February 11, 2013

Re: 2012 Real Estate Year-End Review

As we have ended 2012, I wanted to update you with my annual overall market update for the Roaring Fork Valley. My sources are the MLS statistics from the Aspen Board of Realtors as well as the Aspen Appraisal Group graphs.

Below I have outlined highlights in each major area. If you are interested in my detailed reports, please feel free to contact me.

How did we do?

Aspen

In Aspen, December volume represented the strongest month with a record 250% increase over last year and as strong as May 2007. Overall, Aspen was up 50% from 2 years ago and down 40% from the top of the 2007 market. Sales outpaced supply and inventory dropped 19%.

From the prior year sales volume increased 17.5% and transactions decreased less than 1%.

There were 46 Banks sales 2.6% volume and 6% of transactions.

Single family sales accounted for 59 % of the total sales.

The condo market decreased in average sales price 10.8% for condos a million and under which represented 55% of total condo sales.

Land listings declined 25%; the total number of sales for the year exceeded the 2007 pace with a 200% increase in sales from 2011.

Commercial led the recovery with the most activity in 2012 than over the last 2 years. Vacancy is 1-2% in core: 6-8% in class B. We are experiencing a considerable increase of new construction, the surest sign of a market recovery.

- Of the four properties selling for over $10 million three are going to be torn down and redeveloped and only one was purchased as an income property investment with a cap rate under 4% and significant prices were paid for sites entirely rebuilding suggesting Investors believe it is a solid long term investment with below market rental rates and solid appreciation going forward.

Snowmass

Snowmass experienced the weakest submarkets with another year in transactions less than the prior year. The Aspen Appraisal Group believes the Snowmass submarket is three to five years behind Aspen and they are not sure we have seen the bottom with the increase in inventory. Prices took another hit with an average loss of 10.4% on a price per square foot basis.

Increase in inventory with Ski-in average sale $926 S/F and off slope average $518 S/F which reflects below replacement cost.

Inventory increased 1.5% and absorptions are at 3 years.

Land is the weakest category with 6 years of Inventory.

Mid-valley

Basalt and Rural Carbondale showed an increase in transactions of 48% and 25% decrease in Inventory.

Sales Volume was up 39% and the upward pressure from the low available inventory of less than a ½ year for the condo market indicates Mid-valley is well past recovery.

While land inventory maintained the same, the average sale and volume increased significantly

There were 121 bank sales representing 24% of the market and 18% of the volume

Carbondale to Glenwood

Existing inventory levels across the board in Carbondale have decreased for the 2nd year. Sales volume increased 39% as well as transactions increased 32%, making both volume and transactions the strongest since 2008. The strength of the market is at a price point of $400,000 or below.

Commercial had resurgence with volume up 8% and transactions increasing to 47%.

There were 378 Bank sales representing 31% of transactions and 18% volume.

Buyers

The current cycle is clear; we are headed to a Sellers' market with inventory reductions. Higher interest rates are inevitable at some time in the future. My recommendation is to take advantage of low interest rates and before appreciation and inflation begin to escalate.

Note: please see my Summary of Statistics attached for more specifics.

I hope this report provides the information you need to be better informed on our market in the Roaring Fork Valley. Should you want further information or details do not hesitate to call me or see my website at www.karentoth.com

All the best,

Karen

Buyers

We are headed to a Sellers' market with inventory reductions.

Higher interest rates are inevitable at some time in the future.

The current low interest rate environment helps investments by creating a positive (I don't know what the end of this thought is supposed to be?)