Aspen Skiing, KSL Partners buy Intrawest Resorts for $1.5 billion deal that includes Steamboat and Winter Park ski areas

Aspen Skiing Co. and Denver’s KSL Partners on Monday acquired Intrawest Resorts

By JASON BLEVINS | jblevins@denverpost.com | The Denver Post

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Aspen Skiing Co. and Denver’s KSL Partners on Monday acquired Intrawest Resorts in a $1.5 billion deal that gives Aspen Skiing and KSL control of Steamboat and Winter Park ski areas.

The new investment group also gets Quebec’s Tremblant, Ontario’s Blue Mountain, West Virginia’s Snowshoe and Vermont’s Stratton ski areas as well as Canadian Mountain Holidays, the world’s largest heliskiing outfit. Aspen Skiing will expand from its four hills in the Roaring Fork Valley and private equity rm KSL, which formed in 2005 and controls about $7.5 billion in hotel and resort properties, adds to its Squaw Valley – Alpine Meadows ski resort in California.

And suddenly Colorado is ground-zero for what will become the most hawkish rivalry in the U.S. ski resort industry, with Aspen Skiing – KSL vying against the world’s largest resort operator Vail Resorts in an escalating battle of consolidation. In the past year Vail Resorts has spent $1.1 billion for three-quarters of Canada’s Whistler Blackcomb ski area and $50 million for Vermont’s Stowe in an aggressive expansion plan anchored in a strategy to sell more of its wildly popular Epic Passes.

Intrawest, which once ruled the resort world as the world’s largest ski area operator, has been on the block since last fall, when its owner, New York hedge fund Fortress Investment Group, began exploring a potential sale. Japanese telecommunications and energy giant SoftBank Group Corp. in February acquired Fortress in a $3.3 billion deal and the ski industry was watching what would become of Denver-based Intrawest.

In a statement, Intrawest chief Thomas Marano said the deal “delivers tremendous value” to shareholders, who get $23.75 a share, roughly 40 percent more than the company’s $17 share price in mid-January.

“We are excited to work with Aspen and KSL. Our new partners bring additional financial resources and a shared passion for the mountains and our mountain communities. Both Aspen and KSL are committed to helping Intrawest accelerate our plans to bring more value to our guests, more opportunities for our employees and more investment into our local communities,” Marano said in a statement.

Intrawest, which in the late 1990s saw its total revenues lean away from skiing and toward slopeside condo sales, triggering fears that skiing would become an amenity for real estate sales, has about 1,100 acres of land available for real estate development at the six resorts it owns or controls. The recession, which hit resort real estate markets hard, left Intrawest in a holding pattern for the past several years. The company was straddled with monster debt after Fortress took Intrawest private for $2.8 billion in 2006. The company jettisoned resorts, including Copper Mountain and its flagship Whistler Blackcomb, in a scramble to make debt payments through the economic decline.
As the economy rebounds, the company is expected to begin exploring those development opportunities, especially at Winter Park ski area. The company in 2002 inked a 76-year operating agreement with the city of Denver, which owns Winter Park. That agreement required Intrawest to invest more than $50 million in the ski area's infrastructure and pay the city annual payments that recently have totaled about $3.5 million a year. In exchange, Intrawest would develop and sell village-based real estate around the ski area. While Intrawest pumped an estimated $60 million into the resort, that development has stalled in the last several years as the economy stumbled.

“Intrawest is a collection of remarkable properties in exceptional locations. Each has its own unique story and its own unique sense of place,” said Eric Resnick, chief executive officer of KSL, in a statement. “We are committed to honoring the deep traditions of each resort, while working with Intrawest's talented management team and employees to continue to serve both their guests and local communities.”
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