

aspensdailynewsonline

Snowmass' rising star

by [Catherine Lutz](#), Aspen Daily News Staff Writer

Wednesday, February 20, 2008

Base Village defies national trends with record real estate sales

No one blinks anymore when another real estate record is set in Pitkin County. But in light of a deepening real estate slump nationwide that some believe could still hit the Roaring Fork Valley, some are a little surprised that records continue to be set — and in Snowmass of all places.

Long accustomed to having not quite the cachet and corresponding prices that Aspen commands, Snowmass is getting quite the boost into the more rarefied air of resort real estate with the sales success of two Base Village properties.

But while the Base Village success story can be seen as proof that the Aspen/Snowmass area is resilient to broader economic woes, some experts say that doesn't mean it will be immune forever.

Breaking records

Sales of the Little Nell Residences at Snowmass and the Viceroy Resorts and Residences at Snowmass are on a record pace, and fetching record prices. In two months, two-thirds of the 27-unit, five-star Little Nell Snowmass has been sold, as have half of the 152 residences in the Viceroy, which will be operated as a four-star hotel.

Starting at \$3.1 million for a one-bedroom unit and ranging up to \$11.5 million for a three-bedroom, the Little Nell is commanding an average price of \$3,000 per square foot, according to Scott Calliham, Related WestPac's director of sales.

Those kinds of prices are unheard of in Snowmass, with the exception of single-family homes in Wildcat Ranch on a lot of acreage. Even in Aspen there are very few listings in that price range.

“We’re tracking more in line with what you’d typically see in Aspen” in terms of prices, said Calliham. “These are brand new ski-in, ski-out condominiums. There’s not really anything to compare to that in Aspen; in fact, there’s not really any step-out-your-door wholly-owned condos like that in the valley.”

Viceroy prices range from \$575,000 for a studio to \$4 million for a three-bedroom in the chic condo hotel — averaging \$2,000 per square foot, according to Calliham.

“There are some very reasonable price points in the Viceroy building, and some that compare to Aspen prices,” said Calliham.

So how are the Viceroy and Little Nell Snowmass pricing in relation to other similar products in the marketplace? A perusal of recent sales and listed properties in the local Multiple Listing Service shows that they’re among the priciest condos out there.

At the top of the heap of local real estate listings is a four-bedroom, four-bath Monarch on the Park residence that’s under contract for \$2,950 per square foot. The 14 new condos attached to the Limelight lodge redevelopment project are one of the few new whole ownership projects in the upper valley — given their proximity to Aspen Mountain and downtown they’re commanding some of the highest prices in town.

Another new Aspen whole ownership project is the Boomerang Lodge near Shadow Mountain, which features mostly studios up to about \$1,700 per square foot, well under downtown rates. A \$5.3 million three-bedroom penthouse on the fourth floor, however, just breaks the \$2,000-per-square-foot barrier.

(The Residences at Little Nell, 26 ultra-luxury slopeside units going up at the base of Aspen Mountain, have broken all sorts of real estate records in their two-and-a-half years on the market, but since they’re fractional ownership, sales-per-square-

foot data is not really comparable. So for a four-bedroom, 3,700-square-foot unit selling at \$3 million per one-eighth share, that's \$6,486 per square foot including all eight shares.)

In Snowmass, almost everything in the \$2,000-per-square-foot range is in Base Village, which when completed in a few years will encompass about 600 condos and 16 new restaurant and retail spaces. A three-bedroom, three-bath condo in Hayden Lodge (the building that contains the children's center and one of two in the first phase of 90 condos) is under contract for \$3.7 million, which equates to \$2,350 per square foot. A two-bedroom slopeside Viceroy is going for \$2,257 per square foot, while a studio in the same building is priced at \$1,459 per square foot.

The cheapest recent sale or listing in the area is \$1,295 per square foot, and that's for Snowmass's only other recent new whole ownership condo project near the Snowmass Club, formerly called A Storied Place at Snowmass and now called Countryside.

A single-family home in Wildcat that's on the market for \$18 million equates to \$5,600 per square foot, but that comes with more than 100 acres. And there are a sprinkling of homes in the Pines, and on Castle Creek and Alps roads hovering above or below \$3,000 per square foot.

But while Base Village prices are approaching and even exceeding Aspen levels, the two resort towns will never be comparable, said John Sarpa of Centurion Partners.

