Chesapeake VIRGINIA

Annual Reassessment Report
Office of the Real Estate Assessor
July 1, 2018

Chesapeake VIRGINIA

City of Chesapeake

Office of the Real Estate Assessor
306 Cedar Road
Chesapeake, Virginia 23322-5514
(757) 382-6235
FAX (757) 382-6844

August 8, 2018

The Honorable Rick W. West, Mayor
The Honorable John M. de Triquet, Vice Mayor
Honorable Members of City Council
City of Chesapeake - City Hall
306 Cedar Road, 6th Floor
Chesapeake, VA 23322

RE: 2018 Annual Report

Dear Mayor West and Council Members:

I am pleased to submit for your review the annual report of the Office of the Real Estate Assessor, effective July 1, 2018. This report is intended to provide you with an overview of the major components involving real estate assessment data and trends.

As you are aware, the City Assessor's Office in compliance with Virginia Constitution, Article X estimates the fair market value of all real estate, taxable and exempt. To accomplish this task, we inspect and collect field data on all new construction, including additions and alterations where permits are obtained. We review our data on existing properties throughout the year to maintain accuracy. Annually, we conduct reassessment of all real property via a computer-assisted mass appraisal system which is comprised of four major subsystems; sales analysis, data management, valuation, and administration. Utilizing current market data and trends, detailed statistical analysis is performed to measure the accuracy, equality and equity of the value estimate. Additionally, the office produces the annual Land Book, processes property transfers, maintains a parcel maintenance inventory system and provides assistance to the public by responding to requests for information relative to real estate assessments.

We mailed reassessment notices for approximately 73,000 parcels on March 1, 2018 after completing the annual reassessment. During the month, we received appeals for 661 parcels. After the informal appeal period, we had 58 parcels appeal to the Board of Equalization. I am proud to say that the Board confirmed our values on all 58 parcels.

As of July 1, 2018, the gross taxable value of Chesapeake is $26,830,008,900. The total net taxable assessed value for July 2018 is $26,639,866,700. We are deferring $190,142,200 of valuation due to the Agricultural/Forest Land Use program. Comparing the July 2017 Land Book net taxable value of $25,321,538,100, we had an overall increase of $1,318,328,600 or 5.21%.

The overall measure of accuracy for an assessment office is the assessment/sale ratio. This ratio is calculated by dividing the assessment at the time of sale by the sale price. We started our reassessment process with a median assessment/sale price ratio of 93.1%. After adjusting assessments based on our market data, we achieved an overall assessment/sale price ratio of 96.9%.

The information that follows provides more details on the data and trends involving real estate for the City of Chesapeake. Please let me know if you have any questions or comments.

Sincerely,

Gregory H. Daniels, CAE
Real Estate Assessor

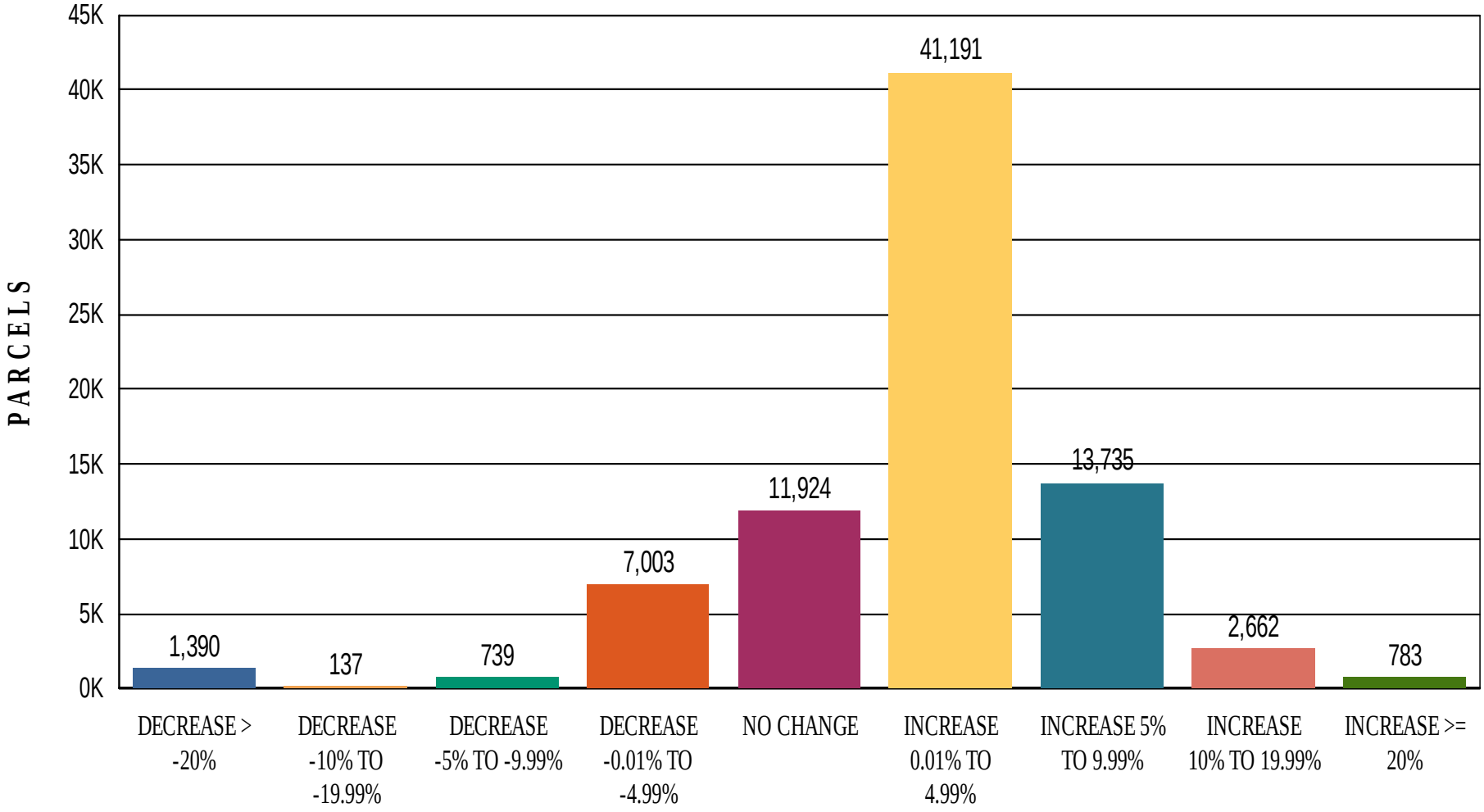
cc: James Baker, City Manager
Jacob Stroman, City Attorney
Barbara Carraway, CPA, City Treasurer,
Frank King, Commissioner of the Revenue
Wanda Barnard-Bailey, Deputy City Manager
Robert Geis, Deputy City Manager
Laura Fitzpatrick, Deputy City Manager
Steven Jenkins, Budget Director
Sandra Madison, City Clerk

Mission Statement

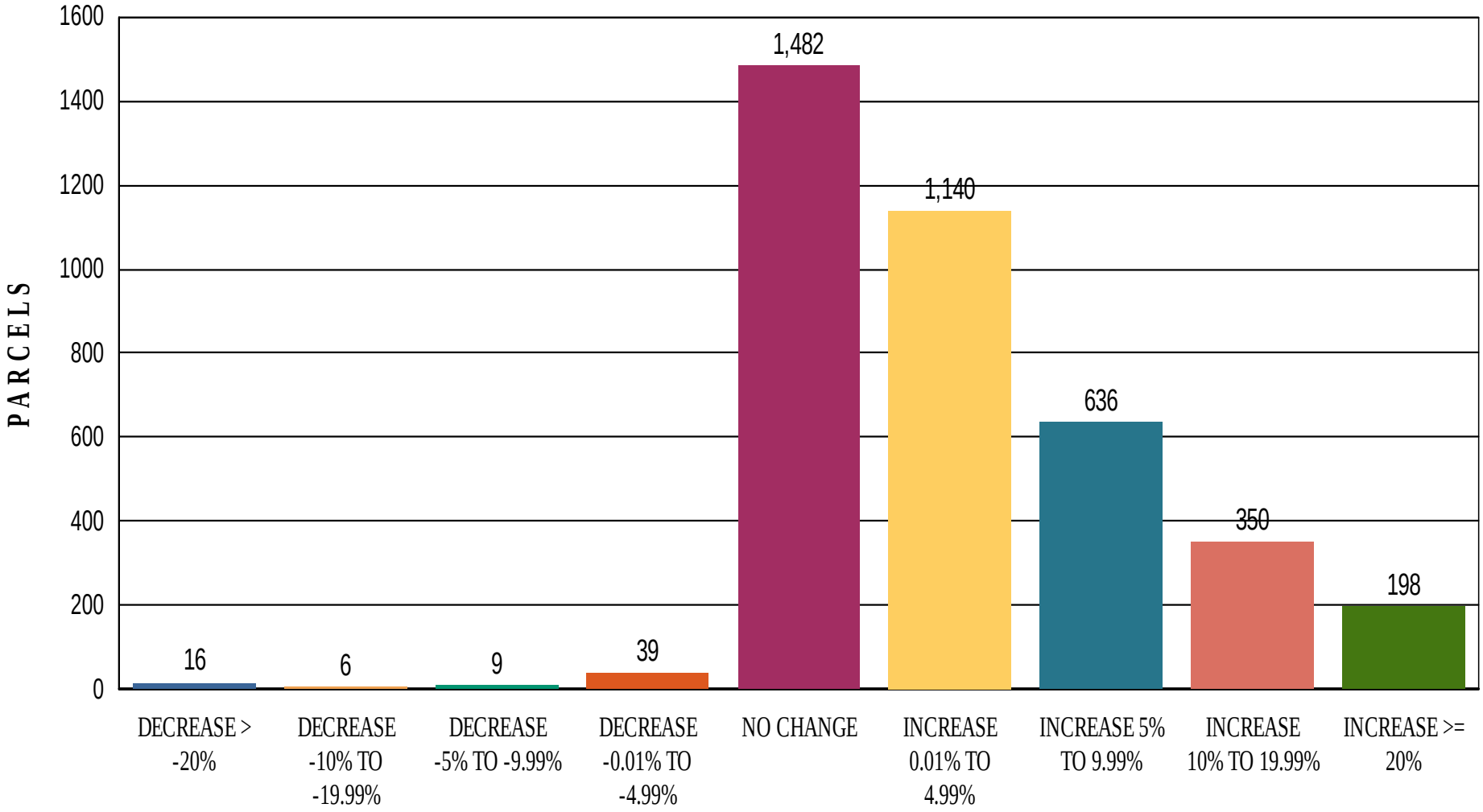
"To provide fair and equitable appraisal of real estate for assessment purposes to the citizens and property owners of Chesapeake through effective professional personnel, innovative technology and application of reliable, consistent procedures."

Reassessment Results

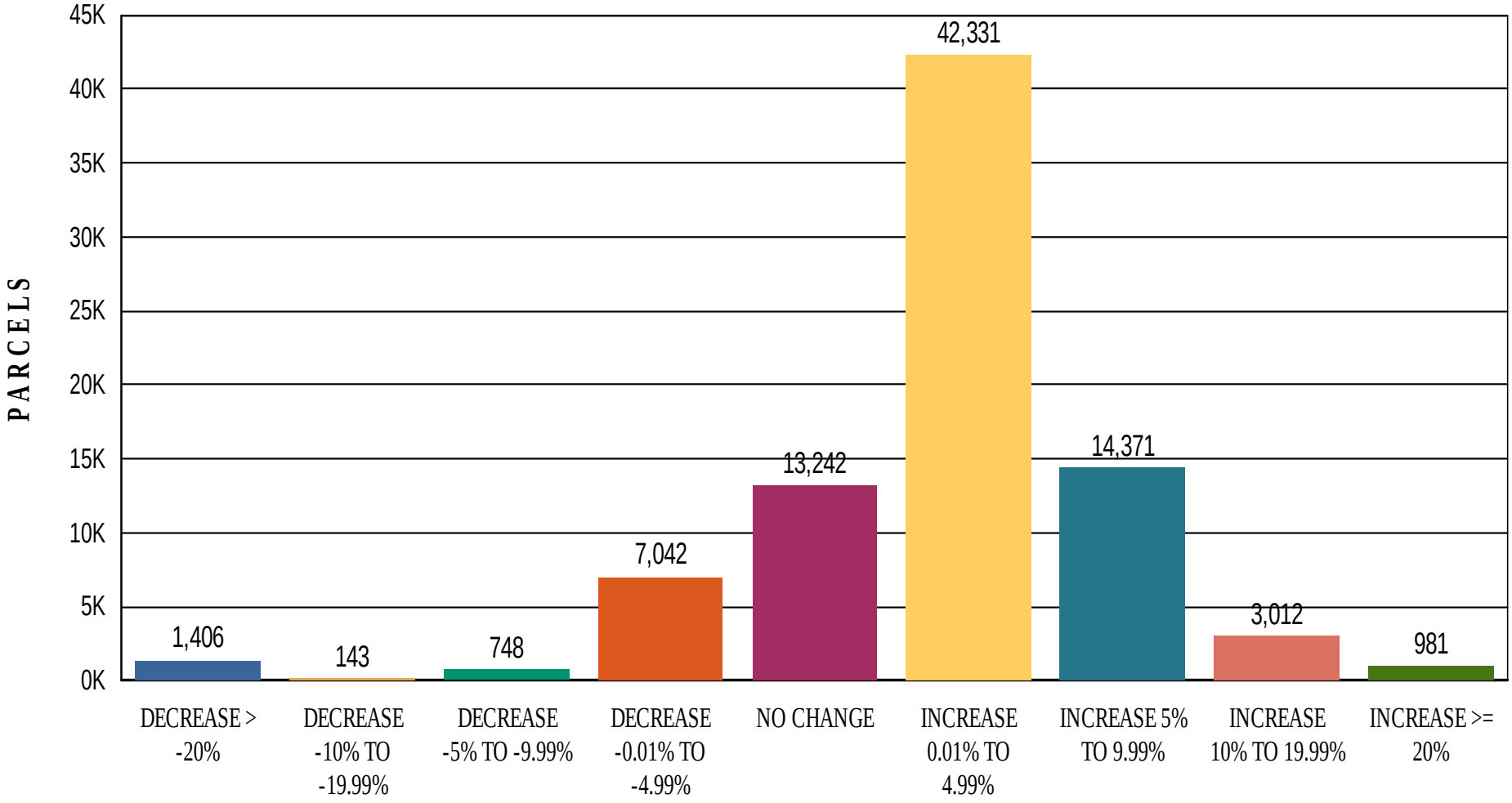
Residential Taxable Reassessment Results

