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The Pitkin County commissioners room was filled to capacity Tuesday during a meeting about the Hidden Gems Wilderness proposal.

Dustin Franz/Aspen Daily News

Hidden Gems campaign pitches Pitco

Commissioner Hatfield endorses wilderness proposal

By Andrew Travers

Aspen Daily News Staff Writer

The amount of Pitkin County land proposed for federal wilderness designation by the Hidden Gems campaign has been cut in more than half since last summer, when the county commissioners first got wind of it.

For Commissioner Jack Hatfield, the public outreach and negotiating the campaign has done to whittle it down was enough for him to endorse it Tuesday in a meeting with the campaign. The informational meeting did not result in a formal vote.

The wilderness proponents presented information on the 63,000 acres they are still pushing for in Pitkin County, along with other pieces in the Roaring Fork watershed and 33,000 acres in Gunnison County.

GEMS ON PAGE 4

The price of dirt: Lot sales in Aspen area may tell a story

Vacant land sales down 91 percent from 2005

By Catherine Lutz

Aspen Daily News Staff Writer

There are many ways to analyze the local real estate market, but for some true indicators of where it's moving, it pays to watch the raw dirt.

Vacant land sales performance over the past five years — and particularly now — may be a significant sign of how the broader market is doing, according to some local real estate brokers.

Land sales in the upper valley peaked prior to brick-and-mortar sales (which means they started declining earlier too), and are typically one of the last types of real estate to recover. Lot sales often involve more motivated buyers or investors — those willing to take the time and

effort to navigate the tight credit market and Pitkin County's complex land-use approval process — so they "feel it's a worthwhile investment to

go into the market again," said John Wendt III, managing broker of Mason Morse real estate.

LOTS ON PAGE 5



A vacant lot sits empty at the end of Thunderbowl Lane at Aspen Highlands. After bottoming out in 2008, land sales are slowly creeping up again, perhaps reflecting a trend in the broader market.

Dustin Franz/Aspen Daily News

Sen. Schwartz visits commissioners as energy loans stall

By Andrew Travers

Aspen Daily News Staff Writer

Pitkin County Commissioner Rachel Richards appealed to state Sen. Gail Schwartz Tuesday to help get the county's Energy Smart Loan program operational.

The program was approved on a ballot initiative last November, and will give homeowners low interest loans through the county to install renewable energy equipment and weatherize their houses.

County energy officials had expected to be accepting loan applications by now. But federal mortgage giant Fannie Mae put the brakes on the initiative last month, stating its policy prohibits it from underwriting loans with ongoing energy projects attached to them.

Richards asked the Snowmass Village Democrats to make some phone calls to state and federal authorities who might help the county clear the unexpected hurdle.

"It really put us on hold," Richards said.

Sen. Schwartz said she was aware of the problem, had been in touch with Gov. Bill Ritter's office

SCHWARTZ ON PAGE 6

MORE ON THE GIVEN, PAGE 8 • OFFSHORE DRILLING BAN LIFTED, PAGE 11 • DRUG LORD ARRESTED, PAGE 16

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LOCAL

Brokers: Turnaround in lot sales may indicate bottom

LOTS FROM PAGE 1

"When we see vacant lots starting to sell, there's confidence in the market creeping back in," he added.

Vacant land sales are currently down 91 percent in dollar volume from its peak in 2005 in the upper valley, according to a report by Tim Estin, another Mason Morse broker. The vacant land market peaked with \$204 million in sales that year; so far this year just \$11.8 million has changed hands. There were 63 land sales in 2005 and four so far in 2010. Estin's vacant land report encompasses Aspen, Snowmass Village, Old Snowmass and Woody Creek.

Like the overall real estate market, 2005, 2006 and 2007 were "very robust years" for lot sales, said Estin. But in 2008, the dollar volume of land transactions declined 84 percent from the year before — to \$26 million — after minor declines in 2006 and 2007. That year — 2008 — was when the credit crisis took hold. Since lending standards for vacant land had always been stricter than for other types of property, it was yet another reason not to buy on a segment already in decline.

