



# *Alabama Association of Assessing Officials*

## *2018 Summer Conference*

*August 7-10, 2018*

*Perdido Beach Resort, Orange Beach Alabama*



***DATA ANALYSIS:  
Theory of Grid  
Method***



## Objectives

**Distinguish  
between **Fast  
Food** and **Fast  
Casual****

**Discuss the theory  
of using the Grid  
Approach to  
valuing personal  
property assets**

**Demonstrate the  
creation of a grid for  
valuation personal  
property with real  
live county data**



# *Market Value*

Title 40-7-15



Except as otherwise provided by law, for the **purpose of assessment**, real and personal property shall be appraised at its **fair and reasonable market value**.

- **Market value** must be carefully distinguished from **price** and **cost**.



## What is the Grid Method

**Grid** values are developed from the **market**; therefore the grid approach is a modification of the **cost and market approach** (Sales Comparison)



## When to use the Grid Method

NO personal  
property return  
received.

Questions about  
the return

When a grid table  
exists for that  
particular  
business/industry



## How to use the Grid Method

Grid values are at  
RCN (**Replacement  
Cost New**)

$$\begin{array}{c} \text{GRID VALUE} \\ \times \\ \text{Square Footage} \\ = \\ \text{RCN} \end{array}$$

Depreciate RCN  
using % Good  
tables based on  
Effective Age

**Business 1 to 5 years will generally have same Effective Age**



## *Grid Method*

Not all businesses can  
be valued by grid  
method



## The Fast Food Industry

The **fast food industry** in the United States is worth approximately 198.9 billion U.S. dollars

The majority of this large market is comprised of **on-premises restaurants and drive-thrus**

**McDonald's** was by far the most valuable fast food brand in the world in 2016, surpassing its closest competitor **Starbucks** by a massive 44 billion.

**McDonald's** was is the **largest fast food company in terms of revenue**, followed by sandwich chain Subway and Yum! Brands, parent of Taco Bell, KFC and Pizza Hut.



## The Fast Casual Industry

The concept originated in the United States in the early **1990s**, but did not become mainstream until the end of the **2000s** and the beginning of the 2010s.

During the **economic recession** that began in 2007, the category of fast casual dining saw increased sales to **the 18–34-year-old demographic**

Customers with **limited discretionary spending** for meals tend to choose fast casual for dining perceived as **healthier**.

**Fast Casuals** have **fewer frozen or processed ingredients** and serves as an **intermediate** concept between fast food and casual dining.



## Fast Food vs Fast Casual

F a s t	Wendy's	F a s t	Chipotle
	Burger king		Panera Bread
	Krystal		Five Guys
F o o d	Hardees	C a s u a l	Newk's
	McDonald's		Jason's Deli
	Chick-fil-A		McAlister's



## Fast Food vs Fast Casual



Fast Food



Fast Casual



## Characteristics of a Fast Food Restaurant

Limited service;  
**Fast food** is about **quick turn over**

Bulk of sales are takeout roughly **70%**

**Drive-up window** is lifeblood;

**Focus** is on quick **customer turnaround**

Bulk of sales are **takeout** – roughly **70%\***

**High ratio** of kitchen to dining area (60% / 40%), (55% / 45%)



## Characteristics of a Fast Casual Restaurant

Limited-  
service or  
self-  
service  
format

Average  
meal price  
between  
\$8 and  
\$15

Made-to-  
order food  
with more  
complex  
flavors than  
fast food  
restaurants

Upscale,  
unique or  
highly  
developed  
décor

Most often  
will not have  
a drive thru



## Average Size for a Fast Food Restaurant



- The Average Size for a Fast Food Restaurant: 1,200 - 2,400... up to 4,000 square feet. Median 2.600 sq. ft.
- The **Average Size** for a Fast Food Restaurant largely depends on your **location**, your **target market** including their **demographics** and the **ambiance** you want to create inside your restaurant.
- **Newer stores are larger**, with increased seating areas
- The above figures are your Average Size for a Fast Food Restaurant that has no second floor and without a basement



## Restaurant general seating guidelines



**Total Food Service** suggests allocating the following per each guest based on maximum occupancy.

- Fine Dining: 18 – 20 Square Feet
- Full Service Restaurant Dining: 12 – 15 Square Feet
- Counter Service: 18 – 20 Square Feet
- **Fast Food Minimum: 11 – 14 Square Feet**
  - **Median 12.5 sq. ft. per customer**
- Table Service, Hotel/Club: 15 – 18 Square Feet
- Banquet, Minimum: 10 – 11 Square Feet



## Restaurant general seating example

Fast Food Minimum: **11 – 14 Square Feet** per occupant

Per customer sq. Ft. : **12.5** Median

Fast Food Restaurant: 1,200 – 4,000 sq. ft.

