COMMERCIAL & INDUSTRIAL SCHEDULES

Commercial and Industrial pricing schedules are provided for a variety of buildings based on the use of the property. The General Commercial Schedule is to be used as a guide for computing the replacement cost of mercantile type buildings, offices, and similar type structures. The Industrial Schedule is to be used for computing the replacement cost of manufacturing and warehouse storage type structures. The general application of all the schedules is essentially the same; selecting the base price (per square foot) which is most representative of the subject building and adjusting the base price to account for any significant variation.

QUALITY GRADE SPECIFICATIONS

The base prices are for normal "C" Grade buildings erected with average quality materials and workmanship. A Table of Quality Factors is provided to adjust the "C" Grade prices in order to account for variations in construction quality.

Grade AA - Buildings constructed with outstanding architectural style and design, constructed with the finest quality materials and workmanship. Superior quality style and designed interior finish, built-in features, heating system, and very good grade plumbing and lighting fixtures.

Grade A - Architecturally attractive buildings constructed with excellent quality materials and workmanship; features high-quality interior finishing, built-in features, heating system, and superior grade plumbing and lighting fixtures.

Grade B - Buildings constructed with good quality materials and above-average workmanship, with moderate architectural treatment. Good quality interior finish, built-in features, heating, plumbing, and lighting fixtures.

Grade C - Buildings constructed with average quality materials and workmanship conforming to the base specifications used to develop the pricing schedule. Minimal architectural treatment. Average quality interior finish with built-in features. Standard quality heating system, plumbing, and lighting fixtures.

Grade D - Buildings constructed with economy quality materials and fair workmanship. Void of architectural treatment. Cheap-quality interior finish and built-in features. Low grade heating, plumbing, and lighting fixtures.

Grade E - Buildings constructed with a very cheap grade of materials, usually "seconds" and very poor-quality workmanship resulting from unskilled, inexperienced, "do-it-yourself" type labor. Inferior grade heating, plumbing, and lighting fixtures.

NOTE: The quality factor selected is to represent a composite judgment of the overall grade. Generally, the quality of materials and workmanship is consistent throughout the construction of a specific building. However, since this is not always the case, it is necessary to weigh the

quality of each major component in order to arrive at the proper "overall" quality grade. Particular consideration must be given to "special features" such as elevators and banking features, since variations for quality are already considered in the respective pricing tables. Equal consideration must also be given to those "additions" which are constructed of materials and workmanship inconsistent with the quality of the main building.

COMMERCIAL GRADE SCHEDULE

GRADE	FACTOR
AA	2.50
A+95	2.45
A+90	2.40
A+85	2.35
A+80	2.30
A+75	2.25
A+70	2.20
A+65	2.15
A+60	2.10
A+55	2.05
A+50	2.00
A+45	1.95
A+40	1.90
A+35	1.85
A+30	1.80
A+25	1.75
A+20	1.70
A+15	1.65
A+10	1.60
A+5	1.55
A	1.50
A-5	1.45
A-10	1.40
B+10	1.35
B+5	1.30
B	1.25
B-5	1.21
B-10	1.17
C+10	1.13
C+5	1.07
C	1.00
C-5	.95
C-10	.90
D+10	.85
D+5	.80
D	.75

D-5	.70
D-10	.65
E+10	.60
E+5	.55
E	.50
E-5	.45
E-10	.40
E-15	.35
E-20	.30
E-25	.25
E-30	.20

GENERAL APPLICATION

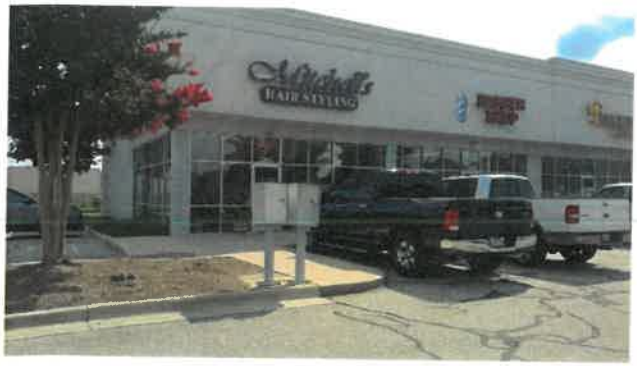
The schedules can be effectively applied to either a total building or a portion of the building (i.e., floor section, etc.), as long as the size, construction, and quality are consistent.

It is not uncommon for the first floor of a commercial building to be of a higher quality construction than the upper floors. This situation is especially likely to occur in older buildings where it is not economically feasible to renovate and modernize the upper floors comparable to the first.

