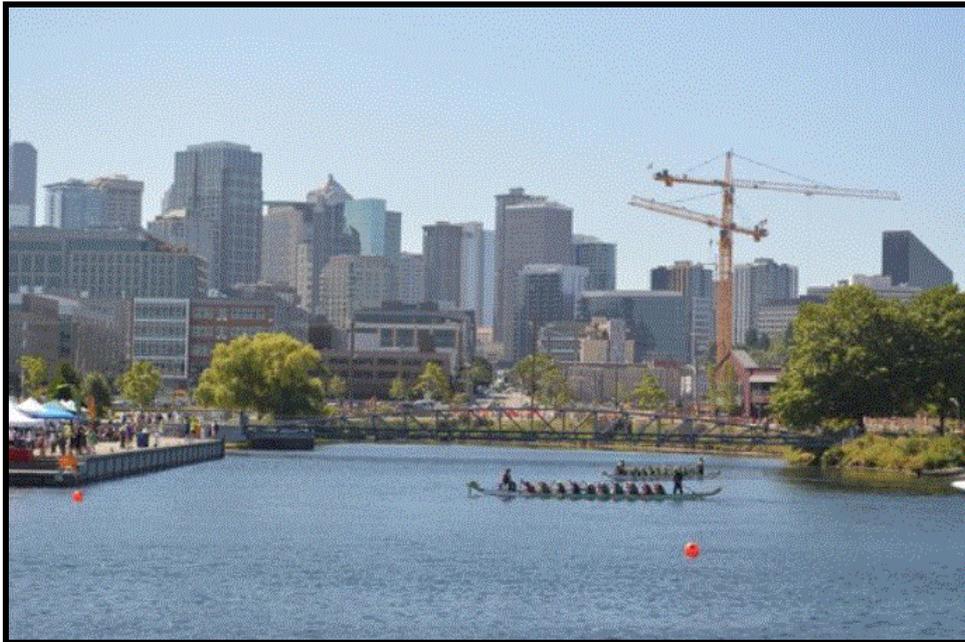
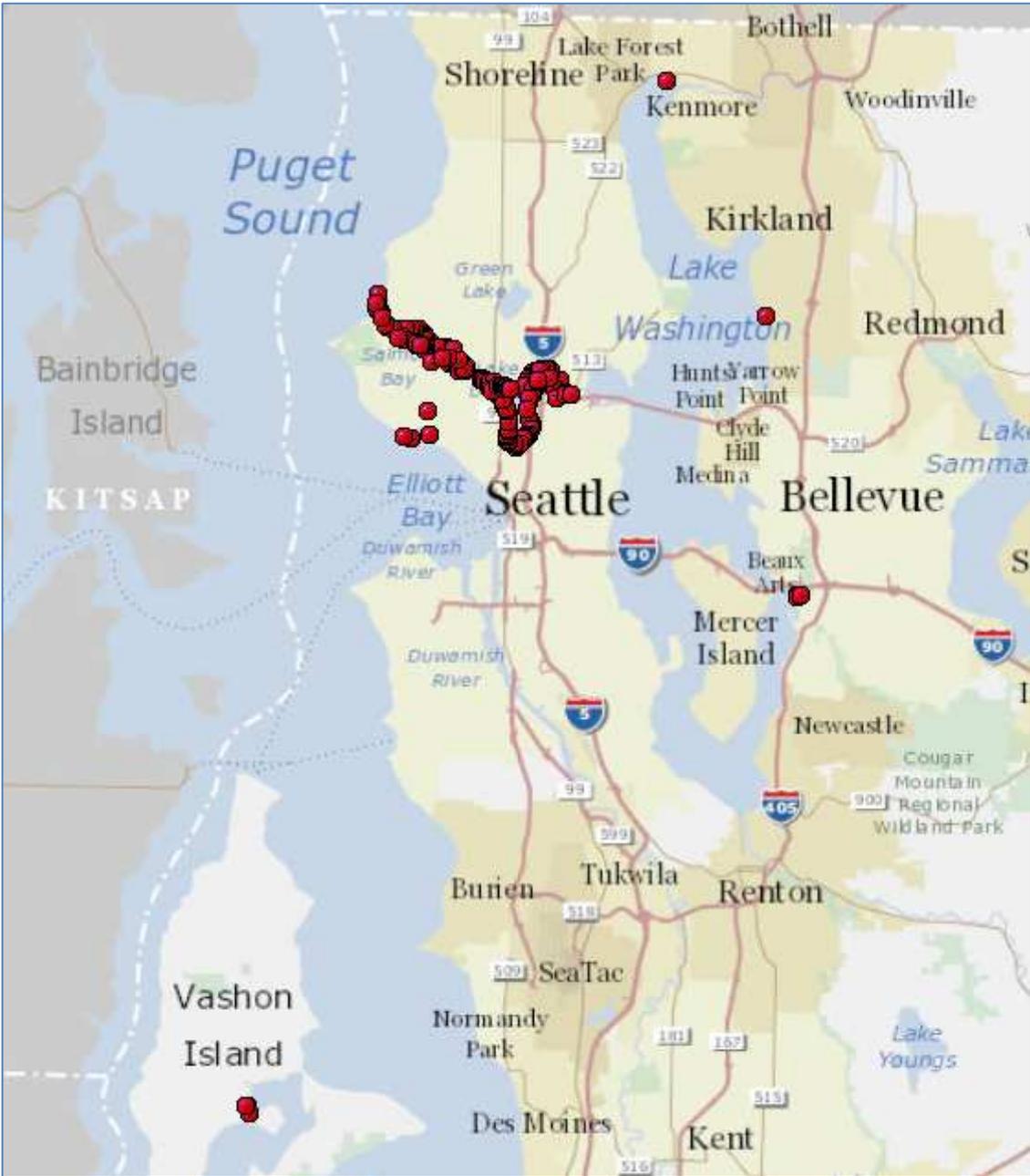


Commercial Revalue 2015 Assessment Roll

Commercial Waterfront Area 12



Area 12
Commercial Waterfront





King County

Department of Assessments

King County Administration Bldg.
500 Fourth Avenue, ADM-AS-0708
Seattle, WA 98104-2384
(206) 296-5195 FAX (206) 296-0595
Email: assessor.info@kingcounty.gov

Lloyd Hara *Assessor*

As we start preparations for the 2015 property assessments, it is helpful to remember that the mission and work of the Assessor's Office sets the foundation for efficient and effective government and is vital to ensure adequate funding for services in our communities. Maintaining the public's confidence in our property tax system requires that we build on a track record of fairness, equity, and uniformity in property assessments. Though we face ongoing economic challenges, I challenge each of us to seek out strategies for continuous improvement in our business processes.

Please follow these standards as you perform your tasks.

- Use all appropriate mass appraisal techniques as stated in Washington State Laws, Washington State Administrative Codes, Uniform Standards of Professional Appraisal Practice (USPAP), and accepted International Association of Assessing Officers (IAAO) standards and practices.
- Work with your supervisor on the development of the annual valuation plan and develop the scope of work for your portion of appraisal work assigned, including physical inspections and statistical updates of properties;
- Where applicable, validate correctness of physical characteristics and sales of all vacant and improved properties.
- Appraise land as if vacant and available for development to its highest and best use. The improvements are to be valued at their contribution to the total in compliance with applicable laws, codes and DOR guidelines. The Jurisdictional Exception is applied in cases where Federal, State or local laws or regulations preclude compliance with USPAP;
- Develop and validate valuation models as delineated by IAAO standards: Standard on Mass Appraisal of Real Property and Standard on Ratio Studies. Apply models uniformly to sold and unsold properties, so that ratio statistics can be accurately inferred to the entire population.
- Prepare written reports in compliance with USPAP Standard 6 for Mass Appraisals. The intended users of your appraisals and the written reports include the public, Assessor, the Boards of Equalization and Tax Appeals, and potentially other governmental jurisdictions. The intended use of the appraisals and the written reports is the administration of ad valorem property taxation.

Lloyd Hara
King County Assessor



King County

Department of Assessments
Accounting Division

500 Fourth Avenue, ADM-AS-0740
Seattle, WA 98104-2384

(206) 205-0444 FAX (206) 296-0106

Email: assessor.info@kingcounty.gov

<http://www.kingcounty.gov/assessor/>

Lloyd Hara
Assessor

Dear Property Owners:

Property assessments for the 2015 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 2015 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

Executive Summary Report

Appraisal Date January 1, 2015 - 2015 Assessment Year

Specialty Area: Area 12

Specialty Name: Commercial Waterfront

Parcel Count: 197 parcels (865 including condo slips)

Number of sales: 7 (2012 – 2014)

Population – Parcel Summary Data:			
	Land	Imps	Total
2014 Value	\$581,417,900	\$210,489,467	\$791,907,367
2015 Value	\$637,581,500	\$225,017,700	\$862,599,200
Percent Change	+9.66%	+6.90%	+8.93%

No ratio studies were included with this report due to the small number of sales relative to the size of the Area population.

Value change did not include tax exempt properties

Conclusion and Recommendation:

Total assessed values for the 2015 revalue have increased 8.93%

Since the values recommended in this report improve equity, we recommend posting these values for the 2015 assessment year.

Analysis Process

Effective Date of Appraisal: January 1, 2015

Date of Appraisal Report: June 30, 2015

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.

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

Special Assumptions and Limiting Conditions:

All three approaches to value were considered in this appraisal.

The following Department guidelines were considered and adhered to:

Market trends (market condition adjustments, time adjustments) were considered for the sales prices of the sales available in the current market cycle.

This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation:

Specialty Area 12 Commercial Waterfront

Boundaries:

Commercial waterfront properties in King County primarily located in Lake Union and Ballard.

Maps:

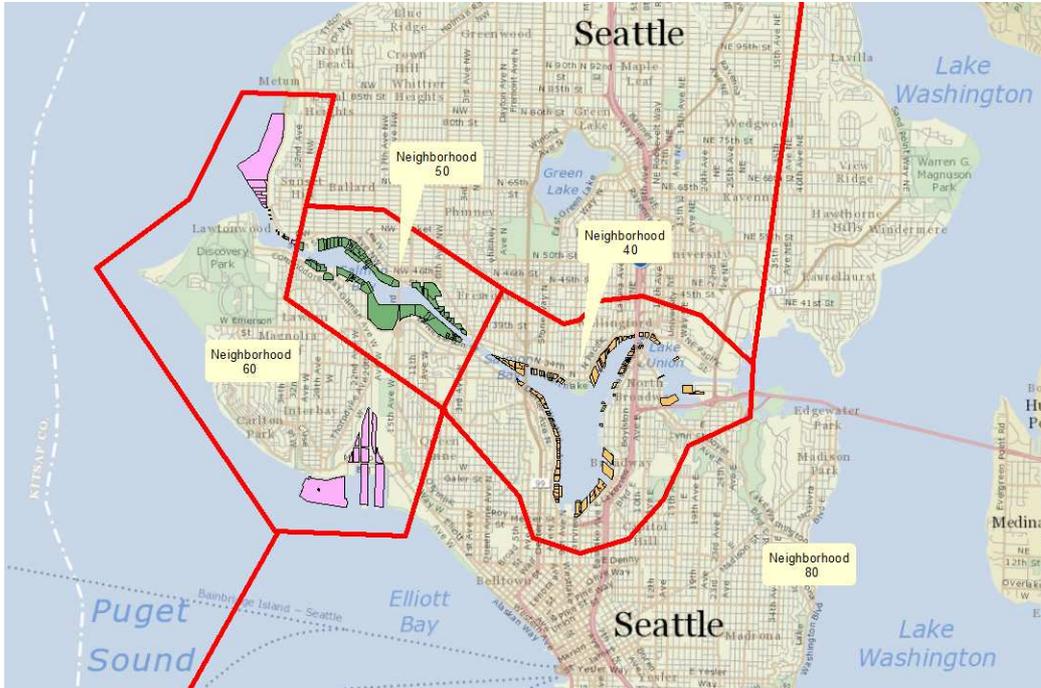
A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building. GIS was emphasized in the mapping and valuation of this specialty area.

