

Marina Valuation

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Trends

- Marina Dock Age November December 2019 Issue
- Increasing Occupancy Rates and Gross Profits

National Boat Registration Statistics

State	2018	2017	% Change from 2017
Alabama	244,619	266,157	-8.09%
Alaska	48,829	50,044	-2.43%
Arizona	123,223	123,177	0.04%
Arkansas	172,112	189,695	-9.27%
California	670,102	745,641	-10.13%
Colorado	84,083	84,936	-1.00%
Connecticut	90,728	92,058	-1.44%
DC	2,433	2,512	-3.14%
Delaware	55,047	58,557	-5.99%
Florida	925,141	918,255	0.75%
Georgia	330,853	338,210	-2.18%
Hawaii	12,371	11,658	6.12%
Idaho	86,801	84,015	3.32%
Illinois	245,621	250,776	-2.06%
Indiana	211,287	219,870	-3.90%
Iowa	231,346	220,466	4.94%
Kansas	82,700	83,775	-1.28%
Kentucky	165,987	173,344	-4.24%
Louisiana	303,966	305,783	-0.59%
Maine	111,681	109,774	1.74%
Maryland	170,365	172,304	-1.13%
Massachusetts	132,440	134,538	-1.56%
Michigan	795,374	798,544	-0.40%
Minnesota	819,317	825,658	-0.77%
Mississippi	127,029	131,873	-3.67%
Missouri	289,854	290,376	-0.18%
Montana	63,063	51,373	22.76%

State	2018	2017	% Change from 2017
Nebraska	88,622	87,865	0.86%
Nevada	40,930	43,129	-5.10%
New Hampshire	95,444	94,810	0.67%
New Jersey	149,971	153,372	-2.22%
New Mexico	32,505	33,340	-2.50%
New York	444,103	444,710	-0.14%
North Carolina	359,361	358,171	0.33%
North Dakota	62,740	56,933	10.20%
Ohio	573,050	541,898	5.75%
Oklahoma	198,478	202,594	-2.03%
Oregon	168,100	168,933	-0.49%
Pennsylvania	306,781	313,478	-2.14%
Rhode Island	39,230	39,685	-1.15%
South Carolina	551,477	534,726	3.13%
South Dakota	58,896	59,525	-1.06%
Tennessee	239,313	248,599	-3.74%
Texas	562,424	565,422	-0.53%
Utah	64,208	66,136	-2.92%
Vermont	28,690	28,852	-0.56%
Virginia	225,732	224,031	0.76%
Washington	244,618	239,316	2.22%
West Virginia	51,239	43,839	16.88%
Wisconsin	614,750	624,353	-1.54%
Wyoming	26,656	26,963	-1.14%
American Samoa	81	67	20.90%
CNMI	705	400	76.25%
Guam	950	891	6.62%
Puerto Rico	24,489	21,682	12.95%
USVI	3,054	4,479	-31.82%
Nation	11,852,969	11,961,568	-0.91%

- Over the past six years investment bankers are recognizing marinas as a viable asset class. Consequently funding is becoming more available. Difficult barriers to entry is one of the attractive components, particularly for high end marinas.”

Multi-Marina Ownership

- Safe Harbor, Suntex, Westrec, Southern Marinas, Oasis, Morningstar

Other Organizations & Events

American Boat Builders & Repairers Association



ABBRA (www.abbra.org) is first and foremost a recreational marine industry trade association and national network of marine service and repair companies dedicated to professional development, training, education, and the sharing of knowledge and the search for solutions to common problems.

Founded in 1943, ABBRA serves as an advocate for boatyards, boat service and repairers, and boat builders.

State Marine Trade Organizations

A notable number of states have marine trade associations. Many different kinds of opportunities for making business contacts, getting business tips and working with others in the marine industry on a local, state and national level. Meetings are held locally, featuring programs on timely and interesting marine business subjects, as well as updates on important events and matters that impact the marine business community.

Other Organizations & Events

Ocean & Coastal Resource Management (Clean Marina)

The Clean Marina Initiative is a voluntary, incentive-based program promoted by NOAA and others that encourages marina operators and recreational boaters to protect coastal water quality by engaging in environmentally sound operating and maintenance procedures. While Clean Marina Programs vary from state to state, all programs offer information, guidance, and technical assistance to marina operators, local governments, and recreational boaters on Best Management Practices (BMPs) that can be used to prevent or reduce pollution. Marinas that participate in the Clean Marina Program are recognized for their environmental stewardship.

Clean Marina Program

Benefits for Marina Operators and Owners

A Clean Marina Program offers many benefits to marina operators and coastal areas participating in the program:

- Reduce waste disposal costs. The Best Management Practices (BMPs) will reduce the amount of wastes produced so disposal costs will be lower.
- Generate new sources of revenue. Studies have shown that Clean Marinas can charge slightly higher slip fees and have fewer vacancies.

What Interest Is Being Appraised

The interest appraised must be established. Does the interest appraised include the value of the business as well as the real estate?



Fee Simple Interest

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. Does not include the value of the business.



Leased Fee Interest

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.) Does not include the value of the business.



Leasehold Interest

The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions. Does not include land value or the value of the business.



Going Concern Value

A going concern is an established and operating business with an indefinite future life. For certain types of properties, hotels, restaurants, athletic clubs etc, the physical real estate assets are integral parts of an on going business. It may be difficult to separate the market value of the land and the improvements from the total value of the business, but such division of realty and non-realty components of value is often required by federal regulators. Consequently, only qualified practitioners should take these kinds of assignments.

Upland Site Features

- Total Land Area
- Usuable Upland Area
- Wetlands
- Dimensions
- Configuration
- Ingress and Egress(Bridges etc. from land and water)
- Topography
- Easements or Encroachments
- Zoning
- Water/Sewer (Public/Private)
- Location Of On Site Sewage System
- Electricity (Location of Lines)
- Travel Lift Wells (Size and Location)
- Pump Out Facility

Fuel Tanks

- Above or below ground.
- Diesel and or gas capacity.
- Steel or fiberglass.
- When were they installed?
- Doubled-walled or single wall.
- Last inspected.
- Status of permits.
- Type of fuel leak protection system.
- Condition of fuel lines. Last time tested.

Dry Rack Building

- Width of interior fairway?
- Customers are requiring more dry storage, and boats are getting bigger. Consequently, moving the boats efficiently and economically is a primary issue.

Load Capacity/Width/Height Cubic Feet vs. Linear Feet



20,000 LBS

30,000 LBS

What is the capacity, age, and condition of the forklift?



Is there a backup forklift? How far is the closest dealer?

Travel Lift Well/Deposit Station



What is the water depth in the travel lift well?

