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Listings, Sales, Dollar Volume Dropping, So Why Not Prices?

The first three quarters of 2023 saw a substantial slowdown in sales and dollar volume, signaling a potential slowdown in a heated real estate market over the past several years...but that is only part of the story.

The Achilles Heel for the Steamboat Springs area real estate market over past several years has been the lack of listings, or inventory, and most likely one of the key reasons the market is slowing (Chart 1, Pink Line).

This lack of inventory is a result of several factors which include existing owners not wanting to give up their current property because there is nothing for them to move up/down to suit their current needs, or, if there is a property they find to buy, the unwillingness to take on an 8% mortgage with their new purchase and relinquish their old 3% rate. Another reason for low inventory is the lack of new products hitting the market. Though a few new projects are on the drawing board, it takes time to identify the property, purchase, design, approve, finance and build.

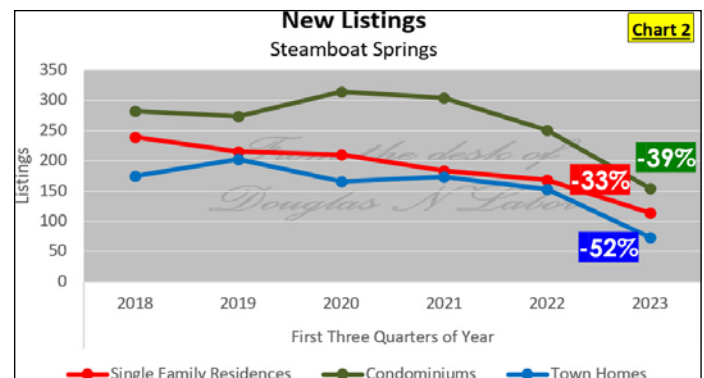
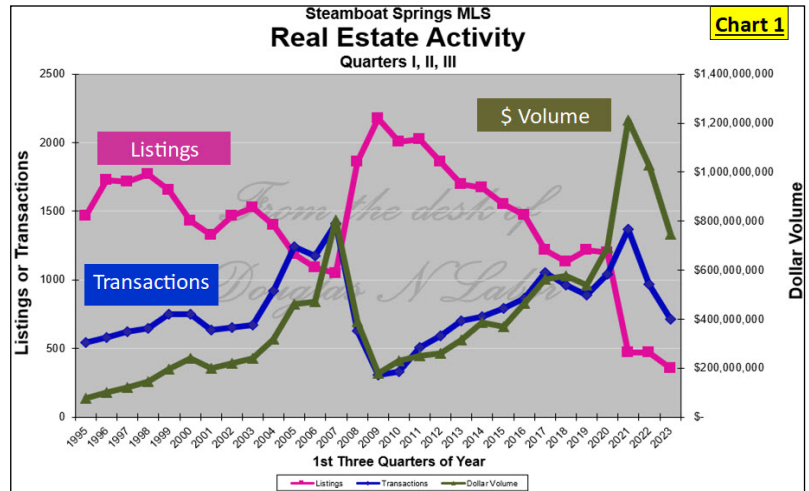
Transactions through the first three quarters of 2023 have dropped 26% from 2022 to 714, the lowest number of sales in ten years (Chart 1, Blue Line).

Successive years of sales decline caused a 27% reduction in overall dollar volume (Chart 1, Green Line), to \$748 million for the first three quarters of 2023. This result is still the fourth best on record.

With such a downward movement in listings, transactions, and dollar volume (between 22% and 27%), one would expect prices to drop in a similar way. Average prices declined, but from \$1.061m to \$1.046m...a mere 1%!

Steamboat Springs Up Close

Looking closely at the residential market within Steamboat Springs just before the Pandemic to the end of the third quarter of 2023, New Listings have dropped substantially this past year. Condominium listings declined 39%, Single Family Homes dropped 33% and Town Homes had the greatest decline, at 52%.



