

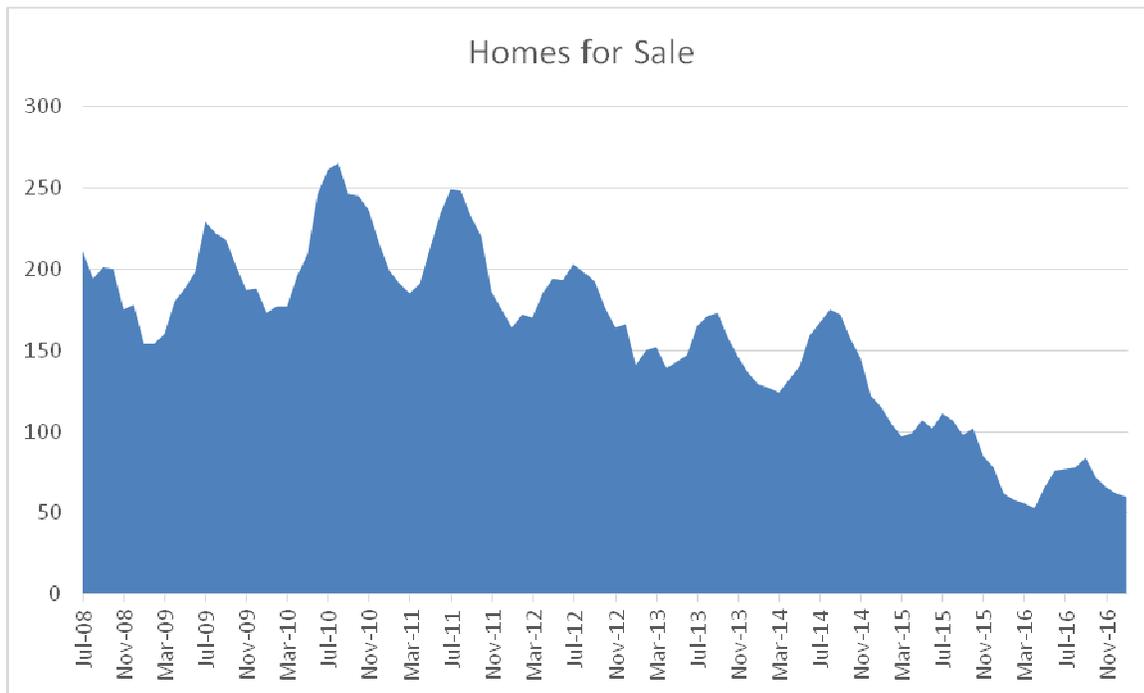
End of Year Report 2016

In spite of a tumultuous year in our society in both the national and local governments, the Estes Park real estate market continues to create opportunities for both buyers and sellers.

Estes Park has a lot going on including a strong real estate market, changing regulations regarding vacation rentals, and growing momentum toward creating more affordable housing.



The biggest story of the year that has deep implications into several segments of the local economy is the severe lack of inventory of available homes for sale and stronger demand among buyers looking for homes. Last year, I shared a graph showing how much inventory has fallen in the last few years and you'll see the graph below updated for 2016. As you can see, available listings have become even more scarce. With no inventory to choose from, buyers are willing to pay more for properties that fit what they are looking for when it comes available. Sellers are able to negotiate more confidently and ask higher prices for their homes and still be successful. Multiple offers and backup offers are becoming increasingly more common.



In our current real estate market, it is important for consumers to make sure your real estate agent understands how to work with multiple offers and how to be successful in getting your offer accepted. At Alpine Legacy, we are fully aware of the changes and have been very successful at getting our buyers in first to hot properties and generating multiple offers for a higher percentage of our sellers. As we grow and adapt to our new market realities at Alpine Legacy, we continue

to see more and more ways we can help our clients more than our competition simply by focusing on serving our clients' best interests.

My goal in this report is to reflect how the local real estate economy is reacting to both local and national pressures 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

In all the years I've been providing these annual reports, I've never had numbers to report that told such a clear story. Several trends are evident through different types of properties. The average sale prices, median sale prices, and average price per square foot have all jumped up significantly this last year. The average time on the market has dropped by a huge amount. The only thing that may catch some people off guard is the number of sales is down which is simply caused by a severe lack of available properties for sale. The people who own homes in Estes Park are simply not interested in selling at this time and seem to be either waiting for more appreciation, enjoying the increased rental income, or choosing to pass the properties on to their family instead of selling.

