

Commercial Revalue

2016 Assessment roll

HOTEL

AREA 160

**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.

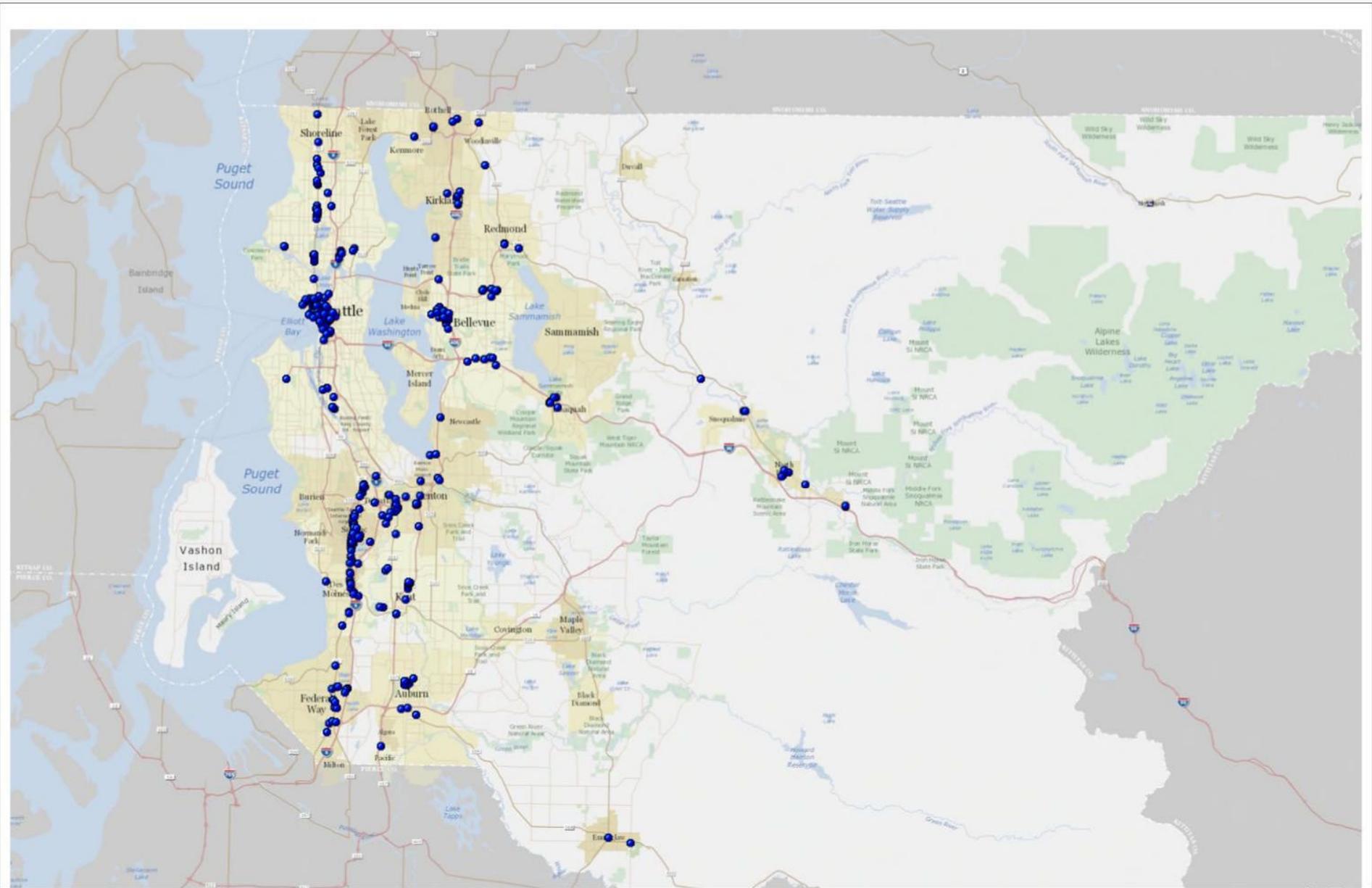
We are continuing to work hard to implement your feedback and ensure we provide accurate and timely information to you. This has resulted in significant improvements to our website and online tools for your convenience. The following report summarizes the results of the assessments for this area along 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



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2016 Revalue Report

Specialty Area 160: Hotel & Motels



King County Department of Assessments



King County

Executive Summary Report 2016 Assessment Roll

Appraisal Date: 1/1/16

Specialty Name: Hotels/Motels

Sales – Improved Analysis Summary: Number of Sales: 43

Range of Sales Dates: 2/3/2012 – 3/17/16

No ratio studies were included due to the limited number of improved sales for each hotel class within each submarket for hotel/motel specialty population.

A lodging specific income approach was used in the final reconciliation of value as it allows for greater equalization and uniformity of values for the wide range of hotel and motel types in the population. Current market metrics show continued momentum including increasing Average Daily Rates (ADR), strong occupancy and stable cap rates for the lodging sector in King County. Most lodging properties have surpassed their prior peak values from 2007 given multiple consecutive years of a strong lodging sector in King County. The highlights were new record sales for both Seattle and the Eastside with the Hotel 1000 in downtown Seattle at \$685,520 per key and the Marriott Hotel Bellevue at \$456,894 per key.

Population – Parcel Summary Data			
	<i>Land</i>	<i>Improvements</i>	<i>Total</i>
<i>2015 Value</i>	\$1,418,972,834	\$3,942,546,948	\$5,361,519,802
<i>2016 Value</i>	\$1,610,330,229	\$4,703,054,071	\$6,313,384,700
<i>Percent Change</i>	13.49%	19.29%	17.75%

Number of Parcels in the Population: 357. This includes all hotels motels in King County designated under the hotel specialty. Some do not have the specialty code 160 as they are condominiums or properties within other specialty codes. For these, a value is provided by the hotel specialist to the pertinent specialist or geographic appraiser.

Conclusion and Recommendation:

Assessed values for the 2016 revalue have increased 17.75% for the combined population. Keep in mind this is a comparison of the year over year totals and does not mean that each parcel went up by this amount. The overall value change can also be impacted by additions, remodels or new construction of properties in that the year over year change is because of the change in the property as opposed to a market value adjustment. The median property by property increase was 14.10%.

The values recommended in this report improve uniformity and equity; therefore, it is recommended they should be posted for the 2016 Assessment Year.

Identification of the Area

Name or Designation

Specialty Area 160 – Hotels & Motels

The specialty includes 330 total parcels and this number is growing annually as more of the planned hotel projects are built or are breaking ground. During 2015, King County continued its reign as one of the stronger lodging markets in the United States. There are over 60 hotel projects that have either recently opened, broken ground or are in the planning stages. Our region has a vast array of lodging types including:

- Traditional full service hotels mostly in Downtown Seattle, Bellevue, Redmond and Seatac.
- Boutique destination retreats such as the Salish Lodge, The Willows Lodge and the Cedarbrook Lodge.
- Select service hotels such as the Courtyard by Marriott, Four Points by Sheraton, Hampton Inn & Suites and Hyatt Place.
- Extended stay hotels such as Extended Stay America, Residence Inn by Marriot, Homewood Suites by Hilton and Home2 Suites by Hilton.
- Limited service hotels including Holiday Inn Express, Red Roof Inn, Travelodge, and Econo Lodge.
- There are all a mix of branded and independent, unbranded hotels and motels in all categories throughout King County.

Boundaries

All areas within King County.

Maps

A GIS map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building and on the Assessor's website at www.kingcounty.gov/assessor.

Property Descriptions

All hotels and motels within King County.

Market Regions

The Hotel Specialty has been segmented into five market regions for King County. The following is a brief description of each market region.

Downtown Seattle Hotels & Motels – 160-10

This is primarily the Seattle Central Business District geographic boundary. The region extends from Lower Queen Anne on the north to Safeco Field on the south, from Puget Sound on the west to Broadway on the East. There are presently 87 hotel and motel parcels in this area which comprise 24% of the hotel-motel population. The overall increase of the collective assessed values in the downtown market was 17.6%.

Greater Eastside Hotels & Motels – 160-20

This region is comprised of all properties located east of Lake Washington from the Bellevue city limits all the way north to the county line. This includes Mercer Island, Bellevue, Issaquah, North Bend, Snoqualmie, Kirkland, Redmond, Woodinville, and Bothell. There are 77 hotel and motel parcels in this region which make up 22% of the total hotel-motel population. The overall increase in the collective assessed values in the Eastside market is 15.68%.

Northend Hotels & Motels – 160-30

All properties west of Lake Washington and from Capitol Hill north are in this region. Most of the motels are located along the Aurora Strip. There are 40 hotel and motel parcels in this area which account for 11% of the population. The overall increase in the collective assessed values in the Northend market is 15.74%.

Seatac Hotels & Motels – 160-40

Properties located within West Seattle, SODO, Renton, Tukwila, Southcenter, and Seatac generally describe this region. Many of the hotels and motels are along Pacific Highway South, also called International Boulevard South. There are 95 hotel and motel parcels in this area and they are 27% of the hotel-motel population. The overall increase of the collective assessed values in the Seatac market was 16.1%.

Southend Hotels & Motels – 160-50

Properties located within Kent, Auburn, and Federal Way are in this region and south to the Pierce County line. This area has 54 hotel and motel parcels that make up 16% of the total hotel-motel population. The overall increase of the collective assessed values in the southend market was 11%.

Hotel & Motel Types

Hotels and motels have been segregated into limited service and full service types. The Assessor uses data from the Smith Travel Services (STR) Host Almanac to develop income models. This is primarily for the expense portion of the income model. The Average Daily Rate (ADR), Occupancy and Capitalization Rates are entered into the model by the appraiser. These are derived from market data collected from the properties

themselves, local market metrics, market reports, surveys sent by the Assessor and from conversations with area brokers as well as property buyers and sellers. The following is a brief description of each type of hotel or motel.

Limited or Select Service Hotels/Motels

Hotels with rooms only operation with limited or no restaurant food (other than free breakfasts), typically no onsite bar or lounge, and no room service, are considered limited service. Limited service properties typically do not offer full restaurant, lounge, or banquet services. However, they may offer some of these services. Some have meeting space but, not at the same scale of many full service hotels. Most limited and select service hotels are very dependent on their chain affiliation for consumer recognition, reservation contribution, and a perception of quality. There is one model for this category based on Pacific Region data from the STR Host Almanac report as well as locally surveyed data collected from local hotel/motel owners and managers, area brokers, buyers and sellers.

Full Service Hotels/Motels

There are a wide range of full service hotels. Some have a basic restaurant, sometimes a lounge, meeting space, and a minimum service and amenities level. Others have the full suite of amenities including a quality restaurant and lounge, upper end exercise facilities, a pool and whirlpool, valet parking, an onsite spa and more. There is one model for this category of hotel based on Pacific Region data from the STR Host Almanac report as well as locally survey data collected from local hotel/motel owners and managers, area brokers, buyers and sellers.

Hotel Class Descriptions

Limited and select service generally refers to economy, budget or midscale lodging facilities with limited or no food and beverage services however some limited and select service hotels are upscale in caliber. Limited hotels typically do not have on-site restaurants or other services that are provided by an employee other than the front desk or maid services. They may typically offer continental breakfasts, vending machine provisions, and/or small packaged items, Internet access or swimming pools are also available in many of these establishments. Limited-service hotels are abundant in numbers. These properties are less costly to construct and maintain. Food and beverage services are sometimes less profitable due to high labor costs and supply associated with food provisions. They appeal to budget conscious families and travelers who are willing to forgo frills in exchange for lower room prices and they depend largely on leisure travelers. A mid-market brand is one that offers a reasonable quality product at a lower rate by cutting back on or eliminating multiple restaurants, meeting space, room service, bell staff, concierge, business centers, fitness facilities, etc. However, the rooms themselves can be comparable to those of more expensive full service lodgings. For the most budget conscious traveler, a lesser market brand or independently owned limited service motel offers a place to rest at marginal cost.

Select service properties, also referred to as focused service properties, are starting to bridge the gap between limited and full service hotels. They may offer lunch or dinner in addition to breakfast, a small bar, an expansive stack bar and other services beyond a traditional limited service but not to the level of a traditional full service hotel. This category has grown as the expenses are often much lower than that of a full service hotel but with the added benefit of additional revenue from the aforementioned offerings.

