

# **TAX YEAR 2019**

## **PERTINENT DATA BOOK FOR THE DISTRICT OF COLUMBIA**

**OFFICE OF TAX AND REVENUE  
REAL PROPERTY TAX ADMINISTRATION**

# **Tax Year 2019 Pertinent Data Book Table of Contents**

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**PLEASE ALLOW THIS EXAMPLE TO BE USED AS A GUIDE TO UNDERSTANDING YOUR APPRAISAL.**

**CBD, INC. Office Building**

December 31, 2015

**Potential Gross Income**

Office: 198,000 sq. ft. X \$52 \$10,296,000  
 Retail: 7,500 sq. ft. X \$65 487,500  
 Parking 500,000  
 Antenna Lease 30,000

**1. Total Potential Gross Income \$ 11,313,500**

**2. less Vacancy & Collection Loss (7%) - 754,845**

**3. Effective Gross Income \$ 10,558,655**

**Expenses**

Operating:

- 4** Office Area (24%, rounded) \$ 2,345,944
- 5.** Retail Area (25%, rounded) 113,344
- 6.** Parking & Antenna (25%, rounded) 132,500
- 7.** Reserves for Replacements (2% of PGI) 226,270

**8. Total Expenses - \$ 2,818,058**

**9. Net Operating Income \$7,740,597**

**10. Class 'A' Property Capitalization Rate 6.00 %**

**11. Indicated Market Value \$129,009,950**

SSL 9999 8888 Internal ID 183145		Sales Information			Commercial Data Elements			2017											
Location 9999 9TH ST NW		Sale Date	Q/U	V/I	Sale Price	Exterior Finish			INCOME VALUATION										
Current Owner CBD, INC		10-28-2013	Q	I	125,000,000	0 Typical			Washington, DC										
9999 9TH ST		Year Built	2005		Wall Height	12. 7.6098			12/31/2015 10:00:17 AM										
Washington DC 20002		Total Appraised Parcel Value		129,009,950															
ECONOMIC INCOME VALUATION																			
Leaseable Area Summary		Cap Rate			Income			Income Value											
Ground Level	7,500	Cap Code	OAT	Gross Income	11,313,500	Income Value	11	129,009,950											
Lower level	0	Cap Adjust	A	Vacancy Allowance	754,845	Other Adjust	0												
Upper Level	198,000	Cap Rate	10	Expense Allowance	2,818,057	Total Income Value	129,009,950												
Total Leaseable Area 205,500		Rent ID	NBHD	Net Income	7,740,597	Value per SF/Unit	628												
		001	10																
#	Bldg #	Sect #	Style	Adj Table	OCC	SF/Unit	Fir Lev	Base Rate	Use Adj	Loc Adj	Rent SF/Unit	Gross Rent	Vac %	Vac Allowance	EGI	EXP %	EXP /SF	Expenses	NOI
1	1	1	OF OFFICE CL	3	0	198000	UL	52.00	3	3	52.00	10,296,000	3	0.07	9,575,280	3	0.24	2,345,944	7,229,336
2	1	1	O OFF RETAI	3	7500	7500	GL	65.00	3	3	65.00	487,500	3	0.07	453,375	3	0.25	113,344	340,031
3	1	1	O OFF PARKI	6	0	0	LL	0.00	3	3	500000.0	500,000	3	0.00	500,000	3	0.25	125,000	375,000
4	1	1	O OFF MISC I	6	0	0	UL	0.00	3	3	300000.00	30,000	3	0.00	30,000	3	0.25	7,500	22,500
5	1	1	O OFF RESE	6	0	0	GL	0.00	3	3	0	0	3	0.00	0	3	0.00	226,270	-226,270
											1	2	3	8	9				
											11,313,500	754,845	10,558,655	2,818,058	7,740,597				

# Tax Year 2019

## Washington, DC, Large Office Building

### Rates and Ratios

		CAPITOL HILL	CENTRAL BUSINESS DISTRICT	GEORGETOWN	NORTHEAST	SOUTHEAST	SOUTHWEST	UPTOWN EAST	UPTOWN WEST	OLD CITY #2
		Proposed TY 2019	Proposed TY 2019	Proposed TY 2019	Proposed TY 2019	Proposed TY 2019	Proposed TY 2019	Proposed TY 2019	Proposed TY 2019	Proposed TY 2019
	Vacancy Ratio	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
	Expense Ratio (Trophy)	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
	Expense Ratio (Class A)	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
	Expense Ratio (Class B)	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
	Expense Ratio (Class C)	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
	Expense Ratio (All Others)	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Code	Description	Annual Rent								
1	OFF1 OFFICE TROPHY	62.00	71.00	62.00	62.00	62.00	62.00	62.00	62.00	71.00
2	OFF2 OFFICE CLASS A	57.00	57.00	54.00	54.00	54.00	54.00	57.00	54.00	57.00
3	OFF3 OFFICE CLASS B	47.00	47.00	44.00	44.00	44.00	47.00	44.00	44.00	47.00
4	OFF4 OFFICE CLASS C	41.00	41.00	38.00	38.00	38.00	41.00	38.00	38.00	41.00
5	OFFC OFFICE CONDO	47.00	47.00	44.00	44.00	44.00	47.00	44.00	44.00	47.00
6	O_BO OFF BSMT OFFICE	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
7	O_BR OFF BSMT RETAIL	35.00	50.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
8	O_R1 OFF RETAIL_FF	50.00	65.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
9	O_R2 OFF RETAIL_UP	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
10	O_RA OFF RES_APT	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00

