

**Commercial Revalue**

**2018 Assessment roll**

**HOTEL**

**AREA 160**

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

**John Wilson, Assessor**



## King County

### Department of Assessments

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**John Wilson**  
*Assessor*

Dear Property Owners,

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

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

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

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

In Service,

John Wilson  
King County Assessor

## **How Property Is Valued**

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

### **What Are Mass Appraisal Techniques?**

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

### **Are Properties Inspected?**

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

### **How are Commercial Properties Valued?**

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

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

### **How is Assessment Uniformity Achieved?**

The Assessor achieves uniformity of assessments through standardization of rate tables for incomes, operating expenses, vacancy and credit loss collections and capitalization rates which are uniformly applied to similarly situated commercial properties. Rate tables are generated annually that identify specific rates based on location, age, property type, improvement class, and quality grade. Rate tables are annually calibrated and updated based on surveys and collection of data from local real estate brokers, professional trade publications, and regional

financial data sources. With up-to-date market rates we are able to uniformly apply the results back to properties based on their unique set of attributes.

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

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

Source: IAAO, *Standard on Ratio Studies*, 2013, Table 1-3. [www.IAAO.org](http://www.IAAO.org)

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

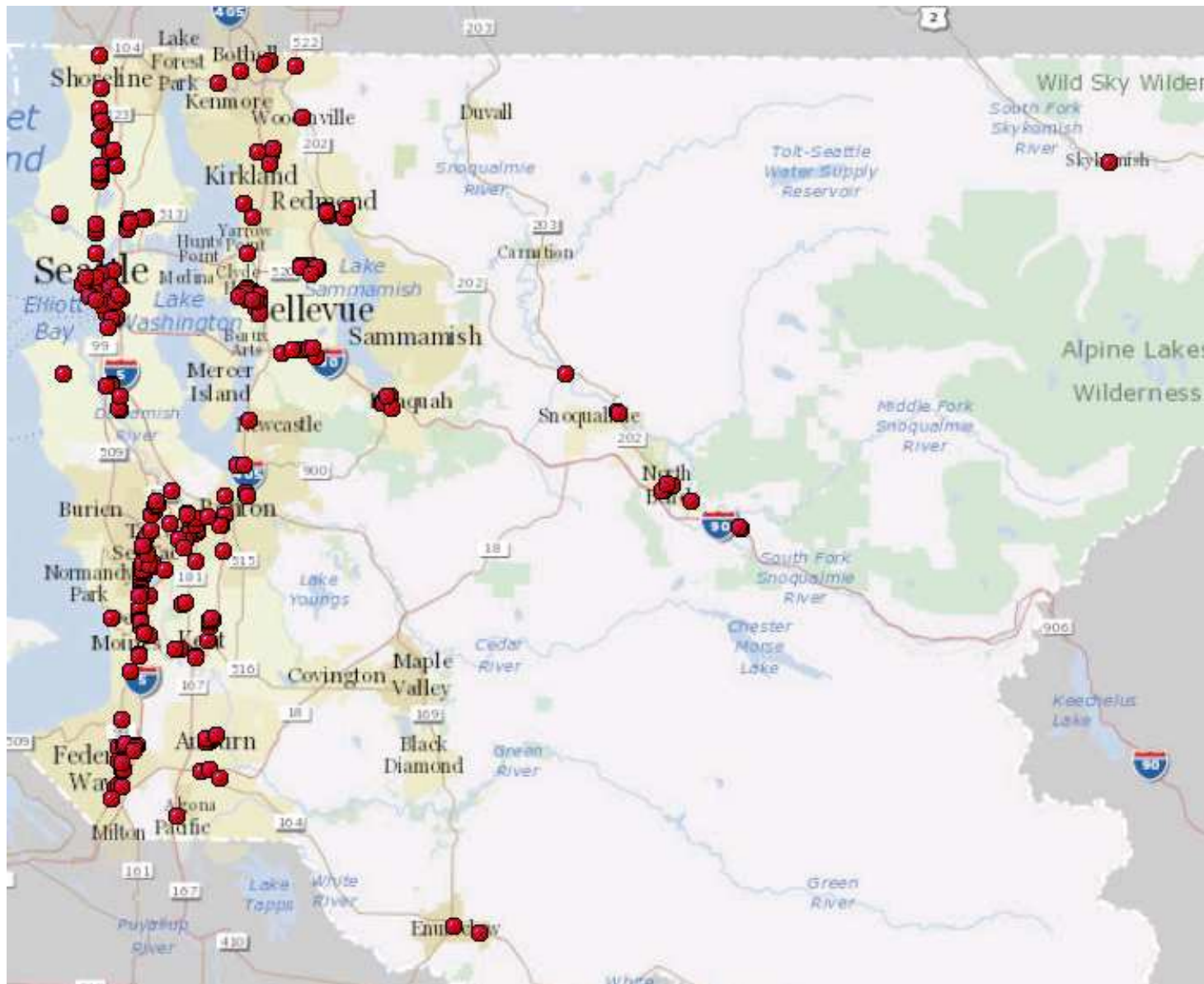
## Requirements of State Law

Within Washington State, property is required to be revalued each year to market value based on its highest and best use. (RCW 84.41.030; 84.40.030; and WAC 458-07-030). Washington Courts have interpreted fair market value as the amount of money a buyer, willing but not obligated to buy, would pay to a seller willing but not obligated to sell. Highest and Best Use is simply viewed as the most profitable use that a property can be legally used for. In cases where a property is underutilized by a property owner, it still must be valued at its highest and best use.

## Appraisal Area Reports

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

## Hotel / Motels located in King County



# Hotel Specialty Area 160

## 2018 Revalue Report



**King County**

Department of Assessments



## Executive Summary Report

### Appraisal Date

- January 1, 2018
- 2019 Tax Roll Year

### Specialty Name

- Area 160 - Hotels/Motels

### Physical Inspection

- Neighborhood 20

### Sales – Analysis Summary

- Number of Sales: 50 Market Transactions
- Date Range: 1/1/2015 to 1/1/2018

### Improved Sales – Ratio Study Summary

Improved Sales - Valuation Change Summary				
	Mean Assessed Value	Mean Sales' Price	Weighted Mean Ratio	COD *
2017 Value	\$21,588,600	\$24,135,900	89.40%	11.35%
2018 Value	\$23,516,800	\$24,135,900	97.40%	9.02%
Abs Change	\$1,928,200		8.00%	-2.33%
% Change	8.93%		8.95%	-20.53%

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

**Sales used in analysis:** Sales of improved, verified, market transactions that did not have major characteristic changes between the date of sale and the date of appraisal were included in the ratio analysis. Examples of sales that are not included in the analysis are: sales that have had major renovations after the sale or sales for the improvement only.

The results of the above ratio study for hotel and motel sales in Specialty 160, is based on a wide variety of sales throughout King County. These sales represent different varieties of lodging properties depending on location, effective age, quality, condition, and different amenities. There were 52 sales coded as being at market but two of them were removed from the ratio study analysis. This is a larger sample size than typical, which shows the strength of the King County market; however, because of the variety of lodging properties in this specialty, results should still be tempered.

### Population – Parcel Summary Data

Number of Improved Parcels in the Ratio Study Population: 317 (This figure may include some properties currently under construction)

Below is a summary of the value change from this revalue.

Total Population - Parcel Summary Data			
	Land	Improvement	Total
2017	\$1,713,607,400	\$5,283,691,000	\$6,997,298,400
2018	\$1,925,742,500	\$5,732,981,100	\$7,658,723,600
% Change	12.38%	8.50%	9.45%

The total number of Parcels in the Specialty Assignment is 370. (This figure includes economic land parcels and may include properties currently under construction)

### **Conclusion and Recommendation**

Overall, the total assessed values for the 2018 revalue have increased 9.45% from the 2017 assessment levels. The increase reflects a healthy market for temporary lodging properties in King County. The change in value is due to improvement and stabilization in income fundamentals. In particular, average daily rates (ADRs) increased, while occupancy maintained its current level which is at a record high in King County. Worth noting in the upcoming year is capitalization rates. By fourth quarter of 2017 it became apparent that rates were beginning to creep upward which may be an indication we have reached a peak in this current business cycle.

The assessed values recommended in this report reflect current temporary lodging property market parameters as of the valuation date of 1/1/2018 and improve uniformity and equity. Therefore it is recommended that the values should be posted for the 2018 Assessment Year.



## **Identification of the Area**

### **Name and Designation**

- Specialty Area 160 – Hotels & Motels

### **Specialty Neighborhoods**

Five neighborhoods have been established by the Assessor for valuation purposes of this specialty. The neighborhoods were established to group properties into similar market areas and enable more accuracy when creating competitive sets..

- Neighborhood 10 – Seattle Central Business District
- Neighborhood 20 – Bellevue and Northeast King County
- Neighborhood 30 – Northwest Seattle
- Neighborhood 40 – South Seattle, Renton, Tukwila, and SeaTac
- Neighborhood 50 – South King County

### **Boundaries**

All of King County

### **Maps**

A GIS 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 on the Assessor's website at [www.kingcounty.gov/assessor](http://www.kingcounty.gov/assessor).

## **Area Overview**

Regionally the temporary lodging market continues to perform well. The vast majority of lodging properties in King County have more than surpassed their peak values from the great recession and King County continues to be one of the strongest markets in the nation. Average Daily Rates (ADR's) have increased from their record performance in 2016. Occupancy rates remained stable, maintaining their record high for the county. However, cap rates are beginning to inch upward as seen in the cap rate table that follows later in this report.

Interestingly, in 2017, the strongest growth was outside the downtown core although downtown Seattle continued to make gains. South Lake Union, SeaTac, and Northgate saw the largest percentage of overall property value increases. Kidder Mathews reports in its Fourth Quarter 2016 Seattle Hotel Report that downtown Seattle hotels are averaging an 84% occupancy rate and in the 4<sup>th</sup> Quarter 2017 Hotel Report they added that SeaTac and the rest of Seattle has an average occupancy rate over 80% while the downtown Seattle core was maintaining the occupancy level achieved in 2016. This is the 6<sup>th</sup> year of record occupancy and the highest annual occupancy in 35 years.

Record occupancy and increasing ADRs, have spurred further hotel development. Currently, in King County, there are 27 hotel projects under construction. Many are financed by a mix of local, national and international investors with projects blending office, apartment, retail, and hotel space to lower risk and improve underwriting prospects. The largest project is the new 1,264 room Hyatt Regency Hotel. This will be the seventh hotel in King County to open with over 450 rooms and will offer convention style amenities. In addition, the Seattle convention center is planning to double in size in the coming years. Other hotel additions coming to the Seattle downtown core in 2018 include: The Mark, a 13 story, 184 guest room luxury hotel that is nearing completion, the 90 guest room State Hotel, the 146 guest room Moxy Hotel, the 229 room Charter Hotel, and the 282 room Embassy Suites in Pioneer Square. Outside of Seattle, SeaTac generated some of the highest increases in the county, according to Kidder Mathews 4<sup>th</sup> Quarter 2017 Hotel Report. Some of the new hotels in this area coming onto the market in 2018 include: Woodspring Suites with 114 rooms, Holiday Inn Express with 92 rooms, and Aloft with 143 rooms.

Increasing Average Daily Rates, maintaining record occupancy, and strong international investor demand have created a very bullish sentiment on the local temporary lodging sector in King County. However, capitalization rates are inching upward so the Assessor is mindful of current and changing financial metrics and is watching to see if lodging properties have reached their peak value or if they will continue to increase in 2018.