Equipment List

Year	Equipment	ID #	Depreciated Value
1999	Fork Lift 20,000 lbs	eix353k0040270	
2009	Fork Lift 40,000 lbs	PY5103U002300	
2011	Fork Lift 60,000 lbs		
2004	Hydraulic Trailer	3kaxs3752ca	
2002	Hydraulic Trailer	1476232	

Request a copy of the owner's insurance policy and tax returns.

41					
42		2010	2011	2012	Budget
43	NET OPERATING INCOME (As % Of Gross Margin)	36.56%	35.33%	38.37%	37.91%
44					
45	EXPENSES (As % Of Revenue)	2010	2011	2012	Budget
46	PAYROLL	20.49%	21.08%	19.84%	20.22%
47	REPAIRS AND MAINTENANCE	1.43%	1.35%	1.45%	1.37%
48	ADVERTISING & MARKETING	0.87%	1.03%	0.64%	0.97%
49	GENERAL & ADMINISTRATIVE	1.33%	1.47%	1.27%	1.27%
50	COMMUNICATIONS & DATA ONE	0.43%	0.74%	0.47%	0.41%
51	PROFESSIONAL FEES	0.01%	0.03%	0.01%	0.08%
52	CREDIT CARD DISCOUNTS	0.96%	1.01%	1.10%	1.03%
53	SECURITY	0.01%	0.01%	0.01%	0.01%
54	LEASE EXPENSE	2.96%	3.28%	3.20%	3.07%
55	TRAVEL & ENTERTAINMENT	0.03%	0.09%	0.02%	0.02%
56	DAMAGES	0.01%	0.04%	0.08%	0.03%
57	UTILITIES	7.01%	6.93%	6.27%	6.15%
58	TAXES	1.72%	1.88%	1.92%	1.55%
59	INSURANCE	3.80%	4.04%	3.54%	4.07%
60	OTHER EXPENSE	0.00%	0.00%	0.00%	0.00%
61	TOTAL EXPENSES	41.04%	42.98%	39.82%	40.24%
62					
63		2010	2011	2012	Budget
64	NET OPERATING INCOME (As % Of Revenue)	23.66%	23.48%	24.79%	24.56%

Revenue Sources

- Wet Slip (lowering rates versus concessions)
- Moorings/Buoys
- Summer Upland Outdoor Storage
- Winter Upland Outdoor Storage
- Drystack (cubic feet or linear feet)
- Transient
- Boat Maintenance and Repair
- Boat Rentals
- Fuel
- Reimbursements
- Retail Store
- Three years of detailed profit and loss statements, year end and year to date.

Occupancy Report/Utility of the Slips

Asking					Actual		
Slip #	Length	Width	Asking	Potential	Length	PPLF	Total
I02	40	17	\$137.00	\$5,480			\$0
I03	40	17	\$137.00	\$5,480			\$0
I04	40	17	\$137.00	\$5,480			\$0
I05	40	17	\$137.00	\$5,480			\$0
I06	40	17	\$137.00	\$5,480			\$0
I07	40	17	\$137.00	\$5,480	36	\$130	\$4,680
I08	40	17	\$137.00	\$5,480			\$0
I09	40	17	\$137.00	\$5,480	32	\$130	\$4,160
I10	40	17	\$137.00	\$5,480			\$0
I11	40	17	\$137.00	\$5,480	42	\$130	\$5,460
I12	40	17	\$137.00	\$5,480	32	\$137	\$4,384
I13	40	17	\$137.00	\$5,480	33	\$130	\$4,290
Potential	\$1,240,700		Total Line	9,193	Total Slips	271	
Received	\$679,838		Occupied	5,380	Occupied Slips	174	
Actual	54.79%		Lin Feet	58.52%	Slips Occupied	64.21%	

Upland Storage

How many boats and how many linear feet or square feet can be comfortably stored on the upland? Although current owners may not be maximizing storage capacity, the potential must be identified and taken into consideration if stabilized occupancy can be achieved relatively quickly with efficient and aggressive management. Are the boats being stored efficiently?





Waterfront/Basin Area Features

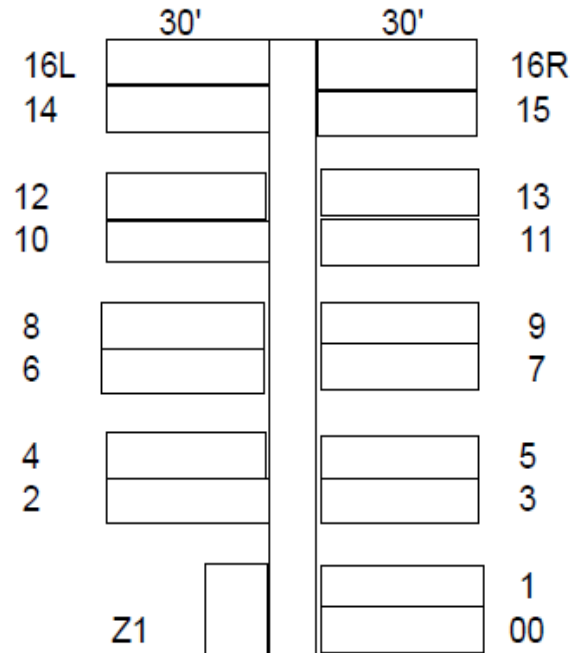
- Basin Area Delineation
- Nearest Waterway
- Navigation Channel
- Prevailing Wind
- Wave Exposure
- Highest Wave Height
- Attenuation/Breakwater Protection
- Average Water Depth
- Storm Damage History
- Siltation Issues
- Mooring Field
- Fetch
- Bulkhead
- Fairways

Basin Area Description

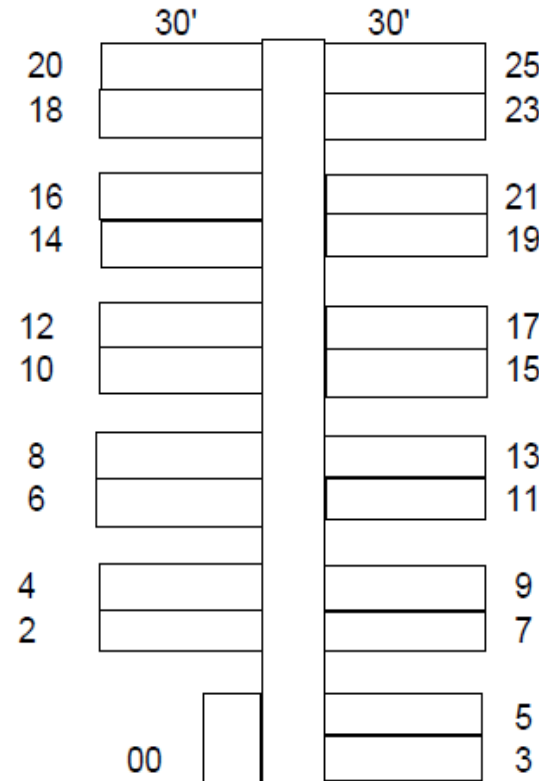
Plan of Basin Area

Ask for a detailed plan of the basin area showing the length and width of each slip. Functional utility is very important. Marinas that were constructed over 30 years ago may not be able to accommodate some of the boats that are built today. Consequently, occupancy issues.

