



# Kitsap County Assessor

## Documentation for Countywide Model

Tax Year: 2020 Appraisal Date: 1/1/2019

Property Type: Quick Service Restaurants (QSR)

Updated 5/1/2019 by CM20

### Area Overview

Countywide models are for properties located throughout Kitsap County, rather than by neighborhood.

### Property Type Overview

Quick Service Restaurants (QSR), also known as fast food restaurants, contain limited seating in relation to preparation area, and typically include drive-up windows.

Kitsap county has 53 QSR properties with one currently vacant. QSR properties are reviewed countywide and are ranked based on eleven individual characteristics that are rated on a 6+ point scale. The total points reflect the cumulative effect each characteristic has upon the real estate. Each score categorizes the property into one of five classes.

**Land to Building Ratio:** The national land to building ratio for this property type is 6-10:1. The countywide land to building ratio for this property type is: 11.4:1.

The land to building ratio is used to determine excess or surplus land. Review of zoning requirements such as total lot coverage or parking requirements, as well as topography and easements, must also be considered before calculating value for this land.

**Economic Overview:** The overall economic condition is improving with several sales typically occurring each year. Sales prices show a positive trend in sales price per square foot.

### Valuation Summary

**Approach Used:** Income

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

The cost approach was given little consideration in the appraiser's final analysis. Cost approach components such as replacement cost new, effective age, and depreciation are difficult to accurately calculate in a mass appraisal model.

A market/sales comparison approach uses sale prices of comparable properties to calculate value. The market/sales approach was not applied as Kitsap County lacks sufficient, recent sales.

The income approach was selected as the best method for valuing these properties. The data used to develop our current model data was collected from our mail survey, site visits, local sales, national publications, and data supplied for review or appeal.

### Model Calibration

**Preliminary Ratio Analysis:** Analysis of 7 sales resulted in a mean ratio of 87%, a median ratio of 81%, and a coefficient of dispersion (COD) of 29.76.

### Market/Sales Comparison Approach Data and Analysis

**Sales:** Range of Sale Dates: 1/1/2016 to 12/31/2018. A total of 7 local sales, and 33 regional sales, and 0 national sales were used in the sales analysis. Additional information is provided on the sales analysis data sheet.

Kitsap County attempts to review, analyze, and validate via telephone, mail, or in person interviews, all commercial sales within the county for inclusion or exclusion in our market/sales approach.

## **Property type: Quick Service Restaurants (QSR) (continued)**

**Market/Sales Rates:** Sales ranged from \$263.51 to \$2047.67 per square foot.

### **Income Approach and Data Analysis**

Values were calculated using a triple net (NNN) income model.

Income and expense information was collected from mailed surveys, property representatives, on-site visits, and market research (publications, newsletters, websites, etc.)

**Rent Data:** The Assessor validated rents from 41% of the market. Typical reported rents had a range of \$16.33 to \$62.42. We selected \$4 to \$56.93 for our model.

**Vacancy Data:** Typical reported vacancy had a range of 0% to 0%. We selected 5% to 5% for our model.

**Expense Data:** Typical reported expense had a range of 17% to 25%. We selected 6% to 6% for our model.

**Capitalization Rate (Cap) Data:** Typical sale cap rates ranged from 4.5% to 7.24%. We selected 5.25% to 8% for our model.

Local sales supplied 4 cap rates. Other county sales supplied an additional 10 cap rates. National publications were reviewed and they reflected cap rates in the same range as local and statewide sales.

**Income Model Value Range:** The income approach calculates a range of values from \$44.65 to \$968.27 per square foot.

**Final Ratio Analysis:** Analysis of 7 sales resulted in a mean ratio of 106%, a median ratio of 98%, and a coefficient of dispersion (COD) of 17.37.

### **Sources**

Kitsap County Board of Equalization appeal documentation.

Washington State Board of Tax appeal documentation.

Kitsap County income and expense surveys.

Kitsap County sales questionnaires.

The Dictionary of Real Estate Appraisal, Appraisal Institute, Third Edition, 1993

Property Appraisal and Assessment Administration, IAAO, 1990

Glossary for Property Appraisal and Assessment, IAAO, 1997

LoopNet - [www.loopnet.com](http://www.loopnet.com)

Commercial Brokers Association - [www.commercialmls.com](http://www.commercialmls.com)

Boulder Group 2018-Q1 Net Lease Casual Dining

Boulder Group 2018-Q2 Net Lease QSR Market Report

Location Analysis for the Fast Food Restaurant, The Canadian Appraiser, Winter 1992

The Valuation of Fast Food Outlets: Analysis, Methodology, and Reliability. Peter Elliott and Richard Reed, 1999