Commercial Property Samples

Commercial Auto Dealership

Commercial Bank



Commercial Beauty/Barber Shop

Commercial Property Samples

Commercial Hardware Store

Commercial Car Wash

Commercial Manufacturing Facility

Commercial Property Samples

Commercial Convalescent Home

Commercial Convenience Store

Commercial Country Club

Commercial Property Samples

Commercial Day Care Center

Commercial Discount Store

Commercial Fitness Center

Commercial Property Samples

Commercial Funeral Home

Commercial Hanger

Commercial Motel

Commercial Property Samples

Commercial Medical Office

Commercial Mini Storage

Commercial Office Building

Commercial Property Samples

Commercial Industrial

Commercial Laboratory

Commercial Laundry/Cleaners

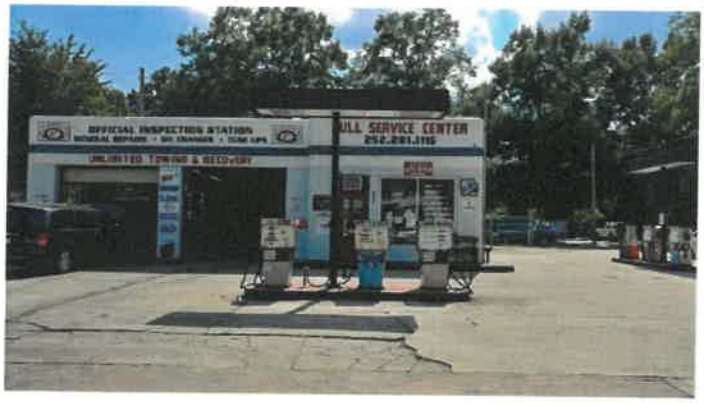
Commercial Property Samples

Commercial Office Condo

Commercial Office Warehouse

Commercial Service Garage

Commercial Property Samples



Commercial Service Station

Commercial Enclosed Mall

Commercial Strip Center

Commercial Property Samples

Commercial Warehouse

Commercial Franchise Restaurant

Commercial Supermarket

COMMERCIAL/INDUSTRIAL SCHEDULE

APARTMENT	Base Square Foot	3000.00
	Base Increment	1000.00
	Base Rate	68.68
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	13.73
	Finished basement rate	34.34
AUTOMOTIVE BUILDING	Base Square Foot	4000.00
	Base Increment	1000.00
	Base Rate	51.71
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	10.34
	Finished basement rate	25.85
AUTOMOTIVE CENTER	Base Square Foot	4000.00
	Base Increment	1000.00
	Base Rate	63.79
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	12.76
	Finished basement rate	31.89
BANK	Base Square Foot	3000.00
	Base Increment	1000.00
	Base Rate	141.23
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfished basement rate	28.24
	Finished basement rate	70.61

BARBER AND BEAUTY SHOP	Base Square Foot	1500.00
	Base Increment	1000.00
	Base Rate	74.00
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	14.79
	Finished basement rate	37.00
AUTO CAR WASH	Base Square Foot	1200.00
	Base Increment	1000.00
	Base Rate	38.00
	Heating Adjustment	0.00
	A/C Adjustment	0.00
	Unfinished basement rate	0.00
	Finished basement rate	0.00
CAR WASH	Base Square Foot	1200.00
	Base Increment	1000.00
	Base Rate	28.49
	Heating Adjustment	0.00
	A/C Adjustment	0.00
	Unfinished basement rate	0.00
	Finished basement rate	0.00
CHURCH	Base Square Foot	3000.00
	Base Increment	1000.00
	Base Rate	106.92
	Heating Adjustment	3.00
	A/C Adjustment	2.75
	Unfished basement rate	21.40
	Finished basement rate	53.50

CLUBHOUSE	Base Square Foot	2000.00
	Base Increment	1000.00
	Base Rate	79.72
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	15.95
	Finished basement rate	39.86
CONVENIENCE STORE	Base Square Foot	2000.00
	Base Increment	1000.00
	Base Rate	90.79
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	18.16
	Finished basement rate	45.39
COMMERCIAL	Base Square Foot	1500.00
	Base Increment	1000.00
	Base Rate	64.79
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	12.95
	Finished basement rate	32.40
COUNTRY CLUB	Base Square Foot	2000.00
	Base Increment	1000.00
	Base Rate	96.41
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfished basement rate	19.28
	Finished basement rate	48.20

DEPARTMENT STORE	Base Square Foot	5000.00
	Base Increment	1000.00
	Base Rate	87.86
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	17.57
	Finished basement rate	43.93
DISCOUNT STORE	Base Square Foot	10000.00
	Base Increment	2000.00
	Base Rate	60.39
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	12.08
	Finished basement rate	30.20
DORMITORY	Base Square Foot	3000.00
	Base Increment	1000.00
	Base Rate	88.64
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	17.73
	Finished basement rate	44.31
FIRE STATION	Base Square Foot	2500.00
	Base Increment	1000.00
	Base Rate	64.55
	Heating Adjustment	3.00
	A/C Adjustment	3.00
	Unfished basement rate	12.94
	Finished basement rate	32.35

GARAGE SERVICE	Base Square Foot	2000.00
	Base Increment	1000.00
	Base Rate	56.75
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	11.35
	Finished basement rate	28.38
GOVERNMENT BUILDING	Base Square Foot	3000.00
	Base Increment	1000.00
	Base Rate	114.83
	Heating Adjustment	3.25
	A/C Adjustment	3.50
	Unfinished basement rate	22.96
	Finished basement rate	57.41
HOSPITAL	Base Square Foot	8000.00
	Base Increment	2000.00
	Base Rate	129.60
	Heating Adjustment	7.01
	A/C Adjustment	7.79
	Unfinished basement rate	13.32
	Finished basement rate	25.93
LAUNDROMAT	Base Square Foot	1500.00
	Base Increment	1000.00
	Base Rate	82.42
	Heating Adjustment	2.00
	A/C Adjustment	2.75
	Unfished basement rate	16.49
	Finished basement rate	41.22

