

The Real Report – March 2017

An air of uncertainty prevails over the country but one thing remains crystal clear – Santa Fe is a great place to live and is highly desired by many!

Santa Fe continues to attract people from all over the world and from all walks of life, typically looking for a certain sophisticated yet quaint “quality of life” destination. Santa Fe’s many attractions are varied with a diversified culture, major music venues of all types, world class restaurants, art and intellectual pursuits. Clean air and blue skies, plus an easy, calm, carefree environment with terrific scenic beauty and many types of outdoor activities make Santa Fe one of the best places to live in the United States. We continue to see an influx of the young and hip as well as active and savvy, retiring baby boomers who desire the life Santa Fe has to offer. They know that Santa Fe will give them the kind of life and retirement they deserve for their future.

A LOOK AT THE PAST

Comparing 2015 and 2016 year-end numbers, Santa Fe’s real estate market continues to improve and is up 7-8% over 2015.

All Santa Fe City and County Sales (condo, townhome, multi family, single family)

Year	Units	Average Price	Median Price	Total
2016	2140	\$428,598	\$327,950	\$917,201,623
2015	2071	\$413,582	\$312,000	\$856,529,171

At Liz Sheffield and Associates, we typically focus on only single-family home sales located in Santa Fe and some of the more populated areas of the county. This represents the largest sector of sales and is a clearer indicator of market conditions.

Single Family Sales in Key Santa Fe Areas

Year	Units	Average Price	Median Price	Total
2016	1470	\$489,966	\$379,734	\$720,251,099
2015	1413	\$471,073	\$360,000	\$665,627,305

The following two graphs below show the average price per square foot (\$/sf) of single family homes sold in Santa Fe dating back to 2004.

The first graph details the three price ranges above one million dollars.

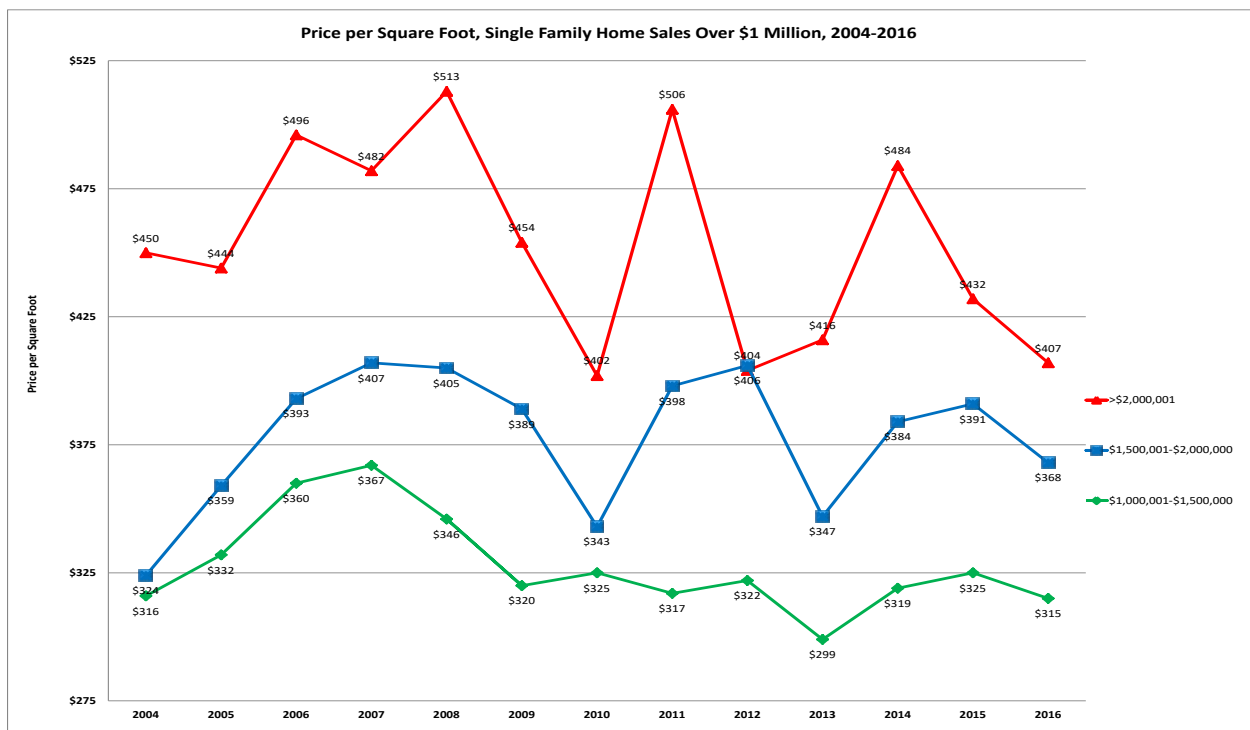
The first line on the graph represents homes sold over \$2 million. The low price per square foot was in 2010 at \$402 and the 2016 End of Year (EOY) price was \$407/sf, representing a 1% increase.