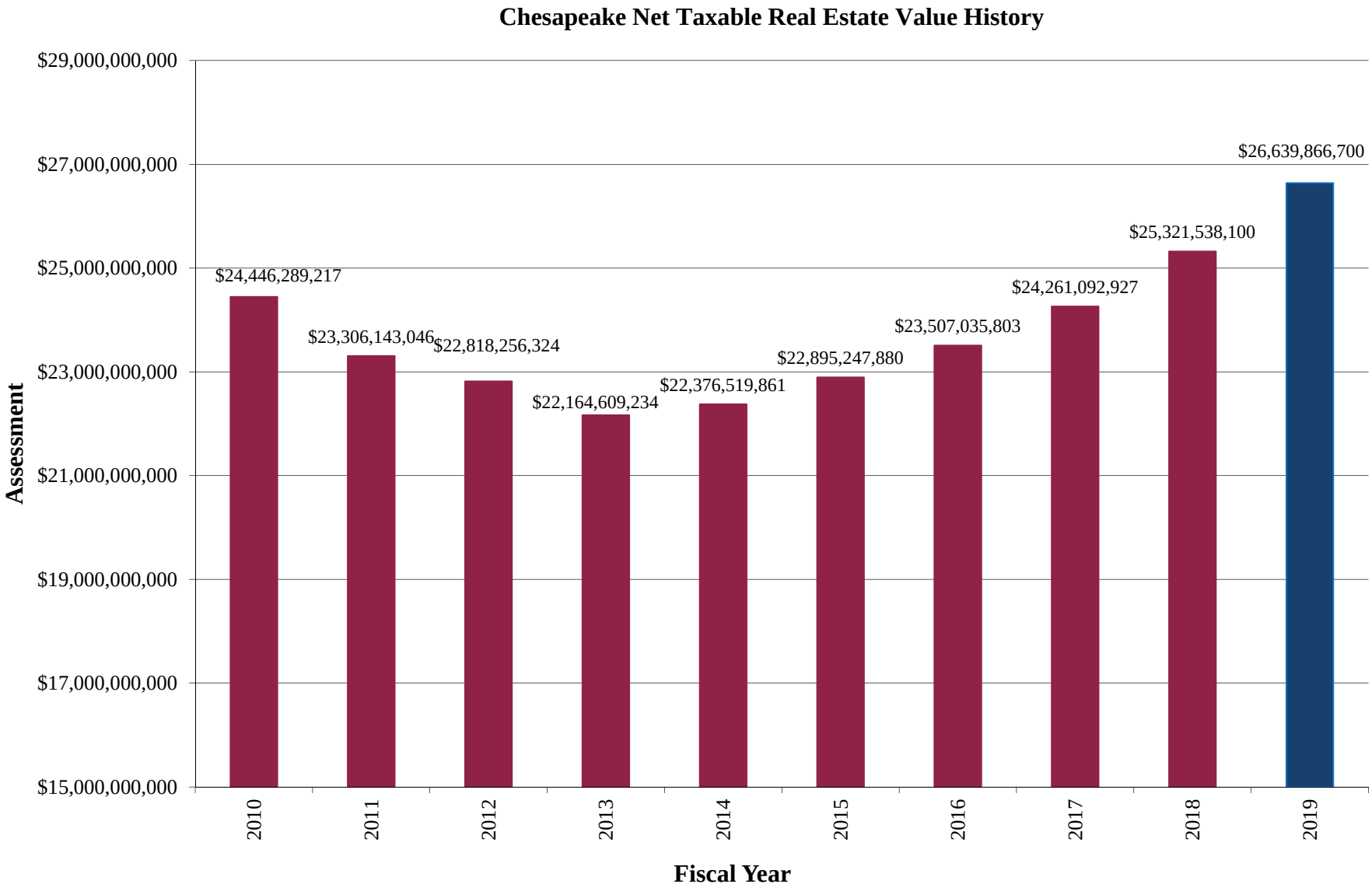


Commercial Taxable Reassessment Results



Taxable Reassessment Results




Chesapeake Net Taxable Real Estate Value History
$29,000,000,000
$27,000,000,000
$25,000,000,000
$23,000,000,000
$21,000,000,000
$19,000,000,000
$17,000,000,000
$15,000,000,000
Assessment
$24,446,289,217
$23,306,143,046
$22,818,256,324
$22,164,609,234
$22,376,519,861
$22,895,247,880
$23,507,035,803
$24,261,092,927
$25,321,538,100
$26,639,866,700
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
Fiscal Year

CITY OF CHESAPEAKE
OFFICE OF THE REAL ESTATE ASSESSOR
TAX BASE PROJECTIONS COMPARED TO ACTUAL TAX BASE VALUES

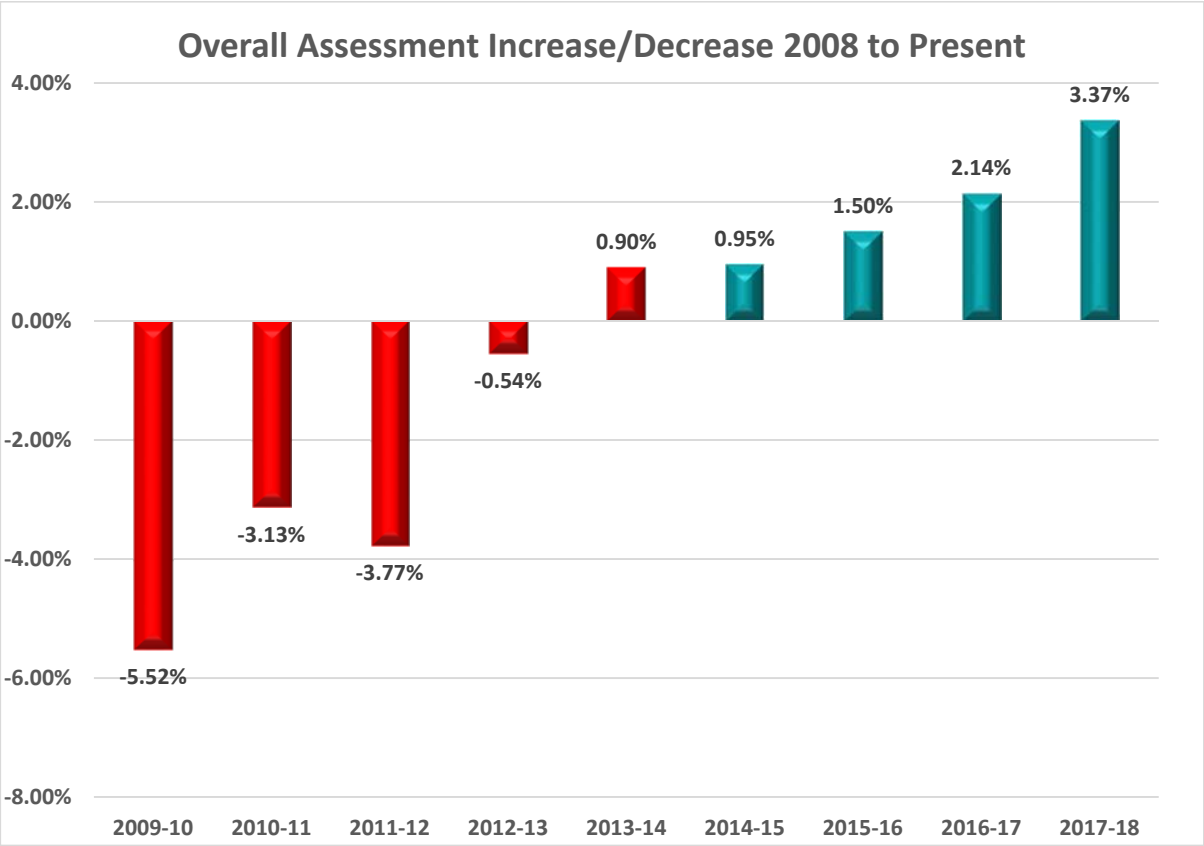
YEAR	JAN 1, REVALUATION LAND BOOK ANTICIPATED	ACTUAL JULY 1 LAND BOOK VALUE	% CHANGE FROM PREVIOUS JULY 1 LAND BOOK	VARIATION
2018	$26,535,603,200	$26,639,866,700	5.21%	$104,263,500
2017	$25,229,413,700	$25,321,538,100	3.60%	$ 92,124,400
2016	$24,085,073,508	$24,442,000,200	3.98%	$356,926,692
2015	$23,430,438,311	$23,507,035,803	2.67%	$ 76,597,492
2014	$22,910,002,166	$22,895,247,880	2.32%	$(14,754,286)
2013	$22,350,157,992	$22,376,519,861	0.96%	$ 26,361,869
2012	$22,246,409,444	$22,164,609,234	-2.86%	$(81,800,210)
2011	$22,801,743,164	$22,818,256,324	-2.09%	$ 16,513,160
2010	$23,355,079,117	$23,306,143,046	-4.66%	$(48,936,071)
2009	$24,494,450,000	$24,446,289,217	-0.60%	$(48,160,783)
2008	$24,551,222,677	$24,594,427,236	3.31%	$ 43,204,559
2007	$23,691,551,962	$23,807,521,974	12.35%	$115,970,012
2006	$21,080,485,980	$21,190,154,032	27.55%	$109,668,052
2005	$16,175,398,253	$16,612,591,512	20.07%	$437,193,259
2004	$13,706,040,240	$13,835,216,171	11.46%	$129,175,931
2003	$12,388,145,467	$12,412,427,395	9.44%	$ 24,281,928
2002	$11,279,895,199	$11,341,502,218	7.73%	$ 61,607,019
2001	$10,471,869,973	$10,527,780,299	7.21%	$ 55,910,326
2000	$ 9,762,557,235	$ 9,820,128,918	5.57%	$ 57,571,683
1999	$ 9,243,144,714	$ 9,302,371,434	6.23%	$ 59,226,720
1998	$ 8,734,621,000	$ 8,756,437,211	4.76%	$ 21,816,211
1997	$ 8,293,381,274	$ 8,358,203,649	5.94%	$ 64,822,375
1996	$ 7,870,799,628	$ 7,889,565,280	5.84%	$ 18,765,652
1995	$ 7,447,835,968	$ 7,453,922,873	6.94%	$ 6,086,905
1994	$ 6,939,761,390	$ 6,969,883,800	5.59%	$ 30,122,410

The above numbers represent assessed/appraised values and not tax dollars.

CITY OF CHESAPEAKE ASSESSMENT INCREASE/DECREASE

Assessment Increase/Decrease is the percentage of difference calculated between the past fiscal year assessed value and the current fiscal year assessed value minus allowable deductions (new construction, rezoning and new subdivisions).

FISCAL YEAR	ASSESSMENT INCREASE/DECREASE	TAX RATE
2018/19	3.37%	1.05
2017/18	2.14%	1.05
2016/17	1.50%	1.05
2015/16	0.95%	1.05
2014/15	0.90%	1.05
2013/14	-0.54%	1.05
2012/13	-3.77%	1.05
2011/12	-3.13%	1.05
2010/11	-5.52%	1.05
2009/10	-1.79%	1.05
2008/09	1.41%	1.05
2007/08	9.71%	1.06
2006/07	23.92%	1.09
2005/06	16.17%	1.21
2004/05	7.89%	1.26
2003/04	6.98%	1.26
2002/03	4.64%	1.26
2001/02	4.30%	1.26
2000/01	2.25%	1.26
1999/00	2.35%	1.26
1998/99	1.62%	1.26
1997/98	2.03%	1.26
1996/97	2.37%	1.26
1995/96	3.06%	1.26


Overall Assessment Increase/Decrease 2008 to Present
4.00%
2.00%
0.00%
-2.00%
-4.00%
-6.00%
-8.00%
-5.52%
-3.13%
-3.77%
-0.54%
0.90%
0.95%
1.50%
2.14%
3.37%
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18

CITY OF CHESAPEAKE TAX RATES
(1996/97 to Present)

Boro	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
01	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.28	1.28	1.23	1.11	1.06	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
04	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.23	1.11	1.06	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
10	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	-----	----	----	-----	----	----	----	----
12	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.23	1.11	1.06	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
20	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.28	1.28	1.23	1.11	1.06	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
23	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.23	1.11	1.06	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
30	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.23	1.11	1.06	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
31										1.23	1.11	1.06	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
40	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	-----	----	----	-----	----	----	----	----
42	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.23	1.11	1.06	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
43										1.23	1.11	1.06	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
52	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.23	1.11	1.06	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05

BOROUGH/DISTRICT #'s REPRESENT THE FOLLOWING

01	Butts Road	20	Pleasant Grove	43	Washington TIF
03	Butts Road Mosq.San. N/A	22	Pleasant Grove Mosq. San. N/A	44	Washington Mosq. I.R.W. N/A
04	Butts Road Mosq.	23	Pleasant Grove Mosq.	45	Washington Mosq. D.C.S. N/A
10	Deep Creek	30	South Norfolk	52	Western Branch Mosq.
12	Deep Creek Mosq.	31	South Norfolk TIF	54	Western Branch Mosq. San N/A
14	Deep Creek Mosq. San. 1 N/A	40	Washington	51	Western Branch N/A
15	Deep Creek Mosq. San. 2 N/A	42	Washington Mosq.		