INDUSTRIAL	Base Square Foot	30000.00
	Base Increment	2000.00
	Base Rate	42.51
	Heating Adjustment	2.75
	A/C Adjustment	2.50
	Unfinished basement rate	8.50
	Finished basement rate	21.25
SUPER MARKET	Base Square Foot	10000.00
	Base Increment	2000.00
	Base Rate	63.37
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	12.67
	Finished basement rate	31.69
MOTEL	Base Square Foot	2000.00
	Base Increment	1000.00
	Base Rate	77.49
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	15.50
	Finished basement rate	38.75
MORTUARY	Base Square Foot	3000.00
	Base Increment	1000.00
	Base Rate	85.02
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfished basement rate	17.00
	Finished basement rate	42.51

OFFICE TYPICAL	Base Square Foot	2000.00
	Base Increment	1000.00
	Base Rate	88.79
	Heating Adjustment	2.75
	A/C Adjustment	2.90
	Unfinished basement rate	17.75
	Finished basement rate	44.39
OFFICE MEDICAL	Base Square Foot	2000.00
	Base Increment	1000.00
	Base Rate	112.36
	Heating Adjustment	2.75
	A/C Adjustment	3.00
	Unfinished basement rate	22.48
	Finished basement rate	56.18
REST OR NURSING HOME	Base Square Foot	5000.00
	Base Increment	1000.00
	Base Rate	107.70
	Heating Adjustment	3.00
	A/C Adjustment	3.00
	Unfinished basement rate	21.54
	Finished basement rate	53.85
RESTAURANT & LOUNGE	Base Square Foot	3000.00
	Base Increment	1000.00
	Base Rate	95.90
	Heating Adjustment	3.00
	A/C Adjustment	6.00
	Unfished basement rate	19.17
	Finished basement rate	47.95

RESTAURANT FAST FOOD	Base Square Foot	2500.00
	Base Increment	1000.00
	Base Rate	150.60
	Heating Adjustment	3.00
	A/C Adjustment	6.00
	Unfinished basement rate	30.12
	Finished basement rate	75.30
RETAIL	Base Square Foot	1500.00
	Base Increment	1000.00
	Base Rate	77.23
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	15.45
	Finished basement rate	38.62
RETAIL RURAL	Base Square Foot	1500.00
	Base Increment	1000.00
	Base Rate	31.10
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	6.22
	Finished basement rate	15.55
SCHOOL	Base Square Foot	20000.00
	Base Increment	5000.00
	Base Rate	81.11
	Heating Adjustment	3.50
	A/C Adjustment	3.00
	Unfished basement rate	16.22
	Finished basement rate	40.56

SERVICE STATION	Base Square Foot	1400.00
	Base Increment	1000.00
	Base Rate	90.07
	Heating Adjustment	2.50
	A/C Adjustment	2.50
	Unfinished basement rate	18.01
	Finished basement rate	45.03
SHOPPING CENTER	Base Square Foot	14000.00
	Base Increment	5000.00
	Base Rate	60.92
	Heating Adjustment	2.25
	A/C Adjustment	3.00
	Unfinished basement rate	12.19
	Finished basement rate	30.45
WAREHOUSE	Base Square Foot	3000.00
	Base Increment	1000.00
	Base Rate	16.83
	Heating Adjustment	2.00
	A/C Adjustment	2.50
	Unfinished basement rate	3.37
	Finished basement rate	8.41
WAREHOUSE & DISTRUBUTION CENTER	Base Square Foot	30000.00
	Base Increment	5000.00
	Base Rate	49.92
	Heating Adjustment	2.51
	A/C Adjustment	2.98
	Unfished basement rate	9.98
	Finished basement rate	24.96

COMMERCIAL ENCLOSED PORCH SCHEDULE

SQUARE FOOTAGE	RATE
30	61.76
40	55.89
70	49.91
80	49.34
90	48.65
100	48.07
110	47.50
150	45.08
170	44.39
190	43.70
210	43.01
230	42.32
250	41.63

COMMERCIAL OPEN PORCH SCHEDULE

SQUARE FOOTAGE	RATE
30	39.50
40	35.20
70	31.90
80	31.50
90	31.10
100	30.70
110	30.30
150	28.60
170	28.10
190	27.60
210	27.10
230	26.50
250	26.00

COMMERCIAL PORCH OVER PORCH SCHEDULE

SQUARE FOOTAGE	RATE
30	61.60
40	55.00
70	49.20
80	48.80
90	48.50
100	47.90
110	47.30
150	45.50
170	43.70
190	42.90
210	42.30
230	41.50
250	40.70

COMMERCIAL SCREEN PORCH SCHEDULE

SQUARE FOOTAGE	RATE
30	45.30
40	42.75
50	40.20
60	39.50
70	38.70
80	38.00
100	36.50
110	35.80
120	35.10
130	34.40
140	33.70
150	33.00
170	32.40
190	31.90
210	31.30
230	30.70
250	30.20

COMMERCIAL STOOP SCHEDULE

SQUARE FOOTAGE	RATE
10	24.90
30	21.80
50	18.81
60	18.54
70	18.26
80	17.99
90	17.71
100	17.44
110	17.16
130	16.10
150	15.95
170	15.73
190	15.40
210	15.07
230	14.74
250	14.52
270	14.30
290	14.19
310	14.08
330	13.97
350	13.86
370	13.64
390	13.42
410	13.31
430	13.09
450	12.87

