
Rate Development Comments

Tax Year: 2007

Neighborhood: 8000000

Prop Type:

3	Senior Housing
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Entered by: CM42 2/22/2006

Label:

1	Conval
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Base rent: B - \$132,000 - Up from \$52,320
C - \$90,000 - Up from \$45,780
D - \$48,000 - Up from \$39,240

Vacancy: B - 10% - down from 15%
C - 10% - down from 15%
D - 15% - no change
Marcus & Millichap Oct 2005 13%
NIC Sept. 2005 14%

Expense: B - 85% - no change
C - 88% - up from 85%
D - 88% - up from 85%
Marcus & Millichap Oct 2005 88%

Cap Rate: 13.5% - Down from 13.9% Marcus & Millichap Oct 2005
13.0%, NIC Sept. 2005 13.0%

12.33% Port Orchard Care Center 2004
10.25% S. Kentucky Rehab. Bowling Green, KY 2004
10.25% San Joaquin Valley Rehab. Fresno, CA 2004
10.65% Gulf States LTAC of Covington, LA 2005

Sale base: Not Developed - Port Orchard Care Center \$5,985,000
10/15/04 \$47,880/bed

Cost: Developed if data was readily available.

Comments: B - Property has a higher level of architectural detail, superior interior finish, rooms may have kitchenettes. Facility provides subacute care - which is comprehensive inpatient care designed for someone who has had an acute illness, injury, or chronic illness. Subacute care is generally more intensive than traditional nursing facility. Provides subacute, oncology, cardiac, orthopedic, general surgery post-operative care; wound care; 7-days a week rehabilitation services; physical, occupational and speech therapy.
C - Property has a moderate level of architectural detail and interior finish. It provides 24-hour licensed nursing care, Inpatient / outpatient physical therapy, occupational therapy, and speech therapy. Typically services are skilled care level - which requires the regular services of a registered nurse for

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treatments and procedures.

D - Property is typically a facility with an institutional, utilitarian functionality and limited amenities. Provides 24-hour licensed nursing care, Inpatient / outpatient physical therapy, occupational therapy, and speech therapy.

Prop Type:

3 Senior Housing

Entered by: CM42 2/22/2006

Label:

2 AsstdL

Base rent:

A - \$45,600 down from \$45,780
B - \$40,800 up from \$39,240
C - \$34,800 up from \$30,520
D - \$30,000 up from \$26,160
E - \$25,200 up from \$22,236

Vacancy:

10% - no change
Four in sample 9.83% - 10%.
National Investment Center Qtr ending 9/05 11.5% down from 12%.
Marcus Millichap 9/05 11.3% down from 12%

Expense:

70% - down from 75%
Cushman Wakefield, Appraisal Inst.Study 75%
The Senior Care Acquisition Report, Sixth Edition, 2001 70%,
2000 70.8%.
Review of 3 local income statements indicated 65-76%.

Cap Rate:

10.50% down from 11.3%.
National Investment Center 9/05 9.25% down from 10.50%.
Marcus & Millichap Sr. Housing Rpt 9/05 10.00% down from 10.80%.

Sale base:

not developed: Marcus Millichap national avg. \$97,000 9/05;
Sun Valley, Beloit WI \$3,275,000 -70 units \$46,786; 7/2005
Elysium of Boca Raton, FL \$7,000,000 - 144 units \$48,611
7/2005;

Cost:

Developed if data was readily available

Comments:

County wide model

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Tax Year: 2007

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Prop Type:

Entered by: CM00 2/22/2006

Label:

Base rent: B - \$45,600 down from \$52,320
C - \$40,800 down from \$45,780
D - \$36,000 down from \$39,240

Vacancy: B - 10% - down from 15%
C - 15% - no change
D - 20% - up from 15%

Expense: 75% - no change
Alzheimers requires higher staffing levels and security compared to assisted living.
Cushman Wakefield, Appraisal Institute Study 70%.
Senior Care Acquisition Report, Sixth Edition, 2001 - 70.8% for 2000.
Three local income statements indicated 65-76%.

Cap Rate: 12% up from 11.3.%, slightly higher than assisted living due to higher than typical vacancy.
Alterra - Emeritus Oaks 6/99 10.04%

Sale base: Not developed. Alterra Emeritus Oaks 6/99 \$112,793 - \$5,978,038 53 units.

Cost: Developed if data was available.

Comments: Model 0
This care category is between independent living and skilled nursing on the service level continuum. Alzheimer's includes dementia general memory care.

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Prop Type:

Entered by: CM42 2/23/2006

Label:

Base rent: A - \$44,700 up from \$40,800
B - \$33,000 no change
C - \$24,000 no change
D - \$17,400 new class
E - \$12,000 new class

Vacancy: 10% down from 11%

9% Marcus Millichap Senior Housing Report 9/05
7.5% National Investment Center 9/05

Expense: 60% down from 65%

<60% Marcus Millichap Senior Housing Report 9/05

Cap Rate: 9.0% down from 9.1%

9.5% Marcus Millichap Senior Housing Report 9/05 approx.
150 - 200 basis points higher than conventional apartments.
8.2% National Investment Center 9/05 from 9.1

Sale base: Not Developed: Willows 8/03 \$63,116 - \$9,215,000 146 units

Cost: Developed if data was available.

