Billboard Structures Valuation Guide

Revision 2009
(Effective for Tax Years beginning January 1, 2009)

North Carolina Department of Revenue
Property Tax Division

OVERVIEW

Based on the experience gained with the implementation of the first Billboard Structures Valuation Guide, we have made revisions to the current manual to reflect the changes in costs associated with the construction of billboards. We feel these changes will simplify the valuation process used by local taxing jurisdictions and enhance the uniformity and accuracy in the valuation of outdoor advertising for mass appraisal purposes. In this manual, the total value has already been determined with the additional improvements included in the square foot base cost. This cost per square foot has been extended out to a total value for each specific class with the billboard structure categorized by type of construction, size and height above ground level. In addition, a new depreciation schedule has been added to the manual. The appraiser will locate the type and size of each billboard, make any necessary construction adjustments, and then apply the appropriate depreciation to come up with a replacement cost new for assessment purposes.

The Billboard Structures Valuation Guide is effective for January 1, 2009. The methodology is based on current data and is not applicable to prior years. Counties adopting these schedules should consider this as a guide for the mass appraisal of billboards, understanding that it will not cover every possible sign type and configuration. The appraiser may need to make additional adjustments for location, conditions, and other structures not covered by these schedules.

Beginning in 2010, we will be adding building replacement cost conversion factors to the 2009 Billboard Structures Valuation Guide. We will establish 2009 as our base index year. This factor will take into consideration any changes in the cost to construct billboards and will keep the manual updated on a yearly basis.

AN INTRODUCTION TO BILLBOARDS

An outdoor advertising sign in the form of a billboard consists of at least one display panel and it's supporting framework. Billboards may be freestanding, mounted to buildings, or attached to other structures. Modern billboards conform to engineering standards and are typically constructed of steel, while older billboards structures are made of wood or angle iron frames. A billboard may be smaller than the permitted size. This allows for the addition of a cutout or extension within the square foot envelope of the permitted area. Billboards vary in display position and size, but the industry standard display faces include:

12 ft. x 25 ft. = 300 square feet
10.5 ft x 36 ft = 378 square feet
12 ft. x 40 ft. = 480 square feet
14 ft. x 48 ft. = 672 square feet
16 ft. x 60 ft. = 960 square feet
20 ft. x 50 ft. =1,000 square feet

The typical arrangements of display faces include: single face, back-to-back, or V-build, side-by-side, stacked, and tri-build configurations.

Billboard companies enter into sales contracts for advertising space on their billboards. Advertisements are designed and/or produced by a billboard company or an advertising agency in response to client specifications. Advertising space is often marketed for a group of billboards rather than for a single billboard. Group sales are called "showings." Showings are based on demographic information and are designed to target a market with a specified level of advertising exposure. The client has no interest in the real property.

Billboard sites are typically leased from an unrelated third party who owns the land or structure to which the billboard is affixed. The owner of the site generally has no interest in the billboard structure. A billboard site, the land or structure upon which a billboard is situated, is generally limited to an area large enough to accommodate the billboard structure and foundation, along with enough space to provide for access to do service and maintenance work.

VALUATION OF BILLBOARD STRUCTURES

As with the appraisal of other property for local tax purposes, the three accepted approaches to value (income, sales comparison, and replacement cost less depreciation) are applicable to the valuation of billboard structures.

The sales comparison approach requires verifiable accurate sales information of individual billboards. Outdoor advertising structures are generally sold in bulk, and the transfers include ongoing concern and host agreements. These transfers typically are not recorded on filed deeds; therefore, it may be difficult to obtain information on the sale of billboards. When information becomes available, an allocation of the sales price for billboard structures may be necessary.

The income approach requires net operating income/economic rent to be capitalized into a value for a specific property. While the income from a ground lease may be capitalized into a value, the income realized from the sale of advertising space is business income that is subject to other taxes in North Carolina. If the income approach is used, economic rent must be applied. Therefore, careful consideration and accurate income analysis must be made or the income approach will not yield reliable results.

Due to the many difficulties inherent in the appraisal of billboards when applying the sales comparison and the income approach to value, our office recommends that for assessment purposes in North Carolina, these structures should be appraised using the cost approach to value with billboards being treated as personal property. The cost approach provides an efficient methodology to uniformly value billboard structures. The replacement cost less depreciation avoids the complicated allocation process and other issues associated with the income and market approaches. The data contained in this manual is based on information extracted from material costs, labor, and other integral

components of billboard construction. The valuation of each sign will be determined by calculating the replacement cost new (RCN) and then deducting depreciation based on an effective age depreciation schedule. The effective age schedule is provided to assist appraisers in estimating loss in value due to physical depreciation, functional and economic obsolescence. As a result of the revision process for 2009, the billboard depreciation schedule has been calculated based on billboards showing little, if any depreciation, and in most cases, appreciating over time. The depreciation schedule is based on a 25-year life for wooden structures and a 50-year life for steel structures. It is recommended that the depreciation not be lowered more than 40 percent remaining good as long as the structure is continuing to produce a viable income stream. For the vast majority of billboards, no negative or positive adjustment is appropriate for physical condition. As long as a billboard structure can support a sign face, the physical condition most likely has little effect on the income stream, and therefore the physical condition may not be particularly important. Only the worst structures and perhaps the very best billboards will fall outside of the recommended schedules.

