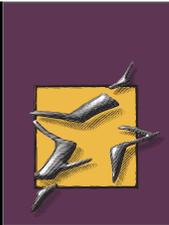




The Give A Flake Campaign by the Aspen Skiing Company



*Real Estate
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REAL ESTATE NEWS
ASPEN | SNOWMASS | BASALT
FALL 2018

The greatest threat to our planet is the belief that someone else will save it. - Robert Swan

After a dry, hot summer, the abrupt arrival of fall has been somewhat of a shock — though a welcome one. Much-needed rain beginning in mid-August cooled things off, like a fever releasing its grip. Stringent fire restrictions were lifted the end of August, much to the delight of those of us who love campfires. September — the most perfect month — has reliably brought sunny days in the mid-70s, and the landscape has already taken on that other-worldly, technicolor-tinted hue, the earthy reds and rusty browns of the shrub brush in the lower elevations portending the explosion of gold in the high country.

The sudden change of seasons has also brought an onslaught of construction, with a dozen or so projects in downtown Aspen alone, to fill the otherwise quiet fall off-season. Most impactful, of course, is the resumption of work on the Castle Creek Bridge, with the resulting detours making the morning, afternoon, and anytime commutes, quite the gamble. But every construction project has its exciting result, just as some kernels of ideas bloom into energizing, passionate movements. We give you the inside scoop on both below.

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Major Development Plans Moving Ahead

— ASPEN • SNOWMASS • BASALT —

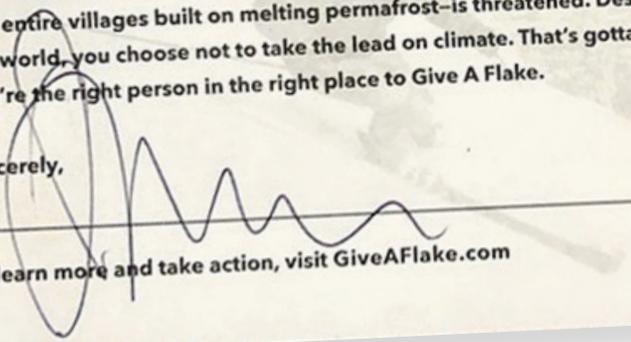
The sudden change of seasons has also brought an onslaught of construction, with a dozen or so projects in downtown Aspen alone, to fill the otherwise quiet fall off-season. Among them, plans that will fundamentally change the skiing experience on two areas of Aspen Mountain; entering into a new era of harmony in Snowmass; and perhaps finding the final piece of the downtown puzzle in Basalt. Here's the latest, in as bite-size pieces as possible. *(continued on page 5)*

I GIVE A FL*KE

Dear Senator Murkowski:

I'm writing you as a fellow skier, lover of winter, and concerned citizen. I can't think of another place in the world more on the front lines of climate change than Alaska, yet you remain indifferent to the issue. How can that be when "ski" is right there in your name? Your state's annual average temperature has warmed 2.4 degrees since 1988 and an astonishing 5.4 degrees in the winter. Alaska has some of the best skiing and riding in the world. But the whole economy—and entire villages built on melting permafrost—is threatened. Despite the obvious impact on our world, you choose not to take the lead on climate. That's gotta change. Of all people, you're the right person in the right place to Give A Flake.

Sincerely,



To learn more and take action, visit GiveAFlake.com

ASPEN SKIING COMPANY TAKES A STAND – AND SO CAN WE

“The first dusting of snow in the mountains came on the first day of school this year,” John Rigney noted delightfully, as he opened the annual presentation to a standing-room only crowd of members of the Aspen Chamber Resort Association (ACRA) at the Sundeck on Aspen Mountain earlier this month. Rigney is Aspen Skiing Company's senior VP of events and strategic alliances.

As they always do at this event, the Skico's execs and their snowy videos ignite the audience's enthusiasm for the winter season — less than 70 days away(!), despite the 75° sunny afternoon outside. While there were exciting updates about increased snowmaking on Ajax and Snowmass, the Pandora expansion on Aspen Mountain under environmental review, and the introduction of the IKON ski pass, two particularly impassioned subjects captivated nearly everyone.

