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ANALYSIS OF SUMMIT COUNTY ECONOMIC ACTIVITY FOR 2017 REAPPRAISAL

Introduction

This report provides a brief description of the geographic setting, a historical overview, attractions, plus demographic, employment, real estate trends, and housing statistics in Summit County, Colorado. The Assessor's Office has analyzed this data and their effects on real property values for the 2017 reappraisal. These new values employed the appropriate cost, market, and income data through the statutory appraisal date of June 30, 2016. This report was prepared for an annual audit by the Colorado State Board of Equalization of the office's procedures, assessment level and uniformity. Our office is also making it available to all people interested in Summit County trends and property values for the 2017 reappraisal of all taxable real property.

Summit County's real estate transaction volume and price levels have increased throughout the new two-year data collection period ending June 30, 2016. Summit County has experienced increased travel spending, gross taxable sales of goods and services, sales tax collections, and value of new construction. In addition, statistics published by the Colorado Department of Labor show Summit County's unemployment rate has remained flat: 3.8% in 2016 compared to 3.6% in 2014. New construction activity has improved significantly to over \$424 million dollars in 2016. Foreclosure statistics point to a decrease in filings to and sales by the Public Trustee. The local economy has rebounded from the Great Recession and Summit County continues to be a vibrant community to live, work, and visit.

Summit County's website, www.summitcountyco.gov, under the Departments heading to Assessor, has sales lists, detailed Notice of Valuations for the entire tax roll, online appeal instructions, and other useful tools for property owners.

Geographic Setting, Climate, and Local Activities

Summit County is located in the heart of the Rocky Mountains, approximately 65 miles west of Denver in the central Rocky Mountain Region of Colorado. Summit County's easterly boundary is located at the Eisenhower Tunnel on I-70 and the westerly boundary is the top of Vail Pass. Hoosier Pass is the location of the most southerly boundary and Green Mountain Reservoir area the most northerly. I-70 serves as the major access to the County from the east and west and State Highway 9 from the northerly and southerly directions. Summit County's close proximity to the Denver Metropolitan Area is one of the reasons it is such a popular year-round recreation area.

Summit County encompasses approximately 619 square miles or 396,265 acres. The County's Planning Department estimates that 83% of our land area is publicly held, such as the White River National Forest, the Eagles Nest Wilderness area, BLM, State of Colorado, Denver Water Board, local governments, etc. The remaining 17%, approximately 67,184 acres are private land. Most of the private lands can be found along the major river/creek basins (Blue River, Ten Mile Creek, and Snake River) and adjacent to major road corridors.

The County has four primary population centers in the towns of Breckenridge, Frisco, Silverthorne and Dillon. Breckenridge is the oldest town and serves as the County seat. According to the 2010 census, the permanent County population was estimated at 27,994 people, an increase of 18.88% over 2000 figures, which rate of growth was 15th among all Colorado counties between 2000 and 2010. The 2015 population estimate of 30,299, an 8.23% increase over 2010, points to slowing population growth overall, but an increase compared to the early 2010s. The incorporated Towns of Blue River and Montezuma plus the unincorporated areas of Keystone, Copper Mountain, and Heeney comprise the other population centers.

The Summit County Chamber of Commerce website once described the local climate as follows. "The average annual snowfall varies greatly within Summit County: Arapahoe Basin receives more than 30 feet per year; Copper Mountain receives nearly 20 feet; while the town of Silverthorne gets just more than 10 feet. At 40° north and 9,000 feet above sea level, the valleys of Colorado's central Rocky Mountains have very low humidity. Even the lowest temperatures do not seem terribly cold, nor do the hottest days seem uncomfortably warm. Further, 300 days of sunshine a year tend to make every day a little bit brighter."

Summit County is home to four major ski resorts, Breckenridge, Keystone, Copper Mountain and Arapahoe Basin. All areas, with the exception of Arapahoe Basin, are major destination resorts providing full amenities from hotels and condominiums to retail stores and restaurants. There are all types of winter sports for enthusiasts of all ability levels including downhill and Nordic skiing, snowboarding, snowshoeing, ice skating, and snowmobiling. The County is also home to five golf courses, two recreation centers, many miles of hiking and biking trails, opportunities for Gold Medal fly fishing on the Blue River and boating on Lake Dillon and Green Mountain Reservoirs. There are festivals during every season of the year, and a wide variety of retail, restaurant, and other service-oriented businesses.

