

Kitsap County Assessor
Narrative for Retail, Special – Auto, MhRv Dealer
Appraisal Date 1/1/2009, Tax Year 2010
Updated 6/24/09 by CM43

Valuation Summary

Approach Used – Income Approach. The exception are properties where land value exceeded the income value, in this case the cost approach was applied.

Analysis and Conclusion Summary – A structure's potential alternate use was a major consideration to determine class, see model definition for specific details. There is a comparatively large rate and value spread between B and C class. Limited sales and income data was available, properties tend to be owner occupied. Three (non-owner occupied) rent questionnaires were received; three recurring reported rents indicated a change from .986 to 1.33. No listings were found. Typical land to building ratio was 10.4:1. Additional land value was added to the income stream on properties that exceeded this ratio.

Property Type Overview

Population – Thirty-seven auto retail properties and one mobile home dealer was identified in the area five neighborhoods.

Economic Conditions – One property resale (May 6, 2006 and February 18, 2009 sale dates) reflected the recent downturn in the economy showing an annual decrease of 9.06%.

Rating System – Primary consideration is given to the properties' alternative use in choosing an income class. Other considerations were structure size, quality, age/condition, fenestration and finish; property visibility, location, traffic flow, and land to building ratio. Five income classes were developed. Class A and B rates were based on the highest reported rents at 95%. Lower class rates (C, D, and E) were adopted from the > 30% warehouse model plus one class.

Property Type Overview

Publications – Korpacz 4th Quarter 2008

Model Calibration

Preliminary Ratio Analysis – Three sales with ratios ranging from 1.04 to 1.42, average 1.18, median 1.07, and COD of 11.79.

Market Sales Approach Data and Analysis

Local Sales - Range of Sales Dates – 05/03/06 – 02/18/09 - Three valid sales from 2006 through 2009, limited market data, sales were insufficient to develop a complete market approach, used income approach correlated to available market data and adjusted for current market conditions.

Current Sale Listings – None documented.

Market Sales Rates – Rates were developed for the five classes as described above ranging from \$198.38 to \$50.21.

Income Approach Data and Analysis

Rent Data - Three rent questionnaires received, no listings, three recurring reported rents indicate a change from .986 to 1.33.

Vacancy Data - Historically very low vacancy noted, no vacancies listed on questionnaires, used 20% on A and B classes and 15% on lower classes (closer to warehouse model) to reflect current market conditions.

Expense Data - One expense from rent questionnaires, 22.5%, used slightly higher, calibrated with sales.

Cap Data – One sale - 5.00%, Korpacz 4th Quarter 2008 - 6.73%, Korpacz 4th Quarter 2008 + 6 month average - 7.20%, average 6.31%, median 6.73%.

Current Lease Listings – None documented.

Income Rates – Five classes developed ranging from \$23.62 per square foot to \$6.43 per square foot.

Model Validation

Final Ratio Analysis – With application of the newly adopted model the sales ratios went from a range of 1.04 – 1.42 to .65 - .86 (the 2009 sale had a .86 ratio;) the average changed from 1.18 to .75, the median changed from 1.07 to .73; and the COD changed from 11.79 to 9.58.

Rate Development Comments

Model: 302009 **Prop type:** Retail, Special
Nbrhd: 8100501 **Sub-type:**
Label: Auto Dlr

Entered by: CM43
Entered dt: 6/18/2009

General note:

Structure's potential alternate use a major consideration to determine class, see model definition. Large rate and value spread between B and C class. Limited sales and income data available, properties tend to be owner occupied.

Rent: 3 rent questionnaires received, no listings, 3 recurring reported rents indicate a change from .986 to 1.33.

A	23.62	Highest received rent at 0.95
B	21.62	Second highest received rent at 0.95
C	11.25	Adopt >30 warehouse rate plus one class
D	8.59	Adopt >30 warehouse rate plus one class
E	6.43	Adopt >30 warehouse rate plus one class

Vacancy: Historically very low vacancy noted, no vacancies listed on questionnaires, used 20% on A and B classes and 15% on lower classes (closer to warehouse model) to reflect current market conditions.

A	20.0%
B	20.0%
C	15.0%
D	15.0%
E	15.0%

Model: 302009 **Prop type:** Retail, Special
Nbrhd: 8100501 **Sub-type:**
Label: Auto Dlr

Expense: 1 expense from rent questionnaires, 22.5%, used slightly higher, calibrated with sales.

