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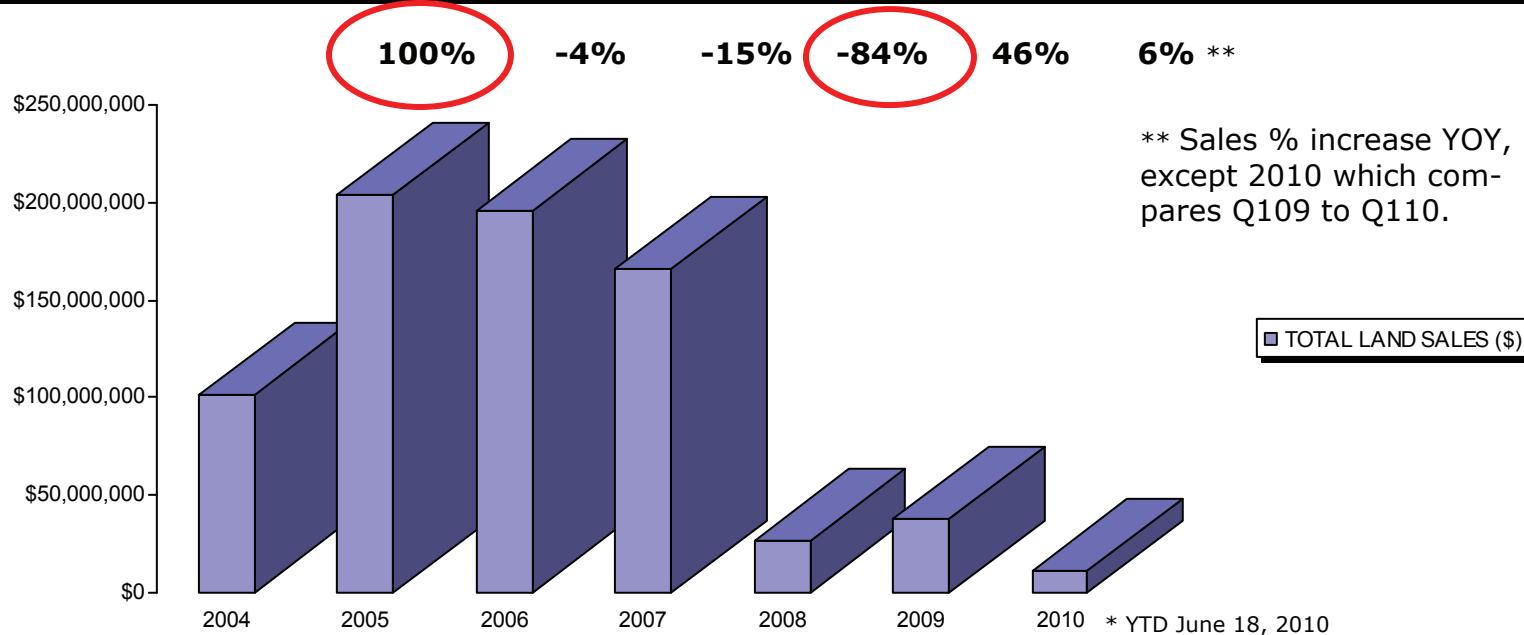


## The Estin Report: Vacant Land 2004 - 2010 YTD (6/18/10)

This report targets vacant land sales in dollar volume, transaction number, and quarterly performance. It also segments the geographic areas of Aspen, Snowmass, Old Snowmass, and Woody Creek for the years 2004 through 2010. Sales data was taken directly from the Aspen Snowmass MLS. The years 2009 – 2010 were adjusted by Tim Estin in light of some single family home sales that were sold as vacant land sales. None of the data has been adjusted for inflation.

Overall, in the last 6 years the Roaring Fork Valley has experienced a decline in vacant land sales. Sales activity jumped 100% from 2004 to 2005, followed by a consistent yearly decrease thereafter, excepting 2009. Annual sales activity in dollar volume declined a staggering 84% from \$166 million in 2007 down to \$26 million in 2008. The total decline from peak 2005 to 2010 is -91%, or \$186,031,000, from \$203,781,000 in 2005 to \$11,770,000 2010 YTD.

