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HomeServices



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REAL ESTATE NEWS • ASPEN SNOWMASS BASALT • APRIL 2017

### Inside This Issue

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**B**oy, do we have some milestones, both old and new, to celebrate!

It's been 20 years since the World Cup Finals were last held outside of Europe, 22 years since the men last raced America's Downhill on Aspen Mountain, and 23 years since our namesake firm, BJ Adams and Company, was born. **And this month, we announce our new partnership with long-established Aspen real estate company, Leverich & Carr** — one of the oldest continuous-owner firms in the valley, as are we.

While the five-day season grand finale of ski racing was unquestionably one of the most momentous special events Aspen has had the privilege to host, we'd like to think our humble anniversary (officially on April 1) is meaningful in its own way — at least enough to raise a glass and toast all those who have supported and cheered us on also, for nearly 2½ decades.

Now double in size, and with three offices flying under our banner, BERKSHIRE HATHAWAY HomeServices | Aspen Snowmass Properties, we look forward with enormous excitement to future decades of practicing *Real Estate on Higher Ground* with our new colleagues.

## The 2016 Year in Review and 2017 Market Predictions

By all indications, 2017 is going to be a very good year for local real estate, though certainly not without some oddities. In our last issue, we pointed out how the 4th quarter was nearly strong enough to eclipse the previous three, and that we expected the growth to continue into 2017.

And indeed it has, but not without an interesting twist — while closed and pending business is roughly double last year at this time, and already half of last year's total sales, only 20% of those sales have actually closed in the first quarter. It's a longer time from contract to closing than we saw last year, which does two things to statistics: holds apparent inventory higher than actual, and reflects sales volumes that are less than what is actually occurring. This is one of those times when commentary on statistics is more difficult, and far more important, than the stats themselves.

Because we're seeing a strong upward turn in the market, it's worth noting a change to the table on Page 2, and the importance of the way in which

we view statistics. We've compared the sales numbers in Aspen and Snowmass, not only using our typical 12-month to prior 12-month period, but also using just 2017 YTD to 2016 YTD. The 2016 column results reflect better current performance, not distorted by the rest of the disappointing election-year results. You can more clearly see that Aspen sales remain statistically down over 12 months, but the recent activity is quickening. The recent large increases in Aspen home sales, in particular, have driven Aspen's overall current activity up 50% for the first two months of the year, with dollar volume up 85%. An impediment to even more rapid improvement is limited quality inventory in several market segments. *(continued on page 2)*

# THE CURRENT MARKET | ASPEN • SNOWMASS VILLAGE • BASALT

## PRICES PER SQ FT AND INVENTORY 12 months at 3.31.17 (vs. 3.31.16)

	SALES	12-MO CHANGE VS. 12/16	12-MO CHANGE VS. 1/16	\$/SF	CHANGE	INVENTORY	CHANGE
Central Core condos	66	➔ -8%	➔ -33%	\$1441	➕ 4%	70	➔ -4%
Aspen homes	69	➕ 47%	➔ -15%	\$1208	➕ -4%	76	➕ 10%
Aspen condos	120	➔ 3%	➔ -21%	\$1233	➕ 3%	90	➔ -16%
Snowmass homes (ski-accessible, inc. lux)	16	➔ -16%	➕ 7%	\$1093	➔ -4%	27	➔ -10%
Snowmass homes (off-mountain)	24	➕ 9%	➔ -8%	\$639	➔ -3%	43	➕ 19%
Snowmass condos (ski-accessible)	59	➔ 18%	➔ 4%	\$659	➕ 1%	126	➔ -14%
Snowmass condos (off-mountain)	39	➔ 11%	➕ 70%	\$573	➕ 4%	27	➔ -34%
Basalt homes	46		➔ -19%	\$371	➕ 12%	48	➕ 26%
Basalt condos	88		➔ 2%	\$363	➕ 12%	42	➔ 2%
Luxury homes (\$7.5M+, Aspen & Snowmass)	24		➔ -41%	\$1673	➔ -8%	107	➔ -9%
Luxury townhomes (\$7.5M+, Aspen)	1		➔ -50%	\$1709	➔ -53%	14	➔ 0%

Except where noted, all above statistics exclude luxury properties—those priced at \$7.5M or more.

## An Interview with Noted Aspen Appraiser, Randy Gold



One of the Aspen Board of Realtors' best attended monthly meetings is the annual market report delivered every winter in February or March by Randy Gold, MAI, SRA, one of the owners of The Aspen Appraisal Group, LLC. As always, his presentation was excellent and detailed. We sought Randy out a few weeks ago for a deeper look into his presentation.

