

Temporary Lodging Properties

Area 160

Commercial Revalue for 2021 Assessment Roll



Thompson Hotel, Seattle



King County

Department of Assessments

Setting values, serving the community, and pursuing excellence

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***John Wilson
Assessor***

Dear Property Owners,

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

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

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

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

In Service,

John Wilson
King County Assessor

How Property Is Valued

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

What Are Mass Appraisal Techniques?

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

Are Properties Inspected?

All property in King County is physically inspected at least once during each six year cycle. Each year our appraisers inspect a different geographic neighborhood. An inspection is frequently an external observation of the property to confirm whether the property has changed by adding new improvements or shows signs of deterioration more than normal for the property's age. From the property inspections we update our property assessment records for each property. In cases where an appraiser has a question, they will approach the occupant to make contact with the property owner or leave a card requesting the taxpayer contact them.

RCW 84.40.025 - Access to property

For the purpose of assessment and valuation of all taxable property in each county, any real or personal property in each county shall be subject to visitation, investigation, examination, discovery, and listing at any reasonable time by the county assessor of the county or by any employee thereof designated for this purpose by the assessor.

In any case of refusal to such access, the assessor shall request assistance from the department of revenue which may invoke the power granted by chapter [84.08](#) RCW.

How Are Commercial Properties Valued?

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

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

How is Assessment Uniformity Achieved?

The Assessor achieves uniformity of assessments through standardization of rate tables for incomes, operating expenses, vacancy and credit loss collections and capitalization rates which are uniformly applied to similarly situated commercial properties. Rate tables are generated annually that identify specific rates based on location, age, property type, improvement class, and quality grade. Rate tables are annually calibrated and updated based on surveys and collection of data from local real estate brokers, professional trade publications, and regional financial data sources. With up-to-date market rates we are able to uniformly apply the results back to properties based on their unique set of attributes.

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

Type of Property - General	Type of Property - Specific	COD Range
Single-family Residential (including residential condominiums)	Newer or more homogeneous areas	5.0 to 10.0
Single-family Residential	Older or more heterogeneous areas	5.0 to 15.0
Other residential	Rural, seasonal, recreational, manufactured housing, 2-4-unit housing	5.0 to 20.0
Income-Producing Properties	Larger areas represented by samples	5.0 to 15.0
Income-Producing Properties	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant Land		5.0 to 25.0
Other Real and Personal Property		Varies with local conditions

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

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

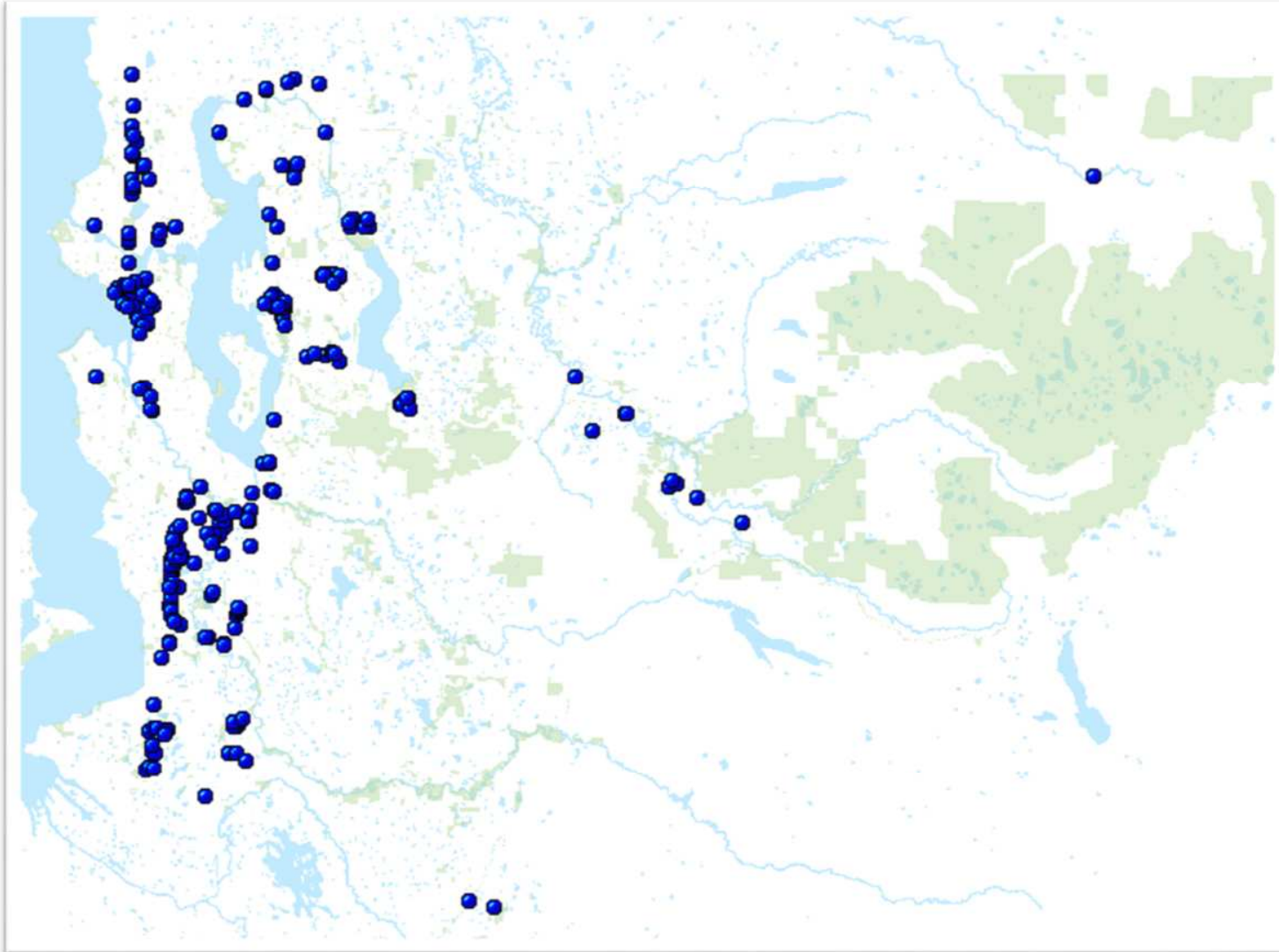
Requirements of State Law

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

Appraisal Area Reports

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

Specialty Area 160 Hotels - 2021 Revalue



Specialty Area 160
2021 Assessment Year

Executive Summary Report

Appraisal Date

- January 1, 2021
- 2022 Tax Roll Year

Specialty Name

- Area 160 - Hotels

Physical Inspection

- Neighborhood 40

Sales – Analysis Summary

- Number of Sales: 26 Market Transactions
- Date Range: 1/1/2018 to 12/31/2020 (3/9/2020)

Improved Sales – (Ratio Study) Summary

A ratio study was not utilized for the Hotel Specialty for 2021 revalue. Twenty-six sales occurred between 1/1/2018 and 12/31/2020, of which 24 transpired within the time period for analysis. However, none of those sales occurred after March 9, 2020. This sale date was approximately two weeks after Covid-19 was discovered at an assisted living facility in Kirkland. When it became known that Covid-19 was in the King County area, hotel transactions ceased. For the Assessor's ratio study to accurately reflect assessment values, a stable market is necessary. The speed and the unprecedented reaction by the market to Covid-19 created an unstable market. As such, the Assessor could not conduct a ratio study spanning three years that accurately reflected the overall hotel market as of January 1, 2021.

In addition, the Assessor utilized a hybrid of a cash flow analysis which will be outlined later in this report.

Population – Parcel Summary Data

Specialty Assignment 160 has a total of 381 parcels. (This figure includes economic land parcels, most commercial condominiums and may include properties currently under construction)

Below is a summary of the value change from 2020 to 2021 revalue.

TOTAL POPULATION SUMMARY DATA			
	Land	Improvement	Total
2020 Value	\$2,800,956,800	\$7,290,558,035	\$10,091,514,835
2021 Value	\$2,839,132,900	\$5,663,401,200	\$8,502,534,100
% Change	1.36%	-22.32%	-15.75%

Conclusion and Recommendation

Assessed values for the January 1, 2021 assessment date (2021 revalue) have decreased by 15.75% from the January 1, 2020 assessment level. The decrease in value appears to be primarily due to the impact of the Covid-19 virus on the hospitality sector. The January 1, 2020 values reflected a stabilized market in King County with little change in the fundamental metrics from 2019. Average daily rates (ADR's), capitalization, and occupancy rates remained stable throughout 2019. The few changes reflected in the 2020 Revalue report were primarily made to improve equalization and reflect updated characteristic data.

For the 2021 Revalue, the effects of Covid-19 are evidenced by a significant decrease in hotel occupancies, an extreme drop in hotel sale transactions, and a significant slowing of new hotel construction. These adverse impacts from Covid-19 on the hotel industry is more dramatic than it was to other commercial properties. For example, in the first quarter of 2020, occupancy rates in the greater King County area were averaging around 80% and higher in the Seattle Commercial Business District (CBD); however, by the end of the first quarter of 2020, most full-service classes of hotels saw the rate drop below 20% with some neighborhoods averaging single-digit occupancy rates.

Another adverse effect of COVID-19 on the hotel market was the sudden and extreme drop in hotel sale transactions. In King County, there was only one arm's length hotel sale between March 9, 2020 (approximately two weeks after the outbreak of the Covid-19 virus at the Kirkland assisted living facility) and June 2021. In the previous five revaluations, there were more than 40 sales per cycle. The drop-in sale activity is significant.

The third Impact of COVID-19 is the significant decrease in the number of new hotels under construction. In comparison, there were 27 hotels under construction for the 2018 revalue, 26 were under construction for the 2019 revalue, and 20 were under construction last year. This year there are only 16 hotels with construction permits and no start on nine of them.

These three developments indicate the hotel market slowed and was adversely impacted during 2020. These impacts are reflected in the values estimated for the January 1, 2021 assessments.

The values recommended in this report reflect the temporary lodging property market value as of the valuation date of 1/1/2021. The recommended values improve uniformity and equity. Therefore, I recommend the new assessed values be posted for the 2021 Assessment Year, for taxes payable in 2022 as mandated by state law.