COMMERCIAL UTILITY ROOM SCHEDULE

SQUARE FOOTAGE	RATE
30	48.49
50	43.50
60	42.69
70	41.76
80	40.95
90	40.14
100	39.21
120	38.40
140	37.47
160	36.77
180	35.96
200	35.26
220	34.57
240	33.87
260	33.18
280	32.60
300	31.90

COMMERCIAL WOOD DECK SCHEDULE

SQUARE FOOTAGE	RATE
50	17.10
70	16.60
90	16.10
110	15.60
130	15.00
150	14.50
170	14.30
190	14.00
210	13.70
230	13.40

250	13.20
270	13.00
290	12.90
310	12.80
330	12.70
350	12.60
370	12.40
390	12.20
410	12.10
430	11.90
450	11.70

COMMERCIAL PATIO SCHEDULE

SQUARE FOOTAGE	RATE
50	8.82
70	8.68
90	8.40
110	8.12
130	7.84
150	7.70
170	7.42
190	7.14
210	7.00
230	6.72
250	6.44
270	6.30
290	6.02
310	5.88
330	5.60
350	5.46

COMMERCIAL CARPORT SCHEDULE

SQUARE FOOTAGE	RATE
100	34.20
140	33.00
180	31.60
220	30.40
260	29.10
300	27.80
340	27.40
380	27.00
420	26.60
460	26.30
500	25.90
540	25.90
540	25.50
580	25.20
620	24.80
660	24.50
700	24.20

FRANCHISE FOOD RESTAURANTS

Franchise food restaurants have become common place beginning in the 1950s. The buildings, though they offer similar accommodations, are highly distinctive in architectural style and design. Each operation is readily identifiable with a particular design and motif and relies heavily on the appearance or "eye appeal" of its buildings to attract, maintain and promote business. The wide range of styles and designs has a direct influence on the replacement cost of the buildings.

The size and quality of materials and workmanship alone are not in the prime determining factors. Two restaurants showing no marked differences in size and construction quality may still show a considerable difference in cost due to the difference in design and décor. The replacement cost schedule provided is based upon specifications of size, quality, and design.

The schedule is used for estimating replacement costs of franchise food restaurants. The proper use of the schedule, along with experience and sound judgment, should enable the appraiser to establish a reasonable estimate of replacement cost.

BASE SPECIFICATIONS

The Cost Schedule assumes a basic layout which includes a serving area, food preparation area, a small office area, an employee dressing area, two toilet rooms, and depending upon size, a dining area. General construction features include masonry foundation walls on spread footing; 4" reinforced concrete floor slab on a granular base, roof and exterior wall construction , interior finish , building equipment and fixtures commensurate with the grade; stud and masonry partitioning; unfinished floor and painted masonry or drywall interior finish in storage areas and mechanical rooms; utility service, heating, fluorescent lighting fixtures in the preparation and office areas, plumbing fixtures and drains.

SCHEDULE APPLICATION

Base prices are included for Average ("C") Grade construction for four typical exterior wall types. Select the base price based upon the structure size and exterior wall construction, and make adjustments for attached improvements, air-conditioning and sprinkler systems as required. Apply the proper Quality Grade factor to establish the replacement cost new.

DEPRECIATION GUIDELINES

Franchise Food restaurants are special purpose buildings which are not readily adaptable to other uses. They go out of style both functionally and economically at a much faster rate than they deteriorate physically. The business is highly competitive and relies heavily on-site location and the physical appearance of its buildings. In order to keep abreast of competition, owners must frequently renovate the structures. Changing consumer habits, traffic patterns, and competitions are but a few of the factors that influence the life span of the buildings and must therefore be considered in the evaluation process.

APARTMENTS

An apartment is a residential living unit with the same living accommodations normally found in a single-family residence. An apartment house is a multifamily residence containing four or more residential living units, and generally providing each unit with a number of common facilities, services, and amenities. Two or more apartment buildings operating as a single unit are generally referred to as an apartment complex.

The increased development of multi-family residential housing units since the 1950's has brought the development of both apartment complexes and "high-rise" apartment buildings.

Each of these offers complete living accommodations with all the modem conveniences and amenities. In addition, they generally provide a variety of recreational facilities and services for their occupants.

VALUATION

As with other types of property, the replacement cost method of valuation is a starting point for the appraiser.

Apartment units found in a given apartment building or complex of buildings vary in size and arrangement. They may be one room efficiency units consisting of a bedroom and kitchenette; two room studio units consisting of a bedroom and living room/den and kitchenette combination; and conventional units consisting of a kitchen, dining area, living room and one or more bedrooms. Each apartment unit has one or more bathrooms, and conventional units often have a separate dining room, den, or family room. One of the most significant variables in determining the replacement cost of an apartment building is the average size of the individual units. The pricing schedules provided in this section is designed to account for this variation.

BASE PRICES-APARTMENTS

Base square foot prices have been developed for typical average "C" Grade quality construction apartment units, based on average unit sizes at various floor levels for wood joist construction. Adjustments are provided for exterior walls, construction, and story height. The foundation, roof, and normal built-ins are included with the first-floor prices, thus making the schedule applicable to both one story and multi-story buildings.

APPLICATION

Application of the pricing schedule involves the selection of the appropriate base price per floor based on the average unit sizes. Adjustments to the base price for air-conditioning, central heating, and type of construction should be made to account for any variations between the subject building and the model building.