The first was a shout-out by Mike Kaplan, Skico president and CEO, echoed by others on his team, about the community spirit which showed itself in a monumental way last season during a challenging winter with well-below normal snowfall. From mountain groomers who shaped what we did have in the way of snow into thousands of acres of skiable terrain, to lodging operators who were exceptionally committed to seeing their guests discover Aspen/Snowmass beyond the slopes, to the locals who shared their enthusiasm for the town all winter long, Kaplan was impressed by all who held their heads high and made the best of a tough season. “I had a much better time than I thought I would,” was

a frequent guest comment, and Kaplan thought we should all be proud of that effort.

On a second but related topic, in response to climate change undeniably raising temperatures and the number of frost-free days, and shortening the length of the ski season, Kaplan announced Skico's Give A Flake campaign, an interactive, engaging way we all can get involved in mitigating the impact of global warming. Through this campaign, Skico is urging those who care about winter and snowsports to contact elected officials — both the skeptics and the champions; to donate to POW (Protect Our Winters) and, especially, to “get social” using the #GiveAFlake hashtag widely on social channels. Believed to be one the first resort companies to engage its consumers in such a collaborative way, the Give A Flake ad campaign is an expansion of The Aspen Way initiated last year by Aspen Skiing Company which promoted the company's values: Love. Unity. Respect. Commit. “Commit” was the defining word that inspired Give A Flake, and the campaign, emphasizing civil dialogue, includes direct-mail postcards and tweets to Congress.

Within 24 hours of the campaign's launch last week, there were thousands of visits to the landing page and 61,000 impressions on social media, through a “like” or a “share,” for example, according to Skico.

This is the mission of the Give a Flake campaign. Check out the website, watch the video, see how you can make a difference. You will be inspired. GiveAFlake.com.

“Sometimes caring about an issue isn't enough. You have to do something. It's time to turn our concern about climate change — and yours — into action. Join the movement.”

TRENDS AND KEY TAKEAWAYS IN THE LAST 12 MONTHS

Here are a few of our observations the last 12 months (Sept 2017 through Aug 2018) vs the 12 months prior (Sept 2016 through Aug 2017)

It's not easy this year to fire off a quick answer to "How's the market?" Real estate analyses have become increasingly challenging in 2018, largely due to a marketplace that has become quite segmented. The answer to that question, which has to be the most often asked of every realtor in casual conversation is, "It depends."

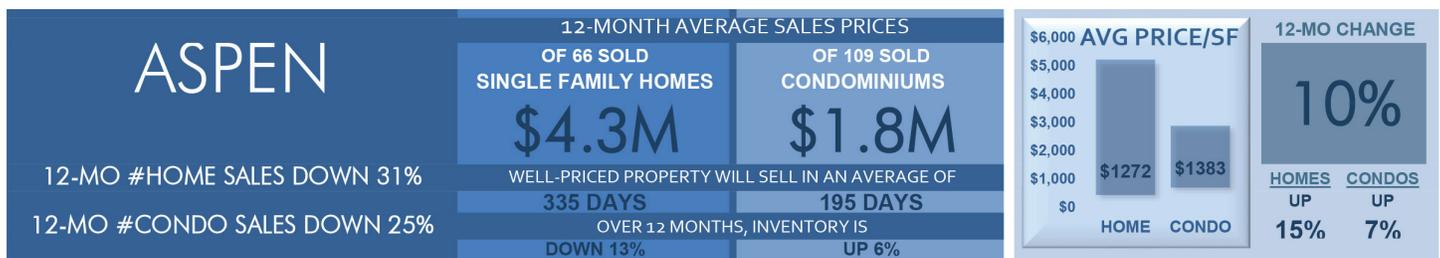


The segmentation principle is most notable amongst Aspen single-family homes. **The West End, the Smuggler area, and the core of town have the most stable markets** – both inventory and sales remained relatively stable from last year to this one. We attribute this to the “walkability” of those neighborhoods – from these areas, it’s easy to stroll or bike into the center of town. For buyers, the ease of moving around without a car has become a highly valued criteria in recent years. In East and West Aspen, where cars are generally required, sales are down 25%, even though inventory there remains stable. Homes priced between \$7.5M and

\$10M in these perimeter areas are especially soft. Curiously, Red Mountain, generally one of Aspen’s strongest neighborhoods, has had lack luster activity this year – the inventory has increased by 30% and sales have dropped over 70%. **In the ultra-luxury market, over \$15M, inventory is steadily growing** – 42 for sale today vs 37 a year ago. Sales are not keeping up, having fallen about 20% in the last 12 months.

