

# Major Office Buildings

Area: 280

*Commercial Revalue for 2024 Assessment Roll*



**King County**

**Department of Assessments**

*Setting values, serving the community, and pursuing excellence*

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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 with 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. Additionally, I have provided a brief tutorial on our property assessment process. It is meant to provide you with background information about our process and the basis for your area assessments.

Fairness, accuracy, and transparency set the foundation for an 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 that every taxpayer is treated fairly and equitably.

Our office is here to serve you. Please don't hesitate to contact us if you 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 727,000 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](http://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.



## Executive Summary Report

**Appraisal Date: 1/1/2024 - 2024 Assessment Year – 2025 Tax Roll Year**

**Specialty Name: Major Office Buildings**

### **Sales - Improved Analysis Summary:**

Number of Sales: 28 market transactions

Range of Sale Dates: 4/01/2021 to 08/18/2023

### **Ratio Studies:**

No ratio studies were included within this report due to the limited number of improved sales within the major office specialty population along with rapid changes within the major office market. Rapid changes in commercial office property values can significantly impact the reliability of assessment ratios. Here are some reasons why:

- **Market Volatility:** Commercial property values can fluctuate rapidly due to economic conditions, investor sentiment, and industry-specific factors. If assessment ratios are based on outdated data, they may not reflect the current market reality.
- **Sales Data Availability:** Assessment ratios rely on recent sales data to establish market values. In volatile markets, fewer transactions occur, making it challenging to maintain reliable ratios.
- **External Factors:** Economic shocks, regulatory changes, or technological advancements can impact property values. Assessment ratios alone may not consider these external influences.

The current office market cycle has seen a substantial decrease in sale transactions in all office submarkets in addition to having very few sales of different office types with all the various submarkets, as such it was not possible to rely solely on the market approach to value.

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

Current market income parameters, including stagnate rents, higher vacancy and rising capitalization rates, suggest an overall decrease in the major office market as of 01/01/2024 as compared to 01/01/2023. Overall industry data for major office properties was used to make downward adjustments of approximately -32.08%.

**Total Population – Parcel Summary Data:**

Number of Improved Parcels: 470

TOTAL POPULATION SUMMARY DATA			
	Land	Improvement	Total
2023 Value	\$11,465,848,800	\$33,975,283,500	\$45,441,132,300
2024 Value	\$11,470,263,700	\$19,391,918,700	\$30,862,182,400
% Change	0.04%	-42.92%	-32.08%

Number of total parcels in the Specialty Assignment: 575

Total assessed values include economic land parcels and new construction values but may exclude some hold-out parcels that the assessor is presently working on for the current 2024 revalue.

**Conclusion and Recommendation:**

Total assessed values for the 2024 revalue decreased by -32.08% over the 2023 assessment levels due to market instabilities caused by the Covid-19 pandemic, which resulted in higher vacancy rates, stagnate market rents, and rising capitalization rates.

The values recommended in this report reflect current office market parameters as of the valuation date of 1/1/2024 and improve uniformity and equity. Therefore, it is recommended that the values should be posted for the 2024 Assessment Year.

**Identification of the Area**

**Name or Designation: Specialty Area 280 - Major Office Buildings**

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

**Neighborhoods:** For purposes of the 2024 revaluation of the major office building specialty, the population has been segmented into four regions which are generally described by the geography in which they encompass, Seattle Downtown, Eastside, Northend, and Southend. The four major geographic regions are further segmented by submarket. There are a total of 20 submarket areas.

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

**Boundaries:** All of King County

**Maps:** A general map of the area is included in this report. More detailed Assessor’s maps are located on the 2nd floor of the King Street Station Building and the Assessor’s website.

**Area Overview**

Within the Major Office specialty, only two sales occurred in 2023 which was a quarter of the reported 8 sales in 2022. Of the two office sales that took place in 2023, one was a small 1,566/SF medical office condo, while the other was a suburban eastside office sale that was verified at market, but sold with an atypically high capitalization rate, resulting in a low overall sales price. As a result of insufficient sales within all market segments, the assessor could not rely solely on the Sales Comparison Approach for the 2024 revalue.

The Income Approach is relied on in the final reconciliation of value because it allows for greater equalization and uniformity of values for the various stratifications of office buildings in the different submarkets. In addition, sufficient market income data was available to perform this analysis.

## Economic Summary

The 2023 overall office market within the Greater Puget Sound area has been significantly influenced by the rise in remote work, flat stagnant rents, increased vacancies in the direct and sublease markets, and rising capitalization rates due to rising interest rates and negative investor sentiment. These factors have created a more challenging market environment for landlords, investors, and businesses. The market dynamics prompted landlords and developers to explore flexible solutions, adapt their properties to evolving tenant needs, and seek alternative uses for underperforming office spaces.

**Remote Work and Hybrid Work Models:** Since mid-year 2020, the COVID-19 pandemic continues to reshape the office market, as businesses continuing adapting to remote work and hybrid work models. Many companies implemented long-term remote work policies, allowing employees to work from home for a significant portion of their workweek. This shift had a profound impact on the demand for traditional office spaces, as businesses reconsidered their space requirements and sought to optimize their real estate footprint<sup>1</sup>.

**Shifts in Office Space Demand:** The pandemic-induced changes in work patterns and preferences led to shifts in office space demand. Many businesses reevaluated their space needs, considering factors such as flexible work arrangements, collaboration requirements, and employee well-being. This led to a demand for more flexible and agile office spaces that catered to the changing needs of employees. Landlords and developers adapted to this demand by offering flexible lease terms, creating co-working spaces, and incorporating wellness-focused amenities into their properties.

- **Office Demand and Quality of Space:** The impact on real estate values can vary depending on the location and quality of office properties. Prime locations and high-quality office spaces may still command strong demand, even in a market with high vacancies. Such properties may be better positioned to attract tenants and maintain rental rates, mitigating the negative impact on their values. On the other hand, less desirable or outdated office properties may face more significant challenges in attracting tenants and maintaining their values. As businesses and employees navigate the post-pandemic landscape, the office market is likely to witness continued transformation and innovation.
  - **Alternative Use:** For those properties that are underperforming or underutilized, some property owners may explore adaptive reuse and redevelopment strategies. For example, office buildings that struggled to attract tenants may be repurposed for alternative uses, such as mixed-use developments, residential conversions, or creative office spaces. This approach aimed to revitalize underutilized properties and meet the evolving needs of tenants in the post-pandemic era.

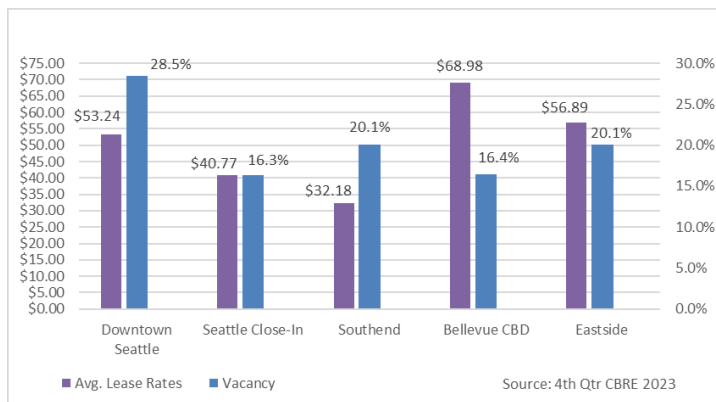
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<sup>1</sup> Seattle Times | 10/09/2022 - Seattle's downtown needs office works. Do works need offices?

## Rents and Vacancy:

**Rental Rates:** For 2023, rental rates in the greater Puget Sound office market have remained relatively unchanged or have experienced minimal growth over the specified period. The combination of increased vacancies, sublease availability, and businesses' cautious approach to real estate investment limited landlords' ability to raise rents significantly. Landlords, in response, became more flexible in negotiations, offering rent abatement, tenant improvement allowances, or other concessions to attract and retain tenants.

Within the greater King County major office market area during 2023, certain market segments saw an increase in overall asking rents but a decrease in effective rents. This can be attributed to factors such as increased supply of office space leading to higher competition, tenant preferences shifting towards newer properties, economic conditions impacting demand, individual tenant negotiations influencing effective rents, and market segmentation with varying dynamics. These factors created a situation where landlords set higher asking rents to maximize income but had to offer concessions or lower effective rents to attract tenants and fill vacancies in a competitive market.



Within King County's five major core market areas, the Eastside market area and Bellevue's CBD experienced positive year-over-year asking rent changes of 24.65% and 17.33%, respectively, while Downtown Seattle showed a year-over-year decrease in rents of -2.70%

As a result of the rising vacancy rates due to the decrease in demand and

atypical high sublease market, landlords are starting to incentivize leases by offering rent concessions, such as free rent or increased tenant improvement allowances to existing tenant renewals and new lease prospects. Overall, the region experienced a negative absorption of nearly 4 million square feet.

The gap between asking rents and effective rents is widening. It is likely that the decline in effective office rents will continue in the near future, as the office market continues to adjust to the changes brought about by the COVID-19 pandemic. However, it is also possible that the market will eventually stabilize, and rents will begin to increase. This will depend on several factors, including the continued growth of the tech industry, the demand for office space from other industries, and the availability of new office space.

**Vacancy Rates:** The increased adoption of remote work and business downsizing resulted in higher vacancy rates throughout the Greater Puget Sound office market. Companies that downsized or transitioned to remote work chose to relinquish excess office space or sublease it to other businesses. As a result, the overall vacancy rates increased, creating a more competitive market for landlords and property owners.

- **Sublease Market:** The sublease market experienced significant growth in 2023 as businesses looked to offset the costs of unused office space. The availability of sublease space has added to the overall vacancy rate, creating a more challenging market environment for landlords. Companies with excess square footage sought to sublease their space to other organizations, creating opportunities for businesses seeking short-term or flexible office solutions. The sublease market's expansion contributed to the overall increase in vacancy rates and put downward pressure on rental rates and overall property values.

According to CBRE, within the Puget Sound core submarkets, the Eastside suburban market area, Bellevue CBD, and Downtown Seattle experienced the greatest year-over-year change in total vacancy of +9.30%, +6.30%, and +6.20%, respectively, while the Southend submarkets and Seattle’s Close-In submarket showed modest change in overall vacancy of -1.9% and +2.8%, respectively. All markets experienced negative rates of absorption over the past year, totaling nearly 4 million square feet.

Office Market Summary Statistics 2023						
	Market Size (SF)	Total Vacancy %	Change in Vacancy	Class A Avg. Asking Rate*	Rent Change %	Last 4 Qtr Net Absorption (SF)
Downtown Seattle	55,034,448	28.5%	6.2%	\$53.24	-2.70%	(2,929,148)
Seattle Close-In	7,216,326	16.3%	2.8%	\$40.77	0.69%	(218,872)
Southend	12,000,313	20.1%	-1.9%	\$32.18	-0.95%	(39,379)
Bellevue CBD	12,324,272	16.4%	6.3%	\$68.98	17.33%	1,123,570
Eastside	36,874,565	20.1%	9.3%	\$56.89	24.65%	(1,104,525)

Source: 4th Qtr 2023 CBRE Office MarketView

\*Full Service

**Capitalization Rates and Investor Sentiment:** Rising interest rates in 2023 influenced capitalization rates and investor sentiment in the Greater Puget Sound office market. The Federal Reserve’s interest rate hikes throughout 2023 have increased the cost of borrowing (higher interest rates), resulting in commercial real estate being less attractive, which in turn pushes up capitalization rates<sup>2</sup>.

<sup>2</sup> Cap Rates Explained | JP Morgan; 02/2024



Also, the uncertainty surrounding the future of office space demand, coupled with rising interest rates, resulted in a more cautious investment environment. Investors demanded higher returns to compensate for the perceived risks associated with declining rental incomes and the potential challenges in finding and retaining tenants<sup>3</sup>.

- Value-add cap rates are used to evaluate the potential return on investment for properties that require improvements or have issues such as underperformance, deferred maintenance, or economic obsolescence such as high vacancies. These properties may have a higher cap rate compared to stabilized properties because they carry more risk and may require additional capital to improve.

### **Sales Activity:**

The office sales market in the Puget Sound region was sluggish in 2023. Within the Major Office specialty, only two sales occurred in 2023 which was a quarter of the reported 8 sales for 2022. Of the two office sales that took place in 2023, one was a small 1,566/SF medical office condo on Capitol Hill, while the other was a suburban Bellevue office sale that was verified at market, but sold with an atypically high capitalization rate, resulting in a low overall sales price.

The lack of recent office sales in 2023 may be due to a number of factors, including rising interest rates, changing office dynamics, and a lack of institutional investment.

- **Rising Interest Rates:** One of the biggest factors contributing to the sluggish office sales market is rising interest rates. The Federal Reserve has been raising interest rates in an effort to combat inflation, and this has made it more expensive for businesses to borrow money to buy office space. As a result, many businesses have been putting off their office expansion plans. According to a report by Colliers, sale activity stagnated in part because of rising interest rates impacting markets nationally, while confidence in office demand continued to dwindle as companies' return-to-office (RTO) mandates have yet to broadly materialize.
- **Changing Office Dynamics:** The COVID-19 pandemic has also had a major impact on the office sales market. Many businesses have adopted a hybrid work model, which means that employees are working from home part of the week and from the office part of the week. This has led to a decrease in demand for office space, as businesses no longer need as much space to accommodate their employees. According to the Downtown Seattle Association, as of June of 2023, approximately 48% of Seattle's central core were back in the office compared to 2019 numbers.

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<sup>3</sup> Rising Office Cap Rates, Stay Ahead of the Curve | Kidder Mathews; 06/2023

A report by Newmark also stated that the Puget Sound office market saw worsening conditions over the first quarter of 2023, following a bumpy 2022. Large layoffs in the tech sector led to right-sizing exercises by major tenants and, consequently, a spike in sublease availability<sup>4</sup>.

- **Lack of Institutional Investment:** Institutional investors, such as pension funds and insurance companies, have traditionally been major players in the office market. However, these investors have been hesitant to invest in office space in recent years. This is due to a number of factors, including the rising cost of office space, the changing office dynamics, and the uncertainty surrounding the future of office work. Many of them have shifted their focus to other asset classes, such as real estate investment trusts (REITs). REITs are companies that own and operate income-producing real estate, and they have been a popular investment for institutional investors in recent years. This is because REITs offer several advantages, such as diversification and liquidity.

### **Major Technology Sectors:**

The major technology companies within the Seattle / Eastside market areas are all leaders in their respective industries, which employ thousands of people and are major drivers of the local economy.

For 2023, the Seattle / Puget Sound tech industry experienced significant layoffs, hiring freezes, and office closures. Some firms halted construction projects, contributing to the struggle in the office market<sup>5</sup>. Major tech companies like Amazon (2,300+), Microsoft (900+), Qualtrics (780), and other announced cuts, impacting thousands of workers<sup>6</sup>.

- **Reasons:** Experts attributed the layoffs to various factors, including:
  - **Economic Downturn:** Concerns about a potential recession led companies to tighten their budgets.
  - **Over hiring:** The tech industry's rapid growth during the pandemic may have resulted in excess staffing.
  - **Restructuring:** Companies aimed to streamline operations and become more efficient.

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<sup>4</sup> Seattle Real Estate Market Reports | Newmark.

<sup>5</sup> Market Trends – Seattle Office | Kidder Mathews

<sup>6</sup> Microsoft announces 10,000 job cuts... | Komo News, 01/19/2023

In addition to these major tech companies, there are also many smaller tech companies in the Seattle Eastside area. These companies are often startups, and they are working on a variety of innovative technologies. The Seattle Eastside area is a great place for tech startups to launch and grow, and it is home to numerous resources that support these companies, such as venture capital firms, accelerators, and incubators. They have created jobs, attracted investment, and driven innovation. However, the growth of the tech industry in the Puget Sound Region has also had some challenges, which include rising housing costs and traffic congestion. Despite these challenges, the tech industry remains a major driver of the Puget Sound Region's economy.

**Seattle's Major Tech Companies & Primary Submarkets:**

- **Amazon:** Southlake Union, Belltown, Denny Regrade
- **Meta (Facebook):** Southlake Union
- **Alphabet (Google):** Southlake Union
- **Zillow:** Belltown
- **Expedia:** Interbay / Lower Queen Anne
- **Adobe:** Fremont
- **Tableau Software:** Fremont

**Eastside's Major Tech Companies & Primary Submarkets:**

- **Microsoft:** Bellevue CBD, Redmond HQ Campus, and other various Bellevue suburban locations
- **Meta (Facebook):** Bellevue Spring District Campus
- **Alphabet (Google):** Kirkland sub-market area
- **T-Mobile:** Bellevue's Factoria I-90 sub-market area

**Amazon:** Amazon continues to be the dominant force in the technology office market with Seattle and Bellevue being its primary office locations. Currently, Amazon occupies roughly +/- 16 million plus square feet of prime office space. While new construction is slowing down within Lake Union/Denny Regrade submarkets, in recent years, Amazon had been focusing its expansion needs towards the business-friendly eastside market area. Examples of Amazon’s eastside presence include major office building leases, office building acquisition, and future development.

Amazon’s Eastside Office Presence		
Building	Square Footage	Comments
Centre 425	377K SF	• Leased Property
Tower 333	417K SF	• Leased Property
Summit II	110K SF	• Leased Property
Summit III	370K SF	• Leased Property
Former Macy’s (Redmond)	110K SF	• Leased Property – Recently Completed
Bellevue Corp. Plaza	256K SF	• Owned Property + Dev. Site
Binary Towers	670K SF	• 2 Towers – Recently Completed
555 Tower	840K SF	• Leased Property - Under Construction
Bellevue 600	900K SF	• Leased Property - Under Construction
West Main	880K SF	• Leased Property - Under Construction
The Eight Office Tower	541K SF	• Leased Property - Under Construction

In July 2022, Amazon announced that it would not be renewing its +/-539,000/SF (expiring 04/2023) lease at Seattle’s West 8<sup>th</sup> Tower<sup>7</sup>, and +/-209,000/SF lease (expiring 02/2024) at 1800 Ninth.<sup>8</sup> Amazon is also halting construction on four office towers in downtown Bellevue. The company cited the ongoing COVID-19 pandemic and the shift to hybrid work as reasons for the decision. The towers, which are located in the city's downtown core, were part of a major expansion plan that Amazon announced in 2017. The company indicated that it is pausing construction on the towers to evaluate the office market and their future needs<sup>9</sup>. The company also said it will complete the core and exterior shell (in addition to lobby floors, communal areas, and retail spaces) before pausing construction on these buildings.<sup>10</sup> The paused office towers include: Towers 2 & 3 at West Main, The Artise, and Tower 1 at Bellevue 600.

<sup>7</sup> Amazon leaving Seattle’s West 8<sup>th</sup> Tower | Mynorthwest.com, 01/2023

<sup>8</sup> Amazon Opts to Not Renew Downtown Seattle Lease | Connectcre, 12/2023

<sup>9</sup> Bizjournals.com | Amazon pauses construction on 5 Bellevue towers as it reevaluates design July/14/2022

<sup>10</sup> GeekWire | Amazon Will Pause Bellevue Towers To Study Impact of Hybrid Work July/14/2022

The decision by Amazon to vacate a building in Seattle and halt construction in Bellevue is a sign of the changing nature of work at the company. Amazon is increasingly embracing remote work, and it is no longer necessary for all employees to work in the same office. The company is also facing increased competition from other tech giants, such as Microsoft and Google, which are also expanding their presence in the Seattle area. The decision by Amazon is a setback for the Seattle and Bellevue office markets. However, it is not a sign of the demise of the tech industry in the region.

**Meta (Facebook):** In January of 2023, Meta had announced that it will sublease Seattle’s Arbor Blocks 333 Building (+/-191,000/SF) and not renew its lease at 1101 Westlake (+/-151,000/SF). Within Bellevue’s eastside market area, Meta is offering for sublease its Spring District Block 6 Building (+/-330,000/SF), the Key Center Building (+/-45,000/SF) and the Skyline Tower office building (+/-37,000/SF). Block 6 was 100% pre-leased to Meta and set for delivery in the third quarter of 2023.

Meta spokesperson Tracy Clayton said in a statement that “The past few years have brought new possibilities around the role of the office, and we are prioritizing making focused, balanced investments to support our most strategic long-term priorities and lead the way in creating the workplace of the future”<sup>11</sup>. The company has embraced remote work and plans to build a best-in-class remote work experience to help everyone do the best work of their careers no matter where they are<sup>12</sup>. Despite this, in the summer of 2023, Meta opened its newest building, called Building X, in Redmond, Washington.

