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Making the Right Move at the Right Time

I recently returned from a momentous golf trip to Scotland, and one of the sayings we told each other when a player was either enjoying a round above his abilities or not-so-much and playing below, was, "It's only temporary." Just when we had our swing perfected, the next 18 would be disastrous, or just when you were ready to hang up the spikes and look for another hobby, your swing turned effortless, and your shot was right at the stick.

Like golf, one can say the real estate market is also "Only temporary." What goes up comes down, and what has gone down has gone up. And like the stock market, real estate is not a get rich quick endeavor. It's a marathon, not a sprint. The main difference between stock and real estate markets, however, is family shelter is a basic need. Stock investing is an extravagance. Over the long haul, however, real estate (and you can say the stock market as well), has gone up in value.

A prime example of this is represented by the graph to the right, showing quarterly real estate appreciation in the Steamboat Springs MLS from 1995 to 2022.



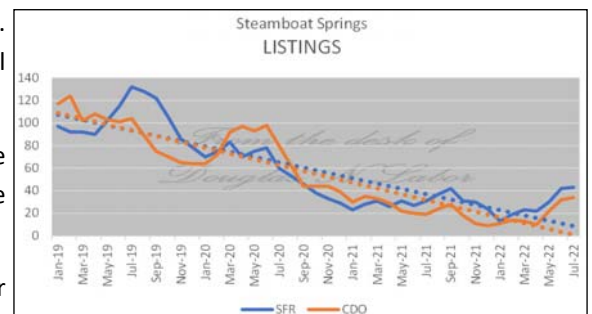
The dashed, yellow line shows the trend the market has done over that time. Although the market has seen some temporary ups and downs, the market generally appreciates. In fact, with the first quarter of 1995 starting point at \$210,000, and the QIII 2022 end point of \$810,000, it shows an overall appreciation of 386% over 27 years, or 14% annually. Yes, real estate market conditions are temporary, but unlike my golf game, they will improve over time.

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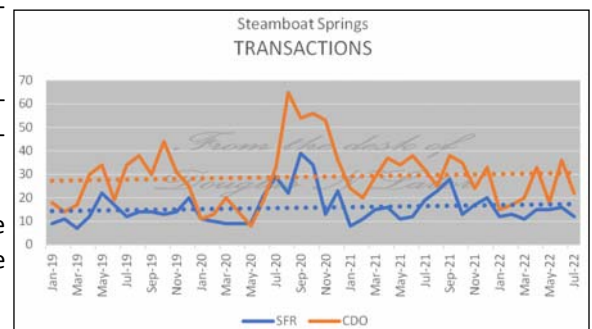
Lately, the scuttlebutt on the market is things seem to be slowing. This may be the case at many markets around the country, but in Steamboat Springs, at least for the short term, seems steady.

This conclusion is from the following data, which show how the two most popular property types (single family residences (SFR) and condominiums (CDO)), have performed from January 2019 (pre-COVID) to the end of July 2022.

Listings - The number of listings increased over the past few months, but from a seasonal perspective (most new listings come on the market over the spring and summer) there is no change from last year.



Transactions - Demand (sales) has decreased, with 2022 SFR's posting nearly half the number of transactions (12) as it recorded in 2021 (23). Condo transactions were nearly the same, only down to 22 from 25.



Making the Right Move *cont...*

Absorption Rate – 65% of the Condos on the market were absorbed (bought) in July, and 28% of Single-Family Residences listed were bought. This could hint at a market slowdown, where the trendlines for both property types are substantially higher.

