

**Commercial Revalue**

**2017 Assessment roll**

# **AREA**

# **85**

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

**John Wilson, Assessor**



## King County

### Department of Assessments

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***John Wilson***  
***Assessor***

Dear Property Owners,

Our field appraisers work hard throughout the year to visit properties in neighborhoods across King County. As a result, new commercial and residential valuation notices are mailed as values are completed. We value your property at its “true and fair value” reflecting its highest and best use as prescribed by state law (RCW 84.40.030; WAC 458-07-030).

We continue to work hard to implement your feedback and ensure we provide accurate and timely information to you. We have made significant improvements to our website and online tools to make interacting with us easier. The following report summarizes the results of the assessments for your area along with a map. Additionally, I have provided a brief tutorial of our property assessment process. It is meant to provide you with the background information about the process we use and our basis for the assessments in your area.

Fairness, accuracy and transparency set the foundation for effective and accountable government. I am pleased to continue to incorporate your input as we make ongoing improvements to serve you. Our goal is to ensure every single taxpayer is treated fairly and equitably.

Our office is here to serve you. Please don't hesitate to contact us if you ever have any questions, comments or concerns about the property assessment process and how it relates to your property.

In Service,

John Wilson  
King County Assessor

# How Property Is Valued

King County along with Washington's 38 other counties use mass appraisal techniques to value all real property each year for property assessment purposes.

## What Are Mass Appraisal Techniques?

In King County the Mass Appraisal process incorporates statistical testing, generally accepted valuation methods, and a set of property characteristics for approximately 700,000 residential, commercial and industrial properties. More specifically for commercial property, the Assessor breaks up King County into geographic or specialty (i.e., office buildings, warehouses, retail centers, etc.) market areas and annually develops valuation models using one or more of the three standard appraisal indicators of value: Cost, Sales Comparison (market) and Income. For most commercial properties the income approach is the primary indicator of value. The results of the models are then applied to all properties within the same geographic or specialty area.

## Are Properties Inspected?

All property in King County is physically inspected at least once during each six year cycle. Each year Assessor's appraisers inspect a different geographic area. An inspection is frequently an external observation of the property to confirm whether the property has changed by adding new improvements or shows signs of deterioration more than normal for the property's age. For some larger or complex commercial properties an appraiser may need to also conduct an interior inspection of the buildings or property. From the property inspections we update our property assessment records for each property.

## How are Individual Commercial Properties Valued?

The Assessor collects a large amount of data regarding commercial properties: cost of construction, Sales of property, and prevailing levels of rent, operating expenses, and capitalization rates. Statistical analysis is conducted to establish relationships between factors that might influence the value of commercial property. Lastly valuation models are built and applied to the individual properties. For income producing properties, the following are the basic steps employed for the income approach:

1. Estimate potential gross income
2. Deduct for vacancy and credit loss
3. Add miscellaneous income to get the effective gross income
4. Determine typical operating expenses
5. Deduct operating expenses from the effective gross income
6. Select the proper capitalization rate
7. Capitalize the net operating income into an estimated property value

## How is Assessment Uniformity Achieved?

The Assessor achieves uniformity of assessments through standardization of rate tables for incomes, operating expenses, vacancy and credit loss collections and capitalization rates which are uniformly applied to similarly situated commercial properties. Rate tables are generated annually that identify specific rates based on location, age, property type, improvement class, and quality grade. Rate

tables are annually calibrated and updated based on surveys and collection of data from local real estate brokers, professional trade publications, and regional financial data sources. With up-to-date market rates we are able to uniformly apply the results to properties based on their unique set of attributes.

Where there is a sufficient number of sales, assessment staff may generate a ratio study to measure uniformity mathematically through the use of a coefficient of dispersion (aka COD). A COD is developed to measure for and show the uniformity of predicted property assessments. We have adopted the Property Assessment Standards prescribed by the International Association of Assessing Officers (aka IAAO) that may be reviewed at [www.IAAO.org](http://www.IAAO.org). The following are target CODs we employ based on standards set by IAAO:

Type of Commercial Property	Subtype	COD Range
Income Producing	Larger areas represented by large samples	5.0 to 15.0
Income Producing	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant Land		5.0 to 25.0
Other real and personal property		Varies with local conditions

Source: IAAO, *Standard on Ratio Studies*, Table 2-3. [www.IAAO.org](http://www.IAAO.org)

More results of the statistical testing process is found within the attached area report.

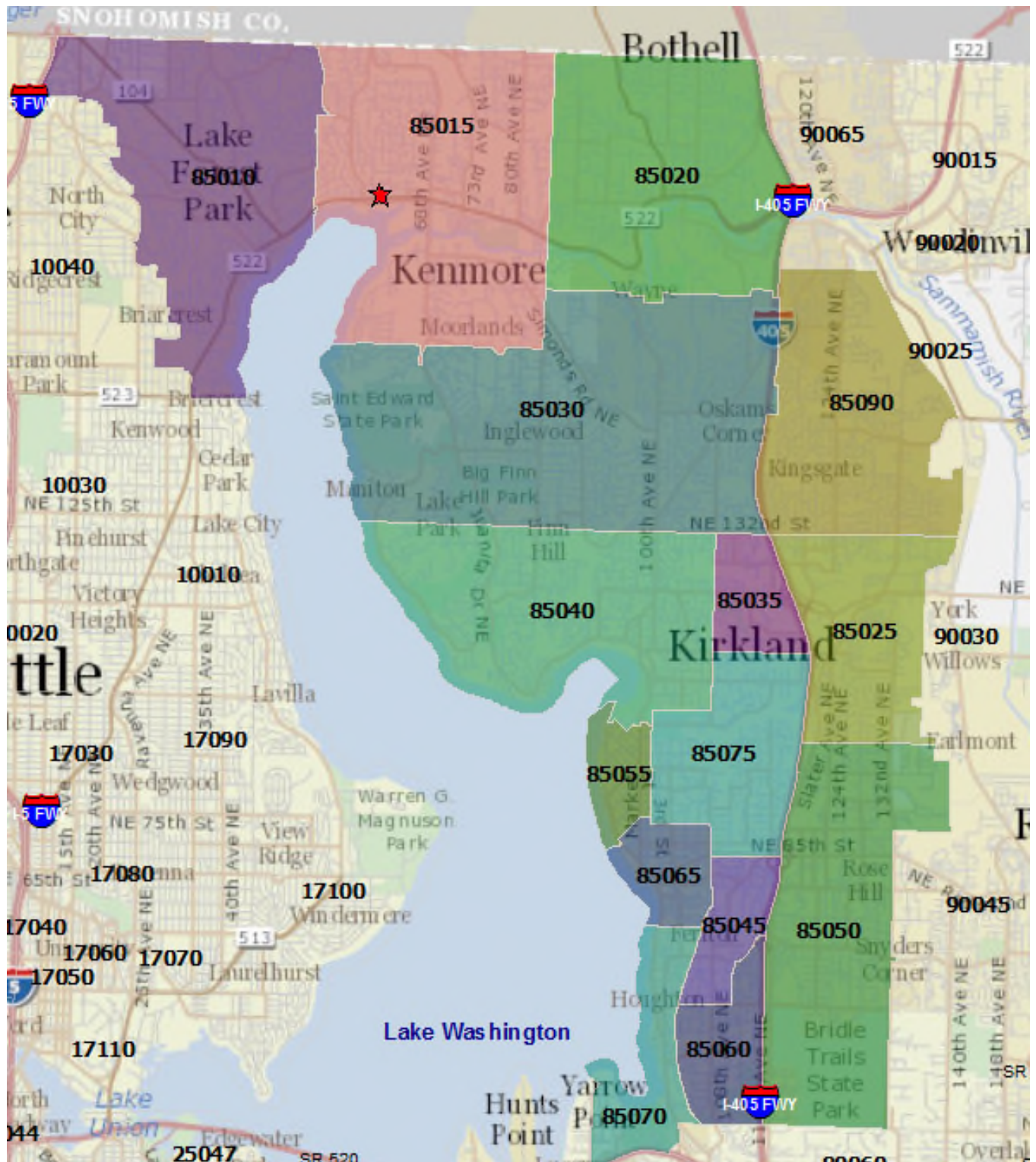
## Requirements of State Law

Within Washington, property is required to be revalued each year to market value based on its highest and best use. (RCW 8441.030; 84.40.030; and WAC 458-07-030). Washington Courts have interpreted fair market value as the amount of money a buyer, willing but not obligated to buy, would pay to a seller willing but not obligated to sell. Highest and Best Use is simply viewed as the most profitable use that a property can be legally used for. In cases where a property is underutilized by a property owner, it still must be valued at its highest and best use.

## Appraisal Area Reports

The following area report summarizes the property assessment activities and results for a general market area. The area report is meant to comply with state law for appraisal documentation purposes as well as provide the public with insight into the mass appraisal process.

## Area 85 Neighborhood Map



# Executive Summary Report

**Appraisal Date 1/1/17**

## Geographic Appraisal Area:

- Area 85: Lake Forest Park/Kenmore/Bothell/Kirkland - NE Lake Washington Corridor

## Sales – Improved Summary

- Number of Sales: 68
- Range of Sales Dates: 1/10/2014– 1/5/2017

## Sales – Ratio Study Summary

Sales--Improved Valuation Change Summary				
	Mean Assessed Value	Mean Sale Price	Ratio	COD*
2016 Value	\$2,604,500	\$3,315,600	78.60%	13.83%
2017 Value	\$3,215,300	\$3,315,600	97.00%	5.02%
Abs. Change	\$610,800		18.40%	-8.81%
% Change	23.45%		23.41%	-63.70%

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

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

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2016 Value	\$1,258,545,800	\$922,941,900	\$2,181,487,700
2017 Value	\$1,379,569,900	\$964,097,200	\$2,343,667,100
% Change	9.62%	4.46%	7.43%

Number of Parcels in the population: **1,295**, excluding specialties and government-owned properties.

## Conclusion and Recommendation:

Total assessed values for the 2017 revalue have increased 7.43%. The values recommended in this report improve uniformity and equity; therefore it is recommended they should be posted for the 2017 Assessment Year. All of the cities in this geographic area are actively redeveloping their downtown areas.

## **Identification of the Area**

### **Name or Designation**

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

### **Area 85 Neighborhood**

- 85-10 – Lake Forest Park and Ballinger Way
- 85-15 – Kenmore
- 85-20 – Bothell
- 85-25 – East Totem Lake
- 85-30 – Finn Hill/North Juanita
- 85-35 – West Totem Lake
- 85-40 – Juanita
- 85-45 – Houghton/South Kirkland
- 85-50 – East Kirkland
- 85-55 – NW Kirkland (Market Street)
- 85-60 – SE Kirkland
- 85-65 – Kirkland CBD
- 85-70 – SW Kirkland (Lake Washington Corridor)
- 85-75 – NE Kirkland
- 85-90 - Kingsgate

### **Boundaries**

- West – Lake Washington and the western-most Lake Forest Park and Ballinger Way area
- North – Snohomish County
- East – Kirkland city limits
- South – Bellevue

### **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 or on the King County Assessor website.

### **Area Overview**

Geographic Area 85 includes neighborhoods located in the northern section of King County. The cities that are included are: Lake Forest Park (and Ballinger Neighborhood of Shoreline), Kenmore, Bothell, and Kirkland. The boundaries of Area 85 are generally defined as the Snohomish County line to the north, the eastern edge of Bothell and Kirkland to the east, Bellevue to the south, and Lake Washington, the western edge of Lake Forest Park and Ballinger Way to the west.

Area 85 is partitioned into 13 neighborhoods. Bothell, Kenmore, and Lake Forest Park (with Ballinger Way) are each a neighborhood. Kirkland comprises ten neighborhoods which have their own unique character.

Kirkland is working with developers in the redevelopment of the Totem Lake Mall and Parkplace Properties. Totem Lake Mall consists of a 26-acre site with a projected mall area of up to one million square feet of mixed use buildings. Parkplace, on Central Way,

will be redeveloped to include 1.2 million square feet of commercial and residential buildings. Two major tenants will include Tableau Software and Wave, each with about 90,000 square feet. The existing line retail has been demolished and they are readying the site for construction.

Downtown Bothell has about six large development projects underway and they include: Village at Gateway with 146 unit apartments, Swedish Crest with 53 unit apartments, Boulevard Place senior housing with 285 units, Bothell 185 with 135 unit apartments, Junction with 130 unit apartments, and UW dormitories.

Kenmore's new Town Square, a 24,000 square foot plaza, will include a community gathering hall called the Hangar. Weidner Apartment Homes is currently in a long-term purchase and sale agreement with Pioneer Towing in order to develop Lakepointe, which is approximately 50 acres of undeveloped property at the mouth of the Sammamish River and Lake Washington. Weidner visualizes a place that includes lake, river, and green spaces integrated with residential units, offices, and a shopping area. The ground could be broken in early 2020 with a phased 10-year buildout schedule.

Mass transportation is a major issue due to the explosive growth in King County. All of the cities in Area 85 are addressing this concern. Light rail will be running alongside of Interstate 5 and there will be two transit stations in Shoreline at NE 145<sup>th</sup> St and NE 185<sup>th</sup>. These two stations will be access points for Lake Forest Park, Kenmore, and Bothell. This phase of light rail will be under construction beginning 2018 through 2023.

The other leg of the light rail on the eastside will run parallel to Interstate 405, State Route 520, and Interstate 90 with a projected completion date of 2041. The closest station will be the South Kirkland Station at the South Kirkland Park and Ride. The Park and Ride will be expanded to add 500 spaces to the existing 785 spaces. It is estimated that both of the light rail lines will connect in Lynnwood.

Land values in Area 85 are increasing across the board. Vacant land sales were purchased by developers with the intention of constructing larger mixed-use or commercial projects. These land sales support the current assessed land values for all of the zoning types in the 2017 revalue and there is an upward trend that is continuing.

Improved properties are showing that market activity is increasing. Sale prices are also steadily increasing. The improved commercial property sales in Area 85 tend to be located throughout this area. As long as prices of commercial properties in this area are reasonably priced, investors and developers will fill the needs of increasingly dense neighborhoods.

Market income data for the 2017 revalue indicates stable vacancy rates, slightly increasing rental rates, and slightly decreasing capitalization rates. Overall improved property values are increasing.



## **Analysis Process**

**Effective Date of Appraisal:** January 1, 2017

**Date of Appraisal Report:** March 31, 2017

## **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 is 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.

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

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

## **Standards and Measurement of Data Accuracy**

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

## **Special Assumptions and Limiting Conditions**

All three approaches to value were considered in this appraisal.

- Sales from 01/01/2014 to 12/31/2016 (at minimum) were considered in all analyses.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

### Area Description

Geographic Area 85 consists of cities and neighborhoods located northeast of Lake Washington, which boundaries are generally defined as the King/Snohomish County line to the north, State Route 520 to the south, the Kirkland to the east, and Lake Washington/western-most portion of Lake Forest Park and Ballinger Way Area.

Within the Geographic Area 85, there are fifteen distinct neighborhoods that have been established for valuation purposes. The City of Lake Forest Park and the Ballinger Way area of Shoreline are found in the northwestern portion of Area 85. Located to the east of Lake Forest Park is the City of Kenmore. The City of Bothell is situated in the northern sector of Area 85, while the City of Kirkland encompasses Area 85's southern section. Located between the City of Bothell to the north and the City of Kirkland to the south are three neighborhoods known as North Juanita, Finn Hill, and Kingsgate.

**City of Lake Forest Park and Ballinger Way: Area 85-10**

### Neighborhood 85-10 Boundaries:

- North– Snohomish County
- South–NE 145<sup>th</sup> Street
- East– City of Kenmore
- West– City of Shoreline



**Neighborhood Description:** The City of Lake Forest Park is a heavily forested area that is a primarily residential community located 12 miles north of downtown Seattle. The majority of businesses are situated near the Lake Forest Towne Centre complex at Bothell Way NE and Ballinger Way NE. This shopping center has been established for years and includes the City Hall, Third Place Books, Albertsons, Starbucks, and Bank of America. There is a new

commercial area called Southern Gateway Village which is located at NE 145<sup>th</sup> St and Bothell Way NE, the former site of the Elks Lodge. Southern Gateway encompasses 7.1 acres, was started in early 2014 and the complete build out is projected to be in 2017. It will have 86 townhomes and 28 single family residences. It is an urban in-fill project with 1.2 acres of parks, open space, and roads maintained by the association. The entitlements have been completed and most of the units have been constructed.



Sunrise Eleven Apartments, which consists of 60 apartment units is about 40% completed and is located in the Ballinger Area.

#### **City of Kenmore: Area 85-15**

##### **Neighborhood 85-15 Boundaries:**

- North – Snohomish County
- South – Lake Washington and NE 155<sup>th</sup> Street
- East – 84<sup>th</sup> Avenue NE
- West – City of Lake Forest Park





**Neighborhood Description:** The residents of Kenmore drive or commute to employment cities including Seattle, Bellevue, and Everett. The large projects that are currently underway in Kenmore include Spencer 68 Phase II, containing 84 apartment units behind the finished Phase I that has 138 units, street improvements to NE Bothell Way from 61<sup>st</sup> Ave NE to 68<sup>th</sup> Ave NE, the Hanger Community Building, which has 5,700 SF with a grand opening in June, and Linq, with 94 apartment units in the Kenmore Village shopping center. The medical office tenant will be Evergreen Health.



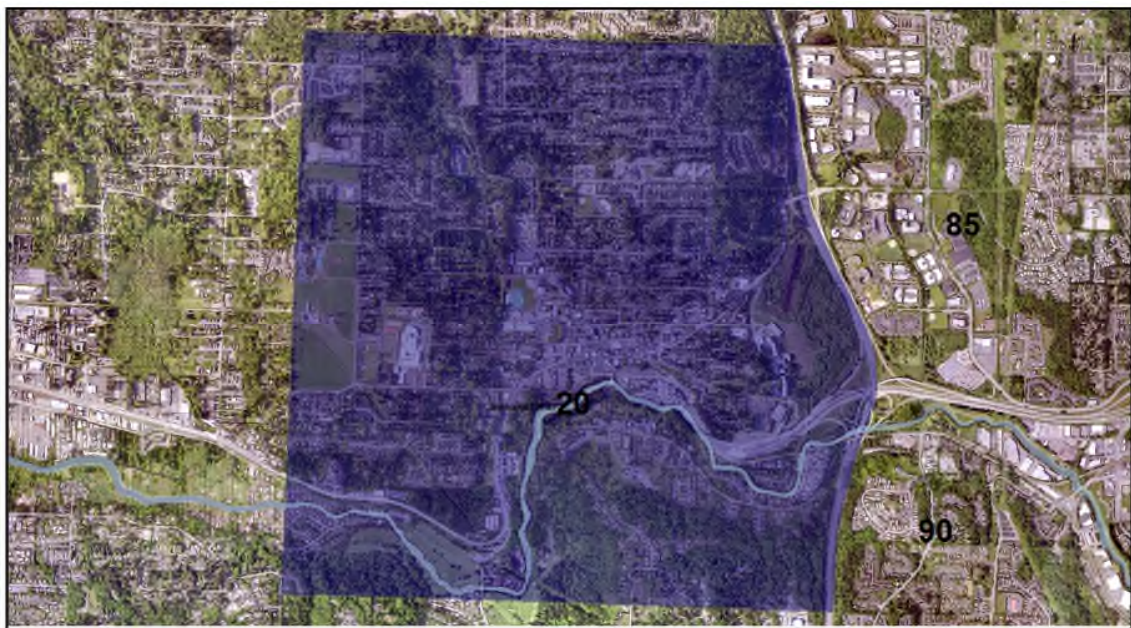
Linq with 94 apartment units and is now renting.