**Microsoft:** In July of 2022, Microsoft had confirmed that they will not be renewing their office leases at both the Factoria’s Advanta Office Commons and downtown Bellevue’s City Center Plaza. The lease at Advanta Office Commons is set to expire in September of 2023, while the lease at Center Plaza is set to expire in June of 2024<sup>13</sup>. Both these developments combined have approximately +/-1,134,000 square feet of office space. Microsoft had also announced that it would be subleasing +/-497,000/SF at Millennium Corporate Park in Redmond and will not renew its’ +/-442,000/SF lease at Bellevue’s Lincoln Square North which will expire in 2025.

The primary cause of this can be attributable to the Covid-19 pandemic which forced many companies to have their employees work at home with many companies realizing that much of the brick-and-mortar office space that is currently being leased was not needed, resulting in a surge of sublease space available, which potentially delayed occupancy for new tenants and even caused vacant deliveries by some developers.

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<sup>11</sup> Geekwire.com | Met and Microsoft are ditching office space in the Seattle Area\_01/13/2023

<sup>12</sup> BizJournals.com | Meta plans to sublease Seattle office, backs out of Bellevue project\_01/13/2023

<sup>13</sup> Downtown Bellevue.com | Microsoft Not Renewing Lease in Bellevue after Expires in 2023\_07/06/2022



### **T-Mobile:**

T-Mobile's decision to sublease office space at 90 North (+/- 175,000/SF) and vacate its Commons 90 location (+/-70,000/SF) in Bellevue, Washington, throws another log onto the fire of the I-90 corridor's rising vacancy rate. This move, along with similar decisions by other tech giants, paints a concerning picture for the area's commercial real estate landscape. This influx of more available office space, concentrated within a short distance on the I-90 corridor, creates intense competition for potential tenants and could drive down rental rates.

### **Google:**

In 2022, Google halted the purchase and future development of the Kirkland's Lee Johnson auto dealer site. In 2020, Google announced plans to buy the property and build a new campus. However, the pandemic has caused many tech companies to slow down their hiring and expansion plans. As a result, Google is no longer sure how many employees it will need in the future, and it is not clear if the Kirkland campus will be needed. The Lee Johnson site is located in a busy area of Kirkland, and it is not as well-connected to public transportation as some other locations. As a result, Google may be able to find a better site for its new campus in the future.

In 2023, Google finished its shell and core build-out of the newly constructed +/-275,000/SF Kirkland Urban South building. Currently, finishing out the tenant improvement are put on hold, due to a combination of factors related to the broader tech industry and economic climate. It is not clear if Google will eventually occupy the building or sublease it to the open market.

**Overall Office Market Outlook:** Despite the short-term economic uncertainty coupled with the sluggish office market fundamentals of 2023, Seattle is still one of the fastest growing, most resilient, and stable office markets in the country, and considered less expensive than other primary and competitive markets like New York, San Francisco, and Washington, D.C. Within the Greater Puget Sound office market, the overall economic recovery will play crucial roles in shaping the demand for office spaces. Landlords and developers will continue to adapt to changing market conditions, offering flexible lease terms, integrating technology-driven solutions, and prioritizing employee well-being.

### **Valuation Breakdown By Office Submarkets**

With respect to the properties within the Major Office specialty assignment and after considering stagnant office rents, rising vacancy rates, and a rising capitalization rates in most sub-markets, the overall improved assessed values decreased by -32.08% compared to last year. This decrease in assessed values does not consider those properties that are recently completed new construction projects or properties currently under construction.

Of the four major market areas, Downtown Seattle experienced the greatest decline in overall assessed values of -34.77% followed by the Eastside market area at -29.11%, the Southend markets dropped by -26.65%, and the Northend market area decreased by -20.39%.

2024 Major Office Specialty Area Breakdown					
Area	Name	Improved Parcel Count	Total AV	Avg. AV Per Impr. Parcel	% Chng. In AV
280-100	Belltown/Denny Regrade	40	\$ 3,474,066,300	\$ 86,851,658	-40.47%
280-110	Capitol Hill/First Hill	39	\$ 835,829,500	\$ 21,431,526	-17.51%
280-120	Central Business District	66	\$ 7,868,049,800	\$ 119,212,876	-33.95%
280-130	Lake Union	38	\$ 3,015,821,000	\$ 79,363,711	-37.82%
280-140	Pioneer Square	23	\$ 1,343,099,300	\$ 58,395,622	-29.39%
280-150	Queen Anne/Magnolia	12	\$ 944,277,300	\$ 78,689,775	-26.62%
<b>Seattle Downtown</b>		<b>218</b>	<b>\$ 17,481,143,200</b>	<b>\$ 80,188,730</b>	<b>-34.77%</b>
280-200	520/Overlake	17	\$ 294,068,000	\$ 17,298,118	-36.17%
280-210	Bellevue CBD	45	\$ 6,600,612,600	\$ 146,680,280	-26.64%
280-220	Bellevue Suburban	24	\$ 662,598,200	\$ 27,608,258	-30.40%
280-230	Bothell/Woodinville	15	\$ 201,763,000	\$ 13,450,867	-22.72%
280-240	I-90 Corridor	52	\$ 1,579,211,800	\$ 30,369,458	-30.96%
280-250	Kirkland/Totem Lake	22	\$ 1,036,832,800	\$ 47,128,764	-30.21%
280-260	Redmond/Willows	5	\$ 339,526,000	\$ 67,905,200	-25.20%
<b>Eastside</b>		<b>180</b>	<b>\$ 10,714,612,400</b>	<b>\$ 59,525,624</b>	<b>-29.11%</b>
280-300	Ballard/University	19	\$ 867,181,400	\$ 45,641,126	-23.61%
280-310	Northgate/North Seattle	4	\$ 157,331,100	\$ 39,332,775	3.76%
<b>Northend</b>		<b>23</b>	<b>\$ 1,024,512,500</b>	<b>\$ 44,544,022</b>	<b>-20.39%</b>
280-400	Federal Way	8	\$ 127,276,000	\$ 15,909,500	-22.37%
280-410	Kent/Auburn	6	\$ 112,228,000	\$ 18,704,667	-16.83%
280-420	Renton/Tukwila	20	\$ 559,242,200	\$ 27,962,110	-27.80%
280-430	SeaTac	4	\$ 160,108,400	\$ 40,027,100	-24.12%
280-440	South/West Seattle	11	\$ 683,059,700	\$ 62,096,336	-28.40%
<b>Southend</b>		<b>49</b>	<b>\$ 1,641,914,300</b>	<b>\$ 33,508,455</b>	<b>-26.65%</b>
<b>Area 280 Total</b>		<b>470</b>	<b>\$ 30,862,182,400</b>	<b>\$ 65,664,218</b>	<b>-32.08%</b>

## Analysis Process

**Effective date of Appraisal:** January 1<sup>st</sup>, 2024

**Date of Appraisal Report:** July 15<sup>th</sup>, 2024

**Responsible Appraiser:** Steven Roberts, Commercial Appraiser II

### **Highest and Best Use Analysis**

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

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

### **Standards and Measurement of Data Accuracy**

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

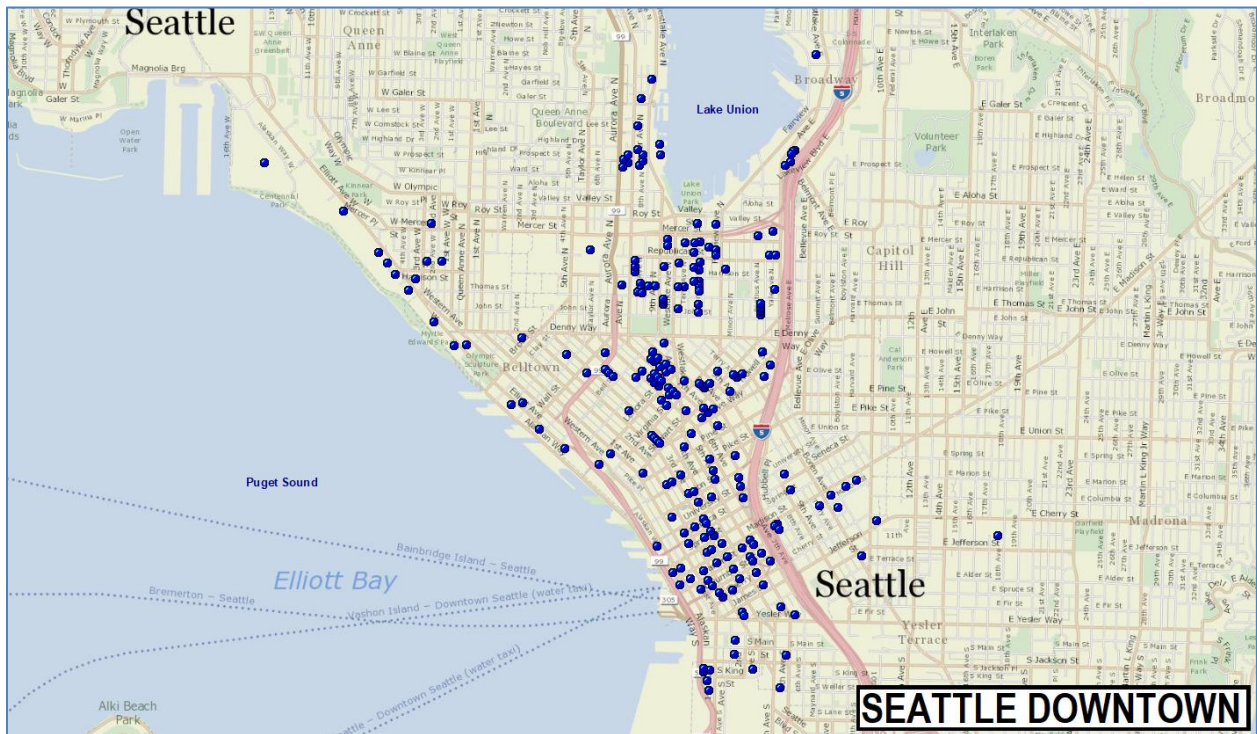
### **Special Assumptions, Departures and Limiting Conditions**

- All three approaches to value were considered in this analysis.
- The following Departmental guidelines were considered and adhered to:
  - Sales from 1/1/2021 to 12/31/2023 (at minimum) were considered in all analyses.
  - This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standards 5 and 6.

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

**SEATTLE DOWNTOWN**

2024 Major Office Specialty Area Breakdown					
Area	Name	Improved Parcel Count	Total AV	Avg. AV Per Impr. Parcel	% Chng. In AV
280-100	Belltown/Denny Regrade	40	\$ 3,474,066,300	\$ 86,851,658	-40.47%
280-110	Capitol Hill/First Hill	39	\$ 835,829,500	\$ 21,431,526	-17.51%
280-120	Central Business District	66	\$ 7,868,049,800	\$ 119,212,876	-33.95%
280-130	Lake Union	38	\$ 3,015,821,000	\$ 79,363,711	-37.82%
280-140	Pioneer Square	23	\$ 1,343,099,300	\$ 58,395,622	-29.39%
280-150	Queen Anne/Magnolia	12	\$ 944,277,300	\$ 78,689,775	-26.62%
<b>Seattle Downtown</b>		<b>218</b>	<b>\$ 17,481,143,200</b>	<b>\$ 80,188,730</b>	<b>-34.77%</b>



The Seattle Downtown market area contains +/- 46.38% of the of the Major Office specialty properties yet comprises +/- 46.64% of total assessed value. The market area is further broken down into six submarkets: 100-Belltown/Denny Regrade, 110-Capitol Hill/First Hill, 120-Central Business District, 130-Lake Union, 140-Pioneer Square, and 150-Queen Anne/Magnolia.

For the 2024 revalue, the total improved assessed values within the Seattle Downtown market area decreased by -34.77% compared to the 2023 assessment year.

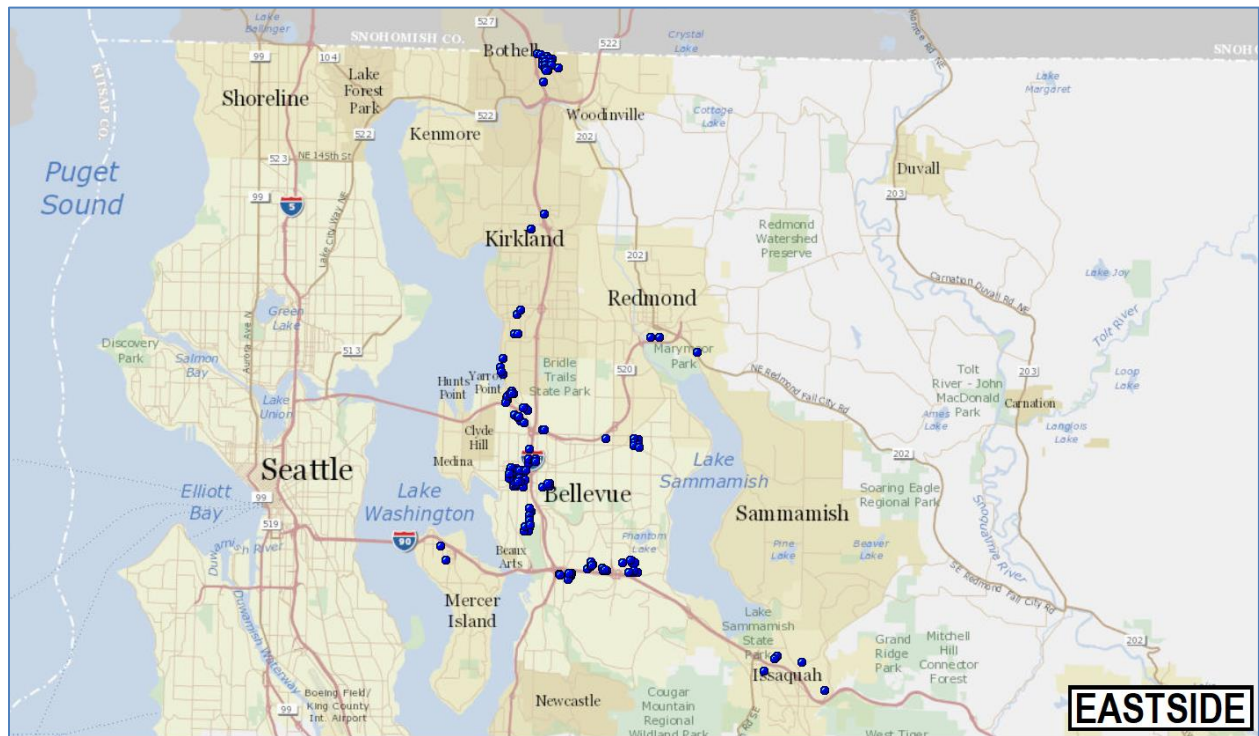
The Seattle Central Business District submarket is home to the majority of the region's Trophy Class office buildings including the Russell Investments Center, Two Union Square, 1201 Third Ave, US Bank Centre, 2+U Tower, and F-5 Tower among others. With its core construction complete and in the process of tenant lease up is the iconic 58-story mixed-use Rainier Tower which features 18 floors of luxury apartments over a 37-story office tower. Recently completed 2021/2022 projects in within the CBD submarket include the 10-story 400 University Square building, while projects under construction include the former Macy's department store that is being converted into office and multi-tenant retail space.

Within Pioneer Square submarket, the 7-story "The Jack" office building recently completed its shell and core phase, while within the Denny Regrade/South Lake Union submarket, the 15-story "400 Westlake" building also recently completed its shell and core phase.



**EASTSIDE**

2024 Major Office Specialty Area Breakdown					
Area	Name	Improved Parcel Count	Total AV	Avg. AV Per Impr. Parcel	% Chng. In AV
280-200	520/Overlake	17	\$ 294,068,000	\$ 17,298,118	-36.17%
280-210	Bellevue CBD	45	\$ 6,600,612,600	\$ 146,680,280	-26.64%
280-220	Bellevue Suburban	24	\$ 662,598,200	\$ 27,608,258	-30.40%
280-230	Bothell/Woodinville	15	\$ 201,763,000	\$ 13,450,867	-22.72%
280-240	I-90 Corridor	52	\$ 1,579,211,800	\$ 30,369,458	-30.96%
280-250	Kirkland/Totem Lake	22	\$ 1,036,832,800	\$ 47,128,764	-30.21%
280-260	Redmond/Willows	5	\$ 339,526,000	\$ 67,905,200	-25.20%
<b>Eastside</b>		<b>180</b>	<b>\$10,714,612,400</b>	<b>\$ 59,525,624</b>	<b>-29.11%</b>



The Eastside market area contains +/-38.30% of the of the Major Office specialty properties and comprises +/-34.72% of total assessed value. The market area is further broken down into seven submarkets: 200-520/Overlake, 210-Bellevue CBD, 220-Bellevue Suburban, 230-Bothell/Woodinville, 240-I-90 Corridor, 250-Kirkland/Totem Lake, and 260-Redmond/Willows.

For the 2024 revalue, the total improved assessed values within the Eastside market area decreased by -29.11% compared to the 2023 assessment year.



Following downtown Seattle, the Bellevue Central Business District contains the second highest concentration of institutional-quality Class A office buildings in the region.

While new construction of office and life science buildings continues at a steady pace within the Lake Union/Denny Regrade submarkets, Amazon's is rapidly focusing its expansion needs towards the business-friendly eastside market area. Examples of Amazon's eastside presence include major office building leases at Centre 425, Tower 333, and Summit II/III. Currently, Bellevue's major office developments that were recently finished or are under construction where Amazon will be the primary occupant are the two 15-story "Binary Towers", the 42-story "555 Tower", the 43-story "Bellevue 600 Office Tower" (formally Bellevue Corp Plaza), the three building 16/17-story "West Main" development, and the 25-story "The Eight Office Tower". Another major project's currently under construction is the 25-story Artise Office Tower.

In Suburban Bellevue, the 36-acre Spring District site is the primary focus of redevelopment. Located in the Bel Red Corridor, this 36-acre site is being developed in three different phases and will eventually consist of 16 blocks with over 4,000,000 square feet of commercial space and 1,000 multi-family residences. With many of the multi-family units already finished along with the recent completion the Global Innovation Exchange building, META recently purchased REI's newly completed and unused 397k SF corporate campus, while also occupying two new office buildings known as Block 16 and Block 24. As part of META's ongoing expansion, three new office buildings are currently under construction. These buildings are known as Block 5, Block 6, and Block 13.

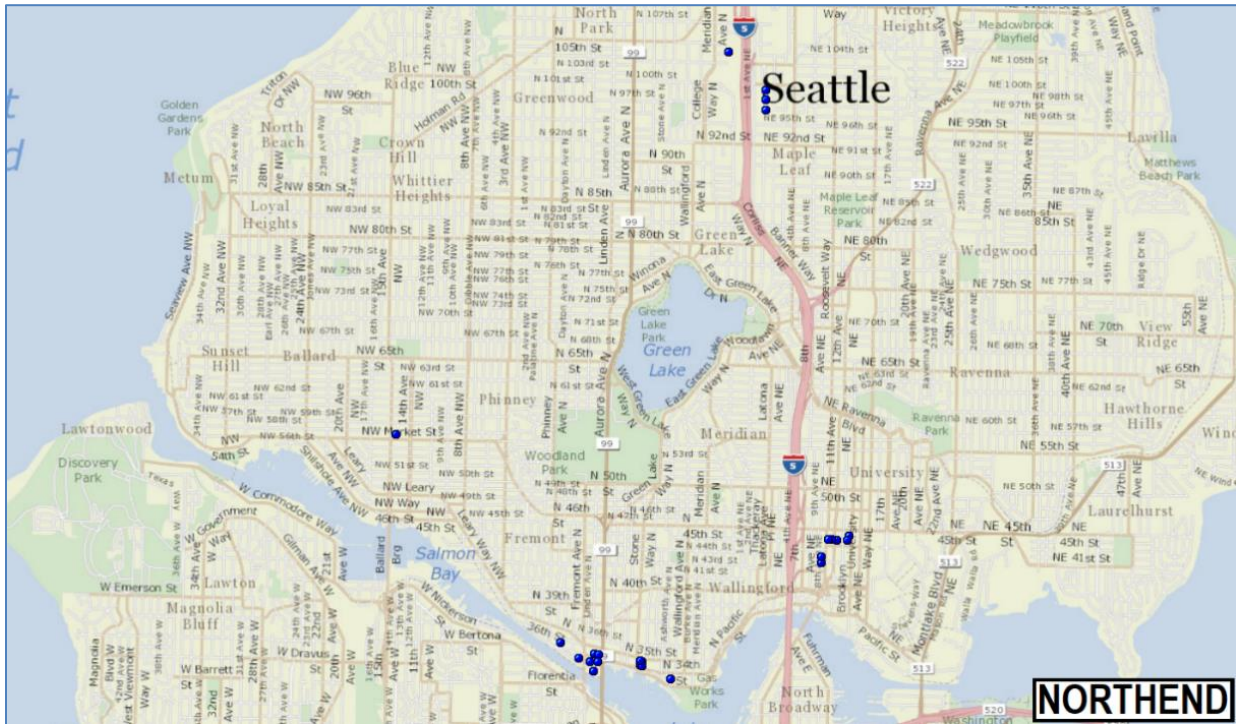
South Bellevue is a heavily commercial section with several major offices, including T-Mobile's headquarters within the Newport Corporate Center, due to its easy access along the I-90 corridor. T-Mobile recently renewed their 882,000 square foot lease and has finished a \$160 million renovation and upgrade of the campus.

