



Kitsap County Assessor

Narrative for Area 2 - Poulsbo and North Kitsap West

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

Property Type: Office - General Office, Medical Office, and Banks

Updated 5/30/2017 by CM27

Area Overview

Poulsbo including rural Northwest Kitsap to the Hood Canal Bridge, Suquamish, Lemolo, Keyport, and Brownsville.

Property Type Overview

An office building is used primarily for administration, clerical work, consulting, or other client services related to offices.

Economic Overview:

Area 2 has 95 parcels where office is the predominant use. The income approach was applied to 89 parcels, 67 general offices, 6 medical offices, and 16 banks. Six of the office parcels are located on residential land and are valued with the cost approach. The model is also applied to properties with mixed uses where the predominant use is not office.

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 18 sales resulted in a mean ratio of 95%, a median ratio of 98%, and a coefficient of dispersion (COD) of 11.92.

Market/Sales Comparison Approach Data and Analysis

Sales: Range of Sale Dates: 1/1/2015 to 3/30/2017. A total of 4 local sales, and 14 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 \$49.09 to \$337.72 per square foot.

Updated 5/30/2017 by CM27

Property type: Office - General Office, Medical Office, and Banks (continued)

Model Validation

Final Ratio Analysis: Analysis of 18 sales resulted in a mean ratio of 91%, a median ratio of 96%, and a coefficient of dispersion (COD) of 8.47.

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

**Kitsap County Assessor
Tax Year: 2018
Model Definition for Office: All Types**

Class	Location / Visibility	Access	Parking	Exterior Quality	Interior Quality	Condition of Building/ Effective Age	Highest and Best Use
A	Excellent visibility, with similar use or companion uses nearby.	Reasonable distance to public transportation and easy in/out access.	Ample paved parking.	Roof and foundation are new or in good repair. Exterior finish is a good mixture of stone, wood, brick, tile, metal, etc.. Style is modern, and may have ornamentation. Higher quality framing such as steel or masonry.	Plush interior. Better quality wall, floor, trim finishes. Better quality and more windows. Higher than typical or vaulted ceilings. Architectural extras. The newest electrical, mechanical, plumbing, and heating/air handling systems. Designed to accommodate the current technology needs of businesses that will occupy the building. New or updated fire protection, locks and security, and elevators.	New or all items in need of replacement or maintenance (consider roof, paint, any heating system, technology needs such as computer access in medical rooms, security) are in like new condition. Interior effective age is like new. The actual age may be older. Effective age generally below 7-9 years. Better construction grades typically have a longer life expectancy.	As office.
B	Good visibility, with similar use or companion uses nearby.	Reasonable distance to public transportation.	Sufficient paved parking.	Roof and foundation are new or in good repair. A pleasing mix of two exterior coverings (could be more or less depending on the cost/quality of materials) stone, wood, brick, tile, metal, etc.. Style is modern, and may have ornamentation. Similar framing quality as the A class.	Basic quality wall, floor, trim finishes, may have better finish in one or two categories i.e.: tile rather than vinyl flooring. Better quality windows. Higher than typical or vaulted ceilings. Simple or no architectural extras. New or updated electrical, plumbing, mechanical and heating/air handling system. May have any or all of the following: fire protection, security, updated locks. Has an elevator.	All items well maintained, functional and usable. Most items needing repair or replacement are corrected in a timely manner. Little to no physical obsolescence or inadequacies exist. Effective age less than 15-19 years. Better quality construction grades would age slower.	As office.
C	Average visibility, not the newest locations.	Reasonable distance from public transportation.	Less than typical parking available may have to park off site.	Roof and foundation typical for age of structure. No apparent deferred maintenance. The exterior may be similar in appearance to B. Generally, the exterior covering would be of one type. The style may not be current and lacks the embellishments of a B or A class. Frame is of standard cost for structure type.	Basic quality wall, floor, trim finishes. Standard quality and quantity of windows. May have higher than typical wall heights (over 10 feet). Generally maintained. Adequate electrical, plumbing, mechanical, heating and air handling systems. May have fire protection and elevators, has limited or no security.	All major items maintained, and showing some small signs of wear. All short lived items are functional. While some replacement or remodel may be needed in the near future, current level of maintenance is typical for this property. Generally less than 25 year effective age.	As office. May have very small functional obsolescence.
D	Location not as desirable due to limited visibility and transition from current use.	Not near public transportation. Low or high traffic flow hinders access or exit from site during peak travel time.	Employee parking may be difficult, limited on site parking	Lower cost roof or may need some maintenance. Foundation typical for construction. Exterior of low cost materials. Some older buildings may match the Average quality description however dated appearance and deferred maintenance may lower the classification.	Low quality finish. Limited modern features. Wall height varied. Generally, no modernization of mechanical or electrical has occurred. Typical appearance is worn, or out of date. Electrical, mechanical, plumbing, or heating may need updated or replaced in the near future. Elevators are unlikely.	Many repair or replacement items have not been completed, effectively shortening the expected life of the building. Remodel or repair would still be more cost effective than replacement. General appearance is worn. Effective age would be higher than actual age.	As office. May have functional obsolescence.
E	Limited or no supporting services such as companion uses. Low visibility, difficult to find or give directions to.	No public transportation. Low or extremely high traffic flow impacting safe access or exit from site.	Limited or no parking on site.	Prefabricated, low cost materials, dated appearance, deferred maintenance.	Deferred maintenance evident overall. Mechanical, electrical, heating, or plumbing may not meet the needs of tenant. The heating system is likely in need of replacement, along with locks. No elevators.	Many repair or replacement items need immediate attention, overall deferred maintenance costs may exceed the cost to replace building. Likely this building is no longer suitable for the intended use. Physical and economic obsolescence obvious. Nearing end of effective life.	As office. Has functional obsolescence, need for updating results in alternate use or high vacancy.

