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### **ANALYSIS OF SUMMIT COUNTY ECONOMIC ACTIVITY FOR 2019 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 its effects on real property values for the 2019 reappraisal. These new values employed the appropriate cost, market, and income data through the statutory appraisal date of June 30, 2018. 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 2019 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, 2018. 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 decreased from 3.8% in 2016 to 2.2% in 2018. New construction activity has increased significantly to over \$575 million dollars in 2018. Foreclosure sales remain low, per data from 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](http://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 the 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, is 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 15<sup>th</sup> 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 following is provided by the Summit County Planning Department.

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.

Summit County first received worldwide attention in 1859 when prospectors discovered gold and silver in the surrounding hills. 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.

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.

From 1970 to 1980, Summit County was considered to be the fastest growing county in the country, with a 232% increase in the permanent resident population. Through the following decade, from 1980 to 1990, the county experienced slower growth, increasing 45.6%. Between 1990 and 2000, the population grew from 12,881 to 23,548, an increase of 82.8%, which again ranked Summit as one of the nation’s fastest growing counties.

## **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.

<b>Summit County Colorado Ski Resort Data</b>				
	<b>Arapahoe Basin</b>	<b>Breckenridge</b>	<b>Copper Mountain</b>	<b>Keystone</b>
<b>Lifts</b>	9	34	24	20
<b>Lift Capacity/hour</b>	11,300	46,800	31,784	30,700
<b>Acres</b>	1,428	2,908	2,490	3,148
<b>Base elevation FT</b>	10,780	9,600	9,712	9,280
<b>Summit elevation FT</b>	13,050	12,998	12,313	12,408
<b>Trails</b>	145	187	151	128
<b>Trails Easiest</b>	4%	11%	24%	12%
<b>Trails Intermediate</b>	24%	31%	24%	39%
<b>Trails Most Difficult</b>	38%	24%	34%	49%
<b>Trails Expert</b>	34%	34%	18%	0%
<b>Average Annual Snowfall</b>	350 inches	353 inches	306 inches	235 inches
<b>Snowmaking Acres</b>	125	657	364	662

Colorado Ski Country USA again reported a decrease in skier visits in the 2017/2018 season for its 24 member resorts, back down to 7.1 million following two seasons of slightly higher numbers, 7.4 million in 2015/2016 and 7.3 million in 2016/2017. Although non-member Vail Resorts declined to report their Colorado figures to CSCUSA, the company did acknowledge increases across its resort network over the past several ski seasons.

Colorado ski areas saw an estimated 13.6 million total skier visits in 2015/2016, with slight decreases in the 2016/2017 and 2017/2018 seasons. 2017/2018 saw a slow start, with December and January snowfall being well below average, but finished on a strong note following good snowstorms later in the season.

Data from the National Ski Areas Association shows the Rocky Mountain Region snowsports visits closely following national trends over recent seasons.

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 23% of all 2018 total earnings are predicted to be generated from overnight travel.<sup>1</sup> Summit County lies within the most travel dependent region of the state with 2017 figures of \$973.3 million in travel spending, \$239.6 million of industry earnings, and 7,840 jobs.<sup>2</sup> 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 2015 to 2016 and again in 2017 figures.<sup>3</sup>

Summit County has benefited from increases in sales tax collections in recent years. Sales tax collections exceeded \$79 million in 2017, a 16% increase over 2016.

<sup>1</sup> Economic Impact of Travel on Colorado 2000-2018, Dean Runyan Associates, July 2019

<sup>2</sup> Economic Impact of Travel on Colorado 2000-2018, Dean Runyan Associates, July 2019

<sup>3</sup> Economic Impact of Travel on Colorado 2000-2018, Dean Runyan Associates, July 2019

The construction of second homes continues to be an important part of Summit County's visual and economic landscape. Local workforce housing projects have increased dramatically from 2015 to 2017 and again from 2017 to 2019. The Assessor's Office estimates an actual value of 2019 real property new construction in excess of \$575 million as compared to \$330 million in 2018. The new construction includes residential, commercial, and industrial structures. The growth in the dollar value of new construction is another indicator of a healthy local economy as of the June 30, 2018 appraisal date.

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 9,395 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 2019 top five employment categories as measured by number of employees to be accommodation and food services (36%); retail trade (12%); arts, entertainment, and recreation (11%); public administration (6%); and a tie at 5% for health care and social assistance, construction, and real estate and rental and leasing. 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. It concluded that, while second homes may increase demand for workers, they also reduce available development land and increase property values.<sup>4</sup> While local population continues to increase, the majority of properties in Summit County continue to be owned by non-residents. As of the June 30, 2018 appraisal date, ownership of taxable properties was 33% local, 36% other Colorado, and 31% out of state. These proportions have remained relatively stable over the past two decades, in spite of large increases in local population.

Summit County's unemployment rate has continued to decrease since 2011, showing 2.2% for 2018. 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, 2018.

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 2016 – June 2018

The 2019 reappraisal requires consideration of sales during the 18-month data collection period ending June 30, 2018. 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, 2016 and ending June 30, 2018. 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 2017 and 2019 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, 2018 are dependent upon the appropriate consideration of the statutory methods of appraisal.

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<sup>4</sup> 2004 NWCCOG Second Home Report – Executive Summary, Linda Venturoni, June 2004.

