

# Kitsap County Assessor

## Narrative for Auto Service - Repair Valuation

Appraisal Date 1/1/2011, Tax Year 2012  
Updated 10/11/11 by CM43

### Valuation Summary

**Approach Used** – The income approach was used. The exception was properties where land value exceeded the income value; in this case the cost approach was applied.

**Analysis and Conclusion Summary** - Limited sales and income data was available. No rent questionnaires were received, no lease listings were found. One sale from Area 1 was documented. No sales listings were discovered. The income model was calibrated using the one sale from Area 1. Four other recent sales within the county were also utilized due to the limited amount of data available.

### Property Type Overview

**Population** - Eleven repair properties were identified in the Area 1 neighborhoods. The median land to building ratio for this property type was 4.63:1 countywide with an average absolute deviation of 3.31. Additional land value was added to the income stream on properties that exceeded a 7.94:1 ratio. Insufficient land adjustments were considered if the land to building ratio fell below one-third of the median.

**Economic Conditions** - Lack of available market data makes definitive analysis of this property type difficult. Some impact from the ongoing downturn in the economy is assumed as there is some evidence of an impact among other similar property types. However repair of personal vehicles is more likely than replacement in a depressed economy.

**Rating System** - Five income classes were developed. Property characteristics that were considered in choosing an income class were location/access, parking, type of construction, exterior finish, interior finish, effective age/condition, office/retail percentage, unit size, and wall height.

### Model Calibration

**Preliminary Ratio Analysis** - Five sales countywide had ratios ranging from 74% to 106%, a median of 103%, an average of 94%, and a COD of 10.74.

### Market Sales Approach Data and Analysis

**Regional Sales - Range of Sales Dates** - 01/01/08 - 03/31/11 - See attached sales document for details.

**Current Sale Listings** - No listings in Area 1 were documented.

**Market Sales Rates** - With the limited amount of market data no rates were developed.

### Income Approach Data and Analysis

**Rent Data** - No rent questionnaires were received from Area 1 during the re-inspection cycle. Rates were developed using relative warehouse rates, reported countywide rents were also analyzed. The C class rent was interpolated from the other classes. A total of 17 rents countywide were reported over the three year period from 2008 through 2010 with an average of \$16.55 per square foot and a median of \$11.86 per square foot. The rates were calibrated using sales countywide.

**Vacancy Data** - Historically low vacancy is noted. No vacancy was listed on income questionnaires. Little vacancy noted during physical inspections. Vacancy rate was calibrated using sales countywide.

**Expense Data** - Countywide expenses ranged from 76% to 0% with a median of 10% and an average of 18%. Expenses were calibrated using sales countywide.

## **Narrative for Auto Service – Repair Valuation (continued)**

**Cap Data** - Cap rates from local sales during the last three years were 5.39%, 5.95%, and 9.59%. The National Association of Realtors 4<sup>th</sup> quarter 2010 report listed an average cap rate of 8.40% for west industrial properties. PricewaterhouseCooper listed 4<sup>th</sup> quarter 2010 national flex at 9.15%, national warehouse at 7.98%, and national net lease at 8.69%. Realty Rates 4<sup>th</sup> quarter 2010 listed average band of investment at 9.19% and national industrial at 9.60%. The median of these rates was 8.92% and the average was 8.85%. Cap rates were calibrated using sales.

**Current Lease Listings** - No lease listings for this property type were documented.

### **Model Validation**

**Final Ratio Analysis** - Application of the new model resulted in a range of ratios from 83% - 107%, a median of 94%, an average of 95%, and a COD of 6.11.