# QUICK SERVICE RESTAURANT GUIDELINES

Class A	>= +6
Class B	4 to 5
Class C	2 to 3
Class D	0 to 1
Class E	<= - 1

	2 Points	1 Point	0 Points	-1 Points	-2 Points
<b>Lot Size</b>		1.00 acre <= 1.20 acres	1.20 acres - 0.40 acres	< 0.40 acres	
<b>Multiple Access</b>		Shopping center, or front, back and adjacent properties	Front & Back, or Corner	Road frontage only	
<b>Lighted Access Available</b>		Yes	No		
<b>Fronts Shopping Center</b>		Yes	No		
<b>Adjacent to Hwy or Hotel/Motel</b>		Yes	No		
<b>Heavy Noon Traffic</b>		Yes	No		
<b>Lot Shape</b>		Rectangular	Square	Odd shaped	
<b>Traffic Count</b>	> 30,000	20,000 < 30,000	15,000 < 20,000	10,000 < 15,000	< 10,000
<b>Competition</b>	None				
<b>Building Size (do not include basements or play areas)</b>	< 1,000	1,000 < 3000	3,000 < 4,000	4,000 < 5,000	> 5,000
<b>Building Age/Condition</b>	Brand new in prime location	(+ 1) New or excellent condition, clean, landscaped, well lighted. Built > 2000 or older with recent remodel.	(+ 0) Typical age and condition QSR; Built < 2000 and mostly original or older with recent RA.	(- 1) Old or poor condition, obsolete design, visible deferred maintenance	

# Kitsap County Assessor

Tax Year: 2019

Property Type: Quick Service Rest

Neighborhood: 0

	Not Used	Not Used	QSR	QSR Bsmt	QSRPlayInd	
--	----------	----------	-----	----------	------------	--

## Class A

Rent			56.93		13.00	
Vac %			5.00		5.00	
Exp %			6.00		6.00	
Cap Rate			5.25		5.75	
Market			0.01		0.01	

## Class B

Rent			43.01		10.00	
Vac %			5.00		5.00	
Exp %			6.00		6.00	
Cap Rate			5.500		6.000	
Market			0.01		0.01	

## Class C

Rent			33.06		7.00	
Vac %			5.00		5.00	
Exp %			6.00		6.00	
Cap Rate			5.75		6.25	
Market			0.01		0.01	

## Class D

Rent			23.81		5.50	
Vac %			5.00		5.00	
Exp %			6.00		6.00	
Cap Rate			6.50		7.00	
Market			0.01		0.01	

## Class E

Rent			15.81		4.00	
Vac %			5.00		5.00	
Exp %			6.00		6.00	
Cap Rate			8.00		8.00	
Market			0.01		0.01	

**Kitsap County Assessor**  
**Tax Year 2020**  
**Local Income Survey for Fast Food - Fast Food**

PGI per Unit	Vacancy	EGI per Unit	Expense %	NOI per Unit
\$80.73	0%	\$80.72	0%	\$80.71
\$63.30	0%	\$63.30	0%	\$63.30
\$62.42	0%	\$62.42	6%	\$58.88
\$62.09	0%	\$62.09	1%	\$61.46
\$61.43	0%	\$61.43	0%	\$61.42
\$58.60	0%	\$58.60	0%	\$58.60
\$54.50	0%	\$54.50	0%	\$54.50
\$54.50	0%	\$54.50	0%	\$54.50
\$52.76	0%	\$52.76	0%	\$52.76
\$51.09	0%	\$51.09	0%	\$51.09
\$46.88	0%	\$46.87	12%	\$41.25
\$46.34	0%	\$46.34	0%	\$46.34
\$46.25	0%	\$46.25	0%	\$46.24
\$44.08	0%	\$44.08	0%	\$44.08
\$44.08	0%	\$44.08	25%	\$33.06
\$39.45	0%	\$39.45	0%	\$39.45
\$37.50	0%	\$37.50	0%	\$37.50
\$37.45	0%	\$37.45	0%	\$37.45
\$35.43	0%	\$35.43	0%	\$35.43
\$34.05	0%	\$34.05	0%	\$34.05
\$33.93	0%	\$33.93	0%	\$33.93
\$33.66	0%	\$33.66	0%	\$33.66
\$32.11	0%	\$32.11	0%	\$32.11
\$32.11	0%	\$32.11	0%	\$32.11
\$32.11	0%	\$32.11	0%	\$32.11
\$26.70	0%	\$26.70	0%	\$26.70
\$26.23	0%	\$26.23	0%	\$26.23
\$25.52	0%	\$25.52	0%	\$25.52
\$22.03	0%	\$22.03	0%	\$22.03
\$16.33	0%	\$16.33	0%	\$16.33
\$5.46	0%	\$5.46	0%	\$5.46

