

Commercial Revalue

2016 Assessment roll

AREA
47

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

John Wilson, Assessor



King County

Department of Assessments

Accounting Division

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John Wilson
Assessor

Dear Property Owners:

Property assessments are being completed by our team throughout the year and valuation notices are being mailed out as neighborhoods are completed. We value your property at fee simple, reflecting property at its highest and best use and following the requirements of state law (RCW 84.40.030) to appraise property at true and fair value.

We are continuing to work hard to implement your feedback and ensure we provide accurate and timely information to you. This has resulted in significant improvements to our website and online tools for your convenience. The following report summarizes the results of the assessments for this area along with a map located inside the report. It is meant to provide you with information about the process used and basis for property assessments in your area.

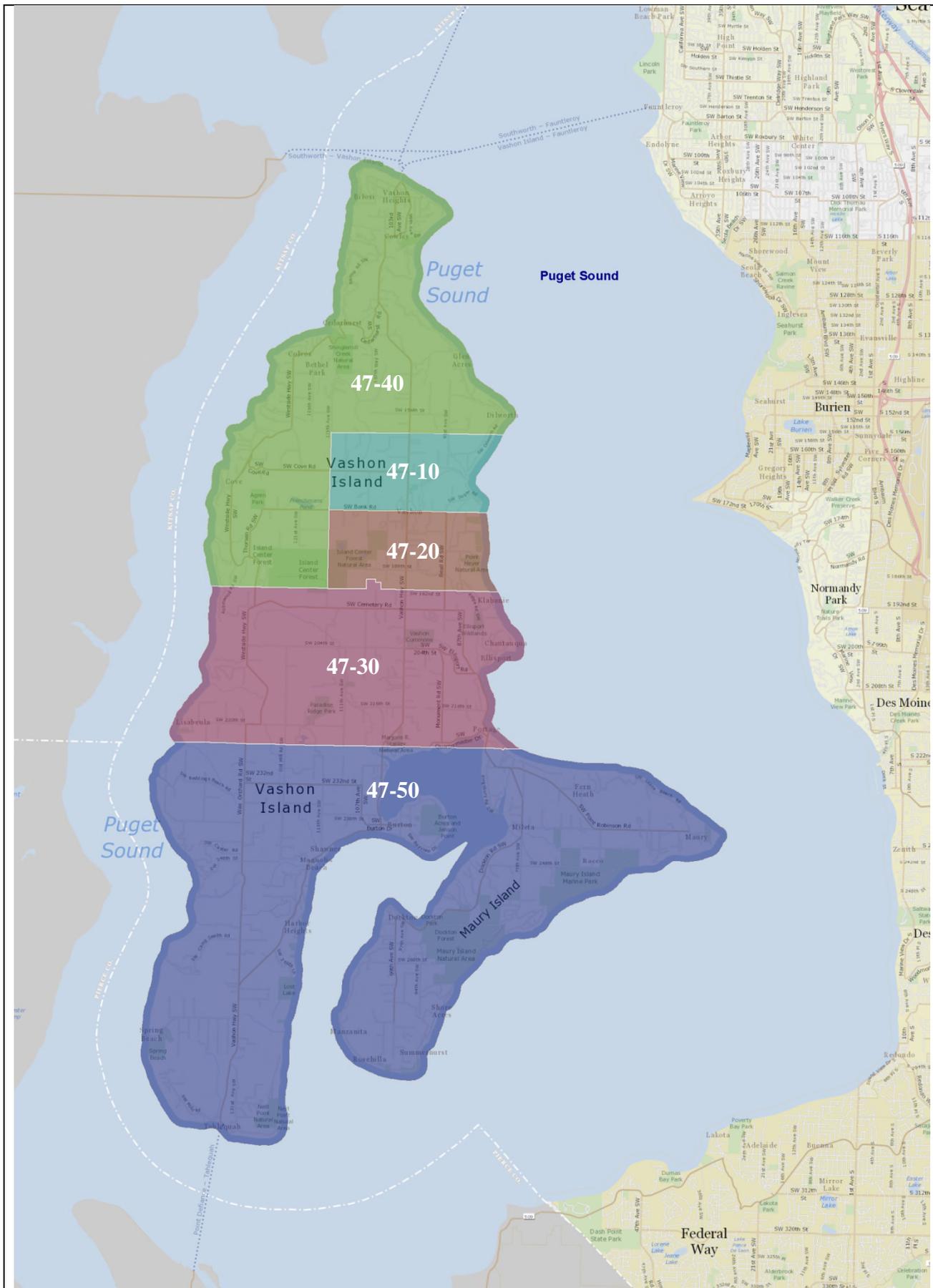
Fairness, accuracy, and uniform assessments set the foundation for effective government. I am pleased to incorporate your input as we make continuous and ongoing improvements to best serve you. Our goal is to ensure every taxpayer is treated fairly and equitably.

Our office is here to serve you. Please don't hesitate to contact us if you should have questions, comments or concerns about the property assessment process and how it relates to your property.

In Service,

John Wilson
King County Assessor

Area 47



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King County
Assessments
5/13/09

Executive Summary Report

Appraisal Date 1/1/2016

Geographic Appraisal Area

- Area 47: Vashon and Maury Islands

Sales – Improved Summary

- Number of Sales: 10 improved sales
- Range of Sales Dates: 8/28/2013 – 12/21/2015

Sales – Ratio Study Summary

Ratio studies were not included in this report due to the small number of sale transactions which occurred in Area 47. The resulting ratio study statistics do not provide good indicators of the statistical measures relevant to the IAAO guidelines.

Population – Parcel Summary Data

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2015 Value	\$55,062,600	\$44,942,800	\$100,005,400
2016 Value	\$55,062,600	\$46,284,500	\$101,347,100
% Change	0.00%	2.99%	1.34%

Number of Parcels in the Population: 225 parcels including vacant and improved properties; excluding specialty and government owned properties.

Conclusion and Recommendation

The total assessed values for the 2016 revalue have increased 1.34%.

We recommend posting these values for the 2016 assessment year. Due to the small number of sales, which is typical for Vashon and Maury Islands, statistically significant results are not yielded within the ratio analysis.

Identification of the Area

Name or Designation

- Area 47 – Vashon and Maury Islands

Area 47 Neighborhoods

- 47-10 – North Half of the Town of Vashon
- 47-20 – South Half of the Town of Vashon
- 47-30 – The portion of Vashon Island south of the Town of Vashon and North of Quartermaster Harbor
- 47-40 The portion of Vashon Island located north of the Town of Vashon
- 47-50 The south end of Vashon Island and all of Maury Island

Area 47 Boundaries

Area 47 encompasses Vashon & Maury Islands, which are located in the Puget Sound, just southwest of Seattle. The islands are connected by a man-made isthmus between Tramp and Quartermaster Harbors.

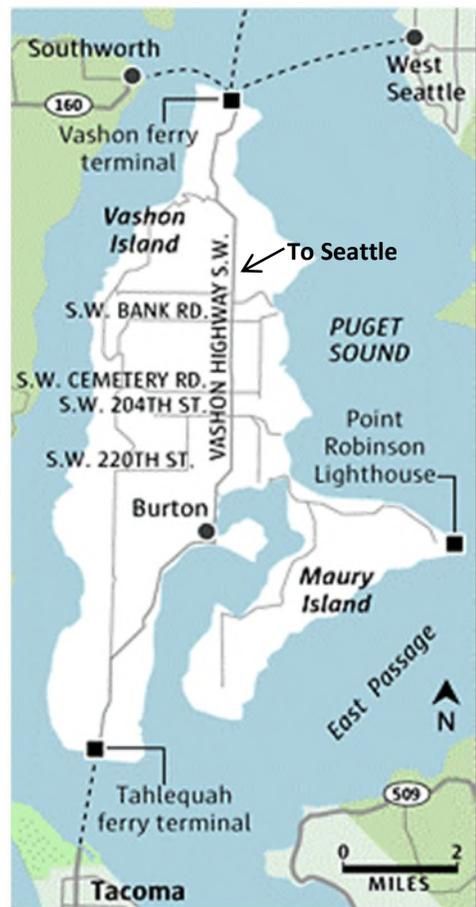
Maps

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

Area Description

Vashon & Maury Islands are often referred to as “Vashon”, which is the census-designated place name covering the islands. Vashon is approximately 12 miles long and 8 miles wide, at the widest point. The area covers roughly 37 square miles or 23,680 acres, and houses a population of approximately 11,000 persons. The islands are accessible only via boat or private airplane.

