

The Estin Report

Aspen-Snowmass Condo Market Summer 2007 Update

Aspen posts highest occupancy in the state for January pg 8

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DATA
REGIONAL INTEREST STOCKS

Company	High	Low	Open	Close	% Chg
AMZN	142.25	141.25	141.50	141.75	+0.20
GOOG	215.00	214.00	214.50	214.75	+0.25
MSFT	28.75	28.50	28.60	28.65	+0.05
IBM	115.00	114.50	114.75	114.75	0.00
ORCL	35.00	34.75	34.80	34.80	0.00
YHOO	27.00	26.75	26.80	26.80	0.00
CRM	45.00	44.50	44.75	44.75	0.00
ADBE	115.00	114.50	114.75	114.75	0.00
INTC	25.00	24.75	24.80	24.80	0.00
QCOM	45.00	44.50	44.75	44.75	0.00
TXN	45.00	44.50	44.75	44.75	0.00
AVGO	115.00	114.50	114.75	114.75	0.00
HPQ	35.00	34.75	34.80	34.80	0.00
HP	35.00	34.75	34.80	34.80	0.00
HPK	35.00	34.75	34.80	34.80	0.00
HPM	35.00	34.75	34.80	34.80	0.00
HPN	35.00	34.75	34.80	34.80	0.00
HPQ	35.00	34.75	34.80	34.80	0.00
HP	35.00	34.75	34.80	34.80	0.00
HPK	35.00	34.75	34.80	34.80	0.00
HPM	35.00	34.75	34.80	34.80	0.00
HPN	35.00	34.75	34.80	34.80	0.00

COST OF LIVING
Percentage indicate how much more expensive Aspen is compared to other towns

Town	Percentage
Aspen	41.65%
Steamboat	155.94%
Leadville	205.68%
Silverton	303.36%

COMPARING COSTS
Average Monthly Rent

Town	Average Monthly Rent
Aspen	\$1,024
Steamboat	\$1,075
Leadville	\$878
Silverton	\$731

BEST AIRFARES
Aspen to...
Denver to...
Chicago to...
Dallas to...
Houston to...
Los Angeles to...
Miami to...
New York to...
Phoenix to...
Portland to...
San Francisco to...
Seattle to...
Washington to...

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Aspen Real Estate Market Information Updated Regularly.

The Aspen/Snowmass condo market is as hot as ever. If you are a visitor or an Aspen local thinking about a condominium purchase, here's some background and current market information.

Summary – summer 2007

The focus of this article is on "middle market" two and three bedroom condos which cost approximately \$750,000 to \$3,500,000 million.

In general, inventory is low and demand is surging. At present, we are in a fast-paced, strongly appreciating market unlike adverse trends affecting the rest of the country.

Since Feb. 2004 when the market began its present climb, Core downtown Aspen condos have experienced a significant leap in value. In the past two years alone, appreciation levels have been, on average, 20 -30% annually.

Pricing Trends Since April 1, 2007:

- Active summer '07 listings are generally priced in the \$1,700 – \$1,900 per sq.ft. range. The average list price is \$1,718 sq. ft.
- High demand and high prices for high quality properties: High quality, newly remodeled properties with close proximity to the mountain are easily commanding \$1,750-\$1,900 sq. ft. with some examples leaping to \$2,300 sq.ft. An extraordinary 3B/3Ba ski in/ski out condo is presently listed at \$2,997 sq. ft or \$4.95M.
- A telling indicator of where the market really is are those properties currently under contract. Although there are only four listings under contract, these are at an average list price of \$1,463 sq.ft. The underlying question is: are the current listings in fact ahead of themselves, or do summer '07 list prices in fact reflect reality? "Under Contracts" is often considered where we are at the moment.