Combining the ski resorts winter activity with the other recreation amenities available in the summer makes Summit County one of the more popular Colorado destinations both winter and summer.

Historical Overview

The Summit County Planning Department offers the following overview of the County’s history on their website.

“Summit County was established in 1861 as one of the Colorado Territory’s original 17 counties. The county border then stretched from the Continental Divide to the Utah line, and from Fremont and Hoosier Passes to the Wyoming line. Six counties were later created from this early Summit County expanse: Grand, Routt, Eagle, Garfield, Moffat, and Rio Blanco. Today, Summit County is bounded by the neighboring counties of Clear Creek, Grand, Park, Lake, and Eagle.

Summit County first received worldwide attention in 1859 when prospectors discovered gold and silver in the surrounding hills. High country trappers, from 1810-1840, attempted to keep the glittering gold and silver-seamed mountains a secret, but the news filtered out of the remote area to the rest of the United States. By the summer of 1859, hordes of gold-hungry adventurers scaled the snow-covered Continental Divide to the mineral-rich valley of the Blue River, catapulting this gentle valley from tranquil isolation into the gold rush days. Mine camps lined the Blue River and its tributaries and a parade of colorful characters and scoundrels, like Pug Ryan and Methodist preacher John Lewis Dyer, marched their way on to the pages of history.

Bustling new towns exploded into existence just as quickly as they lapsed into ghost towns, like Parkville, the first county seat. Others, like Breckenridge, Frisco, and Dillon, flourished during the days of mining prosperity and clung to life years after the mines played out. Snow first became business in 1946, when Arapahoe Basin Ski area opened. With the opening of Breckenridge Ski area in 1961, Keystone in 1970, and Copper Mountain in 1972, “The Summit” became one of the greatest destination ski areas in the nation and was coined ‘Colorado’s Playground’.”

Ski Resorts

Summit County’s four ski resorts offer a variety of terrain to skiers and riders of all abilities. Each of the resorts has its claim to fame with Keystone offering night skiing, Copper as a true skier’s mountain, Breckenridge’s Peak 8 served by the highest lift in North America, and Arapahoe Basin’s legendary above timberline extremes. The following table details some basic mountain statistics for each of the resorts.

Summit County Colorado Ski Resort Data				
	Arapahoe Basin	Breckenridge	Copper Mountain	Keystone
Lifts	8	34	23	20
Lift Capacity/hour	10,700	46,800	32,324	37,000
Acres	960	2,908	2,465	3,148
Base elevation FT	10,780	9,600	9,712	9,280
Summit elevation FT	13,050	12,998	12,313	12,408
Trails	109	187	140	131
Trails Easiest	10%	11%	21%	14%
Trails Intermediate	30%	31%	25%	29%
Trails Most Difficult	37%	24%	36%	57%
Trails Expert	23%	34%	18%	0%
Average Annual Snowfall	350 inches	353 inches	306 inches	235 inches
Snowmaking Acres	125	600	331	662

Colorado Ski Country USA reported 7.1 million skier visits at its 21 member resorts in 2014/2015, off by a little more than one half of one percent compared to the 2013/2014 season. Although non-member Vail Resorts declined to report their Colorado figures to CSCUSA, the company did acknowledge a 1.4% decline across its resort network. CSCUSA estimated the Colorado total likely fell to close to 12.5 million visits, compared to 12.6 million during the 2013/2014 season, a decrease of less than 1%. Nationally, skier visits fell 5% below the 2013/2014 tally.

Visitation to Colorado ski areas topped 13 million for the first time ever in 2015/2016. Colorado Ski Country USA reported its member resorts saw 7.4 million visits in 2015/2016, up by nearly 5% from the 2014/2015 season. Vail Resorts reported more than 5.6 million visits to their four Colorado areas in the 2015/2016 season. The season started with excellent conditions, which provided enjoyable mid-winter conditions despite spells of warm weather in January and February.