Full service hotels offer a variety of services for their guests and nearly always include one or more restaurants and typically a bar or lounge. This can include a basic or high end restaurant (owned or leased out to a third party), espresso bars, lunch booths and basic or trendy cocktail lounges. They typically provide room service. It is also commonplace for larger full service hotels to have a range of retail stores on the premises such as gift boutiques, newsstands and drug and beauty counters. Many full service hotels offer guests laundry and valet services, swimming pools, beauty salons and fitness centers or health spas. A small but growing number of hotel chains also manage condominium units in combination with their hotel rooms, providing both hospitality guests and condominium owner's access to the same benefits and amenities. This can equate to expanded benefits for both guest and owners alike.

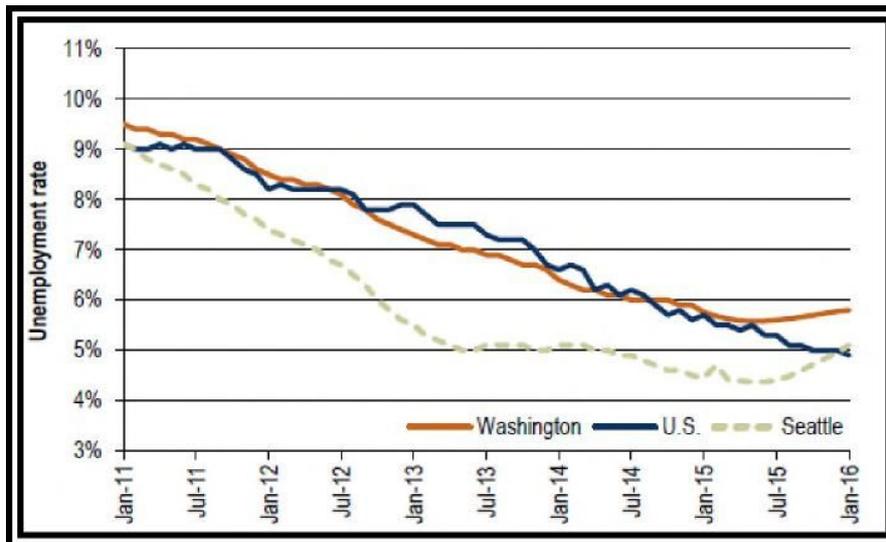
The largest hotels have banquet quarters, exhibit halls, and ample ballrooms and meeting rooms to accommodate conventions, business meetings, bridal parties and other societal events. Conventions and corporate assemblies are major sources of revenue for these hotels. Commercial hotels are also known as conference hotels and are fully self-contained properties specifically designed for large-scale events. They provide physical fitness and recreational facilities for attendees, in addition to state-of-the-art audiovisual and technical equipment, a business center and banquet services. Large capacity amphitheatres with laptop and electrical outlets have been built in some of the newer hotels.

Full service lodgings, on the other hand, rely extensively on the business travel sector. The most experienced and efficient general managers persistently procure corporate contracts that improve occupancy during good times and shelter hotels during tough economic cycles. These executives recognize that meeting quarters, business centers, internet wireless access, convention type facilities, banquet space and general amenities expected by the business travel sector are essential to the success of a full service hotel. They also continuously adapt to the ever changing business world and devise innovative techniques to stay at the forefront of the competition and realize the necessity of constant maintenance and upgrade of furniture, fixture, and equipment known as soft goods and hard case goods. Many brands require operators to upgrade these on a required time cycle and meet a certain set of design specifications.

Economic Considerations

Puget Sound Economy

Employment: In 2015, Washington State's¹ year-over-year unemployment rate relatively unchanged at 5.8%, which is .80% higher than what is reported nationally. For the Seattle MSA (Seattle-Tacoma-Bellevue), unemployment remained unchanged at 5.10%. Within King County, the overall year-over-year change in unemployment increased from 4.5% to 5.0%, while the City of Seattle also experienced an increase from 3.8% to 4.2%.



TOP 10 PUGET SOUND EMPLOYERS ²					
Rank	Company	Empl.	Rank	Company	Emply.
1	Boeing	81,919	6	Amazon	24,700
2	Joint Base Lewis-McChord	56,000	7	Providence Health & Services	19,456
3	Microsoft	43,031	8	Wal-Mart	19,350
4	Navy Region Northwest	43,000	9	Fred Meyer	15,450
5	University of Washington	30,200	10	King County	13,400

The employment recovery is tied to the region's diverse economy. Its strengths include aerospace, software development including internet retail and gaming, and global trade. This level is traditionally considered full employment.

In addition, 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

¹ Washington State Employee Security Dept. - Monthly Report

² About Travel; March 2016

Inc. Google and Facebook are also increasing their presence significantly in the area in order to take advantage of the large pool of tech employees. The Puget Sound business climate and lifestyle, which attracts a skilled, educated workforce, has encouraged these start-ups.³ In the Seattle, metropolitan area the above average growth in tech employment has helped fill a glut in vacant office space available after the “Great Recession” and has accelerated the recovery of the office market.

International trade continues to have a strong impact on the regional economy. While foreign exports were the first sector of the economy to recover, it has now slowed due to the sluggish world economy. Boeing, with 75% of its airplanes going overseas, is the region’s top foreign exporter. Besides Boeing, there are a wide list of regional businesses that provide products and services for foreign markets. These include Microsoft, Weyerhaeuser, Paccar, Russell Investments, Costco, Starbucks, Expeditors International, Perkins Coie, NBBJ, Alaska Airlines, Port of Seattle, and the University of Washington.

Regional Summary

The Puget Sound Region has retained a comparatively strong economy, and remains a hotbed for start-up businesses with a highly educated workforce. The region has generally experienced expanding employment and increasing income levels which has materialized in escalating property values in recent years. Within the Puget Sound region, market conditions are favorable to the extent that substantial historic and current ongoing residential and commercial development has resulted. Regional demographic trends favor increasing population growth and in-migration reflect historic/continuing demand for commercial and residential real estate in the area.

Population

Puget Sound: As of Year-End 2015, the population in the Central Puget Sound region (King, Kitsap, Pierce, and Snohomish counties) reached +/- 3.89 million. The 2014 population level represents an increase of +5.63% from 2010 and +19.01% from 2000. Since 2000, Snohomish County experienced the greatest population increase of 25.01%, while King County had the largest increase since 2010 at 6.30%. As of 2015, King County accounted for 52.65% of the total population within the four county regions. Since 2000, King County’s population grew by 315,800 or 18.18% (1.21% per year).

Current Population ⁴	2000	2010	2015	% Change 2000-2015	% Change 2010-2015
King County	1,737,000	1,931,200	2,052,800	18.18%	6.30%
Kitsap County	232,000	251,100	258,200	11.29%	2.83%
Pierce County	700,800	795,200	830,120	18.45%	4.39%
Snohomish County	606,000	713,300	757,600	25.01%	6.21%
Region Total	3,275,800	3,690,900	3,898,720	19.01%	5.63%

Cities & Towns: About 2,757,190 people live within the incorporated area of the Central Puget Sound region. As of 2015, incorporated cities and towns accounted for

³ CBRE Q4 2012 Puget Sound Area Office Market view

⁴ Puget Sound Regional Council; Puget Sound Trends, November 2015

population growth among locations within the region, but also annexations and new incorporations. At the top of the list of cities with the greatest percentage growth was Kirkland, Kent, and Burien, with reported population growths of 71.1%, 46.5% and 33.0%, respectively.

Top 10 Cities With Greatest Percentage Population Growth (2010 to 2015) ⁵						
Municipality	County	Census 2010	Population 2015	Change 2010-15	% Change 2010-2015	Population Annexed 2010-2015
Kirkland	King	48,787	83,460	34,673	71.1%	31,816
Burien	King	33,313	48,810	15,497	46.5%	14,292
Kent	King	92,411	122,900	30,489	33.0%	25,458
Bothell (all)	King/Snohomish	33,505	42,640	9,135	27.3%	6,801
Port Orchard	Kitsap	11,157	13,510	2,353	21.1%	943
Ruston	Pierce	749	905	156	20.8%	0
Snoqualmie	King	10,670	12,850	2,180	20.4%	0
Gig Harbor	Pierce	7,126	8,555	1,429	20.1%	4
DuPont	Pierce	8,199	9,250	1,051	12.8%	0
North Bend	King	5,731	6,460	729	12.7%	98

The city with the greatest nominal population growth was Seattle (53,740), followed by Kirkland (34,673), Kent (30,489), Burien (15,497), and Bellevue (12,637). Except for Seattle and Auburn, the cities' large growth was a result of major annexations. Like Kirkland, Kent and Burien saw extraordinary growth as a result of major annexations that incorporated a sizable population well over 10,000 people each in 2010 and 2011, respectively. Seattle and Auburn's growth was primary due from real population growth.

Top 10 Cities With Greatest Nominal Population Growth (2010 to 2015) ⁶						
Municipality	County	Census 2010	Population 2015	Nominal Change 2010-15	% Change 2010-2015	Population Annexed 2010-2015
Seattle	King	608,660	662,400	53,740	8.8%	0
Kirkland	King	48,787	83,460	34,673	71.1%	31,816
Kent	King	92,411	122,900	30,489	33.0%	25,458
Burien	King	33,313	48,810	15,497	46.5%	14,292
Bellevue	King	122,363	135,000	12,637	10.3%	5,630
Bothell (all)	King/Snohomish	33,505	42,640	9,135	27.3%	6,801
Renton	King	90,927	98,470	7,543	8.3%	826
Auburn (all)	King/Pierce	70,180	75,545	5,365	7.6%	0
Redmond	King	54,144	59,180	5,036	9.3%	149
Sammamish	King	45,780	49,980	4,200	9.2%	906

Lodging Market Conditions

Nationally, regionally and locally, the lodging market has continued to perform well and many lodging properties in King County have surpassed their peak values from the 2006-2008 era. The lodging market within King County continued to be one of the stronger in the nation during 2015. In most neighborhoods in King County, Average Daily Rates (ADR's) have increased and Occupancy have maintained their performance from the

⁵ Puget Sound Regional Council; Puget Sound Trends, November 2015

⁶ Puget Sound Regional Council; Puget Sound Trends, November 2015

prior year or slightly increased. Cap rates are flat and even downward in some hotel categories as further described in the cap rate table later in the report. Overall, downtown

Seattle, South Lake Union, Ballard, the University District, downtown Bellevue, Eastgate, Kirkland and Redmond are the stronger markets.

There are 54 hotel projects that have recently opened, have broken ground or are planned in King County alone and several more in surrounding counties. A detailed list is noted later in the report. These projects are a mix of local, national and international investors with many of the infill projects in downtown Bellevue and downtown Seattle blending office, apartment and retail space along with the hotel space to lower risk and improve underwriting prospects.

Continued low interest rates, strong international investor demand, the announcement of the convention center planning to double in size in the coming years and a very bullish sentiment on the local lodging sector have all fueled growth in the Puget Sound lodging sector. Certainly on the transaction side, we've seen evidence of this as some of the trades on a per key basis have been staggering and the volume of sales has increased as some investor's cash in on multiple years of market value increases. A more detailed discussion of area sales will be discussed later in the report.

The Seattle/Bellevue metropolitan area continues to be one of the more sought after markets in the lodging sector according to several market reports. From an overall market standpoint, the Seattle market has become so popular with domestic and global investors that in interviews it is not unusual for it to be added to the list of top six markets. Clearly, 2016 survey respondents feel the same way. Seattle has a diverse industry base and is benefiting from growth in the TAMI industries. One interviewee noted that Seattle is one of those markets where the growth has been strong enough, long enough, that the only potential risk is being able to sustain its current pace.⁷

Hotels in Oregon and Washington, or the Pacific Northwest region, turned in an astonishingly robust performance in 2015, especially in the largest markets in the respective states. Seattle also has roughly 2,900 rooms under construction after the delivery of more than 900 select-service rooms alone last year and a supply-induced dip in occupancy in the final two months of 2015. While supply growth will temper the pace of future RevPAR gains, the local hotel sector has logged an increase in annual RevPAR of more than 40 percent since 2011. Further growth in the daily rate will primarily drive RevPAR in the near term, providing potential upsides to investors seeking to enter the Seattle market.⁸

Persistent growth in leisure demand and business trips throughout the Pacific Northwest will support additional gains in occupancy, ADR and RevPAR in the region this year. Collectively, Oregon and Washington registered post-recession highs in principal performance measures during the first three months of 2015. In Seattle, corporate

⁷ PWC Emerging Trends in Real Estate 2015

⁸ Marcus & Millichap Pacific Northwest Region 2016 Outlook Hospitality Report

demand will continue to grow through local company expansions and the opening of facilities by several technology firms, including CenturyLink and SpaceX. Both Oregon and Seattle will also benefit from growing Asian tourism due to favorable currency

exchange rates. The region's robust performance drivers are also triggering more transactions. A significant number of deals so far this year indicate owners are tapping unfaltering investor interest and liquid debt markets to unlock the value that has accumulated in properties. Interest is high in well-performing properties in all markets in the region.

