

Biotech Specialty

Specialty Area 800

Commercial Revalue for 2020 Assessment Roll



Allen Institute for Brain Science



King County

Department of Assessments

Setting values, serving the community, and pursuing excellence

500 Fourth Avenue, ADM-AS 0708

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John Wilson
Assessor

Dear Property Owners,

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

We continue to work 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.

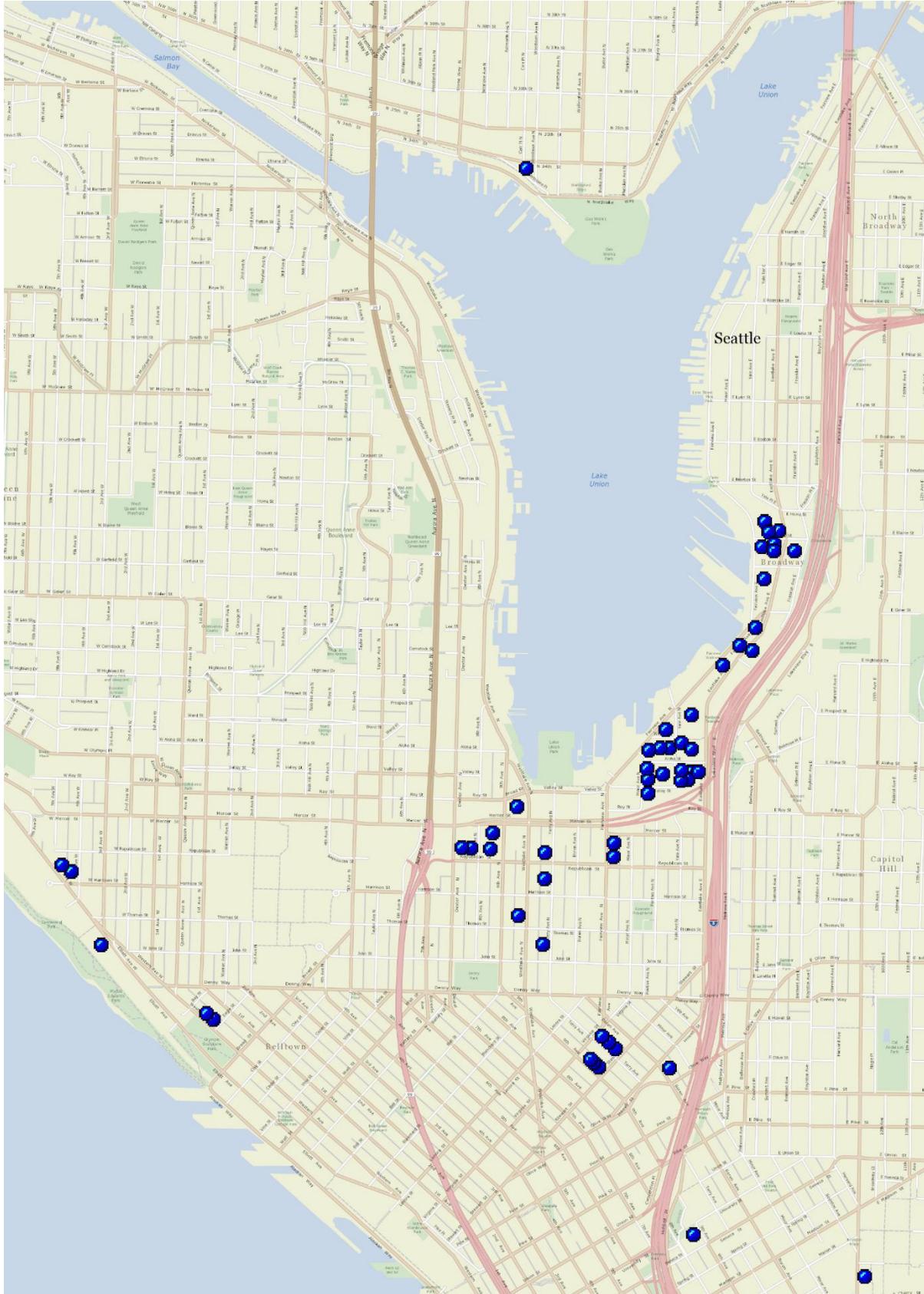
Requirements of State Law

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.

SPECIALTY AREA 800 - BIOTECH



Executive Summary Report

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

Specialty Name: Biotech Properties, Specialty 800

Sales - Improved Analysis Summary:

Number of Sales: One market transaction

Range of Sale Dates: 6/11/2018

Sales - Improved Analysis Summary:

A ratio study was not performed for the 2020 revalue due to the fact that there has only been one fair market transaction involving a Biotech Specialty property within the past three years. As a result, a ratio study would not provide any meaningful statistical analysis.

