

Kitsap County Assessor

Narrative for Retail Valuation- Retail includes general retail, convenience stores without gas stations, condo retail units, and multiple use projects containing a retail component.

Appraisal Date 1/1/2009, Tax Year 2010

Updated 6/22/09 by CM27

Valuation Summary

Approach Used – The income approach is the primary approach used for this occupancy.

Analysis and Conclusion Summary - The mass appraisal model developed for the retail occupancy was applied to the sales samples for statistical testing. The parcels were reviewed, and classifications verified using the classification document.

Property Type Overview

Population- The retail occupancy consists of approximately 175 taxable accounts.

Economic Conditions- The current market conditions are not favorable; economists have said we are experiencing a recession. Sales volume has declined from 2007 to 2008. Lease negotiations to obtain lower lease rates were reported during the market survey.

Rating System- A complete set of photo's and general guidelines are available. The commercial team worked together to validate the classification criteria developed for the office, retail, bank, and medical office uses. We were also able to apply the model criteria to mixed or multiple use sites.

Model Calibration

Preliminary Ratio Analysis- A review of the ratio study indicated that our uniformity was inconsistent, and our level of assessment was below standard. The beginning ratio was well above the 20.0 standard.

Market Sales Approach Data and Analysis

Sales - Range of Sales Dates – 01/01/2006 – 01/01/2009. Approximately 95 sales occurred during the 2006 to 2009 time period, in the inspection area. An estimated 17 of those sales were exclusively office or contained some office component.

Income Approach Data and Analysis

A letter was sent to local businesses requesting income, vacancy, and expense data. The response to our request was good, 44% of the properties responded. We supplemented this data with interviews during our field inspections.

Publications such as Korpaz were consulted for additional data, and CAP rate identification.

Model Validation

Final Ratio Analysis- Seven office sales were used to test the income approach. The sales result in a median ratio of 0.86, and a coefficient of dispersion (COD) of 15.14.

Guidelines for Classification of Office or Retail Income Approach

General The guidelines here are designed to assist in the uniform classification of individual properties. Appraiser judgement is an integral part of the process and should be given considerable weight.

	Overall Conditions- Effective Age* and Highest and Best Use	Location	Services Available to Site	Lease Area Amenities/ Quality
Class A	Building is new, well designed, of quality construction materials, current technology demands for power or web access are supported, and modern architecture considering the adjacent building design was used. New or All normal repair or refinish items (i.e. short lived items) have recently been replaced. (Roof, paint, furnace, and power/internet wiring)	Demand exceeds supply. Parking readily available. Similar use property intermixed with companion uses. An area that may act as a destination. Overall feel of neighborhood is new/ or refreshed.	Overall neighborhood has excellent visibility and consumer draw, limited noise, standard traffic flow, employment opportunity, access to basic services such as gas station, grocery, drug store, crime is well below median rate for area. Reasonable distance from Public Transportation and employee parking.	Interior conditions- level floors, interior and exterior walls, roof in good repair; good lighting and natural light available. Updated electricity, plumbing and has network cabling available. Fire protection, updated locks, and may have security. Heating/ air handling system meets needs of the business, and most likely has cooling available as well.
Class B	Building design is somewhat modern and well suited for current use. Building materials are of good quality, design, and style. Architecture blends well with adjacent properties. All items well maintained with no obvious signs of maintenance required. Not everything short-lived is new, simply well cared for. Overall the building is above standards.	Small amounts of vacancy. Supply slightly less or equal to demand. Similar use property grouped together. Parking and ease of access acceptable. Neighborhood conditions static or some what improving.	Overall neighborhood has good visibility limited noise, standard traffic flow, employment opportunity, access to basic services such as gas station, grocery, drug store, crime is below median rate for area. Reasonable distance from Public Transportation and employee parking.	Interior conditions- level floors, walls in good repair, adequate supply of or updated electricity. Minimal fire protection. Updated locks, may have limited security. Heating/ air handling system meets needs of the business, and may have cooling available as well.
Class C	Building architecture may be dated; building materials are average quality with limited extras. Small amounts of def maintenance may be visible; a few minor repairs may be needed, along with small amounts of repair, major components still functional. Overall standard for age, use.	Average amount of supply and demand for type of space. General neighborhood condition is stable, and suitable for this type of business/ use.	Overall neighborhood has limited noise, standard traffic flow, employment opportunity, access to basic services such as gas station, grocery, drug store, crime is below median rate for area. Reasonable distance from Public Transportation.	Interior conditions- level floors, walls in good repair, adequate electricity. Minimal fire protection. Updated locks, may have limited security. Heating/ air handling system meets needs of the business.
Class D	Interior conditions- level floors, walls in good repair, adequate electricity. Minimal fire protection. Updated locks, may have limited security. Heating/ air handling system meets needs of the business.	Location not as desirable. Similar use supply/demand not equal. General neighborhood conditions in slight decline. Area transitioning away from current use.	Traffic flow may be sporadic, or extremely high impacting safe access. Crime rates may be higher than average. Public transportation and employee parking may be difficult, or not available.	Interior conditions- floors and walls generally worn but serviceable. Average supply of electricity, but may not have any updated wiring. Limited fire protection, updated locks, limited to no additional security. Heating/ air handling system meets needs of the business, but is older and may be approaching end of life.
Class E	Building no longer meets needs of intended use. Architecture is very dated or plain, building material quality was less than average at time built. Physical deterioration is visible. Repair and overhaul needed on painted surfaces, roofing, plumbing, heating.	Vacancy prevalent. Most structures no longer functional for intended use. Overall building appears tired.	Limited or no public transportation available. Parking lots may suffer from disrepair. Traffic flow below standard, may be a distance from supporting services limiting customer flow.	Interior conditions- Floor and walls need maintenance. Electrical not updated and may not meet full needs of intended tenant. No fire protection, no additional security. Most likely has no heat or air handle system. Existing heating/ air handling system needs repair or replacement.

