

Commercial Revalue

2015 Assessment Roll

BUSINESS PARKS

AREA 520

**King County, Department of Assessments
Seattle, Wa.**

Lloyd Hara, Assessor



King County

Department of Assessments

Accounting Division

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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.

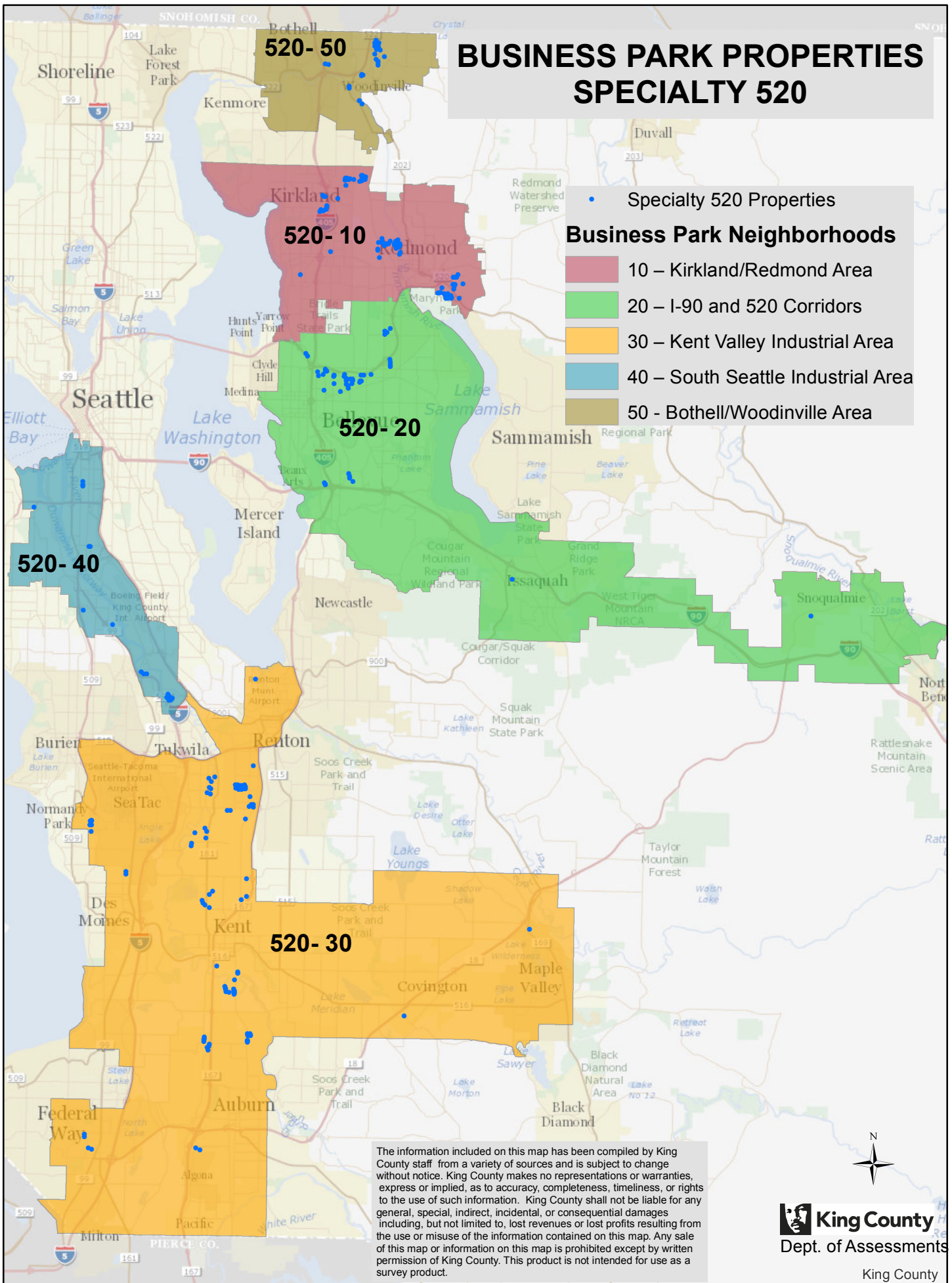
Fair and uniform assessments set the foundation for effective government and I am pleased that we are able to make continuous and ongoing improvements to serve you.

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

Sincerely,

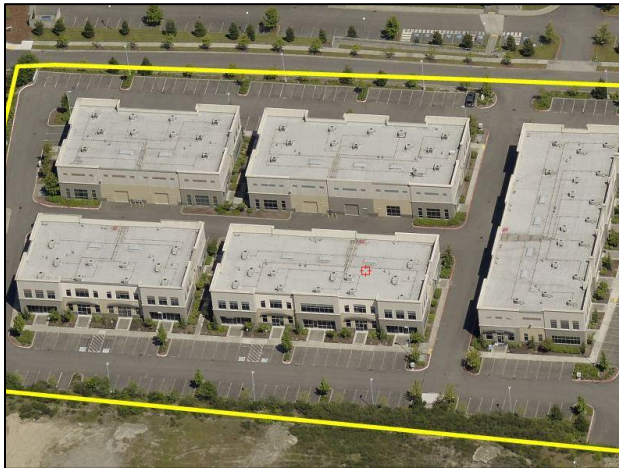
Lloyd Hara
Assessor

BUSINESS PARK PROPERTIES SPECIALTY 520



2015 Revalue Report

Specialty Area 520: Business Parks



King County Department of Assessments



Executive Summary Report

Appraisal Date

January 1, 2015 for the 2015 Assessment Year (2016 Tax Roll Year)

Specialty

- Business Parks

Physical Inspection

- Partial Neighborhood 10 – Kirkland / Totem Lake

Sales - Analysis Summary

- Number of Sales: 26 market transactions
- Date Range: 2/14/2012 - 10/24/2014

Sales - Ratio Study Summary

Sales--Improved Valuation Change Summary				
	Mean Assessed Value	Mean Sale Price	Ratio	COD*
2014 Value	\$4,278,600	\$4,701,400	91.00%	11.23%
2015 Value	\$4,551,400	\$4,701,400	96.80%	10.45%
Abs. Change	\$272,800		5.80%	-0.78%
% Change	6.38%		6.37%	-6.95%

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

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

The above ratio study summary for Business Park sales in Specialty 520 (institutional grade warehouse/office buildings) is based on a sales sample that is heavily weighted with sales of office/flex condominium units in the Snoqualmie Ridge area of the I-90 corridor neighborhood. This property type is not representative of the entire specialty population; thus, the ratio study results may not be an entirely reliable tool for measuring the revaluation results of the overall population within the Business Park specialty. Also in the current expansion cycle of the

Business Park market, buyers are purchasing properties with expectations of higher future net operating incomes (NOI) from higher lease rates and fewer vacancies. These sales will reflect higher values than the Assessor's value by the income approach using current market parameters.

Population - Parcel Summary Data

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2014 Value	\$568,367,600	\$782,362,200	\$1,350,729,800
2015 Value	\$584,513,130	\$840,539,700	\$1,425,052,830
% Change	2.84%	7.44%	5.50%

Number of Parcels in the Population: 310

Conclusion and Recommendation

Overall, the assessed values for the Business Park Specialty have increased by 5.50% collectively. Naturally, this varies from neighborhood to neighborhood and parcel to parcel however most properties experienced a moderate increase in value. Changes were made as necessary to rents, vacancies, operating expenses and capitalization rates in order to reflect market conditions. The values recommended in this report improve uniformity and equity; therefore it is recommended they should be posted for the 2015 Assessment Year.

Analysis Process

Effective date of Appraisal: January 1, 2015

Date of Appraisal Report: June 18, 2015

Responsible Appraiser: The following appraiser completed the valuation of this specialty:

- Patty Haines - Commercial Appraiser II

Highest and Best Use Analysis

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the majority of the appraised parcels as commercial. 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. We find that 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 is assigned to the improvements. The property is returned to the geographic appraiser if the improvements continue to contribute a nominal value over the subsequent valuation cycle and the parcel is not considered an economic unit.

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 (market/sales approach, cost approach and income approach) were considered in this analysis.

- Sales from 1/2012 to 12/2014 (at minimum) were considered in all analyses.
- This report intends to meet the requirements of the Uniform Standards of Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation:

- Specialty Area 520, Business Parks

Property Description:

The Business Park specialty is defined as primarily multi-tenant occupancy properties, frequently located among a cluster of similar styled buildings. Many are low-rise architectural style with 12 to 16 foot building heights; however a number of parks have buildings with mezzanine office space on the second level bringing the heights to the 24 to 30 foot range. Entry to the office space typically faces the frontage, which may be delineated by glass curtain walls. The rear façade of the buildings typically have roll up doors with ground level or dock high access to the warehouse, light industrial or flex space. The buildings are further defined by their build-out ratio, which is below the 40% typical of high tech buildings and above the minimal 10% to 20% office build out typical of warehouse and light industrial properties. Naturally, some suites within the parks or even parks as a whole will have percentage outside these typical ranges.

There are typically three types of business parks in King County and often parks will have a blend of buildings of more than one style in order to draw a diversity of tenants:

1. **Incubator Style:** These parks typically have smaller suite sizes and a higher ratio of ground level roll up doors. Some parks (see images below) have spaces as small as under 1,000/SF and may have a few suites that are above 3,000/SF. Tenants will often include startups, small family businesses, retail, services, and light assembly businesses. A more unique type of incubator park is one where the roll up doors are in the front of the buildings right next to very small offices.



Central Park 10, Auburn, WA

2. **Flex Style:** These parks typically have more medium sized suites in the 2,000/SF to 7,500/SF range which helps draw larger, more established, often high tech businesses. They usually have a blend of grade level and dock high doors to accommodate a variety of businesses.



Central Commerce Center, Kent, WA

3. **Distribution Style:** These parks typically have medium to large suites with more dock high doors and more of a distribution focus. They often draw more distribution focused companies ranging from bakeries to freight companies.



Opus Park, Auburn, WA

Boundaries:

All of King County

Maps:

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

Area Description:

Many business parks are concentrated in the Kent Valley (Kent, Auburn, Tukwila, and SeaTac), Redmond Willows, and Marymoor areas. There are additional properties scattered throughout

King County in Kirkland, Bellevue, Renton, Issaquah, Woodinville, Snoqualmie, Maple Valley, Covington, Federal Way, and South Seattle.