### Total Land Sales (\$) 2004 – 2010 YTD





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## Sales Volume (\$) by Quarter 2004 - 2010 YTD

Quarterly performance indicates when land typically sells in relation to the local cycles of the year. Aspen, Snowmass, Woody Creek and Old Snowmass sales are subject to Aspen's predominant winter-ski season and summer-festival seasons and the economic variations that accompany both. Quarterly performance is dictated, arguably, by the success of each season and other factors such as:

- Location
- Uniqueness of Product
- Construction Costs
- Exchange rates
- Seller Motivation
- Comparative Pricing
- Prevailing Market Conditions
- Buyer Perception of Value

Quarter	2004	2005	2006	2007	2008	2009	2010
1	3,840,000	54,244,000	26,857,500	92,590,550	5,460,000	10,157,144	10,750,000
2	29,857,404	44,818,500	51,128,591	27,789,415	14,629,285	6,300,000	1,020,000
3	39,402,300	56,873,250	32,162,500	34,985,000	1,350,000	6,450,000	NA
4	28,665,550	47,845,250	85,487,500	10,375,000	4,625,000	15,075,000	NA
Total	101,765,254	203,781,000	195,636,091	165,739,965	26,064,285	37,982,144	11,770,000

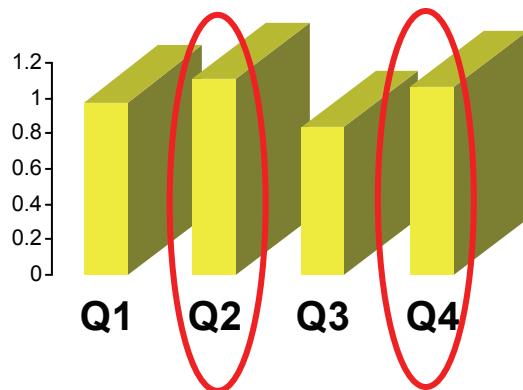
**Both Q309 and Q409 showed significant increases from the same quarter in the previous year at 378% and 226%, respectively.**

### Average Quarterly Performance Compared to Same Year Quarters

The 3 top performing quarters in volume (\$)