### **Sources**

#### **Internet**

<http://cba.epropertydata.com/pub/index.cfm>

<http://www.windermerecommercial.com/>

<http://www.rerc.com>

#### **Publications**

Marshall & Swift Valuation Service

PricewaterhouseCooper - 4<sup>th</sup> Quarter 2010 Survey

**Other** - None

## Tax Year 2012

### Auto Repair Model Definition

| Class    | Location/Access  | Parking  | Construction  | Exterior Finish  | Interior Finish   | Age/Condition   | Office/Retail %                 | Unit Size   | Wall Height                                    |
|----------|--|--|---|--|---|---|---------------------------------|---|--|
| <b>A</b> | High visibility on or near a major highway, in a core area, or fronting a major road with high traffic flow  | Ample off street paved parking                 | Heavy steel and/or concrete frame, fireproof construction   | Good quality finish and fenestration, resembles office or retail at main entrance, mix of concrete, brick, tile, concrete fiber, or stucco                 | Good quality finished, insulated, and heated sales area partitioned from garage, garage probably insulated and can be heated, heavy concrete flooring               | New or recent complete renovation, very little or no deferred maintenance or obsolescence, all major short-lived items are like new, high curb appeal   | 25% or more office/retail space | Smallest structures of less than 1,500 square feet, may need to be raised one class, all else being equal | Very tall - wall height 17 feet and over       |
| <b>B</b> | Good visibility fronting a main road with high traffic flow, may be in a core area                           | Ample off street paved parking                 | Steel or concrete frame, fire resistant construction        | Better than typical quality finish and fenestration, resembles lower quality office/retail at entrance, may have mix of concrete, wood, or stucco exterior | Better than typical quality finished, insulated, and heated sales area partitioned from garage, garage area can be heated, concrete flooring                        | 7 to 15 year effective age, little deferred maintenance evident, but not everything is new, no obsolescence evident, appearance and utility better than typical                               | 15 - 25% office/retail space    | Smaller than typical structures of 1,500 to 2,499 square feet   | Tall - wall height 16 feet                     |
| <b>C</b> | Limited visibility, may be on or very near a main road, may be in or near a residential or transitional area | Some off street paved parking                  | Wood, steel, or concrete block, fire resistant construction | Typical finish and plain fenestration, resembles typical service garage, may have concrete, wood, stucco, or metal exterior                                | Plain drywall, heat, and maybe insulation in sales area, sales area probably partitioned from garage, garage area probably uninsulated and unheated, concrete floor | 15 to 25 year effective age, some deferred maintenance and/or functional obsolescence evident but major components still function and have utility, not unappealing                           | 5 - 15% office/retail space     | Typical size range of 2,500 to 4,999 square feet  | Average - wall height 13 to 15 feet            |
| <b>D</b> | Side street, not very visible, low traffic flow, residential or rural area                                   | Limited off street parking, may not be paved   | Wood or pole frame, combustible construction                | Little fenestration, very plain appearance, plain metal or wood siding   | Minimally or inexpensively finished sales area, sales area may be open to garage, garage area uninsulated and unheated, concrete floor                              | 25 - 35 year effective age, deterioration is somewhat worse than normally expected, some obvious deferred maintenance and functional obsolescence, appears worn                               | 0 - 5% office/retail space      | Larger than typical size of 5,000 to 9,999 square feet  | Lower than average - wall height 10 to 12 feet |
| <b>E</b> | Side street, narrow roadway, no visibility or traffic flow, residential or rural area                        | Little to no off street parking, may be gravel | Pole frame, combustible construction                        | Inexpensive metal or plywood sheet siding with little or no fenestration   | May lack separate sales area or have small unfinished or minimally finished sales area open to garage, uninsulated and unheated garage area, concrete floor         | 35+ years, obvious deferred maintenance and functional obsolescence, deterioration much worse than normal, some major components need repair or replacement, substandard utility, unappealing | No office/retail space          | Largest structures of 10,000 square feet and up, may need to be lowered one class, all else being equal   | Low - wall height 10 feet and under            |

