

# End of Year Report 2014

Another year has passed, and we are already deep into 2015 as our ever-changing real estate market in Estes Park continues to march to its own drum. Estes Park was thrilled to survive 2014 without any floods, fires, or other catastrophes and because of it, there are a lot of optimistic residents looking forward to a bright future for real estate values. For the last few years, the Front Range communities of Fort Collins, Loveland, and Boulder started seeing low inventory, solid appreciation, multiple offers within days of being listed for sale, and buyers waiting for properties to come available. Toward the end of 2014, Estes Park finally started seeing these same attributes in some segments of our market. Properties on the top end of the real estate market are still having a tough time selling as Estes Park in general is failing to attract many affluent home-buyers with budgets over \$750,000.



My goal in this report is to reflect how the local real estate economy is reacting to both local and national pressures in order to help you make wise real estate decisions. I'll share with you what types of properties are selling well, where the trends are pointing, and how you can use this information to your advantage. I'll even give you a few predictions regarding what will happen in the future in our real estate market.

## ***Estes Park Market Summary Overview***

Surprisingly, the 2014 Estes Park real estate market was remarkably similar to 2013 except when considering vacant land. The number of sales, median price, and average price of vacant land skyrocket back up to pre-recession levels once again. Price per square foot (which is one of my least favorite metrics for analyzing individual homes) is inching up ever so slightly for the market in general. One surprise we didn't expect to see was the days on the market increased significantly for homes sold in 2014 compared to 2013.

	Number of Sales			Median Sale			Average Sale		
	2013	2014	% Change	2013	2014	% Change	2013	2014	% Change
All Residential	310	330	6.5%	\$295,450	\$295,000	-0.2%	\$339,408	\$347,640	2.4%
Single Family	181	186	2.8%	\$355,000	\$365,000	2.8%	\$417,510	\$422,653	1.2%
Condominiums	105	105	0.0%	\$228,000	\$240,000	5.3%	\$253,313	\$267,788	5.7%
Vacant Land	24	39	62.5%	\$114,000	\$164,500	44.3%	\$127,054	\$204,876	61.3%

	Dollar Volume			Price per square foot			Days on the Market		
	2013	2014	% Change	2013	2014	% Change	2013	2014	% Change
All Residential	\$101,371,814	\$114,721,492	13.2%	\$185.39	\$190.42	2.7%	161	202	25.5%
Single Family	\$75,144,918	\$78,613,504	4.6%	\$184.55	\$189.38	2.6%	148	183	23.6%
Condominiums	\$26,134,396	\$28,117,813	7.6%	\$188.15	\$192.23	2.2%	183	145	-20.8%
Vacant Land	\$2,949,300	\$7,990,175	170.9%	n/a	n/a		450	443	-1.6%

## Single Family Homes

Single Family Homes enjoyed a solid year of sales as evidenced by the stats above. Digging into the details a little further, we saw strong demand in the middle of the road. Medium-sized homes with 3 bedrooms saw far more sales than either smaller or larger homes. But we did see more sold homes over \$600,000 than last year as well. Median and average prices seem to be increasing slightly in most categories.