**Lodging Property Description:** King County is considered a first tier market by investors, so it has a vast array of temporary lodging properties. There are currently 370 hotel / motel parcels in this specialty and that number continues to grow. Hotel properties are divided into two categories, limited and full service. Using the 2018 Smith Travel Research Host Almanac for expenses, the Assessor arranged the hotels into competitive sets within these two categories for valuation purposes. There are three types of competitive sets of limited service hotels: economy, midscale, and upscale; and five types of competitive sets of full service hotels: economy midscale, upscale, upper upscale, and luxury. The lines between the categories of competitive sets of lodging properties are often blurred into one another, but below is a general description of the two categories of temporary lodging properties and the eight types of competitive sets considered for valuation in this cycle:

**Limited Service Lodging:** These are hotels with room only operations (i.e. without food and beverage service). Many limited-service hotels offer some of the amenities that guests may expect from higher priced hotels such as a complimentary breakfast bar and newspaper, however, limited-service hotels lack a dedicated, revenue-producing food and beverage component. In other words, they may provide food and beverages but the revenue from those operations will amount to less than 5%. Below is a description of the three categories of competitive sets of limited service hotels / motels:

- 1. Economy:** Hotels in this competitive set generally offer minimal amenities, smaller guest rooms, and modest prices. Typically rooms are accessed from outdoor doorways as opposed to insular halls. Budget limited service hotels / motels can be found throughout King County. Some examples include: Motel 6, The Jet Motel, and Econo-Lodge.
- 2. Midscale:** Typically these are simple hotels. These hotels have enclosed passageways, and guest rooms that are slightly larger than economy. They often provide the following

amenities: a complimentary breakfast, business center, a fitness room, a guest laundry facility, an indoor and/or outdoor pool, and small meeting rooms. There are many limited service hotels throughout King County such as: Comfort Inn, Hampton Inn, Holiday Inn Express.

3. **Upscale:** These hotels can best be described as hotels with apartment type guest rooms. Typically they have service and amenities similar to midscale hotels such as complimentary breakfasts, a pool, and fitness center. The significant difference is the guest rooms are suites in most cases which often include a separate walled off sleeping quarter. In addition, they usually have cooking appliances and are designed for travelers staying longer than a couple of days. There are a number of these hotels in King County including: Homewood Suites, the Residence Inn, and the Silver Cloud Inn,

**Full Service Lodging:** Full service hotels typically offer better accommodations, more and higher quality service, and food service on site. Loosely, the definition of a full service hotel by the Assessor would be hotels reporting food and beverage revenues and expenses, where food and beverage revenues are greater than 5% of room revenues. Below are the five types of competitive sets of full service hotels / motels:

1. **Economy:** Typically these hotels are very similar to limited service hotels. They generally offer the same amenities as a limited service, midscale hotel and may even have outdoor passageways. However, these hotels have a restaurant on site. There are very few of these in King County.
2. **Midscale:** The competitive set for this group is also small but it is larger than the competitive set of full service economy hotels. Properties in this category tend to offer the fundamentals of limited service properties together with a few amenities characteristic of full service properties. The goal is to keep operating costs down. They are often older hotels that lack the space for larger meeting rooms and many amenities business travelers prefer. Typically the restaurant is a lower quality eating establishment and the rooms are similar to a limited service hotel but slightly larger. Some examples of midscale hotels include: The Best Western Plus and the Ramada Inn.
3. **Upscale:** These hotels typically have a restaurant and a lounge. While there are a wide variety of upscale, full service hotels in King County, they have higher quality accommodations and generally offer guest services of higher quality and charge higher room rates than midscale hotels. Some of the amenities found in these types of hotels include: larger meeting space, fitness facilities, concierge services, etc. In order to provide these services they typically need more space, so the buildings may be larger. Some examples of upscale hotels include: the Courtyard by Marriott, The Silver Cloud Inn – full service, and numerous non-franchised hotels.
4. **Upper Upscale:** This competitive Set has well-appointed hotels with high quality amenities including spacious guest rooms and bathrooms. The hotels in this competitive set are four or five star quality. The guest rooms may be more lavishly decorated than guest rooms in upscale hotels. Typically they're located in prime city center locations in major cities. Most are found in centralized business locations such as downtown Seattle, downtown Bellevue, and SeaTac. Usually these hotels have large meeting spaces, and

high quality, often personalized amenities such as: room service, fitness facilities, concierge services, wedding facilities, etc. Some hotels in this category include: Hyatt Regency, Renaissance Hotels, and Sheraton Hotels.

- 5. Luxury Hotels:** These hotels are found in both the heart of the city and in the picturesque areas outside. They include boutique hotels and resorts. What differentiates these hotels from other full service hotels is they offer luxury accommodations throughout the hotel. The rooms are lavishly decorated, often with period décor' and they typically offer extra services such as valet parking, concierge services, spa services, etc. on site. Some examples of this are the Alexis Hotel and Hotel 1000 in Seattle, and the Willows Lodge in Woodinville.

All five neighborhoods in King County experienced value increases. Neighborhoods 10 and 40 saw the largest percentage increases overall as neighborhood 10 contains the Seattle downtown core and South Lake Union and neighborhood 40 contains SeaTac. Those markets continued to outperform the rest of the region with record breaking average daily rates and occupancy. ADRs were high throughout King County but on the east side a number of new hotels opened in 2017, bringing a larger supply of guest rooms onto the market. This caused occupancy in this area to shift slightly downward from their record high. Thus, the percentage increase in neighborhood 20 was not as great as in neighborhoods 10 and 40 even though neighborhood 20 contains the Bellevue downtown core. Neighborhoods 30 and 50, also experienced value increases but it was not as large an increase as neighborhoods with major city cores. Both of these neighborhoods are largely comprised of midscale and economy limited service hotels and those types of lodging properties did not see as great an increase as limited upscale and full service hotels did.

In summary, well located hotels have seen the biggest increase in average daily rates, occupancy, and revenue per available room. King County has continued to out-perform forecaster's predictions as stated by Kidder Mathews indirectly with downtown Seattle achieving a 35 year high rate of occupancy. The following is a list of King County market metrics from the 2018 Smith Travel Research (STR) Host Almanac and Kidder Mathews 2017 4<sup>th</sup> Quarter Seattle Hotel Report:

- Hotels in Seattle and SeaTac generated the highest room process in King County
- South Lake Union market ADR averaged \$192
- North Seattle market ADR averaged \$158
- Pacific Region overall occupancy was 80.2%.
- Pacific Region overall ADR was \$209.99.
- Pacific Region overall EBITDA before reserves was 30.7%
- Pacific Region overall full service occupancy was 79.9%
- Pacific Region overall full service ADR was \$232.79
- Pacific Region overall full service EBITDA before reserves was 28.4%
- Pacific Region overall limited service occupancy was 81.1%.
- Pacific Region overall limited service ADR was \$147.07.
- Pacific Region overall limited service EBITDA before reserves was 45.7%.

Below is a table summarizing the overall change in lodging properties by neighborhood

2018 Hotel / Motel Specialty Area Breakdown					
Area	Name	Improved Parcel Count	2017 Neighborhood AV	2018 Neighborhood AV	Percent Changed
160-10	Seattle Central Business District	89	\$3,407,892,400	\$3,757,358,700	10.25%
160-20	Bellevue & Northeast King County	77	\$1,768,516,500	\$1,921,723,800	8.66%
160-30	Northwest Seattle	38	\$379,928,200	\$407,636,100	7.29%
160-40	South Seattle, Renton, Tukwila, and SeaTac	97	\$1,117,611,700	\$1,221,627,300	9.31%
160-50	South King County	57	\$323,349,600	\$350,377,700	8.36%

## **Analysis Process**

**Effective Date of Appraisal:** January 1, 2018

**Date of Appraisal Report:** July 23, 2018

### **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 temporary lodging or mixed 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 building(s) 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 value of the entire property in its existing use. The current improvements add value to the property, and are therefore the highest and best use of the property as improved. On those parcels where the property is not at its highest and best use, a token value of \$1,000 is assigned to the improvements and the parcel may be removed from this specialty and returned to the geographical appraiser for valuation, unless it is known that owner plans to redevelop the site for future hotel usage.

**Standards and Measurement of Data Accuracy:** Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Published sources were also used when the sale participants were not willing to discuss sale details. Current data was verified and corrected when necessary by field inspection, review of plans, marketing information, and owner responses to surveys or appeals.

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

All three approaches to value were considered in this analysis, however most weight was put on the income approach. The sales approach was a check for reasonableness and little weight was put on the cost approach.

- Sales from 01/01/2015 to 01/01/2018 were considered in the analysis.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.
- No market trends (market condition or time adjustments) were applied to sales prices. Models were developed without market trends.



## Neighborhood Description

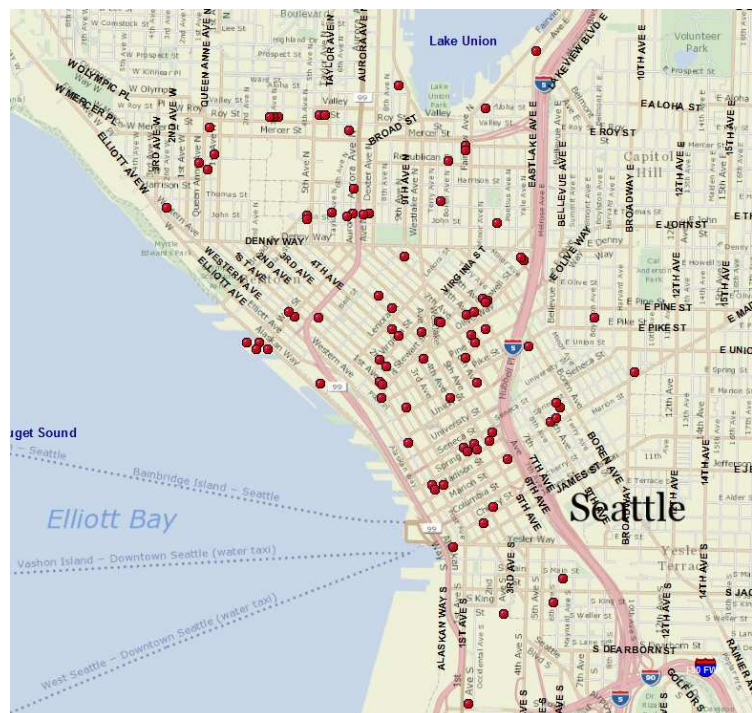
King County has many types of temporary lodging properties (hotels / motels) to accommodate both business and travel needs. Most of the inventory is driven by Seattle and Bellevue. Seattle is considered a first tiered city, therefore their temporary lodging industry attracts local, regional, national and international investors. Bellevue is home to Microsoft, one of the largest internet companies in the world, and it also attracts a wide variety of investors and hotel guests. Most temporary lodging properties are concentrated in commercial / retail centers; the type and quality of the hotel / motel depends on the specific location. The majority of luxury full service hotels are in downtown Seattle or completely outside of the major cities in a picturesque region. Upscale and Upper Upscale full service hotels are primarily located in the two downtown commercial business districts. Upscale limited service lodging is typically located close to office hubs, such as Redmond (Microsoft), Bellevue (Eastlake), Renton (Federal Buildings), etc. And midscale and economy limited service hotel / motels are found throughout the county with a higher density in unincorporated areas in North, Northeast and South King County. Generally, these hotel / motels are located along State Routes although there are also many along the two major interstate highways.

The Hotel Specialty currently has 370 parcels but that number continues to grow. Approximately 318 parcels are improved and 52 are associated land parcels. Included in the 318 improved parcels are 21 hotel commercial condominium units. All of the properties within this specialty were revalued this year. King County subscribes to a policy of annual revaluation timelines and a six year physical inspection cycle. Valuation models were developed within the eight competitive sets and this year 52 hotel sales were considered to test the models for reasonableness.