"It's great to see Snowmass getting very high prices ... and much better accommodations than it's had in the past, but no one will ever replace Aspen," said Sarpa, a developer with experience in both towns. "So I think it's a nice complement to what Aspen has, but given Aspen's history and the richness of its background, Aspen will continue to command great pricing, and frankly a different group of people. So it's good for both."

According to Calliham, both hotels could sell out by the end of the winter, although the company's goal is to sell everything over the two-year construction

period. The Viceroy is expected to open for the 2009/2010 ski season, and the Little Nell should follow in the spring of 2010.

Right product, right time

That nothing comparable quite touches the average price of the Little Nell Snowmass — and that Viceroy sales are going so well — is somewhat remarkable to local market watchers.

“It’s a little surprising because everybody is aware that the market is somewhat soft,” and the time period the local brokerage community was given to get ready to sell the products was incredibly crunched, said BJ Adams, owner of BJ Adams and Company and a longtime respected Snowmass realtor.

Still, said Adams, the appeal is obvious and the pent-up demand was strong.

“The (Little Nell) brand is so strong and the thought of having a development of that caliber in the heart of Snowmass is really exciting. It’s small so it’s high prestige and will always be in demand,” she said. “With the Viceroy, people like the whole idea of a new look for Snowmass — it seems really cool. There’s confidence in the future of Snowmass.”

According to Related WestPac’s Calliham, prospective buyers are drawn to a “mountain that’s almost incomparable, but the amenities at the base were not up to resort standards for quite a while. We needed a boost of infrastructure and amenities to complement the mountain, and now there’s a buzz of excitement.”

Having Aspen 20 minutes away and a nearby airport is a huge plus, he added, and “the four-mountain destination trumps anything else in the country.”

Calliham said the company “expected a lot of excitement around the offering ... there’s definitely still a desire to be on the ground floor of the new Snowmass.”

The buzz all started with initial Base Village presales just after the final approvals were given in February 2005. At that time, more than 800 prospective buyers signed

onto a reservation list for the first 90 residences.

Adding to the cachet of the development, say proponents, are the recognizable names attached to it: the Los Angeles-based, boutique Viceroy brand and world-renowned interior designers David Easton for the Little Nell and Jean-Michel Gathy for the Viceroy.

Another perspective

But while the new Snowmass seems to have everything going for it — location, limited offerings that keep demand high, and a target market that's so far insulated from the economic downturn — some experts warn of being too confident.

The second-home market in “top tier” places like Aspen, Vail and Hawaii continues to do well, said Jon Peterson of Anacortes, Wash.-based Peterson Economics, a resort real estate economics consulting firm. Meanwhile, he said, some second-home markets have seen sales volumes off 90-95 percent in the last year, and buyers with net worths of between \$500,000 and \$3 million are in trouble.

But “the odds are greater than 50 percent that markets (like Aspen's) will soften quite a bit as well,” said Peterson. That softening could be triggered by broader trends in the economy, like another stock market dip combined with some unexpected global event. The current nationwide slowdown is much more severe than the post-9/11 slump, he added.

“High-end markets have been cyclical in the past,” said Peterson. “But it won't get worse until incomes and net worths (of high-end buyers) fall. If Aspen slows, prices might be stable for a few years, although I certainly don't see them falling off 90 percent.”

Byron Koste, director of the real estate center at the University of Colorado at Boulder Leeds School of Business, agrees, although he adds that how developers time and structure the next few real estate releases will also determine their level of success.

“If there is any decline it will happen much later in the cycle,” said Koste. “The depth of the financial troubles is the big unknown, and if it continues a good bit longer even Snowmass will get some impact because no one is totally impervious to financial downturns.”

Koste explained that a development is relatively safe financially once the developer has sold enough of the product to cover costs, and only profits are tied up in subsequent sales. More debt equals more risk. And if units are built but not yet sold — which is not the case with Base Village — “that is very bad.”

Ski resort development in Colorado thus far has been “fairly disciplined — the communities are well run and they demand good plans to develop,” Koste said. He pointed to Vail’s overhaul as another development that’s going well in spite of the economic downturn. And while things have slowed down at two new Intrawest-owned projects in Winter Park, that development “is still going OK,” he said.

lutz@aspdailynews.com