The next range shows homes sold between \$1.5 and \$2 million. The low was in 2010 at \$343/sf and the 2016 EOY number was \$368/sf, up 7%.

The last category in this graph is the \$1-\$1.5 million price range. This category had a low of \$299/sf in 2013 and the 2016 EOY figure was at \$315/sf, representing a 5% increase.

The \$2 million plus category shows the greatest fluctuations. This group is difficult if not impossible to measure with such diverse and unique types of properties, buyers and areas.

The \$1 million to \$2 million ranges have yet to return to the highs of 2006-2007, yet have reached or exceeded 2004 and 2005 levels.



The graph below details the price per square foot of the four price ranges below one million dollars.

The \$750,000 to \$1 million price range has gained 6% from the 2012 low of \$256/sf. It is currently at \$272/sf.

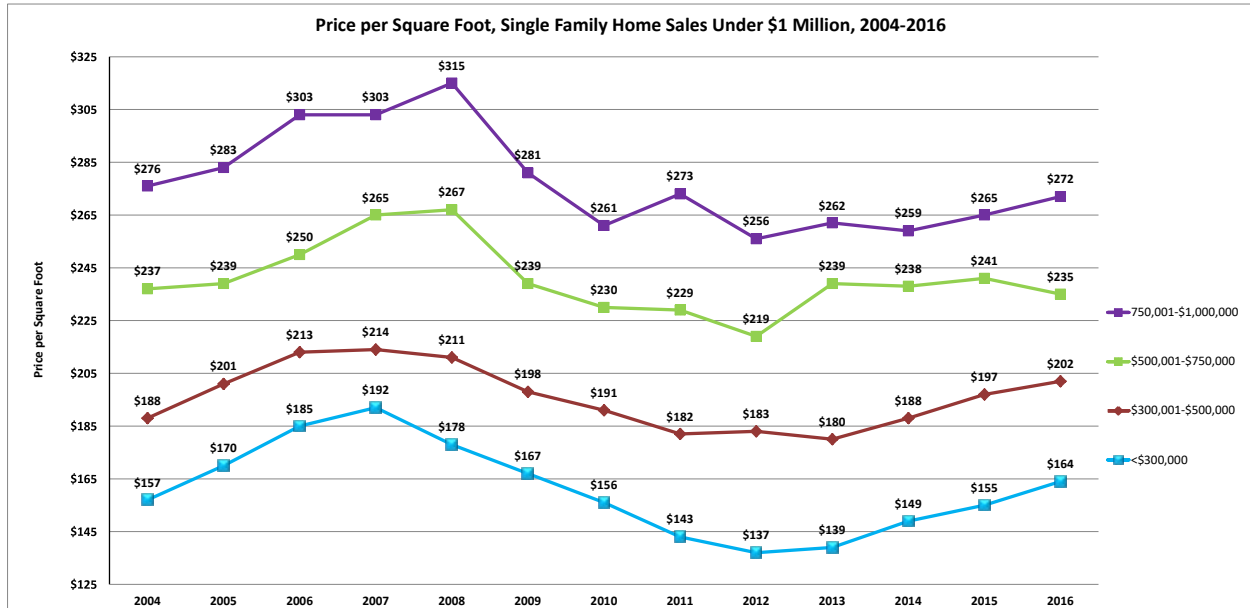
The \$500,000-\$750,000 range has recouped 7% from its 2012 low of \$219 per square foot. It is currently as \$235 per square foot.

The \$300,000-\$500,000 range has gained 13% from the \$180/sf low in 2013. EOY 2016 was at \$203 per square foot.

Homes sold below the \$300,000 mark had an impressive gain of 20% from the \$137/sf low in 2012, up now to \$165 per square foot.

In all four of these price categories the highs were reached in 2007/2008. As of year-end 2016, we are back to 2004/2005 levels.

Overall, we've had solid growth since about 2012/2013 and all pundits agree that this trend should continue through 2017.



