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# THE BITTERROOT COMPASS

Winter 2005



In the view from upper Hamilton Heights Road, east of the small town of Corvallis, one can almost envision a simpler time when horse drawn sleighs floated over pristine oceans of snow. The breath of the draft horses dissipates in the crisp winter air as they move the wagon of hay across the field for the cattle. Tinted by early morning, the Bitterroot Mountain Range quietly watches.

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## 2004 Montana Labor Day Report

HELENA - The Montana Department of Labor and Industry’s Research and Analysis Bureau’s annual Labor Day report showed Montana’s statewide economy and many of the state’s counties are creating new jobs.

The Department’s State Economist Dr. Phil Brooks said, “Montana’s economy avoided the recent national recession and jobless recovery. This is very good news for the state.” Brooks said Montana’s employment grew for the years 2001 and 2002.

In addition, Brooks said Missoula and Yellowstone Counties are projected to have relatively strong job growth in coming years. Projected job growth in Yellowstone County will be roughly 1,400 payroll jobs per year through 2012 and many of those openings pay an annual wage higher than the state average of \$26,900. Those occupations include carpenters, general and operations managers, registered nurses, truck drivers and computer support specialists.

Missoula County’s job growth is projected to be about 1,300 new jobs a year into 2012 with most job increases in the wholesale and retail trade, transportation and utilities, leisure and hospitality, healthcare services and professional and business services industries.

Brooks said not all of Montana’s industries will experience job growth in the coming years and most of the expansion will be in various service sectors plus the Construction Industry. Government job growth is expected to be half of Montana’s overall growth rate of 1.6 percent.

Brooks said Montana’s unemployment rate is expected to remain relatively low for the rest of this year and in 2005.

Nine major occupational groups in Montana are each expected to gain more than 4,000 jobs in the next 10 years. Those are: construction, food preparation and serving occupations, management occupations, sales and related occupations,

healthcare practitioner and technical occupations, personal care and service occupations, office and administrative support occupations, building and grounds maintenance, and installation maintenance and repair occupations. Other highlights in the report are:

- Montana’s population will continue to grow and is expected to reach roughly the one million mark in 2012.
- Wage and salary jobs (2002 to 2012) will account for most of the job growth (as opposed to self-employment).
- Currently, just over half of Montana’s jobs require only short-term or medium-term on-the-job training and only 19 percent require a bachelor’s degree or higher. The Research and Analysis Bureau expects this to remain the same through year 2012.
- Per capita income in 2002 was highest in the following counties: Carbon, Cascade, Daniels, Flathead, Gallatin, Jefferson, Lewis & Clark, Missoula, Silver Bow, Stillwater, Valley and Yellowstone.
- Montana’s poverty rate remains above the national average. Montana’s average unemployment rate for 2003 was 4.7 percent.

A copy of the Labor Day Report 2004 PowerPoint slides and other Labor Market Information data can be found on the Bureau’s website at:

**[www.ourfactsyourfuture.org](http://www.ourfactsyourfuture.org)**

*This information is from the University of Montana’s Research and Analysis Bureau’s 2004 Labor Day Report*



# REDDFROG



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**“Anyone’s Best Guest”**

In the Bitterroot Valley, they say there are two seasons - winter and house guests. There are currently many properties with two or more homes on them, so many in fact, that it would be hard to estimate the exact number. Some of these extra homes are occupied by aging parents, some with older children, some used for rental income, and some are vacant much of the year and used for visitors as the occasion arises. These extra homes contribute to value and are very appealing features in today’s real estate market.

On July 23, 2004, however, the Ravalli County Planning Office has issued a “no more” ruling on these second homes. All the guest houses, bunkhouses or second homes that were in existence prior to that date are grandfathered in. Obtaining a second septic permit on the same piece of property now requires that the second dwelling be structurally attached OR one must file for an expedited subdivision of the parcel of land. Some concerned citizen’s groups have asked for legal clarification at the State level which is estimated to be delivered in 2005. Until further change or clarification, there will be no more “compounds.”

For the real estate Buyer or Buyer’s Agent, this decision has quite an impact. Many of the properties with desirable features, i.e. trees, creek, views, etc., have existing homes that are dated or of little value. If a buyer wants to keep the existing home and then build a new and more suitable home, they will not be able to gain approval and purchase a second septic permit for the new home. The Buyer must then remodel the existing home making upgrades to the existing septic system, tear the home down, or go through the process of expedited subdivision review.

