



Vail Facelifts Continue this Summer

# Vail Homeowners Association Newsletter

News, Analysis, and Commentary for Vail Homeowners

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## Vail Economy

**The Broader View - Pacing the Taper:** [Globally](#), economic growth has slowed, led by [China](#) and emerging nations. More positively, [European austerity measures](#) are beginning to soften as impacts from the resulting recession persist and the U.S. is showing signs of steady but slow improvement. Growth trends in the private sector are keyed to pacing the tapering off of [U.S. government](#) stimulus expenditures, which so far seem to be constraining inflation and other adverse consequences. A [key target](#) for improvement is that unemployment within a year drops to 6.5% from this May's level of 7.6%, which is largely dependent upon the housing market continuing to strengthen.

**County Economy Gathering Momentum:** The Eagle County economy by these standards is nearly back on its feet. The Eagle County work force level for April of 28,935 had returned to near pre-recession 2009 levels. The [April unemployment rate](#) of 6.26% was the lowest for the same month since 2008 and well under the National figures. With the typical post [ski season](#)

[fluctuation](#), May's preliminary numbers show Eagle County's unemployment up to 9.7% which is much improved over the seasonal spikes of prior post recession years.

**Winter's All About the Snow:** The winter tourism season, taking into account a slow start due to early season drought, saw lodge occupancy increase year over year by 1% and average daily rate (ADR) by 4%, according to a [Town of Vail report](#). Vail Resorts lodging segment company-wide reported for their fiscal 3rd quarter a 2.3% increase in occupancy and 2.9% increase in ADR. Industry-wide, occupancy for the winter season increased by 4% and ADR by 3%.

Town of Vail lift tax collections were up 13% over the previous season. Vail Resorts reported company-wide total skier visits increased for fiscal year [2nd quarter](#) (2.9%) and [3rd quarter](#) (9.1%), on average up 6% over the same two reporting periods in the prior year. Industry-wide, skier visits were up 11% from the 2011/12 season according to a Town report.

Town of Vail seasonal [sales tax collections](#) to date are up 4.86% over the prior winter season. The winter season droughts of the last couple of years showed a halving in the year-over-year percentage increase in sales tax revenues when [compared with a season](#) having stellar snow conditions like the [2010/2011 winter](#) season. A recent Town of Vail report gives [detailed sales tax break downs](#) on how Vail Village and Lionshead businesses performed over the twelve months of the 2012/2013 summer and winter season and how they are expected to perform over the coming summer.

**Summer's All About the Show:** In the summer months the success of headliner events plays a major role in setting and sustaining momentum through the season. Slippage occurred during the 2012 summer season, following two years of an upward trajectory. The Pro Cycle Challenge time trials in August 2011 were the high water mark for that year's successful summer event season. Hotel bookings for 2013 are somewhat lagging behind last summer's pace, but are expected to be on track once adjustments to the summer marketing program are made and the season hits its stride beginning with the 4th of July. The Pro Cycle Challenge time trials are returning, complementing a strong summer season of concert and dance performances. The [shoulder season business months](#) of May and September/October are seeing modest increases, which is being attributed by some to efforts in promoting conferences and conventions.

Some speculate that significant increases should not be expected every successive season as marketing numbers are working from a higher base each year. Others say Vail has too much going on and that it needs to spend more on quality rather than quantity.

**Status of Town's Reserve Funds:** The [Town of Vail Fund Balance](#) declined from a 2010 high of \$93.5 million to \$82.7 million in 2012 attributed to buying down the debt on the Timber Ridge affordable housing complex in the hopes of putting it on a path of redevelopment. Should the Town proceed with some of the large projects it has under discussion, such as a new municipal building (estimated to cost around \$15 million), further declines should be expected. The replenishment of the reserve funds is in large measure dependent upon real estate sales, which have the potential to improve, but have not yet fully recovered, which causes some analysts to recommend a continuation of cautious spending practices by the Town.