Kenmore is looking for the right developer to construct the Lakepointe project, which is a 50 acre site owned by Pioneer Towing Co with waterfrontage on Lake Washington. Permits have been extended several times for 206,000 sf office, 440,000 square feet of retail and commercial, with a movie theater and hotel, 1,200 residential units, a 27 boat slip marina, and 4,464 parking spaces. Weidner Apartment Homes has stepped forward and the city is motivated to get the project going once the land is no longer needed for the staging of the State Route 520 Bridge.

### **City of Bothell: Area 85-20**

#### **Neighborhood 85-20 Boundaries:**

- North – Snohomish County
- South – NE 165<sup>th</sup> Street
- East – Interstate 405
- West – City of Kenmore



**Neighborhood Description:** Residents may commute from Bothell to Seattle, Bellevue, or Everett, which are a reasonable distance away. About half of Bothell is located in King County and the other half in Snohomish County. The area offers unique regional shopping, such as Bothell's Country Village and downtown Main Street. Further, the University of Washington at Bothell and Cascadia Community College share a 124-acre campus located just northwest of the intersection of I-405 and SR-522.

Currently, the City of Bothell is executing its **Downtown Revitalization Plan**. Over the last several years, the City of Bothell has acquired 25 acres throughout downtown as part of a plan to inject private development funding for redevelopment into the heart of the city. These include the extension and expansion of Main Street (on-going) and the creation of an additional park at Bothell Landing (on-going) with a new bridge over the slough. Additional development includes the Village at Gateway with 146 unit apartments, Swedish Crest with 53 apartments, Boulevard Place senior housing with 285 units, Bothell 185 with 135 unit apartment, Junction with 130 unit apartment, and UW Dorms.





Junction is currently under construction and about 50% completed with 130 apartment units and 30,000 square foot of retail space.



Village @ Gateway will have 146 apartments and it is currently about 30% completed. It is near the Interstate 405 access ramp and UW Bothell Campus.

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

#### **Neighborhood 85-25 Boundaries:**

- North – NE 132<sup>nd</sup> Street
- South – NE 104<sup>th</sup> Street
- East – 136<sup>th</sup> Avenue NE
- West – Interstate 405



**Neighborhood Description:** The predominant land uses within this neighborhood include a mixture of retail, industrial, multi-family, and low-rise medical office buildings. The northern sector of this neighborhood is dominated by Evergreen Hospital and supported by medical office buildings surrounding it. Totem Lake Mall and Lake Washington Institute of Technology are the major properties located in the central area.

The Totem Lake Mall sold to CenterCal and they will redevelop the 26-acre site northwest of the intersection of 124<sup>th</sup> Street NE and Interstate 405. They plan on keeping the freestanding Auto Zone structure and the building that houses Car Toys, Famous Footwear, and Ross. There is a conceptual Master Plan that was formulated in 2005 with the idea of a contemporary regional mixed use shopping mall project that will include a public plaza, pedestrian amenities, landscaping, and external circulation systems. Multi-story mixed use buildings will include department stores, fast food, coffee shops, offices, retail, restaurants, residential, hotel, and a cinema totaling one million square feet. This will be one of the largest developments in Kirkland for the foreseeable future. The old retail buildings in the lower mall area have been demolished and the new construction includes 2-story steel framed construction of the new mall.

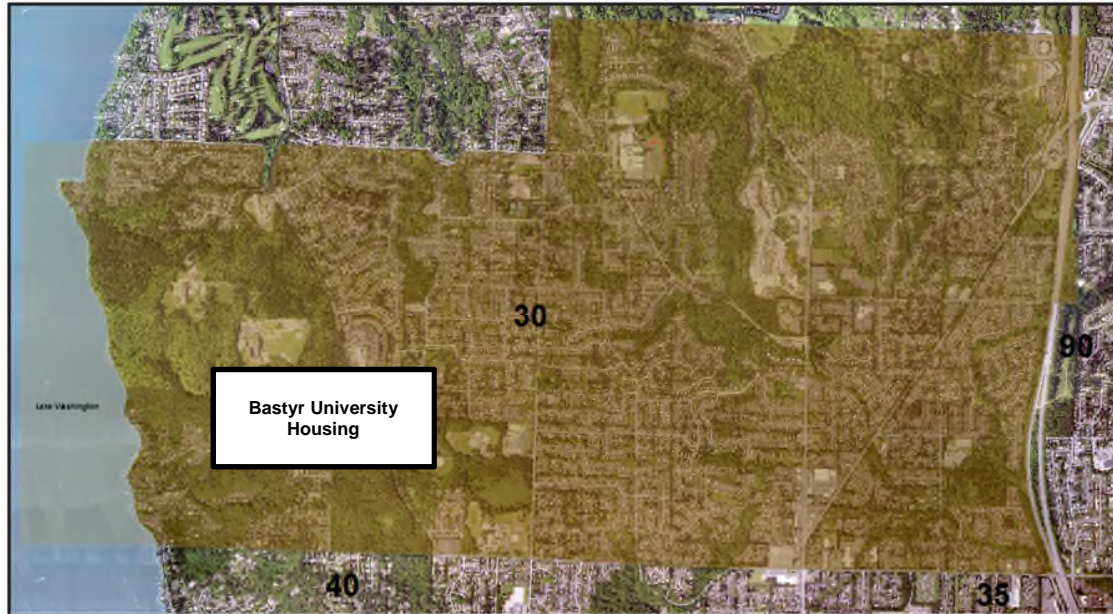




### **Finn Hill/North Juanita: Area 85-30**

#### **Neighborhood 85-30 Boundaries:**

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



**Neighborhood Description:** The predominant land uses within this neighborhood include a mixture of retail, multi-family and low-rise office buildings. Within this neighborhood are St. Edwards State Park and Bastyr University.

The Seminary building at Saint Edwards State Park has a concept proposal to turn the 90,000 sf building into a lodge or retreat facility. The building needs \$50 million in restoration and Daniels Real Estate of Seattle is working on a SEPA appeal on the impact of the project. The hearing examiner will issue his decision around March 24 and if it is denied then Daniels can proceed with the seminary conversion project.





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

#### **Neighborhood 85-35 Boundaries:**

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

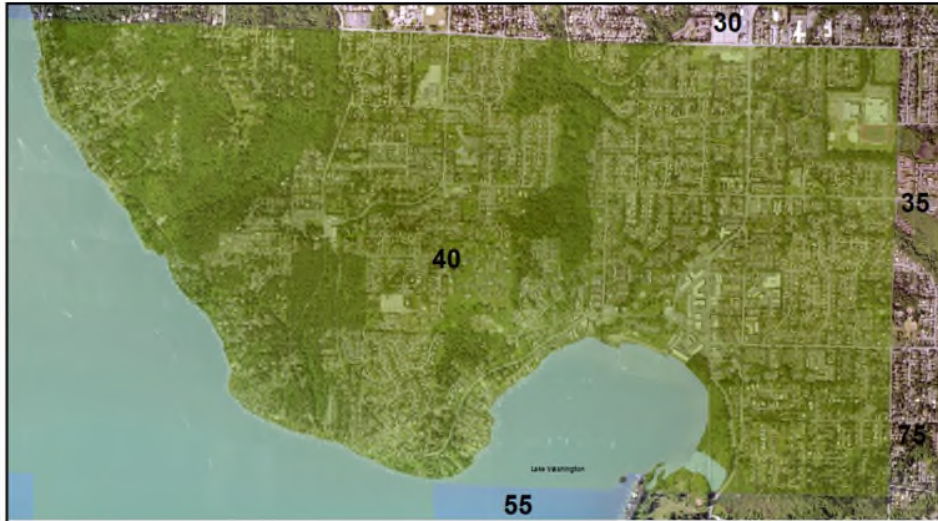


**Neighborhood Description:** The predominant commercial land uses within this neighborhood include a mixture of retail, industrial, multi-family, and low/mid-rise medical/office buildings. West Totem Lake is best known for its retail service core which includes line-retail, restaurants, and the Fred Meyer Shopping Complex. The area is also home to the Kirkland 405 Corporate center, a multi-building suburban office park, which houses numerous companies. This neighborhood will probably have the most to gain from the tenants being priced out of the redevelopment of the Totem Lake Mall due to proximity.

### **Juanita: Area 85-40**

#### **Neighborhood 85-40 Boundaries:**

- North – NE 132<sup>nd</sup> Street
- South – NE 108<sup>th</sup> Street
- East – 108<sup>th</sup> Avenue NE
- West – Lake Washington

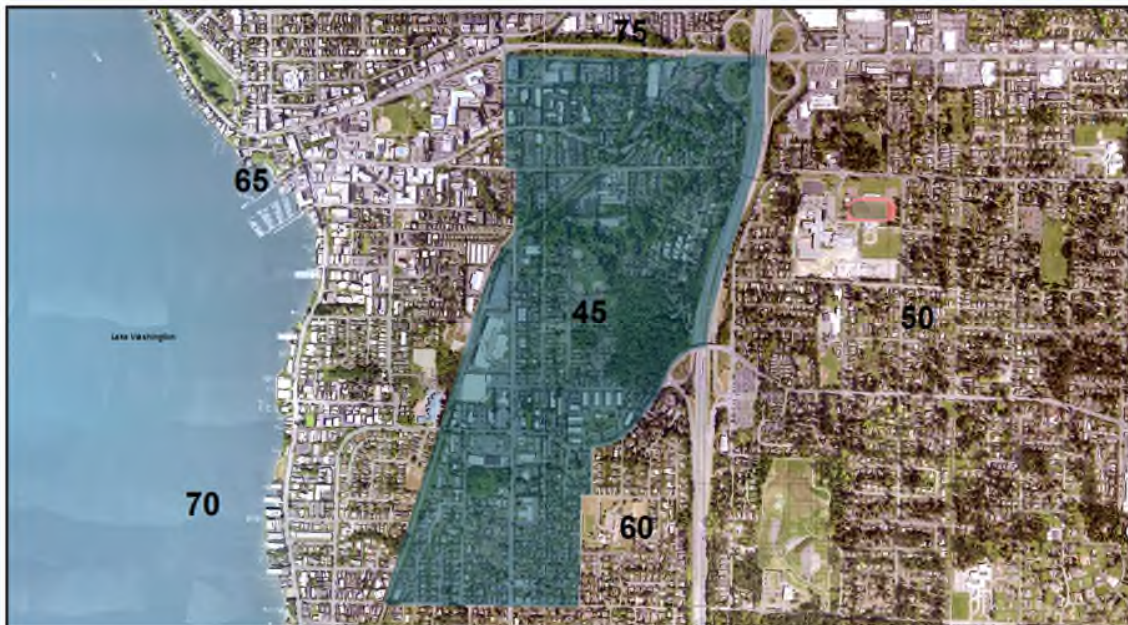


**Neighborhood Description:** The predominant commercial land uses within this neighborhood include a mixture of retail buildings, apartments, condominiums, and professional low rise office buildings. Juanita Village is a modern take on the traditional mixed-use residential/commercial urban neighborhood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

#### **Houghton/South Kirkland: Area 85-45**

##### **Neighborhood 85-45 Boundaries:**

- North – NE 85<sup>th</sup> Street
- South – NE 60<sup>th</sup> Street
- East – Interstate 405
- West – Burlington Northern Railroad (Cross Kirkland Corridor)



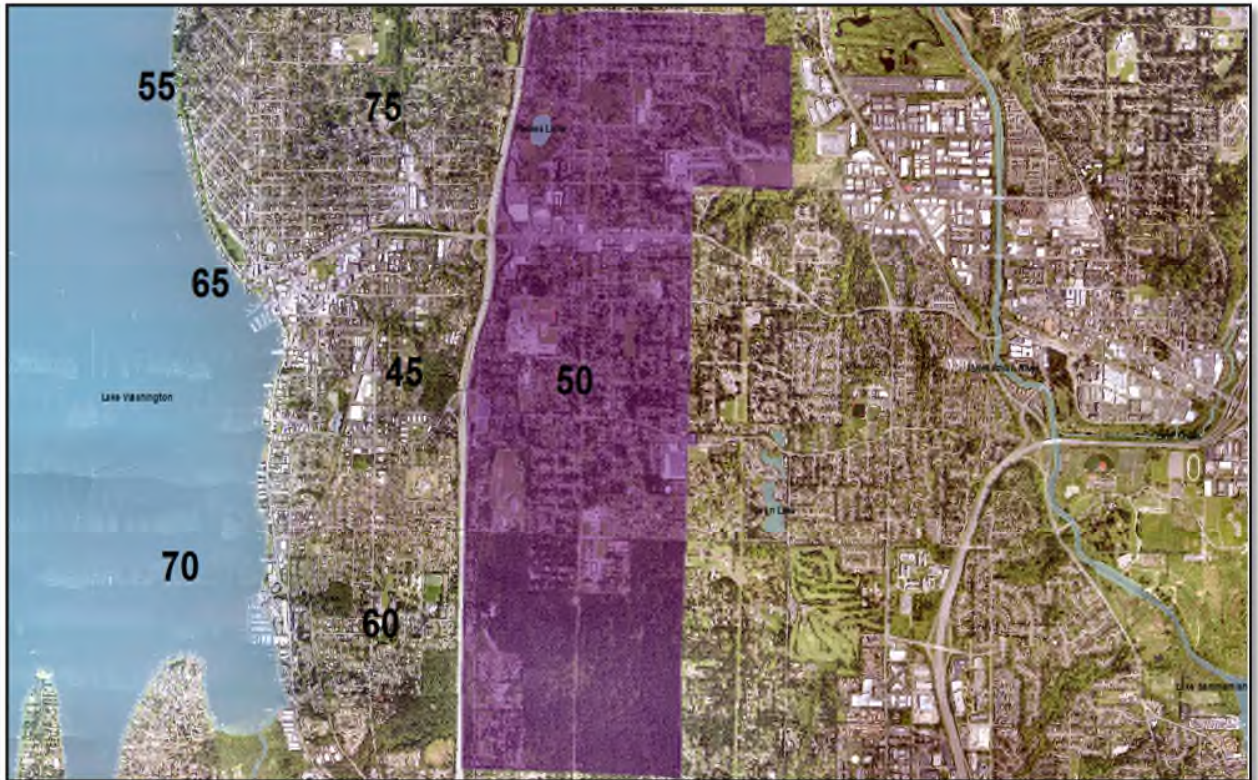
**Neighborhood Description:** The predominant commercial land uses within this neighborhood include a mixture of retail buildings, low to mid-rise office buildings, and industrial properties. This area is home to Google's 355,000 square foot Kirkland campus.



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

**Neighborhood 85-50 Boundaries:**

- North – NE 104<sup>th</sup> Street
- South – NE 40<sup>th</sup> Street
- East – 132<sup>nd</sup> Place NE
- West – Interstate 405



**Neighborhood Description:** The predominant land uses within this neighborhood include a mixture of retail, low-rise office buildings, and some multi-family units. The retail oriented businesses include neighborhood shopping centers, line retail, restaurants, and car dealerships, mostly occurring along NE 85<sup>th</sup> Street.

**NW Kirkland (Market Street): Area 85-55**

**Neighborhood 85-55 Boundaries:**

- North – Juanita Bay Park
- South – 3<sup>rd</sup> Street W
- East – 1<sup>st</sup> Street
- West – Lake Washington



**Neighborhood Description:** The predominant land uses within this neighborhood include small neighborhood retail establishments and low-rise office buildings, sometimes of the single family residential conversion variety.

**SE Kirkland: Area 85-60**

**Neighborhood 85-60 Boundaries:**

- North – NE 68<sup>th</sup> Street
- South – NE 39<sup>th</sup> Place
- East – Interstate 405
- West – Lake Washington Blvd



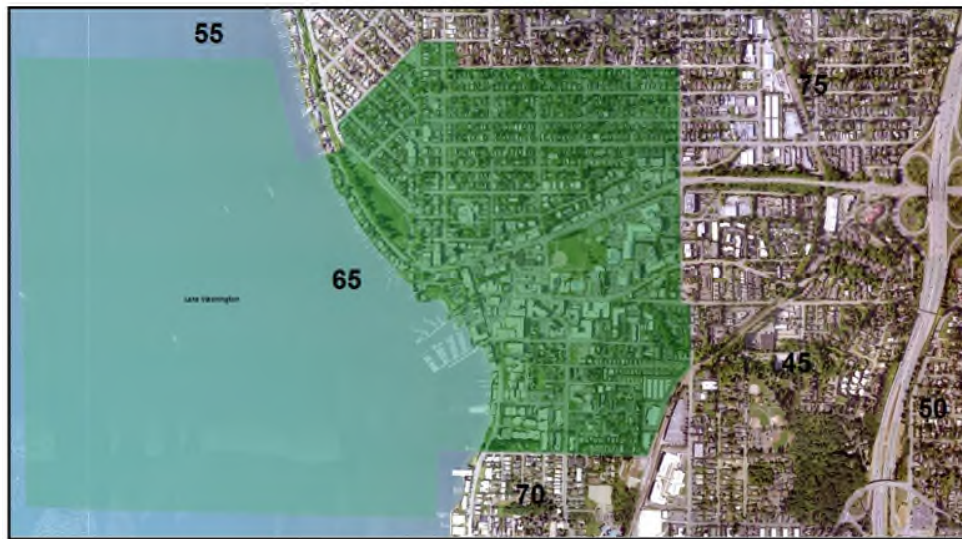


**Neighborhood Description:** The predominant land uses within this neighborhood include mid-rise office buildings and small light industrial warehouse buildings. In addition, Northwest University is located in the northern part of this area.

**Kirkland CBD: Area 85-65**

**Neighborhood 85-65 Boundaries:**

- North – 10<sup>th</sup> Avenue
- South – 7<sup>th</sup> Avenue S
- East – 6<sup>th</sup> Street S
- West – Lake Washington



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

Kirkland Parkplace is the most significant redevelopment project being proposed for the downtown Kirkland area. Parkplace sits on 11.7 acres adjacent to Peter Kirk Park and features a thirty year old retail and office complex. A significant redevelopment plan has been in the works since at least 2007 with various entities partnering to deliver the project. Talon Private Capital announced their plans to construct up to 1.2 million square feet with 605,000 sf of office space, 200,000 sf of retail, and up to 300 residences. Talon also wishes to create about two acres of public space, with plazas, outdoor art and walkways. Talon received approval in December 2015 from the city's design review board for the first phase which will consist of enlarging the QFC grocery store, constructing two 190,000 sf office buildings, and a 205 unit residential building. Tableau (software) leased 90,000 sf and Wave (broadband provider) leased about the same amount. The new mixed use project is called Kirkland Urban.



The nearly one acre site of the Antiques Mall sold in 2015 and is being developed into a 5-story mixed use building with two levels of subterranean parking across the street from Peter Kirk sport field.

