

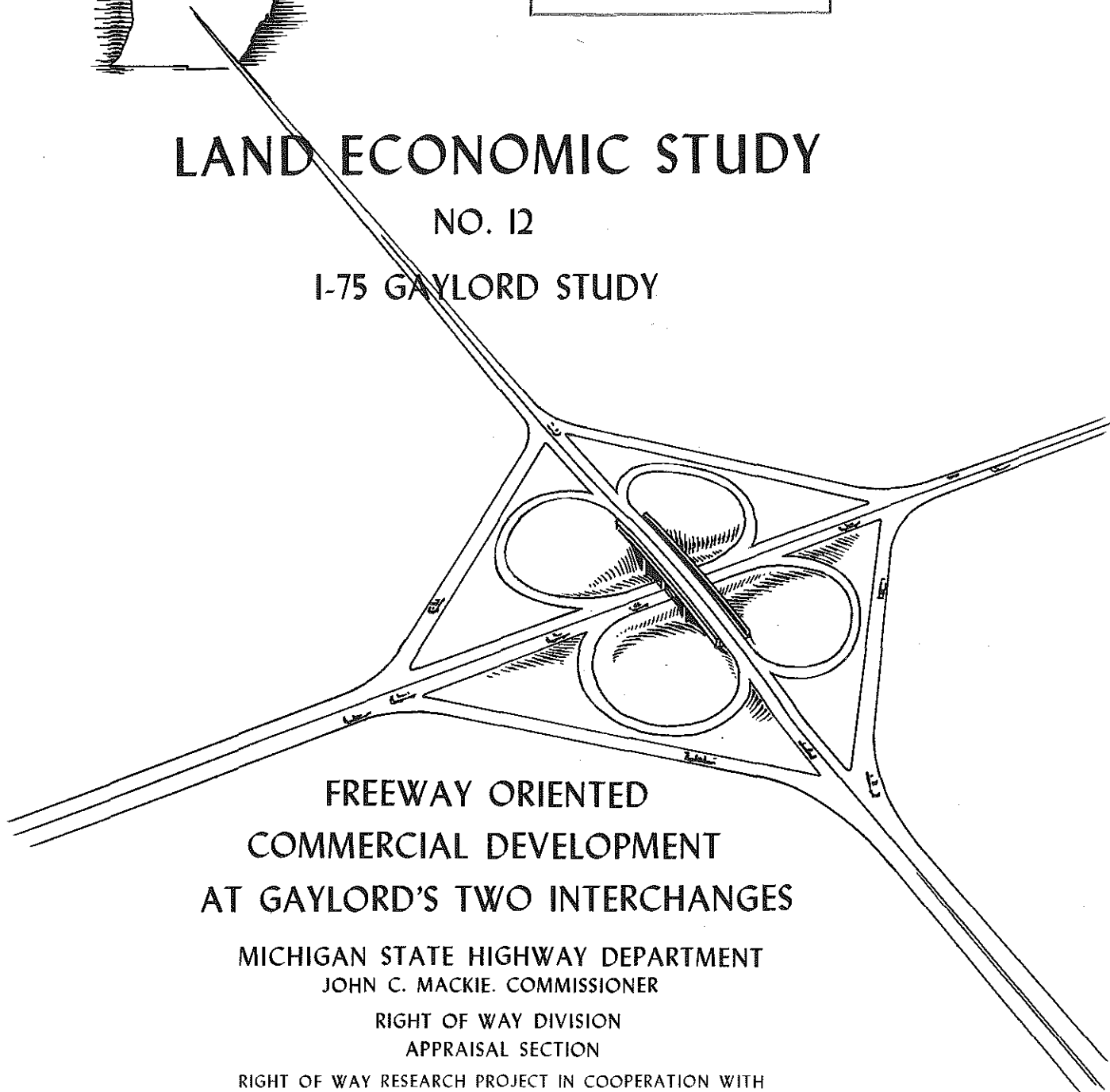


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# LAND ECONOMIC STUDY

NO. 12

I-75 GAYLORD STUDY



## FREEWAY ORIENTED COMMERCIAL DEVELOPMENT AT GAYLORD'S TWO INTERCHANGES

MICHIGAN STATE HIGHWAY DEPARTMENT  
JOHN C. MACKIE, COMMISSIONER

RIGHT OF WAY DIVISION  
APPRAISAL SECTION

RIGHT OF WAY RESEARCH PROJECT IN COOPERATION WITH  
UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF PUBLIC ROADS

SEPTEMBER 1962



West Interchange

I-75-BL (M-32)

Gaylord

I-75

I-75-BL (Old US-27)

N

South Interchange

I-75

LOOKING NORTH  
TOWARD GAYLORD

## Introduction

This is the 12th in a series of reports designed to inform mortgage lenders, realtors, appraisers and property owners about effects of limited access highways.

