

Dear Mike,

I met with Rebecca Reichlin from Girdwood City Realty (GCR) and we discussed her experience in the rental market and in the home sales market.

Rebecca was in charge of Property Management of long term rentals for GCR, primarily, for her job in the mid 2000's up until the last few years. She has stepped away from that business and now is involved solely in Home sales. In 2012 she had 54 rentals she managed and at the end of her term, up until around 2018, she had only 12. She stated that the decline was a combination of the owners selling, converting to STR's and simply re occupying them. She said it is a mix and she didn't have exact data on each. Those are pretty impressive numbers! A definite shift in the long term rental market.

Another topic we discussed was inventory and pricing in the housing market, which includes stand-alone homes and condos. Attached are comparison sheets she prepared with sales data as well as a copy of the GCR letter with year by year comparisons up through 2020. She feels that the majority of sales are to in state owners that view Girdwood as a good second home area and or as investments. Some are ski families that want a place for weekends with the kids, second home skier's and ski racer families that don't want to stay at the hotel or do STR's. But these are in state purchases. Similar to what Erin Eker stated at our last meeting, sales are not to out of state investors. This is also impressive and valuable data.

Personally our nightly rental business has seen a lot of repeat travels to our places over the years. We have also grown the in state market that doesn't want to stay at the resort, they like the cabin feel, and the freedom to eat in or go out! I strongly feel that the internet is a major reason that we have seen growth and interest in Girdwood. It is no longer a small town/state secret, it is very visible and popular on line! We have wedding parties that find our accommodation very popular due to some blogs and other on line write ups that are linked to "Wedding" market. We have bloggers that have found us and have done write ups that increase our visibility as well as the visibility of Girdwood! There is even a New York Times article about Alaska that specifically highlights Girdwood. This exposure has drawn a multitude of interest to the Valley, not only to recreate but to invest in and have a home or second home.

**The other issue I wanted to address for a while is solutions to problem STR's properties:**

I had a great phone conversation with "Andre Atchee", Whittier chief of Police to discuss problems with STR's and their ability to respond to them. We discussed Whittier's jurisdiction in Girdwood and Andre stated that they are under a state contract similar to the Troopers, but that many of the state ordinances cross over with the Anchorage municipality ordinances. They can and do respond to noise disturbances, safety issues, trespassing, garbage issues etc. throughout Girdwood. They have responded to issues many times throughout Girdwood at STR properties, on Timberline specifically and on Upper Echo.

They will respond if called and can do the following:

Assess the disturbance and validate it

Communicate with the responsible party involved and request that they stop the nuisance

If no one claims responsibility or ownership of the property they can be removed for Trespassing

They are not allowed to enter the residence unless they are given permission

They generally issue a warning the first time and get the party to comply with the issue; e.g. reduce noise, move illegally parked vehicles, secure trash

If the property doesn't comply and they have to return, and or it becomes an ongoing problem then they can cite the owner with a class b misdemeanor and they will have to appear in court –

- Along with a court appearance they can be issued a \$200-\$500 fine.

Andre stated that they are aware of the STR problems and do respond and will respond to complaint calls from neighbors.

Andre specifically was interested in a list of STR's with ownership information, contact info. etc. so he would have information if responding to a disturbance. He asked me if I could get him a list. Is one available? And or who would I contact to obtain it for Andre?

I feel that this information should be presented at our next HWG so it is on record that there is a legal avenue for the community to address problem properties. Along with this, it is very easy to find out how a property is listed ( On airbnb, Travelocity, VRBO etc.) on the internet and contact that agency with complaints. Our rental properties are listed with these companies and they have strict compliance requirements. If a property becomes a problem, it will be removed. The community statements at our meetings and GBOS imply that they don't know how to handle these issues, while there already are solutions in place and they just need to be informed or do a little research themselves instead of just complaining.

The last issue I want to discuss and we have discussed for a while at our HSG meetings is regulation. This is a very difficult issue to address. I feel it is not government's role to control the business market, except in monopoly's, illegal actions, or problem business activity. But in Girdwood's case, we have a documented influx of STR's, due to the availability of being able to list a property remotely without being on site or local. When someone creates any business without local over site and management this will create a problem!! My wife and I have worked very hard with our STR's to make sure they are operated professionally and do not create nuisance's for our neighbors. We are local, on site and are involved and participate in the community. We are Girdwoodians and care about our community!