Condo Market Statistics:

ASPEN ACTIVE LISTINGS (as of late June '07):

Aspen Core Active 2 Bedroom/2 Bath listings (15):

- Avg. asking price: \$ 2,148,000.
- Avg. price per sq. ft.: \$1,718
- Avg.: Days on market: 134

Aspen Core Active 3 Bedroom/3 Bath listings (8):

- Avg. asking price: \$1,981,000.
- Avg. price per sq. ft.: \$1,708
- Avg.: Days on market: 51

ASPEN SOLDS since April 1, 2007

Aspen Core 2 Bedrooms/2 Bath Solds (13)

- Avg. sold price: \$1,650,000
- Avg. price per sq. ft.: \$1,568
- Avg.: Days on market: 154

Aspen Core 3 Bedroom/3 Bath (7)

- Avg. sold price: \$2,064,000
- Avg. price per sq. ft.: \$1,389
- Avg.: Days on market: 189

SNOWMASS ACTIVE LISTINGS (as of June '07)

Snowmass Actives 2B/2Ba (27):

- Avg. asking price: \$1,210,000
- Avg. price per sq. ft.: \$1,047
- Avg.: Days on market: 107

Snowmass Actives 3 Bedroom/3 Bath (8)

- Avg. asking price: \$1,591,000.
- Avg. price per sq. ft.: \$1,070
- Avg.: Days on market: 158

SNOWMASS SOLDS (since April 1, 07)

Snowmass Solds 2B/2Ba (14):

- Avg. sold price: \$1,028,000
- Avg. price per sq. ft.: \$930 sq ft
- Avg.: Days on market: 89

Snowmass Solds 3 Bedroom/3 Bath (9)

- Avg. sold price: \$1,591,000.
- Avg. price per sq. ft.: \$1,070
- Avg.: Days on market: 158

Property specific examples:

- Gant, top floor unit, listed at \$1.775M sold at \$1.775M or \$1,793 sq.ft. after
-

- 10 days on market
- Aspen Alps #103, completely remodeled and listed at \$2.365M (\$1,903 sq. ft) is under contract. It has been on the market approximately 60 days.
 - A dead center Aspen Condo project, The Monarch, to be completed in 18-24 months is pre-selling two (1,910 sq.ft.) to four bedroom (5,510 sq. ft.) units for \$1,800- \$3,000 per sq. ft.
 - A singularly spectacular Penthouse condo dead center of Aspen currently available: 3Bdrms/3.5Ba, 2,916 sq. ft plus a 320 sq. ft. garage priced at \$7.9M or \$2,709 per sq.ft.

Moderate Priced Condos:

Moderate grade properties in smaller condo developments may still be available at lower prices in the \$1,100 - \$1,350 per sq. ft. price range, but these are unique and very rare properties. Typically, these units are in older, non-upgraded condo complexes of approximately 4 to 20 units. There is a great deal of disparity in quality between units in the same complex. Currently, there is only one condo (3B/2Ba, 2,025 sq. ft) in Aspen selling for \$2.399M or \$1,185 sq.ft. Another listing, a Chateau Roaring Fork unit, (2B/2Ba, 867 sq. ft.), not on the river, is under contract at an unheard of \$850,000 or \$867 sq. ft.

Snowmass:

Snowmass product is generally about 25 - 35% less expensive although the new construction of the Base Village (scheduled for completion in 2010-2011) has reduced the historic spread between Aspen and Snowmass for well-situated condos near the new development. Snowmass is experiencing, and will continue to for the next 5 years, massive development and redevelopment. The big question is: will all this intense building activity stall the market ... or fuel the market as buyers seek to take advantage of an 'early investor' approach.

Aspen/Snowmass pricing history:

Regardless of the type of property, prices in Aspen/Snowmass have always been at record levels at whatever point in time one wants to look in the past 40 to 50 years. Historically, if prices are not rising, they are in a flat mode lasting on average 1-3 years. While history is no guarantee of future positive results, rather than attempt to 'time the market', serious buyers are well advised to brave the big time Aspen prices and let Aspen appreciation take care of the rest. With a minimum 3-5 year holding period, buyers in the past have consistently walked away realizing significant appreciation while enjoying Aspen ownership.

General Aspen/Snowmass Condominium Descriptions:

More than 90% of Aspen's condominium developments, estimated at 75 to 100

different projects were built from 1965 through the late 1970s. This includes Snow-mass units built on or near the mountain with ski-in/ski-out access. While the product is generally older, the exteriors get updated about every 15 years requiring special assessments but reinvigorating the complexes with an updated, present-day appearance. On change of ownership, new buyers frequently remodel their units creating considerable luxury and, sometimes, great disparity from one unit to another.

Most units average 850 to 1,150 square feet, and are one to two-and-a-half bedrooms and baths respectively. On the extremes there are smaller studios 200-350 square feet and three bedrooms at 1,300 plus square feet. Three bedroom units are hard to find and four bedroom units are scarce.