**Tax Year 2020**  
**Quick Service Restaurant Sales**  
**Sales from 01/01/2016- 12/31/2018**

**Income Approach Analysis**

**Local Sales**

#	NBRHD	PARCEL#	PROJECT	VC	EXCISE#	DATE	PRICE	TRENDED PRICE	UNITS	TRENDED \$/UNIT	RENT CLASS	2020 Model	Other Value	Ratio
1	8401101	5053-000-002-0003	Jack in the Box- Silverdale	V	2016EX02458	04/20/2016	\$2,320,000	\$2,320,000	2,361	\$ 982.63	B	\$1,648,750	\$ -	71%
2	8400202	102601-4-054-2000	Sonic Fast Food	V	2016EX06954	09/08/2016	\$2,600,000	\$2,600,000	2,403	\$1,024.45	A	\$2,326,750	\$138,250	95%
3	8401101	212501-2-020-2003	Taco Time Bucklin Hill	V	2016EX08202	10/20/2016	\$1,200,000	\$1,200,000	2,393	\$ 501.46	B	\$1,671,090	\$ -	139%
4	8100506	022401-1-043-2002	Arby's Wheaton Way	V	2016EX08240	10/21/2016	\$1,375,000	\$1,375,000	2,831	\$ 485.69	B	\$1,976,960	\$ -	144%
5	8402307	312402-2-020-2001	Taco Bell - Mile Hill	V	2017EX07898	10/02/2017	\$2,000,000	\$2,000,000	2,752	\$ 726.74	B	\$1,921,790	\$ -	96%
6	8400202	232601-1-157-2007	Starbucks - Hwy 305	V	2017EX04796	06/29/2017	\$2,010,000	\$2,010,000	2,028	\$ 991.12	A	\$1,963,650		98%
7	8401508	252501-3-004-2007	Starbucks Dominoes Hwy 303	V	2019EX00480	01/18/2019	\$1,880,000	\$1,880,000	2,564	\$ 646.41	A	\$1,614,250	\$222,600	98%

NBRHD	Neighborhood
8100502	West Bremerton
8400202	Highway 305
8400203	Viking Way
8400207	College Marketplace
8401101	Silverdale
8401506	Wheaton Way
8402307	South Kitsap UGA

