

THE LOCAL

# weather

The Real Estate Climate Today in Aspen • Snowmass • Basalt Summer/Fall 2011

## Aspen is built too close to heaven.

*(Aspen ist zu nach an den Himmel gabaut.)*

- Albert Schweitzer, in Aspen on his first and only visit to the US in 1949

Wander any tree-lined street in Aspen in early summer, and the air is filled with the fragrance of lilac, crabapple and dogwood blossom. After one very long and dreary spring, the perfect, blue-sky, 75° days of June were intoxicating, all the more so for having endured their delay. Like its historical cycles, Aspen's summers always reward us spectacularly for the wait.

An international resort now for over sixty years — half her storied life — Aspen flourished originally in the 1880s as the Silver Queen, one of the greatest mining towns in the world. But virtually overnight, upon the demonetization of silver in 1893, Aspen's mines closed and the local economy plummeted, sending thousands out of the valley to look for work elsewhere. Over 50 threadbare years followed, but Aspen survived and persevered as a ranching and farming community until another group of entrepreneurs arrived in the 1940s, enthralled just as we are today, by the valley's beauty and promise. As Malcolm Rohrbough reflects at the end of his classic book, *Aspen: The History of a Silver-Mining Town, 1879-1893*, "... like the first entrepreneurs interested in silver mining, they set out to reproduce a cycle of prosperity and growth based on a [another] natural resource. It was snow."

Whether fifty years or five, enduring devaluations, wars, recessions and global crises is one of the things Aspen has done best. Its pioneer spirit, matchless beauty, rich cultural history and perfect weather, as well as an indescribable ancient energy enveloping it all, has enthralled and intoxicated most of us — the stubbornly persistent long-time resident, the fortunate part-timer, and the admiring tourist.

And so it happens that the optimism of summer in the Rockies is shining here this season in a way that it hasn't in awhile. No, Aspen isn't immune to economic downturns, but its resilience is remarkable, reflected by a slowly blossoming economic recovery and community investment on a number of levels.

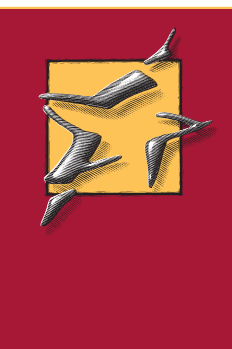
Our town is building new cultural facilities, updating its educational infrastructure, and envisioning new plans for old eyesores. A major hotel has undergone significant upgrades. Historic properties are being redeveloped in a way that both preserves and modernizes. And buyers and sellers are closing transactions with increased vigor, particularly at the high-end, in and around town.

There is broad community consensus here that this place—Aspen—matters. Current and aspiring residents are looking at the promise of Aspen's future with the same confidence and optimism that convinced Andre Roche and Frank Willoughby and Walter Paepcke in the

1940s to build a ski resort and intellectual haven. Over six decades, the economy and reputation of Aspen have grown to heights that were only dreamed about when the Aspen Skiing Company was founded and when the first music festival, honoring the 150th year since German philosopher Goethe's birth, was attended by some of the most respected intellectuals in Germany and America. →



*Sign provided by the National Trust for Historic Preservation to people who want to share a photo and a story on the web about a favorite landmark that matters to them. For more information on the **This Place Matters** campaign: [PreservationNation.org](http://PreservationNation.org)*



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# A Day in the Life: Two Captured Moments



Photos: Miuaro Faath, Lynn Goldsmith

**On Saturday, March 26, 2011**, our two daily papers featured photographs of the beloved Wienerstube Restaurant building on their front pages, both above the fold. • We thought it so curious that, out of the hundreds of options the editors had to choose from the night before, they each decided to focus on that building. • But, one chose the last image of the structure intact – and one chose its rubble.

*(Continued from page 1)*

The term, *This Place Matters*, is a theme used by the National Trust for Historic Preservation to help people single out and protect places that are important to the identity of their communities. It aligns perfectly with the community conversation on development in Aspen over the last 66 years, beginning in 1945 at an Aspen town meeting where Walter Gropius, founder of the Bauhaus School and architectural movement and one of Aspen's first second-home owners, said succinctly: *"Restore the best of the old, but if you build, build modern."*

The idea that Aspen matters is reflected in the angst people felt with the recent demolition this spring of the modernist Given Institute and the beloved Wienerstube Restaurant, and it is equally revealed in the promise which change and redevelopment suggests. For example, the Wienerstube is now the site of a new \$50 million Aspen Art Museum expected to be constructed in 2012.

