

Commercial Revalue

2012 Assessment roll

HOTEL
AREA 160

**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.

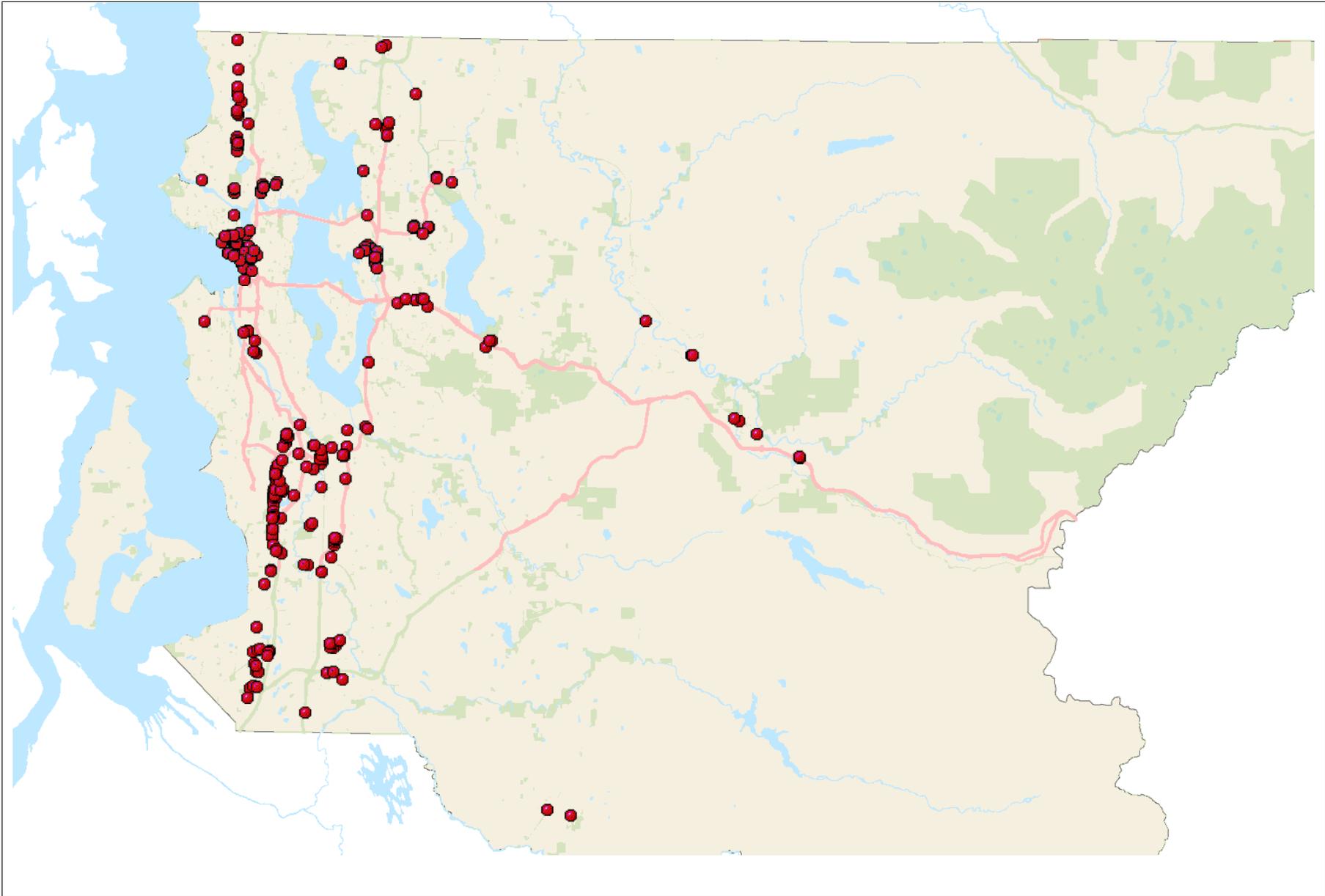
Fair and uniform assessments set the foundation for effective government and I am pleased that we are able to make continuous and ongoing improvements to serve you.