A LOOK AT PAST SALES VOLUME

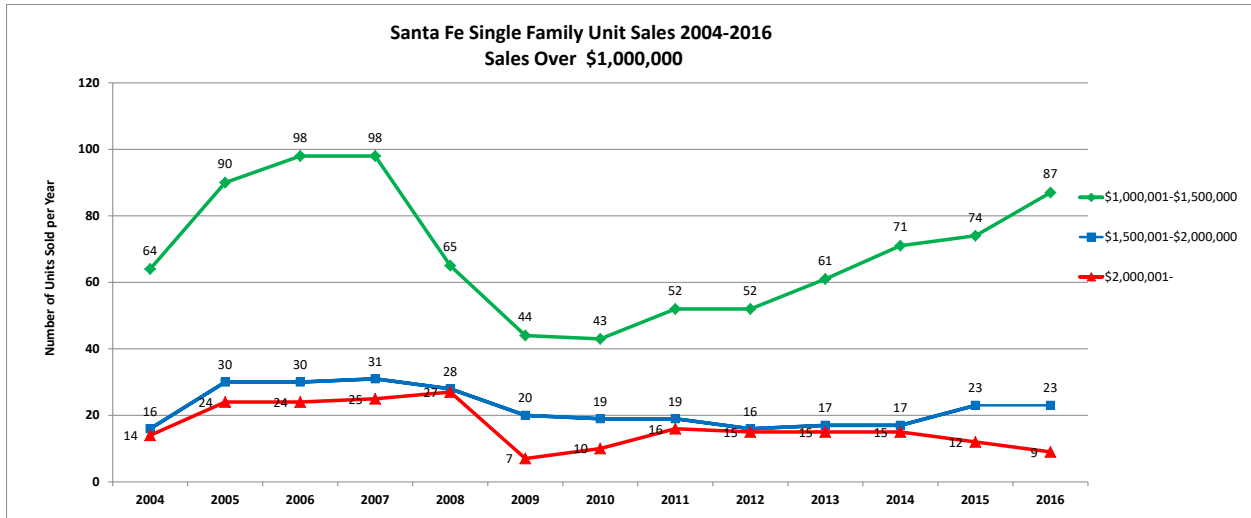
The two graphs below show the number of units sold in each price range from 2004-2016.

The first graph details the top three price ranges above one million dollars.

The first line on the graph represents homes sold over \$2 million. This group saw a previous low of 7 properties sold in 2009 and in 2016 there were 9 sales. As of this writing, March 15, 2017, there have been 2 sold and 4 are currently under contract. So it looks like this price range will show great improvement in 2017.

The next range shows sales of homes sold between \$1.5 and \$2 million. In this range, volume has increased a healthy 44% to 23 homes sold in 2016 up from the 2012 low of 16 homes sold.

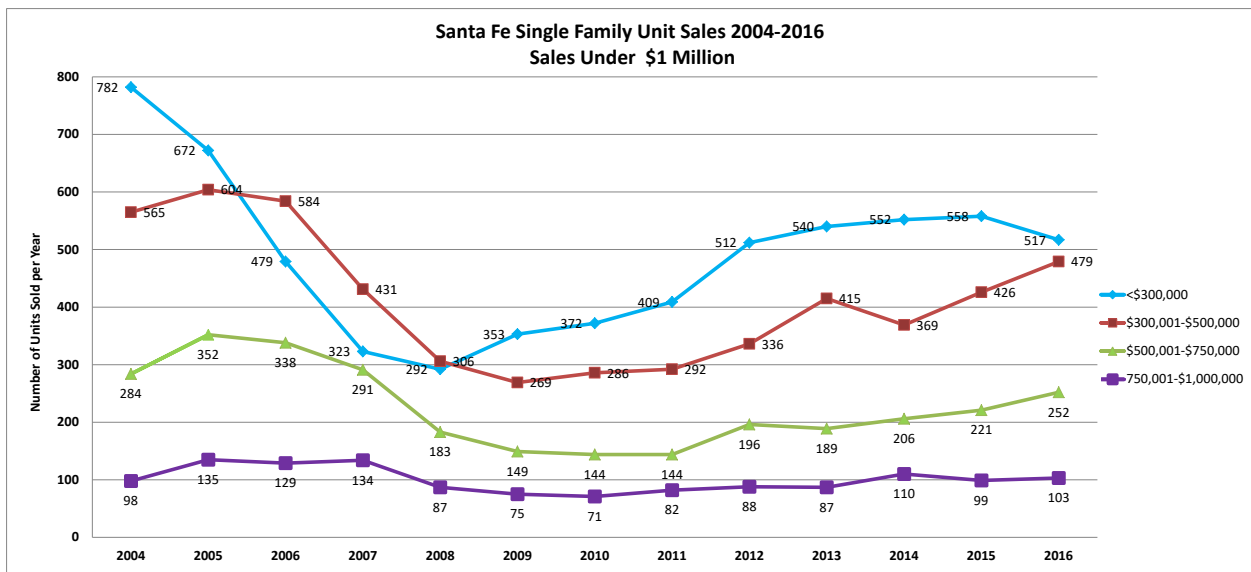
The last category in this graph is the \$1-\$1.5 million price range. The volume has had a whopping 102% increase over the low in 2010 of 43 homes sold. With 87 homes sold in 2016, this price range has almost returned to high volume levels of 2006/2007.



