

**Kitsap County Assessor**  
**Narrative for Area 3 Auto Dealer and Mobile Home/RV Dealer Valuation**  
**Appraisal Date 1/1/2013, Tax Year 2014**  
*Updated 10/22/2013 by CM20*

**Valuation Summary**

**Approach Used** – The income approach was used for all properties.

The cost approach is unreliable for this property type. Components such as replacement cost new and depreciation are difficult to calculate due to rapidly changing costs of labor and materials, a variety of obsolescence items including mechanical or power supply, changing demands, and other unaccounted for items. The cost approach is given little consideration in the final analysis.

A market or sales approach uses sale prices of comparable properties. Kitsap County lacked sufficient, recent sales to develop a cost per square foot market approach.

**Analysis and Conclusion Summary** - A structure's potential alternate use was a major consideration to determine 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.

**Property Type Overview**

**Population** – Thirteen dealerships were identified in Area 3. All are occupied. Countywide there are over 60 parcels in this property classification.

**Economic Conditions** – The current market conditions are not favorable, as reflected in the limited number of sales over the past few years and the number of properties becoming vacant.

**Land to Building Ratio** – The median land to building ratio for this property type was 7.54:1 with an average absolute deviation of 5.41. Additional land value was added to the income stream on properties that exceeded a 12.95:1 ratio. Review of zoning requirements such as total lot coverage or parking requirements, as well as topography, must also be considered before calculating excess land. Insufficient land adjustments were considered if the land to building ratio fell below one-third of the median.

**Rating System** - Primary consideration is given to the properties' alternative use in choosing an income class. Other considerations were structure size, quality, age/condition, fenestration/finish, visibility, location, traffic flow, and land to building ratio. Five income classes were developed and adopted from Area 5.

**Model Calibration**

**Preliminary Ratio Analysis** – No sales occurred in Area 3, four valid sales occurred countywide. The median ratio with no time adjustment (trend) applied was 0.72 with a coefficient of dispersion (COD) of 10.22.

**Market Sales Approach Data and Analysis**

**Regional Sales - Range of Sales Dates** - 01/01/09 – 04/03/2013. Four valid sales, along with three invalid sales are shown on the attached sales document.

**Current Sale Listings** – Five former dealership listings, some which have transitioned to more retail uses, were found in Area 2. Asking prices are significantly higher than the new assessed value.

## **Narrative for Retail, Special – Auto Dealer and Mh/Rv Dealer Valuation (continued)**

**Market Sales Rates** – Valid sales countywide were insufficient to develop a market approach. The income approach was correlated to available market data.

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

**Rent Data** – Two income surveys were received from the revaluation area. Four additional surveys from outside the revaluation area were also reviewed.

**Vacancy Data** – Vacancies are low countywide, with the exception of Area 2. Countywide low vacancy is noted; however Area 2 saw the closing of all but one car dealership. A rate of 20% was used for A and B classes and 15% on lower classes to reflect current market conditions. Currently there is a tendency toward change of use when structures become vacant.

**Expense Data** - One expense on a questionnaire from the re-inspection cycle of Area 5 was noted at 22.5%. A slightly higher rate calibrated with sales was used.

**Cap Data** - None from recent sales. Realty Rates quoted warehouse cap rates ranging from 8.80% to 9.50%. PricewaterhouseCooper listed 6.50% to 8.71%. CBRE ranges between 5.25% and 7.50%. Integra Realty Resources ranges between 6.00% and 7.75%. US Capital Trends range between 7.60% and 7.75%. Cap rates utilized are equalized countywide.

**Current Lease Listings** - None were discovered.

### **Model Validation**

**Final Ratio Analysis** – With no change to this property type countywide, there was no change in the original ratios. If the typical countywide trend of -6% was applied, the new median ratio would be 0.75 with a COD of 15.56.

### **Sources**

#### **Internet -**

www.cbre.com  
www.rerc.com

#### **Publications –**

Realty Rates – 4<sup>th</sup> Quarter 2012 Market Commentary  
PricewaterhouseCooper – 1<sup>st</sup> Quarter 2012 Survey  
PricewaterhouseCooper – 2013 Outlook  
CBRE Cap Rate Survey August 2012  
US Capital Trends – 3rd Quarter 2012

**Other** - None

**Income Model:** 302013

**Property Type:** Retail, Special

**Neighborhood:** 8402306, 8402307, 8402308, 8402391

Barber	Laundry	Auto Dir	Nursery	MhRvDir	
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**Class A**