**COMPARISON OF 2019 TO 2017 MARKET ACTIVITY SUMMIT COUNTY COLORADO**

	2019 Reappraisal			2017 Reappraisal			2019 Reappraisal Compared to 2017		
	Sale Period July 2016 - June 2018			Sale Period July 2014 - June 2016					
Property Type	Median Adjusted Sale Price	Median Time Adjusted Sale Price (6/30/2018)	# 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	\$383,000	\$437,508	2,204	\$307,950	\$335,882	2,176	24%	30%	1%
Duplex	\$673,500	\$735,521	211	\$568,603	\$606,023	226	18%	21%	-7%
Single family	\$904,900	\$968,822	1,147	\$731,500	\$771,630	1,019	24%	26%	13%
Townhome	\$655,000	\$734,660	469	\$488,450	\$533,069	492	34%	38%	-5%
Vacant land *	\$244,250	\$256,927	568	\$250,000	\$269,230	496	-2%	-5%	15%
Commercial	\$430,000	\$430,000	65	\$549,900	\$549,900	106	-22%	-22%	-39%

\* 2019 Sale Period: July 2013 – June 2018; 2017 Sale Period: July 2011 – 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, 2018 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 2019 valuations.

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

Town/Area	Sale Date Interval	Monthly %	Calculation Method	Exceptions
Breckenridge / Blue River	July 2016 - June 2018	1.15%	linear	None
Copper Mountain	July 2016 - June 2018	1.14%	linear	None
Dillon	July 2016 - June 2018	1.32%	linear	None
Dillon Valley	July 2016 - June 2018	1.58%	linear	None
Frisco	July 2016 - June 2018	0.85%	linear	None
Keystone nonresort	July 2016 - June 2018	1.87%	linear	None
Keystone resort	July 2016 - June 2018	1.72%	linear	None
Silverthorne / Wildernest	July 2016 - June 2018	1.32%	linear	None

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

<b>Town/Area</b>	<b>Sale Date Interval</b>	<b>Monthly %</b>	<b>Calculation Method</b>	<b>Exceptions</b>
Breckenridge	July 2016 - June 2018	0.78%	linear	None
Copper Mountain	July 2016 - June 2018	0.78%	linear	None
Dillon	July 2016 - June 2018	0.78%	linear	None
Frisco	July 2016 - June 2018	0.78%	linear	None
Keystone	July 2016 - June 2018	0.78%	linear	None
Silverthorne	July 2016 - June 2018	0.78%	linear	None
Wilderness	July 2016 - June 2018	0.78%	linear	None

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

<b>Town/Area</b>	<b>Sale Date Interval 1</b>	<b>Monthly %</b>	<b>Calculation Method</b>	<b>Exceptions</b>
Breckenridge	July 2016 - June 2018	0.90%	linear	None
Copper Mountain	July 2016 - June 2018	0.00%	linear	None
Dillon	July 2016 - June 2018	0.90%	linear	None
Frisco	July 2016 - June 2018	0.90%	linear	No time applied to Water Dance Sub
Keystone	July 2016 - June 2018	0.90%	linear	Alders Townhomes applied +.45% / month.
Silverthorne	July 2016 - June 2018	0.90%	linear	None
Wilderness	July 2016 - June 2018	0.90%	linear	None

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

Town/Area	Sale Date Interval	Monthly %	Calculation Method	Exceptions
Breckenridge / Blue River Non-Resort	July 2016 - June 2018	0.80%	linear	None
Breckenridge Town / Skiside	July 2016 - June 2018	0.74%	linear	None
Copper Mountain	July 2016 - June 2018	0.74%	linear	None
Dillon	July 2016 - June 2018	0.65%	linear	None
Frisco	July 2016 - June 2018	0.65%	linear	None
Keystone	July 2016 - June 2018	0.74%	linear	None
Montezuma	July 2016 - June 2018	0.80%	linear	None
North of Silverthorne, parcels <20 acres	July 2016 - June 2018	0.65%	linear	None
North of Silverthorne, parcels =>20 acres	July 2016 - June 2018	0.22%	linear	None
Silverthorne / Wildernest	July 2016 - June 2018	0.65%	linear	None
Wildernest	July 2016 - June 2018	0.65%	linear	None

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

Property Type	Sale Date Interval	Monthly %	Calculation Method	Exceptions
Deed Restricted	Depends upon subdivision and covenant.			
Apartments	July 2013 - June 2018	0.75%	not compounded	None
Manufactured Housing - Tiger Run	July 2016 - June 2018	0.25%	linear	None
Manufactured Housing - All Other	July 2013 - June 2018	0.00%	N/A	None

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

Property Type	Sale Date Interval	Monthly %	Calculation Method	Exceptions
Econs 1, 2, 4	June 2015- June 2018	0.40%	compounded	None
Econs 3, 5, 6	June 2015- June 2018	0.60%	compounded	nhood 20700, nhood 20750, subcode 2339
Econ 5 nhoods 20700 / 20750	June 2015- June 2018	0.40%	compounded	None
Econ 5 subcode 2339	June 2015- June 2018	0.00%	N/A	None
Tiger Run RV Park	July 2016 - June 2018	0.00%	N/A	None
Multi-family Development	July 2013 - June 2018	0.00%	N/A	None
Non-producing Mining	July 2013 - June 2018	0.00%	N/A	None
Commercial	July 2013- June 2018	0.85%	not compounded	None

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

Town/Area	Sale Date Interval	Monthly %	Calculation Method	Exceptions
All Areas	July 2016 - June 2018	0.00%	SA Ratio	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, 2018, with an estimated 2/3 of foreclosures processed being condominium timeshares.

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 used to value individual residential properties may be found on the Assessor's website.

#### **2019 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, 2018.

The 2019 Notices of Valuation detail 2019 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 2019 Notice of Valuation. The deadline to file an appeal is June 3, 2019.

Summit County's website, [www.summitcountyco.gov](http://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.