Total Population – Parcel Summary Data:

Number of Improved Parcels: 39 (This figure does not include properties under construction)

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2019 Value	\$769,880,000	\$2,642,352,000	\$3,412,232,000
2020 Value	\$854,151,400	\$2,690,814,100	\$3,544,965,500
% Change	10.95%	1.83%	3.89%

Number of Total Parcels in the Specialty Assignment: 54 (This figure includes economic land parcels and some properties currently under construction)

Conclusion and Recommendation:

Total assessed values for the 2020 revalue have increased 3.89% over 2019 assessment levels reflecting the healthy biotech market in King County and continued improving income fundamentals, particularly higher rents. 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 biotech 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 800 – Biotechnology Properties

Boundaries: All of King County, however primarily concentrated in South Lake Union

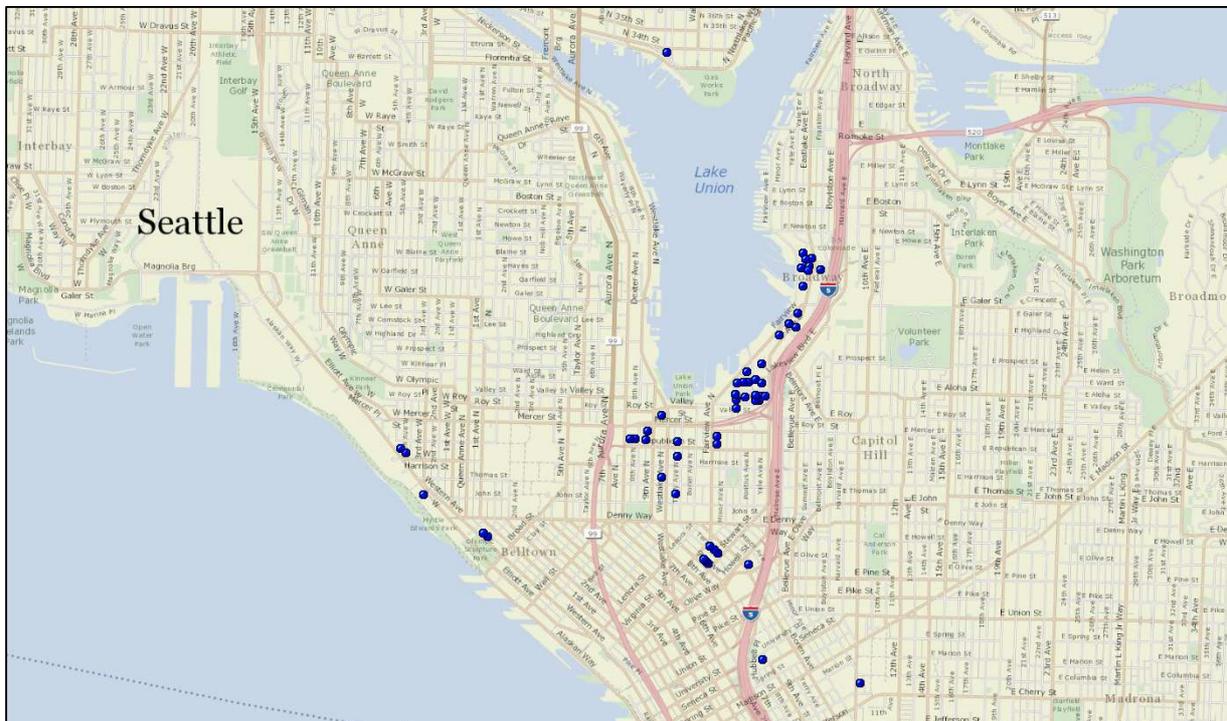
Maps: A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building and the Assessor's website.

Specialty Description: This report contains data pertinent to the revalue of biotech buildings in King County. The Biotech specialty includes biotech lab facilities with over 1,000 SF of building area meeting the biotech classification, and located within King County. The biotech real estate market is a mix of both newly developed and converted space. Since biotech research requires more specialized construction of improvements, conversion is only possible with select buildings. Most biotech facilities in King County are research laboratories. There is one production facility involved in drug manufacturing. Production facilities may require an even higher specification level than labs.

Biotech buildings require specific improvement characteristics in order to create and maintain controlled environments for purposes of research and product development. Some characteristics can include:

- Increased ceiling heights of 14' to 16'
- Heavy-duty HVAC systems & enhanced environmental control technology
- High load bearing floors, increased roof loading capacity, & impervious surface finishes
- Upgraded building systems with redundancy
- Hazardous waste containment, control, and disposal
- Animal holding and lab facilities (vivarium)
- Hookups for compressed air, gas, liquids, etc
- High structural rigidity and stability to minimize vibration

Map of 800-10 Biotech Parcels:



Area Overview: Seattle's Biotech Core - South Lake Union

The majority of the properties within the Biotech Specialty are concentrated within the South Lake Union submarket due to the tendency of biotechnology properties to form submarket clusters. Biotechnology and Life Sciences users tend to have a preference for proximity to supporting institutional research facilities. Given the close proximity among these properties, no individual neighborhoods have been broken out for this specialty assignment.

