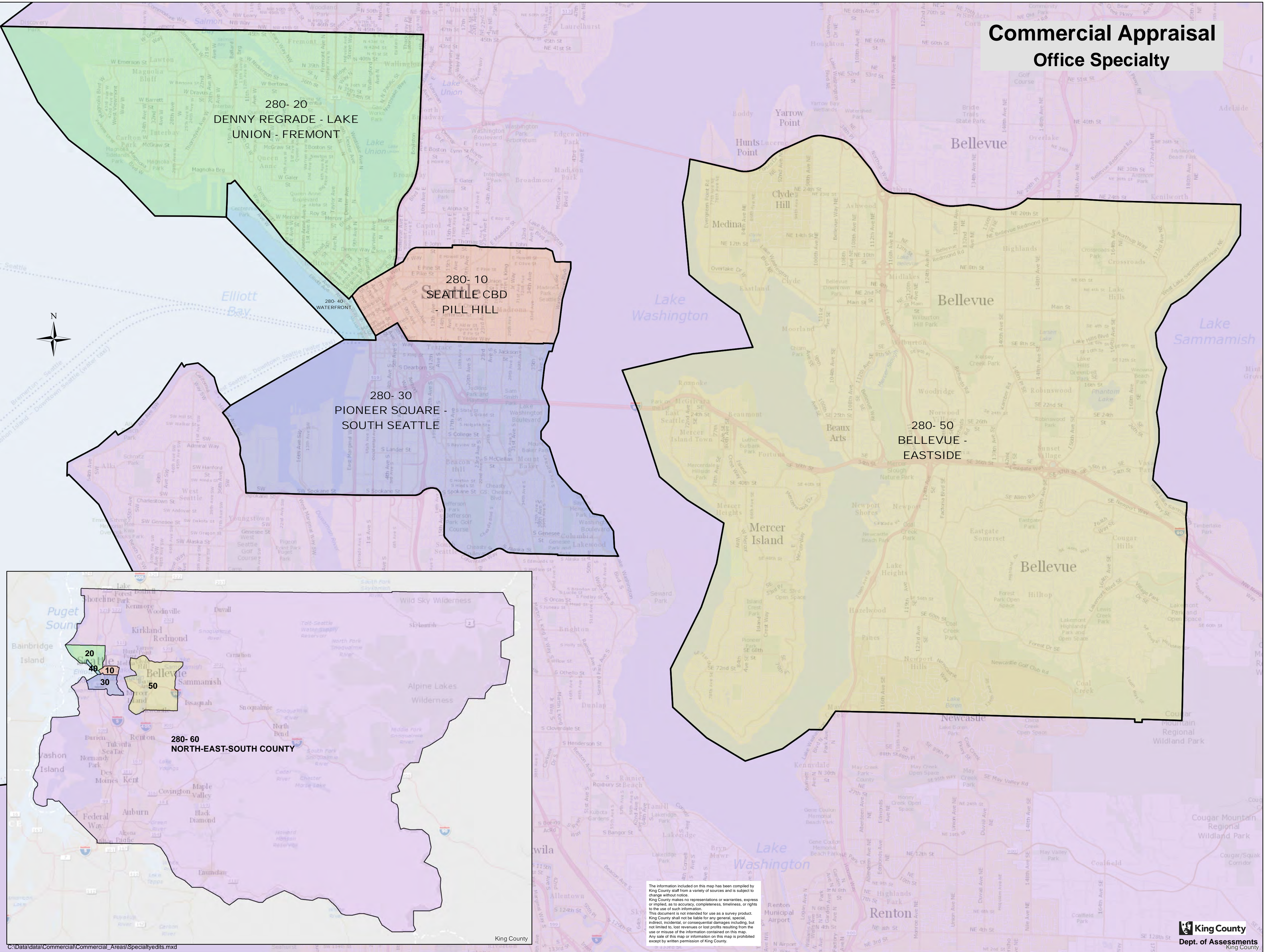


Major Office Specialty (Area 280)

2015 Revaluation



Commercial Appraisal
Office Specialty





King County

Department of Assessments

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

Lloyd Hara *Assessor*

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

Please follow these standards as you perform your tasks.

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

Lloyd Hara
King County Assessor



King County

Department of Assessments
Accounting Division

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

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

Email: assessor.info@kingcounty.gov

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

Lloyd Hara
Assessor

Dear Property Owners:

Property assessments for the 2015 assessment year are being completed by my staff throughout the year and change of value notices are being mailed as neighborhoods are completed. We value property at fee simple, reflecting property at its highest and best use and following the requirement of RCW 84.40.030 to appraise property at true and fair value.

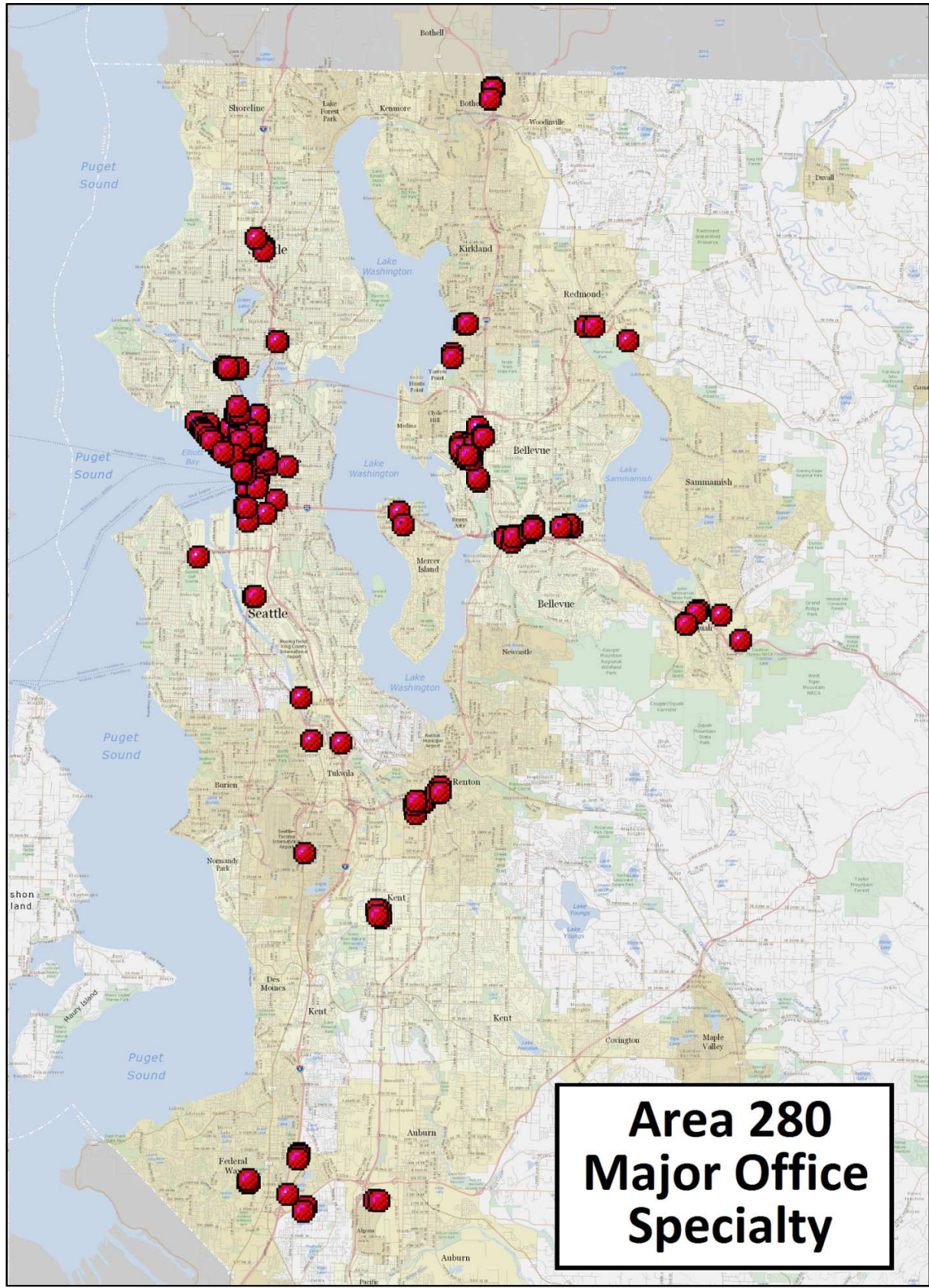
We have worked hard to implement your suggestions to place more information in an e-Environment to meet your needs for timely and accurate information. The following report summarizes the results of the 2015 assessment for this area. (See map within report). It is meant to provide you with helpful background information about the process used and basis for property assessments in your area.

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

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

Sincerely,

Lloyd Hara
Assessor



Executive Summary Report

Appraisal Date 1/01/15 - 2015 Assessment Year – 2016 Tax Roll Year

Specialty Name: Major Office Buildings

Physical Inspection: Area 280-50 Bellevue/Eastside was physically inspected. This area included 52 major office properties, or approximately 19.5% of the population. These properties were inspected in 2014 prior to the posting of the office values.

Sales - Improved Analysis Summary:

Number of Sales: 55 market transactions in 2012, 2013, 2014

Range of Sale Dates: 1/1/2012 to 12/19/2014

Sales--Ratio Study Summary				
	Mean Assessed Value	Mean Sale Price	Ratio	COD*
2014 Value	\$99,835,000	\$124,869,600	80.00%	12.83%
2015 Value	\$108,508,800	\$124,869,600	89.60%	12.06%
Abs. Change	\$8,673,800		9.60%	-0.77%
% Change	8.69%		12.00%	-6.00%

*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 market sales and did not have major characteristic changes, or have been segregated or merged between the date of sale and the date of appraisal, were included in the ratio analysis.

The above ratio study results for office sales in the Major Office Specialty 280 (institutional grade office buildings with a rentable area of 100,000 square feet or more) is based on a sales sample that is heavily weighted with sales of well-leased or well-located lower risk properties in the Downtown Seattle sub-markets and the Bellevue CBD. Consequently, in this instance, it may not be an entirely reliable tool for measuring the revaluation results of the overall specialty that includes properties with higher than market vacancy or less dynamic suburban locations (i.e. South King County) where values lagged behind the rest of the county.

In addition, sales in the sample typically represent the Leased Fee interest while the Assessor is tasked with valuing the Fee Simple interest based on market parameters as of the valuation date. Therefore sales with older leases that are above or below current market rates do not reflect the interest the Assessor is valuing. Also in the current expansion cycle of the office market, buyers continue to purchase properties with expectations of higher future net operating incomes (NOI) from higher lease rates with fewer concessions. These sales tend to reflect higher values than the Assessor's value by the income approach using current market parameters.

Total Population – Parcel Summary Data:

Number of Improved Parcels in the Ratio Study Population: 267 (This figure does not include properties currently under construction)

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2014 Value	\$2,912,019,500	\$12,783,597,000	\$15,695,616,500
2015 Value	\$3,095,224,800	\$14,119,917,570	\$17,215,142,370
% Change	6.29%	10.45%	9.68%

Conclusion and Recommendation:

While there were a healthy number of Major Office sales in King County during 2014, transaction volume declined versus 2013, the second year in a row, despite substantial investor interest in the local market. There are still not sufficient sales in all market segments to rely solely on the Sales Comparison Approach in the 2015 revalue. The Income Approach is relied on in the final reconciliation of value because it allows greater equalization and uniformity of values for the various stratifications of office buildings in the different submarkets. In addition, sufficient market income data was available to perform this analysis.

The Seattle and Eastside office markets continue to remain near the top of national investors' interest. As of year-end 2014, it was estimated that there was over 3.7 million square feet of office space under construction in the Downtown Seattle market with an additional 1.7 million square feet of office space under construction on the Eastside. This substantial amount of new supply is in the pipeline in response to tight vacancy rates throughout the county and continued growth in rental rates. In addition, Amazon's continued expansion accounts for a significant portion of the space currently under construction. The regional office market continues its growth, with nearly 2.4 million square feet of net absorption in 2014, well above the 20-year average of 1.5 million square feet per year.¹

Office Market Summary Statistics						
	Market Size (SF)	Total Vacancy %	Vacancy Change	Class A Avg. Asking Rate*	Rent Change	2014 Net Absorption (SF)
Downtown Seattle	43,863,489	12.4%	-11%	\$36.17	8%	1,259,544
Seattle Close-In	5,311,348	17.6%	-3%	\$29.76	12%	130,636
Southend	10,082,724	19.7%	-5%	\$21.96	0%	98,358
Bellevue CBD	7,911,531	9.3%	-5%	\$39.16	4%	21,844
Eastside	29,984,404	11.0%	-23%	\$31.61	4%	950,886

Source: 4th Qtr 2014 CBRE Office MarketView

*Full Service

Vacancy rates declined in all of the King County submarkets. The Eastside market experienced the sharpest declines in vacancy, followed by the downtown Seattle submarket. The Puget Sound

¹ (CBRE, 2014)

overall vacancy rate is currently at 13.7%. Leases to tenants in the technology sector dominated the market comprising 40% to 50% of new leasing activity, up from around 30%.²³ In addition, most submarkets experienced increases in average rental rates. The Seattle market experienced the strongest rental rate growth while rents in the South King County submarket remained stable.

The continued growth in the Puget Sound region is attracting national investors to the Puget Sound region; particularly Seattle and Bellevue. Institutional investors have been primarily focused on well-leased single and multi-tenant office properties in the CBD areas. However, an increase in activity in Value-Add properties further demonstrates investor confidence in the regional market.⁴ The Seattle and Bellevue skylines are cluttered with tower cranes with office and multi-family developments dominating the activity. Employment growth is anticipated to continue at a healthy rate, albeit at lower rates than in years past. Employment growth is forecasted at 2.1% in the Puget Sound, with the nation as a whole predicted to grow at a 2.0% rate.⁵ With the Puget Sound economy continuing to outperform the nation, continued growth in the regional office market is forecasted.

Economic Forecast Summary				
<u>Puget Sound</u>	2013	2014	2015	2016
Employment	2.8%	2.7%	2.1%	1.9%
Personal Income	3.1%	5.4%	5.5%	5.4%
Population	1.4%	1.4%	1.2%	1.0%
<u>Nation</u>	(Annual Percent Change)			
GDP	2.2%	2.1%	3.0%	2.9%
Personal Income	2.0%	4.3%	5.0%	5.2%
Employment	1.7%	1.8%	2.0%	1.7%

Source: Puget Sound Economic Forecaster Vol 22 No 3

The resulting valuation by the income approach reflects the improving income fundamentals, particularly higher rents and lower vacancy rates. The overall increase of 9.68% over 2014 assessment levels reflects the healthy office market in King County. This figure does not include any new construction projects, which are valued later.

The values recommended in this report reflect current office market parameters as of the valuation date of 1/01/2015. Therefore it is recommended that the values should be posted for the 2015 Assessment Year.

2015 Major Office Specialty Metrics			
Rental Rates	Vacancy Rates	Cap Rates	Improved Property Values
↗ (slight increase)	↘ (slight decrease)	↘ (slight decrease)	↗ (slight increase)

² (Colliers International, 2014)

³ (CBRE, 2014)

⁴ (Kidder Mathews, 2014)

⁵ (Pedersen, 2014)

Analysis Process

Effective date of Appraisal: January 1st, 2015

Date of Appraisal Report: July 20th, 2015

Responsible Appraiser: Andrew Murray, Commercial Appraiser II

Highest and Best Use Analysis

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the majority of the appraised parcels as commercial use. Any opinion not consistent with this is specifically noted in the records and considered in the valuation of the specific parcel.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. The current improvements do add value to the property in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a nominal value of \$1,000 is assigned to the improvements and the property may be returned to the geo-appraiser.

Standards and Measurement of Data Accuracy

Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Current data was verified and corrected when necessary by field inspection, review of plans, marketing information, and rent rolls when available.

Special Assumptions, Departures and Limiting Conditions

- All three approaches to value were considered in this analysis
- Sales from 1/1/2012 to 12/31/2014 (at minimum) were considered in all analyses.
- Market trends (market condition adjustments, time adjustments) were considered for the sales prices of the sales available in the current office market cycle. However, models were unable to be developed due to the lack of comparable market sales for the various office stratifications in different submarkets.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation: Specialty Area 280 - Major Office Buildings

This report contains data pertinent to the revalue of major office buildings in King County. For the purposes of assessment, Major Office buildings are categorized as investment or institutional-grade office properties containing a net rentable area of 100,000 square feet or more. Net rentable area, as utilized here, is typically described as gross building area less vertical penetrations. The office specialty properties are found throughout King County, with significant concentrations located in Downtown Seattle and Downtown Bellevue. Additionally, larger suburban office buildings are found in many jurisdictions of the County. All office specialty properties were revalued this year. Included in the addendum of this report is a list of the parcels physically inspected for the assessment year.

Boundaries: All of King County

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

Area Description: For purposes of the 2015 revaluation of the office building specialty, the population has been segmented into six regions. These regions are generally described by their geographic location with the exception of medical office buildings, which is described by its primary use.

2015 Major Office Specialty Area Breakdown				
Area	Name	Improved Parcel Count	Total AV	Avg. AV per Impr Parcel
280-10	Seattle CBD/First Hill	86	\$ 6,408,909,000	\$74,522,198
280-20	Denny Regrade/SLU/QA/Fremont	52	\$ 4,190,645,470	\$80,589,336
280-30	Pioneer Sq/S. Seattle	16	\$ 791,437,000	\$49,464,813
280-40	Seaattle Waterfront	16	\$ 658,590,000	\$41,161,875
280-50	CBD & Suburban Bellevue	52	\$ 3,959,709,500	\$76,148,260
280-60	Sea. North/Suburbs/South Co.	45	\$ 1,205,851,400	\$26,796,698
		267	\$ 17,215,142,370	\$64,476,189

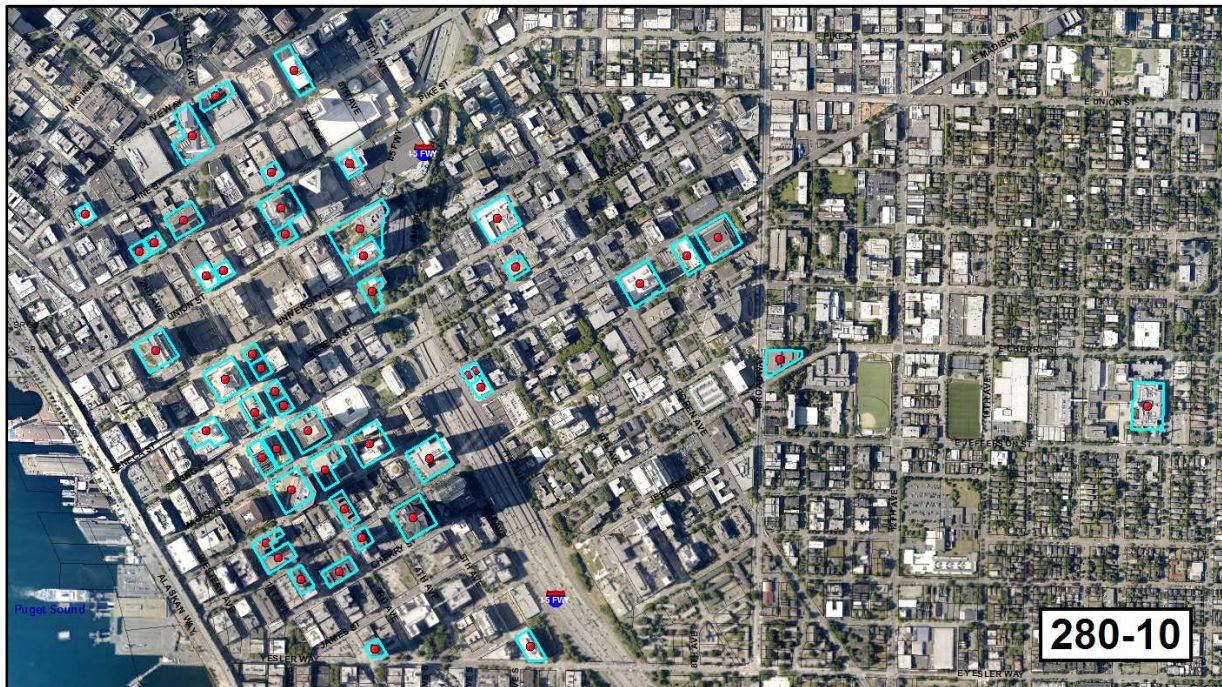
The following is a brief description of the market segments and the new office development that is occurring in the each area. Following the area descriptions are maps showing the location of major office development projects in the Seattle and Eastside markets.

SUB AREA 280-10 – Seattle CBD and First Hill

Improved Parcel Count: 86 (32% of improved parcels)
Average Assessed Value: \$74,522,198 (37% of total AV)

Boundaries:

- Olive Way west of I5 and John St east of I5 on the north side
- Yesler Way on the south
- 1st Ave on the west side
- Lake Washington on the east side



Seattle Central Business District (Seattle CBD) - The largest portion of the office specialty is comprised of properties located in this region. Approximately 32% of the Major Office Specialty properties are located in Area 280-10. The Seattle CBD geographic boundaries are loosely described for purposes of this analysis as extending from the Denny Regrade area on the north to Pioneer Square on the south, from Puget Sound on the west to the medical district commonly known as “Pill Hill” which is just east of Interstate 5.

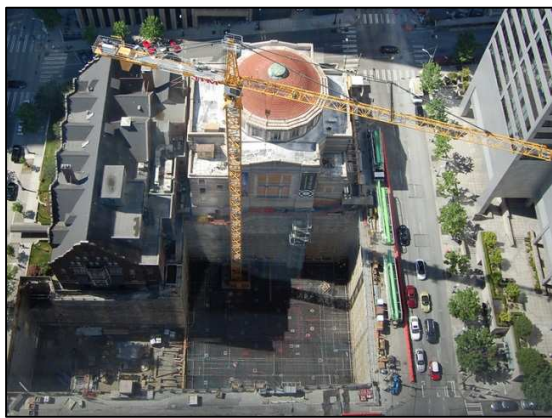


Figure 1

The downtown Seattle CBD is home to the majority of the region’s Trophy Class office buildings including the 2006-built Russell Investments Center, the 1.1M SF Two Union Square, and the 76-story Columbia Center, among others.

The Downtown Seattle office market ended the year at a 12.4% vacancy rate, an eleven percent decline over the previous year. In addition, average rents for Class A properties increased 8% to \$36.17 per square foot. A total of 1,259,544 square feet of office space was absorbed in 2014.

Currently, there are two major office properties under construction in the downtown Seattle submarket. Daniels Real Estate broke ground on the 44-story LEED certified The Mark (figure 1) at 5th & Columbia Street. The speculative building will have 528,000 square feet of office space over a luxury SLS hotel on the 3rd through 15th floor. Delivery is estimated for the first quarter 2017.

In the same vicinity Schnitzer West recently broke ground on Madison Centre (figure 2) at 505 Madison Street. The modified plan is for a 37-story building with 746,000 square feet of office and street-level retail on the half-block site. Delivery is also estimated for the first quarter of 2017.

The Washington State Convention Center plans to break ground in 2016 on their planned expansion that would double the center's size and attract more convention business to downtown Seattle. It is estimated that it could generate \$164 million in annual revenues and create up to 2,000 permanent jobs. Civic Square, a public-private development by Triad Development just west of City Hall still has not made progress. The 1.1 million square foot venture planned in the mid- 2,000's includes a 42-story office and residential tower and a large public plaza. This project occupies an entire city block.