Colorado's downhill snow sports visits improved each season from 2011/2012 through 2015/2016, outpacing nationwide visits for 2015/2016, which saw a small gain over 2014/2015 in spite of weather challenges in the East and Midwest. CSCUSA reported that Colorado accounts for 24% of resort business nationwide.

The increase in skier visits directly led to increases in total fees paid by the four Summit County resorts to the US Forest Service in 2015 and 2016. These fees are based on a percentage of the revenue earned on federal lands and amounted to a 14.6% increase value in 2015 and another 8.6% in 2016.

Summit County's ski resorts have enabled their businesses to withstand dry spells by increasing their snowmaking capability, thereby beginning with a stable base for the winter. Increases in lift ticket prices, season pass sales, snow sport lessons, and summer events at the resorts have also had a positive effect on both resort and local business income streams.

Industries and Employment Data

The dominant basic industry in Summit County continues to be recreation-based tourism. Within the mountain resort counties of Colorado (Eagle, Grand, Gunnison, La Plata, Montrose, Pitkin, Routt, San Miguel, and Summit Counties) approximately 26% of all 2015 total earnings are predicted to be generated from overnight travel.¹ Summit County lies within the most travel dependent region of the state with 2015 figures of \$855.1 million in travel spending, \$213.3 million of industry earnings, and 7,481 jobs.² Each of these categories, travel spending, earnings of employees and businesses, jobs, plus state and local (excluding property taxes) tax receipts from travel-generated purchases improved from 2013 to 2014 and again in 2015 figures.³

Summit County has benefited from increases in sales tax collections together with gross, retail, and taxable sales figures over the past five fiscal years. The following figures point to an improving local business climate as of June 30, 2016, the appraisal date for 2017 valuations. The Colorado Department of Revenue has not compiled these figures since February 2016 due to internal staffing issues, so full data is not available for Fiscal Year 2016; an increasing trend was observable in the seven months that are posted.

Colorado Department of Revenue Sales Tax Collected & Related Statistics for Summit County by Fiscal Year				
	Gross Sales	Retail Sales	Taxable Sales	Net Sales Tax
FY 2012	\$1,758,986,000	\$1,410,941,000	\$ 872,630,000	\$24,780,000
FY 2013	\$1,825,019,460	\$1,492,016,537	\$ 941,737,326	\$26,781,212
FY 2014	\$1,967,981,000	\$1,625,800,000	\$1,043,420,000	\$29,658,000
FY 2015	\$2,133,607,000	\$1,774,938,000	\$1,147,273,000	\$32,232,000

The construction of second homes continues to be an important part of Summit County's visual and economic landscape. The Assessor's Office recorded an actual value of 2017 real property new construction of \$424,437,581, 39% over 2015's total of \$306,279,478. The new construction includes residential, commercial, and industrial structures with single family homes comprising 69% of the dollar value. The growth in the dollar value of new construction is another indicator of a healthy local economy as of the June 30, 2016 appraisal date.

¹ Economic Impact of Travel on Colorado 1996 - 2015, Dean Runyan Associates, June 2016, page vi and 17.

² Economic Impact of Travel on Colorado 1996 - 2015, Dean Runyan Associates, June 2016, page 50.

³ Economic Impact of Travel on Colorado 1996 - 2015, Dean Runyan Associates, June 2016, page 50.

Summit County has a small share in the recent investment at the Climax Mine, which is near the top of Fremont Pass in Lake County. Approximately 9,382 acres of their property lies within the County's Ten Mile Basin and is comprised of tailings' ponds, sites being actively reclaimed from mining operations, and a portion has a number of mining related facilities such as pipelines, water treatment plants, and outbuildings. The company completed a \$60 million water treatment facility in Summit County since commercial mining operations resumed in 2012. The economic benefits in the form of wages, taxes, plus goods and services purchased associated with the mine are very important to the surrounding communities.

Accommodations and food service, government, retail trade, health care and social assistance, construction, real estate/rental and leasing, professional and technical services, plus arts/entertainment and recreation continue to be significant employment categories in Summit County. Figures released by the Colorado Department of Labor and Employment list Summit County's 2013 top-five employment categories as measured by total wages paid (public and private sectors) to be accommodation and food services (24.6%), government (15%), retail trade (11.1%), health care and social assistance (8.5%), and construction (6.3%). Along with occupancy of second homes comes the need for a wide range of resident services such as retail, household, and specialty businesses. A study by the Northwest Colorado Council of Government completed in 2004 analyzed the effects of second homes in Eagle, Grand, Pitkin, and Summit Counties. At that time 67% of Summit County's housing units were second homes.⁴ The Assessor's records indicate that the percentage of non-local ownership continues to creep upward with 68% in April 2011, 68.2% in April 2013, 68.5% in April 2015, and 69.9 in April 2017.

Summit County's unemployment rate has continued to decrease since 2011, showing 2.25% as of June 2016. While the County's rates have always been below those of the State of Colorado and the US, Summit County has a tourism/second home based economy and the economic health of the State and nation has an important effect on local markets. Improvements in the employment rates at the national, state, and local levels have translated into improved business revenue and increasing housing prices throughout the two-year data collection period ending June 30, 2016.

Summit County has continued its steady recovery from the Great Recession with improvements in travel spending, local sales figures, sales tax collections, new construction, and lower unemployment rates from the local to national levels. These trends have had a positive effect on real estate, the next section of this report.

Real Estate Trends

Market Activity from July 2012 – June 2016

The 2017 reappraisal requires consideration of sales during the 18-month data collection period ending June 30, 2016. In order to have complete knowledge of time trends from one reappraisal to the next, the Assessor's Office has analyzed transactions during the 24-month period beginning July 1, 2014 and ending June 30, 2016. The analysis of market activity during this data collection period indicated increases in adjusted sale prices for all types of residential property, commercial, and vacant land. The following chart displays the median adjusted sale prices (total price less personal property), sale prices adjusted to the June 30 date of appraisal, and the numbers of transactions for both the 2015 and 2017 reappraisals. Sales volume was steady or increasing for all types of property. The reader is reminded that comparison of the figures in the following table is not an approved method for the calculation of the monthly adjustment for date of sale and one should not expect to see individual valuations or summaries of value by type to reflect the observations in the following table. This chart depicts differences in sale prices by major property type and gives no consideration to location, land, or structure characteristics. Individual parcel valuations as of June 30, 2016 are dependent upon the appropriate consideration of the statutory methods of appraisal.

⁴ 2004 NWCCOG Second Home Report – Executive Summary, Linda Venturoni, June 2004, page 2.

COMPARISON OF 2017 TO 2015 MARKET ACTIVITY SUMMIT COUNTY COLORADO

	2015 Reappraisal			2017 Reappraisal			2017 Reappraisal Compared to 2015		
	Sale Period July 2012 - June 2014			Sale Period July 2014 - June 2016					
Property Type	Median Adjusted Sale Price	Median Time Adjusted Sale Price (6/30/2014)	# of Sales	Median Adjusted Sale Price	Median Time Adjusted Sale Price (6/30/2016)	# of Sales	Change in Adjusted Sale Prices	Change in Time Adjusted Sale Prices	Change in # of Sales
Condominium	\$282,300	\$292,044	1,606	\$307,950	\$335,882	2,176	9%	15%	35%
Duplex	\$503,500	\$523,120	161	\$568,603	\$606,023	226	13%	16%	40%
Single family	\$662,500	\$690,894	870	\$731,500	\$771,630	1,019	10%	12%	17%
Townhome	\$462,500	\$462,500	333	\$488,450	\$533,069	492	6%	15%	48%
Vacant land *	\$200,000	\$215,411	462	\$250,000	\$269,230	496	25%	25%	7%
Commercial **	\$314,750	\$338,140	132	\$549,900	\$549,900	106	75%	63%	-20%

* 2015 Sale Period: July 2011 – June 2014; 2017 Sale Period: July 2011 – June 2016

** 2015 Sale Period: July 2009 – June 2014; 2017 Sale Period: July 2014 – June 2016

Adjustments for Date of Sale/Time Analysis

Colorado Assessors' Offices are required to analyze sold transactions for the influence of market conditions and adjust to the June 30, 2016 appraisal date. Division of Property Taxation (DPT) guidelines specify four methods to employ for this analysis: re-sales, paired sales, sale ratio trend analysis, and multiple regression analysis. Our office has completed these procedures for each major classification and type of property to determine the final adjustment for date of sale. The following chart displays the adjustment detail for the sales used for the 2017 valuations.