Occupied rooms jumped 6.5 percent in the first three months of 2015, topping the rate of growth in the first quarter last year, to raise occupancy 280 basis points to 58 percent. The ADR in Seattle also rose 5.6 percent so far this year, while an increase in available rooms held the gain in RevPAR to a still-respectable 8.0 percent during the period. RevPAR increases in the market will continue to compress as new rooms come online. At the end of the first quarter, more than 2,400 rooms were under construction in the market and an additional 4,700 rooms were in final planning. Select-service rooms account for half of the total in each phase.⁹

Per Kidder Mathews, market occupancy rates remained high in and near Seattle. In the Seattle CBD, this was the fourth consecutive year with annual occupancy near 80%. High rates of occupancy also were achieved in North Seattle, SeaTac, downtown Bellevue and along the Issaquah-Eastgate corridor. Over the next three years, as new rooms open in the central business districts of Seattle and Bellevue, occupancy rates in those markets are expected to decline.

Hotel occupancy in and near Seattle has remained strong for several years. Room prices in most urban markets are well above pre-recession levels. The number of significant hotel sales in this region was the highest since the recession. Eight hotels were completed during 2015, eight more are expected to open during the coming year, and at least 15 are under construction.¹⁰

The highest rates of occupancy for 2015 were midscale hotels in Seattle's South Lake Union neighborhood, upscale hotels in downtown Seattle, and midscale hotels in both the SeaTac and Issaquah/Eastgate submarkets. Strong occupancy and rising prices have made Seattle a high-profile target for developers. Hotels are proposed or under construction in the central business district, South Lake Union, Northgate, and the University District.¹¹

According to the 2016 Smith Travel Services (STR) Host Almanac:

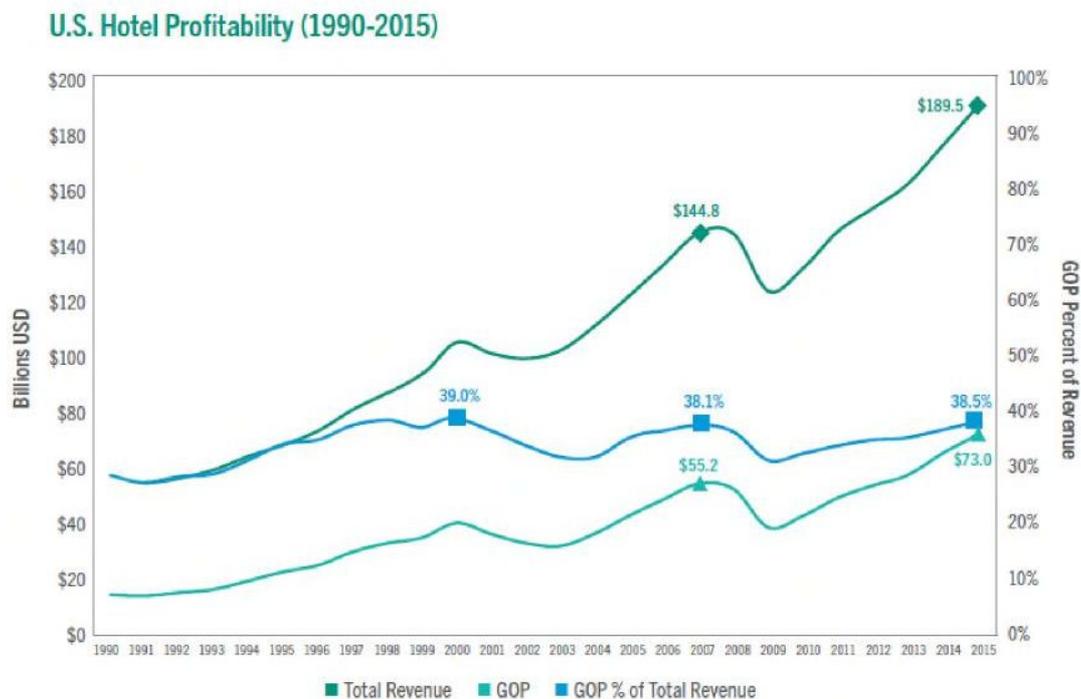
- Seattle ranks #9 in the US for occupancy at 76% overall.
- Seattle ranks #10 in the US for the highest ADR at \$148 per night.

⁹ Marcus & Millichap Pacific Northwest Region 2015 Midyear Hospitality Research Market Update ¹⁰Kidder Mathews Pacific Northwest Real Estate Market Review Q4 2015 ¹¹ Kidder Mathews Pacific Northwest Real Estate Market Review Q4 2015

- Seattle ranked #3 in the US for year over year increase in ADR at 8%.
- Seattle ranked #15 in the US for year over year occupancy growth at 1%.
- Pacific Region occupancy was 79.2% overall.
- Pacific Region ADR was \$198.53.
- Pacific Region EBITA before reserves was 31.4% (as a % of gross revenue).
- Pacific Region average room count per property was 244.
- Pacific Region full service occupancy was 79.5%.
- Pacific Region full service ADR was \$218.28.
- Pacific Region full service EBITA before reserves was 29.3%.
- Pacific Region full service average room count was 339.
- Pacific Region limited service occupancy was 78.5%.
- Pacific Region limited service ADR was \$133.15.
- Pacific Region limited service EBITA before reserves was 46%.
- Pacific Region limited service average room count was 127.¹²

U.S. hotel industry revenue topped an estimated US\$189 billion in 2015, adding nearly US\$14 billion in revenue from 2014. Total industry-wide house profit reached US\$73 billion, a year-over-year increase of +9.4% on a per-available-room basis. On an absolute nominal basis, the house profit represents an all-time high, and the house profit margin for 2015 exceeds the previous peak reached in 2007.

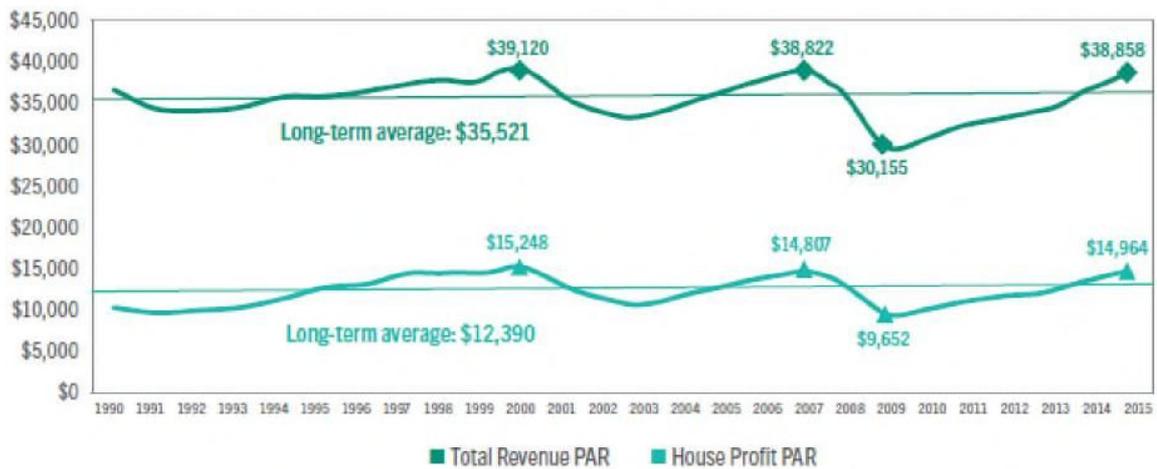
See following STR Host Almanac chart for an illustration:



¹² 2016 STR Host Almanac

Last year, the HOST Almanac presented an extensive analysis of inflation-adjusted profits for the industry. STR found that while profits on a nominal basis were at an all-time peak, inflation-adjusted profits were strong, but still below previous peaks. In fact, 2014 profits were below the profit levels of six other years since 1990, after adjusting for inflation. The following chart details U.S. hotel industry profitability (per-available-room) on a nominal basis from 1990 to 2015.¹³

Inflation-Adjusted U.S. Hotel Revenue and Profitability Per-Available-Room (1990-2015)



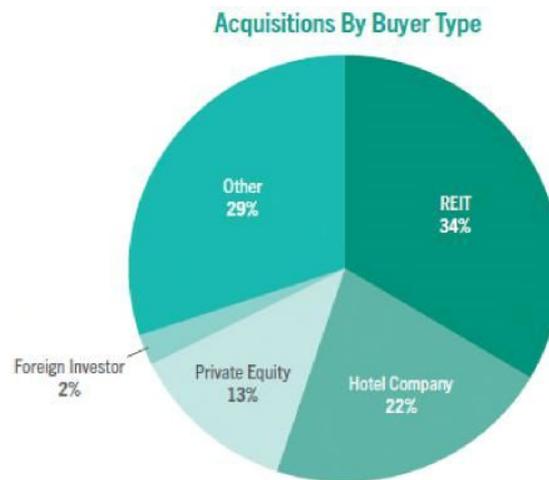
Room revenue multipliers in 2015 ranged from 2.5 to 7.3, which was down compared to the previous year across all classes, indicating a maturation of revenues. Upper upscale and upscale experienced the sharpest decreases, falling 1.9 and 2.6 points, respectively. The breakdown by asset class illustrates that room revenue multipliers increase by asset class. Higher-end assets with food and beverage, spa, golf and other revenue sources tend to have greater room revenue multipliers. However, this year with large decreases in upper upscale and upscale, the luxury room revenue multiplier is roughly 1.5 to nearly 3 times higher than all other property types.¹⁴

¹³ 2016 STR Host Almanac

¹⁴ 2016 STR Host Almanac

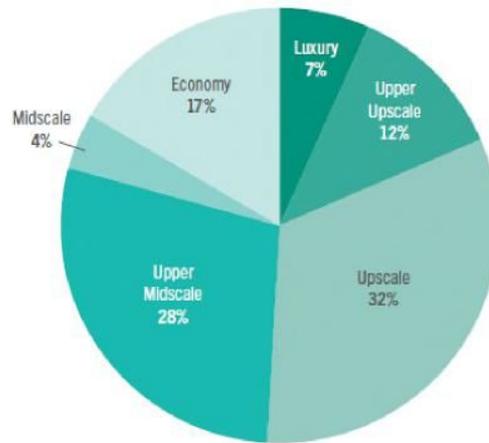
Class	Number of Deals	Number of Rooms	Average Room Count	Average Price Per Room	Room Revenue Multiplier
Luxury	40	13,106	328	\$828,000	7.30
Upper Upscale	71	22,098	311	\$210,000	4.80
Upscale	194	27,741	143	\$166,000	4.33
Upper Midscale	170	19,937	117	\$104,000	3.74
Midscale	25	2,997	120	\$64,000	3.30
Economy	99	12,493	126	\$52,000	2.57
Total	599	98,372	164	\$238,000	3.83

In 2015, REITs accounted for most of the hotel acquisitions with 34% of all transactions, while hotel companies had the second most acquisitions with 22%. Only 2% of acquisitions were purchased by foreign investors, though with a current influx of Chinese capital into the U.S. hotel market, this number will continue to rise. Looking at acquisitions by class, the greatest number of acquisitions were upscale properties with 32%, and then upper midscale with 28%. In the Upscale class, there were 194 deals and 27,741 rooms acquired, with an average price per room of \$166,000. Midscale and Luxury classes were the least acquired with only 4% and 7%, respectively.¹⁵



¹⁵ 2016 STR Host Almanac

Acquisitions By Class



There are several indicators that support the case for another strong King County lodging market in 2015. The returned survey results of hotels and motels throughout King County, the physical inspection meetings throughout South King County, and the continued ground breaking of planned hotels in the county, show performance is improving. This is the case for all five geographic neighborhoods, especially in the midscale, upscale and luxury segments.

The total population of King County hotels and motels rose 17.75%. This is a sum of the various valuations made throughout the five neighborhoods and various property types within the hotel/motel specialty and does not include recently completed hotels or new hotel sites. Adjustments to value for a given neighborhood or property type depend on how their assessed value compared to fair market value after market analysis. Overall, downtown Seattle and downtown Bellevue properties are performing incredibly well and the secondary and tertiary markets continued to strengthen.

Analysis Process

Effective Date of Appraisal: January 1, 2016

Date of Appraisal Report: June 29, 2016

Specialty and Responsible Appraiser

- Specialty Area 160 – Hotels/Motels
- The following appraiser did the valuation for this specialty assessment:

Name: Chris Savage

Job Title: Commercial Appraiser II

Highest and Best Use Analysis

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

As if improved: Based on neighborhood trends, 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 token 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 and Limiting Conditions

All three approaches to value were considered in this analysis.