Keep in mind that the new rule makes no distinction between the parcel that is 10 acres in size or a parcel that is 100 plus acres. There is also no distinction made between a guest house septic and one that would be used for water service and a bathroom in a shop or barn.

Sellers will enjoy a certain amount of extra value for their existing guest homes, bunkhouses, barn bathrooms, shops with facilities, and “grandfathered in” status second homes until the regulations change, if they ever do.

Buyers should understand the limitations imposed by Plat Approvals, Covenants, Voluntary Zoning Districts, well and septic before they buy. A thorough review by the Buyer and the Buyer’s Agent will insure that the property will meet the Buyer’s needs and expectations. Any questions relating to a change of use or substantial modification to existing structures should be directed to the Ravalli County Planning Office or other local authorities.

## Montana Property Taxes Ad Valorum - According to Value

Montana is a non-disclosure state. All the deeds in Montana are recorded with a \$10.00 consideration. Therefore, it is not possible to make a trip to a local court house and look up what someone paid for their property. While there are some reporting requirements at the time of a sale, the public record will not disclose this information. If a loan was obtained, that information can be helpful in making a thoughtful guess.

Property taxes are computed by determining the value. This is done by using the sales comparison approach, the cost approach for replacement, less depreciation plus land value, and the income approach, if applicable. The Montana Department of Revenue derives the sales approach data from their own sources and the data collected from a *Voluntary Questionnaire* that is sent to every buyer shortly after the close of a real estate sale.

The Value is then multiplied by the Tax Rate to equal the Taxable Value. The Taxable Value is then multiplied by the Mill Levy to equal the General Property Tax.

Understanding a Montana tax bill is a little like unraveling a backlash in an open face fishing reel gone bad. Be sure to call your local tax authority for a review of your Assessment Notice (the Blue Notice). Do not wait until the tax bill comes out as you may miss your opportunity to appeal. To obtain further information contact the Montana Department of Revenue.

Phone: (406) 444-6900 Web: <http://www.dli.state.mt.us>

## Replacement Cost Estimates

These figures are intended to be general guidelines and may vary with the fixtures and features of the property:

Budget 2 X 6 frame home:	\$ 90.00 sq. ft.
Deluxe quality frame home:	\$ 150.00 sq. ft.
Luxury quality frame home:	\$ 200.00 sq. ft.
Budget log home:	\$ 150.00 sq. ft.
Deluxe log home:	\$ 300.00 sq. ft.
Luxury log home:	\$ 500.00 sq. ft.
Cost of a well: \$ 28.00 to	\$ 31.00 per foot (not including pump)
Standard Septic System:	\$ 5,000.00
Gravel road/driveway:	\$ 12.00 per foot
Electrical Service:	\$ 2,000 to \$4,000
Fencing: wire/\$2.00 foot, wood post & rail/	\$4.00 foot

**10th**  
Anniversary  
Edition

# 2004 BITTERROOT VALLEY MARKET REPORT



## RESIDENTIAL SALES

PRICE RANGE	# of Sales
\$ 0	24,999
25,000	49,999
50,000	74,999
75,000	99,999
100,000	124,999
125,000	149,999
150,000	174,999
175,000	199,999
200,000	224,999
225,000	249,999
250,000	274,999
275,000	299,999
300,000	324,999
325,000	349,999
350,000	399,999
400,000	449,999
450,000	499,999
500,000	599,999
600,000	699,999
700,000	and up

**TOTAL SALES VOLUME: \$149,130,793 752**

## LAND SALES

PRICE RANGE	# of Sales
\$ 0	24,999
25,000	49,999
50,000	74,999
75,000	99,999
100,000	124,999
125,000	149,999
150,000	174,999
175,000	199,999
200,000	274,999
275,000	299,999
300,000	324,999
325,000	and up

