

Commercial Revalue

2018 Assessment roll

OFFICE

AREA 280

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

John Wilson, Assessor



King County

Department of Assessments

King County Administration Bldg.
500 Fourth Avenue, ADM-AS-0708
Seattle, WA 98104-2384

(206) 263-2300 FAX (206) 296-0595

Email: assessor.info@kingcounty.gov

<http://www.kingcounty.gov/assessor/>

John Wilson
Assessor

Dear Property Owners,

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

We continue to work hard to implement your feedback and ensure we provide accurate and timely information to you. We have made significant improvements to our website and online tools to make interacting with us easier. The following report summarizes the results of the assessments for your area along with a map. Additionally, I have provided a brief tutorial of our property assessment process. It is meant to provide you with background information about the process we use and our basis for the assessments in your area.

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

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

In Service,

John Wilson
King County Assessor

How Property Is Valued

King County along with Washington's 38 other counties use mass appraisal techniques to value all real property each year for property assessment purposes.

What Are Mass Appraisal Techniques?

In King County the Mass Appraisal process incorporates statistical testing, generally accepted valuation methods, and a set of property characteristics for approximately 700,000 residential, commercial and industrial properties. More specifically for commercial property, the Assessor breaks up King County into geographic or specialty (i.e., office buildings, warehouses, retail centers, etc.) market areas and annually develops valuation models using one or more of the three standard appraisal indicators of value: Cost, Sales Comparison (market) and Income. For most commercial properties the income approach is the primary indicator of value. The results of the models are then applied to all properties within the same geographic or specialty area.

Are Properties Inspected?

All property in King County is physically inspected at least once during each six year cycle. Each year our appraisers inspect a different geographic area. An inspection is frequently an external observation of the property to confirm whether the property has changed by adding new improvements or shows signs of deterioration more than normal for the property's age. For some larger or complex commercial properties an appraiser may need to also conduct an interior inspection of the buildings or property. From the property inspections we update our property assessment records for each property.

How are Commercial Properties Valued?

The Assessor collects a large amount of data regarding commercial properties: cost of construction, sales of property, and prevailing levels of rent, operating expenses, and capitalization rates. Statistical analysis is conducted to establish relationships between factors that might influence the value of commercial property. Lastly valuation models are built and applied to the individual properties. For income producing properties, the following steps are employed to calculate an income approach:

1. Estimate potential gross income
2. Deduct for vacancy and credit loss
3. Add miscellaneous income to get the effective gross income
4. Determine typical operating expenses
5. Deduct operating expenses from the effective gross income
6. Select the proper capitalization rate
7. Capitalize the net operating income into an estimated property value

How is Assessment Uniformity Achieved?

The Assessor achieves uniformity of assessments through standardization of rate tables for incomes, operating expenses, vacancy and credit loss collections and capitalization rates which are uniformly applied to similarly situated commercial properties. Rate tables are generated annually that identify specific rates based on location, age, property type, improvement class, and quality grade. Rate tables are annually calibrated and updated based on surveys and collection of data from local real estate brokers, professional trade publications, and regional

financial data sources. With up-to-date market rates we are able to uniformly apply the results back to properties based on their unique set of attributes.

Where there is a sufficient number of sales, assessment staff may generate a ratio study to measure uniformity mathematically through the use of a coefficient of dispersion (aka COD). A COD is developed to measure the uniformity of predicted property assessments. We have adopted the Property Assessment Standards prescribed by the International Association of Assessing Officers (aka IAAO) that may be reviewed at www.IAAO.org. The following are target CODs we employ based on standards set by IAAO:

Type of Commercial Property	Subtype	COD Range
Income Producing	Larger areas represented by large samples	5.0 to 15.0
Income Producing	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant Land		5.0 to 25.0
Other real and personal property		Varies with local conditions

Source: IAAO, *Standard on Ratio Studies*, 2013, Table 1-3. www.IAAO.org

More results of the statistical testing process are found within the attached area report.

Requirements of State Law

Within Washington State, property is required to be revalued each year to market value based on its highest and best use. (RCW 84.41.030; 84.40.030; and WAC 458-07-030). Washington Courts have interpreted fair market value as the amount of money a buyer, willing but not obligated to buy, would pay to a seller willing but not obligated to sell. Highest and Best Use is simply viewed as the most profitable use that a property can be legally used for. In cases where a property is underutilized by a property owner, it still must be valued at its highest and best use.

Appraisal Area Reports

The following area report summarizes the property assessment activities and results for a general market area. The area report is meant to comply with state law for appraisal documentation purposes as well as provide the public with insight into the mass appraisal process.

Major Office Specialty Area 280

2018 Revaluation



Executive Summary Report

Appraisal Date: 1/1/2018 - 2018 Assessment Year – 2019 Tax Roll Year

Specialty Name: Major Office Buildings

Sales - Improved Analysis Summary:

Number of Sales: 70 market transactions

Range of Sale Dates: 1/14/2015 to 1/9/2018

Sales--Ratio Study Summary				
	Mean Assessed Value	Mean Sale Price	Ratio	COD*
2017 Value	\$102,612,700	\$110,880,400	92.50%	11.49%
2018 Value	\$113,235,500	\$110,880,400	102.10%	10.23%
Abs. Change	\$10,622,800		9.60%	-1.26%
% Change	10.35%		10.38%	-10.97%

*COD is a measure of uniformity, the lower the number the better the uniformity

Sales used in Analysis: All improved sales that were verified as market sales and did not have major characteristic changes, or have been segregated or merged between the date of sale and the date of appraisal, were included in the ratio analysis.

The above ratio study results for office sales in the Major Office Specialty 280 (institutional/investment-grade office buildings with a rentable area of 90,000 square feet or more) is based on a sales sample that is heavily weighted with sales of well-leased or well-located lower risk properties in the Downtown Seattle sub-markets and the Bellevue CBD. Consequently, in this instance, it may not be an entirely reliable tool for measuring the revaluation results of the overall specialty that includes properties with higher than market vacancy or less dynamic suburban locations (i.e. South King County) where values have tended to lag behind the rest of the county.

In addition, some of the sales in the sample represent the Leased Fee interest while the Assessor is tasked with valuing the Fee Simple interest based on market parameters as of the valuation date. Therefore sales encumbered with older leases that are above or below current market rates do not reflect the interest the Assessor is valuing. In addition, properties that are fully leased to one or two high-credit tenants, typically on a triple-net basis, tend to command a significant premium Leased Fee value when compared to the unencumbered Fee Simple value. In the ongoing expansion cycle of the office market, buyers continue to purchase properties with expectation of higher future net operating incomes (NOI) from higher lease rates with fewer concessions. These sales tend to reflect higher values than the Assessor's value by the income approach using current market parameters.

Total Population – Parcel Summary Data:

Number of Improved Parcels: 403 (This figure does not include properties currently under construction)

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2017 Value	\$6,286,966,322	\$26,764,444,128	\$33,051,410,450
2018 Value	\$7,025,870,972	\$29,338,336,628	\$36,364,207,600
% Change	11.75%	9.62%	10.02%

Number of Total Parcels in the Specialty Assignment: 476 (This figure includes economic land parcels and some properties currently under construction)

Conclusion and Recommendation:

Total assessed values for the 2018 revalue have increased 10.02% over 2017 assessment levels reflecting the healthy office market in King County and continued improving income fundamentals, particularly higher rents and lower vacancy rates. This value does not include most new construction projects, which are valued as of July 31st, 2018.

The values recommended in this report reflect current office market parameters as of the valuation date of 1/1/2018 and improve uniformity and equity. Therefore it is recommended that the values should be posted for the 2018 Assessment Year.

Identification of the Area

Name or Designation: Specialty Area 280 - Major Office Buildings

This report contains data pertinent to the revalue of major office buildings in King County. For the purposes of assessment, Major Office buildings are categorized as investment or institutional-grade office properties containing a net rentable area of 90,000 square feet or more. Net rentable area, as utilized here, is typically described as gross building area less vertical penetrations. The office specialty properties are found throughout King County, with significant concentrations located in Downtown Seattle and Downtown Bellevue. Additionally, larger suburban office buildings are found in many jurisdictions of the County. All office specialty properties were revalued this year. A list of the parcels physically inspected for the current assessment year is included in the addendum of this report.

Neighborhoods: For purposes of the 2018 revaluation of the major office building specialty, the population has been segmented into four regions which are generally described by the geography in which they encompass, Seattle Downtown, Eastside, Northend, and Southend. The four major geographic regions are further segmented by submarket. There are a total of 20 submarket areas.

Area 280 Submarkets		
Seattle Downtown	Eastside	Northend
280-100 Belltown/Denny Regrade	280-200 520/Overlake	280-300 Ballard/University
280-110 Capitol Hill/First Hill	280-210 Bellevue CBD	280-310 Northgate/North Seattle
280-120 Central Business District	280-220 Bellevue Suburban	Southend
280-130 Lake Union	280-230 Bothell/Woodinville	280-400 Federal Way
280-140 Pioneer Square	280-240 I-90 Corridor	280-410 Kent/Auburn
280-150 Queen Anne/Magnolia	280-250 Kirkland/Totem Lake	280-420 Renton/Tukwila
	280-260 Redmond/Willows	280-430 SeaTac
		280-440 South/West Seattle

Boundaries: All of King County

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

Area Overview

Major Office sales transaction volume during 2017 continued its decline following a peak of activity in 2015, while average price per square foot has continued its upward trend. Investor interest in the Puget Sound market remains very high. \$2.4 billion in Major Office sales closed in 2017, at an average of \$597 per square foot, up 26% from 2016's average of \$474 per square foot. Despite strong sales volumes, there are still not sufficient sales in all market segments to rely solely on the Sales Comparison Approach for the 2018 revalue. The Income Approach is relied on in the final reconciliation of value because it allows for greater equalization and uniformity of values for the various stratifications of office buildings in the different submarkets. In addition, sufficient market income data was available to perform this analysis.

Office Market Summary Statistics						
	Market Size (SF)	Total Vacancy %	Change in Vacancy	Class A Avg. Asking Rate*	Rent Change	Last 4 Qtr Net Absorption (SF)
Downtown Seattle	48,844,633	9.9%	0.7%	\$45.12	8%	2,018,640
Seattle Close-In	5,626,679	8.1%	-0.7%	\$33.44	4%	310,936
Southend	10,997,986	18.7%	1.0%	\$23.67	1%	78,388
Bellevue CBD	9,412,599	10.4%	-0.3%	\$46.58	6%	997,840
Eastside	31,935,540	11.8%	1.7%	\$37.14	5%	627,541

Source: 4th Qtr 2017 CBRE Office MarketView

*Full Service

The Seattle and Eastside office markets continue to remain near the top of national and international investors' interest. Marcus & Millichap ranked Seattle as the #1 office market in the country due to robust office demand from growing technology firms as well as strong net absorption and employment growth. According to the Puget Sound Economic Forecaster, unemployment has reached a ten-year low of 4%. The regional market absorbed 2.36 million square feet of office space in 2017, the thirty-first straight quarter of positive absorption according to Colliers International. As of year-end 2017, it was estimated that there was around 6.71 million

square feet of office space under construction in the regional market, 89% of which is concentrated in the Seattle core submarkets. Since 2011, South Lake Union accounts for 44% of all new construction deliveries according to JLL. Of space that is currently under construction, JLL estimates that 38% has been pre-leased to single tenants. At the end of 2017, Seattle had more active construction cranes than any other market in America. Major office developments on the Eastside include the Kirkland Urban project as well as ongoing development in the Bel-Red corridor.

Amazon continues to be the dominant force in the office market, occupying roughly 8.1 million square feet or approximately 19% of all prime office space in the city, according to the Seattle Times. This is more office space than the next 40 biggest employers in the city combined. The Broderick Group reported that Amazon was responsible for five of the seven biggest leases signed in Seattle in 2017, increasing the company’s footprint by 1.65 million square feet last year. These factors led the Seattle Times to declare Seattle “America’s biggest company town.”

According to CBRE, the regional office market vacancy rate nudged upwards slightly from 11.1% at the end of 2016 to 11.8% currently, primarily due to the addition of a new high rise downtown that added nearly 750,000 square feet. Within King County, vacancy rates remained mostly stable with only small changes in some of the various submarkets.



Source: 4th Qtr 2017 CBRE Office MarketView

Leases to tenants in the technology sector continued to dominate the market, lured to the CBD by amenities and numerous commute options. CBRE indicates that coworking companies, such as WeWork, were responsible for most leases over 20,000 SF as the segment continues to rapidly expand in the market. Average Class A rental rates increased in all submarkets with the strongest rent growth experienced in the downtown Seattle CBD at an 8% increase over the previous year. The Eastside saw a similar increase in lease rates at 6% compared to the prior year. The other submarkets also experienced healthy growth of 1% to 5%. Overall, average Class A asking rates for the region increased 8% over last year.

The Eastside saw a similar increase in lease rates at 6% compared to the prior year. The other submarkets also experienced healthy growth of 1% to 5%. Overall, average Class A asking rates for the region increased 8% over last year.

Demand has been driven by ongoing strong job growth of 3.1% in 2016 followed by 2.8% in 2017, according to the Puget Sound Economic Forecaster. The continued economic growth in the Puget Sound region, coupled with relatively low cost of funds to institutional investors, makes the region attractive to national and international investors. Institutional investors have been primarily focused on well-leased single and multi-tenant office properties in the CBD areas. Investors who have become priced-out of the downtown core areas have led to an increase in sales of Value-Add and suburban properties, further demonstrating investor confidence in the regional market. The Seattle and Bellevue skylines remain crowded with tower cranes with office and multi-family

developments dominating the activity. According to the Puget Sound Economic Forecaster, employment growth appears to be peaking, however growth is anticipated to continue at healthy rates of 2% and 1.2% in 2018 and 2019, respectively.

With respect to the properties within the Major Office specialty assignment, overall assessed value increased by 10.02% compared to last year. This healthy growth in assessed value is primarily the result of continued increases in market lease rates as well as tightening vacancy. Expense rates have increased while capitalization rates appear to have mostly leveled off and remain low.

Of the four major geographic areas in the county, values increased the strongest in the Southend area at 18.6% compared to the previous assessment year. However this increase in assessed values is misleading as it is primarily the result of two major new construction projects that came on line in that market.

2018 Major Office Specialty Area Breakdown					
Area	Name	Improved Parcel Count	Total AV	Avg. AV per Impr Parcel	% Chng. in AV
280-100	Belltown/Denny Regrade	37	\$ 5,601,704,800	\$ 151,397,427	8.3%
280-110	Capitol Hill/First Hill	38	\$ 981,813,000	\$ 25,837,184	9.1%
280-120	Central Business District	56	\$ 10,643,838,600	\$ 190,068,546	11.0%
280-130	Lake Union	35	\$ 4,109,462,500	\$ 117,413,214	9.2%
280-140	Pioneer Square	24	\$ 1,898,090,100	\$ 79,087,088	17.8%
280-150	Queen Anne/Magnolia	14	\$ 1,252,567,000	\$ 89,469,071	0.1%
Seattle Downtown		204	\$ 24,487,476,000	\$ 120,036,647	9.9%
280-200	520/Overlake	17	\$ 375,082,800	\$ 22,063,694	10.0%
280-210	Bellevue CBD	33	\$ 5,429,627,900	\$ 164,534,179	9.1%
280-220	Bellevue Suburban	23	\$ 719,009,900	\$ 31,261,300	17.8%
280-230	Bothell/Woodinville	15	\$ 252,613,500	\$ 16,840,900	-0.2%
280-240	I-90 Corridor	34	\$ 1,453,167,000	\$ 42,740,206	3.7%
280-250	Kirkland/Totem Lake	10	\$ 646,378,000	\$ 64,637,800	9.9%
280-260	Redmond/Willows	3	\$ 223,990,000	\$ 74,663,333	3.1%
Eastside		135	\$ 9,099,869,100	\$ 67,406,438	8.5%
280-300	Ballard/University	16	\$ 906,074,100	\$ 56,629,631	16.2%
280-310	Northgate/North Seattle	4	\$ 126,728,000	\$ 31,682,000	2.5%
Northend		20	\$ 1,032,802,100	\$ 51,640,105	14.3%
280-400	Federal Way	7	\$ 167,323,100	\$ 23,903,300	2.1%
280-410	Kent/Auburn	7	\$ 150,963,000	\$ 21,566,143	11.0%
280-420	Renton/Tukwila	19	\$ 695,952,100	\$ 36,629,058	23.8%
280-430	SeaTac	2	\$ 142,438,200	\$ 71,219,100	43.8%
280-440	South/West Seattle	9	\$ 587,384,000	\$ 65,264,889	15.4%
Southend		44	\$ 1,744,060,400	\$ 39,637,736	18.6%
Area 280 Total		403	\$ 36,364,207,600	\$ 90,233,766	10.0%

Analysis Process

Effective date of Appraisal: January 1st, 2018

Date of Appraisal Report: July 18th, 2018

Highest and Best Use Analysis

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

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

Standards and Measurement of Data Accuracy

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

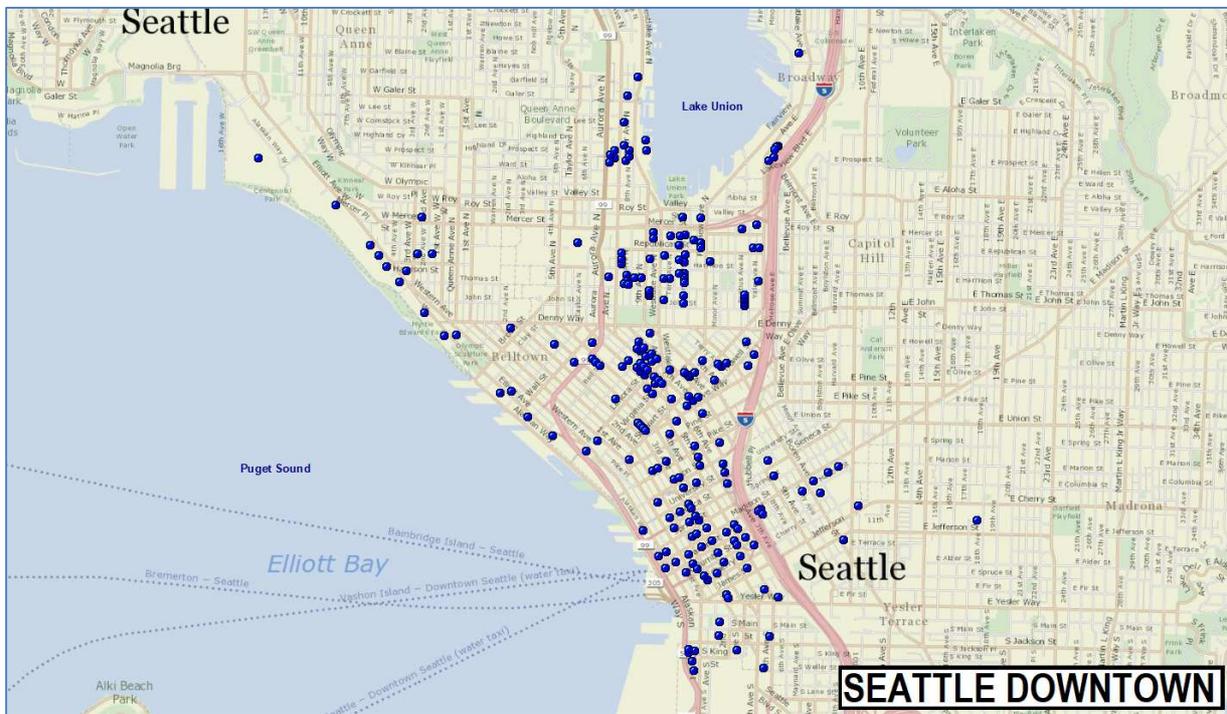
Special Assumptions, Departures and Limiting Conditions

- All three approaches to value were considered in this analysis.
- The following Departmental guidelines were considered and adhered to:
 - Sales from 1/1/2015 to 12/31/2017 (at minimum) were considered in all analyses.
 - This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standards 5 and 6.

The following is a brief description of the market segments that make up the Major Office specialty assignment. Following the area descriptions are maps showing the location of major office development projects, under construction and recently delivered, in the Seattle and Eastside markets.

SEATTLE DOWNTOWN

Area	Name	Improved Parcel Count	Total AV	Avg. AV per Improved Parcel	% Chng. in AV
280-100	Belltown/Denny Regrade	37	\$ 5,601,704,800	\$ 151,397,427	8.3%
280-110	Capitol Hill/First Hill	38	\$ 981,813,000	\$ 25,837,184	9.1%
280-120	Central Business District	56	\$ 10,643,838,600	\$ 190,068,546	11.0%
280-130	Lake Union	35	\$ 4,109,462,500	\$ 117,413,214	9.2%
280-140	Pioneer Square	24	\$ 1,898,090,100	\$ 79,087,088	17.8%
280-150	Queen Anne/Magnolia	14	\$ 1,252,567,000	\$ 89,469,071	0.1%
Seattle Downtown		204	\$ 24,487,476,000	\$ 120,036,647	9.9%



The Seattle Downtown market area contains 51% of the of the Major Office specialty properties yet comprises 67% of total assessed value. The market area is further broken down into six submarkets: 100-Belltown/Denny Regrade, 110-Capitol Hill/First Hill, 120-Central Business District, 130-Lake Union, 140-Pioneer Square, and 150-Queen Anne/Magnolia.

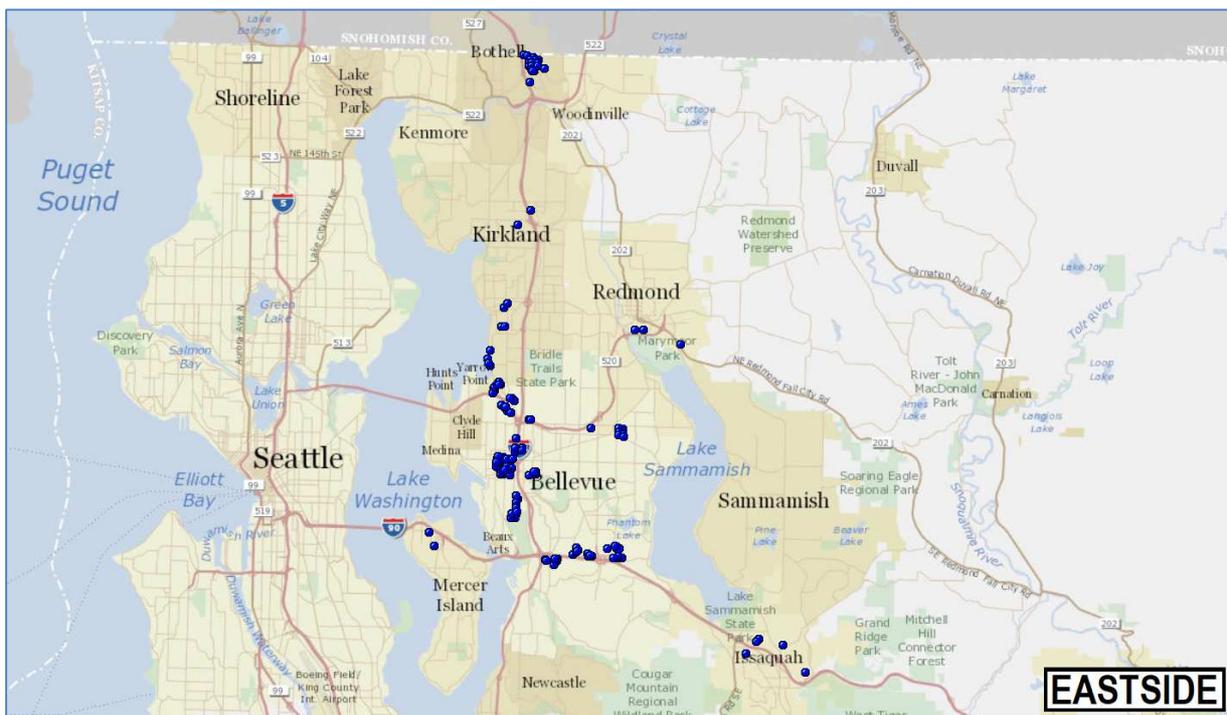
For the 2018 revalue, assessed values in the Seattle Downtown market area increased 9.9% compared to the 2017 assessment year.

The Seattle Central Business District submarket is home to the majority of the region’s Trophy Class office buildings including the Russell Investments Center, Two Union Square, 1201 Third Ave, and US Bank Centre among others.

Office space either leased or owned by Amazon dominates the Lake Union submarket while their influence on the Belltown/Denny Regrade has continued to grow with the completion of their 37-story Doppler and 37-story Day 1 office towers.

