



Convenience Store & Service Station Valuation



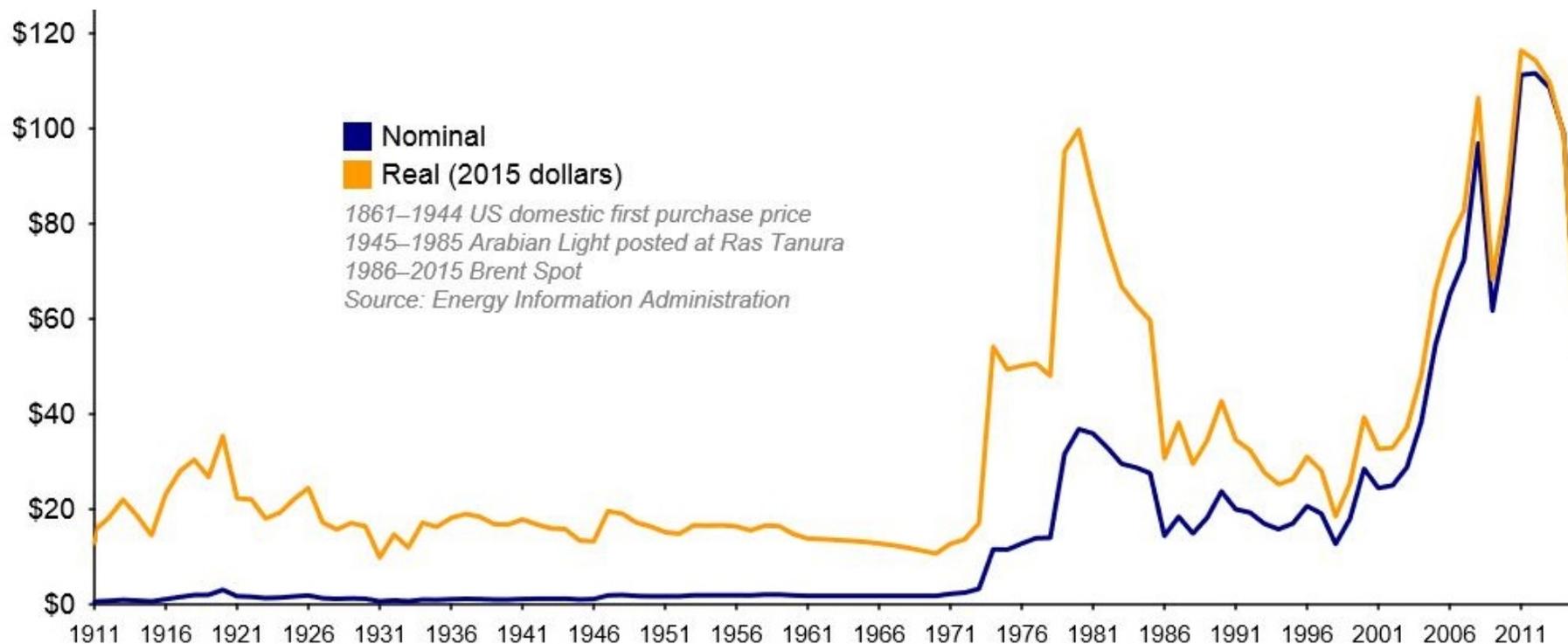


Objectives

- Discuss the economic factors that shaped the industry
- Highlight differences between service stations & convenience stores
- Review how to list the buildings
- Discuss common miscellaneous improvements
- Summary

