



Kitsap County Assessor

Narrative for Area 2 - Poulsbo and North Kitsap West

Tax Year: 2017 Appraisal Date: 1/1/2016

Property Type: Apartment

Updated 4/8/2016 by CM27

Area Overview

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

Property Type Overview

The apartment property type is valued based on unit type. Units identified are: Studio, 1br/1ba, 2br/1ba, 2br/2ba, 3br/2ba, and 4br.

Land to Building Ratio: The national land to building ratio for this property type is 2-4:1. The countywide land to building ratio for this property type is: n/a.

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. Land to building ratios can vary significantly between areas. Information is available upon request.

Economic Overview: Kitsap County Apartment rents have increased significantly over the last 12 months; vacancy has declined to less than 5%, while cap rates have declined due to demand for these properties.

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 10 sales resulted in a mean ratio of 79%, a median ratio of 86%, and a coefficient of dispersion (COD) of 21.35%.

Market/Sales Comparison Approach Data and Analysis

Sales: Range of Sale Dates: 1/1/2014 to 12/31/2016. A total of 0 local sales, and 10 countywide 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 \$48,409 to \$159,375 per unit.

Property type: Apartment (continued)

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.)

Rent Data: The Assessor validated rents from 0% of the market. Typical reported rents had a range of \$625 to \$1270. We selected \$525 to \$1592 for our model.

Vacancy Data: Typical reported vacancy had a range of 0% to 2%. We selected 5% to 5% for our model.

Expense Data: Typical reported expense had a range of 0% to 0%. We selected 45% to 50% for our model.

Capitalization Rate (Cap) Data: Typical sale cap rates ranged from 6% to 8%. We selected 6% to 8% for our model.

Model Validation

Final Ratio Analysis: Analysis of 10 sales resulted in a mean ratio of 90%, a median ratio of 90%, and a coefficient of dispersion (COD) of 9.7%.

Sources

Kitsap County Board of Equalization appeal documentation.

Washington State Board of Tax Appeals documentatio

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

6/9/2016

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Tax Year 2017
Model Definition Apartments- All Unit Types

Class	Land Influence	Condition	Effective Age	Amenities	APARTMENT AMENITIES								PROJECT AMENITIES										AREA					
					Duplex/Townhouse Configuration	Elevator	Fireplace	Dishwasher	Garbage Disposal	Microwave	Internet	Quality Finishes	Indoor-Pool	Outdoor-Pool	Tennis or Racket	Clubhouse	Fitness	Bus Center	Media Room	W/D in Unit	Extra Storage for Rent	Garages	Carpools	Extra Parking	Play Areas	Pets	Close in Location	Waterfront or Views
A	Nice views or waterfront, quiet neighborhood	New or recently updated- windows replaced, updated wiring/plumbing, modern interior, good paint & floor coverings	0-10 years	Garage, storage area, washer/dryer in unit, dishwasher, pool, sauna, fitness center, business center, media room	Y	Maybe	Y	Y	Y	Y	Y	Y	Maybe	Y	Maybe	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Maybe
B	Some views, minimal/no traffic noise	Updated/well maintained, functional, good paint & floor coverings	10-20 years	Covered parking, washer/dryer in unit, fitness center, outdoor pool, sauna	Y	Maybe	Y	Y	Y	Maybe	Y	Maybe	Maybe	Y	Maybe	Y	Y	Maybe	Maybe	Y	Y	Y	Y	Y	Y	Y	Y	Maybe
C	Average neighborhood, light traffic noise	Functional, somewhat dated, minimal repairs needed	20-35 years	Covered parking or ample open parking area, shared laundry, small fitness center	N	Maybe	Maybe	Y	Maybe	N	Y	N	N	Maybe	Maybe	Y	Y	N	N	N	Maybe	N	Maybe	N	Y	Maybe	Y	N
D	Declining neighborhood, moderate traffic	Dated, limited updating, some repairs needed	35-50 years	Limited parking, shared laundry, no exterior common areas	N	N	N	Y	Maybe	N	Y	N	N	N	N	Maybe	N	N	N	N	Maybe	N	N	N	Maybe	Maybe	Maybe	N
E	Blighted neighborhood, much traffic noise	Dated, functional problems, very original, needs repairs	50+ years	Limited parking, small shared or no laundry facility. No exterior common areas	N	N	N	N	N	N	Y	N	N	N	N	Maybe	N	N	N	N	N	N	N	N	Maybe	Maybe	Maybe	N
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	16	17	18	19	20	21	23	24	25	26	27	28	29	30