It shows how land values increased at the two interchanges on the Interstate 75 Freeway at Gaylord.

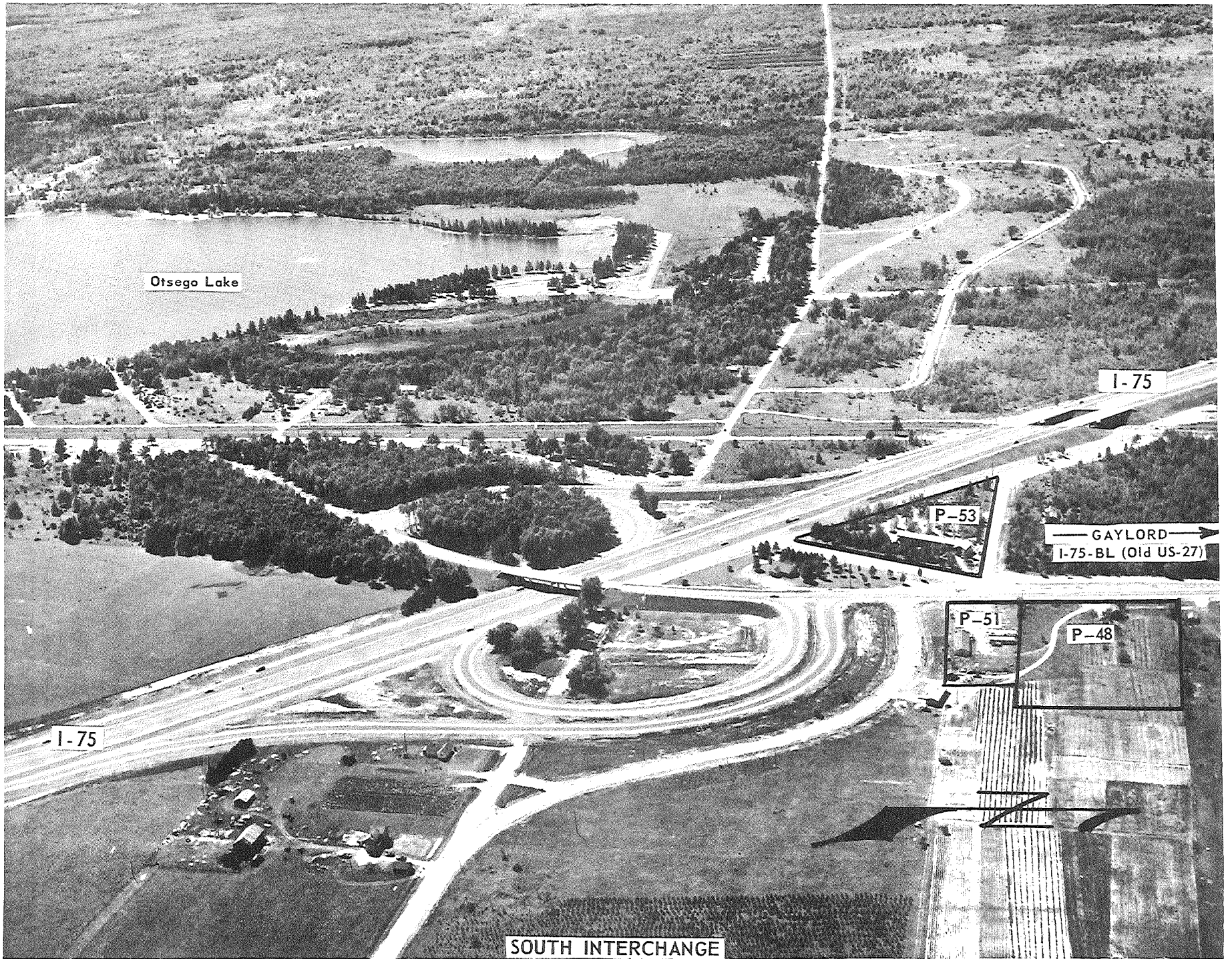
Two important conclusions can be drawn from the study:

1. There was a dramatic increase in property values at the interchanges. The biggest increases took place on the side of the interchanges nearest the city.
2. Commercial trends outside Gaylord have changed as businessmen take advantage of locations on penetrator routes. Greatest land values have developed along the shortest route into the city between the west interchange and the downtown area.

## General Area Information

Gaylord is near the center of northern Lower Michigan. It is the county seat of Otsego County and has a population of more than 2,500 people.