Historically referred to as the Cascade Neighborhood, residential use had been declining since the 1950's, when zoning changes limited residential development to benefit light manufacturing. With construction of Interstate-5 during the 1960's the neighborhood became separated from the west portion of Capitol Hill. In the late 1980's, low land values with relative close-in location attracted several biotech and high tech corporations. Fred Hutchinson Cancer Research Center, and later Zymogenetics located in the northeast sector of the neighborhood, while in the southeast sector REI relocated their flagship store in 1995. By the mid 1990's the concept of the 74-acre "Seattle Commons" park had also been defeated twice by city voters. Subsequently, the City of Seattle and developers, including the Vulcan Group (who had already accumulated 60 acres within this area), put in place plans to ultimately transform South Lake Union into the neighborhood observed today. Development of office, retail, and high-density residential buildings within this area has been, and continues to be, significant and is augmented by buildings within Seattle's Biotech Core.

Notable Biotech real estate market influences include:

- Established in 1975, Fred Hutchinson Cancer Research Center occupies a 14-acre campus in South Lake Union containing 1.3 million square feet and is 2nd only to the University of Washington in terms of NIH funding. The institution has a long-term development plan to double in size over the next twenty years, adding up to seven buildings and more than 1,000,000 square feet to its existing campus.
- Fred Hutchinson also agreed to lease all of the iconic 106,000 square foot Lake Union Steam Plant that was recently vacated by ZymoGenetics. Their lease commenced June 2019 with plans to occupy in 2020
- In 2004, the University Of Washington School Of Medicine began a multi-phase plan to establish a state-of-the-art biomedical research campus in the South Lake Union area. Several buildings have opened in recent years and at full build-out, the campus will consist of six buildings and 800,000 square feet of office and laboratory space.
- On its main campus, construction of the 187,000 square foot UW Life Sciences Building was recently completed offering state-of-the-art research and lab facilities.
- Seattle Cancer Care Alliance's 240,000 square foot expansion project is anticipated to break ground mid-2020.
- Seattle Children's Research Institute's downtown campus expansion is continuing with the 361,269 square foot Building Cure facility that recently completed and the 310,000 square foot Building Care facility recently breaking ground.
- BioMed Realty's Dexter Yard development of approximately 500,000 SF is under construction.
- Alexandria Real Estate filed a master use permit for a new 12-story, 303,000 square foot office and laboratory research building in the Eastlake area across from the Lake Union Steam Plan.
- Alexandria's 188,490 SF biotech facility at 1818 Fairview Ave. E. known as "The Atrium" was completed recently.

A broader description of this neighborhood and associated development can be found within the 2020 Geo Areas 17, 20, 25, and 30 annual reports.

New and Proposed Biotech Developments:

Biotech owner Alexandria plans to demolish the existing 1928 year built Terry Building located at 219 Terry Avenue N of Seattle and construct a new 13-story laboratory/office building with basement parking for 143 vehicles. The permits for the project were filed in July of 2019 and recorded under Parcel #198620-0255. Construction is projected to start the first quarter of 2021 and completed in the third quarter of 2022.

Alexandria will construct, in two Phases, the two new research and development laboratory/office structures called the Eleven 65 located at 1165 and 1150 Eastlake Avenue E, Seattle, WA. Phase I, (Parcel #216390-0955), is located at 1165 Eastlake Avenue E. The 1909 year built storage warehouse was demolished and excavation began in July of 2019 for a new four-story laboratory/office building with 134,200 square feet of total building area and a three level basement garage for 143 vehicles. Construction is projected to be completed in the second quarter of 2020. Phase II, (Parcel #216390-1066), located at 1150 Eastlake Avenue E, is in the early design review



Image by CollinsWoerman [enlarge]

The first phase is a four-story, 100,084-square-foot office/lab building at 1165 Eastlake Ave. E.



Image by Gensler [enlarge]

Gensler is designing the second phase: a 12-story, 303,119-square-foot office building at 1150 Eastlake Ave. E., with a "forest" theme, green roof and a dramatic inset terrace.

stage with the City of Seattle Planning Department. Plans are to construct a new 12-story laboratory/office building with approximately 303,119 square feet of total area above grade that will include ground floor retail/restaurant space, plus an underground parking garage for 210 vehicles.

Alexandria also recently completed The Atrium building located at 188 E Blaine Street, Seattle, WA which recorded under Parcel #408880-2655. The new building is a four-story Class A laboratory/office structure that consists of a total building area of 310,584 square feet with 2,716 square feet of street-level retail space and an underground parking garage for 250 vehicles.



ZGF's tower will replace an older office building developed in 1984.
 Renderings by ZGF [enlarge]

Alexandria purchased an improved site located at 701 Dexter Avenue N, Seattle, WA on July 20, 2018 for \$33,500,000 which recorded under E#2942955 and was identified as parcel #224900-0245. The buyer also purchased the adjacent site located at 610 Dexter Avenue N, Seattle, WA on June 18, 2019 for \$28,500,000, which recorded under E#2994348 and was identified as parcel #224900-0100. Both sites contain a total land area of 50,759 square feet. The biotech purchaser plans to demolish the onsite structures and construct a new 10-story laboratory/office building with 206,809 square feet and three levels of

underground parking for 230 vehicles. Permit and plans were submitted to the City of Seattle Planning Department for review in March of 2019. These two parcels are part of the Mercer Mega Block life science campus project that will consist of multiple laboratory/office buildings with an overall building area of one million square feet. Completion is projected in the year 2023.



