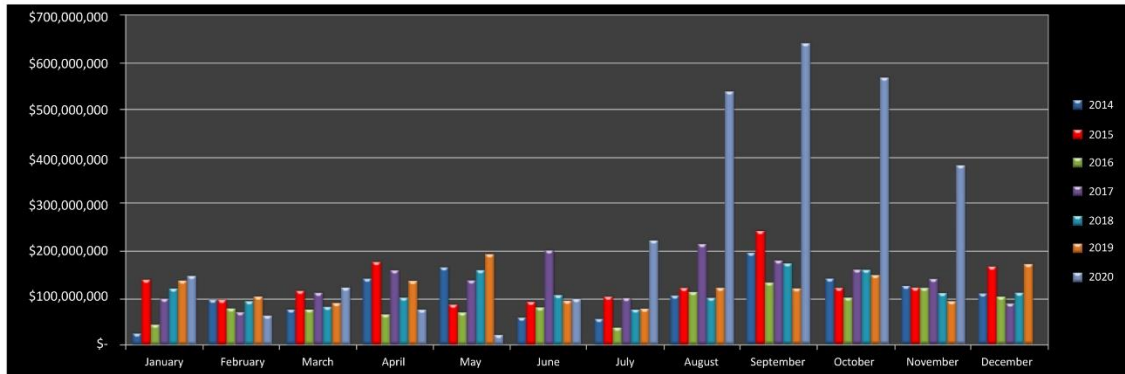


# Yodel from the Mountains



## 2020 Aspen Snowmass Real Estate - Off the Charts -

### Estin Report: Total Aspen Snowmass Combined Market November 2020 & Historical Sales



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This article was written Dec 20, 2020 in anticipation of the year-end Estin Report: Aspen Snowmass Real Estate. As most of the charts and tables for that report will not be print ready until early Jan 2021, I am using charts and tables from my [Nov 2020 Market Snapshot](#) for illustration.

### Vital Stats: Aspen Snowmass Total Sales top \$3B for the first time ever

(As of December 20, 2020)

- 2020 Aspen Snowmass total combined dollar sales are \$3.125B vs \$1.46B in 2019 (+114%)
  - This is *more than twice as much* as the preceding record years:
    - 2017 (\$1.554B total) and 2015 (\$1.513B total)
    - \$1.449B, or 46%, of the 2020 total dollar sales were for properties priced over \$10M each
- 2020 Aspen Snowmass total combined unit sales are 627 vs. 421 in 2019 (+49%)

- The number of properties sold over \$10M each this year Jan 1-Dec 20, 20 has been staggering:
  - 2020 properties sold over \$10M each: 91 vs. 27 in 2019 (+ 237%)
  - These 91 sales represent a 406% increase from the 18 sales per-year average from the past 6 years
  - Dollar volume of these 91 sales: \$1.449B vs. \$401M in 2019 (+261%)

### Extraordinary Times

**FOR THE 30 SECONDS YOU ARE  
A PASSENGER IN THIS ELEVATOR,  
PLEASE DO NOT SPEAK  
UNLESS ABSOLUTELY NECESSARY**

“During human expiratory activities such as talking, laughing, coughing and sneezing, many droplets of saliva and other secretions are expelled from the respiratory tract (the mouth and nose). It is now known that respiratory infections can be spread by these droplets and their residues after evaporation (Garner 1996) Oct 7, 2009.”

(Sign posted in a NYC elevator. “In late Oct., one survey estimated office occupancy in the NYC business corridor at 10% The figure has surely dropped amid the latest surge.” WSJ 12.20.20)

### Q & A: Aspen Market Lowdown

**Given the hyperactive Aspen summer sales that have continued into the holidays, are prices nearing the top of this real estate cycle?**

Except for Aspen’s Great Recession (2009 to 2013), prices here in general have always been at record levels at any point in time. Even during recession, prices continued to rise through most of 2009 after the fall 2008 crash, though unit sales “velocity” had been slowing since late 2007. (In hindsight, that slowdown was a clear, ominous signal.) Only in early 2014 did we begin to see gradual and consistent increase in unit sales.

Since 1970, the U.S. has endured 6 recessions: 1973–75. 1980–82. 1990–91. 2001. 2008–09. 2020-?

Up until the Great Recession, Aspen real estate had always been “last in, first out”—last to fall, first to emerge. But from 2010 through 2013, as many other luxury resort areas recovered, Aspen experienced something very different—it became “last in, last out.” Last to fully experience the recession and last to come out of it. Second-home buyers sought vacation properties closer to their coastal base and became more interested in weekend retreats rather than vacation resort properties located mid-country in the mountains.

