

Joe,

Good afternoon. As you know, the property owner has filed property tax abatements for the hotel located at 532 15th Street W. on parcel 1015-0100-0200. Please see our analysis attached and below.

The subject property sold for \$2,860,000 on 7/30/2021. The price includes both personal property and intangible value, which must be deducted to determine the real estate value of a hotel. On the other hand, we recognize that it was an auction sale, so it is conceivable that the property was purchased at a discount. However, with 2021 and 2022 assessments of over \$4,751,000, some level of reduction is certainly warranted.

Our attached market income analysis utilizes ADR and occupancy figures from comparable properties that outperformed the subject. These figures indicate a net operating income of \$504,000. We then applied 9.25% cap rate which is well below the figures reported on Costar (over 12%). After applying a 20% reduction for personal property and intangible value, our concluded real estate value for the subject is \$3,900,000. Please note the personal property and intangible value deduction equates to approximately \$5,000 in personal property per room, which does not even account for intangible value.

Additionally, all comparable sales in the area support a value below the subject's assessment. See below:

Property Name	Address	City	Parcel	Year Built	Rooms	Land SF	Sale Date	Sale Price	PP / Intangibles	Adjusted Price	Price Per Room
Microtel Inn & Suites by Wyndham Dickinson	1597 6th Ave W	Dickinson	41111003000900	2011	79	105,851	2/1/2021	\$1,360,000	\$272,000	\$1,088,000	\$13,772.15
Red Roof Inn	165 26th St W	Dickinson	98501000101	2012	101	84,071	5/1/2019	\$1,400,000	\$280,000	\$1,120,000	\$11,089.11
Comfort Inn Dickinson	493 Elks Dr	Dickinson	41100001000301, 41100001000500	1979 / 2014	116	263,538	5/7/2019	\$2,750,000	\$550,000	\$2,200,000	\$18,965.52
Relax Inn	529 12th St W	Dickinson	41054002000300	1976	45	87,120	10/16/2019	\$400,000	\$80,000	\$320,000	\$7,111.11
Average											\$12,734.47

The Microtel in Dickinson, which is 30 years newer than the subject sold for \$13,772.15/room in February of 2021. The other three sales occurred before Covid-19 and still sold for below \$20,000/room. Overall, after deducting for personal property/intangibles, the sales above average about \$13,000/room, which is in line with subject's sale price of \$11,917/room.

In conclusion the assessments for the subject property should be reduced to the following values:

Tax Year	Assessment	Requested Value
2021 Pay 2022	\$4,751,000	\$3,900,000
2022 Pay 2023	\$4,751,000	\$3,900,000
2023 Pay 2024	\$4,733,400	\$4,290,000

Have a great weekend!

Thank you,

Michael Block

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