

Kitsap County Assessor

Narrative for Countywide Convenience Store with Gas Station Valuation

Appraisal Date 1/1/2013, Tax Year 2014

Updated 09/26/13 by Appraiser CM20

Valuation Summary

Approach Used – The market approach was selected as the best method for valuing this property type. The income approach is applied to projects with multiple uses; market rates per unit have been loaded into the income approach. The cost and income approaches were not developed.

Analysis and Conclusion Summary – The cost approach was not developed. Some 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 income approach was not developed. The properties are generally owner occupied; insufficient market data exists to develop an income approach. The values loaded into the income approach for Convenience Store with Gas Station properties (CSWG) are those values established from the sales analysis and do not represent actual rents.

A market or sales approach is used. There are sufficient sales to develop a market approach.

A time trend was not developed. There are no paired sales or similar sales to analyze.

Property Type Overview

Population – Kitsap County has 75 CSWG. The median land to building ratio is 6.48. Additional or excess land is added after considering zoning, topography, easements of record, or any other items that impact land usability.

Economic Conditions – The current market is showing a slow recovery. Sales volume increased in 2012. A slight decrease in vacancy and a few new businesses were observed during field inspections.

Rating System – Five categories were developed based on location, traffic flow, and synergy from surrounding businesses and overall age and maintenance. CSWG units are calculated as follows: the square feet of the building plus the number of nozzle/gas grades multiplied by 100.

Model Calibration

Preliminary Ratio Analysis – The median ratio based on untraded sales price was 91.42% with a coefficient of dispersion (COD) of 10.28.

Market Approach Data and Analysis

Regional Sales - Range of Sales Dates – 01/01/2010 – 03/31/2013 Nine sales were found in Kitsap County. Five were used in calibrating the model. Three of the excluded sales were part of a large, multi-state portfolio sale, the other excluded sale contained a mixture of income producing properties.

Current Sale Listings – Two local listings were found.

Market Sales Rates – Five classes of market sales rates per unit were derived from sales. The prior year model has been adopted for tax year 2014.

Narrative for Countywide Convenience Store with Gas Station (CSWG) Valuation (continued)

Income Approach Data and Analysis

Not developed. For projects with multiple uses, excess or surplus land, or any other adjustment the sales approach is loaded into the income approach. These values do not represent actual rents.

Model Validation

Final Ratio Analysis – Adopted prior year model. Sales were trended -6% per year based on countywide average. The new median ratio calculated from trended sales is 95% with a COD of 4.89.

Sources

Publications – Marshall & Swift 2007

Other – Excise tax returns

MODEL DEFINITION FOR COUNTYWIDE CONVENIENCE STORE WITH GAS STATION

Class	Location	Population Density	Traffic Pattern	Synergy	Condition
A	The property is located at a freeway off-ramp location. This can mean “immediately at an intersection with a freeway” or “within sight of that intersection” or the C-SWG can be attached to or in close proximity to a large retail store operation such as: <i>Silverdale Safeway, Silverdale Costco, Fred Meyer on Bethel, Albertson's on Sedgwick & Sidney, Highway 3 and Werner Road, or East Bremerton WalMart.</i>	Urban	High traffic with ease of access regardless of time of day.	Surrounding businesses contribute to increased traffic flow.	The structure should be either new or nearly so, or alternatively have been renovated within the past few years. Industry standards for C-SWG's mandate a 10 to 12 year renovation cycle. If the structure does not show such regular renovation, placement of the C-SWG should probably be in Class B. Industry standards also are shifting to much larger store facilities.
B	C-SWG facilities in this class are typically located at the corner of busy streets, most often with the primary afternoon traffic flow oriented so that the store is on the right hand side of that flow. Occasionally, some facilities are located not exactly at a corner, but essentially act as if they were located on one. <i>Chevron - Bethel & Sedgwick, Gradens Market - Sedgwick and Sidney.</i>	Urban	High traffic and located on the right hand side of traffic flow during afternoon commute. Mainly corner locations.	Limited synergy from nearby businesses.	As with the Class A facilities, the physical structure of the C-SWG should be new within the past few years, or have had a fairly recent renovation. Condition and modernization of facilities relate to the comfort of customers and their willingness to frequent the C-SWG.
C	Located in the same geographical location as Class B (corners or mid-street) but on the wrong side of the street for afternoon traffic flow. Visibility is inferior to Class A or B. Traffic flow may be less than typical. <i>76 Food Market - Jackson & Sedgwick,</i>	Urban or Suburban	High traffic flow on the wrong side of the street, or moderate traffic flow. Mid-street location or corner location with lower traffic count.	Limited synergy from nearby businesses.	Good maintenance on structures.
D	Located in rural areas, may be well maintained but are designed to serve a local clientele. <i>Al's of Olalla,</i>	Rural	Lighter traffic flow, designed to serve local residents.	None.	Maintenance ranges from well maintained to deferred maintenance.
E	Older and smaller facilities located in rural areas with limited neighborhood traffic patterns. <i>Long Lake Grocery</i>	Rural	Limited to surrounding residential traffic.	None.	Deferred maintenance.

