

Commercial Revalue

2012 Assessment roll

AREA 10

**King County, Department of Assessments
Seattle, Washington**

Lloyd Hara, Assessor



King County

Department of Assessments

Accounting Division

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Lloyd Hara
Assessor

Dear Property Owners:

Property assessments for the 2012 assessment year are being completed by my staff throughout the year and change of value notices are being mailed as neighborhoods are completed. We value property at fee simple, reflecting property at its highest and best use and following the requirement of RCW 84.40.030 to appraise property at true and fair value.

We have worked hard to implement your suggestions to place more information in an e-Environment to meet your needs for timely and accurate information. The following report summarizes the results of the 2012 assessment for this area. (See map within report). It is meant to provide you with helpful background information about the process used and basis for property assessments in your area.

Fair and uniform assessments set the foundation for effective government and I am pleased that we are able to make continuous and ongoing improvements to serve you.

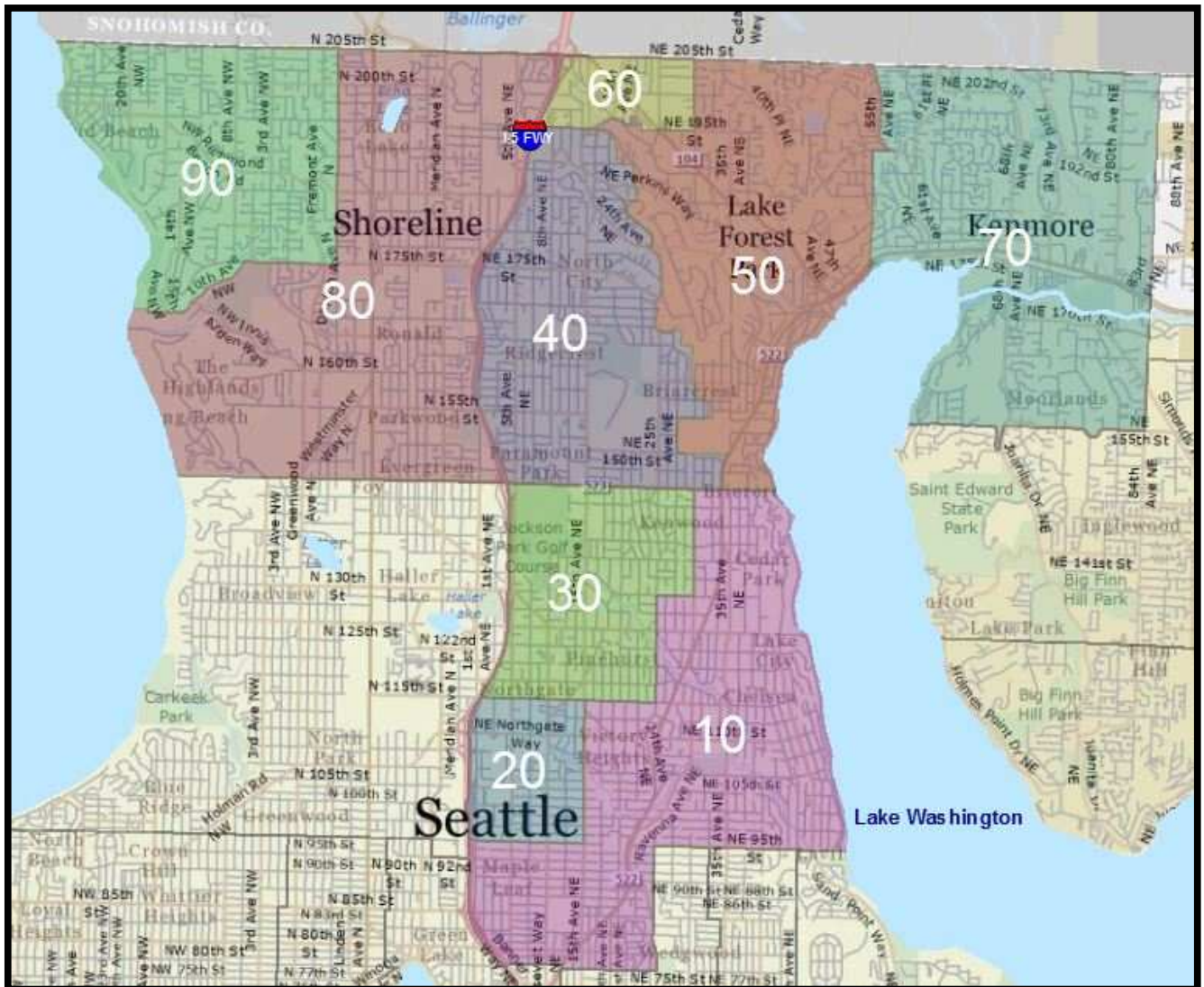
Please feel welcome to call my staff if you have questions about the property assessment process and how it relates to your property.

Sincerely,

Lloyd Hara
Assessor

Commercial Area 10

Cities of Shoreline, Kenmore, Lake Forest Park, and
Northgate, Lake City and Pinehurst neighborhoods of Northeast Seattle



Executive Summary Report

Appraisal Date 1/1/12 - 2012 Assessment Roll

Geographic Appraisal Area:

- Area 10: Cities of Shoreline, Kenmore, Lake Forest Park, and Northgate, Lake City and Pinehurst neighborhoods of Northeast Seattle

Sales – Improved Analysis Summary

- Number of Sales: 22
- Range of Sales Dates: 01/2009 - 04/2012

<i>Sales – Improved Valuation Ratio Study Summary:</i>				
	<i>Mean Assessed Value</i>	<i>Mean Sale Price</i>	<i>Ratio</i>	<i>COD*</i>
<i>2011 Value</i>	\$853,400	\$930,800	91.7%	7.12%
<i>2012 Value</i>	\$920,100	\$930,800	98.9%	3.72%
<i>Change</i>	\$66,700		+7.20%	-3.4%
<i>% Change</i>	+7.82%		+7.85%	-47.75%

*COD is a measure of uniformity, the lower the number the better the uniformity.

Sales used in Analysis: All improved sales that were verified as good that did not have characteristics changes between the date of sale and the date of appraisal were included in the analysis. Examples of sales that are not included in the analysis are: Sales that are leased back to the seller; sold as a portion of a bulk portfolio sale; sales that had major renovation after sale, or have been segregated or merged since being purchased.

<i>Total Population - Parcel Summary Data:</i>			
	<i>Land</i>	<i>Improvements</i>	<i>Total</i>
<i>2011 Value</i>	\$2,017,123,950	\$862,329,000	\$2,879,452,950
<i>2012 Value</i>	\$1,980,959,400	\$860,345,900	\$2,841,305,300
<i>Percent Change</i>	-1.79%	-0.23%	-1.32%

- Number of Parcels in the Ratio Study Population: 1,487 excluding specialties.

Conclusion and Recommendation:

Total assessed values for the 2012 revalue have decreased 1.32%.

The values recommended in this report improve uniformity and equity; therefore it is recommended they should be posted for the 2012 Assessment Year.

Analysis Process

Effective Date of Appraisal: January 1, 2012

Date of Appraisal Report: July 17, 2012

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 use 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 nominal 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 multi-story 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.

- Sales from 01/01/2009 to 12/31/2011 (at minimum) were considered in all analyses.
- 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 10: Cities of Shoreline, Kenmore, Lake Forest Park, and Northgate, Lake City and Pinehurst neighborhoods of Northeast Seattle

Boundaries:

- West – Puget Sound
- North – Snohomish County
- East – Lake Washington & City of Bothell
- South – NE 145th Street (West of I-5) / NE 77th Street & NE 95th Street (East of I-5)

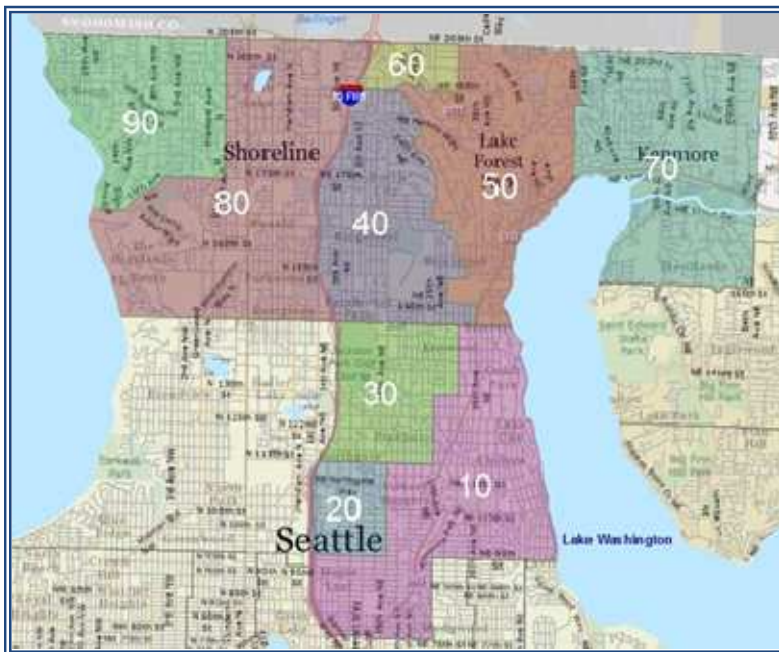
Maps:

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 10 consists of cities and neighborhoods located in NW King County, which boundaries are generally defined as the King/Snohomish County line to the north, NE 145th Street (West of I-5) and NE 77th Street/NE 95th Street (East of I-5) to the south, Lake Washington/City of Bothell to the east, and Puget Sound to the west. Within Area 10, there are nine neighborhoods totaling 2,321 parcels (including specialty parcels) that have been established for valuation purposes.

Neigh.	Neighborhood Name	Neigh.	Neighborhood Name
10	Lake City Way Corridor	60	N.E. Shoreline (Ballinger)
20	Northgate	70	Kenmore
30	N.E. Seattle (Pinehurst - 15 th Avenue Corridor)	80	W. Shoreline (Highway 99 Corridor)
40	E. Shoreline (North City - 15 th Avenue Corridor)	90	N.W. Shoreline (Richmond Beach)
50	Lake Forest Park		



The City of Shoreline (Neighborhoods 40, 60, 80, & 90) is located in the northern sector of Area 10, with the Cities of Lake Forest Park (Neighborhood 50) and Kenmore (Neighborhood 70) being located in the northwest sector of Area 10 and parts of the City of Seattle (Neighborhoods 10, 20, & 30) located in the southeast sector of Area 10. Most neighborhoods are generally similar with centralized business districts that provide services for a mix of single and multi-family residences.

Area 10-10 - Lake City Way Corridor

Boundaries: Area 10-10 consists of those vacant and improved commercial properties located proximate to Lake City Way within the City of Seattle.

- North – NE 145th Street
- South – NE 77th Street / NE 95th Street
- East – Primarily Lake Washington & Portion of 25th Avenue NE
- West – Portions of I-5, 15th Avenue NE / 25th Avenue NE / 30th Avenue NE



Neighborhood Description: The Lake City neighborhood is located in the northeast corner of the City of Seattle and is approximately 7 miles from downtown. This neighborhood was annexed into Seattle in 1954 when the city limits were expanded from 85th Street to 145th Street. Much of the Thornton Creek Watershed is located in 10-10 which impacts development. In addition, there are City designated slide and steep slope hazards in the southern part of this neighborhood which also affect land use.