# Tax Year 2019

## Washington, DC, Large Office Building

### Rates and Ratios

Cap Rate Table

Cap Code	Description	Cap Rate TY 2019
OA0	OFFICE TROPHY	0.052
OA1	OFFICE A	0.062
OB0	OFFICE B	0.067
OC0	OFFICE C	0.079

Cap Rate Adjustment Table

Cap Rating	Description	Adjustment TY 2019
0	VERY POOR	1.06
1	POOR	1.04
2	FAIR	1.02
3	AVERAGE	1.00
4	GOOD	0.98
5	EXCELLENT	0.96
A	AVERAGE	1.00

Rent, Vacancy, and Expense Adjustment Tables

Rating	Description	Location TY 2019	Use TY 2019	Vacancy TY 2019	Expense TY 2019
1	POOR	0.80	0.80	1.50	1.20
2	FAIR	0.90	0.90	1.25	1.10
3	AVERAGE	1.00	1.00	1.00	1.00
4	GOOD	1.10	1.10	0.75	0.90
5	EXCELLEN	1.20	1.20	0.50	0.80
A	AVERAGE	1.00	1.00	1.00	1.00

# Tax Year 2019

## Washington, DC Hotel Properties

### Base Rates for Reassessment

<b>Base Management Fee</b>	<b>3.00%</b>
<b>Incentive Management Fee</b>	<b>1.00%</b>
<b>Franchise Royalty Fee</b>	<b>4.00%</b>
<b>Replacement for Reserves (Real Property)</b>	<b>2.00%</b>
<b>Replacement for Reserves (Personal Property)</b> aka-Return of FF&E Invested Capital	<b>4.00%</b>
<b>Personal Property Tax Rate</b>	<b>3.40%</b>

<b>Replacement Cost New of FF&amp;E per Room</b>		
<b>Ultra Luxury</b>	<b>\$</b>	<b>56,700</b>
<b>Luxury</b>	<b>\$</b>	<b>41,200</b>
<b>Full Service</b>	<b>\$</b>	<b>25,800</b>
<b>Select Service</b>	<b>\$</b>	<b>15,500-\$ 23,200</b>
<b>Limited Service</b>	<b>\$</b>	<b>8,200-\$ 15,500</b>
<b>Economy and Motel</b>	<b>\$</b>	<b>8,200</b>

<b>Cap Rate Real Property</b>	
<b>Ultra Luxury</b>	<b>6.80%</b>
<b>Luxury</b>	<b>6.95%</b>
<b>Full Service</b>	<b>7.15%</b>
<b>Select Service</b>	<b>7.80%</b>
<b>Limited Service</b>	<b>7.85%</b>
<b>Economy and Motel</b>	<b>7.85%</b>

<b>Cap Rate Personal Property</b>	
<b>Ultra Luxury</b>	<b>6.95%</b>
<b>Luxury</b>	<b>7.10%</b>
<b>Full Service</b>	<b>7.30%</b>
<b>Select Service</b>	<b>7.95%</b>
<b>Limited Service</b>	<b>8.00%</b>
<b>Economy and Motel</b>	<b>8.00%</b>

\* Extended Stay hotels may have varying levels of service.  
Each extended Stay Hotel is included in it's Appropriate Market Segment.

## Tax Year 2019 Washington DC, Apartment Building Monthly Rent Assessment Data

See map on page 9 for delineation of Rent Curve Areas noted below.