Income Model: 302013

Property Type: Conv Store with Gas

Neighborhood: 0

Not Used	Not Used	C-Swg			
----------	----------	-------	--	--	--

Class A

Rent		207.40			
Vac %					
Exp %					
Cap Rate		100.00			
Market		207.40			

Class B

Rent		192.10			
Vac %					
Exp %					
Cap Rate		100.000			
Market		192.10			

Class C

Rent		146.20			
Vac %					
Exp %					
Cap Rate		100.00			
Market		146.20			

Class D

Rent		103.70			
Vac %					
Exp %					
Cap Rate		100.00			
Market		103.70			

Class E

Rent		76.50			
Vac %					
Exp %					
Cap Rate		100.00			
Market		76.50			

Tax Year 2014
Convenience Store with Gas Station
Sales from 01/01/2010 through 03/31/2013

													Trend -6.00%					
No.	NBRHD	PC	Account Number	Project Name	Class	Units	Excise No.	VC	Sales Date	Sales Price	Adjustment to Sales Price - FF&E, Non-Compete, Goodwill	Adjusted Sales Price	Trended Sales Price	CSWG Model Value	Other Values	Total TY2014 Value	Ratio	
1	8402307	541	012301-3-099-2003	Sedgwick/Bethel Chevron	B	4,888	2012EX00865	V	02/29/12	\$1,130,000	\$0	\$1,130,000	\$1,072,788	\$938,985	\$92,810	\$1,031,800	0.96	
2	8100506	541	012401-2-124-2003	Shell CSWG - Wheaton Way	C	4,120	2010EX05133	V	10/04/10	\$680,000	\$0	\$680,000	\$588,228	\$602,344	\$48,390	\$650,730	1.11	
3	8402303	541	032202-3-004-2005	Al's Grocery	D	2,970	2011EX01064	V	03/03/11	\$525,000	\$0	\$525,000	\$467,092	\$307,989	\$131,440	\$439,430	0.94	
4	8401103	541	102501-3-052-2005	Shell Mini Mart - Ridgetop & Tahoe	C	5,920	2012EX00100	V	01/09/12	\$1,320,000	-\$350,000	\$970,000	\$912,757	\$865,504	\$0	\$865,500	0.95	
5	8400301	541	262702-4-002-2003	AM*PM Conv W/gas Kingston, Jumpin'	B	6,305	2010EX01435	V	03/29/10	\$2,130,000	-\$350,000	\$1,780,000	\$1,484,471	\$1,211,191	\$118,130	\$1,329,320	0.90	

NBRHD-Neighborhood
8100506 Wheaton Way
8400301 Downtown Kingston
8400305 George's Corner
8401103 Ridgetop
8401104 Central Kitsap
8401606 Brownsville Hwy
8402303 Manchester
8402307 South Kitsap UGA

VC-Validity Code	
V	Valid
M	Other

PC - Property Class	
541	Convenience store with gas station

2014 Model	
Class	\$/SF
A	\$ 207.40
B	\$ 192.10
C	\$ 146.20
D	\$ 103.70
E	\$ 76.50

Count	5
Lowest	0.90
Highest	1.11
Median	0.95
AAD	0.05
COD	4.89

Sales Removed from Analysis

No.	NBRHD	PC	Account Number	Project Name	Class	Units	Excise No.	VC	Sales Date	Sales Price	Adjustment to Sales Price - FF&E, Non-Compete, Goodwill	Adjusted Sales Price	Trended Sales Price	CSWG Model Value	Other Values	Total TY2014 Value	Ratio
6	8401104	541	052401-3-004-1004	Camp Union Ctr	C	7,400	2011EX04018	V	08/03/11	\$2,450,000	\$0	\$2,450,000	\$2,241,381	\$1,081,880	\$377,030	\$1,458,910	0.65
7	8100506	541	122401-2-032-2001	Albertsons - E Bremerton CSWG	A	5,580	2012EX00813	M	02/27/12	\$1,292,771	\$0	\$1,292,771	\$1,226,893	\$1,157,292	\$149,410	\$1,162,720	0.95
	541	122401-2-033-2000	-\$143,980														
8	8402307	541	112301-3-050-2008	Albertstons - Sidney/Sedgwick	B	4,100	2012EX00811	M	02/27/12	\$900,788	\$0	\$900,788	\$854,885	\$787,610	\$0	\$787,610	0.92
9	8400305	541	222702-3-033-2002	Albertsons - Georges Corner CSWG	B	4,380	2012EX00812	M	02/27/12	\$397,776	\$0	\$397,776	\$377,506	\$841,398	\$0	\$841,400	2.23

Sale No. 6 is a multi-use project sale including a convenience store with gas station, restaurant, retail store, office, and warehouse.
 Sales 7, 8, & 9 were part of a portfolio sale of 51 stations located in 5 states.

Listing

No.	NBRHD	PC	Account Number	Project Name	Class	Units	Source		List Price	Price \$/Unit	Notes
1	8100506	541	012401-2-124-2003	Shell CSWG - Wheaton Way	C	4,120	CBA 523283		LISTING \$1,340,000	\$325	
2	8401104	541	022401-2-032-1005	Wildcat Lake Grocery	D	4,400	CBA 521522		LISTING \$1,549,000	\$352	Includes business value