**TOTAL SALES VOLUME: \$33,302,474 282**  
**GRAND TOTAL SALES 1034**

**RESIDENTIAL & LAND TOTAL SALES VOLUME**  
**\$182,433,267**

**Active Residential Listings All Types: 539**

**Active Land Listings All Sizes: 286**

This exclusive market report has been created for the customers and clients of KING REAL ESTATE, INC. based on information provided through membership in the Bitterroot Valley Board of Realtors®, Inc. Multiple Listing Service from January 1, 2004 through December 31, 2004. There is an undetermined error factor in this report because all real estate transactions in Ravalli County may not be included. This data includes properties located within Ravalli County only. Buyers and Sellers are advised to make their own independent investigation of all data relating to anticipated purchases and sales. Copyright© 1994 - 2005

### Market Summary

The Bitterroot Valley, Ravalli County Montana, real estate market made some dramatic changes in 2004. The total sales volume for both residential and land sales in 2004 was up \$36,622,826 or 25% over 2003. Home sales were up by 45 sales while land sales were up by 29 sales. The most increase in residential sales was seen in price ranges between \$275,000 and \$299,999 by one and one half times. The most active range, however, remains in the price range of \$125,000 to \$149,999. The most active price range in the land only market was from \$25,000 to \$49,999 which mirrored that of last year. This year's shortage of small parcels and lots will, in my opinion, cause a change in this trend.

An interview with Greg Gile, owner of All Valley Appraisal, confirmed that the market was very strong with land and lot values going up dramatically in the past year. "There are some shortages and also some choice limitations in land parcels and lots right now. The effect is a boost in value to existing home values, said Gile. Each area of the Valley is different and has it's own micro-market depending upon the quality of the neighborhood, surrounding properties, and the availability of land in that area. The value of land should continue to be strong in the next few years with appreciation being closely tied to supply and regulatory changes in land development."

The sales market for properties of \$400,000 was much stronger in 2004 than that of 2003 with an increase in sales from 25 to 40. The requests for second homes have increased as well. Greg said that the unavailable rent schedules for second homes have presented challenges for appraisers here as well as the valuation of many Bitterroot properties that fall into a "non-conforming category" for lenders and underwriters. As always, I remind the buyer and the seller that the Days on Market statistics are corrupted by the statistical data available as the data is tied to the listing number rather than the address of the property making it impossible to correctly report an average. Let it be said that sellers are enjoying strong equity positions as replacement costs continue to rise and land prices increase. Buyers will have fewer choices and should be prepared to pay higher prices.

**Greg Gile, owner of All Valley Appraisal in Hamilton Montana, is the leading luxury appraiser for Ravalli County. His office completed over 200 appraisals last year, 20% of which were for properties with a value over \$1,000,000. A "Bitterrooter" since 1972, Greg's family has been involved in the real estate industry for years - his father, Al, was Broker Owner of Towne and Country Realty for over 30 years and his sister, Glenda Swietzer, is Owner / Mortgage Broker for Towne and Country Mortgage also in Hamilton. Greg apprenticed at C & E Appraisal Service before opening his own firm in 1995 and is well known in the real estate community for his detail and knowledge of Bitterroot Valley property. We thank him for sharing his viewpoints for this summary.**



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### Montana Statistics

Things to Know and Forget

The International Wildlife Film Festival is hosted in Missoula, MT. This is the largest, longest-running festival of its kind in the world.

Ernest Hemingway described Missoula, MT in his novel "For Whom the Bell Tolls."

Missoula, MT was named the number one dream town for outdoor recreation by *Outside* magazine.

The average square mile of Montana land is estimated to contain 1.4 elk, 1.4 pronghorn antelope, 3.3 deer and 6.2 humans.

NEWSLETTER SIGNUP

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KING REAL ESTATE is the leader in luxury real estate sales in the Bitterroot Valley. Established in 1992 by Jan King, Broker/Owner, the company approaches real estate as a "product based" business with a system of due diligence that raises the standard of services far above that of other companies.

KING REAL ESTATE'S scientific approach to the transaction makes it easier for the buyer to identify value and more fully discover the facts relating to the property. Sellers benefit from the effective marketing strategies that consistently produce sales and the negotiating strategies and paperwork follow up which minimizes stress during the selling process.

Whether it's a fly-fishing property, a log home, an equestrian facility or a country home, the professionals at KING REAL ESTATE have the knowledge demanded by the market to exceed buyer and seller expectations. KING REAL ESTATE listings are regularly featured in Unique Homes, Rocky Mountain Farm and Ranch, Dupont Registry, and other exclusive real estate publications.

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the best direction*

**A GUIDE TO MOUNTAIN REAL ESTATE**