Gaylord is a popular four-season vacationland. Its unusually high altitude provides a dry, temperate summer and high annual snowfall. A large summer cottage population, widespread resort development and an abundance of public recreation land lends stability to local business.



Otsego Lake

I-75

P-53

GAYLORD  
I-75-BL (Old US-27)

P-51

P-48

I-75

SOUTH INTERCHANGE

Trout fishing in the spring and hunting and skiing in the fall and winter combine with summer vacationing to attract people to the area.

New and improved highways make it possible for people in the populace southern areas of the State to reach Gaylord in four hours or less. What once was a long and difficult trip is now a comfortable weekend jaunt on the State's new freeways.

#### Appraisal and Sale Analysis

Each interchange is treated separately to delineate effects that closeness to Gaylord might have.

#### The South Interchange

This interchange is 2.5 miles south of Gaylord at the intersection of old US-27 and I-75 (US-27 relocated). Old US-27 north of the interchange is known as the I-75 Business Loop.

It is estimated that by 1978 a daily average of 12,000 cars will use I-75 at this point. Of this number, 15 to 20 percent will leave the freeway via the interchange. Northbound traffic leaving the freeway will head toward Gaylord, while southbound motorists will head for the lake resort area.

Parcel 48-Bergey Parcel: Before right of way for the freeway was purchased, this property was a 13-acre tract with 303 feet of frontage on old US-27. Total improvements consisted of a house and utility shed, both in poor condition. A small triangular wedge of 1,000 square feet was purchased for the interchange. Access to the remaining land was not restricted by grade or reduction of frontage.



Appraiser's Analysis-September, 1960 (Parcel 48)

Before Right of Way Purchase:

Land.....	\$6,600
Improvements.....	<u>600</u>
Total.....	\$7,200

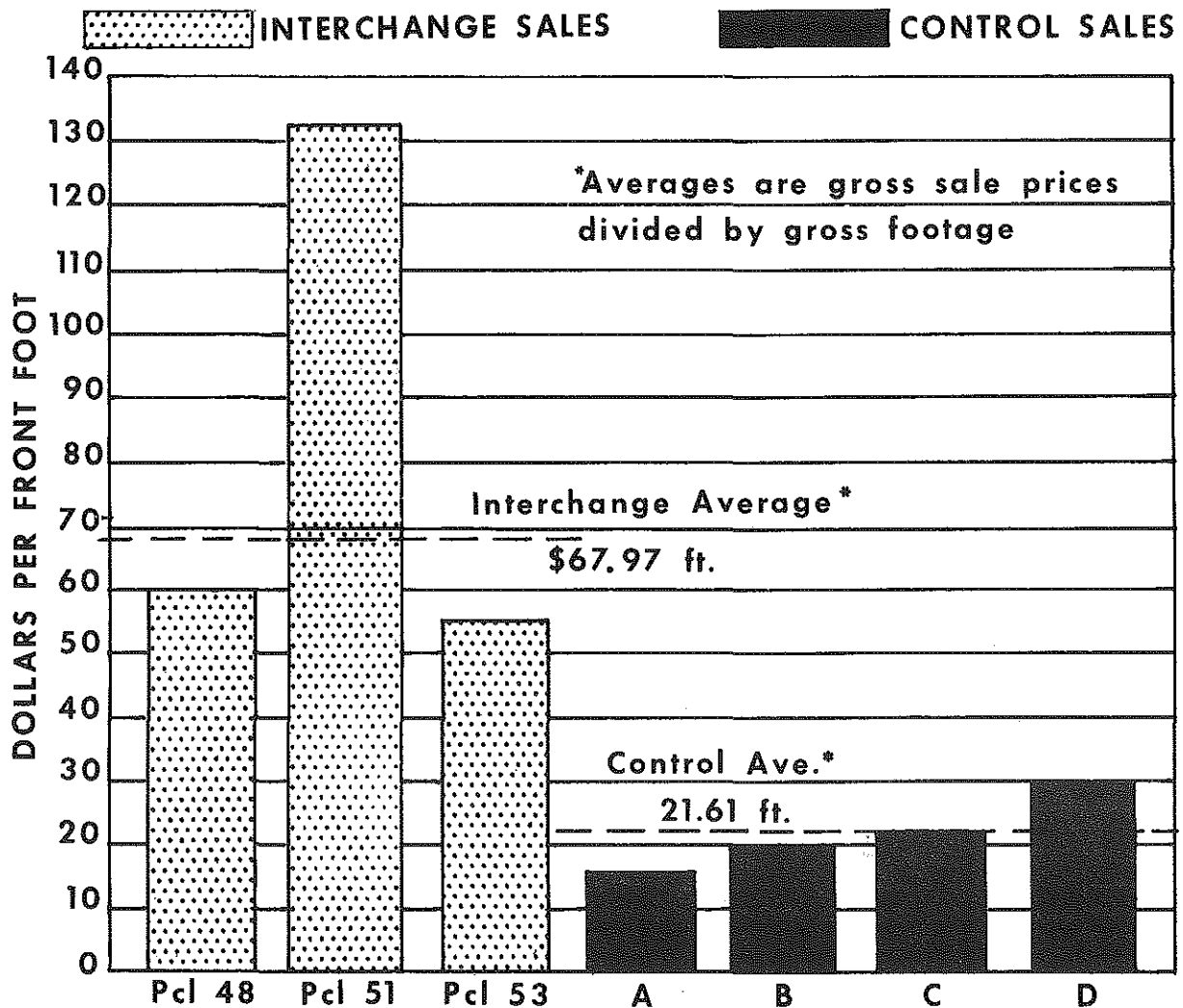
After Right of Way Purchase:

Land.....	\$6,500
Improvements.....	<u>600</u>
Estimated Compensation.....	\$ 100

In August, 1961, Bergey sold the entire 303 feet of frontage to a depth of 500 feet (3.5 acres) to Speedway Petroleum Corporation for \$18,000 (Liber 88, p. 410-411, Otsego County Records). Bergey retained the back 9.5 acres to which he had other access.

Parcel 51-Kammeyer Trailer Sales Parcel: This parcel is located immediately south of the Bergey Property and is the first parcel north of the interchange on the east side of the road. It has 132 feet of frontage and is 330 feet deep (one acre). At the time of purchase, it was the site of a mobile home sales. Improvements included an office-residence, repair shed and three trailer rental sites with septic systems. A 30-foot strip across the front including the office-residence, was purchased for the highway. Access remained the same with no grade change or frontage restriction.

# SOUTH INTERCHANGE IMPACT GRAPH



	LOCATION	SIZE	PRICE	TIME	PER FRONT FOOT
Interchange	Pcl 48	303'x500'	\$18,000	8/61	\$60
	Pcl 51	132'x300'	\$17,500	8/62	\$133
	Pcl 53	330'x0-400'	\$16,500	7/62	\$50
Control on Penetration Route	A	100'x272'	\$1,600	7/61	\$16
	B	160'x350'	\$3,000	9/60	\$19
	C	408'x250'	\$9,000	10/60	\$22
	D	Land Contract 100'x315'	\$3,000	9/60	\$30

Note: Control parcels A through D are discussed in the addenda.



Appraiser's Analysis-September, 1960 (Parcel 51)

Before Right of Way Purchase:

Land (132 FF).....\$ 1,980  
Improvements..... 16,520  
Total.....\$18,500

After Right of Way Purchase:

Land (132 FF).....\$ 1,830  
Improvements..... 6,170  
Total.....\$8,000

Estimated Compensation.....\$10,500

In August, 1962, the remainder was sold to Speedway Petroleum for \$17,500 (Liber 92, p. 112) pursuant to an option obtained in February, 1962. Improvements were not a factor in the consideration.

Parcel 53-Summers Parcel: Thirteen of 53 lots were affected by right of way requirements in the southwest portion of the Summers and Holmes Subdivision (See sketch, page 6). At the time of purchase, all lots facing on old US-27 were vacant. Demand for similar property facing on old US-27 was about equally divided between residential or commercial use.

Appraiser's Analysis-September, 1960

Evaluation Before Right of Way Acquisition (abstracted

from appraisal of the portion in sale)

Lot 16 (US-27) 100 feet @ \$20/FF.....\$2,000  
Lot 17 (US-27) 100 feet @ \$20/FF..... 2,000  
Lot 18 (US-27) 100 feet @ \$20/FF..... 2,000  
Lot 19 (US-27) 490 feet @ \$22/FF.....10,780  
Lot 21 (backlot)100 feet @ \$8.50/FF.... 850  
Lot 22 (backlot)100 feet @ \$8.50/FF.... 850  
Total.....\$18,480

Appraised Before Value (Parcel 53).....\$18,480

Evaluation After Right of Way Acquisition:

Lot 16	100 feet.....	\$2,000
Lot 17*	100 feet.....	1,950
Lot 18*	100 feet.....	750
Lot 19*	60 feet.....	50
Lot 21*	100 feet.....	35
Lot 22*	80 feet.....	<u>15</u>
* Take is off back of lots		
Total.....		<u>4,800</u>

Estimated Compensation.....\$13,680

In May, 1962, Summers sold Lot 16 and the balance of 17, 18, 19, 21 and 22 for \$16,500 (Liber 91, p. 137). The new owner is constructing a 20-unit motel with a trailer park in the rear.

