Portsmouth, NH Commcl/Ind. Land Analysis and Parameters

Explanation and Results of Neighborhood Land Classification

Neighborhood classification begins with an understanding that every municipality can be segregated into areas, and differentiated by varying characteristics, such as type and quality of roads, topographic and scenic features such as views, surrounding uses, and the quality and/or maintenance of such uses, etc. Typically, these distinguishing characteristics result in differing market responses, in terms of the underlying land value, that can be positive or negative. Neighborhood classification, therefore, depends upon establishing a base land rate for each neighborhood. Once the base rate is established, a schedule of positive or negative adjustments is developed corresponding to the degree of difference from the base.

The first step is to identify the neighborhoods, and establish the corresponding boundaries associated with each. This determination is also influenced by interviews with knowledgeable local brokers and real estate agents. Local sale data is then collected, specific to each neighborhood, and examined. Sales of vacant land provide the most direct and reliable estimate of land value. However, when an insufficient number of vacant land sales are available, a land extraction technique is utilized. The Land Extraction technique deducts the depreciated improvement value from the total sales price, resulting in the contributory value of the underlying land.

Identifying sales within a neighborhood or a comparable neighborhood developed the base rate land values for each neighborhood. Neighborhoods that have the same pricing are considered equivalent in desirability. The neighborhood sale analysis resulted in the following tabulate neighborhood factors:

Categories of Land and Land Pricing

Site

The primary site will consist of the area typically utilized to support the improvements. This area will be categorized as Site SF. The site will comprise up to 43,560 SF or typically 4 times the Gross Building Area (GBA) whichever is greater. On larger industrial buildings approaching 100,000 SF or larger the site (based on economies of scale) may drop to 3 times the GBA. In most cases, land greater than the indicated site is considered Excess.

Vacant Site

The most probable buildable land area. Land greater than the indicated site is considered Excess. Improved sites and vacant sites were valued similarly. The two vacant land sales had ratios of about 100% (see land-value-extractions-B spreadsheet in Section 3,) while the vast majority of other sales were improved and improved Sites had an extracted sale ratios also of about 100%. If vacant sites were discounted relative to improved sites, the ratio on vacant sites would be too low and improved sites and overall improved values would be too high. So based on this, the market indicated no premium or discount be applied to improved sites versus vacant sites or vice versa.

Expansion Land

Land beyond that which is being used, that has imminent development potential in the foreseeable future or used as secondary site such as yard storage will be priced at 50%- 60% of the improved land in use.

Excess Acreage

Land over and above that which is categorized as vacant site, improved site, or expansion land. Typically priced at 10% or less of the site (SF) pricing. In this case, most excess land will be priced at 10% or less of the site SF per SF.

Special Land Pricing and External Land Factors

Positive external factors existed in this community. Premium locations were riverfront commercial and riverfront industrial locations. In the lower priced, tertiary commercial locations these were shown to command a premium of a factor of 2.40 higher than similar non-waterfront locations. These were mostly small marina usages. Here, an acre would be valued at $220,000 x 2.40 (waterfront) or $460,000. This was extracted from a previous waterfront Boat Club sale and a more recent Marina sale as well as from a portion of a lot sold as vacant lot along Sagamore Rd. (see Land Extraction Spreadsheet). A site index of "A" was applied which carries a factor of 2.40

Further upriver in more busy and viable commercial locations, such as in the downtown area, with base land values off the water at a much higher $1,150,000 per acre, the waterfront premium was reduced to 70% or a factor of 1.70. This was checked via income values which afforded higher income potential for properties with unobstructed water access. Theoretically, a one acre lot along the open river in the prime downtown area would be valued at $1,955,000 per acre, though most lots were smaller and would be lower in value as a result of the smaller size. Regardless, waterfront lots here had a Site Index of 8 applied which carries a 1.70 factor, so the lot would have a 70% premium versus a non-waterfront lot in the same general area.

