

# Commercial Properties



Assessing Department

177-140-01  
9/19/2019 SR  
001



## General Commercial Includes

- Offices
- Retail
- Apartments
- Warehouses
- Markets
- Box Stores
- Churches
- Gas Stations
- Car Washes

# General Commercial Includes (con't)

Commercial Valuation

- Hotels & Motels
- Banks
- Restaurants
- Medical / Dental Offices
- Lodges
- Equipment Shops
- Hangars
- Marijuana Grow Facilities & Retail Stores

2025



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043-390-29  
6/5/2019 SR  
C01



043-200-13  
7/31/2018 SR  
C01



145-180-95  
5/5/2015 SR  
C01



057-200-41  
8/9/2012 SR  
C01

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060-342-18LH01  
4/19/2018 SR  
C01



159-400-26  
10/1/2018 SR  
C01



058-290-05  
8/1/2019 SR  
C01



049-070-32  
7/10/2019 SR  
C01

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## KPB CAMA System

Commercial Valuation

- The KPB uses Computer Assisted Mass Appraisal (CAMA) software called ProVal.
- ProVal has 2 sets of cost tables. Residential and Commercial
- Marshall & Swift Valuation Service (MVS) is built into this software for our commercial tables.

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## A Typical Commercial Building

Commercial Valuation

- A field inspection starts the process.
- A sketch of the building
- Attributes are collected
- Construction Type Steel, Frame, Masonry, etc.
- Foundation Type Slab, Poured Concrete, Crawl, Basement etc.
- Heating Type
- Exterior siding

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# A Typical Commercial Building (con't)

Commercial Valuation

- Wall Height
- Roof Type
- Fire Suppression Systems
- An Occupancy code or multiple codes if the building has more than one use.
- Effective age estimate for depreciation
- A quality estimate
- Percent complete chart for unfinished structures or structures that need significant repairs.
- Other items included with the building such as bank equipment, underground fuel tanks, car wash equipment, freezers etc.
- We also value petroleum tank farms, pools, RV parks etc.

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## Industrial

- Oil and Gas
- Oilfield logistics, docks and facilities
- Fish Processing Plants
- Ship repair yards



Commercial Valuation

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## KPB Oil and Gas Industrials

Commercial Valuation

- Marathon Petroleum Refinery Previously Tesoro
- Marathon LNG Plant Previously Conoco Philips
- Agrium Kenai Nitrogen Plant
- Cook Inlet Natural Gas Storage Alaska CINGSA

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## Residential Shops and Hangars

Commercial Valuation

- We use our Commercial Cost tables on some residential properties  
This does make these properties "Commercial" in use.
- More specific on Construction type
  - Frame – Steel – Pole
  - Wall Structure Wood – Steel – PE Metal Sandwich Panels
  - Wall Height
  - Hangars - Values hangar doors

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# Possessory Interests

Commercial Valuation

- A possessory interest constitutes a private right to the possession or use of a public property for a specific period of time
- The term "Possessory Interest" is not a unique Alaskan term
- Originated in California in 1955. California Supreme Court affirmed the theories in three court decisions

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# Possessory Interests (con't)

Commercial Valuation

- Alaska Constitution Article IX, Section 5
- Alaska Statute 29.45.030s
- KPB has a few hundred of these which are adjusted annually
- Helps to keep equality with Private sector properties

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## Possessory Interests (con't)

Commercial Valuation

- A possessory interest takes into consideration that the value of the lease will decrease over time as the term of the lease get closer to the end.
- The land and improvement values are still updated during the canvas cycle.
- Lease renewal options are included in the term.
- The possessory interest calculation is performed based on our Cama system calculation of the fee value.