Area Description:

Description & Boundaries: The Commercial Waterfront Specialty Area 12 consists primarily of the commercially zoned waterfront properties within Seattle located from Portage Bay to the Shilshole area of Ballard. Portions of Elliott Bay are included along with several marinas located on Lake Washington and Vashon Island.

Specialty Area 12 properties consists of a mixture of commercial and industrial use waterfront properties including marinas, shipyards, office buildings, retail and restaurants. Residential use properties, including houseboats are not included within this specialty as well as the commercial waterfront properties adjacent to the Seattle downtown business district and the Duwamish River area. Tax exempt properties were not included with this revalue.

Neighborhoods:



The Commercial Waterfront Specialty Area 12 is divided into 4 neighborhoods:

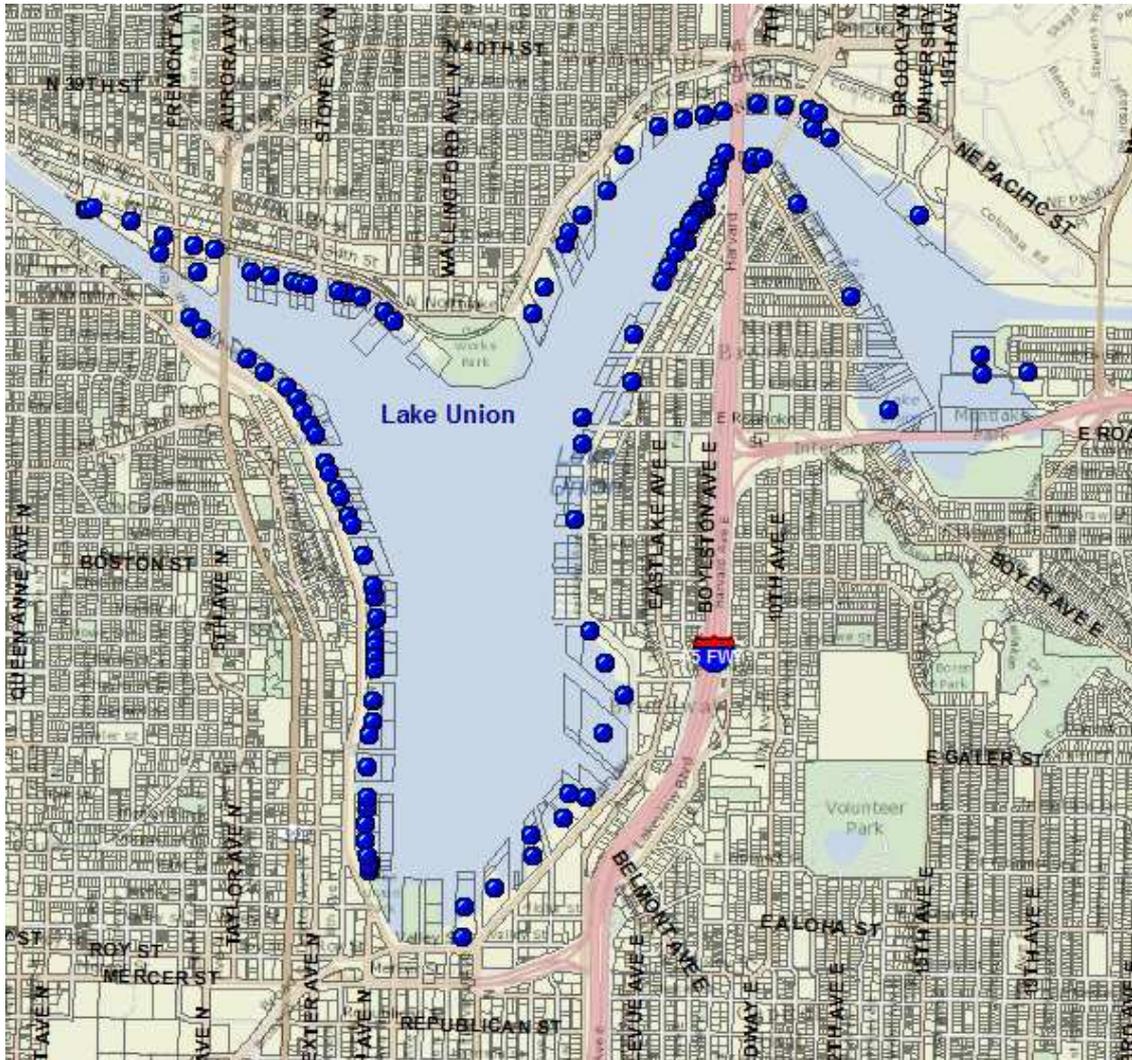
Neighborhood 40: Lake Union and Portage Bay

Neighborhood 50: Ballard and north Magnolia

Neighborhood 60: Shilshole and south Magnolia

Neighborhood 80: Lake Washington and Vashon Island

Neighborhood 40 parcel map



Neighborhood 40: Lake Union



Neighborhood 40 includes Seattle's freshwater centerpiece Lake Union with its mixture of marinas, restaurants, office/retail, and industrial buildings. Named for the connecting of Lake Washington and Puget Sound, Lake Union has a long history as a central location for commerce and residential use. Seattle's downtown Central Business District is located just south of Lake Union and the residential neighborhoods of Queen Anne, Fremont, Wallingford, and Eastlake further surround the lake. Portage Bay and the adjacent waterfront for the University of Washington campus is located within the eastern portion of this Neighborhood. This is also home to the region houseboats community (valued in Commercial Area 15).

The commercial waterfront development along Lake Union is currently limited by zoning and shoreline restrictions to emphasize marine related uses. The existing mid-rise offices and condominiums located on the shoreline were generally constructed prior to land use regulations. Industrial use, including ship building and repairs continues on a few properties. Waterfront development for 2014 overall remained limited with most construction being repairs or renovations to existing structures.

The South Lake Union area continues to see substantial building activity influenced by Paul



Allen's Vulcan 60 acre development and Amazon.com global headquarters both located here. Vulcan Real Estate Company has reported to have developed 24 buildings involving over 5 million square feet of office, residential, biotech, and mixed-use projects since 2004. Amazon is siting its world headquarters here and expects to lease over 10 million square feet of office space, enough for over 70,000 employees. The area has also become a center for life science/ biotech organizations including the Fred Hutchinson Cancer Research Center, Zymogenetics, Battelle, Seattle Biomedical, Seattle Children's Hospital, and the University of Washington Medicine.



The commercial waterfront properties along South Lake Union are low-rise buildings consisting typically of retail, office, restaurants and marinas. Their role has been more supportive to the adjacent upland South Lake Union neighborhood. Several popular restaurants include Chandler's Cove, Daniels Broiler, and Joey Lake Union. The 12 acre Lake Union Park includes MOHAI, the Seattle Museum of History and Industry, and the Center for Wooden Boats and Northwest Seaport. The Seattle Boat Show has been hosting annual events here among the several marinas. There were no sales or major new waterfront construction activity here in 2014.

hosting annual events here among the several waterfront construction activity here in 2014.

The east side of Lake Union is influenced by the residential neighborhoods of Eastlake and Portage Bay and the several houseboat communities located in this area. A mixture of commercial uses includes older offices and retail buildings, and marinas. The Wards Cove development located on the eastern shore of Lake Union was sold in 2014 and includes 2 office buildings, a marina, and 12 floating homes. An adjacent luxury condominium and marina are currently in the planning stage.



The southeast corner of Lake Union contains a pocket of Industrial/Commercial zoning. Two sales occurred in this area both at the former NOAA site. The first to the tour operator Ride the Ducks for access to Lake Union, and the second to US Seafoods for the home base of their fleet of fishing vessels. Lake Union Drydock is also located in this area and remains one of the few working shipyards on Lake Union.

The west side of Lake Union is influenced by Westlake Avenue and includes a mixture of commercial properties of office, retail, restaurants, and multiple marinas. Several houseboat communities are also here. Kenmore Air is located at the southern portion and a “cycle track” bike lane is in the development stage to run adjacent to Westlake Ave. The multiple uses have created concerns for the traditional commercial activity in this area.

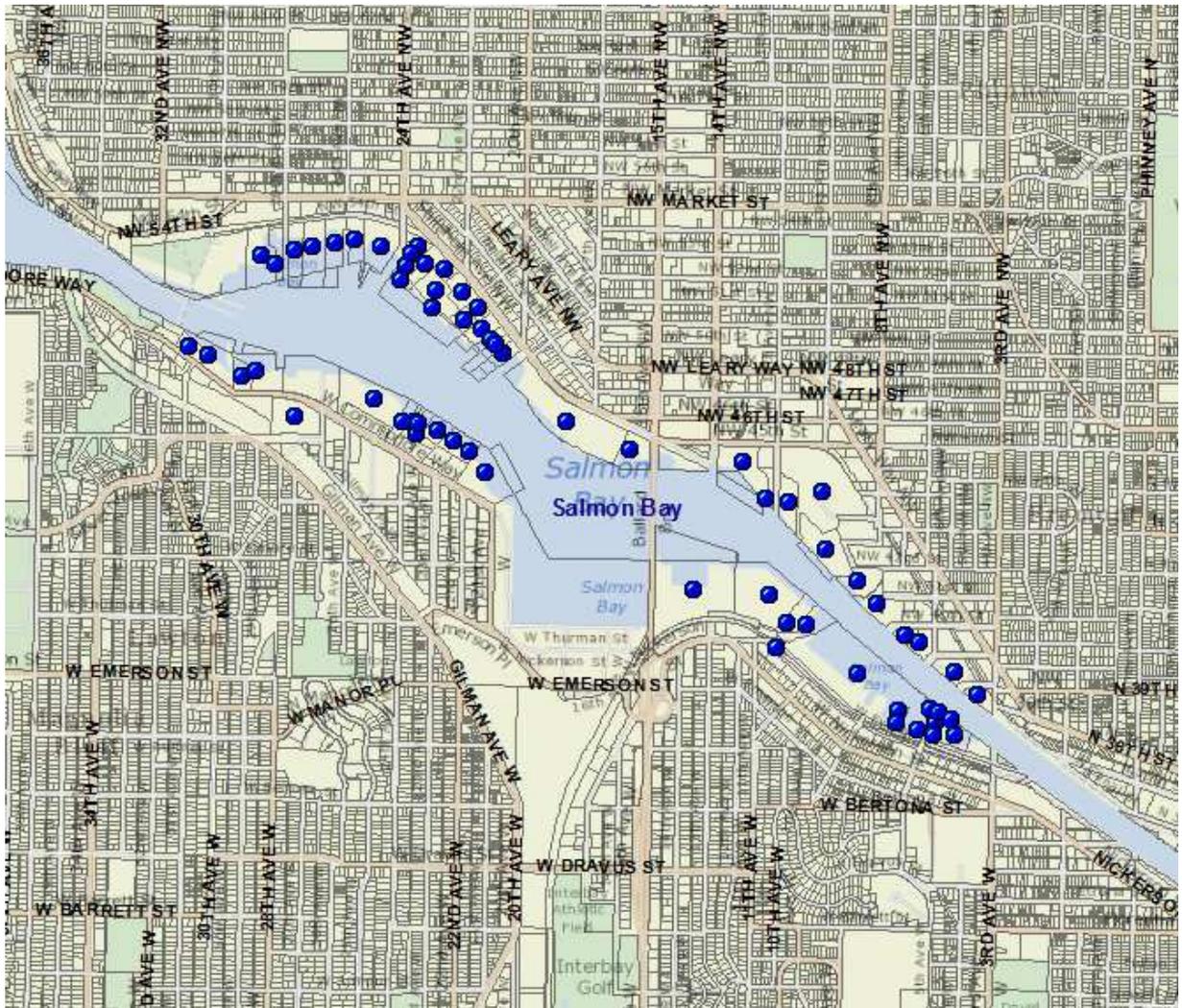
The northern portion of Lake Union consists of a mixture of commercial and industrial properties. The 19 acre Gasworks Park being the site for Seattle’s traditional 4th of July fireworks display.