EASTSIDE

Area	Name	Improved Parcel Count	Total AV	Avg. AV per Improved Parcel	% Chng. in AV
280-200	520/Overlake	17	\$ 375,082,800	\$ 22,063,694	10.0%
280-210	Bellevue CBD	33	\$ 5,429,627,900	\$ 164,534,179	9.1%
280-220	Bellevue Suburban	23	\$ 719,009,900	\$ 31,261,300	17.8%
280-230	Bothell/Woodinville	15	\$ 252,613,500	\$ 16,840,900	-0.2%
280-240	I-90 Corridor	34	\$ 1,453,167,000	\$ 42,740,206	3.7%
280-250	Kirkland/Totem Lake	10	\$ 646,378,000	\$ 64,637,800	9.9%
280-260	Redmond/Willows	3	\$ 223,990,000	\$ 74,663,333	3.1%
Eastside		135	\$ 9,099,869,100	\$ 67,406,438	8.5%



The Eastside market area contains 33% of the of the Major Office specialty properties and comprises 25% of total assessed value. The market area is further broken down into seven submarkets: 200-520/Overlake, 210-Bellevue CBD, 220-Bellevue Suburban, 230-Bothell/Woodinville, 240-I-90 Corridor, 250-Kirkland/Totem Lake, and 260-Redmond/Willows.

For the 2018 revalue, assessed values in the Eastside market area increased 8.5% compared to the 2017 assessment year.

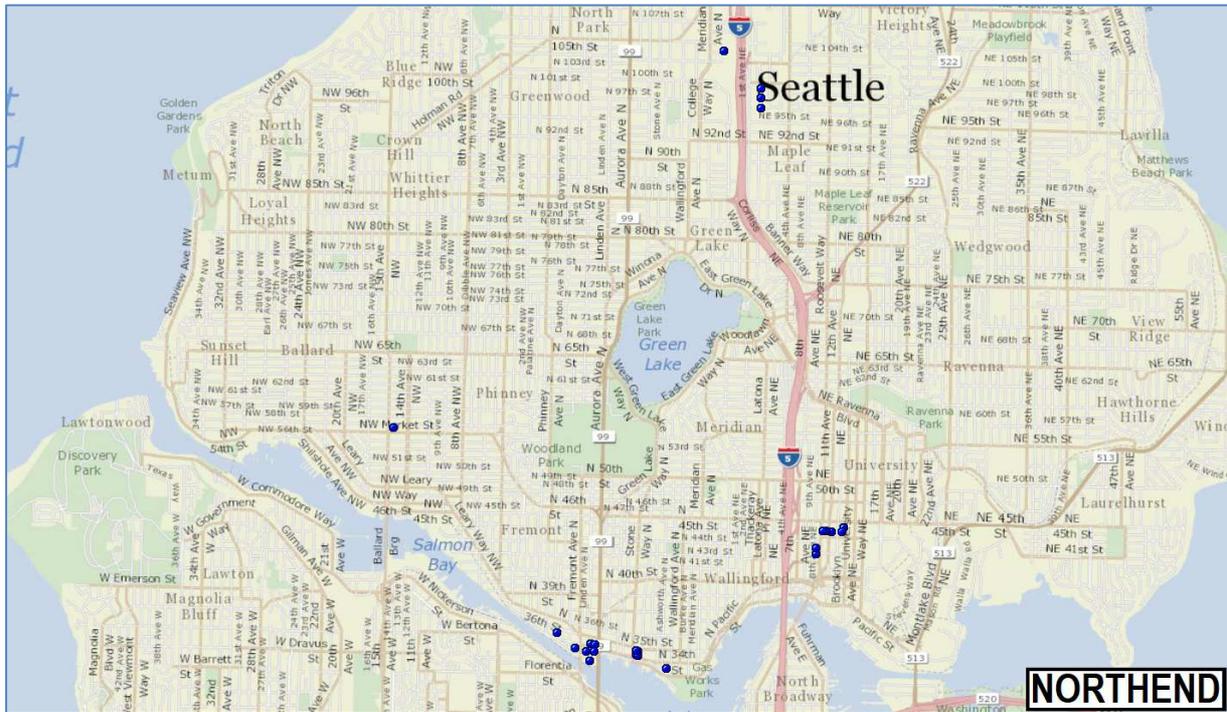
The Bellevue Central Business District contains the second highest concentration of institutional-quality Class A office buildings in the region, following the Seattle Central Business District. Microsoft occupies around 2.3 million square feet within several buildings in the downtown area. Expedia currently leases approximately 503,000 square feet in downtown Bellevue, however the company is in the process of moving their headquarters to Interbay. Amazon recently moved into Centre 425 building, a 354,000 square feet brand new office building, their first major presence on the Eastside.

In Suburban Bellevue, the Spring District site, which is located in the Bel Red corridor of Bellevue, development continues. The 90,312 square foot Global Innovation Exchange building was recently completed and multi-family development is ongoing. This 36 acre site will be developed in three different phases and will eventually consist of 16 blocks with over 4,000,000 square feet of commercial space and 1,000 multi-family residences. REI will be developing their new headquarters campus in the Spring District. Currently headquartered in Kent, the move is not expected to occur until 2020. Wright Runstad & Co., the Spring District's developer, also recently announced they plan to begin speculative construction on a planned 11-story 316,000 square foot office building within the district.

South Bellevue is a heavily commercial section with a number of major offices, including T-Mobile's headquarters within the Newport Corporate Center, due to its easy access along the I-90 corridor. T-Mobile recently renewed their 882,000 square foot lease along with announcing a plan to begin a major renovation of the campus.

NORTHEND

Area	Name	Improved Parcel Count	Total AV	Avg. AV per Improved Parcel	% Chng. in AV
280-300	Ballard/University	16	\$ 906,074,100	\$ 56,629,631	16.2%
280-310	Northgate/North Seattle	4	\$ 126,728,000	\$ 31,682,000	2.5%
Northend		20	\$ 1,032,802,100	\$ 51,640,105	14.3%



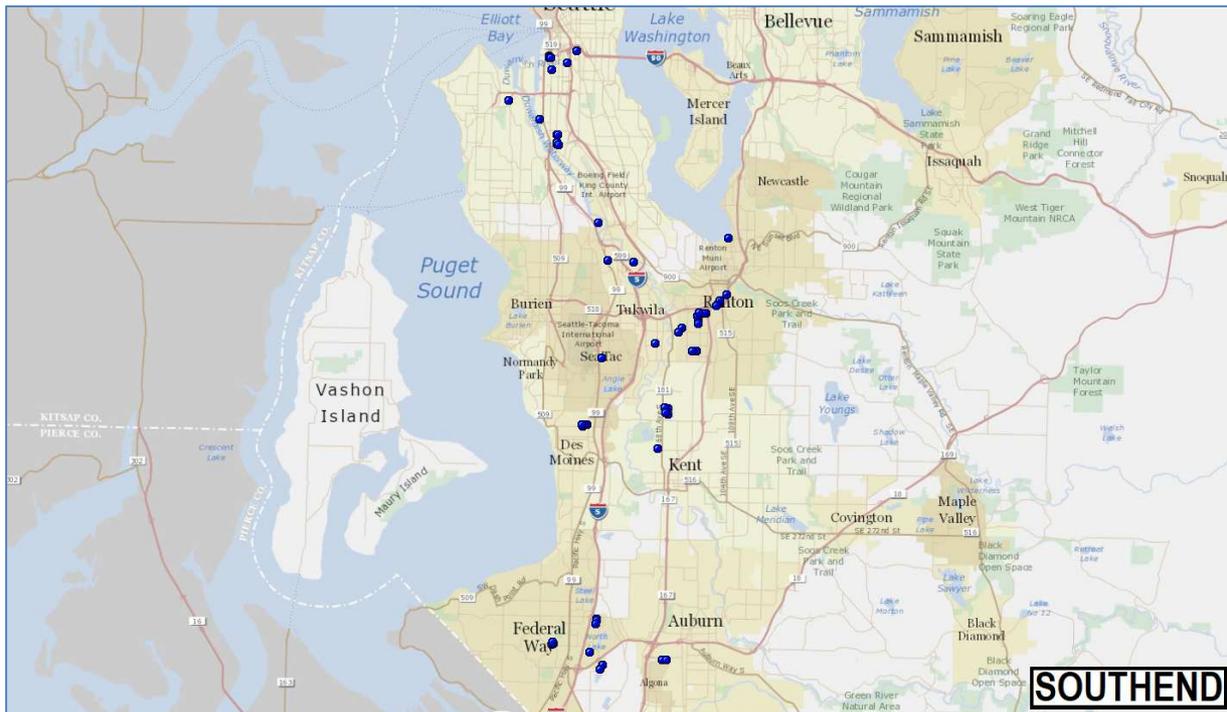
The Northend market area contains 5% of the of the Major Office specialty properties and comprises 3% of total assessed value. The market area is further broken down into two submarkets: 300-Ballard/University and 310/Northgate/North Seattle.

For the 2018 revalue, assessed values in the Northend market area increased 14.3% compared to the 2017 assessment year. New construction, primarily the new 120,702 square foot Data One building occupied by Tableau, contributed to the increase in assessed value compared to the previous assessment year.

The Ballard/University submarket, which includes the Fremont neighborhood, is the primary submarket in this area. Most buildings within this submarket, including the Lake Union Center, are clustered in the Fremont neighborhood. However two of the most recently built office properties, Stone 34 and NorthEdge, are located to the east of this location.

SOUTHEND

Area	Name	Improved Parcel Count	Total AV	Avg. AV per Improved Parcel	% Chng. in AV
280-400	Federal Way	7	\$ 167,323,100	\$ 23,903,300	2.1%
280-410	Kent/Auburn	7	\$ 150,963,000	\$ 21,566,143	11.0%
280-420	Renton/Tukwila	19	\$ 695,952,100	\$ 36,629,058	23.8%
280-430	SeaTac	2	\$ 142,438,200	\$ 71,219,100	43.8%
280-440	South/West Seattle	9	\$ 587,384,000	\$ 65,264,889	15.4%
Southend		44	\$ 1,744,060,400	\$ 39,637,736	18.6%



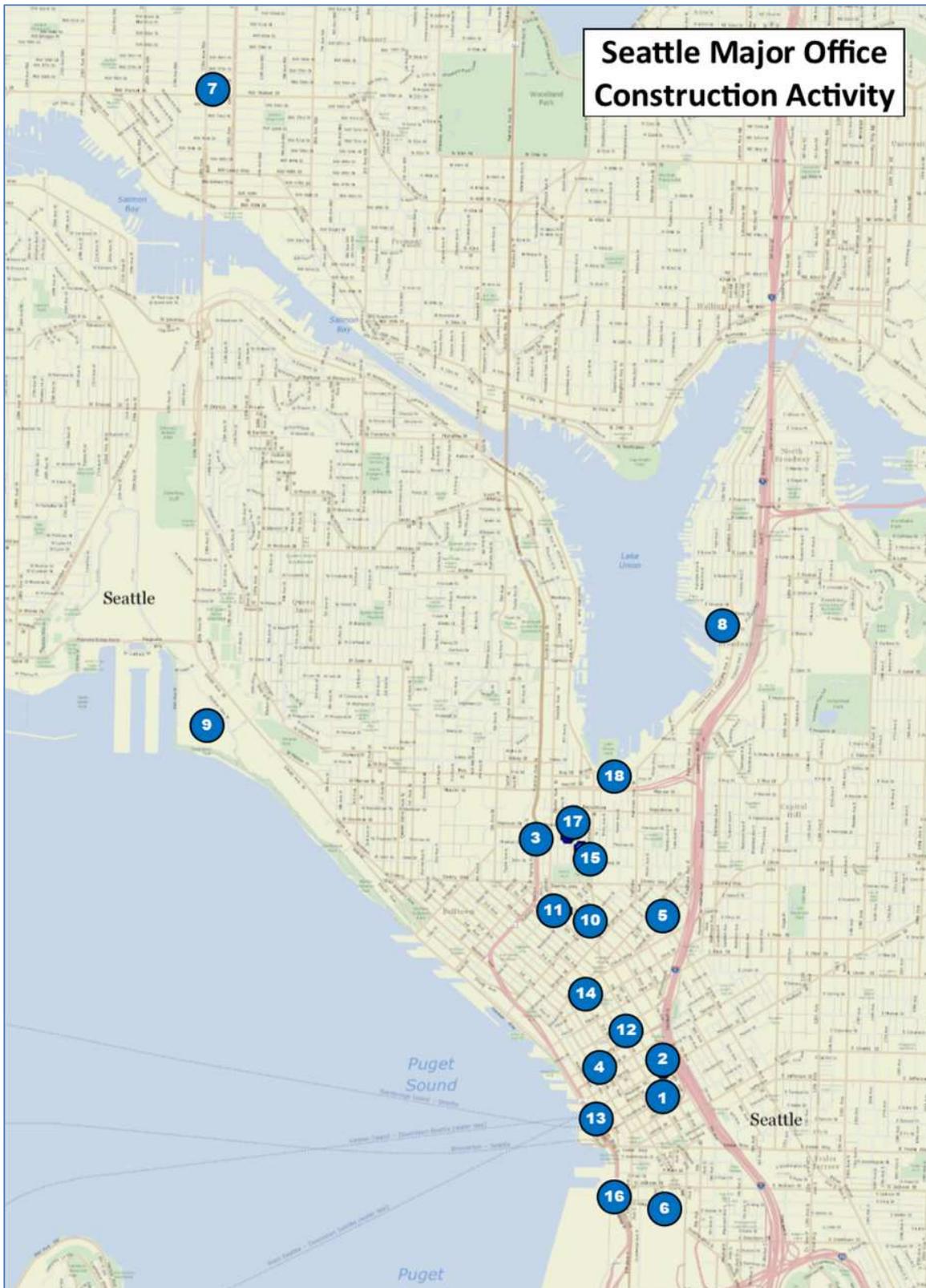
The Southend market area contains 11% of the of the Major Office specialty properties and comprises 5% of total assessed value. The market area is further broken down into five submarkets: 400-Federal Way, 410-Kent/Auburn, 420-Renton/Tukwila, 430-SeaTac, and 440-South/West Seattle.

For the 2018 revalue, assessed values in the Southend market area increased 18.6% compared to the 2017 assessment year. The strong increase in assessed value indicated in the Southend is misleading as most of the increase can be attributed to two major new construction projects in the market, the recently completed 281,805 square foot FAA Mountain Region HQ building in Des Moines and the 3-building 688,147 square foot Southport Office Campus project in Renton that is approximately 75% complete currently.

Weyerhaeuser and Boeing traditionally have been the major influencers in the Southend market area. However, Weyerhaeuser recently moved their headquarters to the Pioneer Square neighborhood of Seattle and sold their Federal Way campus to a Los Angeles-based institutional

investor who intends to sell off large pieces for redevelopment while also finding a new tenant for the 350,707 square foot landmark headquarters building, since renamed The Greenline.

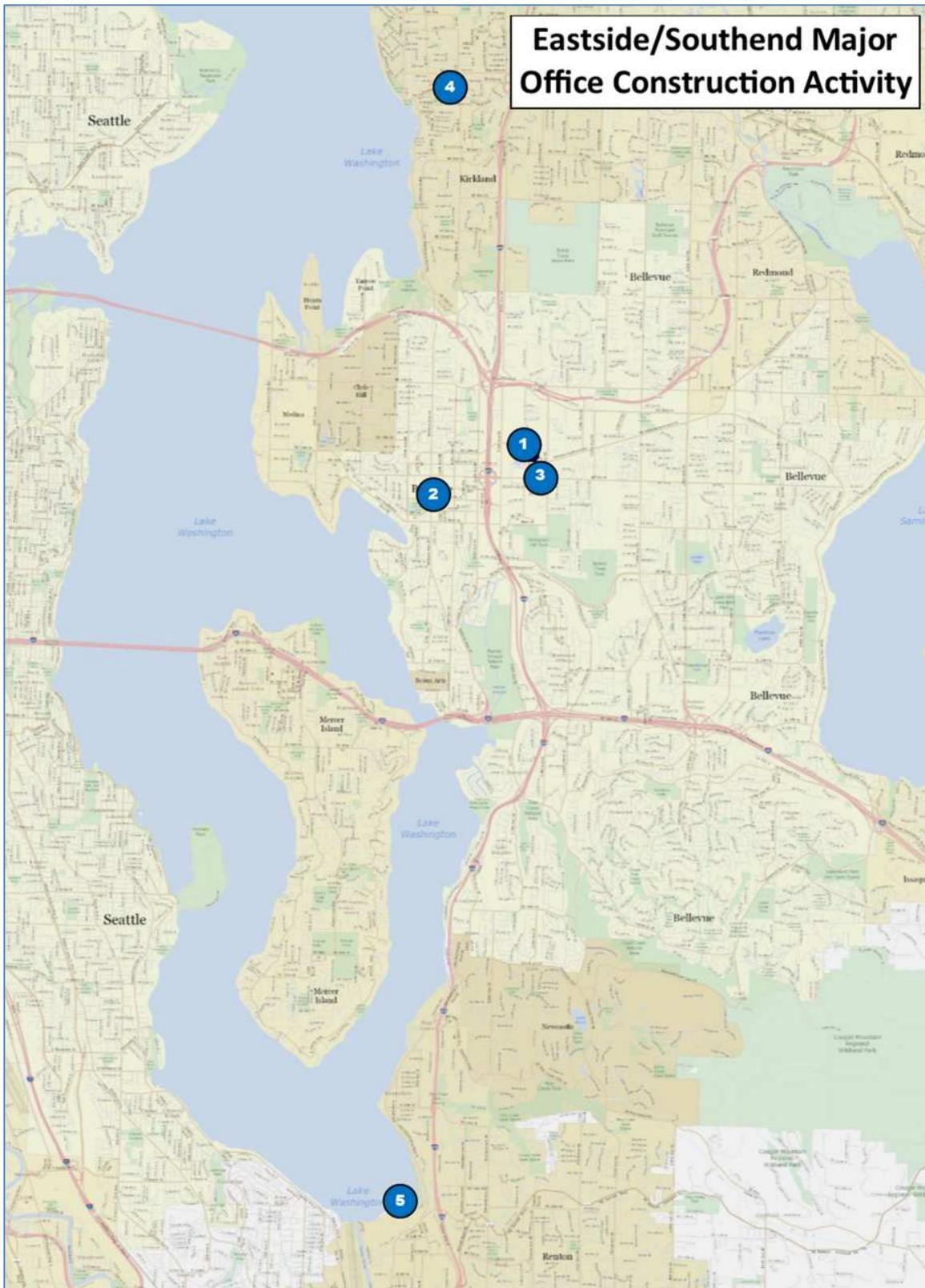
Seattle Major Office Projects Under Construction & Recently Delivered



Major Office Projects Currently Under Construction & Recently Delivered (Seattle)							
Map #	Area	Name	Address	Total RSF*	% Preleased	Est. Delivery	Notes
1	CBD	F5 Tower	801 5th Ave	584,548	100%	1Q 2018	44-story tower w/14 floors for a 184-room hotel and 28 floors of office. Will be 5th tallest tower in Sea. F5 leased all of the office space.
2	CBD	Madison Centre	505 Madison St	746,041	82%	Delivered, 4Q 2017	37-story Class A+ tower w/8,000 SF of ground level retail and a 7-level, 480-stall below grade parking garage
3	South Lake Union	333 Dexter	333 Dexter Ave N	607,567	0%	Q3 2019	Two, 12-story Class A office towers with ground floor retail space. Amazon is rumored to be interested in leasing the office space.
4	CBD	2 + U	1201 2nd Ave	683,000	0%	Q3 2019	38-story & 18-story Class A towers w/18,000 SF of ground level retail space
5	Belltown/Denny Regrade	Tilt49	1812 Boren Ave	290,674	100%	Delivered, 4Q 2017	36-story Class A office tower with 410-unit residential tower and parking for 600 vehicles. Fully leased to Amazon.
6	Pioneer Square	Hawk Tower at Stadium Place	255 S King St	168,112	90%	Delivered, 4Q 2017	21-story Class A tower adjacent to Century Link Field. 13,000 SF fitness center w/pool on the 7th floor, private decks, penthouse restaurant with rooftop deck. Avalara and WeWork have leased the building.
7	Ballard/University	15th & Market	1448 NW Market St	165,058	80%	Q4 2019	5-story Class A office building with ground floor Target store. WeWork and Polyclinic have leased most of the office space.
8	South Lake Union	1818 Fairview (the Atrium)	1818 Fairview Ave N	184,636	0%	Q1 2019	4-story Class A office/biotech building with ground floor retail space.
9	Queen Anne/Magnolia	Expedia Campus Phase I	1201 Amgen Ct W	686,807	100%	2019	Complete conversion and addition to the former Amgen campus for Expedia's new corporate HQ
10	Belltown/Denny Regrade	Amazon Tower 3	2100 7th Ave	906,824	100%	2020	38-story Class A office tower with ground floor retail and low-rise building.
11	Belltown/Denny Regrade	Amazon Tower 4	2205 7th Ave	388,000	100%	2021	17-story Class A office with ground floor retail space and below grade parking for 407
12	CBD	Rainier Square	4th & University	722,000	100%	Q2 2020	58-story, 1.7M SF mixed use development. Amazon has leased all of the office space.
13	Pioneer Square	Maritime Building	911 Western Ave	186,209	100%	Delivered, 1Q 2018	Class A renovated office space. Buyer completed a complete rehab and added 3 floors. Fully leased by Big Fish.
14	CBD	300 Pine	300 Pine St	449,141	100%	2Q 2018	Class A renovated office space occupying the top six floors of the Macy's Building. Boasts largest floor plates in downtown. Fully leased to Amazon
15	South Lake Union	9th & Thomas	234 9th Ave N	156,656	73%	Delivered 1Q 2018	12-story Class A office building with ground floor retail space and underground parking. Fully leased to Amazon
16	Pioneer Square	450 Alaskan	450 Alaskan Way S	160,161	55%	Delivered, 4Q 2017	8-story Class A office building with 22,000 SF floor plates and ground floor retail. Saltchuk is anchor tenant.
17	South Lake Union	Arbor Blocks	8th Ave & Thomas/Harrison St	383,709	100%	3Q 2018	2-building 6-story Class A office buildings fully leased to Facebook featuring ground floor retail space, LEED Gold certification, and underground parking.
18	South Lake Union	Google South Lake Union Campus	630 Boren Ave N	607,000	100%	2Q 2019	Four building Class A office campus with 14,000 SF of retail space and 151 residential units. The office space is preleased to Google for 14-16 years.
Total				8,076,143			

*Office RSF; project may include additional RSF of other uses (retail, residential, etc); data collected from a variety of sources

Eastside/Southend Office Projects Under Const. & Recently Delivered



Major Office Projects Currently Under Construction & Recently Delivered (Eastside)							
Map #	Area	Name	Address	Total RSF*	% Preleased	Est. Delivery	Notes
1	Belleve Suburban	Spring District Block 16	1227 124th Ave NE (Bellevue)	316,000	0%	1Q 2020	11-story Class A office building
2	Belleve CBD	400 Lincoln Square	410 Bellevue Way NE (Bellevue)	712,002	65%	Delivered, 3Q 2017	31-story Class A+ office tower. Part of the Lincoln Square Expansion with 1.5M SF total consisting of 180,000 SF of retail & dining, a 6-level 2,200 car parking structure, a 245-room W Hotel, and 231 residential units
3	Belleve Suburban	Global Innovation Exchange	1209 124th Ave NE (Bellevue)	86,000	100%	Delivered, 3Q 2017	3-story technology institute with ground floor retail space located in the Spring District.
4	Kirkland/Totem Lake	Kirkland Urban Phase I	457 Central Way	390,000	46%	Q4 2018 - Q2 2019	Three midrise Class A multi tenant office buildings located in a campus setting within a 1.2 M SF mixed use development. Wave and Tableau are anchor tenants.
Total				1,504,002			
Major Office Projects Currently Under Construction & Recently Delivered (Southend)							
Map #	Area	Name	Address	Total RSF*	% Preleased	Est. Delivery	Notes
5	Renton/Tukwila	Southport (Renton)	1053 Lake Washington Blvd N	673,485	0%	3Q 2018 - 1Q 2019	Three 6-story Class A waterfront office towers in a campus setting situated within a mixed use project with 383 residential units and a 347-room Hyatt Regency hotel
Total				673,485			

*Office RSF; project may include additional RSF of other uses (retail, residential, etc); data collected from a variety of sources

Leasing Class Descriptions

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

Class A

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

Class B

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

Class C

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

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

Office Market Conditions

As was discussed in the executive summary of this report, the Seattle and Eastside office markets continue to remain near the top of national and international investors' interest. Continued strong job growth in the region, particularly in the technology sector, has put upward pressure on office market fundamentals. Seattle ranks #1 in Marcus & Millichap's National Office Property Index for 2018 due to the region's continued low vacancy rates and robust rental rate growth.

The following pages summarize office market statistics as provided by industry publications for the four major geographic areas.