The twin 14-story towers will be separated by a central courtyard lined with retail/commercial space.
 Renderings by O&B Architects [enlarge]

BioMed Reality was issued permits for the Dexter Yard project located at 700 Dexter Avenue N, Seattle, WA, parcel #224900-0285. The project will be the twin-towers structures with 14 stories each containing a total building area of 500,000 square feet of laboratory/office spaces. On November of 2019, the City of Seattle Planning Department approved the permits and plans for construction. Developers hope to complete the project by late 2021.

Market Conditions:

Bio Technology comprises a significant proportion of the Life Science field in Washington State. Within the King County/Seattle market area, biotech properties range from small startup companies to very large multinational corporations, and continually ranks nationally among the top ten markets for Venture Capital and National Institute of Health funding.

Due to its concentration of corporate representation and supporting research facilities located within the South Lake Union submarket, the region has become increasingly well known as one of the premier biotechnology centers in the world. Seattle is home to major world-class research centers such as the University of Washington, Fred Hutchinson Cancer Research Center, Seattle Children's Hospital, and the Seattle Cancer Care Alliance, providing the research foundation and technology necessary for startup companies.

Nationally speaking, Seattle is one of the fastest growing life sciences clusters and is ranked among the top emerging life sciences clusters in the US¹. The University of Washington continues to be one of the largest producers of life sciences graduates and doctorates in the nation and Seattle consistently ranks very high in the nation for medical research funding. According to the non-profit trade association, Life Science Washington, the life science sector in Washington is comprised of over 1,100 organizations directly employing 35,914 individuals and contributing \$11.5 billion to the state's GDP. The area is known for its high level of biotech education and start-up experience, and benefits from generous funding from large philanthropic organizations such as the Bill and Melinda Gates Foundation.

¹ 2019 CBRE U.S. Life Sciences Clusters: Markets Positioned for 'Century of Biology'

According to Cushman & Wakefield’s 2020 report titled “Life Science: The Future Is Here” the Seattle life sciences market is thriving from an investment standpoint.² The market contains approximately 11 million square feet of life sciences inventory with overall vacancy currently at 4.9% and average triple-net asking rates (blended) of \$40.38 per square foot. Vacancy has been at or below 5% the previous 5 years. Regional vacancy has continuously trended lower over the past decade from a high of just over 8% in 2008.

According to the report, the Seattle market leads the market with average asking rates (blended) of \$47.46 per square foot, NNN, and vacancy at just 2.7%.

2020 Cushman & Wakefield Submarket Stats			
	Inventory (SF)	Vacancy %	Avg Asking Rate*
Seattle	6,842,739	2.7%	\$47.46
Bothell	2,626,931	8.3%	\$21.44
Redmond	1,780,565	11.3%	\$31.00
Market Total	11,250,235	4.9%	\$40.38

*NNN lease rates (Blended) per square foot

The JLL 2019 Life Sciences Outlook ranked the Seattle Metro Area #6 in the US Cluster Ranking with a Weighted Score of 49.9. The Seattle/Puget Sound life sciences market is considered smaller than other major markets nationally; however, it is increasing and growing faster than the rest of the country.³ The report indicates the Seattle Lake Union biotech market average asking rate (blended) is \$49.87 per square foot, NNN, and vacancy is 1%. The Lake Union market inventory supply reported rentable lab space of 2 million square feet and owner-occupied lab space of 1.7 million square feet. The report shows Bothell, in the Snohomish County market, average asking rates (blended) of \$23.06 per square foot, NNN, and vacancy at 14.2%. Bothell’s market inventory supply indicated rentable lab space of 1.6 million square feet and owner-occupied lab space of 0.5 million square feet. The total market average asking rate (blended) is \$30.65 per square foot, NNN, and vacancy is 4.1% for the entire Puget Sound area. The inventory total supply is 10 million square feet.

² Cushman & Wakefield “Life Science 2020: The Future is Here

³ JLL Research Report Life Sciences Outlook US 2019

The Cushman & Wakefield Puget Sound 2019 4th Quarter Office Market Report⁴ indicates the Seattle CBD Class A Office total average asking rent is \$53.13 per square foot and total vacancy is 4.9%. The office market asking rents and vacancy 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)

Cushman & Wakefield Office 2019 – 4th 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%)

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
<small>*Rental rates reflect full service asking</small>										
Cushman & Wakefield Puget Sound Seattle CBD Office Q4 2019										