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

KING COUNTY HOTELS - 160



Executive Summary Report

Appraisal Date 1/1/12

2013 Assessment Roll

Specialty Name: Hotels/Motels

Sales – Improved Analysis Summary:

Number of Sales: 6

Range of Sales Dates: 7/2010 – 6/2011

Sales - Ratio Study Summary:				
	<i>Average AV</i>	<i>Average Sale Price</i>	<i>Ratio</i>	<i>COV*</i>
2011 Value	\$19,342,600	\$27,677,500	69.90 %	18.40%
2012 Value	\$25,226,800	\$27,677,500	91.10%	7.37%
Change	\$5,884,200	0	21.20%	- 11.03 %
% Change	30.42%	0%	30.33%	- 0.60 %

*COV 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 included land, and were not leased back to the seller, and have not been renovated, segregated or merged since being purchased, were included in the analysis.

The Ratio Study Summary indicates a weighted mean ratio of 91.10%. All other performance measures are within IAAO guidelines.

Population – Parcel Summary Data :			
	<i>Land</i>	<i>Improvements</i>	<i>Total</i>
2011 Value	\$1,036,986,400	\$2,094,123,200	\$3,131,109,600
2012 Value	\$1,038,891,700	\$2,396,877,500	\$3,435,702,600
Percent Change	+ 0.18 %	+ 14.46 %	+ 9.73 %

Number of Parcels in the Population: 311

Conclusion and Recommendation:

Assessed values for the 2012 revalue have increased on average 9.73%.

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

Analysis Process

Effective Date of Appraisal: January 1, 2012

Date of Appraisal Report: August 9, 2012

Specialty

- ❖ Specialty Area 160 – Hotels and Motels

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 the 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. The current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a token value of \$1,000 is assigned to the improvements and the property is returned to the geographical appraiser.

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 by field inspection, review of plans, marketing information, and rent rolls when available.

Special Assumptions and Limiting Conditions

All three approaches to value were considered in this analysis.

- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of a minimum of three years of market information without adjustment for time averaged any net changes over that time period.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

- ❖ ***Name or Designation:*** Hotels/Motels
- ❖ ***Boundaries:*** The properties are located throughout King County.

Maps:

A GIS 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.

Property Descriptions:

All hotels and motels.

Market Regions:

The Hotel Specialty has been segmented into five market regions for King County. The following is a brief description of each market region

Downtown Hotels & Motels – 160-10

This is primarily the Seattle Central Business District geographic boundary. The region extends from Lower Queen Anne on the north to Safeco Field on the south, from Puget Sound on the west to Broadway on the East. There are presently 71 hotels and motels in this area which comprise 23% of the hotel-motel population.

Greater Eastside Hotels & Motels – 160-20

This region is comprised of all properties located east of Lake Washington from the Bellevue city limits all the way north to the county line. This includes Mercer Island, Bellevue, Issaquah, North Bend, Snoqualmie, Kirkland, Redmond, Woodinville, and Bothell. There are 59 hotels and motels in this region which make up 19% of the total hotel-motel population.

Northend Hotels & Motels – 160-30

All properties west of Lake Washington and from the University District north are in this region. Most of the motels are located along the Aurora Strip. There are 37 hotels and motels in this area which account for 12% of the population.

SeaTac Hotels & Motels – 160-40

Properties located within West Seattle, Renton, Tukwila, South Center, and SeaTac generally describe this region. Many of the hotels and motels are along Pacific Highway S., also called International Blvd. S. There are 91 hotels and motels in this area and they are 29% of the hotel-motel population.

Southend Hotels & Motels – 160-50

Properties located within Kent, Auburn, and Federal Way are in this region and south to the Pierce County line. This area has 53 hotels and motels that make up 17% of the total hotel-motel population.

Hotel & Motel Types:

Hotels and motels have been segregated into two major types. The assessor uses Smith Travel Services to develop income models and several have been developed for each type based on room rate and number of rooms. The following is a brief description of each type of hotel or motel.