Above photos: Rekhi Mixed Use Apartments (2001) and Lake City Square (2007)

The majority of the commercial properties run along Lake City Way NE. The zoning designations on this corridor vary depending on the impact of the topography and riparian corridors. From the heavily impacted NE 95th Street, north to NE 120th Street, Commercial 1 (C1) zoning dominates. This is an auto-oriented zoning that allows for retail and service uses that support the surrounding neighborhoods as well as a citywide or regional clientele. Typical of this zoning classification are the automobile sales and service businesses that are located on Lake City Way NE. There is limited multi-family low rise zoning approximately one block off of the main corridor. From NE 120th Street north to NE 128th Street, the topography is relatively flat and the influence from Thornton Creek is minimal. The zoning pattern changes along this portion of the corridor to a Neighborhood Commercial 3 (NC3) designation. This pedestrian-oriented zoning creates a shopping district that services the community. A mix of old and new, single story retail and office buildings are located here as well as newer multi-story mixed-use and residential structures. Lake City Square is an example of the development that an NC3 zoning encourages. Located at the corner of NE 125th Street and Lake City Way NE, this one story, 29,695 square foot retail center is anchored by Bartell's Drugstore and includes BECU and T-Mobile on the tenant roster. The storefronts abut the arterial sidewalks to help create a pedestrian friendly atmosphere. The Rekhi Apartments, located directly across from Bartell's, are another example of construction allowable within the NC3 guidelines. This 6 story mixed-use building has basement parking, street level retail and offices and upper floor residential units. The business district along this portion of Lake City Way NE expands by several blocks on both the east and west sides of the corridor. The NC3 zoning changes to multi-family residential zones in the portions furthest from the arterial. Common walled townhouse construction predominated in the low rise residential zones during the past decade. From NE 128th Street north to NE 145th Street, C1 zoning again predominates along Lake City Way NE. Small retail outlets and offices are interspersed with auto sales and service businesses. Fred Meyers, located at NE 130th Street, is typical of the construction in the C1 zoning classification. The multi-family residential zones to the west of Lake City Way NE are heavily developed with apartment complexes.



Above Photos: Newer Construction Auto Showrooms on Lake City; Toyota of Lake City (2011), and Seattle Mini Cooper(2006)



Above Photo: Victoria Park (completed 2011)

The pace of new construction in Area 10-10 has slowed. Owners continue to remodel their current locations, but few developments are planned according to DPD records. Notable projects include the recently completed renovation of Toyota of Lake City, located at NE 135th and Lake City Way NE, which had a building permit a value of \$3,120,000. Victoria Park, located at NE 137th and Lake City Way NE, began construction in early 2010 and was completed in April 2011. This project is a 7 story, 152 unit senior housing complex which has ground floor retail and basement parking. Two large projects with permits issued are Bella Lago, permit value of \$47 million, for a 320 unit residential apartment with ground floor retail and 64 affordable housing units at NE 140th and Lake City Way, and a \$21 million permit for a new 7 story, 144 unit apartment at the intersection of NE 123rd and 32nd Ave NE near Lake City Way.

Area 10-20 - Northgate

Boundaries: Area 10-20 consists of those vacant and improved commercial properties located proximate to east/west Northgate Way (NE 111th Street) and north/south of 5th Avenue NE and Roosevelt Way NE.

- North – NE 115th Street
- South – NE 95th Street
- East – 15th Avenue NE
- West – Interstate 5



Neighborhood Description: Northgate, located approximately 5 miles north of downtown, is a district of neighborhoods in North Seattle that is named for and includes the Northgate Mall. Opened in 1950, the Northgate Mall was the first covered regional shopping center in the United States. The Northgate area is one of six areas identified as an Urban Center by the City of Seattle's 1993 Comprehensive Plan.

Urban Centers are areas where the most intensive development in the city is expected to be concentrated. In 2003, when Northgate lagged behind other Urban Centers in terms of job growth, the City adopted a resolution to revitalize Northgate. These steps have led to new public and private development. Projects that have been completed are the new public library, community center and park, expansion of the Northgate Mall, and the development of the south parking lot.

This neighborhood is also impacted by the Thornton Creek Watershed. The concentration of commercial properties located in Area 10-20 are primarily along NE Northgate Way or to the south of Northgate Mall. Neighborhood Commercial 3 zoning with height limits of 85-125 feet dominates. Aside from a cluster of office buildings south of the mall, the focus of the Northgate core is retail. Smaller retail centers are located to the east on Northgate Way; however, the NC3 height limit reduces to 40 feet near Roosevelt Way NE. The NC zone designation allows for non-street level residential use, but until recently, this area has not maximized the allowable mixed-use potential.



Photos Above: Thornton Place (2009)

The revitalization efforts in the Northgate neighborhood are very evident in the new projects that have recently been completed in the last few years. As previously noted, the Northgate Mall expanded and received a much needed facelift. Thornton Place, a planned community situated on over 8 acres, was completed in 2009. This new development boasts a 3000 seat, 14 screen theater that offers the IMAX experience. There are 50,000 square feet of retail space and 3 residential offerings. Aljoia at Thornton Place is a retirement home with 143 senior residences. In addition, there are 278 apartment units and 109 condominium homes. Also complete in 2009 was 507 Northgate. The 307,000 square foot 5-story development is located at the southeast corner of 5th Avenue NE and NE Northgate Way. There are over 45,000 square feet of ground floor retail space, a basement parking garage and 163 upper level residential units. The design of this project is intended to enhance the pedestrian environment.

A rezone is pending, that if approved, will change the zoning of up to 98 acres of land in the neighborhood. It will increase the permitted intensity, and height of development on parcels currently zoned L3, MR-60, NC3-40 and NC3-85. The new zoning will encourage affordable housing with density bonuses, and encourage street level retail and pedestrian amenities for a more pleasant walkable community.

The city is planning to bring the Sound Transit light rail line through this area, via the University District with the proposed Northgate Station to open in 2021. Construction is slated to begin in late 2013. The travel time from Northgate to Downtown Seattle is expected to be 13 minutes. The new station will have two walking corridors to connect to the Northgate Mall and the King County Park and Ride Transit Center. An additional parking garage of 600-900 spaces is planned to replace the lost parking that the construction on the light rail line will create. The proposed rezone in the area is designed to complement the coming of the pedestrian friendly rail line, anticipated at 15,000 riders a day by 2030.

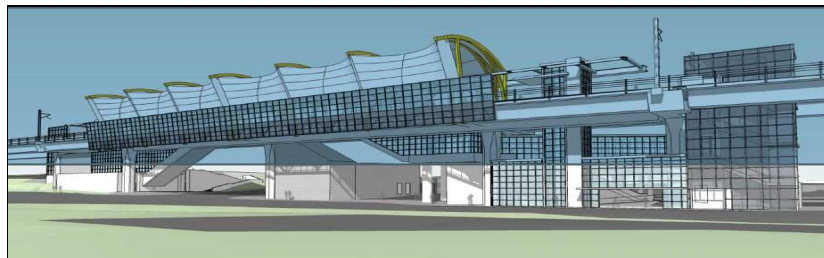


Photo Above: Proposed Northgate Sound Transit Station

Area 10-30 – Northeast Seattle (Pinehurst – 15th Avenue NE Corridor)

Boundaries: Area 10-30 consist of those vacant and improved commercial properties located proximate to NE 15th Street and Northgate Way. Within Area 10-30, 15th Avenue NE is the primary north/south commercial thoroughfare, whereas Northgate Way is the primary east/west thoroughfare to the south and NE 145th Street is the primary east/west commercial thoroughfare to the north.

- North – NE 145nd Street
- South – NE 115th Street
- East – NE 25th Avenue NE / 30th Avenue NE
- West – Interstate 5



Neighborhood Description: The predominant commercial land uses within this neighborhood include a mixture of retail, multi-family, and low rise office buildings. The primary cluster of commercial uses (retail and office) are proximate to the intersections of Northgate Way/Roosevelt Way, NE 125th Street/15th Avenue NE, and NE 145th Street/15th Avenue NE. Located across from the mall on NE Northgate Way is the power center, Northgate North. Target is the anchor of this multi-story retail complex which has an attached multi-level parking garage. Among the other tenants are Best Buy, Sports Authority, and Ross. The majority of multi-family development which includes condominiums is located proximate to the 15th Avenue NE corridor. Pinehurst has two neighborhood parks; Pinehurst Playfield and Pinehurst Pocket Park. Jackson Golf course is located in the NW sector of neighborhood 30.



The only recent major project in 10-30 has been the ground-up replacement store for the Safeway at 12318 15th Ave NE, which originally opened in 1923. This supermarket had its grand opening in November 2010 and is touted as Seattle's first "green" Safeway, as designated by the U.S. Green Building Council through its LEED-designation program.



A row of "Pods" on 5th Avenue NE



A "Pod" Building on 5th Avenue NE

A new housing type has entered the market in this area. A hybrid of single family and multi-family living has been introduced, that has been dubbed as “Pod” living. It is a hybrid of single family house, but reflective of a modern rooming house or dorm room configuration. There is a communal great room with kitchen, and eight individual living units resembling a rooming house or dorm room setup. Each “pod” has a private wet-bar with microwave and refrigerator. Each house has limited parking, so being close to mass transit and shopping is important. These individual rooms are being marketed as the most affordable individual living available, and typically the utilities and wi-fi are included in the rent.

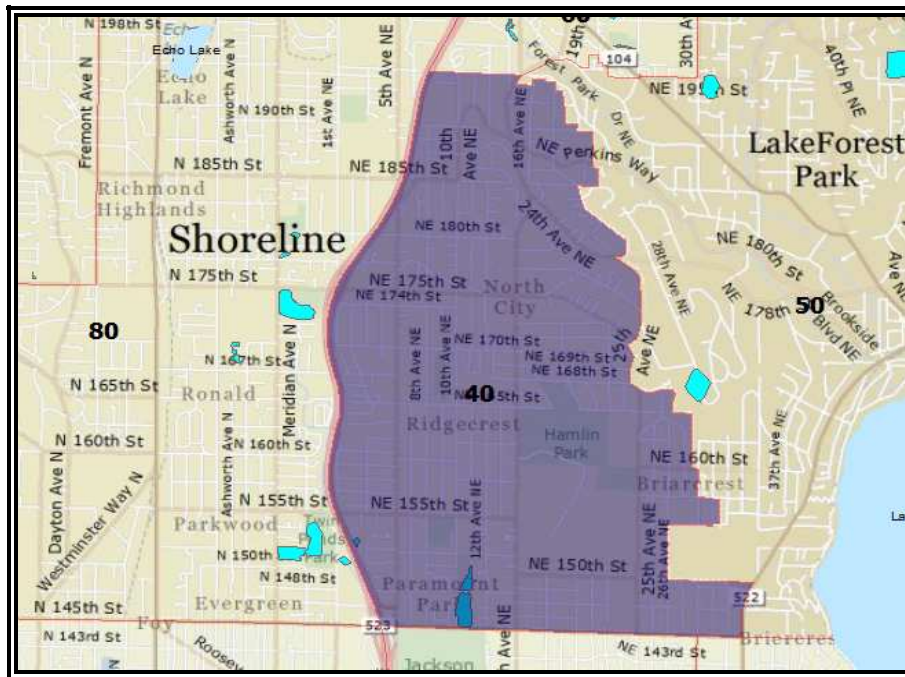


To the left, a sample a Pod kitchenette and a sample of a Pod floorplan.

Area 10-40 – East Shoreline (North City - 15th Avenue NE Corridor)

Boundaries: Area 10-40 consist of those vacant and improved commercial properties located proximate to 15th Avenue NE which is the primary north/south neighborhood commercial thoroughfare.

- North – NE 195nd Street
- South – NE 145th Street
- East – City of Lake Forest Park
- West – Interstate 5



Neighborhood Description: North City is a suburban area developed in the “50s and 60s”. The area, which contains mostly single family detached housing, is bisected by 15th Avenue NE, an auto-oriented commercial strip (classified as principal arterial). The buildings are mostly one to two stories high and their footprints typically cover only a small portion of their sites. A major portion of each commercial site is reserved for parking and auto access.