## November 2020 Aspen & Snowmass Village Real Estate

Total Aspen Snowmass Market	Nov-20	%Change	Nov-19
Monthly Unit Sales:	85	143%	35
Year-to-Date Unit Sales:	566	47%	386
Monthly Dollar Sales:	\$ 379,300,062	312%	\$ 92,079,889
Year-to-Date Dollar Sales:	\$ 2,853,239,059	120%	\$ 1,296,953,606
Listing Inventory:	381	-29%	537
Aspen Market			
Monthly Unit Sales:	38	138%	16
Year-to-Date Unit Sales:	325	44%	226
Monthly Dollar Sales:	\$ 268,934,250	375%	\$ 56,558,389
Year-to-Date Dollar Sales:	\$ 2,324,367,068	134%	\$ 993,101,552
Listing Inventory:	244	-22%	313
Snowmass Village Market			
Monthly Unit Sales:	47	147%	19
Year-to-Date Unit Sales:	241	51%	160
Monthly Dollar Sales:	\$ 110,365,812	211%	\$ 35,521,500
Year-to-Date Dollar Sales:	\$ 528,871,991	74%	\$ 303,852,054
Listing Inventory:	137	-39%	224
Total Property Sales \$10M and Over			
Monthly Unit Sales:	9	800%	1
Year-to-Date Unit Sales:	83	246%	24
Monthly Dollar Sales:	\$ 140,475,000	884%	\$ 14,282,000
Year-to-Date Dollar Sales:	\$ 1,319,266,385	256%	\$ 371,101,350

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Source data is from the Aspen Glenwood MLS and is scrubbed (Pg3) to remove outlier and misleading sales. Aspen includes Brush Creek, Woody Creek and Old Snowmass single family home sales over \$1.5M. Sales by specific Aspen and Snowmass neighborhoods are on pages 7 and 9 respectively. Included property types are single family homes, condos, townhomes, duplexes and residential vacant lots at sold prices over \$250,000 except otherwise indicated. Fractions are not included.

In late summer and fall 2020, prices of new listings on the market are 15-30% higher than the most recent comparable sold properties of early summer 2020 and COVID-19 spring lockdown. If I had to pick a number, it'd be hovering around a rise of 20%.

Aspen pricing has typically followed an upward stair pattern: up-flat-up-flat. Very rarely does it lead down. Every flat or down cycle eventually ends with an up cycle, continuing further upwards into new record territory. Currently, this up cycle continues along with many other financial and technology indices in record territory.

For how long? We all wonder....

In the article accompanying the "For the 30 seconds you are on this elevator" image above on how wrong most professionals have been on forecasting, the *WSJ* said, "All year, economists, central banks and private forecasters have struggled to predict the economic impact of the Covid-19

pandemic...Economists had no comparable events to predict either the path of the virus or the measures governments would take in response.”

