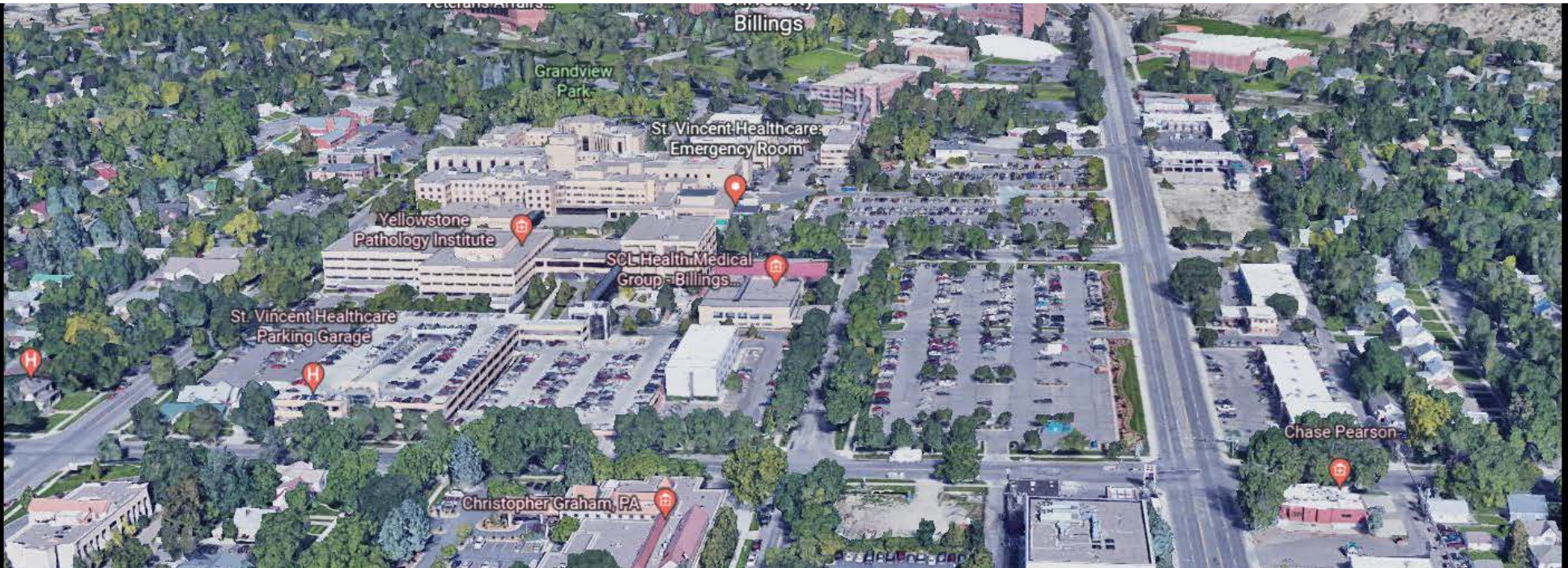


# City of Billings

2710 12th Avenue North | Billings, Montana 59101



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July 5, 2022

Chris Hertz  
2224 Montana Avenue  
Billings, Montana 59101

Attention: Chris Hertz

Dear Chris Hertz,

The Evaluation of a commercial property utilizes a combination of the information gathered from a drive-by exterior examination, interior site analysis, external data sources, previous lease data, property assessment data, recent comparable leases, current area leasing information, pertinent property profit and loss information, as well as a thorough photo documentation of the subject property. While not all of these gathering methods are utilized in every valuation, the author will work diligently to obtain any relevant information needed to perform the relevant assessment approaches presented within the analysis.

The evaluation includes area information, site description, structure description, county assessment data, pertinent and available documents of record, relevant assessments of value which may include (Income, Sales Comparison and Cost), as well as photographs of the subject property. The descriptions and statements made in this analysis are from sources that are deemed reliable; however, no warranty is made as to the accuracy thereof.

This analysis only represents the personal, impartial, and unbiased professional opinion of the authors. The liability of the analysis to the authors shall be limited to the fee collected from the client, and the authors assume no responsibility for additional costs incurred by the client on this project. This is an opinion of market value and is not a certified appraisal of the market value of the property. If an appraisal is desired, the service of a certified appraiser must be obtained.