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## Possessory Interests (con't)

Commercial Valuation

### Examples in our Borough

- Hangars
- Vacant Land
- Golf Courses
- Hotels
- Bars
- Restaurants
- Medical Offices
- Hospital properties that lease space to private medical providers
- Industrial Properties
- Telcos

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# Boardwalk Buildings

Commercial Valuation



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# Boardwalk Buildings (con't)

Commercial Valuation

- No Real Property
- Recording transfers not required
- No foreclosure option for delinquency
- Actual Boardwalk/Dock is assessed to the owner of the Real Property
- Buildings are valued at 90% complete for lack of a foundation (the dock is the foundation)
- Most of these are located on the Homer Spit

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# Commercial Inspections

Commercial Valuation

- On the same canvas inspection cycle as the residential properties
- Look for a change of occupancy
- Look for renovations and additions
- Look for new structures
- Review the quality
- Update the effective age
- Confirm eave height
- Confirm structural components

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# Valuation

Commercial Valuation

- Three Approaches to value
  - Sales Comparison
  - Cost
  - Income

KPB uses the Cost Approach

- Replacement cost new less depreciation (RCNLD)
- Applied consistently and equitably across the Borough
- We review the other two approaches to value when the information is available but still reconcile using the cost approach
- Marshall Valuation Service is built into Proval Commercial
- Commercial cost tables are updated annually

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# AS 29.45.110 Full and True Value

Commercial Valuation

- **BURDEN OF PROOF**

- The appellant has the burden of proving or providing any information to show that the assessed values are excessive, improper or unequal. The Assessor is accorded broad discretion in deciding among the recognized valuation methods. The Assessor's choice of one recognized method of valuation over another is simply the exercise of a discretion committed to the Assessor by law.
- \* A borough has discretion to appraise by whatever recognized method of valuation it chooses, so long as there is no fraud or clear adoption of a fundamentally wrong principal of valuation. *Hoblitt v. Greater Anchorage Area Borough*, Sup. Ct. Op. No. 636 (File No. 1214), 473 P.2d 630 (Alaska 1970).

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# The Borough Assessment

Commercial Valuation

- Land \$69,000
- Improvements \$ 423,000
- Total Assessment \$492,000
  
- Land \$49,000
- Improvements \$443,000
- Total Assessment \$492,000
  
- The total value of the property is what is under appeal, not the allocation of land and improvement values.

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# The Borough Assessment (con't)

Commercial Valuation

- According to Alaska Statute 29.45.110
- The assessor shall assess property at its full and true value as of January 1 of the assessment year
- The full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels.

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# 3 Approaches to Value

Commercial Valuation

- Sales Comparison Approach
- Cost Approach
- Income Approach
- In the end, all three will produce an estimate of value of the entire property even though they are completely different methods.
- KPB uses the Cost Approach for all of the improved properties in it's jurisdiction.

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# Marshall Valuation Service

Commercial Valuation

- Also produce cost index reports.
- They are used to bring historical costs to current costs.
- These reports allow for review of changes to the costs over time.
- Nationally and locally we have seen a significant increase in building costs over the past couple of years.

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## COMPARATIVE COST MULTIPLIERS

