Could 2014 be a good year for Vail real estate?

EAGLE COUNTY — Jim Flaum believes 2014 will be the year the local real estate market starts a steady climb. If it does, the market’s 2013 performance will have provided a solid base.

Land Title Guarantee Company recently released its final 2013 numbers for the county’s real estate market. The delay is due to the time needed for all the deals put under contract in the calendar year to make it to the closing table.

In many ways, the 2013 numbers mirror those from 2012 — there were a few more transactions made, a bit less sales volume. That’s a welcome change from the swings seen in the years since the national economic slump first hit the High Country.

Flaum, the managing broker of Slifer Smith & Frampton, the valley’s biggest real estate company, believes the steadiness in the market means we could be poised for some positive changes.

“The numbers for 2013 don’t reflect the strength in demand,” Flaum said, adding that there’s more demand for property than homes available in some areas. For instance, a family looking for a home in a specific price range in Singletree may find just a couple of available properties.

That demand is starting, and is just starting to be reflected in price, Flaum said. That, in turn, may prompt potential sellers who have been waiting out the slump to finally bring their property to market. It may also spur a bit of construction.

In Eagle, Joan Harned, of Team Black Bear at Keller Williams Realty, said that company actually saw something a bit different in the western valley than the valley as a whole — slightly fewer transactions for slightly higher average prices. Harned, a longtime veteran in the valley’s real estate business, said her team has been marketing to potential sellers — those who bought before the boom in the middle of the past decade. The current action in the market means it might be time to test the waters for a potential sale.

“Some sellers have been waiting for prices to go back up,” Flaum said. “We’re telling people that if they aren’t using their second homes any more, go ahead and sell and use that money for something else.”

While prices are starting to inch up, Flaum said values remain fairly low, particularly when measured against the highs from 2007 or so.

“In a lot of places, values are still 25 to 30 percent below 2007,” he said.

FACTORS AT PLAY

There are a couple of factors driving the market right now. There’s demand — mortgage rates are still quite low, and prices are well off their boom-days highs. The other is the fact that sales of foreclosed properties and short sales — in which owners sell their homes for less than the amount owed — have largely dried up.

In 2013, there were 126 bank sales for the entire year and just two in December — 7 percent of all transactions. Just a couple of years earlier, bank sales accounted for roughly 20 percent of all sales.

Those sales, usually at below-market prices, helped drive demand. Now that those properties have largely been sold, the demand remains, but prices are a bit higher.

The search for value, though, put something of a damper on the high-end market, which has languished for a couple of years. While the more expensive deals still account for the bulk of the sales volume, the number of deals remained fairly low through most of 2013.
Flaum said there’s been more action in the higher end of the market so far this year, at least at his company. The value of signed contracts — which isn’t the same as closed deals — more than doubled from January 2013 to January of this year.

“I don’t expect that to last, but we’ve been very strong in the new year,” Flaum said.

Harned said the western valley market has also been solid.

“We’re encouraged,” Harned said. “We’re seeing builders looking at buying lots, and we’re selling commercial space.”

And, while winter is usually a relatively slow time for real estate in the western valley, Harned said there’s been a good bit of interest so far this year.

“What we really want is more jobs,” Harned said. “We’re getting there, and that’s when construction will start again.”