

BECON  
9/8/23

Good Morning. It definitely felt like fall was in the air this morning. Bummer – where did summer go?

#### Guests

- Steve Solberg – was the guest of Bruce Glennie
- George Warmer (Coldwell Banker) – was our speaker

#### Announcements

- Remember the Community Rally on 9/14 at the United Way – 4:30 to 7:30 pm. This will be a beverage and bingo night with free tickets available for BEC. This is a community gathering to celebrate United Way's impact, their volunteers and to kick off the community giving campaign.
- Our annual cornhole tourney will be held at Jerry Voto's house on Saturday 9/23 from 1-5 pm. Always a favorite Social Committee event.
- Bill Kennedy announced the March Against Drugs gathering to be held tomorrow, 9/9/23 on the Courthouse Lawn at 11:30 am. The Police Chief will speak and there will be a remembrance of 9/11.
- Planning and sponsorship for FTC Festival of Trees is getting started. Bill mentioned the need for a volunteer Chair for this event.
- Darryl Weber thanked everyone who stepped up to serve beer this evening at the Ales for Trails event to be held at the Zoo. 5-10 pm. If anyone else could serve beer, they would still take the help.
- The Dress A Child signup is going around. This will be held at the Westend Wal-Mart on 11/11 starting at 7 am. Breakfast will follow.

#### Speaker

George Warmer, Managing Partner and Broker at Coldwell Banker Commercial, was our speaker today and came in to give us kind of a quarterly summary of the real estate market in town. There are 10 agents working at Coldwell on the commercial side in town (around 25 residential agents).

In a nutshell, George indicated that they are "bullish" on the local commercial market in town. Even though the residential market is starting to take a hit due to higher interest rates, the commercial market typically lags the residential market by six to eight months, so business has been, and will continue to be, brisk and in the expansion mode with regard to the real estate market cycles. These cycles progress from an expansion stage to a hyper supply stage (an oversupply of inventory) to recession and then to recovery.

It's still a sunny forecast for the commercial market in Billings with several big new projects happening, including the new hospital. Even though COVID generally reduced the demand for office space nationally, the office inventory in Billings is still slim and needed, and generally, any unused office or warehouse space has real estate investors licking their chops as they can more economically convert these spaces to multi-family units versus now paying up to \$40/square foot for new building construction. All

of this info and historical data is presented in a handout George passed around and that has been attached to the BECON email.

A lot of us were curious about what the new buildings/businesses we see going up around town and what might be replacing some of the businesses that have closed and are sitting idle. So, here is a quick summary on that:

- The big tilt-up concrete buildings on South Frontage Rd between South Blgs Blvd and 27<sup>th</sup> street are tall, and highly desirable spec warehouses for rent with only one committed tenant so far (an HVAC company). No – it's not Amazon. Apparently if this were an Amazon building, it would be much, much bigger.
- The existing and soon to be vacated, Costco, on King Avenue might be replaced by a Super Target. Does mean that it will be super-doooper better as compared to the existing Target, or does this mean that it will be the same (medium-doooper?) as the exiting Target but bigger?
- Speaking of Costco, the new one out on Zoo Drive should be open in mid-October. I have been watching this go up and I can tell you, once the utilities were in place and the building framed up, they have been hauling the groceries, so to speak. I will have to say that it doesn't look to me like there are that many more pumps in the new gas station than the existing gas station, which stinks given you always must wait in line there – and you can't even wash your windows – don't get me started . . .
- The Dennys/Burger King area downtown around 27<sup>th</sup> and 6<sup>th</sup>, that unfortunately turned very sketchy in recent years, is up for sale by the Ryan family and could potentially become part of something combined with the Gazette building, if and when, that ever sells. Sounds like Billings Clinic will gobble up the Conoco in that area for a new medical building.
- More on that new Costco site - apparently the super-rich (maybe super-doooper?) guy that owns WeatherTech and the local Mercedes dealership in town, is going to move the dealership across the road from Costco; and we'll probably see some more duplexes and motels in that area.
- And we have all noticed the new car washes in town. Well, the old Golden Corral site (part of the former site of the Sage Drive-in way back when for all of you old Billings folks) is also scheduled to become another car wash. I think I remember hearing that our frequent weather changes here in town (storm followed by dry followed by storm, and so on) is very conducive to successful car wash businesses. And given it's about \$20 or more to use these every visit, I can see why there is a sudden glut.
- Finally, it doesn't look like the Pub Station outdoor venue will come to fruition as the COVID delay caused the owners to miss the low-interest rate period that would have made the project costs more feasible. Others have made hay, or ice rather, in that East Billings Urban Renewal District area as the new owners of Yellowstone Ice and Water have built a state-of-the-art facility down there and are pumping/churning/freezing out ice like no tomorrow.

So, my take on all of this is that, apparently, clean cars and cold beer are driving the local economy.

Cheers and have a great weekend!