A 25%
B 25%
C 25%
D 25%
E 25%

Cap: 1 sale - 5.00%, Korpacz 4th Qtr 2008 - 6.73%, Korpacz 4th Qtr 2008 + 6 mo. average - 7.20%, average 6.31%, median 6.73%.

A 7.00% Interpolated from other classes
B 7.25% Calibrated using sales
C 8.00% Considered warehouse model rate, calibrated using sales
D 8.00% Adopted warehouse model rate
E 8.00% Adopted warehouse model rate

Sale: 3 valid sales from 2006 through 2009, limited market data, sales were insufficient to develop a complete market approach, used income approach correlated to available market data and adjusted for current market conditions.

A 198.38
B 175.36
C 87.86
D 67.08
E 50.21

Cost: 3 valid sales from 2006 through 2009, limited market data, sales were insufficient to develop a complete market approach, used income approach correlated to available market data and adjusted for current market conditions.

Rate Development Comments

Model: 302009 **Prop type:** Retail, Special
Nbrhd: 8100502 **Sub-type:**
Label: Auto Dlr

Entered by: CM43
Entered dt: 6/18/2009

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Model: 302009 **Prop type:** Retail, Special
Nbrhd: 8100503 **Sub-type:**
Label: Auto Dlr

Entered by: CM43
Entered dt: 6/18/2009

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Nbrhd: 8100503 **Sub-type:**
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Rate Development Comments

Model: 302009 **Prop type:** Retail, Special
Nbrhd: 8100504 **Sub-type:**
Label: Auto Dlr

Entered by: CM43
Entered dt: 6/18/2009

General note:

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Nbrhd: 8100504 **Sub-type:**
Label: Auto Dlr

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Nbrhd: 8100505 **Sub-type:**
Label: Auto Dlr

Entered by: CM43
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Rate Development Comments

Model: 302009 **Prop type:** Retail, Special

Nbrhd: 8100506 **Sub-type:**

Label: Auto Dlr

Entered by: CM43

Entered dt: 6/18/2009

General note:

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Nbrhd: 8100506 **Sub-type:**
Label: Auto Dlr

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Rate Development Comments

Model: 302009 **Prop type:** Retail, Special
Nbrhd: 8100507 **Sub-type:**
Label: Auto Dlr

Entered by: CM43
Entered dt: 6/18/2009

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Auto Retail/MhRv Dealer Model Definition

CLASS	PRIMARY CONSIDERATION - ALTERNATIVE USE	CONSTRUCTION	AGE/CONDITION	OFFICE/RETAIL	LOCATION	DISPLAY/PARKING
A	Alternative uses would likely be retail or office, also very small structures in core area	Exterior appearance tends to resemble office or retail type structure of better quality grades, interior finish complements exterior	New or recent complete renovation, very good condition, very little or no deferred maintenance or obsolescence, good curb appeal	Large amount of finished showroom/retail space, service and parts areas have some finish	Highly visible or corner lot on a main street in a core area, high traffic count/flow	Ample paved parking for display and customers,
B	Alternative uses would likely be retail or office, also very small structures in core area	Exterior appearance tends to resemble office or retail type structure of fair to average quality grades, interior finish complements exterior	Little deferred maintenance evident, but not everything is new, no obsolescence evident, appearance and utility above standard	Larger than average amount of finished showroom/retail space, service and parts areas may have some finish also very small structures in core area	Very visible or main street in a core area, high traffic count/flow	Sufficient paved parking for display and customers
C	Alternative uses would likely be a retail warehouse or warehouse with office space	Typical finish, plain fenestration, other than the approach side structure looks like a warehouse	Some deferred maintenance evident but major components still function and have utility, not unappealing	Average amount of finished retail space, garage and parts area may be unfinished	Visibility may be somewhat limited with less traffic volume than class B and C	Sufficient paved parking for display, limited customer parking
D	Alternative use would likely be warehouse with limited office/retail space	Plain finish, plain fenestration, other than the approach side structure looks like a warehouse	Some deferred maintenance evident but major components still function and have utility, not unappealing	Finished retail space, garage and parts area may be unfinished	Away from main arterial	Sufficient paved parking for display
E	Alternative use would likely be warehouse with little or no office/retail space	Low quality finish, little fenestration, structure looks like a warehouse	Older or obvious deferred maintenance and some functional obsolescence, some major components need repair or replacement	May have some finished retail space, garage and parts area unfinished	Away from main arterial, narrow street	Limited parking, Land to building ratio much less than typical for property type, perhaps better suited for another use