The 70% differential was the same differential that was previously extracted and utilized, so was further backed up with older sales from the previous update. Other areas in New England have shown a 50% to 150% premium on open ocean riverfront versus non-waterfront locations.

Most Industrial Land pricing in Portsmouth was also based on a dummy value of $1,000,000 per acre and most sites indicated a factor of 0.26. This resulted in a value of about $260,000 per acre. I-95 highway visibility sites had 10% to 20% premiums applied. Riverfront industrial land was also valued 70% higher than non-river front land. So theoretically one acre of industrial land on the river would be valued at $374,000 to $442,000 per acre as opposed to $220,000 to $260,000 off river. I-95 highway visibility sites had 10% to 20% premiums applied based on higher potential income. Riverfront industrial land was also valued 70% higher than non-river front land. So theoretically one acre of industrial land on the river would be valued at $374,000 to $442,000 per acre as opposed to $220,000 to $260,000 off river.

Easement, Topo, Access, Visibility, and Other Adjustments for Internal Land Influences

These adjustments for internal land influences were made on an individual lot basis to the site and/or the excess land and applied to the condition factor for adjustments for easements, topography, access, visibility and any other adjustments for internal influences impacting the utility of the land.

Land Pricing

Commercial and Industrial Land pricing began with a dummy acreage price of $1,000,000 and via the best fit analysis was adjusted by NHBD.

Downtown

NHBD 305, primarily the downtown area, was shown to be the most desirable area and was valued at factor of 1.15 or $1,150,000 per acre. Certain locations in the downtown in the prime Market square areas and areas near the riverfront with frontage on two streets received premiums of 20% to 50%, while a few of the lower traffic areas received reductions of 10% for location within the downtown.

In addition in the Downtown some lots via grandfathering or by right exceeded the allowed density/intensity of use of three stories. The added property rights that these lots have by right or by grandfathering made their bundle of property rights greater than lots that do not have this allowance. So these lots were also valued at 50% to 100% greater than lots only allowing three story maximum density or intensity of use. These lots will bring in added income beyond just the contributory value of the improvements and will be applied to land value.

Woodbury Ave.

NHBD 303. The Woodbury Ave shopping district, the next most valuable area, was shown to be worth about 100%, for a per acre value of $1000,000 or a factor of 1.00. The area behind Woodbury, with Home Depot and Christmas Tree Shops, etc. was also part of NHBD 303 but received a 25% to 30% discount in the condition field for its less visible and accessible location. This was derived from a land sales and income residuals.

Downtown Peripheral

NHBD 304, the area abutting and nearby to the prime downtown areas and to Woodbury Ave., was the next most valuable at an indicated value of $530,000 or a factor of 0.53.

Lafayette, Islington, Rte. 1 Bypass

Another significant area was NHBD 302, which included most of Islington St, most of the Route 1 Bypass, and most of Rte. 1 aka Lafayette Rd. These areas were indicated at a value per acre of $480,000 or a NHBD factor of 0.48.

Industrial and Tertiary Commercial Locations

The last and lowest valued areas were NHBDs 301, mostly industrial land, and NHBD 306, spot tertiary locations and these were indicated at $220,000 to 260,000 per acre, therefore, they had factors of 0.22 to 0.26 of the $1,000,000 base acre pricing. (see the Manual Section 3 spreadsheet "Land Value Extractions").

Pease

In NHBD 307, at Pease, most property owners do not own the land, so the overall property was predominantly valued by the income approach, which includes income attributable to the building and land. So in this way the land value in use was captured in the total value (though not explicitly broken out). In a few minor situations in which the income approach was not or could not be performed the land was primarily valued at about $220,000 to $260,000 per acre.