*City of Chesapeake incorporated Mosquito Control for 7/1/90 except most southern and eastern areas
*Mosquito Control expanded for 03/04
*TIF South Norfolk created 1/1/06
*TIF Greenbrier created 1/1/06

Assessment / Sale Price Ratio Study

State Oversight and Quality Control Measures

The Virginia Assessment/Sales Ratio Study

Introduction

In accordance with Section 207 of Title 58.1 of the Code of Virginia, the Virginia Department of Taxation conducts an annual real property assessment/sales ratio study covering every city and county in the Commonwealth. An annual report summarizes the results of the study. The study estimates the existing assessments/sales ratio for each locality by comparing assessed values to the selling prices of bona fide sales of real property. A locality's total fair market value of real estate, divided by its assessment/sales ratio, produces an estimate of the locality's total true (full) value of real estate. The local true values developed in this study are used as a factor in Virginia's basic school aid distribution formula. The study also determines the effective local true tax rates across the State. The effective true tax rate (expressed per $100 of true value) provides an appropriate means of comparing tax rates on similar properties in different taxing jurisdictions. The study also serves as an element in the determination of assessment levels of public service corporation property in each locality of the State. Finally, the study evaluates the level of uniformity in the assessment of real property within and across jurisdictions of the State.

The assessment/sales ratios are calculated from a statistical sample of all fair market real estate sales in a given year, with all bona fide sales used in the case of smaller localities. The Department of Taxation allows localities to file all of their real estate transactions directly with the Department in a prescribed format. For each selected parcel, its assessed value in a given year is compared to its sale price to calculate an assessment/sales ratio. The best indicator of a locality's overall assessment/sales ratio is the median, or midpoint of the ratios when ordered by value. The median ratio captures the performance of the real estate market; a low median ratio indicates a strong market. However, a median ratio close to 100 percent (where assessed values closely approximate sales prices) may indicate that a reassessment has been undertaken recently.

The study uses standard statistical measures, such as the coefficient of dispersion and the regression index, to examine the level of uniformity in the assessment of real property within and across jurisdictions in Virginia. The coefficient of dispersion is based on the average absolute deviation as recommended by the International Association of Assessing Officers (IAAO). It measures how closely individual ratios are grouped around the median; the smaller the measure of dispersion, the greater the uniformity of the ratios. The regression index compares the treatment of less expensive property with that of more expensive property. It evaluates the relative tax burdens of owners of low and high valued properties. The statistical terms, methodology used for computation, and the sources of data are detailed in the appendices of the annual study.

With reference to *Assessment/Sales Ratio Study* mentioned herein The Department of Taxation for the Commonwealth of Virginia explains that the utilization of the ratio report is as follows:

Although a number of other measures could be used to measure the locality's true assessment/sales ratio the median has been deemed to be the best measure. The median is unaffected by distortions caused by large sales or "extreme ratios at either end of the spectrum and especially those at the higher end." By not allowing these situations to significantly influence the ratios and by using a large number of sales, the median ratio should give accurate approximation of the existing level of assessment in a locality. Moreover, the accuracy of the median ratio is recognized by the National Association of Tax Administrators, the U.S. Department of Commerce, and special committee of the International Association of Assessing Officers (IAAO).

Statistical Measures

In addition to computing the assessment/sales ratio, the study is also used to help determine how uniform the assessment level is within a locality. Clearly, if real property owners are not assessed uniformly, then the property tax is inequitable. The greater the spread in the assessment ratios, the greater the inequity. The Virginia Department of Taxation uses two widely accepted statistical measures to compare the uniformity of assessment – the index of inequality (coefficient of dispersion) and the regression index.

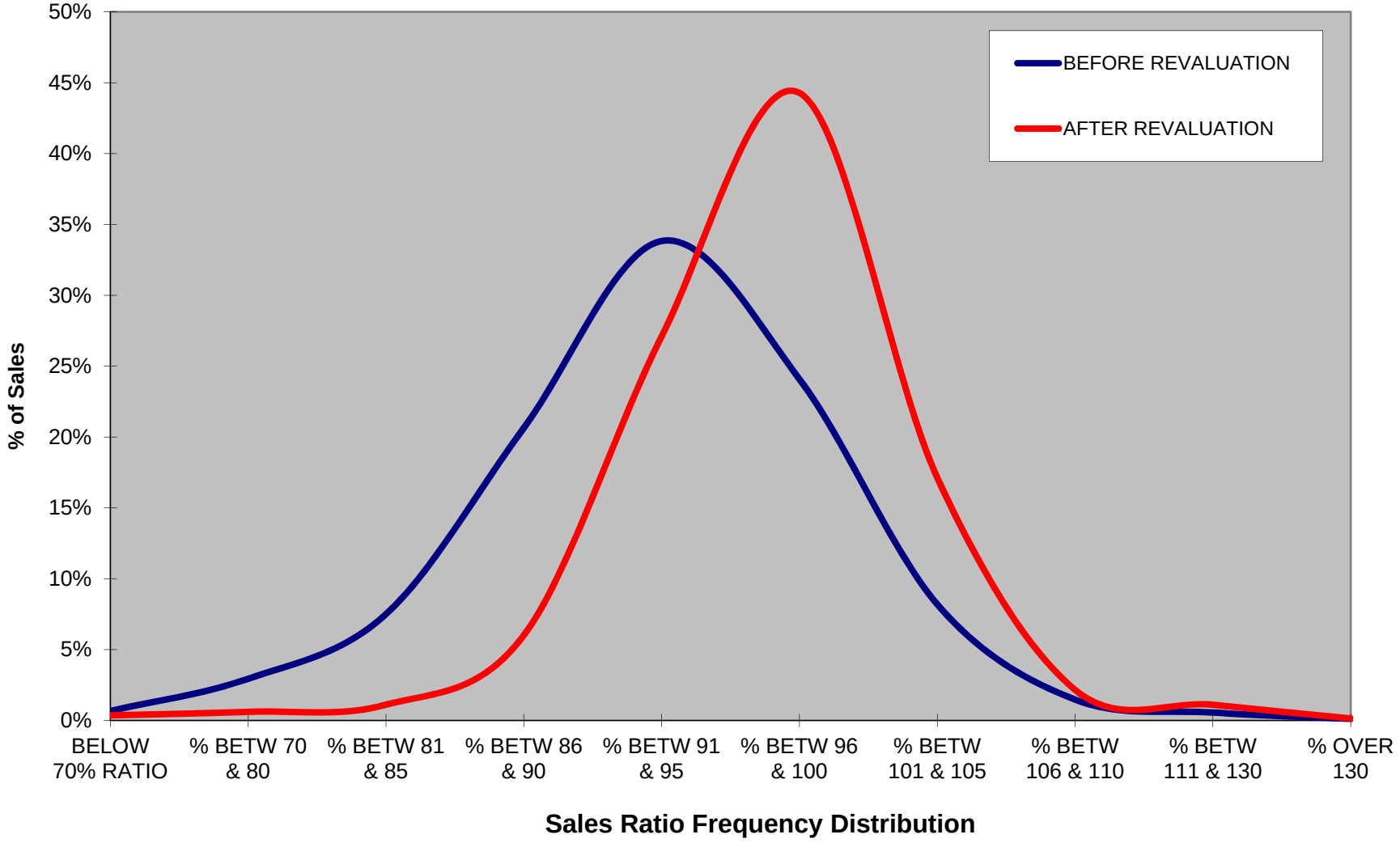
The coefficient of dispersion is a statistical measure used to measure how closely the individual ratios of each locality are arrayed around the median ratio, with the median being the representative ratio for that locality. The coefficient of dispersion used in the annual *Assessment/Sales Ratio Study* is based on the measure recommended by the IAAO.

A small coefficient of dispersion indicates that the ratios are grouped relatively close to the median and that assessment of property is more equitable. A large coefficient indicates that there is a wide spread in the ratios around the median, reflecting a less uniform assessment of property. The acceptable level for the coefficient of dispersion depends on the type of property considered, and the size of the sample. The IAAO notes that an overall low coefficient (15 percent or less) tends to be associated with good appraisal uniformity. A coefficient of 15 percent or less indicates a good distribution of assessments for single-family residential properties. Similarly, a coefficient of 20 percent or less indicates a good distribution for more diverse classes of property. A less uniform assessment translates into inequality in actual tax burdens.

The Regression Index

This is another measure used to show the uniformity of assessment. This measure is shown only for the single family residential classification category in the ratio study. This statistical measure gauges the relationships between the ratios of high priced and low priced properties to determine if the value of the property has any influence on the assessment ratio. In theory, it should not since all property should be assessed at the same relationship to fair market value. Statistically, the regression index is defined as the mean ratio divided by the sales weighted average ratio. A value of 1.00 indicates a uniform relationship between assessed values and selling prices of properties with different prices.

Assessment / Sales Ratio Report 2018/19



CITY OF CHESAPEAKE

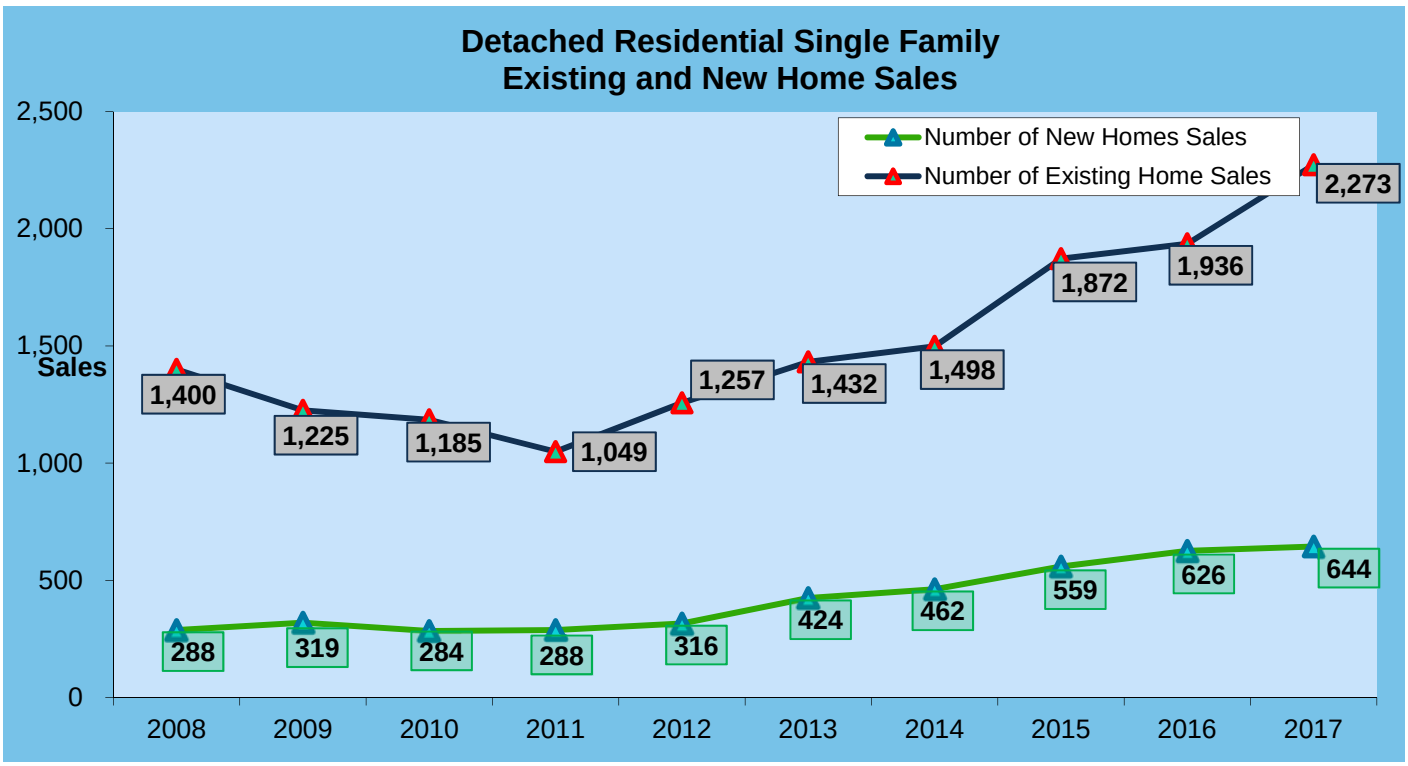
ASSESSMENT/SALES RATIO REPORT

QUALIFIED SALES FOR CALENDAR YEAR 2017

JANUARY 1, 2018

BEFORE REVALUATION		AFTER REVALUATION	
TOTAL SAMPLE	3,601	TOTAL SAMPLE	3,616
TOTAL SALES AMT	$1,074,031,812	TOTAL SALES AMT	$1,081,028,505
AVERAGE SALE	$298,259	AVERAGE SALE	$298,957
TOTAL ASSE AMT	$988,485,300	TOTAL ASSE AMT	$1,055,503,300
AVERAGE ASSESSMENT	$274,503	AVERAGE ASSESSMENT	$291,898
AGGREGATE RATIO	0.920	AGGREGATE RATIO	0.976
MEDIAN RATIO	0.931	MEDIAN RATIO	0.969
MEAN RATIO	0.929	MEAN RATIO	0.968
AVERAGE DEVIATION	0.051	AVERAGE DEVIATION	0.040
COFFECIENT OF DIS	5.492	COEFFICIENT OF DIS	4.083
STANDARD DEVIATION	7.231	STANDARD DEVIATION	6.160
PRICE REL DIFF	1.009	PRICE REL DIFF	0.992
RANGE % OF SAMPLE		RANGE % OF SAMPLE	
BELOW 70% RATIO	0.01	BELOW 70%	0.00
% BETW 70 & 80	0.03	% BETW 70 & 80	0.01
% BETW 81 & 85	0.08	% BETW 81 & 85	0.01
% BETW 86 & 90	0.21	% BETW 86 & 90	0.06
% BETW 91 & 95	0.34	% BETW 91 & 95	0.27
% BETW 96 & 100	0.24	**% BETW 96 & 100**	0.44
% BETW 101 & 105	0.08	**% BETW 101 & 105**	0.17
% BETW 106 & 110	0.01	**% BETW 106 & 110**	0.02
% BETW 111 & 130	0.01	**% BETW 111 & 130**	0.01
% OVER 130	0.00	**% OVER 130**	0.00