The Washington State Ferry system provides public access to the islands via four routes. A passenger-only ferry located at Pier 50 services Seattle’s central business district and the Vashon



Island Terminal on the northern portion of the island. An auto/passenger ferry route travels from West Seattle's Fauntleroy Terminal to the Vashon Island Terminal. This ferry terminal is also accessed from the Southworth Ferry Dock, located due west, in Kitsap County. A ferry from Point Defiance in Tacoma, which is located within Pierce County, connects to the Tahlequah Terminal at the south end of Vashon Island. Private boats have access to the islands through public and private docks. The Vashon Municipal Airport is a small airport in the north-central portion of Vashon Island with a grass landing strip and a medevac heliport.

Residential land use primarily consists of detached single-family homes generally situated on two-and-a-half, five or ten acre parcels. There are twenty apartment buildings (containing four or more units each) with a total of one-hundred-and-ninety-six units. In addition, there are seven condominium complexes with a total of 74 privately-owned residential units. A small number of additional dwelling units are located in mixed-use commercial properties.

Commercial land use is concentrated in three major areas: the Towns of Vashon, Burton, and Dockton. The main business district is the Town of Vashon (comprised of neighborhoods 10 and 20), located approximately three miles south of the Vashon Island Ferry Terminal, on Vashon Highway. This area consists of a community shopping center, a home improvement center, retail strip centers, and free-standing retail and office buildings. There are also service garages, a lumber yard, small warehouses, and institutional uses (churches, schools, government building and utilities).



The Town of Vashon

The town of Burton is a historic waterfront area located about two miles south of the Town of Vashon at the isthmus between Inner and Outer Quartermaster Harbor (in

neighborhood 50). Burton was founded in 1892 with the development of Vashon College and the Burton Store. Industries around Burton at that time included logging, shingle manufacturing and brickmaking. The college ceased operation in 1912 when it was destroyed



Harbor Mercantile General Store

by fire. (In 2006 a new Vashon College was opened, but not at the Burton location) Today Burton features the Harbor Mercantile General Store (pictured above), a few retail/office buildings, an auto repair garage, Quartermaster Marina, churches, parks, and the Inn at Vashon, a hotel and Pilate's studio.

Southeast across Quartermaster Harbor from Burton, on Maury Island, is Dockton (in neighborhood 50). Dockton was one of the first settlements on Vashon and was an important shipbuilding center. The Puget Sound Dry Dock Company ship yard and dry-dock was the largest on the west coast of the United States from 1892 to 1909. Many large commercial steam ships were produced at the ship yards in Dockton with the last boat built and launched into Quartermaster Harbor in 1929. There is only one commercial building remaining from the early 20th century. The Dockton Store, which also housed a post office, closed in 1980. The building is currently listed on the National Registry of Historic Places. It has been well maintained and is in use today as a residence/art gallery. Today Dockton is primarily residential. Commercial properties in Dockton are institutional uses, such as churches, government buildings and utilities.



Former Dockton Store

Historically, development activity on Vashon & Maury Islands has maintained a slower pace in comparison to King County as a whole, which can, in part, be attributed to a combination of the following: 1) The islands maintain a degree of isolation from the mainland due to the lack of a bridge to provide easier accessibility; 2) The islands lack any major large-scale employers; 3) A potential to increase development activity has in many cases received minimal support from many island residents, due to the belief that a dramatic change in the rural character of the island may result; and 4) The fresh-water supply, and current means of accessing/distributing it, are not adequate to support fuller development of the island.

Water Supply

The full impact of the islands' fresh-water limitations is impossible to quantify as no centralized water authority exists. Sites which are served receive fresh water either from a private well, or from one of the islands' several independent purveyors. The largest of these is King County Water District 19 (KCWD19), serving approximately 1,400 accounts and encompassing Vashon's Town Center. KCWD19's source water has come, historically, from a large well field of two wells, and two creeks. Attempts by KCWD19

over the years to add wells have been relatively unsuccessful, meeting with 1) resistance from the local population to tapping into more creeks, 2) expired or severely limited underlying water rights associated with potential well sites, or 3) prohibitive costs incurred in the development and treatment processes. These costs are passed along to customers who are paying some of the highest water prices in the state.

In the absence of a private well, a given site's access to fresh water is determined by the total number of water units associated with that site. Potential development of a site is impacted by the site's water units. The King County Department of Permitting and Environmental Review, in charge of issuing building permits on Vashon, requires a Certificate of Water Availability (CWA) be granted by a water district to any owner intending to develop a given site. For water purveyors to grant such a CWA the property owner must have the requisite number of Equivalent Residential Units (ERUs, or water units) to support the proposed development. There is not an adequate supply of fresh water to meet peak demand from all potentially developable properties.

In 1996 a moratorium was placed on the creation and issuance of new units, in an attempt to consistently meet peak demand for existing customers. This resulted in a waiting list of applicants desiring to purchase water units. In order to accommodate any new units, the water-system capacity needed to be expanded to show a small surplus above current peak demands. The district's 2009 Capacity Analysis Report showed a small surplus, indicating to managers that KCWD19 might be able to release some new units. The decision to do so was delayed, however.

In 2010 the King County Council and KCWD19 began discussing why the system has not been able to maintain a surplus and create new units. A major result from these discussions was the opening of the Morgan Hill and Beall Wells, which went online in August 2011. These new fresh-water sources did increase system capacity. The results of the 2009 report and the addition of these wells prompted KCWD19 to offer water units to the next applicants on the waiting list in 2013. At this time the waiting list, in place since 1996 had grown to 70 applicants requesting 256 water units. As the new wells were proven to reliably and consistently perform, 15 new water units have been offered each January since that time with some applicants requesting several water units.

Water units are offered for a cost of \$10,650 per unit. Each applicant on the waiting list has 30 days to respond to an offer to purchase. If not, or if they decline, the next applicant is contacted. As new water units are purchased by property owners the Assessor's office has updated records and adjusted land valuations as necessary.

Water units cannot be traded or sold between property owners. Unused units may be sold back to the water district. Currently, during the water moratorium, the district will pay the property owner \$7,000 a unit (up to 25 units). The water district purchased one water unit back during 2015. This unit will become available as the home it is associated with was recently demolished. If a property owner owns contiguous parcels, they can transfer water units between the parcels as needed, although they must go through the district to do this. One water unit corresponds to a peak water usage of 600 gallons/day or 450 gallons/day for multi-family (apartment) usages. Property owners pay a bi-monthly fee for each water unit they own, regardless of whether they are using the unit or not.

As of January 2016, KCWD19 has offered 15 more units to the next 5 applicants on the waiting list, plus the one additional unit that was bought back during 2015. The waiting list as of January 2016 contains 38 applicants who are requesting a total of 120 water units.

There are a handful of other water purveyors on the islands. Vashon Island is also served by Heights Water in the Northeast, Burton Water Company in and around the community of Burton, and Westside Water Association, in the northwest. Maury Island is served by the Maury Mutual Water Company and the Dockton Water Association.

