

Client and Intended Use of the Appraisal:

*This mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a **mass appraisal report** as stated in USPAP SR 6-8. To fully understand this report the reader may need to refer to the Assessor's Property Record Files, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.*

The purpose of this report is to explain and document the methods, data and analysis used in the revaluation of King County. King County is on a six year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The Revaluation Plan is subject to their periodic review.

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65). The true and fair value of a property in money for property tax valuation purposes is its "market value" or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

Highest and Best Use

RCW 84.40.030 *All property shall be valued at one hundred percent of its true and fair value in money and assessed on the same basis unless specifically provided otherwise by law.*

An assessment may not be determined by a method that assumes a land usage or highest and best use not permitted, for that property being appraised, under existing zoning or land use planning ordinances or statutes or other government restrictions.

WAC 458-07-030 (3) True and fair value -- Highest and best use. *Unless specifically provided otherwise by statute, all property shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Any reasonable use to which the property may be put may be taken into consideration and if it is peculiarly adapted to some particular use, that fact may be taken into consideration. Uses that are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in valuing property at its highest and best use.*

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

Date of Value Estimate

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]

Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date a valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

Property rights appraised:

Fee Simple

Wash Constitution Article 7 § 1 Taxation: *All taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax and shall be levied and collected for public purposes only. The word "property" as used herein shall mean and include everything, whether tangible or intangible, subject to ownership. All real estate shall constitute one class.*

Trimble v. Seattle, 231 U.S. 683, 689, 58 L. Ed. 435, 34 S. Ct. 218 (1914) *"the entire [fee] estate is to be assessed and taxed as a unit"*

Folsom v. Spokane County, 111 Wn. 2d 256 (1988) *"the ultimate appraisal should endeavor to arrive at the fair market value of the property as if it were an unencumbered fee"*

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. "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."

Assumptions and Limiting Conditions:

- 1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.*
- 2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.*
- 3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.*
- 4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.*
- 5. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.*
- 6. The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.*
- 7. The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.*
- 8. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.*
- 9. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.*
- 10. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.*
- 11. An attempt to segregate personal property from the real estate in this appraisal has been made.*
- 12. Items which are considered to be "typical finish" and generally included in a real property transfer, but are legally considered leasehold improvements are included in the valuation unless otherwise noted.*
- 13. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.*
- 14. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.*
- 15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.*

Scope of Work Performed:

Research and analyses performed are identified in the body of the revaluation report. The assessor has no access to title reports and other documents. Because of legal limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. Disclosure of interior home features and, actual income and expenses by property owners is not a requirement by law therefore attempts to obtain and analyze this information are not always successful. The mass appraisal performed must be completed in the time limits indicated in the Revaluation Plan and as budgeted. The scope of work performed and disclosure of research and analyses not performed are identified throughout the body of the report.

CERTIFICATION:

I certify that, to the best of my knowledge and belief:

- *The statements of fact contained in this report are true and correct*
- *The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *The individuals listed below were part of the “appraisal team” and provided significant real property appraisal assistance to the person signing this certification.*

Steven Roberts – Commercial Appraiser II

Analysis Process

Effective Date of Appraisal: January 1, 2008

Date of Appraisal Report: April 2, 2008

The following appraiser did the valuation for this geographic area:

- Steven Roberts – Commercial Appraiser II

Highest and Best Use Analysis

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best of the majority of the appraised parcels as commercial use. Any opinion not consistent with this is specifically noted in our records and considered in the valuation of the specific parcel.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a token value of \$1,000.00 is assigned to the improvements.

Interim Use: In many instances a property's highest and best use may change in the foreseeable future. A tract of land at the edge of a city might not be ready for immediate development, but current growth trends may suggest that the land should be developed in a few years. Similarly, there may not be enough demand for office space to justify the construction of a multistory office building at the present time, but increased demand may be expected within five years. In such situations, the immediate development of the site or conversion of the improved property to its future highest and best use is usually not financially feasible.

The use to which the site is put until it is ready for its future highest and best use is called an interim use. Thus, interim uses are current highest and best uses that are likely to change in a relatively short time.

Standards and Measurement of Data Accuracy: Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Current data was verified and corrected when necessary via field inspection.

Special Assumptions and Limiting Conditions

All three approaches to value were considered in this appraisal.

The following Departmental guidelines were considered and adhered to:

- Sales from 01/01/2005 to 12/31/2007 (at minimum) were considered in all analyses.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of three years of market information without time adjustments averaged any net changes over that time period.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation:

- **Area 85 (Bothell/Kenmore/Kirkland - NE Lake Washington Corridor)**

Boundaries:

- West – Lake Washington and the City of Kenmore
- North – Snohomish County
- East – I-405 Freeway
- South – Highway 520

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

Geographic Area 85 consists of cities and neighborhoods located northeast of Lake Washington, which boundaries are generally defined as the King/Snohomish County line to the north, State Route 520 to the south, Interstate 405 to the east, and Lake Washington/City of Kenmore to west. Geographic Area 85 also includes City of Kirkland parcels located east of I-405.

The City of Bothell and Kenmore are located in the northern sector of Area 85, while the City of Kirkland encompasses Area 85's southern end. Located between the City of Bothell and Kenmore to the north and the City of Kirkland to the south are two neighborhoods known as Juanita and Finn Hill. Much of these neighborhoods are located in unincorporated King County, and as such, are governed by King County zoning and land use guidelines. Located furthest south in Area 85 is a small cluster of commercial properties that are within the City of Bellevue. These parcels are located just north of SR-520 and west of I-405.

Within the Geographic Area 85, there are twelve neighborhoods totaling 1,538 parcels that have been established for valuation purposes.

City of Kenmore: Area 85-10

Boundaries: The City of Kenmore is located at the north end of Lake Washington along the State Highways 522 corridor.

- North – Snohomish County
- South – Lake Washington & NE 155th Street
- East – 83rd Place NE
- West – City of Lake Forest Park

Neighborhood Description: Over the past decade, the City of Kenmore's population grew to house commuters who drive to work in nearby Seattle, Everett and Bellevue. Many were drawn from the city to Kenmore's large open acreage lots. Kenmore consists of long established, predominately single-family, neighborhoods. Kenmore offers a complete variety of housing, from posh country club estates to suburban ramblers, apartments, condominiums and manufactured housing. Some of the neighborhoods, especially those surrounding Inglewood Country Club, are quite upscale.

Perhaps Kenmore's most famous resident is Kenmore Air Harbor, the largest seaplane base in the United States. Other than Kenmore Air Harbor, Kenmore Pre-Mix and Plywood Supply, Kenmore's small business community caters mostly to the shopping and service needs of the immediate residential community.

New construction continues as developable vacant land becomes increasingly rare. Most of the new construction consists of multi-family uses, such as apartments, condominiums, and townhomes. Future commercial expansion may be just a few years away. A mixed-use development called “Lakepointe” is proposed to be constructed on the current site of the Kenmore Pre-Mix concrete plant, which is located along the shore of Lake Washington at the mouth of the Sammamish River. The proposed development would include 300,000 square feet of office space, 300,000 square feet of commercial space including a 12-screen cinema, a 150 room hotel with meeting space for 500, 400 apartments, 380 condominiums, 400 senior attached apartments, a 65-slip marina, 3,628 parking stalls in 3.5 million square feet of structured parking, a public waterfront park with a promenade and amphitheater.

City of Bothell: Area 85-20

Boundaries: The City of Bothell is located at the north end of Lake Washington at the crossroads of State Highways 522 and 527, and Interstate 405.

- North – Snohomish County
- South – Lake Washington & NE 155th Street
- East – Interstate 405
- West – City of Kenmore

Neighborhood Description: Bothell was incorporated in 1909 and still retains its historic charm with a small hometown feel - complete with family neighborhoods and parks, churches, educational facilities, and growing businesses. Residents may commute from Bothell to either Seattle or Everett, both of which are 20 minutes away.

About half of Bothell is located in King County, with the remaining in Snohomish County

Bothell’s Technology Corridor is a series of four modern business parks poised to accommodate producers of the fast growing high technology industries that makes Bothell more than a suburb. Each of these developments—Canyon Park Business Center, North Creek, Quadrant North Creek and Quadrant Monte Villa Center—provides a quality “home” for the businesses located there. The Technology Corridor is home to major employers such as electronics firms ATL and Quinton Instruments; bio-technology firms ICOS and Immunex; telecommunications giant AT&T Wireless; and casual clothing leader Eddie Bauer. These employers are a big draw for an ever larger, more affluent population to Bothell and an expanding service and retail base.

The city’s increasing demand for retail, lodging and entertainment will be further enhanced once the University of Washington Bothell/Cascadia Community College reaches enrollment projections in the next 10 years. Overall growth will fuel expansion and redevelopment of community and neighborhood shopping centers in downtown Bothell, at Canyon Park, and along main arteries such as Beardslee Boulevard, State Routes 522 and 527. The area offers unique regional shopping, such as the entertaining and unique collection of antique and crafts dealers at Bothell’s Country Village.

East Totem Lake (East of I-405): Area 85-25

Boundaries: Area 85-25 is all vacant and improved commercial properties located proximate to Totem Lake Blvd., NE 124th Street, and NE 116th Street.

- North – NE 32nd Street
- South – NE 104th Street
- East – 182nd Avenue NE
- West – Interstate 405

Neighborhood Description: The predominant land uses within this neighborhood include a mixture of retail, industrial, multi-family, and low-rise medical office buildings. The northern sector of this neighborhood is dominated by medical office building choosing to be close to Evergreen Hospital, whereas, the central and southern portions of this

neighborhood include retail oriented businesses, such as, Totem Lake Mall, line retail, restaurants, and car dealerships. The primary land uses within the eastside of this neighborhood include light-industrial service buildings, multi-family/condominium development, and Lake Washington Technical College.

Finn Hill/North Juanita: Area 85-30

Boundaries: Area 85-30 is all vacant and improved commercial properties located proximate to 100th Avenue NE and Juanita Drive. 100th Avenue NE is the primary north/south neighborhood thoroughfare that connects the City of Kirkland to the City of Bothell, while Juanita Drive is the primary north/south neighborhood thoroughfare connecting the City of Kirkland to the City of Kenmore. Much of this neighborhood is located within unincorporated King County, and as such, is governed by King County zoning and land use guidelines.

