

Beacon Icehouse | Great Falls, Montana 59404

BROKER OPINION OF VALUE | November 2024

Lot 1 – 2.03 Acres | Building – 7,700 Sq. Ft. | Business + LL



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Executive Summary

Overview



Insights

The Beacon Icehouse is uniquely positioned as one of Great Falls' iconic riverfront establishments, blending its vibrant entertainment offerings with a strategic location. Situated on 2 acres of land, the property features approximately 75 parking spaces, catering to a steady stream of customers and special events. Its riverfront setting provides a scenic advantage, creating opportunities for outdoor events and additional customer appeal.

The property includes a 3,850-square-foot bar area and an equal-sized basement support area, offering flexibility for both business operations and storage needs.

Challenges

Condition and Age of Property:

While the property's size and location are attractive, the building's condition and age may pose challenges for potential buyers. The existing structure may require modernization and upgrades to meet current commercial standards, particularly for buyers considering adaptive reuse or additional commercial applications. Specific upgrades could include enhancements to the basement space or updating interior finishes to expand its functionality.

Market Competition:

The bar and restaurant industry in Great Falls, while robust, remains competitive. Buyers looking to acquire the Beacon Icehouse may need to invest in branding and marketing efforts to maintain its established reputation and customer base.

Property Summary

Property Address: Beacon Icehouse, 1349 13th Avenue SW, Great Falls, Montana

Property Size: 7,700 sqft (3,850 sqft main bar area + 3,850 sqft basement support area)

Lot Size: 2 acres, with approximately 75 parking spaces

Zoning: Unincorporated Enclave

Construction Year: Built prior to significant modernization requirements; updates may be necessary

Layout: Riverfront location, open bar layout with support basement and ample parking

Condition: Average, with potential for interior and exterior updates to enhance usability and visual appeal

Property Overview



Area Map



Subject Property

Property Overview

Access Map



Property Overview

Property Summary



Property Owner	SANDBAR LLP
Property Address	1349 13TH AVE SW GREAT FALLS, MT 59404
Market	Great Falls – Central Montana
Parcel Size	2.03 Acres
Current Use	Bar, Venue
Zoning	Unincorporated Enclave
Tax Information:	Cascade County
GEO	02-3015-15-1-08-04-0000
2024 Taxes	\$5,608.81
Current Tax Assessed Land Value	\$440,800



Property Overview

Property Summary



Strengths

- No Zoning Restrictions:** The property is located in an unincorporated enclave, which offers flexibility in property use. This allows for a range of potential applications, from hospitality to commercial or mixed-use developments, without restrictive zoning regulations.
- Riverfront Location:** The scenic riverfront setting enhances the property's appeal, making it ideal for outdoor events and creating opportunities for businesses that can capitalize on the natural environment.
- Ample Parking:** With approximately 75 parking spaces, the property is well-suited to accommodate high-traffic events, large gatherings, or a steady customer flow for hospitality operations.
- Turnkey Business Opportunity:** As an established bar with an existing customer base, the property provides an immediate revenue-generating opportunity for buyers seeking to enter the hospitality industry or expand their portfolio.

Challenges

- Limited Visibility:** While accessible from 13th Avenue SW, the property's position within an unincorporated enclave and its distance from major roadways limit visibility. Buyers may need to invest in strategic signage or digital marketing to attract new patrons.
- Aging Infrastructure:** The building's age may present maintenance challenges. Buyers should assess the structural integrity and consider potential modernization or updates to ensure the property meets contemporary commercial standards.
- Market Competition:** The hospitality market in Great Falls is competitive. Buyers will need to differentiate the Beacon Icehouse through branding, customer engagement, or unique offerings.

Questions

- Condition and Maintenance:**
- What is the current condition of the building's major systems (roof, HVAC, plumbing, electrical)?
- Are there any recent or ongoing maintenance issues, particularly with the basement or riverfront exposure?
- Has the building been inspected for structural integrity, especially given its age?

- Utility Infrastructure:**

- Are the existing utilities (power, water, sewer) sufficient for potential expanded operations?
- Are there any known limitations with utility hookups or infrastructure that could impact future development?

Broker Opinion of Value

Real Estate



Valuation Approach

The valuation of the Beacon Icehouse real estate is based on a combination of market analysis and replacement cost methods. The unique attributes of this property, including its riverfront location, unzoned flexibility, and size, make it challenging to find direct comparable sales in the Great Falls market.

Challenges with Comparable Sales

1. Lack of Recent Comparable Sales:

1. Riverfront commercial properties with similar lot sizes and uses are scarce in Great Falls, making it difficult to directly compare market values.
2. Available commercial sales in the area often differ significantly in size, location, and use, reducing their comparability.

2. Unique Characteristics of the Property:

1. The 2-acre lot with riverfront access is a premium feature that adds significant value but is not commonly found in comparable properties.
2. The combined bar and basement configuration further limits direct comparisons.