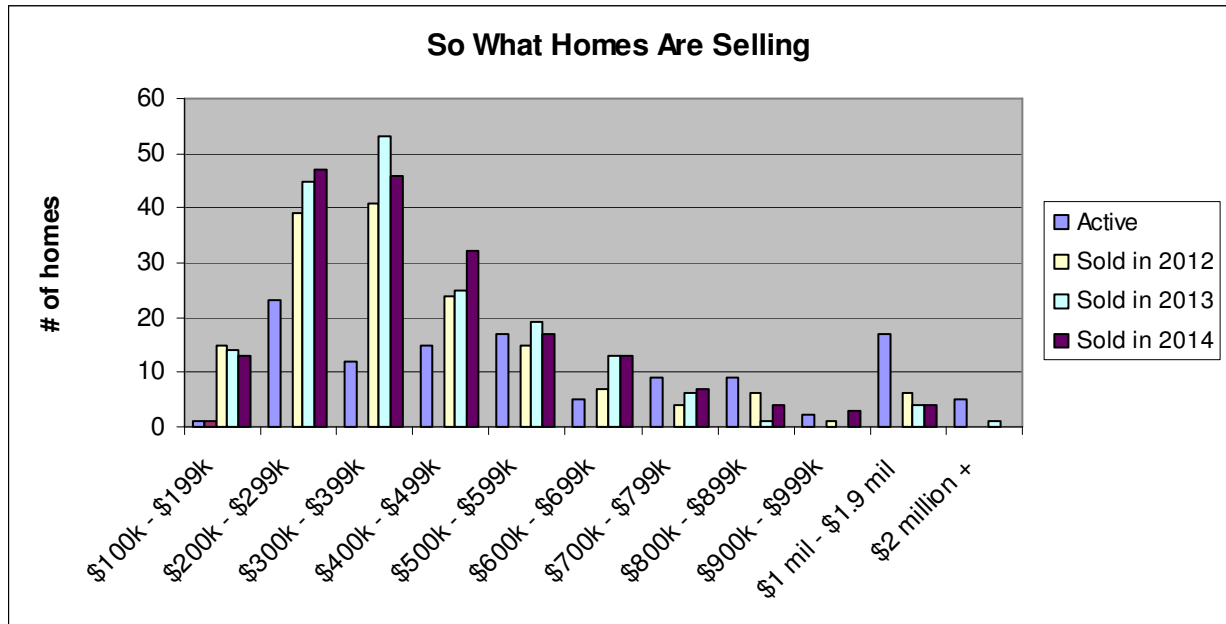
	Number of Sales			Median Sale			Average Sale		
	2013	2014	% Change	2013	2014	% Change	2013	2014	% Change
Under 1499 sq ft	39	38	-2.6%	\$235,000	\$247,500	5.3%	\$232,900	\$244,362	4.9%
1500-2999 sq ft	94	105	11.7%	\$350,000	\$355,000	1.4%	\$374,198	\$381,641	2.0%
Over 3000 sq ft	48	43	-10.4%	\$550,000	\$610,000	10.9%	\$652,325	\$680,358	4.3%
1-2 Bedrooms	34	34	0.0%	\$263,750	\$264,950	0.5%	\$251,341	\$263,067	4.7%
3 Bedrooms	89	96	7.9%	\$380,000	\$370,500	-2.5%	\$416,259	\$407,174	-2.2%
4+ Bedrooms	56	56	0.0%	\$413,500	\$444,750	7.6%	\$528,726	\$546,078	3.3%
Under \$299,999	59	60	1.7%	\$255,000	\$249,450	-2.2%	\$239,470	\$236,153	-1.4%
\$300,000 to \$599,999	97	95	-2.1%	\$390,000	\$400,000	2.6%	\$410,676	\$415,452	1.2%
Over \$600,000	25	30	20.0%	\$685,000	\$731,000	6.7%	\$864,201	\$812,541	-6.0%

One of the best statistics showcasing what we are feeling in the trenches is that price per square foot in luxury homes is falling, while more affordable and smaller homes are increasing in price per square foot.

As I mentioned above regarding the time on the market increase, my only hypothesis is that some of the homes that have been on the market “forever and a day” are finally selling and getting off the market. I’m seeing multiple-offer scenarios and lots of buyer excitement for anything under \$400,000, so to see such an increase in time on the market on those categories seems counterintuitive.