Location, location, location and *then* amenities and condition of the unit are the differentiating factors determining price. Here are examples of specific properties:

- **Prime Location Condos** - There are a number of condo projects at the base of Aspen Mountain between Shadow Mtn. /Lift 1A and the Gondola, a to-die-for prime location noted for direct ski access and proximity to downtown Aspen. These are the *5th Avenue*, *Durant Condos*, *Fasching House*, *Alpenblick Condos*. Current prices are: 2B/2Ba, 1,130 sq. ft., 1963 built, *Fifth Avenue* condo priced at \$1,55M.;

In terms of sold history, a 2 bdrm/2.5ba, 1,492 sq. ft. *Fifth Ave. Condo* that sold in March '6 at \$1.35M (\$904 sq. ft.), recently sold at an ask price of \$2.075M (\$1,390 sq. ft.). This is +53% increase in one year. For these two transactions, this property has been one of the best values on the market in the past year. Another Fifth Ave 2B/2Ba unit listed at \$1.5M, sold in May at \$1.425M, (\$1,934 sq. ft.)

Other dead-center Aspen Core location projects are the *Aspen Square*, where a Five Star placed 2nd floor two bedroom, two bath, 836 sq.ft. closed in Dec '06 for \$1.75M million setting a new prime location benchmark of \$2,093 sq. ft. Three other Aspen Square units have sold in late winter/spring '07 for \$2000-\$2,300 sq.ft. Aspen Square is immensely popular and available listings sell within days if not before getting to the MLS.

A *Lift One* (located at the base of Lift 1A) 3B/3Ba, 1,313 sq. ft. newly remodeled ground floor unit listed at \$1.95M million (\$1,485 sq. ft.) sold in June at \$1.8M (\$1,371 sq. ft.) after one year on the market. Another corner 3/B3Ba, 1,224 sq. ft. *Lift One* condo came on the market in late June '07 at \$2.35M or \$1,923 sq. ft.

There are the "*Chateau*" condo complexes built in the mid-sixties by the same developer who came up with the Chateau theme. All are located within close Gondola proximity and have excellent rental desirability and histories. The *Chateau Roaring Fork* and *Chateau Eau Claire* are six plus blocks away from the Gondola and perched on the banks of the Roaring Fork River. Two 2B/2Ba listings facing the river are listed at \$1.25M (\$1,788 sq. ft.) and \$1.75M (\$1,797 sq.ft.). A 3B/3Ba, 1,000 sq. ft.

Chateau Aspen unit, opposite City Market, is listed at \$1.75M (\$1,750 sq. ft.). And a 2B/2Ba, 1,022 sq. ft. *Chateau Dumont* unit, 1 ½ blocks away from the Gondola, closed in June at the list price of \$1.799M, or \$1,467 sq. ft.

In another complex, the *Larkspur*, located about 4 blocks from the Gondola, there is a 3 1/2 B/2Ba unit presently listed at a compelling \$2.25M (\$1,562 sq. ft.).

• **Amenity Condos** - These complexes offer a full range of amenities with pool, tennis, full front desk services and onsite management, and there are only a handful of them: *The Gant*, *The Aspen Alps*, *Mountain Queen Condos* and *Hunter Creek*.

The Gant, two to three blocks east of the Gondola, is incredibly popular and known for its intensely loyal owner base. It offers the closest thing to country club living without a golf course at the base of Aspen Mountain. These units have terrific rental income histories and approximately 120 of the total 140 units provide some sort of rental income to owners. The net-net after expenses, before taxes and debt service, averages about 1.5-2% depending on purchase price.

The Gant sales activity in the past two years has been astonishing. A 2 bdrm/2ba, 940 sq.ft. Gant unit that sold in the \$950,000 range during summer '05, increased in value to \$1.2 - \$1.25M in by early Summer '06. In spring '07, similar units closed in \$1.4 - \$1.5M range. Three bedroom units, rarely on the market, are priced easily at \$2M to \$2.2M. One closed in August '06 at \$1.9M. A broker expert in Gant sales recently indicated that a top-floor, 3+ bedroom unit would be priced at \$2.8-3.1M range commenting that if the market doesn't immediately accept that pricing, it will rise to that price point soon enough to justify itself. He's most likely correct.