If all else is equal, but the configuration is a duplex or townhouse, consider increasing one grade.
Count manager's unit in the income stream.
Small projects (in the range of 20 units or less) with limited interior and no exterior or common area amenities, move to multifamily model.
Age restricted apartments may have limited exterior amenities, but many interior amenities including hair salons and mini-marts.
Multi-story age restricted apartments SHOULD have an elevator. If not, consider dropping upper units a grade.
Check unit size and rents per unit.

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Tax Year: 2017

Property Type: Apartment

Neighborhood: Poulsbo

	Studio/0br	1Br/1	2Br/1	2Br/2	3br	4br
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Class A

Rent	1,000.00	1,175.00	1,250.00	1,350.00	1,525.00	1,592.33
Vac %	5.00	5.00	5.00	5.00	5.00	5.00
Exp%	45.00	45.00	45.00	45.00	45.00	45.00
Cap Rate	6.00	6.00	6.00	6.00	6.00	6.00
Market	0.01	0.01	0.01	0.01	0.01	0.01

Class B

Rent	850.00	1,175.00	1,250.00	1,350.00	1,525.00	1,388.67
Vac %	5.00	5.00	5.00	5.00	5.00	5.00
Exp%	45.00	45.00	45.00	45.00	45.00	45.00
Cap Rate	6.250	6.250	6.250	6.250	6.25	6.25
Market	0.01	0.01	0.01	0.01	0.01	0.01

Class C

Rent	725.00	1,050.00	1,200.00	1,275.00	1,425.00	1,186.75
Vac %	5.00	5.00	5.00	5.00	5.00	5.00
Exp%	50.00	50.00	50.00	50.00	50.00	50.00
Cap Rate	6.75	6.75	6.75	6.75	6.75	6.75
Market	0.01	0.01	0.01	0.01	0.01	0.01

Class D

Rent	575.00	900.00	1,050.00	1,275.00	1,425.00	1,064.42
Vac %	5.00	5.00	5.00	5.00	5.00	5.00
Exp%	50.00	50.00	50.00	50.00	50.00	50.00
Cap Rate	7.25	7.25	7.25	7.25	7.25	7.25
Market	0.01	0.01	0.01	0.01	0.01	0.01

Class E

Rent	525.00	780.00	900.00	975.00	1,050.00	1,075.08
Vac %	5.00	5.00	5.00	5.00	5.00	5.00
Exp%	50.00	50.00	50.00	50.00	50.00	50.00
Cap Rate	8.00	8.00	8.00	8.00	8.00	8.00
Market	0.01	0.01	0.01	0.01	0.01	0.01

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Local Income Survey for Apartment - 1Br/1

PGI per Unit	Vacancy	EGI per Unit	Expense %	NOI per Unit
\$1,160.00	2%	\$1,142.60	0%	\$1,142.49
\$865.00	0%	\$864.91	0%	\$864.83
\$850.00	0%	\$849.92	0%	\$849.83
\$848.00	0%	\$847.92	0%	\$847.83
\$725.00	1%	\$717.75	0%	\$717.68

Local Income Survey for Apartment - 2Br/1

PGI per Unit	Vacancy	EGI per Unit	Expense %	NOI per Unit
\$1,270.00	2%	\$1,250.95	0%	\$1,250.82
\$950.00	0%	\$949.91	0%	\$949.81
\$945.00	0%	\$944.91	0%	\$944.81
\$920.00	0%	\$919.91	0%	\$919.82
\$880.00	0%	\$879.91	0%	\$879.82
\$850.00	1%	\$841.50	0%	\$841.42