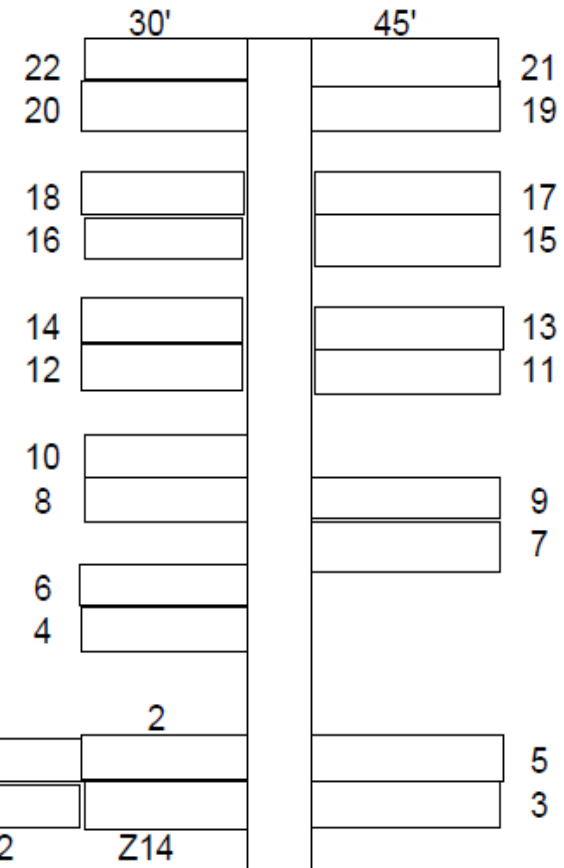
A-DOCK



B-DOCK



C-DOCK



Z2

Z4

Z6

Z8

Z10

Z12

Z14

Slips/Linear Footage

Dock	Length	Beam	# Slips	Linear Feet
100 (Elec/H2O)	30	14	14	420
100 (Transient)	40	14	1	40
100 (Transient)	20	20	4	80
200	40	16	25	1,000
200 (Transient)	85		1	85
300 (Elec/H2O)	32	14	24	768
300	60	18	3	180
400 (Elec/H2O)	32	14	14	448
400	60	18	3	180
400 (Covered)	32	14	12	384
500 (Non Elec)	28	12	32	896
500 (Elec/H2O)	28	12	24	672
500	60	20	2	120
600 (Non Elec)	28	12	31	868
600 (Elec H2O)	28	12	9	252
600 (Covered)	28	12	16	448
600	60	18	3	180
700 (Non Elec)	24	12	38	912
700 (Elec/H2O)	24	12	18	432
700	54	End Tie	1	54
800 (Non Elec)	24	12	42	1,008
800 (Covered)	24	12	14	336
800	54	End Tie	1	54
900 (Non Elec)	24	10	65	1,560
900	54	End Tie	1	<u>54</u>
			398	11,431

Deferred Maintenance



Property Condition Report! Request a report. Appraisers are not engineers. Some deferred maintenance is obvious; however, determining the condition behind the bulkhead or the pilings below MLW is an engineer's job, and the findings are essential to producing a reliable appraisal report.