		1	2	3	4	9	5	6	7	8
		CAPITOL HILL	CENTRAL BUSINESS DISTRICT	GEORGETOWN	NORTHEAST	OLD CITY #2	SOUTHEAST	SOUTHWEST	UPTOWN EAST	UPTOWN WEST
Tax Year 2019	Vacancy Ratio	5%	6%	5%	6%	5%	7%	6%	5%	6%
Tax Year 2019	Expense Ratio	36%	36%	39%	50%	36%	53%	36%	50%	40%
Code	Description									
0000	JR. EFFICIENCY	1,245	1,525	1,450	970	1,480	715	1,440	925	1,315
0101	EFFICIENCY	1,385	1,695	1,605	1,070	1,645	790	1,440	1,025	1,460
0102	EFFICIENCY, SM	1,245	1,525	1,450	970	1,480	715	1,440	925	1,315
0103	EFFICIENCY, LG	1,525	1,860	1,765	1,190	1,815	870	1,480	1,120	1,605
1101	1BR, 1BA	1,655	2,465	2,210	1,160	2,005	915	1,735	1,215	1,865
1102	1BR, 1BA, SM	1,490	2,220	1,985	1,030	1,805	820	1,735	1,090	1,685
1103	1BR, 1BA, LG	1,815	2,710	2,430	1,270	2,210	1,010	1,735	1,335	2,050
1111	1BR+DEN, 1BA	1,975	2,825	2,335	1,335	2,335	1,260	1,735	1,705	2,220
1113	1BR+DEN 1BA, LG	2,175	3,110	2,460	1,460	2,575	1,385	1,735	1,870	2,440
2101	2BR, 1BA	2,010	3,680	3,200	1,485	2,945	1,045	2,335	1,450	2,550
2102	2BR, 1BA, SM	1,805	3,305	2,875	1,335	2,645	940	2,335	1,300	2,295
2103	2BR, 1BA, LG	2,215	4,050	3,520	1,635	3,235	1,150	2,335	1,595	2,795
2111	2BR+DEN, 1BA	2,405	4,240	3,400	1,715	3,390	1,295	2,335	1,805	3,180
2113	2BR+DEN 1BA, LG	2,650	4,660	3,740	1,880	3,730	1,425	2,335	1,985	3,500
2201	2BR, 2BA	2,205	4,240	3,690	1,785	3,390	1,260	2,335	1,575	3,180
2202	2BR, 2BA, SM	1,990	3,815	3,320	1,615	3,055	1,130	2,335	1,420	2,870
2203	2BR, 2BA, LG	2,425	4,660	4,065	1,965	3,730	1,385	2,335	1,735	3,500
2211	2BR+DEN, 2BA	2,655	4,860	3,745	2,130	3,795	1,525	2,335	1,760	3,825
2213	2BR+DEN 2BA, LG	2,920	5,365	4,120	2,340	4,170	1,685	2,335	1,945	4,200
3101	3BR, 1BA	2,605	5,280	3,885	1,995	2,945	1,295	2,845	1,550	3,265
3102	3BR, 1BA, SM	2,350	4,750	3,495	1,805	2,645	1,160	2,845	1,395	2,940
3103	3BR, 1BA, LG	2,860	5,815	4,270	2,185	3,235	1,425	2,845	1,710	3,580
3111	3BR+DEN, 1BA	3,005	6,080	4,270	2,280	3,390	1,650	2,845	2,725	3,940
3113	3R+DEN 1BA, LG	3,285	6,675	4,695	2,520	3,730	1,815	2,845	2,985	4,335
3201	3BR, 2BA	3,005	6,080	4,270	2,280	3,390	1,525	2,845	1,680	3,460
3202	3BR, 2BA, SM	2,695	5,465	3,840	2,070	3,055	1,375	2,845	1,510	3,110
3203	3BR, 2BA, LG	3,285	6,675	4,695	2,520	3,730	1,685	2,845	1,830	3,805
3211	3BR+DEN, 2BA	3,595	7,595	4,660	2,755	4,065	1,915	2,845	2,840	4,175
3213	3BR+DEN 2BA, LG	3,955	8,360	5,120	3,035	4,480	2,100	2,845	3,125	4,590
4101	4BR, 1BA	3,400	6,210	5,050	3,415	3,550	1,650	3,135	2,725	5,925
4102	4BR, 1BA, SM	3,060	5,590	4,540	3,055	3,195	1,485	3,135	2,450	5,330
4103	4BR, 1BA, LG	3,750	6,825	5,565	3,740	3,905	1,815	3,135	2,985	6,515
4111	4BR+DEN, 1BA	5,120	7,150	5,815	4,245	4,075	1,965	3,135	2,725	7,120
4113	4BR+DEN 1BA, LG	5,625	7,860	6,380	4,675	4,490	2,160	3,135	2,985	7,815
4201	4BR, 2BA	5,120	7,150	5,815	4,245	4,075	1,815	3,135	2,840	7,120
4202	4BR, 2BA, SM	4,605	6,430	5,235	3,830	3,665	1,635	3,135	2,555	6,410
4203	4BR, 2BA, LG	5,625	7,860	6,380	4,675	4,490	1,990	3,135	3,125	7,815
4211	4BR+DEN, 2BA	6,130	8,220	6,415	5,095	4,895	2,110	3,135	2,840	8,180
4213	4BR+DEN 2BA, LG	6,740	9,045	7,055	5,610	5,390	2,325	3,135	3,125	8,990
4999	5 OR MORE BR	4,000	7,150	7,980	3,230	6,830	2,325	4,485	2,840	9,925