**2,600 Sq. Ft.** Median

- A space of 2,600 square feet
- $2,600 * 60\% = 1,560$  Kitchen Area
- $2,600 * 40\% = 1,040$  Dining Area
  - $1,040$  Dining area/ $12.5$  per customer = 100.8
  - Roughly **100** Seating capacity





## Appraising Fast Food Restaurant's



### Physical Inspection

- Requires visit to business location when information on Form **ADV-40** is **incomplete/inadequate** and **cannot be obtained by phone**
- Involves compiling listing of all business personal property
- Gather necessary information for Grid Valuation (**Quality/Density**)
- Make **Effective Age** Judgements
- **Can be performed anytime at appraiser's discretion**



## REAL OR PERSONAL

Personal

Real



Personal



## REAL OR PERSONAL

Personal



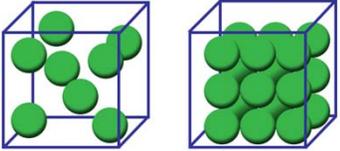
Personal

Real

Personal



## Assessing Quality/Density

<p>Density</p>  <p>TheEngineeringMindset.com</p>	<p><input checked="" type="checkbox"/> <b>EXCELLENT</b></p> <p><input type="checkbox"/> <b>GOOD</b></p> <p><input type="checkbox"/> <b>AVERAGE</b></p>
<p><b>Density</b></p> <p>Appraiser's must identify how <b>small or closely populated</b> the dining area is with respect to kitchen.</p>	<p><b>Quality</b></p> <p>Appraisers must identify the <b>quality of workmanship</b> when compared to like businesses</p>



# *Density*

the degree of  
**compactness** of  
a substance

the **quantity** of  
people or things in a  
**given area** or **space**



# Density



## Low

- McDonald's
- Wendy's
- Burger King



## Average

- Hardees
- Taco Bell
- Popeye's



## High Density

- Rally's/Checkers
- Subway
- Krystal



*Quality*

FAIR

AVERAGE

GOOD



## *Quality*

### Fair

- The Structure features **obvious deferred maintenance** and is in need of some **significant repairs**. Some building components need **repairs, rehabilitation, or updating**. The **functional utility** and overall **viability** are somewhat diminished due to condition, but the structure remains **useable** and **functional**.



## *Quality*

### Average

- The Structure is **well-maintained** and features **limited physical depreciation due to normal wear and tear**. Some components, but not every major building component, may be updated or recently rehabilitated. The structure has been **well-maintained**.
- *Note: The Structure is in its first-cycle of replacing short-lived building components (kitchen appliances, floor coverings, HVAC, etc.) and is being well-maintained. Its estimated effective age and actual age are very close. It also may reflect a property in which the majority of short-lived building components have been replaced but not to the level of a complete renovation.*



## *Quality*

### Good

- The structure features **no deferred maintenance, little or no physical depreciation, and requires no repairs**. Virtually all building components are new or have been recently repaired, refinished, or rehabilitated. **All outdated components and finishes have been updated and/or replaced** with components that meet current standards. Dwellings in this category either are **almost new or have been recently completely renovated** and are similar in condition to new construction.
- *Note: The improvements represent a **relatively new property that is well-maintained with no deferred maintenance** and little or no physical depreciation, or an older property that has been recently completely renovated.*



# Quality



## Fair

- Sonic
- Rally's/Checkers
- Subway
- D Class <



## Average

- Dairy Queen
- Hardees
- Krystal's
- Popeye's
- Church's
- Taco Bell
- C Class



## Good

- Chick-fil-A
- McDonald's
- Burger King
- Arby's
- Wendy's (newer style)
- B Class or better real property



## Fast Food/Quick Service Restaurants have 2 broad areas:



### Front of the house

- Dining Room
- Queuing area (where customers order)
- Front Counter/Cash Register (POS system)
- Menu Boards
- Food Assembly where orders finalized



### Back of the house

- Kitchen and cooking areas
- Freezer and Refrigeration areas (Walk in coolers)
- Storage Area
- Managers Office
- Employee Break room



## Fast Food restaurant Summary



As the name implies, **fast food** means that food is served quickly while the customers wait minimal time.

- Skill sets of the staff will be **minimal** and food will be made to a set system and processes that will produce food of the same quality and flavor
- Many foods will be **pre-prepared** and all that is required will be the final cooking or re-heating.
- Everything will have a **set routine** and work will be conducted to a set process.
- The **menu** will be the **same**
- **Décor** will be the **same/similar**
- Staff will dress the same



## Fast Food Restaurant Resources

National Restaurant Association:  
[www.restaurant.org](http://www.restaurant.org)

International Franchise  
Association: [www.franchise.org](http://www.franchise.org)

American Franchisee Association:  
[www.franchisee.org](http://www.franchisee.org)

Restaurant News Resource:  
[www.restaurantnewsresource.com](http://www.restaurantnewsresource.com)