Sale activity in Neighborhood 40 included a marina located at 2442 Westlake Ave N with approximately 600 linear feet of moorage and retail/office building selling in 2013 for \$1,710,000.

The former NOAA site sold with multiple transactions in 2012.
The Wards Cove Marina complex sold in 2014 for \$10,224,000.

There was no major new waterfront construction activity here in 2014.

Neighborhood 50 parcel map



Neighborhood 50: Ballard/ Magnolia



a popular residential neighborhood with trendy restaurants and unique shops. A housing boom of multi-family developments in Ballard continued in 2014.

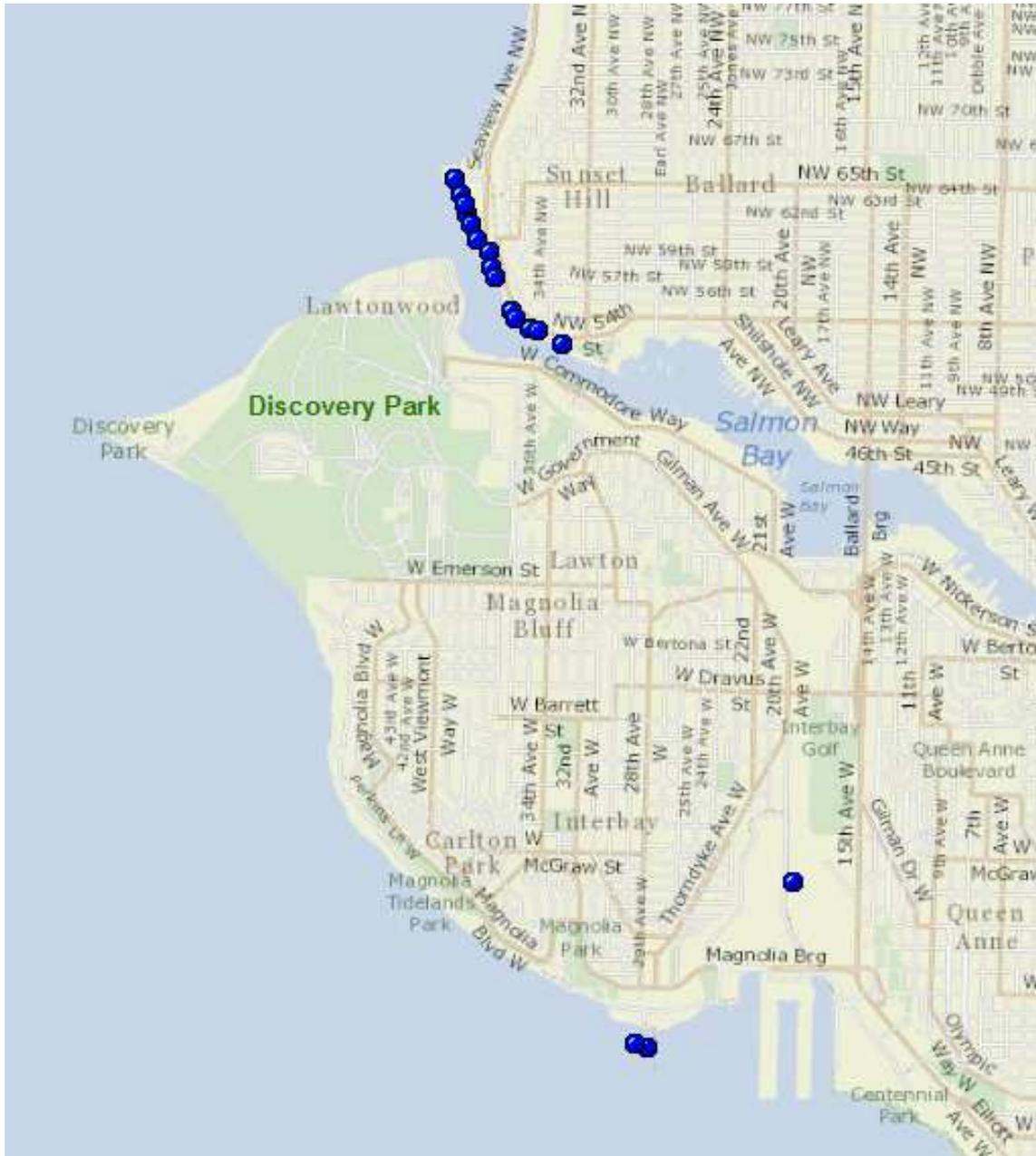
Neighborhood 50 is home to several marinas along with commercial and recreational boat repair yards. Fisherman's Terminal, operated by the Port of Seattle, remains home of the North Pacific fishing fleet consisting of hundreds of working fishing boats that spend months off the coast of Alaska. Salmon Bay Marine Center includes several newer waterfront office buildings and related luxury boat slips. Individual boat slips have sold in the past (2010) for up to \$1,100,000.



Sale activity in Neighborhood 50 included the 4,095sf warehouse/office building and 300ft pier selling in 2012 for \$1,750,000.

New construction for waterfront properties has been limited but includes an additional building at the Salmon Bay Marine Center. Additional construction was primarily for repairs. A long proposed waterfront hotel is still on hold.

Neighborhood 60 parcel map:



Neighborhood 60 Shilshole/ South Magnolia

Neighborhood 60 is the commercial saltwater waterfront area within Seattle which includes the Shilshole area of Ballard and south Magnolia. The commercial waterfront parcels for Seattle's downtown business district are valued in GeoArea 32. Properties located within Neighborhood 60 have a mixture of commercial, industrial, and retail uses. The 1,200+ slip privately owned Elliott Bay Marina is located in this neighborhood along with the recently renovated 1,400+ slip Shilshole Marina owned and operated by the Port of Seattle.



Shilshole Marina



Elliott Bay Marina

One of the region's main cruise ship terminals is located on Elliott Bay at Smith Cove Terminal 91. The site, along with the adjacent pier, was recognized as one of the longest earthen piers of their type in the nation when built. Used for many years by freighters to the Pacific and then by the Navy, it was purchased by the Port of Seattle in 1976. Today the piers are used by several fish processing ships and as port to Seattle's passenger cruise ships. Seattle currently leads all U.S. homeports on the West Coast in passenger volume and number of ship calls.



Neighborhood 60 encompasses two of Seattle's largest and most popular waterfront parks.



Discovery Park includes 534 acres and over 2 miles of shoreline and is considered one of the best places in the city to view wildlife. Its history is that of a former Army base and many of the original architecturally significant buildings remain in the park. Golden Gardens Park is located in the Shilshole area of Ballard and includes 87 acres with extensive sandy beaches popular with summer beach crowds for picnics or swimming.

Scope of Data:

Land Parcel Value Data:

Vacant market sales from 01/01/2012 through 12/31/2014 were given the most consideration in valuing land. There were a limited number of 2014 sales in Area 12. The sales verified as “good” were coded “Y” in the Assessor’s record. Multi-parcel sales were considered after combining the various aspects of all parcels involved in the sales.

Land Valuation Considerations:

The City of Seattle Shoreline Master Program was recently reviewed and updated as required under the Shoreline Management Act and the Shoreline Master Program Guidelines. The new Shoreline Master Program took effect on June 15, 2015.

Waterfront development within the City of Seattle is regulated by the Seattle Shoreline Master Program (SMP) under Chapter 23.60A. The purpose of the Chapter is to implement the policies and provisions of the Shoreline Management Act and the Shoreline Goals and Policies of the Seattle Comprehensive Plan. The primary objectives of the Chapter are the following:

1. Protect the ecological functions of the shoreline areas
2. Encourage water-dependent uses
3. Provide for maximum access to enjoyment of the shorelines of the city
4. Preserve, enhance and increase views of the water.

Seattle’s SMP is based on three required policy goals:

Preferred Shoreline Uses: The SMA establishes a preference for uses that are water-oriented and that are appropriate for the environmental context (such as port facilities, shoreline recreational uses, and water-dependent businesses). Single-family residences are also identified as a priority use under the SMA when developed in a manner consistent with protection of the natural environment

Environmental Protection: The SMA requires protections for shoreline natural resources, including “... the land and its vegetation and wildlife, and the water of the state and their aquatic life ...” to ensure no net loss of ecological function.

Public Access: The SMA promotes public access to shorelines by mandating inclusion of a public access element in local Shoreline Master Programs and requiring provisions to ensure that new development maintains public access features.

The City’s SMP utilizes eleven separate shoreline designations that generally fit into either an “Urban” or a “Conservancy” category. The urban category includes six shoreline environments, applied primarily to developed areas with: existing single family residential development, commercial, industrial water dependent or water-related uses (Seattle, 2012b). The conservancy category consists of five shoreline environments that are applied to less developed areas supporting: navigation (aquatic designations), recreational uses, and habitat protection (Seattle, 2012b).

The City of Seattle Shoreline Environments designations are stated below:

Conservancy Navigation	CN
Conservancy Waterway	CW
Conservancy Preservation	CP
Conservancy Recreation	CR
Conservancy Management	CM
Urban Residential	UR
Urban Stable	UC (aka Urban Commercial)
Urban General	UG
Urban Harborfront	UH
Urban Maritime	UM
Urban Industrial	UI

Details of each Shoreline Environmental area can be found in Seattle Municipal Code 23.60. The City of Seattle updated its Shoreline Master Program under Bill 117585.