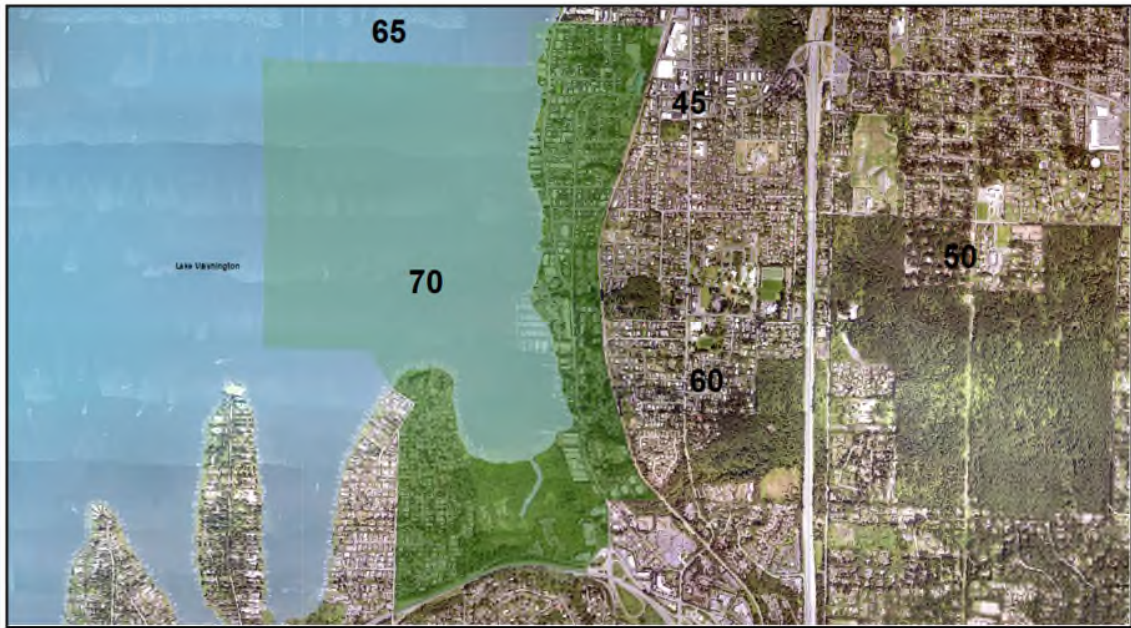




### **SW Kirkland (Lake Washington Corridor): Area 85-70**

#### **Neighborhood 85-70 Boundaries:**

- North – 7<sup>th</sup> Avenue S
- South – State Route 520 and Bellevue
- East – Burlington Northern Railroad (Cross Kirkland Corridor)
- West – Lake Washington



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



Potala Village Kirkland is a proposed mixed-use project, originally planned to consist of 143 luxury apartment units, with secured parking, guest parking, and 6,000 square feet of retail space plus retail parking. This proposed 100% smoke free LEED silver certified building is to be

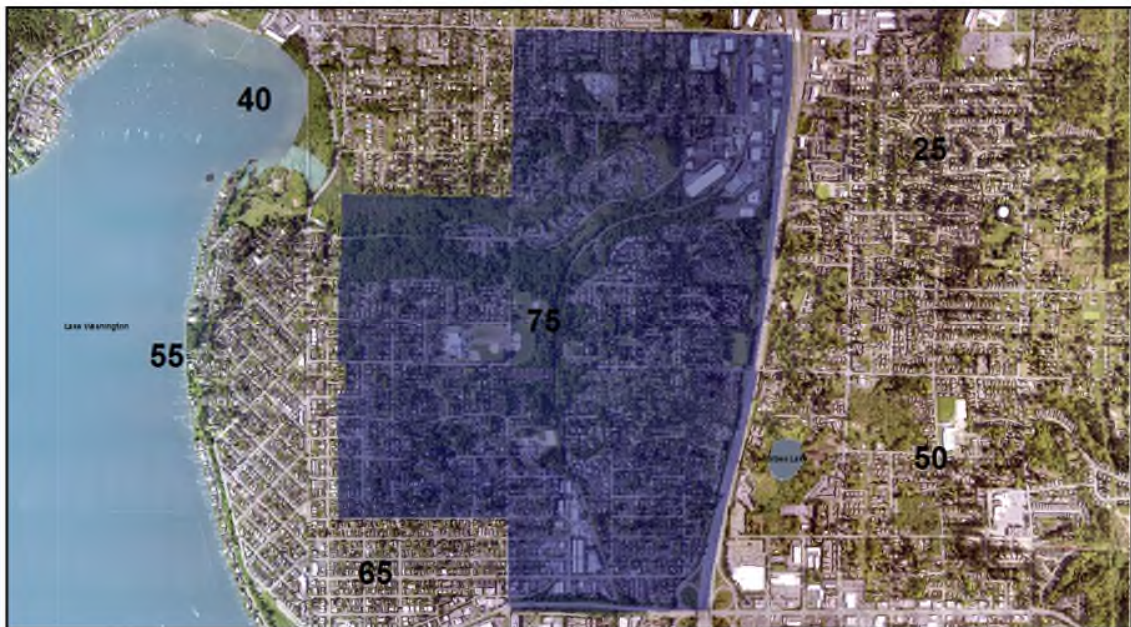
located in the northwest part of Area 85-70, along Lake Street S, at 10<sup>th</sup> Avenue S, near the Kirkland waterfront. The previous retail improvements on the site have already been razed. However, a recent zoning related ruling permits the developer to build fewer than half of the planned unit count. To date, this project has stalled and there is no indication as to when or if it will regain momentum.



### **NE Kirkland: Area 85-75**

#### **Neighborhood 85-75 Boundaries:**

- North – NE 116<sup>th</sup> Street
- South – NE 85<sup>th</sup> Street
- East – Interstate 405
- West – 108<sup>th</sup> Avenue NE (North)/ 1<sup>st</sup> Street (Center)/6<sup>th</sup> Street (South)



**Neighborhood Description:** The predominant commercial land uses within this neighborhood include a mixture of small neighborhood low-rise office buildings and light industrial manufacturing buildings. Very little new construction has occurred in this neighborhood recently; however, sales of industrial properties have been relatively high.

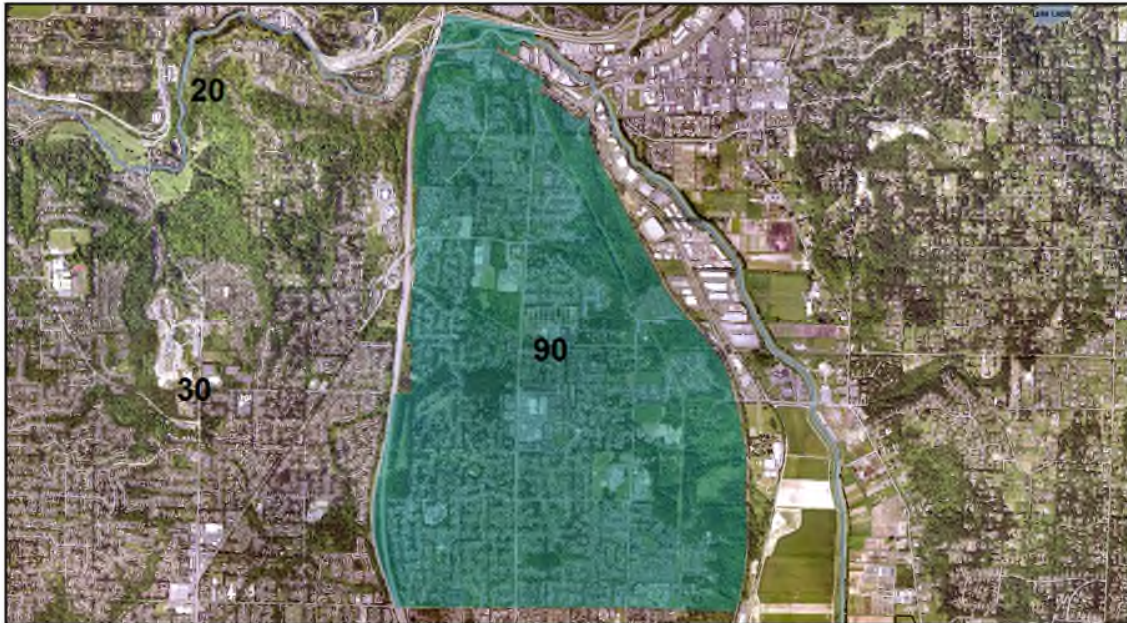


Area 85-75 contains two distinct industrial areas, both of which align along the paved hiking trail of the former BNSF railway. The first and most prominent is at the northeast of the area which features larger business park style industrial developments. The second smaller section is a triangle at the south end of the neighborhood. This vicinity features smaller scale, often times owner user light industrial and warehouse buildings. This area is adjacent to an older residential neighborhood and some of the parcels actually lie in the LIT (Light Industrial) zoned triangle. Some of these older homes have been purchased over the last 6 years for re-development to a more conforming use.

### **Kingsgate: Area 85-90**

#### **Neighborhood 85-90 Boundaries:**

- North – NE 169<sup>th</sup> Street
- South – NE 132<sup>nd</sup> Street
- East – Eastside Rail Corridor
- West – Interstate 405



**Neighborhood Description:** The commercial land uses within this neighborhood are a mixture of retail, office, and multi-family uses. The improvements built in neighborhood 85-90 are generally older with most buildings constructed between 1965 and 1985. The Kingsgate shopping center is the major commercial retail area in the neighborhood.

#### **Physical Inspection Area**

WAC 458-07-015 requires each property to be physically inspected at least once during a 6 year revaluation cycle. At a minimum, an exterior observation of the properties is made to verify the accuracy and completeness of property characteristic data that affect value. Property records are updated in accordance with the findings of the physical inspection. Area 85-40, Juanita, with 78 parcels and Area 85-50, East Kirkland, with 97 parcels were physically inspected for the 2017 assessment year. This inspection area comprises Kirkland for a total of 175 parcels or 13.51% of

the 1,295 total parcels located in Area 85 (not including specialties and government-owned properties). A list of the physically inspected parcels is included in the addendum of this report.

## **Scope of Data**

**Land Value Data:** Vacant sales from 1/01/2014 to 12/31/2016 were given primary consideration for valuing land. Multi-parcel sales were also considered after combining the various aspects of all parcels involved in the sale. Since January of 2014, there were 42 land sales that were considered in Area 85. The sales verified as “good” were coded “Y” in the Assessor’s records. There were 22 good land sales.

**Improved Parcel Total Value Data:** Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales considered were verified, if possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales if possible. Sales are listed in the “Sales Used” and “Sales Not Used” sections of this report. Additional information resides on the Assessor’s website.

## **Land Value**

### **Land Sales, Analysis, Conclusions**

Within Geographic Area 85, there are approximately 22 verified commercial land sales that occurred during the last three years that were utilized for the 2017 revalue. This is a decrease from the 26 verified sale transactions utilized for the 2016 revalue. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered. For land valuation purposes, the assessor used GIS (Geographic Information System) as the primary tool to establish new assessed land values. The new land values are based on neighborhood land sales that are equalized with adjacent and similarly zoned properties. In some neighborhoods, new commercial development sites are being created through the demolition of existing single family residences located on commercially zoned lots and through the demolition of older commercial and multi-family buildings.

The primary unit of comparison considered was based on price per square foot of land area. “Shell” sales, interim use sales, tear down sales, and land transactions that included plans and permits were considered in the analysis of the land values. The comparative sales approach generally is considered the most reliable method for land valuation. Zoning, location, and site size were primary variables considered in the valuation process. Changes were made based on recent land sales and to achieve equalization in neighborhoods in accordance with zoning, size and location. In the absence of sales in a neighborhood, sales in other similar neighborhoods were considered. Appraiser judgment prevails in all decisions regarding individual parcel valuation. The appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

The total recommended assessed land value for the 2017 assessment year is \$3,309,324,000. Overall land values in Area 85 increased 10.31%.

Change in Assessed Land Value by Area			
Neighborhood	2016 Land Value	2017 Land Value	% Change
85-20	\$225,207,900	\$234,224,700	4.00%
85-25	\$258,053,700	\$279,679,300	8.38%
85-30	\$268,125,650	\$291,329,800	8.65%
85-35	\$405,923,100	\$444,006,400	9.38%
85-40	\$163,675,200	\$175,542,300	7.25%
85-45	\$278,127,200	\$299,240,100	7.59%
85-50	\$217,002,600	\$239,259,400	10.26%
85-55	\$46,580,100	\$50,552,200	8.53%
85-60	\$59,939,800	\$64,981,700	8.41%
85-65	\$427,926,100	\$515,576,200	20.48%
85-70	\$427,826,300	\$476,609,400	11.40%
85-75	\$114,129,900	\$124,496,400	9.08%
85-90	\$107,428,400	\$113,826,100	5.96%
Total	\$2,999,945,950	\$3,309,324,000	10.31%

The strongest increases occurred in Kirkland CBD (Area 85-65: 20.48%), SE Kirkland (Area 85-70: 11.40%), and East Kirkland (Area 85-50: 10.26%). The preceding totals include all taxable and nontaxable parcels in Area 85.

Every effort was made to equalize the assessed land values of similarly zoned land between adjacent areas. Assessed land values are based on land sales of properties with the same zoning or with similar development potential.

### Neighborhoods and Sales

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

#### Area 85-10- Lake Forest Park and Ballinger Area

Area	Nbhd.	Major	Minor	Land Area	Excise #	Sale Price	Sale Date	\$/SF	Zoning
85	10	741770	0265	25,090	2698522	\$379,000	10/27/14	\$15.11	CB
85	10	741770	0552	32,200	2703746	\$1,725,000	12/01/14	\$53.57	CB
85	10	766370	0215	268,341	2650635	\$8,665,337	01/21/14	\$30.26	SG-T

**E# 2698522** – Location of this sale is at 200xx Ballinger Way NE, sold @ \$379,000 or \$15.11/sf on 10/27/14 and does not have street frontage. Ingress and egress is through the Umpqua Bank parking lot, which is the parcel to the east. Zoning is CB Community Business for Shoreline. This site was vacant at the time of sale and a 60 unit apartment building is now being constructed on this site.

**E# 2703746** – Sale property is located at 18xx NE 205<sup>th</sup> St and sold @ \$1,725,000 or \$53.57/sf on 12/1/14. It is a vacant level site that is rectangular in shape. The buyer has a permit to construct 108 apartments units. The shoreline zoning is CB Community Business, which allows apartments and higher intensity mixed use developments. It is listed again for sale with an asking price of \$2,995,000 with permits for a 72 unit apartment building.

**E# 2650635** – The sale is located at 145xx NE 145<sup>th</sup> St and sold @ \$8,665,337 or \$30.26/sf on 01/21/14. This sale was the former Elks Lodge site that is zoned for multi-residential use. It is currently in the process of being developed with 114 residential units. At the time of sale all of the parcels were zoned multi-residential. The zoning is currently Southern Gateway Single Family and Southern Gateway Transition and it was replatted for townhouses in early 2016. The Elks Lodge was demolished after the sale.

#### **Area 85-15 Kenmore Area**

Area	Nbhd.	Major	Minor	Land Area	Excise #	Sale Price	Sale Date	\$/SF	Zoning
85	15	011410	0650	15,964	2781626	\$600,000	02/22/16	\$37.58	DC
85	15	794630	0035	17,250	2712244	\$950,000	01/20/15	\$55.07	RB

**E# 2781626** – This sale is located at 7211 NE 181<sup>st</sup> St and sold @ \$600,000 or \$37.58/sf on 2/22/16. Zoning is DC Downtown Commercial with 60' to 80' height. This site is one block north of NE Bothell Way and 73<sup>rd</sup> Ave NE. It is across the street from Kenmore's fire station.

**E# 2712244** – This sale property is located on 6251 NE Bothell Way and sold @ \$950,000 or \$55.07/sf on 1/20/15. Zoning is RB Regional Business with 35' height limit for retail, wholesale, and services. This site has a good view of Lake Washington and with frontage on NE Bothell Way exhibiting good exposure on a heavy traffic street.

#### **Area 85-20 – Bothell**

Area	Nbhd.	Major	Minor	Land Area	Excise #	Sale Price	Sale Date	\$/SF	Zoning
85	20	052605	9060	42,324	2773163	\$900,000	12/17/15	\$21.26	GDC
85	20	052605	9081	16,180	2780134	\$500,000	02/10/16	\$30.90	GDC
85	20	052605	9095	12,242	2773164	\$350,000	12/14/15	\$28.59	GDC
85	20	062605	9038	29,679	2756969	\$645,000	09/16/15	\$21.73	GDC
85	20	072605	9180	21,997	2748618	\$2,375,000	08/04/15	\$107.97	DC
85	20	082605	9050	34,050	2765513	\$975,000	10/30/15	\$28.63	R 2800, OP
85	20	082605	9300	74,250	2700740	\$1,950,000	11/13/14	\$26.26	GDC
85	20	096700	0370	21,606	2809496	\$1,813,202	07/11/16	\$83.92	DN

**E# 2773163** – The property located at 188xx Beardslee Blvd and sold @ \$900,000 or \$21.26/sf on 12/17/15. This is a multi-parcel sale with frontage on Beardslee Blvd and it is an upsloping site to the rear with a territorial view to the southeast. Zoning is GDC General Downtown Corridor.

**E# 2780134** - Parcel is located at 188xx Beardslee Blvd, which is a vacant site that sold for \$500,000 or \$30.90/sf on 2/10/16. Zoning is GDC General Downtown Corridor. It is a corner site with good visibility and heavy traffic.

**E# 2773164** - This sale property is located at 18821 Beardslee Blvd and sold @ \$350,000 or \$28.59/sf on 12/14/15. This property has a single family residence, which is a tear down on a triangular site with good frontage on Beardslee Blvd. The improvements are valued at \$1,000 by the Assessor. This neighborhood is being redeveloped into hotels, apartments, restaurants, and offices due to proximity to UW Bothell campus. This site has a territorial view to the southeast.

**E# 2756969** – Parcel is located at 9611 NE 191<sup>st</sup> St and sold @ \$645,000 or \$21.73/sf on 9/16/15. This is a multi-parcel sale of vacant land of a slightly irregular site and is next to a shopping center. Zoning is GDC General Downtown Corridor. The Swedish Crest Apartments are now in the midst of construction with 53 units.

**E# 2748618** – The property located at 18504 Bothell Way NE sold @ \$2,375,000 or \$107.97/sf on 8/4/15. This site is located in downtown Bothell where there is major redevelopment in progress. It is a corner site with good visibility and heavy traffic. Zoning is DC Downtown Commercial. This property consists of four parcels with good potential for redevelopment.

**E# 2765513** – Located at 10420 E Riverside Dr. and sold @ \$975,000 or \$28.63/sf on 10/30/15. This property is improved with a storage warehouse and the improvements have been carried as \$1,000 in improvements for a number of years and the seller stated that the value is in the land. The property backs to the Burke-Gilman Trail and the Sammamish River. Zoning is R2800 Residential with one unit per 2,800 sf of site and OP Office Professional.

**E# 2700740** – Located at 10816 NE 185<sup>th</sup> St and sold @ \$1,950,000 or \$26.26/sf on 11/13/14. The purchaser is the University of Washington and the UW Bothell campus is close to this site. Zoning is GDC General Downtown Corridor. This property was on the market for almost 6 years. It is a vacant corner site.