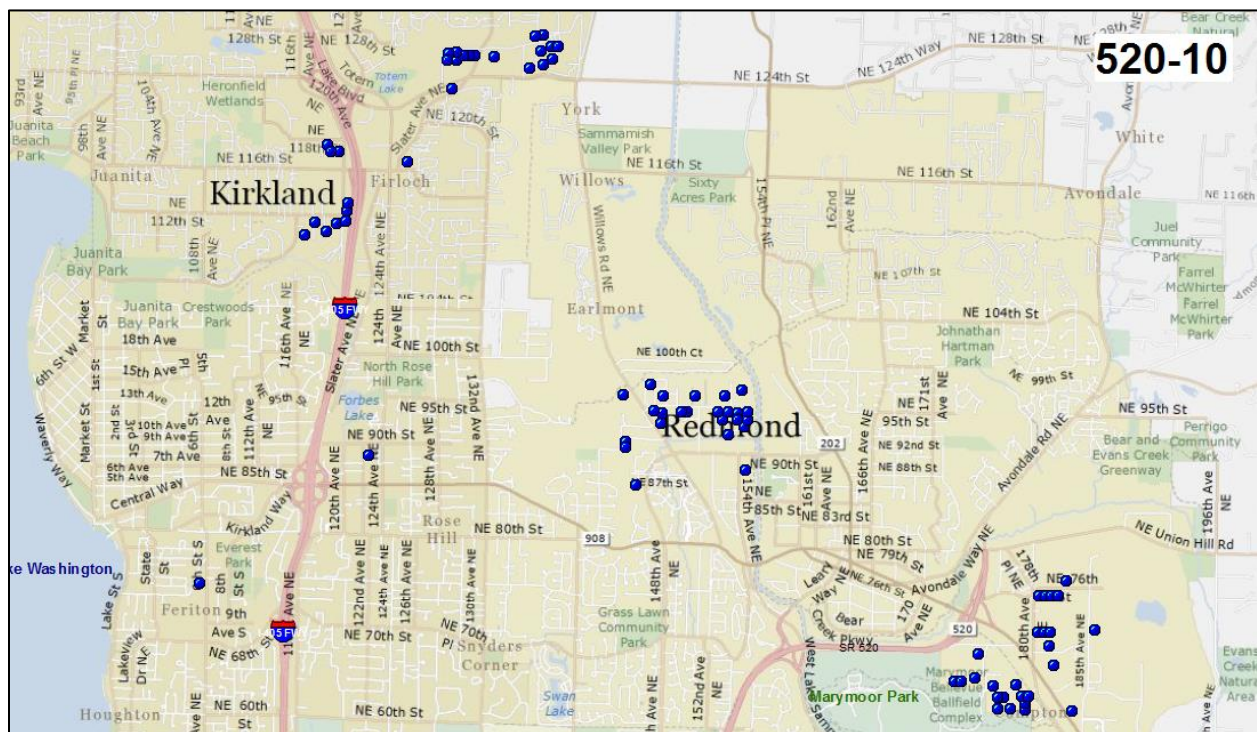
Five neighborhoods have been established by the Assessor for valuation purposes of this specialty in order to group properties into areas of similar markets.

These neighborhoods are comprised of 310 parcels; approximately 294 improved parcels and 16 associated land parcels and condo master parcels. The associated land parcels are considered as an economic unit to the adjacent improved parcels. All of the business parks within the specialty were revalued this year and are on an annual revaluation timeline.

A brief description of each Business Park neighborhood along with any recent or new Business Park development that is occurring in the area is included below.

Neighborhood 520-10

Neighborhood 520-10 includes business park buildings that are located within the Kirkland area as well as the Willows and Marymoor neighborhoods of Redmond.

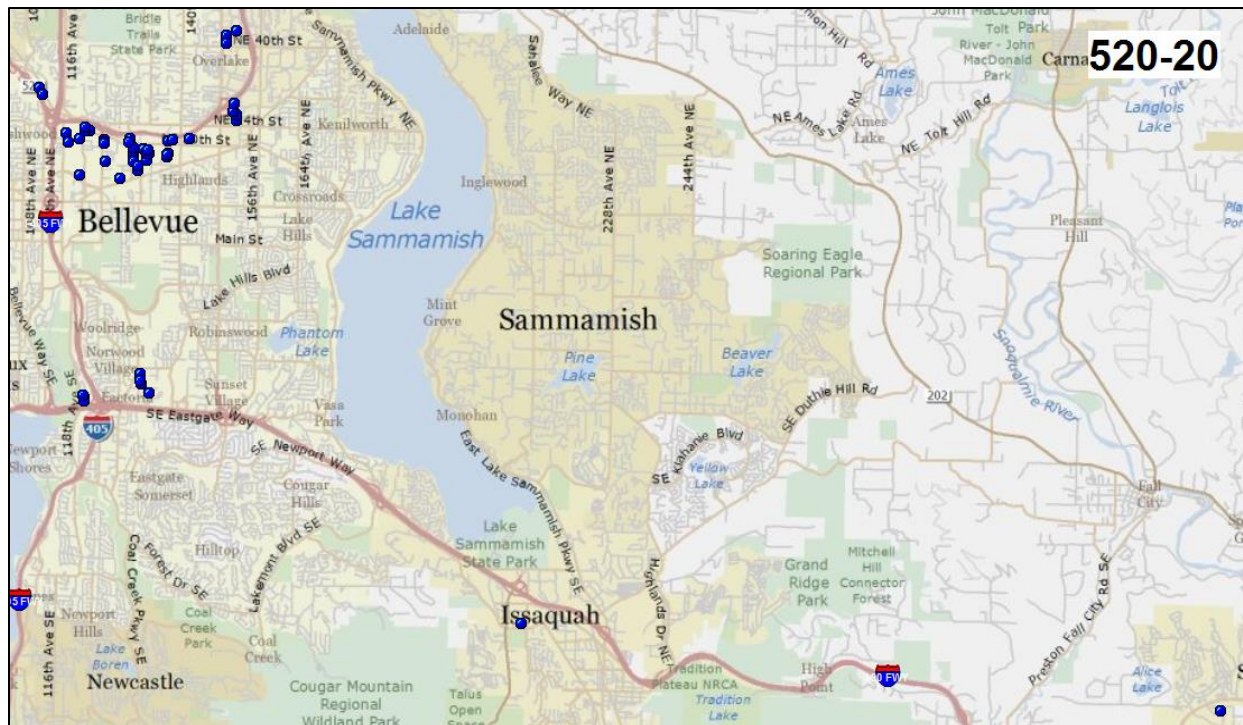


There are 87 parcels in this geographic area, or 28% of the Business Park specialty. Both neighborhoods 520-10 and 520-20 have a higher concentration of flex space than properties in other parts of the County and attract a higher percentage of small tenants at higher lease rates.

The most recently constructed buildings in the specialty were delivered in 1998 and 1999, with the majority of the properties developed in the 1980's.

Neighborhood 520-20

Neighborhood 520-20 includes business park buildings located within the Highway 520/Overlake & I-90 Corridors as well as business parks in Issaquah and Snoqualmie.



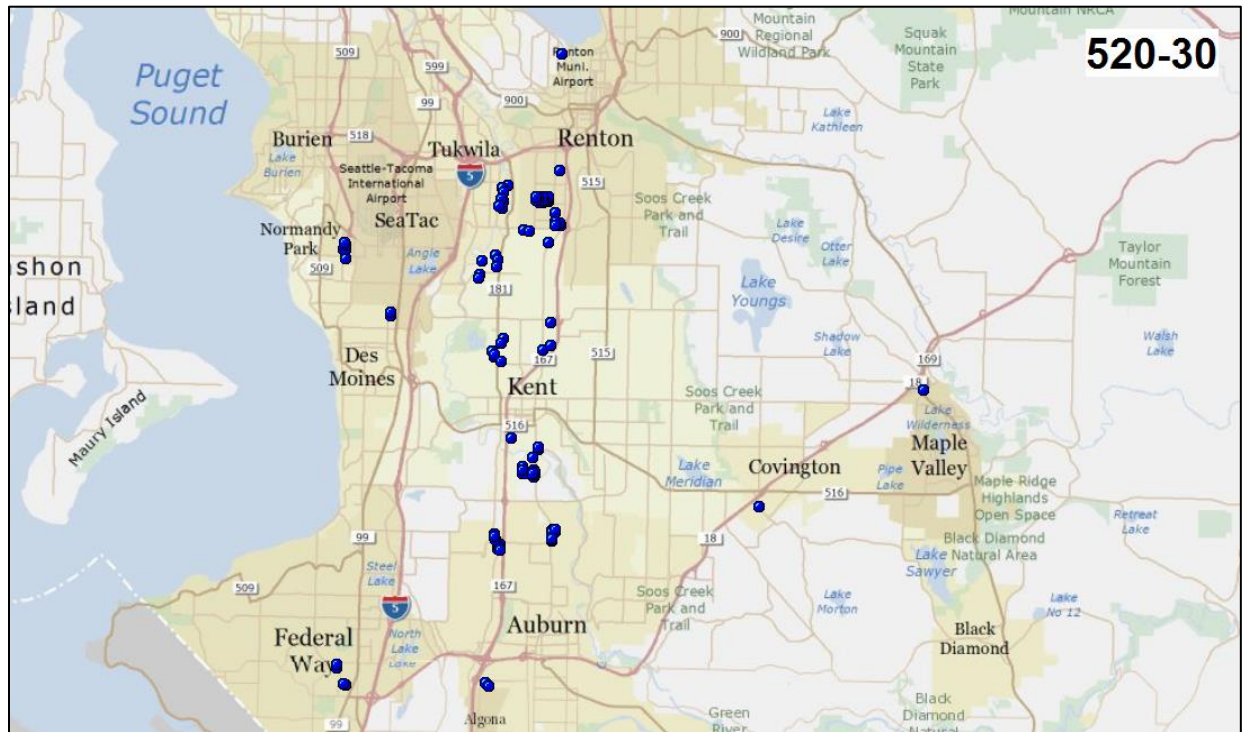
There are 84 parcels in this geographic area, or 27% of the Business Park specialty. The most recent Business Park development in the area is The Venture Commerce Center, located in the greater Snoqualmie Ridge Business Park Development at the southeast corner of neighborhood 20. The development was completed in 2007 and includes five, one and two story masonry buildings containing 34 commercial condominium units that contain a combination of office and warehouse space. The majority of other Business Park properties in neighborhood 20 were constructed throughout the 1970's and 1980's.