<https://www.fastcasual.com/>



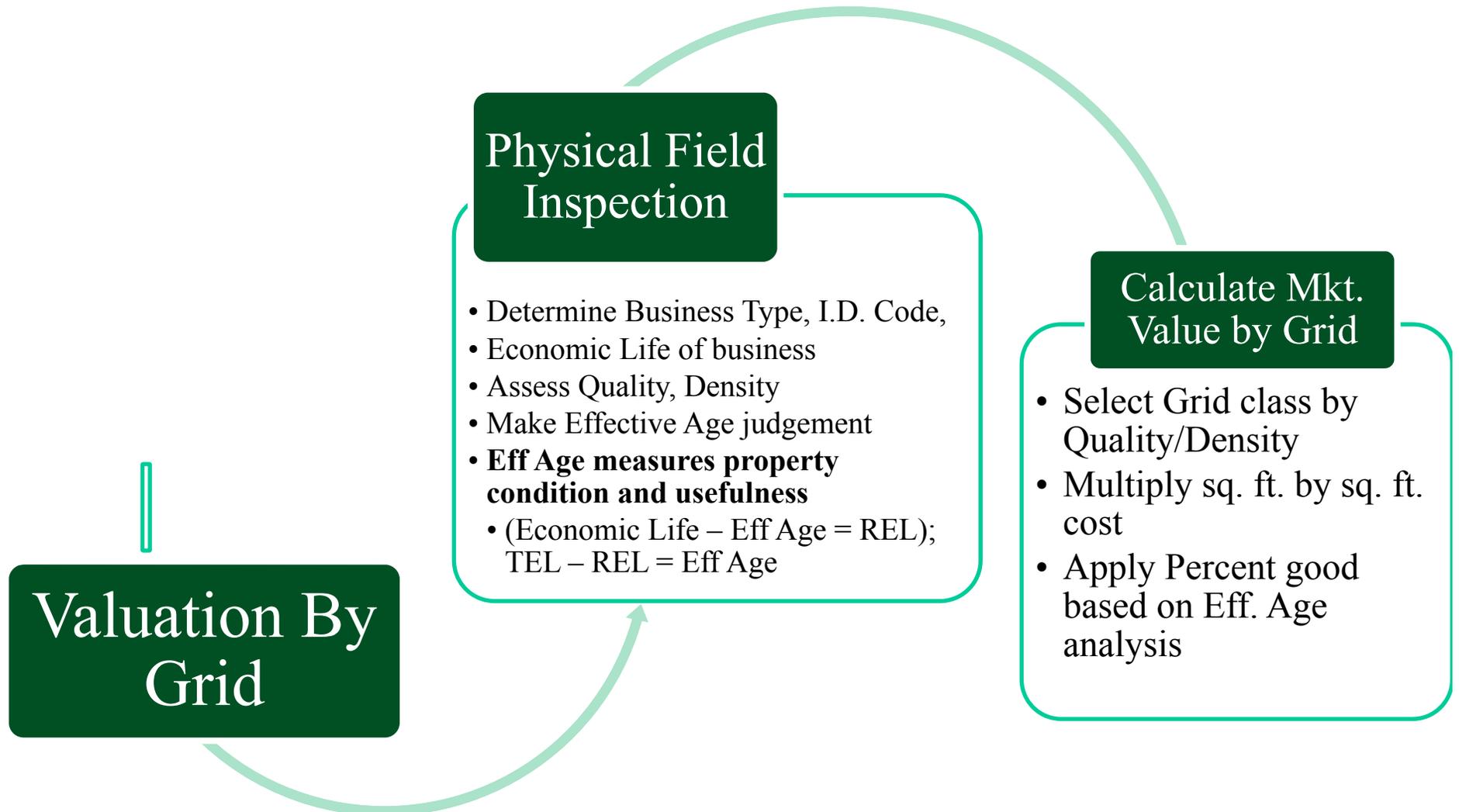
# Questions/Comments...



# *Break Session*



*Data Analysis:  
Demonstration of  
the Grid Method*



## Valuation By Grid

### Physical Field Inspection

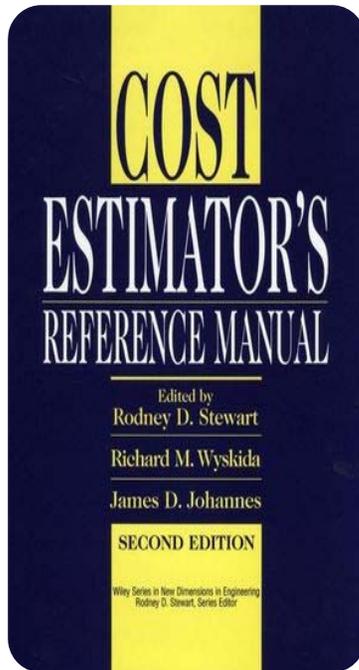
- Determine Business Type, I.D. Code,
- Economic Life of business
- Assess Quality, Density
- Make Effective Age judgement
- **Eff Age measures property condition and usefulness**
  - $(\text{Economic Life} - \text{Eff Age} = \text{REL});$   
 $\text{TEL} - \text{REL} = \text{Eff Age}$

### Calculate Mkt. Value by Grid

- Select Grid class by Quality/Density
- Multiply sq. ft. by sq. ft. cost
- Apply Percent good based on Eff. Age analysis