	Dollar Volume			Price per square foot			Time on the Market		
	2013	2014	% Change	2013	2014	% Change	2013	2014	% Change
Under 1499 sq ft	\$9,083,125	\$9,285,768	2.2%	\$230.13	\$254.02	10.4%	91	137	50.5%
1500-2999 sq ft	\$34,750,168	\$40,072,326	15.3%	\$172.99	\$174.84	1.1%	141	190	34.8%
Over 3000 sq ft	\$31,311,625	\$29,255,410	-6.6%	\$169.92	\$166.40	-2.1%	206	207	0.5%
1-2 Bedrooms	\$8,545,625	\$8,944,300	4.7%	\$221.73	\$255.83	15.4%	128	130	1.6%
3 Bedrooms	\$37,047,601	\$39,088,794	5.5%	\$182.82	\$182.20	-0.3%	136	192	41.2%
4+ Bedrooms	\$29,127,692	\$30,580,410	5.0%	\$161.11	\$160.82	-0.2%	174	200	14.9%
Under \$299,999	\$14,221,745	\$14,169,218	-0.4%	\$184.52	\$188.84	2.3%	109	210	92.7%
\$300,000 to \$599,999	\$39,410,625	\$39,468,031	0.1%	\$172.34	\$183.18	6.3%	157	158	0.6%
Over \$600,000	\$21,605,048	\$24,976,255	15.6%	\$226.29	\$211.53	-6.5%	204	207	1.5%

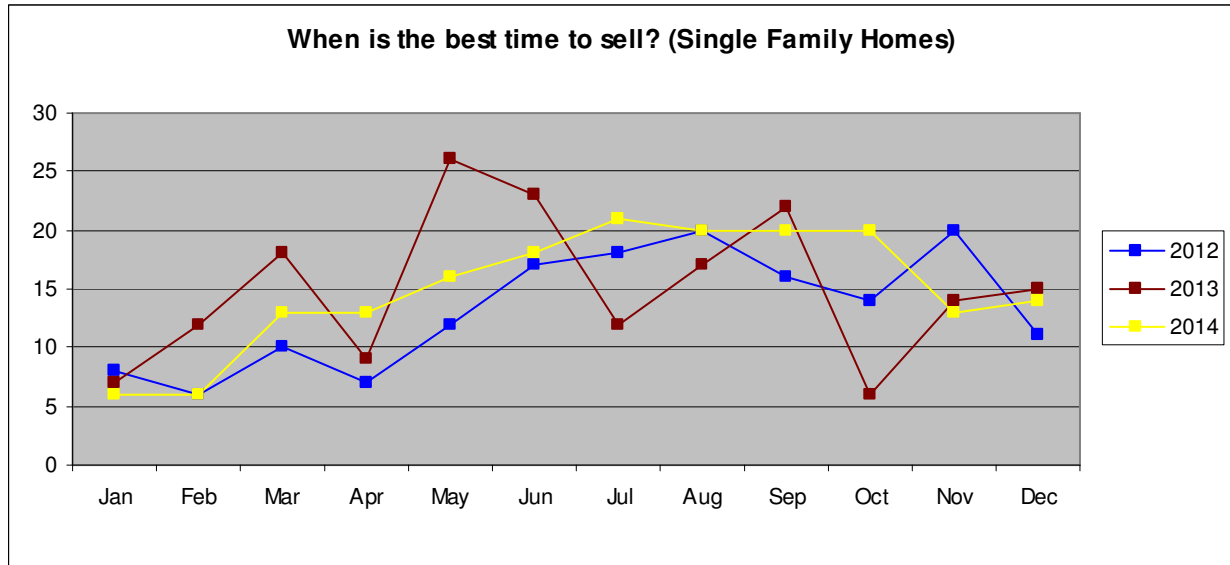
## So What Homes Are Selling?



While the general trend lines in the chart for homes sold in each price category are staying relatively consistent with years past, I want to point out to you the severe difference between the number of active properties (blue) in the \$200,000 to \$500,000 range compared to how many sales took place each year. The huge difference in these categories will result in much less time on the market, higher prices, and a more active market than we've seen in the last few years.