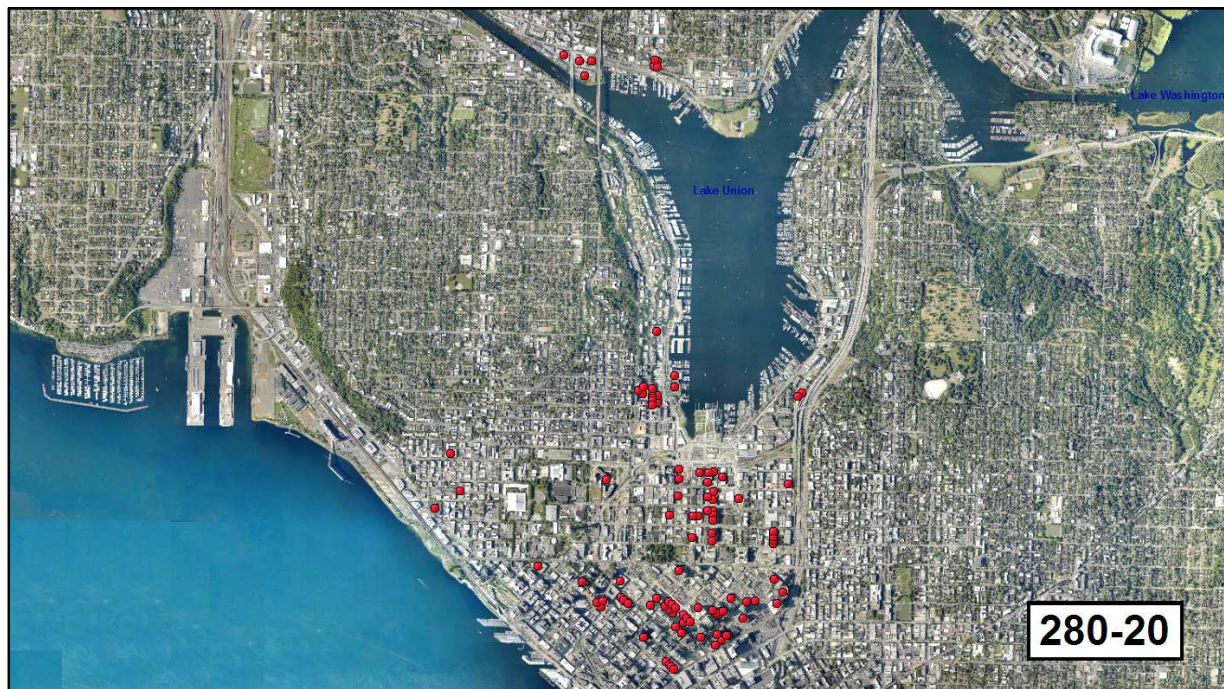
Figure 2

SUB AREA 280-20 – Denny Regrade, Lake Union, Queen Anne, and Fremont

Improved Parcel Count: 52 (19% of improved parcels)
Average Assessed Value: \$80,589,336 (24% of total AV)

Boundaries are:

- NW 45th on the north
- Olive Way on the south
- Puget Sound and W Elliott on the west
- I5 on the east



SOUTH LAKE UNION - South Lake Union has one of the lowest office vacancy rates in the Seattle area and the most amount of projects currently under construction. Much of the supply/demand dynamics in this submarket are driven by Amazon's campus move and its seemingly endless need for additional office space. The attraction of high-tech and life science companies has revitalized this close-in neighborhood. Amazon's Phases I through V are complete and Phase VI, a two building midrise at 9th & Mercer, is nearing completion. This is a 380,000 SF project with retail and 546 underground parking spaces. Another Amazon building, Phase VII (figure 3), which is located at the southeast corner of 9th Ave N and Republican St, is well under way. Upon completion in 2016, the project will be 12 stories and consist of 301,000 SF. Phase VIII,



Figure 3

in the southwest corner of Harrison St and 9th Ave N, is also well underway and will contain 311,814 SF in 12 stories when finished in 2016. Two out of Amazon's three planned office towers in the Denny Triangle are currently under construction. Combined, these two towers will add over 2.2 million square feet of office space to the market, all occupied by Amazon.

The Third Phase of the University of Washington Life Science South Lake Union Campus was completed last year. Juno Therapeutics signed a lease for 80,000 SF in the 400 Dexter building that just recently broke ground. This life-science focused building will contain 254,000 SF and is expected to be delivered in the first quarter of 2017. The Allen Institute for Brain Science, a 221,000 SF life research edifice, is nearing completion of construction. It will be a mixed use building with a 84,000 SF, and a 4 level underground parking facility. The building's podium will have a 6 story atrium lined with scientific program areas, offices, and an auditorium. Completion is projected for the fall of 2015.

Dexter Station (figure 4), in the northwest portion of South Lake Union, is nearing completion. This Capstone project is a 10-story, 345,000 square foot development and it is being built on a speculative basis. It will have tall floor heights required by bio-tech or life science firms. The project is complete and in shell condition. Facebook recently leased 73% of the building with an option for the remaining square footage.



Figure 4

Skanska's 13-story office building, 400 Fairview, is nearing completion. Tommy Bahama will become the anchor tenant and lease approximately 110,000 SF of the 335,000 square foot building.



Figure 5

Touchtone is developing the Troy Laundry (figure 5) site below-grade construction is nearing completion. This block is being developed with a 12-story south office tower with 395,000 SF and a 13-story north tower with 422,000 SF. Additionally, there will be 5,000 SF of retail, conference space for 100 occupants, a fitness facility, locker rooms and biking racks. Amazon recently committed to leasing the office portion of the project.

South Lake Union is also home to the Bill and Melinda Gates Foundation.

DENNY REGRADE- Next to South Lake Union, the other downtown Seattle neighborhood that's undergoing major transformation is the Denny Regrade Triangle with new offices, hotels, and residential structures in progress. Old structures have been torn down and are being replaced by massive new projects that will change the face of Denny Regrade drastically.

In the Denny Triangle Regrade neighborhood Amazon purchased a three block site with plans to build in three phases a 3.3 million square foot office complex. Block 14 is getting closer to completion. This will be a 37-story building with a 2,000 seat meeting room. It is slated for completion in October 2015.

Blocks 19 and 20 are planned with 37 and 38-story towers and amenities including outside plazas and green spaces. When completed the three towers could accommodate as many as 12,000 employees. Construction has begun on Block 19 (figure 6) and completion is projected to fall of 2016.



Figure 6

Block 20 construction had not begun as of mid-2015. This site was formerly occupied by a Toyota dealership. The land was acquired by Acorn Development from Clise Properties in December 2012. Recently, Amazon has indicated they intend to remodel the existing improvements and use it as an Amazon Prime Now hub, putting plans for the third tower on hold for the moment.



Figure 7

Hill 7 (figure 7), an 11 story office/hotel development in the Denny Triangle that is being developed by Touchstone, is nearing completion. The office portion will have approximately 300,000 SF and the hotel is slated for 222 rooms with 345 underground parking stalls. HBO signed a lease for 112,000 square feet. Tilt49, at Stewart & Boren, just broke ground with an estimated delivery date in 2017. This project, being built by Touchstone, will consist of a 36-story residential tower and an 11-story office building. Office space will measure at 300,000 square feet and 368 residential units are planned.

FREMONT- Fremont is a vibrant, compact neighborhood and the most recent addition is the 5 story 129,000 square foot Stone 34 (figure 8). The ultra-green office building is pre-certified LEED platinum and is the new headquarters of Brooks Sports. This property also recently sold for over \$70M. Touchstone broke ground on NorthEdge, a four story, 210,000 SF office complex for technical and traditional office users. Tableau recently announced they intend to lease the entire building for their expansion. Fremont is sometimes referred to as the Canal submarket.



Figure 8

QUEEN ANNE- There are three office specialty buildings in this area and its proximity to downtown Seattle, Lake Union, and the waterfront make it an attractive location. The Space Needle, Seattle Center, and EMP Museum, three of Seattle's major attractions, are located in the general vicinity.

SUB AREA 280-30 –Pioneer Square & South Seattle

Improved Parcel Count: 16 (6% of improved parcels)
Average Assessed Value: \$49,464,813 (5% of total AV)

Boundaries:

- Yesler Way to the north
- SW Spokane St west of I5 and S Alaska St east of I5
- Harbor Ave SW on the west
- Lake Washington on the east



Just south of Downtown and Pioneer Square in the SoDo-Stadium District is home to a few major office specialty properties. Homeplate Center- North. The six-story, 157,000 square foot, speculative office building was completed in 2013 and acquired a tenant, Real Networks, who occupies 49% of the NRA. The second phase Homeplate Center – South (figure 9) is a 171,000 square foot office building was completed in 2013. KING 5 will be moving their studios to this location now that their current headquarters in South Lake Union has sold and is slated for redevelopment.

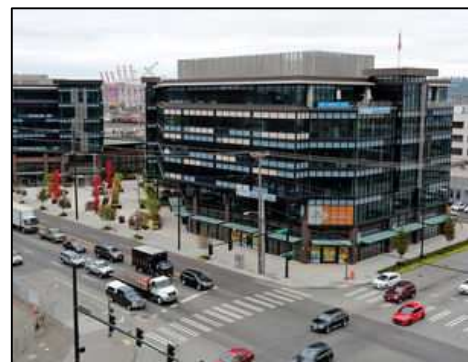


Figure 9

The Smith Tower is one of the best known office buildings in this area. It sold to CBRE for a bargain price of \$36.7 million in 2012 with 82% vacancy and after renovations is 75% occupied. The owner invested considerable sums to improve the building and bring up occupancy. This investment proved well worth it, with the tower selling in January 2015 for \$74M, or just over twice what the seller paid just three years earlier.



Figure 10

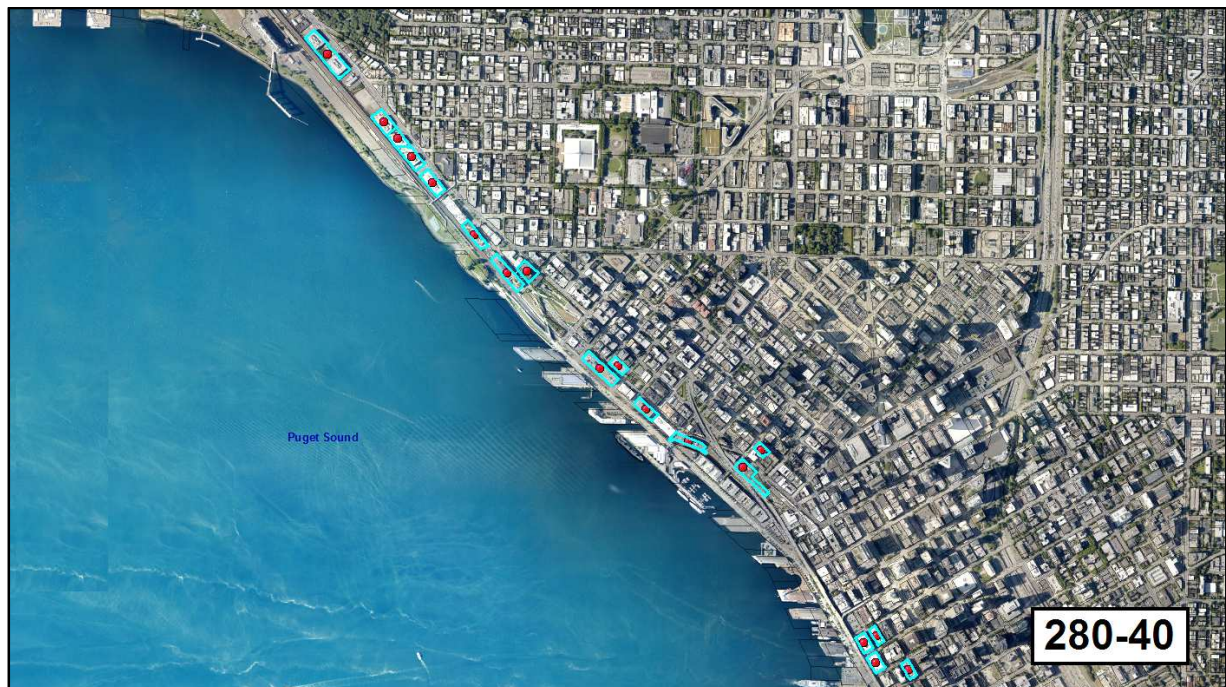
In addition, construction on Weyerhaeuser's new corporate headquarters building (figure 10) adjacent to Occidental Park is well underway. Upon completion this building will contain 155,000 square feet, all occupied by Weyerhaeuser.

SUB AREA 280-40 – Seattle Waterfront

Improved Parcel Count: 16 (6% of improved parcels)
Average Assessed Value: \$41,161,875 (4% of total AV)

Boundaries:

- W Roy St and W Mercer Pl on the north
- Yesler Way on the south
- Puget Sound on the west
- 1st Ave on the east



Seattle's waterfront is undergoing a complete redesign overhauls that includes demolishing the Alaskan Way Viaduct and rebuilding the seawall along Elliott Bay plus adding parks and space

for pedestrians and cyclists. The city's planners are currently studying waterfront projects all over the world. The waterfront redevelopment program covers 26 city blocks from Pioneer Square to Belltown and includes a rebuilt Elliott Bay Seawall, new parks and paths, access to the water, places to enjoy views, vibrant public and cultural spaces, and a new urban street that will accommodate all modes of travel and provide an important connection in the city's transportation system. Properties in this sub-area for the most part enjoy unobstructed views of Puget Sound which adds to their appeal.

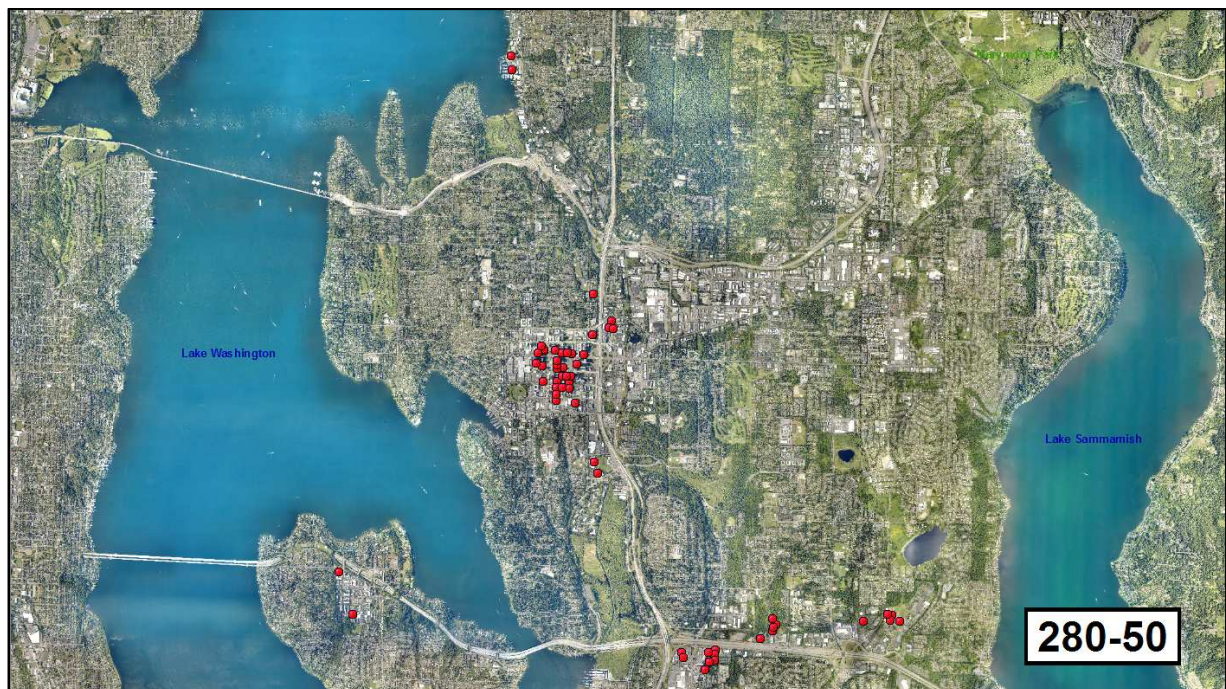


SUB AREA 280-50 –Bellevue CBD & Suburban Bellevue

Improved Parcel Count: 52 (19% of improved parcels)
Average Assessed Value: \$76,148,260 (23% of total AV)

Boundaries:

- NE 58th on the west side of I405 and SR 520 on the east side of I5 on the north
- Newcastle to the south
- Mercer Island and Lake Washington on the west
- Lake Sammamish and 180th Ave SE on the east



BELLEVUE CENTRAL BUSINESS DISTRICT (Bellevue CBD) - This region, while comprised of a smaller number of properties, is considered to be the second most significant area in the office specialty. It is comprised of mostly Class A mid and high-rise office buildings in the Bellevue CBD. Bellevue has become its own market and commands enough attention that draws companies to this city because of its business friendly atmosphere.

Microsoft, like Amazon in South Lake Union and Denny Regrade, has been the driving force in the Bellevue office market. Microsoft occupies around 2.3 million square feet within several buildings throughout Bellevue including the greater portion of Lincoln Square, the two Bravern towers, as well as City Center Plaza. However, Microsoft recently announced that they would be vacating seven floors, or 166,900 square feet, within Bravern 1 and offering them for sublease. Microsoft has explained the move as simply staff reorganization and has no intentions of leaving Bellevue. The other big news in Bellevue is the recent announcement that Expedia has purchased the former Amgen campus on the Seattle waterfront and will be moving their headquarters out of Bellevue. Expedia currently leases approximately 503,000 square feet in downtown Bellevue, including all of Tower 333. The move isn't expected to occur until 2018, however. Despite these two announcements from Microsoft and Expedia, the Bellevue office market remains strong and currently has the lowest vacancy rate in the region, and one of the lowest in the nation. As a result, the market is expected to continue to grow.



The Lincoln Square expansion (figure 11) by Kemper Development began in June 2014. The project will consist of a 31 story office tower with 710,000 SF. Retail, entertainment and dining will occupy 180,000 SF. Another 41 story tower will contain a 245 room W Hotel in addition to 231 luxury high-rise apartments. The Lincoln Square development is expected to open in fall 2016. The Bellevue Square expansion is set to begin about a year after the Lincoln Square project and will consist of two 17 story towers on a three story retail podium and five levels of underground parking at the southeast corner of the mall. The Bellevue Collection project will eventually add 2 million square feet of office, retail, dining, and residential space once all the work is completed along Bellevue Way NE.

Figure 11

Schnitzer is currently constructing the 16 story Centre 425 office building on the Bank of America site located at 415 106th Ave NE. This building will contain 360,000 square feet of office space and is slated to open in the third quarter of 2016. Currently, the only committed tenant is Bank of America which intends to open a branch at street-level in the new building.

Trammel Crow broke ground last year on the Nine Two Nine Office Tower (figure 12). This structure will be a 19 story office building with 466,000 SF of office space and



Figure 12

it is projected to be finished the first quarter 2016.

Beacon Capital has submitted plans for a 24-story office high-rise with 526,000 square feet known as Bellevue Center Phase I. It would be sited just west of the Bravern complex on NE 8th Street. Schnitzer West has consulted with the City of Bellevue about building an office tower that could be up to 22-stories with 450,000 square feet on NE 4th Street one block east of Bellevue Square. The Rockefeller Group and Bellevue based Sterling Realty Organization have plans for a phased 2.4 million square foot project on a 5.5 acre site on NE 8th Avenue one block east of Lincoln Square. The proposal calls for three office towers above a podium with retail and public spaces. The first tower will be 20 stories in height and consist of 465,000 SF in size though they have not actually begun construction. Bentall-Kennedy's Summit III project, which currently consists of a capped below-grade parking structure, is in a very favorable position to come online early in the expansion cycle. Goldsmith Land Investments was planning a 15 story office tower with 195,000 SF, retail on the street level, and 510 parking stalls at 305 108th Ave NE in Bellevue but subsequently sold this site in June 2014 for \$13,500,000 to Fana Groups who own and operate 1.5 million SF of commercial properties in Bellevue.

SUBURBAN BELLEVUE AND KIRKLAND WATERFRONT- The Spring District (figure 13) site which is located in the Bel Red corridor of Bellevue has broken ground, though most of the work to date has been infrastructure-related. This 36 acre site will be developed in three different phases starting on the south side and construction will move north with easy access to Sound Transit East light rail. Planned construction will include residential as well as a variety of commercial properties like retail, offices, plus a public park. The Spring District will eventually consist of 16 blocks with over 4,000,000 square feet of commercial space and 1,000 multi-family residences. Two new office buildings with around 500K SF is planned with 1,272 stalls in Phase I in addition to multi-family. Wright and Runstad is the principal on this project. South Bellevue is a heavily commercial section with the Factoria district and a number of major offices are located in this general vicinity due to its easy access to the I90 corridor. The Kirkland waterfront is home to Carrillon Point; an attractive mixed use project with an office building, the Woodmark Hotel, restaurants, and other retail. The Kirkland waterfront is a very pedestrian friendly district that's heavily populated with opulent condominiums and some commerce.



Figure 13

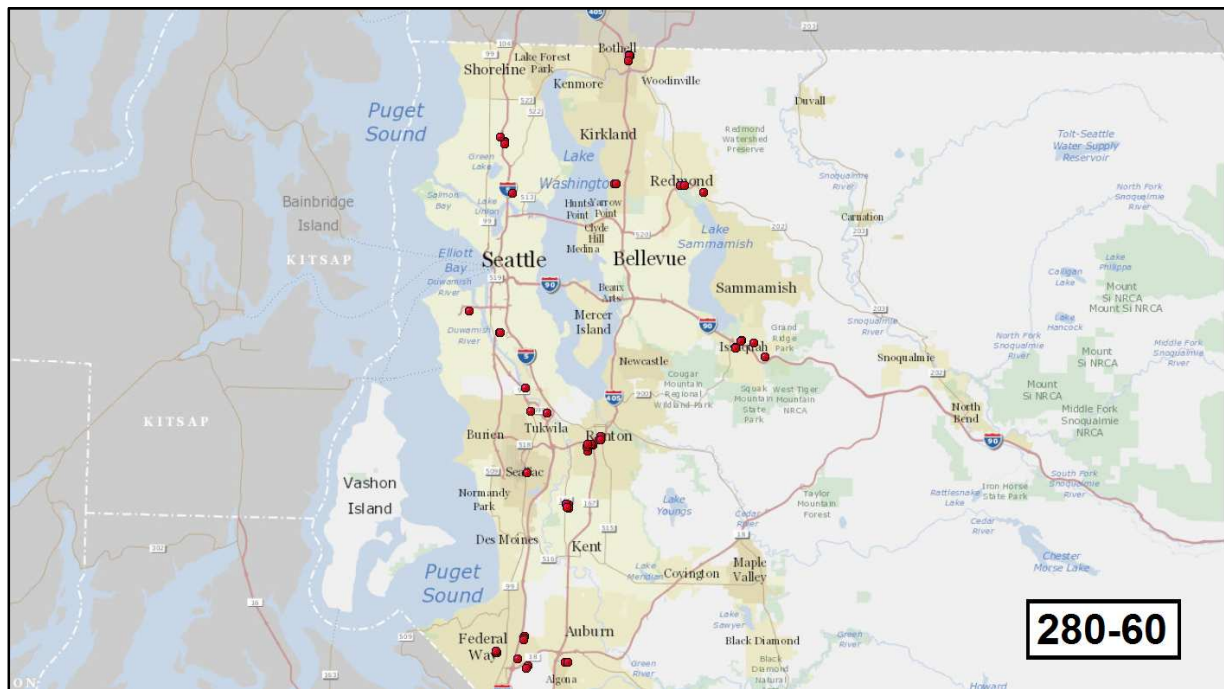
SUB AREA 280-60 – Seattle north of the ship canal, Suburban Eastside, & South County

Improved Parcel Count: 45 (17% of improved parcels)

Average Assessed Value: \$26,796,698 (7% of total AV)

Boundaries:

- 205th St on the north (Snohomish County line)
- Alder St and White River on the south (Pierce County line)
- Vashon Island and Puget sound on the west
- Chelan County and Kittitas County lines on the east



NORTH- This subarea mainly encompasses the University District and Northgate office submarkets, as well as the North Creek area of Bothell. There was no new construction initiated in these areas in 2014 and no notable sales transactions.

SUBURBAN EAST- This region has a large geographic expanse: Kirkland, Redmond, and Issaquah. It has fewer large office buildings. While the suburban Eastside office markets have seen upward movement in prices and lower vacancy, this trend has not been as strong as the Bellevue CBD and there are few immediate projects proposed. In Kirkland, Google has bucked the inclination of tech companies expanding in the CBD with the recent groundbreaking of Phase II (figure 14) of their suburban Kirkland campus. The



Figure 14

expansion will double their size with two additional 2-story buildings that are now in the midst of construction with a total of 180,000 square feet of new space. Construction and tenant improvements should be completed in late 2015. About 650 employees are currently employed on the Google campus and additional space could accommodate another 1,000. Another large Kirkland project is Prudential and Talon Private Capital's Parkplace project located on an 11.7 acre site near downtown Kirkland. Current plans call for 650,000 square feet of Class A office space, 225,000 square feet of retail/entertainment space, and approximately 300,000 square feet of apartment homes, as well as more than two acres of public open space. Groundbreaking is targeted for as soon as Spring of 2016.

Work began in mid-2014 on a 28-acre site in Redmond known as Esterra Park, a Capstone Partners project. This venture consists of a 3 million square foot mixed use development that will eventually have 1.1 million square feet of midrise office, 1,400 multi-family units, retail space, and a combination of 300 hotel rooms in two hotels.

SOUTH COUNTY- Properties located within Renton, Tukwila, Kent, SeaTac, Auburn and Federal Way areas generally describe this region. Weyerhaeuser has been the predominant property owner in the Federal Way area, however the company will be moving their headquarters to a new building that's currently under construction in Pioneer Square in 2016. There has been no recent new construction of large office buildings in this area and only one sale in 2014.

The FAA recently announced that their new regional headquarters building will be built at Des Moines Creek Business Park (figure 15). The FAA had been requesting proposals for a 300,000 square foot, LEED Gold office building that would be located in Renton, Kent, Des Moines, SeaTac, or Tukwila. Currently the FAA is located in 360,000 square feet spread between 4 buildings in Renton and SeaTac.