What better testament is there to the notion that this place matters than the other

hundreds of millions of dollars currently being invested to both preserve and redevelop our community? Examples are abundant. The early skiing-era architecture of the Skiers Chalet and Steakhouse, located beneath Lift 1A on Aspen Mountain, will be well-preserved if plans for the Lift One Lodge are approved this summer. The proposal turns the Chalet into a winter sports history museum, the restaurant into resident housing, guarantees skier access from the lift all the way into town, and provides sorely needed new lodging facilities at the base of the western side of the mountain.

The modernist architecture of Thomas Benton's Crandall Building on Hyman Avenue (home to Sandy's Office Supply), and the little Victorians along the 600 block of E. Hopkins that include Susie's Ltd., are in the possession of Austin Lawrence Partners (ALP), a development firm with an established record of historic preservation. Restoration is underway with the Crandall Building and ALP has plans in the works for the Walton Victorian at the corner of

Hopkins and Spring, as well as for the neighboring properties.

Greg Hills, who owns Austin Lawrence with his wife Jane, works closely with the City of Aspen's Historic Preservation Commission to devise redevelopment plans that allow for modernization in a way that honors a property's historic character. He attributes Aspen's notable prosperity, and its current, budding recovery, to its ability to balance economic needs with open space and historic preservation. "We're careful about what we build," Hills says. "We honor and preserve our history. We have world-class cultural amenities. There is a remarkable philanthropic side to the people who live here. It all adds up to make this place special."

Joe Krabacher, a longtime member of the community and a real estate attorney, sees a cautious recovery in the works, especially at the high end of the residential market. Year-over-year sales of residential real estate in Aspen is up a robust 55 percent in the first six months of

2011. And 26 percent of those sales involved homes of \$10 million or more. "A lot of these people have had their eye on Aspen for years, and they are making their move now, with the market down 20 percent, or more," Krabacher says.

Chris LaCroix, a real estate attorney with Garfield & Hecht, P.C., says price expectations at the top end of the market have stabilized, in part because sellers and buyers have reset those expectations to the current economic environment. As a result, sellers are beginning to get offers at or close to their asking prices.

"There are people out there who can afford it, who adore Aspen, and who are willing to pay what it costs to be here," he says.

Both LaCroix and Krabacher are cautious about connecting the uptick in high-end residential sales with a broader recovery of the development market, especially

this year (\$15 million) and planning for a new terminal.

The guest rooms, lobby and conference facilities at the St. Regis Hotel just reopened, having undergone a \$30 million renovation. And, The Aspen Club has approvals for a major remodel, including the addition of new condominiums, and will be partnering with Auberge Resorts and COO, Eric Calderon, former GM of The Little Nell Hotel. Commercial real estate brokers report vacancies are 50% less in the retail sector compared to last year, and every available restaurant space in town is cooking this summer.

There are hints out there that people are beginning to get bullish on Snowmass Village, as well. The Silvertree Hotel, Snowmass Conference Center and Wildwood Lodge recently sold to Starwood Capital Group Global for \$42 million. This entity is a major player in the hospitality

Restore the best of the old,  
but if you build, build modern.

— Walter Gropius, founder of the Bauhaus School and architectural movement

with commercial properties. In addition to the financial challenges even in the best of times, there remains a significant inventory of unfinished projects in town. But Krabacher points out that construction of spec homes has resumed, after a nearly two-year lull. Additionally, stalled projects like 625 E. Main, former home to Stage 3 Cinema, are being re-envisioned and restarted.

Indeed, there are hints out there that people have renewed confidence in Aspen. The amount of development and redevelopment slated for this year is considerable. In addition to the new art museum, Aspen Skiing Company is investing more than \$10 million in on-mountain improvements at Buttermilk, Aspen Highlands and Snowmass. Aspen Valley Hospital is being renovated and expanded to the tune of \$73 million. The airport is extending its runway

industry and is now working on plans for major remodels of these buildings. "It's too early to say this is a sign of a complete turnaround, but this is a big investment in a premier property," says Krabacher. "We're all hoping this will be a spark."