Identification of the Area

Name and Designation

- Specialty Area 160 – Hotels

Specialty Neighborhoods

The Assessor has established six neighborhoods for valuation purposes. The neighborhoods were established to group properties into similar market areas and manage some of the larger neighborhood's parcel count. Having a bit smaller neighborhoods and more specialized data improves accuracy when creating competitive sets.

- Neighborhood 10 – Seattle - Central Business District
- Neighborhood 20 – Bellevue, Redmond and Surrounding Area
- Neighborhood 30 – SLU, Northgate and the University District
- Neighborhood 40 – South Seattle, Renton, Tukwila, and SeaTac
- Neighborhood 50 – South King County
- Neighborhood 60 – North King County including North Seattle

Boundaries

All of King County

Maps

A GIS map of the area is included in this report. More detailed Assessor's maps are located at the King Street Center and the Assessor's website at www.kingcounty.gov/assessor.

Area Overview

As of 1/1/2021, the temporary lodging market in King County was feeling the effects of the Covid 19 virus. All neighborhoods saw hotel values decrease; however, not all hotels or all areas of King County were impacted the same way.

Seattle's Downtown Commercial Business District (CBD) was the most impacted area. Businesses often utilize luxury and upper-upscale hotels, especially convention-style hotels, for meetings and other gatherings. As the virus took hold in the area, mask mandates and social distancing were in place and practiced throughout the county. Business conventions, university seminars, sports, and entertainment venues were canceled as these activities helped spread the virus. With the virus spreading worldwide, travel and tourism almost wholly stopped. As a result, the hotel

industry felt more of the economic brunt caused by this virus, with hotels designed to attract extensive patronage feeling it the most.

Conversely, lower-end economy hotels and motels and budget extended stay type hotels continued to operate at or close to full capacity as these properties were being utilized, by many guests, for temporary housing. The Seattle area has had a shortage of affordable housing units for the past few years, significantly increasing the value of living units and pricing some out of the market. Economy hotels and low-budget extended stays have filled that void, and the need for housing remained despite the Covid-19 virus. Thus, less expensive hotel properties did not experience the same decrease as higher-end hotel properties did.

Lodging Property Description: King County has both types and most classes of temporary lodging properties. Investors consider Seattle to be a first-tier market, and there are currently 381 hotel/motel parcels in this specialty.

The Assessor categorizes Hotels by utilizing property-specific qualities and market data to create competitive sets for valuation purposes. In the 2020 revalue, most of the Assessor's models came directly from the HOST almanac. To create his models, the Assessor, like Host, begins by dividing temporary lodging properties into two types of hotels, full service or limited service, following the HOST almanac definition. The Almanac defines a hotel as either limited or full service based on how much revenue is generated from food and beverage sales. Lodging properties where 5% or less of their total revenue comes from food and beverage sales are classified as limited service. In comparison, hotels that generate more than 5% of their total revenue from food and beverage sales are considered full service.

Once lodging properties are divided into one of these two groups, they are then assigned to a lodging property class which helps create their competitive set. The Assessor utilizes four classes for limited-service hotels: economy, midscale, upscale, and budget extended stays; and five classes for full-service hotels: economy, midscale, upscale, upper-upscale, and luxury. The delineation between the classes of lodging properties can be blurred, but below is a general description of the categories of temporary lodging properties and the nine classes considered for valuation in this cycle:

Limited Service Lodging: Consists of hotels with room operations only (i.e., without food and beverage service, revenue). Many limited-service hotels offer amenities that guests may expect from higher-priced hotels, such as a complimentary breakfast bar, business center, etc. However, limited-service hotels lack a significant, dedicated, revenue-producing food and beverage component. In other words, they may provide food and beverages, but the revenue from those operations will amount to less than 5% of their total revenue. Below is a description of the four categories of competitive sets of limited service hotels/motels:

- 1. Economy:** Hotels in this class generally offer minimal amenities, smaller guest rooms, and modest prices. Typically, guest rooms are accessed from an outdoor entrance as opposed

to insular halls. Budget, limited-service hotels/motels can be found throughout King County. Some examples include Motel 6, Day's Inn, and Econolodge.

- 2. Midscale:** These tend to be simple hotels. Midscale hotels usually have enclosed passageways and guest rooms that are slightly larger than those in the economy class. They often provide the following amenities: a complimentary breakfast, business center, a fitness room, a guest laundry facility, an indoor and/or outdoor pool, and sometimes small meeting rooms. There are many limited-service hotels throughout King County, such as Comfort Inn, Red Lion Inn, and Quality Inn.
- 3. Upscale:** These hotels can best be described as hotels with apartment-type guest rooms. They often have services and amenities similar to midscale hotels, such as complimentary breakfast, a pool, and a fitness center. The significant difference is the guest rooms are more extensive and often include separate walled-off sleeping quarters. In addition, they typically have a cooking area complete with appliances and kitchenware. The guest rooms are designed for travelers staying longer than a couple of days. There are many of these hotels in King County, including Homewood Suites, Residence Inn, and Staybridge Suites.
- 4. Budget Extended Stays:** This is a recent class of hotel that does not appear in the HOST almanac, but the Assessor felt it was different enough to warrant its own class. The model utilized was prepared by Smith Travel Research (STR) and is similar to those in the HOST almanac. This type of hotel is inexpensively constructed, and the interior is finished with lower quality materials and construction. The guest rooms are typically smaller, but they do include a kitchen or kitchenette with the necessary appliances and cookware to prepare meals in the guest room. Other hotel amenities are very limited. For example, there is an additional charge if a guest wants housekeeping more often than once a week or every ten days. These hotels have lower ADRs, higher occupancies, and very low expense ratios. The business model is different from most other hotel's business models, and the average daily rate (ADR) is based on a sliding scale; the longer you stay, the lower the rate per night. Hotel guests often pay weekly or monthly. Some examples would be Extended Stay America and Woodspring Suites.

Full-Service Lodging: Full-service hotels typically offer larger and higher-quality guest rooms with more services. There is also food service on-site. The Assessor defines a full-service hotel as hotels reporting food and beverage revenues and expenses, where those revenues are greater than 5% of the total lodging property revenue. Below are the five classes of full-service hotel models utilized for valuation this revalue cycle:

- 1. Economy:** These hotels most often are very similar to limited service, economy hotels. Generally, they are older and offer few amenities. The primary difference is these hotels have a restaurant on site. There are very few of these in King County, and of those that exist, they are typically independently owned.

2. **Midscale:** Properties in this category tend to offer the fundamentals of limited-service properties together with a few amenities. Typically, these hotels are similar to the limited-service midscale hotels with an added food and beverage revenue. Many of these hotels are older, but they've been updated. More often, a guest room or two, or a portion of the lobby, was removed to add a restaurant or bistro. Some examples include The Best Western Plus, the Ramada Inn, and Clarion.
3. **Upscale:** There is a wide variety of full-service, upscale hotels in King County. Generally, these hotels have higher quality guest rooms and amenity accommodations. The older hotels in this class usually have a more traditional standard restaurant. The newer hotels in this class generally have a bar or bistro that is open for lunch and or dinner. Some of the other amenities include room service, larger meeting space, fitness facilities, concierge services, etc. Examples of upscale hotels include Hilton Garden Inn, the Courtyard by Marriott, and The Silver Cloud Inn.
4. **Upper Upscale:** This class of hotels has well-appointed locations with high-quality amenities, including spacious guest rooms and bathrooms. The hotels in this competitive set are typically four or five-star quality. Guest rooms may be more lavishly decorated than guest rooms in upscale hotels. Usually, they're located in prime city center areas in major cities. Most are found in centralized business locations such as downtown Seattle, downtown Bellevue, and closer to the airport in SeaTac. These hotels have large meeting spaces and high quality, often personalized, amenities such as room service, fitness facilities, concierge services, wedding facilities, etc. Some hotels in this class include Hyatt Regency, Renaissance Hotels, and Sheraton Hotels.
5. **Luxury Hotels:** These hotels are found in both the heart of the city and in the picturesque outskirts of the county. They often are referred to as destination hotels. There are a limited number of this class of hotel in King County. What differentiates these hotels from other full-service hotels is they offer luxury accommodations throughout the hotel. The rooms are lavishly decorated, often with period décor, and they typically provide extra services such as valet parking, concierge services, spa services, etc., on-site. Some examples of this are the Fairmont Hotel, Loews Hotel 1000, and the Salish Lodge.

In general, higher-quality hotels in city centers saw the most significant value decrease. Budget extended stay hotel values remained stable. The neighborhoods that saw the most significant percentage of value decreases had higher-end hotels located within their boundaries.

In general, lodging property values were based on the last revalue, less a Covid 19 virus discount. After the stabilized value was determined, a discount was calculated based on the drop in occupancy combined with the number of years it is believed would be needed to stabilize the market of the given type and class of hotel. In essence, a hybrid of a discounted cash flow analysis

was utilized, predicated on the decrease in occupancy by comparing the metrics of the same class and type of hotel in a given neighborhood.

Overall the three neighborhoods that experienced the most significant decreases in value were 10 - Seattle's CBD, 20 - Bellevue's CBD, and 40 - Seatac. These neighborhoods are home to most of the county's higher-end lodging properties. The average decreases in value in each neighborhood noted were in the two digits.

Conversely, neighborhoods 30, University and Northgate, 50, South King County and 60, North King County saw smaller decreases in value. These neighborhoods include many economy hotels and motels and most of the county's budget extended stays.