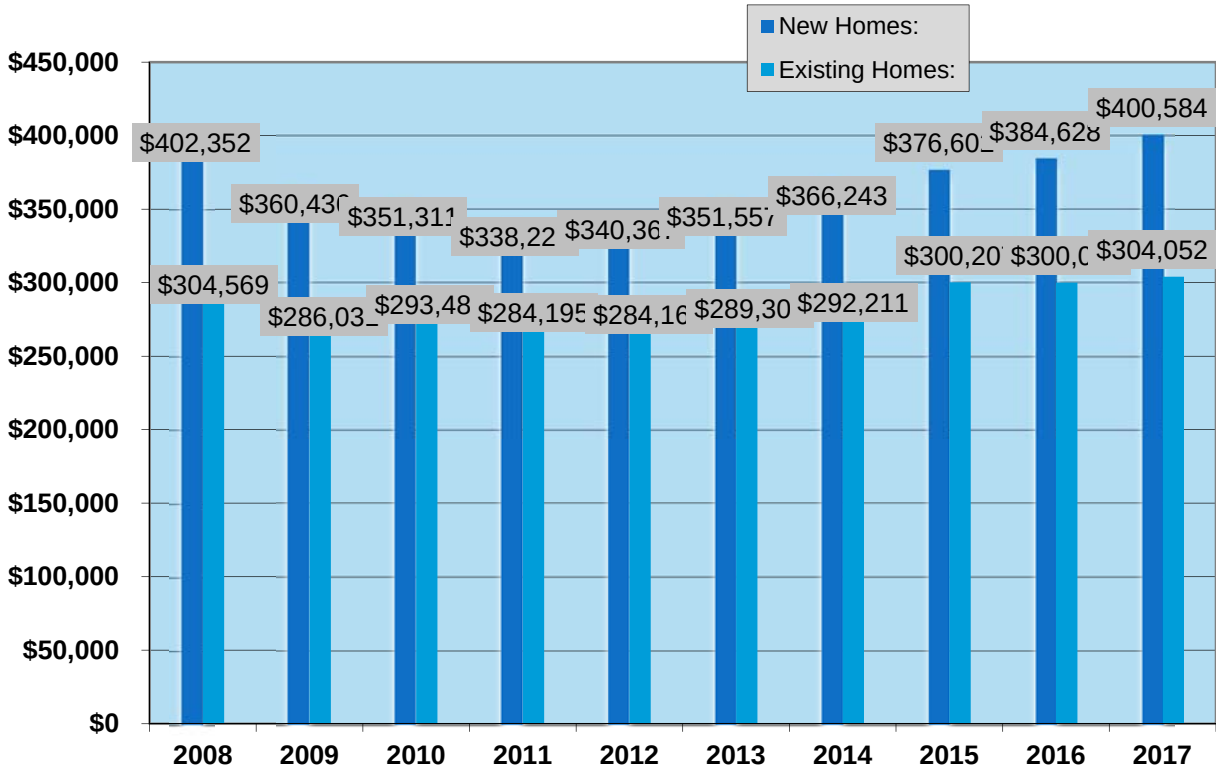
Sale Information



Detached Residential Single-Family 2011 – 2017 Comparison

	2011	2012	2013	2014	2015	2016	2017
Number of New Home Sales:	288	316	424	462	558	626	644
Number of Existing Home Sales:	1,049	1,257	1,432	1,498	1,872	1,936	2,273
Average Price New Homes:	$338,227	$340,367	$351,557	$366,243	$376,602	$384,628	$400,584
Average Price Existing Homes:	$284,195	$284,168	$289,301	$292,293	$300,207	$300,003	$304,052

Average Sales Price of New, Existing Homes



In 2017 the City of Chesapeake continued to experience a moderate rebound in the real estate market. Sales volume picked up slightly while home prices reflected an increase over last year. During the past year, the region as a whole saw an increase in prices paid for residential properties. Chesapeake, like some other Hampton Roads cities, experienced a modest growth in the real estate market, which is reflected in an overall increase in the assessed value.

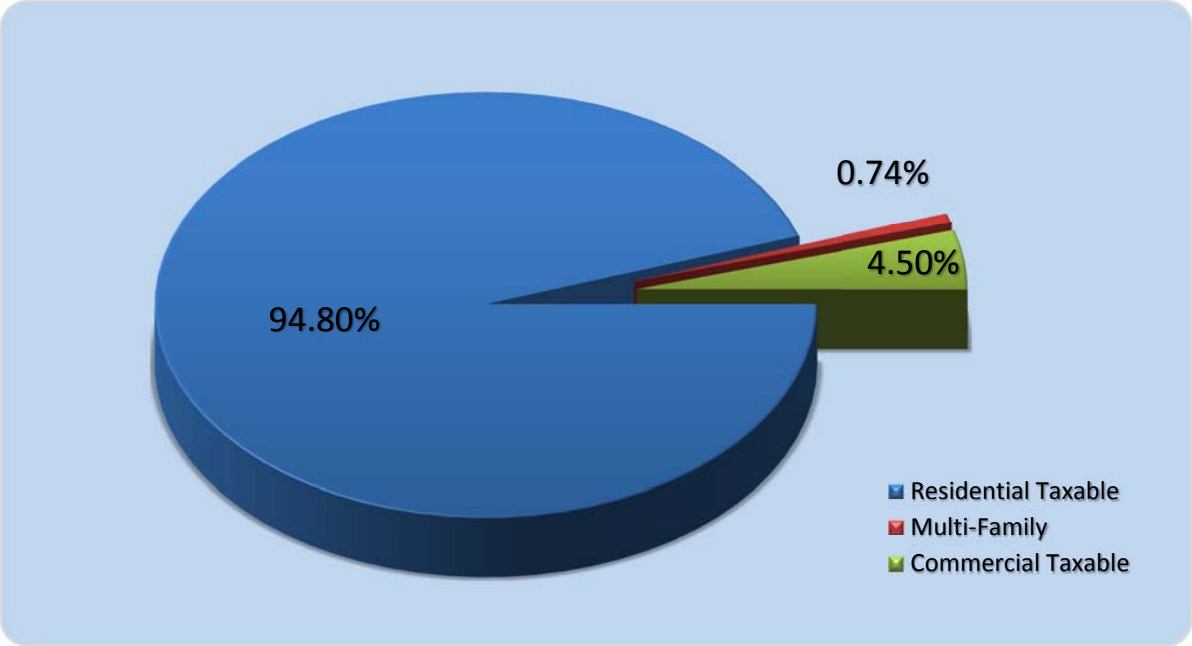
The number of recorded new home sales utilized for statistical analysis increased to 644 in 2017 from 624 for the year 2016. The number of recorded re-sales of homes utilized this year was 2,273. This is 337 more sales than last year. In order for the assessor's office to ensure that we have the best possible sales data available, we continue to use the services of the Real Estate Information Network, Incorporated (REIN). This service allows us to access sales data prior to its recordation in the clerk's office.

Based on the 2017 market data, the average sales price increased from $384,628 to $400,584. This reflects an increase of approximately 4.2%. The average selling price of a recorded existing home sale remained relatively flat from $300,003 in 2015 to $304,052 in 2017.

