

# Kitsap County Assessor

## Narrative for Countywide Model

Appraisal Date 1/1/2015 Tax Year 2016

Property Type: Retail - Auto Dealer and Mobile Home/Recreational Vehicle Dealer

Updated 10/19/2015 by CM20

### Area Overview

This property type area consists of the entire Kitsap County. These properties have similarities in building characteristics, rent, vacancy, expenses, capitalization rates, and are reviewed annually on a countywide basis.

Kitsap County has approximately 54 Retail - Auto Dealer and Mobile Home/Recreational Vehicle Dealer locations.

### Property Type Overview

Complete auto dealerships include showrooms, offices, and parts-service facilities. Dealerships can have between 15% and 55% devoted to showrooms. Showrooms have varying finish qualities, from warehouse to office quality finishes.

**Land to Building Ratio:** The national land to building ratio for this property type is 10:1. The countywide land to building ratio for this property type is: 8.1:1.

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 downturn in the economy had a significant impact to Retail - Auto Dealer and Mobile Home/Recreational Vehicle Dealers with vacancies appearing across the population stratification. Recovery has been slow, with some of the vacated properties being redeveloped to alternative uses.

### Valuation Summary

**Approach Used:** Income

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.

A structure's potential alternate use was a major consideration to determine rent class, see model definition for specific details. There is a comparatively large rate and value spread between B and C class. Limited sales and income data was available, properties tend to be owner occupied. The auto retail model was adopted for mobile home and recreational vehicle dealer properties.

### Model Calibration

**Preliminary Ratio Analysis:** Analysis of 3 sales resulted in a mean ratio of 80%, a median ratio of 78%, and a coefficient of dispersion (COD) of 13.6%.

### Market/Sales Comparison Approach Data and Analysis

**Sales:** Range of Sale Dates: 1/1/2012 to 3/31/2015. A total of 3 local sales, and 0 regional sales, and 0 national sales were used in the sales analysis. Additional information is provided on the sales analysis data sheet.

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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 \$85.64 to \$321.82 per square feet.

No market/sales approach was developed.

### Income Approach and Data Analysis

Values were calculated using a full service income model.

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

Three rents were documented countywide. The large percentage of properties are owner occupied. Vacancy rates of 15% to 20% were used to reflect a long marketing time once properties become vacant.

**Rent Data:** The Assessor validated rents from 6% of the market. Typical reported rents had a range of \$13.98 to \$20.00. We selected \$6.43 to \$23.62 for our model.

**Vacancy Data:** Typical reported vacancy had a range of 0% to 0%. We selected 15% to 20% for our model.

**Expense Data:** Typical reported expense had a range of 1% to 31%. We selected 25% to 25% for our model.

**Capitalization Rate (Cap) Data:** Typical sale cap rates ranged from 0% to 0%. We selected 7.75% to 9.7% for our model.

No cap rates were developed from recent sales. Warehouse rates were reviewed on the principal of substitution. Boulder Group - The Net Lease Market Report Q4 2014 reported 8.03%. CBRE quoted 6.75%, Integra Realty Resources quoted 7.25%, PWC-Korpacz listed 5.54% for Pacific Region Warehouse. Realty Rates quoted higher cap rates of 8.70% to 9.05%.

**Income Model Value Range:** The income approach calculates a range of values from \$42.26 to \$182.86 per square feet.

### Model Validation

**Final Ratio Analysis:** Analysis of 3 sales resulted in a mean ratio of 83%, a median ratio of 79%, and a coefficient of dispersion (COD) of 15.26%.

### 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 - The Net Lease Market Report Q4 2014

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CBRE - 1st Half 2014 Cap Rate Survey

Integra Realty Resources - IRR Viewpoint 2015 - Seattle Flex Industrial

PWC-Korpacz - First Quarter 2015 - Pacific Region Warehouse

Realty Rates - 4th Quarter 2014 Market Survey Nationwide - Class A & B Industrial Buildings - Warehouse

