Kitsap County Assessor
Narrative for *Auto Service - Repair* Valuation

Appraisal Date 1/1/2009, Tax Year 2010
Updated 6/25/09 by CM20

Valuation Summary

Approach Used – Income Approach. The exceptions are properties where land value exceeds the income value; in this case the cost approach is applied.

Analysis and Conclusion Summary – With limited rents for analysis, primary consideration was given to the properties' potential alternative use. During the analysis the Warehouse model was adopted with an adjustment to expenses for contamination cleanup. Typical land to building ratio is 5.38:1. Additional land value is added to the income stream on properties that exceed this ratio.

Property Type Overview

Population – Bremerton contains approximately forty-four Auto Service – Repair properties.

Economic Conditions - Two re-sales of warehouse properties occurred countywide from May 2005 through January 2008. These re-sales indicated annual increases of 7.98% and 12.86% with an average and median of 10.42%. These sales do not appear to reflect the recent downturn in the economy; however the 2008 sales were not trended in the analysis.

Rating System – Adopted Warehouse rating system. Five income classes were developed. Property characteristics that were considered in choosing an income class were type of construction, finish and fenestration, effective age/condition, ratio of finished to garage/repair space, unit size, wall height, location, access, and parking. Class A and E rates were interpolated from other classes. Four B, eight C, and six D class rents were reported. The model was calibrated using the five available warehouse sales and one warehouse listing.

Model Calibration

Preliminary Ratio Analysis – The five Auto Service – Repair sales had a median ratio of 88%, an average ratio of 98% and a COD of 17.68.

Market Sales Approach Data and Analysis

Regional Sales - Range of Sales Dates – 05/27/05 to 09/24/07

Trend Rate – Adopted Warehouse trend rate of 10.42%.

Current Sale Listings – None found.

Market Sales Rates – Five sales were insufficient to develop a market rate.

Income Approach Data and Analysis

Rent Data – The four rents received for Auto Service - Repair were insufficient to develop an income approach, adopted Warehouse rates.

Vacancy Data – Insufficient data received on this property type, adopted Warehouse vacancy rates.

Expense Data – Insufficient date received on this property type, but due to increased contamination associated with business use of these properties, Warehouse expense rates were increased between 10% and 15%.

Cap Data – Insufficient data received on this property type to develop a Cap rate, adopted Warehouse rates.

Current Lease Listings – None found.

Income Rates – Insufficient data received on this property type, adopted Warehouse rates.

Model Validation

Final Ratio Analysis – Upon application of the new model, the median ratio on the five Auto Service - Repair sales is 87%, the average ratio is 97% and the COD is 12.89.

Rate Development Comments

Model:	**302009**	***Prop type:***	**Auto Service**
Nbrhd:	**8100501 - 8100507**	***Sub-type:***	
		Label:	**Repair**
Entered by:	**CM20**	*Modified by:*	**CM20**
Entered dt:		*Modified dt:*	**7/1/2009**

General note:

Insufficient sales and rents were received to develop an income approach for Auto Service - Repair. Warehouse rates were adopted, but expenses were increased to cover potential contamination cleanup.

Rent:

A	11.88
B	8.94
C	6.73
D	5.07
E	3.82

Vacancy:

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

Model:	**302009**	***Prop type:***	**Auto Service**
Nbrhd:	**8100501 - 8100507**	***Sub-type:***	
		Label:	**Repair**

Expense:

A	25%
B	30%
C	35%
D	35%
E	40%

Cap:

A	7.00%
B	7.25%
C	7.75%
D	8.00%
E	8.25%

Sale:

A	0.00
B	0.01
C	0.01
D	0.01
E	0.01

Cost:

Auto Service - Repair Model Definition

CLASS	CONSTRUCTION	EXTERIOR FINISH	INTERIOR FINISH	AGE/CONDITION	OFFICE/RETAIL	UNIT SIZE	WALL HGT	LOCATION	PARKING
A	Heavy Steel Frame, Fireproof Construction	Good quality finish and fenestration, good storefront, mix of concrete, brick, tile, wood, or stucco	Good store finish in sales area, insulation, floor covering, trim, good garage finish in balance, heavier concrete flooring, space heaters	New or recent complete renovation, in excellent to very good condition, very little to no deferred maintenance or obsolescence, all major short-lived items are like new, high curb appeal	30% or more office and/or retail space	May have relatively large or many small office/sales areas and garage areas, could be within larger structure	Exterior wall height over 16 foot	High visibility on or near a main highway and/or fronting a major road with high traffic flow	Ample off street paved parking
B	Wood, Steel, or Reinforced Concrete Frame, Fire Resistant Construction	Good quality finish and fenestration, better than average storefront, mix of concrete, brick, tile, wood, or stucco	Better store finish in sales area, floor covering, trim, garage finish in balance, concrete flooring, space heaters	7 to 15 year effective age, little deferred maintenance evident, but not everything is new, no obsolescence evident, appearance and utility above the standard	25 - 35% office and/or retail space	May have relatively large or several smaller office/sales areas and typical garage space, could be within larger structure	Exterior wall height 18 to 14 foot	Good visibility fronting a main road with high traffic flow	Ample off street paved parking
C	Wood, Steel, or Concrete Frame, Fire Resistant Construction	Typical finish and fenestration, typical storefront, concrete, wood, stucco, or metal with mix of other exterior	Store finish in sales area, garage finish in balance, concrete floor, space heaters	15 to 25 year effective age, some deferred maintenance and/or functional obsolescence evident but major components still function and have utility, not unappealing	20 - 30% office and/or retail space	Average or open office/retail area and typical garage space	Exterior wall height 16 to 12 foot	Visible on or very near a main road	Sufficient off street paved parking
D	Pole Frame, Combustible or Fire Resistant Construction	Little fenestration, plain less than typical storefront, plain metal, wood, concrete, or stucco	Minimal or inexpensive finish in sales area, minimal garage finish in balance, sale area may be open to garage, space heaters	25 - 35 year effective age, deterioration is somewhat worse than normally expected, some obvious deferred maintenance and/or functional obsolescence, appears worn	15 - 25% office and/or retail space	Relatively small and/or open office/retail area and large open garage space	Exterior wall height 14 to 10 foot	Side street or not very visible, low traffic flow	Limited off street parking
E	Pole Frame, Combustible Construction	Inexpensive exterior covering with little to no fenestration, very plain simple or no storefront	Unfinished or minimally finished sales area (if any) balance very minimal or no garage finish, sale area may be open to garage, space heaters	35+ years, older or very obvious deferred maintenance and/or functional obsolescence, deterioration much worse than normal, several major components need repair or replacement, substandard utility, unappealing	10 - 20% office and/or retail space	Open or no office/retail area and large open garage space	Exterior wall height 12 foot and under	Side street, narrow, little or no visibility and traffic flow	Limited to no off street parking, may be gravel

AUTO SERVICE - REPAIR

10.42% Trend 05, 06 & 07 sales only to 01/01/2008

#	Nbhd	S-T-R	LRSN	Parcel #	Acres	ZC	VC	Excise#	Sale Date	Price	Trended	Land SF	Bldg SF	Ofc SF	Ofc/Bldg%	L:B Ratio	Income	Class	Inc SF	Model	Total	Ratio	DevMed
1	8100504	21241E1	1157254	212401-1-092-2009	1.92	FC	V	06EX10817	12/04/06	1,450,000	1,613,094	83,635.20	29,889	2,925	10%	2.80	Auto	C	29,889	1,434,026	1,434,026	0.89	0.02
2	8100501	13241E3	1427780	3718-016-032-0005	0.21	DC	V	05EX04729	05/27/05	340,000	432,210	9,147.60	18,070	1,920	11%	0.51	Auto	D	8,510	297,975	571,625	1.32	0.45
																	Ware	E	9,270	273,650			
3	8100501	13241E3	1427780	3718-016-032-0005	0.21	DC	V	06EX09217	10/11/06	550,000	620,342	9,147.60	18,070	1,920	11%	0.51	Auto	D	8,510	297,975	571,625	0.92	0.05
																	Ware	E	9,270	273,650			
4	8100502	15241E4	1438043	3733-007-009-0004	0.21	DCC	D	07EX02355	04/02/07	450,000	485,328	21,344.40	7,258	576	8%	2.94	Auto	C	5,076	243,540	413,530	0.85	0.02
																	Storage	E	432	3,440			
			1438050	3733-007-012-0009	0.28												Land			82,590			
			2104610	3733-007-012-0108	0.00												Auto	C	1,750	83,960			
5	8100501	13241E3	1440700	3738-001-004-0007	0.32	POMU	V	07EX07170	09/24/07	800,000	822,838	13,939.20	15,846	6,532	41%	0.88	Office	E	4,942	317,030	698,830	0.85	0.02
																	Auto	D	10,904	381,800			

Median	0.87
Mean	0.97
AAD	0.11
COD	12.89

Used warehouse rates for <15% office space with higher expenses due to contamination cleanup.

	Class				
	A	B	C	D	E
RENTS	$11.88	$8.94	$6.73	$5.07	$3.82
VAC	15.00%	15.00%	15.00%	15.00%	15.00%
EXPENSES	25.00%	30.00%	35.00%	35.00%	40.00%
NOI	$7.57	$5.32	$3.72	$2.80	$1.95
CAP	7.00%	7.25%	7.75%	8.00%	8.25%
MARKET	$ 108.19	$ 73.37	$ 47.98	$ 35.01	$ 23.61

Used warehouse trend factors. One resale of auto service gives trend of 44.91%.

Land Value exceeds income approach

Cost Approach Values

6	8100502	15241E4	1467414	3806-005-037-0006	0.28		V	06EX02671	03/31/06	388,000	459,112	12,196.80	3,358	240	7%	3.63	Auto	C	2,712	114,270	358,680	0.78	0.09
																	Storage	C	358	4,320			
																	Ware	E	288	1,940			
																	Land			238150			