Overall, hotel values in King County decreased by -15.75%

The following provides a snapshot of the 2020 year-end hotel data for the United States, King, and surrounding counties. The data source is either the 2021 Hotel Profitability Study (formerly the HOST Almanac) or Kidder Mathews 2020 4th Quarter Seattle Hotel Report:

- Overall, 42% of Hotel Profitability Study respondents in the US reported a negative Gross Operating Profit (GOP) for 2020
- US Hotel Profitability Study respondents reported Rooms Revenue fell by 61.7% in 2020
- US Hotel Profitability Study respondents reported Hotel Food and Beverage Revenue fell by approximately 72% in 2020
- US Hotel Profitability Study respondents reported Full-Service Rooms Revenue fell by 60.5% in 2020
- US Hotel Profitability Study respondents reported Limited-Service Rooms Revenue fell by 46.4% in 2020
- US Hotel Profitability Study respondents reported Luxury Class Rooms Revenue fell by 56.5% in 2020
- US Hotel Profitability Study respondents reported Upper Upscale Class Rooms Revenue fell by 65.6% in 2020
- In April 2021, Hotel Profitability Study respondents in the US reported Rooms Revenues for 2021 reached 65% of April 2019 Rooms Revenues
- In April 2021, Hotel Profitability Study respondents in the US reported GOP for 2021 reached 61% of April 2019 GOP
- The average decrease in Room Revenues in Pierce, King, and Snohomish Counties is 56%
- Occupancy in Seattle CBD Upscale Hotels dropped 67.3% in 2020
- Occupancy in Bellevue CBD all classes of hotels dropped 40.4% in 2020
- Occupancy in Seatac all classes of hotels dropped 40.1% in 2020
- RevPAR in Seattle CBD Upscale Hotels dropped 73.7% in 2020
- RevPAR in Bellevue CBD all classes of hotels dropped 48.2% in 2020
- RevPAR in Seatac all classes of hotels dropped 53.4% in 2020

- The Seattle Metropolitan Hotel Market decrease in RevPAR was the 4th largest in the nation

Below is a table summarizing the percent change in assessed value change by neighborhood for the 2020 value.

2020 Hotel Specialty Area Breakdown					
Area	Name	Improved Parcel Count	2020 Neighborhood AV	2021 Neighborhood AV	Percent Changed
160-10	Seattle Central Business District	82	\$4,562,201,413	\$3,586,330,600	-21.39%
160-20	Bellevue & Surrounding Cities	48	\$1,839,452,600	\$1,549,302,600	-15.77%
160-30	SLU, Northgate, and the University District	60	\$1,343,359,222	\$1,233,915,600	-8.15%
160-40	South Seattle, Renton, Tukwila, and SeaTac	89	\$1,467,767,600	\$1,298,644,400	-11.52%
160-50	South King County	57	\$398,123,400	\$374,255,000	-6.00%
160-60	North Seattle and Northeast King County	45	\$480,610,600	\$460,085,900	-4.27%

Analysis Process

Effective Date of Appraisal: January 1, 2021

Date of Appraisal Report: August 17, 2021

Responsible Appraiser: Mary Guballa - Commercial Appraiser II, Hotel Specialist

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 temporary lodging or mixed-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 of demographic and current development patterns, the improved parcel's existing building(s) 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 value of the entire property in its existing use. On those parcels where the property is not at its highest and best use, a token value of \$1,000 is assigned to the improvements and the parcel may be removed from this specialty and returned to the geographical appraiser for valuation, unless it is known that the owner plans to redevelop the site for future hotel usage.

Standards and Measurement of Data Accuracy: Each sale was verified with the buyer, seller, real estate agent, or tenant when possible. Published sources were also utilized. Current data were verified and corrected when necessary by field inspection, review of plans, marketing information, and owner responses to interviews, surveys, or appeals.

Special Assumptions and Limiting Conditions

All three approaches to value were considered prior to valuation. Both the sales comparison and cost approaches were ultimately deemed unreliable value indicators for the 2021 revalue of temporary lodging properties in King County and were not relied upon. Only one arm's length transaction occurred during 2020, so the sale comparison approach could not determine market impact due to COVID-19.

The Assessor's cost model relies on a programmed model to generate a building value. However, this program does not include all the necessary components that comprise the costs associated with a hotel. In addition, there is no statistical way to account for entrepreneurial profit. The cost approach was therefore given very little weight.

In a stable market, the income approach is the most commonly used approach by market participants when valuing this type of property. It is typically considered the most reflective of market value. Given the unanticipated and significant impact on the hotel market's occupancy

rates from the Covid-19 virus, an external obsolescence adjustment applied to a stabilized income estimate was considered to be reasonable and warranted. Occupancy rates in King County during 2020 suddenly adjusted downward in a way that could not have been predicted. For example, in a two-week period of time, average occupancy in area hotels went from above 80% to the single digits, and they remained abnormally low, 30-50%, the remainder of the year. These dramatic changes to income metrics prevented the income approach from being a good indicator of value without some consideration given to this external influence.

As a result, a direct capitalization income approach to value with an external obsolescence adjustment applied to reflect the unusually high vacancy rates experienced during periods of 2020 was considered the most reasonable and warranted approach to value for the 2021 assessment year.

Neighborhood Description

Hotel properties in King County are either one of two types, full service or limited service. Within those two types, there are nine classes of temporary lodging properties. Most of the inventory is driven by Seattle, Bellevue, and Seatac. King County is considered a first-tiered hotel market; therefore, their temporary lodging industry attracts local, regional, national and international investors. Seattle has vibrant tourism and business economy. It is home to Boeing, Amazon, and Starbucks. Bellevue and Redmond are where Microsoft is situated. Microsoft has spurred a lot of technology growth in the region and throughout the world. And finally, Seatac has the area's international airport. These destinations attract worldwide corporations and a wide variety of business and leisure hotel guests.

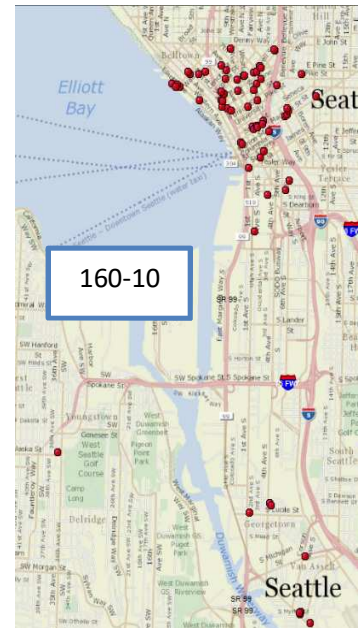
Most temporary lodging properties are concentrated in business / commercial centers; the type and class of the hotel/motel often depend on the location. For example, the most luxury full-service hotels are in downtown Seattle or Bellevue or entirely outside of the major cities in a picturesque surrounding region. Upscale and Upper Upscale full-service hotels are primarily located in the same two downtown commercial business districts. Upscale limited-service lodging is typically located close to business centers, such as Redmond (Microsoft), Bellevue (Eastlake), Renton (Boeing and Federal Buildings), Seatac (Airport), etc. And midscale and economy limited service hotel/motels are found throughout the county with a higher density outside the commercial business districts. Generally, these hotels/motels are located along state routes, although there is also a number on the three major interstate highways.

The Hotel Specialty currently has 381 parcels. Current data shows 332 parcels are improved, and 49 are associated land parcels. The total parcel count includes 28 hotel commercial condominium units. All of the properties within this specialty were revalued this year. King County subscribes to a policy of annual revaluation and a six-year physical inspection cycle. Valuation models were developed within the nine hotel classes.

The following is a brief description of each neighborhood, along with a neighborhood map depicting the location of each hotel in the given neighborhood.

Seattle Central Business District – 160-10

Neighborhood 10 includes all of the temporary lodging properties in the Downtown Seattle Commercial Business District (CBD). It extends from the Denny Regrade area, south, through Pioneer Square to SoDo and Georgetown. Two properties are located in West Seattle. It is bounded on the north by Denny Way and on the south by South Cloverdale. On the east and west sides, it has two natural bodies of water to act as boundaries, the Puget Sound and Lake Washington.



The Seattle CBD contains the highest concentration of luxury, upper-upscale, and upscale full-service hotels in King County. There are some limited-service hotels, but those hotels are found primarily in Pioneer Square and Georgetown. This is a densely populated commercial area with temporary lodging properties located throughout the neighborhood.

In 2020, this neighborhood had an upper-upscale hotel under construction and two other hotels permitted that have not started. There are 82 hotel/motel parcels, which comprise 21.5% of the temporary lodging population. Overall property values in neighborhood 10 decreased \$975,870,813 or -21.39%. This neighborhood experienced the largest decrease in value.

Bellevue, Redmond, and Surrounding Area – 160-20



Most temporary lodging properties in Neighborhood 20 are located in Bellevue and Redmond. In general, the neighborhood extends from Eastlake north to Redmond. Specifically, it is bounded on the north by Redmond Way; on the south, it includes all hotel properties located on both sides of the I-90 corridor. A natural barrier creates this neighborhood's western boundary, Lake Washington, although Mercer Island is included. Another natural barrier, Lake Sammamish, provides the eastern boundary. Aside from the two eastside cities of Bellevue and Redmond, Neighborhood 20 also includes the southern portion of Kirkland.

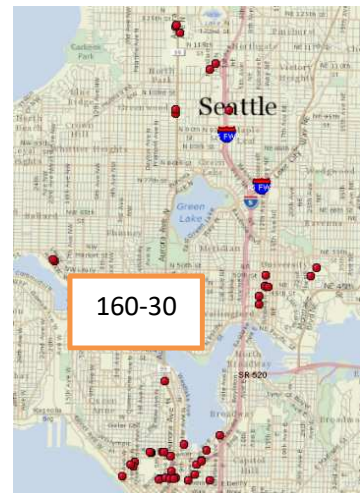
The Bellevue Central Business District (CBD) contains the second-highest concentration of full-service hotels, and Bellevue overall has the most significant number of limited service, upscale hotels. Many

Seattle businesses are relocating to the east side because of the favorable business climate and proximity to technology companies such as Microsoft.

Currently, there are 48 temporary lodging parcels in this neighborhood. It comprises 13% of the hotel-motel population. Three hotels are currently under construction. Overall hotel property values decreased \$290,150,000 or -15.77%.

SLU, Northgate, and the University District Hotels & Motels – 160-30

Neighborhood 30 includes all temporary lodging properties around South Lake Union, Northgate, and the University District. This neighborhood is bounded on the south by Denny Way. Denny Way appears to split Seattle's CBD from the South Lake Union business district, although both areas are home to several international businesses. In South Lake Union, you will find the Amazon headquarters, the Gate's Grant Foundation, and the Paul Allen Medical Institute, to name a few. This area is rapidly developing, and its market is one of the strongest in the Pacific Northwest.



