

**Commercial Revalue**

**2016 Assessment roll**

**WAREHOUSES**  
**AREA 500**

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

**John Wilson, Assessor**



## **King County**

**Department of Assessments**

**Accounting Division**

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

Dear Property Owners:

Property assessments are being completed by our team throughout the year and valuation notices are being mailed out as neighborhoods are completed. We value your property at fee simple, reflecting property at its highest and best use and following the requirements of state law (RCW 84.40.030) to appraise property at true and fair value.

We are continuing to work hard to implement your feedback and ensure we provide accurate and timely information to you. This has resulted in significant improvements to our website and online tools for your convenience. The following report summarizes the results of the assessments for this area along with a map located inside the report. It is meant to provide you with information about the process used and basis for property assessments in your area.

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

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

In Service,

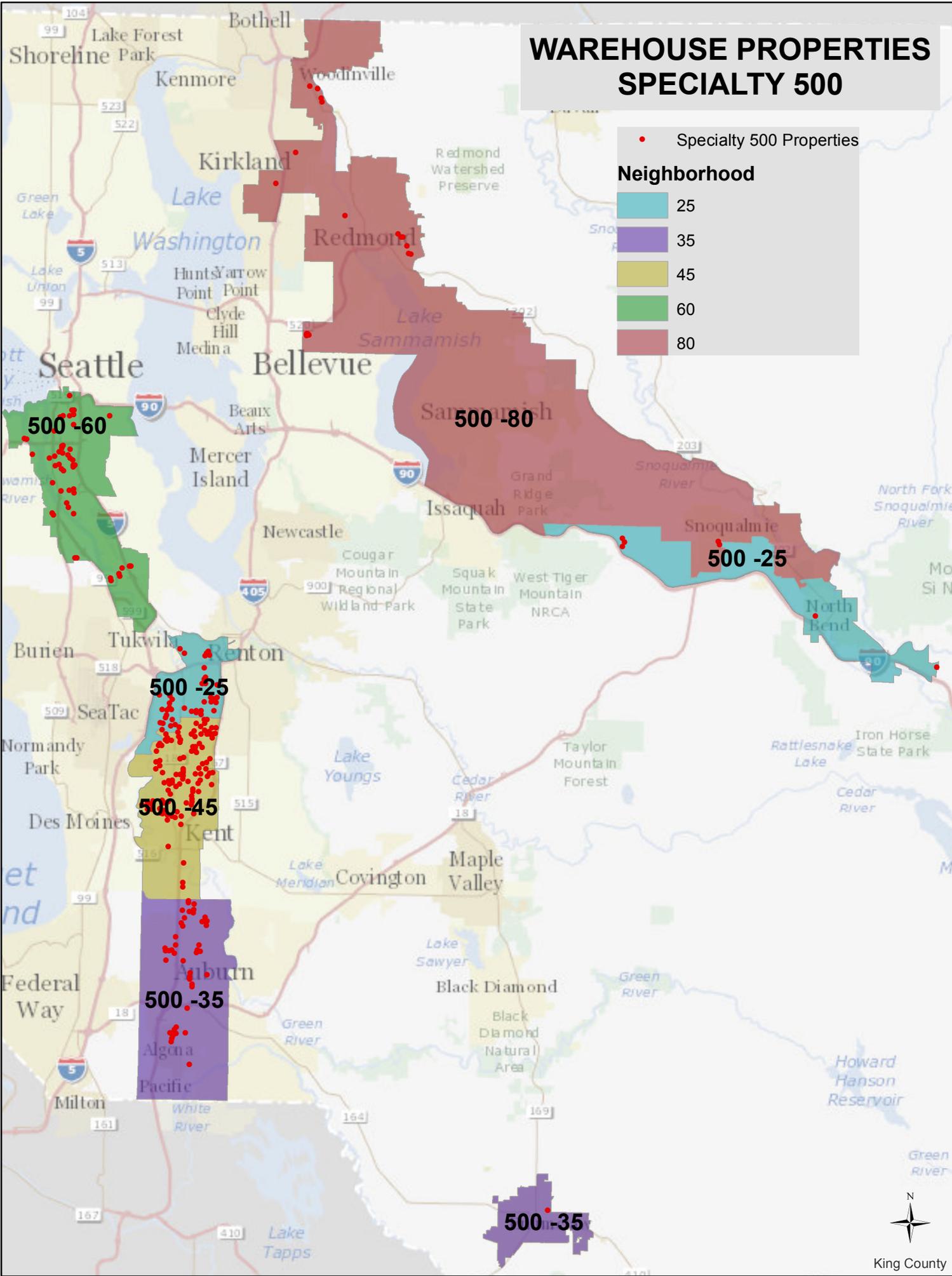
John Wilson  
King County Assessor

# WAREHOUSE PROPERTIES SPECIALTY 500

• Specialty 500 Properties

## Neighborhood

- 25
- 35
- 45
- 60
- 80



## Executive Summary Report

Appraisal Date 1/1/2016 – 2016 Assessment Year

Specialty Name: Area 500 -Warehouses 100,000 net square feet or larger

### Sales - Improved Summary:

Number of Sales: 13

Range of Sale Dates: 1/01/2013 – 01/01/2016

### Sales – Ratio Study Summary:

	Mean Assessed Value	Mean Sale Price	Ratio	COD
2015 Value	\$27,960,500	\$32,500,400	86.00%	9.43%
2016 Value	\$30,790,900	\$32,500,400	94.70%	9.15%
Change	\$2,830,400		8.70%	-.28%
%Change	+10.12%		+10.12%	-02.97%

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

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

### Population - Parcel Summary Data:

	Land	Improvements	Total
2015 Value	\$1,318,418,400	\$2,182,905,600	\$3,501,324,000
2016 Value	\$1,392,802,700	\$2,531,098,000	\$3,923,900,700
Percent Change	+5.64%	+15.95%	+12.07%

Number of Parcels in the Ratio Study Population: 269

### Conclusion and Recommendation:

Total assessed values for the 2016 revalue have increased 12.07%.

The values recommended in this report improve uniformity and equity; therefore it is recommended they should be posted for the 2016 Assessment Year.

## **Identification of the Area**

### **Name or Designation**

- **Area 500:** Warehouses over 100,000 net square feet

### **Area 500 Neighborhoods**

- **500-25** Renton, Tukwila, North Bend, Des Moines and Preston
- **500-35** Auburn, Algona, Enumclaw
- **500-45** Kent Valley
- **500-60** Seattle-south of Safeco Field
- **500-85** Eastside of the county (East of Seattle and east of Lake Washington)

### **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 and the King County Assessor's Website.

### **Warehouse and Area Description:**

Specialty Area 500 encompasses all distribution, transit and storage buildings as well as light industrial facilities with a building area greater than or equal to 100,000 net rentable square feet. These warehouses have been segmented into five distinct neighborhood regions, totaling 269 parcels. These regions are described by their geographic location. Significant concentrations (75%) are located in the South End of the county in Kent, Auburn, Algona, Renton, and Tukwila. All warehouse specialty properties were revalued this year.

Many of these warehouses are designed specifically for the storage of goods. Importers, exporters, transport businesses, manufacturers and wholesalers, etc. use these warehouses which are normally equipped with loading docks. Typically, office space is between 3% and 12% of the total building area.

Distribution warehouses will have more office/sales area than storage warehouses, (approximately 15%) to accommodate breakdown and transshipment. They typically have dock-high or grade-level doors, with bays larger than 5,000 square feet and clearance heights in excess of 20 feet. They often have refrigeration or air conditioning and are stocked with goods to be redistributed to retailers, wholesalers or shipped directly to consumers.

Transit warehouses are designed for loading, freight segregation and closed storage. Two different building materials used to construct warehouses, tilt-wall concrete and prefabricated metal construction, have evolved from ugly and boxy structures to become more polished in appearance. Stone and brick are sometimes used as exterior coverings. The tilt-wall is more durable, has built in noise reduction, and better fire protection. The advantage of metal building construction is that it is more environmentally friendly and less expensive to construct. These new metal buildings are nearly 100 percent recyclable. Developers are starting to build warehouses that are LEED certified.

As the King County industrial markets continue to adapt to rapidly improving economic conditions throughout the Puget Sound region, the warehouse segment of this market is poised to lead most all other sectors of the commercial real estate arena. Reduced vacancy rates combined with (1) higher job growth than in other U.S. areas, (2) improving port conditions expected from an alliance linking the expanding Tacoma port traffic with the declining Seattle port traffic, (3) increased imports from the Pacific Rim countries (especially China as a result of its expanding middle class) plus (4) an increase in orders for durable goods and aircraft parts orders, are all contributing to creating a condition where developers have initiated projects at record levels. This is contributing to a situation wherein the industrial real estate boom is increasingly one of the greatest ones in U. S. history and certainly the highest of the four main property types. The U.S. saw a demand for more industrial space than in nearly 20 years and even the surge in industrial space construction brought about by these conditions is not enough.