The Aspen Alps sits literally on Aspen Mountain with many units offering ski-in/ski-out convenience. A beautifully remodeled ground floor two-bedroom, two-bath, 1,130 sq. ft. unit facing a small park/open space area, is under contract at an ask price of \$2.3M (\$1,923 sq.ft.); And, a top rated, but 'fixer-upper', 2 bdrm/3ba third floor, 1,495 sq. ft, high ceilings with on-mountain and town views is listed at \$3.1M. A spectacular 700 Building, 3Bdrm/3Bath, 2,198 sq. ft. Gondola facing unit listed at \$4.2M sold 126 days later in mid-November '06 at \$4M, (\$1,819 sq. ft.).

The *Mountain Queen* sits at base of 1A lift offering ski in/ski-out access and beautiful views of the mountain and town. An extraordinary 3B/3Ba ski in/ski out condo is presently listed at a record breaking \$2,997 sq. ft or \$4.95M. In terms of a newer listing with similar proximity, literally *on* the ski mountain itself, there is a completely remodeled beautiful *Shadow Mountain Village* four bedroom/four bath, 2,171 sq. ft., listed at \$3.5M (\$1,612 sq. ft) closed in late June at \$2.9M (\$1,335 sq.ft.). This looks like a bargain, but the location will be severely impacted for the next 2-3 year by two large development projects scheduled to break ground in the summer '07.

Hunter Creek condos are on the northeast side of Aspen at the base of Smuggler Mountain and offer affordability – a further but acceptable walking distance into town

and skiing, but with frequent door-to-door public shuttle service - with tennis, pool and front desk management. These units represent great downtown value with current listings in the \$980-\$1175 sq.ft. range. At present, there are (4) one to three bedroom units priced in this range. A three bedroom, two bath 1023 sq. ft., *Hunter Creek* unit is listed at \$1.2M (\$1,173 sq.ft.)

No pets are allowed at *Hunter Creek*, whereas most condo developments permit one pet per owner.

Snowmass Condos - There's greater value here but less rental income possibility due to Snowmass' more limited summer business. On the value side, the Seasons Four, Woodbridge and Crestwood condos sell for approximately 25-35% less than a similar unit in Aspen: A Seasons Four 3B/3Ba, 1,256 sq. ft., \$910,000 remodeled unit is under contract after only 17 days on the market. Three 2B/2Ba condos in this complex have sold at a range of \$680 - \$780 sq.ft. since April '07; At the Woodbridge, two 2B/2Ba, 900 sq. ft. units sold in the spring at \$850-900 sq. ft. There is currently one active 2B/2Ba listing at \$849,000 (957 sq. ft.) and has been on the market 78 days; the Crestwood, with direct ski-in/ski-out access to the new Gondola and Base Village, has a 3B/3Ba unit for sale at \$1.99M (or \$1,662 sq. ft.). This complex is in direct walking proximity to the new Base Village and a 'Base Village' premium is reflected in the ask price.

Snowmass: New Base Village Effect - In Snowmass, the new Base Village was approved in spring '05, and, after much delay, ground was broken this spring. Even though one can find relative value in Snowmass compared with Aspen, in the past year, speculative fever hit Snowmass as buyers swallowed up any condos within concentric circles of the new Base. Record prices are being paid the closer the units are to the Base Village, and demand is fueled by expectations of future value even though completion is expected in 2010-2011. This buying frenzy has since calmed but it greatly diminished the Snowmass condo inventory and reduced the traditional price spread between Snowmass and Aspen condos.

* * *

Aspen Condo Trends and Economics:

In the past two years, there's been considerable turnover of condos belonging to the original owners aged 65 and over. But as these older owners sell their units, newer owners in the same development are exercising their right of 1st refusal to trade-up to larger, more desirable units. There's also the 'grandchild effect' where a growing number of larger, multi-generational families are looking for more space. This trend and the propensity of current owners to trade up spurred on by what they see as fast moving, escalating prices - unlike more quiet market periods - constrict Aspen condo inventory even more.

Additionally, the older condo inventory is not being replaced with new similar

development. Because of strict zoning - effectively down zoning - the value of land has surged, and it doesn't make economic sense to build larger projects on smaller land parcels. Where new development *is* occurring, hotels, fractionals and town homes are being built. Developers are creating more units on less land - hotels and fractionals - than condo projects require.