3. Market Variability:

1. The Great Falls market experiences variability in land and building values based on zoning, location, and market demand, complicating the ability to identify consistent trends.

Valuation Breakdown

1. Land Value:

1. Based on commercial land sales in Great Falls, land is valued at \$6-\$10 per square foot, with a 25% premium added for riverfront properties.
2. **Estimated land value: \$850,000 to \$900,000.**

2. Building Value:

1. Using a cost-per-square-foot approach based on similar commercial structures in average condition, buildings in the area are valued at \$100-\$110 per square foot.
2. **Estimated building value: \$800,000 to \$850,000.**

3. Total Real Estate Value:

1. **Combined estimated value of land and building: \$1,650,000 to \$1,750,000.**

Conclusion

The estimated real estate value of the Beacon Icehouse is \$1.65M to \$1.75M, reflecting the unique nature of the property and the lack of directly comparable sales in the market. The valuation accounts for:

- Premium location with riverfront access.
- Functional commercial structure with significant parking and development potential.
- Challenges in comparables, relying instead on industry-standard valuation approaches to establish fair market value.

This estimate provides a reliable baseline for stakeholders while recognizing the property's distinct position in the Great Falls commercial market. Further analysis through property appraisals or market data refinements is recommended to solidify these estimates.

Broker Opinion of Value

Liquor License



SUMMARY

Based on current market conditions and comparable liquor license sales in Great Falls, we estimate the value of the Beacon Icehouse's All-Beverage License with Gambling Permit as follows:

- **Comparable Sale (Recent Benchmark):**

The most recent liquor license sale in Great Falls, an All-Beverage, was sold for \$575,000.

- **Estimated Value of the Beacon's License (All-Beverage with Gambling Permit):**

- Base Value: \$575,000

Suggested Valuation:

Given the gambling permit and the broader privileges of an All-Beverage License, the Beacon Icehouse's license is conservatively valued at \$575,000, with potential for higher valuation based on buyer demand and market scarcity.

Market Insights

In evaluating current market conditions, liquor licenses in Great Falls are highly sought after due to the Montana quota system limiting availability. The addition of gambling privileges significantly increases the earning potential for license holders, as gambling revenues provide a lucrative secondary income stream.

This summary outlines the estimated market value of the Beacon Icehouse's liquor license, leveraging recent comparable sales while factoring in the unique advantages of gambling privileges.

Business Valuation



Business Only

SUMMARY

The valuation of Sandbar LLC was determined through a detailed analysis of its financial performance for 2023, using industry-standard valuation multiples and methodologies. The primary metrics analyzed included Net Sales, Gross Profit, Seller's Discretionary Earnings (SDE), and EBITDA, each reflecting a unique perspective on the business's financial health and earning potential.

The valuation of Sandbar LLC was conducted using key financial metrics from 2023 and industry-standard multiples for businesses with net sales under \$1 million. These multiples provide a guideline for estimating the Market Value of Invested Capital (MVIC), which represents the total value of the business, including both equity and debt.

Acquisition multiples below are calculated medians using US private industry transactions. Last update: October 2024.

Industry Multiples:

MVIC/Net Sales: 0.40

MVIC/Gross Profit: 0.62

MVIC/SDE: 2.11

MVIC/EBITDA: 2.53

Valuation Results

MVIC/Net Sales: **253,658**

MVIC/Gross Profit: **243,779**

MVIC/SDE: **482,239**

MVIC/EBITDA: **51,975**

Conclusion:

The most reliable method for valuing Sandbar LLC is SDE-based valuation because it reflects the total discretionary earnings available to the owner, a key factor for small business buyers. Using this method, the estimated value of Sandbar LLC is approximately: **\$450,000 - \$500,000**

This range accounts for the business's financial performance, market conditions, and the typical multiples used for similar businesses in the industry.

Business Valuation Conclusion



Real Estate, Liqueur License, Business

SUMMARY

1. Real Estate Valuation

- Lot Size: 2 acres (87,120 sq. ft.)
- Building Size: 7,700 sq. ft. (3,850 sq. ft. bar + 3,850 sq. ft. basement)
- Condition: Average
- Land Value: \$850,000 to \$900,000 (based on \$8/sq. ft. with a 25% waterfront premium)
- Building Value: \$800,000 to \$850,000 (based on \$100-\$110/sq. ft.)
- **Total Real Estate Value: \$1,650,000 to \$1,750,000**

2. Liquor License Valuation

- License Type: All-Beverage License with Gambling Permit
- Recent Comparable Sale: \$575,000
- **Liquor License Value: \$550,000-\$600,000**

3. Business Valuation

- Revenue (2023): \$634,146
- Gross Profit: \$393,191
- Seller's Discretionary Earnings (SDE): \$228,544
- SDE-Based Valuation (2.11x SDE): \$450,000 to \$500,000
- **Business Value: \$450,000 to \$500,000**

Conclusion

The total estimated value of the Beacon Icehouse, including its real estate, liquor license with gambling permit, and business operations, is between **\$2.68M and \$2.83M**.

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