The Puget Sound area continues to be one of the top markets (ranked 6<sup>th</sup> in the nation) and one which both private and publicly held companies are targeting. Because of the lower capital intensive nature of these types of buildings and the stable rents and sales values they command, industrial properties continue to be a prime, sought after real estate investment class. More investors are heading to the industrial market because properties are viewed as being less intensive to manage and less expensive to maintain because when one tenant vacates another can be accommodated with relative ease and minimal expense. Warehouse and distribution properties are even more desirable than flex (office parks), manufacturing and other specialized spaces.

Helping to fuel this growth in the Puget Sound warehouse development is the fact that King County continues to be home to some of the largest, most recognized companies in the world and many other companies want and need to be near these giants either as competitors or to serve them directly.

With decreasing vacancy rates and rising rents in the entire Puget Sound area, extremely strong investor demand will continue to drive cap rates lower throughout the area with a particularly strong impact on the Kent Valley area. The Kent area is favored because of its proximity to the cooperating ports (Tacoma and Seattle) and the Seattle-Tacoma Airport. Kent also has a large pool of blue-collar and white-collar workers and a proximity to the headquarters of the huge players in this market like Costco and Amazon. Capitalization rates may rise slightly in the future due to anticipated interest rate hikes. Industrial real estate professionals don't expect a large jump, probably between 10 and 50 basis points.

While the advent of a widened Panama Canal will allow direct shipping to the east coast ports by a new class of container ship, it will also bring these larger ships to the Seattle and Tacoma ports which certainly helped spur the decision by these two ports to combine their marketing efforts which places them in an advantageous position to compete for this new class of container ships and to better compete with the California and Canadian ports. Improved coordination by these entities is hoped to increase traffic because of the

reduced costs associated with combined marketing strategies - which also makes for better competition with the higher cost California ports. The increased negotiating position, because of the pricing and lobbying power this partnership brings, will be used to pay for port enhancements required to handle the larger ships such as upgrading the cranes and dock facilities. It should be noted that recent news articles have pointed out that local ports, like those around the world, have been or are planning to spend hundreds of millions to expand their facilities to accommodate this new class of container ship. It is felt by some that this expansion, when combined with the structural slowdown in global trade volumes and historical low freight rates, could create huge shipping industry losses. Time will tell how this will affect our local ports but a strong regional business climate and expanding population growth are factors that favor this area as it relates to the commercial warehouse market.

Foreign investors also prefer local real estate industrial purchases because of the strength of our dollar and they are perceived to be safer investments with more growth potential and less risk. Offshore capital has been the biggest participant in the market for U.S. industrial properties in 2015 according to many brokers. They also favor industrial warehouses because of the steady cash flow they provide. There has been strong rent growth, with triple-net credit tenants, and increasing demand for modern bulk warehouse space in key distribution markets, like King County.

South King County contains the largest amount of industrial space in the entire state of Washington and many new businesses have come to our area from California because of California's increased environmental and labor expenses plus significant difficulties which have been brought about by the recent drought conditions, which shows only minimal recent improvement.

The east side of King County, with its higher amount of flex space, continues to see the majority of its leasing activity from smaller tenants. Flex projects report a vacancy rate nearly double that of warehouse projects with the eastside of King County even higher than the average for the region.

The real estate market for warehouse properties in King County continues to tighten because of shrinking inventory and little new product to meet demand. Few quality buildings are on the market in South King County, which is driving prices up and reducing concessions offered by sellers. As a result, parcel values are increasing as well.

Throughout the Puget Sound area, there are more industrial buildings under construction than any time since 2008. Many of these projects are speculative as well. Construction of new bulk warehouse space is starting but has yet to catch up with demand. The limit of newer (five years old or less) such buildings in King County has sales prices being bid up because of low inventory. Demand will likely exceed supply for a least a couple of years as industrial occupancy drivers remain strong.

One segment of the industrial warehouse market that shows great potential for sustained growth is cold-storage facilities. Even though they are much more costly to build than

dry storage facilities, they tend to be recession proof because people will always need to eat regardless of the general economy. The continued rise in general economic conditions and the rising population trends in many areas of the country means steady growth in the cold storage segment of the warehouse market. The shortage of dry storage facilities has brought about bidding wars for available properties, so investing in cold storage facilities is seen by some as an alternative to being forced into considering Class B warehouse space in these tight markets.

Increased online shopping activity, brought about by the steadily improving economic conditions and improving favorable economic outlooks from consumers, further drives growth in the construction and sale of distribution centers in the region. Retail customers demand faster shipping which means distribution centers need to be close to the larger population hubs like King County. Every distribution center needs a call center and some kind of distribution facility. These distribution centers are also favored by local governments because of the large tax revenue they generate for their area and their need for both high and low-skill workers.

According to Kidder Mathews, typical warehouse sales fall into the following ranges:

Kent Valley	\$70-\$120	per square foot
Seattle	\$140-\$190	per square foot
Eastside	\$100-\$120 <sup>1</sup>	per square foot

The following is a breakdown of each neighborhood sub-area and a summary of the 2014/2015 sales that were considered. The assessor considered these sales and the sales from 2013 in the ratio study.

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<sup>1</sup>Kidder Mathews, 4<sup>th</sup> Quarter 2015, pg. 1,2&3

## **Analysis Process**

**Effective Date of Appraisal:** January 1, 2016

**Date of Appraisal Report:** April 12, 2016

**The following appraiser did the valuation for this specialty area:**

Sheri Elford  
Commercial Appraiser II  
State General Certified  
License #1100951

### **Highest and Best Use Analysis**

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

**As if improved:** Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a nominal value of \$1,000.00 is assigned to the improvements.

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

### **Special Assumptions and Limiting Conditions**

All three approaches to value were considered in this appraisal.

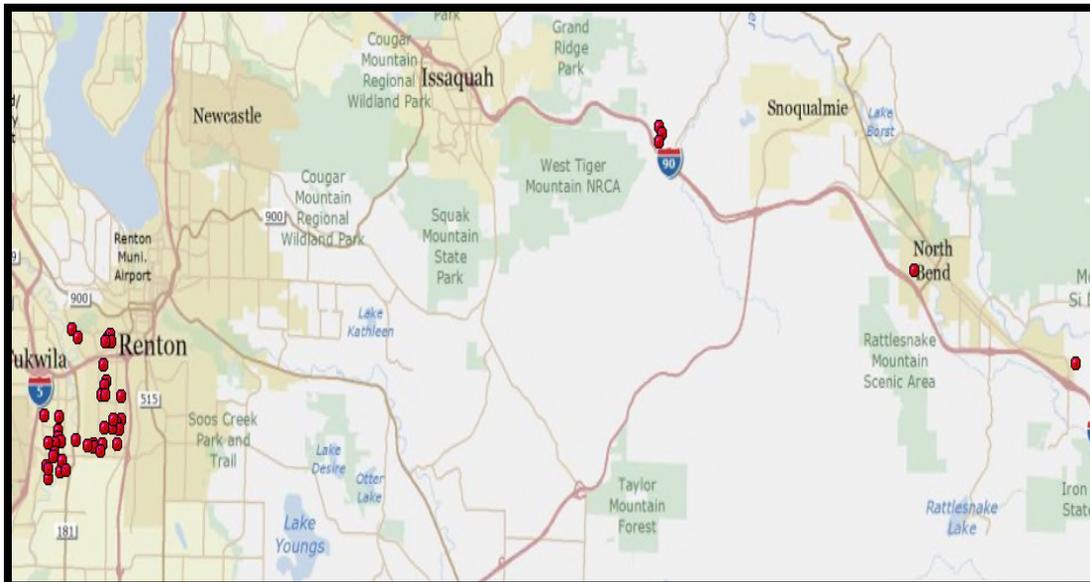
- Sales from 01/01/2013 to 01/01/2016 were considered in all analyses.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6 (USPAP compliant).

### **South King County:**

This area has three sub markets, 500-25, 500-35, and 500-45. The largest concentrations of the warehouse specialty properties (approximately 75%) are located in these neighborhoods. It is also Washington State's largest concentration of industrial space. This is the biggest submarket due predominately to the valley's level topography and larger vacant pieces of land that are available. Industrial land in the south of the county is also the least expensive. Industrial land values range between \$8.00 and \$15.00 per square foot for improved sites.

The South King County warehouse real estate market had significant absorption in 2014 and 2015 and this in turn has driven vacancy rates down. There is little inventory for larger warehouses on the market at this time. Institutional investors typically favor South King County due to its proximity to the major ports of Tacoma and Seattle plus the Seattle-Tacoma Airport.

### **Specialty Area 500-25:**



This Specialty Area includes Tukwila, North Bend, Preston, Des Moines and Renton and is the closest to Seattle and the Port of Seattle. There are forty-five parcels in area 500-25. Distribution warehouses dominate this area.

The warehouses near Westfield Mall (also named Southcenter) in Tukwila contain many display sections for merchandise. Examples would be Macy's Warehouse, JR Furniture and United Furniture.

The one sale in this area occurred at 3401 Lind Ave S.W. in Renton. It was a warehouse built in 1986 that has 11% office build out. It was listed for sale on and off since 2012.