4th Qtr 2017 CBRE Regional Office Market Lease & Vacancy Rates								
	Inventory		Class A Lease Rate	Rent Chg. Yr to Yr	Total Vacancy	Total Vacancy by Building Class		
	Buildings	Sq. Ft.				Class A	Class B	Class C
Seattle CBD	76	21,253,020	\$46.44	11.2%	12.8%	12.4%	18.5%	20.1%
Waterfront	35	2,408,118	\$40.89	8.9%	8.4%	10.2%	13.4%	20.1%
Pioneer Square	69	4,330,261	\$40.58	6.8%	9.4%	7.3%	9.7%	20.1%
Denny Triangle/Regrade	51	7,650,057	\$47.78	8.8%	7.6%	5.7%	6.6%	20.1%
Lower Queen Anne	40	3,299,038	\$34.70	5.7%	8.2%	10.0%	1.2%	20.1%
Lake Union	75	8,035,053	\$44.53	0.6%	6.7%	4.1%	4.2%	20.1%
Canal	35	1,869,086	\$37.26	4.2%	6.5%	7.4%	1.2%	20.1%
All Downtown Seattle	381	48,844,633	\$45.12	7.8%	9.9%	9.1%	10.5%	20.1%
N Seattle/Interbay	70	2,399,627	\$32.35	8.2%	5.4%	6.8%	4.0%	20.1%
Capitol Hill/Rainier	32	1,019,567	N/A	N/A	12.0%	0.0%	6.2%	20.1%
South/West Seattle	36	2,207,485	\$34.69	2.1%	9.1%	8.6%	0.0%	20.1%
All Seattle Close-In	138	5,626,679	\$33.44	3.6%	8.1%	7.0%	4.3%	20.1%
Bellevue CBD	54	9,412,599	\$46.58	6.2%	10.4%	10.2%	11.0%	14.5%
I-405 Corridor	103	2,865,871	\$34.50	1.8%	8.7%	10.2%	6.4%	15.7%
SR-520 Corridor	96	2,439,005	\$37.80	6.8%	9.9%	13.9%	7.2%	2.8%
I-90 Corridor	110	6,945,946	\$35.55	5.5%	15.1%	13.6%	21.6%	3.7%
Bel-Red Rd Corridor	96	1,588,558	\$33.25	-2.6%	4.7%	6.6%	3.7%	5.0%
Kirkland	40	1,646,598	\$44.38	5.1%	3.2%	3.2%	2.0%	11.4%
Redmond	81	4,249,015	\$30.91	1.1%	12.1%	12.6%	12.6%	2.6%
Bothell	49	2,787,948	\$28.10	6.6%	21.5%	22.6%	14.8%	5.2%
All Eastside	629	31,935,540	\$37.14	4.9%	11.8%	12.3%	11.0%	6.8%
Sea-Tac	23	944,486	\$25.03	14.6%	20.7%	24.1%	15.0%	0.0%
Tukwila	57	2,132,576	\$22.57	-0.1%	16.9%	18.5%	13.4%	24.0%
Renton	74	3,702,596	\$25.39	-1.9%	12.9%	15.4%	8.6%	36.3%
Kent	24	1,223,908	\$23.93	-0.3%	11.8%	12.5%	7.1%	17.2%
Auburn	6	289,025	\$23.87	N/A	7.8%	9.0%	4.9%	0.0%
Federal Way	65	2,705,395	\$22.78	-0.7%	31.5%	32.6%	32.3%	1.4%
All Southend	249	10,997,986	\$23.67	1.2%	18.7%	19.5%	17.6%	18.5%

Source: CBRE 4Q 2017 Seattle Marketview Snapshot

Seattle Office Market Data

CBRE's 4th Qtr. 2017 Puget Sound MarketView details inventory, vacancy rates, and rental rates for the various Seattle submarkets.

Q4 2017 CBRE Seattle Office Snapshot						
Submarket	Bldg. Count	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate	Rent/SF % Change
Seattle CBD						
Class A	31	17,267,897	11.2%	12.4%	\$46.44	11.2%
Class B	31	3,339,276	11.9%	13.8%	\$37.39	7.6%
Waterfront						
Class A	10	1,322,641	10.2%	10.2%	\$40.89	8.9%
Class B	18	823,222	4.1%	4.1%	\$31.72	0.8%
Pioneer Square						
Class A	9	1,911,623	7.3%	7.3%	\$40.58	6.8%
Class B	38	1,963,339	7.3%	11.3%	\$36.91	0.3%
Denny Triangle/Regrade						
Class A	20	5,815,710	5.5%	5.7%	\$47.78	8.8%
Class B	17	1,391,175	15.4%	15.7%	\$37.61	20.9%
Lower Queen Anne						
Class A	17	2,298,274	8.5%	10.0%	\$34.70	5.7%
Class B	14	660,925	4.6%	5.6%	\$28.56	12.9%
Lake Union						
Class A	36	6,649,681	4.1%	4.1%	\$44.53	0.6%
Class B	34	1,306,012	18.2%	20.1%	\$38.48	8.3%
Canal						
Class A	17	1,362,093	5.3%	7.4%	\$37.26	4.2%
Class B	16	481,334	3.8%	4.1%	\$27.91	8.9%
TOTAL DOWNTOWN SEATTLE						
Class A	140	36,627,919	8.4%	9.1%	\$45.12	7.8%
Class B	168	9,965,283	10.8%	12.6%	\$36.67	8.7%
North Seattle/Interbay						
Class A	25	1,391,334	4.8%	6.8%	\$32.35	8.2%
Class B	34	841,148	3.3%	3.3%	\$23.89	-0.6%
Capitol Hill/E Seattle/Rainier						
Class A	4	119,282	0.0%	0.0%	N/A	N/A
Class B	18	729,304	15.3%	15.3%	\$33.05	-0.9%
South/West Seattle						
Class A	7	680,996	6.8%	8.6%	\$34.69	2.1%
Class B	26	1,463,114	9.6%	9.8%	\$28.01	25.5%
TOTAL SEATTLE CLOSE-IN						
Class A	36	2,191,612	5.2%	7.0%	\$33.44	3.6%
Class B	78	3,033,566	9.2%	9.3%	\$29.58	14.1%

*Class C buildings have been omitted; Rents are Full Service

Jones Lang LaSalle's 4th Qtr. 2017 Seattle-Bellevue Office Insights report details inventory, vacancy rates, and rental rates for the various Seattle submarkets.

Q4 2017 JLL Seattle Office Statistics				
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
Ballard/U-District				
Class A	957,993	2.8%	6.8%	\$45.00
Class B	1,423,950	4.8%	4.8%	\$38.11
All Inv	2,381,943	4.0%	5.6%	\$40.05
Belltown/Denny Regrade				
Class A	2,842,168	2.4%	2.6%	\$35.90
Class B	2,059,395	8.3%	9.3%	\$31.53
All Inv	4,901,563	4.9%	5.4%	\$33.32
Lake Union				
Class A	7,124,591	4.1%	4.1%	\$49.91
Class B	2,824,266	7.6%	8.5%	\$36.55
All Inv	9,948,857	5.1%	5.3%	\$44.44
Pioneer Sq/Waterfront				
Class A	2,136,509	6.7%	6.9%	\$41.95
Class B	2,976,245	2.9%	5.4%	\$34.60
All Inv	5,112,754	4.5%	6.0%	\$37.79
Queen Anne/Magnolia				
Class A	1,330,573	1.0%	1.0%	\$39.15
Class B	2,169,196	2.8%	4.7%	\$34.81
All Inv	3,499,769	2.1%	3.3%	\$34.95
S Seattle				
Class A	1,138,967	4.3%	5.3%	\$46.08
Class B	1,274,296	14.4%	14.4%	\$32.34
All Inv	2,413,263	9.6%	10.1%	\$35.28
Seattle CBD				
Class A	22,776,363	12.3%	12.5%	\$43.74
Class B	4,595,965	10.2%	11.1%	\$34.95
All Inv	27,372,328	12.0%	12.3%	\$42.28
Market Summary				
Class A	38,307,164	8.9%	9.1%	\$43.60
Class B	17,323,313	7.2%	8.4%	\$34.37
All Inv	55,630,477	8.4%	8.9%	\$40.57

*Class C buildings have been omitted; Rents are Full Service

Q4 2017 JLL Northend Office Statistics				
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
Bothell/Kenmore				
Class A	257,827	40.4%	40.9%	\$31.00
Class B	2,882,524	14.3%	15.2%	\$29.58
All Inv	3,140,351	16.4%	17.3%	\$29.83
Mill Creek/Woodinville				
Class A	0	0.0%	0.0%	\$0.00
Class B	260,653	17.8%	17.8%	\$27.31
All Inv	260,653	17.8%	17.8%	\$27.31
Northgate/N Seattle				
Class A	205,361	0.9%	0.9%	\$33.00
Class B	489,077	4.0%	4.0%	\$30.52
All Inv	694,438	3.1%	3.1%	\$30.63

*Class C buildings have been omitted; Rents are Full Service

Officespace.com's Year End Office Market Statistics Report breaks out rents and vacancy by building class, as well as submarket.

Officespace.com Seattle Office Statistics as of Jan. 1st 2018								
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Sublease SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$	Rent/SF % Change
Seattle CBD								
Class A+	2	1,567,591	284,011	23,068	18.1%	19.6%	\$55.50	0.0%
Class A	39	14,638,448	1,504,557	517,520	10.3%	13.8%	\$33.32	-3.9%
Class B	46	3,320,701	715,164	210,156	21.5%	27.9%	N/A	N/A
Belltown/Denny Regrade								
Class A+	2	1,220,802	4,313	7,195	0.4%	0.9%	\$44.00	0.0%
Class A	22	4,665,842	776,724	120,675	16.6%	19.2%	\$34.17	2.6%
Class B	55	2,407,082	235,403	64,482	9.8%	12.5%	\$26.02	-0.2%
Lake Union								
Class A+	1	215,402	6,334	0	2.9%	2.9%	\$47.34	0.0%
Class A	46	4,955,513	279,919	76,244	5.6%	7.2%	\$31.38	-12.6%
Class B	62	1,757,106	130,376	68,569	7.4%	11.3%	\$25.23	1.3%
Pioneer Square								
Class A	16	2,836,405	311,594	121,340	11.0%	15.3%	\$28.25	-2.8%
Class B	53	2,329,348	531,985	149,820	22.8%	29.3%	\$29.51	14.3%
Queen Anne/Magnolia								
Class A+	1	31,866	10,148	0	31.8%	31.8%	\$24.00	0.0%
Class A	15	796,065	183,980	26,170	23.1%	26.4%	\$26.65	8.3%
Class B	48	1,481,283	183,076	24,124	12.4%	14.0%	\$23.11	2.8%
Waterfront								
Class A+	1	137,201	0	0	0.0%	0.0%	N/A	-
Class A	22	2,326,663	176,421	383,912	7.6%	24.1%	\$33.77	4.1%
Class B	19	1,557,514	175,400	27,642	11.3%	13.0%	\$24.60	8.4%
Capitol Hill/First Hill								
Class A	13	1,925,516	62,716	3,373	3.3%	3.4%	\$36.06	-4.6%
Class B	57	1,317,377	277,297	13,951	21.0%	22.1%	\$27.59	1.1%
Total	520	49,487,725	5,849,418	1,838,241	11.8%	15.5%	\$35.90	11.8%
Northgate/North Seattle								
Class A	10	467,464	138,405	14,465	29.6%	32.7%	\$27.22	-2.6%
Class B	44	1,025,366	241,083	6,674	23.5%	24.2%	\$23.31	4.1%
Ballard/University District								
Class A	23	1,375,834	173,267	19,558	12.6%	14.0%	\$28.95	0.7%
Class B	72	1,909,836	264,682	18,581	13.9%	14.8%	\$26.51	-6.2%

*Class C buildings have been omitted; Rents are Full Service

Eastside Office Market Data

CBRE's 4th Qtr. 2017 Puget Sound MarketView details inventory, vacancy rates, and rental rates for the various Eastside submarkets.

Q4 2017 CBRE Eastside Office Snapshot						
Submarket	Bldg. Count	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate	Rent/SF % Change
Bellevue CBD						
Class A	27	8,330,035	9.4%	10.2%	\$46.58	6.2%
Class B	20	946,758	10.6%	11.0%	\$38.62	3.8%
I-405 Corridor						
Class A	27	1,233,698	5.2%	8.7%	\$34.50	1.8%
Class B	63	1,443,326	2.5%	10.2%	\$32.72	0.7%
SR-520 Corridor						
Class A	30	1,173,045	12.2%	13.9%	\$37.80	6.8%
Class B	47	989,352	7.0%	7.2%	\$30.79	0.1%
I-90 Corridor						
Class A	57	5,324,787	11.7%	13.6%	\$35.55	5.5%
Class B	43	1,493,036	21.6%	21.6%	\$30.29	10.4%
Bel-Red Rd Corridor						
Class A	10	409,974	6.6%	6.6%	\$33.25	-2.6%
Class B	63	885,955	3.7%	3.7%	\$24.31	-12.6%
Kirkland						
Class A	28	1,423,753	2.7%	3.2%	\$44.38	5.1%
Class B	10	187,654	2.0%	2.0%	\$33.37	N/A
Redmond						
Class A	37	3,168,835	11.7%	12.6%	\$30.91	1.1%
Class B	19	876,169	9.7%	12.6%	\$29.67	9.6%
Bothell						
Class A	39	2,418,253	21.3%	22.6%	\$28.10	6.6%
Class B	7	331,658	14.8%	14.8%	\$22.34	-6.0%
TOTAL EASTSIDE						
Class A	255	23,482,380	10.9%	12.3%	\$37.14	4.9%
Class B	272	7,153,908	9.8%	11.0%	\$31.35	7.0%

*Class C buildings have been omitted; Rents are Full Service

Jones Lang LaSalle's 4th Qtr. 2017 Seattle-Bellevue Office Insights report details inventory, vacancy rates, and rental rates for the various Eastside submarkets.

Q4 2017 JLL Eastside Office Statistics				
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
520 Corridor				
Class A	685,821	0.0%	0.0%	\$0.00
Class B	1,294,407	4.1%	4.7%	\$35.05
All Inv	1,980,228	2.7%	3.1%	\$35.05
Bellevue CBD				
Class A	8,729,478	3.8%	4.5%	\$45.96
Class B	980,917	9.1%	9.4%	\$40.81
All Inv	9,710,395	4.3%	5.0%	\$45.20
Coal Creek/Issaquah				
Class A	714,914	14.9%	14.9%	\$34.00
Class B	678,915	23.4%	23.4%	\$35.07
All Inv	1,393,829	19.1%	19.1%	\$34.57
I-90 Corridor				
Class A	2,603,360	6.9%	6.9%	\$35.25
Class B	1,785,640	6.9%	8.4%	\$32.92
All Inv	4,389,000	6.9%	7.5%	\$34.23
Kirkland				
Class A	1,212,484	2.3%	2.8%	\$39.62
Class B	2,007,058	6.6%	7.5%	\$33.87
All Inv	3,219,542	5.0%	5.7%	\$37.37
Mercer Island				
Class A	105,796	2.1%	2.1%	\$40.00
Class B	191,537	0.0%	0.0%	\$0.00
All Inv	297,333	0.7%	0.7%	\$40.00
Redmond				
Class A	1,016,824	4.0%	4.6%	\$34.23
Class B	2,300,446	16.2%	17.2%	\$32.87
All Inv	3,317,270	12.5%	13.3%	\$33.02
Suburban Bellevue				
Class A	144,000	5.8%	5.8%	\$36.00
Class B	2,657,466	3.0%	5.2%	\$34.04
All Inv	2,801,466	3.2%	5.3%	\$34.27
Market Summary				
Class A	15,212,677	4.6%	5.1%	\$41.25
Class B	11,896,386	8.5%	9.6%	\$34.44
All Inv	27,109,063	6.3%	7.1%	\$38.30

*Class C buildings have been omitted; Rents are Full Service

Officespace.com's Year End Office Market Statistics Report breaks out rents and vacancy by building class, as well as submarket.

Officespace.com Eastside Office Statistics as of Jan. 1st 2018								
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Sublease SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$	Rent/SF % Change
Bellevue CBD								
Class A+	7	3,291,508	414,536	186,241	12.6%	18.3%	\$37.14	-7.8%
Class A	23	5,425,638	489,489	385,532	9.0%	16.1%	\$41.54	2.6%
Class B	34	1,222,357	133,171	126,420	10.9%	21.2%	\$29.78	-4.5%
Suburban Bellevue								
Class A	30	1,213,500	283,714	91,286	23.4%	30.9%	\$38.03	2.5%
Class B	178	3,603,799	231,451	139,290	6.4%	10.3%	\$29.61	2.4%
I-90 Corridor								
Class A	83	5,989,564	966,039	122,527	16.1%	18.2%	\$30.22	-2.4%
Class B	98	2,550,130	356,199	140,660	14.0%	19.5%	\$30.34	7.8%
520/Overlake								
Class A	57	2,284,726	320,387	118,793	14.0%	19.2%	\$29.28	2.5%
Class B	53	1,152,073	277,871	38,404	24.1%	27.5%	\$28.09	0.7%
Kirkland/Totem Lake								
Class A	48	1,851,158	246,230	65,740	13.3%	16.9%	\$36.47	2.4%
Class B	65	1,311,295	231,626	90,856	17.7%	24.6%	\$36.55	36.2%
Redmond/Willows								
Class A	50	3,639,683	642,581	196,253	17.7%	23.0%	\$26.99	9.3%
Class B	32	573,961	70,154	12,375	12.2%	14.4%	\$26.54	0.6%
Bothell/Woodinville								
Class A	43	2,198,387	388,051	32,402	17.7%	19.1%	\$26.65	7.9%
Class B	56	2,738,698	545,422	45,483	19.9%	21.6%	\$24.18	-12.4%
Total	857	39,046,477	5,596,921	1,792,262	14.3%	18.9%	\$32.31	2.6%

*Class C buildings have been omitted; Rents are Full Service

South King County Office Market Data

CBRE's 4th Qtr. 2017 Puget Sound MarketView details inventory, vacancy rates, and rental rates for the various Southend submarkets.

Q4 2017 CBRE Southend Office Snapshot						
Submarket	Bldg. Count	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate	Rent/SF % Change
Sea-Tac						
Class A	5	630,873	24.1%	24.1%	\$25.03	14.6%
Class B	15	284,518	15.0%	15.0%	\$19.89	16.4%
Tukwila						
Class A	20	1,355,385	18.3%	18.5%	\$22.57	-0.1%
Class B	33	736,338	13.4%	13.4%	\$23.29	15.2%
Renton						
Class A	24	1,835,072	13.2%	15.4%	\$25.39	-1.9%
Class B	46	1,743,319	5.9%	8.6%	\$23.22	13.0%
Kent						
Class A	10	791,748	12.5%	12.5%	\$23.93	-0.3%
Class B	12	281,540	7.1%	7.1%	\$21.67	18.9%
Auburn						
Class A	2	230,980	9.0%	9.0%	\$23.87	N/A
Class B	3	36,985	4.9%	4.9%	\$19.06	1.3%
Federal Way						
Class A	17	1,051,183	32.6%	32.6%	\$22.78	-0.7%
Class B	41	1,577,933	29.0%	32.3%	\$22.59	-1.5%
TOTAL SOUTHEND						
Class A	78	5,895,241	18.7%	19.5%	\$23.67	1.2%
Class B	150	4,660,633	15.5%	17.6%	\$22.63	5.6%

*Class C buildings have been omitted; Rents are Full Service

Jones Lang LaSalle's 4th Qtr. 2017 Seattle-Bellevue Office Insights report details inventory, vacancy rates, and rental rates for the various Southend submarkets.

Q4 2017 JLL Southend Office Statistics				
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
Federal Way/Auburn				
Class A	88,000	0.0%	0.0%	\$0.00
Class B	2,518,702	29.0%	31.1%	\$23.20
All Inv	2,606,702	28.1%	30.1%	\$23.20
Kent Valley				
Class A	57,768	0.0%	0.0%	\$0.00
Class B	1,194,320	10.8%	10.8%	\$24.54
All Inv	1,252,088	10.3%	10.3%	\$24.54
Renton/Tukwila				
Class A	792,441	4.8%	10.8%	\$34.27
Class B	3,068,451	17.7%	19.2%	\$26.94
All Inv	3,860,892	15.1%	17.5%	\$30.44
Seatac/Burien				
Class A	427,654	22.5%	22.5%	\$26.30
Class B	429,984	11.5%	11.5%	\$22.50
All Inv	857,638	17.0%	17.0%	\$25.27
Market Summary				
Class A	1,365,863	9.9%	13.3%	\$33.32
Class B	7,211,457	20.2%	21.5%	\$24.95
All Inv	8,577,320	18.5%	20.2%	\$27.59

*Class C buildings have been omitted; Rents are Full Service

Officespace.com's Year End Office Market Statistics Report breaks out rents and vacancy by building class, as well as submarket.

Officespace.com Southend Office Statistics as of Jan. 1st 2018								
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Sublease SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$	Rent/SF % Change
South/West Seattle								
Class A	24	2,478,172	356,216	51,081	14.4%	16.4%	\$29.15	8.3%
Class B	44	2,868,020	175,193	107,611	6.1%	9.9%	N/A	-
SeaTac								
Class A	10	643,251	129,122	0	20.1%	20.1%	\$23.28	0.7%
Class B	32	503,255	133,301	0	26.5%	26.5%	\$43.59	-13.9%
Renton/Tukwila								
Class A	69	2,514,156	437,390	93,543	17.4%	21.1%	\$22.01	0.5%
Class B	87	2,159,854	463,237	154,830	21.4%	28.6%	\$19.59	-6.2%
Federal Way								
Class A	23	1,079,885	224,902	51,400	20.8%	25.6%	\$19.97	-2.5%
Class B	52	990,450	306,656	8,857	31.0%	31.9%	\$18.62	-1.0%
Kent/Auburn								
Class A	40	1,929,212	437,160	11,002	22.7%	23.2%	\$21.56	-1.4%
Class B	63	1,310,273	227,849	40,823	17.4%	20.5%	\$18.08	-8.7%
Total	444	16,476,528	2,891,026	519,147	17.5%	20.7%	\$28.91	26.6%

*Class C buildings have been omitted; Rents are Full Service

Physical Inspection: 40 major office properties, or approximately 9.9% of the improved parcel population (8.4% of total parcels), were selected for physical inspection. The selected parcels consist of all remaining Area 280 properties that had not yet been physically inspected during the Tax Year 2013-2018 6-year physical inspection plan. These properties were inspected in 2017 prior to the posting of the office values. A list of the physically inspected parcels, along with a map of their locations, is included in this report.

Preliminary Ratio Analysis

The inclusion of the Ratio Study Summary is included for administrative consistency. The final ratio study may not be an entirely reliable analysis of the recommended values because the sales sample is over-weighted with sales in the downtown Seattle and Bellevue central business districts that are not representative of the population as a whole. In addition, many of the sales in the sample were well leased to high-credit tenants which resulted in sales prices driven by Leased Fee valuations rather than the Fee Simple interest that the Assessor values. Finally, market conditions have improved substantially during the three years that the sales included in the study occurred.

The Preliminary Ratio Study was completed just prior to the application of the 2018 recommended values. This study benchmarks the current assessment level using 2017 assessed values. The study was also repeated after application of the 2018 recommended values. The results are included in the validation section of this report showing a change in the level of assessment (weighted mean) from 92.5% to 102.1%, the Coefficient of Dispersion (C.O.D.) from 11.49% to 10.23%, and the Coefficient of Variation (C.O.V.) from 15.67% to 14.12%. The Price-related Differential (P.R.D.) went from 1.04 to 1.02.

IAAO Recommended Ratio Study Standards	
Appraisal Level	.90 to 1.10
Coefficient of Dispersion (COD)	5.0 to 20.0
Price Related Differential (PRD)	.98 to 1.03

All of these measures indicate a substantial improvement and are within IAAO guidelines. These figures are presented in the 2018 Ratio Analysis chart included in this report.

Scope of Data

Land Value Data:

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

Improved Parcel Total Value Data:

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

Improved Parcel Total Values

Sales comparison approach model description

The office building sales in King County utilized in the analysis for the current revalue were divided into six market segments. The segmentation is based primarily on the geographic boundaries previously described. In the event a segment lacked adequate sales representation, similarities in other segments were considered and judgment was applied in determining market comparability. Sales of institutional-grade office buildings that were under but close to the 90,000 rentable square foot threshold of the office specialty group might also be reviewed.

Sales comparison calibration

Market sales of office specialty properties that occurred during the period from 1/1/2015 to 1/9/2018 were considered in the analysis. Other market sales of office buildings that were smaller than the office specialty threshold of 90,000 square feet net rentable were reviewed in the analysis when sales were limited for a building type or submarket.

The current office market cycle has seen a substantial increase in sale transactions particularly in the downtown core areas, however there have been too few sales of different office types in all of the various submarkets to rely on the market approach to value.

While the sales were reviewed and market data extracted when possible, the Income Approach was used in the final reconciliation of value because it allows greater equalization and uniformity of values for the various stratifications of office buildings and because sufficient market income data was available as of the valuation.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. Because of the difficulty in accurately determining the depreciation of older office properties, this approach to value was given the least weight in the final reconciliation of values of older office buildings. However, it was given more weight in the valuation of new construction and recently completed office buildings that have not been leased up. With new buildings the cost method is reconciled with the income method to determine the appropriate approach.

Cost calibration

The Marshall & Swift cost-modeling system built into the Real Property Application is calibrated to this region and the Seattle area.

