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Residential Condominiums Time Rates, Adjustments and Results

Changing Market Conditions

Colorado statute requires County Assessors to analyze changes to sale prices attributable to changes in the market over time, and adjust all sale prices as needed to the current appraisal date (June 30, 2022 for tax years 2023 and 2024). This is familiarly referred to as “time trending”.

Time rates applied

Much time and effort was dedicated to the analysis of time adjustment for this reappraisal. Location and construction quality were scrutinized in terms of how they related to the quickly-changing local real estate market during the Covid pandemic. In the end, location by Economic Area was identified as the best division for this adjustment. The dates when trends shifted and the rates applied for each time group in each time period are displayed in the table below. The total time rate from each date of sale is applied to each sale price to arrive at the Time Adjusted Sale Price (TASP), which is the estimated price that would have been paid had the sale occurred on the appraisal date.

2023 Condo Time Adjustment Rates													
group	location	period 1	pd 1 #mo	rate 1	period 2	pd 2 #mo	rate 2	period 3	pd 3 #mo	rate 3	period 4	pd 4 #mo	rate 4
Eco 2	Frisco and Area	7/2017 - 10/2018	16	1.00717	11/2018 - 10/2019	12	1.00361	11/2019 - 8/2020	10	1.00353	9/2020 - 3/2022	19	1.02376
Eco 3	Copper Mountain	7/2017 - 7/2019	25	1.00812	8/2019 - 8/2020	13	1.00307	9/2020 - 1/2022	17	1.02165			
Eco 4	Silverthorne and Area, Wildernest, Dillon and Dillon Valley, Summit Cove	7/2017 - 6/2019	24	1.00708	7/2019 - 5/2020	11	0.99798	6/2020 - 4/2022	23	1.02629			
Eco 5	Farmer's Korner to Hoosier Pass	7/2017 - 6/2019	24	1.00764	7/2019 - 9/2020	15	1.00118	10/2020 - 3/2022	18	1.02310			
Eco 6	Keystone Area	7/2017 - 11/2018	17	1.00985	12/2018 - 9/2020	22	1.00186	10/2020 - 4/2022	19	1.02601			
Rates are taken to the power of the number of months.													

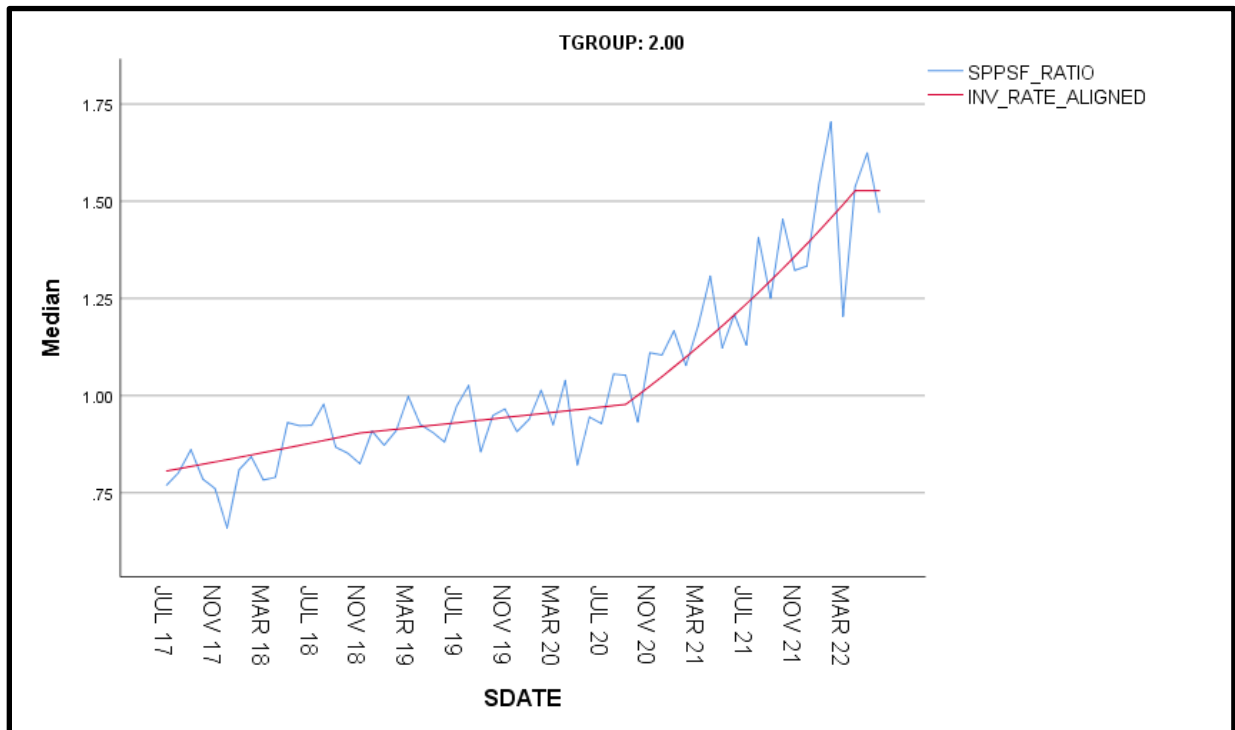
Time Adjustment and Ratio Charts

The graphs below offer another way to view the adjustments and results. For each Time Group, there is a chart showing reasonableness of the adjustments by comparing the rate with the average inverted rate, and the resulting ratio of the adjustments that indicates how well our applied rates have trended to the appraisal date.

