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The Straight Scoop on Steamboat’s Real Estate Market

Over the past summer I can’t tell you how many times I’ve been told “The real estate market in my hometown has tanked, so there has to be some great buys in Steamboat right now.”

With that comment in mind, I thought it would be a good idea to see if the real estate market in our little resort town tucked below the Continental Divide is experiencing the same thing (I didn’t have a similar feel).

The third quarter of 2022 just ended, and to my amazement, the Average Purchase Price for all property types in all areas posted a new record, at \$1,250,220. The right graph shows how the average price has tracked in the Steamboat Springs Multiple Listing Service on a quarterly basis from QI 1995 to QIII 2022 and includes a trend line (yellow dash) to reveal the prevailing direction of purchase prices more easily over this period.



This is just a snapshot of a single indicator, so I had to look deeper. Historically there has been some lag time between what the economy does nationally and when resort markets follow. So, here we go...

To analyze the market the most reasonable manner, the following data was considered:

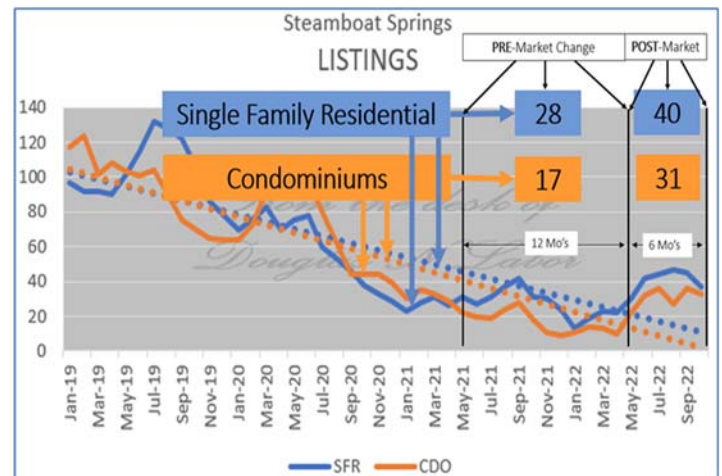
Data compiled by Steamboat Springs MLS. Market performance was taken monthly from January 2019 (pre-COVID) to most recently completed October 2022. Property types studied were Single-Family Residences (SFR) (blue) and Condominiums (CDO) (orange), the two most popular product types in the MLS. Geographic location included City of Steamboat Springs plus the three neighboring subdivisions of Steamboat II, Heritage Park, and Silver Spur. To best identify any market change, the specific timeframe studied was the 12-month period before news announcements regarded a possible recession (May 2022 for argument’s sake) and identified as “Pre-Market Change” aka “Pre” and the six-month period after that identified as “Post-Market Change” aka “Post”. Data within these timeframes are shown on an average monthly basis. Graphs for each property type have solid lines representing SFR and CDO monthly totals and dotted lines representing their straight-line trend.

Listings

Since 2018 the market has struggled with low supply. From the 12-month PRE period, the market had an average of 28 Single Family Residences for sale. POST averaged 40 listings. In that same 12-month PRE period the market averaged 17 Condominium listings, and the most recent 6-month POST period the market averaged 31 listings.

Transactions

The PRE market averaged 28 CDO transactions per month and slowed to 21 POST. SFR’s averaged just one less per month, from 16 PRE to 15 POST. SFR’s continue to be in high demand within Steamboat Springs.



Steamboat

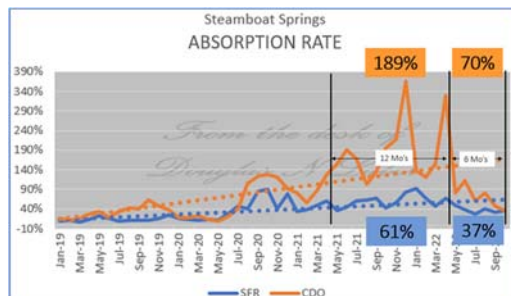
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The Straight Scoop *cont...*

Absorption Rate

The most dramatic decline is seen in the Absorption Rate of Condominiums. PRE timeframe averaged a monthly Absorption Rate of 189% (a 100% Absorption Rate means all CDO or SFR listings for a month were bought (absorbed)). However, with a POST CDO absorption rate of 70%, buyers took a breather and multiple offers on new listings were not as numerous. SFR demand also dropped from 61% PRE to 37% POST.



Percent of Sales Price to Original List

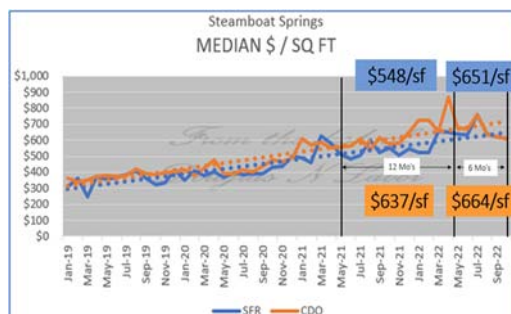
This category tells how attractive (in demand) a property is relative to its price. A 100% value means the property sold at 100% of list price. Percent of *original* list is more telling than looking at the percent of current list price, for the property could have had a higher price when it initially came on the market. As the graph below represents, PRE CDO's were fetching 1% over their list price and most recently being sold at list, whereas SFR negotiations have not moved, and have averaged selling at 98% of their list price.

Median Sales Price

Even with negative economic news, the Median price of SFR's in the City increased from \$1,550,000 to \$1,730,000, or 11.6%! CDO's increased 13.5% over that same period, to \$721,000.

Median Dollar-per-Square Foot

Square foot values are a better determination of property values as the calculation determines the 'least common denominator' in which to compare values across a variety of properties. SFR \$/sf values went from \$548 PRE to \$651 POST, or an 18.8% increase. CDO s went from \$637 to \$664, or 4.2%.



Conclusion

Considering the data, it appears that despite national economic recession concerns, the Steamboat Springs market has seen only subtle changes. Supply remains low, and while demand has slowed somewhat, property values have not decreased. In fact, values have continued to increase, albeit at a slower pace than we have seen in the last two years. Interest rates may have unfortunately affected those seeking mortgages, but considering that over 50% of real estate purchases in this market are cash, property values have not been affected significantly by the higher mortgage rates. The major attraction for those looking at Steamboat for a primary or second home is the ski area. With its \$200 million expansion over two-thirds complete, it will be the second largest ski area in Colorado. This has possibly helped to keep demand higher than it would be otherwise. My crystal ball is saying we will continue on the current path until more product comes to market. As of this writing (12/12/2022) the MLS is posting 413 listings – a more balanced market will occur when listings reach about the 1,200 mark.

ABOUT DOUG...

Doug Labor has over 37 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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