QUALITY FACTOR

The schedule prices are for Average ("C") Grade construction quality, erected with average materials and workmanship. A table of Quality Factors is provided to adjust the "C" Grade prices in order to account for variations in construction quality.

INCOME APPROACH

Apartment buildings, regardless of the type, are built, bought, and sold as investment or income producing property. The appraisal of apartments utilizing the Capitalization or Income Approach to value follows the same procedures discussed in the Property Valuation section of the manual. The basic procedure is:

1. Collection of the income generated - including monthly rents for the units, parking, and other receipts, such as laundry facilities.

2. The collection of the expenses associated with the management and maintenance of the property.

3. The capitalization of the net income into an indication of value.

DEPRECIATION GUIDELINES

Physical deterioration of the structure should be based on age and condition of the property.

Guidelines for normal life estimates are found in the Depreciation section of the manual. Functional and Economic Depreciation allowances must be derived from the income and expense of each apartment project as it relates to other properties of similar utility and condition and should be expressed as a multiplicative of the base depreciation rates.

MOBILE HOME PARKS

The pricing schedule included in this section is provided as a guide to assist the appraiser in arriving at a reasonable and equitable estimate of the cost of developing a variety of commercial mobile home and trailer parks. Some typical site costs are listed below with the general specifications are as follows:

Grade A - Excellent quality and excellently planned mobile home parks designed to accommodate the largest tractor-drawn or on-site erected mobile homes, and to provide the user with the utmost in residential amenities, including spacious lots with extensive and attractive landscaping, ample off-street parking, and a wide variety of recreational facilities. Site areas will generally range from 4,500 to 5,500 sq. ft.

Grade B - Good quality and well-planned mobile home parks designed to accommodate the larger tractor-drawn mobile homes with room to spare for lawns and gardens, and featuring attractive landscaping, off street parking, and complete recreational facilities. Site areas will generally range from 3,500 to 4,500 sq. ft.

Grade C - Average quality and well-planned mobile home parks are designed to have trimmed lawns and general appearance. On the average, these parks have a medium density of (10 – 15 sites per acre).

Grade D - Fair quality and minimally planned trailer parks intended primarily for semi-permanent occupancy and may be a high density or older park.

Grade E - Cheap quality trailer parks designed to accommodate transient type trailers. These parks likely have mobile homes without underpinning and little effort will be made to maintain attractive appearance.

Application of the pricing schedule involves determining the grade most representative of the subject property, selecting the corresponding base site cost, and adjusting the base site cost to account for any variations between the subject property and the model specifications.

BASE COST COMPONENTS

The costs per site have been developed to include the cost of basic on-site improvements and do not include the cost of the land, service and recreational buildings, or major recreational structures, such as swimming pools. The base components are as follows:

Engineering: Includes the design plans and specifications of the park (exclusive of buildings), engineering and surveying fees, and public fees and permits.

Grading: Includes the normal grading involved in leveling the site for drainage and roughing our roads, but does not include any abnormal site preparation such as the elevation and terracing required for hillside sites.

Street Paving: Includes base preparation and paving.

Patios and Walks: Includes all flat work and other than street paving.

Sewer: Includes all on-site lines but does not include hook up charges, sewage disposal systems or any off-site connections to trunk lines.

Water: Includes on-site mains and site services but does not include wells, pumps or any off-site connections to source lines.

Electrical: Includes on-site conduit, electrical and telephone wiring, site outlets, street and common area lighting commensurate with the Grade, but does not include the cost of any off-site connections.

Gas: Includes on-site piping, and site and building connections, but does not include any off-site mains.

Other Features: Includes the cost of average entrance ornamentation, landscaping, and common area development commensurate with the park Grade. (Note: outdoor recreational facilities, such as swimming pools, tennis courts, etc. are not included and should be computed separately.)

BASE COST ADJUSTMENTS

Many mobile homes and trailer parks are apt to possess some features which are typical of one Grade and some features which are typical of another. For example, a Grade A park might exhibit "other features" more representative of a Grade B park, such as entrance decor, landscaping, and recreational facilities. Similarly, a park may be Grade C in all respects except for good quality streets. In such cases, the appraiser must analyze each park in terms of its individual components in order to determine the contribution of each component to the overall cost per site. In order to facilitate this, the specifications and corresponding costs for each component are detailed, thus enabling the appraiser to adjust the base cost either upward or downward to account for any significant variations.

PERCENT GOOD GUIDELINES

Mobile home parks generally can be expected to have a life expectancy of 10 to 30 years, depending on the quality of the park. The components of a mobile home park, as described above, are subject to the same depreciating forces as are any other real estate improvements. Physical deterioration itself is difficult to observe but is generally directly related to the functional and economic depreciation of the park. In a going and profitable park, the actual rate of physical deterioration is arrested somewhat by regular and normal maintenance. A park that is normally maintained will have components replaced or renewed as they age. As a park goes out of style functionally and economically, maintenance becomes more and more of a cost burden to the owner and is consequently reduced or curtailed completely, allowing the process of deterioration to accelerate.

The effective age of the park may or may not be the same as the actual age (or average age if built in several phases) of the park. Generally, if a park is judged to be in average condition for its age, the effective age will be the same as the actual age. If a park is judged to be in poor condition or good condition for its age, the effective age will be somewhat more or somewhat less than the actual age. Similarly, parks judged very poor to unsound or very good to excellent will have effective ages considerably more or considerably less than their actual ages.