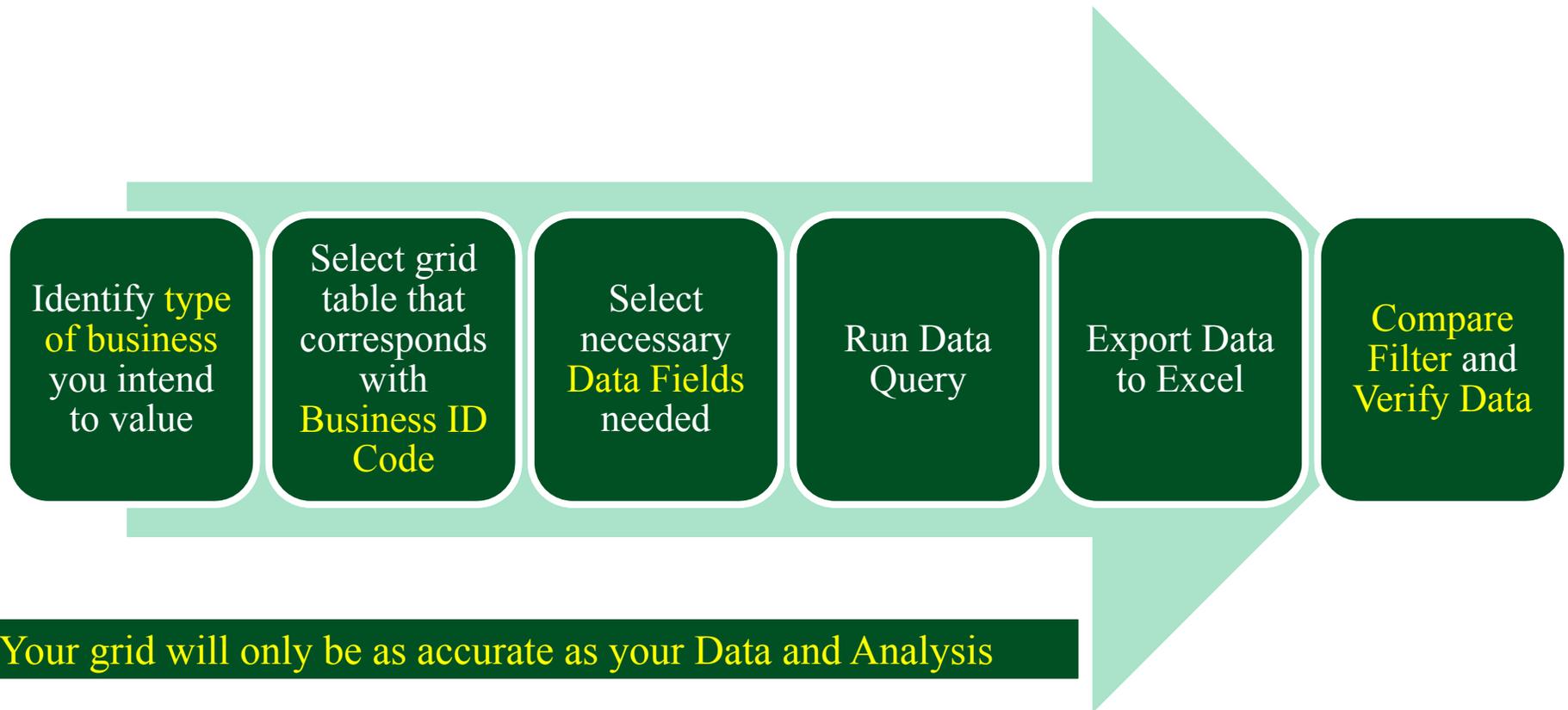
# Grid Method of Valuation



- Businesses 1 to 5 yrs. usually have same Effective Age
- The basis of this approach is that **similar businesses** will have **similar types** and **amounts** of personal property
- **Observed Condition** is preferred method of assessing Effective age



# How to develop a Grid





# What Data to Query: REAL

Tax year

Parcel #

- 22 09 44 0 014  
123.000



Account #/Key #  
• If applicable

Improvement  
Code

580 – Fast Food

Owner's Name  
(DBA)

Situs Address

Improvement  
Class

Total Building  
Value

Base Area of  
Improvement  
(Square Footage)

Year Built



# What Data to Query: Personal

**Tax year**

**Account /Pin/Key  
#**  
• 02570453

**Business ID Code**  
5840 – Fast Food

**Owner's Name  
(DBA)**

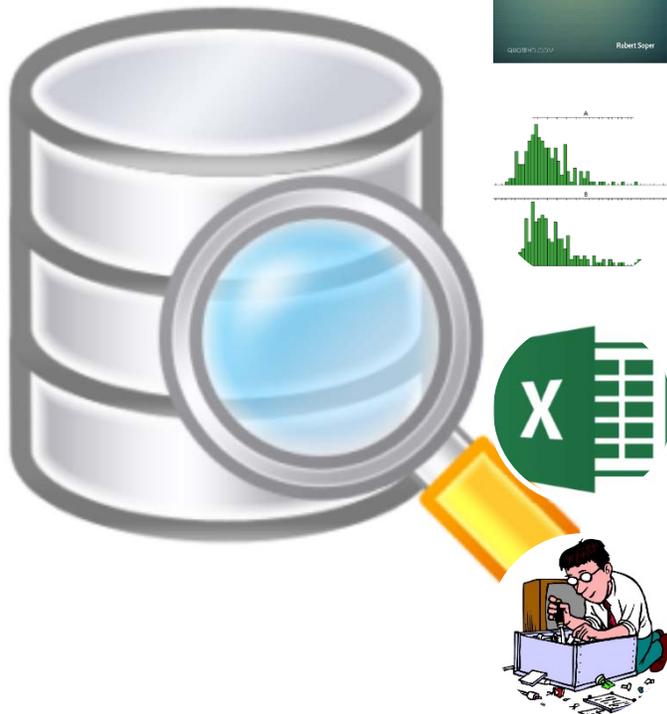
**Situs Address**

**Total Asset Value**  
• Compare  
itemized listing  
of like franchises

**Year Built**

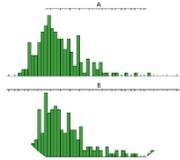


# Data Query



A LOT OF IT IS  
TRIAL AND  
ERROR.

Trial & Error



Start with large sample  
and dilute as needed

YouTube Excel  
Videos/Tutorials

Information  
Technology Pro



## Typical Data Query Errors



- Incorrect **Business Codes**
- Inconsistent **Quality/Density** Judgements
- Discrepancies in **Square Footage**
  - *Tax Records vs. MLS*
- Double Assessment (both real and personal have assessed asset)



# Personal Property

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11 : X ✓ fx BUSINESS\_ADDRESS\_2A