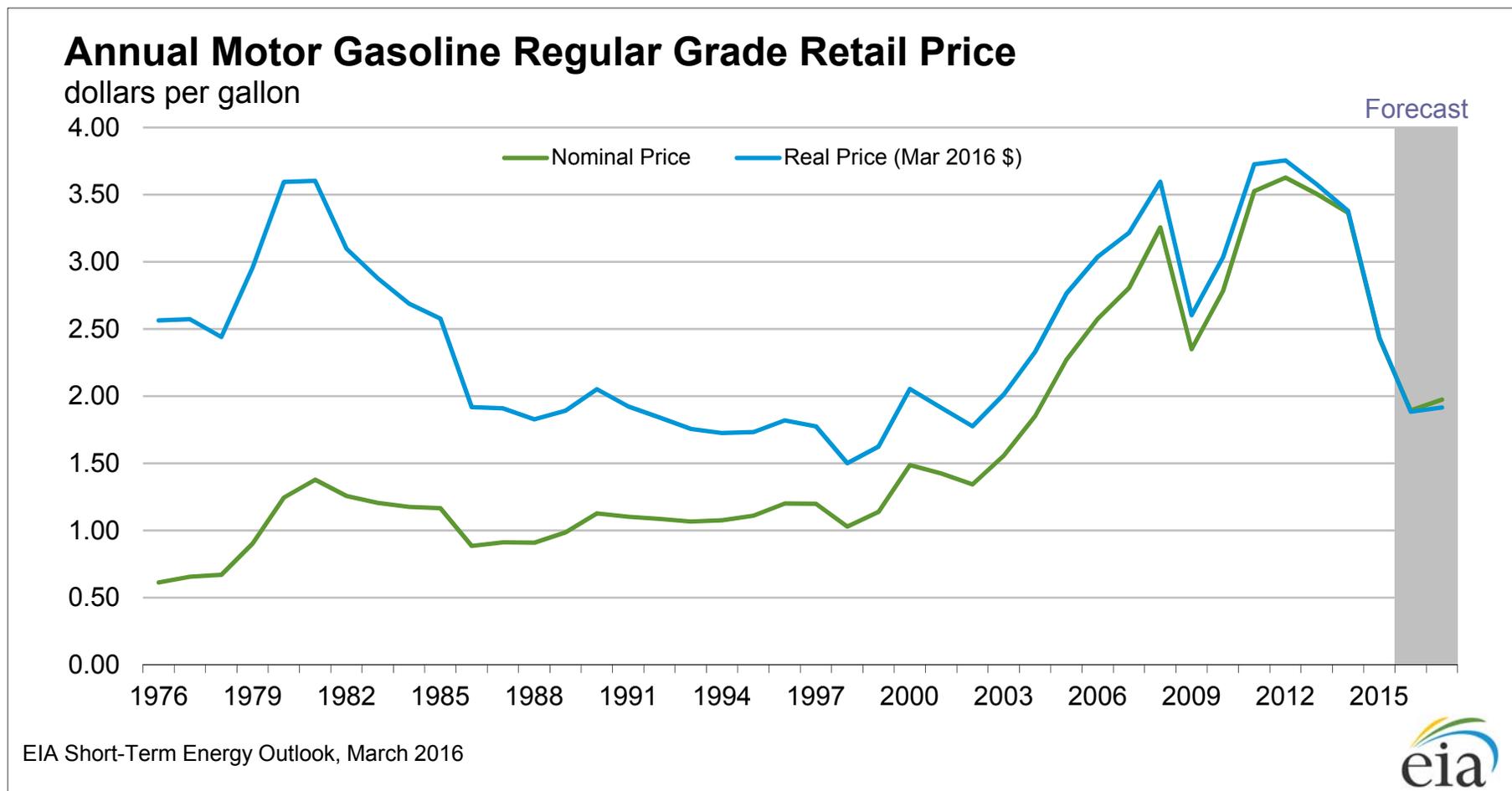


Historic Crude Oil Prices





Historic Gas Prices





A Shifting Market – 1970's

- Most stations have only full-service pumps
- Building is primarily for service of vehicles
- 1971 the first 7-Eleven gas station opens
- 1973 Oil Embargo
- 1979 Energy Crisis
- Full-service stations suffer as self service offered lower prices
- Self-service meant customers would pay inside



A Shifting Market – 1980's

- Late 1980's saw dwindling profit margins on gasoline
- Inside "convenience" sales are very profitable
- Store space begins to be devoted to retail rather than service
- Unskilled labor vs skilled labor



