

AUTO DEALERSHIP MODEL

IDENTIFICATION of MODEL AREA

The Auto Dealership model is an income model that values all auto dealership properties, excluding small car lots, in Regina. Auto dealership properties typically feature moderate to large structures including a mix of showroom/office space and service/parts facilities, and are distinguishable from car lots that typically feature small structures of mostly office space.

The Auto Dealership model is a city-wide model in application. Auto dealerships are generally located on land zoned MAC (Major Arterial Commercial), with a few built on IA or IB (Light or Medium Industrial) land. These properties are located along Broad Street and Broad Street North (13 properties) and Albert Street North (three properties) in central Regina, along Winnipeg Street (two properties) near the Ross Industrial Area, and in Northwest Regina on Pasqua Street North (one property). These facilities were constructed between 1959 and 2010 and range in approximate gross building size from 8,000 square feet to 71,000 square feet.

EXECUTIVE SUMMARY

Auto Dealership Model

Appraisal Cycle Date – January 1, 2013 to December 31, 2016

Effective Date of Valuation – January 1, 2011

Date of Report – October 17, 2013

Rent Model

Description:	Rate (\$/sqft)
Base Rent	\$8.94
Additional Adjustments to base Rent:	
Leaseable Basement space	-\$2.81

Vacancy and Shortfall (Global Retail):

Vacancy = 4.37%

Shortfall = 1.96%

Overall Capitalization Rates (Global Retail):

Strata	Cap Rates
Light Industrial Manufacturing buildings built 1970 or newer	5.79%
Single-Story properties built 1970-1999	
Properties built in 2000 and newer	7.76%
Light Industrial Manufacturing buildings Pre1970	
Single-Story properties Pre1970	9.61%
Multi-Story properties built 1970-1999	9.66%
Multi-Story properties Pre1970	10.42%

Assessment to Sales Summary Results (Global Retail):

Number of Sales	121
Median Assessment-to-Sales Ratio (ASR)	1.000
Coefficient of Dispersion (COD)	18.80%

SCOPE of DATA and ANALYSIS

Auto Dealership Rent Model

Each year, the City Assessor requests copies of rent rolls for all non-residential properties in the City of Regina. The data for the development of the mass appraisal net rent model came from these returned rent rolls.

A total of 7 auto dealership net rents were analyzed. The following table provides a breakdown of these rents along with statistical measurements.

Auto Dealership Rent Statistics

Strata	Count	Mean	Median	Minimum	Maximum
Overall	7	\$8.94	\$8.12	\$6.26	\$15.19

Vacancy and Shortfall

Due to the limited number of Auto Dealerships and available lease data, the estimate for vacancy and shortfall was derived from the Global Retail analysis. The results are provided below:

Typical 2011 base date vacancy and shortfall adjustments were estimated from the returned rent rolls from property owners. The estimates are as follow:

Rent_Type	N	Sum (sqft)
OWNER	166	556,601
TENANT	2044	7,147,868
VACANT	149	351,938
Total	2359	8,056,407

$$\text{Vacancy} = 351,938 / 8,056,407 = 0.0437 \text{ (4.37\%)}$$

The typical operational costs reported as a ratio to typical net rents for auto dealership properties and comparable properties is 51%. The typical ratio of costs associated with vacant space in comparison to costs associated with occupied space (dark space ratio) is approximately 88%. The shortfall adjustment is calculated as follows:

$$\begin{aligned} \text{Shortfall} &= (\text{op cost/net rent ratio}) \times (\text{dark space ratio}) \times (\text{typical Vacancy}) \\ &= 0.51 \times 0.88 \times 0.0437 \\ &= 0.0196 \text{ (1.96\%)} \end{aligned}$$

Overall Capitalization Rates and Adjustments

Due to the limited number of Auto Dealerships and available sales data, the estimate for cap rates was derived from the Global Retail analysis. The results are provided below.

Economic Capitalization Rates were estimated by dividing the predicted base date net operating income (generated from the net rent model) by adjusted sale prices. Sales used in this analysis occurred between January 1, 2008 and December 31, 2010. These sales were verified by mailing questionnaires to both vendors and purchasers.

Sales were adjusted for non-realty items and other factors when warranted. Sales were also adjusted to the base date of January 1, 2011. The indicated time adjustment was approximately 4.8% per month for the first 10 months (January 2008 to October 2008) and no further adjustment for sales occurring after October 2008.

