

“PERFECT STORM” CONDITIONS

Setting Buyers in Motion: Why Steamboat Springs is a Likely Target

HISTORY TELL US THAT those who are willing to take risk and run against the herd often win the game. “If I could have,” “I wish I had,” and “If only I would have” are words we have heard for years while real estate values moved forward.

NOW is the time that will foster those same comments five and ten years in the future. Let us describe the perfect storm conditions for successful real estate buying that exist in today’s mountain Real Estate market:

- **SECURE DEMAND:** Most of today’s demographic studies point out that demand for a rural mountain community lifestyle will continue to be strong for decades to come as the world’s affluent families express desire to live in rural settings with clear night skies, clean watersheds, interaction with wildlife, small town values, unimpeded traffic, long menus of outdoor pursuits, and all of the features that we know make Steamboat Springs a great place to live and grow our families.

There are 4 million baby boomers turning 50 this year, and for another 10 years it will be 4 million a year. If 5% can afford to live in Steamboat, that means there is a pool of 200,000 prospective buyers a year coming into the market trying to figure out an exit strategy from their careers. This means a steady stream of new people with the where-with-all and desire to populate mountain communities.

- **CAPITAL PRESERVATION and OTHER TRIGGERS:** Studies of the buying habits of affluent people and the most meaningful triggers for purchasing real estate show the most important factors are:
 1. **Emotional connection with the area.** This could mean friends who live nearby, friendliness of the town, access to favorite activities, vistas, sense of community, infrastructure or other things that excite the individual.
 2. **Capital Preservation.** Most affluent buyers have made their money in their own lifetime and look at themselves as regular folks (not rich). They are interested in the value and appreciation of property that they acquire. Steamboat Springs property has lots of room to grow in terms of value and pricing of real estate when compared to more mature destinations like Aspen, Vail or Sun Valley. While Steamboat offers similar infrastructure, the property values and pricing are currently much lower than some of the “topped out” communities in the mountain west. The county and city here have the infrastructure with regard to roads, medical, air service, cultural events, parks, open space and protective ordinance to keep Steamboat Springs a good investment for years to come.
 3. **Abundant list of Recreational Pursuits.** In Steamboat Springs, the established ski destination, highly regarded fishing and abundant choices for golf, hiking, biking, ballooning, nordic skiing, snowmobiling, hunting, shopping, restaurants and equestrian facilities are phenomenal.

4. **Safety and security.** With low crime rates and a well-funded police force, Steamboat Springs compares favorably against all mountain communities on number of incidents and severity of crime in the Yampa Valley.
- **WILLING SELLERS:** Although pricing has held relatively stable in this market in spite of slow sales, the willingness of developers and sellers across the board to be creative on financing, terms and added-value concessions has made this a true buyer's market for people interested in Steamboat Springs property.
 - **LOWEST BUILDING COST:** The building materials index cost has shown a steady slide for over a year now which has brought wholesale cost of home construction materials in line with prices seen ten years ago. Construction companies and sub-contractors are willing to work harder and for less due to the low number of jobs in the marketplace. In general, Steamboat builders and architects will tell you the cost of construction is running 30 percent or more lower than just a year ago.
 - **STOCK MARKET:** Although less liquid, Real Estate has always shown itself to be a good hedge against bear markets in the past and a safer place to shelter capital. Today's conditions combined with a sense of uncertainty make a switch from the stock market to Real Estate a prudent decision.

"Perfect Storm" conditions are in place right now to justify a buying decision in today's Steamboat Springs real estate market.

We have a great story to tell.