It’s a seller’s market for owners of Aspen condominiums valued under \$3M. There are 20% fewer opportunities for buyers today in that price range. Condominiums right at the base of

Ajax were particularly in demand this last year – **the Alpenblick/Durant/Fasching Haus/5th Avenue properties accounted for 14 sales** in the last 12 months (vs just 4 the year before). This is likely a reflection of the attention given significant exterior upgrades the year before. There are only 9 listings in those 4 complexes today. Other developments where there’s been good activity the last 12 months, and virtually no listings today, include The Gant, The Aspen Square, North of Nell, and The Aspen Club. As with Aspen ultra-luxury homes, **townhomes in Aspen available over \$10M are languishing** on the market – there are 18 for sale today, and yet just 5 have sold in the last year.



Of the valley’s three communities, **Snowmass Village has shown the most promise this last year**, with a 32% increase in SF home sales and a 30% increase in condo transactions. What is most noticeable about SMV activity, however, is where buyers are spending their money. Both this year and last, we’ve found that nearly **90% of the homes sold were under \$5M**. And, this year, close to **70% of home sales were under \$3M** (this was 50% in the 12 months prior). The market is clearly strongest at the lower end.

Contrast these statistics against the 2008 boom year: first of all, fewer homes were sold

then due to scant inventory (31 sales vs 45 this year), but then 48% of those transactions were over \$5M (15 sales vs 4 these last 12 months; and, 11 of the 15 in 2008 were over \$7M!). Only 7 of the homes sold in 2008 were under \$3M, representing 23% of the market; these last 12 months, there were 31 home sales under \$3M representing nearly 70% of the market.

Why is this? We have several theories, the most obvious of which is the lingering after-effects of the recession which has made Snowmass buyers more cautious, even today. The stall-out of Base Village and its uncertain

future prior to Aspen Skiing Co./East West Partners’ purchase of it in 2016 certainly didn’t help buyers feel confident about the future of Snowmass.

But, the redevelopment of Base Village has been underway now for 18 months, and we’ve still not seen the needle move much at the higher end of the Snowmass product. We are beginning to believe that what may be contributing most to this pendulum swing is our changing demographics. **On the condominium front in Snowmass**, we’ve seen a **30% increase in sales**, with The Viceroy coming out the clear winner with 31 →

transactions (vs 8 last year). The Viceroy alone accounts for nearly 25% of the condominium market the last 12 months. This is due, in large part, by the attention which East West Partners has given the hotel. Remaining inventory was repriced last fall and this, in combination with developer incentives and strong rentals, has

made The Viceroy product interesting to many, especially investors. The other segment which is clearly a seller's market is the Seasons Four – Snowmass Mountain – Woodbridge trio; sales there account for 18% of last year's market – some 24 sales. At present, there are only 5 for sale.

Unfortunately, The Viceroy has pulled buyers away from complexes like The Enclave, the Club Villas, and Woodrun Place; others like Crestwood, Stonebridge, The Ridge, Timberline, and the Top of the Village remain stable. Nearly 80% of Snowmass condo sales this year have been under \$1M.