**Tax Year 2012  
Auto Service - Repair  
Sales From 01/01/2008 to 03/31/2011**

| No. | Neighborhood - Vicinity  | Property Class        | Account Number    | Project Name        | Units | Excise    | Validity Code Description | Sale Date | Sale Price | Trended Sale Price | Assessed Value | Ratio/Sale Price | Ratio/Trended Sale Price |
|-----|--------------------------|-----------------------|-------------------|---------------------|-------|-----------|---------------------------|-----------|------------|--------------------|----------------|------------------|--------------------------|
| 1   | 8401104 - Central Kitsap | 640 - Repair Services | 172501-3-021-2006 | Four Seasons Marine | 4,000 | 09EX04171 | V - Valid sale            | 08/06/09  | \$435,000  | \$410,545          | \$396,830      | 0.91             | 0.97                     |

**Sales From Other Areas**

|   |                               |                          |                   |                                |       |           |                |          |           |           |           |      |      |
|---|-------------------------------|--------------------------|-------------------|--------------------------------|-------|-----------|----------------|----------|-----------|-----------|-----------|------|------|
| 2 | 8402691 - SK SKIA UGA         | 559 - Auto Wrecking Yard | 012301-4-010-1009 | Evergreen Truck Parts          | 6,006 | 11EX00397 | V - Valid sale | 01/26/11 | \$400,000 | \$401,096 | \$429,670 | 1.07 | 1.07 |
| 3 | 8100504 - Auto Center         | 640 - Repair Services    | 222401-2-071-2001 | 3737 Arsenal Way - Auto Repair | 4,800 | 10EX03351 | V - Valid sale | 06/30/10 | \$300,000 | \$293,918 | \$270,360 | 0.90 | 0.92 |
| 4 | 8402605 - Gorst               | 640 - Repair Services    | 332401-2-017-2005 | Auto Repair fronting St Hwy 3  | 7,500 | 09EX03431 | V - Valid sale | 07/02/09 | \$350,000 | \$328,981 | \$309,990 | 0.89 | 0.94 |
| 5 | 8402601 - Downtown Pt Orchard | 640 - Repair Services    | 4650-003-001-0107 | Bridgestone Repair Garage      | 5,168 | 08EX04945 | V - Valid sale | 08/22/08 | \$423,300 | \$383,313 | \$318,150 | 0.75 | 0.83 |

NOTES: Sales from other areas show model rates in the "Assessed Value" column which may be different from actual assessed values since this model was not applied countywide.

**Count:** 5  
**Lowest:** 0.83  
**Highest:** 1.07  
**Median:** 0.94  
**Average:** 0.95  
**C.O.D.:** 6.11

**Sales Not Used**

|   |                              |                       |                   |                               |        |           |                        |          |             |           |
|---|------------------------------|-----------------------|-------------------|-------------------------------|--------|-----------|------------------------|----------|-------------|-----------|
| 6 | 8100501 - Downtown Bremerton | 640 - Repair Services | 3738-001-004-0007 | Former Bremerton Fire Station | 15,846 | 10EX04054 | W- With other property | 08/09/10 | \$1,010,000 | \$993,951 |
|   |                              | 460 - Parking         | 3738-001-005-0006 | Parking Lot @ 814 Cogean Ave. |        |           |                        |          |             |           |
| 7 | 8100502 - West Bremerton     | 640 - Repair Services | 3735-022-028-0008 | Former Chico Towing           | 2,592  | 08EX05133 | R - Imps Added         | 08/29/08 | \$296,000   | \$268,265 |

Notes:

Sale 6 included a separate parcel used for parking as noted. Unit count includes 4,942 square feet of office space valued with a separate office model.

Sale 7 was purchased as and subsequently remodeled for use as an office/warehouse.