- North – NE 155th Street
- South – NE 132nd Street
- East – Interstate 405
- West – Lake Washington

Neighborhood Description: The predominant land uses within this neighborhood include a mixture of retail, multi-family, and low-rise office buildings. Within this neighborhood are St. Edwards State Park and Bastyr University. Bastyr University is recognized as one of the leading naturopathic universities in the country.

West Totem Lake (West of I-405): Area 85-35

Boundaries: Area 85-35 is all vacant and improved commercial properties located proximate to NE 124th Street and NE 120th Avenue NE. Within Area 85-35, NE 124th Street is the primary east/west commercial thoroughfare, whereas NE 120th Avenue NE is the primary north/south commercial thoroughfare.

- North – NE 132nd Street
- South – NE 116th Street
- East – Interstate 405
- West – 108th Avenue NE

Neighborhood Description: The predominant commercial land uses within this neighborhood include a mixture of retail, industrial, multi-family, and low/mid-rise medical/office buildings. West Totem Lake is best known for its retail service core which includes line-retail, restaurants, and the Fred Meyer Shopping Complex.

Juanita: Area 85-40

Boundaries: Area 85-40 is all vacant and improved commercial properties located proximate to 98th Avenue NE and 100th Avenue NE. 98th Avenue NE and 100th Avenue NE are the primary north/south neighborhood commercial thoroughfares.

- North – NE 132nd Street
- South – Forbes Creek Dr.
- East – 108th Avenue NE
- West – Lake Washington

Neighborhood Description: The predominant commercial land uses within this neighborhood include a mixture of retail buildings, apartments, condominiums, and professional low rise office buildings. Juanita Village is a modern take on the traditional mixed-use residential/commercial urban neighborhood center that also serves as the heart of the community.

Houghton/South Kirkland: Area 85-45

Boundaries: Area 85-45 is all vacant and improved commercial properties located proximate to 108th Avenue NE/6th Street S. and NE 68th Street. 108th Avenue/6th Street S. is the primary north/south neighborhood commercial thoroughfare, while NE 68th Street is the primary east/west neighborhood thoroughfare.

- North – NE 85th Street
- South – NE 60th Street
- East – Interstate 405
- West – Burlington Northern Railroad

Neighborhood Description: The predominant commercial land uses within this neighborhood include a mixture of retail buildings and low to mid-rise office buildings. A major office development currently under construction is the new three building 195,000/SF Google campus. This development will be completed in the summer of 2008.

East Kirkland (East of I-405): Area 85-50

Boundaries: Area 85-50 is all vacant and improved commercial properties located proximate to NE 85th Street. NE 85th Street is the primary east/west commercial thoroughfare connecting downtown Kirkland to Redmond.

- North – NE 100th Street
- South – NE 40th Street
- East – 132nd Place NE
- West – Interstate 405

Neighborhood Description: The predominant land uses within this neighborhood include a mixture of retail, low-rise office buildings, and some multi-family units. The retail oriented businesses include neighborhood shopping centers, line retail, restaurants, and car dealerships. The four major businesses within this neighborhood include Costco, Lee Johnson Chevrolet, Honda of Kirkland, and Safeway.

NW Kirkland (Market Street): Area 85-55

Boundaries: Area 85-55 is all vacant and improved commercial properties located proximate to Market Street. Market Street is the primary north/south neighborhood thoroughfare connecting downtown Kirkland to the neighborhood of Juanita.

- North – Forbes Creek
- South – 10th Avenue
- East – 1st Street
- West – Lake Washington

Neighborhood Description: The predominant land uses within this neighborhood include small neighborhood retail businesses and low-rise office buildings.

SE Kirkland: Area 85-60

Boundaries: Area 85-60 is all vacant and improved commercial properties located proximate to 108th Avenue NE and Northup Way. Within Area 85-60, 108th Avenue NE is the primary north/south neighborhood thoroughfare, while Northup Way is the primary east/west commercial thoroughfare. The commercial properties located along Northup Way are located within the City of Bellevue. These parcels are located just north of SR-520 and west of I-405.

- North – NE 68th Street
- South – SR 520
- East – Interstate 405

- West – Lake Washington Blvd.

Neighborhood Description: The predominant land uses within this neighborhood include mid-rise office buildings and small light industrial warehouse buildings. The majority of commercial development is located proximate to Northup Way. Also located in this neighborhood are Northwest University and the Seattle Seahawks training facility.

Kirkland CBD: Area 85-65

Boundaries: Area 85-65 is all vacant and improved commercial properties located proximate to Central Way and Lake Street S.

- North – 10th Avenue
- South – 7th Avenue S.
- East – 6th Street S.
- West – Lake Washington

Neighborhood Description: The City of Kirkland is located on the eastern shore of Lake Washington, just north of Bellevue and west of Redmond. Kirkland is at once charming and modern. In a half-square mile, it boasts one of the most dynamic downtowns in the state. New office and condominium projects continue to be built at a moderate pace, with older retail buildings being renovated into art galleries, restaurants, and boutiques along Lake Street, Park Lane, and Central Way. They truly reflect the vitality and strength of the immediate area and the region. A healthy mix of small business, corporate headquarters, light industrial and manufacturing, and a growing base of high-tech and home-based businesses characterize Kirkland's local economy. A competitive business climate, with no local Business and Occupation (B&O) Tax, and high quality of life make Kirkland a desirable location for both local and world-class enterprises.

SE Kirkland (Lake Washington Corridor): Area 85-70

Boundaries: Area 85-70 is all vacant and improved commercial properties located proximate to Lake Washington Blvd.

- North – 7th Avenue
- South – State Route 520
- East – Burlington Northern Railroad
- West – Lake Washington

Neighborhood Description: The predominant commercial land uses within this neighborhood include a mixture of neighborhood retail buildings, mid-rise professional office buildings, apartments, and condominiums. Major "Class A" office developments within this area include Carillon Point, Lake Washington Park and The Plaza at Yarrow Bay.

NE Kirkland : Area 85-75

Boundaries: Area 85-70 is all vacant and improved commercial properties located north of NE 85th Street and South of NE 116th Street.

- North – NE 116th Street
- South – NE 85th Street
- East – Interstate 405
- West – 9th Street (South)/108th Avenue NE (North)

Neighborhood Description: The predominant commercial land uses within this neighborhood include a mixture of small neighborhood low-rise office buildings and light industrial manufacturing buildings.

Physical Inspection Area:

This year, Area 85-50 and Area 85-60 were physically inspected. This represents 221 parcels, approximately 14.37% of the total 1,538 parcels located in Area 85.

Preliminary Ratio Analysis

A Preliminary Ratio Study was done in April of 2008. The study included sales of improved parcels and showed a COV of 24.65%.

The study was also repeated after application of the 2008 recommended assessed values. The results are included in the validation section of this report, showing an improvement in the COV from 24.65% to 14.25%.

Scope of Data**Land Value Data:**

Vacant sales from 1/01/2004 to 12/31/2007 were given primary consideration for valuing land. Since January of 2004, there were approximately 78 land sales that were considered in Area 85. The sales verified as “good” were coded “Y” in the Assessor’s records. Multi-parcel sales were also considered after combining the various aspects of all parcels involved in the sales.

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales considered were verified if possible by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales if possible. Due to time constraints, interior inspections were limited. Sales are listed in the “Sales Used” and “Sales Not Used” sections of this report. Additional information resides in the Assessor’s procedure manual located in the Public Information area of the King County Administration Building.

Land Value**Land Sales, Analysis, Conclusions**

Within Geographic Area 85, there were approximately 78 land sales that occurred during the last three years. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered. For land valuation purposes, the assessor used GIS (Geographic Information System) as the primary tool to establish new assessed land values. The new land values are based on neighborhood land sales that are equalized with adjacent and similarly zoned properties. In many neighborhoods, new condominium and commercial sites are being created through the demolition of existing single family residences located on commercially zoned lots and through the demolition of older commercial and multi-family buildings.

The recommended land value for the 2008 Assessment year results in an average total change from 2007 assessments of +15.11%. The total land assessed value for the 2007 assessment year for Area 85 was \$1,522,587,459 and the total recommended land assessed value for the 2008 assessment year is \$1,752,659,900.

	2007 Total	2008 Total	\$ Increase	% Change
Total Land Values	\$1,522,587,459	\$1,752,659,900	\$230,072,441	+ 15.11%

Neighborhoods and Sales:

The following is a breakdown of each neighborhood and a summary of the new sales considered. The assessor considered these and historic sales as the primary method of establishing the new assessed land values for each neighborhood.

Area 85-10 - Kenmore

Since 2004, there have been a total of four land sales in the Kenmore neighborhood. The assessor used recent historic sales (4 years) and GIS (Geographic Information System) as the primary method of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values. Since historic multi-family and commercially zoned land sales in the Kenmore market area had similar selling prices per sq.ft., the assessor used location influence and lot size as the primary indicator for estimating land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	010	011410	0657	25,272	2143653	\$520,000	07/29/05	\$20.58	O - OFF	Old APN = 011410-0820
085	010	011410	0978	12,095	2201671	\$200,000	04/21/06	\$16.54	R-12	
085	010	011410	0978	12,095	2234808	\$255,000	08/30/06	\$21.08	R-12	
085	010	618170	0055	16832	2255592	\$252,400	12/13/06	\$15.00	R-24	Vacant Lot w/slope

