



Kitsap County Assessor

Documentation for Countywide Model

Tax Year: 2019 Appraisal Date: 1/1/2018

Property Type: Lodging - Regular Stay, Extended Stay, and Meeting Rooms

Updated 5/1/2018 by CM27

Area Overview

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

Property Type Overview

Kitsap County has approximately 26 locations with hotel/motel use. Lodging locations have a variety of unit counts per location.

Lodging facilities have a variety of services ranging from full service to very limited service, and short term to long term stays. The model definition provided cites the criteria used to classify the lodging properties.

Land to Building Ratio: The national land to building ratio for this property type is n/a. The countywide land to building ratio for this property type is: 1,000 sf:1 unit.

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: Room rates reported and published on websites show continued growth. Marcus and Millichap report continued cap rate compression with a full service rate of 7.52%, and a limited service rate of 8.10%

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.

Strictly investment property. Market rent and cap rate data available. Cost approach may be applicable if all building sizes are known and accurately described. Review of income, vacancy, expense, and publications indicated an increase in value.

Model Calibration

Preliminary Ratio Analysis: Analysis of 3 sales resulted in a mean ratio of 99%, a median ratio of 98%, and a coefficient of dispersion (COD) of 5.1.

Property type: Lodging - Regular Stay, Extended Stay, and Meeting Rooms (continued)

Market/Sales Comparison Approach Data and Analysis

Sales: Range of Sale Dates: 1/1/2016 to 3/31/2018. 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.

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 \$25,325 to \$62,083 per unit.

No market/sales model was developed. Kitsap County had insufficient local sales and limited of out of area sales.

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.)

The Assessed value of Lodging is reduced by the amount of personal property reported. A substantial amount of the personal property declared is included in the rents received for rooms.

Income Model: Model rent, vacancy, expense, and cap rates attached.

Final Ratio Analysis: Analysis of 3 sales resulted in a mean ratio of 99%, a median ratio of 98%, and a coefficient of dispersion (COD) of 5.1.

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

CBRE www.cbre.com

Kidder Mathews www.kiddermathews.com

Integra Realty Resources www.irr.com

RERC www.situs.com

Kitsap County Assessor
Tax Year: 2019
Model Definition for Lodging: All Types

Class	Effective Age *	Type of Unit	Ranking Description - An overview	Location
A	Refreshed within last 5 years, generally meets demands of today's customer. Consider lower category for lack of modern look (1970's yellow curtains), or inability to meet needs of current market (such as lack of internet)	Single/ Double	3+ Star - These upper midscale establishments place a greater emphasis on style, comfort and personalized service than hotels with lower star ratings. The full-service properties usually feature traditional lobby décor, baggage assistance, on-site dining, room service and a gift shop. Additional on-site amenities -- such as a business center or fitness center -- may also be available. Examples: Oxford Suites, Hampton Inn Suite, Best Western Plus, Fairfield.	Possible Waterfront, water/mountain view, territorial view; or Proximity to government service areas who contract from out of area.
B	Refreshed within last 5-15 years, generally meets demands of today's customer. Consider lower category for lack of modern look (1970's yellow curtains), or inability to meet needs of current market (such as lack of internet)	Single/ Double	3 Star or 2+ Star - These limited-service midscale establishments offer more than the basic level of accommodations and are ideally suited for the value-conscious traveler. Additional features may include on-site dining, a residential look and feel in the lobby, larger-sized guestrooms, and a fitness or business center. Guestrooms are comfortably appointed and may offer a few extras, such as additional space or a dedicated desk or work area. These properties are usually located within walking distance of shopping or dining facilities. Examples: Best Western Silverdale, Guesthouse Inn.	Possible Waterfront, water/mountain view, territorial view; or Proximity to government service areas who contract from out of area.
C	Refreshed within last 5-15 years, generally meets demands of today's customer. Consider lower category for lack of modern look (1970's yellow curtains), or inability to meet needs of current market (such as lack of internet)	Single/ Double	2+ Star or 2 Star - These limited-service midscale to economy establishments are expected to offer clean, basic accommodations with a few extra features, such as a coffee maker. They may offer some business services but usually lack meeting rooms, baggage assistance and fitness facilities. On-site dining is usually limited to coffee or Continental breakfast; off-site dining is usually located within walking distance. Public access and guest reception may not be available at all hours. Examples: Days Inn, The Flagship Inn, Comfort Inn Express, Midway Motel, Baymont Inn and Suites, Poulsbo Inn, Oyster Bay Inn.	Good proximity to freeway or major traffic routes
D	Consider condition of project and consider intended services.	Single/ Double	1+ Star / 1 Star -These economy units meet a budget-traveler's basic needs for comfort and convenience. They tend to be located near major attractions or thoroughfares and provide clean guest rooms. Many properties do not have a restaurant on site but are usually located within walking distance of dining establishments. Examples: Super 8 Motel, Motel 6 (The Dunes Motel), Chieftain Motel, Blue Water Inn (Smiley's) Motel, Vista Motel.	Good proximity to freeway or major traffic routes. Might be in blighted or declining areas.
E		Single/ Double		Blighted or declining areas
B	Refreshed within last 5-10 years, generally meets demands of today's customer. Consider lower category for lack of modern look (1970's yellow curtains), or inability to meet needs of current market (such as lack of internet)	Extended Stay	3 Star or 2+ Star - These limited-service midscale establishments offer more than the basic level of accommodations and are ideally suited for the value-conscious traveler. Additional features may include on-site dining, a residential look and feel in the lobby, larger-sized guestrooms, and a fitness or business center. Guestrooms are comfortably appointed and may offer a few extras, such as additional space or a dedicated desk or work area. These properties are usually located within walking distance of shopping or dining facilities.	Possible Waterfront, water/mountain view, territorial view; or Proximity to government service areas who contract from out of area.
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* **Considerations for Effective Age:** New or excellent condition, clean. Typical age and condition. Old or poor condition, obsolete design, visible deferred maintenance.