# Tax Year 2019 Washington DC, Apartment Building Key Assessment Data

**Cap Rate Table**

Cap Code	Description	Rate
HR1	HIGH RISE CAP RATE AREA 1*	4.80
HR2	HIGH RISE CAP RATE AREA 2*	5.00
HR3	HIGH RISE CAP RATE AREA 3*	6.60
LR1	LOW RISE CAP RATE AREA 1*	5.40
LR2	LOW RISE CAP RATE AREA 2*	6.10
LR3	LOW RISE CAP RATE AREA 3*	7.00

\* See map on page 10 for Cap Rate Area delineation.

**Cap Rate Adjustment Table**

Cap Rating	Description	Adjustment
0	VERY POOR	1.3
1	POOR	1.2
2	FAIR	1.1
3	AVERAGE	1
4	GOOD	0.9
5	EXCELLENT	0.8
A	AVERAGE	1

**Rent, Vacancy, and Expense Adjustment Tables**

Rating	Description	Location	Use	Vacancy	Expense
1	POOR	0.80	0.80	2.00	1.25
2	FAIR	0.90	0.90	1.50	1.10
3	AVERAGE	1.00	1.00	1.00	1.00
4	GOOD	1.10	1.10	0.50	0.90
5	EXCELLENT	1.25	1.25	0.25	0.75
A	AVERAGE	1.00	1.00	1.00	1.00
S	NON-MARKET	1.00	0.90	0.25	1.00



# Tax Year 2019 Washington, DC Retail Property Key Assessment Data

		CAPITOL HILL	CENTRAL BUSINESS DISTRICT	GEORGETOWN	NORTHEAST	OLD CITY #2	SOUTHEAST	SOUTHWEST	UPTOWN EAST	UPTOWN WEST
	Vacancy Ratio	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
	Expense Ratio	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Code	Description	Annual Rent								
1	RET1 RT SM < 10K SF	34.90	72.80		18.50	43.70	16.60	72.80	26.50	44.80
2	RET2 RT MED < 20K SF	31.40	65.60		16.50	39.40	15.00	65.60	23.90	40.30
3	RET3 RT LRG < 50K SF	27.80	58.20		14.70	35.00	13.40	58.20	21.20	35.80
4	RET4 RT XLG > 50K SF	24.40	51.00		12.90	30.60	11.60	51.00	18.60	31.30
5	RET1 RT MKT AREA 1			45.80						
6	RET2 RT MKT AREA 2			58.20						
7	RET3 RT MKT AREA3 SM			99.90						
8	RET4 RT MKT AREA3 LG			36.40						
9	RET5 RT 1ST/UPPR FLR	27.80	58.20	99.90	14.70	35.00	13.40	58.20	21.20	35.80
10	RETB RT BANK/FINANCE	34.90	72.80	58.20	18.50	43.70	16.60	72.80	26.50	44.80
11	RETR RT RESTAURANT	34.90	72.80	52.00	18.50	43.70	16.60	72.80	26.50	44.80
12	RTLl RT LOWER LEVEL	12.40	26.00	52.00	12.40	26.00	12.40	26.00	12.40	26.00
13	RTUA RT UPPR FLR APT	20.80	42.60	31.20	12.40	31.20	12.40	41.60	20.80	20.80
14	RTUO RT UPPR FLR OFF	20.80	42.60	31.20	12.40	31.20	12.40	41.60	20.80	20.80
15	RTUR RT UPPR FLR RET	20.80	42.60	39.60	12.40	31.20	12.40	41.60	20.80	20.80

### Cap Rate Table

Cap Code	Description	Rate
RE1	STD RETAIL	0.059
RE2	SHOP CTR/MALL	0.061
RE3	DEPT ST/SUPERI	0.061