Area 85-20 – Bothell

Since 2004, there have been a total of twenty two land sales in the Bothell neighborhood with one new land sale taking place in 2007. The assessor used recent historic sales (4 years) and GIS (Geographic Information System) as the primary method of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values. Since historic multi-family and commercially zoned land sales in the Bothell market area had similar selling prices per sq.ft., the assessor used location influence and lot size as the primary indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	020	082605	9272	79,960	2016627	\$750,000	01/30/04	\$9.38	R-2,800, OP	Backs Sammamish Slough
085	020	082605	9160	17,408	2024758	\$300,000	03/02/04	\$17.23	R-AC, OP, NB	
085	020	082605	9160	17,408	2052268	\$310,000	06/30/04	\$17.81	R-AC, OP, NB	
085	020	072605	9111	19,177	2081529	\$250,000	10/26/04	\$13.04	R-AC, OP, NB	
085	020	096700	0370	21,600	2092158	\$507,000	12/21/04	\$23.47	R-AC, OP, NB	Multi-Parcel Sale (#0370, #0375, & #0380)
085	020	510350	0000	12,750	2100477	\$215,000	02/02/05	\$16.86	R-2,800	Old APN = 072605-9146
085	020	052605	9016	84,948	2108730	\$1,030,000	03/10/05	\$12.13	R-4,000	Multi-Parcel Sale (#9016 & 9252)
085	020	052605	9081	30,003	2109277	\$500,000	03/16/05	\$16.67	OP, NB	Multi-Parcel Sale (#9081 & 9252)
085	020	052605	9125	102,649	2110059	\$1,650,000	03/22/05	\$16.07	OP, NB	Future Med. Office
085	020	052605	9168	34,168	2133361	\$400,000	06/17/05	\$11.71	R-AC, OP, NB	
085	020	062605	9156	348,480	2152681	\$1,409,000	09/01/05	\$4.04	R-5,400a	Condo (167950-0000)
085	020	062605	9146	19,166	2158455	\$400,000	09/26/05	\$20.87	R-2,800, OP	Sale part of a 10 parcel acquisition called Bothell Gateway.
085	020	082605	9196	12,108	2159095	\$264,000	09/26/05	\$21.08	R-2,800, OP	Multi-Parcel (#9196 & #9365)
085	020	052605	9254	11,652	2158636	\$375,000	09/29/05	\$32.18	R-AC, OP, NB	Part of a 10 parcel acquisition called Bothell Gateway.
085	020	052605	9052	224,288	2160939	\$4,725,000	10/10/05	\$21.07	R-AC, OP, NB	Part of a 10 parcel acquisition called Bothell Gateway.
085	020	052605	9134	34,996	2160950	\$522,900	10/10/05	\$14.94	R-AC, OP, NB	Part of a 10 parcel acquisition called Bothell Gateway.
085	020	052605	9147	16,728	2160944	\$385,000	10/10/05	\$23.02	R-AC, OP, NB	Part of a 10 parcel acquisition called Bothell Gateway.
085	020	062605	9077	10,018	2164463	\$195,000	10/20/05	\$19.46	R-2,800, OP	

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	020	072605	9176	59,677	2172936	\$750,000	11/02/05	\$12.57	R24-SO	
085	020	052605	9085	50,965	2187439	\$1,165,000	02/01/06	\$22.86	R-AC, OP, NB	Part of a 10 parcel acquisition called Bothell Gateway.
085	020	052605	9078	71,303	2237329	\$1,500,000	09/13/06	\$21.04	R-2,800, OP	
085	020	072605	9079	37070	2291886	\$235,000	06/14/07	\$6.34	GC	Has Topography Issues

Area 85-25 - East Totem Lake (East of I-405)

Since 2004, there have been four new land sales in the East Totem Lake neighborhood. The assessor used the most recent historic sales (4 years) and GIS (Geographic Information System) as the primary method of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	025	282605	9031	187,650	2087191	\$3,300,000	12/01/04	\$17.59	LI	
085	025	282605	9044	62,780	2110003	\$1,443,940	03/18/05	\$23.00	LI	
085	025	332605	9003	65,529	2128997	959,000	06/02/05	\$14.63	NRH 3	Condo (006970-0000)
085	025	272605	9018	259,437	2193193	\$850,000	03/17/06	\$3.28	ISO	

Area 85-30 - Finn Hill/North Juanita

Since 2004, there have been three new land sales in the Finn Hill/North Juanita neighborhood. The assessor used the most recent historic sales (4 years) and GIS (Geographic Information System) as the primary method of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	030	755830	0180	64,888	2124523	\$1,035,000	05/17/05	\$15.95	R12SO	Includes parcel 788830-0180 & 192605-9125
085	030	357980	0549	45,000	2175795	\$900,000	12/13/05	\$20.00	R12SO	
085	030	172605	9095	20,000	2181822	\$126,357	01/04/06	\$6.32	R24SO	

Area 85-35 - West Totem Lake (West of I-405)

No land sales have occurred in this neighborhood since 2003. The assessor used GIS (Geographic Information System) as the primary method of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

Area 85-40 - Juanita

Since 2004, there have been a total of four land sales in the Juanita neighborhood. The assessor used recent historic sales (4 years) and GIS (Geographic Information System) as the primary method of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	040	375790	0055	38,411	2022330	\$1,300,000	03/04/04	\$33.84	JBD1	New Retail
085	040	607650	0060	52,658	2086692	\$575,000	11/24/04	\$10.92	R18SO	
085	040	919410	2645	8,063	2045507	\$90,000	05/24/05	\$11.16	RM-2.4	
085	040	322605	9177	79,296	2217265	\$1,000,000	06/16/06	\$12.61	R-8.5 (EQ)	

Area 85-45 – Houghton/South Kirkland

Since 2004, there have been a total of nine land sales in the Houghton/South Kirkland neighborhood. Many of the land sales are a result of a demolition of an existing building to build new condominiums or office buildings. This neighborhood abuts three similar neighborhoods known as Area 85-55, 85-65 and 85-70, and shares similar zoning and land use attributes. Within these four areas, there are a total of 26 land sales used to estimate land values. The assessor used recent historic sales (4 years) and GIS (Geographic Information System) as the primary method of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values.

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	045	788260	0280	130,680	2016165	\$3,760,000	01/28/04	\$28.77	RM 50	Large Lot – High Density
085	045	082505	9081	21,785	2025963	\$250,000	03/18/04	\$11.48	RM 3.6	Has Stream And Setback Issues
085	045	123890	0161	18,480	2045016	\$995,000	06/04/04	\$53.84	RM 3.6	Has Been Segged Since Sale.
085	045	788260	0180	315,172	2122923	\$7,200,000	05/10/05	\$22.84	LI	Multi-Parcel Sale (#0175 & #0180)
085	045	123890	0205	16,128	2159000	\$835,000	09/27/05	\$51.77	RM 3.6	Condo 388590-0000, Parcel 123890-0205 & #0206 sold together (\$57.90)
085	045	123890	0206	14,700	2159755	\$950,000	09/28/05	\$64.63	RM 3.6	Condo 390022-0000, Parcel 123890-0205 & #0206 sold together (\$57.90)
085	045	012000	0380	38,125	2197783	1,150,000	04/05/06	\$30.16	LI	
085	045	123890	0115	17,692	2244076	\$1,550,000	10/10/06	\$87.61	RM 3.6	
085	045	123890	0120	15,327	2320349	\$1,399,100	11/09/07	\$91.34	RM 3.6	

Area 85-50 – East Kirkland (East of I-405)

Since 2004, there have been six new land sales in the East Kirkland neighborhood. The assessor used the most recent historic sales (4 years) and GIS (Geographic Information System) as the primary method of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	050	124190	0047	20,998	2096864	\$660,000	01/17/05	\$31.43	RH 8	Multi-Parcel Sale (#0047 & #0050)
085	050	124190	0040	18,900	2117777	\$945,000	04/22/05	\$50.00	BCX	
085	050	123850	0246	35,782	2148064	\$875,000	08/08/05	\$24.45	RM 3.6	Future TH Condos
085	050	123850	0210	48,351	2148596	\$725,000	08/17/05	\$14.99	LIT	
085	050	123310	0750	69,665	2247107	\$3,599,080	10/25/06	\$51.66	BCX	

Area 85-55 - NW Kirkland

Since 2004, there have been two new land sales in the NW Kirkland neighborhood. This neighborhood abuts three similar neighborhoods known as Area 85-45, 85-65 and 85-70, and shares similar zoning and land use attributes. Within the four areas, there are a total of 26 land sales used to estimate land values. The assessor used recent historic sales (4 years) and GIS (Geographic Information System) as the primary method of establishing new assessed land values. The assessor used, zoning, location influence, and lot size as an indicator for estimating land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values.

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	055	124500	1050	30,017	2069563	\$1,590,500	09/14/04	\$52.99	PR 3.6	TWO OLD APTS. (TO BE DEMO)
085	055	124500	1060	7,650	2268015	\$552,900	02/12/07	\$72.27	PR 3.6	Old SFR

Area 85-60 - SE Kirkland

Since 2004, there has been one new land sale in the SE Kirkland neighborhood. The assessor used the most recent historic sales (4 years) and GIS (Geographic Information System) as the primary method of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	060	202505	9099	67,096	2284853	\$1,000,000	05/15/07	\$14.90	R-20	

Area 85-65 - Kirkland CBD

Since 2004, there have been a total of twelve land sales in the Kirkland CBD neighborhood with three sales taking place in 2006. Many of the land sales are a result of a demolition of an existing building to build new mixed-use retail/condominiums or office buildings. This neighborhood abuts three similar neighborhoods known as Area 85-45, 85-55 and 85-70, and as a result share similar zoning and land use attributes. Within the four areas, there are a total of 26 land sales used to estimate land values. The assessor used recent historic sales (4 years) and GIS (Geographic Information System) as the primary method of estimating new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values. The assessor also used zoning, location influence, and lot size as an indicator for setting land values.

Waterfront land: Waterfront properties are typically valued on a price per front foot basis. The assessor derived \$35,000 per front foot from Kirkland waterfront sales.