Located in Issaquah, Costco recently completed its expansion to its corporate campus by adding a 9-story, 635,470 SF, Class-A office building in addition to building a 10 Level, 707K SF Parking Garage which includes a fitness center and auditorium on level-1. Construction is underway with delivery estimated in summer of 2023.

Within the Kirkland market area, Google recently finished construction of its Phase III 137K SF expansion and will also occupy the 7-story 313K SF office building currently under construction at the "Kirkland Urban" mixed-use development site.

## NORTHEND

2024 Major Office Specialty Area Breakdown					
Area	Name	Improved Parcel Count	Total AV	Avg. AV Per Impr. Parcel	% Chng. In AV
280-300	Ballard/University	19	\$ 867,181,400	\$ 45,641,126	-23.61%
280-310	Northgate/North Seattle	4	\$ 157,331,100	\$ 39,332,775	3.76%
<b>Northend</b>		<b>23</b>	<b>\$ 1,024,512,500</b>	<b>\$ 44,544,022</b>	<b>-20.39%</b>



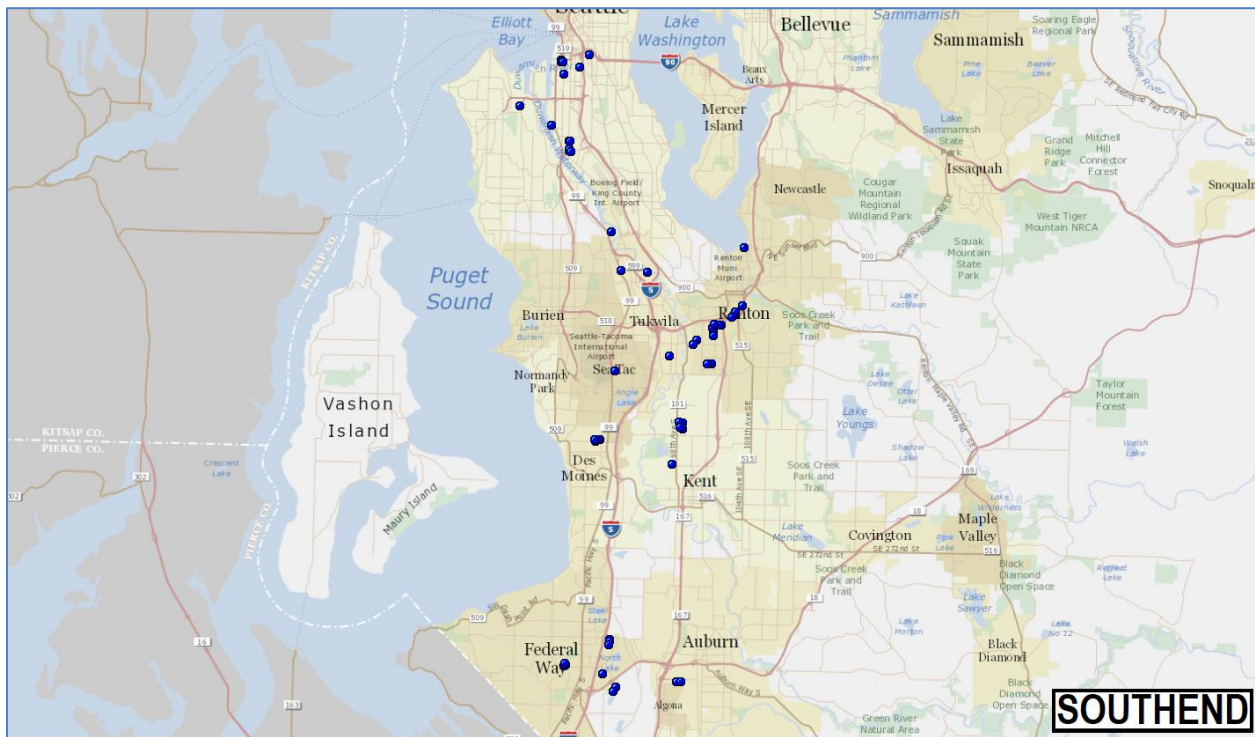
The Northend market area contains +/-4.89% of the of the Major Office specialty properties and comprises +/-3.32% of total assessed value. The market area is further broken down into two submarkets: 300-Ballard/University and 310-Northgate/North Seattle.

For the 2024 revalue, the total improved assessed values within the Northend market area decreased by -20.39% compared to the 2023 assessment year.

The Ballard/University submarket, which includes the Fremont neighborhood, is the primary submarket in this area. Most buildings within this submarket, including the Lake Union Center, are clustered in the Fremont neighborhood. The 35 Stone office building (+/-99,000/SF) which is under construction is the newest office building within the Fremont market area. Within the University District, there are two office buildings under construction. One is located at 4530 12 Avenue NE and consists of +/-248,631/SF, while the other is located at 4536 Brooklyn Ave NE and consists of +/-156,586/SF.

## SOUTHEND

2024 Major Office Specialty Area Breakdown					
Area	Name	Improved Parcel Count	Total AV	Avg. AV Per Impr. Parcel	% Chng. In AV
280-400	Federal Way	8	\$ 127,276,000	\$ 15,909,500	-22.37%
280-410	Kent/Auburn	6	\$ 112,228,000	\$ 18,704,667	-16.83%
280-420	Renton/Tukwila	20	\$ 559,242,200	\$ 27,962,110	-27.80%
280-430	SeaTac	4	\$ 160,108,400	\$ 40,027,100	-24.12%
280-440	South/West Seattle	11	\$ 683,059,700	\$ 62,096,336	-28.40%
<b>Southend</b>		<b>49</b>	<b>\$ 1,641,914,300</b>	<b>\$ 33,508,455</b>	<b>-26.65%</b>



The Southend market area contains +/-10.43% of the of the Major Office specialty properties and comprises +/-5.32% of total assessed value. The market area is further broken down into five submarkets: 400-Federal Way, 410-Kent/Auburn, 420-Renton/Tukwila, 430-SeaTac, and 440-South/West Seattle.

For the 2024 revalue, the total improved assessed values within the Southend market area decreased by -26.65% compared to the 2023 assessment year.

Weyerhaeuser and Boeing traditionally have been the major influencers in the Southend market area. However, Weyerhaeuser recently moved their headquarters to the Pioneer Square neighborhood of Seattle and sold their Federal Way campus to a Los Angeles-based institutional investor who intends to sell off large pieces for redevelopment while also finding a new tenant for the 342,204/SF landmark headquarters building, since renamed Woodbridge Corporate Park.

Recently completed office developments within the last three years include Renton's mostly vacant Southport office buildings, Sea-Tac's Alaska Airlines Corporate Headquarters, and Federal Way's Devita's Corporate Headquarters.



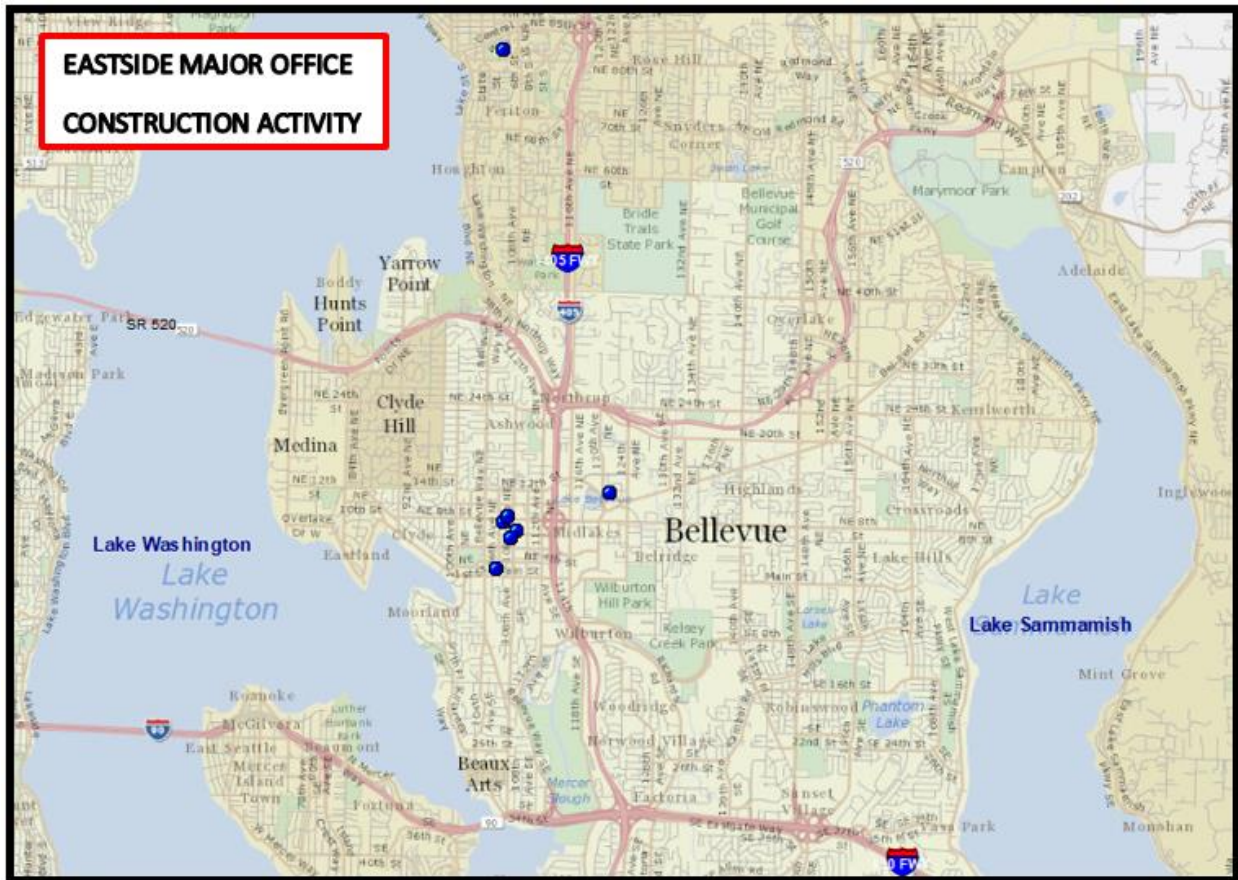
Downtown Seattle / Seattle Northend Major Office Projects Under Construction Or Recently Delivered



Major Office Projects Currently Under Construction Or Recently Delivered (Seattle)						
Project	Area	Name	Address	Total RSF*	Est. Delivery	Notes
1	South Lake Union	400 Westlake	400 Westlake Ave N	233,000	Q2 2023	15-story Class A office tower with ground floor retail space. Estimated at 80% complete as of 07/31/2023.
2	Pioneer Square	The Jack	74 Jackson St.	139,023	Q4 2023	7-story Class A office tower with ground floor retail space estimated at 80% complete as of 07/31/2023. Shell & Core at 100% complete with no TI(s) in place.
3	North Seattle	35 Stone Office Building	3524 Stone Way N	98,574	Q4 2024	5-story Class A office building with ground floor retail space. Shell & Core at 100% complete with no TI(s) in place. Estimated at 80% complete as of 07/31/2024.
4	North Seattle	12-Story Office Bldg.	4530 12th Avenue NE	248,631	Q4 2024	12-story Class A office building with ground floor retail space estimated at 80% complete as of 07/31/2024. Shell & Core at 100% complete with no TI(s) in place.
5	North Seattle	12-Story Office Bldg.	4536 Brooklyn Ave NE	156,586	Q4 2024	12-story Class A office/life science building with ground floor retail space estimated at 80% complete as of 07/31/2024. Shell & Core at 100% complete with no TI(s) in place.
<b>Total</b>				<b>875,814</b>		

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

## Eastside/Southend Office Projects Under Const. Or Recently Delivered





Major Office Projects Currently Under Construction Or Recently Delivered (Eastside)						
Project	Area	Name	Address	Total RSF*	Est. Delivery	Notes
1	Bellvue CBD	FOUR 106	350 106th AVE NE	484,700	Q2 2025	21-story Class A+ office building with ground floor retail. As of 07/31/2024, building was estimated at +/-25% complete.
2	Bellvue CBD	Amazon - Bellevue 600	600 108th Ave NE (Bellevue)	1,020,000	Q4 2024	43-story Class A+ office building leased to Amazon. +/-106mil SF of Office & amenities +/-14K SF of Retail. As of 07/31/2024, building was estimated at +/-50% complete.
3	Bellvue CBD	The Eight Office Tower	NW Corner of NE 8th & 108th (Bellevue)	539,071	Q1 2024	25-story Class A+ speculative office building currently under construction and estimated at 80% complete as of 7/31/2023.
4	Bellvue CBD	The Artise	788 106th Ave NE (Bellevue)	528,055	Q2 2024	The Artise is a 25-story 521,361/SF Trophy Class-A office tower with 7,071/SF of ground-floor retail and a 927 stall underground parking garage. As of 07/31/2024, building was estimated at 80% complete with Amazon having preleased the office space.
5	Bellvue CBD	West Main Office Condos	107 106th Ave NE (Bellevue)	1,069,667	Q3 2023	Three, 16/17-story Class A office towers with ground floor retail space. As of 07/31/2024, Bldg. #1 estimated at 100% complete, while Bldgs. #2 & #3 were estimated at 80% complete. Preleased to Amazon
6	Bellvue CBD	Amazon - 555 Tower	555 108th Ave NE (Bellevue)	995,900	Q1 2023	42-story Class A office building leased to Amazon. +/-967K SF of Office & +/- 28K SF of Retail. As of 07/31/2024, project is estimated at 90% complete.
7	Bellvue Suburban	Spring District Block 6	124th Ave NE (Bellevue)	273,049	Q2 2023	11-story s; 270,673/SF Net; Class A office building pre-leased to META. Shell & Core complete and estimated at 80% complete as of 07/31/2024.
8	Bellvue Suburban	Spring District Block 5	125th Ave NE (Bellevue)	331,724	Q4 2023	11-story 331,724/SF Net; Class A office building pre-leased to META. As of 07/31/2024, project is estimated at 80% complete.
9	Bellvue Suburban	Spring District Block 13	124th Ave NE (Bellevue)	171,835	Q2 2024	9-story Class A office building currently under construction and leased to META. Estimated at 80% complete as of 07/31/2024.
10	Kirkland	Kirkland Urban South - Google	469 Central Way (Kirkland)	312,977	Q4 2023	7-story Class A office building leased to Google and estimated at 80% complete as of 07/31/2024
11	Issaquah	Costco Corporate Offices & Garage Expansion	730 Lake Dr. (Issaquah)	635,470	Q2 2023	9-story, 635,470 SF, Class A office building owned by Costco. Also under development is 10 Level, 707K SF Parking Garage which includes fitness center and auditorium on level-1. As of 07/31/2024, office building and garage was estimated at +/-100% complete.
<b>Total</b>				<b>6,362,448</b>		

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

## Leasing Class Descriptions

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

### Class A

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

### Class B

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

### Class C

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

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

## Office Market Conditions

As was discussed in the executive summary of this report, COVID-19 had put a strain on the regional economy, with Seattle Downtown and the Eastside experiencing the biggest adverse impact with respect to market stabilization. With the technology sector focusing its attention and future growth towards the eastside market areas, continued positive market fundamentals will persist.

Many companies have extended work-from-home policies to the end of year and beyond or delayed their long-term real estate decisions. Despite the short-term economic uncertainty coupled some negative market fundamentals, Seattle is still one of the fastest growing, most resilient, and stable office markets in the country and will remain near the top of national and international investors' interest.

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

Q4 2023 Market Report "Class-A" Lease Rates							
SubMkt#	Submarkets	CBRE	JLL	Cushman&Wakefield	Newmark Knight Frank	Costar	Avg
100	Belltown/Denny Regrade	\$ 50.60	\$ 47.38	\$ 48.96	\$ 48.05	\$ 49.50	\$ 48.90
110	Capitol Hill/First Hill	\$ 31.31	\$ 59.93	\$ 27.85	\$ 42.50	\$ 40.69	\$ 40.46
120	Central Business District	\$ 54.25	\$ 55.47	\$ 51.63	\$ 50.61	\$ 48.66	\$ 52.12
130	Lake Union	\$ 58.11	\$ 59.79	\$ 46.94	\$ 53.23	\$ 46.59	\$ 52.93
140	Pioneer Square	\$ 55.43	\$ 55.55	\$ 55.59	\$ 47.99	\$ 47.12	\$ 52.34
150	Queen Anne/Magnolia	\$ 41.53	\$ 46.52	\$ 46.94	\$ 41.30	\$ 52.08	\$ 45.67
	<b>Seattle Downtown</b>	<b>\$ 48.54</b>	<b>\$ 54.11</b>	<b>\$ 46.32</b>	<b>\$ 47.28</b>	<b>\$ 47.44</b>	<b>\$ 48.74</b>
200	520/Overlake	\$ 46.91	\$ 46.24	\$ 48.22	\$ 47.03	-	\$ 47.10
210	Bellevue CBD	\$ 68.98	\$ 68.66	\$ 58.30	\$ 61.00	\$ 57.93	\$ 62.97
220	Bellevue Suburban	\$ 45.14	\$ 44.98	\$ 44.58	\$ 49.26	\$ 46.56	\$ 46.10
230	Bothell/Woodinville	\$ 40.35	\$ 40.41	-	\$ 54.00	\$ 30.98	\$ 41.44
240	I-90 Corridor	\$ 47.29	\$ 47.81	\$ 43.02	\$ 46.20	\$ 39.11	\$ 44.69
250	Kirkland/Totem Lake	\$ 57.33	\$ 59.39	\$ 56.13	\$ 51.51	\$ 60.43	\$ 56.96
260	Redmond/Willows	\$ 42.69	\$ 43.39	\$ 35.51	\$ 44.11	-	\$ 41.43
	<b>Eastside</b>	<b>\$ 49.81</b>	<b>\$ 50.13</b>	<b>\$ 47.63</b>	<b>\$ 50.44</b>	<b>\$ 47.00</b>	<b>\$ 49.00</b>
300	Ballard/University	\$ 56.08	\$ 67.62		\$ 48.86	\$ 54.83	\$ 56.85
310	Northgate/North Seattle	\$ 39.97	\$ 37.56	\$ 38.77	\$ 37.95	\$ 34.82	\$ 37.81
	<b>Northend</b>	<b>\$ 48.03</b>	<b>\$ 52.59</b>	<b>\$ 38.77</b>	<b>\$ 43.41</b>	<b>\$ 44.83</b>	<b>\$ 45.52</b>
400	Federal Way	\$ 24.90	\$ 26.39	\$ 28.14	\$ 31.00	\$ 23.65	\$ 26.82
410	Kent/Auburn	\$ 27.28	-	\$ 28.52	\$ 33.00	-	\$ 29.60
420	Renton/Tukwila	\$ 33.89	\$ 46.35	\$ 46.58	\$ 48.25	\$ 47.89	\$ 44.59
430	SeaTac	\$ 32.46	\$ 29.74	\$ 29.81	\$ 29.14	-	\$ 30.29
440	South/West Seattle	\$ 45.64	\$ 28.85	\$ 33.51	\$ 25.51	\$ 24.00	\$ 31.50
	<b>Southend</b>	<b>\$ 32.83</b>	<b>\$ 32.83</b>	<b>\$ 33.31</b>	<b>\$ 33.38</b>	<b>\$ 31.85</b>	<b>\$ 32.84</b>

Note: Each publication delineates submarkets differently. Above data is "best fit" for Assessor's established submarkets.

## Seattle Office Market Data

CBRE's 4<sup>th</sup> Qtr. 2023 Puget Sound MarketView details inventory, vacancy rates, and rental rates for the various Seattle submarkets.