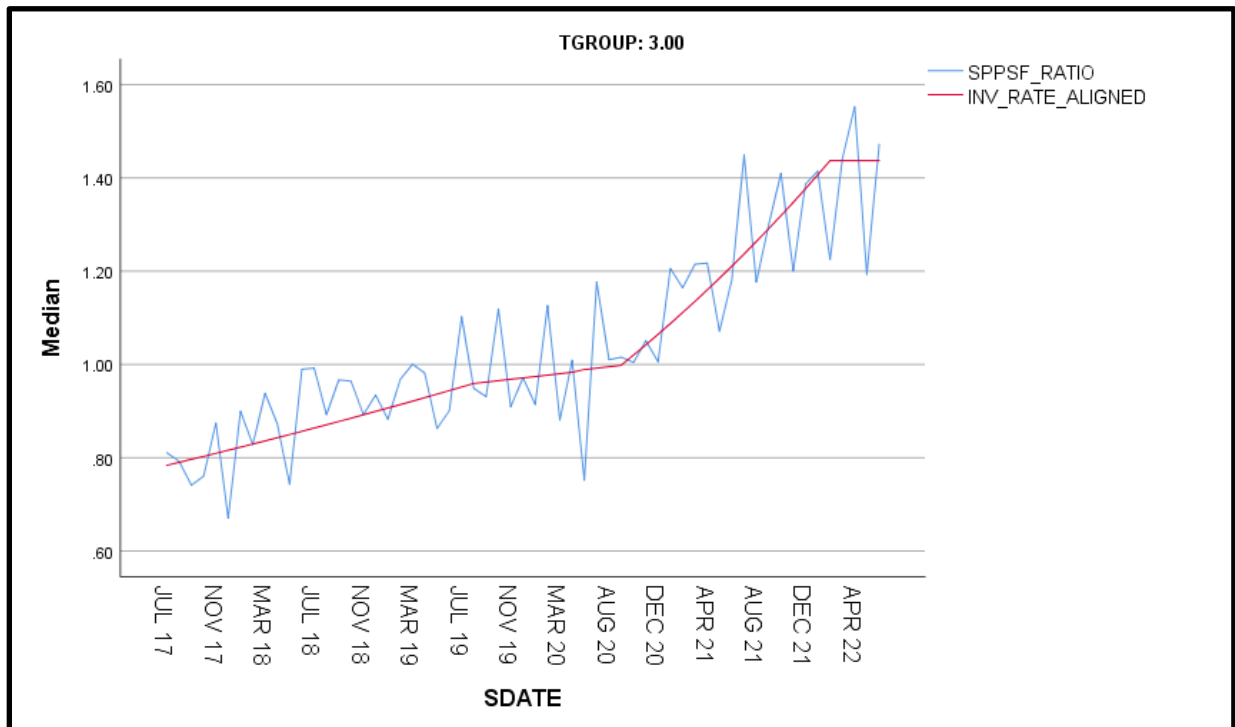
Reasonableness of Adjustment

The next set of graphs illustrates the reasonableness of the adjustment for changing market conditions, or time rate. The Y axis is showing the median ratios. The SPPSF_RATIO is the Sale Price Per Square Foot (SPPSF) divided by the median SPPSF over the data period. The blue line shows the median SPPSF Ratio for each quarter throughout the period. The red line shows the median Inverted Rate Aligned (INV_RATE_ALIGNED). This is the inverse of the ADJRATE or total time rate divided by the mean ADJRATE. The inverse is taken in order to properly compare the rates against the SPPSF. This comparison shows that the rate applied reflects the trend in changing SPPSF, while minimizing short-term volatility.