Income capitalization approach model description

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

Income approach calibration

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

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

In addition, office market data was collected and analyzed from numerous well-respected commercial real estate research publications including, but not limited to, CBRE's Puget Sound MarketView 4th Qtr. 2017, Jones Land LaSalle's 4th Qtr. 2017 Seattle-Bellevue Insights, Collier's International's Puget Sound Region Office Research & Forecast Report 4th Qtr. 2017, Officespace.com's Year End Office Market Statistics Report, CoStar Group's Seattle/Puget Sound Office Market Report YE-2017, Cushman & Wakefield's Seattle Office Marketbeat 4th Qtr. 2017, and Newmark Grubb Knight Frank's Seattle Office Market Research Report 4th Qtr. 2017.

Base Rent Model

The following table summarizes the base rent model utilized for the 2018 assessment year. Properties were primarily stratified by submarket and leasing class. The rents applied to individual properties were adjusted from the indicated base rent based on property-specific considerations.

1/1/2018 Area 280 Base Rent Model							
SubMkt#	Submarkets	Class C	Class B	Class B+	Class A-	Class A	Class A+
100	Belltown/Denny Regrade	\$ 27.00	\$ 30.00	\$ 36.00	\$ 43.00	\$ 47.00	\$ 48.00
110	Capitol Hill/First Hill	\$ 27.00	\$ 30.00	\$ 36.00	\$ 41.00	\$ 43.00	\$ 47.00
120	Central Business District	\$ 25.00	\$ 27.00	\$ 37.00	\$ 40.00	\$ 45.00	\$ 47.00
130	Lake Union	\$ 25.00	\$ 27.00	\$ 33.00	\$ 38.00	\$ 41.00	\$ 45.00
140	Pioneer Square	\$ 26.00	\$ 28.00	\$ 34.00	\$ 42.00	\$ 45.00	\$ 47.00
150	Queen Anne/Magnolia	\$ 25.00	\$ 27.00	\$ 34.00	\$ 39.00	\$ 41.00	\$ 45.00
	Seattle Downtown (Avg)	\$ 25.83	\$ 28.17	\$ 35.00	\$ 40.50	\$ 43.67	\$ 46.50
200	520/Overlake	\$ 26.00	\$ 30.00	\$ 36.00	\$ 38.00	\$ 43.00	\$ 45.00
210	Bellevue CBD	\$ 26.00	\$ 30.00	\$ 37.00	\$ 40.00	\$ 45.00	\$ 47.00
220	Bellevue Suburban	\$ 26.00	\$ 31.00	\$ 35.00	\$ 37.00	\$ 40.00	\$ 43.00
230	Bothell/Woodinville	\$ 24.00	\$ 27.00	\$ 29.00	\$ 31.00	\$ 35.00	\$ 38.00
240	I-90 Corridor	\$ 27.00	\$ 30.00	\$ 32.00	\$ 34.00	\$ 38.00	\$ 41.00
250	Kirkland/Totem Lake	\$ 25.00	\$ 28.00	\$ 30.00	\$ 36.00	\$ 43.00	\$ 45.00
260	Redmond/Willows	\$ 28.00	\$ 30.00	\$ 32.00	\$ 35.00	\$ 38.00	\$ 41.00
	Eastside (Avg)	\$ 26.00	\$ 29.43	\$ 33.00	\$ 35.86	\$ 40.29	\$ 42.86
300	Ballard/University	\$ 28.00	\$ 32.00	\$ 35.00	\$ 38.00	\$ 42.00	\$ 45.00
310	Northgate/North Seattle	\$ 26.00	\$ 28.00	\$ 31.00	\$ 32.00	\$ 36.00	\$ 39.00
	Northend (Avg)	\$ 27.00	\$ 30.00	\$ 33.00	\$ 35.00	\$ 39.00	\$ 42.00
400	Federal Way	\$ 19.00	\$ 22.00	\$ 24.00	\$ 25.00	\$ 27.00	\$ 30.00
410	Kent/Auburn	\$ 19.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00	\$ 30.00
420	Renton/Tukwila	\$ 19.00	\$ 22.00	\$ 26.00	\$ 28.00	\$ 29.00	\$ 36.00
430	SeaTac	\$ 19.00	\$ 21.00	\$ 24.00	\$ 26.00	\$ 30.00	\$ 35.00
440	South/West Seattle	\$ 19.00	\$ 20.00	\$ 28.00	\$ 35.00	\$ 42.00	\$ 45.00
	Southend (Avg)	\$ 19.00	\$ 21.40	\$ 25.20	\$ 28.00	\$ 31.20	\$ 35.20
	Area 280 Average	\$ 24.30	\$ 27.10	\$ 31.65	\$ 35.20	\$ 38.90	\$ 41.95

Note: Rents applied to individual properties are adjusted from the indicated base rent based on property-specific considerations

Typical Income Parameters Applied

The following table briefly describes the typical income parameters utilized in each of the four geographic market areas as well as for Medical Office Buildings. It is important to note that the table represents typical parameters and is not all inclusive. Some properties were valued using parameters outside of the ranges provided in the summary table when appropriate.

Typical Income Parameters Applied				
Segment	Rent Range per SF*	Vacancy/ Coll. Loss %	Operating Expenses/SF	Capitalization Rate %
Seattle Downtown	\$26.00 - \$48.00	7% - 10%	\$10.50 - \$13.25	4.25% - 6.75%
Eastside	\$28.00 - \$48.00	8% - 17%	\$9.75 - \$12.75	4.75% - 7.25%
Northend	\$31.00 - \$42.00	8% - 10%	\$10.25 - \$10.50	5.25% - 6.25%
Southend	\$18.00 - \$44.00	10% - 20%	\$9.25 - \$11.00	5.75% - 8.25%
Medical Office Buildings	\$36.00 - \$53.00	8%	\$13.00 - \$16.00	4.75% - 7.00%

*Full Service

The range of capitalization rates that were applied is influenced by building age, quality/class and competitiveness with the lower rates applied to the higher quality office buildings. Higher rates might be applied to the lesser quality office buildings or to properties that have ongoing above-market vacancy, or physical issues that result in higher operating expenses or require additional capital investment. These are often referred to as Value-Add properties.

In addition to the income parameters presented above, some of the Major Office properties contain a portion of retail space which needs to be considered. Retail lease rates applied in the Seattle Downtown submarkets typically ranged from \$22 to \$45 per square foot on a triple net basis. Typical retail vacancy and collection losses of 5% of the potential gross income were applied, as well as 5% triple net operating expenses. In the Bellevue CBD, retail rents typically applied were \$36 per square foot on a triple net basis.

Parking Income

In addition to office and retail space rents, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%.

Unreserved monthly and daily rates and occupancy rates were provided by the 2013 Puget Sound Regional Council Parking Inventory for the Downtown Seattle and Bellevue CBD parking zones. No turnaround on the daily spaces was recognized. A parking expense rate of 15% to 25% was applied to parking income to arrive at a net parking income contribution figure with the stand-alone parking garages typically incurring the higher expenses.

The following is a description of the parking income parameters used in the income approach to value the Downtown Seattle and Bellevue CBD office properties. Properties in the Southend and

Suburban markets do not typically generate significant, if any, income from parking. A map of the parking neighborhoods is included in the addendum of the office report.

Seattle CBD			
Nbhd Zone	Daily Rate	Monthly Rate	Occupancy
1	\$16.75	\$174.50	47.00%
2	\$14.81	N/A*	53.90%
3	\$18.63	\$194.50	79.60%
4	\$23.76	\$238.73	63.10%
5	\$25.06	\$280.82	70.70%
6	\$18.66	\$229.70	67.00%
7	\$23.00	\$300.04	57.10%
8	\$24.56	\$296.66	63.90%
9	\$17.55	\$193.54	55.90%
10	\$19.47	\$202.83	62.40%
11	\$11.04	\$164.89	62.90%
12	\$16.41	\$225.83	57.20%
13	\$17.07	\$238.16	65.50%
Lower Queen Anne/South Lake Union			
Nbhd Zone	Daily Rate	Monthly Rate	Occupancy
17	\$15.22	\$190.00	39.30%
18	\$15.74	\$137.97	34.10%
19	\$12.08	\$139.04	53.90%

Bellevue CBD			
Nbhd Zone	Daily Rate	Monthly Rate	Occupancy
1	\$12.50	\$130.36	48.30%
2	\$14.00	\$171.52	56.90%
3	\$15.91	\$189.82	34.20%
4	\$17.51	\$173.33	55.00%
5	N/A	N/A	40.50%
6	\$15.00	N/A	32.90%
7	\$5.50	N/A	43.90%

First Hill			
Nbhd Zone	Daily Rate	Monthly Rate	Occupancy
14	\$19.62	\$187.56	63.90%
15	\$16.44	\$208.91	31.70%
16	\$11.93	\$151.40	62.90%
University District			
Nbhd Zone	Daily Rate	Monthly Rate	Occupancy
1	\$10.40	\$116.00	56.60%
2	\$10.13	\$125.11	61.50%
3	\$12.11	\$140.67	56.70%
4	\$12.71	\$139.53	78.00%
9	\$6.00	\$50.00	59.90%

Capitalization Rate Information

The table below summarizes CBRE's 2nd Half 2017 Capitalization Rate Survey. The survey indicates that in general capitalization rates, while remaining low, have mostly stabilized while capitalization rates for suburban properties have edged slightly higher. Continued investment demand is counteracting the rise in interest rates and cyclical factors. Capitalization rates are expected to remain mostly stable next year.

CBRE Office Capitalization Rates 2nd Half 2017							
CURRENT CAP RATES				YEAR TO YEAR CHANGE			
Class AA							
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add	
CBD	4.25% - 4.75%	↔	N/A - N/A	-	0.00% - 0.00%	N/A - N/A	
Suburban	5.25% - 5.75%	↔	N/A - N/A	-	0.00% - 0.00%	N/A - N/A	
Class A							
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add	
CBD	4.75% - 5.25%	↑	6.00% - 7.25%	↔	0.25% - 0.00%	0.25% - 0.25%	
Suburban	6.00% - 6.50%	↔	6.50% - 7.50%	↔	0.25% - 0.00%	0.00% - 0.00%	
Class B							
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add	
CBD	5.50% - 6.50%	↑	6.75% - 7.75%	↑	0.25% - 0.50%	0.25% - 0.25%	
Suburban	7.00% - 7.50%	↔	7.50% - 8.50%	↔	0.25% - 0.00%	0.00% - 0.00%	
Class C							
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add	
CBD	6.75% - 8.50%	↑	7.75% - 9.25%	↑	0.25% - 1.50%	0.25% - 0.25%	
Suburban	7.50% - 8.25%	↔	8.00% - 9.00%	↔	0.00% - 0.00%	0.00% - 0.00%	

Source: 2nd Half 2017 CBRE Cap Rate Survey

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

The published office capitalization rates indicate that rates for the Seattle Metropolitan Area are lower than the national averages. Seattle is one of the top ten largest office markets in the nation and is considered a top-tier market. With continued low cost of funds and strong investor interest in the Puget Sound office market, capitalization rates for well-leased, institutional grade office buildings remain low.

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

2018 Office Capitalization Rates Summary

Capitalization Rates by Building Class (if provided)								
Seattle/Pacific NW Cap Rates	Source	Location	Average Capitalization Rates	Class A		Class B		
				Stabilized	Value-Add*	Stabilized	Value-Add*	
	CBRE ¹	CBD		4.75% - 5.25%	6.00% - 7.25%	5.50% - 6.50%	6.75% - 7.75%	
		Suburban		6.00% - 6.50%	6.50% - 7.50%	7.00% - 7.50%	7.50% - 8.50%	
	PWC/ Korpaz	CBD	5.23%					
		Suburban	6.00%					
	ACLI	Pacific Region	5.67%					
	IRR: Viewpoint	CBD		5.83%		6.49%		
		Suburban		6.31%		6.87%		
CoStar Sales Data ²	King County	6.00%	5.50% (blended)		6.70% (blended)			
RERC Report ³	CBD	5.50%						
	Suburban	6.00%						

*Value-Add refers to underperforming office properties with above-market vacancy or requiring high capital expenditures

¹ CBRE professionals' opinion of where Cap Rates are likely to trend in H1 2018

² Arms-length investment sales 50k SF and larger, between 1/1/2016 and 1/1/2018 within King County

³ For 1st Tier Properties, defined as new or newer quality const. in prime to good location

SEATTLE / REGIONAL CAP RATES

Source	Date	Location	Office	Industrial	Retail	Remarks
CBRE: U.S. Cap. Rate survey. Advance Review	H2 2017					CBRE professional's opinion of where cap rates are likely to trend in the 2 nd ½ of 2017 based on recent trades as well as interactions with investors. Value-Add represents an underperforming property that has an occupancy level below the local average under typical market conditions.
		Seattle	4.25% - 4.75%	-	-	CBD – Class AA
			4.75% - 5.25%	-	-	CBD – Class A
			6.00% - 7.25%	-	-	CBD – Class A – Value Added
			5.50% - 6.50%	-	-	CBD – Class B
			6.75% - 7.75%	-	-	CBD – Class B – Value Added
			6.75% - 8.50%	-	-	CBD – Class C
			7.75% - 9.25%	-	-	CBD – Class C – Value Added
			5.25% - 5.75%	-	-	Suburban – Class AA
			6.00% - 6.50%	-	-	Suburban – Class A
			6.50% - 7.50%	-	-	Suburban – Class A – Value Added
			7.00% - 7.50%	-	-	Suburban – Class B
			7.50% - 8.50%	-	-	Suburban – Class B – Value Added
			7.50% - 8.25%	-	-	Suburban – Class C
			8.00% - 9.00%	-	-	Suburban – Class C – Value Added
			-	3.75% - 4.25%	-	Class A
			-	5.00% - 6.00%	-	Class A – Value Added
			-	4.50% - 5.25%	-	Class B
			-	5.75% - 7.00%	-	Class B – Value Added
			-	5.50% - 6.25%	-	Class C
			-	7.25% - 8.00%	-	Class C – Value Added
			-	-	4.50% - 5.50%	Class A (Neigh./Comm)
			-	-	5.50% - 7.00%	Class B (Neigh./Comm)
			-	-	7.25% - 9.00%	Class B (Neigh./Comm.) – Value-Add
			-	-	7.50% - 8.50%	Class C (Neigh./Comm)
			-	-	9.00% - 11.00%	Class C (Neigh./Comm.) – Value-Add
			-	-	5.50% - 6.00%	Class A (Power Centers)
			-	-	6.00% - 7.50%	Class B (Power Centers)
			-	-	7.00% - 8.50%	Class B (Power Centers) – Value-Add
			-	-	7.00% - 8.75%	Class C (Power Centers)
			-	-	7.50% - 10.00%	Class C (Power Centers) – Value-Add
			-	-	4.50% - 5.50%	High Street Retail (Urban Core)
IRR: Viewpoint for 2018	Year-end 2017	West Region	5.83%	-	-	<u>Institutional Grade Properties'</u>
			6.49%	-	-	CBD Office – Class A
			6.31%	-	-	CBD Office – Class B
			6.87%	-	-	Suburban Office – Class A
			-	6.57%	-	Suburban Office – Class B
			-	5.89%	-	Flex Industrial
			-	-	-	Industrial
			-	-	6.22%	Regional Mall
			-	-	6.16%	Community Retail
			-	-	6.30%	Neighborhood Retail
CoStar	Year-End 2017	Seattle	6.51%	-	-	Building Size < 50,000 SF
		Puget	6.80%	-	-	Building Size 50,000 SF – 249,000 SF
		Sound	5.32%	-	-	Building Size 250,000 SF – 499,000 SF
			8.50%	-	-	Building Size >500,000 SF

SEATTLE / REGIONAL CAP RATES

Source	Date	Location	Office	Industrial	Retail	Remarks
			-	5.97%	-	Building Size < 25,000 SF
			-	6.35%	-	Building Size 25,000 SF – 99,000 SF
			-	5.93%	-	Building Size 100,000 SF – 249,000 SF
			-	N/A	-	Building Size >250,000 SF
			-	-	5.85%	Building Size < 25,000 SF
			-	-	6.10%	Building Size 25,000 SF – 99,000 SF
			-	-	N/A	Building Size 100,000 SF – 249,000 SF
			-	-	10.00%	Building Size > 250,000 SF
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2017					1 st Tier properties are defined as new or newer quality const. in prime to good location; 2 nd Tier properties are defined as aging, former 1 st tier in good to average locations; 3 rd Tier are defined as older properties w/ functional inadequacies and/or marginal locations.
		Seattle	5.50%	-	-	Office CBD – 1 st Tier Properties
			6.00%	-	-	Suburban Office – 1 st Tier Properties
			-	5.30%	-	Warehouse – 1 st Tier Properties
			-	5.90%	-	R&D – 1 st Tier Properties
			-	5.80%	-	Flex – 1 st Tier Properties
			-	-	5.90%	Regional Mall – 1 st Tier Properties
			-	-	6.00%	Power Center – 1 st Tier Properties
			-	-	5.90%	Neigh/Comm. Ctrs. – 1 st Tier Properties
		West Region	5.00% - 8.00%	-	-	Office CBD – 1 st Tier Properties
			5.30% - 9.50%	-	-	Office CBD – 2 nd Tier Properties
			5.50% - 8.30%	-	-	Office CBD – 3 rd Tier Properties
			4.50% - 8.50%	-	-	Suburban Office – 1 st Tier Properties
			5.30% - 8.80%	-	-	Suburban Office – 2 nd Tier Properties
			5.50% - 9.00%	-	-	Suburban Office – 3 rd Tier Properties
			-	4.00% - 8.00%	-	Warehouse – 1 st Tier Properties
			-	5.30% - 8.50%	-	Warehouse – 2 nd Tier Properties
			-	5.50% - 9.00%	-	Warehouse – 3 rd Tier Properties
			-	5.00% - 9.00%	-	R&D – 1 st Tier Properties
			-	5.30% - 8.50%	-	R&D – 2 nd Tier Properties
			-	6.10% - 9.10%	-	R&D – 3 rd Tier Properties
			-	5.00% - 7.50%	-	Flex – 1 st Tier Properties
			-	5.30% - 8.50%	-	Flex – 2 nd Tier Properties
			-	6.10% - 9.00%	-	Flex – 3 rd Tier Properties
			-	-	5.00% - 8.50%	Regional Mall – 1 st Tier Properties
			-	-	6.00% - 8.80%	Regional Mall – 2 nd Tier Properties
			-	-	5.80% - 9.00%	Regional Mall – 3 rd Tier Properties
			-	-	5.00% - 8.00%	Power Center – 1 st Tier Properties
			-	-	5.80% - 8.50%	Power Center – 2 nd Tier Properties
			-	-	6.00% - 9.50%	Power Center – 3 rd Tier Properties
			-	-	4.50% - 7.50%	Neigh/Comm. Ctr. – 1 st Tier Properties
			-	-	5.30% - 8.50%	Neigh/Comm. Ctr. – 2 nd Tier Properties
			-	-	6.00% - 9.00%	Neigh/Comm. Ctr. – 3 rd Tier Properties
PWC / Korpaz Real Estate Investment Survey	4Q 2017	Seattle	4.25% - 8.00%	-	-	CBD Office
		Pacific NW Region	4.25% - 8.00%	-	-	Office
			-	3.75% - 7.00%	-	Warehouse

SEATTLE / REGIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
ACLI	4Q 2017	Seattle – Bellevue - Everett MSA	N/A	N/A	6.61%	All Classes
		Pacific Region	5.67%	5.54%	6.19%	All Classes

NATIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Income Vs. Price Realities	4Q 2017					1 st Tier properties are defined as new or newer quality const. in prime to good location
		National	4.50% -6.50% 5.50% - 7.50%	- - 4.50% - 7.20% 5.50% - 7.30% 6.50% - 7.30%	- - - - - 5.00% - 7.00% 6.00% - 6.80% 5.30% - 7.00%	Office CBD – 1 st Tier Properties Suburban Office – 1 st Tier Properties Warehouse – 1 st Tier Properties R&D – 1 st Tier Properties Flex – 1 st Tier Properties Regional Mall – 1 st Tier Properties Power Center – 1 st Tier Properties Neigh/Comm. Ctrs. – 1 st Tier Properties
IRR: Viewpoint 2018 Commercial Real Estate Trends report	Yr. End 2017	National	6.68% 7.53% 7.04% 7.83% - - - - -	- - - - 6.69% 7.44% - - -	- - - - - - 6.67% 6.82% 6.96%	<u>Institutional Grade Properties</u> CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Industrial Flex Industrial Regional Mall Community Retail Neighborhood Retail
ACLI	4Q 2017	National	5.61% 6.98% 6.23% 6.15% 5.35%	5.88% 7.08% 6.64% 6.59% 5.76%	5.97% 6.63% 6.80% 6.21% 5.62%	Overall Sq.Ft. - <50k Sq.Ft. - 50k – 100k Sq.Ft. – 100,001 – 200k Sq.Ft. – 200k+
PWC / Korpaz Real Estate Investor Survey	4Q 2017	National	3.50% - 7.50% 5.00% - 10.00% 4.50% - 10.00% 4.75% - 10.00% - - - - -	- - - - 5.50% - 9.50% 4.00% - 6.90% - - -	- - - - - - 4.00% - 10.00% 5.25% - 8.00% 4.00% - 9.50%	CBD Office Suburban Office Secondary Office Medical Office Flex/R&D Warehouse Regional Mall Power Center Neigh. Strip Centers
PWC / Korpaz Real Estate Investor Survey	4Q 2017	National	3.50% - 8.00% 4.20% - 10.00% 4.75% - 10.00%	- - -	- - -	U.S. CBD Office U.S. Suburban Office Medical Office

NATIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
			-	3.30% - 6.90%	-	U.S. Warehouse
			-	5.50% - 9.50%	-	U.S. Flex/R&D
			-	-	4.00% - 9.50%	U.S. Strip Shop Centers
			-	-	5.25% - 9.00%	U.S. Power Centers
			-	-	4.00% - 10.00%	U.S. Regional Malls
The Boulder Group: Net Lease Market Report	4Q 2017	National	7.00%	7.25%	6.07%	Overall (Average)

Reconciliation and/or Validation Study of Calibrated Value

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

Model Validation

Total Value Conclusions, Recommendations and Validation:

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

The 1/1/2018 valuation reflects the changing office market dynamics as of the valuation date. These include declining market vacancy rates in most submarkets, increasing market lease rates, and generally low capitalization rates for well leased good quality office buildings.

These factors have resulted in higher valuations for most of the institutional-grade office properties in the Seattle and Eastside office submarkets, and minor value changes for properties with high vacancy or those located in the weaker submarkets.

Application of these recommended values for the 2018 assessment year results in a total change from the 2017 assessments of 10.02%. This increase does not include new construction value from Major Office projects currently under construction. These will be added later during the new construction maintenance period (new construction is valued as of July 31st, 2018).

The total assessed value for the 2017 assessment year was \$33,051,410,450 and the total recommended assessed value for the 2018 assessment year is \$36,364,207,600.