WORKS CITED

"Guidelines for the Assessment of Billboard Properties." State of California, Board of Equalizatiton: 2002
International Association of Assessing Officers. "The Valuation of Outdoor Advertising Structures." *Assessment Digest*, Volume 13, Number 4, 1991
State of New Jersey, Department of the Treasury, Division of Taxation, Real Property Appraisal Manual of New Jersey Assessor's, " Assessment of Billboards."
Oregon Department of Revenue, *Billboard Cost Factors (Off-Premise Outdoor Advertising) Revised 2007*
Wright, Jeffrey and Paul Wright. *Billboard Appraisal: The Valuation of Off-Premise Advertising Signs.* United States of America, 2001

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DEFINING AND CLASSIFYING BILLBOARD STRUCTURES FOR ASSESSMENT PURPOSES

For assessment purposes, billboards are grouped into 4 structural categories based on the building materials used and the underlying support system. The four categories include wood, steel frame, multi-mast steel, and monopole.

At a minimum, each billboard includes the following:

CLASS 1 WOOD STRUCTURE

This class of billboards is constructed with wood post or pole supports with dimensional lumber as the secondary support (A frame) with a wood or metal catwalk and a single display panel. Supports may be imbedded in the ground. There may be a foundation of concrete or gravel. Lighting, if present, is either fluorescent or mercury vapor.

CLASS 2 STEEL A-FRAME CONSTRUCTION

This class of billboards is constructed with angle iron or steel supports with metal framing, catwalk, and a single display panel. Supports may be imbedded in the ground. There may be a foundation of concrete or gravel. Lighting, if present, is either fluorescent or mercury vapor.

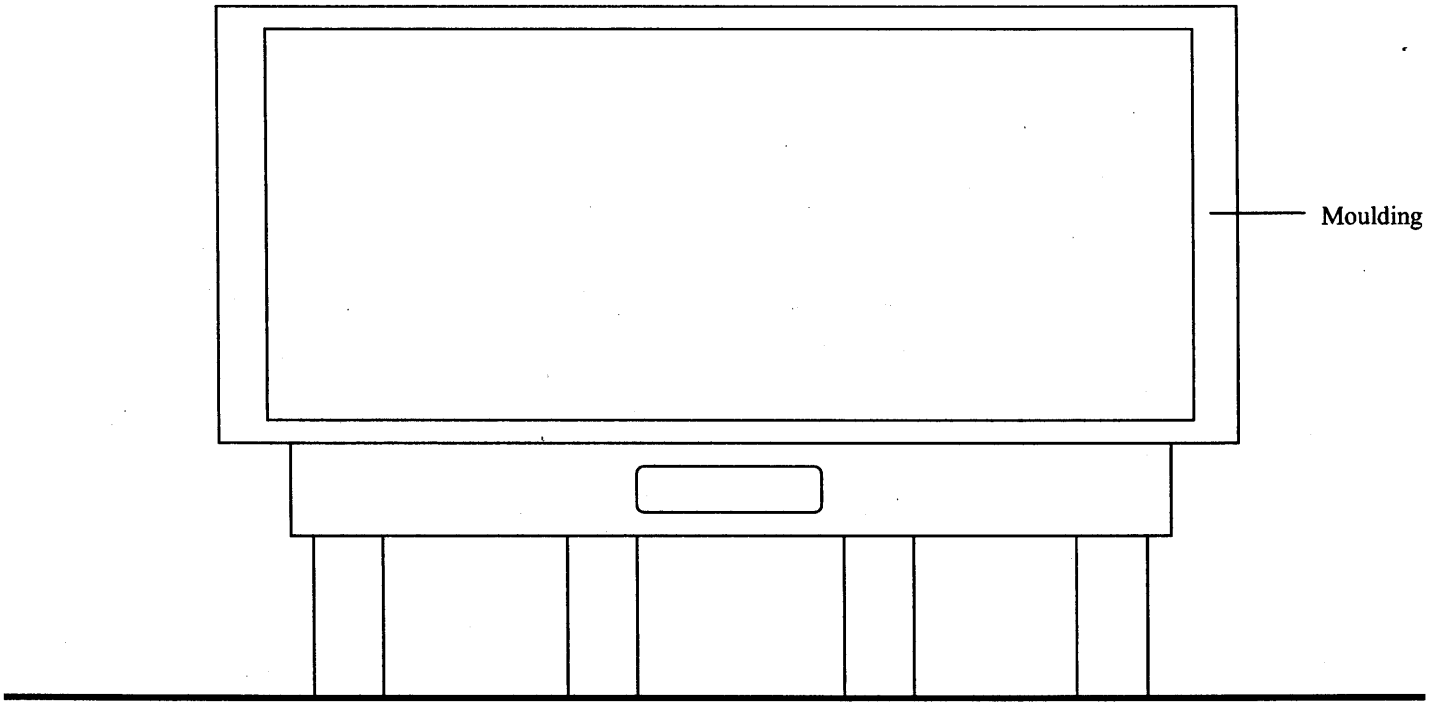
CLASS 3 MULTI-MAST STRUCTURE

This class of billboards is constructed with steel pole, I-beam or equivalent as primary support, with a catwalk, and a single display panel. Lighting is fluorescent or mercury vapor.