Continuing neighborhood 30 extends north to Northeast 115th Avenue. The northern region encompasses the Northgate area, another area that is seeing more growth. On the west side, a natural boundary exists, the Puget Sound, so Ballard is situated in this neighborhood. And on the east side, it is bounded by Lake Washington, so the University of Washington is also located in east neighborhood 30.

This neighborhood's predominant type and a class of temporary lodging properties are limited-service hotels, with an almost equal number of economy and midscale categories. There are 60 hotel/motel parcels which account for 16% of the total hotel specialty population. Three hotels were permitted for construction, but none of three have broken ground. Overall, hotel property values in this neighborhood decreased by \$109,443,622 or -8.15%.

South Seattle, Renton, Tukwila, and SeaTac – 160-40

The cities of SeaTac, Tukwila, and Renton are situated in this neighborhood. Neighborhood 40 is bounded on the north by South Cloverdale and on the south along the I-5 corridor by South 210th Street. The southern boundary shifts from South 210th Street in SeaTac to South 180th in Renton along the east side of I-5. Then it shifts north again to SW 27th Street on the east side of State Route 181 or the West Valley Highway. Generally speaking, this neighborhood includes the Seatac Airport area and wraps around the southern half of Lake Washington.

Neighborhood 40 has the largest parcel count of any neighborhood in the hotel specialty. Interestingly, most of the properties located in this specialty are not situated along I-5 but are

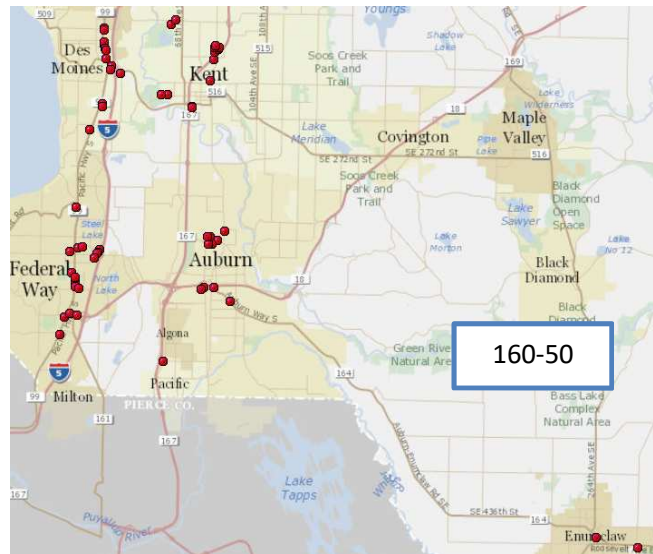


instead positioned along State Route 518 in SeaTac. SeaTac is home to the international airport. Many business travelers prefer airport proximity, which explains the location of so many hotels. In addition, there are also many temporary lodging properties clustered around the Westfield Mall area, better known as Southcenter. The remaining properties are located in Renton and Tukwila.

There are 89 temporary lodging parcels, or 23% of this neighborhood's total hotel-motel population. The hotels are predominantly limited service economy and midscale classes, but there are also a large number of full-service midscale lodging properties. One hotel opened this year and another opened in the summer of 2021. There has been no start on the third. This revalue neighborhood 40 showed assessed values decreased \$169,123,200 or - 11.52%.

South King County – 160 -50

The temporary lodging properties in neighborhood 50 are comprised primarily of limited service midscale and limited service economy hotels and motels. This neighborhood is bounded on the north by South 210th Street, on the west by the Puget Sound, east by the Cascade Mountains, and south by the King County boundary line. The cities included in this neighborhood are Des Moines, Federal Way, Auburn, Kent, and Enumclaw. Most properties are situated along State Route 99, which runs parallel to I-5. There are also several hotels along I-5 and State Route 167 (the Valley Freeway). While the geographic area of neighborhood 50 extends to the King - Pierce and King - Kittitas County lines, there are only two hotels, further east of the downtown areas of Auburn and Kent, and they're both in Enumclaw.

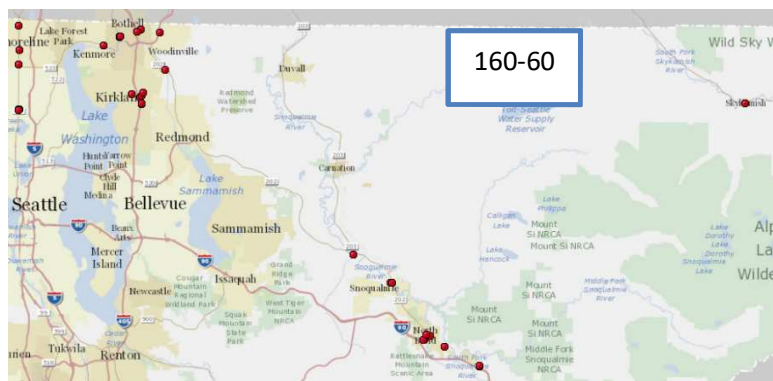


There are 57 temporary lodging parcels in this neighborhood, making up 15% of the hotel-motel population. Because most of the temporary lodging properties in Neighborhood 50 are limited service midscale, economy, or budget extended stay hotels, they have not been as impacted by the Covid 19 virus as the hotels and motels in neighborhoods 10, 20, and 40. Two hotels have

been permitted, but thus far, there has been no start on either. Overall, assessed values in this neighborhood decreased by \$23,868,400 or -6%.

North King County and North Seattle – 160-60

Temporary lodging properties are scattered throughout the northern portion of King County, which is Neighborhood 60. Specifically, this neighborhood extends from the King - Snohomish County Boundary line south to N 115th on both the west and east side of Lake Washington. However, once you move east to Lake Sammamish, the southern boundary extends to I-90. The eastern boundary is the Kittitas County line. Northern Kirkland (Totem Lake), Bothell, Issaquah,



Woodinville, North Bend, and Snoqualmie are all situated in this neighborhood. On the west side of Lake Washington, the southern boundary is still N 115th, but it is bounded on the west by Puget Sound. North Seattle, Shoreline, and Kenmore are also situated in this neighborhood.

There are 45 temporary lodging parcels in Neighborhood 60, comprising 12% of the hotel-motel population. Two hotels were permitted this cycle, one being St Edwards Lodge, a former Catholic seminary. This property was converted to a luxury hotel. The other hotel has had no start. Overall, hotel property values in this neighborhood decreased by \$20,524,700 or -4.27%.

Physical Inspection Area

WAC 458-07-015 requires each property to be physically inspected at least once during a six-year revaluation cycle. At a minimum, an exterior observation of the properties is made to verify the accuracy and completeness of property characteristic data that affect value. Property records are updated in accordance with the findings of the physical inspection. Neighborhood 160-40 South Seattle, Renton, Tukwila, and Seatac were physically inspected for the 2021 assessment year. The inspection area comprises 89 parcels or approximately 23% of the 381 parcels located in Area 160. A list of the physically inspected parcels and an identifying map are included in the addendum of this report.

Scope of Data

Land Value Data

The geographic appraiser in the area where the temporary lodging property is located is responsible for the land value used in the hotel specialty valuation. See appropriate area reports for land valuation discussions.

Improved Parcel Total Value Data

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Data is analyzed and investigated by the appraiser in the process of revaluation. Sales questionnaires are typically mailed to both sellers and purchasers of properties sold in Area 160. Participation is voluntary, and responses are modest. Sales may also be verified by calling either the purchaser or seller, inquiring in the field, or calling the real estate agent. Property characteristics are verified for all sales if possible. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides on the Assessor's website at www.kingcounty.gov/assessor.

Hotel transfers typically include personal property (tangible and or intangible). When estimating real property value, the personal property value contribution must be removed from the sale prices prior to the hotel sales analysis in order to create a more accurate sale comparison approach. The Assessor has taken steps to reflect the typical amount of personal property reflected in hotel transactions in King County.

Gross sale prices were adjusted to reflect a discount for both intangible and tangible personal property. The discounts were estimated by analyzing the reported personal property amounts listed on sold temporary lodging property excise tax affidavits. The Assessor analyzed all available excise tax affidavits from 2012 through March 2020 for sales verified as arm's length transactions. This analysis indicated a downward adjustment of 5% from the gross sale price for limited-service hotels/motels. A downward adjustment of 10% from the gross sale price for full-service hotels was reasonable to reflect the typical total personal property percentage included in hotel sales. Based on this "adjusted sale price," all sales listed on the "sales used" list were analyzed based upon this "adjusted sale price." Based on this revalue's analysis, the resultant adjusted sale price is intended to reflect the typical amount of real property value associated with the hotel transfer. This allows for a direct comparison between the sales and the Assessor's real property assessed value. *(See sales analysis in the addendum)*

Hotel Parcel Total Values

Sales Comparison Approach

The sales comparison approach was not relied upon to develop valuation models. In late February 2020, it was announced that several patients in an assisted living facility had the Covid-19 virus and the greater Seattle Metropolitan area went into a lockdown. The last arm's length hotel transaction occurred on March 9, 2020, and there were no more hotel sales during 2020. The lack of sales transactions after the onset of Covid-19 made this approach less reliable in determining whether Covid-19 had an impact on the value or not. However, sales that occurred before Covid-19 and were confirmed as "arm's length, fair market transactions" are still good indicators of a stabilized value.

Cost Approach Model Description & Calibration

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by the Marshall & Swift Valuation Service. Locational factors are applied to adjust costs to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the limited amount of data in place in the Real Property Application. Typically, the cost model is not used for temporary lodging properties in King County as the factors needed to accurately calculate a temporary lodging property's cost are more numerous than the Assessor's current program can capture. Thus, values generated via the Assessor's programmed cost model are often well below market for this property type.

(Stabilized) Hotel Income Capitalization Approach Model Description

As noted previously, hotel income and expense scenarios in 2020 were turned upside down due to the impact of the COVID-19 virus. Occupancy rates were severely impacted. To adequately reflect this impact via a direct capitalization income approach (an approach favored over a discounted cash flow approach (DCF) due to the myriad of assumptions required with a DCF), the stabilized values reflected in the 2020 assessed values (based upon income/expense parameters in 2019) were used as the base value to which an external obsolescence adjustment was applied. This discount for "lease-up" adjustment is intended to reflect the income lost due to the difference in occupancy rates at stabilized (2020) versus COVID-19 impacted (2021) and the anticipated time necessary to reach the pre-pandemic (stabilized) occupancy level discounted by the average internal rate of return associated with each hotel type as of first quarter 2021. The present cash flow value lost due to the extraordinary vacancy over the anticipated period assumed necessary to reach stabilization was subtracted from the 2020 income estimate to arrive at the 2021 assessed value for each property. These final value estimates are considered to adequately reflect the impacts to value hotel properties experienced due to much higher than typical vacancy rates resulting from COVID-19.

