

**Commercial Revalue**

**2019 Assessment roll**

**GOLF  
COURSES  
AREA 343**

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

**John Wilson, Assessor**



## King County

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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.

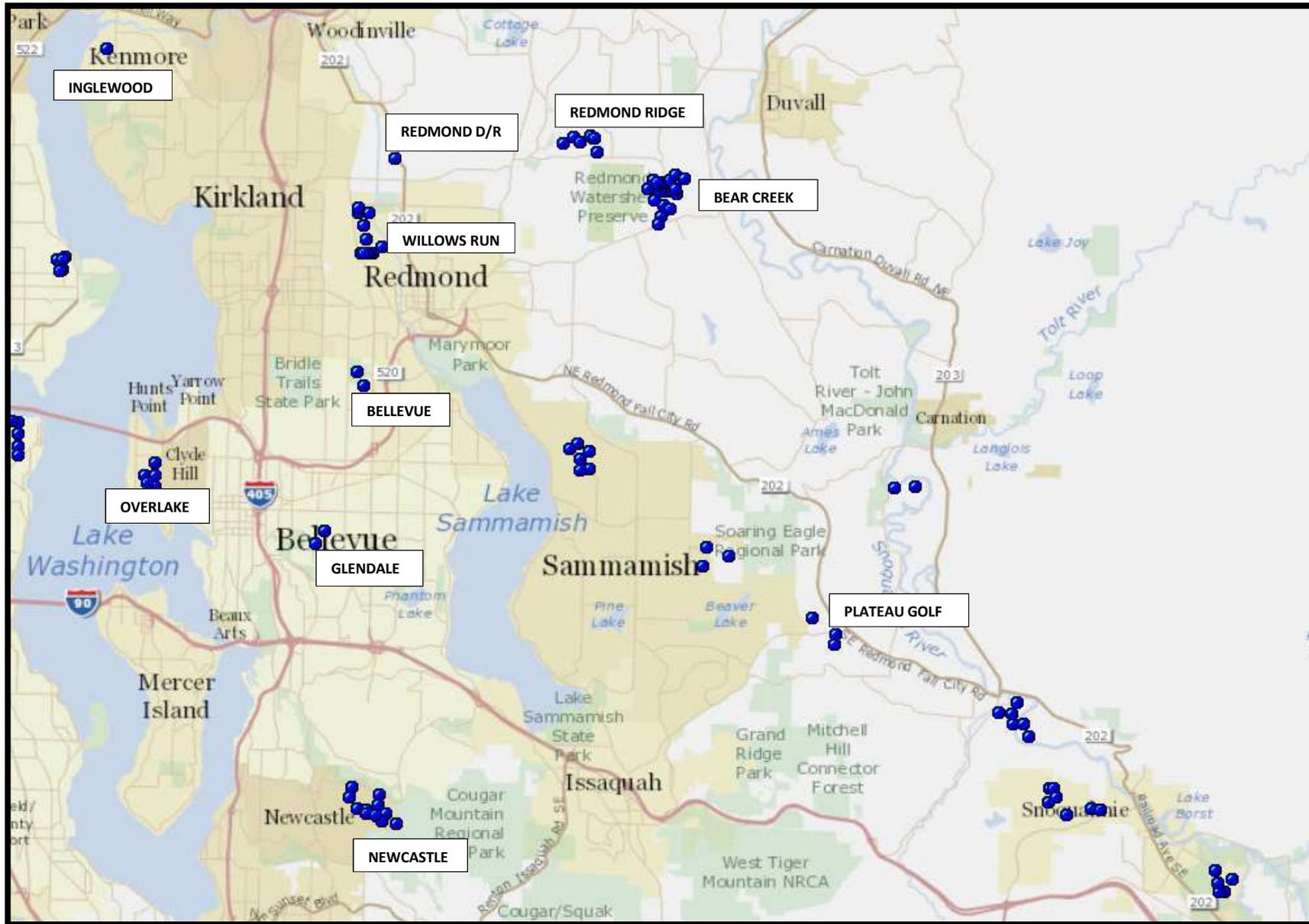
### Requirements of State Law

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.

## GOLF COURSE INSPECTION AREA MAP FOR 2019



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

# **2019 Revalue Report**

## **Specialty Area 343: Golf Courses**



**King County Department of Assessments**



**King County**

# Executive Summary Report

## Appraisal Date

January 1, 2019 for the 2019 Assessment Year (2020 Tax Roll Year)

## Specialty

- King County Golf Courses

## Physical Inspection

- East King County

## Sales Summary

- Number of Market Sales in King County that represent Golf Course Value: N/A

## Sales - Improved Ratio Study

No ratio study was performed for Golf Course properties. The market for these properties is limited. There is an absence of sales data necessary to measure assessment levels and statistics.

## Population - Parcel Summary Data

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2018 Value	\$569,918,900	\$124,981,300	\$694,900,200
2019 Value	\$568,430,700	\$126,198,300	\$694,629,000
% Change	-0.26%	0.97%	-0.04%

**Number of Parcels in the Population: 219**

\*The land values are prior to application of any Open Space exemptions under the Public Benefit Rating System.