The above factors affect the valuation of Vashon properties, particularly in Vashon's Town Center. Even though isolation of the islands shield some of the development pressures experienced in other parts of King County, the demand that does exist for improved and unimproved commercial properties on Vashon confronts a highly inelastic supply. For example, the first applicant that has been offered water units in January of 2016 has been on the waiting list since 1999. Thus, existing developed commercial space and the land beneath the improvements may prove more valuable than they would be without the constraints that limit new development.

Analysis Process

Effective Date of Appraisal: January 1st, 2016

Date of Appraisal Report: April 15th, 2016

The following appraiser completed the valuation for this geographic area:

- Patty Haines – Commercial Appraiser II

Highest and Best Use Analysis

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the majority of the appraised parcels as commercial. Any opinion not consistent with this is specifically noted in our 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. We find that the current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a nominal value of \$1,000 is assigned to the improvements.

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

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

Standards and Measurement of Data Accuracy

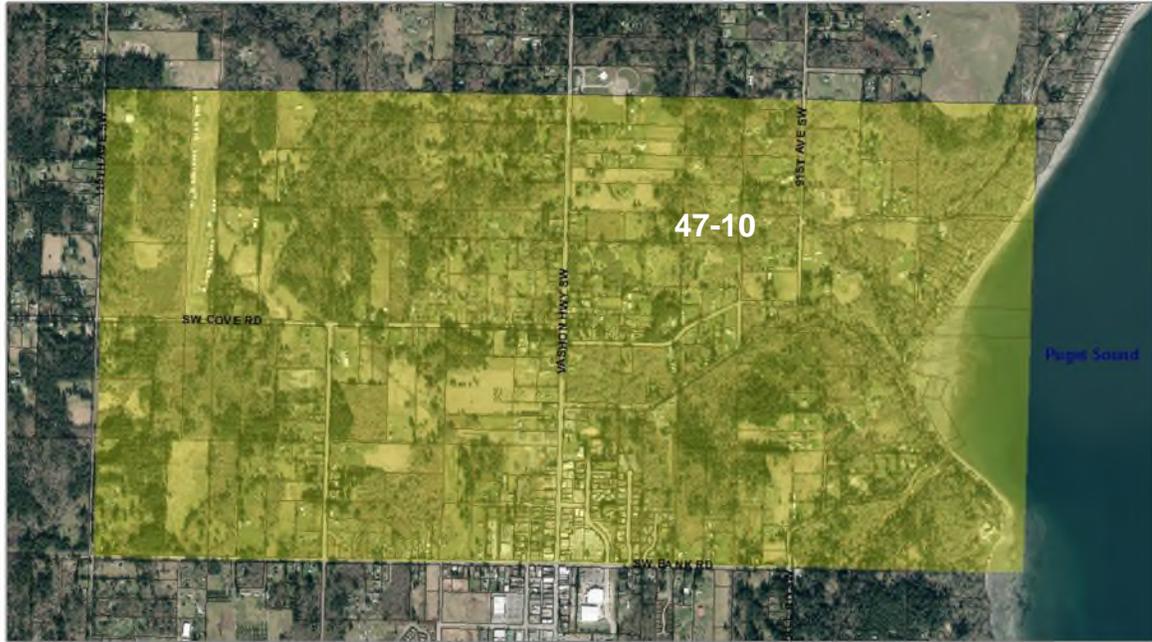
Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Current data was verified and corrected when necessary via field inspection.

Special Assumptions and Limiting Conditions

All three approaches to value were considered in this appraisal.

- Sales from 1/1/2013 to 12/31/2015 (at minimum) were considered in all analyses.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6. Identification of the Area

Neighborhood 47-10



Neighborhood 47-10 is the northern half of the Town of Vashon, with the southern boundary located at Southwest Bank Road. Most of the commercial development is clustered within a block or two of the intersection of Southwest Bank Road and Vashon Highway Southwest. This area features mostly one-to-two story stand-alone commercial buildings, some of which are converted from single-family residences. Use is primarily retail, with some restaurant and offices, as well as schools, banks, and the Vashon Municipal Airport. This King County airfield features one grass landing strip, a heliport, and approximately 40 lots which are leasable to private parties who may place a hangar thereon, as personal property.

In July of 2014 the Vashon Village property was sold at 17215 Vashon Hwy SW. The property included excess land at the western half of the site. In February of 2015 construction began on that half of the property. The new project has been named The Lodges on Vashon and it includes 16 hotel suites located in 16 free-standing modern structures along with two communal spaces. Each suite was prefabricated off-site and arrived to the island via ferry. The project was completed in August of 2015. A photo of the project is shown on the following page.



Vashon Village Site



The Lodges at Vashon

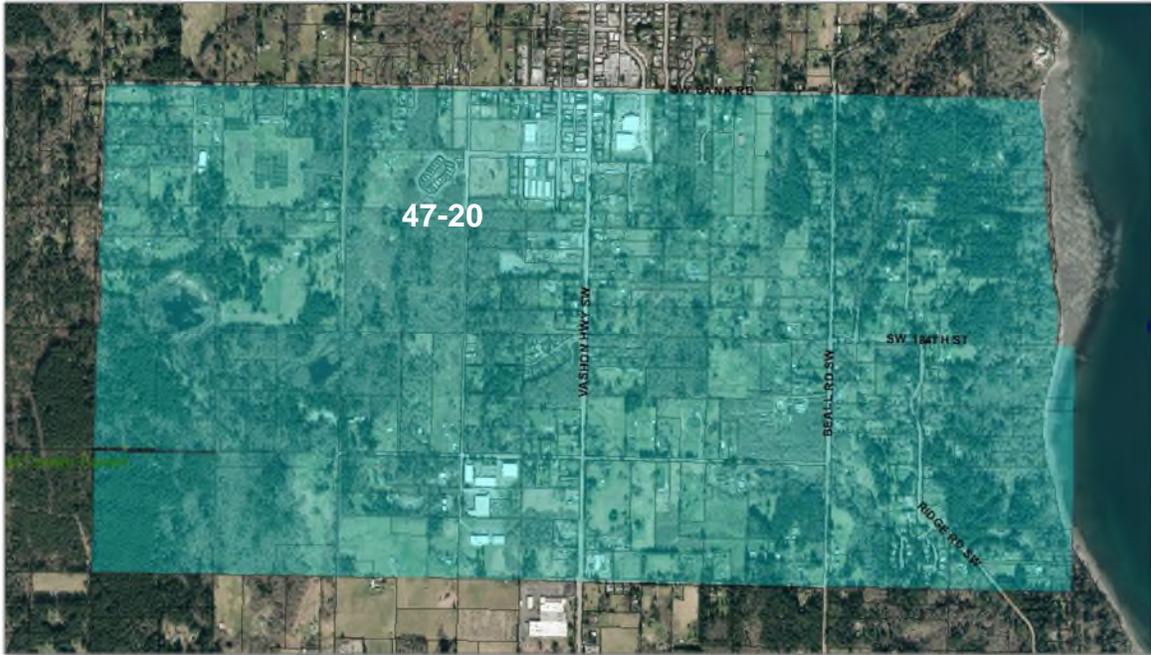


In May of 2015 an SFR that has been used as a retail store for several years was sold. The buyer has been working throughout 2015 to convert the building to a restaurant. They hope to open for business in the Spring of 2016.

In June of 2015 Joy's Dry Cleaner and Laundromat building was sold. The business had been closed since 2013. The buyers have remodelled the building, removing the dry cleaner and adding a frozen yogurt shop. The newly renovated landromat opened in November 2015 and the frozen yogurt shop opened in February 2016.