Sincerely,



Michael L. Walker  
Owner | Broker

**NAI**Business Properties

m. +1 (406) 294-6304

e. [mwalker@naibusinessproperties.com](mailto:mwalker@naibusinessproperties.com)

## 2710 12th Avenue North

# City of Billings - Billings

Request to vacate public right-of-way for City of Billings. Consisting of a portion of 12th street right of way between the western boundary of the 27th street right of way to the eastern boundary of the 28th street right of way. Also including the entirety of the alley on the NORTHSIDE ADD 3RD Filing, Block 9.

**Zoning:** P3: Campus

**Zoning Description:**

The P# district is intended for public and civic uses involving multiple structures that are developed in a campus-like environment. P3 zoning is available for medical campuses, educational campuses, and civic campuses with three or more principal buildings.

# Executive Summary

**Date of Inspection/Effective Date**

07/05/2022 / 07/05/2022

**Inspector**

Michael Walker

**Intended User(s)**

Chris Hertz, City of Billings

**Intended Use**

N/A

**Client**

Chris Hertz ()

**Owner of Record**

N/A

**Property Rights**

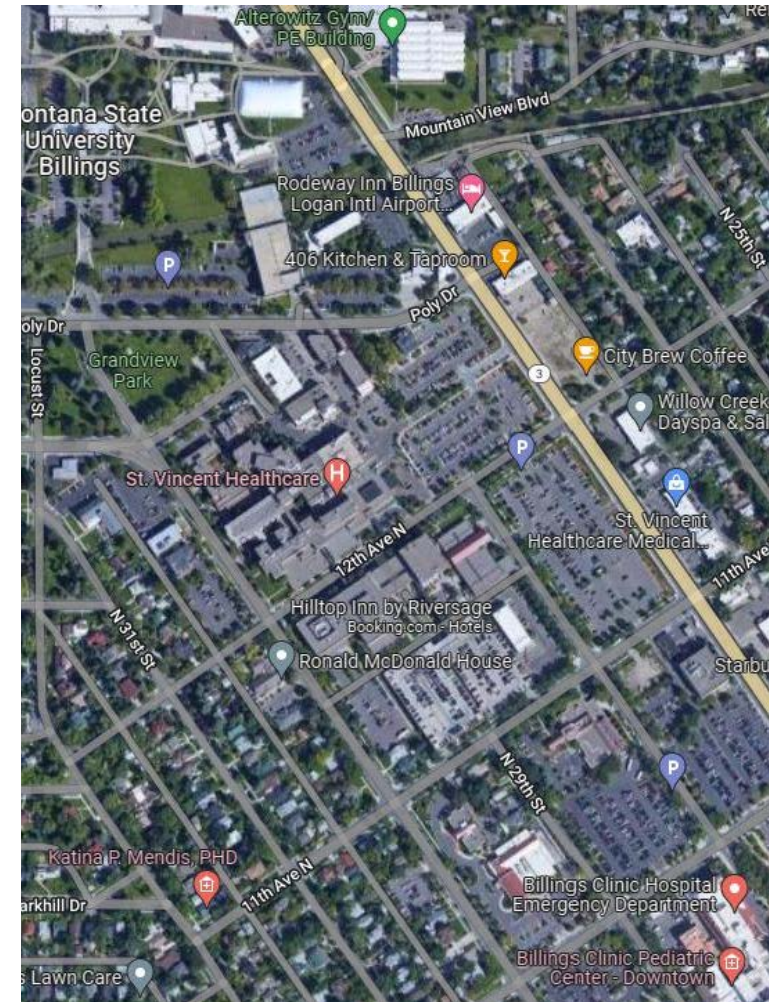
Fee Simple

**Key Highlights:**

- Lot SF : 35,225
- Zoning : P3: Campus

**Most Likely User:**

The author's analysis and assumptions of: use/condition factors of the property, current market data, actual and market income information and general assessment of the property; results in a Final Market Value of \$1,048,296.00 (\$29.76 PSF).