SUMMIT COUNTY RESIDENTIAL CONDOS Adjustment to Sale Price for Date of Sale

Town/Area	Sale Date Interval 1	Monthly %	Calculation Method	Sale Date Interval 2	Monthly %	Calculation Method	Exceptions
Blue River / Breckenridge	7/2014 – 6/2016	0.68%	Linear	N/A	N/A	N/A	None
Copper Mountain	7/2014 – 6/2016	0.59%	Linear	N/A	N/A	N/A	None
Dillon / Silverthorne / Wildernest	7/2014 – 6/2016	0.81%	Linear	N/A	N/A	N/A	None
Dillon Valley Condos	7/2014 – 6/2016	1.57%	Linear	N/A	N/A	N/A	None
Dillon Valley East	7/2014 – 6/2016	1.95%	Linear	N/A	N/A	N/A	None
Dillon Valley West	7/2014 – 6/2016	1.75%	Linear	N/A	N/A	N/A	None
Dillon Valley - Orofino	7/2014 – 6/2016	0.75%	Linear	N/A	N/A	N/A	None
Frisco	7/2014 – 6/2016	0.93%	Linear	N/A	N/A	N/A	None
Keystone North of Hwy 6 & Soda Ridge	7/2014 – 6/2016	0.89%	Linear	N/A	N/A	N/A	None
Keystone River Run & Mountain House	7/2014 – 6/2016	0.69%	Linear	N/A	N/A	N/A	None
Summit Cove	7/2014 – 6/2016	0.81%	Linear	N/A	N/A	N/A	None

SUMMIT COUNTY RESIDENTIAL DUPLEX/TRIPLEX Adjustment to Sale Price for Date of Sale

Town/Area	Sale Date Interval 1	Monthly %	Calculation Method	Sale Date Interval 2	Monthly %	Calculation Method	Exceptions
Blue River / Breckenridge	7/2014 – 6/2016	0.51%	Linear	N/A	N/A	N/A	None
Copper Mountain	7/2014 – 6/2016	0.51%	Linear	N/A	N/A	N/A	None
Dillon / Summit Cove	7/2014 – 6/2016	0.51%	Linear	N/A	N/A	N/A	None
Frisco	7/2014 – 6/2016	0.51%	Linear	N/A	N/A	N/A	None
Keystone	7/2014 – 6/2016	0.51%	Linear	N/A	N/A	N/A	None
Silverthorne / Wildernest	7/2014 – 6/2016	0.51%	Linear	N/A	N/A	N/A	None

SUMMIT COUNTY RESIDENTIAL TOWNHOME Adjustment to Sale Price for Date of Sale

Town/Area	Sale Date Interval 1	Monthly %	Calculation Method	Sale Date Interval 2	Monthly %	Calculation Method	Exceptions
Blue River / Breckenridge	7/2014 – 6/2016	0.80%	Linear	N/A	N/A	N/A	None
Copper Mountain	7/2014 – 6/2016	0.80%	Linear	N/A	N/A	N/A	None
Dillon / Summit Cove	7/2014 – 6/2016	0.80%	Linear	N/A	N/A	N/A	None
Frisco	7/2014 – 6/2016	0.80%	Linear	N/A	N/A	N/A	None
Keystone	7/2014 – 6/2016	0.80%	Linear	N/A	N/A	N/A	None
Silverthorne / Wildernest	7/2014 – 6/2016	0.80%	Linear	N/A	N/A	N/A	None

SUMMIT COUNTY RESIDENTIAL SINGLE FAMILY Adjustment to Sale Price for Date of Sale