Change in Total Assessed Value			
2017 Total Value	2018 Total Value	\$ Change	% Change
\$33,051,410,450	\$36,364,207,600	\$3,312,797,150	10.02%

Improved Sales for Area 280 (Sales from 1/1/2015 – 1/9/2018 were considered)

SEATTLE DOWNTOWN SALES

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	F #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	100	069700	0235	255,818	2711715	\$120,656,489	01/28/15	\$472	BLANCHARD PLAZA	1	Y	Sale on 1/28/2015 for \$120,656,489 or \$472/SF is considered a market transaction. The property was recently fully leased to Amazon under a long term lease and is undergoing an extensive \$30M interior renovation. The ground floor retail space is also reportedly being converted into office space. Cap Rate was reported at 5.20%. Amazon's lease reportedly runs through 2025 and features 4% average annual increases over the first 5 years. The property was on the market for less than a month and received strong interest.
280	100	066000	2054	336,041	2720895	\$133,629,700	03/26/15	\$398	METROPOLITAN PARK I (West) OFFICE BLDG	1	Y	Sale on 3/26/2015 for both Met Park East and West for a combined \$272,806,805 (\$390/SF) is considered a fair market transaction. The two towers sold in separate transactions. The West tower sold for \$133,629,700 (\$398/SF) with E#2720895. The East tower sold for \$139,177,105 (\$383/SF) with E#2720894. Brookfield Office Properties was the seller and CBRE Strategic Partners is the buyer. The property sold for roughly 30% more than the prior sale price about 3 years ago. The property was reportedly 95% occupied at the time of sale and traded at a 5.90% Cap Rate. Marketing materials describe the subject as two steel framed, Class A buildings (West =18 stories, East = 20), that were renovated in 2006, with 11-ft ceilings, LEED Gold certification, featuring decks, conference facilities, locker rooms, and 449 parking spaces in a 3 level below grade parking garage. Tenants include Facebook, Jack Henry & Assoc, Swedish, and Virginia Mason. Facebook will be leaving in 2016 when they move to Dexter Station.
280	100	066000	2410	363,727	2720894	\$139,177,105	03/26/15	\$383	METROPOLITAN PARK II - EAST	1	Y	Sale on 3/26/2015 for both Met Park East and West for a combined \$272,806,805 (\$390/SF) is considered a fair market transaction. See note for Met Park West sale.
280	100	065300	0250 0270	336,923	2720831	\$170,000,000	03/26/15	\$505	2601 ELLIOTT (SEATTLE TRADE AND TECHNOLOGY CENTER)	2	Y	Sale on 3/26/2015 for \$170,000,000 (\$505/SF) is considered a fair market transaction. The property was 99.9% leased at the time of sale and traded at a 5.30% Cap Rate. Zully occupies around 80% of the building with the Art Institute of Seattle occupying the remainder. The property also includes an adjacent 594 stall parking garage connected via skybridge (on minor -0270). Property was marketed for about two weeks. Wright Runstad & Shorestein Partners were the sellers. The buyer is JP Morgan Chase.
280	100	872976	0010 0020	323,192	2744468	\$250,970,000	07/21/15	\$777	2201 WESTLAKE OFFICE/RETAIL	2	Y	Vulcan sold 2201 Westlake, a 12-story Class A office building, on 7/21/2015 for \$250,970,000 (\$729/SF) to American Realty Advisors, an investment manager for institutional investors, in a fair market transaction. The property was put on the market 4 months prior to close. Building was fully leased to PATH (112,000 SF 10+ year lease commenced 1/2010) & Amazon in the remainder of the office portion, as well as retailers West Elm, Bang & Olufsen, Einstein Bagels, and Ann Sacks Tile & Stone. No information on Cap Rate. Floorplates range from 22,000 to 39,000 SF, 14-ft ceiling heights, 336-stall 5-level below grade parking garage, across the street from Whole Foods, LEED-Gold Certified. Mixed-use building also include the 135-unit Enso condos which were not a part of the sale.
280	100	065900	0750	498,891	2781408	\$370,000,000	02/23/16	\$742	WEST 8TH	1	Y	Deutsche Asset & Wealth Management acquired the West 8th building from AEW Capital on 2/23/2016 for \$370,000,000 or \$742/SF in a fair market transaction. The sale price may be on the high side due to the fact that 65% of the building is occupied by Amazon. The West 8th building is a 28-story Class A multi-tenant office building that was built in 2009 which features a dramatic lobby with private meeting areas, full service restaurant and espresso shop on site, conference room and training facility, fitness center with showers/lockers, concierge service, and LEED Platinum certification. The property was reportedly only 2% vacant at the time of sale and traded at a 4.20% Cap Rate on actuals or a 4.40% Cap Rate on pro forma. Current lease rates are withheld, however space was previously listed for lease in mid-2010 for \$35-\$44/SF Full Service.
280	100	337440	0020	285,680	2826806	\$179,821,572	10/07/16	\$629	HILL7 - Hilton Garden Inn & Office Building	1	Y	Hudson Pacific(55% ownership)/Canada Pension Plan Investment Board (45% ownership) acquired the Hill7 office condominium from Touchstone/Principal Real Estate Investors on 10/7/2016 for \$179,821,572 or \$629/SF in a fair market transaction. The total transaction price was reportedly \$200M comprised of \$179.8M for the real estate and \$20M worth of free rents, TI's, and seller credits. The property was 20% vacant and traded at a 4.50% cap rate based on in place income. The Hill7 office condominium is an 11-story Class A multi-tenant office midrise with 3-levels of below-grade parking and ground floor retail space that was constructed in 2015 and contains a net rentable area of 285,680 SF. The property features excellent city and water views, larger 28,000 SF floor plates, secured bike room with showers & lockers, dedicated 1,800 SF conference facility, outdoor deck, lobby with wifi & collaborative spaces, on-site retail and cafe, and convenient location at the junction of SLU, Cap Hill, and the downtown retail core. In mid-2015 HBO leased 39% of the building (4-floors with 112,222 SF) while in mid-2016 Redfin leased an additional 39% of the building (4 floors with 112,222 SF). Asking rates for vacant space are undisclosed. In conjunction with the acquisition, the joint venture closed a 10-year, secured, non-recourse loan in the amount of \$101M at a fixed rate of 3.38%.
280	100	069600	0175	196,487	2834083	\$92,958,909	11/10/16	\$473	5TH & BELL BUILDING	3	Y	Hines REIT sold the seven property, 3 million square foot, West Coast Assets portfolio to an affiliate of Blackstone on 11/10/2016 for \$1.162 billion. The portfolio was 7% vacant at the time of sale and reportedly traded at a 5.00% Cap Rate on actuals or 5.40% pro forma. The allocated sale price for the 5th & Bell was \$92,958,909 (\$93M, less personal property) or \$473/SF. The property was 100% full leased at the time of sale with Amazon occupying just over 50% of the building. While the sale represents a fair market transaction, the allocated sale price of the subject is considered low due to the portfolio nature of the transaction. The 5th & Bell building is a 6-story Class A multi-tenant midrise office building that was originally built in 2002 with a net rentable area of 196,487 SF. The property benefits from its central location near hotels, restaurants, and the retail core. Shower/locker facilities are also provided.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	100	066000	1595	373,458	2870726	\$330,175,000	06/14/17	\$884	Amazon - Oscar Bldg (fmr Midtown21)	3	Y	Union Investment acquired the Midtown21 property from Trammell Crow on 6/14/2017 for \$330,175,000 (\$884/SF) in a fair market transaction. Midtown21 consists of a 21-story Class A single-tenant office building that was completed in 2016 with 376,458 SF of rentable area situated above a 6-story underground garage with 209-stalls. It was originally built as a multi-tenant office building and amenities include conference facilities, a fitness center w/locker rooms & showers, bike storage, exterior decks, and LEED Gold certification. In November 2016 it was announced that Amazon had leased all of the office space under a long term lease agreement. The property was reportedly 98.4% leased at the time of sale and traded at a 4.40% cap rate based on income in place. Prior to Amazon's announcement the office space had been marketed for lease at \$36-\$40/SF NNN with expenses at \$12.63/SF (\$48.63-\$52.63/SF Gross). Retail space was being offered at \$40/SF NNN.
280	100	766620	2320	133,177	2892456	\$65,000,000	09/28/17	\$488	World Trade Center North (now Viewpoint)	1	Y	Unico Properties acquired the leasehold interest in the World Trade Center North property from TIAA-CREF on 9/28/2017 for \$65,000,000 or \$488/SF. The Port of Seattle individually owns the land and 360-stall parking garage. The WTC North property consists of a 5-story Class A multi-tenant building originally constructed in 2000 with a net rentable area of 133,177 SF. The property benefits from its waterfront location and features unobstructed views and a large amenity deck. The buyer has subsequently changed the name of the property to the Viewpoint building and has plans to renovate the lobby and add building amenities. The property was 24% vacant at the time of sale and traded at a 4.00% cap rate on income in place. Vacant space is being marketed at \$34-\$40/SF NNN with expenses listed at \$10/SF (\$44-\$50/SF Gross).
280	100	864770	0000	292,274	2906881	\$268,500,000	12/19/17	\$919	Tilt49	1	Y	Takenaka Corp acquired the Tilt49 office tower from Touchstone on 12/19/2017 for \$268,500,000 (\$919/SF) in a fair market transaction. Tilt49 consists of an 11-story, steel framed glass exterior, Class A single-tenant office building with ground floor retail space and underground parking with 285-stalls dedicated to office use. The improvements were constructed in 2016 with a net rentable area of 292,274 SF. The property features a large outdoor terrace on the ninth floor, electric car charging stations, bike room, conference room, and locker rooms w/showers. The property was 100% fully leased at the time of sale. Amazon has leased all of the office space through 2033 under a NNN lease, although Amazon had not yet occupied the building at the time of sale. The property reportedly traded at a 2.26% cap rate.
280	110	610845	0180	14,291	2772059	\$8,500,000	12/17/15	\$595	NORDSTROM ELMER J MEDICAL TOWER CONDOMINIUM	1	Y	The 15th floor medical office condo at the Nordstrom Medical Tower on First Hill sold on 12/17/2015 for \$8,500,000 or \$595/SF. The property was 100% occupied, with the tenant having recently signed a 10-year extension, and traded at a 5.54% Cap Rate. The unit totals 14,291 SF and covers the entire 15th floor. The tower is connected to Swedish Hospital via skybridge. The recently signed lease significantly raised the value of the property. Prior to the new lease being signed, the seller received an unsolicited offer for the property for just over \$6M, indicating a value around \$420/SF without a new lease in place. The seller plans to donate all of the net proceeds from the sale to a charitable foundation.
280	110	859090	0646	226,274	2776053	\$185,682,833	01/14/16	\$821	FIRST HILL MEDICAL PAVILION	1	Y	Heitman/NexCore Group acquired the First Hill Medical Pavilion from Trammell Crow/Washington Capital Management on 1/14/2016 for \$185,682,833 or \$821/SF in a fair market transaction. Media reports list the sale price as \$199M or \$879/SF however the reason for the discrepancy is unknown. The property was 100% fully leased at the time of sale with Swedish occupying 65% of the building under a long term lease. The buyer reported a 4.60% stabilized Cap Rate. Prior to full lease up the property had been asking \$38/SF NNN + \$11.47/SF Exp = \$49.47/SF FS. First Hill Medical Pavilion is a 6-story Class A multi-tenant medical office building that was completed in mid-2015. The project included the complete renovation of the existing Seattle Life Sciences Building to Class A standards as well as the addition of a new 6-story 60,000 SF building wing and an expanded underground parking garage. The property features a subterranean pedestrian tunnel that connects with Swedish Medical Center, LEED Gold certification, and a design that maximizes efficiency of patient flow.
280	120	094200	0640	1,526,621	2748359	\$711,013,000	08/06/15	\$466	COLUMBIA CENTER (former B. of A. Tower)	1	Y	The Columbia Center, a 76-story Class A+ iconic office tower, sold on 8/6/2015 for \$711,013,000 (\$466/SF) in a fair market transaction. Gaw Capital Partners, a Hong Kong based private equity fund management company, reportedly outbid several interested buyers to complete the largest regional real estate transaction since Amazon's SLU campus acquisition for \$1.15B in late 2012. Seller Beacon Capital had previously purchased the tower in 4/2007 for \$621M (\$407/SF). Vacancy rate climbed to 40% during the recession forcing the owner to default on their loan, however they were able to negotiate an extension which allowed them to make improvements, including updated lobby, new fitness center, new signage, etc, and reposition the tower. Vacancy rate was reduced to 10% at the time of sale and the property traded at a 5.50% Cap Rate. In addition to a fitness center, amenities include access to the private Columbia Tower Club, 6-level below grade parking garage, LEED-Silver cert., food court and other retail space.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	120	863423	0020	297,214	2760747	\$65,600,000	10/08/15	\$221	MACY'S DOWNTOWN	1	Y	Starwood Capital acquired the top 4 floors of the downtown Macy's store on 10/8/2015 for \$65,600,000 or \$210/SF in a fair market transaction. The buyer intends to convert the space into Class A creative office space, known as 300 Pine, with a rentable area of 312,176 SF and Macy's plans to consolidate their retail operations within the remainder of the building. No cost estimate for the conversion has been released though it is expected to be substantial. The buyer considers the purchase to be a value add investment. The space had been informally marketed for a while. Facebook considered the space in late 2014 before ultimately leasing ~275,000 SF at the new Dexter Station building. Upon conversion, the office space will be the largest existing, contiguous office space available in Seattle with unrivaled 80,000 SF floorplates and 15' ceiling heights. Upgrades proposed by the buyer include a new dedicated office lobby, a new 20,000 SF rooftop deck, new on site retail, new conference facilities, bike storage, and new building systems infrastructure. Dedicated parking will be located in the Macy's parking garage located across the street and connected via a skybridge. The buyer has stated that they intend to have the conversion complete by the 4th quarter of 2016.
280	120	197520	0005	169,883	2761172	\$49,500,000	10/13/15	\$291	SEATTLE TOWER	1	Y	Gaw Capital Partners, the same Hong Kong-based investment group that purchased the Columbia Center for \$711M in August 2015, purchased the Seattle Tower, a 27-story art deco Class B+/A- office building originally built in 1929, on 10/13/2015 for \$49,500,000 (\$291/SF) in a fair market transaction. According to CoStar, the property was approximately 12% vacant at the time of sale and traded at a 4.9% Cap Rate based on income at the time of sale. The proforma Cap Rate was 4.8%. The sale represents a 63% increase in value since the seller, Invesco, acquired the property 4 years ago in August 2011. The property had asking rates of \$29/SF Full Service, according to the last leases on CBA in mid-2014.
280	120	093900	0260	336,355	2765817	\$124,407,218	11/09/15	\$370	DEXTER HORTON BUILDING	1	Y	Hong Kong based Great Eagle Holdings acquired the historic Dexter Horton building from Portland based Gerding Edlen on 11/9/2015 for \$124,407,218 or \$370/SF in a fair market transaction. The sale price represents a gain of 63% since the seller acquired the property just 3.7 years prior in 3/2013, or 17% per year. The seller had spent \$7.4M on upgrades during their ownership. The property was 11% vacant at the time of sale and traded at a 3.96% Cap Rate based on YE2014 NOI of \$4,924,163. Costar lists a 4.50% Cap Rate on actuals or 4.60% pro forma. The 15-story historic Class B office building was put up for sale in August 2015 with an undisclosed asking price. The offering for the subject highlighted the potential for strong rent growth in the near term due to the fact that half of the building's leases are due to expire over the next five years and a fifth of the leases are currently below market rents. Average rent at the time of sale was \$29.34/SF. The building's largest tenant is Corbis at 84,400 SF, which was paying \$27/SF gross under a lease set to expire in 2019. Other large tenants include Omnicom Group at 37,000 SF paying \$33/SF gross; CollinsWoerman at 23,100 SF paying \$29.36/SF. Operating expenses were estimated at around \$8/SF. Currently vacant space is being marketed at \$36/SF Full Service.
280	120	094200	0415	748,000	2779923	\$120,834,541	02/12/16	\$162	Madison Centre (under const)	2	N	Transaction on 2/12/2016 for \$108,751,087 is not a representative fair market sale. Buyer and seller are affiliated parties. The transaction recorded is for a 90% interest in the Madison Centre office building that is currently under construction. It was recorded the same day as E#2779955 for a 10% interest for \$12,083,454. Combined, the transaction price is \$120,834,541 (\$162/SF) for the 100% interest in the still under construction office tower. The transactions follow news reports that Cornerstone Real Estate Advisers announced that it has formed a joint venture with Schnitzer West to finish building Madison Centre. Cornerstone reportedly made a \$150 M equity contribution to the project. Following the news of the JV arrangement, it was announced that the project had secured a \$275 M construction loan.
280	120	197570	0345	123,430	2791432	\$29,752,500	04/21/16	\$241	1411 Fourth Avenue Building	1	Y	The Onni Group acquired the 1411 Fourth building from Mack Real Estate Group on 4/21/2016 for \$29,752,500 or \$241/SF in a fair market transaction. The property consists of a 15-story Class B+ historic multi-tenant office building with ground floor retail space. This appears to be a Value Add acquisition for the buyer with marketing materials mentioning that a major building renovation has begun since the sale to include a new conference center, new tenant lounge/game room, new bike room and showers, new aesthetic features, new VRF HVAC system, new LED lighting, and new electrical. The property was 13% vacant at the time of sale. No Cap Rate information was provided. New owner is now asking \$35-\$37/SF Full Service. Building square footages have been updated as a result of information from this sale.
280	120	094200	0365	540,589	2805731	\$223,300,000	06/28/16	\$413	901 FIFTH AVENUE (FORMER BK OF CAL OFFICE)	1	Y	Schnitzer West/Investcorp acquired the 901 Fifth building from RREEF Management LLC on 6/28/2016 for \$223,300,000 or \$413/SF in a fair market transaction. The 901 Fifth building consists of a 41-story Class A multi-tenant office high rise that was originally constructed in 1973 with renovations in 2000 and 2007. The majority of the interior tenant spaces have been renovated with modern build-outs and the buyer plans to reposition the building's common areas, including converting the Fifth Ave lobby into an open "great room". The buyer was attracted to the property due to it offering stable, long-term value in a strong market. The property was 8% vacant at the time of sale however no Cap Rate information was reported. Asking rates for vacant space at the time of sale were approximately \$38/SF Full Service.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	120	094200	0300	793,679	2809013	\$387,000,000	07/13/16	\$488	SAFECO PLAZA / 1001 FOURTH AVENUE	1	Y	GLL/Vestas acquired the Safeco Plaza building from CaIPERS (managed by Hines) on 7/13/2016 for \$387,000,000 or \$488/SF in a fair market transaction. Safeco Plaza is located in the Seattle CBD and consists of a 50-story Class A multi-tenant office highrise above a 5-level below-grade parking garage with parking for 576. The property was renovated in 2007 and features efficient 19,500 SF rectangular floor plates, a timeless design, a fitness center, conference center, cafe, on-site retail amenities, excellent views, and LEED Gold certification. The previous owners invested around \$103M and completed an extensive upgrade/renovation of the property during their ownership. Safeco leases approximately 66% of the property (26-floors) under a lease agreement through October 2028. The property was reportedly 2% vacant at the time of sale and traded at a 5.00% Cap Rate on in place income. Vacant space being marketed at \$36-\$38/SF Full Service.
280	120	093900	0335	295,515	2888685	\$156,413,720	09/12/17	\$529	EXCHANGE BLDG	1	Y	Blackstone acquired the Exchange Building from Beacon Capital Partners on 9/12/2017 for \$156,413,720 or \$529/SF in a fair market transaction. The sale price is more than double the price paid by Beacon in Oct. 2013 (\$66 million or \$223/SF) when the property was 33% vacant. Beacon subsequently invested up to \$29 million to seismically retrofit the property and modernize the elevators, building systems, and amenities in order to reposition the property and attract new tenants. The Exchange Building consists of a 22-story renovated historic Class A multi-tenant office highrise that was originally constructed in 1929 with a net rentable area of 295,515 SF. Amenities include a fitness center, locker rooms w/showers, secure bike storage, conference facilities, and LEED-EB Platinum certification. The property was 16% vacant at the time of sale and traded at a 4.10% cap rate based on income in place or a 4.60% pro forma cap rate. Asking rates were \$40/SF Full Service.
280	120	553050	0010	201,322	2903777	\$119,884,000	11/30/17	\$595	MILLENNIUM TOWER CONDOMINIUM	1	Y	TH Real Estate acquired the Millennium Tower office condo from Union Investments on 11/30/2017 for \$110,884,000 (\$595/SF) in a fair market transaction. Millennium Tower is a 20-story mixed-use building with 14-floors of Class A multi-tenant office space below 6-floors of residential condominiums. Only the office portion is included in this sale. The office is LEED-Gold certified and features efficient floor plates, secure bike storage, and a large landscaped deck. The new owner is adding locker room facilities with showers. The property was 100% fully leased at the time of sale and traded at a 4.50% cap rate based on income in place. Subsequent vacant space is currently being marketed at \$35/SF NNN.
280	120	065900	0305	300,710	2903761	\$185,958,745	11/30/17	\$618	8th + Olive (formerly 720 Olive)	1	Y	Morgan Stanley acquired the 8th + Olive building from Talon Private Capital & PGIM on 11/30/2017 for \$185,958,745 or \$618/SF in a fair market transaction. The 8th + Olive building consists of a 20-story Class A multi-tenant office building with ground-floor retail space and situated above a 212-stall parking garage. The improvements were originally constructed in 1981 and exhibit an effective year built of 2010. Total net rentable area is 300,710 SF. The sellers had acquired the property in 2014 when it was 16% vacant (a large tenant was set to vacate as well) and subsequently invested \$11 million upgrading the building including an updated entry, renovated lobby, new shower/locker rooms, expanded bike storage, new conference room, and new retailers. The current sale price represents an 84% increase over the prior acquisition price (\$340/SF vs \$618/SF). At the time of sale the property was 4% vacant and traded at a 4.90% cap rate. Asking rates are withheld however sublease space is being offered at \$39/SF Full Service.
280	120	197570	0340	130,786	2910840	\$43,300,000	01/09/18	\$331	VANCE BUILDING & STERLING BLDG.	1	Y	Brickman & GreenOak Real Estate acquired the Joseph Vance & Sterling buildings from Jonathan Rose Cos for \$43,300,000 or \$331/SF in fair market transaction. The property was marketed as a value add opportunity with near-term upside potential, highlighting average expiring rents 18.4% below market and suggesting "an effective rebranding strategy that improves existing creative space and delivers a best-in-class amenity package". The Joseph Vance Building is a 14-story historic Class B multi-tenant office building that was originally built in 1929 with a net rentable area of 113,321 SF. Adjacent is the Sterling Building, a 3 story mixed-use building built in 1910 with ground floor retail with 17,465 SF of rentable area. Total net rentable area is 130,786 SF. Existing amenities include a tenant lounge, a conference room, bike room, and renovated lobby. The properties benefit from their central retail core location and historic architecture. The properties were 9% vacant at the time of sale with average contract rents of \$30.23/SF Full Service.
280	130	302504	9001	81,691	2714505	\$31,550,000	02/10/15	\$386	1300 DEXTER	1	Y	Per CoStar asking rents are \$25-27/SF NNN. The property is vacant and given Pemco is an owner user and remodeling the building, this wasn't an impediment to the sale. Per the DJC: "February 26, 2015. Holland Partner Group and Pemco Insurance traded several parcels in South Lake Union last week, property records show. A company called Exchange Facilitator Corp. paid Holland \$31.55 million, or \$394 per square foot, for a 80,000-square-foot building at 1300 Dexter Ave. N. Holland's Tom Parsons said Pemco is the ultimate buyer of the property. Pemco will renovate the building and move in this fall. JPC Architects of Bellevue is the architect and R Miller Construction Inc. is the general contractor. An entity related to Holland paid Pemco \$16 million, or \$484 per square foot, for four parcels along Harrison Street between Minor and Pontius avenues, where Holland is planning two apartment buildings with 258 units. Pemco sold its former South Lake Union headquarters to Unico Properties for \$51.75 million."