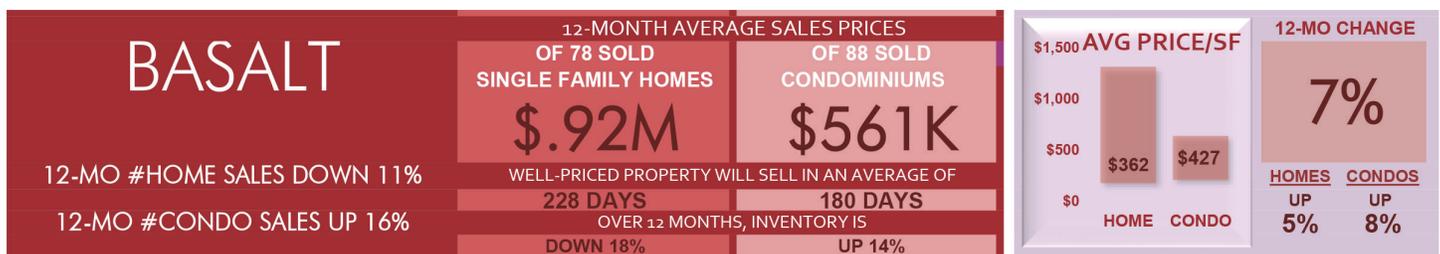


The Basalt single family home market, especially under \$1M which represents 2/3 of it, is humming along. Sales volume here indicates a slight slowdown (55 trx vs 59), but this reflects disappearing inventory, particularly in the most favored neighborhoods of Blue Lake, Elk Run and Willits, not decreasing interest. There are simply not enough homes available in this price range to meet the demand. Not considering homes in rural areas 5+ miles away from Basalt, nor those which are under contract, there are not even 20 homes available for buyers to consider today under \$1M.

While home sales over \$1M have remained stable from last year to this, +/- 20 transactions, there is a fair amount of inventory in this segment. However, without pending sales or homes further afield (5+ miles from Basalt) in the mix, inventory equals demand. Available properties on or very near the Frying Pan or Roaring Fork Rivers are few and far between.

The condominium market in Basalt is quite strong, sales running 16% ahead of last year. Inventory available under \$500,000 is rapidly disappearing, and there is 3x the demand for these

mostly 1- and 2-bedroom properties. The newer product – at Willits and Shadowrock, primarily – commanded nearly 75% of the sales made this last year. We have twice as many buyers for these properties than we have available. There is a little softness in the market amongst condos priced between \$500-600,000, likely because most of this property is dated and, in the face of newer, even if slightly more expensive, alternatives available, buyers are reaching for the nicer product. With very little new condominium product expected to be built in the next 6 months, we expect the condominium market to only strengthen in Basalt.



The Ubiquitous 80% – Where is It?

80% of Aspen home sales are under \$12M
of Snowmass home sales are under \$4M
of Basalt home sales are under \$1.5M

80% of Aspen condo sales are under \$4M
of Snowmass condo sales are under \$1M
of Basalt condo sales are under \$700K

ASPEN: Moving Mountains



Top: The base of Lift 1A, with the Lift One Lodge in the foreground;
Bottom: Gorsuch Haus

Plans for a new lift to replace the 45-year-old Lift 1A and revitalize the western portal to Aspen Mountain are rapidly moving along after years of talks and previous failed proposals.

In May, Aspen City Council and four key landowners agreed on a concept for the new base lift, which would start near Dean Street, close to the historic remains of the original Lift One, and end just above the old Ruthie's restaurant building on the mountain. Currently envisioned as a telemix — a lift with chairs and gondolas — the structure, its alignment, and how both would impact neighboring properties and structures have been undergoing intense review by city boards this summer. **A special election, currently scheduled for February 5, 2019, will give Aspen voters the final say on the plans.** The election will likely also include ballot questions on the two proposed lodges — Gorsuch Haus and Lift One Lodge — which will need to be reconfigured to accommodate the new lift.

The Gorsuch Haus proposal, which had been on hold since spring 2017 while all parties figured out the lift issue, was resubmitted in early September with minor changes. The latest version, which is shifted slightly to the west to accommodate the new lift alignment, includes 81 hotel room keys, four free-market condos, and a slopeside restaurant (some skier services in the originally plan were removed). Lift One Lodge, approved way back in 2011 but under new ownership since 2015, also has a new land-use plan to be reviewed by the City. To accommodate what's now a ski run, the proposal widens the distance between the two lodge buildings to 60 feet and increases the number of timeshare lodging units to 34 (from 22); room keys to 104 (from 84). Two historic buildings on site, the Skiers Chalet Lodge and the Skiers Chalet Restaurant, will be moved, renovated, and re-opened as a ski museum and restaurant, respectively.

More details on these plans will emerge through the City's public land-use process and community presentations in the coming weeks which is expected to wrap up before the end of the year.