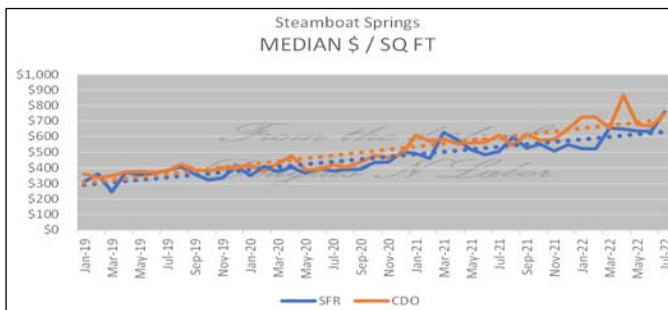
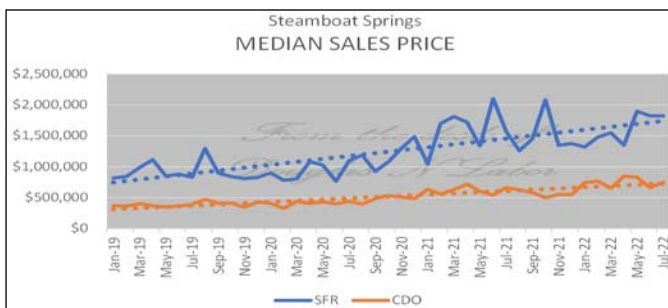
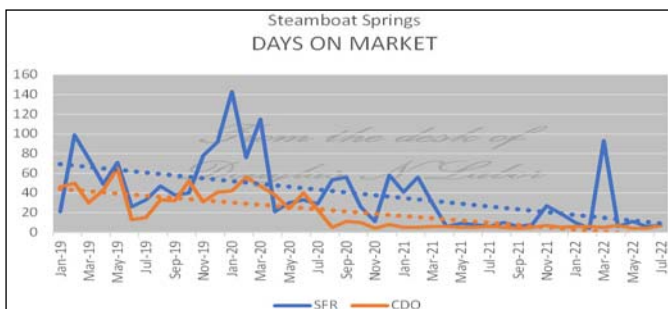
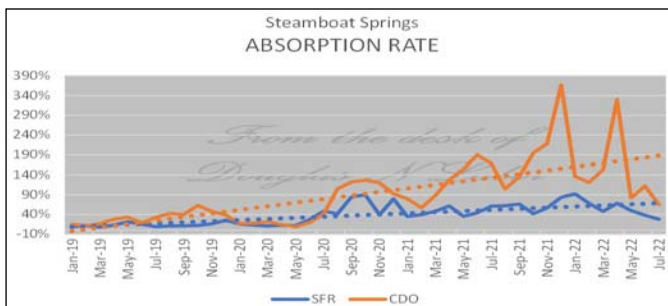
Days on Market – Once placed on the market it only took these properties a week to be under contract. Buyers still had to move quickly.

Sales Price - The Median Sales Price for both SFRs and Condos are right on track with the direction they have been heading since January of 2019 (dotted lines). Median July SFRs sold at \$1.825m and Condos at \$751k.

Dollar-per-Square Foot – Square Footage values were also in line with their historic trends. SFRs hit \$761/sf and Condos \$751/sf.

Although these results show strength in the market, there certainly have been some weaknesses, particularly in the introductory market, where interest rates and higher property values have introduced buyers to the more affordable, outlying communities of Oak Creek, Stagecoach, Hayden and Steamboat Lake. Steamboat was seeing a shortfall in supply four years prior to COVID, and it has not improved. The land market has seen a surge in demand from those unsatisfied with existing home inventory and deciding to build, but then buyers found a waiting line of two to three years before they could even start construction. Supply chain and labor shortage issues are curtailing many construction projects and moving completion dates out and cost up.

When studying these numbers, it does not appear the Steamboat market has been negatively affected as other parts of the country. But as we know, *“It’s only temporary”*. Markets change. The best advice is to not time the market but time yourself. If you’re a buyer and the right property comes on the market, pursue it. If you’re a seller and you’re ready to do something different, make the move now and look for the next opportunity that comes available. There’s no better time than the present, and many have missed out because they were always thinking the market will turn a little more in their favor before making their move.



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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