General items to take into account -

- * The guidelines here are designed to assist in the uniform classification of properties. Appraiser judgment is an integral part of the process and should be given considerable weight.
- * Do not include interior items considered personal property in quality of construction.
- * Below Class E- Consider warehouse rate. The subject would typically have excessive deferred maintenance, limited value in use or be approaching abandonment. Further, it would need major reconstruction, rehabilitation, or improvement removal in the very near future.
- * Below Class E- AND vacant over five years AND condition issues consider use of Aux Storage.
- * Year of construction and effective age should be considered. In cases of remodel or modernization the actual age and effective age can be significantly different.
- * Consider space in classification. Example if a building was built for a single tenant and the upper floor can only be accessed through the 1st floor tenant's space; it may be a lower classification overall than a building with a common lobby entry with two or more separate entry's and spaces.
- * A lower class may be used for buildings in excess of 5,000 square feet or a higher class may be used for buildings less than 1,500 square feet.
- * Lower level parking is drawn on the cost approach, generally the office classification includes this component so no income line is needed.
- * Functional Obsolescence is defined as Loss in value of a property resulting from changes in tastes, preferences, technical innovations, or market standards. The international Association of Assessing Officers, *Property Appraisal and Assessment Administration*.

Kitsap County Assessor

Tax Year: 2018

Property Type: Office

Neighborhood: 84002** & 94002**

	Office	Med	Bank	CondoSmOfc	Condo Ofc	OfficeUpper
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Class A

Rent	28.50	32.00	31.00		27.00	
Vac %	5.00	5.00	5.00		5.00	
Exp %	30.00	30.00	30.00		30.00	
Cap Rate	7.50	7.50	7.50		7.75	
Market	0.01	0.01	0.01		0.01	

Class B

Rent	23.00	28.50	28.50		21.00	
Vac %	7.00	7.00	7.00		7.00	
Exp %	31.00	31.00	31.00		31.00	
Cap Rate	7.500	7.500	7.500		8.000	
Market	0.01	0.01	0.01		0.01	

Class C

Rent	18.00	25.00	25.00		17.00	
Vac %	10.00	10.00	10.00		15.00	
Exp %	32.00	32.00	32.00		32.00	
Cap Rate	7.75	7.50	7.50		8.25	
Market	0.01	0.01	0.01		0.01	

Class D

Rent	12.00	18.00	18.00		11.00	
Vac %	15.00	12.00	12.00		20.00	
Exp %	32.00	35.00	35.00		32.00	
Cap Rate	8.00	7.75	7.75		8.25	
Market	0.01	0.01	0.01		0.01	

Class E

Rent	9.00	11.50	11.50		8.50	
Vac %	20.00	15.00	15.00		20.00	
Exp %	35.00	35.00	35.00		35.00	
Cap Rate	8.50	8.25	8.25		8.75	
Market	0.01	0.01	0.01		0.01	

**Kitsap County Assessor
Tax Year 2018
Office - General Office, Medical Office, and Bank
Sales from 01/01/2015 to 03/30/2017**