**Q107 (92,590,550)  
Q406 (85,487,500)  
Q105 (54,244,000)**

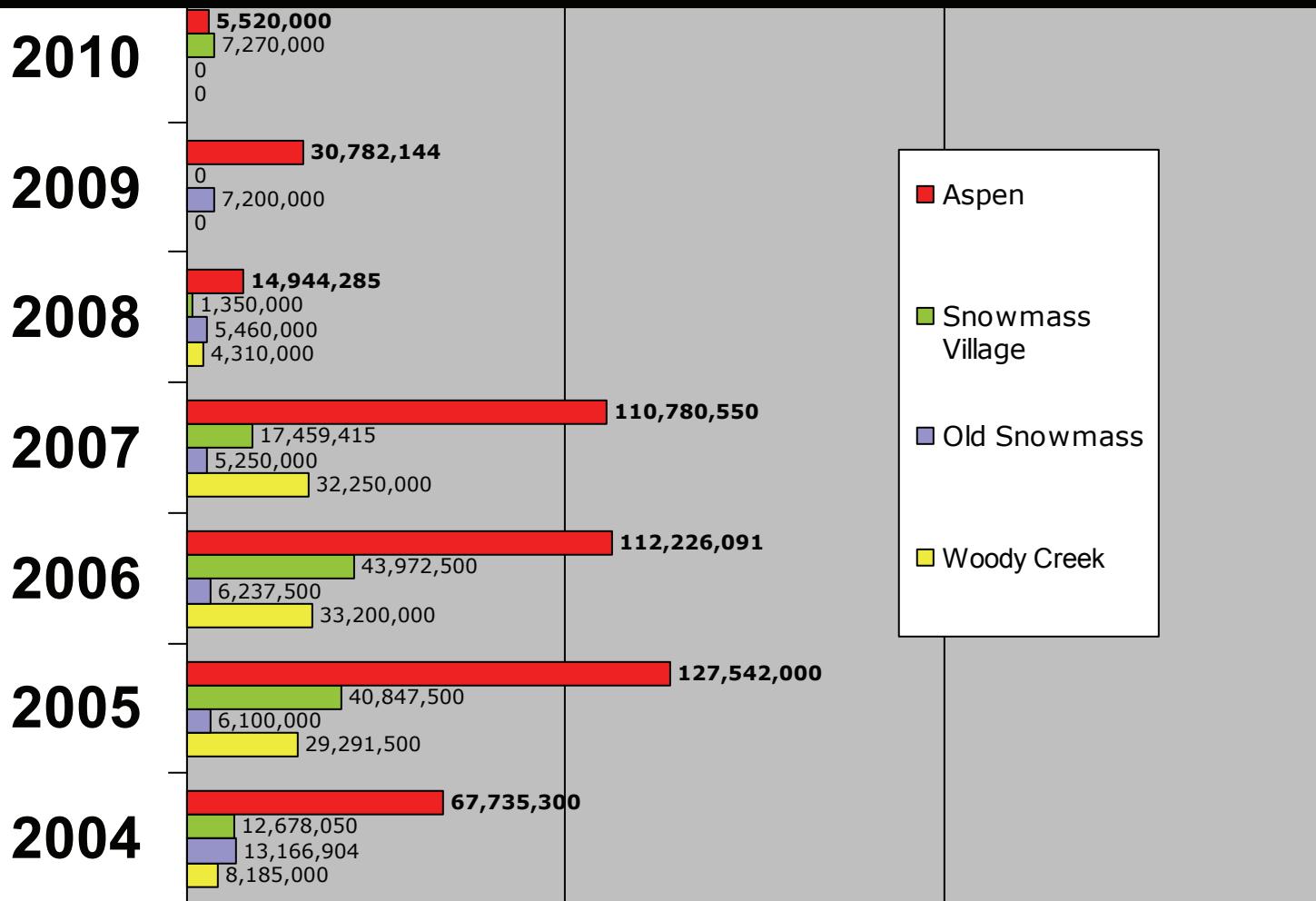
In general, Q2 performs consistently above average, excepting 2005 and 2007 where it slightly underperformed. Typically, Q2 results reflect sales activity that actually takes place during January, February March and early April, the most active months in Aspen's ski season. Similarly, Q4 numbers typically spike because properties tend to close in Q4 that went under contract in Q3 during the heavily trafficked months of July, Aug. and Sept. As expected, Aspen, Snowmass, Old Snowmass and Woody Creek vacant land sales are linked to the seasonal fluctuations of a resort environment.





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## Land Sales By Geographic Area 2004–2010 YTD



The Aspen market typically represents over half of yearly sales in dollar volume, among the 4 geographic areas. Snowmass Village competes with an average of 15% yearly across all 6 years although it has become less competitive since 2007. Woody Creek sales were strongest in 2005 through 2007, but have been nonexistent in recent years, except in 2008 when it occupied 21% of total sales volume. Old Snowmass sales remain consistent over the years. In 2009, Aspen represented 81 % of total vacant land sales although with only 14 transactions. In 2010, Snowmass Village represents 57% of sales volume, while Aspen falls to 43% although 2010 has seen only 4 transactions in the first two quarters. This is a comment and does not reflect a trend.

### Geographic Area as a % of Total Sales

	2004	2005	2006	2007	2008	2009	2010
<b>Aspen</b>	<b>67%</b>	<b>63%</b>	<b>57%</b>	<b>67%</b>	<b>57%</b>	<b>81%</b>	<b>43%</b>
<b>Snowmass Village</b>	<b>12%</b>	<b>20%</b>	<b>22%</b>	<b>11%</b>	<b>5%</b>	<b>0%</b>	<b>57%</b>
<b>Old Snowmass</b>	<b>13%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>21%</b>	<b>19%</b>	<b>0%</b>
<b>Woody Creek</b>	<b>8%</b>	<b>14%</b>	<b>17%</b>	<b>19%</b>	<b>17%</b>	<b>0%</b>	<b>0%</b>



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## Aspen Land Sales Transaction per Year

	2004	2005	2006	2007	2008	2009	2010
<b>Total Yearly Sales</b>	101,765,254	203,781,000	195,636,091	165,739,965	26,064,285	37,982,144	11,770,000
<b>Transactions</b>	47	63	56	47	9	14	4
<b>Avg Dollar Volume Per Trans</b>	2,165,218	3,234,619	3,493,502	3,526,382	2,896,032	2,713,010	2,942,500

The yearly transaction level has decreased significantly from 63 transactions in the peak year of 2005 to only 4 thus far in 2010. In 2008, units sold decreased -81% from the prior year. The dollar volume per transaction declined -17% from an average \$3.4M in years 2005–2007 to \$2.85M in years 2008–2010.