Rent		22.44		22.44	
Vac %		20.00		20.00	
Exp %		25.00		25.00	
Cap Rate		7.75		7.75	
Market		0.01		0.01	

**Class B**

Rent		20.54		20.54	
Vac %		20.00		20.00	
Exp %		25.00		25.00	
Cap Rate		7.750		7.750	
Market		0.01		0.01	

**Class C**

Rent		10.69		10.69	
Vac %		15.00		15.00	
Exp %		25.00		25.00	
Cap Rate		9.10		9.10	
Market		0.01		0.01	

**Class D**

Rent		8.16		8.16	
Vac %		15.00		15.00	
Exp %		25.00		25.00	
Cap Rate		9.30		9.30	
Market		0.01		0.01	

**Class E**

Rent		6.11		6.11	
Vac %		15.00		15.00	
Exp %		25.00		25.00	
Cap Rate		9.70		9.70	
Market		0.01		0.01	

**Tax Year 2014**  
**Retail, Special - Auto Dealer, MH & RV Dealer**  
**Sales From 01/01/09 to 04/3/13**

**Countywide Sales**

Trend -6%

No.	Nbrhd	PC	Account Number	Project Name	Units	Excise	VC	Sale Date	Sale Price	Trended Sale Price	Assessed Value	Ratio / Sale Price	Ratio / Trended Sale Price
1	8100506	550	152601-1-069-2004	ABC Dental Care	4,230	2009EX00750	V	02/18/09	\$435,000	\$333,889	\$333,370	0.77	1.00
2	8100504	637	162401-4-056-2004	Canopy World	4,000	2011EX06516	V	12/08/11	\$420,000	\$393,005	\$285,730	0.68	0.73
3	8400203	550	152601-1-132-2007	Liberty Bay Auto	23,088	2012EX06422	D	11/20/12	\$2,770,000	\$2,750,420	\$1,574,890	0.57	0.57
			740	152601-1-133-2006	Health Club/Auto Showroom	8,000							
4	8400203	550	152601-4-098-2003	Poulsbo Chevrolet	18,501	2013EX02159	V	04/10/13	\$1,400,000	\$1,422,553	\$1,089,400	0.78	0.77

Count 4 4  
 Lowest 0.57 0.57  
 Highest 0.78 1.00  
 Median 0.72 0.75  
 Avg Abs Dev 0.07 0.12  
 COD 10.22 15.56

**Removed Sales**

No.	Nbrhd	PC	Account Number	Project Name	Units	Excise	VC	Sale Date	Sale Price	Trended Sale Price	Assessed Value
1	8100504	550	212401-1-088-2005	Hoover Oldsmobile, Cadillac, & Kia	19,250	2013EX02648	M	04/26/13	\$770,000	\$784,430	\$1,133,500
2	8100502	550	3751-001-003-0000	1527 6th St. Office Canopy World	2,140	2011EX05610	M	10/24/11	\$700,000	\$649,830	\$419,610
			550	3751-001-007-0006	BL parking Canopy World	0					
3	8100504	637	3745-000-031-0205	Former Dodge Dealer	25,000	2009EX07207	R	12/30/09	\$4,000,000	\$3,277,370	\$3,976,860

- 1 Sold to tenant
- 2 Sold to contiguous owner, not exposed to market, change of use planner
- 3 Remodeled to other use after sale.

**Local Listings**

No.	Nbrhd	PC	Account Number	Project Name	Units	Excise		Sale Date	Sale Price		Assessed Value	Ratio / List Price
1	8400203	550	152601-1-069-2004	Courtesy Ford Poulsbo	40,000	Listing		Listing	\$2,595,000		\$2,240,850	0.86
			152601-1-070-2001									
2	8400203	640	152601-1-071-2000	John Deere Building	2,322	Listing		Listing	\$595,000		\$359,820	0.60
3	8400203	640	152601-1-075-2006	Vacant Auto Building	3,120	Listing		Listing	\$349,500		\$232,830	0.67
4	8400203	550	152601-4-007-2003	Courtesy Economy Center	1,477	Listing		Listing	\$784,500		\$577,140	0.74
5	8400203	690	4369-000-005-0002	Former Poulsbo Suzuki	1,600	Listing		Listing	\$519,500		\$260,960	0.50

Nbrhd	Neighborhood Vicinity
8100502	
8100504	
8100506	Wheaton Way
8400203	Viking Way

VC	Validity Code
M	Other
V	Valid
D	Not economic unit
R	Remodel

PC	Property Class
550	Retail Auto
637	General Warehouse
640	Repair Services
690	Misc. Services
740	Recreational