Property Class Information

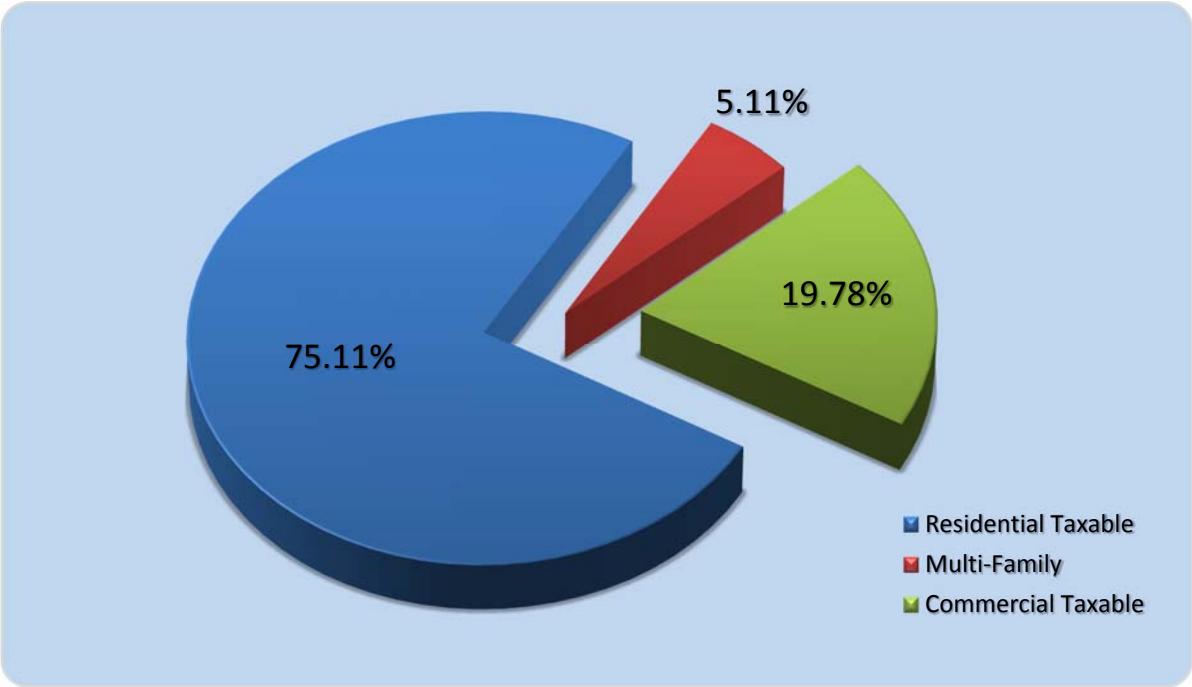
Total Taxable Parcels by Class

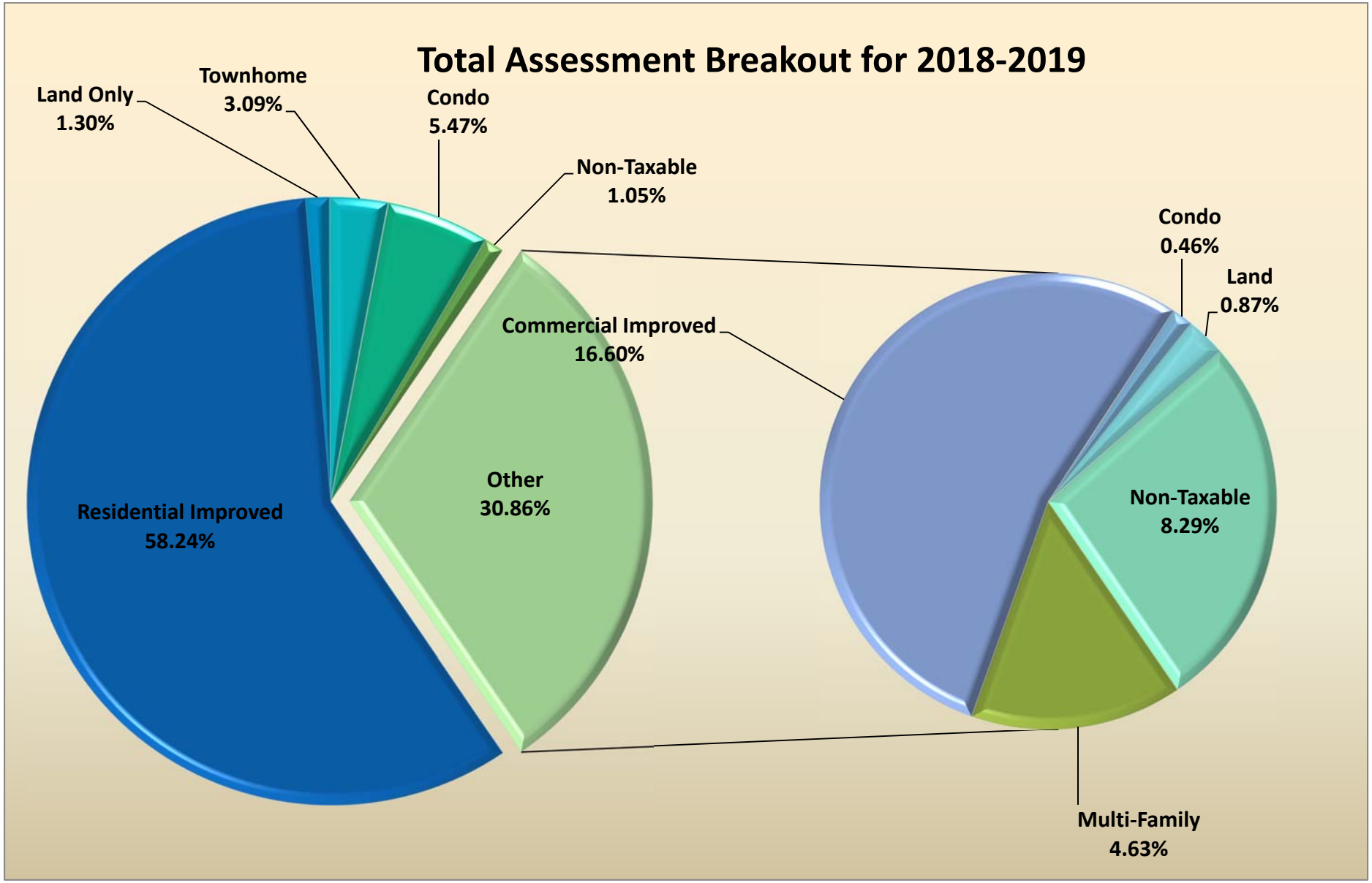
2017/2018



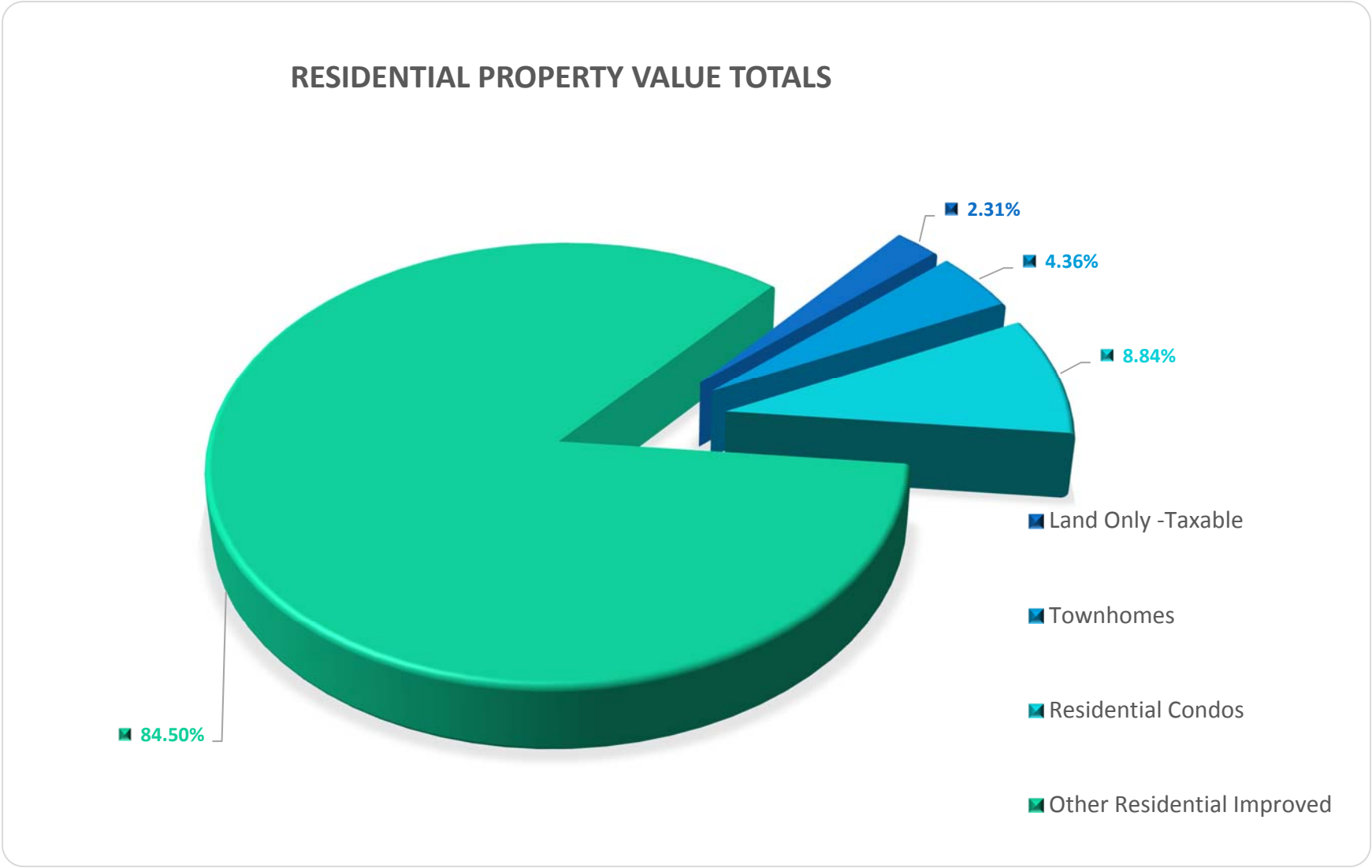
Total Taxable Assessed Value by Class

2017/2018

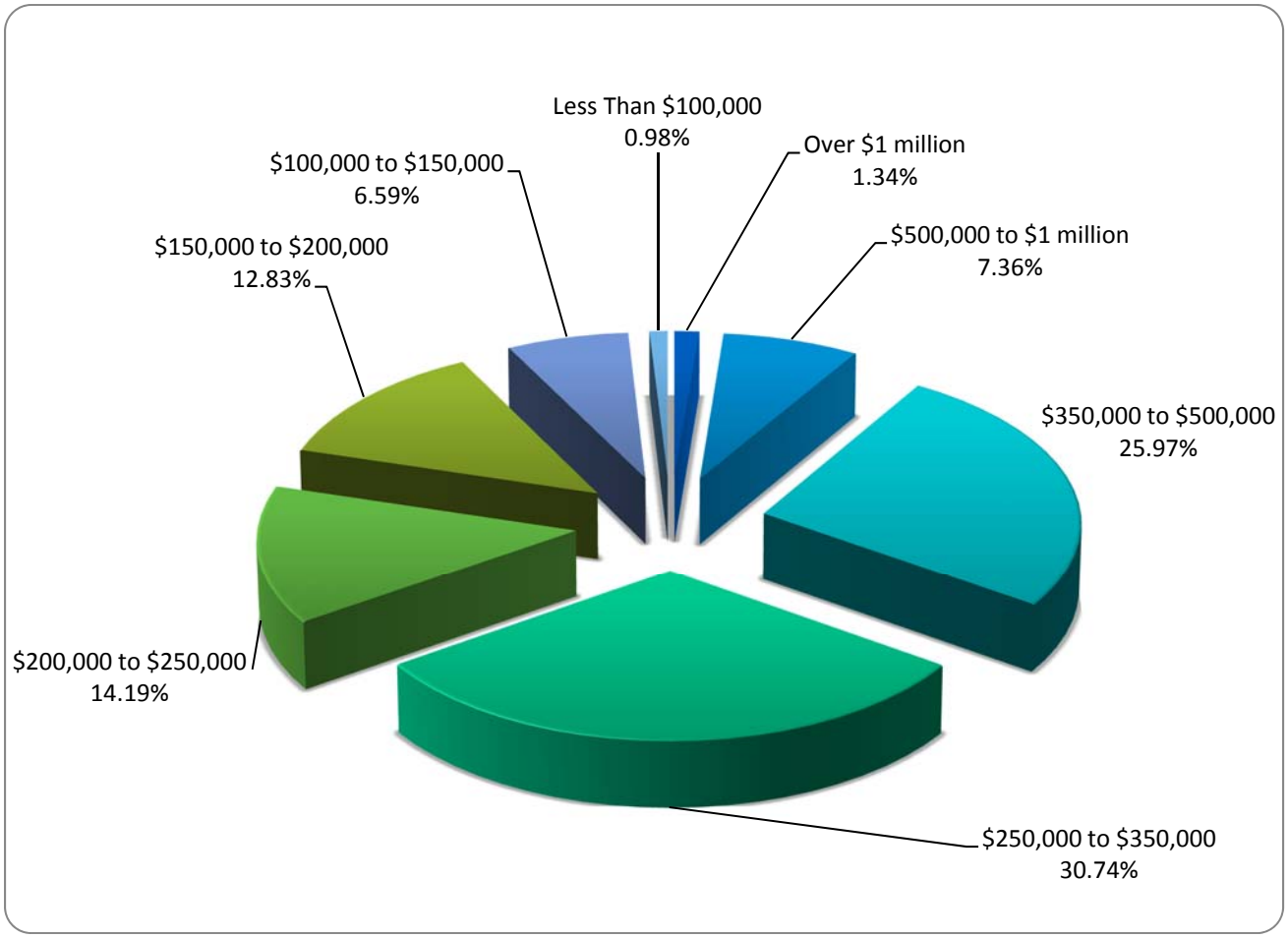



Total Assessment Breakout for 2018-2019
Land Only
1.30%
Townhome
3.09%
Condo
5.47%
Non-Taxable
1.05%
Residential Improved
58.24%
Other
30.86%
Commercial Improved
16.60%
Condo
0.46%
Land
0.87%
Non-Taxable
8.29%
Multi-Family
4.63%

Residential

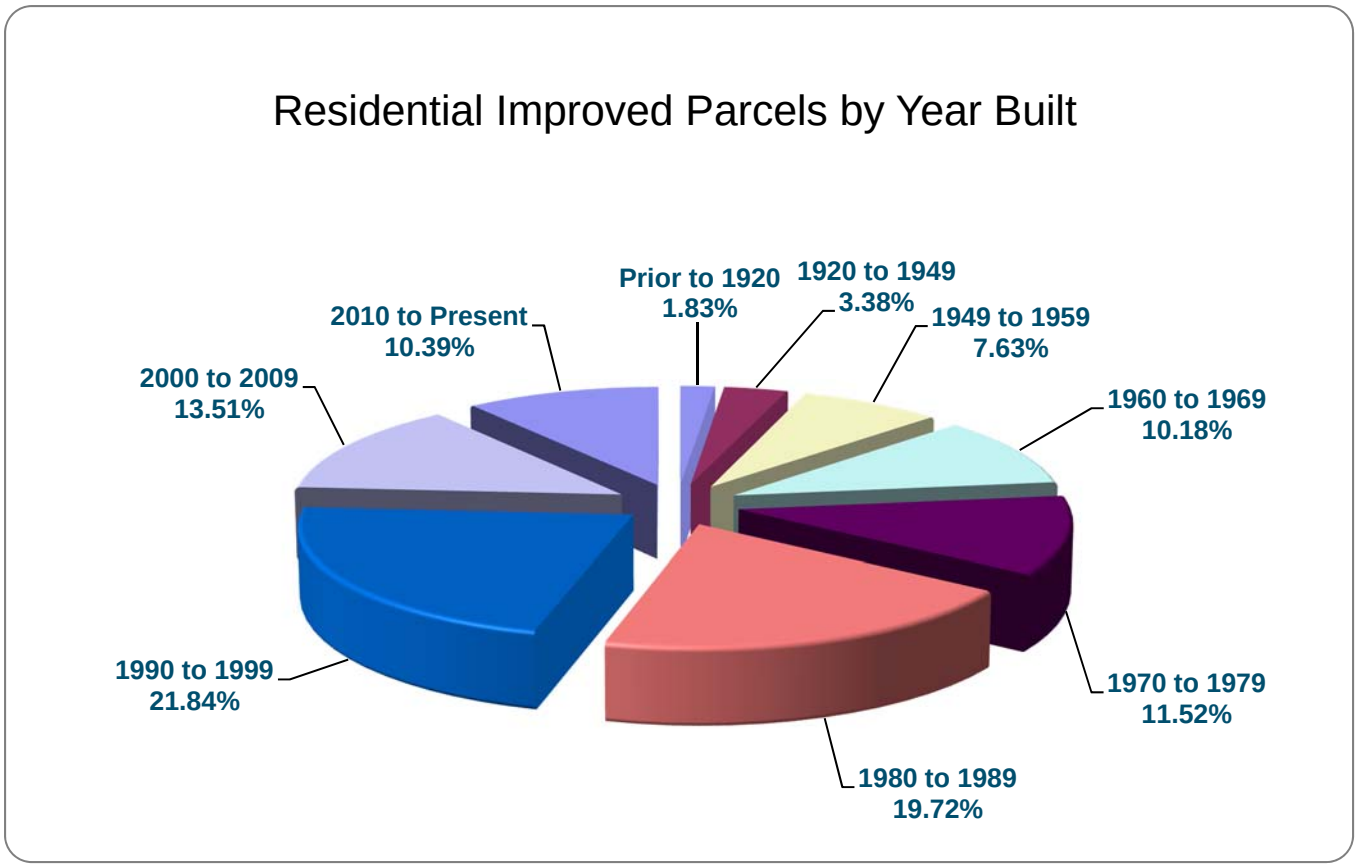

RESIDENTIAL PROPERTY VALUE TOTALS
2.31%
4.36%
8.84%
84.50%
Land Only -Taxable
Townhomes
Residential Condos
Other Residential Improved

Residential Improved Taxable Parcels Assessed Value Range



Residential Improved Parcels

Value Range	Number of Parcels	Percentage of Parcels	Percentage of Value
Over $1million	81	0.10%	1.34%
$500,000 to $1 million	2,498	3.00%	7.36%
$350,000 to $500,000	13,179	15.81%	25.97%
$250,000 to $350,000	21,227	25.47%	30.74%
$200,000 to $250,000	12,880	15.45%	14.19%
$150,000 to $200,000	15,225	18.27%	12.83%
$100,000 to $150,000	10,537	12.63%	6.59%
Less Than $100,000	7,728	9.27%	0.98%



Year Built	# of Parcels
Prior to 1920	1,402
1920 to 1949	2,587
1950 to 1959	5,840
1960 to 1969	7,791
1970 to 1979	8,821
1980 to 1989	15,102
1990 to 1999	16,724
2000 to 2009	10,347
2010 to Present	7,955

NOTE: *Figures shown in the charts may not equal 100% due to rounding.*

Commercial

Commercial Property Type Analysis

In general, specific property types allow for a more detailed analysis even in mass appraisal processes. The following is a selection of major commercial property types and the results of the year-long analysis. Graphs are inserted from Costar Commercial MLS system.