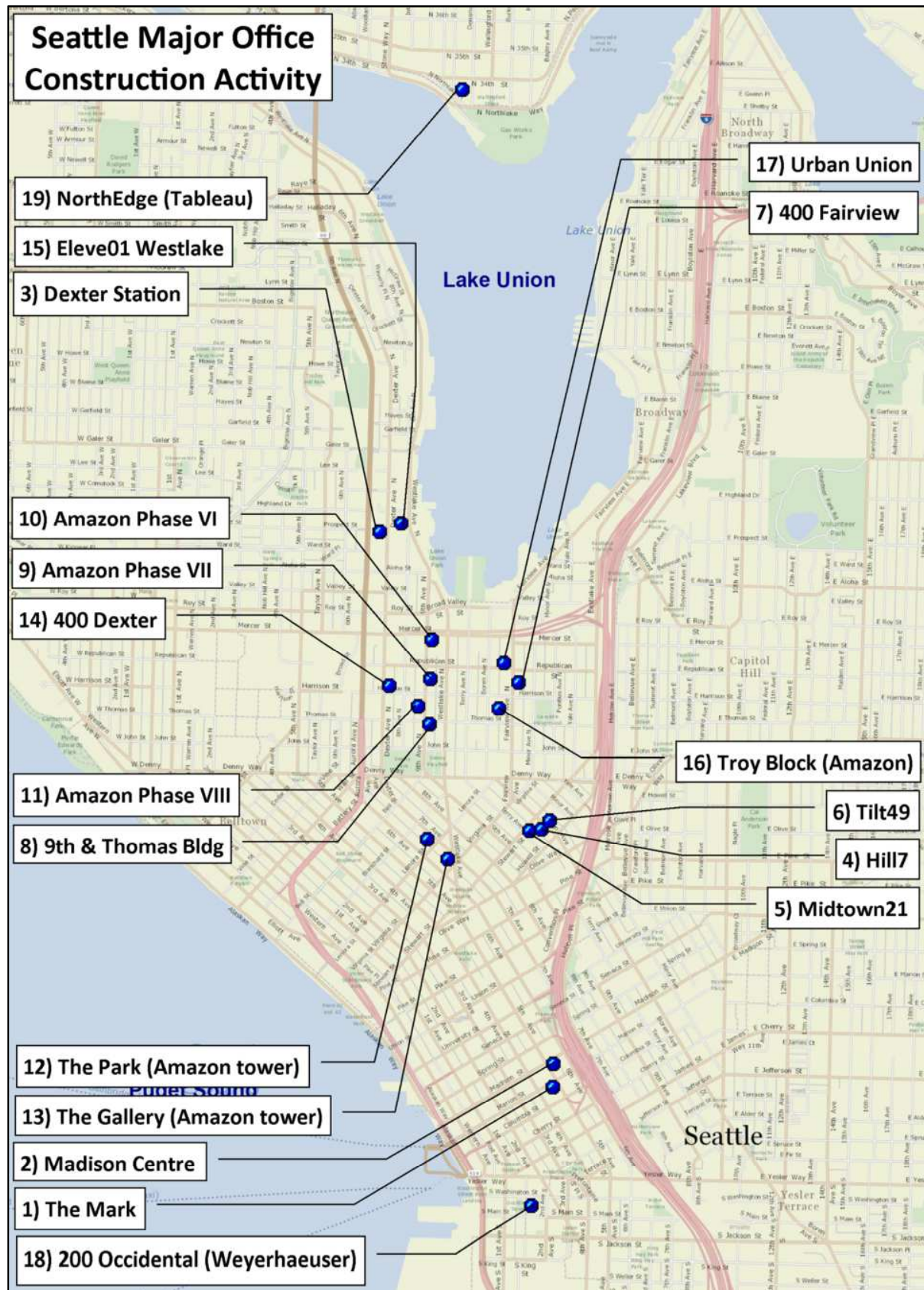
Figure 15

Current Construction Activity

In the Seattle Market, there are currently 19 major office projects totaling 8,080,693 square feet of office space currently under construction. Of that total, 6 projects comprising 49% (3,989,787 SF) of the total supply under construction is committed to Amazon. However Amazon is not expected to vacate a significant amount of their currently leased space so the effect on vacancy rates should be negligible. Please reference the map on the following page.

Major Office Projects Currently Under Construction (Seattle)							
Map #	Area	Name	Address	Total RSF*	% Preleased	Est. Delivery	Notes
1	280-10	The Mark	801 5th Ave	528,000	0%	1Q 2017	44-story tower w/14 floors for a 184-room hotel and 28 floors of office. Will be 5th tallest tower in Sea.
2	280-10	Madison Centre	505 Madison St	746,000	0%	1Q 2017	37-story Class A+ tower w/8,000 SF of ground level retail and a 7-level, 480-stall below grade parking garage
3	280-20	Dexter Station	1101 Dexter Ave N	345,000	0%	1Q 2015	10-story Class A building aimed at the life-sciences and biotech sector
4	280-20	Hill7	1821 Boren Ave	300,115	40%	1Q 2015	11-story Class A mid-rise that includes a 222-room Hilton Garden Inn w/3-levels of below grade parking and 335 stalls. HBO recently leased 112,000 SF
5	280-20	Midtown21	1007 Stewart St	365,000	0%	3Q 2016	21-story Class A+ tower w/5,800 SF of ground level retail and a 5.5-level below grade parking garage w/309 stalls.
6	280-20	Tilt49	1812 Boren Ave	300,000	3%	2017	36-story Class A office tower with 410-unit residential tower and parking for 600 vehicles (broke ground in 2015)
7	280-20	400 Fairview	400 Fairview Ave N	335,000	52%	3Q 2015	13-story Class A+ mid-rise w/17,000 SF retail above 5-levels of below grade parking with 527 stalls.
8	280-20	9th & Thomas Bldg	234 Ninth Ave N	150,000	75%	2Q 2017	12-story Class A mid-rise w/street level retail
9	280-20	Amazon Phase VII	400 Ninth Ave N	305,000	100%	2016	12-story Class A mid-rise fully occupied by Amazon with 4,500 SF of ground floor retail and parking for 429 vehicles
10	280-20	Amazon Phase VI	500 9th Ave	397,000	100%	1Q 2015	Two, 6-story Class A low-rise buildings fully occupied by Amazon with 15,000 SF of street level retail and parking for 546 vehicles
11	280-20	Amazon Phase VIII	325 Ninth Ave N	312,000	100%	2016	12-story Class A mid-rise fully occupied by Amazon with 4,000 SF of street level retail and parking for 442 vehicles
12	280-20	The Park (Amazon tower)	2101 7th Ave	1,075,537	100%	2015	37-story Class A+ corporate HQ tower with 18,000 SF and parking for 1,139 vehicles
13	280-20	The Gallery (Amazon tower)	2021 7th Ave	1,064,180	100%	2016	A 38-story tower and a 5-story low-rise Class A+ corporate HQ. Ground floor retail and parking for 1,074 vehicles
14	280-20	400 Dexter	400 Dexter Ave N	254,000	28%	1Q 2017	11-story Class A office building with 15,500 SF ground floor retail space. Juno Therapeutics signed a lease for 80,000 SF. (broke ground in 2015)
15	280-20	Eleven01 Westlake	1101 Westlake Ave N	150,620	0%	4Q 2015	6-story Class A low-rise with parking for 292. Part of the Westlake Steps project
16	280-20	Troy Block	307 Fairview Ave N	817,000	100%	2016-2017	Two Class A office buildings, one 12-stories, the other 13-stories; fully leased to Amazon. 4,000 SF of street level retail space and parking for 1,120 vehicles.
17	280-20	Urban Union	501 Fairview Ave N	285,000	0%	1Q 2016	12-story Class A midrise with 6,000 SF of street level retail and parking for 375 vehicles
18	280-30	200 Occidental (Weyerhaeuser)	200 Occidental Ave	180,000	100%	3Q 2106	8-story Class A+ office headquarters with 15,000 SF of street level retail space and parking for 68 vehicles. Weyerhaeuser leased their entire building as their new corporate HQ.
19	280-50	NorthEdge (Tableau)	3101 Densmore Ave N	210,000	100%	3Q 2016	4-story Class A office headquarters across from Gas Works park broke ground on a speculative basis. Tableau recently signed a lease for the entire building.
Total				8,119,452			

*Office RSF; project may include additional RSF of other uses (retail, residential, etc); data collected from a variety of sources



On the Eastside market, there are currently 4 major office projects currently under construction totaling 1,716,000 square feet of office space. All of the construction activity is concentrated in the Bellevue CBD, except for Google's 180,000 SF expansion of their Kirkland campus. Several additional major office projects are currently working their way through the entitlement process. Please reference the map on the following page.

Major Office Projects Currently Under Construction (Eastside)							
Map #	Area	Name	Address	Total RSF*	% Preleased	Est. Delivery	Notes
1	280-50	Nine Two Nine Office Tower	929 108th Ave NE (Bellevue)	466,000	0%	1Q 2016	19-story Class A+ office tower situated adjacent to a 12-level above/below grade parking structure. LEED Gold designed.
2	280-50	400 Lincoln Square	410 Bellevue Way NE (Bellevue)	710,000	0%	3Q 2016	31-story Class A+ office tower. Part of the Lincoln Square Expansion with 1.5M SF total consisting of 180,000 SF of retail & dining, a 6-level 2,200 car parking structure, a 245-room W Hotel, and 231 residential units
3	280-50	Centre 425	415 106th Ave NE (Bellevue)	360,000	0%	3Q 2016	16-story Class A+ midrise over 8-levels of below grade parking and 2,800 SF of ground level retail. A 6,200 SF Bank of America branch is the only pre-leased tenant.
4	280-50	Google Kirkland Phase II	500 7th Ave S (Kirkland)	180,000	100%	2015	Phase II of Google's Kirkland campus. Roughly doubles the size of the campus. 2-story lowrise design situated over a 720-stall parking garage.
Total				1,716,000			

*Office RSF; project may include additional RSF of other uses (retail, residential, etc); data collected from a variety of sources

Eastside Major Office Construction Activity



Leasing Class Descriptions

A description of the leasing classes is provided. In the market approach and income approach analysis the office properties are grouped into the above market areas and then stratified into the appropriate leasing class. The leasing class may differ from the building class. For example, a reinforced concrete, midrise office building will be classified as Class B construction but may be considered in the market as Class A leased space.

Class A

Class A properties are the most prestigious buildings competing for premier office users with above average rents for the area. Buildings have high quality standard finishes, state-of-art building systems, and exceptional accessibility and a definitive market presence.

Class B

Class B properties are buildings competing for a wide range of office users with average rents for the area. Building finishes are fair to good for the area and systems are adequate, and the buildings do not compete with Class A buildings.

Class C

Class C properties are buildings competing for tenants requiring functional space at below average rents for the area. The buildings typically have designs and finishes that are dated.

In the valuation analysis, Class A buildings are further stratified into A+ and top tier A+ office buildings and average Class A properties. Class B buildings are stratified into renovated/historic, average, and B- properties needing capital expenditures. The office specialty predominately consists of Class A and B properties.

LEED Office Buildings

LEED or Leadership in Energy and Environmental Design is an internationally recognized green building certification system that was developed by the U.S. Green Building Council in 2000. LEED promotes sustainable building and development practices through a rating system that recognizes projects that implement strategies for better environmental and health performance. It has become the standard for green development of new buildings and retrofitting older buildings.

Initially government and environmental groups were the leading promoters of “Building Green” commercial buildings. Today the Pacific Northwest is among the top regions in the country in terms of sustainable development with developers and owners of institutional grade office buildings now considering the benefits of energy efficient new construction, and renovation and modifications to existing buildings. Increasingly the cost of building green is coming down at the same time that energy prices are rising. Green construction and retrofitting reduces operating expenses and provides a superior experience for the office tenant as well as the building owner.

In addition to the quantifiable energy savings and the shorter term to recover the added costs of going green, most government agencies and some corporate tenants are now requiring green office spaces. The U.S. Building Green Council (USGBC) estimates that 50% of commercial construction by value will be green by 2016. Recent data reports that commercial buildings with LEED or Energy Star ratings command a rent premium of 4-5 percent over non-rated buildings (University of California, Berkeley, 2011) though other sources cite this figure closer to 10 percent (CBRE, San Diego, 2012). This further supports the economic advantages of building green. Also, Energy Star calculates that a 10% decrease in energy use can lead to 1.5% increase in net operating income (NOI). Given current low capitalization rates a landlord can increase an office building’s value and reduce the tenant’s expenses in buildings leased on a triple net (NNN) basis by reducing energy use.

Seattle is in the top 10 cities with the most LEED and Energy Star certified buildings—holding its place alongside much more populous cities (e.g., New York City, Los Angeles, and Chicago). The American Council for an Energy Efficient Economy ranks Seattle 5th in the nation for policies and programs advancing energy efficiency. Seattle City Light, our publicly owned electric utility, is “the nation’s greenest utility.” In 2013, Seattle completed the Energy Benchmarking and Reporting program ramp-up phase by collecting whole-building annual energy use for commercial and multifamily buildings 20,000 square feet or larger. This first report summarizes program outcomes, building characteristics, trends, and recommendations. Seattle boasts the highest compliance rates in the nation—as of January 1, 2014 nearly 3,000 (93%) of required buildings had 2012 energy use reported.

Puget Sound Regional Economic Conditions

Population

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

Current Population ⁶	2000	2010	2014	% Change 2000-2014	% Change 2010-2014
King County	1,737,000	1,931,200	2,017,250	16.13%	4.46%
Kitsap County	232,000	251,100	255,900	10.30%	1.91%
Pierce County	700,800	795,200	821,300	17.19%	3.28%
Snohomish County	606,000	713,300	741,000	22.28%	3.88%
Region Total	3,275,800	3,690,900	3,835,450	17.08%	3.92%

Population Growth Trends (Location & Demographics) ⁷			
Year	Seattle	King County	Central Puget Sound
1980	494,000	1,270,000	2,240,000
1990	516,259	1,507,305	2,748,900
2000	564,092	1,737,000	3,275,800
2010	608,660	1,931,200	3,690,900
2014	640,500	2,017,250	3,835,450

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

⁶ Puget Sound Regional Council; Puget Sound Trends, January 2015

⁷ Puget Sound Regional Council; Puget Sound Trends, January 2015; OFM (Seattle)

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

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

Top 10 Cities With Greatest Nominal Population Growth (2010 to 2014)⁹						
Municipality	County	Census 2010	Population 2014	Nominal Change 2010-14	% Change 2010-2014	Population Annexed 2010-2014
Kirkland	King	48,787	82,590	33,803	69.3%	31,816
Seattle	King	608,660	640,500	31,840	5.2%	0
Kent	King	92,411	121,400	28,989	31.4%	25,458
Burien	King	33,313	48,240	14,927	44.8%	14,292
Bellevue	King	122,363	134,400	12,037	9.8%	5,630
Bothell (all)	King/Snohomish	33,505	41,630	8,125	24.3%	6,789
Renton	King	90,927	97,130	6,203	6.8%	757
Auburn (all)	King/Pierce	70,180	74,630	4,450	6.3%	0
Redmond	King	54,144	57,700	3,556	6.6%	149
Sammamish	King	45,780	49,260	3,480	7.6%	906

⁸ Puget Sound Regional Council; Puget Sound Trends, January 2015

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

Economic Considerations:

National Economy:

Unemployment: In 2014, with a reported unemployment rate of 5.7%, down from 6.7% in 2013. New jobs continue to be added with a 12-month running average of 267,250.

***Stock Market*¹⁰:** With the US economy just getting stronger, inflation is staying low, and corporate profits surging, the stock market has rebounded. In 2014, the Dow Jones Industrial Average finishing the year up 7.5%, the S&P rose 11.4%, and the tech-heavy NASDAQ soared 13.4%.

***Housing Starts*¹¹:** Overall, the housing market has continued to improve, with the US adding 1.06 million new housing units, which represents 8.8% more than the 924,900 new homes started in 2013.

***Consumer Confidence*¹²:** With unemployment rates hitting pre-recession levels in addition to gas prices dropping to their lowest level in many years, consumer confidence levels have reached notable highs, helping to spur solid end-of-year growth. Midway through the second quarter of 2014, confidence levels hit 83.9% on the Consumer Board Index, the highest since January 2008. Growing steadily throughout the summer and fall, consumer confidence grew to new heights, finishing the year at 92.6%.

Puget Sound Economy:

Employment: In 2014, Washington State's¹³ year-over-year unemployment rate fell from 6.7% to 6.3%, which is .70% higher than what is reported nationally. For the Seattle MSA (Seattle-Bellevue Everett), Jones Lang LaSalle¹⁴ reported that unemployment decreased to 4.6% in December, marking a 2.9% increase in job growth over the past 12 months. Within King County, the overall year-over-year change in unemployment fell from 4.7% to 4.1%, while the City of Seattle experience an even lower decline from 4.4% to 3.9%.

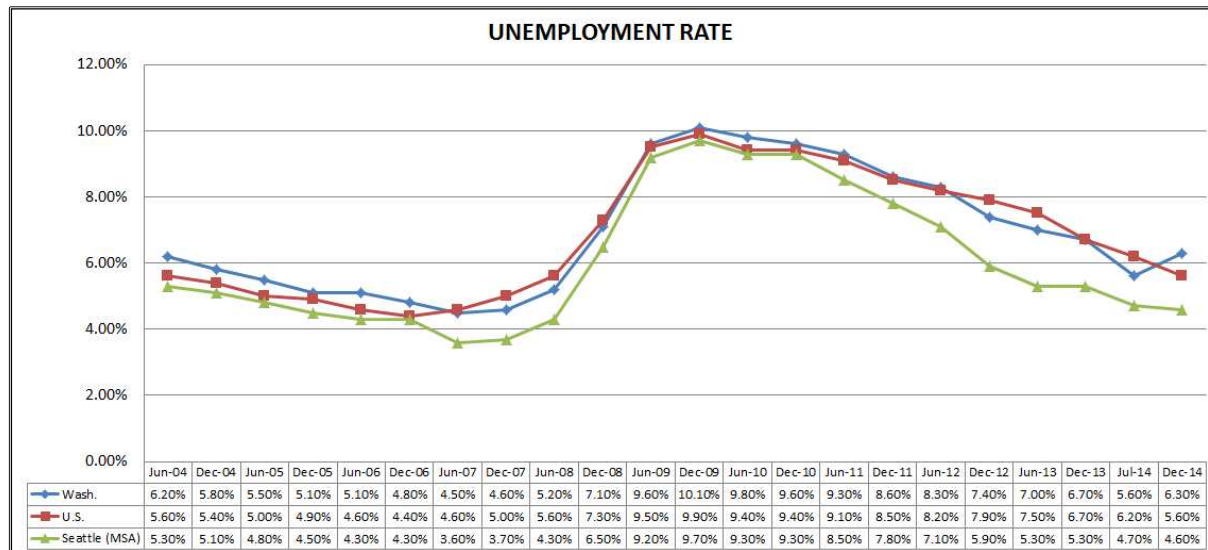
¹⁰ CNNMoney, December 31, 2014

¹¹ Forbes, "Housing Starts Hit Highest Level Since 2007", 1/21/2015

¹² BDO, Consumer Business Compass, Jan. 16th, 2015

¹³ Employee Security Dept. - Monthly Report

¹⁴ Jones Lang LaSalle, Employment Update, December 2014



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

In addition, a stable information-technology industry once anchored by Microsoft has evolved into one of the largest high-tech clusters in the nation with Amazon.com dramatically increasing its footprint in Seattle. Other major tech-related companies with large real estate footprints in the Seattle area are Nintendo, Expedia Inc. and F5 Networks Inc. Google and Facebook are also increasing their presence significantly in the area in order to take advantage of the large pool of tech employees. The Seattle area was recently ranked fourth for top start-up ecosystems in the world according to report by Startup Genome. The Puget Sound business climate and lifestyle, which attracts a skilled, educated workforce, has encouraged these start-ups.¹⁵ In the Seattle, metropolitan area the above average growth in tech employment has helped fill a glut in vacant office space available after the "Great Recession" and has accelerated the recovering of the office market.

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

¹⁵ CBRE Q4 2012 Puget Sound Area Office Market view

Commercial Real Estate Market Indicators: CoStar, is a national market data, news and research service with analytic reports for retail, office, and industrial properties. The following information and charts is a snapshot of statistical data provided from the Year-End 2014 Puget Sound market reports.

Total Retail Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Downtown Seattle	3,133	26,602,913	689,450	730,260	2.7%	89,875	108,173	12,974	\$23.86
Eastside	1,656	27,512,181	1,069,984	1,070,582	3.9%	239,160	14,820	34,341	\$23.06
Northend	3,609	45,581,016	2,130,832	2,192,169	4.8%	511,709	123,525	366,750	\$16.83
Southend	2,219	31,448,856	1,656,689	1,723,725	5.5%	520,995	69,376	22,768	\$16.11
Tacoma	4,066	40,865,073	2,732,159	2,782,023	6.8%	523,602	36,639	16,599	\$15.02
Totals	14,683	172,010,039	8,279,114	8,498,759	4.9%	1,885,341	352,533	453,432	\$17.53

Source: CoStar Property®

For Year-End 2014, the year-over-year average quoted asking rental rate in the Seattle/Puget Sound retail market has remained relatively flat. Per CoStar Property¹⁶, overall end of year asking rent rates (Leasing Class¹⁷ + Building Type¹⁸ Properties) was reported at \$17.53 per square foot per year, which is slightly higher than the \$17.36/SF quoted for Year-End 2013. The overall vacancy rate in the fourth quarter of 2014 had decreased to 4.9%, which is (-.60) basis points lower than the 5.5% vacancy rate reported for Year-End 2013.

Total Office Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Downtown Seattle	1,700	74,868,495	6,692,229	7,081,612	9.5%	1,393,917	480,000	4,617,199	\$33.59
Eastside	1,419	47,782,826	3,257,485	3,448,304	7.2%	680,921	10,400	1,366,693	\$32.63
Northend	1,527	21,646,983	1,802,084	1,827,618	8.4%	449,219	4,000	0	\$22.89
Southend	1,060	20,141,719	2,277,248	2,297,757	11.4%	129,372	35,000	4,491	\$20.86
Tacoma	1,897	20,087,947	1,820,345	1,942,554	9.7%	19,047	0	0	\$20.58
Totals	7,603	184,527,970	15,849,391	16,597,845	9.0%	2,672,476	529,400	5,988,383	\$29.13

Source: CoStar Property®

For Year-End 2014, the year-over-year average quoted asking rental rate in the Seattle/Puget Sound office market had increased by 8.70%. Per CoStar Property¹⁹, overall Year-End 2014 asking rent rates (Leasing Class²⁰ Properties) was reported at \$29.13/SF per year, which is significantly higher than the \$26.80/SF quoted for Year-End 2013. Also, the year-over-year overall vacancy rate had decreased from 10.20% in 2013 to 9.0% in 2014.

¹⁶ CoStar, Seattle/Puget Sound – “Year-End 2014 Retail Report”

¹⁷ Leasing Class = A, B, & C

¹⁸ Building Type: Shopping Center, Power Centers, Malls, General Retail, Specialty

¹⁹ CoStar, Seattle/Puget Sound – “Year-End 2014 Retail Report”

²⁰ Leasing Class = A, B, & C

Total Industrial Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Downtown Ind	2,019	51,757,745	1,185,927	1,267,661	2.4%	527,315	11,536	78,250	\$8.78
Eastside Ind	765	21,164,207	1,427,805	1,539,747	7.3%	41,582	0	75,000	\$12.31
Northend Ind	1,602	49,728,718	2,718,942	2,859,365	5.7%	895,419	40,000	265,063	\$8.99
Southend Ind	1,928	113,185,326	5,092,941	5,233,040	4.6%	1,614,499	487,794	1,568,935	\$6.10
Tacoma Ind	1,872	66,128,631	3,889,063	4,179,548	6.3%	1,041,492	1,855,833	1,843,997	\$5.32
Totals	8,186	301,964,627	14,314,678	15,079,361	5.0%	4,120,307	2,395,163	3,831,245	\$7.22

Source: CoStar Property®

For Year-End 2014, the year-over-year average quoted asking rental rate in the Seattle/Puget Sound industrial market has remained flat to slightly decreasing. Per CoStar Property²¹, overall end of year asking rent rates (Leasing Class²² + Building Type²³ Properties) was reported at \$7.22/SF per year, which is slightly lower than the \$7.36/SF quoted for Year-End 2013. Also, the year-over-year overall vacancy rate had decreased from 5.6% in 2013 to 5.0% in 2014.