	R	S	T	U	V	W	X	Y	Z	AA	RP T
1	ADDRESS_2	ADDRESS_3	CITY	STATE	ZIPCODE_1	ZIPCODE_2	YEAR_BUILT	BUILDING_PRIMARY_CODE	BASIC_AREA	ADJUSTED_AREA	
2	P O BOX 22845		OKLAHOMA CITY	OK	73123		2004	583	5507	5621	
3	P O BOX 54310		LEXINGTON	KY	40555		1989	580	3177	3177	
4			MOBILE	AL	36608		1989	580	2803	2851	
5	STORE #2083	P O BOX 54310	LEXINGTON	KY	40555		1990	580	2719	2723	
6			MOBILE	AL	36608		1979	580	2066	2410	
7	822 AZALEA RD		MOBILE	AL	36693		1974	535	8100	8196	
8	822 AZALEA RD		MOBILE	AL	36693		1974	535	13740	14369	
9	822 AZALEA RD		MOBILE	AL	36693		1974	535	19500	19968	
10	822 AZALEA RD		MOBILE	AL	36693		1974	535	39048	39729	
11	822 AZALEA RD		MOBILE	AL	36693		1974	583	3188	3431	
12	C/O RANDALL RUDOLPH & ASSOC	P O BOX 610026	DALLAS	TX	75261		2012	583	1948	2092	
13	2100 RIVEREDGE PKWY STE 850		ATLANTA	GA	30328		1983	583	2817	2884	
14	2100 RIVEREDGE PKWY STE 850		ATLANTA	GA	30328		1985	583	3779	3918	
15	ATTN: RANDOLPH LEE	2325 EAST CAMELBACK RD STE1100	PHOENIX	AZ	85016		1978	583	2361	2361	
16			JACKSON	AL	36545		1971	583	1725	1820	
17	2100 RIVEREDGE PKWY STE 850		ATLANTA	GA	30328		1984	583	3732	3840	
18	MANAGEMENT DEPARTMENT	1325 N ANAHEIM BLVD	ANAHEIM	CA	92801	1202	1987	583	3518	3557	
19			FORT WALTON BCH	FL	32548		2017	583	2334	2338	
20	2325 EAST CAMELBACK RD	SUITE 1100	PHOENIX	AZ	85016		1979	583	1773	1825	
21			MOBILE	AL	36606		1985	535	21122	21396	
22			FT WALTON BEACH	FL	32548		1983	583	2627	2644	
23	P O BOX 868		MONTROSE	AL	36559		1978	580	5441	5565	
24	P O BOX 54310		LEXINGTON	KY	40555		1962	580	1886	1886	
25	P O BOX 610026		DALLAS	TX	75261	0026	1993	583	3657	3657	

Sheet1

READY COUNT: 98 100%



# Personal Property

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	A	B	C	D	E	F	G	H	I	J
1	BUSINESS_ID_CODE	PP PPIN	PP TOTAL_TRUE_VALUE	PARCEL_NUMBER	LND_PPIN	PP COMPANY_NAME_1	BUSINESS_ADDRESS_1A	BUSINESS_ADDRESS_1B	BUSINESS_ADDRESS_2A	BUS
2	5840	6097	128113	610305100101200	86566	KENTUCKY FRIED CHICKEN #0401JR	2460 MCKENZIE ST S (#0401)	FOLEY AL		
3	5840	32498	63652	230308400004700	100241	PIZZA HUT OF BAY MINETTE STORE # 2079	604 MCMEANS AVE	BAY MINETTE, AL		
4	5840	32500	98483	660420100000500	69208	PIZZA HUT OF GULF SHORES STORE #2084	600 GULF SHORES PKWY	GULF SHORES, AL		
5	5840	32501	52876	540932400000100	99656	PIZZA HUT RR OF FOLEY STORE #2083	1350 S MCKENZIE	FOLEY, AL		
6	5840	32503	40144	460516000002876	215574	PIZZA HUT OF FAIRHOPE STORE #2082	241 S GREENO ROAD	FAIRHOPE, AL		
7	5840	47969	54660	460516000002854	64946	HARDEES #1347	HWY 98 BYPASS	FAIRHOPE AL		
8	5840	47969	54660	460516000002854	64946	HARDEES #1347	HWY 98 BYPASS	FAIRHOPE AL		
9	5840	47969	54660	460516000002854	64946	HARDEES #1347	HWY 98 BYPASS	FAIRHOPE AL		
10	5840	47969	54660	460516000002854	64946	HARDEES #1347	HWY 98 BYPASS	FAIRHOPE AL		
11	5840	47969	54660	460516000002854	64946	HARDEES #1347	HWY 98 BYPASS	FAIRHOPE AL		
12	5840	47970	172944	230516200104050	18619	HARDEES #1352	BYPASS & D OLIVE	BAY MINETTE AL	BAY MINETTE AL	
13	5840	52206	152491	320937000300100	48176	BURGER KING 01-007 #3585	29295 S HWY 98	DAPHNE AL		
14	5840	77767	144061	540932100000700	8975	BURGER KING 01-011 #4581	910 MCKENZIE ST S	FOLEY AL		
15	5840	77806	114038	320937000300100	9766	TACO BELL #23758	29017 US HWY 98	DAPHNE, AL		
16	5840	79535	20116	#####	68696	CHICK & SEAFOOD	1127 MCKENZIE ST N	FOLEY AL		
17	5840	85980	166651	660417100002700	57568	BURGER KING 01-010 #4324	HWY 59 & FT MORGAN RD	GULF SHORES AL		
18	5840	86152	128533	330834000002300	37985	HARDEES #1444	I-10 & HWY 59 13151 N HICKORY	LOXLEY AL	LOXLEY	
19	5840	92560	47502	480306330200900	1394	ARBYS RESTAURANT	22111 ST HWY 59 S	ROBERTSDALE, AL		
20	5840	102625	14415	230516300208300	3563	CHURCHS CHICKEN	910 US HWY 31 S	BAY MINETTE		
21	5840	105569	15517	320931000001700	38498	DOMINO'S PIZZA #5895	6845 US HWY 90 E STE 109	DAPHNE, AL		
22	5840	106473	45282	320931000001700	53623	ARBYS RESTAURNAT	6775 US HWY 90	DAPHNE, AL		
23	5840	107335	74071	430306000402600	9768	PIZZA HUT OF DAPHNE STORE #2081	28765 US HWY 98	DAPHNE, AL		
24	5840	116538	41458	480306220104000	1387	PIZZA HUT CO OF ROBERTSDALE STORE #2086	22722 ST HWY 59 S	ROBERTSDALE, AL		
25	5840	117381	133756	660417400002500	2296	HARDEES #1474	837 GULF SHORES PKWY	GULF SHORES AL	GULF SHORES	
26	5840	121470	155932	610305100101300	115433	KRYSTAL CO FOL-01	2400 MCKENZIE ST S	FOLEY AL		
27	5840	121513	186419	610204200100800	120911	WENDYS 201	2501 MCKENZIE ST S	FOLEY AL		
28	5840	121529	158867	540833200001600	120157	TACO BELL #23767	1165 MCKENZIE ST S	FOLEY		