Below Class E-consider warehouse rate. Would typically have excessive deferred maintenance, limited value-in-use, or be approaching abandonment. Needs major reconstruction, rehabilitation or improvement removal. Effective age is near end of scale.

*Year of construction- considered but determined to be insignificant in relation to rating. Effective age of buildings can be substantially different from actual age, which presents an inconsistent unit of measure.

Income and Vacancy Summary (Public)

Retail

C-Store

Neighborhood	Quality	Date:	PGI/Unit:	Vacancy:	EGI per Unit:	Expense %:	NOI per Unit:
8100505	C	7/23/2008	\$5.36	5.00%	\$5.09	0.01%	\$5.09

Retail

Retail-Lg

Neighborhood	Quality	Date:	PGI/Unit:	Vacancy:	EGI per Unit:	Expense %:	NOI per Unit:
8100506	C	8/18/2008	\$2.52	0.01%	\$2.52	0.01%	\$2.52
8100502	D	6/15/2009	\$3.20	0.01%	\$3.20	2.00%	\$3.14

*Retail**Retail-Sml*

Neighborhood	Quality	Date:	PGI/Unit:	Vacancy:	EGI per Unit:	Expense %:	NOI per Unit:
8100502		12/7/2006	\$7.29	0.01%	\$7.29	0.01%	\$7.29
8100501	A	7/15/2008	\$34.18	0.01%	\$34.18	17.00%	\$28.37
8100501	B	8/22/2008	\$18.00	0.01%	\$18.00	50.00%	\$9.00
8100503	B	8/1/2008	\$16.51	0.01%	\$16.51	17.60%	\$13.60
8100503	B	7/29/2008	\$14.47	0.01%	\$14.47	0.01%	\$14.46
8100503	B	7/30/2008	\$20.49	7.00%	\$19.06	20.00%	\$15.24
8100501	C	7/21/2008	\$6.00	0.01%	\$6.00	17.60%	\$4.94
8100501	C	8/22/2008	\$9.62	0.01%	\$9.61	5.30%	\$9.10
8100501	C	7/21/2008	\$27.00	0.01%	\$27.00	16.00%	\$22.68
8100501	C	7/21/2008	\$6.00	100.00%	\$0.00	17.60%	\$0.00
8100502	C	7/18/2008	\$3.31	0.01%	\$3.31	0.01%	\$3.31
8100502	C	8/27/2008	\$8.33	0.01%	\$8.33	23.30%	\$6.39
8100502	C	7/22/2008	\$11.23	0.01%	\$11.23	9.80%	\$10.13
8100502	C	7/21/2008	\$7.11	5.00%	\$6.75	0.01%	\$6.75
8100502	C	9/19/2008	\$5.33	0.01%	\$5.33	16.00%	\$4.48
8100503	C	8/1/2008	\$15.04	0.01%	\$15.04	24.40%	\$11.37
8100503	C	7/21/2008	\$10.06	0.01%	\$10.06	14.80%	\$8.57
8100504	C	7/23/2008	\$5.49	0.01%	\$5.49	10.70%	\$4.91
8100506	C	9/22/2008	\$6.35	0.01%	\$6.35	43.50%	\$3.59
