



Kitsap County Assessor

Narrative for Area 6 - Bainbridge Island

Tax Year: 2018 Appraisal Date: 1/1/2017

Property Type: Restaurants, Bars, and Taverns

Updated 6/5/2017 by CM20

Area Overview

Bainbridge Island and its communities such as Lynnwood Center, Rolling Bay, and Industrial Day Road.

Property Type Overview

Restaurants are constructed for the purpose of preparation and sale of food and beverages. The average dining area is 60 to 70 percent of the gross building size. The balance is used by the kitchen, storage, and prep areas. Bars and taverns are designed mainly for the sale of beverages with limited food production and typically will have a higher seating ratio.

Economic Overview: The retail market on Bainbridge Island is strong with limited vacancies and increasing rents.

Bainbridge Island has only five buildings developed as stand alone restaurants.

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.

With no local sales and no income documented for restaurants on Bainbridge Island, income rates from Retail were used as the most likely alternate use for these buildings.

Model Calibration

Preliminary Ratio Analysis: Analysis of 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: 1/1/2013 to 12/31/2016. A total of 0 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.

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 \$0 to \$0 per square foot.

Property type: Restaurants, Bars, and Taverns (continued)

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 33% of the market. Typical reported rents had a range of \$0 to \$0. We selected \$0 to \$0 for our model.

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

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

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

Cap rates from Retail were adopted.

Income Model Value Range: The income approach calculates a range of values from \$109.47 to \$151.22 per square foot.

Final Ratio Analysis: Analysis of 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 - loopnet.com

Commercial Brokers Association - commercialmls.com

Eating & Drinking - Restaurant & Bar - Model Definition

Class	Location	Construction	Exterior Finish	Interior Finish	Age/Condition	Unit size	Wall Height	Parking
A	Waterfront, view amenity, and/or superior location with high traffic flow, good visibility, corner location, and usually has synergy from surroundings	Heavy Frame, Wood, Steel, Concrete, Metal, or Masonry	Individual design, ornamental exterior, good quality finish and fenestration, mix of textured concrete, brick, tile, wood, metal, or stucco	Good quality finish, insulation, floor covering, wall finish, trim, heat system	New or recent complete renovation, in excellent to very good condition, very little to no deferred maintenance or obsolescence evident, all major short-lived items are like new, high curb appeal	Smaller structures tend to have higher SF rents if all else is equal (Restaurant < 2,000sf)	Tendency toward higher ceilings and vaulted areas	Ample off street paved parking
B	Good visibility on or near a main highway or major road with good traffic flow, may have synergy from surroundings	Wood, Steel, Concrete, Metal, or Masonry	Better than average design, good quality finish and fenestration, mix of concrete, brick, tile, wood, metal, or stucco	Better quality finish, floor covering, wall finish, trim, heat system	7 to 15 year effective age, little deferred maintenance evident, but not everything is new, no obsolescence evident, appearance and utility above the basics	Smaller to average structures tend to have higher SF rents if all else is equal (Restaurant 2,000sf - 3,200)	Tendency toward higher than typical ceilings, could have vaulted areas	Ample off street paved parking
C	Visible, average traffic flow, may have some synergy from surroundings	Wood, Steel, or Concrete Frame	Average design, typical finish and fenestration, concrete, wood, stucco, or metal with mix of other exterior	Average quality finish, typical floor covering, wall finish, trim, heat system	15 to 25 year effective age, some deferred maintenance and/or functional obsolescence evident but major components still function and have utility, not unappealing	Average or typical size (Restaurant 3,200sf - 3,945 sf, Bar 2,700sf)	Typical or average ceiling height	Sufficient off street paved parking
D	Limited visibility, near a main road, little to no synergy from surroundings	Wood or Concrete Frame	Plain design, less than typical finish and fenestration, sheet, metal, wood, concrete, or stucco	Plain, inexpensive finish, floor covering, wall finish, and heat	25 - 35 year effective age, deterioration is somewhat worse than normally expected, some obvious deferred maintenance and/or functional obsolescence, appears worn	Average to large size, larger structures tend to have lower rents per SF if all else is equal (Restaurant 3,945sf - 5,000sf)	Lower than typical ceiling height	Limited off street parking
E	Side street or not visible, low traffic flow, negative synergy	Wood or pole frame	Simple very plain design, little fenestration and very plain finish, inexpensive exterior sheet, wood, or metal covering	Minimally or poorly finished, inexpensive floor covering, wall finish, and heat	35+ years, older or very obvious deferred maintenance and/or functional obsolescence, deterioration much worse than normal, several major components need repair or replacement, substandard utility, unappealing	Larger structures tend to have lower rents per SF if all else is equal (Restaurant 5,000sf +)	Low ceiling height	Limited to no off street parking, may be gravel

NOTE: Properties usually have extensive food service, are freestanding structures, and may have a separate drinking lounge area.

Some lounge areas may need to be valued using bar.

Lack of cooking facilities, wiring, plumbing - consider retail for highest and best use.

If property is located in a retail strip, use retail

Industry standard median freestanding restaurant size is approximately 3,050 square feet with average size approximately 3,200 square feet - 4,000 square feet.

Countywide freestanding median restaurants size is 3,995 square feet with average size of 4,428 square feet.

Countywide median freestanding bar size is approximately 2,766 square feet. Average freestanding bar size is approximately 2,747 square feet.

Restaurants have 60%-80% of square feet in dining rooms, 20%-40% in kitchens, preparation, and storage areas. Bars have significantly less or lack a kitchen area.

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Tax Year: 2018

Property Type: Eating & Drinking - Restaurants, Bars, and Taverns

Neighborhood: 8303601

Bar	Rest	Not Used	Club		
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Class A

Rent					
Vac %					
Exp %					
Cap Rate					
Market					

Class B

Rent		12.70			
Vac %		5.00			
Exp %		6.00			
Cap Rate		7.500			
Market		0.01			

Class C

Rent		9.50			
Vac %		5.00			
Exp %		6.00			
Cap Rate		7.75			
Market		0.01			

Class D

Rent					
Vac %					
Exp %					
Cap Rate					
Market					

Class E

Rent					
Vac %					
Exp %					
Cap Rate					
Market					

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Local Income Survey for Eating & Drinking - Restaurant

PGI per Unit	Vacancy	EGI per Unit	Expense %	NOI per Unit
\$17.85	0%	\$17.85	1%	\$17.67
\$17.50	0%	\$17.50	0%	\$17.50