Venture Commerce Center

Neighborhood 520-30

Neighborhood 520-30 is Washington State's largest industrial market and includes business parks located in the Kent Valley industrial area. The neighborhood includes Kent, Auburn, Renton, SeaTac, the Southcenter area of Tukwila, and Federal Way as well as a park in Covington and one in Maple Valley.



There are 96 parcels within this geographic area, or 31% of the Business Park specialty. The most recent Business Park development occurred in 2008 with the completion of the Cedar River Corporate Park in Renton and the Prologis Park SeaTac, located south of the SeaTac International Airport. The Cedar River Corporate Park includes four good quality one-story buildings containing a total 69,264 square feet of industrial flex space and 72,598 square feet of office space.



Cedar River Corporate Park

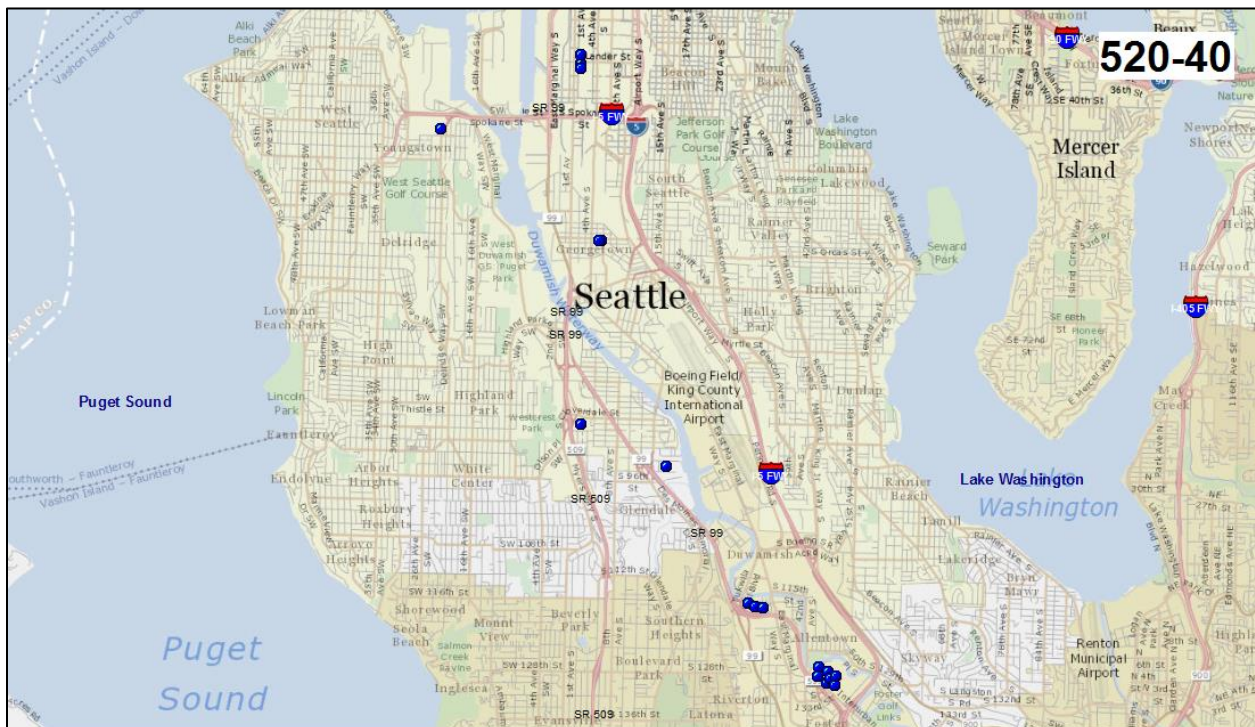
The Prologis Park development includes two 122,400 square foot buildings, with a total of 175,147 square feet of distribution warehouse space and 69,653 square feet of warehouse office space. The development is pictured on the following page.



Prologis Park - SeaTac

Neighborhood 520-40

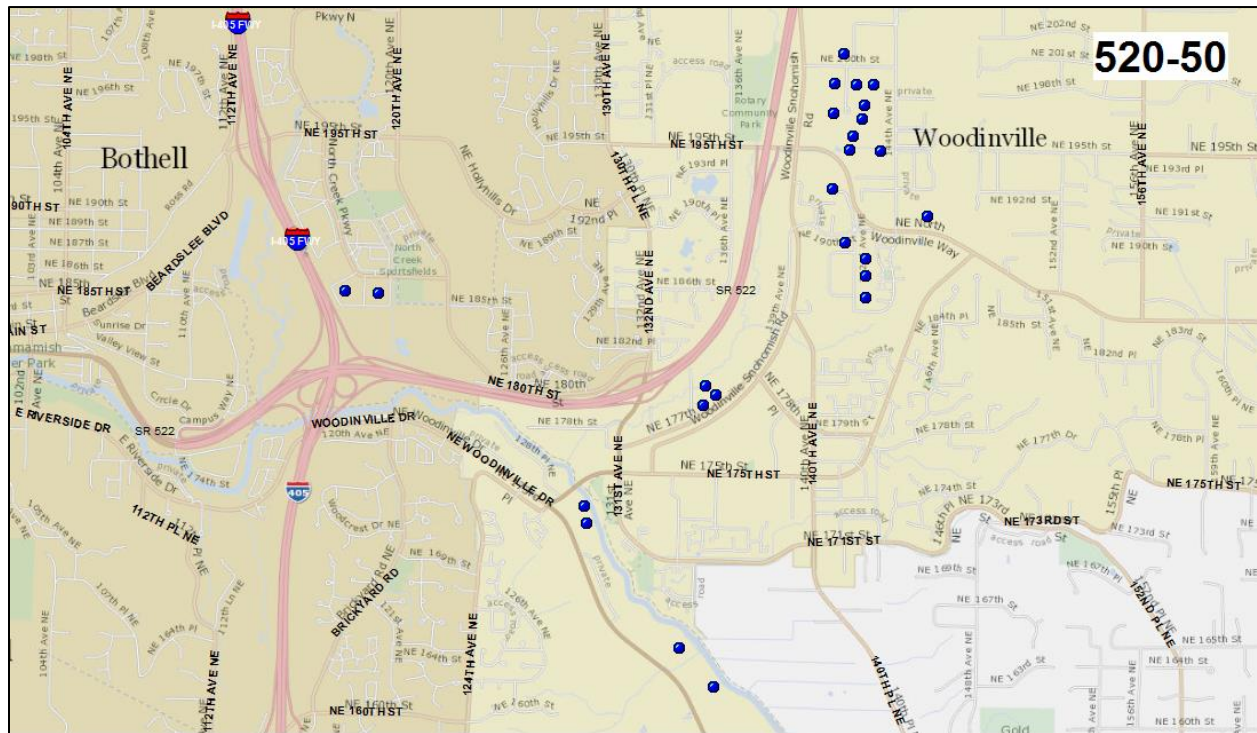
Neighborhood 520-40 includes Business Park buildings located within the South Seattle Industrial area including SODO, Georgetown, the northern portion of Tukwila and one business park in West Seattle.



There are 18 parcels in this geographic area, or 6% of the Business Park specialty. There has been no recent Business Park development in this neighborhood. The majority of the properties were constructed in the 1980's to early 1990's.

Neighborhood 520-50

Neighborhood 520-50 includes business park buildings located within the Bothell (North Creek) and Woodinville neighborhoods.



There are 25 parcels in this geographic area, or 8% of the Business Park specialty. Most of the Business Parks in neighborhood 50 were constructed in the 1980's and 1990's. The most recent development is the Bear Creek Plaza which was completed in 2006. The project includes one tilt-up masonry building containing 30,882 square feet of net rentable area with a mix of office and flex space.



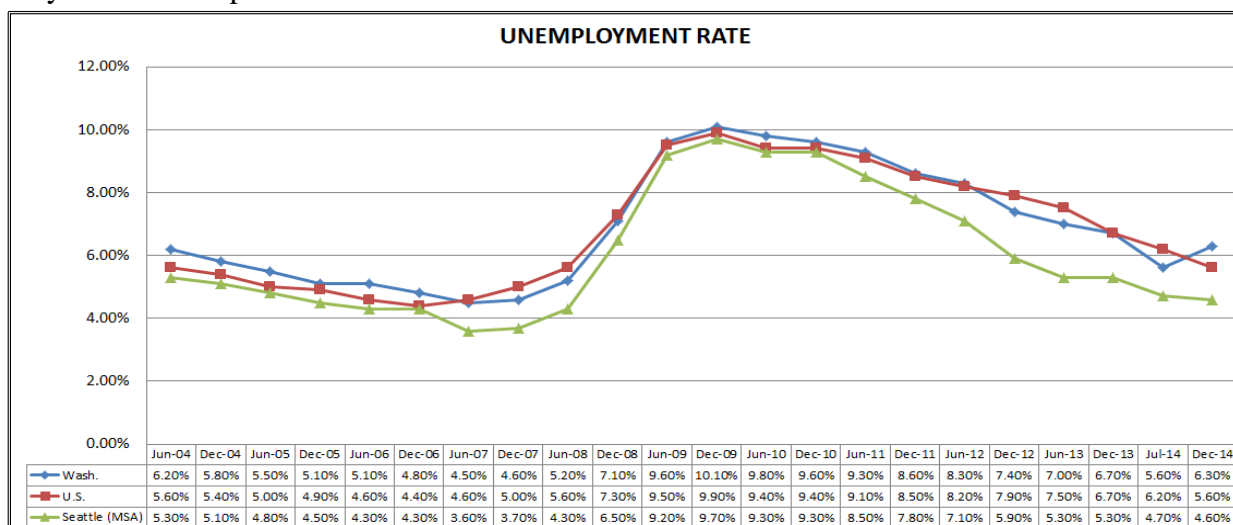
Bear Creek Plaza

Economic Considerations

National Economy: The United States economy continued its recovery throughout 2014, with inflation remaining low and corporate profits surging the stock market has rebounded as well. In 2014, the Dow Jones Industrial Average finished the year up 7.5%, the S&P rose 11.4%, and the tech-heavy NASDAQ soared 13.4%.¹ The year ended with a reported unemployment rate of 5.7%, down from 6.7% at the end of 2013. New jobs continue to be added with a 12-month running average of 267,250. In addition, the housing market has continued to improve, with the US adding 1.06 million new housing units, which represents 8.8% more than the 924,900 new homes started in 2013.²

With unemployment rates hitting pre-recession levels along with gas prices dropping to their lowest level in many years, consumer confidence levels have reached notable highs, helping to spur solid end-of-year growth. Midway through the second quarter of 2014, confidence levels hit 83.9% on the Consumer Board Index, the highest since January 2008. Growing steadily throughout the summer and fall, consumer confidence grew to new heights, finishing the year at 92.6%.³

Regional Economy: In 2014, Washington State's⁴ year-over-year unemployment rate fell from 6.7% to 6.3%, which is .70% higher than what is reported nationally. For the Seattle MSA (Seattle-Bellevue Everett), Jones Lang LaSalle⁵ reported that unemployment decreased to 4.6% in December, marking a 2.9% increase in job growth over the past 12 months. Within King County, the overall year-over-year change in unemployment fell from 4.7% to 4.1%, while the City of Seattle experience an even lower decline from 4.4% to 3.9%.