Regional Summary:

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

²¹ CoStar, Seattle/Puget Sound – “Year-End 2014 Retail Report”

²² Leasing Class = A, B, & C

²³ Building Type: General Warehouse, Distribution, Flex

Office Market Conditions

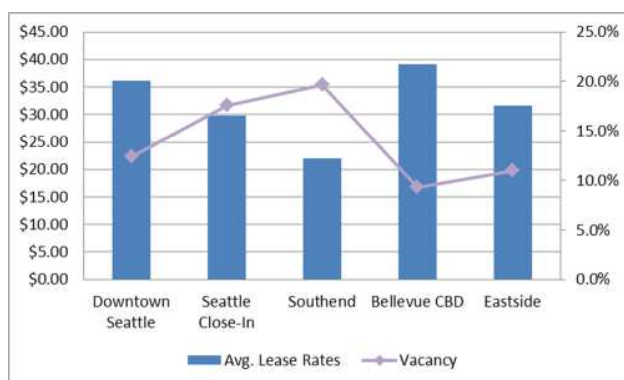
As was discussed in the executive summary of this report, the Seattle and Eastside office markets continue to remain near the top of national and international investors' interest. Strong job growth in the region, particularly in the technology sector, has put upward pressure on office market fundamentals. Seattle raised one spot to #3 in Marcus & Millichap's National Office Property Index for 2015 due to the region's continued low vacancy rates and robust employment growth.

Office Market Summary Statistics						
	Market Size (SF)	Total Vacancy %	Vacancy Change	Class A Avg. Asking Rate*	Rent Change	Last 4 Qtr Net Absorption (SF)
Downtown Seattle	43,863,489	12.4%	-11%	\$36.17	8%	1,259,544
Seattle Close-In	5,311,348	17.6%	-3%	\$29.76	12%	130,636
Southend	10,082,724	19.7%	-5%	\$21.96	0%	98,358
Bellevue CBD	7,911,531	9.3%	-5%	\$39.16	4%	21,844
Eastside	29,984,404	11.0%	-23%	\$31.61	4%	950,886

Source: 4th Qtr 2014 CBRE Office MarketView

*Full Service

As a measure of investor confidence in the local market, as of year-end 2014 there was approximately 3.7 million square feet of office space under construction in the Downtown Seattle market, with an additional 1.7 million square feet under construction on the Eastside. The regional vacancy rate declined to 13.7%, a 9% decline compared to the previous year. This decline in vacancy, despite continued new construction activity, is a result of very strong absorption in 2014 of nearly 2.4 million square feet, well above the 20-year average of 1.5 million square feet per year.



This cycle has been characterized by tightening vacancy rates, increased new construction, high absorption, healthy employment growth, and higher rental rate growth. The suburban markets have benefitted from spillover demand from the central business districts as tenants seek space where available.

As of the January 1st, 2015 valuation date the greater Seattle and Bellevue CBD Class A office market remains in the expansion phase of the market cycle. This is characterized by solid rental rate growth and increasing amounts of new construction. With vacancy in this market remaining very tight, landlords are offering fewer concessions in the form of free rent or tenant improvements allowances.

The following table summarizes some of the notable leasing transactions in 2014:

Notable Leasing Transactions in 2014					
Tenant	Lease Type	Square Feet	Building	Submarket	Business Sector
Amazon	New	380,000	Phase VI	Lake Union	Technology
HomeStreet Bank	Renewal	141,784	Two Union Square	Seattle CBD	Banking
Zillow	Expansion	113,470	Russell Investments Center	Seattle CBD	Technology
Tableau	Renewal/Expansion	100,000	Lake Union Center, Plaza Building, & Lakeview Place	Canal	Technology
Galvanize	New	70,599	111 S Jackson	Pioneer Square	Business Incubator
Impinj	New	51,626	400 Fairview	Lake Union	Technology
Pokemon	New	44,893	Key Center	Bellevue CBD	Brand Management
SpaceX	New	36,062	NW Technical Center	Redmond	Technology
Edelman, Inc	New	32,613	Westlake Tower	Seattle CBD	Public Relations
Sightlife	New	31,468	Park Place	Seattle CBD	Healthcare
Facebook	Expansion	25,691	Metropolitan Park East	Denny Triangle	Technology

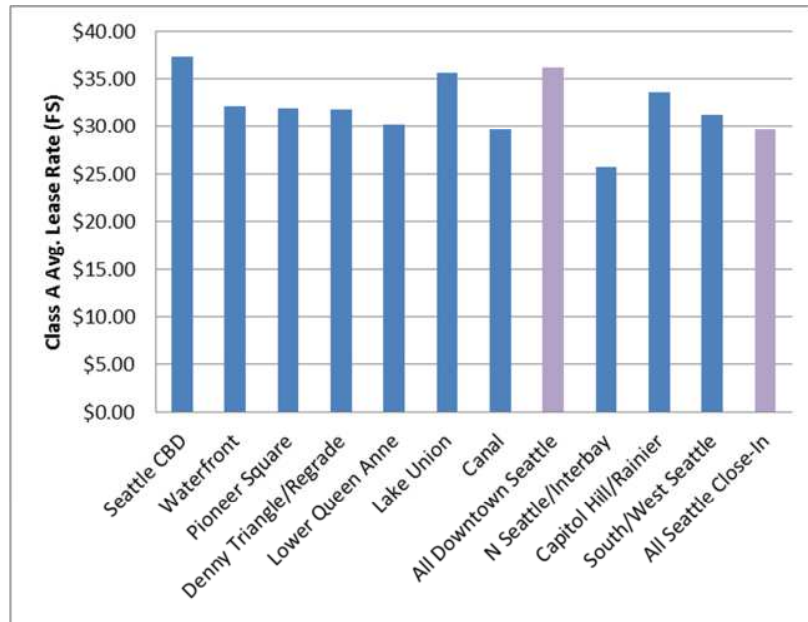
Source: CBRE, Colliers, Kidder Mathews

Seattle Office Market Data

CBRE's Puget Sound MarketView 4th Qtr. 2014 details inventory, vacancy rates, rental rates, and operating expenses for the various Seattle submarkets.

4th Qtr 2014 CBRE Seattle Office Market Vacancy Rates							
	Inventory		Direct	Total	Total Vacancy by Building Class		
	Buildings	Sq. Ft.	Vacancy	Vacancy	Class A	Class B	Class C
Seattle CBD	77	20,561,510	14.8%	15.7%	15.2%	19.0%	13.5%
Waterfront	34	2,443,436	8.6%	9.7%	8.9%	10.4%	10.7%
Pioneer Square	68	4,072,025	9.6%	10.8%	2.6%	16.7%	12.3%
Denny Triangle/Regrade	49	6,722,423	8.3%	8.8%	5.6%	23.0%	6.7%
Lower Queen Anne	38	3,105,837	16.1%	16.5%	15.6%	15.0%	33.1%
Lake Union	68	5,458,422	5.5%	6.2%	5.2%	11.9%	3.4%
Canal	32	1,499,836	3.2%	4.4%	3.9%	5.6%	7.9%
All Downtown Seattle	366	43,863,489	11.5%	12.4%	11.1%	16.8%	12.4%
N Seattle/Interbay		2,405,343		10.2%			
Capitol Hill/Rainier		1,123,254		9.8%			
South/West Seattle		1,782,751		32.4%			
All Seattle Close-In		5,311,348		17.6%			

Source: 4th Qtr 2014 CBRE Office MarketView



4th Qtr 2014 CBRE Downtown Seattle Office Market Rents and Expenses						
	Asking Lease Rate Range		Class A Avg. Lease Rate	% Change Year to Year	Operating Expenses (per SF)	
	Class A	Class B			Class A	Class B
Seattle CBD	\$32.00 - \$55.00	\$26.00 - \$36.00	\$37.36	7.3%	\$10.25 - \$11.75	\$7.25 - \$11.25
Waterfront	\$26.00 - \$38.00	\$25.00 - \$30.00	\$32.15	2.8%	\$8.25 - \$10.25	\$7.00 - \$9.00
Pioneer Square	\$30.00 - \$36.00	\$25.00 - \$35.00	\$31.87	5.9%	\$8.50 - \$9.75	\$7.00 - \$8.50
Denny Triangle/Regrade	\$26.00 - \$40.00	\$24.00 - \$32.00	\$31.79	5.2%	\$8.25 - \$10.25	\$7.00 - \$9.25
Lower Queen Anne	\$25.00 - \$37.50	\$19.00 - \$25.00	\$30.22	-4.8%	\$7.75 - \$9.75	\$7.00 - \$8.00
Lake Union	\$25.00 - \$34.00	\$22.00 - \$30.00	\$35.64	16.0%	\$9.75 - \$11.25	\$7.00 - \$9.00
Canal	\$26.00 - \$34.00	\$21.00 - \$30.00	\$29.68	-2.0%	\$7.25 - \$8.75	\$6.75 - \$8.00
All Downtown Seattle	\$25.00 - \$55.00	\$19.00 - \$36.00	\$36.17	8.1%	\$7.25 - \$11.75	\$6.75 - \$11.25
N Seattle/Interbay			\$25.76	0.9%		
Capitol Hill/Rainier			\$33.56	0.4%		
South/West Seattle			\$31.18	16.0%		
All Seattle Close-In			\$29.66	11.9%		

Source: 4th Qtr 2014 CBRE Office MarketView; Rents are Full Service

Collier's International's Puget Sound Office Research & Forecast Report 4th Qtr. 2014 details inventory, vacancy, and average lease rates for the Seattle submarkets.

Q4 2014 Colliers International Seattle Office Statistics							
Submarket	Bldg. Count	Total SF	Direct Vacant SF	Sublease Vacant SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
Seattle CBD							
Class A	40	20,060,230	2,525,904	207,693	12.59%	13.63%	\$36.10
Class B	42	3,758,355	708,455	-	18.85%	18.85%	\$29.82
Pioneer Square/Waterfront							
Class A	9	1,697,677	118,389	41,028	6.97%	9.39%	\$31.88
Class B	47	2,966,536	385,989	1,650	13.01%	13.07%	\$27.48
Belltown/Denny Regrade							
Class A	13	2,797,946	108,749	30,224	3.89%	4.97%	\$26.54
Class B	26	1,957,456	202,226	12,365	10.33%	10.96%	\$25.97
Lake Union							
Class A	21	4,051,865	60,834	-	1.50%	1.50%	\$32.99
Class B	55	2,992,382	537,264	38,399	17.95%	19.24%	\$28.59
Queen Anne/Magnolia							
Class A	9	1,306,881	220,681	6,715	16.89%	17.40%	\$34.06
Class B	39	2,107,989	135,681	2,090	6.44%	6.54%	\$22.53
Ballard/U-District							
Class A	4	349,256	1,645	-	0.47%	0.47%	\$34.14
Class B	34	1,604,033	49,575	-	3.09%	3.09%	\$28.19
Northgate/North Seattle							
Class A	2	205,361	19,984	-	9.73%	9.73%	\$26.28
Class B	13	448,195	32,938	-	7.35%	7.35%	\$23.24
Market Summary							
Class A	98	30,469,216	3,056,186	285,660	10.03%	10.97%	\$34.39
Class B	256	15,834,946	2,052,128	54,504	12.96%	13.30%	\$27.57
Total	459	48,784,248	5,268,515	343,085	10.80%	11.50%	\$30.21

*Class C buildings have been omitted; Rents are Full Service

Officespace.com's Year End Office Market Statistics Report breaks out rents and vacancy by building class, as well as submarket.

4th Qtr 2014 Officespace.com Seattle Office Statistics							
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Sublease SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$
Seattle CBD							
Class A+	8	7,584,420	876,496	186,470	11.56%	14.02%	\$39.67
Class A	38	11,731,007	1,639,466	443,655	13.98%	17.76%	\$30.34
Class B	45	3,767,039	451,307	74,692	11.98%	13.96%	\$27.17
Belltown/Denny Regrade							
Class A+	2	907,002	10,234	15,832	1.13%	2.87%	\$39.67
Class A	24	4,573,905	275,561	73,215	6.02%	7.63%	\$33.13
Class B	53	2,400,977	171,553	55,003	7.15%	9.44%	\$23.26
Lake Union							
Class A+	1	213,000	14,429	0	6.77%	6.77%	\$35.00
Class A	47	4,371,767	188,058	86,327	4.30%	6.28%	\$28.70
Class B	57	1,395,573	118,034	0	8.46%	8.46%	\$21.81
Pioneer Square							
Class A	15	2,210,922	107,771	105,953	4.87%	9.67%	\$29.16
Class B	58	2,798,951	345,557	96,257	12.35%	15.78%	\$23.70
Queen Anne/Magnolia							
Class A+	1	31,866	10,148	0	31.85%	31.85%	\$24.00
Class A	11	481,811	23,725	747	4.92%	5.08%	\$24.71
Class B	38	1,169,191	157,991	29,061	13.51%	16.00%	\$22.31
Waterfront							
Class A+	1	137,201	0	0	0.00%	0.00%	N/A
Class A	22	2,604,734	322,466	109,988	12.38%	16.60%	\$29.97
Class B	15	1,155,866	108,776	4,106	9.41%	9.77%	\$22.30
Capitol Hill/First Hill							
Class A	15	1,630,351	106,975	6,981	6.56%	6.99%	\$38.15
Class B	56	1,323,818	71,867	0	5.43%	5.43%	\$27.04
Total	579	52,541,321	5,241,271	1,301,143	9.98%	12.45%	\$30.10
Northgate/North Seattle							
Class A	2	66,792	19,795	0	29.64%	29.64%	N/A
Class B	4	49,146	1,800	0	3.66%	3.66%	N/A
Ballard/University District							
Class A	29	1,854,256	45,327	23,297	2.44%	3.70%	\$28.53
Class B	65	1,540,567	73,798	31,771	4.79%	6.85%	\$24.65

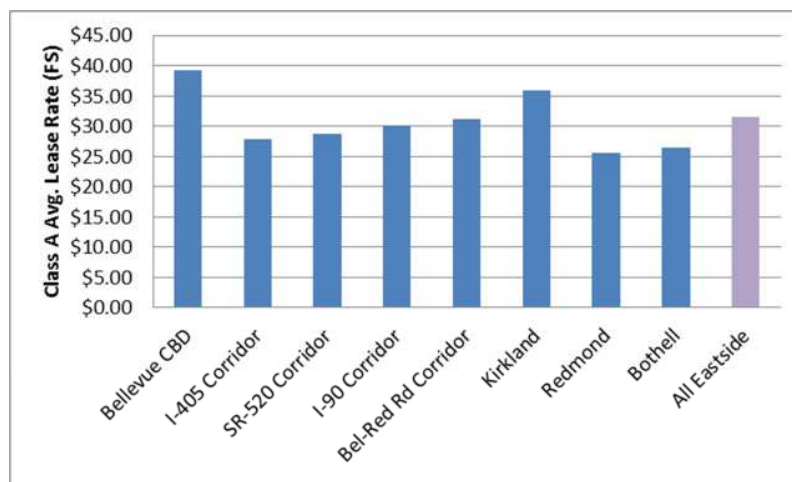
*Class C buildings have been omitted; Rents are Full Service

Eastside Office Market Data

CBRE's Puget Sound MarketView 4th Qtr. 2014 details inventory, vacancy rates, rental rates, and operating expenses for the various Eastside submarkets.

4th Qtr 2014 CBRE Eastside Office Market Vacancy Rates							
	Inventory		Direct	Total	Total Vacancy by Building Class		
	Buildings	Sq. Ft.	Vacancy	Vacancy	Class A	Class B	Class C
Bellevue CBD	53	7,911,531	8.8%	9.3%	8.1%	15.9%	22.0%
I-405 Corridor	103	2,879,969	11.1%	11.4%	11.3%	11.7%	8.9%
SR-520 Corridor	110	2,579,812	8.1%	10.9%	14.7%	6.6%	7.5%
I-90 Corridor	103	6,698,025	13.3%	13.4%	11.6%	24.8%	5.8%
Bel-Red Rd Corridor	95	1,501,719	6.6%	7.0%	5.4%	7.9%	6.1%
Kirkland	39	1,465,805	4.1%	4.5%	3.2%	11.0%	17.6%
Redmond	81	4,159,595	10.3%	13.2%	8.6%	26.2%	20.8%
Bothell	49	2,787,948	11.6%	11.6%	12.1%	7.7%	9.8%
All Eastside	633	29,984,404	10.1%	11.0%	9.8%	15.0%	11.1%

Source: 4th Qtr 2014 CBRE Office MarketView



4th Qtr 2014 CBRE Eastside Office Market Rents and Expenses							
	Asking Lease Rates		Class A Avg. Lease Rate	% Change Year to Year	Operating Expenses (per SF)		
	Class A	Class B			Class A	Class B	
Bellevue CBD	\$33.00 - \$48.00	\$30.00 - \$37.00	\$39.16	4.4%	\$10.25 - \$12.50	\$8.25 - \$9.50	
I-405 Corridor	\$25.50 - \$35.00	\$20.00 - \$33.00	\$27.92	-5.4%	\$8.25 - \$10.00	\$7.50 - \$8.00	
SR-520 Corridor	\$24.00 - \$33.00	\$23.00 - \$30.00	\$28.74	4.9%	\$8.25 - \$10.00	\$7.50 - \$8.50	
I-90 Corridor	\$25.00 - \$40.00	\$24.00 - \$32.00	\$30.21	1.0%	\$8.25 - \$10.25	\$7.75 - \$8.75	
Bel-Red Rd Corridor	\$27.00 - \$31.00	\$19.00 - \$27.00	\$31.18	10.0%	\$8.25 - \$8.25	\$7.25 - \$7.75	
Kirkland	\$25.00 - \$40.00	\$23.00 - \$34.00	\$35.94	-7.7%	\$8.25 - \$9.50	\$7.50 - \$8.00	
Redmond	\$25.00 - \$31.00	\$22.00 - \$28.00	\$25.59	-2.0%	\$8.25 - \$8.75	\$7.25 - \$7.75	
Bothell	\$22.00 - \$30.00	\$19.00 - \$24.00	\$26.47	6.1%	\$8.25 - \$8.75	\$7.25 - \$7.75	
All Eastside	\$22.00 - \$48.00	\$19.00 - \$37.00	\$31.61	3.9%	\$8.25 - \$12.50	\$7.25 - \$9.50	

Source: 4th Qtr 2014 CBRE Office MarketView; Rents are Full Service

Collier's International's Puget Sound Office Research & Forecast Report 4th Qtr. 2014 details inventory, vacancy, and average lease rates for the Eastside submarkets.

Q4 2014 Colliers International Eastside Office Statistics							
Submarket	Bldg. Count	Total SF	Direct Vacant SF	Sublease Vacant SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
520 Corridor							
Class A	3	330,899	14,796	-	4.47%	4.47%	\$29.22
Class B	52	2,254,548	113,993	30,535	5.06%	6.41%	\$27.11
Bellevue CBD							
Class A	26	7,742,525	572,705	39,514	7.40%	7.91%	\$37.94
Class B	19	860,698	98,436	-	11.44%	11.44%	\$33.24
I-90 Corridor							
Class A	17	2,483,049	144,264	-	5.81%	5.81%	\$29.04
Class B	32	2,033,318	373,346	-	18.36%	18.36%	\$30.15
Kirkland							
Class A	16	1,264,646	80,372	-	6.36%	6.36%	\$33.33
Class B	71	2,157,360	177,897	68,051	8.25%	11.40%	\$26.83
Redmond							
Class A	16	1,313,908	132,805	-	10.11%	10.11%	\$26.68
Class B	41	2,099,488	255,466	22,441	12.17%	13.24%	\$24.22
Suburban Bellevue							
Class A	1	44,000	35,543	-	80.78%	80.78%	\$44.21
Class B	105	3,302,782	344,841	7,184	10.44%	10.66%	\$28.93
Coal Creek/Issaquah							
Class A	6	809,532	-	-	0.00%	0.00%	\$29.87
Class B	26	828,417	26,562	6,521	3.21%	3.99%	\$31.52
Mercer Island							
Class A	1	101,617	29,810	-	29.34%	29.34%	\$36.64
Class B	12	219,796	9,494	-	4.32%	4.32%	\$30.54
Market Summary							
Class A	86	14,090,176	1,010,295	39,514	7.17%	7.45%	\$35.38
Class B	358	13,756,407	1,400,035	134,732	10.18%	11.16%	\$28.62
Total	512	29,173,294	2,503,588	174,246	8.58%	9.18%	\$37.25

*Class C buildings have been omitted; Rents are Full Service

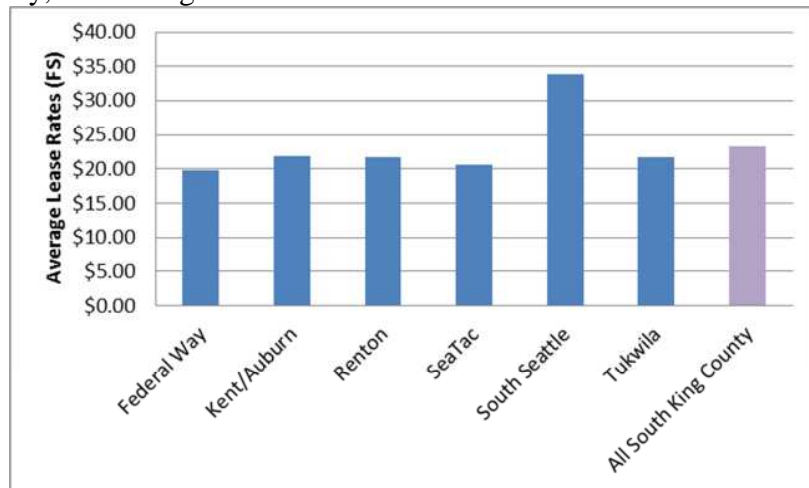
Officespace.com's Year End Office Market Statistics Report breaks out rents and vacancy by building class, as well as submarket.

4th Qtr 2014 Officespace.com Eastside Office Statistics							
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Sublease SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$
Bellevue CBD							
Class A+	14	5,608,781	239,754	219,306	4.27%	8.18%	\$42.15
Class A	16	2,764,040	359,671	195,485	13.01%	20.08%	\$34.65
Class B	37	1,069,616	88,823	31,574	8.30%	11.26%	\$28.89
Suburban Bellevue							
Class A	41	1,734,800	598,055	41,959	34.47%	36.89%	\$31.57
Class B	165	3,022,021	303,894	21,009	10.06%	10.75%	\$25.49
I-90 Corridor							
Class A	102	7,034,561	772,796	203,405	10.99%	13.88%	\$33.40
Class B	61	1,173,114	51,774	7,561	4.41%	5.06%	\$26.73
520/Overlake							
Class A	60	2,359,616	221,885	147,653	9.40%	15.66%	\$25.88
Class B	60	1,385,106	250,528	38,485	18.09%	20.87%	\$22.87
Kirkland/Totem Lake							
Class A	43	2,641,384	206,027	13,118	7.80%	8.30%	\$30.97
Class B	58	997,027	156,095	44,830	15.66%	20.15%	\$24.21
Redmond/Willows							
Class A	45	3,157,163	418,626	219,444	13.26%	20.21%	\$24.35
Class B	30	647,883	110,848	5,761	17.11%	18.00%	\$24.14
Bothell/Woodinville							
Class A	55	2,921,616	267,579	15,306	9.16%	9.68%	\$22.80
Class B	17	324,369	44,491	0	13.72%	13.72%	\$25.35
Total	867	37,731,163	4,216,022	1,214,494	11.17%	14.39%	\$30.18

*Class C buildings have been omitted; Rents are Full Service

South King County Office Market Data

Collier's International's Puget Sound Office Research & Forecast Report 4th Qtr. 2014 details inventory, vacancy, and average lease rates for the Southend submarkets.



Q4 2014 Colliers International South King County Office Statistics							
Submarket	Bldg. Count	Total SF	Direct Vacant SF	Sublease Vacant SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
Federal Way							
Class A	15	1,057,474	377,862	-	35.73%	35.73%	\$30.03
Class B	33	1,004,802	200,256	600	19.93%	19.99%	\$19.80
Kent/Auburn							
Class A	11	1,101,834	340,601	-	30.91%	30.91%	-
Class B	28	713,272	137,656	2,507	19.30%	19.65%	\$22.19
Renton							
Class A	21	1,731,209	89,680	14,984	5.18%	6.05%	-
Class B	30	832,079	183,012	-	21.99%	21.99%	\$21.59
SeaTac							
Class A	2	421,043	165,154	-	39.22%	39.22%	\$24.50
Class B	14	406,030	118,591	-	29.21%	29.21%	\$20.09
South Seattle							
Class A	9	1,340,868	443,254	-	33.06%	33.06%	\$38.16
Class B	26	987,130	136,459	1,023	13.82%	13.93%	\$24.82
Tukwila							
Class A	11	667,671	39,013	-	5.84%	5.84%	-
Class B	35	1,042,827	210,894	-	20.22%	20.22%	\$21.59
Market Summary							
Class A	69	6,320,099	1,455,564	14,984	23.03%	23.27%	\$36.67
Class B	166	4,986,140	986,868	4,130	19.79%	19.88%	\$21.07
Total	288	12,149,805	2,524,682	19,114	20.78%	20.94%	\$23.22

*Class C buildings have been omitted; Rents are Full Service

Officespace.com's Year End Office Market Statistics Report breaks out rents and vacancy by building class, as well as submarket.

