

Kitsap County Assessor
Convenience Store with Gas Station (CSWG) Regional Model
Appraisal Date 1/1/2009, Tax Year 2010
Updated 06/16/09 by Appraiser CM20

Valuation Summary

Approach Used – Sales approach. In the event the project contains multiple uses, the income approach can be used to recognized mixed use income streams. The values loaded into the income approach for CSWG are those values established from the sales analysis and do not represent actual rents.

Summary of Analysis Conclusions – Sixteen sales covering all five classifications were used to establish a sales model based on unit count. Unit count was developed from the number of nozzles/gas selections multiplied by 100 plus the size of the convenience store. Additional building size attributed to offices, restaurants or additional retail stores is not included in the unit count. Those areas will be valued using the income approach and appropriate income classifications.

Property Type Overview

Population – Kitsap County has seventy Convenience Store with Gas Station properties. (CSWG).

Economic Conditions – The recent downturn in the economy is evident in the reduction of price per unit for the most recent sales. Five sales occurred every year for 2008, 2007 and 2006. One sale occurred in 2005. No sales were recorded first quarter 2009. The value per unit calculated from these decreased significantly over sales from prior years.

Rating System – Five categories were developed based on location, traffic flow, synergy from surrounding businesses and overall age and maintenance.

Sources

Publications – Marshall & Swift 2007

Internet –

Other – Excise tax returns

Model Calibration

Preliminary Ratio Analysis – Using the sixteen sales from 2005-2008, the median ratio returned was 112.09% with a COD of 24.32.

Market Approach Data and Analysis

Regional Sales - Range of Sales Dates – 05/26/2005 – 08/29/2008

Current Sale Listings – None known.

Market/Sales Rates – Five classes of market sales rates per unit were derived from the sixteen sales used.

Income Approach Data and Analysis

Rent Data – None researched, values based on market sales data.

Vacancy Data – None researched, values based on market sales data.

Expense Data – None researched, values based on market sales data.

Cap Data – None researched, values based on market sales data.

Current Lease Listings – None found.

Income Rates – None developed, values based on market sales data.

Model Validation

Final Ratio Analysis – Using just the sales from 2005, 2006, 2007 and 2008, unit rates were reduced between 12% and 36%. The final median sales ratio is 86.59% with a COD of 23.80.

CLASS DEFINITIONS FOR CONVENIENCE STORES WITH GAS

CLASS A:

SUPERIOR QUALITY

Three things are of most importance when rating a C-SWG as Class A. Location, Synergy of surrounding business uses, and well maintained/upgraded facilities.

1. The two primary location related aspects that put a convenience store in Class A are:

Either:

The property is located at a freeway off-ramp location. This can mean “immediately at an intersection with a freeway” or “within sight of that intersection.”

Or:

The C-SWG can be attached to or in close proximity to a large retail store operation such as: Silverdale Safeway, Silverdale Costco, or East Bremerton WalMart.

2. The second aspect of a Class A, C-SWG, is the synergy created by the business uses in the area of the C-SWG facility. These have the impact of increasing vehicular traffic into that immediate neighborhood, aside from the purchase of gasoline and related items.

Examples of these are the freeway off ramp at State Highway 3 and Werner Road in the part of Bremerton known as Auto Center, or the High School Road and State Highway 305 intersection on Bainbridge Island. Due to lack of ease of access, lack of good visibility, and lack of adjoining business synergy, the Class A designation for the Bainbridge Island intersection applies only to the C-SWG located on the SE corner and nearest to the Safeway Store and other business structures on that side. The C-SWG on the southwest corner of the intersection, has some problems with visibility and access, and accordingly is not rated as a Class A structure.

The synergy created due to name connection and proximity to large retail store operations is very similar to that of high visibility/activity highway intersections. Accordingly all C-SWG operations associated with such a facility are rated as Class A, unless the location of the retail facility is such that it does not engender high levels of vehicular traffic.

3. Finally, the structure should be either new or nearly so, or alternatively have been renovated within the past few years. Industry standards for C-SWG’s mandate a 10 to 12 year renovation cycle. If the structure does not show such regular renovation, placement of the C-SWG should probably be in Class B. Industry standards also are shifting to much larger store facilities.