The following describes the process of estimating the stabilized value to which the lease-up discount (external obsolescence) was applied. The Assessor followed the Rushmore Approach to Hotel Valuation in his direct capitalization income approach, in which he used to arrive at a stabilized value. The income approach estimates a value for the real property assuming its highest and best use as a hotel. The value estimate does not reflect a specific hotel brand or management group. The value estimate reflects the value of a hotel with the physical attributes of each property as described. It is formulated from the typical income and expense expectancies for that property's class and market segment. Income variables utilized in the Assessor's income approach are based upon surveyed data and published hotel reports.

Expense ratios (except real estate taxes) utilized in the income approach were established by Smith Travel Research (STR) from surveyed results. For the 2019 data, STR surveyed operating statements from more than 11,000 hotels worldwide and entered the results into a database which they utilized to compile information on hotel revenues and expenses.

In total, nine income models were developed for the income capitalization of temporary lodging properties. Eight of those nine models came directly from the HOST almanac, a highly respected published document from STR. (three limited-service hotel/motels and five full-service hotel/motels models). The ninth model is a limited-service model and addresses budget extended-stay properties. It was created using a data set created from the STR surveyed data using specific hotel characteristics and locational factors.

Intangible property value is exempt from taxation in Washington State. It is imperative our valuation models reflect the typical income and expense scenarios associated with all types of hotel operations rather than just focus on those hotels that are branded, franchised, or managed. The HOST Almanac presents information by department, including rooms, food, and beverage, etc. They break apart expenses for marketing, utility costs, property and maintenance, administrative and general, as well as selected fixed charges. The HOST Almanac reports

“Not all chains and properties report all fixed charges data to STR. Above the Gross Operating Profit (GOP) line, 100 percent of the properties were included. However, below the GOP line, the values presented were based on responses from the sample received for each segment. Fixed charges data for those hotels that did report them are presented in the Supplemental Information section. Most hotels, however, do report the selected fixed charges of property taxes and insurance. Therefore, with the large sample of hotel financial statements collected, we believe the selected fixed charges data presented are representative of the total HOST sample.”

As such, these figures reflect the whole gamut of hotels rather than just branded or managed hotels.

The Assessor uses the term “diluted expenses” to represent the expenses experienced by the full gamut of hotels reflected in a hotel class. As the HOST Almanac reports above, the alternative is their Supplemental Section, which reports the fixed charges data based only on those hotels that reported them. We refer to these expenses as “undiluted expenses.” The undiluted expenses reflect **ONLY** those fixed charges reported by hotels that experience them. These costs are borne by hotels with specific branding, franchise fees, and management agreements and therefore do **NOT** reflect the full gamut of hotel properties. The Assessor values the real property attributes of a given hotel and does not differentiate between franchised and non-franchised or branded and non-branded hotels; thus, the data represented in the HOST report models and utilized by the Assessor is appropriate for the given class.

In addition to the ratios provided by the HOST almanac, the Assessor utilizes the Rushmore method of hotel valuation in his direct capitalization process. This requires personal property within a hotel to be isolated and excluded from the real property components. To do this, two calculations are necessary: a return “**OF**” personal property and a return “**ON**” personal property.

Note: the value attributable to any intangibles is removed via management fees and franchise fee deductions.

Replacement Reserves or FF& E (expense) represents the return “**OF**” the personal property and is reflected in the expense line item. This percentage of gross revenues deduction is based on the HOST surveyed results of all hotels in the given market segment. It is intended to reflect the full gamut of hotels (branded and unbranded; professionally managed and independently managed, etc.).

The second deduction represents the return “**ON**” the tangible personal property and “is based upon the premise that a component of a hotel property is entitled to an annual return equal to its cost of capital comprising that component.”¹ An estimate of the typical value of the FF&E currently in place at a hotel is established from the subject hotel’s particular type and class and is required for this equation. That value is based upon an estimate of the average value of personal property per room. An analysis of sales in each type and class was utilized. Detail of that analysis follows the “Return On” equation description shown below.

The formula the Assessor utilizes to capture the “Return On” investment is....

(Room Count) * (Average PP per Room) * (Personal Property Interest Rate + Levy Rate)

The room count and the levy rate is specific to the subject hotel. The personal property interest rate utilized by the Assessor is found in All Access Points, a publication by Cap Ex. The hotels are located in Tier 1 market, and the interest rates range from 7 to 10%. The Assessor chose a rate of 8% given the subject hotels’ area. HVS and other sources also support this interest rate.

The process noted below obtained the average value of personal property per room for a given hotel class. There are two alternative calculations. These two methods were compared, and the higher net result for a given type and class of hotels was ultimately selected for use.

In both methods, the average personal property per room is calculated by grouping all hotel sales by type and class.

Alternative 1:

Recall that gross hotel sale prices were adjusted downward to remove the average percent of personal property as previously described, *5% for limited service and 10% for full service*. This results in the “adjusted sale price.” Next, the self-reported tangible personal property value, filed with the King County Assessor the same year as the sale, was divided by the “adjusted sale price” to get a percentage (or ratio) of personal property of the adjusted sale price. The percentages from the hotels in a given class were averaged together to arrive at an average personal property as a percent of the adjusted sale price ratio. This average ratio was then applied to each sale in

¹ Ibid, pages 282-285

the class and then divided by that specific hotel sale's room count to arrive at its indicated personal property value per room. These results were averaged to arrive at an average personal property per-room value for each hotel class.

- Gross Sales price * 90% or 95% = **Adjusted Sale Price** (See Improved Parcel Total Value Data, supra) and (*See Sales comparison approach*)
- Reported PP / Adjusted Sale Price = **Percentage of personal property as a ratio of Adjusted Sales Price**
- Sum of Percentage of personal property as a ratio to Adjusted Sale Price/number of entries = **Average percentage of personal property as a ratio of Adjusted Sales Price**
- The average percentage of Personal Property as a ratio of Adjusted Sale Price * Adjusted Sale Price / Room Count = **Average PP Value per Room**

Alternative 2:

This alternative calculation divided each sale's declared personal property (reported to the Assessor in the year of the sale) by its room count. These ratios were then averaged to give an overall ratio that indicated an average personal property per room value.

- Amount of personal property declared on excise tax slip/room count = **Declared PP Value per Room**
- Sum (PP Value per Room) / (number of entries) = **Average Personal Property per Room**
- Sum (Declared PP per Room) / (number of entries) = **Average PP Value per Room.**

Income

Income parameters relevant to hotels are measured by the hotel's average daily rate (ADR) and its typical occupancy level. Hotels typically generate other revenues through sources such as food and beverage, telecommunications, banquet services, conventions, sundries, retail space, etc. Those revenues are captured through the hotel models created in the HOST almanac from the STR surveys.

Expenses

The Assessor relies on the Host Almanac by Smith Travel Research for eight of the nine hotel model's expense percentages. The limited service, budget extended stay model was created for the Assessor utilizing characteristic and locational factors separately from those defined in the HOST almanac, but the information employed is from STRs surveyed data results.

Capitalization Rates

The range of capitalization rates used by the Assessor was derived from published sources and verified sales. Lower capitalization rates were applied to newer and higher quality hotels in the

central business districts such as downtown Seattle and downtown Bellevue. Higher capitalization rates were applied to older, lesser-quality hotels in more suburban locations.

2019 HOTEL/MOTEL CAPITALIZATION RATES (for 2021 Stabilized Revalue)				
SOURCE	DATE	TYPE	2018 AVERAGE RATE/RANGE	2019 AVERAGE RATE/RANGE
CBRE Cap Rate Survey	Second Half 2019	Greater Seattle Area CBD: Luxury Hotels	6.25% (6.00% - 6.50%)	6.25% (6.00% - 6.50%)
CBRE Cap Rate Survey	Second Half 2019	Greater Seattle Area Suburban: Luxury Hotels	7.25% (6.75% - 7.75%)	7.00% (6.50% - 7.50%)
CBRE Cap Rate Survey	Second Half 2019	Greater Seattle Area CBD: Full Service	6.50% (6.25% - 6.75%)	6.625% (6.25% - 7.00%)
CBRE Cap Rate Survey	Second Half 2019	Greater Seattle Area Suburban: Full Service	8.125% (7.75% - 8.50%)	7.875% (7.50% - 8.25%)
CBRE Cap Rate Survey	Second Half 2019	Greater Seattle Area CBD: Select Service	7.00% (6.75% - 7.25%)	6.75% (6.50% - 7.00%)
CBRE Cap Rate Survey	Second Half 2019	Greater Seattle Area Suburban: Select Service	8.125% (7.75% - 8.50%)	7.875% (7.50% - 8.25%)
CBRE Cap Rate Survey	Second Half 2019	Greater Seattle Area CBD: Economy	8.625% (8.25% - 9.00%)	8.875% (8.50% - 9.25%)
CBRE Cap Rate Survey	Second Half 2019	Greater Seattle Area Suburban: Economy	9.75% (9.25% - 10.25%)	10.00% (9.50% - 10.50%)
IRR Viewpoint	Year End 2019	Seattle – Full Service Hotels		7.00%
IRR Viewpoint	Year End 2019	Seattle – Limited Service Hotels		8.50%
Situs RERC Real Estate Report	Q4 2019	National – All Hotels		7.65% (7.00% - 8.30%)
Situs RERC Real Estate Report	Q4 2019	Hotels – Seattle First-Tier Investment Properties	7.50%	7.10%
Situs RERC Real Estate Report	Q4 2019	Hotels – West Region First-Tier Investment Properties	7.25% (6.00% - 8.50%)	7.00% (6.00% - 8.00%)
Situs RERC Real Estate Report	Q4 2019	Hotels – West Region Second Tier Investment Properties	7.75% (7.00% - 8.50%)	7.75% (7.00% - 8.50%)