The total parcel count for the prior year was 227. A reduction in parcel count is due to the transfer of eight tax parcels from the Golf Course Specialty 343 to Area Appraisers.

## **Conclusion and Recommendation**

The values recommended in this report improve the uniformity of values. We recommend posting them for the 2019 Assessment Year.

## **Identification of the Area**

### **Name or Designation**

- Specialty Area 343, Golf Courses

### **Boundaries**

All of King County.

### **Maps**

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

## **Area Overview**

### **Property Description**

The golf course specialty includes all golf course properties and one driving range located within King County. There are four basic segments of the golf course market, as defined by the Appraisal Institute<sup>1</sup>. The segmentation generally groups courses by access (who can play them). Not all courses are available to be played by all golfers. Some are private clubs, some restrict access in other ways or give preferential treatment to certain golfers over others. The following segments of the market are defined as:

- **Public Courses** – A golf course that is open to the general public on a daily fee basis. These are the simplest of courses and are designed to accommodate heavy daily play. They tend to be flat and have few rough areas where balls could be lost. Development and

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<sup>1</sup> Golf Property Analysis and Valuation, A Modern Approach. Laurence A. Hirsh, MAI, CRE, SGA. 2016

operating costs are lower due to concentrated irrigation systems, easily mowed grounds, reduced landscape maintenance, and few course obstacles. Fairways tend to be wider and course lengths shorter. There are two main sub-types of public courses:

- Municipal Courses – owned by a city or county and run for the benefit of the local citizens.
- Daily-Fee Courses – open to everyone, but privately owned and generally more upscale and, therefore, more expensive than municipal courses.
- **Resort Courses** – A golf course that is part of a resort property, typically including a large luxurious hotel, perhaps a spa and multiple restaurants. Resort courses are typically the most complicated courses. They are designed to appeal to serious golfers and serve as a marketing tool to attract tourist and convention business to the course or residents to a related housing development. Resort courses have memorable holes, scenic beauty, “signature” designers, and a variety of hazards. They typically have high construction and maintenance costs. Most resort courses are technically public, but many restrict access by requiring that you stay at the resort in order to play its golf course(s).
- **Private Clubs** - A golf course that is only open to golfers willing to pay a membership fee to join the club. The costs associated with joining a club can vary widely, with the most expensive costing hundreds of thousands of dollars to join. Additional costs to membership may include food and beverage minimums, annual fees, and special assessments. Private clubs typically have between 200 and 500 members per 18 holes. At most clubs, however, non-members are allowed to play as guests of a member. The courses are designed to appeal to a wide range of golfers, but they are typically more difficult than public courses. The level of play is less intensive and social interaction is emphasized more at private clubs so playing time is a less important consideration. Many newer clubs are associated with a residential development and are designed to maximize golf course frontages or views.
- **Semi-Private Courses** – A semi-private course is one that both sells memberships and allows non-members to play on a daily fee basis. Those purchasing memberships might receive preferential tee times and discounted green fees, or access to other club amenities or perks.

Within these four segments there are also numerous subcategories to consider. Golf courses can be further categorized by size, or by style.

**Golf Course Types by Size:** Grouping courses by size considers both the number of holes and the type of holes. The following categories exist:

- **18-Hole Course** – The 18-hole course, comprised of mostly par-4 holes with a mix of par-3 holes and par-5 holes is considered the standard golf course. When the generic term “golf course” is used, this is what is commonly thought of.