Local Income Survey for Apartment - Studio

PGI per Unit	Vacancy	EGI per Unit	Expense %	NOI per Unit
\$700.00	0%	\$699.93	0%	\$699.86
\$625.00	1%	\$618.75	0%	\$618.69

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Apartments - 20+ Units
Tax Year 2017
Sales from 01/01/2014 to 03/31/2016

No.	Neighborhood - Vicinity	Account Number	Project Name	Class	Units	Excise	Sale Date	Sale Price	Validity Code	Assessed Value	Sale Ratio	Price per Unit
1	9100541	132401-2-064-2001	Pacific Terrace Apartments	134	22	2014EX02099	4/9/2014	\$1,065,000	V	\$1,149,490	1.08	\$48,409
2	9100543	3968-006-008-0706	Magnuson Apartments	134	18	2014EX04680	7/25/2014	\$1,012,500	V	\$901,630	.89	\$56,250
3	9100541	152401-3-049-2007	Marion Court Apartments	135	35	2014EX06773	10/13/2014	\$2,450,000	V	\$2,219,200	.91	\$70,000
4	9402390	352401-3-077-2008	Arbor Terrace Apts I - 156 units	137	156					\$17,799,200		
	9402390	352401-3-078-2007	Arbor Terrace Apts Phase II-120 unit	137	120					\$14,128,780		
					276	2014EX08538	12/22/2014	\$28,600,000	W	\$31,927,980	1.12	\$103,623
5	8401103	102501-3-036-2006	Tree Top Apts	137	110	2015EX09108				\$11,488,670		
	8401103	102501-3-037-2005	Tree Top Apts 2 of 2	137	160	2015EX09108				\$16,624,990		
					270	2015EX09108	12/11/2015	\$40,250,000	D	\$28,113,660	.70	\$149,074
6	8401103	152501-2-036-2003	Madison @ Ridgetop Apt	137	220	2015EX06874	9/24/2015	\$31,250,000	V	\$27,966,000	.89	\$142,045
7	8401101	172501-4-091-2009	Wellington Apartments Phase I & II	137	240	2015EX06875	9/24/2015	\$38,250,000	V	\$31,492,130	.82	\$159,375
8	8401103	102501-3-041-2009	Santa Fe Ridge Apts	137	240	2016EX00484	1/29/2016	\$37,500,000	V	\$34,094,100	.91	\$156,250
9	8303601	262502-2-123-2003	Camellia Apts	135	37	2016EX01408	3/9/2016	\$4,566,925	V	\$3,412,540	.75	\$123,430
10	7100543	4985-008-001-0003	Bremerton Gardens - Apartments	111	1					\$125,330		
	9100543	5277-000-001-0004	Bremerton Gardens - Apartments	137	72					\$5,349,860		
	9100543	5277-000-002-0003	Bremerton Gardens - Apartments	137	109					\$6,878,670		
	9100543	5277-000-003-0002	Bremerton Gardens - Apartments	910	0					\$68,910		
	9100543	5277-000-004-0001	Bremerton Gardens - Apartments	910	0					\$52,130		
	9100543	5277-000-005-0000	Bremerton Gardens - Apartments	910	0					\$55,260		
	9100543	5277-000-006-0009	Bremerton Gardens - Apartments	183	0					\$85,760		
	7100543	5277-000-007-0008	Bremerton Gardens - Apartments	910	0					\$21,850		
	9100543	5277-000-008-0007	Bremerton Gardens - Apartments	911	0					\$0		
					182	2016EX01399	3/9/2016	\$13,000,000	D	\$12,637,770	0.97	\$71,429

Count: 10
Low: .70
Highest: 1.12
Median Ratio: .90
Avg Dev. 0.09
COD: 9.70

Neighborhood - Vicinity	Validity Code
9100541 W.Brem Uplands- CON	V - Valid Sale
9402390 Port Orchard - COM	W - With Other Property
8401101 Silverdale	
8401103 Ridgetop	
8303601 City of Bainbridge Island	

Property Class
111 Single Family Residence
134 20-29 Living Units
135 30-39 Living Units
137 50+ Living Units
183 Sheds/Garages
910 Undeveloped Land