¹ CNNMoney, December 31, 2014

² Forbes, "Housing Starts Hit Highest Level Since 2007", 1/21/2015

³ BDO, Consumer Business Compass, Jan. 16th, 2015

⁴ Employee Security Dept. - Monthly Report

⁵ Jones Lang LaSalle, Employment Update, December 2014

The employment recovery is tied to the region's diverse economy. Its strengths include aerospace, software development including internet retail and gaming, and global trade. With a huge backlog of airplane orders, Boeing's employment remained strong in 2014 following increased hiring in 2011. Also in 2011, the company won the contract for the aerial tankers, reached a labor agreement, and committed to build the next generation of 737 airplanes in Renton.

The region's stable, information-technology industry once anchored by Microsoft has evolved into one of the largest high-tech clusters in the nation with Amazon.com dramatically increasing its footprint in Seattle. Other major tech-related companies with large real estate footprints in the Seattle area are Nintendo, Expedia Inc. and F5 Networks Inc. Google and Facebook are also increasing their presence significantly in the area in order to take advantage of the large pool of tech employees. The Seattle area was recently ranked fourth for top start-up ecosystems in the world according to report by Startup Genome. The Puget Sound business climate and lifestyle, which attracts a skilled, educated workforce, has encouraged these start-ups.⁶ In the Seattle metropolitan area the above average growth in tech employment has helped fill a glut in vacant office space available after the "Great Recession" and has accelerated the recovering of the office market.

International trade continues to have a strong impact on the regional economy. While foreign exports were the first sector of the economy to recover it has now slowed due to the slower world economy. Boeing, with 75% of its airplanes going overseas is the region's top foreign exporter. Besides Boeing, there are a wide list of regional businesses that provide products and services for foreign markets. These include Microsoft, Weyerhaeuser, Paccar, Russell Investments, Costco, Starbucks, Expeditors International, Perkins Coie, NBBJ, Alaska Airlines, Port of Seattle, and the University of Washington.

Population

Puget Sound: As of year-end 2014, the population in the Central Puget Sound region (King, Kitsap, Pierce, and Snohomish counties) reached 3.84 million. The 2014 population level represents an increase of +3.92% from 2010 and +17.08% from 2000. Since 2000, Snohomish County experienced the greatest population increase of 22.28%, while King County had the largest increase since 2010. As of 2014, King County accounted for 52.6% of the total population within the four county region. Since 2000, King County's population grew by 280,250 or 33.80% (2.26% per year). The charts on the following page summarize the region's population changes.

⁶ CBRE Q4 2012 Puget Sound Area Office Market view

Current Population ⁷	2000	2010	2014	% Change 2000-2014	% Change 2010-2014
King County	1,737,000	1,931,200	2,017,250	16.13%	4.46%
Kitsap County	232,000	251,100	255,900	10.30%	1.91%
Pierce County	700,800	795,200	821,300	17.19%	3.28%
Snohomish County	606,000	713,300	741,000	22.28%	3.88%
Region Total	3,275,800	3,690,900	3,835,450	17.08%	3.92%

Population Growth Trends (Location & Demographics) ⁸			
Year	Seattle	King County	Central Puget Sound
1980	494,000	1,270,000	2,240,000
1990	516,259	1,507,305	2,748,900
2000	564,092	1,737,000	3,275,800
2010	608,660	1,931,200	3,690,900
2014	640,500	2,017,250	3,835,450

Cities & Towns: About 2,709,660 people live within the incorporated area of the Central Puget Sound region. As of 2014, incorporated cities and towns accounted for 70.6% of the total population. The changing shares reflect not only differences in population growth among locations within the region, but also annexations and new incorporations. At the top of the list of cities with the greatest percentage growth was Kirkland, Kent, and Burien, with reported population growths of 70%, 45% and 31%, respectively.

Top 10 Cities With Greatest Percentage Population Growth (2010 to 2014) ⁹						
Municipality	County	Census 2010	Population 2014	Change 2010-14	% Change 2010-2014	Population Annexed 2010-2014
Kirkland	King	48,787	82,590	33,803	69.3%	31,816
Burien	King	33,313	48,240	14,927	44.8%	14,292
Kent	King	92,411	121,400	28,989	31.4%	25,458
Bothell (all)	King/Snohomish	33,505	41,630	8,125	24.3%	6,789
Port Orchard	Kitsap	11,157	13,150	1,993	17.9%	943
Snoqualmie	King	10,670	12,130	1,460	13.7%	0
Gig Harbor	Pierce	7,126	7,985	859	12.1%	4
DuPont	Pierce	8,199	9,175	976	11.9%	0
Ruston	Pierce	749	830	81	10.8%	0
Bellevue	King	122,363	134,400	12,037	9.8%	5,630

⁷ Puget Sound Regional Council; Puget Sound Trends, January 2015

⁸ Puget Sound Regional Council; Puget Sound Trends, January 2015; OFM (Seattle)

⁹ Puget Sound Regional Council; Puget Sound Trends, January 2015

The city with the greatest nominal population growth was Kirkland (33,803), followed by Seattle (31,840), Kent (28,989), Burien (14,927), and Bellevue (12,037). Except for Seattle and Auburn, the cities large growth was a result of major annexations. Like Kirkland, Kent and Burien saw extraordinary growth as a result of major annexations that incorporated a sizable population well over 10,000 people each in 2010 and 2011, respectively. Seattle and Auburn's growth was primary due from real population growth.

Top 10 Cities With Greatest Nominal Population Growth (2010 to 2014) ¹⁰						
Municipality	County	Census 2010	Population 2014	Nominal Change 2010-14	% Change 2010-2014	Population Annexed 2010-2014
Kirkland	King	48,787	82,590	33,803	69.3%	31,816
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Kent	King	92,411	121,400	28,989	31.4%	25,458
Burien	King	33,313	48,240	14,927	44.8%	14,292
Bellevue	King	122,363	134,400	12,037	9.8%	5,630
Bothell (all)	King/Snohomish	33,505	41,630	8,125	24.3%	6,789
Renton	King	90,927	97,130	6,203	6.8%	757
Auburn (all)	King/Pierce	70,180	74,630	4,450	6.3%	0
Redmond	King	54,144	57,700	3,556	6.6%	149
Sammamish	King	45,780	49,260	3,480	7.6%	906

Regional Economic Summary: The Puget Sound Region has retained a comparatively strong economy, and remains a hotbed for start-up businesses with a highly educated workforce. The region has generally experienced expanding employment and increasing income levels which has materialized in escalating property values in recent years. Within the Puget Sound region, market conditions are favorable to the extent that substantial historic, and current ongoing residential and commercial development has resulted. Regional demographic trends favor increasing population growth and in-migration reflecting both a historic and continuing demand for commercial and residential real estate in the area.

Business Park/Industrial Market Conditions

Properties in the Business Park Specialty make up one sector of the overall Industrial Market. Within the Seattle/Puget Sound Region's industrial market, vacancy rates continued to decline throughout 2014 while rental rates remained stable with modest increases in some markets. Steady demand led to greater than 650,000 SF positive net absorption in the fourth quarter of 2014, capping off a year in which 3.4M SF positive net absorption was recorded. The overall vacancy rate dropped to 4.77% for the overall industrial sector, which is below the pre-recession

¹⁰ Puget Sound Regional Council; Puget Sound Trends, January 2015

low recorded back in 1Q 2008. Currently, there is more than 3.8M SF of industrial space under construction and greater than 9.5M SF proposed.¹¹

As construction on projects completes, the Assessor's Office will determine which of these developments will fall into the Business Park and Warehouse Specialties.

Vacancy Rates: Vacancy rates continue to decline in 2014 across the Central Puget Sound region. All five neighborhoods in the Business Park specialty saw decreased vacancy as net absorption continued to outpace deliveries throughout 2014. Most notably, neighborhood 520-40, the Seattle close-in market, saw its vacancy rate pushed down to 2.58%, the lowest in the County.

Rental Rates: Rental rates remained relatively stable throughout 2014, with some modest increases in markets where lower vacancy rates support this trend. In particular, neighborhood 520-50, the Bothell/Woodinville market, saw average asking rates for flex space rise to \$1.23/SF/Month (NNN).

Newer, well maintained, and well located business parks have benefited the most as tenants naturally gravitate to these properties. Conversely, some older and more outdated properties face increased difficulty signing good tenants as increased competition has meant that tenants can often find better quality space and location for similar or slightly higher rent rates.

The Puget Sound market continues to be routinely named as a top market for real estate investment by numerous trade publications. This increased investor interest in the regional market has influenced downward pressure on capitalization rates. Virtually all submarkets experienced a slight decline in capitalization rates.

Economic Considerations: The following chart gives a general overview of the current state of the economic conditions for Area 520.

2014 Year End Metrics			
Vacancy Rates	Rental Rates	Cap Rates	Values
↓ (decrease)	↔ (stable)	↘ (slight decrease)	↑ (increase)

This chart summarizes overall trends throughout Area 520. Specific neighborhoods may deviate from these trends.