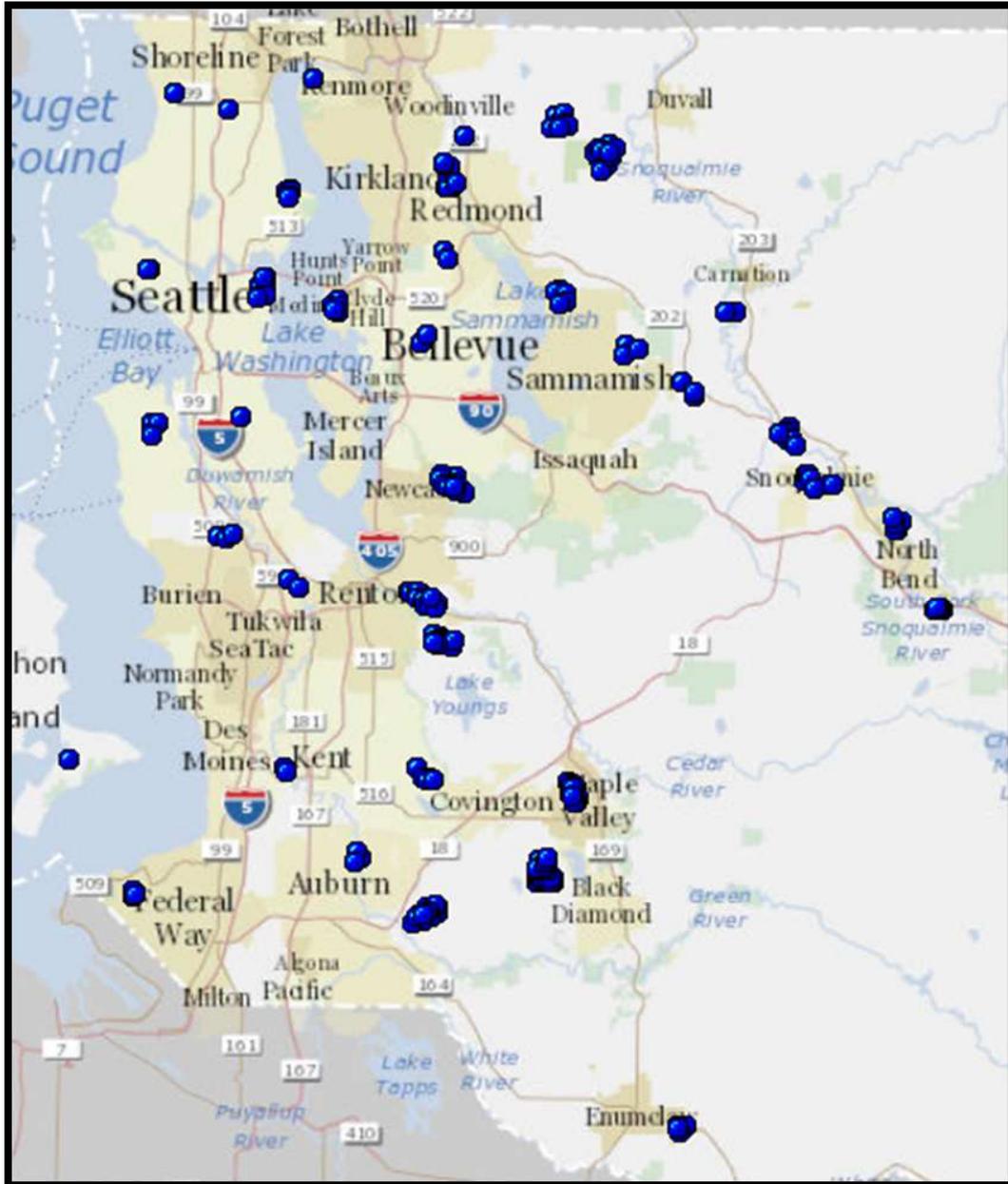
- **9-Hole Course** – A 9-hole course is exactly that, a golf course with mostly par-4 holes plus a few par-3 and par-5 holes, but only nine holes in total.
- **Executive Course** – An executive course can have either 9 or 18 holes, but will always be shorter and therefore, quicker to play than a regulation course with the same number of holes. The course will include more par-3 holes and fewer par-4 and par-5 holes. The goal is to allow golfers to finish a round in less time.
- **Par-3 Course** – A par-3 course is one on which all the holes are par-3 holes. A par-3 course will be shorter in length than an executive course, and faster still to play.
- **Approach Course** – An approach course is even shorter than a par-3 course, one that is designed to allow golfers to practice pitching and chipping, or intended for use by beginners. Holes on approach courses might include some holes of around 100 yards in length, but most will be shorter, some even just 30 or 40 yards. The courses are also called “pitch and putt” as the golfer generally drops a ball, pitches it to the green, and putts out.

**Golf Course Styles:** Golf courses can also be grouped by geographical setting or architectural elements of their design. These are often one and the same, as courses are often designed to fit their natural surroundings. The following styles of courses are defined by the industry:

- **Links Courses** – A links course is one built on sandy coastline that is open to the wind with few or no trees, but with plenty of tall coastal grasses. Links courses generally feature large, slow greens and firm, fast fairways; the rough and even the fairways might not have irrigation systems. The courses often have large and deep bunkers. The very first golf courses were links courses developed in Scotland.
- **Parkland Courses** – A parkland course is one that is lushly manicured with well-kept fairways, thick rough and fast greens. Courses have plenty of trees, and are typically located inland. This is the most common type of course in the United States and the most common in King County.
- **Heathland Courses** – A heathland course is an inland course that features gentle, rolling fairways winding through a landscape full of bushes and shrubs. Heathland courses may be best described as midway between a links course and a parkland course. Several courses in King County are considered heathland courses.
- **Desert Courses** – A desert course is situated in a desert environment and requires extensive watering. They are an oasis in the middle of sand. These courses are found mainly in the southwestern United States, although there are courses found in Eastern Washington that would qualify as desert courses.
- **Mountain Courses** – Mountain courses are found in mountainous areas and feature dramatic changes in elevation, which can make them difficult to navigate. These courses have challenges in maintenance and may have shorter seasons due to seasonal changes.