	Number of Sales			Median Sale			Average Sale		
	2015	2016	% Change	2015	2016	% Change	2015	2016	% Change
All Residential	406	382	-5.9%	\$305,000	\$339,750	11.4%	\$329,186	\$373,503	13.5%
Single Family	218	203	-6.9%	\$388,000	\$425,000	9.5%	\$433,272	\$479,129	10.6%
Condominiums	149	139	-6.7%	\$264,000	\$267,000	1.1%	\$273,155	\$283,302	3.7%
Vacant Land	39	40	2.6%	\$131,000	\$137,000	4.6%	\$172,193	\$150,900	-12.4%

The most surprising stat in these two tables (see next page) is that while Estes Park had far fewer homes sell in 2016 vs 2015, roughly the same amount of money was spent purchasing those homes. Obviously, this points to prices appreciating rapidly.

	Dollar Volume			Price per square foot			Days on the Market*		
	2015	2016	% Change	2015	2016	% Change	2015	2016	% Change
All Residential	\$142,043,355	\$142,678,332	0.4%	\$206.16	223.97	8.6%	192	147	-23.4%
Single Family	\$94,453,486	\$97,263,249	3.0%	\$204.52	218.90	7.0%	159	116	-27.0%
Condominiums	\$40,874,341	\$39,379,058	-3.7%	\$207.80	231.38	11.3%	162	100	-38.3%
Vacant Land	\$6,715,528	\$6,036,025	-10.1%	x	x	x	506	467	-7.7%

*Days on the Market typically includes the “under contract” period between initial contract and closing date. Effective days on the market is typically 30-60 days less than this figure in all categories.

Single Family Homes

Specifically within single family homes, it was very obvious that the smaller homes with 1-2 bedrooms and under 1500 square feet had the biggest jumps in appreciation. This segment also had the largest decrease in the number of homes sold. My assumption is the huge demand for long term rental properties caused larger numbers of potential sellers with homes in this category to rent their properties out because of rising rents. This has resulted in more than double digit gains in value over the past year.

	Number of Sales			Median Sale			Average Sale		
	2015	2016	% Change	2015	2016	% Change	2015	2016	% Change
Under 1499 sq ft	54	41	-24.1%	\$254,000	\$299,900	18.1%	\$261,057	\$302,001	15.7%
1500-2999 sq ft	113	118	4.4%	\$389,000	\$425,000	9.3%	\$414,957	\$448,879	8.2%
Over 3000 sq ft	51	44	-13.7%	\$628,000	\$678,750	8.1%	\$656,199	\$725,304	10.5%
1-2 Bedrooms	53	40	-24.5%	\$271,500	\$322,500	18.8%	\$286,520	\$315,474	10.1%
3 Bedrooms	100	96	-4.0%	\$393,750	\$425,000	7.9%	\$425,040	\$453,228	6.6%
4+ Bedrooms	65	67	3.1%	\$495,000	\$550,000	11.1%	\$565,598	\$613,945	8.5%
Under \$299,999	57	27	-52.6%	\$250,000	\$250,000	0.0%	\$243,832	\$243,179	-0.3%
\$300,000 to \$599,999	122	136	11.5%	\$398,750	\$413,500	3.7%	\$415,255	\$426,285	2.7%
Over \$600,000	39	40	2.6%	\$730,901	\$742,500	1.6%	\$766,510	\$818,064	6.7%