Economy/Limited Service Hotels/Motels

Hotels with “rooms only” operation and no food and beverage except possibly continental breakfast are considered limited service. They have lower-tier pricing and do not offer restaurant, lounge, or banquet service. These hotels may or may not possess meeting space. Most limited service hotels are very dependent on their chain affiliation for consumer recognition, reservation contribution, and a perception of quality. There is one model for this category: Limited Service Hotels in the Pacific Region of the country.

Full Service Hotels/Motels

Hotels with restaurant and lounge facilities, meeting space, and a minimum service and amenities level, from moderate to lower, and upper-tier pricing, are full service hotels/motels. Also included are high-quality hotels offering personalized guest services typically with extensive amenities. Highest upper-tier pricing also includes four and five-star resorts. There are four models for this category of hotel. The first model is for hotels with less than 150 rooms. The second model is for hotels with a room count between 150 to 300 rooms. The third model is for hotels that have between 300 to 500 rooms. The fourth model is for hotels with over 500 rooms.

Economic Conditions

Limited-service generally refers to midscale lodging facilities without food and beverage services. These hotels do not have on-site restaurants or other services that are provided by an employee other than the front desk or maid services. They may typically offer continental breakfasts, vending machine provisions, and/or small packaged items, Internet access or swimming pools are also available in many of these establishments. Limited-service hotels are abundant in numbers. These properties are less costly to construct and maintain. Food and beverage services are not very profitable due to high labor costs and supply associated with food provisions. They appeal to budget-conscious families and travelers who are willing to forgo frills in exchange for lower room prices and they depend largely on leisure travelers. A mid-market brand is one that offers a reasonable quality product at a lower rate by cutting back on or eliminating multiple restaurants, meeting space, room service, bell staff, concierge, business centers, fitness facilities, etc. However, the rooms themselves can be comparable to those of more expensive full service lodgings. For the most budget conscious traveler, a lesser market brand or independently owned limited service motel offers a place to rest at marginal cost.

Full-service hotels offer a variety of services for their guests and nearly always include one or more restaurant and beverage service choices other than self-service—from espresso bars and lunch booths to cocktail lounges and stylish restaurants. They typically provide room service. It is also commonplace for these larger full-service hotels to have a range of retail stores on the premises, such as gift boutiques, newsstands, and drug and beauty counters, some of which may be geared to a swanky clientele. Most full-service hotels offer guests laundry and valet services, swimming pools, beauty salons, and fitness centers or health spas. A small—but growing—number of hotel chains also manage condominium units in combination with their hotel rooms, providing both hospitality guests and condominium owners access to the same benefits and amenities.

The largest hotels have banquet quarters, exhibit halls, and ample ballrooms/meeting rooms to accommodate conventions, business meetings, bridal parties, and other societal events. Conventions and corporate assemblies are major sources of revenue for these hotels. Commercial hotels are also known as conference hotels—fully self-contained properties specifically designed for large-scale events. They provide physical fitness and recreational facilities for attendees, in addition to state-of-the-art audiovisual and technical equipment, a business center, and banquet services. Large capacity amphitheaters with lap top and electrical outlets have been built in some of the newer hotels.

Full service lodgings, on the other hand, rely extensively on the business travel sector. The most experienced and efficient general managers persistently procure corporate contracts that improve occupancy during good times and shelter hotels during tough economic cycles. These executives recognize that meeting quarters, business centers, internet wireless access, convention type facilities, banquet space, and general amenities expected by the business travel sector are essential to the success of a full service hotel.

They also continuously adapt to the ever changing business world and devise innovative techniques to stay at the forefront of the competition and realize the necessity of constant maintenance and upgrade of furniture, fixture, and equipment.

The local hospitality industry of 2011 began on a slight uptick from 2010 and then experienced improvement throughout the year. During 2011, the occupancy levels improved and room prices began to rise. The continued lack of new hotel construction has contributed to an improved profit growth rate. The second half of 2011 saw occupancy levels rise as well as increased demand for hotel rooms signaling industry recovery.