Hotel/Motel

The hotel market has continued to stabilize. The industry was impacted rapidly by the 2008-2009 financial collapse. While other types of commercial properties benefitted from leases, many of which were long term, hotels do not enjoy this advantage. Business meeting, conventions and vacations were cancelled or truncated during this period. A complicating factor in Chesapeake was the delivery of 700 rooms (new or extensively remodeled) just as the recession started in 2008. With the exception of the Value Place on North Battlefield Boulevard, there has been no hotel construction since the 2008-2009 period. Revenue per available room (Rev Par) continues to increase slightly and this, coupled with very limited construction, has helped to promote the stabilization of this category.

Although no inventory has been added through new construction in the last five years, there is still interest in Chesapeake hotels, as evidenced by the re-flagging of several facilities recently. The former Marriott, located beside the Chesapeake Conference Center, was rebranded as a Delta Hotels by Marriott. The former Studio and Suites for Less, also located on Conference Center Drive, was rebranded as a Holiday Inn Express. Additionally, the former Baymont Inn and Suites, situated on Jolliff Road, was converted to a Fairfield Inn and Suites by Marriott.

The overall change for the period was an increase of 6.6%. As usual, several properties received larger increases or decreases, which reflects individual performance and how each corresponded to the overall market.

Office

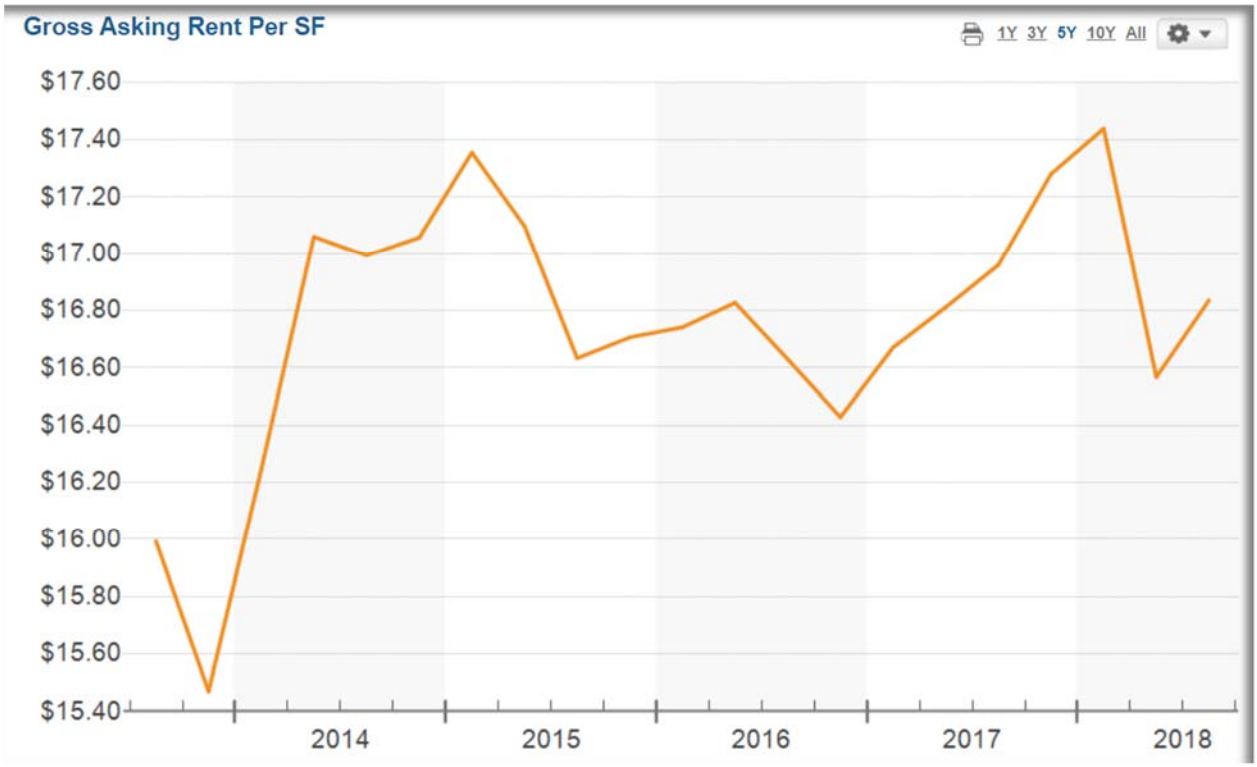
The large office category is stratified with those offices that have over 10,000 square feet. Like the hotel/motel sector, large offices continued to stabilize during the most recent revaluation period. Large offices experienced increased vacancies after the start of the 2008-2009 recession, in part due to two large offices that were started prior to the beginning of the recession and were completed in 2009. Predictably, no additional construction of multi-tenant office space has occurred since 2009 in the City of Chesapeake. This trend is expected to continue until demand for office space increases.

The City of Chesapeake completed the Public Safety Operations Center located at 2100 S. Military Highway. This building is a 51,865 SF highly specialized property with cost of technology inside of $15 million. The building is LEED energy efficient but does not have the LEED certification. It includes a full cafeteria with kitchen on the first floor and its own cell tower on-site. The second floor houses the EOC-Emergency Operations Center, 382-

CITY call center, and Fire Training Office. The third floor is occupied by Police, a new 911 dispatch center. The building has duplicate HVAC systems, generators, servers, etc.

New construction of the Dollar Tree Headquarters building is near completion. This is noteworthy because on it is Chesapeake's only Fortune 500 firm. It will be approximately 312,000 square feet when completed. This is part of a large Planned Unit Development (PUD) called Summit Point which will include retail, office, hospitality, restaurants and multi-family space.

The following graphs represent the Chesapeake Office market overall:

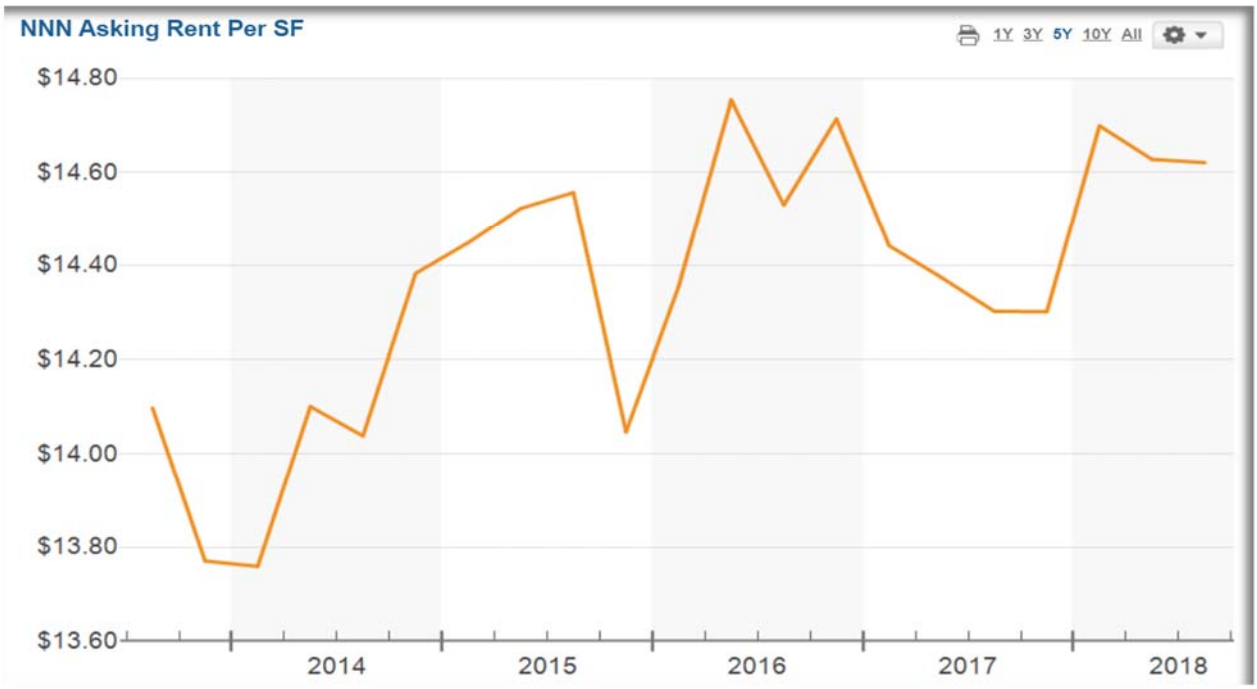


Retail

Retail in Chesapeake is a diverse mix of small shops, centers, and two regional malls. Other retail affiliated properties such as retail strips and single occupancy, stand-alone retail properties are present throughout the City. The adjustments to retail market values typically will fluctuate due to variety of project size, quality, and location. The Chesapeake retail market continues to show moderate improvement and evolvement as the retail sector adapts to the increasing influence of internet sales and e-commerce. New small retail strips have been developed and/or sold throughout the City. This subcategory is the trend in retail and the listings and current sales show greater demand along with lower cap rates for valuation purposes.

The following graphs represent the Chesapeake Retail market overall:

Vacancy Rate
1Y 3Y 5Y 10Y All
5.6 %
5.4 %
5.2 %
5.0 %
4.8 %
4.6 %
4.4 %
4.2 %
4.0 %
3.8 %
2014
2015
2016
2017
2018

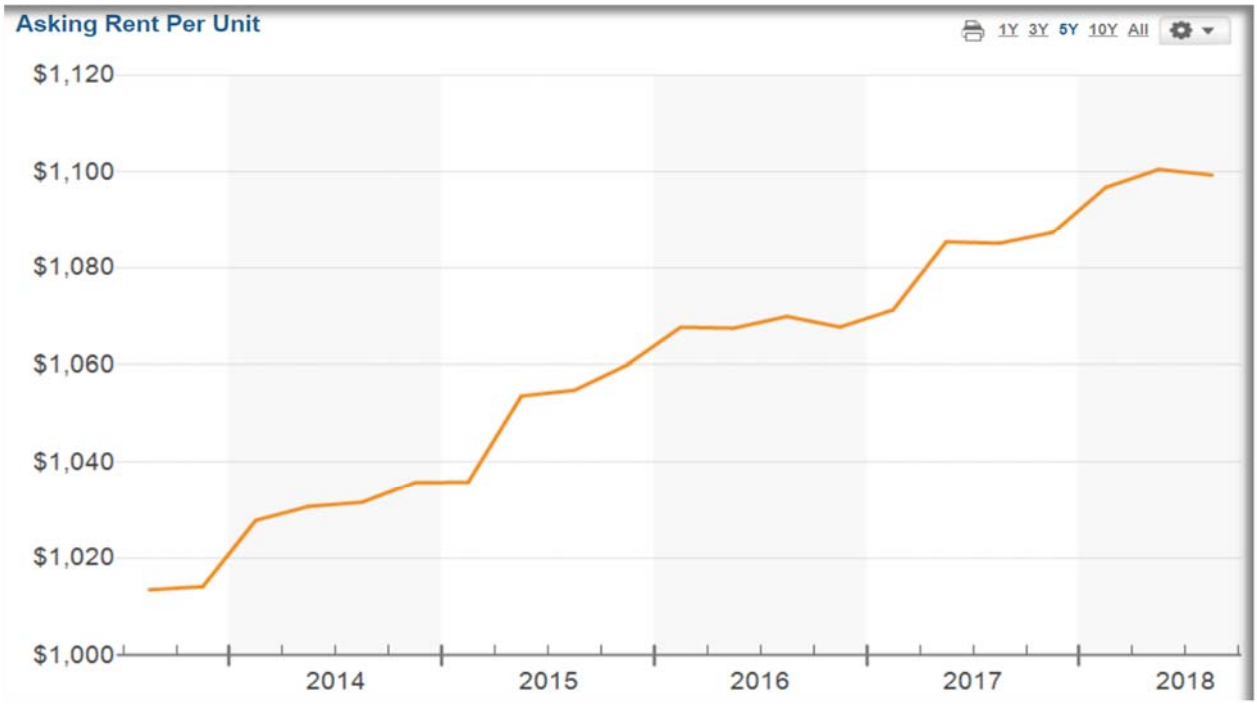

NNN Asking Rent Per SF
1Y 3Y 5Y 10Y All
$14.80
$14.60
$14.40
$14.20
$14.00
$13.80
$13.60
2014
2015
2016
2017
2018

Apartments

For the fourth consecutive year, the apartment market continued to increase. The increase was largely credited to the increase in monthly rates as well as the analysis of the recent sales of apartment complexes.

The response of Income and Expense requests were favorable. Information gathered from the Income and Expense requests indicated that while concessions were still prevalent in the newer communities, rents also increased from the previous year.

The following graphs represent the Chesapeake Multi-Family market overall:



New Construction for the Year:

Following is a listing of the more significant new construction projects that are proposed, under construction, or were completed in 2017-2018.