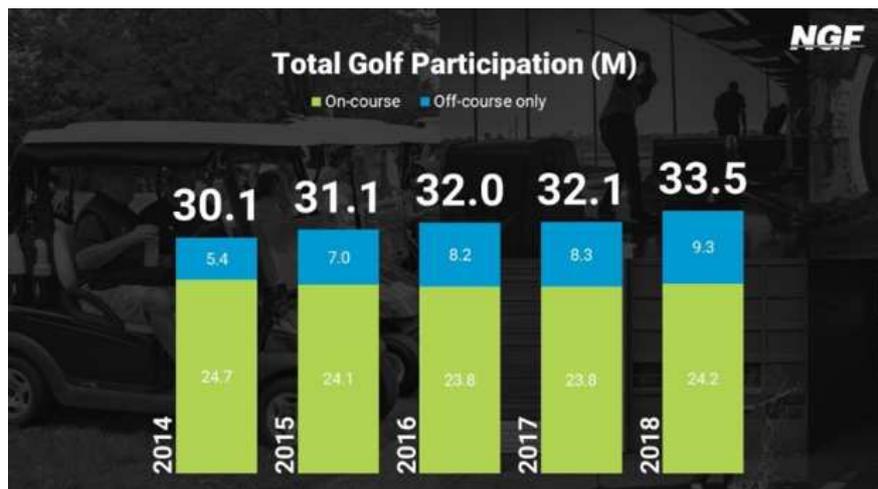
## Area Description

Golf Course properties are located throughout King County. Golf courses in urban areas are either municipal courses or well-established private clubs. Privately-owned public courses are located in outlying suburban locations where land is more affordable, or in locations where wetlands or flooding would prevent subdivision development. A map of all King County golf courses is found on the following page.



## Golf Course Market Conditions

Golf is an \$84 billion dollar industry in the United States. The sport impacts roughly 2 million American jobs with \$55.6 billion in annual wage income. During 2018, 24.2 million Americans played 434 million rounds down from 460 played in 2017, at the nation's 15,000 plus facilities. During 2018, 2.6 million golfers played for the first time, tying the record for new players set in 2017. Total golf participation increased to 33.5 million, see following graph from National Golf Foundation, May 2019 data.

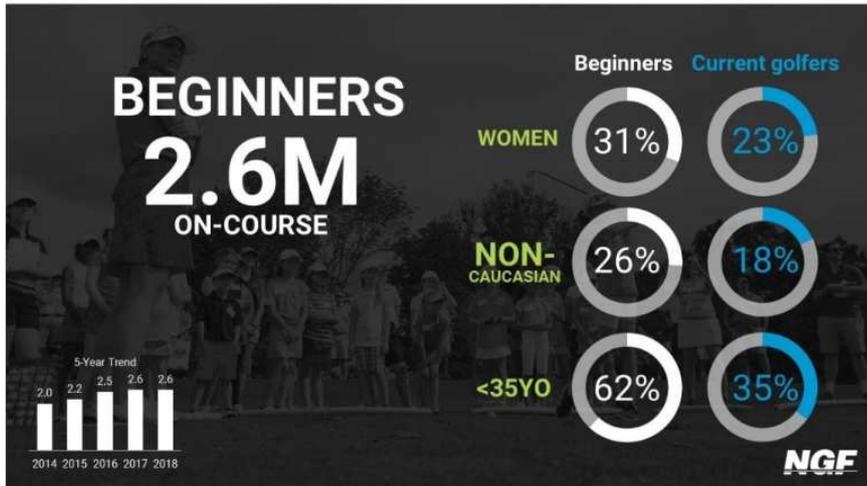


The past 20 years have seen dramatic swings in golf course supply and demand. After substantial increases in participation in the 1980's and 1990's and a corresponding increase in the supply of golf courses, the industry has seen contraction in the form of course closures. According to the National Golf Foundation (NGF), the national supply of golf courses grew by roughly 40% between 1986 and 2005. Since 2006, however, supply has decreased by slightly less than 4%.

Although the period right around 2008-2009 was the high-water mark for U.S. golf course supply, it was clear as early as 2000-2002 that many golf markets were oversupplied and clubs began to experience membership decline and decreased rounds of play. National golf participation has declined from a high of nearly 30 million in 2003 to closer to 25 million in 2011, and has remained near that level since that time. Despite the decline, the NGF reports that those most committed to the game have continued to play at a substantial rate. The average number of rounds per golfer per year increased from 16.2 to 18.8 between 2003 and 2015.

Most observers in the industry feel that the golf course market bottomed-out at the start of 2016 and numerous buyers started seeking acquisitions. The year 2018 was all about stabilization. For the first time since the recession, the golf industry has shown improvement, with significant stabilization and some modest growth. The biggest industry trend moving forward into 2019 is

determining how that modest growth can be sustained. The demographics for the new 2.6 million golfers is shown on the following chart.



A big theme throughout 2018 revolved around whether more golfers can be attracted to the game. There is evidence now that younger players and a more diverse set of people are taking up the game of golf. One challenge now for the golf industry is pivoting their focus towards these younger players and the family centric behaviors that are emerging. Another challenge for the industry is keeping new players engaged. Historically, the industry has not done a great job of retaining new players. According to the NGF, people who stop playing golf cite reasons including that the game is too costly, difficult, time-consuming, complicated, and traditional. The golf industry is attempting to address these concerns with several innovations, many of which involve capital improvements to existing courses and clubs.