SECTION 88 PAGE 35  
January 2023

### WESTERN DISTRICT – NORTHWEST CITIES

BUILDING CLASSES		CURRENT QUARTER																		
INDEX		01/2023	10/2022	07/2022	04/2022	01/2022	10/2021	07/2021	04/2021	01/2021	10/2020	07/2020	04/2020	01/2020	10/2019	07/2019	04/2019	01/2019	10/2018	07/2018
<b>ANCHORAGE, AK*</b>																				
A	Prepoured steel frame	5232.2	1.000	0.983	1.010	1.022	1.054	1.108	1.179	1.219	1.225	1.248	1.249	1.251	1.257	1.264	1.264	1.253	1.259	1.266
B	Reinforced concrete frame	5233.8	1.000	0.986	1.025	1.056	1.074	1.084	1.144	1.171	1.172	1.194	1.208	1.209	1.207	1.204	1.204	1.213	1.219	1.226
C	Masonry bearing walls	5234.4	1.000	0.990	1.024	1.057	1.074	1.082	1.148	1.181	1.182	1.204	1.218	1.219	1.217	1.214	1.214	1.213	1.219	1.226
D	Wood frame	5115.6	1.000	0.987	1.020	1.050	1.074	1.082	1.148	1.181	1.182	1.204	1.218	1.219	1.217	1.214	1.214	1.213	1.219	1.226
E	Mixed frame and walls	4835.1	1.000	0.982	1.009	1.051	1.082	1.080	1.175	1.209	1.210	1.231	1.247	1.247	1.244	1.244	1.244	1.244	1.251	1.257
<b>SEATTLE, WA</b>																				
A	Prepoured steel frame	5583.4	1.000	1.000	1.029	1.068	1.123	1.182	1.289	1.317	1.358	1.371	1.373	1.372	1.380	1.375	1.363	1.369	1.364	1.412
B	Reinforced concrete frame	5585.1	1.000	0.996	1.037	1.076	1.130	1.177	1.214	1.242	1.289	1.304	1.304	1.303	1.311	1.303	1.303	1.303	1.303	1.351
C	Masonry bearing walls	5433.1	1.000	0.990	1.005	1.049	1.102	1.084	1.217	1.248	1.292	1.311	1.315	1.312	1.322	1.322	1.322	1.322	1.322	1.370
D	Wood frame	5245.3	1.000	0.990	0.999	1.022	1.107	1.072	1.201	1.240	1.289	1.319	1.329	1.341	1.349	1.349	1.349	1.349	1.349	1.397
E	Mixed frame and walls	5072.9	1.000	0.982	1.000	1.066	1.117	1.126	1.256	1.289	1.335	1.358	1.364	1.364	1.375	1.376	1.387	1.374	1.388	1.434
<b>SPOKANE, WA</b>																				
A	Prepoured steel frame	5151.3	1.000	1.005	1.024	1.064	1.156	1.241	1.301	1.342	1.363	1.366	1.360	1.367	1.362	1.362	1.371	1.364	1.406	1.453
B	Reinforced concrete frame	4893.2	1.000	1.000	1.027	1.069	1.153	1.168	1.234	1.275	1.294	1.312	1.317	1.323	1.323	1.324	1.324	1.324	1.324	1.372
C	Masonry bearing walls	4893.2	1.000	0.999	1.024	1.069	1.153	1.168	1.234	1.275	1.294	1.312	1.317	1.323	1.323	1.324	1.324	1.324	1.324	1.372
D	Wood frame	4893.2	1.000	0.999	1.024	1.069	1.153	1.168	1.234	1.275	1.294	1.312	1.317	1.323	1.323	1.324	1.324	1.324	1.324	1.372
E	Mixed frame and walls	4551.7	1.000	0.979	0.997	1.045	1.152	1.158	1.241	1.282	1.314	1.344	1.350	1.350	1.359	1.359	1.369	1.354	1.369	1.416
<b>PORTLAND, OR</b>																				
A	Prepoured steel frame	5398.6	1.000	1.003	1.010	1.041	1.091	1.141	1.226	1.257	1.321	1.347	1.379	1.379	1.379	1.379	1.379	1.379	1.379	1.427