¹¹ Colliers International; Research and Forecast Report, Q4 2014

Preliminary Ratio Analysis

The sales ratio study is an important assessment tool used to ensure that properties are uniformly assessed based on market value. This analysis utilizes statistical methods to measure the relationship between a property's assessed value and its sale price by grouping individual sales according to property type and geographic area. This data can be used to review current assessment levels, identify inequities that need to be addressed, and assist in revaluation model development.

The two major aspects of appraisal accuracy, appraisal level and appraisal uniformity are measured and evaluated using the ratio study. Appraisal level is a measure of the ratio of assessed value to sales price, while appraisal uniformity refers to the degree to which properties are appraised at equal percentages of market value. The International Association of Assessing Officers (IAAO) has developed performance standards to evaluate both the appraisal level and uniformity.

Appraisal (Assessment) Level: Estimates of appraisal level are based on measures of central tendency. The weighted mean ratio is the value-weighted average of the arithmetic mean and median ratios in which the weights are proportional to the sales prices. The weighted mean also is the ratio of the average assessed value to the average sales price value. The weighted mean gives equal weight to each dollar of value in the sample, whereas the median and mean give equal weight to each parcel. The weighted mean is an important statistic in its own right and also used in computing the price related differential (PRD), a measure of uniformity between high- and low- value properties.

The IAAO performance standards state that the weighted mean ratio should be between 0.90 and 1.10. The preliminary ratio study for Area 520 shows a weighted mean ratio of 0.910 which is within the IAAO guidelines, indicating that the current assessment level, as measured using recent sales, is in the acceptable range.

Appraisal (Assessment) Uniformity: Measures of dispersion or variability relate to the uniformity of the ratios. The most generally useful measure of uniformity is the Coefficient of Dispersion (COD). The COD measures the average percentage deviation of the ratios from the median ratio.

The IAAO performance standards state that the COD should be between 5.0 and 20.0 for income producing property in smaller, rural jurisdictions and between 5.0 and 15.0 for larger urban market areas. The preliminary ratio study for Area 520 shows a COD of 11.23 which is within the IAAO guidelines, indicating that the current level of assessment uniformity as measured using recent sales is in the acceptable range.

A second measure of uniformity utilized in the ratio study is the Price Related Differential (PRD). The PRD provides a measure of price related bias, or the equity between low and high priced property. The IAAO performance standards state that the PRD should fall between 0.98 and 1.03. A value below 0.98 would indicate progressivity in the data, where assessment levels increase with increasing sales prices. Values above 1.03 indicate regressivity in the data, where assessment level decreases with increasing sales price. The preliminary ratio study for Area 520 shows a PRD of 1.06 which is outside the IAAO guidelines, giving an indication that the current level of assessment uniformity as measured using recent sales is in need of adjustment to achieve a value in the acceptable range. As a result of the results indicated from the preliminary ratio study, only modest changes are required to the valuation models for Area 520 for the 2015 assessment year.

Some of the results of the preliminary ratio study fall within the IAAO standards. However, these results are based on a limited sales sample which is heavily weighted with office/flex condominium units. This property type is not representative of the entire Business Park specialty population and for most other property types the sales sample is insufficient to draw direct conclusions from the ratio study. The office/flex condominium units were valued by the market approach, while the remaining parcels were valued by the income approach. All of the recent sales are used for guidance, and as a test for the income model.

Scope of Data

Land Value Data: The geographic appraisers in the various areas in which the specialty properties are located are responsible for the land value used by the specialty appraiser. See the 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. All sales are verified, if possible, by contacting either the purchaser or seller, or contacting the real estate broker, and reviewing sale transaction data from online subscription sources. Each sale was inspected and the recorded property characteristics were updated when necessary. Sales are listed in the “Sales Used” and “Sales Not Used” sections of this report.

Sales Comparison Approach Description

There were 26 improved sales in the subject area that were considered good, fair market transactions, and that were used in the overall analysis. The model for the sales comparison approach was based on characteristics from the Assessor’s records including location, effective age, building quality and net rentable area. Sales with characteristics most similar to the subject properties were considered.

Business parks comprised of condominium units were valued by the sales comparison approach, as there were sufficient sales available and they typically command a higher price per square foot. This is typically due to the smaller size of the units and due to the owner/user nature of many industrial condominium purchases.

The following table summarizes the value parameters used for valuation in area 520. Some properties require deviation from the typical value range due to issues including, but not limited to, location, size and condition and appraiser judgment.

Typical Value Parameters	
Property Type	Value Range per SF
Office/Flex Condominium Units	\$115 - \$170

Other Business Park properties were typically valued using the income approach as fewer comparable sales of each property type were available. The improved sales used were referenced when developing the economic income parameters and capitalization rates for the income models used within each neighborhood.

Sales Comparison Approach Calibration

Calibration of the coefficients utilized in the models applied via the sales comparison approach was established via an analysis of sales within each neighborhood. Neighborhoods were treated independent of one another as dictated by the market. Individual prices were applied based on various characteristics deemed appropriate by each market. Specific variables and prices for each neighborhood are discussed in more detail above. Given the relatively low sales count per property type during this most recent economic period, applicability of Sales Comparison was considered limited for broad valuation purposes.

Cost Approach Model Description

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. The cost approach is most applicable in the newer business parks where the market indicators supported the cost value. The Cost Approach was not used to value any Business Parks for the 2015 Assessment Year.

Income Capitalization Approach Description

A direct capitalization income approach estimate was calculated for all properties within the Business Park specialty. The income approach was considered the most reliable approach to

valuation for Business Parks given the amount of published data available. Income parameters were derived from the market place through real estate sales, the sales verification process, via tenants, via owners, via rent rolls from appeals and from a compilation of published sources. Similar uses were grouped together with income rates that were correlated to effective age and building quality.

Income: Income parameters were derived from the market place through the listed fair market transactions as well as through published sources (i.e. Officespace.com, Commercial Brokers Association, Costar, Quarterly Brokerage and Analyst Reports, Multiple Corporate Real Estate Websites), and opinions expressed by real estate professionals active in the market.

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

Expenses: Expense ratios were estimated based on industry standards, published sources, and knowledge of the area's rental practices. Within the income valuation models, the assessor used triple net expenses.

Capitalization Rates: Capitalization rates were determined by actual sales, local published market surveys, such as CoStar, Integra Realty Resources, and Korpaz. Other national reports include; Grubb & Ellis Capital Market Update, and Emerging Trends in Real Estate. The effective year built and condition of each building determines the capitalization rate used by the appraiser. For example; a building with a lower effective year built of lesser condition will typically warrant a higher capitalization rate and a building in better condition with a higher effective year built will warrant a lower capitalization rate.

SEATTLE / REGIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
CBRE: Capital Markets Cap. Rate survey.	2 nd Half (2014)					CBRE professional's opinion of where cap rates are likely to trend in the 2 nd ½ of 2013 based on recent trades as well as interactions with investors. Value Added represents an underperforming property that has an occupancy level below the local average under typical market conditions.
		Seattle	4.75% - 5.25%	-	-	CBD - Class A
			6.25% - 6.75%	-	-	CBD - Class A – Value Added
			6.75% - 6.25%	-	-	CBD - Class B
			7.00% - 7.50%	-	-	CBD - Class B – Value Added
			7.00% - 7.50%	-	-	CBD - Class C
			8.00% - 8.75%	-	-	CBD - Class C – Value Added
			5.50% - 6.00%	-	-	Suburban - Class A
			6.75% - 7.50%	-	-	Suburban - Class A – Value Added
			6.25% - 6.75%	-	-	Suburban - Class B
			7.50% - 8.25%	-	-	Suburban - Class B – Value Added
			7.25% - 8.50%	-	-	Suburban - Class C
			8.25% - 9.00%	-	-	Suburban - Class C – Value Added
			-	5.00% - 5.50%	-	Class A
			-	6.50% - 7.00%	-	Class A - Value Added
			-	5.50% - 6.00%	-	Class B
			-	7.00% - 7.50%	-	Class B - Value Added
			-	5.50% - 6.00%	-	Class C
			-	7.00% - 7.50%	-	Class C - Value Added
			-	-	5.00% - 5.75%	Class A (Neigh./Comm. w/Grocery)
			-	-	6.50% - 6.75%	Class A (Neigh./Comm.) – Value Added
			-	-	6.25% - 7.25%	Class B (Neigh./Comm. w/Grocery)
			-	-	7.00% - 8.00%	Class B (Neigh./Comm.) – Value Added
			-	-	7.50% - 9.00%	Class C (Neigh./Comm. w/Grocery)
			-	-	8.50% - 9.00%	Class C (Neigh./Comm.) – Value Added
			-	-	6.00% - 6.50%	Class A (Power Centers)
			-	-	7.00% - 8.00%	Class A (Power Centers) – Value Added
			-	-	7.00% - 7.25%	Class B (Power Centers)
			-	-	8.00% - 9.00%	Class B (Power Centers) – Value Added
			-	-	7.75% - 9.50%	Class C (Power Centers)
			-	-	9.00% - 10.0%	Class C (Power Centers) – Value Added
			-	-	4.50% - 5.00%	High Street Retail (Urban Core)
IRR: Viewpoint for 2015	Yr. End 2014	Seattle	5.25%	-	-	Institutional Grade Properties”
			6.00%	-	-	CBD Office – Class A
			6.00%	-	-	CBD Office – Class B
			7.00%	-	-	Suburban Office – Class A
			-	-	-	Suburban Office – Class B
			-	5.00%	-	Industrial – Class A
			-	7.25%	-	Flex Industrial – Class A
			-	-	5.00%	Reg. Mall – Class A
			-	-	6.00%	Community Retail – Class A
			-	-	6.25%	Neighborhood Retail – Class A
		West Region	6.23%	-	-	CBD Office – Class A
			6.79%	-	-	CBD Office – Class B
			6.73%	-	-	Suburban Office – Class A
			7.26%	-	-	Suburban Office – Class B
			-	6.29%	-	Industrial – Class A
			-	7.04%	-	Flex Industrial – Class A
			-	-	6.22%	Reg. Mall – Class A
			-	-	6.52%	Community Retail – Class A
			-	-	6.67%	Neighborhood Retail – Class A
CoStar	Yr. End 2014	King Co.	6.22%	-	-	Sales Price Under \$5 Million
			5.27%	-	-	Sales Price Over \$5 Million
			-	6.24%	-	Sales Price Under \$5 Million
			-	6.57%	-	Sales Price Over \$5 Million
			-	-	5.58%	Sales Price Under \$5 Million
			-	-	5.18%	Sales Price Over \$5 Million

[illegible]

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+ = .488%; 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)

The preceding tables demonstrate ranges of capitalization rates and trends that are compiled and collected on a national, regional scale, and local scale. This information is reconciled with data specific to the real estate market in the 520 specialty to develop the income model. The range of capitalization rates in the income model reflects the variety of properties in this area. Properties which are considered to be non-institutional grade, such as those purchased by owner users or small investors, may not be reflective of the capitalization rates found in published sources.