2019 HOTEL/MOTEL CAPITALIZATION RATES (for 2021 Stabilized Revalue)				
SOURCE	DATE	TYPE	2018 AVERAGE RATE/RANGE	2019 AVERAGE RATE/RANGE
Situs RERC Real Estate Report	Q4 2019	Hotels – West Region Third Tier Investment Properties	8.75% (7.50% - 10.00%)	9.00% (7.50% - 10.50%)
ACLI	Q4 2019	US Hotel / Motel All Hotel Loans		5.11%
ACLI	Q4 2019	U.S. Hotel / Motel Fixed Rate Loans		5.25%
ACLI	Q4 2019	Pacific Hotel/Motel All Hotel Loans		4.73%
ACLI	Year-End 2019	Pacific Hotel/Motel All Hotel Loans	5.29%	5.39%
HVS	Year End 2019	Full Service Incl. Luxury – US	6.9% (3.00% - 11.00%)	6.40% (2.40% - 9.90%)
HVS	Year End 2019	Select Service & Extended Stay – US	8.10% (4.50% - 11.00%)	8.20% (5.00% - 14.00%)
HVS	Year End 2019	Limited Service – US	9.00% (5.00% - 14.30%)	9.20% (1.10% - 13.30%)

Below are charts that show typical ranges for key metrics for each specialty neighborhood based on type and class of hotel. The two charts are separated into limited and full service and summarize metric fundamentals utilized by the Assessor throughout Area 160. Ranges in parameters are generally due to qualitative measures such as location, building quality, effective age, and maintenance. Specific properties may deviate from what is noted.

Typical Range of Metrics of Limited Service Hotels by class:

2020 Typical Income Metrics for Limited Service Hotels				
Budget				
	Extended Stay	Economy	Midscale	Upscale
160-10	N/A	ADR \$65-\$120 OCC 65-70% CR 8-8.5%	ADR \$125-\$165 OCC 65-85% CR 7.75-8%	ADR \$170-\$195 OCC 80-85% CR 6.75-7.25%
160-20	ADR \$90-\$100 OCC 70-75% CR 7%	ADR \$90 OCC 70% CR 8.5%	ADR \$120-\$190 OCC 70-75% CR 6.5-8.25%	ADR \$160-\$200 OCC 70-75% CR 6.75-7%
160-30	ADR \$95 OCC 75% CR 7%	ADR \$70-\$125 OCC 65-75% CR 7.5-8.5%	ADR \$125-\$170 OCC 80% CR 6.75-7.25%	ADR \$185-\$210 OCC 75-85% CR 6.75-7%
160-40	ADR \$65-\$85 OCC 70-85% CR 7.5-8.5%	ADR \$60-\$80 OCC 65-75% CR 8.5%	ADR \$100-\$160 OCC 65-80% CR 7-8.5%	ADR \$125-\$165 OCC 70-75% CR 8-8.25%
160-50	ADR \$55-\$70 OCC 60-80% CR 8-8.75%	ADR \$60-\$65 OCC 60-70% CR 8.5-8.75%	ADR \$80-\$145 OCC 65-75% CR 7.5-8.75%	ADR \$165 OCC 75% CR 7.5%
160-60	ADR \$70-\$85 OCC 80-85% CR 7-8.25%	ADR \$62.50-\$95 OCC 57.5-75% CR 8.25-9.25%	ADR \$100-\$165 OCC 70-77.5% CR 6.75-8%	ADR \$165-\$175 OCC 70-75% CR 7%

Typical Range of Metrics of Full-Service Hotels by class:

2020 Typical Income Metrics for Full-Service Hotels					
	Economy	Midscale	Upscale	Upper Upscale	Luxury
160-10	ADR \$105 OCC 65-80% CR 7.00%	ADR \$150 OCC 80% CR 6.75%	ADR \$170-\$225 OCC 85-85% CR 6.50%	ADR \$200-\$250 OCC 77.55-85% CR 6.5%	ADR \$260-\$350 OCC 85% CR 6.25-6.5%
160-20	N/A	ADR \$130 OCC 70% CR 7%	ADR \$175-\$220 OCC 70-80% CR 6.5-7%	ADR \$170-\$230 OCC 67.5-80% CR 6.5-7%	ADR \$240-\$250 OCC 77.5-80% CR 6.5-6.75%
160-30	N/A	ADR \$160-\$185 OCC 82.5-85% CR 6.25%	ADR \$180-\$225 OCC 80% CR 6.5-6.75%	ADR \$190-\$240 OCC 80-85% CR 6.5-6.75%	ADR \$325 OCC 85% CR 6.5%
160-40	N/A	ADR \$105-\$125 OCC 65-70% CR 8.25%	ADR \$135-\$170 OCC 70-75% CR 7.75-8.0%	ADR \$155-\$180 OCC 65-75% CR 7-8%	ADR \$200 OCC 70% CR 7.25%
160-50	N/A	ADR \$115-\$125 OCC 65-70% CR 8.25%	ADR \$160 OCC 70% CR 7.25-8%	N/A	N/A
160-60	N/A	ADR \$135-\$140 OCC 67.5-75% CR 7.25-7.5%	ADR \$170-\$175 OCC 70-75% CR 6.75-7.00%	N/A	ADR \$300-\$325 OCC 80% CR 6.75%

The metrics noted above explain how the Assessor arrived at each hotel’s stabilized value.

After the stabilized values were determined, the Assessor looked to his evidence to arrive at current occupancy and an absorption Period. These factors are necessary to calculate an estimate of the external obsolescence deduction associated with the extreme change in occupancy brought about by the pandemic.

To begin, the Assessor analyzed his occupancy data by sorting the hotels by type, class, and neighborhood. He then compared the occupancy rate from the same hotel for the year-end 2019 to its occupancy rate for the year-end 2020. He did this for every hotel where data was available. This information was summarized by type and class to arrive at occupancy averages and if enough information was available by neighborhood.

The Assessor relied on numerous publications such as CBRE Hotel Recovery Period, Cushman Wakefield Hotel Metrics, HVS Covid-19 Impacts on the Lodging Industry, and many more to arrive at the absorption period.

The results of the occupancy and absorptions period analysis are summarized in the following table:

Hotel Type - Class	Absorption Period	Current Occupancy	Discount Rate
Full Service - Luxury	48 Months	23.2 to 47%	6.5-7.5%
Full Service - Upper Upscale	48 Months	17-24%	6.5-8%
Full Service - Upscale	36 Months	30-35%	6.5-8.25%
Full Service - Midscale	30 Months	76%	6.5-8.25%
Full Service – Economy *	12 Months*	55%*	7%*
Limited Service - Upscale	30 Months	54%	6.75-8.25%
Limited Service - Midscale	24 Months	43%	6.5-8.75%
Limited Service - Economy	12 Months	40-43%	7.5-9%
Limited Service - Budget Ex Stay	0 Months	60-85%	None Applied

* The Assessor did not have enough data to estimate this class and type of hotel. So he derived a rate utilizing data for Full Service Midscale with Limited Service Midscale and Limited-Service Economy.

A discount rate was applied to the loss of cash flow during the estimated absorption period.

The Assessor determined the loss of cash flow during each hotel’s absorption period by borrowing a model from another large assessment jurisdiction in the United States. The following graphic shows the template from the model utilized to calculate the lease-up discount using each specific hotel’s room count and their food and beverage income percent contribution, along with the difference between the assumed stabilized occupancy rate (2020) and the COVID-19 impacted occupancy rate (2021). This model generates a present value lump-sum deduction by discounting the cash flow due to increased vacancy and the associated food and beverage income loss over the assumed absorption period. That amount is then deducted from the stabilized income value as the discount for lease-up. The deduction reflects external obsolescence due to COVID-19 hotel market impacts.

Below is an example of a discount from a full-service upscale hotel.

HOTEL DISCOUNT FOR LEASE-UP			
Number of Rooms	234		
Total Available Room-Nights	85,410	Room-Nights	
Current Occupied Room-Nights	27,331	Room-Nights	
Present Occupancy %	32.0%		
Stabilized Occupancy (Projected)	70,463	Room-Nights	
Stabilized Occupancy %	82.5%		
Rooms to be Absorbed	43,132	Room-Nights	
Absorption Period for Rooms (Max 60 months)	36	Months	
Rooms Absorption per Year	14,377	Room-Nights	
Rooms Absorption per Month	1,198	Rooms-Nights	
Food & Beverage & Other Revenue per Room %	19.6%		
Food & Beverage & Other Revenue per Room	\$30.72	/ Room-Night	
REV PAR	\$156.75	/ Room	
Room Upgrades or Reserve Per Room per Room-Night	\$0.00	/ Room-Night	
Discount Rate	6.50%		
PV OF LEASEUP COSTS =	\$11,654,036		

Current Hotel Development: As previously stated, the number of new hotels has shifted downward. The last revalue cycle had 20 new hotels permitted to be built. In this revalue cycle, there are only 16 hotel permits open. Two of those hotels are now complete. Five are under construction, and the other nine have yet to break ground. Two of those hotels are partially complete, and another has not started; the owner is considering changing to an office building.

Below is the current list of planned hotel projects organized by neighborhood.

