

High Tech – Flex Specialty

Area 510

Commercial Revalue for 2020 Assessment Roll



King County

Department of Assessments

Setting values, serving the community, and pursuing excellence

500 Fourth Avenue, ADM-AS 0708

Seattle, WA 98104-2384

OFFICE (206) 296-7300 FAX (206) 296-0595

Email: assessor.info@kingcounty.gov

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



King County

Department of Assessments



King County

Department of Assessments

500 Fourth Avenue, ADM-AS-0708
Seattle, WA 98104-2384

OFFICE: (206) 296-7300 FAX (206) 296-0595

Email: assessor.info@kingcounty.gov

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

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 to implement your feedback and ensure we provide you accurate and timely information. 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 our process and the 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 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 neighborhood. 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. From the property inspections we update our property assessment records for each property. In cases where an appraiser has a question, they will approach the occupant to make contact with the property owner or leave a card requesting the taxpayer contact them.

RCW 84.40.025 - Access to property

For the purpose of assessment and valuation of all taxable property in each county, any real or personal property in each county shall be subject to visitation, investigation, examination, discovery, and listing at any reasonable time by the county assessor of the county or by any employee thereof designated for this purpose by the assessor.

In any case of refusal to such access, the assessor shall request assistance from the department of revenue which may invoke the power granted by chapter [84.08](#) RCW.

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. 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.*

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

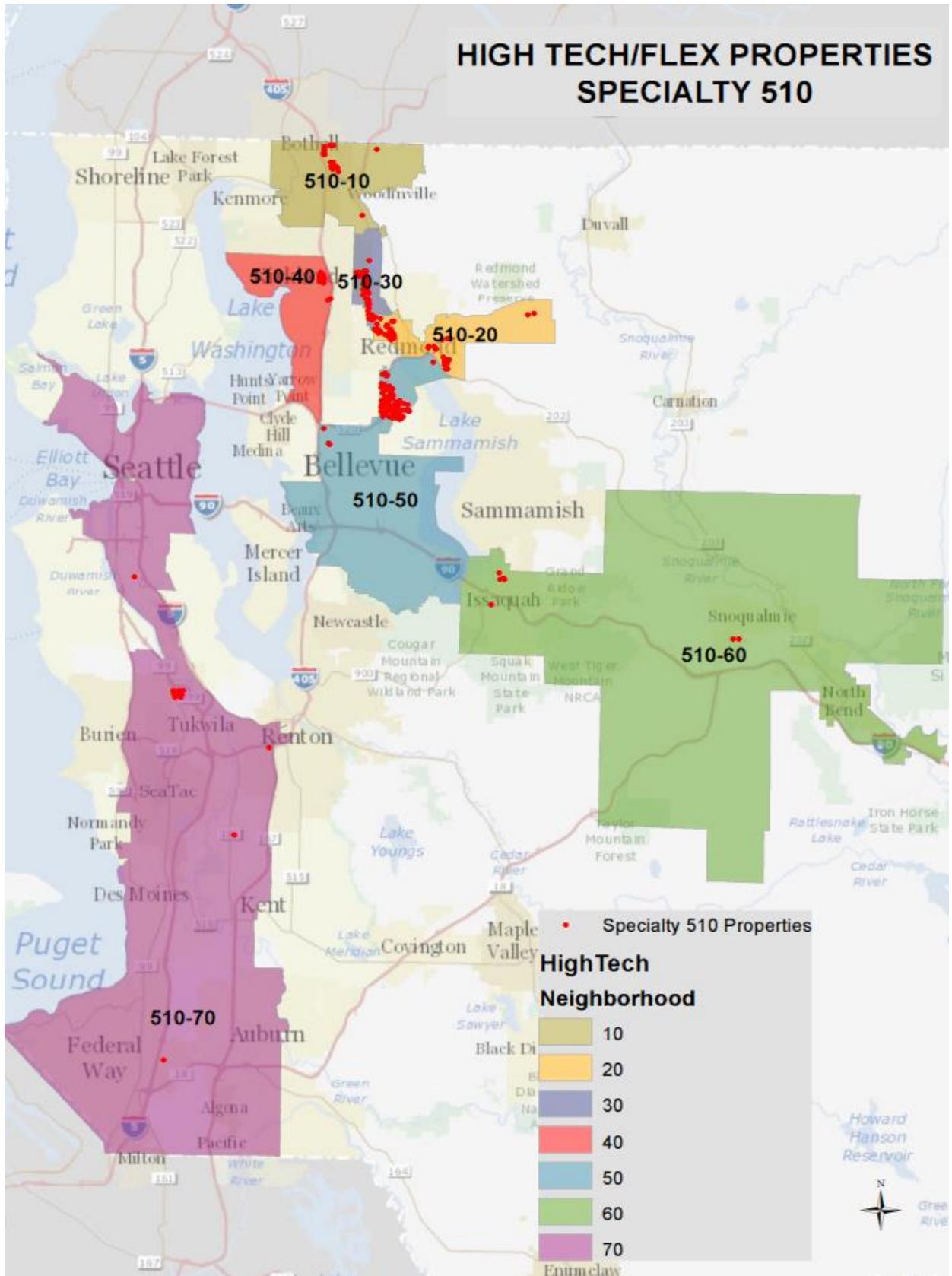
Requirements of State Law

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.

HIGH TECH/FLEX PROPERTIES SPECIALTY 510



Area 510 Annual Update Ratio Study Report

PRE-REVALUE RATIO ANALYSIS

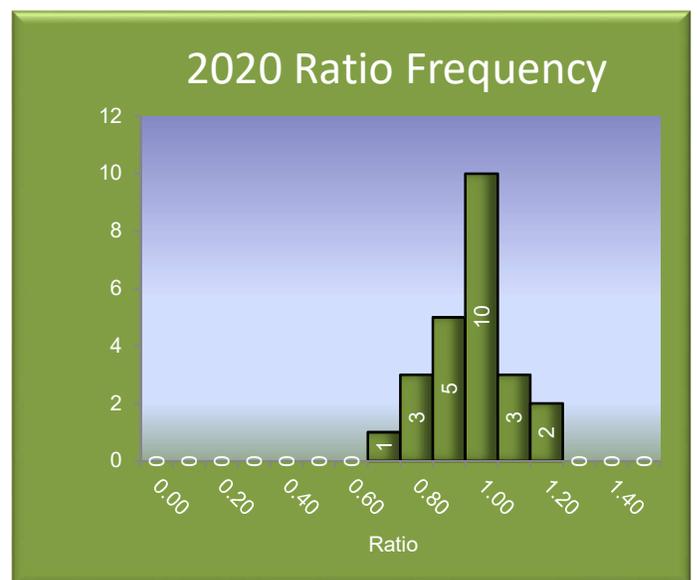
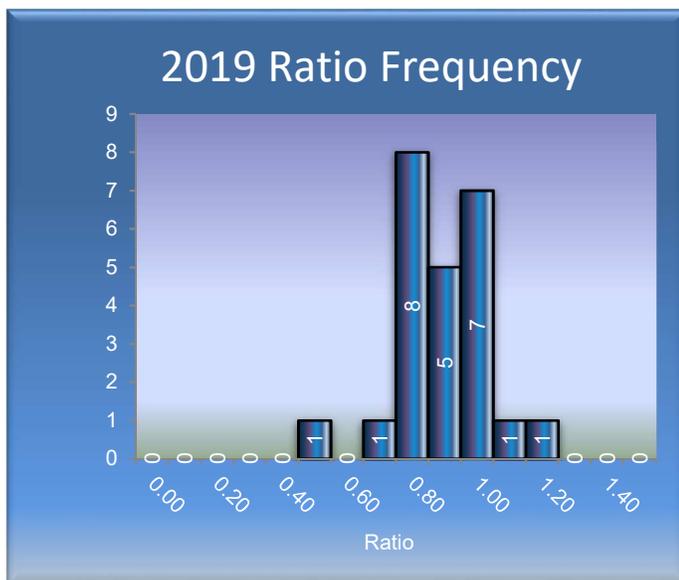
Pre-revalue ratio analysis compares sales from 2017 through 2019 in relation to the previous assessed value as of 1/1/2019.

PRE-REVALUE RATIO SAMPLE STATISTICS	
Sample size (n)	24
Mean Assessed Value	36,917,200
Mean Adj. Sales Price	43,177,600
Standard Deviation AV	38,646,718
Standard Deviation SP	44,180,401
ASSESSMENT LEVEL	
Arithmetic Mean Ratio	0.847
Median Ratio	0.848
Weighted Mean Ratio	0.855
UNIFORMITY	
Lowest ratio	0.4884
Highest ratio:	1.1125
Coefficient of Dispersion	13.94%
Standard Deviation	0.1461
Coefficient of Variation	17.26%
Price Related Differential (PRD)	0.99

POST-REVALUE RATIO ANALYSIS

Post revalue ratio analysis compares sales from 2017 through 2019 and reflects the assessment level after the property has been revalued to 1/1/2020.

POST REVALUE RATIO SAMPLE STATISTICS	
Sample size (n)	24
Mean Assessed Value	40,377,300
Mean Sales Price	43,177,600
Standard Deviation AV	42,294,875
Standard Deviation SP	44,180,401
ASSESSMENT LEVEL	
Arithmetic Mean Ratio	0.925
Median Ratio	0.940
Weighted Mean Ratio	0.935
UNIFORMITY	
Lowest ratio	0.6002
Highest ratio:	1.1705
Coefficient of Dispersion	9.51%
Standard Deviation	0.1211
Coefficient of Variation	13.10%
Price Related Differential (PRD)	0.99



Executive Summary Report

Appraisal Date: 1/1/2020 - 2020 Assessment Year – 2021 Tax Roll Year

Specialty Name: High-Tech/Flex, Specialty 510

Sales - Improved Analysis Summary:

Number of Sales: 26 market sales; 24 in ratio study
 Range of Sale Dates: 1/1/2017 – 12/31/2019

Sales - Ratio Study Summary:

Sales--Ratio Study Summary				
	Mean Assessed Value	Mean Sale Price	Ratio	COD*
2019 Value	\$36,917,200	\$43,177,600	85.50%	13.94%
2020 Value	\$40,377,300	\$43,177,600	93.50%	9.51%
Change	\$3,460,100		8.00%	-4.43%
% Change	9.37%		9.36%	-31.78%

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

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

Land values were provided by the appraisers for each geographical area and subsequently applied in total valuation.

Total Population - Parcel Summary Data:

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2019 Value	\$1,600,520,000	\$2,963,300,700	\$4,563,820,700
2020 Value	\$1,947,228,900	\$2,880,769,500	\$4,827,998,400
% Change	+21.66%	-2.79%	+5.79%

Number of Total Parcels in the Specialty Assignment: 219 (This figure includes economic land parcels and some properties currently under construction)

Conclusion and Recommendation:

Total assessed values for the 2020 revalue have increased 5.79% over 2019 assessment levels reflecting the healthy Tech/Flex market in King County and improved income fundamentals. This value does not include most new construction projects, which are valued as of July 31st of the assessment year.

The values recommended in this report reflect current High-Tech/Flex market parameters as of the valuation date of 1/1/2020 and improve uniformity and equity. Therefore, it is recommended that the values should be posted for the 2020 Assessment Year.

Identification of the Area

Name or Designation: Specialty Area 510 – High-Tech/Flex Properties

Boundaries: The properties are located throughout King County within seven neighborhoods but are predominantly situated within the Redmond and Bothell/North Creek areas.

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

Specialty Description

The High-Tech/Flex Specialty properties are defined as buildings that include a combination of warehouse, light industrial use, and/or office area. The occupants tend to be engaged in a variety of High-Tech enterprises that may include computer software and hardware, telecommunications, medical instrumentations, and corporate offices (corporate offices of Microsoft and Nintendo are included). The typical building often includes general offices, assembly areas, and/or computer rooms, and generally run above a 40% office build-out ratio. The buildings tend to be of higher quality finish and may have multiple fiber optic lines with additional power, mechanical, and communications facilities than are found in typical office buildings or business park/flex buildings.

Also included in the high-tech specialty are data centers. A data center is a facility used to house computer systems and associated components, such as telecommunications and storage systems. It generally includes redundant or backup power supplies, power conditioning equipment, redundant data communications connections, environmental controls (e.g., air conditioning, fire suppression) and security infrastructure.

Area Overview

Tech Flex buildings have been segmented into seven distinct neighborhood regions described by their geographic location, totaling 219 separate tax parcels. Most of these properties (72%) are located in the Redmond and Bellevue/Overlake area of Neighborhoods 510-20, 510-30, and 510-50. The remaining properties are located in Neighborhood 510-10: Bothell (11%), Neighborhood 510-40: Kirkland (7.8%), Neighborhood 510-70: Seattle/South King County (5.9%), and Neighborhood 510-60: Snoqualmie/Issaquah (3.2%). The East King County Tech Flex market, also sees significant leasing activity from smaller tenants, but stands in contrast to that of the broader industrial warehouse market with vacancy rates nearly double that of the eastside and higher than the average for industrial properties within the region.

Market Conditions

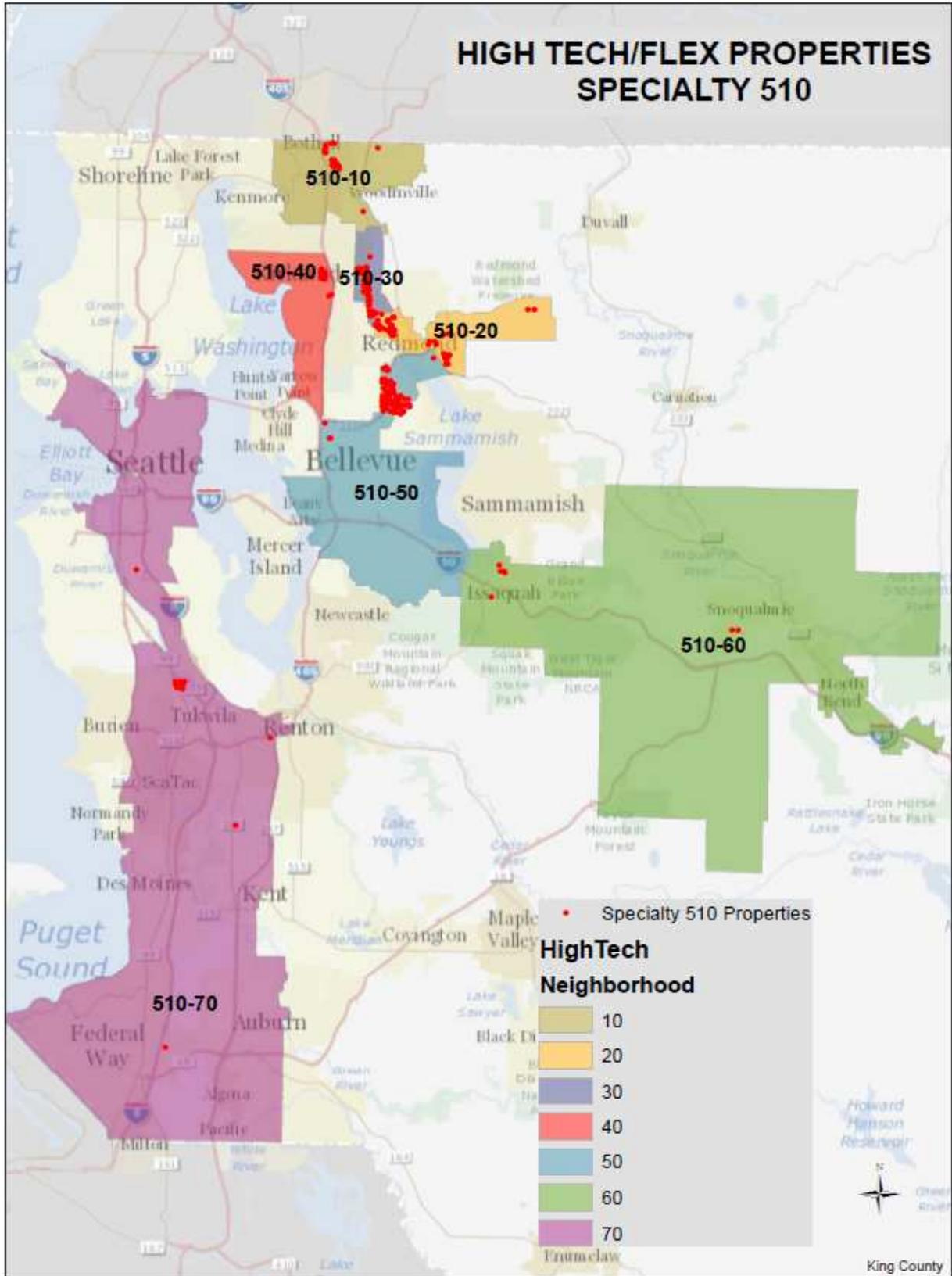
The broader real estate market for warehouse properties in King County continues to tighten due to shrinking inventory and little new product meeting demand. Few quality buildings are on the market, which drives prices up and reduces mitigating concessions offered by sellers. As a result, industrial warehouse parcel values continue to improve. The Flex Tech market, as a segment of the broader industrial market, also has experienced value increases from a general standpoint based upon sales; however, recent patterns continue to reflect bulk portfolio transfers, and/or high quality properties at or near full occupancy with credit rated tenants, which stand in contrast to the general Tech Flex population.

The Puget Sound area is among the top commercial markets targeted by both private and publicly held companies, and supported further by the currently ongoing renovation and expansion of the Microsoft campus involving approximately 9.2 million square feet of building area. Due to lower capital requirements, and associated management and maintenance requirements, industrial properties continue to be considered a prime, sought after real estate investment class. From an investment perspective, and as a submarket of the Industrial Sector, Flex Tech property values reflect steady improvement with decreasing vacancies, increasing rents, and lower capitalization rates reflective of the broader Seattle Metro Industrial Sector activity.

Major technology companies leased nearly 2.8 million square feet in the region last year which accounted for approximately 45% of all leasing activities in the Puget Sound market. Seattle is ranked #4 in the country for high tech software services and office market rent growth.

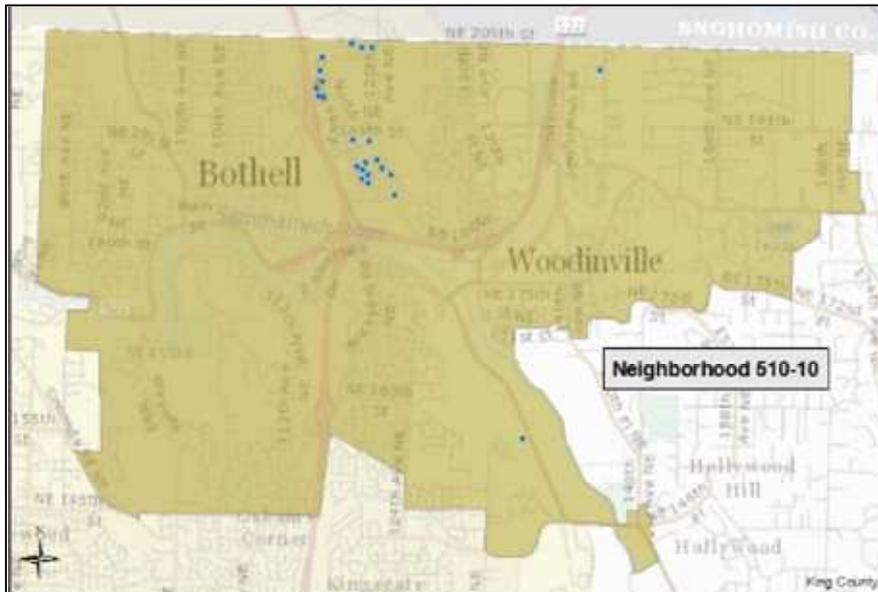
Sales have increased for all types of properties due to the measure of statewide Graduated Real Estate Excise Tax (REET) bill that took effect in January 2020. The change was fully passed in May 2019, which effectively increases the excise tax bill for transactions greater than \$1.5 million. This change resulted in an increase in sales activity towards the end of the year. Much of the increase was due to investors closing deals before the REET increase took effect in January 2020.

HIGH TECH/FLEX PROPERTIES SPECIALTY 510



The following are brief descriptions of the neighborhoods that make up the High-Tech/Flex specialty.

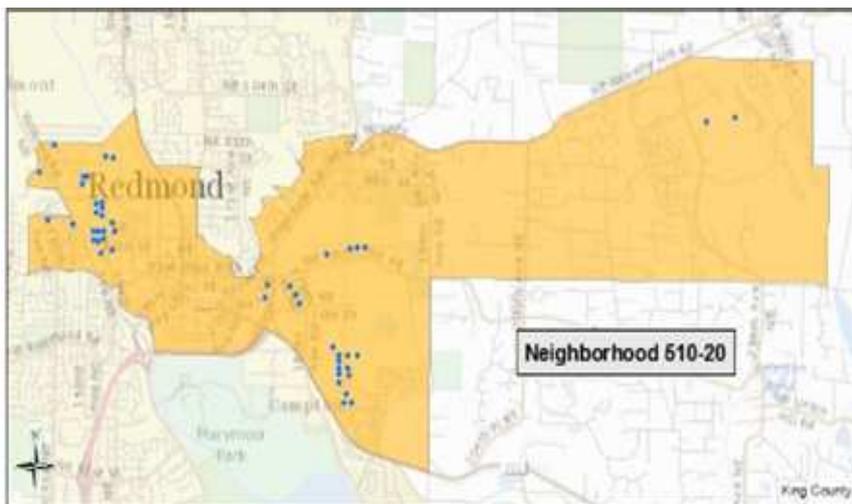
Neighborhood 510-10:



Neighborhood 510-10 is defined as those High-Tech/Flex buildings located within the Bothell (North Creek) and Woodinville areas within King County. Within geographic neighborhood 510-10, 24 parcels comprise the High-Tech/Flex specialty. The broader commercial and industrial market extends on into the Snohomish County Canyon Park area to the north. The 510-10 neighborhood buildings

range in age from 1979 to 2000, and in Gross Building Area from 16,596 to 173,721 SF, with multiple buildings on some parcels. Predominant use is office. No newly constructed buildings were added to the specialty for the 2020 Assessment Year.