Area	Parcel	Building Area	Excise #	Sales Price	Sale Date	SP/Square Foot
500-25	125381-0010	118,176	2693969	\$9,975,000	10/02/2014	\$84

Parcel 125381-0010

Sale 10/02/2014 for \$9,975,000



A large scale project is being marketed in Des Moines by Panattoni Development Company. Panattoni Development was named by NAIOP as one of the developers of the year in 2015. They have just signed a contract with the U.S. General Services Administration to build their regional headquarters. The property is owned by the Port of Seattle. Panattoni Development is based in Newport Beach, California and has a Seattle office. They are building warehouses, offices, and flexible-use manufacturing and will pursue LEED Silver Certification for this project.

The project is called the Des Moines Creek project and will be built in three phases. Phase one with three buildings is currently under construction. The warehouse sizes will be 157,200 square feet, 145,200 square feet and 233,600 square feet. The buildings will have 30 feet ceilings 119 dock high bays and 16 ground level loading bays. The second phase will be an office building that is scheduled to start in early 2016. The third phase will include two industrial buildings with 150,000 square feet and 350,000 square feet. Construction for the last two phases are scheduled to start in late 2016 or early 2017. The Park is designed for big tenants as well as small tenants. The city of Des Moines estimates the project will create more than 1,000 permanent jobs. This project also supports the Port's agenda to grow the benefits of Sea-Tac Airport by tripling the volume of air cargo and expand local business.



Phase 1

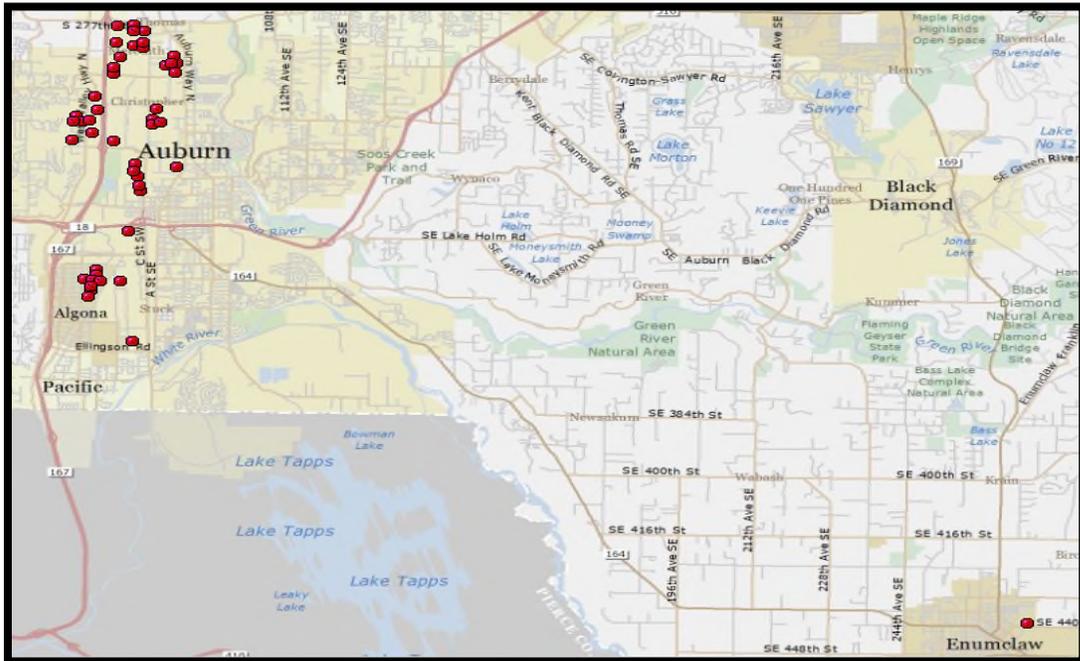
This development has an ideal location between two seaports, new light rail and freeway access and ideal proximity to Seattle-Tacoma Airport. The site also features views of Puget Sound, the Olympic mountains to the west and Mount Rainier to the south.



Specialty Area 500-35:

This neighborhood includes Auburn, Algona, and Enumclaw. There are 46 parcels in area 500-35. In this area, there are a large number of industrial parks offering a variety of space for the particular needs of individual tenants, as well as many stand-alone industrial

facilities that have been built to individual specifications. Property types include incubator space, major cold storage space, and product distribution facilities.



One of the largest warehouse parcels in Auburn is the Safeway Distribution complex. It has over 1,150,100 square feet of building space in nine buildings.



Parcel 252104-9096                      Safeway                      3520 Pacific Ave South

Area 500-35 had one market sale in 2014 that was marketed for 30 days. It is located at 2302 West Valley Highway in Auburn and was built in 1991.

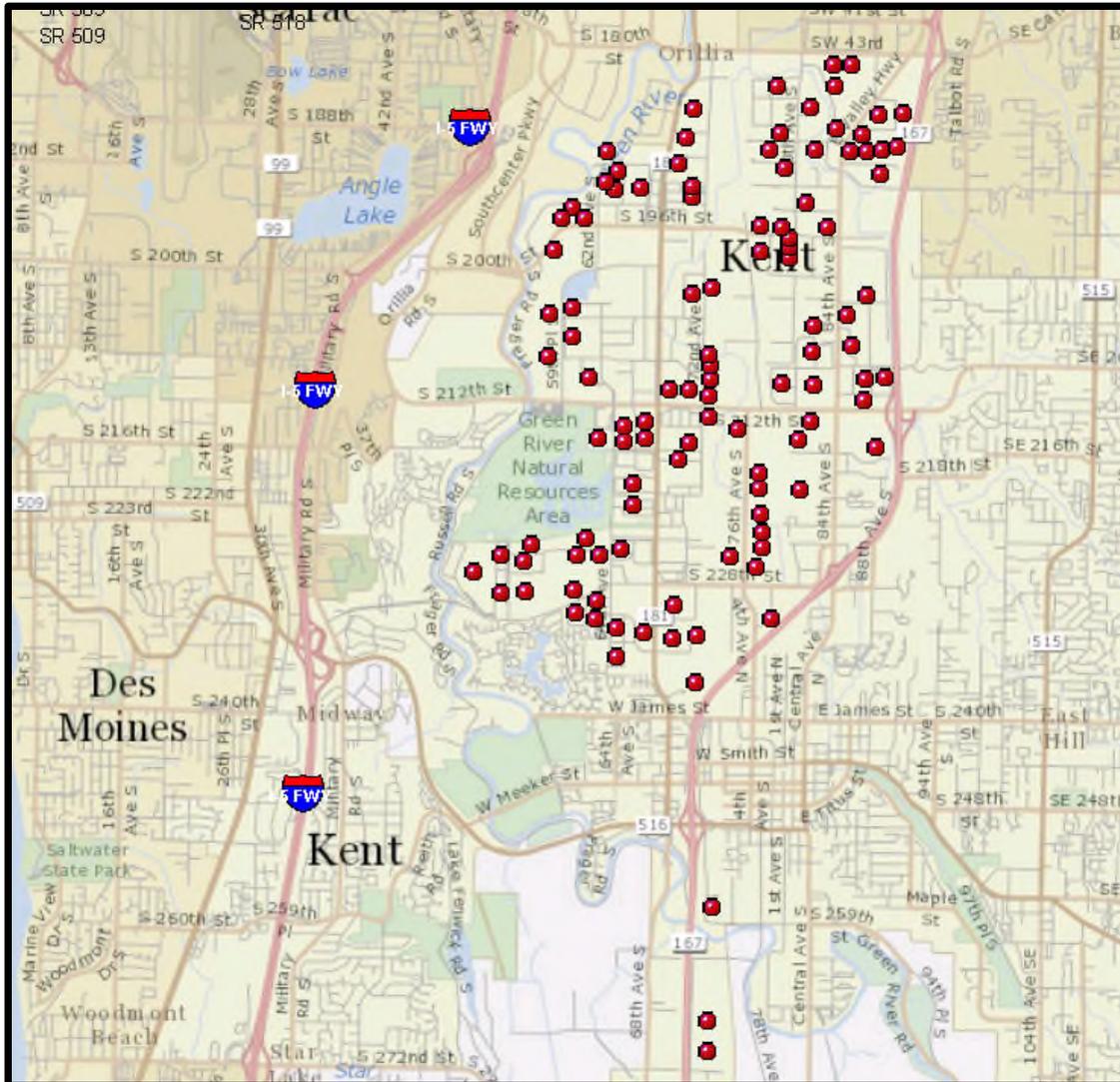
Area	Parcel	Building Area	Excise #	Sales Price	Sale Date	SP/Square Foot
500-35	122104-9035	167,023	2667302	\$14,050,000	05/12/2014	\$84



Parcel 122104-9035                      2302 West Valley Highway    Sale Price   \$14,050,000

Specialty Area 500-45:

This neighborhood is comprised primarily of the Kent Valley. Distribution warehouses dominate the area, yet manufacturing facilities, food service and cold storage warehouses are also found throughout this vicinity. This is the largest of the sub-areas with 110 parcels; it has level topography plus good freeway and rail access. The labor pool of blue-and white-collar workers is deep in the Kent area.



In the Kent Valley, there were three market sales of distribution warehouses in 2014 and 2015.