A Shifting Market – 1990's & 2000's

- Pay at the pump
 - Introduced in 1986
 - Fear of reduced inside sales
 - 13% of stores in 1994
 - 80% of stores in 2002
 - Inside sales increased because of shorter lines
- Stores seek ways to attract more business inside
 - Deli
 - Fast Food



Convenience Store Valuation

Service Station vs. Convenience Store





Characteristics of a Service Station

- Gas station
- Business model centered on vehicle service
- Automotive service and repair shop on site
- One stop shop for your vehicle
- Originally full-service operations
- Maintain somewhat conventional hours of operation
- Base rates are pulled from the 600 "Service" table



Listing the Service Station

- Things to look for:
 - Height adjustments
 - Rollup doors
 - Lube pits
 - Suspended heat in service area
 - Office finish
 - Retail display finish



Convenience Store Valuation

Service Station – Imp. Code 553





Convenience Store Valuation

Service Station – Imp. Code 553





Convenience Store Valuation

Service Station – Imp. Code 553





Convenience Store Valuation

Service Station – Imp. Code 553





Characteristics of a Convenience Store

- Gas station
- Business model centered around retail sales
- Fuel is a loss leader of sorts
- Sells a wide range of household items
- Extended hours of operation
- May have complementary business attached
- Base Rates are pulled from 590 "Convenience Store" table



Listing the Convenience Store

- Things to look for
 - Assign the correct building code
 - Height adjustments
 - Fire suppression (sprinklers)
 - Three compartment restaurant sinks
 - Heating & Cooling
 - Walk-in coolers
 - modular are personal property