During 2018 approximately 200 golf courses closed in the United States, while only 13 opened according to the NGF.

Several golf clubs in King County have already shifted their marketing focus to a younger, family-friendly demographic and have seen much success. The strong employment in the tech sector in King County has also bolstered private club membership on the east side of the county. Private clubs cater to these younger players and families, with health club facilities, swimming pools and numerous family activities throughout the year.

Discussions with local golf course managers indicate that the method to increase attendance is to market the industry to younger players and to women players. (See Chart above) Also, they noted that the industry, though decreasing in rounds played, believe that golf is entering an era of stabilization, trending to a modest increase in both players and rounds played.

## Analysis Process

**Effective Date of Appraisal:** January 1, 2019

**Date of Appraisal Report:** June 10, 2019

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

- Russell Butler - Commercial Appraiser II

### Highest and Best Use Analysis

#### **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.*

**As if vacant:** Market analysis of the area, together with current zoning, current and anticipated use patterns, indicate the highest and best use of the land. The highest and best use of a property must be reasonably probable, legally permissible, physically possible, financially feasible and maximally productive.

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

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

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

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

Sales were verified with the buyer and/or seller. Current data was verified and corrected via field inspection.

### **Special Assumptions, Departures and Limiting Conditions**

The sales comparison and cost approaches to value were considered for this mass appraisal valuation.

- Large acreage sales from 1/2016 to 12/2018 were considered in the analysis of the golf course land, as vacant.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standards 5 and 6

## Scope of Data

### Physical Inspection Identification

WAC 458-07-015 requires each property to be physically inspected at least once during a 6 year revaluation cycle. At a minimum, an exterior observation of the properties is made to verify the accuracy and completeness of property characteristic data that affect value. Property records are updated in accordance with the findings of the physical inspection. Nine golf courses and one driving range were physically inspected for the 2019 assessment year or 23.7% of the 38 total courses. The inspection comprised 63 parcels, or approximately 29% of the 219 total parcels located in the specialty. A list of the physically inspected parcels and an identifying map are included in the addendum of this report.

The following golf courses were inspected for the 2019 assessment year:

- Bear Creek Golf Course
- Bellevue Golf Course
- Glendale Golf & Country Club
- Newcastle Golf Course
- Overlake Golf & Country Club
- Redwood Driving Range
- The Golf Club at Redmond Ridge
- The Plateau Golf & Country Club
- Willows Run Golf Course

### Land Value Data

There have been no recent sales of land that have been purchased with the intent of developing golf course facilities.

In numerous cases, The State Board of Tax Appeals (BTA) has ruled that large acreage and open space land sales are to be used when valuing golf course land. Land values for the majority of courses throughout King County were based on large acreage sales occurring from January 1, 2016 to December 31, 2018. Multi-parcel sales were also considered after combining the various aspects of all parcels involved in the sales. In valuing the land, consideration was given to site size, proximity to downtown Seattle or Bellevue, exceptional views, and potential for frequent flooding.

In some cases, when a golf course does not represent the highest and best use of a property, the current use is defined as an interim use. In these cases the respective geographic appraiser's land values are considered. The land value is discounted from the appraiser's market value to reflect infrastructure costs that would be required to repurpose the land.

## **Improved Parcel Total Value Data**

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

## **Land Value**

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

There were a total of thirty-five (35) large acreage land sales occurring within the time span from February 18, 2016 to December 19, 2018 that were considered to be “arms-length” transactions and given primary consideration in the land valuation analysis. During this time span King County has continued to experience significant growth and along with it, continued increases in land values.

The chart on the following page shows large acreage land sales that were used to establish golf course land values. Golf course land is valued between \$6,555 and \$183,159 per acre, with the median land value of \$22,500 per acre.

