



Capitalization (Cap) Rates for Commerical Property Valuation

	Rural-GD	Rural-AV	Rural-FR	Rural-PR	Urban-GD	Urban-AV	Urban-FR	Urban-PR,
Apt,	6.5	7	7.5	8	5.88	6.38	6.88	7.38
HotelMotel,	7.19	7.69	8.19	8.69	6.84	7.34	7.84	8.34
MHPark,	8.7	9.2	9.7	10.2	5	5.5	6	6.5
MiniW,	6.58	7.08	7.58	8.08	4.87	5.37	5.87	6.37
NH,								
Office,	6.28	6.78	7.28	7.78	5.59	6.09	6.59	7.09
Rest,	5.75	6.25	6.75	7.25	5.4	5.9	6.4	6.9
Retail,	6.69	7.19	7.69	8.19	6.72	7.22	7.72	8.22
Warehouse	6.63	7.13	7.63	8.13	6.67	7.17	7.67	8.17

Yellow indicates Cap rates that will be updated in the next Build and compile

Capitalization Rate Development

Direct Sales Analysis

Net Operating Income (NOI)/Sales Price = Rate

Information from similar properties in Montana that have sold and reported income and expense information

Separated into Urban and Rural Cap Rate models

Adjust for effective tax rate: 1.63% for Urban and 1.28% for Rural