Summary of South Interchange

Before construction of the freeway was completed, parcel remainders adjoining the interchange (toward Gaylord) had been sold. The change in market value is demonstrated by comparing these sales with control sales (See addenda pages 19 & 20).

It is evident that parcels next to the interchange had a sharp increase in value. The control sales indicate a market pattern in the \$16 to \$30 per front foot bracket with a land contract sale setting the upper limit.

However, the interchange parcel setting the lower limit sold for \$50 per front foot although suffering severe triangulation. In averaging an increase of more than 200 percent is indicated. In no case did the appraiser offset commercial benefits. It is evident that the benefits had occurred, even before a single car had traveled the freeway.

### The West Interchange

This interchange is adjacent to the west city limits, four blocks from the Gaylord business district. Prior to construction of I-75, the interchange area had some residential development interspersed with vacant lots. The total commercial development consisted of a farm equipment dealer and a residence with a plumbing shop.

Nearly all parcels required for the interchange were purchased in their entirety. As a result no remainders are available to test market reaction. However, appraisals used for acquisition of interchange property can be used as an index to test market reaction. All of these vacant parcels were negotiated by the Highway Department at \$15 per front foot. Little sales action outward from the interchange was reported. Control Sales E through I (See addenda pages 19 & 20) support this pattern.

By 1978 it is estimated that a daily average of 12,000 cars will use I-75 at this point with 30 percent leaving the freeway at this interchange. About two-thirds of them leaving the freeway will travel into Gaylord.

Since construction of the interchange was started, six sales took place in the four-block area between the interchange and the business district. Four of these sales were next to the interchange and two next to the business district.



Gaylord Business District

I-75-BL (Old US-27)

W-5

W-6

I-75

I-75-BL (M-32)

W-3

W-4

W-1

W-2

I-75

WEST INTERCHANGE  
LOOKING EAST  
TOWARD GAYLORD

Sale No. W-1: This parcel, the first 132 feet east of the northbound off ramp, was assembled by Leland Morehead, a local oil dealer associated with Standard Oil.

66' X 171' \$9,500 (vacant) March, 1961 (Liber 87, p.40)  
66' X 171' 18,000 (improved) April, 1961 (Liber 87, p.357)

132' X 171' \$27,500 or \$208 per front foot.

Mr. Morehead said he realized \$4,000 through salvage of the house, although he did not anticipate this recovery at the time of purchase.

Sale No. W-2: This is the first parcel east of the interchange on the north side of M-32. It is a corner lot measuring 88 front feet by 264 feet.

In July, 1962, E. J. Miller, Mobil Distributor, purchased the property for \$15,000 (Liber 92, p.6). The buyer said the old house had little value.




88/FF for \$15,000 or \$170 per front foot.

Sale No. W-3: This parcel is located 154 feet east of the interchange on the north side of M-32. The property, measuring 132 front feet by 132 feet, plus a back lot measuring 66 by 132 feet, was purchased for \$13,500 by William Woelk, a Texaco distributor (Liber 91, p.501, June, 1962). Woelk hopes to realize \$200 salvage value from a house located on the property. He also said that the back lot contributes little to the value of the land.