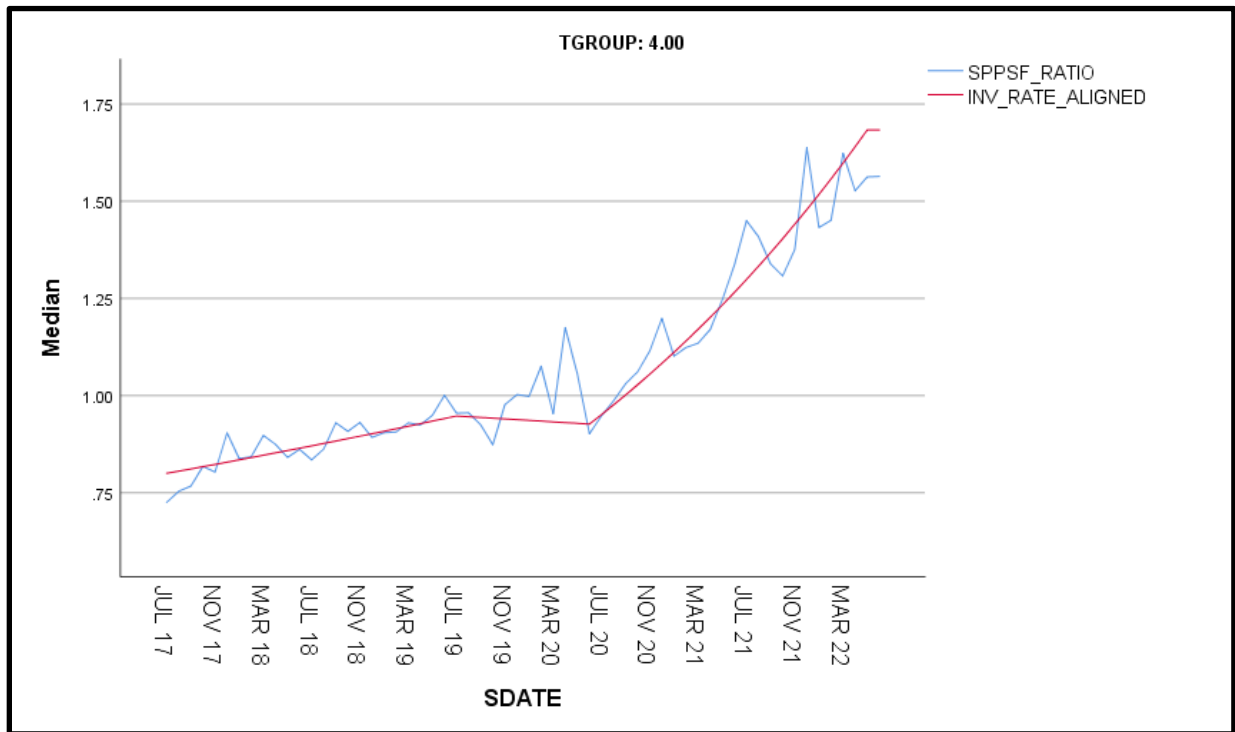
Time group 2 comprises the Town of Frisco and surrounding area, our Economic Area 2. You can see the increasing volatility in 2022 sale prices, which prompted the choice to stop time adjustment in March 2022.



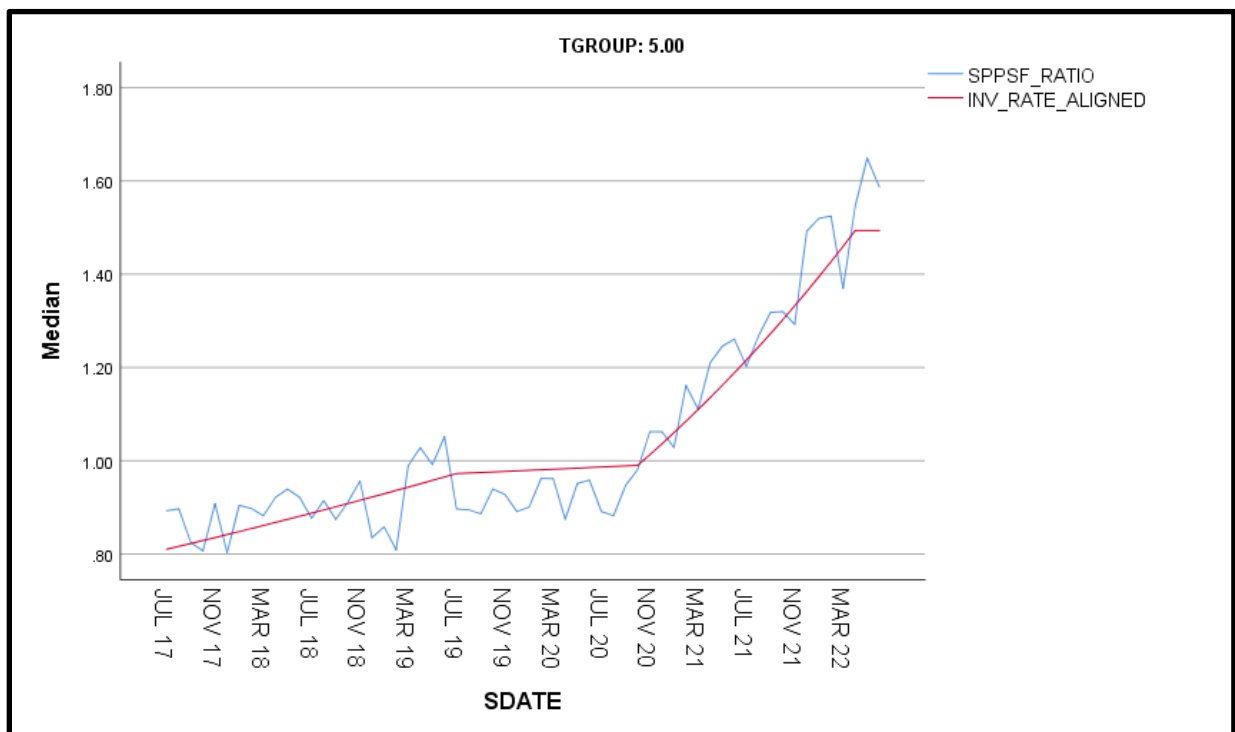
Time group 3 is the Copper Mountain Resort area, which saw similar vacillation in prices mid 2022.