# Overview

## Address

2710 12th Avenue North  
Billings, Montana 59101

## Property Legal

Entirety of the alley on NORTHSIDE ADD 3RD FILING, BLOCK 9 & Portion of the 12th street right of way between the western boundary of the 27th street right of way to the eastern boundary of the 28th street right of way

## Conforming Use Determination

Appears to be conforming

## Property GeoCode/Tax ID

N/A

## Previous Sales Notes

### Under Contract Price

Unknown

### Close Date

### Last Sale Date

Unknown

## 2022 Assessed Market Value

### Land Assessed Value

\$0.00 / \$0.00 /SF

### Improvements Assessed Value

\$0.00 / \$0.00 /SF

### Total Assessed Value

\$0.00 / \$0.00 /SF

### 2022 Tax Liability

\$0.00

### SID's

-

### Taxes in Arrears

\$0.00

## Site Specs

Land Size :	35,225 SF
Acres :	0.809 AC
Topography :	Level
Lot Shape :	Rectangular
Utilities :	Full City Services
Zoning :	P3: Campus
Lot Frontage :	N/A
Lot Depth :	N/A
Frontage :	Good

## Traffic Counts

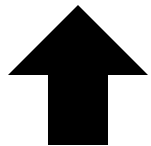
Traffic Count numbers are based on a blend of the past three years:

N 27th Street :	17,140 ADT
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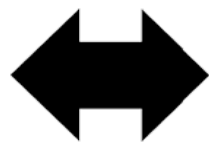
# Billings Area Info

Billings is the largest city in the U.S. state of Montana, with a population of 117,116 as of the 2020 census. Located in the south-central portion of the state, it is the seat of Yellowstone County and the principal city of the Billings Metropolitan Area, which had a population of 184,167 in the 2020 census. It has a trade area of over 500,000. Billings was nicknamed the "Magic City" because of its rapid growth from its founding as a railroad town in March 1882. With one of the largest trade areas in the United States, Billings is the trade and distribution center for much of Montana east of the Continental Divide, Northern Wyoming, and western portions of North Dakota and South Dakota. Billings is also the largest retail destination for much of the same area. The city is experiencing rapid growth and a strong economy; it has had and is continuing to have the largest growth of any city in Montana. Parts of the metro area are seeing hyper growth. From 2000 to 2010 Lockwood, an eastern suburb, saw growth of 57.8%, the largest growth rate of any community in Montana. With the Bakken oil development in eastern Montana and western North Dakota, the largest oil discovery in USA.

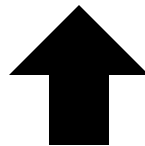
Yellowstone County is the most populous county in the U.S. state of Montana. As of the 2020 census, the population was 164,731. Its county seat is Billings. Yellowstone County is named for the Yellowstone River which roughly bisects the county, flowing southwest to northeast. The river in turn was named after the yellow Sandstone cliffs in what is now Yellowstone County. Yellowstone County is included in the Billings, Montana Metropolitan Statistical Area.