Neighborhood 47-20



Neighborhood 47-20 is directly south of neighborhood 47-10 and forms the southern half of the Town of Vashon business district, with the northern boundary located at Southwest Bank Road. The neighborhood is similar in size and characteristics to neighborhood 10. Most of the commercial development is clustered within a block or two of Vashon Highway Southwest. This area features mostly one-story retail buildings, configured as zero-lot-line developments in a “main street” style business district within the town center. There are also offices, restaurants, churches, service garages, warehouses, government/utility structures, and a movie theater.

The retail building located at 17641 Vashon Hwy SW sold in May of 2015. The building has been remodeled into three tenant spaces since the sale. The building is now home to the Voice of Vashon radio studio in the street front space, a fitness studio occupies the main portion of the building, and a physical therapy office is located in a space at the rear of the building. The renovations were completed in February of 2016.



Neighborhood 47-30

Neighborhood 47-30 is directly south of neighborhood 20, and commercial development is concentrated along Vashon Highway Southwest, clustered near Southwest Cemetery Road and Southwest 204th Street, both in the north-central portion of the neighborhood. Commercial structures are mostly one-story stand-alone buildings. Commercial uses are evenly distributed between retail, restaurant, office, service garage, warehouse, and institutional.



Former K2 Headquarters

At the north edge of neighborhood 30 is the former headquarters of K2 sporting goods. The company vacated the island in 2006, moving to a location in Seattle's SODO district. The 160,000 square foot facility (by far the largest building on the island) has been vacant and available for sale since the move.

Construction of the new Vashon Center for the Arts started in 2015. This new 20,000 square foot performing arts facility will include a 285 seat theater along with an art gallery and large lobby/event space. The building is being constructed adjacent to the Blue Heron Art Center at the corner of Vashon Highway SW and Cemetery Road. The Blue Heron building will be renovated as phase 2 of this project.



Neighborhood 47-40

Neighborhood 47-40 comprises the parcels to the north and west of neighborhoods 10, 20 and 30. It contains approximately 7,680 acres of land. Commercial properties are sprinkled across this area, occurring along Vashon Highway SW, as well as to the west along Westside Highway SW. Commercial uses are primarily institutional (churches, schools, government buildings and utilities), with other uses including an office building, restaurant, some warehouses, tidelands, and the Vashon Ferry Terminal along with an adjacent Mexican restaurant.

There has been no new development in neighborhood 40 during 2015.



Neighborhood 47-50

Neighborhood 47-50 comprises the south end of Vashon Island and all of Maury Island totaling approximately 10,880 acres of land. Commercial structures group around the small towns of Burton and Dockton and typically consist of one-story stand-alone structures, with a few two-story mixed-use buildings. Commercial uses include some retail stores and offices, volunteer fire stations, churches, water towers, community halls, parks, several television transmitters, marinas, and the Tahlequah Ferry Terminal. There is also a bed and breakfast – the Quartermaster Inn and Restaurant. About one-half of the commercial parcels in this area are undeveloped and serve as parks, tidelands, and vacant commercial/industrial sites.



In late 2010 the former Glacier NW Sand and Gravel quarry was obtained by King County. This 250-acre site, which has been a major supplier of raw materials for cement-related products, has been a source of contention between Vashon Islanders and the operators/owners of the quarry, who in 1998 applied to expand operations at the south Maury Island site. Islanders had concerns over environmental impacts. While Glacier was in the process of satisfying environmental elements, a key permit was revoked in 2008. Glacier then became amenable to selling the site, and the deal was completed in 2010. The general plan is to use the site as a park or natural area, after much required environmental remediation. The park has been named the Maury Island Marine Park.



The most recent improvement to neighborhood 50 is the addition of a new outdoor skate bowl at the Burton Adventure Recreation Center. The Vashon Park District was awarded a King County Youth Sports Facilities Grant in the amount of \$75,000 for the construction of an outdoor skate bowl at the park. Work began in October 2014 and was completed in 2015.

Physical Inspection Identification

No physical inspections were required by the geographic appraiser for the 2016 assessment year as required by WAC 458-07-015 4 (a).

Scope of Data

Land Value Data: Vacant land sales from January 1, 2013 to December 31, 2015 were given primary consideration in the valuation of commercial and multi-family zoned land parcels for the 2016 revalue. There were two land sale considered in Area 47. The sales were verified as “good” and coded “Y” in the Assessor’s records.

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 considered were verified, if possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales if possible. Sales are listed in the “Sales Used” and “Sales Not Used” sections of this report. Additional information resides on the Assessor’s website.

Land Value

Land Sales, Analysis, Conclusions

There was one commercial land sale that occurred during the three years previous to the assessment date. The sale occurred on December 13, 2013 and is considered an “arms-length” transaction. It was given consideration in the valuation of commercial and multi-family zoned land parcels for the 2015 revalue. There was also one improved sale that included excess commercial land that has also been considered. Due the lack of recent sales on the island, sales outside the three year period prior to the assessment date were also given consideration.

The primary unit of comparison considered was based on price per square foot of land area. The comparative sales approach generally is considered the most reliable method for land valuation. Zoning, location, and site size were primary variables considered in the valuation process. Changes were made based on recent land sales and to achieve equalization in neighborhoods in accordance with zoning, size and location. In the absence of sales in a neighborhood, sales in other similar neighborhoods were considered. Appraiser judgment prevails in all decisions regarding individual parcel valuation. 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.

While some zone classifications are represented with recent sales activity, in instances when no sale activity occurred or sales representation was limited, sales from other, proximal, neighborhoods were also considered. In some cases, the Assessor relied on sales of similarly zoned properties, with both higher and lower densities, to bracket the indicated values. In certain situations, subsequent adjustments were later factored for size, shape, and utility of anomalous parcels.

The issue of water units continues to play a significant role in the valuation process, with resulting negative impact for parcels without water rights. King County Water District 19 (KCWD19), located at 17630 100th Avenue Southwest, maintains a list of property owners who retain water rights. The Assessor has made an effort to identify which parcels have been allocated water units. Due to the limited market activity, appraisal judgment was utilized to arrive at the rate of discount to correspond with water allocation. Under the current moratorium, parcels without water rights are precluded from development. (see Resolution No. 778 as adopted at a regular meeting of the Board of Commissioners of Water District No. 19 held on February 13, 1996.)

As discussed earlier in this report, a water-supply surplus in 2009, the addition of two wells, and the water-conservation efforts of islanders resulted 30 new water units offered and sold in 2012, and an additional 15 water units offered and sold in 2014. In 2015, water usage studies confirmed that an additional 15 units could be offered in 2016 along with one additional unit that was bought back from a property owner in 2015. As of January 2016, there were 38 applicants on the waiting list requesting a total of 120 units.

Water District 19 is preparing to send out notifications to the first five property owners on the waiting list, who are overall requesting the entirety of the available 16 units. After they receive a notice in the mail, each applicant has 30 days to notify the water district whether they want to purchase the requested units. If they decline, they are removed from the list. The waiting list is closed, so once a property owner is removed they cannot re-apply. Applicants then have an additional 120 days to make full payment for the water units or decline to follow through. Any unsold units will then be offered to the next applicants on the list until all 16 units are purchased.

Development activity is generally more contingent on the ability to support a desired use with quantity of water units held by an individual parcel rather than strictly the zoning parameters of the parcel. Water units are parcel-specific; however, transfer of units between parcels with contiguous ownership is permissible in the event multiple units are owned. One water unit allows parcel development use not exceeding a peak water usage of 600 gallons/day or 450 gallons/day for multi-family (apartment) housing.

As of the date of this report, the water units that have been recently purchased have not resulted in any new commercial development activity on the island.

As shown in the cart below, the 2016 market land values have remained unchanged from the previous year’s values. The total land values represented below include all taxable and nontaxable parcels in Area 47, excluding government owned parcels.

Change in Assessed Land Value by Neighborhood			
Neighborhood	2015 Land Value	2016 Land Value	% Change
47-10	\$19,272,500	\$19,272,500	0.00%
47-20	\$28,719,000	\$28,719,000	0.00%
47-30	\$8,212,300	\$8,212,300	0.00%
47-40	\$3,044,700	\$3,044,700	0.00%
47-50	\$12,487,800	\$12,487,800	0.00%
Total	\$71,736,300	\$71,736,300	0.00%

Neighborhood 47-10 Land Sales

One sale was considered in neighborhood 10. It is zoned CBP by King County. It is shown below:

Location	Major	Minor	Land SF	Sale Price	Date	SP/SF	Property Name	Zone	Remarks
17311 Vashon Hwy SW	302303	9090	49,500	\$550,000	12/22/14	\$11.11	VACANT SFR FORMER OFFICE	CBP	Current imps given minimal value in sale. Building has significant deferred maintenance. Buyer's plans are undecided at time of sale as to renovate or re-develop.

Neighborhood 47-20 Land Sales

There were no land sales in neighborhood 30 between January 1, 2013 and December 31, 2015.

Neighborhood 47-30 Land Sales

There were no land sales in neighborhood 30 between January 1, 2013 and December 31, 2015.

Neighborhood 47-40 Land Sales

There were no land sales in neighborhood 30 between January 1, 2013 and December 31, 2015.

Neighborhood 47-50 Land Sales

There were no land sales in neighborhood 30 between January 1, 2013 and December 31, 2015.

Land Value Chart

The following table is an overview of the land valuation schedule for the Vashon commercially zoned land. These values are intended as a guide to “typical” land values with additional adjustments made for individual site variations.

Neighborhood	Zone	\$/SF
All	CB, CBP	\$4 - \$30
	NB, NBP	\$2 - \$10
	I, IP	\$0.35 - \$3.20
	R4 - R12	\$0.39 - \$7.90

The range in unit land values reflects lot size, water availability and proximity to Vashon’s central business district. The P suffix shown after a zoning designation indicates that property specific development standards exist for a property. The zoning for parcels located in Neighborhoods 40 and 50 is primarily residential (RA-2.5, RA-5, RA-10) and values are equalized with surrounding residential parcels. No adjustment to residential land value was required for the 2015 assessment year. The highest and best use of residential zoned land with a commercial use within these neighborhoods, if vacant, would most likely be residential.

Zone Descriptions: Vashon and Maury Islands (Area 47) are located in Unincorporated King County. Descriptions of the zoning designations are shown below.

Zoning Code	Description
CB	Community Business
NB	Neighborhood Business
I	Industrial
R4	Urban Residential - 4 dwelling units per acre
R6	Urban Residential - 6 dwelling units per acre
R8	Urban Residential - 8 dwelling units per acre
R12	Urban Residential - 12 dwelling units per acre

Improved Parcel Total Values

Sales Comparison Approach Model Description

The limited number of sales prevented the development of a statistically significant model for adequate sales comparison.

Cost Approach Model Description

Value estimates by the Cost Approach were made using the Marshall & Swift Valuation Guide, a widely accepted guide to construction costs in the real estate industry. The cost model requires that the floor area of the building be classified among a series of coded uses and that the building structure, quality, shape, and heating system be specified. The appraiser estimates the building's effective age based on its actual age, observed condition, and obsolescence present, and the model calculates replacement cost and depreciation. Depreciated replacement cost is added to site value to obtain the value estimate by the cost approach.

The cost approach is used to estimate the value of public facilities and other buildings such as churches, schools, fire and police stations, and public utility buildings. The cost approach is considered the most reasonable approach to value for improvements which have highly specialized configurations and/or are not frequently sold. The cost approach was also occasionally utilized in the valuation of property in circumstances where insufficient market rent data is available to apply the income approach to value.

Value estimates by the cost approach are calculated for other properties as well but are typically given much less weight than the sales comparison and income approaches, which are considered to more accurately reflect the real estate market. Also, as improvements age the cost approach becomes more subjective, as accrued depreciation becomes difficult to estimate.

Cost Calibration

The Marshall & Swift Valuation model built into the Real Property Application used in the Assessor's office is calibrated to the western region of the United States to the Seattle area and to the date of assessment.

Income Capitalization Approach Model Description

The income approach is considered the most reliable approach to commercial property valuation where relevant income and expense data is available to ascertain market rates. Economic income information was collected predominately from the market place via in person visits, phone or email conversations with property owners, tenants, property managers and various market reporting services.

Economic data is organized into tables that are prepared for different types of income producing properties, (e.g. office buildings, retail stores, or restaurants). Each table stratifies data based on effective age and building quality. Tables are prepared for each neighborhood, and the income model applies the appropriate table to each of the income producing properties in each neighborhood to produce a value estimate by direct capitalization.

Income: Income data was derived from the market place from landlords and tenants, market sales, as well as through published sources (i.e. OfficeSpace.Com, Commercial Brokers Association, Costar, Multiple Corporate Real Estate Websites), owner provided rent rolls, appeals, and opinions expressed by real estate professionals and participants active in the market. Triple net lease rates were used for all property types, with the exception of multi-family (residential) uses where a modified gross lease is typically used.

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

Expenses: Expense ratios were estimated based on industry standards, published sources, and personal knowledge of the area's rental practices. Within our income valuation models, the assessor used triple net expenses for typical retail/mixed-use, industrial and office type uses.

Capitalization Rates: When market sales are available an attempt is made to ascertain the capitalization rate on the sale or a pro-formal cap rate on the first year performance, during the sales verification process. Also, capitalization rate data was collected from published market surveys, such as Co-Star, Real Capital Analytics, The American Council of Life Insurance (Commercial Mortgage Commitments), Integra Realty Resources, Korpacz Real Estate Investor Survey (PWC), CBRE – National Investor Survey, etc. These sources typically have capitalization rates or ranges based on surveys or sales, and they usually include rates for both the Seattle Metropolitan area and the nation.

The effective age and condition of each building determines the capitalization rate applied in the model. For example; a building with an older effective year and lesser condition will typically warrant a higher capitalization rate and a building in better condition with a newer effective year will warrant a lower capitalization rate. Commercial property within Area 47 tends to reflect lower rates due to a high percentage of owner occupancy. The tables on the following pages summarize capitalization rates both regionally and nationally.

Regional Cap Rate Summary

SEATTLE / REGIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
CBRE: Capital Markets Cap. Rate survey.	2 nd Half (2015)					CBRE professional's opinion of where cap rates are likely to trend in the 2 nd ½ of 2015 based on recent trades as well as interactions with investors. Value Added represents an underperforming property that has an occupancy level below the local average under typical market conditions.
		Seattle	4.25% - 4.75%	-	-	CBD – Class AA
			4.50% - 5.25%	-	-	CBD – Class A
			5.75% - 7.00%	-	-	CBD – Class A – Value Added
			5.25% - 6.00%	-	-	CBD – Class B
			6.50% - 7.50%	-	-	CBD – Class B – Value Added
			6.50% - 7.00%	-	-	CBD – Class C
			7.50% - 9.00%	-	-	CBD – Class C – Value Added
			5.25% - 5.75%	-	-	Suburban – Class AA
			5.50% - 6.00%	-	-	Suburban – Class A
			6.50% - 7.50%	-	-	Suburban – Class A – Value Added
			6.25% - 6.75%	-	-	Suburban – Class B
			7.00% - 8.00%	-	-	Suburban – Class B – Value Added
			7.00% - 8.00%	-	-	Suburban – Class C
			7.50% - 8.50%	-	-	Suburban – Class C – Value Added
			-	4.25% - 5.00%	-	Class A
			-	5.50% - 6.25%	-	Class A – Value Added
			-	5.00% - 5.75%	-	Class B
			-	6.25% - 7.00%	-	Class B – Value Added
			-	5.75% - 6.50%	-	Class C
			-	7.50% - 8.50%	-	Class C – Value Added
			-	-	4.75% - 5.50%	Class A (Neigh./Comm. w/Grocery)
			-	-	6.50% - 6.75%	Class A (Neigh./Comm.) – Value Added
			-	-	6.50% - 7.25%	Class B (Neigh./Comm. w/Grocery)
			-	-	7.25% - 8.25%	Class B (Neigh./Comm.) – Value Added
			-	-	8.00% - 9.50%	Class C (Neigh./Comm. w/Grocery)
			-	-	9.00% - 10.50%	Class C (Neigh./Comm.) – Value Added
			-	-	6.00% - 6.50%	Class A (Power Centers)
			-	-	7.00% - 8.00%	Class A (Power Centers) – Value Added
			-	-	7.00% - 7.75%	Class B (Power Centers)
			-	-	8.00% - 9.00%	Class B (Power Centers) – Value Added
			-	-	7.75% - 9.50%	Class C (Power Centers)
			-	-	9.00% - 10.0%	Class C (Power Centers) – Value Added
			-	-	4.25% - 5.25%	High Street Retail (Urban Core)
						<u>Institutional Grade Properties</u>
IRR: Viewpoint for 2015	Year-end 2015	Seattle	5.50%	-	-	CBD Office – Class A
			6.00%	-	-	CBD Office – Class B
			6.00%	-	-	Suburban Office – Class A
			6.50%	-	-	Suburban Office – Class B
			-	5.00%	-	Industrial – Class A
			-	7.30%	-	Flex Industrial – Class A
			-	-	6.00%	Community Retail – Class A
			-	-	6.30%	Neighborhood Retail – Class A

SEATTLE / REGIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
		West Region	6.03% 6.63% 6.41% 6.96%	- - - -	- - - -	CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B
			-	6.00%	-	Industrial – Class A
			-	6.81%	-	Flex Industrial – Class A
			-	-	6.12%	Reg. Mall – Class A
			-	-	6.27%	Community Retail – Class A
			-	-	6.48%	Neighborhood Retail – Class A
Colliers	3 rd QTR 2015	Seattle Puget Sound	5.50% 7.10%	- -	- -	CBD Office Suburban Office
			-	6.60%	-	Industrial
CoStar	4Q 2015	Seattle Puget Sound	6.58% 6.22% 6.08%	- - -	- - -	Building Size < 25,000 SF Building Size 25,000 SF – 50,000 SF Building Size 50,000 SF – 300,000 SF
			-	7.08%	-	Building Size < 25,000 SF
			-	6.77%	-	Building Size 25,000 SF – 50,000 SF
			-	6.08%	-	Building Size 50,000 SF – 300,000 SF
			-	-	6.17%	Building Size < 25,000 SF
			-	-	6.51%	Building Size 25,000 SF – 50,000 SF
			-	-	5.90%	Building Size 50,000 SF – 300,000 SF

SEATTLE / REGIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2015					1 st Tier properties are defined as new or newer quality const. in prime to good location; 2 nd Tier properties are defined as aging, former 1 st tier in good to average locations; 3 rd Tier are defined as older properties w/ functional inadequacies and/or marginal locations.
		Seattle	5.50% 6.30%	- -	- -	Office CBD – 1 st Tier Properties Suburban Office – 1 st Tier Properties
			-	5.90%	-	Warehouse – 1 st Tier Properties
			-	6.40%	-	R&D – 1 st Tier Properties
			-	6.60%	-	Flex – 1 st Tier Properties
			-	-	5.90%	Regional Mall – 1 st Tier Properties
			-	-	6.00%	Power Center – 1 st Tier Properties
			-	-	5.90%	Neigh/Comm. Ctrs. – 1 st Tier Properties
		West Region	4.00% - 8.00%	-	-	Office CBD – 1 st Tier Properties
			4.50% - 8.50%	-	-	Office CBD – 2 nd Tier Properties
			5.50% - 9.50%	-	-	Office CBD – 3 rd Tier Properties
			5.50% - 8.50%	-	-	Suburban Office – 1 st Tier Properties
			5.50% - 9.00%	-	-	Suburban Office – 2 nd Tier Properties
			6.00% - 10.00%	-	-	Suburban Office – 3 rd Tier Properties
			-	4.50% - 8.00%	-	Warehouse – 1 st Tier Properties
			-	5.00% - 9.00%	-	Warehouse – 2 nd Tier Properties
			-	6.00% - 10.00%	-	Warehouse – 3 rd Tier Properties
			-	5.00% - 8.00%	-	R&D – 1 st Tier Properties
			-	5.50% - 9.00%	-	R&D – 2 nd Tier Properties
			-	6.30% - 10.00%	-	R&D – 3 rd Tier Properties
			-	6.00% - 8.00%	-	Flex – 1 st Tier Properties
			-	6.00% - 9.00%	-	Flex – 2 nd Tier Properties
			-	6.30% - 10.00%	-	Flex – 3 rd Tier Properties
			-	-	4.00% - 8.00%	Regional Mall – 1 st Tier Properties
			-	-	4.50% - 8.50%	Regional Mall – 2 nd Tier Properties
			-	-	6.00% - 9.50%	Regional Mall – 3 rd Tier Properties
			-	-	5.50% - 8.00%	Power Center – 1 st Tier Properties
			-	-	5.50% - 8.50%	Power Center – 2 nd Tier Properties
			-	-	6.00% - 9.00%	Power Center – 3 rd Tier Properties
			-	-	5.00% - 8.50%	Neigh/Comm. Ctr. – 1 st Tier Properties
			-	-	5.50% - 9.00%	Neigh/Comm. Ctr. – 2 nd Tier Properties
			-	-	6.00% - 10.00%	Neigh/Comm. Ctr. – 3 rd Tier Properties
PWC / Korpaz	4Q 2015	Seattle	6.10% 5.50%	- -	- -	Overall - 4.00% to 9.00% CBD Office

National Cap Rate Summary

NATIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2015					1 st Tier properties are defined as new or newer quality const. in prime to good location
		National	4.00% -9.00% 5.50% - 9.50%	- - 4.50% - 9.00% 5.00% - 9.00% 5.00% - 9.00%	- - - - -	Office CBD – 1 st Tier Properties Suburban Office – 1 st Tier Properties Warehouse – 1 st Tier Properties R&D – 1 st Tier Properties Flex – 1 st Tier Properties Regional Mall – 1 st Tier Properties Power Center – 1 st Tier Properties Neigh/Comm. Ctrs. – 1 st Tier Properties
IRR: Viewpoint for 2016	Yr. End 2015	West Region	6.03% 6.63% 6.41% 6.96% 7.00% 6.60%	- - - - 6.00% 6.81%	- - - - - - 6.12% 6.27% 6.48% 7.55% 8.07%	<u>Institutional Grade Properties</u> CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Medical Office Medical Office – Non-Campus Industrial Flex Industrial Regional Mall Community Retail Neighborhood Retail Hotel - Full Service Hotel - Limited Service
ACLI	4Q 2015	National	5.35% 7.07% 6.66% 6.01% 5.13%	6.19% 7.00% 7.21% 6.75% 6.06%	5.31% 6.94% 6.65% 5.76% 4.78%	Overall Sq.Ft. - <50k Sq.Ft. - 50k – 100k Sq.Ft. – 100,001 – 200k Sq.Ft. – 200k+
PWC / Korpaz	4Q 2015	National	5.68% 6.36% 6.84%	- - - 7.15% 5.48%	- - - - - 6.03% 6.31% 6.38%	CBD Office - (3.50% - 8.00%) Sub. Office - (4.25% - 9.00%) Medical Office - (4.75% - 10.00%) Flex/R&D - (5.75% - 9.00%) Warehouse - (3.00% – 7.00%) Mall- A+ = .4.63%; A = 5.23%; B+ = 6.28% Power Center - (4.75% - 8.00%) Neigh. Strip Ctrs. - (4.50% - 9.50%)
PWC / Emerging Trends in Real Estate	Reports 2/2016	National	5.60% 6.90% 6.40%	- - - 6.10% 6.70% 6.10%	- - - - - - 6.30% 6.50% 6.00%	U.S. Central City Office U.S. Suburban Office Medical Office U.S. Warehouse Industrial U.S. R&D Industrial U.S. Fulfillment Centers U.S. Neigh. Shopping Ctrs. U.S Power Centers U.S. Regional Malls
The Boulder Group: Net Lease Market Report	4Q 2015	National	7.00%	7.44%	6.25% 6.08% 5.20% 6.75% 6.59% 5.75% 6.70% 5.50%	Overall (Average) Big Box “Overall” Big Box “Investment Grade” Big Box “Non-Investment Grade” Jr. Big Box - (20,000/SF – 39,999/SF) Mid. Big Box - (40,000/SF – 79,999/SF) Mega Big Box - (80,000/SF +) Overall (Average)
Marcus & Millichap	4Q 2015	National	5.80% 7.50%	- -	- -	U.S. Central City Office U.S. Suburban Office

Lease Rate Summary of Various Published Sources

SEATTLE / PACIFIC NW LEASE RATES						
Source	Date	Location	Annual Rate/SF	Vacancy	Annual Expenses/SF	Remarks
CBRE Snapshot						
Office	4Q 2015	Downtown Seattle	\$39.73 Full Service	10.30%	-	Class A – Asking
			\$33.22 Full Service	10.50%	-	Class B – Asking
			\$25.27 Full Service	12.70%	-	Class C – Asking
		Seattle Close-in	\$30.91 Full Service	14.30%	-	Class A – Asking
			\$22.02 Full Service	9.20%	-	Class B – Asking
			\$23.20 Full Service	8.30%	-	Class C – Asking
		Eastside	\$32.94 Full Service	9.30%	-	Class A – Asking
			\$27.45 Full Service	12.50%	-	Class B – Asking
			\$25.22 Full Service	6.60%	-	Class C – Asking
		Southend	\$22.15 Full Service	16.90%	-	Class A – Asking
			\$19.90 Full Service	19.90%	-	Class B – Asking
			\$15.18 Full Service	16.60%	-	Class C – Asking
Industrial	4Q 2015	Seattle Close-In	\$0.58 - \$0.75 NNN	2.80%	\$0.17 - \$0.22 SF/Mo	New Shell – Asking (Monthly)
			\$0.75 - \$0.90 NNN	-	-	New Ofc (Add-on) – Asking (Monthly)
			\$0.50 - \$0.60 NNN	-	-	Older Shell – Asking (Monthly)
		Kent Valley	\$0.75 - \$0.85 NNN	-	-	2 nd Gen Ofc – Asking (Monthly)
			\$0.42 - \$0.49 NNN	4.9%	\$0.14 - \$0.21 SF/Mo	New Shell – Asking (Monthly)
			\$0.75 - \$0.90 NNN	-	-	New Ofc (Add-on) – Asking (Monthly)
		Eastside	\$0.36 - \$0.45 NNN	-	-	Older Shell – Asking (Monthly)
			\$0.75 - \$0.85 NNN	-	-	2 nd Gen Ofc (Add On) - Asking (Monthly)
			\$0.62 - \$0.72 NNN	6.20%	\$0.20 – 0.29 SF/Mo	New Shell – Asking (Monthly)
			\$1.25 - \$1.45 NNN	-	-	New Ofc – Asking (Monthly)
			\$0.59 - \$0.65 NNN	-	-	Older Shell – Asking (Monthly)
			\$1.20 – \$1.35 NNN	-	-	2 nd Gen Ofc – Asking (Monthly)
Colliers						
Office	4Q 2015	Seattle	\$39.52 Gross	8.40% All	-	Class A - Asking
			\$28.24 Gross	Classes	-	Class B - Asking
			\$24.47 Gross	-	-	Class C – Asking
		S. King County	\$37.61 Gross	12.80% All	-	Class A - Asking
			\$21.81 Gross	Classes	-	Class B - Asking
			\$20.27 Gross	-	-	Class C – Asking
		Eastside	\$35.60 Gross	7.80% All	-	Class A - Asking
			\$29.43 Gross	Classes	-	Class B - Asking
			\$24.32 Gross	-	-	Class C – Asking
		Industrial	4Q 2015	Seattle Close-in	\$0.85 NNN	1.10%
\$0.75 NNN	1.80%				-	Warehouse – Asking (Monthly)
\$1.12 NNN	0.80%				-	Flex – Asking (Monthly)
Kent Valley	\$0.53 NNN			1.10%	-	Manufacturing – Asking (Monthly)
	\$0.49 NNN			3.30%	-	Warehouse – Asking (Monthly)
	\$1.08 NNN			8.90%	-	Flex – Asking (Monthly)
Eastside	\$0.82 NNN			2.00%	-	Warehouse – Asking (Monthly)
	\$1.31 NNN			9.10%	-	Flex – Asking (Monthly)
Cushman & Wakefield						
Office	4Q 2015	Seattle CBD	\$38.73 Gross	7.50%	-	All Classes – Asking
			\$31.91 Gross	10.00%	-	All Classes – Asking
		Seattle – Close-in Southend Eastside	-	-	-	-
			\$21.80 Gross	15.00%	-	All Classes – Asking
			\$31.28 Gross	8.20%	-	All Classes – Asking
Industrial	4Q 2015	Seattle-Kent Valley	\$4.32 NNN	4.4% All	-	Manufacturing – Asking
			\$8.52 NNN	Classes	-	Flex – Asking
			\$5.76 NNN	-	-	Warehouse – Asking
		Eastside Suburban	\$8.04 NNN	5.80% All	-	Manufacturing – Asking
			\$13.68 NNN	Classes	-	Flex – Asking
			\$9.60 NNN	-	-	Warehouse – Asking

SEATTLE / PACIFIC NW LEASE RATES						
Source	Date	Location	Annual Rate/SF	Vacancy	Annual Expenses/SF	Remarks
CoStar Retail Report						
Retail	4Q 2015	Downtown Seattle	\$24.67 NNN	1.80%	-	General Retail – Asking
			\$30.08 NNN	3.20%	-	Power Center – Asking
			\$22.72 NNN	4.80%	-	Shopping Center – Asking
		Eastside	\$20.81 NNN	2.50%	-	General Retail – Asking
			\$27.80 NNN	0.60%	-	Power Center – Asking
			\$24.64 NNN	4.80%	-	Shopping Center – Asking
		Southend	\$13.85 NNN	3.00%	-	General Retail – Asking
			\$30.55 NNN	4.70%	-	Power Center – Asking
			\$17.03 NNN	7.90%	-	Shopping Center – Asking

The preceding tables demonstrate ranges of capitalization rates and trends that are compiled with information that is collected on a national or broad regional scale. This information is reconciled with data specific to the real estate market in Area 47 to develop the income model. The range of capitalization rates in the income model for Area 47 reflects the variety of properties in this area. In Area 47, the properties predominantly are considered to be non-institutional grade, with many purchased by owner-users, which may not be reflective of the capitalization rates found in published sources.

Income Approach Calibration

Income tables were developed for neighborhoods 10 and 20 (the Town of Vashon). The tables pertain to different property types, for example: Retail, Convenience Market, Daycare, Open Office, Office Building, Medical and Dental Offices, Veterinary Hospital, Discount Stores, Storage Garage, Service Repair Garage, Basement Finish, Restaurant, Bar/Tavern, Storage Warehouse, and Light Industrial. In addition, an exclusion table indicating property uses not covered by an income table is created. Properties which contain differing section uses may have multiple tables that are applicable to the property as a whole. All tables are included in the addendum of this report.

The tables were calibrated after setting economic rents, vacancy, expenses, and capitalization rates by using adjustments based on size, quality of construction, and the effective age. When the value of the property by the income approach was less than the land value, a nominal \$1,000 value was allocated to the improvements.

For properties valued by the income approach in neighborhoods 30, 40 and 50, the parameters from the neighborhoods 10 and 20 income models were applied individually to properties, tempering based on locational differences.

Income Parameters Used

Typical income model parameters for the neighborhoods that make up the Town of Vashon in Area 47 are summarized in the following table. It should be noted that due to the nature of commercial real estate, not all properties fall within the typical parameters listed below for their respective property use type.

Neighborhoods 10 and 20 – The Town of Vashon:

Typical Income Parameters				
Property Type	Rent Range per SF	Vacancy/ Coll. Loss %	Expenses per SF or % of EG	Capitalization Rate %
Retail/Mixed Use	\$4.00 - \$16.00	10%	7.5%	7.00% to 8.00%
Restaurant/Bar	\$10.00 - \$20.00	10%	10%	7.00% to 8.00%
Office/Medical/Dental	\$8.00 - \$22.00	10% to 20%	10% to 15%	7.00% to 8.00%
Industrial/Whse/Service	\$2.50 - \$12.00	10%	7.5%	7.00% to 7.75%
Apartment/ Mult. Res.	\$11.00 - \$15.00	5%	40%	5.50% to 6.50%

Income parameters have remained stable throughout 2015 for all commercial property types with the exception of apartments and multiple residences. Rental rates for apartment units and multiple residences located in mixed-use buildings have risen slightly, while cap rates have decreased. The expense ratio for apartments and multiple residences was increased from 30% to 40% for 2016 to more closely align with the income models used by the Assessor's apartment specialty. Changes to these income parameters have been observed in the market and are supported by both published data and recent market sales.

Reconciliation

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. The sales comparison approach is considered the most reliable indicator of value when comparable sales were available, however the income approach was applied to most parcels in order to better equalize comparable properties. Whenever possible, market rents, expenses, and cap rates were ascertained from sales, and along with data from surveys and publications these parameters were applied to the income model.

The income approach to value was considered to be a reliable indicator of value in most instances. The total value generated from the income table calculations and the selected income values varied in some cases due to special circumstances, such as properties with excess land, inferior/superior location, super-adequacy, or physical/functional

obsolescence. Appraisal judgment prevailed when determining when to depart from the Assessor's table generated income model. An administrative review of the selected values was made by Dan Atkinson, Senior Appraiser for quality control purposes.

When the value of the property by the income approach was less than the land value, a minimal \$1,000 value was allocated to the improvements. For property uses where sales and income data was either limited or unavailable, such as tax exempt properties, the Cost Approach to value was utilized.

Model Validation

Total Value Conclusions, Recommendations and Validation

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

In the 2016 valuation model, the income approach is used to value the majority of the income producing properties that are not obsolesced (where land value is greater than the value produced by the income method), as there are an insufficient number and variety of sales to value the different sectors by the market approach. The income approach also insures greater uniformity and equalization of values. With improving market fundamentals, values by the income method are generally increasing although they sometimes are below the value of the sales. This may be because some of these properties are purchased by owner-users, or in the case of interim use properties they might be purchased for investment value or future income rather than current income.

A ratio study analysis was not included in this report because there were not enough sales. The limited number of sales impacts the meaningfulness of a ratio study analysis by diminishing the statistical significance.

The 2016 Assessment Year revalue of Area 47 (Vashon and Maury Islands) is based on commercial real estate data available in 2014 and early 2015 that support the fee simple

value of the non-specialty properties in these submarkets as of the valuation date of January 1, 2016. This valuation has occurred in a stage of market expansion following the severe global, national, and regional economic downturn which had impacted local supply and demand dynamics.

2015 sales of improved properties were purchased primarily by owner-users, along with one sale purchased by a developer. Area 47 has not seen a significant recovery or expansion as has been observed in other areas of King County. This can be attributed in part to the nature of life on the island, a desire of residents to maintain rural character, and commercial development that is limited by the availability of water.

The total assessed value for Area 47 for the 2015 assessment year was \$100,005,400 and the total recommended value for the 2016 assessment year is \$101,347,100. Application of these recommended values for the 2016 assessment year (taxes payable in 2017) results in a total value increase of 1.34% from the previous year.

Change in Total Assessed Value			
2014 Total Value	2015 Total Value	\$ Change	% Change
\$100,005,400	\$101,347,100	\$1,341,700	1.34%

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

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. [1961 c 15 §84.36.005]

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. [1989 c 246 § 4]

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.
- Services that I provided within the prior three years include physical inspection, revaluation, appeal response preparation, attendance and participation in hearings, data collection, sales verification, and identifying new construction and recording the corresponding data.

Patty Haines, Commercial Appraiser II

Improvement Sales for Area 047 with Sales Used

03/16/2016

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
047	030	052203	9030	3,160	2773688	\$390,000	12/21/15	\$123.42	SOUND FOOD	NBSO	1	Y	
047	030	062203	9016	2,178	2759131	\$750,000	09/22/15	\$344.35	FULLER STORE	CBPSO	1	Y	
047	050	212203	9127	2,928	2751886	\$605,510	08/26/15	\$206.80	VASHON SAND & GRAVEL	RA10SO	3	Y	
047	010	292303	9135	1,676	2740554	\$110,000	06/30/15	\$65.63	JOYS VILLAGE CLEANERS	CBP	1	Y	Change of Use; Remodel after Sale
047	010	302303	9036	1,880	2732158	\$400,000	05/22/15	\$212.77	UPCYCLED HOME FURNISHINGS	CBP	1	Y	
047	020	312303	9053	4,485	2729400	\$667,500	05/07/15	\$148.83	ISLAND QUILTERS	CBP	1	Y	Change of Use
047	020	284620	0100	1,200	2666101	\$365,000	05/01/14	\$304.17	R. PETER LAKE, CPA	CBP	1	Y	
047	030	052203	9017	1,342	2665579	\$280,000	04/29/14	\$208.64	VASHON VET	CBPSO	1	Y	
047	020	312303	9044	6,835	2629463	\$270,000	09/03/13	\$39.50	MUKAI COLD PROCESS FRUIT BARRELING PLANT	RA5	1	Y	
047	010	302303	9039	9,086	2626945	\$1,850,000	08/28/13	\$203.61	VASHON VILLAGE	CBP	1	Y	Includes Excess Land (\$850,000)

Vacant Sales for Area 047 with Sales Used

12/16/2015

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
047	010	302303	9039	115,500	2626945	\$850,000	08/28/13	\$7.36	Vashon Village	CBP	1	Y	Excess Land
047	010	302303	9090	49,500	2645591	\$550,000	12/13/13	\$11.11	Old Funqui	CBP	1	Y	

Improvement Sales for Area 047 with Sales not Used

03/16/2016

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
047	030	052203	9018	4,650	2711024	\$280,000	01/20/15	\$60.22	LS Cedar Inc	R1SO	2	52	Partial Interest

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
NONE													