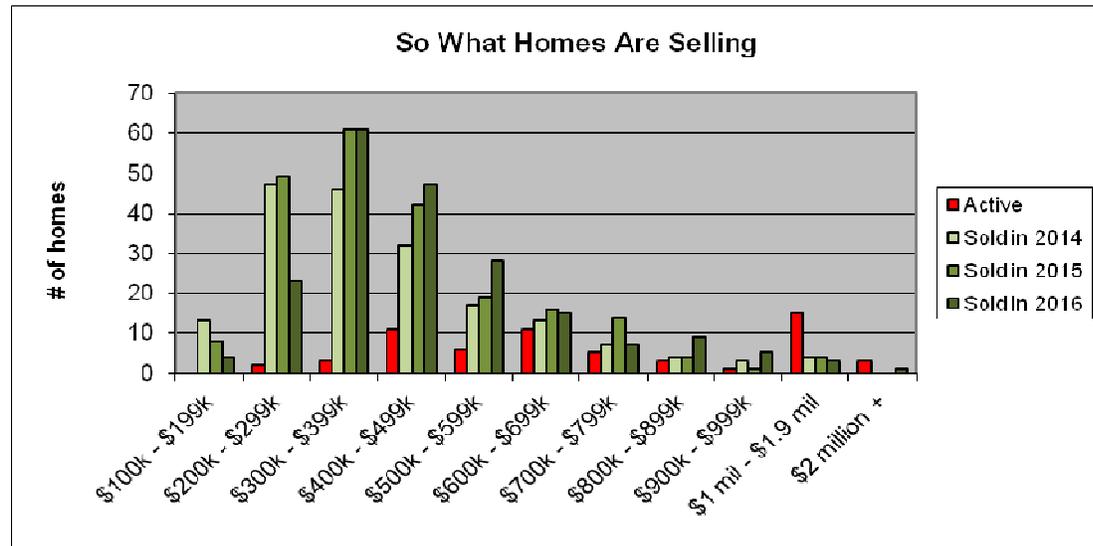
Digging into dollar volume being spent in Estes Park, there were a couple numbers that might need a little more explaining. There was a 52.8% drop in dollar volume for homes under \$299,000 which seems out of place with the other numbers until you realize that it is very uncommon to find a single family structure for under \$300,000 in Estes anymore. In addition, the 60% reduction in time on the market for the smallest homes seems astronomical; however, for

some reason homes like these took a long time to sell in 2015. In 2016, they are more in line with the midsized homes and only the largest homes are taking a significant time to sell.

	Dollar Volume			Price per square foot			Time on the Market		
	2015	2016	% Change	2015	2016	% Change	2015	2016	% Change
Under 1499 sq ft	\$14,097,110	\$12,382,080	-12.2%	\$256.02	\$289.91	13.2%	211	84	-60.2%
1500-2999 sq ft	\$46,890,226	\$52,967,781	13.0%	\$193.41	\$208.90	8.0%	115	96	-16.5%
Over 3000 sq ft	\$33,466,150	\$31,913,388	-4.6%	\$172.70	\$179.35	3.9%	200	200	0.0%
1-2 Bedrooms	\$15,185,560	\$12,618,966	-16.9%	\$243.96	\$266.23	9.1%	212	82	-61.3%
3 Bedrooms	\$42,504,026	\$43,509,910	2.4%	\$197.09	\$219.51	11.4%	121	125	3.3%
4+ Bedrooms	\$36,763,900	\$41,134,373	11.9%	\$182.25	\$189.80	4.1%	173	123	-28.9%
Under \$299,999	\$13,898,460	\$6,565,850	-52.8%	\$213.74	\$255.94	19.7%	214	93	-56.5%
\$300,000 to \$599,999	\$50,661,125	\$57,974,814	14.4%	\$192.50	\$209.66	8.9%	113	96	-15.0%
Over \$600,000	\$65,159,585	\$32,622,585	-49.9%	\$226.02	\$225.11	-0.4%	148	198	33.8%

So What Homes Are Selling?

