

“Studying the Relationship Between Commercial Development and Residential Property Values”

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Prepared for:



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Project Overview:

At the request of Land Design, Inc, a Billings, MT, based landscape architecture & land planning company, this study was commissioned to study the relationship between commercial development and residential property values in the Billings area. The purpose of this study is to not only showcase the relationship between commercial development and residential property values in the Billings area, but to act as a research tool for other potential development projects.

Methodology:

By researching the trends in residential property values for a period of 3 years (if applicable) before and 3 years (if applicable) after commercial development has taken place in or very near the subject properties, we can begin to draw conclusions on the affects, either positive or negative, that said development may have on the property value of residential properties. The data that is used in this study is sourced from the following resources:

- City of Billings Archives (online)
- Yellowstone County Archives (online)
- Billings Association of Realtors Archives
- Interview/Surveys

The Billings Association of Realtors Archives contain data that is not available in the public domain, and, as such, may not be disclosed to anyone not associated with this study with prior consent.

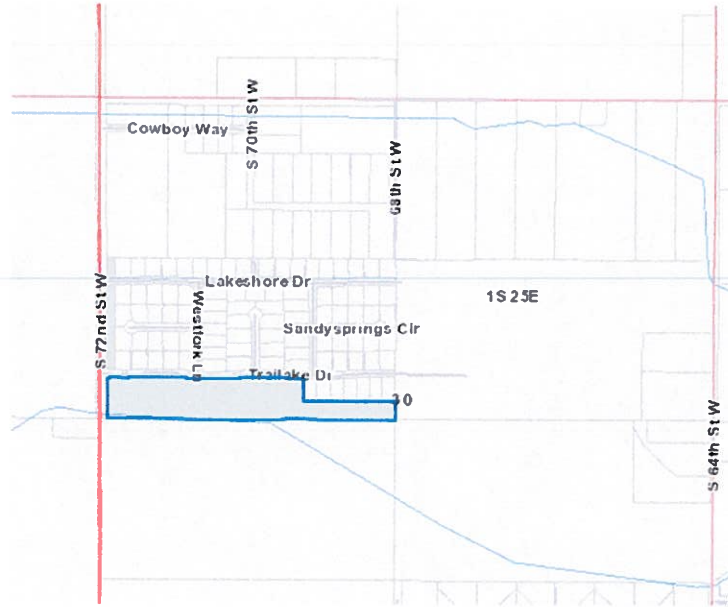
Exceptions:

The data used in this project represents a snapshot in time. Any information showing an increase in property values can not be viewed as a promise for future gains. The value of real estate is determined by the overall market conditions. Any changes in the market conditions, especially large scale economic shifts, will play a major factor in the value of real estate. This study is meant to show historical facts, independent of the current real estate market.

LinLee Lakes Subdivision

LinLee lakes is a medium sized residential subdivision located on 72nd St West between Neibauer and Danford Roads. See fig. 1-1 below for geographical representation of the location of this subdivision.

Fig. 1-1



LinLee Lakes was originally platted in March, 2005. The subdivision contains 92 lots intended for single family homes. A review of the CCR's of this subdivision show that single story homes must have 1,250 sq. Feet finished on the main level, not counting garages or covered porches, split entry homes must have 1,000 sq. ft. above ground, and all multi-level homes must have 1,650 sq. ft. Finished of living area, not counting garages or covered porches.

Immediately north of the subject subdivision, Cowboy Country Acres Subdivision was originally platted and recorded 6/21/2011. Cowboy Country Acres Subdivision is unzoned, as it is outside of the City/County zoning donut. The proposed uses were commercial and light industrial, and subsequent development of the subdivision has conformed to these proposed uses.

Prior to the end of 2011, which is when development of Cowboy Country Acres Subdivision, there were 5 sales available through the Billings Association of Realtors. BAOR data is only available for the trailing 7 years. The sales are listed below, in figure 1-2.

