

Kitsap County Assessor
Narrative for Retail, Special – Auto Dealer and Mh/Rv Dealer Valuation
Appraisal Date 1/1/2010, Tax Year 2011
Updated 7/29/10 by CM43

Valuation Summary

Approach Used - Income approach. The exception would be any property where land value exceeded the income value; in this case a cost approach would be 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. One valid income questionnaire was received for Area 6 during the re-inspection cycle. Three (non-owner occupied) rent questionnaires were received from properties located in Area 5 for the prior year. Three recurring reported rents in Area 5 indicated a change from .986 to 1.33. No listings were found. The median land to building ratio for this property type was 12.53:1 with an average absolute deviation of 4.04. Additional land value was added to the income stream on properties that exceeded a 16.58:1 ratio. Due to lack of data the updated model from Area 5 was adopted. The auto retail model was adopted for mobile home and recreational vehicle dealer properties.

Property Type Overview

Population – Ten auto retail properties and two mobile home dealer properties were identified in Area 6.

Economic Conditions - One property resale in Area 5 with 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/finish, visibility, location, traffic flow, and land to building ratio. Five income classes were developed in Area 5. The updated model was adopted for Area 6. Class A and B rates were based on the highest reported rents in Area 5 at 95%. Lower class rates (C, D, and E) were adopted from the greater than 30% warehouse model for Area 5 plus one class.

Model Calibration

Preliminary Ratio Analysis - One sale from Area 6 had a ratio of 1.08 prior to completion of the re-inspection cycle.

Market Sales Approach Data and Analysis

Regional Sales - Range of Sales Dates - 05/03/06 – 12/30/09. There was only one valid sale in Area 6 and five valid sales from Area 5 and Area 6 together. With this limited market data sales were insufficient to develop a complete market approach. The income approach was correlated to available market data and adjusted for current market conditions in Area 5. The same rates were adopted for Area 6.

Current Sale Listings – None were documented.

Market Sales Rates - Rates were developed for the five classes as described above ranging from \$188.46 to \$47.69.

Income Approach Data and Analysis

Rent Data – One valid rent questionnaire from Area 6 was received. Three rent questionnaires from the prior year in Area 5 were received. No listings were discovered. Three recurring reported rents from the prior year in Area 5 indicated a change from .986 to 1.33. Updated Area 5 rates were adopted.

Vacancy Data – Historically very low vacancy is noted, no vacancies were apparent during physical inspections. A rate of 20% was used for A and B classes and 15% on lower classes to reflect current market conditions.

Expense Data – One expense on a questionnaire from the prior year re-inspection cycle of Area 5 was noted at 22.5%. A slightly higher rate calibrated with sales was used in Area 5 and adopted for Area 6.

Cap Data - One sale - 5.00%, Korpacz 4th Quarter 2009 national warehouse markets – 8.80%, Korpacz 4th Quarter 2009 national net lease markets – 8.94%; average 7.58%, and median 8.80%. Korpacz 4th Quarter 2009 Pacific Northwest suburban office cap rates range from 8.00% to 12.00%. Updated cap rates from the Area 5 model were adopted.

Current Lease Listings – None were discovered.

Income Rates – Five classes of income rates were developed ranging from \$23.62 per square foot to \$6.43 per square foot in Area 5 and adopted for Area 6.

Model Validation

Final Ratio Analysis - With application of the new model the one sale ratio went from 1.08 to .97. The market data document includes sales from Area 5 since the updated model was adopted for Area 6. The model overall produces a range of ratios from .53 to .97, average of .73, median of .70, and a COD of 18.59.

Sources

Internet - None

Publications - Korpacz 4th Quarter 2009

Other - None

Retail, Special - Auto Dealer, MH & RV 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 Model Rates

MSN

302010

NEIGHBORHOOD 8401606 - 8401607, 8402601 - 8402691

6 Retail, Special		Barber	Laundry	Auto Dir	Nursery	MhRvDir	
A	RENT			23.62		23.62	
A	VAC			20.00		20.00	
A	EXPEN			25.00		25.00	
A	CAP			7.37		7.37	
A	MKT			188.46		188.46	
B	RENT			21.62		21.62	
B	VAC			20.00		20.00	
B	EXPEN			25.00		25.00	
B	CAP			7.63		7.63	
B	MKT			166.59		166.59	
C	RENT			11.25		11.25	
C	VAC			15.00		15.00	
C	EXPEN			25.00		25.00	
C	CAP			8.42		8.42	
C	MKT			83.46		83.46	
D	RENT			8.59		8.59	
D	VAC			15.00		15.00	
D	EXPEN			25.00		25.00	
D	CAP			8.42		8.42	
D	MKT			63.72		63.72	
E	RENT			6.43		6.43	
E	VAC			15.00		15.00	
E	EXPEN			25.00		25.00	
E	CAP			8.42		8.42	
E	MKT			47.69		47.69	

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
8402601	D	9/22/2009	\$6.58	0.01%	\$6.58	1.00%	\$6.52

Tax Year 2011
Retail, Special - Auto Dealer, MH & RV Dealer - Tax Year 2011
Sales From 05/03/06 to 12/30/09

No.	Neighborhood - Vicinity	Property Class	Account Number	Project Name	Excise	Valid Code - Description	Sale Date	Sale Price	Assessed Value	Ratio
1	8100504 - Auto Center	550 Retail, Auto	3745-000-031-0205	Skookum Properties	09EX07207	V - Valid	12/30/09	\$4,000,000	\$2,129,600	0.53
2	8100506 - Wheaton Way	550 Retail, Auto	3972-000-015-0308	ABC Dental Care	09EX00750	V - Valid	02/18/09	\$435,000	\$360,130	0.83
3	8402605 - Gorst	550 Retail, Auto	332401-2-019-2003	Truck and Auto Sports	06EX09931	V - Valid	11/01/06	\$200,000	\$194,100	0.97
4	8100506 - Wheaton Way	550 Retail, Auto	012401-2-142-2001	Affordable Used Cars	06EX08578	V - Valid	09/21/06	\$471,900	\$328,980	0.70
5	8100506 - Wheaton Way	550 Retail, Auto	3972-000-015-0308	ABC Dental Care	06EX03686	V - Valid	05/03/06	\$582,850	\$360,130	0.62

Count	5
Lowest	0.53
Highest	0.97
Median	0.70
Avg Abs Dev	0.13
COD	18.59

Not Used - Remodeled After Sale

6	8100504 - Auto Center	550 Retail, Auto	222401-4-092-2002	Cliff's Cycles	06EX04373	X - Exempt property	05/24/06	\$1,500,000	\$1,734,110	1.156
---	-----------------------	------------------	-------------------	----------------	-----------	---------------------	----------	-------------	-------------	-------

Note: Due to lack of new data rates are adopted from area five, which includes an annual update to the cap rate of negative five percent.