Area	Parcel	Building Area	Excise #	Sales Price	Sale Date	SP/Square Foot
500-45	669300-0020	445,574	2697430	\$19,300,000	10/22/2014	\$43
500-45	788880-0590	169,635	2700604	\$14,405,000	11/11/2014	\$85
500-45	062205-9009	159,608	2771932	\$14,875,000	12/14/2015	\$93

The first sale occurred on 10/22/2014 for \$19,300,000. This building had a very high vacancy rate for several years and at the time of the sale had only 18% occupancy. There was also some deferred maintenance of the structure.

669300-0020

27232-72<sup>nd</sup> Ave South Kent



The Lincoln Distribution Center was the second sale in 2014 and involved two parcels (788880-0590 and 788880-0610) containing two warehouses. These warehouses are located at 5808 South 196<sup>th</sup> Street and 6012 South 196<sup>th</sup> Street and total 169,635 square feet.



788880-0610



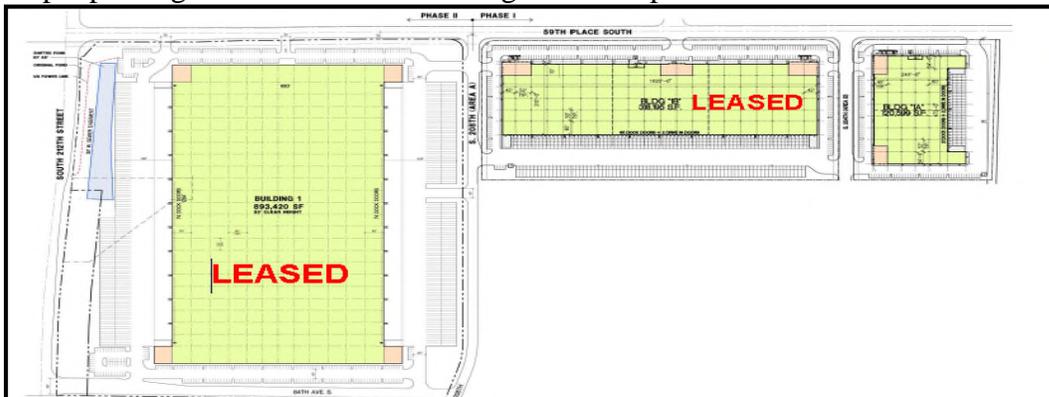
788880-0590

On 12/14/2015 the Boise Cascade building at 20280 84<sup>th</sup> Ave S. in Kent sold for \$14,875,000 to Terreno Realty with a 6.0 cap rate according to Kidder Mathews. The sale included 8.24 acres of land.



The IDS Real Estate Group bought 72 acres in Kent from The Boeing Company and has constructed several warehouses on the property. The area is called Stryker Business Center at Pacific Gateway. The project is named for the Stryker armored vehicle as Boeing was involved in the development of the military vehicle and Boeing allowed the venture to use the Stryker name.

The site is located on 216<sup>th</sup> Street and 59<sup>th</sup> Place South which is midway between the Seattle and Tacoma seaports. They demolished seven old buildings and in early 2014 Amazon was the first tenant in the new 320,000 square foot building located at 20526 59<sup>th</sup> Place South. The adjacent building was occupied in 2015 at 20308 59<sup>th</sup> Place South. This building has 120,120 square feet. The smaller building has 30-foot clear heights and the larger building has 32-foot clear heights. They both have sprinklers, dock seals and ample parking. The two leased building were completed in 2014.



In the second phase of the Stryker Business Center they have completed an approximate 820,000 square foot building with 100% of its space leased to Amazon to be used as a fulfillment center. It is constructed with massive 24x60 foot panels. Locating large

fulfillment centers in major metropolitan areas cuts shipping costs and allows swift delivery of ordered goods. This distribution center will use more robots than centers built in the past. Amazon first tested the robots that follow wires embedded in the floor in their DuPont warehouse. These robots can pick up pallets weighing as much as 3,000 pounds and lift them 24 feet above the ground.



660007-0010 20403 68<sup>th</sup> Ave South Amazon warehouse

**Seattle/Close-In:** (Approximately 18% of the total warehouse specialty population is located here)

**Specialty Area 500-60:**

This area is located primarily south of Safeco Field in the SODO district, and along both sides of the Duwamish Waterway and makes up the heart of Seattle's historic industrial area. Area 500-60 has 49 parcels that contain a mixture of industrial processing facilities, distribution warehouses, and truck terminals. The close-in market of Seattle is the most established submarket and seems to be the most stable. South Seattle buildings demand a higher price per square foot than more southerly locations. There is little institutional ownership and is made up of owner/user or private ownership.



The buildings in this area are generally 50 to 100 years old and typically have lower ceilings and limited truck loading facilities because the sites are smaller and land is very expensive. Despite some of the buildings obsolescence due to age, the close proximity to freeways and waterways has helped this area thrive even during difficult economic times. Demand for industrial space in this area has remained high with influence from the Port of Seattle and the proximity to the I-5 freeway, Safeco Field, and Qwest Field. Due to the lack of available land in this neighborhood, there has been little new warehouse development, and as a result, vacancies are the lowest in this area (presently 3-5%). This neighborhood also has higher lease rates due to the proximity to the Port of Seattle, trains, and freeway.

Area	Parcel	Building Area	Excise #	Sales Price	Sale Date	SP/Square Foot
500-60	737660-0510	400,270	2723685	\$63,250,000	04/10/2015	\$158
500-60	357320-0005	104,786	273669	\$8,200,000	05/27/2015	\$78

There were no open-market sales in this area in 2014. The first warehouse sale occurred April 2015 and was purchased by Prologis. The sale involved three adjacent parcels, 737660-0510, 395890-0565, and 39580-1055. Two parcels had warehouses and the third parcel was a vacant lot. The properties were leased to K-2 ski maker, Iron Mountain, and an office area leased for corporate headquarters of Asian Grocer Uwajimaya. The buildings are located between 4101 Sixth Ave S. and 4601 Sixth Ave S.

737660-0510

4201 6<sup>th</sup> Ave South



395890-0565

4601 6<sup>th</sup> Ave South



The second sale occurred on 5/27/2015 and involved a 1969 built warehouse located at 4727 Denver Ave S. This property was on the open market for three years.

357320-0005

Sale Price \$8,200,000



A new distribution center with two distribution warehouses was built at 9600 8<sup>th</sup> Ave South and completed at the end of 2014. The center is called Riverton Distribution Center and is located just outside the Seattle city limits. The buildings total 193,585

square feet and sit on 9.03 acres. It was fully leased before it was finished. The buildings are located in unincorporated King County with no City of Seattle B&O tax.



**562420-0290 and 562420 -0270**



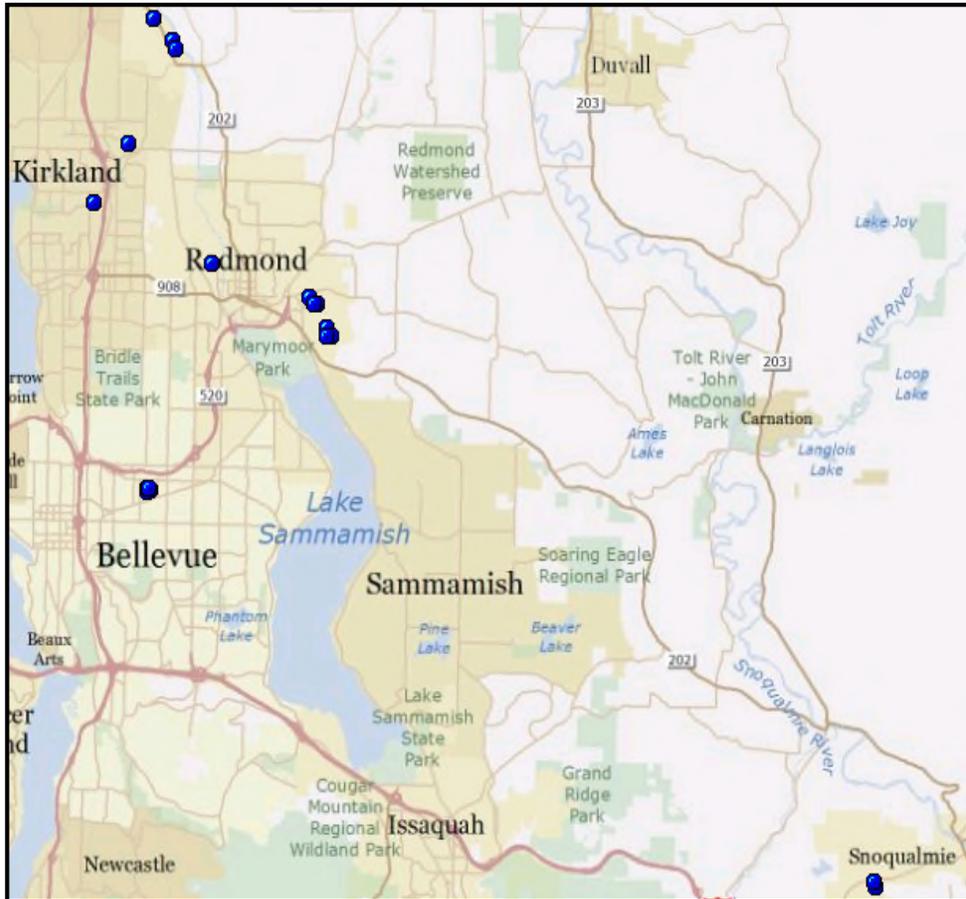
In Georgetown at 6050 E. Marginal Way S. a new concept for King County is being planned. San Francisco-based Prologis will build two warehouses with two stories. The structures will share a two-story truck court that will have a ramp so vehicles can access the second level loading bays on the second level. The builder paid \$24,500,000 for the site of 13.71 acres in May of 2015. Construction had not started as of 1/1/2016.