## When do most of the homes sell in Estes Park?

Here in Estes Park, it is a common misperception that the best (if not the only) time to put your house on the market is in the height of the summer tourist season. People have it in mind that our seasonal tourist traffic coincides much more closely with real estate sales than it actually does. Most people expect to see a well-defined bell curve with most of the action in the height of the summer. Here is a graphical representation of sales in 2012, 2013, and 2014. As you can see, there really isn't a bell curve. What this graph easily communicates is that just about any time of the year can be an excellent time to sell your property because serious buyers are in our marketplace year round. The low number of sales in October 2013 was a direct result of the big flood.



## Condominiums

The relative health of condominiums sold in 2014 is very solid in my opinion. In 2013, we saw the lower end of the market easily outpace the higher end, but in 2014, we saw the opposite occur. The most noticeable difference was the popularity of 3 bedroom units compared to units with 1 or 2 bedrooms.

	Number of Sales			Median Sale			Average Sale		
	2013	2014	% Change	2013	2014	% Change	2013	2014	% Change
Under 1399 sq ft	51	50	-2.0%	\$179,000	\$188,250	5.2%	\$190,363	\$198,082	4.1%
Over 1400 sq ft	54	55	1.9%	\$289,500	\$325,000	12.3%	\$312,766	\$331,158	5.9%
1-2 Bedrooms	58	53	-8.6%	\$194,250	\$190,000	-2.2%	\$205,667	\$198,615	-3.4%
3+ Bedrooms	46	52	13.0%	\$287,000	\$329,750	14.9%	\$314,981	\$338,292	7.4%
Built before yr 1999	56	62	10.7%	\$197,500	\$215,000	8.9%	\$218,957	\$228,895	4.5%
Built after yr 2000	49	43	-12.2%	\$269,000	\$295,000	9.7%	\$292,577	\$323,867	10.7%

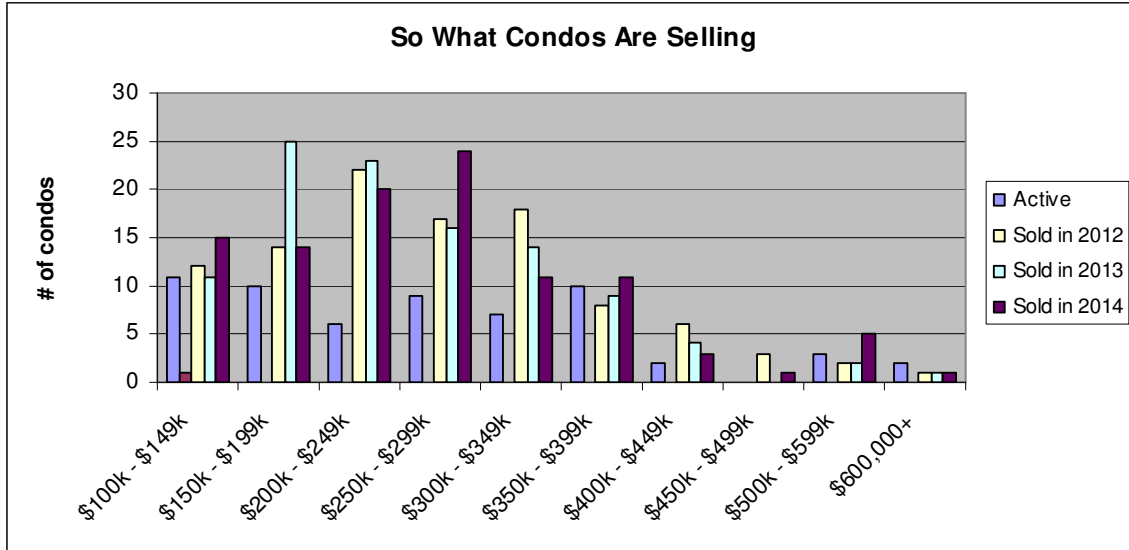
Price per square foot continued to increase over last year which increased from the year before as well (check last year's report if you are curious). This shows a very solid indicator of a steady real estate market in all price ranges and sizes.