No.	Neighborhood - Vicinity	Class Code	Account Number	Project Name	Units	Excise	Validity Code	Sale Date	Sale Price	Assessed Value	Sale Ratio	Price per Unit
1	8100501 - Downtown Bremerton	690	3718-006-008-0006	258 4th St-Wobbly Hopps *Retail/office/warehouse	8,100	2015EX00832	V	2/6/2015	\$255,000	\$256,960	1.01	
2	8400203 - Viking Way	690	152601-1-080-2009	Armstrong Degroot Engineering	3,316	2015EX00773	V	2/9/2015	\$375,000	\$287,500	.77	\$113.09
3	8401101 - Silverdale	651	162501-1-040-2008	Doctors Clinic - Silverdale	59,220	2015EX03155	V	5/14/2015	\$20,000,000	\$15,680,650	.78	\$337.72
4	8402307 - South Kitsap UGA	651	342401-4-102-2006	Harrison Pt Orchard- Txble & exmpt 102-21	68,708	2015EX03154	W	5/14/2015	\$13,740,000	\$14,400,340	1.05	\$199.98
5	8400202 - Highway 305	506	8516-000-001-0009	Ryan Center Condo - Unit 1 Office building	9,660	2015EX04055	V	6/15/2015	\$1,200,000	\$937,620	.78	\$124.22
6	8100506 - Wheaton Way	690	022401-1-036-2001	Office Bldg on Wheaton Way	3,240	2015EX04752	V	7/10/2015	\$325,000	\$251,200	.77	\$100.31
7	9303604 - Winslow -Com	690	272502-1-028-2000	First Years Childrens Center	6,000	2015EX08713	V	12/7/2015	\$1,350,000	\$1,257,990	.93	\$225.00
8	8401508 - Hwy 303 East Brem	611	262501-4-111-2004	Kitsap Bank Hwy 303	3,580	2016EX01401	V	3/2/2016	\$919,000	\$908,530	.99	\$256.70
9	8400202 - Highway 305	690	142601-4-044-2009	Liberty Center & 048 John L Scott	32,431	2016EX01409	D	3/9/2016	\$5,929,494	\$5,769,410	.97	\$182.83
10	8402307 - South Kitsap UGA	690	4684-002-001-0000	Bldg 160 Associates	4,929	2016EX03735	V	5/31/2016	\$400,000	\$359,910	.90	\$81.15
11	8401101 - Silverdale	690	5053-000-005-0000	Office Geico- Silverdale	14,304	2016EX06122	V	8/9/2016	\$1,400,000	\$1,313,240	.94	\$97.87
12	8303601 - Bainbridge Island	611	262502-3-081-2001	Amer Marine Bank &Pkg lot 4114-004-007	12,475	2016EX06309	D	8/22/2016	\$3,650,000	\$3,598,140	.99	\$292.59
13	8400202 - Highway 305	690	232601-1-142-2005	Olympic Place II	38,076	2016EX07383	V	9/26/2016	\$1,867,000	\$1,869,820	1.00	\$49.03
14	8303601 - City of Bainbridge Isl.	690	272502-4-097-2000	DLI Leasing Office Bldg	11,659	2016EX07375	V	9/29/2016	\$2,500,000	\$2,272,500	.91	\$214.43
15	8401102 - Old Silverdale	690	4458-002-006-0009	Office/ Conv Gar McConnell	1,488	2016EX08922	V	11/16/2016	\$210,000	\$205,730	.98	\$141.13
16	9100541 - W.Brem Uplands-Com	690	3743-002-027-0001	Olympic personnel services Warren av	1,726	2016EX09094	V	11/23/2016	\$210,000	\$147,890	.70	\$121.67
17	8100502 - West Bremerton	690	3719-001-029-0506	AGAPE UNLIMITED	4,330	2017EX00308	V	1/10/2017	\$222,500	\$218,480	.98	\$51.39
18	8401101 - Silverdale	690	172501-4-085-2007	Twisted Chiropractic	6,520	2017EX00950	V	2/1/2017	\$850,000	\$831,280	.98	\$130.37

Count: 18
Lowest: 0.70
Highest: 1.05
Average: 0.91
Median Ratio: 0.96
Average Dev.: 0.08
C.O.D.: 8.47

Class Code
506 - Office Condo
611 - Banks
651 - Medical/Dental Offices
690 - Misc. Services

Validity Code
V - Valid
W - With Other Property
D - Not an Economic Unit