Fig. 1-2 (prior to EOY 2011)

ML #	Sales Price	Address	City	Total Bedrooms	Total Baths	Style	Total Sq Ft	Lot Sq Ft	SP/Sq Ft
204351	\$248000.00	XXXX WESTFORK LN	Billings	5	2.1	4-Level	2222	20820	\$111.61
205712	\$265000.00	XXXX WESTFORK LN	Billings	3	2	Ranch	1743	20830	\$152.04
212053	\$268000.00	XXXX EASTFORK LN	Billings	4	3	Front to Back Split	2392	26565	\$112.04
212241	\$270000.00	XXXX WESTFORK LN	Billings	5	3.1	2 Story	2794	0	\$96.64
212876	\$230000.00	XXXX LAKESHORE DR	Billings	3	2	Ranch	1743	20037	\$131.96
Avg	\$256200.00			4	2.44		2178.8	17650.4	\$120.86

An analysis of the homes sold in the year prior to neighboring commercial development indicates the average sales price of homes in LinLee Lakes was \$256,200, the price per square foot of the sold comparable properties was \$120.86, and the homes were on the market for an average of 146 days.

The same data for the years of 2012, 2013, 2014, and 2017 is included below in the following 4 figures (fig. 1-3 through fig. 1-6)

Fig 1-3 (2012)

ML #	Current Price	Address	City	Property Sub Type	Total Bedrooms	Total Baths	Style	Total Sq Ft	Lot Sq Ft	SP/Sq.Ft
221123	289000	XXXX SILVERSPRINGS CIR	Billings	Single Family	4	3	Ranch	2488	21518	116.16
222756	325000	XXXX TRAILAKE DR	Billings	Single Family	5	3	Ranch	2736	21431	118.79
223104	295000	XXXX LAKESHORE DR	Billings	Single Family	4	3	Ranch	2570	20375	114.79
AVG	\$303000.00				4.3	3		2598		\$116.58

An analysis of the homes sold in the year prior to neighboring commercial development indicates the average sales price of homes in LinLee Lakes was \$256,200, the price per square foot of the sold comparable properties was \$116.58, and the homes were on the market for an average of 40 days.

Fig. 1-4 (2013)

ML #	Current Price	Address	City	Property Sub Type	Total Bedrooms	Total Baths	Style	Total Sq Ft	Lot Sq Ft	SP/Sq.FT
230077	\$295000.00	6945 LAKESHORE DR	Billings	Single Family	4	3	Ranch	2671	20037	\$110.45
230561	\$400000.00	2645 SAGESPRINGS CIR	Billings	Single Family	3	3.1	Ranch	4160	23653	\$96.15
230814	\$297000.00	7010 LAKESHORE DR	Billings	Single Family	2	2	Ranch	2940	20037	\$101.02
231005	\$289000.00	7080 SILVERSPRINGS CIR	Billings	Single Family	4	3	2 Story	2174	21605	\$132.93
231465	\$292000.00	2635 WESTFORK LN	Billings	Single Family	4	3	Ranch	2680	20821	\$108.96
232307	\$340000.00	6930 LAKESHORE	Billings	Single Family	4	2	Ranch	2219	2124	\$153.22
233102	\$329500.00	2675 SAGE SPRINGS CIR	Billings	Single Family	4	3	Front to Back Split	3330	23610	\$98.95
233433	\$322000.00	7125 SILVERSPRINGS CIR	Billings	Single Family	4	3	Ranch	2376	21000	\$135.52
233933	\$342000.00	2640 EASTFORK LN	Billings	Single Family	3	2	Ranch	3251	20822	\$105.20
AVG	\$322944.44				4	3		2867	19301	\$115.82

An analysis of the homes sold in the year 2013 indicates the average sales price of homes in LinLee Lakes was \$322,944, the average price per square foot of the sold comparable properties was \$115.82, and the homes were on the market for an average of 23 days.