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	065	788260	0005	72,000	2016373	\$5,500,000	01/29/04	\$76.39	CBD-3	OLD SALVATION SITE
085	065	082505	9175	10,583	2042198	\$3,000,000	05/26/04	\$283.47	WD 1	+/-136 FRONT FEET = \$22,058 PER FRONT FOOT
085	065	390010	1575	5,400	2051668	\$498,000	06/09/04	\$92.22	CBD -7	INCLUDES PARCEL (#0050, #0075, & #0100)
085	065	124400	0040	6,019	2078554	\$696,401	10/21/04	\$115.70	CBD-1	TRANSACTION PART OF E# 2078568 (PARCEL - #0050, #0075, & #0100)
085	065	124400	0050	34,037	2078568	\$3,156,000	10/22/04	\$92.72	CBD-1	TRANSACTION PART OF E# 2078554 (PARCEL - #0040)
085	065	765490	0005	54,135	2082908	\$2,700,000	11/10/04	\$49.88	PLA 6B	
085	065	187500	0330	9,080	2121914	\$630,000	04/29/05	\$69.38	PLA 6 D	Parcel segged since sale
085	065	187500	0330	9,080	2132324	\$750,000	06/17/05	\$82.60	PLA 6 D	Parcel segged since sale
085	065	082505	9009	102,416	2178812	\$5,100,000	12/28/05	\$49.80	PLA 6B	
085	065	082505	9267	18,949	2183604	\$1,575,000	01/23/06	\$83.12	CBD - 3	PARCELS 788260-0006 & 082505-9267 Sold together (\$103.67)
085	065	788260	0006	48,330	2183608	\$5,400,000	01/23/06	\$111.73	CBD - 3	PARCELS 788260-0006 & 082505-9267 Sold together (\$103.67)
085	065	187500	0190	47,009	2268720	\$2,900,000	03/01/07	\$61.69	PLA 6B	OLD CHURCH DEMO

Area 85-70 - SW Kirkland

Since 2004, there have been a total of eleven land sales in the SW Kirkland neighborhood. This neighborhood abuts three similar neighborhoods known as Area 85-45, 85-55 and 85-65, and as a result share similar zoning and land use attributes. Within the four areas, there are a total of 26 land sales used to estimate land values. Many of the land sales are a result of a demolition of an existing building to build new mixed-use retail/condominiums or office buildings. The assessor used recent historic sales (4 years) and GIS (Geographic Information System) as the primary method of estimating new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values. The assessor also used zoning, location influence, and lot size as an indicator for setting land values.

Waterfront land: Waterfront properties are typically valued on a price per front foot basis. The assessor derived \$35,000 per front foot from Kirkland waterfront sales.

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	070	172080	0495	16,633	2019400	\$1,650,000	02/04/04	\$99.20	RM 3.6	Now Condos 555500-0000
085	070	172080	0155	8,550	2105169	\$600,000	02/03/05	\$70.18	RM 3.6	Segged into #0154 & #0155
085	070	389210	0022	7,709	2112374	\$475,000	03/28/05	\$61.62	RM 3.6	Segged into #0022 & #0023
085	070	389210	0025	7,492	2127698	\$625,000	05/27/05	\$83.42	RM 3.6	

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	070	124620	0030	11,904	2136251	\$857,000	07/01/05	\$71.99	RM 3.6	Future condo (780404-0000)
085	070	124620	0025	11,428	2211402	\$975,000	05/26/06	\$85.32	RM 3.6	Future condo
085	070	788260	0140	16,297	2227107	\$1,358,750	07/27/06	\$83.37	PLA 6F	
085	070	264950	0121	21,912	2253596	\$1,635,000	11/10/06	\$74.62	RM 3.6	Future 6 unit condo
085	070	788260	0143	13,651	2268547	\$1,050,000	02/26/07	\$76.92	PLA 6F	
085	070	935490	0005	28,565	2281447	\$2,000,000	04/25/07	\$70.02	RM 3.6	Multi-Parcel Sale (#0005, #0015, #0120, #0125)
085	070	788260	0512	14090	2316559	\$1,100,000	10/17/07	\$78.07	RM 3.6	

Area 85-75 - Northeast Kirkland

Since 2004, there has been one land sale in the Northeast Kirkland neighborhood. The assessor used the most recent historic sales (4 years) and GIS (Geographic Information System) as the primary methods of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.













Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
085	075	388690	1870	23,100	2069670	\$760,000	09/10/04	\$32.90	RM 3.6	INCLUDES PARCEL (#1870, #1885, & #1895)

Improved Parcel Total Values:

Economic Considerations:

During the past five years, the Puget Sound real estate market place was very active. The eastside market area (Bellevue, Kirkland, Redmond, Woodinville, and Issaquah), especially, experienced rapidly appreciating property values unprecedented in recent memory. This growth was spurred on by new high-tech “dot-com.” startup companies, along with an increasing presence in software, service industries, finance, and aerospace.

With the continued high demand for real estate, especially office and retail type properties, vacancy rates have dropped along with an increase in lease rates. As a result, market prices for commercial real estate have experienced a dramatic increase.

2007 IN REVIEW			
	Office	Industrial	Retail
<i>Rents</i>	Increase 	Moderate Increase 	Moderate Increase 
<i>Vacancy</i>	Moderate Decrease 	Moderate Decrease 	Moderate Decrease 
<i>Real Estate Values</i>	Increase 	Moderate Increase 	Moderate Increase 
<i>New Construction</i>	Increase 	Stable 	Moderate Increase 

The demand for office properties in Seattle/Eastside/Puget Sound remains high. The Puget Sound office market remains one of the most encouraging in the nation. As a result of the high demand for office space, vacancy rates in most market sectors have seen moderate decreases which resulted in upward shifts in lease rates. During 2007, surveyed area market reports indicated a moderate drop in overall office vacancy rates on the Eastside (Bellevue, Kirkland, Redmond, Woodinville, and Issaquah). Economic market surveys indicated that the overall eastside office market area had vacancy rates ranging from 5.00% to 8.00% with Bellevue’s CBD office vacancy rates from 4.50% to 5.50%, and the overall Kirkland office vacancy rate from 4.50% to 8.00%. For Year 2007, total asking lease rates have increased in most markets. Surveyed market reports indicate that “Class A” office space (full service) have reported asking rents ranging from \$24.00/sf to \$43.00/sf, while reported “Class B” asking rents (full service) ranged from \$19.00/sf to \$35.00/sf. Kirkland had reported “Class A” asking rents ranging from \$27.50/sf to \$42.00/sf, while the “Class B” office asking rates were reported between \$28.00/sf to \$30.99/sf.

Surveyed 2007 4 th Qtr. Asking Rents	2007 4 th Qtr. Asking Rents Total Eastside	2007 4 th Qtr. Asking Rents (Bellevue CBD)	2007 4 th Qtr. Asking Rents (Kirkland)
	(A) \$24.00 to \$43.00	(A) \$29.50 to \$43.00	(A) \$27.50 to \$42.00
	(B) \$19.00 to \$35.00	(B) \$24.00 to \$34.52	(B) \$28.00 to \$30.99

With a strong employment base along with a growing population, the retail market throughout the Puget Sound region continues to be strong. Within urban areas and growing suburbs, mixed-use retail/multi-family development continues to thrive. Traditional malls, such as Northgate Mall, Tacoma Mall, and Westfield Southcenter are in the midst of, or just completed major expansions. Within the Eastside market area, the vacancy rate for retail type properties remains low at around 2% to 3% with NNN asking rents ranging between \$24.00/sf to \$35.00/sf. With respect to Industrial type properties, overall demand is also strong due to low vacancies and moderately rising rent rates. Currently, the eastside industrial market area had reported vacancy rates between 6.00% and to 7.50%.

Sales comparison approach model description

The model for sales comparison was based on four data sources from the Assessor’s records, occupancy codes, age, condition and size. A search was made on data that most closely fit a subject property within each geographic area.

Sales comparison calibration

Calibration of the coefficients utilized in the models applied via the sales comparison approach was established via an analysis of sales within each neighborhood. Neighborhoods were treated independent of one another as dictated by the market. Individual prices were applied based on various characteristics deemed appropriate by each market. Specific variables and prices for each neighborhood are discussed in more detail above.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift Valuation modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area. Cost estimates were relied upon for valuing special use properties where comparable sales data and/or income/expense information is not available. These properties are typically exempt properties such as churches, schools, public utility buildings, and park improvements. Non-exempt buildings that are valued by the Cost method might be fraternal halls, daycares, and on-going new construction.

Cost calibration

The Marshall & Swift Valuation modeling system which is built in the Real Property Application is calibrated to the region and the Seattle area.

Income capitalization approach model description

The Income Approach was considered a reliable approach to valuation throughout Area 85 for improved property types where income and expense data is available to ascertain market rates. Income parameters were derived from the market place through market rental surveys, sales, and available real estates publications and websites.

Income approach calibration

Income tables were developed for each of the twelve neighborhoods. The tables are for the following property types: Retail, Industrial Engineering Buildings, Medical and Dental Offices, Discount Stores Storage Garage, Basement Finish, Restaurant, Storage Warehouse, Office, and an exclusion table indicating property uses not covered by an income table. Some property uses, such as offices, have multiple tables depending upon the net rentable area. There are a total of 302 tables. All tables are included.

The tables were calibrated after setting economic rents, vacancy, expenses and capitalization rates by using adjustments based on size, quality of construction, and the effective age. When the value of the property by the income approach was less than the land value, a minimal \$1,000 value was allocated to the improvements. For properties where sales and income/expense data was not available, the Cost Approach was utilized.

Income: Income parameters were derived from the market place through the listed fair market sales as well as through published sources (i.e. Office Space Dot.Com, Commercial Brokers Association, Costar, Multiple Corporate Real Estate Websites), and opinions expressed by real estate professionals active in the market.

Vacancy: Vacancy rates used were derived mainly from published sources tempered by personal observation.

Expenses: Expense ratios were estimated based on industry standards, published sources, and personal knowledge of the area's rental practices. Within our income valuation models, the assessor used triple net expenses for typical retail/mixed-use & industrial type uses. For typical office/medical buildings, the assessor used full service expenses within the valuation models.

Income Capitalization Approach model description: The income approach is considered the most reliable approach to valuation in Area 85 where relevant income and expense data is available to ascertain market rates. During the sales verification process, an attempt is made to obtain income and expense data from the parties involved in the transactions through interviews or via mail. The information requested includes current and anticipated future rents, operating expense breakdown and assigned responsibility for the expenses, and estimated capitalization rates associated with a sale. In addition, owners, tenants, and agents of non-sale properties are surveyed to collect similar data. Disclosure of this information is not required by law and therefore is often difficult to obtain. The return rate of mail surveys varies and the data can be incomplete. Telephone interviews are dependent upon obtaining a valid number for a knowledgeable party and the opportunity to contact them. Interviews with tenants in the field usually yield rental and

expense information only. As a supplement, lease information is gathered from Costar and other websites. In order to calibrate a credible income model, it is necessary to consider data from recognized published sources to assist in developing capitalization rates. These publications tend to report data that is considered relevant to institutional-grade CBD and suburban real estate.