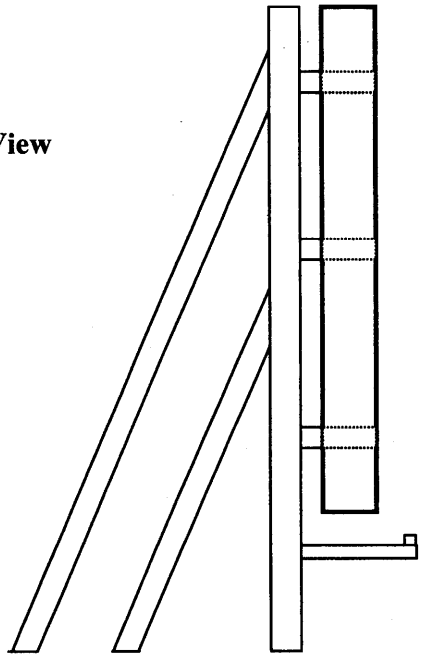
CLASS 4 MONOPOLE

This class of billboards is constructed with tubular steel support (of various circumferences), tubular steel framing, metal catwalk and a single display panel. The foundation is concrete. Lighting is fluorescent or mercury vapor.

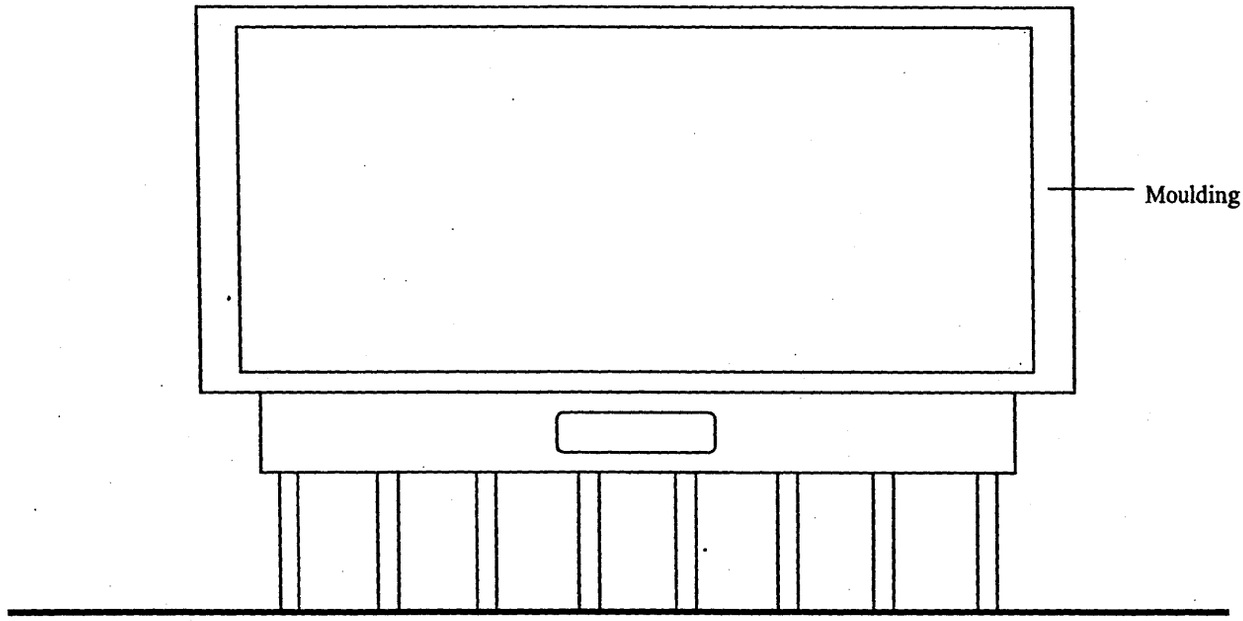