Hotel Projects Under Construction								
No	Nbhd	Parcel Number	Hotel Name	Address	City	Stories	Room Count	Expected Completion
1	10	197570-0135	Central Hotel / Henry the 8th	1520 5th Ave.	Seattle	17	241	No Start
2	10	198620-0440	SLU-Marriott	300 Terry Ave. N	Seattle	15	280	Spring, 2022
3	10	713783-0020	Unnanmed - Luxury Hotel	1301 5th Ave.	Seattle	12	163	No Start
4	20	082505-9081	Lakeview Hotel	10850 NE 68th St	Kirkland	3	10	Summer, 2023
5	20	032425-0030	Avenue Bellevue	10300 NE 8th Ave	Bellevue	20	251	Summer, 2023
6	20	939970-0820	Holiday Inn Express / Nuovo Apts	969 118th Ave. SE	Bellevue	6	150	Summer, 2023
7	30	276770-0855	No name Hotel	1766 NW Market St	Seattle	7	124	No Start
8	30	276770-3505	Hotel in Ballard	5244 Leary Ave. NW	Seattle	5	99	No Start
9	30	674670-1275	Unnanmed - Luxury Hotel	4512 11th Ave. NE	Seattle	30	168	No Start
10	40	022340-0070	Element Hotel	515 Industry Dr.	Tukwila	5	177	Summer, 2021
11	40	609423-0010	Seatac Hyatt House	17300 International Blvd	Tukwila	16	369	No Start
12	40	262304-9075	Tru Microtel	395 Corporate Dr S	Tukwila	5	92	Complete
13	50	733140-0405	Tru Microtel	225 Auburn Way S	Auburn	4	90	No Start
14	50	936060-0010	Wyndham Hotel	4873 Auburn Way N	Auburn	3	63	No Start
15	60	232604-9001	The Lodge @ St Edwards Park	14477 Juanita Drive NE	Kenmore	4	83	Complete
16	60	092308-9024	Fairfield Inn & Suites	700 Southfork Ave. SW	North Bend			No Start

Model Validation

Total Value Conclusions, Recommendations, and Validation

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

The direct capitalization income approach with the lease-up discount applied to reflect external obsolescence due to Covid-19 was the primary method used to derive the total value for parcels in this specialty. The geographic area appraisers determined land values, then subtracted them from the total value to arrive at the allocated improvement value. The hotels noted below have at least 25% of their net leasable area utilized for retail or something other than typical hotel revenues, so the Assessor deviated from the model outlined in this report:

The Washington Athletic Club	Parcel # 197570-0025
The Inn at El Gaucho	Parcel # 065300-0160
The Lodges in Vashon Village	Parcel # 302303-9039
Best Western Plus (Plaza Green)	Parcel # 232204-9088
Ace Hotel	Parcel # 524780-0930
Cascadia Inn	Parcel # 780780-0240
Fall City Roadhouse	Parcel # 673070-0005

Total Value Change

The total assessed value in area 160 for the 2021 Assessment Year (taxes payable in 2022) results in a change of -15.75% year over year.

CHANGE IN TOTAL ASSESSED VALUE			
2020 Total Value	2021 Total Value	\$ Change	% Change
\$ 10,091,514,835	\$ 8,502,534,100	\$ (1,588,980,735)	-15.75%

Uniform Standards of Professional Appraisal Practice Compliance

Client and Intended Use of the Appraisal

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

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

Definition and Date of Value Estimate

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65). The true and fair value of a property in money for property tax valuation purposes is its "market value" or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

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

Highest and Best Use

RCW 84.40.030

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

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

WAC 458-07-030 (3) True and Fair Value -- Highest and Best Use

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

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

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

Date of Value Estimate

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on January 1 at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31 of each year. The assessed valuation of the property shall be considered as of July 31 of that year. [1989 c 246 § 4]

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

Property Rights Appraised

Fee Simple

Wash Constitution Article 7 § 1 Taxation

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

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

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

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

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

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Assumptions and Limiting Conditions

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

9. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
10. An attempt to segregate personal property from the real estate in this appraisal has been made.
11. 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.
12. 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.
13. 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.
14. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.

Scope of Work Performed

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

Certification

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

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

- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.
- The individuals listed below were part of the “appraisal team” and provided significant real property appraisal assistance to the person signing this certification. Any services regarding the subject area performed by the appraiser within the prior three years, as an appraiser or in any other capacity is listed adjacent their name.
- Any services regarding the subject area performed by me within the prior three years, as an appraiser or in any other capacity is listed below:

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

8/18/2021

Name: Mary Guballa - Commercial Appraiser II
Hotel Specialist

Date

Improvement Sales for Area 160 with Sales Used

08/11/2021

No	Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Par. Ct.	Ver. Code	Remarks
1	160	010	094200	0532	243,800	3027470	\$157,387,410	12/18/19	\$645.56	LOTTE HOTEL	DOC1 U/450/U	Hotel/Motel	3	29	Seg/merge after sale; not in ratio
2	160	010	197570	0255	272,787	2913236	\$130,500,000	01/30/18	\$478.40	MOTIF SEATTLE	DRC 85-170	Hotel/Motel	1	Y	
3	160	010	880490	0365	10,124	3027576	\$3,895,000	12/27/19	\$384.73	BOYLSTON HOTEL	NC3P-75 (M)	Hotel/Motel	1	Y	
4	160	020	154410	0322	107,322	2918248	\$78,300,000	03/08/18	\$729.58	MARRIOTT AC HOTEL BELLEVUE (Core)	DNTN-MU	Hotel/Motel	1	Y	
5	160	020	232900	0020	195,956	2971521	\$53,213,593	01/23/19	\$271.56	EMBASSY SUITES HOTEL EASTGATE	OLB2	Hotel/Motel	2	Y	
6	160	020	720241	0080	159,508	2917306	\$63,000,000	02/28/18	\$394.96	REDMOND MARRIOTT TOWN CENTER	TWNC	Hotel/Motel	1	Y	
7	160	030	569450	0790	10,105	3038049	\$1,995,000	03/09/20	\$197.43	WALLINGFORD INN	NC3-55 (M)	Hotel/Motel	1	Y	
8	160	030	926670	0955	7,935	2914458	\$1,377,500	02/09/18	\$173.60	THE GEORGIAN MOTEL	C1-40	Hotel/Motel	1	Y	
9	160	040	042204	9069	50,994	2979702	\$16,957,500	03/22/19	\$332.54	COMFORT INN & SUITES - SEATAC	CB-C	Hotel/Motel	1	Y	
10	160	040	344500	0132	40,410	2919176	\$16,720,000	03/12/18	\$413.76	SLEEP INN - SEATAC	CB-C	Hotel/Motel	1	Y	
11	160	040	736060	0400	18,630	2929929	\$3,253,750	05/14/18	\$174.65	ECONO LODGE - AIRPORT	RC	Hotel/Motel	1	Y	
12	160	050	000660	0036	34,577	2952824	\$6,840,000	09/10/18	\$197.82	RED LION INN & SUITES KENT	M1-C	Hotel/Motel	1	Y	
13	160	050	092104	9146	55,147	2971962	\$14,250,000	01/03/19	\$258.40	COMFORT INN FEDERAL WAY - SEATTLE	CC-C	Hotel/Motel	1	Y	
14	160	050	092104	9185	86,999	2957642	\$31,825,000	10/17/18	\$365.81	HAMPTON INN & SUITES - FEDERAL WAY	CC-C	Hotel/Motel	1	Y	
15	160	050	112204	9082	152,295	2913438	\$16,150,000	02/01/18	\$106.04	HAWTHORN SUITES - KENT	M1-C	Hotel/Motel	1	Y	
16	160	050	172104	9078	18,573	3019499	\$3,325,000	10/24/19	\$179.02	ECONO LODGE - FEDERAL WAY	BC	Hotel/Motel	1	26	Imp changed after sale; not in ratio
17	160	050	182105	9253	37,426	2927926	\$11,162,500	05/01/18	\$298.26	LA QUINTA AUBURN	C3	Hotel/Motel	1	Y	
18	160	050	182305	9077	8,695	2995835	\$2,042,500	06/23/19	\$234.91	WEST WIND MOTEL - RENTON	CA	Hotel/Motel	1	Y	
19	160	050	192105	9007	8,814	2925005	\$1,900,000	04/17/18	\$215.57	AUBURN MOTEL L-E	C1	Hotel/Motel	1	Y	
20	160	050	212104	9078	58,600	3002878	\$8,550,000	07/23/19	\$145.90	RED LION INN & SUITES FEDERAL WAY	CE	Hotel/Motel	1	Y	
21	160	050	250060	0085	28,035	2999639	\$3,325,000	07/02/19	\$118.60	GARDEN SUITES DES MOINES	PR-C	Hotel/Motel	1	Y	
22	160	050	282204	9214	11,989	3001130	\$2,375,000	07/03/19	\$198.10	TRAVEL INN MOTEL - DES MOINES	C-C	Hotel/Motel	1	Y	
23	160	050	775780	0010	62,211	2952556	\$11,340,000	09/13/18	\$182.28	RAMADA KENT SEATTLE AREA	M1-C	Hotel/Motel	1	Y	
24	160	050	797820	0020	11,544	2946677	\$3,063,750	08/09/18	\$265.40	EASTWIND MOTEL - FEDERAL WAY	BC	Hotel/Motel	1	Y	
25	160	060	302408	9064	88,802	3018331	\$56,250,000	10/29/19	\$633.43	SALISH LODGE AND SPA	BR2	Hotel/Motel	2	Y	
26	160	060	604640	0805	7,834	2986824	\$2,945,000	05/09/19	\$375.93	SUN HILL MOTEL	C1-40	Hotel/Motel	1	Y	