### Retail, Special - Auto Dealer, MH & RV Dealer Model Definition

Class	Primary Consideration Alternative Use	Construction	Age/Condition	Office/Retail	Location	Display/Parking
A	Alternative uses would likely be retail or office, also very small structures in core area	Exterior appearance tends to resemble office or retail type structure of better quality grades, interior finish complements exterior	New or recent complete renovation, very good condition, very little or no deferred maintenance or obsolescence, good curb appeal	Large amount of finished showroom/retail space, service and parts areas have some finish	Highly visible or corner lot on a main street in a core area, high traffic count/flow	Ample paved parking for display and customers,
B	Alternative uses would likely be retail or office, also very small structures in core area	Exterior appearance tends to resemble office or retail type structure of fair to average quality grades, interior finish complements exterior	Little deferred maintenance evident, but not everything is new, no obsolescence evident, appearance and utility above standard	Larger than average amount of finished showroom/retail space, service and parts areas may have some finish also very small structures in core area	Very visible or main street in a core area, high traffic count/flow	Sufficient paved parking for display and customers
C	Alternative uses would likely be a retail warehouse or warehouse with office space	Typical finish, plain fenestration, other than the approach side structure looks like a warehouse	Some deferred maintenance evident but major components still function and have utility, not unappealing	Average amount of finished retail space, garage and parts area may be unfinished	Visibility may be somewhat limited with less traffic volume than class B and C	Sufficient paved parking for display, limited customer parking
D	Alternative use would likely be warehouse with limited office/retail space	Plain finish, plain fenestration, other than the approach side structure looks like a warehouse	Some deferred maintenance evident but major components still function and have utility, not unappealing	Finished retail space, garage and parts area may be unfinished	Away from main arterial	Sufficient paved parking for display
E	Alternative use would likely be warehouse with little or no office/retail space	Low quality finish, little fenestration, structure looks like a warehouse	Older or obvious deferred maintenance and some functional obsolescence, some major components need repair or replacement	May have some finished retail space, garage and parts area unfinished	Away from main arterial, narrow street	Limited parking, Land to building ratio much less than typical for property type, perhaps better suited for another use

**Income Model:** 302015  
**Property Type:** Retail, Special  
**Neighborhood:** 0

Barber	Laundry	Auto Dlr	Deleted	MhRvDlr	
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**Class A**

Rent		23.62		23.62	
Vac %		20.00		20.00	
Exp %		25.00		25.00	
Cap Rate		7.75		7.75	
Market		0.01		0.01	

**Class B**

Rent		21.62		21.62	
Vac %		20.00		20.00	
Exp %		25.00		25.00	
Cap Rate		7.750		7.750	
Market		0.01		0.01	

**Class C**

Rent		11.25		11.25	
Vac %		15.00		15.00	
Exp %		25.00		25.00	
Cap Rate		9.10		9.10	
Market		0.01		0.01	

**Class D**

Rent		8.59		8.59	
Vac %		15.00		15.00	
Exp %		25.00		25.00	
Cap Rate		9.30		9.30	
Market		0.01		0.01	

**Class E**

Rent		6.43		6.43	
Vac %		15.00		15.00	
Exp %		25.00		25.00	
Cap Rate		9.70		9.70	
Market		0.01		0.01	

# Local Income Survey

Property Type: Retail Special

Sub Type: Auto Dealer

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PGI per Unit	Vacancy	EGI per Unit	Expense %	NOI per Unit
\$20.00	0%	\$20.00	1%	\$19.80
\$19.73	0%	\$19.73	31%	\$13.61
\$13.98	0%	\$13.98	0%	\$13.98

**Tax Year 2016  
Auto Dealer, MH & RV Dealer  
Sales from 01/01/2012 to 03/31/2015**

No.	NBRHD	PC	Account Number	Project Name	Units	Excise	VC	Sale Date	Sale Price	Price /Unit	Assessed Value	Ratio
1	8401104	550	172501-3-092-2000	Harley Sales & Service Building SOLD WITH 092-100-101	7,370	2013EX08251	D	11/26/2013	\$ 3,500,000	\$143.88	\$ 2,347,210	67%
		550	172501-3-100-2000		16,956							
		910	172501-3-101-2009									
2	8400203	550	152601-4-098-2003	Courtesy SW of Edvard & Viking Wy	16,348	2013EX02159	V	04/10/2013	\$ 1,400,000	\$ 85.64	\$ 1,442,920	103%
					1,314							
					1,305							
					288							
3	8400203	550	152601-4-007-2003	Courtesy Economy Center	1,476	2014EX01311	V	03/03/2014	\$ 475,000	\$321.82	\$ 373,630	79%

NBRHD	Neighborhood
8400203	Viking Way
8401104	Central Kitsap

VC	Validity Code
D	Not economic unit
V	Valid Sale

PC	Property Class
550	Retail, automotive
910	Undeveloped land

Count	3
Low	67%
High	103%
Median	79%
Mean	83%
AAD	0.12
COD	15.26