The economic capitalization rate analysis involved 121 sales, detailed in the following table:

Sales

Account	Address	mm	yy	Adjusted Sale Price	Predicted Income	Economic Cap Rate
10033406	1625 BROAD STREET	1	2008	\$259,234	\$15,800	6.09%
10027083	1925 7TH AVENUE	2	2008	\$763,907	\$94,600	12.38%
10026894	1140 ROSE STREET	1	2008	\$182,989	\$14,600	7.98%
10033673	604 12TH AVENUE	3	2008	\$333,220	\$23,200	6.96%
10065747	2124 ROBINSON STREET	2	2008	\$411,055	\$37,600	9.15%
10037732	2241 ALBERT STREET	2	2008	\$523,822	\$63,300	12.08%
10032108	3005 SASKATCHEWAN DRIVE	6	2008	\$482,499	\$54,000	11.19%
10059883	2128 DEWDNEY AVENUE	5	2008	\$216,675	\$31,600	14.58%
10027111	1220 SCARTH STREET	7	2008	\$328,035	\$20,300	6.19%
10026979	2235 8TH AVENUE	6	2008	\$182,746	\$9,900	5.42%
10027047	1329 SCARTH STREET	5	2008	\$247,773	\$17,700	7.14%
10026966	1350 LORNE STREET	3	2008	\$347,104	\$25,400	7.32%
10032674	1849 BROAD STREET	5	2008	\$252,829	\$24,300	9.61%
10040122	1205 E 14TH AVENUE	4	2008	\$123,209	\$15,400	12.50%
10026952	1325 SMITH STREET	7	2008	\$1,185,529	\$150,800	12.72%
10021970	620 ANGUS STREET	3	2008	\$277,684	\$28,100	10.12%
10027047	1329 SCARTH STREET	4	2008	\$139,107	\$17,700	12.72%
10027059	2044 DEWDNEY AVENUE	4	2008	\$960,499	\$83,600	8.70%
10032118	1808 CAMERON STREET	7	2008	\$489,175	\$37,800	7.73%
10032624	1856 SCARTH STREET	3	2008	\$694,209	\$78,600	11.32%
10024776	4200 DEWDNEY AVENUE	8	2008	\$428,330	\$46,400	10.83%
10027189	1500 8TH AVENUE	8	2008	\$255,900	\$23,900	9.34%
10036975	2915 13TH AVENUE	1	2009	\$3,574,927	\$277,000	7.75%
10026486	1246 ALBERT STREET	2	2008	\$1,746,001	\$116,000	6.64%
10032633	1861 CORNWALL STREET	9	2008	\$466,350	\$38,100	8.17%