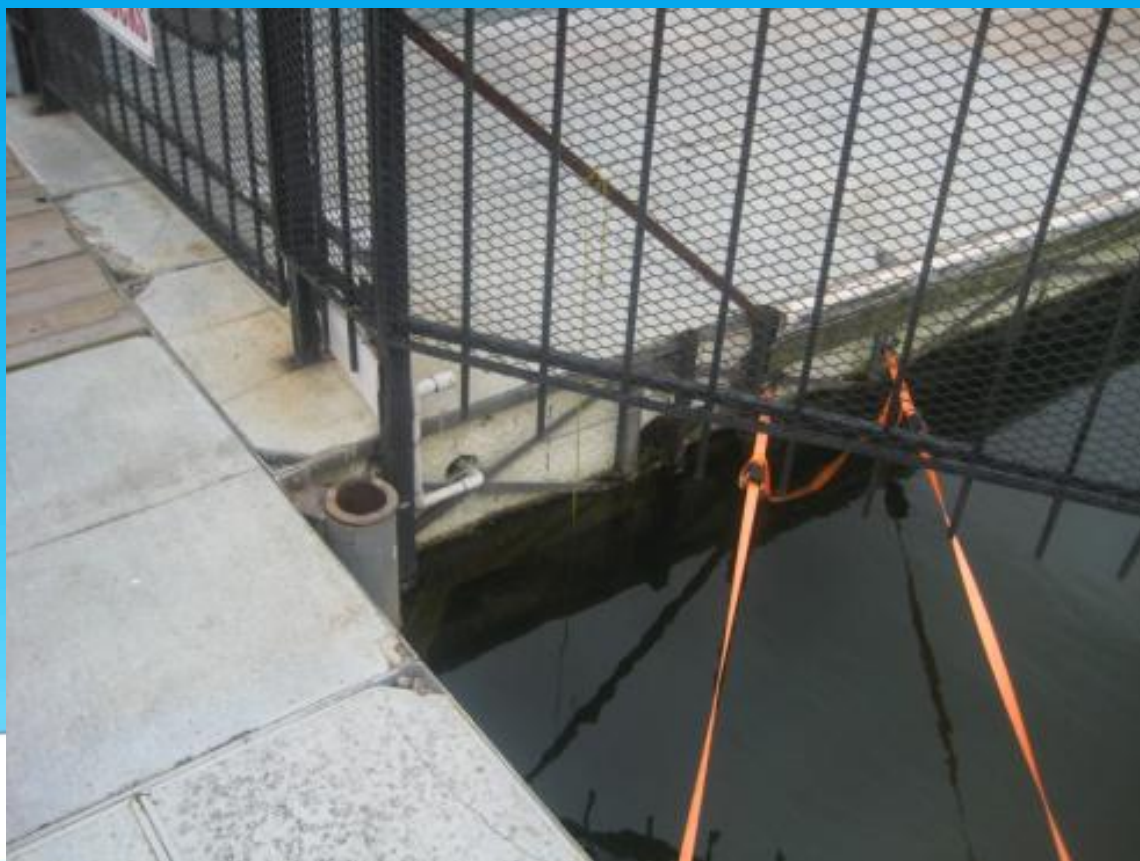


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Fetch



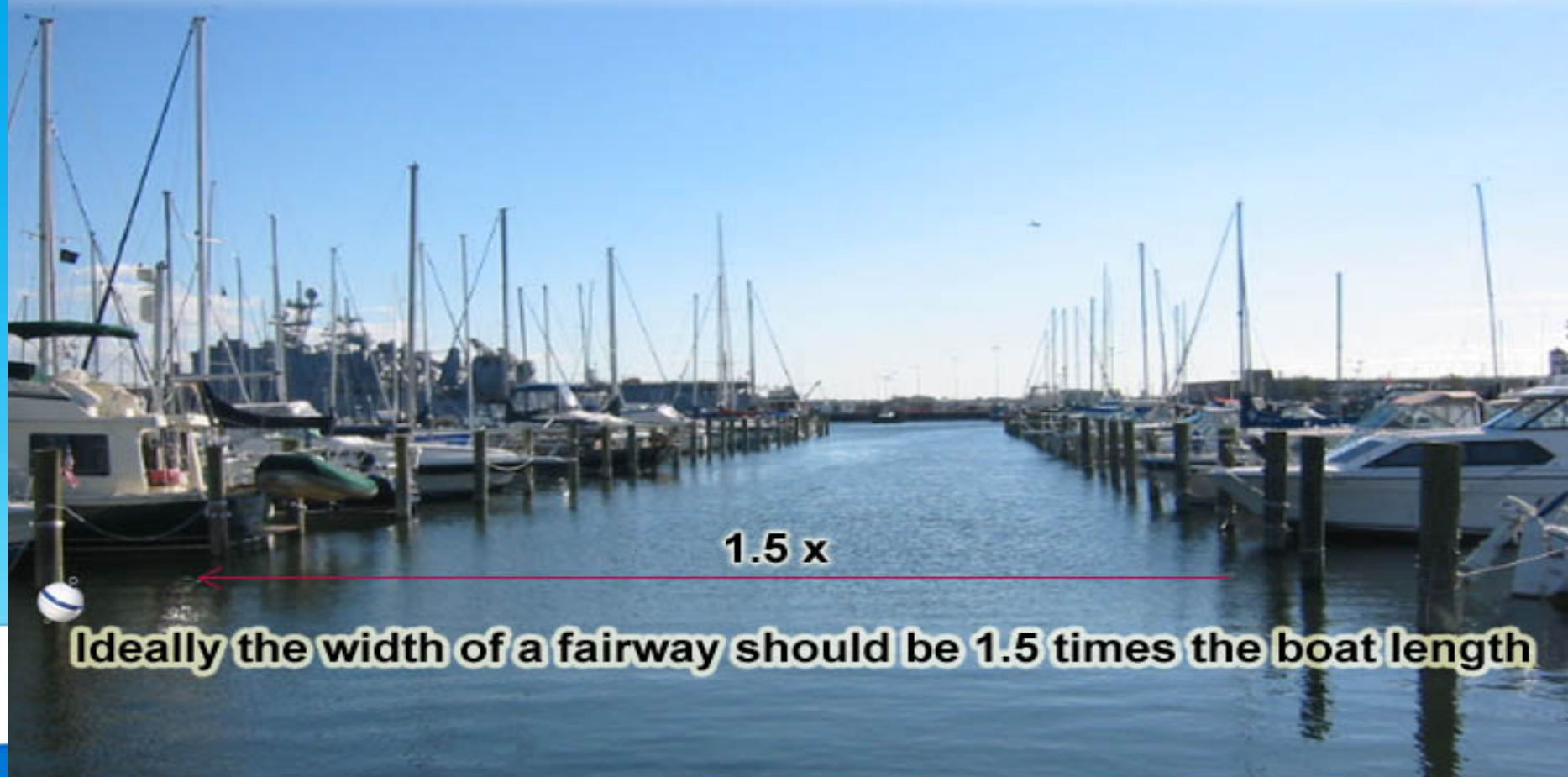
Wave Attenuator/Wind and Wave Action Basin Area/Try Inspect the Facility On A Stormy Day



Bulkhead



Fairway



Basin Area

- Type of docks – floating or fixed.
- Type of construction – concrete, aluminum or wood.
- Type of flotation-polystyrene, concrete, Styrofoam. Some states require the replacement of open foam flotation.
- Width of main docks.
- Width of finger piers.
- Configuration – distance from docks to basin area perimeter.
- Electric power heads – capacity.
- Water availability to slips.

Siltation/Dredging

- When was the last time the basin area was dredged and what was the cost?
- How frequently does the basin area need to be dredged?
- Who maintains the maintenance dredging in the access channels to the marina basin. Federal, state, local.
- Can be extremely expensive and the permits may also be very difficult to obtain.

Winter/Ice Conditions



Bathymetric Study

Request a copy of the water depth throughout the basin area at mean low tide. Are all the slips usable?



Waterfront Description

Number Of Berths

Linear Feet

Average Length

Manufacturer of Docks

Age/Condition

Effective Age

Type of Flotation

Type of Frame

Deck

Number of Main Docks

Covered Docks

Uncovered Docks

Width of Main Docks

Length of Finger Docks

Width of Finger Docks

Average Width or Beam of Slips

Fuel Pumps

Fire Suppression

Electric Power Heads

Water

Number of Fairways

Width of Fairways

Water Depth at Mean Low Tide

Siltation

Dry Stack Deposit Station

Travel Lift Well (Depth at MLW)

Maintenance & Repair

Bulkhead

Pilings

Access Gates to the Docks

FF&E Make/Model/Age/Condition/Effective
Age/As Is Value

Fetch

Prevailing Wind

Breakwater Protection

Potential Boat Wake Issues

Storm Damage History

Ingress and Egress to the Marina Basin

Nearest Primary Waterway

Clean Marina Designation

Highest & Best Use (Marina?)



Sales Comparison Approach

Unlike other property types, such as apartments, self-storage, office, retail, and industrial, which have relatively similar physical characteristics when compared with their respective property types, the physical characteristics of marinas vary significantly. Consequently, this approach is rendered extremely subjective. Focus on price per linear foot as opposed to price per slip.

Cheese and Cracker



Mom & Pop



Full Service



Ship Yard



Full Service Facility That Utilizes The Entire Town

#1. Storage Yard #2. Ship Store #3. Marine Office, Slips & Moorings #4. Repair Yard



#2 Ships Store

Instead of the ships store being located on the waterfront, it is located in the center of the Town's retail district, within walking distance of the marina.



