

Major Retail

Area: 250

Commercial Revalue for 2021 Assessment Roll



King County

Department of Assessments

Setting values, serving the community, and pursuing excellence

201 South Jackson Street, KSC-AS 0708

Seattle, WA 98104

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
King Street Center**

201 South Jackson Street, KSC-AS-0708
Seattle, WA 98104

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 Property - General	Type of Property - Specific	COD Range
Single-family Residential (including residential condominiums)	Newer or more homogeneous areas	5.0 to 10.0
Single-family Residential	Older or more heterogeneous areas	5.0 to 15.0
Other residential	Rural, seasonal, recreational, manufactured housing, 2-4-unit housing	5.0 to 20.0
Income-Producing Properties	Larger areas represented by samples	5.0 to 15.0
Income-Producing Properties	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.

Executive Summary Report

Appraisal Date 1/1/21 - 2021 Assessment Year

Specialty Name: Major Retail, Specialty Area 250

Sales – Improved Analysis Summary

- Number of Sales: 13
- Range of Sale Dates: 01/1/2018 – 12/31/2020

No ratio studies were included within this report due to the limited number of improved sales within the Major Retail Specialty population.

The Income Approach was used in the final reconciliation of value because it allows greater equalization and uniformity of values for the various stratifications of Major Retail buildings and because market income data as of the valuation date is available. Current market income parameters, including soft rents, higher vacancy, and capitalization rates, suggest an overall flat Major Retail market as of 01/01/2021 compared to 01/01/2020. Although Major Retail properties remained, overall flat the underlying land values have continued to rise. Overall industry data for Major Retail properties was used to make general upward adjustments of approximately +.15%.

TOTAL POPULATION SUMMARY DATA			
	Land	Improvement	Total
2020 Value	\$5,500,028,300	\$2,543,640,400	\$8,043,668,700
2021 Value	\$5,623,607,300	\$2,432,097,023	\$8,055,704,323
% Change	2.25%	-4.39%	0.15%

- Number of total parcels in Major Retail specialty population: 644
- Number of improved parcels in Major Retail specialty population: 512

Conclusion and Recommendation:

Assessed values for 2021 revalue increased on average by +.15%

Since the values recommended in this report improve uniformity and equity, it is recommended the assessed values should be posted for the 2021 Assessment Year.

Identification of the Area

Name or Designation: Specialty Area 250 - Major Retail

Major Retail properties consist of regional malls, single-tenant discount retailers, big box stores, large neighborhood/community retail centers, and stand-alone grocery stores. The regional mall properties identified as those multi-tenanted properties in excess of 200,000 square feet of gross leasable area. The single-tenant discount retailers and big box properties are generally in excess of 100,000 square feet, while the neighborhood/community retail centers are defined as those multi-tenanted properties that are either anchored or non-anchored centers. Anchored neighborhood/community retail centers consist of multi-tenanted properties of any size, while non-anchored multi-tenanted neighborhood/community retail centers are generally defined as retail developments in excess of 100,000 square feet. The Major Retail properties consist of 643 total parcels, of which 512 are improved.

Boundaries: All areas within the boundaries of King County

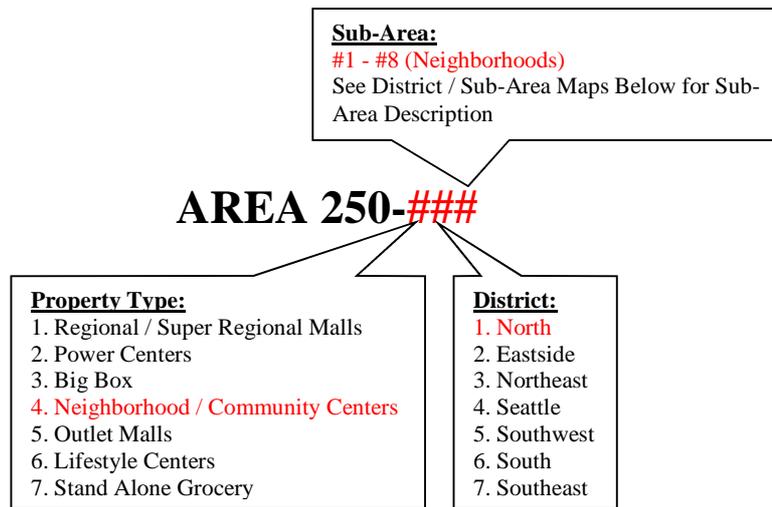
Maps: Detailed Assessor's maps are located on the 7th floor of the King County King Street Center Building and the King County Assessor's Website.

Area Description: This specialty includes all Major Retail facilities that meet the Major Retail classification and are located in King County.

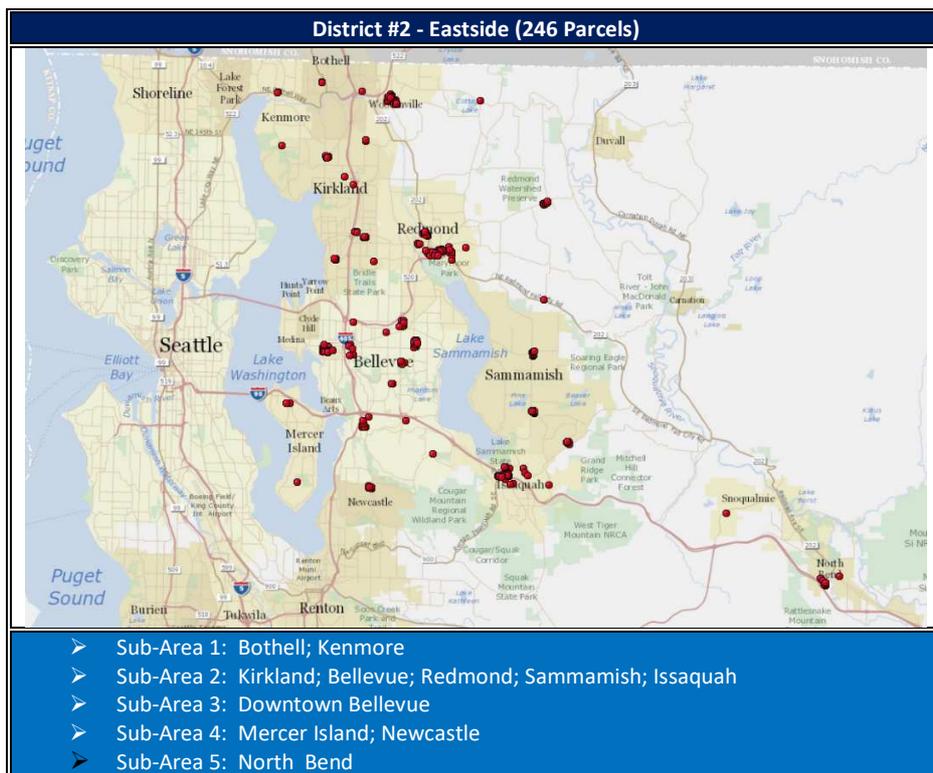
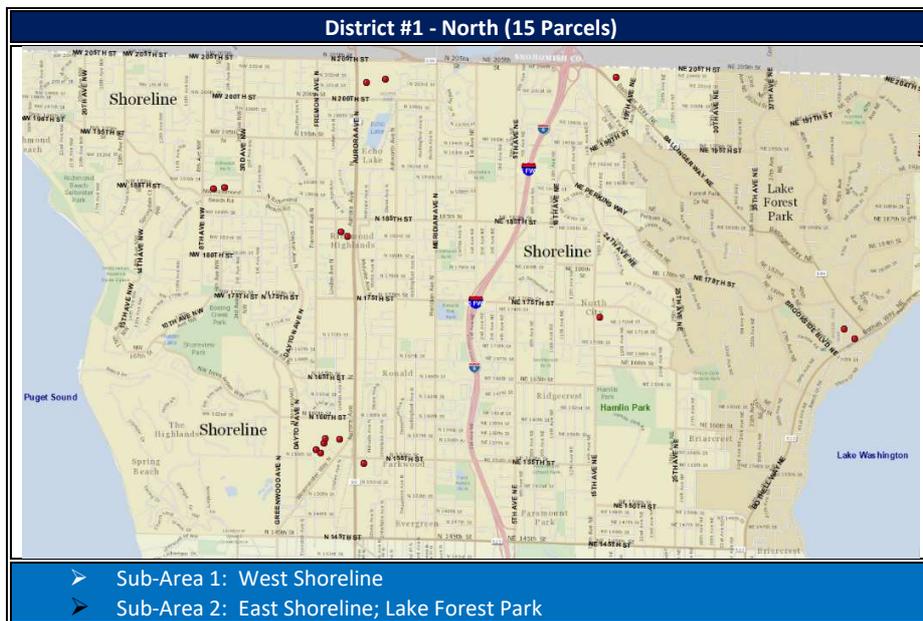
- **Neighborhood / District Descriptions:** Within Specialty Area 250, seven Major Retail type properties are located in seven geographic districts. Of the seven geographic districts for Major Retail properties, each district has various neighborhood sub-areas. For equalization purposes, Major Retail properties are placed in their assigned district and sub-area to account for neighborhood market conditions when building economic income models (tables) based on characteristics, such as, location, effective age, quality, and predominate use.
- For record-keeping purposes, all of the malls, outlet malls, and lifestyle centers have been assigned their proper geographic neighborhood but do not typically lend themselves to typical neighborhood designations due to the unique composition of the tenants and the quality of building improvements. In addition, due to the complexity in appraising malls, outlet malls, and lifestyle centers, these properties were not assigned neighborhood income tables and were assessed on an individual basis.

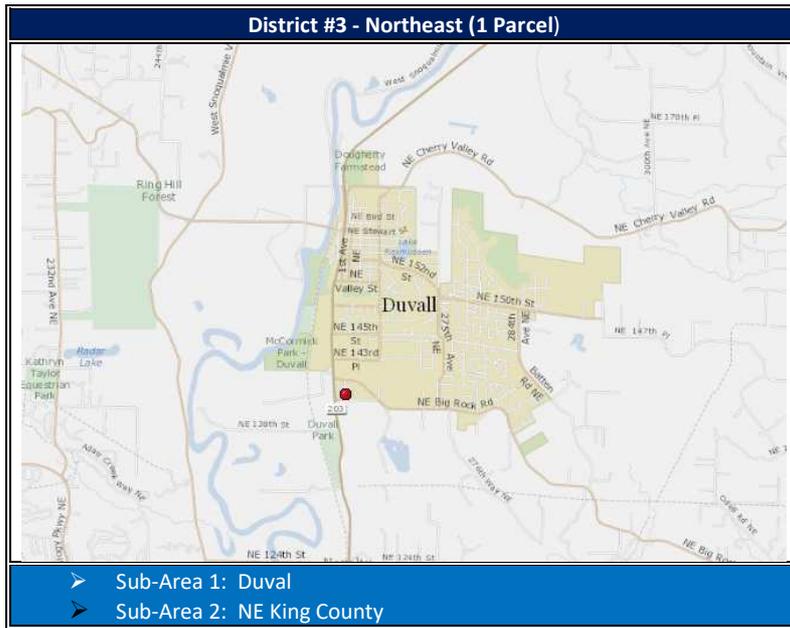
The three-digit neighborhood code within the Major Retail specialty depicts the subject's property type, district location, and sub-area.

For example, a property located in Specialty Area **250-411**, would be described as a **Neighborhood/Community Center** located within the **North District** and **West Shoreline Sub-Area**.

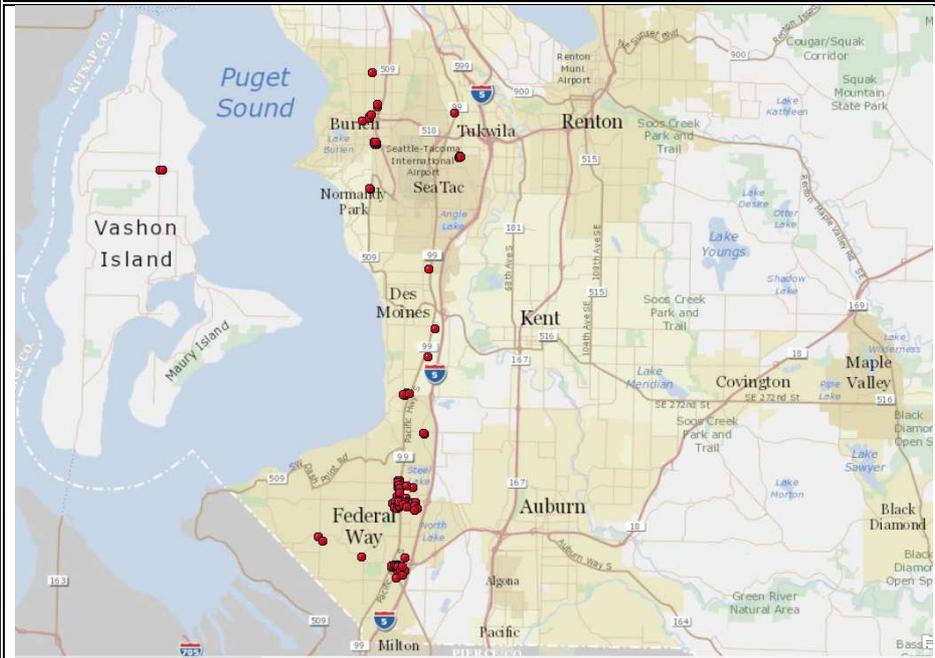


➤ District / Sub-Area Maps:



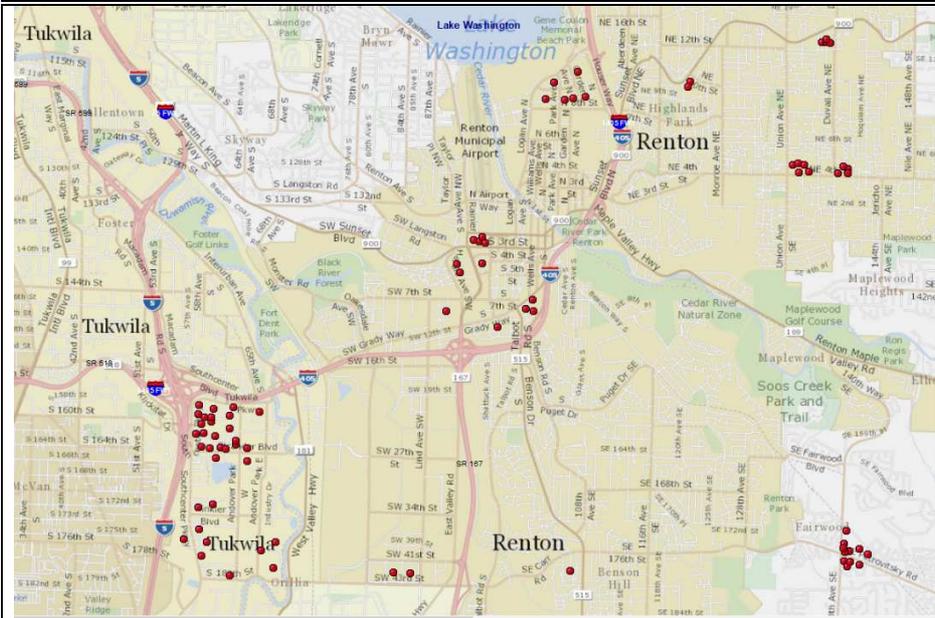


District #5 - Southwest (89 Parcels)