SMP-Guideline Designations	Seattle Designation	SMP-Guidelines Designation Criteria
Aquatic	Conservancy Navigation	<i>Protect, restore, and manage unique resources in areas waterward of the ordinary high-water mark.</i>
	Conservancy Waterway	
Natural	Conservancy Preservation	<i>Protect areas that are relatively free of human influence or contain intact, minimally degraded shoreline functions intolerant of human use.</i>
Urban Conservancy	Conservancy Recreation	<i>Protect ecological functions and plan for restoration of sensitive lands, where they exist in urban and developed settings, while allowing a variety of compatible uses.</i>
	Conservancy Management	
Shoreline Residential	Urban Residential	<i>Accommodate residential development while also planning for public access and recreational uses.</i>
High Intensity	Urban Stable	<i>Provide for high-intensity water-oriented commercial, transportation, and industrial uses while protecting existing ecological functions and planning for the restoration of previously degraded ecological functions.</i>
	Urban General	
	Urban Harborfront	
	Urban Maritime	
	Urban Industrial	

Proposed Shoreline Environment Areas



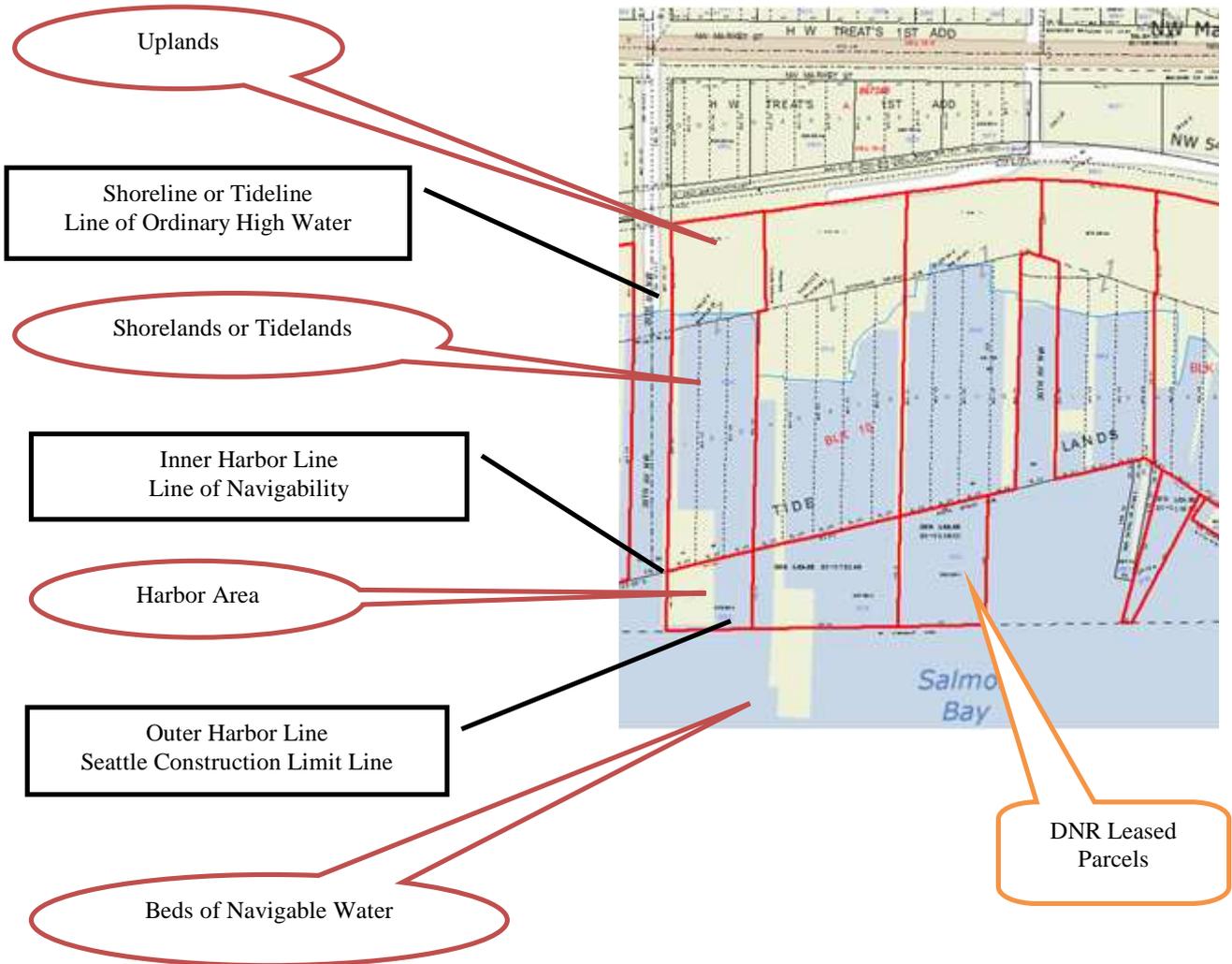
Development within the City of Seattle's Shoreline District is subject to both the development standards of the shoreline environment and the underlying zone in which it is located. The shoreline standards can include additional restrictions for building heights, floor area ratios (FAR), building and parking requirements, view corridors, public access, the Lake Union Construction Limit Line, and restrictions requiring water dependent uses. Existing non-conforming uses are allowed subject to the Shoreline District provisions.

Commercial waterfront properties typically consist of an upland portion being the dry land and the submerged land being generally delineated by the line of vegetation or water line. Within Seattle, the area between the water line and out to a point established by the State as the Inner Harbor Line are privately owned submerged lands. In 1907, the City of Seattle sold part of its tidelands within Lake Union and Ballard to private land owners. The city encouraged the land owners to build docks or fill their lands for economic development. As a result, the boundaries of upland waterfront properties have changed over time. The size of Lake Union is reported to have been reduced from 900 acres to about 580 acres.

For valuation purposes, land is valued with consideration given to the amount of the upland area and the amount of submerged land area. The upland land values are equalized with adjacent neighborhood land values with consideration given to factors including zoning, lot size, location, and shoreline regulations and restrictions. Typical land values within the zones are included in the Land Value Data section of this report. Submerged land is valued with consideration given to the current allowable uses of each site. Depending on the property, the submerged land may have a range of allowable uses such as a marina, or restricted to undeveloped marine habitat area.

Submerged land located from the line of private ownership (Inner Harbor Line) out to the Line of Navigable Water (Outer Harbor Line) is known as the Harbor Area and is owned and managed by the Department of Natural Resources (DNR). This area is typically leased from the DNR to the adjacent upland owners on a 30 year lease. Many of these properties are currently leased for marina purposes.

Waterfront Boundaries



Note: The definitions and information are provided by the Department of Assessments as a guide only. For further information, refer to Washington State Legislature RCW 79.105.060 Definitions.

Waterfront definitions

“*Submerged Lands*” or “Aquatic lands” are used somewhat synonymously and means all tidelands, shorelands, harbor areas, and the beds of navigable waters.

“*Tidelands*,” are the submerged lands abutting the Pacific Ocean, Puget Sound, and those rivers feeding into the Ocean or Sound which are affected by the ebb and flow of tides. “*First-class tidelands*” are classified as the shores of navigable tidal waters lying within or in front of the corporate limits of any city, or within one mile of either side of the city limits. Their outer limits are between the line of ordinary high tide and the inner harbor line in front of and within one mile of either side of the city limits; and between the line of ordinary high tide and the line of extreme low tide for the remaining tidelands area located within two miles on either side of the corporate limits; or “*Second-class tidelands*” are simply all tidelands other than those defined as first class, those lying outside of and more than two miles from the corporate limits of any city.

“*Shorelands*,” are the submerged lands bordering the shores of navigable lakes and streams which are not subject to tidal flow. The classification of shorelands as either “*First-class shorelands*” or “*Second-class shorelands*” are similar to the boundaries of tidelands with harbor areas in front of cities. Their outer limits are however generally defined as between the ordinary high water line and the line of navigability.

“*Inner harbor line*” is a line located and established in navigable waters between the line of ordinary high tide or ordinary high water and the outer harbor line, constituting the inner boundary of the harbor area.

“*Outer harbor line*” is a line located and established in navigable waters as provided in Article XV, section 1 of the state Constitution, beyond which the state shall never sell or lease any rights whatever to private persons.

“**Harbor area**” is the area of navigable waters reserved for landings, wharves, streets, and other conveniences of navigation and commerce.

“*Beds of navigable waters*” are those lands lying waterward of and below the line of navigability on rivers and lakes not subject to tidal flow, or extreme low tide mark in navigable tidal waters, or the outer harbor line where harbor area has been created.

City of Seattle Commercial Zones

C1 Commercial 1

An auto-oriented, primarily retail/service commercial area that serves surrounding neighborhoods as well as a citywide or regional clientele

Typical Land Uses

Large supermarkets, building supplies and household goods, auto sales and repairs, and apartments.

Building Types

A variety of commercial building types and site layouts including one-story commercial structures with extensive surface parking, and multi-story office or residential buildings.

Street-level Uses

Same as NC1 zone.

Street-level Non-residential Design

Same as NC1 zone for structures containing residential uses, or when across a street from a residential zone. No requirements for non-residential structures, or when not across from a residential zone.

Street-level Residential Design

Same as NC2 zone, except residential use limits explained for NC1 zones apply in some locations, such as Bitter Lake and Lake City Urban Villages and Northgate Overlay District.

Maximum Size of Commercial Use

No size limits for most uses; 25,000–40,000 square feet for warehouse and wholesale showroom uses; 35,000 square feet or size of lot, whichever is greater, for office uses.

Parking Location

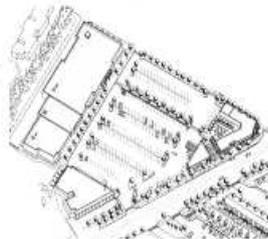
No restrictions generally. When a development contains residential uses or is across a street from a residential zone, it must meet NC1 zone standards.

Parking Access

No restrictions generally. When a development contains residential uses or is across a street from a residential zone, it must meet NC1 zone standards.

Parking Quantity

Same as NC1 zone.



C2 Commercial 2

An auto-oriented, primarily non-retail commercial area, characterized by larger lots, parking, and a wide range of commercial uses serving community, citywide or regional markets

Typical Land Uses

Warehouses, wholesale, research and development, and manufacturing uses. Residential use is generally not allowed, but exceptions meeting specific criteria may be considered through a conditional use process.

Building Types

A variety of building types and site layouts, including single-story warehouse or manufacturing structures with extensive surface parking and loading areas, and multi-story buildings containing office or other non-retail uses.

Street-level Uses

Residential uses anywhere in a structure are conditional uses. When conditional use criteria are met, same as NC1 zone. Otherwise, 100% of street-level space must be in non-residential use.

Street-level Non-residential Design

Same as C1 zone.

Maximum Size of Commercial Use

No size limits for most uses; 35,000 square feet or size of lot, whichever is greater, for office uses.

Parking Location

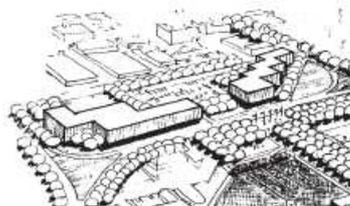
Same as C1 zone.