4th Qtr 2014 Officespace.com Southend Office Statistics							
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Sublease SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$
South/West Seattle							
Class A	17	1,733,593	545,043	11,578	31.44%	32.11%	\$23.66
Class B	44	2,454,217	328,901	25,653	13.40%	14.45%	\$20.93
SeaTac							
Class A	7	653,806	248,710	0	38.04%	38.04%	\$23.33
Class B	29	408,183	64,638	0	15.84%	15.84%	\$18.32
Renton/Tukwila							
Class A	49	2,859,434	321,890	106,004	11.26%	14.96%	\$21.92
Class B	91	2,387,102	376,454	77,365	15.77%	19.01%	\$20.02
Federal Way							
Class A	28	1,379,589	412,623	1,400	29.91%	30.01%	\$20.33
Class B	45	814,324	176,984	3,294	21.73%	22.14%	\$17.64
Kent/Auburn							
Class A	38	1,982,246	459,080	39,200	23.16%	25.14%	\$22.19
Class B	36	582,539	149,036	0	25.58%	25.58%	\$18.67
Total	460	17,086,708	3,473,363	267,394	20.33%	21.89%	\$21.34

*Class C buildings have been omitted; Rents are Full Service

Medical Office Building Market

Due to the impacts from The Affordable Care Act, advancements in technology, and a ballooning population of older Americans, there has been rising demand on healthcare services and the industry is currently in a transitional period as it deals with these factors. The Affordable Care Act has contributed to an increase in acquisition and consolidation within the industry.

Seattle Medical Office Building Statistics						
Existing Inventory	Overall Vacancy	Direct Vacancy	YTD Absorption	% of US Absorp.	Avg. Lease Rate	Under Const. SF
14,327,345	6.8%	6.2%	144,574	7.7%	\$34.77	0

Source: Colliers International Medical Office Research & Forecast Report 2015 Outlook

Vacancy rates continued to tighten through 2014. Seattle's current vacancy rate for medical office buildings is just 6.8%. Compared to traditional office space, medical office space proved to be a more stable property type through the recent economic downturn and recovery. Medical office tenants typically have longer lease terms than traditional office tenants, leading to more stability. Historically, the medical office building market has experienced lower overall vacancy than traditional office space.

Key takeaways from Colliers International's Medical Office Research & Forecast Report for the 2015 outlook are:

- Despite uncertainty regarding the full impact of the Affordable Care Act (ACA), overall tenant demand for healthcare real estate continues to increase. That demand is supported by expectations of an increase in the number of people insured and the aging of the large baby boom population.
- Medical office vacancy rates are at the lowest level since the recession and continue to decline. However, the market is bifurcated with higher vacancies in older, less adaptable buildings.
- Absorption continues to increase. Modern, flexible, well-located spaces that facilitate collaboration and are capable of handling rapid changes in technology are in the highest demand.
- Both the amount of new supply coming online and the amount of space under construction have been trending down since the recession and remained low in H1 2014.
- Rents have remained stable, in part due to the low interest rate climate.
- Investor demand in the medical office asset class remains strong, particularly for investment or near-investment grade properties.
- Capitalization rates continue to compress from already historically low levels. A bifurcation exists, however, with a wide spread between cap rates for investment-grade product and below investment-grade properties.

Preliminary Ratio Analysis

The inclusion of the Ratio Study Summary is included for administrative consistency. The final ratio study may not be an entirely reliable analysis of the recommended values because the sales sample is over weighted with sales in the downtown Seattle submarkets and sales from the Bellevue central business district.

The Preliminary Ratio Study was completed just prior to the application of the 2015 recommended values. This study benchmarks the current assessment level using 2014 assessed values. The study was also repeated after application of the 2015 recommended values. The results are included in the validation section of this report, showing a change in the level of assessment (weighted mean) from 80.0% to 86.9%, the Coefficient of Dispersion (C.O.D.) from 12.83% to 12.06%, and the Coefficient of Variation (C.O.V.) from 17.53% to 15.10%. The Price-related Differential (P.R.D.) went from 1.02 to 1.03.

All of these measures indicate a substantial improvement and with the exception of the assessment level these measures are within IAAO guidelines. They are presented in the 2015 Ratio Analysis chart included in this report.

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

As previously stated, the ratio study results for office sales in the Major Office Specialty 280 is based on a sales sample that is heavily weighted with sales of well-leased or well-located lower risk properties in the Downtown Seattle sub-markets and the Bellevue CBD.

In addition, the sales sample represents the leased fee interest while the Assessor is tasked with valuing the fee simple interest based on market parameters as of the valuation date. Therefore sales with older leases that are above or below current market rates do not reflect the interests that the Assessor is valuing.

Further, in the current growth cycle of the office market, buyers are purchasing properties with expectations of higher future net operating incomes (NOI) from higher lease rates with smaller concessions than the previous years. Consequently many of these sales reflect a value that is higher than current office market income parameters applied by the Assessor in the income model. This results in an assessment level that better reflects the income model than the sales approach.

Scope of Data

Land Value Data:

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

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales are verified, if possible, by contacting either the purchaser or seller, or contacting the real estate broker, and reviewing sale transaction data from online subscription sources. Characteristic data is verified for all sales, if possible. If necessary a site inspection is made. Sales are listed in the “Sales Used” and “Sales Not Used” sections of this report.

Improved Parcel Total Values

Sales comparison approach model description

The office building sales in King County utilized in the analysis for the current revalue were divided into six market segments. The segmentation is based primarily on the geographic boundaries previously described. In the event a segment lacked adequate sales representation, similarities in other segments were considered and judgment was applied in determining market comparability. Sales of institutional-grade office buildings that were under but close to the 100,000 rentable square foot threshold of the office specialty group might also be reviewed.

Sales comparison calibration

Market sales of office specialty properties that occurred during the period from 1/01/2012 to 12/31/2014 were considered in the analysis. Other market sales of office buildings that were smaller than the office specialty threshold of 100,000 square feet net rentable, were often reviewed in the analysis when the sales were limited for a building type or submarket.

The current office market cycle has seen a substantial increase in sale transactions, particularly in the downtown cores. However, there have been too few sales of different office types in all of the various submarkets to rely on the market approach to value.

While the sales were reviewed and market data extracted when possible, the Income Approach was used in the final reconciliation of value because it allows greater equalization and uniformity of values for the various stratifications of office buildings and because sufficient market income data was available as of the valuation.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. Because of the difficulty in accurately determining the depreciation of older office properties, this approach to value was given the least weight in the final reconciliation of values of older office buildings. However, it was given more weight in the valuation of new construction and recently completed office buildings that have not been leased up. With new buildings the cost method is reconciled with the income method as if leased to see if a downward adjustment should be made to the cost approach to reflect the anticipated length of the lease-up period and the cost of build-out.

Cost calibration

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

Income capitalization approach model description

A direct capitalization income approach estimate was calculated for all properties within the specialty. Due to the significance of the parking income contribution in the Seattle and Bellevue CBD's, and the fact that these parcels comprise the majority of the properties within the specialty, parking income was a necessary component of the direct capitalization process. The inability of the department's income table program to recognize parking stalls as an income generator precluded the use of income tables in the revaluation of the office specialty. Therefore, no tables were created. Instead three direct capitalization workbooks were created showing each property's income value estimate.

Income approach calibration

The income valuation models were calibrated after setting base rents by considering necessary adjustments. Appraisal judgment was employed in adjusting for differences between individual buildings based on their perceived investment competitiveness in their respective markets. Location, effective year-built, construction and leasing class, and quality and size as recorded in the Assessor's records were items considered to be of primary importance in determining a properties placement in the appropriate base rent category.

Within each of the six market segments, income parameters were established for economic rent, vacancy and credit loss, expenses, and capitalization rates for various groupings of properties based on their investment competitiveness. Rents, operating expenses, and capitalization rates were collected on sold properties when available. This data was then considered along with surveys conducted by outside resources, along with information gathered from properties available for lease and sale and utilized to establish general guidelines for neighborhood groupings. A rent survey was conducted to ascertain the income parameters typically reflected in the current office lease market. The information gathered is considered to be indicative of the current office-leasing environment and in most instances, the data reported is based on deals that have been made and are in place or will be in the near future.

In addition, office market data was collected and analyzed from numerous well-respected commercial real estate research publications including, but not limited to, CBRE's Puget Sound MarketView 4th Qtr. 2014, Collier's International's Puget Sound Region Office Research & Forecast Report 4th Qtr. 2014, Officespace.com's Year End Office Market Statistics Report, CoStar Group's Seattle/Puget Sound Office Market Report YE-2014, Cushman & Wakefield's Seattle Office Marketbeat 4th Qtr. 2014, and Newmark Grubb Knight Frank's Seattle Office Market Research Report 4th Qtr. 2014.

Capitalization Rate Information

The following table summarizes office Capitalization Rates gathered from various commercial real estate industry research reports.

2015 Office Capitalization Rates Summary						
	Source	Location	Average Capitalization Rates	Capitalization Rates by Building Class (if provided)		
				Class A		Class B
				Stabilized	Value-Add*	Stabilized Value-Add*
Seattle/Pacific NW Cap Rates	CBRE ¹	CBD		4.75% - 5.25%	6.25% - 6.75%	5.75% - 6.25% 7.00% - 7.50%
		Suburban		5.50% - 6.00%	6.75% - 7.50%	6.25% - 6.75% 7.50% - 8.25%
	PWC/Korpaz	CBD	5.85%			
		Suburban	6.90%			
	Pac NW:	CBD	5.74%			
		Suburban	6.89%			
	ACLI	Seattle	6.52%			
		Pac. NW	5.94%			
	IRR: Viewpoint	CBD		5.25%		6.00%
		Suburban		6.00%		7.00%
National	West Region:	CBD		6.23%		6.79%
		Suburban		6.73%		7.26%
	CoStar Sales Data ²	King County	4.96% (blended)	4.77% (blended)		5.50% (blended)
	RERC Report ³	CBD	5.90%			
		Suburban	6.50%			
	ACLI	All	5.90%			
	PWC/Korpaz	CBD	6.16%			
		Suburban	6.66%			
	IRR: Viewpoint	CBD		7.05%		7.43%
		Suburban		7.84%		8.06%
	RERC Report	CBD	6.90%			
		Suburban	7.40%			

*Value-Add refers to underperforming office properties with above-market vacancy or requiring high capital expenditures

¹ CBRE professionals' opinion of where Cap Rates are likely to trend in H1 2015

² Arms-length investment sales 50k SF and larger, between 1/1/2011 and 12/31/14 within King County

³ For 1st Tier Properties, defined as new or newer quality const. in prime to good location

The following pages contain the full Capitalization Rate summary table.

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

SEATTLE / REGIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
CoStar	Yr. End 2014	King Co.	6.22%	-	-	Sales Price Under \$5 Million
			5.27%	-	-	Sales Price Over \$5 Million
			-	6.24%	-	Sales Price Under \$5 Million
			-	6.57%	-	Sales Price Over \$5 Million
			-	-	5.58%	Sales Price Under \$5 Million
			-	-	5.18%	Sales Price Over \$5 Million
RERC: Real Estate Report Valuation Rates & Metrics	4Q2014					1 st Tier properties are defined as new or newer quality const. in prime to good location; 2 nd Tier properties are defined as aging, former 1 st tier in good to average locations; 3 rd Tier are defined as older properties w/ functional inadequacies and/or marginal locations.
		Seattle	5.90%	-	-	Office CBD – 1 st Tier Properties
			6.50%	-	-	Suburban Office – 1 st Tier Properties
			-	6.10%	-	Warehouse – 1 st Tier Properties
			-	6.80%	-	R&D – 1 st Tier Properties
			-	6.70%	-	Flex – 1 st Tier Properties
			-	-	5.70%	Regional Mall – 1 st Tier Properties
			-	-	6.30%	Power Center – 1 st Tier Properties
			-	-	6.40%	Neigh/Comm. Ctrs. – 1 st Tier Properties
		West Region	6.50%	-	-	Office CBD – 1 st Tier Properties
			7.10%	-	-	Office CBD – 2 nd Tier Properties
			7.90%	-	-	Office CBD – 3 rd Tier Properties
			6.90%	-	-	Suburban Office – 1 st Tier Properties
			7.40%	-	-	Suburban Office – 2 nd Tier Properties
			8.10%	-	-	Suburban Office – 3 rd Tier Properties
			-	6.50%	-	Warehouse – 1 st Tier Properties
			-	7.10%	-	Warehouse – 2 nd Tier Properties
			-	7.90%	-	Warehouse – 3 rd Tier Properties
			-	7.00%	-	R&D – 1 st Tier Properties
			-	7.40%	-	R&D – 2 nd Tier Properties
			-	8.10%	-	R&D – 3 rd Tier Properties
			-	6.90%	-	Flex – 1 st Tier Properties
			-	7.50%	-	Flex – 2 nd Tier Properties
			-	8.20%	-	Flex – 3 rd Tier Properties
			-	-	6.40%	Regional Mall – 1 st Tier Properties
			-	-	7.10%	Regional Mall – 2 nd Tier Properties
			-	-	7.80%	Regional Mall – 3 rd Tier Properties
			-	-	6.60%	Power Center – 1 st Tier Properties
			-	-	7.20%	Power Center – 2 nd Tier Properties
			-	-	8.00%	Power Center – 3 rd Tier Properties
			-	-	6.70%	Neigh/Comm. Ctr. – 1 st Tier Properties
			-	-	7.20%	Neigh/Comm. Ctr. – 2 nd Tier Properties
			-	-	8.00%	Neigh/Comm. Ctr. – 3 rd Tier Properties
PWC / Korpaz	4Q2014	Seattle	6.38%	-	-	Overall - 4.00% to 9.00%
			5.85%	-	-	CBD Office
			6.90%	-	-	Suburban Office
		Pac. NW	6.31%	-	-	Overall - 4.00% to 9.00%
			5.74%	-	-	CBD Office
			6.89%	-	-	Suburban Office
ACLI	Yr. End 2014	Seattle MSA Pacific Region	6.52%	6.66%	5.52%	
			5.94%	6.08%	6.57%	

NATIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Valuation Rates & Metrics	4Q2014					1 st Tier properties are defined as new or newer quality const. in prime to good location
		National	6.90% 7.40% - - - - -	- - 7.20% 7.60% 7.60% - -	- - - - - 6.90% 7.20% 7.20%	Office CBD – 1 st Tier Properties Suburban Office – 1 st Tier Properties Warehouse – 1 st Tier Properties R&D – 1 st Tier Properties Flex – 1 st Tier Properties Regional Mall – 1 st Tier Properties Power Center – 1 st Tier Properties Neigh/Comm. Ctrs. – 1 st Tier Properties
IRR: Viewpoint for 2015	Yr. End 2014	National	7.05% 7.84% 7.43% 8.06% - - - -	- - - - 7.11% 7.79% - -	- - - - - - 6.83% 7.17% 7.33%	<u>Institutional Grade Properties"</u> CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Industrial – Class A Flex Industrial – Class A Reg. Mall – Class A Community Retail – Class A Neighborhood Retail – Class A
ACLI	Yr. End 2014	National	5.90% 7.50% 6.09% - 6.83% 5.67%	6.90% 7.49% 6.96% - 7.49% 6.74%	6.46% 7.17% 6.11% - 6.44% 6.20%	Overall Sq. Ft. - <50k Sq. Ft. - 50k-200k Sq. Ft. - 200K+
PWC / Korpaz	4Q2014	National	6.16% 6.66% 7.27% - - - -	- - - 7.53% 5.82% - -	- - - - - 6.21% 6.60% 7.05%	CBD Office - (3.75% - 8.00%) Sub. Office - (5.00% - 9.00%) Medical Office - (4.25% - 10.00%) Flex/R&D - (6.00% - 10.00%) Warehouse - (4.50% - 7.00%) Mall- A+ = 4.88% A = 5.47% B+ = 6.67% Power Center - (5.50% - 8.00%) Neigh. Strip Ctrs. - (5.00% - 10.00%)
The Boulder Group: Net Lease Market Report	4Q2014	National West Region	7.31% - - - - - -	8.03% - - - - - -	6.50% 6.71% 6.00% 7.00% 6.78% 6.72% 6.48% 5.75%	Overall (Average) Big Box "Overall" Big Box "Investment Grade" Big Box "Non-Investment Grade" Jr. Big Box - (20,000/SF – 39,999/SF) Mid. Big Box - (40,000/SF – 79,999/SF) Mega Big Box - (80,000/SF +) Overall (Average)

The published office capitalization rates again indicate that rates for the Seattle Metropolitan Area are lower than the national rates. Seattle is one of the top ten largest office markets in the nation and is considered a top-tier market. With the return of capital markets, low interest rates, and strong investor interest in the Puget Sound office market, capitalization rates have fallen significantly for well-leased, institutional grade office buildings based on sales in 2014 and early 2015. This is supported by the local and national published capitalization rates provided in this report.

When market sales are available an attempt is made during the sales verification process to ascertain the capitalization rate on the sale or a pro-forma cap rate. Whenever possible information on the occupancy level, lease rates, tenancy terms, and expenses is collected to determine how the sale compares to the current economic parameters of the market and how the leased fee cap rate compares to a fee simple cap rate.

The following table shows the typical capitalization rates used in the 1/01/2015 revaluation of the properties in the office specialty (cap rates higher than these ranges are applied to properties with extreme vacancy):

Typical Capitalization Rates Applied		
Office Building Type	Market	Capitalization Rate Applied*
Class A+ & A	Seattle (highrise, midrise, lowrise in CBD & downtown sub-areas)	5.00% - 6.75%
Class A	Seattle Close-In (Fremont, U-District, Northgate, West Seattle)	5.50% - 7.25%
Class B	Seattle CBD (downtown sub-areas)	6.00% - 7.75%
Class A+ & A	Bellevue CBD (highrise, midrise, lowrise), Mercer Island, & Kirkland Waterfront	5.00% - 6.75%
Class A- & B	Bellevue CBD	5.75% - 7.25%
Class A & B	Eastside Suburban	5.75% - 7.25%
Class A & B	Southend	7.00% - 8.00%
Medical Office Bldgs.	All County	5.25% - 7.25%

The range of capitalization rates reflect the building age, quality and competitiveness with the lower rates applied to the higher quality office buildings. Higher rates might be applied to the lesser quality office buildings or to properties that have higher than the normal sub-market vacancy, substantial sub-lease vacancy, or physical issues that result in higher operating expenses or require additional capital investment. These are often referred to as value-add properties.

Typical Income Parameters Applied

The following table briefly describes the typical income parameters utilized in each of the six market segments. It is important to note that the table represents “typical” parameters and is not all inclusive. Some properties were valued using parameters outside of the ranges provided in the summary table

Typical Income Parameters				
Segment	Rent Range per SF*	Vacancy/ Coll. Loss %	Operating Expenses/SF	Capitalization Rate %
Seattle CBD & Downtown	\$17.00 - \$37.00	10% - 15%	\$7.50 - \$12.00	5.00% - 7.25%
Seattle North	\$22.00 - \$28.00	10% - 20%	\$8.00 - \$9.00	6.00% - 7.25%
Bellevue CBD	\$24.00 - \$36.50	10% - 15%	\$9.00 - \$11.50	5.00% - 7.25%
Suburban Eastside	\$23.00 - \$35.00	10% - 20%	\$8.50 - \$11.50	6.00% - 7.25%
South End	\$16.00 - \$28.00	15% - 20%	\$6.00 - \$9.75	7.00% - 8.00%
Medical Office Buildings	\$24.00 - \$36.00	10%	\$9.50 - \$14.00	5.25% - 7.25%

*Full Service

In addition to the income parameters presented above, some of the Major Office properties contain a portion of retail space which needs to be considered. Retail lease rates applied in the Seattle CBD and Downtown submarkets typically ranged from \$15 to \$30 per square foot on a triple net basis. Typical retail vacancy and collection losses of 5% of the potential gross income were applied, as well as 5% triple net operating expenses. In the Bellevue CBD, retail rents typically ranged from \$25 to \$30 per square foot on a triple net basis.

Parking Income

In addition to office and retail space rents, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%.

Unreserved monthly and daily rates and occupancy rates were provided by the 2013 Puget Sound Regional Council Parking Inventory for the Downtown Seattle and Bellevue CBD parking zones. No turnaround on the daily spaces was recognized. A parking expense rate of 15% to 25% was applied to parking income to arrive at a net parking income contribution figure with the stand-alone parking garages typically incurring the higher expenses.

The following is a description of the parking income parameters used in the income approach to value the Downtown Seattle and Bellevue CBD office properties. Properties in the Southend and Suburban markets do not typically generate significant, if any, income from parking. A map of the parking neighborhoods is included in the addendum of the office report.

Seattle CBD			
Nbhd Zone	Daily Rate	Monthly Rate	Occupancy
1	\$16.75	\$174.50	47.00%
2	\$14.81	N/A*	53.90%
3	\$18.63	\$194.50	79.60%
4	\$23.76	\$238.73	63.10%
5	\$25.06	\$280.82	70.70%
6	\$18.66	\$229.70	67.00%
7	\$23.00	\$300.04	57.10%
8	\$24.56	\$296.66	63.90%
9	\$17.55	\$193.54	55.90%
10	\$19.47	\$202.83	62.40%
11	\$11.04	\$164.89	62.90%
12	\$16.41	\$225.83	57.20%
13	\$17.07	\$238.16	65.50%
Lower Queen Anne/South Lake Union			
Nbhd Zone	Daily Rate	Monthly Rate	Occupancy
17	\$15.22	\$190.00	39.30%
18	\$15.74	\$137.97	34.10%
19	\$12.08	\$139.04	53.90%

Bellevue CBD			
Nbhd Zone	Daily Rate	Monthly Rate	Occupancy
1	\$12.50	\$130.36	48.30%
2	\$14.00	\$171.52	56.90%
3	\$15.91	\$189.82	34.20%
4	\$17.51	\$173.33	55.00%
5	N/A	N/A	40.50%
6	\$15.00	N/A	32.90%
7	\$5.50	N/A	43.90%

First Hill			
Nbhd Zone	Daily Rate	Monthly Rate	Occupancy
14	\$19.62	\$187.56	63.90%
15	\$16.44	\$208.91	31.70%
16	\$11.93	\$151.40	62.90%
University District			
Nbhd Zone	Daily Rate	Monthly Rate	Occupancy
1	\$10.40	\$116.00	56.60%
2	\$10.13	\$125.11	61.50%
3	\$12.11	\$140.67	56.70%
4	\$12.71	\$139.53	78.00%
9	\$6.00	\$50.00	59.90%

Reconciliation and or validation study of calibrated value

Each parcel was individually reviewed by the specialty appraiser for correctness of the model application before the final value was selected. The income approach to valuation is given the greatest weight in the final analysis due to the information available.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value is 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.

The 1/01/2015 valuation reflects the changing office market dynamics as of the valuation date. These include declining market vacancy rates in most submarkets, increasing effective lease rates, and capitalization rates that are generally low for quality office buildings with high occupancy or office buildings with higher vacancy that are well-located in the stronger submarkets.

These factors have resulted in higher valuations for most of the institutional grade office properties in the Seattle and Eastside office submarkets, and flat or minor value changes for properties with high vacancy or those located in the weaker submarkets.

Application of these recommended values for the 2015 assessment year results in a total change from the 2014 assessments of 9.68%. This increase does not include new construction value from Major Office projects currently under construction. These will be added later during the new construction maintenance period (new construction is valued as of July 31st, 2015).

The total assessed value for the 2014 assessment year was \$15,695,500 and the total recommended assessed value for the 2015 assessment year is \$17,215,142,370.