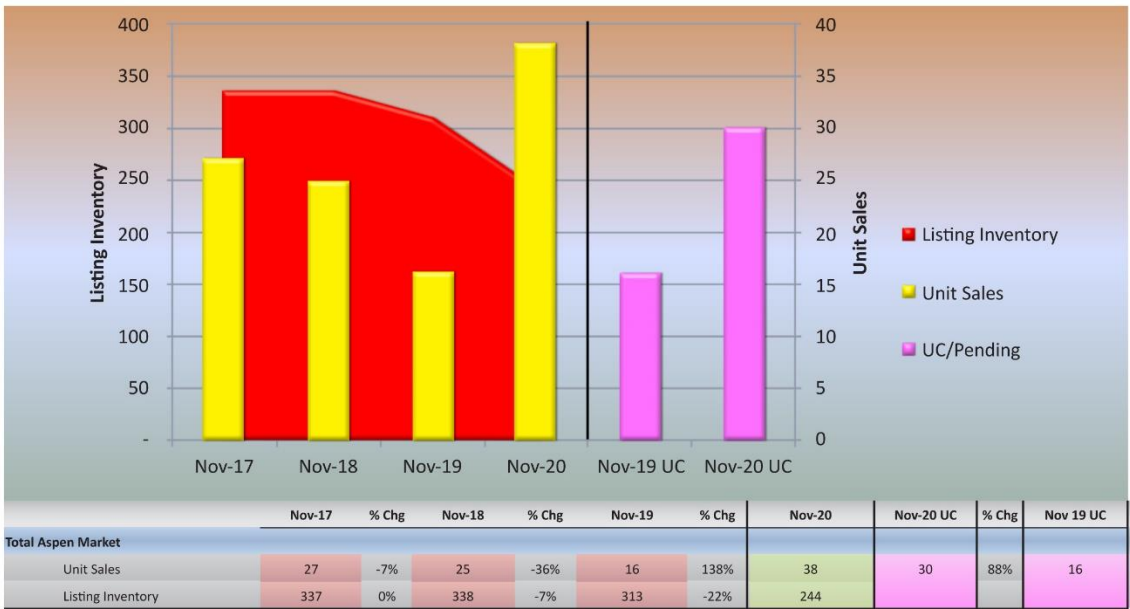
### **Why are prices moving upwards?**

There’s been a huge increase in demand for Aspen Snowmass properties due to what’s been called the “great urban exodus.” City dwellers want to spend more time in our area, quickly depleting inventory of quality properties for sale.

In a rising market with low inventory, pricing is increasingly determined by available properties within a particular price range rather than the most recent comparable sales. There’s an oft-used real estate expression, “Today’s sold is tomorrow’s comp.” meaning that yesterday’s prices have less relevance to today’s demand.

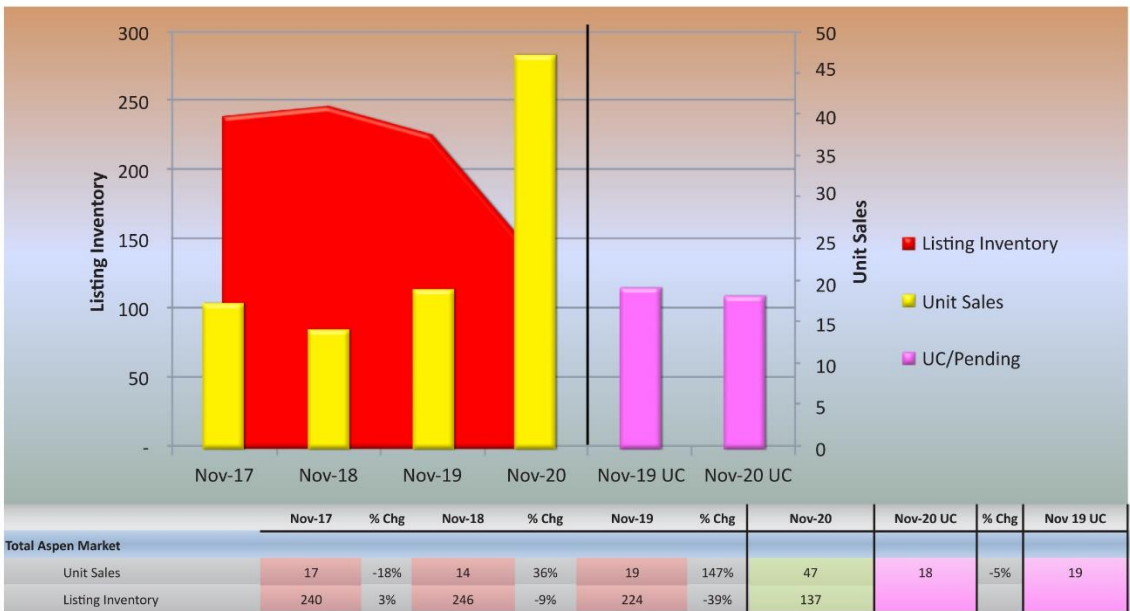
The Inventory, Sales and Under Contracts Chart illustrates the imbalance between the falling inventory levels versus the high demand (sales) and future sales (under contracts).

## November 2020 Aspen Real Estate Inventory, Sales and Under Contracts



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## November 2020 Snowmass Village Real Estate Inventory, Sales and Under Contracts