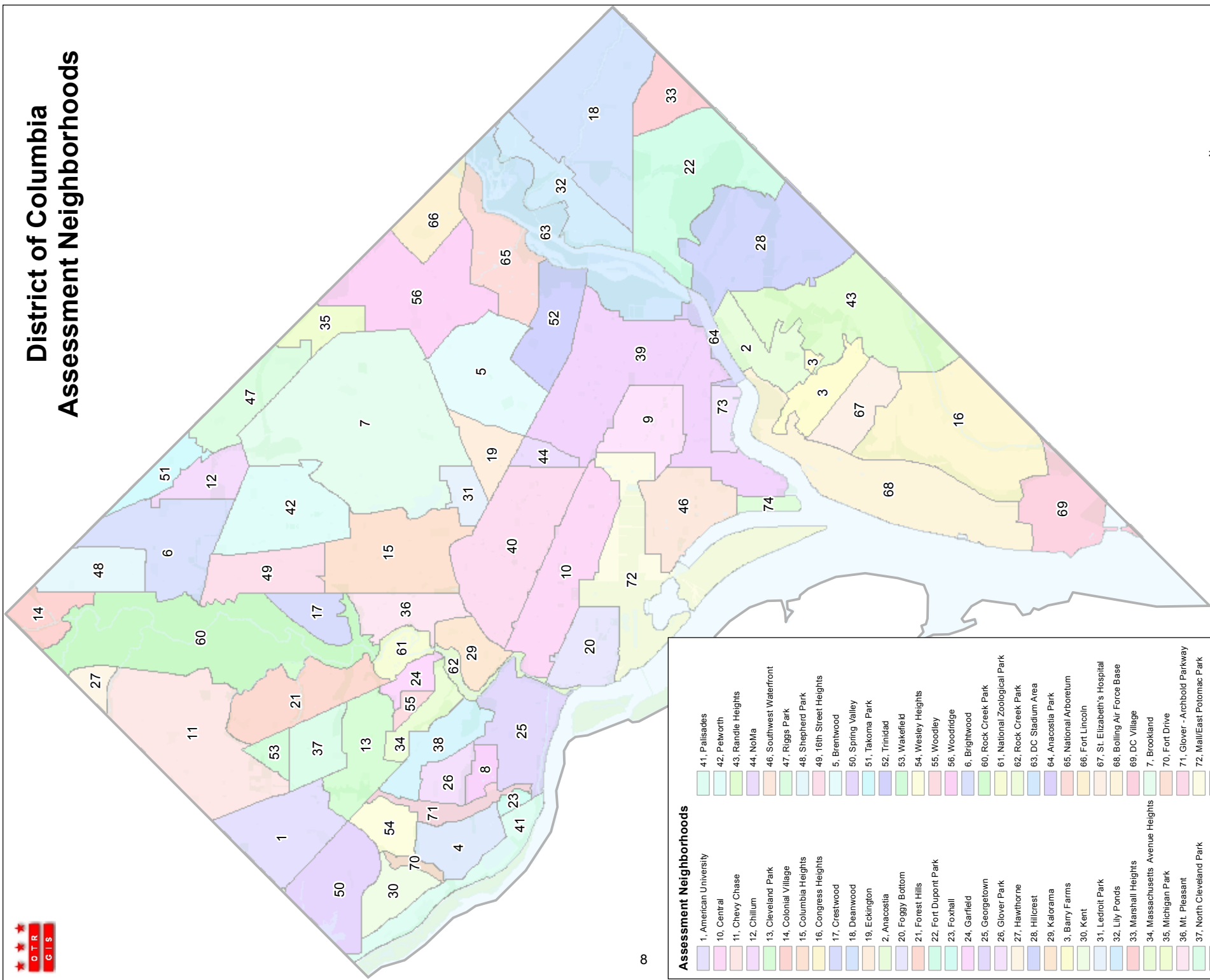
Cap Rating	Description	Adjustment
0	VERY POOR	1.30
1	POOR	1.20
2	FAIR	1.10
3	AVERAGE	1.00
4	GOOD	0.90
5	EXCELLENT	0.80
A	AVERAGE	1.00

### Rent, Vacancy, and Expense Adjustment Tables

Rating	Description	Location	Use	Vacancy	Expense
1	POOR	0.80	0.80	1.50	1.20
2	FAIR	0.90	0.90	1.25	1.10
3	AVERAGE	1.00	1.00	1.00	1.00
4	GOOD	1.10	1.10	0.75	0.90
5	EXCELLENT	1.20	1.20	0.50	0.80
A	AVERAGE	1.00	1.00	1.00	1.00