Change in Total Assessed Value			
2014 Total Value	2015 Total Value	\$ Change	% Change
\$15,695,616,500	\$17,215,142,370	\$1,519,525,870	9.68%

Improved Sales for Area 280 (Sales from 2012, 2013, & 2014 were considered)

Area 280-10 (Seattle CBD & First Hill) Sales:

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	010	094200	0050	554,945	2702067	\$219,950,000	11/21/14	\$396	1111-3 AVE BUILDING	DOC1 U/450/U	1	Y	Ivanhoe Cambridge purchased the property along with the adjacent 1100 Second Ave (-0045 & -0070, E#2702070), a 5-story historic office building, in two simultaneous but separate transactions totaling \$279,950,000 or an average of \$413/SF. The two properties had been part of a 2.6M SF portfolio owned by a Goldman Sachs subsidiary that was pushed into receivership in 2012. The general receiver invested more than \$10M in upgrades to the property prior to the sale, and was able to raise the occupancy rate from about 40% to about 65% at the time of sale. Asking rates for currently vacant space aren't advertised.
280	010	094200	0590	129,000	2699099	\$50,350,000	10/31/14	\$390	PACIFIC BLDG	DOC1 U/450/U	1	Y	This sale price is 42% higher than the property's prior sale just 19 months prior (March 2013) for \$34,450,000 or \$275/SF. The property's vacancy rate had substantially improved over this time from about 25% vacant at its prior sale to around 6% at the date of this sale. No Cap Rate information was disclosed. Currently vacant space is being marketed at an asking rate of \$35/SF Full Service.
280	010	610845	0110	2,547	2669173	\$1,150,000	05/16/14	\$452	NORDSTROM ELMER J MEDICAL TOWER MIO-200-HR		1	Y	Medical condominium on "Pill Hill"
280	010	093900	0435	940,648	2608541	\$389,800,000	05/31/13	\$414	WELLS FARGO CENTER	DOC1 U/450/U	1	Y	47-story Class A highrise acquired by Ivanhoe Cambridge. The property was 74% occupied at the time of sale and traded at a 4.50% Cap Rate. LEED certified building with onsite management, retail, parking, a conference center, and restaurants.
280	010	610845	0130	1,566	2601293	\$607,608	04/15/13	\$388	NORDSTROM ELMER J MEDICAL TOWER MIO-200-HR		1	Y	Medical condominium on "Pill Hill"
280	010	094200	0590	129,000	2596437	\$35,450,000	03/28/13	\$275	PACIFIC BLDG	DOC1 U/450/U	1	Y	22-story Class A-/B+ CBD high-rise with 18.5% direct vacancy & \$28 - \$31/SF full-service asking rates as of sale date - renovated in 2009 - off-market transaction - CBD. Originally built in 1970.
280	010	610845	0122	709	2582099	\$380,000	12/28/12	\$536	NORDSTROM ELMER J MEDICAL TOWER MIO-200-HR		1	Y	Medical condominium on "Pill Hill"
280	010	859040	0395 0376 0375	205,148	2579993	\$99,964,000	12/18/12	\$487	7TH & MADISON OFFICE BLDG. -ec units NC3-160		3	Y	100% leased to Polyclinic with 20 years remaining on the lease - high level of build-out to convert shell structure to medical office building - sale does not include adjacent parking structure
280	010	918450	0010 0020	872,026	2539735	\$480,000,000	04/20/12	\$550	RUSSELL INVESTMENTS CENTER- SEATTLE	DOC1 U/450/U	2	Y	42-story Class A+ high-rise with 3.2% vacancy & net asking rates of \$35-\$42/sf at sale - LEED Certified Platinum bldg. with many high credit tenants -CBD

Area 280-20 (Lake Union, Denny Regrade & Fremont) Sales:

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	020	182504	9072 9075 9088 9132	120,777	2706623	\$70,077,827	12/19/14	\$580	STONE34 - BROOKS HQ - OTHER PARCEL IC-45		4	Y	Property is subject to a 55-year ground lease; according to news articles the ground lease was transferred to the new owners. The original developer sold the property to a partnership of Laird Norton & Unico at a reported Cap Rate of 5.30% on actuals or 5.60% based on pro forma. Marketing time was not disclosed, however it was estimated at 1 to 3 months. Occupancy was reported at 92%, with vacant space consisting of ground floor retail. The office space is fully leased to Brooks as their corporate headquarters. Their flagship retail store occupies almost half of the ground floor retail space. Building was built as part of the city's Deep Green Pilot Program which requires water/energy use to be 75% less than comparable buildings. The retail space is being marketed for lease with asking rates of \$30-\$34/SF NNN, with expenses at \$5.80/SF.
280	020	065900	0305	297,470	2676850	\$101,000,000	06/30/14	\$340	720 OLIVE BLDG	DOC2 500/300-500	1	Y	Hines sold the property to a partnership of Prudential and Talon. Property was reportedly 16% vacant at the time of sale. Costar is reporting the property traded at a 5.10% Cap Rate. Buyers plan on investing around \$10M upgrading the building, including a new lobby, ground floor retail space, possibly a conference center, fitness center, and expanded bicycle storage. About half of the current tenant's leases will roll over within the next three years, giving the new owner an opportunity to re-lease the building at higher rents.
280	020	066000	1135	312,700	2646910	\$150,375,000	12/23/13	\$481	1800 9th Avenue Building	DMC 340/290-400	1	Y	Prudential Realty Group and Talon Private Capital sold to Heitman America Real Estate Trust. Building sold at 5% cap rate and it was 97% leased at time of sale with Amazon occupying 200,000 SF in early 2013. This building was purchased from Regence in 2011 for \$76.5 million though it was less than 40% occupied then. A major renovation was done before the building was put up for sale: full service cafe, completely renovated lobby in 2012 with common areas that have comfortable sitting space and WiFi, exterior deck, fitness center with shower and lockers, an 80 person conference center. Property was listed for one month before it sold though no asking price was set and final sales price was set by mutual negotiations.
280	020	093900	0335	295,515	2638206	\$66,000,000	10/28/13	\$223	EXCHANGE BLDG	DMC 340/290-400	1	Y	Building was 67% leased at time of sale and was considered a high vacancy building. Price was approximately \$223 per SF of NRA. Sellers had a broker. The price is 18% less than what the sellers paid for the property in 2007. About 90,000 SF was vacated earlier in 2013 though a full floor lease was pending as of October. Actual cap rate was 3.70%. Originally built in 1929

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	020	198620	0275	130,710	2629321	\$97,379,767	09/10/13	\$745	202 WESTLAKE - OFFICE SITE	SM 160/85-240	1	Y	2013 Class A+ Midrise with office space 100% leased to Amazon from 9/13 for 15 years or 2028 with yearly escalations and with no contraction or termination options - highest unit value of any Seattle metropolitan area office sale in current rising office market - per Kidder Mathews the cap rate was just over 5.1% - per CoStar the NNN cap rate was 5.26%
280	020	066000	2381	184,691	2621396	\$106,407,264	07/31/13	\$576	METROPOLITAN PARK NORTH BUILDING DMC 240/290-400		1	Y	Class A 11-story office bldg with full occupancy at sale - office space, which is 74% of NRA, will be occupied by Amazon under lease from 11/13 through 10/23 - large parking structure also serves Met Pk E & W Bldgs - fringe CBD
280	020	197720	0280	131,142	2617334	\$71,200,000	07/11/13	\$543	MARKET PLACE ONE & TWO	PMM-85	1	Y	Two Class A 7 & 4 story midrise with 10.5% vacancy at sale and full-service asking rates of \$33 - \$35/sf, unobstructed Elliott Bay & Olympic Mtn. views - waterfront sub-market
280	020	094200	0550	171,305	2617270	\$34,500,000	07/10/13	\$201	CENTRAL BUILDING	DOC1 U/450/U	1	Y	Class B 8-story history landmark midrise sold with 14% vacancy and \$18 - \$24/sf full-service asking rates per officespace.com - 29,094 sf street-level retail - bldg renovated from 2002 - 2007 - CBD. Originally built in 1907
280	020	093900	0260	313,380	2591790	\$76,605,111	03/01/13	\$244	DEXTER HORTON BUILDING	DMC 340/290-400	1	Y	15-story Class B+ midrise with 10% vacancy at sale and full-service asking rates of \$25 - \$32/SF - seismic upgrades and renovations occurred from 2000 - 2006 with \$34m spent. Originally built in 1922.
280	020	197570	0095	114,989	2589231	\$28,238,000	02/14/13	\$246	LOGAN BLDG	DRC 85-150	1	Y	10-story Class B+ midrise with 6.8% vacancy & full-service asking rates of \$23 - \$26/sf - strong retail por.- CBD. Originally built in 1958
280	020	198620	0185	329,341	2584971	\$169,950,000	01/16/13	\$516	WESTLAKE TERRY - EAST BLDG	SM 160/85-240	2	Y	Two 6-story Class A offices - 100% occupied - main office tenants are Group Health HQ's & Microsoft (Group Health & Vulcan were sellers) - 42,700 SF of street-level retail - South Lake Union
280	020	198320	0150	1,815,595	2580854	\$1,154,269,079	12/21/12	\$636	AMAZON CORPORATE OFFICES	IC-65 IC-85	15	Y	11 Class A Midrise office headquarter buildings in South Lake Union purchased by sole office tenant Amazon with leases running 14 to 16 years - built in 5 phases from 2010 - 2012 - 9 new and 2 renovated historic buildings - premium price paid by Amazon to own their own buildings rather than having multiple landlords - per Seattle Times 10/05/12 "Amazon had projected 5 years ago that it would pay \$1.5 B in rent, OE, and TI's during the lease terms of the South Lake Union buildings" - reported largest U.S. commercial real estate transaction in 2012 - owner/user all cash transaction - reported 4.7% cap rate
			0585		2580855								
			0260		2580858								
			0270		2580860								
			0290		2580862								
			0325		2580863								
			0360										
			0375										
		198620	0350										
			0370										
		198620	0410										
			0418										
			0420										
			0450										
			0460										
280	020	065900	0750	498,891	2576134	\$278,680,000	11/28/12	\$559	WEST 8TH	DOC2 500/300-500	1	Y	28-story Class A+ high-rise with 3% vacancy & full-service asking rates of \$35 - \$44/sf - Amazon leased 2/3rds of building in the 4th Qtr of 2011 - Denny Regrade

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	020	197470	0120	1,114,847	2572507	\$548,784,720	10/25/12	\$492	1201 THIRD AVE (former Washington N	DOC1 U/450/U	1	Y	55-story Class A+ high-rise with 13% total vacancy & full-service asking lease rates of \$30 - \$50/sf - CBD
280	020	066000	2410	363,727	2547166	\$111,815,931	06/04/12	\$307	METROPOLITAN PARK II - EAST	DMC 340/290-400	1	Y	20-story 1988 Class A high-rise with 8% direct vacancy & full-service asking rates of \$28 - \$30/sf - CBD
280	020	066000	2054	336,041	2547175	\$98,180,069	06/04/12	\$292	METROPOLITAN PARK I (West) OFFICE I	DMC 340/290-400	1	Y	18-story 1980 Class A high-rise with 26.5% direct vacancy & full-service asking rates of \$27 - \$30/sf - buyer also purchased Met Park East - CBD
280	020	197320	0389	111,304	2546578	\$39,000,000	06/01/12	\$350	LAKE VIEW AT FREMONT	IC-65	1	Y	4-story Class A 2008 office with 100% occupancy - buyer also purchased Adobe & Plaza Offices - sales do not include land but assumption of long-term ground lease - Fremont/Canal District
280	020	020900	0030 0050	175,267	2545941	\$49,050,000	05/30/12	\$280	REPUBLICAN BUILDING	SM-75	2	Y	Multi-parcel purchase of Class A 5-story office with 0% direct vacancy & new 500 Yale with 76% vacancy & \$25/sf NNN asking rate - South Lake Union
280	020	065900	0555	213,979	2544950	\$54,765,150	05/24/12	\$256	PLAZA 600 BUILDING	DOC2 500/300-500	1	Y	20-story Class A high-rise with 19% vacancy & full-service asking rates of \$28 - \$32/sf & \$7.43/sf operating expenses - CBD
280	020	065900	0165	598,000	2536954	\$137,000,000	04/02/12	\$229	QWEST PLAZA	DOC2 500/300-500	1	Y	33-story Class A high-rise needing renovation was 40% occupied at sale - seller CenturyLink will lease back its current space for 10 yrs - Nordstrom will lease about 300,000 SF & move in fall 2012 - estimated cost of renovation is \$10m - CBD
280	020	094200	0025 0030	509,252	2531237	\$185,970,909	02/23/12	\$365	2ND & SENECA BLDG	DOC1 U/450/U	2	Y	2nd & Seneca is 22-story Class A+ high-rise 87% leased - purchased with 1101 2nd which was 88% vacant - 2nd & Seneca valued at \$180m and 1101 2nd at \$10m (difference between recorded sale price due to pro-rations & free rent considered) - CBD

Area 280-30 (Pioneer Square & South Seattle) Sales:

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	030	766620	3300	130,000	2679402	\$18,000,000	07/16/14	\$138	HOLGATE CENTER	IG2 U/85	1	Y	Property wasn't widely exposed to the market. The property consists of three structures: Bldg1) is a 110,000 SF, two-story, office building; Bldg2) is a 20,000 SF Office Depot retail store; and Bldg3) is a one-story parking garage. Total net rentable area is estimated at 130,000 SF. The property was reportedly 100% occupied at the time of sale and traded at a 7.30% Cap Rate based on income at the time of sale.
280	030	524780	0200 0201 0203 547960 0010	220,461	2653222	\$57,640,000	02/12/14	\$261	MERRILL PLACE	PSM 100/100-120	4	Y	4 interconnected buildings involved in this sale: office and retail space and an above ground parking structure. The properties were 85% leased at the end of 2013. The actual cap rate was 5.20% and pro-forma for 1st year was listed at 4.9%. Escrow time was approximately 37 days. Sellers used a broker for this transaction. All cash transaction.
280	030	766620	6220	106,496	2648608	\$27,675,000	12/24/13	\$260	ZULILY OFFICE BUILDING - OLD OLYMPIC	IG2 U/85	1	Y	This was a single tenant building that was entirely occupied by Zulily. It was renovated in 1999. The building was 100% leased at the time of sale though the lease expired June 2013 and buyers were aware it would be completely vacant by July 2014. Zulily was relocating to the Seattle Trade & Technology building. This was an all cash, off market deal with a 45 day escrow. Originally built in 1900
280	030	880970	0050	253,769	2625250	\$97,893,651	08/20/13	\$386	UNION STATION CONDOMINIUM-	IDM-65-150	1	Y	Class A 11-story midrise sold with 20% vacancy and \$20 - \$25/sf NNN asking rate - urban campus of 5 bldgs - rent roll includes tech companies Intel, Attachmate, Globys - in proximity to transit hub - International District/Pioneer Square - 5.8% cap rate
280	030	766620	6900 6895	470,942	2621395	\$224,936,666	07/31/13	\$478	505 FIRST AVENUE BUILDING	PSM-85-120	2	Y	Two buildings: Class B+ 8-story 83 King St with allocated price of \$49,575,541 with 17.6% vac & asking rates of \$28 - \$30/sf full-service & adjacent new Class A 7-story 505 1st Ave Bldg with allocated price of \$164,117,195 with 5% vac & NNN asking rates of \$20- \$25/sf - Seller had previously purchased the properties in 8/11 for \$124,825,000
280	030	880970	0030 0040	319,844	2595904	\$96,900,000	03/27/13	\$303	UNION STATION CONDOMINIUM-	IDM-65-150	2	Y	605 Union is a Class A 9-story midrise with 4.3% vacancy & 625 Union is a Class A 4-story office with 0% vacancy - \$20 - \$25/sf NNN asking rates - sale includes parking easements in parking condo - Pioneer Square/International District submarket

Area 280-40 (Seattle Waterfront) Sales:

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	040	766620	2080 2110 2133	299,523	2598722	\$142,500,000	04/03/13	\$476	Elliott West Bldg 3 - Cell Thereapeutics/IC-45		3	Y	Three - 4 & 5-story Class A+ offices fully leased to F5 Networks with lease from 4/2013 thru 2/2022 at effective base rate for term of \$28.12/SF NNN & 2 5-year extensions - cap rate was 5.91%. Located in the waterfront sub-market.

Area 280-50 (Bellevue CBD and Suburban Bellevue) Sales:

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	050	813530	0020 0115 0120	302,311	2706219	\$90,690,576	12/18/14	\$300	SUNSET CORPORATE CENTER	OLB	3	Y	The property was reportedly on the market for about 120 days prior to going under contract. Occupancy was 85% at closing and the property traded at a 6% (ballpark) Cap Rate. The buyer is New York Life. HTC is the largest tenant, occupying two floors, followed by Booking.com who leases 1 and 1/3 floors. In addition to the two office buildings, the sale also included the Bright Horizons child care center (-0120) located in a 8,954 SF free-standing building behind the two office buildings. Currently vacant space is being marketed at \$24/SF NNN with expenses estimated at \$10.57/SF.
280	050	292505	9048 9357 9358	490,096	2649703	\$186,500,000	01/14/14	\$381	US BANK PLAZA	DNTNO-2	3	Y	This sale that includes two office buildings plus a parking garage located on NE 8th St in the Bellevue CBD. The location is prime. Property was 81% leased at time of sale with 52 tenants. Currently vacant space is being marketed at \$36-\$36/SF, Full Service.
280	050	322505	9066	495,949	2559935	\$228,765,000	08/21/12	\$461	City Center Bellevue	DNTNO-1	1	Y	Class A+ 27-story 1986 office - 9% vacancy with \$35 - \$40/sf full-service asking rates & \$10.48/sf operating expenses
280	050	322505	9016	408,460	2555120	\$186,990,000	07/24/12	\$458	SKYLINE TOWER	DNTNO-1	1	Y	Class A+ 24-story 1983 office - 14% total vacancy with \$38 - \$42/sf full-service asking rates & \$9.77/sf operating expenses
280	050	322505	9058 9163	574,970	2572566	\$374,650,000	11/02/12	\$652	CITY CENTER PLAZA (CITY CENTER II)	DNTNO-1	2	Y	2008 Class A+ 26-story high-rise 96% leased to Microsoft through 2024 with 3 options to renew for 5 yrs at 95% of fair market rent - 100% leased at sale - 17% increase from 7/10 sale

Area 280-60 (Seattle North & Eastside Suburban) Sales:

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	060	273810	0010 0005 172280 1320	406,459	2703777	\$24,931,086	12/02/14	\$61	SEATTLE DESIGN CENTER	IG2 U/85	3	Y	High-vacancy value-add property. This sale price is 56% below the property's prior sale price in June of 2007. The property consists of two buildings connected by a skybridge. The property was more than 50% vacant at the time of sale. Sur La Table vacated their 40,000 SF headquarters space at the end of 2013. The buyer is a boutique investment firm out of Beverly Hills who plans to invest more than \$20M renovating and reconfiguring the property. The existing showroom tenants in the Plaza building will be consolidated and moved into the Atrium building allowing the buyer to convert the Plaza building into revamped creative office space. The buyer hopes to attract big tech firms looking for lower cost alternatives to Pioneer Square as well as more amenities such as on-site parking. The buildings will be renamed. Marketing materials state the property had a year one projected NOI of \$1.3M indicating a pro forma Cap Rate of 5.21%. Vacant office space (apparently pre-renovation though it's not clear) is currently being marketed at \$18/SF NNN with expenses at \$6/SF.
280	060	131830	0020	101,252	2674561	\$15,925,000	06/20/14	\$157	MARYMOOR TECHNOLOGY CENTER	BP	1	Y	REO sale – Class A 2009 3-story office 100% vacant in shell condition for 2 years – asking rate at sale was \$19/sf NNN – short marketing period – foreclosed in 3/11 – now named Marymoor Technology Center – Redmond submarket
280	060	723160 192305	0542 9001 9023	395,103	2664944	\$59,962,790	04/29/14	\$152	TRITON TOWER ONE	CO	3	Y	Hines/Oaktree purchased the three, 7-story office buildings from HAL. Financial information was not disclosed, however it was estimated that the property had approx 10% vacancy. Boeing is the primary tenant. Currently vacant space is advertised on Loopnet at \$16.50/SF NNN
280	060	012204	9012	218,585	2646470	\$17,600,000	12/19/13	\$81	The Creeksides at CenterPoint	M1	1	Y	Asking lease rates were \$14/SF NNN. At the time of sale, building 1 - was 67.7% leased, building 2 - was 79.1% leased, and building 3 - 33.3% leased. Due to the high vacancy and lower rents, plus the buyer's own knowledge that lease up time would be long, a price of \$17,600,000 was determined to be fair. No financial distress was reported on the part of the seller and they merely wanted to divest themselves of this asset.

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	060	392700	0270 0280 0290	105,000	2635810	\$26,312,014	10/15/13	\$251	SCHNITZER NORTH CREEK BUILDING A	R-AC, OP, CB, LI	3	Y	Sellers were represented by CBRE. Gross sales price for this particular transaction was \$26,312,014 which also included two vacant underlying parcels. The building was reported to be 100% occupied at time of sale. Though this was part of a bulk sale transaction, it was coded as a good sale due to the performance of the property.
280	060	215465	0080	186,612	2575364	\$19,760,000	11/20/12	\$106	32275 32ND AVENUE SOUTH - former WOP-1		1	Y	2-story 1999 office building mostly vacant for several years – sold as value-add investment by Weyerhaeuser – after sale leased to DiVita a national kidney care company with headquarters in Tacoma – Federal Way
280	060	012204 189570	9110 0010 0020 0030	436,170	2562920	\$46,245,000	09/04/12	\$106	Center point Corporate Park	M1	4	Y	Two 8-story & one 4-story 1986 office bldgs. & 1-story commons (retail) – total vacancy of 45% with \$13 - \$16/sf NNN asking rates & \$8.32/sf operating expenses – seller acquired the property following the filing of a deed in lieu of foreclosure in 2/12 - Kent
280	060	215465	0050	99,690	2549637	\$17,050,607	06/20/12	\$171	I-5 TECHNOLOGY CENTER (former East COP-1		1	Y	2-story 2001 office - 90% leased with \$14.25/sf NNN asking rates – Dept. of Homeland Security occupies 1/3rd of bldg. until 2014 – Federal Way – 2nd of two sales of property

2015 Physically Inspected Properties
Area 280-50

This map displays the geographic distribution of properties inspected in 2015 within Area 280-50, which encompasses parts of Kirkland, Bellevue, and Redmond, Washington. The inspected properties are marked with blue dots. The map shows a high concentration of these properties in the central-eastern part of the area, particularly between NE 10th St and NE 24th St, and between Bellevue Way NE and NE 116th Ave NE. Other notable clusters are located near NE 8th St and SE 8th St, and along SE 156th Ave SE. The map also illustrates the surrounding infrastructure, including major highways (I-90, I-5, SR 520), local streets, and natural features like Lake Washington and the Bellevue Municipal Golf Course.

USPAP Compliance

Client and Intended Use of the Appraisal:

This mass appraisal report is intended for use by the public, King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others for other purposes is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a mass appraisal report as stated in USPAP SR 6-8. To fully understand this report the reader may need to refer to the Assessor's Property Record Files, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.

The purpose of this report is to explain and document the methods, data and analysis used in the revaluation of King County. King County is on a six year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The Revaluation Plan is subject to their periodic review.

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65).

The true and fair value of a property in money for property tax valuation purposes is its "market value" or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

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

Highest and Best Use

RCW 84.40.030

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

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

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

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

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

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

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

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

Date of Value Estimate

RCW 84.36.005

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law.

RCW 36.21.080

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year.

Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date of valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

Property Rights Appraised: Fee Simple

Wash Constitution Article 7 § 1 Taxation:

All taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax and shall be levied and collected for public purposes only. The word "property" as used herein shall mean and include everything, whether tangible or intangible, subject to ownership. All real estate shall constitute one class.

Trimble v. Seattle, 231 U.S. 683, 689, 58 L. Ed. 435, 34 S. Ct. 218 (1914)

...the entire [fee] estate is to be assessed and taxed as a unit...

Folsom v. Spokane County, 111 Wn. 2d 256 (1988)

...the ultimate appraisal should endeavor to arrive at the fair market value of the property as if it were an unencumbered fee...

The Dictionary of Real Estate Appraisal, 3rd Addition, Appraisal Institute.

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Assumptions and Limiting Conditions:

1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.
4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.

5. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.
6. The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.
7. The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.
8. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
9. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
10. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.
11. An attempt to segregate personal property from the real estate in this appraisal has been made.
12. Items which are considered to be "typical finish" and generally included in a real property transfer, but are legally considered leasehold improvements are included in the valuation unless otherwise noted.
13. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.
14. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.
15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.

Scope of Work Performed:

Research and analyses performed are identified in the body of the revaluation report. The assessor has no access to title reports and other documents. Because of legal limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. Disclosure of interior home features and, actual income and expenses by property owners is not a requirement by law therefore attempts to obtain and analyze this information are not always successful. The mass appraisal performed must be completed in the time limits indicated

in the Revaluation Plan and as budgeted. The scope of work performed and disclosure of research and analyses not performed are identified throughout the body of the report.