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	130	224950	0480	150,918	2758565	\$67,375,579	07/31/15	\$446	ELEVEN01 WESTLAKE	1	Y	Holland sold the 1101 Westlake building to Invesco on 9/29/2015 for \$67,375,579 (\$446/SF) in a fair market transaction. The six-story, steel & concrete, Class A office building was still under construction when it was sold, with an anticipated date of completion of December 2015. According to the seller, the property was not officially being marketed for sale, however market participants were aware Holland was interested in a potential sale. Marketing materials highlight its efficient floor plates, unobstructed Lake Union views, energy efficiency, grade-level secure bike/kayak storage with shower facilities, and a 1/1,000SF parking ratio. Building is currently being marketed for lease. Asking rates are not disclosed but the property is being marketed for lease triple-net with NNN expenses listed at \$10.25/SF.
280	130	246740	0120	339,038	2770642	\$261,000,000	12/09/15	\$770	400 FAIRVIEW OFFICE BUILDING	1	Y	Institutional investor TIAA-CREF acquired a 90% interest in the 400 Fairview building from Skanska on 12/9/2016 for \$234,764,000. Skanska retained a 10% interest (worth \$26,236,000). The 100% interest was valued at \$261,000,000 (\$770/SF), according to the excise affidavit. At the time of sale the property was 25% vacant and traded at a 3.70% Cap Rate based on in place income, and at a 5.0% Cap Rate based on stabilized pro forma income. 400 Fairview is a 13-story Class A+ multi-tenant office mid-rise. The property's side-core floorplates average 26,000 Sf and amenities include shared conference rooms, bike parking with shower facilities, on-site food options, The Hall (ground floor retail featuring numerous retailers), expansive views, on site parking, and is targeting LEED Platinum. Tommy Bahama is the anchor tenant with 110,000 SF. Other major tenants include Impinj with 52,000 SF, and Car Toys/Wireless Advocates with 44,000 SF. The property was marketed by Eastdil Secured. Office space was previously marketed for lease asking \$34-\$40/SF NNN with expenses listed at \$11.05/SF. Currently vacant retail space is being marketed for lease asking between \$35-\$70/SF with retail expenses listed at \$8.55/SF.
280	130	198320	0065 0075	394,578	2772259	\$298,856,963	12/18/15	\$757	AMAZON PHASE VI - N & S BLDGS - ALL DATA ON THIS PARCEL	2	Y	Vulcan Real Estate sold the Amazon Phase VI property to Union Investment Real Estate out of Germany on 12/18/2015 for \$298,856,963 (\$757/SF) in a fair market transaction. The Phase VI property was built by Vulcan for Amazon in 2013/2014 and consists of two 6-story Class A single-tenant office buildings connected via sky bridge. Total net rentable area is 394,578 SF, of which 13,810 SF is grade-level retail space. The improvements are situated above a 545-stall below-grade parking garage. The office space is fully leased to Amazon under a 15-year NNN lease (expires 2030). At the time of sale the property was 100% fully leased and according to CoStar traded at a 3.75% Cap Rate based on actuals, or a 4.0% Cap Rate based on pro forma. It was an all cash transaction.
280	130	684970	0145 0155 0165 0175	215,000	2779524	\$132,052,466	02/09/16	\$614	ALLEY 24 (Cascade One Project)	4	Y	MetLife acquired the Alley24 office/retail component from Vulcan on 2/9/2016 for \$132,052,466 or \$614/SF in a fair market transaction. Costar and press releases state the sales price at \$129.4 million. The reason for the \$2.6 million difference between the recorded sale price and the sale price reported by Costar is unknown. The 6-story Class A office building includes amenities such as bike storage, shower facilities, operable windows, and LEED Silver certification. The property was 85% leased at the time of sale, while historically the property has averaged a 96% occupancy factor. Vacant office space was being marketed for lease at \$32-\$36/SF NNN while retail space was being marketed at \$32/SF NNN. No Cap Rate information was available. Attempts to contact participants in the sale have thus far been unsuccessful.
280	130	199120	1265	317,442	2807990	\$246,700,000	07/08/16	\$777	AMAZON - PHASE VIII (Apollo Bldg)	1	Y	Mirae Asset Global Investments acquired the Amazon Phase VIII building from Vulcan on 7/8/2016 for \$246,700,000 or \$777/SF in a fair market transaction. The property was 100% fully leased built to suit for Amazon and traded at a 4.30% Cap Rate. The Phase VIII building consists of a 12-story Class A single-tenant mid rise with a small amount of retail space on the ground floor and 4-levels of underground parking with 444 stalls.
280	130	198320	0035	317,189	2834827	\$243,900,000	11/17/16	\$769	AMAZON - PHASE 7	1	Y	Tristar Capital & RFR Holding acquired the Amazon Phase VII building from Vulcan Real Estate on 11/17/2016 for \$243,900,000 or \$769/SF in a fair market transaction of a fully net leased office building. The property built to suit for Amazon and consists of a 12-story Class A office building with ground floor retail space and 4-levels of underground parking with 426-stalls. The property was 100% occupied at the time of sale and traded at a 4.60% Cap Rate on in place income.
280	130	198320	0545	290,647	2844342	\$268,940,438	01/13/17	\$925	Amazon - Amelia Bldg (fmr Urban Union Bldg)	2	Y	Tristar Capital acquired the Urban Union building from Schnitzer West on 1/13/2017 for \$268,940,438 (\$925/SF) in a fair market transaction. It was announced in March 2017 that Amazon had leased all of the office space. The Urban Union building is a 12-story Class A+ single-tenant office mid-rise located in the SLU submarket. The property features 27,000 SF floor plates, a 1.6/1,000 SF parking ratio, a two-story lobby gathering space, rooftop deck and meeting space, on site conference facilities, fitness center with locker rooms, bike lockers, on-site restaurant, concierge service, and LEED Gold certification. The retail space is leased to Harry's Tavern and Sprout. This was the 2nd Amazon-occupied office building acquired by Tristar after acquiring Amazon Phase VII in Nov 2016 for \$769/SF. The \$925/SF sale price represents a record for a purely office building (KOMO Fisher Plaza sale has highest overall). Prior to Amazon's announcement, the office space was being marketed for lease at \$36-\$40/SF NNN + \$12/SF NNN expenses = \$48-\$52/SF Full Service equivalent. The retail space was being marketed at \$36/SF NNN + \$7.50/SF NNN expenses.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	130	224950	0265	345,992	2865317	\$286,000,000	05/18/17	\$827	DEXTER STATION	4	Y	Tristar Capital & RFR Holding acquired Dexter Station from Stockbridge Capital on 5/18/2017 for \$286,000,000 (\$827/SF) in a fair market transaction for a single-tenant net-leased asset. Dexter Station is a 10-story Class A single-tenant office mid rise that was originally built in 2015. The property features excellent Lake Union & skyline views, 13-ft floor to ceiling heights, robust power & HVAC systems, conference facilities, fitness center with locker rooms, bike storage, on-site retail, outdoor & rooftop decks, and LEED Gold certification. It was announced in Feb. 2015 that Facebook had leased the majority of the office space with an option to occupy the entire property. At the time of sale, Facebook occupied all of the office space under a 12-year lease. Frank Gehry designed Facebook's interior build out. The property reportedly traded at a 4.40% Cap Rate based on income in place at the time of sale. Prior to Facebook's lease announcement, the property had been offered for lease at \$32-\$38/SF NNN. No expense rate was given.
280	130	198320	0245	85,978	2874244	\$81,500,000	06/30/17	\$948	Amazon - Gatsby Bldg (fmr 428 Westlake Bldg)	1	Y	Commonwealth Realty Trust acquired the 428 Westlake building from Vulcan on 6/30/2017 for \$81,500,000 or \$948/SF in a fair market transaction. In October 2016 it was announced that Amazon had leased all of the office space in the building following the previous tenant's (Tommy Bahama) move to a new building. Amazon's lease is for 10-years with two 5-year options to renew. The improvements consist of a 6-story Class A midrise office building that was originally built in 2004 with a net rentable area of 85,978 SF and parking for 143-vehicles. The property was placed on the market for sale in March 2017. Asking rates prior to Amazon's lease were not published. The property was 100% leased at the time of sale. CoStar reports it traded at a 4.80% cap rate while other sources have described the transaction as producing "a low four cap rate" based on income in place at the time of sale.
280	140	093900	0060 0055	261,308	2709731	\$73,730,000	01/14/15	\$282	SMITH TOWER	2	Y	Sale on 1/14/2015 for \$73,730,000 or \$282/SF appears to be a fair market transaction based on the information that could be obtained. Unico acquired Smith Tower, along with the 4,320 SF Florence Building next door, for just over twice what the seller had acquired the properties for in March 2012 when the building was 70% vacant. The sellers had acquired it out of foreclosure and subsequently renovated some of the property, bringing occupancy up to 73% at the time of sale. The buyer plans to spend around \$6M in capital improvements including new elevators and upgrades to the observation deck. CoStar reports that the property traded at a 4.20% Cap Rate. Currently vacant space is being marketed at \$31 to \$39 per SF Gross.
280	140	766620	2525	140,000	2733302	\$38,100,000	05/29/15	\$272	MARITIME BUILDING	1	N	On 5/29/2015 Beacon Capital purchased the Maritime Building, a 5-story renovated historic Class B office building, for \$13,138,000 (\$94/SF imps) in a non-market transaction. The excise tax affidavit lists a "gross selling price" of \$6,203,000 and a "taxable selling price" of \$13,138,000, which is identical to the subject's assessed value at the time the affidavit was filed, suggesting it is an assigned figure. According to the seller, the recorded sales price does not accurately reflect the true consideration paid by the buyer to acquire the subject due to the fact that the buyer had to acquire and exercise a prior existing purchase option that encumbered the property. The true purchase price was \$38,100,000 (\$272/SF) which was comprised of \$6,203,000 cash plus the assumption of a \$31,900,000 purchase option contract. Asking price was \$39,168,000 (\$280/SF). The seller's of the subject, Maritime Corporation, originally purchased the property in 1984 and then immediately leased the entire premises to themselves as a separate entity (Maritime Associates) under a "Net Lease and Option to Purchase" contract. The Lease/Option contract was extended in December 2014 for an additional 20-year term. On the date the property sold to Beacon Capital, a Memorandum of Assignment and Termination of Lease was recorded indicating that Maritime Associates had assigned its interest in the Lease/Option to the buyer and that immediately following the assignment of the Lease/Option the buyer exercised the option to acquire the fee interest in the property. The sale was an off-market transaction with no brokers involved. Asking price was established using a pro forma NOI of \$2,000,000 at a 5% Cap Rate. Actual Cap Rate was 1.3% based on actual NOI of about \$500,000. Property was sold in a bidder format with three interested parties. Office space was reportedly 25% vacant but declining at the time of sale. Rental rates were about \$20/SF, having risen from \$15/SF a few years ago. Retail space was virtually vacant due to the fact that nearby construction related to the viaduct/tunnel has killed retail foot traffic in the vicinity. The buyer has submitted plans to completely renovate the existing building to Class A standards and add 8-floors to the building consisting of 2 additional floors of office space and 6 floors of apartments with 114 units.
280	150	766620	2220	101,160	2779616	\$40,395,000	02/10/16	\$399	101 ELLIOTT (FORMER SEATTLE PI)	1	Y	Credit Suisse AG acquired the 101 Elliott building on 2/10/2016 for \$40,395,000 or \$389/SF in a fair market transaction. 101 Elliott is a 5-story Class A multi-tenant office building originally built in 1986 and reportedly underwent renovations in 2008. Marketing information indicates that the property features a remodeled lobby and executive conference room with high-tech capabilities, a landscaped entry plaza with fountain, eight exterior decks, on-site parking for 225 cars, and a fitness studio with showers. The property was reportedly 7% vacant at the time of sale with vacant space being offered at \$34/SF Full Service. No Cap Rate information was available. All cash transaction.

EASTSIDE SALES

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	200	124270	0025 0030	77,418	2714697	\$22,099,990	02/20/15	\$285	MOUNTAIN PACIFIC BLDGS (Centra Office Park)	2	Y	Sale on 2/20/2015 for \$285/SF is considered a fair market sale. Buyer has subsequently renamed the property Centra Office Park. In addition, the buyer planned upgrades in Summer 2015 including interior and exterior upgrades
280	200	202505	9097 9202 9245	134,029	2717924	\$37,750,000	03/04/15	\$282	CORPORATE CAMPUS EAST	3	Y	Buyer and Seller were represented by brokers. Listing agent indicated subject's properties were 80% occupied, blended rental rates of \$23/sf/yr NNN lease, and Cap Rate used was 6%. Rental rates still have rooms for increase.
280	200	202505	9242	88,642	2846325	\$21,375,000	01/26/17	\$241	EVERGREEN OFFICE PARK I	2	Y	Pacific Coast Capital Partners acquired the Evergreen Office Park from SteelWave on 1/26/2017 for \$21,375,000 (\$241/SF) in a fair market transaction. The property was acquired along with 2505 Second Ave in separate transactions (E# 2846443, \$21,875,000, \$302/SF). The Evergreen Office Park consists of two low rise (2 & 3 stories) multi-tenant office buildings situated around a central courtyard. The property features immediate access to SR-520, abundant parking (3.6/1,000 SF), and convenient access to area retail/restaurant amenities. The buyer considered it a value add opportunity and plans to invest in significant capital improvements to the common areas and tenant amenities in 2017. The property was 11% vacant and Costar reported that it traded at a 7.50% Cap Rate based on income in place at the time of sale. The property is asking \$25.50/SF NNN + \$10.70/SF NNN Exp = \$36.20/SF FS equivalent.
280	210	154410	0320	305,835	2713648	\$205,100,000	02/11/15	\$671	CIVICA OFFICE COMMONS	1	Y	Sale on 2/11/2015 for \$205,100,000 or \$671/SF is considered a fair market transaction. The property was 89.9% leased at the time of sale to a number of tenants including Microsoft, Cornerstone Advisors, MetLife, Morgan Stanley, and Wells Fargo. No Cap Rate information was provided. Currently vacant space is being marketed at \$36-\$38 per square foot, NNN, with expenses at \$13.53/SF.
280	210	808120	0020	0	2716933	\$23,000,000	03/04/15		THE SUMMIT III - PHASE C - BELOW GRADE PARKING STRUCTURE - FUTURE OFFICE	1	Y	Sold along with SUMMIT I & II office buildings. Property comprises a 7-story below grade parking garage with full entitlements for development of a 15-story 330K SF office tower
280	210	808120	0010	524,130	2716932	\$296,800,100	03/04/15	\$566	SUMMIT BUILDINGS I & II (PSE EAST BLDG & PSE BLDG)	1	Y	Sale on 3/4/2015 for \$296,800,100 or \$566/SF is considered a good sale at market. Hines acquired the Summit I & II office buildings, as well as the Summit III fully-entitled development site with parking garage, in two transactions totaling \$319,800,100, from Ivanhoe Cambridge. Summit I & II are 94.7% leased to eleven tenants, including PSE, New York Life Insurance, Perkins Coie, and Sterling Savings Bank. The towers are LEED Gold certified. The property reportedly traded at a 5.70% Cap Rate. Currently vacant space is being marketed at \$34-\$36/SF NNN with expenses at \$12.93/SF. Marketing flyer describing the property is attached to this note. Summit III's separate transaction price was \$23,000,000 (E#2716933) and consists of a seven-story below grade parking garage and comes with full entitlement for the development of a 15-story office building with 330,000 square feet that can be delivered in 24 months. Total net building area in RP was increased from 489,628 SF to 524,130 SF as a result of info from this sale.
280	210	154410	0254	353,552	2726351	\$169,500,000	04/24/15	\$479	ONE BELLEVUE CENTER	1	Y	The leasehold interest in the subject sold on 4/24/2015 for \$150,000,000 (\$424/SF) in a fair market transaction. The improvements are built on leased ground. The buyers subsequently acquired the underlying land almost a year later on 2/8/2016 for \$19,500,000 (\$403/SF land) E#2779201. Total acquisition price would then be \$169,500,000 or \$479/SF. The buyers, LaSalle Investment Management & California State Teachers Retirement System, acquired the 21-story tower from Walton Street Capital. The property was 96% occupied at the time of sale and traded at a 6.40% Cap Rate based on in-place income or at a 6.20% pro forma Cap Rate. Asking lease rates are \$40-\$42/SF Full Service. The property features updated conference facilities, renovated fitness center, complimentary valet parking, and an updated lobby. EBay is the largest tenant.
280	210	600950	0035	156,000	2726624	\$75,025,000	04/28/15	\$481	PLAZA EAST	1	Y	Sale on 4/28/2015 for \$75,025,000 or \$481/SF is considered a fair market transaction. Clarion Partners purchased the Plaza East building from Beacon Capital at a 5.10% Capitalization Rate with vacancy at the time of sale at approximately 10%. It was reported that the Class A, LEED Silver, nine-story office building had recently undergone a significant capital investment program and modernization of tenant interiors to appeal to tech, creative, and financial tenants. Costar lists a renovation date of 2001. Clarion's investment report states that rents were approximately 14% below market, providing a potential for upside as existing leases expire. The property was marketed. Currently vacant space is being offered for lease at \$36-\$37/SF Full Service. The subject's square footage in RP was increased from 147,802 SF to 156,000 SF based on information from this sale.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	210	154410	0254	353,552	2779201	\$19,500,000	02/08/16	\$55	ONE BELLEVUE CENTER	1	Y	The building's owner acquired the underlying land that was previously ground leased on 2/8/2016 for \$19,500,000 (\$403/SF land). The buyers had previously acquired the leasehold interest in the building on 4/24/2015 for \$150,000,000 (\$424/SF) in a fair market transaction (E#2726351). The improvements had been built on leased ground. Total acquisition price would then be \$169,500,000 or \$479/SF. The buyers, LaSalle Investment Management & California State Teachers Retirement System, acquired the land (as well as the 21-story tower in the previous transaction) from Walton Street Capital. The buyer now owns the property (land & improvements) outright.
280	210	154410	0233	445,089	2794592	\$185,000,000	05/06/16	\$416	SYMETRA FINANCIAL CENTER (form	1	Y	Sterling Realty Organization acquired the leasehold interest in the Symetra Financial Center from Walton Street Capital on May 6th, 2016 for \$185,000,000 or \$416/SF. The improvements are situated on leased ground; therefore the sale price does not include the value of the land. The buyer of the subject's leasehold interest, Sterling Realty Organization, had owned the subject's underlying land since the 1950's and had leased it to the original developers of the Symetra Financial Center (then referred to as Rainer Plaza). With their acquisition of the leasehold interest Sterling Realty Organization now owns the entire fee simple estate (land and improvements). The Symetra Financial Center is a 25-story Class A multi-tenant office high rise situated above a parking garage with 647-stalls. Total net rentable area is 445,089 SF (including 7,143 SF of ground floor retail). The property was 11% vacant at the time of sale with vacant space being marketed at \$41-\$44/SF Full Service. Sterling also recently sold the three parcels immediately west of the subject (APN154410-0215, -0215, -0221). The parcels have the same zoning as the subject it was purchased for redevelopment purposes on October 17, 2016 for \$35 million or \$550/SF of land area (E#2828533). This sale provides for a good indication of the subject's underlying land value. Utilizing a unit value of \$550/SF, the subject's land would be valued at \$31,272,450 (\$550/SF x 56,859 SF). Therefore the combined value of the subject's improvements and land that can be inferred from these two recent sales would be: \$31,272,400 (land value at \$550/SF) + \$185,000,000 (leasehold sale price) = \$216,272,400 or \$486/SF of rentable area.
280	210	154410	0320	304,494	2833686	\$192,926,219	11/10/16	\$634	Civica Office Commons (Core)	1	Y	Unico Properties & AEW Capital acquired the Civica Office Commons from Hines REIT on 11/10/2016 for an allocated sale price of \$192,926,219 or \$634/SF. The sale is a part of Hines' complete liquidation of its Hines Real Estate Investment Trust fund. While the transaction is considered a fair market transaction, the sale price of the subject is considered low due to the portfolio nature of the sale. The sale price is 6% less than what the sellers had acquired the property for 21 months prior (Feb 2015 \$205.1M or \$671/SF). Broker Grant Yerke stated: "The reason it sold for less money is that it's one small piece in a much larger puzzle". At the time of sale the property was 2% vacant and traded at a 6.6% Cap Rate on actuals or 6.40% pro forma, with the high cap rates reflecting the low portfolio sale price. Asking rates at the time of sale were \$34-\$36/SF NNN + \$13.53/SF Exp = \$47.53-\$49.53/SF FS. Civica Office Commons consists of two Class A multi-tenant midrise buildings (6 & 8 stories) originally constructed in 1999-2001 and containing a net rentable area of 304,494 SF. Underground parking for 900 vehicles is provided. On-site amenities include restaurant, coffee shop, full service bank, fitness facility, concierge, conference room, and excellent views.
280	210	322505	9181	232,100	2834372	\$81,500,000	11/16/16	\$351	110 ATRIUM (Dist C)	1	Y	Lionstone Investments & Talon Private Capital acquired the 110 Atrium building (Trulia Center) from Walton Street Capital on 11/16/2016 for \$81,500,000 or \$351/SF in a fair market transaction. The 110 Atrium building is a 7-story Class A multi-tenant office midrise originally constructed in 1981 and exhibiting an effective year built of 1995. In 2013/2014 the property received a \$15M modernization that included the full demolition of all interior finishes, new tile flooring, new wood paneling, upgraded lighting, new HVAC, upgraded elevators, refinished restrooms, new exterior canopy, landscaping, lighting, and a new vestibule. Property amenities include conference facilities, fitness center, on-site management, on-site café, good views, and an atrium with break-out spaces and Wi-Fi. The property also features a good location in the edge of downtown Bellevue, within walking distance of all of the downtown amenities. Trulia/Market Leader occupies approximately 31% of the building on the top two floors while Constellation Web Services reportedly occupies nearly 33% of the building. The property was 14% vacant at the time of sale and traded at a 6.30% Cap Rate on actuals or 6.60% pro forma. Asking rates for vacant space was being offered at \$38-\$40/SF Full Service. A sublease was available at \$32/SF Full Service.
280	210	292505	9271	475,550	2839319	\$202,677,116	12/13/16	\$426	One Twelfth @ Twelfth	1	Y	Gemini Rosemont & Gemini Investments acquired the One Twelfth @ Twelfth campus from Principal Global Investors on 12/13/2016 for \$202,677,116 or \$426/SF in a fair market transaction. The One Twelfth @ Twelfth campus consists of three 6-story Class A multi-tenant office buildings above underground parking with 1,369-stalls. The property LEED Gold certified, offers excellent highway visibility, Cascade views, large & efficient floor plates, landscaped plazas, and close proximity to retail/restaurant amenities. The property was 2% vacant at the time of sale and traded at a 5.90% Cap Rate on in place income. The buyers were attracted to the property due to it being fully leased and generating a stable income as well as it being located in a desirable submarket that features "potential for capital appreciation due to its location and being in the path of growth." The buyers plan to make some smaller "smart capital" investments in the property including upgrading building amenities. BitTitan and VoiceBox Technologies recently leased a total of 127,400 SF. Asking rates for vacant space were \$26-\$27/SF NNN + \$10.29/SF Exp = \$36.29-\$37.29/SF Full Service.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	210	149950	0010	371,363	2895739	\$313,000,000	10/18/17	\$843	Amazon - Everest Bldg (fmr Centre 4:	1	Y	Tristar Capital & RFR Holdings acquired the Centre 425 building from Schnitzer west on 10/18/2017 for \$313,000,000 or \$843/SF in a fair market transaction. Centre 425 is located in the Bellevue CBD and consists of a 16-story Class A single-tenant office tower with ground floor retail space and situated above a 698-stall parking garage. The 6,213 SF Bank of America branch located on the ground floor is a separately owned commercial condo unit. The improvements were constructed in 2016 with a net rentable area of 371,363 SF (excluding -0020). On-site amenities include the "425 Exchange" great room, rooftop conference center, training center, locker rooms, bike storage, outdoor deck, and a coffee shop. The property benefits from its central location within the Bellevue pedestrian core near the transit center as well as convenient freeway access. In April 2017 it was announced that Amazon had leased all of the office space. As a result, the property was 100% fully leased at the time of sale and traded at a 4.68% cap rate based on income in place or 4.90% pro forma. Detail of Amazon's lease are unknown however the office space was previously marketed for lease at \$35-\$39/SF NNN plus expenses at \$10.92/SF (\$45.92-\$49.92/SF Gross). Retail space was marketed at \$40/SF NNN + \$7.50/SF expenses.
280	210	292505	9357	495,512	2900413	\$239,837,377	11/08/17	\$484	US Bank Plaza & Plaza Center	3	Y	KBS Strategic Opportunity REIT sold the Plaza Buildings as part of an 11-property, 3.2 million square foot office building portfolio sale to Keppel-KBS US REIT, a newly formed Singapore real estate investment trust for a total sale price of \$804 million. According to offering documents, the portfolio's average occupancy was 90%. The Plaza Building's allocated sale price was \$239,837,377 or \$489/SF, which is in line with the sale prices of other comparable properties and slightly below the offering's pre-sale valuation of \$243.9 million or \$492/SF. The Plaza Buildings consist of two Class A multi-tenant office towers (16 & 10 stories) originally constructed in 1978 with a combined net rentable area of 495,512 SF and situated on either side of a multi-story above & below-grade parking garage with 1,117-stalls. Recent improvements to the property include new exterior paint, new exterior lighting, new landscaping, new lobby finishes, upgraded elevators, and a new fitness center. Additional on-site amenities include a conference center, a bank branch, and a deli. The property was awarded LEED Gold certification. The owner has recently received land use approval to construct 20-story, 263-unit apartment tower in front of and cantilevered over the existing parking garage. It's unknown if these entitlements affected the sale price. The Plaza Buildings were approximately 10% vacant at the time of sale with asking rates of \$36-\$40/SF Full Service.
280	220	066287	0010	109,514	2750663	\$38,750,000	08/18/15	\$354	BELLEVUE GATEWAY ONE BLDG	1	Y	Talon purchased the Gateway One building from Walton Street Capital on 8/18/2015 for \$38,750,000 (\$351/SF) in a fair market transaction. Walton announced in summer 2014 that they would be putting a large portion of their office portfolio in the region on the market. Gateway One is a four-story, Class A/B, multi-tenant office building. The property features adjacent access to I-405 & I-90, a 3.5/1,000 SF parking ratio, free surface parking and 75 covered spaces, state-of-the-art conference center, on-site fitness center and deli, a three-story atrium lobby with break-out areas, card key controlled entry, and 27,000 SF floorplates. The property was just 2% vacant at the time of sale and traded at a 6.10% Cap Rate based on actuals, 6.20% on pro forma. According to the buyers, gross rents are \$34/SF although currently vacant space is being offered at \$36/SF Full Service. The buyers were attracted to the property due to it being the "anti-tech building" occupied by non-tech tenants that oftentimes are better-credit tenants; companies that aren't interested in competing with high rent paying tech tenants and don't want to pay downtown premium lease rates. More than \$7 million was invested in the property over the past several years in order to update and reposition the property.
280	220	066287	0080	66,376	2805213	\$10,250,000	06/22/16	\$154	KOLL CENTER BELLEFIELD	1	N	AAA of Washington sold their former headquarters building to Onward Investors on 6/22/2016 for \$10,250,000 or \$154/SF. Marketing time was approximately 9 months. Due to several factors discussed in this note, this sale is not considered representative of the market. The former AAA HQ (renamed Mercer Pointe by the buyer) consists of a 3-story Class B lowrise office building located within the Bellefield Office Park. The property was 100% vacant at the time of sale due to the seller and sole tenant, AAA, having purchased and moved to a new building (One Newport building APN606763-0010 acquired 1/18/2016 for \$29,075,000 or \$325/SF E#2776975). The property was being marketed for lease at \$24/SF NNN + \$10.11/SF NNN Exp = \$34.11/SF FS. The property was sold as part of a reverse 1031 Exchange for the seller (see One Newport remark for up-leg). Under this scenario AAA faced a deadline of 180 days from when they purchased their replacement property (One Newport on 1/18/16) to close on the sale of the property they were replacing (subject sold almost exactly 6 months after the replacement was purchased) or be subject to tax penalties. As a result, the longer the subject sat on the market the higher the seller's motivation to sell became. In addition the listing broker reported that the subject had some environmental and deferred maintenance issues that also put downward pressure on the sale price. The buyer reported on their website that they 1) made an offer on the property, 2) the sellers requested additional money to close the deal, 3) the buyer refused and held firm on their offer, 4) time passed and other buyers made offers on the property but nothing closed, 5) sellers approached buyer to accept original offer so long as they could ensure closing by the 180-day deadline that the subject was under ("their clock was ticking down" as put on their website). Finally, the broker reported that the sale occurred during a brief lull in the Eastside office market before Amazon announced their lease of Centre 425 and other big signings occurred. Combined, the listing broker stated that these factors influenced a low sale price for the subject property. The buyer has announced extensive building improvements that will include a renovated entrance, lobby areas, landscaping, and outdoor patio area.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	220	880300	0020	330,497	2900408	\$131,068,993	11/08/17	\$397	BELLEVUE TECHNOLOGY CENTER	6	Y	KBS Strategic Opportunity REIT sold the Bellevue Technology Center as part of an 11-property, 3.2 million square foot office building portfolio sale to Keppel-KBS US REIT, a newly formed Singapore real estate investment trust for a total sale price of \$804 million. According to offering documents, the portfolio's average occupancy was 90%. The Bellevue Technology Center's allocated sale price was \$131,068,993 or \$397/SF, which is in line with the sale prices of other comparable properties and slightly below the offering's pre-sale valuation of \$133 million or \$402/SF. The Bellevue Technology Center consist of nine Class A and Class B multi-tenant office lowrises (2-3 stories) originally constructed between 1973 and 2000 with a combined net rentable area of 330,497 SF and situated 46-acres of park-like grounds. Parking is provided by ample surface parking as well as a 576-stall underground garage. Recent improvements to the property include an upgraded fitness center, conference facilities, a full-service cafe, and new parking area. The property benefits from its close proximity to the Microsoft campus as well as convenient freeway access. The campus was developed as a PUD and has been developed to the maximum allowed under this agreement. The property's former owner has applied to modify the PUD to allow for additional development on the site. The plan has faced considerable community opposition and thus far the city of Bellevue has recommended against allowing more development. It's unknown if whether this future development potential affected the sale price. The Bellevue Technology Center was approximately 10% vacant at the time of sale with asking rates of \$27/SF NNN + \$9.50/SF expenses (\$36.50/SF Gross).
280	230	697920	0050	193,454	2744995	\$35,011,288	07/15/15	\$181	PLAZA AT NORTH CREEK	1	Y	Sale on 7/15/2015 for \$35,011,288 (\$181/SF) represents an allocated sale price as a portion of a \$3.3 billion portfolio acquisition. If individually marketed for sale, the property would be expected to command a higher price. Blackstone acquired the 11.4 million square foot portfolio from GE Capital in a \$3.3 billion deal. The portfolio primarily consists of office properties in Southern California, Redmond, and Chicago. In the Redmond market, approximately 1.55 million square feet were sold at a deed recorded value of \$205 million. Total portfolio occupancy was listed at 81% and included some REO properties that the seller had foreclosed on. The Plaza buildings are described as 3-story, Class A, multi-tenant, garden-style office buildings that provided excellent access and freeway visibility. The buildings have 33,963 SF floorplates, feature card key controlled access, on-site property management, and a 4/1,000 SF parking ratio. The Plaza East building is currently 95% occupied while the Plaza North building is at 94%. Currently vacant space is being offered at \$18.00/SF NNN, with expenses listed at \$7.50/SF.
280	230	697920	0050	193,454	2868571	\$35,497,500	06/02/17	\$183	PLAZA AT NORTH CREEK	1	Y	MRM Capital acquired the Plaza at North Creek from Blackstone on 6/2/2017 for \$35,547,500 (\$183/SF) in a fair market transaction. See note on prior sale on 7/15/2015 for improvements description. The property was 19% vacant at the time of sale and reportedly traded at a 7.75% cap rate on income in place. The property was asking \$19.50/SF NNN + \$7.50/SF exp = \$27/SF gross at the time of sale. The seller's broker advertised the subject as consistently out performing the Bothell submarket.
280	240	606763	0010	89,347	2776975	\$29,075,000	01/18/16	\$325	ONE NEWPORT	1	Y	AAA Washington acquired the One Newport building from Ivanhoe Cambridge on 1/18/2016 for \$29,075,000 or \$325/SF in a fair market transaction. The sale price was advertised as being below replacement cost. The property was formerly occupied by T-Mobile and the landlord had offered the building for sale or for lease at \$24/SF NNN with expenses at \$9.75/SF. AAA Washington purchased the property as a mostly owner/user as their headquarters. They plan to occupy 3 out of 4 floors (78.6%) and lease out the remaining 4th floor (21.4%). Renovations to building systems and technology are being undertaken by the purchaser prior to move in. The property was 100% vacant at the time of sale and no Cap Rate information is available. Attempts to contact buyer or seller brokers for further confirmation has thus far been unsuccessful.
280	240	813530	0060 0070 0080 0090 0100 0110	477,188	2788034	\$155,192,500	03/31/16	\$325	SUNSET RIDGE NORTH	6	Y	M-M Properties acquired the 3-building Sunset North campus from Beacon Capital on 3/31/2016 for \$155,192,500 (\$325/SF) in a fair market transaction. It should be noted that the broker press release regarding the sale stated the property is 464,062 SF, which is 13,056 SF smaller than current records of 477,118 which is the square footage stated in the current marketing flyer for the subject. The reason for the discrepancy is unknown. At 464,062 SF the property sold for \$334/SF. Sunset North is a 3-building, 5-story, Class A office park constructed in 1999 with accompanying 1,576 SF parking facility. Amenities include access control and on-site security, sweeping views of downtown Seattle skyline, plaza with seating areas, on-site fitness center and restaurant, LEED Silver certification. The property was 99% leased at the time of sale with Boeing occupying half or more of the space. No Cap Rate info was reported. The property's vacant space was being marketed for lease at \$25/SF NNN with expenses at \$9.51/SF = \$34.51/SF FS. Sale also included approx. 19.5 acres of land however it's not buildable.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	240	128360	0060	281,913	2790685	\$74,725,000	04/13/16	\$265	EASTGATE OFFICE PARK	1	Y	Beacon Capital sold the Eastgate Office Park to Kennedy-Wilson Properties on 4/13/2016 for \$74,725,000 (\$265/SF) in a fair market transaction. The property was marketed for approximately 3 months, was 14% vacant at the time of sale, and traded at a 7.00% Cap Rate on actuals or 7.40% pro forma. Asking rates were \$24/SF NNN + \$10.60/SF NNN Exp = \$34.60/SF FS. The property consists of three 3-story Class A/B multi-tenant lowrise office buildings and one 2-story amenity building containing 281,913 SF and situated in a 14-acre campus-style setting. Amenities include a fitness center with basketball/squash/racquetball courts, locker rooms with showers, conference facilities, on-site deli, park-like setting, and convenient access to I-90. In Feb. 2016 the subject's sellers petitioned the city of Bellevue to change the subject's zoning from O to OLB in order to facilitate partial redevelopment efforts at the property (proposal attached). This action is apparently still pending.
280	240	431980	0010 0020 0030 0040 0050 0060 0070	278,750	2826324	\$80,540,000	10/03/16	\$288	LINCOLN EXECUTIVE CENTER	5	Y	Miller Global Properties acquired the Lincoln Executive Center from Beacon Capital on 10/3/2016 for \$80,540,000 or \$288/SF in a fair market transaction. The Lincoln Executive Center is a 5-building Class B multi-tenant office campus. Buildings I, II, & III are 3 to 4-story office buildings while Buildings A & B are single story flex buildings. The combined net rentable area is 279,899 SF. The property was 3% vacant at the time of sale and traded at a 7.14% Cap Rate. The high Cap Rate is a result of near-term leasing and renovation costs. Vacant space in the 3 office buildings is marketed at \$23.50/SF NNN + \$10.67/SF Exp = \$34.17/SF Full Service. The two flex buildings are fully leased. 2016 operating expense estimates are: Bldg I - \$10.44/SF, Bldg II - \$10.66/SF, Bldg III - \$10.66/SF, Bldg A - \$5.96/SF, Bldg B - \$7.65/SF. Bldg A & B expenses are exclusive of janitorial, heating, and electrical charges.
280	240	128362	0010	141,590	2866226	\$46,500,000	05/24/17	\$328	Commons on 90 - formerly EASTGATE OFFICE CENTER	1	Y	Lake Washington Partners acquired the Commons 90 office park from the Tennessee Consolidated Retirement System on 5/24/2017 for \$46,500,000 (\$328/SF) in a fair market transaction. The Commons 90 office park consists of two, 3-story Class A steel frame/concrete & masonry construction, low rise multi-tenant office buildings that were fully renovated in 2015. The property features 22,000 SF floor plates, abundant parking at 4.8/1,000 SF, on-site fitness center w/showers & lockers, bike storage, conference center, Avanti market, convenient freeway access, as well as an outdoor courtyard with fire pits. Building A is 100% occupied by REI while Building B had 9% vacancy. Overall vacancy at the time of sale was 4%, and the property reportedly traded at a 6.10% cap rate. The property is asking \$24.50/SF NNN + \$9.25/SF NNN exp = \$33.75/SF FS equivalent.
280	240	531510	0546	106,619	2875606	\$41,000,000	07/07/17	\$385	ISLAND CORPORATE CENTER	1	Y	Sterling Realty Organization acquired the Island Corporate Center from Walton Street Capital on 7/7/2014 for \$41,000,000 or \$385/SF in a fair market transaction. The property was marketed for 30 days prior to going under contract. The Island Corporate Center consists of a 6-story Class A multi-tenant office building that was originally constructed in 1987 with a total net rentable area of 106,619 SF. In 2013 the property underwent an approx. \$3.5M renovation that upgraded the lobby, common areas, and building amenities. On-site amenities include a cafe, fitness center, locker room w/showers, state-of-the-art conference center, and two-levels of secure underground parking. The property was reportedly 8% vacant at the time of sale and traded at a 7.00% cap rate based on income in place. Asking rents at the time of sale were \$34-\$38/SF Full Service.
280	240	112405	9015	90,725	2882077	\$20,000,000	08/08/17	\$220	I-90 Corporate Campus (Legacy I-90)	1	Y	Pine Forest Properties acquired the I-90 Corporate Campus from TA Realty on 8/8/2017 for \$20,000,000 (\$220/SF) in a fair market transaction. The I-90 Corporate Campus consists of two, 2-story Class B brick & glass exterior lowrise office buildings that were originally constructed in 1982 with a combined net rentable area of 90,725 SF. The acquisition is considered a Value Add investment with the buyer planning to invest significant capital in an extensive renovation and repositioning of the buildings. Marketing time was about 90 days. The property was 100% fully leased at the time of sale however the property's sole tenant, Research In Motion, lease expires in the middle of 2018. The property's new owner is marketing upcoming vacant space at \$25.50/SF NNN + \$9.82/SF Exp = \$35.32/SF gross.
280	250	410450	0270 0275 172505 9044 9303	125,192	2758902	\$37,000,000	09/29/15	\$296	CROWN POINTE BLDG A	4	Y	Buyer- Asset Manager Christina Lewison with TA Realty, LLC Asset Management firm for a REIT. Purchased property for future investment. Verified sale price, date, building size, unrelated parties. Properties are known as Legacy Crown Pointe Properties with a park like campus. Buildings have a Energy Star award for its operating efficiency. Property is a good sale.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	250	282605	9170	95,234	2828528	\$51,438,000	10/16/16	\$540	EVERGREEN PLAZA MEDICAL OFFICES	2	N	Harrison Street Capital acquired the Evergreen Plaza medical office building from the Elizabeth A Lynn Trust on 10/13/2016 for \$51,438,000 or \$540/SF in an off-market complicated deal. The property was fully leased by a master lessee and at the time of sale there was 2% "sublease" vacancy. Vacant space was being offered at \$29/SF NNN + \$12.67/SF Exp = \$41.67/SF Gross. The Evergreen Plaza property is a 5-story Class A multi-tenant medical office building built in 2005 with a rentable area of 95,234 SF. Parking is provided in an adjacent 7-story parking garage. King County Hospital District 2, aka EvergreenHealth, held a master lease on 100% the property with a 1st right option to purchase. The seller received an unsolicited offer from an out of state buyer looking to establish a presence in the area. The offer triggered EvergreenHealth's option to match the purchase price. The seller gave EvergreenHealth permission to assign their purchase option to their capital partner, Harrison Street Capital, who then executed the purchase option and then re-master leased the property back to EvergreenHealth. Terms of this arrangement were not disclosed. Board minutes indicate EvergreenHealth retained options to acquire the property in the future in their new lease with Harrison Street.
280	260	733805	0030	106,281	2784875	\$36,900,000	03/16/16	\$347	The Offices at Riverpark	1	Y	JMA Ventures sold the Offices at Riverpark to Colony Realty Partners on 2/16/2016 for \$36,900,000 (\$347/SF) in a fair market transaction. The property consists of a 5-story Class A multi-tenant office building that is part of the master-planned Riverpark development that also includes an apartment and hotel. The building is one of the only Class A office buildings in the downtown Redmond area. The property features LEED Silver certification, 22,000 SF floor plates, parking at 3/1,000SF, load factors of 9% single tenant and 12% multi-tenant, as well as a good location within walking distance of Redmond Town Center and near the site of a future light rail station. The property was reportedly 100% fully leased at the time of sale however Officespace.com indicated a 5% vacancy factor. The reported Cap Rate was 7.80% based on income in place. Lease rates are withheld however prior lease rates were advertised at \$24/SF NNN + \$9.11/SF NNN exp = \$33.11/SF Full Service
280	260	131830	0020	101,252	2797995	\$30,250,000	05/24/16	\$299	REDMOND TECHNOLOGY CENTER	1	Y	Ascentis Real Estate Partners & Transwestern acquired the Redmond Technology Center from Menlo Equities on May 24th, 2016 for \$30,250,000 or \$299/SF in a fair market transaction. The sale price is 90% above its prior sale price just 2 years prior after the seller completed upgrades at the property and brought vacancy from 90% down to 8% at the time of sale. The property reportedly traded at a 6.51% Cap Rate based on in place income. Brokers report office rents in the Redmond area increased around 15% over the last 2 years along with falling vacancy rates. The Redmond Technology Center building is a 5-story Class A multi-tenant office low rise with two levels of covered parking and LEED Gold certification. The buyer was attracted by the property's high building quality, strong rent roll, available garage parking, and proximity to retail/restaurants amenities. Vacant space was being offered at \$24/SF NNN + \$8.50/SF Exp = \$32.50/SF Full Service at the time of sale.