## Solds (18) Vacant Land Sales 1/01/09 to 6/18/10

MLS #	Major Area	Street Name	Sub/Loc	Sold Date	Sold \$	A%O	Ask \$	S%O	Original \$	DOM
116784	SMV	Turkey Trot Court	Sinclair Meadows	6/10/2010	\$ 1,020,000	42%	\$ 1,020,000	42%	\$2,425,000	817
113475	SMV	Two Creeks	TwoCreeks	3/18/2010	\$ 3,000,000	75%	\$ 3,995,000	65%	\$4,650,000	156
111638	Aspen	Mclain Flats	WhHoSpr	2/16/2010	\$ 4,500,000	76%	\$ 5,950,000	65%	\$6,950,000	245
114320	SMV	Marmot	RidgeRun	1/6/2010	\$ 3,250,000	100%	\$ 3,250,000	###	\$3,250,000	0
103858	OS	Snowmass Lot 22	ShieldOT	12/28/2009	\$500,000	63%	\$799,000	63%	\$799,000	655
102943	Aspen	Mountain Laurel	MtValley	12/9/2009	\$ 1,775,000	89%	\$ 1,995,000	49%	\$3,650,000	672
112582	OSM	Snowmass Creek	SnoCrk	12/7/2009	\$ 2,600,000	65%	\$ 3,995,000	65%	\$3,995,000	136
114023	Aspen	Mcskimming	Aspen Grove	12/7/2009	\$ 2,000,000	100%	\$ 2,000,000	###	\$2,000,000	32
111549	Aspen	Double Bar X Ranch	StageRd	10/23/2009	\$ 2,000,000	44%	\$ 4,495,000	44%	\$4,495,000	133
112767	Aspen	Double Bar X Ranch	StageRd	10/23/2009	\$ 3,000,000	67%	\$ 4,495,000	67%	\$4,495,000	155
112772	Aspen	Double Bar X Ranch	StageRd	10/22/2009	\$ 3,200,000	71%	\$ 4,495,000	71%	\$4,495,000	62
106861	Aspen	Five Trees	Fivetrees	9/10/2009	\$ 3,200,000	71%	\$ 4,495,000	64%	\$4,995,000	395
111287	Aspen	Mtn. View Drive	None	7/28/2009	\$ 3,250,000	74%	\$ 4,400,000	74%	\$4,400,000	63
110334	Aspen	Double Bar X Ranch	StageRd	6/2/2009	\$ 3,000,000	67%	\$ 4,495,000	67%	\$4,495,000	138
109952	Aspen	Bleeker	WEnd	4/27/2009	\$ 3,300,000	94%	\$ 3,500,000	94%	\$3,500,000	52
106118	OSM	Snowmass	OldSnowma	3/4/2009	\$ 4,100,000	86%	\$ 4,750,000	69%	\$5,950,000	246
110210	Aspen	Little Annie	None	2/10/2009	\$ 1,950,000	100%	\$ 1,950,000	###	\$1,950,000	28
50710	Aspen	Tiehack	MarCrkRn	1/15/2009	\$ 4,107,144	82%	\$ 5,000,000	82%	\$5,000,000	866
<b>18 TOTAL PROPERTIES</b>					<b>AVERAGE</b>	<b>76%</b>	<b>AVERAGE</b>	<b>70%</b>		<b>270</b>

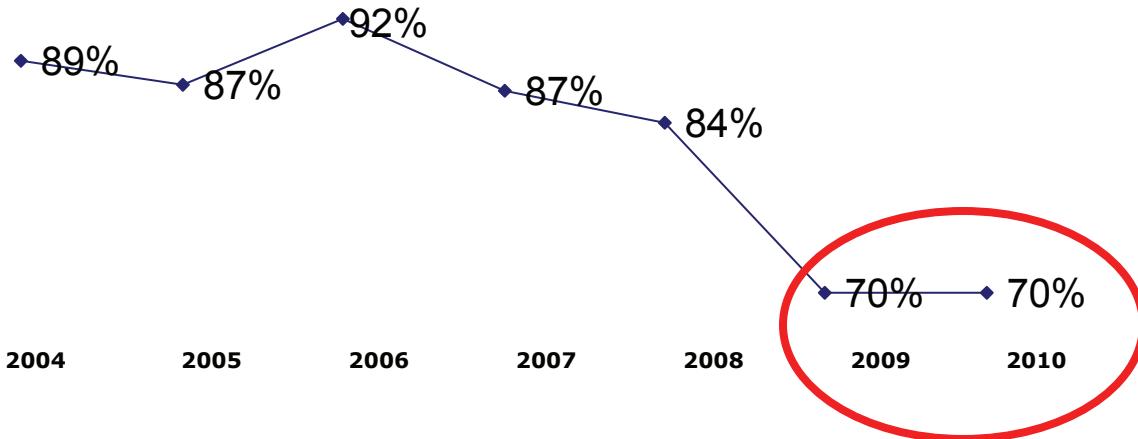
\* DOM = Days on Market, SMV = Snowmass Village, Old SM = Old Snowmass, A%O = Asking Price as a percentage of Original Listing Price, S%O = Sold Price as a percentage of Original Listing Price



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## Sale Price % of Original List Price

The years 2009 and 2010 show a discount of 30% to original list price, an increase from the low in 2006 which shows an 8% discount to list price.



The years 2009 and 2010 reflect an average 30% discount in land sales, yet the current reality is there have been huge swings in both discount and premium. For example, an older 1980's home on 8 acres sold recently for \$7M which may - or may not - be viewed as quite overvalued. Yet given the incentive of the buyer—a neighbor who had a long term emotional attachment to the property - the price was apparently fair to them. Amongst appraisers and real estate brokers this still must be considered a "real" deal and it would have to be factored as some sort of comparable for property selling in the same neighborhood. In other words, when individual sales are considered real estate asset value can become more abstract particularly in a down market where there are so few "good" comparables.

It remains true that real estate sales are typically discounted at a rate connected with individual motivations in addition to market factors. Yet in recent years the truly personal, dynamic motivations govern most sales. The valuation process remains very subjective in spite of our best efforts to quantify values.

Currently, in the absence of sales, there is no strategic approach to pricing, as sales are continuously affected by the more personal as opposed to market factors - things such as distressed owners, lack of available leverage, an absence of buyers, and the original intention of the owner (e.g. a builder) versus likely adverse 2010 economic realities.

In sum, it is shortsighted to deem the market 30% off target in that any vacant land sale 2009-2010 is the product of multiple subjective factors and market variables rather some sense of reliable pricing information and/or trend. A statement that values are off in the range of 20-50% may in fact be more true than using the 30% discount as religion.



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## Active Lot Inventory June 15, 2010 By Zone

Total Dollar Volume of Active Listings per Zone	Zone	Streets	High	Low	Lots for Sale
14,240,000	<b>Aspen Highlands</b>	Exhibition, Thuderbowl, Glen Eagles, Prospector, Glen Dee	6,950,000	3,295,000	3
4,995,000	<b>Fivetrees</b>	Moore Drive	2,500,000	2,495,000	2
7,790,000	<b>Meadowood</b>	Bluebonnet, Meadowood Drive	4,000,000	3,790,000	2
8,700,000	<b>West Buttermilk</b>	Buttermilk Road, Aspen Oak	4,950,000	3,750,000	2
57,537,900	<b>Historic West End</b>	Historic West End	5,500,000	1,799,000	16
31,045,000	<b>Red Mountain</b>	Pitkin Green, Ridge of Red Mt, Red Mt	9,950,000	6,750,000	4
43,765,000	<b>McClain Flats</b>	Starwood, StarMesa, Stein, White Horse Springs, White Star Ranch, Moore, SunnySide Lane, Trentaz	6,900,000	1,600,000	11
3,750,000	<b>Cemetery Lane</b>	Redbutte, Snowbunny, West Aspen, Silverking	3,750,000	3,750,000	1
29,655,000	<b>Mountain Valley</b>	Eastwood, Knollwood, Aspen Grove, Mt Laurel	3,950,000	1,890,000	14
19,800,000	<b>Double Bar X</b>	Stage Road	8,950,000	3,900,000	3
1,700,000	<b>Horse Ranch, SMV</b>	Horse Ranch, SMV	1,700,000	1,700,000	1
4,170,000	<b>Melton Ranch I &amp; II, SMV</b>	Melton Ranch I & II, SMV	1,495,000	1,200,000	3
49,766,900	<b>Wood Run, Ridge Run, Wildridge, SMV</b>	Wood Run, Ridge Run, Wildridge, SMV	13,850,000	1,290,000	13
2,755,000	<b>Sinclair Meadows, SMV</b>	Sinclair Meadows, SMV	720,000	635,000	4
76,945,000	<b>Brush Creek Road, SMV</b>	Brush Creek Road, SMV	22,950,000	2,275,000	14
8,283,000	<b>Brush Creek Village, SMV</b>	Medicine Bow Road, Sagebrush, Solar Way	3,790,000	599,000	5
3,995,000	<b>Aspen Core</b>	Ute Ave	3,995,000	3,995,000	1
16,190,000	<b>East Aspen / Highway 82</b>	Morningstar, Difficult Lane, Calderwood, Riverside	9,800,000	2,895,000	3
11,500,000	<b>Maroon Creek</b>	Maroon Creek Club, Maroon Creek Ranch	6,000,000	5,500,000	2
10,645,000	<b>Smuggler</b>	Ardore, Pyramid Drive, Smuggler Park	4,450,000	2,695,000	3
21,795,000	<b>Castle Creek</b>	Hardy Road, Castle Creek Road, Aspen Mountian Road, Conundrum	7,900,000	32,000	8
8,495,000	<b>Owl Creek , SMV</b>	Owl Creek Road	4,750,000	3,745,000	2
12,895,000	<b>PinesOwl, SMV</b>	PinesOwl, SMV	4,800,000	3,595,000	3
<b>437,517,800</b>		<b>TOTAL</b>			<b>120</b>

\* These zones have been selected by Tim Estin as a sample of the lots available most applicable to the Aspen market. This is not representative of all active listings on the market as of June 18th 2010.



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## Vacant Land Comparison Across Asset Classes

VACANT LAND SALES, SINGLE FAMILY HOME SALES, and CONDO/DUPLEX/TOWNHOME SALES for ASPEN, SNOWMASS VILLAGE and WOODY CREEK, 2004 - 2010 YTD.

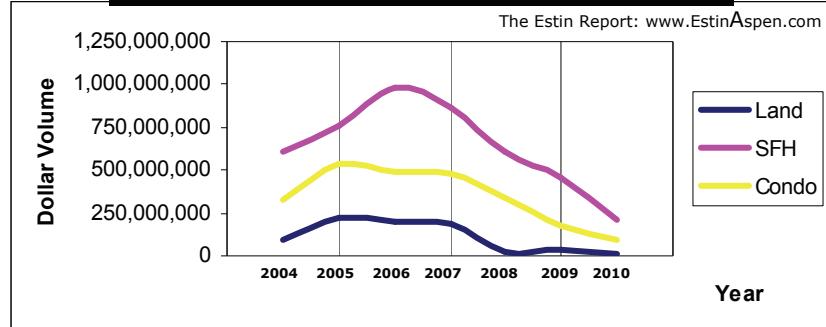
(For comparison of asset classes, Old Snowmass sales were not included)