Gold, who has been appraising real estate locally for nearly 40 years, believes that the 2016 downturn (in which dollar volume was down 30% from 2015 in Pitkin County) was an aberration, and that the local market will continue to climb in 2017 – unless national or international factors sour things. His report forecasts a “solid year,” with 900 or more transactions in Pitkin County totaling an anticipated \$1.7-1.8 billion-plus in dollar volume. [For the record, his 2016 predictions were almost spot-on]

“We have really good momentum right now,” Gold explained to us in our follow-up interview. “The fourth quarter [of 2016] was big. December, in particular, and the first quarter of 2017 were really, really strong – there’s about \$300 million under contract” currently in Aspen and Snowmass [Editors’ note: as of this writing, \$580 million is pending]. “And everybody expects Trump to lower taxes and deregulate everything, and for our buyer profile, that’s all good stuff. The stock market is soaring, and there’s a lot of momentum in Snowmass with East West coming in and buying Base Village. So, all those things are lining up.”

As with any market, however, even confident predictions come with caveats. “There are a lot of things on a macro level that could derail things,” Gold explained. “It’s a pretty nutty world out there with this president. All these tax and deregulation expectations are totally factored into the stock market.



If reality doesn't meet expectations, there's a big chance for the stock market to correct. Or, what happens if he pulls the trigger on North Korea?"

At least one local factor could come into play, too, Gold added, high inventory. "There's so much supply in most categories, inventory is a potential issue," he warned. "The best market is when supply and demand are in balance, and the disconnect now is a lot of supply but really aggressive prices." What Randy means is that home inventory, especially in Aspen, grew substantially in 2016 as sales tapered off in the election year. But sellers remained bullish about their prices, so buyers backed off, some moving to lower-priced residential properties (including Snowmass), and some leaving the market entirely. This was the "disconnect," and as a result, Aspen sellers went hungry – Aspen lost 50% of its 2015 SF home dollar volume and was left with a 50% increase in inventory. This didn't happen in Snowmass or Basalt – those markets were more stable. There's a clear course correction in 2017, though it could take a couple of years to "rebalance" Aspen's SF home market completely.

Looking beyond 2017, Gold says to expect things to return to a more typical real estate cycle, which includes its ups and downs.

## Highlights From The Randy Gold Presentation

Here are some key points from Gold's presentation about Aspen and Snowmass:

- 2016's dollar volume of \$1.45 billion in Pitkin County was down 30% from 2015 (2015 was the biggest year since 2007). There were a "considerably lower number of expensive sales" in 2016, especially over \$10M, Gold explained.
- The number of transactions in 2016, 830, was more consistent with 2013 (845 transactions), but an 18% decline from 2015.
- The Aspen market bottomed in 2009 and had six years of improvement prior to the "significant slowdown" in 2016.
- Snowmass "bounced along the bottom between 2009 and 2012, but it too has stabilized and shown considerable improvement in the last four years. With new energy surrounding the 2016 sale of Base Village, Snowmass is on very positive footing."
- **Aspen's commercial market**, which experienced very good years from 2012-2015, also saw a slowdown in 2016, due primarily to not having much left to buy, as well as a city-imposed moratorium on commercial development applications. Still, with retail vacancies of around 2-3% and office space vacancies at 3-5%, and the aforementioned low supply, Aspen's commercial market remains strong.
- **Aspen's single-family home market** took perhaps the biggest hit in 2016, with the number of sales and dollar volume down 55% and 60%, respectively. Gold expects both factors to be "considerably improved" in 2017, along with an increasing average price per square foot in most neighborhoods.
- **In Snowmass**, sales, dollar volume, and average prices per sq ft were up modestly in 2016, and Gold expects a strong 2017, due primarily to Snowmass offering a better value for the money than Aspen, as well as to the Base Village sale fueling new interest in the resort.

- **Luxury home sales:** compared to an average of 45 sales over \$5MM per year for the last 17 years, 2015 was 70% above average with 76 such sales. The 40 \$5MM+ sales in 2016 was not far below the long-term average, but represented a 47% decline from 2015.
- There were 11 home sales of over \$10MM in 2016, which was fairly consistent with the 17-yr average of 12 sales per year, yet down dramatically from 2015's 27 sales. A similar pattern played out with homes in the \$7-10MM range: 14 sales consistent with the long-term average (13), yet a far cry from 2015 (23).
- 2016 was a below-average year for sales in the \$5-7MM range. The 15 sales in 2016 was well off the average of 20, and 42% off the 26 sales in 2015.
- Nonetheless, Gold expects considerable improvement in sales activity over \$5 million in Aspen, and modest improvement in Snowmass.
- **Aspen condominium sales** ended with 2016 down about one-quarter in number of sales and dollar volume, while the average price per sq ft increased modestly to \$1250/sq ft. And, there were three sales of over \$3000/sq ft. "With supply and demand largely in balance for Aspen condominiums, I expect sales activity in 2017 to be strong, and well above what was seen in 2016," Gold says. "However, I don't know that the performance will match the strength we saw in 2015."
- **The Snowmass condominium market** has been relatively stable for the last several years, with the number of sales and dollar volume about the same in 2016, compared to the two prior years, and average prices per sq ft hovering between \$625-650/sq ft for a few years. Gold expects modest appreciation in 2017, because of the positive trajectory of Base Village and a declining supply.
- **Snowmass land sales** should also see an increase and some appreciation in 2017, while Aspen will likely see modest or no appreciation on vacant land in most neighborhoods.