With the introduction of business's like "AirBnB", VRBO etc. vacant properties now how the ability (Fairly easy) to list their properties and make some supplemental income. I don't have all of the data, but many of the second home (Ski cabins/condos) owners and my remodel clients, have been very interested in listing their properties in between ski season to help offset their costs. So the Spring/Summer/Fall season that the property isn't being used, 6 months roughly, are being looked at for STR's. Makes sense, but presents a potential nuisance problem and does take a potential property out of the long term rental pool. A pool that would only be available for 6 months though, that is something renters need to be honest about. The second home owners are not going to make their properties available during ski season unless they have vacated them.

### **Summary/Solutions**

So, we aren't going to be able to force an owner to put their property in a long term rental pool. If they want to use their property at certain times of the year, then a long term lease won't work. But if an owner wants their property to be in the Girdwood STR pool then they must operate with certain

restrictions (Regulations). Owners must be local and live in Girdwood in order to provide strict over site and management or have local management that provides these services. (Which VACASA is a main option for this, but has proven to not be very impressive on management and charges up to 40% of the booking rate for a commission!!!!!!) There are a few individuals offering management services as an alternative.

I feel strongly about local ownership and do not want our properties to be purely outside investments. It not only creates a nuisance but takes properties out of the long term pool or sales market and is not a healthy model for our rental and home ownership problems. 251 STR's ???? that's crazy!!!!

The question is how can we force local ownership/management/over site? What tools do we have to implement this? Is there a pre made model to use or do we need to develop our own? Do we need to get GBOS, community or Muni approval? I don't know this world but would be happy to help you with this research.

So that's my research. I feel we have met and discussed these issues for a long time at the HSG working group and we have addressed the main issues and gathered as much information as possible; Exorbitant home sale pricing/inventory shortages, Short term rental nuisances and taking away long term rental opportunities, long term rental pricing and inventory. I think we should write a report to GBOS with our research and findings and then disband the HSG working group or reduce it to semi-annual or yearly meetings. We have exhausted our information at these meetings and we are just drifting along and we should wrap it up.

Sincerely,

Patrick Doran

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Covid 19  
Decline in  
stock market

chart

2.5%  
interest  
rates

2020

low  
multiple  
offer

Sellers  
market

2015

Homes  $9 + 3 + 8 + 7 = 27$   
Condos  $5 + 5 + 8 + 5 = 23$   
Vacant Land  $4 + 5 + 6 + 4 = 19$

2016

Homes  $7 + 12 + 8 + 6 = 33$   
Condos  $2 + 7 + 6 + 6 = 21$   
Vacant Land  $3 + 1 + 1 + 2 = 7$

Lack  
of  
inventory  
3 vacant  
rentals

lagging sales

1st  
offer  
offer  
offer

\*chart

2017

Homes  $5 + 7 + 5 + 5 = 22$   
Condos  $6 + 5 + 3 + 5 = 19$   
Vacant Land  $7 + 6 + 2 + 3 = 18$

lack of  
inventory  
good  
winter  
multitier  
offer  
values  
approach  
steadily

\*chart

2018

Homes  $7 + 7 + 5 + 7 = 26$   
Condos  $3 + 12 + 1 + 4 = 20$   
Vacant Land  $2 + 3 + 2 + 1 = 8$

sale  
of Alyes  
great  
short  
times

more  
tech  
realtors  
demand  
for  
inventory  
10 days  
on  
market  
scarcity

2018 → 2019

Resid sales 31% increase  
Condos in price  
16.6%

2019

Homes  $7 + 5 + 6 + 7 = 25$   
Condos  $2 + 4 + 6 + 6 = 18$   
Vacant Land  $4 + 7 + 3 + 0 = 14$

lack of  
price  
homes 450K  
Nordic ski  
spa



Covid 19 in  
Declines in  
stock market

chart

2020

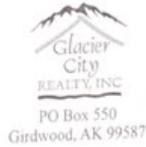
Homes	$7 + 7 + 8 + 7 = 29$
Condos	$6 + 4 + 5 + 11 = 26$
Vacant Land	$0 + 0 + 2 + 1 = 3$