8100506	C	5/20/2009	\$32.81	0.01%	\$32.80	16.50%	\$27.39
8100507	C	8/21/2009	\$10.64	0.01%	\$10.64	24.00%	\$8.09
8100507	C	9/12/2008	\$12.70	0.01%	\$12.70	0.01%	\$12.70
8100507	C	7/18/2008	\$8.33	25.00%	\$6.25	95.00%	\$0.31
8100507	C	8/28/2008	\$8.53	0.01%	\$8.52	0.01%	\$8.52

8100501	D	12/5/2006	\$6.00	8.00%	\$5.52	41.50%	\$3.23
8100502	D	9/19/2008		0.01%		0.01%	
8100502	D	9/11/2008	\$7.20	0.01%	\$7.20	18.40%	\$5.87
8100502	D	9/5/2008	\$4.00	0.01%	\$4.00	0.01%	\$4.00
8100502	D	9/5/2008	\$7.11	0.01%	\$7.11	0.01%	\$7.11
8100502	D	8/22/2008	\$10.91	10.00%	\$9.82	27.80%	\$7.09
8100502	D	7/15/2008	\$4.82	0.01%	\$4.81	0.01%	\$4.81
8100502	D	6/15/2009	\$1.33	0.01%	\$1.33	46.00%	\$0.72
8100502	D	8/27/2008	\$10.56	0.01%	\$10.56	15.60%	\$8.91
8100502	D	5/26/2009	\$16.01	0.01%	\$16.01	0.01%	\$16.01
8100502	D	5/26/2009	\$16.35	0.01%	\$16.35	2.05%	\$16.02
8100502	D	5/26/2009	\$6.13	0.01%	\$6.13	46.00%	\$3.31
8100502	D	5/26/2009	\$11.30	50.00%	\$5.65	41.00%	\$3.33
8100502	D	6/15/2009	\$3.49	0.01%	\$3.49	3.00%	\$3.39
8100502	D	6/15/2009	\$3.49	100.00%	\$0.00	0.01%	\$0.00
8100502	D	5/26/2009	\$4.17	0.01%	\$4.17	0.01%	\$4.17
8100503	D	7/17/2008	\$16.67	0.01%	\$16.67	5.66%	\$15.72
8100503	D	8/4/2008	\$4.00	0.01%	\$4.00	0.01%	\$4.00
8100503	D	7/17/2008	\$19.71	0.01%	\$19.71	4.79%	\$18.77
8100503	D	7/15/2008	\$23.83	0.01%	\$23.83	15.50%	\$20.13
8100504	D	7/23/2008	\$5.28	0.01%	\$5.28	0.01%	\$5.28
8100504	D	9/22/2008	\$8.40	0.01%	\$8.40	10.60%	\$7.51
8100505	D	8/1/2008	\$6.18	0.01%	\$6.18	0.01%	\$6.17
8100506	D	2/24/2009	\$13.50	0.01%	\$13.50	0.01%	\$13.50
8100506	D	5/13/2009	\$17.26	0.01%	\$17.26	13.50%	\$14.93
8100507	D	9/19/2008	\$10.14	3.00%	\$9.84	25.00%	\$7.38
8100507	D	:54:05 AM	\$7.72	0.01%	\$7.72	0.01%	\$7.72
8100502	E	7/30/2008	\$4.80	0.01%	\$4.80	13.40%	\$4.16
8100502	E	5/26/2009	\$6.00	0.01%	\$6.00	0.05%	\$6.00
8100502	E	7/15/2008	\$3.97	0.01%	\$3.97	45.00%	\$2.18
8100502	E	2/13/2006	\$3.43	0.01%	\$3.43	32.00%	\$2.33
8100502	E	7/15/2008	\$6.05	0.01%	\$6.05	45.00%	\$3.33