- Sales from 01/01/2013 to 12/31/2015 were considered in all analysis.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends.

Local Valuation Metrics

The ranges for key metrics for each specialty neighborhood were as follow:

	Economy & Budget	Midscale	Upscale/Upper Upscale	Luxury
160-10 Downtown Seattle	Occy 70% ADR \$55-90 Cap Rate 8-9.25%	Occy 70-75% ADR \$62.50-110 Cap Rate 7.5-8.25%	Occy 72.5-75% ADR \$115-209 Cap Rate 6.25-7.75%	Occy 75% ADR \$225-235 Cap Rate 6.25%
160-20 Eastside	Occy 50-70% ADR \$40-80 Cap Rate 8-	Occy 62.5-72.5% ADR \$80-90 Cap Rate 7.75-8.25%	Occy 67.5-72% ADR \$90-190 Cap Rate 7.00-8.25%	Occy 75% ADR \$225 Cap Rate 6.25%
160-30 Northend	Occy 60-67% ADR \$45-72.50 Cap Rate 9.25-9.75%	Occy 67-72.5% ADR \$72.50-85 Cap Rate 8.75-9.25%	Occy 70-75% ADR \$125-161 Cap Rate 6.75-8%	Occy N/A ADR N/A Cap Rate
160-40 Seatac	Occy 55-65% ADR \$45-67.50 Cap Rate 9.25-9.75%	Occy 65-68% ADR \$70-80 Cap Rate 8.50-9.25	Occy 65-70% ADR \$85-125	Occy N/A ADR N/A Cap Rate
160-50 Southend	Occy 60-62.50% ADR \$42.50-70 Cap Rate 9.5-	Occy 55-60% ADR \$60-80 Cap Rate 9-9.75%	Occy 57-62% ADR \$90-125 Cap Rate 8-9%	Occy N/A ADR N/A Cap Rate

Market Sales

There were 43 hotel and motel sales given primarily consideration with three more mid-2016 sales included in the sales used list as a point of reference. The sales are thoroughly verified by the specialty appraiser and are then determined to be arms-length transactions that are used for analysis or non-arm's length transactions. Generally, non-arm's length transactions are not used however there are some that usable data can be gleaned. An example would be a transaction that is influenced downward by a negative factors such as a forced sale, bankruptcy or estate sale yet still shows a certain level of value even if at the low range or below typical market rates. The lodging properties are not valued by the market approach although the sales offer substantial support for appraised values and can act as a bellwether for market trends in various neighborhoods.

Area 160-10 - Downtown Seattle

The most significant sale was the Hotel 1000, an upscale boutique hotel in downtown Seattle. It sold for a record breaking \$490,833 per key (adjusted for personal property) on 7/1/2014. The buyer was excited for the future prospects of the property and felt they could increase the value even more through their operation of the property.

The next was the Motif, another upscale boutique hotel in the heart of downtown Seattle. It sold for \$385,818 per key on 6/19/2014 after being bought as the Red Lion on 6/14/2011 for \$199,687 per key and undergoing a \$20M+ renovation and conversion

from a flagged to unflagged independent hotel. Both of these sales are a great example of showing that a nationally known flag or brand isn't need to command top dollar for a hotel building.

The Roosevelt Hotel sold as a value add hotel with plans for a \$15-20M renovation to turn it into a higher end boutique product. It sold for \$245,033 per key.

On the limited service side, the La Quinta Inn & Suites sold to the Clise Family and they plan to continue to operate it as a hotel. It sold for \$227,083 per key. Also, the Quality Inn & Suites commanded \$119,497 per key along Aurora at the edge of South Lake Union and Uptown. It sold on 11/5/2014 and the former indoor pool will be converted to lobby or eating space.

There have been two notable sales in early 2016 with the Hotel 1000 selling for an area record \$685,520 per key with plans for remodeling and possible rebranding. Also, the SpringHill Suites downtown Seattle sold for \$316,667 per key.

Area 160-20 – Greater Eastside

There were several notable sales in 2015. The Heathman Kirkland Hotel sold for \$180,560 per key and is a full service, boutique hotel. The Red Lion in Bellevue sold for \$191,486 per key and is an Upscale, full service hotel that is a bit dated and due for a major refresh. On the limited service side, the Days Inn in Eastgate sold for \$101,429 per key having sold in late 2013 for \$70,476 per key.

The Residence Inn by Marriott Redmond Towncenter sold for \$265,037 per key on 8/12/2014 showing continued strength in the Upscale Extended Stay segment. This follows the 10/31/13 sale of the Residence Inn by Marriott near downtown Bellevue at \$307,117 per key.

There were also four early 2016 sales including the new Marriott Hotel Bellevue at \$456,894 per key, the Fairfield Inn & Suites near Microsoft for \$225,917 per key, the Sheraton Bellevue Hotel at \$233,240 per key and the Comfort Inn Kirkland in the Totem Lake neighborhood at \$131,959 per key.

Area 160-30 – Northend

There were no new sales in 2015 and two notable lodging sales that occurred in 2014, both on the limited service, economy class side of the market. The first was the Shoreline Motel at \$77,425 per key on 8/14/2014 (it sold for \$70,000 per key on 5/31/2012). The second was the Orion Motel along the Aurora Corridor near 120th in Seattle. It sold for \$69,643 per key on 10/20/2014. Both show continuing strength for the economy class for motels.

The Shoreline Motel then resold in early 2016 for \$75,000 per key.

Area 160-40 – Seatac

There were five new sales in this market in 2015. The first was on the limited service, budget class Quality Inn Seatac Airport for \$66,176 per key. Next was the Red Roof Inn, a midscale building that sold for \$89,382 per key. The next was Airline Motel in Federal Way for \$52,100 per key. The third was the Super 8 Seatac at \$71,218 per key. The next was a newer midscale hotel, the Sleep Inn Seatac and it sold for \$117,619 per key.

There was one notable sale in 2014. It was the Travelodge Airport North Motel just north of the airport and north of the dense pocket of hotel and motels along International Boulevard. There are just a handful of hotels and motels north of Highway 518 and the Travelodge is one that hasn't had the remodeling or updating that some others have hence its price of \$45,833 per key on 10/2/2014. This price point is the low end of the price range for economy class motels.

In 2016 the Econolodge Airport, which is north of Highway 518 sold for \$63,404 per

key. 160-50 – Southend

There were two new sales in 2015 in this area. The first was the Best Western Plus Peppertree Inn in Auburn and it sold for \$104,000 per key. The second was possibly at the lower range of the market and was the Crossland Economy Studios (motel style building) for \$60,789 per key.

There were five sales that occurred in 2014 in the Southend area, four limited service properties (both budget and economy) and one upscale, select service property. The select service property that sold was the Courtyard by Marriott Federal Way at \$162,376 per key on 11/17/2014. This is the first higher end property in the Southend to sell in recent years. The next sale was the Quality Inn & Suites in Pacific which sold on 10/17/2014 for \$54,561 per key after updates and rebranding of the building in recent years.

The next was the Super 8 Motel in Federal Way at \$49,056 per key on 10/9/2014. It has since been rebranded into a limited service Red Lion with some remodeling done and more planned in the near future. Next is the Econo Lodge Federal Way which sold for \$51,333 per key on 6/27/14. Given the quality of the building, it may have sold a bit low as it was being sold to trade up to a larger hotel property by the local and experienced hotelier owner.

Finally, the Holiday Inn & Suites in Kent sold at \$64,800 per key on 5/14/2014. It has since been rebranded as a Ramada Inn. In order to have kept the Holiday Inn agreement intact, another level would have to have been added and the current site didn't have had enough parking to meet the Holiday Inn requirements. Thus it sold as a limited service, budget class property and note that one building has interior halls and room entry and another has exterior entry more like a motel concept.

In 2016, the GuestHouse Inn in Enumclaw sold for \$78,930 per key, The Legend Motel in Des Moines sold for \$55,167 per key and the Quality Inn & Suites in Pacific (south of Auburn), sold for \$59,649 per key.

New Projects

There are a large number of new hotel projects happening in King County. There are currently 14,000 hotel rooms in downtown Seattle today¹⁶ and according to CBRE Hotel Broker Chris Burdett, there are over 26 projects with about 6,000 rooms planned or under construction in and around downtown Seattle. Of these, 4,850 rooms have financial backing.

Regionally, there are 65 hotels planned or under construction. Burdett went on to say that the hotel business here is “on fire” and is stronger than it was before the recession by most measures. Tom Norwalk, president and CEO of Visit Seattle said the convention center expansion will break ground in 2017 and be done in 2020. He added that new hotels would make Seattle a candidate for a big event such as the Super Bowl. The NFL wants to see about 25,000 rooms within an hour’s drive of the stadium and Seattle will likely meet that requirement soon.¹⁷

Throughout the county, several projects opened up in 2014 and 2015, others broke ground and a number of others in the planning stages. As discussed earlier in the report, the Seattle market is now one of the most sought after markets in the US for both lodging projects and other commercial projects alike. There are global and domestic lodging REIT’s, global lodging companies with well recognized brands, private equity funds, partnerships and individual investors creating the development that is taking place.

The following table illustrates the list of 57 recently completed, current and future projects in King County.

PROJECTS: PLANNED, UNDER CONSTRUCTION, RECENTLY COMPLETED				
BRAND & DEVELOPER	LOCATION	ROOMS OR PLANS	BREAKING GROUND	EXPECTED COMPLETION
R.C. Hendreen	Downtown Seattle on site of Greyhound Station at 808 Howell	1,264 (45 stories, 105,000/SF of meeting space, 505 underground parking spaces)	2016	2017/2018
Marriott; White/Pepperman Properties	Downtown Bellevue at 200 110th Ave NE	384	2013	<i>Opened 2015</i>

¹⁶ Downtown Seattle Association

¹⁷ Daily Journal of Commerce Real Estate Buzz Article 2/2/15

BRAND & DEVELOPER	LOCATION	ROOMS OR PLANS	BREAKING GROUND	EXPECTED COMPLETION
Hotel at Southport (Full Service, 4 Star + 42,000 SF Convention Center); Seco Development	Renton at Lake Washington Waterfront (next to Coulon Park)	350 (12 stories + 42,000/SF convention center)	Fall 2014	2017
Residence Inn by Marriott; Stonebridge	Downtown Seattle at 924 Howell (corner of Howell & Terry)	309	Not Announced	
Stadium Place/Hilton Embassy Suites; American Life Insurance & Daniels Real Estate	Downtown Seattle at north parking lot of Century Link Field	297 (342 parking stalls)	2015	2016
Stanford Hotels Corp	Downtown Seattle/South Lake Union at 300 Terry St. near Amazon.com	283	Not Announced	
Holiday Inn Express & Staybridge Suites; Abbey Road Group Land Development Services	Downtown Bellevue at 969 118th Ave SE	279 (170 Rooms Holiday Inn; 109 Rooms Staybridge)	2015/2016	2017
Midby Companies	Downtown Seattle at 1200 Stewart at Stewart & Denny	252	Not Announced	
Overlake Village; CSM Lodging	Redmond at 152nd Ave NE & NE 28th St near Microsoft	270 (two hotels, likely an extended stay & select service)	2015	2017
Hilton Garden Inn; West77 Partners & Mike Nielson	Downtown Bellevue at Washington Square at 965 108th Ave NE	254 (6 stories, 187 underground parking spaces)	2015	2017
W Hotel Bellevue; Kemper Development Company	Downtown Bellevue at Lincoln Square	245 (41 stories, 13 hotel, 28 for 231 apartments)	Summer 2015	Spring 2017
Esterra Park; Capstone Partners	Redmond near Microsoft	250	Q1 2016	
Even Hotels & Staybridge Suites; Lowen Family Partnership	Downtown Seattle/South Lake Union at 527 Fairview	235 (9 stories, 90 underground parking spaces)	2016	2017
Marriott AC Hotel; DLR Group	Downtown Bellevue at 10628 NE 2nd St	234 (7 stories, 2 levels of underground parking)	2015	
Four Points by Sheraton Hotel; Yareton Investment Fund	Des Moines, Pacific Hwy South & South 224th	230	2013	Opened 2016

