



## DOUG LABOR

ABR, ABRM, CEBA, CRS, GRI, e-PRO, RRP  
General Manager | Broker Associate

970.846.0661  
dlabor@buysteamboat.com



## Steamboat

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### The "New Norm" For Steamboat Real Estate

As 2023 ended, the Steamboat Springs real estate market continued its path over the past several years with fewer sellers putting their properties on the market and buyers looking at higher prices for the seventh straight year. The Median Price of a property sold in the Steamboat Springs Multiple Listing Service increased 259% from its most recent low of \$280,000 in 2011 to its new 2023 mark of \$725,000. Over those 12 years, the average appreciation was 8.25%, compounded annually.

A reason for this exponential appreciation is mainly due to demand exceeding supply. An historic look at the inventory supply pool finds listings have evaporated to a puddle. 2023 saw a mere 1,211 properties hit the market: a substantial 21% decline from 2022 and about 50% fewer listings than pre-Pandemic levels. Since the Pandemic hit in 2020, similar declines occurred, but before that the market was relatively stable, carrying between 2,000 to 2,500 listings (Graph 1).



Looking specifically within Steamboat Springs, which includes the MLS areas of Downtown, the Mountain, Fish Creek, Strawberry Park and the western subdivisions of Silver Spur, Heritage Park and Steamboat II, overall transactions for the three residential categories of single-family homes, town homes, condominiums, along with land, were also down 21%, to 436. Additional year-over-year movement in the four major property types include:

Naturally, due to lower inventory, fewer transactions resulted, and interestingly at the same 21% decline as listings. Although 944 transactions are not an historic low point, this was the seventh lowest number since 2006, and nearly half of what transacted in 2021, which was a record high (Graph 2).



#### Single Family Homes

- Transactions down 25% to 122
- Median Price up 12% to \$1,727,500
- \$/SF Value up 22% to \$738
- Days on Market down from 31 to 27

#### Condominiums

- Transactions down 20% to 188
- Median Price up 8% to \$807,500
- \$/SF Value up 11% to \$818
- Days on Market up from 15 to 19

#### Town Homes

- Transactions down 15% to 102
- Median Price down 12% to \$1,235,575
- \$/SF Value up 3% to \$677
- Days on Market up from 23 to 31

#### Land

- Transactions down 37% to 24
- Median Price down 4% to \$585,000
- \$/Acre down 5% to \$1,080,920

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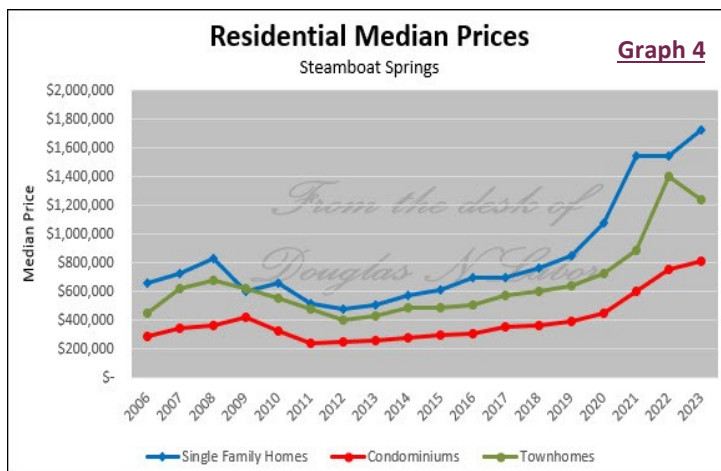
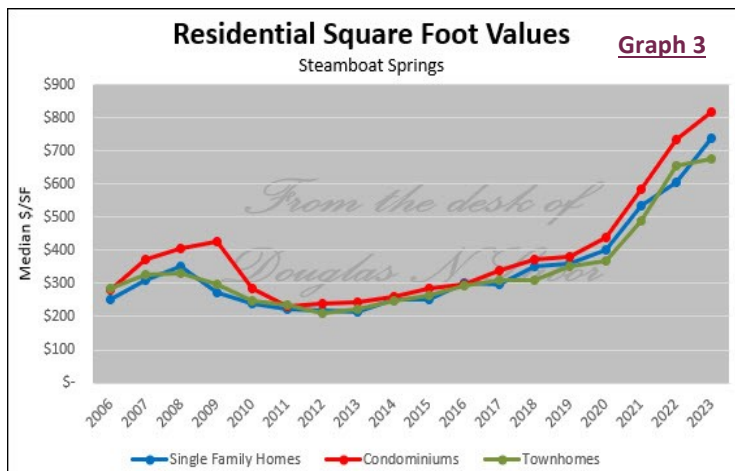
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## The “New Norm” *cont...*

When determining residential property values, many real estate practitioners look at the Dollar-per-Square Foot Value (\$/SF) (Graph 3) more than Median Price (Graph 4). These values in all three of the residential categories in Steamboat Springs increased year-over-year. On average, the amount of residential property appreciation in Steamboat in 2023 over 2022 was 12%, or 1% per month. It is interesting to note \$/SF Values increased greater than Median Prices. This is most likely due to buyers needing to keep their overall price down by buying a smaller property.



In my 40 years of real estate, I have never seen such a predicament that the Steamboat Springs real estate market is in. Demand remains strong but owners remain steadfast and unwilling to part from their primary, second, vacation, retirement, or investment property. New products are on the drawing board (more condos than anything else), and the quality and corresponding prices I'm hearing will be at a level the market has never seen. This will meet some demand, but also most likely raise the prices of existing inventory. Although election years affect certain markets, I have never seen them have much influence on resort markets similar to Steamboat. There is hope for interest rates to drop, but that may also cause prices to fill in the affordability gap that buyers might have gained from a lower cost of borrowing. So, for the foreseeable future expect more of the same for 2024; low inventories, 10%+ appreciation and short windows of opportunity for buyers to make a purchase. If you're a seller, enjoy the ride.

What other disruptors can change this trend? As my research suggests, as the stock market goes, so goes the resort real estate market. The 2008 Great Recession was caused by the “mortgage meltdown”, which was real estate related. For some time certain experts have been crying wolf with another market correction, but nothing seems to happen. War? The 9/11 terrorist attacks produced a slight dip in the market, but it was short-lived. The demise of Steamboat Resort's parent company? The American Skiing Company bought Steamboat Resort in 1997, and from 2004 to 2007 it was struggling to stay alive, then eventually sold to Intrawest in 2007 and after some struggling of their own, sold in 2017 to current owner Alterra Mountain Company. The resiliency of the Steamboat real estate market shined during these times, where property values continued to appreciate, and possibly showing there is more to the Steamboat lifestyle than just skiing. The present state of affairs may be the new market norm for the immediate future.

### ABOUT DOUG...

*Doug Labor has over 40 years of real estate experience, including executive level positions with some of the largest ski and golf resorts in North America. He is the Downtown General Manager of Steamboat Sotheby's International Realty. What he enjoys most in his real estate practice is providing imaginative, yet logical and valuable guidance in helping clients reach their goals.*



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970.846.0661 | [DLabor@BuySteamboat.com](mailto:DLabor@BuySteamboat.com) | [www.BuySteamboat.com](http://www.BuySteamboat.com)