King County

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As we start preparations for the 2012 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, 2012 in conformance with generally accepted appraisal practices.
- Prepare written reports in compliance with USPAP Standard 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.

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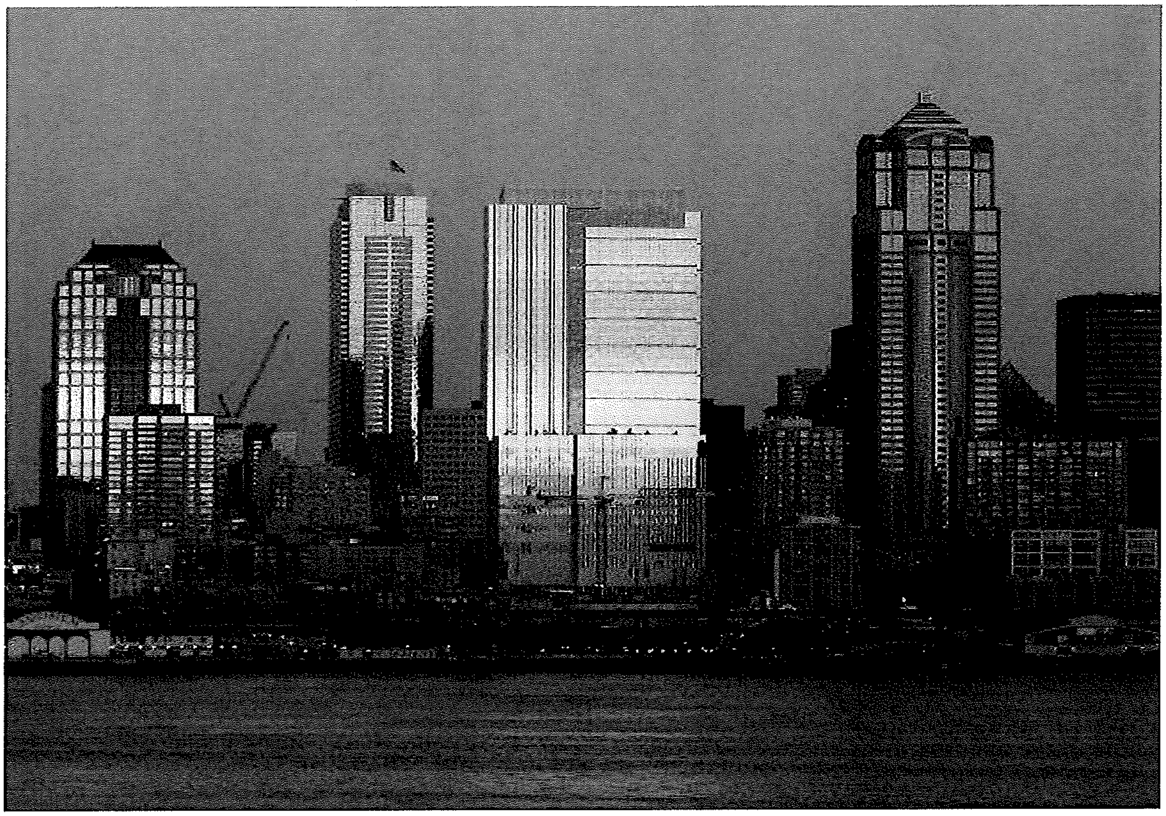

2012 Revalue Report – Office Specialty – 280

King County Department of Assessments

King County

Executive Summary Report

Appraisal Date 1/01/12 - 2012 Assessment Year – 2013 Tax Roll Year

Specialty Name: Major Office Buildings

Physical Inspection: No inspection is required for this valuation as all properties have been inspected within the past five years.

Sales - Improved Analysis Summary:

Number of Sales: 10 market transactions in 2011

Range of Sale Dates: 3/28/2011 to 12/19/2011

Sales – Ratio Study Summary:

	Average AV	Average Sales Price	Ratio*	COD**
2011 Value	$56,711,000	$97,017,400	58.5%	16.41%
2012 Value	$80,250,800	$97,017,400	82.7%	6.87%
Change	+$23,539,800		+24.2%	-9.54%
% Change	+41.5%		+41.4%	-58.14%

*See discussion of the 2012 weighted mean assessment level in Model Validation Section
** COD is a measure of uniformity, the lower the number the better the uniformity

Sales used in Analysis: All improved sales in the past year that were verified as market sales that included land, and were not sold as a portion of a bulk portfolio sale, or had major renovation or have been segregated or merged since being purchased were included in the ratio analysis.

The above ratio study results for office sales in the Office Specialty 280 (institutional grade office buildings with a rentable area of 100,000 square feet or more) is based on a limited sales sample that is heavily weighted with sales of well-leased or well-located lower risk properties in the Downtown Seattle sub-markets. Consequently, in this instance, it may not be a reliable tool for measuring the revaluation results of the overall specialty that includes a high proportion of properties with higher than market vacancy or less dynamic suburban locations (i.e. South King County) where values generally remained flat.

In addition, the sales sample represents the leased fee interest while the assessor values the fee simple interest based on market parameters as of the valuation date. Therefore sales with leases that are above or below current market rates do not reflect what the assessor is valuing. Also, if buyers are purchasing properties at a transitional point in the market cycle with expectations of higher future lease rates the sale typically will reflect higher values than the assessor's value by the income approach using current market parameters.

Total Population – Parcel Summary Data:

	Land	Improvements	Total
2011 Value	**2,628,527,600**	**9,194,817,600**	**11,823,345,200**
2012 Value	**2,633,339,800**	**10,370,196,300**	**13,003,404,000**
Percent Change	**+0.18%**	**+12.78%**	**+9.98%**

Number of Improved Parcels in the Ratio Study Population:

226 (this excludes individual office condo units i.e. Nordstrom Medical Tower has 27 individual medical office condos but the ratio views it as one property) – 268 improved parcels total.

Conclusion and Recommendation:

While office sales increased in 2011 there were insufficient sales in most office market segments to rely on the Sales Comparison Approach in the 2012 revalue. The Income Approach is used in the final reconciliation of value because it allows greater equalization and uniformity of values for the various stratifications of office buildings in the different submarkets. In addition, sufficient market income data is available for the analysis.

As of the end of 2011 the office market was solidly in the recovery phase of the commercial real estate cycle with the exception of several South King County sub-markets. Most submarkets saw slight decreases in vacancy while face lease rates were generally flat or similar to the previous year with the exception of upper view floors in the Class A+ high-rises where asking rates increased. Effective lease rates were generally flat or up slightly in well-leased buildings because of fewer landlord concessions by year-end 2011. Capitalization rates trended down significantly for well-leased or well-located properties.

The resulting valuation total reflects the improving income fundamentals particularly the lower capitalization rates. Lower rates were applied to the well-leased offices typically those with less than 15% vacancy while higher capitalization rates were applied to the offices with high vacancy.

The overall increase of almost 10% reflects the overall improving office market in King County. It does not include the limited new construction values which are valued later.

The values recommended in this report reflect current office market parameters as of the valuation date of 1/01/2012 therefore it is recommended that they should be posted for the 2012 Assessment Year.

Analysis Process

Effective date of Appraisal: January 1, 2012

Date of Appraisal Report: June 20, 2012

Highest and Best Use Analysis

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

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

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

Special Assumptions, Departures and Limiting Conditions

All three approaches to value were considered in this analysis.

The following Departmental guidelines were considered and adhered to:

Market trends (market condition adjustments, time adjustments) were considered for the sales prices of the sales available in the current office market cycle.

This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation: Specialty Area 280: Major Office Buildings

This report contains data pertinent to the revalue of major office buildings (100,000 square feet of net rentable area and above). Net rentable area as utilized here is typically described as gross building area less vertical penetrations. The office specialty properties are found throughout King County, with significant concentrations located in Downtown Seattle and Downtown Bellevue. Additionally, larger suburban office buildings are found in many jurisdictions of the County. All office specialty properties were revalued this year. Included in the addendum of this report is a list of the parcels physically inspected for the 2012 assessment year.

Boundaries:

All of King County

Maps:

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

Area Description:

For purposes of the 2012 revaluation of the office-building specialty, the population has been segmented into six regions. These regions are generally described by their geographic location with the exception of medical office buildings, which is described by its primary use. The following is a brief description of each of these market segments.

<u>North</u>

This region represents a small portion of the total specialty. The largest concentrations of buildings in this segment are located in the Northgate, Fremont, and University Districts. New construction includes the Lake View Building in the Quadrant Lake Union Center in Fremont. The 102,000 square foot building was completed in the 4^{th} Qtr. 2008. It transferred in a foreclosure sale in November 2010. Currently in the planning stages is a five-story ultra-green office building that will be built between the Fremont and Wallingford. The anchor tenant will be Brooks Sports.

<u>Seattle Central Business District (Seattle CBD & Downtown Submarkets)</u>

The largest portion of the office specialty is comprised of properties located in this region. Approximately 45% of the office properties are located in the Downtown Seattle submarkets. The Seattle CBD geographic boundaries are loosely described for purposes of this analysis as extending from Lower Queen Anne on the north to Safeco Field on the south, from Puget Sound on the west to Interstate 5 on the east.

In South Lake Union, construction to shell was completed on the 5-story, 183,000 square foot, 1100 Eastlake Building in late 2008. This office/biotech building remained vacant and was sold to Fred Hutchinson Cancer Research Center in a deed in lieu of foreclosure transaction in December 2010. Construction was also completed in late 2009 on the 2201 Westlake project which includes a 12-story office tower with 300,000 square feet of office and a 19-story residential tower. The office tower condominium was 100% leased to the global health nonprofit PATH and Amazon.com. 500 Yale was completed to shell in late 2009. The 5-story, 70,000 square foot office building remains 25% leased as of 1st quarter 2012. It is not in the office specialty (280) because of its smaller size. Currently construction has begun on a speculative six-story, 135,000 square foot office and retail building located a block west of the Amazon campus on Westlake Avenue.

On the waterfront, construction was completed in 2008 on the 333 Elliott Building, a 5-story, 132,000 square foot office building that is leased to F-5 Networks with a large sublease to Classmates.com. Also completed to shell in late 2009 were the 4-story 635 Elliott (North Bldg.) and 645 Elliott (South Bldg.) offices with a total rentable area of 331,000 square feet. These two buildings were 25% leased as of the 1st quarter 2012.

Recent construction of other speculative office projects in the downtown submarkets includes the 14-story, 818 Stewart Building with 235,000 square feet. It was completed in 2008 and was 94% leased at year-end 2011. The 9-story, 202,000 square foot Seventh & Madison Building located on the east side of 1-5 was delivered in the first half of 2009. It was vacant as of November 2010 when it sold in a foreclosure sale. It is being built-out as medical office for the Polyclinic which will begin occupying space in the 2nd quarter 2012. Completed to shell in the 2nd half of 2009 was the 28-story, 483,000 square foot West Eighth Building. At year-end 2011 it had less than 5% vacancy after Amazon.com leased approximately 338,000 square feet. The 36-story, 650,000 square foot 1918 Eighth Office Tower and the 17-story, 263,000 square foot Fifth &Yesler Building were also completed to shell in 2009. Occupancy in 1918 Eighth rose to 94% in the 1st quarter of 2011 after Amazon.com leased 460,000 square feet. Fifth & Yesler is 100% leased to government offices included the Department of Labor and the Social Security Administration.

In Pioneer Square the 505 First Avenue Building was completed to shell in the first quarter of 2010. This 7-story, 285,000 square foot office was initially an addition to 83 King Street for Starbucks corporate expansion however before completion it became available for lease. Both buildings were sold in August 2011. As of the 1st quarter of 2012 it is 64% leased. Current new construction includes Homeplate Center- North. The six-story, 142,000 square foot, speculative office building is located slightly south of the downtown neighborhoods in SoDo. It was recently completed to shell in the April 2012. The second phase is a 190,000 square foot office building and is scheduled to be completed in late 2013.

Dedicated office projects include the Gates Foundation site in the Lower Queen Anne neighborhood and the Amazon.com development in South Lake Union. Phase I of the

Gates Foundation Headquarters campus currently includes two midrise office buildings with 590,135 square feet. It was occupied in May 2011. The Amazon.com Headquarters Campus includes five phases and eleven buildings with a total size of 1,700,000 square feet of Class A office and approximately 100,000 square feet of street-level retail space. As of the 1st quarter of 2012 the first four phases were complete and occupied. Phase V with approximately 355,000 square feet is scheduled to be completed in early 2013.

Bellevue Central Business District (Bellevue CBD)

This region, while comprised of a smaller number of properties, is considered to be the second most significant area of the office specialty. It is comprised of mid and high-rise office buildings in the Bellevue CBD.

In 2007 the 27-story Lincoln Square Office Tower was completed. The 539,000 square foot property is occupied by Microsoft and Eddie Bauer. Three other preleased office projects have been completed in the Bellevue CBD. Expedia Building (Tower 333) was completed in the second half of 2008. The 18-story, 410,000 square foot building had been pre-leased to Expedia.com and several smaller tenants. It sold in November 2009. The 12-story and 21-story Bravern I and II Office Towers has 248,000 and 497,000 square feet (this project has a large retail podium with Marcus Niemen as the anchor tenant). The Bravern office buildings were pre-leased to Microsoft and were completed in mid-2009 and sold in September 2010. City Center Plaza with 26-stories and 572,000 square feet was also completed in 2008. The office space was 100% leased to Microsoft. It sold in July 2010.

In the first quarter of 2008 demolition and construction began on the third building of the Summit complex, however with the downturn of the economy, Summit III, a 15-story building with 330,800 square feet, was capped at street level when the underground parking structure was completed in mid 2009. With a smaller inventory of large office spaces available it is speculated that construction may resume on the last phase of the Summit office complex.

Suburban Eastside

This region includes properties outside of the Bellevue CBD, on the East Side of Lake Washington. This analysis considers properties from the I-90 corridor, Kirkland, Redmond, Bothell, Issaquah and suburban Bellevue to comprise the Suburban Eastside. At present, while this region has a large geographic expanse, it has fewer large office buildings.

In the 1-90 sub-market, the three phases of the Advanta Office Commons @ I-90 were completed in 2008. The three, 7-story buildings with a total of 575,000 square foot of office space and a parking garage structure were 100% leased to Microsoft. The office campus sold in July 2010.

Also located in the I-90 corridor is the Two Newport Building which was completed in late 2010. It is a portion of the Newport Corporate Center and is fully leased to T-Mobile.

In the Bothell sub-market, construction of the 3-story, 105,000 square foot Schnitzer North Creek –Building A was completed to shell in early 2009. It was fully leased to a single tenant in the 4th quarter of 2009.

With the current recovery of the Eastside office market, planning is moving ahead on an 11.7 acre commercial development near downtown Kirkland by Touchstone Corp. Tentative plans are for 1.2 million square foot of office/technology space, 300,000 square feet of retail, a hotel, 3,500 below-grade parking stalls and about 3.5 acres of public space.[1]

South County

Properties located within South Seattle, Renton, Tukwila, Kent, SeaTac, Auburn and Federal Way areas generally describe this region. Weyerhaeuser has been the predominant property owner in the Federal Way area but has been downsizing in recent years. In these sub-markets there has been no recent new construction of large office buildings. The Federal Aviation Administration had stated that they would be expanding the regional headquarters now located in the 1601 Lind Avenue Building in Renton and was requesting proposals for a 500,000 square foot, LEED Gold office building that would be located in Renton, Kent, Des Moines, Sea Tac, or Tukwila. The FAA had planned to move into the new space in late 2014. In 2010 the FAA announced that they would need significantly less space than previously thought.

Medical Office Buildings

These buildings are analyzed independent of the remainder of the specialty as medical/dental office buildings. They typically have a different construction cost, and income/expense profile. Medical office buildings require more intensive plumbing, extra power for medical equipment, higher fresh-air filtration, zoned heating, and more parking than conventional offices.

The properties in this category are generally located on First Hill and the University District, with one medical office building in Downtown Seattle and two in Bellevue.

In the second half of 2011 Overlake Medical Pavilion a 190,000 square foot medical office building just east of I-405 was completed. It is targeting LEED silver certification.

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[1] Daily Journal of Commerce "Touchstone moving forward on Kirkland Parkplace development", 4/13/2012

Leasing Class Descriptions

A description of the leasing classes is provided. In the market approach and income approach analysis the office properties are grouped into the above market areas and then stratified into the appropriate leasing class. The leasing class may differ from the building class. For example, a reinforced concrete, midrise office building will be classified as Class B construction but may be considered in the market as Class A leased space.

Class A:
Class A properties are the most prestigious buildings competing for premier office users with above average rents for the area. Buildings have high quality standard finishes, state-of-art building systems, and exceptional accessibility and a definitive market presence.

Class B:
Class B properties are buildings competing for a wide range of office users with average rents for the area. Building finishes are fair to good for the area and systems are adequate, and the buildings do not compete with Class A buildings.

Class C:
Class C properties are buildings competing for tenants requiring functional space at below average rents for the area. The buildings typically have designs and finishes that are dated.

In the valuation analysis Class A buildings are further stratified into A+ and top tier A+ office buildings and average Class A properties. Class B buildings are stratified into renovated/historic, average, and B- properties needing capital expenditures. The office specialty predominately consists of Class A and B properties.

LEED Office Buildings

LEED or Leadership in Energy and Environmental Design is an internationally recognized green building certification system that was developed by the U.S. Green Building Council in 2000. LEED promotes sustainable building and development practices through a rating system that recognizes projects that implement strategies for better environmental and health performance.[2] It has become the standard for green development of new buildings and retrofitting older buildings.

Initially government and environmental groups were the leading promoters of "Building Green" commercial buildings. Today the Pacific Northwest is among the top regions in the country in terms of sustainable development with developers and owners of institutional grade office buildings now considering the benefits of energy efficient new

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[2] www.usgbc.org "What LEED Is – Intro"

construction, and renovation and modifications to existing buildings. Increasingly the cost of building green is coming down at the same time that energy prices are rising. Green construction and retrofitting reduces operating expenses and may also provide a superior experience for the office tenant.

In addition to the quantifiable energy savings and the shorter term to recover the added costs of going green, most government agencies and some corporate tenants are now requiring green office spaces. The U.S. Building Council (USGBC) estimates that 40 – 48% of commercial construction by value will be green by 2015. Recent data reports that commercial buildings with LEED or Energy Star ratings command a rent premium of 4-5 percent over non-rated buildings (University of California, Berkeley, 2011) further supports the economics of building green.[3]

Recognizing the value premium of sustainable features of commercial buildings the City of Seattle has notified owners and managers of 800 large Seattle buildings that their properties will be benchmarked for energy performance with the ratings provided to prospective buyers and tenants.

Puget Sound Economic Conditions

In 2011 the Puget Sound economy grew faster than the nation's economy. Employment increased 1.5% over 2010 exceeding the national job growth of 1.0%. This recovery is tied to the region's strengths of aerospace, software development including internet retail and gaming, and global trade. Conway & Pedersen's December 2011 Puget Sound Economic Forecaster anticipates employment growth of 1.6% in 2012 in contrast to a 1.2% rate for the nation.[4]

Boeing's employment has rebounded with a huge backlog of airplane orders. In 2011 the company won the contract for the aerial tankers, reached a labor agreement, and committed to build the next generation of 737 airplanes in Renton. A stable information-technology industry once anchored by Microsoft has evolved into one of the largest high-tech clusters in the nation with Amazon.com dramatically increasing its footprint in Seattle. Other major tech-related companies with large real estate footprints in the Seattle area are Nintendo, Expedia Inc. and F5 Networks Inc. On a smaller scale Google and Facebook are increasing their presence in the area in order to take advantage of the large pool of tech employees. In the Seattle area the above average growth in tech employment has helped fill a glut in vacant office space. Another result of the growth of high paying jobs in the aerospace and software sectors was that Washington State led the nation in personal-income growth in the 3rd quarter of 2011.[5] In addition, the export sector has been a positive factor for the regional economy. For the first nine months of 2011

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[3] Valuation Magazine, 2nd Q. 2012, Appraisal Institute, "Green Scene" pgs. 21- 22
[4] CBRE, Market View Puget Sound office – 4th Qtr. 2011, pg. 2
[5] The Seattle Times, "State led nation in personal-income growth last quarter" 12/19/2011

Washington exports were running nearly 24% above the 2010 level with airplanes and agricultural products being the largest export categories. The recent U.S.–South Korean free trade agreement and Russia joining the World Trade Organization in 2012 may strengthen the state export sector.[6]

Office Market Conditions

Most observers believe that the Puget Sound region's commercial real estate market began to stabilize in 2010 and was solidly in the recovery cycle in 2011. The "2012 Emerging Trends in Real Estate" survey published in October 2011 by the Urban Land Institute and PwC ranks Seattle as the sixth most favorable market for commercial and multi-family investment among the nation's 51 largest markets. Seattle is one of the perennial choices of investors along with Washington, San Francisco, New York City, and Boston because their "24-hour characteristics, diversified economies, and prominent locations with geographic barriers along global pathways combine to offer relative stability: values tend to appreciate more in up markets and rebound more quickly after downturns."[7] Marcus & Millichap ranks Seattle as the fourth best office market in the country and predicts that office rental rates in the Seattle area will increase 4% in 2012 as demand for space increases along with job growth.[8] Also a national report by the real estate firm Grubb and Ellis Co. put Seattle second only to San Francisco as the best U.S. market for investment in office buildings over the next five years.[9]

As of the January 1st 2012 valuation date the greater Seattle and Bellevue CBD Class A office market appears to be at a transition point between the recovering stage with rents at or near the bottom of the market cycle and an accelerating stage characterized by rent growth. Evident at year end 2011 were higher asking rents in upper view floors of newer office buildings and fewer concessions. Longer leases are being signed and there is a noticeable reduction in landlord concessions including size of tenant improvement allowances and the amount of free rent. However, the Class A office market recovery is uneven with strong vacancy decreases in the newer multi-tenant office buildings and sluggish demand for commodity (average non-view space) in the older 1980's high-rise office buildings. Demand is expected to increase for average Class A space as the newer Class A+ office buildings have now reached stabilized occupancy and there is limited new construction in the pipeline and fewer very large spaces available. With the flight to quality and the strong attraction of tenants to locate in the Seattle and Bellevue CBD markets the Class B office buildings and the suburban office submarkets with the exception of the I-90 sub-market are in the earlier stage of the recovering market cycle. This is particularly true for the South County sub-markets with the exception of Renton where demand continues to be weak for vacant office space.

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[6] The Seattle Times, "Economy shows signs of strength amid the weakness" 12/27/2011
[7] Urban Land Institute & PwC- Emerging Trends in Real Estate 2012, pgs. 29,34 & 35
[8] Daily Journal of Commerce, "Office market here fourth best in U.S." 4/05/2012
[9] Puget Sound Business Journal, "Seattle ranks No.2 for office investment in 2012" 1/03/2012

Overall the Seattle Metropolitan area had the 3rd largest net absorption of office space in the nation at 3% (only San Francisco and Houston were higher). With the historically low level of new office deliveries the Co-Star Year End 2011 Office Review & Outlook predicts that on a region wide basis rents will remain flat in 2012 but with less fewer concessions, with rent growth occurring from 2013 – 2015.

According to Cushman & Wakefield's Puget Sound Statistical Summary for the Fourth Quarter 2011 overall office vacancy for the entire metropolitan area was 18.4% at the end of 2011 (this includes Class A, B, and C buildings in all Seattle, South King County, Eastside, and North End sub-markets). The overall absorption for the year was a positive 1,874,732 square feet up from + 685,570 square feet the previous year. Class A office space had a positive absorption of + 2,169,386 square feet up from + 926,856 square feet the previous year.

All Seattle downtown submarkets had positive Class A absorption even Pioneer Square/International District where Amazon moved from several Union Station buildings to its new South Lake Union campus. The overall absorption for 2011 was + 1,179,835 square feet up from + 720,052 square feet one year earlier.

Bellevue CBD had positive absorption of 180,552 square feet compared to - 124,565 square feet one year earlier while overall the Eastside Suburban sub-markets had positive absorption of 671,974 square feet with the I-90 Corridor having the highest absorption at 392,629 square feet. Overall the South End submarkets had a negative Class A absorption of 60,200 square feet compared to + 100,847 square feet the previous year with the negative absorption occurring in SeaTac and Kent/Auburn.

In the office specialty most of the Class B buildings are located in the Seattle CBD and downtown sub-markets. These submarkets had a negative absorption of 114,938 square feet down from a positive absorption of + 20,788 square feet in 2010.[10]

By the end of 2011 the office market in the Seattle CBD and adjacent downtown submarkets had overall vacancy that decreased measurably from the previous year. Published data from commercial real estate services vary significantly in regards to vacancy. Kidder Mathews which includes owner-occupied buildings in its statistics, lists the overall 4th quarter vacancy at 12.39% (includes A, B, & C leasing classes) down from 13.91% the previous year. Colliers 4th Quarter Statistical Office Report reports that downtown total vacancy was 13.92% down from 14.58% in the 3rd Quarter of 2011(owner users included). CBRE lists the overall vacancy for all lease classes at 17.72 % down from 18.91% at the end of 2011(owner users not included). In past market cycles when vacancy falls to 12% lease rates start to rise.[11]

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[10] Puget Sound Office Summary – Fourth Quarter 2011 Market Statistics, Cushman & Wakefield
[11] Appraisal Institute Fall R.E. Seminar, Office Session, Carolyn Davis, 10/27/11

The Seattle CBD and downtown office submarkets saw a strong positive trend of leasing and sales activity in 2011. Flat or slightly declining lease rates characterized the overall office market however strong demand for space in view floors of top-tier and new high-rise office buildings resulted in increases in asking rates and higher effective lease rates in these buildings. Tenant expansion in new and renewal leases was also a positive trend while "flight to quality" continued to negatively affect older, average or less well-located office buildings. By year-end 2011 all of the speculative high-rise office buildings and the Russell Investments Center had stabilized occupancy with vacancy well under 10%. A downside of the lease-up of the new buildings at lease rates that were significantly below those at the market peak in 2007 is the competitive struggle of older upper-tier buildings such as the Columbia Center to fill vacant space. Another trend has been the desire of many non-traditional tenants (not law firms and insurance companies) to locate in the transitional north downtown neighborhoods in the Denny Triangle and South Lake Union, and smaller tech firms to locate south of the CBD in Pioneer Square. A positive development expected in 2012 will be new ownership of the troubled Archon portfolio of office buildings in Seattle and Bellevue. This will bring in needed tenant improvement money and re-start leasing in these buildings. That has already occurred with the Smith Tower in Pioneer Square.

The Bellevue CBD and the Eastside Suburban submarkets also exhibited positive trends in 2011. Hiring in the technology sector was the primary driver for office market growth with sizable expansions of some companies such as Expedia. "The Bellevue CBD's overall vacancy rate declined 270 basis points year-over-year to 13.8% while the suburban markets (including the North end) dropped 230 basis points to 14.8%" according to Cushman Wakefield.[12] Kidder Mathews reported an overall Eastside vacancy rate of 10.09% down from 11.36% at year-end 2010 and a decline in the Bellevue CBD rate to 12.40% from 13.60% one year earlier.[13] Unlike the Seattle office market where the economic downturn was coupled with a high level of speculative office space entering the market in 2008 and 2009, the Bellevue CBD did not have vacant speculative office buildings to add to the vacancy and deflate lease rates further. Three of the four new office buildings in the Bellevue CBD were leased by Microsoft and the fifth building Summit III was capped at the ground level. While lease rates had fallen substantially from their peak they remain higher in comparison to Seattle. In 2011 office lease rates generally remained flat.

According to Kidder Mathews South King County saw a modest decease in vacancy with overall vacancy down to 12.86% at year-end 2011. Currently the average asking rental rate is flat at $20.12 per square foot full-service or over 25% lower than the other King County markets.[14] A review of the submarket vacancies in South King County shows a wide range of vacancies between the submarkets. Certain submarkets have been inordinately affected by the changing real estate needs of Boeing and Weyerhaeuser.

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[12] Cushman & Wakefield – Marketbeat Office Snapshot – Bellevue, WA – Q4 2011
[13] Kidder Mathews – Real Estate Market Review – Seattle Office – Q4 2011
[14] Kidder Mathews – Real Estate Market Review – Seattle Office – Q4 2011

More recently SeaTac and Kent have been negatively affected by Boeing giving up office space and Federal Way has seen high office vacancy as Weyerhaeuser has downsized and vacated and sold several of their office properties. In contrast, Boeing released Triton Tower III in Renton in 2011 and with the commitment of Boeing to build 737 Max in Renton there may be additional demand for office space when the program gets started.

The Medical Office Building segment of the office market has shown much greater resilience in the economic downtown than the office market in general. Healthcare continues to be a very strong sector of the economy.

The shift of medical care from inpatient to outpatient has resulted in more visits to physicians' offices and more demand for medical office space. Positive job growth in this sector has continued throughout the recession. Changes in healthcare technology, the push for online medical records, the passage of the Patient Protection and Affordable Care Act (should it survive legal challenges), and the high population in the 55-plus age group will result in very strong demand for existing and additional medical office space in the coming years.

High occupancy rates, long leases, low tenant turnover, and the fact that healthcare keeps expanding regardless of the economic cycle has resulted in an office market segment that has been attractive to institutional buyers. Hospitals and health systems have also found it useful to spin-off and sell non-core assets such as medical office buildings to get capital for new services, technology, and other uses.

According to Marcus & Millichap Medical Office Research Report – October 2011, the Seattle Metropolitan region had vacancy of 7.5 % and average asking rent of $31.86 per square foot as of the 3rd Quarter of 2011. In the California/Pacific Northwest region capitalization rates "declined 40 basis points over the past year to 7.3%. Triple-net deals with credit tenants start in the low-6-percent range, while Class B properties in strong locations often trade at cap rates 100 to 150 basis points higher."[15]

Preliminary Ratio Analysis

The inclusion of the Ratio Study Summary is included for administrative consistency. Because so few sales of office buildings in the office specialty were available in 2009 and 2010 only 2011 market sales were included in the analysis. The final ratio study may not be an entirely reliable analysis of the recommended values because the sales sample is over weighted with sales in the downtown Seattle submarkets.

The Preliminary Ratio Study was completed just prior to the application of the 2012 recommended values. This study benchmarks the current assessment level using 2011

[15] Marcus & Millichap – Special Medical Office Research Report – October 2011, pg. 6

assessed values. The study was also repeated after application of the 2012 recommended values. The results are included in the validation section of this report showing a change in the level of assessment (weighted mean) from 58.5% to 82.7%, the Coefficient of Dispersion (C.O.D.) from 16.41% to 6.87%, and the Coefficient of Variation (C.O.V.) from 23.57% to 8.91%. The Price-related Differential (P.R.D.) fell from 1.18 to 1.06.

Scope of Data

Land Value Data:

The geographic appraiser in the area in which the specialty office property is located is responsible for the land value used by the office specialty appraiser. See appropriate area reports for land valuation discussion.

Improved Parcel Total Value Data:

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

Improved Parcel Total Values:

Sales comparison approach model description

The office building sales in King County utilized in the analysis for the current revalue were segmented into six market segments. The segmentation is based primarily on the geographic boundaries previously described. In the event a segment lacked adequate sales representation, similarities in other segments were considered and judgment was applied in determining market comparability.

The current recovery of the commercial real estate market coincides with more lending activity, more recapitalization/restructuring of debt, and a higher volume of office sales. Continuing low interest rates and the highest ever spread between capitalization rates and U.S. Treasuries has resulted in commercial real estate becoming an attractive investment. According to the Co-Star 2011 Year End Office Review and Outlook the amount of distress sales is decreasing, price appreciation is occurring with investment grade and general commercial grade properties including smaller properties, while a premium continues to be paid for offices with 85% or more occupancy.

The Seattle Metropolitan area continued to be attractive to institutional investors in 2011 Puget Sound area recorded $1.8 billion in office sale transactions, a 36% increase over 2010.[16] Sales of new leased-up Class A+ office buildings continued with the sales in Seattle of 818 Stewart and 1918 8th Avenue to JP Morgan Chase after Amazon leased much of the vacant space in 1918 8th. In Pioneer Square Starbucks sold the recently finished Class A 505 First Avenue Building which was 65% leased and the adjacent 83 King Street an older renovated Class B building. Also in Pioneer Square CBRE took ownership of Smith Tower in a foreclosure auction. In the International District, 705 Union Station sold in an off-market transaction shortly after the lease of the sole tenant Amazon.com expired. In the Seattle CBD Westlake Center Office Tower, an average Class A building with low vacancy sold, as did 1800 Ninth Avenue which sold with 60% vacancy and a lease-back of approximately 30% to the seller Regence BlueShield. Also in the CBD the iconic, Class B Seattle Tower traded again, and in Lower Queen Anne the Queen Anne Square Office Condo sold. In the first half of 2012 strong sales continued with the Class A+ Second & Seneca Building (& adjacent 1101 2nd Avenue) trading in February. In April 1600 Seventh Avenue (Quest Plaza) sold after Nordstrom signed a lease that will take most of the 60% of the building that was vacant. CenturyLink will lease-back the 40% that they occupy. Also in April 2012 the Class A+ high-rise Russell Investments Center sold in what was the largest single asset office sale in the West since 2006.[17]

On the Eastside in the Bellevue CBD the A+ high-rise Key Tower built in 2000 sold. This was the first sale in the CBD of a multi-tenant Class A office building since 2008. In the I-90 office submarket Eastpointe Corporate Center with 80% vacancy sold to an owner user, and in Redmond the 100% vacant Legacy Corporate Center (renamed Marymoor Technology Center) sold in a REO transaction. In Kirkland the four building Plaza at Yarrow Bay with stabilized occupancy traded (these buildings are under the size threshold and are not in the office specialty 280).

In South King County 1601 Lind Building in Renton was sold. It was 100% leased to the FAA.

In 2011 investors continued to be attracted to and competing for properties with the highest returns. These well-leased Class A+ and Class A office properties in downtown Seattle and Bellevue typically sold with capitalization rates in the low to mid 5% range. However interest has started to spread to well-leased Class B offices and to well-located high vacancy office buildings which offer value added opportunities. According to Robert White of Real Capital Analytics capital is moving down the risk spectrum in primary markets such as Seattle where office capitalization rates are 90 basis points less than the national office cap rates as of the 3rd Quarter of 2011.[18]

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[16] Central Puget Sound Real Estate Research Report – Puget Sound Office Market, Pg.72
[17] Daily Journal of Commerce, "Russell Center is sold for $480M", 4/23/2012
[18] Seattle Chapter of the Appraisal Institute – Fall 2011 Real Estate Seminar – 10/27/2011

Sales comparison calibration

Market sales of office specialty properties that occurred during the period from 1/01/2011 to 12/31/2011 were considered in the analysis. Other market sales of office buildings that were smaller than the office specialty threshold of 100,000 square feet net rentable, were often reviewed in the analysis when the sales were limited for a building type or submarket.

As of the 1/01/2012 valuation date there have been far too few current sales of different office types in the various submarkets to rely on the market approach to value.

While the sales were reviewed and market data extracted when possible, 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 office buildings and because sufficient market income data date was available as of the valuation.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. Because of the difficulty in accurately determining the depreciation of older office properties, this approach to value was given the least weight in the final reconciliation of values of older office buildings. However, it was given more weight in the valuation of new construction and recently completed office buildings that have not been leased up. With new buildings the cost method is reconciled with the income method as if leased to see if a downward adjustment should be made to the cost approach to reflect what may be a longer lease-up period in the current recovering office market.

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

A direct capitalization income approach estimate was calculated for all properties within the specialty. Due to the significance of the parking income contribution in the Seattle and Bellevue CBD's, and the fact that these parcels comprise the majority of the properties within the specialty, parking income was a necessary component of the direct capitalization process. The inability of the department's income table program to recognize parking stalls as an income generator precluded the use of income tables in the revaluation of the office specialty. Therefore, no tables were created. Instead three direct capitalization workbooks were created showing each property's income value estimate.

Income approach calibration

The income valuation models were calibrated after setting base rents by considering necessary adjustments. Appraisal judgment was employed in adjusting for differences between individual buildings based on their perceived investment competitiveness in their respective markets. Location, effective year built, construction and leasing class, quality and size as recorded in the Assessor's records were items considered to be of primary importance in determining a properties placement in the appropriate base rent category.

Within each of the six market segments, income parameters were established for economic rent, vacancy and credit loss, expenses, and capitalization rates for various groupings of properties based on their investment competitiveness. Rents, operating expenses, and capitalization rates were collected on sold properties when available. This data was then considered along with surveys conducted by outside resources, along with information gathered from properties available for lease and sale and utilized to establish general guidelines for neighborhood groupings. A rent survey was conducted to ascertain the income parameters typically reflected in the current office lease market. The information gathered is considered to be indicative of the current office-leasing environment and in most instances, the data reported is based on deals that have been made and are in place or will be in the near future.

In the "**Statistical Research Report of Seattle Office**" for Fourth Quarter 2011 Colliers International breaks out Seattle office submarkets, building counts, total building class square feet, direct and total vacancy, and average asking lease rates (Full Service). Owner/ users are included in this survey.

Market Area	**Bldg Ct.**	**Total SF**	**Direct Vacant SF**	**Sublease Vacant SF**	**4th Qtr Direct Vacancy Rate**	**4th Qtr Total Vacancy Rate**	**Average Asking Lease Rate**
Sea CBD							
Class A	42	20,699,527	2,661,082	288,279	**12.86%**	14.25%	**$30.42**
Class B	49	4,878,451	614,834	12,896	**12.60%**	12.87%	**$24.27**
Pioneer Sq / Waterfront							
Class A	10	2,032,915	728,452	-	**35.83%**	41.46%	**$31.44**
Class B	57	4,329,178	432,711	4,704	**10.10%**	10.51%	**$22.91**
Belltown / Denny Regrade							
Class A	14	2,844,698	276,896	2,820	**9.73%**	9.83%	**$26.46**
Class B	33	2,558,686	308,245	46,227	**12.05%**	13.85%	**$24.69**
Q. Anne / Magnolia							
Class A	12	1,906,881	530,268	1,623	**27.81%**	27.63%	**$33.26**
Class B	45	2,276,744	164,623	23,661	**7.23%**	8.27%	**$26.01**
Lake Union							
Class A	21	4,152,135	850,214	1,306	**20.48%**	20.51%	**$32.88**
Class B	63	3,691,003	385,010	-	**10.43%**	10.43%	**$26.19**
U District / Ballard							
Class A	3	279,256	12,089	63,748	**4.33%**	27.16%	**$33.20**
Class B	45	2,369,875	38,605	70,047	**1.63%**	4.58%	**$24.71**
Northgate / North Seattle							
Class A	2	205,361	17,851	-	**8.69%**	8.69%	**$24.23**
Class B	17	585,650	97,905	-	**16.72%**	16.72%	**$22.90**
Market Summary							
Class A	104	32,120,773	5,076,852	357,776	**15.81%**	16.92%	**$31.07**
Class B	309	20,689,587	2,041,933	157,535	**9.87%**	10.63%	**$24.59**

In the **"Statistical Research Report of Eastside Office"** for Fourth Quarter 2011 Colliers International breaks out Eastside office submarkets, building counts, total building class square feet, direct and total vacancy, and average asking lease rates (Full Service). Owner/ users are included in this survey.

Market Area	**Bldg Ct.**	**Total SF**	**Direct Vacant SF**	**Sublease Vacant SF**	**4th Qtr Direct Vacancy Rate**	**4th Qtr Total Vacancy Rate**	**Average Asking Lease Rate**
Bellevue CBD							
Class A	26	7,742,525	814,953	54,916	**10.53%**	11.23%	**$34.31**
Class B	21	1,021,242	198,355	19,464	**19.23%**	21.13%	**$27.20**
I-90 Corridor							
Class A	17	2,483,049	309,615	-	**12.47%**	12.47%	**$31.08**
Class B	35	3,021,518	183,933	38,381	**6.09%**	7.36%	**$28.15**
520 Corridor							
Class A	23	3,418,819	67,723	-	**1.98%**	1.98%	**$27.53**
Class B	60	3,408,843	166,229	-	**4.88%**	4.88%	**$22.42**
Suburban							
Class A	1	44,000	44,000	-	**100%**	100%	**$24.93**
Class B	111	3,492,089	516,979	14,950	**14.80%**	15.23%	**$21.50**
Kirkland							
Class A	16	1,264,646	130,287	1,395	**10.30%**	10.41%	**$31.44**
Class B	76	2,233,620	305,661	27,622	**13.68%**	14.92%	**$26.86**
Redmond							
Class A	25	2,530,152	283,495	-	**11.20%**	11.20%	**$30.23**
Class B	55	3,047,221	403,286	-	**13.23%**	13.23%	**$25.57**
Issaquah/ Coal Crk							
Class A	7	918,064	139,865	9,703	**15.23%**	16.29%	**$28.97**
Class B	27	846,717	61,475	1,700	**7.26%**	7.46%	**$28.89**
Mercer Island							
Class A	1	101,617	29,557	-	**29.09%**	29.09%	**$33.35**
Class B	14	400,988	17,002	-	**4.24%**	4.24%	**$25.63**
Eastside Market Summary							
Class A	116	18,502,872	1,819,495	66,014	**9.83%**	10.19%	**$32.89**
Class B	399	17,472,238	1,850,920	102,117	**10.59%**	11.59%	**$25.91**

In the **"Statistical Research Report of South King County Office"** for Fourth Quarter 2011 Colliers International breaks out office submarkets, building counts, total building class square feet, direct and total vacancy, and average asking lease rates (Full Service). Owner/ users are included in this survey.

Market Area	**Bldg Ct**	**Total SF**	**Direct Vacant SF**	**Sublease Vacant SF**	**4th Qtr Direct Vacancy Rate**	**4th Qtr Total Vacancy Rate**	**Average Asking Lease Rate**
South Seattle							
Class A	6	779,922	450,768	-	**57.80%**	57.80%	**$24.55**
Class B	37	1,303,991	68,453	-	**5.25%**	5.25%	**$22.35**
Tukwila							
Class A	13	850,689	80,733	1,342	**9.46%**	9.65%	
Class B	42	1,449,387	216,965	13,271	**14.97%**	15.89%	**$19.61**
Renton							
Class A	22	1,803,712	109,137	8,836	**6.05%**	6.54%	
Class B	49	2,431,512	163,007	2,247	**6.70%**	6.80%	**$21.65**
SeaTac							
Class A	2	421,043	267,341	11,394	**63.49%**	66.20%	**$24.00**
Class B	21	769,568	113,635	-	**14.77%**	14.77%	**$19.52**
Kent / Auburn							
Class A	11	1,052,186	256,707	-	**24.40%**	24.40%	**$26.74**
Class B	39	1,243,012	179,138	-	**14.41%**	14.41%	**$21.72**
Federal Way							
Class A	15	1,057,474	223,711	147,909	**21.16%**	35.14%	
Class B	42	1,411,752	284,387	1,107	**20.14%**	20.22%	**$19.41**
Market Summary							
Class A	69	5,965,026	1,388,397	169,481	**23.28%**	26.12%	**$24.56**
Class B	230	8,609,222	1,025,585	16,625	**11.91%**	12.11%	**$20.63**

Officespace.com provides statistics on leased office buildings throughout King County. Submarkets are delineated and broken out into leasing class, number of buildings, direct vacant square feet, vacancy with sublet, future available square feet, and weighted average asking lease rate. The information in the following table is the 4th Quarter 2011 statistics from Officespace.com for the Seattle submarkets that were considered useful in the current revaluation.

Class	**# Bldgs**	**Total Sq. Ft.**	**Direct Vac. SF**	**Direct Vac.**	**Sublease SF**	**Vac. w/ Sublet**	**Future Vac.**	**Av. Lease FS**
Seattle CBD								
A+	8	7,548,778	1,046,765	**13.9%**	130,367	15.59%	197,098	**$37.87**
A	39	11,553,136	1,342,917	**11.6%**	347,673	14.63%	512,910	**$27.27**
B	49	4,151,139	579,826	**14.0%**	50,188	15.18%	24,224	**$24.13**
Denny Regrade								
A	18	3,534,885	440,929	**12.5%**	11,647	12.80%	155,285	**$28.78**
B	39	1,659,560	167,885	**10.1%**	7,720	10.58%	7,266	**$15.53**
Lake Union								
A	41	3,628,496	291,558	**8.0%**	124,579	11.47%	27,950	**$27.88**
B	64	1,438,354	165,950	**11.5%**	19,204	12.87%	26,656	**$19.70**
Pioneer Sq.								
A	15	2,218,270	671,049	**30.3%**	5,886	30.52%	15,152	**$28.61**
B	44	1,970,107	292,939	**14.9%**	14,442	15.60%	69,245	**$22.21**
Queen Anne/ Magnolia								
A	13	755,426	41,326	**5.5%**	1,865	5.72%	-	**$22.89**
B	33	1,044,375	72,497	**6.9%**	-	6.9%	16,593	**$22.44**
Waterfront								
A	26	2,756,841	863,749	**31.3%**	33,190	32.54%	26,443	**$30.84**
B	28	1,792,317	77,091	**4.3%**	71,494	8.29%	31,699	**$20.75**
Ballard/ University								
A	27	1,682,941	121,287	**7.2%**	102,935	13.32%	6,126	**$27.31**
B	46	1,168,056	71,561	**6.1%**	2,000	6.3%	18,724	**$23.49**
Cap./First Hill								
A	10	988,607	49,279	**5.0%**	17,423	6.75%	-	**$36.86**
B	44	1,152,711	61,227	**5.3%**	8,406	6.04%	44,559	**$24.50**
Northgate/ North Seattle								
A	11	530,959	23,734	**4.5%**	-	4.5%	-	**$26.21**
B	41	1,033,476	166,830	**16.1%**	-	16.1%	770	**$21.55**

The information in the following table was the 4th Quarter 2011 statistics from Officespace.com for the Bellevue CBD and I-90 submarkets.

Class	# Bldgs	Total Sq. Ft.	Direct Vac. SF	Direct Vac.	Sublease SF	Vac. w/ Sublet	Future Vac.	Av. Lease Rate (FS)
Bellevue CBD								
A+	12	4,845,957	528,754	**10.9%**	115,092	13.29%	25,589	**$33.66**
A	23	3,603,805	481,128	**13.4%**	106,684	16.31%	61,495	**$31.63**
B	28	666,999	88,663	**13.3%**	-	13.3%	25,775	**$26.34**
Bellevue Suburban								
A	37	1,598,421	399,117	**25.0%**	41,556	27.57%	4,669	**$28.44**
B	145	2,595,532	359,798	**13.9%**	32,777	15.13%	30,111	**$23.00**
I-90								
A	101	6,771,731	945,100	**14.0%**	112,070	15.61%	122,534	**$27.74**
B	54	1,073,099	144,149	**13.4%**	13,854	14.72%	15,320	**$24.08**
Bothell/ Woodinville								
A	47	2,684,907	477,899	**17.8%**	93,549	21.28%	19,941	**$23.54**
B	11	161.263	8,332	**5.17%**	-	5.17%	5,594	**$26.20**
Kirkland/ Totem Lake								
A	45	2,134,823	183,860	**8.6%**	85,834	12.63%	19,263	**$29.33**
B	55	908,509	93,352	**10.3%**	12,195	11.62%	2,117	**$24.60**
Redmond/ Willows								
A	49	3,091,897	6	**21.0%**	52,431	22.69%	23,856	**$23.48**
B	28	386,721	68,670	**17.8%**	-	17.8%	6,489	**$23.21**
520/Overlake								
A	60	2,352,267	367,295	**15.6%**	7,791	15.95%	24,298	**$24.65**
B	57	1,335,075	254,870	**19.1%**	24,317	20.91%	17,132	**$22.00**

The information in the following table was the 4th Quarter 2011 statistics from Officespace.com for the South County office sub-markets.

Class	# Bldgs	Total Sq. Ft.	Direct Vac. SF	Direct Vac.	Sublease SF	Vac. w/ Sublet	Future Vac.	Av. Lease Rate (FS)
Renton/ Tukwila								
A	49	2,708,868	310,165	**11.4%**	20,507	12.21%	16,101	**$21.72**
B	87	2,173,826	393,884	**18.1%**	36,957	19.82%	34,722	**$17.97**
SeaTac								
A	6	646,339	311,443	**48.2%**	4,296	48.85%	5,925	**$23.04**
B	20	284,522	42,388	**14.9%**	-	14.9%	-	**$17.86**
Kent/ Auburn								
A	29	1,358,261	460,513	**33.9%**	10,315	34.66%	28,071	**$20.18**
B	34	671,301	165,137	**24.6%**	-	24.6%	-	**$15.49**
South/ West Seattle								
A	14	1,112,743	298,174	**26.8%**	-	26.8%	-	**$20.44**
B	27	2,300,254	353,482	**15.37%**	-	15.37%	-	**$21.41**
Federal Way								
A	30	1,693,366	362,397	**21.4%**	227,671	34.85%	4,410	**$20.33**
B	39	636,293	95,596	**15%**	-	15%	3,100	**$17.71**

According to the CB Richard Ellis Fourth Quarter 2011 Puget Sound Office Market Report full service asking lease rates and operating expenses reported by brokers for Class A, B and C properties (includes all multi-tenant office buildings 10,000 square feet and greater in size) indicate the following:

Seattle	Yr End	Full Service Lease Rates(Asking rates)			Operating Expenses *		
Market Area		**Class A**	**Class B**	**Class C**	**Class A**	**Class B**	**Class C**
Seattle CBD	2010	$25.50-$39	$22-$35	$20-$26	$10.00 $11.50	$7.00-$11.00	$6.50-$9.50
	2011	**$26-$46**	**$22-$34**	**$20-$26**	**$10.00-$11.50**	**$7.00-$11.00**	**$6.50-$9.50**
Denny Regrade	2010	$22-$35	$20-$28	$18- $25	$8.00-$10.00	$6.50-$9.00	$6.00-$7.00
	2011	**$23.50-$41**	**$20-$28**	**$18.00-$26**	**$8.00-$10.00**	**$6.50-$9.00**	**$6.00-$7.00**
Lake Union	2010	$22.00-$32	$20-$28	$18.50	$9.50-$11.00	$6.75-$8.75	$6.00-$7.00
	2011	**$23.00-$39**	**$21-$28**	**$18.50-$24**	**$9.50-$11.00**	**$6.75-$8.75**	**$6.00-$7.00**
Lower Queen Anne	2010	$20-$29	$19-$23	$18-$23	$7.50-$9.50	$6.00-$7.75	$6.00-$7.00
	2011	**$22.50-$35**	**$19-$23**	**$18-$23**	**$7.50-$9.50**	**$6.50-$7.75**	**$6.00-$7.00**
Pioneer Square	2010	$22-$30	$19-$26	$17-$24	$8.00-$9.00	$6.50-$8.25	$5.50-$7.00
	2011	**$24-$30**	**$17-$26**	**$16-$24**	**$8.00-$9.00**	**$6.50-$8.25**	**$5.50-$7.00**
Waterfront	2010	$22-$30	$20-$25	$17-$21	$8.00-$10.00	$6.75-$8.75	$6.00-$7.00
	2011	**$24-$31**	**$20-$25**	**$17-$24**	**$8.00-$10.00**	**$6.75-$8.75**	**$6.00-$7.00**
Canal	2010	$22-$30	$19-$27	$19.50	$7.00-$8.50	$6.50-$7.75	$5.50-$7.00
	2011	**$24-$30**	**$19-$27**	**$16-$24**	**$7.00-$8.50**	**$6.50-$7.75**	**$5.50-$7.00**
Seattle Downtown	2010	$20-$39	$19- $35	$17- $26	$7.00-$11.50	$6.50-$11.00	$5.50-$9.50
	2011	**$22.50-$46**	**$17-$34**	**$16.00-$26**	**$7.00-$11.50**	**$6.50-$11.00**	**$5.50-$9.50**

- Operating expenses include property taxes, but do not include leasing commissions or tenant improvements

CB Richard Ellis 4th Quarter 2011 Puget Sound Office Market Report indicates the following full service asking lease rates and operating expenses for Eastside submarkets:

	Year End	Full Service Lease Rates (Asking Rates)			Operating Expenses*		
Market Area		Class A	Class B	Class C	Class A	Class B	Class C
Bellevue CBD	2010	$27-$38	$24.50-$30	$18-$23.00	$10-$12	$8-$9	--
	2011	**$27-$40**	**$24-$30**	**$21.50-$25.00**	**$10-$12**	**$8-$9**	--
I-405	2010	$20-$28	$19-$27.50	$18-$24	$8.00-$9.50	$7.25-$7.75	$7.00-$7.75
	2011	**$22-$28**	**$20-$27**	**$18-$24**	**$8.00-$9.75**	**$7.25-$7.75**	**$7.00-$7.75**
SR-520	2010	$22-$26.50	$18-$26	$16-$22	$8-$9.75	$7.25-$8.25	$7.00-$7.75
	2011	**$22-$26.50**	**$20-$25**	**$16-$22**	**$8.00-$9.75**	**$7.25-$8.25**	**$7.00-$7.75**
I-90	2010	$25-$32	$23-$30	$21-$26	$8.00-$10.00	$7.50-$8.50	--
	2011	**$22.50-$31.50**	**$24-$30**	**$21-$26**	**$8.00-$10.00**	**$7.50-$8.50**	--
Bel-Red-Road Corridor	2010	$25-$28	$21-$26	$16-$25	$6.50-$7.50	$6.25-$7.25	$5.50-$7
	2011	**$25.50-$29.50**	**$18-$26**	**$17-$24**	**$8.00**	**$6.75-$7.75**	**$6.00-$7.50**
Kirkland	2010	$22.50-$35	$22.00-$34	$17.50-$22	$8.00-$9.25	$7.00-$7.50	$6.75-$8.50
	2011	**$23.50-$35**	**$18-$30**	**$17.50-$22**	**$8.00-$9.25**	**$7.00-$7.50**	**$6.75-$8.50**
Redmond	2010	$21-$30	$20-$27	$16.25-$26	$7.75-$8.50	$6.75-$7.25	--
	2011	**$22.50-$30**	**$20-$26**	**$16.25-$25**	**$8.00-$8.50**	**$6.75-$7.25**	--
Bothell	2010	$20-$30	$18-$22	---	$7.75-$8.50	$6.75-$7.25	--
	2011	**$22.50-$31**	**$18-$22**	**$17.25**	**$8.00-$8.50**	**$6.75-$7.25**	--
Total – Eastside	**2011**	**$22-$40**	**$18-$30**	**$16-$26**	**$8.00-$12.00**	**$6.75-$9.00**	**$6.00-$8.50**

Both direct vacancy rates and overall vacancy rates (overall includes sublease space available) were reviewed for the following analyses. Typically the direct vacancy is given greater weight. Submarket vacancy rates often varied substantially in different published surveys depending on submarket delineation. For example, Colliers has placed several of the new speculative office high-rises in the Lake Union neighborhood while Officespace.com has them in the Denny Regrade neighborhood, resulting in very different vacancy rates. To recognize the vacancy and competitiveness of most of the Seattle downtown neighborhoods a Class A vacancy rate of 10%, 15%, or 20% was applied to all the Class A offices in these submarkets. The 10% vacancy rate has been applied to the newer Class A office buildings that have reached stabilized occupancy. Elsewhere, appraisal judgment was applied in reconciling various vacancy surveys in other submarkets. Higher capitalization rates were applied to office properties with vacancies substantially higher than 20%. If an office property's situation was deemed far inferior from the "norm" requiring a multi-year lease up period it might be valued via a discounted cash flow analysis thereby allowing recognition of the "extreme" vacancy situation. The DCF is then reconciled with the direct capitalization analysis.

The specific "norm" vacancy rate(s) will be indicated later in the brief description of the income parameters utilized in each of the six market segments.

Following are lists of office cap rates for both the Seattle Metropolitan office market and the national office market:

Seattle Metro Area Office Cap Rates						
Source	**Date**	**Location**	**Type**	**Range**	**Average**	**Remarks**
American Council of Life Insurance (Commercial Mortgage Commitments)	4th Qtr. 2011	Seattle-Bellevue-Everett	Office		**6.49%**	Based on 3 loans with average loan amount of $43,092,000
	Year-End 2011	Seattle-Bellevue-Everett	Office		**7.14%**	Based on 18 loans with average loan amount of $22,429,000
Real Capital Analytics – US Capital Trends Office	Year End 2011	Seattle Metropolitan Area	CBD Office	5.50% – 9.00%	**6.50%**	2011 Year in Review – 25 sales with an average sales price of $279/SF
			Suburban Office	6.20% - 8.80%	**7.30%**	32 sales with an average sales price of $242/SF
Colliers International Office Highlights	3rd Qtr. 2011	Seattle	CBD Office		**6.36%**	CBD Sales Price average of $367/SF
			Suburban Office		**7.94%**	Suburban Sales Price of $182/SF
CBRE Capital Markets Cap Rate Survey	February 2012	Seattle	CBD- Class A Office - Stabilized	**5.50% - 5.75%**		CBRE professional's opinion of where cap rates are likely to trend in the 1st half of 2012 based on recent trades as well as interaction with investors
			CBD- Class A – Value Added	**6.00% - 7.00%**		Value added refers to offices with high vacancy or requiring high capital expenditures
			CBD- Class B - Stabilized	**6.50 – 7.00%**		
			CBD- Class B – Value Added	**7.00% - 8.00%**		
			Suburban – A - Stabilized	**5.50% - 6.25%**		
			Suburban – A – Value Added	**6.00% - 7.60%**		
			Suburban – B – Stabilized	**6.50% - 8.00%**		
			Suburban – B – Value Added	**7.00% - 8.00%**		
Marcus & Millichap Medical Office Research Report	October 2011	California & Pacific NW	Medical Office – all assets		**7.3**	Declined 40 basis points over the past year
			Medical Office	**Low 6% range**		For Triple-net deals with credit tenants – top-tier in primary markets
Marcus & Millichap Market Update	3rd Qtr. 2011	Seattle Metropolitan Area	CBD Office	Low 6% - low 7%		Low 6% for top-tier to the low 7% range for mid-tier properties (with some top-quality deals selling befow 6%)
			Suburban Office	Mid 7% range		
Co Star Group	Year End 2011	King County – all sub-markets	Office		**5.75%**	Weighted Average of office sales over $5 million and 25,000 SF – 10 sales with disclosed cap rates
Korpacz Real Estate Investor Survey	4th Qtr. 2011	Pacific NW	Office	**5.50% - 12.00%**	**7.57%**	Survey (not sales) based – includes other Northwest cities & suburbs
Integra Realty Resources - Viewpoint 2012	Year End 2011	Seattle	CBD Office		**6.00%**	Institutional grade properties - survey
		Seattle	Suburban Office		**6.50%**	
Reis Quarterly Reports	4th Qtr. 2011	Seattle Metropolitan Area	Office		**6.60%**	6.6% is mean, 6.9% is 12 month rolling average
	3rd Qtr. 2011	Seattle Metropolitan Area	Office		**5.70%**	5.7% is mean, 6.5% is 12 month rolling average

National Office Cap Rates						
Source	**Date**	**Location**	**Type**	**Range**	**Average**	**Remarks**
Emerging Trends in Real Estate 2010 Survey	Aug - 2011	National	Downtown Office		**6.32%**	Rate based on U.S. resondents to survey – August 2011
			Suburban Office		**7.77%**	
Real Capital Analytics – US Capital Trends	4th Qtr. 2011	National	Office		**6.20%**	Based on properties $2.5m and greater
			Suburban Office		**7.60%**	
Real Capital Analytics – Trends & Trades	Prior 12 months thru Qtr.4 2011	National	Office		**7.30%**	Down 33 basis points from 1 year earlier
American Council of Life Insurance (Com. Mortgage Commitments)	4th Qtr. 2011	National	Office- overall		**6.62%**	Data based on sales with fixed rate mortgages
			Office – $15m - $25m loan size		**6.97%**	
			Office - $25m and over		**6.33%**	
			Office: 100,001 SF - 200,000 SF +		**7.34%**	
			Office- more than 200,000 SF		**5.62%**	
	Year End 2011	National	Office		**6.53%**	
			Office - $15 m - $25m loan size		**7.59%**	
			Office - $25m & over loan size		**6.30%**	
Integra Realty Resources- Viewpoint 2011	Yr. End 2011	National	CBD Office	5.25% - 12.75%	**7.98%**	Institutional Grade Properties – survey
		National	Suburban Office	6.50% - 10.00%	**8.13%**	
RERC-CCIM Investment Trends Quarterly	4th Qtr. 2011	National	Office		**6.40%**	RERC Realized Cap Rates – transaction based (12 month trailing average 3rd Qtr. 2011)
		National	Office	5.70% - 6.60%		NCREIF Realized Cap Rates
Korpacz R.E. Investor Survey (PWC)	4th Qtr. 2011	National	CBD Office	4.50 – 10.00%	**6.84%**	Investor survey - down 69 basis points from one year earlier -
			Suburban Office	5.00% - 11.00%	**7.43%**	Down 74 basis points from one year earlier
			Medical Office	6.00% - 11.00%	**7.92%**	Down 57 basis points from one year earlier
Marcus & Millichap Special Research Report	October 2011	National	CBD Office		**6.40%**	With CBD properties trading lower in the low to mid 5% range as of 2nd Qtr. 2011
		National	Non-CBD Office		**7.40%**	As of 2nd Qtr. 2011 – average price of $203/SF
Marcus & Millichap Medical Office Research Report	First Half 2012		Medical Office		**6.00% - 7.00%**	Top-tier hospital-affiliated assets
			Medical Office		**8.00% - 9.00%**	Lower-quality performing bldgs

The published office capitalization rates again indicate that rates for the Seattle Metropolitan Area are generally lower than the national rates. Seattle is the tenth largest office market in the nation and is considered a top-tier market. With the return of capital markets, low interest rates, and strong investor interest in the Puget Sound office market, capitalization rates appear to be falling significantly for leased-up, institutional grade office buildings based on sales in 2011 and early 2012. This is supported by the local and national published capitalization rates provided in this report.

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

The following table shows the typical capitalization rates used in the 1/01/2012 revaluation of the properties in the office specialty:

Office Building Type & Market	Capitalization rate applied *
Class A+ & A Seattle – (high-rise, mid-rise, low-rise in CBD & downtown sub-areas)	**5.50% to 7.50%**
Class A Seattle in-close – (Fremont, U-District, Northgate, West Seattle)	**6.75 to 7.75%**
Class B Seattle CBD (downtown sub-areas)	**7.50% to 8.25%**
Class A+ & A Bellevue CBD – (high-rise, mid-rise, low-rise) & Mercer Island, & Kirkland Waterfront	**5.50% to 7.5%**
Class A- & B in Bellevue CBD	**7.5% to 8.00%**
Class A & B - Eastside Suburban	**6.00% to 8.00%**
South County A & B	**7.5% to 8.75%**
Medical Office Buildings	**6.75% to 7.75%**

- The range of capitalization rates reflect the building age, quality and competitiveness with the lower rates applied to the higher quality office buildings. Higher rates might be applied to the lesser quality office buildings or to properties that have higher than the normal sub-market vacancy, substantial sub-lease vacancy, or physical issues that require additional capital investment, often referred to as value-added properties.

The following is a brief description of the income parameters utilized in each of the six market segments:

North: Full service lease rates ranged from \$22 to \$27 per square foot of rentable area. Vacancy and collection loss figures used in this area was 10% to 20%, expenses \$8.00 to \$9.00/NRA and overall capitalization rates were 6.75% to 8.00%. Values on a price per square foot of rentable area fell in the \$120 to \$254 range.

Seattle CBD & Downtown Submarkets: Values on a price per square foot of rentable area fell in the \$87 to \$422 range. Lease rates ranged from \$16.00 to \$35.00 per square foot of rentable area. Vacancy and collection loss figures used in this area ranged from 10% to 20% with the majority at 15%, expenses ranged from \$7 to \$12/NRA, and overall rates ranged from 5.5% to 8.75% with the majority being 6.5% to 7.5%. A few properties included consideration of income from retail rents. This was considered for properties where the retail space represented approximately 5% or more of total net rentable area. The retail lease rate range utilized was \$15 to \$30/NRA, triple net rent. The vacancy and collection loss figure for retail space was typically 5% to 10% and the triple net expense rate was 5%.

Additionally, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. Unreserved monthly and daily rates and occupancy rates were provided by the 2010 Puget Sound Regional Council Parking Inventory for the Downtown Seattle parking zones. No turnaround on the daily spaces was recognized. A parking expense rate of 15 to 25% was applied to parking income to arrive at a net parking income contribution figure with the older stand-alone parking garages typically incurring the higher expenses.

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

Seattle CBD			
Neighborhood	Daily Rate	Monthly Rate	Occupancy
1	\$16.44	\$178.56	38.70%
2	\$16.94	\$141.67	51.40%
3	\$15.90	\$173.50	69.70%
4	\$25.93	\$235.15	70.10%
5	\$26.53	\$279.27	64.40%
6	\$20.91	\$212.13	60.00%
7	\$24.76	\$244.16	68.80%
8	\$25.51	\$286.12	69.80%
9	\$14.90	\$170.97	69.70%

10*	$15.20	$187.47	50.00%
11	$11.02	$163.23	64.30%
12	$13.77	$205.80	62.20%
13	$14.40	$213.54	60.00%
Lower Queen Anne			
Neighborhood	Daily Rate	Monthly Rate	Occupancy
17	$ 10.22	$203.45	62.50%
18	$ 12.87	$128.05	41.90%
19	$ 10.15	$137.72	58.60%

*high outlier removed from group of daily rates

Bellevue CBD: Values on a price per square foot of net rentable area fell in the $142 to $446 per square foot range. Lease rates ranged from $23 to $35 per rentable square foot. Vacancy and collection loss figures used for the offices were 10% to 20%, expenses ranged from $8.50 to $12/NRA, and capitalization rates ranged from 5.5% to 8.0%. One property included consideration of income from retail rents. The retail lease rate utilized was $25/NRA, triple net rent with a 5% vacancy and collection loss assumption and operating expenses of 5%. It is unusual for office buildings in this segment to have significant retail space included.

Additionally, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. Unreserved monthly and daily rates and occupancy rates were provided by the 2010 Puget Sound Regional Council Parking Inventory for the Bellevue CBD zones. No turnaround on the daily spaces was recognized. A parking expense rate of 15% to 25% was applied to parking income to arrive at a net parking income contribution figure.

Bellevue CBD & Suburban			
Neighborhood	Daily Rate	Monthly Rate	Occupancy
1	$16.25	$120.73	54.60%
2	$16.50	$172.93	49.00%
3	$14.53	$155.88	52.50%
4	$16.50	$181.57	61.30%

Suburban Eastside: Lease rates ranged from $23 to $34 per square foot of net rentable area. Vacancy and collection loss figures used in this area were 12% to 20%, expenses were $8.00 to $11/NRA and overall rates were 6.0% to 8.75%. Parking was not analyzed as an additional income contributor as parking has typically been included at no charge. Values on a price per square foot of net rentable area fell in the $138 to $315 range.

South End: Renton, Tukwila, Kent, SeaTac, Auburn, and Federal Way lease rates ranged from \$16.00 to \$28.00 per square foot of rentable area with the majority at \$19.50 to \$21.50. Vacancy and collection loss figures used in this area were 12% to 20%. Expenses in the South End submarkets were \$6 to \$10/NRA. Overall rates in the South End were typically 7.5% to 8.5%. Values on a price per square foot of net rentable in the South County office market fell in the \$79 to \$195 range.

Medical Office Buildings: Values on a price per square foot of net rentable area fell in the \$171 to \$356 range. Full service lease rates ranged from \$23 to \$35 per square foot of net rentable area. Vacancy and collection loss figures in this segment were 10% and expenses ranged from \$9.50 to \$14.00/NRA. Overall rates ranged from 6.75% to 7.75%.

Parking income contributions were included depending upon the location of the property. Downtown Seattle, First Hill and the University District locations included recognition of this income. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. Unreserved monthly and daily rates and occupancy rates were provided by the 2010 Puget Sound Regional Council Parking Inventory for the First Hill and University District parking zones. A parking expense rate of 15% was applied to parking income to arrive at a net parking income contribution figure.

First Hill			
Neighborhood	Daily Rate	Monthly Rate	Occupancy
14	\$17.05	\$162.68	67.60%
15	\$14.57	\$168.15	73.90%
16	\$13.24	\$160.97	67.80%
University District			
Neighborhood	Daily Rate	Monthly Rate	Occupancy
1	\$ 8.13	\$94.21	60.60%
3	\$13.10	\$119.33	56.10%

Reconciliation and or validation study of calibrated value

Each parcel was individually reviewed by the specialty appraiser for correctness of the model application before the final value was selected. The income approach to valuation is given greatest weight in the final analysis due to the information available.

Model Validation

Total Value Conclusions, Recommendations and Validation:

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

This valuation reflects the changing office market dynamics as of 1/01/2012. These include flat or declining market vacancy rates, flat or slightly increasing effective lease rates and capitalization rates that are trending down significantly for quality office buildings with high occupancy or office buildings with higher vacancy that are well-located in the stronger submarkets.

This has resulted in higher valuations for well-leased office properties and flat valuations for properties with high vacancy or located in the weaker submarkets.

Application of these recommended values for the 2012 assessment year results in a total change from the 2011 assessments of 9.98%. This increase does not include the value increase of three office buildings currently being built or completed to shell that will be added later during the new construction period (the new construction valuation date is July 31st, 2012).

The total assessed value for the 2011 assessment year was $11,823,345,200 and the total recommended assessed value for the 2012 assessment year is $13,003,404,000.

Improved Sales for Area 280 – 2009, 2010, 2011 sales were reviewed in sales analysis

BELLEVUE CBD SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	154410	0316	412,977	2416937	$167,990,226	**11/09/09**	$408	**EXPEDIA TOWER (TOWER 333)**	DNTNO-2	1	2	98% leased at sale – Expedia occupies 347,661 SF – asking rate at sale was $37 NNN & expenses were $10.48/sf
280	322505	9058 9163	583,179	2449666	$310,000,000	**07/09/10**	$532	**CITY CENTER PLAZA**	DNTNO-1	2	2	96% leased to Microsoft until 2024 with equivalent NNN lease of $34.34/sf with 3% escalations, 3 options to renew at 95% of fair market rate
280	104360	0010 0040 0060	255,171 494,523	2460777	$410,000,000	**09/30/10**	$547	**THE BRAVERN OFFICE TOWERS/GARAGE**	DNTNO-2	3	2	Sale includes 2 office bldgs. & below grade parking structure, 100% leased to Microsoft with $32 - $34/sf NNN lease until 2016 with option to renew
280	154410	0219 0230	477,899	2494584	$217,227,320	**06/03/11**	$454	**KEY CENTER**	DNTNO-1	2	2	89% leased at sale with $24 - $29/sf NNN asking rates – sale is for improvements only with assignment & assumption of ground lease – *sale did not include land – not in ratio study for 2012 valuation*

Verification Code # 2 indicates a market sale

SUBURBAN EASTSIDE SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	006000	0010 0020 0030 0040	559,110	2452468	$240,000,000	**07/30/10**	$429	**ADVANTA OFFICE COMMONS**		4	2	3 office buildings and above grade garage 100% leased & occupied by Microsoft with 8 years remaining on lease – I-90 submarket
	202505	9259 9162 9240 9260	276,968 4 bldgs.	2487730	$100,217,188	**04/21/11**	$362	**PLAZA AT YARROW BAY**	PLA 3a	4	2	95.4% leased at time of sale with asking rates of $22/sf NNN – sale includes land parcel entitled for an 80,000 SF bldg. – 4 bldg campus-Kirkland submarket - *bldgs under threshold size – not in office specialty 280*
280	131830	0020	101,253	2490025	$14,179,900	**05/05/11**	$140	**LEGACY CORPORATE CENTER**	BP	1	61	REO sale – 100% vacant in shell condition for 2 years – asking rate at sale was $19/sf NNN – short marketing period – foreclosed in 3/11 – now named Marymoor Technology Center – Redmond submarket
280	222406	9044	156,393	2499064	$32,000,000	**07/01/2011**	$205	**EASTPOINTE CORPORATE CENTER**	R	1	2	80% direct vacancy at sale with asking rates of $20/sf NNN & $7.75/sf OE – buyer SanMar Corp. will take some of the space in the bldg. – I-90 submarket in Issaquah

Verification Code # 2 indicates a market sale

SOUTHEND SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	215465	0050	99,690	2431551	$8,200,000	**03/08/10**	$82	**I-5 TECHNOLOGY CENTER (East Campus II)**	OP-1	1	2	Seller Weyerhaeuser vacated 2/3's of two-story office building during month of sale, 1/3rd occupied by Dept. of Homeland Security until 2014, asking rates of $15/sf NNN after sale
280	334040	4006 4004 4003	199,168	2516875	$35,250,000	**11/01/11**	$177	**1601 LIND – FAA BUILDING**	CO	3	2	100% leased to FAA – in 8/10 GSA signed a new 5-year lease with 2 options of up to 2 more years – sale also includes parking parcel & daycare

Verification Code # 2 indicates a market sale

MEDICAL OFFICE BUILDINGS - There were no Medical Office Building sales in the office specialty in 2009, 2010, 2011

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks

Verification Code # 2 indicates a market sale

SEATTLE SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	918450	0010 0020	902,854	2407592	$115,000,000	**09/08/09**	$127	**WAMU CENTER** (Chase to NW Mutual/ Russell Investments)	DOC 1 U/450	2	18	18= Quit Claim Deed (with restrictions on resale for two years), - Chase occupancy of Class A+ office high-rise will drop from 100% occupied to 17% or 3 floors leaseback after sale, sale is not a reliable indicator of value in that seller had no basis in bldg acquired in WAMU takeover (Chase was not typically motivated office building seller) and did not need or want to convert to multi-tenant office building
280	197520	0005	161,412	2437674	$20,650,000	**04/22/10**	$128	**SEATTLE TOWER**	DOC 1 U/450	1	2	Class B office with 30% total vacancy at sale (sale price set 5/09 with long escrow waiting for loan assumption), $24 - $26/sf full-service asking rates at time of sale
280	197320	0389	111,304	2467608	$19,450,000	**11/22/10**	$176	**LAKE VIEW AT FREMONT**	IC-65	1	61	REO sale by Bank of America, sale does not include land, Class A 4-story bldg. on long-term ground lease, 44% occupancy on sale date
280	859040	0395 0375 0376	205,148	2467677	$30,750,000	**11/22/10**	$150	**7TH & MADISON**	NC3-160	3	61	REO sale by U.S. Bank, Class A office located east of I-5 vacant 2 years since construction, buyer will lease to Polyclinic with high TI cost as medical office expected
280	216390	1105 0985	177,056	2471055	$36,000,000	**12/17/10**	$203	**1100 EASTLAKE**	C2-65	2	23	Forced Sale - Deed in Lieu of Foreclosure, new South Lake Union Class A, 5-story office vacant 2 years, purchased by Fred Hutchinson Cancer Research Center located across the street
280	701535	0020	155,766	2484663	$34,000,000	**03/30/11**	$218	**QUEEN ANNE SQUARE OFFICE CONDO**	NC3-65	1	2	14.6% vacant at sale with full-service asking rates of $22 - $24/sf-$7m spent renovating lobby & common areas in 2008

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	880970	0050	253,769	2492774	$38,290,000	**05/25/11**	$151	**705 UNION STATION – OFFICE CONDO without parking**	IDM-65-150	1	2	100% vacant at sale – off-market transaction – Amazon leased expired in 5/11 – transaction does not include parking
280	766620	6895 6900	204,504 SF in 83 King - 285,914 SF in 505 First	2504191	$125,000,000	**08/08/11**	$255	**82 KING STREET & 505 FIRST AVENUE**	PSM-85-120	2	2	Multi-parcel purchase of adjacent office bldgs. – seller was Starbucks – 505 1st was Class A new construction finished in 2009 and 65% leased & 83 King Street was renovated Class B 92% leased – allocated price of $76,069,206 or $266/sf for 505 1st & $48,755,794 or $238/sf for 83 King
280	228505	0010	231,760	2504560	$129,310,690	**08/10/11**	$258	**818 STEWART**	DOC2 500/300-500	1	2	9% vacancy at sale – new midrise Class A+ 14-story office purchased by JP Morgan Chase with adjacent 1918 8th in all cash transaction – 20 bidders on properties – leased on a net basis
280	066000	0650 0635 0639	669,915	2504562	$350,108,054	**08/10/11**	$523	**1918 8TH**	DOC2 500/300-500	3	2	94% leased at sale with asking rates of $20- $30/sf NNN at sale – bldg. is new 36-story Class A+ LEED Gold – Amazon leased 2/3'ds of bldg. in 1st Qtr 2011- buyer also purchased adjacent 818 Stewart
280	065900	0040	355,107	2505646	$119,400,000	**08/17/11**	$336	**WESTLAKE CENTER OFFICE TOWER**	DRC 85-150	1	2	93% leased at sale with full-service asking rates of $24.50 - $26/sf at sale – sale includes below grade parking but not retail mall portion – 930150-0010 is new office/garage condo parcel
280	197520	0005	169,883	2507437	$30,450,000	**08/29/11**	$179	**SEATTLE TOWER**	DOC1 U/450/U	1	2	85% leased at sale with full-service asking rates of $22- $25/sf – 27-story historic Class B building renovated in 2002
280	066000	1135 1190 1195 1200	285,710	2523337	$76,540,000	**12/19/11**	$268	**1800 NINTH AVENUE & adjacent land**	DMC 340/290-400	4	2	40% occupied at sale – 16-story Class A office – seller Regence BlueShield will lease back about 30% of space – sale includes 21,600 sf vacant parking

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
												parcels
280	094200	0030 0025	434,363 SF in 2nd & Seneca & 74,889 SF in 1101 2nd	2531237	$185,970,908	**02/23/12**	$414 for 2nd & Seneca	**SECOND & SENECA & 1101 2ND AVENUE**	DOC1 U/450/U	2	2	2nd & Seneca is 22-story Class A+ high-rise 87% leased at sale purchased with 1101 2nd which was 88% vacant at sale – 2nd & Seneca valued at $180m and 1101 2nd at $10m (difference between recorded sale price due to pro-rations & free rent considered) -
280	066000	2381	184,691	2535062	$61,000,000	**03/23/12**	$330	**METROPOLITAN PARK NORTH**	DMC 240/290-400	1	23	Forced sale – Deed in Lieu of Foreclosure – 26.8% vacant at sale with sole office tenant Nordstrom re-leasing only 3 of 5 floors for 2 yrs at lower rates for 2 yrs in late 2011 – transaction price is same as $61m promissory note of seller backed by property
280	065900	0165	598,000	2536954	$137,000,000	**04/02/12**	$229	**1600 SEVENTH AVENUE (Quest Plaza)**	DOC2 500/300-500	1	2	22-story Class A high-rise needing renovation was 40% occupied at sale – seller CenturyLink will lease back its current space for 10 yrs – Nordstrom will lease about 300,000 SF & move in fall 2012 – estimated cost of renovation is $10m
280	918450	0020 0010	872,026	2539735	$480,000,000	**04/20/12**	$550	**RUSSELL INVESTMENTS CENTER OFFICE & GARAGE CONDOS**	DOC1 U/450/U	2	2	42-story Class A+ high-rise with 3.2% vacancy & net asking rates of $35-$42/sf at sale – LEED Certified Platinum bldg. with many high grade tenants – 34 buyer groups inspected the property

Verification Code # 2 indicates a market sale

USPAP Compliance

Client and Intended Use of the Appraisal:

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

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

Definition and date of value estimate:

Market Value

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

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

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

Highest and Best Use

RCW 84.40.030

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

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

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

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

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

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

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

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

Date of Value Estimate

RCW 84.36.005

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

RCW 36.21.080

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

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

Property Rights Appraised: Fee Simple

Wash Constitution Article 7 § 1 Taxation:

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

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

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

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

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

The Dictionary of Real Estate Appraisal, 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 is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *The individuals listed below were part of the "appraisal team" and provided significant real property appraisal assistance to the person signing this certification. Any services*

regarding the subject area performed by the appraiser within the prior three years, as an appraiser or in any other capacity is listed adjacent their name.

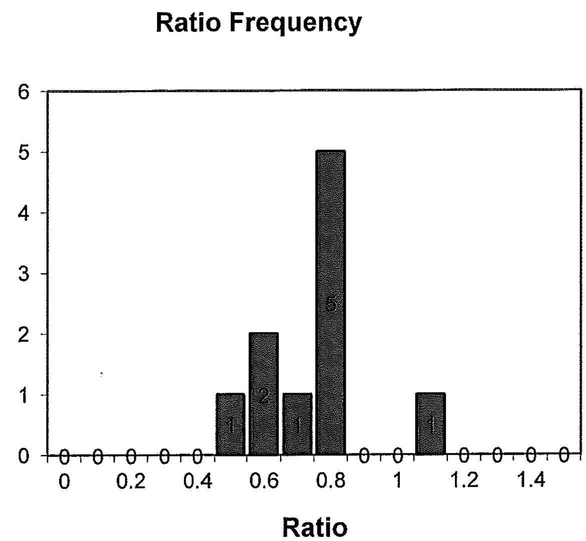
- *Any services regarding the subject area performed by me within the prior three years, as an appraiser or in any other capacity is listed below:*
    1. *Physical inspection*
    2. *Appeal response preparation & appeal hearing appearances*
    3. *Market data collection*
    4. *Sales Verification*
    5. *new construction data collection & valuation*

Date

Area 280 - Office Specialty
2011 Assessment Year

Quadrant/Crew:	Appr date :	Date:	Sales Dates:
Central Crew	1/1/2012	6/13/2012	3/28/11 - 12/19/11
Area	Appr ID:	Prop Type:	Trend used?: Y / N
280	DMAR	Improvement	N

SAMPLE STATISTICS	
Sample size (n)	10
Mean Assessed Value	56,711,000
Mean Sales Price	97,017,400
Standard Deviation AV	41,384,808
Standard Deviation SP	98,141,109
ASSESSMENT LEVEL	
Arithmetic mean ratio	0.691
Median Ratio	0.725
Weighted Mean Ratio	0.585
UNIFORMITY	
Lowest ratio	0.4439
Highest ratio:	1.0058
Coeffient of Dispersion	16.41%
Standard Deviation	0.1628
Coefficient of Variation	23.57%
Price-related Differential	1.18
RELIABILITY	
95% Confidence: Median	
Lower limit	0.515
Upper limit	0.781
95% Confidence: Mean	
Lower limit	0.590
Upper limit	0.792
SAMPLE SIZE EVALUATION	
N (population size)	226
B (acceptable error - in decimal)	0.05
S (estimated from this sample)	0.1628
Recommended minimum:	36
Actual sample size:	10
Conclusion:	Uh-oh
NORMALITY	
Binomial Test	
# ratios below mean:	4
# ratios above mean:	6
z:	0.316227766
Conclusion:	***Normal****
*i.e., no evidence of non-normality	



These figures reflect measurements before posting new values.

Area 280 - Office Specialty
2011 Assessment Year

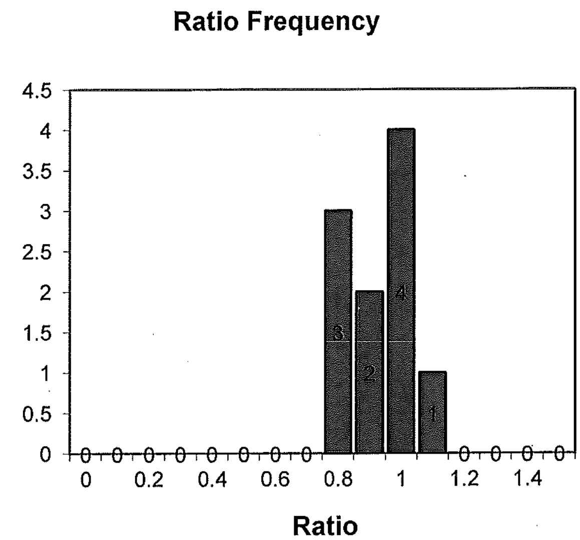
Parcel Number	Assessed Value	Sale Price	Sale Date	Ratio	Diff: Median
659000-0040*	63,119,000	119,400,000	8/17/2011	0.5286	0.1963
066000-0650	155,403,500	350,108,054	8/10/2011	0.4439	0.2810
066000-1135	58,170,000	76,540,000	12/19/2011	0.7600	0.0351
197520-0005	20,274,000	30,450,000	8/24/2011	0.6658	0.0591
222406-9044	24,222,000	32,000,000	6/28/2011	0.7569	0.0320
228505-0010	66,562,000	129,310,690	8/10/2011	0.5147	0.2102
334040-4006	26,241,800	35,250,000	11/1/2011	0.7444	0.0195
701535-0020	26,558,000	34,000,000	3/28/2011	0.7811	0.0562
766620-6895	88,047,000	124,825,000	8/8/2011	0.7054	0.0195
880970-0050	38,513,000	38,290,000	5/25/2011	1.0058	0.2809
*Westlake Office/Pkg - new parcel # 930150-0010					

Area 280 - Office Specialty
2012 Assessment Year

Quadrant/Crew:	Appr date :	Date:	Sales Dates:
Central Crew	**1/1/2012**	**6/13/2012**	**3/28/11-12/19/11**
Area	*Appr ID:*	*Prop Type:*	*Trend used?: Y / N*
280	**DMAR**	**Improvement**	**N**

SAMPLE STATISTICS	
Sample size (n)	10
Mean Assessed Value	80,250,800
Mean Sales Price	97,017,400
Standard Deviation AV	76,022,755
Standard Deviation SP	98,141,109
ASSESSMENT LEVEL	
Arithmetic mean ratio	0.873
Median Ratio	0.890
Weighted Mean Ratio	0.827
UNIFORMITY	
Lowest ratio	0.7562
Highest ratio:	1.0058
Coeffient of Dispersion	6.87%
Standard Deviation	0.0778
Coefficient of Variation	8.91%
Price-related Differential	1.06
RELIABILITY	
95% Confidence: Median	
Lower limit	0.783
Upper limit	0.929
95% Confidence: Mean	
Lower limit	0.825
Upper limit	0.921
SAMPLE SIZE EVALUATION	
N (population size)	226
B (acceptable error - in decimal)	0.05
S (estimated from this sample)	0.0778
Recommended minimum:	9
Actual sample size:	10
Conclusion:	OK
NORMALITY	
Binomial Test	
# ratios below mean:	4
# ratios above mean:	6
z:	0.316227766
Conclusion:	***Normal****

*i.e., no evidence of non-normality



These figures reflect measurements <u>after</u> posting new values.

Area 280 - Office Specialty
2012 Assessment Year

Parcel Number	Assessed Value	Sale Price	Sale Date	Ratio	Diff: Median
659000-0040*	93,488,000	119,400,000	8/17/2011	0.7830	0.1068
066000-0650	277,349,000	350,108,054	8/10/2011	0.7922	0.0976
066000-1135	69,145,000	76,540,000	12/19/2011	0.9034	0.0136
197520-0005	28,221,000	30,450,000	8/24/2011	0.9268	0.0370
222406-9044	28,037,000	32,000,000	6/28/2011	0.8762	0.0136
228505-0010	97,780,000	129,310,690	8/10/2011	0.7562	0.1336
334040-4006	31,962,900	35,250,000	11/1/2011	0.9067	0.0170
701535-0020	31,579,000	34,000,000	3/28/2011	0.9288	0.0390
766620-6895	106,433,000	124,825,000	8/8/2011	0.8527	0.0371
880970-0050	38,513,000	38,290,000	5/25/2011	1.0058	0.1161
*Westlake Office/Pkg - new parcel # 930150-0010					

Improvement Sales for Area 280 with Sales not Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	000	020900	0050	103,846	2545941	$49,050,000	05/30/12	$472.33	REPUBLICAN BUILDING	SM-75	1		sale after appraisal date
280	000	066000	2410	363,727	2547166	$111,815,931	06/04/12	$307.42	METROPOLITAN PARK II - EAST	DMC 340	1		sale after appraisal date
280	000	131830	0020	101,252	2485411	$5,068,805	03/21/11	$50.06	Legacy Corporate Center Redmond	BP	1	31	Exempt from excise tax
280	000	131830	0020	101,252	2490025	$14,179,900	05/02/11	$140.05	Legacy Corporate Center Redmond	BP	1	61	Financial institution resale
280	000	197320	0389	111,304	2546578	$39,000,000	06/01/12	$350.39	LAKE VIEW AT FREMONT	IC-65	1		sale after appraisal date
280	000	197320	0389	111,304	2467608	$19,450,000	11/19/10	$174.75	LAKE VIEW AT FREMONT	IC-65	1	61	Financial institution resale
280	000	524780	0200	220,461	2523826	$23,933,674	12/21/11	$108.56	MERRILL PLACE	PSM 100	4	22	Partial interest (1/3, 1/2, etc.)
280	000	524780	0200	128,774	2523832	$675,962	12/22/11	$5.25	MERRILL PLACE	PSM 100	4	22	Partial interest (1/3, 1/2, etc.)
280	000	524780	0200	128,774	2523835	$1,458,859	12/16/11	$11.33	MERRILL PLACE	PSM 100	4	22	Partial interest (1/3, 1/2, etc.)
280	000	859040	0395	205,148	2467677	$30,750,000	11/17/10	$149.89	7TH & MADISON OFFICE BLDG. -ec	NC3-160	3	61	Financial institution resale
280	000	918450	0020	943,610	2407592	$115,000,000	09/08/09	$121.87	RUSSELL INVESTMENST CENTER-	DOC1 U/	2	61	Financial institution resale
280	000	918450	0020	943,610	2539735	$480,000,000	04/20/12	$508.68	RUSSELL INVESTMENST CENTER-	DOC1 U/	1		sale after appraisal date
280	020	065900	0555	192,801	2544950	$54,765,150	05/24/12	$284.05	PLAZA 600 BUILDING	DOC2 50	1		sale after appraisal date
280	020	065900	0930	156,737	2513870	$25,000	10/13/11	$0.16	Active Voice Building (formerly	DOC2 50	1	24	Easement or right-of-way
280	020	065900	0930	156,737	2513896	$25,000	10/13/11	$0.16	Active Voice Building (formerly	DOC2 50	1	24	Easement or right-of-way
280	020	065900	0930	156,737	2513898	$50,000	10/13/11	$0.32	Active Voice Building (formerly	DOC2 50	1	24	Easement or right-of-way
280	020	066000	2054	329,780	2547175	$98,180,069	06/04/12	$297.71	METROPOLITAN PARK I (West) OF	DMC 340	1		sale after appraisal date