**E# 2809496** – Parcel is located at 10201 NE 185<sup>th</sup> St and sold @ \$1,813,202 or \$83.92/sf on 7/11/16. This is vacant parcel on the southeast corner of NE 185<sup>th</sup> St and NE 102<sup>nd</sup> Ave NE. Zoning is DN Downtown Neighborhood. It was merged with three others parcels for a 135 unit apartment building site.

#### **Area 85-25 – East Totem Lake**

Area	Nbhd.	Major	Minor	Land Area	Excise #	Sale Price	Sale Date	\$/SF	Zoning
85	25	692840	0020	1,117,993	2725575	\$33,494,900	04/21/15	\$29.96	TL2
85	25	866335	0120	315,891	2772122	\$130,000	12/07/15	\$0.41	P

**E# 2725575** – Sale property is located at 12600 Totem Lake Blvd and sold @ \$33,494,900 after being adjusting for the RCNLD of \$2,005,100 for the buildings that won't be razed. The buildings that will be retained are Car Toys, Ross, Famous Footware, and Auto Zone. The adjusted sale price is \$29.96/sf on 4/21/15. This is the sale of the Totem Lake Mall property excluding the two bank sites for Wells Fargo and Chase Bank on the upper northeastern parcel. The new mall will include up to one million square feet or more of office, retail, and multi-family space. There will be surface parking and parking structures. The site consists of 26 acres and Center Cal expects the construction to take several years and the build out has started with a cost of over \$200 million. Zoning is TL2 Totem Lake Two; a commercial property zoning.

**E# 2772122** – This property is located at 12509 130<sup>th</sup> Ln NE and sold @ \$130,000 or \$1.65/sf of buildable land area of 78,973 sf on 12/7/15. This is a vacant site with sloping terrain and about 75% is not buildable. Zoning is P Park/Open Space. The northern 2/3 is dedicated protected conservation easement, which allows no development. The majority of the property is impacted by steep slopes. There are also some wetland areas on this site.

#### **Area 85-30 – Finn Hill/North Juanita**

Area 85-30 is the Finn Hill/North Juanita area of Kirkland. There have been no land sales in this market area since 2013. This is a primarily residential area with limited commercial zoned land.

#### **Area 85-35 – West Totem Lake**

Area 85-35 is the West Totem Lake business district of Kirkland. There have been no land sales in this market area since 2013. Activity for the West Totem Lake area should pick-up during the



redevelopment of the Totem Lake Mall. As the development progresses at the mall, the surrounding areas will also prosper with tenants looking for affordable rental space.

#### **Area 85-40 - Juanita**

Area	Nbhd.	Major	Minor	Land Area	Excise #	Sale Price	Sale Date	\$/SF	Zoning
85	40	919410	0015	149,050	2716012	\$3,190,000	02/05/15	\$21.40	RSX7.2

**E# 2716012** – This parcel is located at 12342 93<sup>rd</sup> Ln NE and sold @ \$3,190,000 or \$21.40/sf on 2/5/15. This is a manufactured home park containing 31 pads on one cul-de-sac off of NE 124<sup>th</sup> St. Zoning is RSX 7.2 single family residential zone requiring 7,200 sf per dwelling. The potential number of units for the site is rounded to 21, which indicates a price per potential site at \$151,905/site and it was a land sale. It has been replotted into 22 lots and is now called Clear Creek.

#### **Area 85-45 – Houghton/South Kirkland**

Area 85-45 is Houghton and South Kirkland area of Kirkland, which is the home of Google and includes Everest Park. There have been no land sales in this market area since 2014. This area is primarily a residential neighborhood with limited commercial zoned land.

#### **Area 85-50 – East Kirkland**

Area 85-50 is East Kirkland located on the east side of Interstate 405 including Forbes Lake and Bridle Trails Park. There have been no land sales in this market area since 2014. This area is primarily a residential community with limited commercial zoned land.

#### **Area 85-55 – NW Kirkland**

Area 85-55 is Northwest Kirkland located mainly west of Market Street. There have been no land sales in this market area since 2014. This is a primarily residential area with lake views and limited commercial zoned land.

#### **Area 85-60 – SE Kirkland**

Area 85-60 is at the southern portion of Kirkland and includes Northwest College. There are several office and industrial properties in this area. There have been no land sales in this neighborhood since 2013.

#### **Area 85-65 – Kirkland CBD**

Area	Nbhd.	Major	Minor	Land Area	Excise #	Sale Price	Sale Date	\$/SF	Zoning
85	65	124450	0330	41,995	2721533	\$12,000,000	03/30/15	\$285.75	CBD 1B
85	65	388580	7975	10,200	2775854	\$1,550,000	01/12/16	\$151.96	RS 5.0
85	65	390010	0805	19,074	2727576	\$2,600,000	03/25/15	\$136.31	PLA 7B

**E# 2721533** – This property is located at 113 3<sup>rd</sup> St and sold @ \$12,000,000 or \$285.75/sf on 3/30/15. It is a street to street site from Main St to 3<sup>rd</sup> St and south of Park Ln. This property is located in the Central Business District of Kirkland. Across 3<sup>rd</sup> Street are the Peter Kirk sport field and the library. The 1-story 1951 retail building was torn down and construction has begun on a new 5-story mixed use building consisting of commercial space on the ground level and four

stories of multi-family residences above. Zoning is CBD 1B Central Business District part of subzone 1B.

**E# 2775854** – This parcel is located at 139 & 143 7<sup>th</sup> Ave at the southwest corner of 2<sup>nd</sup> Street resulted in two sites due to a lot split and slated for development into two single family residences and at least one of these has been permitted. Minimum site area is 5,000 sf per single family residence.

**E# 2727576** – Sale property is located at 230 4<sup>th</sup> Avenue and sold @ \$2,600,000 or \$136.31/sf on 3/25/15 with the old improvements razed. This sale contains two interior sites with an alley at the rear. The future use is to be improved with a 12 unit condominium and there are four-units currently on each site. The zoning is PLA 7B Planned Area Development.

#### **Area 85-70 – SW Kirkland**

Area	Nbhd.	Major	Minor	Land Area	Excise #	Sale Price	Sale Date	\$/SF	Zoning
85	70	788260	0512	14,090	2717091	\$1,050,000	02/23/15	\$74.52	RM3.6
85	70	788260	0550	32,130	2732920	\$2,700,000	05/22/15	\$84.03	RS 5.0

**E# 2717091** – This property is located at 1060 State St and sold @ \$1,050,000 or \$74.52/sf on 2/23/15. The subject's site is on the northeast corner of State St and NE 68<sup>th</sup> St. Zoning is RM 3.6 Multi-Family Residential with one unit per 3,600 sf of site area. Single family residences have been permitted.

**E# 2732920** – Sale property is located at the northeast corner of NE 65<sup>th</sup> Street and 103<sup>rd</sup> Ave NE. It has not been short platted yet. The demolition permit was issued on 4/25/16 and the old buildings have been razed. Permits have been issued for single family homes.

#### **Area 85-75 – NE Kirkland**

Area	Nbhd.	Major	Minor	Land Area	Excise #	Sale Price	Sale Date	\$/SF	Zoning
85	75	388690	1615	16,820	2777056	\$1,299,500	01/15/16	\$77.26	RM 3.6

**E# 2777056** – Located at 11305 NE 88<sup>th</sup> Street northwest of NE 85<sup>th</sup> St and the Interstate 405 cloverleaf. It is located in a residential market area. It sold for \$1,299,500 or \$77.26/sf on 1/15/16. A permit has been issued to demolish the old structures and plans are for three single family homes.

#### **Area 85-90 – Kingsgate**

Area 85-90 is primarily a residential market area in the northeastern section of Kirkland. It features neighborhood retail and multi-family developments. There have been no land sales in this market area since 2013. The development of the Totem Lake Mall should have a positive effect on this neighborhood due to affordable rental rates.

The following table summarizes the land valuation model as it was applied to the properties in Area 85. All dollar amounts are stated as a price per square foot of land area. The table is intended as a guide to "typical" land values with additional adjustments made for individual site variations. Included after the following table are descriptions of zoning designations pertaining to this market area.

Typical Land Value Ranges						
By Neighborhood and Land Use						
2017 Revaluation						
Area 85	Multi-Family Land Uses		Commercial Land Uses		Industrial Land Uses	
Neighborhoods	Zoning Designation	\$/SF Range	Zoning Designation	\$/SF Range	Zoning Designation	\$/SF Range
85-10 Lake Forest Pk	RS7200, RS9600, RS15000 RM900, RM2400, RM3600	\$16 - \$31 \$29 - \$54 -	CC TC SG-C	\$25 - \$30 \$31 - \$41 \$34 - \$44		
85-10 Shoreline	R6, R12 R18, R24, R48	\$14 - \$26 \$14 - \$45	CB, CZ, MB, NB	\$20 - \$44		
85-15 Kenmore	R-1, R18 R12, R24, R4, R6	\$12 - \$39 \$8 - \$23	C, DC, DN, DT, 522 NB, RB P	\$14 - \$37 \$9 - \$56 \$4.5		
85-20 Bothell	R-2800, R-2800/OP, R-4000, R-5400a OP, R-7200 R-8400, R-9600, R-9600 SSHO	\$10 - \$32 \$9 - \$28 \$5.5 - \$26	522, GDC, 522 MPH DC, DN DT, GC	\$10 - \$35 \$16 - \$59 \$11 - \$35		
85-25 East Totem Lake	RSX 7.2 RM 1.8, RM 2.4, RM 3.6, R4ovl RM5.0	\$14 - \$16 \$13 - \$35	PLA14 TL 1A, 1B, 2, 4A, 5, 6A, 8 NRH 1A, 1B, 2, 3, 4, 5	\$6.5 \$12 - \$35 \$16 - \$30	TL 7 TL 9A	\$6 - \$29 \$13 - \$22
85-30 Finn Hill/ North Juanita	RMA 1.8, 2.4, 3.6, 5.0; PRA 1.8 RSA 4, 6, 8; R-AC.OP,NB R 7200, R 9600 R5400a, R2800, R12, R18	\$10 - \$28 \$6 - \$16 \$3 - \$11 \$7 - \$25	BNA, BC 1 PRA 1.8 NB R-AC,OP,NB	\$21 - \$31 \$16 - \$27 \$14 - \$26 \$3 - \$13		
85-35 W Totem Lake	PR 1.8, 3.6, RM 1.8, 3.6, 5.0	\$16 - \$28	TL 4B, 4C, 6B TL 10A, B, TL 11	\$16 - \$37 \$14 - \$30		
85-40 Juanita	RM 1.8, 2.4, 3.6, RMA 1.8, 3.6, 5.0 RS 8.5 RSA 4, 6, 8 RSX 7.2 PR 2.4, 3.6	\$11 - \$48 \$23 - \$26 \$7 - \$41 \$7 - \$36 \$18 - \$28	BNA JBD 1, 4, 5 JBD 2 JBD 3, 6 PR 2.4, 3.6	\$23 - \$27 \$15 - \$65 \$35 - \$60 \$28 - \$41 \$18 - \$28		
85-45 Houghton/ South Kirkland	PLA 5A, 5D, 5E RM 3.6, 5.0	\$73 - \$76 \$12 - \$76	BC PLA 5B, 5C PO, PR 3.6, 5.0	\$44 - \$76 \$78 - \$97 \$66 - \$71	LIT	\$21 - \$66
85-50 East Kirkland	PLA 16 PLA 17, 17A RM 1.8, 2.4, 3.6 RS 12.5, 7.2, 8.5, RSX 35, 7.2	\$6 - \$13 \$10 - \$44 \$14 - \$48 \$6 - \$20	BCX, BN, NC/C PR 3.6 RH 1A, 1B, 2A, 2B 2C RH 3, 5A, 5B, 5C, 7, 8	\$26 - \$30 \$9 - \$48 \$5 - \$52 \$30 - \$52	LIT	\$24 - \$30
85-55 NW Kirkland	RS 5.0, 7.2	\$48 - \$86	MSC 1, 2, 3, 4	\$65 - \$81		
85-60 SE Kirkland	PLA 1 RM 3.6 RS 8.5, 12.5	\$13 - \$15 \$50 - \$66 \$14 - \$42				
85-65 Kirkland CBD	PLA 6A PLA6D, 6E, 6G, 6I, 6J, 6k, 7A, 7B, 7C RM3.6,RS 5.0, 7.2 **WD I	\$80 - \$150 \$30 - \$130 \$55 - \$110 \$45 - \$90	CBD 1, 1B, 2, 3, 4 CBD 5, 6, 7 CBD 8 PLA 6B, MSC 4, MSC1,3 PR 2.4	\$72 - \$160 \$90 - \$115 \$100 - \$140 \$80 - \$90 \$90 - \$100	PLA 6G	\$30 - \$33
85-70 SW Kirkland	PLA 15A,15B, 2,3B RM 3.6, RS 12.5,RS8.5 **WD I, WD III	\$15 - \$115 \$27 - \$155 \$25 - \$94	BN, PR 3.6, PR 8.5 PLA 3B	\$72 - \$121 \$55 - \$90		
85-75 NE Kirkland	PLA 5, 9 RM 3.6 RS 7.2, 8.5	\$2 - \$9 \$49 - \$70 \$10 - \$21	TL 10C, 10D, 10E	\$14 - \$21	LIT	\$21 - \$35
85-90 Kingsgate	R-AC,OP,NB RMA 1.8, RMA 2.4, RMA 3.6, RSA 4, RSA 6	\$20 - \$30 \$10 - \$26 \$5 - \$24	BC 2; R-AC,OP,NB	\$27 - \$34		

\*Please note that this table is a summary of "typical" land values and is therefore not all inclusive.

\*\*The unit of value measure for WD I and WD III sites is typically \$/SF of DRY area, or \$/front foot, producing a wide array of \$/SF area indications.



PER JURISDICTION OF AREA 85		
Residential Land Uses		
Jurisdictions	Zoning Designation	Decription
City of Bothell	R-2800	1DU per 2800SF NRA Bld
	R-2800/OP	1DU per 2800SF NRA Bld / Office
	R-4000	1DU per 4000SF NRA Bld
	R-5400a OP	1DU per 5400SF NRA Bld / Office
	R-7200	1DU per 7200SF NRA Bld
	R-8400	1DU per 8400SF NRA Bld
	R-9600	1DU per 9600SF NRA Bld
	R-9600 SSHO R-AC,OP,NB	1DU Per 9600SF NRA Bld/Senior Housing Res, Office, Neighborhood Business
City of Lake Forest Park	RM900	Res Multi Family, min 900SF lot
	RM 2400	Res Multi Family, min 2,400SF lot
	RM3600	Res Multi Family, min 3,600SF lot
	RS 7200	Res Single Family, min 7,200 SF lot
	RS 9600	Res Single Family, min 9,600SF lot
	RS 15000 SG-SF	Res Single Family, min 15,000SF lot Res Multi Family, min 2,178SF lot
City of Kenmore	R1	Res Single Family, min 1 acre site
	R4	Res Single Family, min 10,890SF lot
	R6	Res Single Family, min 7,260SF lot
	R12	Res Single Family, min 3,630SF lot
	R18	1DU per 2,420SF Bld
	R24	1DU per 1,815SF Bld
	R48	1DU per 908SF Bld
	DR	MF 48-72/acre
City of Kirkland	RM / RMA 1.8	Res Multi Family, min 1800SF Lot
	RM / RMA 2.4	Res Multi Family, min 2400SF Lot
	RM / RMA 3.6	Res Multi Family, min 3600SF Lot
	RM / RMA 5.0	Res Multi Family, min 5000SF Lot
	PR / PRA 1.8	Professional Office / Res , min 1800SF Lot
	PR / PRA 2.4	Professional Office / Res , min 2400SF Lot
	PR / PRA 3.6	Professional Office / Res , min 3600SF Lot
	RSA 4	Res Single Family, min 4000SF Lot
	RS 5.0	Res Low Density, min 5000SF Lot
	RS 7.2	Res Low Density, min 7200SF Lot
	RSA 6	Res Single Family, min 6000SF Lot
	RS/RSX 7.2	Res Single Family, min 7200SF Lot
	RSA 8	Res Single Family, min 8000SF Lot
	RS 8.5	Res Low Density, min 8500SF Lot
	RSA 8.5	Res Single Family, min 8500SF Lot
	RS 12.5	Res Single Family, min 12500SF Lot
	PLA 2	Planned Area 2 - Med Density Res
	PLA 3B	Planned Area 3B - Med Density Res
	PLA 6A	Planned Area 6A - High Density Res
	PLA 6C	Planned Area 6C - Low Density Res
	PLA 6D	Planned Area 6D - High Density Res
	PLA 6E	Planned Area 6E - High Density Res
	PLA 6F	Planned Area 6F - Med Density Res
	PLA 6J	Planned Area 6J - High Density Res
	PLA 7A	Planned Area 7A - High Density Res
	PLA 7B	Planned Area 7B - High Density Res
	PLA 7C	Planned Area 7C - Med Density Res
	PLA 5A	Planned Area 5A - High Density Res
	PLA 5D	Planned Area 5D - High Density Res
	PLA 5E	Planned Area 5E - High Density Res
	PLA 9	Planned Area 9 - Med Density Res
	PLA 15B	Planned Area 15B - Med Density Res
	PLA 16	Planned Area 16 - Low Density Res
	PLA 17 / 17A	Planned Area 17(A) - Low Density Res
	WD I	Waterfront District I - Med Density Res
	WD III	Waterfront District III - Med Density Res
City of Shoreline	R6	Res Single Family, min 7,260SF lot
	R12	1DU per 3,630Sf lot
	R18	1DU per 2,420SF lot
	R24	1DU per 2,420SF lot
	R48	1DU per 908Sf lot

ZONING DESIGNATIONS		
PER JURISDICTION OF AREA 85		
Commercial Land Uses		
Jurisdictions	Zoning Designation	Description
City of Bothell	522	Highway 522
	GC	General Commercial
	GDC	General Downtown Corridor
	DC	Downtown Commercial
	DN	Downtown Neighborhood
	DT	Downtown Transition
	R-AC, OP, CB, LI R-AC,OP,NB	Res, Office, Comm'l Business, Light Ind Res, Office, Neighborhood Business
City of Lake Forest Park	CC	Corridor Commercial
	SG-C	Southern Gateway Commercial
	SG-T	Southern Gateway Transition
	TC	Town Center
City of Kenmore	CB	Community Business
	DC	Downtown Commercial
	NB	Neighborhood Business
	P	Public and Private Facilities
	RB	Regional Business
City of Kirkland	CBD 1	Central Business District 1
	CBD 1B	Central Business District 1B
	CBD 2 - 8	Central Business District 2 - 8
	JBD 1 - 8	Juanita Beach District 1 - 8
	MSC 1	Market Street Corridor 1 - Office
	MSC 2	Market Street Corridor 2 - Commercial
	MSC 3	Market Street Corridor 3 - Commercial
	MSC 4	Market Street Corridor 4 - Office
	NRH 1A, 1B, 4	North Rose Hill 1A, 1B, 4 - Commercial
	NRH 2, 3, 5, 6	North Rose Hill 2, 3, 5, 6 - Office
	PLA 3B	Planned Area 3B
	PLA 5B	Planned Area 5B
	PLA 5C	Planned Area 5C
	PLA 6B	Planned Area 6B
	RH 1A, 1B, 2A, 2B, 2C, 3, 5A, 5B, 5C, 7	Rose Hill 1A, 1B, 2A, 2B, 2C, 3, 5A, 5B, 5C, 7 - Commercial
	RH 4, 8	Rose Hill 4, 8 - Office
	TL 1A	Totem Lake 1A - Office
	TL 1B	Totem Lake 1B - Office
	TL 2	Totem Lake 2 - Commercial
	TL 3A, 3B, 3C, 3D	Totem Lake 3A, 3B, 3C, 3D - Institutions
	TL 4A, 4B, 4C, 5, 6A, 6B, 8	Totem Lake 4A, 4B, 4C, 5, 6A, 6B, 8 - Commercial
	TL 10A, 10B, 10C, 10D, 10E, 11	Totem Lake 10A, 10B, 10C, 10D, 10E, 11 - Office
	BC/BCX	Business - Commercial
	BC 1	Business - Commercial 1
	BC 2	Business - Commercial 2
	BN/BNA	Neighborhood Business
	PO	Professional Office
	PR / PRA 1.8	Professional Office / Res , min 1800SF Lot
	PR 2.4	Professional Office / Res , min 2400SF Lot
	PR 3.6	Professional Office / Res , min 3600SF Lot
	PR 5.0	Professional Office / Res , min 5000SF Lot
	PR 8.5	Professional Office / Res , min 8500SF Lot
City of Shoreline	CB	Community Business
	MB	Mixed Business
	NB	Neighborhood Business
	TC	Town Center
	CZ	Mixed Use Contract Zone

ZONING DESIGNATIONS		
PER JURISDICTION OF AREA 85		
Industrial Land Uses		
Jurisdictions	Zoning Designation	Description
City of Bothell	R-AC, OP, CB, LI	Res, Office, Comm'l Business, Light Ind
City of Kirkland	LIT	Light Industrial
	PLA 6G	Industrial
	TL 7	Totem Lake 7 - Industrial
	TL 9A	Totem Lake 9A - Industrial

### Preliminary Ratio Analysis

The sales ratio study is an important assessment tool 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 is the sum of the assessed values divided by the sum of the sales. 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.