Neighborhood 510-20:



Neighborhood 510-20 is defined as those High-Tech/Flex buildings located within the Redmond (Close-In & Marymoor Park) neighborhoods. Within geographic area 510-20, 47 parcels are part of the High-Tech/Flex specialty. They are equally distributed around both the Redmond city center Marymoor Park. Building ages range from 1977 to 2008, and Gross Building Area ranges from

12,240 to 274,848 SF with some parcels having multiple structures. Predominant use is office. No newly constructed buildings were added to the specialty for the 2020 Assessment Year.

Neighborhood 510-30:



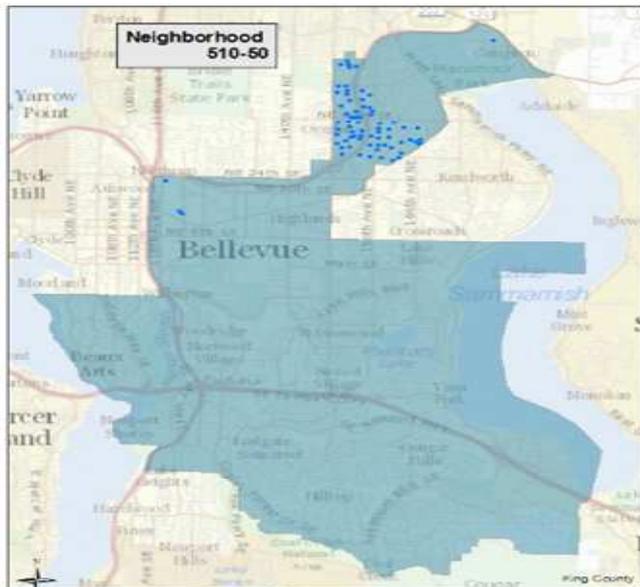
Neighborhood 510-30 is defined as those High-Tech/Flex buildings located within the Redmond (Willows Corridor) neighborhood. Within geographic area 510-30, 47 parcels that are part of the High-Tech/Flex specialty are evenly distributed along Willows Road NE between NE 124th St on the North and NE 87th St on the South. Building age ranges from 1969 to 2008, with Gross Building Areas of 19,195 to 220,253 SF with some parcels have multiple structures. Predominant use is office. No newly constructed buildings were added to the specialty for the 2020 Assessment Year.

Neighborhood 510-40:



Neighborhood 510-40 is defined as those High-Tech/Flex buildings located within Kirkland's Totem Lake neighborhood. Within geographic area 510-40, 17 parcels are part of the High-Tech/Flex specialty, and predominantly located near Hwy 405 and NE 124th St. Predominant use is office space, with building ages range from 1966 to 1993, with Gross Building Areas ranging from 17,636 to 60,029 SF. No newly constructed buildings were added to the specialty for the 2020 Assessment Year.

Neighborhood 510-50:



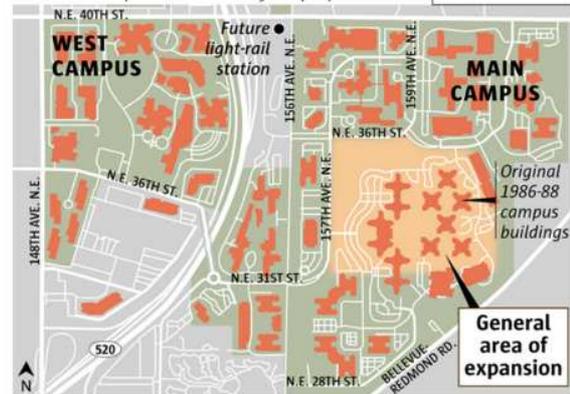
Neighborhood 510-50 is defined as those High-Tech/Flex buildings located within the Redmond (Overlake) and Bellevue (SR-520 & I-90 Corridor) neighborhoods. Within geographic area 510-50, there are 64 parcels that comprise the High-Tech/Flex specialty. This is the largest of the Tech Flex neighborhoods, and includes both Microsoft and Nintendo corporate headquarters. Fifty-four (54) parcels belong to Microsoft covering a total land area of 21,088,864 square feet and total building area of 16,592,677 square feet. Nintendo consists of five (5) parcels with total land area of 1,213,285 square feet and total building area of 806,897 square feet. Located within the Overlake area, the neighborhood benefits from the confluence of these two tech

employers, associated development under the Overlake Master Plan, and the Spring District's development near Bellevue. The University of Washington's partnership with the Tsinghua University called the Global Innovation Exchange, which is a graduate study program located within the Spring District, continues being a positive growth influence. With partnership of the Microsoft Corporation, student enrollment is expected to grow to as many as 3,000 students by 2025. Along similar lines, Microsoft's ongoing redevelopment/expansion of its corporate campus is expected to increase its Puget Sound employment by 8,000 to as many as 55,000.

Microsoft Corporation is in the process of revamping the main Redmond Campus by adding 2.5 million square feet of office spaces and 500,000 square feet amenity space built on 4,288,577 square feet of land area. Another 6.7 million square feet of existing buildings will be renovated. Microsoft will construct 18 new buildings and demolish 12 existing buildings. The first new building is projected to be available for occupancy in late 2022 and 2023. The new campuses will be called Whatcom, Washington, Sammamish, and Chelan Villages. In June 2019, Microsoft Buildings #1, #2, #6, #8 through #11, #24, and #26 have completed demolition and started land clearing for a new 500,000 square feet parking garage for 3,000 vehicles. Microsoft Buildings #3 through #5 are scheduled to be demolished in June of 2020. Buildings #27 and #28 are scheduled for demolition in years 2021 and 2023. The project involves the demolition of 1,370,002 square feet of total building area and 896,607 square feet of building area had already been demolished as of June 2019. As part of the multiyear Microsoft project, other campus buildings will be renovated as well.

Microsoft's campus redevelopment

Microsoft will construct 18 new buildings and tear down 12, including some of its oldest X-shaped buildings, on its main Redmond campus. Other campus buildings will be renovated as part of the multiyear project.

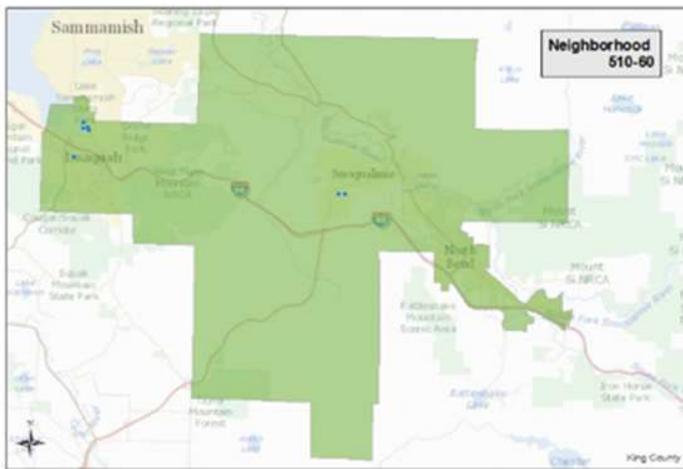




Microsoft's Future Redevelopment



Neighborhood 510-60:



Neighborhood 510-60 is defined as those High-Tech/Flex buildings located within the Issaquah neighborhood. This is the smallest neighborhood within the specialty with seven (7) parcels. Five are located within the City of Issaquah, and two others are located within a developing commercial district in the City of Snoqualmie. Building age ranges from 1987 to 2000 and Gross Building Areas range from 53,555 to 1,285,024 SF, with several parcels having multiple structures. Predominate space use is for offices.

Neighborhood 510-70:

Neighborhood 510-70 is defined as those High-Tech/Flex buildings located within the Seattle, Kent, Auburn, Tukwila, and Federal Way neighborhoods, and demonstrates the market preferences with the concentration of Tech Flex properties in the Bellevue/Eastside. Within geographic area 520-70, there are 13 parcels that are part of the High-Tech/Flex specialty. The largest of which is the International Headquarters of the Weyerhaeuser Corporation in Federal Way, a 420 acre campus which includes the Rhododendron Species Botanical Garden and the Pacific Bonsai Museum. With its move to the Pioneer Square area in Seattle, and completion of construction at 200 Occidental, the campus was sold under a multi-parcel sale with a leaseback provision to the Weyerhaeuser Corporation for occupancy of several buildings that will continue for several more years. Both the garden and museum will remain on campus.



Analysis Process

Effective date of Appraisal: January 1, 2020

Date of Appraisal Report: March 18, 2020

Responsible Appraiser: Yuen Chin, Commercial Appraiser II

The process and results were reviewed for quality control and administrative purposes by Andrew Murray, Senior Commercial Appraiser.

Highest and Best Use Analysis

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

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

Standards and Measurement of Data Accuracy

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

Special Assumptions, Departures and Limiting Conditions

- All three approaches to value were considered in this analysis.
- The following Departmental guidelines were considered and adhered to:
 - Sales from 1/1/2017 to 12/31/2019 (at minimum) were considered in all analyses.
 - This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standards 5 and 6.

Physical Inspection

All parcels within 510-20 were selected for this year’s physical inspection based on the current Area 510 six-year physical inspection plan spanning 2019 to 2024. Forty seven properties, or approximately 21.5% of parcels, within the specialty assignment were included. These properties were inspected in 2019 prior to the posting of the 2020 Area 510 values. A list of the physically inspected parcels, along with a map of their locations, is included in this report.

Preliminary Ratio Analysis

The sales ratio study is an important assessment tool to ensure that properties are uniformly assessed based on market value. This analysis utilizes statistical methods to measure the relationship between a property’s assessed value and its sale price by grouping individual sales according to property type and geographic area. This data can be used to review current assessment levels, identify inequities that need to be addressed, and assist in revaluation model development.

IAAO Recommended Standards on Ratio Studies	
Appraisal Level	.90 to 1.10
Coefficient of Dispersion (COD)	5.0 to 20.0
Price Related Differential (PRD)	.98 to 1.03

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

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

The IAAO performance standards state that the weighted mean ratio should be between 0.90 and 1.10. The preliminary ratio study for Area 510 shows a weighted mean ratio of 0.855 which is below the IAAO guidelines, indicating that the 2019 assessment level, as measured using recent sales, falls below that range.

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

The IAAO performance standards state that the COD should be between 5.0 and 20.0 for income producing property in smaller, rural jurisdictions and between 5.0 and 15.0 for larger, urban market jurisdictions. The preliminary ratio study for Area 510 showed a COD of 13.94%, which is towards the top of the range of IAAO guideline's, indicating that the current level of assessment uniformity, as measured using recent sales, is within the acceptable range. However, a lower COD indicates better uniformity.

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 510 shows a PRD of 0.99 that is within the IAAO guidelines.

The study showed the 2019 assessment level needed to be adjusted for uniformity for 2020.

Although some of the results of the preliminary ratio study fall within the IAAO standards, these results are based on a limited sales sample which is heavily weighted with numbers of portfolio sales, sales involving REITs, sales leaseback and parcels with credit tenants. These property types are not representative of the entire High Tech specialty population and for most other property types the sales sample is insufficient to draw direct conclusions from the ratio study. All of the recent sales are used for guidance, and as a test of the income model.

Scope of Data

Land Value Data:

The geographic appraiser in the area in which the specialty property is located is responsible for the land value used by the High-Tech/Flex specialty appraiser. See appropriate area reports for land valuation discussion.

Improved Parcel Total Value Data:

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

Improved Parcel Total Values

Current Economic Conditions - High Tech/High Flex:

Properties within the Tech/Flex Specialty make up a small portion of the overall Industrial Market. Within the Seattle/Puget Sound Region's broader industrial market, vacancy and rental rates improved for the 2020 assessment with associated value increases, which were also reflected within the Tech Flex sector.

Vacancy Rates: Vacancy rates remain stable for the 2020 assessment across the Central Puget Sound region for the general Industrial Sector. Tech Flex vacancy declined from previous year's level to approximately 10%. The Overlake Bellevue Neighborhood (510-50) is at 10%, and showed continued relative improvement due to locational influences of development under the Overlake Master Plan and similar activity within the Bellevue Core, whereas the Bothell/Snohomish corridor maintained vacancy at approximately 10%.

Rental Rates: Rental rates improved for the assessment year 2020 with modest increases in markets where vacancy rates support this trend. Newer, well maintained, properties within preferred locations have benefited as tenants gravitate to these properties. Conversely, older and more outdated properties in less desirable locations continue to face difficulty signing tenants, as reflected by their higher vacancy and extended market exposure time prior to lease.

The Puget Sound Tech Flex Market is considered to be on an improving trend supported by the economic strength of the region. Prior sales of distressed high-tech buildings have shown an increase from previous values, based upon repurposing for owner user occupancy, and/or lower vacancy with increased cash flow for investor managed properties. Credit availability has improved for the commercial real estate sector as lending institutions improve their regulatory financial position and real estate lending portfolios. Local and national investment interest continues to increase, as evidenced by general office/industrial construction and sales activity. Sales support investor sentiment in anticipation of positive future benefits, and the Office and Tech/Flex portion of this market is anticipated to benefit from this improving trend, supported by sales, increasing rents, and declining vacancy.

Overall Trends: The following chart gives a comparative overview of the current state of the economic conditions for the High Tech/High Flex Specialty (510) relative to the broader Office and Industrial markets:

2020 Revaluation Overall Metrics				
	Office	Industrial	Industrial Engineering	High Flex
Vacancy Rate	↔	↔	↔	↔
Rental Rate	↗	↗	↗	↗
Capitalization Rate	↘	↘	↘	↘
Improved Property Values	↗	↗	↗	↗

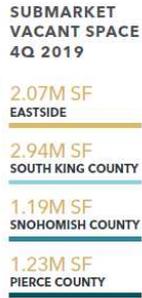
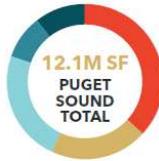
↔ = Stable; ↗ = Slight Increase; ↘ = Slight Decrease; ↑ = Increase; ↓ = Decrease

The following is a broad based survey of market rents within the Seattle/Eastside/South End markets for Office and Industrial/High Tech Flex type properties relating to the High Tech Flex Specialty.

Office Market: For the 2020 revaluation, surveyed area market reports indicated rental rates for office space have increased in the Puget Sound Area. Tech companies, including Amazon, Google, Facebook, Microsoft, WeWork, and Apple, made a splash in 2019 and that continues to be the driving force behind the regional office market surge. The creation of new employment opportunities by these tech companies have helped influence low unemployment rates which keep the regional job growth at healthy levels in the Puget Sound region. With a highly skilled and experienced work force, growing demographics and highly coveted quality of life, the near-term outlook for the regional office market is positive.

Kidder Mathews 4th Quarter 2019 office market reports indicate that Seattle and Eastside rental rates have increased from the past quarters. The most noticeable increase in average rent was the Eastside market that went from \$39.26/SF/YR last quarter to \$40.75/SF/YR in the 4th quarter. Outside of the CBD's, the highest average rent is found in the Seattle In-City submarket at \$42.24/SF/YR followed closely by the Eastside at \$40.75/SF/YR. The Seattle, Bellevue, and Eastside submarkets continue to outperform the overall market and are expecting to see office rent increases through early 2020.

Kidder Mathews Office 2019 - 4 th Quarter Asking Rates					
Property Type (Class)	Eastside Suburban	Bellevue CBD	Seattle In-City	Seattle CBD	South King County
All Classes	\$40.75	\$53.11	\$42.24	\$49.25	\$30.03



4Q 2019 MARKET HIGHLIGHTS

6.76M SF under construction (81% pre-leased)

VACANCY stands at 5.87% with 12.1M s.f. of total vacant space, including sublet vacancy

ABSORPTION of 305K s.f. 4Q 2019 bringing YTD net absorption to 5.8M s.f.

RENTAL RATES increased in most markets, especially East King, Snohomish, and Pierce Counties

4Q 2019 | SEATTLE | OFFICE | KIDDER MATHEWS

SEATTLE CBD / SURROUNDING AREA



EAST KING COUNTY



SOUTH KING COUNTY



Cushman & Wakefield 2019 4th Quarter office reports indicate the Seattle/Puget Sound office market is thriving with Seattle downtown gross asking rent at \$46.00/SF/YR and the Class A asking rent reaching up to \$53.00/SF/YR. Seattle Suburban saw a gross asking rent increase of \$33.00/SF/YR and Class A increased to \$38.00/SF/YR. The Eastside office market gross asking rent flourished to \$40.00/SF/YR while Bellevue CBD increased to \$50.00/SF/YR. The Class A space gross asking rent of the Bellevue CBD reached the range \$60.00/SF/YR to \$70.00/SF/YR. Cushman & Wakefield, Collier International, JLL, and CBRE Office 4th Quarter 2019 market asking rents survey reports are shown below:

Cushman & Wakefield Office 2019 – 4th Quarter Asking Rents					
Property Type (Class)	Eastside Suburban	Bellevue CBD	Seattle In-City	Seattle CBD	South King County
Class A	\$33.46 - \$49.55 (Blended \$39.31)	\$54.46	\$36.53 - \$42.63 (Blended \$38.78)	\$40.04 - \$56.87 (Blended \$53.13)	\$24.38 - \$42.65 (Blended \$40.86)
All Classes	\$29.46 - \$41.46 (Blended \$37.74)	\$51.64	\$26.78 - \$38.84 (Blended \$34.27)	\$36.41 - \$48.89 (Blended \$46.29)	\$24.45 - \$40.99 (Blended \$36.38)

MARKET STATISTICS - SEATTLE CBD OFFICE										
SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Financial District	22,564,222	239,755	1,172,325	6.3%	187,252	-10,653	1,720,853	1,682,744	\$48.89	\$52.69
Denny Regrade	9,312,889	35,138	302,894	3.6%	57,714	12,494	407,481	689,068	\$46.47	\$52.62
Pioneer Square/Intl District	4,560,982	29,540	204,496	5.1%	32,452	16,999	255,915	0	\$36.41	\$40.04
LQA/Lake Union	12,982,835	59,656	370,139	3.3%	170,449	1,419,898	1,304,824	2,080,818	\$42.95	\$56.87
SEATTLE CBD TOTALS	49,420,928	364,089	2,049,854	4.9%	447,867	1,438,738	3,689,073	4,452,630	\$46.29	\$53.13
<i>*Rental rates reflect full service asking</i>										
Cushman & Wakefield Puget Sound Seattle CBD Office Q4 2019										

MARKET STATISTICS - SEATTLE SUBURBAN OFFICE										
SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
North Seattle/Northgate	2,589,548	4,872	205,214	8.1%	30,840	-16,128	168,762	82,723	\$38.34	\$42.63
Close-in South Seattle	1,914,835	86,139	159,009	12.8%	-35,789	-106,969	26,261	0	\$32.86	\$36.53
East Seattle/Capitol Hill	908,860	0	67,996	7.5%	-6,728	74,536	31,099	0	\$26.78	\$0.00
IN-CITY TOTALS	5,413,243	91,011	432,219	9.7%	-11,677	-48,561	226,122	82,723	\$34.27	\$38.78
Tukwila	1,856,387	1,319	340,295	18.4%	18,546	-621	90,828	0	\$24.72	\$26.91
SeaTac	810,400	38,578	48,321	10.7%	20,263	13,103	70,902	0	\$27.76	\$28.35
Renton	3,034,087	0	1,307,429	43.1%	51,520	46,860	195,174	0	\$40.99	\$42.65
Kent/Auburn	146,531	7,536	55,422	4.4%	63,281	-62,958	124,746	0	\$24.45	\$27.17
FEDERAL WAY TOTALS	2,237,528	23,060	717,059	33.1%	23,974	48,896	108,061	0	\$24.98	\$24.38
SOUTHEND TOTALS	7,116,405	47,433	1,751,467	25.3%	153,610	-3616	481,650	0	\$36.68	\$40.86
SUBURBAN TOTALS	14,767,176	161,504	2,900,745	20.7%	165,907	-3,281	815,833	82,723	\$33.44	\$37.81
Cushman & Wakefield Puget Sound Seattle Suburban Office Q4 2019										

MARKET STATISTICS - OFFICE - PUGET SOUND EASTSIDE										
SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
BELLEVUE CBD TOTALS	9,556,133	78,030	266,953	3.6%	-8,143	48,601	1,353,880	374,220	\$51.64	\$54.26
405 Corridor	2,432,189	11,538	124,097	5.6%	44,242	42,419	1,011,029	476,743	\$40.28	\$38.58
520 Corridor	3,185,886	42,117	214,847	8.1%	3,201	49,783	219,486	0	\$41.45	\$49.55
I-90 Corridor	6,620,389	28,979	283,190	4.7%	154,539	67,201	540,807	0	\$38.03	\$37.55
Bel-Red	1,161,127	0	17,409	1.5%	6,846	24,321	61,784	0	\$29.46	\$0.00
Redmond	2,567,131	21,335	83,309	4.1%	76,522	50,658	142,947	245,000	\$36.21	\$38.63
Kirkland	2,290,088	24,320	101,934	5.5%	31,464	44,108	200,718	50,420	\$38.68	\$44.00
Bothell/Woodinville	2,530,774	13,396	195,900	8.3%	25,676	46,547	149,079	0	\$31.97	\$33.46
SUBURBAN TOTALS	20,787,584	141,685	1,020,686	5.6%	342,490	325,037	2,325,850	772,163	\$37.74	\$39.31
Lynnwood	2,279,132	15,838	144,927	7.1%	37,479	27,141	144,030	0	\$27.83	\$31.65
Everett	2,228,559	30,213	206,968	10.6%	28,974	367,053	123,833	0	\$24.16	\$0.00
NORTHEND TOTALS	4,507,691	46,051	351,895	8.8%	66,453	394,194	267,863	0	\$25.64	\$30.28
NON-CBD TOTALS	25,295,275	187,736	1,372,581	6.2%	408,943	719,231	2,593,713	772,163	\$36.53	\$37.39
EASTSIDE TOTALS	34,851,408	265,766	1,639,534	5.5%	400,800	767,832	3,947,593	1,146,383	\$39.27	\$44.30

Cushman & Wakefield Puget Sound Eastside Office Q4 2019

Rental Rate Quarterly Comparison						
Market	Quarter over Quarter			Year over Year		
	Q4 2019	Q3 2019	QoQ % Change	Q4 2019	Q4 2018	YoY % Change
Seattle CBD: Class A	\$55.50	\$52.17	6.4%	\$55.50	\$50.39	10.1%
Seattle CBD: Class B	\$39.89	\$39.60	0.7%	\$39.89	\$40.40	-1.3%
Bellevue CBD: Class A	\$58.32	\$58.84	-0.9%	\$58.32	\$52.28	11.6%
Bellevue CBD: Class B	\$41.34	\$42.45	-2.6%	\$41.34	\$41.77	-1.0%

Economic Drivers					
MARKET INDICATORS	QoQ	YoY	MARKET INDICATORS	QoQ	YoY
VACANCY	↓	↓	CONSTRUCTION	↑	↑
RENTAL RATES	↑	↑	SALES VOLUME	↑	↑
NET ABSORPTION	↓	↑	SALE PRICE PSF	↑	↑

Colliers International Puget Sound Region Q4 2019 Office

JLL 4th Quarter 2019 Office Market report indicates the Seattle Close-In all total average direct asking rate is \$49.50/SF/YR with the Seattle CBD fetching \$50.30/SF/YR. The Seattle Close-In Class A office market total average direct asking rate is \$54.45/SF/YR and Class B is \$38.77/SF/YR. The Eastside submarket area total average direct asking rate is \$46.34/SF/YR with Bellevue CBD fetching \$53.69/SF/YR. The Eastside Class A office market's total average direct asking rate is \$51.10/SF/YR and the Class B is \$38.57/SF/YR.