Income Approach Calibration

Income tables were developed for each of the five neighborhoods that comprise Area 520. The tables pertain to different property types, for example: Warehouse Office, Open Office, Flex, Warehouse Showroom, Mezzanine Office, Mezzanine Storage, Storage Warehouse, Distribution Warehouse, and Light Industrial. In addition, an exclusion table indicating property uses not covered by an income table is created. Properties which contain differing section uses may have multiple tables that are applicable to the property as a whole. All tables are included in the addendum of this report.

The tables were calibrated after setting economic rents, vacancy, expenses, and capitalization rates by using adjustments based on size, quality of construction, and the effective age. The following table outlines a summary of the income parameters used in the income tables, which provided the basis for the income value estimate calculations.

Typical Income Parameters				
Property Type	Rent Range per SF	Vacancy/ Coll. Loss %	Expenses per SF or % of EGI	Capitalization Rate %
Warehouse Office/Retail Showroom	\$9.50 - \$16.50	7.0% to 10%	7.50%	6.50% to 8.25%
Storage Warehouse/Light Industrial	\$4.00 - \$9.25			
Office Mezzanine	\$5.75 - \$15.50			
Industrial Flex	\$5.25 - \$8.75			

Reconciliation

All parcels were individually reviewed for correctness of the model application before final value selection and reviewed by the senior appraiser prior to posting. The factors analyzed in the process of establishing market were subject to adjustment by the appraiser. The Market Approach is considered the most reliable indicator of value when sufficient comparable sales are available; however the Income Approach is an excellent indicator of value when there is sufficient market data.

The Business Park specialty has ample amounts of published data available and therefore the Income Approach was applied to nearly all parcels in order to best value and equalize like properties. The primary exception was for condominium parcels, which were valued using the market approach given the number of sales and given the fact that they tend to trade differently than larger, multi-building parks. When the value of the property by the income approach was less than the land value, a nominal \$1,000 value was allocated to the improvements.

Model Validation

Total Value Conclusions, Recommendations, and Validation:

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

The standard statistical measures of valuation performance are presented in both the 2014 and 2015 Ratio Analysis charts included with this report. Comparison of the 2014 Ratio Study Analysis with the 2015 Ratio Study Analysis indicates that the weighted mean statistical measure of assessment level went from 91.0% to 96.8%. The Coefficient of Dispersion (COD) went down from 11.23% to 10.45%, the Coefficient of Variation (COV) went down from 14.57% to 12.71%, and the Price-related Differential (PRD) decreased from 1.06 to 1.03. These values are within the IAAO (International Association of Assessing Officers) appraisal guidelines for measures of valuation uniformity and equity. The ratio study presented in this report indicates improvement in both level and uniformity. However with a sample size of only 26 improved sales the weight given to the ratio study should be tempered.

This valuation has occurred at a point where the regional industrial market continues to strengthen. Investment interest in the market has put downward pressure on capitalization rates and a lack of new supply has caused vacancy rates to fall significantly and rents to begin to rise in some markets. There has been an increase in new construction activity in response to this shift in market fundamentals and real estate professionals, owners, and investors involved with business parks continue to be bullish about the sector's potential.

The total assessed value for the 2014 Assessment Year for Specialty Area 520 was \$1,350,729,800. The total recommended assessed value for the 2015 Assessment Year is \$1,425,052,830. Application of these recommended values for the 2015 Assessment Year results in an annual change of +5.50%.

Change in Total Assessed Value			
2014 Total Value	2015 Total Value	\$ Change	% Change
\$1,350,729,800	\$1,425,052,830	\$74,323,030	5.50%

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 is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the*

client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *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 recording the corresponding data.*



6/22/2015

Patty Haines
Commercial Appraiser II

Date

**Area 520 - Business Parks
2014 Assessment Year**

<i>Parcel Number</i>	<i>Assessed Value</i>	<i>Sale Price</i>	<i>Sale Date</i>	<i>Ratio</i>	<i>Diff: Median</i>
032505-9258	11,519,100	11,300,000	12/20/2012	1.0194	0.0250
072205-9102	16,214,800	18,500,000	1/31/2013	0.8765	0.1180
122204-9116	8,416,900	11,000,000	8/1/2013	0.7652	0.2293
123850-0195	4,686,600	6,280,000	12/27/2013	0.7463	0.2482
272605-9111	2,401,000	2,800,000	4/15/2013	0.8575	0.1369
282605-9070	8,902,700	9,465,000	3/7/2014	0.9406	0.0538
346280-0040	4,945,800	4,759,550	10/4/2012	1.0391	0.0447
346280-0045	2,770,000	2,770,000	7/24/2014	1.0000	0.0056
346940-0020	1,872,800	2,800,000	4/10/2014	0.6689	0.3256
389310-0930	4,563,300	4,300,000	8/12/2014	1.0612	0.0668
630850-0030	4,716,400	3,968,500	3/31/2014	1.1885	0.1940
664110-0010	25,527,600	29,690,000	10/24/2014	0.8598	0.1346
775780-0130	3,100,000	3,100,000	6/19/2014	1.0000	0.0056
788880-0100	5,025,900	5,082,500	12/11/2012	0.9889	0.0056
889435-0020	229,600	204,905	8/22/2012	1.1205	0.1261
889435-0030	297,100	258,400	10/22/2012	1.1498	0.1553
889435-0050	376,100	335,445	5/17/2012	1.1212	0.1268
889435-0080	229,500	242,500	3/30/2012	0.9464	0.0480
889435-0190	146,100	127,890	4/30/2012	1.1424	0.1480
889435-0200	146,100	140,070	5/14/2012	1.0430	0.0486
889435-0260	146,100	155,000	3/13/2013	0.9426	0.0519
889435-0300	325,400	325,000	3/22/2013	1.0012	0.0068
889435-0320	312,800	388,000	11/28/2012	0.8062	0.1882
889435-0320	312,800	425,000	1/14/2014	0.7360	0.2584
889435-0330	294,300	318,890	2/14/2012	0.9229	0.0715
943050-0030	3,764,700	3,500,000	3/6/2012	1.0756	0.0812

**Area 520 - Business Parks
2014 Assessment Year**

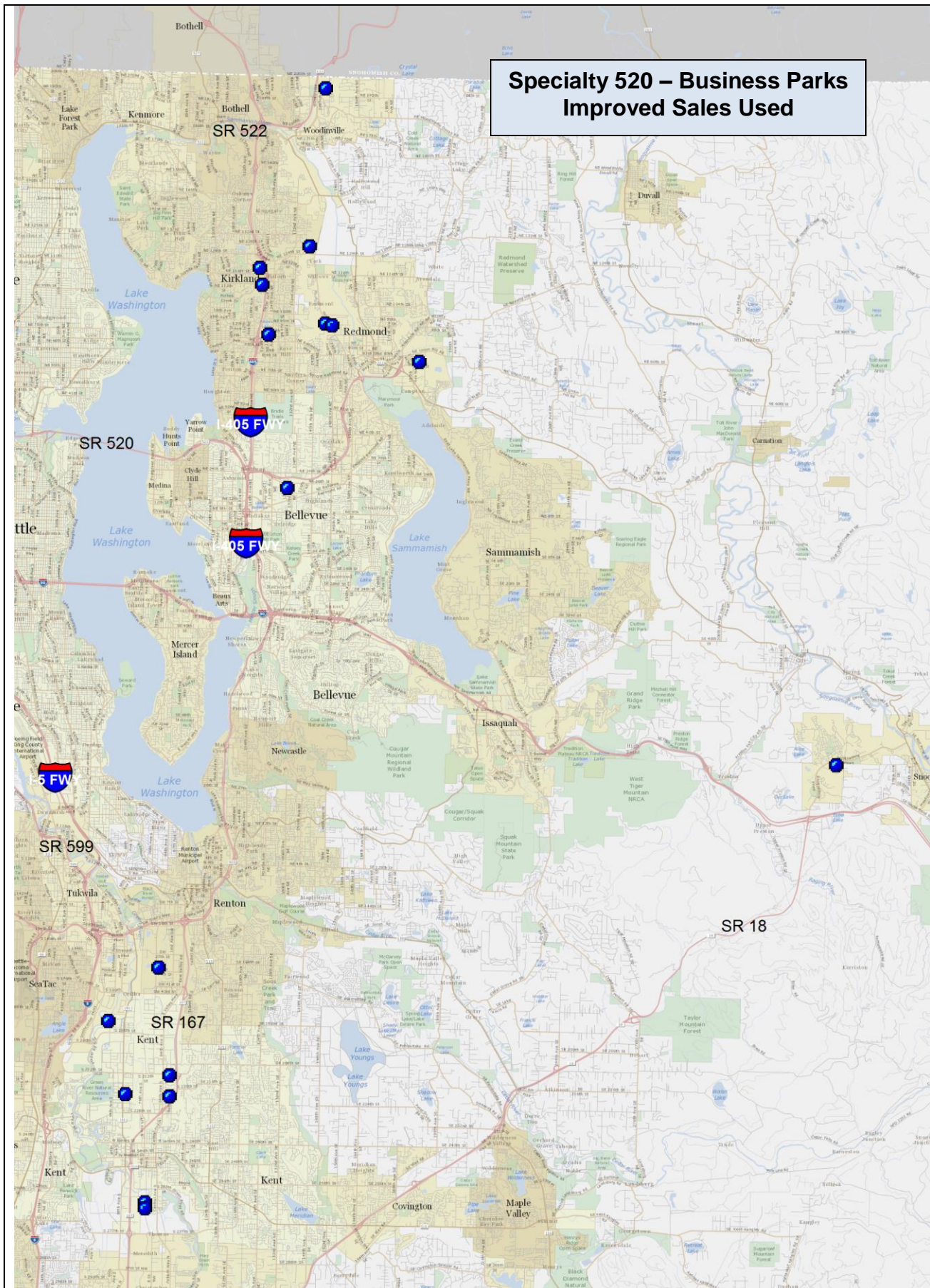
Quadrant/Crew:	Appr date :	Date:	Sales Dates:
Central Crew	1/1/2014	6/11/2015	2/14/12 - 10/24/14
Area	Appr ID:	Prop Type:	Trend used?: Y / N
520	PHAI	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	26	<div>Ratio Frequency</div>	
Mean Assessed Value	4,278,600		
Mean Sales Price	4,701,400		
Standard Deviation AV	5,925,107		
Standard Deviation SP	6,798,799		
ASSESSMENT LEVEL			
Arithmetic mean ratio	0.962		
Median Ratio	0.994		
Weighted Mean Ratio	0.910		
UNIFORMITY			
Lowest ratio	0.6689		
Highest ratio:	1.1885		
Coefficient of Dispersion	11.23%		
Standard Deviation	0.1402		
Coefficient of Variation	14.57%		
Price-related Differential	1.06		
RELIABILITY		<div>These figures reflect measurements before posting new values.</div>	
95% Confidence: Median			
Lower limit	0.876		
Upper limit	1.043		
95% Confidence: Mean			
Lower limit	0.908		
Upper limit	1.016		
SAMPLE SIZE EVALUATION			
N (population size)	296		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1402		
Recommended minimum:	29		
Actual sample size:	26		
Conclusion:			
NORMALITY			
Binomial Test			
# ratios below mean:	12		
# ratios above mean:	14		
z:	0.196116135		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			