Modular Walk-In Cooler





Convenience Store Valuation

Modular Walk-In Cooler





Convenience Store Valuation

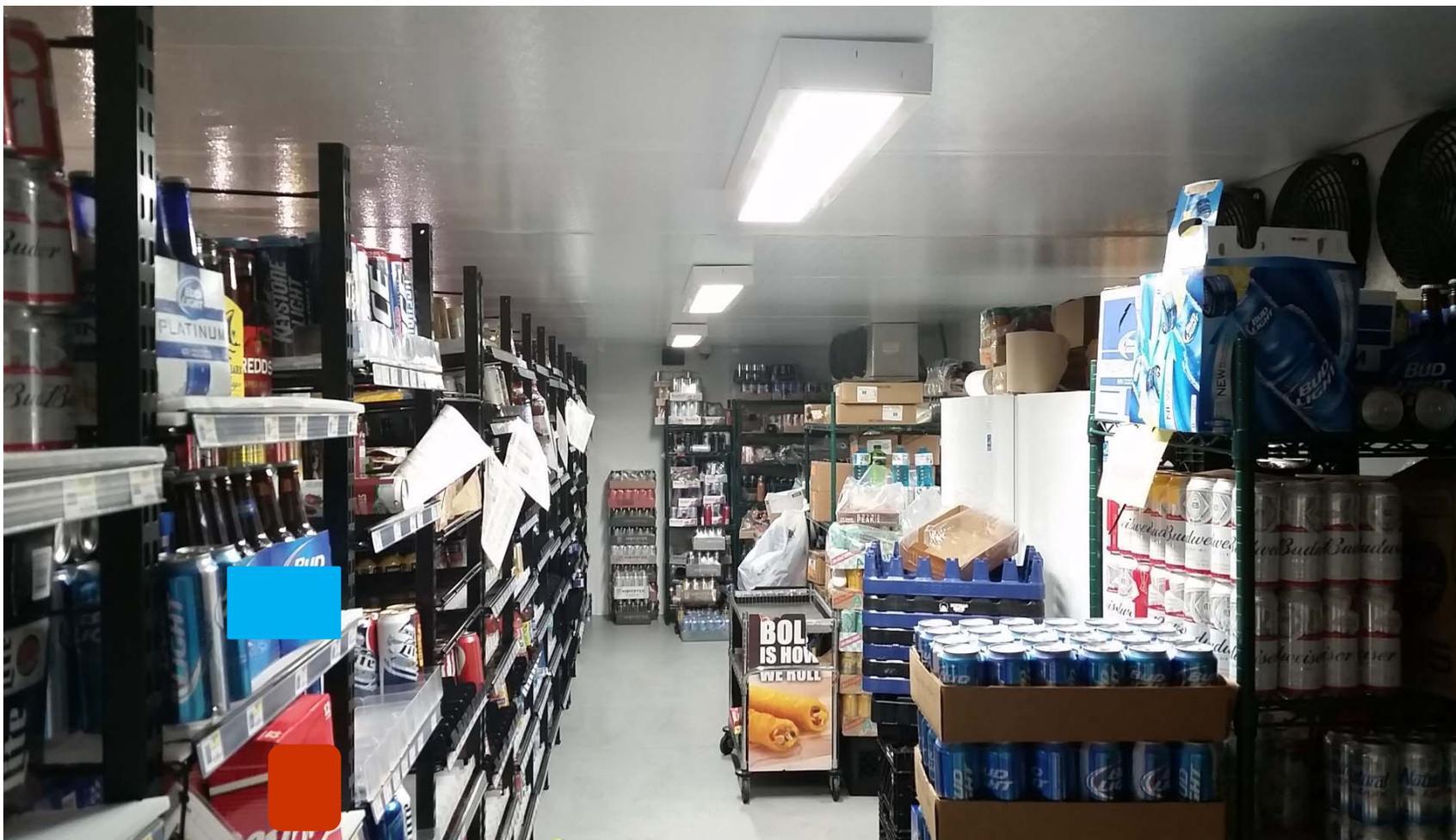
Modular Walk-In Cooler





Convenience Store Valuation

Modular Walk-In Cooler





Convenience Store Valuation

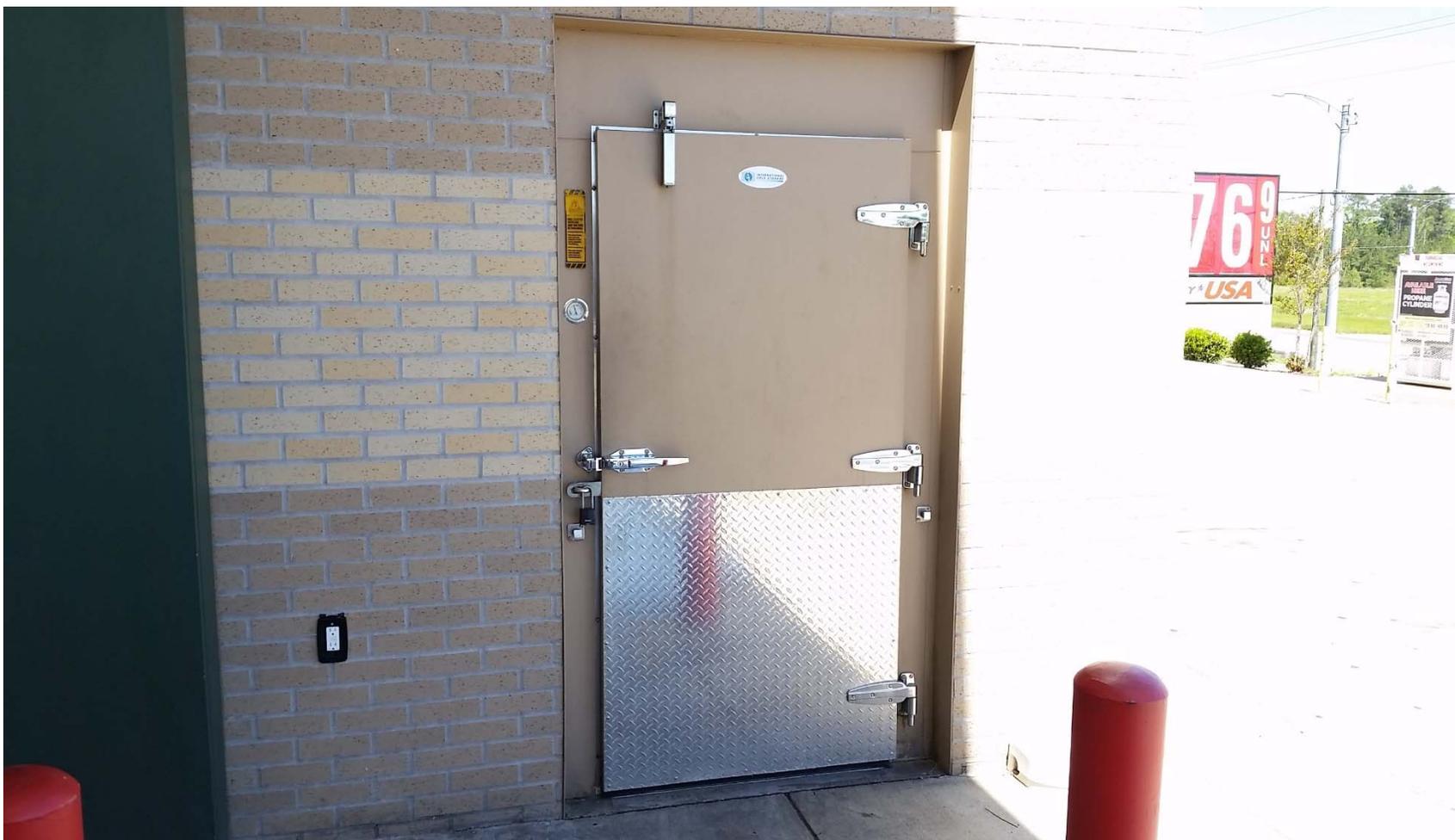