South King County is \$34.42/SF/YR and the Renton/Tukwila submarket has the highest at \$38.98/SF/YR. The Class A and B average direct asking rates are \$43.00/SF/YR and \$26.27/SF/YR.

JLL Office 2019 - 4 th Quarter Asking Rents						
Property Type (Class)	Eastside Suburban	Bellevue CBD	Seattle In-City	Seattle CBD	Northend	Southend
All Classes	\$39.50 - \$53.69 (Blended \$46.34)	\$53.69	\$34.26 - \$50.30 (Blended \$49.50)	\$50.30	\$24.73 - \$36.16 (Blended \$32.16)	\$25.10 - \$38.98 (Blended \$34.32)
Class A	\$41.95 - \$55.65 (Blended \$51.10)	\$55.65	\$40.45 - \$61.73 (Blended \$54.45)	\$43.23	\$34.22 - \$37.00 (Blended \$34.30)	\$29.50 - \$43.89 (Blended \$43.00)
Class B	\$38.10 - \$40.78 (Blended \$38.57)	\$40.78	\$35.58 - \$41.94 (Blended \$38.77)	\$41.94	\$24.73 - \$36.11 (Blended \$30.98)	\$25.10 - \$27.67 (Blended \$26.24)

Office Statistics										
	Class	Inventory (s.f.)	Total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD Completions (s.f.)	Under Development (s.f.)
Ballard/U Dist	Totals	2,944,355	120,944	72,828	2.5%	7.4%	8.9%	\$50.23	204,000	60,765
Belltown/Denny Regrade	Totals	4,457,824	-19,066	56,936	1.3%	6.3%	6.8%	\$40.25	32,210	176,500
Lake Union	Totals	10,342,437	409,053	1,056,743	10.2%	4.6%	4.8%	\$58.38	1,217,852	1,872,498
Pioneer Sq/Waterfront	Totals	5,320,293	-35,678	91,946	1.7%	3.4%	5.4%	\$45.09	0	63,043
Queen Anne/Magnolia	Totals	3,503,764	55,399	-97,619	-2.8%	14.1%	14.5%	\$44.60	0	0
S Seattle	Totals	2,339,285	-62,547	9,213	0.4%	6.4%	9.0%	\$34.26	0	0
Seattle CBD	Totals	27,700,913	-107,421	816,565	2.9%	8.6%	9.9%	\$50.30	788,982	924,850
Downtown Seattle	Totals	56,608,871	360,684	2,006,612	3.5%	7.4%	8.5%	\$49.70	2,243,044	3,097,656
520 Corridor	Totals	1,659,700	4,662	50,661	3.1%	4.6%	6.9%	\$50.64	0	288,724
Bellevue CBD	Totals	9,711,405	-443,300	-205,285	-2.1%	7.2%	8.6%	\$53.69	0	1,069,322
Coal Creek/Issaquah	Totals	1,305,081	3,825	2,117	0.2%	1.6%	1.6%	\$45.33	0	68,569
I-90 Corridor	Totals	4,627,415	80,585	479,711	10.4%	3.3%	3.7%	\$40.12	0	0
Kirkland	Totals	2,922,009	-6,799	84,315	2.9%	5.6%	6.8%	\$45.13	0	50,420
Mercer Island	Totals	298,901	1,643	-157,625	-52.7%	52.4%	53.3%	\$39.50	0	0
Redmond	Totals	3,488,826	10,861	69,656	2.0%	3.6%	4.0%	\$41.14	0	111,368
Suburban Bellevue	Totals	2,354,748	-40,930	32,196	1.4%	4.7%	5.0%	\$44.46	0	504,614
Eastside	Totals	26,368,085	-389,453	355,746	1.3%	5.7%	6.7%	\$46.34	0	2,093,017
Bothell/Kenmore	Totals	2,660,082	-147,111	-119,432	-4.5%	16.7%	18.5%	\$34.65	0	0
Edmonds/Lynnwood	Totals	1,668,370	-24,523	26,456	1.6%	8.9%	9.8%	\$30.99	0	0
Everett CBD	Totals	1,068,644	-3,178	18,683	1.7%	7.6%	7.6%	\$24.73	0	0
Mill Creek/Woodinville	Totals	167,918	0	7,300	4.3%	9.9%	9.9%	\$28.81	0	0
N Snohomish County	Totals	30,684	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
Northgate/N Seattle	Totals	655,460	-5,816	-10,076	-1.5%	5.9%	6.1%	\$36.16	0	0
S Everett/Harbor Point	Totals	930,407	-6,577	21,864	2.4%	7.1%	8.8%	\$25.94	0	0
Northend	Totals	7,181,565	-187,205	-55,205	-0.8%	11.1%	12.2%	\$32.16	0	0
Federal Way/Auburn	Totals	2,246,686	-4,252	39,345	1.8%	30.2%	31.2%	\$26.41	0	0
Kent Valley	Totals	1,199,814	-1,496	-6,677	-0.6%	8.8%	10.8%	\$25.10	0	0
Renton/Tukwila	Totals	4,457,917	61,587	216,882	4.9%	31.9%	32.1%	\$38.98	715,668	0
Seatac/Burien	Totals	991,085	121	22,654	2.3%	5.7%	5.7%	\$29.16	0	0
Southend	Totals	8,895,502	55,960	272,204	3.1%	25.5%	26.1%	\$34.42	715,668	0
Seattle/Puget Sound	Totals	99,054,023	-160,014	2,579,357	2.6%	8.8%	9.9%	\$44.22	2,958,712	5,190,673

JLL-US-Office-Insight-Seattle/Puget Sound - Q4-2019

Office Statistics										
	Class	Inventory (s.f.)	Total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD Completions (s.f.)	Under Development (s.f.)
Ballard/U Dist	A	1,480,220	136,702	125,466	8.5%	11.8%	12.8%	\$53.77	204,000	60,765
Belltown/Denny Regrade	A	2,464,521	-13,676	-25,745	-1.0%	5.8%	6.3%	\$40.45	0	176,500
Lake Union	A	8,287,389	384,874	986,540	11.9%	4.3%	4.3%	\$61.73	1,217,852	1,872,498
Pioneer Sq/Waterfront	A	2,354,456	93	72,336	3.1%	1.2%	2.1%	\$52.07	0	63,043
Queen Anne/Magnolia	A	1,334,108	0	-287,140	-21.5%	23.5%	23.5%	\$50.49	0	0
S Seattle	A	1,177,492	-51,507	-49,525	-4.2%	2.6%	6.2%	\$48.32	0	0
Seattle CBD	A	24,312,083	-57,090	931,457	3.8%	8.2%	9.5%	\$53.23	788,982	924,850
Downtown Seattle	A	41,410,269	399,396	1,753,389	4.2%	7.3%	8.3%	\$54.45	2,210,834	3,097,656
520 Corridor	A	369,737	0	31,365	8.5%	0.0%	0.0%	\$54.46	0	288,724
Bellevue CBD	A	8,872,605	-429,787	-153,555	-1.7%	7.2%	8.1%	\$55.65	0	1,069,322
Coal Creek/Issaquah	A	714,616	0	0	0.0%	0.0%	0.0%	\$48.50	0	68,569
I-90 Corridor	A	3,335,361	75,542	421,208	12.6%	2.4%	2.7%	\$41.95	0	0
Kirkland	A	1,412,223	9,095	69,694	4.9%	7.1%	8.3%	\$50.02	0	50,420
Mercer Island	A	105,796	1,643	-857	-0.8%	0.0%	2.4%	\$0.00	0	0
Redmond	A	1,018,736	-4,332	49,585	4.9%	0.0%	0.4%	\$46.30	0	111,368
Suburban Bellevue	A	714,046	-43,469	-30,258	-4.2%	9.6%	10.4%	\$47.01	0	504,614
Eastside	A	16,543,120	-391,308	387,182	2.3%	5.4%	6.1%	\$51.10	0	2,093,017
Bothell/Kenmore	A	466,360	-151,576	-182,320	-39.1%	52.2%	52.2%	\$34.22	0	0
Edmonds/Lynnwood	A	664,437	6,108	43,718	6.6%	7.3%	8.6%	\$34.44	0	0
Everett CBD	A	88,000	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
Northgate/N Seattle	A	205,361	0	-3,559	-1.7%	1.7%	1.7%	\$37.00	0	0
Northend	A	1,424,158	-145,468	-142,161	-10.0%	20.8%	21.4%	\$34.30	0	0
Federal Way/Auburn	A	88,000	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
Kent Valley	A	59,567	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
Renton/Tukwila	A	1,778,356	19,804	62,409	3.5%	59.2%	59.2%	\$43.89	715,668	0
Seatac/Burien	A	431,475	-710	14,317	3.3%	12.5%	12.5%	\$29.50	0	0
Southend	A	2,357,398	19,094	76,726	3.3%	47.0%	47.0%	\$43.00	715,668	0
Seattle/Puget Sound	A	61,734,945	-118,286	2,075,136	3.4%	8.6%	9.5%	\$50.79	2,926,502	5,190,673

JLL-US-Office-Insight-Seattle/Puget Sound - Q4-2019

Office Statistics										
	Class	Inventory (s.f.)	Total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD Completions (s.f.)	Under Development (s.f.)
Ballard/U Dist	B	1,464,135	-15,758	-52,638	-3.6%	2.8%	5.0%	\$35.58	0	0
Belltown/Denny Regrade	B	1,993,303	-5,390	82,681	4.1%	6.9%	7.3%	\$40.04	32,210	0
Lake Union	B	2,055,048	24,179	70,203	3.4%	5.7%	6.9%	\$36.30	0	0
Pioneer Sq/Waterfront	B	2,965,837	-35,771	19,610	0.7%	5.1%	8.0%	\$38.39	0	0
Queen Anne/Magnolia	B	2,169,656	55,399	189,521	8.7%	8.3%	8.9%	\$36.27	0	0
S Seattle	B	1,161,793	-11,040	58,738	5.1%	10.3%	11.8%	\$30.71	0	0
Seattle CBD	B	3,388,830	-50,331	-114,892	-3.4%	11.7%	12.5%	\$41.94	0	0
Downtown Seattle	B	15,198,602	-38,712	253,223	1.7%	7.5%	8.9%	\$38.77	32,210	0
520 Corridor	B	1,289,963	4,662	19,296	1.5%	5.9%	8.9%	\$39.38	0	0
Bellevue CBD	B	838,800	-13,513	-51,730	-6.2%	7.1%	14.0%	\$40.78	0	0
Coal Creek/Issaquah	B	590,465	3,825	2,117	0.4%	3.5%	3.5%	\$38.10	0	0
I-90 Corridor	B	1,292,054	5,043	58,503	4.5%	5.4%	6.3%	\$38.75	0	0
Kirkland	B	1,509,786	-15,894	14,621	1.0%	4.2%	5.5%	\$38.50	0	0
Mercer Island	B	193,105	0	-156,768	-81.2%	81.2%	81.2%	\$39.50	0	0
Redmond	B	2,470,090	15,193	20,071	0.8%	5.0%	5.5%	\$33.59	0	0
Suburban Bellevue	B	1,640,702	2,539	62,454	3.8%	2.6%	2.7%	\$39.13	0	0
Eastside	B	9,824,965	1,855	-31,436	-0.3%	6.2%	7.7%	\$38.57	0	0
Bothell/Kenmore	B	2,193,722	4,465	62,888	2.9%	9.2%	11.3%	\$35.20	0	0
Edmonds/Lynnwood	B	1,003,933	-30,631	-17,262	-1.7%	9.9%	10.6%	\$29.29	0	0
Everett CBD	B	980,644	-3,178	18,683	1.9%	8.3%	8.3%	\$24.73	0	0
Mill Creek/Woodinville	B	167,918	0	7,300	4.3%	9.9%	9.9%	\$28.81	0	0
N Snohomish County	B	30,684	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
Northgate/N Seattle	B	450,099	-5,816	-6,517	-1.4%	7.8%	8.0%	\$36.11	0	0
S Everett/Harbor Point	B	930,407	-6,577	21,864	2.4%	7.1%	8.8%	\$25.94	0	0
Northend	B	5,757,407	-41,737	86,956	1.5%	8.7%	9.9%	\$30.98	0	0
Federal Way/Auburn	B	2,158,686	-4,252	39,345	1.8%	31.4%	32.5%	\$26.41	0	0
Kent Valley	B	1,140,247	-1,496	-6,677	-0.6%	9.3%	11.4%	\$25.10	0	0
Renton/Tukwila	B	2,679,561	41,783	154,473	5.8%	13.8%	14.1%	\$26.18	0	0
Seatac/Burien	B	559,610	831	8,337	1.5%	0.5%	0.5%	\$27.67	0	0
Southend	B	6,538,104	36,866	195,478	3.0%	17.7%	18.5%	\$26.24	0	0
Seattle/Puget Sound	B	37,319,078	-41,728	504,221	1.4%	9.2%	10.4%	\$34.01	32,210	0

JLL-US-Office-Insight-Seattle/Puget Sound - Q4-2019

CBRE 4th Quarter 2019 Office Market indicates the Puget Sound Class A office space direct asking rent increased to \$42.64 per square feet, full service, in the 4th quarter. The direct asking rent for Class A office space in downtown Seattle increased to \$51.07 per square feet. The Eastside submarket garners the highest asking rents in the Puget Sound area. The Bellevue CBD Class A office space asking rent increased to \$58.79 per square feet.

CBRE Office 2019 – 4th Quarter Asking Rents				
Property Type (Class)	Eastside	Seattle Close-In	Downtown Seattle	South King County
Class A Direct	\$34.60 - \$58.79 (Blended \$45.64)	\$31.19 - \$42.44 (Blended \$40.49)	\$39.34 - \$56.71 (Blended \$54.23)	\$23.97 - \$36.17 (Blended \$32.49)
Class A Total	\$33.96 - \$56.00 (Blended \$44.01)	\$31.19 - \$41.24 (Blended \$39.67)	\$33.11 - \$51.74 (Blended \$50.17)	\$23.83 - \$36.17 (Blended \$32.08)

MARKETVI EW PUGET SOUND OFFICE

Figure 2: Market Statistics

Submarket	Net Rentable Area (SF)	Direct Vacancy Rate (%)	Total Vacancy Rate (%)	Q4 2019 Net Absorption (SF)	Last 4 Qtrs Net Absorption (SF)	Under Construction (SF)	Class A Direct Weighted Avg. Asking Lease Rate, FS (\$/SF/Yr)	Class A Total Weighted Avg. Asking Lease Rate, FS (\$/SF/Yr)
Seattle CBD	22,313,122	7.3	8.9	(197,330)	734,333	1,645,034	56.71	51.74
Waterfront	2,626,552	7.5	10.7	34,163	44,676	0	46.98	46.87
Pioneer Square	4,484,973	7.0	7.8	(48,609)	(88,036)	0	51.07	51.07
Denny Triangle/Regrade	7,908,331	3.1	3.5	43,217	89,130	303,757	45.70	44.70
Lower Queen Anne	3,251,061	5.5	15.3	196,723	(14,237)	0	39.34	33.11
Lake Union	9,002,451	3.1	3.4	308,474	806,656	1,813,758	49.83	48.57
Canal	1,869,086	1.8	3.5	3,144	(7,434)	143,779	42.00	38.71
Downtown Seattle	51,455,576	5.6	7.3	339,782	1,565,088	3,906,328	54.23	50.17
North Seattle/Interbay	2,652,536	9.6	10.4	131,826	52,465	44,001	42.44	41.24
Capitol Hill/E Seattle/Rainier	1,019,567	6.3	7.0	(6,005)	(23,561)	71,564	35.00	35.00
South/West Seattle	2,207,485	6.9	9.6	(47,698)	(17,734)	0	31.19	31.19
Seattle Close-In	5,879,588	8.0	9.5	78,123	11,170	115,565	40.49	39.67
Sea-Tac	1,232,360	5.9	7.5	331	43,350	0	28.98	27.57
Tukwila	2,285,008	22.6	22.8	(3,487)	27,751	0	23.97	23.82
Renton	4,381,914	29.9	30.3	29,619	93,927	0	36.17	36.17
Kent	1,208,196	6.5	8.5	2,090	35,604	0	26.86	27.51
Auburn	289,025	0.0	0.0	420	41,691	0	N/A	N/A
Federal Way	2,606,195	29.1	29.9	35,876	(45,634)	0	23.47	23.39
Southend	12,002,698	22.8	23.5	64,849	196,689	0	32.49	32.08
Bellevue CBD	9,445,308	3.3	4.3	28,534	246,189	939,517	58.79	56.00
I-405	2,889,371	9.0	9.4	(24,969)	(41,848)	0	42.41	39.18
SR-520	2,421,613	12.2	13.9	(27,866)	(47,470)	0	44.17	43.58
I-90	7,115,312	5.9	6.3	88,545	458,248	0	39.03	37.73
Bel-Red Road	1,563,001	6.4	7.5	(8,020)	(4,012)	515,237	N/A	41.55
Kirkland	1,817,646	5.8	5.9	82,978	133,221	244,690	49.95	47.43
Redmond	4,122,815	1.3	2.4	20,236	63,529	245,000	38.28	33.96
Bothell	2,787,948	15.1	17.0	(107,621)	(46,219)	0	34.60	34.42
Eastside	32,163,014	6.1	7.0	51,817	761,638	1,944,444	45.64	44.01

Source: CBRE Research, Q4 2019. Q4 2019 CBRE Research © 2020 CBRE, Inc. | 2

MARKETVI EW PUGET SOUND OFFICE

Figure 2: Market Statistics

Submarket	Net Rentable Area (SF)	Direct Vacancy Rate (%)	Total Vacancy Rate (%)	Q4 2019 Net Absorption (SF)	Last 4 Qtrs Net Absorption (SF)	Under Construction (SF)	Class A Direct Weighted Avg. Asking Lease Rate, FS (\$/SF/Yr)	Class A Total Weighted Avg. Asking Lease Rate, FS (\$/SF/Yr)
Lynn/Edm/Mtlk Terr	2,441,750	6.4	7.3	10,089	22,367	0	32.75	31.92
Everett	2,074,129	10.2	10.9	23,829	105,310	0	24.59	23.90
Northend	4,515,879	8.2	9.0	33,918	127,677	0	31.14	29.42
Tacoma CBD	2,742,272	16.9	18.5	5,433	(283,646)	0	29.44	29.44
Tacoma Suburban	1,307,321	5.7	5.7	5,426	38,835	0	27.83	27.83
Fife	213,994	10.9	10.9	0	6,688	0	N/A	N/A
Puyallup	481,352	8.1	8.1	1,502	(2,769)	0	N/A	N/A
DuPont	364,020	0.0	0.0	0	0	0	N/A	N/A
Tacoma/Fife	5,108,959	11.8	12.6	12,361	(240,892)	0	29.39	29.40
Market Total	111,125,714	8.1	9.4	580,850	2,421,370	5,966,337	42.64	41.58

Source: CBRE Research, Q4 2019. Q4 2019 CBRE Research © 2020 CBRE, Inc. | 2

Industrial/Flex: For the 2020 revaluation, typical Industrial/Flex-tech asking lease rates were considered to have increased from the previous year. The Kidder Mathews 4th Quarter 2019 Industrial market reports indicate the Seattle area NNN warehouse space rental rates range from \$1.00/sf/month to \$2.00/sf/month with a typical rental rate of \$1.19/sf/month. South King County rental rates range from \$0.60/sf/month to \$1.00/sf/month with typical rental rates at \$0.80/sf/month. The Eastside market rental rates range from \$0.80/sf/month to \$1.00/sf/month with typical rates ranging from \$0.90/sf/month to \$1.00/sf/month. Office spaces are renting \$1.50/sf/month to \$2.00/sf/month range and the flex spaces rental rates is \$1.31/sf/month.