132/FF for \$13,500 or \$102 per front foot

# I-75 & M-32 INTERCHANGE (WEST)

## LEGEND

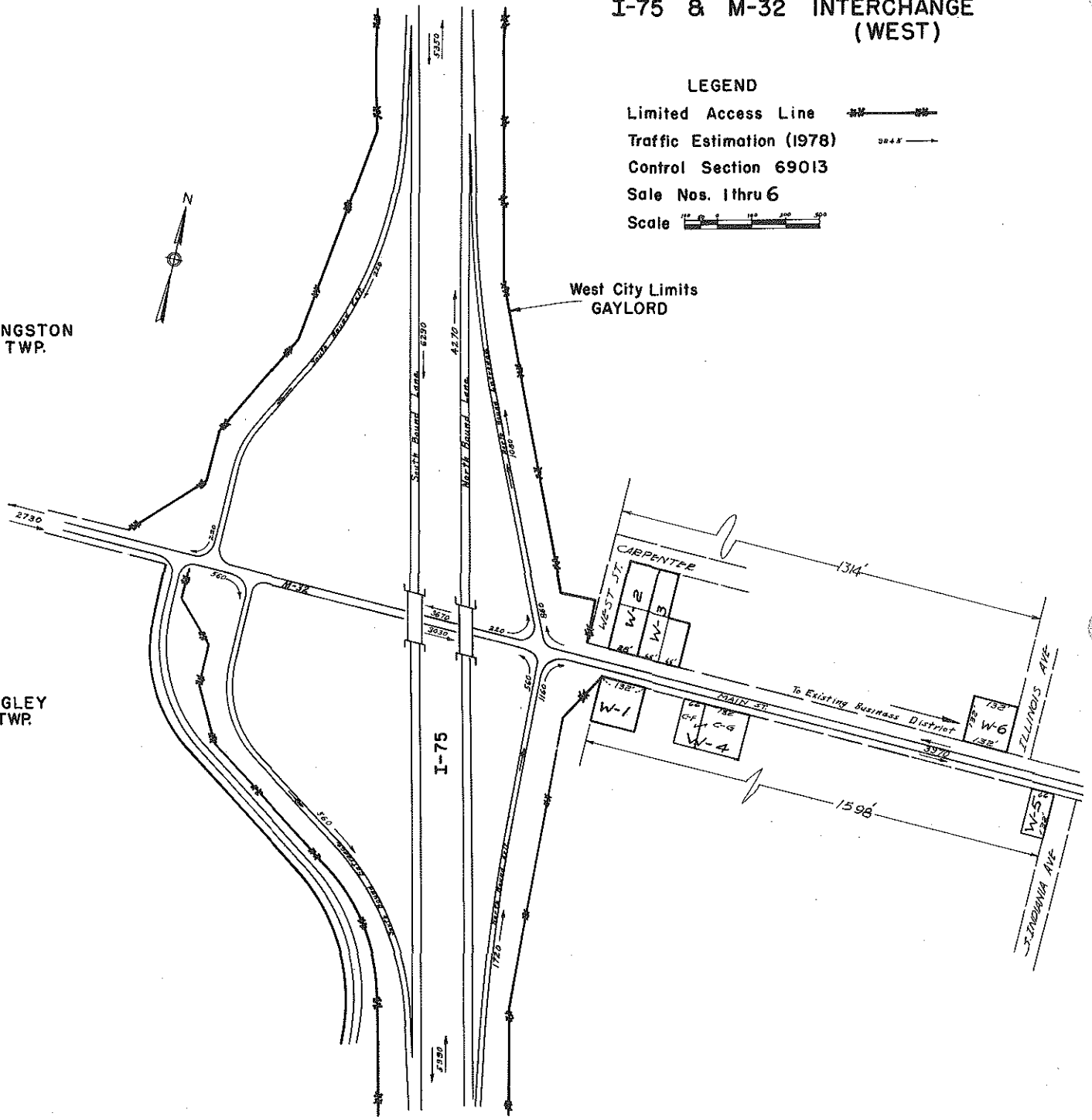
- Limited Access Line 
- Traffic Estimation (1978) 
- Control Section 69013
- Sale Nos. 1 thru 6
- Scale 



LIVINGSTON  
TWP.

BAGLEY  
TWP.

West City Limits  
GAYLORD



Sale No. W-4: This parcel, located 231 feet east of the northbound off ramp, was purchased for \$22,500 by Dale Johnson, a local Leonard Distributor (Liber 87, p.62, April, 1961).

198 X 171' (vacant) for \$22,500 or \$113 per front foot

This parcel was assembled 18 months before as follows:

66' for \$ 500 or \$ 7.58 per front foot (Control G)  
132' for 4,100 or 31.06 per front foot (Control F)

198' for \$4,600 or \$23.23 per front foot

Sale No. W-5: This is a vacant corner parcel at the edge of the business district. In June, 1962, it sold for \$11,000 for a drive-in restaurant (Liber 91, p.544).

66' X 132' for \$11,000 or \$166 per front foot

Sale No. W-6: This is a corner parcel on the north side of the street, at the edge of the business district. It was purchased in September, 1962, by Sun Oil Company. It was necessary to assemble two lots.