Sales were otherwise valid.

| 12 Auto Service |       | Repair | Lube & Tun | Fire Stn. | Car W-Auto | Car W-Wand |  |
|-----------------|-------|--------|------------|-----------|------------|------------|--|
| A               | RENT  | 15.20  |            | 15.20     |            |            |  |
| A               | VAC   | 10.00  |            | 10.00     |            |            |  |
| A               | EXPEN | 30.00  |            | 30.00     |            |            |  |
| A               | CAP   | 8.60   |            | 8.60      |            |            |  |
| A               | MKT   | 0.01   |            | 0.01      |            |            |  |
| B               | RENT  | 13.70  |            | 13.70     |            |            |  |
| B               | VAC   | 10.00  |            | 10.00     |            |            |  |
| B               | EXPEN | 30.00  |            | 30.00     |            |            |  |
| B               | CAP   | 8.70   |            | 8.70      |            |            |  |
| B               | MKT   | 0.01   |            | 0.01      |            |            |  |
| C               | RENT  | 8.50   |            | 8.50      |            |            |  |
| C               | VAC   | 10.00  |            | 10.00     |            |            |  |
| C               | EXPEN | 33.00  |            | 33.00     |            |            |  |
| C               | CAP   | 9.10   |            | 9.10      |            |            |  |
| C               | MKT   | 0.01   | 0.01       | 0.01      | 0.01       | 0.01       |  |
| D               | RENT  | 6.50   |            | 6.50      |            |            |  |
| D               | VAC   | 10.00  |            | 10.00     |            |            |  |
| D               | EXPEN | 35.00  |            | 35.00     |            |            |  |
| D               | CAP   | 9.20   |            | 9.20      |            |            |  |
| D               | MKT   | 0.01   | 0.01       | 0.01      | 0.01       | 0.01       |  |
| E               | RENT  | 4.35   |            | 4.35      |            |            |  |
| E               | VAC   | 10.00  |            | 10.00     |            |            |  |
| E               | EXPEN | 35.00  |            | 35.00     |            |            |  |
| E               | CAP   | 9.60   |            | 9.60      |            |            |  |
| E               | MKT   | 0.01   | 0.01       | 0.01      | 0.01       | 0.01       |  |

# Local Income Survey

Property Type **Auto Service**

Sub Type **Repair**

| Date       | PGI per Unit | Vacancy | EGI per Unit | Expense % | NOI per Unit |
|------------|--------------|---------|--------------|-----------|--------------|
| 6/27/2008  | \$100.00     | 0%      | \$99.99      | 76%       | \$24.00      |
| 7/28/2010  | \$21.15      | 0%      | \$21.14      | 0%        | \$21.14      |
| 11/15/2009 | \$16.53      | 0%      | \$16.53      | 59%       | \$6.78       |
| 10/1/2009  | \$16.36      | 0%      | \$16.36      | 0%        | \$16.35      |
| 7/28/2010  | \$14.41      | 0%      | \$14.41      | 14%       | \$12.40      |
| 11/4/2009  | \$13.80      | 0%      | \$13.80      | 0%        | \$13.80      |
| 3/6/2008   | \$13.53      | 0%      | \$13.53      | 11%       | \$12.05      |
| 7/1/2009   | \$12.03      | 0%      | \$12.03      | 1%        | \$11.91      |
| 3/5/2008   | \$11.86      | 0%      | \$11.85      | 9%        | \$10.75      |
| 2/11/2008  | \$11.86      | 0%      | \$11.85      | 9%        | \$10.75      |
| 7/1/2009   | \$9.75       | 0%      | \$9.75       | 42%       | \$5.63       |
| 11/12/2009 | \$9.55       | 0%      | \$9.55       | 10%       | \$8.59       |
| 7/28/2010  | \$8.00       | 0%      | \$8.00       | 21%       | \$6.28       |
| 8/5/2010   | \$7.58       | 0%      | \$7.58       | 10%       | \$6.80       |
| 7/28/2010  | \$6.98       | 0%      | \$6.98       | 10%       | \$6.29       |
| 7/28/2010  | \$5.25       | 0%      | \$5.25       | 28%       | \$3.77       |
| 7/28/2010  | \$2.66       | 0%      | \$2.66       | 1%        | \$2.63       |