The North City Project was completed in 2006. It included enhancements to the commercial area that were aimed at revitalizing the shopping district and increasing pedestrian safety. The majority of the parcels in this neighborhood have the North City Business District (NCBD) zoning designation. This

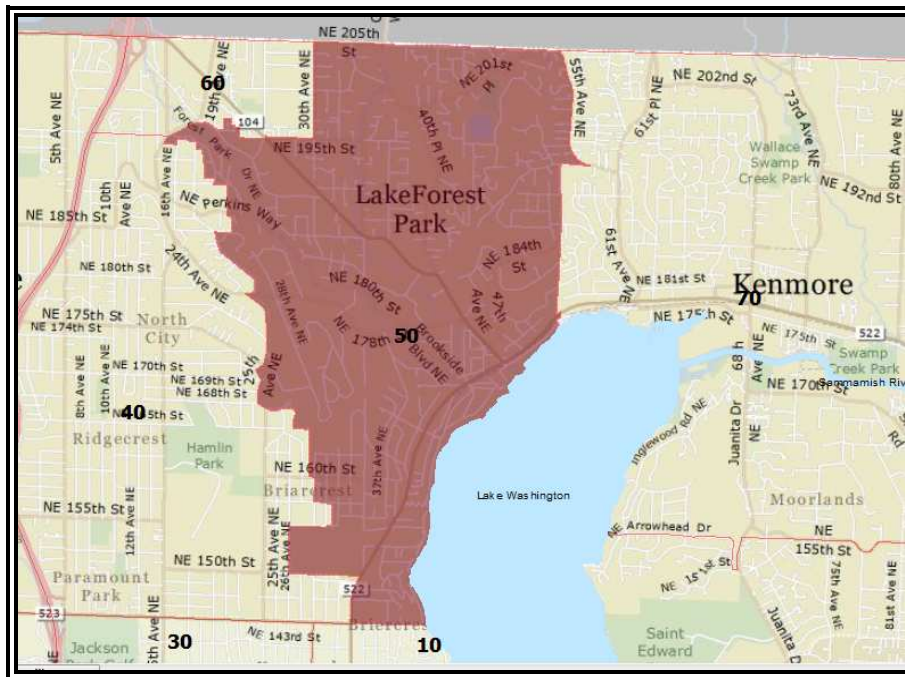


zoning is designed to enhance the commercial core by creating a walkable main street with the focus on encouraging density while creating a privacy buffer for the adjoining residential properties. Design requirements include future storefronts that abut the sidewalk with parking located behind buildings, and mixed-use developments with street level commercial space, where offices and residences occupy the upper stories.

In 2002, the City of Shoreline established the

Area 10-50 – City of Lake Forest Park

- North – Snohomish County
- South – NE 145th Street
- East – City of Kenmore & Lake Washington
- West – City of Shoreline

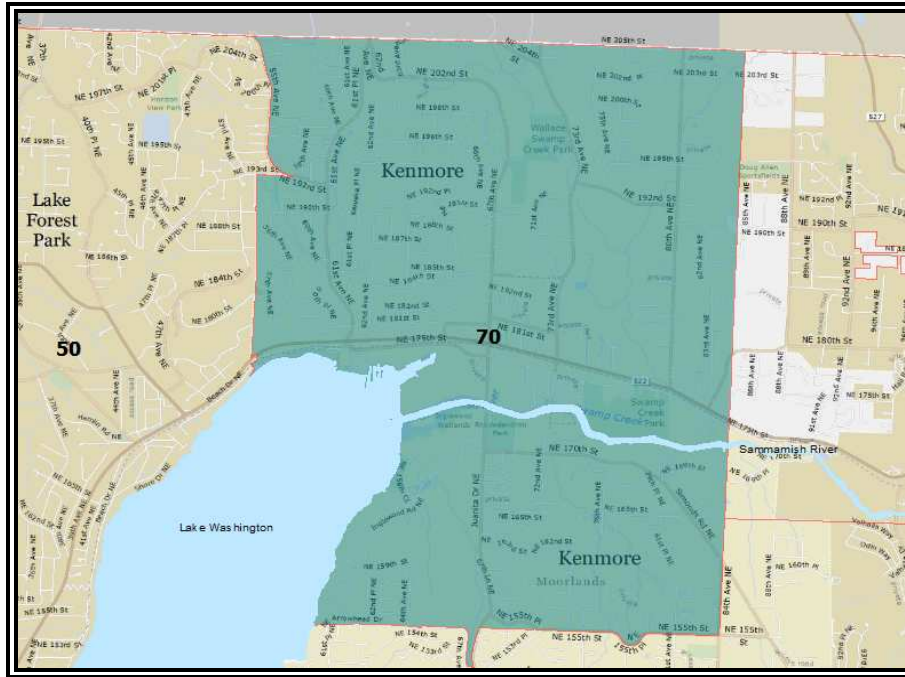


The City Council passed both the Comprehensive Plan Update and the new Sensitive Areas Ordinance in 2005. Together they will insure environmental protection while accommodating growth in housing and economic development. The most significant issue in the Sensitive Areas Ordinance is the expansion of buffers next to streams from 25 to 115 feet. Currently, there are no vacant

Area 10-70 - City of Kenmore

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 – 84rd Avenue 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.

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 mainly to the shopping and service needs of the immediate housing area.

In 2010, the City of Kenmore completed construction of its new city hall and fire station, with its new library just opening in early 2012.

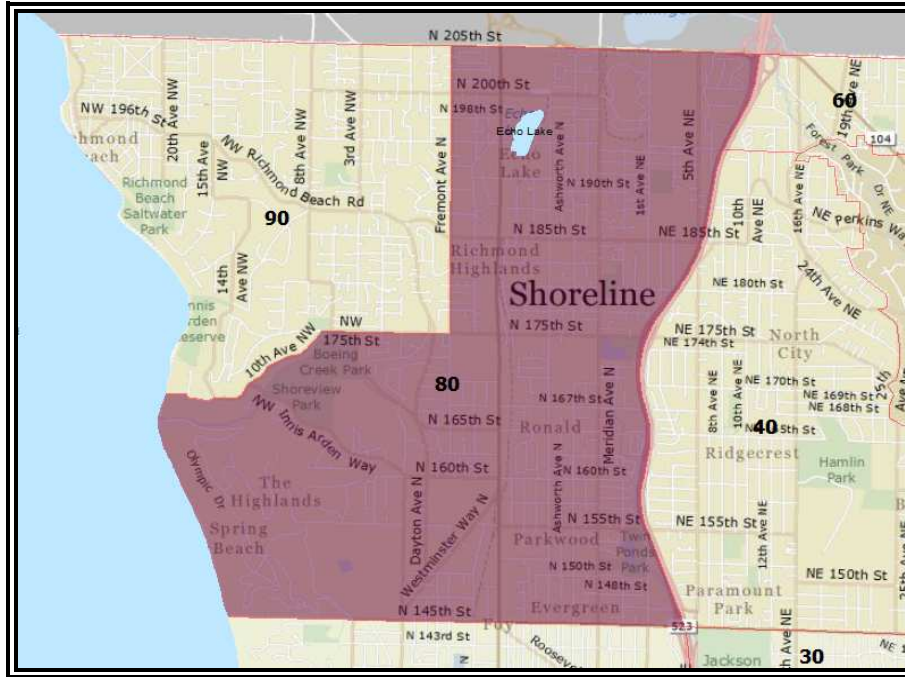


Photos Above: City of Kenmore's New City Hall (2010), Library (2012) and Fire Station (2010)

Area 10-80 - West Shoreline (Highway 99 Corridor)

Boundaries: Area 10-80 consist of those vacant and improved commercial properties located proximate to the Highway 99 (Aurora) Corridor.

- North – Snohomish County (N 205th Street)
- South – N. 145th Street
- East – Interstate 5
- West – Fremont Ave. N / Puget Sound



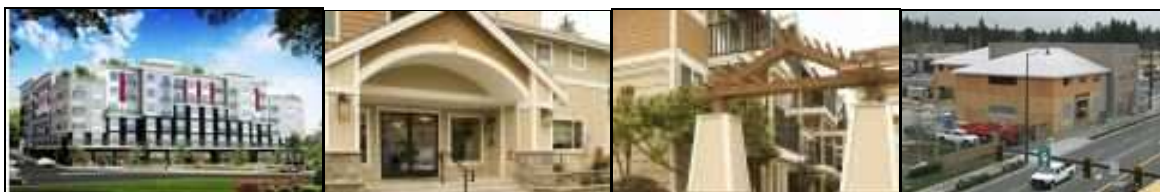
Neighborhood Description: The City of Shoreline, which incorporated in 1995, is located approximately 15 miles north of downtown Seattle. With a population of more than 53,000 residents, Shoreline is primarily a residential community. The main commercial district runs along Aurora Ave N from N 145th Street to N 205th Street. This section of road carries approximately 45,000 vehicles per day. The entire corridor is developed with older and newer properties with an assortment of uses. The dominant zoning designation for much of this corridor is Mixed-Use (MUZ). The purpose of this zone is to encourage the development of mixed-use buildings that allow for a wide variety of uses, including residential. Some pockets of Industrial (I) zoned and high density residential zones (R-48), are also located on or near Aurora Avenue. Neither offers the flexibility of MUZ, but promote compatible uses. R-48 allows for 48 dwelling units per acre that are typically a mix of apartments and townhouses. The Industrial (I) zone encourages business and office uses that support regional employment.

The Aurora Corridor Project is a \$100 million dollar redesign and development of the three miles of Aurora Avenue N that run through Shoreline. The first section from N 145th Street to N 165th Street is now complete. Construction is almost complete on the second half from N 165th Street to N 205th Street. The goals of this project are to improve safety, provide better pedestrian access, improve traffic flow, and add streetscape amenities.



Photos Above: Aurora Corridor Project, street improvements before and after.

Forward looking, the City of Shoreline is anticipating the coming of light rail. The proposed Sound Transit light rail line will run from the cities of Seattle to Lynnwood. This light rail line extension, estimated to be complete in 2023, will likely have two stations located in this Aurora section of Shoreline.



Photos Above: Market Square, as rendering and completed (2011). Last photo is Aurora Rents under construction (2012).

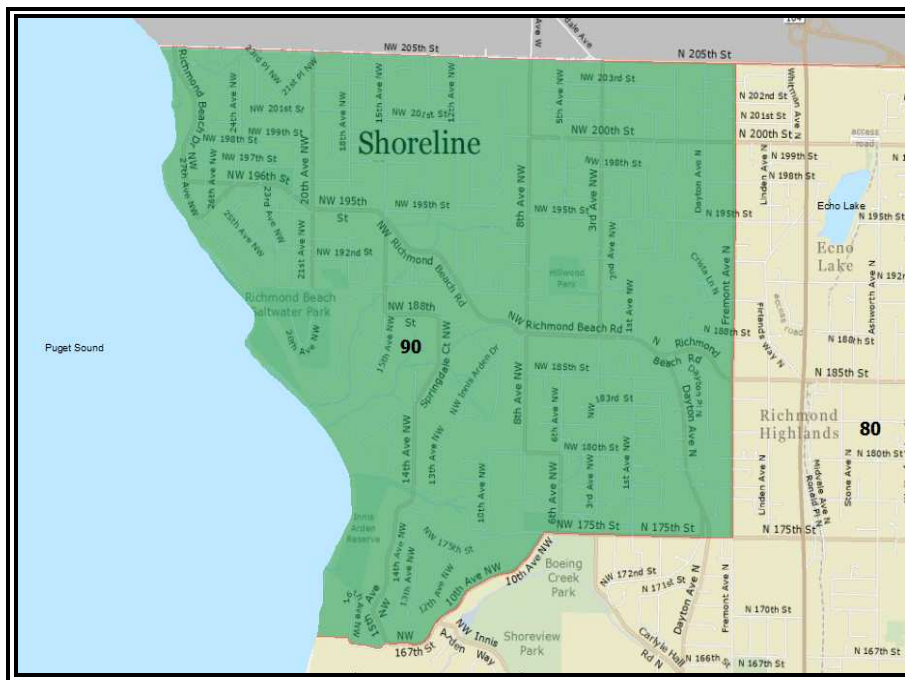
Weidner Apartment Homes recently completed its 148-unit Market Square project on Aurora Ave N between N 200th and N 205th Streets, just west of Costco. The complex is a mix of studio, 1 bedroom, and 2 bedroom units, and it features two levels of underground parking along with a large area for bicycle parking.