Even though fractional development costs are higher because of greater administration, service and maintenance requirements, they are offset by plus-200 percent fee simple ownership profit over condo development. Conversely, developers are also building fewer units at higher prices – in specifically town homes - and finding they can consistently make their margins.

In general, few condo properties, if any nowadays, will cash flow a mortgage, much less break even after tax. Condo ownership in Aspen is about use and enjoyment with eventual sales appreciation, *not* cash flow. Even though the more expensive the unit, the greater the rental income, that income still gets swallowed by 35-45 percent management fees. Additionally, buyers also need to consider the health of association reserves and special assessments to determine the bottom line.

With an Aspen/Snowmass condo purchase, one is purchasing a lifestyle. It's a worthy choice offering fee simple ownership - not the hotel-like environment of fractionals – and reasonable affordability, a first entry point into the Aspen/Snowmass market with historically excellent appreciation prospects.

It's also a well-considered choice from a convenience factor: it's the car where the brand isn't nearly as important as the fact that it'll get one to the game ... which is everything Aspen has to offer. So, if you're looking for a driver, please hail my cab, not Caesar's.

Under the umbrella name of [The Estin Report](#), I've written a number of articles on the "State of the Market" for the Mountain Business Journal, a local/regional business weekly. I enjoy doing the research and the writing: it's served as an incredibly useful way for me both to stay on top of this very dynamic and unique Aspen/Pitkin County real estate marketplace and to communicate effectively what's happening now in the market for buyers and sellers.

For unbelievable brokerage service, information, discretion and results, please call 970.309.6163 or email me at testin@masonmorse.com Best, Tim Estin

www.EstinAspen.com

Tim Estin Biography:

I learned to ski before I could walk, went to elementary school in Aspen, and was a Founding Director of the Tenth Mountain Hut & Trail System* between Aspen and Vail with one of Aspen's legends, my friend and mentor, Fritz Benedict. I love living and working here and sharing all the reasons I live here with others.

After graduating from Colorado College and getting an MBA from Boston University Graduate School of Management, I worked in luxury mountain resort consulting (Sno-Engineering, Inc./Aspen) on major US and Canadian projects and then managed national advertising accounts for Timberland, Boston Whaler, Apollo Computer (acquired by Sun Microsystems) amongst others.

In 2007, I served as the Aspen Board of Realtors liaison to the City of Aspen. Before this, I was the Aspen Board of Realtors liaison for the extensive 2006 Pitkin County Land Use Code Rewrite approved in July 2006 after a two year review. I also was a member of the Pitkin County Land Use Code/Technical Advisory Committee advising the Planning & Zoning Commission and the Pitkin County Board of Commissioners on land use issues. These positions have involved communicating policy, political issues, code changes, and their consequences to property buyers and sellers and to the Aspen realtor community.

I also contribute articles and commentary on local and regional real estate issues in the Mountain Business Journal, a regional weekly business magazine, The Aspen Times, Aspen Daily News, Aspen Magazine, and others. I do this because I like the research and the writing, and it keeps me constantly informed of new market facts and trends. These articles are the basis of *The Estin Report* which is updated regularly and can be read and viewed at www.EstinAspen.com

In my non-work hours, I participate in The Buddy Program and volunteer for the International Design Conference/Aspen, the Aspen Institute Ideas Festival and local performing arts organizations.

I have a reputation for creativity, great loyalty, effective negotiating and an unbelievable work ethic. I am scrupulous and believe wholly that "the reward of a thing well done is to have done it" (Emerson).

If you, your family and friends are looking for a new and different level of real estate professionalism, unparalleled Aspen/Roaring Fork real estate information, discretion, high end service and results you can depend on, please call or email me.

Thanks. Tim

*One of the great outcomes of being involved with the beginning of the Tenth Mountain Hut and Trail system was the opportunity for my family to come together to build the Peter Estin Hut in memory of my Dad . He was a former FIS racer and Dartmouth ski team captain, Director of the Ski Schools at Portillo, Chile and Sugarbush, Vt. and a New Yorker magazine cartoonist. In the early 60's, he wrote, "Ski the American Way" considered a ski teaching classic. (See: www.huts.org)