10027189	1500 8TH AVENUE	6	2008	\$167,668	\$23,900	14.25%
10027739	1248 MCDONALD STREET	9	2008	\$303,914	\$29,400	9.67%
10027193	1320 ST JOHN STREET	10	2008	\$451,991	\$41,800	9.25%
10036923	2080 RAE STREET	9	2008	\$514,033	\$42,300	8.23%
10032625	1846 SCARTH STREET	9	2008	\$1,938,760	\$147,600	7.61%
10037546	2326 ALBERT STREET	9	2008	\$309,154	\$26,100	8.44%
10027083	1925 7TH AVENUE	4	2009	\$649,987	\$94,600	14.55%
10033337	1601 OTTAWA STREET	2	2009	\$254,995	\$30,300	11.88%
10065751	3032 13TH AVENUE	3	2009	\$249,995	\$15,100	6.04%
10027266	1162 OSLER STREET	4	2009	\$1,199,975	\$158,000	13.17%
10033090	1759 HALIFAX STREET	5	2009	\$189,996	\$19,800	10.42%
10165943	1629 BROAD STREET	10	2009	\$612,987	\$57,000	9.30%
10037857	2227 14TH AVENUE	9	2009	\$479,990	\$52,700	10.98%
10033657	438 VICTORIA AVENUE	2	2010	\$419,991	\$48,900	11.64%
10032118	1808 CAMERON STREET	12	2009	\$598,988	\$37,800	6.31%
10026936	1324 MCINTYRE STREET	12	2009	\$264,995	\$14,400	5.43%
10016371	3885 SHERWOOD DRIVE	12	2009	\$3,799,922	\$515,100	13.56%
10037706	2144 BROAD STREET	10	2009	\$359,993	\$38,600	10.72%
10027918	1015 WINNIPEG STREET	2	2010	\$337,593	\$28,900	8.56%
10027340	1319 WINNIPEG STREET	1	2010	\$149,997	\$14,900	9.93%
10027442	1201 WINNIPEG STREET	11	2009	\$83,998	\$7,400	8.81%
10027084	1815 7TH AVENUE	11	2009	\$734,985	\$86,800	11.81%
10033020	1510 12TH AVENUE	4	2010	\$395,992	\$35,100	8.86%
10027031	1422 SCARTH STREET	6	2010	\$249,995	\$21,200	8.48%
10033054	1621 11TH AVENUE	5	2010	\$774,984	\$112,200	14.48%
10032067	2837 SASKATCHEWAN DRIVE	6	2010	\$414,992	\$38,500	9.28%
10086878	1564 ANGUS STREET	5	2010	\$77,498	\$10,400	13.42%
10033940	1835 PARK STREET	8	2010	\$326,393	\$37,900	11.61%
10027221	1428 ST JOHN STREET	6	2010	\$399,992	\$51,000	12.75%
10032662	2500 12TH AVENUE	10	2010	\$629,987	\$52,000	8.25%
10023483	5518 7TH AVENUE	9	2010	\$132,997	\$12,500	9.40%
10037653	2152 SCARTH STREET	6	2010	\$274,994	\$22,900	8.33%
10037714	2054 BROAD STREET	9	2010	\$537,989	\$64,500	11.99%
10037553	2135 ALBERT STREET	4	2009	\$333,993	\$28,300	8.47%
10091135	1580 ALBERT STREET	12	2010	\$1,368,472	\$102,400	7.48%
10026886	1120 BROAD STREET	11	2010	\$559,989	\$43,900	7.84%
10027065	1324 HAMILTON STREET	4	2008	\$397,448	\$30,900	7.77%
10089565	1602 WINNIPEG STREET	3	2008	\$242,973	\$15,500	6.38%
10027038	1350 SCARTH STREET	2	2008	\$270,496	\$25,500	9.43%
10033861	510 E VICTORIA AVENUE	3	2008	\$2,082,626	\$226,900	10.89%
10037735	2275 ALBERT STREET	1	2008	\$2,706,706	\$185,700	6.86%
10121922	6175 ROCHDALE BOULEVARD	2	2008	\$1,760,625	\$124,000	7.04%
10033848	1944 MCARA STREET	12	2008	\$253,995	\$16,800	6.61%
10007956	20 HESSE BAY	4	2008	\$397,448	\$53,200	13.39%
10033435	1645 REYNOLDS STREET	12	2008	\$294,994	\$15,500	5.25%
10032129	3241 SASKATCHEWAN DRIVE	12	2008	\$629,987	\$50,600	8.03%