CLASS DEFINITIONS FOR CONVENIENCE STORES WITH GAS

CLASS B:

GOOD QUALITY

C-SWG facilities in this class are typically located at the corner of busy streets, most often with the primary afternoon traffic flow oriented so that the store is on the right hand side of that flow. Occasionally, some facilities are located not exactly at a corner, but essentially act as if they were located on one.

An example of such a facility is located one small parcel south of the Viking Drive/Edvard Street intersection in Poulsbo. Although the one small parcel is between the store and the intersection, it appears to the public that this parcel can be used to drive across, and thus an effective easement has been created. The easterly side of Viking Drive, with hundreds of cars using the northerly direction to return toward their residences in Poulsbo and to the north, satisfies the criteria that a highly rated C-SWG facility should be located on the side of the road which serves to funnel traffic home in the afternoon. Market data indicates that the highest levels of trade for the products of a C-SWG take place from 3 PM to midnight, with approximately 62 percent of sales occurring during that time frame. Additional items of consideration are the nearby presence of apartment structures, and the lack of elementary schools in the immediate neighborhood.

Finally, as with the Class A facilities, the physical structure of the C-SWG should be new within the past few years, or have had a fairly recent renovation. Condition and modernization of facilities relate to the comfort of customers and their willingness to frequent the C-SWG.

CLASS C:

AVERAGE QUALITY

C-SWG facilities should be placed in this category based on the following considerations:

Even though in the same locality as some Class B facilities, the Class C structures are located on the sides of streets not having the afternoon traffic flow, and in some cases they are not on corners. Thus visibility to customers and the ability to access these facilities by potential customers is clearly inferior to the Class B units. Additionally, maintenance levels may have begun to slip, as the traffic counts for these structures do not provide adequate customer flows for the business owners to keep up a good maintenance level.

Another clear picture arises of Class C structures. Many times these properties are located in urban/suburban areas that generally have lesser traffic flow levels, even though they may be on corner lots and have had a good level of maintenance.

Examples of such properties include the Four Corners Deli-Chevron on Highway 3 north of Poulsbo and the Silverdale Way Chevron and Carwash.

CLASS DEFINITIONS FOR CONVENIENCE STORES WITH GAS

CLASS D:

FAIR QUALITY

C-SWG structures of this class, are typically located in rural areas, or locations, which though even closer in to urban centers, do not get the traffic flows necessary for a very successful business of this sort. The properties may well dominate their markets, due to being the only available option for local residents, but the overall traffic flows are not high enough to make them more profitable. Quite often the modernization and condition levels of such properties has slipped somewhat, and they appear dated. This is due to a lack of highly positive cash flows that can be dedicated to maintenance.

Examples of such properties include the Wildcat Lake Grocery, Tracyton Market, and the Camp Union C-Store and the Shell Mini-Mart at Ridgetop and Tahoe.

CLASS E:

LOW QUALITY

Structures in this class encompass those properties which tend to have older and smaller facilities, are dated in appearance, need much in the line of physical maintenance, and are located in lower demand areas that would be described as being market backwaters, ie limited populations without a busy through road to bring potential customers into the area. Most often these structures would be located in rural areas.

Rate Development Comments

Model: 302009 **Prop type:** Conv Store with G
Nbrhd: 0 **Sub-type:**
Label: C-Swg

Entered by: CM20
Entered dt: 6/17/2009

General note:

To adequately capture the differences in CSWG store sizes and pump count, the sales model takes the pump count, multiplied by 100, plus the store size to create an overall unit count. Unit values were derived from sales and the market approach is used.

Rent: A market/sales approach for unit values were created from sales. Income approach values were loaded so multiple use projects could be valued using a income approach.

A	270.00
B	250.00
C	190.00
D	150.00
E	100.00

Vacancy: Vacancy rates were not developed, used a sales approach.

A	0.0%
B	0.0%
C	0.0%
D	0.0%
E	0.0%

Model: 302009

Prop type: Conv Store with G

Nbrhd: 0

Sub-type:

Label: C-Swg

Expense: Expense rates were not developed, used a sales approach.