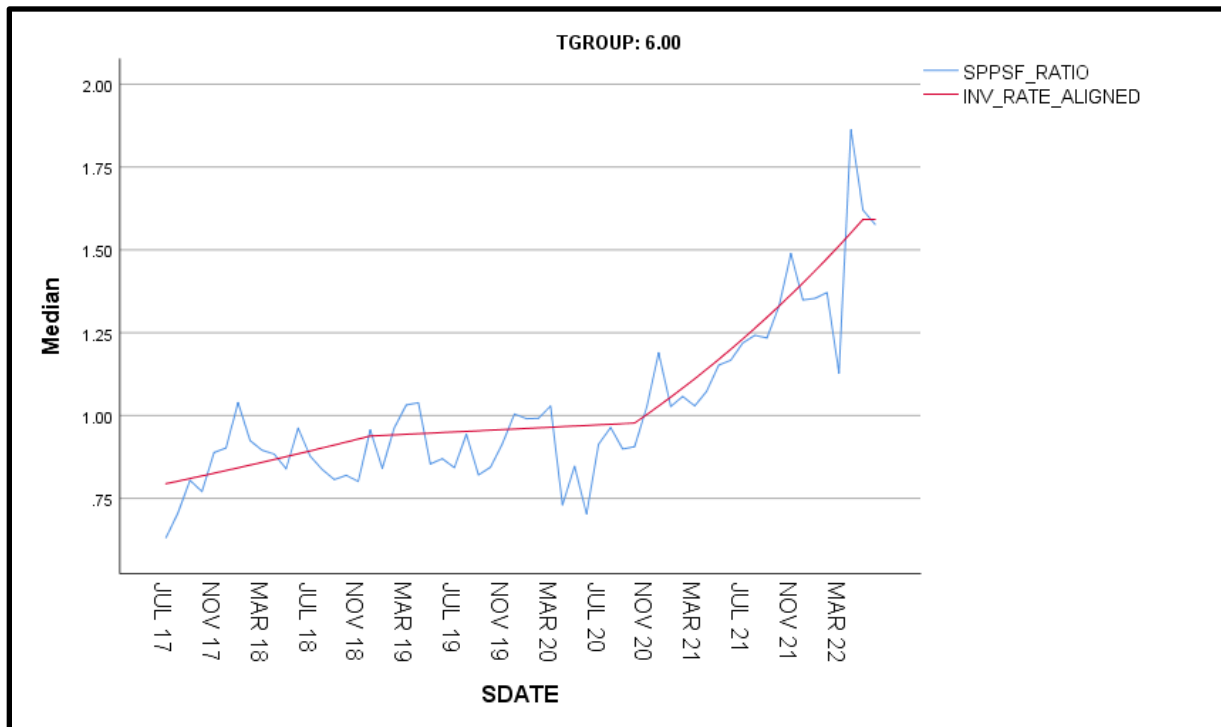
The Silverthorne/ Dillon group experienced sharper increases than the prior groups, after a slight downward trend from mid-2019 to mid-2020.



Prices also increased more rapidly for group 5, at the southern end of the County. Time adjustment was stopped in March 2022.



While group 6, the Keystone area, experienced normal sales volume in 2022, there was extreme volatility in the prices, so the time rate was dampened with good effect.



Results: Ratio by Time Group

The next set of graphs for time trends shows the ratio results of the rates applied to the sales. The closer the red curved fit or Loess line follows 1.0 throughout the data period, the better the adjustment brings each sale in line with the current market. These graphs are color-coded by the different periods (splines) identified for each group. The results are a good fit overall, with the ratios being relatively consistent throughout the data period. One can see our estimated values are not rising up to the level of time adjusted prices, despite the dampened rates applied to the final months of the data period for the regular residential groups.

