

ASPENPEAK™

M A G A Z I N E

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ASPEN LIVING Market Value

A Slice of Heaven

Open your eyes to the world of fractional ownership.

By Michael Conniff

IT'S EASY TO VIEW FRACTIONAL PROPERTIES IN THE ASPEN-SNOWMASS MARKETPLACE as a single transformative phenomenon. But even as prices spike and fractionals propel the market further skyward, the trend in the Roaring Fork Valley is in fact *fractionalized*, with prices, locations, and amenities that are all over the lot.

Fractionals are a way for hotels to sell ownerships in hotel and resort properties in fractions—a percentage of ownership that can appreciate while it provides four weeks or more of guaranteed residency. The result is a red-hot market with broad appeal, one that is drawing a new breed of Aspen buyer from all over the country. Realtors say that fractional buyers are also starting to pony up for homes and condos once they secure a fractional, even as they retain ownership of their original piece of the pie. And city officials, happy to see the tax base grow like Topsy, also see the surge as a way to assure that more and more rooms remain occupied during the year.

"The fractional ownerships are doing amazingly well," says Scott Davidson, a broker-partner at Aspen Associates. "That's in all phases. Fortunately we have a variety of fractionals, with the Hyatt, the St. Regis Resort, Aspen, and the Ritz as well. And now you have The Little Nell, which I think is the most unique fractional ever offered in Aspen."

The Ritz-Carlton Club Aspen Highlands and the Sanctuary in Snowmass pioneered the local fractional market in 2000, with the St. Regis Resort, Aspen Residence Clubs, the Hyatt Grand Aspen, and the Residence at The Little Nell becoming available in 2005. The Timbers and the Sanctuary put Snowmass properties in this lucrative game.

The Innsbruck Inn and the Limelight are the latest and most affordable options, while the Aspen Club & Spa is planning 19 units. Other fractional developments are likely to be approved by the city in 2006, including the Dancing Bear, the Chart House, the Hotel Aspen, and the Boomerang Chalets.

"I was just involved in selling a residence at The Little Nell," says Laura Maggos of Laura Maggos Properties. "The fractional I sold is going for close to \$1.8 million. This is a more affordable rate—\$1.8 million versus a single-family home at \$3 million-plus."

Only in Aspen would a \$1.8 million fractional be considered "affordable." But there are also other, truly budget-conscious options, such as the Innsbruck Inn, for \$64,700. And each of the fractional properties has its appeal, from the self-described "cheap" alternative at the Innsbruck to the pampering at the St. Regis Resort, which includes an in-room chef and catered shopping. Some, including the St. Regis, the Ritz, and the Timbers, provide for time that can be used at other properties as well.

"You have the Ritz, the Hyatt, and the Nell, and each of those are wonderful," says Eric Cavarra, a sales specialist at the Sanctuary in Snowmass. "We're a four-season resort where there's always something to do. Snowmass is a little more removed from Aspen, and a lot of folks prefer that."

Farther down the valley in Basalt, the Roaring Fork Club is the only private option in the valley, and the only one that gladly bills itself as a summer resort, complete with golf and fly-fishing.

"We've seen a huge spike [in tax revenues] because of fractionals," says Paul Menter, Aspen's director of finance and administrative services. "It's just unbelievable."

At least 158 resort properties worldwide now offer fractional interests according to Ragatz Associates, and sales grew to \$624.7 million in 2004. Gary Hughes, residence club director of sales for the St. Regis Resort, has booked \$105 million at the St. Regis in Aspen alone.

"Isn't it amazing?" Davidson says of the fractional market. "The most interesting people in the world come here, and they're excited about it. Buying here is something people have been working toward for a long time." ♥♥

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Part & Parcel

The scoop on Aspen's most viable fractional-ownership options.

Residence at The Little Nell

Contact: R.J. Gallagher, Gallagher Sharp West
managing director.

Opening: 2007.

Price: \$1.3–\$1.75 million.

Units: 25

Fractions: 1/8.

Weeks: Four in winter and summer; two in
shoulder season.

Bedrooms: 19 three-bedrooms; five four-bedrooms;
two whole-ownership units.

Association fees: \$16,000–\$18,000.

Amenities: Little Nell Hotel service; ski-in/
ski-out; prime downtown location.

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