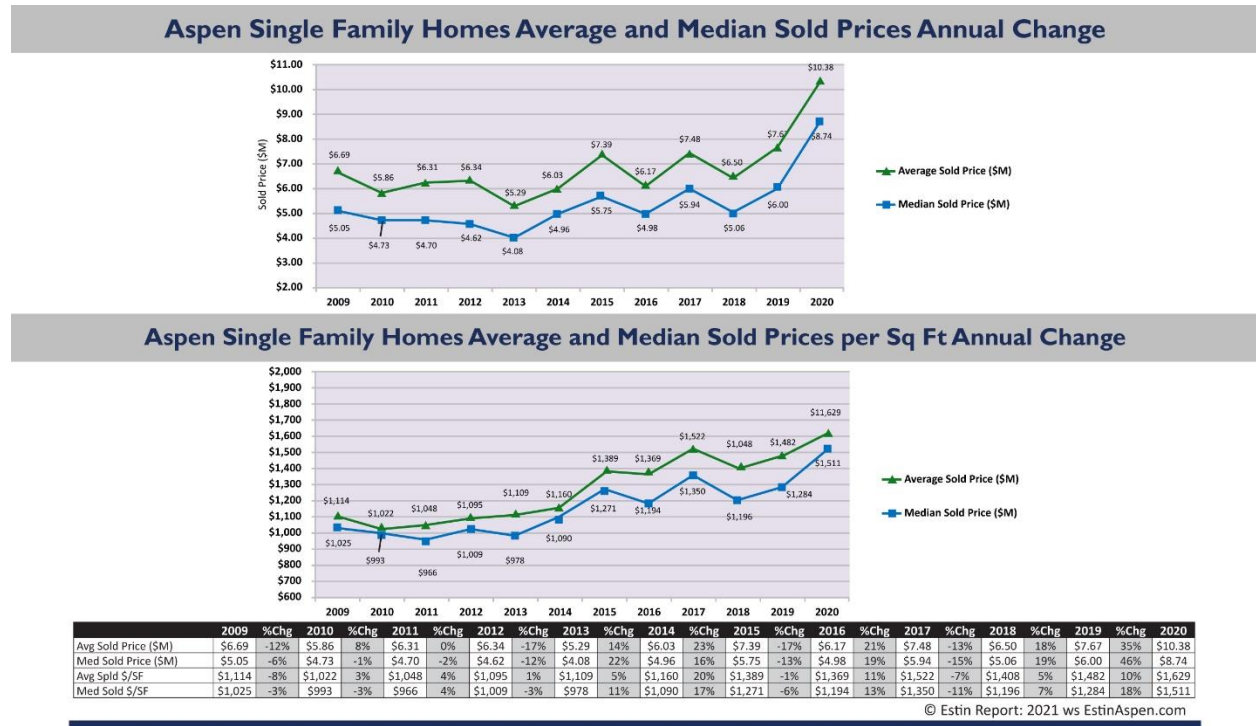
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Note: UC– The number of units that went Under Contract in Nov 2020. This does not necessarily mean that they will close in Sep or Nov 2020, or at all. They may fall out of contract. UC’s are used as an indicator of future activity when compared to the prior year. In general, a rising number of under contracts combined with falling inventory of properties for sale indicates price pressure upwards, and vice versa, but the data should to be evaluated by specific neighborhoods (pgs 7 & 9) for more meaningful conclusions.

**What happens post-Covid, is this sustainable?**

Logic says no, yet we are in *unprecedented* times. The long-term trend in the past 40 years for Aspen real estate prices has been skyward.

“Surely, this can’t go on, there’s no way prices will go any higher,” you might say to yourself. Well, it can. And they are.



Aspen’s real estate supply is tightly constrained: It is surrounded by 92% public lands (U.S. Forest Service, BLM) and preserved open space plus naturally prohibitive or undevelopable areas due to steepness, ridge lines, wetland prohibitions, and more. Plus, Pitkin County has some of the most onerous zoning regulations in the country.

Meanwhile, demand for such a uniquely beautiful area continues to grow.

The pandemic has focused everyone’s attention on the value of space and time. You can’t buy time and the notion of waiting for the “perfect” situation is over. Space, clean water, fresh air, a cool climate, good distribution channels, sophisticated ground transportation and aviation systems, and an intellectually and stimulating environment, among other factors that enhance quality of life, are top priority now.

### What has Aspen’s real estate history shown us?

As the past 6 years (since the post-recession market run-up started in early spring 2014) and the 40 years between 1968-2008 have demonstrated, Aspen prices continue to rise. Buyers who wait for a correction mostly play an expensive waiting game both financially and timewise. Unless, of course, your market timing is near perfect, say between 2010-2013 when we experienced our worst ever downturn and prices fell across the board 30-40% but in some cases even more.

Prior to the Great Recession, Aspen real estate was seen as part of a solid asset diversification plan. Or at least a 'safe harbor' investment where one could protect an asset (cash) as well as enjoy the use of that asset. That's simply not possible with stocks, bonds, gold, Bitcoin, etc.

"The pandemic's most enduring impact will be as an accelerant," writes Scott Galloway in his recently published book, "Post Corona: From Crisis to Opportunity." "While it will initiate some changes and alter the direction of some trends, the pandemic's primary effect has been to accelerate trends already present in society. It has been the great accelerator."

### **Other considerations about this robust period of Aspen Snowmass real estate?**

Some are concerned that the pandemic influx of new "more-timers" may adversely affect our small-town character, infrastructure, and quality of life.