The following is a brief description of each neighborhood along with an area map. The red dots indicate a current hotel / motels is on file.

### Downtown Seattle Hotels & Motels – 160-10

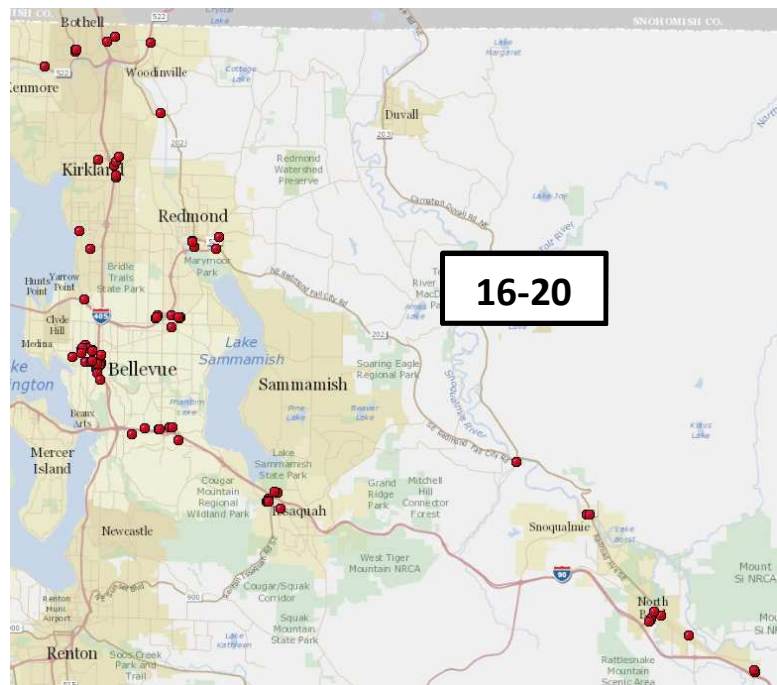
Neighborhood 10 includes lodging properties in the Downtown Seattle Commercial Business District, (CBD). The region is bounded on the north by Lower Queen Anne Hill and South Lake Union. It extends south through Pioneer Square to SoDo and Safeco Field. On the west it is bounded by the Puget Sound and on the east by Broadway Street.



The Seattle CBD contains the highest concentration of luxury, upscale, and upper upscale full service hotels, in King County. They also have a number of limited service hotels. This is a densely populated commercial area and temporary lodging properties are located throughout the neighborhood. Currently, there are 97 hotel / motel parcels in this area which comprise 26% of the temporary lodging population. This neighborhood also has 11 hotels that will come onto the market in 2018 or are under construction. For the 2018 revalue 8 of the 52 sales used were in this neighborhood. Overall property values in neighborhood 10 increased \$349,466,300 or 10.25%.

### **Bellevue and Northeast King County Hotels & Motels – 160 -20**

Temporary lodging properties in Neighborhood 20 are primarily located in Bellevue and northeast King County. On the north, the neighborhood extends from Bothell or the King – Snohomish County line to the cities located along the I-90 corridor on the south. It is bounded on the west by Lake Washington and includes Mercer Island. On the east it is essentially bounded by the Cascade Mountains. Bellevue is the major city included in this neighborhood however it also includes smaller cities such: Issaquah, North Bend, Snoqualmie, Kirkland, Redmond, Woodinville, and Bothell and large areas of unincorporated King County.



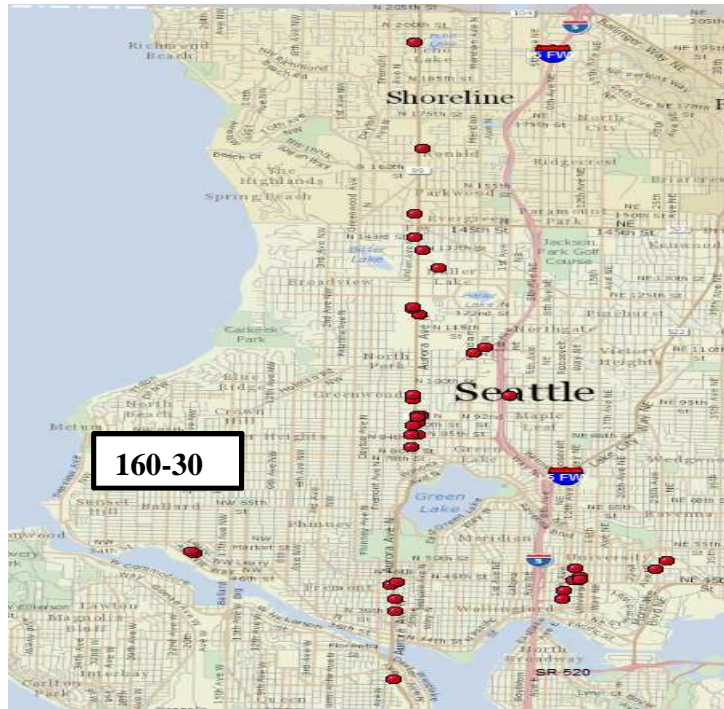
The Bellevue Central Business District, (CBD) contains the second highest concentration of full service hotels and Bellevue overall has the largest number of limited service upscale hotels of any city in King County. Many Seattle businesses are relocating to the east side because of the favorable business climate and proximity to technology companies such as Microsoft.

Currently there are 81 temporary lodging parcels in this neighborhood. It comprises 22% of the hotel-motel population. In addition, there are 5 new hotels under construction or that have recently come onto the market. This is a significant drop from last year and shows that new temporary lodging construction may be tapering off this business cycle. Bellevue is also starting to experience declining occupancy rates. However, 9 of the 52 sales were from this neighborhood and overall hotel property values increased \$153,207,300 or 8.66%.



## Northwest Seattle Hotels & Motels – 160-30

Neighborhood 30 is bounded on the west by Puget Sound and on the east by Interstate 5 but it does include the hotels around the University of Washington. This neighborhood begins north at



the King – Snohomish County line and extends as far south as the Aurora Bridge. Neighborhood 30 includes the following areas in north Seattle: Shoreline, Ballard, Northgate, Greenlake, Fremont, and the University District.

The majority of the temporary lodging properties in this neighborhood are situated along State Route 99 or Aurora Avenue as it is more commonly known. The map indicates how the properties are located along this state highway. It is the smallest neighborhood with just 38 hotel / motel parcels and accounts for 10% of the Hotel Specialty population. This year 8 of the 52 sales were from this neighborhood.

This is 15% of the hotel / motel sales which could be an indicator that this neighborhood may be on the verge of a construction boom. Currently, there is one new hotel under construction but two vacant land properties were recently purchased and plans are being finalized for those two properties to be developed with temporary lodging. Overall hotel property values in this area increased \$277,079,000 or 7.29%.



## South Seattle, Renton, Tukwila, and SeaTac Hotels & Motels – 160-40

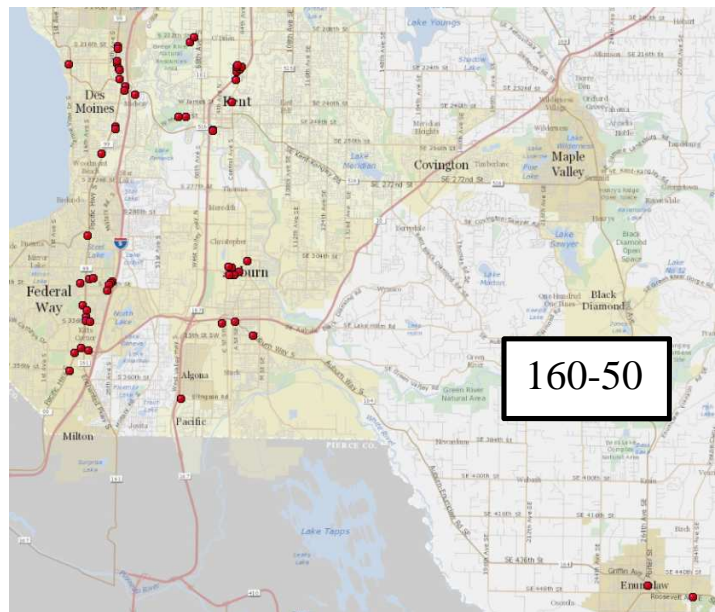
Neighborhood 160-40 includes both limited service and full service lodging properties. These properties are largely located in the northwest portion of the southern half of South King County. Neighborhood 40 is bounded on the west by Puget Sound and on the east by Interstate 405 and State Route 167. Most of this neighborhood's lodging properties are in SeaTac and Tukwila, located along SR 99, more commonly referred to as International Boulevard, and State Route 167 more commonly referred to as "The Valley Freeway" with a cluster of properties

around the Westfield Mall area better known as Southcenter. SeaTac includes the international airport, an area with a significant number of temporary lodging properties. This area is where most of the full service hotels in this neighborhood are located. However, Southport, an area in Renton that occupies the southern portion of Lake Washington, is starting to be developed into a business destination. It has full service hotels as well. But generally, temporary lodging properties in this neighborhood are mostly limited service with all three competitive sets well represented. The limited upscale properties are located in the denser hotel areas. Midscale and economy hotels / motels are primarily located along the state routes.

There are 97 temporary lodging parcels in this neighborhood and they make up 26% of the total hotel / motel population. In addition, there are also seven new hotels under construction or have recently come onto the market. And as stated early in this report, most of the growth in King County occurred outside the city of Seattle. SeaTac is one of the smaller areas that saw one of the largest percentage increases in overall value and is reporting a record occupancy for 2017. This revalue cycle showed that 15 of the 52 hotel properties that sold, or 29%, were from neighborhood 40, pointing to a steady increase in property values. Assessed values increased \$104,015,600 or 9.31%. Neighborhood 40 includes: West Seattle, Georgetown, Renton, Tukwila, and SeaTac

### **South King County Hotels & Motels – 160 -50**

The temporary lodging properties in neighborhood 50 are primarily limited service hotels and motels. This neighborhood is bounded on the north by south SeaTac and extends south to the Pierce – King County line. On the west it is bounded by the Puget Sound and on the east by the Cascade Mountains. The cities included in this neighborhood are: Des Moines, Federal Way, Auburn, Kent and Enumclaw. Most properties are situated on Interstate 5 and State Route 167, (the Valley Freeway). While the geographic area of neighborhood 50 extends to the King - Pierce and King - Kittitas county lines, there are only two hotels, both in Enumclaw, further east of the downtown areas of Auburn and Kent.



In total there are 57 temporary lodging parcels in this neighborhood which make up 15% of the hotel - motel population. It is a small neighborhood in terms of parcel count, when compared to the others in the hotel / motel specialty.

However, of the 52 hotel properties that sold this last revalue cycle 12 of them, or 23%, are from this neighborhood, pointing to continued growth. Currently, there is one new hotel under construction in Auburn. Overall, assessed values in this area increased \$270,281,100 or 8.36%.

## **Physical Inspection Area**

WAC 458-07-015 requires each property to be physically inspected at least once during a 6 year revaluation cycle. At a minimum, an exterior observation of the properties is made to verify the accuracy and completeness of property characteristic data that affect value. Property records are updated in accordance with the findings of the physical inspection. Neighborhood 160-20 Bellevue and Northeast King County were physically inspected for the 2018 assessment year. The inspection area was comprised of 81 parcels, or approximately 22% of the 370 total parcels located in Area 160. A list of the physically inspected parcels and an identifying map are included in the addendum of this report

## **Scope of Data**

### **Land Value Data**

The geographic appraiser in the area in which the temporary lodging property is located is responsible for the land value used in the hotel specialty valuation. 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. A sales questionnaire was mailed to sellers and purchasers of properties which sold in Area 160. Participation was voluntary and the response was modest. In addition, sales were verified, when possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Property characteristics are 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 at [www.kingcounty.gov/assessor](http://www.kingcounty.gov/assessor).