Other major construction in this Area; The City of Shoreline is upgrading many of the schools and the community college, additionally, Aurora Rents is currently building their new flagship store at N 176th Street and Aurora.

Area 10-90 – Northwest Shoreline (Richmond Beach)

Boundaries: Area 10-90 consist of those vacant and improved commercial properties located proximate to NW Richmond Beach Road. Within Area 10-90, Richmond Beach Road is the primary east/west commercial thoroughfare, whereas 8th Avenue NW is the primary north/south thoroughfare.

- North – Snohomish County
- South – N. 175th Street
- East – Fremont Avenue N.
- West – Puget Sound



Neighborhood Description: The predominant commercial land uses within this neighborhood include a mixture of retail, multi-family and low rise office buildings. The primary clusters of commercial uses are proximate to the intersections of NW Richmond Beach Rd. / 8th Avenue NW and NW 195th Street / 20th Avenue NW. Most of the commercial growth in this primarily residential area occurred prior to 1970. Little commercial growth, except for multi-family housing, has occurred in this area since the mid 1970's. Only seven buildings that have been built since 1975, and 3 of those were government buildings. This likely coincides with the lower traffic count in the area, and the limited commercially zoned parcels.

Physical Inspection Area:

This year, Area 10-80 (Hwy 99 Corridor / West of Ashworth) and Area 10-90 (Richmond Beach) were physically inspected for the 2012 assessment year as required by WAC 458-07-015 4 (a). An exterior observation of the properties was made to verify the accuracy and completeness of property characteristic data that affect value. The physical inspection area, represents 476 parcels, or approximately 20.55% of the total 2,321 parcels (including specialties) located in Area 10.

Preliminary Ratio Analysis

A ratio study was completed just prior to the application of the 2012 recommended values. This study benchmarks the current assessment level using 2011 posted values. The study was also repeated after application of the 2012 recommended values. The results are included in the validation section of this report, showing an improvement of the Coefficient of Dispersion (COD) from 7.12% to 3.72%. The weighted mean ratio which is a statistical measure of assessment level went from 91.70% to 98.90%. The Price-related Differential (PRD) went from 1.04 to 0.99. A discussion of the ratio measurements is included in the Model Validation section at the end of this report.

Scope of Data**Land Value Data:**

Vacant sales from 1/01/2009 to 4/15/2012 were given primary consideration for valuing land. Since January of 2009, there were approximately 8 land sales that were considered in Area 10. The sales verified as "good" were coded "Y" in the Assessor's records. The primary unit of comparison considered was based on price per square foot of land area. "Shell" sales, interim use sales, teardown sales, and land transactions that included plans and permits were considered in the analysis of the land values. 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. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides on the Assessor's website.

Land Value

Land Sales, Analysis, Conclusions

There were 8 commercial land sales in Area 10 considered for this revaluation period. Of the vacant sales used for analysis, 2 occurred in 2009, 1 occurred in 2010, 3 occurred in 2011, and 2 closed in early 2012.

Using GIS (Geographic Information System) mapping, the new land values are based on neighborhood land sales that are equalized with adjacent and similarly zoned properties. No notable decrease in sales price was apparent with the exception of LR2 and LR3 (low rise multi-family) zoned properties and portions of Aurora and North City were decreased to reflect recent sales being lower in those areas. There were no double sales available to help in identifying any sales trends. Most sales parcels were improved at the time of sale and the structures then demolished to allow the land to be developed to its current highest and best use. The Sales Comparison approach to valuation was considered the most reliable and was utilized in the land valuation model. Values were estimated as a price per square foot. Location, zoning, development potential, and site size were the primary variables considered in the valuation process. Sales from competing areas were considered in the absence of sales within the subject area. Residential land values were equalized with similarly zoned adjacent or nearby parcels. The majority of the land values in Area 10 remained unchanged for the 2012 assessment year.

The recommended land value for the 2012 Assessment year resulted in an average total change from 2011 assessments of -1.79%. The total land assessed value for the 2011 assessment year for Area 10 was \$2,017,123,950 and the total recommended land assessed value for the 2012 assessment year is \$1,980,959,400.

	2011 Total	2012 Total	\$ Increase/Decrease	% Change
Total Land Values	\$2,017,123,950	\$1,980,959,400	-\$36,164,550	-1.79%

Neighborhoods and Land 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 10-10 - Lake City Way Corridor

The Lake City Way neighborhood had 4 closed commercial land sales between 2009 and 2011 with no multi-family zoned parcels sold during this period. No notable decline in sales price per square foot was apparent in the sales that did occur except for in the LR2 and LR3 (low rise multi-family) zoning, therefore, land valuation models did not change for this neighborhood except for a decrease in those with the LR2 and LR3 zoning based on improved sales of RC (Residential Improvements on Commercial Zoned Land) properties. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered. Adjustments were made to individual parcel values in order to improve equalization. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land value.

Area	Neighborhood	Major	Minor	Land Area SF	Excise #	Sale Price	Sale Date	SP / Land Area	Zoning
10	10	288770	1885	2,835	2484204	\$238,000	03/24/11	\$83.95	NC2-40
10	10	510040	0375	13,650	2437239	\$695,000	04/19/10	\$50.92	C1-65
10	10	510040	2506	14,789	2538285	\$1,200,000	04/10/12	\$81.14	NC2-40
10	10	890350	0080	17,500	2422009	\$1,000,000	12/16/09	\$57.14	C1-40

The following table identifies the recommended land valuation model for the different commercial zone types in the Lake City neighborhood.

TYPICAL ASSESSED LAND VALUES			
Neighborhood	Description	Zone Designation	Price per Square Foot
10-10	Lake City	LR-1	\$40-\$60
10-10	Lake City	LR2/RC, LR3/RC	\$45-\$75
10-10	Lake City	MR	\$55-\$65
10-10	Lake City	C1- 30/40/65	\$30-\$80
10-10	Lake City	NC1-30/40	\$40-\$80
10-10	Lake City	NC2-40	\$45-\$85
10-10	Lake City	NC3-65/85	\$45

Area 10-20 - Northgate

No commercial or multi-family land sales closed in the Northgate neighborhood between 2009 and 2011. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered. In adjacent or other comparable neighborhoods, no notable decline in land sales price per square foot was apparent in the sales that did occur, therefore, land valuation models did not change for this neighborhood. Adjustments were made to individual parcel values in order to improve equalization. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values.

The following table identifies the recommended land valuation model for the different commercial zone types in the Northgate neighborhood.

TYPICAL ASSESSED LAND VALUES			
Neighborhood	Description	Zone Designation	Price per Square Foot
10-20	Northgate	LR2/RC, LR3/RC	\$65-\$70
10-20	Northgate	MR	\$70
10-20	Northgate	NC2-40	\$50
10-20	Northgate	NC3-40/65/85/125	\$45-\$55

Area 10-30 – Northeast Seattle (Pinehurst – 15th Avenue NE Corridor)

No commercial or multi-family land sales closed in the Pinehurst neighborhood between 2009 and 2011. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered. In adjacent or other comparable neighborhoods, no notable decline in land sales price per square foot was apparent in the sales that did occur, therefore, land valuation models did not change for this neighborhood. Adjustments were made to individual parcel values in order to improve equalization. Land sales of RC (Residential Improvements on Commercial Zoned

Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values.

The following table identifies the recommended land valuation model for the different commercial zone types in the Pinehurst neighborhood.

TYPICAL ASSESSED LAND VALUES			
Neighborhood	Description	Zone Designation	Price per Square Foot
10-30	Northeast Seattle -Pinehurst	LR-1	\$55
10-30	Northeast Seattle -Pinehurst	LR2/RC, LR3/RC	\$60-\$65
10-30	Northeast Seattle -Pinehurst	MR	\$60
10-30	Northeast Seattle -Pinehurst	C1- 40/65	\$40-\$45
10-30	Northeast Seattle -Pinehurst	NC1-40	\$35-\$40
10-30	Northeast Seattle -Pinehurst	NC2-40	\$45
10-30	Northeast Seattle -Pinehurst	NC3-40	\$40-\$45

Area 10-40 – East Shoreline (North City - 15th Avenue NE Corridor)

The North City neighborhood had no closed commercial land sales between 2009 and 2011 with no multi-family zoned parcels sold during this period either. For Sale and Pending Sale properties in this area were suggesting that values have come down in this neighborhood. A reduction was made to the commercially zoned land, but remained the same for the multi-family zoned land. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered. Adjustments were made to individual parcel values in order to improve equalization. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values.

The following table identifies the recommended land valuation model for the different commercial zone types in the North City neighborhood.

TYPICAL ASSESSED LAND VALUES			
Neighborhood	Description	Zone Designation	Price per Square Foot
10-40	East Shoreline – North City	R-12/18	\$25-\$30
10-40	East Shoreline – North City	R-24/48	\$30-\$40
10-40	East Shoreline – North City	CB, CZ	\$30-\$40
10-40	East Shoreline – North City	NB	\$25-\$30
10-40	East Shoreline – North City	NCBD	\$30-\$35
10-40	East Shoreline – North City	O	\$30-\$35

Area 10-50 – City of Lake Forest Park

No commercial or multi-family land sales closed within Lake Forest Park between 2009 and 2011. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered. In adjacent or other similar neighborhoods, no notable decline in land sales price per square foot was apparent in the sales that did occur, therefore, land valuation models did not change for this neighborhood. Adjustments were made to individual parcel values in order to improve equalization. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values.

The following table identifies the recommended land valuation model for the different commercial zone types in the Lake Forest Park neighborhood.

TYPICAL ASSESSED LAND VALUES			
Neighborhood	Description	Zone Designation	Price per Square Foot
10-50	Lake Forest Park	RM-900	\$35-\$45
10-50	Lake Forest Park	RM-1800/2400	\$25-\$35
10-50	Lake Forest Park	RM-3600	\$25-\$30
10-50	Lake Forest Park	CC, NB, TC	\$25-\$40

Area 10-60 – Northeast Shoreline (Ballinger)

No commercial or multi-family land sales closed within Ballinger between 2009 and 2011. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered. In adjacent or other similar neighborhoods, no notable decline in land sales price per square foot was apparent in the sales that did occur, therefore, land valuation models did not change for this neighborhood. Adjustments were made to individual parcel values in order to improve equalization. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values.

The following table identifies the recommended land valuation model for the different commercial zone types in the Ballinger neighborhood.

TYPICAL ASSESSED LAND VALUES			
Neighborhood	Description	Zone Designation	Price per Square Foot
10-60	NE Shoreline - Ballinger	R-12/18	\$20-\$30
10-60	NE Shoreline - Ballinger	R-24/48	\$25-\$40
10-60	NE Shoreline - Ballinger	CB, CZ	\$30-\$35
10-60	NE Shoreline - Ballinger	MUZ/O	\$35

Area 10-70 - City of Kenmore

The Kenmore neighborhood had 1 closed commercial land sale between 2009 and 2011 with no multi-family zoned parcels selling during this period. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered. In adjacent or other similar neighborhoods, no notable decline in land sales price per square foot was apparent in the sales that did occur, therefore, land valuation models did not change for this neighborhood. Adjustments were made to individual parcel values in order to improve equalization. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values.

Area	Neighborhood	Major	Minor	Land Area SF	Excise #	Sale Price	Sale Date	SP / Land Area	Zoning	Comment
10	70	011410	0610	20,366	2481424	\$475,000	03/04/11	\$23.32	DC	Triangle Shape reduces Functional Utility

The following table identifies the recommended land valuation model for the different commercial zone types in the Kenmore neighborhood.