The *fear*, whether now in this record-selling year or at any other time in Aspen, has always been that, in Joni Mitchell's words, "They paved paradise and put up a parking lot."

The *reality*, in my mind, is that they didn't, and they haven't.

Since Walter Paepcke's vision of modern-day Aspen as a mecca for art, culture and sport in the early 1950s to the initiation of stringent, slow-to-no-growth planning policies of the 1970s, Aspen's identity has been forged by individuals who collectively recognize that Aspen's natural environment is its collective inspiration and industry. Preserving scenic beauty, therefore, is essential to Aspen's success as a thriving community.

No one wants to kill the golden goose.

The moral fiber of Aspen dictates environmental protection. That's not going away.

The great irony is that the more Aspen is protected, the more rarified and desirable it becomes compared to everywhere else.

In my mind as one who went to elementary school here in the 60's, most if not all larger scale development projects here (except, some might argue, the Aspen Art Museum) have been executed with such high standards and full consideration of their aesthetic impact that together they've created a town even more beautiful than before. Fifty years ago, sagebrush, tumbleweed, and desert dirt—a literal dust bin—flanked Highway 82 into town from the airport. Now that same thoroughfare is bordered with lush, green golf courses and rows of evergreens sprinkled with aspen trees and manicured berms. Aspen is lovelier than ever.

### **Final thoughts on Aspen as a pandemic escape, from a private equity founder and close friend in Southampton, Long Island, New York:**

"In the time of Covid, a lot of things have changed. The cities are too dense, too dangerous – from both a health and civil perspective; the way we feel about our roots and our financial base have changed – in the pandemic, we've learned that we're not tied to traditional schedules and that we can Zoom from anywhere.

People want their whole family under one roof and to feel protected. This means multi-generational living: kids, parents, grand-parents, boy-friends/girl-friends and a need for bigger spaces.

So why not take the whole family out to Aspen? We love it there. Our vacations there have been terrific. It's fun for everyone, very social and friendly, lots of active things to do, a lot of interesting cultural things. And we want homes done to the 9's, don't want to have to do anything to it. Turn-key and move-in ready.

The people out here surrounding me - Captains of Industry, Masters of the Universe types - are used to controlling everything. Covid-19 has turned that upside down.

These guys have discovered things are out of control. Can't control the virus for sure. They've turned inwards, thinking more about family and self-preservation. We want our place to be big enough and welcoming enough that everyone in the family will want to come here and stay here - the family refuge, the homestead.

When we were 2<sup>nd</sup> home-owners/vacation people, most of the houses in Southampton were dark a large part of the year. Now, as full-timers, the lights in the hood are almost always on, we've gotten to know and actually like our neighbors (instead of the locals vs tourists) and we're more a part of this community than ever before. And guess what...the 2<sup>nd</sup> homeowners have now actually met each other, we've voted here and we've formed "group chats" online. There's a merging of common interests. The food pantry here is overwhelmed by a sense of community.

My friends are making property purchases outside of NYC sight unseen, the day they come on the market. Why?

There's so much dissatisfaction coming from both coasts: NY taxes are sky high, De Blasio is out punishing the successful, NYC, LA and SF and many other cities experiencing civil unrest, homelessness, record heat and forest fires. The NYC schools have no outside spaces no fields, no outdoor tents...it's especially bad if you have young kids. The FL market - esp. Palm Beach and Miami - is blowing up with incoming New Yorkers.

Where is it safe we ask? Where is there a place that can sustain our interests? Where quality of life is the predominant theme?

When we consider Aspen...a beautiful location, a beautiful house - you gotta do something with your cash, right? You don't really care if it's \$ million(s) more, Aspen is not a bad hard asset; it isn't such a bad idea. And no one's getting a bargain. We know, everyone knows it."

### **Any unintended consequences to all this more-time and full-time migration to the Aspen Snowmass?**

More people and more new home construction in and around town means more traffic, more construction vehicles on Highway 82, greater density of activity, and an even more divided class of locals. The employee class and the rich, with nobody in the middle. The middle and upper-middle class are priced out. This social caveat has been recognized for at least the past 30 years in Aspen.

On the upside, an influx of intelligent, successful, and dynamic individuals and families are becoming full-time residents. Their values appear to align with local sensibilities. Second homeowners are becoming



involved in the community, which may mean less of an us-versus-them mentality. Coming together in the place we all call 'home' is a good thing.

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Please pass this on to friends, family and associates who may be interested in Aspen Snowmass real estate and contact me directly to discuss your real estate situation.

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