

**Commercial Revalue**

**2019 Assessment roll**

**OFFICE**

**AREA 280**

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

**John Wilson, Assessor**



## King County

### Department of Assessments

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**John Wilson**  
*Assessor*

Dear Property Owners,

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

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

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

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

In Service,

John Wilson  
King County Assessor

## **How Property Is Valued**

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

### **What Are Mass Appraisal Techniques?**

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

### **Are Properties Inspected?**

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

### **How are Commercial Properties Valued?**

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

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

### **How is Assessment Uniformity Achieved?**

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

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

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

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

Source: IAAO, *Standard on Ratio Studies*, 2013, Table 1-3. [www.IAAO.org](http://www.IAAO.org)

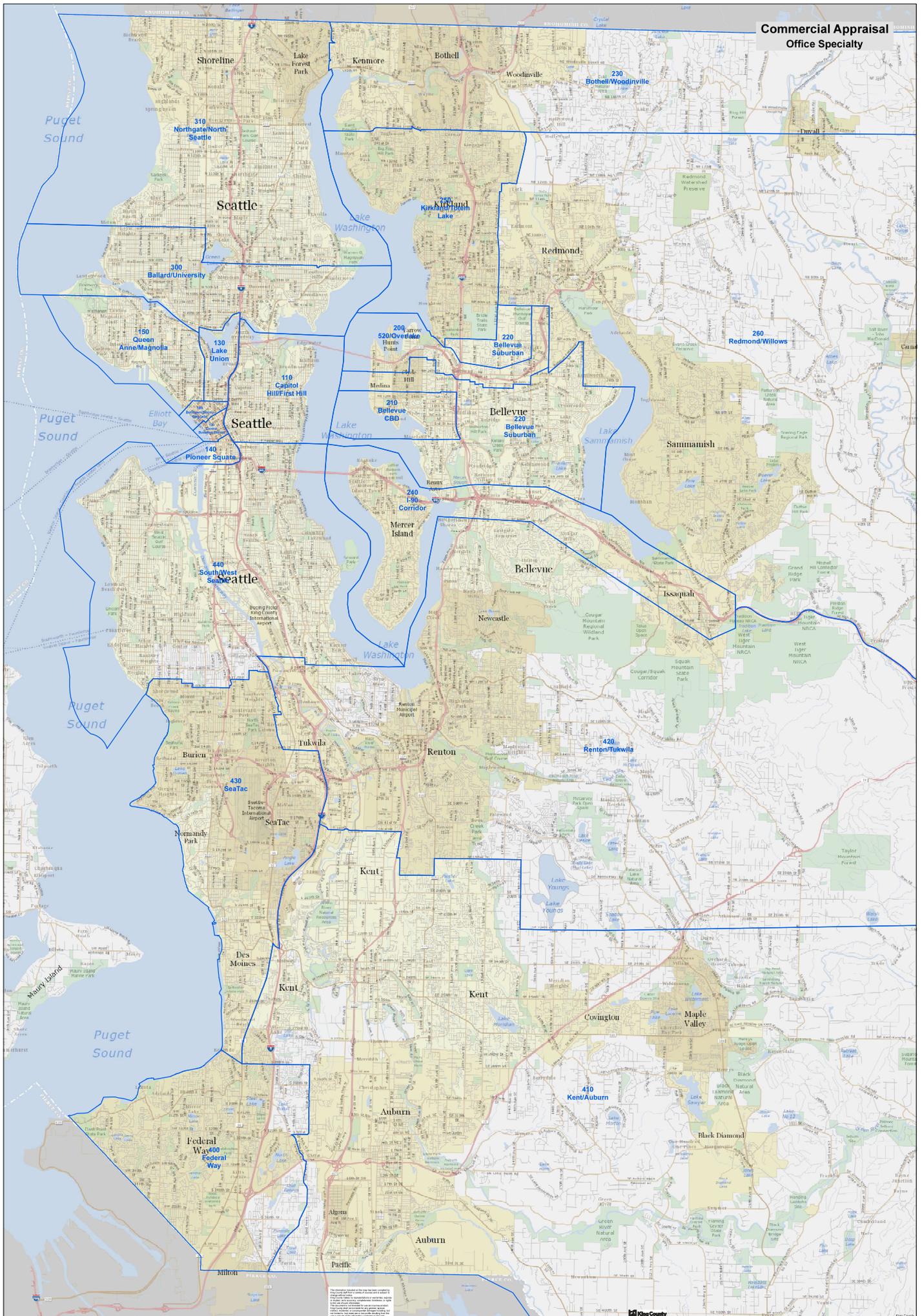
More results of the statistical testing process are found within the attached area report.

### Requirements of State Law

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

### Appraisal Area Reports

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



# Major Office Specialty Area 280

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## 2019 Revaluation



 **King County**  
Department of Assessments

## Executive Summary Report

**Appraisal Date: 1/1/2019 - 2019 Assessment Year – 2020 Tax Roll Year**

**Specialty Name: Major Office Buildings**

**Sales - Improved Analysis Summary:**

Number of Sales: 65 market transactions

Range of Sale Dates: 1/13/2016 to 1/25/2019

<b>Sales--Ratio Study Summary</b>				
	Mean Assessed Value	Mean Sale Price	Ratio	COD*
2018 Value	\$110,581,700	\$129,130,800	85.60%	12.39%
2019 Value	\$126,513,000	\$129,130,800	98.00%	8.08%
Abs. Change	\$15,931,300		12.40%	-4.31%
% Change	14.41%		14.49%	-34.79%

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

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

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

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

### Total Population – Parcel Summary Data:

Number of Improved Parcels: 406 (This figure does not include properties currently under construction)

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2018 Value	\$7,246,010,572	\$29,622,287,128	\$36,868,297,700
2019 Value	\$7,948,245,700	\$32,698,916,700	\$40,647,162,400
% Change	9.69%	10.39%	10.25%

Number of Total Parcels in the Specialty Assignment: 499 (This figure includes economic land parcels and some properties currently under construction)

### Conclusion and Recommendation:

Total assessed values for the 2019 revalue have increased 10.25% over 2018 assessment levels reflecting the healthy office market in King County and continued improving income fundamentals, particularly higher rents and lower vacancy rates. This value does not include most new construction projects, which are valued as of July 31<sup>st</sup> of the assessment year.

The values recommended in this report reflect current office market parameters as of the valuation date of 1/1/2019 and improve uniformity and equity. Therefore it is recommended that the values should be posted for the 2019 Assessment Year.

### Identification of the Area

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

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

**Neighborhoods:** For purposes of the 2019 revaluation of the major office building specialty, the population has been segmented into four regions which are generally described by the geography in which they encompass, Seattle Downtown, Eastside, Northend, and Southend. The four major geographic regions are further segmented by submarket. There are a total of 20 submarket areas.

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

**Boundaries:** All of King County

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

### Area Overview

Within the Major Office specialty, sales transaction volume during 2018 was consistent with 2017 activity with 20 major office sales transactions; however average sale price declined in 2018 by 13% reflecting an increase in sales activity of lower priced suburban assets. Investor interest in the Puget Sound market remains very high with \$2.3 billion in Major Office sales having closed in 2018. Despite strong sales volumes, there are still not sufficient sales in all market segments to rely solely on the Sales Comparison Approach for the 2019 revalue. The Income Approach is relied on in the final reconciliation of value because it allows for greater equalization and uniformity of values for the various stratifications of office buildings in the different submarkets. In addition, sufficient market income data was available to perform this analysis.

Office Market Summary Statistics						
	Market Size (SF)	Total Vacancy %	Change in Vacancy	Class A Avg. Asking Rate*	Rent Change	Last 4 Qtr Net Absorption (SF)
Downtown Seattle	49,979,162	7.4%	-1.8%	\$48.43	16%	1,073,111
Seattle Close-In	5,689,679	6.3%	-2.5%	\$42.57	32%	176,166
Southend	11,434,206	21.2%	3.5%	\$25.76	10%	75,101
Bellevue CBD	9,412,599	6.9%	-3.8%	\$53.29	22%	324,482
Eastside	31,971,252	8.9%	-1.2%	\$43.68	23%	935,130

Source: 4th Qtr 2018 CBRE Office MarketView

\*Full Service

The Seattle and Eastside office markets continue to remain near the top of national and international investors' interest. Continued robust office demand, primarily driven by the technology sector, has pushed the regional office vacancy rate to its lowest point since 2001 and has caused average Class A asking rates to reach their highest point on record. According to the Puget Sound Economic Forecaster, unemployment has reached 3.59%, the lowest point since records began in 1974. The regional market absorbed 3.58 million square feet of office space in 2018, the third highest absorption in the country following San Francisco and Washington DC.

Limited availability and competition among tenants has driven up Class A rental rates, increasing demand for comparatively less expensive suburban product and widening the gap between Class A and Class B rents. Tenants seeking large spaces (+50,000 SF) are having an increasingly difficult time finding suitable availabilities in the core submarkets.

Amazon continues to be the dominant force in the office market, occupying roughly 8.1 million square feet or approximately 19% of all prime office space in the city, according to the Seattle Times. While work continues on Amazon’s third and fourth office towers in downtown Seattle, there have been recent indications that the company is increasingly looking across the lake towards Bellevue for future regional growth opportunities. The company has leased two existing office buildings in downtown Bellevue and recently purchase a third building that includes development rights for an additional two towers.

According to CBRE, the regional office market vacancy rate declined sharply from 11.8% at the end of 2017 to 9.4% at year-end 2018, tied with San Jose for the largest vacancy rate decrease among major national markets. Vacancy rates declined throughout King County with the exception of the Southend market, which saw overall vacancy increase to 21.2% from 18.7% the year prior.



Source: 4th Qtr 2018 CBRE Office MarketView

Leases to tenants in the technology sector continued to dominate the market, lured to the CBD by amenities and numerous commute options. CBRE indicates that coworking companies, such as WeWork, have been responsible for many of the leases over 20,000 SF as the segment continues to rapidly expand in the market. Average Class A rental rates increased in all submarkets with the strongest rent growth experienced in the Seattle Close-in market with a 32% increase over last

year. The Eastside followed with a 23% increase in lease rates. The other markets also experienced healthy growth of 10% to 22%. Overall, average Class A asking rates for the region increased 7.1% over last year.

Demand has been driven by ongoing steady job growth of 3.2% in 2016, 2.4% in 2017, and 2.8% in 2018 however employment growth is anticipated to slow to 1.9% in 2019, according to the Puget Sound Economic Forecaster. The continued economic growth in the Puget Sound region, coupled with relatively low cost of funds to institutional investors, makes the region attractive to national and international investors. Institutional investors have been primarily focused on well-leased single and multi-tenant office properties in the CBD areas. Investors who have become priced-out of the downtown core areas have led to an increase in sales of Value-Add and suburban properties, further demonstrating investor confidence in the regional market. The Seattle and Bellevue skylines remain crowded with tower cranes with office and multi-family developments dominating the activity.

With respect to the properties within the Major Office specialty assignment, overall assessed value increased by 10.2% compared to last year. This healthy growth in assessed value is primarily the result of continued increases in market lease rates as well as tightening vacancy. Expense rates have increased while capitalization rates appear to have mostly leveled off and remain low.

Three out of the four major geographic areas in the county experienced consistent growth of between 10.0% and 11.7%, with the Northend experiencing the largest increase primarily the result of a new office delivery in a relatively small submarket. The Southend submarket grew more modestly at 5.4% overall, while the Federal Way submarket actually declined by 3.7% primarily due to increased submarket vacancy.

<b>2019 Major Office Specialty Area Breakdown</b>					
<b>Area</b>	<b>Name</b>	<b>Improved Parcel Count</b>	<b>Total AV</b>	<b>Avg. AV per Impr Parcel</b>	<b>% Chng. In AV</b>
280-100	Belltown/Denny Regrade	35	\$ 6,006,695,400	\$ 171,619,869	5.7%
280-110	Capitol Hill/First Hill	39	\$ 1,059,167,800	\$ 27,158,149	6.6%
280-120	Central Business District	58	\$ 12,284,901,600	\$ 211,808,648	13.6%
280-130	Lake Union	35	\$ 4,738,865,100	\$ 135,396,146	13.7%
280-140	Pioneer Square	25	\$ 2,130,850,600	\$ 85,234,024	8.3%
280-150	Queen Anne/Magnolia	14	\$ 1,305,353,000	\$ 93,239,500	4.2%
<b>Seattle Downtown</b>		<b>206</b>	<b>\$ 27,525,833,500</b>	<b>\$ 133,620,551</b>	<b>10.6%</b>
280-200	520/Overlake	17	\$ 411,719,000	\$ 24,218,765	9.8%
280-210	Bellevue CBD	32	\$ 6,047,655,000	\$ 188,989,219	11.1%
280-220	Bellevue Suburban	23	\$ 762,925,100	\$ 33,170,657	8.7%
280-230	Bothell/Woodinville	15	\$ 274,311,500	\$ 18,287,433	8.6%
280-240	I-90 Corridor	34	\$ 1,540,367,100	\$ 45,304,915	6.0%
280-250	Kirkland/Totem Lake	10	\$ 698,931,000	\$ 69,893,100	8.1%
280-260	Redmond/Willows	3	\$ 269,101,000	\$ 89,700,333	20.1%
<b>Eastside</b>		<b>134</b>	<b>\$ 10,005,009,700</b>	<b>\$ 74,664,251</b>	<b>10.0%</b>
280-300	Ballard/University	16	\$ 1,022,981,900	\$ 63,936,369	12.9%
280-310	Northgate/North Seattle	4	\$ 130,479,000	\$ 32,619,750	3.0%
<b>Northend</b>		<b>20</b>	<b>\$ 1,153,460,900</b>	<b>\$ 57,673,045</b>	<b>11.7%</b>
280-400	Federal Way	7	\$ 161,105,600	\$ 23,015,086	-3.7%
280-410	Kent/Auburn	7	\$ 155,987,000	\$ 22,283,857	3.3%
280-420	Renton/Tukwila	18	\$ 528,010,200	\$ 29,333,900	1.4%
280-430	SeaTac	2	\$ 157,221,900	\$ 78,610,950	10.4%
280-440	South/West Seattle	12	\$ 960,533,600	\$ 80,044,467	9.0%
<b>Southend</b>		<b>46</b>	<b>\$ 1,962,858,300</b>	<b>\$ 42,670,833</b>	<b>5.4%</b>
<b>Area 280 Total</b>		<b>406</b>	<b>\$ 40,647,162,400</b>	<b>\$ 100,116,164</b>	<b>10.2%</b>

## Analysis Process

**Effective date of Appraisal:** January 1<sup>st</sup>, 2019

**Date of Appraisal Report:** June 12<sup>th</sup>, 2019

**Responsible Appraiser:** Andrew Murray, 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.

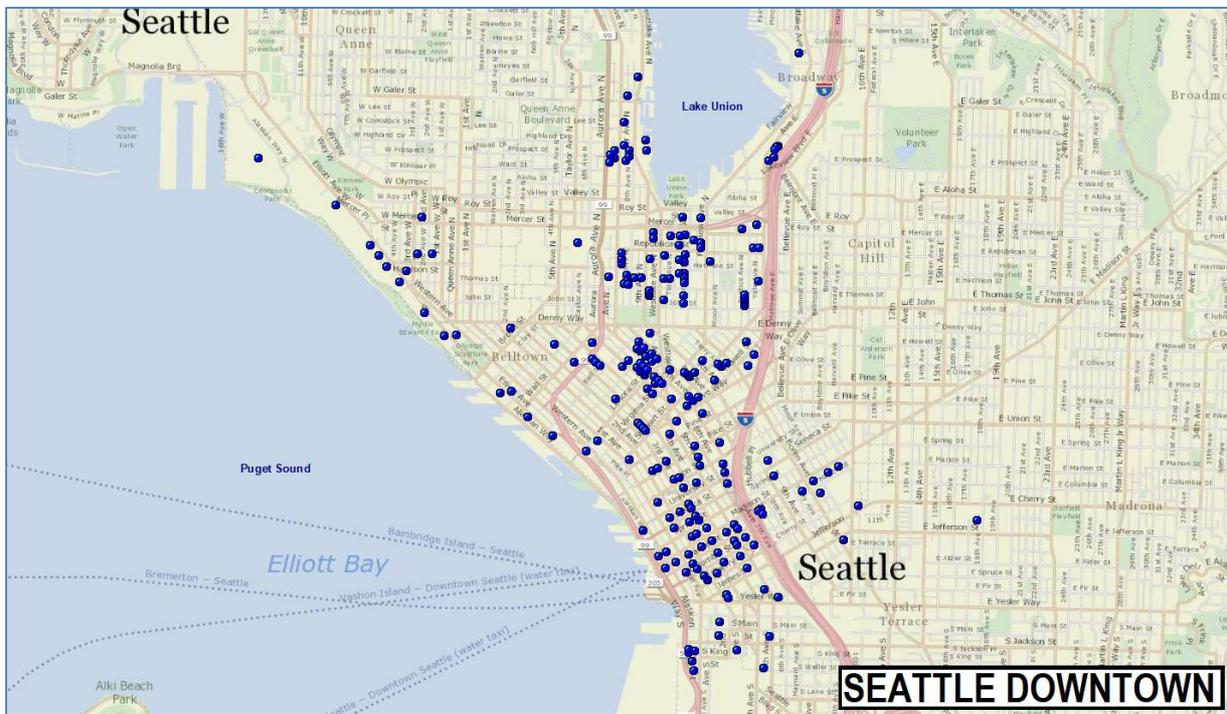
### **Special Assumptions, Departures and Limiting Conditions**

- All three approaches to value were considered in this analysis.
- The following Departmental guidelines were considered and adhered to:
  - Sales from 1/1/2016 to 12/31/2018 (at minimum) were considered in all analyses.
  - This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standards 5 and 6.

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

### **SEATTLE DOWNTOWN**

Area	Name	Improved Parcel Count	Total AV	Avg. AV per Improved Parcel	% Chng. in AV
280-100	Belltown/Denny Regrade	35	\$ 6,006,695,400	\$ 171,619,869	5.7%
280-110	Capitol Hill/First Hill	39	\$ 1,059,167,800	\$ 27,158,149	6.6%
280-120	Central Business District	58	\$ 12,284,901,600	\$ 211,808,648	13.6%
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280-140	Pioneer Square	25	\$ 2,130,850,600	\$ 85,234,024	8.3%
280-150	Queen Anne/Magnolia	14	\$ 1,305,353,000	\$ 93,239,500	4.2%
<b>Seattle Downtown</b>		<b>206</b>	<b>\$ 27,525,833,500</b>	<b>\$ 133,620,551</b>	<b>10.6%</b>



The Seattle Downtown market area contains 51% of the of the Major Office specialty properties yet comprises 68% 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.

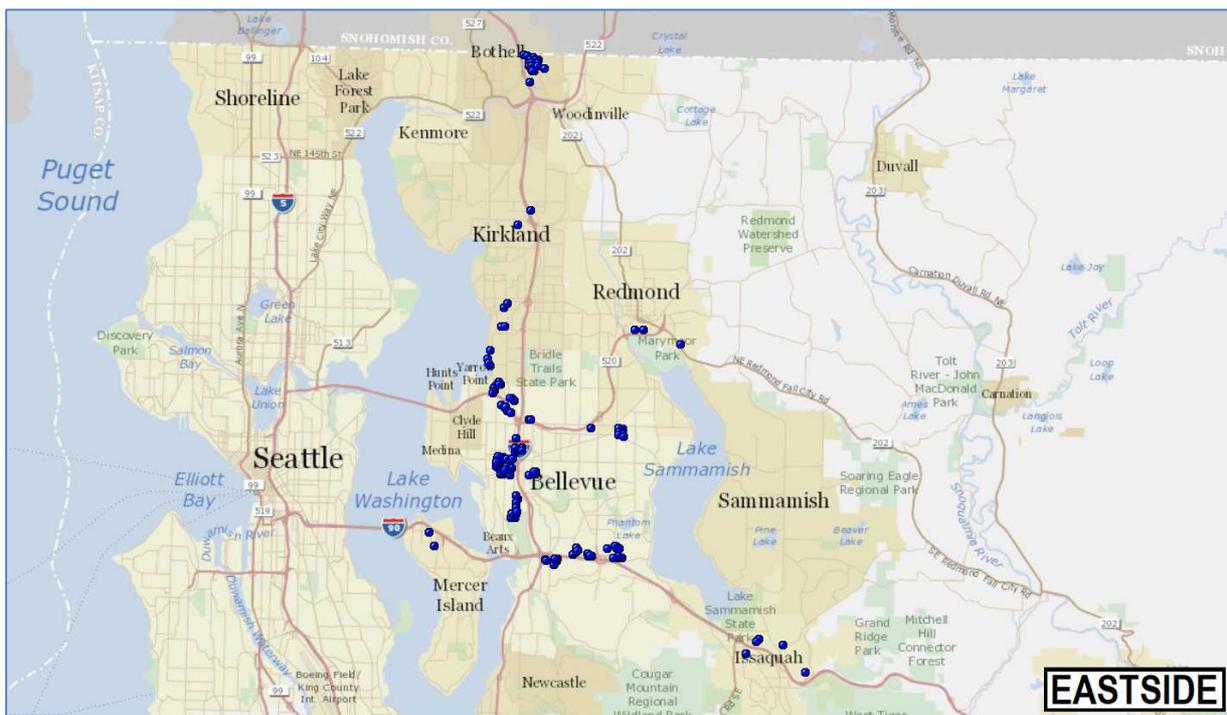
For the 2019 revalue, assessed values in the Seattle Downtown market area increased 10.6% compared to the 2018 assessment year.

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

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

**EASTSIDE**

Area	Name	Improved Parcel Count	Total AV	Avg. AV per Improved Parcel	% Chng. in AV
280-200	520/Overlake	17	\$ 411,719,000	\$ 24,218,765	9.8%
280-210	Bellevue CBD	32	\$ 6,047,655,000	\$ 188,989,219	11.1%
280-220	Bellevue Suburban	23	\$ 762,925,100	\$ 33,170,657	8.7%
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280-240	I-90 Corridor	34	\$ 1,540,367,100	\$ 45,304,915	6.0%
280-250	Kirkland/Totem Lake	10	\$ 698,931,000	\$ 69,893,100	8.1%
280-260	Redmond/Willows	3	\$ 269,101,000	\$ 89,700,333	20.1%
<b>Eastside</b>		<b>134</b>	<b>\$ 10,005,009,700</b>	<b>\$ 74,664,251</b>	<b>10.0%</b>



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

For the 2019 revalue, assessed values in the Eastside market area increased 10.0% compared to the 2018 assessment year.

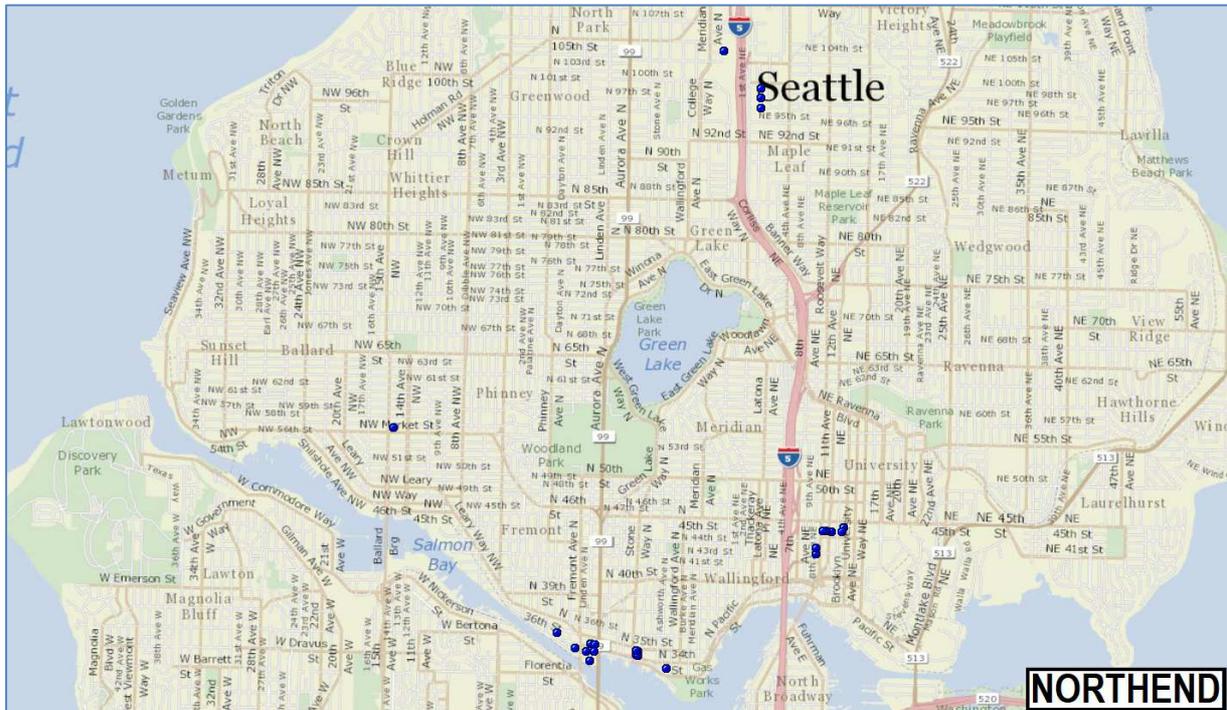
The Bellevue Central Business District contains the second highest concentration of institutional-quality Class A office buildings in the region, following the downtown Seattle. Microsoft occupies around 2.3 million square feet within several buildings in the downtown area. Expedia currently leases approximately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

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

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

## NORTHEND

Area	Name	Improved Parcel Count	Total AV	Avg. AV per Improved Parcel	% Chng. in AV
280-300	Ballard/University	16	\$ 1,022,981,900	\$ 63,936,369	12.9%
280-310	Northgate/North Seattle	4	\$ 130,479,000	\$ 32,619,750	3.0%
<b>Northend</b>		<b>20</b>	<b>\$ 1,153,460,900</b>	<b>\$ 57,673,045</b>	<b>11.7%</b>



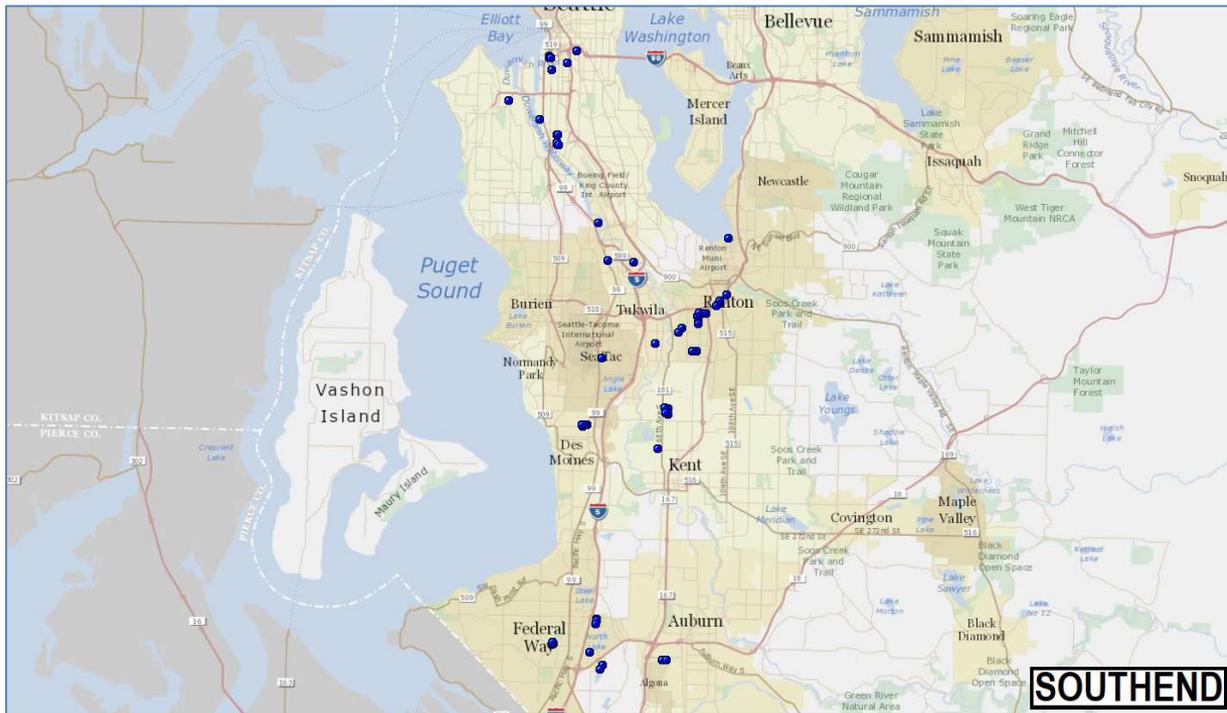
The Northend market area contains 5% of the of the Major Office specialty properties and comprises 3% of total assessed value. The market area is further broken down into two submarkets: 300-Ballard/University and 310-Northgate/North Seattle.

For the 2019 revalue, assessed values in the Northend market area increased 11.7% compared to the 2018 assessment year. New construction, primarily the new 120,702 square foot Data One building occupied by Tableau and the new 15<sup>th</sup> & Market building contributed to the increase in assessed value compared to the previous assessment year.

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

## SOUTHEND

		Parcel Count		Improved Parcel	in AV
280-400	Federal Way	7	\$ 161,105,600	\$ 23,015,086	-3.7%
280-410	Kent/Auburn	7	\$ 155,987,000	\$ 22,283,857	3.3%
280-420	Renton/Tukwila	18	\$ 528,010,200	\$ 29,333,900	1.4%
280-430	SeaTac	2	\$ 157,221,900	\$ 78,610,950	10.4%
280-440	South/West Seattle	12	\$ 960,533,600	\$ 80,044,467	9.0%
<b>Southend</b>		<b>46</b>	<b>\$ 1,962,858,300</b>	<b>\$ 42,670,833</b>	<b>5.4%</b>

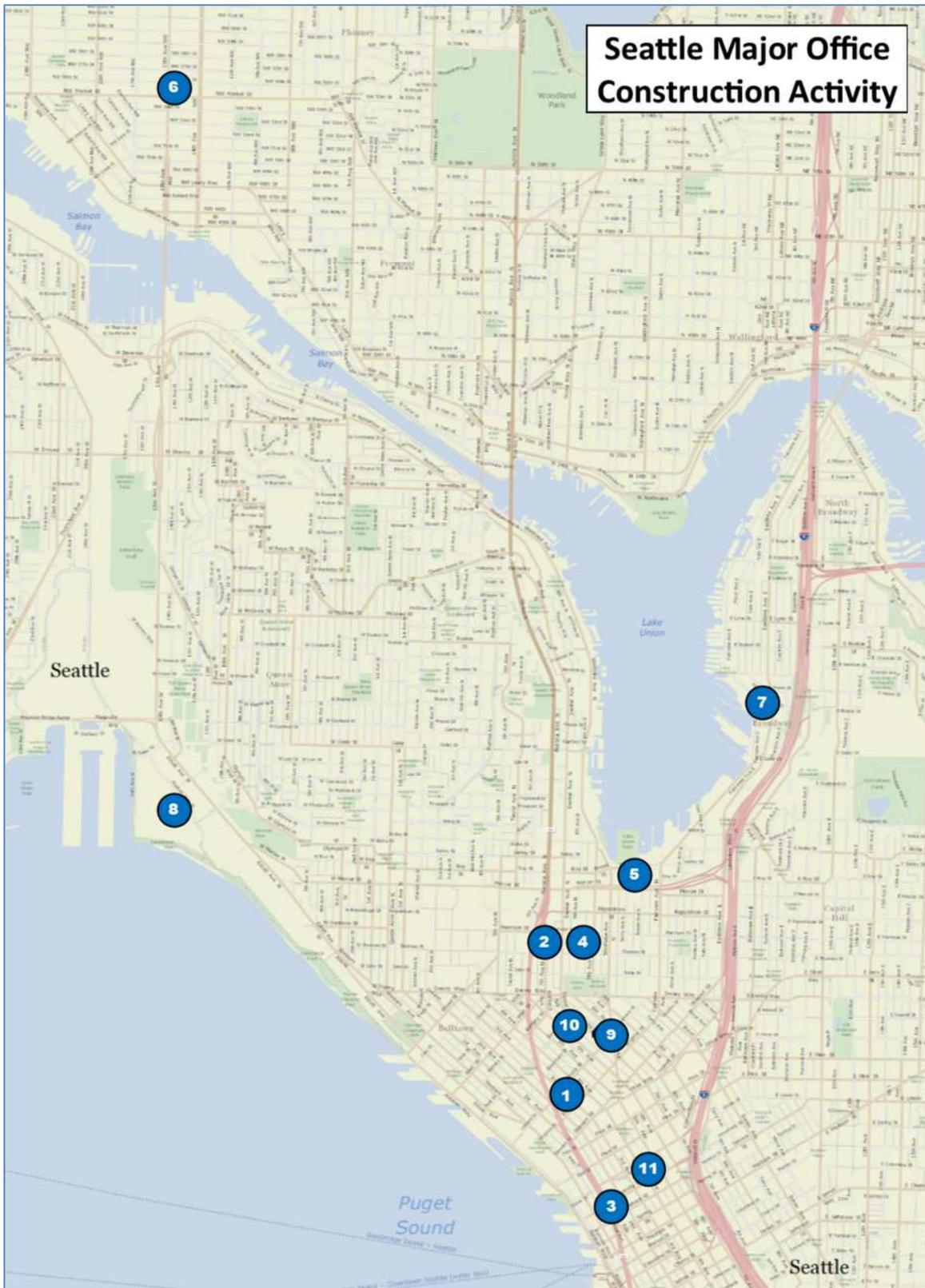


The Southend market area contains 11% of the of the Major Office specialty properties and comprises 5% of total assessed value. The market area is further broken down into five submarkets: 400-Federal Way, 410-Kent/Auburn, 420-Renton/Tukwila, 430-SeaTac, and 440-South/West Seattle.

For the 2019 revalue, assessed values in the Southend market area increased 5.4% compared to the 2018 assessment year. Most submarkets experienced modest growth, however Federal Way actually experienced a decrease relative to last year primarily the result of increased submarket vacancy.

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 square foot landmark headquarters building, since renamed Woodbridge Corporate Park.

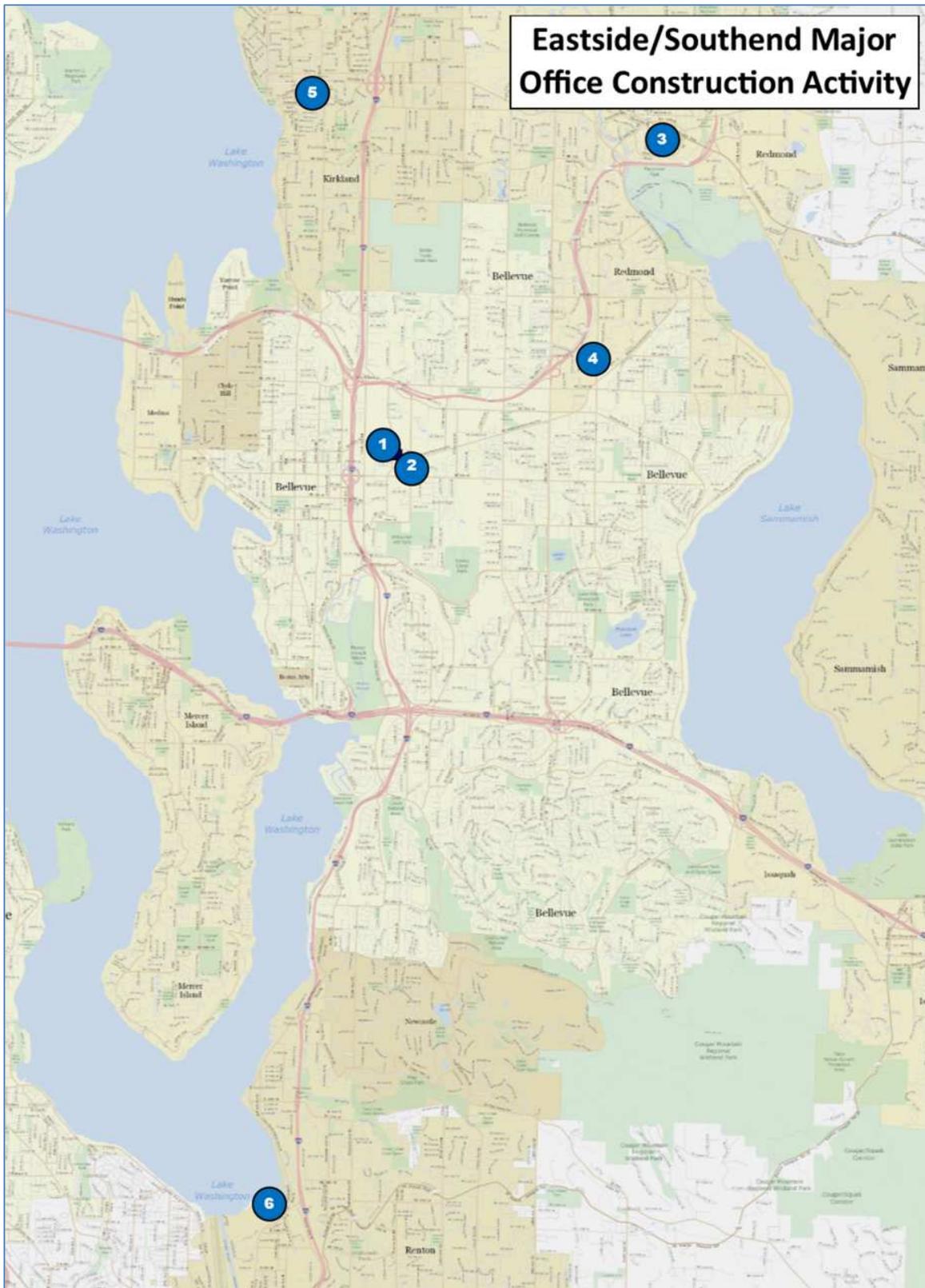
## Seattle Major Office Projects Under Construction



Major Office Projects Currently Under Construction (Seattle)							
Map #	Area	Name	Address	Total RSF*	% Released	Est. Delivery	Notes
1	Belltown/ Denny Regrade	Third & Lenora	2031 3rd Ave	146,636	100%	mid-2020	36-story mixed-use WeWork/WeLive building
2	South Lake Union	333 Dexter	333 Dexter Ave N	593,927	100%	Q3 2019	Two, 12-story Class A office towers with ground floor retail space. Facebook or Apple is rumored to have leased all of the office space
3	CBD	2 + U	1201 2nd Ave	683,000	0%	Q3 2019	38-story & 18-story Class A towers w/18,000 SF of ground level retail space
4	South Lake Union	Arbor Blocks	8th Ave & Thomas/ Harrison St	383,709	100%	2Q 2019	2-building 6-story Class A office buildings fully leased to Facebook featuring ground floor retail space, LEED Gold certification, and underground parking.
5	South Lake Union	Google South Lake Union Campus	630 Boren Ave N	645,458	100%	2Q 2019	Four building Class A office campus with 14,000 SF of retail space and 151 residential units. The office space is preleased to Google for 14-16 years.
6	Ballard/ University	15th & Market	1448 NW Market St	165,058	80%	Q4 2019	5-story Class A office building with ground floor Target store. WeWork and Polyclinic have leased most of the office space.
7	South Lake Union	1818 Fairview (the Atrium)	1818 Fairview Ave N	184,636	49%	mid-2019	4-story Class A office/biotech building with ground floor retail space.
8	Queen Anne/ Magnolia	Expedia Campus Phase I	1201 Amgen Ct W	686,807	100%	2020	Complete conversion and addition to the former Amgen campus for Expedia's new corporate HQ
9	Belltown/ Denny Regrade	Amazon Tower 3	2100 7th Ave	976,959	100%	2020	38-story Class A office tower with ground floor retail and low-rise building.
10	Belltown/ Denny Regrade	Amazon Tower 4	2205 7th Ave	410,392	100%	2021	17-story Class A office with ground floor retail space and below grade parking for 407
11	CBD	Rainier Square	4th & University	726,007	100%	Q2 2020	58-story, 1.7M SF mixed use development. Amazon has offered up all of the office space for sublease
<b>Total</b>				<b>5,602,589</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. & Recently Delivered**



Major Office Projects Currently Under Construction (Eastside)							
Map #	Area	Name	Address	Total RSF*	% Released	Est. Delivery	Notes
1	Bellevue Suburban	Spring District Block 16	1227 124th Ave NE (Bellevue)	316,000	100%	1Q 2020	11-story Class A office building leased to Facebook
2	Bellevue Suburban	REI at the Spring District	1209 124th Ave NE (Bellevue)	345,000	100%	mid-2020	5-story Class A corporate campus with ground floor retail space and below-grade parking
3	Redmond/Willows	Redmond Town Center - former Macy's bldg	7400 166th Ave NE (Redmond)	111,368	0%	mid-2020	Former Macy's store being converted to Class A office space. MSFT rumored to be interested.
4	Bellevue Suburban	One Esterra Park	15550 NE Turning St (Redmond)	245,000	0%	late-2020	Class A speculative office building
5	Kirkland/Totem Lake	Kirkland Urban Phase I	457 Central Way (Kirkland)	486,946	46%	Q2 2019	Three midrise Class A multi tenant office buildings located in a campus setting within a 1.2 M SF mixed use development. Tableau is an anchor tenant with Google rumored to be interested in acquiring the office space.
<b>Total</b>				<b>1,504,314</b>			
Major Office Projects Currently Under Construction (Southend)							
Map #	Area	Name	Address	Total RSF*	% Released	Est. Delivery	Notes
6	Renton/Tukwila	Southport (Renton)	1053 Lake Washington Blvd N	688,147	0%	4Q 2019	Three 6-story Class A waterfront office towers in a campus setting situated within a mixed use project with 383 residential units and a 347-room Hyatt Regency hotel
<b>Total</b>				<b>688,147</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, and exceptional accessibility and a definitive market presence.

### **Class B**

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

### **Class C**

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

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

## Office Market Conditions

As was discussed in the executive summary of this report, the Seattle and Eastside office markets continue to remain near the top of national and international investors' interest. Continued strong job growth in the region, particularly in the technology sector, has put upward pressure on office market fundamentals.

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

Summary of Q4 2018 Market Report Class A Lease Rates								
SubMkt#	Submarkets	CBRE Marketview	JLL Office Insight	Cushman&Wakefield	Newmark Knight Frank	Costar YE 2018 Office	Area 280 Survey	Avg
100	Belltown/Denny Regrade	\$47.22	\$39.26	\$50.33	\$39.56	\$43.48	\$39.72	<b>\$43.26</b>
110	Capitol Hill/First Hill	\$48.00			\$38.79	\$49.51		<b>\$45.43</b>
120	Central Business District	\$49.87	\$52.01	\$47.69	\$47.60	\$48.78	\$42.81	<b>\$48.13</b>
130	Lake Union	\$44.77	\$60.01	\$41.99	\$42.39	\$55.95	\$47.77	<b>\$48.81</b>
140	Pioneer Square	\$46.92	\$47.86	\$45.86	\$37.56	\$44.62	\$49.96	<b>\$45.46</b>
150	Queen Anne/Magnolia	\$45.59	\$50.46		\$38.88	\$37.16	\$39.78	<b>\$42.37</b>
	<b>Seattle Downtown</b>	<b>\$48.43</b>	<b>\$52.87</b>	<b>\$47.19</b>	<b>\$43.31</b>	<b>\$48.89</b>	<b>\$42.72</b>	<b>\$47.24</b>
200	520/Overlake	\$39.74	\$37.64	\$37.00	\$40.86	\$33.07	\$50.00	<b>\$39.72</b>
210	Bellevue CBD	\$53.29	\$51.69	\$47.57	\$48.68	\$50.04	\$48.53	<b>\$49.97</b>
220	Bellevue Suburban	\$40.01	\$46.10	\$33.27	\$38.27	\$43.90	\$37.52	<b>\$39.85</b>
230	Bothell/Woodinville	\$31.22	\$32.50	\$33.86	\$35.24	\$27.71	\$31.16	<b>\$31.95</b>
240	I-90 Corridor	\$38.94	\$38.80	\$39.02	\$40.70	\$36.01	\$36.95	<b>\$38.40</b>
250	Kirkland/Totem Lake	\$50.15	\$49.16	\$34.69	\$48.12	\$45.92	\$44.90	<b>\$45.49</b>
260	Redmond/Willows	\$34.43	\$38.02	\$33.90	\$37.98	\$33.49	\$36.07	<b>\$35.65</b>
	<b>Eastside</b>	<b>\$43.68</b>	<b>\$47.67</b>	<b>\$34.27</b>	<b>\$41.36</b>	<b>\$43.62</b>	<b>\$43.69</b>	<b>\$42.38</b>
300	Ballard/University	\$42.99	\$54.38	\$34.60	\$42.08	\$40.34		<b>\$42.88</b>
310	Northgate/North Seattle	\$42.99	\$36.00	\$34.60		\$32.25		<b>\$36.46</b>
	<b>Northend</b>	<b>\$42.57</b>	<b>\$32.78</b>		<b>\$29.85</b>	<b>\$29.80</b>		<b>\$33.75</b>
400	Federal Way	\$24.55	\$26.36		\$27.19	\$27.74	\$25.51	<b>\$26.27</b>
410	Kent/Auburn	\$25.09	\$24.83	\$27.18	\$28.13	\$22.99		<b>\$25.64</b>
420	Renton/Tukwila	\$27.45	\$37.59	\$29.97	\$28.33	\$31.69		<b>\$31.01</b>
430	SeaTac	\$25.09	\$26.45	\$26.62	\$28.56	\$29.00	\$34.34	<b>\$28.34</b>
440	South/West Seattle	\$30.32	\$33.86	\$38.47	\$33.27	\$37.75	\$39.82	<b>\$35.58</b>
	<b>Southend</b>	<b>\$25.75</b>	<b>\$33.57</b>	<b>\$28.89</b>	<b>\$27.88</b>	<b>\$38.24</b>	<b>\$30.99</b>	<b>\$30.89</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. 2018 Puget Sound MarketView details inventory, vacancy rates, and rental rates for the various Seattle submarkets.

4Q 2018 CBRE Seattle Office Snapshot						
Submarket	Bldg. Count	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate	Rent/SF % Change
<b>Seattle CBD</b>						
Class A	31	17,267,897	8.8%	9.6%	\$49.87	7.4%
Class B	31	3,711,908	5.9%	6.8%	\$42.78	14.4%
<b>Waterfront</b>						
Class A	10	1,322,641	10.8%	11.3%	\$47.46	16.1%
Class B	19	1,009,431	1.4%	2.8%	\$33.33	5.1%
<b>Pioneer Square</b>						
Class A	10	2,079,735	3.6%	3.6%	\$46.92	15.6%
Class B	37	1,949,939	6.2%	7.4%	\$39.62	7.3%
<b>Denny Triangle/Regrade</b>						
Class A	21	6,106,384	2.3%	2.4%	\$47.22	-1.2%
Class B	16	1,358,775	12.3%	12.3%	\$38.15	1.4%
<b>Lower Queen Anne</b>						
Class A	17	2,298,274	17.3%	18.0%	\$45.59	31.4%
Class B	14	660,925	4.9%	4.9%	\$30.80	7.8%
<b>Lake Union</b>						
Class A	37	6,806,337	1.0%	1.0%	\$44.77	0.5%
Class B	34	1,312,058	13.1%	15.3%	\$38.20	-0.7%
<b>Canal</b>						
Class A	17	1,362,093	1.5%	3.1%	\$42.00	12.7%
Class B	16	481,334	3.2%	3.2%	\$29.12	4.3%
<b>TOTAL DOWNTOWN SEATTLE</b>						
Class A	143	37,243,361	6.4%	6.9%	\$48.43	7.3%
Class B	167	10,484,370	7.1%	8.0%	\$38.75	5.7%
<b>North Seattle/Interbay</b>						
Class A	26	1,454,334	6.2%	7.4%	\$42.99	32.9%
Class B	34	841,148	2.2%	2.7%	\$24.40	2.1%
<b>Capitol Hill/E Seattle/Rainier</b>						
Class A	4	119,282	0.0%	0.0%	\$48.00	N/A
Class B	18	729,304	6.5%	6.5%	\$30.88	-6.6%
<b>South/West Seattle</b>						
Class A	7	680,996	5.1%	3.2%	\$30.32	-12.6%
Class B	26	1,463,114	7.2%	9.0%	\$29.99	7.1%
<b>TOTAL SEATTLE CLOSE-IN</b>						
Class A	37	2,254,612	5.5%	5.7%	\$42.57	27.3%
Class B	78	3,033,566	5.6%	6.6%	\$29.23	-1.2%

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

Jones Lang LaSalle's 1<sup>st</sup> Q 2019 Seattle-Bellevue Office Insights report details inventory, vacancy rates, and rental rates for the various Seattle submarkets.

<b>1Q 2019 JLL Seattle Office Statistics</b>				
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
<b>Ballard/U-District</b>				
Class A	1,046,921	6.8%	9.2%	\$54.38
Class B	1,722,259	2.1%	2.4%	\$43.03
All Inv	2,769,180	3.9%	<b>4.9%</b>	<b>\$52.60</b>
<b>Belltown/Denny Regrade</b>				
Class A	2,463,569	4.2%	4.6%	\$39.26
Class B	1,965,356	9.9%	10.6%	\$38.33
All Inv	4,428,925	6.8%	<b>7.2%</b>	<b>\$38.77</b>
<b>Lake Union</b>				
Class A	7,265,745	4.7%	5.0%	\$60.01
Class B	2,052,224	7.7%	9.8%	\$35.45
All Inv	9,317,969	5.3%	<b>6.0%</b>	<b>\$56.56</b>
<b>Pioneer Sq/Waterfront</b>				
Class A	2,350,038	1.4%	4.0%	\$47.86
Class B	2,987,890	5.1%	5.7%	\$35.77
All Inv	5,337,928	3.5%	<b>4.9%</b>	<b>\$42.09</b>
<b>Queen Anne/Magnolia</b>				
Class A	1,333,968	2.0%	4.0%	\$50.46
Class B	2,188,797	18.3%	18.9%	\$35.26
All Inv	3,522,765	12.1%	<b>13.2%</b>	<b>\$43.70</b>
<b>S Seattle</b>				
Class A	1,173,508	1.6%	1.6%	\$34.50
Class B	1,165,089	14.2%	16.3%	\$33.74
All Inv	2,338,597	7.9%	<b>8.9%</b>	<b>\$33.86</b>
<b>Seattle CBD</b>				
Class A	23,535,062	8.9%	10.1%	\$52.01
Class B	3,373,343	7.7%	8.5%	\$36.54
All Inv	26,908,405	8.8%	<b>9.9%</b>	<b>\$49.34</b>
<b>Market Summary</b>				
<b>Class A</b>	<b>39,168,811</b>	<b>6.9%</b>	<b>7.9%</b>	<b>\$52.87</b>
<b>Class B</b>	<b>15,454,958</b>	<b>8.9%</b>	<b>9.8%</b>	<b>\$36.29</b>
<b>All Inv</b>	<b>54,623,769</b>	<b>7.4%</b>	<b>8.4%</b>	<b>\$48.60</b>

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

<b>Q1 2019 JLL Northend Office Statistics</b>				
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
<b>Bothell/Kenmore</b>				
Class A	257,833	0.0%	0.0%	\$32.50
Class B	2,434,755	13.8%	16.1%	\$31.48
All Inv	2,692,588	12.5%	<b>14.5%</b>	<b>\$31.71</b>
<b>Mill Creek/Woodinville</b>				
Class A	0	0.0%	0.0%	\$0.00
Class B	167,918	14.5%	14.5%	\$29.00
All Inv	167,918	14.5%	<b>14.5%</b>	<b>\$29.00</b>
<b>Northgate/N Seattle</b>				
Class A	205,361	1.7%	1.7%	\$36.00
Class B	489,077	4.2%	6.7%	\$33.12
All Inv	694,438	3.5%	<b>5.2%</b>	<b>\$33.27</b>

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

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

<b>Costar Year End 2018 Downtown Seattle Office Statistics</b>								
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	8	610,044	51,282	76,020	8.4%	12.5%	\$40.34	1.1%
Class B	125	3,630,909	47,399	51,762	1.3%	1.4%	\$32.51	2.5%
All Office	447	5,846,212	119,757	148,858	2.0%	2.5%	\$33.60	6.9%
<b>Belltown/Denny Regrade</b>								
Class A	16	5,411,783	149,216	154,659	2.8%	2.9%	\$43.48	6.4%
Class B	47	3,128,459	275,162	306,677	8.8%	9.8%	\$30.78	4.5%
All Office	114	9,215,711	482,335	519,293	5.2%	5.6%	\$35.56	6.9%
<b>Capitol Hill/Central District</b>								
Class A	3	307,648	6,763	6,763	2.2%	2.2%	\$49.51	30.9%
Class B	80	3,937,237	46,471	53,081	1.2%	1.3%	\$41.03	6.9%
All Office	216	5,757,813	69,298	78,550	1.2%	1.4%	\$42.66	16.1%
<b>Lake Union</b>								
Class A	41	8,778,174	107,485	126,915	1.2%	1.4%	\$55.95	22.2%
Class B	85	4,438,511	154,327	213,198	3.5%	4.8%	\$33.04	-4.2%
All Office	212	13,960,785	272,860	351,161	2.0%	2.5%	\$43.02	8.3%
<b>Pioneer Square/Waterfront</b>								
Class A	12	2,369,962	114,729	118,079	4.8%	5.0%	\$44.62	2.6%
Class B	59	3,714,942	221,360	234,011	6.0%	6.3%	\$33.54	-4.2%
All Office	111	7,023,013	372,271	394,112	5.3%	5.6%	\$34.38	-4.6%
<b>Queen Anne/Magnolia</b>								
Class A	14	1,973,848	34,219	37,068	1.7%	1.9%	\$37.16	-24.2%
Class B	72	2,855,166	396,736	410,949	13.9%	14.4%	\$28.45	3.0%
All Office	212	5,854,725	478,482	502,846	8.2%	8.6%	\$29.32	1.4%
<b>S Seattle</b>								
Class A	8	1,433,492	33,408	33,408	2.3%	2.3%	\$37.75	3.9%
Class B	91	2,370,028	228,375	260,736	9.6%	11.0%	\$28.92	3.5%
All Office	329	5,285,518	282,656	315,017	5.3%	6.0%	\$30.27	4.3%
<b>Seattle CBD</b>								
Class A	54	26,452,921	2,019,911	2,167,394	7.6%	8.2%	\$48.78	4.9%
Class B	57	6,972,378	395,478	441,460	5.7%	6.3%	\$36.07	-3.0%
All Office	132	34,262,830	2,431,684	2,625,149	7.1%	7.7%	\$45.41	3.3%
<b>Market Total</b>	<b>1,773</b>	<b>87,206,607</b>	<b>4,509,343</b>	<b>4,934,986</b>	<b>5.2%</b>	<b>5.7%</b>	<b>\$41.02</b>	<b>2.7%</b>

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

## Eastside Office Market Data

CBRE's 4<sup>th</sup> Qtr. 2018 Puget Sound MarketView details inventory, vacancy rates, and rental rates for the various Eastside submarkets.

4Q 2018 CBRE Eastside Office Snapshot						
Submarket	Bldg. Count	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate	Rent/SF % Change
<b>Bellevue CBD</b>						
Class A	27	8,330,035	5.8%	6.5%	\$53.21	14.2%
Class B	20	946,758	8.4%	8.4%	\$40.92	6.0%
<b>I-405 Corridor</b>						
Class A	27	1,233,698	5.2%	5.7%	\$41.31	19.7%
Class B	63	1,443,326	6.6%	8.6%	\$35.77	9.3%
<b>SR-520 Corridor</b>						
Class A	30	1,173,045	10.3%	11.4%	\$39.74	5.1%
Class B	46	971,960	12.0%	14.7%	\$32.18	4.5%
<b>I-90 Corridor</b>						
Class A	57	5,324,787	7.8%	8.4%	\$38.80	9.1%
Class B	45	1,662,402	27.8%	28.2%	\$34.16	12.8%
<b>Bel-Red Rd Corridor</b>						
Class A	10	409,974	0.3%	0.5%	\$37.62	13.1%
Class B	63	886,955	7.4%	8.5%	\$26.50	9.0%
<b>Kirkland</b>						
Class A	28	1,423,753	3.2%	3.8%	\$50.15	13.0%
Class B	12	223,149	14.5%	18.3%	\$45.36	35.9%
<b>Redmond</b>						
Class A	37	3,168,835	1.8%	3.5%	\$34.43	11.4%
Class B	18	749,969	6.7%	7.0%	\$35.34	19.1%
<b>Bothell</b>						
Class A	39	2,418,253	15.0%	15.6%	\$31.22	11.1%
Class B	7	331,658	14.5%	14.5%	\$28.44	27.3%
<b>TOTAL EASTSIDE</b>						
Class A	255	23,482,380	6.6%	7.4%	\$43.62	17.4%
Class B	274	7,216,177	13.2%	14.3%	\$34.26	9.3%

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

Jones Lang LaSalle's 1<sup>st</sup> Qtr. 2019 Seattle-Bellevue Office Insights report details inventory, vacancy rates, and rental rates for the various Eastside submarkets.

<b>1Q 2019 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	685,821	4.9%	4.9%	\$37.64
Class B	1,250,520	7.0%	9.5%	\$38.10
All Inv	1,936,341	6.2%	<b>7.8%</b>	<b>\$37.91</b>
<b>Bellevue CBD</b>				
Class A	8,846,179	2.9%	4.3%	\$51.96
Class B	841,119	8.9%	13.1%	\$39.40
All Inv	9,687,298	3.4%	<b>5.1%</b>	<b>\$50.02</b>
<b>Coal Creek/Issaquah</b>				
Class A	714,616	0.0%	0.0%	\$0.00
Class B	590,465	3.2%	3.2%	\$39.00
All Inv	1,305,081	1.5%	<b>1.5%</b>	<b>\$39.00</b>
<b>I-90 Corridor</b>				
Class A	2,868,257	13.3%	13.5%	\$38.80
Class B	1,742,575	9.7%	10.2%	\$36.64
All Inv	4,610,832	12.0%	<b>12.3%</b>	<b>\$37.58</b>
<b>Kirkland</b>				
Class A	1,364,925	6.0%	6.8%	\$49.16
Class B	1,542,966	4.7%	7.5%	\$36.10
All Inv	2,907,891	5.3%	<b>7.1%</b>	<b>\$47.43</b>
<b>Mercer Island</b>				
Class A	105,796	1.6%	1.6%	\$42.00
Class B	191,537	76.3%	76.3%	\$0.00
All Inv	297,333	49.7%	<b>49.7%</b>	<b>\$42.00</b>
<b>Redmond</b>				
Class A	1,016,824	3.8%	6.0%	\$38.02
Class B	2,471,004	3.5%	6.3%	\$32.34
All Inv	3,487,828	3.6%	<b>6.2%</b>	<b>\$33.01</b>
<b>Suburban Bellevue</b>				
Class A	710,015	4.0%	4.0%	\$46.10
Class B	1,669,659	2.4%	4.5%	\$35.25
All Inv	2,379,674	2.9%	<b>4.3%</b>	<b>\$43.05</b>
<b>Market Summary</b>				
Class A	16,312,433	5.0%	<b>6.0%</b>	<b>\$47.67</b>
Class B	10,299,845	6.8%	<b>8.9%</b>	<b>\$35.86</b>
All Inv	26,612,278			

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

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

<b>CoStar Year End 2018 Eastside Office Statistics</b>								
<b>Submarket</b>	<b>Number of Buildings</b>	<b>Total SF</b>	<b>Direct Vacant SF</b>	<b>Sublease SF</b>	<b>Direct Vacancy</b>	<b>Vacancy w/Sublet</b>	<b>Average Lease \$</b>	<b>Rent/SF % Change</b>
<b>520 Corridor</b>								
Class A	30	3,758,765	82,931	91,884	2.2%	2.4%	\$33.07	-1.8%
Class B	131	5,917,970	142,102	200,936	2.4%	3.4%	\$31.82	1.9%
All Office	190	10,001,814	228,126	295,913	2.3%	3.0%	\$32.00	1.7%
<b>Bellevue CBD</b>								
Class A	29	9,255,482	426,029	461,043	4.6%	5.0%	\$50.04	12.6%
Class B	23	1,214,792	97,064	97,064	8.0%	8.0%	\$33.49	-0.9%
All Office	78	10,729,775	535,093	570,107	5.0%	5.3%	\$46.44	8.0%
<b>Coal Creek/Issaquah</b>								
Class A	6	917,083	0	0	0.0%	0.0%	\$0.00	-
Class B	66	1,488,783	104,186	107,718	7.0%	7.2%	\$19.74	-41.9%
All Office	114	2,583,353	106,939	110,471	4.1%	4.3%	\$29.93	-11.5%
<b>E King County</b>								
Class A	0	0	0	0	-	-	\$0.00	-
Class B	73	1,002,966	8,867	16,745	0.9%	1.7%	\$26.83	48.7%
All Office	182	1,459,927	14,417	22,304	1.0%	1.5%	\$23.71	29.8%
<b>I-90 Corridor</b>								
Class A	24	3,077,668	429,536	460,944	14.0%	15.0%	\$36.01	2.9%
Class B	43	3,025,956	148,883	165,334	4.9%	5.5%	\$34.34	5.8%
All Office	85	6,216,364	581,320	629,179	9.4%	10.1%	\$35.22	3.8%
<b>Kirkland</b>								
Class A	19	1,467,702	40,396	48,186	2.8%	3.3%	\$45.92	4.2%
Class B	98	2,427,117	84,561	103,886	3.5%	4.3%	\$31.69	16.7%
All Office	204	4,443,040	143,617	170,732	3.2%	3.8%	\$41.12	6.0%
<b>Mercer Island</b>								
Class A	1	105,796	1,643	1,643	1.6%	1.6%	\$42.00	5.0%
Class B	17	391,469	3,761	3,761	1.0%	1.0%	\$32.54	-1.8%
All Office	37	635,066	5,929	5,929	0.9%	0.9%	\$34.29	0.6%
<b>Redmond</b>								
Class A	19	2,078,706	15,189	34,201	0.7%	1.6%	\$33.49	28.5%
Class B	104	8,198,804	113,348	148,479	1.4%	1.8%	\$32.03	11.0%
All Office	183	7,522,576	146,572	200,715	1.9%	2.7%	\$32.12	13.2%
<b>Suburban Bellevue</b>								
Class A	6	718,340	46,053	46,053	6.4%	6.4%	\$43.90	2.4%
Class B	191	4,767,726	150,104	194,907	3.1%	4.1%	\$32.06	0.6%
All Office	376	6,923,851	261,919	307,856	3.8%	4.4%	\$32.89	-0.6%
<b>Total</b>	<b>1,449</b>	<b>50,515,766</b>	<b>2,023,932</b>	<b>2,313,206</b>	<b>4.0%</b>	<b>4.6%</b>	<b>\$37.18</b>	<b>5.5%</b>

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

## South King County Office Market Data

CBRE's 4<sup>th</sup> Qtr. 2018 Puget Sound MarketView details inventory, vacancy rates, and rental rates for the various Southend submarkets.

<b>4Q 2018 CBRE Southend Office Snapshot</b>						
<b>Submarket</b>	<b>Bldg. Count</b>	<b>Total SF</b>	<b>Q4 Direct Vacancy</b>	<b>Q4 Total Vacancy</b>	<b>Avg. Asking Lease Rate</b>	<b>Rent/SF % Change</b>
<b>Sea-Tac</b>						
Class A	6	918,747	12.7%	12.7%	\$25.09	0.2%
Class B	15	284,518	6.2%	6.7%	\$21.20	6.6%
<b>Tukwila</b>						
Class A	20	1,360,388	17.7%	17.7%	\$23.82	5.5%
Class B	34	895,393	33.5%	33.8%	\$22.97	-1.4%
<b>Renton</b>						
Class A	11	1,158,693	49.2%	49.9%	\$27.45	8.1%
Class B	59	2,419,698	4.4%	4.4%	\$25.31	9.0%
<b>Kent</b>						
Class A	10	791,748	9.3%	9.3%	\$25.09	4.8%
Class B	11	265,828	8.7%	8.7%	\$18.39	-15.1%
<b>Auburn</b>						
Class A	2	230,980	18.0%	18.0%	\$25.03	4.9%
Class B	3	36,985	0.0%	0.0%	-	-
<b>Federal Way</b>						
Class A	17	1,051,183	30.5%	31.2%	\$24.55	7.8%
Class B	41	1,577,933	32.1%	32.1%	\$27.90	23.5%
<b>TOTAL SOUTHEND</b>						
Class A	66	5,511,739	24.7%	25.0%	\$25.76	8.8%
Class B	163	5,480,355	17.4%	17.5%	\$25.54	12.9%

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

Jones Lang LaSalle's 1<sup>st</sup> Qtr. 2019 Seattle-Bellevue Office Insights report details inventory, vacancy rates, and rental rates for the various Southend submarkets.

<b>1Q 2019 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%	\$0.00
Class B	2,174,919	33.6%	34.0%	\$26.36
All Inv	2,262,919	32.3%	<b>32.7%</b>	<b>\$26.36</b>
<b>Kent Valley</b>				
Class A	59,567	0.0%	0.0%	\$0.00
Class B	1,140,406	11.0%	11.7%	\$24.83
All Inv	1,199,973	10.4%	<b>11.2%</b>	<b>\$24.83</b>
<b>Renton/Tukwila</b>				
Class A	1,062,688	37.6%	37.6%	\$43.17
Class B	2,664,228	19.3%	19.3%	\$24.90
All Inv	3,726,916	24.5%	<b>24.6%</b>	<b>\$37.59</b>
<b>Seatac/Burien</b>				
Class A	427,592	12.4%	12.4%	\$28.68
Class B	664,610	2.9%	2.9%	\$19.35
All Inv	1,092,202	6.6%	<b>6.6%</b>	<b>\$26.45</b>
<b>Market Summary</b>				
<b>Class A</b>	1,637,847	27.7%	<b>27.7%</b>	<b>\$42.53</b>
<b>Class B</b>	6,644,163	20.9%	<b>21.2%</b>	<b>\$25.59</b>
<b>All Inv</b>	8,282,010	22.2%	<b>22.5%</b>	<b>\$33.57</b>

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

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

<b>CoStar Year End 2018 Northend Office Statistics</b>								
<b>Submarket</b>	<b>Number of Buildings</b>	<b>Total SF</b>	<b>Direct Vacant SF</b>	<b>Sublease SF</b>	<b>Direct Vacancy</b>	<b>Vacancy w/Sublet</b>	<b>Average Lease \$</b>	<b>Rent/SF % Change</b>
<b>Bothell/Kenmore</b>								
Class A	7	664,210	16,696	16,696	2.5%	2.5%	\$27.71	-4.0%
Class B	99	4,147,358	403,552	454,169	9.7%	11.0%	\$28.21	4.5%
All Office	219	5,272,088	427,381	477,998	8.1%	9.1%	\$28.08	2.8%
<b>Mill Creek/Woodinville</b>								
Class A	2	48,160	0	0	0.0%	0.0%	\$0.00	-
Class B	46	826,533	50,767	50,767	6.1%	6.1%	\$27.43	2.5%
All Office	98	1,157,897	60,556	60,556	5.2%	5.2%	\$27.66	4.5%
<b>Northgate/N Seattle</b>								
Class A	3	283,561	4,314	4,314	1.5%	1.5%	\$32.25	-3.7%
Class B	57	1,276,462	32,033	41,479	2.5%	3.2%	\$31.02	11.3%
All Office	181	2,273,484	50,645	60,091	2.2%	2.6%	\$28.08	3.5%
<b>Total</b>	<b>1,644</b>	<b>22,391,913</b>	<b>1,240,970</b>	<b>1,323,630</b>			<b>\$25.98</b>	<b>4.0%</b>

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

**Physical Inspection:** 66 major office properties, or approximately 16.3% of improved parcels within the specialty assignment (81 total parcels, 16.2% of total parcel count), were selected for physical inspection. All parcels within submarkets 300, 310, 400, 410, 420, 430, & 440 were selected for this year’s physical inspection based on the current Area 280 six-year physical inspection plan spanning 2019 to 2024. These properties were inspected in 2018 prior to the posting of the office values. A list of the physically inspected parcels, along with a map of their locations, is included in this report.

### Preliminary Ratio Analysis

The inclusion of the Ratio Study Summary is included for administrative consistency. The final ratio study may not be an entirely reliable analysis of the recommended values because the sales sample is over-weighted with sales in the downtown Seattle and Bellevue central business districts that are not representative of the population as a whole. In addition, many of the sales in the sample were well leased to high-credit tenants which resulted in sales prices driven by Leased Fee valuations rather than the Fee Simple interest that the Assessor values. Finally, market conditions have improved substantially during the three years that the sales included in the study occurred and no trending factor has been applied.

The Preliminary Ratio Study was completed just prior to the application of the 2019 recommended values. This study benchmarks the current assessment level using 2018 assessed values. The study was also repeated after application of the 2019 recommended values. The results are included in the validation section of this report showing a change in the level of assessment (weighted mean) from 85.60% to 98.00%, the Coefficient of Dispersion (C.O.D.) from 12.39% to 8.08%, and the Coefficient of Variation (C.O.V.) from 14.90% to 10.74%. The Price-related Differential (P.R.D.) went from 1.04 to 1.02.

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

All of these measures indicate a substantial improvement and are within IAAO guidelines. These figures are presented in the 2019 Ratio Analysis chart included in this report.

## Scope of Data

### **Land Value Data:**

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

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

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

## Improved Parcel Total Values

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

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

### **Sales comparison calibration**

Market sales of office specialty properties that occurred during the period from 1/1/2016 to 1/25/2019 were considered in the analysis. Other market sales of office buildings that were smaller than the office specialty threshold of 90,000 square feet net rentable were reviewed in the analysis when sales were limited for a building type or submarket.

The current office market cycle has seen a substantial increase in sale transactions particularly in the downtown core areas, however there have been too few sales of different office types in all of the various submarkets to rely 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 in the valuation of new construction and recently completed office buildings that have not been leased up. With new buildings the cost method is reconciled with the income method to determine the appropriate approach.

### **Cost calibration**

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

### **Income capitalization approach model description**

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

### **Income approach calibration**

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

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

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

- CBRE’s Puget Sound MarketView 4<sup>th</sup> Qtr. 2018,
- Jones Lang LaSalle’s 1<sup>st</sup> Qtr. 2019 Seattle-Bellevue Insights,
- Collier International’s Puget Sound Office Research & Forecast Report 4<sup>th</sup> Qtr. 2018,
- Newmark Knight Frank’s 4Q 2018 Puget Sound Office Market Report,
- CoStar Group’s Seattle/Puget Sound Office Market Report YE-2018,
- Cushman & Wakefield’s Seattle Office Marketbeat 4<sup>th</sup> Qtr. 2018.

### Base Rent Model

The following table summarizes the base rent model utilized for the 2019 assessment year. Properties were primarily stratified by submarket and leasing class. The rents applied to individual properties were adjusted from the indicated base rent based on property-specific considerations.

<b>1/1/2018 Area 280 Base Rent Model</b>							
<b>SubMkt#</b>	<b>Submarkets</b>	<b>Class C</b>	<b>Class B</b>	<b>Class A/B</b>	<b>Class A</b>	<b>Class A+</b>	<b>Class A++</b>
100	Belltown/Denny Regrade	\$ 27.00	\$ 31.00	\$ 37.00	\$ 45.00	\$ 48.00	\$ 50.00
110	Capitol Hill/First Hill	\$ 28.00	\$ 31.00	\$ 35.00	\$ 40.00	\$ 45.00	\$ 52.00
120	Central Business District	\$ 28.00	\$ 34.00	\$ 38.00	\$ 44.00	\$ 47.00	\$ 50.00
130	Lake Union	\$ 30.00	\$ 36.00	\$ 40.00	\$ 42.00	\$ 47.00	\$ 50.00
140	Pioneer Square	\$ 29.00	\$ 35.00	\$ 40.00	\$ 45.00	\$ 48.00	\$ 50.00
150	Queen Anne/Magnolia	\$ 28.00	\$ 34.00	\$ 37.00	\$ 41.00	\$ 45.00	\$ 48.00
	<b>Seattle Downtown (Avg)</b>	<b>\$ 28.33</b>	<b>\$ 33.50</b>	<b>\$ 37.83</b>	<b>\$ 42.83</b>	<b>\$ 46.67</b>	<b>\$ 50.00</b>
200	520/Overlake	\$ 28.00	\$ 32.00	\$ 37.00	\$ 43.00	\$ 46.00	\$ 50.00
210	Bellevue CBD	\$ 28.00	\$ 33.00	\$ 39.00	\$ 44.00	\$ 48.00	\$ 52.00
220	Bellevue Suburban	\$ 28.00	\$ 33.00	\$ 37.00	\$ 39.00	\$ 44.00	\$ 49.00
230	Bothell/Woodinville	\$ 25.00	\$ 28.00	\$ 31.00	\$ 32.00	\$ 37.00	\$ 42.00
240	I-90 Corridor	\$ 25.00	\$ 28.00	\$ 33.00	\$ 36.00	\$ 39.00	\$ 44.00
250	Kirkland/Totem Lake	\$ 25.00	\$ 31.00	\$ 36.00	\$ 42.00	\$ 45.00	\$ 49.00
260	Redmond/Willows	\$ 25.00	\$ 28.00	\$ 30.00	\$ 34.00	\$ 37.00	\$ 42.00
	<b>Eastside (Avg)</b>	<b>\$ 26.29</b>	<b>\$ 30.43</b>	<b>\$ 34.71</b>	<b>\$ 38.57</b>	<b>\$ 42.29</b>	<b>\$ 46.86</b>
300	Ballard/University	\$ 27.00	\$ 33.00	\$ 38.00	\$ 42.00	\$ 44.00	\$ 48.00
310	Northgate/North Seattle	\$ 25.00	\$ 28.00	\$ 32.00	\$ 33.00	\$ 38.00	\$ 42.00
	<b>Northend (Avg)</b>	<b>\$ 26.00</b>	<b>\$ 30.50</b>	<b>\$ 35.00</b>	<b>\$ 37.50</b>	<b>\$ 41.00</b>	<b>\$ 45.00</b>
400	Federal Way	\$ 18.00	\$ 22.00	\$ 25.00	\$ 26.00	\$ 29.00	\$ 35.00
410	Kent/Auburn	\$ 18.00	\$ 22.00	\$ 25.00	\$ 26.00	\$ 29.00	\$ 35.00
420	Renton/Tukwila	\$ 19.00	\$ 23.00	\$ 27.00	\$ 29.00	\$ 31.00	\$ 37.00
430	SeaTac	\$ 19.00	\$ 22.00	\$ 25.00	\$ 30.00	\$ 34.00	\$ 38.00
440	South/West Seattle	\$ 19.00	\$ 22.00	\$ 29.00	\$ 37.00	\$ 44.00	\$ 48.00
	<b>Southend (Avg)</b>	<b>\$ 18.60</b>	<b>\$ 22.20</b>	<b>\$ 26.20</b>	<b>\$ 29.60</b>	<b>\$ 33.40</b>	<b>\$ 38.60</b>
	<b>Area 280 Average</b>	<b>\$ 24.95</b>	<b>\$ 29.30</b>	<b>\$ 33.55</b>	<b>\$ 37.50</b>	<b>\$ 41.25</b>	<b>\$ 45.55</b>

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

## Typical Income Parameters Applied

The following table briefly 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		Rent Range per SF*	Vacancy/ Coll. Loss %	Operating Expenses/SF	Capitalization Rate %
Seattle Downtown	Class A	\$40.00 - \$50.00	6% - 10%	\$13.00 - \$14.50	4.50% - 5.75%
	Class B	\$28.00 - \$40.00		\$11.50 - \$13.75	
Eastside	Class A	\$32.00 - \$52.00	8% - 15%	\$10.75 - \$13.75	4.75% - 6.50%
	Class B	\$31.00 - \$40.00		\$10.75 - \$13.50	
Northend	Class A	\$33.00 - \$44.00	8%	\$11.25 - \$11.50	5.25% - 6.25%
	Class B	\$32.00 - \$33.00		\$11.25 - \$11.25	
Southend	Class A	\$26.00 - \$45.00	10% - 20%	\$9.75 - \$12.00	5.75% - 7.25%
	Class B	\$22.00 - \$29.50		\$9.75 - \$11.75	
Medical Office Buildings	All	\$37.00 - \$56.00	8%	\$13.50 - \$16.50	4.75% - 6.50%

\*Full Service

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

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

## Parking Income

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

Unreserved monthly and daily rates and occupancy rates were provided by the 2013 Puget Sound Regional Council Parking Inventory for the Downtown Seattle and Bellevue CBD parking zones. No turnaround on the daily spaces was recognized. A parking expense rate of 15% to 25% was

applied to parking income to arrive at a net parking income contribution figure with the stand-alone parking garages typically incurring the higher expenses.

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

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

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

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

## Capitalization Rate Information

The table below summarizes CBRE's 2<sup>nd</sup> Half 2018 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.

<b>CBRE Office Capitalization Rates 2nd Half 2018</b>							
<b>CURRENT CAP RATES</b>				<b>YEAR TO YEAR CHANGE</b>			
<b>Class AA</b>				<b>Class AA</b>			
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add	
CBD	4.25% - 4.75%	↔	N/A - N/A	-	0.00% - 0.00%	N/A - N/A	
Suburban	5.25% - 5.75%	↔	N/A - N/A	-	0.00% - 0.00%	N/A - N/A	
<b>Class A</b>				<b>Class A</b>			
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add	
CBD	4.75% - 5.25%	↔	6.00% - 7.25%	↔	0.00% - 0.00%	0.00% - 0.00%	
Suburban	6.00% - 6.50%	↔	6.50% - 7.50%	↔	0.00% - 0.00%	0.00% - 0.00%	
<b>Class B</b>				<b>Class B</b>			
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add	
CBD	5.50% - 6.50%	↔	6.75% - 7.75%	↔	0.00% - 0.00%	0.00% - 0.00%	
Suburban	7.00% - 7.50%	↔	7.50% - 8.50%	↔	0.00% - 0.00%	0.00% - 0.00%	
<b>Class C</b>				<b>Class C</b>			
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add	
CBD	6.75% - 8.50%	↔	7.75% - 9.25%	↔	0.00% - 0.00%	0.00% - 0.00%	
Suburban	7.50% - 8.25%	↔	8.00% - 9.00%	↔	0.00% - 0.00%	0.00% - 0.00%	

Source: 2nd Half 2018 CBRE Cap Rate Survey

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

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

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

## 2019 Office Capitalization Rates Summary

		Capitalization Rates by Building Class (if provided)					
	Source	Location	Average Capitalization Rates	Class A		Class B	
				Stabilized	Value-Add*	Stabilized	Value-Add*
Seattle/Pacific NW Cap Rates	CBRE <sup>1</sup>	CBD		4.75% - 5.25%	6.00% - 7.25%	5.50% - 6.50%	6.75% - 7.75%
		Suburban		6.00% - 6.50%	6.50% - 7.50%	7.00% - 7.50%	7.50% - 8.50%
	PWC/ Korpaz	Seattle	4.00%				
		Region	8.00%				
	ACLI	Seattle	5.82%				
		Region					
	IRR: Viewpoint	CBD		5.81%		6.45%	
Suburban			6.23%		6.84%		
CoStar Sales Data <sup>2</sup>	King County	6.00%	5.30% (blended)		6.70% (blended)		
RERC Report <sup>3</sup>	CBD	6.00%					
	Suburban	6.30%					

\*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 H1 2019

<sup>2</sup> Arms-length investment sales 50k SF and larger, between 1/1/2016 and 1/1/2019 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**

Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2018					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 properties w/ functional inadequacies and/or marginal locations.
		Seattle	6.00% 6.30%	- -	- -	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
			- -	5.40% 6.30%	- -	Regional Mall – 1 <sup>st</sup> Tier Properties Power Center – 1 <sup>st</sup> Tier Properties Neigh/Comm. Ctrs. – 1 <sup>st</sup> Tier Properties
			- -	6.30% 6.30%	6.30% 6.20%	Office CBD – 1 <sup>st</sup> Tier Properties Office CBD – 2 <sup>nd</sup> Tier Properties Office CBD – 3 <sup>rd</sup> Tier Properties
		West Region	5.00% - 7.80% 5.30% - 8.30% 5.80% - 8.80% 5.00% - 8.30% 5.50% - 8.80% 5.30% - 9.30%	- - - - -	- - - - -	Suburban Office – 1 <sup>st</sup> Tier Properties Suburban Office – 2 <sup>nd</sup> Tier Properties Suburban Office – 3 <sup>rd</sup> Tier Properties
			- -	4.50% - 8.00% 5.00% - 8.50%	- -	Warehouse – 1 <sup>st</sup> Tier Properties Warehouse – 2 <sup>nd</sup> Tier Properties
			- -	5.30% - 8.50% 4.50% - 7.50%	- -	Warehouse – 3 <sup>rd</sup> Tier Properties R&D – 1 <sup>st</sup> Tier Properties
			- -	5.50% - 8.00% 5.30% - 8.50%	- -	R&D – 2 <sup>nd</sup> Tier Properties R&D – 3 <sup>rd</sup> Tier Properties
			- -	4.50% - 7.50% 6.00% - 8.00%	- -	Flex – 1 <sup>st</sup> Tier Properties Flex – 2 <sup>nd</sup> Tier Properties
			- -	5.30% - 8.50% -	- 5.80% - 9.00%	Flex – 3 <sup>rd</sup> Tier Properties Regional Mall – 1 <sup>st</sup> Tier Properties
			- -	- -	6.50% - 8.00% 7.50% - 8.30%	Regional Mall – 2 <sup>nd</sup> Tier Properties Regional Mall – 3 <sup>rd</sup> Tier Properties
			- -	- -	5.80% - 9.30% 6.30% - 7.50%	Power Center – 1 <sup>st</sup> Tier Properties Power Center – 2 <sup>nd</sup> Tier Properties
			- -	- -	6.50% - 8.30% 5.50% - 7.50%	Power Center – 3 <sup>rd</sup> Tier Properties Neigh/Comm. Ctr. – 1 <sup>st</sup> Tier Properties
			- -	- -	6.30% - 8.00% 7.00% - 9.00%	Neigh/Comm. Ctr. – 2 <sup>nd</sup> Tier Properties Neigh/Comm. Ctr. – 3 <sup>rd</sup> Tier Properties
IRR: Viewpoint for 2018	Year-end 2018	West Region	5.81% 6.45% 6.23% 6.84%	- - - -	- - - -	<u>Institutional Grade Properties</u> CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B
			- -	6.52% 5.82%	- -	Flex Industrial Industrial
			- -	- -	6.09% 6.28%	Regional Mall Community Retail
			- -	- -	6.10%	Neighborhood Retail
PWC / Korpaz Real Estate Investment Survey	4Q 2018	Seattle	4.00% - 8.00%	-	-	CBD Office
		Pacific NW Region	4.00% - 8.00%	-	-	Office
			-	3.75% - 5.50%	-	Warehouse
ACLI	4Q 2018	Seattle – Bellevue - Everett MSA	5.82%	4.52%	6.61%	All Classes
		Pacific Region	6.01%	5.10%	5.67%	All Classes

**SEATTLE / REGIONAL CAP RATES**

Source	Date	Location	Multifamily	Hospitality	Remarks
CBRE: U.S. Cap. Rate survey. Advance Review	H2 2018	Seattle	4.25% - 4.75%	-	Infill – Class A
			4.50% - 5.00%	-	Infill – Class A – Value Added
			4.75% - 5.00%	-	Infill – Class B
			5.00% - 5.50%	-	Infill – Class B – Value Added
			5.50% - 6.00%	-	Infill – Class C
			5.50% - 6.25%	-	Infill – Class C – Value Added
			4.75% - 5.00%	-	Suburban – Class A
			4.75% - 5.25%	-	Suburban – Class A – Value Added
			5.00% - 5.25%	-	Suburban – Class B
			5.00% - 5.50%	-	Suburban – Class B – Value Added
			5.50% - 6.00%	-	Suburban – Class C
			5.50% - 6.25%	-	Suburban – Class C – Value Added
			-	6.00% - 6.50%	CBD – Luxury
			-	6.25% - 6.75%	CBD – Full-Service
			-	6.75% - 7.25%	CBD – Select-Service
			-	8.25% - 9.00%	CBD – Economy
-	6.75% - 7.75%	Suburban – Luxury			
-	7.75% - 8.50%	Suburban – Full-Service			
-	7.75% - 8.50%	Suburban – Select-Service			
-	9.25% - 10.25%	Suburban – Economy			
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2018	Seattle	5.70%	-	Apartments – All Classes
			-	7.50%	Hotels – All Classes
		West Region	4.00% - 6.50%	-	Apartments – 1 <sup>st</sup> Tier Properties
			4.50% - 7.00%	-	Apartments – 2 <sup>nd</sup> Tier Properties
			4.50% - 7.50%	-	Apartments – 3 <sup>rd</sup> Tier Properties
			-	6.00% - 8.50%	Hotels – 1 <sup>st</sup> Tier Properties
			-	7.00% - 8.50%	Hotels – 2 <sup>nd</sup> Tier Properties
-	7.50% - 10.00%	Hotels – 3 <sup>rd</sup> Tier Properties			
IRR: Viewpoint for 2019	Year-end 2018	Seattle	4.25%		Urban Class A
			4.50%		Urban Class B
			4.75%		Suburban Class A
			5.25%		Suburban Class B
IRR: Viewpoint for 2019	Year-end 2018	West Region	4.52%	-	Urban Class A
			5.12%	-	Urban Class B
			4.71%	-	Suburban Class A
			5.34%		Suburban Class B
IRR: Viewpoint for 2019	Year-end 2018	National		8.1%	Full Service
				8.8%	Limited Service
PWC / Korpaz Real Estate Investor Survey	4Q 2018	Pacific Region	3.50% - 6.00%	-	Apartments
ACLI	4Q 2018	Seattle-Bellevue	4.35%		All Classes
		Everett			
		Pacific	4.48%	6.16%	All Classes

NATIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Income Vs. Price Realities	4Q 2018					1 <sup>st</sup> Tier properties are defined as new or newer quality const. in prime to good location
		National	4.00% -6.50% 5.40% - 7.50% - - - - -	- - 4.50% - 7.30% 5.50% - 9.00% 6.50% - 8.00% - -	- - - - - 5.00% - 8.00% 5.50% - 8.50% 5.00% - 6.50%	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 Power Center – 1 <sup>st</sup> Tier Properties Neigh/Comm. Ctrs. – 1 <sup>st</sup> Tier Properties
IRR: Viewpoint 2019 Commercial Real Estate Trends report	Yr. End 2018	National	6.68% 7.51% 7.01% 7.81% - - - -	- - - - 6.68% 7.50% - -	- - - - - 6.80% 6.88% 7.04%	Institutional Grade Properties” CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Industrial Flex Industrial Regional Mall Community Retail Neighborhood Retail
ACLI	4Q 2018	National	5.07% 6.43% 6.03% 6.00% 4.75%	5.93% 6.97% 6.60% 6.23% 5.84%	6.11% 6.53% 6.13% 6.20% 5.94%	Overall Sq.Ft. - <50k Sq.Ft. - 50k – 100k Sq.Ft. – 100,001 – 200k Sq.Ft. – 200k+
PWC / Korpaz Real Estate Investor Survey	4Q 2018	National	3.00% - 7.50% 5.00% - 10.00% 5.00% - 9.50% 4.50% - 10.00% - - - -	- - - - - 1.00% - 6.50% - -	- - - - - - 4.00% - 9.00% 5.25% - 9.00% 4.00% - 9.50%	CBD Office Suburban Office Secondary Office Medical Office Flex/R&D Warehouse Regional Mall Power Center Neigh. Strip Centers
PWC / Korpaz Real Estate Investor Survey	4Q 2018	National	3.00% - 7.50% 5.00% - 10.00% 4.50% - 10.00% - - - -	- - - - - 1.00% - 6.50% - -	- - - - - - 4.00% - 9.50% 5.25% - 9.00% 4.00% - 9.00% 5.00% - 8.50%	U.S. CBD Office U.S. Suburban Office Medical Office U.S. Warehouse U.S. Flex/R&D U.S. Strip Shop Centers U.S. Power Centers U.S. Regional Malls Net Lease
The Boulder Group: Net Lease Market Report	4Q 2018	National West	7.02% 5.10% 5.50%	7.07%	6.25%	Overall (Average) Bank Medical Office

NATIONAL CAP RATES					
Source	Date	Location	Restaurant	Retail	
The Boulder Group: Net Lease Market Report	4Q 2018	West		7.02%	Junior Big Box (20K-40K SF)
				7.15%	Mid Box (40K-80K SF)
				6.70%	Large Format (over 80K SF)
				6.29%	Median
				6.21%	Drug Store
				5.30%	Auto Parts Stores
			5.48%		Casual Dining
			4.32%		Quick Service Restaurants

## 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 1/1/2019 valuation reflects the changing office market dynamics as of the valuation date. These include declining market vacancy rates in most submarkets, increasing market lease rates, and generally low capitalization rates for well leased good quality office buildings.

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

Application of these recommended values for the 2019 assessment year results in a total change from the 2018 assessment of 10.02%. This increase does not include new construction value from Major Office projects currently under construction. These will be added later during the new construction maintenance period (new construction is valued as of July 31<sup>st</sup> of the assessment year).

The total assessed value for the 2018 assessment year was \$36,868,297,700 and the total recommended assessed value for the 2019 assessment year is \$40,647,162,400.

<b>Change in Total Assessed Value</b>			
<b>2018 Total Value</b>	<b>2019 Total Value</b>	<b>\$ Change</b>	<b>% Change</b>
\$36,868,297,700	\$40,647,162,400	\$3,778,864,700	10.25%

## Improved Sales for Area 280 (Sales from 1/1/2016 – 1/25/2019 were considered)

### SEATTLE SALES

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	F #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	100	065900	0750	498,891	2781408	\$370,000,000	02/23/16	\$742	WEST 8TH	1	Y	Deutsche Asset & Wealth Management acquired the West 8th building from AEW Capital on 2/23/2016 for \$370,000,000 or \$742/SF in a fair market transaction. The sale price may be on the high side due to the fact that 65% of the building is occupied by Amazon. The West 8th building is a 28-story Class A multi-tenant office building that was built in 2009 which features a dramatic lobby with private meeting areas, full service restaurant and espresso shop on site, conference room and training facility, fitness center with showers/lockers, concierge service, and LEED Platinum certification. The property was reportedly only 2% vacant at the time of sale and traded at a 4.20% Cap Rate on actuals or a 4.40% Cap Rate on pro forma. Current lease rates are withheld, however space was previously listed for lease in mid-2010 for \$35-\$44/SF Full Service.
280	100	337440	0020	285,680	2826806	\$179,821,572	10/07/16	\$629	HILL7 - Hilton Garden Inn & Office Building	1	Y	Hudson Pacific(55% ownership)/Canada Pension Plan Investment Board (45% ownership) acquired the Hill7 office condominium from Touchstone/Principal Real Estate Investors on 10/7/2016 for \$179,821,572 or \$629/SF in a fair market transaction. The total transaction price was reportedly \$200M comprised of \$179.8M for the real estate and \$20M worth of free rents, TI's, and seller credits. The property was 20% vacant and traded at a 4.50% cap rate based on in place income. The Hill7 office condominium is an 11-story Class A multi-tenant office midrise with 3-levels of below-grade parking and ground floor retail space that was constructed in 2015 and contains a net rentable area of 285,680 SF. The property features excellent city and water views, larger 28,000 SF floor plates, secured bike room with showers & lockers, dedicated 1,800 SF conference facility, outdoor deck, lobby with wifi & collaborative spaces, on-site retail and cafe, and convenient location at the junction of SLU, Cap Hill, and the downtown retail core. In mid-2015 HBO leased 39% of the building (4-floors with 112,222 SF) while in mid-2016 Redfin leased an additional 39% of the building (4 floors with 112,222 SF). Asking rates for vacant space are undisclosed. In conjunction with the acquisition, the joint venture closed a 10-year, secured, non-recourse loan in the amount of \$101M at a fixed rate of 3.38%.
280	100	069600	0175 0185 0195	196,487	2834083	\$92,958,909	11/10/16	\$473	5TH & BELL BUILDING	3	Y	Hines REIT sold the seven property, 3 million square foot, West Coast Assets portfolio to an affiliate of Blackstone on 11/10/2016 for \$1.162 billion. The portfolio was 7% vacant at the time of sale and reportedly traded at a 5.00% Cap Rate on actuals or 5.40% pro forma. The allocated sale price for the 5th & Bell was \$92,958,909 (\$93M, less personal property) or \$473/SF. The property was 100% full leased at the time of sale with Amazon occupying just over 50% of the building. While the sale represents a fair market transaction, the allocated sale price of the subject is considered low due to the portfolio nature of the transaction. The 5th & Bell building is a 6-story Class A multi-tenant midrise office building that was originally built in 2002 with a net rentable area of 196,487 SF. The property benefits from its central location near hotels, restaurants, and the retail core. Shower/locker facilities are also provided.
280	100	066000	1595 1600 1605	373,458	2870726	\$330,175,000	06/14/17	\$884	Amazon - Oscar Bldg (fmr Midtown21)	3	Y	Union Investment acquired the Midtown21 property from Trammell Crow on 6/14/2017 for \$330,175,000 (\$884/SF) in a fair market transaction. Midtown21 consists of a 21-story Class A single-tenant office building that was completed in 2016 with 376,458 SF of rentable area situated above a 6-story underground garage with 209-stalls. It was originally built as a multi-tenant office building and amenities include conference facilities, a fitness center w/locker rooms & showers, bike storage, exterior decks, and LEED Gold certification. In November 2016 it was announced that Amazon had leased all of the office space under a long term lease agreement. The property was reportedly 98.4% leased at the time of sale and traded at a 4.40% cap rate based on income in place. Prior to Amazon's announcement the office space had been marketed for lease at \$36-\$40/SF NNN with expenses at \$12.63/SF (\$48.63-\$52.63/SF Gross). Retail space was being offered at \$40/SF NNN.
280	100	766620	2320	133,177	2892456	\$65,000,000	09/28/17	\$488	World Trade Center North (now Viewpoint)	1	Y	Unico Properties acquired the leasehold interest in the World Trade Center North property from TIAA-CREF on 9/28/2017 for \$65,000,000 or \$488/SF. The Port of Seattle individually owns the land and 360-stall parking garage. The WTC North property consists of a 5-story Class A multi-tenant building originally constructed in 2000 with a net rentable area of 133,177 SF. The property benefits from its waterfront location and features unobstructed views and a large amenity deck. The buyer has subsequently changed the name of the property to the Viewpoint building and has plans to renovate the lobby and add building amenities. The property was 24% vacant at the time of sale and traded at a 4.00% cap rate on income in place. Vacant space is being marketed at \$34-\$40/SF NNN with expenses listed at \$10/SF (\$44-\$50/SF Gross).
280	100	864770	0000	292,274	2906881	\$268,500,000	12/19/17	\$919	Tilt49	1	Y	Takenaka Corp acquired the Tilt49 office tower from Touchstone on 12/19/2017 for \$268,500,000 (\$919/SF) in a fair market transaction. Tilt49 consists of an 11-story, steel framed glass exterior, Class A single-tenant office building with ground floor retail space and underground parking with 285-stalls dedicated to office use. The improvements were constructed in 2016 with a net rentable area of 292,274 SF. The property features a large outdoor terrace on the ninth floor, electric car charging stations, bike room, conference room, and locker rooms w/showers. The property was 100% fully leased at the time of sale. Amazon has leased all of the office space through 2033 under a NNN lease, although Amazon had not yet occupied the building at the time of sale. The property reportedly traded at a 4.34% cap rate.