4Q 2023 CBRE Seattle Office "Market View Snapshot"					
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate	Rent/SF % Change
<b>Seattle CBD</b>					
Class A	24,218,544	24.8%	31.7%	\$54.25	-4.9%
<b>Waterfront</b>					
Class A	2,621,425	33.1%	38.4%	\$51.01	-5.1%
<b>Pioneer Square</b>					
Class A	4,707,769	32.0%	37.4%	\$55.43	-1.0%
<b>Denny Triangle/Regrade</b>					
Class A	8,168,434	28.2%	30.6%	\$50.60	1.4%
<b>Lower Queen Anne</b>					
Class A	2,980,441	31.0%	33.9%	\$41.53	-2.6%
<b>Lake Union</b>					
Class A	10,343,706	11.9%	14.7%	\$58.11	7.6%
<b>Canal</b>					
Class A	1,994,129	4.8%	10.1%	\$56.08	-6.9%
<b>TOTAL DOWNTOWN SEATTLE</b>					
Class A	55,034,448	23.5%	28.5%	\$53.24	-2.7%
<b>North Seattle/Interbay</b>					
Class A	2,655,277	11.9%	14.2%	\$39.97	-7.3%
<b>Capitol Hill/E Seattle/Rainier</b>					
Class A	1,154,402	10.8%	13.5%	\$35.98	-31.5%
<b>South/West Seattle</b>					
Class A	3,406,647	9.9%	18.9%	\$45.64	-2.8%
<b>TOTAL SEATTLE CLOSE-IN</b>					
Class A	7,216,326	10.8%	16.3%	\$40.77	-9.8%

\*Class B & C buildings have not been reported of 2023; Rents are Full Service

Jones Lang LaSalle's 4<sup>th</sup> Qtr. 2023 Seattle-Bellevue Office Insights report details inventory, vacancy rates, and rental rates for the various Seattle submarkets.

Q4 2023 JLL Seattle Office Statistics				
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
<b>Ballard/U-District</b>				
Class A	1,541,890	8.2%	9.2%	\$67.62
Class B	1,360,438	2.9%	11.6%	\$35.77
All Inv	2,902,328	5.7%	<b>10.3%</b>	<b>\$64.82</b>
<b>Belltown/Denny Regrade</b>				
Class A	2,641,891	22.3%	25.7%	\$47.38
Class B	1,894,304	19.5%	23.7%	\$39.00
All Inv	4,536,195	21.1%	<b>24.9%</b>	<b>\$42.98</b>
<b>Lake Union</b>				
Class A	14,839,272	5.6%	7.5%	\$59.79
Class B	1,787,749	15.5%	17.4%	\$44.54
All Inv	16,627,021	6.7%	<b>8.5%</b>	<b>\$57.21</b>
<b>Pioneer Sq/Waterfront</b>				
Class A	2,224,520	34.6%	36.4%	\$55.55
Class B	2,898,829	22.7%	36.1%	\$37.11
All Inv	5,123,349	27.9%	<b>36.2%</b>	<b>\$46.42</b>
<b>Queen Anne/Magnolia</b>				
Class A	1,944,005	18.1%	18.1%	\$46.52
Class B	2,119,184	28.6%	31.8%	\$38.20
All Inv	4,063,189	23.6%	<b>25.2%</b>	<b>\$41.73</b>
<b>S Seattle</b>				
Class A	1,177,492	18.2%	27.1%	\$28.85
Class B	2,836,806	5.5%	12.9%	\$29.06
All Inv	4,014,298	9.3%	<b>17.0%</b>	<b>\$28.91</b>
<b>Seattle CBD</b>				
Class A	24,585,465	23.9%	31.9%	\$55.47
Class B	4,242,951	29.1%	31.0%	\$39.42
All Inv	28,826,416	24.7%	<b>31.8%</b>	<b>\$52.98</b>
<b>Market Summary</b>				
Class A	49,089,051	17.9%	<b>22.9%</b>	<b>\$55.26</b>
Class B	17,348,550	19.3%	<b>24.9%</b>	<b>\$39.42</b>
All Inv	66,437,601	18.2%	<b>23.5%</b>	<b>\$50.96</b>

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

Q4 2023 JLL Northend Office Statistics				
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
<b>Bothell/Kenmore</b>				
Class A	325,160	15.5%	19.7%	\$40.41
Class B	2,101,152	12.6%	16.8%	\$35.95
All Inv	2,426,312	13.0%	<b>17.2%</b>	<b>\$36.47</b>
<b>Mill Creek/Woodinville</b>				
Class A	0	0.0%	0.0%	\$0.00
Class B	206,033	4.6%	4.6%	\$0.00
All Inv	206,033	4.6%	<b>4.6%</b>	<b>\$0.00</b>
<b>Northgate/N Seattle</b>				
Class A	205,361	28.2%	28.2%	\$37.56
Class B	450,099	14.7%	17.0%	\$36.01
All Inv	655,460	18.9%	<b>20.5%</b>	<b>\$36.66</b>

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

CoStar's 2023 Year End Office Market Statistics Report breaks out rents and vacancies by building class, as well as submarket.

Costar Year End 2023 Downtown Seattle Office Statistics								
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Total Vacant SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$	Rent/SF % Change
<b>Ballard/U Dist</b>								
Class A	11	850,043	66,530	80,270	7.83%	9.44%	\$54.83	23.66%
Class B	137	4,002,157	199,265	343,398	4.98%	8.58%	\$32.47	-2.43%
All Office (A & B)	148	4,852,200	265,795	423,668	5.48%	8.73%	\$32.68	-4.16%
<b>Belltown/Denny Regrade</b>								
Class A	19	8,329,672	611,374	617,653	7.34%	7.42%	\$49.50	0.00%
Class B	51	4,249,281	1,027,062	1,074,784	24.17%	25.29%	\$35.58	-3.08%
All Office (A & B)	70	12,578,953	1,638,436	1,692,437	13.03%	13.45%	\$36.63	-3.68%
<b>Capitol Hill/Central District</b>								
Class A	7	699,254	75,790	75,790	10.84%	10.84%	\$40.69	-2.73%
Class B	85	3,674,157	146,307	181,526	3.98%	4.94%	\$40.96	1.31%
All Office (A & B)	92	4,373,411	222,097	257,316	5.08%	5.88%	\$40.94	1.14%
<b>Lake Union</b>								
Class A	59	12,972,449	1,156,955	1,521,429	8.92%	11.73%	\$46.59	16.27%
Class B	83	4,667,589	290,296	428,152	6.22%	9.17%	\$37.70	0.72%
All Office (A & B)	142	17,640,038	1,447,251	1,949,581	8.20%	11.05%	\$43.74	11.64%
<b>Pioneer Square/Waterfront</b>								
Class A	16	3,503,074	759,882	828,957	21.69%	23.66%	\$47.12	35.05%
Class B	58	3,632,093	944,948	1,009,476	26.02%	27.79%	\$32.26	-6.87%
All Office (A & B)	74	7,135,167	1,704,830	1,838,433	23.89%	25.77%	\$35.46	2.34%
<b>Queen Anne/Magnolia</b>								
Class A	18	3,436,284	564,525	576,093	16.43%	16.76%	\$52.08	1.52%
Class B	78	3,373,065	614,346	702,818	18.21%	20.84%	\$32.97	6.01%
All Office (A & B)	96	6,809,349	1,178,871	1,278,911	17.31%	18.78%	\$38.22	-2.03%
<b>S Seattle</b>								
Class A	9	1,454,948	194,023	254,209	13.34%	17.47%	\$24.00	-31.43%
Class B	103	4,584,501	196,882	400,829	4.29%	8.74%	\$27.18	3.50%
All Office (A & B)	112	6,039,449	390,905	655,038	6.47%	10.85%	\$25.52	-11.45%
<b>Seattle CBD</b>								
Class A	60	30,349,701	6,352,700	7,975,635	20.93%	26.28%	\$48.66	-2.21%
Class B	55	7,433,803	1,421,966	1,533,067	19.13%	20.62%	\$33.22	-12.39%
All Office (A & B)	115	37,783,504	7,774,666	9,508,702	20.58%	25.17%	\$43.66	-1.33%
<b>Market Totals</b>								
Class A	199	61,595,425	9,781,779	11,930,036	15.88%	19.37%	\$45.16	-3.85%
Class B	650	35,616,646	4,841,072	5,674,050	13.59%	15.93%	\$33.37	-5.65%
	<b>849</b>	<b>97,212,071</b>	<b>14,622,851</b>	<b>17,604,086</b>	<b>15.04%</b>	<b>18.11%</b>	<b>\$38.72</b>	<b>-1.05%</b>

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

CoStar Year End 2023 Northend Office Statistics								
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Sublease SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$	Rent/SF % Change
<b>Bothell/Kenmore</b>								
Class A	8	581,163	77,705	80,864	13.37%	13.91%	\$30.98	3.7%
Class B	105	4,432,972	696,805	789,558	15.72%	17.81%	\$31.84	0.4%
All Office (A & B)	113	5,014,135	774,510	870,422	15.45%	17.36%	\$31.79	0.6%
<b>Mill Creek/Woodinville</b>								
Class A	1	26,126	1,036	1,036	3.97%	3.97%	\$30.03	-3.2%
Class B	51	924,871	31,371	37,312	3.39%	4.03%	\$31.70	-5.6%
All Office (A & B)	52	950,997	32,407	38,348	3.41%	4.03%	\$31.66	-5.4%
<b>Northgate/N Seattle</b>								
Class A	3	283,649	55,520	55,520	19.57%	19.57%	\$34.82	2.4%
Class B	62	1,319,077	68,502	86,310	5.19%	6.54%	\$31.65	-1.7%
All Office (A & B)	65	1,602,726	124,022	141,830	7.74%	8.85%	\$32.85	-0.6%
<b>Market Totals</b>								
Class A	12	890,938	134,261	137,420	11.85%	13.80%	\$32.91	1.73%
Class B	218	6,676,920	796,678	913,180	8.63%	10.81%	\$28.92	2.81%
	<b>230</b>	<b>7,567,858</b>	<b>930,939</b>	<b>1,050,600</b>	<b>9.30%</b>	<b>12.10%</b>	<b>\$29.72</b>	<b>2.06%</b>

\*Class C buildings have been omitted; Rents are Full Service; \*\*Northend includes King County Only



## Eastside Office Market Data

CBRE's 4<sup>th</sup> Qtr. 2023 Puget Sound MarketView details inventory, vacancy rates, and rental rates for the various Eastside submarkets.

4Q 2023 CBRE Eastside Office "Market View Snapshot"					
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate	Rent/SF % Change
<b>Bellevue CBD</b>					
Class A	12,324,272	12.4%	16.4%	\$68.98	2.3%
<b>I-405 Corridor</b>					
Class A	2,943,825	13.4%	14.1%	\$51.54	8.1%
<b>SR-520 Corridor</b>					
Class A	2,393,943	16.9%	20.1%	\$46.91	-7.1%
<b>I-90 Corridor</b>					
Class A	7,677,311	32.2%	36.3%	\$47.29	1.8%
<b>Bel-Red Rd Corridor</b>					
Class A	2,412,805	3.0%	17.4%	\$37.33	-20.6%
<b>Kirkland</b>					
Class A	2,092,690	2.4%	3.8%	\$57.33	11.6%
<b>Redmond</b>					
Class A	4,446,332	3.2%	15.0%	\$42.69	-2.1%
<b>Bothell</b>					
Class A	2,583,387	18.0%	21.2%	\$40.35	4.9%
<b>TOTAL EASTSIDE</b>					
Class A	36,874,565	15.0%	20.1%	\$56.89	10.2%

\*Class B & C buildings have not been reported of 2023; Rents are Full Service

Jones Lang LaSalle's 4<sup>th</sup> Qtr. 2023 Seattle-Bellevue Office Insights report details inventory, vacancy rates, and rental rates for the various Eastside submarkets.

<b>Q4 2023 JLL Eastside Office Statistics</b>				
<b>Submarket</b>	<b>Total SF</b>	<b>Q4 Direct Vacancy</b>	<b>Q4 Total Vacancy</b>	<b>Avg. Asking Lease Rate</b>
<b>520 Corridor</b>				
Class A	2,551,563	0.8%	2.7%	\$46.24
Class B	3,195,071	6.7%	11.2%	\$39.48
All Inv	5,746,634	4.1%	<b>7.4%</b>	<b>\$40.01</b>
<b>Bellevue CBD</b>				
Class A	11,929,327	5.7%	9.2%	\$68.66
Class B	766,684	19.0%	19.0%	\$44.22
All Inv	12,696,011	6.5%	<b>9.8%</b>	<b>\$67.41</b>
<b>Coal Creek/Issaquah</b>				
Class A	1,961,222	22.1%	22.1%	\$45.07
Class B	467,288	4.2%	6.4%	\$37.65
All Inv	2,428,510	18.7%	<b>19.1%</b>	<b>\$44.75</b>
<b>I-90 Corridor</b>				
Class A	3,341,744	28.3%	36.1%	\$47.81
Class B	2,019,337	52.6%	55.3%	\$40.68
All Inv	5,361,081	37.4%	<b>43.3%</b>	<b>\$44.17</b>
<b>Kirkland</b>				
Class A	2,211,907	5.1%	6.4%	\$59.39
Class B	1,518,575	7.9%	11.3%	\$43.46
All Inv	3,730,482	6.2%	<b>8.4%</b>	<b>\$52.30</b>
<b>Mercer Island</b>				
Class A	261,395	7.0%	7.9%	\$47.00
Class B	36,337	0.0%	0.0%	\$0.00
All Inv	297,732	6.1%	<b>7.0%</b>	<b>\$47.00</b>
<b>Redmond</b>				
Class A	3,866,362	2.9%	16.0%	\$43.39
Class B	3,230,612	1.5%	2.7%	\$32.11
All Inv	7,096,974	2.3%	<b>9.9%</b>	<b>\$41.70</b>
<b>Suburban Bellevue</b>				
Class A	1,963,269	4.1%	21.5%	\$44.99
Class B	1,913,772	12.5%	13.8%	\$41.08
All Inv	3,877,041	8.2%	<b>17.7%</b>	<b>\$42.01</b>
<b>Market Summary</b>				
<b>Class A</b>	28,086,789	8.5%	<b>14.3%</b>	<b>\$61.48</b>
<b>Class B</b>	13,147,676	14.1%	<b>16.5%</b>	<b>\$41.00</b>
<b>All Inv</b>	41,234,465	10.3%	<b>15.0%</b>	<b>\$56.06</b>

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

CoStar's 2023 Year End Office Market Statistics Report breaks out rents and vacancies by building class, as well as submarket.

CoStar Year End 2023 Eastside Office Statistics								
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Sublease SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$	Rent/SF % Change
<b>520 Corridor</b>								
Class A	27	3,867,159	45,933	94,672	1.19%	2.45%	N/A	N/A
Class B	132	6,919,766	315,524	462,073	4.56%	6.68%	\$36.80	2.7%
All Office (A & B)	159	10,786,925	361,457	556,745	3.35%	5.16%	\$36.80	2.7%
<b>Bellevue CBD</b>								
Class A	35	12,763,213	856,372	1,197,788	6.71%	9.38%	\$57.93	-2.3%
Class B	20	1,055,710	125,867	201,113	11.92%	19.05%	\$40.52	14.1%
All Office (A & B)	55	13,818,923	982,239	1,398,901	7.11%	10.12%	\$50.51	-7.0%
<b>Coal Creek/Issaquah</b>								
Class A	12	1,781,700	209,543	209,543	11.76%	11.76%	\$41.68	1.1%
Class B	63	1,473,445	331,121	338,199	22.47%	22.95%	\$31.19	-0.3%
All Office (A & B)	75	3,255,145	540,664	547,742	16.61%	16.83%	\$32.51	-3.6%
<b>E King County</b>								
Class A	1	56,008			0.00%	0.00%	\$24.83	-19.5%
Class B	84	1,130,649	28,453	45,771	2.52%	4.05%	\$27.50	-10.2%
All Office (A & B)	85	1,186,657	28,453	45,771	2.40%	3.86%	\$26.70	-13.0%
<b>I-90 Corridor</b>								
Class A	27	3,375,645	804,254	1,122,203	23.83%	33.24%	\$39.11	-1.3%
Class B	42	2,317,640	1,094,303	1,110,312	47.22%	47.91%	\$37.26	2.2%
All Office (A & B)	69	5,693,285	1,898,557	2,232,515	33.35%	39.21%	\$38.31	-0.5%
<b>Kirkland</b>								
Class A	22	2,305,294	47,410	51,073	2.06%	2.22%	\$60.43	11.7%
Class B	107	2,676,936	115,540	143,150	4.32%	5.35%	\$34.91	-4.6%
All Office (A & B)	129	4,982,230	162,950	194,223	3.27%	3.90%	\$38.42	2.8%
<b>Mercer Island</b>								
Class A	2	261,016	173,726	173,726	66.56%	66.56%	\$47.00	0.0%
Class B	16	236,269	11,956	14,360	5.06%	6.08%	\$40.63	8.1%
All Office (A & B)	18	497,285	185,682	188,086	37.34%	37.82%	\$45.27	5.5%
<b>Redmond</b>								
Class A	21	2,443,057	120,206	547,943	4.92%	22.43%	N/A	N/A
Class B	102	5,659,815	34,276	154,234	0.61%	2.73%	\$36.28	5.3%
All Office (A & B)	123	8,102,872	154,482	702,177	1.91%	8.67%	\$36.28	5.3%
<b>Suburban Bellevue</b>								
Class A	9	2,059,844	382,112	707,112	18.55%	34.33%	\$46.56	-9.2%
Class B	203	5,464,199	357,400	389,516	6.54%	7.13%	\$39.20	0.4%
All Office (A & B)	212	7,524,043	739,512	1,096,628	9.83%	14.57%	\$39.98	-1.8%
<b>Market Totals</b>								
Class A	156	28,912,936	2,639,556	4,104,060	9.13%	14.19%	\$49.60	2.50%
Class B	769	26,934,429	2,414,440	2,858,728	8.96%	10.61%	\$36.90	2.67%
	<b>925</b>	<b>55,847,365</b>	<b>5,053,996</b>	<b>6,962,788</b>	<b>9.05%</b>	<b>12.47%</b>	<b>\$40.95</b>	<b>0.74%</b>

## South King County Office Market Data

CBRE's 4<sup>th</sup> Qtr. 2023 Puget Sound MarketView details inventory, vacancy rates, and rental rates for the various South-end submarkets.

4Q 2023 CBRE Seattle Office "Market View Snapshot"					
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate	Rent/SF % Change
<b>Sea-Tac</b>					
Class A	1,301,072	6.9%	6.9%	\$32.46	10.3%
<b>Tukwila</b>					
Class A	2,078,892	14.5%	15.7%	\$25.94	2.2%
<b>Renton</b>					
Class A	4,437,062	23.9%	24.6%	\$37.61	0.8%
<b>Kent</b>					
Class A	1,161,442	9.0%	9.6%	\$27.41	-0.6%
<b>Auburn</b>					
Class A	289,025	20.8%	20.8%	\$26.75	1.5%
<b>Federal Way</b>					
Class A	2,732,820	26.0%	26.7%	\$24.90	1.9%
<b>TOTAL SOUTHEND</b>					
Class A	12,000,313	19.4%	20.1%	\$32.18	0.7%

\*Class B & C buildings have not been reported of 2023; Rents are Full Service

Jones Lang LaSalle's 4<sup>th</sup> Qtr. 2023 Seattle-Bellevue Office Insights report details inventory, vacancy rates, and rental rates for the various Southend submarkets.

<b>Q4 2023 JLL Southend Office Statistics</b>				
<b>Submarket</b>	<b>Total SF</b>	<b>Q4 Direct Vacancy</b>	<b>Q4 Total Vacancy</b>	<b>Avg. Asking Lease Rate</b>
<b>Federal Way/Auburn</b>				
Class A	88,000	0.0%	0.0%	\$26.39
Class B	2,315,059	32.4%	33.4%	\$26.85
All Inv	2,403,059	31.2%	<b>32.3%</b>	<b>\$26.85</b>
<b>Kent Valley</b>				
Class A	59,567	0.0%	0.0%	\$0.00
Class B	1,138,390	11.6%	11.7%	\$28.57
All Inv	1,197,957	11.0%	<b>11.1%</b>	<b>\$28.57</b>
<b>Renton/Tukwila</b>				
Class A	1,510,156	44.9%	44.9%	\$46.35
Class B	3,563,564	25.2%	25.7%	\$27.96
All Inv	5,073,720	31.0%	<b>31.4%</b>	<b>\$41.49</b>
<b>Seatac/Burien</b>				
Class A	431,475	12.0%	22.0%	\$29.74
Class B	560,630	2.9%	2.9%	\$26.50
All Inv	992,105	6.9%	<b>11.2%</b>	<b>\$29.19</b>
<b>Market Summary</b>				
Class A	2,089,198	35.0%	<b>37.0%</b>	<b>\$44.64</b>
Class B	7,577,643	23.7%	<b>24.3%</b>	<b>\$27.36</b>
All Inv	9,666,841	26.1%	<b>27.0%</b>	<b>\$34.26</b>

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

CoStar's 2023 Year End Office Market Statistics Report breaks out rents and vacancies by building class, as well as submarket.