# District of Columbia Assessment Neighborhoods

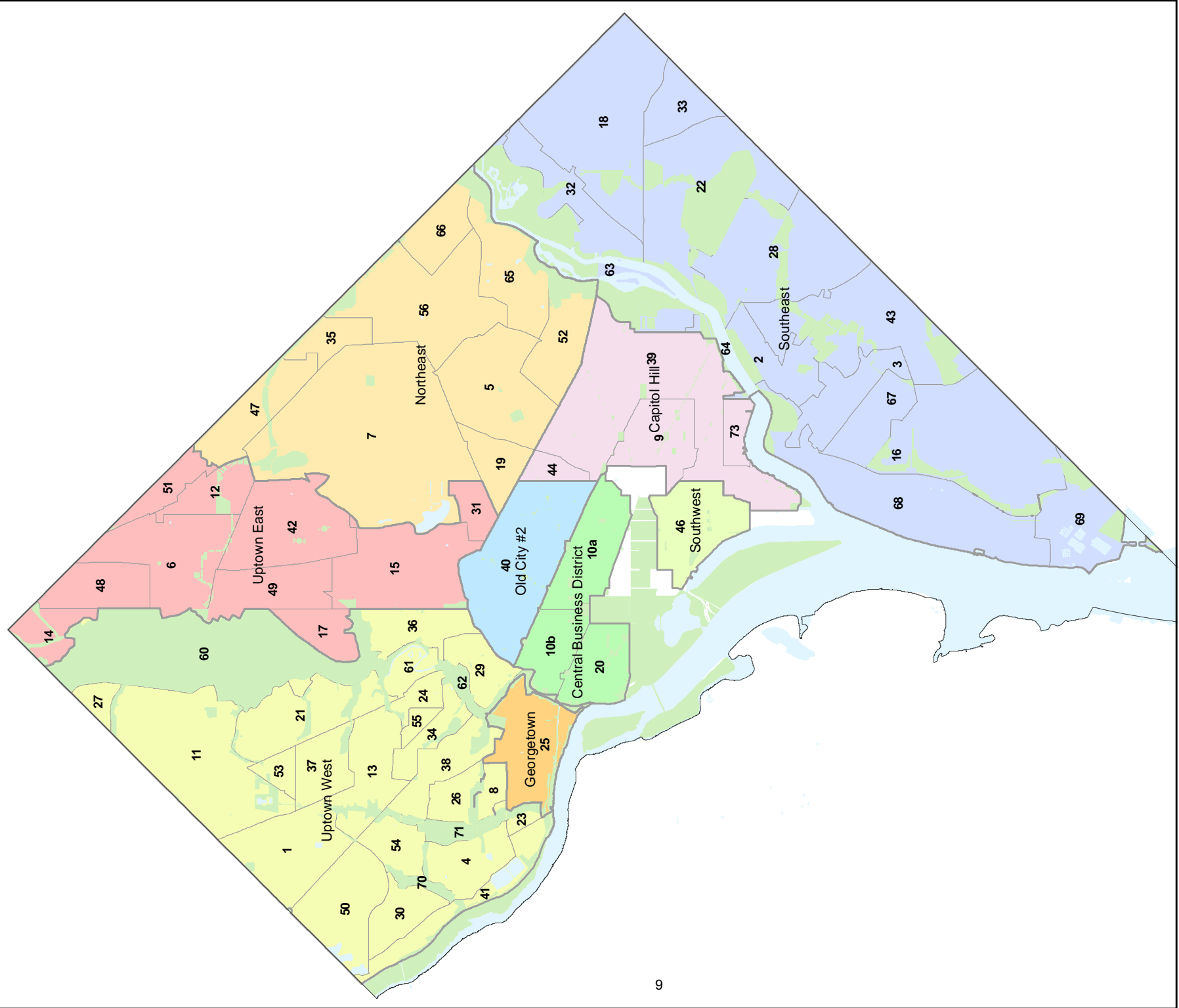


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### Assessment Neighborhoods

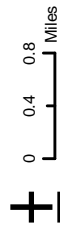
- 1, American University
- 2, Anacostia
- 3, Barry Farms
- 4, Berkley
- 5, Brentwood
- 6, Brightwood
- 7, Brookland
- 8, Burleith
- 9, Capitol Hill
- 10, Central
- 11, Chevy Chase
- 12, Chillum
- 13, Cleveland Park
- 14, Colonial Village
- 15, Columbia Heights
- 16, Congress Heights
- 17, Crestwood
- 18, Deanwood
- 19, Eckington
- 20, Foggy Bottom
- 21, Forest Hills
- 22, Fort Dupont Park
- 23, Foxhall
- 24, Garfield
- 25, Georgetown
- 26, Glover Park
- 27, Hawthorne
- 28, Hillcrest
- 29, Kalorama
- 30, Kent
- 31, LeDroit Park
- 32, Lily Ponds
- 33, Marshall Heights
- 34, Massachusetts Avenue Heights
- 35, Michigan Park
- 36, Mt. Pleasant
- 37, North Cleveland Park
- 38, Observatory Circle
- 39, Old City 1
- 40, Old City 2
- 41, Palsades
- 42, Petworth
- 43, Randle Heights
- 44, NoMa
- 46, Southwest Waterfront
- 47, Riggs Park
- 48, Shepherd Park
- 49, 16th Street Heights
- 50, Spring Valley
- 51, Takoma Park
- 52, Trinidad
- 53, Wakefield
- 54, Wesley Heights
- 55, Woodley
- 56, Woodridge
- 60, Rock Creek Park
- 61, National Zoological Park
- 62, Rock Creek Park
- 63, DC Stadium Area
- 64, Anacostia Park
- 65, National Arboretum
- 66, Fort Lincoln
- 67, St. Elizabeth's Hospital
- 68, Bolling Air Force Base
- 69, DC Village
- 70, Fort Drive
- 71, Glover - Archbold Parkway
- 72, Mail/East Potomac Park
- 73, Washington Navy Yard
- 74, Ft. McNair