2.5%  
interest  
rates  
2020 L  
inventory

2021

Homes	$2 + 9$
Condos	$5 + 4$
Vacant Land	$2 + 4$

good ski  
season  
2 homes  
>\$1 million



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**Girdwood Area Condo Sales - 5 Year Comparison**

Year	# of Sales	Average Sales Price	Average Days on Market
2014	26	\$258,760	52
2015	24	\$262,958	53
2016	21	\$304,614	65
2017	19	\$297,184	37
2018	19	\$328,263	3

**Girdwood Area Residential Sales**

Year	# of Sales	Average Sales Price	Average Days on Market
2014	33	\$388,929	74
2015	26	\$368,079	74
2016	33	\$392,789	54
2017	24	\$436,000	47
2018	26	\$415,942	58

impact the market in a negative fashion. That has not been the case. Pomeroy Lodging, a Canadian firm, is primarily in the hotel business. A four seasons resort will be new territory for them. Thankfully, John Byrne III, former

**Condos - 282 Crystal Mountain Road #204S (Alyeska South Brighton Condos)** This is yet another instance where a FSBO Seller had a real estate professional represent a Buyer in a sale. This particular unit was "vintage" with the original fireplace facade, original appliances (no refrigerator) and was advertised as needing carpet and paint. **282 Crystal Mountain Road #210 (Alyeska South Brighton)** is located in easy striking distance of Jack Sprat, the Bake Shop and Chair 3. Hard to beat that. Like most of the older "compass condos" (East, West, North and South, which is comprised of the Brighton and Olympic buildings) the Brighton Building has had numerous upgrades over the years. These upgrades and improvements are a big part of why these condos do well on the market. The Brighton building as of late has been a magnet to a lot of younger families and the sense of community you feel when walking through the common areas on the weekends is clearly present. **282 Crystal Mountain Road #201S (Alyeska South Brighton)** is a studio condo in the same building as the other two condos mentioned earlier. Location, location, location. **314 Crystal Mountain Road #206 (Timberline Condos)**. This association tends to be very popular due to the floor plans, proximity to the mountain and

amenities of the common areas. One of the great features of the studio condos in Timberline is the accordion divider wall that can separate the kitchen and dining area from the living room area. The bathroom is larger than most and the amount of storage in the entryway closets is also a big draw. Timberline units typically have a private storage closet on the ground floor in a common room. Most of the studios (including this one) also have a washer and dryer in the unit. It sold turnkey furnished. **These 4 condos sold for an average of 101% of their original sales price in an average of 1 day on market.**

**Vacant Land - L2 Verbier Way** is a slope side lot near Chair 3 with ski to your door access. The Verbier Way subdivision has all utilities to the building sites and paved road access. Since there was just the one vacant land sale this quarter, no statistics are available.

**Broker Summary** - This past quarter was marked by scarcity in the market place, short marketing times, and high list to sell ratios (properties are selling at very near their original sales price across classes). That being said there were a couple of notable developments. There was some speculation in the market that the recent sale of Alyeska Resort might

owner of Alyeska Resort, is leasing the mountain operations this year, thus allowing Pomeroy Lodging an opportunity to become familiar with resort operations and management. Over the course of his tenure as Alyeska Resort owner Mr. Byrne made many improvements to the facilities and infrastructure. This should make the transition easier than when Mr. Byrne came in and inherited years of deferred maintenance from the Seibu Corporation. **The second notable occurrence for Girdwood was the impact of the November 30th 7.0 earthquake.** Though the epicenter was located north of Anchorage, Girdwood was shaken hard. In the aftermath of the quake, some folks are championing the incorporation of the Municipality of Anchorage's building code on Eagle River, and in all likelihood, Girdwood. I am not advocating one way or another. I am encouraging Girdwood and four valley residents (Bird, Indian, Girdwood and Rainbow) to pay attention as this discussion unfolds. Looking forward to 2019 I believe we will continue to see strong demand for Girdwood properties with a very small inventory of properties to choose from.