A Preliminary Ratio Study was done just prior to the application of the 2017 recommended values. This study benchmarks the current assessment level using 2017 posted assessment values. The preliminary ratio analysis showed a weighted mean ratio, or appraisal level, of 0.786, a Coefficient of Dispersion (COD) of 13.83%, and a price-related differential (PRD) of 1.11. Compare these preliminary results to the International Association of Assessing Officers (IAAO) ratio study standards below.

RECOMMENDED IAAO STANDARDS ON RATIO STUDIES	
<b>Appraisal Level</b>	<b>.90 to 1.10</b>
<b>Coefficient of Dispersion (COD)</b>	<b>5.0 to 20.0</b>
<b>Price Related Differential (PRD)</b>	<b>.98 to 1.03</b>

The preliminary appraisal level falls below the IAAO standard and the COD falls outside of the acceptable range. COD is a measure of assessment uniformity, where the lower the number is, the greater the uniformity. PRD measures the differential between the arithmetic mean of ratios, and the weighted mean of ratios, where the sales prices themselves represent the weight. As the PRD approaches 1.0, there is a greater indication that specific property ratios of sale price to assessment level are falling within the acceptable range, rather than just the arithmetic mean of the entire population being in the acceptable range.

## Improved Parcel Total Values

### Current Economic Conditions

The regional economy, including the Eastside Market Area, continues to expand. Employment growth has outpaced the national economy, with the strongest gains in construction and manufacturing. Commercial real estate sales transaction volume has increased and underlying economic fundamentals have improved. Fueled by the spike in demand for apartment housing, and the consequential tightening of vacancy rates and upward pressure on rental rates, development of new multi-family apartment projects is continuing at a fast pace. Much of the new construction in Area 85 over the last few years has been mixed use multi-family apartment with office and/or retail projects.

An optimistic investor sentiment is also putting downward pressure on Capitalization Rates for other market segments such as industrial and office. As regional employment growth continues to be healthy, the office market has continued to strengthen with a number of sale transactions over the year. In addition, strong activity at the regional ports, coupled with an improvement in consumer demand, has made the industrial market one of the strongest commercial real estate markets in the area. With present low interest rates, many smaller companies are finding that it is financially advantageous to become an owner/user and purchase property for their business. As a result, there has been an increase in sales activity in the smaller industrial properties.

2016 Year End Metrics			
	Office	Retail	Industrial
Vacancy	↔	↔	↔
	stable	stable	stable
Rental Rate	↗	↗	↗
	(slight increase)	(slight increase)	(slight increase)
Capitalization Rate	↘	↘	↘
	(slight decrease)	(slight decrease)	(slight decrease)
Improved Property Values	↑	↑	↑
	(increase)	(increase)	(increase)
Land Values	↑	↑	↑
	(increase)	(increase)	(increase)

### Market Sectors

Below follow discussion of individual market sector conditions. These are synopses of economic income parameters that are useful to the Assessor in valuation of improved properties in Area 85.

**Office Market Conditions:** The regional office market continues to improve to a point of relative stabilization, as evidenced by positive, but slowing overall absorption. The slowing absorption, along with stabilizing overall vacancy rates, has helped to spike overall asking rates as well. In general, rental rates in the Eastside market area increased slightly while the vacancy rate is stabilizing. It's reported that vacancy rates and rental rates have caused leasing concessions to decline in frequency and value.

The office market statistics for the fourth quarter 2016 have been created into a table as indicated below. Kirkland has a low vacancy rate with minimal new office space. However, Bothell has a moderate vacancy rate due to new office space that has come on-line.

Office Market Statistics Q4 2016						
	Market Size (SF)	Direct Vacancy %	Total Vacancy %	Direct Class A Asking Rate *	Total Rental Rates	2016 Net Absorption (SF)
SR-520	2,462,564	8.1%	9.9%	\$35.38/sf	\$33.28/sf	87,815
Kirkland	1,646,598	3.2%	3.3%	\$42.24/sf	\$42.24/sf	5,482
Bothell	2,787,948	16.9%	17.6%	\$26.35/sf	\$25.92/sf	(17,625)
Eastside (all)	30,586,098	9.2%	10.1%	\$35.39/sf	\$34.56/sf	(49,247)

Source: 4th Qtr 2016 CBRE Office MarketView

\*Full Service

**Retail Market Conditions:** The retail market statistics for the fourth quarter 2016 are showing limited new construction and low vacancy percentage. The table below summarizes vacancy rates and quoted rent rates for general retail properties in market areas within Area 85.

Retail Market Statistics Q4 2016						
	Market Size (SF)	Total Vacant SF	Vacancy Percentage	Net Absorption	Under Construction	Quoted Rates
SR 520 Corridor	1,163,128	0	0.0%	2,250	6,000	29.12/sf
Bothell/Kenmore	2,096,518	12,564	0.6%	15,101	-	\$22.55/sf
Kirkland	1,738,413	0	0.0%	10,150	-	\$25.71/sf

Source: Year End 2016 CoStar Group, Inc. Retail Market Statistics

\*NNN

#### **Industrial Market Conditions:**

Vacancy rates are very low with Kirkland and the rates are higher in Bothell. The table below summarizes the vacancy rates for the area.

Industrial Market Statistics Q4 2016					
	Market Size (SF)	Total Vacancy sf	Vacancy Percentage	Q4 2016 Absorption	Under Construction
Bothell/Mill Creek	4,157,306	369,425	8.90%	117,970	0
Kirkland/Totem Lake	2,498,356	139,295	5.60%	(9,847)	0
Eastside Market	24,999,894	1,384,495	5.50%	639,377	313,420

Source: 4th Qtr 2016 CBRE Industrial MarketView

\*NNN/Month

#### **Sales comparison approach model description**

All sales were verified with a knowledgeable party and inspected, when possible. 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.

The improved sales used range in sale dates from 1/10/2014 to 1/5/2017. There were 86 improved sales in Area 85 that were considered as fair market transactions and used in the overall analysis. Of these, 68 were included in the ratio study. Examples of sales that are not included in the analysis are: sales that are leased back to the seller; sold as a portion of a bulk portfolio sale; net lease sales; non-representative specialty properties (e.g., churches, etc.); sales that had major renovation after sale, or have been segregated or merged since being purchased.

The four property types listed below were typically valued by the sales comparison approach when there were sufficient comparable sales available. The list presents the property type and the typical value per square foot range. The range is a function of property size, age, condition and specific neighborhood. When necessary, sales of similar property types from other market areas were considered.

Typical Value Parameters		
Property Type	Adjustment Range per SF	
Single Family Conversions	\$175	\$425
Service Building/Garages < 10,000 SF	\$100	\$225
Offices < 10,000 SF	\$175	\$425
Daycare Centers	\$175	\$245

### **Sales comparison calibration**

Neighborhoods were treated independent of one another as dictated by the market. Individual values were applied based on various characteristics deemed appropriate within each market on a dollar value per square foot of improved net rentable area. Specific variables and price ranges for neighborhoods were discussed in general 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 Valuation modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. Cost figures were adjusted to the western region and the Seattle area. Cost estimates were relied upon for valuing special use properties where comparable sales data and/or income 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 might be fraternal halls, daycares, and new or on-going construction.

### **Cost calibration**

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

### **Income capitalization approach model description**

Three basic models were developed for income capitalization; those being retail, office and warehouse. Income tables were developed and then applied to the population. The tables were derived from market surveys and studies and subsequently applied to property data. A majority of properties in this area were valued utilizing an income approach (Direct Capitalization method).

The valuation model includes the following steps:

1. The program multiplies the property's net rentable area by the market rent to derive potential gross income (PGI).

2. The program subtracts allowances for vacancy and operating expenses to derive net operating income (NOI).
3. The program capitalizes NOI (divides it by the overall rate) to produce the value estimate.

The Income Approach, using direct capitalization was considered a reliable approach to valuation throughout Area 85 for most improved property types since income and expense data was available to ascertain market rates.

**Income:** Income data was derived from the market place from landlords and tenants, market sales, as well as through published sources (i.e. officespace.com, Commercial Brokers Association, Co-Star, and real estate websites such as CBRE, Colliers, Kidder Mathews, etc.), 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 the appraiser's knowledge of the area's rental practices. Within the income valuation models for Area 85, the Assessor used triple net expenses for retail/mixed-use and industrial type uses. For typical office/medical buildings, the assessor used full service gross expenses.

**Capitalization Rates:** When market sales are available, an attempt is made to ascertain the capitalization rate on the sale or a pro-forma cap rate on the first year performance, during the sales verification process. Also, capitalization rate data was collected from published market surveys, such as Co-Star, Real Capital Analytics, The American Council of Life Insurance (Commercial Mortgage Commitments), Integra Realty Resources, Korpacz Real Estate Investor Survey (PWC), CBRE – National Investor Survey, etc. These sources typically have capitalization rates or ranges based on surveys or sales, and they usually include rates for both the Seattle Metropolitan area and the nation.

The effective age and condition of each building contributes to the capitalization rate applied in the model. For example; a building in poorer condition with a lower effective year (1965, for example) will typically warrant a higher capitalization rate, and a building in better condition with a higher effective year (2010, for example) will warrant a lower capitalization rate.

SEATTLE / REGIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2016					1 <sup>st</sup> Tier properties are defined as new or newer quality const. in prime to good location; 2 <sup>nd</sup> Tier properties are defined as aging, former 1 <sup>st</sup> tier in good to average locations; 3 <sup>rd</sup> Tier are defined as older properties w/ functional inadequacies and/or marginal locations.
		Seattle	5.40%	-	-	Office CBD – 1 <sup>st</sup> Tier Properties
			5.90%	-	-	Suburban Office – 1 <sup>st</sup> Tier Properties
			-	5.50%	-	Warehouse – 1 <sup>st</sup> Tier Properties
			-	6.30%	-	R&D – 1 <sup>st</sup> Tier Properties
			-	6.40%	-	Flex – 1 <sup>st</sup> Tier Properties
			-	-	5.80%	Regional Mall – 1 <sup>st</sup> Tier Properties
			-	-	6.30%	Power Center – 1 <sup>st</sup> Tier Properties
			-	-	5.90%	Neigh/Comm. Ctrs. – 1 <sup>st</sup> Tier Properties
		West Region	4.50% - 7.50%	-	-	Office CBD – 1 <sup>st</sup> Tier Properties
			5.00% - 8.00%	-	-	Office CBD – 2 <sup>nd</sup> Tier Properties
			5.80% - 9.00%	-	-	Office CBD – 3 <sup>rd</sup> Tier Properties
			5.00% - 8.00%	-	-	Suburban Office – 1 <sup>st</sup> Tier Properties
			5.50% - 8.50%	-	-	Suburban Office – 2 <sup>nd</sup> Tier Properties
			6.00% - 9.30%	-	-	Suburban Office – 3 <sup>rd</sup> Tier Properties
			-	4.00% - 8.50%	-	Warehouse – 1 <sup>st</sup> Tier Properties
			-	4.00% - 9.00%	-	Warehouse – 2 <sup>nd</sup> Tier Properties
			-	5.50% - 9.50%	-	Warehouse – 3 <sup>rd</sup> Tier Properties
			-	5.30% - 8.00%	-	R&D – 1 <sup>st</sup> Tier Properties
			-	5.50% - 8.50%	-	R&D – 2 <sup>nd</sup> Tier Properties
			-	5.50% - 9.50%	-	R&D – 3 <sup>rd</sup> Tier Properties
			-	6.00% - 8.00%	-	Flex – 1 <sup>st</sup> Tier Properties
			-	5.00% - 8.50%	-	Flex – 2 <sup>nd</sup> Tier Properties
			-	5.50% - 9.50%	-	Flex – 3 <sup>rd</sup> Tier Properties
			-	-	4.80% - 8.00%	Regional Mall – 1 <sup>st</sup> Tier Properties
			-	-	4.50% - 8.30%	Regional Mall – 2 <sup>nd</sup> Tier Properties
			-	-	6.00% - 9.00%	Regional Mall – 3 <sup>rd</sup> Tier Properties
			-	-	6.00% - 8.00%	Power Center – 1 <sup>st</sup> Tier Properties
			-	-	6.00% - 8.30%	Power Center – 2 <sup>nd</sup> Tier Properties
			-	-	6.00% - 9.00%	Power Center – 3 <sup>rd</sup> Tier Properties
			-	-	4.00% - 8.00%	Neigh/Comm. Ctr. – 1 <sup>st</sup> Tier Properties
			-	-	4.50% - 8.50%	Neigh/Comm. Ctr. – 2 <sup>nd</sup> Tier Properties
			-	-	5.00% - 9.00%	Neigh/Comm. Ctr. – 3 <sup>rd</sup> Tier Properties
PWC / Korpaz	4Q 2016	Seattle	5.79%	-	-	Overall – 4.50% - 8.00%
			5.45%	-	-	CBD Office – 4.50% - 8.00%
			6.13%	-	-	Suburban Office – 5.00% - 7.00%
		Pac. NW	6.00%	-	-	Overall - 4.00% to 9.00%
			5.60%	-	-	CBD Office – 4.50% - 8.00%
			6.41%	-	-	Suburban Office – 5.00% - 7.75%
			-	5.10%	-	Warehouse – 3.75% - 7.00%
ACLI	4Q 2016	Seattle – Bellevue - Everett MSA	5.72%	7.30%	5.64%	All Classes
		Pacific Region	5.38%	5.77%	5.61%	All Classes



# SEATTLE / REGIONAL CAP RATES

Source	Date	Location	Multifamily	Hospitality	Remarks
CBRE: Capital Markets Cap. Rate survey.	2 <sup>nd</sup> Half (2016)	Seattle	4.25% - 4.75%	-	Infill – Class A
			4.50% - 5.00%	-	Infill – Class A – Value Added
			4.75% - 5.25%	-	Infill – Class B
			5.00% - 5.50%	-	Infill – Class B – Value Added
			5.50% - 6.00%	-	Infill – Class C
			5.25% - 6.25%	-	Infill – Class C – Value Added
			4.75% - 5.25%	-	Suburban – Class A
			4.75% - 5.25%	-	Suburban – Class A – Value Added
			5.00% - 5.50%	-	Suburban – Class B
			5.25% - 5.75%	-	Suburban – Class B – Value Added
			5.75% - 6.25%	-	Suburban – Class C
			5.75% - 6.25%	-	Suburban – Class C – Value Added
			-	5.75% - 6.25%	CBD – Luxury
			-	6.00% - 6.50%	CBD – Full-Service
			-	6.25% - 6.75%	CBD – Select-Service
			-	8.00% - 9.00%	CBD – Economy
			-	6.50% - 7.50%	Suburban – Luxury
			-	7.50% - 8.50 %	Suburban – Full-Service
			-	7.50% - 8.50%	Suburban – Select-Service
			-	9.25% - 10.25%	Suburban – Economy
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2016	Seattle	4.90%	-	Apartments – All Classes
			-	7.40%	Hotels – All Classes
		West Region	4.00% - 7.80%	-	Apartments – 1 <sup>st</sup> Tier Properties
			4.00% - 8.30%	-	Apartments – 2 <sup>nd</sup> Tier Properties
			4.50% - 8.80%	-	Apartments – 3 <sup>rd</sup> Tier Properties
			-	7.00% - 8.50%	Hotels – 1 <sup>st</sup> Tier Properties
			-	7.00% - 10.00%	Hotels – 2 <sup>nd</sup> Tier Properties
			-	7.00% - 11.00%	Hotels – 3 <sup>rd</sup> Tier Properties

NATIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2016					1 <sup>st</sup> Tier properties are defined as new or newer quality const. in prime to good location
		National	4.30% -9.00% 4.80% - 10.0% - - - - - -	- - 4.00% - 10.0% 5.00% - 9.50% 5.30% - 10.0% - - -	- - - - - 4.00% - 9.00% 5.00% - 9.00% 4.00% - 9.50%	Office CBD – 1 <sup>st</sup> Tier Properties Suburban Office – 1 <sup>st</sup> Tier Properties Warehouse – 1 <sup>st</sup> Tier Properties R&D – 1 <sup>st</sup> Tier Properties Flex – 1 <sup>st</sup> Tier Properties Regional Mall – 1 <sup>st</sup> Tier Properties Power Center – 1 <sup>st</sup> Tier Properties Neigh/Comm. Ctrs. – 1 <sup>st</sup> Tier Properties
IRR: Viewpoint 2017 Commercial Real Estate Trends report	Yr. End 2016	National	6.73% 7.57% 7.07% 7.81% - - - - - -	- - - - 6.75% 7.47% - - - -	- - - - - - 6.57% 6.77% 6.94% 7.86% 8.52%	<u>Institutional Grade Properties</u> CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Industrial Flex Industrial Regional Mall Community Retail Neighborhood Retail Hotel - Full Service Hotel - Limited Service
ACLI	4Q 2016	National	5.43% 6.10% 5.90% 5.96% 5.22%	6.00% 7.29% 6.92% 6.65% 5.78%	5.89% 6.65% 6.39% 6.28% 5.34%	Overall Sq.Ft. - <50k Sq.Ft. - 50k – 100k Sq.Ft. – 100,001 – 200k Sq.Ft. – 200k+
PWC / Korpaz	4Q 2016	National	5.57% 6.63% 6.76% 7.36% - - - - -	- - - - 7.05% 5.27% - - -	- - - - - - 6.10% 6.37% 6.18%	CBD Office Suburban Office Medical Office Secondary Office Flex/R&D - (5.75% - 9.00%) Warehouse - (3.00% – 7.00%) Regional Mall Power Center Neigh. Strip Centers
PWC / Korpaz	Latter Reports 4Q 2016	National	5.57% 6.43% 6.78% - - - - -	- - - 5.21% 7.10% - - -	- - - - - - 6.24% 6.35% 6.05%	U.S. CBD Office – 3.50% - 7.50% U.S. Suburban Office – 4.50% - 9.00% Medical Office – 4.50% - 10.00% U.S. Warehouse – 3.00% - 7.00% U.S. Flex/R&D – 5.50% - 9.00% U.S. Strip Shop Ctrs – 4.50% -9.50% U.S Power Centers – 5.00% - 8.00% U.S. Regional Malls – 4.00% - 9.00%
The Boulder Group: Net Lease Market Report	4Q 2016	National	7.08%	7.14%	6.10%	Overall (Average)

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

### Income Approach Calibration

Income tables were developed for each of the fifteen neighborhoods that comprise Area 85. The tables pertain to the following property types: Office/Medical Office, Retail, and Industrial/Warehouse in addition to an exclusion table indicating property uses not covered by an income table. Properties which contain differing section uses may have multiple tables that are applicable to the property as a whole. 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. 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.