⁴ Cushman & Wakefield Market Beat Seattle CBD Office Q4 2019

MARKET STATISTICS - SEATTLE SUBURBAN OFFICE										
SUBMARKET	INVENTOR Y (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	1319	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	1,415,531	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
<i>*Rental rates reflect full service asking</i>										
Cushman & Wakefield Puget Sound Seattle Suburban Office Q4 2019										

MARKET STATISTICS - OFFICE - PUGET SOUND EASTSIDE										
SUBMARKET	INVENTOR Y (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
190 Corridor	6,620,389	28,979	283,100	4.7%	154,539	67,201	540,807	0	\$38.03	\$37.55
Bel-Red	1,161,127	0	17,409	15%	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
<i>*Rental rates reflect full service asking</i>										
Cushman & Wakefield Puget Sound Eastside Office Q4 2019										

The JLL Puget Sound Office Market 2019 4th Quarter report⁵ indicates the Seattle CBD Class A Office average direct asking rent is \$43.23 per square foot and Class B is \$41.94 per square foot. The office average direct asking rents in the Lake Union submarket area are: Class A office is \$61.73 per square foot and Class B office is \$36.30 per square foot. The total office average direct asking rent for the Seattle CBD is \$50.30 per square foot and the Lake Union submarket area is \$58.38 per square foot. The market office average asking rents and vacancy are listed below:

⁵ JLL Seattle/Puget Sound Q4 2019 Office Insight

JLL Office 2019 – 4th 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)

JLL Office 2019 – 4th 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% - 11.9.9% (Blended 9.9%)	Total 0.5% - 32.5% (Blended 18.5%)

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
Belleue 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

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	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

The Puget Sound Colliers International Puget Sound 4th Quarter 2019 Office Market Report⁶ indicates the Seattle CBD Class A Office rental rate is \$55.50 per square foot, an increase of 6.4% from the 2019 3rd Quarter. The Seattle CBD Class B Office rental rate is \$39.89 per square foot, a 0.7% increase from the 2019 3rd Quarter. The office market rental rates and vacancy are listed below:

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 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%)

⁶ Colliers International Research & Forecast Report Puget Sound Region/Q4 2019 Office

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

The CBRE Puget Sound Office Market Report 4th Quarter 2019⁷ reports the Seattle CBD Class A office direct average asking lease rate is \$56.71 per square foot while the total average asking lease rate is \$51.74 per square foot. The report shows the Lake Union submarket Class A office direct average asking lease rate is \$39.34 per square foot, and the total average asking lease rate is \$33.11 per square foot. These office rates are full service leases. The office market asking rents and vacancy are indicated below:

⁷ CBRE Research Market View Puget Sound Office, Q4 2019

CBRE Office 2019 – 4 th 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)

CBRE Office 2019 – 4 th Quarter Vacancy					
Property Type (Class)	Eastside Suburban	Bellevue CBD	Seattle Close-In	Seattle Downtown	South King County
All Classes	2.4%-17% (Blended 7.0%)	4.3%	7.0% - 10.4% (Blended 9.5%)	3.4% - 15.3% (Blended 7.3%)	0% - 30.3% (Blended 23.5%)

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

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)
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
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

Due to the worldwide Coronavirus Pandemics in the first quarter of 2020, increased integration of technology particularly to High Tech and Biotech is impacting all aspects of life and business. Biotech and medical facilities will be the thriving force and demand going into the future worldwide. Laboratory and medical spaces will be in demand for medicine and disease research, and medical development for testing, vaccines, and cures.⁸

⁸ JLL Global Research/March 12, 2020 "COVID-19 Global Real Estate Implications"

Analysis Process

Effective date of Appraisal: January 1, 2020

Date of Appraisal Report: April 6, 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 of the biotech specialty properties have been physically inspected within the previous six years as required by WAC 458-07-015 4 (a). Exterior observations of all properties have been made to verify the accuracy and completeness of property characteristics for valuation purposes. No biotech specialty properties were selected for physical inspection this assessment year.

Preliminary Ratio Analysis

Given the small sample size, particularly in comparison to the recommended minimum for this data set, appraisal ratio, and associated distribution analysis was not considered representative of the Bio Tech population and would not provide for any meaningful statistical analysis. As such, not ratio study has been included.

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 biotech specialty appraiser. See appropriate area reports for land valuation discussion.

Improved Parcel Total Value Data:

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

Improved Parcel Total Values

Sales comparison approach model description

A traditional sales comparison approach model was not applied due to the fact that there has been only one fair market sale transaction of a biotech specialty property within the previous three years.

Sales comparison calibration

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

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 to valuation throughout Area 800 for improved properties, as income and expense data was generally available to reflect market value. Income parameters were derived from the market through rental surveys, sales, real estate publications and websites. Direct capitalization methodology was applied in calculating estimates for most properties within the specialty. Due to the significance of parking income within the specialty and broader Seattle market, and that many of the properties within the specialty contain parking space, parking income was included as a component of the direct capitalization process. Restrictions of proprietary software within the department's income program precluded application of standard income tables in the revaluation process. A direct capitalization spreadsheet was created showing each property's income value estimate with supporting parking value contribution.