Parking Access

Same as C1 zone.

Parking Quantity

Same as C1 zone.



IG1

General Industrial 1 (IG1)

The intent of the IG1 zone is to protect marine and rail-related industrial areas from an inappropriate level of unrelated retail and commercial uses by limiting these uses to a density or size limit lower than that allowed for industrial uses.

Typical Land Uses

General and heavy manufacturing, commercial uses, subject to some limits, high impact uses as a conditional use, institutional uses in existing buildings, entertainment uses other than adult, transportation and utility services, and salvage and recycling uses.

Height

No maximum height limit; except retail, office, entertainment, research and development, and institution uses which are limited to 30', 45', 65', 85' as designated on the Official Land Use Map.

Maximum size of use

Retail sales and service and entertainment uses: 10,000 square feet.
Office uses: 10,000 square feet.
Some exceptions apply to maximum size of use limits (23.50.027.B).

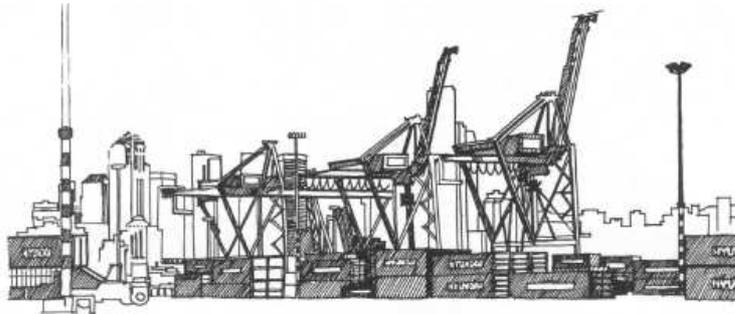


FAR

2.5

Setbacks

A setback may be required in order to meet street improvement requirements. Screening and landscaping may be required.



IG2

General Industrial 2 (IG2)

The intent of the IG2 zone is to allow a broad range of uses where the industrial function of an area is less established than in IG1 zones, and where additional commercial activity could improve employment opportunities and the physical condition of the area, without conflicting with industrial activity.

Typical Land Uses

Same as IG1

Height

Same as IG1

Maximum size of use limits

Lodging and entertainment uses: 10,000 square feet.
Office and retail uses: 25,000 square feet. Some exceptions apply to maximum size of use limits (23.50.027.B).

FAR

2.5

Setbacks

A setback may be required in order to make street improvements. Screening and landscaping may be required.

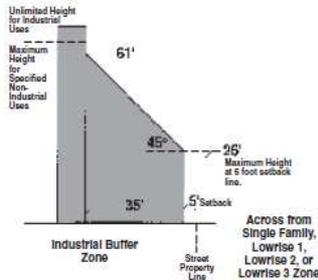


IB Industrial Buffer (IB)

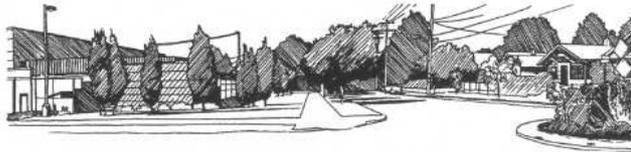
The intent of the Industrial Buffer is to provide an appropriate transition between industrial areas and adjacent residential zones, or commercial zones having a residential orientation and/or a pedestrian character.

Typical Land Uses Light and general manufacturing, commercial use subject to some limits, some transportation services, entertainment uses other than adult, institutions generally in existing buildings, salvage and recycling uses.

Height Same as IG1 and 2, except that on lots across a street from SF or Lowrise zones the following limits apply:



Similar but modified rules apply when across an alley from or abutting SF or Lowrise zones, or abutting MR, HR, and Commercial zones.



Maximum size of use Retail sales and service and entertainment uses: 75,000 square feet.
Office uses: 100,000 square feet. The total area of all the foregoing uses on a lot may not exceed two and one-half times the area of the lot. Some exceptions apply to maximum size of use limits (23.50.027B).

FAR 2.5

Setbacks Same as IG1 and IG2, plus

- 5' from street property lines when across from SF or Lowrise zones (see diagram)
- 5' for parking and loading facilities and storage and recycling collection facilities when across a street from MR, HR, or RC zones, or across an alley from any residential zone
- 5' for parking lots and structures or drive-in businesses when any lot line abuts a residential zone
- 15' for outdoor loading, recycling collection or storage facilities when any lot line abuts a residential zone
- 50' from any lot in a residential zone for outdoor manufacturing, recycling or refuse compacting
- 5' for all windows or openings that face an abutting residentially zoned lot, unless the opening is translucent or perpendicular to lot line or screened

Screening and Landscaping Street trees and screening required for rooftop areas, parking, loading, outdoor sales and storage, and drive-in businesses when lot abuts or is across right-of-way from residential or Neighborhood Commercial areas.

Access to Parking and Loading No limits to parking and loading location except as provided under setbacks. Parking and loading access is prohibited across streets or alleys from residentially zoned lots, except in limited circumstances.

Major Odor Sources Uses which involve designated odor-emitting processes may be called a major odor source. A major odor source may be required to take measures to reduce odorous emissions and airborne pollutants.

Light and Glare Exterior lighting must be shielded away from residential zones. Facade materials which may result in glare may be required to be modified.

IC Industrial Commercial (IC)

The intent of the Industrial Commercial zone is to promote development of businesses which incorporate a mix of industrial and commercial activities, including light manufacturing and research and development, while accommodating a wide range of other employment activities.

Typical Land Uses

Light and general manufacturing, commercial uses, transportation facilities, entertainment other than adult, institutions generally in existing buildings, utilities, and salvage and recycling uses.

Height

The maximum structure height for all uses is 30', 45', 65', or 85' as designated on the Official Land Use Map. Along the central waterfront special limitations apply.

Maximum size of use

Retail sales and service and entertainment uses: 75,000 square feet.

Office uses: no maximum size limit. The total area of all the foregoing uses on a lot may not exceed two and one half times the area of the lot, or three times the size of the lot in the South Lake Union area. Some exceptions apply to maximum size of use limits. (23.50.027B)

FAR

2.5, except in South Lake Union where FAR is variable depending on the height limit (Table A for 23.50.028).

Setbacks

Same as IG1 and IG2, plus

When abutting a residentially zoned lot, setback varies with the height of the structure and when street trees are

required. No openings permitted within 5' of residential zoned lot.

Screening and Landscaping

Street trees; screening and landscaping required for blank facades, parking and loading, outdoor sales, rental and storage, drive-in businesses.

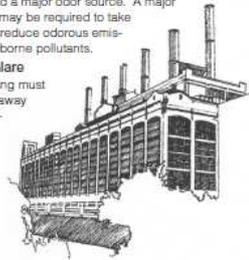
Major Odor Sources

Uses which involve designated odor-emitting processes may be called a major odor source. A major odor source may be required to take measures to reduce odorous emissions and airborne pollutants.

Light and Glare

Exterior lighting must be shielded away from residential zones.

Facade materials which may result in glare may be required to be modified.



Land Value Data:

The Commercial Waterfront Specialty appraiser is responsible for land values within Area 12.

There were few commercial waterfront vacant land sales in Area 12 from 2012 through 2014 that were considered fair market transactions. The limited new construction and property use conversions further indicated a limited demand in the waterfront land market. The new land values considered adjacent neighborhood land sales and were equalized with similarly zoned properties. Values are generally based on a price/square foot. For land valuation purposes, the Assessor used GIS (Geographic Information System) as the primary tool to establish land values. A list of sales used to develop the land model and also those considered not reflective of market value are included in the following sections and adjacent Area reports. Submerged land areas were recalculated for the waterfront parcels this year.

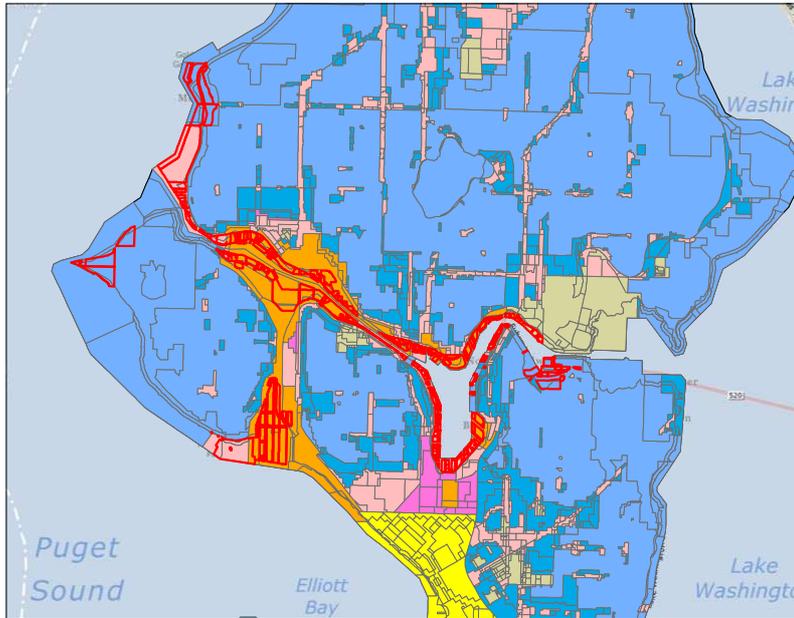
The zoning within this Specialty generally consists of a Commercial Industrial nature with an overlay emphasizing marine use activity. The following table summarizes the land valuation model applied to the properties in Area 12. All dollar amounts are stated as a price per square foot of upland area. A separate rate is used to differentiate the submerged land area. The table is intended as a guide with additional adjustments made for individual site variations.