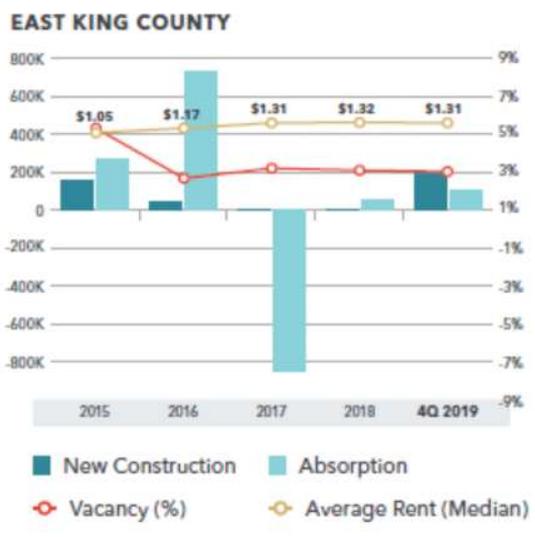
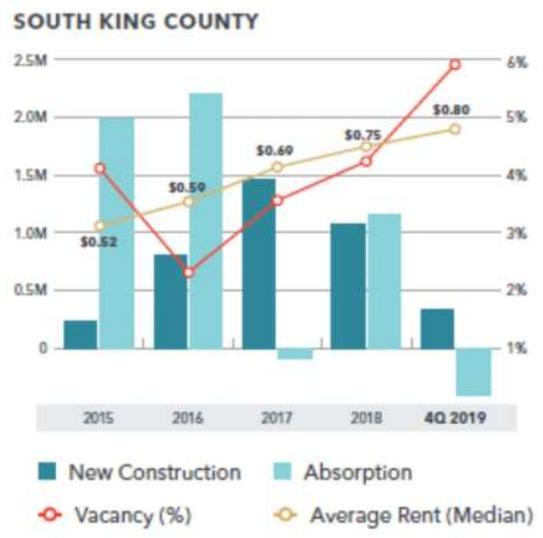
4Q 2019 MARKET HIGHLIGHTS

6.7M SF currently under construction (38% pre-leased)

ABSORPTION was 1.327M sf. in the fourth quarter

RENTAL RATES continue to increase in most markets

VACANCY decreased slightly to 4.7% in the region



Information from Cushman & Wakefield, JLL, and Colliers International Industrial 4th Quarter 2019 market asking survey reports for the Puget Sound area are included in this report.

The Cushman & Wakefield 4th Quarter 2019 Industrial market report indicates the Seattle/Kent Valley year-end average asking rent is 8.52/SF/YR NNN. The outlook for the Eastside industrial market remains high with the year-end average asking rent of \$12.00/SF/YR NNN. Due to limited supply, coupled with high demand for industrial space, the market could see a rent increase for 2020 especially once new construction is delivered.

Cushman & Wakefield Industrial			
Property Type	2019 – 4th Qtr. Asking Rents (Eastside)	2019 – 4th Qtr. Asking Rents (South King)	2019 – 4th Qtr. Asking Rents (Seattle In-City)
Warehouse/Distribution	\$8.88 – \$15.60 (Blended \$9.00)	\$6.60 - \$8.52 (Blended \$7.68)	\$10.08 - \$12.48 (Blended \$11.04)
High Tech/Flex	\$15.00 - \$22.08 (Blended \$17.52)		\$21.96
Manufacturing	\$8.76	\$10.44	\$9.96 - \$21.00 (Blended \$15.12)
Office Service/Flex	\$10.68 - \$24.00 (Blended \$13.68)	\$8.76 - \$16.92 (Blended \$12.48)	\$11.88

MARKET STATISTICS - INDUSTRIAL - PUGET SOUND EASTSIDE										
SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTR (SF)	OVERALL WEIGHTED AVG NET RENT (HT)*	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (OS)*	OVERALL WEIGHTED AVG NET RENT (WD)*
Bellevue	3,812,126	62,510	16%	32,439	275,543	0	\$0.00	\$0.00	\$0.89	\$130
Issaquah/East I-90	3,235,949	0	0.0%	0	8,692	60,100	\$0.00	\$0.00	\$0.00	\$0.00
Redmond (Overlake)	10,16,744	13,699	13%	-3,512	-5,183	0	\$0.00	\$0.00	\$153	\$0.00
Redmond (Willows)	5,646,056	105,749	19%	46,485	23,008	0	\$184	\$0.00	\$2.00	\$0.00
Redmond (East)	4,026,927	330,481	8.2%	-16,997	21812	140,000	\$125	\$0.00	\$150	\$0.74
Kirkland	2,700,791	38,695	14%	-7,612	27,359	0	\$0.00	\$0.00	\$156	\$0.00
Woodinville/522 Corridor	10,216,506	384,154	3.8%	-44,113	627,016	0	\$0.00	\$0.73	\$0.00	\$0.78
Bothell	6,110,775	471,088	7.7%	-239,879	-121,841	0	\$144	\$0.00	\$135	\$0.00
EASTSIDE TOTALS	36,765,874	1,406,376	3.8%	-233,189	856,406	200,100	\$1.46	\$0.73	\$1.14	\$0.75
Edmonds/M/T/Lynnwood	3,067,101	6,919	0.2%	6,957	49,527	0	\$0.00	\$0.00	\$0.00	\$0.00
Mukilteo	3,939,483	21,723	0.6%	-13,409	-30,825	0	\$0.00	\$0.87	\$125	\$0.00
Everett	13,897,075	539,078	3.9%	118,447	91,870	0	\$0.95	\$0.75	\$104	\$0.69
North Snohomish	4,508,577	57,205	1.3%	28,511	238,031	376,935	\$0.00	\$0.60	\$0.00	\$0.00
NORTHEND TOTALS	25,412,236	624,925	2.5%	140,506	348,603	376,935	\$0.95	\$0.72	\$1.09	\$0.68
EASTSIDE/NORTHEND	62,178,110	2,031,301	3.3%	-92,683	1,205,009	577,035	\$1.41	\$0.72	\$1.13	\$0.72
<small>*Rental rates reflect weighted net asking \$psf/month HT = High Tech/Flex; MF = Manufacturing; OS = Office Service/Flex; WD = Warehouse/Distribution</small>										
Cushman & Wakefield Puget Sound Eastside Industrial Q4 2019										

MARKET STATISTICS - INDUSTRIAL - SEATTLE/KENT VALLEY										
SUB MARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG NET RENT (HT)*	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (OS)*	OVERALL WEIGHTED AVG NET RENT (WD)*
South Seattle	36,284,221	924,411	2.5%	281,385	623,134	0	\$183	\$175	\$0.99	\$104
Queen Anne to SODO	5,310,334	112,052	2.1%	-23,261	232,486	0	\$0.00	\$0.83	\$0.00	\$0.00
N of Ship Canal to 205 th	2,754,381	50,683	1.8%	619,111	12,856	0	\$0.00	\$1.18	\$0.00	\$0.84
SEATTLE IN-CITY TOTALS	44,348,936	1,087,146	2.5%	320,035	868,476	0	\$1.83	\$1.26	\$0.99	\$0.92
SeaTac	6,562,543	624,096	9.5%	28,710	268,311	0	\$0.00	\$0.00	\$0.00	\$0.71
Tukwila	12,979,477	567,234	4.4%	-49,488	-346,638	0	\$0.00	\$0.87	\$1.41	\$0.69
Renton	12,779,455	461,067	3.6%	-85,627	-146,053	164,480	\$0.00	\$0.00	\$1.09	\$0.66
Kent	46,885,481	1,564,019	3.4%	92,855	916,492	219,910	\$0.00	\$0.00	\$0.73	\$0.63
Auburn/Federal Way	29,629,401	839,321	2.8%	54,021	3,190	77,233	\$0.00	\$0.00	\$0.82	\$0.55
S. KING CO. TOTALS	108,136,357	4,055,737	3.8%	40,471	695,242	461,623	\$0.00	\$0.24	\$1.04	\$0.64
Sumner	16,591,948	509,178	3.1%	122,460	288,405	121,788	\$0.00	\$0.00	\$0.75	\$0.66
Puyallup	10,716,251	408,025	3.8%	1,563	-204,865	843,065	\$1.50	\$0.67	\$0.00	\$0.84
File/Milton	16,102,652	947,333	5.9%	96,732	960,007	55,000	\$0.00	\$0.00	\$0.71	\$0.56
N. PIERCE CO. TOTALS	43,410,851	1,864,536	4.3%	220,755	1,043,547	2,108,853	\$1.50	\$0.67	\$0.72	\$0.62
KENT VALLEY TOTALS	195,896,144	7,007,419	3.6%	581,261	2,607,265	2,570,476	\$1.16	\$0.64	\$1.01	\$0.68

*Rental rates reflect weighted net asking \$psf/mo nth HT = High Tech/Flex; MF = Manufacturing; OS = Office Service/Flex; WD = Warehouse/Distribution

Cushman & Wakefield Puget Sound Seattle/Kent Valley Industrial Q4 2019

Rental Rate Quarterly Comparison						
Market	Shell/Warehouse			Flex		
	Q4 2019 Overall	Q4 2018 Overall	YoY % Change	Q4 2019 Overall	Q4 2018 Overall	YoY % Change
Kent Valley (shell)	\$0.74	\$0.69	7.2%	\$1.29	\$1.25	3.1%
Pierce County (shell)	\$0.69	\$0.67	2.7%	\$1.16	\$1.25	-6.9%
Northend (warehouse)	\$0.70	\$0.68	2.9%	\$1.48	\$1.37	7.7%
Seattle Close-In (shell)	\$1.10	\$1.25	-11.7%	\$1.73	\$1.71	1.4%
Eastside (warehouse)	\$0.92	\$0.85	8.2%	\$1.54	\$1.50	2.9%

Economic Drivers					
MARKET INDICATORS	QoQ	YoY	MARKET INDICATORS	QoQ	YoY
VACANCY	↓	↑	CONSTRUCTION	↑	↓
RENTAL RATES	↑	↑	SALES VOLUME	↑	↓
NET ABSORPTION	↓	↓	SALE PRICE PSF	↑	↓

Colliers International - Puget Sound Region - 4th Quarter 2019 - Industrial

The JLL 2019 4th Quarter Industrial Market reports the Seattle Close-In total asking rate is \$9.24/SF/YR, the Eastside is \$11.28/SF/YR, while the Kent Valley market garners \$8.52/Sf/YR.

JLL Industrial			
Property Type	2019 – 4th Qtr. Asking Rents (Eastside)	2019 – 4th Qtr. Asking Rents (Kent Valley – South King Co)	2019 – 4th Qtr. Asking Rents (Seattle Close-In)
Warehouse/Distribution	\$11.52 - \$17.04	\$6.60 - \$7.92	\$9.24 - \$15.36
Manufacturing	\$8.40 - \$18.00	\$7.80 - \$10.20	\$9.24 - \$15.00
Total	\$11.28	\$8.52	\$9.24

JLL Industrial Statistics										
	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total Availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Seattle/Puget Sound total										
Warehouse & Distribution	200,816,006	581,824	2,348,019	1.2%	5.3%	8.1%	\$0.77	406,804	5,119,292	4,136,832
Manufacturing	66,991,069	180,616	190,053	0.3%	2.1%	2.7%	\$0.77	0	39,560	206,617
Totals	267,869,456	777,840	2,527,972	0.9%	4.5%	6.8%	\$0.77	406,804	5,158,852	4,343,449
Eastside total										
Warehouse & Distribution	16,373,940	3,309	349,829	2.1%	2.0%	3.7%	\$0.96	23,000	455,000	276,100
Manufacturing	5,481,246	-36,303	55,318	1.0%	6.1%	1.8%	\$0.72	0	0	0
Totals	21,892,067	-32,994	405,147	1.9%	3.0%	3.2%	\$0.94	23,000	455,000	276,100
Bellevue Ind										
Warehouse & Distribution	1,890,586	-18,006	-11,019	-0.6%	1.4%	2.4%	\$1.33	0	0	0
Manufacturing	627,501	304	2,220	0.4%	0.2%	0.2%	\$1.50	0	0	0
Totals	2,518,087	-17,702	-8,799	-0.3%	1.1%	1.8%	\$1.34	0	0	0
Bothell Ind										
Warehouse & Distribution	876,632	0	9,113	1.0%	0.2%	0.9%	\$1.29	0	0	0
Manufacturing	739,836	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Totals	1,616,468	0	9,113	0.6%	0.1%	0.5%	\$1.29	0	0	0
Issaquah Ind										
Warehouse & Distribution	1,602,630	3,412	3,412	0.2%	0.0%	3.6%	\$0.00	0	0	60,100
Manufacturing	370,656	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Totals	1,973,286	3,412	3,412	0.2%	0.0%	3.0%	\$0.00	0	0	60,100
Kirkland Ind										
Warehouse & Distribution	1,175,719	2,100	4,951	0.4%	0.2%	0.2%	\$1.42	0	0	0
Manufacturing	563,292	3,629	9,284	1.6%	1.6%	5.8%	\$0.00	0	0	0
Totals	1,739,011	5,729	14,235	0.8%	0.6%	2.0%	\$1.42	0	0	0

JLL-Industrial-Insight-Seattle/Puget Sound - Q4-2019

JLL Industrial Statistics										
	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total Availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Monroe Ind										
Warehouse & Distribution	1,718,402	23,274	39,081	2.3%	0.5%	0.5%	\$0.93	0	0	0
Manufacturing	242,643	-40,236	-40,236	-16.6%	16.6%	0.0%	\$0.00	0	0	0
Totals	1,961,045	-16,962	-1,155	-0.1%	2.4%	0.4%	\$0.93	0	0	0
Redmond Ind										
Warehouse & Distribution	3,662,303	15,180	-31,807	-0.9%	1.3%	2.1%	\$0.99	0	0	130,000
Manufacturing	1,098,464	0	0	0.0%	19.9%	0.0%	\$0.00	0	0	0
Totals	4,797,648	15,180	-31,807	-0.7%	5.6%	1.6%	\$0.99	0	0	130,000
Woodinville Ind										
Warehouse & Distribution	5,447,668	-22,651	336,098	6.2%	4.5%	7.4%	\$0.90	23,000	455,000	86,000
Manufacturing	1,838,854	0	84,050	4.6%	3.5%	3.5%	\$0.70	0	0	0
Totals	7,286,522	-22,651	420,148	5.8%	4.2%	6.4%	\$0.88	23,000	455,000	86,000
Kent Valley total										
Warehouse & Distribution	79,488,389	-358,765	-281,588	-0.4%	6.2%	8.0%	\$0.72	219,910	1,068,834	339,235
Manufacturing	16,546,092	-49,154	108,373	0.7%	1.2%	2.3%	\$0.66	0	0	0
Totals	96,034,481	-407,919	-173,215	-0.2%	5.3%	7.0%	\$0.71	219,910	1,068,834	339,235
Auburn Ind										
Warehouse & Distribution	18,553,159	-145,884	-153,987	-0.8%	4.8%	5.5%	\$0.66	0	287,832	0
Manufacturing	3,872,174	-14,320	-14,320	-0.4%	0.4%	1.6%	\$0.65	0	0	0
Totals	22,425,333	-160,204	-168,307	-0.8%	4.0%	4.8%	\$0.66	0	287,832	0
Federal Way Ind										
Warehouse & Distribution	677,880	-24,543	-29,330	-4.3%	7.3%	10.5%	\$0.81	0	0	77,233
Manufacturing	120,492	0	42,225	35.0%	0.0%	0.0%	\$0.00	0	0	0
Totals	798,372	-24,543	12,895	1.6%	6.2%	9.1%	\$0.81	0	0	77,233
Kent Ind										
Warehouse & Distribution	41,543,702	-150,338	-537,536	-1.3%	6.8%	9.2%	\$0.71	219,910	225,859	97,522
Manufacturing	5,852,657	-38,675	35,074	0.6%	2.9%	3.8%	\$0.65	0	0	0
Totals	47,396,359	-189,013	-502,462	-1.1%	6.3%	8.5%	\$0.70	219,910	225,859	97,522
Renton Ind										
Warehouse & Distribution	6,911,014	-10,446	75,622	1.1%	4.1%	9.8%	\$0.76	0	0	164,480
Manufacturing	4,713,995	0	22,200	0.5%	0.0%	1.3%	\$0.00	0	0	0
Totals	11,625,009	-10,446	97,822	0.8%	2.4%	6.4%	\$0.76	0	0	164,480
SeaTac/Burien Ind										
Warehouse & Distribution	5,338,137	55,069	435,196	8.2%	10.4%	8.8%	\$0.76	0	457,211	0
Manufacturing	170,092	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Totals	5,508,229	55,069	435,196	7.9%	10.1%	8.6%	\$0.76	0	457,211	0
Tukwila Ind										
Warehouse & Distribution	6,464,497	-82,623	-71,553	-1.1%	4.6%	4.9%	\$0.76	0	97,932	0
Manufacturing	1,816,682	3,841	23,194	1.3%	0.9%	1.6%	\$0.85	0	0	0
Totals	8,281,179	-78,782	-48,359	-0.6%	3.8%	4.1%	\$0.77	0	97,932	0
Northend total										
Warehouse & Distribution	15,080,026	-176,725	-146,559	-1.0%	5.4%	6.4%	\$0.79	0	321,024	470,126
Manufacturing	11,891,027	-52	98,384	0.8%	1.7%	3.6%	\$0.70	0	39,560	206,617
Totals	26,971,053	-176,777	-48,175	-0.2%	3.8%	5.2%	\$0.76	0	360,584	676,743
Edmonds/Lynnwood Ind										
Warehouse & Distribution	2,121,489	-20,537	-20,537	-1.0%	1.0%	1.6%	\$0.87	0	0	0
Manufacturing	447,461	4,091	8,612	1.9%	0.0%	0.0%	\$0.00	0	0	0
Totals	2,568,950	-16,446	-11,925	-0.5%	0.8%	1.3%	\$0.87	0	0	0
Everett Ind										
Warehouse & Distribution	9,482,966	-164,699	-275,204	-2.9%	7.6%	6.6%	\$0.78	0	204,498	76,000
Manufacturing	10,104,260	-4,143	-41,516	-0.4%	0.3%	1.1%	\$0.76	0	0	0
Totals	19,587,226	-168,842	-316,720	-1.6%	3.8%	3.8%	\$0.77	0	204,498	76,000
N Snohomish County Ind										
Warehouse & Distribution	3,100,910	8,511	85,295	2.8%	0.9%	8.2%	\$0.95	0	95,220	394,126
Manufacturing	1,210,103	0	33,875	2.8%	14.3%	23.3%	\$0.67	0	39,560	206,617
Totals	4,311,013	8,511	119,170	2.8%	4.7%	12.5%	\$0.69	0	134,780	600,743
S Snohomish County Ind										
Warehouse & Distribution	374,661	0	63,887	17.1%	13.4%	13.4%	\$0.75	0	21,306	0
Manufacturing	129,203	0	97,413	75.4%	0.0%	0.0%	\$0.00	0	0	0
Totals	503,864	0	161,300	32.0%	9.9%	9.9%	\$0.75	0	21,306	0