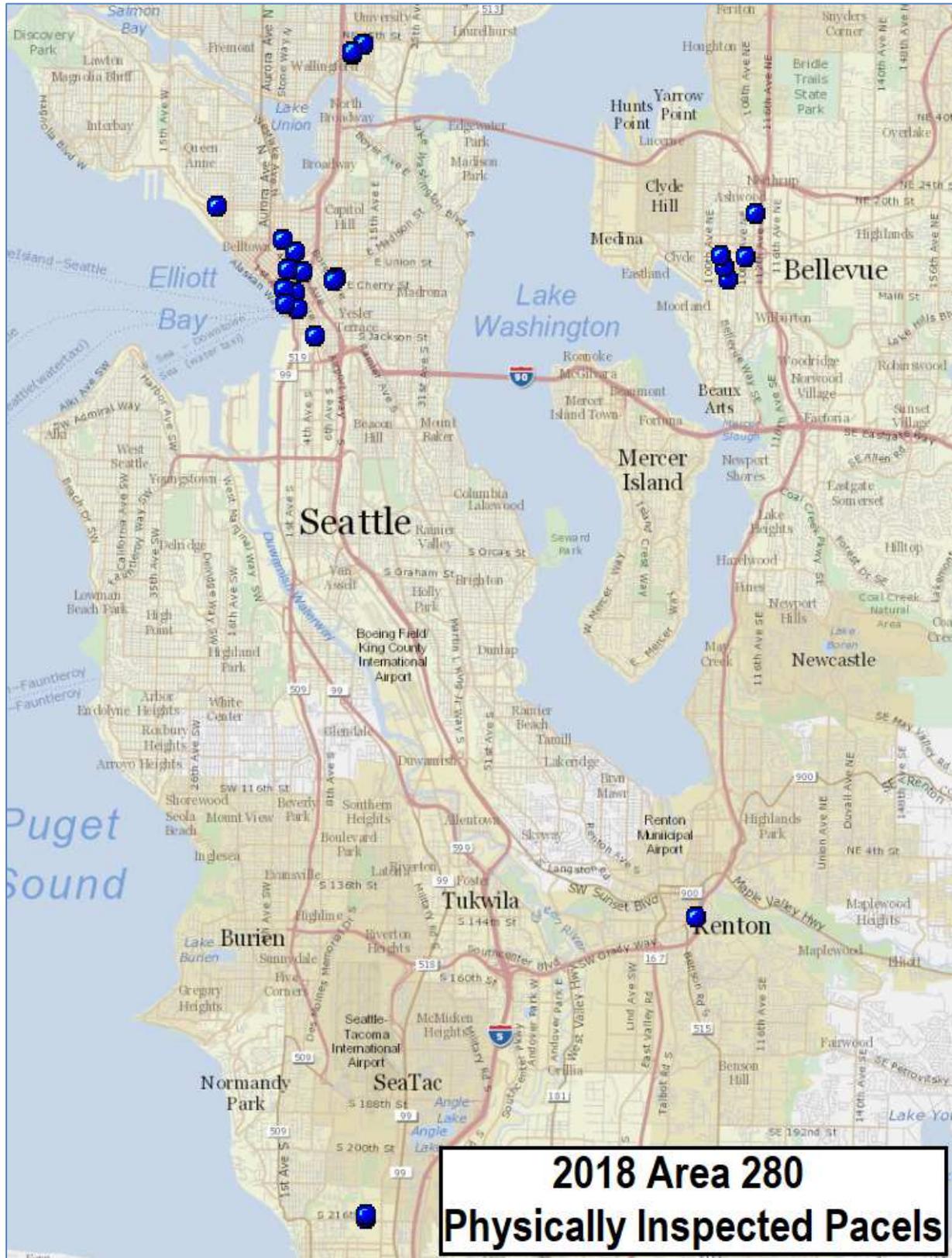
NORTHEND SALES

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	300	408330	6985	213,566	2885752	\$157,825,000	08/28/17	\$739	NorthEdge (Tableau)	1	Y	Clarion Partners acquired the NorthEdge building from Touchstone & AIG Global Investment Group on 8/28/2017 for \$157,825,000 or \$739/SF in a fair market transaction. The NorthEdge property consists of a newly built 4-story Class A single-tenant office lowrise with ground floor retail space and underground parking with 312-stalls. The improvements were constructed in 2016 and contain a net rentable area of 213,566 SF. The property benefits from its location on the north end of Lake Union which provides unobstructed views as well as easy access to the Burke-Gilman Trail and Gas Works Park. In July 2015 Tableau announced that it had leased all of the office space in the property which was under construction at that point. Tableau's lease term is 11-years at an initial lease rate is \$36/SF NNN increasing to \$47/SF NNN at the end of the term. Tableau also has two, 7-year options to extend. Retail space is leased at \$32/SF NNN. The property was 100% leased at the time of sale and traded at a 4.90% cap rate based on income in place at the time of sale or a 5.00% pro forma cap rate.

SOUTHEND SALES

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	400	215465	0010	113,173	2721095	\$17,900,000	03/30/15	\$158	EAST CAMPUS CORPORATE PARK I	1	Y	Sterling Realty Organization purchased the East Campus Corporate Park I building from Iahie Holdings on 3/30/2015 for \$17,900,000 (\$169/SF) in a fair market transaction. The 4-story, Class A, multi-tenant office building was approximately 11% vacant at the time of sale and traded at a 7.60% Cap Rate according to the selling broker. Marketing materials highlight the property's timeless design, convenient location, surface parking at 4/1,000 SF, high-end lobby finishes, and nearby amenities. Vacant space is being offered at \$15.50/SF NNN with expenses at \$8.00/SF; 3-5 year terms are being sought with TI's offered between \$10-\$30/SF. Property was marketed as being available below replacement cost.
280	400	926500	0060	112,630	2844953	\$15,650,000	01/18/17	\$139	EVERGREEN CORPORATE CENTER (ECON UNIT WITH -0060 & -0050)	3	Y	HomeStreet Bank acquired the Evergreen Corporate Center property from LBA Realty on 1/18/2017 for \$15,650,000 (\$139/SF) in a off-market owner/user transaction. Despite these factors, the sale price is in line with other southend sales and therefore the transaction has been coded as at market. The property was originally developed in 1979 as Weyerhaeuser West Campus and consists of a two-story Class A/B multi-tenant office building that was recently renovated. It has previously been used as a data center. The lower floor features grade level and partial dock height loading doors. The property was 100% leased at the time of sale. HomeStreet Bank reportedly occupied approx 60,000 SF (53% of the building) and intends to occupy the remaining space as leases expire for their own use. The property was most recently offered for lease at \$15/SF NNN + \$7.25/SF NNN expenses (~\$22.25/SF FS equiv). DIC article regarding sale is attached to this note.
280	410	012204	9012	218,585	2775881	\$26,490,000	01/13/16	\$121	CenterPoint Corporate Park - Creekside	1	Y	Manashe Properties out of Portland acquired the Creeksides at Centerpoint from Unico Properties in an off-market transaction on 1/13/2016 for \$26,490,000 or \$121/SF. The property was not actively marketed prior to sale, the listing broker approached the buyers directly. This fact may have influenced a lower sale price. The property was 80% occupied when it went under contract, however the buyer took over leasing/managing the property while it was under contract and was able to bring occupancy up to 90% by the time the sale closed. The buyer reported NOI at the time of sale was around \$2 M, indicating the property sold at around a 7.55% Cap Rate. Asking rents at the time of sale were \$22/SF Full Service The subject is a three-building Class A office campus which includes conference center facilities, on-site child care center, restaurant, fitness center, ample 4/1,000 SF parking, and good connections to transit and commuting routes. The buyer was attracted to the property's tenant mix, campus feel, and location. The buyer did not report an unusual conditions with the sale or property. Efforts to contact the listing broker have thus far been unsuccessful.
280	420	334040	3341 3340 3320	273,903	2768544	\$45,000,000	11/03/15	\$164	LANDMARK EAST	3	Y	Redwood-Kairos Real Estate Partners acquired The Landmark office complex from BlackRock Realty Advisors on 11/3/2015 for \$45,000,000 (\$164/SF) in a fair market transaction. The Landmark consists of two 4-story Class A office buildings originally built for Boeing in the 90's and situated on a 14-acre campus. The property was reportedly 100% occupied at the time of sale with Wizards of the Coast occupying around 119,000 SF (43% of total NRA) in the west building, the FAA occupying nearly 78,900 SF (29% of total NRA) in the east building, among other tenants. However, the FAA plans to vacate the premises once their new regional headquarters project at the Des Moines Creek Business Park is completed. The broker indicated this was a positive as it represents an opportunity for "near-term value creation" due to the fact that the broker believes the space can be re-leased at higher lease rates. Currently, space is being marketed for lease with an asking rate of \$16.50/SF NNN with expenses listed at \$7.50/SF. No Cap Rate info was disclosed.
280	420	125381	0020 0055	324,287	2840273	\$54,500,000	12/15/16	\$168	TIME SQUARE OFFICE PARK	2	Y	Greenbridge Investment Partners acquired the Time Square office park from LBA Realty on 12/15/2016 for \$54,500,000 or \$168/SF in a fair market transaction. Time Square is a 5-building Class A multi-tenant suburban office campus that includes a fitness center with locker rooms & showers, a conference center with A/V capabilities, an on-site cafe, a 4/1,000 SF parking ratio, and easy access to I-405/SR-167/I-5. The campus was reportedly about 10% vacant at the time of sale. No Cap Rate info was provided. Vacant space marketed at \$18/SF NNN + \$8/SF Exp = \$26/SF FS.
280	420	262304	9144	18,551	2878926	\$3,610,000	07/24/17	\$195	SOUTHCENTER CORPORATE SQUARE - Bldg 360	1	N	Building 360 of the Southcenter Corporate Square (now called Seattle South Business Square) was acquired by its existing tenant, Culinex, in a 100% owner/user transaction on 7/24/2017 for \$3,610,000 (\$195/SF). The sale price is not considered reflective of fair market value. The buyer approached the seller off-market and appears to have paid a premium in order to acquire the building they had been leasing. The remaining 10 buildings in the Southcenter Corporate Square were later acquired by a different buyer less than 3 months later on 10/19/2017 for \$19,500,000 (\$102/SF).
280	420	262304	9143	192,204	2896134	\$19,500,000	10/19/17	\$101	SOUTHCENTER CORPORATE SQUARE	3	Y	Lee & Associates (Omar Lee) acquired the Southcenter Corporate Square campus from Pacific Coast Capital Partners on 10/19/2017 for \$19,500,000 (\$101/SF) in what appears to be a fair market transaction albeit on the low end of observed sale prices. Southcenter Corporate Square (since renamed Seattle South Business Square) consists of ten, 2-story Class B office buildings with a combined net rentable area of 192,204 SF. An 11th building was sold off individually on 7/24/2017 for \$3,610,000 or \$195/SF in an owner/user sale to the existing tenant (#2878926). The buildings involved in this transaction were 16% vacant at the time of sale with asking rates of \$23/SF Full Service.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	430	332304	9001	532,430	2764966	\$47,100,000	10/29/15	\$88	SEATAC OFFICE CENTER	1	Y	Urban Renaissance Group acquired the SeaTac Office Center from ScanlanKemperBard on 10/29/2015 for \$47,100,000 (\$88/SF) in a fair market transaction for a value add investment. It should be noted that the subject is encumbered with a ground lease for an adjacent parcel (-9008) that is used for surface parking. The ground lease was amended in December 2011 specifying a 7 year term commencing 1/1/2012 through 12/31/2018 at a ground lease rate of \$9,583/month, indicating an annual ground lease expense of \$114,996. The property has suffered from chronic high vacancy and was 37% vacant at the time of sale. The buyer intends to invest more than \$10M to renovate the property with "modern features and up-to-date cosmetic materials" in order to reposition the property. Earlier in the year, Alaska Airlines considered purchasing the property in order to consolidate their HQ operations but decided not to. The property consists of two 12-story Class A-/B+ office towers and a 4-story lowrise office building that also contains structured parking. Amenities include an on-site deli and 13 Coins Restaurant, parking at 4/1,000SF, secure access, conference facility, fitness room, and prominent building signage. Sale price is 40% less than what the seller had paid for the property nearly 8 years prior when the property was around 18% vacant. The state of Washington signed a 5-year lease in January 2015 for 3,936 SF at an initial annual lease rate of \$29/SF Full Service.