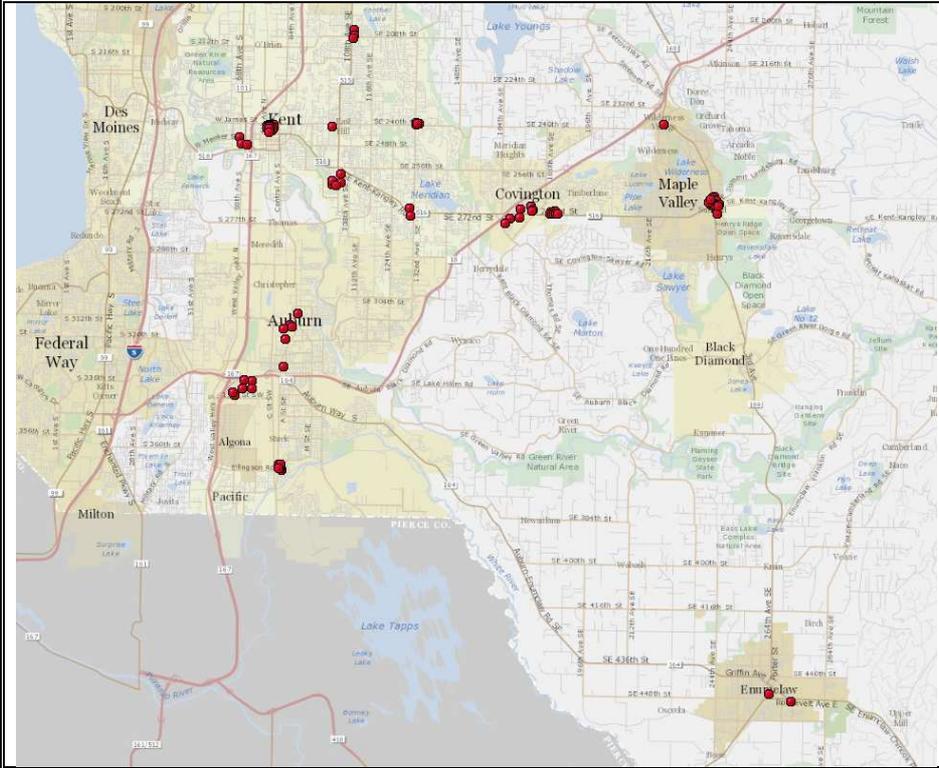
- Sub-Area 1: Vashon Island
- Sub-Area 2: Burien; SeaTac; Des Moines; Tukwila – West of I-5
- Sub-Area 3: Federal Way

District #6 - South (79 Parcels)



- Sub-Area 1: Renton; Tukwila – East of I-5
- Sub-Area 2: Kent

District #7 - Southeast (94 Parcels)



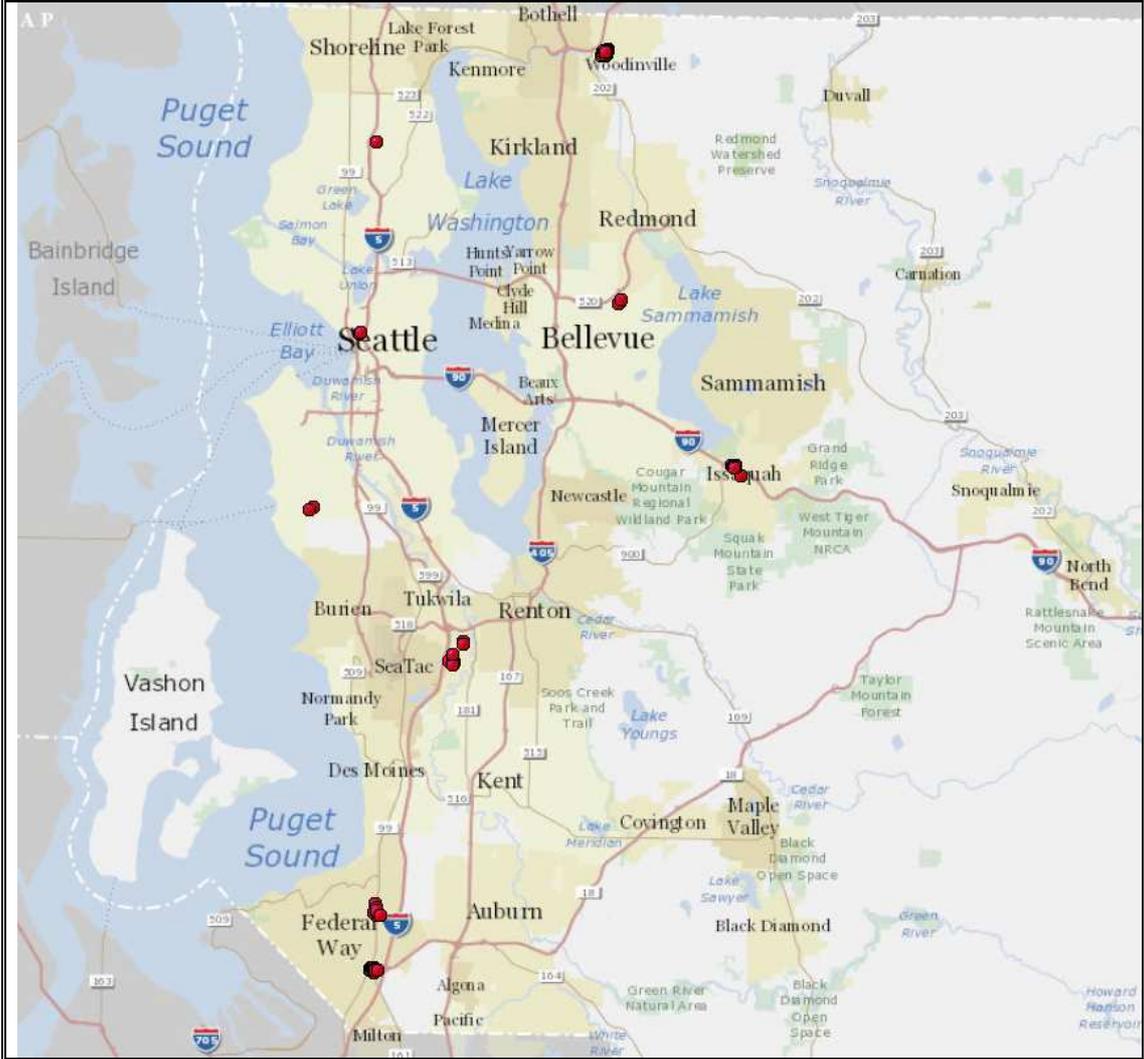
- Sub-Area 1: Covington; Maple Valley; Black Diamond
- Sub-Area 2: Enumclaw East
- Sub-Area 3: Kent
- Sub-Area 4: Auburn

Major Retail Type Properties:

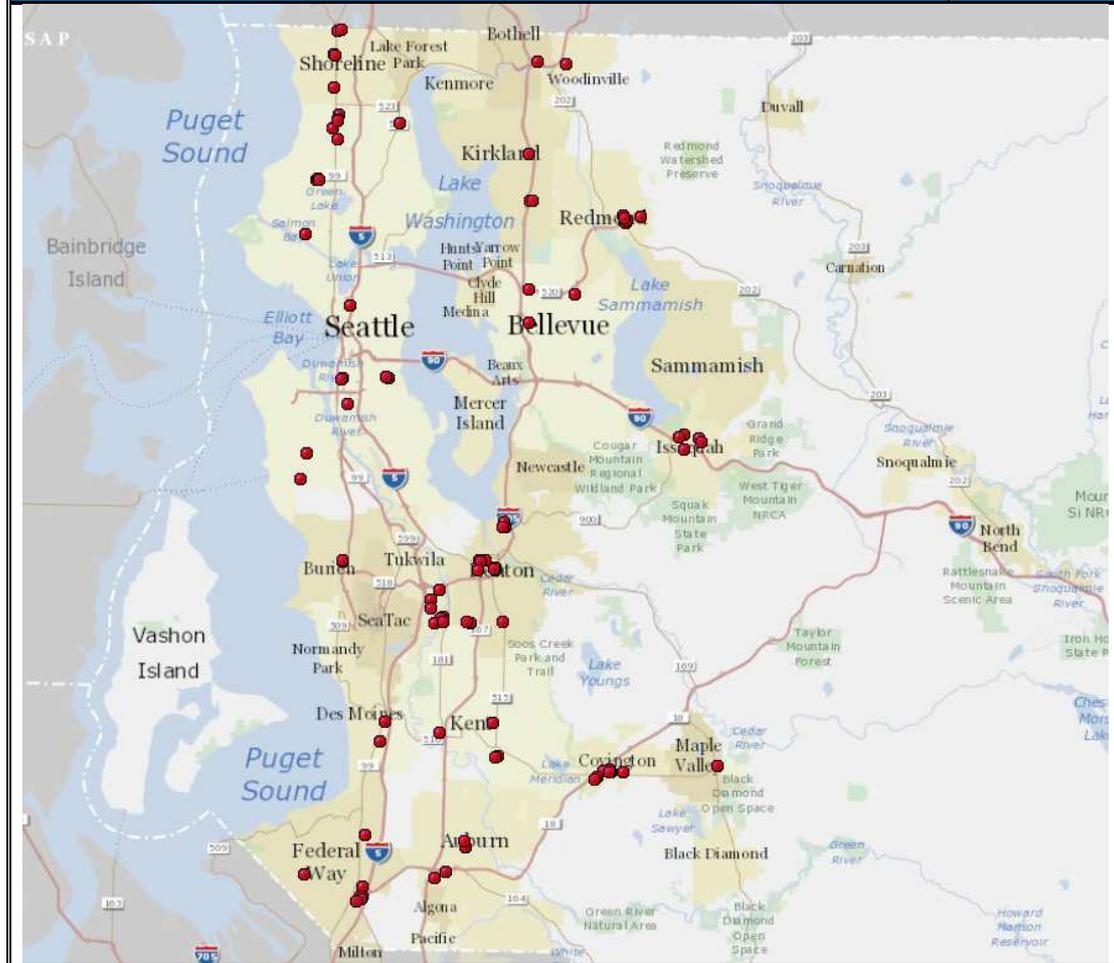
- Regional / Super Regional Malls (83 Parcels)
- Power Centers (60 Parcels)
- Big Box (93 Parcels)
- Neighborhood / Community Centers (271 Parcels)
- Lifestyle Centers (46 Parcels)
- Stand Alone Grocery (84 Parcels)
- Outlet Malls (6 Parcels)

REGIONAL / SUPER REGIONAL MALLS			
Retail Neigh.	Retail Dist./Subarea	Neighborhood Description	Parcel Count
123	Eastside (Dist. 2, Subarea 3)	Downtown Bellevue	21
124	Eastside (Dist. 2, Subarea 4)	Mercer Island; Newcastle	6
126	Eastside (Dist. 2, Subarea 6)	Suburban Bellevue, Sammamish; Issaquah	14
142	Seattle NE (Dist. 4, Subarea 2)	Northgate; Lake City; University	7
145	Seattle (Dist. 4, Subarea 5)	Downtown	4
153	SW (Dist. 5, Subarea 3)	Federal Way	13
161	South (Dist. 6, Subarea 1)	Renton; Tukwila East of I-5	19
Description:			84

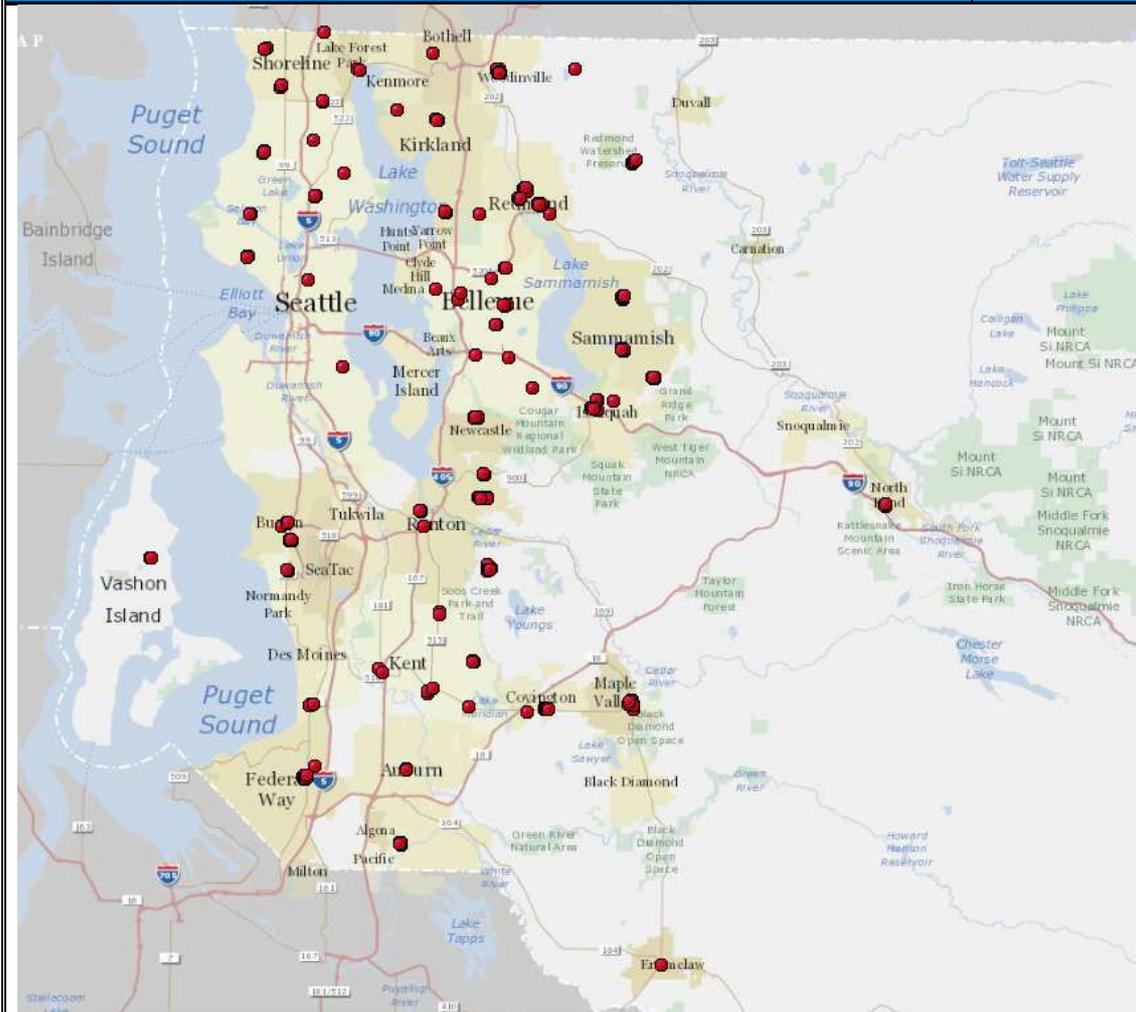
POWER CENTERS			
Retail Neigh.	Retail Dist./Subarea	Neighborhood Description	Parcel Count
222	Eastside (Dist. 2, Subarea 2)	Kirkland; Redmond	13
226	Eastside (Dist. 2, Subarea 6)	Sub-Urban Bellevue; Sammamish; Issaquah	14
242	Seattle NE (Dist. 4, Subarea 2)	Northgate; Lake City; University	1
245	Seattle (Dist. 4, Subarea 5)	Downtown	2
248	Seattle (Dist. 4, Subarea 8)	Delridge; White Center	2
253	SW (Dist. 5, Subarea 3)	Federal Way	21
261	South (Dist. 6, Subarea 1)	Renton; Tukwila East of I-5	7
Total			60