TYPICAL ASSESSED LAND VALUES			
Neighborhood	Description	Zone Designation	Price per Square Foot
10-70	Kenmore	R-12/18	\$10-\$25
10-70	Kenmore	R-24/48	\$15-\$27
10-70	Kenmore	CB, NB, RB	\$15-\$30
10-70	Kenmore	DC, DR	\$19-\$28

Area 10-80 - West Shoreline (Highway 99 Corridor)

The Shoreline neighborhood had 3 closed commercial land sales between 2009 and 2011. No multi-family zoned parcels sold during this period. These sales showed some decline in land values for this neighborhood in the MUZ (Mixed Use) and TC (Town Center) zoning. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered. The multi-family land valuation models did not change for this neighborhood. Adjustments were made to individual parcel values in order to improve equalization. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values.

Area	Neighborhood	Major	Minor	Land Area SF	Excise #	Sale Price	Sale Date	SP / Land Area	Zoning
10	80	182604	9098	50,530	2536296	\$1,500,000	03/20/12	\$29.69	MUZ
10	80	329370	85	59,016	2508374	\$2,150,000	08/31/11	\$36.43	MUZ
10	80	930430	255	3,150	2386074	\$285,000	04/06/09	\$90.48	NB

The following table identifies the recommended land valuation model for the different commercial zone types in the Lake Forest Park neighborhood.

TYPICAL ASSESSED LAND VALUES			
Neighborhood	Description	Zone Designation	Price per Square Foot
10-80	West Shoreline	R-12/18	\$25-\$30
10-80	West Shoreline	R-24/48	\$35-\$40
10-80	West Shoreline	CB, CZ	\$30-\$40
10-80	West Shoreline	I	\$30
10-80	West Shoreline	NB	\$40-\$45
10-80	West Shoreline	O	\$30-\$40
10-80	West Shoreline	NCBD	\$35
10-80	West Shoreline	MUZ, MU-CZ	\$35-\$45
10-80	West Shoreline	TC-1, TC-2	\$35-\$40
10-80	West Shoreline	TC-3, TC-4	\$25-\$40

Area 10-90 – Northwest Shoreline (Richmond Beach)

No commercial or multi-family land sales closed within Northwest Shoreline between 2009 and 2011. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered. In adjacent or other similar neighborhoods, no notable decline in land sales price per square foot was apparent in the sales that did occur, therefore, land valuation models did not change for this neighborhood. Adjustments were made to individual parcel values in order to improve equalization. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The table below outlines the benchmarks for the land values in 10-90.

TYPICAL ASSESSED LAND VALUES			
Neighborhood	Description	Zone Designation	Price per Square Foot
10-90	NW Shoreline – Richmond Beach	R-12/18	\$25-\$30
10-90	NW Shoreline – Richmond Beach	R-24/48	\$30-\$40
10-90	NW Shoreline – Richmond Beach	CB/NB/O	\$30

Land Value Comparisons and Recommended Conclusion:

The total assessed land value in Area 10 for the 2011 assessment year was \$2,017,123,950. The total recommended assessed land value for 2012 is \$1,980,959,400 which results in a 1.79% decrease for the 2012 assessment year. These figures do not include the land value for the specialty properties in Area 10.

Improved Parcel Total Values

Economic Considerations:

Historic Economic Conditions:

The Seattle region experienced strong employment growth in the mid-2000's as the local economy continued to experience increasing diversification led by the rapidly expanding technology and biotech sectors. This helped spur increases in net migration and a robust real estate market which experienced rapidly appreciating property values unprecedented in recent memory. This period of strong growth came to a grinding halt as the effects of the national economic crisis began to impact the local economy. The year 2009 marked a clear shift in the local economy as demonstrated by significant regional job losses and plummeting real estate values. The recessionary period that followed was characterized by a tightening of lending practices, further job losses, and declines in all sectors of the real estate market.

Current National Economy:

The United States economy is finally showing signs that a stable recovery is currently underway. Unemployment remains high, however employment growth is increasing and there has been some loosening in the lending markets. Consumer sentiment is picking up as well, despite lackluster growth in personal income. In another sign that the recovery is taking hold, housing starts in 2011 increased significantly compared to 2010 figures.

Current Economic Conditions:

The regional economy, including this Northwest King County Market Area, known as Area 10, is beginning to show signs that a recovery is steadily underfoot. Employment growth has been positive over the past year. Unemployment is lower than the national average, although the public sector showed a net decline in employment in 2011. Commercial real estate sales transaction volume is increasing and underlying economic fundamentals are a cause for optimism. Fueled by the spike in demand for apartment housing, and the consequential tightening of vacancy rates and upward pressure on rental rates, development of new multi-family apartment projects is occurring in earnest. Virtually all of the recent new construction in Area 10 (excluding educational institutions and city buildings) are multi-family apartment projects or large new car dealerships. An improvement in investor sentiment is also putting downward pressure on capitalization rates for other market segments such as industrial and office, especially in the higher quality, newer buildings. As regional employment continues to pick up, the office market is slowly beginning to tighten. In addition, strong activity at the regional ports, coupled with an improvement in consumer demand, has made the industrial market one of the strongest commercial real estate markets in the area.

2011 Year End Metrics for Area 10			
	Office	Retail	Industrial
Vacancy	↔ / ↘ (stable/slight decrease)	↔ (stable)	↔ (stable)
Rental Rate	↔ (stable)	↔ / ↘ (stable/slight decrease)	↔ (stable)
Capitalization Rate	↘ (slight decrease)	↘ (slight decrease)	↘ (slight decrease)
Improved Property Values	↔ (stable)	↔ (stable)	↔ (stable)
Land Values	↔ / ↘ (stable/slight decrease)	↔ / ↘ (stable/slight decrease)	↔ / ↘ (stable/slight decrease)

Construction Activity: Very few new construction projects were initiated over the past year. The few new developments that broke ground tended to be multi-family apartment projects, build to suit ventures, and educational institutions. Toyota of Lake City has substantially remodeled its dealership on Lake City Way. Shag Senior Living Apartments built Victoria Park in Lake City, and Weidner Apartment Homes built Forest Hills Estates in Shoreline which are recently completed large multi-family construction projects. The City of Kenmore completed the new city hall and fire station. King County completed a new library in Kenmore. In addition, the Shoreline School District's modernization and construction program is continuing with several schools currently under construction. Aurora Rents is under construction on Aurora. Two large multi-family/mixed use projects are permitted and on the way in Lake City, one \$21 Million and a \$47 Million dollar project. One new auto dealership and a new Auto Zone retail auto parts store are permitted. Most other commercial real estate development projects have either not started, are in various stages of the review process, or have been put on hold while developers await more favorable market conditions.

Office Market Conditions: The regional office market continued its ongoing recovery, recording the seventh consecutive quarter of positive absorption with further downward pressure on vacancy rates. In general, rental rates in the Area 10 market area increased slightly while vacancy rates also improved slightly. It's reported that the continued improvements in vacancy rates has caused leasing concessions to decline both in frequency and value. This area has lower office vacancy than the Eastside, Southend, and Snohomish County, but higher vacancy than many areas of Downtown Seattle so it is currently doing relatively well compared to the surrounding market area.

Below are the 2011 Year End results of two independent studies performed about the market conditions in the subject market area by Cushman & Wakefield and OfficeSpace.com, respectively.

Office Market Statistics for Northgate and Lake City					
	Market Size (SF)	Total Vacancy %	All Classes Avg Asking Rate*	Class A Avg. Asking Rate*	2011 Net Absorption (SF)
North Seattle/Northgate	2,511,867	12.3%	\$21.70	\$23.64	2,079

Source: 4th Qtr 2011 Cushman & Wakefield

*Full Service

Office Market Statistics for Northgate, Lake City and Shoreline					
	Market Size (SF)	Total Vacancy %	All Classes Avg Asking Rate*	Class A Avg. Asking Rate*	2011 Net Absorption (SF)
North Seattle/Northgate/Shoreline	1,818,635	12.14%	\$22.71	\$25.94	No Data

Source: 4th Qtr 2011 OfficeSpace.com

*Full Service

Note: Third party commercial research reports for Kenmore or Lake Forest Park often include Bothell and Woodinville which have a much larger office market, thus skewing the statistics for these smaller areas, and are not credible results for a report specific to these areas.

Retail Market Conditions: Research reports indicate that the regional retail market is believed to have stabilized in 2011, following difficult market conditions in 2008, 2009, & 2010. Retail sales in the region are expected to be mildly positive compared to 2010 levels once the state releases sales figures for the year. Rents and vacancy rates have remained fairly stable over the year, with very small decreases in rental rates and a slight uptick in vacancy rates. Rents are expected to begin to rise during 2012 as the economic recovery continues. Very little new construction activity is occurring as the market continues to re-absorb excess vacant space and rents remain below levels required to make

new construction financially feasible. Most new construction that was delivered in 2011 tended to be build-to-suit or owner/user.

Within the Northwest King County Area, the vacancy rate for retail type properties is around 8%, slightly higher than both the Downtown Seattle and Eastside markets and lower than the 9.72% vacancy rate for the region as a whole. Average NNN asking rates are at \$20.94 per square foot per OfficeSpace.com.

Below is the 2011 Year End results of an independent study performed about the retail market conditions in the subject market area by OfficeSpace.com.

Retail Market Statistics for Northgate, Lake City and Shoreline			
	Market	Total	Average
	Size (SF)	Vacancy %	Rent Rates*
North Seattle/Northgate/Shoreline	2,755,248	7.82%	\$20.94

Source: Year End 2011 OfficeSpace.com Retail Market Statistics

*NNN

Industrial Market Conditions: The regional industrial market has experienced strong absorption levels and declining vacancy rates throughout 2011. The state and regional economy is improving and data indicates that the region is out-performing the national economy by a good margin. Employment growth is up and ports in the region saw a high level of activity in 2011. Buildable land in the area is becoming scarce and coupled with positive market conditions, rental rates are anticipated to rise over the near term.

In the Northwest King County area there is a mix of industrial buildings, but it is not considered an industrial powerhouse area. No independent study groups focus on this area specifically; it is grouped with much larger areas. Colliers International reports the average warehouse rate from the Ship Canal in Seattle over to Bothell to average .73cents per square foot monthly NNN, that would be an annual rate of \$8.76/sf. No new construction is currently being built in this industrial category. The buildings in the area tend to be 100% occupied or primarily vacant and in transition.

Approach to Total Value

Sales Comparison Approach model description:

There were 22 improved sales in Area 10 during the period from January 1, 2009 through April 30, 2012. All sales were verified with a knowledgeable party when possible. The verification consisted of contact with a buyer, seller, or broker if possible, and information from CoStar, a real estate information service. During the sales verification process, information on vacancy and market absorption rates, current and anticipated rents, and the competitive position of the property were also gathered. Each sale was inspected and the recorded property characteristics adjusted when necessary. The resulting data was stratified according to use, location, effective age, quality of construction, and size in order to establish appropriate ranges of price per square foot to use as guidelines. Sales were then compared to similar properties for valuation.

The sales comparison approach was deemed the most reliable method of valuation for commercial condominium units, single-family residences that have been converted for a commercial use, small daycares, freestanding small office and retail structures, mobile home parks, and individual situations deemed appropriate by the appraiser.

The commercial condominium unit values range from \$190 to \$300 per square foot of rentable area. The single family residences converted or used as commercial, or some small freestanding retail or offices less than 3,000SF were valued from \$110 to \$350 per square foot of rentable area. Adjustments were made for size, effective age, and location serving as important variables of reconciling a total value.

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 the Marshall & Swift Valuation Service. The cost is adjusted to the Western region and the Seattle area. Cost estimates are relied upon for valuing special use properties where comparable sales data and/or income and 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 approach might be special use properties such as fraternal halls, gas stations, and on-going new construction. The cost approach may also be applied to interim use properties where the greater portion of the value is in the land.