## Large Acreage Land Sales

Sale	Major	Minor	Sale Price	Sale Date	Excise Tax Number	Site Size (Acres)	\$/Acre	Site Size (SF)	\$/SF	Zoning
1	142308	9010	\$3,850,000	12/19/2018	2966966	21.02	\$183,159	915,631	\$4.20	EP1
2	342107	9085	\$170,000	11/21/2018	2963814	10.48	\$16,221	456,508	\$0.37	RA10
3	242407	9008	\$750,000	10/17/2018	2958356	20.73	\$36,174	903,132	\$0.83	RA10
4	312607	9001	\$256,250	9/10/2018	2952373	39.09	\$6,555	1,702,760	\$0.15	RA10
5	248070	185	\$282,500	8/2/2018	2946055	11.89	\$23,759	517,928	\$0.55	RA10
6	212407	9099	\$435,000	5/31/2018	2934400	8.52	\$51,056	371,131	\$1.17	RA10
7	232105	9123	\$295,000	5/23/2018	2933766	10.14	\$29,091	441,725	\$0.67	RA10
8	32006	9010	\$550,000	4/11/2018	2927382	40.25	\$13,665	1,753,290	\$0.31	A35
9	122506	9041	\$595,000	3/12/2018	2919020	20.43	\$29,118	890,124	\$0.67	RA10
10	122506	9007	\$680,000	3/7/2018	2919021	20.48	\$33,201	892,165	\$0.76	RA10
11	342106	9168	\$160,000	2/28/2018	2917599	9.95	\$16,078	433,498	\$0.37	A35
12	252302	9012	\$345,000	12/29/2017	2909496	9.88	\$34,919	430,372	\$0.80	RA5
13	192507	9020	\$499,950	8/29/2017	2888496	15.56	\$32,127	677,871	\$0.74	RA5
14	212970	0190	\$410,000	8/15/2017	2886597	9.40	\$43,636	409,283	\$1.00	R4
15	362306	9010	\$880,000	8/4/2017	2882626	40.00	\$22,000	1,742,400	\$0.51	RA5
16	302507	9088	\$220,000	7/7/2017	2876237	12.64	\$17,403	550,674	\$0.40	RA5
17	122506	9028	\$570,000	6/19/2017	2872354	20.52	\$27,779	893,807	\$0.64	RA10
18	152306	9066	\$525,000	4/13/2017	2859438	9.78	\$53,681	426,016	\$1.23	RA5
19	302309	9028	\$350,000	2/10/2017	2848861	9.77	\$35,824	425,581	\$0.82	RA5
20	062203	9032	\$275,000	12/16/2016	2840617	9.50	\$28,947	413,820	\$0.66	RA5SO
21	312203	9072	\$197,500	12/14/2016	2840965	9.21	\$21,433	401,398	\$0.49	RA10SO
22	302207	9009	\$460,000	12/2/2016	2837482	21.04	\$21,863	916,502	\$0.50	RA10
23	092506	9197	\$375,000	12/1/2016	2837851	14.32	\$26,187	623,778	\$0.60	RA5
24	142206	9015	\$225,000	11/19/2016	2837009	17.78	\$12,655	774,452	\$0.29	RA5
25	122506	9035	\$600,000	11/17/2016	2836609	16.86	\$35,577	734,632	\$0.82	RA10
26	172303	9027	\$195,000	9/9/2016	2821436	10.00	\$19,509	435,394	\$0.45	RA2.5
27	222105	9031	\$320,000	9/1/2016	2820485	30.75	\$10,407	1,339,470	\$0.24	RA10
28	142507	9007	\$260,000	8/8/2016	2816256	20.00	\$13,000	871,200	\$0.30	RA10
29	082607	9074	\$200,000	7/15/2016	2810879	20.38	\$9,814	887,752	\$0.23	RA5
30	155000	0690	\$125,000	6/10/2016	2803058	9.75	\$12,825	424,560	\$0.29	RA10
31	112506	9088	\$3,000,000	5/23/2016	2798374	40.73	\$73,656	1,774,199	\$1.69	RA5
32	192507	9020	\$350,000	4/21/2016	2792581	15.56	\$22,491	677,871	\$0.52	RA5
33	032507	9025	\$225,000	3/31/2016	2789238	20.04	\$11,228	872,942	\$0.26	RA5SO
34	102206	9189	\$300,000	3/2/2016	2783024	14.98	\$20,027	652,528	\$0.46	RA5
35	172607	9063	\$170,000	2/18/2016	2781138	17.92	\$9,487	780,595	\$0.22	RA10

## Improved Parcel Total Values

### Sales comparison approach model description

A sales comparison approach model was not applied, as there are not sufficient sales to develop a model. There have been four recent sales of golf course properties within King County. Two of the courses will be developed to commercial and or public use, while the remaining two will continue as golf courses. These four sales are described below:

- City of Kent has sold the former Riverbend par 3 golf course to developer, Marquee on Meeker for a reported \$10.5 million, first phase of the transaction closed in March 2018. Marquee on Meeker plans to construct 492 apartment units on the former golf course site. Construction has begun to the first 288 units of the development.
- The City of North Bend has purchased 28.23 acres of the former Cascade Golf course, for \$2.4 million with sale closing November 2018. According to the City of North Bend the Cascade Golf Course water rights were worth approximately \$400K. The balance of the golf course was sold to Riverbend Land Company for a reported \$1.25 million also closing in November 2018..
- Willows Run Golf Course sold March 8, 2019 for \$11,300,000 with \$935,000 attributed to personal property, leaving a net to the realty of \$10,365,000.
- Also, closing in 2019 was the sale of Bear Creek Golf Course, which closed on May 9, 2019 for \$8,900,000, this sale did not include personal property in the transaction.

Although not located in King County, the Brookdale Golf Course, Pierce County, has sold for a reported \$6.2 million. The buyer of the course is planning to develop the property to 385 single-family homes on the 156 acre property.

City of Seattle completed a study of the four municipal courses owned by Seattle. The study was prepared by Lund Consulting, Inc., dated March 19, 2019. Following map shows location of the Seattle golf courses.

## Seattle's city-owned golf courses

Seattle is evaluating what to do with its public courses that total about 528 acres of mostly green space.