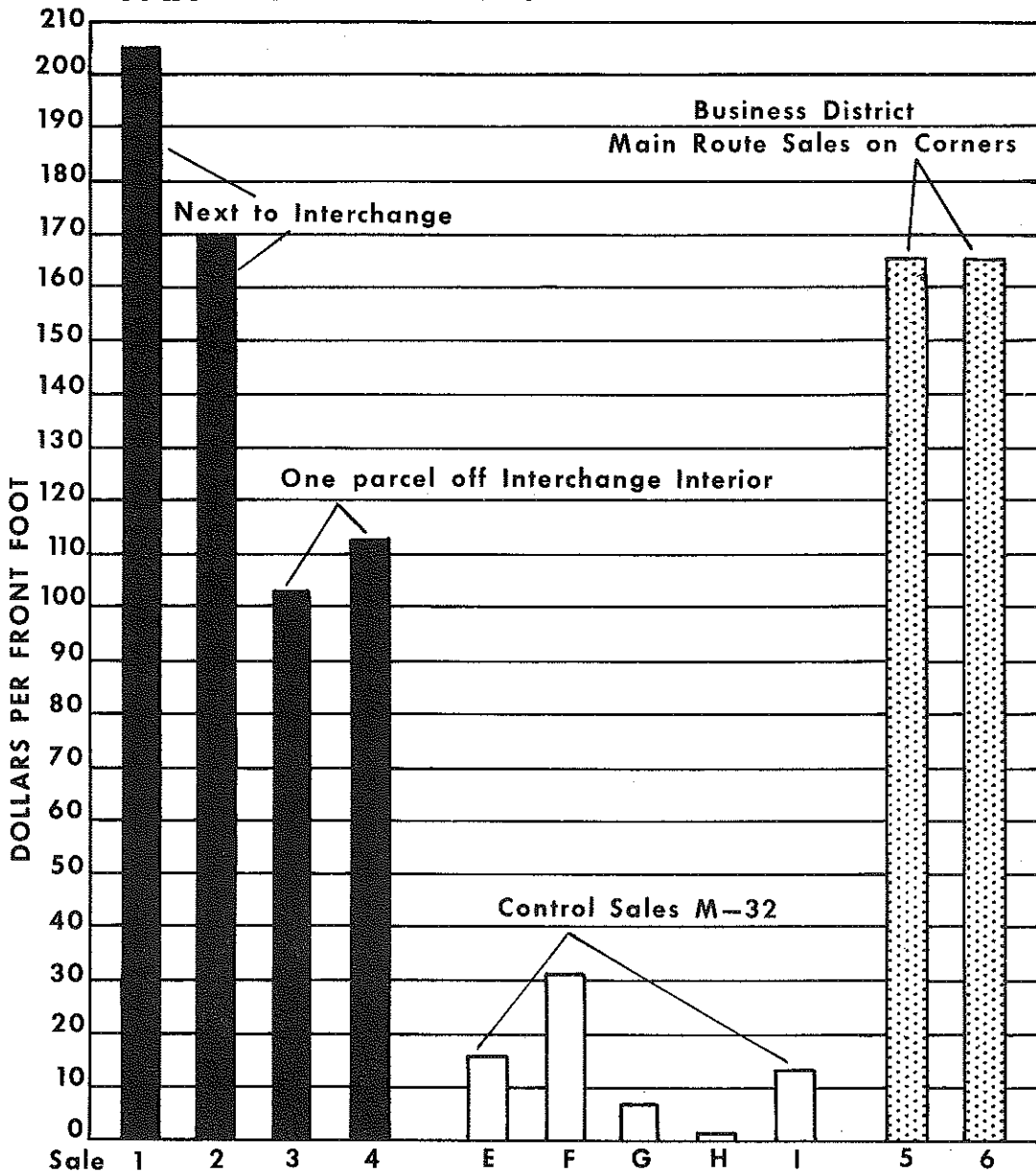
66' X 132' (corner) \$11,000 improved  
66' X 132' 11,000 improved

132' X 132' for \$22,000 or \$166 per front foot

#### Summary of the West Interchange

The change in land use at the interchange and along the penetration route is demonstrated by five oil company sales. Prior to construction of I-75, the real estate market had been sluggish along this route with only a few residential sales recorded.

# WEST INTERCHANGE IMPACT GRAPH



	SIZE	PRICE	TIME	F. F. VALUE
SALE No. 1	132'x171'	27,500	4-61	\$208
SALE No. 2	88'x264'	15,000	6-62	\$170
SALE No. 3	132'x132'	13,500	6-62	\$102
SALE No. 4	198'x171'	22,500	4-61	\$113
SALE No. 5	66'x132'	11,000	6-62	\$166
SALE No. 6	132'x132'	22,000	9-62	\$166
CONTROL E	Appraisals at Interchange-60			\$15
CONTROL F	132'x171'	4,100	9-59	\$31
CONTROL G	66'x171'	500	9-59	\$8
CONTROL H	208'x208'	225	5-60	\$1
CONTROL I	66'x351'	800	4-61	\$12

See Addenda for Controls



Then, in a period of two years, land values jumped from \$15 per front foot to \$200 per front foot. Control sales indicate this increase would not have occurred under normal conditions (See page 19 & 20). Setting the market pattern was the first sale east of the interchange.

Inasmuch as the increase in market value does not extend any great distance west of the interchange, as is demonstrated by Control Sales H and I, the freeway, I-75 is without question the chief reason for increased values between it and the business district.

#### Conclusions

Both of the Gaylord interchanges enhanced the value of adjoining land. Values increased from 200 to 1,000 percent with the highest values being developed by the West interchange at M-32.