JLL-Industrial-Insight-Seattle/Puget Sound - Q4-2019

JLL Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total Availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Pierce County total										
Warehouse & Distribution	61,430,329	622,689	2,179,060	3.5%	5.7%	10.8%	\$0.62	163,894	3,274,434	3,051,371
Manufacturing	12,219,757	205,880	-23,622	-0.2%	3.6%	4.8%	\$0.64	0	0	0
Totals	73,650,086	828,569	2,155,438	2.9%	5.4%	9.9%	\$0.62	163,894	3,274,434	3,051,371
East Pierce County Ind										
Warehouse & Distribution	660,139	100,000	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Manufacturing	75,270	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Totals	735,409	100,000	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Lakewood Ind										
Warehouse & Distribution	4,399,021	-7,020	-69,286	-1.6%	3.0%	17.0%	\$0.62	0	0	245,987
Manufacturing	593,444	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Totals	4,992,465	-7,020	-69,286	-1.4%	2.7%	15.1%	\$0.62	0	0	245,987
North End Tacoma Ind										
Warehouse & Distribution	4,280,751	-11,200	70,347	1.6%	1.5%	2.4%	\$0.54	0	10,080	0
Manufacturing	2,491,345	14,960	1,834	0.1%	9.9%	9.9%	\$0.61	0	0	0
Totals	6,772,096	3,760	72,181	1.1%	4.6%	5.1%	\$0.58	0	10,080	0
Parkland/Spanaway Ind										
Warehouse & Distribution	3,729,092	0	406,084	10.9%	0.0%	17.4%	\$0.00	0	405,040	779,177
Manufacturing	1,528,418	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Totals	5,257,510	0	406,084	7.7%	0.0%	13.0%	\$0.00	0	405,040	779,177
Port of Tacoma/Fife Ind										
Warehouse & Distribution	17,835,547	213,535	1,562,922	8.8%	6.8%	8.0%	\$0.61	0	1,058,630	55,000
Manufacturing	2,694,380	0	30,827	1.1%	1.2%	3.1%	\$0.00	0	0	0
Totals	20,529,927	213,535	1,593,749	7.8%	6.0%	7.4%	\$0.61	0	1,058,630	55,000
Puyallup/S Hill Ind										
Warehouse & Distribution	24,834,685	332,824	157,289	0.6%	2.7%	10.0%	\$0.63	163,894	358,907	1,398,875
Manufacturing	3,720,606	241,500	-5,703	-0.2%	2.8%	5.4%	\$0.69	0	0	0
Totals	28,555,291	574,324	151,586	0.5%	2.7%	9.4%	\$0.63	163,894	358,907	1,398,875
South Pierce County Ind										
Warehouse & Distribution	3,761,476	0	63,889	1.7%	36.6%	26.4%	\$0.00	0	1,441,777	494,900
Manufacturing	370,000	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Totals	4,131,476	0	63,889	1.5%	33.4%	24.3%	\$0.00	0	1,441,777	494,900
South Tacoma Ind										
Warehouse & Distribution	1,929,618	-5,450	-12,185	-0.6%	2.6%	6.3%	\$0.60	0	0	77,432
Manufacturing	746,294	-50,580	-50,580	-6.8%	6.8%	6.8%	\$0.57	0	0	0
Totals	2,675,912	-56,030	-62,765	-2.3%	3.7%	6.4%	\$0.58	0	0	77,432
Seattle total										
Warehouse & Distribution	28,443,322	491,316	247,277	0.8%	3.8%	5.7%	\$1.19	0	0	0
Manufacturing	20,852,947	60,245	-48,400	-0.2%	1.0%	1.6%	\$1.17	0	0	0
Totals	49,321,769	566,961	188,777	0.4%	2.7%	4.0%	\$1.18	0	0	0
Downtown Seattle Ind										
Warehouse & Distribution	5,439,761	-24,179	13,865	0.3%	1.4%	2.0%	\$0.95	0	0	0
Manufacturing	2,136,726	0	41,754	2.0%	0.3%	1.1%	\$1.25	0	0	0
Totals	7,576,487	-24,179	55,619	0.7%	1.1%	1.8%	\$0.96	0	0	0
Gtown/Duwamish N Ind										
Warehouse & Distribution	9,393,854	476,626	578,246	6.0%	4.1%	8.7%	\$1.28	0	0	0
Manufacturing	3,283,210	11,826	-29,222	-0.9%	1.9%	2.3%	\$1.23	0	0	0
Totals	12,702,564	503,852	538,924	4.1%	3.6%	7.1%	\$1.28	0	0	0
Gtown/Duwamish S Ind										
Warehouse & Distribution	4,633,522	32,040	-50,875	-1.1%	3.1%	4.1%	\$1.09	0	0	0
Manufacturing	10,782,287	-4,129	-28,475	-0.3%	0.4%	0.6%	\$0.91	0	0	0
Totals	15,415,809	27,911	-79,350	-0.5%	1.2%	1.7%	\$1.05	0	0	0
North Seattle Ind										
Warehouse & Distribution	3,061,335	7,255	-41,625	-1.4%	2.1%	2.3%	\$1.03	0	0	0
Manufacturing	1,123,797	-1,500	-4,975	-0.4%	3.5%	2.8%	\$1.15	0	0	0
Totals	4,185,132	5,755	-46,600	-1.1%	2.5%	2.4%	\$1.06	0	0	0
SoDo Ind										
Warehouse & Distribution	4,657,748	-426	-241,234	-5.2%	8.5%	8.6%	\$1.09	0	0	0
Manufacturing	2,586,532	74,940	-6,590	-0.3%	1.4%	4.0%	\$1.30	0	0	0
Totals	7,244,280	74,514	-247,824	-3.4%	6.0%	7.0%	\$1.13	0	0	0
W Seattle Ind										
Warehouse & Distribution	1,257,102	0	-11,100	-0.9%	1.6%	3.2%	\$1.08	0	0	0
Manufacturing	940,395	-20,892	-20,892	-2.2%	2.7%	2.7%	\$0.00	0	0	0
Totals	2,197,497	-20,892	-31,992	-1.5%	2.0%	3.0%	\$1.08	0	0	0

JLL-Industrial-Insight-Seattle/Puget Sound - Q4-2019

MARKETVI EW PUGET SOUND INDUSTRIAL

Figure 2: Market Statistics

Submarket	Net Rentable Area (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	Q4 2019 Net Absorption (SF)	Last Four Quarters Net Absorption (SF)	Under Construction (SF)	Avg. Asking Lease Rate, NNN (\$/SF/Mo.)
Downtown/Lk Union	2,340,201	120,801	5.2	5.4	(68,405)	(153,094)	0	
North Seattle/Interbay	7,060,319	234,637	3.3	6.8	(20,137)	(68,902)	0	
East Seattle/Rainier Valley	2,025,523	13,927	0.7	0.7	331	(25,308)	0	
South Seattle/West Seattle	41,629,490	1,595,484	3.8	4.7	(21,934)	178,710	0	
Seattle Close-in	53,055,533	1,964,849	3.7	4.9	(110,145)	(68,594)	0	1.18
SeaTac	5,979,246	783,030	13.1	8.3	46,041	127,180	0	
Tukwila	12,622,179	762,812	6.0	4.9	(131,466)	(173,592)	0	
Renton	16,045,793	520,163	3.2	3.5	(161,537)	(195,656)	164,480	
Kent	45,953,430	2,343,931	5.1	7.7	517,984	125,013	536,239	
Auburn	27,170,687	1,072,086	3.9	4.3	(142,247)	97,156	0	
Federal Way	1,520,521	288,798	19.0	11.0	(3,447)	(17,400)	79,803	
Sumner	17,051,349	1,114,522	6.5	10.1	382,818	287,211	815,398	
Kent Valley	126,343,205	6,885,342	5.4	6.6	508,146	249,912	1,595,920	0.67
Port of Tacoma/Downtown	12,995,851	1,342,231	10.3	14.7	76,629	553,915	0	
Tacoma West	6,320,932	278,215	4.4	3.9	37,531	(65,776)	30,000	
Fife	12,567,668	260,498	2.1	2.5	(49,669)	288,427	83,525	
Puyallup	6,528,407	353,692	5.4	3.6	242,470	(37,913)	438,065	
Frederickson	5,346,825	0	0.0	0.0	0	795,873	478,142	
Lakewood	4,789,178	365,825	7.6	11.6	(16,229)	(232,393)	244,905	
DuPont	3,404,378	713,172	20.9	18.4	25,980	82,681	1,242,388	
Tacoma/Fife	51,953,239	3,313,633	6.4	7.5	316,712	1,384,814	2,517,025	0.61
Bellevue	2,063,943	69,526	3.4	2.8	35,985	28,473	0	
I-90 Corridor	2,293,410	27,695	1.2	1.2	5,682	(4,133)	60,185	
Kirkland/Totem Lake	2,445,805	57,777	2.4	3.3	9,474	48,057	0	
Overlake	825,692	11,866	1.4	1.9	10,224	34,228	0	
Marymoor	3,405,602	308,582	9.1	1.7	(12,660)	20,386	130,000	
Willows	3,829,850	198,588	5.2	3.5	27,884	(38,859)	0	
Bothell/Mill Creek	4,139,118	318,756	7.7	6.5	67,830	69,843	0	
Woodinville/Maltby	6,722,540	394,685	5.9	5.4	1,988	471,194	0	
Eastside	25,725,960	1,387,475	5.4	3.9	146,407	629,189	190,185	1.09
Lynnwood/Ed/Mtlk Terrace	2,078,833	24,842	1.2	1.1	(7,542)	(15,153)	0	
Monroe	1,915,956	9,237	0.5	0.8	18,841	64,827	0	
Mukilteo	2,828,030	29,508	1.0	2.7	23,797	13,715	0	
Everett	9,303,744	896,968	9.6	7.8	(228,698)	(308,961)	0	
No. Snohomish	2,758,384	63,860	2.3	2.2	5,571	318,844	638,388	
Northend	18,884,947	1,024,415	5.4	4.8	(188,031)	73,272	638,388	0.79
Market Total	275,962,884	14,575,714	5.3	6.0	673,089	2,268,593	4,941,518	0.77
Whse/Bus Pk/Manuf	265,519,642	13,799,885	5.2	6.0	634,022	2,217,043	4,811,518	0.75
Flex	10,443,242	775,829	7.4	6.5	39,067	51,550	130,000	1.29

Source: CBRE Research, Q4 2019. Q4 2019 CBRE Research © 2020 CBRE, Inc. | 2

CBRE Office 2019 – 4 th Quarter Asking Rents		
Eastside Suburban	Seattle In-City	South King County
\$14.28/SF/Yr. Blended	\$14.16/SF/Yr. Blended	\$8.04/SF/Yr. Blended

Vacancy Rates

Office: 2019 was a strong year for the Puget Sound Office market with a full year net absorption rate that was a 64% year-over-year increase as well as continued decline in vacancy. Tech companies leased available spaces and drove the vacancy down which will continue to keep the region among the county's top market. Market survey reports from Cushman & Wakefield, JLL, Collier International, CBRE, Kidder Mathews, and others indicated office vacancy rates remain stable and low.

The Cushman & Wakefield 2019 4th Quarter Office Market reports indicate the eastside office vacancy rate ranges from 1.3% to 8% with an average rate of 5.6%, and Seattle close-in vacancy average rate at 9.7%. South King County indicated an office vacancy rate from 4.4% to 43.1% with the average vacancy rate at 23.5%. The two South King County market areas show that the highest vacancy rates of 33.1% and 43.1% were in Federal Way and Renton.

Cushman & Wakefield Office 2019 – 4 th Quarter Vacancy					
Property Type (Class)	Eastside Suburban	Bellevue CBD	Seattle In-City	Seattle CBD	South King County
All Classes	1.5% - 8.3% (Blended 5.6%)	3.6%	8.1% - 12.8% (Blended 9.7%)	3.3% - 6.3% (Blended 4.9%)	4.4% - 43.1% (Blended 25.3%)

The Colliers International office reports indicate that the Seattle Puget Sound Region vacancy dropped 0.2% in the 4th Quarter of 2019 closing the year at 6.1%. Big tech companies were again responsible for the bulk of the decline: Amazon moved into 853,000 square feet in the Belltown/Denny Regrade submarket. Lake Union experienced a 0.4% drop in vacancy, due to 57,000 square feet of absorption in Class B office spaces. Eastside vacancy dropped to 3.9% in the 4th Quarter of 2019, a decrease of 1.1% per quarter due to the tech companies' move-ins.

Colliers International Office 2019 – 4 th Quarter Vacancy				
Property Type (Class)	Eastside	Seattle	South King County	Puget Sound Region
All Classes	2.1% - 6.5% (Blended 3.9%)	3.4% - 8% (Blended 6.1%)	8.2% - 23.3% (Blended 16.1%)	6.6% - 8.5% (Blended 7.0%)

MARKET OVERVIEW - OFFICE								
	Stock	Total Inventory (SF)	Direct Vacant (SF)	Sublease Vacant (SF)	Total Vacant (SF)	Vacancy Rate Current Period (%)	Absorption Current Quarter (SF)	Absorption YTD (SF)
Seattle Office								
Class A	147	45,818,170	1,870,867	600,972	2,471,839	5.4%	818,342	4,288,639
Class B	291	19,809,738	1,394,005	186,806	1,580,811	8.0%	54,478	62,200
Class C	115	2,721,762	90,080	3,750	93,830	3.4%	33,175	13,190
Total	553	68,349,670	3,354,952	791,528	4,146,480	6.1%	905,995	4,364,029
Eastside Office								
Class A	127	21,882,247	366,395	87,534	453,929	2.1%	685,642	1,127,337
Class B	394	19,028,601	969,188	154,358	1,123,546	5.9%	37,360	(128,932)
Class C	62	1,110,559	72,339	0	72,339	6.5%	4,601	(26,179)
Total	583	42,021,407	1,407,922	241,892	1,649,814	3.9%	727,603	972,226
Northend Office								
Class A	13	1,461,153	164,521	11,169	175,690	12.0%	(105,692)	(90,680)
Class B	203	8,187,502	538,499	78,106	616,605	7.5%	(77,183)	206,219
Class C	54	962,297	42,041	0	42,041	4.4%	22,020	47,124
Total	270	10,610,952	745,061	89,275	834,336	7.9%	(160,855)	162,663
Pierce County Office								
Class A	6	1,037,175	310,591	4,300	314,891	30.4%	19,481	(277,352)
Class B	165	5,841,156	417,138	42,259	459,397	7.9%	42,657	81,849
Class C	88	1,908,337	116,630	0	116,630	6.1%	14,169	15,785
Total	259	8,786,668	844,359	46,559	890,918	10.1%	76,307	(179,718)
South King County Office								
Class A	77	7,604,406	1,632,789	116,038	1,748,827	23.0%	32,364	228,380
Class B	218	8,141,705	630,805	34,075	664,880	8.2%	35,537	1,525
Class C	72	1,651,939	383,047	1,319	384,366	23.3%	1,172	26,424
Total	367	17,398,050	2,646,641	151,432	2,798,073	16.1%	69,073	256,329
Puget Sound Region								
Class A	370	77,803,151	4,345,163	820,013	5,165,176	6.6%	1,450,137	5,276,324
Class B	1,271	61,008,702	3,949,635	495,604	4,445,239	7.3%	92,849	222,861
Class C	391	8,354,894 ⁵	704,137	5,069	709,206	8.5%	75,137	76,344
MSA Total	2,032	147,166,747	8,998,935	1,320,686	10,319,621	7.0%	1,618,123	5,575,529

2019 Q4 Office Puget Sound Report Colliers Internation

Kidder Mathews 4th Quarter 2019 Office market report indicate the vacancy rates for the Seattle CBD ended at 6.7%, Seattle Close-in at 4.5%, and South Seattle at 5.3%. The Bellevue CBD office vacancy decreased from 4.4% to 3.8%. The Eastside market at the end of the 4th quarter went from 4.89% to 4.04%. South King County remained high at 13.38%. See graphs below:

SEATTLE CBD / SURROUNDING AREA



EAST KING COUNTY



SOUTH KING COUNTY



JLL 4th Quarter 2019 vacancy reports indicate tech companies continue to be the main driver of occupancy growth as they expand and set-up operation throughout the Puget Sound Region. Despite a slight increase in the overall vacancy in South County, the Seattle/Puget Sound office market is still one of the tightest market across the country. Vacancy rates remains in the single digits. With limited available spaces, tenants are seeing rents grow and allow property owners to push up the asking rents in their buildings for both CBD and suburban areas.

JLL Office 2019 – 4 th Quarter Vacancy						
Property Type (Class)	Eastside Suburban	Bellevue CBD	Seattle In-City	Seattle CBD	Northend	Southend
All Classes	Direct 1.6% - 7.2% (Blended 5.7%)	Direct 7.2%	Direct 4.6% - 14.1% (Blended 7.4%)	Direct 8.6%	Direct 0.0% - 16.7% (Blended 11.15)	Direct 5.7% - 31.9% (Blended 25.5%)
	Total 1.6% - 8.6% (Blended 6.7%)	Total 8.6%	Total 4.8% - 14.1% (Blended 8.5%)	Total 9.9%	Total 0% - 18.5% (Blended 12.2%)	Total 5.7% - 32.1% (Blended 26.1%)
Class A	Direct 0.0% - 9.6% (Blended 5.4%)	Direct 7.2%	Direct 1.2% - 23.5% (Blended 7.3%)	Direct 8.2%	Direct 1.5% - 52.2% (Blended 20.8%)	Direct 0.0% - 59.2% (Blended 47%)
	Total 0.0% - 10.4% (Blended 6.1%)	Total 8.1%	Total 2.1% - 23.5% (Blended 8.3%)	Total 9.5%	Total 1.7% - 52.2% (Blended 21.4%)	Total (Same)
Class B	Direct 2.6% - 7.1% (Blended 6.2%)	Direct 7.1%	Direct 2.8% - 11.7% (Blended 7.5%)	Direct 11.7%	Direct 7.1% - 9.9% (Blended 8.7%)	Direct 0.5% - 31.4% (Blended 17.7%)
	Total 2.7% - 14% (Blended 7.7%)	Total 14%	Total 5% - 12.5% (Blended 8.9%)	Total 12.5%	Total 8% - 11.9% (Blended 9.9%)	Total 0.5% - 32.5% (Blended 18.5%)



CoStar's 2019 Year-End Market Report indicate the Seattle/Puget Sound region has one of the tightest office markets in the country. The tech sector has been the primary driver of demand for office space. Due to continued high demand, development activity has been persistent with most deliveries occurring in the urban core. Office vacancies have tightened significantly. Amazon space accounted for more than 40% of all supply added along with other tech and biotech firms taking much of the balance in speculative projects. Absorption was 5.3 million square feet and the vacancy ranged from 4.6% to 7% with an overall blended rate of 6%.

Rent growth is well above the national average but could decline slightly in the face of a large number of projects in the near term and a potential economic slowdown due to COVID-19. Rent gains are particularly high in the Eastside submarkets and tech-oriented areas of Seattle proper. Rents have increased over the past 12 months by +5.3%. The report indicates rents for Class A is \$48.34/SF, Class B is \$32.75/SF, and Class C is \$27.05/SF. The overall blended rental rate is \$38.02/SF.

High-price deals are contributing to the sales volume in the Seattle/Puget Sound region, which is influenced by deals involving core institutional properties in areas like the Seattle CBD and Lake Union. The Eastside has recorded a high volume of sales that are mostly centered in the Bellevue CBD and other parts of the Eastside submarkets. With the high volume of sales, cap rates are among the lowest in the country for the office sector. The capital market report indicates the average cap rate is 6.1% with the lowest rate at 3.5% and the highest at 10%. The overall market cap rate is reported at 5.5%. Many of the investors were rushed to close transactions by the end of December 2019 due to the Graduated Real Estate Excise Tax (REET) which took effect in January of 2020. The statewide measure was passed in May 2019 and effectively increased the excise tax bill for transactions greater than \$1.5 million.

Overview

Seattle Office

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
4.5 M	5.3 M	6.0%	5.3%

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	84,470,936	6.0%	\$48.34	9.3%	1,169,837	1,578,015	8,047,234
3 Star	74,314,294	7.0%	\$32.75	9.1%	153,974	28,389	590,960
1 & 2 Star	51,070,091	4.6%	\$27.05	5.9%	(74,794)	0	3,650
Market	209,855,321	6.0%	\$38.02	8.4%	1,249,017	1,606,404	8,641,844

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.6%	9.4%	7.1%	12.9%	2010 Q2	2.5%	2000 Q1
Net Absorption SF	5.3 M	2,340,758	2,721,762	6,125,427	2016 Q3	(3,325,050)	2001 Q4
Deliveries SF	4.5 M	3,092,822	3,833,088	9,641,961	2001 Q1	417,062	2012 Q2
Rent Growth	5.3%	1.8%	2.3%	14.4%	2007 Q4	-14.2%	2002 Q2
Sales Volume	\$9.6 B	\$2.9B	N/A	\$10.7B	2019 Q4	\$276.9M	2009 Q3

Capital Markets Overview

Seattle Office

Asset Value		12 Mo Sales Volume		Market Cap Rate		12 Mo Mkt Sale Price/SF Chg				
\$104.1B		\$9.6B		5.5%		4.4%				
12 MO SALES VOLUME		Total	Lowest	Highest	12 MO SALES PRICE		Average	Lowest	Highest	Market
Transactions	446	-	-	-	Cap Rate	6.1%	3.5%	10.0%	5.5%	
Sales Volume	\$9.6B	\$50.6K	\$613.8M		Sale Price/SF	\$536	\$40	\$2.0K	\$476	
Properties Sold	426	-	-		Average Sale Price	\$25.8M	\$50.6K	\$613.8M	-	
Transacted SF	18.8M	468	988.0K		Sale vs Asking Price	-7.1%	-41.5%	5.3%	-	
Average SF	42.2K	468	988.0K		% Leased at Sale	90.5%	0%	100%	-	

CoStar's Office Market & Capital Report Year End 2019- Published 2/24/2020

Industrial/Flex: The expansion of large technology firms in Seattle continues to be the driving force behind the region's explosive population growth and its robust economy. Market survey reports indicate the year-to-date absorption was 2,527,927 square feet with the quarter-to-date net absorption at 777,840 square feet plus 4,343,449 square feet under construction. This determined the overall total vacancy rate for the Seattle/Puget Sound area at 4.5%. South King County is experiencing higher vacancy, which is due to redevelopment and new industrial construction.

Information from the fourth (4th) Quarter 2019 Industrial Market vacancy reports from JLL, Cushman & Wakefield, Colliers International, CBRE, and Kidder & Mathews are included in this report.

JLL Industrial Market Report - Seattle/Puget Sound 4th Quarter 2019 indicates the total industrial vacancy for the Eastside market is at 3.0%, South King County at 0.2%, and Seattle Close-In at 4.5%.