There were several significant hotel sales in 2011. There are fewer bank sales for smaller, limited service motels. However, strong sales of larger, significant hotels appeared the first half of 2011 indicating a recovery for the hospitality industry and whose capitalization rates are quoted between 5% and 7%. So far, 2012 also saw healthy hotel sales. The Monaco Hotel was advertised internally and sold to the highest of three different bidders. The Homewood Suites in Seattle was on the market and sold to Chesapeake Lodging Trust. The Red Lion on Fifth Ave was purchased by Lowe Enterprises, a diversified real estate investment and management company.

SIGNIFICANT HOTEL SALES					
HOTEL NAME	NUMBER OF ROOMS	SALE DATE	EXCISE NUMBER	SALES PRICE	PRICE PER ROOM
HOTEL MONACO	189	4/7/2011	2486026	\$41,477,000	\$219,455
HOMEWOOD SUITES - SEATTLE	193	5/2/2011	2489753	\$51,839,722	\$268,600
RED LION – FIFTH AVE SEATTLE	297	6/14/2011	2495844	\$63,700,000	\$214,478

The new hotel added in 2011 is the La Quinta Inn & Suites in Auburn with 70 rooms.

NEW 2011 HOTELS		
HOTEL NAME	NUMBER OF ROOMS	LOCATION
LA QUINTA INN & SUITES - AUBURN	70	AUBURN

There are a number of permitted hotels whose construction has not yet begun. A new 218 Hampton Inn & Suites is slated to open on August 5th, 2012.

HOTELS UNDER CONSTRUCTION 2012		
HOTEL NAME	NUMBER OF ROOMS	LOCATION
HAMPTON INN & SUITES	218	SEATAC AIRPORT

The capitalization rates decreased in 2011 with most national capitalization rates hovering between 5.75% and 9.00%. Luxury hotels saw much lower capitalization rates than lower end, limited service facilities.

HOTEL CAPITALIZATION RATES			
SOURCE	DATE	TYPE	AVERAGE
CB RICHARD ELLIS	1Q-2012	LUXURY HOTELS	5.50% - 5.75%
CB RICHARD ELLIS	1Q-2012	FULL SERVICE	5.75% - 6.50%
CB RICHARD ELLIS	1Q-2012	SELECT SERVICE	9.00% - 11.00%
CB RICHARD ELLIS	1Q-2012	ECONOMY	10.00% - 12.00%
EMERGING TRENDS IN REAL ESTATE	1Q-2012	FULL SERVICE	7.70%
EMERGING TRENDS IN REAL ESTATE	1Q-2012	LIMITED SERVICE	7.90%
IRR - VIEWPOINT 2012	1Q-2012	CBD - LODGING	9.00%
IRR - VIEWPOINT 2012	1Q-2012	SUBURBAN	9.50%
IRR - VIEWPOINT 2012	1Q-2012	AIRPORT	9.50%
KIDDER MATTHEWS	4Q-2011	TOP TIER HOTELS	5.00% - 7.00%
KIDDER MATTHEWS	4Q-2011	BOTTOM TIER HOTELS	10.00% - 12.00%
RERC	4Q-2011	HOTELS	6.50%

Physical Inspection Area:

- ❖ The physical inspection area for the 2012 revalue included all hotels and motels in geographic area 160-20, the east side of King County. This area encompasses Bellevue, Kirkland, Redmond, Bothell, Issaquah, Woodinville, Snoqualmie, North Bend, etc.

Preliminary Ratio Analysis

A Ratio Study was done August 9, 2012, 2012 with 2011 assessed values. The study included sales of improved parcels and showed a COV of 18.40%.

An additional Ratio Study was completed using the recommended values for 2012. The results are included in the validation section of this report and show a change in the COV from 18.40% to 7.37%.

Scope of Data

Land Value Data

The geographic appraiser in the area in which the specialty property is located is responsible for the land value used by the specialty appraiser. See appropriate area reports for land valuation discussion.