Locational value adjustments are made by applying NHBD Index factors to the base unit pricing below (See Interpolated Land Curve Chart for entire SF pricing):

Portsmouth C/ I Land Pricing 2017

Size (SF)	SF Price	Total
1,000	$ 200.00	$ 200,000
1,386	$ 171.21	$ 237,297
2,722	$ 116.24	$ 316,405
5,445	$ 77.48	$ 421,879
10,890	$ 51.66	$ 562,577
21,780	$ 34.44	$ 750,103
43,560	$ 22.96	$ 1,000,138

Base pricing of smaller lots are priced on a curve, so that a ½ acre will generally work out to about 70% to 75% of the value of a full acre and a ¼ acre will be priced at 70% to 75% of a half acre and so on (as the lots become smaller but more fully utilized - see the land curve pricing above). These various prices per SF were tested using land extractions and residuals of various size lots. For lots of 2 acres or greater, the acre price per SF was used but these lots were discounted 2% for each acre greater than one up to a 50% discount for size. For example:

2 Acres = a Condition Factor of 0.96 (-4%)
4 Acres = a Condition Factor of 0.92 (-8%)
8 Acres = a Condition Factor of 0.84 (-16%)
16 Acres = a Condition Factor of 0.68 (-32%)
25 Acres =a Condition Factor of 0.50 (-50%)

The following NHBD multipliers will then be applied to the base SF pricing above.

Portsmouth C/ I NHBD Factors 2017

NHBD	Factor	Description
301	0.26	Industrial/Tertiary Commercial Locations
302	0.48	Islington, Lafayette, Rte 1, Bypass
303	1.00	Woodbury Ave.
304	0.53	DT Perpiheral
305	1.15	Downtown
306	0.22	Tertiary Commercial Locations
307	0.22 - .026	Pease (When Applicable)

A Large Color Coded City NHBD Map is in the Assessors Office

The following are examples of location/NHBD multipliers used in the City:

CODE NHBD	Base Price		Multiplier	Price/Acre
305- Downtown	$1,000,000	x	1.15	$1,150,000
303 – Woodbury Ave	$1,000,000	x	1.00	$1,000,000
304- Downtown Peripheral	$1,000,000	x	0.53	$530,000
302 – Islington/ Lafayette/ Rte 1 Bypass	$1,000,000	x	0.48	$480,000
301 – Industrial/ Tertiary Commcl	$1,000,000	x	0.26	$260,000
306 –Tertiary Commcl	$1,000,000	x	0.22	$220,000

Smaller lots are priced on a curve, so that ½ acre pricing generally work out to about 70% to 75% of the value of a full acre and a ¼ acre will be priced at 70% to 75% of a ½ acre and so on as the lots become smaller (see the land curve pricing)

Apartment Land Pricing

As part of the land analysis there were many improved apartment sales and the land extraction analysis indicated a land value as high as $77,000 per apartment unit and as low as $35,000 per apartment unit. The median indication from the sales was $50,000 per unit. Generally given equal locations and lot sizes, the fewer the number of apartment units, the higher was the indicated land value per unit and vice versa.

So, apartment land with eight or more units were shown to represent a discount of about 20% less per apartment unit than a four unit property (if all else were equal). So the site price per unit for 5 units was interpolated to have a 5% discount, 6 units 10%, 7 units 15%, and 8 units and above a 20% discount applied relative to properties with just four units. This was applied in the condition factor as 0.95 for five units, 0.90 for 6 units, 0.85 for 7 units and 0.80 for 8 units or more.

This pricing is accomplished by zeroing out the SF pricing on line 1 and adding a line 2 with special land calculations using BL (building lot) as the unit of measure as opposed to SF.

Lot pricing examples in average locations are as follows:

4 Units x $58,000 x 1.00 = $232,000
5 Units x $58,000 x 0.95 = $275,500
6 Units x $58,000 x 0.90 = $313,200
7 Units x $58,000 x 0.85 = $345,100
8 Units x $58,000 x 0.80 = $371,200

So given similar lots and locations, a property with 4 legal units would have a site value of $232,000, while one with 8 legal units would have a site value of $371,200 or about 60% higher. So under this scenario, the overall lot is being valued at 15% more for each additional apartment unit. This is based on intensity of usage and different highest and best uses for each lot. This was corroborated both by sales and income residuals.