The Lund Consulting firm made 30 overall recommendations, with the first being to “commit to golf as a recreational program offered by the City on par with other recreational offerings.”<sup>2</sup>

The Seattle Times also noted that Portland has six municipal courses and Spokane has five city owned courses.

## Sales comparison calibration

Since there was no sales comparison model developed, no sales comparison calibration was performed. Calibration of coefficients utilized for the model applied within a Sales Comparison approach is typically established via analysis of all sales within the specialty. While sales are reviewed and market data extracted wherever possible, sales modeling was not utilized in the final reconciliation of value.

<sup>2</sup> Seattle Times Article, June 6, 2019.

## **Cost approach model description**

The cost approach was the primary valuation methodology utilized for improvement values in the golf course specialty. Cost estimates are calculated via the Marshall & Swift Valuation Service. Depreciation was also based on studies completed by the Marshall & Swift Valuation Service. The costs are adjusted to the western region of the United States and the Seattle area. Cost estimates may be relied upon for valuation of special use properties where comparable sales data and/or income/expense information may not be available.

The golf course building values are calculated automatically by the Marshall & Swift Cost Estimator and have depreciation factored into the cost based on the effective age and quality of the improvements. The value contribution of the tees, greens, fairways etc. are selected from the Marshall & Swift cost manual with the appraiser then giving consideration to all three forms of depreciation: physical, functional and economic obsolescence.

Marshall & Swift costs for tees, greens, fairways etc. are on a cost per hole basis and include the normal clearing of land, including incidental grading, complete irrigation and drainage systems, planting of trees in open land, greens, tees, fairways, service roads and cart paths, builder's profits and overhead, financing during construction and architects' fees for all items except structures.

Marshall & Swift groups golf courses into four classifications. Many courses have component features that fall into different classification levels. Some of these component features are length of the course, overall size, irrigation systems, architectural design, and terrain. The classification is determined by the overall sum of the features. Also considered are amenities such as the clubhouse, driving range, and practice facilities. The greatest variability is found at the high end of the range where class IV consists of Standard, Good, and Excellent championship courses. For valuation of courses in King County, only the lowest level (Standard) is used for class IV courses.

The following chart shows the Marshall & Swift Replacement Cost New (RCN) for the four classifications:

Golf Course Classification	Description	Added Cost per Hole for Tees, Greens & Fairways
I	Minimal quality, simply developed, budget course on open natural of flat terrain, few bunkers, small tees and greens.	\$74,500 - \$102,000
II	Simply designed course on relatively flat terrain, natural rough, few bunkers, small built-up tees and greens, some small trees.	\$106,000 - \$152,000
III	Typical private club on undulating terrain, bunkers at most greens, average elevated tees and greens, some large trees moved in or clearing of some wooded areas.	\$154,000 - \$226,000
IV	Better championship-style course on good undulating terrain, fairway and greens bunkered and contoured, large trees and greens, large trees transplanted, driving range, may have named architect.	\$232,000 - \$371,000

The costs shown in the chart above are the costs per hole before discounting for depreciation. Consideration is given for all three forms of depreciation; physical depreciation, functional obsolescence, and economic obsolescence.

### Cost calibration

The Marshall & Swift cost-modeling system is built into the Assessor's Real Property Application and is re-calibrated annually to both the Western Region and Seattle area.

### Income capitalization approach model description

An economic income capitalization model was not developed for golf courses due to insufficient market data.

### Reconciliation

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. Golf course land was valued by the sales comparison approach and golf course improvements were valued by the cost approach.

## Model Validation

### Total Value Conclusions, Recommendations and Validation

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field 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 for particular characteristics and conditions as they occur. Uniformity and equity are both improved over the previous year and in consideration of current market conditions, it is recommend that these values be posted for the 2018 assessment year.

The Assessor's office values most golf courses as if they are the highest and best use of the site. The golf course land is valued accordingly, using large acreage land sales to establish land value. Both the cost approach (replacement cost new less depreciation method, RCNLD) and the sales comparison approach were utilized in the valuation of the golf courses. All cost information was from the Marshall Valuation Service. Costs were adjusted to reflect the local Greater Seattle Market. RCNLD was calculated for all structures such as maintenance buildings, clubhouse, restrooms etc. The fairways, tees, and greens were valued with the golf course class as the determining factor.

When an alternative use represents the highest and best use of a golf course property, the market value of the land, under current zoning, has been considered. In these cases the golf course use is determined to be an interim use. Interim use properties do not consider the golf course improvements to have a contributory value as they would add little (or no) value to any proposed alternative use.

The total assessed value for the 2018 Assessment Year for Specialty Area 343 was \$694,900,200. The total recommended assessed value for the 2019 Assessment Year is \$694,629,000. Application of these recommended values for the 2019 Assessment Year results in an annual change of -0.04%.