The table provided further in the manual is a guide to assist the appraiser in arriving at a reasonable estimate of normal accrued depreciation; consideration must also be given to any abnormal factors causing further loss of value.

GOLF COURSES

Golf courses are designed and built in a variety of types and sizes. The pricing schedules in this section are provided as a guide to assist the appraiser in arriving at a reasonable and equitable estimate of the cost of developing the various types of courses.

The costs listed are for a basic commercial developed course with four (4) quality classifications. Costs of complete irrigation systems constitute approximately 25% of the cost per hole.

Architectural design, supervision, and engineering costs are approximately 10%. A golf course with special engineering and a name architect can run twice the averages listed. Older courses may be at the lower end of the cost ranges where design layout and improvements have not been affected by restrictive land use and/or environmental controls. Although the golf course valuation for the 2023 Northampton County Revaluation will primarily be derived using the cost approach to value, the income approach (using data from revenue and expense information obtained from each golf course facility) will be used as support documentation for the final value estimate. Sales from the marketplace in North Carolina will also be analyzed.

GOLF COURSE DESIGN SAMPLES	
DESIGN	**SIZE**
Core Course	Typically, 140 acres of land
Double Fairway Course	Typically, 150 acres of land
Single Fairway (continuous course)	Typically, 175 acres of land
Single Fairway (returning nines)	Typically, 175 acres of land

REGULATION COURSES A regulation golf course usually consists of 18 holes of varied length. There are generally four short holes, 130 to 200 yards (par 3); ten average holes 350 to 450 yards (par 4); and four long holes 450 to 650 yards (par 5). Average costs per hole are given for six grades of courses; the general specifications are as follows:

Class I — Excellent course designed for professional play; rolling terrain; well landscaped with wide tree lined fairways and large, excellent quality greens and tees; numerous natural and man-made hazards; generally 6,800 - 7,200 yards long with a par 72 rating.

Class II — Good course design for private club membership; rolling terrain; well landscaped with wide fairways and large, good quality greens and tees; natural and some man-made hazards; generally, 6,500 - 6,800 yards long with a par 70 to 72 rating.

Class III — Average course designed for municipal or general public play; flat terrain; landscaped fairways; average size and quality greens and tees; some natural and few, if any, man-made hazards; generally, 6,000 - 6,500 yards long with a par 68 to 70 rating.

Class IV — Simply developed course often referred to as a "cow-pasture course;" flat terrain, very little landscaping, small greens and tees, few natural hazards, and generally 5,000 - 6,000 yards long with a par 66 to 68 rating.

Class V — Simply designed course; flat terrain, very little landscaping, small greens and tees, narrow fairways, few natural hazards, minimal irrigation stem, and generally 2,500 - 5,000 yards long consisting of 9 to 18 holes with a par rating of 32 to 68.

Class VI	Non-regulation course with flat terrain; very little landscaping, small greens and tees, few natural hazards, all holes are par 3, improvements range from fair to good quality, maintenance varies based on private or public operation.

BASE PRICE COMPONENTS The costs per hole have been developed to include the cost of normal course improvements and do not include the cost of land, clubhouse, or any recreational facilities.

The base price components are as follows:

Grading and Clearing includes the removal of brush and trees from the fairways, greens, or tees; landscaping and the seeding of grass.

Sprinkler System includes the water source, pumps, piping, and sprinkler heads.

Greens include the building, seeding and care of the greens until the opening of the course.

Tees include the building and care of the trees until the opening of the course.

Bunkers include the building and care of the bunkers until the opening of the course.

Service and Cart Roads include base preparation, paving, and bridges over hazards.

Architect's Fees include all plans and supervision during construction.

OTHER COURSES

Miniature Course	The entire course is comprised of a putting surface, which has various obstacles and hazards placed between the tee and the cup.
'Pitch and Putt 'Course	The course has greens, bunkers, tees, fairways, and very little, if any, rough area separating the holes. The holes are usually 60 to 120 yards long and the course often has lighting for night play.
Par 3 Course	The course is the same as a regulation course, but on a smaller scale with all the holes rated par 3, 140 to 160 yards long and the course may have lighting for night play.

Executive Course	Also called a par 60 course; the course is the same as a regulation course, but on a smaller scale with the holes 200 to 300 yards long. The holes are mostly par 3 with some par 4 and par 5 ratings.
Driving Range	Consists of a piece of land usually 10 to 15 acres with elevated tees along one side used for practice of hitting tee shots on regulation courses.
Practice Putting Greens	Consists of a large green with numerous cups for putting practice.

GOLF COURSE PRICING EXAMPLE

John Doe Golf Course - an 18-hole regulation size course; 6,500 yards long, par 72, located on 120 acres of rolling terrain. The course is 10 years old and has 10,000 square foot greens, (3) 2500 square foot tee locations for each hole, and three (3) bunkers per hole.

Fairways and greens have automatic sprinkler system.

This course is judged to be a Class III Course with very good greens and tees, good overall condition, desirability and utility. Land value is estimated at $7,500 per acre.