See land pricing below for specifics. The per apartment unit pricing using special land calcs will replace the SF land pricing and will be applied as follows per apartment:

Apartment Code	Description	Base Site Price/ Unit	Units 4	Units 5	Units 6	Units 7	Units 8	Units 8+
AP1	Apt Site V Poor	$ 35,000	$ 35,000	$ 33,250	$ 31,500	$ 29,750	$ 28,000	$ 28,000
AP2	Apt Site Poor	$ 43,000	$ 43,000	$ 40,850	$ 38,700	$ 36,550	$ 34,400	$ 34,400
AP3	Apt Site Fair	$ 50,000	$ 50,000	$ 47,500	$ 45,000	$ 42,500	$ 40,000	$ 40,000
AP4	**Apt Site Avg,**	**$ 58,000**	**$ 58,000**	$ 55,100	$ 52,200	$ 49,300	$ 46,400	$ 46,400
AP5	Apt Site Abv. Avg..	$ 66,000	$ 66,000	$ 62,700	$ 59,400	$ 56,100	$ 52,800	$ 52,800
AP6	Apt Site Good	$ 77,000	$ 77,000	$ 73,150	$ 69,300	$ 65,450	$ 61,600	$ 61,600
AP7	Apt Site V Good	$ 93,000	$ 93,000	$ 88,350	$ 83,700	$ 79,050	$ 74,400	$ 74,400
AP8	Apt site Excellent	$ 103,000	$ 103,000	$ 97,850	$ 92,700	$ 87,550	$ 82,400	$ 82,400
APW	Apt Site Waterfront	$ 150,000	$ 150,000	$ 142,500	$ 135,000	$ 127,500	$ 120,000	$ 120,000

Mobil Home Park Land Pricing

On mobile home parks, based on sales and/or overall indicated income values and improvement extractions/residuals, specific per unit land pricing extractions were developed and utilized. Based on the size of lots, and location quality, the range of per unit land/site value will be utilized of $25,000 to $48,000 per unit/site.

This pricing is accomplished by zeroing out the SF pricing on line 1 and adding a line 2 with special land calculations using BL (building lot) as the unit of measure as opposed to SF. These land unit site values are as follows per MH site:

Mobil Home Park Site Values

Code	Description	Base Site Price/ Unit
MH1	MH Site V Poor	$ 25,000
MH2	MH Site Poor	$ 28,000
MH3	MH Site Fair	$ 33,000
MH4	**MH Site Avg,**	**$ 38,000**
MH5	MH Site Abv. Avg..	$ 43,000
MH6	MH Site Good	$ 48,000

Hotel/Motel Land Pricing

In the prime downtown areas, lodging facility land will be based on the SF method pricing for the commercial Neighborhood 305.

Outside of Downtown, the pricing will be based on a per rental room unit basis as follows based on sales and income residuals (see land extraction and income residual spreadsheets).

This pricing is accomplished by zeroing out the SF pricing on line 1 and adding a line 2 with special land calcs using BL (building lot) as the unit of measure as opposed to SF.

These land unit site values are as follows per rental room:

Hotel/Motel Site Values

Code	Description	Base Site Price/ Unit
HT1	Hotl/Motl Site Poor	$ 10,000
HT2	Hotl/Motl Site Fair	$ 14,000
HT3	**Hotl/Motl Site Avg.**	**$ 17,000**
HT4	Hotl/Motl Site Good	$ 22,000
HT5	Hotl/Motl Site V Good	$ 27,000
HT6	Hotl/Motl Site Exc	$ 33,000

C/I Condos

Rather than have a separate land price scheme associated with each condo unit that represents its contribution above the building value, a Condo Location Factor will be applied to the building value based on the quality of the location of the improvements. Based on the condo site extractions, these are indicated at 0.80 to 4.00 based on sales and income valuation residuals and are shown on the individual property cards in the Condo Section.

