

Marina Valuation Issues



Seminar Description and Learning Objectives

Marina Industry Overview

- Marina Definition
- Categories of Marinas
 - Recreational Marinas (Commercial)
 - Yacht Clubs
 - Boat Yards

Marina Industry Overview (continued)

- Marina Trends
 - Construction & Design Trends
 - Dock Systems; Slip Size
 - Dry Storage
 - Economic Factors (Macro)
 - Local Market Forces & Marina Characteristics

Cost Approach to Value

- Rarely used for marina valuations
- Requires adequate Land Sale Comparables
 - Typically hardest part of Cost Approach
- Requires adequate improvement description / cost data
 - Estimating depreciation is subjective

Sales Comparison Approach to Value

- Difficult to apply due to uniqueness of individual properties
- Units of Comparison
 - \$ per Slip
 - Net Income Multiplier (NIM)
 - Most reliable

Income Capitalization Approach to Value

- Sources of Income

- Slip Rents; Long & Short Term

- Utility Reimbursements

- Transient Rents

- Live-Aboard Income

- Dry Stack Warehouse; Open Racks

- Dry Land Storage (Boat Stands/Trailer)

- Launching Fees (Boat Ramps; Lifts)

- Fuel Sales

- Ships Store Sales

- Brokerage

- Boat Repairs/Services

- Restaurants (Owner Operated or Rented)

- Commercial Space Rents (service/retail/office)

- Apartment/Hotel Units





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RECONSTRUCTED HISTORIC OPERATING DATA
Marina #1

Item	2008			2009			2010		
	\$	\$/Slip	Ratio	\$	\$/Slip	Ratio	\$	\$/Slip	Ratio
<u>Revenue</u>									
Net Slip Revenue	699,735	NA	54.67%	652,447	NA	60.04%	662,616	NA	63.00%
Building Rents	59,573	NA	4.65%	71,806	NA	6.61%	52,668	NA	5.01%
Fuel Sales	374,260	NA	29.24%	234,044	NA	21.54%	199,208	NA	17.89%
Other Sales	60,212	NA	4.70%	57,461	NA	5.29%	58,135	NA	5.53%
Haul Outs/Service	65,259	NA	5.10%	56,200	NA	5.17%	72,561	NA	6.90%
Miscellaneous Revenue	20,900	NA	1.63%	14,802	NA	1.36%	6,548	NA	0.62%
Total Revenue	1,279,939	NA	100%	1,086,760	NA	100%	1,051,736	NA	100%
<u>Cost of Sales</u>									
Fuel	323,441	NA	86.42%	179,743	NA	76.80%	193,035	NA	96.90%
Other Sales	37,033	NA	61.50%	35,369	NA	61.55%	38,003	NA	65.37%
Gross Profit	919,465	NA	71.84%	871,648	NA	80.21%	820,693	NA	78.03%
<u>Operating Expenses</u>									
Real Estate Taxes	40,057	NA	3.13%	59,671	NA	5.49%	58,080	NA	5.52%
Insurance	39,519	NA	3.09%	35,903	NA	3.30%	42,455	NA	4.04%
Management	NA	NA	NA	NA	NA	NA	NA	NA	NA
General/Administration	86,330	NA	6.74%	74,793	NA	6.88%	66,920	NA	6.36%
Payroll/Benefits	278,236	NA	21.74%	247,196	NA	22.75%	259,566	NA	24.68%
Utilities	18,768	NA	1.47%	18,933	NA	1.74%	24,425	NA	2.32%
Repair/Maintenance	47,880	NA	3.74%	35,825	NA	3.30%	28,601	NA	2.72%
Total Expenses	510,790	NA	39.91%	472,321	NA	43.46%	480,047	NA	45.64%
Net Operating Income	408,675	NA	31.93%	399,327	NA	36.74%	340,646	NA	32.39%
Capital Improvements	0	NA	0%	0	NA	0%	7,435	NA	0.71%
Cash Flow Before Debt Service	408,675	NA	31.93%	399,327	NA	36.74%	333,211	NA	31.68%