#3 Marine Office, Slips & Moorings



#4 Repair Yard

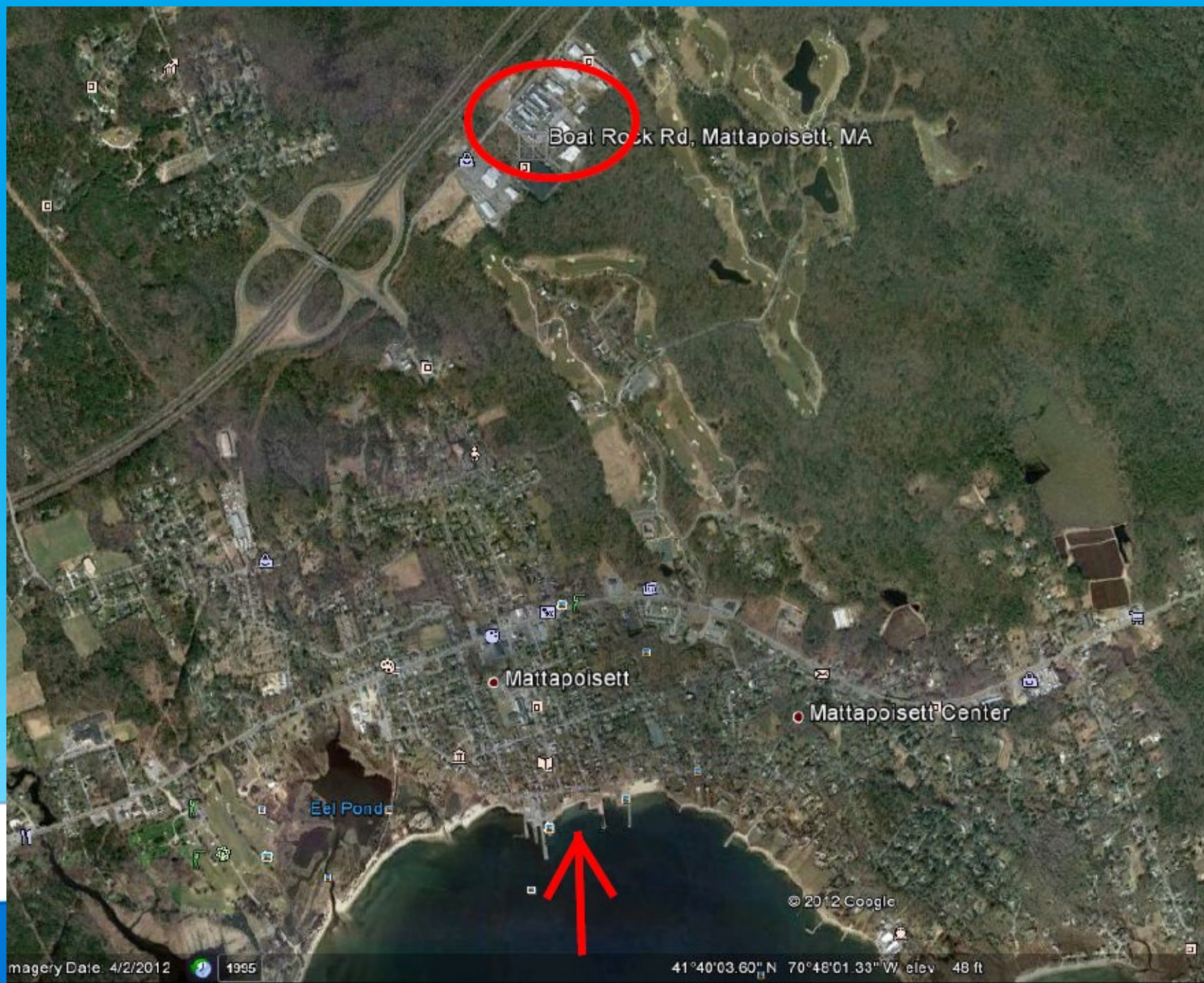






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Google earth















Price Per Linear Foot As Opposed To Price Per Slip

Gross Or Adjusted Gross Income Multiplier

- The relationship (ratio) between sales price (value) and either Potential **Gross Income** or Effective **Gross Income** in **income** producing properties. It is used to estimate value as a multiple of annual **gross or adjusted gross (gross profit) income**.

Total Revenue	\$2,900,000
Less Cost Of Sales	<u>\$530,000</u>
Adjusted Gross Income	\$2,370,000
Sale Price	\$14,520,000
Adjusted Gross Income	\$2,370,000
Adjusted Gross Income Multiplier	6.13

Cost Approach

(Per Square Foot, Not Per Slip)



Income Approach

Income Sources

Dry Storage
Hauls and Launches
Docks
Docks-Seasonal
Docks-Transient
Docks-Electric
Leases - Percentage Rent
Leases - Commercial
Leases
Leases-Parking
Banquets/Events
Boat Services
Boat Service-Service
Boat Detailing
Service
Service H&L
Parts
Gas
Diesel
Diesel Bunkering
Merchandise
Other Income
Total Revenue

Cost of Revenue
Docks
Docks-Electric
Leases - Commercial
Boat Detailing
Service
Parts
CGS Propane
Gas
Diesel
Diesel Bunkering
Merchandise

Total Cost of Revenue

Gross Margin

Line		2010	2011	2012	Budget
1	REVENUES				
2	SLIP RENTAL REVENUE	31.26%	32.53%	30.99%	30.83%
3	DRY STORAGE REVENUE	6.69%	7.07%	7.14%	6.78%
4	LEASE INCOME	2.72%	3.07%	3.03%	3.40%
5	BOAT RENTAL REVENUE	0.00%	0.00%	0.00%	0.00%
6	RETAIL SALES	1.32%	1.05%	0.99%	1.18%
7	FUEL SALES	11.36%	13.37%	13.35%	13.17%
8	SERVICE REVENUE	38.41%	34.70%	36.48%	37.31%
9	USE FEES	0.56%	0.62%	0.59%	0.59%
10	REIMBURSEMENTS	6.98%	7.01%	6.87%	6.35%
11	OTHER INCOME	0.70%	0.56%	0.55%	0.39%
12	RECEIVABLE COLLECTIONS	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
13	TOTAL REVENUES	100%	100%	100%	100.00%
14					
15	COSTS OF SALES (As A Percentage Of Revenue)				
16	BOAT RENTAL	2010	2011	2012	Budget
17	RETAIL	67%	64%	73%	58%
18	FUEL	72%	75%	77%	75%
19	SERVICE REVENUE	68%	66%	67%	66%
20	TOTAL COSTS OF SALES				