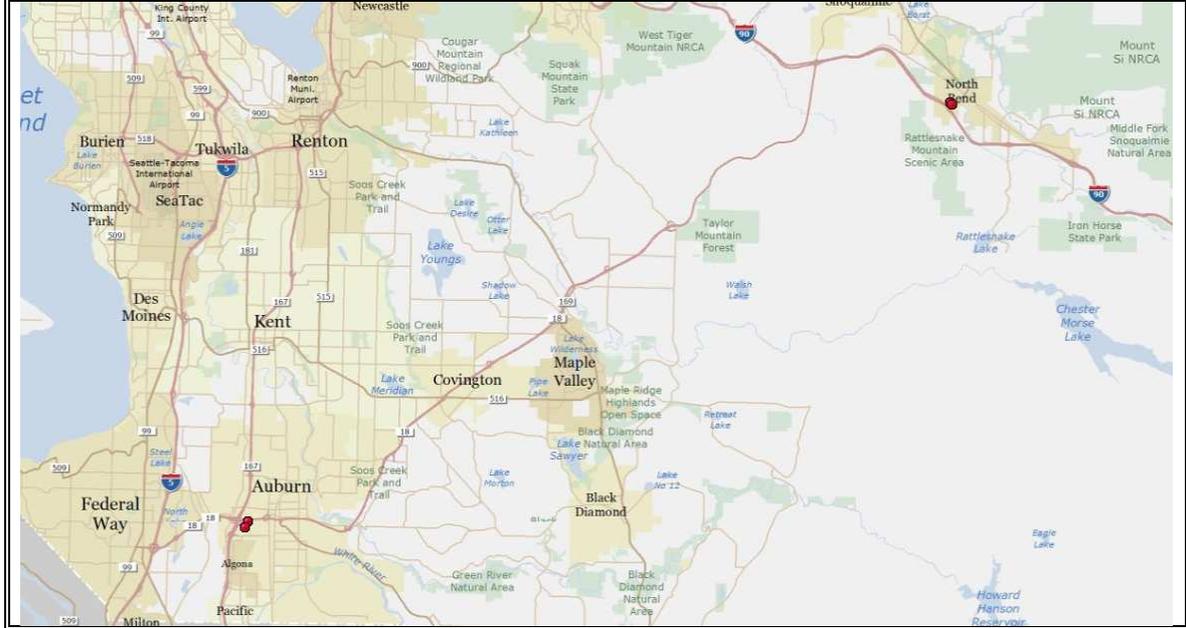
BIG BOX			
Retail Neigh.	Retail Dist./Subarea	Neighborhood Description	Parcel Count
311	North (Distr. 1, Subarea 1)	West Shoreline	5
321	Eastside (Dist. 2, Subarea 1)	Bothell; Kenmore	1
322	Eastside (Dist. 2, Subarea 2)	Kirkland; Redmond	10
326	Eastside (Dist. 2, Subarea 6)	Sub-Urban Bellevue; Sammamish; Issaquah	8
341	Seattle NW (Dist. 4, Subarea 1)	Seattle NW - Ballard; Fremont; Green Lake; Aurora	8
342	Seattle NE (Dist. 4, Subarea 2)	Seattle NE - Northgate; Lake City; University	1
343	Seattle (Dist. 4, Subarea 3)	Queen Anne; Magnolia	1
345	Seattle (Dist. 4, Subarea 5)	Downtown	3
346	Seattle (Dist. 4, Subarea 6)	West Seattle	5
347	Seattle (Dist. 4, Subarea 7)	Rainier Valley; South	2
348	Seattle (Dist. 4, Subarea 8)	Delridge; White Center	2
352	SW (Dist. 5, Subarea 2)	Burien; SeaTac; Des Moines; Tukwila - West of I-5	4
353	SW (Dist. 5, Subarea 3)	Federal Way	7
361	South (Dist. 6, Subarea 1)	Renton; Tukwila - East of I-5	20
371	SE (Dist. 7, Subarea 1)	Covington; Maple Valley; Black Diamond	8
373	SE (Dist. 7, Subarea 3)	Kent	4
374	SE (Dist. 7, Subarea 4)	Auburn	4
Total			93



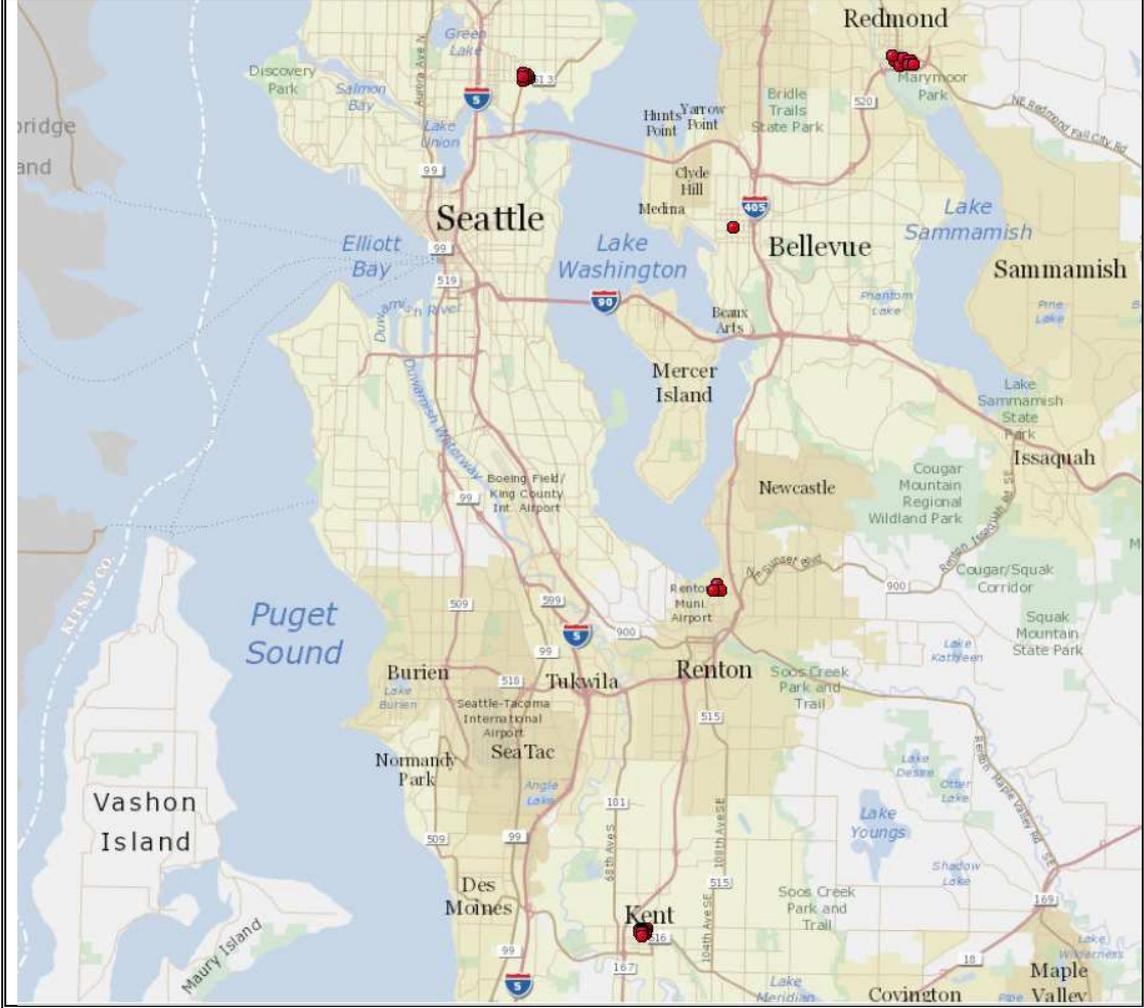
NEIGHBORHOOD / COMMUNITY CENTERS			
Retail Neigh.	Retail Dist./Subarea	Neighborhood Description	Parcel Count
411	North (Distr. 1, Subarea 1)	West Shoreline	6
412	North (Distr. 1, Subarea 2)	East Shoreline; Lake Forest Park	3
421	Eastside (Dist. 2, Subarea 1)	Bothell; Kenmore	2
422	Eastside (Dist. 2, Subarea 2)	Kirkland; Redmond	54
423	Eastside (Dist. 2, Subarea 3)	Downtown Bellevue	1
424	Eastside (Dist. 2, Subarea 4)	Mercer Island; Newcastle	9
425	Eastside (Dist. 2, Subarea 5)	North Bend	5
426	Eastside (Dist. 2, Subarea 6)	Suburban Bellevue; Sammamish; Issaquah	54
441	Seattle NW (Dist. 4, Subarea 1)	Seattle NW - Ballard; Fremont; Green Lake; Aurora	4
442	Seattle NE (Dist. 4, Subarea 2)	NE – Northgate; Lake City; University	13
443	Seattle (Dist. 4, Subarea 3)	Queen Anne; Magnolia	15
444	Seattle (Dist. 4, Subarea 4)	Capitol Hill; Madison Park	1
447	Seattle (Dist. 4, Subarea 7)	Rainier Valley – South	1
451	SW (Dist. 5, Subarea 1)	Vashon Island	3
452	SW (Dist. 5, Subarea 2)	Burien; SeaTac; Des Moines; Tukwila - West of I-5	18
453	SW (Dist. 5, Subarea 3)	Federal Way	10
461	South (Dist. 6, Subarea 1)	Renton; Tukwila - East of I-5	27
471	SE (Dist. 7, Subarea 1)	Covington; Maple Valley; Black Diamond	21
472	SE (Dist. 7, Subarea 2)	Enumclaw East	1
473	SE (Dist. 7, Subarea 3)	Kent	14
474	SE (Dist. 7, Subarea 4)	Auburn	9
Total			271



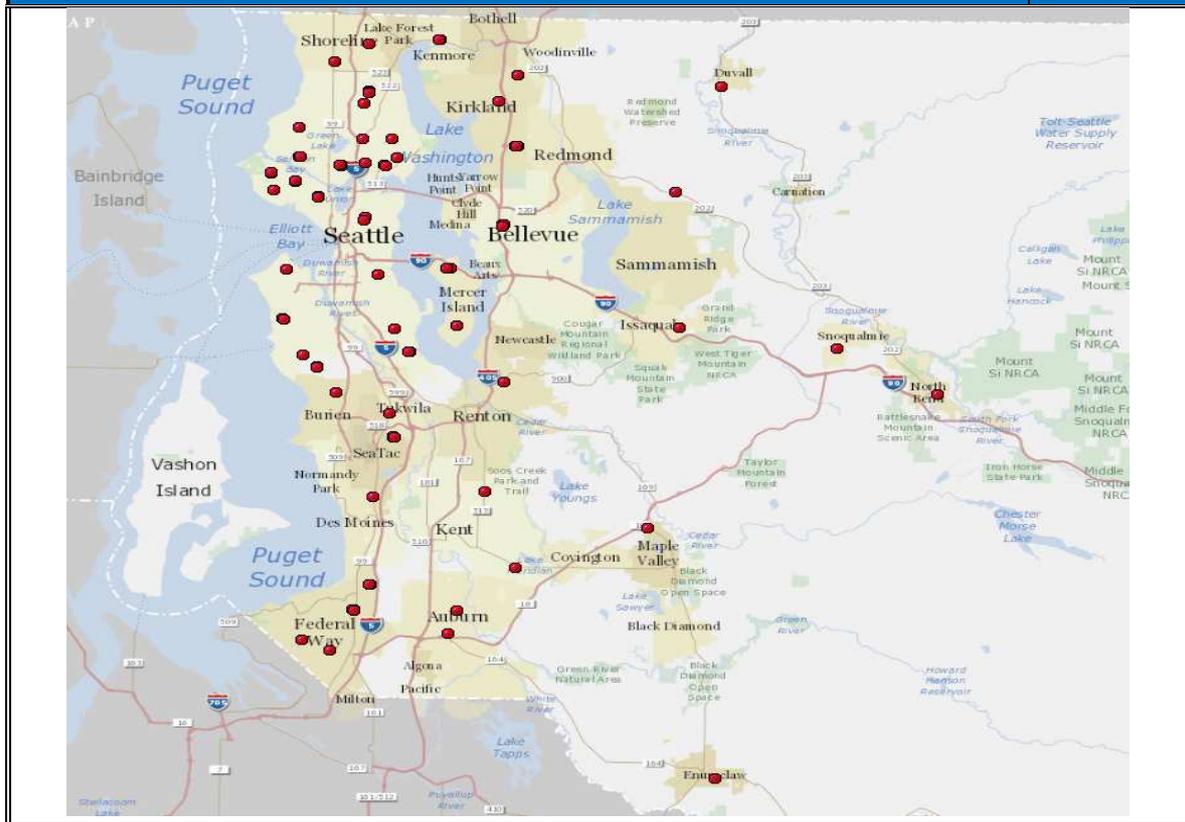
OUTLET MALLS			
Retail Neigh.	Retail Dist./Subarea	Neighborhood Description	Parcel Count
525	Eastside (Dist. 2, Subarea 5)	North Bend	2
574	South (Dist. 7, Subarea 4)	Auburn	4
Total			6



