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Aspen Real Estate Market Is Returning to Pre-Pandemic ‘Normalcy’

Low inventory and high interest rates are contributing to a 40% drop in dollar volume, even as prices have tripled.



Source: *The Haldeman Banner Team, Christie's International Real Estate Aspen Snowmass*

By Xinyi Luo

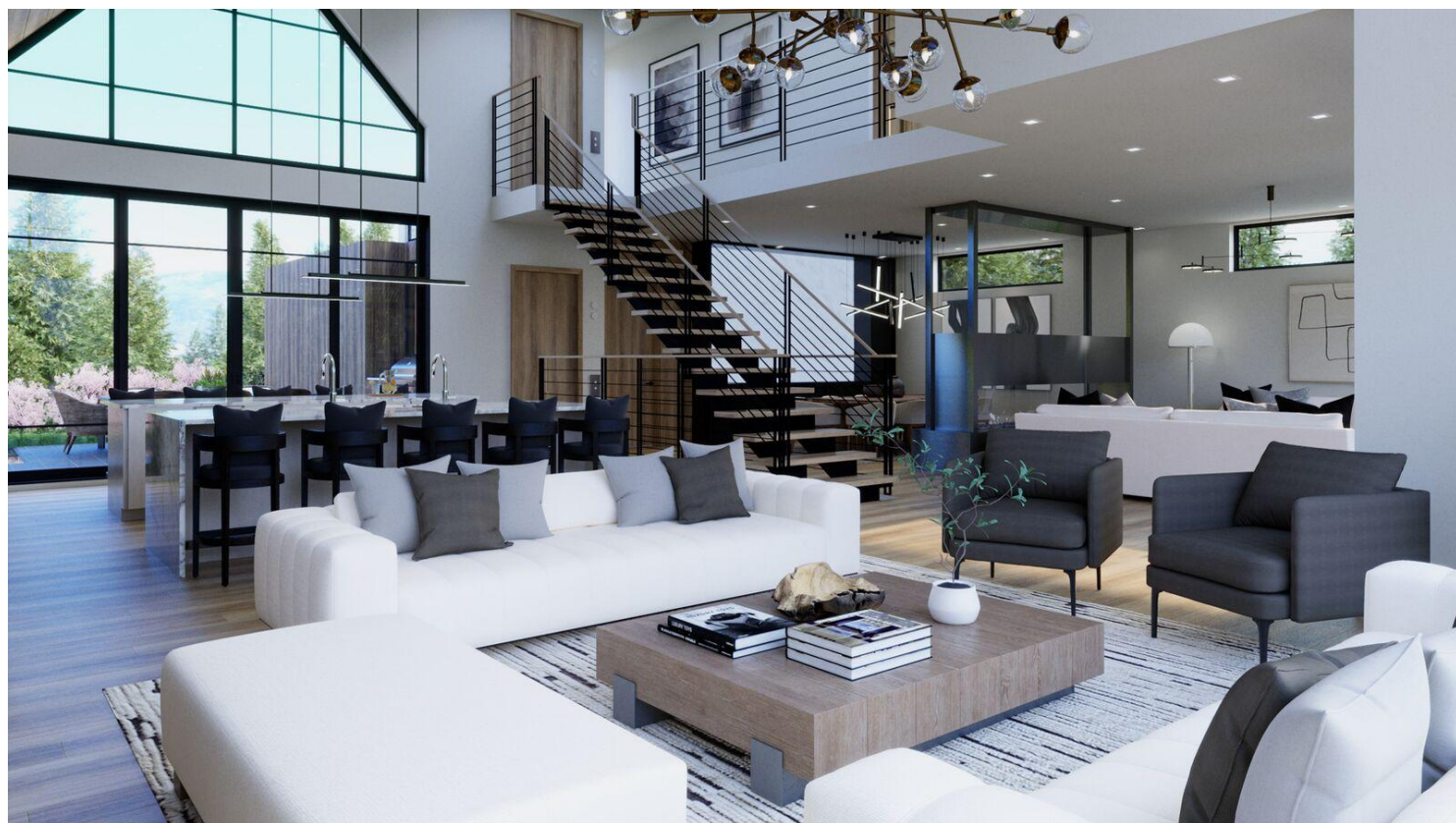
July 13, 2023 at 9:08 AM MDT

The Aspen, Colorado, market for mansions has contracted from the levels seen during the pandemic; year-to-date dollar volume is down by 40% compared to last year's. But don't expect sale prices to drop because inventory is still tight.

"The market has returned to what's being referred to as the pre-pandemic 'normalcy' of the 2016-2019 years," Tim Estin, a broker with Aspen Snowmass Sotheby's International Realty, writes in his market report, "Normalcy means a healthy, active market but not the explosive 'urban exodus' market of 2020-2022."

Aspen's mansion market exploded during the pandemic as more people than ever—desperate to escape the city—jockeyed for the few mansions that were put up for sale. That unique activity, however, is over in the face of headwinds including interest rates, geopolitical nervousness and the 2024 elections.

"Was activity during the pandemic era sustainable? The answer is definitely 'no,'" says Jonathan Miller, president and chief executive officer of appraiser Miller Samuel Inc. "Even though the majority of buyers pay in cash, Fed policy is reflective of not just mortgage rates, but also the financial markets. And this is a very affluent market. They watch the market, and it just adds a layer of uncertainty. As a result—whatever housing market you're looking at in the US—nearly all of them have seen fairly large declines from unusually elevated levels in the past couple of years."



Inside a mansion in Aspen. Source: *The Haldeman Banner Team, Christie's International Real Estate Aspen Snowmass*

Low inventory is a factor, according to Steven Shane, a broker with Compass Inc., who at the end of May sold a \$65 million mansion in downtown Aspen—the most expensive home sale in the wealthy enclave.

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“Aspen is unique. We have very limited supply and great demand. So when we don’t have a lot of inventory to sell, our sales decrease. It’s not necessarily the lack of interest in being here; it’s the lack of options for potential buyers.” Shane says.

This year, the typically robust summer selling season has fewer new listings compared to last year, according to [Douglas Elliman’s report](#).

“Inventory is still historically low,” says Jennifer Banner, a broker at Christie’s International Real Estate Aspen Snowmass. “Of the 56 ‘new’ listings in Aspen proper since June 1st, 21 of those are not actually new (i.e., they are properties that have been on the market and were pulled off for some short period of time before being relisted.)”



With remote work untethering executives, the tony Colorado mountain town of Aspen has become even more inundated with wealth. *Photographer: David Williams/Bloomberg*

There are only 175 listings as of June 2023. That's up from the historical lowest point in 2022 but still much lower than the level of 318 listings in June 2019, before Covid-19 struck, according to the Estin report.

One thing that hasn't changed, however, is the skyrocketing cost. As of June 31, the average price per square foot of a single-family home in Aspen was \$3,150, more than three times the figure in 2019: \$1,048 per square foot. Between Q2 of 2022 and Q2 of 2023, the average home sale price per square foot was up 6%.

Brokers see continued strength in the high-end market as buyers seek move-in ready (turnkey) and newer houses, which usually fetch more than \$10 million.

There have been 13 sales of more than \$20 million properties since January. Before the pandemic, Banner saw just four in 2019 and one in 2018. Fifteen currently list for more than \$30 million, along with a handful of known off-market properties, according to Banner. This compares with four listed above \$30 million two years before the pandemic in 2018 and 2019.

The city has also limited demolition permits to six per year, meaning that building new homes is more difficult. “If you happen to have a great piece of property but it’s got an old house on it,” says Lucy Nichols, a broker from Aspen Snowmass Sotheby’s International Realty, “a buyer typically wants to tear it down and build their vision. But they know that it could be years before you get a demo permit.”

The summer selling season is still hot as brokers in Aspen are busy showing buyers new properties on the market. “Yesterday, our MLS showed that 12 properties went under contract over the weekend, which is a lot for our little market. And one of those was a \$32 million listing in West Aspen,” says Nichols.

But brokers believe that prices are not likely to go back to the pre-pandemic level. “I believe there’ll be an adjustment, but certainly not to pre-Covid levels,” Shane says.