VC	Validity Codes
V	Valid Sale
M	Other

Count	7
High	144%
Low	71%
Median	98%
Mean	106%
AAD	17%
COD	17.37

4.71

Count	3
High	98%
Low	96%
Median	98%
Mean	97%
AAD	0.01
COD	0.55

Removed sales

## OTHER COUNTY QUICK SERVICE RESTAURANT SALES

County	Parcel Number	Project	Size	Year	Traffic	Excise #	Date	Price	\$ Unit	Cap	NOI/SF	
Benton	134994080000002	Arby's Kennewick	2,615	1978/2003		99402	6/28/2016	\$1,200,000	\$458.89	6.26%	\$28.73	
Chelan	26987	Sonic	1,804	2009		170580	6/30/2016	\$1,640,000	\$909.09			
Grays Harbor	029800600100	Starbuck's	1,656	2005		E220162	6/23/2016	\$1,145,000	\$691.43			
King	3223059054	Former Wendy's	4,278	1984	25,000	2894956	10/10/2017	\$1,200,000	\$280.50			
Pierce	0219211088	Popeye's	1,936	2014		4392132	3/8/2016	\$3,000,000	\$1,549.59			
Pierce	9830000051	Popeye's	3,211	1996		4412575	10/7/2016	\$2,500,000	\$778.57			
Pierce	0220022031	Arby's	2,594	1978		4420095	12/27/2016	\$1,000,000	\$385.51			
Pierce	5080000060	Jack in the Box Lakewood	2,550	2018		4465765	5/1/2018	\$2,400,000	\$941.18	5.00%	\$47.06	
Pierce	0219022076	Jack in the Box	1,440	1970/2002		4425804	3/7/2017	\$452,500	\$314.24			
Skagit	P26248	Burger King-Mt Vernon	3,752				3/20/2018	\$2,285,603	\$609.17	6.17%	\$37.58	
Snohomish	00816300000400	Taco Bell	1,874	1994	23,763	110413	11/15/2016	\$1,950,000	\$1,040.55			
Snohomish	00538900501000	Burger King-Bickford Ave	3,600	1996		1163418	4/9/2018	\$1,647,400	\$457.61	5.97%	\$27.30	
Snohomish	28060700300400	Taco Time	3,614	2017		E067005	5/16/2016	\$1,100,000	\$304.37			
Snohomish	00393000001600	Popeye's	3,286	2017		1170957	6/19/2018	\$3,000,000	\$912.96			
Snohomish	30050900304300	Sonic	1,723	2018		E109340	8/28/2018	\$2,733,000	\$1,586.19			
Snohomish	300509030440	Arby's	3,520	2017		1158343	1/19/2018	\$2,700,000	\$767.05	5.25%	\$40.26	
Snohomish	00450400000201	Dairy Queen	2,238	1997		E105503	6/18/2018	\$910,000	\$406.61			
Snohomish	00451900201200	Taco Time	2,072	2009		E096730	12/18/2017	\$1,700,000	\$820.46			
Snohomish	00373700600105	Taco Time	2,133	1994		E075814	11/1/2016	\$1,225,000	\$574.31			
Snohomish	00372901001105	Ivar's	3,017	1988		1186680	1/25/2019	\$795,000	\$263.51			
Snohomish	00602300400500	Dairy Queen	3,278	1986		E073455	9/19/2016	\$1,550,000	\$472.85			
Snohomish	00518000001506	Wendy's Lake Stevens	3,400	2017		1133548	5/5/2017	\$2,223,000	\$653.82	4.50%	\$29.42	
Snohomish	00646000000102	Popeye's	2,684	2018		E105408	6/13/2018	\$2,975,000	\$1,108.42	5.00%	\$55.42	
Snohomish	00646800000100	Starbuck's	2,269	1984/2017		E091347	9/6/2017	\$3,000,000	\$1,322.17	4.56%	\$66.73	
Thurston	73680000200	Church's Chicken	2,430	2016		732346	8/8/2016	\$2,182,000	\$897.94			
Thurston	73680000300	Sonic	1,798	2016		384162	8/24/2016	\$2,105,000	\$1,170.75			
Thurston	73660000100	Sonic	1,728	2016		733055	9/26/2016	\$2,660,000	\$1,539.35	5.63%	\$86.81	
Whatcom	3803290254000000	Starbuck's	923	2016		203470	6/30/2016	\$1,890,000	\$2,047.67			
Yakima	181315-12410	Starbuck's	2,092	2017		E20930	1/3/2019	\$2,165,000	\$1,034.89			
Yakima	181326-31489	Popeye's	3,109	2017		E016842	1/12/2018	\$2,410,000	\$775.17			
Yakima	191332-32421	Carl's Jr	3,232	2008		452438	11/13/2018	\$2,575,000	\$796.72			
Yakima	221035-14425	Jack In the Box	2,000	2003		453177	2/11/2019	\$1,250,000	\$625.00			
Yakima	231030-42403	Popeye's	2,742	2018	18,000	E021523	1/13/2019	\$2,350,000	\$857.04	6.04%	\$51.77	
									Median	\$778.57	5.44%	\$43.66
									Mean	\$828.90	5.44%	\$47.11
									High	\$2,047.67	6.26%	\$86.81
									Low	\$263.51	4.50%	\$27.30

### OTHER COUNTY QUICK SERVICE RESTAURANT SALE LISTINGS

County	Parcel Number	Project	Size	Year	Traffic	Source	List Date	Price	\$ Unit	Cap	NOI/SF
Thurston	58040001600	Lacey's Crossroads Taco Bell	2,043	2017		CBA608005	2/7/2019	\$1,684,000	\$824.28	4.75%	\$39.15
King		Jack in the Box - Rainier	1,290	2003	21,534	Loopnet 6744758	4/12/2017	\$1,400,000	\$1,085.27	4.36%	\$47.32
Pierce	351500-0073	Starbucks	824	2004	26,700	Loopnet 15243897	2/21/2019	\$1,117,609	\$1,356.32	4.35%	\$59.00
Clark	091050-173	Jack in the Box	2,780	2000	30,000	Loopnet 14898792	1/17/2019	\$2,500,000	\$899.28	5.00%	\$44.96
Snohomish	008291-000-002-00	Burger King	3,666	1999		Loopnet 13970457	10/4/2018	\$2,021,000	\$551.28	4.65%	\$25.63
								Median	\$899.28	4.65%	\$44.96
								Mean	\$943.29	4.62%	\$43.21
								High	\$1,356.32	5.00%	\$59.00
								Low	\$551.28	4.35%	\$25.63

### KITSAP COUNTY QUICK SERVICE RESTAURANT SALE LISTINGS

County	Parcel Number	Project	Size	Year	Traffic	Source	List Date	Price	\$ Unit	Cap	NOI/SF
Kitsap	3748-001-015-0309	Jack in the Box - Kitsap Way	2,243	2003	33,065	Loopnet 15177199	2/14/2019	\$1,135,000	\$506.02	5.00%	\$25.30
Kitsap	142601-3-074-2004	Taco Bell	2,150	1988	23,000	Loopnet 14805427	1/8/2019	\$1,425,000	\$662.79	5.46%	\$36.19