Cost calibration:

The Marshall & Swift Valuation modeling system programmed into the Real Property Application adjusts to the region and the Seattle area.

Income Capitalization Approach model description:

The Income Approach was considered a reliable approach to valuation throughout Area 10 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 estate publications and websites in the following ways:

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. This year 275 letters were mailed to non-owner occupied buildings, and a return of 31 letters, or 11%, were received back. 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, the Commercial Brokers Association, and other relevant websites. Data from recognized published sources helps to assist in developing capitalization rates, but primary influence is from the available market data. These publications tend to report data that is considered relevant to institutional-grade CBD and suburban real estate. Since property taxes are considered to be an allowable operating expense, no effective tax rate is included in the following capitalization rate data. The following table recaps the rates as reported by these publications.

SEATTLE / PACIFIC NW CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
ACLI	Yr. End 2011	Seattle	7.14%	7.27%	7.58%	
		Pacific Region	6.32%	7.03%	7.14%	
PWC – Korpaz	4Q 2011	Pacific NW	7.57%	-	-	Range = 5.5% to 12.00%
CBRE – Capital Markets Cap. Rate survey.	Aug.-11					CBRE professional's opinion of where cap rates are likely to trend in the 2 nd ½ of 2011 based on recent trades as well as interactions with investors. Value Added represents an underperforming property that has an occupancy level below the local average under typical market conditions.
		Seattle	5.00% - 5.50% 6.00% - 7.00% 6.50% - 7.00% 7.00% - 8.00% 5.50% - 6.25% 6.00% - 7.60% 6.50% - 7.50% 7.00% - 8.00%	- - - - - - - -	- - - - - - - -	CBD - Class A CBD - Class A – Value Added CBD - Class B CBD - Class B – Value Added Suburban - Class A Suburban - Class A – Value Added Suburban - Class B Suburban - Class B – Value Added Class A Class A - Value Added Class B Class B - Value Added Class A (Neigh./Comm. w/Grocery) Class B (Neigh./Comm. w/Grocery)
			- - - - -	6.25% - 7.00% 6.75% - 7.25% 6.50% - 7.25% 7.75% - 8.25%	- - - -	
					5.75% - 6.50% 7.00% - 7.50%	

Source	Date	Location	Office	Industrial	Retail	Remarks
	Mar.-12					
CBRE – Capital Markets Cap. Rate survey.		Seattle	5.50% - 5.75% 6.00% - 7.00% 6.50% - 7.00% 7.00% - 8.00% 5.50% - 6.25% 6.00% - 8.00% 6.50% - 7.50% 7.00% - 8.00% - - - -	- - - - - - - - 5.25% - 5.50% 6.00% - 6.50% 6.00% - 6.50% 6.50% - 7.00% - -	- - - - - - - - - - - - 5.00% - 6.25% 5.00% - 6.25% 6.25% - 7.25% 6.25% - 7.25%	CBD - Class A CBD - Class A – Value Added CBD - Class B CBD - Class B – Value Added Suburban - Class A Suburban - Class A – Value Added Suburban - Class B Suburban - Class B – Value Added Class A Class A - Value Added Class B Class B - Value Added Class A (Neigh./Comm.) Class A (Neigh./Comm.) – Value Added Class B (Neigh./Comm.) Class B (Neigh./Comm.) – Value Added
Real Capital Analytics	4Q 2011	Seattle	7.60%	7.20%	7.20%	
	Yr. End 2011	Seattle	6.80%	7.30%	7.40%	
IRR Viewpoint for 2012	Yr. End 2011	Seattle	6.00% 6.50% - - -	- - 8.25% - 8.75% 7.00% - -	- - - - 6.50% - 7.50% 7.50%	“Institutional Grade Properties” CBD Office Suburban Office Manuf./Bulk/R&D Office/Warehouse Reg./Comm. Mall Neigh. Strip Ctrs.
Reis Quarterly Reports	4th Qtr 2011	Seattle	6.60%	-	8.50%	
Colliers International Office Highlights	Q4 2011	Seattle - Puget Sound	6.36% 7.94%	- -	- -	CBD Office Suburban Office
Terranomics Chainlinks Retail Advisors	Fall 2011	Pacific Region	-	-	7.00%	Shopping Centers (All Types)
NATIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
ACLI	Yr. End 2011	National	6.53% 7.84% 7.16% - 7.74% 6.33%	7.65% 8.92% 7.62% - 8.15% 7.52%	7.00% 8.14% 7.39% - 7.68% 6.66%	Overall Sq.Ft. = <50k Sq.Ft. = 50k-200k Sq.Ft. = 200K+
Korpaz (PWC)	4Q 2011	National	6.84% 7.43% - - -	- - 7.48% - 8.71% - -	- - - 7.23% - 7.35% 7.16%	CBD Office Sub. Office Flex/R&D/Whse Regional Mall /Power Center Neigh. Strip Ctrs
Real Capital Analytics	4Q 2011	National	7.20%	7.60%	7.50%	
	Yr End 2011	National	7.30%	7.80%	7.50%	
IRR Viewpoint for 2012	Yr End 2011	National	7.98% 8.13% - - -	- - 8.46% 8.22% - -	- - - - 7.56% - 7.83% 7.96%	CBD Office - (Range 5.25% - 12.75%) Sub. Office - (Range 6.50% - 10.00%) R&D - (Range 6.75% - 9.50%) Off./Whse. - (Range 6.75% - 10.00%) Reg./Comm. Mall - (Range 5.75% - 9.50%) Neigh. Strip Ctrs. - (Range 5.75% - 9.25%)
Emerging Trends in Real Estate 2011	August 2011	National	6.32% (CBD) 7.77% (Suburban)	7.02% - 7.59% (Office/Whse./R&D)	6.66% - 7.43% (Reg. Mall/Power Ctr.) 7.12% (Neigh./Comm. Ctr.)	
RERC-CCIM Investment Trends Quarterly	4Q 2011	National W. Region	6.40% 5.70% - 6.60% 7.00%	7.40% 6.70% - 7.40% 7.10%	7.70% 6.70% - 7.10% 7.40%	RERC Realized Cap Rates NCREIF Implied Cap Rates

Source	Date	Location	Office	Industrial	Retail	Remarks
Marcus & Millichap (Net Lease Single-Tenant Retail Report)	1 st Half 2011	National	N/A	N/A	7.30% 7.70% 8.90%	Drug Store Quick Service Rest. Casual Dining
Calkin Site Service (Net Lease Single-Tenant Retail Report)	Yr End 2011	National	N/A	N/A	7.69% 7.40% 7.50% 7.50%	Overall (Average) Drug Store Quick Service Rest. Big Box

The preceding table demonstrates 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 10 to develop the income model. The range of capitalization rates in the income model for Area 10 reflects the variety of properties in this area.

Income Approach calibration:

The economic downturn has been felt in Area 10, but not as significantly as in other parts of the King County. Changes that were made to the 2012 parameters include a decrease in the vacancy rate, no change to operating expenses and a decrease to the capitalization rates, due to the stabilizing market. Rental rates for the most part remained stable. With the exception of larger office buildings, the majority of the economic rents used in the valuation model represent a NNN lease structure. A full service income model was utilized to value larger office and medical buildings over 5,000SF properties, and apartment units in mixed use buildings.

Income tables were developed for each of the nine neighborhoods that comprise Area 10. The tables pertain to the following property types: Retail, Office, Industrial Engineering Buildings, Medical and Dental Offices, Discount Stores, Storage Garage, Basement Finish, Restaurant, Storage Warehouse, Banks, Auto Repair Garages, and Living Units, in addition to an exclusion table indicating property uses not covered by an income table. Properties which contain differing section uses may have multiple tables that are applicable to the property as a whole. There are a total of 162 income tables for Area 10. All tables are included.

The income tables were calibrated after setting economic rents, vacancy, expenses, and capitalization rates by using adjustments based on neighborhood, 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 nominal \$1,000 value was allocated to the improvements. For properties where sales and income and expense data was not available, the cost approach was utilized.

Income: Income parameters were derived from the market place through information obtained during sales verification, advertised rental listings, and actual rents collected from building owners via mailed surveys, discussions with actual tenants and building owners, as well as through published sources (i.e. OfficeSpace.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 appraiser observation and knowledge of the market.

Expenses: Expense ratios were estimated based on industry standards, published sources, and appraiser observation and knowledge of the area's rental practices. Within our income valuation models, the assessor used triple net expenses for typical retail/mixed-use, office buildings under 5,000SF, and industrial type uses. For office/medical buildings over 5,000SF, the assessor used full service expenses within the valuation models.

Capitalization Rates: Data from recognized published sources helps to assist in developing capitalization rates, but primary influence is from the available market data. These publications tend to report data that is considered relevant to institutional-grade CBD and suburban real estate. Since property taxes are considered to be an allowable operating expense, no effective tax rate is included in the following capitalization rate data.

Income Model

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 age, 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 10 that are valued by the income approach include, but are not limited to, offices, retail stores, industrial buildings and mixed-use buildings.

The following tables summarize the income valuation model for each neighborhood in Area 10:

Typical Income Model Parameters:				
Area 10-10 Lake City Way Corridor				
Property Type	Rent/SF Range	Vacancy Rate/ Collection Loss	Expense Rate- % of EGI	Capitalization Rate
Office/Medical Office	\$10 to \$26	10-12%	10%-32%	7.00% to 8.75%
Retail	\$11 to \$20	8%	10%	7.00% to 8.75%
Warehouse	\$5.40 to \$11.20	8%	7.50%	7.00% to 8.75%
Area 10-20 Northgate				
Property Type	Rent/SF Range	Vacancy Rate/ Collection Loss	Expense Rate- % of EGI	Capitalization Rate
Office/Medical Office	\$16 to \$26	10 to 12%	10% to 32%	7.00% to 8.75%
Retail	\$19 to \$24	8%	10%	7.00% to 8.75%
Warehouse	\$7.75 to \$8.50	8%	7.50%	7.00% to 8.75%
Area 10-30 Northeast Seattle (Pinehurst - 15th Avenue NE Corridor)				
Property Type	Rent/SF Range	Vacancy Rate/ Collection Loss	Expense Rate- % of EGI	Capitalization Rate
Office/Medical Office	\$14 to \$23	10 to 12%	10% to 32%	7.00% to 8.75%
Retail	\$16 to \$19	8%	10%	7.00% to 8.75%
Warehouse	\$7.20 to \$9.60	8%	7.50%	7.00% to 8.75%

Area 10-40 East Shoreline (North City - 15th Avenue NE Corridor)				
Property Type	Rent/SF Range	Vacancy Rate/ Collection Loss	Expense Rate- % of EGI	Capitalization Rate
Office/Medical Office	\$12 to \$23	10 to 12%	10% to 32%	7.00% to 8.75%
Retail	\$13 to \$19	8%	10%	7.00% to 8.75%
Warehouse	\$7.20 to \$8.40	8%	7.50%	7.00% to 8.75%
Area 10-50 City of Lake Forest Park				
Property Type	Rent/SF Range	Vacancy Rate/ Collection Loss	Expense Rate- % of EGI	Capitalization Rate
Office/Medical Office	\$14 to \$24.50	10 to 12%	10% to 32%	7.00% to 8.75%
Retail	\$15 to \$21	8%	10%	7.00% to 8.75%
Warehouse	\$6.25 to \$9.75	8%	7.50%	7.00% to 8.75%
Area 10-60 Northeast Shoreline (Ballinger)				
Property Type	Rent/SF Range	Vacancy Rate/ Collection Loss	Expense Rate- % of EGI	Capitalization Rate
Office/Medical Office	\$16 to \$24.50	10 to 12%	10% to 32%	7.00% to 8.75%
Retail	\$13 to \$22	8%	10%	7.00% to 8.75%
Warehouse	\$7.25 to \$9.75	8%	7.50%	7.00% to 8.75%
Area 10-70 City of Kenmore				
Property Type	Rent/SF Range	Vacancy Rate/ Collection Loss	Expense Rate- % of EGI	Capitalization Rate
Office/Medical Office	\$14 to \$24.50	10 to 12%	10% to 32%	7.00% to 8.75%
Retail	\$16 to \$21	8%	10%	7.00% to 8.75%
Warehouse	\$5.25 to \$9.75	8%	7.50%	7.00% to 8.75%
Area 10-80 West Shoreline (Highway 99 Corridor)				
Property Type	Rent/SF Range	Vacancy Rate/ Collection Loss	Expense Rate- % of EGI	Capitalization Rate
Office/Medical Office	\$15.50 to \$20	10 to 12%	10% to 32%	7.00% to 8.75%
Retail	\$15 to \$22	8%	10%	7.00% to 8.75%
Warehouse	\$6.50 to \$10	8%	7.50%	7.00% to 8.75%
Area 10-80 West Shoreline (Highway 99 Corridor)				
Property Type	Rent/SF Range	Vacancy Rate/ Collection Loss	Expense Rate- % of EGI	Capitalization Rate
Office/Medical Office	\$16 to \$24.50	10 to 12%	10% to 32%	7.00% to 8.75%
Retail	\$12.50 to \$21.50	8%	10%	7.00% to 8.75%
Warehouse	None	N/A	N/A	N/A

Typical rental rates for office and medical office property types are valued per square foot of net rentable area, based on Triple Net 5,000SF and under, and Full Service for over 5,000SF. Typical rental rates for retail and mixed use property types are valued per square foot of net rentable area. Deductions for vacancy and collection loss were figured at a percent of Potential Gross Income. While typical expense rates are a percent of Effective Gross Income. Capitalization Rates applicable to the property type depend on factors such as effective age and quality/condition.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types.