Base Cost per Hole (Good Quality)	$100,000
Quality Factor (+10%)	+10,000
Replacement Cost per Hole	$110,000
Number of Holes	18
Total Replacement Cost	$ 1,980,000
Less Depreciation (-10%)	- 198,000
Total Value of Course Improvements	$ 1,782,000
Land Value (120 acres @ $7500)	$ 900,000
Total Value	$ 2,682,000
Value per Hole (Rounded)	$ 149,000

INCOME APPROACH TO GOLF COURSE

The Income Approach is often an accurate measure of value for golf courses. It reduces the differences of golf courses to the least common denominator, if all courses are of the same type, ex. Public Courses. However, Country Club golf memberships can add to the complication of arriving at a true value. A "golf membership" includes a high initiation fee and annual dues but allow as much playing time as a member desires. Basic Country Club memberships require an extra fee for playing.

In 2005, golf courses began a decline that continues into 2020. The number of golf courses are disappearing at a rate of .6% annually. Still, the number of municipal and private courses remain 3 to 1. The stabilized daily rates for a public course is $37.00, semi-private rate is $75.00, and, the private rate is $100.00. Golf course maintenance remains at a cost of $15.00 per hole.

Goss income multiplier is calculated by dividing the sale price by the gross annual income. The current GIM for golf courses range between 1 to 1.65. The following is the formula for determining the value of any golf course in Northampton County, based on the Income Approach: Stabilized Number of Round (SNR) x Stabilized Daily Rate (SDR) = Golf Income Revenue (GIR) x Golf Income Multiplier (GIM) = Indicated Value.

EXAMPLE

Riverside Golf Club (semi-private)-an 18 hole, regulation size golf course, with a stabilized number of rounds of 23,575 per year, and a daily rate of $75.00. (SNR x SDR) = GIR x GIM = IV (indicated value).

23,575 x $75.00 = $1,768,125 x 1.5 = $2,652,188 / 18 =

$147,344 indicated value

EXEMPT/ INSTITUTIONAL BUILDINGS

This section of the Manual includes basic procedures and applications to be utilized to determine the Replacement Cost New for a variety of institutional type structures. Prices are provided based on the structure type and exterior wall material.

BASE SPECIFICATIONS

Base prices assume normal construction, mechanical, and other features such as plumbing, heating, air-conditioning, interior finish, framing, elevators, etc., according to the designed building structure type.

SCHEDULE APPLICATION

Select the structure type which is most representative of the subject building. Establish the Quality Grade of the building, which is contingent upon the exterior wall material of the structure type. Determine the total square feet of floor area and multiply the cost per square foot by the total area to establish the replacement cost.

PERCENT (%) GOOD GUIDELINES

Physical deterioration of institutional buildings should be based on the effective age and condition. Structures of this type normally have an expected life which is longer than other types of similar structures. Actual age and life expectancy can be extended through continued maintenance and renovation. When establishing the percent (%) good, the adjustment should be based on anticipated additional life as compared to normal life guidelines.

INCOME MODEL APPROACH

The **Income Model Approach** includes models for the following property groups:

Apartments
Hotels/Motels
General Retail/Shopping Center
General Office/Medical Office
Convenience Stores
Restaurant/Franchise Restaurant
Manufacturing/Warehouse
Mobile Home Parks
Self-Storage
Service Shop/Service Garage
Residential Single-Family Housing (Rental)

Income and Expense Models are developed for each property group to cover the range of properties located within Northampton County. Income and expense models are based on typical net lease situations. For triple net and other type leases, expense ratios should be adjusted to reflect actual or typical expenses of the landlord in this type of arrangement.

Economic Income is developed on a gross square foot or unit basis. Potential Gross Income is adjusted for occupancy loss to produce an Effective Gross Income. Income and Occupancy factors may be adjusted for exceptional properties on an individual basis.

Expenses for management and marketing, maintenance, utilities, reserve for replacement, property taxes and other operating expenses are specified as a percentage of Effective Gross Income. Expenses are deducted from Effective Gross Income to generate a Net Income, which is then capitalized using a band of investment technique.

Income Models include associated capitalization parameters:

a) Typical financing percentage rates and terms.
b) Cash on cash requirements.

These capitalization parameters may be adjusted for lower or higher risk properties through an override of the indicated model rates. Capitalization Rates are computed excluding an effective tax rate and applied to the Net Income to generate an indicated value.

INCOME MODEL SAMPLES

NOTE: The following income models for various properties are provided for illustration purposes only.

MOBILE HOME PARKS

Income	Expense Rates			Capitalization	
Economic Rent per Site	Vacancy	Mgmt.	Expenses	Cap Rate	GRM
More than $250 per Month	10-20%	15-20%	25-35%	.09-.11	4-7
$150 - $250 per Month	10-20%	15-20%	25-35%	.09-.11	4-7
$100 - $149 per Month	10-20%	15-20%	25-35%	.09-.11	4-7
$60 - $99 Per Month	10-20%	15-20%	25-35%	.10-.12	3-5
Less than $60 per Month	10-20%	15-20%	25-35%	.10-.12	3-5

MOTELS /HOTELS

Income	Expense Rates			Capitalization	
Effective Daily Room Rate	Vacancy	Mgmt.	Expenses	Cap Rate	GRM
$125 – up per Night	30-50%	10-15%	25-50%	.09-.10	2-3
$100 - $124 Per Night	30-50%	10-15%	25-50%	.09-.11	2-3
$65 - $99 Per Night	40-60%	10-15%	25-50%	.09-.12	2-3
$40 - $64 Per Night	40-60%	10-15%	40-50%	.10-.11	2-3
Less than $40 per Night	40-60%	10-15%	40-60%	.10-.12	2-3