Illustrations of Wooden Billboards



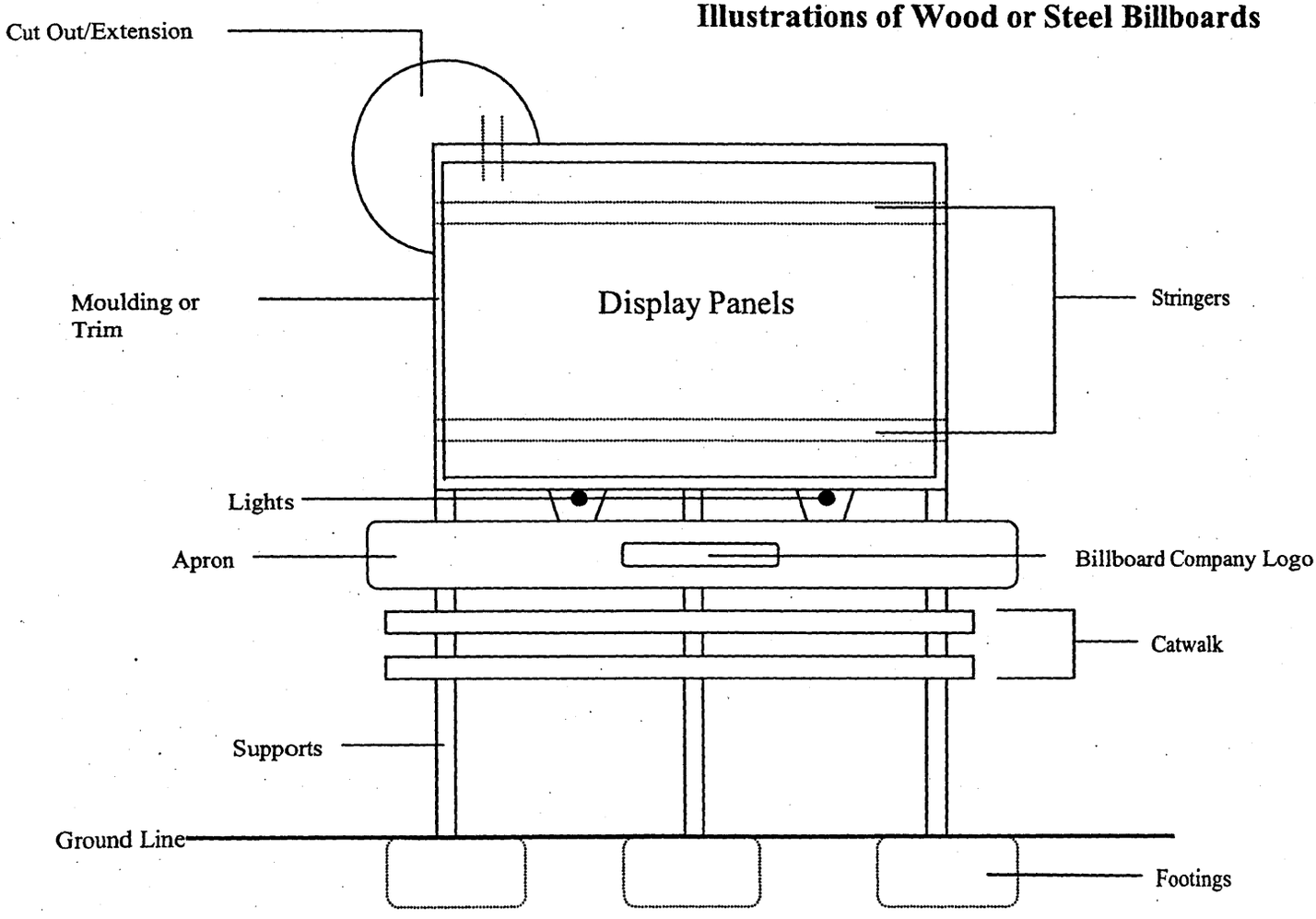
Wooden Billboard Side View



Illustrations of Steel Billboard

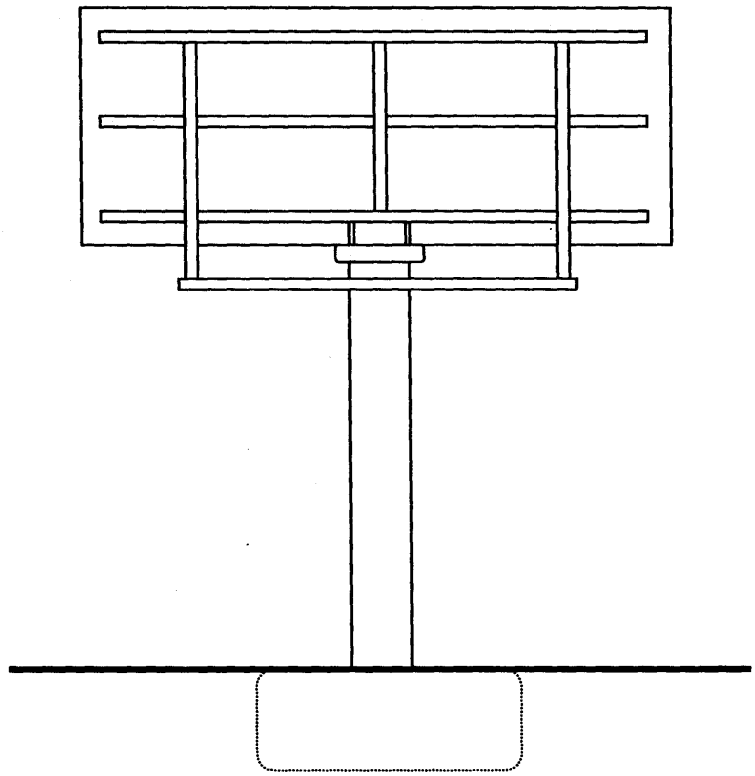


Illustrations of Wood or Steel Billboards



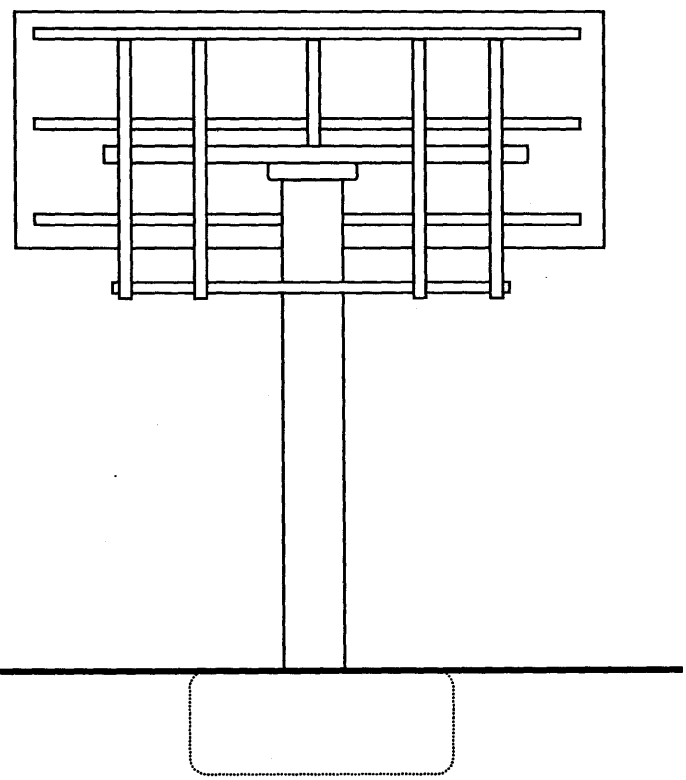
Illustrations of Monopole Billboard Construction