Typical Land Value Ranges Upland values		
Zoning	Description	\$ Range
IG1 U/45-65	Typical uses in this zone include general and heavy manufacturing, and commercial uses.	\$65-75/sqft
IB U/45 North Lake Union	Typical commercial uses are those intended as a buffer between industrial and residential zonings	\$70/sqft
Commercial C1-40 Shilshole /Eastlake	Typical uses include a retail/service commercial area to service the surrounding residential neighborhoods.	\$70-130/sqft
Industrial Commercial IC45 North Lake Union	Typical uses for this zoning are intended to be a mix of commercial, light & general manufacturing.	\$90/sqft
Commercial C2-40 West/North Lake Union	Typical uses include a wide range of commercial properties such as offices, warehouses and marinas.	\$95-\$140/sqft
IC 65 Fremont	Typical uses include office/ high-tech properties.	\$110/sqft
Commercial C2-40 South Lake Union /Eastlake	Typical uses include a range of properties including retail, offices, warehouses and marinas.	\$125-140/sqft
Submerged Land	Commercial uses: Industrial - Marinas	\$10-\$30+/sqft

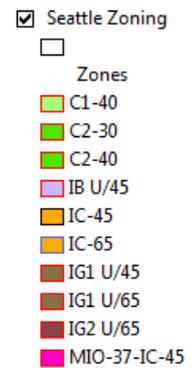
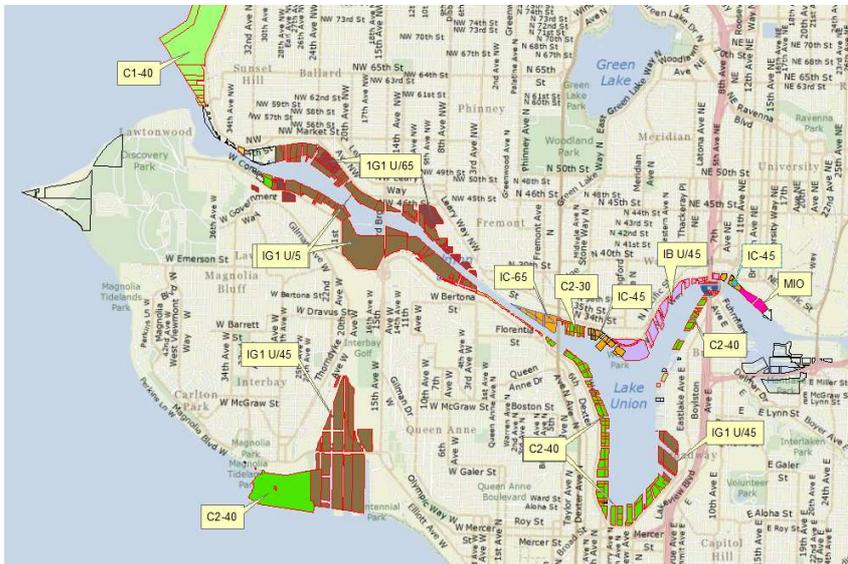
There are numerous smaller privately owned marinas located in the Area. Moorage slip sales ranged from the uncovered slips at Newport Yacht Basin on Lake Washington typically selling for \$60,000+ for 27 lineal feet, to a single moorage slip on South Lake Union selling for \$1,050,000. A complete table of recent slip sales is included with this report.

City of Seattle General Use Maps

Commercial/ Residential Class Designations



Zoning



Economic Summary

The properties included within this Commercial Waterfront Specialty reflect the changing economic history of Seattle's commercial waterfront market. Seattle was founded on the fishing and timber industries and many of the original mills were located in this area. Today this commercial/industrial waterfront area is surrounded by several highly urbanized multi-family and residential use neighborhoods. The remaining commercial/ industrial base has changed where today there are no remaining lumber producing mills in this area and a significantly smaller fishing industry. The site of the former MARCO fishing vessel repair center is the successful Salmon Bay Marine Center complex with a mixture of office buildings and luxury yacht slips. Fisherman's Terminal, an early fishing fleet center, now includes a mixed use of commercial and pleasure craft. NOAA, located on Lake Union, has moved after nearly 50 years on Lake Union. Partially in response to the economic conflicts between commercial/industrial and residential uses, the City of Seattle has included an additional set of shoreline rules and restrictions overlaying the base zoning land use regulations. The Seattle Shoreline Master Program and the Chapter 23.60 Shoreline District are referenced within this report.

For 2014, there continues to be little new construction within this waterfront area compared to the adjacent neighborhoods. The proximity to the substantial South Lake Union building activity has maintained a strong interest in the waterfront properties, however the only newly constructed



waterfront building was within the Salmon Bay Marine Center complex located at 2360 W Commodore Way in north Magnolia. This 25,532sf building is located on the site of a former warehouse and contains a mixture of office and warehouse uses.

The remaining new construction activity was limited to repairs and minor upgrades to existing buildings.

Improved Parcel Total Value Data:

There were 2 new improved sales for this area in 2014.

Due to the limited number of comparable sales within this specialty, historical sales and sales from adjacent neighborhoods were considered for this revalue. These sales can be found in the Assessor Area Reports.

Sales Comparison Approach model description

Improved sales from 01/01/2012 to 12/31/2014 were given the most consideration for establishing total values. Sales information is obtained from excise tax affidavits and reviewed initially by the Sales Identification Section within the Accounting Division. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales were verified if possible by calling or writing 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.

Cost Approach model description

Cost estimates are automatically calculated via the Marshall & Swift Valuation modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area. Cost estimates were relied upon for valuing special use properties where comparable sales data and/or sufficient 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 method may include on-going new construction.

Cost calibration

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

Income Capitalization Approach model description

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

Rental rates, vacancy levels and operating expenses are derived by reconciling all of the information collected through the sales verification process, completed surveys, interviews with tenants, owners, and brokers and the appraiser's independent market research. Quality, effective year built, 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.

SEATTLE / REGIONAL CAP RATES

Source	Date	Location	Office	Industrial	Retail	Remarks
		West Region	6.23% 6.79% 6.73% 7.26%	- - - -	- - - -	CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B
			- - - -	6.29% 7.04% - -	- - 6.22% 6.52%	Industrial – Class A Flex Industrial – Class A Reg. Mall – Class A Community Retail – Class A
			- -	- -	6.67% 5.58%	Neighborhood Retail – Class A Sales Price Under \$5 Million
CoStar	Yr. End 2014	King Co.	6.22% 5.27%	- -	- -	Sales Price Over \$5 Million
			- -	6.24% 6.57%	- -	Sales Price Under \$5 Million Sales Price Over \$5 Million
			- -	- -	5.18%	Sales Price Under \$5 Million Sales Price Over \$5 Million
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2014					1 st Tier properties are defined as new or newer quality const. in prime to good location; 2 nd Tier properties are defined as aging, former 1 st tier in good to average locations; 3 rd Tier are defined as older properties w/ functional inadequacies and/or marginal locations.
		Seattle	5.90% 6.50%	- -	- -	Office CBD – 1 st Tier Properties Suburban Office – 1 st Tier Properties
			- -	6.10% 6.80%	- -	Warehouse – 1 st Tier Properties R&D – 1 st Tier Properties
			- -	6.70%	-	Flex – 1 st Tier Properties
			- -	-	5.70%	Regional Mall – 1 st Tier Properties
			- -	-	6.30%	Power Center – 1 st Tier Properties
			-	-	6.40%	Neigh/Comm. Ctrs. – 1 st Tier Properties
		West Region	6.50%	-	-	Office CBD – 1 st Tier Properties
			7.10%	-	-	Office CBD – 2 nd Tier Properties
			7.90%	-	-	Office CBD – 3 rd Tier Properties
			6.90%	-	-	Suburban Office – 1 st Tier Properties
			7.40%	-	-	Suburban Office – 2 nd Tier Properties
			8.10%	-	-	Suburban Office – 3 rd Tier Properties
			-	6.50%	-	Warehouse – 1 st Tier Properties
			-	7.10%	-	Warehouse – 2 nd Tier Properties
			-	7.90%	-	Warehouse – 3 rd Tier Properties
			-	7.00%	-	R&D – 1 st Tier Properties
			-	7.40%	-	R&D – 2 nd Tier Properties
			-	8.10%	-	R&D – 3 rd Tier Properties
			-	6.90%	-	Flex – 1 st Tier Properties
			-	7.50%	-	Flex – 2 nd Tier Properties
			-	8.20%	-	Flex – 3 rd Tier Properties
			-	-	6.40%	Regional Mall – 1 st Tier Properties
			-	-	7.10%	Regional Mall – 2 nd Tier Properties
			-	-	7.80%	Regional Mall – 3 rd Tier Properties
			-	-	6.60%	Power Center – 1 st Tier Properties
			-	-	7.20%	Power Center – 2 nd Tier Properties
			-	-	8.00%	Power Center – 3 rd Tier Properties
			-	-	6.70%	Neigh/Comm. Ctr. – 1 st Tier Properties
			-	-	7.20%	Neigh/Comm. Ctr. – 2 nd Tier Properties
			-	-	8.00%	Neigh/Comm. Ctr. – 3 rd Tier Properties
PWC / Korpaz	4Q 2014	Seattle	6.38% 5.85% 6.90%	- - -	- - -	Overall - 4.00% to 9.00% CBD Office Suburban Office

SEATTLE / REGIONAL CAP RATES

Source	Date	Location	Office	Industrial	Retail	Remarks
		Pac. NW	6.31%	-	-	Overall - 4.00% to 9.00% CBD Office Suburban Office Warehouse – (4.00% - 7.00%)
			5.74%	-	-	
			6.89%	-	-	
			-	5.58%	-	
ACLI	Yr. End 2014	Seattle MSA	6.52%	6.66%	5.52%	
		Pacific Region	5.94%	6.08%	6.57%	

NATIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2014					1 st Tier properties are defined as new or newer quality const. in prime to good location
		National	6.90% 7.40% - - - - - -	- - 7.20% 7.60% 7.60% - -	- - - - - 6.90% 7.20% 7.20%	Office CBD – 1 st Tier Properties Suburban Office – 1 st Tier Properties Warehouse – 1 st Tier Properties R&D – 1 st Tier Properties Flex – 1 st Tier Properties Regional Mall – 1 st Tier Properties Power Center – 1 st Tier Properties Neigh/Comm. Ctrs. – 1 st Tier Properties
IRR: Viewpoint for 2015	Yr. End 2014	National	7.05% 7.84% 7.43% 8.06% - - - -	- - - - 7.11% 7.79% - -	- - - - - - 6.83% 7.17% 7.33%	<u>Institutional Grade Properties</u> CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Industrial – Class A Flex Industrial – Class A Reg. Mall – Class A Community Retail – Class A Neighborhood Retail – Class A
ACLI	Yr. End 2014	National	5.90% 7.50% 6.09% - 6.83% 5.67%	6.90% 7.49% 6.96% - 7.49% 6.74%	6.46% 7.17% 6.11% - 6.44% 6.20%	Overall Sq.Ft. - <50k Sq.Ft. - 50k-200k Sq.Ft. - 200K+
PWC / Korpaz	4Q 2014	National	6.16% 6.66% 7.27% - - - -	- - - 7.53% 5.82% - -	- - - - - 6.21% 6.60% 7.05%	CBD Office - (3.75% - 8.00%) Sub. Office - (5.00% - 9.00%) Medical Office - (4.25% - 10.00%) Flex/R&D - (6.00% - 10.00%) Warehouse - (4.50% - 7.00%) Mall- A+ = .4.88%; A = 5.47%; B+ = 6.67% Power Center - (5.50% - 8.00%) Neigh. Strip Ctrs. - (5.00% - 10.00%)
The Boulder Group: Net Lease Market Report	4Q 2014	National West Region	7.31% - - - - - - -	8.03% - - - - - - -	6.50% 6.71% 6.00% 7.00% 6.78% 6.72% 6.48% 5.75%	Overall (Average) Big Box "Overall" Big Box "Investment Grade" Big Box "Non-Investment Grade" Jr. Big Box - (20,000/SF – 39,999/SF) Mid. Big Box - (40,000/SF – 79,999/SF) Mega Big Box - (80,000/SF +) Overall (Average)

Income approach calibration

Income information from Area 12 and from adjacent neighborhoods are used to create models when the income approach was used. The models are calibrated after setting base rents by using adjustments based on size, quality of construction, and the effective year built. When the value of the property determined by the income approach was less than the land value, a minimal \$1,000 value was allocated to the improvements.

Physical Inspection Area:

Portions of Neighborhoods 60 and 80 were physically inspected for this cycle. Information for the remaining portion of Area 12 is based on existing County records and data as inspected during prior years.