LIFESTYLE CENTERS			
Retail Neigh.	Retail Dist./Subarea	Neighborhood Description	Parcel Count
622	Eastside (Dist. 2, Subarea 2)	Kirkland; Bellevue; Redmond; Sammamish; Issaquah	12
623	Eastside (Dist. 2, Subarea 3)	Downtown Bellevue	1
642	Seattle NE (Dist. 4, Subarea 2)	NE – Northgate; Lake City; University	8
661	South (Dist. 6, Subarea 1)	Renton; Tukwila - East of I-5	3
673	South (Dist. 7, Subarea 3)	Kent	22
Total			46



STAND ALONE GROCERY STORES			
Retail Neigh.	Retail Dist./Subarea	Neighborhood Description	Parcel Count
711	North (Distr. 1, Subarea 1)	West .Shoreline	1
712	North (Distr. 1, Subarea 2)	East Shoreline; Lake Forest Park	1
721	Eastside (Dist. 2, Subarea 1)	Bothell; Kenmore	2
722	Eastside (Dist. 2, Subarea 2)	Kirkland; Redmond	8
724	Eastside (Dist. 2, Subarea 4)	Mercer Island; Newcastle	2
725	Eastside (Dist. 2, Subarea 5)	North Bend	1
726	Eastside (Dist. 2, Subarea 6)	Suburban Bellevue; Sammamish; Issaquah	7
731	NE Rural (Dist. 3, Subarea 1)	Duvall	1
741	Seattle NW (Dist. 4, Subarea 1)	NW - Ballard; Fremont; Green Lake; Aurora	6
742	Seattle NE (Dist. 4, Subarea 2)	NE – Northgate; Lake City; University	12
743	Seattle (Dist. 4, Subarea 3)	Queen Anne; Magnolia	8
744	Seattle (Dist. 4, Subarea 4)	Capitol Hill; Madison Park	2
746	Seattle (Dist. 4, Subarea 6)	West Seattle	1
747	Seattle (Dist. 4, Subarea 7)	Rainier Valley; South	5
748	Seattle (Dist. 4, Subarea 8)	Delridge; White Center	5
752	SW (Dist. 5, Subarea 2)	Burien; SeaTac; Des Moines; Tukwila - West of I-5	6
753	SW (Dist. 5, Subarea 3)	Federal Way	7
761	South (Dist. 6, Subarea 1)	Renton	2
771	SE (Dist. 7, Subarea 1)	Covington; Maple Valley; Black Diamond	1
772	SE (Dist. 7, Subarea 2)	Enumclaw East	1
773	SE (Dist. 7, Subarea 3)	Kent	2
774	SE (Dist. 7, Subarea 4)	Auburn	2
Total			83



Analysis Process:

Effective Date of Appraisal: January 1, 2021

Date of Appraisal Report: August 16, 2021

Specialty and Responsible Appraiser

- Specialty Area 250 - Major Retail
- The following appraiser did the valuation for this specialty assessment:

Name: Raphael Roberge
Job Title: Commercial Appraiser II

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, 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 the value of the entire property in its current 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. When available, current data was verified and corrected when necessary by field inspection, review of plans, marketing information, and rent rolls.

Special Assumptions and Limiting Conditions

All three approaches to value were considered in this analysis.

- Sales from 01/01/2018 to 12/31/2020 were considered in all analysis.
- This report intends to meet the Uniform Standards of Professional Appraisal Practice requirements, Standards 5 & 6.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends.

Major Retail Description:

King County’s Major Retail properties fall into a number of categories. The most visible are the regional shopping centers such as Northgate Mall, Bellevue Square, and Westfield Southcenter. Throughout King County, there are also a number of single-tenant, discount retailers such as Fred Meyer, Target, Wal-Mart, and Best Buy and big- box retail stores such as Lowe’s, Home Depot, Sam’s Club, and Costco. King County’s two outlet malls are the Seattle Outlet Collection in Auburn and the Factory Stores of North Bend. Also included in the Major Retail properties are anchored neighborhood shopping centers, large line retail centers, and stand-alone grocery stores. Properties that are more difficult to classify include Westlake and Meridian Centers in downtown Seattle.

- Regional / Super Regional Malls
- Power Centers
- Lifestyle Centers
- Outlet Malls
- Neighborhood / Community Centers
- Big Box Retailers
- Stand Alone Grocery

Malls: The most common design mode for regional and super-regional centers is often referred to as a “shopping mall.” The walkway or “mall” is typically enclosed, climate-controlled and lighted, and flanked on one or both sides by storefronts and entrances. Onsite parking, usually provided around the perimeter of the center, may be surface or structured.

Regional Center: The regional center is typically enclosed and has a total GLA ranging from 400,000 to 800,000 square feet. At least two or more full-line department stores typically anchor these centers with smaller anchor tenants, such as junior department stores, discount department stores, mass merchant stores, and fashion apparel stores. Regional centers typically include many smaller in-line retail stores such as general merchandise stores, gift stores, restaurants, and food courts. The anchor ratio for regional malls typically ranges between 50% and 70%, with a primary trade area from 5 to 15 miles.

	REGIONAL CENTERS	
	Concept	General merch.; fashion (mall, typl. enclosed)
	Sq.Ft. (Incl. Anchors)	400k - 800k
	Acreage	40-100
	Typical Anchor Number	2 or more
	Typical Anchor Ratio	50% - 70%
	Typical Anchor Type	Full-line department store; Jr. department store; mass merchant; discount department store; fashion apparel

*Photo: Northgate Mall (Seattle)

Super-regional Center: The super-regional center has many attributes as the regional center but at a larger scale. The super-regional center is typically enclosed and has a total GLA exceeding 800,000 square feet. Three or more full-line department stores anchor the super-regional center with smaller anchor tenants, such as junior department stores, discount department stores, mass merchant stores, and fashion apparel stores. Super-regional centers typically include smaller in-line retail stores such as general merchandise stores, gift stores, restaurants, and food courts. Regional malls' anchor ratio typically range between 50% and 70% and has a primary trade area from 5 to 25 miles.

	SUPER-REGIONAL CENTERS	
	Concept	Similar to regional center but has more variety and assortment.
	Sq.Ft. (Incl. Anchors)	800k +
	Acreage	60-120
	Typical Anchor Number	3 or more
	Typical Anchor Ratio	50% - 70%
	Typical Anchor Type	Full-line department store; Jr. department store; mass merchant; discount department store; fashion apparel

*Photo: Westfield "South Center Mall" (Tukwila)

Mall Class Types: The *Pricewaterhouse Cooper Real Estate Investor Survey* is a national publication with a wealth of information. Its Real Estate Investor Survey, formerly known as *Korpacz Real Estate Investor Survey*. The survey represents a cross-section of major institutional equity real estate market participants who invest primarily in institutional-grade (investment quality) properties. Rates and other assumptions presented in the survey indicate the participant's expectations from institutional-grade real property investment. Institutional-grade properties are those properties sought out by institutional buyers that can meet the capacity to meet the prevalent institutional investment criteria, which are referred to in this survey. PwC reports on the National Regional Mall Market, the National Power Center Market, and the National Strip Shopping Center Market in the retail market.

National Regional Mall Market: According to the current PwC survey of participants, regional malls classifications based on in-line store retail sales per square foot are as follows:

Class	Inline Retail Sales ¹	Prior Year
A+	\$675 and up	\$650 and up
A	\$525 to \$674	\$500 to \$649
B+	\$400 to \$524	\$400 to \$499
B	\$325 to \$399	\$300 to \$399
C+/C	Less than \$325	Less than \$300

Open-Air Centers:

Power Centers: The power center is typically dominated by several large anchors, including discount department stores, off-price stores, warehouse clubs, or “category killers” (i.e., stores that offer a vast selection in related merchandise categories at very competitive retail prices). The center typically consists of several anchors, some of which may be freestanding (unconnected) and only a minimum of small specialty tenants.

POWER CENTERS	
Concept	Category-dominant anchors; few small tenants
Sq.Ft. (Incl. Anchors)	250k – 600k
Acreage	25 – 80
Typical Anchor Number	3 or more
Typical Anchor Ratio	75% - 90%
Typical Anchor Type	Category killer; home improvement; discount department store; warehouse club; off-price



*Photo: Northgate North (Seattle)

Lifestyle Centers: Most often located near affluent residential neighborhoods, this center type caters to consumers’ retail needs and “lifestyle” pursuits in its trading area. It has an open-air configuration and typically includes at least 50,000 square feet of retail space occupied by upscale national chain specialty stores. Other elements differentiate the lifestyle center in its role as a multi-purpose leisure-time destination, including restaurants, entertainment, design ambience and amenities such as fountains and street furniture conducive to casual browsing. These centers may be anchored by one or more conventional or fashion specialty department stores.

¹ PwC Real Estate Investor Survey, 4th Quarter 2018, pg. 98



*Photo: University Village (Seattle)

LIFESTYLE CENTERS	
Concept	Upscale national chain specialty stores; dining and entertainment in outdoor setting
Sq.Ft. (Incl. Anchors)	Typically 150k -500k but can be smaller or larger
Acreage	10 – 40
Typical Anchor Number	0-2
Typical Anchor Ratio	0% - 50%
Typical Anchor Type	Not usually anchored in the traditional sense but may include book store; other large-format specialty retailers; multi-plex cinema; small department store

Outlet Malls: This center type consists of manufactures and retailers’ outlet stores selling brand-name goods at a discount. These centers are typically not anchored, although certain brand-name stores may serve as “magnet” tenants. The majority of outlet centers are open-air, configured either in a strip or as a village cluster, although some are enclosed.



*Photo: North Bend Premium Outlet Stores (North Bend)

OUTLET MALLS	
Concept	Manufactures’ outlet stores
Sq.Ft. (Incl. Anchors)	50k – 400k
Acreage	10 – 50
Typical Anchor Number	N/A
Typical Anchor Ratio	40% - 60%
Typical Anchor Type	Manufactures’ outlet stores

Community Centers: The community center ranges in size from 100,000 to 350,000 square feet of GLA. A junior department store and one, or a combination of the following typically anchors the community center: supermarket, drugstore, home improvement center, and variety store. The small shops generally are a combination of convenience and service stores, restaurants, and general merchandise, and fashion stores.

	COMMUNITY CENTERS	
	Concept	General merchandise; Convenience
	Sq.Ft. (Incl. Anchors)	100k – 350k
	Acreage	10 – 40
	Typical Anchor Number	2 or more
	Typical Anchor Ratio	40% -60%
Typical Anchor Type	Discount department store; supermarket; drug; home improvement; large specialty/discount apparel	

*Photo: Westwood Village (West Seattle)

Neighborhood Centers: The neighborhood center ranges from 30,000 to 150,000 square feet of GLA and is usually anchored by a supermarket. Some neighborhood centers may have a drugstore or home improvement store as additional major tenants. The small shops are generally service tenants such as laundromats, cleaners, and food service tenants such as restaurants and specialty food stores.

	NEIGHBORHOOD CENTERS	
	Concept	Convenience
	Sq.Ft. (Incl. Anchors)	30k – 150k
	Acreage	3 – 15
	Typical Anchor Number	1 or more
	Typical Anchor Ratio	30% - 50%
Typical Anchor Type	Discount department store; supermarket; drug; home improvement; large specialty/discount apparel.	

*Photo: Bear Creek Village Shopping Center (Redmond)

Stand-Alone Grocery: The stand-alone grocery store (supermarket) typically ranges from 30,000 to 70,000 square feet of GLA. Many of the grocery stores have additional tenants inside the stores, including a pharmacy, a bank, or even an optical service center. Fuel service may also be included as part of the grocery store footprint.

	STAND-ALONE GROCERY (SUPERMARKET)	
	Concept	Convenience
	Sq.Ft. (Incl. Anchors)	30k – 70k
	Acreage	2 – 5
	Typical Anchor Number	1 or more
	Typical Anchor Ratio	100%
	Typical Anchor Type	National or regional grocery store, which may include a national or regional supermarket; specialty grocery market; discount grocery store; or grocery store cooperative

*Photo: West Totem Lake QFC (Kirkland)

Big Box Stores:



The terms “big-box”, “value retailers”, “superstore,” and “category killer” are used interchangeably. The retail model depends on high-volume rather than price markups. To do a profitable volume, they must occupy large amounts of space. Typically, they range from 90,000 to 200,000 square feet, are located as often as possible near highway interchanges or exits, use the same windowless box store design with several acres of a single-floor layout, and require vast surface parking.

Big box retail stores (generally referred to as “superstores”) are typically categorized into three subgroups: discount department stores, category killers, and warehouse clubs.

Discount department stores sell department store merchandise at low prices. Wal-Mart, Kmart, and Target are examples of this type.

Category killers are large specialty (niche) retailers that buy and sell in huge volumes at low prices. Prices are reduced by eliminating “middleman” charges and dealing directly with product manufacturers. Examples include Lowes, Home Depot, and Sports Authority.

Warehouse clubs are membership shopping clubs that offer various goods, often including groceries, electronics, clothing, hardware, and more, at wholesale prices. Unlike discount department stores, which may sell as many as 60,000 distinct items, warehouse clubs limit their range to 3,000 to 5,000 items. Sam’s Club, Costco, and Pace dominate this industry. Their stores range in size from 104,000 to 170,000 square feet and serve markets up to 250,000 people.

Conglomerations of superstores in 250,000 to 750,000 square foot centers called “power centers.” IKEA seems to mix between a discount department store (household goods) and a category killer (furniture).

In an effort to assess fee simple value only, and provide fair, unbiased, and equalized values to the Big Box properties county-wide, the Marshall Swift RCNLD (Replacement Cost Less Depreciation) cost analysis has been prioritized for the 2021 assessments on these large single-tenant properties. Also, with support from a conservative income approach along with market sales. In Marshall Swift’s cost analysis, Big Box properties throughout King County are classed as Discount Store or Warehouse Discount Store.

Where land values surpass typical market rates for similar properties due to land sales often accompanied by denser zoning, and the property is still occupied and operating, an interim use value is applied. This recognizes that the occupied property provides some value to a prospective buyer prior to redevelopment without including “value in use” or “investment value” using estimated income. This value is determined by applying a maximum depreciation based on the Marshall Swift depreciation schedule. In both building classifications used in the Big Box construction (Discount Store, Warehouse Discount Store), the maximum depreciation is 80% of RCN (Replacement Cost New). This would then leave a residual improvement value of 20% of RCN added to the land value for the total assessment.

GAS STATION DATA



*Photo: Type 1 Fuel Accessories - Safeway Gas (Kenmore)

Many community/neighborhood shopping centers, big-box retail stores, and stand-alone grocery stores have fuel service facilities that are part of the greater retail center development.

There are generally four types of retail outlets, which sell gasoline:

- Gas only with numerous Multi-Product Dispensers (MPD’s) and may include small kiosks. Typically associated with shopping centers, big-box retail, and grocery stores.
- Convenience store (C-Store) with gas.
- The co-branded C-Store/Quick Service Restaurant (QSR).
- Old-style service station with service bays, air compressor, hoists, etc.

The old style service stations that have not been remodeled with a snack shop or C-Store have the greatest obsolescence and are at market’s bottom. The very large co-branded C-Stores with gas, numerous dispensers, and other profit centers are at the high end.

Buildings:

The Cost Approach has been utilized to appraise gas stations. The subject parcels in King County have been inspected and stratified according to building quality:

<i>Gas Station Category</i>	
<i>Excellent</i>	Best wood, steel, brick or masonry, high volume area, best workmanship with good finish, best materials, HVAC
<i>Good</i>	Good wood, steel, brick w/sash and large overhangs, ranch or suburban style, good quality materials.
<i>Average</i>	Average painted steel or cement block, small overhangs, small office. Average quality materials throughout.
<i>Low Cost</i>	Painted steel or cement block, inexpensive sash, doors and gates, usually older with low cost materials used.

Accessory Improvements:

The valuation of accessory improvements (AI's) relates to the construction quality of the property as a whole. AI's are stratified according to quantity and quality. For example, an excellent quality building will generally have Type I accessory improvements, a Good quality building will have Type II AI's, an average quality building will have Type III AI's, and a low cost building will have Type IV AI's. The value of AI's also relates to the number of filling stations and the size of the lot. Marshall Valuation Service indicates that the lives of such improvements are 15 to 25 years; however, because of the store's long hours and heavy foot traffic deterioration, of the interior can happen at a rapid rate. Excellent level stores will replace worn interior furnishings before wear shows, while lesser qualities show more wear and tear. The accessory improvements take the level of replacement/maintenance/repair into consideration when judging the construction quality of the store.

Accessory improvements labeled as Type I – IV in the accessory improvement section of the King County Real Property database. The value contribution of the accessory package was flat valued according to the indicated value range for the category type and included in the total cost estimate for the service station. These fuel service facilities are treated as accessory improvements (AI's) and are considered an additional add-on value placed on the parcel's primary retail improvement.

Type	Quality	Cost
Type I	Best quality components throughout	\$300,000 - \$500,000
Type II	Good quality components throughout	\$200,000 - \$300,000
Type III	Average quality components throughout	\$100,000 - \$200,000
Type IV	Low cost components throughout	\$10,000 - \$100,000

Example:

Service Station Accessory Improvements: Type II Average Quality Cost New

Description		Cost
Tanks	10,000 gal.	\$44,000
	15,000 gal.	\$54,000
	20,000 gal.	\$76,000
Islands		\$20,000
Paving (Including curbs & cutouts)		\$25,000
Lighting		\$8,000
Sign Pole		\$3,000
Canopy	1,500 Sq.Ft.	\$45,000
	2,500 Sq.Ft.	\$75,000
Piping & Wiring		\$40,000
Labor, Site Prep and Soft Cost		Varies

Car washes in separate buildings were valued by the Marshall & Swift automated cost modeling system. Generally, building quality will be the same as the primary building. All car wash equipment is personal property. The Personal Property Division also assesses compressors, pumps, dispensers, signage, hoists, tools, furniture, and fixtures.

Economic Considerations:

Puget Sound Economy:

Regional Summary:

With the onset of COVID-19, 2020 was a challenging year as the pandemic took a heavy toll on the local, regional, and national economy, which created uncertainties throughout the Puget Sound retail markets. The closing of the Washington economy in late March of 2020 segmented the retail markets throughout the state into retail deemed essential and non-essential. Those deemed as non-essential were forced to close. Some were able to offer delivery or curbside pickup, including take-out, and could do business on a smaller scale. Many were required to close or operate on a reduced capacity. On the other hand, the businesses deemed essential such as grocery components, construction materials, or hardware, and pharmacy have had no stoppage in business, and some thrived during the pandemic.

During 2020, the Puget Sound region experienced an uptick in the overall total vacancy. The cause of this can be primarily attributable to the Covid-19 pandemic, which forced many companies to close for business during the economic shutdown, some never to return. Surprisingly vacancy decreased somewhat in the last quarter of 2020. This is likely due in large part to rent relief from lessors. Without concessions, tenant failures would be much higher, and vacancies would increase. Covid-19 impact on vacancies will continue to be felt well into 2021 as it is expected to rise. In the last recession, vacancy increased from 3.8% to 5.9%.

Downtown Seattle retail has experienced significant challenges during the Pandemic. In addition to Covid-19, many were forced to board up their businesses, which deterred shoppers from visiting downtown. Significant permanent store closures occurred (The Gap, Banana Republic, Brooks Brothers, American Eagle, Bartell, Columbia Sportswear, Gene Juarez, TJ Maxx, to name a few). Seattle has seen over 140 permanent retail closures. Despite these challenges, the Seattle CBD is beginning to show signs of life. Amazon has leased spaces for its Go concept. Boards are starting to come down, and Nordstrom seems poised to survive the pandemic. As most other department stores close doors and face bankruptcy, Seattle-based Nordstrom has been improving its infrastructure with curb-side pick-up and virtual showings of apparel for customers, and is predicted to survive this pandemic. Some smaller restaurants that have been good for to-go and take-away items expanded, though most are closed and face another few months of uncertainty. Retail in the downtown core is still dependent on the thousands of office workers who frequent the vertical buildings

Despite the headlines surrounding retail and the Covid-19 pandemic, demand in the marketplace for big-box retail assets was strong for specific tenants. Investment-grade tenants within essential and operating businesses experienced an increased demand from investors in both the private and institutional sectors. During the pandemic, the grocery sector was the winner, and other retailers, including Walmart, Costco, Target, Home Depot, and Lowes. In the fourth quarter of 2020, grocery-related tenancy accounted for more than 30% of the market, up 22% from 2019. While investors sought investment-grade retailers in essential businesses throughout the pandemic, tenants targeted by governmental shutdowns experienced the opposite effect. Tenants in the fitness, Movie Theater, and experiential retail categories suffered from the pandemic.²

Retail - Current Economic Conditions:

Overall, retail development activity in 2020 remained low or non-existent, as land has become scarce and the market continues to reabsorb existing vacant space. Most new retail space on the market has come in ground-floor stores within mixed-use multi-family and office developments, particularly in Seattle and Bellevue.

The demand for well-stabilized retail assets determined to be essential along with solid NOI returns have investors competing for those properties. Investor interest has focused on food and drug store anchored neighborhood centers and single-tenants essential net lease properties. Throughout Puget Sound, investors will seek those retail developments with strong locational influences. As a result, those retail assets on prime corners, heavily traveled corridors, or near primary employment centers will receive multiple bids from local, national, and international investors. Those multi-tenant buyers targeting strip centers will set re-tenanting as a primary motivator.

Vacancy Rate & Retail Rents:

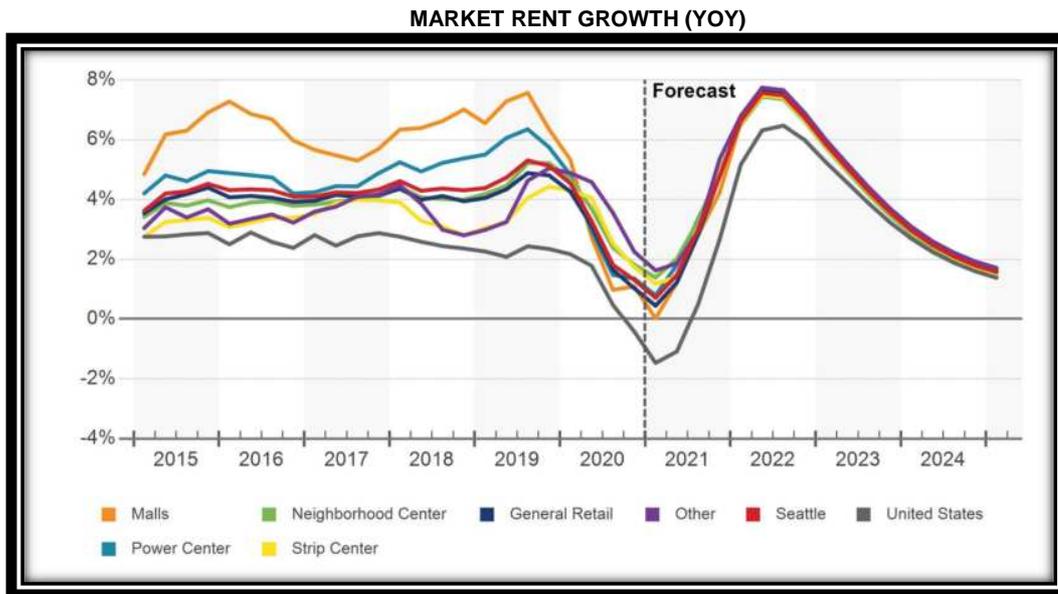
Rent growth was 1.6% year over year in the fourth quarter of 2020, impacted by Covid-19. The Covid-19 impact will increase vacancy and decrease rents. Costar is projecting a 0.6% to 0.8% decline in the first half of 2021 before recovering. In the last recession, average asking rents decreased from 25%. In addition, concessions (free rent and TIs) increased. Lessors are working with tenants through Covid-19 in some combination of rent relief, rent deferral, and lease restructuring. Owners see 40% to 60% of tenants seeking rent relief. Negotiating these amendments is a case-by-case basis. Tenants are typically required to keep paying NNN recoveries. Some tenants that owners want to keep but who are struggling (e.g., fitness) lessors provide abatement instead of deferral. In some cases, the term is added, or tenants exercised options to extend in exchange for relief. Rent collections were 50% to 60% of the contract in April but improved in the second half of 2020.³

² Kidder Mathews Market Trends Seattle 4th Quarter 2020

³ Kidder Mathews Market Trends Seattle 4th Quarter 2020

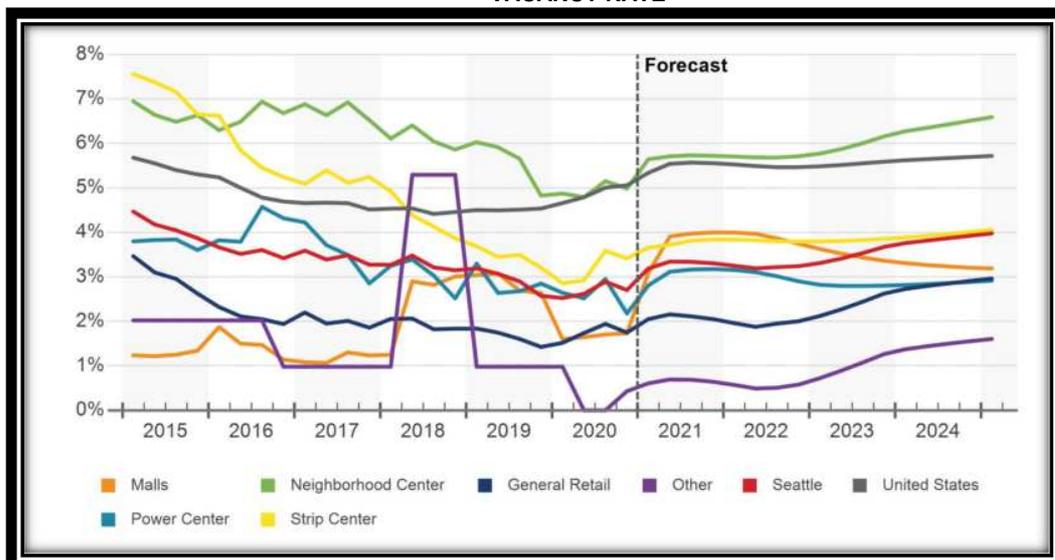
Research reports indicate that the regional retail market for 2020 was mostly on hold. The overall vacancy rate in the fourth quarter of 2020 had decreased to slightly 2.50%,

Average retail asking rent in Seattle is well above the national average but is still far lower than many other major West Coast markets. Annual gains at 1.4% have slowed and are lower than the historical average in light of the pandemic. A prolonged downturn may force property owners to lower rents substantially in the near term, too, as vacancies increase due to store closures and decreasing foot traffic⁴.



⁴ 2020 CoStar Market Retail Rpt pg. 8

VACANCY RATE



The Pandemic has increased and accelerated E-Commerce growth, becoming a necessity in some areas. Many people throughout King County and Washington State were forced to shop from home during the Shelter-in-place order most of 2020 and beyond. Thanks to industry titans such as Amazon and Alibaba, e-commerce will truly become the future of retail, as nearly all of the growth in the retail sector now takes place in the digital space.

Fueled by high customer loyalty and brand awareness, the Amazon prime subscription service continues to grow.

Many retail establishments are still trying to determine the impact of social networking on their organizations by measuring the potential benefits against the perceived risks. Social networking is generally understood to mean using online services or websites to interact and share information with typical examples, including Facebook, LinkedIn, and Twitter. This communication evolution has forced companies to investigate ways to market products and influence brand recognition with this powerful consumer group. Some of the ways a company can capitalize on the benefit of social networking are obvious, such as increasing sales efforts through Twitter, creating community discussion groups, driving brand recognition through company sites on Facebook, and even posting product videos to YouTube. Retail owners use these channels to market properties and promote events to increase consumer traffic and revenue at their properties⁵.

⁵ PwC Real Estate Investor Survey, 4th Quarter 2010, pg. 8

Notable Construction and Redevelopment Activity:

Construction activity in the Seattle retail market is well below the historical average. Currently, 350,000 SF of retail space is underway, or 0.2% of existing inventory, and net deliveries amounted to 240,000 SF over the past year, compared with the five-year average of 500,000 SF per year. Most of the under-construction inventory and recent deliveries are at mixed-use centers focused on an experiential design and residential units, which could be hit hard as long as social distancing continues. Companies are repositioning assets to include entertainment options as a way to stay competitive with online retail. Totem Lake Mall in Kirkland was demolished in 2016 to transform center: Center Cal Properties' Village at Totem Lake. The 400,000-SF project opened in phases with anchor tenants like Nordstrom Rack, Trader Joe's, and Whole Foods. In addition to retail space, it will feature 90,000 SF of office space, a luxury cinema, and thousands of residential units.

Northgate "Urban Village" Redevelopment (Area 250-142)

Northgate Mall is undergoing a complete revamp that will include the practice facility for Seattle's new NHL team, the Kraken. The renovation is expected to be completed in time for the 2021–22 NHL season. The mall will also have office, residential, and hospitality space and will only retain 40% of its original retail footprint. The mall has already seen several large move-outs: JC Penney closed in early 2019, and Macy's and Nordstrom closed in the summer of 2019. The repositioning concept is not unique to the suburbs, either. Some stores downtown converted into creative office space, including the Macy's at Redmond Town Center, which Amazon fully leased in 20Q2. In a similar move, Starwood purchased Seattle's downtown Macy's location in 2015 with plans to convert the top six floors into office space. The 485,000-SF space was leased by Amazon in 17Q4, adding to the company's massive office footprint in the metro. Macy's closed its downtown location in February 2020, leaving the rest of the space to be repurposed.

6

⁶ 2020 CoStar Market Retail Rpt

Big Box Re-Tenancing:

During the last few years, a number of mid/big box stores have gone dark (vacant); due to either location underperformance, corporate restructuring, or possibly making the large vacant retail space physically obsolete and challenging to re-tenant or re-sell. The previous owner/user of the building will often place deed restrictions on the property, which may severely limit the potential future use of the property. As a result of in-place deed restrictions, vacant big box stores may sit unoccupied for some time, until a suitable use comes along by either re-tenancing the existing space, reconfiguring the preexisting space to a different use, demising (splitting) the larger single-tenant space into a smaller multi-tenant retail use, or even demolishing the entire building for complete redevelopment.

Most notably, Sears, Sam’s Club, K-Mart, Top Foods/Haggen’s, Safeway, and Albertsons had closed many of their stores throughout King County and, as a result, had marketed the vacant space to be either demised into smaller space or marketed for another type of use.

Examples Of Reconfigured Big Box Space (Three Years)			
Name	Area	Location	Project
Overlake Plaza - Sears	250-226	Redmond	At 268,539/SF, built in 1971, and situated on a +/-14.8 acre lot. In early spring of 2018, Sears announced closure and soon after property was marketed for sale. Current redevelopment plans are for demolition of existing building for future development of urban village, which includes hotel, offices, retail, restaurants, and multi-family.
Aurora Sears	250-311	Shoreline	At 311,601/SF, built in 1967, and situated on a +/-16.6 acre lot. Property was sold in summer of 2017, with store closure in spring of 2018. Current redevelopment plans are for demolition of existing building for future development of urban village, in partnership with adjacent property owners, and the City of Shoreline including proposed retail, restaurants, and multi-family.
TC @ FW Sears	250-353	Federal Way	At 155,638/SF, built in 1975, and situated on a +/-11.6 acre lot. The Sears is part of TC @ FW Mall. Property was sold in summer of 2017, with store closure in spring of 2018. Redevelopment plans have not been announced.
Greenwood Safeway	250-741	N. Seattle	Property sold with deed restrictions. After property was purchased in May of 2018, buyer announced store closure for June of 2018. Per new buyer, property (Built in 2003) will be demolished for redevelopment into mixed-use multi-family.
Aurora Albertsons	250-741	N. Seattle	Property sold with deed restrictions. After property was purchased in May of 2018, buyer announced store closure for June of 2018. The demised into two large tenant spaces, one housing a new Sprouts grocery and the second soon to open is a home store.
Aurora Sam’s Club	250-341	N. Seattle	In early January of 2018, Sam’s Club announced immediate closure of their three King County locations. In June of 2018, 144,776/SF (11.67 acres) property was listed as either “For Sale” or “For Lease”.
Sam’s Club	250-361	Renton	In early January of 2018, Sam’s Club announced immediate closure of their three King County locations. In June of 2018, 135,489/SF (15.36 acres) property was listed as either “For Sale” or “For Lease”.
Sam’s Club	250-574	Auburn	In early January of 2018, Sam’s Club announced immediate closure of their three King County locations. In June of 2018, 151,154/SF property was listed as either “For Sale” or “For Lease”. For 2019,

Examples Of Reconfigured Big Box Space (Three Years)			
Name	Area	Location	Project
			the new tenant will be "Fieldhouse", which is a community-based sports facility company that specializes in leagues, events, and tournaments. It offers year-round league play in team sports such as basketball, soccer, volleyball, flag football, and futsal. It also offers programs for individuals including performance training, all-sports camps, baseball/softball, boot camps, cheerleading, club volleyball, corporate events, dodgeball, lock-ins, skills training, taekwondo, and tumble.
Aurora Shopping Center	250-341	Seattle	Major remodel of former K-Mart. Existing +/-114,000/SF space split into two +/- 57,000/SF retail spaces. Tenants are Hobby Lobby and Asian Food Centers. Project finished and completed early 2015.
Former Haggen's Grocery Store	250-712	Shoreline	Major remodel of former Top Foods Grocery Store. Existing +/-52,662/SF space demised into three retail spaces to house a Trader Joes, The Everett Clinic, and Mud Bay. Trader Joes and Mud Bay recently opened with renovations of The Everett Clinic ongoing.
West Campus Square Shopping Center	250-253	Federal Way	Conversion of former 37,180/SF Circuit City to Children's Hospital South Sound Clinic. Project finished spring of 2015.
Former Top Foods	250-353	Federal Way	Conversion of the former 62,818/SF Top Foods Grocery Store into a multi-tenant mixed-use retail development which will have a home furnishing store as the primary anchor tenant with line retail, offices, two restaurants and a bank. Currently, permit is ready to be issued, but waiting on owner to pay permit fees.
Former Albertsons	250-463	Auburn	Conversion of former +/-51,696/SF Albertsons demised into two retail spaces. One space will be a 34,500/SF LA Fitness, while the remaining 17,196/SF retail space is yet to be determined. Project finished in 2018.

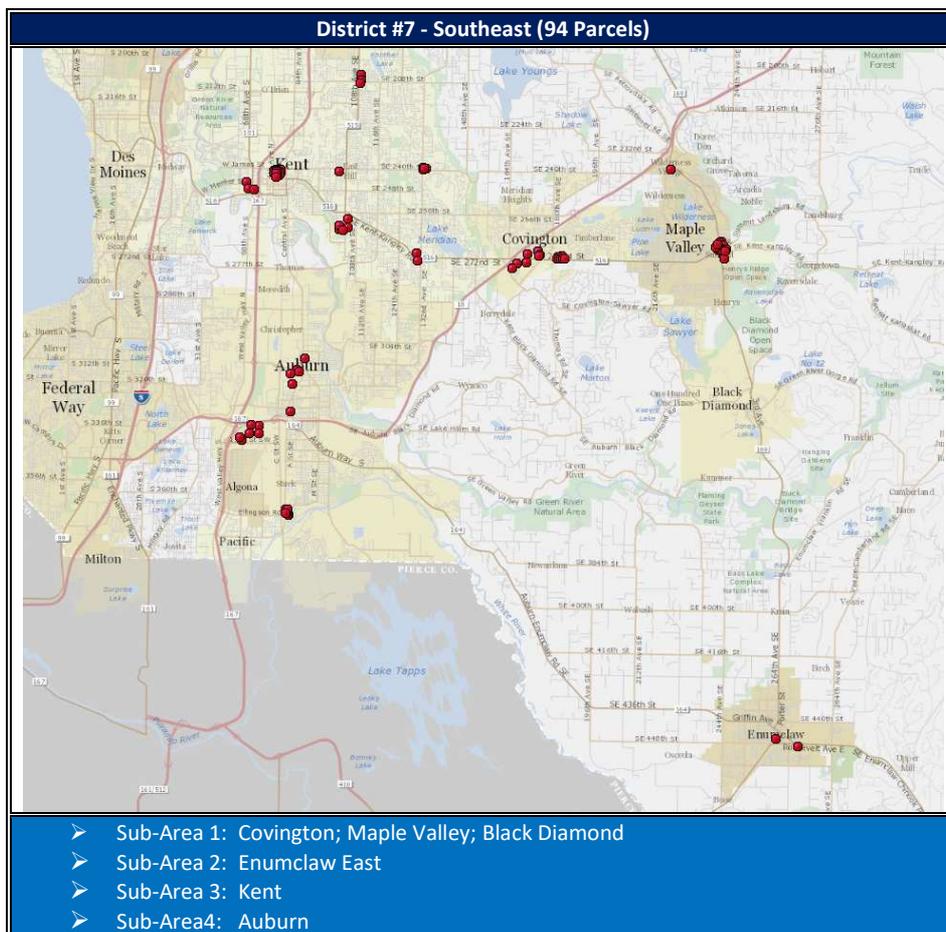
Major Retail Summary: For 2021, rents are expected to remain stable or decrease slightly. With respect to the greater Major Retail market, 2020 experienced flat to declining property values in those deemed non-essential generally due to stable lease rates, stable to increasing vacancy rates, and stable cap rates. The demand for essential businesses that are stabilized, well-positioned investment properties with strong NOI's has increased.

2020 YEAR END				
CATEGORY	LEASE RATES	VACANCY RATES	CAPITALIZATION RATES	IMPROVED PROPERTY VALUES
MAJOR RETAIL	↔/↘ (STABLE TO DECREASING)	↔/↗ (STABLE TO INCREASING)	↔ (STABLE)	↔/↘ (STABLE TO SLIGHT DECLINE)

Physical Inspection Identification:

The physical inspection area for 2021 revalue included Major Retail properties located in those communities/neighborhoods within District 7 (Covington, Maple Valley, Black Diamond, Enumclaw East, Kent, Auburn); as required by WAC 458-07-015 4 (a).

Within the 2020 physical inspection area, there were 94 parcels in all, representing approximately 14.15% of the total Major Retail population. Of the 94 total parcels physically inspected, 82 parcels improved, with the remainder being vacant associated parcels.



Preliminary Ratio Analysis

No ratio studies were included within this report due to the small number of sales relative to the size and complexity of the Major Retail population. The Parcel Summary Data does not reflect any statistical measure associated with IAAO standards.⁷

Scope of Data

Land Value Data:

The geographic appraiser in the area where the Major Retail property is located is responsible for the land value used by the 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. Data 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. Thirteen improved sales were verified as "Sales Used".

Improved Parcel Total Values:

Sales Comparison Approach Model Description

Sales of improved parcels for Area 250 were verified and entered into the Frozen Sales File. The sales used date range from 01/01/2018 and 12/31/2020. Verification of the sales data consisted of contact with the buyer, seller, or broker, if possible, or information gathered from the CoStar Real Estate Sales Verification Service. At the time of sale, information on vacancy and market absorption rates, capitalization rates, current and anticipated rents, and the competitive position of the properties were also gathered. Sales were then compared to similar properties within the area for valuation.

Sales Comparison Calibration

Calibration of the coefficients utilized in the models applied via the Sales Comparison Approach was established by analyzing of sales within each neighborhood. Individual values were applied based on various characteristics deemed appropriate by each market.

⁷ Mass Appraisal of Real Property, IAAO, 1999, p. 271-274

These sales statistics also helped form the Income Approach model by setting parameters for income rent rates, vacancies, expenses, and capitalization rates. Sales of improved properties in adjacent neighborhoods were also considered.

Cost Approach Model Description

Cost estimates are automatically calculated and calibrated using the Marshall and Swift cost valuation service model in the computerized “Real Property” program for all improved parcels. Depreciation is based on studies done by Marshall & Swift Valuation Service. The cost was also adjusted to the western region and the Seattle market area. The dynamics of the retail market, and the fact that income is the primary characteristic, around which investment analysis revolves, make it challenging to utilize the cost approach in valuing most, though not all, Major Retail properties. Accordingly, the cost approach is usually limited to valuing new construction, big-box, and/or remodeling in the Major Retail properties.

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 a reliable approach to valuation throughout Area 250 for improved property types where income and expense data is available to ascertain market rates. Income parameters were derived from the market through market rental surveys, sales, and available real estate publications and websites.

Income: Income parameters were derived from the marketplace through listed fair market sales as well as through published sources (i.e. Office Space Dot.Com, Commercial Brokers Association, Costar, and multiple corporate real estate websites such as CBRE, Colliers, GVA Kidder Mathews, Grubb & Ellis, etc.), and opinions expressed by real estate professionals active in the market.

Vacancy: Vacancy rates used were derived mainly from published sources tempered by personal observation.

Expenses: Expense ratios were estimated based on industry standards, published sources, and personal knowledge of the area’s rental practices. Within the income valuation models for Area 250, the assessor used triple net expense rates as the basis for calculating overall expenses.

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. For model calibration, the effective year built and the condition of each building determined the capitalization rate used by the appraiser. For example, a building with an older effective year built of lesser condition will typically warrant a higher capitalization rate. A building in better condition with a newer effective year built will warrant a lower capitalization rate.

Lease & Vacancy Rates:

The below tables summarize surveyed area market reports for asking rents and vacancy rates for different Major Retail property types within the King County market area.

Market	Num of Bldgs	Total Sq.Ft.	Direct Vacant	Vacancy Rate	Sublease Available	Vacancy w/Sublet	Future Available	Average Rent Rate (\$/sf/yr)	YTD Absorption
Downtown	317	14,663,362	1,543,566	10.53%	222,557	12.04%	243,855	\$36.09	60,122
Eastside	689	12,729,298	1,666,735	13.09%	38,934	13.40%	777,969	\$31.21	2,945
Northend	984	21,035,313	4,017,908	19.10%	17,261	19.18%	222,571	\$23.72	(7,372)
Southend	769	15,566,751	4,316,347	27.73%	104,245	28.40%	559,173	\$23.70	(3,854)
Grand Total	2,759	63,994,724	11,544,556	18.04%	382,997	18.64%	1,803,568	\$27.95	51,841

Capitalization Rates: The following tables demonstrate ranges of capitalization rates and trends compiled with information collected on a national or broad regional scale. This information is reconciled with data specific to the real estate market in area 250 to develop the income model. The range of capitalization rates in the income model for area 250 reflects the variety of properties in this area.

The capitalization rates presented in the following tables consolidate many variables such as quality, condition, location, and leasing class. In contrast, the range of capitalization rates typically reflects the building age, quality and competitiveness within a given market. With reported capitalization ranges, lower rates are typically those buildings with superior quality, condition, and leasing class. The higher cap rates typically are those buildings with inferior quality, condition, and leasing class. Higher cap rates might also be applied to the lesser quality retail buildings, or to properties with higher than the normal sub-market vacancy, substantial sub-lease vacancy, or physical issues requiring additional capital investment.

⁸ Officespace.com Seattle Market Statistics

SEATTLE / REGIONAL CAP RATES 2021

Source	Date	Location	Office	Industrial	Retail	Remarks
IRR: Viewpoint for 2021	Year-end 2020	West Region	6.00%	-	-	<u>Institutional Grade Properties"</u> CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Flex Industrial Industrial Regional Mall Community Retail Neighborhood Retail
			6.30%	-	-	
			6.48%	-	-	
			6.79%	-	-	
			-	6.20%	-	
			-	5.64%	-	
			-	-	5.50%	
			-	-	6.30%	
PWC / Korpaz Real Estate Investment Survey	4Q 2020	Seattle	4.50% - 10.00%	-	-	Office
		Pacific NW Region	4.50% - 9.00%	-	-	Office
			-	3.60% - 5.00%	-	Warehouse
ACLI	4Q 2020	Seattle – Bellevue - Everett MSA	6.91%	----	5.60%	All Classes
		Pacific Region	5.47%	5.30%	6.19%	All Classes

WEST / NATIONAL CAP RATES 2021						
Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Income Vs. Price Realities	4Q 2020					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	5.00% - 9.00% 5.00% - 9.30%	- - 4.00% - 8.80% 4.00% - 9.00% 5.00% - 9.00%	- - - - - 6.00% - 13.50% 6.00% - 11.80% 5.50% - 12.00%	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 2021 Commercial Real Estate Trends report	Yr. End 2020	National	6.93% 7.70% 7.17% 7.90%	- - - 6.48%	- - - - 7.26%	<u>Institutional Grade Properties</u> 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 2020	National	5.80% 6.45% 6.23% 5.63% 5.62%	5.27% 5.60% 6.01% 5.91% 5.16%	6.43% 6.60% 5.98% 6.53% 6.70%	Overall Sq.Ft. - <50k Sq.Ft. - 50k – 100k Sq.Ft. – 100,001 – 200k Sq.Ft. – 200k+
PWC / Korpaz Real Estate Investor Survey	4Q 2020	National	3.75% - 8.00% 4.00% - 7.50% 6.00% - 9.50% 4.25% - 10.50%	- - - - 3.40% - 7.00%	- - - - - 4.50% - 15.00% 5.50% - 8.25% 5.00% - 10.00% 4.00% - 8.00%	CBD Office Suburban Office Secondary Office Medical Office Warehouse Regional Mall Power Center Neigh. Strip Centers Net Lease
The Boulder Group: Net Lease Market Report	4Q 2020 1Q 2020 3Q 2020	National	6.90% 6.15%	6.75%	6.00%	Overall (Average) Bank
The Boulder Group: Net Lease Market Report	3Q 2020	West	6.50%			Medical Office
The Boulder Group: Net Lease Market Report	3Q 2020	West	5.60%			Medical Office

NATIONAL AND REGIONAL CAP RATES 2021					
Source	Date	Location	Restaurant	Retail	
The Boulder Group: Net Lease Market Report	4Q 2020	National		6.75% 6.74% 6.83% 6.63% 6.65%	Big Box Junior Big Box (20K-40K SF) Mid Box (40K-80K SF) Large Format (over 80K SF) Median
		West			
		National		6.39%	Drug Store
	4Q 2019	West		5.80%	Auto Parts Stores
	1Q 2020	West	5.00%		Casual Dining
	2Q 2020	West	4.85%		Quick Service Restaurants

Income Approach Calibration

Properties were valued based on an income model using economic rents, typical vacancy and credit loss, expenses, and capitalization rates. The income model was calibrated, and adjustments were based on effective age and quality of construction. Fifteen tables were created to value the less complex mall properties and downtown Seattle department stores.

Income Model Conclusions:

Rental rates, vacancy levels, and operating expenses are derived by reconciling all of the information collected through the sales verification process, completed surveys, interviews with tenants, owners, and brokers, and the appraiser's independent market research. Quality, effective year, condition, and location are variables considered in applying the income model to the parcels in the population best suited to be valued via the income approach. Property types in Specialty Area 250 that are valued by the income approach include, but are not limited to, power centers, neighborhood/community centers, and free-standing grocery stores.

Typical income model parameters for the various markets that make up Specialty Area 250 are summarized in the following table. Due to the nature of commercial real estate, not all properties fall within the "typical" parameters listed below for their respective property use type. All of the malls, outlet malls, and lifestyle centers have been assigned their proper geographic neighborhood for record-keeping purposes, and do not typically lend themselves to neighborhood designations due to the unique composition of the tenants and the overall quality of building improvements. In addition, due to the complexity in appraising malls, outlet malls, and lifestyle centers, these properties were not assigned neighborhood income tables and were assessed individually.

TYPICAL LEASE RATES FOR COMMON MAJOR RETAIL TYPE PROPERTIES								
Type	Dist.	Vac. %	Line Retail \$/SF	Retail \$/SF <10K SF	Retail \$/SF 10K-25K SF	Retail \$/SF > 25K SF>	Supermarket	Discount / Whse. Discount
Power Centers	2	5% - 10%	\$25.00 - \$33.00	\$16.00 - \$21.00	\$15.00 - \$19.00	\$11.00 - \$17.00	\$13.00 - \$17.00	\$10.00 - \$17.00
	4	5% - 10%	\$21.00 - \$31.00	\$15.00 - \$23.00	\$13.00 - \$21.00	\$10.00 - \$19.00	\$13.50 - \$17.50	\$10.00 - \$16.00
	5	5% - 10%	\$19.00 - \$29.00	\$14.00 - \$18.00	\$12.00 - \$16.00	\$10.00 - \$15.00	\$9.50 - \$13.50	\$8.50 - \$13.50
	6	5% - 10%	\$26.00 - \$34.00	\$19.00 - \$25.00	\$15.00 - \$21.00	\$12.00 - \$20.00	---	---
Neigh. / Retail Centers	1	5% - 10%	\$20.00 - \$28.00	\$17.00 - \$21.00	\$16.00 - \$20.00	\$13.00 - \$19.00	\$13.00 - \$17.00	\$10.00 - \$17.00
	2	5% - 10%	\$13.00 - \$32.00	\$16.00 - \$25.00	\$15.00 - \$24.00	\$13.00 - \$23.00	\$11.00 - \$20.00	\$9.00 - \$20.50
	4	5% - 10%	\$21.00 - \$38.00	\$17.00 - \$29.00	\$16.00 - \$25.00	\$14.00 - \$25.00	\$13.50 - \$23.00	\$17.00 - \$21.00
	5	5% - 10%	\$15.00 - \$26.00	\$14.00 - \$21.00	\$9.00 - \$18.00	\$8.00 - \$17.00	\$8.50 - \$14.50	\$9.00 - \$14.50
	6	5% - 10%	\$16.00 - \$27.00	\$14.00 - \$21.00	\$12.00 - \$19.00	\$10.50 - \$18.00	\$10.50 - \$15.50	\$8.50 - \$13.50
	7	5% - 12%	\$16.00 - \$30.00	\$14.00 - \$19.00	\$12.00 - \$18.00	\$10.50 - \$17.00	\$9.00 - \$16.00	\$8.00 - \$15.00
Grocery	1	5%					\$13.00 - \$17.00	
	2	5%					\$13.00 - \$17.00	
	3	5%					\$12.50 - \$16.50	
	4	5%	---	---	---	---	\$13.50 - \$22.00	---
	5	5%					\$10.50 - \$14.50	
	7	5%					\$10.50 - \$15.50	
Typical Expense Rates (NNN)		7.50%						
Typical Cap. Rates		5.50% - 8.00%						

*Lease Rate Ranges encompass all sub-areas within each district

Certain properties with a history of extremely high vacancy or other negative factors were given higher vacancy and capitalization rates to reflect the higher risk associated with those properties. The following typical income parameters were considered on most Major Retail properties:

Power Centers: For Power Centers, line retail rent rates typically range from \$19.00/SF to \$34.00/SF, while lease rates for general retail space typically range from \$14.00/SF to \$25.00/SF (< 10K/SF); \$12.00/SF to \$21.00/SF (10K – 25K SF); and \$10.00/SF to \$20.00/SF (>25K SF), respectively. Supermarket lease rates range between \$9.50/SF to \$17.50/SF, while discount/warehouse discount stores have rental rates ranging from \$8.50/SF to \$17.00/SF. Deductions for vacancy and collection loss were estimated between 5.00% and 12.00% of Potential Gross Income. Typical expense rates for properties of this type were estimated at 7.50%. Capitalization Rates applicable to this property type typically range from 5.75% to 7.75% depending on effective age and quality/condition factors.

Big Box Retail: The Cost approach was employed to value most typical Big Box retail stores within King County. Any non-typical Big Box properties (i.e., unique configuration/construction or mixed-use/multi-tenant within the building) may be valued using income. For Big Box retail stores that include line retail, rent rates typically range from \$16.00/SF to \$32.00/SF, while lease rates for the discount/warehouse discount stores range from \$7.00/SF to \$14.00/SF. Deductions for vacancy and collection loss were estimated at 5.00% of Potential Gross Income. The typical expense rate was 7.50%. Capitalization Rates applicable to this property type typically range from 6.50% to 8.25%, depending on effective age and quality/condition factors. Appraiser judgment prevails in all decisions regarding individual parcel valuation.

Neighborhood / Community Centers: For Neighborhood / Community Centers, line retail rent rates typically range from \$13.00/SF to \$38.00/SF, while lease rates for general retail space typically range from \$14.00/SF to \$29.00/SF (< 10K/SF); \$9.00/SF to \$25.00/SF (10K – 25K SF); and \$8.00/SF to \$25.00/SF (>25K SF), respectively. Supermarket lease rates range between \$8.50/SF to \$23.00/SF, while discount/warehouse discount stores have rental rates ranging from \$8.00/SF to \$21.00/SF. Deductions for vacancy and collection loss were estimated between 5.00% and 12.00% of Potential Gross Income. Typical expense rates for properties of this type were estimated at 7.50%. Capitalization Rates applicable to this property type typically range from 5.50% to 8.00% depending on effective age and quality/condition factors.

Supermarket / Grocery: For Supermarket / Grocery stores, retail rental rates typically range from \$9.00/SF to \$22.00/SF. Deductions for vacancy and collection loss were estimated at 5.00% of Potential Gross Income, while typical expense rates for properties of this type were estimated at 7.50%. Capitalization Rates applicable to this property type typically range from 6.00% to 8.00% depending on effective age and quality/condition factors.

Regional Malls / Lifestyle Centers: For regional malls and lifestyle centers, typical rents ranged from \$15.00 to \$50.00 per square foot of rentable area with capitalization rates ranging from 5.50% to 7.75%. Allowances for vacancy and collection loss were typically stabilized between 5% or 12%, with expenses ranging between 7.50% to 25.00%. Anchor stores have relatively low rents, less than \$9.00 per square foot per year, while smaller retail stores in premium locations may lease for as much as \$75 per square foot per year. The investment quality of the property determined the capitalization rate. Location, condition, age, and tenancy were considered in the valuation of the regional malls. Generally, the institutional-grade properties were analyzed using higher average rents and lower capitalization rates than non-institutional grade properties.

Reconciliation:

All parcels were individually reviewed for the 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 sales approach is considered the most reliable indicator of value when comparable sales were available; however, the income approach was applied to most parcels to equalize comparable properties better. Whenever possible, market rents, expenses, and cap rates were ascertained from sales, and along with data from surveys and publications, these parameters were applied to the income model. The income approach to value was considered a reliable indicator of value in most instances. The market rental rate applied to a few properties varied from the model but fell within an acceptable range of variation from the established guideline.

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 particular characteristics and conditions as they occur in the valuation area.

The Specialty Appraiser recommends application of the selected values, as indicated by the appropriate model or method. With respect to the greater Major Retail market, the 2021 assessment year experienced stable to slightly decreasing property values generally due to the effects of Covid-19 shelter-in-place, softening lease rates, higher vacancy rates & stable to lower capitalization rates dependent on if the property is considered essential or not. As mentioned earlier in this report, there were only 13 sales of Major Retail properties. Because of the lack of market sales, the appraiser relied primarily on the economic income approach.

Total Value Change

Application of these recommended values for the 2021 assessment year results in a total change from the 2020 assessments of +.15%. The total assessed value for the 2020 assessment year was \$8,043,668,700 and the total recommended assessed value for the 2021 assessment year is \$8,055,704,323.

CHANGE IN TOTAL ASSESSED VALUE			
2020 Total Value	2021 Total Value	\$ Change	% Change
\$ 8,043,668,700	\$ 8,055,704,323	\$ 12,035,623	0.15%

Uniform Standards of Professional Appraisal Practice

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 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 year, 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

8/25/21

Raphael Roberge, Commercial Appraiser II

Date

Improvement Sales for Area 250 with Sales Used

08/27/2021

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Par. Ct.	Ver. Code	Remarks
250	226	355750	0230	15,114	3061408	\$6,400,000	08/04/20	\$423.45	PICKERING PLACE - Barnes & Noble	UC	Retail Store	1	Y	
250	226	355750	0236	8,492	2909754	\$3,700,000	01/04/18	\$435.70	PICKERING PLACE - UW Physicians	UC	Medical/Dental Office	1	Y	
250	361	182305	9118	109,800	3027012	\$18,380,000	12/19/19	\$167.40	MCLENDON'S HARDWARE STORE	CA	Retail(Discount)	1	69	Net Lease Sale; not in ratio
250	371	179631	0010	166,220	3021264	\$37,370,564	11/18/19	\$224.83	HOME DEPOT - COVINGTON	MC	Retail(Discount)	7	Y	
250	373	543620	0840	83,408	3086863	\$15,000,000	12/04/20	\$179.84	K MART (VACANT)	GC	Retail(Discount)	1	Y	
250	411	012603	9058	43,418	3091460	\$12,200,000	12/22/20	\$280.99	THE SHOPS AT RICHMOND VILLAGE	CB	Shopping Ctr(Nghbrhood)	2	Y	
250	422	102605	9083	119,818	2936800	\$37,770,000	06/19/18	\$315.23	WOODINVILLE TOWNE CENTER - (CBD	Shopping Ctr(Nghbrhood)	3	Y	
250	423	570900	0240	177,098	2954873	\$144,923,502	09/28/18	\$818.32	VILLAGE SHOPPING CENTER (Dist	DNTN-MU	Shopping Ctr(Nghbrhood)	5	Y	
250	425	092308	9092	15,090	3012151	\$3,900,000	09/26/19	\$258.45	Mt Valley Center - Line Retail	IMU	Retail Store	1	Y	
250	461	272305	9038	213,421	2910110	\$77,500,000	01/03/18	\$363.13	FAIRWOOD CENTER	CB	Shopping Ctr(Community)	7	Y	
250	473	543620	0842	83,651	3013157	\$17,457,000	10/01/19	\$208.69	LANGSTON LANDING SAFEWAY &	GC	Shopping Ctr(Nghbrhood)	1	Y	
250	726	784680	0010	65,807	2962666	\$21,200,000	11/19/18	\$322.15	SAFEWAY SNOQUALMIE RIDGE	MU	Grocery Store	4	Y	
250	761	722780	1026	25,740	3026179	\$4,571,833	12/16/19	\$177.62	SAFEWAY (SUNSET BLVD) - RENT	CV	Grocery Store	1	Y	

Improvement Sales for Area 250 with Sales not Used

08/27/2021

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Par. Ct.	Ver. Code	Remarks
250	161	920247	0080	255,534	3112461	\$16,510,000	01/30/21	\$64.61	WESTFIELD SHOPPING CENTER	TUC-RC	Shopping Ctr(R	1	33	Lease or lease-hold
250	226	262505	9196	307,204	2995607	\$123,628	06/19/19	\$0.40	SEARS- OVERLAKE FASHION PLAZ	OV3	Retail(Big Box)	1	24	Easement or right-of-way
250	226	262505	9276	6,115	2995138	\$4,012,869	06/19/19	\$656.23	OVERLAKE FASHION PLAZA	OV3	Retail(Line/Strip	1	11	Corporate affiliates
250	226	262505	9276	6,115	2995606	\$8,600,000	06/19/19	\$1,406.38	OVERLAKE FASHION PLAZA	OV3	Retail(Line/Strip	1	24	Easement or right-of-way
250	226	355750	0220	32,200	3024256	\$10,000,000	12/06/19	\$310.56	PICKERING PLACE - Regal Cinemas	UC	Movie Theater	1	51	Related party, friend, or neighbor
250	226	355750	0232	13,596	2961559	\$5,750,000	11/09/18	\$422.92	PICKERING PLACE - Leathers Home	UC	Retail Store	1	46	Non-representative sale
250	343	198220	2070	164,437	2986686	\$618,000	05/08/19	\$3.76	FRED MEYER - BALLARD	IG2 U/65	Retail(Big Box)	1	24	Easement or right-of-way
250	447	983420	1515	107,423	2925251	\$4,750	03/04/18	\$0.04	RAINIER VALLEY SQUARE: SAFEW	C2-65	Shopping Ctr(M	1	68	Non-gov't to gov't
250	471	362205	9185	151,563	2919294	\$42,290,300	03/13/18	\$279.03	COVINGTON SQUARE	TC	Shopping Ctr(C	1	59	Bulk portfolio sale
250	471	510710	0040	220,332	3013372	\$8,680	09/03/19	\$0.04	MAPLE VALLEY TOWN SQUARE - M	TC	Office Building	6	24	Easement or right-of-way
250	473	292205	9335	127,693	3046659	\$2,500,000	05/08/20	\$19.58	KENT EAST HILL PLAZA	CC	Shopping Ctr(C	1	15	No market exposure
250	622	720241	0010	391,601	3028027	\$144,882,040	12/30/19	\$369.97	REDMOND TOWN CENTER	TWNC	Shopping Ctr(C	1	59	Bulk portfolio sale
250	622	894438	0010	231,753	3045374	\$5,295,000	05/01/20	\$22.85	THE VILLAGE AT TOTEM LAKE - LO	TL 2	Retail Store	3	68	
250	731	242606	9008	44,816	2923455	\$9,357,000	04/06/18	\$208.79	Safeway - Duvall (#1572)	Co	Grocery Store	1	N	
250	741	192604	9424	50,083	2929989	\$6,000,000	05/14/18	\$119.80	ALBERTSON'S Store 410 (Econ. Unit	C1-65	Grocery Store	1	22	Partial interest (1/3, 1/2, etc.)
250	742	797420	0020	32,822	3022468	\$11,141,891	11/22/19	\$339.46	WEDGWOOD SAFEWAY (Store #42	NC2P-55 (M1)	Grocery Store	1	33	Lease or lease-hold
250	742	797420	0020	32,822	2997362	\$7,576,486	06/28/19	\$230.84	WEDGWOOD SAFEWAY (Store #42	NC2P-30	Grocery Store	1	59	Bulk portfolio sale
250	753	042104	9110	25,780	2967928	\$7,650,000	12/19/18	\$296.74	SAFEWAY - FEDERAL WAY (STORE	BN	Grocery Store	1	N	
250	773	332205	9135	59,813	2967297	\$17,900,000	12/19/18	\$299.27	SAFEWAY STORE w/ GAS	CC	Shopping Ctr(N	1	N	
250	774	000100	0056	71,266	3012411	\$6,050,000	09/27/19	\$84.89	SAAR'S MARKET W/ LINE RETAIL	C3	Retail(Discount	1	15	No market exposure

Specialty Area 250 - 2021 Physical Inspection

Area	Neighborhood	Major	Minor	PropName	PresentUse
250	371	179631	0010	HOME DEPOT - COVINGTON	Retail(Discount)
250	371	252205	9239	WALMART - COVINGTON (ECON. UNITS ON #92	Retail(Big Box)
250	371	252205	9268	KOHL'S - COVINGTON	Retail Store
250	371	252205	9274	WALMART - COVINGTON (ECON. UNIT FOR IMP	Parking(Assoc)
250	371	252205	9275	WALMART - COVINGTON (ECON. UNIT FOR IMP	Parking(Assoc)
250	371	362205	9007	FRED MEYER - COVINGTON	Retail(Discount)
250	371	362205	9022	COSTCO - COVINGTON + GAS STATION	Retail(Big Box)
250	371	510700	0030	FRED MEYER - MAPLE VALLEY TOWN SQUARE	Shopping Ctr(Nghbrhood)
250	373	292205	9044	HOME DEPOT - KENT	Retail(Discount)
250	373	292205	9311	TARGET - KENT	Retail(Discount)
250	373	543620	0840	K MART (VACANT)	Retail(Discount)
250	373	783080	0006	FRED MEYER - KENT	Retail(Discount)
250	374	072105	9008	FRED MEYER - AUBURN	Retail(Discount)
250	374	072105	9048	LOWE'S - AUBURN	Retail(Discount)
250	374	132104	9114	WALMART - AUBURN	Retail(Big Box)
250	374	232104	9031	COASTAL FARMS - AUBURN	Retail(Discount)
250	471	179631	0020	ESPLANADE CENTER - BLDG. B	Shopping Ctr(Nghbrhood)
250	471	179631	0030	ESPLANADE CENTER - RED ROBIN	Shopping Ctr(Nghbrhood)
250	471	179631	0040	ESPLANADE CENTER - BLDG. D	Shopping Ctr(Nghbrhood)
250	471	179631	0050	ESPLANADE CENTER - BLDG. E	Shopping Ctr(Nghbrhood)
250	471	179631	0060	ESPLANADE CENTER - BLDG. F	Shopping Ctr(Nghbrhood)
250	471	179631	0070	ESPLANADE CENTER - BANK OF AMERICA	Bank
250	471	272206	9046	FOUR CORNERS SHOPPING CENTER	Shopping Ctr(Nghbrhood)
250	471	272206	9075	FOUR CORNER SQUARE - RETAIL BLDG L	Office Building
250	471	272206	9086	FOUR CORNER SQUARE - WALGREEN'S	Retail(Line/Strip)
250	471	272206	9103	FOUR CORNER SQUARE - AUTOZONE	Retail Store
250	471	272206	9161	FOUR CORNERS SHOPPING CENTER	Service Building
250	471	362205	9185	COVINGTON SQUARE	Shopping Ctr(Community)
250	471	510700	0010	MAPLE VALLEY TOWN SQUARE - RESTAURANT/	Retail(Line/Strip)
250	471	510700	0020	MAPLE VALLEY TOWN SQUARE - CHASE BANK (Bank
250	471	510700	0040	MAPLE VALLEY TOWN SQUARE - FUEL STATION	Service Station
250	471	510710	0010	MAPLE VALLEY TOWN SQUARE - BURGER KING	Restaurant(Fast Food)
250	471	510710	0020	MAPLE VALLEY TOWN SQUARE - FARRILLIS RES	Restaurant/Lounge
250	471	510710	0030	MAPLE VALLEY TOWN SQUARE - OFFICE/RESTA	Retail(Line/Strip)
250	471	510710	0040	MAPLE VALLEY TOWN SQUARE - MEDICAL OFFI	Office Building
250	471	510711	0010	FOUR CORNER SQUARE	
250	471	510711	0020	FOUR CORNER SQUARE - PANERA'S	Restaurant(Fast Food)
250	472	242006	9121	QFC STORE AND LINE RETAIL (ECON UNIT (GA	Grocery Store
250	473	052205	9097	PANTHER LAKE CENTER - 24 HOUR FITNESS	Grocery Store
250	473	052205	9098	PANTHER LAKE CENTER	Shopping Ctr(Community)
250	473	052205	9101	PANTHER LAKE CENTER	Shopping Ctr(Nghbrhood)
250	473	052205	9106	PANTHER LAKE CENTER	Shopping Ctr(Nghbrhood)
250	473	152205	9034	MERIDIAN PLAZA/QFC	Shopping Ctr(Nghbrhood)
250	473	152205	9140	MERIDIAN VALLEY PROFESSIONAL CTR.	Office Building
250	473	152205	9149	MERIDIAN VALLEY PROFESSIONAL CTR	Office Building
250	473	152205	9150	MERIDIAN VALLEY PROFESSIONAL CTR	Office Building
250	473	282205	9062	LAKE MERIDIAN MARKET PLACE	Shopping Ctr(Community)
250	473	292205	9017	CANYON RIDGE PLAZA	Shopping Ctr(Regional)
250	473	292205	9310	TOP FOODS (Former)	Shopping Ctr(Regional)
250	473	292205	9335	KENT EAST HILL PLAZA	Shopping Ctr(Community)
250	473	543620	0524	MEEKER SQUARE SHOPPING CENTER	Shopping Ctr(Community)
250	473	543620	0842	LANGSTON LANDING SAFEWAY & RETAIL	Shopping Ctr(Nghbrhood)

Specialty Area 250 - 2021 Physical Inspection

Area	Neighborhood	Major	Minor	PropName	PresentUse
250	474	000080	0024	AUBURN NORTH SHOPPING CENTER - ALBERTS	Retail Store
250	474	072105	9004	AUBURN NORTH SHOPPING CENTER	Shopping Ctr(Community)
250	474	302105	9017	WHITE RIVER JUNCTION - BARTELL DRUGS (VA	Shopping Ctr(Nghbrhood)
250	474	302105	9018	WHITE RIVER JUNCTION	Shopping Ctr(Nghbrhood)
250	474	302105	9034	WHITE RIVER JUNCTION - ALBERTSONS	Shopping Ctr(Nghbrhood)
250	474	302105	9036	WHITE RIVER JUNCTION	Shopping Ctr(Nghbrhood)
250	474	302105	9061	WHITE RIVER JUNCTION	Shopping Ctr(Nghbrhood)
250	474	302105	9071	WHITE RIVER JUNCTION	Shopping Ctr(Nghbrhood)
250	474	302105	9335	WHITE RIVER JUNCTION - ROUND TABLE PIZZA	Shopping Ctr(Nghbrhood)
250	673	383097	0010	KENT STATION - NORTH PARKING LOT	Parking(Commercial Lot)
250	673	383097	0020	KENT STATION - BUILDING 10 - RETAIL STOR	Retail Store
250	673	383097	0030	KENT STATION - BUILDING #7	Retail Store
250	673	383097	0040	KENT STATION - BUILDING #5 MIXED USE RET	Retail Store
250	673	383097	0050	KENT STATION - LOT 5 - BUILDINGS #4 AND	Retail Store
250	673	383097	0060	KENT STATION - BUILDING #3 - RESTAURANT	Restaurant/Lounge
250	673	383097	0070	KENT STATION - BUILDING #6	Retail Store
250	673	383097	0080	KENT STATION - 14 MULTIPLEX THEATER	Movie Theater
250	673	383097	0090	KENT STATION - BUILDING 2	Retail Store
250	673	383097	0100	KENT STATION - LOT #10 - WEST PARKING	Parking(Commercial Lot)
250	673	383098	0010	KENT STATION - Phase II - Buildings 11N	Retail Store
250	673	383098	0020	KENT STATION - Phase II North Parking Lo	Parking(Commercial Lot)
250	673	383098	0030	KENT STATION - Phase II - North Parking	Parking(Commercial Lot)
250	673	383098	0040	KENT STATION - Phase II - Building #13	Retail Store
250	673	383098	0050	KENT STATION - Phase II - Building #14	Retail Store
250	673	383098	0060	KENT STATION - Phase II - Building # 15	Retail Store
250	673	383098	0090	Kent Station - SE PARKING LOT	Vacant(Commercial)
250	673	714200	0000	KENT STATION - RAMSAY WAY COMMERCIAL C	Condominium(Office)
250	673	714200	0010	KENT STATION - RAMSAY WAY COMMERCIAL C	
250	673	714200	0020	KENT STATION - RAMSAY WAY COMMERCIAL C	
250	673	714200	0030	KENT STATION - RAMSAY WAY COMMERCIAL C	
250	673	714200	0040	KENT STATION - RAMSAY WAY COMMERCIAL C	
250	673	714200	0050	KENT STATION - RAMSAY WAY COMMERCIAL C	
250	771	162206	9063	QFC - LAKE WILDERNESS	Grocery Store
250	772	252006	9114	SAFEWAY W/GAS SERVICE.	Grocery Store
250	773	082205	9247	SAFEWAY MARKET PLACE	Grocery Store
250	773	332205	9135	SAFEWAY STORE	Shopping Ctr(Nghbrhood)
250	774	000100	0056	SAAR'S SUPER SAVER	Retail(Discount)
250	774	733140	0237	SAFEWAY - AUBURN w/ Gas (Super Safeway)	Grocery Store



King County

Department of Assessments

King Street Center
201 South Jackson Street, Room 708
Seattle, WA 98104
(206) 296-7300 FAX (206) 296-0595
Email: assessor.info@kingcounty.gov

John Wilson

Assessor

As we start preparations for the 2021 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, 2021 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 250

2021 Assessment Year



Department of Assessments