Reconciliation

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 ample 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 total value generated from the income table calculations and the selected income values varied in some cases due to special circumstances, such as properties with excess land, inferior/superior location, super-adequacy, or physical/functional obsolescence. Appraisal judgment prevailed when determining when to depart from the assessor's table generated income model. An administrative review of the selected values was made by Bonnie Christensen, Senior Appraiser for quality purposes.

Model Validation

Total Value Conclusions, Recommendations, and Validation:

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.

In this valuation model, the income approach is used to value the majority of the income producing properties that aren't obsolesced (land value is greater than value by income method) because there are an insufficient number and a variety of sales to value the different sectors by the market approach. The income approach also insures greater uniformity and equalization of values.

For this revalue period, land values have remained fairly stable with some minor declines in select areas. For the most part, income parameters have remained relatively stable over the recent term with some downward pressure on Capitalization Rates and Vacancy as investor sentiment has incrementally improved. The total valuation amount for Area 10 (before new construction is added) decreased by -1.32%.

Comparison of the 2011 Ratio Study Analysis with the 2012 Ratio Study Analysis indicates the weighted mean ratio, which is a statistical measure of assessment level, went from 91.7% to 98.9%. Application of the total value model described above results in improved equity between individual properties as shown by the improvement in the Coefficient of Dispersion (COD) from 7.12% to 3.72% and the Coefficient of Variation (COV) from 10.35 % to 6.24 % which reflects a marked improvement from previous values. The Price-related Differential (PRD) went from 1.04% to 0.99%. These figures are presented in the 2011 and 2012 Ratio Analysis charts included in this report.

	2011 Total Value	2012 Total Value	\$ Increase/Decrease	% Change
Change in Total Assessed Value	\$2,879,452,950	\$2,841,305,300	-\$38,147,650	-1.32%

The total value for the 2011 assessment year for Area 10 was \$2,879,452,950. The total recommended assessed value for the 2012 assessment year is \$2,841,305,300. Application of these recommended values for the 2012 assessment year results in an average total decrease from 2011 of 1.32%.

The Coefficient of Dispersion (COD) and the Coefficient of Variation (COV) in the three year ratio study presented in this report indicate an improvement in uniformity. Therefore, it is recommended that the assessed values be posted for the 2012 assessment year.

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. (Samish 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. (Samish 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 of 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 are 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.*
- *Yuen Chin verified sales in Area 10.*
- *Steven Roberts verified sales in Area 10, developed the land model for Area 10, and physically inspected a portion of Area 10-80 and Area 10-90.*
- *Angelique Tinney verified sales, built the improvement valuation model, valued the properties and wrote this report for Area 10.*
- *Bonnie Christensen administratively reviewed all 2012 value selects for Area 10.*

7/23/2012

Date:

Area 010 - Shoreline/Kenmore/Lake Forest Park/ Portion of Seattle
2012 Assessment Year

<i>Parcel Number</i>	<i>Assessed Value</i>	<i>Sale Price</i>	<i>Sale Date</i>	<i>Ratio</i>	<i>Diff: Median</i>
011410-0660	553,300	550,000	10/21/2010	1.0060	0.0517
011410-1255	887,700	945,000	2/27/2009	0.9394	0.0150
032604-9016	552,400	650,000	5/19/2011	0.8498	0.1045
112604-9079	544,000	600,000	5/11/2010	0.9067	0.0477
145360-0740	1,787,100	1,900,000	8/31/2010	0.9406	0.0138
156810-0555	985,500	1,000,000	8/4/2009	0.9855	0.0312
162604-9067	357,800	294,700	4/3/2012	1.2141	0.2598
222730-0140	1,393,500	1,300,000	9/29/2010	1.0719	0.1176
223250-0015	292,600	295,000	5/11/2010	0.9919	0.0375
243490-0075	1,681,600	1,700,000	5/5/2010	0.9892	0.0348
260798-0010	355,200	360,000	5/12/2009	0.9867	0.0323
272501-0020	246,000	265,000	7/13/2009	0.9283	0.0260
292604-9234	1,347,100	1,350,000	7/24/2009	0.9979	0.0435
329890-0010	504,000	687,500	3/8/2011	0.7331	0.2212
402770-0890	243,200	245,000	11/27/2010	0.9927	0.0383
416410-0225	3,478,000	4,500,000	8/14/2011	0.7729	0.1814
508785-0010	455,000	470,000	1/13/2009	0.9681	0.0138
510040-1240	425,800	429,900	3/26/2010	0.9905	0.0361
510140-5310	1,108,600	1,200,000	1/6/2012	0.9238	0.0305
617330-0130	419,600	495,000	2/29/2012	0.8477	0.1067
670150-0010	308,000	335,000	9/23/2010	0.9194	0.0349
728390-0440	848,900	905,000	4/28/2011	0.9380	0.0163

Area 010 - Shoreline/Kenmore/Lake Forest Park/ Portion of Seattle
2012 Assessment Year

Quadrant/Crew:	Appr date :	Date:	Sales Dates:	
North Crew	1/1/2011	8/7/2012	1/1/09 - 04/31/12	
Area	Appr ID:	Prop Type:	Trend used?: Y / N	
10	ATIN	Improvement	N	
SAMPLE STATISTICS				
Sample size (n)	22			
Mean Assessed Value	853,400			
Mean Sales Price	930,800			
Standard Deviation AV	750,896			
Standard Deviation SP	928,626			
ASSESSMENT LEVEL				
Arithmetic mean ratio	0.950			
Median Ratio	0.954			
Weighted Mean Ratio	0.917			
UNIFORMITY				
Lowest ratio	0.7331			
Highest ratio:	1.2141			
Coefficient of Dispersion	7.12%			
Standard Deviation	0.0983			
Coefficient of Variation	10.35%			
Price-related Differential	1.04			
RELIABILITY				
95% Confidence: Median		These figures reflect measurements before posting new values.		
Lower limit	0.919			
Upper limit	0.992			
95% Confidence: Mean				
Lower limit	0.909			
Upper limit	0.991			
SAMPLE SIZE EVALUATION				
N (population size)	1075			
B (acceptable error - in decimal)	0.05			
S (estimated from this sample)	0.0983			
Recommended minimum:	15			
Actual sample size:	22			
Conclusion:	OK			
NORMALITY				
Binomial Test				
# ratios below mean:	11			
# ratios above mean:	11			
z:	-0.213200716			
Conclusion:	Normal*			
*i.e., no evidence of non-normality				

Ratio Frequency

Ratio	Frequency
0.75-0.85	2
0.85-0.95	2
0.95-1.05	15
1.05-1.15	2
1.15-1.25	0
1.25-1.35	1
1.35-1.45	0

Ratio

Area 010 - Shoreline/Kenmore/Lake Forest Park/ Portion of Seattle
2012 Assessment Year

Parcel Number	Assessed Value	Sale Price	Sale Date	Ratio	Diff: Median
011410-0660	590,300	550,000	10/21/2010	1.0733	0.0944
011410-1255	929,600	945,000	2/27/2009	0.9837	0.0048
032604-9016	600,000	650,000	5/19/2011	0.9231	0.0558
112604-9079	568,600	600,000	5/11/2010	0.9477	0.0312
145360-0740	1,880,800	1,900,000	8/31/2010	0.9899	0.0110
156810-0555	922,100	1,000,000	8/4/2009	0.9221	0.0568
162604-9067	287,300	294,700	4/3/2012	0.9749	0.0040
222730-0140	1,563,100	1,300,000	9/29/2010	1.2024	0.2235
223250-0015	295,900	295,000	5/11/2010	1.0031	0.0241
243490-0075	1,690,900	1,700,000	5/5/2010	0.9946	0.0157
260798-0010	355,200	360,000	5/12/2009	0.9867	0.0078
272501-0020	255,800	265,000	7/13/2009	0.9653	0.0136
292604-9234	1,359,600	1,350,000	7/24/2009	1.0071	0.0282
329890-0010	636,000	687,500	3/8/2011	0.9251	0.0538
402770-0890	243,200	245,000	11/27/2010	0.9927	0.0137
416410-0225	4,440,000	4,500,000	8/14/2011	0.9867	0.0078
508785-0010	459,300	470,000	1/13/2009	0.9772	0.0017
510040-1240	420,000	429,900	3/26/2010	0.9770	0.0019
510140-5310	1,108,600	1,200,000	1/6/2012	0.9238	0.0551
617330-0130	457,800	495,000	2/29/2012	0.9248	0.0541
670150-0010	328,500	335,000	9/23/2010	0.9806	0.0017
728390-0440	848,900	905,000	4/28/2011	0.9380	0.0409

Area 010 - Shoreline/Kenmore/Lake Forest Park/ Portion of Seattle
2012 Assessment Year

Quadrant/Crew:	Appr date :	Date:	Sales Dates:											
North Crew	1/1/2012	8/7/2012	1/1/09 - 04/31/12											
Area	Appr ID:	Prop Type:	Trend used?: Y / N											
10	ATIN	Improvement	N											
SAMPLE STATISTICS														
Sample size (n)	22	<div>Ratio Frequency</div> <table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>1.0</td><td>18</td></tr><tr><td>1.1</td><td>3</td></tr><tr><td>1.2</td><td>1</td></tr><tr><td>1.3</td><td>0</td></tr></tbody></table>			Ratio	Frequency	1.0	18	1.1	3	1.2	1	1.3	0
Ratio	Frequency													
1.0	18													
1.1	3													
1.2	1													
1.3	0													
Mean Assessed Value	920,100													
Mean Sales Price	930,800													
Standard Deviation AV	925,933													
Standard Deviation SP	928,626													
ASSESSMENT LEVEL														
Arithmetic mean ratio	0.982													
Median Ratio	0.979													
Weighted Mean Ratio	0.989													
UNIFORMITY		<div>These figures reflect measurements after posting new values.</div>												
Lowest ratio	0.9221													
Highest ratio:	1.2024													
Coefficient of Dispersion	3.72%													
Standard Deviation	0.0613													
Coefficient of Variation	6.24%													
Price-related Differential	0.99													
RELIABILITY														
95% Confidence: Median														
Lower limit	0.938													
Upper limit	0.993													
95% Confidence: Mean														
Lower limit	0.956													
Upper limit	1.007													
SAMPLE SIZE EVALUATION														
N (population size)	1075													
B (acceptable error - in decimal)	0.05													
S (estimated from this sample)	0.0613													
Recommended minimum:	6													
Actual sample size:	22													
Conclusion:	OK													
NORMALITY														
Binomial Test														
# ratios below mean:	12													
# ratios above mean:	10													
z:	0.213200716													
Conclusion:	Normal*													
*i.e., no evidence of non-normality														