DOLLAR VOLUME (\$)						TRANSACTION NUMBER							
	Land	% ch YOY	SFH	% ch YOY	Condo	% ch YOY	Land	% ch YOY	SFH	% ch YOY	Condo	% ch YOY	
<b>2004</b>	94,003,350	NA	609,382,361	NA	332,034,429	NA	<b>2004</b>	46	NA	184	NA	340	NA
<b>2005</b>	216,833,050	131%	760,836,945	25%	537,364,546	62%	<b>2005</b>	69	50%	203	10%	474	39%
<b>2006</b>	201,248,591	-7%	978,888,150	29%	493,383,999	-8%	<b>2006</b>	58	-16%	202	0%	343	-28%
<b>2007</b>	182,664,057	-9%	865,252,612	-12%	476,602,753	-3%	<b>2007</b>	47	-19%	146	-28%	297	-13%
<b>2008</b>	23,604,501	-87%	602,722,729	-30%	338,881,671	-29%	<b>2008</b>	19	-60%	95	-35%	190	-36%
<b>2009</b>	30,782,144	30%	458,605,568	-24%	179,963,015	-47%	<b>2009</b>	11	-42%	74	-22%	101	-47%
<b>2010 YTD*</b>	11,770,000	NA	204,878,850	NA	92,418,900	NA	<b>2010 YTD*</b>	4	NA	38	NA	49	NA
<b>TOTAL</b>	<b>760,905,693</b>		<b>4,480,567,215</b>		<b>2,450,649,313</b>		<b>Total</b>	<b>254</b>		<b>942</b>		<b>1794</b>	

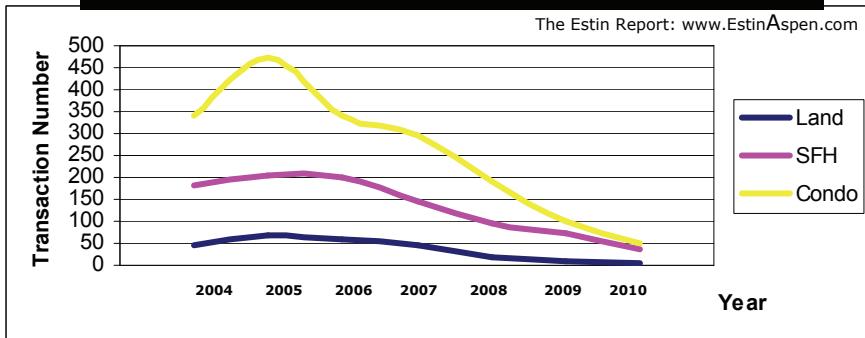
\* 2010 YTD as of June 18, 2010

Land Sales in Dollar Volume Experience a peak in 2005, prior to Single Family Home Sales which peak in 2006. Condos peak in 2005 and experience continued strength throughout 2006.

### Dollar Volume for 3 Asset Classes Yearly



### Transaction Number for 3 Asset Classes Yearly



All three asset classes peak in transaction number in 2005—2006, followed by a consistent decline. Land Sales do, however, represent the most stable class as it experienced less volatility, with less incremental change in both transaction volume and dollar volume.



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## Vacant Land Outlook: Summer 2010

At present, vacant land sales are generally moribund for a variety of reasons as previously noted. Most importantly, it is because: 1) buyers perceive they can buy new finished product – single family homes - at less than replacement value; 2) credit doesn't exist and builders/developers have been cut out of the market.

There continues to be sufficient inventory, although rapidly thinning, of great homes available for purchase – not to mention the hassles of the permitting and building process with a particularly onerous Pitkin County Land Use Code - that buyers do not want to buy land and build at present. In addition, credit markets continue to be locked up making many land purchases all but impossible.

Buyers sense that the "hidden" land costs are being discounted within the overall sales price of finished product whereas only recently are actual vacant lots getting realistically discounted on the retail end. A buyer of a new single family home is effectively paying wholesale for land and benefiting greatly from the bad economic environment of builder/developers stuck with product.

When the cost of land combined with construction costs (now off 20-30%) is markedly cheaper than buying a new home, at say \$900 - \$1,100 sq ft, vacant land sales should theoretically start to pick up. This, and the freeing up of bank funds for new construction, should be the inflection point when vacant land sales turn.

In summer 2010, in the West End we are now seeing vacant lots listed at \$2.5 - \$3M. The last vacant lot sold in April 2009 at \$3.3M for a 7,500 sf lot to an end user, a buyer who intends to build their own home. Pre-meltdown days, these lots would have been in the \$4-\$5M territory.