The final graph shows Sales Volume of homes sold below the 1 million dollar mark.

The 3 sectors below \$750,000 are all up an impressive average of 77% from the 2008-2010 volume lows, while the \$750-\$1 million dollar range is up a very healthy 45% from the volume low in 2010.

Market demand remains high and we forecast all four sectors continuing to see volume improvement which will translate into price gains as long as mortgage interest rates stay in the historically low numbers.



A NOTE ON MORTGAGE RATES

Speaking of historically low rates, remember when we thought interest rates of 6 and 7% were good? Some of us even remember the 1980s with 15% interest rates! So, although interest rates have inched up slightly, they are still at historic lows and are predicted to stay in the 4s

throughout 2017. These incredibly low rates and the reality that they may continue to rise are definitely getting some buyers, particularly young millennials and investors, into the market place, knowing real estate ownership will increase their long term net worth.

BUYER OR SELLER'S MARKET?

Nationally speaking, in terms of averages it's said that a market with under a 6 month supply is a seller's market. In Santa Fe, the price range below \$500,000 is currently a 2.8 month supply and the \$500,000 to \$750,000 range has a 4.6 month supply. Good news for sellers!

Santa Fe is called the "city different" and when housing inventory is on the table for discussion, this is no exception. The two price ranges between \$750,000 to \$1.5 million currently have an 8 month supply. Based on the fact that there has been virtually no new construction in this category since 2006/2007, we lean towards viewing this segment as neutral territory between buyers and sellers.

The market over \$1.5 million is a very different story. The \$1.5 to \$2 million dollar range has slightly more than a year of inventory based on current sales rates, and the \$2 million plus market is at slightly less than a 4 year supply. This could provide a good opportunity for Buyers depending on seller motivation.

FEATURED PROPERTY AND AREA

1 Delantera Court in Las Campanas

Elegant, sophisticated styling graces every part of this beautiful 2480 square foot home in Las Campanas with fantastic mountain views. Built in 2009 by Tierra Concepts, this home was



planned for what today's buyer wants – low maintenance living and superior quality finishes. No detail has been left out – from the decorative tile accents to the uniquely colored diamond plaster walls. The dramatic red-plastered kitchen is replete with gorgeous granite counters, custom alder cabinets, stainless steel appliances and a gorgeous glass tile back splash. The open floor plan flows seamlessly through arches

into every room—from the dining/great room to the den/TV-room and office and the well-separated master suites. This home has two very nice outdoor spaces; a portal with built-in grill, fireplace, and nice dining/entertaining space, xeriscape landscaping and a walled courtyard; the other an inviting interior courtyard. The exterior of the home has stunning rock accent walls to create a home of distinction. Two separate heating/cooling systems provide perfect year-round comfort. 2 BRs, 2.5 BAs, 2-car garage with storage room. The association maintains all exterior landscaping outside the walled areas. Offered at \$ 755,000.

Las Campanas continues to be one of the best buys in Santa Fe's luxury market. The Homeowner's Association dues are reasonable and cover common area maintenance, security, gated entries, emergency services, paved roads and healthy reserves. The HOA is completely separate from the Club and purchasers of properties are not required to purchase a club membership. Las Campanas now has two distinct neighborhoods offering lower priced luxury homes featuring high-end finishes on a smaller scale. Las Melodias at Las Campanas and the New Pulte Terrace homes currently under development. There are some great buys in Las Campanas. We'd be pleased to show you or someone you know available properties in Santa Fe's only luxury resort community.

If you would like an analysis for a particular area of interest, please let us know and we will be happy to provide whatever you might need. We offer this for general areas, specific neighborhoods or subdivisions and for all price ranges.



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