RECONSTRUCTED PROFIT AND LOSS DATA
Marina #2

	2009			2010			2011		
	\$	\$/Slip	Ratio	\$	\$/Slip	Ratio	\$	\$/Slip	Ratio
Revenue - Boat Slip Rentals									
Dry Storage	976,545	NA	42.20%	1,027,908	NA	43.21%	1,051,250	NA	37.49%
Wet Slip	555,638	NA	24.01%	528,684	NA	22.22%	547,558	NA	19.53%
Total Boat Slip Rentals	1,532,183	NA	66.21%	1,556,592	NA	65.43%	1,598,808	NA	57.02%
Other Marina Income									
Transient Dockage	18,276	NA	0.79%	17,568	NA	0.74%	14,733	NA	0.53%
Dry Storage/Dock Shop Service	2,421	NA	0.10%	19,989	NA	0.84%	8,143	NA	0.29%
Dock Shop Sales	NA	NA	NA%	NA	NA	NA%	NA	NA	NA%
Fuel Sales	294,077	NA	12.71%	288,086	NA	12.11%	365,979	NA	13.05%
Utility Charges	59,415	NA	2.57%	63,529	NA	2.67%	87,938	NA	3.14%
Pool Member/Assoc. Member Inc.	16,031	NA	0.69%	27,700	NA	1.16%	28,381	NA	1.01%
Miscellaneous Income	61,673	NA	2.67%	60,543	NA	2.54%	24,139	NA	0.86%
Building Rents	329,327	NA	14.23%	320,211	NA	13.46%	258,344	NA	9.21%
Yacht Club	500	NA	0.02%	24,900	NA	1.05%	417,648	NA	14.89%
Total Revenue	2,313,903	NA	100%	2,379,118	NA	100%	2,804,113	NA	100
Cost of Sales									
Yacht Club	NA	NA	NA	NA	NA	NA	241,156	NA	57.74%
Fuel Dock	304,536	NA	103.56%	290,524	NA	100.85%	364,118	NA	99.49%
Gross Profit	2,009,367	NA	86.84%	2,088,594	NA	87.79%	2,198,839	NA	78.41%
Operating Expenses									
R.E. Taxes	85,589	NA	3.70%	88,712	NA	3.73%	96,511	NA	3.44%
Insurance	96,312	NA	4.16%	74,594	NA	3.14%	90,677	NA	3.23%
Management	40,000	NA	1.73%	NA	NA	NA	NA	NA	NA
Payroll/Benefits	498,086	NA	21.53%	537,962	NA	22.61%	525,046	NA	18.72%
Administration	277,531	NA	11.99%	201,512	NA	8.47%	192,202	NA	6.85%
Repair/Maintenance	219,182	NA	9.47%	54,486	NA	2.29%	61,306	NA	2.19%
Equipment Op./Maint.	30,150	NA	1.30%	25,972	NA	1.09%	29,283	NA	1.04%
Utilities	140,005	NA	6.05%	135,761	NA	5.71%	142,693	NA	5.09%
Total Expenses	1,386,855	NA	59.94%	1,118,999	NA	47.03%	1,137,718	NA	40.57%
Net Operating Income	622,512	NA	26.90%	969,595	NA	40.75%	1,061,121	NA	37.74%