Retail Sales
01/01/2006 to 01/01/2008

LRSN	PARCEL_ID	Nbhd	Class	Project Name	Transfer Date	Excise Number	Validity Code	Sale Price	Current Assessed Value	Ratio
1426824	3718-007-009-0003	8100501	590	Former Nite Shift Tavern	28-Feb-06	06EX01593	P	352,500	402,200	1.141
1427483	3718-015-018-0005	8100501	592	Melody Lane	31-Mar-06	06EX02556	V	272,673	290,010	1.064
1106558	022401-1-040-2005	8100506	590	Murphy's		06EX03629			98,460	
1950617	022401-1-059-2003	8100506	590	Land for Papa Murphy's		06EX03629			288,430	
					01-May-06	06EX03629	W	335,000	386,890	1.155
1438134	3733-007-027-0002	8100502	590	Storefront	18-May-06	06EX04195	V	100,000	123,780	1.238
1422864	3709-003-005-0007	8100501	590	Wesley's Art Gallery	31-May-06	06EX04673	V	250,000	177,520	0.710
1145309	152401-1-155-2001	8100502	590	Former Blockbuster Video	29-Jun-06	06EX05715	V	1,400,000	1,299,730	0.928
1438167	3733-007-030-0007	8100502	590	326 N Callow Retail-	30-Jun-06	06EX05844	V	411,500	545,940	1.327
1469907	3811-002-029-0105	8100502	590	Espresso Stand 6th St	20-Aug-07	07EX06273	V	240,000	175,630	0.732
1104421	012401-2-125-2002	8100506	582	Cloverleaf Tavern	27-Aug-07	07EX06438	V	700,000	483,610	0.691
1473859	3913-007-001-0004	8100507	590	Martial Art	14-Mar-08	08EX01504	V	629,000	464,740	0.739
1437813	3733-006-007-0008	8100502	590	Charleston Cinema	19-Dec-08	08EX07097	V	375,000	349,740	0.933

Count: 4
Lowest: 0.69
Highest: 0.93
Median Ratio: 0.74
Average Dev.: 0.08
C.O.D.: 10.82

Rate Development Comments

Model: 302009
Nbrhd: 8100501

Prop type: Retail
Sub-type:
Label: Retail-Sml

Entered by: CM27
Entered dt: 6/18/2009

General note:

Rent:

A	25.00
B	22.05
C	16.00
D	11.25
E	8.00

Vacancy:

A	10.0%
B	10.0%
C	10.0%
D	15.0%
E	25.0%

Model: 302009
Nbrhd: 8100501

Prop type: Retail
Sub-type:
Label: Retail-Sml

Expense:

A	25%
B	25%
C	26%
D	30%
E	30%

Cap:

A	7.0%
B	7.3%
C	7.5%
D	7.5%
E	8.0%

Sale:

A	0
B	0
C	0
D	0
E	0

Cost:

Rate Development Comments

Model: 302009
Nbrhd: 8100502

Prop type: Retail
Sub-type:
Label: Retail-Sml

Entered by:

Entered dt:

General note:

Rent:

A	25.00
B	20.00
C	16.00
D	11.25
E	8.00

Vacancy:

A	10.0%
B	10.0%
C	12.0%
D	20.0%
E	25.0%

Model: 302009
Nbrhd: 8100502

Prop type: Retail
Sub-type:
Label: Retail-Sml

Expense:

A	25%
B	25%
C	26%
D	30%
E	30%

Cap:

A	7.0%
B	7.3%
C	7.5%
D	7.5%
E	8.0%

Sale:

A	0
B	0
C	0
D	0
E	0

Cost:

Rate Development Comments

Model: 302009
Nbrhd: 8100503

Prop type: Retail
Sub-type:
Label: Retail-Sml

Entered by:

Entered dt:

General note:

Rent:

A	25.00
B	20.00
C	16.00
D	11.25
E	8.00

Vacancy:

A	10.0%
B	10.0%
C	10.0%
D	15.0%
E	25.0%

Model: 302009
Nbrhd: 8100503

Prop type: Retail
Sub-type:
Label: Retail-Sml

Expense:

A	25%
B	25%
C	26%
D	30%
E	30%

Cap:

A	7.0%
B	7.3%
C	7.5%
D	7.5%
E	8.0%

Sale:

A	0
B	0
C	0
D	0
E	0

Cost:

Rate Development Comments

Model: 302009
Nbrhd: 8100504

Prop type: Retail
Sub-type:
Label: Retail-Sml

Entered by:

Entered dt:

General note:

Rent:

A	25.00
B	20.00
C	16.00
D	11.25
E	8.00

Vacancy:

A	10.0%
B	10.0%
C	10.0%
D	15.0%
E	25.0%

Model: 302009
Nbrhd: 8100504

Prop type: Retail
Sub-type:
Label: Retail-Sml

Expense:

A	25%
B	25%
C	26%
D	30%
E	30%

Cap:

A	7.0%
B	7.3%
C	7.5%
D	7.5%
E	8.0%

Sale:

A	0
B	0
C	0
D	0
E	0

Cost:

Rate Development Comments

Model: 302009
Nbrhd: 8100505

Prop type: Retail
Sub-type:
Label: Retail-Sml

Entered by:

Entered dt:

General note:

Rent:

A	25.00
B	20.00
C	16.00
D	11.25
E	8.00

Vacancy:

A	10.0%
B	10.0%
C	10.0%
D	15.0%
E	25.0%

Model: 302009
Nbrhd: 8100505

Prop type: Retail
Sub-type:
Label: Retail-Sml

Expense:

A	25%
B	25%
C	26%
D	30%
E	30%

Cap:

A	7.0%
B	7.3%
C	7.5%
D	7.5%
E	8.0%

Sale:

A	0
B	0
C	0
D	0
E	0

Cost:

Rate Development Comments

Model: 302009
Nbrhd: 8100506

Prop type: Retail
Sub-type:
Label: Retail-Sml

Entered by:

Entered dt:

General note:

Rent:

A	25.00
B	20.00
C	16.00
D	11.25
E	8.00

Vacancy:

A	10.0%
B	10.0%
C	10.0%
D	15.0%
E	25.0%

Model: 302009
Nbrhd: 8100506

Prop type: Retail
Sub-type:
Label: Retail-Sml

Expense:

A	25%
B	25%
C	26%
D	30%
E	30%

Cap:

A	7.0%
B	7.3%
C	7.5%
D	7.5%
E	8.0%

Sale:

A	0
B	0
C	0
D	0
E	0

Cost:

Rate Development Comments

Model: 302009
Nbrhd: 8100507

Prop type: Retail
Sub-type:
Label: Retail-Sml

Entered by:

Entered dt:

General note:

Rent:

A	25.00
B	20.00
C	16.00
D	11.25
E	8.00

Vacancy:

A	10.0%
B	10.0%
C	10.0%
D	15.0%
E	25.0%

Model: 302009
Nbrhd: 8100507

Prop type: Retail
Sub-type:
Label: Retail-Sml

Expense:

A	25%
B	25%
C	26%
D	30%
E	30%

Cap:

A	7.0%
B	7.3%
C	7.5%
D	7.5%
E	8.0%

Sale:

A	0
B	0
C	0
D	0
E	0

Cost: