

Major Warehouses

Area 500

Commercial Revalue for 2025 Assessment Roll



65 Horton, Seattle, WA



King County

Department of Assessments

Setting values, serving the community, and pursuing excellence

201 South Jackson Street, KSC-AS 0708

Seattle, WA 98104

OFFICE (206) 296-7300 FAX (206) 296-0595

Email: assessor.info@kingcounty.gov

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



King County

Department of Assessments



King County

Department of Assessments

KSC – AS – 0708

201 S. Jackson St.

Seattle, WA 98104

John Wilson
Assessor

OFFICE: (206) 296-7300 FAX (206) 296-0595

Email: assessor.info@kingcounty.gov

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

Dear Property Owners,

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

We continue to work to implement your feedback and ensure we provide you 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

Specialty 500

2025 Assessment Year



King County Department of Assessments

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 730,000 residential, commercial and industrial properties. More specifically for commercial property, the Assessor breaks up King County into geographic or specialty (i.e., office buildings, warehouses, retail centers, etc.) market areas and annually develops valuation models using one or more of the three standard appraisal indicators of value: Cost, Sales Comparison (market) and Income. For most commercial properties the income approach is the primary indicator of value. The results of the models are then applied to all properties within the same geographic or specialty area.

Are Properties Inspected?

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

RCW 84.40.025 - Access to property

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

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

How Are Commercial Properties Valued?

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

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

How is Assessment Uniformity Achieved?

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

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

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

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

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

Requirements of State Law

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

Appraisal Area Reports

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

Executive Summary Report

Appraisal Date 1/1/2025 – 2025 Assessment Year – 2026 Tax Roll Year

Specialty Name: Warehouses (100,000 net square feet or larger,) Specialty Area 500

Sales - Improved Summary:

Number of Sales: 15

Number of Sales included in the ratio: 13

Range of Sale Dates: 1/1/2022 – 12/31/2024

Sales - Improved Valuation Change Summary						
	Mean Assessed Value	Mean Sales Price	Ratio	COD*	COV	PRD
2024 Value	\$51,929,300	\$53,842,700	96.40%	11.79%	15.62%	1.04
2025 Value	\$52,903,300	\$53,842,700	98.30%	12.27%	15.35%	1.03
Change	\$ 974,000		1.90%	0.48%	-0.27%	-1.00%
% Change	1.88%		1.97%	4.07%	-1.73%	-0.96%

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

Sales used in analysis: All improved sales that were verified as good sales that did not have characteristic changes, such as change of use, major renovations or repairs, between the date of sale and the date of appraisal were included in the analysis. Examples of sales that are not included in the analysis are properties that sold as a portion of bulk portfolio sales covering multiple geographic areas/neighborhoods; partial interest; leasehold interest; or have been segregated or merged since being purchased.

Total Population – Average Improved Parcel Summary Data

TOTAL POPULATION SUMMARY DATA			
	Land	Improvement	Total
2024 Value	\$3,990,247,960	\$9,971,375,440	\$13,961,623,400
2025 Value	\$4,280,613,760	\$9,811,716,640	\$14,092,330,400
% Change	7.28%	-1.60%	0.94%

Number of Parcels in the Ratio Study Population: 336, which includes improved and associated vacant parcels.

Conclusion and Recommendation

The values presented improve uniformity and equity; therefore, it is recommended they should be posted for the 2025 Assessment Year.

Identification of the Area

Name or Designation:

**Specialty Area 500 – Warehouse Properties (over 100,000 net square feet)
Area 500 Neighborhoods**

- **500-25** Renton, Tukwila, North Bend, Des Moines and Preston
- **500-35** Auburn, Algona, Enumclaw
- **500-45** Kent Valley, Des Moines
- **500-60** Seattle-south of Safeco Field
- **500-85** Eastside of the county (East of Lake Washington)

Maps

A general map of Area 500 neighborhoods is included in this report. More detailed Assessor's maps are located on the 7th floor of the King Street Center or the assessor's website.

Warehouse Specialty Description

From a broad perspective, the industrial real estate sector historically has been defined by warehouse, manufacturing, and R&D (research and development) properties. Specialty 500 encompasses the classification of properties that broadly fall under the label of "warehouse," including storage, distribution, and transit buildings, and, in some cases, light industrial facilities with a building area of least 100,000 net rentable square feet. In general, these warehouse sub-classifications have commonalities from the standpoint of shared uses and many underlying physical building and spatial attributes.

Storage warehouses are utilitarian facilities that provide a proper environment for storing goods and materials that require protection from the elements. The majority of the buildings are used for storage, with office space occupying generally between 3% and 12% of the total building area.

Warehouses can range from a general-purpose, shell providing storage space with minimal lighting, plumbing, and office space to complex, specialized operations. The design of the warehouse space should be planned to best accommodate the products to be safely stored and handled, as well as business service requirements. Warehouse design must support the loads of the materials to be stored, the associated handling equipment and software, receiving and shipping operations with associated trucking, and meet the physical and operational requirements of the operating personnel. With a focus on efficiency and functionality, the warehouse layout would readily facilitate the present use and optimally have flexibility in adapting to future operations and storage needs.

The economics of modern commercial warehouses dictate a minimal turnaround time in processing goods, thus reducing operating costs. The creation of safe and comfortable working environments can additionally result in increased worker productivity. In a competitive real estate market, considerations reach beyond economics into the realm of building image with aesthetics, such as landscaping, becoming increasingly important, especially for corporate clients.

Many regional warehouse structures can be readily utilized for light industrial use with minimal modifications. Light manufacturing activities are comprised of a variety of enterprises, from assembly, disassembly, fabricating, finishing, manufacturing, packaging, and repairing or reprocessing of materials. A variety of industrial uses and activities can be housed within physically identical buildings. Many characteristics are not visible from the exterior of the building, such as well-laid-out circulation spaces, power, floor load, and floor levelness. Most structures housing light industrial uses have at least 15% to 20% office build-out. High ceiling heights afford mezzanine build-out, generally for office use, while still maintaining adequate heights for warehouse functionality.

The warehouse distribution category is comprised of facilities constructed with the objective of storing and distributing goods. In order to support the primary function of the movement of goods at high volumes and/or high frequencies, adequate loading capabilities are a necessity. Building features include dock-high or grade-level doors. Bays adjacent to the loading doors, generally exceeding 5,000 square feet, and clearance heights in excess of 20 feet facilitate the building's primary function. Distribution warehouses typically have more office/sales area than storage warehouses (approximately 15%) to accommodate breakdown and transshipment.

Distribution warehouse facilities may be constructed with refrigeration or cold storage systems that are integrated in the building structure rather than freestanding walk-in units. Warehouses with these features are defined by the basis of the climate control service being rendered. Building characteristics may include interior loading and/or weather-sealed exterior dock areas for temperature control. The purpose of the facility is to function as a stock warehouse for goods to be redistributed to retailers, wholesalers, or shipped directly to consumers. Since the function of this type of warehouse distribution facility is specialized, fewer facilities are needed in each region to accommodate demand. A L:B (land to building) ratio of 2:1 is feasible if the percentage of office to building ratio is on the lower end, since parking requirements would be diminished with less office space.

Mega Warehouse properties are typically 200,000 to over a million square feet and are often designed for major regional distribution and storage centers. Ceiling heights are typically 32 feet or greater to maximize the building's cubic volume, and the buildings are precast or tilt-up concrete construction. This warehouse building type is in high demand by e-commerce retailers, wholesalers, and third-party logistics companies.

Buildings within the transit warehouse category are designed for loading, freight segregation, and closed storage. Freight forwarding has an integral function in supply chain management. Intermodal methods of freight forwarding include the movement of goods between airplanes, trucks, trains, and boats. The rectangular-shaped building creates a cross-dock configuration for efficient flow-through of freight. The building layout facilitates temporary closed storage, freight segregation, and loading. A high quantity of docks in conjunction with dock high floors facilitates the transfer of cargo rather than the storage of cargo. The specialized design results in a low building-to-dock square foot ratio, which frequently lacks a warehouse component; additional facilities cater to transient personnel (10% to 20% of the building).