The sales prices reported are the gross sales price less 5% if it is a limited service hotel or the gross sales price less 10% if it is a full service hotel. The Assessor analyzed all the excise tax slips of market sales of temporary lodging properties dating back to 2012. In doing so, he found large differences in the reported percentages of tangible and intangible sales prices. Therefore, he followed the methodology employed by the publishers of the STR Host report when reporting expenses and found that typically the average amount deducted from limited service hotels for tangible and intangible personal property was slightly less than 5 percent of their gross sales price and typically the average amount deducted from full service hotels was slightly less than 10 percent deducted.

## **Preliminary Ratio Analysis**

The Assessor uses ratio studies to review current assessment levels, identify inequities that need to be addressed, and assist in revaluation model development. This analysis utilizes statistical methods to measure the relationship between a property's assessed value and its sale price by grouping individual sales into competitive sets by category, quality, effective age, geographic area, and geographic neighborhood.

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 also the ratio of the total assessed value to the total sales price value. The weighted mean gives equal weight to each dollar of value in the sample, whereas the median and mean give equal weight to each parcel. The weighted mean is an important statistic in its own right and 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 0.9 and 1.10. The preliminary ratio study for Area 160 shows a weighted mean ratio of 89.4% which is just outside the IAAO guidelines, indicating that the current assessment level, as measured using recent sales, is too low and needs to be adjusted upward.

**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 of deviation between the sale's ratios and 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 ratio study for Area 160 prior to the revalue process shows a COD of 11.35% 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 160 shows a PRD of 1.01 which again is in the IAAO guidelines of an acceptable range.

This study was used along with publications and other data analysis to determine how to adjust values in Area 160. When the new values are implemented the data shows that the weighted mean is now 97.4% which meets the IAAO standards, the COD is now 9.02% which improves upon the previous COD and a PRD remains at 1.01 staying in the acceptable range.



## **Improved Parcel Total Values**

### **Sales Comparison Approach**

The sales comparison approach was not used for developing valuation models for the competitive sets. However, sales data was considered as an additional metric to check for reasonableness of a model's overall value. There were a total of 52 improved sales within the hotel/motel specialty dating from 1/1/2015 to 1/1/2018 and 50 were used for the ratio study analysis however, 52 were considered fair market transactions and used in overall analysis. The sales were organized by neighborhood and hotel type (limited service or full service). The sales were then put into competitive sets. There were three limited service competitive sets, economy, midscale, and upscale and five full service competitive sets economy, midscale, upscale, upper upscale, and luxury. All sales and characteristic data were verified if possible by calling either the purchaser or seller, inquiring in the field, sending out a questionnaire or calling the broker. Sales are listed in the attached "Sales Used" appendix report.

### **Cost Approach Model Description & Calibration**

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. Costs are adjusted to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the limited amount of data in place in the Real Property Application. Typically, the cost model is not used as the factors needed to accurately calculate a temporary lodging property's cost are more numerous than the current program can capture. Thus, values generated via the programmed cost model are typically well below market.

### **Income Capitalization Approach Model Description**

Eight income models were developed for income capitalization of temporary lodging properties. There are three models for limited service hotel / motels and five models for full service hotel / motels. Each model was used for that competitive set. The Assessor uses expense ratios from the Smith Travel Research (STR) Host Almanac ratio to sales, limited and full service models to develop the expense portion of the aforementioned income models. The Average Daily Rate (ADR), Occupancy and Capitalization Rates are entered into the model by the appraiser. These are derived from market data collected from the properties themselves, local market metrics, market reports, surveys sent by the Assessor and from conversations with area brokers as well as property employees, buyers and sellers. The models take into account the typical revenue and expense components that are relevant to the appraisal of hotels: hotel type (full or limited service), quality of hotel, effective age, locational factors, average daily rate, occupancy rates, revenue per available room, additional revenues (food, telecommunications, rentals, and other income), departmental expenses, undistributed operating expenses, franchise and management fees, and fixed charges (property taxes and municipal charges, insurance, reserves for capital replacements).

The net operating income is capitalized and the previous year's personal property is deducted to arrive at the real property value which also generates a price per room. The assessor employs the appraisal methods developed by Stephen Rushmore, MAI. His valuation approach for hotels is commonly known as the Rushmore Approach, however slight variations on his model, such as

not using a loaded cap rate and reporting taxes as a percentage of the real property value, were made for transparency and to align our data with published reports. This also aligns with STR Host report expense models.

Adjustments are made to the ADR, occupancy, and capitalization rates to reflect the influence of locational factors and effective age within each competitive set. Financial data is gathered through physical inspection, sales verification, financial publications, questionnaires mailed by the Assessor, and information provided by the appellants for the purposes of appeals.

## Income

Income parameters relevant to hotels are first and foremost measured by the hotel's ADR and its typical occupancy level. Hotels may also generate revenues through other sources such as food and beverage, telecommunications, banquet services, conventions, etc.

## Expenses

Most hotel and motel property's expenses are broken down into several categories: departmental expenses (rooms, food and beverage, telecommunications, other operated departments), undistributed expenses (administrative and general, marketing, utility costs, and property maintenance), franchise and management fees, fixed charges (property taxes and municipal charges), insurance, and reserves for replacement. The Assessor relies on the Smith Travel Research Host Report for typical expense percentages.

## Capitalization Rates

The range of capitalization rates used by the assessor was derived from published sources as well as verified sales. Lower capitalization rates were applied to newer and higher quality hotels in the central business districts such as downtown Seattle and downtown Bellevue. Higher capitalization rates were applied to older, lesser quality hotels in more suburban locations.

2017 HOTEL/MOTEL CAPITALIZATION RATES				
SOURCE	DATE	TYPE	2016 AVERAGE RATE/RANGE	2017 AVERAGE RATE/RANGE
CBRE Cap Rate Survey	Second Half 2017	Greater Seattle Area CBD: Luxury Hotels	6.00% (5.75% - 6.25%)	6.25% (6.00% - 6.50%)
CBRE Cap Rate Survey	Second Half 2017	Greater Seattle Area Suburban: Luxury Hotels	7.00% (6.50% - 7.50%)	7.25% (6.75% - 7.75%)
CBRE Cap Rate Survey	Second Half 2017	Greater Seattle Area CBD: Full Service	6.25% (6.00% - 6.50%)	6.50% (6.25% - 6.75%)
CBRE Cap Rate Survey	Second Half 2017	Greater Seattle Area Suburban: Full Service	8.00% (7.50% - 8.50%)	8.125% (7.75% - 8.50%)
CBRE Cap Rate Survey	Second Half 2017	Greater Seattle Area CBD: Select Service	6.50% (6.25% - 6.75%)	7.00% (6.75% - 7.25%)
CBRE Cap Rate Survey	Second Half 2017	Greater Seattle Area Suburban: Select Service	8.00% (7.50% - 8.50%)	8.125% (7.75% - 8.50%)

CBRE Cap Rate Survey	Second Half 2017	Greater Seattle Area CBD: Economy	8.50% (8.00% - 9.00%)	8.625% (8.25% - 9.00%)
CBRE Cap Rate Survey	Second Half 2017	Greater Seattle Area Suburban: Economy	9.75% (9.25% - 10.25%)	9.75% (9.25% - 10.25%)
IRR Viewpoint	Year End 2017	Seattle Lodging – All Hotels	7.52%	6.75%
Situs RERC Real Estate Report	Q4 2017	Hotels – Seattle First-Tier Investment Properties	7.40%	7.20%
Situs RERC Real Estate Report	Q4 2017	Hotels – West Region First-Tier Investment Properties	7.75% (7.00% - 8.50%)	7.25% (6.00% - 8.50%)
Situs RERC Real Estate Report	Q4 2017	Hotels – West Region Second Tier Investment Properties	8.20% (7.00% - 10.00%)	7.75% (6.50% - 9.00%)
Situs RERC Real Estate Report	Q4 2017	Hotels – West Region Third Tier Investment Properties	8.70% (7.00% - 11.00%)	8.50% (7.00% - 10.00%)
Situs RERC Real Estate Report	Q4 2017	Hotels – Going-In Rate Institutional Investors National	7.80% (6.30% - 8.50%)	6.2% (4.00% - 8.50%)
Situs RERC Real Estate Report	Q4 2017	Hotels – Going In Rate National Investors	7.9%	7.4% (6.00% - 8.5%)
Situs RERC Real Estate Report	Q4 2017	Hotels – Terminal Rate Institutional Investors National	8.50%	6.9% (5.00% -9.50%)
Situs RERC Real Estate Report	Q4 2017	Hotels – Terminal Rate West Regional Survey National	8.40%	8.20% (7.00% - (9.00%))
Situs RERC Real Estate Report	Q4 2017	Hotels – Pro-Tax Yield Rate National		7.8% (6.00% - 10.30%)
ACLI	Q4 2017	U.S. Hotel / Motel	6.95%	6.70%
ACLI	Q4 2017	Pacific Hotel/Motel Fixed Rate Loans	5.13%	7.53%
ACLI	Q4 2017	Washington Hotel/Motel Fixed Rate Loans		5.64%
ACLI	Q4 2017	Seattle-Bellevue-Everett Hotel/Motel Fixed Rate Loans	7.36%	5.61%
HVS	Year End 2017	Full Service Incl. Luxury – US	7.00% (3.30% - 13.60%)	7.5% (2.60% - 10.80%)
HVS	Year End 2017	Select Service & Extended Stay – US	8.30% (6.50% - 10.30%)	8.60% (4.00% - 15.20%)
HVS	Year End 2017	Limited Service – US	9.10% (5.10% - 17.10%)	9.00% (5.80% - 12.80%)

## Income Approach Calibration

Each temporary lodging property was valued as part of a competitive set. All values were reviewed and calibrated to market tendencies. The assessor sends out a yearly income survey letter to all hotel owners in order to determine appropriate income, occupancy, and expense parameters. All of the factors used to establish value by the model are subject to adjustment, except the expense portion which followed the ratios set by STR 2018 Host Almanac.

**ADR (Average Daily Rate):** ADRs are expected to continue to move upward. It was noted, there are many more rooms scheduled to be on the market before 2022, however, demand for temporary lodging in the greater Seattle area remains strong. The majority of temporary lodging properties in all areas in King County saw their ADR and RevPAR (Revenue per available room) increase in 2017 and that is expected to continue throughout the decade.

**Occupancy:** King County has a very strong occupancy rate. According to Kidder Mathews, downtown Seattle completed a 6<sup>th</sup> year of record performance. They estimated that 2016 occupancy rate of upscale tier hotels is 84%, the highest annual rate in over 30 years. Then in their 2017 4<sup>th</sup> Quarter report they said that Seattle maintained their record occupancy but other neighborhoods namely, South Lake Union, SeaTac, and Northgate saw even larger occupancy than the previous year. However, neighborhood 20 saw a slight decrease in occupancy which may be the result of the number of new hotels coming onto the market in Bellevue.

**Cap Rates:** In 2017, capitalization rates were edging upward in the greater Seattle area depending on the specific location of the property. Nationally capitalization rates are moving upward much more dramatically. This trend is being watched to see if lodging properties have reached their peak in this business cycle.

The following chart gives a general overview of the metric adjustments used to develop the models for Area 160.