CoStar Year End 2023 Southend Office Statistics								
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Sublease SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$	Rent/SF % Change
<b>Federal Way/Auburn</b>								
Class A	8	547,664	42,842	45,109	7.82%	8.24%	\$23.65	-7.0%
Class B	145	3,931,711	713,104	752,633	18.14%	19.14%	\$23.90	0.5%
All Office (A & B)	153	4,479,375	755,946	797,742	16.88%	17.81%	\$23.88	0.1%
<b>Kent Valley</b>								
Class A	2	141,031	-	-	0.00%	0.00%	N/A	N/A
Class B	58	1,692,077	147,260	154,110	8.70%	9.11%	\$25.29	1.7%
All Office (A & B)	60	1,833,108	147,260	154,110	8.03%	8.41%	\$25.29	1.7%
<b>Renton/Tukwila</b>								
Class A	15	2,320,987	660,481	682,188	28.46%	29.39%	\$47.89	7.2%
Class B	182	7,761,139	1,782,050	1,818,218	22.96%	23.43%	\$26.21	2.5%
All Office (A & B)	197	10,082,126	2,442,531	2,500,406	24.23%	24.80%	\$37.43	1.9%
<b>Seatac/Burien</b>								
Class A	3	562,647	51,309	51,309	9.12%	9.12%	N/A	N/A
Class B	73	1,978,348	106,798	108,962	5.40%	5.51%	\$23.08	-0.2%
All Office (A & B)	76	2,540,995	158,107	160,271	6.22%	6.31%	\$23.08	-6.7%
<b>Market Totals</b>								
Class A	28	3,572,329	754,632	778,606	21.12%	21.80%	\$46.26	7.03%
Class B	458	15,363,275	2,749,212	2,833,923	17.88%	18.43%	\$25.07	1.50%
	<b>486</b>	<b>18,935,604</b>	<b>3,503,844</b>	<b>3,612,529</b>	<b>18.49%</b>	<b>19.07%</b>	<b>\$32.65</b>	<b>0.18%</b>

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

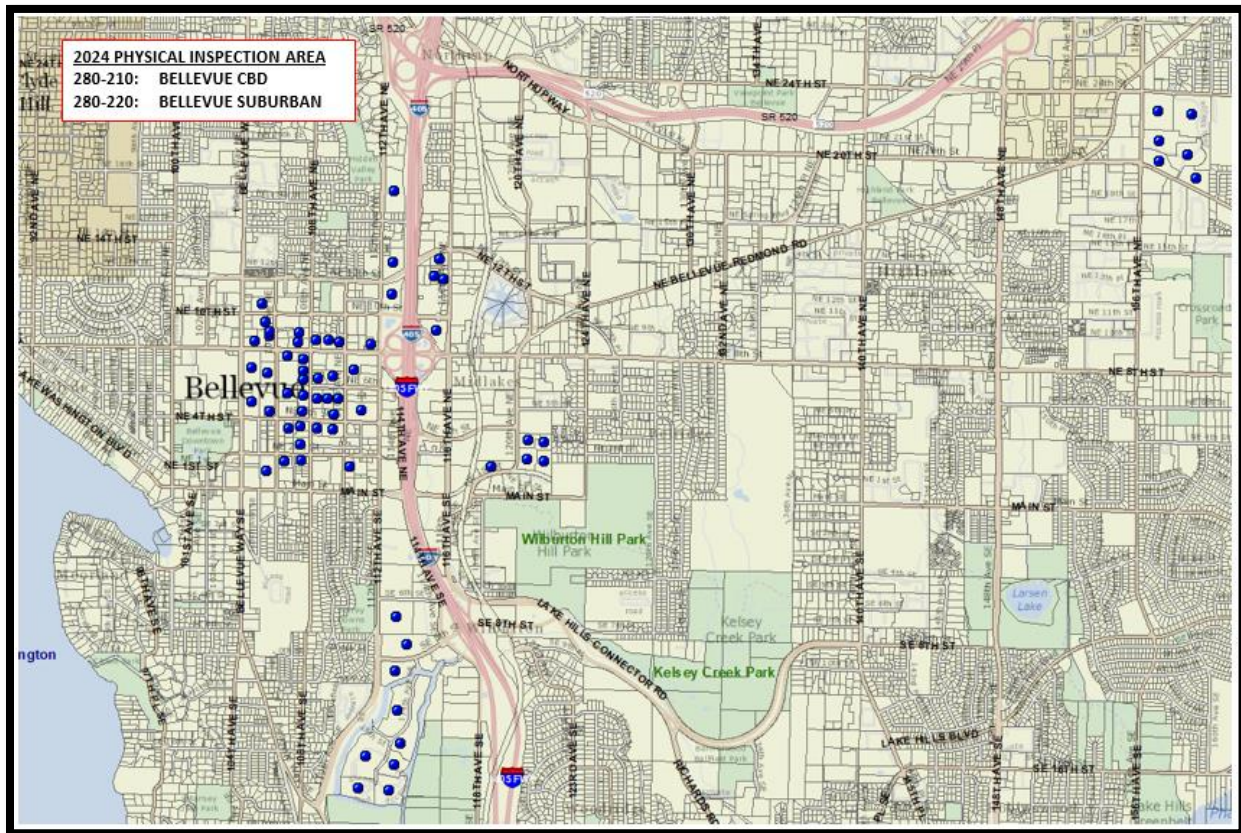
## Physical Inspection Identification:

All major office parcels within submarket 210 (Bellevue CBD) and submarket 220 (Bellevue Suburban) were selected for this year’s physical inspection based on the current Area 280 six-year physical inspection plan spanning 2019 to 2024 as required by WAC 458-07-015 4 (a).

Within the 2024 physical inspection area, there were 81 parcels in all, which represents approximately +/-14.00% of the total major office population. Of the 81 total parcels that was physically inspected, 70 parcels were improved (including commercial condominiums) with the remainder being vacant associated parcels.

Area	Description	Parcel Count (Vacant)	Parcel Count (Improved)	Total Parcel Count
Area 280-210	Downtown Bellevue	8	46	54
Area 280-220	Bellevue Suburban	3	24	27
<b>Totals</b>		<b>11</b>	<b>70</b>	<b>81</b>

These properties were inspected prior to the posting of the 2024 office values. A list of the physically inspected parcels, along with their locations, is included within this report.





## Preliminary Ratio Analysis

No ratio studies were included within this report due to the limited number of improved sales within the major office specialty population along with rapid changes within the major office market.

Rapid changes in commercial office property values can significantly impact the reliability of assessment ratios. Here are some reasons why:

- **Market Volatility**: Commercial property values can fluctuate rapidly due to economic conditions, investor sentiment, and industry-specific factors. If assessment ratios are based on outdated data, they may not reflect the current market reality.
- **Sales Data Availability**: Assessment ratios rely on recent sales data to establish market values. In volatile markets, fewer transactions occur, making it challenging to maintain reliable ratios.
- **External Factors**: Economic shocks, regulatory changes, or technological advancements can impact property values. Assessment ratios alone may not consider these external influences.

## Scope of Data

### **Land Value Data:**

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

### **Improved Parcel Total Value Data:**

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

## Improved Parcel Total Values

### **Sales comparison approach model description**

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

### **Sales comparison calibration**

Market sales of office specialty properties that occurred during the period from 1/1/2021 to 12/31/2023 were considered in the analysis. Other market sales of office buildings that were smaller than the office specialty threshold of 90,000 square feet net rentable were reviewed in the analysis when sales were limited for a building type or submarket.

The current office market cycle has seen a substantial decrease in sale transactions in all office submarkets in addition to having very few sales of different office types in all the various submarkets to rely solely on the market approach to value.

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

### **Cost approach model description**

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

### **Cost calibration**

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

## **Income capitalization approach model description**

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

## **Income approach calibration**

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

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

In addition, office market data was collected and analyzed from numerous well-respected commercial real estate research publications including, but not limited to:

- CBRE's Puget Sound MarketView 4<sup>th</sup> Qtr. 2023,
- Jones Lang LaSalle's 4<sup>th</sup> Qtr. 2023 Seattle-Bellevue Insights,
- Newmark Knight Frank's 4Q 2023 Puget Sound Office Market Report,
- CoStar Group's Seattle/Puget Sound Office Market Report YE-2023,
- Cushman & Wakefield's Seattle Office Marketbeat 4<sup>th</sup> Qtr. 2023.

## Base Rent Model

The following table summarizes averages of typical base rents utilized for the 2024 assessment year. Properties were primarily stratified by submarket, leasing class, and effective age. The rents applied to individual properties were adjusted from the indicated base rent based on property-specific considerations.

1/1/2024 Area 280 Base Rent Model							
SubMkt#	Submarkets	Class C	Class B	Class A/B	Class A	Class A+	Class A++
100	Belltown/Denny Regrade	\$ 31.00	\$ 37.00	\$ 41.00	\$ 45.00	\$ 47.00	\$ 49.00
110	Capitol Hill/First Hill	\$ 32.00	\$ 39.00	\$ 44.00	\$ 48.00	\$ 50.00	\$ 53.00
120	Central Business District	\$ 31.00	\$ 37.00	\$ 42.00	\$ 46.00	\$ 48.00	\$ 51.00
130	Lake Union	\$ 31.00	\$ 37.00	\$ 41.00	\$ 43.00	\$ 46.00	\$ 49.00
140	Pioneer Square	\$ 31.00	\$ 37.00	\$ 43.00	\$ 45.00	\$ 47.00	\$ 50.00
150	Queen Anne/Magnolia	\$ 31.00	\$ 36.00	\$ 39.00	\$ 43.00	\$ 46.00	\$ 49.00
<b>Seattle Downtown (Avg)</b>		<b>\$ 31.00</b>	<b>\$ 37.00</b>	<b>\$ 42.00</b>	<b>\$ 45.00</b>	<b>\$ 47.00</b>	<b>\$ 50.00</b>
200	520/Overlake	\$ 31.00	\$ 37.00	\$ 41.00	\$ 45.00	\$ 47.00	\$ 50.00
210	Bellevue CBD	\$ 31.00	\$ 38.00	\$ 44.00	\$ 49.00	\$ 51.00	\$ 54.00
220	Bellevue Suburban	\$ 31.00	\$ 37.00	\$ 41.00	\$ 44.00	\$ 46.00	\$ 49.00
230	Bothell/Woodinville	\$ 25.00	\$ 28.00	\$ 31.00	\$ 35.00	\$ 37.00	\$ 40.00
240	I-90 Corridor	\$ 31.00	\$ 38.00	\$ 43.00	\$ 46.00	\$ 47.00	\$ 49.00
250	Kirkland/Totem Lake	\$ 31.00	\$ 38.00	\$ 42.00	\$ 46.00	\$ 48.00	\$ 50.00
260	Redmond/Willows	\$ 31.00	\$ 36.00	\$ 40.00	\$ 44.00	\$ 46.00	\$ 48.00
<b>Eastside (Avg)</b>		<b>\$ 30.00</b>	<b>\$ 36.00</b>	<b>\$ 40.00</b>	<b>\$ 44.00</b>	<b>\$ 46.00</b>	<b>\$ 49.00</b>
300	Ballard/University	\$ 28.00	\$ 34.00	\$ 40.00	\$ 45.00	\$ 47.00	\$ 50.00
310	Northgate/North Seattle	\$ 28.00	\$ 31.00	\$ 34.00	\$ 38.00	\$ 40.00	\$ 43.00
<b>Northend (Avg)</b>		<b>\$ 28.00</b>	<b>\$ 33.00</b>	<b>\$ 39.00</b>	<b>\$ 42.00</b>	<b>\$ 44.00</b>	<b>\$ 47.00</b>
400	Federal Way	\$ 16.00	\$ 19.00	\$ 22.00	\$ 26.00	\$ 28.00	\$ 31.00
410	Kent/Auburn	\$ 18.00	\$ 21.00	\$ 24.00	\$ 28.00	\$ 30.00	\$ 33.00
420	Renton/Tukwila	\$ 21.00	\$ 24.00	\$ 27.00	\$ 31.00	\$ 33.00	\$ 36.00
430	SeaTac	\$ 20.00	\$ 23.00	\$ 27.00	\$ 31.00	\$ 33.00	\$ 36.00
440	South/West Seattle	\$ 22.00	\$ 25.00	\$ 29.00	\$ 39.00	\$ 44.00	\$ 49.00
<b>Southend (Avg)</b>		<b>\$ 19.00</b>	<b>\$ 22.00</b>	<b>\$ 26.00</b>	<b>\$ 31.00</b>	<b>\$ 34.00</b>	<b>\$ 37.00</b>
<b>Area 280 Average</b>		<b>\$ 27.00</b>	<b>\$ 32.00</b>	<b>\$ 37.00</b>	<b>\$ 41.00</b>	<b>\$ 43.00</b>	<b>\$ 46.00</b>
<b>Note:</b> Rents applied to individual properties are adjusted from the indicated base rent based on property-specific considerations							

## Typical Income Parameters Applied

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

Typical Income Parameters Applied					
Segment		Avg. Rent Range Per SF*	Vacancy / Coll. Loss %	Operating Expenses/SF	Capitalization Rate %
Seattle Downtown	Class A	\$41.00 - \$53.00	15% - 25%	\$13.50 - \$15.00	6.75% - 7.75%
	Class B	\$36.00 - \$44.00		\$13.00 - \$13.50	7.50% - 8.25%
Eastside	Class A	\$40.00 - \$54.00	5% -30%	\$12.50 - \$16.00	6.75% - 8.00%
	Class B	\$28.00 - \$44.00		\$12.00 - \$14.50	7.50% - 8.25%
Northend	Class A	\$34.00 - \$50.00	15%	\$12.00 - \$12.50	6.75% - 7.75%
	Class B	\$31.00 - \$40.00		\$11.50 - \$11.50	7.50% - 8.25%
Southend	Class A	\$22.00 - \$49.00	12% - 30%	\$11.00 - \$13.00	6.75% - 8.25%
	Class B	\$19.00 - \$29.00		\$10.50 - \$13.00	7.50% - 8.50%
Medical Office Buildings	All	\$41.00 - \$52.00	8%	\$16.50	6.75% - 8.00%

\*Full Service

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

In addition to the income parameters presented above, some of the Major Office properties contain a portion of retail space which needs to be considered. Retail lease rates applied in the Seattle Downtown submarkets typically ranged from \$25 to \$45 per square foot on a triple net basis. Typical retail vacancy and collection losses of 5% of the potential gross income were applied, as well as 5% triple net operating expenses. In the Bellevue CBD, retail rents typically applied were \$35-\$40 per square foot on a triple net basis.

## Parking Income

In addition to office and retail space rents, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. Unreserved monthly and daily rates and occupancy rates were provided by the 2018 Puget Sound Regional Council Parking Inventory for the Downtown Seattle and Bellevue CBD parking zones. No turnaround on the daily spaces was recognized. A parking expense rate of 15% to 20% was applied to parking income to arrive at a net parking income contribution figure with the stand-alone parking garages typically incurring the higher expenses.

The following is a description of the parking income parameters used in the income approach to value the Downtown Seattle and Bellevue CBD office properties. Properties in the Southend and Suburban markets do not typically generate significant, if any, income from parking. A map of the parking neighborhoods is included in the addendum of the office report.

Due to the COVID-19 pandemic and related 2021-2023 ongoing stay-at-home work environment, downtown parking for both Seattle and Bellevue were directly impacted by the absence of daily shoppers, tourists, and the local employment workforce. To account for this, the assessor discounted the reported occupancy in Seattle's neighborhood parking zones by 50% and Bellevue's neighborhood's parking zones by 25%.

Seattle CBD - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	Occupancy Avg
1	\$8.00 - \$40.00	\$19.53	\$50.00 - \$350.00	\$216.33	32% - 39%	36%
2	\$8.00 - \$40.00	\$19.53	\$50.00 - \$350.00	\$216.33	43% - 61%	52%
3	\$8.00 - \$40.00	\$19.53	\$50.00 - \$350.00	\$216.33	62% - 72%	67%
4	\$20.00 - \$68.00	\$35.66	\$200.00 - \$466.00	\$325.14	65% - 71%	68%
5	\$20.00 - \$68.00	\$35.66	\$200.00 - \$466.00	\$325.14	65% - 71%	68%
6	\$8.00 - \$55.00	\$27.85	\$75.00 - \$305.00	\$239.00	57% - 63%	68%
7	\$20.00 - \$68.00	\$35.66	\$200.00 - \$466.00	\$325.14	65% - 71%	68%
8	\$20.00 - \$68.00	\$35.66	\$200.00 - \$466.00	\$325.14	65% - 70%	68%
9	\$8.00 - \$55.00	\$27.85	\$75.00 - \$305.00	\$239.00	54% - 63%	59%
10	\$8.00 - \$55.00	\$27.85	\$18.00 - \$475.00	\$298.32	57% - 70%	64%
11	\$8.00 - \$55.00	\$27.85	\$18.00 - \$475.00	\$298.32	62% - 73%	68%
12	\$8.00 - \$55.00	\$27.85	\$18.00 - \$475.00	\$298.32	71% - 77%	74%
13	\$8.00 - \$55.00	\$27.85	\$18.00 - \$475.00	\$298.32	74% - 88%	81%
Lower Queen Anne/South Lake Union - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	Occupancy Avg
17	\$10.00 - \$60.00	\$28.78	\$135.00 - \$375.00	\$243.43	70% - 74%	72%
18	\$10.00 - \$60.00	\$29.78	\$135.00 - \$375.00	\$244.43	58%	58%
19	\$10.00 - \$60.00	\$30.78	\$135.00 - \$375.00	\$245.43	58% - 62%	60%
First Hill - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	Occupancy Avg
14	\$15.00 - \$31.50	\$19.09	\$168.75 - \$255.00	\$211.86	46% - 73%	60%
15	\$13.50 - \$20.00	\$16.00	\$205.00 - \$235.64	\$220.32	46% - 73%	60%
16	\$8.00 - \$19.50	\$15.06	\$275.00 - \$300.00	\$283.33	63% - 83%	73%
University District - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	Occupancy Avg
1	\$13.00 - \$17.16	\$14.11	\$145.00 - \$165.00	\$150.83	45% - 65%	55%
2	\$8.16 - \$17.14	\$13.44	\$150.00 - \$162.50	\$155.00	58% - 84%	71%
3	\$13.50 - \$25.00	\$16.22	\$135.00 - \$250.00	\$161.88	77% - 85%	81%
4	\$13.75 - \$15.00	\$14.65	\$150.00 - \$160.00	\$150.48	58% - 84%	71%
5	\$7.00 - \$15.00	\$13.90	\$150.00	\$150.00	58% - 84%	71%
6	\$5.00	\$5.00	\$80.00	\$80.00	45% - 65%	55%
7	\$10.00	\$10.00	\$80.00	\$80.00	45% - 65%	55%
8	\$9.00	\$9.00	\$80.00	\$80.00	45% - 65%	55%
9	\$15.00	\$15.00	\$85.00	\$85.00	45% - 65%	55%
Bellevue CBD - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	Occupancy Avg
1	\$12.00 - \$19.50	\$17.80	\$155.00 - \$211.67	\$182.62	75% - 83%	79%
2	\$11.50 - \$20.00	\$17.00	\$203.00 - \$220.00	\$211.50	40% - 80%	60%
3	\$12.00 - \$75.00	\$23.09	\$165.00 - \$250.00	\$198.46	25% - 100%	81%
4	\$14.00 - \$24.00	\$20.55	\$201.00 - \$241.10	\$229.55	25% - 90%	71%
5	\$12.00	\$12.00	N/A	N/A	N/A	N/A
6	N/A	N/A	N/A	N/A	N/A	N/A
7	\$5.80	\$5.80	N/A	N/A	N/A	N/A

Sources: Seattle: Occupancy Rates - PSRC 2018 Parking Inventory Study  
 Seattle: Parking Rates - Seattle DOT 2021 Off-Street Parking Study  
 Bellevue: Occupancy & Parking Rates - Bellevue Downtown Association 2018 Downtown Parking Survey Report



## Capitalization Rate Information

The table below summarizes CBRE’s 4<sup>th</sup> Quarter 2023 Capitalization Rate Survey. The survey indicates that in general capitalization rates, while remaining low, have stabilized. Continued investment demand is counteracting the rise in interest rates and cyclical factors. Capitalization rates are expected to remain mostly stable next year.