A new project in the trending small retail strip category came on line in the N. Battlefield Blvd corridor with four units/tenant spaces. Mission BBQ was the first tenant to occupy space and the strip is now fully leased. Also in the N. Battlefield Blvd corridor are two projects currently under construction. Planet Fitness is building a stand-alone facility on an outparcel of the Kroger/Dick's/Field & Stream shopping center.

Discount Tire is currently building on the parcel of the former Bobby's Bar-B-Q building, which was demolished on Battlefield Boulevard.

In the Greenbrier submarket, a retail strip is under construction at the intersection of Volvo Parkway & Eden Way (Volvo Commons). The project will include a stand-alone building for a restaurant. Leasing is underway with Coastal Vision, Studio Bamboo Yoga and Metro Diner under contract. A mini storage facility is also under construction on Kempsville Road.

The Crossings at Oakbrook on Clearfield Avenue finished construction in early 2018. This senior living facility contains 181 units that consist of independent living apartments, assisted living apartments, and memory care apartments.

In the Oakbrooke Business Park, ALM completed an approximate 22,000 square foot office/warehouse facility. Also in the same area, the Jo-Kell office/warehouse is expected to be complete before the end of 2018. This structure contains approximately 31,000 square feet.

The Grassfield area added a mini storage facility across the street from Grassfield High School. A nearby parcel broke ground for another mini storage facility on Herberts Lane near the intersection of Cedar Road and Dominion Boulevard.

A 7-Eleven convenience store with gas pumps was completed on Cedar Rd near the intersection with Dominion Boulevard.

Restaurant chains Chick-Fil-A and Waffle House constructed new buildings. Chick-Fil-A is in the developing Grassfield area and Waffle House is on George Washington Highway on an outparcel of the shopping center called Crossings at Deep Creek.

The 48,500 square foot Federal Express (Fed-Ex) distribution center was completed in late 2017. This is located off of Military Highway near Cavalier Industrial Park.

A mini storage facility was completed off Taylor Rd. that is completely climate controlled and is three floors. A pet daycare/kennel is under construction across Taylor Rd from the storage facility. The building will be owner-occupied by a chain called PetSuites and will represent its first location in the Hampton Roads area.

In the 2600 block of Taylor Rd, a new retail building is nearing completion and is already leased to Langley Federal Credit Union. This is an outparcel of the new Bon Secours 31,852 SF medical office building which was completed in 2017.

In the Chesapeake Square Mall corridor there are two new restaurants. Panda Express was completed in July 2018 in place of the former Pizza Hut. A Chipotle is under construction after the former Burger King building on the site was demolished. Both are located on Portsmouth Boulevard.

Near the border of Suffolk, a Concrete Batch Control Office was completed for a Ready Mix Concrete Plant at 3100 Bromay Street. Construction also included a steel silo & hopper bin and a loading pad and wash down area for trucks. The remainder of the concrete plant is to be built across the City line in Suffolk. The Suffolk portion is proposed to have a Hot Mix Asphalt Plant & Concrete Crushing Facility. However, all utilities and means of ingress & egress of the Suffolk facility will come from the City of Chesapeake.

The apartment project called Clairmont @ Jolliff Landing in Western Branch completed construction in 2017. This complex has approximately 304 units consisting of 1 and 2 bedroom units. Garages are also available for lease on site.

A 5,938 SF retail building on an outparcel of Hanbury Shopping Center was completed in 2018. It is a two-tenant building with Starbucks coffee as the national chain tenant. A single tenant building with Sherwin Williams as the tenant was completed on Cedar Road.

Two projects are underway: Chesapeake's first brewery, Big Ugly Brewery, and a retail strip near the corner of S. Battlefield Blvd and Hanbury Road.

Along the industrial waterfront, Roanoke Cement has a marine building permit for work on the Elizabeth River. As part of Phase II of their marine project, they added two (2) 17'x28' breasting dolphins and one (1) 10'x10' mooring dolphin. Proposed construction plans also include building a 4'x70' walkway ramp to the existing North breasting dolphin and an 85'x100' unloading platform. The project appears to be in conjunction with the adjacent Kerneos plant property, which is in a related industry. The Kerneos Company purchased another nearby industrial waterfront vacant land site of 22.707 acres on 11/3/2016 for $3,900,000.

The City of Chesapeake is preparing for a replacement of the 22nd Street Bridge, this included the demolition of the former Bank of America building at the intersection of Liberty Street and Poindexter Road. In preparation for the replacement of the 22nd Street Bridge, the City has been acquiring land for right-of-way for the project.

Market Activity for the Year

The gas station with convenience store category included the following sales: two Wawa's, an Exxon and a Citgo. Both Wawa's sold for over $4.5 million: 720 Woodlake Drive sold for $4,575,000 and 471 Kempsville Road sold for $4,600,000. The Exxon at the corner of Kempsville Rd & Butts Station Rd sold for $3,228,749. This sold to 7-Eleven but has not been re-branded. The Citgo station at 1644 S. Military Hwy is older and relatively smaller, it sold for $700,000 on 2/1/2018.

A single tenant building occupied by Loan Max sold on 2/16/2017 for $730,000. The Knells Ridge Plaza shopping center on N. Battlefield Blvd sold for $3,093,000 on 1/11/2018. It was built in 1987 but underwent a major renovation in 2013.

In the office sector, 2100 Steppingstone Square sold for $9,600,000 on July 20, 2017. This 36,700 square foot building was built in 2014. Also, the former Wooten Building at 3710 Indian River Road sold December 13, 2017 for $975,000. This office contains 9,865 Square Feet and was built in 1983.

Additionally, the Staybridge Hotel, which was built in 2007, sold for $8,500,000 on March 3, 2017.

The land for the Chick-Fil-A sold on 7/25/2017 for $1,399,000. It is a 1.259 acre site at 600 Grassfield Parkway. The land for the proposed storage facility sold on 8/11/2017 for $2,007,000. It is a 2.231 acre site at 409 Herberts Lane.

The stand-alone building occupied by Office Max sold on 4/12/2018 for $2,200,000. It is an outparcel of Chesapeake Square Mall and was purchased by the Kotarides Company who also purchased the Mall property in 2018.

There were two land sales in the Chesapeake Square Mall corridor. The land for Panda Express sold on 11/21/2017 for $1,250,000 for 1.057 acres. The land for the Chipotle sold for $950,000 on 10/5/2017 for 0.941 acres. This required demolishing the existing structure which was a former Burger King.

The land for the future PetSuites building son Taylor Road sold for $950,000 on 7/11/2017. Although the 3.36 acre site is located on a corner, the Economic Development department indicated that accessibility issues negatively affected the purchase price.

The newly constructed (2017) Sherwin Williams building sold on 8/23/2017 for $1,663,700. It is a stand-alone building of 4,044 SF on Cedar Road. The land for the Sherwin Williams building sold for $625,000 on 9/13/2016 for the 0.898 acre site. The property was acquired from the adjacent church and required site work to rectify drainage issues.

Another newly constructed building (2018) with a Starbucks lease sold on 1/17/2018 for $3,269,000. It is a two-tenant building with Starbucks coffee and Hanbury Dental occupying the fully-leased space. The 1.019 acre outparcel site that it sits on had sold on 12/14/2015 for $1,075,000.

The City of Chesapeake sold a portion of the site of the former South Norfolk Branch Library. The site was divided into two (2) parcels, one of which sold to ForKids Inc. with a plan to construct a new Center for Children & Families (CCF). The 1.568 acre site sold for $200,000 on 3/23/2018.

An additional City project in South Norfolk that has been ongoing from 2017-2018 is the acquisition of properties in the South Hill area near the Kinder Morgan storage tank farm. The zoning in this area has be changed from residential to M-2 General Industrial.

The Tractor Supply Co. building on Centerville Turnpike sold on 5/2/2018 for $4,457,765. It is a single tenant building with 18,939 SF.

The Outlook for Tax Year 2018/2019:

There are several signs of positive growth going into 2019. The retail sector is showing signs of continued improvement. Hotels are beginning to rebound and several sectors are absorbing idled supply.

It is anticipated that Chesapeake will experience slow, minimal growth for the near future.

Land Use

Chesapeake VIRGINIA

LAND USE VALUES FOR 2018-2019

AGRICULTURE/HORTICULTURE
(NURSERY & VINEYARD USES ONLY)

	W/O RISK
I	$3,675
II	*$3,308*
III	*$2,450*
IV	*$1,960*
V	*$1,470*
VI	*$1,225*
VII	*$735*
VIII	*$245*

HORTICULTURE
(EXCLUDING NURSERY & VINEYARD USES)

APPLE ORCHARD, PEACH, PLUM, CHERRY, & PEAR

I	$2,620
II	$1,940
III	$1,050
IV	$540
V	$400
VI	$380
VII	$160
VIII	$250

FOREST

FAIR	GOOD	EXCELLENT	NON-PROD
$410	$562	$690	$100

OPEN SPACES

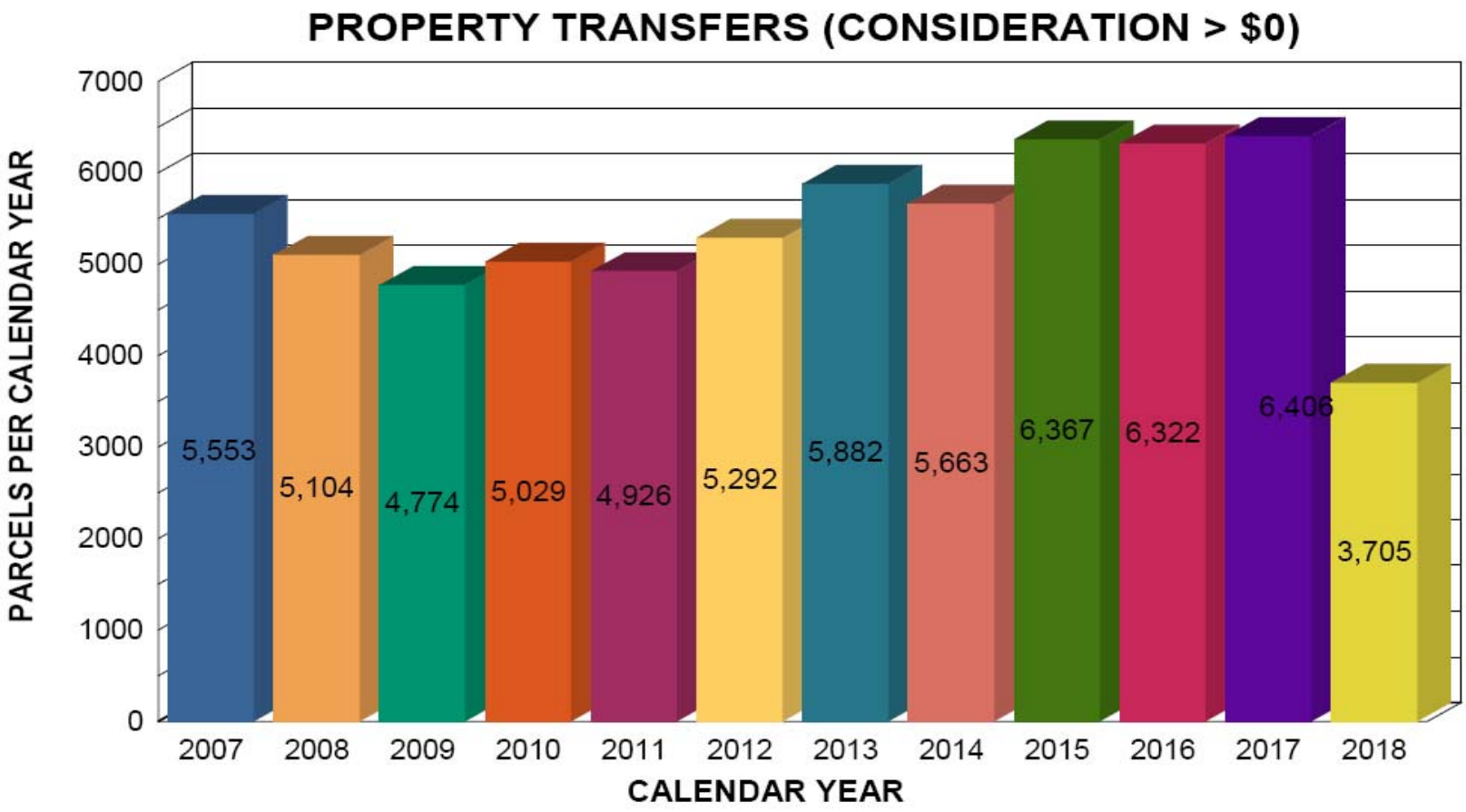
GOLF COURSES	SWIM & RACKET CLUBS
$2,000	$2,000