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Let's take a look at the statistics going back the past five years to 2013:

**According to the Alaska Multiple Listing Service Sold data for MLS Area 101 (Turnagain Arm) which includes Rainbow, Bird Creek, Indian and Girdwood:**

Residential	# of Sales	Median price
2013	33	\$365,000
2014	33	\$363,000
2015	27	\$365,000
2016	33	\$405,000
YTD 2017	17	\$360,200

Condo	# of Sales	Median price
2013	39	\$319,000
2014	26	\$215,000
2015	26	\$283,000
2016	21	\$310,000
YTD 2017	14	\$317,000

Vacant Land	# of Sales	Median price
2013	12	\$140,000
2014	9	\$105,000
2015	19	\$155,000
2016	8	\$122,750
YTD 2017	15	\$140,000

The market in Girdwood and Turnagain Arm is extremely stable. Looking at the last 5 years, the number of **Residential** sales has decreased considerably in 2017. It would take 10 residential sales in the fourth quarter to match the next lowest year of 2015. For **condos** the number of sales is trending lower & even more dramatically from a high of 39 in 2013 to what will likely be a 5-year low in 2017. The number of **vacant land** sales has fluctuated and remains relatively stable as far as the median price. *Note: median price may*

*change easily based on several homes over \$500,000 being sold.*

Sellers seem to be hesitant to put their properties on the market as demonstrated by the dramatic drop in the number of residential and condo listings. Despite the fact that prices are very stable, market times are short and concessions are less than they were a few years ago. Vacant land sold quickly back in 2015 and I believe we are going to see the median sales price increase over the next few years driven by the lack of inventory. In my professional opinion, until the legislature for the State of Alaska demonstrates fiscal responsibility by balancing the state budget, we will continue to see a reduced number of sales in Girdwood driven by this hesitancy on the part of Sellers. The paradox is, of course, that now is a great time to sell based on scarcity in the market. I am hearing from Buyers that they are frustrated at the lack of available inventory and how quickly properties sell, especially those homes in the sweet spot between \$250,000-\$350,000. As we close in on the end of 2017 it does appear that real estate sales in Girdwood will be driven by the same economic factors in 2018 that we saw this year. Now, I could be wrong. The legislature may miraculously decide to balance the budget, despite the fact that an election year is coming up. It's also possible that we will see nothing but sunshine the remainder of this fall in Girdwood...

*If you are a buyer, we highly recommend that you come in and talk to us about your real estate needs. We will get you set up on a property search to ensure you don't miss out. With the average days on market being less than a week, you need a professional on your side to help you navigate the purchase. If you are a seller, let us provide you with the information and marketing tools you need to sell your Girdwood property 907-783-1910.*

After 10 years in our current location, **Glacier City Realty, Inc. is moving our Girdwood office to 110 Glacier Creek Drive.** Same great service, new location! Our contact information will remain the same and we will continue to meet clients in our new Girdwood office location and our Anchorage Branch office at 207 E. Northern Lights Boulevard, Suite 122.

**Tip of the Glacier...**

*According to the Municipality of Anchorage Open Data website:*

- There are 735 single family homes in Girdwood. Of those, 444 have a Girdwood mailing address and 216 have an Anchorage mailing address. That would equate to 60% of Girdwood homes that are occupied by full-time residents, 29% live primarily in Anchorage and 11% are out of town owners.
- There are 483 condos in Girdwood, 85 (17%) of the condo owners have a Girdwood address and 293 (61%) have an Anchorage mailing address.
- There are 264 vacant lots in Girdwood, of which 85 of the land owners have a Girdwood address. 32% reside in Girdwood and 68% do not.

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multiple level condo with a tuck under garage. Finer features include in-floor radiant heat, gas fireplace, custom kitchen and both front and back decks. This is a small association and units don't sell often. The Seller was the original owner and one of the primary drivers in the construction of this project. **130 Taos Road #A-5 (Sitzmark Condos)** is located on Taos just below Chair 3 and due to its location on a small knoll, has a commanding view of Girdwood Valley. It has been extensively and tastefully remodeled. The floor plan is unique for Girdwood condos and typically includes a large jetted tub. **340 Hightower Road A201, A202, A301 & 330 Hightower Road A201 & B102 (Snow Raven Condos)** - All five are two bedroom units located in the same association. 2020 was the year of Snow Raven sales for sure! These units, though located away from the mountain near Girdwood School, have become increasingly popular. Each unit has in-floor radiant heat, its own private boiler, deck suitable for hot tub, finer finishes and the association allows nightly rentals. They have remained somewhat more affordable comparative to two bedroom units on the mountain and also have heated garage parking. **190 Snowy Court A2 (Snow Ridge Condos)** has been completely remodeled including travertine stone flooring, carpet, quartz countertops, a natural gas fireplace and include both a sauna and deck with a hot