**East King County:** (Approximately 7% of the warehouse specialty population is located in this area)

**Specialty Area 500-80:**

This area represents the vast geographic area of the Eastside (east of Seattle and east of Lake Washington) and includes Bellevue, Snoqualmie, Kirkland, Redmond, and

Woodinville. It has the smallest warehouse count of all the neighborhoods and consists of 19 parcels. It has benefited greatly from population growth and an influx of high technology companies. These warehouses have small bays and at-grade door distribution. Newer warehouses can be seen in this area. Lease rates in this vicinity are at the top end for this specialty.



There was one sale in 2014 in area 500-80 and involved two warehouses on four parcels. One warehouse is located at 18460 NE 76<sup>th</sup> Street and the other is located at 18340 NE 76<sup>th</sup> Street in Redmond.

Area	Parcel	Building Area	Excise #	Sales Price	Sale Date	SP/Square Foot
500-80	221295-0073/-0050/-0080/-0070	198,227	2659398	\$21,850,000	03/27/2014	\$110



221295-0080

18340 NE 76<sup>th</sup> Street

115,161 square feet



221295-0073

18460 NE 76<sup>th</sup> Street

73,936 square feet

A ground distribution center for FedEx in Redmond has been built at this site. It is the largest industrial building in Redmond and includes 30-foot clear heights plus office space. This is FedEx's first LEED-certified project. They received this sought after certification in 2014. The 24 acres of vacant land were acquired for \$16.87 million by Sun Cap Properties Group of Charlotte, N.C. The build-to-suit warehouse contains 210,761 square feet of space per plans received by the Redmond building department. Due to concerns of the impact to the neighborhood, Sun Cap built a berm to create a visual and sound barrier between neighbors and the site. The building has bike racks, showers, a white roof and recycled content. It also has a custom built-in conveyor system that runs 24 hours a day with 62 loading bays.



072506-9129 FedEx 18795 N.E. 73<sup>rd</sup> Street Redmond

#### **Physical Inspection Identification:**

WAC 458-07-015 requires each property to be physically inspected at least once during a 6-year revaluation cycle. At a minimum, an exterior observation of the properties is made to verify the accuracy and completeness of property characteristic data that affect value. Property records are updated in accordance with the findings of the physical inspection. Selected warehouses in Renton, Tukwila, North Bend, Preston, Kent and Seattle were physically inspected for the 2016 assessment year. A list of the physically inspected parcels is included in the addendum of this report.

Tenants and owners of these parcels were also interviewed for income data or sales verification when possible. Survey letters were sent to all owners in the physical inspection area prior to the field inspection. The return rate was very small. Several properties in this area had older leases.

#### **Preliminary Ratio Analysis:**

The sales ratio study is an important assessment tool to ensure that properties are uniformly assessed based on market value. This analysis utilizes statistical methods to measure the relationship between a property's assessed value and its sale price by grouping individual sales according to property type and geographic area. This data can

be used to review current assessment levels, identify inequities that need to be addressed, and assist in revaluation model development.

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

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

The IAAO performance standards state that the weighted mean ratio should be between 0.90 and 1.10. The preliminary ratio study for Area 500 shows a weighted mean ratio of 0.860 which is below the IAAO guidelines, indicating that the current assessment level, as measured using recent sales, is not in the acceptable range.

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

The IAAO performance standards state that the COD should be between 5.0 and 20.0 for income producing property in smaller, rural jurisdictions and between 5.0 and 15.0 for larger, urban market jurisdictions. The preliminary ratio study for Area 500 shows a COD of 9.43%, which is within the IAAO guidelines, indicating that the current level of assessment uniformity, as measured using recent sales, is in the acceptable range.

A second measure of uniformity utilized in the ratio study is the Price Related Differential (PRD). The PRD provides a measure of price related bias, or the equity between low and high priced property. The IAAO performance standards state that the PRD should fall between 0.98 and 1.03. A value below 0.98 would indicate progressivity in the data where assessment levels increase with increasing sales prices. Values above 1.03 indicate regressivity in the data where assessment level decreases with increases in sales price. The preliminary ratio study for Area 500 shows a PRD of 1.01 which is within the IAAO guidelines, giving a second indication that the current level of assessment uniformity as measured using recent sales is in the acceptable range.

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

The total recommended assessed values for the 2016 assessment year produced the Appraisal level at .947%, the Coefficient of Dispersion of 9.15% and the Price-Related Differential was 1.00%.

## **Scope of Data**

### **Land Value:**

The geographic appraiser in the area in which the specialty warehouse property is located is responsible for the land value used by the warehouse 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 that were considered were verified, if possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate broker. Characteristic data is verified for all sales if possible. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides on the Assessor's website.

## **Improved Parcel Total Values:**

### **Sales Comparison Approach model description**

Sales of improved parcels for Area 500 were verified and entered into the Frozen Sales File. The sales used range in date from 01/01/2013 to 01/01/2016. Verification of the sales data consisted of contact with Buyer, Seller or Broker, if possible, or information gathered from the CoStar Real Estate Sales Verification Service. At the time of sale, information on vacancy and market absorption rates, capitalization rates, current and anticipated rents, and the competitive position of the properties was also gathered. Sales were then compared to similar properties within the area for valuation. These sales statistics also helped form the income approach to value by setting parameters for the income rates, vacancies, expenses and capitalization rates. Sales of improved properties in adjacent neighborhoods were also considered.

### **Sales comparison calibration**

Calibration of the coefficients utilized in the models applied via the sales comparison approach was established by an analysis of sales within each neighborhood. Individual values were applied based on various characteristics deemed appropriate by each market. The sales statistics also helped form the income approach to value by setting parameters for the income rates, vacancies, expenses and capitalization rates. Specific variables and prices for each neighborhood are discussed in more detail later in the report.

### **Cost Approach model description**

Cost estimates are automatically calculated via the Marshall & Swift Valuation modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was also adjusted to the western region and the Seattle area. The Marshall & Swift cost calculations are automatically calibrated to the data in the Real Property Application. Because of the difficulty in accurately determining the depreciation of older warehouse properties, this approach to value was given the least weight in the final reconciliation of values. Cost estimates were relied upon for valuing on-going new construction where comparable sales data and/or sufficient income and expense information is not available.

### **Cost calibration**

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

### **Income Capitalization Approach model description**

The income approach is considered a reliable approach to valuation in area 500 where relevant income and expense data is available to ascertain market rates. Income parameters were derived from the market place through market rental surveys, sales, and outside sources. During the sales verification process, an attempt is made to obtain income and expense data from the parties involved in the transactions through interviews or via mail. The information requested includes current and anticipated future rents, operating expense breakdown and assigned responsibility for the expenses plus estimated capitalization rates associated with a sale. In addition, owners, tenants, and brokers of non-sale properties are surveyed to collect similar data. This year there was approximately an 11% return of surveys. Several leases were originated several years ago. Telephone interviews are dependent upon obtaining a valid number for a knowledgeable party and the opportunity to contact them. Disclosure of this information is not required by law and therefore is often difficult to obtain. The data can be incomplete. Interviews with tenants in the field usually yield rental and expense information.

As a supplement, lease information is gathered from CoStar and other websites. In order to calibrate a credible income model, it is necessary to consider data from recognized published sources to assist in developing capitalization rates. These publications tend to report data that is considered relevant to institutional-grade CBD and suburban real estate.

The valuation model includes the following steps:

1. The program multiplies the property's net rentable area by the market rent to derive potential gross income (PGI).
2. The program subtracts allowances for vacancy and operating expenses to derive net operating income (NOI).
3. The program capitalizes NOI (divides it by the overall rate) to produce the value estimate.

In 2015, Area 500 has seen capitalization rates decrease and vacancy rates reduced. Rental rates have stabilized with a slight increase.

### Area 500 Industrial Income Parameters

Vacancy	Cap Rates	Construction	Rental Rates
			

Commercial real estate led to a further cap rate compression in 2015, but cap rates fell at a slower rate than 2014. The following tables demonstrate ranges of capitalization rates and trends that are compiled with information that is collected on a national or broad regional scale. This information is reconciled with data specific to the real estate market in Area 500 to develop the income model. Property taxes are considered an allowable expense, therefore, no effective tax rate is included in the capitalization rates. The range of capitalization rates in the income model for Area 500 reflects the variety of properties in this area.