Warehouse Evolution

Two different building materials are primarily used to construct warehouses: concrete tilt walls and prefabricated metal construction. From an architectural standpoint, warehouse design is beginning to evolve from simple box-shaped structures to structures with a more polished appearance. Stone and brick are sometimes used as aesthetic features for exterior coverings. Concrete tilt-wall construction has superior durability, built-in noise reduction, and better fire protection. Metal building construction is environmentally friendly and less expensive. Newer metal buildings are nearly 100 percent recyclable.

Developers are starting to incorporate LEED BD+C (Building Design and Construction) principles for new warehouse and distribution center construction. For example, the footprint of a large facility makes it difficult to obtain natural light through the facade. Newer structures can incorporate clear-story glass in a sawtooth roofline to obtain natural light, similar to the design of historic warehouse buildings.

Many LEED features supporting sustainability, such as energy efficiency, can be utilized in retrofitting existing structures. Existing buildings can readily integrate energy-efficient natural daylight fluorescent tubes into existing ceiling fixtures with occupancy sensors to control lighting for portions of the building only when needed. Vast rooftops of existing buildings make excellent locations for solar panels. Cooling and heating costs can be cut with the installation of integrated HVLS (high volume, low speed fans) to assist in controlling the temperature from floor to ceiling. Newer warehouse features include sophisticated materials-handling equipment, broadband connectivity access, and more distribution networks. A wide range of storage alternatives, picking alternatives, material handling equipment, and software exist to meet the physical and operational requirements of the warehouse.

Changes in utility have occurred between older warehouses and those with more recent modern construction. Warehouses have evolved into taller structures to accommodate high-volume tenants and achieve increased efficiency by providing more cubic volume. During the 1970s, the majority of structures were constructed with a clear height of 20 feet. Buildings have grown in clear height up to 36 to 40 feet to provide better utility from a volume standpoint. Specialty warehouses may even exceed 45 feet.

Tenant demand would be needed to justify additional costs associated with building a taller structure. Demand to date has come primarily from consumer products, retail users, and e-commerce tenants. Currently, the decision to construct forty 40-foot clear height is market dependent. Not only does the developer have to realize an acceptable return on the additional investment to construct a taller building, but the rental rates need to be cost-effective for the tenant to increase their volume vertically rather than increasing their floor space square footage.

Area Overview

Investment:

The Puget Sound region is a growing major metropolitan area with a tight industrial market, land constraints affecting future development, and access to intermodal transportation systems. The warehouse sector continued to experience strong investor demand. Warehouses are playing a key role in portfolios due to their ability to afford long-term inflation protection emanating from low-volatility income generation and triple net leasing structures. The less intensive capital nature of warehouse buildings from the standpoints of management, maintenance, relative ease of accommodating tenant turnover with minimal expense, increasing rental rates, and rising sales prices contributes to warehouse properties being considered a prime, sought-after real estate investment class. Storage warehouse and distribution properties are considered more efficient from both investment and operational standpoints. Therefore, they are more desirable than other types of industrial uses, such as flex-space (office parks), specialized industrial spaces, and heavy manufacturing.

Absorption:

According to Kidder Mathews' 4th quarter 2024 Seattle Industrial Market Trends report, the strong demand within the industrial market has finally stagnated. After 13 straight years of positive absorption and growth in the market, according to the report, the net absorption for the year was reported at -60k square feet. Industrial occupancy drivers are diminishing as well, with new construction starting to slow.

Sales volume is way up this year. There were 10 warehouse sales in 2024 and just 1 in 2023. Values have remained relatively flat year-over-year.

Although many of the warehouses in the area are older, interest in them has remained. REITS, which are active players in the Puget Sound market, have started a trend of buying smaller and/or lower quality properties due to a lack of available products. The Puget Sound's locational desirability based on accessibility through multiple modes of transportation (highway, rail, air, sea and port) contributes to the willingness of buyers to purchase buildings at a premium price despite the need for substantial renovations to modernize, modify and/or customize the space for their individual operations.