Center Mount

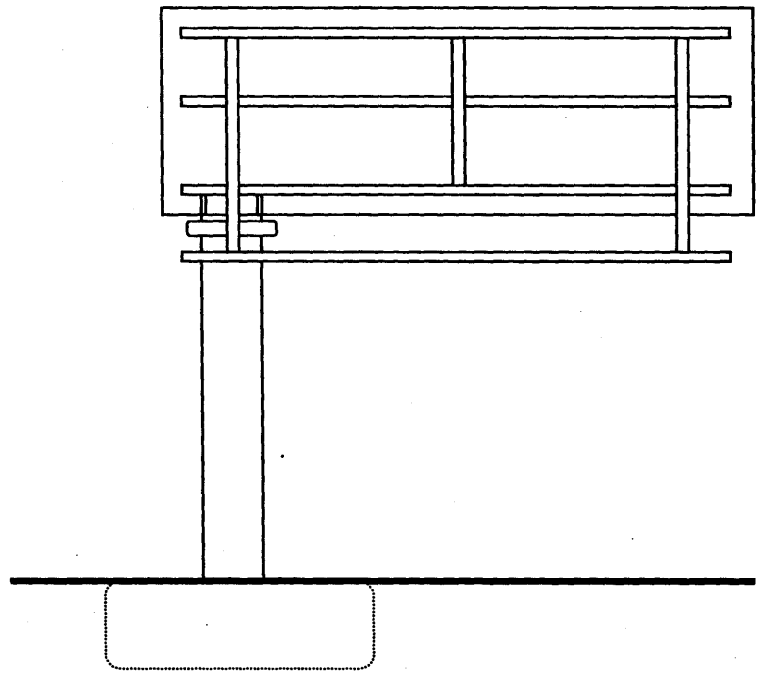


Illustrations of Monopole Billboard Construction
Back View

Center Mount

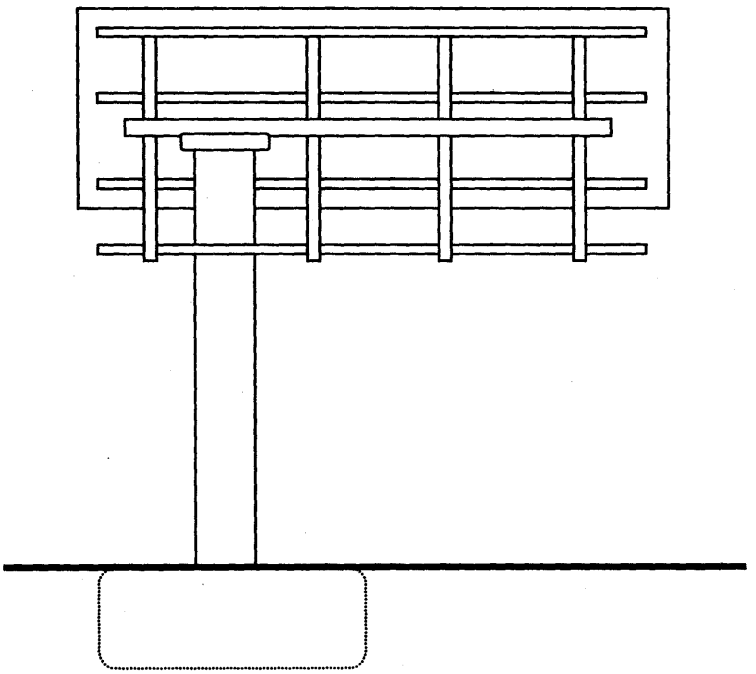


Illustrations of Monopole Billboard Construction

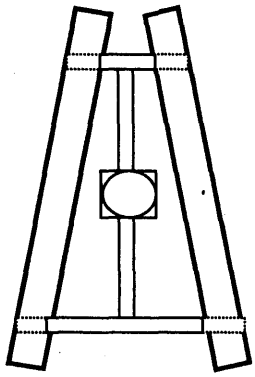


12'x25' Flag

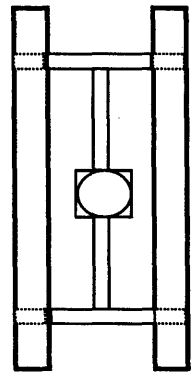
Illustrations of Monopole Billboard Construction
Back View



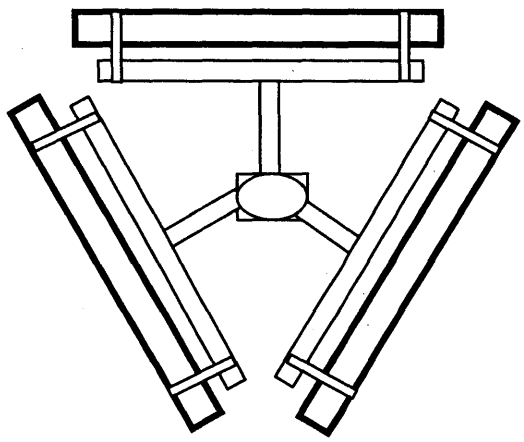
Illustrations of Monopole Billboard Construction
Topview



The V Face



Double Face



12'x25' Triangle

CLASS 1-WOOD POLE A FRAME CONSTRUCTION

BASE SPECIFICATIONS

1. STRUCTURE - Wood support poles or posts.

2. FOUNDATION - Embedded in ground or equivilent.

3. PLATFORM OR CATWALK -Included in Base.

4. PANELS - Included in Base.

5. APRON - Included in Base.

6. LIGHTING - Included in Base.

7. ADDITIONAL PANELS - None.

TOTAL BASE COST PER STRUCTURE

1A- SINGLE FACE WOOD A FRAME

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'	$ 7,500	$ 9,000	$ 9,800		
378'	$ 8,800	$ 10,600	$ 11,400		
480'	$ 11,000	$ 14,300	$ 14,900		
672'	$ 14,900	$ 19,400	$ 20,100		

1B- DOUBLE FACE WOOD A FRAME

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'	$ 9,800	$ 11,800	$ 12,700		
378'	$ 11,400	$ 13,700	$ 14,800		
480'	$ 14,800	$ 19,200	$ 20,000		
672'	$ 20,100	$ 26,100	$ 27,100		

1C- V BUILT AND SIDE BY SIDE WOOD A FRAME

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'	$ 15,000	$ 18,000	$ 19,500		
378'	$ 17,600	$ 21,100	$ 22,900		
