

Thinking of selling your Aspen home? Try swapping instead

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ASPEN, Colo—There are promising signs that the Aspen real estate market is picking up, but it is no longer business as usual. While it is still very much a tough market here, sales of luxury Aspen estates have remained remarkably brisk, thanks in part to a new emerging trend: swapping deals.

Pitkin County, home to Aspen, has seen a 39 percent increase in first quarter sales – \$289,131,493 – compared to the same time period in 2010. Aspen reports the highest dollar volume in the county with \$58.7 million.

In this tenuous real estate market, brokers are finding they need to be creative and resourceful to get these transactions closed. The hurdle for most buyers right now is that very often they must sell an existing property before they can buy another. Many buyers want to take advantage of depressed prices, but they usually need to sell an existing home first.

Aspen broker Steven Shane, of SDS Real Estate, Inc., says the remedy to this dilemma is finding a seller who is willing to reduce his financial obligation on his existing property and is willing to take a buyer's property in partial compensation for the purchase of his property – and thus, the swapping deal was born.

Shane pulled out all the stops recently in structuring a six-sided transaction that closed simultaneously and involved buyers from the United Kingdom, California and Colorado.

One of his buyers, from Los Angeles, contacted Shane to sell his property and purchase a larger property, but when Shane couldn't find the right property listed for sale, he rustled up an unlisted property with a seller from Grand Junction who wanted to downsize. In structuring a two-way trade plus cash, Shane was able to accomplish both clients' goals.

The Grand Junction buyer had no use for the home he received, so he asked Shane to resell the smaller exchange property he was acquiring in the trade. Shane then contacted an existing client from London who purchased the property. Both listing and selling sides of all the properties closed simultaneously, on the same day. Shane represented the buyer and seller of three separate transactions all closing on one day.

“There is more than one golden ring here on the Aspen real estate carousel – in this case, there were three,” said Shane.

What price range are we talking about here? The larger exchange property was \$6.5 million, the smaller exchange property was \$2.9 million, which was flipped again for \$2.5 million.

Aspen hasn't missed the housing slump altogether. The number of homes sold last year was about half the level of 2006, and there have been foreclosures and notable fire sales. But, recent signs in 2011 have been promising – especially for properties in the \$5+ million price range.

There have been 18 sales in 2011 for properties \$5 million and more, versus 14 in 2010, which is a 28.6% increase. In addition, there are 26 in this same price range currently under contract versus 24 in 2010.

“We are encouraged and the typically busier summer selling season is just ahead,” said Shane.