CBRE Office Capitalization Rates 2nd Half 2023						
CURRENT CAP RATES					YEAR TO YEAR CHANGE	
Class AA					Class AA	
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add
CBD	N/A - N/A	↔	N/A - N/A	↔	N/A - N/A	N/A - N/A
Suburban	N/A - N/A	↔	N/A - N/A	↔	N/A - N/A	N/A - N/A
Class A					Class A	
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add
CBD	7.75% - 9.00%	↑	9.50% - 10.75%	↑	2.50% - 3.00%	3.00% - 3.75%
Suburban	8.00% - 9.50%	↑	10.00% - 11.25%	↑	2.25% - 3.00%	3.00% - 2.75%
Class B					Class B	
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add
CBD	N/A - N/A	↑	N/A - N/A	↑	N/A - N/A	N/A - N/A
Suburban	N/A - N/A	↑	N/A - N/A	↑	N/A - N/A	N/A - N/A

Source: Q4 2023 CBRE Cap Rate Survey

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

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

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

2023 Office Capitalization Rates Summary							
Source	Location	Capitalization Rates by Building Class (if provided)					
		Average Capitalization Rates	Class A		Class B		
			Stabilized	Value-Add*	Stabilized	Value-Add*	
Seattle/Pacific NW Cap Rates	CBRE <sup>1</sup>	CBD		7.75% - 9.00%	9.50% - 10.75%	N/A - N/A	N/A - N/A
		Suburban		8.00% - 9.50%	10.00% - 11.25%	N/A - N/A	N/A - N/A
	PWC / Invest. Survey	Seattle		6.00% - 9.00%			
		PAC NW Region		6.25% - 12.00%			
	ACLI	Seattle	7.65%				
		Region	7.40%				
	IRR: Viewpoint	CBD		7.50%		8.50%	
		Suburban		7.50%		8.50%	
RERC Report <sup>3</sup>	Seattle CBD		6.90%				
	Seattle Suburban		7.70%				
RERC Report <sup>3</sup>	West CBD		6.50% - 8.60%				
	West Suburban		8.00% - 10.60%				

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

<sup>1</sup> CBRE professionals' opinion of where Cap Rates are likely to trend in 2023

<sup>2</sup> Arms-length investment sales 50k SF and larger, between 1/1/2023 and 12/31/2023 within King County

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

SEATTLE / REGIONAL CAP RATES 2024						
Source	Date	Location	Office	Industrial	Retail	Remarks
CBRE: U.S. Cap. Rate survey.	H2 2023					CBRE professional survey conducted from H2 2021 and to H1 2022.
		Seattle	7.75% - 9.00% 9.50% - 10.75% 8.00% - 9.50% 10.00% - 11.25%	- - 5.25% - 5.75% 5.50% - 6.00%	- - - 5.75% - 7.25%	CBD – Class A CBD – Class A Value-add Suburban – Class A Suburban – Class A Value-add Class A Class B Retail Neighborhood/Community – Class A
IRR: Viewpoint for 2024	Year-end 2023	Seattle	7.50% 8.50% 7.50% 8.50% - - - -	- - - - 7.00% 6.00% - -	- - - - - 6.75% 7.00% 7.00%	<u>Institutional Grade Properties</u> CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Flex Industrial Industrial Regional Mall Community Retail Neighborhood Retail
CoStar	Year-End 2023	Seattle Puget Sound	6.07% 5.23% 6.00% 7.34% 6.50%	- - - - - 6.00% 5.50% -	- - - - - - - 5.62%	General Office Office Buildings – Class A Office Buildings – Class B Office Buildings – Class C Office Buildings – Medical Industrial Flex Industrial General Retail
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2023					1 <sup>st</sup> Tier properties are defined as new or newer quality const. in prime to good location; 2 <sup>nd</sup> Tier properties are defined as aging, former 1 <sup>st</sup> tier in good to average locations; 3 <sup>rd</sup> Tier are defined as older

**SEATTLE / REGIONAL CAP RATES 2024**

Source	Date	Location	Office	Industrial	Retail	Remarks
						properties w/ functional inadequacies and/or marginal locations.
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2023	Seattle	6.90% 7.70%	- - 5.90% 7.10% 6.90%	- - - - - 7.30%	Office CBD – 1 <sup>st</sup> Tier Properties Suburban Office – 1 <sup>st</sup> Tier Properties Warehouse – 1 <sup>st</sup> Tier Properties R&D – 1 <sup>st</sup> Tier Properties Flex – 1 <sup>st</sup> Tier Properties Regional Mall – 1 <sup>st</sup> Tier Properties
		West	- - 6.50% - 8.60% 8.00% - 10.60% 8.00% - 12.10% 7.00% - 9.00% 8.00% - 12.00% 8.50% - 11.20%	- - - - - - - 6.00% - 7.50%	7.40% 6.40% - - - - - - 6.00% - 7.50% 6.50% - 11.00% 7.00% - 9.70% 6.00% - 7.50% 7.00% - 11.50% 8.00% - 11.00% 6.00% - 7.50% 7.50% - 9.50% 7.50% - 11.00%	Power Center – 1 <sup>st</sup> Tier Properties Neigh/Comm. Ctrs. – 1 <sup>st</sup> Tier Properties Office CBD – 1 <sup>st</sup> Tier Properties Office CBD – 2 <sup>nd</sup> Tier Properties Office CBD – 3 <sup>rd</sup> Tier Properties Suburban Office – 1 <sup>st</sup> Tier Properties Suburban Office – 2 <sup>nd</sup> Tier Properties Suburban Office – 3 <sup>rd</sup> Tier Properties Warehouse – 1 <sup>st</sup> Tier Properties Warehouse – 2 <sup>nd</sup> Tier Properties Warehouse – 3 <sup>rd</sup> Tier Properties R&D – 1 <sup>st</sup> Tier Properties R&D – 2 <sup>nd</sup> Tier Properties R&D – 3 <sup>rd</sup> Tier Properties Flex – 1 <sup>st</sup> Tier Properties Flex – 2 <sup>nd</sup> Tier Properties Flex – 3 <sup>rd</sup> Tier Properties
					7.00% - 9.00% 8.50% - 10.50% 8.50% - 12.00% 6.80% - 9.00% 8.50% - 12.00% 8.00% - 11.00% 5.60% - 8.00% 7.00% - 9.80% 7.80% - 10.80%	Regional Mall – 1 <sup>st</sup> Tier Properties Regional Mall – 2 <sup>nd</sup> Tier Properties Regional Mall – 3 <sup>rd</sup> Tier Properties Power Center – 1 <sup>st</sup> Tier Properties Power Center – 2 <sup>nd</sup> Tier Properties Power Center – 3 <sup>rd</sup> Tier Properties Neigh/Comm. Ctr. – 1 <sup>st</sup> Tier Properties Neigh/Comm. Ctr. – 2 <sup>nd</sup> Tier Properties Neigh/Comm. Ctr. – 3 <sup>rd</sup> Tier Properties

**SEATTLE / REGIONAL CAP RATES 2024**

Source	Date	Location	Office	Industrial	Retail	Remarks
IRR: Viewpoint for 2024	Year-end 2023	West Region	7.04%	-	-	<u>Institutional Grade Properties</u> CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Flex Industrial Industrial Community Retail Neighborhood Retail
			7.60%	-	-	
			7.14%	-	-	
			7.71%	-	-	
			-	6.20%	-	
			-	5.68%	-	
			-	-	6.54%	
			-	-	6.59%	
PWC Real Estate Investment Survey	4Q 2023	Seattle	6.00% - 9.00%	-	-	Office
		Pacific NW Region	6.25% - 12.00%	-	-	Office
		-	-	-	-	Warehouse
ACLI	4Q 2023	Seattle – Bellevue - Everett MSA	7.65%	---	---	All Classes
		Pacific Region	7.40%	5.08%	6.82%	All Classes
Newark V&A North America Market Survey	2024	Seattle	6.00% 8.50% 6.00% 8.50%	5.00% 5.50%	5.75% 6.25% 6.50% 7.00%	Office CBD Class A Office CBD Class B Office Suburban Class A Office Suburban Class B Grocery Anchor Strip Class A Grocery Anchor Strip Class B Unanchored Strip Class A Unanchored Strip Class B Warehouse Logistics Class A Warehouse Logistics Class B

**WEST / NATIONAL CAP RATES 2024**

Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Income Vs. Price Realities	4Q 2023					1 <sup>st</sup> Tier properties are defined as new or newer quality const. in prime to good location and typical owners/buyers are institutional investors
		National	6.00% - 9.00% 6.50% - 10.00%	- - 4.70% - 6.50% 6.00% - 9.00% 6.00% - 9.00%	- - - - 6.00% - 8.60% 6.50% - 9.00% 5.80% - 9.00%	Office CBD Suburban Office Warehouse R&D Flex Regional Mall Power Center Neigh/Comm. Ctrs.
IRR: Viewpoint 2023 Commercial Real Estate Trends report	Yr. End 2023	National	7.81% 8.48% 7.91% 8.58%	- - - - 6.92% 6.40%	- - - - - 7.23% 7.23%	<u>Institutional Grade Properties</u> CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Industrial Flex Industrial Community Retail Neighborhood Retail
ACLI	4Q 2023	National	7.47% 7.32% 7.16% 8.01% 7.18%	5.50% 6.57% 6.51% 5.62% 5.42%	7.31% 7.33% 7.40% 7.04% 7.46%	Overall Sq.Ft. - <50k Sq.Ft. - 50k – 100k Sq.Ft. – 100,001 – 200k Sq.Ft. – 200k+
PWC Real Estate Investor Survey	4Q 2023	National	4.50% - 10.00% 5.00% - 8.00% 6.00% - 10.25% 5.25% - 10.00%	- - - - 3.00% - 7.00%	- - - - - 5.00% - 14.00% 5.50% - 7.50% 5.25% - 10.00% 6.25% - 9.00 %	CBD Office Suburban Office Secondary Office Medical Office Warehouse Regional Mall Power Center Neigh. Strip Centers Net Lease
The Boulder Group: Net Lease Market Report	4Q 2023	National	7.55%	7.00%	6.35%	Overall (Average)
Newark V&A North America Market Survey	2024	National		5.05% 6.05% 6.50%	5.62%	Quick Service Restaurant Self-Storage Class A Self-Storage Class B Self-Storage Class C

## Reconciliation and/or Validation Study of Calibrated Value

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

### Model Validation

#### **Total Value Conclusions, Recommendations and Validation:**

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

The 1/1/2024 valuation reflects the changing office market dynamics as of the valuation date. These include increasing market vacancy rates in most submarkets, stagnant market lease rates, and moderately higher capitalization rates for well leased good quality office buildings.

These factors have resulted in lower valuations for most of the institutional-grade office properties in most submarkets within the greater Puget Sound / King County market area.

Application of these recommended values for the 2024 assessment year results in a total change from the 2023 assessment of -32.08%. This decrease does include the majority of new construction value from Major Office projects currently under construction. Other new construction projects currently under review will be added later during the new construction maintenance period (new construction is valued as of July 31<sup>st</sup> of the assessment year).

The total assessed value for the 2023 assessment year was \$45,441,132,300 and the total recommended assessed value for the 2024 assessment year is \$30,862,182,400.

<b>CHANGE IN TOTAL ASSESSED VALUE</b>			
<b>2023 Total Value</b>	<b>2024 Total Value</b>	<b>\$ Change</b>	<b>% Change</b>
<b>\$45,441,132,300</b>	<b>\$30,862,182,400</b>	<b>\$ (14,578,949,900)</b>	<b>-32.08%</b>

## Improved Sales for Area 280 (Sales from 1/1/2021 - 1/31/2023 were considered)

### SEATTLE SALES

AREA 280 MAJOR OFFICE BUILDING SALES											
Area	Nbhd	Major Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	100	069600 0175	197,135	3165752	\$118,663,466	12/22/21	\$602	2301 5TH AVE	3	Y	Hudson Pacific Properties acquired Leasehold Interest of the 5th & Bell building from Alexandria Real Estate Equities on 12/22/2021 for \$118,663,466 or \$602/SF (less minor personal property) in a fair market transaction. The property was 100% occupied at the time of sale and traded at a 5.00% cap rate. Per Costar report, "Hudson Pacific Properties, Inc. (NYSE: HPP) has completed the acquisition of a leasehold interest in a 197,000-square-foot office building in Seattle for \$119 million, or \$604 per-square-foot per buyer press release. The property's office component, which comprises approximately 192,000 square feet, is fully leased to Amazon. Public records shows a recorded sale price of \$118,707,027 but per verification with the broker the total sale price was \$134 MM (Seller credits related to new Amazon lease) and the remaining term on the ground lease is 51 years. The asset traded at high 5% cap. Known as 5th & Bell, the property is located in Seattle's Belltown neighborhood, which sits at the intersection of South Lake Union and Denny Triangle. The six-story, LEED Gold-certified property features large floorplates and a modern lobby, as well as numerous onsite amenities, including an expansive outdoor deck, an end-of-trip facility with showers, lockers and bike storage, retail and ample parking."
280	100	065900 0750	498,891	3146497	\$489,878,032	9/17/21	\$982	2001 8TH AVE	1	Y	Kilroy Realty Corp. acquired the West 8th Bldg. from DWS on September 20st, 2021 for \$490 million or \$978/SF. After PP deduction and other deductions, the recorded sales price was \$489,878,032 or \$978/SF. 1918 8TH consists of a 28-story Class A+ multi-tenant office building over a 452 car garage. Amazon occupies +/-70% of the building. The improvements contain a total net rentable area of 668,886/SF and exhibiting an effective age of 2010. Amenities include rooftop deck, on-site daycare, secured bike storage, secured parking, gym + showers and lockers, conferencing center, and on-site retail. Per Buyer's press release, "We believe the Denny Regrade submarket continues to be extremely well positioned for strong rental growth over the coming years and West 8th, which offers an unrivaled location, will help deliver solid earnings growth and value creation for our shareholders"
280	100	065300 0250 0270	344,779	3136400	\$184,895,692	7/26/21	\$536	2601 ELLIOTT AVE	2	Y	Shorenstein Properties acquired a Class A office building (065300-0250) and adjacent parking garage (065300-0270) from J.P. Morgan Chase on 07/28/2021 for \$185,000,000. After personal property deduction, the final real estate value was \$184,895,692 or \$536/SF. Parcel 065300-0250 consist of a 6-story Class A-/B+ office building totaling 339,799/SF of rentable area, while parcel 065300-0270 consist of 5-story parking garage with 593 parking spaces. ATOS, the office building was +/-90% leased to Zillily and had a reported cap rate of 5.80%. Located in downtown Seattle with unobstructed views of Elliott Bay and the Olympic Mountains, 2601 Elliott is a unique building
280	110	610845 0130	1,566	3250576	\$965,000	8/18/23	\$552	1229 MADISON ST	1	Y	Sale of Individual Condo Unit
280	110	610845 0100	7,753	3138430	\$4,000,000	8/5/21	\$516	1229 MADISON ST	1	Y	Sale of Individual Condo Unit
280	120	094200 0415	753,869	3190419	\$729,800,000	5/17/22	\$968	Madison Centre	1	Y	Boston Properties, Inc. acquired the Madison Centre on 05/17/2022 for \$730,000,000 or \$968/SF. ATOS, the property was +/- 93% leased and traded on a 4.30% cap rate. The 36-story high-rise office building was originally built in 2017 and is certified as LEED-Platinum. Amenities include a rooftop terrace, a great room with a signature three-story fireplace and living wall, conference/training center, boardroom, library, fitness/wellness center operated by the prestigious Washington Athletic Club, needlepoint bipolar ionization HVAC purification, and touchless entry.
280	120	094200 0030	439,016	3170258	\$320,000,000	1/25/22	\$729	2ND & SENECA BUILDING	2	Y	As part of a two parcel transaction, Northwood Investors purchased parcel 094200-0025 (SDL Office Bldg.) & 094200-0030 (2nd & Seneca) on January 27, 2022 for \$382mil or \$729/SF (523,815/SF). Minor -0025 (SDL Off. Bldg.) had an allocated purchased price of \$61,800,000, while minor -0030 (2nd & Seneca) had an allocated purchased for \$320,000,000. ATOS, both properties were +/- 93% leased with a reported cap rate of 4.50%. The <b>2nd and Seneca Building</b> is a 29-floor "Class-A" office building totaling 439,016/SF of NRA. Amenities include remodeled lobby/lounge, state of the art fitness and conference center, below grade parking for tenants, and retail on 1st level. 2nd & Seneca also features private decks with expansive city and Puget Sound views. The SDL office building is a 4-story "Class B" office building totaling 84,337/SF of NRA.



AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	120	093900	0355	247,095	3159232	\$147,250,000	11/18/21	\$596	801 2ND AVE	1	Y	Institutional Investor, Hines, acquired the Norton Building from Norton Building LLC on 11/18/2021 for \$147,250,000 million or \$591/SF. The Norton Building consist of a 17-story Class-A multi-tenant office building over a 195 car garage. The improvements contain a total net rentable area of 247,095/SF and was originally constructed in 1958. ATOS, the Norton Building was 94% occupied and traded at 4.30% cap rate. With exceptional views of Puget Sound, Mount Rainier, and the Stadium District, the Norton Building is just two blocks away from light rail, bus lines, and ferry terminals, with close freeway access to both I-90 and I-5. Hines will soon be renovating the common areas to create a new lobby experience with expanded gathering areas. Hines will also add new creative and interactive spaces throughout the building. Construction start was estimated at Q2 of 2022.
280	120	094200	0300	810,493	3143519	\$465,000,000	9/1/21	\$574	1011 4TH AVE	1	Y	Boston Properties, Inc. acquired the Safeco Plaza Building on 09/01/2021 for \$465,000,000 or \$574/SF. ATOS, the property was +/- 91% leased with Liberty Mutual occupying approximately 66% of the space. No cap rate was reported. The 49-story high-rise office building was originally built in 1969 and was renovated in 2018, resulting in an effective age of 2010. The property is LEED-Platinum certified with on-site amenities including a state-of-the-art conference center, multiple quick service food retailers, and a Bank of America Branch. Also included is a full service fitness center, and secure bicycle storage. Per marketing flyer, subject includes modern new lobby with seating area, and approx. \$100 million being spent in fully modernizing the building inside and out. Located in the heart of Seattle CBD, the property also affords excellent views of Elliott Bay, downtown Seattle, the Cascade Mountains, the Olympic Mountains.
280	120	863423	0010 0020 0030	747,312	3112184 3112185	\$579,386,461	4/1/21	\$775	300 PINE ST	3	Y	Urban Renaissance Group acquired the 300 Pine Street Office Condo from Starwood Capital Group on 4/1/2021 for a combined acquisition price of \$579,386,461 or \$805/SF in a fair market transaction. <b>Transaction #1: Condo</b> (#0010 + #0030; E# 3112185 @ \$105,000,000) and <b>Transaction #2: Condo</b> #0020 (E#3112184 @ \$474,386,461) sold in separate but simultaneous transactions. Combined, the properties contain a total net rentable area of 719,415/SF. Please Note: Within the owner's press release and website, the 300 Pine Street GLA square footage is reported at 770,000/SF, while the assessor has the space at only 719,415/SF. As of the date of this appeal write-up, the assessor was not able to get information on the +/-50,585/SF discrepancy. Per Costar, The properties were 92% occupied at the time of sale and traded at a 4.30% cap rate on in place income. The subject of this appeal is the iconic and historic 300 Pine Street Building located within Seattle's central business district. The 300 Pine Street Building consist of an 8-story, renovated Class A historic office building which is declared into three separate condo units totaling 719,415/SF of retable area. The improvements were originally constructed in 1929 and exhibit an effective year built of 2010. Condo Units -0010 & -0030 are currently undergoing a major renovation and are in the process of being converted from the old Macy's department retail store and into a combination of modern office and retail space. Amazon, who currently occupies 100% of condo unit -0020 will also be occupying the most of converted office space of -0010 & -0030.
280	130	224950	0475	150,622	3187091	\$151,500,000	4/29/22	\$1,006	ELEVEN01 WESTLAKE	3	Y	BioMed acquired the Eleven01 Westlake Building from Invesco Real Estate on 04/29/2022 for \$151,500,000 or \$1,006/SF in a fair market transaction of high-credit, single-tenant, NNN-leased asset. Eleveon01 consists of a six-story, single tenant, Class A office building. The improvements were originally constructed in 2015 and contain a total net rentable area of 150,622/SF. The property's office space is fully leased to Facebook. Per brokers press release, "The mark-to-market upside in conjunction with the credit, asset quality, deal size and South Lake Union location generated significant investor interest from a wide range of capital.