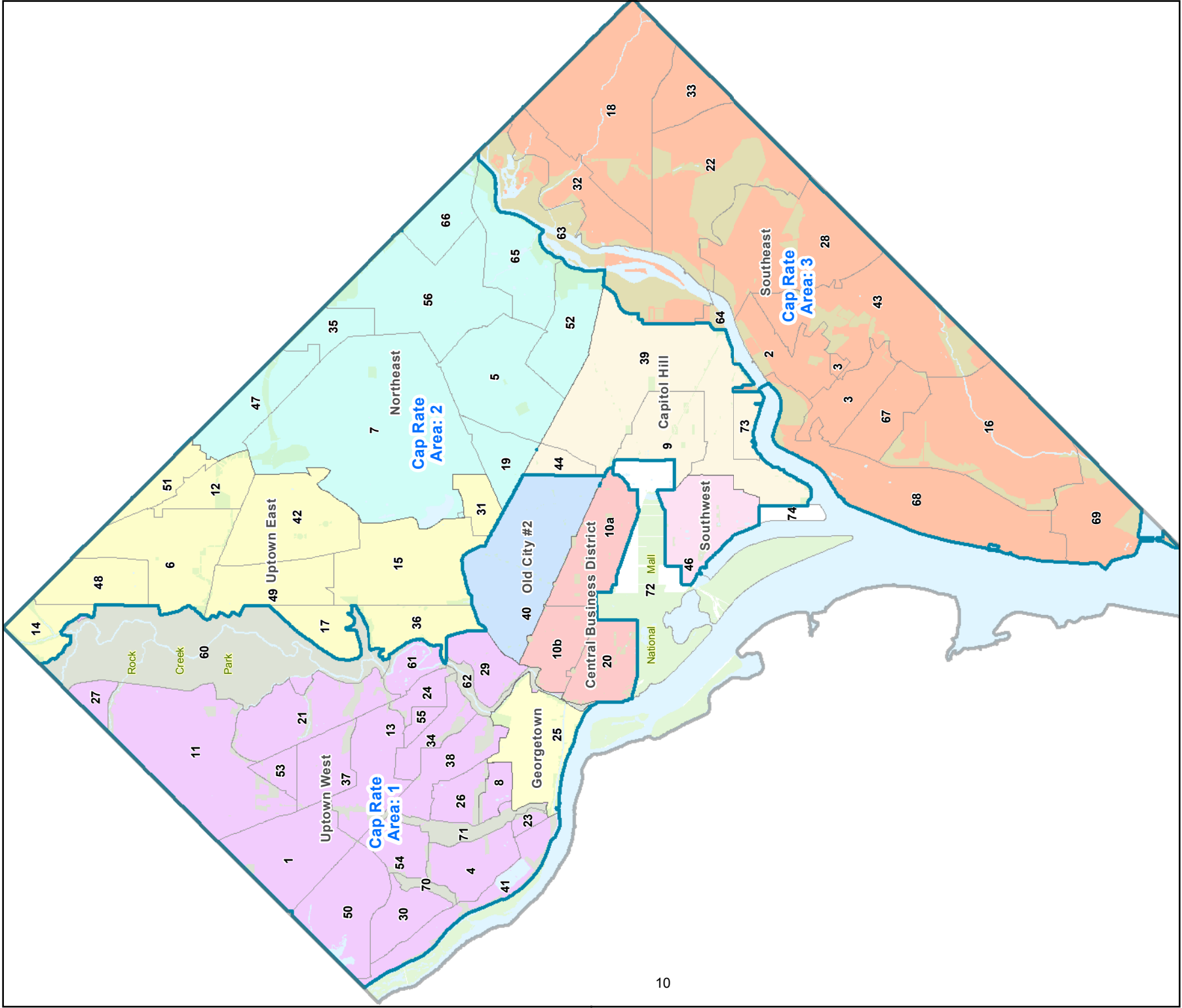




### RPAD Rent Curve SubMarkets

- 001, Capitol Hill
- 002, Central Business District
- 003, Georgetown
- 004, Northeast
- 005, Southeast
- 006, Southwest
- 007, Uptown East
- 008, Uptown West
- 009, Old City #2





