

Kitsap County Assessor

Narrative for Mini Warehouse Valuation

Appraisal Date 1/1/2010, Tax Year 2011

Updated 8/11/10 by CM27

Valuation Summary

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

Analysis and Conclusion Summary - The three approaches to value were considered.

The cost approach is difficult to calibrate. Components such as replacement cost new and depreciation are difficult to calculate due to rapidly changing costs of labor and materials, a variety of obsolescence items including mechanical or power supply, changing demands for size, and other unaccounted for items. The cost approach is given little consideration in the appraiser's final analysis.

A market or sales approach uses sales prices of comparable properties. Kitsap County lacks sufficient, recent sales.

The income approach is the best method for valuing these properties. The income model was developed with local market rents, vacancy, and national publications. The current model was calibrated with data collected during our mail survey, site visits, and local sales.

Due to the competitive nature of the business we do not display rent, vacancy, or expenses. Market data from CB Richard Ellis indicated a static NOI between 2007 and 2008, further confirming our local market data.

Property Type Overview

Population – Kitsap County has approximately fifty-two mini warehouse properties. Twenty-six accounts are in the current revaluation area.

Economic Conditions - The current market conditions are not favorable; economists have said we are experiencing a recession. Commercial sales volume has declined from 2007 to 2009.

Model Calibration

Preliminary Ratio Analysis - The three sales result in a COD of 6.56.

Market Sales Approach Data and Analysis

Sales - Range of Sales Dates – 01/01/2007 – 03/31/2010. Sales report is attached.

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. We supplemented this data with interviews during our field inspections.

The market approach was not considered a reliable method of value due to lack of current data in a rapidly changing market.

Income Approach Data and Analysis

Rent Data – Nine responses to the rent survey letters were received. We supplemented this data with interviews during our field inspections.

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Vacancy Data – Vacancy data was supplied on the survey letter responses, and noted during physical inspections.

Expense Data – Expense data was also supplied on survey letters.

Capitalization (cap) Data – Local sales, National Snapshot 2010: The Self-Storage Real Estate Market cites cap rates between 8% and 10.5%.

Current Lease Listings – NA

Model Validation

Final Ratio Analysis – Three sales from early 2008. There are not sufficient recent sales to perform a ratio study. The ratio study results in a coefficient of dispersion (COD) of 3.77.

Sources

Internet - www.insideselfstorage.com, www.cbre.com

Publications – National Snapshot 2010: The Self-Storage Real Estate Market

Other - Argus Real Estate, Inc. Denver.

Model Definition Mini Warehouse

Class	Access	Condition	Amenities	Effective Age	Location
B	Easy ingress/egress for moving trucks and easy to access units.	New or high cost construction. (Brick buildings on Kitsap Way)	Gated, secured (possible live security on site), Climate controlled	0-15	Any, most likely near populated area
C	Easy ingress/egress for moving trucks and easy to access units.	Functional, somewhat dated, minimal repairs needed	Gated and/or secured, may have some climate control	10-50 years	In town or heavy population
D	ingress/egress for moving trucks and vehicle access units.	Functional, somewhat dated, minimal repairs needed	Gated and/or secured, may have some climate control	10-50 years	Rural

- Note.**
1. All mini-warehouse units of same grade need to be on same line of income approach.
 2. Cost approach should be Mini-warehouse and appropriate items. (frame type, siding type, and heat if known)
 3. Please note vacancy during field inspections.
 4. Outdoor storage- measure lineal feet of outdoor space, use 15 feet as the standard width to estimate amount of spaces available.
 5. Make sure to add income group for apartment and any unrelated retail or office space.

Income Model Rates

MSN

302010

NEIGHBORHOOD All Area 6 commercial and hybrid neighborhoods

19	Mini Warehouse	<26	26-50	51-100	101-200	>200	Outside
B	RENT	9.50	9.50	9.50	9.50	9.50	1.25
B	VAC	10.00	10.00	10.00	10.00	10.00	10.00
B	EXPEN	40.00	40.00	40.00	40.00	40.00	40.00
B	CAP	8.00	8.00	8.00	8.00	8.00	8.00
B	MKT	0.01	0.01	0.01	0.01	0.01	0.01
C	RENT	9.00	9.00	9.00	9.00	9.00	1.25
C	VAC	10.00	10.00	10.00	10.00	10.00	10.00
C	EXPEN	40.00	40.00	40.00	40.00	40.00	40.00
C	CAP	8.00	8.00	8.00	8.00	8.00	8.00
C	MKT	0.01	0.01	0.01	0.01	0.01	0.01
D	RENT	7.50	7.50	7.50	7.50	7.50	1.00
D	VAC	10.00	10.00	10.00	10.00	10.00	10.00
D	EXPEN	40.00	40.00	40.00	40.00	40.00	10.00
D	CAP	8.00	8.00	8.00	8.00	8.00	8.00
D	MKT	0.01	0.01	0.01	0.01	0.01	0.01

Tax Year 2011
Mini Warehouse
Sales From 1/1/2007 to 03/31/2010

No.	Neighborhood	Property Class	Account Number	Business Name	Excise	Valid Code	Sale Date	Sale Price	Assessed Value	Ratio
1	8402604 - SE Port Orchard Coml	638- Mini-wareh	022301-4-103-2004	Sound Storage-SK Business Park	08EX00271	V - Valid	1/16/2008	\$4,170,000	\$2,912,750	0.70
2	8402603 - Rural Port Orchard	638- Mini-wareh	4796-031-003-0002	Sentry Mini Storage	08EX01875	V - Valid	4/1/2008	\$1,347,000	\$1,017,570	0.76
3	8402604 - SE Port Orchard Coml	638- Mini-wareh	332402-2-044-2001	Arrowwood Mini Storage	08EX03560	V - Valid	6/19/2008	\$2,173,500	\$1,672,920	0.77

Count: 3
Lowest: 0.70
Highest: 0.77
Median Ratio: 0.76
Average Dev.: 0.03
C.O.D.: 3.77