

# ERNEMANN REAL ESTATE

## Case Study

### **The “Traditional” Approach to Marketing and Selling Aspen Properties**

There are literally hundreds of examples of the “traditional” approach to selling homes (and land) in Aspen. With a few very rare exceptions where listings have gone to auction or some other non-traditional path to selling 99%+ of the properties sold in the Aspen area have followed the “traditional” approach.

We feel there is merit and opportunity to explore an alternate approach for at least 50% and probably closer to 80%+ of the properties (and sellers) in the Aspen area (see “Limited Offering Period” and “Auction” approaches).

For those who feel the traditional approach is most appropriate it should be a familiar process...that said, we have crafted some subtle adjustments that can make a big difference with regard to the seller’s ability to negotiate a higher price and stronger contract terms. We would welcome the opportunity to discuss these nuances and how they may apply to your particular property and situation.

The average days on market for a listing in the Aspen area is often around a year +/-! Most people don’t realize how seasonal our resort and real estate market can be, and although Aspen has a world-class reputation it also has a relatively small pool of potential buyers for real estate at any given time.

For the purposes of this case study we’ll examine two different properties that followed the “traditional” approach to marketing the listings. To grossly summarize the process, after a listing agreement is signed all of the necessary marketing information is assembled (i.e. photos, video, website, MLS entry, print advertising, online/social media advertising, website, etc.). Normally a property is “launched” into the marketplace when it’s entered into the MLS, followed by open house(s), showings, etc.

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After the property has been introduced to the market it becomes a bit of a “wait and see” game hoping that the property is positioned and priced appropriately to attract buyers quickly. In essence the real estate agent does their best to “hunt” for buyers with their marketing efforts, but in reality it’s the buyers today who hunt for properties (and sellers) that could be a match for their specific needs and desires. Once a buyer identifies a property to their liking the negotiation begins.

In the Aspen area it can literally take years for some properties to attract a suitable buyer, while other may go to contract immediately. Location, price, positioning, style, views and so many other factors determine a property’s time on the market, and the longer a property sits on the market the less likely a contract price close to the list price will be achieved. Let’s look at two very different examples:

## **7846 Snowmass Creek Road**

A beautiful 9,735 square foot home on 32 acres in Old Snowmass. The property was originally listed for \$18.25M in 2013 – a price far above the market for that area at the time. After a major price reduction to \$9.5M in 2014 the property sat on the market with showings but no offers for the next few years.

Ernemann Real Estate was engaged in 2017 and took on the listing at \$7.895M – a price more in line with the market but certainly on the high end of the range. After several showings and a few offers the list price was subsequently reduced to \$6M in 2018, and after it was determined a significant amount of deferred maintenance and failed mechanical systems needed attention the price was reduced once again to \$4.9M in 2019.

Nearly seven (!) years after originally listing the property for sale a successful contract was negotiated. The extended period of time to secure the “right” buyer was partly a factor of the property’s location (somewhat remote) and even more so the overly aggressive listing price for the first few years of the listing.

Had the property been appropriately priced (and positioned) there’s no reason it should have taken more than 12-18 months to secure a suitable buyer, and almost certainly the contract price would have been significantly higher than the ultimate sale price. This listing is the perfect example of how the “traditional” approach can backfire if an appropriate price and strategy is not determined prior to going to market, and subsequently executed upon by the listing agent.

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## **566 Race Street**

A 3,765 square foot home located in a relatively desirable neighborhood proximate to downtown Aspen. The owner contacted Ernemann Real Estate to determine a list price that would result in a sale in a “reasonable period of time” – meaning weeks or a few months at most.

Based on the recent sales comps, available inventory and smaller size of the home it was determined that a list price of \$3.99M would generate sufficient interest at the time.

All the marketing materials and information about the property was gathered by our team prior to listing the home for sale.

Within a few days of hitting the market the home went to contract at full price. A second buyer emerged and negotiated a backup offer (also at the \$3.99M list price). The first buyer decided to terminate their purchase contract due to concerns about future construction impact of a neighboring property and the backup offer translated to a successful closing.

While it’s unusual for Aspen area properties to generate multiple full price offers within days of going to market, this phenomenon is commonplace in many other real estate markets around the world. There’s no reason to price Aspen properties that should have a near-term buyer pool of “more than one buyer” at a list price that causes the listing to linger on the market.

Did the seller leave money on the table? Perhaps but it should be noted there was not a “bidding war” or other buyers lining up at a price higher than the list price. We feel this was a prime example of listing and positioning a property appropriately for the market conditions at the time.