Modular Walk-In Cooler





Convenience Store Valuation

Real Property Walk-In Cooler





Improvement Classification

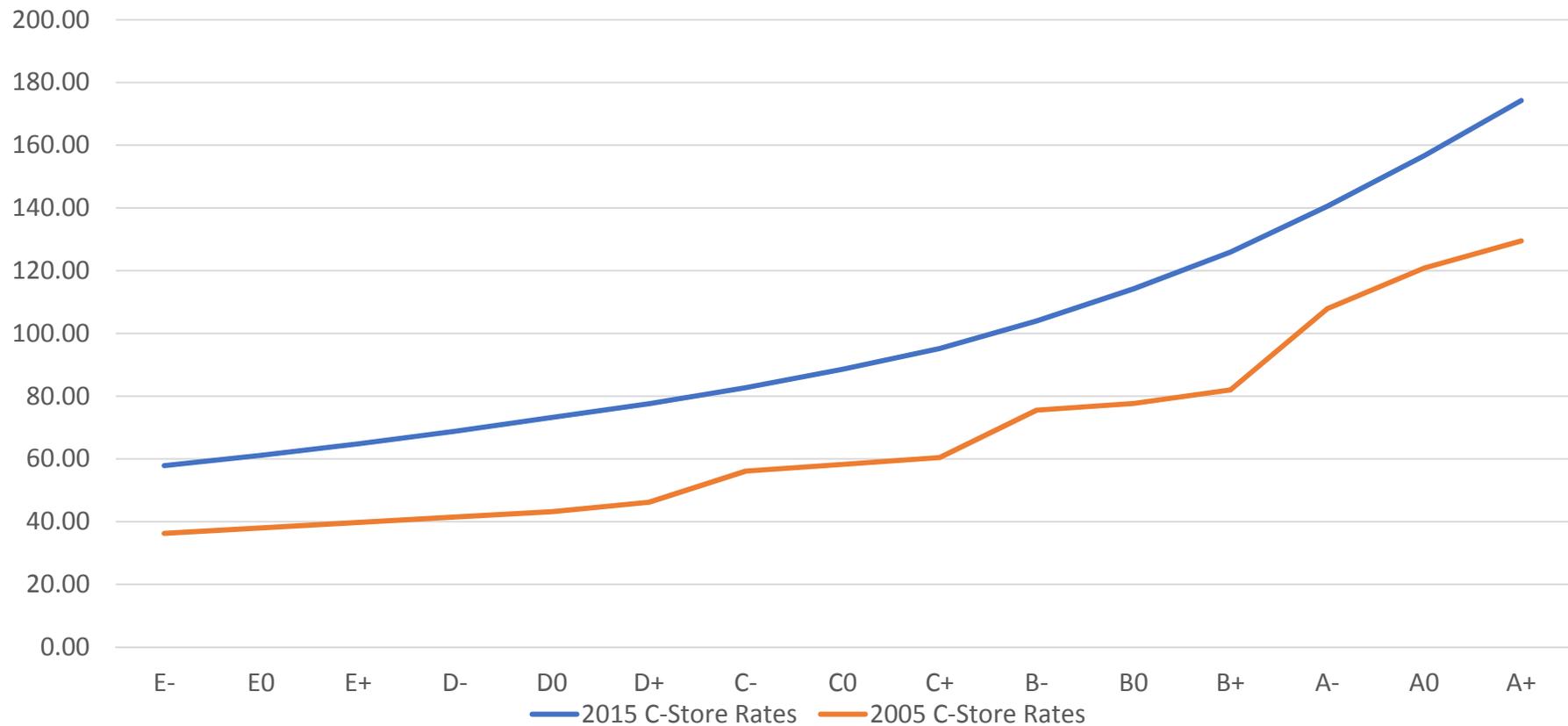
- Curve shift
- Proper classification is essential
- For implementation of the 2015 Manual
 - Query
 - Review



Convenience Store Valuation

Curve Shift

Convenience Store Rates





Convenience Store Valuation

Convenience Store (Code 590) – Class D





Convenience Store Valuation

Convenience Store (Code 590) – Class D





Convenience Store Valuation

Convenience Store (Code 590) – Class C





Convenience Store Valuation

Convenience Store (Code 590) – Class C





Convenience Store Valuation

Listed as Service Station

DEPRECIATION ADJUSTMENT		Calculated Based on the Alabama Appraisal Manual, 2015 Edition							
EFF. AGE / NORMAL	97%								
OBSERVED PHY.									
FUNCTIONAL									
ECONOMIC									
TOTAL DEPR.	97%								
BUILDING SUMMARY									
STORY HEIGHT	+1								
BASE AREA	4,697								
UPPER FLR. AREA	0								
UPPER FLR. ADJ.	0								
APPENDAGES	9								
TOTAL ADJ. AREA	4,706								
BUILDING CALCULATIONS									
BLDG. CLASS	C0								
CONST. UNITS	103								
BASE RATE	75.26								
ADJ. RATE	77.52								
TAA	4,706								
SUBTOTAL	364,809								
EXT. FEAT.	123,901								
BASE COST	488,710								
INDEX	1.00								
REPL. COST	488,710								
COND. %	97%								
VALUE	474,049	APPENDAGES				APPENDAGES			
MKT ADJUSTMENT	1	SYMBOL	DEC.	AREA	ADJ. AREA	SYMBOL	DEC.	AREA	ADJ. AREA
FINAL VALUE	474,000	CAN. 2	0.2	46	9				

Improvement value \$474,000



Convenience Store Valuation

Listed as Convenience Store

DEPRECIATION ADJUSTMENT		Calculated Based on the Alabama Appraisal Manual, 2015 Edition							
EFF. AGE / NORMAL	97%								
OBSERVED PHY.									
FUNCTIONAL									
ECONOMIC									
TOTAL DEPR.	97%								
BUILDING SUMMARY									
STORY HEIGHT	+1								
BASE AREA	4,697								
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UPPER FLR. ADJ.	0								
APPENDAGES	9								
TOTAL ADJ. AREA	4,706								
BUILDING CALCULATIONS									
BLDG. CLASS	C0								
CONST. UNITS	111								
BASE RATE	87.32								
ADJ. RATE	96.93								
TAA	4,706								
SUBTOTAL	456,153								
EXT. FEAT.	120,613								
BASE COST	576,766								
INDEX	1.00								
REPL. COST	576,766								
COND. %	97%								
VALUE	559,463	APPENDAGES				APPENDAGES			
MKT ADJUSTMENT	1	SYMBOL	DEC.	AREA	ADJ. AREA	SYMBOL	DEC.	AREA	ADJ. AREA
FINAL VALUE	559,500	CAN. 2	0.2	46	9				

Improvement value \$559,500



What a Difference a Code Makes

Service Station - 553	
C0	Class
103	Const. Units
\$75.26	Base Rate
\$77.52	Adj. Rate
4,706	TAA
\$364,809	Subtotal
\$123,901	Ext. Feat.
\$488,710	Base Cost
1.00	Index
\$488,710	RCN
97%	Cond
\$474,000	Final Value

Convenience Store - 590	
C0	Class
111	Const. Units
\$87.32	Base Rate
\$96.93	Adj. Rate
4,706	TAA
\$456,153	Subtotal
\$120,613	Ext. Feat.
\$576,766	Base Cost
1.00	Index
\$576,766	RCN
97%	Cond
\$559,500	Final Value

**Incorrectly listing as a service station (code 553)
results in \$85,500 value loss.**



Convenience Store Valuation

Dealing with Multi-Use Stores





Listing Multi-Use Convenience Stores

- Determine the primary use of the building
- Add stall adjustment if needed
 - Open plan does not require adjustment
 - Partitioned design requires adjustment
- Add extra features of secondary business
- Heating & cooling is calculated from primary use



Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

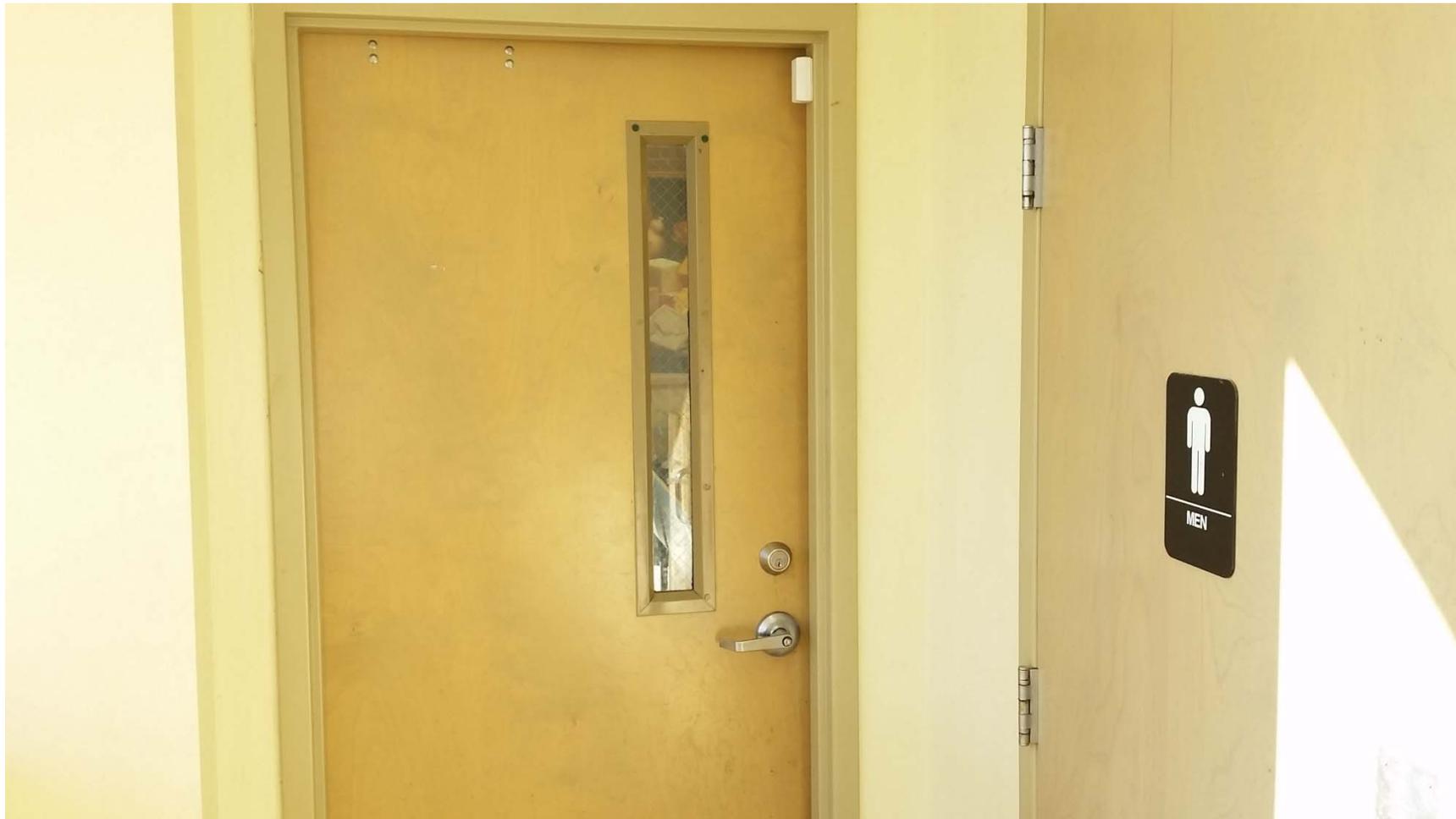
590 Building with Stall Adjustment





Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

590 Building with Stall Adjustment





Convenience Store Valuation

500 Retail Mixed with Stall Adjustment





Convenience Store Valuation

500 Retail Mixed with Stall Adjustment





Convenience Store Valuation

500 Retail Mixed with Stall Adjustment





Convenience Store Valuation

500 Retail Mixed with Stall Adjustment





Convenience Store Valuation

590 Building – No Stall Adjustment





Convenience Store Valuation

590 Building – No Stall Adjustment





Common Miscellaneous Improvements

- Paving & curbing
- Floodlights on pole
- Kiosk
- Service station canopy
- Car wash
- Dumpster enclosure



Convenience Store Valuation

Gas Station Kiosk (Security Structure)





Convenience Store Valuation

Gas Station Kiosk (Security Structure)





Convenience Store Valuation

Gas Station Kiosk (Security Structure)





Convenience Store Valuation

Gas Station Kiosk (Cashier Booth)





Convenience Store Valuation

Low Cost Service Station Canopy





Convenience Store Valuation

Low Cost Service Station Canopy





Convenience Store Valuation

Average Service Station Canopy





Convenience Store Valuation

Average Service Station Canopy





Convenience Store Valuation

Average Service Station Canopy





Convenience Store Valuation

Average Service Station Canopy





Convenience Store Valuation

Average Service Station Canopy





Convenience Store Valuation

Good Service Station Canopy





Convenience Store Valuation

Good Service Station Canopy





Convenience Store Valuation

Good Service Station Canopy





Convenience Store Valuation

Good Service Station Canopy





Convenience Store Valuation

Excellent Service Station Canopy





Convenience Store Valuation

Excellent Service Station Canopy





Convenience Store Valuation

Low Cost Automatic Car wash





Convenience Store Valuation

Masonry Drive-Thru Car Wash





Convenience Store Valuation

Masonry Drive-Thru Car Wash





Convenience Store Valuation

Porcelainized Steel Drive Thru Car Wash





Convenience Store Valuation

Double C.B. Covered Trash Enclosure





Brick Open Trash Enclosure





Brick Covered Trash Enclosure





Conclusion

- With proper coding and improvement classing, market value should now be obtainable
- New miscellaneous improvements will provide clarity and consistency when listing