AREA 280 MAJOR OFFICE BUILDING SALES											
Area	Nbhd	Major Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	130	412930 0010	335,037	3174395	\$420,466,507	2/23/22	\$1,255	LAKEFRONT BLOCK 25	2	Y	Deka Immobilien acquired the 2 parcel (Block 25 - E3 3174395; Block 31 - E3 3174397), 4 building Lakefront Blocks 25 & 31 on 02/24/2022 for \$801,664,142 (\$1,224/SF) in a fair market transaction of high-credit, single-tenant, NNN-leased asset. Lakefront Blocks 25 & 31 consists four buildings ranging from 6 to 14 stories with ground floor retail space, situated above a 615-stall parking garage podium. The improvements were originally constructed in 2019 and contain a total net rentable area of 655,009/SF. The property's office space is fully leased to Google. Per brokers press release, "This project, in my opinion, was the best core office offering on the West Coast in 2021," said Kevin Shannon, Co-Head of U.S. Capital Markets at Newmark. "The combination of credit, asset quality, ESG, South Lake Union submarket and lakefront location made this a truly generational opportunity, a factor that was reflected in the intense competition for the asset."Newmark Announces \$802-million Sale of Lakefront Blocks. Image courtesy of Benjamin Benschneider. Newmark's Shannon, Vice Chairman Nick Kucha, Executive Managing Directors Ken White and Rob Hannan and Senior Managing Director Michael Moll brokered the sale.
280	130	412932 0010	319,972	3174397	\$381,197,635	2/23/22	\$1,191	LAKEFRONT BLOCK 31	2	Y	Deka Immobilien acquired the 2 parcel (Block 25 - E3 3174395; Block 31 - E3 3174397), 4 building Lakefront Blocks 25 & 31 on 02/24/2022 for \$801,664,142 (\$1,224/SF) in a fair market transaction of high-credit, single-tenant, NNN-leased asset. Lakefront Blocks 25 & 31 consists four buildings ranging from 6 to 14 stories with ground floor retail space, situated above a 615-stall parking garage podium. The improvements were originally constructed in 2019 and contain a total net rentable area of 655,009/SF. The property's office space is fully leased to Google. Per brokers press release, "This project, in my opinion, was the best core office offering on the West Coast in 2021," said Kevin Shannon, Co-Head of U.S. Capital Markets at Newmark. "The combination of credit, asset quality, ESG, South Lake Union submarket and lakefront location made this a truly generational opportunity, a factor that was reflected in the intense competition for the asset."Newmark Announces \$802-million Sale of Lakefront Blocks. Image courtesy of Benjamin Benschneider. Newmark's Shannon, Vice Chairman Nick Kucha, Executive Managing Directors Ken White and Rob Hannan and Senior Managing Director Michael Moll brokered the sale.

EASTSIDE SALES

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks	
280	200	124270 0025	93,292	3176774	\$45,500,000	3/8/22	\$488	BEL-SPRING 520 (EAST & WEST BLDGS.)	2	Y	American Asset Trust acquired the two office building portfolio (aka Bel-Springs 520 - East & West) from SteelWave, Inc. on 3/9/2022 for \$45,500,000 or \$488/SF in a fair market transaction. The two building campus was of average/good quality and built in 1983 which exhibited an effective age of 2000. The subject's improvements consists of two 3-story Class A/B office buildings containing a total net rentable area of 93,293/SF. Per Costar - ATOS, the twp. buildings were approximately 69% leased to a diversified tenant base with contractual lease rates that the Company views as below prevailing market rates for the submarket. The two-building property features a campus-setting in a natural landscape with immediate highway access and a diverse rent roll of professional service, technology and financial service companies. The property is well amenitized with a food market, showers and lockers, conference center, bike storage and renovated atrium lobbies, with an opportunity to make additional improvements comparable or superior to competing office projects, and is walking distance to the future Spring District Light Rail Station. American Assets Trust, Inc will self manage the asset and the new leasing brokerage firm will be Newmark	
280	200	202505 9019 9035	160,508	3144621	\$83,834,518	9/10/21	\$522	3009 112TH AVE NE	2	Y	American Asset Trust acquired the four office building portfolio (ak Corporate Campus East III) from SteelWave, Inc. on 9/10/2021 for \$83,850,000 or \$522.40/SF in a fair market transaction. The four building campus was of good quality and built in 1985 which exhibited an effective age of 2005. The subject's improvements consists of 2 & 3-story Class A office buildings containing a total net rentable area of 160,508/SF. ATOS, the the vacancy was +/-14% with a reported reported cap rate of 4.70%. Per Costar, "The four-building property features a campus-setting in a natural landscape with immediate highway access and a diverse rent roll of financial service institutions and professional service companies. The property has undergone recent renovations to its common areas, lobbies, onsite café and entry areas, with an opportunity to add further amenities comparable or superior to competing office projects."	
280	200	202505 9097 9202 9245	136,759	3127233	\$62,000,000	6/18/21	\$453	3025 112th Ave NE	3	Y	Lake Washington Partners has acquired the three building office portfolio (ak Corporate Campus East) from Kennedy Wilson Properties on 6/23/2021 for \$62,000,000 or \$453.91/SF in a fair market transaction. The three building campus was of good quality and built in 1985 which exhibited an effective age of 2005. The subject's improvements consists of an 2 & 3-story Class A office buildings containing a total net rentable area of 136,759/SF. ATOS, the the vacancy was +/-7% with a reported reported cap rate of 5.35%. Per Costar, "The property recently underwent a \$3 million capital repositioning, which included lobby remodels, bathroom renovations, exterior paint and the addition of an outdoor patio and seating. Additional property features include premier signage, flexible floorplates, ample parking and excellent regional access".	
280	210	322505 9181	244,023	3141744	\$143,200,000	8/27/21	\$587	110 110th AVE NE	1	Y	Unico Properties acquired the 110 Atrium Building from ScanlanKemperBard Companies on 8/27/2021 for \$143,200,000 or \$586.83.21/SF in a fair market transaction. This transaction represents a +/-29% increase over the previous sale of \$111,200,000 that took place in November of 2018. The 110 Atrium Building was of good quality and built in 1981 which exhibited an effective age of 2005. The subject's improvements consists of an 7-story Class A office buildings containing a total net rentable area of 244,023/SF. ATOS, the the vacancy was +/-40% with a reported reported cap rate of 3.00%. Per Costar "Seller made a decision to sell rather than lease up the asset which was reported at 60% occupied ATOS. The asset traded at about a 3% cap rate per verification with the buyer contact." Per marketing flyer, Unico Properties indicated that a large scale renovation is planned to transform the Atrium Bldg. into a design-focused, energy efficient building. Amenities include board and conference rooms, a three-level atrium with lounge areas and Wi-Fi throughout, and a fitness center with lockers and showers. Also included are secured bike storage and EV charging stations.	
280	220	066287 0010	109,514	3147484	\$35,000,000	2/9/23	\$320	11400 SE 8TH ST	1	Y	Belleue Gateway One Equities acquired the Gateway One Office Building from Regency Belleue Holdings on 2/09/2023 for \$35,000,000 or \$319.59/SF in a fair market transaction. Gateway One was built between 1985 and consists of a 4 story Class A office buildings containing a total net rentable area of 109,514 SF. Per listing broker (Nicholas Kucha, Newmark), the building was +/-95% occupied ATOS with a reported cap cap rate of 9.50%. This sales represents an approximately 28% net loss from the 2019 sale price of \$48,399,583. The listing broker indicated that the primary reason for the lower sales price and higher cap rate is a result of negative buyer sentiment within the office sector and lack of institutional lending.	

AREA 280 MAJOR OFFICE BUILDING SALES											
Area	Nbhd	Major Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	220	322505 9134	150,340	3147484	\$84,100,000	9/23/21	\$559	600 112TH AVE SE	1	Y	Rockwood Capital has acquired the three building office portfolio (aka Lincoln Plaza) from Principal Real Estate Investors on 6/23/2021 for \$84,000,000 or \$559.40/SF in a fair market transaction. The three building campus was of good quality and built in 1988 which exhibited an effective age of 2010. The subject's improvements consists of three, 3-story Class A office buildings containing a total net rentable area of 150,340/SF. ATOS, the the vacancy was +/-10% with no reported cap rate. Per marketing flyer, the property underwent a major renovation with a exterior canopy redesign, modernized lobbies, and upgraded elevator bays and corridors. Additional property features include premier location adjacent to new light rail, secured parking, showers & lockers, and bike storage.
280	230	042605 9008	95,194	3151521	\$27,300,000	10/7/21	\$287	12100 NE 196TH ST	1	Y	Winkler Development Corp acquired the North Creek Place Bldg. from Stockbridge Capital Group on 10/12/2021 for \$27,300,000 or \$286.78/SF in a fair market transaction. North Creek Place was built in 1999 and exhibited an effective age of 2005. It consists of a 3-story Class A office building over parking garage containing a total net rentable area of 94,127/SF. ATOS, the property was 83% occupied with no reported cap rate. Per Costar, buyer's motivation was to acquire a core asset with good location. The office building has ample parking with easy access to I-405 and SR-522.
280	240	531510 1015	155,200	3162741	\$114,095,000	12/7/21	\$735	3003 77TH AVE SE	1	Y	Riot Games acquired the Mercer Park office building (fmr Farmers Headquarters) from Ryan Companies on 12/07/2021 for \$114,095,000 or \$733/SF in a fair market transaction. The newly renovated building, built in 1982, is of good quality and exhibited an effective age of 2005. The subject's improvements consists of an 5-story Class-A office building containing a total net rentable area of 155,200/SF, with completed extensive renovations. Property highlights include: modern lobby with floor to ceiling windows, high ceilings, large floorplates, rooftop deck, secure bike storage, yoga room, lockers/showers, and close proximity to the new Link light rail. Riot spokesperson said the company plans to eventually house more than 400 employees at the new office, set to open in 2023. Los Angeles-based Riot Games is making Mercer Island its new home in the Puget Sound region. "We know we want to have a presence in the Seattle area in order to attract the kind of talent we need in order to reach our ambitions," said John Doyle, chief operating officer of Riot's games business. "We're going to be here for the foreseeable future. Knowing that and knowing the kind of investment we want to put into a facility to make it feel great for people coming in, working with us, doing the kind of collaborative and creative work we do, it made sense to actually set down roots.
280	240	128360 0060	281,913	3130686	\$124,945,000	7/7/21	\$443	15325 SE 30TH PL	1	Y	American Asset Trust acquired the four office building portfolio (ak Eastgate Office Park) from Kennedy Wilson Properties on 6/08/2021 for \$125,000,000 (includes \$55k in personal property) or \$443.20/SF in a fair market transaction. The four building campus was of good quality and built in 1984/1985 which exhibited an effective age of 2005. The subject's improvements consists of three Class A mid-rise, 3-story office buildings and one 2-story amenity building containing a total net rentable area of 281,913/SF. ATOS, the the occupancy was +85% with no reported cap rate. Per Costar, the four-building property features a campus-setting in a natural landscape with immediate highway access. Amenities include deli/carry-out restaurant, multiple training and conference rooms, fitness center with indoor basketball, squash, and racquetball courts.

## NORTHEND SALES

AREA 280 MAJOR OFFICE BUILDING SALES											
Area	Nbhd	Major Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	300	408330 985	213,566	3158607	\$219,975,000	11/15/21	\$1,030	1621 N 34TH ST	1	Y	Bio-Bed Realty acquired the NorthEdge building from Clarion Partners on 11/16/2021 for \$220,000,000 \$739/SF in a fair market transaction. The NorthEdge property consists of a newly built 4-story Class A single-tenant office lowrise with ground floor retail space and underground parking with 312-stalls. The improvements were constructed in 2016 and contain a net rentable area of 213,566 SF. The property benefits from its location on the north end of Lake Union which provides unobstructed views as well as easy access to the Burke-Gilman Trail and Gas Works Park. In July 2015 Tableau announced that it had leased all of the office space in the property which was under construction at that point. Tableau's lease term is 11-years at an initial lease rate is \$36/SF NNN increasing to \$47/SF NNN at the end of the term. Tableau also has two, 7-year options to extend. Retail space is leased at \$32/SF NNN. The property was 100% leased at the time of sale and traded at a 4.25% cap rate based on income in place.
280	310	243490 0010 0020	200,558	3153172	\$72,300,000	10/20/21	\$360	155 NE 100TH ST	2	Y	Nicola Wealth has acquired the three building low-rise office portfolio (Northgate Executive Center) from Gateway Muirland Inc. on 10/20/2021 for \$72,300,000 or \$360/SF in a fair market transaction. The three building campus was of average/good quality and built between 1974 & 1979 and exhibited an effective age of 2000. The subject's improvements consists of three, 3-story Class A/B office buildings containing a total net rentable area of 200,558/SF. ATOS, the the vacancy was +/-14% with no reported cap rate. Per buyers press release, "Northgate Executive Center is an unparalleled, maturing urban location with immediate access to rapid transit, numerous amenities, and the opportunity for future re-development with the addition of significant multifamily rental product." Schaeffers adds, "The property is located within a rapidly changing submarket that includes Northgate Mall undergoing a major renovation to accommodate the Seattle Kraken practice facility."

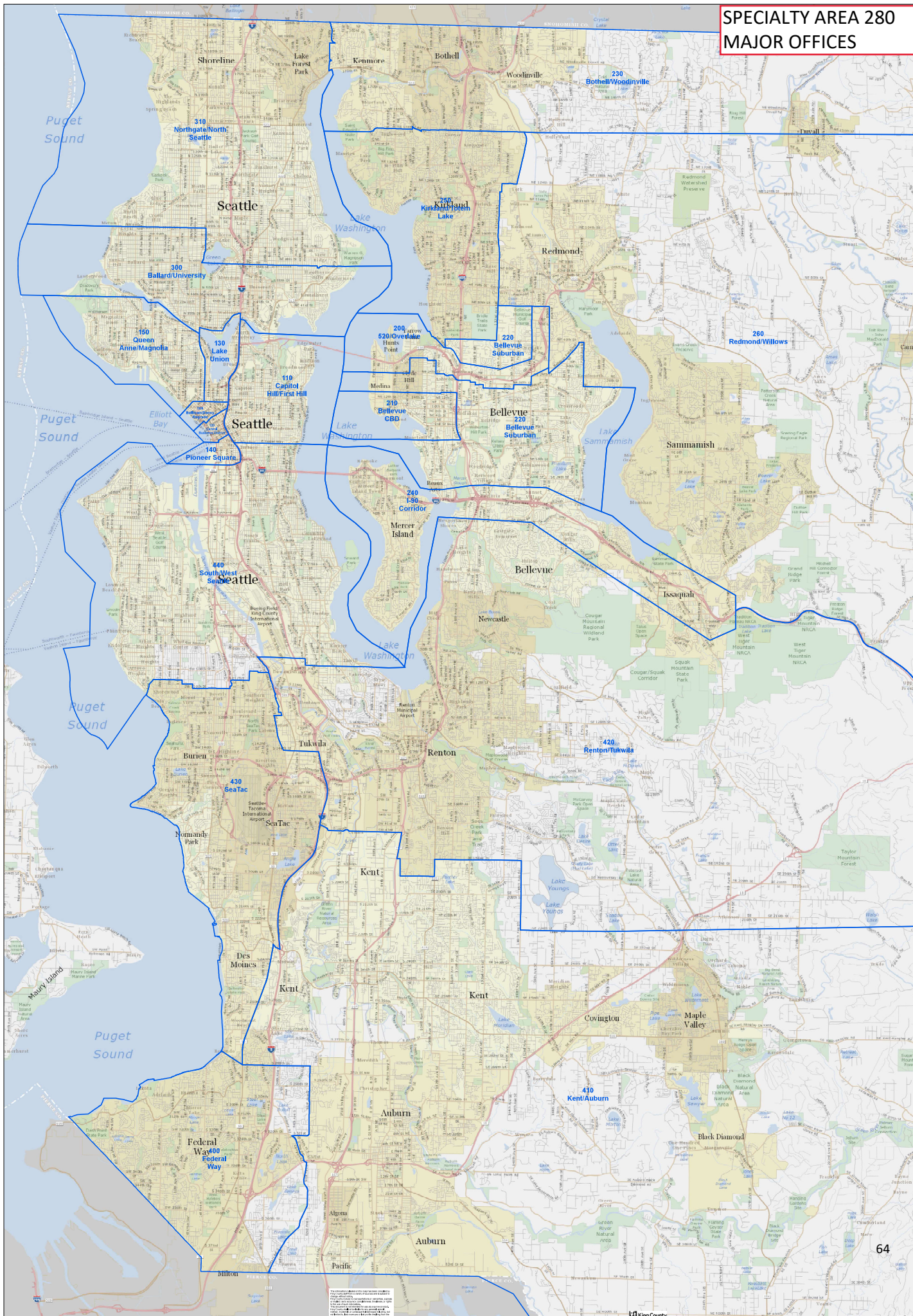
## SOUTHEND SALES

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	420	334040	4000	469,795	3221993	\$84,000,000	12/27/22	\$179	CHILDRENS HOSPITAL	4	Y	As part of an adjacent two campus, four parcel transaction, Children's Hospital purchased Southgate and Valley Office Park on December 27, 2022 for \$84mil or \$179/SF (469,795/SF). Southgate Campus consist of two (3 & 5 story) Class A Office Buildings totaling 268,347/SF, while Valley Office Park consist of four (2-story) class A-/B+ office buildings totaling 201,448/SF. The campus also includes a vacant land parcel. Southgate is conveniently located between Seattle, Bellevue and Tacoma along I-405 and minutes from numerous restaurants, retail amenities and hotels including access to multiple lakeside and riverfront parks.
280	400	215465	0110	160,493	3189381	\$93,527,390	5/12/22	\$583	DAVITA CORPORATE BUSINESS OFFICE	3	Y	Truist Securities Inc. acquired the Corporate HQ DaVita Office Building from DaVita, Inc. on 05/12/2022 for \$93,527,390 or \$583/SF/SF in a sale/leaseback transaction. Original offering price was \$101,577,848 with a reported cap rate of 3.95%. Built in 2020, the DaVita HQ Building consists of a 3-story Class A office building totaling 160,493/SF of NRA. ATOS, the building was 100% leased to DaVita Corp. and sold at a reported 4.29% cap rate. The office building has ample parking with easy access to I-405 and SR-522.
280	440	766620	7075	347,874	3146865	\$251,250,000	9/17/21	\$722	1501 1ST AVE S	1	Y	Jamestown, L.P. acquired the two office/high-tech building portfolio (ak Home Plate Center) from American Life on 9/17/2021 for \$251,250,000 or \$722.24/SF in a fair market transaction. The two building portfolio was of good/excellent quality and built in 2012 which exhibited an effective age of 2015. The subject's improvements consists of an 6 & 7-story Class A office buildings containing a total net rentable area of 347,874/SF and is located near T-Mobile Park and Lumen Field and has direct access to I-90 and I-5. ATOS. The property was 94% leased to a diverse roster of tenants working within technology, software, TV broadcasting, and government. Tenants include Facebook subsidiary Oculus, local news network KING 5, and Verizon. Per Press Release, "With its large and growing tech industry, highly-educated work force, and proximity to nature, Seattle continues to be one of the most desirable urban centers in the country," said Michael Phillips, President of Jamestown. "We believe Home Plate Center presents a long-term differential value to a diverse range of tenants given its tremendous interstate access, ample parking, large floor plates, and location at the northern gateway of SoDo." The two state-of-the-art buildings are LEED Gold certified and feature 12' - 17.5' slab-to-slab ceiling heights, outdoor decks with Seattle skyline views, bicycle storage along with shower and locker facilities, a "Great Room" lobby with in floor radiant heating and efficient, large floor plates.





**SPECIALTY AREA 280  
MAJOR OFFICES**





## USPAP Compliance

### Client and Intended Use of the Appraisal:

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

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

### Definition and date of value estimate:

#### Market Value

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

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

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

## Highest and Best Use

### RCW 84.40.030

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

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

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

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

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

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

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

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

## Date of Value Estimate

### RCW 84.36.005

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

Specialty 280  
2024 Assessment Year

 **King County**  
**Department of Assessments**

## **RCW 36.21.080**

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

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

## **Property Rights Appraised: Fee Simple**

### **Wash Constitution Article 7 § 1 Taxation:**

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

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

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

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

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

### **The Dictionary of Real Estate Appraisal, 3<sup>rd</sup> Addition, Appraisal Institute.**

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

## Assumptions and Limiting Conditions:

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

12. Items which are considered to be “typical finish” and generally included in a real property transfer, but are legally considered leasehold improvements are included in the valuation unless otherwise noted.
13. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.
14. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.
15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.

