

Kitsap County Assessor

Narrative for (Retail) Large Retail Valuation

Appraisal Date 1/1/2010, Tax Year 2011
Updated 08/17/10 by MG47

Valuation Summary

Kitsap County has a growing population of large retail properties. Four properties have been built in the past five years.

Approach Used

We selected the income approach as the best indication of value for large retail properties.

Analysis and Conclusion Summary

Given limited market data and county resources, we relied on national publications.

Property Type Overview

Population

Currently the county has twelve large retail properties. The population year built range is 1987 to 2008, and the square foot range is 98,000 to 220,351.

Economic Conditions

Most areas of the nation are experiencing economic decline. Kitsap County has been slow to experience decline, commercial real estate sales prices appear to have peaked around late 2007. Since that time commercial real estate prices and the amount of sale transactions has been declining.

Rating System

Class A

New stand-alone concrete shell buildings with good to excellent quality materials and workmanship. The buildings have minimal partitioning for office and storage areas. Ceilings, walls, and floors have average or fair quality finish and the building has a prominent entrance.

Class B

Stand-alone concrete shell buildings with new or better quality materials and workmanship. The buildings have minimal partitioning for office and storage areas. Ceilings, walls, and floors have average or fair quality finish and the building has a prominent entrance. (*Fred Meyer, Target*)

Class C

Newer stand-alone concrete shell buildings with fair to average quality materials and workmanship. The buildings have minimal partitioning for office and storage areas. Ceilings, walls, and floors have average or fair quality finish and the building has a prominent entrance.

Class D

Older stand-alone concrete shell buildings with fair to average quality materials and workmanship. Standard entrance design, partitioning, and interior finish.

Class E

Stand-alone concrete shell buildings with fair quality materials and workmanship. Minimal entrance design, partitioning, and interior finish, may need significant remodel and/or have functional obsolescence.

Narrative for (Retail) Large Retail Valuation (continued)

Model Calibration

Preliminary Ratio Analysis

One local sale in June of 2008 had a ratio of 1.02 and 1.13 trended (-6%).

Market Sales Approach Data and Analysis

Regional Sales - Range of Sales Dates - 01/01/08 – 12/31/2009

One local sale in June of 2008 (162501-1-052-2003).

Current Sale Listings

Large retail lease and sale listings were not researched due to lack of resources.

Market Sales Rates

Not developed due to lack of resources.

Income Approach Data and Analysis

Rent Data

Dollars and Cents of Shopping Centers/The Score 2008 (pgs. 216, 217, 238,239).

Vacancy Data

None, used 5%.

Expense Data

Dollars and Cents of Shopping Centers/The Score 2008 (pgs. 216, 217, 238,239) indicated 17% - 19%.
Used 25% – 35%.

Cap Data

Korpacz 4th Quarter 2009 (pg. 29) power center national 7.50% - 10%, average 8.60%, (pg. 52) warehouse national 6.50% - 12%, average 8.80%. We used a range of 8.00% - 8.75%. Local warehouse sales 2007 – 2010 indicated a range of 7.31% – 9.40% but are considerably smaller than typical large retail (>90,000 sf).

Market Model

The market approach was not developed. However, one local sale indicated \$94 or \$84 (trended -6%) per square foot.

Current Lease Listings

Not researched due to lack of resources.

Model Validation

Final Ratio Analysis

One local sale computed a ratio of .93 or 1.02 (trended -6%).

Sources

Internet

Kitsap County Commercial Sales at: http://www.kitsapgov.com/assr/com/com_main.htm.

Publications

Korpacz 4th Quarter 2009 and Dollars, Dollars and Cents of Shopping Centers/The Score 2008.