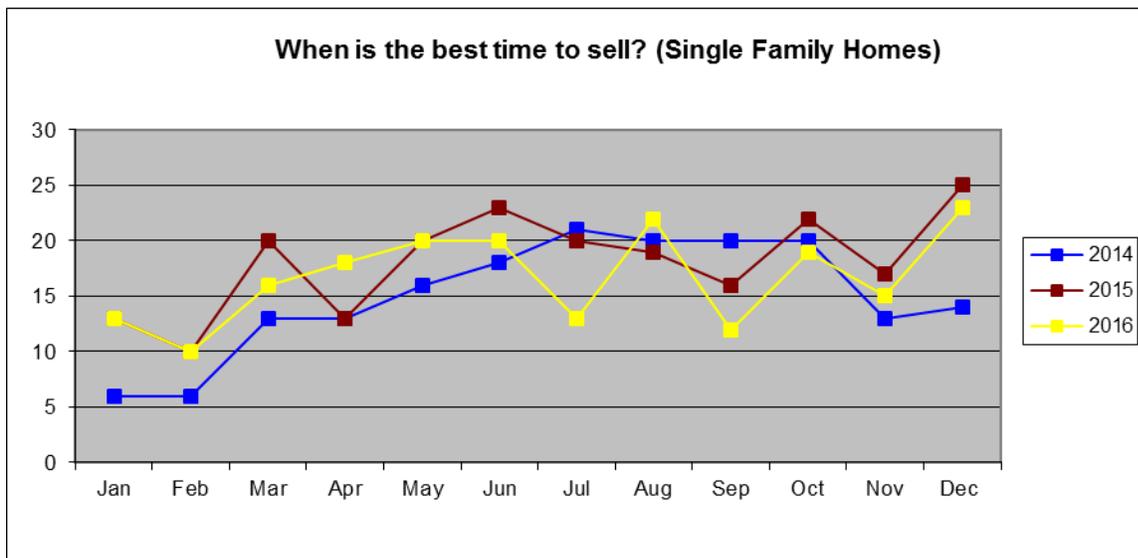
The Estes Park market is very active in the \$200,000 to \$500,000 range. The vast majority of sales happen in this price range. Beware of popular web sites that are showing that average and median prices in Estes Park are north of \$600,000-\$700,000 because they are simply looking at Active properties. From the graph below, you can see that is accurate for Active properties in Red.



Notice the huge difference between the number of active properties and the amount of properties sold in the lower price ranges. That means that it is extremely competitive in those price ranges and properties won't stay on the market very long. Likewise, take a look at the properties over \$1,000,000 where we have the inverse situation going on. While we've seen more properties in the luxury market selling recently, they still have a long way to go before we'll see any heavy appreciation or quick sales.

When do most of the homes sell in Estes Park?

One of the biggest misconceptions of the real estate market in Estes Park is that we only sell properties in the summer time. As you can see from the graph below, that is definitely not the case. As a matter of fact, December has been our highest month for the number of properties sold for the last two years straight!



There are two more important things you can glean from this graph. First, as a seller, you don't have to wait for summer in order to sell your home. Second, as a buyer, you should expect a property that fits your desires to come along any time of the year.

Condominiums

Throughout the year, the appreciation in specific neighborhoods of condominiums was very noticeable. For instance, the Ranch Meadows condominiums jumped up in price so that you no longer can find a unit in there for under \$300,000 after they seemed stuck in the \$250,000 to \$275,000 range for the past 5-10 years. Other neighborhoods saw similar appreciation as well. In a general sense, it seemed to get harder as the year went on to find a condo available for living in full time.

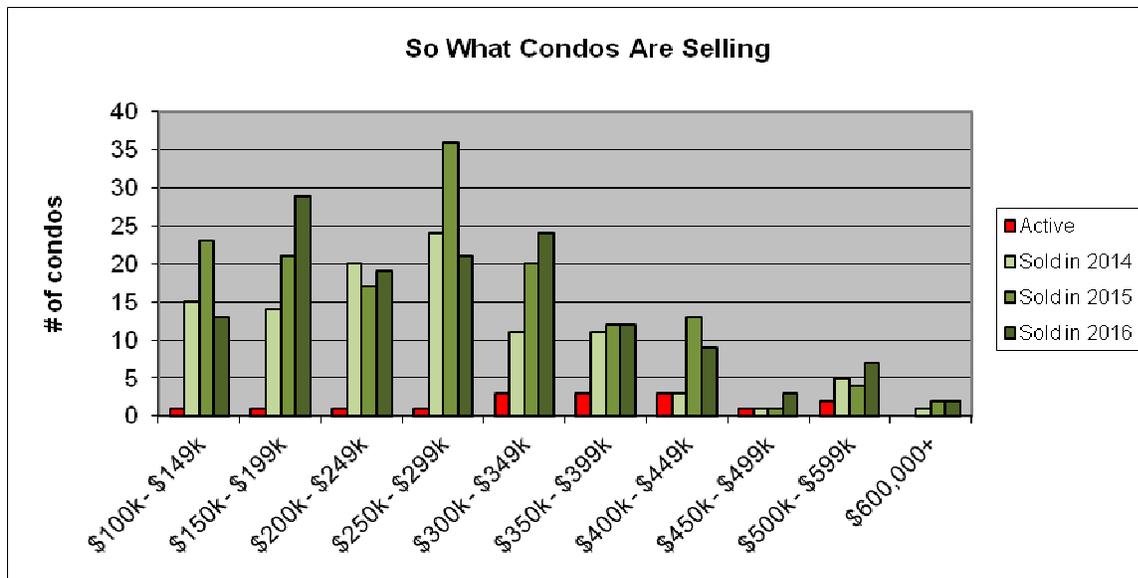
	Number of Sales			Median Sale			Average Sale		
	2015	2016	% Change	2015	2016	% Change	2015	2016	% Change
Under 1399 sq ft	75	76	1.3%	\$177,500	\$190,000	7.0%	\$197,701	\$207,815	5.1%
Over 1400 sq ft	74	63	-14.9%	\$323,950	\$335,000	3.4%	\$349,628	\$374,366	7.1%
1-2 Bedrooms	73	87	19.2%	\$176,000	\$205,000	16.5%	\$200,817	\$216,493	7.8%
3+ Bedrooms	76	52	-31.6%	\$320,000	\$366,500	14.5%	\$342,638	\$395,078	15.3%
Built before yr 1999	82	81	-1.2%	\$249,500	\$220,000	-11.8%	\$240,284	\$241,307	0.4%
Built after yr 2000	67	58	-13.4%	\$280,000	\$319,500	14.1%	\$313,385	\$341,951	9.1%

Again, the smaller condo units were more popular this year much like the single family homes. However, the overall story is strong appreciation and shorter times on the market in all categories.

	Dollar Volume			Price per square foot			Time on the Market		
	2015	2016	% Change	2015	2016	% Change	2015	2016	% Change
Under 1399 sq ft	\$14,827,649	\$15,793,964	6.5%	\$230.10	252.27	9.6%	186	103	-44.6%
Over 1400 sq ft	\$25,872,497	\$23,585,094	-8.8%	\$185.20	206.51	11.5%	137	96	-29.9%
1-2 Bedrooms	\$14,659,649	\$18,834,964	28.5%	\$226.85	240.03	5.8%	199	100	-49.7%
3+ Bedrooms	\$26,040,497	\$20,544,094	-21.1%	\$189.50	217.07	14.5%	126	98	-22.2%
Built before yr 1999	\$19,703,299	\$19,545,900	-0.8%	\$191.40	227.2	18.7%	110	85	-22.7%
Built after yr 2000	\$20,996,847	\$19,833,158	-5.5%	\$227.88	237.14	4.1%	225	120	-46.7%

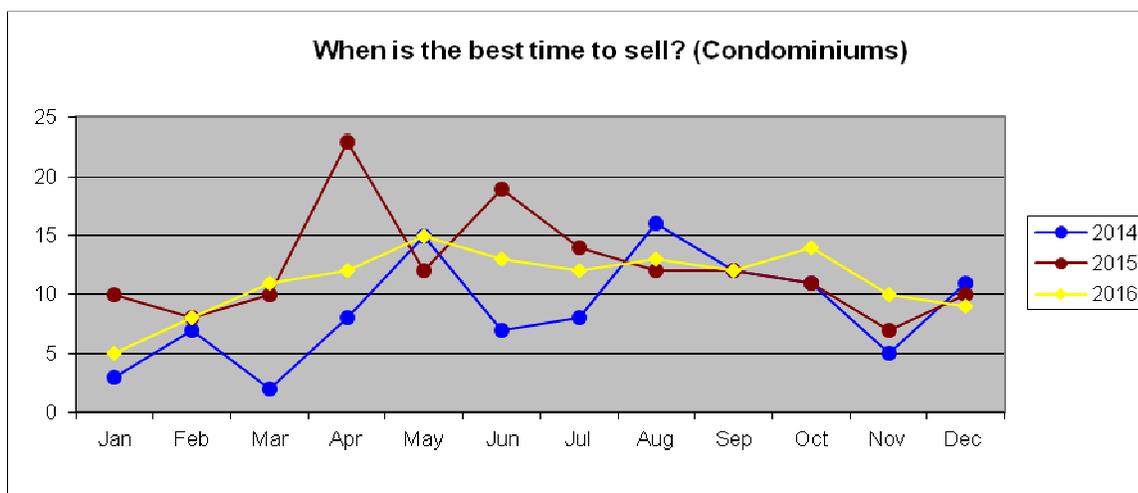
So What Condos are Selling?

The \$150,000 to \$199,000 range was the most popular price range for sales this year which is not normal. There were noticeably fewer \$250,000-\$299,000 sales this year compared to last. Overall, the most notable feature of this graph is the huge disparity between the number of properties for sale and how many are selling each year. Just like single family homes, expect appreciation to continue into the new year and beyond.



When do most of the condos sell in Estes Park?

Again, much of what we saw with single family homes also applies to condominiums. The spring time is the most popular time to sell a condominium but there really isn't a large dip in traffic during any part of the year except the dead of winter.



Report Card: Predictions from 2016

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. **Mortgage Rates will rise...maybe.** For the last several years in this report, I keep getting this one wrong. I've decided I'm not going to guess what will happen, but simply point out that rates are still outstanding right now and they are not guaranteed to be in the future. Combine the possibility of high rates and a strong market in regards to appreciation and you can see why we continue to encourage buyers to purchase now rather than later. It will simply be more expensive in the future to buy a home! [I was vague enough in my prediction on mortgage rates, but I didn't need to be. Interest rates are higher now than they were a year ago and are expected to continue rising. In addition, I mentioned property appreciation and I was definitely correct on that prediction.](#)
2. **New Regulations for Vacation home rental properties will not slow down their popularity, but it will influence property values in certain areas.** More and more visitors 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. The town of Estes Park is focusing a lot of time and energy on this issue for good reason. The leaders of this town have the tough job of balancing property rights with preserving the character of neighborhoods in Estes Park. In the not-too-distant future, specific zoning districts and neighborhoods who either restrict or allow vacation rentals will start playing a bigger role in determining a property's value. [Two predictions: both correct. Vacation rentals are gaining in popularity and people are paying far more attention to what zoning applies to specific properties and what the HOA covenants are saying about vacation rentals. Buyers still put more value on having the option for vacation rentals even if they don't plan on exercising the option.](#)
3. **Recent stock market volatility will push more people into buying real estate.** In the short term, there will be a large number of people looking to get out of the stock market and into real estate. Estes Park vacation rentals are a very popular investment these days because of their hype and popularity all across the nation. If done well, they can be a very lucrative investment AND you have the opportunity to use the property yourself from time to time. One caveat on this point that I will be watching closely is that the Estes Park real estate market also has a history of following the stock market. As investment portfolios decrease in value, potential buyers tend to delay their 2nd home purchase or their retirement home purchase. Therefore, the recent volatility could have a negative or positive effect on our market. [While our market typically does follow the stock market, the volatility was short lived as the stock market did extremely well in 2016. Luckily, what I predicted didn't exactly come true.](#)
4. **Vacant land will have more sales than previous years.** With the extremely tight supply of available homes for sale in the lower half of the market, I expect Vacant Land sales to increase significantly this year. As buyers continue to be frustrated about the lack of properties that fit their needs, they are more likely to build something on their own. There may be some appreciation in the land category associated with this prediction, but the volume in the number of sales should see the biggest jump. [I was almost accurate in my prediction as there was](#)

only 1 more piece of land sold in 2016 vs 2015. I did expect more sales for vacant land and would expect them to continue increasing in 2017.