Typical income model parameters for the various markets that make up Area 85 are summarized in the following table. It should be noted that due to the nature of commercial real estate, not all properties fall within the typical mass appraisal parameters. In writing an appeal, we utilize specific income components to each individual property.

#### Area 85-10 – Lake Forest Park

Typical Income Parameters 85-10				
Land Use	Rent Range per SF	Vacancy/ Coll. Loss %	Expenses per SF or % of EGI	Capitalization Rate %
Office/Medical Office	\$13.00 to \$28.00	5% - 10%	10% to 32%	6.50% to 8.50%
Retail/Mixed Use	\$12.00 to \$25.00	5%	7.75%	6.50% to 8.50%
Industrial/Whse.	\$4.00 to \$20.00	5%	7.50%	6.50% to 8.50%

Office property rents in Lake Forest Park are slightly higher from the previous assessment year, while vacancy tightened and capitalization rates are similar. Retail properties experienced slight rise in rents, but vacancy and capitalization rates are stable. Industrial properties are not prolific in this area and economic income parameters have remained flat, except for a slight decrease in cap rates.

#### Area 85-15 – Kenmore

Typical Income Parameters 85-15				
Land Use	Rent Range per SF	Vacancy/ Coll. Loss %	Expenses per SF or % of EGI	Capitalization Rate %
Office/Medical Office	\$11.00 to \$29.00	10%	10 % to 32%	6.50% to 8.50%
Retail/Mixed Use	\$12.00 to \$26.00	5%	7.50%	6.50% to 8.50%
Industrial/Whse.	\$3.50 to \$13.00	5%	7.50%	6.50% to 8.50%

Office property rents show a slight bump in Kenmore to the previous assessment year, while vacancy tightened and capitalization rates are flat. Retail properties experienced a slight increase in rents, stable vacancy and expenses with decreasing capitalization rates. Industrial properties are not prolific in this area but rents have moderated and cap rates have decreased.

#### Area 85-20 – Bothell

Typical Income Parameters 85-20				
Land Use	Rent Range per SF	Vacancy/ Coll. Loss %	Expenses per SF or % of EGI	Capitalization Rate %
Office/Medical Office	\$20.00 to \$33.00	7%	28% to 44%	6.50% to 8.50%
Retail/Mixed Use	\$6.00 to \$20.00	6%	7.5% to 8.0%	6.50% to 8.50%
Industrial/Whse.	\$4.00 to \$9.50	6%	7.00%	6.00% to 8.00%

Office property rents in Bothell are slightly boosted from the previous assessment year, while vacancy and capitalization rates are similar. Retail properties experienced slight increased rates, but vacancy and capitalization rates are stabilizing. Industrial properties are not prolific in this area but rents and vacancy have moderated, and cap rates have diminished.

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

Typical Income Parameters 85-25				
Land Use	Rent Range per SF	Vacancy/ Coll. Loss %	Expenses per SF or % of EGI	Capitalization Rate %
Office/Medical Office	\$19.00 to \$35.00	6.5% to 12%	26% to 50%	6.50% to 8.50%
Retail/Mixed Use	\$12.00 to \$27.50	7% to 8%	7.75%	6.50% to 8.50%
Industrial/Whse.	\$4.00 to \$11.00	6.5% to 7.25%	7.75%	6.00% to 8.00%

Rental rates for office properties in East Totem Lake have increased from the previous assessment year, while overall vacancy is stable and capitalization rates are slight increase. Retail properties experienced increased rents with stable capitalization rates and vacancy rates. Industrial properties showed increase lease rates, stable vacancy, and a downward trajectory in capitalization rates.

#### Area 85-30 - Finn Hill/North Juanita

Typical Income Parameters 85-30				
Land Use	Rent Range per SF	Vacancy/ Coll. Loss %	Expenses per SF or % of EGI	Capitalization Rate %
Office/Medical Office	\$20.00 to \$28.00	5% to 13%	25% to 38%	6.50% to 8.50%
Retail/Mixed Use	\$7.50 to \$25.00	7% to 7.5%	7.75%	6.50% to 8.50%
Industrial/Whse.	\$4.50 to \$9.00	7.0%	7.50%	6.00% to 8.00%

Office property income rents are higher, with the same capitalization rates as last year. Parameters have remained mostly stable in this neighborhood of Kirkland, with flat cap rates. Retail properties also remained relatively stable with a slight increase in rents and capitalization rates. Industrial properties are not prolific in this area and economic income parameters have remained stable.

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

Typical Income Parameters 85-35					
Land Use	Rent Range per SF	Vacancy/ Coll. Loss %		Expenses per SF or % of EGI	Capitalization Rate %
Office/Medical Office	\$19.00 to \$33.00	6.50%	to 12%	27% to 50%	6.50% to 8.50%
Retail/Mixed Use	\$11.50 to \$26.00	7%		7.75%	6.50% to 8.50%
Industrial/Whse.	\$4.00 to \$9.50	7%	to 7.25%	7.75%	6.00% to 8.00%

Rental rates for office properties in West Totem Lake are slightly above the previous assessment year, while overall vacancy and cap rates are predominately stagnant. Retail properties are stabilizing their rents, vacancy, and capitalization rates. Industrial properties have experienced a slight uptick in rents and capitalization rates dropped nominally.

**Area 85-40 - Juanita**

Typical Income Parameters 85-40					
Land Use	Rent Range per SF	Vacancy/ Coll. Loss %		Expenses per SF or % of EGI	Capitalization Rate %
Office/Medical Office	\$19.00 to \$33.00	6.50%	to 12%	27% to 48%	6.50% to 8.50%
Retail/Mixed Use	\$7.50 to \$32.00	7%	to 8%	7.75%	6.50% to 8.50%
Industrial/Whse.	\$4.50 to \$10.00	6.5%		7.75%	6.00% to 8.00%

Office property rents increased slightly over the previous assessment year while vacancy increased and capitalization rates steadied. Retail rents experienced a slight uptick while vacancy and capitalization rates have stagnated. Industrial properties are not prolific in this area and economic income parameters have remained stable, except for a slight lowering of the cap rates.

**Area 85-45 – Houghton/South Kirkland**

Typical Income Parameters 85-45					
Land Use	Rent Range per SF	Vacancy/ Coll. Loss %		Expenses per SF or % of EGI	Capitalization Rate %
Office/Medical Office	\$21.00 to \$33.00	6%	to 11%	29% to 49%	6.50% to 8.50%
Retail/Mixed Use	\$8.50 to \$26.00	8%		7.75%	6.50% to 8.50%
Industrial/Whse.	\$4.75 to \$11.00	6.5%	to 7%	7.75%	6.00% to 8.00%

Office property rents swelled slightly in the Houghton area, with a moderation in vacancy and capitalization rates. Retail property rents are slightly higher with a flat vacancy and capitalization rates. Industrial property income parameters are relatively stable, except for a drop in capitalization rates.



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

<b>Typical Income Parameters 85-50</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$21.00 to \$33.00	7% to 15%	27% to 47%	6.50% to 8.50%
Retail/Mixed Use	\$7.50 to \$26.00	7% to 8%	7.75%	6.50% to 8.50%
Industrial/Whse.	\$5.00 to \$10.50	6.5%	7.75%	6.00% to 8.00%

Office property rents in East Kirkland are slightly up from the previous assessment year though vacancy, expenses and capitalization rates are leveling overall. The economic picture for retail properties is flat. Industrial properties are not prolific in this area and rents are on an upward trajectory with cap rates on a downward trajectory.

**Area 85-55 - NW Kirkland**

<b>Typical Income Parameters 85-55</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$21.00 to \$33.00	5% to 6%	28% to 40%	6.50% to 8.50%
Retail/Mixed Use	\$18.00 to \$26.00	6%	7.75%	6.50% to 8.50%
Industrial/Whse.	\$4.50 to \$10.50	6.5%	7.75%	6.00% to 8.00%

The office market has shown a slight bump in rents, stable vacancy, and flattened cap rates. Retail uses have seen rental, vacancy and capitalization rates have overall moderated. Industrial properties are not prolific in this area and economic income parameters have stabilized, except for the capitalization rates have diminished.

**Area 85-60 - SE Kirkland**

<b>Typical Income Parameters 85-60</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$21.00 to \$33.00	5% to 14%	28% to 47%	6.50% to 8.50%
Retail/Mixed Use	\$15.25 to \$27.00	6%	7.75%	6.50% to 8.50%
Industrial/Whse.	\$4.75 to \$10.75	7% to 8%	7.75%	6.00% to 8.00%

Office properties are prevalent in this south Kirkland area. Rents are slightly up, with a moderate increase in vacancy, and capitalization rates have stabilized. Retail uses are showing an uptick in rents, flat vacancy, and stabilizing capitalization rates. The industrial market is unchanged except for a small rent increase and downward trajectory in capitalization rates.

### Area 85-65 - Kirkland CBD

Typical Income Parameters 85-65					
Land Use	Rent Range per SF	Vacancy/ Coll. Loss %		Expenses per SF or % of EGI	Capitalization Rate %
Office/Medical Office	\$22.00 to \$37.00	6%	to 11%	25% to 44%	6.50% to 8.50%
Retail/Mixed Use	\$21.00 to \$34.00	6%	to 7.5%	7.75% to 9%	6.50% to 8.50%
Industrial/Whse.	\$4.25 to \$11.00	6.0%	to 7.0%	7.75%	6.00% to 8.00%

Downtown Kirkland continues to see market strengthening in all property types with increases in rental rates. Vacancy is in flux due to the demolition of Parkplace and its reconstruction. Capitalization rates are moderating except for industrial which is on a downward trajectory.

### 85-70 – SW Kirkland

Typical Income Parameters 85-70					
Land Use	Rent Range per SF	Vacancy/ Coll. Loss %		Expenses per SF or % of EGI	Capitalization Rate %
Office/Medical Office	\$22.00 to \$37.00	6%	to 10%	24% to 46%	6.50% to 8.50%
Retail/Mixed Use	\$19.50 to \$32.00	7%		7.75%	6.50% to 8.50%
Industrial/Whse.	\$4.50 to \$10.00	6.0%		7.75%	6.00% to 8.00%

Office properties are prevalent in this south Kirkland neighborhood and the parameters remain steady except for small increases in rents. Retail uses are indicating a small uptick in rents. The industrial market is scarce here and has seen no real meaningful change.

### 85-75 – NE Kirkland (West of I-405)

Typical Income Parameters 85-75					
Land Use	Rent Range per SF	Vacancy/ Coll. Loss %		Expenses per SF or % of EGI	Capitalization Rate %
Office/Medical Office	\$16.00 to \$34.00	6.00%	to 13%	27% to 40%	6.50% to 8.25%
Retail/Mixed Use	\$17.00 to \$25.00	6%		7.75%	6.50% to 8.50%
Industrial/Whse.	\$4.50 to \$11.00	5%	to 6.0%	7.75%	6.00% to 8.00%

Office income and capitalization rates parameters have stabilized here. Retail properties are not prolific here and there is minimal change. Industrial properties are the most prevalent in this neighborhood, where rents and vacancy have stabilized, and capitalization rates on a downward slope.

## 85-90 – Kingsgate

Typical Income Parameters 85-90				
Land Use	Rent Range per SF	Vacancy/ Coll. Loss %	Expenses per SF or % of EGI	Capitalization Rate %
Office/Medical Office	\$20.50 to \$30.00	8% to 13%	28% to 41%	6.50% to 8.50%
Retail/Mixed Use	\$15.00 to \$24.00	7% to 8%	7.75%	6.50% to 8.50%
Industrial/Whse.	\$4.50 to \$10.00	7.0%	7.75%	6.50% to 8.50%

The office market in Kingsgate is indicating a slight rental increase, with vacancy and capitalization rates stabilizing. The retail economic factors have leveled. The industrial market rents and vacancy are flat and capitalization rates have seen an incremental increase.

### Reconciliation

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

The income approach to value was considered to be a reliable indicator of value in most instances. The total value generated from the income table calculations and the selected income values varied in some cases due to special circumstances, such as properties with excess land, inferior/superior location, super-adequacy, or physical/functional obsolescence. Appraisal judgment prevailed in determining when to depart from the Assessor's table generated 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

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 for particular characteristics and conditions as they occur in the valuation area.

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

Comparison of the 2016 Ratio Study Analysis with the 2017 Ratio Study Analysis indicates that the weighted mean ratio, or assessment level, improved from 78.6% to 97.0%. The Coefficient of Dispersion (COD) went down from 13.83% to 5.02%, the Coefficient of Variation (COV) went down from 18.54% to 6.05%, and the Price-related Differential (PRD) went from 1.11 to 1.01. All of these changes represent improvements of the statistical measurements 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 uniformity.

For this revalue period, land values have resulted in a fairly substantial increase with some additional minor increases in select areas and zonings. The most recognizable increases have occurred in East Kirkland, Finn Hill and North Juanita (area annexed to Kirkland in 2011), and the Kirkland CBD (major redevelopment of Parkplace with proposed 1.2 million square feet of mixed use properties), and East Kirkland. Income parameters have resulted in an incremental increase over the recent term as a result of healthy rental rates for most property types, slight downward pressure on capitalization rates, as well as continued low vacancy rates.

The total assessed values for Area 85 for the 2016 assessment year was \$2,181,487,700 and the total recommended value for the 2017 assessment year is \$2,343,667,100. This does not include specialty or government properties but it does include commercial condos (not multi-family units). In addition, the 2017 total does not include the value of new construction parcels which will be determined later, and it does not reflect the downward contamination adjustments that will be applied later to several parcels by the contamination specialist appraiser. Application of these recommended values for the 2017 assessment year (taxes payable in 2018) results in a total value increase of +7.43% from the previous year.

Change in Total Assessed Value			
2016 Total Value	2017 Total Value	\$ Change	% Change
\$2,181,487,700	\$2,343,667,100	\$162,179,400	7.43%



# 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, 3<sup>rd</sup> 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.*
- *The individuals listed below were part of the “appraisal team” and provided significant real property appraisal assistance to the person signing this certification. Any services regarding the subject area performed by the appraiser within the prior three years, as an appraiser or in any other capacity is listed adjacent their name.*



- *No significant real property assistance as determined by the undersigned. All services as may be variously defined significant or otherwise, and performed by duly authorized and qualified King County Assessment staff employed in the areas of Public Information, Accounting/Abstract, Commercial, Residential, Information Services, Personal Property, Accounting/Mapping, Accounting/Support, Accounting/Appeals, Chief Appraiser, Accounting/Exemptions, Accounting/Levy Administration, who may have involvement in physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time, is made part of each real property parcel as a matter of public record and this certification by reference.*
- *Any services regarding the subject area performed by me within the prior three years, as an appraiser or in any other capacity is listed below: Any and all activities required under the Certificate of Appointment dated 24 April 2004 under sworn oath appointing the below signed appraiser to the position of true and lawful deputy in the Office of the King County Assessor, and authorized by the State of Washington, Department of Revenue under a Certificate of Accreditation. To Wit: all duties, responsibilities, and services associated with the position description of Commercial Appraiser I in the management and valuation of Commercial Area 40. Such duties, responsibilities and services include, but are not limited to physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time and to be determined significant or otherwise during the fulfillment of position requirements, and are made part of each real property parcel, is a matter of public record and this certification by reference.*

# Area 85 Ratio Study Report

## PRE-REVALUE RATIO ANALYSIS

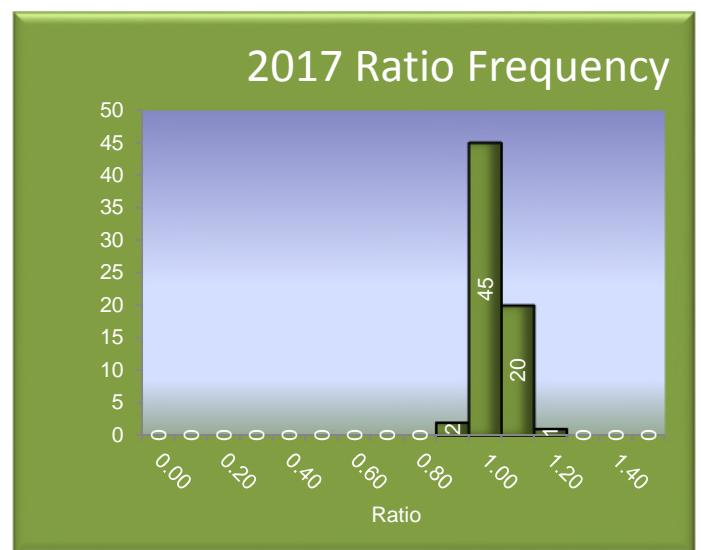
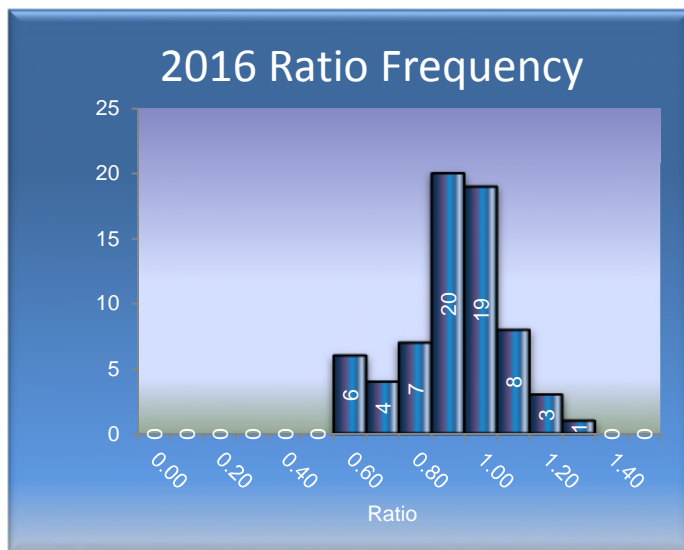
Pre-revalue ratio analysis compares sales from 2014 through 2016 in relation to the previous assessed value as of 1/1/2016.