The dollar volume per transaction also has declined significantly since the glory years of the mid-decade, Estin reported. Lots sold for an average of \$3.4 million from 2005-2007, but averaged \$2.85 million from 2008-2010 — a decline of 17 percent.

In the past year and a half, sales are showing a discount of about 30 percent from the original list price, Estin reported, compared to an 8 percent discount at the height of demand in 2006.

In the "pre-meltdown" West End, lots that were in the \$4-\$5 million range are now listed at \$2.5-\$3 million, Estin wrote in his report.

But because there have been so few lot sales lately — a total of 18 since January 2009 — Estin warned against drawing the conclusion that the land market is 30 percent down. In recent years, personal motivations have governed most of the land sales, so valuation is too subjective to truly quantify.

"A statement that values are off in the 20-50 percent range may in fact be more true ...," wrote Estin.

Land sales actually picked up in 2009 and in 2010 so far, according to Estin's report. Dollar volume increased by 46 percent in 2009 — from \$26 million to \$38 million — and by 6 percent in the first quarter of 2010 compared to the first three months of 2009.

But realtors don't take that to mean the market turned last year. The numbers are still way off the peak years, and, contrary to what many people might think, a fair amount of inventory has been added to the market. In late 2006, for example, only three lots under \$2 million were available for sale in the entire Aspen School District, Estin said. Now, with a new subdivision at Sinclair Meadows and more vacant

"A buyer of a new single-family home is effectively paying wholesale for the land and benefiting greatly from the bad economic environment of builder/developers stuck with product."

Tim Estin
Real estate broker

lots in Brush Creek Village, the inventory of vacant lots and teardowns under \$2 million in the district is closer to 20 to 30, he said.

There are probably a total of about 150 to 200 vacant lots for sale in the upper valley, from Woody Creek and Old Snowmass to Aspen, Estin estimated.

Currently, new construction is the most desirable product on the local real estate market, Estin said.

"A buyer of a new single-family home is effectively paying wholesale for the land and benefiting greatly from the bad economic environment of builder/developers stuck with product," Estin said.

But once that supply runs its course, buyers who want a longer-term investment may turn more to vacant lots. The real "bargains," as Wendt called them, already have been snapped up, and the choice already is slimmer than it was six months ago. On top of that, construction costs are off 20-30 percent and may soon reach a point where building on vacant land might be cheaper than buying a new home, according to Estin.

"In my mind we're coming to a point, at least we're closer to it than we are further away, that at these new pricing levels vacant lots are becoming very compelling," Estin wrote.

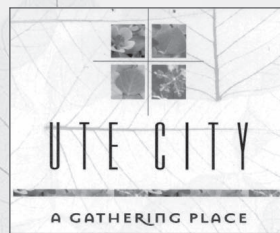
Wendt agrees that demand seems to be picking up for vacant commercial and residential lots, and there is an increasing level of activity. And with credit standards loosening a bit, and banks starting to work with builders again, "the best way to get rid of inventory is to put houses on [lots]," he said.

Both Estin and Wendt suggest that the bottom of the real estate market, if it hasn't happened already, may be a lot closer than it appeared to be six months ago. And vacant lot activity may be a strong indicator.

"It's a lagging indicator but a significant one, that when land sales pick up it's representative of a real bottoming," said Estin.

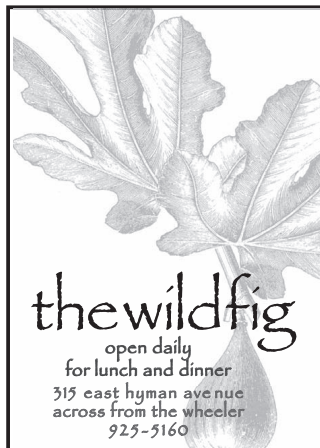
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