B	Reinforced concrete frame	4893.4	1.000	1.003	1.013	1.013	1.112	1.121	1.163	1.211	1.242	1.260	1.263	1.267	1.267	1.267	1.267	1.267	1.267	1.315
C	Masonry bearing walls	4844.2	1.000	0.999	0.994	1.049	1.088	1.104	1.132	1.184	1.214	1.231	1.234	1.234	1.234	1.234	1.234	1.234	1.234	1.282
D	Wood frame	4844.2	1.000	0.999	0.994	1.049	1.088	1.104	1.132	1.184	1.214	1.231	1.234	1.234	1.234	1.234	1.234	1.234	1.234	1.282
E	Mixed frame and walls	4844.2	1.000	0.999	0.994	1.049	1.088	1.104	1.132	1.184	1.214	1.231	1.234	1.234	1.234	1.234	1.234	1.234	1.234	1.282
<b>METROFORD, OR</b>																				
A	Prepoured steel frame	4917.6	1.000	1.003	1.002	1.009	1.113	1.111	1.211	1.209	1.273	1.306	1.336	1.340	1.340	1.340	1.340	1.340	1.340	1.411
B	Reinforced concrete frame	4719.2	1.000	1.001	1.011	1.018	1.112	1.111	1.211	1.209	1.273	1.306	1.336	1.340	1.340	1.340	1.340	1.340	1.340	1.411
C	Masonry bearing walls	4719.2	1.000	0.993	1.008	1.076	1.084	1.072	1.222	1.214	1.283	1.303	1.313	1.313	1.313	1.313	1.313	1.313	1.313	1.384
D	Wood frame	4719.2	1.000	0.993	1.008	1.076	1.084	1.072	1.222	1.214	1.283	1.303	1.313	1.313	1.313	1.313	1.313	1.313	1.313	1.384
E	Mixed frame and walls	4532.3	1.000	0.989	1.003	1.069	1.106	1.107	1.259	1.254	1.319	1.334	1.360	1.369	1.370	1.381	1.384	1.381	1.394	1.442
<b>BOSCH, ID</b>																				
A	Prepoured steel frame	5051.3	1.000	1.007	1.029	1.087	1.143	1.208	1.344	1.374	1.399	1.415	1.432	1.442	1.445	1.446	1.446	1.446	1.446	1.516
B	Reinforced concrete frame	4513.2	1.000	1.002	1.003	1.017	1.089	1.126	1.254	1.281	1.362	1.376	1.389	1.376	1.376	1.376	1.376	1.376	1.376	1.447
C	Masonry bearing walls	4723.4	1.000	0.998	1.004	1.053	1.126	1.081	1.261	1.281	1.351	1.365	1.389	1.407	1.413	1.413	1.413	1.413	1.413	1.484
D	Wood frame	4723.4	1.000	0.998	1.004	1.053	1.126	1.081	1.261	1.281	1.351	1.365	1.389	1.407	1.413	1.413	1.413	1.413	1.413	1.484
E	Mixed frame and walls	4424.8	1.000	0.981	1.008	1.086	1.164	1.143	1.261	1.281	1.351	1.365	1.389	1.407	1.413	1.413	1.413	1.413	1.413	1.484
<b>HONOLULU, HI*</b>																				
A	Prepoured steel frame	1270.4	1.000	1.003	1.013	1.035	1.086	1.182	1.275	1.289	1.302	1.313	1.320	1.321	1.326	1.326	1.326	1.326	1.326	1.396
B	Reinforced concrete frame	8894.4	1.000	1.001	1.018	1.054	1.089	1.123	1.167	1.201	1.217	1.226	1.249	1.264	1.267	1.265	1.265	1.265	1.265	1.335
C	Masonry bearing walls	9251.2	1.000	0.994	0.981	1.026	1.057	1.087	1.180	1.206	1.225	1.231	1.248	1.264	1.264	1.264	1.264	1.264	1.264	1.335
D	Wood frame	8827.6	1.000	0.999	0.982	1.031	1.061	1.090	1.191	1.216	1.234	1.241	1.257	1.273	1.273	1.273	1.273	1.273	1.273	1.344
E	Mixed frame and walls	5844.8	1.000	0.990	0.982	1.031	1.061	1.090	1.191	1.216	1.234	1.241	1.257	1.273	1.273	1.273	1.273	1.273	1.273	1.344