480'	$ 22,000	$ 28,600	$ 29,700		
672'	$ 29,800	$ 38,700	$ 40,200		

CONSTRUCTION ADJUSTMENTS

See worksheet for construction adjustments

CLASS 2- STEEL A FRAME CONSTRUCTION

BASE SPECIFICATIONS

1. STRUCTURE - Steel pole, angle iron, I beam or equivalent as primary support.

2. FOUNDATION - Concrete gravel or equivalent.

3. PLATFORM OR CATWALK -Included in Base.

4. PANELS - Included in Base.

5. APRON - Included in Base.

6. LIGHTING - Included in Base.

7. ADDITIONAL PANELS - None.

TOTAL BASE COST PER STRUCTURE

2A- SINGLE FACE A FRAME STEEL

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'		$ 23,000			
378'		$ 27,400			

2B- DOUBLE FACE A FRAME STEEL

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'		$ 31,000			
378'		$ 38,500			

2C- V BUILT A FRAME STEEL

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'		$ 45,900			
378'		$ 54,800			

CONSTRUCTION ADJUSTMENTS

See worksheet for construction adjustments

CLASS 3- MULTI MAST STEEL

BASE SPECIFICATIONS

1. STRUCTURE - Steel pole, angle iron, I beam or equivalent as primary support.

2. FOUNDATION - Concrete gravel or equivalent.

3. PLATFORM OR CATWALK -Included in Base.

4. PANELS - Included in Base.

5. APRON - Included in Base.

6. LIGHTING - Included in Base.

7. ADDITIONAL PANELS - None.

TOTAL BASE COST PER STRUCTURE

3A- SINGLE FACE MULTI MAST STEEL

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'	$ 23,000				
378'	$ 27,400				
480'	$ 31,800				
672'	$ 37,800				