21					
22	GROSS MARGIN	64.70%	66.46%	64.62%	64.81%
23					
24	EXPENSES (As % Of Gross Margin)	2010	2011	2012	Budget
25	PAYROLL	31.67%	31.72%	30.70%	31.21%
26	REPAIRS AND MAINTENANCE	2.21%	2.03%	2.24%	2.11%
27	ADVERTISING & MARKETING	1.35%	1.55%	0.99%	1.50%
28	GENERAL & ADMINISTRATIVE	2.06%	2.21%	1.97%	1.96%
29	COMMUNICATIONS & DATA ONE	0.66%	1.12%	0.72%	0.64%
30	PROFESSIONAL FEES	0.01%	0.05%	0.01%	0.12%
31	CREDIT CARD DISCOUNTS	1.48%	1.52%	1.70%	1.60%
32	SECURITY	0.01%	0.01%	0.01%	0.01%
33	LEASE EXPENSE	4.58%	4.93%	4.96%	4.74%
34	TRAVEL & ENTERTAINMENT	0.04%	0.14%	0.04%	0.03%
35	DAMAGES	0.01%	0.07%	0.12%	0.04%
36	UTILITIES	10.83%	10.42%	9.71%	9.49%
37	TAXES	2.65%	2.83%	2.97%	2.39%
38	INSURANCE	5.87%	6.07%	5.48%	6.27%
40	TOTAL EXPENSES	63.44%	64.67%	61.63%	62.09%

Operating Expenses

Operating Expenses

Marketing

Accounting Services

Bank-Processing Fees

Payroll Processing Fees

Merchant Services Fees

Electricity

Land Lease

Lease - Percent Rent

Insurance

Miscellaneous

Permits & Inspections

Dues & Subscriptions

Personnel

Employee Training

Postage

Repair-General

Security

Sewer/Water

Landscape

Office Equipment Lease

Supplies-General

Supplies-General-Kitchen

Supplies-Computer

Supplies-Office

Supplies-Vehicle

Telephone/Internet

Telephone/Mobile

Tools

Customer Relations-Other

Travel

Meals

Uniforms

Waste Removal

Total Operating Expenses

Net Operating Income

CONTRIBUTION

Administrative Expense Section

Collection Fees

Professional Fees

Extraordinary

Legal/Accounting

Management Travel

Management Meals

Donations

Penalties and Fines

Total Administrative Expense Section

NOI (Before Fees)

Management Fees

Net Operating Income

Service/Boat Maintenance & Repair

This revenue source is treated differently by appraisers, buyers, etc. Some marine facilities typically lease space to a third party vendor as opposed to directly operating the service business. For those facilities where the service business is owned and operated by the marina, one method that is used in allocating revenue to the real estate is to allocate a rental rate to the building that is utilized by the maintenance and repair business. However, if a marina has had a very successful and profitable service business for an extended period of time, this must be given very serious consideration, as a significant amount of contributory value could be overlooked by not taking into consideration the cash flow generated from the service business.
(Going Concern)





Revenue

- **Boat Sales:** Typically, revenue from boat sales is not included; a rental rate should be applied to the space occupied by the boat sales operation.
- **Boat Rentals:** This is a very viable revenue source, particularly where there is limited competition; however, the appropriate expenses for reserves for replacement must be taken into consideration, particularly because the rental fleet must be upgraded regularly.

Revenue

- **Fuel:** Depending on location and competition, this revenue source is essentially an amenity. As the profit margin is low, with typical expenses in the 80% range, there has to be notable volume to justify the high installation cost and higher insurance costs.
- **Transient**
- **Other Income:** Income generated from third party rentals, such as restaurant, retail stores, etc.

Expenses

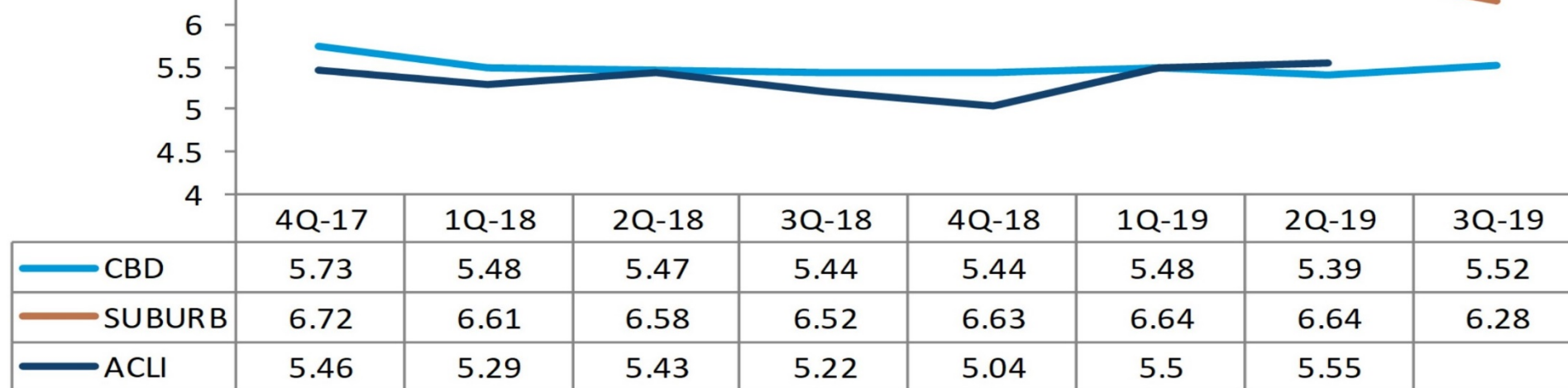
- **Real Estate Taxes:** Marinas should be assessed as currently utilized and not based on other potential development, such as residential uses.
- **Insurance:** Generally speaking, insurance costs typically range between 4% and 6% of gross margin/profit. If the income from the service repair business is not directly included in the analysis, the insurance cost must be adjusted accordingly.
- **Payroll:** This expense category must be closely reviewed to make certain that the facility does not have any unnecessary employees on payroll. This is the case in some family-operated businesses.

Expenses

- **Repairs & Maintenance:** This expense category is for ongoing repairs. Make certain one-time capital improvements are not included in this expense item. Do not simply take a percentage of adjusted revenue.
- **Utilities:** If some of the utilities are reimbursed, make certain that the appropriate reimbursements are included in the revenue.
- **Off-Site Management Fee:** Regionally and nationally recognized marinas have a fee.

Expenses

- **Reserves for Replacement:** This expense item must be addressed very carefully, particularly in instances where the docks are near the end of their useful life and will need significant renovations or replacement. In those facilities where the docks are in good condition and have notable remaining economic life, this must be noted. Rarely do you see a line item for reserves for replacement in a marina p & l statement.