- The real estate market will continue to get better.** The Estes Park real estate market is in a state of optimism right now. Prices are increasing and time on the market is very low in comparison with previous years. I would also argue that the luxury market (properties over \$750,000) is somewhere between Depression and Optimism. We still have more inventory than we have demand, but we are seeing hints of optimism in the form of increased buyer traffic looking at homes. [Definitely was accurate on this prediction. Not much more to say here.](#)



Predictions for 2017

- We'll see more inventory of properties for sale.** As property values increase, more people will decide now is the time to sell. Honestly, it is hard to imagine any less inventory of properties for sale so I think this is a safe prediction.
- Vacant Land will increase in popularity.** I predicted the same thing last year, but wasn't as successful as I thought I would be. As prices of single family homes increase and inventory remains low, more people will vote to build instead of buy existing.
- Mortgage rates will rise, but I don't think that will slow down our market.** I found a graphic showcasing periods of increasing mortgage rates in the past and in each case, home values also increased. Given the severe lack of inventory of homes for sale and the pent up demand of buyers waiting for homes, I would expect this to be true in 2017.
- There will be more homes sold in 2017 over \$1,000,000 than in 2016.**

Dramatic Mortgage Rate Increases



Calculated Risk

With the combination of a strong real estate market in the lower price ranges, continued low mortgage rates, and plenty of good properties in that price range to choose from, I think the chances are high we see more sales than we have in the last few years.

Advice for Buyers

1. **If you are thinking about buying in the near future, don't delay.** With the severe imbalance of supply and demand in the low and mid price ranges, I fully expect values to appreciate more in 2017. Secondly, interest rates are predicted to rise by all the industry experts which will make it more expensive to purchase in the future. I think both factors will take place no matter what happens in the economy or political climate.
2. **You don't need 20% down!** There are many loan programs that are available right now that don't require 20% down. Talk to a good mortgage broker for tips on what types of programs are available for people who don't have a full 20% to put down on a house.
3. **Your credit doesn't have to be perfect, just "good enough."** There are a lot of loan programs for those who don't have stellar credit so don't rule yourself out before you try. Talk to your mortgage broker or banker to find out what programs are available to you at your current credit level. You can also ask them what you can do to improve your credit score.
4. **Prepare to swing a hammer.** Buying a home and performing minor fix-ups is very normal in Estes Park. With the aging population, there will be an opportunity on the horizon for homes that are in good shape but are outdated. This also could provide an opportunity for flipping properties for the opportunistic minded individual and/or someone who isn't afraid of getting their hands dirty. Of course, we could recommend some great local contractors if you don't get along with hammers.
5. **Work with a Buyer's agent!** The biggest benefit of having a Buyer's agent who is not representing the seller is knowing you have someone looking out for your best interest. In addition, finding properties these days is not easy and a good Buyer's agent will have their finger on the pulse of the market. Sometimes they know of properties that haven't even hit the MLS yet.

Advice for Sellers

1. **The market has appreciated.** When you decide to sell, you might have more equity in your home than you originally thought. While you can find online valuation web sites to give you a ballpark of what your home is worth, give us a call and we'll help you analyze realistic valuations based on good local information. We can also help you through the process of deciding whether now is a good time to sell and if so, what you can do to maximize your sale price.
2. **As values increase, it will be easy to want to price your home too high.** While it will be perfectly acceptable to price it on the high range, it is always important not to go too far or the market will reject your home. Pricing your home accurately is just as much an art as a science and there are a lot of things a good real estate agent can do to help you get top dollar.
3. **Make sure your agent knows how to handle multiple offers.** If a homeowner simply takes the first offer presented, you are potentially leaving money on the table. Getting buyers competing for your property always gets a better result for the seller.

Summary

With the current trajectory of the Estes Park real estate market, we are excited to encourage our clients in this market. It truly is a win-win situation for both buyers and sellers. On one hand, buyers can be confident that the fundamentals of the market show a high probability of increasing values. On the other hand, sellers can feel confident because they are in control and have the power in the transaction to dictate how the sale will go because there is so little competition. Until we see a drastic increase in supply of homes for sale or a serious drop in demand from buyers, these trends will continue in our market place.

Looking back at 2016 reminds us of a ton of great stories from wonderful people buying and selling real estate through our office. We have been honored and blessed to be a part of so many big events in peoples' lives through what we do as real estate agents. We are humbled by the loyalty we see from our many past clients and friends, and we are looking forward to an even better 2017 full of people making wise real estate decisions in Estes Park.



Please give us 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. We 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://AlpineLegacy.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.