2017 Year End Metrics				
ADR	Occupancy Rate	RevPar	Cap Rate	Values
↑	↔	↑	↗	↑
(increase)	(stable)	(increase)	(slight increase)	(increase)

The following charts show typical ranges for key metrics for each specialty neighborhood based on category and competitive set. The two charts summarize overall rates used throughout Area 160. Ranges in parameters are generally due to location, building quality, effective age, and maintenance. Specific properties may deviate from what is noted.

Beginning with limited service hotels:

Typical Income Metrics for Limited Service Hotels			
	Economy	Midscale	Upscale
160-10	ADR \$70-\$95 OCC 65-70% CR 8.25-8.5%	ADR \$110-\$160 OCC 80% CR 7.5-8.25%	ADR \$120-\$175 OCC 80% CR 7-8%
160-20	ADR \$55-\$95 OCC 55-65% CR 8.75-9.5%	ADR \$70-\$130 OCC 60-75% CR 6.75-8.5%	ADR \$150-\$210 OCC 65-75% CR 6.5-7.75%
160-30	ADR \$65-\$95 OCC 60-70% CR 8.75-9%	ADR \$105-\$160 OCC 65-70% CR 7-8.25%	ADR \$65-\$180 OCC 70-75% CR 6.75-7%
160-40	ADR \$60-\$80 OCC 60-65% CR 9-9.25%	ADR \$80-\$135 OCC 60-70% CR 9%	ADR \$115-\$165 OCC 60-70% CR 8.75-9%
160-50	ADR \$55-\$65 OCC 60% CR 9-9.25%	ADR \$85-\$120 OCC 55-70% CR 8.75-9.5%	ADR \$105-\$125 OCC 65% CR 8.75-9%

Followed by full service hotels:

Typical Income Metrics for Full Service Hotels					
	Economy	Midscale	Upscale	Upper Upscale	Luxury
160-10	N/A	ADR \$125 OCC 75% CR 7.25%	ADR \$140-\$190 OCC 80-85% CR 5.75-6.5%	ADR \$185-\$250 OCC 80-85% CR 6-6.75%	ADR \$225-\$275 OCC 80-85% CR 6-6.5%
160-20	N/A	ADR \$140 OCC 70% CR 8%	ADR \$125-\$155 OCC 65-70% CR 7-8%	ADR \$140-\$220 OCC 65-70% CR 6.5-7.5%	ADR \$220-\$300 OCC 70-75% CR 6.75%
160-30	N/A	N/A	ADR \$190 OCC 70% CR 6.75%	ADR \$190 OCC 70% CR 6.75%	ADR \$225 OCC 75% CR 6.5%
160-40	ADR \$100 OCC 70% CR 9%	ADR \$110-\$125 OCC 70% CR 8.75-9%	ADR \$110-\$150 OCC 60-70% CR 8.25-9%	ADR \$150-\$200 OCC 60-65% CR 7-8.5%	ADR \$125 OCC 65% CR 8%
160-50	ADR \$100 OCC 60% CR 9.25%	ADR \$110 OCC 65% CR 9%	ADR \$135-\$145 OCC 70-75% CR 8.25-8.5%	N/A	N/A

**Temporary Lodging Development:** There are a large number of new hotel projects currently under construction. The Seattle Times reported on July 11, 2017, Seattle is the “crane capital of America” with 58 cranes. That is 60% more than any other city in the US. Crane counts have dropped by 8% in major cities across the United States but not here. The wave of new development shows the strength of the Seattle market. The King County lodging market remains one of the strongest in the county.

In King County there are currently 27 new hotel projects under construction or were recently completed. Below is a list of the projects that have broken ground, organized by neighborhood.

Hotel Projects Under Construction								
No	Nbhd	Parcel Number	Hotel Name	Address	City	Stories	Room Count	Expected Completion
1	10	066000-0708	Hyatt Regency	808 Howell St.	Seattle	45	1,264	Spring, 2018
2	10	066000-1195	Residence Inn	924 Howell St	Seattle	15	302	Winter, 2017
3	10	094200-0530	The Mark Hotel	801 5th Ave.	Seattle	13	184	Winter, 2018
4	10	197570-0645	State Hotel	1501 2nd Ave.	Seattle	8	90	Summer, 2018
5	10	198320-0355	Moxy Hotel	1016 Republican St	Seattle	8	146	Spring, 2018
6	10	198320-0535	Even / Staybridge Suites	527 Fairview Ave. N	Seattle	9	235	Summer, 2019
7	10	198620-0085	Citizen M Hotel	201 Westlake Ave. N	Seattle	7	264	Spring, 2019
8	10	198620-0440	So. Lake Union Hotel	300 Terry Ave. N	Seattle	19	283	Winter, 2020
9	10	713783-0020	Unnanned - Luxury Hotel	1301 5th Ave.	Seattle	12	163	Spring, 2020
10	10	766620-4878	Embassy Suites - Pioneer Sq	255 S. King St	Seattle	23	282	Summer, 2018
11	10	768389-0000	The Charter Hotel	1608 2nd Ave.	Seattle	16	229	Winter, 2018
12	20	082505-9081	Lakeview Hotel	10850 NE 68th St	Kirkland	3	10	Spring, 2018
13	20	092308-9024	Fairfield Inn & Suites	700 Southfork Ave. SW	North Bend			Winter, 2020
14	20	154460-0142	Hilton Garden Inn	965 108th Ave NE	Bellevue	6	254	Summer, 2018
15	20	720241-0040	Archer Hotel	7200 164th Ave. NE	Redmond	7	160	Winter, 2018
16	20	785180-0200	Hampton Inn & Suites	SE Corner of Cntr Blvd &	Snoqualmie	5	99	Summer, 2018
17	30	276770-3505	No name Hotel	5244 Leary Ave. NW	Seattle	5	99	Summer, 2020
18	30	276770-0855	No name Hotel	1766 NW Market St	Seattle	7	124	Summer, 2021
19	30	435870-0230	Courtyard by Marriott	10733 Meridian Ave.N	Seattle	5	140	Summer, 2018
20	40	000580-0002	Woodspring Suites	15637 W Valley Hwy	Renton	4	114	Spring, 2018
21	40	022300-0040	Holiday Inn Express 7 Suites	90 Andover Park E	Tukwila	5	92	Fall, 2018
22	40	282304-9102	Hyatt House	17224 International Blvd	Tukwila	16	369	Summer, 2020
23	40	332304-9188	Hilton Garden Inn	3056 S 188th St	SeaTac	5	152	Spring, 2019
24	40	332304-9139	Aloft Hotel	19030 28th Ave. S	SeaTac	5	143	Winter, 2017
25	40	332404-9138	Wingate by Wyndham	19029 International Blvd	SeaTac	6	157	Spring, 2019
26	40	334450-0006	Residence Inn by Marriott	1100 Lk WA Blvd N	Renton	5	140	Summer, 2019
27	50	132104-9050	Holiday Inn Express	503 C Str. SW	Auburn	5	120	Summer, 2019

## Model Validation

### Total Value Conclusions, Recommendations and Validation

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

The income approach was the primary method used to derive the total value for parcels in this specialty. Land values were determined by the geographic appraisers then subtracted from the total value to arrive at the improvement value. Application of the recommended values for the 2017 Assessment Year (taxes payable in 2018) results in a total year over year change of 9.45%.

	2017 Total	2018 Total	% Change
<b>Total Value</b>	\$6,997,298,400	\$7,658,723,600	9.45%



# **USPAP Compliance**

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

This mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others 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**

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. [1961 c 15 §84.36.005]

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. [1989 c 246 § 4]

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 definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the 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:

Physical inspection revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification and new construction evaluation.

# Area Hotels Ratio Study Report

## PRE-REVALUE RATIO ANALYSIS

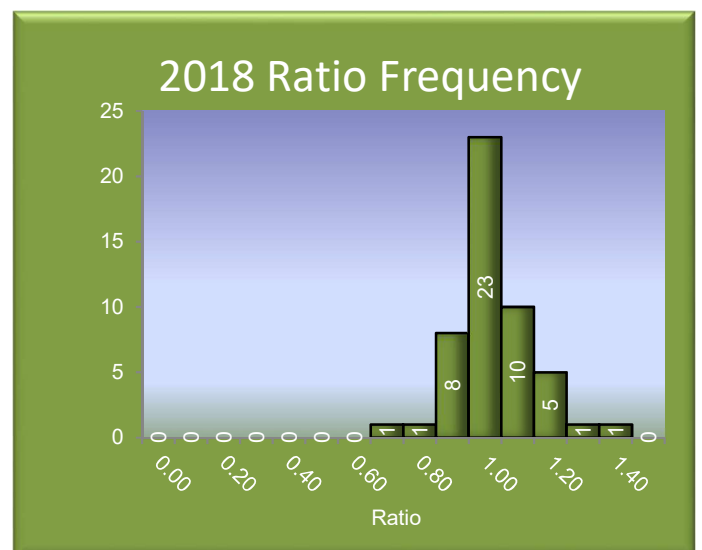
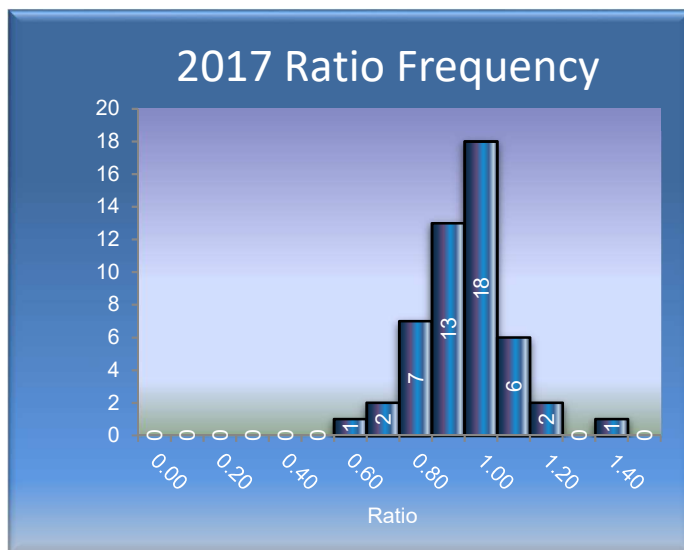
Pre-revalue ratio analysis compares sales from 2015 through 2017 in relation to the previous assessed value as of 1/1/2017.