Market pressure is slow in developing between the west interchange area and the business district, but a transition to commercial use seems assured. On the route between the south interchange area and the business district, market values have increased only slightly.

Market activity parallels projected traffic patterns which point to the west interchange as the most likely location for highway oriented business.

Prepared by

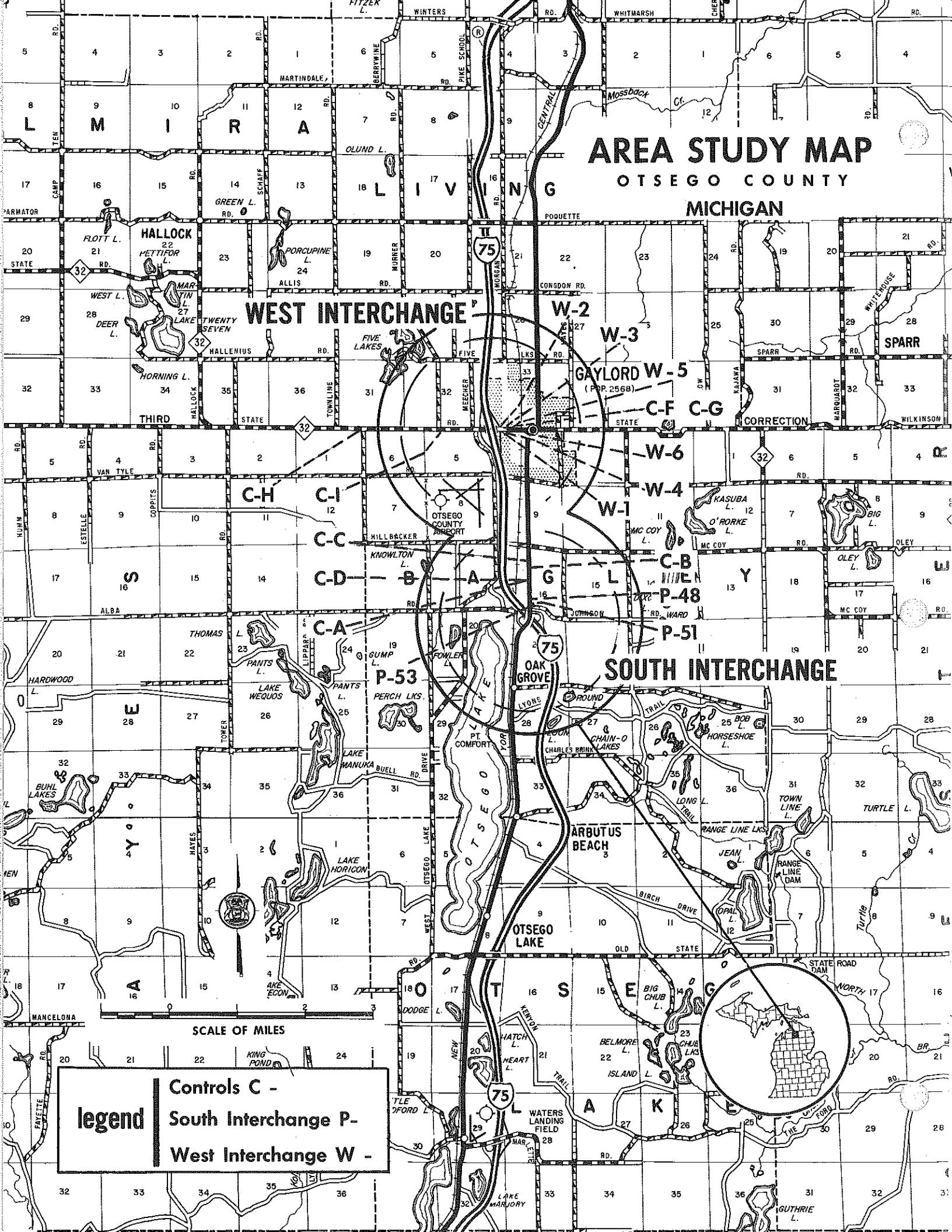
Roger H. Ashley  
Economic Survey Officer

and

Thomas A. Marshall  
Ass't Economic Survey Officer

# AREA STUDY MAP

## OTSEGO COUNTY MICHIGAN



**WEST INTERCHANGE**

**W-3**

**GAYLORD W-5**  
(POP. 2568)

**C-F C-G**

**W-6**

**W-4**

**W-1**

**SOUTH INTERCHANGE**

**C-H**

**C-I**

**C-C**

**C-D**

**C-A**

**P-53**

**P-48**

**P-51**

**legend**

- Controls C -
- South Interchange P -
- West Interchange W -

SCALE OF MILES