BRAND & DEVELOPER	LOCATION	ROOMS OR PLANS	BREAKING GROUND	EXPECTED COMPLETION
Luxury or Upper Upscale Hotel; Widewaters Group	Downtown Seattle at 1608 2 nd Ave (2 nd & Stewart)	230 (16 stories)	2016/2017	2017
Hilton Garden Inn at Hill7; Touchstone	Downtown Seattle on Boren between Stewart & Howell	222	Summer 2013	<i>Opened 2015</i>
Residence Inn by Marriott	Seattle - University District at 4501 12 th Ave NE	215	2013	<i>Opened 2016</i>
Columbia West Properties & Pineapple Hospitality	Downtown Seattle at 1931 2 nd Ave	208 rooms (58 underground parking spaces; 10 bike spaces)	N/A	
Kemper Development	Downtown Bellevue at Bellevue Square (South Tower Expansion)	204	2015	2017
Stanford Hotel Group	Downtown Seattle – 1903 5 th Ave	200 (229 residential units)		
Citizen M	Downtown Seattle/ South Lake Union at 201 Westlake Ave	7 story, 200 room modern hotel	Not Announced	
Extended Stay Type Hotel; HB Management (Antioch University Site)	Downtown Seattle at 2326 6 th Ave	198 (Two 42 story towers w/830 apartments, 600 parking spaces)		
Rainier Square Addition; Wright Runstad	Downtown Seattle at Rainier Square	150 (12 stories)	2015/2016	2017-2019
Washington Place	Southcenter	189 (370 apartments; 19 stories)	2015	2017
The Mark - SLS Hotel; Daniels Real Estate Company & Stockbridge Capital Group	Downtown Seattle at 5 th & Columbia	184 (w/500,000+ SF of office)	Excavation 2013; Construction 2014-2015	2017
Hampton Inn & Suites; Gramor Development Washington	Seattle – Northgate at 9550 1 st Ave NE (Marie Calendars site)	168; 136 Parking Spots + 15 offsite shared	Early Stages of MUP Process	Late 2016/Early 2017
SpringHill Suites; Hotel Concepts	Downtown Seattle – International District at 616 8 th Ave S	168 (14 stories, 100 apartments, 30 condos)	2016	
Thompson Hotel & Apartments; Geolo Capital & TC Real Estate Development	Downtown Seattle at 1 st & Stewart near Pike Place	161	2014	<i>Opened 2016</i>

BRAND & DEVELOPER	LOCATION	ROOMS OR PLANS	BREAKING GROUND	EXPECTED COMPLETION
Douglason Development	Downtown Seattle at 1929-33 5th Ave (Former IBM Building)	151 (47 stories; 394 apartments, 326 underground parking spaces)		
Hyatt Place; Ariel Development	Seatac at 19518 International Blvd	150		2016/2017
Westlake Steps/Holland Partners	Downtown Seattle/ South Lake Union	150		
Moxy byMarriott; Stonebridge	Downtown Seattle/South Lake Union at 1016 Republican (At Boren)	147 (No parking spaces planned)	Not Announced	
Springhill Suites	Downtown Issaquah at 12th and NW Maple	145 (5 stories, 203 parking spaces via 2 levels of above grade parking)	2015	Mid 2016
Hotel Indigo/Potala Tower; Path America	Downtown Seattle at 2116 4th Ave	142	2015	2017
Swiss Hotel LLC	Seattle – Northgate at 10733 Meridian Ave N	140 (5 stories, 143 underground parking spaces)	2015/2016	2016/2017
Home2 Suites by Hilton	Tukwila – Southcenter	139	2014	<i>Opened 2015</i>
Hampton Inn & Suites	Downtown Bellevue	128	2013	<i>Opened 2014</i>
Hyatt House; Kauri Investments	Downtown Seattle at 416 John St.	126	2013	<i>Opened 2015</i>
Homewood Suites by Hilton; Rowley Properties	Downtown Issaquah	123	2014	<i>Opened 2015</i>
Eitel Building; Ariel Development	Downtown Seattle at 2nd & Pike	14 story boutique hotel & apartment /122 rooms, 44 residential units & 3,680 SF of commercial space	Not Announced	
Kemper Development Company	Downtown Bellevue, west of Bell Square	120	Not Announced	
Staybridge Suites Seattle – Fremont	Seattle – Fremont at 3926 Aurora Ave N	120	2014	<i>Opened 2015</i>
Principal Financial Group	Downtown Seattle at 2nd & Stewart	120	Not Announced	

BRAND & DEVELOPER	LOCATION	ROOMS OR PLANS	BREAKING GROUND	EXPECTED COMPLETION
R.D, Olson Development	Downtown Seattle/South Lake Union at 753 9th Ave N	113 room hotel	Not Announced	
Dollar Development – Hotel Mercer	Mercer Island at 7645 Sunset Highway	100 (5 stories & underground parking)	2014	
Palladian Hotel; David Cohanim	Downtown Seattle - Belltown at 2000 2nd Ave	97 (conversion from apartment building)	Not Announced	<i>Opened 2014</i>
RBF Property Group/SkB Architects	Downtown Seattle at 1121 Stewart Street (Steward & Minor)	78 (42 stories w/condos)	Not Announced	
McMenamins Anderson School Project; \$26M	Downtown Bothell	72	November 2014	<i>Opened 2015</i>
Cedarbrook Lodge	Seatac (63 room expansion)	63	2014	<i>Completed 2015</i>
Boutique Hotel (Seven Seas Building/Former Lusty Lady); Revolve Development	Downtown Seattle – 1315 1st Ave.	43 (6 stories, no parking planned)	2016	2017
J&M Hotel; Seneca Ventures	Downtown Seattle – Pioneer Square at 201 1st Ave S.	24	N/A	N/A
Art Inn (Boutique hotel) Hybrid Development, LLC	Downtown Seattle at 1226 Jefferson (at 12th & Jefferson)	4 stories, 15 rooms & 1,400 SF of bakery & café space	Not Announced	
Wright Runstand	Bel-Red Area of 520 Corridor	200,000/SF	Not Announced	
The Kress Building	Downtown Seattle at 3rd & Pike	Plans submitted to build a hotel above current 3 story building	Not Announced	
Port of Seattle; RFP's Requested in 2014	Seatac Airport, Onsite Hotel	N/A	N/A	N/A
Silver Cloud Inns & Hotels	Bellevue at 200 108th Ave NE; site of Opus Bank	N/A	Purchased Land	

*Data compiled from local articles from the Daily Journal of Commerce, The Seattle Times, and The Puget Sound Business Journal

The following are hotels that opened in King County in 2014, 2015 and early 2016.

Seattle

The Hilton Garden Inn at Hill7 opened up in the Denny Triangle neighborhood. It is a full service, contemporary property with 222 rooms.



The Thompson Hotel & Apartments opened up. It is a boutique hotel with 158 rooms and 95 apartments. It's at 1st and Stewart near the Pike Place Market.



The Residence Inn Seattle University District is the newest entry into the North Seattle market and has 215 rooms. This market has strong metrics and the property expects to do well.

The Palladian Hotel in Belltown opened in the fall of 2014 and was an older apartment building that was completely gutted and rebuilt to modern specs. It is a full service, boutique hotel that is now one of the Kimpton properties in the area. It has 97 rooms, a restaurant and bar.





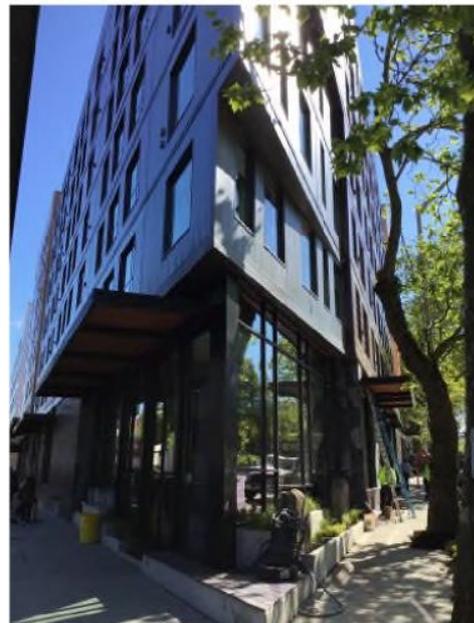
Staybridge Suites Seattle – Fremont opened in 2015. It is an upscale, extended stay hotel with full kitchens in the rooms and is designed for guests looking for longer stays. It has 120 rooms and is located in the Fremont neighborhood just north of downtown Seattle.

The Hyatt House Seattle/Downtown opened in the summer of 2015. It is an upscale hotel with a blend of standard rooms and extended stay studios and one bedroom units with kitchens.



The property is also focused on guests that stay

longer than the average hotel guest and this is a great fit for the Uptown location across the street from the Space Needle given leisure travelers and those on business dealing with the Gates Foundation or the many technology or life sciences organizations just blocks away in South Lake Union.



Eastside

The Hampton Inn & Suites in downtown Bellevue opened in 2014. It is an upscale, extended stay hotel with in suite kitchens aimed at clientele that will stay longer than one or two nights. It has 128 rooms and is in an excellent location next to the 4th Street Exit off 405 in Bellevue.



The Marriott Hotel in downtown Bellevue opened in the summer of 2015. It is a 384 room, full service, upscale hotel.



The Homewood Suites by Hilton Seattle – Issaquah opened in the summer of 2015. It is an upscale, extended stay hotel with kitchens in each room and designed for guests looking to stay longer than average. It has 123 rooms and onsite parking.

Southend



The Cedarbrook Lodge in Seatac completed a 65 room expansion in 2015. The full service, conference retreat style hotel now has 167 total rooms.





The Puget Sound's first Home2 Suites by Hilton opened in the summer of 2015 in the Southcenter area of Tukwila. It is a trendy, Gen Y focused extended stay hotel with full kitchen in each room. It has 139 rooms.

The Four Points by Sheraton Airport Seattle South Hotel opened in Des Moines. It is an upscale hotel with 225 rooms and will compete with nicer Seatac hotels to the north.



Capitalization Rates

In 2015, capitalization rates were relatively flat on a national scale and had decreases in the Seattle region depending on the hotel class and type. Overall, national capitalization rates were between 0.05% and 14.20%, Western Region rates were 6.00% to 10.00% and in the Seattle area the range was 6.00% to 9.25% per the compilation of below sources. Keep in mind that some properties trade outside these ranges and several King County area sales traded in the 1.00% to 3.00% cap rate range based on Value = Net Operating Income/Capitalization rate formula. The Heathman Hotel in Kirkland and Hotel 1000 sales are examples. The operating data was gathered during recent valuation and these low cap rates were confirmed by the hotel specialty appraiser.

2014 HOTEL/MOTEL CAPITALIZATION RATES				
SOURCE	DATE	TYPE	AVERAGE RATE/RANGE	PRIOR YEAR RATE/RANGE
HVS	Year End 2015	Full Service Incl. Luxury – US	6.40% (2.40% - 9.90%)	6.70% (0.05% - 10.90%)
HVS	Year End 2015	Select Service & Extended Stay–US	8.20% (5.00% - 14.0%)	7.80% (3.20% - 12.60%)
HVS	Year End 2015	Limited Service – US	9.20% (1.10% - 13.30%)	9.00% (0.03% - 30.00%)
CBRE Cap Rate Survey	Second Half 2015	Greater Seattle Area CBD: Luxury Hotels	5.75% (5.50% - 6.00%)	6.25% (6.00% - 6.50%)
CBRE Cap Rate Survey	Second Half 2015	Greater Seattle Area Suburban: Luxury Hotels	6.50% (6.00% - 7.00%)	7.00% (6.50% - 7.50%)
CBRE Cap Rate Survey	Second Half 2015	Greater Seattle Area CBD: Full Service	6.00% (5.75% - 6.25%)	6.50% (6.25% - 6.75%)
CBRE Cap Rate Survey	Second Half 2015	Greater Seattle Area Suburban: Full Service	7.25% (7.00% - 7.50%)	7.25% (7.00% - 7.50%)
CBRE Cap Rate Survey	Second Half 2015	Greater Seattle Area CBD: Select Service	6.25% (6.00% - 6.50%)	6.75% (6.50% - 7.00%)
CBRE Cap Rate Survey	Second Half 2015	Greater Seattle Area Suburban: Select Service	7.625% (7.25% - 8.00%)	7.625% (7.25% - 8.00%)
CBRE Cap Rate Survey	Second Half 2015	Greater Seattle Area CBD: Economy	8.00% (7.50% - 8.50%)	8.00% (7.50% - 8.50%)
CBRE Cap Rate Survey	Second Half 2015	Greater Seattle Area Suburban: Economy	8.75% (8.25% - 9.25%)	8.75% (8.25% - 9.25%)
IRR Viewpoint	Year End 2015	National Lodging – Full Service	7.92%	8.14%
IRR Viewpoint	Year End 2015	National Lodging – Limited Service	8.54%	8.78%
IRR Viewpoint	Year End 2015	Seattle Lodging – Full Service	6.80% Average	7.00% Average
IRR Viewpoint	Year End 2015	Seattle Lodging – Limited Service	8.00% Average	8.25% Average
Situs RERC Real Estate Report	Q4 2015	Hotels – Seattle First-Tier Investment Properties Going-In Rate	7.00%	7.00%
Situs RERC Real Estate Report	Q4 2015	Hotels – West Region First-Tier Investment Properties Going-In Rate	7.40% (6.00% - 9.00%)	7.80% (6.30% - 10.00%)
Situs RERC Real Estate Report	Q4 2015	Hotels – West Region Second Tier Investment Properties Going-In Rate	7.90% (6.50% - 9.50%)	8.50% (6.00% - 10.00%)
Situs RERC Real Estate Report	Q4 2015	Hotels – West Region Third Tier Investment Properties Going-In Rate	8.80% (7.00% - 10.50%)	9.50% (7.80% - 11.00%)

