

Commercial Revalue

2016 Assessment roll

GAS STATIONS

AREA 410

**King County, Department of Assessments
Seattle, Washington**

John Wilson, Assessor



King County

Department of Assessments

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John Wilson
Assessor

Dear Property Owners:

Property assessments are being completed by our team throughout the year and valuation notices are being mailed out as neighborhoods are completed. We value your property at fee simple, reflecting property at its highest and best use and following the requirements of state law (RCW 84.40.030) to appraise property at true and fair value.

We are continuing to work hard to implement your feedback and ensure we provide accurate and timely information to you. This has resulted in significant improvements to our website and online tools for your convenience. The following report summarizes the results of the assessments for this area along with a map located inside the report. It is meant to provide you with information about the process used and basis for property assessments in your area.

Fairness, accuracy, and uniform assessments set the foundation for effective government. I am pleased to incorporate your input as we make continuous and ongoing improvements to best serve you. Our goal is to ensure every taxpayer is treated fairly and equitably.

Our office is here to serve you. Please don't hesitate to contact us if you should have questions, comments or concerns about the property assessment process and how it relates to your property.

In Service,

John Wilson
King County Assessor

2016 ANNUAL REVALUE REPORT

KING COUNTY DEPARTMENT OF ASSESSMENTS GAS STATIONS



King County



Executive Summary Report

Appraisal Date 1/1/16 – 2016 Assessment Roll – 2017 Tax Year

Specialty Name: Gas Stations – Area 410

Physical Inspection: North central & southwest King County

Sales – Improved Summary: Convenience stores are defined as businesses which include tangible and intangible assets.¹ All market transactions of gas stations and convenience stores are impacted by the sale of the business or going concern. The separation of real property value from these sales is problematic in mass appraisal and so the sales approach was not used. A ratio study was not performed for the same reason.

Income Approach: The Income Approach was considered but not used because the actual income stream is attributable to the going concern inclusive of the real estate. The isolation of real estate value is problematic and not applicable to mass appraisal.

Cost Approach: The Cost Approach was utilized in this revaluation. It improves equalization and allows the land value to reflect locational differences.

Total Population –Parcel Summary Data:

	<u>Land</u>	<u>Imp</u>	<u>Total</u>
2015 Value:	\$406,248,300	\$262,881,700	\$669,130,000
2016 Value:	\$432,315,200	\$254,894,900	\$687,210,100
Percent Change:	6.42%	-3.04%	2.70%

Number of Total Parcels in the Population: 493

Number of Improved Parcels: 481

Conclusion and Recommendation:

Since the values recommended in this report improve uniformity and equity, I recommend posting them for the 2016 Assessment roll.

¹ Convenience Stores and Retail Fuel Properties: Essential Appraisal Issues, R.E. Bainbridge, Appraisal Institute, 2003, p102-105

Identification of the Area

Name or Designation: Area 410 - Gas Stations

Boundaries: All of King County.

Maps: Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

Convenience stores with gas and gas stations exist in all areas of the county. Convenience stores with gas sell about 80% of all gasoline in King County with the other 20% sold by supermarkets, discount warehouse clubs, and service stations.

Location tends to be of extreme importance for gas stations. They tend to be well distributed throughout the county with their frequency mostly dependent upon local population density. The trends are for larger properties with more profit centers associated with the convenience store, and more discount-warehouse stores and grocery stores selling gasoline. We are also seeing more "starting gate" type dispenser arrays which put one dispenser on each gasoline island instead of two and are arranged so that the cars park at the dispensers perpendicular to the road rather than parallel to it. They provide service to more cars simultaneously.

Area Overview:

The gasoline market has recovered from the great recession. The long term decline in the number of stations has reversed over the last few years. The exact number of parcels in this specialty changed slightly from 495 last year to 493 today, including 12 associated vacant parcels.

Within the category of gasoline stations there is however, a great deal of change. The overwhelming majority of service stations have converted to the mini-mart/convenience store model. A lot of smaller, older, facilities have closed, while warehouse discount stores and grocery stores have added gasoline to their range of products. Some of these are minimally attended and sell for less, creating intense competition with the convenience stores in the area.

More convenience stores are trying to acquire more profit centers, i.e. fast food, fresh deli, video rental, lottery sales, carwash, vacuum/air service, copy/fax services, stamps, photo processing, specialized auto care, etc.

In many parts of Seattle gas stations are under pressure to redevelop to more intense uses such as multi-story mixed use buildings. This is because they are located on land that has been zoned for four, six, or even eight floors. With a shortage of apartments, developers are paying top prices to acquire the land. Even though many gas station sites are contaminated with petroleum products, the need for underground parking means that twenty or more feet of soil need to be excavated in any event. The only difference is

whether the soil gets taken to a clean site, or to one that accepts soil that needs to be remediated or isolated.

In Ballard, at the northeast corner of 15th Ave NW and Market Street (across from the now demolished Denny's restaurant) an investment group headed by Martin Selig purchased the Shell station along with two neighboring properties. This station will soon to be replaced by a six story building.

On 23rd Avenue and East Union Street, the 76 station across from Uncle Ike's Pot Shop was bought by a development group. Their plan is a four story building.

The highest price paid for a gas station in King County occurred in August last year when the Chevron mini-mart at the corner of NE 47th Street and Brooklyn Avenue NE sold for an eye-popping \$5,600,000. This NC3 zoned parcel with a 65 foot height limit was also bought for redevelopment.



Although gasoline stations in California that are well located often sell for \$7,000,000 or more, the upward limit in King County is postulated to be \$4,300,000. On any parcel where the land value has pushed the total cost above that number, the improvement value has been reduced.

Physical Inspection Identification:

While all gas stations were revalued, those which had not been physically inspected in the current six year cycle were looked at. They comprise approximately 18% of the total population. They include urban and suburban locations.