Meanwhile, about 3,000 feet up Aspen Mountain, plans are brewing to offer skiers more terrain with more reliable snow cover. The **Pandora expansion** includes 153 acres of future intermediate to expert terrain, plus **a new chairlift to access 15 new developed trails and in-bound glades** (each covering about half the new acreage). Mostly facing east, to skier's right of Walsh's, the planned new area has long been coveted by sidecountry skiers for its plentiful and light and fluffy powder. The new lift, with a 1,260-foot vertical rise, would also allow the three existing double-black-diamond runs — Walsh's, Hyrup's, and Kristi — to extend further down the slope.

Concurrent with the new terrain will be an expanded snowmaking system which would finally reach the top of Aspen Mountain. Currently, snowmaking ends near the top of the Bell Chair. The 50 new acres to be covered would include the Silver Bell, One and Two Leaf, Dipsy Doodle, Buckhorn and North American trails. Dry early winters like in the season of 2017-'18 — which are only expected to increase with climate change — are making expanded snowmaking critical across many ski areas.

With a draft environmental assessment expected to be released this fall, Aspen Skiing Co. hopes to clear all local and Forest Service approvals in time to put all these improvements in place before the 2019-2020 winter season.

SNOWMASS: Back to the Future

When the majority of the **Snowmass Mall changed hands** in June for \$28.5 million, it was the end of an era for the Related Cos., and a return to more locally-focused control of Snowmass's future.

The Mall was the third and last of Snowmass's three commercial nodes that Related relinquished to new owners with deep local ties.

A group led by Dwayne Romero — the former president of Related Colorado and a former Aspen city councilman — and including local investors, now owns most of the shops, restaurants, and common spaces of the Mall from the parking lots to The Westin — ending over a decade of uncertainty as to what the future would hold for the mostly locally-owned businesses. Under Related's ownership, Snowmass's three commercial nodes — the Mall, The Snowmass Center, and Base Village — were at one time envisioned as a \$2 billion redevelopment. That plan would have involved scraping and replacing both the Mall and the Center.

But Romero recently told the Aspen Daily News that the new owners, while looking forward to some renovation and physical improvements, are mostly focused on "supporting the merchants and growing their businesses."

Meanwhile, just down the hill, the 38 -yr-old **Snowmass Center is one step closer to a major facelift** as developers prepare a revised plan for the Town to consider. Local resident Jordan Sarick, whose Eastwood Snowmass Investors bought the commercial center from Related in 2016, wants to expand the project to include a residential component and give it a more Main Street ambiance. The conceptual plan the Town approved in April included adding 17,000 sq ft of retail and office space, with a focus on more ground-level retail and public gathering areas between the current Center and a second building closer to Brush Creek Road. The grocery store, post office, and hardware store would remain.

The major component of the conceptual plan included more than 60 free-market residences, clustered in buildings to the north, east, and south of the existing center. Given the amount of slopeside development planned for Base Village in the coming years, the residences at the Snowmass Center are planned to be geared more toward locals and long-term 2nd home owners

— those who prefer the convenience of nearby shopping and services to the hospitality focus of ski-in, ski-out properties.

More details will come to light during the next and most comprehensive phase of land-use review — which could last up to a year — including how to better connect the Center with Base Village. Related's original plans included an aerial people mover; Sarick's group is proposing a pedestrian bridge.



Progress of Base Village, late summer 2018

In Base Village — the second major piece of Snowmass that Related sold, at the end of 2016 — all the focus now is on this coming winter and the anticipated opening of The Limelight Hotel, Lumin Residences, and Village Plaza. Two new restaurants have been announced, The Limelight Lounge in that hotel (along with a 5-story climbing wall), and The Crepe Shack by Mawa's Kitchen fronting the plaza. At The Limelight, five of the 11 wholly-owned residences are still available, as are two of the three luxury residences in the Lumin building. The public plaza will include an ice rink, patio heaters and outdoor seating in the winter, plus events and activities to be announced. On tap for summer or fall 2019 openings are Village Hall (Building 6), which will include the Snowmass Ice Age Discovery Center, a restaurant, and family amenities like a kids' game room, as well as One Snowmass: 41 full-ownership and fractional residences in two buildings that are anticipated to be introduced to the marketplace this winter.