Situs RERC Real Estate Report	Q4 2015	Hotels – Going-In Rate Institutional Investors National	7.30% (6.30% - 8.50%)	6.80% (5.00% - 8.50%)
Situs RERC Real Estate Report	Q4 2015	Hotels – Going-In Rate Regional Survey National	7.70% (6.00% - 11.00%)	7.90% (5.00% - 10.00%)
Situs RERC Real Estate Report	Q4 2015	Hotels – Realized Returns 5-Year Average (NCREIF) National	7.60% (6.90% - 8.20%)	
Situs RERC Real Estate Report	Q4 2015	Hotels – Terminal Rate Institutional Investors National	8.30% (6.50% - 8.80%)	
Situs RERC Real Estate Report	Q4 2015	Hotels – Terminal Rate Regional Survey National	8.30% (6.50% - 11.50%)	8.60% (5.60% - 11.50%)
ACLI	Q4 2015	U.S. Hotel/Motel	6.00% (2015 year-end figure)	
ACLI	Q4 2015	Pacific Hotel/Motel Fixed Rate Loans	6.08% (2015 year-end figure)	
ACLI	Q4 2015	Seattle Hotel/Motel Fixed Rate Loans	6.64% (2015 year-end figure)	

HVS: Capitalization rates derived from sales transactions from historical net operating income.

CBRE: Capitalization rates and ranges are best estimates provided by CBRE professionals based on recent trades in their respective markets as well as recent communication with investors. Typically going-in cap rates.

IRR: Capitalization rates derived from investor interviews and surveys regionally and nationally.

Situs RERC: Capitalization rates based on investor survey responses.

ACLI: Capitalization rates based on actual 82 nationwide hotel mortgage commitments year 2015; 70 hotels for Pacific Region; 6 hotels for Seattle.

Physical Inspection Area

The physical inspection area for the 2016 Assessment Year took place from May to July and included all hotels and motels in geographic area 160-50, the Southend market. This was an informative and valuable project. Each of the 54 properties was visited in the geographic area and this allowed the appraiser to gain valuable insight into the financial performance of the properties, the competitive sets (the defined set of competing properties that a hotel/motel benchmarks its performance goals and metrics against), and into the metrics for the various neighborhoods that compose the southend market.

Scope of Data

Land Value Data

The geographic appraiser in the area in which the specialty property is located is responsible for the land value used by the 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. A sales questionnaire was mailed to sellers and purchasers of properties which sold in Specialty Area 160. Participation was voluntary and the response was modest. In addition, sales were verified, when possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Property characteristics are 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 at www.kingcounty.gov/assessor.

Improved Parcel Total Values

Sales Comparison Approach

The sales comparison approach was not used for properties in the hotel & motel specialty. However, sales data was considered as an additional metric for valuation purposes. There were 43 improved sales within the hotel/motel specialty dating from 2/3/2012 to 3/17/16 and considered fair market transactions. The sales were organized by neighborhood, hotel type (limited service or full service), number of rooms, and quality level. All sales were verified if possible by calling either the purchaser or seller, inquiring in the field, sending out a questionnaire or calling the broker. Characteristic data was verified for all sales if possible. Sales are listed in the attached “Sales Used” appendix report.

Sales Comparison Calibration

After an initial search for comparable sales within each geographic area a search is made in neighboring areas and expands to include all of the county and nation if necessary. For the hotel specialty, hotel type (limited or full service), number of rooms, and quality level are important.

Cost Approach Model Description & Calibration

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. Costs are 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. The cost approach at Replacement Cost New (RCN) or Replacement Cost New Less Depreciation (RCNLD) is typically used for new hotels. The following year, the property is moved to the income approach to value to best equalize it with other hotel properties.

Income Capitalization Approach Model Description

Two income models were developed for income capitalization of hotels/motels. Each model is specific and is used for any hotel/motel depending on number of rooms, average daily rate, full, or limited service. All expenses used in the models were obtained from industry averages compiled by the Host Almanac by Smith Travel Research (STR) 2015 Edition.

Model examples are contained in the Sample Worksheet Section. The models take into account all of the revenue and expense components that are relevant to the appraisal of hotels: hotel type (full or limited service), number of rooms, average daily rate, occupancy rates, revenue per available room, additional revenues (food, telecommunications, rentals, and other income), departmental expenses, undistributed operating expenses, franchise and management fees, and fixed charges (property taxes and municipal charges, insurance, reserves for capital replacements).

The net operating income is capitalized and the personal property is deducted to arrive at the real property value which also generates a price per room and gross revenue multiplier. The assessor utilizes the appraisal methods developed by Stephen Rushmore, MAI often known as the Rushmore Approach. Adjustments are made to the average daily and occupancy rates to reflect the influence of location. Financial data is gathered through physical inspection, sales verification, financial publications, questionnaires mailed by the Assessor, and information provided by the appellants for the purposes of appeals.

Income Approach Calibration

Each hotel and motel was valued on an individual basis. All values were then reviewed and calibrated to market tendencies. The assessor sends out a yearly income survey letter to all hotel owners in order to determine appropriate income and expense parameters.

Income

Income parameters relevant to hotels are first and foremost measured by the hotel's Average Daily Rate and its typical Occupancy level. Hotels may also generate revenues through other sources such as food and beverage, telecommunications, banquet services, conventions, etc.

Expenses

Most hotel and motel property's expenses are broken down into several categories: departmental expenses (rooms, food and beverage, telecommunications, other operated departments), undistributed expenses (administrative and general, marketing, utility costs, and property maintenance), franchise and management fees, fixed charges (property taxes and municipal charges), insurance, and reserves for replacement. The taxes and municipal charges expense was adjusted upward to better reflect local property taxes rates in King County.

Capitalization Rates

The range of capitalization rates used by the assessor was derived from published sources as well as verified sales. Lower capitalization rates were applied to modern and higher quality hotels in the central business districts such as downtown Seattle and downtown Bellevue. Higher capitalization rates were applied to older, lesser quality hotels in more suburban locations.

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. The market sales approach was considered but most weight was given to the income approach.

Model Validation

Total Value Conclusions, Recommendations and Validation

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel 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 particular characteristics and conditions as they occur in the valuation area.

The income approach was primarily used to derive the total value for the Hotels. The land values were set by the geographic appraisers then subtracted from the total value to determine the improvement value. Land values appreciated by 13.49% and improvement values by 19.29%. Application of the recommended values for the 2016 Assessment Year (taxes payable in 2017) results in a total year over year change of 17.55%.

	2015 Total	2016 Total	% Change
TOTAL VALUE	\$5,361,519,802	\$6,313,384,700	17.55%

USPAP Compliance

Client and Intended Use of the Appraisal

This mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others 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 definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Assumptions and Limiting Conditions

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

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

Scope of Work Performed

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

Certification

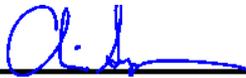
I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct
- The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the

client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.
- 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:

Physical inspection revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification and new construction evaluation.



Chris Savage – Commercial Appraiser

6/29/16

Date

Area	Nbhd	Major	Minor	Property Name	Sale Price	Rooms	Sales Price Per Room	Sale Date	Total NRA	SP/NRA	Zoning	Parcel Count	Ver. Code	Excise Tax #	Remarks
160	010	066000	2680	SPRINGHILL SUITES - SEATTLE	\$74,100,000	234	\$316,667	05/27/16	96,001	\$771.87	DMC 240/290-400	2	Y	2798838	Full Service - Upscale
160	010	347000	0020	HOTEL 1000	\$82,262,372	120	\$685,520	01/28/16	133,161	\$617.77	DMC 240/290-400	2	Y	2778117	Full Service - Luxury Boutique
160	010	066000	0435	LA QUINTA INN & SUITES	\$16,350,000	72	\$227,083	04/27/15	48,220	\$339.07	DMC 240/290-400	1	Y	2726861	Limited Service - Midscale
160	010	197670	0010	ROOSEVELT HOTEL	\$37,000,000	151	\$245,033	03/11/15	88,591	\$417.65	DOC2 500/300-500	1	Y	2717761	Full Service - Upscale Boutique (Value Add)
160	010	199120	0730	QUALITY INN & SUITES	\$19,000,000	159	\$119,497	11/05/14	70,627	\$269.02	SM 85	1	Y	2699777	Limited Service - Midscale
160	010	347000	0020	HOTEL 1000	\$58,900,000	120	\$490,833	07/01/14	133,161	\$442.32	DMC 240/290-400	2	Y	2677046	Full Service - Luxury Boutique
160	010	197570	0255	MOTIF SEATTLE	\$126,933,978	329	\$385,818	06/19/14	272,878	\$465.17	DRC 85-150	1	Y	2674341	Full Service - Upper Upscale Boutique
160	010	197570	0040	HILTON SEATTLE	\$57,171,260	237	\$241,229	09/11/12	126,240	\$452.88	DOC1 U/450/U	1	Y	2563668	Full Service - Upscale
160	010	094200	0265	HOTEL VINTAGE PARK	\$31,727,000	125	\$253,816	07/09/12	67,390	\$470.80	DOC1 U/450/U	1	Y	2552948	Full Service - Upscale Boutique
160	010	197570	0255	RED LION ON FIFTH AVENUE	\$63,700,000	319	\$199,687	06/14/11	272,787	\$233.52	DRC 85-150	1	Y	2495844	Full Service - Upscale
160	010	066000	1832	PIKE STREET SUITES HOTEL - DOWNTOWN SEATTLE	\$51,839,722	195	\$265,845	05/02/11	128,375	\$403.81	NC3P-85	2	Y	2489753	Select Service - Upscale Extended Stay
160	010	094200	0145	HOTEL MONACO	\$41,477,000	189	\$219,455	04/07/11	133,884	\$309.80	DOC1 U/450/U	1	Y	2486026	Full Service - Upscale Boutique
160	020	282605	9136	COMFORT INN - KIRKLAND	\$12,800,000	97	\$131,959	03/17/16	36,281	\$352.80	TL 4A	1	Y	2785158	Limited Service - Midscale
160	020	322505	9119	SHERATON BELLEVUE HOTEL	\$41,750,000	179	\$233,240	03/15/16	122,369	\$341.18	DNTNOLB	2	Y	2784747	Full Service - Upscale
160	020	222505	9318	FAIRFIELD INN & SUITES SEATTLE BELLEVUE/REDMOND	\$32,532,070	144	\$225,917	02/04/16	74,562	\$436.31	OLB	1	Y	2780155	Limited Service - Upper Midscale
160	020	808760	0035	MARRIOTT HOTEL BELLEVUE	\$175,447,340	384	\$456,894	01/20/16	247,334	\$709.35	DNTN-MU	2	Y	2778794	Full Service - Upscale
160	020	112405	9082	DAY'S INN BELLEVUE (EASTGATE)	\$10,650,000	105	\$101,429	07/16/15	28,910	\$368.38	CB	1		2743842	Limited Service - Economy
160	020	322505	9036	RED LION BELLEVUE - 405 CORRIDOR	\$34,658,907	181	\$191,486	02/18/15	96,663	\$358.55	OLB	1	Y	2714342	Full Service - Upscale
160	020	124450	0300	THE HEATHMAN KIRKLAND HOTEL	\$16,431,000	91	\$180,560	02/12/15	56,635	\$290.12	CBD 1	1	Y	2714443	Full Service - Upper Upscale Boutique
160	020	720241	0060	RESIDENCE INN BY MARRIOTT - REDMOND TOWNCENTER	\$47,706,595	180	\$265,037	08/12/14	113,672	\$419.69	TWNC	1	Y	2684783	Select Service - Upscale Extended Stay
160	020	322505	9069	RESIDENCE INN BY MARRIOTT - I-405 CORRIDOR BELLEVUE	\$70,944,020	231	\$307,117	10/31/13	211,385	\$335.62	OLB	1	Y	2639539	Select Service - Upscale Extended Stay
160	020	112405	9082	DAY'S INN BELLEVUE (EASTGATE)	\$7,400,000	105	\$70,476	09/20/13	28,910	\$255.97	CB	1	Y	2633840	Limited Service - Economy
160	030	525430	0015	SHORELINE MOTEL	\$1,650,000	22	\$75,000	05/23/16	8,876	\$185.89	MB	1	Y	2798103	Limited Service - Economy
160	030	302604	9080	ORION MOTEL - SEATTLE NORTH	\$1,950,000	28	\$69,643	10/20/14	8,712	\$223.83	C1-65	1	Y	2699989	Limited Service - Economy