Sheet1

READY COUNT: 28 90%



# Personal Property

PARCEL NUMBER	EFF BLDG TYPE	Business ID Code	County	Year Built	Name/DBA Name	BLDG CLASS	Base Area	Persona Property Cost	Indicated Grid Price	Old Manual Rate	% Increase	Density	Quality	Record Year
29 09 29 1 001 041.XXX	583	5840	Mobile	2012/2016	Checkers	D	948	\$ 211,411	\$ 223.01	41.20	441%	High	Fair	2018
320827000002247	583	5840	Baldwin	2014	Sonic	C	1,463	\$ 257,310	\$ 176.41	41.20	327%	High	Fair	2018
33 08 27 2 000 015.XXX	583	5840	Mobile	2015	Krystals - Hwy 90	D	1,772	\$ 336,789	\$ 190.06	41.20	361%	High	Average	2018
28 05 22 2 003 001.003	583	5840	Mobile	2018	Krystal	D	1,775	\$ 279,828	\$ 157.65	41.20	283%	High	Average	2018
22 10 44 0 011 058.001	583	5840	Mobile	2016	Hardees	D	1,902	\$ 411,289	\$ 216.24	41.20	425%	High	Average	2018
4304202000064002	583	5840	Baldwin	2013	Popeyes - Daphne	B	2,159	\$ 292,872	\$ 136.64	64.50	110%	Average	Average	2018
28 05 22 2 003 001.XXX	583	5840	Mobile	2014	Dairy Queen - USA Campus	D	2,562	\$ 492,314	\$ 192.16	64.50	198%	Average	Average	2018
29 10 22 3 001 028.XXX	583	5840	Mobile	2015	Dairy Queen - Governement St	B+	2,608	\$ 438,768	\$ 168.24	64.50	161%	Average	Average	2018
6102092001007012	583	5840	Baldwin	2014	Whataburger - Foley	B	2,627	\$ 384,781	\$ 146.33	41.20	339%	Average	Average	2018
540932400006007	583	5840	Baldwin	2014	Popeyes - Foley	B	2,960	\$ 338,083	\$ 114.22	64.50	77%	Low	Average	2018
29 09 30 2 000 016.XXX	583	5840	Mobile	2015	Wendy's - Airport Blvd	B	3,062	\$ 458,522	\$ 149.75	89.00	68%	Low	Good	2018
29 08 18 2 003 040.XXX	583	5840	Mobile	2015	Dairy Queen - Springhill Ave	B	3,232	\$ 503,021	\$ 155.64	50.10	211%	Low	Average	2018
29 08 18 4 001 009.XXX	583	5840	Mobile	2017	Popeyes - Springhill Ave	D	3,245	\$ 335,500	\$ 103.39	50.10	106%	Low	Average	2018
28 04 19 3 000 027.003	583	5840	Mobile	2015	Wendy's - Schillinger Rd	B+	3,425	\$ 491,134	\$ 143.40	89.00	61%	Low	Good	2018
3209370003001009	583	5840	Baldwin	2014	McDonalds Malbis	B	3,978	\$ 673,807	\$ 169.89	89.00	90%	Low	Good	2018
28 08 28 1 001 001.003	583	5840	Mobile	2015	Chick-fil-a - Airport Blvd	D	4,527	\$ 577,374	\$ 127.54	89.00	43%	Low	Good	2018
29 09 30 2 000 013.XXX	583	5840	Mobile	2014	McDonalds in front of Mall	B+	5,224	\$ 719,134	\$ 137.66	89.00	55%	Low	Good	2018

Combi  
analysis

	Fair	Avg	Good
Low	\$ 107.45	\$ 140.53	\$ 173.60
Avg	\$ 122.56	\$ 155.64	\$ 188.71
High	\$ 156.99	\$ 190.06	\$ 223.14

Mean (Average)
Median
Standard Deviation

2,792	\$ 423,643	\$ 159.20	861	197%
2,627	\$ 411,289	\$ 155.64	865	161%
1,112	\$ 142,596	\$ 33.07	821	138%