Income parameters were established for economic rent, vacancy and credit loss, operating expenses, and capitalization rates. Rents, operating expenses, and capitalization rates were collected on sold properties when available. This data was then considered along with surveys conducted by outside resources, along with information gathered from properties available for lease and sale and utilized to establish general guidelines

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

Income values were calibrated after setting economic rents, vacancy, expenses and capitalization rates by using adjustments based on size, effective year built, and construction quality as recorded in the Assessor’s records.

Typical Income Parameters Applied

The table below summarizes the typical income parameters applied for the major section uses:

Typical Income Parameters				
Section Use	Rent Range per SF*	Vacancy Rate %	Operating Expense Rate	Capitalization Rate %
Labortories/Vivarium	\$53.00 - \$66.00	8.00%	10.00%	6.00% - 7.00%
Office/Medical Office	\$25.00 - \$37.00	8.00%	10.00%	6.00% - 7.00%
Retail/Restaurant	\$22.00 - \$33.00	8.00%	10.00%	6.00% - 7.00%
Storage	\$9.00 - \$18.00	8.00%	10.00%	6.00% - 7.00%
Note: *NNN				

Income Tables

The tables on the following pages detail the income model parameters for the major section uses:

Income Model Parameters						
Table Number	1					
MIN EFF YR	MAX EFF YR	POOR	AVG	GOOD	EXCEL	
		RENT				
1900	1979	53.00	55.00	57.00	59.00	
1980	1989	55.00	57.00	59.00	61.00	
1990	1999	57.00	59.00	61.00	63.00	
2000	2009	59.00	61.00	63.00	65.00	
2010	2020	60.00	62.00	64.00	66.00	
		VLC				
1900	2020	8.00	8.00	8.00	8.00	
		OEX				
1900	2020	10.00	10.00	10.00	10.00	
		CAP				
1900	1979	7.00	6.75	6.75	6.50	
1980	1989	7.00	6.50	6.50	6.50	
1990	1999	6.75	6.50	6.50	6.25	
2000	2009	6.50	6.25	6.25	6.00	
2010	2020	6.50	6.25	6.25	6.00	
Use Codes	496 LABORATORIES (496)					

Income Model Parameters						
Table Number	2					
MIN EFF YR	MAX EFF YR	POOR	AVG	GOOD	EXCEL	
RENT						
1900	1979	25.00	27.00	29.00	31.00	
1980	1989	27.00	29.00	31.00	33.00	
1990	1999	29.00	31.00	33.00	35.00	
2000	2009	31.00	33.00	35.00	37.00	
2010	2020	31.00	33.00	35.00	37.00	
VLC						
1900	2020	8.00	8.00	8.00	8.00	
OEX						
1900	2020	10.00	10.00	10.00	10.00	
CAP						
1900	1979	7.00	6.75	6.75	6.50	
1980	1989	7.00	6.50	6.50	6.50	
1990	1999	6.75	6.50	6.50	6.25	
2000	2009	6.50	6.25	6.25	6.00	
2010	2020	6.50	6.25	6.25	6.00	
Use Codes						
344	OFFICE BUILDING					
820	OPEN OFFICE					
341	MEDICAL OFFICE					
444	DENTAL OFFICE/CLINIC					
705	BASEMENT OFFICE					
761	MEZZ. OFFICE					

Income Model Parameters						
Table Number	3					
MIN EFF YR	MAX EFF YR	POOR	AVG	GOOD	EXCEL	
RENT						
1900	1979	22.00	24.00	26.00	28.00	
1980	1989	23.00	25.00	27.00	29.00	
1990	1999	25.00	27.00	29.00	30.00	
2000	2009	26.00	28.00	30.00	32.00	
2010	2020	27.00	29.00	31.00	33.00	
VLC						
1900	2020	8.00	8.00	8.00	8.00	
OEX						
1900	2020	10.00	10.00	10.00	10.00	
CAP						
1900	1979	7.00	6.75	6.75	6.50	
1980	1989	7.00	6.50	6.50	6.50	
1990	1999	6.75	6.50	6.50	6.25	
2000	2009	6.50	6.25	6.25	6.00	
2010	2020	6.50	6.25	6.25	6.00	
Use Codes						
304	BANK					
338	LOFT					
353	RETAIL					
830	MIXED-USE RETAIL					
846	CONDO RETAIL					
426	DAY CARE CENTER					
701	BASEMENT FINISHED					
302	AUDITORIUM					
503	CAFETERIA					
481	MUSEUM (481)					
810	WAREHOUSE OFFICE					