PRE-REVALUE RATIO SAMPLE STATISTICS	
<b>Sample size (n)</b>	68
<b>Mean Assessed Value</b>	\$2,604,500
<b>Mean Adj. Sales Price</b>	\$3,315,600
<b>Standard Deviation AV</b>	\$3,860,529
<b>Standard Deviation SP</b>	\$5,642,100
ASSESSMENT LEVEL	
<b>Arithmetic Mean Ratio</b>	0.873
<b>Median Ratio</b>	0.889
<b>Weighted Mean Ratio</b>	0.786
UNIFORMITY	
<b>Lowest ratio</b>	0.5408
<b>Highest ratio:</b>	1.2797
<b>Coefficient of Dispersion</b>	13.83%
<b>Standard Deviation</b>	0.1618
<b>Coefficient of Variation</b>	18.54%
<b>Price Related Differential (PRD)</b>	1.11

## POST-REVALUE RATIO ANALYSIS

Post revalue ratio analysis compares sales from 2014 through 2016 and reflects the assessment level after the property has been revalued to 1/1/2017

POST REVALUE RATIO SAMPLE STATISTICS	
<b>Sample size (n)</b>	68
<b>Mean Assessed Value</b>	\$3,215,300
<b>Mean Sales Price</b>	\$3,315,600
<b>Standard Deviation AV</b>	\$5,561,263
<b>Standard Deviation SP</b>	\$5,642,100
ASSESSMENT LEVEL	
<b>Arithmetic Mean Ratio</b>	0.978
<b>Median Ratio</b>	0.969
<b>Weighted Mean Ratio</b>	0.970
UNIFORMITY	
<b>Lowest ratio</b>	0.8974
<b>Highest ratio:</b>	1.1046
<b>Coefficient of Dispersion</b>	5.02%
<b>Standard Deviation</b>	0.0591
<b>Coefficient of Variation</b>	6.05%
<b>Price Related Differential (PRD)</b>	1.01



## Improvement Sales for Area 085 with Sales Used

03/24/2017

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
085	010	156810	0660	2,800	2754761	\$350,000	09/04/15	\$125.00	RAPID RUDY'S TV SALES & SERVICE	SG-C	1	34	Use-change after sale; not in ratio
085	010	263690	0187	14,546	2673907	\$4,800,000	06/17/14	\$329.99	NORTHWEST HAND SPECIALIST	NB	1	Y	
085	010	263690	0335	13,963	2698647	\$3,000,000	10/31/14	\$214.85	OFFICE BUILDING	MB	1	Y	
085	010	403010	0370	1,430	2747635	\$370,000	08/04/15	\$258.74	ASIA TODAY	C.C.	2	Y	
085	010	674470	0062	7,682	2765981	\$2,450,000	11/10/15	\$318.93	PERRY BOYER REALTY	SG-C	3	34	Use-change after sale; not in ratio
085	010	741770	0590	13,236	2830354	\$3,665,000	10/24/16	\$276.90	OFFICE BUILDING	CB	2	Y	
085	010	872687	0010	18,645	2758099	\$1,550,000	09/18/15	\$83.13	25TH PLACE CONDOMINIUM	CB	3	Y	
085	015	011410	0740	13,672	2689439	\$1,695,000	09/09/14	\$123.98	BOTHELL WORSHIP CENTER	R4	1	Y	
085	015	011410	0961	2,064	2787406	\$675,000	03/17/16	\$327.03	High 5 Software	R18	1	34	Use-change after sale; not in ratio
085	015	112604	9115	10,490	2760565	\$2,950,000	10/07/15	\$281.22	UPLAKE DENTAL BLDG	RB	1	Y	
085	015	112604	9118	6,090	2811769	\$1,250,000	07/22/16	\$205.25	OFFICE-STRATHY BROS	RB	1	34	Use-change after sale; not in ratio
085	015	112604	9153	1,813	2792745	\$1,500,000	04/28/16	\$827.36	OFF/SHOP	RB	1	34	Use-change after sale; not in ratio
085	015	618170	0496	5,981	2779668	\$925,000	02/09/16	\$154.66	DENTAL OFFICE & BEAUTY SHOP	DC	1	Y	
085	015	618170	0497	5,498	2691279	\$675,000	09/17/14	\$122.77	Restaurant	DC	1	34	Use-change after sale; not in ratio
085	015	618170	0497	5,498	2832287	\$1,365,000	10/31/16	\$248.27	Speedy Reedy	DC	1	Y	
085	015	794630	0135	1,872	2758815	\$450,000	09/17/15	\$240.38	Tenant vacated	DC	1	Y	
085	015	794630	0190	4,676	2671498	\$960,000	06/03/14	\$205.30	Cooley's Dental Office	DC	2	Y	
085	015	883250	0010	534	2754044	\$170,000	08/18/15	\$318.35	UPLAKE TEN	CB	1	Y	
085	015	883250	0020	1,194	2805398	\$225,000	06/15/16	\$188.44	UPLAKE TEN CONDOMINIUM	CB	1	Y	
085	020	052605	9142	2,080	2796859	\$825,000	05/07/16	\$396.63	SFR on commerical zoned land	GDC	1	34	Use-change after sale; not in ratio
085	020	062605	9088	9,116	2723721	\$2,250,000	04/06/15	\$246.82	ROMERO PROFESSIONAL BUILDING	GDC	1	Y	
085	020	062605	9120	14,000	2846447	\$3,500,000	01/05/17	\$250.00	BOTHELL COURT (RETAIL)	GDC	1	Y	
085	020	072605	9157	7,206	2839830	\$2,400,000	12/01/16	\$333.06	SHOPS & RESIDENCE	R 2800	1	34	Use-change after sale; not in ratio
085	020	072605	9204	5,400	2758645	\$1,200,000	09/25/15	\$222.22	BOTHELL CENTER	522	1	Y	
085	020	082605	9214	1,872	2824209	\$650,000	09/22/16	\$347.22	SFR CONV OFFICE	DN	1	34	Use-change after sale; not in ratio
085	020	096700	0070	10,620	2702627	\$2,250,000	11/21/14	\$211.86	MERCANTILE BLDG RETAIL STORE	DC	2	34	Use-change after sale; not in ratio
085	020	096700	0160	2,121	2722974	\$500,000	04/01/15	\$235.74	BOTHELL FOE (SFR CONV)	DN	1	34	Use-change after sale; not in ratio
085	020	096700	0230	1,787	2691223	\$650,000	09/16/14	\$363.74	ATTORNEYS OFFICE	DC	1	26	Imp changed after sale; not in ratio
085	020	096700	0385	3,060	2809491	\$750,000	07/14/16	\$245.10	NORTHSHORE YOUTH FAMILY SE	DN	1	Y	
085	020	096700	0431	2,332	2800318	\$600,000	06/02/16	\$257.29	GABBERT ARCHITECTS	DN	1	Y	
085	025	240870	0030	2,536	2826087	\$786,202	09/22/16	\$310.02	EVERGREEN 121 WAY MEDICAL	TL 1B	1	Y	
085	025	242270	0020	0	2773130	\$975,000	12/21/15	\$0.00	EVERGREEN PARK NORTHWEST	TL 1B	1	Y	
085	025	242270	0050	0	2773132	\$462,500	12/21/15	\$0.00	EVERGREEN PARK NORTHWEST	TL 1B	1	Y	
085	025	282605	9024	2,580	2839832	\$700,000	12/14/16	\$271.32	SINGLE FAMILY RESIDENCE	RM 1.8	1	34	Use-change after sale; not in ratio
085	025	282605	9169	11,648	2721698	\$4,350,000	03/25/15	\$373.45	LINE RETAIL	TL 5	1	34	Use-change after sale; not in ratio
085	025	282605	9179	24,109	2840253	\$11,000,000	12/06/16	\$456.26	TOTEM SQUARE II	TL 5	1	34	Use-change after sale; not in ratio

## Improvement Sales for Area 085 with Sales Used

03/24/2017

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
085	025	329140	0020	9,831	2649645	\$3,275,000	01/10/14	\$333.13	EVERGREEN PLACE MEDICAL BUI	TL 1B	1	Y	
085	030	192605	9111	3,083	2755451	\$895,000	09/11/15	\$290.30	CHIROPRACTOR & DENTAL	BC 1	1	Y	
085	030	192605	9156	3,111	2801557	\$800,000	05/31/16	\$257.15	U.S. BANK	BC 1	1	Y	
085	030	364910	0513	3,475	2704370	\$400,000	11/19/14	\$115.11	EURO-TECH AUTO SERVICE	NB	1	Y	
085	035	282605	9091	18,558	2791656	\$3,300,000	04/19/16	\$177.82	HILLTOP PLAZA INDUSTRIAL	TL 10B	1	Y	
085	035	282605	9096	3,281	2761273	\$727,410	10/06/15	\$221.70	OFFICE	TL 6B	1	Y	
085	035	292605	9125	37,000	2772055	\$11,200,000	12/17/15	\$302.70	KIRKLAND 405 CORP CTR BLDG A	TL 10A	1	Y	
085	040	179150	0315	2,050	2802842	\$1,180,000	06/16/16	\$575.61	Kameha's Cup Coffee Shop	JBD 4	1	Y	
085	040	322605	9040	8,639	2804514	\$1,585,000	05/23/16	\$183.47	SHUMWAY MANSION ADULT FAMILI	RS 8.5	1	Y	
085	040	376245	0020	12,111	2796878	\$325,000	05/10/16	\$26.84	JUANITA PROFESSIONAL CENTER	JBD 6	1	Y	
085	040	376245	0040	1,490	2823880	\$354,500	09/20/16	\$237.92	JUANITA PROFESSIONAL CENTER	JBD 6	1	Y	
085	040	376245	0050	1,465	2764936	\$375,000	10/29/15	\$255.97	JUANITA PROFESSIONAL CENTER	JBD 6	1	Y	
085	045	012000	0361	3,564	2714024	\$1,300,000	02/17/15	\$364.76	THE FENCE CONNECTION	LIT	1	Y	
085	045	052505	9070	10,003	2757509	\$2,594,829	09/14/15	\$259.41	903 FIFTH AVENUE BUILDING	PLA 5C	1	Y	
085	045	082505	9312	5,800	2773512	\$2,000,000	12/21/15	\$344.83	OFFICE	PR 3.6	1	Y	
085	045	123510	0024	29,646	2679784	\$12,000,000	07/16/14	\$404.78	KIRKLAND GATEWAY BUILDING	LIT	1	Y	
085	045	250550	0115	3,595	2818287	\$1,875,000	08/23/16	\$521.56	Eastside Therapeutic Resource	PR 5.0	1	Y	
085	045	250550	0151	2,916	2651999	\$950,000	01/31/14	\$325.79	OFFICE	PR 5.0	1	Y	
085	050	082505	9035	21,561	2706787	\$6,550,000	12/19/14	\$303.79	LAKEVIEW PLACE	PR 3.6 (1	1	Y	
085	050	123310	0281	14,246	2815210	\$6,400,000	08/09/16	\$449.25	KIRKLAND COURT	RH 5A	1	Y	
085	050	123850	0055	875	2838033	\$1,753,000	12/05/16	\$2,003.43	76 / CIRCLE K	RH 1A	1	Y	
085	050	124150	0310	104,394	2828371	\$32,200,000	10/13/16	\$308.45	BRIDLE TRAILS SHOPPING CENTE	BCX	1	Y	
085	050	124190	0012	3,588	2777698	\$970,000	01/26/16	\$270.35	PAY DAY LOANS	RH 8	1	Y	
085	050	124190	0013	900	2780682	\$800,000	02/12/16	\$888.89	STATE MORTGAGE AND ESCROW	RH 8	1	Y	
085	050	124190	0014	2,501	2690184	\$1,300,000	09/08/14	\$519.79	7-11 STORE	RH 8	1	34	Use-change after sale; not in ratio
085	050	389250	0210	33,029	2697777	\$3,800,000	10/28/14	\$115.05	KIRKLAND HUNT CLUB	PLA 16	2	Y	
085	055	085600	1405	2,850	2796458	\$835,000	05/08/16	\$292.98	SOUND PET EASTSIDE (SFR CONV	RS 7.2	2	Y	
085	055	388580	0180	3,068	2651859	\$850,000	01/31/14	\$277.05	JENSEN BUILDING	MSC 4	2	Y	
085	055	388580	0985	11,121	2771338	\$4,500,000	12/04/15	\$404.64	OFFICES & LUXURY APT (JOSHUA	MSC 3	1	Y	
085	055	388580	1015	1,888	2816024	\$815,000	08/16/16	\$431.67	801 MARKET STREET OFFICE	MSC 1	1	34	Use-change after sale; not in ratio
085	055	388580	2660	8,037	2806376	\$2,740,000	06/23/16	\$340.92	1313 MARKET OFFICES	MSC 1	1	Y	
085	055	388580	4755	2,896	2755814	\$1,100,000	09/04/15	\$379.83	Page & Beard Architects	MSC 1	1	Y	
085	065	052505	9053	2,414	2758481	\$1,150,000	09/24/15	\$476.39	PROFESSIONAL TRAVEL SERVICE	PR 2.4	1	Y	
085	065	082505	9097	5,876	2696240	\$6,670,000	10/14/14	\$1,135.13	Residential Unit w/Retail	CBD 2	1	Y	
085	065	388580	8720	9,539	2761146	\$3,450,000	10/12/15	\$361.67	RETAIL/OFFICE	CBD 8	1	Y	
085	065	388831	0010	9,288	2777724	\$5,350,000	01/28/16	\$576.01	KIRKLAND CENTRAL CONDOMINIUM	CBD 1B	2	Y	

## Improvement Sales for Area 085 with Sales Used

03/24/2017

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
085	065	390010	1045	1,816	2803692	\$1,000,000	06/16/16	\$550.66	OFFICE BUILDING	CBD 8	1	Y	
085	065	408000	0020	0	2776140	\$6,500,000	01/13/16	\$0.00	LAKE STREET MALL COMMERCIAL	CBD 2	1	Y	
085	070	172505	9114	52,948	2685758	\$31,455,000	08/19/14	\$594.07	WATERFRONT PLACE	PLA 15A	1	Y	
085	070	347180	0065	2,484	2774338	\$1,000,000	12/29/15	\$402.58	OFFICE (SFR CONV)	PR 3.6	1	Y	
085	075	332605	9074	63,148	2740536	\$6,500,000	07/01/15	\$102.93	Par Mac Building	TL 10C	1	Y	
085	075	332605	9080	27,294	2690335	\$3,975,000	09/12/14	\$145.64	HASSETT BUSINESS PARK - SOUT	TL 10E	2	Y	
085	075	332605	9145	103,990	2797807	\$11,150,000	05/23/16	\$107.22	KIRKLAND BUSINESS CENTER	TL 10D	1	Y	
085	075	388580	5765	10,904	2704589	\$2,174,990	12/09/14	\$199.47	KIRKLAND CUSTOM CANNERY	LIT	1	34	Use-change after sale; not in ratio
085	075	388580	7460	2,507	2747934	\$1,215,000	08/05/15	\$484.64	PUGET SOUND ANIMAL HOSPITAL	LIT	1	Y	
085	075	388690	1180	11,295	2653676	\$1,285,000	02/13/14	\$113.77	OFFICE & SHOP (Assoc. pkgng. on lo	LIT	2	Y	
085	075	389310	1003	3,450	2824682	\$825,000	09/21/16	\$239.13	OFFICE INDUSTRIAL	TL 10E	1	Y	
085	090	162605	9123	2,592	2813875	\$920,000	08/03/16	\$354.94	Eastside Communications	R-AC, OF	1	Y	
085	090	222605	9067	12,634	2835210	\$1,100,000	11/16/16	\$87.07	CHURCHES AND DAYCARE	RSA 4	1	Y	
085	090	387646	0060	4,023	2836097	\$1,630,000	11/22/16	\$405.17	KINGSGATE LINE RETAIL	BC 2	1	Y	



Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
085	010	741770	0265	25,090	2698522	\$379,000	10/27/14	\$15.11	Ballinger Way	CB	1	Y	
085	010	741770	0552	32,200	2703746	\$1,725,000	12/01/14	\$53.57	VACANT	CB	1	Y	
085	010	766370	0215	286,341	2650635	\$8,665,337	01/21/14	\$30.26	LAKE CITY ELKS LODGE #1800	SG-T	6	Y	
085	015	011410	0650	15,964	2781626	\$600,000	02/22/16	\$37.58	TAVERN PARKING	DC	2	Y	
085	015	794630	0035	17,250	2712244	\$950,000	01/20/15	\$55.07	Lakeview Yoga (Assoc. Pkng. on minor	RB	4	Y	
085	020	052605	9060	42,324	2773163	\$900,000	12/17/15	\$21.26	Vacant Lot	GDC	2	Y	
085	020	052605	9081	16,180	2780134	\$500,000	02/10/16	\$30.90	Future Med./Office Building	GDC	1	Y	
085	020	052605	9095	12,242	2773164	\$350,000	12/14/15	\$28.59	SFR on commercial zoned land	GDC	1	Y	
085	020	062605	9038	29,679	2756969	\$645,000	09/16/15	\$21.73	VACANT	GDC	2	Y	
085	020	072605	9180	21,997	2748618	\$2,375,000	08/04/15	\$107.97	BOTHELL PEDIATRIC AND HAND THE	DC	4	Y	
085	020	082605	9050	34,050	2765513	\$975,000	10/30/15	\$28.63	KENT GYPSUM	R 2800, OP	1	34	Use-change after sale; not in ratio
085	020	082605	9300	74,250	2700740	\$1,950,000	11/13/14	\$26.26	VACANT LAND	GDC	2	Y	
085	020	096700	0370	21,606	2809496	\$1,813,202	07/11/16	\$83.92	VACANT LAND	DN	1	Y	
085	025	692840	0020	1,117,993	2725575	\$33,494,900	04/21/15	\$29.96	TOTEM LAKE SHOPPING CTR-LOWE	TL 2	4	Y	
085	025	866335	0120	315,891	2772122	\$130,000	12/07/15	\$0.41	TOTEM VALLEY BUSINESS PARK	P	1	Y	
085	040	919410	0015	149,050	2716012	\$3,190,000	02/05/15	\$21.40	LAND SALE	RSX 7.2	1	Y	
085	065	124450	0330	41,995	2721533	\$12,000,000	03/30/15	\$285.75	RETAIL-ANTIQUE STORE	CBD 1B	1	Y	
085	065	388580	7975	10,200	2775854	\$1,550,000	01/12/16	\$151.96	FOURPLEX	RS 5.0	1	29	Seg/merge after sale; not in ratio
085	065	390010	0805	19,074	2727576	\$2,600,000	03/25/15	\$136.31	4-PLEX	PLA 7B	2	Y	
085	070	788260	0512	14,090	2717091	\$1,050,000	02/23/15	\$74.52	VACANT LAND	RM 3.6	1	Y	
085	070	788260	0550	32,130	2732920	\$2,700,000	05/22/15	\$84.03	OLD HOUSES	RS 5.0	1	29	Seg/merge after sale; not in ratio
085	075	388690	1615	16,820	2777056	\$1,299,500	01/15/16	\$77.26	LA SEVILLE-5 PLEX	RM 3.6	1	Y	