### Scope of Work Performed:

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

### CERTIFICATION:

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

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

Specialty 280  
2024 Assessment Year

 **King County**  
**Department of Assessments**

- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *No significant real property assistance as determined by the undersigned. All services as may be variously defined significant or otherwise, and performed by duly authorized and qualified King County Assessment staff employed in the areas of Public Information, Accounting/Abstract, Commercial, Residential, Information Services, Personal Property, Accounting/Mapping, Accounting/Support, Accounting/Appeals, Chief Appraiser, Accounting/Exemptions, Accounting/Levy Administration, who may have involvement in physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time, is made part of each real property parcel as a matter of public record and this certification by reference.*
- *Any services regarding the subject area performed by me within the prior three years, as an appraiser or in any other capacity is listed here: 2020-2024 Revalue. Any and all activities required under the Certificate of Appointment under sworn oath appointing the below signed appraiser to the position of true and lawful deputy in the Office of the King County Assessor, and authorized by the State of Washington, Department of Revenue under a Certificate of Accreditation. To Wit: all duties, responsibilities, and services associated with the position description of Commercial Appraiser II in the management and valuation of Commercial Area 280. Such duties, responsibilities and services include, but are not limited to physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time and to be determined significant or otherwise during the fulfillment of position requirements, and are made part of each real property parcel, is a matter of public record and this certification by reference.*

7/15/2024

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Steven Roberts  
Commercial Appraiser II

Date

Specialty 280  
2024 Assessment Year





Improved Sales Calc for Area 280 with Sales Used

7/7/2024

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Parcel Ct	Ver. Code	Remarks
280	110	610845	0130	1,566	3250576	\$865,000	08/18/23	\$552.36	NORDSTROM ELMER J MEDICAL TOWER CONDOMINIUM	MIO-200-HR	Condominium(Office)	1	Y	
280	220	066287	0010	109,514	3226052	\$35,000,000	02/09/23	\$319.59	GATEWAY ONE BLDG	OLB	Office Building	1	Y	
280	420	334040	4000	469,795	3221993	\$84,000,000	12/27/22	\$178.80	VALLEY OFFICE PARK	CO	Office Park	4	Y	
280	120	094200	0415	753,869	3190419	\$729,800,000	05/17/22	\$968.07	Madison Centre	DOC1 U/450/U	Office Building	2	Y	
280	400	215465	0110	160,493	3189381	\$93,527,390	05/12/22	\$582.75	DaVita Coporate Business Office	OP-1	Office Building	3	69	Net Lease Sale; not in ratio
280	130	224950	0475	150,622	3187091	\$151,500,000	04/29/22	\$1,005.83	ELEVEN01 WESTLAKE (Facebook)	SM-SLU 100/95	Office Building	3	69	Net Lease Sale; not in ratio
280	200	124270	0025	93,292	3176774	\$45,500,000	03/08/22	\$487.72	BEL-SPRING 520 - WEST BLDG	OLB	Office Building	2	Y	
280	130	412930	0000	335,037	3174395	\$420,466,507	02/23/22	\$1,254.99	LAKEFRONT BLOCK 25 (GOOGLE)	SM-SLU 85/65-160	Office Building	1	69	Net Lease Sale; not in ratio
280	130	412932	0010	300,985	3174397	\$381,197,635	02/23/22	\$1,266.50	LAKEFRONT BLOCK 31 (GOOGLE)	SM-SLU 85/65-160	Office Building	2	69	Net Lease Sale; not in ratio
280	120	094200	0030	439,016	3170258	\$320,200,000	01/25/22	\$729.36	2ND & SENECA BUILDING	DOC1 U/450/U	Office Building	1	Y	
280	100	069600	0175	197,135	3165752	\$118,663,466	12/22/21	\$601.94	5TH & BELL BUILDING (Amazon - Otter Bldg)	DMR/C 280/125	Office Building	3	69	Net Lease Sale; not in ratio
280	240	531510	1015	155,200	3162741	\$114,095,000	12/07/21	\$735.15	RIOT GAMES CORP. HEADQUARTERS (FMR. FARMERS HEADQUARTERS)	TC	Office Building	1	Y	
280	120	093900	0355	247,095	3159232	\$147,250,000	11/18/21	\$595.92	NORTON BUILDING	DMC 340/290-440	Office Building	1	Y	
280	300	408330	6985	213,566	3158607	\$219,975,000	11/15/21	\$1,030.01	NorthEdge (Tableau)	IC-65 (M)	Office Building	1	69	Net Lease Sale; not in ratio
280	310	243490	0010	200,558	3153172	\$72,300,000	10/20/21	\$360.49	NORTHGATE EXECUTIVE CENTER I	SM-NG 145	Office Building	2	Y	
280	230	042605	9008	95,194	3151521	\$27,300,000	10/07/21	\$286.78	NORTH CREEK PLACE 1	R 2800, OP	Office Building	1	Y	
280	220	322505	9134	150,340	3147484	\$84,100,000	09/23/21	\$559.40	LINCOLN PLAZA OFFICE PARK	OLB	Office Building	1	Y	
280	100	065900	0750	498,891	3146497	\$489,878,032	09/17/21	\$981.93	WEST 8TH (Amazon - Port 99 Bldg)	DOC2 500/300-550	Office Building	1	69	Net Lease Sale; not in ratio
280	440	766620	7075	347,874	3146865	\$251,250,000	09/17/21	\$722.24	HOME PLATE CENTER	IC-85 (M)	Office Building	1	Y	
280	200	202505	9019	160,508	3144621	\$83,834,518	09/10/21	\$522.31	CORPORATE CAMPUS EAST BLDGS E, F, G, & H	OLB	Office Building	2	Y	
280	120	094200	0300	810,493	3143519	\$465,000,000	09/01/21	\$573.72	SAFECO PLAZA / 1001 FOURTH AVENUE	DOC1 U/450/U	Office Building	1	Y	
280	210	322505	9181	244,023	3141744	\$143,200,000	08/27/21	\$586.83	110 ATRIUM (Dist C)	DNTN-MU	Office Building	1	Y	
280	110	610845	0100	7,753	3138430	\$4,000,000	08/05/21	\$515.93	NORDSTROM ELMER J MEDICAL TOWER CONDOMINIUM	MIO-200-HR	Condominium(Office)	1	Y	
280	100	065300	0250	344,779	3136400	\$184,895,692	07/26/21	\$536.27	2601 ELLIOTT (SEATTLE TRADE AND TECHNOLOGY CENTER)	DH2/75	Office Building	2	Y	
280	240	128360	0060	281,913	3130686	\$124,945,000	07/07/21	\$443.20	EASTGATE OFFICE PARK	O	Office Building	1	Y	
280	200	202505	9202	136,759	3127233	\$62,000,000	06/18/21	\$453.35	CORPORATE CAMPUS EAST BLDGS A & B	OLB	Office Building	3	Y	
280	120	863423	0010, 0020, 0030	747,312	3112184; 3112185	\$579,386,461	04/01/21	\$775.29	300 PINE STREET	DRC 85-170	Historic Prop(Retail)	1	69	Net Lease Sale; not in ratio. E# 3112184 = \$474,386,461; E# 3112185 = \$105,000,000

Improved Sales Calc for Area 280 with Sales Not Used

7/7/2024

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Parcel Ct	Ver. Code	Remarks
280	240	320570	0010	232,481	3268046	\$113,030,000	12/28/23	\$486.19	HC ISSAQUAH	UV	Hospital	4	33	Lease or lease-hold
280	100	066000	1255	488,884	3265279	\$13,000	11/09/23	\$0.03	1915 TERRY BLDG. (Amazon - Kumo Bldg)	DMC 340/290-440	Office Building	5	24	Easement or right-of-way
280	210	154410	0320	304,494	3134801	\$65,000	07/26/21	\$0.21	Civica Office Commons (Core)	DNTN-MU	Office Building	1	24	Easement or right-of-way
280	210	154410	0219	477,899	3131099	\$47,000,000	07/08/21	\$98.35	KEY CENTER (Core)	DNTNO-1	Office Building	2	52	Statement to dor
280	240	006000	0030	601,081	3103648	\$169,000,000	03/05/21	\$281.16	MICROSOFT ADVANTA - BLDG C	OLB-OS	Office Building	4	33	Lease or lease-hold

## 2024 Physical Inspection (Parcel List) - Major Office Specialty 280

Area	Nghd	Juris	Major	Minor	Taxpayername	PropName
280	210	Downtown Bellevue	067006	0010	ACORN DEVELOPMENT LLC	BELLEVUE 600 OFFICE TOWER II (Vacant Fut
280	210	Downtown Bellevue	067006	0020	ACORN DEVELOPMENT LLC	BELLEVUE 600 TOWER I (UNDER CONSTRUCTION
280	210	Downtown Bellevue	068150	0020	BELLEVUE PACIFIC LLC	BELLEVUE PACIFIC CENTER CONDOMINIUM (Cor
280	210	Downtown Bellevue	068150	0030	BELLEVUE PACIFIC LLC	BELLEVUE PACIFIC CENTER CONDOMINIUM (Cor
280	210	Downtown Bellevue	068570	0060	KEMPER DEVELOPMENT CO	BELLEVUE PLACE PARKING (Core)
280	210	Downtown Bellevue	068570	0065	KEMPER DEVELOPMENT CO	BELLEVUE PLACE PARKING (Core)
280	210	Downtown Bellevue	104360	0010	MICROSOFT CORP 370986	THE BRAVERN (Core)
280	210	Downtown Bellevue	104360	0025	BRAVERN RESIDENCES NORTH LL	THE BRAVERN (Core)
280	210	Downtown Bellevue	104360	0030	BRAVERN RESIDENTAL S LLC	THE BRAVERN (Core)
280	210	Downtown Bellevue	104360	0040	BRAVERN OFFICE OWNER LLC C/O	THE BRAVERN (Core)
280	210	Downtown Bellevue	104360	0050	SHOPS AT THE BRAVERN	THE BRAVERN (Core)
280	210	Downtown Bellevue	104360	0060	BRAVERN OFFICE OWNER LLC C/O	THE BRAVERN (Core)
280	210	Downtown Bellevue	104700	0005	SFIII COLUMBIA WEST LLC +SF	155 Bellevue Building (Frmly Columbia We
280	210	Downtown Bellevue	149950	0010	STARVUE LLC	Amazon - Everest Bldg (fmr Centre 425)
280	210	Downtown Bellevue	149950	0020	BANK OF AMERICA	Amazon - Everest Bldg (fmr Centre 425)
280	210	Downtown Bellevue	154410	0208	PACCAR INC	PACCAR - BUSINESS CENTER BUILDING (Core)
280	210	Downtown Bellevue	154410	0215	SWB BELLEVUE II LLC	THE ARTISE - (UNDER CONSTRUCTION )
280	210	Downtown Bellevue	154410	0219	KILROY REALTY	KEY CENTER (Core)
280	210	Downtown Bellevue	154410	0230	KILROY REALTY	KEY CENTER (IMPS ON MINOR 0219) (Core)
280	210	Downtown Bellevue	154410	0233	STERLING CENTRE I LLC	SYMETRA FINANCIAL CENTER (Core)
280	210	Downtown Bellevue	154410	0250	BELLEVUE INVESTORS II LLC	555 TOWER
280	210	Downtown Bellevue	154410	0254	CSHV BELLEVUE CENTER LLC	ONE BELLEVUE CENTER (Core)
280	210	Downtown Bellevue	154410	0256	MPH-I BELLEVUE LLC	BELLEVUE CONNECTION (Core) Formally Bell
280	210	Downtown Bellevue	154410	0316	BELLEVUE 108 AVENUE OWNER L	AMAZON TOWER 333 (fmr EXPEDIA BUILDING)
280	210	Downtown Bellevue	154410	0320	CIVICA COMMONS LLC	Civica Office Commons (Core)
280	210	Downtown Bellevue	154410	0323	FANA KEY LLC	KEY BANK BLDG (Core)
280	210	Downtown Bellevue	154460	0143	WASHINGTON SQUARE ASSOC LLC	929 OFFICE TOWER
280	210	Downtown Bellevue	154460	0150	SCD NE 8TH LLC	THE EIGHT BELLEVUE (UNDER CONSTRUCTION)
280	210	Downtown Bellevue	292505	9048	KEPPEL-KBS PLAZA BUILDINGS	PLAZA BUILDINGS - PLAZA CENTER BUILDING
280	210	Downtown Bellevue	292505	9056	BELLEVUE PLACE OFFICE	BELLEVUE PLACE (Core)
280	210	Downtown Bellevue	292505	9084	BELLEVUE PROPERTIES LLC	BELLEVUE PLACE (ASSOCIATED WITH TAX LOT
280	210	Downtown Bellevue	292505	9085	1001 OFFICE LLC	Binary Towers - Amazon
280	210	Downtown Bellevue	292505	9271	112TH BELLEVUE OPERATING LL	One Twelfth @ Twelfth
280	210	Downtown Bellevue	292505	9357	KEPPEL-KBS PLAZA BUILDINGS	PLAZA BUILDINGS - US BANK PLAZA (Core)
280	210	Downtown Bellevue	292505	9358	KEPPEL-KBS PLAZA BUILDINGS	PLAZA BUILDINGS - PARKING GARAGE (Core)
280	210	Downtown Bellevue	322505	9016	KILROY REALTY LP	SKYLINE TOWER (Core)
280	210	Downtown Bellevue	322505	9058	FSP-CITY CENTER PLAZA LLC	CITY CENTER PLAZA (CITY CENTER II ) (Cor
280	210	Downtown Bellevue	322505	9066	AAT CC BELLEVUE LLC	City Center Bellevue (Core)
280	210	Downtown Bellevue	322505	9163	FSP-CITY CENTER PLAZA LLC	CITY CENTER PLAZA - UNDERGROUND GARAGE/P
280	210	Downtown Bellevue	322505	9181	UNICO PROP LLC CORP	MIDSTATION BELLEVUE BLDG. (Frmly 110 Atr
280	210	Downtown Bellevue	322505	9199	BELLEVUE CITY OF/FINANCE	BELLEVUE CITY HALL (Core)
280	210	Downtown Bellevue	432335	0010	LS2 GARAGE LLC	LINCOLN SQUARE EXPANSION (Core) W HOTEL
280	210	Downtown Bellevue	432335	0020	LS2 HOTEL LLC	LINCOLN SQUARE EXPANSION (Core) W HOTEL
280	210	Downtown Bellevue	432335	0030	LS2 OFFICE LLC	LINCOLN SQUARE EXPANSION (Core) W HOTEL
280	210	Downtown Bellevue	432335	0040	LS2 RESIDENTIAL LLC	LINCOLN SQUARE EXPANSION (Core) W HOTEL
280	210	Downtown Bellevue	432335	0050	LS2 RETAIL LLC	LINCOLN SQUARE EXPANSION (Core) W HOTEL
280	210	Downtown Bellevue	432342	0010	KEMPER DEVELOPMENT CO	LINCOLN SQUARE OFFICE (core)
280	210	Downtown Bellevue	432342	0020	KEMPER DEVELOPMENT CO	LINCOLN SQUARE OFFICE (core)
280	210	Downtown Bellevue	600950	0035	C/O MARVIN F POER & CO	PLAZA EAST (Core)
280	210	Downtown Bellevue	808120	0010	KRE SUMMIT 1.2. OWNER LLC	SUMMIT BUILDINGS I & II (PSE EAST BLDG &
280	210	Downtown Bellevue	808120	0020	KRE SUMMIT 3 OWNER LLC	SUMMIT III - OFFICE W/ BELOW GRADE PARKI
280	210	Downtown Bellevue	926970	0010	BELLEVUE INVESTORS 1 LLC	WEST MAIN OFFICE CONDOS (TOWER I, II, II
280	210	Downtown Bellevue	926970	0020	BELLEVUE INVESTORS 1 LLC	WEST MAIN OFFICE CONDOS (TOWER I, II, II
280	210	Downtown Bellevue	926970	0030	BELLEVUE INVESTORS 1 LLC	WEST MAIN OFFICE CONDOS (TOWER I, II, II

## 2024 Physical Inspection (Parcel List) - Major Office Specialty 280

Area	Nghd	Juris	Major	Minor	Taxpayername	PropName
280	220	Bellevue Suburban	066287	0010	BELLEVUE GATEWAY ONE EQUITI	GATEWAY ONE BLDG
280	220	Bellevue Suburban	066287	0060	REGENCY BELLEFIELD HOLDINGS	BELLEFIELD OFFICE PARK - ASPENWOOD BUILD
280	220	Bellevue Suburban	066287	0070	REGENCY BELLEFIELD HOLDINGS	BELLEFIELD OFFICE PARK - EDIFECS BUILDIN
280	220	Bellevue Suburban	066287	0080	SPIRE GATEWAY LP	MERCER POINTE at BELLEFIELD
280	220	Bellevue Suburban	066288	0010	REGENCY BELLEFIELD HOLDINGS	BELLEFIELD OFFICE PARK - GATEWAY 112 BUI
280	220	Bellevue Suburban	066288	0020	REGENCY BELLEFIELD HOLDINGS	BELLEFIELD OFFICE PARK - CEDAR, LOZIER,
280	220	Bellevue Suburban	066288	0030	REGENCY BELLEFIELD HOLDINGS	BELLEFIELD OFFICE PARK - WOODRIDGE, ARBO
280	220	Bellevue Suburban	066288	0040	REGENCY BELLEFIELD HOLDINGS	BELLEFIELD OFFICE PARK - CONIFER, K2, CO
280	220	Bellevue Suburban	292505	9178	BLOCH EQUITY 1 LLC ET AL	COMMONS PROFESSIONAL CENTER
280	220	Bellevue Suburban	322505	9134	LINCOLN PLAZA OFFICE OWNER	LINCOLN PLAZA OFFICE PARK
280	220	Bellevue Suburban	327595	0010	FELTON PROPERTIES INC	HIDDEN VALLEY OFFICE PARK
280	220	Bellevue Suburban	327595	0020	RETINA REAL ESTATE LLC	HIDDEN VALLEY OFFICE PARK
280	220	Bellevue Suburban	332505	9018	EOS AT RIDGEWOOD CORP	RIDGEWOOD CORPORATE SQUARE - BLDG F
280	220	Bellevue Suburban	332505	9192	EOS AT RIDGEWOOD CORP	RIDGEWOOD CORPORATE SQUARE - BLDG G
280	220	Bellevue Suburban	332505	9199	EOS AT RIDGEWOOD CORP	RIDGEWOOD CORPORATE SQUARE - BLDGS D & E
280	220	Bellevue Suburban	332505	9200	EOS AT RIDGEWOOD CORP	RIDGEWOOD CORPORATE SQUARE - BLDG C
280	220	Bellevue Suburban	332505	9201	EOS AT RIDGEWOOD CORP	RIDGEWOOD CORPORATE SQUARE - BLDGS A & B
280	220	Bellevue Suburban	644811	0090	OVERLAKE HOSPITAL	OVERLAKE HOSPITAL - PARKING GARAGE
280	220	Bellevue Suburban	644811	0100	OVERLAKE HOSPITAL	OVERLAKE MEDICAL OFFICE BUILDING
280	220	Bellevue Suburban	644811	0150	KAISER PERMANENTE OF WA	KAISER PERMANENTE
280	220	Bellevue Suburban	644811	0190	HEALTHCARE REALTY	OVERLAKE MEDICAL PAVILION
280	220	Bellevue Suburban	880300	0010	KEPPEL-KBS BELLEVUE TECHNOL	BELLEVUE TECHNOLOGY CENTER
280	220	Bellevue Suburban	880300	0020	KEPPEL-KBS BELLEVUE TECHNOL	BELLEVUE TECHNOLOGY CENTER
280	220	Bellevue Suburban	880300	0030	KEPPEL-KBS BELLEVUE TECHNOL	BELLEVUE TECHNOLOGY CENTER
280	220	Bellevue Suburban	880300	0040	KEPPEL-KBS BELLEVUE TECHNOL	BELLEVUE TECHNOLOGY CENTER
280	220	Bellevue Suburban	880300	0050	KEPPEL-KBS BELLEVUE TECHNOL	BELLEVUE TECHNOLOGY CENTER
280	220	Bellevue Suburban	880300	0060	KEPPEL-KBS BELLEVUE TECHNOL	BELLEVUE TECHNOLOGY CENTER - PARKING



## King County

### Department of Assessments

KSC – AS – 0708

201 S. Jackson St., Room 708

Seattle, WA 98104

OFFICE (206) 296-7300

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**John Wilson**

**Assessor**

As we start preparations for the 2024 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 the 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 for the entire population.
- Time adjust sales to January 1, 2024, in conformance with generally accepted appraisal practices.
- Prepare written reports in compliance with USPAP Standard 6 for Mass Appraisals. The intended users of your appraisals and the written reports include the public, the 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  
King County Assessor

Specialty 280  
2024 Assessment Year



**Department of Assessments**