Income Model Parameters						
Table Number	4					
MIN EFF YR	MAX EFF YR	POOR	AVG	GOOD	EXCEL	
RENT						
1900	1979	9.00	11.00	13.00	15.00	
1980	1989	9.00	11.00	13.00	15.00	
1990	1999	10.00	12.00	14.00	16.00	
2000	2009	11.00	13.00	15.00	17.00	
2010	2020	12.00	14.00	16.00	18.00	
VLC						
1900	2020	8.00	8.00	8.00	8.00	
OEX						
1900	2020	10.00	10.00	10.00	10.00	
CAP						
1900	1979	7.00	6.75	6.75	6.50	
1980	1989	7.00	6.50	6.50	6.50	
1990	1999	6.75	6.50	6.50	6.25	
2000	2009	6.50	6.25	6.25	6.00	
2010	2020	6.50	6.25	6.25	6.00	
Use Codes						
326	GARAGE STORAGE					
406	STORAGE WAREHOUSE					
407	WAREHOUSE DISTRIBUTION					
468	SHED, MATERIAL STORAGE					
470	EQUIPMENT (SOP) BUILDING					
495	INDUSTRIAL HEAVY MANUFACTURING					
494	INDUSTRIAL LIGHT MANUFACTURING					
708	BASEMENT STORAGE					
763	MEZZ. STORAGE					

Parking Income

In addition to lab, office, and retail space rents, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 70% of the total spaces while daily spaces accounted for the remaining 30%.

Unreserved monthly and daily rates and occupancy rates were provided by the 2018 Puget Sound Regional Council Parking Inventory for the Downtown Seattle and Bellevue CBD parking zones.⁹ No turnaround on the daily spaces was recognized. A parking expense rate of 15% was applied to parking income to arrive at a net parking income contribution figure.

⁹ PSRC 2018 Parking Survey Parking Data & SDOT 2018 Annual Paid Parking Study

The following is a description of the parking income parameters used in the income approach to value the Downtown Seattle and Bellevue CBD office properties. A map of the parking neighborhoods is included in the addendum of this report.

Seattle CBD - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	
1	\$19.50 - \$33.33	\$26.79	\$178.00 - \$271.66	\$228.80	32% - 39%	
2	\$8.00 - \$22.50	\$13.54	\$188.90 - \$236.99	\$212.95	43% - 61%	
3	\$14.00 - \$40.00	\$18.30	\$250.00 - \$350.00	\$295.00	62% - 66%	
4	\$18.01 - \$29.50	\$24.98	\$235.00 - \$300.04	\$279.98	67% - 72%	
5	\$26.00 - \$50.00	\$34.75	\$242.00 - \$353.00	\$320.07	65% - 71%	
6	\$18.00 - \$52.00	\$30.51	\$275.85 - \$365.85	\$327.04	57% - 63%	
7	\$24.00 - \$50.00	\$31.22	\$175.00 - \$400.00	\$315.75	65% - 71%	
8	\$15.00 - \$57.00	\$29.86	\$285.00 - \$374.00	\$323.69	65% - 70%	
9	\$8.00 - \$37.00	\$19.56	\$229.00 - \$270.00	\$253.50	54% - 63%	
10	\$12.00 - \$29.34	\$24.18	\$249.00 - \$379.00	\$299.67	57% - 70%	
11	\$12.00 - \$36.00	\$20.49	\$130.00 - \$250.00	\$213.25	62% - 73%	
12	\$15.00 - \$29.67	\$23.34	\$250.00 - \$390.00	\$315.47	74% - 88%	
13	\$18.00 - \$35.00	\$25.68	\$297.00 - \$350.00	\$317.46	71% - 77%	

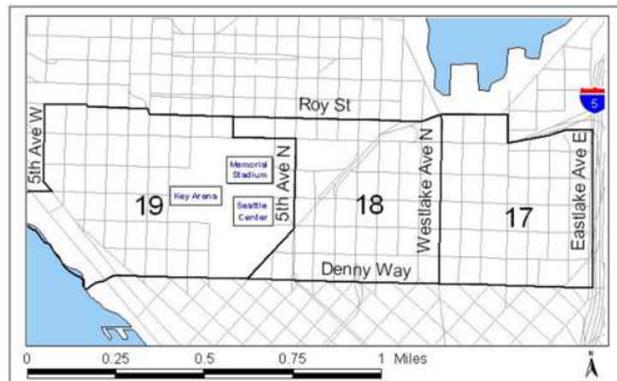
Bellevue CBD - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	
1	\$12.00 - \$19.50	\$17.80	\$155.00 - \$211.67	\$182.62	60%	
2	\$11.50 - \$20.00	\$17.00	\$203.00 - \$220.00	\$211.50	75%	
3	\$12.00 - \$75.00	\$23.09	\$165.00 - \$250.00	\$198.46	85% - 90%	
4	\$14.00 - \$24.00	\$20.55	\$201.00 - \$241.10	\$229.55	75% - 90%	
5	\$12.00		NA	NA	NA	
7	\$5.80		NA	NA	NA	

First Hill - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	
14	\$15.00 - \$31.50	\$19.09	\$168.75 - \$255.00	\$211.86	46% - 73%	
15	\$13.50 - \$20.00	\$16.00	\$205.00 - \$235.64	\$440.64	92% - 95%	
16	\$8.00 - \$19.50	\$15.06	\$275.00 - \$300.00	\$283.33	63% - 83%	