A	0%
B	0%
C	0%
D	0%
E	0%

Cap: No cap rates were developed, used a sales approach.

A	100.0%
B	100.0%
C	100.0%
D	100.0%
E	100.0%

Sale: A sales approach was developed from sixteen sales covering all five classifications between 05/26/2005 and 08/29/2008.

A	270	Three sales
B	250	Four sales
C	190	Four sales
D	150	Four sales
E	100	One sale

Cost: A cost approach was not developed.

Convenience Store with Gas Model Assessment Year 2009 for Taxes Payable in 2010

Sales from 2006 trended to January 1, 2008 at 1% per month. No trend to 2007 sales. Sales from 2008 trended to January 1, 2009 at -1% per month

Business Name	Nbhd	Lrsn	Excise#	Sales Date	Sales Price	\$ Adjust to Sales Price - FF&E, Non-Compete, Goodwill	Adjusted Sales Price	Land SF	Bldg SF	UNITS	Trend % per Month	Trended		TY 2010 New Model AV	Ratio TY10 to Trended Sale	Dev frm Median
												Sales Price	\$/BU			

Low/Class E

1	The Store At Central Valley	8400204	1234061	05EX04668	05/26/05	\$410,000	-\$100,000	\$310,000	37,021	3,360	5,360	1.00%	\$406,924	\$76	\$536,000	131.72%	0.45
REETA adjusted -\$20,000 for PP and -\$80,000 for goodwill																	

CLASS E	Median Mean	Median Mean
	Model \$/Unit	\$100

Fair/Class D

2	Shell Mini Mart - Ridgetop & Tahoe	8401103	2381895	08EX02411	04/25/08	\$1,290,000	-\$390,000	\$900,000	37,021	3,570	5,970	-1.00%	\$825,436	\$138	\$895,500	108.49%	0.22
REETA adjusted -\$390,000 for PP																	

3	Shell Mini Mart - Ridgetop & Tahoe	8401103	2381895	06EX05671	06/28/06	\$1,060,000	-\$149,000	\$911,000	37,021	3,570	5,970	1.00%	\$1,076,627	\$180	\$895,500	83.18%	0.03
REETA adjusted -\$25,000 for FF&E, -\$40,000 non-competite, -\$84,000 goodwill																	

4	WILDCAT LAKE GROCERY	8401104	2079325	06EX00752	01/30/06	\$1,180,000	-\$530,000	\$650,000	13,068	2,002	4,800	1.00%	\$800,016	\$167	\$720,000	90.00%	0.03
REETA adjusts -\$530,000 for PP																	

5	Tracyton Market	8401607	1663376	07EX00315	01/17/07	\$1,100,000	-\$230,000	\$870,000	12,197	2,850	4,050	0.00%	\$870,000	\$215	\$607,500	69.83%	0.17
REETA adjusts -\$30,000 FF&E, -\$100,000 non-competite, -\$100,000 goodwill																	

CLASS D	Median Mean	Median Mean	
	Model \$/Unit	\$150	
		\$174	86.59%
		\$175	87.87%

Average/Class C

6	Chico C-swg, Sugar Shack Espresso	8401104	1115757	06EX11329	12/20/06	\$1,050,000	-\$425,000	\$625,000	71,348	2,921	5,521	1.00%	\$702,671	\$127	\$1,048,990	149.29%	0.63
REETA adjusts -\$10,000 FF&E, -\$200,000 non-competite, -\$140,000 goodwill, espresso -\$75000																	

7	Four Corners Deli + Chevron	8400204	1387505	06EX06924	08/03/06	\$1,480,000	-\$296,000	\$1,184,000	199,505	3,490	5,320	1.00%	\$1,385,248	\$260	\$1,010,800	72.97%	0.87
No REETA adjustments for PP, remove apartment values																	

8	Silverdale Way Chevron & Car Wash	8401104	2254548	06EX09842	10/31/06	\$1,500,000	-\$287,500	\$1,212,500	73,616	4,000	7,000	1.00%	\$1,383,114	\$198	\$1,330,000	96.16%	0.10
No REETA adjustments for PP, removed car wash value																	