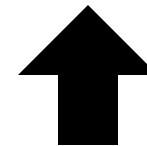
Sales



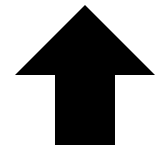
Vacancy



Net Absorption

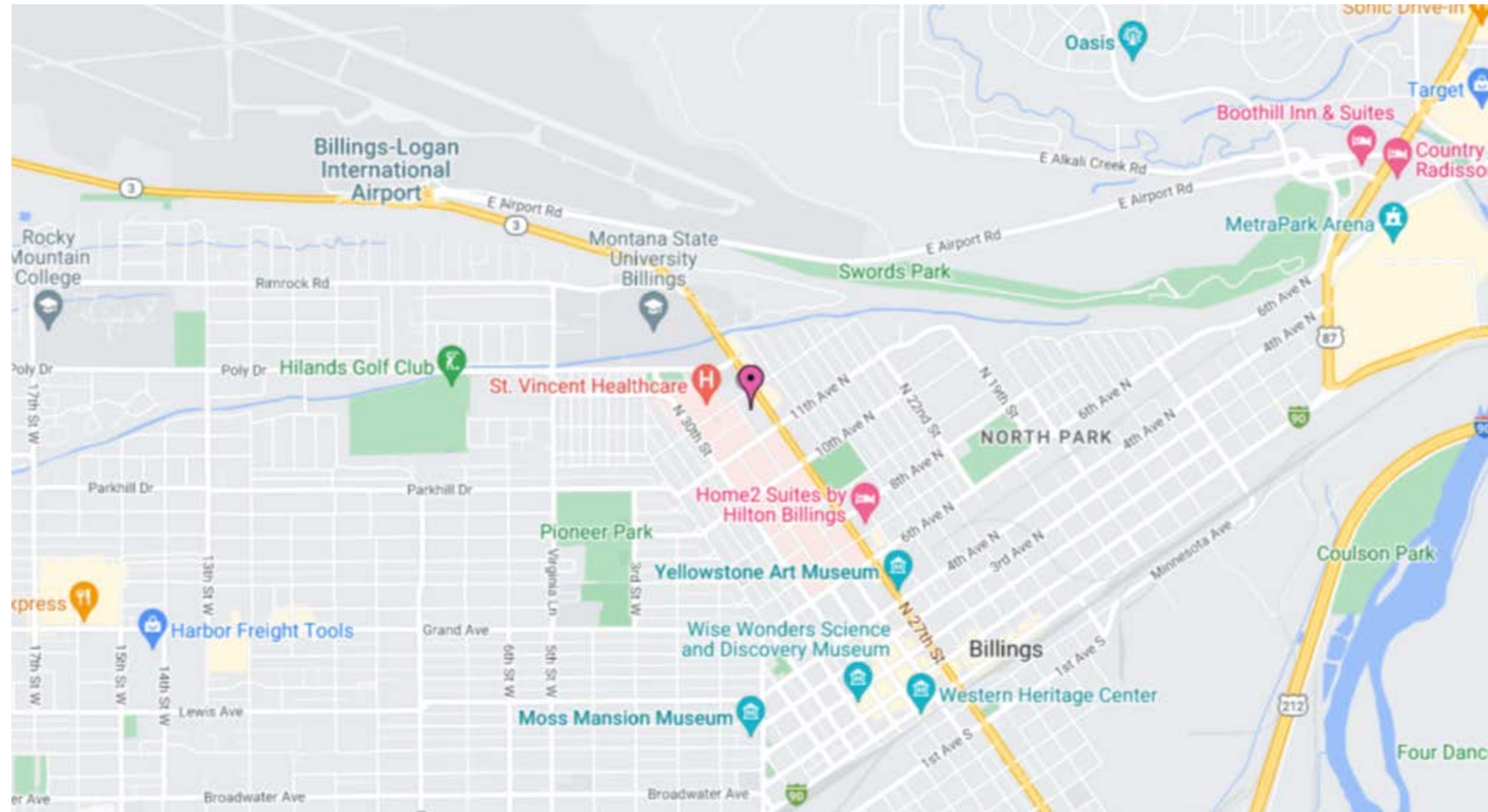


Construction

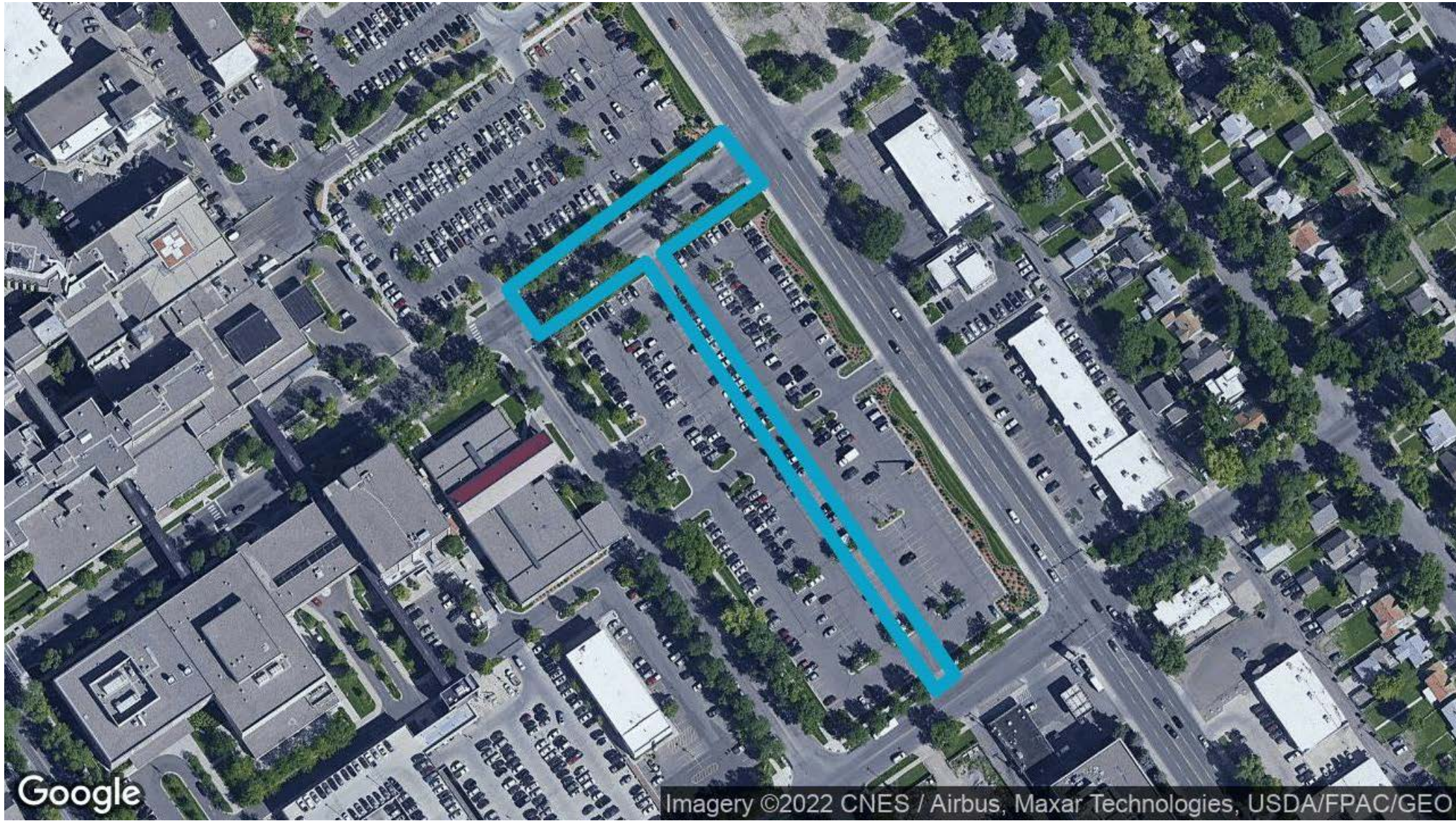


Lease Rates

# Property Aerials & Map



# Property **Boundary**



# Market Value Determinants

**Market Value** - is the estimated amount for which a property, considered in its highest and best use, should exchange for on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently, and without compulsion or undue pressures.

In order to assess a property's market value the authors need to consider the highest and best use of the property. Four determinants are typically used in valuating a property's highest and best use and they are as follows:

**Legally Allowable** - Only those uses that are, or may be, legally allowed which may excluded uses that are not, and unlikely to become, allowed by zoning, uses forbidden by government regulations, and uses prohibited by deed restrictions or covenants. Properties with a use that predates existing zoning regulations may be legally nonconforming. Such grand fathered uses are generally legal even though they do not meet current zoning regulations. However, some such uses may not be reproduced if the legally nonconforming improvement is destroyed or damaged beyond a certain point.

**Physically Possible** - Any potential use must be physically possible given the size, shape, topography, and other characteristics of the site.

**Financially Feasible** - The proposed use of a property must generate adequate revenue to justify the costs of construction plus a profit for the developer/investor.

**Maximally Productive** - The use must generate the highest net return (profit) to the developer/investor.

**Highest and Best Use** - Medical Office

For the purpose of this analysis, the author's assumption of the property's highest and best use is as noted above and its projected use is as such unless otherwise noted.

# Valuation **Explanation**

For this opinion of value the authors will be utilizing the approaches below to estimate the market value of the subject property and they are as follows:

## **Sales Comparison Approach**

Estimates the value of property by comparing it to other similar properties in the marketplace that have sold recently. This approach assumes that a buyer is not willing or liable to spend more than they would for an equally desirable property. The Sales Comparison Approach involves finding sold properties comparable to the subject property, and adjusting/comparing the comparable to the subject property based on their inherent difference i.e. (Time, Motivation, Location, Construction, Type/Use and Economies of Scale).

Source(s) of information used in this analysis: City/County Public Records, Company Files, Local Appraisers, Local MLS and other local market participants.

# Sales Comparison Approach

In applying the direct sales comparison approach the author has conducted a search of sold properties that fall within the comparable scope of the subject property.