To order either a complimentary copy of the graphs and data that Randy used in his presentation at the Aspen Board of Realtors luncheon, or his formal report, "2016 Aspen/ Snowmass Market Overview," go to: [www.aspenappraisalgroup.com/order\\_report.html](http://www.aspenappraisalgroup.com/order_report.html).

**"I've been a lot of places in the world, and Aspen is one of the most beautiful. I feel like no matter who you are, no matter what your political situation, people cannot help but be moved by the natural beauty. That makes Colorado a unique place. And Coloradans have a spirit of having the land they're stewarding be there for generations. I think that changes people."**

*– Michael Franti, singer, songwriter, activist, and frequent headliner on the Aspen stage*

# World Cup Fever? Try World Cup Epidemic!



The World Cup Finals came through town in March for five amazing days of alpine ski racing, sweeping the entire community up in a wave of enthusiasm and spirit, the likes of which many say they'd never seen before in Aspen.

The Finals, as the last races of the World Cup tour season, crown a champion in each of the five alpine disciplines, plus the overall men's and women's champions. From the packed grandstands and the throngs lining the courses on Aspen Mountain, we witnessed history being made as 22-year-old Mikaela Shiffrin became the first American to win the overall crystal globe in the United States (not to mention her 4th slalom globe); Austria's Marcel Hirscher nabbed the men's overall title for an unprecedented 6th year.

There were other amazing sports moments: Slovenian Ilka Stuhec, seemingly coming out of nowhere this year, won the downhill title and, up until nearly the end, challenged Shiffrin for the overall. There were stellar downhill performances by Americans Lindsey Vonn and Laurene Ross, followed by both of them crashing out of the Super G the next day. Downhill junior world champion Alice Merryweather, all smiles and fist pumping as she finished dead last in her first World Cup Finals downhill, was thrilled to be among racers she'd been looking up to for years.

Perhaps even more impressive than the competition itself was the palpable and infectious community spirit that easily buoyed the event into the realm of one of Aspen's most memorable ever. Despite Aspen's rich ski racing history – since 1941, the town has hosted scores of national and international races

and has both produced and welcomed hundreds, if not thousands, of world-class racers – the World Cup Finals had never before been held in Aspen. In fact, they were last held outside of Europe in 1997. To pull it off, it took nearly 700 volunteers, countless Aspen Skiing Company staffers, numerous local businesses and organizations, and the 30,000 locals and visitors that made up the crowds. For those five days, Aspen had one collective soul.

"It is so cool to see how the town of Aspen embraces the skiing history here," says our own Mark Lewis, a true ski fanatic. "*The energy in town [during World Cup Finals] is like no other event that is held in Aspen. At the end of the day, whether you like ski racing or not, there is something for everybody and it is one heckuva week to be in Aspen, Colorado!*"

After the races wrapped up and the White Circus had left town, Aspen Skiing Company VP of Events John Rigney sent out a heartfelt note titled "A World Cup of Thanks." He described the realization he had on Wednesday, the day the races kicked off with the men's and women's downhills:

"*The grandstands were packed, Aspen Mountain was mobbed, and the course was lined top to bottom with crazed fans and an energy I've never witnessed,*" Rigney wrote. "*That evening, walking through Wagner Park and the downtown core, I came across so many locals offering heartfelt congratulations and sincere gratitude. It was emotional. Somehow, collectively, we'd struck a chord so deep inside so many. The vibe was AMAZING! I'd never seen the community so unified in spirit and so bursting with pride.*"

Yes, *this is who we are.*

## WHAT WE'RE READING

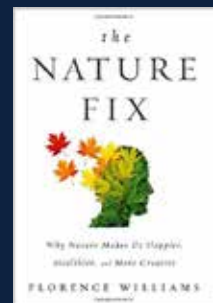


***What I've Learned:***  
*The Meaning of Life According to 65 Artists, Athletes, Leaders & Legends*  
edited by *Esquire Magazine*

We've long been a fan of *Esquire*, as much for its compelling content, as for its graphics and design. For the last 20 years, nearly every issue has run a feature called What I've Learned, many written by writer-at-large, Cal Fussman, one of the best storytellers, ever (if you can catch him live, don't miss him, but that's another story). This is a compilation of interviews with 65 people who have led extraordinary lives. What makes the book brilliant is how Fussman, and others, distill hours and hours of interviews into one-page-absolutely-brilliant portrayals of their subjects.

## *The Nature Fix*

by Florence Williams



We've read many a scientific treatise on why nature makes us happier. However, because this is the writer's candid personal account of her own travels around the world (prompted by a soul-killing move from Boulder to D.C.) in order to uncover what's behind nature's positive effects on our brains, you're easily pulled into her journey. "*I'm not a wannabe mountain sprite. There's a lot I love about cities like great cheap tacos and smart people in fantastic eyewear. It's just that I noticed some dramatic things about my mood, creativity, imagination and productivity in different environments and I started to ponder it.*"

Fascinating, often funny, and definitely profound.