Source	Date	Location	Office	Industrial	Retail	Multi-family	Remarks
Colliers Private Capital News	Summer 2007	Puget Sound	6.70%	6.52%	6.37%	5.5%	Transaction size \$1-15M except multifamily
CBE Outlook 2007 in Review	1Q 2008	Puget Sound	6.00%-6.30%		6.50%		Transactions greater than \$5 million
Boulder Net Lease Funds LLC	2Q 2007	State	7.09%	7.71%	7.69%		
Real Capital Analytics	January 2008	National	5.46%	6.46%	6.31%		Weighted Average
Korpacz: PWC	4Q 2007	Pacific NW	7.81%				Institutional Grade
Korpacz: PWC	4Q 2007	National	6.64%-7.24%	6.48%-7.60%	6.68%-7.24%	5.75%	
Puget Sound Business Journal	December 2007	Seattle	5.5%	6.3%	6.0%	5.6%	From Real Capital Analytics, Inc.
IRR Viewpoint for 2008	January 2008	Seattle	6.00%-6.25%	6.25%-7.25%	6.00%-6.25%	4.00%	Institutional Grade Properties
Emerging Trends in Real Estate 2008	October 2007	National	5.60%-6.52%	6.25%-6.71%	5.56%-6.36%	5.26%-5.70%	Rates as of July 2007
Dupree & Scott	February 2008	Tri-County				4.51%-4.95%	From RHA Update
Grubb & Ellis Forecast 2008	1Q 2008	Seattle	5.60%-5.90%	6.50%	6.60%	5.50%	Transactions greater than \$5 million-from Real Capital Analytics

In Area 85, many of the properties are considered to be non-institutional grade. They may present a higher risk to investors and therefore should be valued at a higher capitalization rate. The following table shows ranges of capitalization rates for institutional and non-institutional grade properties per a survey conducted in January 2008 by PricewaterhouseCoopers LLP.

Institutional Market	OAR Range	Non-Institutional OAR Range
National Regional Mall	5.00%-9.50%	5.00%-12.00%
National Strip Shopping Center	5.80%-9.00%	7.00%-11.00%
National CBD Office	4.50%-9.00%	5.50%-10.00%
National Suburban Office	5.00%-10.50%	5.50%-11.75%
National Flex and R&D	5.50%-9.00%	8.00%-10.00%
National Warehouse	5.00%-8.00%	6.00%-9.50%
National Apartment	3.50%-8.00%	4.50%-11.00%

The preceding tables demonstrate ranges of capitalization rates and trends that are compiled with information that is collected on a national or broad regional scale. This information is reconciled with data specific to the real estate market in Area 85 to develop the income model. The range of capitalization rates in the income model for Area 85 reflects the variety of properties in this area.

Rental rates, vacancy levels and operating expenses are derived by reconciling all of the information collected through the sales verification process, completed surveys, interviews with tenants, owners, and brokers and the appraiser's independent market research. Quality, effective year, condition, and location are variables considered in the application of the income model to the parcels in the population best suited to be valued via the income approach. Property types in Area 85 that are valued by the income approach include, but are not limited to, offices, retail stores, and mixed-use buildings.

Area 85-10 - Kenmore

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$16.00 to \$25.50	5% - 8%	\$5.25/sf - \$6.75/sf	6.75% to 8.75%
Retail/Mixed Use	\$10.50 to \$17.50	5%	8%	6.75% to 8.75%
Industrial/Whse.	\$3.00 to \$8.40	5% - 8%	8%	6.75% to 8.75%

Typically, office/medical office annual rents range from \$16.00 to \$25.50 per square foot of net rentable area. The offices have annual expenses ranging from \$5.25/sf to \$6.75/sf of net rentable area. Overall capitalization rates range from 6.75% to 8.75%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 8% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$16.00 to \$17.50 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.75% to 8.75%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%.

Industrial/Warehouse rents range from \$3.00 to \$8.40 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.75% to 8.75%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 5% to 8% depending on the size of the building.

Area 85-20 – Bothell

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$16.00 to \$25.50	5% - 8%	\$5.25/sf - \$6.75/sf	6.75% to 8.75%
Retail/Mixed Use	\$10.50 to \$17.50	5%	8%	6.75% to 8.75%
Industrial/Whse.	\$3.00 to \$8.40	5% - 8%	8%	6.75% to 8.75%

Typically, office/medical office annual rents range from \$16.00 to \$25.50 per square foot of net rentable area. The offices have annual expenses ranging from \$5.25/sf to \$6.75/sf of net rentable area. Overall capitalization rates range from 6.75% to 8.75%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 8% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$16.00 to \$17.50 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.75% to 8.75%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%.

Industrial/Warehouse rents range from \$3.00 to \$8.40 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.75% to 8.75%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 5% to 8% depending on the size of the building.

Area 85-25 – East Totem Lake (East of I-405)

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$19.00 to \$29.00	5% - 8%	\$6.25/sf - \$7.50/sf	6.25% to 8.75%
Retail/Mixed Use	\$14.00 to \$23.00	5%	8%	6.00% to 8.00%
Industrial/Whse.	\$4.20 to \$9.60	6% - 8%	8%	6.50% to 9.00%

Typically, office/medical office annual rents range from \$19.00 to \$29.00 per square foot of net rentable area. The offices have annual expenses ranging from \$6.25/sf to \$7.50/sf of net rentable area. Overall capitalization rates range from 6.25% to 8.75%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 8% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$14.00 to \$23.00 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.00% to 8.00%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%.

Industrial/Warehouse rents range from \$4.20 to \$9.60 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.50% to 9.00%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 6% to 8% depending on the size of the building.

Area 85-30 - Finn Hill/North Juanita

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$17.00 to \$26.50	5% - 8%	\$5.25/sf - \$6.50/sf	6.75% to 9.00%
Retail/Mixed Use	\$13.50 to \$22.50	5%	8%	6.50% to 8.75%
Industrial/Whse.	\$3.60 to \$9.00	5% - 8%	8%	6.75% to 9.00%

Typically, office/medical office annual rents range from \$17.00 to \$26.50 per square foot of net rentable area. The offices have annual expenses ranging from \$5.25/sf to \$6.50/sf of net rentable area. Overall capitalization rates range from 6.75% to 9.00%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 8% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$13.50 to \$22.50 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.50% to 8.75%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%.

Industrial/Warehouse rents range from \$3.60 to \$9.00 per square foot of net rentable area. Operating expenses were estimated at 8.00%, with capitalization rates ranging from 6.75% to 9.00%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 5% to 8% depending on the size of the building.

Area 85-35 - West Totem Lake (West of I-405)

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$19.00 to \$29.00	5% - 8%	\$6.25/sf - \$7.50/sf	6.25% to 9.00%
Retail/Mixed Use	\$14.00 to \$23.00	5%	8%	6.00% to 8.00%
Industrial/Whse.	\$4.20 to \$9.60	6% - 9%	8%	6.50% to 9.00%

Typically, office/medical office annual rents range from \$19.00 to \$29.00 per square foot of net rentable area. The offices have annual expenses ranging from \$6.25/sf to \$7.50/sf of net rentable area. Overall capitalization rates range from 6.25% to 9.00%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 8% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$14.00 to \$23.00 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.00% to 8.00%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%.

Industrial/Warehouse rents range from \$4.20 to \$9.60 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.50% to 9.00%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 6% to 9% depending on the size of the building.

Area 85-40 - Juanita

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$16.50 to \$27.00	5% - 7%	\$6.00/sf - \$7.00/sf	6.50% to 8.75%
Retail/Mixed Use	\$16.00 to \$30.00	5%	8%	6.25% to 8.25%
Industrial/Whse.	\$4.20 to \$9.60	6% - 8%	8%	6.50% to 9.00%

Typically, office/medical office annual rents range from \$16.50 to \$27.00 per square foot of net rentable area. The offices have annual expenses ranging from \$6.00/sf to \$7.00/sf of net rentable area. Overall capitalization rates range from 6.50% to 8.75%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 7% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$16.00 to \$30.00 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.25% to 8.25%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%.

Industrial/Warehouse rents range from \$4.20 to \$9.60 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.50% to 9.00%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 6% to 8% depending on the size of the building.

Area 85-45 – Houghton/South Kirkland

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$21.00 to \$29.00	5% - 8%	\$7.00/sf - \$7.50/sf	6.25% to 8.75%
Retail/Mixed Use	\$13.50 to \$22.50	5%	8%	6.00% to 8.50%
Industrial/Whse.	\$4.20 to \$9.60	5% - 8%	8%	6.50% to 9.00%

Typically, office/medical office annual rents range from \$21.00 to \$29.00 per square foot of net rentable area. The offices have annual expenses ranging from \$7.00/sf to \$7.50/sf of net rentable area. Overall capitalization rates range from 6.25% to 8.75%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 8% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$13.50 to \$22.50 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.00% to 8.50%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%.

Industrial/Warehouse rents range from \$4.20 to \$9.60 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.50% to 9.00%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 5% to 8% depending on the size of the building.

Area 85-50 – East Kirkland (East of I-405)

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$21.00 to \$29.00	5% - 8%	\$7.00/sf - \$7.50/sf	6.25% to 8.75%
Retail/Mixed Use	\$13.50 to \$22.50	5%	8%	6.00% to 8.50%
Industrial/Whse.	\$4.20 to \$9.60	5% - 8%	8%	6.50% to 9.00%

Typically, office/medical office annual rents range from \$21.00 to \$29.00 per square foot of net rentable area. The offices have annual expenses ranging from \$7.00/sf to \$7.50/sf of net rentable area. Overall capitalization rates range from 6.25% to 8.75%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 8% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$13.50 to \$22.50 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.00% to 8.50%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%.

Industrial/Warehouse rents range from \$4.20 to \$9.60 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.50% to 9.00%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 5% to 8% depending on the size of the building.

Area 85-55 - NW Kirkland

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$21.00 to \$29.00	5% - 8%	\$7.00/sf - \$7.50/sf	6.25% to 8.75%
Retail/Mixed Use	\$13.50 to \$22.50	5%	8%	6.00% to 8.50%
Industrial/Whse.	\$4.20 to \$9.60	5% - 8%	8%	6.50% to 9.00%

Typically, office/medical office annual rents range from \$21.00 to \$29.00 per square foot of net rentable area. The offices have annual expenses ranging from \$7.00/sf to \$7.50/sf of net rentable area. Overall capitalization rates range from 6.25% to 8.75%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 8% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$13.50 to \$22.50 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.00% to 8.50%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%.