Comments: A - 2BR/2B unit with superior architectural details and project amenities
B - 2BR/2B units typical or 1BR/1B with superior architectural details and project amenities
C - 1BR/1B unit typical or Studio with superior architectural details and project amenities
D - Studio
E - Studio with limited amenities

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Prop Type:

Entered by: CM47 2/2/2006

Label:

Base rent:

B - \$13.50; Sample of one rent \$13.68, Dollars & Cents 2004, pgs. 46-47, 74-75, 136-137
C - \$11.50; Dollars & Cents 2004, pgs. 136-137, 154-155
D - \$9.50; Dollars & Cents 2004 pgs. 154-155, 178-179.

Vacancy:

5% - Trends Spring 2005 Kitsap County retail vacancy survey
6.27%

Expense:

30% - Based on expense data from in-house market study.

Cap Rate:

7.5% - Consistent with retail. Levitz/Sportsman's Warehouse 8/05 7.3%, Colliers Market Report 2005 Home Depot 5.8%

Sale base:

B - \$120 Levitz/Sportsman Warehouse 8/05 \$142, Lowes Hardware Federal Way \$137, Bon Furniture Tacoma \$137
C - \$100
D - \$80 Smiths Furniture Tacoma 4/03 \$85

Sample of 5 2005 listings

Cost:

Developed if data was available

Comments:

Relied primarily on the market sales approach. Less confidence in income approach model. Limited income information available.

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Prop Type:

21

Marina

Entered by: CM00 11/15/2005

Label:

2

Marina

Base rent:

A - \$96.00 up from \$90.32
B - \$84.00 up from \$70.00
C - \$73.20 up from \$55.00
D - \$66.00

Vacancy:

Nominal - 2% for turnover and bad debt; was 5%

Expense:

A - 45% down from 47%
B - 46% down from 47%
C - 47% unchanged
D - 48% up from 30%

Cap Rate:

A - 7.0 down from 7.26
B - 7.25 down from 8.00
C - 7.5 down from 8.00
D - 7.75 down from 10.00
Port Washington 7.39%, Liberty Bay 7.51%, Dockside 6.27%

Sale base:

Cost:

Comments:

A - Covered moorage, larger slips on south shore of Eagle Harbor, smaller slips on north shore. Comps: Sinclair Inlet covered, Winslow Wharf
B - South shore Eagle Harbor and public marinas. Comps: Eagledale, Eagle Harbor, Harbour,
C - Sinclair Inlet, Poulsbo. Comps: Suldan's, Port Orchard Railway Marina, Sinclair Inlet open, Port Washington Narrows
D - Limited amenities: Dockside

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Prop Type:

Entered by: CM47 3/1/2006

Label:

Base rent: Income approach not developed.

Vacancy: 0

Expense: 0

Cap Rate: 100%

Sale base: A - \$265
B - \$175
C - \$135
D - \$100

Reference C-Store with gas analysis spreadsheet.

Cost: Developed if data was readily available.

Comments:

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Tax Year: 2007

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Prop Type:

Entered by: CM47 2/12/2006

Label:

Base rent:

B - \$42; 5% Trend applied to \$40, four rents
C - \$28.90; 5% Trend applied to \$27.50, two rents
D - \$23.10; 5% Trend applied to \$22, five rents
E - \$17.30; 5% Trend applied to \$16.50, one rent WORD
document (attach report)

Vacancy:

5%
Nominal vacancy in Kitsap County

Expense:

5%
Typically true NNN, nominal expense for management.

Cap Rate:

B - 7%; Prior rate 8%
C - 7.5%; Prior rate 8%
D - No change
E - No change
Ten sales in county, two out of county. Median 8.57%

Sale base:

B - \$545 Four sales
C - \$275 Two sales
D - \$225 Five sales
E - \$165 One sale

Cost:

Developed if data was readily available.

Comments:

Review of Wheaton Way corridor 6-2005 resulted in a change of HBU from Fast Food to A quality restaurants. Recently Wendy's changed to a soup and salad independent, Burger King did not renew their lease and property is now listed for sale at a substantial amount less than the assessed value. Listing suggests location be used as a bank, retailer or office. The Arby's only remains open due to a clause in the franchise agreement for the Silverdale location that makes Wheaton and Silverdale a package deal. These three major Fast Food businesses show a transitioning trend of Fast Food buildings in this area.

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Prop Type:

Entered by: CM47 3/1/2005

Label:

Base rent: B - \$10.5
C - \$7.22
D - \$5.78
E - \$4.34

Vacancy: 5%

Expense: 5%

Cap Rate: B - 7.00%
C - 7.50%
D - 8.00%
E - 8.00%

Sale base: B - \$136.25
C - \$68.75
D - \$56.25
E - \$41.25

Cost: Developed if data was readily available

Comments: County wide model, Trended PGI +5%, reduced capitalization rates from 8.00% for class B and C