

YODEL FROM THE MOUNTAINS: LIKE THE TRAFFIC JAM ON EVEREST – JULY AND AUGUST 2020 YTD ASPEN SNOWMASS REAL ESTATE MARKET SNAPSHOT

By: Tim Estin

The Estin Report: July 2020 Aspen Snowmass Real Estate Market Snapshot was released on Aug 4, 2020 (a 10-Page breakdown of monthly and year-to-date sales detail by property type and by neighborhoods). These Monthly Snapshots are posted in my Current Reports section at estinaspen.com on or near the 1st Monday of the month. It is the only monthly Aspen market report with a narrative to be published in a consistent and timely manner.

The Aspen Snowmass real estate market is in a frenzy at present against a backdrop of the U.S. and worldwide Covid-19 pandemic, record low interest rates, urban unrest, record unemployment, plummeting U.S. GDP, record gold prices, a stock market hovering near all-time highs and China, Russia geopolitical tensions.

These are “wild times.” Two and one-half months ago we were licking our wounds, asking, “what’s going to happen?” Then one month ago, panic arrived.

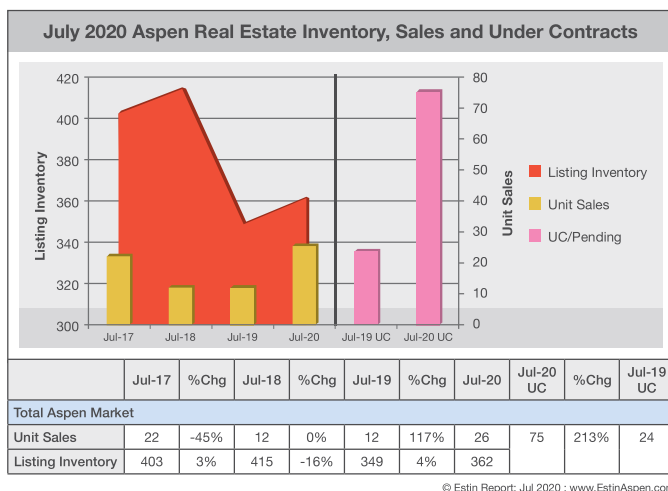
The amount of activity we are witnessing is unprecedented...50% more than even the highest prior times, 100% more than the typical. As this is written, over 120 properties are under contract and it is ticking up by the hour. (The attached charts shows “just” 70 under contracts as of Jul 31, 20.)

Buyers are highly charged. Many are moving here

full-time or planning to spend a lot more time out here. They are seeking physical space and safety. Quality of life has always been Aspen’s draw, now more than ever. School enrollment is up significantly. The vacation/second home is no longer just the chill-out place but a home that needs to accommodate more permanent living situations: larger rooms, more rooms, more outdoor space, home office environment, zoom production values conferencing from home, etc..

More summer renters are staying through September - September is the new July. One-week rentals are no longer necessarily the norm; it’s more like 30-day minimums. Rental inventory is extremely thin. Many renters are extending their stays and want to become, or are, buyers. The longer people stay here, the more they like it and want to stay.

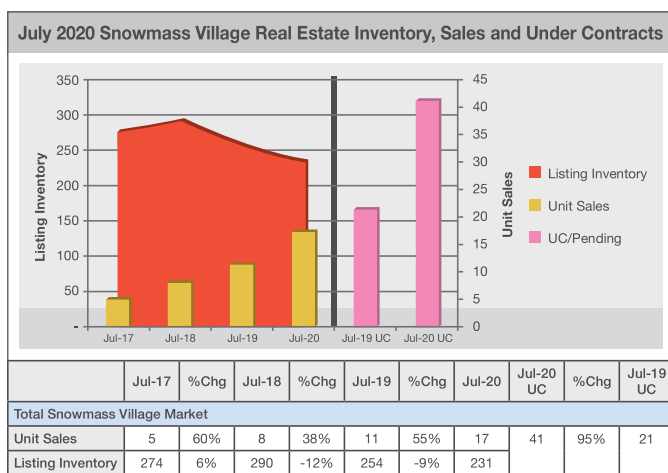
While inventory of properties for sale has been historically low for the past 5 years, new listings are coming onto the market at higher prices in order to take advantage of the heightened demand. These new prices are NOT where prices are at present but where they are more than likely moving towards in the next 1-8 weeks. New sellers are pricing sometimes as high as 20-40% more than present comps may justify. Why? The 70+ under contracts in July and through mid-August will be closing anytime now through September. That’s when we will see the actual higher comparable selling prices.



Predictions for September and beyond?

The market should be very strong through September but beyond then...? Much uncertainty: the election, Covid 19, sinking GDP, record unemployment issues...so much is unknown.

Presidential election years typically cause great uncertainty and locally have resulted in slower sales than normal. The most pronounced on record was 2016, a disastrous year for Aspen real estate that literally blasted off in mid-November, a week after the election and has not slowed since. This election year, it seems that Covid 19 has tempered the political emphasis.



Deals are getting done quickly... multiple offers; time is of the essence; busy times; busy market. Buyers may well lose out on deals if they drag their feet unnecessarily. There's an expression, "Do the heavy thinking and brain damage once the property's under contract." Secure it, lock it up. Colorado real estate law greatly favors the buyer and the buyer's ability to terminate a contract.

Condo prices emphatically are pushing upwards. There is very low supply, maybe 50% of where we were 5-6 years ago, and it was already low then. New condo complexes simply are too difficult to gain approval for and build. They practically don't exist. Yes, there are new listings coming out, but the number of properties going under contract is outpacing this new supply.

NOTE: UC- The number of units that went Under Contract in July 2020. This does not necessarily mean that they will close in July 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 should be evaluated by specific neighborhood for more meaningful conclusions.

Comps mean less in a very active market. Today's record price is yesterday's comparable. Sellers may want to stay firm in their pricing, see where the market is pushing or raise prices, but there are a lot of caveats out there and uncertainty rules.

Sellers too are facing changing circumstances ... With Covid-19, economic disruptions, family living dislocations and generational stacking-up in the home...they too are rethinking things. Boomers, well on their way to down-sizing, may be rethinking that they now need a larger home or a family compound to accommodate their new and different multi-generational household.

Bottom line:

Aspen is surrounded by 92% public lands and some of the most onerous zoning and no-to-slow growth land planning environments in the country. The remaining developable lands present difficult construction/building challenges – steep slopes, no building along ridge lines, protected open spaces, protected view planes, wildlife migration routes, etc.

Both restrictive zoning and natural limitations are key elements that keep our physical area and environment so beautiful and safeguarded.

The result is some of the most expensive real estate in the country (and lowest property taxes), a limited supply and at present, exorbitant demand. ✈