tub. These condos are located just below Chair 4 off the Daylodge parking lot and have a highly desirable floor plan and great parking. **434 Alyeska View Avenue #3 (Snow Bird Chalets)** is a free standing condo at the base of Max's Mountain below the Tanaka lift. It has been completely remodeled including granite countertops, natural gas fireplace, tile and hardwood floors, California closets and trex deck with a hot tub. *These 11 condos sold for an average of 97% of their last active list price with an average of 30 days on market.*

**Vacant Land - Lot 19 Block 1 Hightower Road** - This is a commercial lot located in the New Girdwood Townsite between the Ski Inn and Girdwood Health clinic. Though the lot is comparatively small, it is suitable for a small office building. It will be interesting to see what the new owners construct on the property.

**Broker Summary** - 2020 went out with a bang! Condo sales were the hot commodity during the 4th quarter. Both residential and condo sales prices have increased drastically in the past two years (see chart below). Why? The pandemic has exacerbated what was already a rapidly accelerating market. Many families are looking for a place to gather with family and friends in their social bubble and enjoy the great outdoors. A national trend in telecommuting is driving sales in rural areas and ski towns in particular. Add to

this record low interest rates, and we have the perfect storm. Alyeska Resort has shown insight with construction of the new Nordic Spa and taken the steps needed to operate the mountain safely this ski season. Will prices continue to increase year over year at the rate they have been? Time will tell. If tourism bounces back strong in Alaska as the COVID-19 vaccines go into wider circulation, our state and Girdwood in particular stand to benefit. It's an exciting time to be a part of the real estate industry and the community of Girdwood. I believe Bird Creek and Indian will grow in popularity as well. Prices have reached a point that the Municipality should, in my professional opinion, consider offering up Heritage Land Bank property for development, such as the Holton Hills subdivision located on the Crow Creek Road side of the valley. Pre-pandemic, Alyeska Resort had planned to build additional midlevel management staff housing which seems a wise move as we move into the "new normal". I am optimistic that the market will remain strong in Girdwood and that we, as a community, will pursue new avenues to meet the housing needs of Girdwood.

If you are considering Buying or Selling in Girdwood, Anchorage or Eagle River, please call or email me.

Sam Daniel, 907-227-4626  
samdaniel@glaciercityrealty.com.

**10-year Comparison Report - Girdwood/Turnagain Arm**

RESIDENTIAL			CONDO			LAND		
	Avg Sales Price	% Increase		Avg Sales Price	% Increase		Avg Sales Price	% Increase
2010	\$380,400	-5.34%	2010	\$262,129	15.10%	2010	\$156,740	3.19%
2011	\$355,708	-6.49%	2011	\$245,679	-6.28%	2011	\$130,375	-16.82%
2012	\$364,903	2.58%	2012	\$256,924	4.58%	2012	\$119,750	-8.15%
2013	\$406,269	11.34%	2013	\$293,931	14.40%	2013	\$128,468	7.28%
2014	\$388,929	-4.27%	2014	\$258,780	-11.96%	2014	\$99,555	-22.51%
2015	\$367,410	-5.53%	2015	\$271,840	5.05%	2015	\$167,342	68.09%
2016	\$392,788	6.91%	2016	\$304,614	12.06%	2016	\$112,187	-32.96%
2017	\$435,999	11.00%	2017	\$297,184	-2.44%	2017	\$179,911	60.37%
2018	\$415,976	-4.59%	2018	\$328,263	10.46%	2018	\$199,250	10.75%
2019	\$544,718	30.95%	2019	\$382,976	16.67%	2019	\$180,428	-9.45%
2020	\$587,954	7.94%	2020	\$440,398	14.99%	2020	\$193,333	7.15%

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