"If you can buy property that is a good value today here, in Aspen, you have to believe that over time it will do well. That's why people are kicking the tires here," adds Greg Hills.

The economic downturn may have reset prices in Aspen, but it has also reset opportunity — whether that means opening a restaurant, buying a home, or proposing a new development. The community is investing in itself, and people from the outside are bringing their money and ideas here because this place — Aspen — does matter.

## PLACES THAT MATTER TO US

No matter where I am, whether seeing these structures in real time, or in one of the pictures I've taken of them, they are touchstones and bring me a real sense of serenity. They are a lovely example of pure beauty in the valley.

— Kathryn Rabinow, professional photographer



Sheridan's Camp Coke Ovens  
(off of Castle Creek Road)



The Hut in Upper Hunter Creek Valley

Any collection of **small Victorians in the West End**. I love their color and charm. Not splashy, not big, they're beautiful in their spare functionality.

— Dawn Shepard, personal trainer

**The purple Aspen Times building** on Aspen's Main Street — it reminds me of our town's heritage and a simpler time in the old mining days.

— Todd Shaver, investment advisor and money manager; host of the weekly, and wildly popular, Aspen Business Luncheon





# In the Breeze: A Brief Look at Local Real Estate in the News

- *Redevelopment and Historic Preservation Paired Up in Aspen*
- *Snowmass Village Buzz: The Silvertree, Wildwood and Conference Center Sold!*
- *Basalt's Residential Real Estate Market Turning the Corner*

## Aspen

**Lift One Lodge**, the private membership club proposed for the base of Aspen Mountain, has been resubmitted for approval with significant revisions. The new plan calls for 22 units (fractional and whole ownership) in multiple buildings that add up to 85,000 sq ft, down from 35 units and 125,000 sq ft in an earlier proposal. The project envisions a restaurant and ski museum to be operated by the Aspen Historical Society. The museum will be housed in the old Skier's Chalet, which will be refurbished and relocated to nearby Willoughby Park. It also includes a public right-of-way that preserves skier access all the way down to Dean Street.

An updated **Aspen Area Community Plan** is set for adoption by the end of summer. The plan is a blueprint for development and zoning in Aspen and surrounding areas of Pitkin County. Some in the business community, including the Aspen Chamber Resort Association, say the plan has been developed with incomplete economic information, however.

Susie's Ltd, Aspen's oldest and most successful consignment store, has a new landlord. **Austin Lawrence Partners** acquired the property, along with the Walton Victorian on the corner of Hopkins and Spring, with plans to redevelop that end of the block. Austin Lawrence, owned by Greg and Jane Hills, is also redeveloping the Crandall Building, designed by Tom Benton and located across the street from the former site of the Wienerstübe (now the new site for the Aspen Art Museum). The Hills are working with the City's Historic Preservation Commission to redevelop the properties in a way that preserves their historic integrity. The Crandall Building has been condominiumized and sold to local businesses, including Sandy's Office Supply.

## Snowmass Village

The buzz in Snowmass these days is the **\$42 million sale of the Silvertree Hotel, the Snowmass Conference Center, and the Wildwood Lodge** to Starwood Capital Group Global, based in Greenwich, CT. A major remodel of the properties is expected to commence next summer. "I think this is a good shot in the arm for Snowmass," says Joe Krabacher, a local real estate attorney involved in the transaction. "These guys are serious players in the hospitality business." We see this acquisition as a significant expression of renewed confidence in the future of Snowmass.

A district court judge directed developers of the **Viceroy Snowmass** to return deposits, with interest and attorneys fees, to more than five dozen buyers. The total amount includes \$13.9 million in deposits, \$4.5 million in interest and attorneys fees. The judge agreed that the units were advertised as being larger than they actually were, and ordered Base Village Owner LLC and Related Westpac Real Estate LLC to release the buyers from their contracts.

**Foreclosure of the Base Village properties** was delayed for an 8th time, until September 7, to allow continued negotiations between the four major banks that own the debt. The delay also allows completion of the sale of two units in the Capitol Peak condominium complex, which is part of the foreclosure. Snowmass Town Council expressed frustration because foreclosure is viewed as a necessary step toward economic recovery.

## Basalt

The **real estate market appears to be stabilizing** in Basalt. In the last few months, eight single family homes have received multiple offers and been sold at or near the full asking price. "It's something we haven't seen in four years," says Kristen Maley, one of our brokers. Maley says bank-owned properties on the market have been priced at levels that motivate buyers to snap them up without negotiations, a strong indication that the bottom has been reached.

A deal is in the works to create a **riverside park and community center** in the heart of Basalt. The town government and the nonprofit Roaring Fork Community Development Corporation are under contract to purchase the Pan & Fork trailer park. The trailers closest to the river will be replaced with a park, while those closer to the business district will be replaced with a community center. Replacement housing for the demolished trailers is in the works as well.

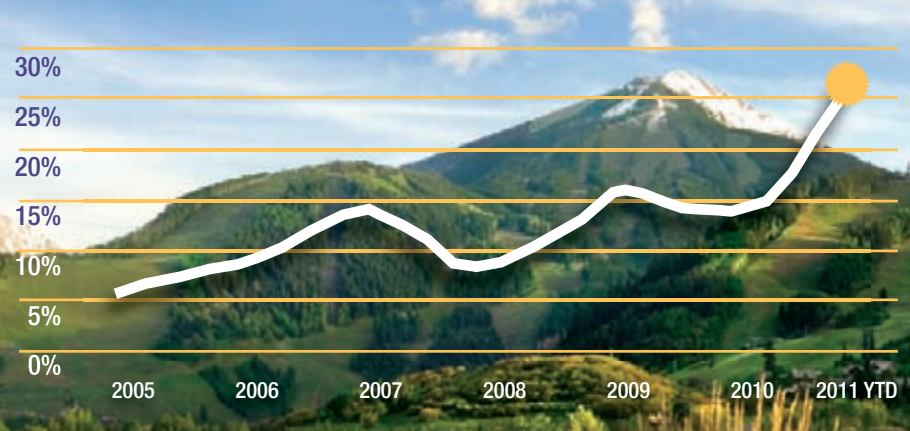
Perhaps the third time will be the charmed one for **Whole Foods Market** whose earlier leases at Willits Town Center were nullified when the two previous owners, victims of the economy, were unable to construct the shell of their building. A Kansas-based development firm, Mariner Wealth Advisors, acquired the WTC site in May and recently reached an agreement with Whole Foods, bringing to life again the hungry hopes of shoppers from Aspen to New Castle. Mariner is expected to turn over the building for Whole Foods to complete by the end of the year.

## Sales Over \$10M in 2011

The sheer number of recent sales over \$10M speaks for itself in the midst of an extremely challenging economic period. Aspen/Snowmass has proven again that an unmatched combination of natural beauty, cultural and social gatherings, and desirable "life qualities" equates to a real estate market that marches to its own tune.

- Pine Crest Drive** • The Pines in Snowmass • 8812 sq ft home  
\$16,000,000, closed June  
*(the most expensive ski-accessible home ever sold in Snowmass – BJAC sale)*
- The Silvertree Hotel/Wildwood Lodge** • Snowmass Village  
\$38,750,000 + \$3,250,000 for the adjoining conference center, closed June
- 5-acre estate east of Aspen** • 11,512 sq ft compound  
\$13,000,000, closed June
- East Fork Lane** • Two Creeks in Snowmass • 6050 sq ft ski-accessible home  
\$11,000,000, closed June
- Owl Creek Ranch** • 12,542 sq ft compound on 77 acres  
\$20,500,000, closed May
- Thunderbowl Lane** • Aspen Highlands • 8532 sq ft ski-accessible home  
\$14,000,000, closed May
- South Alps Road** • Aspen • 9056 sq ft ski-accessible home  
\$14,100,000, closed May
- Pfister Drive** • Maroon Creek Club • 11,650 sq ft home  
\$11,250,000, closed May
- Snowmass Creek** • 200-acre ranch  
\$13,250,000, closed April
- West Hallam Street** • Aspen's West End • 6641 sq ft home  
\$12,300,000, closed April
- Tiehack Road** • Maroon Creek Club • 10,995 sq ft home  
\$14,500,000, closed March
- Tiehack Road** • Maroon Creek Club • 11,268 sq ft home  
\$13,000,000, closed February
- Eppley Drive** • Starwood • 14,688 sq ft home  
\$19,537,000, closed February
- Star Mesa Road** • Aspen • 13,786 sq ft home on 40 acres  
\$16,000,000, closed February
- Sesame Street** • Smuggler Mountain • 11,061 sq ft home  
\$20,000,000, closed February
- Wildcat Ranch** • 10,000 sq ft home on 325 acres  
\$17,750,000, closed January

## Percentage of Aspen Single Family Home Sales Above \$10 Million



## PLACES THAT MATTER TO US

Ask any local about buildings around the valley which they treasure, and few will hesitate to rattle off a list. There are, of course, the iconic structures like **The Wheeler**, **The Sardy House**, and **The Courthouse**, but here are some other interesting choices:

**The Benedict Building** on Ute Avenue – an unassuming structure, but one which is totally integrated with the nature surrounding it. This is not an architectural gem, by any means, but you feel the place very strongly – it thoroughly resonates with a sense of value and soul.

Also, **the Mountain Rescue building**, the sweet **L'Auberge cabins** on Main Street, and especially the pair of tiny, meticulously-cared for **"carriage houses"** facing each other in the alley off of S. Monarch across from the pet shop – per sq inch, there's a ton of thought and attention which went into their restoration. Aspen's alleys throughout town are actually an untapped treasure trove of small restoration possibilities and could be a potential whole new pedestrian network reflecting the unpretentious side of Town. There is something very powerful in the humility of these diminutive structures."

– John Cottle, managing partner, CCY Architects



One of the Monarch Alley Cabins

**The funky Main Street Bakery** building – utterly charming in its simplicity, peeling plaster and crooked windows. How many thousands of old Aspen souls have crossed its worn out threshold and graced its crowded tables over the years? – a BJAC favorite



Main Street Bakery



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## UPPER ROARING FORK VALLEY REAL ESTATE MARKET TRENDS

How is the local real estate market performing? There are many ways to gauge market performance and, as always, we like to take an objective approach, and let the data do the talking. The cocktail party circuit is great for catching up on local real estate “gossip”, but we’ve found our clients appreciate more substantive advice. *The information below is based on local real estate market statistics we have tracked in 2011 through the end of June (compared to the same period from 2010).*

	Number of Sales	Sales Dollar Volume	Average Sales Price	Average Sales Price Per Sq Ft	Avg Sale Price as a % of Asking Price	Listing Inventory Depletion
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### Aspen



Almost across the board, the real estate market in Aspen appears to be recovering. Strong increases in Sales Activity and Sales Dollar Volume (51% and 44% respectively) are clear indicators that buyers are feeling more confident this year than a year ago. Prices have finally leveled out, with Average Price per Square Foot on par (if not slightly higher) than last year, and only modest declines in Average Sales Price (less than 5%). Inventory levels have dropped, and the Average Discount that buyers are negotiating off of the Asking Price has also dropped to approximately 10%. We expect these trends to continue through the summer months.

### Snowmass Village



Snowmass Village is lagging the Aspen market when it comes to a real estate market “recovery”. While Sales Activity is up 45% so far this year, Prices have continued to slide. The Average Sold Price per Square Foot is down almost 19% from the first half of 2010 and, correspondingly, the Average Sales Price and Sales Dollar Volume have dropped, as well. Inventory levels have risen from a year ago (slightly less than 8%). One sign that the market in Snowmass is creeping towards stabilization is that Sellers are discounting their Asking Prices only 11% on average, compared to 14% last year, in order to get their properties sold. All in all, the trends in Snowmass today look similar to Aspen’s 6-12 months ago, and it will likely be the robust increases in Sales Activity that will lead Snowmass into recovery mode over the coming months.

### Basalt



Similar to Snowmass Village, Basalt has yet to find stable ground. Significant increases in Sales Activity (over 60% compared to last year!) and Sales Dollar Volume (up 30%), have been offset by roughly 20% drops in Average Sales Price and Average Price per Square Foot. We have little doubt that there is a correlation between lower prices and more sales. Buyers are picking up short-sale and foreclosed properties in Basalt and, as a result, Inventory levels have dropped nearly 20% from a year earlier in some areas. We expect that it will take some time for the market in Basalt to recover from the challenges of the past few years, but our sense is that things are finally moving in the right direction.