### RPAD Rent Curve SubMarkets and Cap Rate Areas

- 1, Central Business District
- 1, Uptown West
- 2, Southwest
- 1, Georgetown
- 2, Capitol Hill
- 2, Uptown East
- 1, Old City #2
- 2, Northeast
- 3, Southeast

DC Office of Tax and Revenue  
 Real Property Assessment Division  
 GIS



# **TAX YEAR 2019 WASHINGTON, DC OFFICE BUILDING EFFECTIVE RENT STUDY METHODOLOGY**

All information utilized in developing the estimates of a market based effective rent is derived from the lease abstracts filed by office property owners, along with their income and expense information. A separate analysis is performed to develop an indicated effective market rent from each new office space lease in the District for the calendar year. The steps are generally as follows. For each lease, initial base rent, lease term, annual percentage rent increases and size of leased area are all utilized to develop an estimate of total income from base rent over the life of the lease. Secondly, If the tenant is responsible for the payment of any operating expenses during the term of the lease (not including excess expenses over an expense stop) an estimate is made of total rent via expense payments/reimbursements over the term of the lease. This is calculated utilizing the lease abstract, the expense history of the subject property and expected rate of expense increases going forward. This estimate of total expense reimbursement (not including expense stop reimbursements) is added to the total estimated base rent for the term. Concessions (usually in the form of free rent) are deducted from that total. The new total rent estimated is divided by the number of years of the lease and the square footage of the space leased to arrive at an average annual estimate of rent per square foot.

That figure is then adjusted, if necessary, for any amount of leasing costs to be paid by the property owner which fall outside of the typical range of lease-up costs for the market. These lease-up costs include tenant improvements and leasing commissions. This range is determined by a separate lease up cost study.

The result is an annualized per-square-foot number that represents the indicated effective rent for that lease. When this process is completed for all new leases available, the leases are stratified by submarket, including considerations of building class and location. For each group of leases an indicated effective rent is determined by multiple measures of central tendency, including average, median and weighted average. Because OTR is utilizing a previous year's data, those indications are then projected forward by one year, utilizing an estimate of percentage increases in market rent. This results in three measures of projected effective rent for a given class and submarket of office buildings.

The results of this study are forwarded to the commercial appraisers, their supervisors and management. Other relevant data is considered and the base rents for the valuation model are chosen.

# **Tax Year 2019**

## **Washington, DC Office Building**

### **Expense Rate Methodology**

Expense rates for the various classes of Office buildings were derived from income and expense analysis. The initial analysis is based on the Income and Expense forms filed by office building owners. Expenses as a percentage of effective gross income are calculated for each property with a complete and clear Income and Expense filing. Unstabilized properties are omitted from the analysis and typical expense ratios are developed for each class of office building. After the total income for a given property has been determined a comparison is made to that same property's reported stabilized expenses to develop an expense ratio for that given property. After this is completed for each property, the buildings are stratified by class. For each class of office, measures of central tendency are reviewed too develop estimates of typical expense ratios. Typical expense ratios were developed on a percentage of effective gross income basis for the various classes of office properties.

The results of this study are forwarded to the commercial appraisers, their supervisors and management. Other relevant data is considered and the base rents for the valuation model are chosen. These ratios are then entered into the CAMA system to be utilized in revaluation.

# **Tax Year 2019 Washington, DC Office Building Capitalization Rate Study Methodology**

Office capitalization rates were derived from arms-length market sales. The stabilized net operating income was derived within the Vision CAMA income capitalization worksheet. Annual Leasing Reports and Income & Expense Statements, from the population of office buildings in the District were reviewed, as well as published resources, to identify market rents and expenses for office buildings of various classifications and locations.

Market rents were applied to the net rentable area of the sales properties, with exceptions and/or adjustments for leases with longer remaining terms. Market expenses were compared to historical expenses of sales properties to determine the most appropriate expense deduction. A deduction was also made for reserve for replacement to account for upcoming replacement of short-lived building components which typically do not occur on an annual basis. Stabilized and trended actual performance of properties was utilized to derive adjustments for miscellaneous income and income items such as parking, storage, and miscellaneous income. Miscellaneous income does not include expense reimbursements.

All of these factors were utilized to derive an estimate of stabilized net operating income for each sale property. The indicated capitalization rate was calculated for each sale property by dividing the stabilized net operating income by the sales price. The population of sale properties, and their indicated capitalization rates, were analyzed to determine capitalization rate trends for office properties in the given tax year.

The results of this study are forwarded to the commercial appraisers, their supervisors and management. Other relevant data is considered and the base capitalization rates for the valuation model are chosen.

Non arms-length sales or sales without an adequate reported history of income and expenses are not included in the capitalization rate study.