# Working with data in Excel

ARITHMETIC

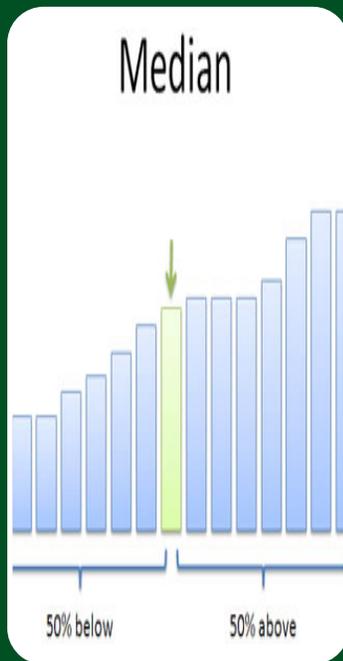
Mean

## Mean

- In statistics, the **mean** is the **average** of the numbers.
- **Significantly** affected by **outliers** (numbers on high/low end of data set)



# Working with data in Excel



## Median

- In statistics, the **median** is the number separating the higher half of a data sample from the lower half. (Middle number)
- *Less affected* by outliers unlike the arithmetic **mean** (Average)



## *Working in Excel*

### Standard Deviation



- Measures how **spread out** the numbers area
- **Deviation** just means how far from normal
- Tells you how **tightly clustered** your data is
- **Less affected by outliers** unlike the arithmetic mean (Average)



## Physical Field Inspection

- Determine Business Type, I.D. Code,
- Economic Life of business
- Assess Quality, Density
- Make Effective Age judgement
- **Eff Age measures property condition and usefulness**
  - $(\text{Economic Life} - \text{Eff Age} = \text{REL});$
  - $\text{TEL} - \text{REL} = \text{Eff Age}$

## Calculate Mkt. Value by Grid

- Select Grid class by Quality/Density
- Multiply sq. ft. by sq. ft. cost
- Apply Percent good based on Eff. Age analysis

## Valuation By Grid



## Valuation by Grid: Step 1

- 1) Determine Business Type, I.D. Code, Economic Life of business
- 2) Assess Quality, Density
- 3) Make Effective Age judgement
  - **Eff Age measures property condition and usefulness**
  - (Economic Life – Eff Age = REL); TEL – REL = Eff Age

Physical Field  
Inspection



## Determine Business ID Code

ALABAMA  
PERSONAL PROPERTY  
APPRAISAL MANUAL

VERNON BARNETT  
COMMISSIONER

DERRICK COLEMAN, DIRECTOR  
PROPERTY TAX DIVISION

ALABAMA  
DEPARTMENT OF REVENUE

### Section I: Pricing Guide

- Select the **Business ID code** that best reflects the type of business being appraised
- The appropriate **Business ID code** will have an appropriate **economic life**.
- The **Business ID Codes** are developed from Federal Industrial Code



# Restaurant Fast Food – 5840

**BUSINESS IDENTIFICATION CODES** Updated 09/15/2016

ID CODE	TYPE OF BUSINESS	ECO. LIFE
7929	RECORDING STUDIOS	5
7350	RENTAL COMPANIES - RENT TO OWN	5
	COMPUTERS AND ELECTRONIC EQUIPMENT	3
7353	RENTAL COMPANIES - HEAVY CONSTRUCTION	8
4700	RENTAL VEHICLE COMPANIES	10
7699	REPAIR SERVICES - MISCELLANEOUS	10
5820	RESTAURANTS	10
5840	RESTAURANTS - FAST FOOD	8
5830	RESTAURANTS - THEME OR SPECIALTY	10
5999	RETAIL - MISCELLANEOUS	10
3010	RUBBER PRODUCTS - MANUFACTURING	12
5850	SANDWICH & SPECIALTY SHOPS - RETAIL	10
4950	SANITARY SERVICES	8

# Economic Life: 8 Year

5040	SPORTS & RECREATION EQUIPMENT - WHOLESALE	10
5730	STEREO, RADIO & TV CENTERS - RETAIL	10
8200	STOCK BROKERS & DEALERS	10
5154	STOCK YARDS - WHOLESALE	10
7298	TANNING SALONS	10
4820	TELEGRAPH COMPANIES (PUBLIC UTILITY)	20
4810	TELEPHONE COMPANIES (PUBLIC UTILITY)	20
4833	TELEVISION STATIONS	5
	TOWERS (not to include antennas)	20
2200	TEXTILE - MANUFACTURING	8
5531	TIRE & RUBBER STORES - RETAIL	10
5993	TOBACCO SHOPS - RETAIL	10



## DEVELOPING EFFECTIVE AGE ESTIMATES

### Effective Age

- The **difference** between economic life and remaining economic life of the structure. The age is evident by the condition and utility of the structure. If a building is *better maintained* than other buildings in its *market area*, the **effective age** of building will be *less* than its **actual age**.

### Actual age

- the number of years that have elapsed since building construction was complete.



## DEVELOPING EFFECTIVE AGE ESTIMATES

### Effective Age

- The Appraiser must determine the effective age of the personal property

Business 1 to 5 years will generally have same Effective Age

average effective age may be necessary

- **Effective Age** measures the age of property in terms of condition and usefulness



### Calculate Mkt. Value by Grid

- 1) Select Grid class by Quality/Density
- 2) Multiply square footage by sq. ft. cost
- 3) Apply Percent good based on Effective Age Analysis



# Quality



## Fair

- Sonic
- Rally's/Checkers
- Subway
- D Class <



## Average

- Dairy Queen
- Hardees
- Krystal's
- Popeye's
- Church's
- Taco Bell
- C Class



## Good

- Chick-fil-A
- McDonald's
- Burger King
- Arby's
- Wendy's (newer style)
- B Class or better real property