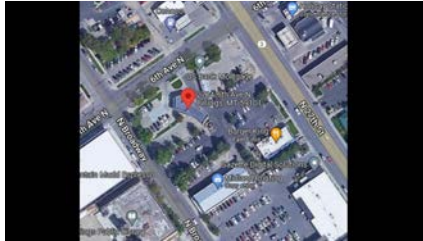
	Subject Property	Comparable #1	Comparable #2	Comparable #3	Comparable #4
					
<b>Location</b>	2710 12th Avenue North, Billings, MT 59101	2714 6th Avenue North, Billings, MT 59101	2518 6th Avenue North, Billings, MT 59101	1045 North 27th Street, Billings, MT 59101	1048 North 29th Street, Billings, MT 59101
Date Sold		Apr 28, 2022	Aug 9, 2021	Oct 1, 2014	Mar 31, 2020
Sales Price		\$850,000.00	\$300,000.00	\$650,000.00	\$230,000.00
Land Size	35,225 SF	28,000 SF	15,100 SF	21,000 SF	7,000 SF
Land Type	Medical Office	Retail	Other	Other	Parking Lot
Utilities	Full City Services	Full City Services	Full City Services	Full City Services	Full City Services
Topography	Level	Level	Level	Level	Level
Shape	Rectangular	Rectangular	Rectangular	Square	Rectangular
Zoning	P3: Campus	CBD	CBD	CMU1	P3
Price/SF		\$30.36 PSF	\$19.87 PSF	\$30.95 PSF	\$32.86 PSF
<b>Comparison Criteria</b>					
Time		\$0.00	\$0.00	\$0.00	\$0.00
Zoning		\$0.00	\$0.00	\$0.00	\$0.00
Location		\$0.00	\$8.00	\$0.00	-\$3.00
Utilities		\$0.00	\$0.00	\$0.00	\$0.00
Topography		\$0.00	\$0.00	\$0.00	\$0.00
Economies of Scale		\$0.00	\$0.00	\$0.00	\$0.00
<b>Overall Adjustment</b>		\$0.00	\$8.00	\$0.00	-\$3.00
Adjusted \$/SF		\$30.36 PSF	\$27.87 PSF	\$30.95 PSF	\$29.86 PSF
Average Adjusted \$/SF	\$29.76 PSF				
Adjusted Comp Value	<b>\$1,048,296.00</b>				

**Comparison Rating Criteria - Even:** No Adjustment, Similar to Subject Property. **Minus:** Downward adjustment, Better than/Superior to Subject Property. **Plus:** Upward Adjustment, Poorer than/Inferior to Subject Property.

# Sales Comparison Approach

The below sale comparables for the subject property have been adjusted based on the following criteria noted by the author.

## Comparable #1



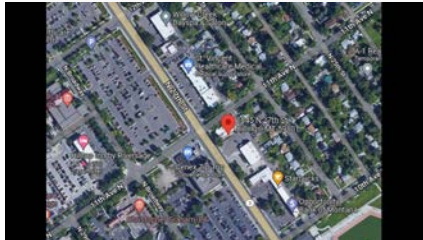
2714 6th Avenue North

## Comparable #2



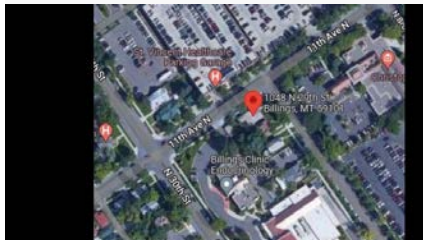
2518 6th Avenue North

## Comparable #3



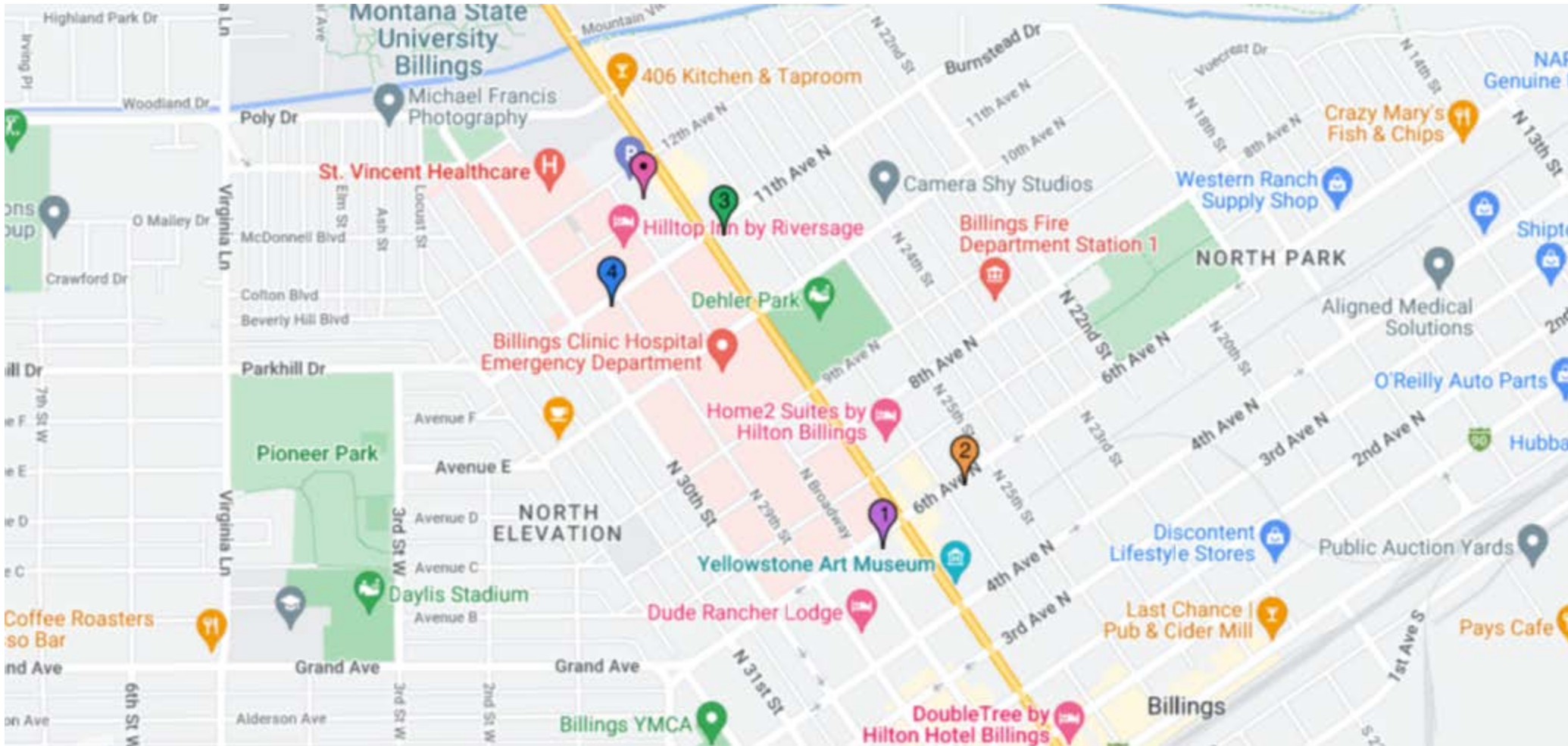
1045 North 27th Street

## Comparable #4



1048 North 29th Street

# Sales Comparison Map



- |            |   |  |
|------------|---|--|
| <b>Key</b> | <b>Subject Property:</b> 2710 12th Avenue North, Billings, MT | <b>Comp #3:</b> 1045 North 27th Street, Billings, MT |
|            | <b>Comp #1:</b> 2714 6th Avenue North, Billings, MT           | <b>Comp #4:</b> 1048 North 29th Street, Billings, MT |
|            | <b>Comp #2:</b> 2518 6th Avenue North, Billings, MT           |  |

# Weighted Total Valuations

**Sales Comparison Approach** involves finding sold properties comparable to the subject property, and adjusting/comparing the comparable to the subject property based on their inherent difference i.e (Time, Motivation, Location, Construction, Condition, Type/Use and Economies of Scale). This approach has been used exclusively.