Source	Date	Location	Industrial	Remarks
ACLI	Yr. End 2015	Pacific Region	5.56%	All Classes
CBRE: Capital Markets Cap. Rate survey.	2 <sup>nd</sup> Half 2015	Seattle	4.25% - 5.00% 5.20% - 5.75% 5.75% - 6.50%	Class A Class B Class C
ACLI	Yearend 2015	West Region	5.93%	All Classes
THE BOULDER GROUP	4QTR 2015	National	7.44%	Overall Nationally
PWC /Korpaz	4Q 2015	Pacific Northwest	5.25%	Warehouse (3.75% - 7.00%)
IRR:Viewpoint	Yr. End 2015	Seattle	5.00%	Class A
COLLIERS	3QTR 2015	Seattle/Puget Sound	6.00%	Industrial-Class A
RERC	4QTR 2015	West Region	4.50% - 8.00% 5.00% - 9.00% 6.00% - 10.00%	Warehouse – 1 <sup>st</sup> Tier Properties Warehouse – 2 <sup>nd</sup> Tier Properties Warehouse – 3 <sup>rd</sup> Tier Properties
Costar	Yearend 2015	King County	6.08%	Building Size 50,000 SF-300,000 SF

### Income approach calibration

The income tables of each of the five neighborhoods were calibrated setting economic base rents, vacancy rates, expenses, and capitalization rates by using adjustments based on size, effective year built, and quality of construction as recorded in the Assessor's records. When the value of the property by the income approach was less than the land value, a nominal \$1,000 value was allocated to the improvements. Properties which contain differing section uses may have multiple tables that are applicable to the property. An example of this would be a warehouse with a mezzanine office and main floor office, where three tables would be used. Capitalization rates have fallen in the majority of industrial properties.

Below are typical model parameters for the various uses. It should be noted that due to the nature of commercial real estate, not all properties fall within the "typical" parameters listed below for their respective property use type. Industrial lease rates are typically quoted on a monthly price per square foot basis. The tables below display the rents on an annual price per square foot. The majority of office build-out is considered an add-on to the warehouse rates and the tables below have considered that.

Rental rates, vacancy levels and operating expenses are derived by reconciling all of the information collected through the sales verification process, completed surveys, interviews with tenants, owners, and brokers and the appraiser's independent market research. Quality, effective year built, condition, and location are variables considered in the application of the income model to the parcels in the population.

#### AREA 500-25

PROPERTY TYPE	TYPICAL RENT RANGE	VACANCY	EXPENSE RATE *	OAR RANGE
Storage Cold storage Garage Service Showroom Industrial Distribution	\$4.00 to \$6.00	4%	10%	6.25% to 7.25%
Warehouse Office	\$8.25 to \$10.25	4%	10%	6.25% to 7.25%
Mezzanine Storage	\$3.25 to \$5.50	4%	10%	6.25% to 7.25%
Mezzanine Office	\$7.50 to \$9.25	4%	10%	6.25% to 7.25%

\* Warehouses are typically leased on a triple net basis.

**AREA 500-35 & AREA 500-45**

<b>PROPERTY TYPE</b>	<b>TYPICAL RENT RANGE</b>	<b>VACANCY</b>	<b>EXPENSE RATE *</b>	<b>OAR RANGE</b>
Storage Cold storage Garage Service Showroom Industrial Distribution	\$4.00 to \$5.50	4%	10%	6.25% to 7.25%
Warehouse Office	\$8.25 to \$10.00	4%	10%	6.25% to 7.25%
Mezzanine Storage	\$3.50 to \$5.25	4%	10%	6.25% to 7.25%
Mezzanine Office	\$7.00 to \$9.00	4%	10%	6.25% to 7.25%

\* Warehouses are typically leased on a triple net basis.

**AREA 500-60**

<b>PROPERTY TYPE</b>	<b>TYPICAL RENT RANGE</b>	<b>VACANCY</b>	<b>EXPENSE RATE *</b>	<b>OAR RANGE</b>
Storage Cold storage Garage Service Showroom Industrial Distribution	\$6.25 to \$9.00	4%	10%	6.25% to 7.25%
Warehouse Office	\$7.75 to \$12.25	4%	10%	6.25% to 7.25%
Mezzanine Storage	\$5.00 to \$7.00	4%	10%	6.25% to 7.25%
Mezzanine Office	\$7.25 to \$11.00	4%	10%	6.25% to 7.25%

\* Warehouses are typically leased on a triple net basis.

**AREA 500-80**

<b>PROPERTY TYPE</b>	<b>TYPICAL RENT RANGE</b>	<b>VACANCY</b>	<b>EXPENSE RATE *</b>	<b>OAR RANGE</b>
Storage Cold storage Garage Service Showroom Industrial Distribution	\$7.25 to \$8.75	7%	10%	6.25% to 7.25%
Warehouse Office	\$12.00 to \$17.00	7%	10%	6.25% to 7.25%
Mezzanine Storage	\$6.25 to \$8.00	7%	10%	6.25% to 7.25%
Mezzanine Office	\$9.75 to \$15.25	7%	10%	6.25% to 7.25%

\* Warehouses are typically leased on a triple net basis.

**Reconciliation**

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

The income approach to value was considered to be a reliable indicator of value in most instances. The total value generated from the income table calculations and the selected income values varied in some cases due to special circumstances, such as properties with excess land, inferior/superior location, or physical/functional obsolescence. Appraisal judgment prevailed when determining when to depart from the Assessor's table generated income model. An administrative review of the selected values was made by Ruth Peterson, Senior Appraiser for quality control purposes.

## MODEL VALUATION

### Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Individual values are selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The appraiser determines which available value estimate is appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

In the 2016 valuation model, the income approach is used to value the majority of the income producing properties. The income approach also insures greater uniformity and equalization of values. With improving market fundamentals, values by the income method are generally increasing although they sometimes are below the value of the sales. This may be that some of these properties are purchased by owner-users. In the case of interim use properties, they might be purchased for investment value or future income rather than current income.

Application of the total value model described above results in improved equity between individual properties as shown by the improvement in the C.O.V. from 12.80% to 12.55% and the C.O.D. from 9.43% to 9.15%. In addition, the resulting assessment level as measured by the weighted mean ratio is 94.7%. The price-related differential is 1.00%. The standard statistical measure of valuation performance are presented in both the 2015 and 2016 Ratio Analysis charts included in this report.

The total value for the 2015 assessment year for Area 500 was \$3,501,324,000. The total recommended assessed value for the 2016 assessment year is \$3,923,900,700. The 2016 total does not include the value of new construction parcels, which will be determined later. Application of these recommended values for the 2016 assessment year results in a total change from the 2015 assessments of +12.07%.

### CHANGE IN TOTAL ASSESSED VALUE

2015 TOTAL VALUE	2016 TOTAL VALUE	\$ CHANGE	% CHANGE
\$3,501,324,000	\$3,923,900,700	\$422,576,700	+12.07%

# USPAP Compliance

## **Client and Intended Use of the Appraisal:**

This mass appraisal report is intended for use by the public, the 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, Assessor's Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.

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

## **Definition and date of value estimate:**

### **Market Value**

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

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

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

## **Highest and Best Use**

### **RCW 84.40.030**

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

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

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

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

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

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

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

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

## **Date of Value Estimate**

### **RCW 84.36.005**

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

**RCW 36.21.080**

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

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

**Property Rights Appraised: Fee Simple****Wash Constitution Article 7 § 1 Taxation:**

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

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

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

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

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

**The Dictionary of Real Estate Appraisal, 3<sup>rd</sup> Addition, Appraisal Institute.**

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

**Assumptions and Limiting Conditions:**

1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.
4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.
5. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.
6. The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.
7. The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.
8. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
9. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
10. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.
11. An attempt to segregate personal property from the real estate in this appraisal has been made.
12. Items which are considered to be "typical finish" and generally included in a real property transfer, but are legally considered leasehold improvements are included in the valuation unless otherwise noted.
13. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.
14. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.
15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.

## **Scope of Work Performed:**

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

## **CERTIFICATION:**

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

- The statements of fact contained in this report are true and correct
- The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.
- Services that I provided within the prior three years include physical inspection, revaluation, appeal response preparation, attendance and participation in hearings, data collection, sales verification and identifying new construction and the recording the corresponding data.
- Michele LeCompte provided assistance in the valuation of area 500-60. All services as may be variously defined significant or otherwise, and performed by duly authorized and qualified King County Assessment staff employed in the areas of Public Information, Accounting/Abstract, Commercial, Residential, Information Services, Personal Property, Accounting/Mapping, Accounting/Support, Accounting/Appeals, Chief Appraiser, Accounting/Exemptions, Accounting/Levy Administration, who may have involvement in physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service

which may be required from time to time, is made part of each real property parcel as a matter of public record and this certification by reference.

- Any services regarding the subject area performed by me within the prior three years, as an appraiser or in any other capacity is listed below: Any and all activities required under the Certificate of Appointment dated 4 June 1990 under sworn oath appointing the below signed appraiser to the position of true and lawful deputy in the Office of the King County Assessor, and authorized by the State of Washington, Department of Revenue under a Certificate of Accreditation. To Wit: all duties, responsibilities, and services associated with the position description of Commercial Appraiser I in the management and valuation of Commercial Area 500. Such duties, responsibilities and services include, but are not limited to physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time and to be determined significant or otherwise during the fulfillment of position requirements, and are made part of each real property parcel, is a matter of public record and this certification by reference.