Area	Nbhd	Major	Minor	Property Name	Sale Price	Rooms	Sales Price Per Room	Sale Date	Total NRA	SP/NRA	Zoning	Parcel Count	Ver. Code	Excise Tax #	Remarks
160	030	525430	0015	SHORELINE MOTEL	\$1,548,500	22	\$70,386	08/14/14	8,876	\$174.46	MB	1	Y	2685413	Limited Service - Economy
160	030	525430	0015	SHORELINE MOTEL	\$1,400,000	22	\$63,636	05/31/12	8,876	\$157.73	MUZ	1	Y	2547133	Limited Service - Economy
160	040	736060	0400	ECONO LODGE-AIRPORT	\$2,980,000	47	\$63,404	02/26/16	18,630	\$159.96	RC	1	Y	2782583	Limited Service - Economy
160	040	344500	0132	SLEEP INN - SEATAC	\$12,350,000	105	\$117,619	12/22/15	40,410	\$305.62	CB-C	1	Y	2772977	Limited Service - Upper Midscale
160	040	332304	9157	SUPER 8 -SEATAC	\$8,475,000	119	\$71,218	09/08/15	43,164	\$196.34	CB-C	2	Y	2755023	Limited Service - Economy
160	040	346880	0455	AIRLANE MOTEL	\$1,042,000	21 (20 at	\$52,100	08/05/15	6,116	\$170.37	C1-40	1	Y	2748406	Limited Service - Economy
160	040	282304	9114	RED ROOF INN SEATTLE AIRPORT	\$13,586,010	152	\$89,382	05/08/15	82,186	\$165.31	CB-C	1	Y	2730159	Limited Service - Upper Midscale
160	040	332304	9142	QUALITY INN SEATAC AIRPORT	\$6,750,000	102	\$66,176	02/27/15	36,648	\$184.18	CB-C	1	Y	2715786	Limited Service - Midscale
160	040	004100	0335	TRAVELODGE AIRPORT NORTH MOTEL	\$3,300,000	72	\$45,833	10/02/14	21,424	\$154.03	GWC	1	Y	2668719	Limited Service - Economy
160	040	004000	0175	GREAT BEAR MOTEL	\$1,466,650	35	\$41,904	11/30/12	10,128	\$144.81	NCC	1	Y	2577382	Limited Service - Economy
160	040	282304	9180	HOLIDAY INN SEATAC	\$26,600,000	260	\$102,308	07/31/12	136,919	\$194.28	CB-C	3	Y	2556438	Full Service -Upper Midscale
160	040	526330	0025	STAR MOTEL - SEATTLE SOUTH	\$750,000	29	\$25,862	04/19/12	3,404	\$220.33	C1-65	2	Y	2539598	Limited Service - Economy
160	050	885600	2346	QUALITY INN & SUITES - PACIFIC	\$6,800,000	114	\$59,649	05/20/16	63,788	\$106.60	HC	1	Y	2797177	Limited Service - Midscale
160	050	215640	0220	THE LEGEND MOTEL - DES MOINES	\$1,655,000	30	\$55,167	03/24/16	15,124	\$109.43	PR-C	1	Y	2786447	Limited Service - Economy
160	050	236150	0070	GUESTHOUSE INN - ENUMCLAW	\$3,157,200	40	\$78,930	03/04/16	26,643	\$118.50	CB2	1	Y	2783865	Limited Service - Economy
160	050	212204	9059	CROSSLAND ECONOMY STUDIOS - KENT DES MOINES (FORMER EXTENDED STAY)	\$8,143,014	134	\$60,769	12/08/15	54,874	\$148.39	CM-2	1	Y	2771980	Limited Service - Extended Stay Motel
160	050	132104	9113	BEST WESTERN PLUS PEPPERTREE AUBURN INN	\$13,000,000	125	\$104,000	10/05/15	73,906	\$175.90	C3	1	Y	2760032	Limited Service - Midscale
160	050	092104	9328	COURTYARD BY MARRIOTT - FEDERAL WAY	\$25,980,129	160	\$162,376	11/17/14	98,529	\$263.68	CC-C	2	Y	2704986	Select Service -Upscale
160	050	885600	2346	QUALITY INN & SUITES - PACIFIC	\$6,220,000	114	\$54,561	10/17/14	63,788	\$97.51	HC	1	Y	2696247	Limited Service - Midscale
160	050	212104	9078	SUPER 8 MOTEL	\$4,415,000	90	\$49,056	10/09/14	55,200	\$79.98	CE	1	Y	2488293	Limited Service - Economy
160	050	172104	9078	ECONO LODGE - FEDERAL WAY	\$2,310,000	45	\$51,333	06/27/14	18,573	\$124.37	BC	1	Y	2677388	Limited Service - Economy
160	050	775780	0010	HOLIDAY INN & SUITES - KENT (RAMADA INN)	\$8,100,000	125	\$64,800	05/14/14	62,211	\$130.20	GWC	1	Y	2668719	Limited Service - Midscale
160	050	797880	0140	NEW HORIZON MOTEL - FEDERAL WAY	\$1,900,000	43	\$44,186	07/23/13	12,324	\$154.17	BC	1	Y	2619505	Limited Service - Economy
160	050	112204	9082	HAWTHORN SUITES - KENT	\$8,675,000	152	\$57,072	01/14/13	152,295	\$56.96	M1-C	1	Y	2586049	Limited Service - Midscale

Area	Nbhd	Major	Minor	Property Name	Sale Price	Rooms	Sales Price Per Room	Sale Date	Total NRA	SP/NRA	Zoning	Parcel Count	Ver. Code	Excise Tax #	Remarks
160	050	797820	0070	RIDGECREST MOTEL	\$397,200	11	\$36,109	02/03/12	3,396	\$116.96	RM3600	1	V	2530082	Limited Service - Economy
160	050	212104	9078	SUPER 8 MOTEL	\$4,300,000	90	\$47,778	04/20/11	55,200	\$77.90	CE	1	V	2488293	Limited Service - Economy

Improvement Sales for Area 160 with Sales not Used

06/30/2016

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
160	010	197460	0025	99,714	2743980	\$149,808	07/17/15	\$1.50	ALEXIS HOTEL (ARLINGTON BLDG)	DMC-160	2		
160	010	199220	0235	118,858	2719631	\$51,783,329	02/27/15	\$435.67	HOMEWOOD SUITES BY HILTON SEATTLE	NC3-65	1	59	Bulk portfolio sale
160	010	197720	1140	60,087	2709263	\$353,328	01/09/15	\$5.88	THE PALLADIAN HOTEL	DMC 240/290-400	1	42	Development rights to cnty.cty.or pr
160	010	880490	0365	10,124	2658969	\$40,000	03/25/14	\$3.95	BOYLSTON HOTEL	NC3P-65	1	24	Easement or right-of-way
160	010	197460	0025	99,714	2632755	\$634,872	09/24/13	\$6.37	ALEXIS HOTEL (ARLINGTON BLDG)	DMC-160	2	43	Development rights parcel to prvt se
160	010	197720	1035	122,810	2585648	\$15,272	01/22/13	\$0.12	MOORE HOTEL & THEATRE	DMC 240/290-400	1	24	Easement or right-of-way
160	020	152605	9047	81,892	2729602	\$2,148,702	04/25/15	\$26.24	WILLOWS LODGE		1	22	Partial interest (1/3, 1/2, etc.)
160	030	302604	9002	15,675	2770348	\$520,793	11/17/15	\$33.22	NITES INN MOTEL	C1-65	1	52	Statement to dor
160	030	099300	1825	17,054	2622238	\$2,400,000	07/31/13	\$140.73	TRAVEL LODGE MOTEL - SEATTLE NORTH	C1-65	1	51	Related party, friend, or neighbor
160	040	092304	9153	59,598	2753033	\$6,300,000	08/24/15	\$105.71	RIVERSIDE RESIDENCES TUKWILAMICH		2	68	Non-gov'tto gov't
160	040	000580	0024	115,696	2749410	\$19,253,493	08/12/15	\$166.41	EMBASSY SUITES SEATTLE - TACOMA	TUC	4	FO33	Lease or lease-hold
160	040	004000	0252	11,469	2713599	\$1,240,000	02/03/15	\$108.12	SPRUCE MOTEL - TUKWILA	NCC	1	68	Non-gov'ttogov't
160	040	736060	0195	16,179	2710586	\$1,800,000	01/19/15	\$111.26	RAMADA LIMITED - SEATAC AIRPO	TRC	1	51	Related party, friend, or neighbor
160	040	344500	0190	13,692	2704713	\$480,114	12/05/14	\$35.07	AMERICA'S BEST VALUE INN - SEA	TACCB	1	22	Partial interest (1/3, 1/2, etc.)
160	040	334040	1630	178,612	2678064	\$8,872,500	07/02/14	\$49.67	HOLIDAY INN SELECT - RENTON	CA	1	62	Auction sale
160	040	000580	0030	89,245	2654166	\$11,400,000	02/19/14	\$127.74	RAMADA TUKWILA SEATAC AIRPO	RTUC	1	63	Sale price updated by sales id group
160	040	282304	9051	22,100	2592995	\$1,590,000	02/22/13	\$71.95	RODEWAY INN - SEATAC	UH-900	1	15	No market exposure
160	040	526330	0826	11,563	2590992	\$1,480,000	02/22/13	\$127.99	LA HACIENDA MOTEL	IG2 U/85	1	61	Financial institution resale
160	050	000080	0025	25,388	2777098	\$1,037,500	01/21/16	\$40.87	DAYS INN AUBURN	C3	1	51	Related party, friend, or neighbor
160	050	132204	9158	28,584	2751519	\$2,400,000	08/21/15	\$83.96	HOWARD JOHNSON INN - KENT	GC	2	15	No market exposure
160	050	092104	9146	55,147	2677093	\$7,220,000	06/26/14	\$130.92	COMFORT INN & SUITES - FEDERAL	COOWA	1	23	Forced sale
160	050	885600	2346	63,788	2584668	\$3,790,000	01/10/13	\$59.42	KING OSCAR MOTEL	HC	1	57	Selling or buying costs affecting sa

