Most recent concept plan for the redevelopment of West Lionshead.

Letters to Vail

Vail Homeowners Association

VHA Report:

Recession-related Behavioral Patterns
The effects of real estate recessions upon Vail.
September 4, 2025

Vail has historically been fairly resistant to devaluation. Real estate in the area is typically the ‘last in and first out’ of a recession. If trends of past Vail recessions hold, the TOV could experience a rush of speculative large-scale development applications spurred by anticipation of an oncoming economic slow-down. Is such a rush currently underway? The Vail Planning and Environment Commission (PEC), is expected to hear proposals for several large projects during its meeting on September 8th.

When recessions occur, development is often postponed pending improved market conditions. The competitive nature of development motivates developers to be ready with a buildable project by gaining approvals on projects before the economy dips. Then they are ready to spring into action once the economy regains its footing.

The “Titanic Effect” is a behavioral metaphor to explain what happens when an economic disruption takes hold. “Avoid overloading the lifeboats". The metaphor speaks to the jarring effects predatory speculation can have upon the community in anticipation of recession. An overabundance of speculative investment could swamp real estate inventories and drive values downward.

Vail has evolved a set of economic maxims as a result of navigating past downturns. For example, savvy investors do not engage in development projects until Vail Resorts (VR), the mountain operator, invests in its own development projects. This may in part be why the planners of West Lionshead are not rushing to Town Hall with shovel-ready projects.

The community and investors should raise concern before the market becomes flooded with speculative inventory. Flooded markets contribute to deflating property values. Fluctuations in deflationary value vary among the community's neighborhoods and ripple out from Vail into the surrounding region.

Several major projects proposed or in the pipeline would contribute hundreds of new housing units to the Town's inventory in addition to large projects in nearby communities that will compete with Vail real estate.

A broader context indicates patterns which in the past have been warning signs to take steps to stabilize the tourism and development economy. Some steps that proved effective include: Reduced allowable size of developments. Proof of secured financing for the required essentials to guarantee completion of the project, once begun.

Economic stability is disrupted by ill-informed speculative investment. Overweighting the inventory of salable residential housing through speculative developments invites financial dislocation when projects begin construction, encounter financial distress, and are not completed. They stand as empty hulks, undermining confidence in the development and real estate sectors.

Vail and Avon have experience with developers of large buildings who fell into financial distress midway through construction. In large measure, local government has to take corrective action to manage the default. These are heavyweight issues that have wide-ranging implications for the financial standing of the community, its property owners, and taxpayers.

The question is, given current economic and political circumstances, is it time to take a proactive approach, including embracing successful remedies applied in similar conditions in the past? In addition to size and financing regulations, measures include declaration of an emergency and a six-month moratorium on development approvals. Processing applications continues in accordance with procedural norms and agendas. Final approval does not occur until applications are approved for final hearings and development agreements.

Colorado moratorium statutes stipulate that effective protective countermeasures must be agreed upon within six months of the imposition of a moratorium. In the interim, prospective countermeasures can be readied that anticipate events that prolong the dislocation of markets.

The aim is to emerge from downturns with shovel-ready projects that are released for development in a manner that limits flooding markets with excessive inventory. Having a plethora of approved, and unbuilt projects on the books has been known to put downward pressure on Vail property values. Well-timed downsizing can help increase and retain value.

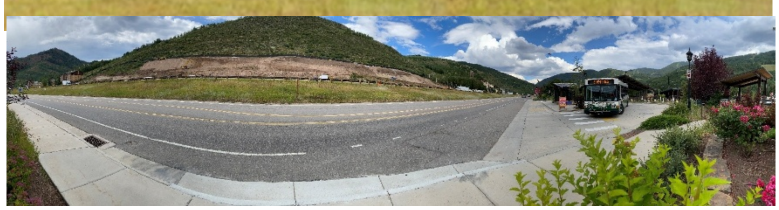
Flight of wealth by foreign interests deserves consideration, foreign investors finance speculative development in Vail as a means of protecting wealth against the devaluation of their country's currency. Foreign investors have been a driving factor in the Vail economy beginning in the late 70s.











Projects on the drawing boards with approval applications pending before the Town of Vail. Left to right, top to bottom Lionshead Circle Residences, Concert Hall Plaza, Cornerstone (Cascade Village Evergreen Hotel, Apollo Park (Vail Mountain View Residences), 2111 West Frontage Road (West Vail Commercial Center). Immediately above: Projects underway, left to right, West Timber Ridge and West Middle Creek affordable housing.

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VHA invites letters of interest to assist in its membership and reader development efforts.

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VHA is a member and reader-supported non-profit funded by voluntary annual dues and contributions of its paid subscribers and readers. Many members are part-time resident property owners from Vail's founding generation, their children, and succeeding generations of first-time owners who have discovered the intangible qualities that Vail brings to their lives. As Vail grows, traditional assumptions of political activism have become more complicated and costly.

Memberships and contributions fuel the VHA Reports, Letters to Vail, and help VHA respond to important issues, expand its reach, and ensure transparency. VHA is thankful for the support and participation of the Vail community. We pledge to remain at the forefront of advocating for the mutual interests of full and part-time residents and property owners.

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