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. A sales questionnaire was mailed to sellers and purchasers of properties which sold in Specialty Area 160. Participation was voluntary and the response was modest. In addition, sales were verified, when possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Property characteristics are 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.

Improved Parcel Total Values:

Sales comparison approach model description

The model for sales comparison was based on several data sources from the Assessor's records; whether a full or limited service hotel, number of rooms, year built, effective year, sale date, sale price, and sale price per room. There were 7 improved sales within the hotel/motel specialty dating from 7/29/2010 to 6/14/2011 and considered fair market transactions. The sales were organized by neighborhood, hotel type (limited service or full service), number of rooms, and quality level. A search was made on data that most closely fit a subject property within each geographic area. All sales were verified if possible by calling either the purchaser or seller, inquiring in the field, sending out a questionnaire, or calling the broker. Characteristic data was verified for all sales if possible. Sales are listed in the attached "Sales Used" appendix report.

Sales comparison calibration

After an initial search for comparable sales within each geographic area a search is made in neighboring areas and expands to include all of the county and nation if necessary. For the hotel specialty, hotel type (limited or full service), number of rooms, and quality level are important.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application

Cost calibration

The Marshall & Swift cost-modeling system built into the Real Property Application is calibrated to this region and the Seattle area.

Income capitalization approach model description

Five income models were developed for income capitalization of hotels/motels. Each model is specific and is used for any hotel/motel depending on number of rooms, average daily rate, full, or limited service. All expenses used in the five models were obtained from industry averages compiled by the Host Study by Smith Travel Research-2011 Edition. Model examples are contained in the Sample Worksheet Section. The models take into account all of the revenue and expense components that are relevant to the appraisal of hotels: hotel type (full or limited service), number of rooms, average daily rate, occupancy rates, revenue per available room, additional revenues (food, telecommunications, rentals, and other income), departmental expenses, undistributed operating expenses, franchise and management fees, and fixed charges (property taxes and municipal charges, insurance, reserves for capital replacements). The net operating income is capitalized and the personal property is deducted to arrive at the real property value which also generates a price per room and gross revenue multiplier. The assessor utilizes the appraisal methods developed by Stephen Rushmore, MAI. Adjustments are made to the average daily and occupancy rates to reflect the influence of location. Financial data is gathered through physical inspection, sales verification, financial publications, questionnaires mailed by the assessor, and information provided by the appellants for the purposes of appeals.

Income approach calibration

Each hotel and motel was valued on an individual basis. All values were then reviewed and calibrated to market tendencies. The assessor sends out a yearly income survey letter to all hotel owners in order to determine appropriate income and expense parameters.

Income: income parameters relevant to hotels are first and foremost measured by the hotel's Average Daily Rate and its typical Occupancy level. Hotels may also generate revenues through other sources such as food and beverage, telecommunications, banquet services, conventions, etc.

Expenses: most hotels' expenses are broken down into several categories: departmental expenses (rooms, food and beverage, telecommunications, other operated departments), undistributed expenses (administrative and general, marketing, utility costs, and property maintenance), franchise and management fees, fixed charges (property taxes and municipal charges), insurance, and reserves for replacement.

Capitalization Rates: the range of capitalization rates used by the assessor was derived from published sources as well as verified sales. Lower capitalization rates were applied to modern and higher quality hotels in the central business districts such as downtown Seattle and downtown Bellevue. Higher capitalization rates were applied to older, lesser quality hotels in more suburban locations.

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 was considered but most weight was given to the income approach.

 OCCUPANCY	 REVPAR	 CAPITALIZATION RATES	 VALUES
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Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed 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 particular characteristics and conditions as they occur in the valuation area.

The new assessment level is 91.10% and the 2011 and 2012 Ratio Analysis charts included in this report.

The total assessed value for the 2011 assessment year for Specialty Area 160 was \$3,131,109,600. The total recommended assessed value for the 2012 assessment year is \$3,435,702,600.