Appraiser II

4/12/2016

Date

Area 500 - WAREHOUSES OVER 100,000 SQUARE FEET  
2016 Assessment Year

<b>Parcel Number</b>	<b>Assessed Value</b>	<b>Sale Price</b>	<b>Sale Date</b>	<b>Ratio</b>	<b>Diff: Median</b>
032304-9194	12,262,200	13,000,000	12/13/2013	0.9432	0.0633
062205-9009	10,710,600	14,875,000	12/14/2015	0.7200	0.1599
062205-9010	156,756,100	170,000,000	6/28/2013	0.9221	0.0422
122104-9035	11,359,200	14,050,000	5/12/2014	0.8085	0.0714
125381-0010	8,777,100	9,975,000	10/2/2014	0.8799	0.0000
132104-9019	20,317,800	24,750,000	9/24/2013	0.8209	0.0590
221295-0073	22,232,800	21,850,000	3/27/2014	1.0175	0.1376
357320-0005	8,186,400	8,200,000	5/27/2015	0.9983	0.1184
617290-0010	33,411,600	38,700,000	12/18/2013	0.8633	0.0166
669300-0020	18,752,900	19,300,000	10/22/2014	0.9717	0.0917
737660-0510	39,322,200	63,250,000	4/10/2015	0.6217	0.2582
788880-0590	12,193,800	14,405,000	11/11/2014	0.8465	0.0334
887980-0200	9,204,000	10,150,000	8/26/2013	0.9068	0.0269

Area 500 - WAREHOUSES OVER 100,000 SQUARE FEET  
2016 Assessment Year

<b>Quadrant/Crew:</b>	<b>Appr date :</b>	<b>Date:</b>	<b>Sales Dates:</b>		
North Crew	1/1/2015	4/12/2016	1/1/13 - 01/01/16		
<b>Area</b>	<b>Appr ID:</b>	<b>Prop Type:</b>	<b>Trend used?: Y / N</b>		
500	SELF	Improvement	N		
<b>SAMPLE STATISTICS</b>					
Sample size (n)	13	<p style="text-align: center;"><b>Ratio Frequency</b></p>			
Mean Assessed Value	27,960,500				
Mean Sales Price	32,500,400				
Standard Deviation AV	39,897,910				
Standard Deviation SP	43,964,084				
<b>ASSESSMENT LEVEL</b>					
Arithmetic mean ratio	0.871	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>These figures reflect measurements before posting new values.</p> </div>			
Median Ratio	0.880				
Weighted Mean Ratio	0.860				
<b>UNIFORMITY</b>					
Lowest ratio	0.6217				
Highest ratio:	1.0175				
Coefficient of Dispersion	9.43%				
Standard Deviation	0.1114				
Coefficient of Variation	12.80%				
Price-related Differential	1.01				
<b>RELIABILITY</b>					
<b>95% Confidence: Median</b>					
Lower limit	0.808				
Upper limit	0.972				
<b>95% Confidence: Mean</b>					
Lower limit	0.810				
Upper limit	0.931				
<b>SAMPLE SIZE EVALUATION</b>					
N (population size)	260				
B (acceptable error - in decimal)	0.05				
S (estimated from this sample)	0.1114				
<b>Recommended minimum:</b>	19				
Actual sample size:	13				
<b>Conclusion:</b>	Uh-oh				
<b>NORMALITY</b>					
<b>Binomial Test</b>					
# ratios below mean:	6				
# ratios above mean:	7				
z:	0				
<b>Conclusion:</b>	<b>Normal*</b>				
*i.e., no evidence of non-normality					

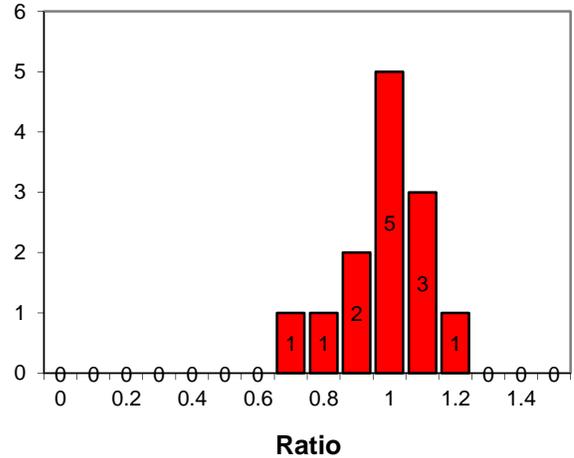
Area 500 - WAREHOUSES OVER 100,000 SQUARE FEET  
2016 Assessment Year

<b>Parcel Number</b>	<b>Assessed Value</b>	<b>Sale Price</b>	<b>Sale Date</b>	<b>Ratio</b>	<b>Diff: Median</b>
032304-9194	13,586,800	13,000,000	12/13/2013	1.0451	0.0797
062205-9009	11,777,400	14,875,000	12/14/2015	0.7918	0.1736
062205-9010	174,767,100	170,000,000	6/28/2013	1.0280	0.0626
122104-9035	12,523,500	14,050,000	5/12/2014	0.8914	0.0741
125381-0010	9,629,900	9,975,000	10/2/2014	0.9654	0.0000
132104-9019	21,493,500	24,750,000	9/24/2013	0.8684	0.0970
221295-0073	24,757,700	21,850,000	3/27/2014	1.1331	0.1677
357320-0005	8,186,300	8,200,000	5/27/2015	0.9983	0.0329
617290-0010	36,380,100	38,700,000	12/18/2013	0.9401	0.0253
669300-0020	20,300,200	19,300,000	10/22/2014	1.0518	0.0864
737660-0510	43,316,100	63,250,000	4/10/2015	0.6848	0.2806
788880-0590	13,416,200	14,405,000	11/11/2014	0.9314	0.0340
887980-0200	10,146,900	10,150,000	8/26/2013	0.9997	0.0343

Area 500 - WAREHOUSES OVER 100,000 SQUARE FEET  
2016 Assessment Year

<b>Quadrant/Crew:</b>	<b>Appr date :</b>	<b>Date:</b>	<b>Sales Dates:</b>	
North Crew	1/1/2016	4/12/2016	1/1/13 - 01/01/16	
<b>Area</b>	<b>Appr ID:</b>	<b>Prop Type:</b>	<b>Trend used?: Y / N</b>	
500	SELF	Improvement	N	
<b>SAMPLE STATISTICS</b>				
Sample size (n)	13			
Mean Assessed Value	30,790,900			
Mean Sales Price	32,500,400			
Standard Deviation AV	44,560,974			
Standard Deviation SP	43,964,084			
<b>ASSESSMENT LEVEL</b>				
Arithmetic mean ratio	0.948			
Median Ratio	0.965			
Weighted Mean Ratio	0.947			
<b>UNIFORMITY</b>				
Lowest ratio	0.6848			
Highest ratio:	1.1331			
Coefficient of Dispersion	9.15%			
Standard Deviation	0.1190			
Coefficient of Variation	12.55%			
Price-related Differential	1.00			
<b>RELIABILITY</b>				
<b>95% Confidence: Median</b>	These figures reflect measurements after posting new values.			
Lower limit				0.868
Upper limit				1.045
<b>95% Confidence: Mean</b>				
Lower limit				0.884
Upper limit				1.013
<b>SAMPLE SIZE EVALUATION</b>				
N (population size)	260			
B (acceptable error - in decimal)	0.05			
S (estimated from this sample)	0.1190			
<b>Recommended minimum:</b>	21			
Actual sample size:	13			
<b>Conclusion:</b>	Uh-oh			
<b>NORMALITY</b>				
<b>Binomial Test</b>				
# ratios below mean:	6			
# ratios above mean:	7			
z:	0			
<b>Conclusion:</b>	<b>Normal*</b>			
*i.e., no evidence of non-normality				

Ratio Frequency



Improvement Sales for Area 500 with Sales Used

04/13/2016

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
500	025	125381	0010	118,176	2693969	\$9,975,000	10/02/14	\$84.41	RELIABLE DISTRIBUTERS	IL	1	Y	
500	035	122104	9035	167,023	2667302	\$14,050,000	05/12/14	\$84.12	WHITE RIVER PARK	M1	1	Y	
500	035	132104	9019	286,350	2633634	\$24,750,000	09/24/13	\$86.43	AUBURN 18 DISTRIBUTION CENTE	M1	1	Y	
500	045	062205	9009	159,608	2771932	\$14,875,000	12/14/15	\$93.20	WAREHOUSE	M2	1	Y	
500	045	062205	9010	2,773,847	2615627	\$170,000,000	06/28/13	\$61.29	NORTHWEST CORPORATE PARK	M2	5	Y	
500	045	669300	0020	445,574	2697430	\$19,300,000	10/22/14	\$43.31	WAREHOUSE	M2	1	Y	
500	045	788880	0590	169,635	2700604	\$14,405,000	11/11/14	\$84.92	LINCOLN DISTRIBUTION CENTER	M1	2	Y	
500	045	887980	0200	115,004	2626846	\$10,150,000	08/26/13	\$88.26	VAN DOREN BLDG. E	M1	1	Y	
500	060	032304	9194	123,000	2645251	\$13,000,000	12/13/13	\$105.69	WAREHOUSE	IG2 U/65	2	Y	
500	060	182404	9063	243,044	2623351	\$23,400,000	08/09/13	\$96.28	WA STATE LIQUOR CONTROL BOA	IG1 U/85	1	26	Imp changed after sale; not in ratio
500	060	357320	0005	104,786	2732669	\$8,200,000	05/27/15	\$78.25	BARTELL DRUGS	IG1 U/85	1	Y	
500	060	617290	0010	327,941	2646049	\$38,700,000	12/18/13	\$118.01	ESCO IND SVC CTR/SEA-DRU-NAR	IG1 U/85	3	Y	
500	060	737660	0510	400,270	2723685	\$63,250,000	04/10/15	\$158.02	WAREHOUSE	IG2 U/85	3	Y	
500	080	221295	0073	198,227	2659398	\$21,850,000	03/27/14	\$110.23	INDUSTRIAL WAREHOUSE	MP	4	Y	