In the Mountain Valley area in east Aspen, there is a very motivated lot available at \$2.2M and two others at \$2.5M and \$2.8M. There are others priced under \$2M. These were lots priced in the \$2.5- \$3.75M range in the heyday.

On McLain Flats, a 13 acre parcel with abundant water rights, amazing mountain views and 10-15,000 sq ft home and barn approvals sold in the spring for \$4.5M to another end user who will build their dream home. There are currently 2 vacant lots on Trentaz Dr that if purchased together represent 24 acres with vested rights to build up to 19,000 sf FAR priced at \$5.95M (reduced from (\$7.95M) or, individually 11 and 13 acres, priced at \$2.975M each (reduced from \$4M ea.)



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## Vacant Land Outlook: Summer 2010

Double Bar X/Stage Rd a new Aspen subdivision of 1-3 acre lots near the Maroon Creek Club sold at their early 2007 launch between \$4.5M- \$6.8M. In summer and fall 2009, there were 3 sales of these lots at \$3M-\$3.2M with a 'bonus' lot thrown in as 2<sup>nd</sup> purchase to one buyer at \$2M. According to Randy Gold, a well-respected local appraiser, "it's tough to know how much values in this particular project, and in the market at large, have really declined but 25-50% seems reasonable".

"The moment vacant land starts to sell, we'll know the market has turned" says a well known local real veteran.

There are some fantastic lot deals now, and those in the know are waking up to this.

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June 18, 2010

Disclaimer: The statements made in The Estin Report and on Tim Estin's blog represent the opinions of the author and should not be relied upon exclusively to make real estate decisions. A potential buyer and/or seller is advised to make an independent investigation of the market and of each property before deciding to purchase or to sell. To the extent the statements made herein report facts or conclusions taken from other sources, the information is believed by the author to be reliable, however, the author makes no guarantee concerning the accuracy of the facts and conclusions reported herein. Information concerning particular real estate opportunities can be requested from Tim Estin at 970.920.7387 or at [testin@masonmorse.com](mailto:testin@masonmorse.com). The Estin Report is copyrighted 2010 and all rights reserved. Use is permitted subject to the following attribution: "The Estin Report: State of the Aspen Market, By Tim Estin, mba, gri, [www.EstinAspen.com](http://www.EstinAspen.com)"



### 1 Family Home in the Heart of Historic West End

Only 1.5 blocks off Triangle Park, Lake Ave, and Hallam Lake - the epicenter of the West End. Incredible Neighborhood. Huge walkability score, flexible floor plan and income possibilities. Live-Rent-Walk. Lots of family friendly rooms, 5 Bdrm/5 Bath. \$3,995,000

### 2 Northstar Preserve: "One of Colorado's Last Great Places", The Nature Conservancy

Overlooking the center of 240-acre preserve with Roaring Fork River "Stillwater" running through it, this is a 3.4-acre parcel with re-development opportunities and income producing 1980's Main Home and Cabin. The site is approved for 10,750 sq ft home. Called Aspen's "Gold Coast", this quiet low traffic, east Aspen area features new \$15M-\$24M homes, only 1.9 miles from center of Aspen. Exclusive offering, not in MLS. Price: \$4,600,000.

### 3 Charming "Old West" Compound

Main House and two 1890's Cabins. 5.5 bdrm, 5.5 ba, 5,748 sf total, 12.6 acres, pool, gazebo, gardens, huge views, big water rights, end of the road living. One-of-a-kind property in Woody Creek. New to market: \$4,850,000.

## The Estin Report

Aspen Snowmass real estate intelligence updated regularly.

### 12 SALES TRANSACTIONS IN PAST YEAR

- 1500 Tiehack Rd: Sold, \$11.25M (Buyer's Agent)
- 730 E Hopkins: Sold, \$4.175M (Listing Broker)
- 334 Twining Flats Rd: Sold, \$1.35M (Transaction Broker for Buyer/Seller)
- Little Nell Condo #6: Sold, \$1.225M (Listing Broker)
- Fasching Haus Condo #110: Sold, \$600K (Buyer's Agent)
- Viceroy Condos: Under Contract, 6 condos, \$7.5M (Buyer's Agent)

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