\* Not included in the Regional Average

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## COMPARATIVE COST MULTIPLIERS

SECTION 98 PAGE 31  
January 2022

## WESTERN DISTRICT – NORTHWEST CITIES

BUILDING CLASSES	CURRENT QUARTER															
	INDEX	01/2022	10/2021	07/2021	04/2021	01/2021	10/2020	07/2020	04/2020	01/2020	10/2019	07/2019	04/2019	01/2019	10/2018	07/2018
<b>ANCHORAGE, AK</b>																
A Reinforced steel frame	4917.6	1.000	1.030	1.108	1.138	1.180	1.172	1.174	1.175	1.187	1.188	1.188	1.178	1.184	1.192	1.192
B Reinforced concrete frame	4836.4	1.000	1.007	1.083	1.088	1.100	1.118	1.124	1.125	1.127	1.128	1.128	1.127	1.128	1.128	1.128
C Masonry bearing walls	4802.0	1.000	0.987	1.090	1.087	1.121	1.133	1.134	1.143	1.143	1.140	1.141	1.138	1.139	1.133	1.134
D Wood frame	4742.9	1.000	0.976	1.071	1.051	1.11	1.143	1.150	1.154	1.150	1.149	1.149	1.147	1.147	1.147	1.147
S Metal frame and walls	4472.5	1.000	1.007	1.082	1.107	1.141	1.156	1.162	1.171	1.175	1.183	1.183	1.181	1.185	1.185	1.185
<b>SEATTLE, WA</b>																
A Reinforced steel frame	4972.2	1.000	1.052	1.148	1.174	1.210	1.221	1.222	1.222	1.229	1.239	1.232	1.219	1.233	1.240	1.238
B Reinforced concrete frame	4884.1	1.000	1.002	1.084	1.101	1.11	1.120	1.124	1.121	1.129	1.137	1.136	1.127	1.139	1.146	1.141
C Masonry bearing walls	4806.5	1.000	0.998	1.094	1.091	1.124	1.136	1.137	1.146	1.146	1.143	1.144	1.141	1.142	1.136	1.137
D Wood frame	4831.0	1.000	0.971	1.113	1.144	1.187	1.206	1.212	1.211	1.219	1.229	1.228	1.211	1.224	1.233	1.230
S Metal frame and walls	4542.6	1.000	1.048	1.125	1.154	1.196	1.216	1.221	1.221	1.229	1.238	1.234	1.221	1.243	1.251	1.252
<b>SPOKANE, WA</b>																
A Reinforced steel frame	4457.6	1.000	1.014	1.135	1.161	1.191	1.180	1.187	1.177	1.183	1.178	1.178	1.167	1.187	1.219	1.219
B Reinforced concrete frame	4287.0	1.000	1.013	1.070	1.101	1.113	1.138	1.142	1.147	1.173	1.174	1.182	1.170	1.186	1.192	1.192
C Masonry bearing walls	4282.5	1.000	0.979	1.050	1.084	1.120	1.127	1.174	1.180	1.188	1.188	1.188	1.188	1.188	1.188	1.188
D Wood frame	4282.5	1.000	0.961	1.061	1.113	1.128	1.162	1.162	1.162	1.162	1.162	1.162	1.162	1.162	1.162	1.162
S Metal frame and walls	4081.1	1.000	0.905	1.083	1.130	1.141	1.184	1.188	1.188	1.188	1.212	1.212	1.212	1.212	1.212	1.212
<b>PORTLAND, OR</b>																
A Reinforced steel frame	4882.3	1.000	1.045	1.123	1.211	1.220	1.253	1.264	1.264	1.270	1.277	1.288	1.288	1.315	1.345	1.383
B Reinforced concrete frame	4871.4	1.000	1.048	1.221	1.159	1.170	1.162	1.172	1.176	1.180	1.200	1.212	1.212	1.233	1.238	1.238
C Masonry bearing walls	4921.1	1.000	1.009	1.031	1.124	1.134	1.182	1.187	1.201	1.200	1.230	1.234	1.236	1.233	1.248	1.248