10001931	1023 N DEVONSHIRE DRIVE	5	2008	\$1,137,732	\$112,900	9.92%
10027138	2333 6TH AVENUE	7	2008	\$748,149	\$43,000	5.75%
10033880	1758 MCARA STREET	7	2008	\$230,200	\$14,700	6.39%
10133583	1355 LORNE STREET	6	2008	\$329,305	\$18,000	5.47%
10032548	1505 ALBERT STREET	12	2008	\$689,986	\$46,500	6.74%
10026960	1428 LORNE STREET	12	2008	\$219,996	\$11,300	5.14%
10059449	145 HODSMAN ROAD	8	2008	\$190,003	\$10,600	5.58%
10034196	1651 PARK STREET	4	2009	\$734,985	\$48,200	6.56%
10055105	4371 ALBERT STREET	11	2008	\$1,299,973	\$89,800	6.91%
10059723	1131 E WEAVER STREET	5	2009	\$99,998	\$13,800	13.80%
10025853	1052 ALBERT STREET	4	2009	\$589,988	\$60,700	10.29%
10064962	1106 WINNIPEG STREET	9	2008	\$3,772,723	\$272,800	7.23%
10059718	1121 E WEAVER STREET	2	2009	\$141,997	\$10,600	7.46%
10018013	225 QUEBEC STREET	6	2009	\$557,989	\$52,300	9.37%
10018620	365 BROAD STREET	7	2009	\$314,694	\$32,100	10.20%
10059440	127 HODSMAN ROAD	9	2009	\$97,498	\$5,800	5.95%
10037013	2146 ROBINSON STREET	9	2009	\$399,992	\$45,600	11.40%
10070879	1180 WINNIPEG STREET	10	2009	\$287,619	\$18,600	6.47%
10064937	107 ALBERT STREET	4	2009	\$4,399,910	\$258,800	5.88%
10039088	735 VICTORIA AVENUE	11	2009	\$169,997	\$21,300	12.53%
10033544	806 VICTORIA AVENUE	9	2009	\$517,489	\$51,700	9.99%
10025852	1066 ALBERT STREET	9	2009	\$383,992	\$30,800	8.02%
10033881	1750 MCARA STREET	9	2009	\$335,993	\$27,800	8.27%
10002025	1135 N LAKEWOOD COURT	4	2009	\$399,992	\$38,700	9.68%
10027146	1205 ALBERT STREET	12	2009	\$499,990	\$31,200	6.24%
10037803	2332 SCARTH STREET	11	2009	\$1,249,974	\$156,300	12.50%
10026906	1319 ALBERT STREET	11	2009	\$624,987	\$53,600	8.58%
10059722	1129 E WEAVER STREET	2	2010	\$149,997	\$13,800	9.20%
10017128	302 ALBERT STREET	4	2010	\$814,983	\$108,100	13.26%
10012315	318 N ALBERT STREET	5	2010	\$3,849,921	\$297,900	7.74%
10032014	1954 ANGUS STREET	5	2010	\$319,993	\$42,900	13.41%
10018737	651 HENDERSON DRIVE	4	2010	\$17,699,638	\$1,256,100	7.10%
10032034	1834 ANGUS STREET	5	2010	\$219,996	\$22,700	10.32%
10027067	1316 HAMILTON STREET	3	2010	\$334,993	\$16,900	5.04%
10032408	2815 DEWDNEY AVENUE	5	2010	\$379,992	\$33,900	8.92%
10059890	1192 8TH AVENUE	2	2010	\$1,499,969	\$132,700	8.85%
10033736	1761 WALLACE STREET	8	2010	\$274,994	\$29,000	10.55%
10021959	870 ALBERT STREET	5	2010	\$4,599,906	\$452,000	9.83%
10207333	639 ADAMS STREET	8	2010	\$499,990	\$39,900	7.98%
10033861	510 E VICTORIA AVENUE	7	2010	\$3,299,933	\$226,900	6.88%
10037922	2201 BROAD STREET	9	2010	\$834,983	\$68,800	8.24%
10060829	2216 LORNE STREET	9	2010	\$599,988	\$56,900	9.48%
10204693	505 BROAD STREET	8	2010	\$809,983	\$55,900	6.90%
10027259	1011 OSLER STREET	12	2010	\$299,994	\$19,000	6.33%
10059447	141 HODSMAN ROAD	8	2010	\$119,998	\$16,900	14.08%
10017647	524 CORNWALL STREET	3	2008	\$416,525	\$25,900	6.22%
10027216	1455 BROAD STREET	6	2008	\$921,573	\$55,700	6.04%

10087024	2275 BROAD STREET	3	2009	\$699,986	\$50,300	7.19%
10159064	405 MAXWELL CRESCENT	5	2009	\$1,299,973	\$91,700	7.05%
10091621	3419 PASQUA STREET	7	2009	\$919,981	\$70,400	7.65%
10091237	1170 N STOCKTON STREET	10	2010	\$1,459,970	\$141,000	9.66%
10070127	2710 E QUANCE STREET	12	2010	\$6,499,867	\$510,300	7.85%

The reconciliation process for determining economic capitalization rate strata primarily involved Multiple Regression Analysis, which was supported by a consultation process with individuals active in the Regina real estate market. Recognized published capitalization rate data were also reviewed. The economic capitalization rates are as follow:

Strata	Cap Rates
Light Industrial Manufacturing buildings built 1970 or newer	5.79%
Single-Story properties built 1970-1999	
Properties built in 2000 and newer	7.76%
Light Industrial Manufacturing buildings Pre1970	
Single-Story properties Pre1970	9.61%
Multi-Story properties built 1970-1999	9.66%
Multi-Story properties Pre1970	10.42%

MODEL TESTING

In mass appraisal, the most effective means of evaluating the accuracy of appraisals is a ratio study. A ratio study compares the appraised values produced by the valuation models to arm's length sale transactions in the marketplace.

The legislated statistical requirement affecting the assessment of commercial properties in Saskatchewan is for the median ratio of a city-wide assessment-to-sales study to be within the range of 0.95 to 1.05.

The median assessment-to-sales ratio and Coefficient of Dispersion for this Auto Dealership model is provided below:

Number of Sales	121
Median Assessment-to-Sales Ratio (ASR)	1.000
Coefficient of Dispersion (COD)	18.80%