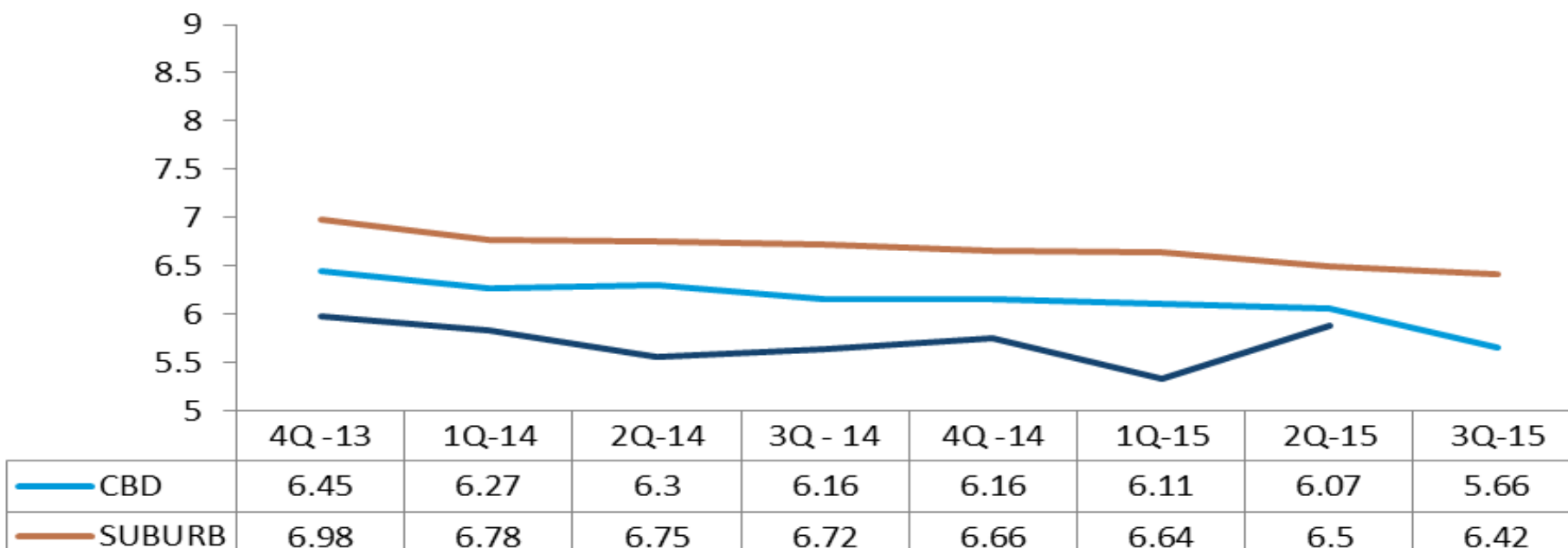


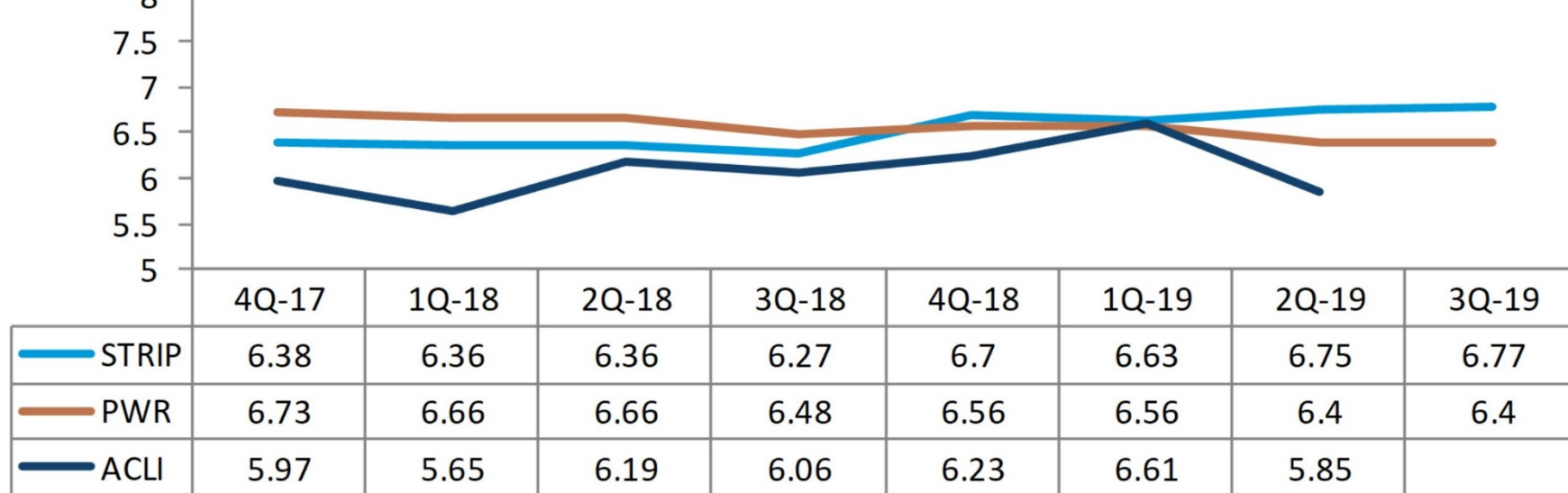
CBD - PwC Real Estate Investor Survey - National CBD Office Market