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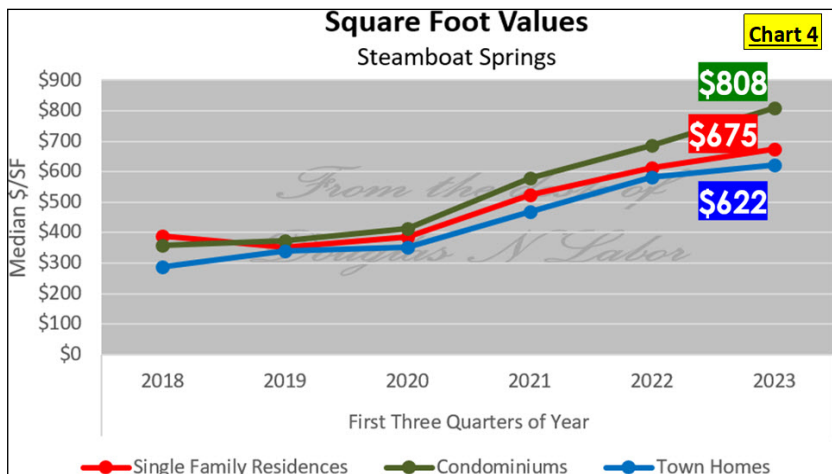
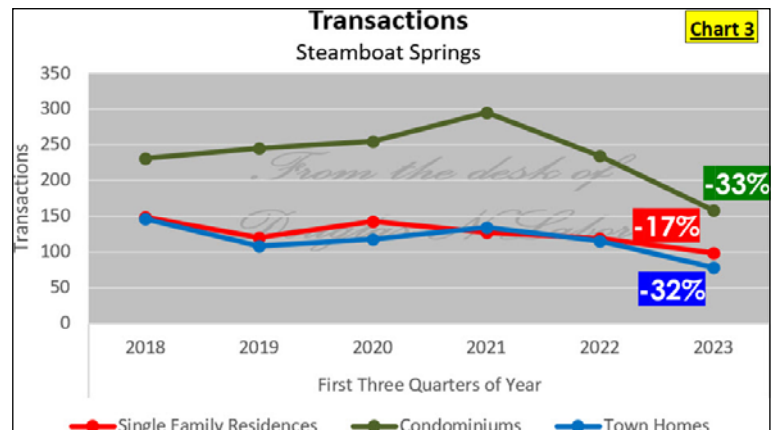
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Listings, Sales, Dollar Volume Dropping cont...

The lack of listings for all three residential property types brought activity down, especially for condos, falling 33% for the first three quarters of the prior period, from 235 to 158. Single Family Homes declined only 17% to 99 from 119 and Town Homes dropped 32% to 78 sales. See Chart 3.

From a property value standpoint, prices keep on appreciating in all three property segments. Steamboat Condos enjoyed the greatest increase, from \$687/sf last year to \$808/sf, a staggering 18% improvement, or 1.5% per month. So, for a 1,000 square foot condominium, the price would be \$808,000, with a monthly appreciation of around \$12,000! Single Family Homes increased by 10% to \$675/sf, and townhomes were up 7% to \$622/sf. See Chart 4.



Considering residential Dollar-per-Square Foot values in Steamboat Springs over the first three quarters of 2023 and comparing it to 2022, values increased an average of 14%. Why would this occur if overall transactions dropped 29% and dollar volume dropped as well? It's all about supply. The market is so starved for product (over a 25-year low) there is virtually nothing to buy. Without sellers supplying the market with inventory for buyers, there is a deadlock. In 2023 we saw an average of 323 listings on the market: the lowest mark going as

far back as 1995. The average number of listings the MLS carried for the first three quarters of the year during the prior 28 years was 1,459, with the highest being 2,176 in 2009 and second lowest amount pre-pandemic was 1,049 in 2007. Seeing the path listings have taken in Chart 1 is breathtaking. More normal times will see the market carrying around 1,400-1,500 listings, so it may take years to balance out.

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 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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