## Improvement Sales for Area 500 with Sales not Used

04/13/2016

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
500	025	214610	0033	252,484	2671378	\$23,600,000	05/30/14	\$93.47	EARLINGTON BUSINESS PARK	IM	2	59	Bulk portfolio sale
500	025	352304	9093	298,610	2719035	\$30,211,067	02/26/15	\$101.17	SOUTHCENTER WEST BUSINESS	TUC	4	59	Bulk portfolio sale
500	035	000460	0044	109,585	2729425	\$13,000,000	05/07/15	\$118.63	INTEGRIS METALS INDUSTRIAL/MA	M1	1	64	Sales/leaseback
500	035	030151	0050	270,046	2710242	\$28,253,716	01/15/15	\$104.63	PACIFIC GULF DISTRIBUTION CEN	M1	1	44	Tenant
500	035	030151	0230	287,945	2596486	\$14,200,000	03/29/13	\$49.31	SEATTLE COLD STORAGE	M1	1	15	No market exposure
500	035	030151	0230	287,945	2662553	\$14,200,000	04/07/14	\$49.31	SEATTLE COLD STORAGE	M1	1	51	Related party, friend, or neighbor
500	035	112104	9001	162,100	2735952	\$17,015,000	06/10/15	\$104.97	WAREHOUSE	M1	1	15	No market exposure
500	045	122204	9060	115,920	2719103	\$23,854,258	02/26/15	\$205.78	WAREHOUSE	M3	2	59	Bulk portfolio sale
500	045	122204	9109	106,910	2697214	\$9,313,660	10/24/14	\$87.12	BENAROYA AT SOUTH 216TH	M3	1	64	Sales/leaseback
500	045	261100	0020	132,125	2719039	\$13,242,334	02/26/15	\$100.23	VALLEY FREEWAY BUSINESS CEN	M2	1	59	Bulk portfolio sale
500	045	312305	9157	115,300	2724667	\$11,150,000	04/16/15	\$96.70	LINCOLN MOVING & STORAGE	M2	1	64	Sales/leaseback
500	045	383090	0400	100,000	2671367	\$9,000,000	05/30/14	\$90.00	REXAM BEVERAGE CAN	M3	1	59	Bulk portfolio sale
500	045	788880	0070	103,100	2649875	\$8,700	01/13/14	\$0.08	BOXMAKER INC	M2	1	24	Easement or right-of-way
500	060	357370	0006	254,144	2697564	\$330,000	10/23/14	\$1.30	SEARS & OTHERS	IG1 U/85	1	22	Partial interest (1/3, 1/2, etc.)
500	060	766670	3967	166,084	2722616	\$18,250,000	04/01/15	\$109.88	PUGET SOUND -terminal 7 B	IG1 U/85	3	64	Sales/leaseback
500	060	766670	5088	152,365	2700274	\$16,400,000	11/06/14	\$107.64	PUGET SOUND FREIGHT LINES-Te	IG1 U/85	2	15	No market exposure
500	080	072506	9129	210,761	2637526	\$60,625,000	10/25/13	\$287.65	DISTRIBUTION WAREHOUSE	MP	1	51	Related party, friend, or neighbor

## 2016 PHYSICAL INSPECTIONS AREA 500

Area	Major	Minor	SitusAddress	PredominantUse
500	092308	9003	401 SOUTH FORK AVE	STORAGE WAREHOUSE
500	125380	0040	200 SW 34TH ST	WAREHOUSE, DISTRIBUTION
500	125380	0060	3324 LIND AVE SW	WAREHOUSE, DISTRIBUTION
500	125380	0170	4060 LIND AVE SW	STORAGE WAREHOUSE
500	125380	0211	201 SW 34TH ST	STORAGE WAREHOUSE
500	125381	0010	3401 LIND AVE SW	WAREHOUSE, DISTRIBUTION
500	125381	0110	3215 LIND AVE SW	WAREHOUSE, DISTRIBUTION
500	125381	0270	851 SW 34TH ST	WAREHOUSE, DISTRIBUTION
500	182309	9052	47020 SE 144TH ST	WAREHOUSE, DISTRIBUTION
500	214600	0010	710 THOMAS AVE SW	WAREHOUSE, DISTRIBUTION
500	214600	0030	705 SW 7TH ST	WAREHOUSE, DISTRIBUTION
500	214600	0050	600 SW 10TH ST	STORAGE WAREHOUSE
500	214610	0033	933 THOMAS AVE SW	WAREHOUSE, DISTRIBUTION
500	219310	0010	300 SW 27TH ST	WAREHOUSE, DISTRIBUTION
500	242304	9020	1901 RAYMOND AVE SW	WAREHOUSE, DISTRIBUTION
500	242304	9115	1905 RAYMOND AVE SW	WAREHOUSE, DISTRIBUTION
500	242304	9120	589 MONSTER RD SW	WAREHOUSE, DISTRIBUTION
500	242304	9121	951 MONSTER RD SW	STORAGE WAREHOUSE
500	252304	9017	17600 WEST VALLEY	STORAGE WAREHOUSE
500	252304	9058	1100 SW 27TH ST	IND LIGHT MANUFACTURING
500	252304	9064	800 SW 27TH ST	IND LIGHT MANUFACTURING
500	262304	9015	510 ANDOVER PARK W	WAREHOUSE, DISTRIBUTION
500	262304	9077	17000 SOUTHCENTER	WAREHOUSE, DISTRIBUTION
500	262304	9115	745 ANDOVER PARK E	WAREHOUSE, DISTRIBUTION
500	262304	9118	1000 ANDOVER PARK	WAREHOUSE, DISTRIBUTION
500	292407	9055	30450 SE 79TH ST	WAREHOUSE, DISTRIBUTION
500	322407	9001	8152 304TH AVE SE	WAREHOUSE, DISTRIBUTION
500	322407	9128	3052 SE 84TH ST	WAREHOUSE, DISTRIBUTION
500	334040	5300	801 SW 16TH ST	WAREHOUSE, DISTRIBUTION
500	352304	9053	1100 ANDOVER PARK W	WAREHOUSE, DISTRIBUTION
500	352304	9091	1201 ANDOVER PARK E	WAREHOUSE, DISTRIBUTION
500	352304	9093	1185 ANDOVER PARK W	WAREHOUSE, DISTRIBUTION
500	352304	9110	1105 ANDOVER PARK W	WAREHOUSE, DISTRIBUTION
500	352304	9112	6233 SEGALE PARK - D	WAREHOUSE, DISTRIBUTION
500	352304	9115	5811 SEGALE PARK - C	WAREHOUSE, DISTRIBUTION
500	352304	9119	18125 ANDOVER PARK	WAREHOUSE, DISTRIBUTION
500	352304	9120	6101 S 180TH ST	STORAGE WAREHOUSE
500	362304	9001	616 SW 41ST ST	STORAGE WAREHOUSE
500	362304	9032	4001 OAKESDALE AVE	WAREHOUSE, DISTRIBUTION
500	362304	9033	4101 OAKESDALE AVE	WAREHOUSE, DISTRIBUTION
500	362304	9071	4051 OAKESDALE AVE	WAREHOUSE, DISTRIBUTION
500	362304	9112	1001 SW 41ST ST	STORAGE WAREHOUSE
500	788890	0130	18375 OLYMPIC AVE S	STORAGE WAREHOUSE
500	788890	0152	18235 OLYMPIC AVE S	WAREHOUSE, DISTRIBUTION

## 2016 PHYSICAL INSPECTIONS AREA 500

500	788890	0160	18391 CASCADE AVE S	WAREHOUSE, DISTRIBUTION
500	312305	9017	8631 S 187TH ST	WAREHOUSE, DISTRIBUTION
500	312305	9020	8815 S 190TH ST	WAREHOUSE, DISTRIBUTION
500	312305	9141	8804 S 190TH ST	WAREHOUSE, DISTRIBUTION
500	312305	9157	8420 S 190TH ST	STORAGE WAREHOUSE
500	617290	0015	3601 2ND AVE S	WAREHOUSE, DISTRIBUTION
500	737660	0390	4455 7TH AVE S	IND LIGHT MANUFACTURING