RECONSTRUCTED INCOME AND EXPENSE DATA
Marina #3

	2009			2010			2011		
	\$	\$/Slip	Ratio	\$	\$/Slip	Ratio	\$	\$/Slip	Ratio
Revenue - Boat Slip Rentals									
Wet Slip Rents	609,963	NA	32.37%	511,892	NA	29.35%	489,106	NA	28.22%
Dry Stack Slip Rents	687,165	NA	36.47%	604,171	NA	34.64%	585,542	NA	33.78%
Concessions/Write offs	(58,201)	NA	(3.09%)	(58,845)	NA	(3.37%)	(43,473)	NA	(2.51%)
Total Boat Slip Rentals	1,238,927	NA	65.75%	1,057,218	NA	60.61%	1,031,175	NA	59.49%
Other Marina Income									
Fuel Sales	318,008	NA	16.88%	338,998	NA	19.44%	414,719	NA	23.92%
Ships Store Sales	403	NA	0.02%	9,881	NA	0.57%	16,600	NA	0.96%
Electricity Reimbursement	56,506	NA	3.00%	43,893	NA	2.52%	39,448	NA	2.28%
Transient Dockage	21,301	NA	1.13%	28,049	NA	1.61%	20,050	NA	1.16%
Live Aboard Fees	14,076	NA	0.75%	16,332	NA	0.94%	15,156	NA	0.87%
Miscellaneous Marina	34,604	NA	1.84%	71,257	NA	4.09%	24,748	NA	1.43%
Building Rental Income	200,385	NA	10.63%	178,609	NA	10.24%	171,545	NA	9.90%
Total Gross Revenue	1,884,210	NA	100%	1,744,237	NA	100%	1,733,411	NA	100%
Cost of Sales									
Fuel Sales	241,061	NA	78.26%	273,999	NA	80.83%	361,687	NA	87.21%
Ships Store Sales	235	NA	58.31%	6,048	NA	61.21%	11,843	NA	71.34%
Gross Profit	1,642,914	NA	87.19%	1,464,190	NA	83.94%	1,359,911	NA	78.45%
Operating Expenses									
R.E. Taxes	128,387	NA	6.81%	128,478	NA	7.37%	123,759	NA	7.14%
Insurance	21,311	NA	1.13%	27,388	NA	1.57%	32,046	NA	1.85%
Management	94,402	NA	5.01%	85,470	NA	4.90%	86,672	NA	5.00%
Payroll/Benefits	382,648	NA	20.31%	386,421	NA	22.15%	339,555	NA	19.59%
Administration	91,437	NA	4.08%	77,044	NA	4.42%	90,942	NA	5.25%
Repair/Maintenance	51,507	NA	2.73%	22,594	NA	1.30%	20,099	NA	1.16%
Contract Services	58,698	NA	3.12%	46,319	NA	2.66%	48,400	NA	2.79%
Utilities	116,333	NA	6.17%	108,523	NA	6.22%	115,103	NA	6.64%
Total Expenses	944,723	NA	50.14%	882,237	NA	50.58%	856,576	NA	49.41%
Net Operating Income	698,191	NA	37.05%	581,953	NA	33.36%	503,335	NA	29.04%