The income approach was primarily used to derive the total value for the Hotels. The land values were set by the geographic appraisers then subtracted from the total value to determine the improvement value. Land values appreciated by +0.18% and improvement values by +14.46%. Application of the recommended values for the 2012 assessment year (taxes payable in 2013) results in a total change from the 2011 assessments of +9.73%.

	2011 Total	2012 Total	\$ TOTAL	% Change
TOTAL VALUE	\$3,131,109,600	\$3,435,702,600	+ \$304,593,000	+ 9.73%

The increase is primarily due to changes in investors' expectations for an improved hospitality industry.

USPAP Compliance

Client and Intended Use of the Appraisal:

This mass appraisal report is intended for use by the public, King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others for other purposes 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)

Retrospective market values are reported herein because the date of the report is subsequent to the effective date of valuation. The analysis reflects market conditions that existed on the effective date of appraisal.

Highest and Best Use

RCW 84.40.030

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

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

WAC 458-07-030 (3) True and fair value -- Highest and best use.

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

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922))

The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

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

Date of Value Estimate

RCW 84.36.005

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.

RCW 36.21.080

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.

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 Dictionary of Real Estate Appraisal, 3rd Addition, 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:

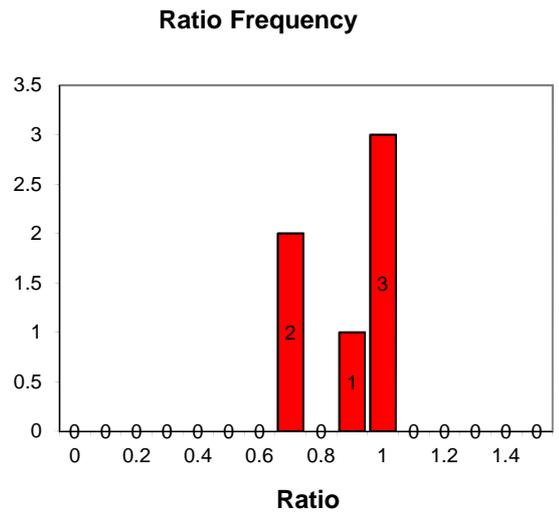
Research and analyses performed are identified in the body of the revaluation report. The assessor has no access to title reports and other documents. Because of legal limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations 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.

Area 160 - Hotels
2012 Assessment Year

Parcel Number	Assessed Value	Sale Price	Sale Date	Ratio	Diff: Median
066000-1832	34,709,300	51,839,722	5/2/2011	0.6696	0.1914
094200-0145	34,020,500	41,477,000	4/7/2011	0.8202	0.0407
197570-0255	38,684,800	63,700,000	6/14/2011	0.6073	0.2536
212104-9078	4,168,900	4,300,000	4/20/2011	0.9695	0.1086
332304-9142	3,750,600	3,948,000	5/30/2011	0.9500	0.0891
346880-0455	721,300	800,000	7/29/2010	0.9016	0.0407

Area 160 - Hotels
2012 Assessment Year

Quadrant/Crew:	Appr date :	Date:	Sales Dates:
North Crew	1/1/2011	8/9/2012	1/1/09 -12/31/11
Area	Appr ID:	Prop Type:	Trend used?: Y / N
160	RUPE	Improvement	N
SAMPLE STATISTICS			
<i>Sample size (n)</i>	6		
<i>Mean Assessed Value</i>	19,342,600		
<i>Mean Sales Price</i>	27,677,500		
<i>Standard Deviation AV</i>	18,142,775		
<i>Standard Deviation SP</i>	27,942,285		
ASSESSMENT LEVEL			
<i>Arithmetic mean ratio</i>	0.820		
<i>Median Ratio</i>	0.861		
<i>Weighted Mean Ratio</i>	0.699		
UNIFORMITY			
<i>Lowest ratio</i>	0.6073		
<i>Highest ratio:</i>	0.9695		
<i>Coefficient of Dispersion</i>	14.02%		
<i>Standard Deviation</i>	0.1509		
<i>Coefficient of Variation</i>	18.40%		
<i>Price-related Differential</i>	1.17		
RELIABILITY			
95% Confidence: Median	These figures reflect measurements before posting new values.		
<i>Lower limit</i>			
<i>Upper limit</i>	0.970		
95% Confidence: Mean			
<i>Lower limit</i>			
<i>Upper limit</i>	0.940		
SAMPLE SIZE EVALUATION			
<i>N (population size)</i>	278		
<i>B (acceptable error - in decimal)</i>	0.05		
<i>S (estimated from this sample)</i>	0.1509		
Recommended minimum:	32		
<i>Actual sample size:</i>	6		
Conclusion:	Uh-oh		
NORMALITY			
Binomial Test			
<i># ratios below mean:</i>	2		
<i># ratios above mean:</i>	4		
<i>z:</i>	0.40824829		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			