Industrial/Warehouse rents range from \$4.20 to \$9.60 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.50% to 9.00%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 5% to 8% depending on the size of the building.

Area 85-60 - SE Kirkland

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$21.00 to \$29.00	5% - 8%	\$7.00/sf - \$7.50/sf	6.25% to 8.75%
Retail/Mixed Use	\$13.50 to \$22.50	5%	8%	6.00% to 8.50%
Industrial/Whse.	\$4.20 to \$9.60	5% - 8%	8%	6.50% to 9.00%

Typically, office/medical office annual rents range from \$21.00 to \$29.00 per square foot of net rentable area. The offices have annual expenses ranging from \$7.00/sf to \$7.50/sf of net rentable area. Overall capitalization rates range from 6.25% to 8.75%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 8% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$13.50 to \$22.50 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.00% to 8.50%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%.

Industrial/Warehouse rents range from \$4.20 to \$9.60 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.50% to 9.00%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 5% to 8% depending on the size of the building.

Area 85-65 - Kirkland CBD

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$22.00 to \$31.00	5% - 8%	\$7.00/sf - \$7.50/sf	6.25 % to 9.00%
Retail/Mixed Use	\$18.00 to \$27.00	5%	8%	6.00 % to 8.50%
Industrial/Whse.	\$4.20 to \$9.60	5% - 8%	8%	6.50 % to 9.00%

Typically, office/medical office annual rents range from \$22.00 to \$31.00 per square foot of net rentable area. The offices have annual expenses ranging from \$7.00/sf to \$7.50/sf of net rentable area. Overall capitalization rates range from 6.25% to 9.00%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 8% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$18.00 to \$27.00 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.00% to 8.50%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%.

Industrial/Warehouse rents range from \$4.20 to \$9.60 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.50% to 9.00%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 5% to 8% depending on the size of the building.

85-70 – SW Kirkland

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$22.00 to \$31.00	5% - 8%	\$7.00/sf - \$7.50/sf	6.25 % to 9.00%
Retail/Mixed Use	\$18.00 to \$27.00	5%	8%	6.00 % to 8.50%
Industrial/Whse.	\$4.20 to \$9.60	5% - 8%	8%	6.50 % to 9.00%

Typically, office/medical office annual rents range from \$22.00 to \$31.00 per square foot of net rentable area. The offices have annual expenses ranging from \$7.00/sf to \$7.50/sf of net rentable area. Overall capitalization rates range from 6.25% to 9.00%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 8% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$18.00 to \$27.00 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.00% to 8.50%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%.

Industrial/Warehouse rents range from \$4.20 to \$9.60 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.50% to 9.00%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 5% to 8% depending on the size of the building.

85-75 – East Kirkland (West of I-405)

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate per Sq.Ft./%	Capitalization Rate %
Office/Medical Office	\$19.00 to \$29.00	5% - 8%	\$6.25/sf - \$7.50/sf	6.25% to 9.00%
Retail/Mixed Use	\$14.00 to \$23.00	5%	8%	6.00% to 8.00%
Industrial/Whse.	\$4.20 to \$9.60	5% - 8%	8%	6.50% to 9.00%

Typically, office/medical office annual rents range from \$19.00 to \$29.00 per square foot of net rentable area. The offices have annual expenses ranging from \$6.25/sf to \$7.50/sf of net rentable area. Overall capitalization rates range from 6.25% to 9.00%. Office/Medical Office buildings had vacancy and collection loss ranging from 5% to 8% depending on the size of office/medical building.

Typical Retail and Mixed Use Retail have annual rents ranging from \$14.00 to \$23.00 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.00% to 8.00%. For Retail/Mixed-Use properties, the vacancy and credit loss was estimated at 5%,

Industrial/Warehouse rents range from \$4.20 to \$9.60 per square foot of net rentable area. Operating expenses were estimated at 8%, with capitalization rates ranging from 6.50% to 9.00%. Industrial/Warehouse buildings had vacancy and credit loss rates ranging from 5% to 8% depending on the size of the building.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. The market sales approach is considered the most reliable indicator of value when comparable sales were available, however the income approach was applied to most parcels in order to better equalize comparable properties. Whenever possible, market rents, expenses, and cap rates were ascertained from sales, and along with data from surveys and publications these parameters were applied to the income model.

The income approach to value was considered to be a reliable indicator of value in most instances. The market rental rate applied to a few properties varied from the model but fell within an acceptable range of variation from the established guideline. An administrative review of the selected values was made by Carol Venetiou, Senior Appraiser for quality control purposes.

Model Validation

Total Value Conclusions, Recommendations and Validation:

The market sales approach is considered the most reliable indicator of value when comparable sales are available.

The income approach to value is considered to be a reliable indicator of value when market sales are not available. Whenever possible, market rents, expenses, and capitalization rates were ascertained from sales. Data from surveys and publications were also considered in the application of the income model.

Cost estimates were relied upon for valuing special use properties where comparable sales data and/or income/expense information was not available.

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed during the entire cycle and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust by particular characteristics and conditions as they occur in the valuation area.

The new assessment level is reflected in the weighted mean ratio of 1.008%. The standard statistical measures of valuation performance are presented both in the Executive Summary and in the 2007 and 2008 Ratio Analysis charts included in this report.

The total assessed value for the 2007 assessment year for Area 85 was \$3,110,322,035. The total recommended assessed value for the 2008 assessment year is \$3,544,048,700.

Application of these recommended values for the 2008 assessment year (taxes payable in 2009) results in an average total change from the 2007 assessments of +13.94%. The total value for the Geographic assigned parcels increased as follows:

	2007 Total	2008 Total	\$ Increase	% Change
Total Value	\$3,110,322,035	\$3,544,048,700	\$433,726,665	+ 13.94%

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the assessor's office.

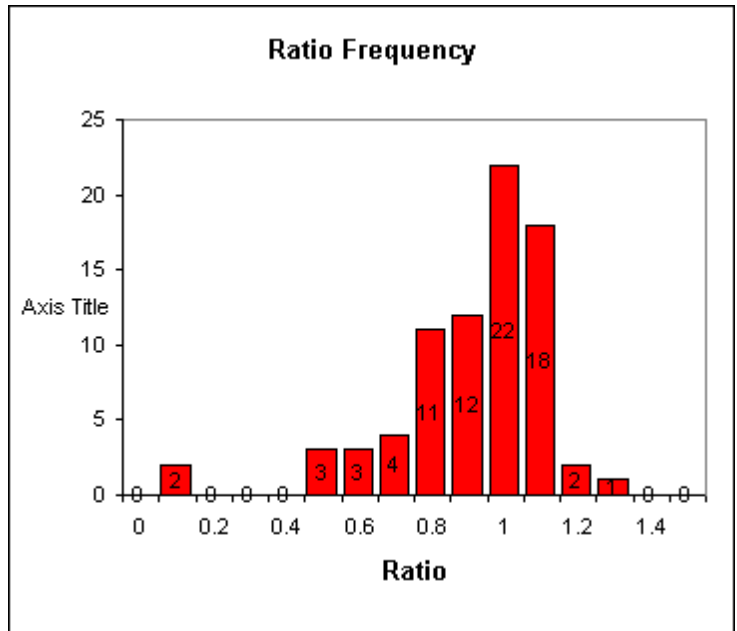
Area 085-000 - Area 85

2008 Assessment Year

A 2008 Ratio Looking At Sales Using The 2007 Assessed Values

Quadrant/Crew: East Crew	Lien Date: 1/1/2007	Date: 4/1/2008	Sales Dates: 1/31/05 - 12/26/07
Area 085-000	Appr ID: STRO	Prop Type: Improvement	Trend used?: Y / N N

SAMPLE STATISTICS	
Sample size (n)	78
Mean Assessed Value	3,378,400
Mean Sales Price	4,203,400
Standard Deviation AV	4,893,837
Standard Deviation SP	6,909,586
ASSESSMENT LEVEL	
Arithmetic mean ratio	0.863
Median Ratio	0.922
Weighted Mean Ratio	0.804
UNIFORMITY	
Lowest ratio	0.0616
Highest ratio:	1.2422
Coeffient of Dispersion	15.79%
Standard Deviation	0.2127
Coefficient of Variation	24.65%
Price-related Differential	1.07
RELIABILITY	
95% Confidence: Median	
Lower limit	0.889
Upper limit	0.959
95% Confidence: Mean	
Lower limit	0.816
Upper limit	0.910
SAMPLE SIZE EVALUATION	
N (population size)	1538
B (acceptable error - in decimal)	0.05
S (estimated from this sample)	0.2127
Recommended minimum:	69
Actual sample size:	78
Conclusion:	OK
NORMALITY	
Binomial Test	
# ratios below mean:	25
# ratios above mean:	53
z:	3.057147992
Conclusion:	Non-normal
*i.e., no evidence of non-normality	

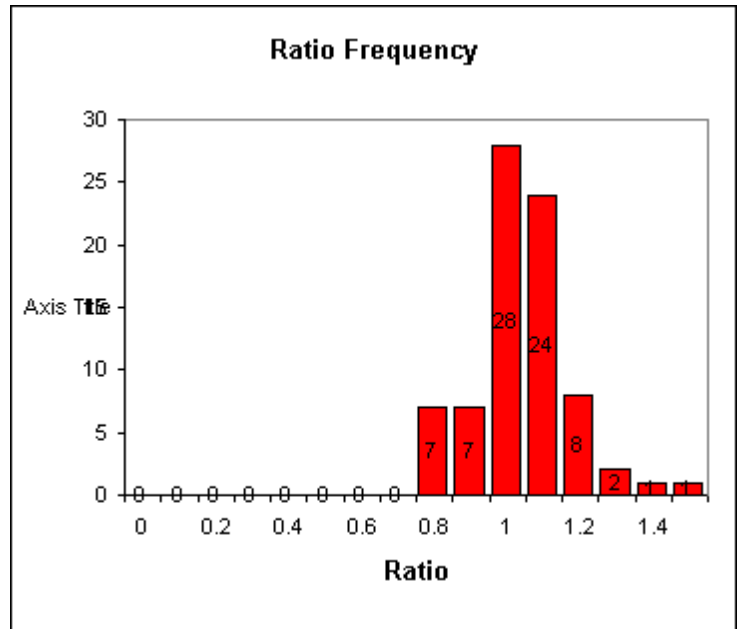


These figures reflect measurements before posting new values.