RECONSTRUCTED HISTORIC OPERATING DATA
Marina #4

Item	2009			2010			2011		
	\$	\$/Slip	Ratio	\$	\$/Slip	Ratio	\$	\$/Slip	Ratio
<u>Revenue</u>									
Wet Slip Rents	138,337	NA	17.81%	152,861	NA	16.90%	143,725	NA	17.30%
Total Slip Revenue	138,337	NA	17.81%	152,861	NA	16.90%	143,725	NA	17.30%
<u>Other Marina Revenue</u>									
Fuel Sales	101,852	NA	13.11%	133,670	NA	14.78%	142,906	NA	17.21%
Ships Store Sales	10,859	NA	1.40%	45,311	NA	5.01%	10,307	NA	1.24%
Transients	78,957	NA	10.17%	121,134	NA	13.39%	91,912	NA	11.07%
Dry Land Storage	252,449	NA	32.50%	267,875	NA	29.61%	250,125	NA	30.11%
Hauling Fees	159,170	NA	20.49%	150,546	NA	16.64%	159,105	NA	19.16%
Building Rent	26,400	NA	3.40%	27,700	NA	3.06%	26,300	NA	3.17%
Miscellaneous	8,635	NA	1.11%	5,519	NA	0.61%	6,195	NA	0.75%
Total Gross Revenue	776,659	NA	100%	904,616	NA	100%	830,575	NA	100%
<u>Cost of Sales</u>									
Fuel	81,085	NA	79.61%	114,258	NA	85.48%	113,365	NA	79.33%
Ships Store	4,550	NA	41.90%	35,958	NA	79.36%	8,545	NA	82.90%
Gross Profit	691,024	NA	88.97%	754,400	NA	83.39%	708,665	NA	84.96%
<u>Operating Expenses</u>									
R.E. Taxes	3,647	NA	0.47%	8,753	NA	0.97%	12,028	NA	1.45%
Insurance	24,343	NA	3.13%	23,489	NA	2.60%	31,319	NA	3.77%
Management	NA	NA	NA	NA	NA	NA	NA	NA	NA
Payroll/Benefits	47,070	NA	6.06%	72,681	NA	8.03%	77,907	NA	9.38%
Administration	50,029	NA	6.44%	32,574	NA	3.60%	26,021	NA	3.13%
Repair/Maintenance	66,932	NA	8.62%	83,026	NA	9.18%	47,772	NA	5.75%
Utilities	24,384	NA	3.14%	25,290	NA	2.80%	29,951	NA	3.61%
Total Operating Expenses	216,405	NA	27.86%	245,813	NA	27.17%	224,998	NA	27.09%
Net Operating Income	474,619	NA	61.11%	508,587	NA	56.22%	483,667	NA	58.23%

Cost of Sales Ratios are Ratios to Sales: Boatyard income includes income from hauling and dry land storage only. Boatyard expenses include expenses attributable to the real estate (insurance, R E Taxes) and maintenance of buildings and travelifts only.

RECONSTRUCTED INCOME AND EXPENSE DATA
Marina #5

	2009			2010			2011		
	\$	\$/Slip	Ratio	\$	\$/Slip	Ratio	\$	\$/Slip	Ratio
<u>Revenue - Boat Slip Rentals</u>									
Annual Slip Rents	247,359	NA	100.00%	264,282	NA	100.00%	235,516	NA	93.45%
Transient Income	0	NA	0%	0	NA	0%	16,500	NA	6.55%
Total Boat Slip Rentals	247,359	NA	100.00%	264,282	NA	100.00%	252,016	NA	100.00%
<u>Other Marina Income</u>									
Storage Shed Rent	0	NA	0%	0	NA	0%	0	NA	0%
Total Gross Revenue	247,359	NA	100%	264,282	NA	100%	252,016	NA	100%
<u>Operating Expenses</u>									
R.E. Taxes	NA	NA	NA	NA	NA	NA	NA	NA	NA
Insurance	17,276	NA	6.98%	17,276	NA	6.54%	16,536	NA	6.56%
Management	N/A	NA	N/A	N/A	NA	N/A	N/A	NA	N/A
Payroll/Benefits	61,903	NA	25.03%	50,177	NA	18.99%	63,442	NA	25.17%
Administration	28,348	NA	11.46%	30,300	NA	11.47%	35,038	NA	13.90%
Repair/Maintenance	29,026	NA	11.73%	63,930	NA	24.19%	22,467	NA	8.91%
Utilities	26,490	NA	10.71%	26,490	NA	10.02%	21,114	NA	8.38%
Total Expenses	163,043	NA	65.91%	188,173	NA	71.20%	158,597	NA	62.93%
Net Operating Income	84,316	NA	34.09%	76,109	NA	28.80%	93,419	NA	37.07%

Note: Income data did not break down income between slip rents and other income sources. Income/Expense data for 2011 based on 11 months of data provided which was annualized. Specific operating expenses for Insurance, Payroll, Administration and Utilities were not segregated in ownership supplied documents. These expenses were estimated at 2009 levels in most cases based on the limited data provided.

Income Capitalization

Approach to Value (continued)

- Operating Expenses
- Minimizing Business Value
- Capitalization



SUMMARY and CONCLUSION