PRE-REVALUE RATIO SAMPLE STATISTICS	
<b>Sample size (n)</b>	50
<b>Mean Assessed Value</b>	21,588,600
<b>Mean Adj. Sales Price</b>	24,135,900
<b>Standard Deviation AV</b>	28,102,889
<b>Standard Deviation SP</b>	32,256,256
ASSESSMENT LEVEL	
<b>Arithmetic Mean Ratio</b>	0.900
<b>Median Ratio</b>	0.908
<b>Weighted Mean Ratio</b>	0.894
UNIFORMITY	
<b>Lowest ratio</b>	0.5093
<b>Highest ratio:</b>	1.3080
<b>Coefficient of Dispersion</b>	11.35%
<b>Standard Deviation</b>	0.1369
<b>Coefficient of Variation</b>	15.22%
<b>Price Related Differential (PRD)</b>	1.01

## POST-REVALUE RATIO ANALYSIS

Post revalue ratio analysis compares sales from 2015 through 2017 and reflects the assessment level after the property has been revalued to 1/1/2018

POST REVALUE RATIO SAMPLE STATISTICS	
<b>Sample size (n)</b>	50
<b>Mean Assessed Value</b>	23,516,800
<b>Mean Sales Price</b>	24,135,900
<b>Standard Deviation AV</b>	30,369,521
<b>Standard Deviation SP</b>	32,256,256
ASSESSMENT LEVEL	
<b>Arithmetic Mean Ratio</b>	0.982
<b>Median Ratio</b>	0.981
<b>Weighted Mean Ratio</b>	0.974
UNIFORMITY	
<b>Lowest ratio</b>	0.6994
<b>Highest ratio:</b>	1.3912
<b>Coefficient of Dispersion</b>	9.02%
<b>Standard Deviation</b>	0.1268
<b>Coefficient of Variation</b>	12.91%
<b>Price Related Differential (PRD)</b>	1.01



No	Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
1	160	010	066000	0435	48,220	2726861	\$15,675,000	04/27/15	\$325.07	LA QUINTA INN & SUITES - SEATTLE	DMC 240/290-400	1	Y	
2	160	010	066000	2680	96,001	2798838	\$66,690,000	05/24/16	\$694.68	SPRINGHILL SUITES - SEATTLE	DMC 240/290-400	2	Y	
3	160	010	197460	0025	178,914	2856804	\$64,462,500	03/27/17	\$360.30	ALEXIS HOTEL (ARLINGTON BLDG)	DMC-160	2	Y	
4	160	010	197670	0010	88,591	2717761	\$33,300,000	03/11/15	\$375.88	ROOSEVELT HOTEL	DOC2 500/300-500	1	Y	
5	160	010	337440	0010	158,207	2854934	\$79,200,000	03/24/17	\$500.61	HILL7 - Hilton Garden Inn & Office Bu	DMC 340/290-400	1	Y	
6	160	010	347000	0020	266,322	2778117	\$75,150,000	01/28/16	\$282.18	HOTEL 1000	DMC 240/290-400	2	Y	
7	160	010	408880	3586	153,315	2807267	\$80,275,000	07/01/16	\$523.60	COURTYARD MARRIOTT - SLU	SM-85	1	Y	
8	160	010	872974	0030	107,237	2849740	\$71,100,000	02/21/17	\$663.02	PAN PACIFIC HOTEL	DMC 240/290-400	1	Y	
9	160	020	112405	9082	28,910	2743842	\$10,782,500	07/16/15	\$372.97	DAYS INN BELLEVUE (EASTGATE)	CB	1	Y	
10	160	020	124450	0300	56,635	2714443	\$15,730,537	02/12/15	\$277.75	THE HEATHMAN KIRKLAND HOTEL	CBD 1	1	Y	
11	160	020	152308	9095	4,180	2829217	\$584,250	10/19/16	\$139.77	MT SI MOTEL	NB	1	Y	
12	160	020	222505	9318	74,562	2780155	\$32,560,018	02/04/16	\$436.68	FAIRFIELD INN by MARRIOTT - EAS	OLB	1	Y	
13	160	020	282605	9136	36,281	2785158	\$12,160,000	03/17/16	\$335.16	COMFORT INN - KIRKLAND	TL 4A	1	Y	
14	160	020	322505	9036	96,663	2714342	\$31,860,000	02/18/15	\$329.60	RED LION BELLEVUE - 405 CORRID	OLB	1	Y	
15	160	020	322505	9061	324,133	2838371	\$78,525,000	12/06/16	\$242.26	HILTON HOTEL - BELLEVUE	OLB	1	Y	
16	160	020	322505	9119	122,369	2784747	\$38,430,000	03/15/16	\$314.05	SHERATON BELLEVUE HOTEL	DNTNOLB	2	Y	
17	160	020	808760	0035	247,334	2778794	\$157,500,000	01/20/16	\$636.79	MARRIOTT HOTEL BELLEVUE	DNTN-MU	2	Y	
18	160	030	282710	0025	23,800	2811568	\$5,272,500	07/22/16	\$221.53	AMERICA'S BEST VALUE INN - SHC	MB	1	Y	
19	160	030	302604	9070	12,897	2854870	\$3,173,000	03/17/17	\$246.03	SEALS MOTEL - SEATTLE NORTH	C1-65	1	Y	
20	160	030	302604	9070	12,897	2813516	\$3,230,000	07/29/16	\$250.45	SEALS MOTEL - SEATTLE NORTH	C1-65	1	Y	
21	160	030	525430	0015	8,876	2798103	\$1,710,000	05/23/16	\$192.65	SHORELINE MOTEL	MB	1	Y	
22	160	030	525430	0015	8,876	2895160	\$2,232,500	10/11/17	\$251.52	SHORELINE MOTEL	MB	1	Y	
23	160	030	614970	0055	41,704	2849157	\$10,165,000	02/15/17	\$243.74	COMFORT INN & SUITES - SEATTLE	C2-65	1	Y	
24	160	030	643000	0810	18,678	2898572	\$3,990,000	10/24/17	\$213.62	EVERSPRING INN	C1-40	1	Y	
25	160	030	881740	0055	106,860	2845292	\$49,500,000	01/19/17	\$463.22	HOTEL DECA	NC3-85	3	Y	
26	160	040	161000	0355	38,528	2909660	\$4,037,500	12/06/17	\$104.79	KNIGHTS INN - TUKWILA EAST	MDR	2	Y	
27	160	040	213620	0607	6,524	2825027	\$1,805,000	09/27/16	\$276.67	AERO MOTEL	IG2 U/85	1	Y	
28	160	040	242304	9014	62,670	2878324	\$16,150,000	07/20/17	\$257.70	HAMPTON INN SEATTLE/SOUTHCE	TUC	1	Y	
29	160	040	282304	9114	82,186	2730159	\$13,715,340	05/08/15	\$166.88	RED ROOF INN SEATTLE AIRPORT	CB-C	1	Y	
30	160	040	302305	9117	49,260	2837312	\$11,210,000	11/30/16	\$227.57	CLARION HOTEL - RENTON	CA	1	Y	
31	160	040	332304	9142	36,648	2715786	\$6,412,500	02/27/15	\$174.98	QUALITY INN SEATAC AIRPORT	CB-C	1	Y	
32	160	040	332304	9157	43,164	2755023	\$8,075,000	09/08/15	\$187.08	SUPER 8 - SEATAC	CB-C	2	Y	
33	160	040	334330	1120	35,608	2877648	\$8,550,000	07/14/17	\$240.11	ECONO LODGE - RENTON	CA	1	Y	
34	160	040	342304	9098	298,150	2805166	\$82,800,000	06/23/16	\$277.71	SEATTLE AIRPORT MARRIOTT	CB-C	1	Y	
35	160	040	344500	0132	40,410	2772977	\$11,732,500	12/22/15	\$290.34	SLEEP INN - SEATAC	CB-C	1	Y	
36	160	040	346880	0455	6,116	2895365	\$1,757,500	10/06/17	\$287.36	AIRLANE MOTEL	C1-40	1	Y	
37	160	040	346880	0455	6,116	2748406	\$1,235,000	08/05/15	\$201.93	AIRLANE MOTEL	C1-40	1	Y	
38	160	040	359700	0005	57,996	2866879	\$7,837,500	05/25/17	\$135.14	AMERICA'S BEST VALUE INN & SU	RCM	1	Y	
39	160	040	736060	0400	18,630	2782583	\$3,040,000	02/26/16	\$163.18	ECONO LODGE - AIRPORT	RC	1	Y	



No	Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
40	160	040	883650	0030	77,578	2814739	\$27,312,500	08/01/16	\$352.07	HOME2 SUITES BY HILTON	TUC	1	Y	
41	160	050	000080	0045	40,072	2872398	\$5,890,000	06/20/17	\$146.99	GUESTHOUSE INN - AUBURN	C3	1	26	Imp changed after sale; not in ratio
42	160	050	000080	0048	27,870	2811937	\$3,705,000	07/26/16	\$132.94	COMFORT INN AUBURN	C3	1	Y	
43	160	050	000660	0036	34,577	2844530	\$6,270,000	01/12/17	\$181.33	RED LION INN & SUITES KENT	M1-C	3	Y	
44	160	050	092104	9291	65,629	2806144	\$9,225,000	06/28/16	\$140.56	CLARION HOTEL - FEDERAL WAY	CC-C	1	Y	
45	160	050	132104	9113	73,906	2760032	\$14,012,500	10/05/15	\$189.60	BEST WESTERN PLUS PEPPERTR	C3	1	Y	
46	160	050	202104	9045	18,160	2870467	\$3,420,000	06/13/17	\$188.33	DAYS INN FEDERAL WAY	CE	1	Y	
47	160	050	212104	9078	58,600	2850355	\$8,360,000	02/24/17	\$142.66	RED LION INN & SUITES FEDERAL	CE	1	Y	
48	160	050	215640	0220	15,124	2786447	\$1,596,000	03/24/16	\$105.53	THE LEGEND MOTEL - DES MOINE	PR-C	1	Y	
49	160	050	236150	0070	26,643	2783865	\$2,150,000	03/04/16	\$80.70	PARK CENTER HOTEL - ENUMCLAI	CB2	1	70	Building Only; not in ratio
50	160	050	797820	0020	11,544	2872709	\$2,755,000	06/22/17	\$238.65	EASTWIND MOTEL - FEDERAL WA	BC	1	Y	
51	160	050	797820	0070	3,396	2883515	\$1,111,500	08/15/17	\$327.30	RIDGECREST MOTEL - FEDERAL V	RM3600	1	Y	
52	160	050	885600	2346	63,788	2797177	\$7,410,000	05/20/16	\$116.17	QUALITY INN & SUITES - PACIFIC	HC	1	Y	

No	Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
1	160	010	197460	0025	99,714	2743980	\$149,808	07/17/15	\$1.50	ALEXIS HOTEL (ARLINGTON BLDG	DMC-160	2	42	Transfer of development rights
2	160	010	197720	1140	60,087	2709263	\$353,328	01/09/15	\$5.88	THE PALLADIAN HOTEL	DMC 240/290-400	1	42	Development rights to cnty,cty,or pr
3	160	010	199220	0235	118,858	2719631	\$51,783,329	02/27/15	\$435.67	HOMEWOOD SUITES BY HILTON S	NC3-65	1	59	Bulk portfolio sale
4	160	010	780292	0010	126,240	2819899	\$60,276,000	09/01/16	\$477.47	HILTON SEATTLE HOTEL	DOC1 U/450/U	1	22	Partial interest (1/3, 1/2, etc.)
5	160	020	152605	9047	81,892	2729602	\$2,148,702	04/25/15	\$26.24	WILLOWS LODGE	I	1	22	Partial interest (1/3, 1/2, etc.)
6	160	020	866327	0010	43,720	2884538	\$100,000	08/14/17	\$2.29	TOTEM LAKE HOTEL	TL 8	2	24	Easement or right-of-way
7	160	030	099300	0495	7,238	2880538	\$1,250,000	07/26/17	\$172.70	OAKTREE MOTEL	C1-65	1	15	No market exposure
8	160	030	302604	9002	15,675	2770348	\$520,793	11/17/15	\$33.22	NITES INN MOTEL	C1-65	1	52	Statement to dor
9	160	040	000580	0024	115,696	2749410	\$19,253,493	08/12/15	\$166.41	EMBASSY SUITES SEATTLE - TAC	TUC	4	33	Lease or lease-hold
10	160	040	004000	0252	11,469	2713599	\$1,240,000	02/03/15	\$108.12	SPRUCE MOTEL - TUKWILA	NCC	1	68	Non-gov't to gov't
11	160	040	042204	9069	50,994	2778446	\$12,800,000	01/21/16	\$251.01	COMFORT INN & SUITES - SEATAC	CB-C	6	63	Sale price updated by sales id group
12	160	040	092304	9153	59,598	2753033	\$6,300,000	08/24/15	\$105.71	RIVERSIDE RESIDENCES TUKWILA	MIC/H	2	68	Non-gov't to gov't
13	160	040	172305	9100	47,029	2887803	\$6,600,000	08/21/17	\$140.34	QUALITY INN - RENTON	CA	1	15	No market exposure
14	160	040	736060	0195	16,179	2710586	\$1,800,000	01/19/15	\$111.26	RAMADA LIMITED - SEATAC AIRPC	RC	1	51	Related party, friend, or neighbor
15	160	050	000080	0025	25,388	2777098	\$1,037,500	01/21/16	\$40.87	DAYS INN AUBURN	C3	1	51	Related party, friend, or neighbor
16	160	050	000080	0040	12,960	2887045	\$2,099,000	08/28/17	\$161.96	RODEWAY INN - AUBURN	C3	1	51	Related party, friend, or neighbor
17	160	050	000080	0049	43,233	2850264	\$5,628,750	02/22/17	\$130.20	TRAVELODGE INN & SUITES - AUB	C3	1	5	Full sales price not reported
18	160	050	132204	9158	28,584	2751519	\$2,400,000	08/21/15	\$83.96	HOWARD JOHNSON INN - KENT	GC	2	15	No market exposure
19	160	050	212204	9059	54,874	2771980	\$7,862,213	12/08/15	\$143.28	CROSSLAND ECONOMY STUDIOS	CM-2	1	59	Bulk portfolio sale