9	BI Texaco	8303405	2328136	08EX02611	05/02/08	\$1,800,000	\$0	\$1,800,000	62,291	2,785	6,385	-1.00%	\$1,655,014	\$259	\$1,213,150	73.30%	0.13
No REETA adjustments for PP																	

CLASS C	Median Mean	Median Mean	
	Model \$/Unit	\$190	
		\$228	84.73%
		\$211	97.93%

Convenience Store with Gas Model Assessment Year 2009 for Taxes Payable in 2010

Sales from 2006 trended to January 1, 2008 at 1% per month. No trend to 2007 sales. Sales from 2008 trended to January 1, 2009 at -1% per month

Good/Class B

10	AM PM MINI MART	8402604	2006971	07EX08510	11/20/07	\$1,289,000	\$0	\$1,289,000	34,412	2,488	4,088	0.00%	\$1,289,000	\$315	\$1,022,000	79.29%	0.07
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No REETA adjustments for PP

11	Chevron Perry Ave	8100507	1743657	08EX00236	01/15/08	\$2,110,000	-\$428,800	\$1,681,200	13,068	2,002	4,602	-1.00%	\$1,486,089	\$323	\$1,150,500	77.42%	0.09
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Adjusted value of SFR included in sale -\$118,800, REETA adjusts FF&E -\$30,000, goodwill -\$180,000, non-compete -\$100,000

12	Texaco/ D + J Food Mart	8400202	2334795	07EX01078	02/16/07	\$2,100,000	\$0	\$2,100,000	42,253	6,213	6,213	0.00%	\$2,100,000	\$338	\$1,553,250	73.96%	0.13
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No REETA adjustments for PP

13	NOW! Food Mart and Subway	8400203	1336478	08EX04997	08/20/08	\$1,870,000	-\$600,000	\$1,270,000	12,632	1,972	4,372	-1.00%	\$1,213,633	\$278	\$1,093,000	90.06%	0.03
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REETA adjusts -\$40,000 to equipment, -\$60,000 to non-Compete, -\$500,000 to goodwill

CLASS	Median	\$319	Median	78.35%
B	Mean	\$313	Mean	80.18%
B	Model \$/Unit	\$250		

Superior/Class A

14	Texaco/M+M II Food Mart	8400202	2334795	07EX01078	02/16/07	\$2,100,000	\$0	\$2,100,000	42,253	3,613	6,213	0.00%	\$2,100,000	\$338	\$1,677,510	79.88%	0.07
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No REETA adjustments for PP

15	Chevron Market Express	8401606	2264901	08EX05183	08/29/08	\$2,650,000	-\$500,000	\$2,150,000	52,272	3,850	7,450	-1.00%	\$2,060,937	\$277	\$2,011,500	97.60%	0.11
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REETA adjusts FF&E -\$50,000, non-compete -\$150,000, goodwill -\$300,000

16	Tremont Texaco, M & M Mkt Deli	8402604	2215135	07EX04959	06/29/07	\$2,050,000	-\$690,430	\$1,359,570	37,897	3,561	5,200	0.00%	\$1,359,570	\$261	\$1,404,000	103.27%	0.17
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REETA adjusts -\$570,00 for personal property, less retail value on 961 sq ft

CLASS	Median	\$277	Median	97.60%
A	Mean	\$292	Mean	93.58%
A	Model \$/Unit	\$270		

All Sales			
	\$/BU	TY09 to Trend Sale	
	Median	\$259	Median 86.59%
	Mean	\$242	Mean 92.28%

Count 16
AveDev 0.21
COD 23.80

		TY2010 Model		TY2009 Model		Chng
0th Quartile	\$127	\$100	Class E	\$120	Class E	0.83
1st Quartile	\$175	\$150	Class D	\$170	Class D	0.88
2nd Quartile	\$259	\$190	Class C	\$220	Class C	0.86
3rd Quartile	\$313	\$250	Class B	\$320	Class B	0.78
4th Quartile	\$338	\$270	Class A	\$420	Class A	0.64