In addition, time on the market decreased significantly for larger condos. But surprisingly, the older condominiums sold faster than the new ones by a large margin. My hypothesis is that some of these new condominiums spent a large amount of time on the market before they were completely finished. Buyers have a hard time being interested in an unfinished product which most likely skews the data.

	Dollar Volume			Price per square foot			Time on the Market		
	2013	2014	% Change	2013	2014	% Change	2013	2014	% Change
Under 1399 sq ft	\$9,515,030	\$9,904,100	4.1%	\$204.88	\$210.46	2.7%	151	169	11.9%
Over 1400 sq ft	\$16,619,366	\$18,213,713	9.6%	\$172.36	\$175.65	1.9%	214	123	-42.5%
1-2 Bedrooms	\$11,465,230	\$10,526,600	-8.2%	\$203.07	\$204.81	0.9%	171	161	-5.8%
3+ Bedrooms	\$14,489,166	\$17,591,213	21.4%	\$171.16	\$179.41	4.8%	201	129	-35.8%
Built before yr 1999	\$11,798,100	\$14,191,500	20.3%	\$178.44	\$183.33	2.7%	181	128	-29.3%
Built after yr 2000	\$14,336,296	\$13,926,313	-2.9%	\$198.84	\$205.06	3.1%	187	169	-9.6%

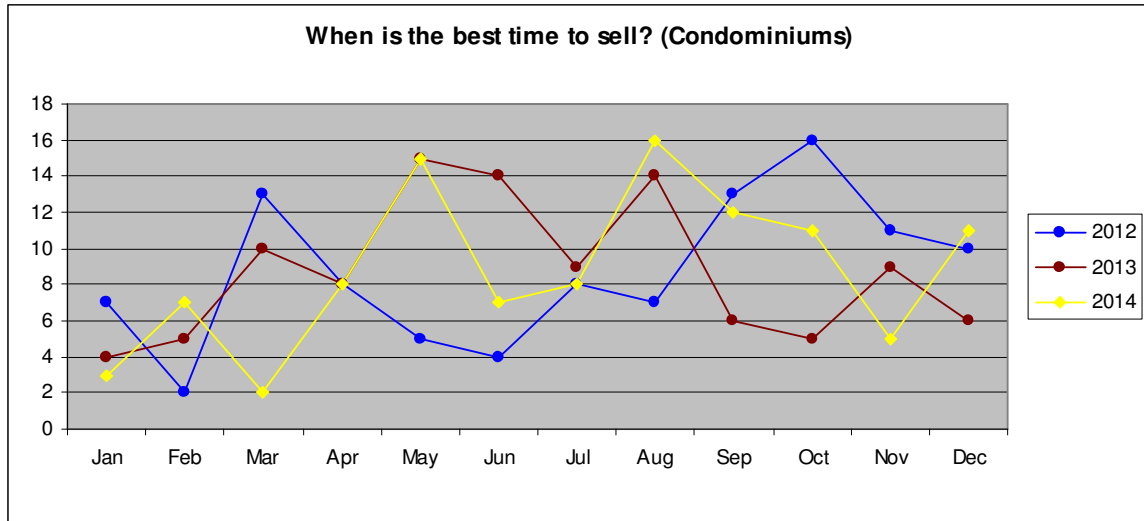
## So What Condos are Selling?

It's exciting to see a definite shift in the bell curve in the graph below. This shift shows that we are seeing more buyers in the higher price ranges than we have in the past. In 2013, the category with the most amount of sales was the \$150,000 to \$200,000 range. In 2014, we see a very noticeable change as that number has shifted to the \$250,000 to \$300,000 range. It's also interesting to note the spike in sales among the \$500,000 to \$600,000 condominiums in 2014.



## When do most of the condos sell in Estes Park?

Much like single family homes showcased earlier in this report, it comes as a surprise to most people that properties are sold throughout the year instead of focusing on a specific season like the rest of the tourism industry in Estes Park. Again, September and October 2013 were impacted by the big flood but rebounded really well after the fact.





## **Report Card: Predictions from 2014**

One of the most popular sections of my end of the year report from last year was my predictions for the New Year. Are you curious to see how I did? Here are the predictions that I made in January of last year followed by notes from this year in blue.

1. **Rates will increase.** *With a multitude of factors including changes in leadership at the Federal Reserve, the ceasing of Quantitative Easement programs, an improving economy, and all pointing toward increasing mortgage rates, you will be hard pressed to find any experts saying otherwise. Unfortunately, I didn't do so well on this one last year so I moved it to my prediction for 2015 for all the same reasons I mentioned above.*
2. **Activity will increase in the higher end range.** *We are already seeing a rise in luxury home sales and I expect that trend to continue. While my stats above show we had a 20% increase in the number of home sales over \$600,000, I was still a little disappointed that we didn't see MORE activity in the upper price ranges. Until our inventory right-sizes itself, we'll continue to see sluggish sales numbers.*
3. **If the stock market avoids extreme volatility, the Estes Park real estate market will continue to improve.** *Second home markets more often follow the stock markets than they do national real estate trends. If people's investments are doing well, they feel more comfortable buying a 2nd home. The opposite is also true. Boom...Finally connected on one of these predictions! Solid stock market returns in 2014 translated into a solid real estate statistics for the year.*
4. **There will be more new home and new condo construction.** *As the overall market improves, investors and developers are usually quick to jump in to capitalize on the market trends. We are already hearing rumblings of this happening and I expect to see several new developments and new homes coming available soon. The huge surge in the last year surrounding vacant land sales, median prices, and average prices correlates extremely well with this prediction. We are seeing builders continuing their development projects with optimism for the new year.*
5. **Less distressed sales will become available.** *In improving real estate markets, it is far less frequent for home-sellers in 2nd home and resort communities like Estes Park to be in a situation that would force a distressed sale. My distressed property service (<http://HomesInEstes.com/Distressed>) has been tracking far fewer foreclosures, pre-foreclosures, short sales, and fixer-uppers coming available in the last 6 months or so. Bank-owned properties and short sales have been virtually non-existent throughout 2014. However, there are plenty of fixer-upper deals available with a little creativity. I fully expect this trend to continue for 2015 as well.*

## Predictions for 2015

1. **Rates will increase.** I've decided I'm going to move my #1 prediction from last year to this year. While some experts are expecting rates to continue marching downward through the first part of the year, the long range predictions of the vast majority of the experts are almost unanimously pointed in an upward direction.
2. **Vacation home rental popularity will continue to increase.** More and more tourists are choosing to stay in vacation homes, and more and more properties in Estes Park are coming available to rent on a nightly or weekly basis.
3. **Steady appreciation in single family homes under \$400,000.** The severe lack of inventory of homes available for sale in this price range is creating pent-up demand. As homes come available, multiple-offer scenarios will drive up prices and will lead to home value appreciation.
4. **Condominiums available and suitable for full-time living on the lower end of the value spectrum will be in high demand.** Much like I mentioned in #3 above, the amount of available properties in this category is in short supply.
5. **Long-term lease rates will increase.** With the popularity in vacation homes and short term rentals, there are fewer properties available to rent on a long-term basis. In addition, the loss of homes in the 2013 flood has created a surge of renters in the housing market. That surge coupled with the rise in popularity of the short-term income property will drive prices up for year-round renters.



## Advice for Buyers

1. **Be prepared.** Be sure you have your house-hunting methods set and ready or have someone searching daily for you. Low inventory and large numbers of buyers waiting just like you will create an even hotter market in the under \$400,000 range. Be ready for multiple offers early in the process for top-notch properties that come available. A competitive market like we are in now further magnifies the need for a buyer's agent looking out for your best interest.
2. **Talk to a mortgage broker before hunting for a home.** Of course, this is irrelevant if you are purchasing with cash. It is also becoming more



- common to have competing offers in the lower price range. If you have a pre-qualification letter from a local lender, you will have more credibility in your offer...especially if you are looking for a low-down-payment scenario. Speaking of low-down-payments, there are many programs available for you to consider that your mortgage broker will be able to offer you. You just might qualify for a home when you didn't think it was possible.
3. **Keep an eye open for deals.** Watch for ways you can add value to a property instead of looking for a property that is completely fixed up already. Fixed-up properties sell at a premium. This will apply to high-end homes as well as properties on the low end. Estes Park is notorious for homes that need a little work to bring the decorating into the new millennium.

### ***Advice for Sellers***

1. **Price your home correctly.** Single family homes below \$500,000 are in a much more favorable position than in years past. If you have a home that doesn't need any work, you will be able to push the value of your home to a higher number than we could have in the last few years. Unfortunately, you still need to be realistic. Over-pricing your home is the quickest way to guarantee your home sits on the market for a LONG time.
2. **Luxury Home prices are falling.** Contrary to my advice above, if you have a home to sell above \$500,000, a heavy dose of patience is recommended. This price range is still seeing depreciation in prices and requires both an aggressive marketing package and a price most likely lower than you are hoping for. Unfortunately, there are very few buyers in this market compared to the number of available properties. As long as the ratio of available homes compared to the number of buyers continues to be out of balance, we will continue to see prices fall. With a difficult prognosis for selling, the expertise of a knowledgeable real estate agent will be of utmost importance to successfully completing a sale.
3. **Excellent Photography is no longer suggested; it is now a requirement** to get any attention from buyers. If you don't have any photos online, you don't exist. If you have terrible photos, the amount of buyers will be almost nil, and any buyers who do come along will be expecting to negotiate heavily. With great photos, an average home can sometimes generate enough buzz and excitement to get multiple buyers interested in a property and hopefully a higher price on that purchase agreement. This is amplified even further for great properties especially when priced well.

## Summary

There is a lot to be excited about in the Estes Park real estate market in all price ranges, which is a welcome change from a few years ago. As we move forward, our goal at Alpine Legacy Real Estate is to help you make wise real estate decisions in the Estes Park area. Just as every property has a different view in Estes Park, every home's strategy for either buying or selling will be completely unique. We are excited to work with you to help you accomplish your goals.

Speaking of helping you accomplish your goals, we have made some major changes at Alpine Legacy in the past year to help you do that. We welcomed Julie Abel to the team as a buyer's agent which increases our staff at the Alpine Legacy real estate office from 2 people to 3. Having Julie as a buyer's agent will allow us to always have a licensed agent working as an advocate on either side of the transaction no matter if you are a buyer or a seller. Believe it or not, most agents in Estes Park aren't necessarily working in your best interest 100% of the time. Other real estate offices encourage transaction brokerage, which by definition requires the agent to look out for both sides of the transaction. This is definitely a confusing subject for most people, but we are structuring our business to remain on your side of the transaction 100% of the time no matter what happens. We feel this will be a big competitive advantage that we are excited to offer our clients.

Also in the course of the past year, I had the pleasure of winning the Best of Estes award for Best Realtor in Estes Park as determined by the Trail Gazette reader's choice survey for the second year in a row. I am truly blessed and honored to have worked with such an amazing group of people in my career. Thank you all so much for voting for me!

Please give me a call or email if you would like a more detailed report containing any of the segments mentioned above or a specific segment of the market that you have your eye on. I can customize your report to your specific situation and can include closed price to list price ratio, or just about anything else you can think of.



Next time you hear someone talking about a real estate decision in Estes Park, don't forget to tell them about Alpine Legacy and send them to our website at <http://HomesInEstes.com>.

\*\*\*All stats pertain to the immediate Estes Park area determined by zip code and do not include the surrounding areas such as Allenspark, Glen Haven, Lyons, or Drake. All stats have been obtained via the IRES Multiple Listing Service.