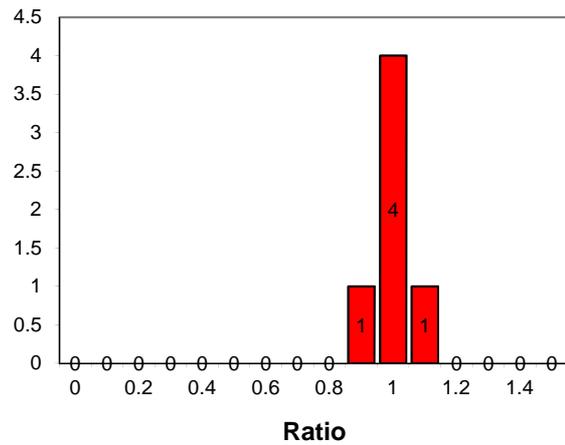
Area 160 - Hotels
2012 Assessment Year

Parcel Number	Assessed Value	Sale Price	Sale Date	Ratio	Diff: Median
066000-1832	43,607,400	51,839,722	5/2/2011	0.8412	0.0989
094200-0145	39,281,100	41,477,000	4/7/2011	0.9471	0.0070
197570-0255	59,438,800	63,700,000	6/14/2011	0.9331	0.0070
212104-9078	4,142,600	4,300,000	4/20/2011	0.9634	0.0233
332304-9142	4,160,400	3,948,000	5/30/2011	1.0538	0.1137
346880-0455	730,200	800,000	7/29/2010	0.9128	0.0273

Area 160 - Hotels
2012 Assessment Year

Quadrant/Crew:	Appr date :	Date:	Sales Dates:
North Crew	1/1/2012	8/9/2012	1/1/09 - 12/31/11
Area	Appr ID:	Prop Type:	Trend used?: Y / N
160	RUPE	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	6		
Mean Assessed Value	25,226,800		
Mean Sales Price	27,677,500		
Standard Deviation AV	25,275,486		
Standard Deviation SP	27,942,285		
ASSESSMENT LEVEL			
Arithmetic mean ratio	0.942		
Median Ratio	0.940		
Weighted Mean Ratio	0.911		
UNIFORMITY			
Lowest ratio	0.8412		
Highest ratio:	1.0538		
Coefficient of Dispersion	4.91%		
Standard Deviation	0.0694		
Coefficient of Variation	7.37%		
Price-related Differential	1.03		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.841		
Upper limit	1.054		
95% Confidence: Mean			
Lower limit	0.886		
Upper limit	0.997		
SAMPLE SIZE EVALUATION			
N (population size)	278		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.0694		
Recommended minimum:	8		
Actual sample size:	6		
Conclusion:	Uh-oh		
NORMALITY			
Binomial Test			
# ratios below mean:	3		
# ratios above mean:	3		
z:	-0.40824829		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			

Ratio Frequency



These figures reflect measurements after posting new values.