Area 085-000 - Area 85
2008 Assessment Year
Ratio of Sales to 2008 AV

Quadrant/Crew: East Crew	Lien Date: 1/1/2008	Date: 4/1/2008	Sales Dates: 1/31/05 - 12/26/07
Area 085-000	Appr ID: STRO	Prop Type: Improvement	Trend used?: Y / N N

SAMPLE STATISTICS	
Sample size (n)	78
Mean Assessed Value	4,239,000
Mean Sales Price	4,203,400
Standard Deviation AV	6,979,487
Standard Deviation SP	6,909,586
ASSESSMENT LEVEL	
Arithmetic mean ratio	1.000
Median Ratio	0.995
Weighted Mean Ratio	1.008
UNIFORMITY	
Lowest ratio	0.7182
Highest ratio:	1.7797
Coeffient of Dispersion	9.12%
Standard Deviation	0.1424
Coefficient of Variation	14.25%
Price-related Differential	0.99
RELIABILITY	
95% Confidence: Median	
Lower limit	0.979
Upper limit	1.016
95% Confidence: Mean	
Lower limit	0.968
Upper limit	1.031
SAMPLE SIZE EVALUATION	
N (population size)	1538
B (acceptable error - in decimal)	0.05
S (estimated from this sample)	0.1424
Recommended minimum:	32
Actual sample size:	78
Conclusion:	OK
NORMALITY	
Binomial Test	
# ratios below mean:	42
# ratios above mean:	36
z:	0.566138517
Conclusion:	Normal*
*i.e., no evidence of non-normality	



These figures reflect measurements after posting new values

Improvement Sales for Area 085 with Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code
085	010	011410	0500	0	2203087	\$3,900,000	04/28/06	\$0.00	LAKEWOOD MOBILE HOME PARK (63 SP	R48	1	Y
085	010	011410	0674	8,720	2166688	\$1,300,000	10/25/05	\$149.08	MORGANS PLUMBING AND ELECTRICAL	RB	1	Y
085	010	011410	1217	2,464	2269144	\$415,000	03/02/07	\$168.43	GROUP HOME	R4	1	Y
085	010	112604	9066	4,504	2313476	\$685,750	09/27/07	\$152.25	GOODYEAR TIRE SHOP	RB	1	Y
085	010	416410	0010	14,000	2224723	\$1,800,000	07/21/06	\$128.57	VW REPAIR	NB	1	Y
085	020	051600	0055	9,769	2318497	\$2,300,000	10/29/07	\$235.44	DENTAL CLINIC	R-AC, O	2	Y
085	020	062605	9088	9,116	2113902	\$1,800,000	04/06/05	\$197.46	OFFICE BLDG	R-AC, O	1	Y
085	020	072605	9032	4,420	2202854	\$520,000	04/21/06	\$117.65	OFFICE & LAWN SERVICE	R 2800,	1	Y
085	020	082605	9025	10,168	2238158	\$1,550,000	09/20/06	\$152.44	Wheeler Fish Co.	R15 OP	1	Y
085	020	082605	9113	5,496	2150824	\$700,000	08/25/05	\$127.37	GALLO DE ORO RESTAURANT	R-AC, O	1	Y
085	020	082605	9131	13,048	2247017	\$2,425,000	10/20/06	\$185.85	RIVERSIDE OFFICE BLDG	R 2800,	2	Y
085	020	082605	9183	684	2128657	\$110,000	06/03/05	\$160.82	Retial	R-AC, O	1	Y
085	020	082605	9187	646	2181675	\$117,000	01/13/06	\$181.11	BARBER SHOP	R-AC, O	1	Y
085	020	096700	0020	3,600	2171625	\$600,000	11/23/05	\$166.67	ALEXA'S ON MAIN	R15 OP	2	Y
085	020	096700	0415	1,160	2310424	\$400,000	09/13/07	\$344.83	Episcopal Thrift Store	R-AC, O	1	Y
085	020	096700	0430	2,780	2291838	\$925,000	06/14/07	\$332.73	Center for Human Services	R-AC, O	1	Y
085	020	096700	0431	2,332	2099985	\$402,500	02/01/05	\$172.60	OFFICE BUILDING	R-AC, O	1	Y
085	020	945720	0081	7,066	2136127	\$800,000	06/20/05	\$113.22	SWANSON'S PAINT CENTER	R-AC, O	1	Y
085	025	282605	9051	1,940	2099572	\$280,000	01/31/05	\$144.33	Mixed-Use Office	BC	1	Y
085	025	282605	9053	24,356	2302368	\$7,000,000	07/30/07	\$287.40	KIRKLAND CRYSLER	TL 7	1	Y
085	025	282605	9068	62,781	2285397	\$21,900,000	05/18/07	\$348.83	Joes (Former GI Joes)	TL 4A	1	Y
085	025	282605	9079	1,350	2174148	\$450,000	11/22/05	\$333.33	OFFICE	TL 6A	1	Y
085	025	282605	9105	16,368	2215403	\$2,250,000	06/16/06	\$137.46	UNITED RENTALS	I	1	Y
085	025	282605	9163	15,203	2189313	\$2,450,000	02/24/06	\$161.15	MINIT LUBE & AUTO PARTS & SHOP	LI	1	Y
085	025	282605	9169	11,648	2199828	\$3,300,000	04/13/06	\$283.31	LINE RETAIL	TL 5	1	Y
085	025	282605	9220	13,882	2318225	\$4,200,000	10/26/07	\$302.55	WASHINGTON SPORTS & HEALTH CTR	TL 1A	1	Y
085	030	202605	9019	31,131	2112520	\$4,100,000	03/30/05	\$131.70	LAKESIDE MILAM RECOVERY CENTER-K	R48	1	Y
085	030	202605	9066	6,016	2230871	\$1,550,000	08/21/06	\$257.65	Office Building	CBPSO	1	Y
085	035	282605	9114	24,853	2180255	\$6,500,000	01/04/06	\$261.54	TOTEM HILL PLAZA (LINE RETAIL &	TL 4B	1	Y
085	040	375790	0055	12,069	2126554	\$5,270,533	05/27/05	\$436.70	Juanita Village Retail	JBD 1	1	Y
085	040	376245	0080	1,187	2188185	\$300,000	01/27/06	\$252.74	JUANITA PROFESSIONAL CENTER COND	JBD 6	1	Y
085	045	052505	9064	10,800	2104898	\$2,875,000	02/28/05	\$266.20	OFFICE BLDG	PLA 5D	1	Y
085	045	052505	9070	10,003	2196376	\$2,470,000	03/20/06	\$246.93	903 FIFTH AVENUE BUILDING	PLA 5D	1	Y
085	045	082505	9312	5,800	2327063	\$1,700,000	12/21/07	\$293.10	OFFICE	PR 3.6	1	Y
085	045	082505	9312	5,800	2210492	\$1,600,000	05/26/06	\$275.86	OFFICE	PR 3.6	2	Y
085	045	250550	0130	5,502	2301930	\$1,525,000	07/30/07	\$277.17	Office Bldg. w/ 2 Res. Apts. abo	PR 5.0	1	Y
085	045	250550	0131	9,828	2181754	\$2,335,000	01/17/06	\$237.59	OFFICE BLDG	PR 5.0	2	Y
085	045	250550	0151	2,916	2320912	\$1,200,000	11/15/07	\$411.52	OFFICE	PR 5.0	1	Y
085	050	124190	0048	2,220	2220347	\$630,000	06/28/06	\$283.78	DANTINI & CO CPA	RH 8	1	Y
085	055	388580	2097	4,955	2327807	\$1,700,000	12/26/07	\$343.09	OFFICE	PR 3.6	1	Y