Ratio Analysis:

No ratio studies were included with this report due to the small number of sales relative to the size of the Area population.

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. There were some variations to the values under certain circumstances, such as properties with excess land, inferior locations, or deferred maintenance

The market sales approach is considered the most reliable indicator of value when comparable sales are available. The income approach to value is considered to be a reliable indicator of value when market sales are not available. Whenever possible, market rents, expenses, and capitalization rates were ascertained from sales, and along with data from surveys and publications, these parameters were applied to the income model. An administrative review of the selected values was made by Ruth Peterson, Senior Appraiser for quality control purposes.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Recommended assessed values are based on market conditions as of January 1, 2015.

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.

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

The total 2014 assessment value for the current parcels in Specialty Area 12 was \$791,907,367. The total recommended assessed value for the 2015 assessment year is \$862,599,200.

Application of these recommended values for the 2015 assessment year (taxes payable in 2016) results in an average total change from the 2014 assessments of +8.93%. The total value for the specialty assigned parcels changed as follows:

	2014 Total	2015 Total	\$ Change	% Change
Total Value	\$791,907,367	\$862,599,200	+\$70,691,833	+8.93%

The values recommended in this report improve values and equity; therefore it is recommended that they should be posted for the 2015 Assessment Year.

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.

CERTIFICATION:

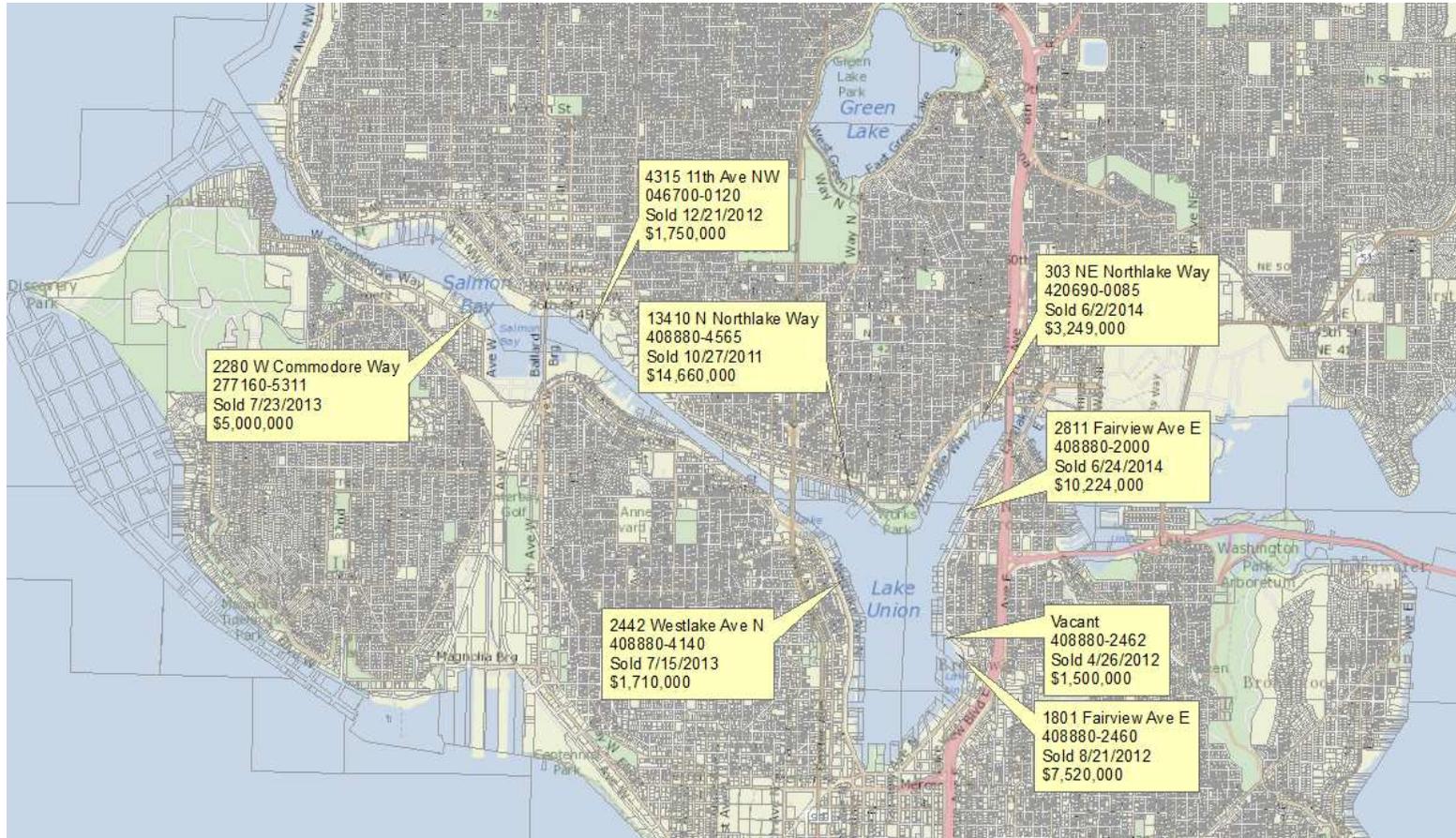
I certify that, to the best of my knowledge and belief:

- *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.*
 - *Services that I provided within the prior three years include physical inspection, revaluation, appeal response preparation, attendance and participation in hearings, data collection, sales verification and identifying new construction and the recording of the corresponding data.*
-

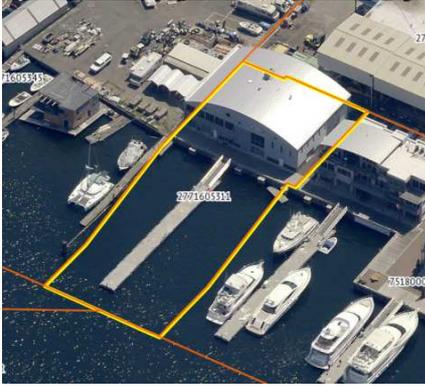
WATERFRONT SALES

Account Nbr	Property Name	Address	Total NRA	Excise Tax Nbr	Sale Price	Sale Date	Lot Size	Zone	Par Ct.	Remarks
046700-0120	Warehouse	4315 11th Ave NW	4,095	2581882	\$1,750,000	12/21/12	35,132	IG1 U/65	1	4,095sqft building with 300LF pier
408880-1625	Lakeside Catering	2501 N Northlake Wy	5,896	2507801	\$2,058,000	8/26/11	14,289	IB U/45	1	Bank/forced sale
408880-2000 & 408880-2012	Office & Marina	2811 Fairview Ave E	17,165	2676885	\$10,224,000	6/24/14	82,193	C2-40	1	17,165sqft office building & 11 slip marina
408880-2460	US Homeport	1801 Fairview Ave E	29,520	2559893	\$7,520,000	8/21/12	230,268	IG1 U45	1	Office building & adjacent piers, Lot size changed after sale
408880-2460	US Homeport	1801 Fairview Ave E	0	2559894	\$1,304,979	8/21/12	54,340	IG1 U45	1	Primarily submerged land and piers, Lot size changed after sale. Non open market transaction
408880-2462	Ride the Ducks	Vacant	0	2540378	\$1,500,000	4/26/12	63,307	IG1 U45	1	Purchased for access site to Lake Union, Lot size changed after sale
408880-4565	Northlake Building	1341 N Northlake Way	46,566	2516174	\$14,660,000	10/27/11	61,700	IC-45	2	Office building & adj DNR land
408880-4140	Marina	2442 Westlake Ave N	1,760	2618216	\$1,710,000	7/15/13	19,448	C2-40	1	Marina & small office, +adj DNR land,18 slips
420690-0085	Warehouse	303 NE Northlake Way	11,650	2672199	\$3,249,000	6/2/14	33,855	IB U/45	1	Industrial warehouse and dock

Waterfront Sales Map



Area 12 Waterfront Sales Descriptions:



Parcel #: 277160-5311
Address: 2280 W Commodore Way
Sold: 7/23/2013
Price: \$5,000.000

The property includes an 11,670sqft renovated office building and 100' pier for 2 slips. The total parcel size is 27,632sqft with 10,335sqft of submerged land. Zoning is IG1 U/45.



Parcel #: 046700-0120
Address: 4315 11th Ave NW
Sold 12/21/2012
Price: \$1,750.000

The property includes a 4,095sqft warehouse and approximately 300' pier. The parcel size is 35,132 with approximately 28,100sqft of upland area. Zoning is IG1-U65.

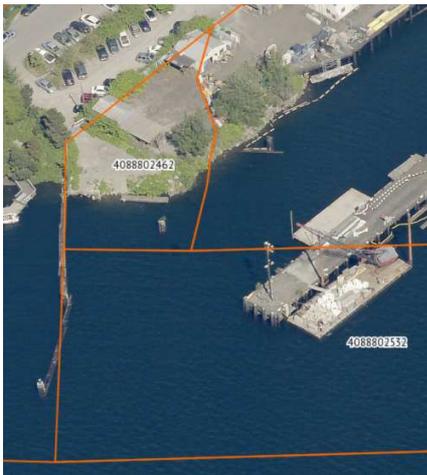
The new owner has renovated the building and intends to use the site for purposes related to the maritime industry.



Parcel# 408880-2460
 Address: 1801 Fairview Ave E
 Sold: 8/21/2012
 Sale Price: \$7,520,000

The property sold was part of the former NOAA property. The parcel size was 230,268sqft with approximately 80,000sqft of upland area. An older office building estimated to be over 30,000sqft is located on the site. The piers suffered considerable

damage from a previous fire and the value was considered to be largely in the land. Related to this property are sales on 8/21/2012 when the purchasers sold 1,810sqft of upland to the adjacent owner for \$42,850, and also purchased an additional approximately 54,340sqft of primarily submerged land and dock from the same adjacent land owner for \$1,304,979. The later 2 sales were non-open market transactions. Zoning is IG1-U45.



Parcel# 408880-2462
 Address: Vacant
 Sold: 4/26/2012
 Sale Price: \$1,500,000

The property sold at the asking price and was part of the former NOAA property. The new owners are a tour company, Ride the Ducks, and purchased the property for access to Lake Union. The parcel size was estimated at 63,307sqft with approximately 7,247sqft of upland area. A warehouse of nominal value is located on the site. Related to this property are sales on 8/21/2012 when the purchasers sold approximately 54,340sqft of primarily submerged land and dock to the adjacent land owner for

\$1,304,979, and also purchased 1,810sqft of upland from the same adjacent owner for \$42,850. The later 2 sales were non-open market transactions. Zoning is IG1-U45.



Parcel#: 408880-4140
 Address: 2442 Westlake Ave N
 Sold: 7/15/2013
 Sale Price: \$1,710,000

The property sold included a fully leased marina and separate 1,760sqft retail/office building. The land is considered 100% submerged with approximately 600 linear feet of moorage. It was reported the cap rate was 4%. The owner has rights to the adjacent DNR submerged leased lands parcels #408880-4141 & 4088804142. The total parcel size (not including the DNR land) is 19,448sqft. Zoning is C2-40.