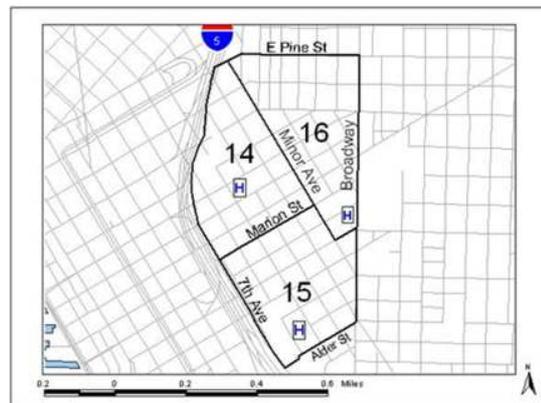
Lower Queen Anne/South Lake Union - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	
17	\$16.00 - \$30.00	\$21.34	\$212.00 - \$375.00	\$295.14	70% - 81%	
18	\$13.00 - \$54.00	\$21.12	\$130.00 - \$305.00	\$226.67	70% - 95%	
19	\$10.00 - \$36.50	\$18.90	\$120.00 - \$220.00	\$165.71	79% - 95%	

University District - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	
1	\$13.00 - \$17.16	\$14.11	\$145.00 - \$165.00	\$150.83	45% - 65%	
2	\$8.16 - \$17.14	\$13.44	\$150.00 - \$162.50	\$155.00	58% - 84%	
3	\$13.50 - \$25.00	\$16.22	\$135.00 - \$250.00	\$161.88	77% - 85%	
4	\$13.75 - \$15.00	\$14.65	\$150.00 - \$160.00	\$150.48	58% - 84%	
5	\$7.00 - \$15.00	\$13.90	\$150.00	\$150.00	58% - 84%	
6	\$5.00	\$5.00	\$80.00	\$80.00	45% - 65%	
7	\$10.00	\$10.00	\$80.00	\$80.00	45% - 65%	
8	\$9.00	\$9.00	\$80.00	\$80.00	45% - 65%	
9	\$15.00	\$15.00	\$85.00	\$85.00	45% - 65%	

PSRC Parking Neighborhoods Maps:



Lake Union



First Hill/Capitol



Seattle



University



Bellevue

Capitalization Rate Information

The tables on the following pages summarize capitalization rates gathered from various commercial real estate industry research reports.

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. With continued low cost of funds and strong investor interest in the Puget Sound market, capitalization rates for well-leased, institutional grade biotech buildings remain low.

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.

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%	6.90%	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

NATIONAL AND REGIONAL CAP RATES					
Source	Date	Location	Restaurant	Retail	
The Boulder Group: Net Lease Market Report	4Q 2019	National		7.00%	Big Box
				7.29%	Junior Big Box (20K-40K SF)
	6.99%	Mid Box (40K-80K SF)			
	6.75%	Large Format (over 80K SF)			
3Q 2019	National	5.95%	Median		
		6.22%	Drug Store		
1Q 2019 2Q 2019	West	5.10%	Auto Parts Stores		
		4.45%	Casual Dining Quick Service Restaurants		

Reconciliation and/or Validation Study of Calibrated Value

Each parcel was individually reviewed by the specialty appraiser for correctness of the model application before the final value was selected. All of the factors used to establish value by the model were subject to adjustment. The market approach is generally considered the most reliable indicator of value when comparable sales are available; however, there have not been a sufficient number of sales of biotech properties for this analysis. The income approach to valuation is given the greatest weight in the final analysis due to the information available.

Model Validation

Total Value Conclusions, Recommendations, and Validation:

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

The 1/1/2020 valuation reflects the changing market dynamics as of the valuation date. These include declining market vacancy rates, increasing market lease rates, and generally low capitalization rates for well-leased good quality buildings. These factors have resulted in higher valuations for most of the biotech specialty properties.

Application of these recommended values for the 2020 assessment year results in a total change from the 2019 assessment of +3.89%. This increase does not include new construction value from projects currently under construction. These will be added later during the new construction maintenance period (new construction is valued as of July 31st of the assessment year).

The total assessed value for the 2019 assessment year was \$3,412,232,000 and the total recommended assessed value for the 2020 assessment year is \$3,544,965,500.

Change in Total Assessed Value			
2019 Total Value	2020 Total Value	\$ Change	% Change
\$3,412,232,000	\$3,544,965,500	\$132,733,500	+3.89%

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

4/15/2020

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
800	010	069500	0135	70,647	2935236	\$21,490,000	06/11/18	\$304.19	ECONET, INC	DMC-75	1	34	Use-change after sale; not in ratio

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
800	010	286960	0135	0	2862988	\$79,875	05/05/17	\$0.00	ZYMOGENETICS	IC-45	1	68	Non-gov't to gov't
800	010	408880	2925	106,003	2862989	\$11,925	05/05/17	\$0.11	ZYMOGENETICS	IC-45	1	68	Non-gov't to gov't



King County

Department of Assessments

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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 800
2020 Assessment Year

 **King County**
Department of Assessments