CERTIFICATION:

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

- *The statements of fact contained in this report are true and correct*
- *The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *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.*
- *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:*
 1. *Physical inspection*
 2. *Appeal response preparation & appeal hearing appearances*
 3. *Market data collection*
 4. *Sales Verification*
 5. *new construction data collection & valuation*

7/20/2015

Andrew Murray
Commercial Appraiser II

Date

Area 280 - Major Offices
2015 Assessment Year

Parcel Number	Assessed Value	Sale Price	Sale Date	Ratio	Diff: Median
094200-0030	177,069,800	185,970,909	2/23/2012	0.9521	0.1184
065900-0165	138,542,000	137,000,000	4/2/2012	1.0113	0.1776
918450-0020	425,081,000	480,000,000	4/20/2012	0.8856	0.0519
065900-0555	48,512,000	54,765,150	5/24/2012	0.8858	0.0521
020900-0050	48,316,300	49,050,000	5/30/2012	0.9850	0.1513
197320-0389	35,714,000	39,000,000	6/1/2012	0.9157	0.0820
066000-2054	91,024,000	98,180,069	6/4/2012	0.9271	0.0934
066000-2410	102,238,000	111,815,931	6/4/2012	0.9143	0.0806
215465-0050	16,448,900	17,050,607	6/20/2012	0.9647	0.1310
322505-9016	170,921,000	186,990,000	7/24/2012	0.9141	0.0804
322505-9066	198,262,700	228,765,000	8/21/2012	0.8667	0.0330
012204-9110	46,277,300	46,245,000	9/4/2012	1.0007	0.1670
197470-0120	457,522,000	548,784,720	10/25/2012	0.8337	0.0000
322505-9058	299,390,200	374,650,000	11/2/2012	0.7991	0.0346
215465-0080	20,357,700	19,760,000	11/20/2012	1.0302	0.1965
065900-0750	239,945,000	278,680,000	11/28/2012	0.8610	0.0273
859040-0395	86,209,000	99,964,000	12/18/2012	0.8624	0.0287
198320-0150	55,828,000	75,891,506	12/21/2012	0.7356	0.0981
198320-0290	158,193,000	218,373,230	12/21/2012	0.7244	0.1093
198320-0325	140,160,100	177,769,223	12/21/2012	0.7884	0.0453
198320-0585	85,931,000	110,233,937	12/21/2012	0.7795	0.0542
198620-0350	163,847,000	209,206,999	12/21/2012	0.7832	0.0505
198620-0410	272,328,700	362,794,185	12/21/2012	0.7506	0.0831
610845-0122	216,700	380,000	12/28/2012	0.5703	0.2634
198620-0185	147,076,000	169,950,000	1/16/2013	0.8654	0.0317
197570-0095	23,876,000	28,238,000	2/14/2013	0.8455	0.0118
093900-0260	67,256,000	76,605,111	3/1/2013	0.8780	0.0443
880970-0030	86,693,000	96,900,000	3/27/2013	0.8947	0.0610
094200-0590	32,868,000	35,450,000	3/28/2013	0.9272	0.0935
766620-2080	119,382,000	142,500,000	4/3/2013	0.8378	0.0041
610845-0130	482,100	607,608	4/15/2013	0.7934	0.0403
093900-0435	284,532,000	389,800,000	5/31/2013	0.7299	0.1038
094200-0550	27,539,000	34,500,000	7/10/2013	0.7982	0.0355
197720-0280	51,220,000	71,200,000	7/11/2013	0.7194	0.1143
066000-2381	78,889,000	106,407,264	7/31/2013	0.7414	0.0923
766620-6900	153,845,000	224,936,666	7/31/2013	0.6839	0.1498
880970-0050	69,069,000	97,893,651	8/20/2013	0.7056	0.1281
198620-0275	65,791,000	97,379,767	9/10/2013	0.6756	0.1581
392700-0270	23,221,200	26,312,014	10/15/2013	0.8825	0.0488
093900-0335	55,820,000	66,000,000	10/28/2013	0.8458	0.0121
012204-9012	17,600,000	17,600,000	12/19/2013	1.0000	0.1663
066000-1135	123,083,000	150,375,000	12/23/2013	0.8185	0.0152
766620-6220	22,405,000	27,675,000	12/24/2013	0.8096	0.0241
292505-9357	114,639,100	186,500,000	1/14/2014	0.6147	0.2190
524780-0200	41,052,100	57,640,000	2/12/2014	0.7122	0.1215
723160-0542	52,826,300	59,962,790	4/29/2014	0.8810	0.0473

Area 280 - Major Offices
2015 Assessment Year

610845-0110	785,500	1,150,000	5/16/2014	0.6830	0.1507
131830-0020	14,580,300	15,925,000	6/20/2014	0.9156	0.0819
065900-0305	77,734,000	101,000,000	6/30/2014	0.7696	0.0641
766620-3300	14,527,000	18,000,000	7/16/2014	0.8071	0.0266
094200-0590	32,868,000	50,350,000	10/31/2014	0.6528	0.1809
094200-0050	96,393,000	219,950,000	11/21/2014	0.4382	0.3955
273810-0010	31,253,800	24,931,086	12/2/2014	1.2536	0.4199
813530-0020	55,704,300	90,690,576	12/18/2014	0.6142	0.2195
182504-9072	29,577,400	70,077,827	12/19/2014	0.4221	0.4116

Area 280 - Major Offices
2015 Assessment Year

Quadrant/Crew:	Appr date :	Date:	Sales Dates:																				
North Crew	1/1/2014	7/15/2015	1/1/12 - 12/19/2014																				
Area	Appr ID:	Prop Type:	Trend used?: Y / N																				
280	AMUR	Improvement	N																				
SAMPLE STATISTICS																							
Sample size (n)	55	<div>Ratio Frequency</div> <table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.5-0.6</td><td>2</td></tr><tr><td>0.6-0.7</td><td>1</td></tr><tr><td>0.7-0.8</td><td>6</td></tr><tr><td>0.8-0.9</td><td>15</td></tr><tr><td>0.9-1.0</td><td>17</td></tr><tr><td>1.0-1.1</td><td>10</td></tr><tr><td>1.1-1.2</td><td>3</td></tr><tr><td>1.2-1.3</td><td>1</td></tr><tr><td>1.3-1.4</td><td>0</td></tr></tbody></table>		Ratio	Frequency	0.5-0.6	2	0.6-0.7	1	0.7-0.8	6	0.8-0.9	15	0.9-1.0	17	1.0-1.1	10	1.1-1.2	3	1.2-1.3	1	1.3-1.4	0
Ratio	Frequency																						
0.5-0.6	2																						
0.6-0.7	1																						
0.7-0.8	6																						
0.8-0.9	15																						
0.9-1.0	17																						
1.0-1.1	10																						
1.1-1.2	3																						
1.2-1.3	1																						
1.3-1.4	0																						
Mean Assessed Value	99,835,000																						
Mean Sales Price	124,869,600																						
Standard Deviation AV	99,180,259																						
Standard Deviation SP	121,617,589																						
ASSESSMENT LEVEL																							
Arithmetic mean ratio	0.817	<div>These figures reflect measurements before posting new values.</div>																					
Median Ratio	0.834																						
Weighted Mean Ratio	0.800																						
UNIFORMITY																							
Lowest ratio	0.4221																						
Highest ratio:	1.2536																						
Coefficient of Dispersion	12.83%																						
Standard Deviation	0.1433																						
Coefficient of Variation	17.53%																						
Price-related Differential	1.02																						
RELIABILITY																							
95% Confidence: Median																							
Lower limit	0.783																						
Upper limit	0.878																						
95% Confidence: Mean																							
Lower limit	0.780																						
Upper limit	0.855																						
SAMPLE SIZE EVALUATION																							
N (population size)	307																						
B (acceptable error - in decimal)	0.05																						
S (estimated from this sample)	0.1433																						
Recommended minimum:	30																						
Actual sample size:	55																						
Conclusion:	OK																						
NORMALITY																							
Binomial Test																							
# ratios below mean:	26																						
# ratios above mean:	29																						
z:	0.269679945																						
Conclusion:	Normal*																						
*i.e., no evidence of non-normality																							

Area 280 - Major Offices
2015 Assessment Year

Parcel Number	Assessed Value	Sale Price	Sale Date	Ratio	Diff: Median
610845-0122	237,200	380,000	12/28/2012	0.6242	0.2750
182504-9072	44,234,700	70,077,827	12/19/2014	0.6312	0.2679
094200-0050	139,646,000	219,950,000	11/21/2014	0.6349	0.2643
198620-0275	66,859,000	97,379,767	9/10/2013	0.6866	0.2126
766620-6900	155,012,000	224,936,666	7/31/2013	0.6891	0.2100
292505-9357	132,092,700	186,500,000	1/14/2014	0.7083	0.1909
198320-0290	161,033,000	218,373,230	12/21/2012	0.7374	0.1617
610845-0110	859,800	1,150,000	5/16/2014	0.7477	0.1515
198320-0150	56,853,000	75,891,506	12/21/2012	0.7491	0.1500
880970-0050	74,365,000	97,893,651	8/20/2013	0.7597	0.1395
198620-0410	277,734,100	362,794,185	12/21/2012	0.7655	0.1336
197720-0280	55,996,000	71,200,000	7/11/2013	0.7865	0.1127
198320-0585	87,356,000	110,233,937	12/21/2012	0.7925	0.1067
066000-2381	84,329,000	106,407,264	7/31/2013	0.7925	0.1067
198620-0350	166,806,000	209,206,999	12/21/2012	0.7973	0.1018
198320-0325	142,296,100	177,769,223	12/21/2012	0.8005	0.0987
524780-0200	46,691,300	57,640,000	2/12/2014	0.8101	0.0891
094200-0590	40,800,000	50,350,000	10/31/2014	0.8103	0.0888
093900-0435	318,532,000	389,800,000	5/31/2013	0.8172	0.0820
322505-9058	309,739,700	374,650,000	11/2/2012	0.8267	0.0724
813530-0020	75,829,000	90,690,576	12/18/2014	0.8361	0.0630
766620-6220	23,174,000	27,675,000	12/24/2013	0.8374	0.0618
610845-0130	527,700	607,608	4/15/2013	0.8685	0.0307
766620-2080	124,544,000	142,500,000	4/3/2013	0.8740	0.0252
065900-0750	248,925,000	278,680,000	11/28/2012	0.8932	0.0059
859040-0395	89,735,000	99,964,000	12/18/2012	0.8977	0.0015
198620-0185	152,626,000	169,950,000	1/16/2013	0.8981	0.0011
066000-1135	135,212,000	150,375,000	12/23/2013	0.8992	0.0000
766620-3300	16,317,000	18,000,000	7/16/2014	0.9065	0.0073
197570-0095	25,736,000	28,238,000	2/14/2013	0.9114	0.0122
197470-0120	500,906,000	548,784,720	10/25/2012	0.9128	0.0136
094200-0550	31,823,000	34,500,000	7/10/2013	0.9224	0.0232
392700-0270	24,634,600	26,312,014	10/15/2013	0.9362	0.0371
093900-0335	61,831,000	66,000,000	10/28/2013	0.9368	0.0377
065900-0555	51,738,000	54,765,150	5/24/2012	0.9447	0.0456
322505-9066	218,100,600	228,765,000	8/21/2012	0.9534	0.0542
093900-0260	73,042,000	76,605,111	3/1/2013	0.9535	0.0543
723160-0542	57,680,900	59,962,790	4/29/2014	0.9619	0.0628
880970-0030	93,729,000	96,900,000	3/27/2013	0.9673	0.0681
918450-0020	465,587,000	480,000,000	4/20/2012	0.9700	0.0708
065900-0305	98,648,000	101,000,000	6/30/2014	0.9767	0.0775
131830-0020	15,694,100	15,925,000	6/20/2014	0.9855	0.0863
322505-9016	184,289,000	186,990,000	7/24/2012	0.9856	0.0864
215465-0050	17,058,100	17,050,607	6/20/2012	1.0004	0.1013
066000-2410	112,060,000	111,815,931	6/4/2012	1.0022	0.1030
012204-9012	17,884,300	17,600,000	12/19/2013	1.0162	0.1170

Area 280 - Major Offices
2015 Assessment Year

066000-2054	99,949,000	98,180,069	6/4/2012	1.0180	0.1189
197320-0389	40,069,000	39,000,000	6/1/2012	1.0274	0.1282
012204-9110	47,627,800	46,245,000	9/4/2012	1.0299	0.1307
273810-0010	25,952,200	24,931,086	12/2/2014	1.0410	0.1418
094200-0030	199,454,900	185,970,909	2/23/2012	1.0725	0.1733
065900-0165	154,323,000	137,000,000	4/2/2012	1.1264	0.2273
215465-0080	22,393,400	19,760,000	11/20/2012	1.1333	0.2341
094200-0590	40,800,000	35,450,000	3/28/2013	1.1509	0.2518
020900-0050	58,613,100	49,050,000	5/30/2012	1.1950	0.2958

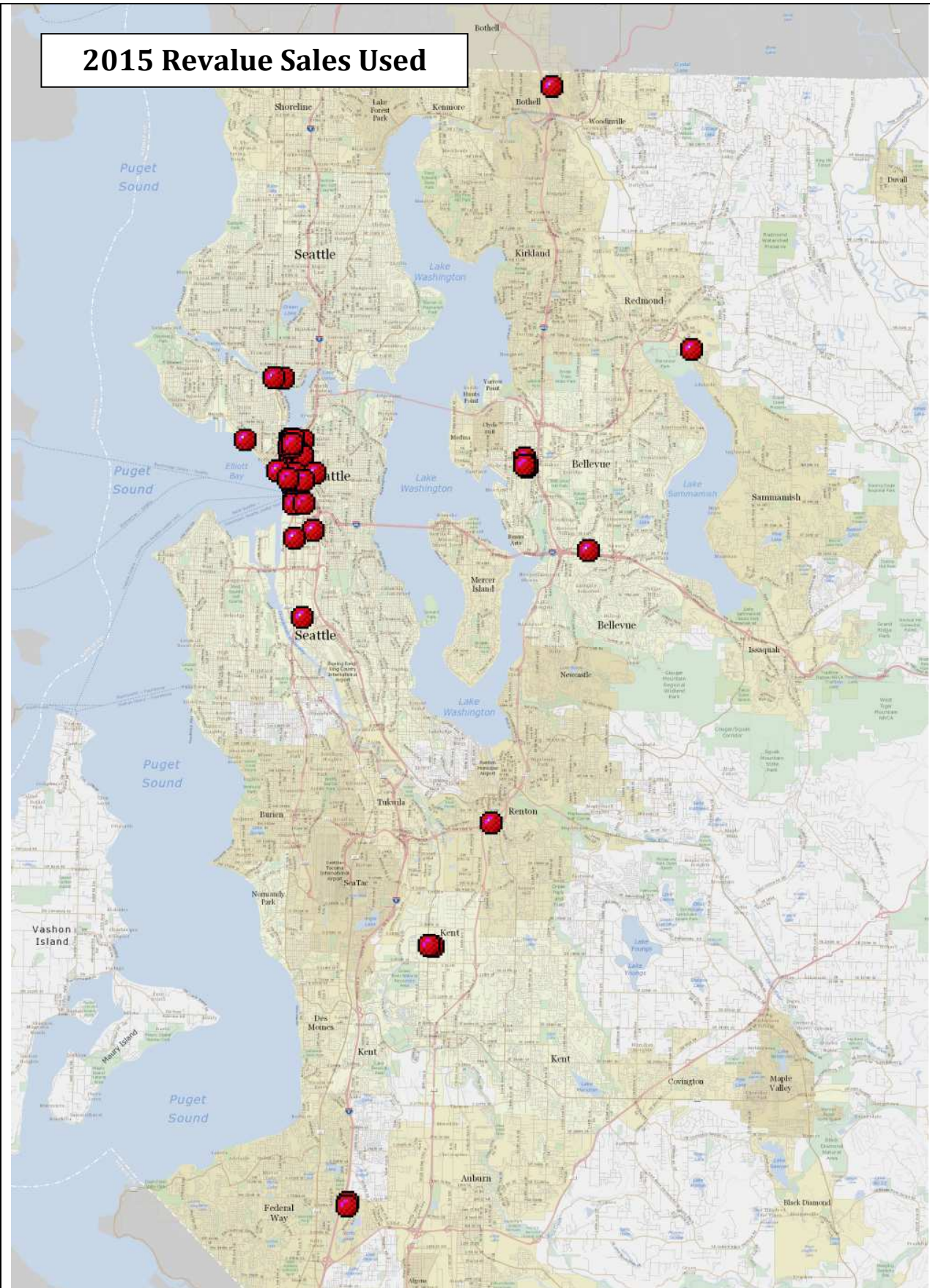
Area 280 - Major Offices
2015 Assessment Year

Quadrant/Crew:	Appr date :	Date:	Sales Dates:
North Crew	1/1/2015	7/15/2015	1/1/12 - 12/19/2014
Area	Appr ID:	Prop Type:	Trend used?: Y / N
280	AMUR	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	55		
Mean Assessed Value	108,508,800		
Mean Sales Price	124,869,600		
Standard Deviation AV	106,704,102		
Standard Deviation SP	121,617,589		
ASSESSMENT LEVEL			
Arithmetic mean ratio	0.891		
Median Ratio	0.899		
Weighted Mean Ratio	0.869		
UNIFORMITY			
Lowest ratio	0.6242		
Highest ratio:	1.1950		
Coefficient of Dispersion	12.06%		
Standard Deviation	0.1345		
Coefficient of Variation	15.10%		
Price-related Differential	1.03		
RELIABILITY			
95% Confidence: Median		These figures reflect measurements after posting new values.	
Lower limit	0.827		
Upper limit	0.953		
95% Confidence: Mean			
Lower limit	0.856		
Upper limit	0.927		
SAMPLE SIZE EVALUATION			
N (population size)	307		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1345		
Recommended minimum:	27		
Actual sample size:	55		
Conclusion:	OK		
NORMALITY			
Binomial Test			
# ratios below mean:	24		
# ratios above mean:	31		
z:	0.809039835		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			

Ratio Frequency

Ratio	Frequency
0.7	5
0.8	10
0.9	13
1.0	15
1.1	8
1.2	4
1.3	0
1.4	0
1.5	0

2015 Revalue Sales Used



The information included on this map has been compiled by King County staff from a variety of sources and is subject to change without notice. King County makes no representation or warranties, express or implied, as to the accuracy, completeness, timeliness, or rights to the use of such information. King County shall not be liable for any general, special, indirect, incidental, or consequential damages including, but not limited to, lost revenues or lost profits resulting from the use or misuse of the information contained on this map. Any sale of this map or information on this map is prohibited except by written permission of King County.



King County
Assessments
9/10/15

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	020	182504	9072	120,777	2706623	\$70,077,827	12/19/14	\$580.22	STONE34 - BROOKS HQ - OTHER PARCELS 9132, 9075, 90	IC-45	4	Y	
280	050	813530	0020	302,311	2706219	\$90,690,576	12/18/14	\$299.99	SUNSET CORPORATE CENTER	OLB	3	Y	
280	060	273810	0010	406,459	2703777	\$24,931,086	12/02/14	\$61.34	SEATTLE DESIGN CENTER	IG2 U/85	3	Y	
280	010	094200	0050	554,945	2702067	\$219,950,000	11/21/14	\$396.35	1111-3 AVE BUILDING	DOC1 U/450/U	1	Y	
280	010	094200	0590	129,000	2699099	\$50,350,000	10/31/14	\$390.31	PACIFIC BLDG	DOC1 U/450/U	1	Y	
280	030	766620	3300	130,000	2679402	\$18,000,000	07/16/14	\$138.46	HOLGATE CENTER	IG2 U/85	1	Y	
280	020	065900	0305	297,470	2676850	\$101,000,000	06/30/14	\$339.53	720 OLIVE BLDG	DOC2 500/300-500	1	Y	
280	060	131830	0020	101,252	2674561	\$15,925,000	06/20/14	\$157.28	MARYMOOR TECHNOLOGY CENTER	BP	1	Y	
280	010	610845	0110	2,547	2669173	\$1,150,000	05/16/14	\$451.51	NORDSTROM ELMER J MEDICAL TOWER CONDOMINIUM	MIO-200-HR	1	Y	
280	060	723160	0542	395,103	2664944	\$59,962,790	04/29/14	\$151.76	TRITON TOWER ONE	CO	3	Y	
280	030	524780	0200	220,461	2653222	\$57,640,000	02/12/14	\$261.45	MERRILL PLACE	PSM 100/100-120	4	Y	
280	050	292505	9357	490,096	2649703	\$186,500,000	01/14/14	\$380.54	US BANK PLAZA	DNTNO-2	3	Y	
280	030	766620	6220	106,496	2648608	\$27,675,000	12/24/13	\$259.87	ZULILY OFFICE BUILDING - OLD OLYMPIC COLD STG	IG2 U/85	1	Y	
280	020	066000	1135	312,700	2646910	\$150,375,000	12/23/13	\$480.89	1800 9th Avenue Building	DMC 340/290-400	1	Y	
280	060	012204	9012	218,585	2646470	\$17,600,000	12/19/13	\$80.52	The Creeksides at CenterPoint	M1	1	Y	
280	020	093900	0335	295,515	2638206	\$66,000,000	10/28/13	\$223.34	EXCHANGE BLDG	DMC 340/290-400	1	Y	
280	060	392700	0270	105,000	2635810	\$26,312,014	10/15/13	\$250.59	SCHNITZER NORTH CREEK BUILDING A	R-AC, OP, CB, LI	3	Y	
280	000	198620	0275	130,710	2629321	\$97,379,767	09/10/13	\$745.01	202 WESTLAKE - OFFICE SITE	SM 160/85-240	1	Y	
280	000	880970	0050	253,769	2625250	\$97,893,651	08/20/13	\$385.76	UNION STATION CONDOMINIUM-	IDM-65-150	1	Y	
280	000	066000	2381	184,691	2621396	\$106,407,264	07/31/13	\$576.14	METROPOLITAN PARK NORTH BUILDING	DMC 240/290-400	1	Y	
280	000	766620	6900	470,942	2621395	\$224,936,666	07/31/13	\$477.63	505 FIRST AVENUE BUILDING	PSM-85-120	2	Y	
280	020	197720	0280	131,142	2617334	\$71,200,000	07/11/13	\$542.92	MARKET PLACE ONE & TWO	PMM-85	1	Y	
280	020	094200	0550	171,305	2617270	\$34,500,000	07/10/13	\$201.40	CENTRAL BUILDING	DOC1 U/450/U	1	Y	
280	000	093900	0435	940,648	2608541	\$389,800,000	05/31/13	\$414.40	WELLS FARGO CENTER	DOC1 U/450/U	1	Y	
280	000	610845	0130	1,566	2601293	\$607,608	04/15/13	\$388.00	NORDSTROM ELMER J MEDICAL TOWER CONDOMINIUM	MIO-200-HR	1	Y	
280	000	766620	2080	299,523	2598722	\$142,500,000	04/03/13	\$475.76	Elliott West Bldg 3 - Cell Therepeutics/Admin. Office	IC-45	3	Y	
280	000	094200	0590	129,000	2596437	\$35,450,000	03/28/13	\$274.81	PACIFIC BLDG	DOC1 U/450/U	1	Y	
280	000	880970	0030	0	2595904	\$96,900,000	03/27/13	\$0.00	UNION STATION CONDOMINIUM-	IDM-65-150	2	Y	
280	020	093900	0260	313,380	2591790	\$76,605,111	03/01/13	\$244.45	DEXTER HORTON BUILDING	DMC 340/290-400	1	Y	
280	020	197570	0095	114,989	2589231	\$28,238,000	02/14/13	\$245.57	LOGAN BLDG	DRC 85-150	1	Y	
280	020	198620	0185	329,341	2584971	\$169,950,000	01/16/13	\$516.03	WESTLAKE TERRY - EAST BLDG	SM 160/85-240	2	Y	
280	000	610845	0122	709	2582099	\$380,000	12/28/12	\$535.97	NORDSTROM ELMER J MEDICAL TOWER CONDOMINIUM	MIO-200-HR	1	Y	
280	000	198320	0150	115,484	2580855	\$75,891,506	12/21/12	\$657.16	AMAZON - Interurban Exchange 2 -BLDG 1B	IC-65	1	Y	
280	000	198320	0290	325,713	2580854	\$218,373,230	12/21/12	\$670.45	AMAZON - 1A - NORTH/SOUTH/VAN VORST - Interurban Ex	IC-65	3	Y	
280	000	198320	0325	316,306	2580860	\$177,769,223	12/21/12	\$562.02	AMAZON - PHASE 3 - ALL IMPS ON THIS PARCEL	IC-65	3	Y	
280	000	198320	0585	172,371	2580858	\$110,233,937	12/21/12	\$639.52	AMAZON OFFICE (Phase 2)	IC-65	1	Y	
280	000	198620	0350	335,992	2580863	\$209,206,999	12/21/12	\$622.65	PHASE V OF AMAZON. -ALL IMPS ON 0350 (MINOR 0370 &	IC-85	2	Y	
280	000	198620	0410	549,729	2580862	\$362,794,185	12/21/12	\$659.95	AMAZON - PHASE 4 - BLDG 4 N & 4 E DATA ON THIS PARC	IC-65	5	Y	
280	000	859040	0395	205,148	2579993	\$99,964,000	12/18/12	\$487.28	7TH & MADISON OFFICE BLDG. -ec units 0375 & 0376	NC3-160	3	Y	
280	000	065900	0750	498,891	2576134	\$278,680,000	11/28/12	\$558.60	WEST 8TH	DOC2 500/300-500	1	Y	

Improvement Sales for Area 280 with Sales Used

07/15/2015

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	000	215465	0080	186,612	2575364	\$19,760,000	11/20/12	\$105.89	32275 32ND AVENUE SOUTH - former WEYERHAEUSER NC	OP-1	1	Y	
280	000	322505	9058	574,970	2572566	\$374,650,000	11/02/12	\$651.60	CITY CENTER PLAZA (CITY CENTER II)	DNTNO-1	2	Y	
280	020	197470	0120	1,114,847	2572507	\$548,784,720	10/25/12	\$492.25	1201 THIRD AVE (former Washington Mutual Tower)	DOC1 U/450/U	1	Y	
280	000	012204	9110	436,170	2562920	\$46,245,000	09/04/12	\$106.03	Center point Corporate Park	M1	4	Y	
280	070	322505	9066	495,949	2559935	\$228,765,000	08/21/12	\$461.27	City Center Bellevue	DNTNO-1	1	Y	
280	000	322505	9016	408,460	2555120	\$186,990,000	07/24/12	\$457.79	SKYLINE TOWER	DNTNO-1	1	Y	
280	000	215465	0050	99,690	2549637	\$17,050,607	06/20/12	\$171.04	I-5 TECHNOLOGY CENTER (former East Campus II)	OP-1	1	Y	
280	000	066000	2410	363,727	2547166	\$111,815,931	06/04/12	\$307.42	METROPOLITAN PARK II - EAST	DMC 340/290-400	1	Y	
280	020	066000	2054	336,041	2547175	\$98,180,069	06/04/12	\$292.17	METROPOLITAN PARK I (West) OFFICE BLDG	DMC 340/290-400	1	Y	
280	000	197320	0389	111,304	2546578	\$39,000,000	06/01/12	\$350.39	LAKE VIEW AT FREMONT	IC-65	1	Y	
280	000	020900	0050	175,267	2545941	\$49,050,000	05/30/12	\$279.86	REPUBLICAN BUILDING	SM-75	2	Y	
280	020	065900	0555	213,979	2544950	\$54,765,150	05/24/12	\$255.94	PLAZA 600 BUILDING	DOC2 500/300-500	1	Y	
280	000	918450	0020	872,026	2539735	\$480,000,000	04/20/12	\$550.44	RUSSELL INVESTMENST CENTER- SEATTLE ART MUSEUM	DOC1 U/450/U	2	Y	
280	020	065900	0165	598,000	2536954	\$137,000,000	04/02/12	\$229.10	QWEST PLAZA	DOC2 500/300-500	1	Y	
280	020	094200	0030	509,252	2531237	\$185,970,909	02/23/12	\$365.18	2ND & SENECA BLDS	DOC1 U/450/U	2	Y	

Improvement Sales for Area 280 with Sales not Used

07/15/2015

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	000	066000	2381	184,691	2535062	\$61,000,000	03/23/12	\$330.28	METROPOLITAN PARK NORTH BUI	DMC 240/290-400	1	63	Sale price updated by sales id group
280	000	766620	2515	128,763	2577606	\$97,000	11/29/12	\$0.75	NATIONAL BUILDING	DMC-160	1	63	Sale price updated by sales id group
280	000	069600	0175	196,487	2633955	\$160,000	09/10/13	\$0.81	5TH & BELL BUILDING	DMR/C 240/125	1	66	Condemnation/eminant domain
280	010	065900	0165	598,000	2673622	\$382,812	06/11/14	\$0.64	1600 SEVENTH AVENUE (QWEST F	DOC2 500/300-500	1	42	Development rights to cnty,cty,or pr
280	010	094200	0470	914,733	2692123	\$111,362,225	09/23/14	\$121.74	BANK OF AMERICA FIFTH AVENUE	DOC1 U/450/U	1	33	Lease or lease-hold
280	010	094200	0470	914,733	2692119	\$165,000,000	09/25/14	\$180.38	BANK OF AMERICA FIFTH AVENUE	DOC1 U/450/U	1	44	Tenant
280	020	093900	0060	256,481	2536294	\$36,795,000	03/29/12	\$143.46	SMITH TOWER	PSM-245	2	62	Auction sale
280	020	094200	0550	171,305	2605257	\$227,250	05/15/13	\$1.33	CENTRAL BUILDING	DOC1 U/450/U	1	43	Development rights parcel to prvt se

2015 Physically Inspected Properties
Area 280-50

The map displays the city of Bellevue, Washington, with various streets and landmarks. Major roads shown include NE 8th St, NE 24th St, NE 51st St, and NE 80th St. Landmarks such as Lake Washington, the Bellevue Municipal Golf Course, and the Kirkland Bridge are also visible. Blue dots indicate the locations of properties inspected in 2015. The map is titled "2015 Physically Inspected Properties Area 280-50".