Major	Minor	PropName	SitusAddress	PredominantUse
769794	0000	7 STAR PLAZA & THE MARINA INN	22300 7TH AVE S	HOTEL, LIMITED (332)
769794	0010	7 STAR PLAZA & THE MARINA INN	22300 7TH AVE S	HOTEL, LIMITED (332)
769794	0020	7 STAR PLAZA & THE MARINA INN	22300 7TH AVE S	HOTEL, LIMITED (332)
000080	0045	AUBURN GUESTHOUSE INN	9 14TH ST NW	MOTEL, LIMITED (343)
192105	9007	AUBURN MOTEL	1202 AUBURN WAYS	MOTEL, LIMITED (343)
132104	9113	BEST WESTERN PEPPERTREE - AUBURN	401 8TH ST SW	MOTEL, LIMITED (343)
797820	0540	BEST WESTERN PLUS EVERGREEN INN & SUITES	32124 25TH AVE S	HOTEL, FULL SERVICE (841)
000080	0040	CEDARS INN - AUBURN	102 15TH ST NE	MOTEL, LIMITED (343)
001250	0030	CEDARS INN ENUMCLAW	1334 ROOSEVELT AVE E	MOTEL, LIMITED (343)
152204	9046	CENTURY MOTEL	23421 MILITARY RD S	MOTEL, LIMITED (343)
092104	9291	CLARION HOTEL - FEDERAL WAY	31611 PETE VON REICHBAUER WAYS	HOTEL, FULL SERVICE (841)
775980	0010	COMFORT INN - KENT	22311 84TH AVE S	MOTEL, LIMITED (343)
092104	9146	COMFORT INN & SUITES - FEDERAL WAY	31622 PACIFIC HWY S	HOTEL, LIMITED (332)
000080	0048	COMFORT INN AUBURN	1 16TH ST NE	MOTEL, LIMITED (343)
092104	9320	COURTYARD BY MARRIOTT - FEDERAL WAY (PAR	2460 S 320TH ST	
092104	9328	COURTYARD MARRIOTT FEDERAL WAY	31910 GATEWAY CENTER BLVD S	HOTEL, FULL SERVICE (841)
182205	9009	DAYS INN - KENT 84TH	22420 84TH AVE S	MOTEL, LIMITED (343)
232204	9068	DAYS INN - KENT MEEKER	1711 W MEEKER ST	MOTEL, LIMITED (343)
000080	0025	DAYS INN AUBURN	1521 D ST NE	MOTEL, LIMITED (343)
202104	9045	DAYS INN FEDERAL WAY	34829 PACIFIC HWY S	MOTEL, LIMITED (343)
797820	0020	EASTWIND MOTEL - FEDERAL WAY	33230 PACIFIC HWY S	MOTEL, LIMITED (343)
172104	9078	ECONO LODGE - FEDERAL WAY	1505 S 328TH ST	HOTEL, LIMITED (332)
082104	9121	EXTENDED STAY AMERICA - FEDERAL WAY	1400 S 320TH ST	HOTEL, SUITE (842)
132204	9355	EXTENDED STAY AMERICA - KENT	22520 83RD AVE S	HOTEL, SUITE (842)
212204	9059	EXTENDED STAY AMERICA CROSSLAND - KENT D	25104 PACIFIC HWY S	MOTEL, SUITE (844)
042104	9259	FEDERAL WAY MOTEL	29815 PACIFIC HWY S	MOTEL, LIMITED (343)
250060	0125	FOUR POINTS SEATTLE AIRPORT SOUTH HOTEL	No Situs Address	
250060	0136	FOUR POINTS SEATTLE AIRPORT SOUTH HOTEL	22406 PACIFIC HWY S	
250060	0140	FOUR POINTS SEATTLE AIRPORT SOUTH HOTEL	22406 PACIFIC HWY S	HOTEL, FULL SERVICE (841)
250060	0085	GARDEN SUITE MOTEL - DES MOINES	22845 PACIFIC HWY S	MOTEL, SUITE (844)
775980	0020	GOLDEN KENT MOTEL	22203 84TH AVE S	MOTEL, LIMITED (343)
092104	9185	HAMPTON INN & SUITES - FEDERAL WAY	31720 GATEWAY BLVD	HOTEL, SUITE (842)
112204	9091	HAMPTON INN & SUITES - SEATTLE/KENT	21109 66TH AVE S	HOTEL, SUITE (842)
112204	9082	HAWTHORN SUITES - KENT	6329 S 212TH ST	HOTEL, SUITE (842)
132204	9158	HOWARD JOHNSON INN - KENT	1233 CENTRAL AVE N	MOTEL, LIMITED (343)
132204	9050	KENT VALLEY MOTEL	743 CENTRAL AVE N	MOTEL, LIMITED (343)
250060	0370	KINGS ARMS MOTEL - DES MOINES	23226 30TH AVE S	MOTEL, LIMITED (343)
182105	9253	LA QUINTA AUBURN	225 6TH ST SE	HOTEL, LIMITED (332)
250060	0395	NEW BEST INN - KENT DES MOINES	23408 30TH AVE S	MOTEL, LIMITED (343)
797880	0140	NEW HORIZON MOTEL - FEDERAL WAY	33002 PACIFIC HWY S	MOTEL, LIMITED (343)
092204	9036	NEW WEST MOTEL - SEATAC DES MOINES	21450 INTERNATIONAL BLVD	MOTEL, LIMITED (343)
236150	0070	PARK CENTER HOTEL - ENUMCLAW	1000 GRIFFIN AVE	MOTEL, FULL SERVICE (843)
232204	9088	PLAZA BY THE GREEN CENTER (BEST WESTERN)	24525 RUSSELL RD S	MOTEL, LIMITED (343)
202104	9055	QUALITY INN & SUITES - FEDERAL WAY	1400 S 348TH ST	HOTEL, SUITE (842)
885600	2346	QUALITY INN & SUITES - PACIFIC	415 ELLINGSON RD	MOTEL, LIMITED (343)
775780	0010	RAMADA KENT SEATTLE AREA	22318 84TH AVE S	HOTEL, FULL SERVICE (841)
000660	0026	RED LION - KENT (ASSOC W/0036)	No Situs Address	
000660	0061	RED LION - KENT (ASSOC W/0036)	74TH AVE S	

212104	9078	RED LION HOTEL FEDERAL WAY	1688 S 348TH ST	HOTEL, LIMITED (332)
000660	0036	RED LION INN & SUITES KENT	25100 74TH AVE S	MOTEL, LIMITED (343)
797820	0070	RIDGECREST MOTEL - FEDERAL WAY	1812 S 336TH ST	MOTEL, LIMITED (343)
391020	0040	ROYAL "A" MOTEL - AUBURN	2102 AUBURN WAY N	MOTEL, LIMITED (343)
292104	9052	SIESTA MOTEL - FEDERAL WAY	35620 PACIFIC HWY S	MOTEL, LIMITED (343)
797820	0045	STEVENSON MOTEL - FEDERAL WAY	33330 PACIFIC HWY S	MOTEL, LIMITED (343)
212204	9052	SUNSET MOTEL - KENT DES MOINES	25006 PACIFIC HWY S	MOTEL, LIMITED (343)
215640	0220	THE LEGEND MOTEL - DES MOINES	22204 PACIFIC HWY S	MOTEL, LIMITED (343)
358529	0010	TOWNEPLACE SUITES BY MARRIOTT KENT	18123 72ND AVE S	MOTEL, SUITE (844)
282204	9214	TRAVEL INN MOTEL - DES MOINES	26225 PACIFIC HWY S	MOTEL, LIMITED (343)
000080	0049	TRAVELODGE INN & SUITES - AUBURN	9 16TH ST NW	MOTEL, LIMITED (343)
215640	0200	VALU INN SEATAC (DES MOINES)	22246 PACIFIC HWY S	MOTEL, LIMITED (343)
215640	0322	WEST VIEW MOTEL - DES MOINES	2717 S 216TH ST	MOTEL, LIMITED (343)

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FULL SERVICE HOTEL/MOTEL MODEL PACIFIC REGION
2016 ASSESSMENT YEAR / 2017 TAXES PAYABLE

Pacific Region Average Size
339
Pacific Region Average ADR
\$218.28
Pacific Region Average Occupancy
79.20%

Number of Rooms	250		
Average Room Rate	\$175.00	% of Departl.	% of Total
Occupancy Rate	80.00%	Incomes	Income
RevPAR	\$140.00		

REVENUE

Rooms	\$12,775,000		65.3%
Food	\$3,246,338		16.6%
Beverage	\$1,034,299		5.3%
Other Food & Beverage	\$945,221		4.8%
Other Operated Departments	\$953,484		4.9%
Miscellaneous Income	\$613,421		3.1%
Total Revenue	\$19,567,763		100.0%

DEPARTMENTAL EXPENSES

Rooms	\$3,395,233	26.6%	17.4%
Food and Beverage	\$4,016,245	76.9%	20.5%
Other Operated Depts. & Rentals	\$624,915	65.5%	3.2%

Total Departmental Expenses \$8,036,393 41.1%

Total Departmental Profit \$11,531,370 58.9%

UNDISTRIBUTED OPERATING EXPENSES

Administrative & General	\$1,459,163		7.5%
Information & Telecommunications Systems	\$215,788		1.1%
Marketing	\$1,275,893		6.5%
Franchise Fees	\$172,436		0.9%
Utility Costs	\$581,241		3.0%
Property Operation & Maintenance	\$799,466		4.1%

Total Undistributed Operating Expenses \$4,503,987 23.0%

GROSS OPERATING PROFIT \$7,027,383 35.9%

Management Fees * \$590,481 3.0%

INCOME BEFORE FIXED CHARGES \$6,436,902 32.9%

SELECTED FIXED CHARGES

Taxes	\$631,283		3.2%
Insurance	\$233,721		1.2%
Reserves for Capital Replacement	\$415,795		2.1%

EBITA ** \$5,156,102 26.3%

CAPITALIZATION RATE 6.50%

ESTIMATED TOTAL PROPERTY VALUE \$79,324,646

REPORTED PERSONAL PROPERTY VALUE \$5,000,000

REAL PROPERTY VALUE \$74,324,600 \$297,298 price per room

ADJUSTED REAL PROPERTY VALUE \$74,324,600

GROSS INCOME MULTIPLIER	4.1	\$79,324,646	Rents	0
SALES PER ROOM AT	\$317,299	\$79,324,646	Vacancy	5%
			Expenses	10%
			Cap Rate	6.25%
			Total	0

Restaurant Leased Space	
Square Feet	0
Rents	0
Vacancy	0%
Expenses	0%
Cap Rate	6.00%
Total	0

Parking Garage	
Square Feet	0
Rents	0.0
Vacancy	0%
Expenses	0%
Cap Rate	0.00%
Total	0

Associated Parcels	
\$0	
\$	
0	
\$	
0	

* Includes any business enterprise value:
"Hotel & Motels" a Guide to Market Analysis, Investment Analysis and Valuations 1992, Stephen Rushmore, MAI, Appraisal Institute, pgs. 240-243 Valuations 1992, Stephen Rushmore, MAI, Appraisal Institute, pgs. 240-243 "Assessment Journal" September/October, 1994, pg.73

** EBITDA (Earnings before interest, taxes & amortization) shown only includes property taxes and insurance, not all fixed expenses or non-operating expenses included. Ratio to sales based on Total Revenue, except Departmental Expenses

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LIMITED SERVICE HOTEL/MOTEL MODEL PACIFIC REGION
2016 ASSESSMENT YEAR/2017 TAXES PAYABLEPacific Region Average Size
127
Pacific Region Average ADR
\$133.15
Pacific Region Average Occupancy
78.50%

Number of Rooms	75		
Average Room Rate	\$85.00	% of Depart.	% of Total
Occupancy Rate	70.00%	Incomes	Income
RevPAR	\$59.50		

REVENUE

Rooms	\$1,628,813		96.9%
Food	\$6,565		0.4%
Beverage	\$1,938		0.1%
Other Food & Beverage	\$2,592		0.2%
Other Operated Departments	\$21,170		1.3%
Rentals & Other Income	\$19,199		1.1%
Total Revenue	\$1,680,277		100.0%

DEPARTMENTAL EXPENSES

Rooms	\$333,788	20.5%	19.9%
Food and Beverage	\$9,339	84.2%	0.6%
Other Operated Depts. & Rentals	\$16,191	40.1%	1.0%
Total Departmental Expenses	\$359,317	21.4%	21.4%
Total Departmental Profit	\$1,320,961		78.6%

UNDISTRIBUTED OPERATING EXPENSES

Administrative and General	\$130,626		7.8%
Marketing	\$87,406		5.2%
Franchise Fees	\$47,864		2.8%
Utility Costs	\$64,709		3.9%
Property Operation and Maintenance	\$72,184		4.3%
TOTAL UNDISTRIBUTED OPERATING EXPENSES	\$402,789		24.0%

GROSS OPERATING PROFIT

	\$918,172		54.6%
Management Fees **	\$53,369		3.2%
INCOME BEFORE FIXED CHARGES	\$864,803		51.5%

SELECTED FIXED CHARGES

Taxes	\$77,461		4.6%
Insurance	\$23,213		1.4%
Reserves for Capital Replacement	\$21,438		1.3%
Total Fixed Expenses	\$122,112		7.3%

NET OPERATING INCOME

	\$742,691		44.2%
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CAPITALIZATION RATE

	8.25%
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ESTIMATED TOTAL PROPERTY VALUE

	\$9,002,314
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REPORTED PERSONAL PROPERTY VALUE

	\$250,000
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REAL PROPERTY VALUE

	\$8,752,300	\$116,697 price per room
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ADJUSTED REAL PROPERTY VALUE

	\$8,752,300
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GROSS INCOME MULTIPLIER

5.4	\$9,002,314	Retail
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SALES PER ROOM AT

\$120,031	\$9,002,314	0
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** Includes any business enterprise value:

"Hotel & Motels" a Guide to Market Analysis, Investment Analysis and Valuations 1992, Stephen Rushmore, MAI, Appraisal Institute, pgs. 240-243
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"Assessment Journal" September/October, 1994, pg.73