Parcel# 408880-4565
 Address: 1341 N Northlake Way
 Sold: 10/27/2011
 Sale Price: \$14,660,000

The property sold includes the recently renovated 49,782sqft Northlake Office Building and boat repair area. Associated with this sale is a separate vacant land parcel 226450-1115 and rights to the adjacent DNR submerged parcel 408880-4566. The total parcel size (not including the DNR land) is 63,275f. Zoning is IC-45.



Parcel # 408880-2000 & 408880-2012
 Formerly Wards Cove Marina Community
 Address: 2811 Fairview Ave E
 Sold: 6/24/2014
 Sale Price: \$10,224,000

The property sold included two office buildings renovated in 2008 and totally 23,119sqft. and an 11-slip marina with slips ranging from 95-100' in length.

Marina Slip Sales

Property Name	Pin	Area/ Nbhd	Slip #	Unit Type	Sale Price	Sale Date	Excise Number	Lineal Feet	Price Per Linear Foot
Allison St Marina	0186500060	.12-40	Slip 6	Open Moorage	\$201,000	6/20/14	2677871	56	\$3,589
Roanoke Reef Boat Marna	7356400030	.12-40	Slip 3	Open Moorage	\$103,500	2/28/2014	2655782	44	\$2,352
Roanoke Reef Boat Marna	7356400120	.12-40	Slip 12	Open Moorage	\$350,000	7/14/2014	2679954	85	\$4,118
Roanoke Reef Boat Marna	7356400140	.12-40	Slip 14	Open Moorage	\$150,000	12/14/2012	2587319	90	\$1,667
Newport Yacht Basin	6073400060	.12-80	A-06	Covered Moorage	\$138,000	4/14/14	2662474	38	\$3,632
Newport Yacht Basin	6073403100	.12-80	A-23	Open Moorage	\$55,000	7/21/14	2682409	29	\$1,897
Newport Yacht Basin	6073403170	.12-80	A-30	Open Moorage	\$55,000	7/9/13	2617082	20	\$2,750
Newport Yacht Basin	6073400810	.12-80	B104	Covered Moorage	\$140,000	10/30/14	2698556	38	\$3,684
Newport Yacht Basin	6073400300	.12-80	B-23	Open Moorage	\$55,000	9/9/13	2630729	27	\$2,037
Newport Yacht Basin	6073400320	.12-80	B-25	Open Moorage	\$55,000	9/9/13	2629547	27	\$2,037
Newport Yacht Basin	6073400390	.12-80	B-32	Open Moorage	\$60,000	7/28/14	2682340	27	\$2,222
Newport Yacht Basin	6073400530	.12-80	B-46	Open Moorage	\$87,000	2/25/13	2591847	27	\$3,222
Newport Yacht Basin	6073401060	.12-80	C-05	Covered Moorage	\$95,000	5/24/14	2670792	25	\$3,800
Newport Yacht Basin	6073402040	.12-80	C108	Covered Moorage	\$110,000	5/3/13	2605791	32	\$3,438
Newport Yacht Basin	6073401530	.12-80	C-52	Open Moorage	\$60,000	9/24/14	2693631	27	\$2,222
Newport Yacht Basin	6073402390	.12-80	E-02	Covered Moorage	\$110,000	3/25/13	259684	26	\$4,231
Newport Yacht Basin	6073402440	.12-80	E-07	Covered Moorage	\$112,500	7/2/14	2677474	32	\$3,516
Newport Yacht Basin	6073402600	.12-80	E-23	Covered Moorage	\$120,000	9/29/14	2693669	32	\$3,750
Newport Yacht Basin	6073402650	.12-80	E-28	Covered Moorage	\$100,000	6/30/14	2676965	26	\$3,846
Newport Yacht Basin	6073402760	.12-80	F-05	Covered Moorage	\$120,000	2/19/13	2590376	30	\$4,000
Newport Yacht Basin	6073402770	.12-80	F-07	Covered Moorage	\$125,000	8/29/13	2628194	30	\$4,167
Harbour Village Marina	3110780100	.12-80	Slip 110	Covered Moorage	\$95,000	5/17/13	2612324	51	\$1,863
Harbour Village Marina	3110780360	.12-80	Slip 221	Covered Moorage	\$78,000	12/26/14	2710138	41	\$1,902
Harbour Village Marina	3110780580	.12-80	Slip 313	Open Moorage	\$42,000	5/22/12	2544919	37	\$1,135
Harbour Village Marina	3110780590	.12-80	Slip 314	Open Moorage	\$32,000	8/29/13	2627405	41	\$780
Harbour Village Marina	3110780660	.12-80	Slip 321	Open Moorage	\$53,500	3/6/14	2657770	41	\$1,305
Harbour Village Marina	3110780920	.12-80	Slip 421	Open Moorage	\$27,500	6/23/14	2675452	33	\$833
Harbour Village Marina	3110781130	.12-80	Slip 508	Open Moorage	\$41,000	6/23/14	2675603	47	\$872
Harbour Village Marina	3110781230	.12-80	Slip 518	Open Moorage	\$25,000	6/26/14	2676460	33	\$758

Improvement Sales for Area 012 with Sales not Used

06/23/2015

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
012	040	018650	0010	2,558	2635946	\$3,850,000	10/11/13	\$1,505	ALLISON MARINA	C2-40	20	48	Condo with garage, moorage, or storage
012	040	197220	6512	38,723	2660253	\$11,600,000	03/27/14	\$300	SOUND MIND AND BODY	IC-65	1	33	Lease or lease-hold
012	050	046700	0423	18,268	2560522	\$3,000,000	08/22/12	\$164	YANKEE BAR & GRILL site	IG1 U/65	1	61	Financial institution resale
012	050	046700	0784	25,200	2582532	\$3,370,320	12/20/12	\$134	JACOBSON BROTHERS INC	IG1 U/65	4	51	Related party, friend, or neighbor

Vacant Sales for Area 012 with Sales not Used

06/23/2015

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
012	040	270870	0030	86,697	2574621	\$85,000	11/14/12	\$0.90	GASWORKS PARK MARINA	IB U/45	1	33	Lease or lease-hold
012	040	270870	0220	86,697	2651613	\$115,000	01/30/14	\$1.21	GASWORKS PARK MARINA	IB U/45	1	33	Lease or lease-hold
012	040	270870	0360	86,697	2695247	\$5,700	09/30/14	\$0.07	GASWORKS PARK MARINA	IB U/45	1	33	Lease or lease-hold
012	040	270870	0415	86,697	2672116	\$7,000	06/04/14	\$0.08	GASWORKS PARK MARINA	IB U/45	1	33	Lease or lease-hold
012	040	270870	0440	86,697	2671905	\$155,000	05/28/14	\$1.63	GASWORKS PARK MARINA	IB U/45	1	33	Lease or lease-hold
012	040	270870	0460	86,697	2673784	\$7,000	06/04/14	\$0.08	GASWORKS PARK MARINA	IB U/45	1	33	Lease or lease-hold
012	040	270870	0480	86,697	2687113	\$7,000	08/15/14	\$0.08	GASWORKS PARK MARINA	IB U/45	1	33	Lease or lease-hold
012	040	270870	0490	86,697	2690415	\$5,700	09/11/14	\$0.07	GASWORKS PARK MARINA	IB U/45	1	33	Lease or lease-hold
012	040	270870	0560	86,697	2527213	\$95,000	01/13/12	\$1.00	GASWORKS PARK MARINA	IB U/45	1	33	Lease or lease-hold
012	040	270870	0610	86,697	2581174	\$140,000	12/18/12	\$1.47	GASWORKS PARK MARINA	IB U/45	1	33	Lease or lease-hold
012	040	270870	0660	86,697	2600614	\$8,500	02/06/13	\$0.09	GASWORKS PARK MARINA	IB U/45	1	33	Lease or lease-hold
012	040	270870	0690	86,697	2632150	\$200,000	09/24/13	\$2.11	GASWORKS PARK MARINA	IB U/45	1	33	Lease or lease-hold
012	040	408880	2460	1,810	2559898	\$42,850	08/21/12	\$23.67	Former NOAA site	IG1 U/45	1	15	No market exposure
012	040	408880	2462	63,307	2559894	\$1,304,979	08/21/12	\$20.61	VACANT LAND	IG1 U/45	1	15	No market exposure
012	080	311078	0100	196,585	2612324	\$95,000	05/17/13	\$950.00	HARBOUR VILLAGE MARINA	RB	1	33	Lease or lease-hold
012	080	311078	0130	196,585	2713739	\$120,000	01/16/15	\$0.61	HARBOUR VILLAGE MARINA	RB	1	33	Lease or lease-hold
012	080	311078	0280	196,585	2670630	\$70,000	05/28/14	\$700.00	HARBOUR VILLAGE MARINA	RB	1	33	Condo with garage, moorage,
012	080	311078	0360	196,585	2710138	\$78,000	12/26/14	\$0.40	HARBOUR VILLAGE MARINA	RB	1	33	Lease or lease-hold
012	080	311078	0360	196,585	2685104	\$50,000	08/05/14	\$0.25	HARBOUR VILLAGE MARINA	RB	1	33	Lease or lease-hold
012	080	311078	0520	196,585	2586521	\$21,000	01/22/13	\$210.00	HARBOUR VILLAGE MARINA	RB	1	33	Lease or lease-hold
012	080	311078	0580	196,585	2544919	\$42,000	05/22/12	\$420.00	HARBOUR VILLAGE MARINA	RB	1	33	Lease or lease-hold
012	080	311078	0590	196,585	2627405	\$32,000	08/29/13	\$320.00	HARBOUR VILLAGE MARINA	RB	1	33	Lease or lease-hold
012	080	311078	0660	196,585	2657770	\$53,500	03/06/14	\$535.00	HARBOUR VILLAGE MARINA	RB	1	33	Lease or lease-hold
012	080	311078	0920	196,585	2675452	\$27,500	06/23/14	\$0.14	HARBOUR VILLAGE MARINA	RB	1	33	Lease or lease-hold
012	080	311078	1070	196,585	2720698	\$16,500	03/13/15	\$0.08	HARBOUR VILLAGE MARINA	RB	1	33	Lease or lease-hold
012	080	311078	1130	196,585	2675603	\$41,000	06/23/14	\$0.21	HARBOUR VILLAGE MARINA	RB	1	33	Lease or lease-hold
012	080	311078	1230	196,585	2676460	\$25,000	06/26/14	\$0.13	HARBOUR VILLAGE MARINA	RB	1	33	Lease or lease-hold
012	080	607340	0300	419,006	2630729	\$55,000	09/09/13	\$0.13	NEWPORT YACHT BASIN PH I CONDOMINIUM	R-2.5	1	15	No market exposure
012	080	607340	0320	419,006	2629547	\$55,000	09/09/13	\$0.13	NEWPORT YACHT BASIN PH I CONDOMINIUM	R-2.5	1	15	No market exposure
012	080	607340	0690	419,006	2594924	\$434,700	03/11/13	\$378.00	NEWPORT YACHT BASIN PH I CONDOMINIUM	R-2.5	7	59	Bulk portfolio sale
012	080	607340	3100	419,006	2682409	\$55,000	07/21/14	\$47.83	NEWPORT YACHT BASIN PH I CONDOMINIUM	R-2.5	1	15	No market exposure