Area 520 - Business Parks
2015 Assessment Year

<i>Parcel Number</i>	<i>Assessed Value</i>	<i>Sale Price</i>	<i>Sale Date</i>	<i>Ratio</i>	<i>Diff: Median</i>
032505-9258	10,990,700	11,300,000	12/20/2012	0.9726	0.0363
072205-9102	18,159,300	18,500,000	1/31/2013	0.9816	0.0273
122204-9116	9,428,500	11,000,000	8/1/2013	0.8571	0.1518
123850-0195	4,915,900	6,280,000	12/27/2013	0.7828	0.2261
272605-9111	2,525,900	2,800,000	4/15/2013	0.9021	0.1068
282605-9070	10,419,000	9,465,000	3/7/2014	1.1008	0.0919
346280-0040	5,088,100	4,759,550	10/4/2012	1.0690	0.0601
346280-0045	3,018,100	2,770,000	7/24/2014	1.0896	0.0806
346940-0020	2,343,400	2,800,000	4/10/2014	0.8369	0.1720
389310-0930	4,810,500	4,300,000	8/12/2014	1.1187	0.1098
630850-0030	4,347,200	3,968,500	3/31/2014	1.0954	0.0865
664110-0010	27,074,800	29,690,000	10/24/2014	0.9119	0.0970
775780-0130	3,264,800	3,100,000	6/19/2014	1.0532	0.0442
788880-0100	5,167,000	5,082,500	12/11/2012	1.0166	0.0077
889435-0020	248,600	204,905	8/22/2012	1.2132	0.2043
889435-0030	297,100	258,400	10/22/2012	1.1498	0.1408
889435-0050	376,100	335,445	5/17/2012	1.1212	0.1123
889435-0080	229,500	242,500	3/30/2012	0.9464	0.0625
889435-0190	146,100	127,890	4/30/2012	1.1424	0.1335
889435-0200	146,100	140,070	5/14/2012	1.0430	0.0341
889435-0260	146,100	155,000	3/13/2013	0.9426	0.0663
889435-0300	325,400	325,000	3/22/2013	1.0012	0.0077
889435-0320	312,800	388,000	11/28/2012	0.8062	0.2027
889435-0320	312,800	425,000	1/14/2014	0.7360	0.2729
889435-0330	294,300	318,890	2/14/2012	0.9229	0.0860
943050-0030	3,949,500	3,500,000	3/6/2012	1.1284	0.1195

Area 520 - Business Parks
2015 Assessment Year

Quadrant/Crew:	Appr date :	Date:	Sales Dates:															
Central Crew	1/1/2015	6/11/2015	2/14/12 - 10/24/14															
Area	Appr ID:	Prop Type:	Trend used?: Y / N															
520	PHAI	Improvement	N															
SAMPLE STATISTICS																		
Sample size (n)	26	<div>Ratio Frequency</div> <table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.8</td><td>2</td></tr><tr><td>0.9</td><td>3</td></tr><tr><td>1.0</td><td>7</td></tr><tr><td>1.1</td><td>7</td></tr><tr><td>1.2</td><td>6</td></tr><tr><td>1.3</td><td>1</td></tr></tbody></table>			Ratio	Frequency	0.8	2	0.9	3	1.0	7	1.1	7	1.2	6	1.3	1
Ratio	Frequency																	
0.8	2																	
0.9	3																	
1.0	7																	
1.1	7																	
1.2	6																	
1.3	1																	
Mean Assessed Value	4,551,400																	
Mean Sales Price	4,701,400																	
Standard Deviation AV	6,353,807																	
Standard Deviation SP	6,798,799																	
ASSESSMENT LEVEL																		
Arithmetic mean ratio	0.998																	
Median Ratio	1.009																	
Weighted Mean Ratio	0.968																	
UNIFORMITY																		
Lowest ratio	0.7360																	
Highest ratio:	1.2132																	
Coefficient of Dispersion	10.45%																	
Standard Deviation	0.1269																	
Coefficient of Variation	12.71%																	
Price-related Differential	1.03																	
RELIABILITY																		
95% Confidence: Median																		
Lower limit	0.923																	
Upper limit	1.095																	
95% Confidence: Mean																		
Lower limit	0.949																	
Upper limit	1.047																	
SAMPLE SIZE EVALUATION																		
N (population size)	296																	
B (acceptable error - in decimal)	0.05																	
S (estimated from this sample)	0.1269																	
Recommended minimum:	24																	
Actual sample size:	26																	
Conclusion:	OK																	
NORMALITY																		
Binomial Test																		
# ratios below mean:	12																	
# ratios above mean:	14																	
z:	0.196116135																	
Conclusion:	Normal*																	
*i.e., no evidence of non-normality																		



Specialty 520 – Business Parks Improved Sales Used

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King County
Assessments
7/23/15

Improvement Sales for Area 520 with Sales Used

06/11/2015

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
520	050	664110	0010	237,281	2697504	\$29,690,000	10/24/14	\$125.13	THE PARK AT WOODINVILLE BLDG A	I	5	Y	
520	010	389310	0930	49,804	2685810	\$4,300,000	08/12/14	\$86.34	VANDERHOEK CORP	TL 10E	1	Y	Sales Price discounted \$500,000 for deferred maintenance
520	030	346280	0045	32,160	2681215	\$2,770,000	07/24/14	\$86.13	RIVERBEND COMMERCE PARK BLDG D	M1	1	Y	
520	030	775780	0130	47,040	2674940	\$3,100,000	06/19/14	\$65.90	ANDERSON CENTER	CM-1	1	Y	
520	010	346940	0020	21,384	2663865	\$2,800,000	04/10/14	\$130.94	GENIE/LARIS	MP	1	Y	
520	030	630850	0030	42,647	2660076	\$3,968,500	03/31/14	\$93.05	OAKESDALE COMMERCE CENTER W3	IL	1	Y	
520	010	282605	9070	38,760	2657055	\$9,465,000	03/07/14	\$244.20	Kirkland 118 BUSINESS CENTER (BUILDING "A")	TL 10B	3	Y	
520	020	889435	0320	2,720	2650105	\$425,000	01/14/14	\$156.25	VENTURE COMMERCE CENTER-SNOQUALMIE	MU	1	Y	
520	010	123850	0195	41,270	2647675	\$6,280,000	12/27/13	\$152.17	JONESCO BUSINESS PARK	LIT	1	Y	
520	030	122204	9116	117,400	2622014	\$11,000,000	08/01/13	\$93.70	CUMBERLAND INDUSTRIAL CENTER	M1	2	Y	
520	020	282505	9124	25,286	2601247	\$4,800,000	04/24/13	\$189.83	BLUE SKY CHURCH	BR-RC-1	1	26	Imp changed after sale; not in ratio
520	010	272605	9111	23,618	2599431	\$2,800,000	04/15/13	\$118.55	Consolidated Graphic	TL 7	1	Y	
520	020	889435	0300	2,550	2595788	\$325,000	03/22/13	\$127.45	VENTURE COMMERCE CENTER-SNOQUALMIE	MU	1	Y	
520	020	889435	0260	1,218	2597220	\$155,000	03/13/13	\$127.26	VENTURE COMMERCE CENTER-SNOQUALMIE	MU	1	Y	
520	030	072205	9102	178,025	2587235	\$18,500,000	01/31/13	\$103.92	PACIFIC BUSINESS PARK (212TH)	M2	1	Y	
520	010	032505	9258	71,818	2580960	\$11,300,000	12/20/12	\$157.34	Redmond West on Willows Building #2	MP	1	Y	
520	030	788880	0100	48,947	2578666	\$5,082,500	12/11/12	\$103.84	RIVER'S EDGE BUSINESS PARK	M1	1	Y	
520	020	889435	0320	2,720	2576946	\$388,000	11/28/12	\$142.65	VENTURE COMMERCE CENTER-SNOQUALMIE	MU	1	Y	
520	020	889435	0030	2,584	2571064	\$258,400	10/22/12	\$100.00	VENTURE COMMERCE CENTER-SNOQUALMIE	MU	1	Y	
520	030	346280	0040	54,660	2567779	\$4,759,550	10/04/12	\$87.08	RIVERBEND COMMERCE PARK BLDG A	M1	1	Y	
520	020	889435	0020	1,913	2561237	\$204,905	08/22/12	\$107.11	VENTURE COMMERCE CENTER-SNOQUALMIE	MU	1	Y	
520	010	034870	0010	5,913	2558328	\$868,500	08/10/12	\$146.88	TOTEM VALLEY BUSINESS CENTER CONDOMINIUM	TL 9A	1	26	Imp changed after sale; not in ratio