Property Transfer Information

7/26/2018

Chesapeake VIRGINIA

OFFICE OF THE REAL ESTATE ASSESSOR

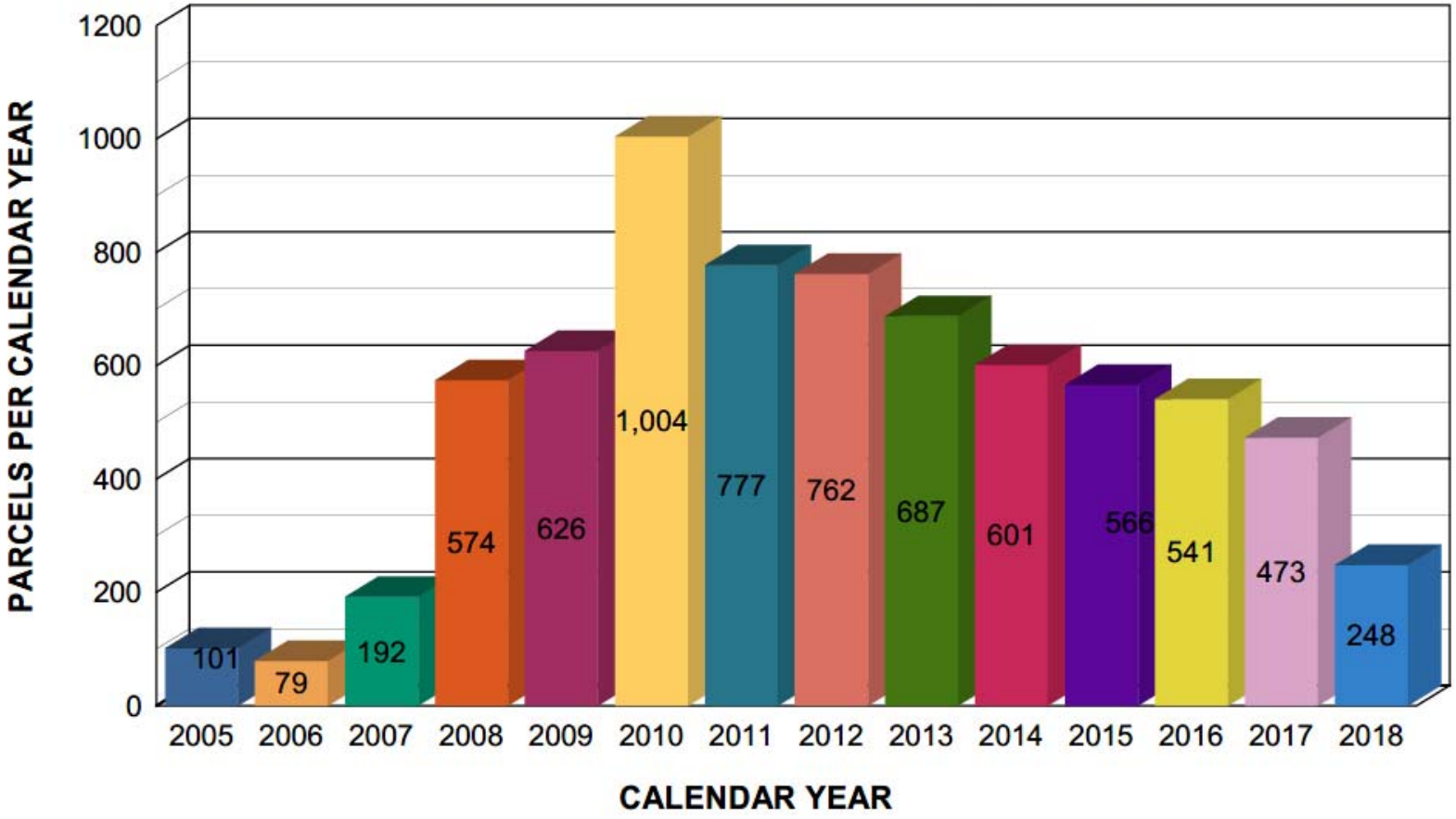


7/26/2018

Chesapeake VIRGINIA

OFFICE OF THE REAL ESTATE ASSESSOR

FORECLOSURE PROPERTY TRANSFERS

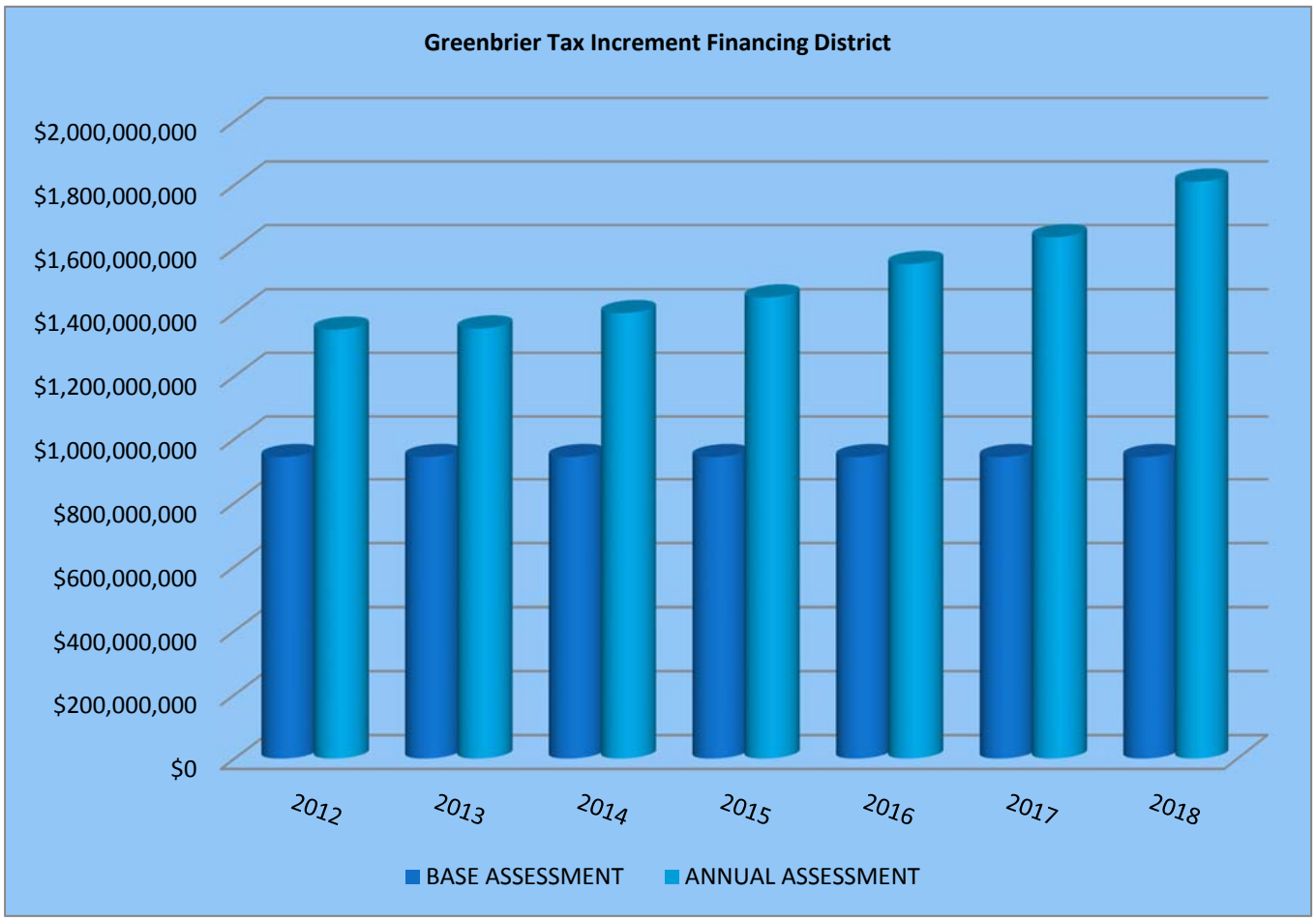


Tax Increment Financing Districts (TIF)

TAX INCREMENT FINANCING DISTRICT BY AREA

GREENBRIER TAX INCREMENT FINANCING DISTRICT

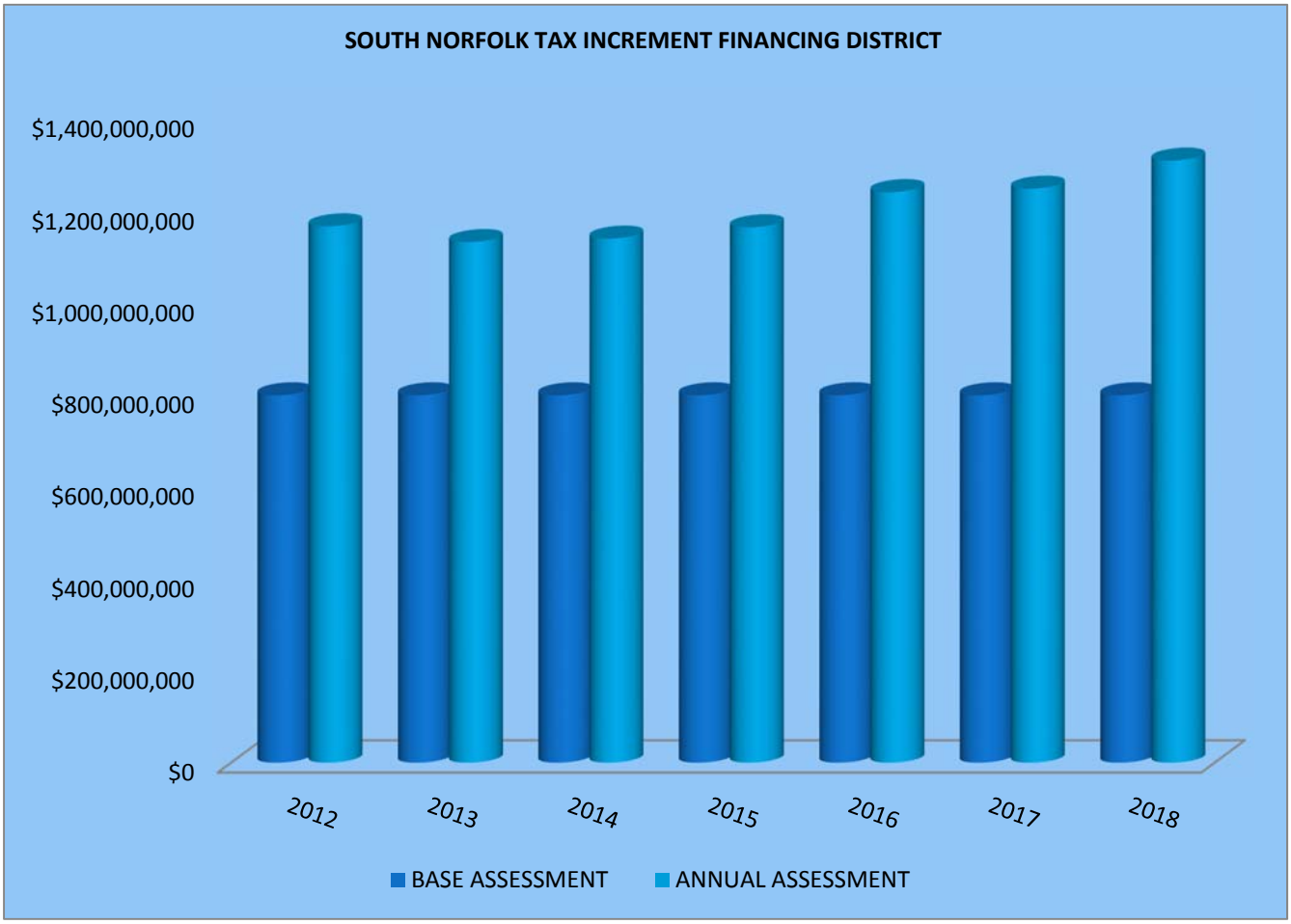
YEAR	BASE ASSESSMENT	ANNUAL ASSESSMENT
2012	$943,094,600	$1,346,758,400
2013	$943,094,600	$1,350,197,400
2014	$943,094,600	$1,398,608,700
2015	$943,094,600	$1,447,695,600
2016	$943,094,600	$1,551,323,900
2017	$943,094,600	$1,635,312,300
2018	$943,094,600	$1,810,037,800



TAX INCREMENT FINANCING DISTRICT BY AREA

SOUTH NORFOLK TAX INCREMENT FINANCING DISTRICT

YEAR	BASE ASSESSMENT	ANNUAL ASSESSMENT
2012	$802,225,600	$1,166,417,100
2013	$802,225,600	$1,132,377,900
2014	$802,225,600	$1,139,882,900
2015	$802,225,600	$1,164,278,200
2016	$802,225,600	$1,213,426,400
2017	$802,225,600	$1,247,888,300
2018	$802,225,600	$1,308,704,200



Taxable New Construction

Taxable New Construction value is added twice each year in January and July. Total Taxable Values are shown for the City and the two TIF areas.

PERIOD ENDING	GB TIF	SN TIF	NON TIF	TOTAL CITY
7/1/2018	$ 42,699,500	$ 18,124,300	$ 140,231,500	$ 201,055,300
1/1/2018	$ 25,274,500	$ 8,069,800	$ 168,075,300	$ 201,419,600
7/1/2017	$ 10,507,900	$ 6,637,700	$ 156,710,200	$ 173,855,800
1/1/2017	$ 11,933,300	$ 10,789,200	$ 178,155,100	$ 200,877,600
7/1/2016	$ 23,564,400	$ 8,277,100	$ 134,145,700	$ 165,987,200
1/1/2016	$ 625,800	$ 7,974,700	$ 170,410,400	$ 179,010,900
7/1/2015	$ 5,089,200	$ 11,359,000	$ 117,558,700	$ 134,006,900
1/1/2015	$ 5,089,200	$ 5,619,800	$ 146,361,700	$ 157,070,700
7/1/2014	$ 4,410,000	$ 4,578,000	$ 134,153,400	$ 143,141,400
1/1/2014	$ 15,528,700	$ 5,924,700	$ 134,929,000	$ 156,382,400
7/1/2013	$ 17,763,400	$ 4,563,800	$ 138,245,900	$ 160,573,100
1/1/2013	$ 21,173,600	$ 11,087,000	$ 113,645,700	$ 145,906,300
7/1/2012	$ 14,652,300	$ 4,137,900	$ 85,118,400	$ 103,908,600
1/1/2012	$ 985,500	$ 38,092,100	$ 94,007,820	$ 133,085,420