3B- DOUBLE FACE MULTI MAST STEEL

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'		$ 37,000			
378'		$ 44,500			
480'		$ 50,400			
672'		$ 59,200			

3C- V BUILT MULTI MAST STEEL

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'		$ 44,500			
378'		$ 54,800			
480'		$ 62,200			
672'		$ 74,000			

CONSTRUCTION ADJUSTMENTS

See worksheet for construction adjustments

CLASS 4- STEEL MONOPOLE CONSTRUCTION

BASE SPECIFICATIONS

1. STRUCTURE - Tubular Steel Supports.

2. FOUNDATION - Poured concrete.

3. PLATFORM OR CATWALK -Included in Base.

4. PANELS - Included in Base.

5. APRON - Included in Base.

6. LIGHTING - Included in Base.

7. ADDITIONAL PANELS - None.

TOTAL BASE COST PER STRUCTURE

4A- SINGLE POLE SINGLE FACE CENTER MOUNTED MONOPOLE

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'		$ 29,600	$ 34,300	$ 43,700	
378'		$ 35,500	$ 43,400	$ 59,200	
480'		$ 45,200	$ 52,300	$ 66,600	
672'		$ 57,000	$ 64,300	$ 79,000	$ 92,000
960'		$ 66,100	$ 73,400	$ 88,100	$ 108,200
1000'		$ 71,900	$ 79,200	$ 93,900	$ 114,000

4B- SINGLE POLE SINGLE FACE PARTIAL FLAG MONOPOLE

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'		$ 30,800	$ 35,700	$ 45,400	
378'		$ 37,000	$ 45,200	$ 61,600	
480'		$ 47,000	$ 54,400	$ 69,300	
672'		$ 59,200	$ 66,900	$ 82,200	$ 95,600
960'		$ 68,700	$ 76,400	$ 91,700	$ 112,600
1000'		$ 74,700	$ 82,400	$ 97,600	$ 118,600

4C- SINGLE POLE SINGLE FACE FULL FLAG MONOPOLE

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'		$ 43,000			
378'		$ 48,900	$ 56,800	$ 72,600	
480'		$ 60,000	$ 66,300	$ 79,100	
672'		$ 65,600	$ 73,000	$ 87,700	$ 101,500
960'		$ 74,700	$ 82,000	$ 96,700	$ 117,800
1000'		$ 81,400	$ 88,500	$ 102,500	$ 124,600

CONSTRUCTION ADJUSTMENTS

CLASS 4- STEEL MONOPOLE CONSTRUCTION (CONTINUED)

BASE SPECIFICATIONS

1. STRUCTURE - Tubular Steel Supports.

2. FOUNDATION - Poured concrete.

3. PLATFORM OR CATWALK -Included in Base.

4. PANELS - Included in Base.

5. APRON - Included in Base.

6. LIGHTING - Included in Base.

7. ADDITIONAL PANELS - None.

TOTAL BASE COST PER STRUCTURE

4D- SINGLE POLE DOUBLE & V FACE CENTER MOUNTED MONOPOLE

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'		$ 38,500			
378'		$ 41,900	$ 45,900	$ 54,000	
480'		$ 52,500	$ 59,700	$ 74,000	
672'		$ 61,600	$ 69,300	$ 84,800	$ 102,000
960'		$ 70,900	$ 79,200	$ 95,800	$ 117,800
1000'		$ 76,600	$ 84,900	$ 101,500	$ 123,600

4E- SINGLE POLE DOUBLE & V FACE PARTIAL FLAG MONOPOLE

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'		$ 40,000			
378'		$ 43,600	$ 47,800	$ 56,200	
480'		$ 54,600	$ 62,100	$ 77,000	
672'		$ 64,000	$ 72,100	$ 88,200	$ 121,900
960'		$ 73,700	$ 82,300	$ 99,600	$ 140,900
1000'		$ 79,700	$ 88,300	$ 105,600	$ 147,700

4F- SINGLE POLE DOUBLE & V FACE FULL FLAG MONOPOLE

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'					
378'		$ 56,300	$ 60,200	$ 68,100	
480'		$ 63,700	$ 72,300	$ 89,600	
672'		$ 69,300	$ 78,600	$ 97,300	$ 111,500
960'		$ 80,500	$ 88,700	$ 105,400	$ 129,400
1000'		$ 86,200	$ 94,800	$ 112,100	$ 136,100

CONSTRUCTION ADJUSTMENTS

See worksheet for construction adjustments

CLASS 4- STEEL MONOPOLE CONSTRUCTION (CONTINUED)

BASE SPECIFICATIONS

1. STRUCTURE - Tubular Steel Supports.

2. FOUNDATION - Poured concrete.

3. PLATFORM OR CATWALK -Included in Base.

4. PANELS - Included in Base.

5. APRON - Included in Base.

6. LIGHTING - Included in Base.

7. ADDITIONAL PANELS - None.

TOTAL BASE COST PER STRUCTURE

4G- TRI-SIDED CENTER MOUNTED

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'					
378'					
480'					
672'		$ 105,400		$ 136,100	$ 192,500
960'					
1000'					