Improvement Sales for Area 160 with Sales Used

08/29/2012

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
160	010	066000	1832	128,375	2489753	\$51,839,722	05/02/11	\$403.81	PIKE STREET SUITES HOTEL - DO	NC3P-85	2	Y	
160	010	094200	0145	133,884	2486026	\$41,477,000	04/07/11	\$309.80	HOTEL MONACO	DOC1 U/	1	Y	
160	010	197570	0255	272,787	2495844	\$63,700,000	06/14/11	\$233.52	RED LION ON FIFTH AVENUE	DRC 85-	1	Y	
160	030	276770	3000	4,500	2459397	\$1,000,000	09/22/10	\$222.22	STARLIGHT HOTEL	NC2-65	1	26	Imp changed after sale; not in ratio
160	040	332304	9142	36,648	2494157	\$3,948,000	05/30/11	\$107.73	QUALITY INN - SEATAC	CB-C	1	Y	
160	040	346880	0455	6,116	2453233	\$800,000	07/29/10	\$130.80	AIRLANE MOTEL	C1-40	1	Y	
160	050	212104	9078	55,200	2488293	\$4,300,000	04/20/11	\$77.90	SUPER 8 MOTEL	CE	1	Y	

Improvement Sales for Area 160 with Sales not Used

08/29/2012

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Pa r. Ct.	Ver. Code	Remarks
160	050	292104	9052	4,323	2387561	\$10,635	01/27/09	\$2.46	SIESTA MOTEL	CE	1	24	Easement or right-of-way
160	020	322505	9061	324,133	2395743	\$25,781	06/12/09	\$0.08	HILTON HOTEL - BELLEVUE	OLB	1	24	Easement or right-of-way
160	040	000320	0006	0	2400083	\$11,700	07/09/09	\$0.00	TOWNE & COUNTRY SUITES MOTEL (c	RCM	1	24	Easement or right-of-way
160	050	000080	0040	12,960	2409116	\$2,010,000	09/22/09	\$155.09	NENDELS VALU INN	C3	1	15	No market exposure
160	040	100360	0125	0	2410193	\$8,500,000	09/29/09	\$0.00	WAMU (training center) Cedarbroo	UL-7200	4	23	Forced sale
160	050	232204	9068	34,786	2424163	\$2,900,000	12/30/09	\$83.37	DAYS INN - KENT	GC-MU	1	61	Financial institution resale
160	020	334330	1120	35,608	2425154	\$3,775,130	01/04/10	\$106.02	GUEST HOUSE INN & SUITES - RENTO	CA	1	31	Exempt from excise tax
160	040	302305	9117	49,260	2434018	\$5,400,000	03/23/10	\$109.62	CLARION HOTEL - RENTON	CA	1	61	Financial institution resale
160	020	334330	1120	35,608	2434487	\$4,350,000	03/25/10	\$122.16	GUEST HOUSE INN & SUITES - RENTO	CA	1	61	Financial institution resale
160	040	358529	0010	64,294	2438567	\$2,000	04/16/10	\$0.03	MARRIOTT TOWNEPLACE SUITES-KEN	M1-C	1	24	Easement or right-of-way
160	040	273410	0245	3,850	2452660	\$318,000	07/21/10	\$82.60	CHIEF SEATTLE MOTEL	C1-40	1	61	Financial institution resale
160	040	095200	8175	24,998	2459724	\$2,600,000	09/20/10	\$104.01	SEATTLE WEST INN & SUITES	C1-65	1	15	No market exposure
160	040	182305	9077	8,695	2475416	\$500,000	01/19/11	\$57.50	WEST WIND MOTEL -RENTON	CA	1	15	No market exposure
160	040	526330	0025	7,280	2480501	\$650,000	02/24/11	\$89.29	STAR MOTEL - SEATTLE SOUTH	C1-65	2	61	Financial institution resale
160	030	099300	0495	5,700	2483662	\$1,130,000	03/24/11	\$198.25	GREEN LAKE MOTEL	C1-65	1	19	Seller's or purchaser's assignment
160	030	643000	0810	18,678	2505368	\$1,350,000	08/15/11	\$72.28	EVERSPRING INN	C1-40	1	61	Financial institution resale
160	040	342304	9320	52,391	2515146	\$3,700,000	10/13/11	\$70.62	MOTEL 6	CB	3	23	Forced sale