Improvement Sales for Area 010 with Sales Used

08/07/2012

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
010	010	145360	0740	12,695	2456554	\$1,900,000	08/31/10	\$149.67	CASCADE BUILDING	NC3-85	1	Y	
010	010	508785	0010	1,531	2377279	\$470,000	01/13/09	\$306.99	MAPLE COURT SEATTLE CONDOMINIUM	LR2 RC	1	Y	
010	010	510040	1240	2,100	2435155	\$429,900	03/26/10	\$204.71	MERRY MAIDS	NC2-40	1	Y	
010	010	510140	5310	9,226	2525809	\$1,200,000	01/06/12	\$130.07	ITALIAN SPAGHETTI HOUSE & PIZZA	C1-40	1	Y	
010	020	243490	0075	7,168	2440588	\$1,700,000	05/05/10	\$237.17	OFFICE BUILDING	NC3-65	1	Y	
010	020	292604	9234	7,826	2401128	\$1,350,000	07/24/09	\$172.50	MADISON BUILDING	L-4	1	Y	
010	020	572450	0430	2,430	2420353	\$950,000	12/02/09	\$390.95	NORTHWEST FAMILY LIFE	NC3-40	1	26	Imp changed after sale; not in ratio
010	020	617330	0130	1,526	2532418	\$495,000	02/29/12	\$324.38	NORTHGATE DENTAL BUILDING CONDO	LR3	2	Y	
010	030	260798	0010	1,776	2391244	\$360,000	05/12/09	\$202.70	FORTE'	NC2-40	1	Y	
010	030	272501	0020	984	2400518	\$265,000	07/13/09	\$269.31	GEMSTONE II CONDOMINIUM	LR3 RC	1	Y	
010	030	670150	0010	1,369	2460849	\$335,000	09/23/10	\$244.70	PEGASUS COURT CONDOMINIUM	NC2-40	1	Y	
010	040	156810	0555	5,519	2403142	\$1,000,000	08/04/09	\$181.19	DR CUE BILLIARDS	NB	1	Y	
010	040	162604	9067	2,800	2537473	\$294,700	04/03/12	\$105.25	SUNSHINE CAFE	NB	1	Y	
010	050	032604	9016	2,400	2492460	\$650,000	05/19/11	\$270.83	LAKE FOREST PARK MARKET	NB	1	Y	
010	070	011410	0660	3,250	2466376	\$550,000	10/21/10	\$169.23	BIG ED'S TAVERN	DC	2	Y	
010	070	011410	1255	3,624	2381688	\$945,000	02/27/09	\$260.76	BOTHELL SKI AND BIKE	RB	1	Y	
010	070	112604	9079	5,440	2445071	\$600,000	05/11/10	\$110.29	PROMETCO INC	RB	1	Y	
010	070	402770	0890	1,520	2469031	\$245,000	11/27/10	\$161.18	CHILDREN'S MONTESSORI SCHOOL	R6	1	Y	
010	070	416410	0225	2,276	2505485	\$4,500,000	08/14/11	\$1,977.15	INGLEWOOD EAST MOBILE HOME PARK	R12	1	Y	
010	080	222730	0140	10,207	2461285	\$1,300,000	09/29/10	\$127.36	ECHO LAKE OFFICE BUILDING	O	1	Y	
010	080	223250	0015	2,392	2441355	\$295,000	05/11/10	\$123.33	ECHO LAKE TAVERN	MUZ	1	Y	
010	080	329890	0010	2,400	2482289	\$687,500	03/08/11	\$286.46	HIGHLAND PARK PLACE CONDOMINIUM	CZ	1	Y	
010	080	728390	0440	4,061	2491167	\$905,000	04/28/11	\$222.85	DENTAL CLINIC	O	1	Y	

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
010	010	890350	0080	17,500	2422009	\$1,000,000	12/16/09	\$57.14	LUXURY CARS	C1-40	1	Y	
010	010	510040	0375	13,650	2437239	\$695,000	04/19/10	\$50.92	YINGS DRIVE IN RESTAURANT	C1-65	1	Y	
010	010	288770	1885	2,835	2484204	\$238,000	03/24/11	\$83.95	Commercial Retail Building	NC2-40	3	Y	
010	010	510040	2506	14,789	2538285	\$1,200,000	04/10/12	\$81.14	Old House & Vacant Lot	NC2-40	1	Y	
010	070	011410	0610	20,366	2481424	\$475,000	03/04/11	\$23.32	Vacant Lot	DC	1	Y	
010	080	930430	0255	3,150	2386074	\$285,000	04/06/09	\$90.48	PHOENIX CLUB	NB	1	Y	
010	080	329370	0085	59,016	2508374	\$2,150,000	08/31/11	\$36.43	7-11 RESTAURANT & LINE RETAIL	MUZ	1	Y	
010	080	182604	9098	50,530	2536296	\$1,500,000	03/20/12	\$29.69	Former OVERLAND TRAILER COURT	MUZ	1	Y	

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
010	010	145360	1001	17,030	2521392	\$445,356	12/02/11	\$26.15	AQUA DIVE HEALTH SPA	NC3-65	1	63	Sale price updated by sales id group
010	010	145360	1021	9,600	2386272	\$949,000	04/06/09	\$98.85	OFFICES & WAREHOUSE	NC3-65	1	61	Financial institution resale
010	010	145360	1021	9,600	2451742	\$789,000	07/26/10	\$82.19	OFFICES BUILDING	NC3-65	1	61	Financial institution resale
010	010	145360	1139	2,968	2493194	\$495,000	05/19/11	\$166.78	DENTAL OFFICE	NC2P-40	1	51	Related party, friend, or neighbor
010	010	282604	9276	3,819	2403988	\$635,030	08/13/09	\$166.28	OFFICE	C1-40	2	60	Short sale
010	010	342604	9118	16,478	2528460	\$1,300,000	01/27/12	\$78.89	THE ANCHOR CHURCH	SF 7200	1	33	Lease or lease-hold
010	010	510040	0245	17,130	2441088	\$300,000	05/13/10	\$17.51	SEATTLE/KING COUNTY CAMP FIRE	L-2	1	24	Easement or right-of-way
010	010	510040	0245	17,130	2407528	\$5,700	09/02/09	\$0.33	SEATTLE/KING COUNTY CAMP FIRE	L-2	1	24	Easement or right-of-way
010	010	510040	0245	17,130	2400260	\$3,425,000	07/16/09	\$199.94	SEATTLE/KING COUNTY CAMP FIRE	L-2	1	17	Non-profit organization
010	010	510040	0345	1,360	2400365	\$2,055,000	06/30/09	\$1,511.03	LAKE CITY CARS	C1-40	5	51	Related party, friend, or neighbor
010	010	882290	0690	4,140	2456881	\$650,000	08/31/10	\$157.00	PIONEER WOODWORKS	NC2P-65	1	44	Tenant
010	010	890250	0135	5,060	2466871	\$1,000,000	11/11/10	\$197.63	SHELL STATION & CAR WASH	C1-40	1	44	Tenant
010	030	204450	0340	3,750	2411996	\$529,400	09/17/09	\$141.17	AUTOMOTIVE EQUIP & SUPPLY INC	NC2-40	1	31	Exempt from excise tax
010	040	288170	0310	2,876	2500972	\$735,000	07/14/11	\$255.56	NORTH SEATTLE CHURCH OF GOD	R6	1	17	Non-profit organization
010	040	572750	0243	11,700	2400261	\$500	06/03/09	\$0.04	CREST THEATRE	NB	1	24	Easement or right-of-way
010	040	663290	0151	7,845	2503986	\$1,360,000	08/02/11	\$173.36	BLUE STAR OFFICE BUILDING	NB	1	13	Bankruptcy - receiver or trustee
010	050	397170	1605	3,364	2535032	\$250,000	03/22/12	\$74.32	ARCTIC MINI MART	RM 2400	1	60	Short sale
010	060	741770	0280	19,000	2456813	\$5,500	08/16/10	\$0.29	OFFICE & WAREHOUSE	MUZ	1	24	Easement or right-of-way
010	060	741770	0590	13,236	2507239	\$1,025,000	08/23/11	\$77.44	OFFICE BUILDING	CB	2	61	Financial institution resale
010	070	112604	9020	0	2506093	\$11,191,044	08/18/11	\$0.00	KENMORE PRE-MIX	RB	1	11	Corporate affiliates
010	070	112604	9153	1,813	2423636	\$297,814	12/28/09	\$164.27	OFF/SHOP	RB	1	22	Partial interest (1/3, 1/2, etc.)
010	080	072604	9082	14,700	2394728	\$21,550	05/04/09	\$1.47	HIGHLAND PARK AUTO SERVICE	I	2	31	Exempt from excise tax
010	080	072604	9098	18,900	2389303	\$166,950	03/16/09	\$8.83	PARKER'S	R12	1	31	Exempt from excise tax
010	080	072604	9104	21,240	2455394	\$12,641	07/23/10	\$0.60	CLUB HOLLYWOOD	MUZ	1	33	Lease or lease-hold
010	080	182604	9046	29,540	2382237	\$2,700,000	03/05/09	\$91.40	SHORELINE ATHLETIC CLUB	RB	1	44	Tenant
010	080	182604	9076	729	2523319	\$68,333	12/13/11	\$93.74	SMALL OFFICE	NB	1	51	Related party, friend, or neighbor
010	080	182604	9453	1,508	2377550	\$199,000	01/06/09	\$131.96	PIZZA HUT	RB	1	31	Exempt from excise tax
010	080	222730	0025	2,820	2539743	\$1,043,200	03/27/12	\$369.93	SERVICE GARAGE	MUZ	2	24	Easement or right-of-way
010	080	222790	0101	7,953	2529598	\$135,150	01/31/12	\$16.99	BUCKY'S MUFFLER	MUZ	1	63	Sale price updated by sales id group
010	080	288170	0340	18,400	2538491	\$3,000,000	04/13/12	\$163.04	SHORLINE CHRISTIAN CHURCH	R18	1	17	Non-profit organization
010	080	530610	0040	2,600	2534335	\$108,100	02/21/12	\$41.58	RETAIL	MUZ	1	63	Sale price updated by sales id group
010	080	777060	0020	62,003	2403700	\$25,216,883	08/12/09	\$406.70	CITY OF SHORELINE CIVIC CENTER	RB	1	53	Residual sales
010	080	937170	0005	1,710	2419977	\$89,760	08/05/09	\$52.49	USED CAR SALES	RB	3	31	Exempt from excise tax

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
010	010	510140	5885	7,062	2424490	\$260,000	12/31/09	\$36.82	Vacant	C1-40	1	24	Easement or right-of-way
010	010	766370	0263	26,050	2451379	\$750,000	07/22/10	\$28.79	Convenience Market	C1-40	1	23	Forced sale
010	010	766370	0810	1,169	2446517	\$8,889	05/13/10	\$7.60	VACANT LAND	L-3	1	18	Quit claim deed
010	010	766370	0900	83,129	2522936	\$5,360,000	12/14/11	\$64.48	CARL NORTH CO	C1-65	1	52	Statement to dor
010	080	062604	9176	25,075	2497286	\$300,000	06/22/11	\$11.96	PAVED PARKING	MUZ	2	22	Partial interest (1/3, 1/2, etc.)
010	080	728590	0005	10,446	2381500	\$669,000	02/27/09	\$64.04	VACANT LAND	RB	1	31	Exempt from excise tax