



Kitsap County Assessor

Documentation for Countywide Model

Tax Year: 2023 Appraisal Date: 1/1/2022

Property Type: Countywide Retail - Big Box - Large

Updated by CM20

Area Overview

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

This property type was physically inspected for the 2019 tax year.

Property Type Overview

Big Box Retail are buildings typically in excess of 100,000 square feet. They fall into two categories, the fully finished retail stores such as Walmart and Target, and the warehouse discount stores like Lowe's, Home Depot, and Costco. These properties are predominately owner occupied and rarely sell.

Kitsap County has a total of 12 Big Box Retail properties with no vacancies.

Land to Building Ratio: The national land to building ratio for this property type is 3-4:1. The countywide land to building ratio for this property type is: 4.2:1.

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 condition is stable.

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 0 sales resulted in a mean ratio of 0%, a median ratio of 0%, and a coefficient of dispersion (COD) of 0.

Market/Sales Comparison Approach Data and Analysis

Sales: Range of Sale Dates: 1/1/2017 to 12/31/2021. A total of 0 local sales, and 11 regional sales, and 0 national sales were used in the sales analysis. Additional information is provided on the sales analysis data sheet.

Property type: Countywide Retail - Big Box - Large (continued)

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.

Market/Sales Rates: Sales ranged from \$44.98 to \$160.73 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 8% of the market. Typical reported rents had a range of \$ to \$. We selected \$3.66 to \$9.62 for our model.

Vacancy Data: Typical reported vacancy had a range of 0% to 0%. We selected 8% to 20% for our model.

Expense Data: Typical reported expense had a range of 0% to 0%. We selected 6% to 6% for our model.

Capitalization Rate (Cap) Data: Typical sale cap rates ranged from 5% to 8%. We selected 7% to 8% for our model.

Cap rates from regional sales and information provided in Q4 2021 Boulder Group Big Box and SRS Net Lease Q3 2021 & Q4 2021. Q4 2021 Boulder Group Big Box has Big Box cap at 6.25%, Large Format (>80K) at 6.75%, Non-investment grade at 6.50%, non-investment grade with 16-20 years on lease @ 5.25%, 11-15 years @ 5.40%, 6-10 years at 6.15%, and under 5 years at 7.50%. SRS Net Lease Q3 2021 has cap rates between 4.91% and 6.46%, and Q4 2021 has cap rates between 5.64% and 6.46%.

Income Model Value Range: The income approach calculates a range of values from \$34.4 to \$118.85 per square foot.

Final Ratio Analysis: Analysis of 0 sales resulted in a mean ratio of 0%, a median ratio of 0%, and a coefficient of dispersion (COD) of 0.

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

Commercial Brokers Association - www.commercialmls.com

Boulder Group Q4 2021 Big Box

SRS Net Lease Q3 2021

SRS Net Lease Q4 2021

**KITSAP COUNTY ASSESSOR
TAX YEAR 2023
BIG BOX MODEL DEFINITION**

Class	Description	Location	Visibility	Traffic	Lighted Corner
A	Stand-alone concrete shell buildings with new or better quality materials and workmanship. The buildings have minimal partitioning for office and storage areas. Ceilings, walls, and floors have average or fair quality finish and the building has a prominent entrance. (<i>Fred Meyer, Target, Walmart, Poulsbo Home Depot</i>)	High visibility, high traffic count, easy access, typically lighted intersection, multiple access points.	High	High	Yes
B	Newer stand-alone concrete shell buildings with fair to average quality materials and workmanship. The buildings have minimal partitioning for office and storage areas. Ceilings, walls, and floors have average or fair quality finish and the building has a prominent entrance. (<i>Home Depot, Lowe's, Costco</i>)	High visibility, high traffic count, easy access, typically lighted intersection, multiple access points.	Good - High	Average - High	Possible

Kitsap County Assessor

Tax Year: 2023

Property Type: Retail Countywide

Neighborhood: 0

Rtl Lg	Outside	BigBox-Lg	SA Drug	SupMkt	BigBox-Med
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Class A

Rent	14.30		9.62	29.00	11.27	11.27
Vac %	10.00		8.00	5.00	10.00	10.00
Exp %	6.00		6.00	6.00	6.00	6.00
Cap Rate	6.50		7.00	6.50	6.50	6.50
Market	0.01		0.01	0.01	0.01	0.01

Class B

Rent	11.70		8.38	26.00	10.35	10.35
Vac %	10.00		8.00	5.00	10.00	10.00
Exp %	6.00		6.00	6.00	6.00	6.00
Cap Rate	6.750		7.250	7.000	6.750	6.750
Market	0.01		0.01	0.01	0.01	0.01

Class C

Rent	9.03	6.50	6.96		8.13	8.13
Vac %	10.00	20.00	9.00		10.00	10.00
Exp %	6.00	6.00	6.00		6.00	6.00
Cap Rate	7.00	9.75	7.50		7.00	7.00
Market	0.01	0.01	0.01		0.01	0.01

Class D

Rent	6.57		5.93		5.89	5.89
Vac %	10.00		10.00		10.00	10.00
Exp %	6.00		6.00		6.00	6.00
Cap Rate	7.25		7.75		7.25	7.25
Market	0.01		0.01		0.01	0.01

Class E

Rent	5.00		3.66		4.32	4.32
Vac %	10.00		20.00		10.00	10.00
Exp %	6.00		6.00		6.00	6.00
Cap Rate	7.50		8.00		7.50	7.50
Market	0.01		0.01		0.01	0.01

Kitsap and Other County Sales
Cap Rate and NOI from Public Sources
January 1, 2017 - December 31, 2021

Big Box >100K

County	Account No	Project	Excise	Source	Date	Sale Price	Size	\$/Unit	Cap	NOI
Benton	1-3199-400-0002-005	At Home	147930	Loopnet	12/07/19	\$ 10,450,000	106,238	\$ 98.36	7.12%	\$ 7.00
Island	R13203-211-4510	Walmart-Oak Harbor	41514	Loopnet	12/13/19	\$ 4,575,000	101,703	\$ 44.98	4.88%	\$ 2.20
King	182305-9118	McLendon Renton	3027012	Loopnet/Assessor	12/19/19	\$ 18,380,000	117,830	\$ 155.99	5.75%	\$ 8.97
Pierce	0419037005	former Lowe's		Assessor	05/04/18	\$ 10,152,555	124,435	\$ 81.59		
Pierce	407521-0614 (Multiple Parcels)	McClendons	4478223	Loopnet	08/30/18	\$ 11,400,000	86782	\$ 131.36	6.26%	\$ 8.22
Pierce	0419037005	former Lowe's		Listing/Assessor	12/30/19	\$ 20,000,000	124,435	\$ 160.73	7.67%	\$ 12.33
Skagit	P26247	Lowe's Mount Vernon	20181419	Loopnet	04/08/18	\$ 16,991,453	137472	\$ 123.60	5.85%	\$ 7.23
Spokane	36306.1303	former Costco		Assessor	12/21/18	\$ 6,750,000	86,502	\$ 78.03		
Spokane	36306.1303	At Home		Listing/Assessor	12/16/19	\$ 10,240,000	86,502	\$ 118.38	8.00%	\$ 9.47
Walla Walla	360730580022	Shopko Walla Walla	132043	Loopnet	03/15/17	\$ 6,643,357	83,211	\$ 79.84	7.66%	\$ 6.12
Whatcom	380212560360	former Costco - Bellingham	213571	CBA	07/21/17	\$ 6,500,000	133,149	\$ 48.82		