Change in Total Assessed Value			
2018 Total Value	2019 Total Value	\$ Change	% Change
\$694,900,200	\$694,629,000	-\$271,200	-0.04%

## USPAP Compliance

### Client and Intended Use of the Appraisal

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

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

### Definition and date of value estimate

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

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

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

## Highest and Best Use

### **RCW 84.40.030**

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

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

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

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

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

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

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

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

## **Date of Value Estimate**

### **RCW 84.36.005**

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

### **RCW 36.21.080**

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

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

## **Property Rights Appraised: Fee Simple**

### **Wash Constitution Article 7 § 1 Taxation:**

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

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

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

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

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

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

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

**Assumptions and Limiting Conditions**

1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.
4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.
5. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.
6. The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.
7. The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.
8. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
9. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

10. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.
11. An attempt to segregate personal property from the real estate in this appraisal has been made.
12. Items which are considered to be "typical finish" and generally included in a real property transfer, but are legally considered leasehold improvements are included in the valuation unless otherwise noted.
13. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.
14. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.
15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.

### **Scope of Work Performed**

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

## Certification

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

- *The statements of fact contained in this report are true and correct*
- *The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *Services that I provided within the prior three years include physical inspection, revaluation, appeal response preparation, attendance and participation in hearings, data collection, sales verification, and identifying new construction and recording the corresponding data.*

*Russell O. Butler*

6/10/2019

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Russell O. Butler  
Commercial Appraiser II

Date

### AREA 343 GOLF COURSE INSPECTED FOR 2019

2019	062410	1160	BEAR CREEK GOLF COURSE
2019	062410	1170	BEAR CREEK GOLF COURSE
2019	062410	1180	BEAR CREEK GOLF COURSE
2019	062411	1090	BEAR CREEK GOLF COURSE
2019	062411	1130	BEAR CREEK GOLF COURSE
2019	062412	0310	BEAR CREEK GOLF COURSE
2019	062412	0320	BEAR CREEK GOLF COURSE
2019	202606	9002	BEAR CREEK GOLF COURSE
2019	152505	9002	BELLEVUE GOLF COURSE
2019	152505	9029	BELLEVUE GOLF COURSE
2019	332505	9084	GLENDALE GOLF & COUNTRY CLUB
2019	342505	9010	GLENDALE GOLF & COUNTRY CLUB
2019	112604	9093	INGLEWOOD GOLF & COUNTRY CLUB
2019	262405	9002	NEWCASTLE GOLF COURSE
2019	262405	9051	NEWCASTLE GOLF COURSE
2019	272405	9001	NEWCASTLE GOLF COURSE
2019	272405	9013	NEWCASTLE GOLF COURSE
2019	541535	0820	NEWCASTLE GOLF COURSE
2019	541535	0830	NEWCASTLE GOLF COURSE
2019	723750	1640	NEWCASTLE GOLF COURSE
2019	723750	1680	NEWCASTLE GOLF COURSE
2019	723750	1700	NEWCASTLE GOLF COURSE
2019	723750	1750	NEWCASTLE GOLF COURSE
2019	723750	1760	NEWCASTLE GOLF COURSE
2019	723750	1880	NEWCASTLE GOLF COURSE
2019	252504	9001	OVERLAKE GOLF AND COUNTRY CLUB
2019	252504	9003	OVERLAKE GOLF AND COUNTRY CLUB
2019	252504	9004	OVERLAKE GOLF AND COUNTRY CLUB
2019	252504	9020	OVERLAKE GOLF AND COUNTRY CLUB
2019	302530	0392	OVERLAKE GOLF AND COUNTRY CLUB
2019	262605	9079	REDWOOD GOLF CTR / DRIVING RANGE
2019	868221	1440	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1450	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1460	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1470	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1480	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1510	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1520	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1530	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1540	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1550	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1560	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1570	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1580	THE GOLF CLUB AT REDMOND RIDGE
2019	868221	1610	THE GOLF CLUB AT REDMOND RIDGE

2019	868225	0490	THE GOLF CLUB AT REDMOND RIDGE
2019	868228	2250	THE GOLF CLUB AT REDMOND RIDGE
2019	868232	1490	THE GOLF CLUB AT REDMOND RIDGE
2019	868232	1500	THE GOLF CLUB AT REDMOND RIDGE
2019	352506	9070	THE PLATEAU GOLF AND COUNTRY CLUB
2019	352506	9075	THE PLATEAU GOLF AND COUNTRY CLUB
2019	062980	0740	THE PLATEAU GOLF AND COUNTRY CLUB
2019	342605	9018	WILLOW RUN GOLF COURSE
2019	342605	9020	WILLOW RUN GOLF COURSE
2019	342605	9028	WILLOW RUN GOLF COURSE
2019	342605	9030	WILLOW RUN GOLF COURSE
2019	342605	9032	WILLOW RUN GOLF COURSE
2019	342605	9033	WILLOW RUN GOLF COURSE
2019	342605	9061	WILLOW RUN GOLF COURSE
2019	342605	9062	WILLOW RUN GOLF COURSE
2019	342605	9068	WILLOW RUN GOLF COURSE
2019	342605	9069	WILLOW RUN GOLF COURSE
2019	352605	9040	WILLOW RUN GOLF COURSE