Town/Area	Sale Date Interval 1	Monthly %	Calculation Method	Sale Date Interval 2	Monthly %	Calculation Method	Exceptions
Blue River / Breck Vicinity	7/2014 – 6/2016	0.33%	Linear	N/A	N/A	N/A	None
Breckenridge Town / Skiside	7/2014 – 6/2016	0.40%	Linear	N/A	N/A	N/A	None
Copper Mountain	7/2014 – 6/2016	0.40%	Linear	N/A	N/A	N/A	None
Dillon / Summit Cove	7/2014 – 6/2016	0.61%	Linear	N/A	N/A	N/A	None
Frisco	7/2014 – 6/2016	0.61%	Linear	N/A	N/A	N/A	None
Keystone	7/2014 – 6/2016	0.40%	Linear	N/A	N/A	N/A	None
North of Silverthorne	7/2014 – 6/2016	0.61%	Linear	N/A	N/A	N/A	None
Silverthorne / Wildernest	7/2014 – 6/2016	0.61%	Linear	N/A	N/A	N/A	None

SUMMIT COUNTY OTHER RESIDENTIAL Adjustment to Sale Price for Date of Sale

Property Type	Sale Date Interval 1	Monthly %	Calculation Method	Sale Date Interval 2	Monthly %	Calculation Method	Exceptions
Deed Restricted Housing	Depends upon subdivision and covenant. Contact Assessor's Office for more information.						
Apartments	7/2014 – 6/2016	0%	N/A	N/A	N/A	N/A	None
Manufactured Housing	7/2014 – 6/2016	0%	N/A	N/A	N/A	N/A	None

SUMMIT COUNTY VACANT LAND Adjustment to Sale Price for Date of Sale

Property Type	Sale Date Interval 1	Monthly %	Calculation Method	Sale Date Interval 2	Monthly %	Calculation Method	Exceptions
Future Single Family: Area 1, 2, 4	7/2013 – 6/2016	0.20%	Multiple Regression	N/A	N/A	N/A	None
Future Single Family: Area 3	7/2013 – 6/2016	0.00%	Multiple Regression	N/A	N/A	N/A	None
Future Single Family Areas 5 & 6	7/2013 – 6/2016	0.50%	Multiple Regression	N/A	N/A	N/A	None
Tiger Run RV Park	7/2014 – 6/2016	1.20%	Multiple Regression	N/A	N/A	N/A	None
Future Multi-Family	7/2012 – 6/2016	0%	Multiple Regression	N/A	N/A	N/A	None
Non-producing Mining	7/2012 – 6/2016	0%	N/A	N/A	N/A	N/A	None
Commercial	7/2011 – 6/2016	0.55%	Sales Ratio Trend	N/A	N/A	N/A	None

SUMMIT COUNTY COMMERCIAL IMPROVED Adjustment to Sale Price for Date of Sale

Property Type	Sale Date Interval 1	Monthly %	Calculation Method	Sale Date Interval 2	Monthly %	Calculation Method	Exceptions
Frisco Silverthorne Dillon	7/2014 – 7/2016	0.00%	Sales Ratio Trend	N/A	N/A	N/A	None
Breckenridge Copper Mountain Keystone	7/2014 – 5/2016	0.00%	Sales Ratio Trend	N/A	N/A	N/A	None

Foreclosure Statistics

The Assessor's Office evaluates foreclosures and subsequent transfers from lending institutions, known as REO sales, throughout the data collection period to understand their effect on property values. DPT guidelines require that REO sales be gathered, confirmed, and correct property characteristics at the time of sale established. Summit County's foreclosure activity remained low during the new data period ending June 30, 2016, slightly less than the prior time frame concluding June 2014.

The numbers of REO and short sales were low did not have much effect on market transactions over all. In many cases, their prices were close to typical real estate transactions for the neighborhood. Comparable sales, including REO and short sales, used to value individual residential properties may be found on the Assessor's website.

2017 Real Property Value Summary

The appraisal procedures all Colorado Assessors are required to follow are established by the Division of Property Taxation (DPT). These follow the statutory requirement to consider the appropriate cost, market and income approaches to value. Residential property must be appraised using only the market approach. Colorado Assessors' Offices are not allowed to consider sales, cost, or income data that occurred after June 30, 2016.

The 2017 Notices of Valuation detail 2017 values and data characteristics used in their development. It is important that all property owners review this information carefully, and contact our office with noted discrepancies or questions. Appeal dates and procedures are also included with the 2017 Notice of Valuation. The deadline to file an appeal is June 1, 2017.

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