No	Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Par. Ct.	Ver. Code	Remarks
1	160	010	066000	1195	179,528	2967476	\$100,462,500	12/20/18	\$559.59	RESIDENCE INN - DENNY	DMC 340/290-440	Hotel/Motel	3	11	Corporate affiliates
2	160	010	197720	1140	60,087	2949004	\$3,929,660	08/23/18	\$65.40	PALLADIAN HOTEL	DMC 240/290-440	artment(Mixed L	1	30	Historic property
3	160	010	197720	1140	60,087	2949005	\$5,608,350	08/23/18	\$93.34	PALLADIAN HOTEL	DMC 240/290-440	artment(Mixed L	1	30	Historic property
4	160	010	197920	0270	110,831	3007149	\$21,000,000	08/27/19	\$189.48	SORRENTO HOTEL	NC3P-160	Hotel/Motel	2	51	Related party, friend, or neighbor
5	160	020	866327	0010	43,720	2912000	\$10,000	01/05/18	\$0.23	TOTEM LAKE HOTEL	TL 8	Hotel/Motel	1	24	Easement or right-of-way
6	160	030	322604	9130	100,142	2930489	\$5,150,000	05/16/18	\$51.43	HAMPTON INN & SUITES - NORTHGATE	NC3-65	Hotel/Motel	1	15	No market exposure
7	160	040	042204	9092	37,104	2914476	\$1,000	02/08/18	\$0.03	former ECONO LODGE SANDSTONE INN - SEATAC	CB-C	Hotel/Motel	2	52	Statement to dor
8	160	040	334450	0006	96,471	3047166	\$32,951	03/19/20	\$0.34	RESIDENCE INN - SOUTHPORT	UC	Hotel/Motel	2	24	Easement or right-of-way
9	160	040	344500	0070	11,328	3082077	\$114,622	10/21/20	\$10.12	SKYWAY INN SEATAC	CB-C	Hotel/Motel	1	51	Related party, friend, or neighbor
10	160	040	344500	0226	73,947	2967881	\$18,110	12/20/18	\$0.24	BEST WESTERN AIRPORT EXECUTEL	CB-C	Hotel/Motel	1	24	Easement or right-of-way
11	160	040	526330	0055	7,280	2922452	\$1,425,000	03/28/18	\$195.74	STAR MOTEL - S.BENNETT	C1-65	Hotel/Motel	2	51	Related party, friend, or neighbor
12	160	050	132104	9050	67,677	3012656	\$8,640,000	09/26/19	\$127.67	HOLIDAY INN EXPRESS - AUBURN	C3	Hotel/Motel	1	22	Partial interest (1/3, 1/2, etc.)
13	160	060	282605	9078	32,724	3084029	\$6,332,052	11/18/20	\$193.50	MOTEL 6 - KIRKLAND	TL 4A	Hotel/Motel	1	46	Non-representative sale
14	160	060	643000	0810	18,678	2989459	\$42,500	04/24/19	\$2.28	EVERSPRING INN	C1-40	Hotel/Motel	1	24	Easement or right-of-way
15	160	060	894710	0010	27,460	3084298	\$5,540,320	11/17/20	\$201.76	MOTEL 6 - ISSAQUAH	UC	Hotel/Motel	1	59	Bulk portfolio sale

Specialty Area 160 - Physical Inspection 2021

No	Major	Minor	Hotel Name	Address
1	334330	1120	Econolodge - Southport	4710 Lk WA Blvd
2	334450	0007	Hampton Inn - Southport	1300 Lk WA Blvd
3	334450	0006	Residence Inn - Southport	1200 Lk WA Blvd
4	082305	9056	Land Assoc w/ -0006	
5	052305	9075	Hyatt Regency - Southport	1053 Lk WA Blvd
6	172305	9100	Best Western Plus - Renton	1850 Renton Maple Valley RD SE
7	172305	9077	Renton Inn	219 Sunset BLVD N
8	182305	9077	West Wind Motel	110 Rainier Ave. S.
9	334040	1630	Red Lion Inn	1 S. Grady Way
10	334040	3332	Larkspur Landing	1701 East Valley RD
11	334040	3330	Hilton Garden Inn - Renton	1801 East Valley RD
12	334040	3334	Sonesta Suites	300 SW 19th ST
13	334040	3325	Sonesta Select	200 SW 19th ST
14	242304	9014	Hampton Inn - Southcenter	7200 S. 156th ST. Tukwila
15	918800	0148	Extended Stay - Deluxe	1150 Oaksdale Ave. SE
16	295490	0460	Homewood Suites - Tukwila	6955 Fort Dent Way
17	242304	9013	Comfort Suites Tukwila	7200 Fun Center Way
18	359700	0005	Sunrise Suites	14800 Interurban Ave. S
19	000320	0006	Assoc w/ Sunrise Suites	
20	000300	0030	Days Inn So Seattle	13050 48th Ave S.
21	736060	0195	Ramada - Tukwila	4006 S 139th ST
22	736060	0400	EconoLodge - Airport	13910 Tukwila International Blvd
23	161000	0355	Knights Inn	14110 International BLVD
24	161000	0335	Knights Inn	14110 International BLVD
25	161000	0270	Jet Inn	3747 S 142nd ST
26	115720	0031	Extended Stay -Tukwila	15451 535rd Ave S.
27	022300	0040	Holiday Inn Express - Tukwila	90 Andover Park E
28	022310	0090	Hotel Interurban	223 Andover Parke E
29	022340	0070	Elements	515 Industry DR
30	262304	9075	TRU	395 Corporate Dr S
31	000580	0015	Extended Stay - Southcenter	15635 West Valley Highway
32	000580	0030	Ramada Hotel	15901 West Valley Highway
33	000580	0002	Woodspring Suites - Southcenter	15637 West Valley Highway
34	000580	0024	Embassy Suites	15920 West Valley Highway
35	000580	0031	Assoc w/ Embassy Suites	
36	000580	0039	Assoc w/ Embassy Suites	
37	000580	0040	Assoc w/ Embassy Suites	
38	000580	0005	Courtyard - Tukwila	16038 West Valley Highway
39	000580	0006	Residence Inn - Tukwila	16201 West Valley Highway
40	262304	9006	Courtyard - Southcenter	400 Andover Park W
41	643730	0020	Doubletree Suites - Southcenter	16500 Southcenter Pkwy
42	883650	0030	Home 2 Suites	380 Upland DR
43	537980	1020	Super 8	3423 S 160th ST
44	282304	9190	Motel 6 -Seatac	16500 International Blvd
45	282304	9076	Ramada Airport	16720 International Blvd
46	282304	9177	Assoc w/ Ramada Airport	
47	282304	9114	Red Roof Inn	16838 International Blvd
48	855240	0095	Seatac Inn	17108 International Blvd
49	855240	0090	Seatac Inn	17108 International Blvd
50	282304	9051	Rodeway Inn - Seatac	2930 S 176th ST
51	282304	9182	Clarion Hotel	3000 S 176th ST
52	332304	9170	Airport Hilton	17620 Pacific Highway
53	342304	9098	Airport Marriott	3201 S 176th St
54	342304	9320	Motel 6 - S. Seatac	18900 47th Ave S

Specialty Area 160 - Physical Inspection 2021

No	Major	Minor	Hotel Name	Address
55	332304	9168	Crest Motor Inn	18845 International Blvd
56	332304	9162	Days Inn - Seatac	19015 International Blvd
57	332304	9141	Wingate Hotel	19031 International Blvd
58	332304	9138	Assoc w/ Wingate	
59	332304	9169	Assoc w/ Wingate	
60	332304	9157	Country Inn & Suites	3100 S 192nd ST
61	332304	9142	Quality Inn - Seatac	2900 S 192nd ST
62	332304	9102	Hampton Inn - Airport	18850 28th Ave. S.
63	332304	9139	Aloft - Seatac	19030 28th Ave. S.
64	042204	9241	Comfort Inn - Seatac (West)	19260 28th Ave. S.
65	042204	9069	Comfort Inn - Seatac	19333 Pacific Highway
66	042204	9122	Hampton Inn - So. Airport	19445 International Blvd
67	282304	9180	Crowne Plaza	17338 International BLVD
68	282304	9135	Assoc w/ Crowne Plaza	
69	282304	9181	Assoc w/ Crowne Plaza	
70	042204	9138	Residence Inn - Seatac	19608 International Blvd
71	042204	9231	Holiday Inn Express - Seatac	19621 International Blvd
72	042204	9283	Fairfield Inn - Seatac	19631 International Blvd
73	358529	0010	Towneplace Suites	18123 72nd Ave. S
74	032204	9014	Motel 6 - Military Rd	20651 Military Rd S
75	332304	9197	Red Lion - Seatac	18220 International Blvd
76	100200	0115	Coast Gateway	18415 International Blvd
77	332304	9059	La Quinta - Seatac	2824 S 188th St
78	332304	9027	Doubletree	18740 International Blvd
79	332304	9200	Assoc w/ Doubletree	
80	332304	9188	Hilton Garden Inn - Seatac	3056 S 188th ST
81	342304	9012	Cedarbrook Lodge	18525 36th Ave S.
82	100340	0075	Assoc. w/ Cedarbrook	
83	100340	0080	Assoc. w/ Cedarbrook	
84	100360	0125	Assoc. w/ Cedarbrook	
85	344500	0070	Skyway Inn - Seatac	20045 International Blvd
86	344500	0132	Sleep Inn - Seatac	20406 International Blvd
87	344500	0226	BW - Executel	20717 International Blvd
88	332304	9119	Radisson	18118 International Blvd
89	302305	9117	Clarion Hotel	3700 East Valley Rd



King County

Department of Assessments

King Street Center
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John Wilson

Assessor

As we start preparations for the 2021 property assessments, it is helpful to remember that the mission and work of the Assessor's Office sets the foundation for efficient and effective government and is vital to ensure adequate funding for services in our communities. Maintaining the public's confidence in our property tax system requires that we build on a track record of fairness, equity, and uniformity in property assessments. Though we face ongoing economic challenges, I challenge each of us to seek out strategies for continuous improvement in our business processes.

Please follow these standards as you perform your tasks.

- Use all appropriate mass appraisal techniques as stated in Washington State Laws, Washington State Administrative Codes, Uniform Standards of Professional Appraisal Practice (USPAP), and accepted International Association of Assessing Officers (IAAO) standards and practices.
- Work with your supervisor on the development of the annual valuation plan and develop the scope of work for your portion of appraisal work assigned, including physical inspections and statistical updates of properties;
- Where applicable, validate correctness of physical characteristics and sales of all vacant and improved properties.
- Appraise land as if vacant and available for development to its highest and best use. The improvements are to be valued at their contribution to the total in compliance with applicable laws, codes and DOR guidelines. The Jurisdictional Exception is applied in cases where Federal, State or local laws or regulations preclude compliance with USPAP;
- Develop and validate valuation models as delineated by IAAO standards: Standard on Mass Appraisal of Real Property and Standard on Ratio Studies. Apply models uniformly to sold and unsold properties, so that ratio statistics can be accurately inferred to the entire population.
- Time adjust sales to January 1, 2021 in conformance with generally accepted appraisal practices.
- Prepare written reports in compliance with USPAP Standards 5 and 6 for Mass Appraisals. The intended users of your appraisals and the written reports include the public, Assessor, the Boards of Equalization and Tax Appeals, and potentially other governmental jurisdictions. The intended use of the appraisals and the written reports is the administration of ad valorem property taxation.

Thank you for your continued hard work on behalf of our office and the taxpayers of King County. Your dedication to accurate and fair assessments is why our office is one of the best in the nation.

John Wilson

Specialty Area 160

2021 Assessment Year



Department of Assessments