Fig. 1-5 (2014)

ML #	Current Price	Address	City	Property Sub Type	Total Bedrooms	Total Baths	Style	Total Sq Ft	Lot Sq Ft	SP/Sq Ft
241583	\$324500.00	2660 EASTFORK	Billings	Single Family	3	2	Ranch	3066	20821	\$105.84
243632	\$385000.00	2705 SAGESPRINGS CIR	Billings	Single Family	6	3	Ranch	3646	23609	\$105.60
243740	\$312000.00	7080 SILVERSPRINGS CIR	Billings	Residential W/Land	4	3	2 Story	2174	21605	\$143.51
244172	\$316500.00	6840 LAKESHORE DR	Billings	Single Family	5	3	Tri-Level	2400	21693	\$131.88
	\$334500.00									\$121.71

An analysis of the homes sold in the year 2014 indicates the average sales price of homes in LinLee Lakes was \$334,500, the average price per square foot of the sold comparable properties was \$121.71, and the homes were on the market for an average of 37 days.

Fig. 1-6 (2017)

ML #	Area	Current Price	Address	City	Property Sub Type	Total Bedrooms	Total Baths	Style	Total Sq Ft	Lot Sq Ft	Sp/Sq Ft
265681	B	\$377500.00	XXXX LAKESHORE DRIVE	Billings	Single Family	4	3	Ranch	3008	20081	\$125.50
265986	B	\$340000.00	XXXX Eastfork Lane	Billings	Single Family	4	3 1	Tn-Level	2470	20821	\$137.65
270442	B	\$334900.00	XXXX Lakeshore Drive	Billings	Single Family	6	3	Ranch	2832	20124	\$118.28
270884	B	\$303500.00	XXXX Lakeshore Drive	Billings	Single Family	3	2	Ranch	1743	24300	\$174.13
272092	B	\$389800.00	XXXX TRAILAKE DR	Billings	Single Family	3	2	Ranch	4176	20909	\$93.34
273614	B	\$330000.00	XXXX SILVERSPRINGS CIR	Billings	Single Family	4	3	2 Story	2174	21606	\$151.79
		\$345950.00									\$133.44

An analysis of the homes sold in the year 2017 indicates the average sales price of homes in LinLee Lakes was \$345,950, the average price per square foot of the sold comparable properties was \$133.44, and the homes were on the market for an average of 89 days (which is on par with homes in this price point MLS wide)

Conclusion

Homes in the Linlee Lakes subdivision sold for an average of \$ \$256,200 prior to adjacent commercial development. Immediately following adjacent commercial development, the average sales price of homes in LinLee Lakes jumped 18.27% to \$303,000. Year after year, the home values continue to increase in step with the overall Billings real estate market. In this case, the presence of immediately adjacent commercial development had no adverse effect on neighboring properties.

Year	Average Sales Price	% Change	Average SP/Sq.Ft.	% Change	Average DOM	% Change
Prior to EOY 2011	\$256200.00	N/A	\$120.86	N/A	146	N/A
2012	\$303,000.00	18.27%	\$116.58	-3.54%	40	-72.60%
2013	\$322944.00	6.58%	\$115.82	-0.65%	23	-42.50%
2014	\$334500.00	3.58%	\$121.71	5.09%	37	60.87%
2017	\$345950.00	3.42%	\$133.44	9.64%	89	140.54%

Appendix

The following annual reports give the overall market data for the Billings Association of Realtors coverage areas 1-20.

Michael Verseman

From: Kurtis Grow
Sent: Wednesday, November 29, 2017 10:38 AM
To: Stacey Robinson; Michael Verseman
Subject: FW: Zone change effects

From: David Mitchell [mailto:d@griffindvlp.net]
Sent: Tuesday, November 21, 2017 10:28 AM
To: Brittani Hunter <brittani@cbthebrokers.com>
Subject: Zone change effects

1. 8th and Grand
 - a. Corner of 8th and Grand was changed to Community Commercial. Neighboring properties experienced a 7 and 8% property tax value increase.
2. 62nd and Rimrock
 - a. SE corner of 62nd and Rimrock was changed to CC. Residential property south of zone changed experienced a 13% increase in value the following year.
3. 54th and Grand
 - a. The northeast corner was changed to CC for Albertsons. The houses to the south of 54th and Grand received 4-7% increases in their property taxes.

In each case, after the initial spike of property value, they tailored back to the standard 2-3% annual increase.

Hope this helps.

David Mitchell, CCIM
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