Major	Minor	PropName	AddrLine	DistrictName	30Ar	0N	becA	3cNl	Qtr	Sec	Tw	Rng
102405	9020	EXTENDED STAY AMERICA - FACTORIA	3700 132ND AVE SE	BELLEVUE	75	20	160	20	SW	10	24	5
102405	9045	SILVER CLOUD INN EASTGATE	14632 SE EASTGATE WAY	BELLEVUE	75	20	160	20	SE	10	24	5
102405	9068	SILVER CLOUD INN EASTGATE (ASSOC W/9	14638 SE EASTGATE WAY	BELLEVUE	75	20	160	20	SE	10	24	5
813530	0050	HYATT HOUSE HOTEL (EASTGATE)	3244 139TH AVE SE	BELLEVUE	75	20	160	20	SW	10	24	5
112405	9082	DAYS INN BELLEVUE (EASTGATE)	3241 156TH AVE SE	BELLEVUE	75	20	160	20	SW	11	24	5
112405	9118	LARKSPUR LANDING BELLEVUE (EASTGATE)	15805 SE 37TH ST	BELLEVUE	75	20	160	20	SE	11	24	5
232900	0020	EMBASSY SUITES HOTEL EASTGATE	3225 158TH AVE SE	BELLEVUE	75	20	160	20	SW	11	24	5
222505	9021	RESIDENCE INN by MARRIOTT - EAST BELLE	14455 NE 29TH PL	BELLEVUE	80	60	160	20	SE	22	25	5
222505	9317	COURTYARD SEATTLE BELLEVUE/REDMON	14615 NE 29TH PL	BELLEVUE	80	60	160	20	SE	22	25	5
222505	9318	FAIRFIELD INN & SUITES SEATTLE BELLEVL	14595 NE 29TH PL	BELLEVUE	80	60	160	20	SE	22	25	5
067310	0092	EXTENDED STAY AMERICA SEATTLE - REDM	15730 NE BELLEVUE-REDMOND RD	BELLEVUE	80	30	160	20	SE	23	25	5
067310	0093	EXTENDED STAY AMERICA - REDMOND	15805 NE 28TH ST	BELLEVUE	80	30	160	20	SE	23	25	5
067310	0098	EXTENDED STAY AMERICA SEATTLE - REDM	15730 NE BELLEVUE-REDMOND RD	BELLEVUE	80	30	160	20	SE	23	25	5
072700	0080	SILVER CLOUD INN BELLEVUE CBD (Dist A &	10621 NE 12TH ST	BELLEVUE	80	40	160	20	SW	29	25	5
140330	0050	COURTYARD MARRIOTT BELLEVUE (Core)		BELLEVUE	80	40	160	20	SE	29	25	5
154460	0142	HILTON GARDEN INN BELLEVUE DOWNTOWN	965 108TH AVE NE	BELLEVUE	80	40	160	20	SW	29	25	5
292505	9103	HYATT REGENCY BELLEVUE PLACE (Core)	900 BELLEVUE WAY NE	BELLEVUE	80	40	160	20	SW	29	25	5
292505	9208	COURTYARD BELLEVUE CBD (Core)	11010 NE 8TH ST	BELLEVUE	80	40	160	20	SE	29	25	5
292505	9321	HYATT REGENCY HOTEL - BELLEVUE PLAC	10525 NE 10TH ST	BELLEVUE	80	40	160	20	SW	29	25	5
438920	0090	LA RESIDENCE SUITE HOTEL - BELLEVUE C	475 100TH AVE NE	BELLEVUE	80	80	160	20	NE	31	25	5
154410	0322	MARRIOTT AC HOTEL BELLEVUE (Core)	208 106TH PL NE	BELLEVUE	80	10	160	20	NW	32	25	5
254320	0015	HAMPTON INN & SUITES - BELLEVUE	11405 NE 2ND PL	BELLEVUE	80	70	160	20	NE	32	25	5
254320	0041	EXTENDED STAY AMERICA - BELLEVUE CBD		BELLEVUE	80	70	160	20	NE	32	25	5
322505	9002	COAST BELLEVUE HOTEL - 405 CORRIDOR	625 116TH AVE NE	BELLEVUE	80	70	160	20	NE	32	25	5
322505	9024	EXTENDED STAY AMERICA - BELLEVUE CBD	11400 MAIN ST	BELLEVUE	80	70	160	20	NE	32	25	5
322505	9036	RED LION BELLEVUE - 405 CORRIDOR	11211 MAIN ST	BELLEVUE	80	10	160	20	SE	32	25	5
322505	9061	HILTON HOTEL - BELLEVUE	300 112TH AVE SE	BELLEVUE	80	10	160	20	SE	32	25	5
322505	9069	RESIDENCE INN BY MARRIOTT - I-405 CORR	605 114TH AVE SE	BELLEVUE	80	10	160	20	SE	32	25	5
322505	9119	SHERATON BELLEVUE HOTEL	100 112TH AVE NE	BELLEVUE	80	10	160	20	NE	32	25	5
322505	9219	SHERATON BELLEVUE HOTEL		BELLEVUE	80	10	160	20	NE	32	25	5

Notes	CurrentZoning	NetSqFtAll	GrossSqFtAll	CmlBldgQual	CmlYrBuil	CmlEffYr
Increase in value due to rising market.(Jul 16 2007 RUPE);	OLB	49284	49284	GOOD	1997	1997
The value increase is order to bring the value closer to other	OLB	82580	101480	AVERAGE/GOOD	2003	2003
Land value decrease in order to equalize with surrounding p	OLB	0	0		0	0
This hotel was previously a Sierra Suites and became a Hyatt	OLB	98230	127056	GOOD	2007	2007
Value increased to bring property in line with other lodging p	CB	28910	28910	AVERAGE/GOOD	1981	1986
Value is at market rate of \$41/SF reduced by 30% for topo in	OLB	67622	84427	AVERAGE	1998	2003
BP#1444049 for guest suites remodel and # 14144932 for a	OLB	195956	195956	GOOD	1990	2000
1st Half 2012 taxes paid under protest(Jun 13 2012 DELD);	OLB	79490	79490	GOOD	1983	1993
2015 AY value increase due to strong local lodging metrics.	OLB	79286	79286	GOOD	1990	1995
The 2016 AY value is due to rising hotel values and is supp	OLB	74562	74562	AVERAGE/GOOD	1997	2002
Increase in value due to rising market(Jan 7 2008 RUPE); I	EH-D	0	0		0	0
2015 AY value increase in order to equalize the parcel with	EH-D	56937	56937	AVERAGE	1997	1997
Increase in value due to rising market(Jan 7 2008 RUPE); I	EH-D	0	0		0	0
Property straddles two subdistricts. Estimate that 17,926 Sq	DNTN-MU	40642	40642	GOOD	1989	1999
Land increase per updated land model for geographic area.	DNTN-R	0	0		0	0
2017 Maintenance: BP's 1414789 & 90 for the construction c	DNTN-MU	158874	218714	GOOD	2017	2017
2016 land value increase based on market sales. 2015 disp	DNTNO-2	336212	354060	EXCELLENT	1988	2003
Value increase to bring the property in line with other Eastsi	DNTN-R	157033	252063	GOOD	2004	2004
Brought land value up to market(Oct 18 2016 MGUB); BP#1	DNTN-MU	334438	574643	EXCELLENT	2008	2008
Increase in value due to rising market(Jan 7 2008 RUPE); S	R-30	20550	25920	AVERAGE	1968	1995
2017 Maintenance: BP's 15103756 & 151035757 related to	DNTN-MU	107322	146781	GOOD	2017	2017
BTA reversed BOE reconvene decision and now has GRAN	OLB	75405	75405	AVERAGE/GOOD	2014	2014
Decrease in value due to equalization(Jan 22 2009 RUPE);	OLB	0	0		0	0
2015 AY value increase to equalize hotel with other lodging	OLB	113252	113252	AVERAGE	1975	1985
Brought property value up to market.(Jun 5 2017 MGUB); S	OLB	66225	66225	AVERAGE	1997	1997
The value increase is in order to equalize the property with c	OLB	96663	96663	GOOD	1969	1989
2018 Land Value, Valued parcel at \$150 less 30% for impac	OLB	324133	324133	GOOD	1981	1996
2019 Revalue: Valuation of land, Assr's map shows stream	OLB	211385	238745	GOOD	2007	2007
Valued parcel at \$150 a SqFt less 10% for large size(Dec 19	DNTNOLB	122369	122369	AVERAGE	1979	1994
Land value increase based on rising market and equalizatio	DNTNOLB	0	0		0	0