USPAP Compliance

Client and Intended Use of the Appraisal:

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

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

Definition and date of value estimate:

Market Value

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

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

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

Highest and Best Use

RCW 84.40.030

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

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

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

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

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

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

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

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

Date of Value Estimate

RCW 84.36.005

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

RCW 36.21.080

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

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

Property Rights Appraised: Fee Simple

Wash Constitution Article 7 § 1 Taxation:

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

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

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

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

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

The Dictionary of Real Estate Appraisal, 3rd Addition, Appraisal Institute.

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Assumptions and Limiting Conditions:

1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.
4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.

5. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.
6. The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.
7. The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the Assessor.
8. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
9. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
10. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.
11. An attempt to segregate personal property from the real estate in this appraisal has been made.
12. Items which are considered to be "typical finish" and generally included in a real property transfer, but are legally considered leasehold improvements are included in the valuation unless otherwise noted.
13. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.
14. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.
15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.

Scope of Work Performed:

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

CERTIFICATION:

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

- *The statements of fact contained in this report are true and correct*
- *The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *No significant real property assistance as determined by the undersigned. All services as may be variously defined significant or otherwise, and performed by duly authorized and qualified King County Assessment staff employed in the areas of Public Information, Accounting/Abstract, Commercial, Residential, Information Services, Personal Property, Accounting/Mapping, Accounting/Support, Accounting/Appeals, Chief Appraiser, Accounting/Exemptions, Accounting/Levy Administration, who may have involvement in physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time, is made part of each real property parcel as a matter of public record and this certification by reference.*
- *Any services regarding the subject area performed by me within the prior three years, as an appraiser or in any other capacity is listed here: 2015 & 2016 Revalue. Any and all activities required under the Certificate of Appointment dated December 5th, 2011 under sworn oath appointing the below signed appraiser to the position of true and lawful deputy in the Office of the King County Assessor, and authorized by the State of Washington, Department of Revenue under a Certificate of Accreditation. To Wit: all duties, responsibilities, and services associated with the position description of Commercial Appraiser II in the management and valuation of Commercial Area 280. Such duties, responsibilities and services include, but are not limited to physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time and to be determined significant or otherwise during the fulfillment of position requirements, and are made part of each real property parcel, is a matter of public record and this certification by reference.*

Area Office Ratio Study Report

PRE-REVALUE RATIO ANALYSIS

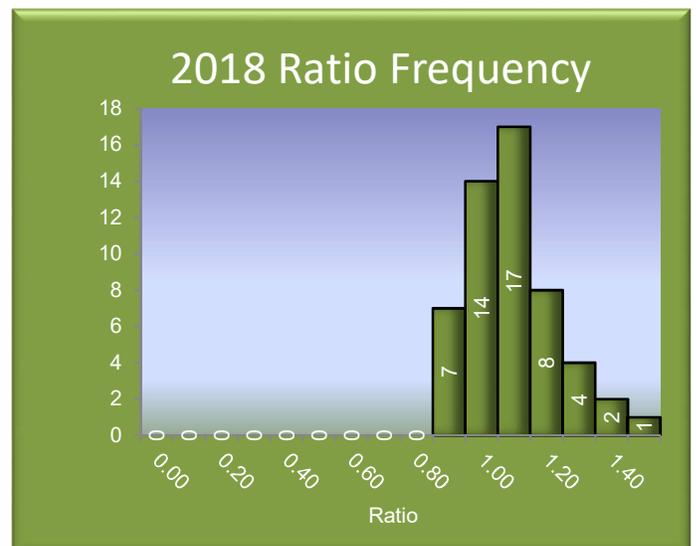
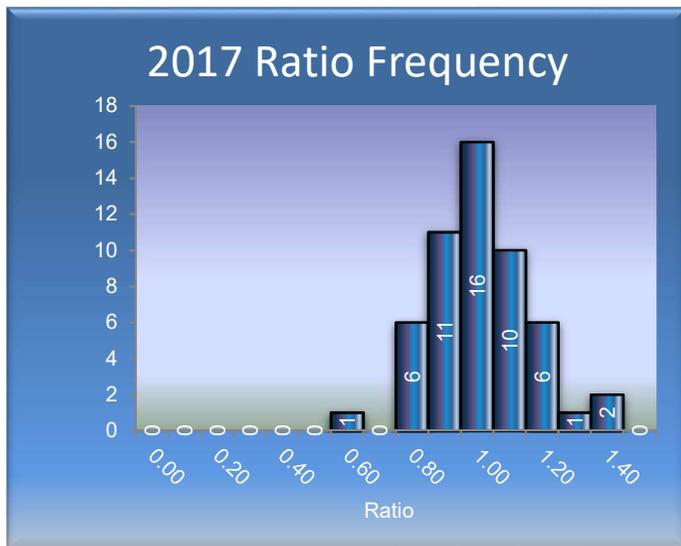
Pre-revalue ratio analysis compares sales from 2015 through 2017 in relation to the previous assessed value as of 1/1/2017.

PRE-REVALUE RATIO SAMPLE STATISTICS	
Sample size (n)	53
Mean Assessed Value	102,612,700
Mean Adj. Sales Price	110,880,400
Standard Deviation AV	115,530,650
Standard Deviation SP	125,323,100
ASSESSMENT LEVEL	
Arithmetic Mean Ratio	0.961
Median Ratio	0.969
Weighted Mean Ratio	0.925
UNIFORMITY	
Lowest ratio	0.5366
Highest ratio:	1.3647
Coefficient of Dispersion	11.49%
Standard Deviation	0.1506
Coefficient of Variation	15.67%
Price Related Differential (PRD)	1.04

POST-REVALUE RATIO ANALYSIS

Post revalue ratio analysis compares sales from 2015 through 2017 and reflects the assessment level after the property has been revalued to 1/1/2018

POST REVALUE RATIO SAMPLE STATISTICS	
Sample size (n)	53
Mean Assessed Value	113,235,500
Mean Sales Price	110,880,400
Standard Deviation AV	130,799,763
Standard Deviation SP	125,323,100
ASSESSMENT LEVEL	
Arithmetic Mean Ratio	1.043
Median Ratio	1.014
Weighted Mean Ratio	1.021
UNIFORMITY	
Lowest ratio	0.8215
Highest ratio:	1.5543
Coefficient of Dispersion	10.23%
Standard Deviation	0.1473
Coefficient of Variation	14.12%
Price Related Differential (PRD)	1.02



Improvement Sales for Area 280 with Sales Used

07/18/2018

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	010	093900	0060	261,308	2709731	\$73,730,000	01/14/15	\$282.16	SMITH TOWER	PSM-245	2	Y	
280	020	069700	0235	255,818	2711715	\$120,656,489	01/28/15	\$471.65	BLANCHARD PLAZA	DMC 340	1	69	Net Lease Sale; not in ratio
280	020	302504	9001	81,691	2714505	\$31,550,000	02/10/15	\$386.21	1300 DEXTER (CASEY FAMILY BLD	SM 85/65	1	26	Imp changed after sale; not in ratio
280	050	154410	0320	305,835	2713648	\$205,100,000	02/11/15	\$670.62	Civica Office Commons	DNTN-MI	1	Y	
280	060	124270	0025	89,848	2714697	\$22,099,990	02/20/15	\$245.97	MOUNTAIN PACIFIC WEST BLDG	OLB	2	Y	
280	050	202505	9097	134,029	2717924	\$37,750,000	03/04/15	\$281.66	CORPORATE CAMPUS EAST	OLB	3	Y	
280	050	808120	0010	524,130	2716932	\$296,800,100	03/04/15	\$566.27	SUMMIT BUILDINGS I & II (PSE EA	DNTNO-2	1	Y	
280	050	808120	0020	0	2716933	\$23,000,000	03/04/15	\$0.00	THE SUMMIT III - PHASE C - BELOV	DNTNO-2	1	Y	
280	020	066000	2054	336,041	2720895	\$133,629,700	03/26/15	\$397.66	METROPOLITAN PARK I (West) OF	DMC 340	1	Y	
280	020	066000	2410	363,727	2720894	\$139,177,105	03/26/15	\$382.64	METROPOLITAN PARK II - EAST	DMC 340	1	Y	
280	040	065300	0250	336,923	2720831	\$170,000,000	03/26/15	\$504.57	2601 ELLIOTT (SEATTLE TRADE AN	DH2/65	2	Y	
280	060	215465	0010	105,807	2721095	\$17,900,000	03/30/15	\$169.18	EAST CAMPUS CORPORATE PARK	OP-1	1	Y	
280	050	154410	0254	353,552	2726351	\$150,000,000	04/24/15	\$424.27	ONE BELLEVUE CENTER	DNTNO-1	1	70	Building Only; not in ratio
280	050	600950	0035	156,000	2726624	\$75,025,000	04/28/15	\$480.93	PLAZA EAST	DNTN-MI	1	Y	
280	060	697920	0050	193,454	2744995	\$35,011,288	07/15/15	\$180.98	PLAZA AT NORTH CREEK	R-AC, OF	1	Y	
280	020	872976	0020	344,218	2744468	\$250,970,000	07/21/15	\$729.10	2201 WESTLAKE OFFICE/RETAIL	DMC 240	2	Y	
280	010	094200	0640	1,526,621	2748359	\$711,013,000	08/06/15	\$465.74	COLUMBIA CENTER (former B. of A	DOC1 U/	1	Y	
280	050	066287	0010	110,250	2750663	\$38,750,000	08/18/15	\$351.47	BELLEVUE GATEWAY ONE BLDG	OLB	1	Y	
280	020	224950	0480	150,918	2758565	\$67,375,579	09/29/15	\$446.44	ELEVEN01 WESTLAKE	SM-85	3	26	Imp changed after sale; not in ratio
280	060	410450	0270	125,152	2758902	\$37,000,000	09/29/15	\$295.64	CROWN POINTE BLDG A	PR 8.5	4	Y	
280	010	197520	0005	169,883	2761172	\$49,500,000	10/13/15	\$291.38	SEATTLE TOWER	DOC1 U/	1	Y	
280	110	610845	0050	15,320	2761261	\$6,780,000	10/14/15	\$442.56	NORDSTROM ELMER J MEDICAL T	MIO-200-	2	Y	
280	060	332304	9001	532,430	2764966	\$47,100,000	10/29/15	\$88.46	SeaTac Office Center	CB-C	1	Y	
280	060	334040	3341	273,903	2768544	\$45,000,000	11/03/15	\$164.29	LANDMARK EAST	CO	3	Y	
280	010	093900	0260	336,355	2765817	\$124,407,218	11/09/15	\$369.87	DEXTER HORTON BUILDING	DMC 340	1	Y	
280	020	246740	0120	339,038	2770642	\$261,000,000	12/09/15	\$769.83	400 FAIRVIEW OFFICE BUILDING	SM-SLU	1	26	Imp changed after sale; not in ratio
280	010	610845	0180	14,291	2772059	\$8,500,000	12/17/15	\$594.78	NORDSTROM ELMER J MEDICAL T	MIO-200-	1	Y	
280	020	198320	0065	394,578	2772259	\$298,856,963	12/18/15	\$757.41	AMAZON PHASE VI - N & S BLDGS	SM-SLU	2	69	Net Lease Sale; not in ratio
280	060	012204	9012	218,585	2775881	\$26,490,000	01/13/16	\$121.19	CenterPoint Corporate Park - Creeksi	M1	1	Y	
280	010	859090	0646	226,274	2776053	\$185,682,833	01/14/16	\$820.61	FIRST HILL MEDICAL PAVILION	MIO-160-	1	Y	
280	050	606763	0010	89,347	2776975	\$29,075,000	01/18/16	\$325.42	ONE NEWPORT	F3	1	Y	
280	020	684970	0145	215,000	2779524	\$132,052,466	02/09/16	\$614.20	ALLEY 24 (Cascade One Project) incl	SM-SLU/	4	Y	
280	040	766620	2220	103,771	2779616	\$40,395,000	02/10/16	\$389.27	101 ELLIOTT (FORMER SEATTLE P	IC-45	1	Y	
280	020	065900	0750	498,891	2781408	\$370,000,000	02/23/16	\$741.64	WEST 8TH	DOC2 50	1	Y	
280	050	813530	0060	477,118	2788034	\$155,192,500	03/31/16	\$325.27	SUNSET RIDGE BLDG. #3 - SUNSE	OLB	6	Y	
280	050	128360	0060	281,913	2790685	\$74,725,000	04/13/16	\$265.06	EASTGATE OFFICE PARK	O	1	Y	

Improvement Sales for Area 280 with Sales Used

07/18/2018

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	010	197570	0345	123,430	2791432	\$29,752,500	04/21/16	\$241.05	1411 Fourth Avenue Building	DRC 85-1	1	Y	
280	050	154410	0233	445,089	2794592	\$185,000,000	05/06/16	\$415.65	SYMETRA FINANCIAL CENTER (fo	DNTNO-1	1	70	Building Only; not in ratio
280	060	131830	0020	101,252	2797995	\$30,250,000	05/24/16	\$298.76	REDMOND TECHNOLOGY CENTER	BP	1	Y	
280	010	094200	0365	540,589	2805731	\$223,300,000	06/28/16	\$413.07	901 FIFTH AVENUE (FORMER BK C	DOC1 U/	1	Y	
280	020	199120	1265	317,442	2807990	\$246,700,000	07/08/16	\$777.15	AMAZON - PHASE VIII (Apollo Bldg)	SM-SLU	1	69	Net Lease Sale; not in ratio
280	010	094200	0300	793,679	2809013	\$387,000,000	07/13/16	\$487.60	SAFECO PLAZA / 1001 FOURTH AV	DOC1 U/	1	Y	
280	060	431980	0010	279,899	2826324	\$80,540,000	10/03/16	\$287.75	LINCOLN EXECUTIVE CENTER III	LI	7	Y	
280	020	337440	0020	285,680	2826806	\$179,821,572	10/07/16	\$629.45	HILL7 - Hilton Garden Inn & Office Bu	DMC 340	1	Y	
280	020	069600	0175	196,487	2834083	\$92,958,909	11/10/16	\$473.10	5TH & BELL BUILDING	DMR/C 2	3	Y	
280	050	154410	0320	304,494	2833686	\$192,926,219	11/10/16	\$633.60	Civica Office Commons (Core)	DNTN-MI	1	Y	
280	050	322505	9181	232,100	2834372	\$81,500,000	11/16/16	\$351.14	TRULIA CENTER (Dist C)	DNTN-MI	1	Y	
280	020	198320	0035	317,189	2834827	\$243,900,000	11/17/16	\$768.94	AMAZON - PHASE 7	SM-SLU	1	69	Net Lease Sale; not in ratio
280	050	292505	9271	475,550	2839319	\$202,677,116	12/13/16	\$426.20	One Twelfth @ Twelfth	DNTNOL	1	Y	
280	060	125381	0020	324,287	2840273	\$54,500,000	12/15/16	\$168.06	TIME SQUARE OFFICE PARK	IL	2	Y	
280	130	198320	0545	290,647	2844342	\$268,940,438	01/13/17	\$925.32	New Urban Union Building	SM-SLU	2	69	Net Lease Sale; not in ratio
280	400	926500	0060	112,630	2844953	\$15,650,000	01/18/17	\$138.95	EVERGREEN CORPORATE CENTE	OP	3	Y	
280	010	610845	0040	1,018	2846815	\$622,000	01/26/17	\$611.00	NORDSTROM ELMER J MEDICAL T	MIO-200-	1	Y	
280	060	202505	9242	88,642	2846325	\$21,375,000	01/26/17	\$241.14	EVERGREEN OFFICE PARK I	O	2	Y	
280	130	224950	0265	345,992	2865317	\$286,000,000	05/18/17	\$826.61	DEXTER STATION OFFICE	SM-SLU	4	69	Net Lease Sale; not in ratio
280	240	128362	0010	141,590	2866226	\$46,500,000	05/24/17	\$328.41	Commons on 90 - formerly EASTGAT	OLB	1	Y	
280	230	697920	0050	193,454	2868571	\$35,497,500	06/02/17	\$183.49	PLAZA AT NORTH CREEK	R-AC, OF	1	Y	
280	100	066000	1605	373,458	2870726	\$330,175,000	06/14/17	\$884.10	Midtown21 (Amazon)	DMC 340	3	69	Net Lease Sale; not in ratio
280	130	198320	0245	85,978	2874244	\$81,500,000	06/30/17	\$947.92	428 Westlake Building	SM-SLU	1	69	Net Lease Sale; not in ratio
280	240	531510	0546	106,619	2875606	\$41,000,000	07/07/17	\$384.55	ISLAND CORPORATE CENTER	TC	1	Y	
280	240	112405	9015	90,725	2882077	\$20,000,000	08/08/17	\$220.45	Legacy I-90	O	1	Y	
280	300	408330	6985	213,566	2885752	\$157,825,000	08/28/17	\$739.00	NorthEdge (Tableau)	IC-45	1	69	Net Lease Sale; not in ratio
280	120	093900	0335	295,515	2888685	\$156,413,720	09/12/17	\$529.29	EXCHANGE BLDG	DMC 340	1	Y	
280	100	766620	2320	133,177	2892456	\$65,000,000	09/28/17	\$488.07	World Trade Center North	DH2/75	1	70	Building Only; not in ratio
280	210	149950	0010	371,363	2895739	\$313,000,000	10/18/17	\$842.84	Centre 425 (Amazon)	DNTNO-1	1	69	Net Lease Sale; not in ratio
280	420	262304	9143	192,204	2896134	\$19,500,000	10/19/17	\$101.45	SOUTHCENTER CORPORATE SQU	TUC	4	Y	
280	210	292505	9357	490,096	2900413	\$239,837,377	11/08/17	\$489.37	PLAZA BUILDINGS - US BANK PLAZ	DNTNO-2	3	Y	
280	100	065900	0305	300,710	2903761	\$185,958,745	11/30/17	\$618.40	8th + Olive (formerly 720 Olive)	DOC2 50	1	26	Imp changed after sale; not in ratio
280	120	553050	0010	201,322	2903777	\$119,884,000	11/30/17	\$595.48	MILLENNIUM TOWER CONDOMINIU	DMC 340	1	Y	
280	120	197570	0340	130,786	2910840	\$43,300,000	01/09/18	\$331.08	VANCE BUILDING & STERLING BLD	DRC 85-1	1	Y	

Improvement Sales for Area 280 with Sales not Used

07/18/2018

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	060	202505	9102	92,300	2710231	\$15,444,600	01/16/15	\$167.33	BEL-KIRK OFFICE CENTER	LI	1	51	Related party, friend, or neighbor
280	040	766620	2525	140,000	2733302	\$38,100,000	05/29/15	\$272.14	MARITIME BUILDING	DMC-160	1	30	Historic property
280	010	094200	0415	748,000	2779923	\$108,751,087	02/12/16	\$145.39	Madison Centre (under const)	DOC1 U/	2	51	Related party, friend, or neighbor
280	010	094200	0415	748,000	2779925	\$12,083,454	02/12/16	\$16.15	Madison Centre (under const)	DOC1 U/	2	51	Related party, friend, or neighbor
280	050	066287	0080	66,376	2805213	\$10,250,000	06/22/16	\$154.42	KOLL CENTER BELLEFIELD	O	1	3	Contract or cash sale
280	050	292505	9357	144,510	2808492	\$101,500	07/06/16	\$0.70	PLAZA BUILDINGS - US BANK PLAZ	DNTNO-2	1	24	Easement or right-of-way
280	060	282605	9170	95,234	2828528	\$51,438,000	10/13/16	\$540.12	EVERGREEN PLAZA MEDICAL OFF	TL 1A	2	64	Sales/leaseback
280	020	066000	2381	184,691	2842041	\$19,929	12/01/16	\$0.11	METROPOLITAN PARK NORTH BUI	DMC 240	1	24	Easement or right-of-way
280	240	355750	0025	531,355	2866130	\$3,149,000	05/22/17	\$5.93	COSTCO Parking Garage - Economic	UC	3	24	Easement or right-of-way
280	210	149950	0020	6,213	2866109	\$247,500	05/23/17	\$39.84	Centre 425 (Amazon)	DNTNO-1	1	3	Contract or cash sale

2018 Physical Inspection Parcels

Major	Minor	PropName	SitusAddress
930150	0030	WESTLAKE CENTER	No Situs Address
327595	0020	HIDDEN VALLEY OFFICE PARK	No Situs Address
872976	0010	2201 WESTLAKE OFFICE/RETAIL	2201 WESTLAKE AVE
930150	0020	WESTLAKE CENTER	400 PINE ST
327595	0010	HIDDEN VALLEY OFFICE PARK	No Situs Address
872976	0020	2201 WESTLAKE OFFICE/RETAIL	2201 WESTLAKE AVE
930150	0010	WESTLAKE CENTER	No Situs Address
149950	0000	Centre 425 (Amazon)	425 106TH AVE NE
092204	9263	VACANT COMMERCIAL	2020 S 216TH ST
230270	0005	1122 3RD AVE PARCEL 319 CONDOMI	1122 3RD AVE
114200	0290	UW PLAZA MIDRISE BUILDINGS	4310 12TH AVE NE
701535	0020	QUEEN ANNE SQUARE CONDOMINIU	200 MERCER ST
919590	0010	WATERFRONT PLACE BUILDING RES	1009 WESTERN AVE
610845	0010	NORDSTROM ELMER J MEDICAL TOV	1229 MADISON ST
172305	9023	Renton City Hall	1055 S GRADY WAY
114500	0200	UW MEDICAL CENTER - 4225 ROOSEV	4225 ROOSEVELT WAY NE
068150	0020	BELLEVUE PACIFIC CENTER CONDOM	10900 NE 4TH ST
114500	0310	UW MEDICAL CENTER ROOSEVELT	4245 ROOSEVELT WAY NE
068150	0030	BELLEVUE PACIFIC CENTER CONDOM	10900 NE 4TH ST
880970	0040	UNION STATION CONDOMINIUM-	605 5TH AVE S
553050	0010	MILLENNIUM TOWER CONDOMINIUM	719 2ND AVE
880970	0050	UNION STATION CONDOMINIUM-	605 5TH AVE S
880970	0030	UNION STATION CONDOMINIUM-	605 5TH AVE S
880970	0020	UNION STATION CONDOMINIUM-	505 5TH AVE S
534290	0030	ONE CONVENTION PLACE (OFFICE C	701 PIKE ST
872599	0010	1221 MADISON STREET(former Arnold	1221 MADISON ST
872599	0020	1221 MADISON STREET(former Arnold	1221 MADISON ST
918450	0070	RUSSELL INVESTMENST CENTER- SE	1301 2ND AVE
918450	0080	RUSSELL INVESTMENST CENTER- SE	1301 2ND AVE
918450	0040	RUSSELL INVESTMENST CENTER- SE	1301 2ND AVE
918450	0050	RUSSELL INVESTMENST CENTER- SE	1301 2ND AVE
918450	0060	RUSSELL INVESTMENST CENTER- SE	1301 2ND AVE
918450	0030	RUSSELL INVESTMENST CENTER- SE	1301 2ND AVE
432342	0020	LINCOLN SQUARE OFFICE (core)	604 BELLEVUE WAY NE
918450	0020	RUSSELL INVESTMENST CENTER- SE	1301 2ND AVE
228505	0020	818 STEWART	808 HOWELL ST
228505	0010	818 STEWART	818 STEWART ST
104360	0010	THE BRAVERN (Core)	11111 NE 8TH ST
104360	0050	THE BRAVERN (Core)	11111 NE 8TH ST
092204	9415	FAA - Northwest Mountain Regional HQ	2200 S 216TH ST