SUBURB - PwC Real Estate Investor Survey - National Suburban Office Market

ACLI - American Council of Life Insurers Investment Bulletin - Office Properties

Office Capitalization Rate Trends



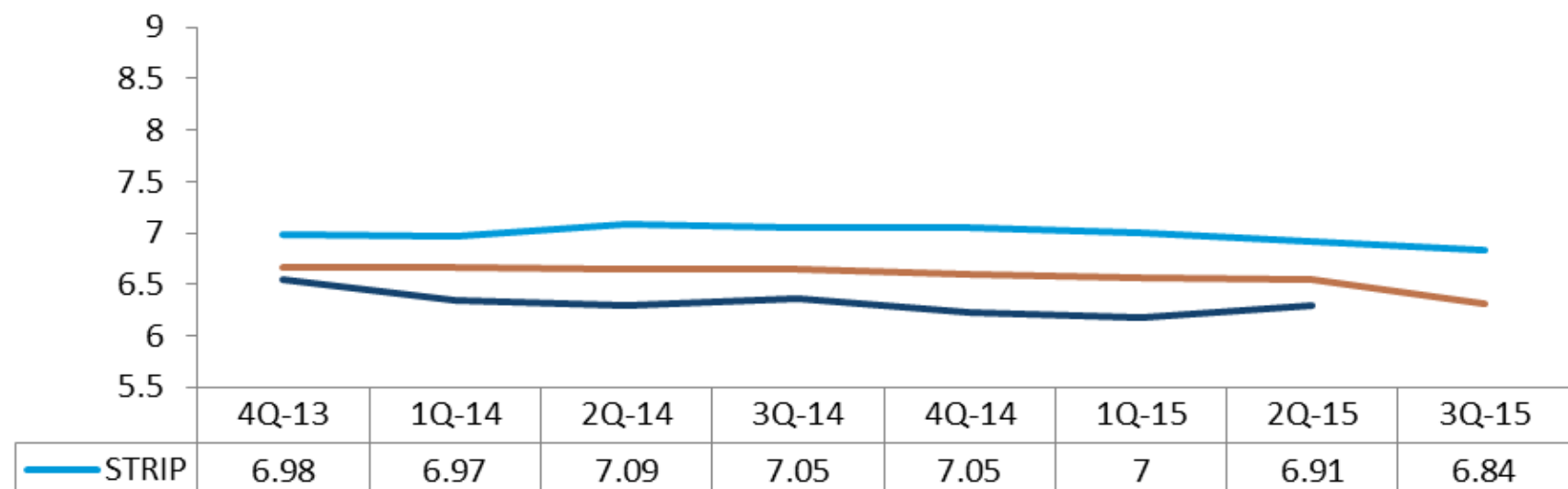


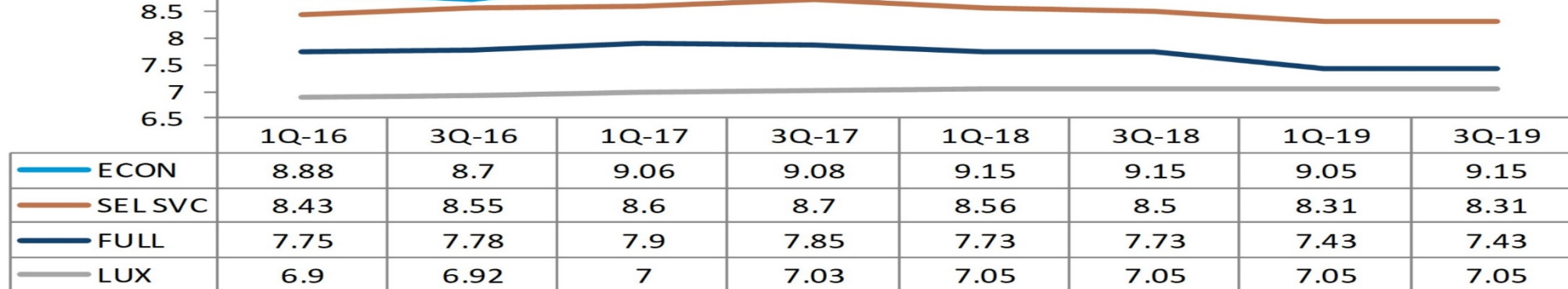
STRIP - PwC Real Estate Investor Survey - National Strip Shopping Center Market

PWR - PwC Real Estate Investor Survey - National Power Center Market

ACLI - American Council of Life Insurers Investment Bulletin - Retail Properties

Retail Capitalization Rate Trends





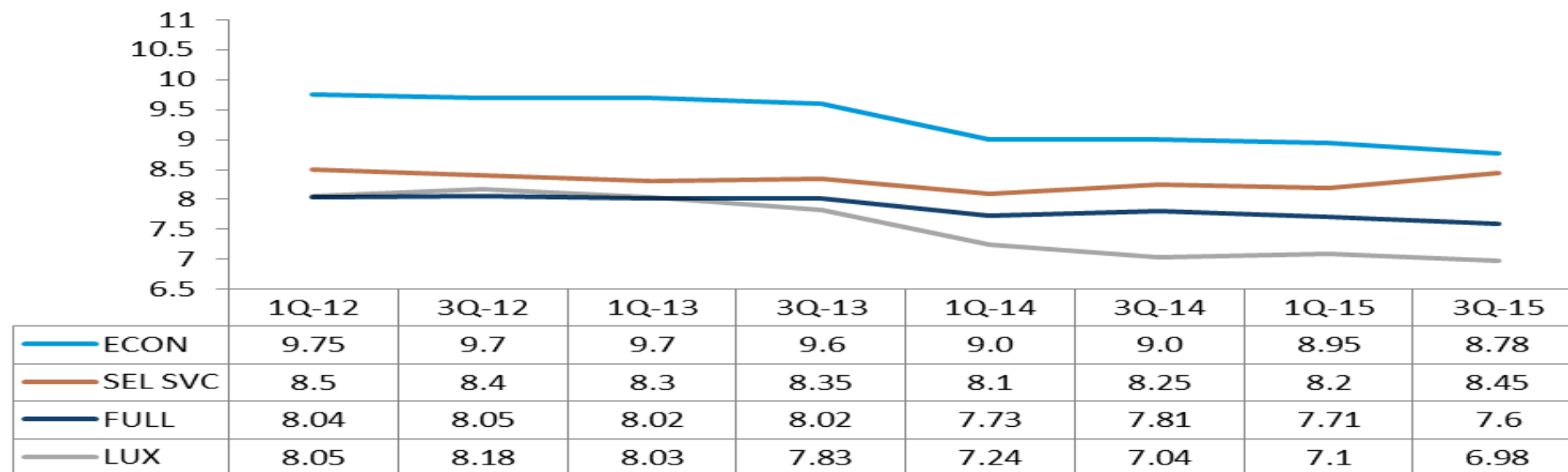
ECON - PwC Real Estate Investor Survey - Economy/Ltd. Service Segment

SEL SVC - PwC Real Estate Investor Survey - Select Service Segment

FULL - PwC Real Estate Investor Survey - Full Service Segment

LUX - PwC Real Estate Investor Survey - Luxury/Upscale Segment.

Hotel Capitalization Rate Trends



ECON - PwC Real Estate Investor Survey - Economy/Ltd. Service Segment

SEL SVC - PwC Real Estate Investor Survey - Select Service Segment

FULL - PwC Real Estate Investor Survey - Full Service Segment

LUX - PwC Real Estate Investor Survey - Luxury/Upscale Segment.

Summary

- Follow trends in the marina industry closely.
- Detailed permit history of the marina.
- Durability of third party leases and renewal probability.
- A property conditions report prepared by a registered marine engineer is a priority.
- The Income Approach is the primary approach.