MINI-STORAGE

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$3 - $20	2 – 30%	5 – 50%	2 – 5%	.05 -.14

AUTO SERVICE GARAGE

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$5 - $30	5 – 25%	5 – 50%	2 – 5%	.05 -.15

APARTMENTS

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$5 - $35	1 – 33%	5 – 60%	2 – 6%	.05 - .12

GENERAL RETAIL/SHOPPING CENTER

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$5- $40	2 – 30%	3 – 40%	2 – 5%	.05 - .12

GENERAL OFFICE

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$5 - $35	5 – 20%	10 - 40%	2 – 5%	.05 -.15

MEDICAL OFFICE

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$5 - $60	2 – 15%	0 – 40%	2 – 5%	.05 -.15

CONVENIENCE STORES

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$0 - $50	3 – 25%	2 – 50%	2 – 5%	.04 - .12

RESTURANTS/FRANCHISE RESTURANTS

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$5 - $60	2 – 30%	5 – 50%	2 – 5%	.05 - .12

FAST FOOD/QUICK SERVE RESTURANTS

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$5 - $60	2 – 25%	3 – 50%	2 – 5%	.04 - .11

GENERAL RETAIL STORES

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$3 - $50	2 – 35%	2 – 40%	2 – 5%	.05 - .15

DISCOUNT/DOLLAR STORES

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$5 - $33	2 – 30%	4 – 40%	2 – 5%	.04 - .11

QUICK SERVE REPAIR/OIL LUBE

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$15 - $60	5 – 25%	4 – 50%	2 – 5%	.05 - .12

BANK

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$20 - $75	2 – 15%	2 – 50%	0 – 15%	.04 - .12

FREE STANDING PHARMACY/DRUG STORE

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$15 - $75	2 – 20%	0 – 45%	2 – 5%	.04 -.12

TYPICAL WAREHOUSE

Annual Sq. Ft Income	Vacancy Rate	Operating Expense	Reserve for Replacement	Cap Rate
$9 - $15	2 – 50%	5 – 50%	2 – 5%	.05 -.14

SECTION 42 LOW-INCOME HOUSING

North Carolina General Statute # 105-277.16

A North Carolina low-income housing development to which the North Carolina Housing Finance Agency allocated a federal tax credit under Section 42 of the Code is designated a special class of property under Article V, Section 2 (2) of the North Carolina Constitution and must be appraised, assessed, and taxed in accordance with this section. The assessor must use the income approach as the method of valuation for property classified under this section and must take rent restrictions that apply to the property into consideration in determining the income attributable to the property. The assessor may not consider income tax credits received under Section 42 of the Code or under G.S. 105-129.42 in determining the income attributable to the property. (2008-146, s. 3.1:2008-187, s. 47.6).

Historic View

LIHTC (low income assisted) or Section 42 Housing has averaged vacancies of 2.1 to 2.2 since 2016. The demand for the construction of apartments/multi-family buildings has only slowed since spring 2020 according to the Triangle Business Journal because of the Covid-19 crisis. Physical occupancy has run 97% or more since 2011 and the median economic occupancy has been at 97% since 2016 according to CB Richard Ellis Affordable Housing study.

Standardized Operating Expenses & Vacancy Rates

Based on information provided by the Institute of Real Estate Managers of the National Association of Realtors (IREM) for typical expense ratios for Section 42 and senior housing, the following analysis was used in developing procedures used by Northampton County for the 2023 Revaluation Project.

Operating Expenses

The national average is 49.07%, with the Charlotte MSA at 51.9%, and the U. S. Southeast region at 49.6%. The average expense ratio 53.52%. Most counties in North Carolina use a range from 50 to 60%. Fifty per cent is used on newer properties, while 60% is for those 15 years and older. A Section 42 housing I & E statement may claim more than 60%, so in-depth analysis is needed on each property. However, while expenses above 50% on a complex 1-5 years old is unusual, an expense ratio of 53 % has been adopted for Northampton County.

Vacancy Rates

Based on the analyses by CBRE and the Institute of Real Estate Management a 3% vacancy rate is adopted for use by Northampton County.

Reserve for Replacements

Typical reserve for replacements for traditional apartment properties indicate a range from 3% to 5%. A rate of 4% (which represents a 25-year life cycle before rehab) has been adopted for Section 42 low-income housing in Northampton County.

Capitalization Rate

Following standard assessor practice we use a "loaded cap rate" for the Section 42 Housing in Northampton County. A loaded cap rate has the base cap rate plus and taxing jurisdiction tax rate added to it. The cap rate can therefore vary with the tax jurisdiction.

SAMPLE INCOME APPROACH APPRAISAL
SECTION 42 LOW INCOME HOUSING

2012 48 UNIT APARTMENT COMPLEX
1 BEDROOM/1 BATH UNIT RENTS $737/MONTH (BASED ON MARKET)

Potential Gross Income (48x $737 x12 months)	=	$424,512
Vacancy & Collection Loss (3%)	=	- $12,735
Other Income (late fees)	+	$250
Effective Gross Income	=	$412,027
Operating Expenses (53%)	=	- $218,374
Reserves for Replacement (4%)	=	- $16,481
NOI (Net Operating Income)		$177,172
Capitalization Rate (6.02 + county tax 7.81)		$177,172/.1383
Appraised Value	-	$1,281,070.00
Value Per Unit (rounded to 100s)		**$26,700**