Improvement Sales for Area 520 with Sales Used

06/11/2015

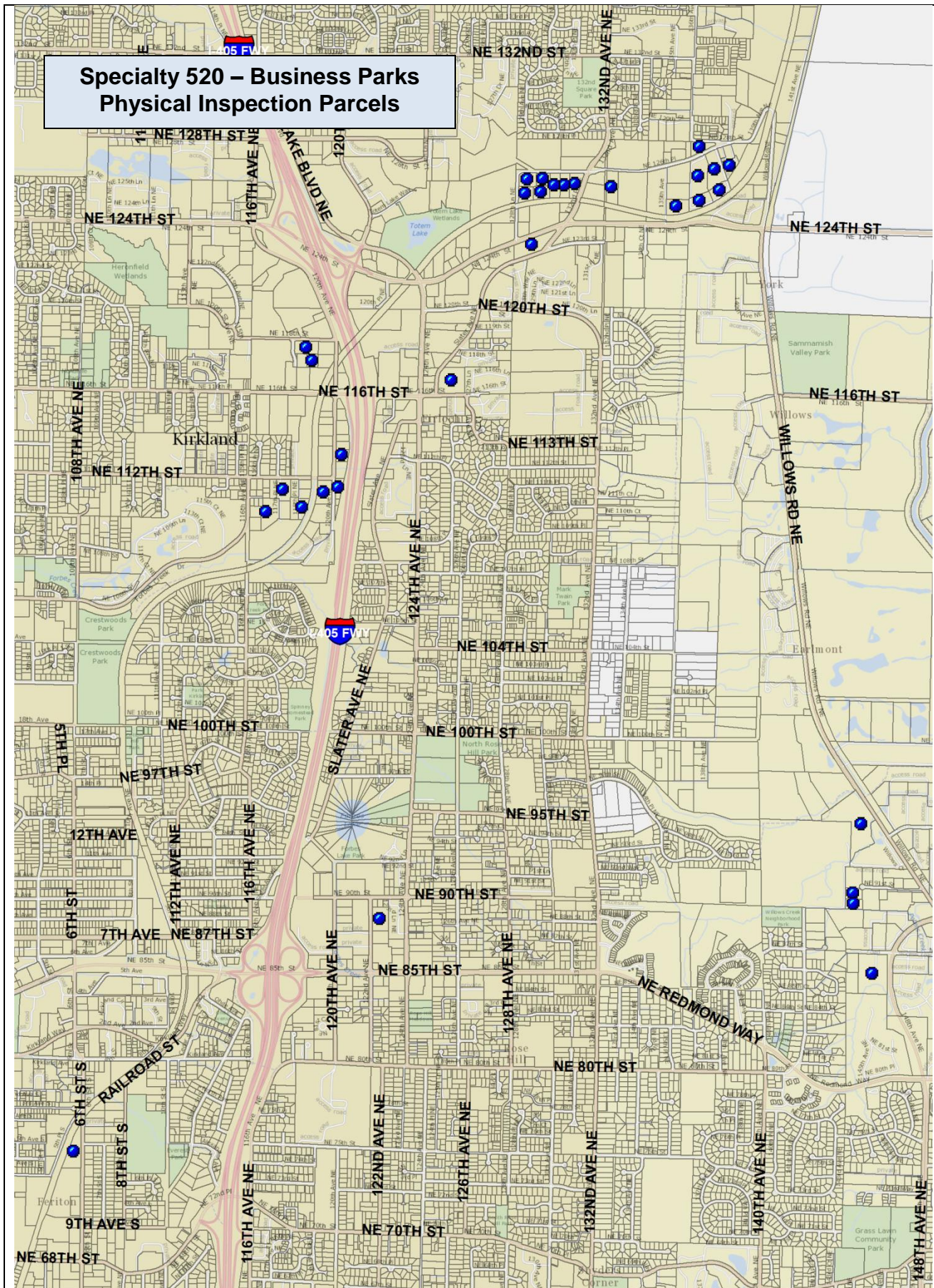
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
520	020	889435	0050	3,135	2549203	\$335,445	05/17/12	\$107.00	VENTURE COMMERCE CENTER-SNOQUALMIE	MU	2	Y	
520	020	889435	0200	1,218	2544141	\$140,070	05/14/12	\$115.00	VENTURE COMMERCE CENTER-SNOQUALMIE	MU	1	Y	
520	020	889435	0190	1,218	2542043	\$127,890	04/30/12	\$105.00	VENTURE COMMERCE CENTER-SNOQUALMIE	MU	1	Y	
520	020	889435	0080	1,913	2536938	\$242,500	03/30/12	\$126.76	VENTURE COMMERCE CENTER-SNOQUALMIE	MU	1	Y	
520	010	943050	0030	34,571	2533429	\$3,500,000	03/06/12	\$101.24	EASTLAKE BUILDING	MP	1	Y	
520	020	889435	0330	2,453	2531282	\$318,890	02/14/12	\$130.00	VENTURE COMMERCE CENTER-SNOQUALMIE	MU	1	Y	

Improvement Sales for Area 520 with Sales not Used

06/11/2015

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
520	030	775780	0130	47,040	2691956	\$5,300	08/29/14	\$0.11	ANDERSON CENTER	CM-1	1	24	Easement or right-of-way
520	030	346280	0045	34,370	2636870	\$2,700,000	10/21/13	\$78.56	RIVERBEND COMMERCE PARK BLDG D	M1	1	63	Financial institution resale
520	030	022340	0010	176,564	2636104	\$8,698,000	10/11/13	\$49.26	ANDOVER EXECUTIVE PARK	TUC	2	59	Bulk portfolio sale
520	020	889435	0240	2,556	2631349	\$383,000	09/16/13	\$149.84	VENTURE COMMERCE CENTER- SNOQUALMIE	MU	1	15	No market exposure
520	030	262304	9105	41,286	2585564	\$1,500,000	01/16/13	\$36.33	ANDOVER PARK EAST (950 BUSINESS PARK)	TUC	1	61	Financial institution resale
520	030	261100	0040	95,599	2578669	\$5,025,000	12/05/12	\$52.56	KENT BUSINESS CENTER	M2	1	61	Financial institution resale
520	020	282505	9202	72,898	2561932	\$10,400,000	08/31/12	\$142.67	EVERGREEN CENTER	BR-RC-1	4	15	No market exposure
520	030	261100	0040	95,599	2554619	\$6,900,000	07/19/12	\$72.18	KENT BUSINESS CENTER	M2	1	31	Bankruptcy - receiver or trustee
520	020	889435	0140	10,216	2549843	\$940,080	06/18/12	\$92.02	VENTURE COMMERCE CENTER- SNOQUALMIE	MU	5	61	Financial institution resale
520	030	262304	9105	41,286	2539936	\$2,963,146	04/20/12	\$71.77	950 BUSINESS PARK	TUC	1	63	Foreclosure
520	020	889435	0300	14,150	2534713	\$606,004	03/16/12	\$42.83	VENTURE COMMERCE CENTER- SNOQUALMIE	MU	1	63	Foreclosure

Specialty 520 – Business Parks Physical Inspection Parcels



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King County
Assessments
7/23/15

2015 Physical Inspection Parcels
Specialty 520 - Business Parks

Nbhd	Major	Minor	Property Address	Property Name
10	389310	0828	11005 117TH AVE NE	PAR MAC BUSINESS PARK
10	389310	0830	11005 117TH PL NE	PARMAC BUSINESS PARK
10	389310	0930	11155 120TH AVE NE	PARMAC 100
10	389310	0963	11050 118TH AVE NE	UNITED BUSINESS MACHINE
10	332605	9045	11232 120TH AVE NE	405 BUSINESS PARK (ASSOC W/9031)
10	389310	0980	11200 120TH AVE NE	405 BUSINESS PARK
10	282605	9108	11710 118TH AVE NE	Kirkland 118 Commerce Center (Bldg "B")
10	282605	9070	11730 118TH AVE NE	Kirkland 118 BUSINESS CENTER (Bldg "A")
10	282605	9057	11626 SLATER AVE NE	NORTH PARK BUSINESS PARK
10	282605	9063	12815 NE 124TH ST	TOTEM LAKE BUSINESS PARK
10	034871	0000	12509 130TH LN NE	TOTEM VALLEY BUSINESS CENTER CONDOS
10	866335	0080	12509 130TH LN NE	TOTEM VALLEY BUSINESS PARK
10	866335	0070	12509 130TH LN NE	TOTEM VALLEY BUSINESS PARK
10	866335	0050	12912 NE 126TH PL	TOTEM VALLEY BUSINESS PARK
10	866335	0040	12509 130TH LN NE	TOTEM VALLEY BUSINESS PARK
10	866335	0020	12509 130TH LN NE	TOTEM VALLEY BUSINESS PARK
10	866335	0010	12509 130TH LN NE	TOTEM VALLEY BUSINESS PARK
10	272605	9072	13209 NE 126TH PL	TOTEM PLACE
10	272605	9062	13609 NE 126TH PL	TOTEM RIDGE BUS PARK
10	272605	9045	13637 NE 126TH PL	TOTEM RIDGE BUS PARK
10	272605	9064	13633 NE 126TH PL	TOTEM RIDGE BUS PARK
10	272605	9125	13621 NE 126TH PL	TOTEM RIDGE BUSINESS PARK
10	272605	9092	12506 135TH AVE NE	ROSEN SUPPLY CO
10	032505	9258	9521 WILLOWS RD	Redmond West on Willows Building #2
10	032505	9202	14515 NE 91ST ST	QUEEN CITY AUTO REBUILD
10	032505	9025	14505 NE 91ST ST	QUEEN CITY AUTO REBUILD
10	032505	9015	14515 NE 87TH ST	COMMUNICATIONS CONSTRUCTION GROUP
10	272605	9111	13649 NE 126TH PL	Consolidated Graphic
10	123850	0195	8802 122ND AVE NE	JONESCO BUSINESS PARK
10	788260	0220	423 6TH ST S	KIRKLAND COMMERCE CENTER
10	272605	9009	13536 NE 126TH PL	AM TEST LABORATORIES (ASSOC W/9124)