Approach to Value	Value Indicated	Weighting	Blended \$/SF Values
Sales Approach	\$1,048,296.00	100.00%	\$1,048,296.00 - \$29.76 PSF
Weighted Market Value			\$1,048,296.00 - \$29.76 /SF

## Market Value Breakdown

Overall Value	\$1,048,296.00
Final Market Value	\$1,048,296.00 (\$29.76 PSF)



Michael L. Walker  
Owner | Broker

07/05/2022

Report Date

## About NAI Business Properties

NAI Business Properties brings industry leading resources to its disposition and acquisition services. Speed, agility, and keen insight are hallmarks of our services. The result is connecting properties with our exclusive list of investors. NAI Business Properties' disposition services rely upon the skills and insights of our experienced team of brokerage, marketing and data resource management professionals.

NAI Business Properties' key point of differentiation in our disposition services is the volume of strong relationships we have established with institutional, local, regional and national private equity firms, life companies, and owner/investors. We created and maintain a database of property and investor profiles that encompasses portfolio details and acquisition criteria of these nationwide firms. The information gathered and analyzed by the NAI Business Properties team allows us to utilize the speed and the efficiency of technology to promptly connect our investors and institutional partners with properties that correspond to their acquisition requirements. Our clients have access to more opportunities and can make faster and better decisions armed with targeted information.



# Michael L. Walker

Owner | Broker

## BACKGROUND & EXPERIENCE

Mr. Walker specializes in representing both Buyers and Sellers in all aspects of commercial real estate brokerage. He has represented a number of national and regional companies for both acquisition and disposition projects including Northrop Grumman, Albertsons, Lumber Yard Supply, Intermountain Distributing and Macy's. His area of work includes the entire state of Montana. A native Montanan and a resident of Billings since 1987, Michael entered the commercial real estate industry in 1994 at NAI Business Properties. Mr. Walker was the first associated of the newly formed company and became a partner in 1995. Since then, NAI Business Properties has become the top commercial real estate company in the state.

## EDUCATION DESCRIPTION

Mr. Walker has a degree in Business Administration from Rocky Mountain College in Billings, MT.

# Assumptions

This valuation has been prepared subject to the following general assumptions and limiting conditions. They are critical to the analysis and conclusion contained in this report.

No responsibility is assumed for legal or title considerations.

Title to the property is assumed to be good and marketable, free and clear of all liens or encumbrances unless otherwise stated in this report. Encumbrances considered in the valuation include but are not limited to: real estate taxes, recorded easements and/or covenants, CC&R's, purchase options or sale agreements signed leases, and unpaid bond debt.

It is assumed that any easements noted on the title report without specific locations will have no material effect on the normal use of any of the subject parcels.

Responsible ownership and competent property management are assumed unless otherwise stated in this report.

The information furnished by others is deemed to be reliable; however, no warranty is given for its accuracy.

All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

It is assumed that there are no hidden or non-apparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them. Unless otherwise noted, the author did not observe the existence of hazardous materials, which may or may not be present on the property. The presence of hazardous materials, if any, may impact the value of the property. The value estimate is predicated on the assumption there is no such material on or in the property, which would cause a loss in value. No responsibility is assumed for any such conditions, or for the expertise or engineering knowledge required to discover them. Should the client have concerns over the existence of hazardous materials on or in the property, they should consider the services of a qualified, independent engineer or contractor to determine the existence and/or extent of any hazardous materials, as well as the cost associated with any required mitigation and/or removal.

# Assumptions (Continued)

It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.

Any forecasts or projections contained in this report are the product of the analysis of current, historical, and anticipated market conditions and assume continuation of prevailing political, social, economic, and environmental conditions. Such factors, contingent forecasts and/or projections are subject to change at any time.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been stated, defined and considered in this evaluation report.

It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental, or private entity organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

Any sketch or rendering in this report may show approximate dimensions and is included to assist the reader in visualizing the property and are not to scale. Maps and exhibits if included in this report are provided for the reader's reference only. No guarantee as to accuracy is expressed or implied unless otherwise state in this report. No survey has been made for the purpose of this report.

The Americans With Disabilities Act (ADA) became effective in January 1992. The author has not made a specific compliance survey or analysis of this property to determine whether it is in conformance with the various, detailed requirements of the ADA. The value estimate is predicated on the assumption that, except as identified by the author, the subject improvements comply with the ADA. It is possible that a comprehensive compliance survey could reveal additional areas in which the property does not conform to one or more of the Act's requirements. If so, this could have a negative effect upon the market value or marketability of the property.

The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and improvements must not be used in conjunction with any other valuation and are invalid if so used.

Possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed.

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