D Wood frame	4412.4	1.000	0.988	1.054	1.123	1.140	1.159	1.164	1.174	1.174	1.200	1.200	1.200	1.200	1.200	1.200
S Metal frame and walls	4113.5	1.000	1.020	1.064	1.187	1.170	1.220	1.234	1.234	1.240	1.255	1.262	1.260	1.265	1.275	1.305
<b>MEMPHIS, TN</b>																
A Reinforced steel frame	4418.2	1.000	1.034	1.142	1.188	1.189	1.181	1.201	1.195	1.204	1.219	1.236	1.230	1.242	1.237	1.236
B Reinforced concrete frame	4286.0	1.000	0.991	1.099	1.119	1.123	1.132	1.176	1.176	1.181	1.181	1.181	1.181	1.181	1.181	1.181
C Masonry bearing walls	4282.5	1.000	0.969	1.071	1.101	1.113	1.138	1.142	1.147	1.173	1.174	1.182	1.170	1.186	1.192	1.192
D Wood frame	4282.5	1.000	0.952	1.059	1.142	1.183	1.179	1.201	1.211	1.211	1.214	1.211	1.211	1.211	1.211	1.211
S Metal frame and walls	4086.0	1.000	1.001	1.09	1.170	1.193	1.206	1.235	1.235	1.248	1.268	1.281	1.274	1.294	1.313	1.345
<b>BOISE, ID</b>																
A Reinforced steel frame	4418.6	1.000	1.057	1.178	1.202	1.215	1.238	1.251	1.260	1.273	1.288	1.298	1.298	1.323	1.330	1.330
B Reinforced concrete frame	4028.8	1.000	1.015	1.117	1.146	1.148	1.211	1.211	1.210	1.213	1.240	1.248	1.248	1.273	1.273	1.273
C Masonry bearing walls	4182.2	1.000	0.989	1.129	1.174	1.166	1.237	1.244	1.244	1.244	1.273	1.273	1.273	1.273	1.273	1.273
D Wood frame	4182.2	1.000	0.950	1.139	1.174	1.166	1.237	1.244	1.244	1.244	1.273	1.273	1.273	1.273	1.273	1.273
S Metal frame and walls	3882.4	1.000	1.000	1.139	1.178	1.181	1.234	1.246	1.252	1.265	1.281	1.298	1.298	1.326	1.330	1.341
<b>HONOLULU, HI</b>																
A Reinforced steel frame	5668.1	1.000	1.078	1.184	1.178	1.188	1.195	1.208	1.206	1.192	1.192	1.206	1.209	1.212	1.214	1.216
B Reinforced concrete frame	5501.4	1.000	1.073	1.081	1.188	1.188	1.191	1.191	1.191	1.191	1.191	1.191	1.191	1.191	1.191	1.191
C Masonry bearing walls	5570.0	1.000	1.002	1.117	1.132	1.130	1.197	1.172	1.172	1.178	1.182	1.187	1.182	1.186	1.187	1.188
D Wood frame	5025.0	1.000	0.980	1.128	1.142	1.140	1.174	1.197	1.199	1.193	1.193	1.203	1.206	1.209	1.210	1.213
S Metal frame and walls	5025.3	1.000	1.022	1.137	1.193	1.168	1.179	1.192	1.189	1.193	1.193	1.203	1.206	1.209	1.210	1.213

\* Not Included in the Regional Average

MARSHALL VALUATION SERVICE

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1/2022

2025

~ ~

MVS Cost index for Anchorage Alaska

Construction Type

MVS Index

1/1/2023

1/1/2022

1/1/2021

Class C: Masonry

5166.4

4802.9

4286.3

Class D: Wood Frame

5115.6

4742.9

4194.3

Class S: Steel

4839.1

4472.5

3918.5

Example

\$700,000 Wood Frame Office Building Built in 2021

Factor

1.220

2023 Cost

854,000

2025

~ ~



# Conclusion

Questions?