Condo Factors

Location	NHBD 301 Factor Range
Fair	1.00 to 1.20
Average	**1.25 to 1.50**
Good	1.75 to 2.00

Location	NHBD 302 Factor Range
Fair	1.00 to 1.20
Average	**1.25 to 1.50**
Good	1.75 to 2.00

Location	NHBD 304 Factor Range
Poor	0.70 to 0.95
Fair	1.00 to 1.20
Average	**1.25 to 1.50**
Good	1.75 to 2.00
V Good	2.10 to 2.50

Location	NHBD 305 Factor Range
Poor	1.00 to 1.20
Fair	1.25 to 1.60
Average	**1.75 to 2.25**
Average+	**2.30 to 2.55**
Good	2.60 to 2.75
V Good	3.00 to 4.00

Location	NHBD 307 Factor Range
Fair	1.00 to 1.05
Average	**1.10 to 1.30**
Good	1.35 to 1.50
V Good	1.55 to 2.00

Section 6B

Vision
Land Curve
Reports

Land Curve Report 08/22/2017

Class=C, Nbhd=303, SI=(default), Curve ID = 300

Units	UnitPrice	LandValue
1,000	200.0000000000	200,000
1,036	196.2283157039	203,293
1,072	192.7099534874	206,585
1,108	189.4202213066	209,878
1,144	186.3375352072	213,170
1,180	183.4429452087	216,463
1,216	180.7197454075	219,755
1,252	178.1531513457	223,048
1,288	175.7300314860	226,340
1,324	173.4386824949	229,633
1,360	171.2686402151	232,925
1,361	171.2100000000	233,017
1,497	161.2221309285	241,350
1,633	152.8978873239	249,682
1,769	145.8535726399	258,015
1,905	139.8150603675	266,348
2,041	134.5812885840	274,680
2,177	130.0014377584	283,013
2,313	125.9601599654	291,346
2,449	122.3677296856	299,679
2,585	119.1533036750	308,011
2,721	116.2602021316	316,344
2,722	116.2400000000	316,405
2,994	109.1987280326	326,941
3,266	103.3302827494	337,477
3,538	98.3641648358	348,012
3,810	94.1071199262	358,548
4,082	90.4174029026	369,084
4,354	87.1886886491	379,620
4,626	84.3396589079	390,155
4,898	81.8070587664	400,691
5,170	79.5409449840	411,227
5,442	77.5013592975	421,762
5,445	77.4800000000	421,879
5,989	72.7875571882	435,925
6,533	68.8765896219	449,971
7,077	65.5668842730	464,017
7,621	62.7296837685	478,063
8,165	60.2705450092	492,109
8,709	58.1186221151	506,155
9,253	56.2197298174	520,201
9,797	54.5317178728	534,247
10,341	53.0213054830	548,293
10,885	51.6618649518	562,339
10,890	51.6500000000	562,469
11,979	48.5209090909	581,232
13,068	45.9133333333	599,995
14,157	43.7069230769	618,759
15,246	41.8157142857	637,522
16,335	40.1766666667	656,286
17,424	38.7425000000	675,049
18,513	37.4770588235	693,813
19,602	36.3522222222	712,576

Land Curve Report 08/22/2017

Class=C, Nbhd=303, SI=(default), Curve ID = 300

Units	UnitPrice	LandValue
20,691	35.3457894737	731,340
21,780	34.4400000000	750,103
23,958	32.3527272727	775,107
26,136	30.6133333333	800,110
28,314	29.1415384615	825,114
30,492	27.8800000000	850,117
32,670	26.7866666667	875,120
34,848	25.8300000000	900,124
37,026	24.9858823529	925,127
39,204	24.2355555556	950,131
41,382	23.5642105263	975,134
43,560	22.9600000000	1,000,138

