

Kitsap County Assessor

Narrative for Fast Food Valuation

Appraisal Date 1/1/2011, Tax Year 2012

Updated 10/10/11 CM20

Valuation Summary

Approach Used - Income approach.

Analysis and Conclusion Summary – No change was made between the 2011 and 2012 tax assessed values.

Property Type Overview

Population - Kitsap County has 44 fast food accounts. The inspection area has ten.

Economic Conditions – The current market conditions are not favorable. Sales volume has declined from 2007 to 2010.

Rating System - Three individual characteristics are rated on a 5-point scale. The points are totaled to reflect the cumulative effect each characteristic has upon the real estate.

Model Calibration

Preliminary Ratio Analysis – One sale from 2007 and one sale from 2008. These two sales returned ratios of 87% each to the untrended sales prices.

Market Sales Approach Data and Analysis

Regional Sales - Range of Sales Dates – 01/01/2007 to 03/01/2011

Current Sale Listings – None known

Market Sales Rates – Not developed due to lack of data

Income Approach Data and Analysis

Rent Data – Adopted rates from prior year

Vacancy Data - Adopted rates from prior year

Expense Data - Adopted rates from prior year

Cap Data – Adopted rates from prior year

Current Lease Listings – None known

Model Validation

Final Ratio Analysis – The two sales were not trended as insufficient information is available for this property type. The ratio to the two untrended sales is 87%.

| Neighborhood - Vicinity | Account Number | Project Name | Excise | Sale Date | Sale Price | 2012 TAV | Ratio |
|-------------------------|-------------------|--------------------------|-----------|-----------|-------------|-------------|-------|
| 8100506 - Wheaton Way | 3994-000-005-0007 | KFC - Wheaton Way | 07EX06889 | 9/12/2007 | \$1,335,000 | \$1,161,620 | 0.87 |
| 8400202 - Highway 305 | 142601-3-074-2004 | KFC, Taco Bell - Poulsbo | 08EX03411 | 6/12/2008 | \$1,210,000 | \$1,053,350 | 0.87 |

FAST FOOD MODEL DEFINITION

Use 5 Point Criteria to Establish Appropriate Class

| | |
|---------|---------------------------|
| Class B | Equal or greater than + 2 |
| Class C | - 1 to + 1 |
| Class D | - 3 to - 2 |
| Class E | Equal or less than - 4 |

5 Point Rating Criteria

| | 2 Points | 1 Point | 0 Points | -1 Points | -2 Points |
|--------------------------------|-------------------|---|---|--|-----------------|
| Location: | | (+ 1) Growing neighborhood, known restaurant magnet area, multiple restaurant choices, easy to maneuver, park and move through drive-thru, average to slightly above average traffic counts | (0) Stable neighborhood, typical site access, and traffic patterns; | (- 1) Declining neighborhood, limited knowledge of area as a magnet, only restaurant in vicinity, extremely high or low traffic counts | |
| Building Size: | (+ 2) <=2,240 SF; | (+ 1) <= 2,455 SF; | (+ 0) <=2,940 SF; | (- 1) <=3,420 SF; | (- 2) >3,420 SF |
| Building Age/Condition: | | (+ 1) New or excellent condition, clean, landscaped, well lighted | (+ 0) Typical age and condition fast food restaurant; | (- 1) Old or poor condition, obsolete design, visible deferred maintenance | |

Income Model Rates

NEIGHBORHOOD

| 23 | Fast Food | Not Used | Not Used | Fast | Not Used | FFdPlayInd | |
|----|-----------|----------|----------|--------|----------|------------|--|
| B | RENT | | | 39.90 | | 9.98 | |
| B | VAC | | | 5.00 | | 5.00 | |
| B | EXPEN | | | 5.00 | | 5.00 | |
| B | CAP | | | 7.35 | | 7.35 | |
| B | MKT | | | 491.86 | | 122.96 | |
| C | RENT | | | 27.44 | | 6.86 | |
| C | VAC | | | 5.00 | | 5.00 | |
| C | EXPEN | | | 5.00 | | 5.00 | |
| C | CAP | | | 7.88 | | 7.88 | |
| C | MKT | | | 248.18 | | 62.04 | |
| D | RENT | | | 21.95 | | 5.49 | |
| D | VAC | | | 5.00 | | 5.00 | |
| D | EXPEN | | | 5.00 | | 5.00 | |
| D | CAP | | | 8.40 | | 8.40 | |
| D | MKT | | | 203.06 | | 50.76 | |
| E | RENT | | | 16.46 | | 4.12 | |
| E | VAC | | | 5.00 | | 5.00 | |
| E | EXPEN | | | 5.00 | | 5.00 | |
| E | CAP | | | 8.40 | | 8.40 | |
| E | MKT | | | 149.28 | | 37.32 | |