BASALT: A New Plan for the Pan and Fork

The final piece of the downtown Basalt puzzle may be closer to being decided as a proposal known as **Basalt River Park** is currently under consideration by Basalt Town Council. A mix of 22 new free-market residences, a bistro/coffeehouse, a new home for The Art Base, a visitor center, and one acre of parkland are envisioned for the 2.3-acre site along Two Rivers Road near its intersection with Midland Avenue, which the Pan and Fork trailer park once occupied. A development group, Basalt River Park, LLC, got a warm reception for the idea from the Basalt Planning and Zoning Commission, which voted 5-1 to recommend approval in July.

If Basalt Town Council agrees and approves the plan, Basalt River Park, LLC hopes to break ground on the project next summer.

Twelve of the 22 new units would be situated with great views of, and access to, the river, said Tim Belinski, the local representative of both this project and the company that's developing Willits Town Center. The other 10 face Two Rivers Road. Also included in the application are six affordable housing units and a pedestrian path on the west side to provide public access to the river park.

Basalt River Park, LLC is under contract to buy the property from the Roaring Fork Community Development Corp., which is a co-applicant. If the plan is approved, the developers would sell the one acre of parkland to the Town of Basalt.

The proposal had become a hotly debated public topic well before Town Council's first chance to give its feedback on September 25. Supporters say the high density and critical mass of the residential component will help fuel vitality in downtown Basalt. Other public benefits include a larger home for the nonprofit Art Base, which has become an important cultural hub in the midvalley, and an additional acre of public park land, which would be an expansion of the town's already established riverfront park.

Opponents argue that the proposal's primary focus on free-market residences will not benefit Basalt very much, because they'll likely be second homes which sit empty for much of the year. A recent poll found little support for residential development on this downtown property; instead, locals would prefer to see space where entrepreneurs and small-business owners can gain a toehold. Others would prefer to see little, if any, development, arguing that open space — a downtown rarity — should be preserved for its long-term public benefits.



Proposed Basalt River Park

#1 RESORT OF THE YEAR

Aspen-Snowmass was named #1 in SKI Magazine's "Best of the West" ski resort rankings in the October issue of the magazine. The ranking was based on both editor and reader reviews of their overall vacation experience. In a statement, content director Samantha Berman said that Aspen-Snowmass won for its variety of terrain across four resorts, its family-friendly offerings and its virtually

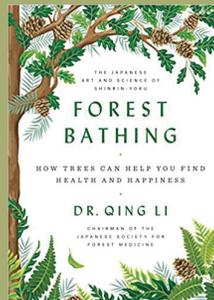
unmatched dining, lodging and apres-ski opportunities. She added that, "... with the resort management's forward-thinking attitude toward the environment and its inclusion in the industry-changing IKON pass, we felt that Aspen-Snowmass was the destination generating the most buzz going into this season." Smugglers' Notch in Vermont was ranked the #1 resort in the East.



WHAT WE'RE READING

*Forest Bathing:
How Trees Can Help
You Find Health
and Happiness*

by Dr. Qing Li



Dr. Li maintains we suffer from nature deficit disorder, but studies have shown that spending mindful, intentional time around trees – what the Japanese call “forest bathing” – promotes health and happiness by lowering stress levels and blood pressure, strengthening our immune systems, and boosting our energy, mood and creativity. Not only a fascinating book, but one which is graphically beautiful and filled with dozens of stunning photographs.

A GREAT AGENT ISN'T THEIR BROKERAGE. THEY ARE NOT THEIR TECHNOLOGY NOR THEIR VOLUMES OF WRITTEN CONTENT, SOCIAL POSTS, AWARDS AND DESIGNATIONS. THEY ARE NOT THEIR LOGOS. GREATNESS CAN'T BE BOUGHT, LICENSED, LEVERAGED OR MANUFACTURED. GREATNESS IS SIMPLY AN EXTENSION OF WHAT A PERSON POSSESSES DEEP INSIDE. IT IS TRIGGERED BY THE LOVE OF A JOB, A PASSION TO PROVIDE SERVICES TAILORED TO A CLIENT'S NEEDS, AND EXECUTED WITH A SMILE, TRANQUILITY AND RESPONSIBILITY.

- Marc Davison, Chief Creative at 1000watt, a California marketing/branding company

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