Jll Industrial 2019 4 th Quarter Vacancy			
Property Type	2019 – 4th Qtr. Vacancy (Eastside)	2019 – 4th Qtr. Vacancy (South King)	2019 – 4th Qtr. Vacancy (Seattle Close-In)
Warehouse/Distribution	0.2% - 7.4% (Blended 2.0%)	4.1% - 10.4% (Blended 6.2%)	1.4% - 3.8% (Blended 5.3%)
Manufacturing	0.0% - 19.9% (Blended 6.1%)	0.0% - 0.9% (Blended 1.2%)	0.3% - 2.7% (Blended 4.5%)
Total Warehouse/Distribution	Eastside – 2.1%	Kent Valley - - 0.4%	Seattle/Puget Sound - 5.3%
Total Manufacturing	Eastside – 1.9%	Kent Valley – 0.7%	Seattle/Puget Sound – 2.1%
Total Industrial	Eastside – 3.0%	Kent Valley - - 0.2%	Seattle/Puget Sound – 4.5%

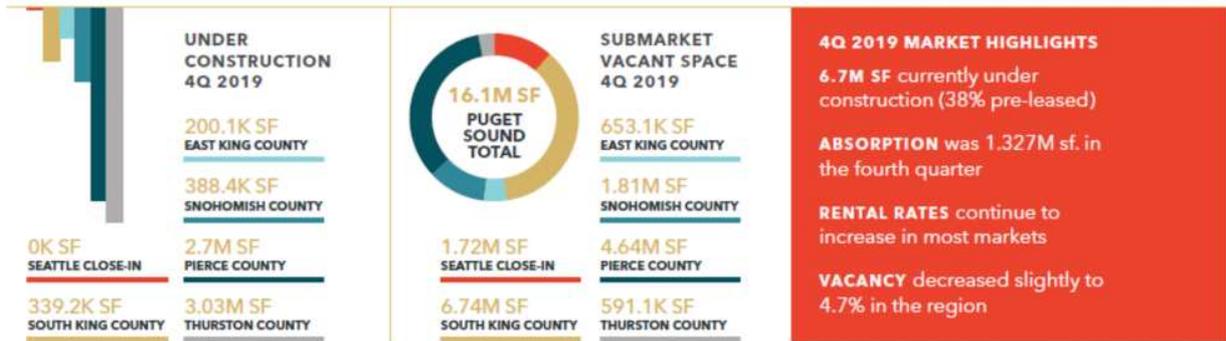
Industrial Statistics										
	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total Availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Seattle/Puget Sound total										
Warehouse & Distribution	200,816,006	581,824	2,348,019	1.2%	5.3%	8.1%	\$0.77	406,804	5,119,292	4,136,832
Manufacturing	66,991,069	180,616	190,053	0.3%	2.1%	2.7%	\$0.77	0	39,560	206,617
Totals	267,869,456	777,840	2,527,972	0.9%	4.5%	6.8%	\$0.77	406,804	5,158,852	4,343,449
Eastside total										
Warehouse & Distribution	16,373,940	3,309	349,829	2.1%	2.0%	3.7%	\$0.96	23,000	455,000	276,100
Manufacturing	5,481,246	-36,303	55,318	1.0%	6.1%	1.8%	\$0.72	0	0	0
Totals	21,892,067	-32,994	405,147	1.9%	3.0%	3.2%	\$0.94	23,000	455,000	276,100
Bellevue Ind										
Warehouse & Distribution	1,890,586	-18,006	-11,019	-0.6%	1.4%	2.4%	\$1.33	0	0	0
Manufacturing	627,501	304	2,220	0.4%	0.2%	0.2%	\$1.50	0	0	0
Totals	2,518,087	-17,702	-8,799	-0.3%	1.1%	1.8%	\$1.34	0	0	0
Bothell Ind										
Warehouse & Distribution	876,632	0	9,113	1.0%	0.2%	0.9%	\$1.29	0	0	0
Manufacturing	739,836	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Totals	1,616,468	0	9,113	0.6%	0.1%	0.5%	\$1.29	0	0	0
Issaquah Ind										
Warehouse & Distribution	1,602,630	3,412	3,412	0.2%	0.0%	3.6%	\$0.00	0	0	60,100
Manufacturing	370,656	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Totals	1,973,286	3,412	3,412	0.2%	0.0%	3.0%	\$0.00	0	0	60,100
Kirkland Ind										
Warehouse & Distribution	1,175,719	2,100	4,951	0.4%	0.2%	0.2%	\$1.42	0	0	0
Manufacturing	563,292	3,629	9,284	1.6%	1.6%	5.8%	\$0.00	0	0	0
Totals	1,739,011	5,729	14,235	0.8%	0.6%	2.0%	\$1.42	0	0	0
Redmond Ind										
Warehouse & Distribution	3,662,303	15,180	-31,807	-0.9%	1.3%	2.1%	\$0.99	0	0	130,000
Manufacturing	1,098,464	0	0	0.0%	19.9%	0.0%	\$0.00	0	0	0
Totals	4,797,648	15,180	-31,807	-0.7%	5.6%	1.6%	\$0.99	0	0	130,000
Woodinville Ind										
Warehouse & Distribution	5,447,668	-22,651	336,098	6.2%	4.5%	7.4%	\$0.90	23,000	455,000	86,000
Manufacturing	1,838,854	0	84,050	4.6%	3.5%	3.5%	\$0.70	0	0	0
Totals	7,286,522	-22,651	420,148	5.8%	4.2%	6.4%	\$0.88	23,000	455,000	86,000
Kent Valley total										
Warehouse & Distribution	79,488,389	-358,765	-281,588	-0.4%	6.2%	8.0%	\$0.72	219,910	1,068,834	339,235
Manufacturing	16,546,092	-49,154	108,373	0.7%	1.2%	2.3%	\$0.66	0	0	0
Totals	96,034,481	-407,919	-173,215	-0.2%	5.3%	7.0%	\$0.71	219,910	1,068,834	339,235
Auburn Ind										
Warehouse & Distribution	18,553,159	-145,884	-153,987	-0.8%	4.8%	5.5%	\$0.66	0	287,832	0
Manufacturing	3,872,174	-14,320	-14,320	-0.4%	0.4%	1.6%	\$0.65	0	0	0
Totals	22,425,333	-160,204	-168,307	-0.8%	4.0%	4.8%	\$0.66	0	287,832	0
Federal Way Ind										
Warehouse & Distribution	677,880	-24,543	-29,330	-4.3%	7.3%	10.5%	\$0.81	0	0	77,233
Manufacturing	120,492	0	42,225	35.0%	0.0%	0.0%	\$0.00	0	0	0
Totals	798,372	-24,543	12,895	1.6%	6.2%	9.1%	\$0.81	0	0	77,233
Kent Ind										
Warehouse & Distribution	41,543,702	-150,338	-537,536	-1.3%	6.8%	9.2%	\$0.71	219,910	225,859	97,522
Manufacturing	5,852,657	-38,675	35,074	0.6%	2.9%	3.8%	\$0.65	0	0	0
Totals	47,396,359	-189,013	-502,462	-1.1%	6.3%	8.5%	\$0.70	219,910	225,859	97,522
Renton Ind										
Warehouse & Distribution	6,911,014	-10,446	75,622	1.1%	4.1%	9.8%	\$0.76	0	0	164,480
Manufacturing	4,713,995	0	22,200	0.5%	0.0%	1.3%	\$0.00	0	0	0
Totals	11,625,009	-10,446	97,822	0.8%	2.4%	6.4%	\$0.76	0	0	164,480
SeaTac/Burien Ind										
Warehouse & Distribution	5,338,137	55,069	435,196	8.2%	10.4%	8.8%	\$0.76	0	457,211	0
Manufacturing	170,092	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Totals	5,508,229	55,069	435,196	7.9%	10.1%	8.6%	\$0.76	0	457,211	0
Tukwila Ind										
Warehouse & Distribution	6,464,497	-82,623	-71,553	-1.1%	4.6%	4.9%	\$0.76	0	97,932	0
Manufacturing	1,816,682	3,841	23,194	1.3%	0.9%	1.6%	\$0.85	0	0	0

JLL-Industrial-Insight-Seattle/Puget Sound - Q4-2019

Industrial Statistics										
	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total Availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Downtown Seattle Ind										
Warehouse & Distribution	5,439,761	-24,179	13,865	0.3%	1.4%	2.0%	\$0.95	0	0	0
Manufacturing	2,136,726	0	41,754	2.0%	0.3%	1.1%	\$1.25	0	0	0
Totals	7,576,487	-24,179	55,619	0.7%	1.1%	1.8%	\$0.96	0	0	0
North Seattle Ind										
Warehouse & Distribution	9,393,854	476,626	578,246	6.0%	4.1%	8.7%	\$1.28	0	0	0
Manufacturing	3,283,210	11,826	-29,222	-0.9%	1.9%	2.3%	\$1.23	0	0	0
Totals	12,702,564	503,852	538,924	4.1%	3.6%	7.1%	\$1.28	0	0	0
South Seattle Ind										
Warehouse & Distribution	4,633,522	32,040	-50,875	-1.1%	3.1%	4.1%	\$1.09	0	0	0
Manufacturing	10,782,287	-4,129	-28,475	-0.3%	0.4%	0.6%	\$0.91	0	0	0
Totals	15,415,809	27,911	-79,350	-0.5%	1.2%	1.7%	\$1.05	0	0	0
East Seattle Ind										
Warehouse & Distribution	3,061,335	7,255	-41,625	-1.4%	2.1%	2.3%	\$1.03	0	0	0
Manufacturing	1,123,797	-1,500	-4,975	-0.4%	3.5%	2.8%	\$1.15	0	0	0
Totals	4,185,132	5,755	-46,600	-1.1%	2.5%	2.4%	\$1.06	0	0	0
West Seattle Ind										
Warehouse & Distribution	4,657,748	-426	-241,234	-5.2%	8.5%	8.6%	\$1.09	0	0	0
Manufacturing	2,586,532	74,940	-6,590	-0.3%	1.4%	4.0%	\$1.30	0	0	0
Totals	7,244,280	74,514	-247,824	-3.4%	6.0%	7.0%	\$1.13	0	0	0
West North Seattle Ind										
Warehouse & Distribution	1,257,102	0	-11,100	-0.9%	1.6%	3.2%	\$1.08	0	0	0
Manufacturing	940,395	-20,892	-20,892	-2.2%	2.7%	2.7%	\$0.00	0	0	0
Totals	2,197,497	-20,892	-31,992	-1.5%	2.0%	3.0%	\$1.08	0	0	0

JLL-Industrial-Insight-Seattle/Puget Sound - Q4-2019

Kidder & Mathews reported Seattle Close-In vacancy dropped from 3.3% to 2.9% with positive net absorption of 219,986 square feet, including Amazon moving into their space at Prologis Georgetown Crossroads of 493,615 square feet. In South King County, vacancy rates increased slightly to 5.9% from the 3rd quarter 5.4%. The Eastside submarket vacancy decreased from 3.5% to 3.1% with a positive net absorption of 105,483 square feet. The Eastside market remains very tight as tenants, unable to find available space, have relocated to other markets area where rents are lower and supply (slightly) more plentiful.



4Q 2019 | SEATTLE | INDUSTRIAL | KIDDER MATHEWS

SEATTLE CBD / SURROUNDING AREA



SOUTH KING COUNTY



EAST KING COUNTY



Cushman and Wakefield Industrial 4th Quarter Report indicates the Eastside submarket overall total vacancy is 3.8%. Seattle Close-In submarket's vacancy is 2.5%, and South King County market indicates an overall vacancy of 3.8% with Kent Valley at 3.6%.

Cushman & Wakefield Industrial 2019 - 4th Quarter Vacancy				
Property Type	Eastside Suburban	Seattle Close-In	Kent Valley	South King County
All Classes	0.0% - 8.2% (Total 3.8%)	1.8% - 2.5% (Total 2.5%)	3.60%	2.8% - 9.5% (Total 3.8%)

MARKET STATISTICS - INDUSTRIAL - PUGET SOUND EASTSIDE										
SUB MARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG NET RENT (HT)*	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (OS)*	OVERALL WEIGHTED AVG NET RENT (W/D)*
Bellevue	3,812,126	62,510	1.6%	32,439	275,543	0	\$0.00	\$0.00	\$0.89	\$1.30
Issaquah/East I-90	3,235,949	0	0.0%	0	8,692	60,100	\$0.00	\$0.00	\$0.00	\$0.00
Redmond (Overlake)	10,674,444	13,699	1.3%	-3,512	-5,183	0	\$0.00	\$0.00	\$1.53	\$0.00
Redmond (Willows)	5,646,056	105,749	1.9%	46,485	23,008	0	\$1.84	\$0.00	\$2.00	\$0.00
Redmond (East)	4,026,927	330,481	8.2%	-16,997	218,12	40,000	\$1.25	\$0.00	\$1.50	\$0.74
Kirkland	2,700,791	38,695	1.4%	-7,612	27,359	0	\$0.00	\$0.00	\$1.56	\$0.00
Woodinville/522 Corridor	10,216,506	384,154	3.8%	-44,113	627,016	0	\$0.00	\$0.73	\$0.00	\$0.78
Bothell	6,110,775	471,088	7.7%	-239,879	-121,841	0	\$1.44	\$0.00	\$1.35	\$0.00
EASTSIDE TOTALS	36,765,874	1,406,376	3.8%	-233,189	856,406	200,100	\$1.46	\$0.73	\$1.14	\$0.75
Edmonds/M T/Lynnwood	3,067,101	6,919	0.2%	6,957	49,527	0	\$0.00	\$0.00	\$0.00	\$0.00
Mukilteo	3,939,483	217,23	0.6%	-13,409	-30,825	0	\$0.00	\$0.87	\$1.25	\$0.00
Everett	13,897,075	539,078	3.9%	18,447	91,870	0	\$0.95	\$0.75	\$1.04	\$0.69
North Snohomish	4,508,577	57,205	1.3%	28,511	238,031	376,935	\$0.00	\$0.60	\$0.00	\$0.00
NORTHEND TOTALS	25,412,236	624,925	2.5%	140,506	348,603	376,935	\$0.95	\$0.72	\$1.09	\$0.68
EASTSIDE/NORTHEND	62,178,110	2,031,301	3.3%	-92,683	1,205,009	577,035	\$1.41	\$0.72	\$1.13	\$0.72
<small>*Rental rates reflect weighted net asking \$psf/month HT = High Tech/Flex; MF = M Manufacturing; OS = Office Service/Flex; W/D = Warehouse/Distribution</small>										

Cushman & Wakefield Puget Sound Eastside Industrial Q4 2019

MARKET STATISTICS - INDUSTRIAL - SEATTLE/KENT VALLEY										
SUB MARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG NET RENT (HT)*	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (OS)*	OVERALL WEIGHTED AVG NET RENT (W/D)*
South Seattle	36,284,221	924,411	2.5%	281,385	623,134	0	\$1.83	\$1.75	\$0.99	\$1.04
Queen Anne to SODO	5,310,334	112,052	2.1%	-23,261	232,486	0	\$0.00	\$0.83	\$0.00	\$0.00
N of Ship Canal to 205 th	2,754,381	50,683	1.8%	61,911	12,856	0	\$0.00	\$1.18	\$0.00	\$0.84
SEATTLE IN-CITY TOTALS	44,348,936	1,087,146	2.5%	320,035	868,476	0	\$1.83	\$1.26	\$0.99	\$0.92
SeaTac	6,562,543	624,096	9.5%	28,710	288,311	0	\$0.00	\$0.00	\$0.00	\$0.71
Tukwila	12,979,477	567,234	4.4%	-49,488	-346,638	0	\$0.00	\$0.87	\$1.41	\$0.69
Renton	12,779,455	461,067	3.6%	-85,627	-146,053	164,480	\$0.00	\$0.00	\$1.09	\$0.66
Kent	46,185,481	1,564,019	3.4%	92,855	916,492	219,910	\$0.00	\$0.00	\$0.73	\$0.63
Auburn/Federal Way	29,629,401	839,321	2.8%	54,021	3,130	77,233	\$0.00	\$0.00	\$0.82	\$0.55
S. KING CO. TOTALS	108,136,357	4,055,737	3.8%	40,471	695,242	461,623	\$0.00	\$0.24	\$1.04	\$0.64
Sumner	16,591,948	509,178	3.1%	122,460	288,405	121,788	\$0.00	\$0.00	\$0.75	\$0.66
Puyallup	10,716,251	408,025	3.8%	1,563	-204,865	843,065	\$1.50	\$0.67	\$0.00	\$0.84
Fife/Milton	16,102,652	947,333	5.9%	96,732	960,007	55,000	\$0.00	\$0.00	\$0.71	\$0.56
N. PIERCE CO. TOTALS	43,410,851	1,864,536	4.3%	220,755	1,043,547	2,108,853	\$1.50	\$0.67	\$0.72	\$0.62
KENT VALLEY TOTALS	195,896,144	7,007,419	3.6%	581,261	2,607,265	2,570,476	\$1.16	\$0.64	\$1.01	\$0.68
<small>*Rental rates reflect weighted net asking \$psf/month HT = High Tech/Flex; MF = M Manufacturing; OS = Office Service/Flex; W/D = Warehouse/Distribution</small>										

Cushman & Wakefield Puget Sound Seattle/Kent Valley Industrial Q4 2019

Collier International indicates the Puget Sound region remains a top destination for industrial investments and leasing through 2019-year end. Vacancy is just over 5% and almost 2.2 million square feet of positive absorption, which is down from the previous 10% vacancy and negative absorption of 1.5 million square feet in 2010. Three of the five Puget Sound industrial submarkets ended 2019 with vacancy below 4%, and the Seattle Close-In market had the lowest at 3.4%. Manufacturing space was limited in all areas except the Eastside, where vacancy was registered at less than 5%. The report indicated Warehouse/Business Park/Manufacturing total vacancy was 5.2% and Flex total was 7.4%.

Colliers International Industrial 2019 – 4th Quarter Vacancy

Property Type (Class)	Eastside Suburban	Seattle Close-In	South King County	Total Whse/Bus Park/Manuf	Total Flex
All Class	1.2% - 9.1% (Blended 5.4%)	0.7% - 5.2% (Blended 3.7%)	3.1% - 19.0% (Blended 5.4%)	5.2%	7.4%

MARKET OVERVIEW

	Stock	Total Inventory (SF)	Direct Vacant (SF)	Sublease Vacant (SF)	Total Vacant (SF)	Vacancy Rate Current Period (%)	Absorption Current Quarter (SF)	Absorption YTD (SF)
SEATTLE CLOSE-IN								
Manufacturing	299	11,403,537	169,753	1,500	171,253	1.5%	50,860	(58,107)
Warehouse	660	23,989,365	986,682	68,707	1,055,389	4.4%	300,198	277,466
Flex	88	5,000,234	144,727	4,137	148,864	3.0%	18,850	19,853
Total	1,047	40,393,136	1,301,162	74,344	1,375,506	3.4%	369,908	239,212
EAST SIDE INDUSTRIAL								
Manufacturing	54	2,744,037	231,067	16,770	247,837	9.0%	7,332	(19,538)
Warehouse	209	7,207,178	90,530	0	90,530	1.3%	21,654	(14,886)
Flex	239	7,375,685	290,039	54,754	344,793	4.7%	32,831	(4,685)
Total	502	17,326,900	611,636	71,524	683,160	3.9%	61,817	(39,109)
NORTHEND INDUSTRIAL								
Manufacturing	198	15,670,747	262,545	38,483	301,028	1.9%	97,638	413,330
Warehouse	568	21,188,779	827,516	53,256	880,772	4.2%	60,576	362,027
Flex	178	7,340,510	471,448	65,801	537,249	7.3%	(64,713)	(69,868)
Total	944	44,200,036	1,561,509	157,540	1,719,049	3.9%	93,501	705,489
KENT VALLEY INDUSTRIAL								
Manufacturing	229	20,366,476	381,722	177,200	558,922	2.7%	(91,638)	(204,806)
Warehouse	1,020	73,489,064	4,615,609	578,086	5,193,695	7.1%	(580,920)	78,586
Flex	122	4,481,997	231,799	14,940	246,739	5.5%	6,544	(25,030)
Total	1,371	98,337,537	5,229,130	770,226	5,999,356	6.1%	(666,014)	(151,250)
PIERCE COUNTY INDUSTRIAL								
Manufacturing	201	11,249,196	388,452	120,795	509,247	4.5%	17,836	(134,008)
Warehouse	717	56,094,493	3,630,963	318,948	3,949,911	7.0%	598,521	1,495,693
Flex	41	1,196,542	24,208	0	24,208	2.0%	(477)	37,136
Total	959	68,540,231	4,043,623	439,743	4,483,366	6.5%	615,880	1,398,821
SEATTLE REGION INDUSTRIAL								
Manufacturing	981	61,433,993	1,433,539	354,748	1,788,287	2.9%	82,028	(3,129)
Warehouse	3,174	181,968,879	10,151,300	1,018,997	11,170,297	6.1%	400,029	2,198,886
Flex	668	25,394,968	1,162,221	139,632	1,301,853	5.1%	(6,965)	(42,594)
MSA T total	4,823	268,797,840	12,747,060	1,513,377	14,260,437	5.3%	475,092	2,153,163

2019 Q4 Industrial Puget Sound Colliers

CBRE Industrial reports indicate the Seattle Close-In vacancy remained low at 3.7% towards year-end 2019. The Eastside industrial submarket led the way with technology tenants and companies. A technology company with a large presence on Willows Road added 25,200 square feet at the West Willows Tech Center. Amazon announced it leased 219,000 square feet in Redmond to house research & development and prototype manufacturing of low earth orbits satellites. The Eastside submarket indicates a total vacancy of 5.4%.