Improvement Sales for Area 085 with Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code
085	055	388580	2875	2,400	2273541	\$800,000	03/25/07	\$333.33	ZIP MARKET	BN	1	Y
085	055	857905	0020	4,200	2287702	\$2,775,000	05/29/07	\$660.71	1010 BUILDING, THE	PR 3.6	1	Y
085	060	202505	9029	6,250	2156132	\$1,750,000	09/12/05	\$280.00	Office Building	OLB	1	Y
085	060	202505	9064	33,492	2174162	\$8,500,000	11/30/05	\$253.79	3100 Northup Bldg.	OLB	1	Y
085	060	202505	9101	84,195	2181944	\$16,350,000	01/18/06	\$194.19	EVERGREEN OFFICE PARK II	O	2	Y
085	060	202505	9224	9,021	2135511	\$1,600,000	06/20/05	\$177.36	MEGUMI PRE-SCHOOL	OLB	1	Y
085	060	431500	0030	6,094	2159602	\$2,021,000	09/27/05	\$331.64	LINBROOK YARROW BAY	FC III	1	Y
085	060	431500	0040	3,520	2129206	\$1,189,000	06/06/05	\$337.78	LINBROOK YARROW BAY	FC III	1	Y
085	060	431500	0050	3,520	2154461	\$1,205,000	08/22/05	\$342.33	LINBROOK YARROW BAY	FC III	1	Y
085	060	431500	0060	6,064	2271415	\$2,301,000	03/15/07	\$379.45	LINBROOK YARROW BAY	FC III	1	Y
085	060	431500	0070	7,388	2153100	\$2,550,000	08/29/05	\$345.15	LINBROOK YARROW BAY	FC III	1	Y
085	060	431500	0090	3,520	2214650	\$1,230,528	06/13/06	\$349.58	LINBROOK YARROW BAY	FC III	1	Y
085	060	431500	0100	3,888	2236497	\$1,400,000	09/07/06	\$360.08	LINBROOK YARROW BAY	FC III	1	Y
085	060	431500	0110	7,408	2214651	\$2,581,812	06/09/06	\$348.52	LINBROOK YARROW BAY	FC III	2	Y
085	060	431500	0130	3,520	2196600	\$1,200,000	03/21/06	\$340.91	LINBROOK YARROW BAY	FC III	1	Y
085	060	431500	0140	5,104	2246690	\$1,800,000	10/23/06	\$352.66	LINBROOK YARROW BAY	FC III	1	Y
085	060	431500	0150	47,559	2192976	\$13,400,000	03/14/06	\$281.76	LINBROOK YARROW BAY	FC III	10	Y
085	060	431500	0260	6,004	2225736	\$2,000,000	07/17/06	\$333.11	LINBROOK YARROW BAY	FC III	1	Y
085	065	062505	9029	20,649	2229748	\$6,195,000	08/16/06	\$300.01	MARINA PARK BUILDING	CBD 2	1	Y
085	065	082505	9196	9,402	2119862	\$2,450,000	04/25/05	\$260.58	RETAIL	CBD 2	1	Y
085	065	098340	0010	8,688	2245736	\$3,039,279	10/25/06	\$349.82	The Boulevard (Mixed-Use Residen	CBD 3	3	Y
085	065	124450	0220	7,500	2168975	\$1,950,000	11/15/05	\$260.00	RETAIL & OFFICE	CBD 1	1	Y
085	065	124450	0435	25,586	2102315	\$8,890,000	02/16/05	\$347.46	KIRKLAND SQUARE	CBD 1	1	Y
085	065	124870	0135	75,753	2271658	\$27,050,000	03/14/07	\$357.08	CONTINENTAL SIX	CBD 5	1	Y
085	065	388580	0985	11,121	2221933	\$4,200,000	06/21/06	\$377.66	OFFICES & LUXURY APT.	BC	1	Y
085	065	388580	8330	1,920	2216871	\$450,000	06/20/06	\$234.38	Church (St. Katherine The Great	RS 5.0	1	Y
085	065	388831	0010	9,288	2213785	\$3,066,666	06/08/06	\$330.18	KIRKLAND CENTRAL CONDOMINIUM	CBD 1	2	Y
085	065	390010	1265	1,536	2317355	\$607,600	10/08/07	\$395.57	HOLMAN & ASSOC	PLA 7B	1	Y
085	065	390010	1390	8,116	2173552	\$1,950,000	11/17/05	\$240.27	OFFICE BLDG	CBD 7	1	Y
085	065	426020	0010	1,804	2265588	\$762,875	02/12/07	\$422.88	LELAND PLACE CONDOMINIUM	BC	1	Y
085	065	426020	0020	2,394	2265854	\$1,012,550	02/15/07	\$422.95	LELAND PLACE CONDOMINIUM	BC	1	Y
085	070	172505	9024	10,000	2218408	\$3,467,760	06/19/06	\$346.78	Lake East Building	PR 3.6	1	Y
085	070	172505	9044	110,701	2128099	\$19,407,500	06/02/05	\$175.31	CROWN POINTE BLDG D	PR 8.5	4	Y
085	070	172505	9236	16,702	2203372	\$3,650,000	04/25/06	\$218.54	YARROW SHORES OFFICE BUILDING	PLA 3A	1	Y
085	070	246540	0080	70,019	2294790	\$32,750,000	06/26/07	\$467.73	LAKE WASHINGTON PARK	PR 3.6	1	Y
085	070	410450	0275	125,152	2260052	\$35,863,500	01/09/07	\$286.56	CROWN POINTE BLDG B	PR 8.5	4	Y
085	075	332605	9145	108,320	2296492	\$9,545,000	07/06/07	\$88.12	KIRKLAND BUSINESS CENTER	TL 10D	1	Y
085	075	388580	5570	9,000	2119606	\$1,215,000	04/27/05	\$135.00	Service Garages	LI	1	Y
085	075	388690	1180	8,550	2200617	\$900,000	04/17/06	\$105.26	OFFICE & SHOP (Assoc. pkng. on I	LI	2	Y

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
085	020	945720	0020	4,014	2327672	\$6,500,000	12/26/07	\$1,619.33	PETOSA'S RESTAURANT	R-AC, O	2	16	Government agency
085	010	416410	0310	5,780	2328916	\$214,800	12/18/07	\$37.16	LAKESIDE SCHOOL-SHELL HSE/T	RB	1	18	Quit claim deed
085	070	172505	9114	6,220	2317502	\$108,060	10/26/07	\$17.37	YARROW BAY MARINA	PLA 15A	1	18	Quit claim deed
085	010	011410	1551	2,910	2335270	\$11,830	10/08/07	\$4.07	CARPETLAND	RB	1	16	Government agency
085	035	292605	9136	7,300	2312646	\$2,900,000	09/27/07	\$397.26	RESTAURANT	TL 10A	1	15	No market exposure
085	020	635990	0145	33,903	2306145	\$500	08/08/07	\$0.01	FIRST METHODIST CHURCH	R 9600	1	31	Exempt from excise tax
085	010	011410	0495	9,984	2299498	\$3,100,000	07/20/07	\$310.50	WATER DIST	R48	4	16	Government agency
085	020	096700	0425	4,182	2295658	\$800,000	06/26/07	\$191.30	General Offices	R-AC, O	1	51	Related party, friend, or neighbor
085	010	794630	0205	5,192	2288620	\$500,000	05/30/07	\$96.30	RETAIL	RB	1	12	Estate administrator, guardian, or e
085	020	082605	9194	0	2284902	\$3,945	05/10/07	\$0.00	Lazy Wheels MHP (97 Pads) - See	R 2800,	1	16	Government agency
085	030	202605	9172	5,480	2280867	\$500	04/23/07	\$0.09	HAMBLETON PROFESSIONAL CEN	O	1	15	No market exposure
085	025	282605	9138	11,190	2275857	\$8,569,057	03/29/07	\$765.78	RITE - AID	TL 4A	1	46	Non-representative sale
085	010	794630	0175	9,087	2270627	\$1,500,000	03/09/07	\$165.07	RETAIL & OFFICE	RB	2	16	Government agency
085	010	794630	0225	2,430	2267446	\$3,175	02/07/07	\$1.31	PAGLIACCI PIZZA RESTAURANT	RB	1	16	Government agency
085	010	794630	0250	6,290	2264516	\$1,950,000	02/02/07	\$310.02	U.S. BANK	RB	1	15	No market exposure
085	010	112604	9158	10,602	2255724	\$400,000	12/12/06	\$37.73	CUSTOM INDUSTRIES	RB	1	17	Non-profit organization
085	055	388580	2835	5,550	2255302	\$657,500	12/07/06	\$118.47	RETAIL STORE	BN	2	22	Partial interest (1/3, 1/2, etc.)
085	010	011410	1240	1,810	2261703	\$20,100	11/20/06	\$11.10	SELF SERVICE CAR WASH	RB	1	16	Government agency
085	040	302605	9162	4,900	2236951	\$1,908,000	09/13/06	\$389.39	WINDEMERE REAL ESTATE	JBD 2	2	11	Corporate affiliates
085	035	282605	9069	4,355	2231654	\$77,300	08/16/06	\$17.75	KIRKLAND NISSAN	BC	1	16	Government agency
085	035	282605	9069	4,355	2231655	\$2,700	08/16/06	\$0.62	KIRKLAND NISSAN	BC	1	24	Easement or right-of-way
085	010	416410	0115	17,450	2229722	\$3,200,000	08/07/06	\$183.38	MASONRY CONSTRUCTION CO	NB	1	12	Estate administrator, guardian, or e
085	045	250550	0115	6,562	2225032	\$1,475,000	07/24/06	\$224.78	2 RE/MAX OFFICE BUILDINGS	PR 5.0	1	46	Non-representative sale
085	010	011410	0571	2,450	2223488	\$869,054	07/19/06	\$354.72	M J NESS CONSTRUCTION	O	2	10	Tear down
085	075	389310	0921	60,209	2223796	\$12,500,000	07/19/06	\$207.61	COSTCO HOME OFFICE BLDG #1	LI	1	46	Non-representative sale
085	010	011410	0560	8,988	2223483	\$1,500,000	07/18/06	\$166.89	C & W FINANCIAL	O	1	16	Government agency
085	010	011410	0915	6,240	2235100	\$5,100	07/11/06	\$0.82	KENMORE BAPTIST CHURCH	R24	1	16	Government agency
085	040	302605	9078	2,880	2196944	\$1,200,000	03/28/06	\$416.67	FROSTYS RESTAURANT	JBD 2	1	36	Plottage
085	040	302605	9078	2,880	2196943	\$475,000	03/28/06	\$164.93	FROSTYS RESTAURANT	JBD 2	1	11	Corporate affiliates
085	075	388690	3400	11,136	2195446	\$1,830,000	03/08/06	\$164.33	LOFT BUILDING II	LIT	1	15	No market exposure
085	055	388580	4040	5,920	2179937	\$797,000	12/28/05	\$134.63	MARKET STREET PROFESSIONAL	PR 3.6	1	22	Partial interest (1/3, 1/2, etc.)
085	010	112604	9091	2,099	2169428	\$400,000	11/07/05	\$190.57	RETAIL BLDG	RB	1	46	Non-representative sale
085	030	242604	9007	67,525	2164972	\$9,625,000	10/26/05	\$142.54	ST THOMAS CENTER-MILAM	R4	1	15	No market exposure
085	075	388580	5550	10,092	2165564	\$492,500	10/26/05	\$48.80	NW NEON & PLASTIC SIGNS	LI	2	22	Partial interest (1/3, 1/2, etc.)
085	025	282605	9138	8,600	2163763	\$3,600,000	10/17/05	\$418.60	OFFICE & CAR WASH	FC I	1	46	Non-representative sale
085	065	052505	9063	16,473	2133246	\$6,675,000	06/17/05	\$405.21	KIRKLAND HARDWARE	PLA 4	1	N	
085	040	179150	0315	1,150	2128429	\$1,300,000	05/31/05	\$1,130.43	Greek Restaurant	JBD 4	1	46	Non-representative sale
085	075	388690	1295	23,073	2127564	\$4,750,000	05/31/05	\$205.87	MOSS BAY AUTO CENTER	LI	1	46	Non-representative sale
085	060	431500	0070	104,963	2107931	\$20,500,000	03/15/05	\$195.31	LINBROOK YARROW BAY	FC III	23	50	Condo wholesale