

Roaring Fork Valley 2006 Market Summary

By Mark Pisani, Land Title Guarantee Company, Jan. 2007

“Strong Finish to an Incredible Year” headed last year’s annual Market Summary and thoughts were on how Pitkin and Garfield Counties would be able to keep the pace. Well, 2006 was an incredible year, and had an even stronger finish than 2005. What makes this even more impressive is the rest of the country experienced a real estate slump for the majority of 2006.

Again, thoughts on where do we go from here, will there be a slowdown, or will we continue our increases in both transactions and appreciation?

Good Signs Nationally for Existing Home Sales

With the National Association of Realtors saying existing home sales are forecast to gradually rise through 2007 and into 2008 the national picture is looking up. New home sales, which have been dismal nationally, are predicted to turnaround by summer. Even though interest rates are predicted to increase by the end of the year, they will be very low by historical standards. This on top of a strong economy and one of the most profitable years on Wall Street gives credence to the NAR predictions.

David Lereah, the National Association of Realtor’s chief economist, said “most of the correction in home prices is behind us, but general gains in value next year will be modest by historical standards.” The recent decrease in prices (nationally) along with an unexpected drop in mortgage interest rates has created an opportunity for buyers, especially first-time buyers.

Furthermore, with positive interest rate predictions, inflation fears subsiding and good employment figures, 2007 existing home sales are expected to rise from the cyclical low and reach a total of 6.4 million, 1% below this year’s total. Additionally, Lereah predicts “by the fourth quarter of 2007, existing home sales will be 4.6% higher than the current quarter.”

Pitkin County - Locally

Locally the same factors continue to drive our market:

- low inventory levels
- inability to expand geographically
- stringent zoning and growth guidelines
- one of the most beautiful areas in the world to live/vacation

All of these factors tend to point to another record year, with continued upward pressure on prices.

With a double digit percentage increase in dollar volume coupled with a double digit percentage decrease in transaction volume in December, the upward pressure on prices is apparent.

A strong finish to another incredible year is an understatement; dollar volume was up 50 million dollars or 26% from last year and up \$156 million or 186% over 2005. For the year Pitkin County broke the \$2.5 billion mark with \$2.64 billion in dollar volume, an increase of almost 18% percent over 2006. When compared to 2003, dollar volume was up an amazing 132%. Total units sold in 2006 were 1,879 compared to 2005 totals of 1,794 represents a 5% increase in the level of activity.

Eagle County

The year 2006 ended in sales that gave Eagle County their second best real estate year in history. There was \$2,754,171,600 of real estate sold with 3,115 transactions. This falls just 2% short of last year. Driving this year's sales volume was the high-end market of over \$5 million per transaction, which accounted for 43 transactions, twenty more than last year, and more than \$300 million in sales volume.

Eagle County's 2006 average sales price climbed to \$884,164 in 2006, a 21% increase over 2005's average of \$696,060. Bachelor Gulch, Vail Village and Lionshead combined for an average sales price of nearly \$3 million. Cordillera had the largest increase in sales volume with a 37% jump over 2005. Cordillera was also the only area in Eagle County with an increase in transactions of 20% over last year, resulting in an average sales price gain of \$259,951.

Overall, Vail Golf Course, 11th Filing saw the greatest appreciation in Eagle County with an increase in average sales price from \$1,313,182 in 2005 to \$3,083,692 in 2006, an increase of \$1,770,510 in just one year.

December again saw abundant activity down valley as Eagle accounted for over 26% of the total transactions. Beaver Creek had the highest dollar volume at \$39,345,100 while Lionshead saw the largest average sales price at \$4,700,625.

2006 Year End Highlights:

- Eagle County had an overall increase of \$188,104 in average sales price since 2005.
- The high end market, over \$2 million per transaction, accounted for 39% of the total dollar volume and 10% of all transactions in the county.
- The average price for a single family home was \$1,210,790.
- The average price for a multi family home was \$822,364.
- The average price for a vacant lot was \$434,989.

2006 December Highlights:

- The overall average sales price in Eagle County was \$906,256

- The price of a single family home averaged \$1,394,577 in price
- Eagle accounted for over 26% of the total transactions.
- Beaver Creek had the highest dollar volume at \$39,345,100.
- Lionshead saw the largest average sales price at \$4,700,625.

Garfield County

1.04 billion dollars: Garfield County surpassed the billion dollar mark in 2006. Ending 2006 on a high note, total dollar volume for the month of December of \$104 million was up 32% over last year even with a slight decrease in the number of units transferred - 215 to last years 230. For the year Garfield County saw a 21% increase over last year in dollar volume at \$1.04 billion to \$855 million for 2005. Total units sold, 2852, were up 9% over last years 2612.

Mark Pisani
Land Title Guarantee Company
533 E. Hopkins #102
Aspen, CO 81611
Office 970-925-1678
Cell 970-379-2931
mpisani@ltgc.com
www.ltgc.com