CBRE Industrial 2019 – 4th Quarter Vacancy			
Property Type (Class)	Eastside Suburban	Seattle Close-In	South King County
All Class	1.2% - 9.1% (Blended 5.4%)	0.7% - 5.2% (Blended 3.7%)	3.1% - 19.0% (Blended 5.4%)

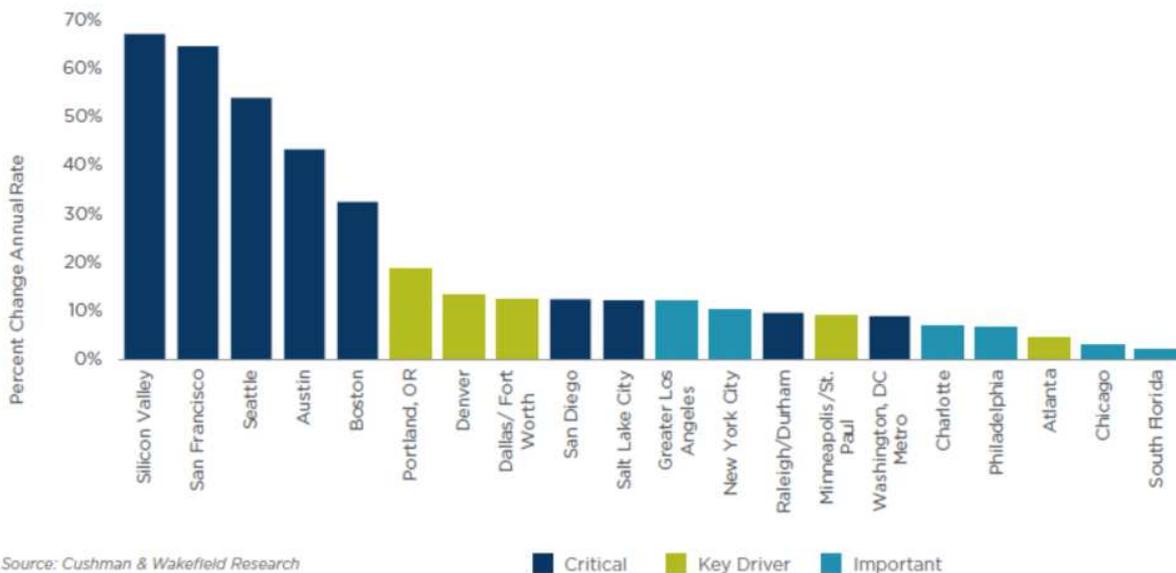
MARKETVIEW PUGET SOUND INDUSTRIAL
Figure 2: Market Statistics

Submarket	Net Rentable Area (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	Q4 2019 Net Absorption (SF)	Last Four Quarters Net Absorption (SF)	Under Construction (SF)	Avg. Asking Lease Rate, NNN (\$/SF/Mo.)
Downtown/Lk Union	2,340,201	120,801	5.2	5.4	(68,405)	(153,094)	0	
North Seattle/Interbay	7,060,319	234,637	3.3	6.8	(20,137)	(68,902)	0	
East Seattle/Rainier Valley	2,025,523	13,927	0.7	0.7	331	(25,308)	0	
South Seattle/West Seattle	41,629,490	1,595,484	3.8	4.7	(21,934)	178,710	0	
Seattle Close-in	53,055,533	1,964,849	3.7	4.9	(110,145)	(68,594)	0	1.18
SeaTac	5,979,246	783,030	13.1	8.3	46,041	127,180	0	
Tukwila	12,622,179	762,812	6.0	4.9	(131,466)	(173,592)	0	
Renton	16,045,793	520,163	3.2	3.5	(161,537)	(195,656)	164,480	
Kent	45,953,430	2,343,931	5.1	7.7	517,984	125,013	536,239	
Auburn	27,170,687	1,072,086	3.9	4.3	(142,247)	97,156	0	
Federal Way	1,520,521	288,798	19.0	11.0	(3,447)	(17,400)	79,803	
Sumner	17,051,349	1,114,522	6.5	10.1	382,818	287,211	815,398	
Kent Valley	126,343,205	6,885,342	5.4	6.6	508,146	249,912	1,595,920	0.67
Port of Tacoma/Downtown	12,995,851	1,342,231	10.3	14.7	76,629	553,915	0	
Tacoma West	6,320,932	278,215	4.4	3.9	37,531	(65,776)	30,000	
Fife	12,567,668	260,498	2.1	2.5	(49,669)	288,427	83,525	
Puyallup	6,528,407	353,692	5.4	3.6	242,470	(37,913)	438,065	
Frederickson	5,346,825	0	0.0	0.0	0	795,873	478,142	
Lakewood	4,789,178	365,825	7.6	11.6	(16,229)	(232,393)	244,905	
DuPont	3,404,378	713,172	20.9	18.4	25,980	82,681	1,242,388	
Tacoma/Fife	51,953,239	3,313,633	6.4	7.5	316,712	1,384,814	2,517,025	0.61
Bellevue	2,063,943	69,526	3.4	2.8	35,985	28,473	0	
I-90 Corridor	2,293,410	27,695	1.2	1.2	5,682	(4,133)	60,185	
Kirkland/Totem Lake	2,445,805	57,777	2.4	3.3	9,474	48,057	0	
Overlake	825,692	11,866	1.4	1.9	10,224	34,228	0	
Marymoor	3,405,602	308,582	9.1	1.7	(12,660)	20,386	130,000	
Willows	3,829,850	198,588	5.2	3.5	27,884	(38,859)	0	
Bothell/Mill Creek	4,139,118	318,756	7.7	6.5	67,830	69,843	0	
Woodinville/Maltby	6,722,540	394,685	5.9	5.4	1,988	471,194	0	
Eastside	25,725,960	1,387,475	5.4	3.9	146,407	629,189	190,185	1.09
Lynnwood/Ed/Milk Terrace	2,078,833	24,842	1.2	1.1	(7,542)	(15,153)	0	
Monroe	1,915,956	9,237	0.5	0.8	18,841	64,827	0	
Mukilteo	2,828,030	29,508	1.0	2.7	23,797	13,715	0	
Everett	9,303,744	896,968	9.6	7.8	(228,698)	(308,961)	0	
No. Snohomish	2,758,384	63,860	2.3	2.2	5,571	318,844	638,388	
Northend	18,884,947	1,024,415	5.4	4.8	(188,031)	73,272	638,388	0.79
Market Total	275,962,884	14,575,714	5.3	6.0	673,089	2,268,593	4,941,518	0.77
Whse/Bus Pk/Manuf	265,519,642	13,799,885	5.2	6.0	634,022	2,217,043	4,811,518	0.75
Flex	10,443,242	775,829	7.4	6.5	39,067	51,550	130,000	1.29

Source: CBRE Research, Q4 2019. Q4 2019 CBRE Research © 2020 CBRE, Inc. | 2

According to Cushman & Wakefield Tech Cities Report 2.0, Seattle is in the top five tech leasing markets in the country, with over 50% of the leases signed since 2017 in that sector. Seattle is also ranked #3 in office construction and deliveries with 5.2% of total delivered inventory. Nationally, Seattle is ranked #10 in tech employment with 187,600 jobs and 189,200 persons already employed in tech occupations. JLL indicated Seattle is ranked #8 in the nation among the fastest of any large US cities of growth in tech industrial, spurring 9.2 million square feet of new office construction and solid need for interim space solutions. Seattle's past performance stands above most other markets, labor shortages, rising costs of living, public policy spats and the decision by the mainstay technology tenants to expand into other markets may temper future growth. Flexible space already comprises a comparatively high 2.6% of existing office stock that ranks Seattle fifth in the country by the metric. Nevertheless, economic, demographic and market trends suggest a positive outlook for the future.

TECH LEASING AS A PERCENTAGE OF TOTAL
2017 - Q2 2018



TECH DRIVES CONSTRUCTION

MID-YEAR 2018, OFFICE CONSTRUCTION & DELIVERIES AS A PERCENTAGE OF TOTAL INVENTORY

Click to switch between tabs

HIGH LEVELS OF CONSTRUCTION ACTIVITY			LOW LEVELS OF CONSTRUCTION ACTIVITY					
1	Austin	8.5%	8	Charlotte	3.7%	15	San Diego	3.0%
2	Raleigh/Durham	5.6%	9	Washington, DC Metro	3.6%	16	Dallas/Fort Worth	2.8%
3	Seattle	5.2%	10	Portland, OR	3.5%	17	Omaha	2.7%
4	San Francisco	5.0%	11	Minneapolis/St. Paul	3.5%	18	Atlanta	2.5%
5	Nashville	4.8%	12	Salt Lake City	3.4%	19	Orlando	2.5%
6	New York City	4.1%	13	St. Louis	3.3%	20	Boston	2.5%
7	Denver	3.7%	14	Phoenix	3.3%			

Source: Cushman & Wakefield Research

■ Critical ■ Key Driver ■ Important

According to CoStar, the Seattle/Puget Sound industrial market is one of the most active in the country due to the robust 2019 economy. Despite a busy delivery schedule and an onslaught of move-outs in recent quarters, vacancies are still lower than the historical average and rent growth is well above the historical average. The combination of large availability and a highly speculative pipeline could have an adverse effect on vacancy and rent growth in the near term though. Investment has been actively strong over the past several quarters and much of it can be attributed to large institutional deals and recent 2019 sales. Investors rushed to get deals done by the end of December 2019 due to the statewide Graduated Real Estate Excise Tax (REET) measure that took effect in January of 2020.

CoStar 2019 year end market reports indicate 12 months of net absorption of 1.2 millions square feet and an overall vacancy of 4.7%. Market rent growth increased by 7.7% to an overall market rental rate of \$11.37 per square foot. Logistics space vacancy rate was 6% with a market rental rate of \$10.34 per square foot. The specialized industrial space vacancy rate is 2% and the market rental rate is at \$11.16 per square foot. Flex space vacancy is 4.2% and the rental rate is \$19.03 per square foot.

The Seattle/Puget Sound area attracts a great deal of interest from institutional investors. Reported cap rates averages are in the 5% range with higher quality properties commanding even lower cap rates. CoStar’s capital reports indicate Seattle/Puget Sound’s yields are considered the lowest in the country. The capital report indicated the average cap rate at 5.4% with the lowest rate at 3% and highest rate at 8%. The overall market cap rate is reported at 5.2%.

Overview

Seattle Industrial

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
4.8 M	1.2 M	4.7%	7.7%

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	210,517,080	6.0%	\$10.34	7.8%	467,534	249,028	3,102,666
Specialized Industrial	87,678,773	2.0%	\$11.16	2.9%	145,033	0	266,892
Flex	31,097,678	4.2%	\$19.03	5.1%	60,233	0	0
Market	329,293,531	4.7%	\$11.37	6.3%	672,800	249,028	3,369,558

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.0%	6.2%	5.6%	9.5%	2003 Q2	2.8%	2017 Q4
Net Absorption SF	1.2 M	2,438,311	2,046,084	8,645,587	2007 Q1	(6,474,815)	2009 Q4
Deliveries SF	4.8 M	3,664,553	4,001,477	7,673,193	2007 Q1	133,370	2012 Q1
Rent Growth	7.7%	3.3%	3.5%	9.2%	2017 Q1	-2.6%	2002 Q3
Sales Volume	\$3.1 B	\$1.1B	N/A	\$3.1B	2019 Q3	\$211.8M	2010 Q2

Capital Markets Overview

Seattle Industrial

Asset Value	12 Mo Sales Volume	Market Cap Rate	12 Mo Mkt Sale Price/SF Chg
\$59.6B	\$3.1B	5.2%	9.7%

12 MO SALES VOLUME	Total	Lowest	Highest	12 MO SALES PRICE	Average	Lowest	Highest	Market
Transactions	421	-	-	Cap Rate	5.4%	3.0%	8.0%	5.2%
Sales Volume	\$3.1B	\$75.4K	\$196.9M	Sale Price/SF	\$184	\$6	\$1.8K	\$177
Properties Sold	404	-	-	Average Sale Price	\$8.5M	\$75.4K	\$196.9M	-
Transacted SF	19.9M	959	828.6K	Sale vs Asking Price	-6.8%	-33.5%	18.4%	-
Average SF	47.3K	959	828.6K	% Leased at Sale	87.5%	0%	100%	-

CoStar's Industrial Market & Capital Report Year End 2019 - Published 2/24/2020

Sales comparison approach model description

All sales were verified with knowledgeable parties and inspections, when possible. The model for the sales comparison approach was based on characteristics from the Assessor's records including location, effective age, building quality and net rentable area. Sales with characteristics most similar to the subject properties were considered.

At the time of sale, information on vacancy and market absorption rates, capitalization rates, current and anticipated rents, and the competitive position of the properties were also gathered. Sales were then compared to similar properties within the area for valuation. These sales statistics also helped form the income approach to value by setting parameters for the income rates, vacancies, expenses and capitalization rates. When necessary, sales of similar specialty improved properties were also considered.

The improved sales used range in date from 1/01/2017 to 12/31/2019. There were 26 improved sales in Area 510 that were considered fair market transactions, 24 sales were used in the overall analysis and included in the ratio study. Sale parcels that were segregated/killed, or where the improvements changed after the sale were not included in the ratio study. The portfolio sales within this specialty (reflected not only in Sales Used, but also Sales Not Used), sales of investment properties occupied by Credit Rated tenants, and sales of acquisitions by Real Estate Investment Trusts were not applied in the ratio study.

The twenty-six (26) improved sales within the High-Tech Specialty assignment are considered arms-length transactions and are acceptable in support of general market value indications. Of those sales,

- Three (3) transactions occurred within the North Creek area of the Bothell/Woodinville neighborhood (510-10), and show a market range from \$177.44 to \$319.80 per square foot of building area.
- Close-In Redmond neighborhood (Area 510-20) contains seven (7) sales involving 18 improved parcels and indicating a market range from \$184.85 to \$296.85 per square foot of building area.
- The Willows Corridor neighborhood (510-30) contains nine (9) sales involving 27 individual parcels and indicated a market range from \$183.41 to \$324.16 per square foot of building area.
- Two (2) sales occurred in the Kirkland Totem Lake neighborhood (510-40) and sold for \$281.51 and \$294.35 per square foot.
- Three (3) sales occurred within the Issaquah neighborhood (510-60) indicating a market range from \$260.72 to \$311.71 per square foot of building area.
- Two (2) sales occurred in Seattle and South King County neighborhoods (510-70) that sold for \$306.03 and \$114.21 per square foot.

The statewide Graduated Real Estate Excise Tax (REET) on major sales became effective in January 1, 2020, which drove many investors to close deals by December 31, 2019. This applies to all type of properties and resulted in over \$10.3 billion worth of transactions in 2019, a 110% increase to Seattle/Puget Sound valuation from a year ago. The measure was fully passed in May 2019 and effectively increased the tax bill for transactions greater than \$1.5 million. The first two months of 2020 had a relatively low volume of sales which was expected.

Sales comparison calibration

Calibration of coefficients utilized for the model applied within a Sales Comparison approach is typically established via analysis of all sales within the specialty. Sales from supporting geographic neighborhoods

and other specialties' properties may also be considered, as they relate to basic property types and/or use categories (single purpose and major office buildings, high tech, and industrial, for example). Neighborhoods are treated independent of one another as dictated by the market, and individual prices determined as "Used or "Not Used" based on various characteristics appropriate within each sub-market. Specific variables and prices for each neighborhood are discussed in more detail above with sales listed under "Sales Used" within this report.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. Because of the difficulty in accurately determining the depreciation of older properties, this approach to value was given the least weight in the final reconciliation of values. However, it was given more weight in the valuation of new construction. With new buildings the cost method is reconciled with the income method to determine the appropriate approach.

Cost calibration

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

Income capitalization approach model description

The income approach was considered the most reliable approach for the valuation and equalization of High-Tech/Flex properties, as reasonable income, expense, and capitalization rate data is considered available for application of model methodology. During the sales verification process, attempts are made to obtain income and expense data from parties directly involved with the transaction. The information requested includes current and anticipated future rents, operating expense breakdown and assigned responsibility for the expenses, and estimated capitalization rates associated with a sale. In addition, owners, tenants, and agents of non-sale properties are also surveyed to collect similar data. Whereas disclosure of this information is not required by law, it is often difficult to obtain, and often incomplete or inaccurate. As a supplement, lease information is gathered from Costar, Officespace.com, Commercial Broker Association, or other similar websites. In order to calibrate a credible income model, it was also necessary to consider data from recognized published sources to assist in developing capitalization and lease rates. These publications tend to report data considered relevant for institutional-grade CBD and suburban real estate.

The income tables within this specialty summary report are included to demonstrate typical income parameters (Rents, Vacancy, Expenses, and Capitalization Rates) in structuring the High-Tech / Flex Income Model. The model is based on the building size parameters specific to the specialty and is dependent on effective year built, quality, and location. Vacancy rate, expense rate and capitalization rate ranges have been interpolated from market data. The model is additionally meant to reflect general market characteristics, in that the value allocation method is based upon a net lease rent structure as applied to Class B building types typical throughout the specialty.

Income: Income parameters were derived from the market place through listed fair market sales as well as through published sources (i.e. Officespace.com, Commercial Brokers Association, Costar, and multiple corporate real estate websites such as CBRE, Colliers, Kidder Mathews, Grubb & Ellis, Cushman & Wakefield, JLL etc.), opinions expressed by real estate professionals active in the market, and landlords/tenants.

Vacancy: Vacancy rates used were derived mainly from published sources.

Expenses: Expense ratios were estimated based on industry standards, published sources, and appraiser knowledge of the area’s rental practices.

Capitalization Rates: Capitalization rates were determined by local published market surveys, such as CoStar, Real Capital Analytics, The American Council of Insurance Adjustors, Integra Realty Resources, Korpaz, etc. The effective year built (age), quality, and condition of each building determine the capitalization rate used by the appraiser. The effective age, quality, and condition of each building contributes to the capitalization rate applied in the model. For example; a building of poorer condition and quality with a lower effective year built (1930, for example) will typically warrant a higher capitalization rate, and a building of higher quality in better condition and with a higher effective year built (2010, for example) will warrant a lower capitalization rate.

Income approach calibration

The models were calibrated after setting base rents and by using adjustments based on size, effective year built, construction class, and quality as recorded in the Assessor’s records. Properties were then valued based on the income tables included within this report. Additional factors, which may enter into the calculation, are excess land, existence of economic units, or other unique features associated to the specific property. Individual property valuation information is available within Assessor records.

Typical Income Parameters Applied

The following tables outline general income parameters applied within the income model for the Tech Flex parcel population.

Area 510-10 - Bothell/Willows				
	Rent Range per Sq.Ft.	Vacancy/ Coll. Loss %	Expense Rate %	Capitalization Rate %
Office Building & Open Office	\$14.00 - \$24.00	10%	10%	6.25% to 8.00%
Mezz & Whse Office	\$12.00 - \$22.00	10%	10%	6.25% to 8.00%
Industrial Engineering	\$10.00 - \$19.00	10%	10%	6.25% to 8.00%
Manuf/StgWhse/MezzStg/Distrib	\$6.00 - \$13.00	10%	10%	6.25% to 8.00%

Area 510-20 - Redmond & Marymoor Park				
	Rent Range per Sq.Ft.	Vacancy/ Coll. Loss %	Expense Rate %	Capitalization Rate %
Office Building & Open Office	\$14.00 - \$24.00	10%	10%	6.25% to 8.00%
Mezz & Whse Office	\$13.00 - \$20.50	10%	10%	6.25% to 8.00%
Industrial Engineering	\$10.00 - \$18.50	10%	10%	6.25% to 8.00%
Manuf/StgWhse/MezzStg/Distrib	\$5.00 - \$14.50	10%	10%	6.25% to 8.00%

Area 510-30 - Redmond				
	Rent Range per Sq.Ft.	Vacancy/ Coll. Loss %	Expense Rate %	Capitalization Rate %
Office Building & Open Office	\$13.00 - \$24.00	10%	10%	6.25% to 8.00%
Mezz & Whse Office	\$11.50 - \$22.00	10%	10%	6.25% to 8.00%
Industrial Engineering	\$10.00 - \$20.00	10%	10%	6.25% to 8.00%
Manuf/StgWhse/MezzStg/Distrib	\$5.00 - \$14.50	10%	10%	6.25% to 8.00%

Area 510-40 - Kirkland/Totem Lake				
	Rent Range per Sq.Ft.	Vacancy/ Coll. Loss %	Expense Rate %	Capitalization Rate %
Office Building & Open Office	\$13.00 - \$24.00	10%	10%	6.25% to 8.00%
Mezz & Whse Office	\$12.00 - \$22.00	10%	10%	6.25% to 8.00%
Industrial Engineering	\$9.50 - \$19.00	10%	10%	6.25% to 8.00%
Manuf/StgWhse/MezzStg/Distrib	\$5.00 - \$14.00	10%	10%	6.25% to 8.00%

Area 510-50 - Overlake/Bellevue				
	Rent Range per Sq.Ft.	Vacancy/ Coll. Loss %	Expense Rate %	Capitalization Rate %
Office Building & Open Office	\$13.00 - \$23.00	10%	10%	6.25% to 8.00%
Mezz & Whse Office	\$12.00 - \$21.00	10%	10%	6.25% to 8.00%
Industrial Engineering	\$10.00 - \$19.50	10%	10%	6.25% to 8.00%
Manuf/StgWhse/MezzStg/Distrib	\$5.00 - \$13.00	10%	10%	6.25% to 8.00%

Area 510-60 - Issaquah/I-90 Corridor				
	Rent Range per Sq.Ft.	Vacancy/ Coll. Loss %	Expense Rate %	Capitalization Rate %
Office Building & Open Office	\$13.00 - \$22.00	10%	10%	6.25% to 8.00%
Mezz & Whse Office	\$13.00 - \$21.00	10%	10%	6.25% to 8.00%
Industrial Engineering	\$9.00 - \$18.00	10%	10%	6.25% to 8.00%
Manuf/StgWhse/MezzStg/Distrib	\$4.00 - \$12.50	10%	10%	6.25% to 8.00%

Area 510-70 - South King County				
	Rent Range per Sq.Ft.	Vacancy/ Coll. Loss %	Expense Rate %	Capitalization Rate %
Office Building & Open Office	\$13.50 - \$21.00	10%	10%	6.50% to 8.25%
Mezz & Whse Office	\$9.00 - \$17.50	10%	10%	6.50% to 8.25%
Industrial Engineering	\$8.00 - \$16.00	10%	10%	6.50% to 8.25%
Manuf/StgWhse/MezzStg/Distrib	\$4.00 - \$11.00	10%	10%	6.50% to 8.25%

Capitalization Rate Information

The tables on the following pages summarize capitalization rates gathered from various commercial real estate industry research reports. This information is reconciled with data specific to the real estate market in Area 510 in developing the income model.