Major	Minor	PropName	AddrLine	DistrictName	30Ar	0N	becA	3cNl	Qtr	Sec	Tw	Rng
369980	0035	MARRIOTT HOTEL BELLEVUE (Assoc Land w/		BELLEVUE	80	10	160	20	NE	32	25	5
432341	0000	WESTIN HOTEL AT LINCOLN SQUARE (Core)	600 BELLEVUE WAY NE	BELLEVUE	80	10	160	20	NW	32	25	5
808760	0035	MARRIOTT HOTEL BELLEVUE (Core)	200 110TH AVE NE	BELLEVUE	80	10	160	20	NE	32	25	5
392700	0250	RESIDENCE INN BY MARRIOTT - BOTHELL	11920 NE 195TH ST	BOTHELL	90	65	160	20	NW	4	26	5
697920	0020	COUNTRY INN & SUITES - BOTHELL	19333 NORTH CREEK PKWY	BOTHELL	90	65	160	20	SE	5	26	5
062605	9052	MCMENAMINS	18607 BOTHELL WAY NE	BOTHELL	85	20	160	20	SE	6	26	5
062605	9369	MCMENAMINS PARKING		BOTHELL	85	20	160	20	SE	6	26	5
062605	9370	MCMENAMINS POOL	18709 BOTHELL WAY NE	BOTHELL	85	20	160	20	SE	6	26	5
202406	9097	HOLIDAY INN - ISSAQUAH	1801 12TH AVE NW	ISSAQUAH	95	20	160	20	SE	20	24	6
356000	0010	HILTON GARDEN INN - ISSAQUAH PARKING		ISSAQUAH	95	25	160	20	SE	20	24	6
356000	0110	HOMEWOOD SUITES BY HILTON SEATTLE-15		ISSAQUAH	95	25	160	20	SE	20	24	6
356000	0120	HOMEWOOD SUITES BY HILTON - ISSAQUAH	1484 HYL AVE NW 98027	ISSAQUAH	95	25	160	20	SE	20	24	6
356000	0130	HILTON GARDEN INN - ISSAQUAH	1800 NW GILMAN BLVD	ISSAQUAH	95	25	160	20	SE	20	24	6
894710	0010	MOTEL 6 - ISSAQUAH	1885 15TH PL NW	ISSAQUAH	95	20	160	20	SE	20	24	6
362930	0010	SPRINGHILL SUITES - ISSAQUAH	1185 NW MAPLE ST	ISSAQUAH	95	25	160	20	NW	28	24	6
011410	1230	KENMORE INN	8202 NE BOTHELL WAY	KENMORE	85	15	160	20	NE	12	26	4
673070	0005	FALL CITY ROADHOUSE INN & RESTAURAN	4200 PRESTON-FALL CITY RD SE	KING COUNTY	95	55	160	20	NE	15	24	7
124450	0300	THE HEATHMAN KIRKLAND HOTEL	220 KIRKLAND AVE	KIRKLAND	85	65	160	20	SW	5	25	5
082505	9081	LAKEVIEW HOTEL OF KIRKLAND	10850 NE 68TH ST	KIRKLAND	85	45	160	20	SE	8	25	5
619430	0010	LA QUINTA INN & SUITES SEATTLE BELLEVU	10530 NORTHUP WAY	KIRKLAND	80	60	160	20	NW	20	25	5
282605	9078	MOTEL 6 - KIRKLAND	12010 NE 120TH PL	KIRKLAND	85	25	160	20	SW	28	26	5
282605	9136	COMFORT INN - KIRKLAND	12204 NE 124TH ST	KIRKLAND	85	25	160	20	SW	28	26	5
866327	0010	TOTEM LAKE HOTEL	12233 NE TOTEM LAKE WAY	KIRKLAND	85	25	160	20	NW	28	26	5
292605	9041	COURTYARD KIRKLAND	11215 NE 124TH ST	KIRKLAND	85	35	160	20	SE	29	26	5
332605	9086	BAYMONT INN & SUITES KIRKLAND	12222 NE 116TH ST	KIRKLAND	85	25	160	20	NW	33	26	5
332605	9204	BAYMONT INN & SUITES KIRKLAND ANNEX	12223 NE 116TH ST	KIRKLAND	85	25	160	20	NW	33	26	5
092308	9024	FUTURE NORTH BEND HOTEL	700 SOUTH FORK AVE SW	NORTH BEND	95	40	160	20	SE	9	23	8
092308	9053	COMMERCIAL LAND/100% WETLANDS		NORTH BEND	95	40	160	20	SE	9	23	8
092308	9068	FUTURE NORTH BEND HOTEL	700 SOUTH FORK AVE SW	NORTH BEND	95	40	160	20	SW	9	23	8
857090	0252	NORTH BEND MOTEL	322 E NORTH BEND WAY	NORTH BEND	95	40	160	20	NE	9	23	8

Notes	CurrentZoning	INetSqFtAll	GrossSqFtAI	CmlBldgQual	CmlYrBuil	CmlEffYr
Brought land value up to market(Oct 17 2016 MGUB); The p	DNTN-MU	0	0		0	0
Mapping: Verified Land SqFt for entire Lincoln Square comp	DNTNO-1	337827	337827	EXCELLENT	2005	2005
Brought land value up to market.(Oct 17 2016 MGUB); The	DNTN-MU	247334	337096	GOOD	2015	2015
2017 Maintenance: Permit has been screened as it does not	R-AC, OP, CB, LI	107834	107834	AVERAGE	1991	1991
The 2016 AY value is due to rising hotel values and is supp	R-AC, OP, CB, LI	92461	92461	AVERAGE/GOOD	1989	1994
Moved hotel to income approach to value. See worksheets	DN	61383	61383	AVERAGE	1931	1990
SelectMeth=Mkt: LandVal + 0 ImpsVal.(Mar 16 2015 TBRA)	DN	0	0		0	0
Entered a value for the pool and changed quality of natatoriu	DN	14946	14946	AVERAGE/GOOD	1971	1996
BP# BLD15-00290 for a new roof was complete at the time c	UC	55610	55610	AVERAGE	1974	1999
Carried forward the geographic appraiser's land value via P	UV-R	0	0		0	0
Drainage Pond filled, parking lot for Hotel on Minor 0120, va	UV-R	0	0		0	0
Picked up the hotel at 100% complete as of 7/31/15 (confirm	UV-R	116484	116484	AVERAGE	2015	2015
Per BOE #1504201, a recommendation of \$18,540,500 has	UV-R	103192	103192	GOOD	2006	2006
Zoning updated per city of Issaquah(Jul 26 2013 CMOS); 20	UC	27460	27460	AVERAGE	1978	1988
Copy of shared parking agreement easement with existing c	UC	86315	149567	AVERAGE/GOOD	2017	2017
Zoning updated per Kenmore zoning map.(Nov 14 2017 CM	UC	8034	8034	AVERAGE	1981	1986
Zoning updated per 2016 Comprehensive Plan - December	CBSO	6592	6706	AVERAGE	1920	2008
Land value equalized with other parcels in this neighborhoo	CBD 1	56635	106439	GOOD/EXCELLENT	2007	2007
Reviewed plans- Hotel will be on the front half, stream in the	RM 3.6	9150	15600	GOOD	2017	2017
Increase in value due to rising market. See Seattle2\CheckIn	YBD 3	59148	59148	GOOD	1979	1989
The 9/29 corrected value reflects the removal of the persona	TL 4A	32724	32724	AVERAGE	1988	1993
The 9/29 value is corrected to reflect the personal property c	TL 4A	36281	36281	AVERAGE	1982	1987
The 2016 AY value is due to rising hotel values and is supp	TL 8	43720	43720	AVERAGE/GOOD	1986	1991
Per a phone conversation with management, the breakfast/s	TL 10A	103852	103852	GOOD	2005	2005
See Seattle2\CheckIn\2006Revalue\Specialty\Hotel(May 9	NRH 1A	20568	20568	GOOD	1988	1993
2017 Maintenance: Permit has been screened as it does not	NRH 1A	26541	26541	GOOD	1985	1990
2017 Maintenance: Site is cleared however no work has beg	IMU	0	0		0	0
Increased land value to \$1.00/sf as it represents 10% of ma	IMU	0	0		0	0
Carried forward the geographic appraiser's land value via a	IMU	0	0		0	0
changed 26935 sf to 27120 sf redrew map recalc area(Jan 2	DC	5349	8203	AVERAGE	1938	1973

Major	Minor	PropName	AddrLine	DistrictName	30Ar:0NbecA3cNI	Qtr	Sec	TwN	Rng
857190	0155	SUNSET MOTEL - NORTH BEND	227 W NORTH BEND WAY	NORTH BEND	95 40 160 20	NE	9	23	8
152308	9095	MT SI MOTEL	43200 SE NORTH BEND WAY	NORTH BEND	95 40 160 20	NE	15	23	8
226750	0080	Edgewick Inn (Assoc w/0110)	14600 468TH AVE SE	NORTH BEND	95 40 160 20	NW	19	23	9
226750	0110	Edgewick Inn	14600 468TH AVE SE	NORTH BEND	95 40 160 20	NW	19	23	9
720241	0060	RESIDENCE INN BY MARRIOTT - REDMOND	7575 164TH AVE NE	REDMOND	90 50 160 20	NE	11	25	5
720241	0080	REDMOND MARRIOTT TOWN CENTER	7401 164TH AVE NE	REDMOND	90 50 160 20	NE	11	25	5
122505	9216	Woodspring Suites Redmond Hotel	7045 180TH AVE NE	REDMOND	90 55 160 20	NE	12	25	5
306610	0020	REDMOND INN	17601 NE REDMOND WAY	REDMOND	90 55 160 20	NE	12	25	5
720240	0040	HAMPTON INN & SUITES - REDMOND	17770 NE 78TH PL	REDMOND	90 55 160 20	NE	12	25	5
720241	0040	ARCHER HOTEL AT REDMOND TOWN CENT	7200 164TH AVE NE	REDMOND	90 50 160 20	NW	12	25	5
067310	0020	ELEMENT / ALOFT - REDMOND HOTEL	15220 NE SHEN ST	REDMOND	90 60 160 20	SW	23	25	5
262505	9046	SILVER CLOUD INN REDMOND	2122 152ND AVE NE	REDMOND	80 50 160 20	NW	26	25	5
780780	0240	CASCADIA INN & RESTAURANT	210 RAILROAD AVE	SKYKOMISH	95 60 160 20	SW	26	26	11
785180	0200	HAMPTON INN & SUITES		SNOQUALMIE	95 50 160 20	SE	26	24	7
302408	9064	SALISH LODGE AND SPA	6501 RAILROAD AVE SE	SNOQUALMIE	95 50 160 20	NW	30	24	8
302408	9080	PARKING FOR SALISH LODGE	23780 SE ISSAQUAH-FALL CITY RD	SNOQUALMIE	95 50 160 20	NW	30	24	8
062210	0052	HAMPTON INN & SUITES - WOODINVILLE	19211 WOODINVILLE-SNOHOMISH	WOODINVILLE	90 15 160 20	SW	3	26	5
152605	9047	WILLOWS LODGE	14580 NE 145TH ST	WOODINVILLE	90 25 160 20	SE	15	26	5

Notes	CurrentZoning	INetSqFtAll	GrossSqFtAI	CmlBldgQual	CmlYrBuil	CmlEffYr
Value increase supported by market data and values are eq	DC	9141	11343	AVERAGE	1947	1977
The 2016 AY value is due to rising hotel values and is supp	NB	4180	4180	LOW COST	1950	1960
Value increase supported by market data and values are eq	IC	0	0		0	0
Value increase supported by market data and values are eq	IC	18488	18488	AVERAGE	1987	1987
BP # B120118 consisted of a hotel remodel that was schedu	TWNC	113672	113672	AVERAGE/GOOD	1998	2003
The value increase is order to bring the value closer to othe	TWNC	159508	246239	GOOD/EXCELLENT	2003	2005
Building plans attached to this note.(Jul 31 2017 AMUR); 20	GC	46464	46464	AVERAGE/GOOD	2017	2017
EQUALIZED LAND VALUE(Dec 13 2016 EPRE); The 2016	GC	62562	62562	GOOD	1986	1996
See ordinance 2753.(Sep 18 2017 CMOS); Valued parcel u	RR	73910	73910	AVERAGE/GOOD	2016	2016
Building plans attached to this note.(Jul 31 2017 AMUR); 20	TWNC	160873	198281	GOOD/EXCELLENT	2017	2017
The elements portion is extended stay rooms, the aloft porti	OV4	115653	269897	GOOD	2016	2016
Increase in value due to rising market(Jan 7 2008 RUPE); S	OV1	78748	78748	AVERAGE	1997	1997
Hotel has 14 rooms, rental rate is \$80-85/night, occupancy i	H-C	6196	7050	LOW COST	1922	1982
Taken for 2019 new plat. Snoqualmie BSIP No 16-03. Majc	MU	0	0		0	0
Value increase supported by market data and values are eq	BR2	85800	85800	EXCELLENT	1919	1988
Lowered land value to equalize with similar zoned properties	BR2	0	0		0	0
Estimated 90,800sf of usable land due to Little Bear Creek t	GB	67614	67614	AVERAGE/GOOD	2016	2016
Guest room was dismantled so current guest room count is l	I	81892	82012	EXCELLENT	2000	2000