King County
Assessments
9/10/15

Neighborhood	Major	Minor	PropName	SitusAddress
50	006000	0010	MICROSOFT ADVANTA - BLDG A	3007 160TH AVE SE
50	006000	0020	MICROSOFT ADVANTA - BLDG B	No Situs Address
50	006000	0030	MICROSOFT ADVANTA - BLDG C	No Situs Address
50	006000	0040	MICROSOFT ADVANTA PARKING GARAGE - LOT D	No Situs Address
50	066287	0010	BELLEVUE GATEWAY ONE BLDG	11400 SE 8TH ST
50	068570	0060	BELLEVUE PLACE PARKING	825 106TH AVE NE
50	068570	0065	BELLEVUE PLACE PARKING	839 106TH AVE NE
50	068599	0010	BELLEVUE CORPORATE PLAZA	600 108TH AVE NE
50	092405	9257	STERLING PLAZA	3535 128TH AVE SE
50	092405	9259	STERLING PLAZA PHASE II	3545 128TH AVE SE
50	104360	0000	BRAVERN, THE	11111 NE 8TH ST
50	104700	0005	COLUMBIA WEST BUILDING	155 108TH AVE NE
50	128360	0060	EASTGATE OFFICE PARK	15325 SE 30TH PL
50	154410	0208	PACCAR - BUSINESS CENTER BUILDING	777 106TH AVE NE
50	154410	0219	Key Center	601 108TH AVE NE
50	154410	0230	KEY CENTER (IMPS ON MINOR 0219)	No Situs Address
50	154410	0233	SYMETRA FINANCIAL CENTER (former Rainie	777 108TH AVE NE
50	154410	0254	ONE BELLEVUE CENTER	411 108TH AVE NE
50	154410	0316	EXPEDIA BUILDING	333 108TH AVE NE
50	154410	0320	Civica Office Commons	225 108TH AVE NE
50	172505	9058	CARILLON POINT	1200 CARILLON PT
50	172505	9120	CARILLON POINT	5245 LAKE WASHINGTON BLVD
50	292505	9048	PLAZA CENTER BUILDING	10900 NE 8TH ST
50	292505	9056	BELLEVUE PLACE	10500 NE 8TH ST
50	292505	9084	BELLEVUE PLACE (ASSOCIATED WITH TAX LOT	2421 BELLEVUE WAY NE
50	292505	9271	One Twelfth @ Twelfth	1110 112TH AVE NE
50	292505	9357	US BANK PLAZA	10800 NE 8TH ST
50	292505	9358	PLAZA CENTER & US BANK PLAZA PARKING GAR	10900 NE 8TH ST
50	322505	9016	SKYLINE TOWER	10900 NE 4TH ST
50	322505	9058	CITY CENTER PLAZA (CITY CENTER II)	555 110TH AVE NE
50	322505	9066	City Center Bellevue	500 108TH AVE NE
50	322505	9134	LINCOLN PLAZA OFFICE PARK	600 112TH AVE SE
50	322505	9163	CITY CENTER PLAZA - UNDERGROUND GARAGE/P	555 110TH AVE NE
50	322505	9181	TRULIA CENTER	110 110TH AVE NE
50	327595	0000	HIDDEN VALLEY OFFICE PARK	1750 112TH AVE NE
50	432342	0000	LINCOLN SQUARE OFFICE	604 BELLEVUE WAY NE
50	531510	0546	ISLAND CORPORATE CENTER	7525 SE 24TH ST
50	531510	1015	FARMERS NEW WORLD LIFE INS CO	3003 77TH AVE SE
50	600950	0035	PLAZA EAST	11110 NE 8TH ST
50	606763	0020	TWO NEWPORT	3625 132ND AVE SE
50	606763	0030	NEWPORT TOWER	3650 131ST AVE SE
50	606763	0040	FOUR NEWPORT BUILDING	3655 131ST AVE SE
50	606763	0050	FIVE NEWPORT PLAZA	12920 SE 38TH PL
50	606763	0060	NEWPORT TERRACE OFFICE	3617 131ST AVE SE
50	644811	0090	OVERLAKE HOSPITAL - PARKING GARAGE	1035 116TH AVE NE
50	644811	0100	OVERLAKE MEDICAL OFFICE BUILDING	1135 116TH AVE NE
50	644811	0190	OVERLAKE MEDICAL PAVILION	1231 116TH AVE NE
50	808120	0010	SUMMIT BUILDINGS I & II (PSE EAST BLDG &	355 110TH AVE NE
50	808120	0020	SUMMIT III - PHASE C - BELOW GRADE PARKI	320 108TH AVE NE
50	813530	0020	SUNSET CORPORATE CENTER	13810 SE EASTGATE WAY
50	813530	0060	SUNSET RIDGE BLDG. #3 - SUNSET NORTH	3180 139TH AVE SE
50	813530	0070	SUNSET RIDGE BLDG. #4 - SUNSET NORTH	3150 139TH AVE SE
50	813530	0080	SUNSET RIDGE BLDG. #5 - SUNSET NORTH	3120 139TH AVE SE
50	813530	0090	SUNSET RIDGE NORTH - PARKING GARAGE	3100 139TH AVE SE

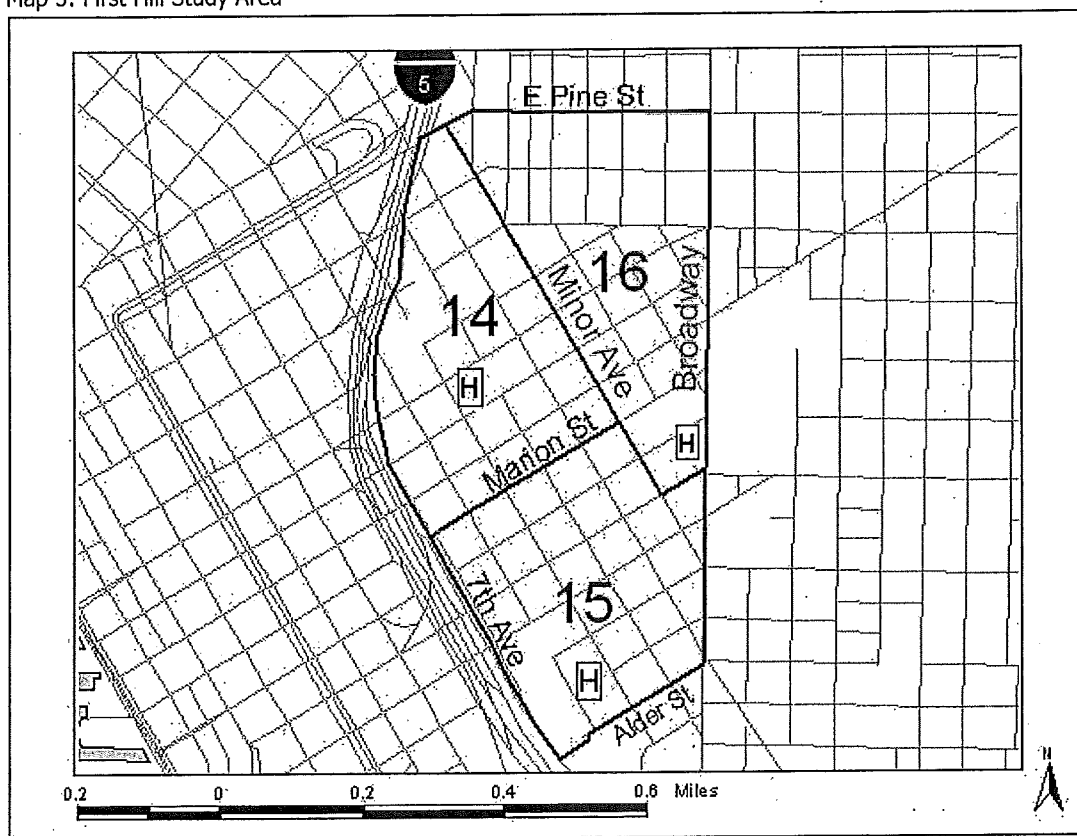
Figure 2 shows the South Old Bridge area, divided into 13 numbered study areas. The map includes major roads like Denny Way, Westlake Ave, Olive Way, and various numbered streets (1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th). A scale bar at the bottom indicates distances from 0 to 1 mile. A north arrow is located in the bottom right corner.

First Hill

Study Area - *Parking Neighborhoods*

The First Hill study area consists of 212 acres and is bordered by E. Pine Street to the north, Broadway to the east, Alder Street to the south and I-5 to the west (Map 3). First Hill is made up of three zones, 14, 15 and 16. Only that portion of First Hill that provides parking for the CBD or includes the major medical complexes is included in the study area. This study area contains some of the major medical facilities in the region including Swedish Hospital (Zone 16), Virginia Mason Hospital (Zone 14) and Harborview Medical Center (Zone 15).

Map 3: First Hill Study Area



Parking Availability

Parking stalls within the First Hill study area decreased by an average annual rate of 2.5 percent between 2002 and 2004, a total change of 5 percent (Table 8). This continued the trend seen between 1999 and 2002, when the First Hill area lost a total of 7.7 percent of its parking stalls.

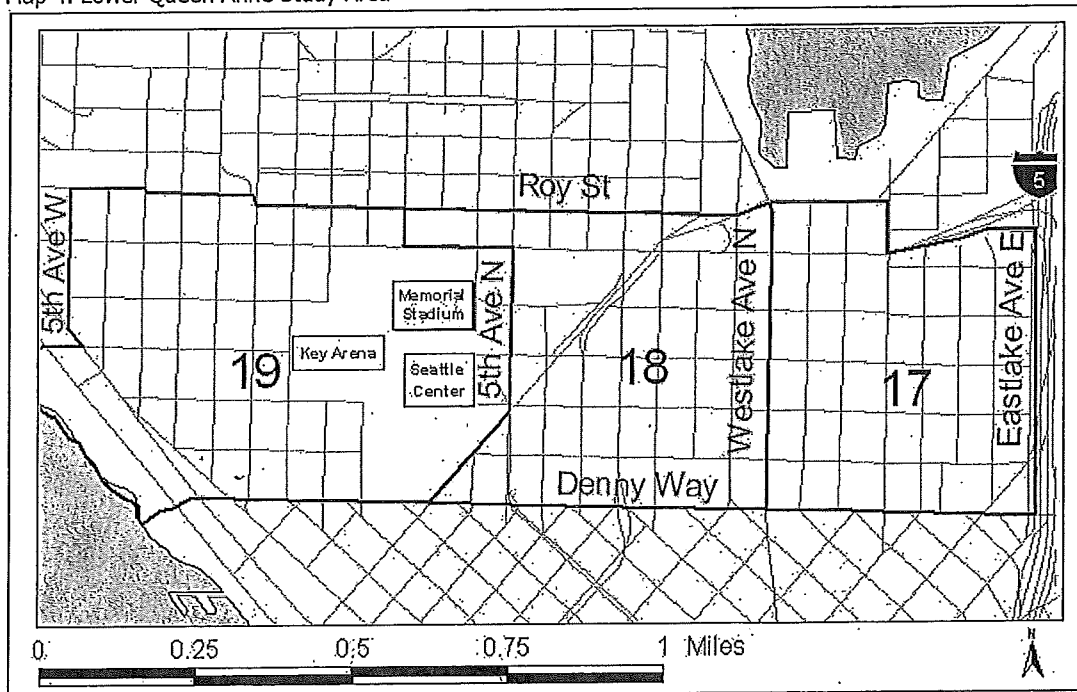
The zone that experienced the largest decrease in parking stalls between 2002 and 2004 was Zone 14. This zone lost 14.2 percent, amounting to a total of 565 stalls. Zone 16 was the only zone in the First Hill study area to gain stalls between 2002 and 2004, with an increase of 2.9 percent. However, this zone had been losing parking options between 1996 and 2002.

Lower Queen Anne

Study Area

Map 4 shows the lower Queen Anne study area. This area is made up of three zones, 17, 18 and 19, and extends from I-5 on the east to Elliott Bay on the west, Denny Way on the south to Roy, Valley and Mercer streets on the north. Lower Queen Anne includes Seattle Center, the Key Arena and Memorial Stadium, facilities that require abundant parking supplies.

Map 4: Lower Queen Anne Study Area



Parking Availability

The lower Queen Anne study area had a total of 15,959 parking stalls in 2004 (Table 15). Overall, this study area had a total of 43.8 stalls per acre (Table 16). Available parking stalls, however, have decreased since 2002 by 7.3 percent. All three Queen Anne zones experienced a loss in parking stalls.

Table 15: Lower Queen Anne Parking Stalls, 1996-2004

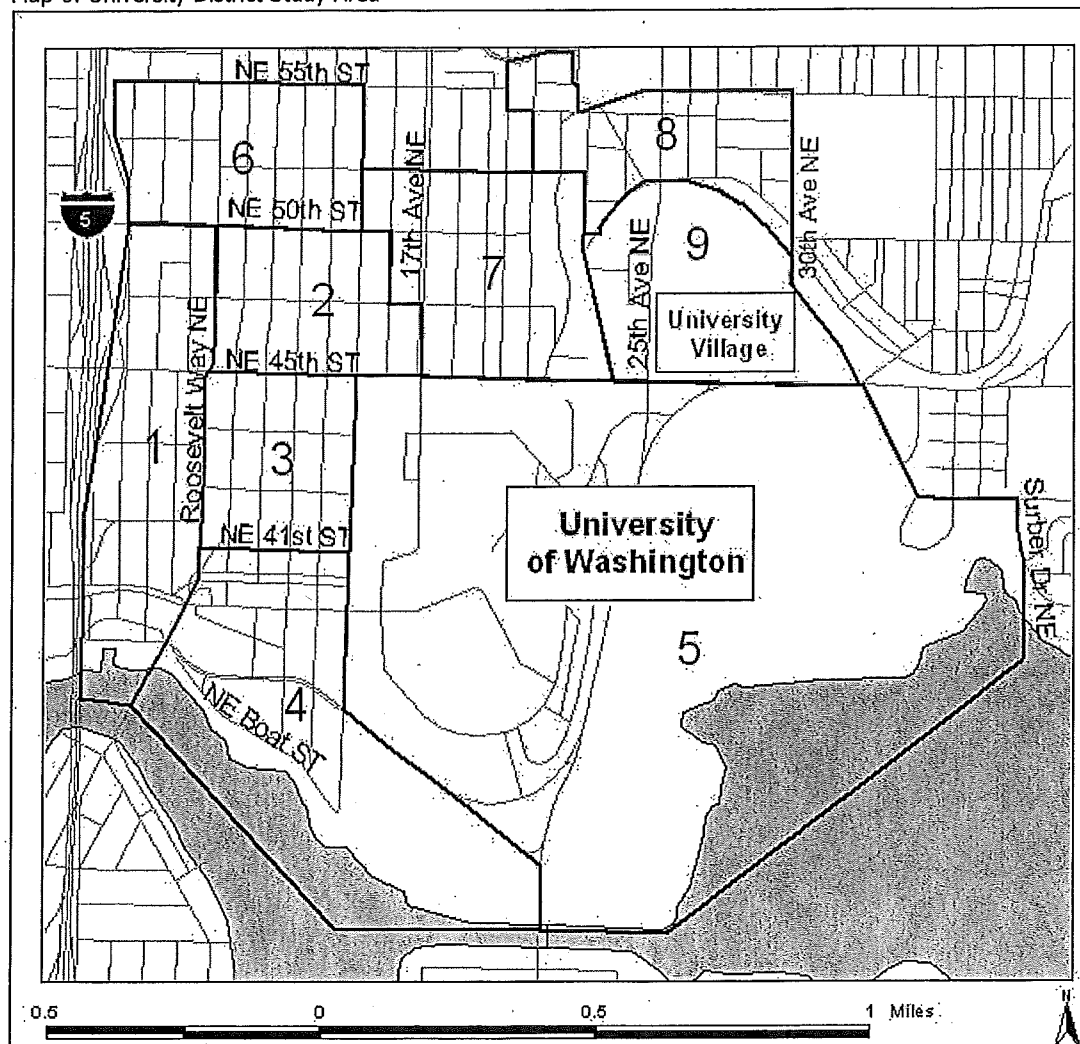
Zone	1996	1999	Annual Change 96-99	Total Change 96-99	2002	Annual Change 99-02	Total Change 99-02	2004	Annual Change 02-04	Total Change 02-04
17	4,289	4,108	-1.4%	-4.2%	4,406	2.4%	7.3%	4,240	-1.9%	-3.8%
18	5,830	5,819	-0.1%	-0.2%	5,830	0.1%	0.2%	5,561	-2.3%	-4.6%
19	6,810	6,555	-1.3%	-3.7%	6,982	2.1%	6.5%	6,158	-6.1%	-11.8%
Queen Anne Total	16,929	16,482	-0.9%	-2.6%	17,218	1.5%	4.5%	15,959	-3.7%	-7.3%

University District

Study Area

The University District study area was expanded this year to coincide with Urban Center boundaries. This expansion added 4 more zones, 6 through 9, and includes the University Village, an area with abundant customer parking. The University District study area is 1,198 acres. Fifty-fifth and 52nd streets bound the study area to the north, I-5 to the west, Mary Gates Memorial Drive and NE Surber Drive to the east and Pacific and NE Boat Street to the south (Map 8). Zone 5 contains the University of Washington and Zone 9, University Village.

Map 8: University District Study Area

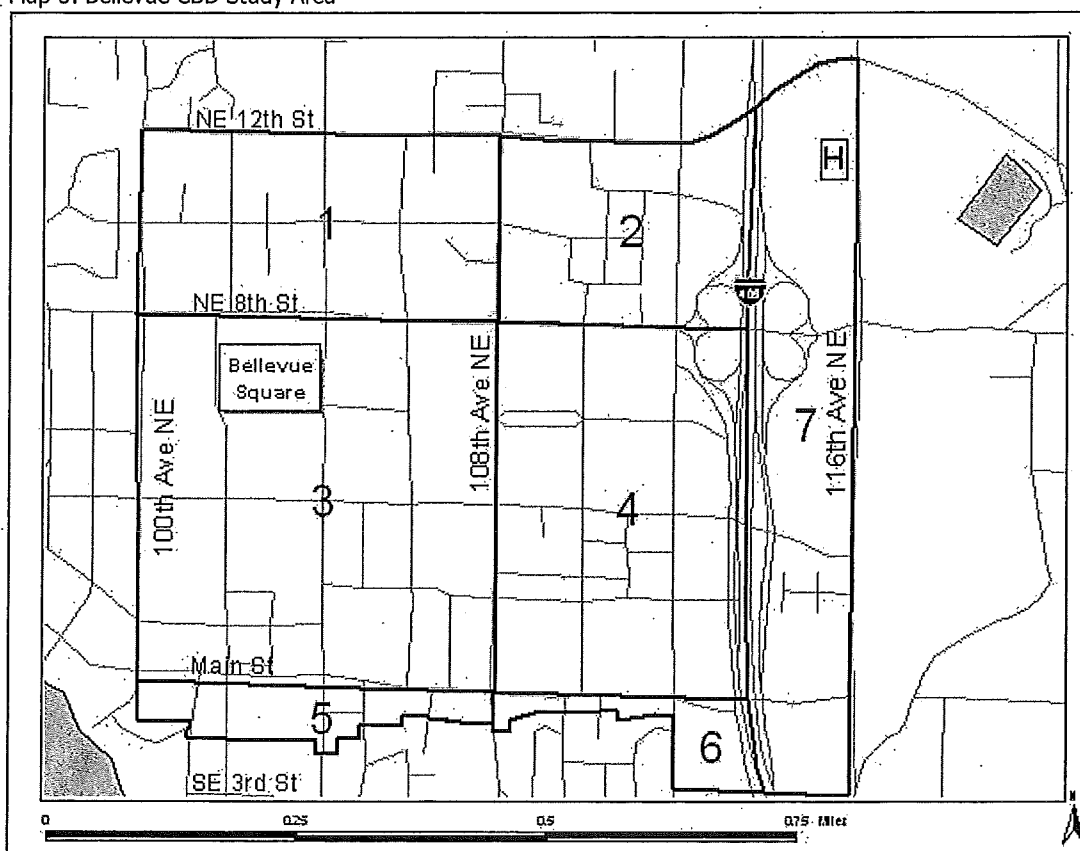


Bellevue CBD

Study Area

The Bellevue CBD study area contains 539 acres. This area is bounded by 100th Ave NE to the west, NE 12th to the north, 116th Ave NE to the east and Main Street to the south. The Bellevue CBD study area contains the Bellevue Square Mall and Overlake Hospital. The survey included all businesses on the south side of Main Street that have access to that street and are an integral part of the downtown district.

Map 5: Bellevue CBD Study Area



Parking Availability

Available parking stalls within the Bellevue CBD have been increasing since 1999 (Table 22). Between 1999 and 2004, Bellevue added a total of 4,804 stalls, a 15.8 percent increase. Between 2002 and 2004, Zone 2 had the greatest increase in parking stalls. This zone increased by 63.2 percent, an average annual rate of 8.5 percent. This zone also had a moderately high stall to acre ratio, with 66.9 (Table 23). Zone 4 also had a high increase in stalls, at 19.3 percent. Zone 4 went from 7,089 stalls in 2002, to 8,454 in 2004, a gain of 1,365. Zone 5 had the highest decrease in stalls with a loss of 8.1 percent. This zone decreased by 58 stalls.