4H- TRI-SIDED STACKED CENTER MOUNTED

Size	25' HAGL	40' HAGL	50' HAGL	70' HAGL	100' HAGL
300'					
378'					
480'					
672'		$ 98,500			
960'					
1000'					

CONSTRUCTION ADJUSTMENTS

See worksheet for construction adjustments

CONSTRUCTION ADJUSTMENTS

No Illumination		Subtract	5%
Stacked Displays		Add	25%
Height Adjustments	70' +	Add	35%
	100' +	Add	60%

*Additional Physical Deterioration
*Functional Obsolescence
*Economic Obsolescence

* To be determined by appraiser if applicable.

Special instructions for valuing billboards with LCD and Tri-Vision Displays

When valuing billboards that have LCD or tri-vision displays the appraiser should:

1- Determine replacement cost new for the sign structure from the billboard manual and apply the appropriate depreciation based on the age of the billboard.

2-Take the costs reported by the taxpayer for the LCD or Tri-Vision display from the listing form and apply Schedule I-8 from the current Cost Index and Depreciation Schedules.

3-Add the depreciated costs together to determine the Total Assessed Value.

Example

4A- SINGLE POLE SINGLE FACE CENTER MOUNTED MONOPOLE
40 HAGL
Year Built 2007
Size-378'

RCN	$ 35,500.00	RCN from the Billboard Structure Manual
Depreciation	0.01	Billboard Structure Manual Depreciation Schedule
Value A.	$ 35,145.00	

LCD Display
Size-378'
Year Acquired 2008
Costs listed by taxpayer $300,000

RCN	$ 300,000.00	Costs reported by taxpayer
Depreciation	0.13	I-8 Schedule from 2009 Cost Index and Depreciation Schedule
Value B.	$ 261,000.00	

Total Assessed Value (A. + B.)	$ 296,145.00

Depreciation Schedule

EFFECTIVE AGE (in years)	25 YEAR LIFE (wood)	50 YEAR LIFE (steel)
1	96%	100%
2	92%	99%
3	88%	99%
4	84%	98%
5	80%	97%
6	76%	97%
7	72%	96%
8	68%	95%
9	64%	95%
10	60%	94%
11	56%	93%
12	52%	92%
13	48%	91%
14	44%	90%
15	40%	89%
16	40%	88%
17	40%	87%
18	40%	86%
19	40%	84%
20	40%	83%
21	40%	82%
22	40%	80%
23	40%	79%
24	40%	77%
25	40%	75%
26		73%
27		72%
28		70%
29		68%
30		66%
31		62%
32		57%
33		52%
34		47%
35		42%
36		40%
37		40%
38		40%
39		40%
40		40%
41		40%
42		40%
43		40%
44		40%
45		40%
46		40%
47		40%
48		40%
49		40%
50		40%

BILLBOARD DEFINITIONS

Catwalk - Platform located underneath the sign face, either in front or in back, used as support for the maintenance crew.

Centermount - Monopole structure in which the supporting column is affixed to the center of the display panel.

Display Face (panels) - The flat area normally rectangular in shape where the advertisement is displayed.

Double Face - A billboard structure that has two display panels, which are parallel to each other and facing in opposite directions.

Extension - A part of the advertisement extending beyond the display face in order to create better impact.

Flag Mount - Monopole structure in which the supporting column is affixed to the left or right of the center of the display panel.

Footings - Concrete used to solidify the structure keeping it upright in the ground.

Illumination -Light fixtures attached to a sign so that the message is visible in hours of darkness.

HAGL - Height Above Ground Level is the distance in feet from the ground to the lowest edge of the bottom molding.

Lease Cost - Costs associated with obtaining a lease site.

Molding - Decorative frame surrounding the printed message on the display face.

Reflectors - Copy material that has been designed to reflect light to aid in visibility in hours of darkness when illumination is not present on the billboard structure.

Single Face - Billboard structure that has a single display panel facing in only one direction.

Stackmount - A billboard structure in which multiple display panels are set above one another.

Stringers or Crossmembers - Wood or steel braces attached to the back of the sign that support the structures.

Triangle - A billboard structure having three display panels arranged in the shape of a triangle with each panel facing in a different direction.

Uprights -Vertical posts, pipes or beams, mounted into the ground that keep the sign erect.

V Face - A billboard structure having two display panels that are not parallel to each other, facing in opposite directions.

BUILDING REPLACMENT COST CONVERSION FACTORS
TO BE APPLIED TO 2009 BILLBOARD STRUCTURES VALUATION GUIDE

	WOOD STRUCTURES		STEEL STRUCTURES		STEEL MONOPOLE
2010 STATE AVERAGE					
2011 STATE AVERAGE					
2012 STATE AVERAGE					
2013 STATE AVERAGE					
2014 STATE AVERAGE					