Section 6C

Vision
NHBD
Land Adjustment
Codes

LAND ADJUSTMENT CODES
PORTSMOUTH, NH

Nbhd Code	Description	Land Adj
226		1.00
301		0.26
302		0.48
303		1.00
304		0.53
305		1.15
306		0.22
307		0.22
401		1.00
402		1.00
403		1.00

Section 6D
Vision
Special
Land Unit
Pricing

PORTSMOUTH, NH

Code	Unit Type	Description	Affect on Price	Price Adjust	Affect Total or Units?	Factor
719	AC	NURSERIES	REPLACE	1,000.00	Units	1.00
720	AC	NONPRNECLD	REPLACE	30.00	Units	1.00
722	AC	NONPREWETLD	REPLACE	50.00	Units	1.00
AP1	BL	VP APT	REPLACE	35,000.00	Units	1.00
AP2	BL	PR APT	REPLACE	43,000.00	Units	1.00
AP3	BL	FR APT	REPLACE	50,000.00	Units	1.00
AP4	BL	AVG APT	REPLACE	58,000.00	Units	1.00
AP5	BL	ABV AVG APT	REPLACE	66,000.00	Units	1.00
AP6	BL	GD APT	REPLACE	77,000.00	Units	1.00
AP7	BL	VG APT	REPLACE	93,000.00	Units	1.00
AP8	BL	EX APT	REPLACE	103,000.00	Units	1.00
APW	BL	APT WF	REPLACE	150,000.00	Units	1.00
BL1		Bldg. Lot 1	REPLACE	60,000.00	Total	1.00
BL2		Excess Land	replace	0.00	Total	1.00
CU1	AC	FARMLAND	REPLACE	425.00	Units	1.00
CU2	AC	WHITE PINE W	REPLACE	83.00	Units	1.00
CU3	AC	HARDWOOD W	REPLACE	36.00	Units	1.00
CU4	AC	ALL OTHER W	REPLACE	25.00	Units	1.00
CU5	AC	UNPRODUCTIVE	REPLACE	20.00	Units	1.00
CU6	AC	WETLAND	REPLACE	20.00	Units	1.00
CU7	AC	WHITE PINE WO	REPLACE	138.00	Units	1.00
CU8	AC	HARDWOOD WO	REPLACE	59.00	Units	1.00
CU9	AC	ALLOTHER WO	REPLACE	43.00	Units	1.00
FT	FT		Replace	4.00	Units	
HT1	BL	HOTEL/MOT PR	REPLACE	10,000.00	Units	1.00
HT2	BL	HOTEL/MOT FR	REPLACE	14,000.00	Units	1.00
HT3	BL	HOTEL/MOT AV	REPLACE	17,000.00	Units	1.00
HT4	BL	HOTEL/MOT GD	REPLACE	22,000.00	Units	1.00
HT5	BL	HOTEL/MOT VG	REPLACE	27,000.00	Units	1.00
HT6	BL	HOTEL/MOT EX	REPLACE	33,000.00	Units	1.00
MH1	BL	VP MH	REPLACE	25,000.00	Units	1.00
MH2	BL	PR MH	REPLACE	28,000.00	Units	1.00
MH3	BL	FR MH	REPLACE	33,000.00	Units	1.00
MH4	BL	AV MH	REPLACE	38,000.00	Units	1.00
MH5	BL	ABV AV MH	REPLACE	43,000.00	Units	1.00
MH6	BL	GD MH	REPLACE	48,000.00	Units	1.00
MH7	BL	VG MH	REPLACE	52,000.00	Units	1.00
MH8	BL	EX MH	REPLACE	56,000.00	Units	1.00
ROW	RW	Right of Way	Replace	4.00	Units	1.00
SP		Septic	ADJUST	-2,000.00	Total	1.00
TP		Topography	None	0.00	Units	0.90
WF1	WF		Replace	100.00	Units	1.00
WF2	WF		Replace	200.00	Units	1.00
WF3	WF		Replace	250.00	Units	1.00
WF4	WF		Replace	300.00	Units	1.00