Income Model: 302018

Property Type: Lodging

Neighborhood: All

	<15 Room	>15 Room	Extended	Not Used	RoomLocAdj	Meeting Rm
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Class A

Rent	38,325.00		51,944.00			
Vac %	45.00		45.00			
Exp %	65.00		65.00			
Cap Rate	9.25		9.50			
Market	0.01		0.01			

Class B

Rent	33,215.00		44,074.00			1.00
Vac %	45.00		45.00			85.00
Exp %	65.00		65.00			81.00
Cap Rate	9.250		9.500			9.500
Market	0.01		0.01			0.01

Class C

Rent	28,470.00	28,470.00	34,630.00			1.00
Vac %	45.00	45.00	45.00			85.00
Exp %	65.00	65.00	65.00			81.00
Cap Rate	9.25	9.25	9.50			9.50
Market		0.01	0.01			0.01

Class D

Rent	23,725.00	23,725.00	28,543.00			
Vac %	50.00	50.00	50.00			
Exp %	70.00	70.00	70.00			
Cap Rate	10.25	10.25	10.50			
Market	0.01	0.01	0.01			

Class E

Rent	20,075.00	20,075.00	21,407.00			
Vac %	50.00	50.00	50.00			
Exp %	70.00	70.00	70.00			
Cap Rate	10.25	10.25	10.50			
Market	0.01	0.01	0.01			

**Kitsap County Assessor
Year 2018
Local Income Survey for Lodging**

PGI per Unit	Vacancy	EGI per Unit	Expense %	NOI per Unit
\$29,854.11	68%	\$9,433.90	70%	\$2,849.04
\$29,563.27	0%	\$29,560.32	65%	\$10,405.23
\$28,390.78	0%	\$28,387.95	66%	\$9,657.58
\$27,763.34	0%	\$27,763.06	68%	\$9,011.89
\$24,567.62	0%	\$24,565.16	76%	\$5,885.81
\$20,872.86	41%	\$12,294.11	76%	\$2,985.01

Website rates for year 2018

PGI per Unit
\$30,660
\$32,485
\$47,450
\$21,535
\$28,835
\$29,200
\$36,135
\$32,120
\$27,375
\$32,120
\$34,310
\$30,295
\$32,485
\$54,385
\$48,545

**Kitsap County Assessor
Tax year 2019
Lodging
01/01/2016 to 03/31/2018**

Nbrhd	Neighborhood - Vicinity	Property Class	Account Number	Project Name	Acres	Units	Excise	Valid	Sale_Date	Sale Price	2019 Tax Year Value	2019 Ratio	Price/Unit
1	8100502 - West Bremerton	160	3748-001-009-0000	Quality Inn-Apartment Bldg	3.17	54	2016EX05068	W - With Other	7/11/2016	\$3,140,000	\$2,414,730	1.07	35,281
	8100502 - West Bremerton	160	3748-001-019-0107	Quality Inn-Bremerton	0.96	35	2016EX05068	W - With Other	7/11/2016	\$3,140,000	\$953,013		
							89			\$3,140,000	\$3,367,743		
2	8100506 - Wheaton Way	160	112401-1-028-2000	Midway Motel	0.63	60	2017EX01333	V - Valid	2/27/2017	\$3,725,000	\$3,421,965	0.92	62,083
3	8303601 - City of Bainbridge Island	160	262502-2-091-2001	Island Country Inn	2.36	46	2017EX08948	V - Valid	11/6/2017	\$2,900,000	\$2,829,175	0.98	63,043

Count: 3
Lowest: 0.92
Highest: 1.07
Median Ratio: 0.98
Average Dev.: 0.05
C.O.D.: 5.10