The published capitalization rates indicate that rates for the Seattle Metropolitan Area are lower than the national averages. Seattle is one of the top ten investment markets in the nation and is considered a top-tier market. The range of capitalization rates within the income model reflects the variety of properties within this specialty. The capitalization rates presented in the following tables aggregate many variables such as quality, condition, location, and leasing class. The range of capitalization rates typically reflect building age, quality and competitiveness within a given market, with lower rates applied to those buildings having superior quality, condition, and leasing class, and higher rates applied to those buildings of inferior quality, condition, or leasing class. Higher cap rates might also be applied to those buildings or properties with higher than the normal sub-market vacancy, substantial sub-lease vacancy, or physical and/or functional deficiencies requiring additional capital investment.

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

SEATTLE / REGIONAL CAP RATES

Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2019					1 st Tier properties are defined as new or newer quality const. in prime to good location; 2 nd Tier properties are defined as aging, former 1 st tier in good to average locations; 3 rd Tier are defined as older properties w/ functional inadequacies and/or marginal locations.
		Seattle	5.80% 6.60%	- -	- -	Office CBD – 1 st Tier Properties Suburban Office – 1 st Tier Properties Warehouse – 1 st Tier Properties R&D – 1 st Tier Properties Flex – 1 st Tier Properties
			- -	5.60% 6.60%	- -	Regional Mall – 1 st Tier Properties Power Center – 1 st Tier Properties
			- -	6.30%	-	Neigh/Comm. Ctrs. – 1 st Tier Properties
		West Region	5.00% - 9.00%	-	6.40%	Office CBD – 1 st Tier Properties
			5.30% - 8.00%	-	6.40%	Office CBD – 2 nd Tier Properties
			5.50% - 9.00%	-	6.20%	Office CBD – 3 rd Tier Properties
			5.00% - 8.50%	-	-	Suburban Office – 1 st Tier Properties
			5.50% - 8.80%	-	-	Suburban Office – 2 nd Tier Properties
			6.00% - 9.50%	-	-	Suburban Office – 3 rd Tier Properties
			-	4.50% - 8.00%	-	Warehouse – 1 st Tier Properties
			-	5.00% - 8.50%	-	Warehouse – 2 nd Tier Properties
			-	5.50% - 9.00%	-	Warehouse – 3 rd Tier Properties
			-	5.00% - 8.00%	-	R&D – 1 st Tier Properties
			-	5.30% - 8.50%	-	R&D – 2 nd Tier Properties
			-	5.80% - 9.80%	-	R&D – 3 rd Tier Properties
			-	4.80% - 8.00%	-	Flex – 1 st Tier Properties
			-	5.30% - 8.50%	-	Flex – 2 nd Tier Properties
			-	5.80% - 9.00%	-	Flex – 3 rd Tier Properties
			-	-	5.00% - 8.50%	Regional Mall – 1 st Tier Properties
			-	-	5.50% - 9.00%	Regional Mall – 2 nd Tier Properties
			-	-	6.00% - 10.00%	Regional Mall – 3 rd Tier Properties
			-	-	5.50% - 8.80%	Power Center – 1 st Tier Properties
			-	-	6.00% - 8.10%	Power Center – 2 nd Tier Properties
			-	-	6.50% - 10.00%	Power Center – 3 rd Tier Properties
			-	-	5.00% - 8.30%	Neigh/Comm. Ctr. – 1 st Tier Properties
			-	-	6.00% - 8.60%	Neigh/Comm. Ctr. – 2 nd Tier Properties
			-	-	6.00% - 9.00%	Neigh/Comm. Ctr. – 3 rd Tier Properties
IRR: Viewpoint for 2019	Year-end 2019	West Region	5.75% 6.38% 6.18% 6.77%	- - - -	- - - -	<u>Institutional Grade Properties</u> CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B
			- -	6.38% 5.70%	- -	Flex Industrial Industrial
			- -	- -	6.17% 6.11%	Regional Mall Community Retail
			- -	- -	6.27%	Neighborhood Retail
PWC/ Korpaz Real Estate Investment Survey	4Q 2019	Seattle	4.00% - 8.00%	-	-	CBD Office
		Pacific NW Region	4.50% - 8.00%	-	-	Office
			-	3.70% - 5.50%	-	Warehouse
ACLI	4Q 2019	Seattle – Bellevue - Everett MSA	4.96%	5.59%	5.97%	All Classes
		Pacific Region	5.69%	5.21%	5.92%	All Classes

WEST / NATIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Income Vs. Price Realities	4Q 2019					1 st Tier properties are defined as new or newer quality const. in prime to good location and typical owners/buyers are institutional investors
		National	4.50% - 6.80% 6.30% - 7.30%	- - 4.50% - 6.00% 5.50% - 8.00% 6.80% - 7.50%	- - - - 5.00% - 7.00% 6.20% - 7.50% 5.00% - 6.50%	Office CBD – 1 st Tier Properties Suburban Office – 1 st Tier Properties Warehouse – 1 st Tier Properties R&D – 1 st Tier Properties Flex – 1 st Tier Properties Regional Mall – 1 st Tier Properties Power Center – 1 st Tier Properties Neigh/Comm. Ctrs. – 1 st Tier Properties
IRR: Viewpoint 2020 Commercial Real Estate Trends report	Yr. End 2019	National	6.66% 7.52% 7.00% 7.77%	- - - 6.61% 7.33%	- - - - 6.89% 6.91% 7.07%	“Institutional Grade Properties” CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Industrial Flex Industrial Regional Mall Community Retail Neighborhood Retail
ACLI	4Q 2019	National	5.90% 6.69% 5.89% 6.42% 5.73%	5.64% 6.55% 6.08% 6.08% 5.43%	6.23% 6.58% 5.83% 5.98% 6.45%	Overall Sq.Ft. - <50k Sq.Ft. - 50k – 100k Sq.Ft. – 100,001 – 200k Sq.Ft. – 200k+
PWC / Korpaz Real Estate Investor Survey	4Q 2019	National	3.75% - 7.50% 4.00% - 9.25% 6.00% - 9.50% 4.25% - 10.00%	- - - - 3.75% - 6.40%	- - - - - 4.00% - 9.00% 5.25% - 8.25% 4.50% - 10.00% 4.00% - 8.00 %	CBD Office Suburban Office Secondary Office Medical Office Flex/R&D Warehouse Regional Mall Power Center Neigh. Strip Centers Net Lease
The Boulder Group: Net Lease Market Report	4Q 2019 1Q 2019 3Q 2019	National	6.94% 5.30% 6.45%	6.90%	6.07%	Overall (Average) Bank Medical Office
The Boulder Group: Net Lease Market Report	4Q 2019 3Q 2019	West West	6.94% 6.27% 5.60%	6.90%	6.07%	Overall (Average) Bank Medical Office

Reconciliation and/or Validation Study of Calibrated Value

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. The market, or sales approach is considered a reliable indicator of value when comparable sales are available and reflective of the population, however the income approach was applied to most parcels in order to better equalize property valuation levels for the 2020 Assessment Year. The market approach was considered as a benchmark guideline in support of income modeling. Where possible, market rents, expenses, and cap rates were ascertained from sales, along with data from surveys and publications, and applied to the income model.

The income approach to value was given the most weight, as it was considered to be a more reliable indicator for valuation and equalization within the Tech Flex Specialty. In some instances, market rents applied to a few properties varied from the model, but fell within an acceptable range of variation from the established guideline. Each parcel was individually reviewed by the specialty appraiser for correctness of the model application before the final value was selected. Implicit within this valuation model, is the recognition of a wide valuation range, with associated change of market conditions as they relate to valuation of individual parcels within the High Tech/Flex specialty.

Model Validation

Total Value Conclusions, Recommendations, and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel was reviewed and value allocated based on general and specific data as they relate to the market, and neighborhood of each parcel. The Appraiser determines which available value methodology estimate is appropriate, and may adjust for particular characteristics or conditions as they occur within the valuation area.

For the 2020 assessment valuation model, the income approach is used to value the majority of the income producing properties that are not obsolesced (where land value is greater than the value produced by the income method), as there are an insufficient number and variety of sales to value the different sectors by the market approach. The income approach also insures greater uniformity and equalization of values. With improving market fundamentals, values by the income method are generally increasing although they sometimes are below the value of the sales. This may be that some of these properties are portfolio investment sales, owner user sales, and properties resold within the last three years. In the case of interim use properties, they might be purchased for investment value or future income rather than current income.

The standard statistical measures of valuation performance are presented in the Executive Summary and the 2019 and 2020 Ratio Analysis charts included in this report. Comparison of the 2019 and 2020 Ratio Study Analysis indicates that the weighted mean statistical measure of assessment level improved from 85.5% to 93.5%. The Coefficient of Dispersion (COD) changed from 13.94% to 9.51%; the Coefficient of Variation (COV) changed from 17.26% to 13.10%. The Price-related Differential (PRD) has no changes with both assessment years at 0.99. These values are within the IAAO (International Association of Assessing Officers) appraisal guidelines for measures of valuation uniformity and equity. The ratio study presented in this report indicates substantial improvement in uniformity. However, with a sample size of only 24 improved sales the weight given to the ratio study should be tempered.

AREA 510 RATIO STUDY SUMMARY

RATIO STUDIES (Before and After)	1/1/2019	1/1/2020
Arithmetic Mean Ratio	0.847	0.925
Median Ratio	0.848	0.940
Weighted Mean Ratio	0.855	0.935
Coefficient of Dispersion (COD)	13.94%	9.51%
Standard Deviation (SD)	0.1461	0.1211
Coefficient of Variation (COV)	17.26%	13.10%
Price Related Differential (PRD)	0.99	0.99

The total assessed value for the 2019 assessment year for Specialty Area 510 was \$4,563,820,700. The total recommended assessed value for the 2020 assessment year is \$4,827,998,400.

Application of these recommended values for the 2020 assessment year would result in an upward adjustment from the 2019 assessment level of +5.79%.

CHANGE IN TOTAL ASSESSED VALUE

2019 Total Value	2020 Total Value	\$ Change	% Change
\$4,563,820,700	\$4,827,998,400	\$264,177,700	+5.79%

Uniform Standards of Professional Appraisal Practice 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 Standards 5 and 6. 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. (Samish 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. (Samish Gun Club v. Skagit County, 118 Wash. 578 (1922))

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

Date of Value Estimate

RCW 84.36.005

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

RCW 36.21.080

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

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

Property Rights Appraised: Fee Simple

Wash Constitution Article 7 § 1 Taxation:

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

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

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

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

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

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

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

Assumptions and Limiting Conditions:

1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.
4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.
5. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.
6. The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.
7. The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any

potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.

8. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
9. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
10. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.
11. An attempt to segregate personal property from the real estate in this appraisal has been made.
12. Items which are considered to be "typical finish" and generally included in a real property transfer, but are legally considered leasehold improvements are included in the valuation unless otherwise noted.
13. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.
14. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.
15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.

Scope of Work Performed:

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

Certification:

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

- The statements of fact contained in this report are true and correct
- The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

- I have no bias with respect to the property that is the subject of this report or to the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.
- No one 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 to their name.
- To the best of my knowledge the following services were performed by me within the subject area in the last three years:
 - Annual Model Development and Report Preparation
 - Data Collection
 - Sales Verification
 - Appeals Response Preparation / Review
 - Appeal Hearing Attendance
 - Physical Inspection Model Development and Report Preparation
 - Land and Total Valuation
 - New Construction Evaluation

Huyen Chen

3/18/2020

Commercial Appraiser II

Date

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
510	030	943005	0010	410,265	2852539	\$75,245,000	03/09/17	\$183.41	WILLOWS COMMERCE PARK - BLDG E	BP	4	Y	
510	060	212406	9067	586,844	2868179	\$153,000,000	06/01/17	\$260.72	Sammamish Park Place	MU	1	Y	
510	010	392700	0050	97,216	2871126	\$26,750,000	06/16/17	\$275.16	NORTH CREEK CENTER	R-AC, OP, CB, LI	1	Y	
510	030	928690	0010	162,267	2879221	\$32,985,551	07/25/17	\$203.28	WEST WILLOWS TECH CENTER - BLDG A	MP	5	Y	
510	040	389060	0190	52,040	2883977	\$14,650,000	08/14/17	\$281.51	KIRKLAND 405 CORP CTR BLDG T	TL 10A	1	Y	
510	020	719895	0160	32,508	2883210	\$6,009,000	08/15/17	\$184.85	REDMOND EAST BUSINESS CAMPUS - MICROWAVE II	MP	1	Y	
510	030	697950	0060	86,600	2888407	\$16,774,780	09/07/17	\$193.70	SIXTY ACRES CORPORATE - Bldg F	BP	2	26	Imp changed after sale; not in ratio
510	020	072506	9131	173,909	2893037	\$39,245,400	09/26/17	\$225.67	GENIE BUILDING	BP	3	Y	
510	020	062310	0010	167,156	2899052	\$38,538,000	11/02/17	\$230.55	BEAR CK BUS PK-BLDG "B"	BP	2	Y	
510	010	697930	0010	205,707	2902637	\$36,500,000	11/22/17	\$177.44	NORTH CREEK PKWY CTR BLDG 1	R-AC, OP, CB, LI	6	Y	
510	030	943050	0010	41,697	2928611	\$8,200,000	05/04/18	\$196.66	WILLOWS RUN BUILDING	MP	1	Y	
510	020	719895	0030	281,508	2930016	\$52,120,800	05/10/18	\$185.15	REDMOND EAST BUSINESS CAMPUS BLDG #1	MP	5	Y	
510	070	172280	0285	40,029	2929990	\$12,250,000	05/14/18	\$306.03	HATHAWAY BLDG	IG2 U/85	3	Y	
510	020	553040	0010	549,694	2942604	\$153,490,000	07/18/18	\$279.23	MILLENNIUM CORPORATE PARK BLDGS A, B, & C	BP	4	Y	
510	030	942810	0010	419,541	2945839	\$135,996,730	08/02/18	\$324.16	Willow Creek Corp. Center - Building G	BP	7	Y	
510	060	362930	0020	52,686	2955236	\$15,700,000	10/01/18	\$297.99	GE HEALTHCARE (REDSTONE BUILDING)	UC	1	Y	
510	020	719895	0090	30,902	2957081	\$5,800,000	10/04/18	\$187.69	REDMOND EAST BUSINESS CAMPUS BLDG #11	MP	1	Y	
510	060	212406	9003	93,036	2967676	\$29,000,000	12/20/18	\$311.71	Sammamish Park Place - Bldg A	MU	1	69	Net Lease Sale; not in ratio
510	030	943005	0040	79,072	2967913	\$19,000,000	12/27/18	\$240.29	WILLOWS COMMERCE PARK - BLDG C	BP	1	Y	
510	070	334040	3805	40,059	2979479	\$4,575,000	03/26/19	\$114.21	Sprint Communications	IM	1	Y	
510	010	392700	0040	54,353	2984994	\$17,382,059	04/25/19	\$319.80	NORTH CREEK TECH CTR BLDG # 4	R-AC, OP, CB, LI	1	Y	
510	040	389060	0030	53,488	2994268	\$15,744,400	06/18/19	\$294.35	KIRKLAND 405 CORP CTR BLDG B	TL 10A	1	Y	
510	030	697950	0030	128,079	3022638	\$36,821,250	11/26/19	\$287.49	Quadrant Willows Corporate Ctr - Bldg C	BP	2	Y	
510	030	697950	0040	115,856	3022637	\$36,821,250	11/26/19	\$317.82	Quadrant Willows Corporate Ctr - Bldg D	BP	2	Y	
510	020	720100	0010	126,328	3024945	\$37,500,000	12/11/19	\$296.85	REDMOND HEIGHTS TECH CENTER A B C	BP	2	Y	
510	030	272605	9114	225,450	3026134	\$61,938,001	12/18/19	\$274.73	ZETRON HEADQUARTERS	BP	3	Y	

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
510	030	342605	9037	72,287	2908594	\$20,000,000	12/28/17	\$276.67	INTERPOINT BLDG	BP	2	64	Sales/leaseback
510	050	249990	0020	663,156	2937050	\$249,985,000	06/20/18	\$376.96	LAGUNA NORTH EXCHANGE LLC	OBAT	4	59	Bulk portfolio sale
510	020	659980	0010	769,630	2964540	\$169,358,988	11/30/18	\$220.05	WESTPARK BLDG # 1 & 2	MP	16	59	Bulk portfolio sale
510	020	720242	0010	50,615	2991028	\$6,182,188	05/31/19	\$122.14	Microsoft Data Center	URPSO	1	52	Statement to dor
510	050	519550	0090	95,778	3032488	\$50,000	01/30/20	\$0.52	MICROSOFT ARCADE	MDD4	4	24	Easement or right-of-way
510	050	750311	0040	71,000	3049730	\$15,347,000	06/03/20	\$216.15	SAFECO - COLUMBIA BUILDING	OBAT	1	64	Sales/leaseback

Specialty 510 Physical Inspection List

SpecArea	SpecNbhd	Major	Minor	AddrLine
510	20	022505	9027	8210 154TH AVE NE
510	20	022505	9186	8620 154TH AVE NE
510	20	022505	9187	8510 154TH AVE NE
510	20	022505	9189	8271 154TH AVE NE
510	20	032505	9259	9461 WILLOWS RD
510	20	062310	0010	17425 UNION HILL RD
510	20	062310	0020	17411 NE UNION HILL RD
510	20	072506	9117	18390 NE 68TH ST
510	20	072506	9131	6464 185TH AVE NE
510	20	553040	0010	18200 UNION HILL RD
510	20	553040	0020	18500 NE UNION HILL RD
510	20	553040	0030	18600 NE UNION HILL RD
510	20	553040	0040	18700 NE UNION HILL RD
510	20	659980	0010	15365 NE 90TH ST
510	20	659980	0020	15335 NE 90TH ST
510	20	659980	0040	15225 NE 90TH ST
510	20	659980	0080	15301 NE 90TH ST
510	20	659980	0090	15241 NE 90TH ST
510	20	719895	0030	6724 185TH AVE NE
510	20	719895	0060	18660 NE 67TH CT
510	20	719895	0080	6670 185TH AVE NE
510	20	719895	0090	6640 185TH AVE NE
510	20	719895	0110	6565 185TH AVE NE
510	20	719895	0130	6645 185TH AVE NE
510	20	719895	0140	6675 185TH AVE NE
510	20	719895	0155	6727 185TH AVE NE
510	20	719895	0160	18465 NE 68TH ST
510	20	719897	0010	6222 185TH AVE NE
510	20	719897	0020	6244 185TH AVE NE
510	20	720100	0010	8561 WILLOWS RD NE
510	20	720100	0020	14725 NE 87TH ST
510	20	720170	0070	15120 NE 92ND ST
510	20	720170	0071	15140 NE 92ND ST
510	20	720170	0080	15135 NE 92ND ST
510	20	720240	0070	7735 178TH PL NE
510	20	720240	0100	7659 178TH PL NE
510	20	720242	0010	23050 NE 102ND ST
510	20	720244	0030	10500 231ST WAY NE
510	20	931200	0010	8425 154TH AVE NE
510	20	931200	0020	8431 154TH AVE NE
510	20	931200	0030	8561 154TH AVE NE
510	20	931201	0010	8411 154TH AVE NE
510	20	931201	0020	8441 154TH AVE NE

Specialty 510 Physical Inspection List

SpecArea	SpecNbhd	Major	Minor	AddrLine
510	20	931201	0030	8400 154TH AVE NE
510	20	943050	0040	14700 NE 95TH ST
510	20	943050	0130	15440 NE 95TH ST
510	20	943050	0131	15300 NE 95TH ST



King County

Department of Assessments

King County Administration Bldg.
500 Fourth Avenue, ADM-AS-0708
Seattle, WA 98104-2384
(206) 296-7300 FAX (206) 296-0595
Email: assessor.info@kingcounty.gov

John Wilson

Assessor

As we start preparations for the 2020 property assessments, it is helpful to remember that the mission and work of the Assessor's Office sets the foundation for efficient and effective government and is vital to ensure adequate funding for services in our communities. Maintaining the public's confidence in our property tax system requires that we build on a track record of fairness, equity, and uniformity in property assessments. Though we face ongoing economic challenges, I challenge each of us to seek out strategies for continuous improvement in our business processes.

Please follow these standards as you perform your tasks.

- Use all appropriate mass appraisal techniques as stated in Washington State Laws, Washington State Administrative Codes, Uniform Standards of Professional Appraisal Practice (USPAP), and accepted International Association of Assessing Officers (IAAO) standards and practices.
- Work with your supervisor on the development of the annual valuation plan and develop the scope of work for your portion of appraisal work assigned, including physical inspections and statistical updates of properties;
- Where applicable, validate correctness of physical characteristics and sales of all vacant and improved properties.
- Appraise land as if vacant and available for development to its highest and best use. The improvements are to be valued at their contribution to the total in compliance with applicable laws, codes and DOR guidelines. The Jurisdictional Exception is applied in cases where Federal, State or local laws or regulations preclude compliance with USPAP;
- Develop and validate valuation models as delineated by IAAO standards: Standard on Mass Appraisal of Real Property and Standard on Ratio Studies. Apply models uniformly to sold and unsold properties, so that ratio statistics can be accurately inferred to the entire population.
- Time adjust sales to January 1, 2020 in conformance with generally accepted appraisal practices.
- Prepare written reports in compliance with USPAP Standards 5 and 6 for Mass Appraisals. The intended users of your appraisals and the written reports include the public, Assessor, the Boards of Equalization and Tax Appeals, and potentially other governmental jurisdictions. The intended use of the appraisals and the written reports is the administration of ad valorem property taxation.

Thank you for your continued hard work on behalf of our office and the taxpayers of King County. Your dedication to accurate and fair assessments is why our office is one of the best in the nation.

John Wilson

Specialty Area 510

2020 Assessment Year



Department of Assessments