Income and Vacancy Summary (Public)

Retail Special

Auto Dealer

Neighborhood	Quality	Date:	PGI/Unit:	Vacancy:	EGI per Unit:	Expense %:	NOI per Unit:
8100502	B	6/25/2009	\$20.51	0.01%	\$20.51	0.01%	\$20.51
8100506	B	6/23/2009	\$24.86	0.01%	\$24.86	22.50%	\$19.27
8100504	D	6/23/2009	\$6.86	0.01%	\$6.86	0.01%	\$6.86

Nghbrhd	Vicinity	Prop Type	Business Name	Alt. PIN	Account Number	Excise	Sale Price	Sale Date	Land SF	Units	SL Code	\$Unit/SP	Class	Trend SP	Trnd/Unit	PGI	NOI	Add'l land	Model value	Ratio	AAD
8100506	Wheaton Way	Auto Retail	ABC Dental Care	1493915	3972-000-015-0308	09EX00750	\$435,000	18-Feb-09	27,878	4,230	V	\$102.84	C	\$440,076	\$104.04	\$47,588	\$30,337		\$379,213	0.862	0.128
8100506	Wheaton Way	Auto Retail	Dennis Aybeta	1104553	012401-2-142-2001	06EX08578	\$471,900	21-Sep-06	14,374	1,936	V	\$243.75	B	\$471,900	\$243.75	\$41,860	\$25,116		\$346,429	0.734	0.000
8100506	Wheaton Way	Auto Retail	ABC Dental Care	1493915	3972-000-015-0308	06EX03686	\$582,850	03-May-06	27,878	4,230	V	\$137.79	C	\$582,850	\$137.79	\$47,588	\$30,337		\$379,213	0.651	0.083

AVERAGE	0.749
MEDIAN	0.734
COD	9.58

TREND NOTE: Only 2009 sale trended back to 01/01/09

NEW RATES	A	B	C	D	E
RENTS	\$23.62	\$21.62	\$11.25	\$8.59	\$6.43
VACANCY	80.00%	80.00%	85.00%	85.00%	85.00%
EXPENSES	75.00%	75.00%	75.00%	75.00%	75.00%
CAP	7.00%	7.25%	8.00%	8.00%	8.00%
MARKET	\$198.38	\$175.36	\$87.86	\$67.08	\$50.21

CAP RATE NOTES

- 5.00% Sale
- 6.73% Korpacz 4th Quarter 2008 Warehouse
- 7.20% Korpacz 4th Quarter 2008 + 6 month average
- 6.73% MEDIAN**
- 6.31% AVERAGE**

Auto Retail Rents	
Quartile 4	\$24.86
Quartile 3	\$22.76
Quartile 2	\$20.65
Quartile 1	\$13.75
Quartile 0	\$6.86

Warehouse Rents	A	B	C	D	E	VAC
>30	\$14.62	\$11.25	\$8.59	\$6.43	\$4.80	88.00%
EXPENSES	85.00%	85.00%	80.00%	75.00%	75.00%	
CAP	7.00%	7.25%	7.75%	8.00%	8.25%	

RESALES FOR TREND		Date	Sale Price	\$Inc/decrease	Inc/decrease	Days	Months	Years	% month	% year
1438415	3972-000-015-0308	03-May-06	\$582,850							
		18-Feb-09	\$435,000	-\$147,850	74.63%	1022.00	33.60	2.80	-0.75%	-9.06%

NOTES: A and B rents are the higher rents reported less five percent. C, D, and E rents are typical >30% warehouse rates bumped up one class. Rent class should be chosen carefully. If likely alternate use is retail or office (such as located in a core area, very small size, and/or high percentage of finished space with a more attractive exterior) it would fall in the A or B class. If the property would likely have an alternative use as a warehouse and other than the approach side looks like a warehouse then it would fall in the C, D, or E class. Typical land to building ratio higher than warehouse (5.35:1 versus 10.4:1.)