# Density



## Low

- McDonald's
- Wendy's
- Burger King



## Average

- Hardees
- Taco Bell
- Popeye's



## High Density

- Rally's/Checkers
- Subway
- Krystal



# Restaurant Fast Food – 5840

## Economic Life: 8 Year

RESTAURANT - FAST FOOD

Business ID Code 5840

Furniture, Fixtures and Equipment

QUALITY

D E N S I T Y		Fair	Average	Good
	Low	1. 29.00	4. 50.10	7. 89.00
	Average	2. 33.40	5. 64.50	8. 106.00
	High	3. 41.20	6. 72.40	9. 132.60

Economic Life 8 Years

EXAMPLES FOR JUDGING QUALITY:

FAIR: DAIRY QUEEN, SONIC, RALLY'S, CHECKERS

AVERAGE: CHURCH'S CHICKEN, KFC, DOMINOS PIZZA, PIZZA HUT, GODFATHERS PIZZA, TACO BELL, KRISTAL, LONG JOHN SILVERS, CAPTAIN D'S, CHICK-FIL-A, ARBY'S, WAFFLE HOUSE, HUDDLE HOUSE

GOOD: MCDONALDS, BURGER KING, WENDY'S, HARDEES

NOTE: Small locations without a dining room and locations in malls, class normally as above but double the price per square foot.  
Add for outside seating.  
Add for playground equipment: \$20,000 to \$45,000.

REVISED 1/1999



# Personal Property % Good Table

PERSONAL PROPERTY  
PERCENT GOOD TABLE

EFF. AGE in Yrs.	3 YR. % GOOD	5 YR. % GOOD	8 YR. % GOOD	10 YR. % GOOD	12 YR. % GOOD	15 YR. % GOOD	20 YR. % GOOD	25 YR. % GOOD
0	84	93	95	96	97	98	99	98
1	67	85	90	92	94	95	97	98
2	44	69	79	84	87	90	93	95
3	30	52	67	76	80	85	90	93
4	20	34	54	67	73	79	86	90
5	18	23	43	58	66	73	82	87
6	16	20	33	49	58	68	78	84
7	14	18	26	39	50	62	74	81
8	12	16	22	30	43	55	70	78
9	10	14	20	24	36	49	65	75
10				21	29	43	60	71
11				20	24	37	55	68
12					22	31	50	64
13					20	26	45	60
14						23	40	56
15						21	35	52
16						20	31	48
17							27	44
18							24	39
19							22	34
20							20	30
21								26
22								23
23								20

This Table is to be used in situations where it is inappropriate to use the Composite Factor Table. This will include, but is not limited to, valuations using the Grid Method, Section II of the Personal Property Appraisal Manual, and various other pricing guides. Typically, when an effective age judgment is used to determine depreciation, this table will be used.



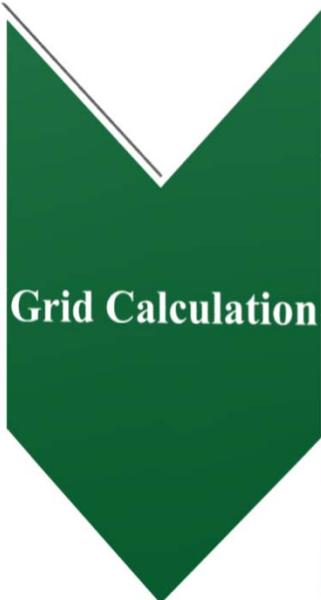
## Fast Food: 5840 Grid Rates

	Quality	Fair	Average	Good
D e n s i t y	Low	1. 107.45	4. 140.53	7. 173.60
	Average	2. 122.56	5. 156.00	8. 188.71
	High	3. 156.99	6. 190.06	9. 223.14

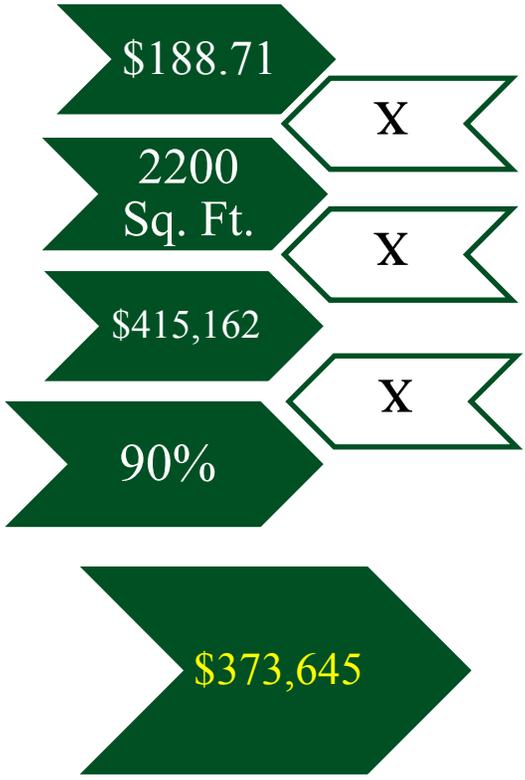


# Restaurant Fast Food – 5840

## Economic Life: 8 Year



- Business Id - 5840
- Business Type - Restaurant – Fast Food
- Yr. Built 2017
- Economic Life - 8 years
- Quality -Good
- Density - Average
- Grid Value - \$188.71
- Effective Age - 1
- Actual Age - 1
- % Good - 90%





# SUMMARY

### Identify large and small equipment

- Remember that the menu has a major impact on the type and selection of equipment
- Large equipment will be in place and difficult to move; Small equipment will be of varying quality.

### Data Statistics

- Standard Deviation measures how spread out the numbers are
- Median is least affected by outliers

### Quality/Density

- Class consistency across property types

### Data Query

- Querying and data analysis should be an integral part of your process