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
085	010	162604	9013	113,456	2765055	\$500	09/02/15	\$0.00	ACACIA MEMORIAL PARK	RS 7200	1	68	Non-gov't to gov't
085	010	263690	0169	2,497	2832514	\$2,550,000	10/27/16	\$1,021.23	ARCO AMPM	CB	1	51	Related party, friend, or neighbor
085	015	112604	9114	10,518	2702477	\$1,200,000	11/18/14	\$114.09	MORRISON BLDG-OFFICE & RETAIL	RB	1	33	Lease or lease-hold
085	015	416410	0115	17,450	2766713	\$3,500,000	11/10/15	\$200.57	MASONRY CONSTRUCTION CO	RB	1	18	Quit claim deed
085	015	618170	0086	4,516	2681666	\$15,400	07/23/14	\$3.41	SHERWIN WILLIAMS PAINT	CB	1	66	Condemnation/eminent domain
085	020	082605	9128	6,027	2784675	\$1,510,000	03/07/16	\$250.54	MARKETPLACE - BANK OF BARGAIN	DC	3	23	Forced sale
085	020	082605	9135	1,389	2807761	\$10,000	06/20/16	\$7.20	OFFICE (SFR CONV)	R 2800, C	1	20	Correction deed
085	020	082605	9155	1,197	2748891	\$525,000	08/04/15	\$438.60	MICHAEL'S DRYWALL CONST	R 2800, C	1	10	Tear down
085	020	082605	9207	1,775	2649510	\$430,000	01/03/14	\$242.25	General Office (ASSOC. PKNG. ON M	DC	2	44	Tenant
085	020	096700	0025	3,360	2712803	\$600,000	02/02/15	\$178.57	EVERGREEN KARATE	DC	2	44	Tenant
085	025	282605	9060	30,000	2718234	\$8,400,000	03/13/15	\$280.00	FORD OF KIRKLAND	TL 6A	1	44	Tenant
085	025	282605	9113	1,210	2695018	\$454,283	08/20/14	\$375.44	Old SFR	NRH 5	1	52	Statement to dor
085	025	329140	0010	14,492	2748456	\$1,007,325	08/05/15	\$69.51	EVERGREEN MEDICAL BUILDING	TL 1B	1	22	Partial interest (1/3, 1/2, etc.)
085	025	329140	0010	14,492	2748466	\$521,955	08/02/15	\$36.02	EVERGREEN MEDICAL BUILDING	TL 1B	1	22	Partial interest (1/3, 1/2, etc.)
085	025	692840	0015	41,348	2654174	\$1,603,161	02/03/14	\$38.77	EVERGREEN PROFESSIONAL (BLD	TL 1A	1	51	Related party, friend, or neighbor
085	025	692840	0032	7,000	2653963	\$2,340,000	02/05/14	\$334.29	Retail Building	TL 8	1	64	Sales/leaseback
085	030	172605	9021	16,277	2831727	\$4,100,000	10/31/16	\$251.89	KING COUNTY HEALTH CTR	NB	1	67	Gov't to non-gov't
085	030	192605	9156	3,111	2801556	\$615,600	05/31/16	\$197.88	U.S. BANK	BC 1	1	23	Forced sale
085	030	242604	9007	229,816	2829302	\$2,500	10/14/16	\$0.01	Bastyr University	Public/Se	1	24	Easement or right-of-way
085	030	364910	0045	2,800	2716487	\$825,000	02/20/15	\$294.64	KENMORE RETAIL BUILDING	NB	1	15	No market exposure
085	035	282605	9041	6,230	2844322	\$96,000	11/28/16	\$15.41	Office Building	TL 4B	1	24	Easement or right-of-way
085	035	282605	9096	3,281	2717762	\$272,500	02/18/15	\$83.05	OFFICE	TL 6B	1	51	Related party, friend, or neighbor
085	035	282605	9114	20,081	2725618	\$8,300,000	04/17/15	\$413.33	TOTEM HILL PLAZA (LINE RETAIL &	TL 4B	1	15	No market exposure
085	035	292605	9280	6,000	2658329	\$2,500,000	03/20/14	\$416.67	RETAIL PAD - TOTEM LAKE QFC	TL 6B	1	15	No market exposure
085	040	302605	9271	3,344	2692972	\$985,000	09/30/14	\$294.56	CAFE JUANITA	JBD 6	1	44	Tenant
085	040	376245	0070	1,175	2764939	\$335,000	10/29/15	\$285.11	JUANITA PROFESSIONAL CENTER	JBD 6	1	12	Estate administrator, guardian, or e
085	045	012000	0371	5,174	2796862	\$975,000	05/18/16	\$188.44	TACTILE SIGNAGE	LIT	1	15	No market exposure
085	050	123850	0574	16,582	2803338	\$39,942	06/16/16	\$2.41	ROSE HILL PRESBYTERIAN CHURCH	PLA 17A	2	24	Easement or right-of-way
085	070	082505	9251	0	2803295	\$1,326,000	06/16/16	\$0.00	Vac Land (formerly MOSS BAY SUNS	RM 3.6	1	6	Refund
085	070	172505	9114	52,948	2685870	\$357,123	08/19/14	\$6.74	WATERFRONT PLACE	PLA 15A	1	15	No market exposure
085	070	347180	0070	3,078	2665530	\$1,075,000	04/28/14	\$349.25	OFFICE (SFR CONV)	PR 3.6	1	15	No market exposure
085	075	388690	1360	23,383	2721593	\$4,275,000	03/31/15	\$182.83	PARKADE OFFICE BUILDING	LIT	2	15	No market exposure

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
085	010	156810	0665	3,811	2754762	\$75,000	09/01/15	\$19.68	VACANT LOT	SG-C	1	18	Quit claim deed
085	020	072605	9004	24,640	2670355	\$506,404	05/29/14	\$20.55	DENTAL OFFICE	DN	2	51	Related party, friend, or neighbor
085	020	096700	0370	21,606	2681676	\$652,000	07/18/14	\$30.18	VACANT LAND	DN	1	63	Sale price updated by sales id group
085	020	192480	0065	11,770	2700737	\$650,000	11/06/14	\$55.23	Office	DN	2	36	Plottage
085	020	255750	0100	57,345	2806778	\$215,000	06/21/16	\$3.75	vacant land	R 5400a, OP	3	61	Financial institution resale
085	025	272605	9007	95,337	2828263	\$1,150,000	10/13/16	\$12.06	VACANT INDUSTRIAL LAND	RMA 3.6	1	23	Forced sale
085	025	282605	9110	23,630	2673680	\$255,000	06/13/14	\$10.79	VACANT	TL 7	1	51	Related party, friend, or neighbor
085	030	202605	9142	35,687	2672018	\$428,226	06/04/14	\$12.00	GENERAL TELEPHONE EXCHANGE	RMA 3.6	1	51	Related party, friend, or neighbor
085	030	357980	0549	45,000	2706872	\$475,000	12/18/14	\$10.56	VACANT	RMA 3.6	1	56	Builder or developer sales
085	045	788260	0431	40,087	2725933	\$4,675,000	04/17/15	\$116.62	Apartments	RM 3.6	2	68	Non-gov't to gov't
085	065	082505	9014	51,267	2674473	\$3,500,000	06/06/14	\$68.27	VACANT LAND (PARKING LOT FOR S	PLA 6B	1	59	Bulk portfolio sale
085	065	082505	9226	3,570	2674459	\$1,000,000	06/04/14	\$280.11	STATE STREET MEDICAL BUILDINGS	PLA 6B	1	59	Bulk portfolio sale
085	065	082505	9227	5,100	2674462	\$1,000,000	06/04/14	\$196.08	STATE STREET MEDICAL BUILDINGS	PLA 6B	1	59	Bulk portfolio sale
085	065	082505	9228	3,060	2674464	\$500,000	06/05/14	\$163.40	STATE STREET MEDICAL BUILDINGS	PLA 6B	1	59	Bulk portfolio sale
085	065	082505	9229	2,550	2674466	\$500,000	06/03/14	\$196.08	STATE STREET MEDICAL BUILDINGS	PLA 6B	1	59	Bulk portfolio sale
085	065	082505	9230	3,060	2674472	\$500,000	06/04/14	\$163.40	STATE STREET MEDICAL BUILDINGS	PLA 6B	1	59	Bulk portfolio sale
085	065	124450	0330	61,409	2805402	\$100,000	06/23/16	\$1.63	RETAIL-ANTIQUE STORE	CBD 1B	4	24	Easement or right-of-way
085	070	082505	9233	32,600	2686897	\$4,300,000	08/22/14	\$131.90	PARKING LOT	BN	1	51	Related party, friend, or neighbor
085	070	788260	0514	1,408	2710989	\$88,000	01/22/15	\$62.50	VACANT LAND	RM 3.6	1	36	Plottage

GeoArea	GeoNbhd	Major	Minor	AddrLine
85	40	113801	0690	
85	40	124550	0121	
85	40	141330	0035	91ST AVE NE
85	40	179150	0005	9805 NE 116TH ST
85	40	179150	0015	11450 98TH AVE NE
85	40	179150	0025	98TH AVE NE
85	40	179150	0051	11440 98TH AVE NE
85	40	179150	0055	98TH AVE NE
85	40	179150	0060	
85	40	179150	0065	
85	40	179150	0070	98TH AVE NE
85	40	179150	0075	11400 98TH AVE NE
85	40	179150	0100	11410 98TH AVE NE
85	40	179150	0109	
85	40	179150	0115	98TH AVE NE
85	40	179150	0125	11254 98TH AVE NE
85	40	179150	0130	98TH AVE NE
85	40	179150	0135	
85	40	179150	0155	98TH AVE NE
85	40	179150	0236	11261 MARKET ST
85	40	179150	0260	98TH AVE NE
85	40	179150	0315	11451 98TH AVE NE
85	40	179150	0359	9755 JUANITA DR NE
85	40	179150	0361	9757 NE JUANITA DR
85	40	179150	0426	9480 NE 120TH ST
85	40	292605	9013	
85	40	292605	9014	12421 103RD AVE NE
85	40	292605	9047	10021 NE 124TH ST
85	40	292605	9049	10601 NE 132ND ST
85	40	292605	9101	
85	40	292605	9127	10007 NE 132ND ST
85	40	292605	9187	
85	40	302605	9026	9714 NE JUANITA DR
85	40	302605	9039	
85	40	302605	9062	11607 98TH AVE NE
85	40	302605	9070	13025 100TH AVE NE
85	40	302605	9072	9702 NE JUANITA DR
85	40	302605	9076	9720 NE 120TH PL
85	40	302605	9081	12542 84TH AVE NE
85	40	302605	9091	13027 100TH AVE NE
85	40	302605	9117	12022 98TH AVE NE
85	40	302605	9126	
85	40	302605	9129	11630 98TH AVE NE
85	40	302605	9136	11658 LAKE WASHINGTON BLVD NE
85	40	302605	9152	12534 84TH AVE NE
85	40	302605	9153	12006 98TH AVE NE
85	40	302605	9162	11656 98TH AVE NE
85	40	302605	9191	9800 NE 116TH ST
85	40	302605	9192	11617 JUANITA DR NE

GeoArea	GeoNbhd	Major	Minor	AddrLine
85	40	302605	9205	12558 84TH AVE NE
85	40	302605	9206	12550 84TH AVE NE
85	40	302605	9221	11852 98TH AVE NE
85	40	302605	9222	11848 98TH AVE NE
85	40	302605	9255	12600 84TH AVE NE
85	40	302605	9271	9702 NE 120TH PL
85	40	302605	9274	9736 NE 120TH PL
85	40	302605	9281	9800 NE 116TH ST
85	40	302605	9313	11640 98TH AVE NE
85	40	312605	9011	2201 MARKET ST
85	40	312605	9037	9816 FORBES CREEK DR
85	40	322605	9040	11410 99TH PL NE
85	40	322605	9169	
85	40	375360	0010	
85	40	375690	0090	
85	40	375690	0105	12072 98TH AVE NE
85	40	375690	0106	9833 NE 120TH PL
85	40	375690	0115	NE 122ND ST
85	40	375690	0116	9733 NE 122ND ST
85	40	375690	0201	12040 98TH AVE NE
85	40	375690	0205	12040 98TH AVE NE
85	40	375790	0015	9721 NE 119TH WAY
85	40	375790	0036	11621 97TH LN NE
85	40	375790	0055	11620 97TH LN NE
85	40	375790	0065	11720 97TH LN NE
85	40	376245	0000	9750 NE 120TH PL
85	40	376250	0000	9800 NE 120TH PL
85	40	384070	0025	12801 84TH AVE NE
85	40	607650	0101	12035 JUANITA DR NE
85	40	607650	0123	12033 76TH PL NE
85	40	607650	0141	12019 76TH PL NE
85	40	607650	0300	7820 NE 122ND PL
85	40	607650	0301	7820 NE 122ND PL
85	40	607650	0422	12116 JUANITA DR NE
85	40	607650	0460	12108 JUANITA DR NE
85	40	607650	0462	12024 JUANITA DR NE
85	40	607650	0500	JUANITA DR NE
85	40	919410	2645	
85	40	919410	2801	9304 NE JUANITA DR
85	40	919410	2880	11655 92ND AVE NE
85	50	022510	0005	122 NE 88TH ST
85	50	042505	9017	
85	50	042505	9019	NE 80TH ST
85	50	042505	9026	13000 NE 84TH ST
85	50	042505	9028	8100 132ND AVE NE
85	50	082505	9035	6725 116TH AVE NE
85	50	092505	9004	7525 132ND AVE NE
85	50	092505	9012	
85	50	092505	9018	7045 120TH AVE NE



GeoArea	GeoNbhd	Major	Minor	AddrLine
85	50	092505	9028	12434 NE 60TH ST
85	50	092505	9074	6818 124TH AVE NE
85	50	092505	9138	7024 116TH AVE NE
85	50	092505	9175	7720 126TH AVE NE
85	50	123310	0064	
85	50	123310	0065	8019 118TH AVE NE
85	50	123310	0067	8003 118TH AVE NE
85	50	123310	0068	11644 NE 80TH ST
85	50	123310	0075	
85	50	123310	0080	
85	50	123310	0141	8236 NE 85TH ST
85	50	123310	0145	
85	50	123310	0150	
85	50	123310	0151	
85	50	123310	0155	
85	50	123310	0170	11920 NE 80TH ST
85	50	123310	0190	
85	50	123310	0197	
85	50	123310	0198	NE 85TH ST
85	50	123310	0200	
85	50	123310	0215	8404 120TH AVE NE
85	50	123310	0281	8425 122ND AVE NE
85	50	123310	0282	8259 122ND AVE NE
85	50	123310	0291	12309 NE 85TH ST
85	50	123310	0300	8244 122ND AVE NE
85	50	123310	0400	12345 NE 85TH ST
85	50	123310	0402	12405 NE 85TH ST
85	50	123310	0550	12607 NE 85TH ST
85	50	123310	0555	12633 NE 85TH ST
85	50	123310	0680	12631 NE 85TH ST
85	50	123310	0750	12620 NE 85TH ST
85	50	123310	0760	12676 NE 85TH ST
85	50	123310	0765	12640 NE 85TH ST
85	50	123310	0845	
85	50	123310	0850	
85	50	123310	0855	12420 NE 85TH ST
85	50	123310	0871	12520 NE 85TH ST
85	50	123310	0872	12500 NE 85TH ST
85	50	123850	0050	8525 120TH AVE NE
85	50	123850	0055	11848 NE 85TH ST
85	50	123850	0095	
85	50	123850	0100	8734 120TH AVE NE
85	50	123850	0115	12040 NE 85TH ST
85	50	123850	0125	12012 NE 85TH ST
85	50	123850	0132	12000 NE 85TH ST
85	50	123850	0135	12030 NE 85TH ST
85	50	123850	0140	12120 NE 85TH ST
85	50	123850	0165	8815 122ND AVE NE
85	50	123850	0187	8934 122ND AVE NE

GeoArea	GeoNbhd	Major	Minor	AddrLine
85	50	123850	0214	8510 122ND AVE NE
85	50	123850	0215	8510 122ND AVE NE
85	50	123850	0393	
85	50	123850	0520	
85	50	123850	0574	12202 NE 90TH ST
85	50	123850	0575	12012 NE 90TH ST
85	50	123850	0640	11834 NE 90TH ST
85	50	123850	0645	11844 NE 90TH ST
85	50	123850	0730	
85	50	124150	0158	13100 70TH PL NE
85	50	124150	0276	
85	50	124150	0277	13005 NE 70TH PL
85	50	124150	0285	13033 NE 70TH PL
85	50	124150	0288	13049 NE 70TH PL
85	50	124150	0305	6615 132ND AVE NE
85	50	124150	0330	
85	50	124190	0012	12840 NE 85TH ST
85	50	124190	0013	12832 NE 85TH ST
85	50	124190	0014	12822 NE 85TH ST
85	50	124190	0015	12856 NE 85TH ST
85	50	124190	0016	12804 NE 85TH ST
85	50	124190	0017	13006 NE 85TH ST
85	50	124190	0034	12845 NE 85TH ST
85	50	124190	0035	12841 NE 85TH ST
85	50	124190	0036	12821 NE 85TH ST
85	50	124190	0037	12859 NE 85TH ST
85	50	124190	0040	12801 NE 85TH ST
85	50	124190	0045	13003 NE 85TH ST
85	50	124190	0046	13111 NE 85TH ST
85	50	124190	0047	8373 132ND AVE NE
85	50	124190	0048	13015 NE 85TH ST
85	50	124190	0049	13009 NE 85TH ST
85	50	124190	0051	13021 NE 85TH ST
85	50	124190	0052	13027 NE 85TH ST
85	50	124670	0177	13216 NE 100TH ST
85	50	162505	9015	4000 124TH AVE NE
85	50	162505	9019	5820 125TH LN NE
85	50	162505	9043	
85	50	162505	9044	5820 125TH LN NE
85	50	172505	9008	5241 116TH AVE NE
85	50	175970	0270	
85	50	175970	0275	
85	50	175970	0330	
85	50	175970	1890	11724 NE 60TH ST
85	50	175970	2135	
85	50	175970	2760	
85	50	175970	2790	11900 NE 60TH ST
85	50	175970	2800	
85	50	332605	9179	13006 NE 100TH ST

GeoArea	GeoNbhd	Major	Minor	AddrLine
85	50	384850	0705	13200 NE OLD REDMOND RD
85	50	388810	0027	9525 130TH AVE NE
85	50	388810	0155	9051 132ND AVE NE
85	50	388810	0220	9752 130TH AVE NE
85	50	389250	0210	5800 125TH AVE NE
85	50	389250	0220	5800 125TH AVE NE
85	50	674170	0020	9930 124TH AVE NE
85	50	863570	0005	13012 NE 85TH ST
85	50	863570	0010	13020 NE 85TH ST
85	50	863570	0015	13104 NE 85TH ST