**Early Year Resort Real Estate Sales Off:** The [Town's revenue tally](#) reports Vail's Real Estate Transfer Tax (RETT) collections through June 25th are down -31.0% from the same 2012 period. The Vail MLS shows that unit sales are minimally down, but dollar volume is down by 18% over last year at the same time as reported by [Prudential Colorado Properties](#). Local [inventories of available properties](#) are shrinking, but some analysts expect them to expand over the coming months. Through March, by comparison, the [Aspen/Pitkin County Market](#), Land Title reports a -22% dollar volume decline. While the resort market is lagging, mid and lower valley markets are making progress according to the [Land Title report](#) for April. Local analysts say that some buyers believe that sellers of recreational properties are still unrealistically high in their pricing, especially in the higher end of the market.

**New Construction Permits Limited:** The Town of Vail's [building permit valuations](#) are running behind 2012 for the first half of the year. New construction thus far in the season is limited to homes and remodels. Anecdotal reports from local building subcontractors indicate that there is plenty of work, which is a sign that labor costs may be on the rise, which will increase building costs.

**Awaiting the Reopening of the Development Floodgates:** Large project developers are beginning to explore projects that could continue the image makeover in Lionshead. There are also developers who appear to be venturing into uncharted territory in the Golden Peak neighborhood. Others are making adjustments to projects that received approval prior to the recession, but are still waiting for market conditions to ripen.

**Audacious Plans Must Stand the Test of Post Recession Reality:** There are analysts predicting some of the more far reaching development concepts will be audacious in their scope, playing to the desires of local governments to reignite that portion of their financial portfolio. There are those questioning whether there will be depth and longevity in the condominium market once it re-emerges because financial conditions are much different now than before the great recession.

**Large Inventory on the Books:** Vail has a large inventory of condominium units, spread throughout the Town, awaiting developments that were approved prior to the recession. The Town itself has two major affordable housing projects to bring to market. There is a need to finish the redevelopment of several properties in Lionshead; some are still awaiting Town review and final approval. Should the herd effect cause several projects to go into construction simultaneously, it could potentially over saturate the market, which has been the history of earlier building booms gone bust in Vail.

**National Housing Market Prices Stabilizing:** [Unprecedented low interest rates](#) are affecting housing prices nationally causing them to stabilize but some urban markets are seeing banks begin to raise mortgage rates and recent announcements by the Fed may signal the end to low rates. Investor buying is shrinking inventories of saleable properties, which is motivating banks to complete the processing of a backlog of delinquent mortgages causing the foreclosure rates nationally to rise. Bucking the national trend, as of mid-June, the [foreclosure rates for Eagle County](#) were half of what they were a [year ago](#), perhaps a sign that a shrinking inventory of distressed properties will have less of a dampening effect on property values.

**Implications For the Broader Community:** As development activity begins to step up, some critics say the Town has moved too far towards turning Vail from a community into a business enterprise and has not fully thought through the implications. Those in the broader community who have shared common interests have not been given the opportunity to discuss whether the right direction is being taken or not. Ramping up development and business activity can take a toll on the livability, cohesiveness and sustainability of the entire community.

**Eagle County Property Taxes - Snooze and Lose:** There are residential property owners who have serious doubts about the correctness of the [Eagle County Assessor reassessment valuation](#) of some Vail properties. They point to a widespread variation in valuation from areas within Vail and throughout Eagle County. Neighborhoods like [Mill Creek Circle](#) received, on average, a 50% increase in their reassessed values, while other areas in Eagle saw as much as a 50% decrease. This disparity is motivation for some property owners to file a tax protest, particularly within the context of a national downturn in property values since the onset of the great recession. Many non-resident property owners never look at their tax bill; if they did, some might be shocked at what they will be paying.

**Second Chance to File Tax Protest:** Even though the protest period has ended, sources involved in protesting, say that the protest window will open again next year at tax time. At that time property owners can still protest their reassessment valuation, and, if successful, can get a reduction for the tax years covered by the reassessment cycle. Aggrieved property owners, these sources say, should not be deterred by the protest process.

**Off-season moisture created a bumper crop of spring blooms**

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