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 0185 0195	197,135	2933800	\$94,991,020	06/01/18	\$482	5TH & BELL BUILDING (Amazon - Otter Bldg)	3	Y	Alexandria Real Estate acquired the 5th & Bell building for \$94,991,020 or \$482/SF (\$95M less minor personal property) from Blackstone on 6/1/2018 in a fair market transaction for a property achieving below market rents. The property was 97.4% occupied at the time of sale. No cap rate information was reported. Amazon occupies just over half of the building under a lease agreement that extends through January 2025. The buyer's 2Q18 financial filings state that the property will "provide an opportunity to increase cash flows through the re-leasing of in-place leases currently... 25% below market". 5,322 SF of ground floor retail space is being marketed for lease at \$40/SF NNN + \$12/SF Exp. The sale price is just slightly higher (+2%) than the previous acquisition of the property out of portfolio in 11/2016.
280	100	066000	2410 2054	699,768	2946545 2946557	\$434,809,000	08/09/18	\$621	METROPOLITAN PARK EAST & WEST	2	Y	Beacon Capital acquired the Metropolitan Park East & West office towers from CBRE Strategic Partners on 8/8/2018 for a combined acquisition price of \$434,809,000 or \$621/SF in a fair market transaction. Met Park East and West sold in separate but simultaneous transactions with East allocated a sale price of \$230,448,770 or \$634/SF (EH2946545) and West allocated a sale price of \$204,360,230 or \$608/SF (EH2946557). Combined, the properties contain a total net rentable area of 699,768 SF based on recent rent rolls. The properties were 91% occupied at the time of sale and traded at a 4.40% cap rate on in place income. Note: a portion of 066000-2410 is subject to leasehold (Ground Lease). The combined sale price represents a 59% increase in value over the prior acquisition cost of \$272.8 million (\$390/SF) in November 2014, or 16.3%/year. Per PSBI: "The appreciation stems from new leases and renewals for two-thirds of the space at "some of the highest rents in the market," trade publication Real Estate Alert reported earlier this year." "WeWork had recently finalized a deal for 107,000 SF. Asking rates were \$47-\$52/SF Full Service.
280	110	859090	0646	226,274	2776053	\$185,682,833	01/14/16	\$821	FIRST HILL MEDICAL PAVILION	1	Y	Heitman/NexCore Group acquired the First Hill Medical Pavilion from Trammell Crow/Washington Capital Management on 1/14/2016 for \$185,682,833 or \$821/SF in a fair market transaction. Media reports list the sale price as \$199M or \$879/SF however the reason for the discrepancy is unknown. The property was 100% fully leased at the time of sale with Swedish occupying 65% of the building under a long term lease. The buyer reported a 4.60% stabilized Cap Rate. Prior to full lease up the property had been asking \$38/SF NNN + \$11.47/SF Exp = \$49.47/SF FS. First Hill Medical Pavilion is a 6-story Class A multi-tenant medical office building that was completed in mid-2015. The project included the complete renovation of the existing Seattle Life Sciences Building to Class A standards as well as the addition of a new 6-story 60,000 SF building wing and an expanded underground parking garage. The property features a subterranean pedestrian tunnel that connects with Swedish Medical Center, LEED Gold certification, and a design that maximizes efficiency of patient flow.
280	120	094200	0415 0445	748,000	2779923	\$120,834,541	02/12/16	\$162	Madison Centre (under const)	2	N	Transaction on 2/12/2016 for \$108,751,087 is not a representative fair market sale. Buyer and seller are affiliated parties. The transaction recorded is for a 90% interest in the Madison Centre office building that is currently under construction. It was recorded the same day as EH2779955 for a 10% interest for \$12,083,454. Combined, the transaction price is \$120,834,541 (\$162/SF) for the 100% interest in the still under construction office tower. The transactions follow news reports that Cornerstone Real Estate Advisers announced that it has formed a joint venture with Schnitzer West to finish building Madison Centre. Cornerstone reportedly made a \$150 M equity contribution to the project. Following the news of the JV arrangement, it was announced that the project had secured a \$225 M construction loan.
280	120	197570	0345	123,430	2791432	\$29,752,500	04/21/16	\$241	1411 Fourth Avenue Building	1	Y	The Onni Group acquired the 1411 Fourth building from Mack Real Estate Group on 4/21/2016 for \$29,752,500 or \$241/SF in a fair market transaction. The property consists of a 15-story Class B+ historic multi-tenant office building with ground floor retail space. This appears to be a Value Add acquisition for the buyer with marketing materials mentioning that a major building renovation has begun since the sale to include a new conference center, new tenant lounge/game room, new bike room and showers, new aesthetic features, new VRF HVAC system, new LED lighting, and new electrical. The property was 13% vacant at the time of sale. No Cap Rate information was provided. New owner is now asking \$35-\$37/SF Full Service. Building square footages have been updated as a result of information from this sale.
280	120	094200	0365	540,589	2805731	\$223,300,000	06/28/16	\$413	901 FIFTH AVENUE (FORMER BK OF CAL OFFICE)	1	Y	Schnitzer West/Investcorp acquired the 901 Fifth building from RREEF Management LLC on 6/28/2016 for \$223,300,000 or \$413/SF in a fair market transaction. The 901 Fifth building consists of a 41-story Class A multi-tenant office high rise that was originally constructed in 1973 with renovations in 2000 and 2007. The majority of the interior tenant spaces have been renovated with modern build-outs and the buyer plans to reposition the building's common areas, including converting the Fifth Ave lobby into an open "great room". The buyer was attracted to the property due to it offering stable, long-term value in a strong market. The property was 8% vacant at the time of sale however no Cap Rate information was reported. Asking rates for vacant space at the time of sale were approximately \$38/SF Full Service.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	120	094200	0300	793,679	2809013	\$387,000,000	07/13/16	\$488	SAFECO PLAZA / 1001 FOURTH AVENUE	1	Y	GLL/Vestas acquired the Safeco Plaza building from CALPERS (managed by Hines) on 7/13/2016 for \$387,000,000 or \$488/SF in a fair market transaction. Safeco Plaza is located in the Seattle CBD and consists of a 50-story Class A multi-tenant office highrise above a 5-level below-grade parking garage with parking for 576. The property was renovated in 2007 and features efficient 19,500 SF rectangular floor plates, a timeless design, a fitness center, conference center, cafe, on-site retail amenities, excellent views, and LEED Gold certification. The previous owners invested around \$103M and completed an extensive upgrade/renovation of the property during their ownership. Safeco leases approximately 66% of the property (26-floors) under a lease agreement through October 2028. The property was reportedly 2% vacant at the time of sale and traded at a 5.00% Cap Rate on in place income. Vacant space being marketed at \$36-\$38/SF Full Service.
280	120	093900	0335	295,515	2888685	\$156,413,720	09/12/17	\$529	EXCHANGE BLDG	1	Y	Blackstone acquired the Exchange Building from Beacon Capital Partners on 9/12/2017 for \$156,413,720 or \$529/SF in a fair market transaction. The sale price is more than double the price paid by Beacon in Oct. 2013 (\$66 million or \$223/SF) when the property was 33% vacant. Beacon subsequently invested up to \$29 million to seismically retrofit the property and modernize the elevators, building systems, and amenities in order to reposition the property and attract new tenants. The Exchange Building consists of a 22-story renovated historic Class A multi-tenant office highrise that was originally constructed in 1929 with a net rentable area of 295,515 SF. Amenities include a fitness center, locker rooms w/showers, secure bike storage, conference facilities, and LEED-EB Platinum certification. The property was 16% vacant at the time of sale and traded at a 4.10% cap rate based on income in place or a 4.60% pro forma cap rate. Asking rates were \$40/SF Full Service.
280	120	553050	0010	201,322	2903777	\$119,884,000	11/30/17	\$595	MILLENNIUM TOWER CONDOMINIUM	1	Y	TH Real Estate acquired the Millennium Tower office condo from Union Investments on 11/30/2017 for \$110,884,000 (\$595/SF) in a fair market transaction. Millennium Tower is a 20-story mixed-use building with 14-floors of Class A multi-tenant office space below 6-floors of residential condominiums. Only the office portion is included in this sale. The office is LEED-Gold certified and features efficient floor plates, secure bike storage, and a large landscaped deck. The new owner is adding locker room facilities with showers. The property was 100% fully leased at the time of sale and traded at a 4.50% cap rate based on income in place. Subsequent vacant space is currently being marketed at \$35/SF NNN.
280	120	065900	0305	300,710	2903761	\$185,958,745	11/30/17	\$618	8th + Olive (formerly 720 Olive)	1	Y	Morgan Stanley acquired the 8th + Olive building from Talon Private Capital & PGIM on 11/30/2017 for \$185,958,745 or \$618/SF in a fair market transaction. The 8th + Olive building consists of a 20-story Class A multi-tenant office building with ground-floor retail space and situated above a 212-stall parking garage. The improvements were originally constructed in 1981 and exhibit an effective year built of 2010. Total net rentable area is 300,710 SF. The sellers had acquired the property in 2014 when it was 16% vacant (a large tenant was set to vacate as well) and subsequently invested \$11 million upgrading the building including an updated entry, renovated lobby, new shower/locker rooms, expanded bike storage, new conference room, and new retailers. The current sale price represents an 84% increase over the prior acquisition price (\$340/SF vs \$618/SF). At the time of sale the property was 4% vacant and traded at a 4.90% cap rate. Asking rates are withheld however sublease space is being offered at \$39/SF Full Service.
280	120	197570	0340	130,786	2910840	\$43,300,000	01/09/18	\$331	VANCE BUILDING & STERLING BLDG.	1	Y	Brickman & GreenOak Real Estate acquired the Joseph Vance & Sterling buildings from Jonathan Rose Cos for \$43,300,000 or \$331/SF in fair market transaction. The property was marketed as a value add opportunity with near-term upside potential, highlighting average expiring rents 18.4% below market and suggesting "an effective rebranding strategy that improves existing creative space and delivers a best-in-class amenity package". The Joseph Vance Building is a 14-story historic Class B multi-tenant office building that was originally built in 1929 with a net rentable area of 113,321 SF. Adjacent is the Sterling Building, a 3 story mixed-use building built in 1910 with ground floor retail with 17,465 SF of rentable area. Total net rentable area is 130,786 SF. Existing amenities include a tenant lounge, a conference room, bike room, and renovated lobby. The properties benefit from their central retail core location and historic architecture. The properties were 9% vacant at the time of sale with average contract rents of \$30.23/SF Full Service.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	120	094200	0050 0045 0070	706,812	2942999 2943000	\$358,940,000	07/16/18	\$508	1111 THIRD AVE & 1100 SECOND AVE	3	Y	Unico Properties acquired the 1111 Third & 1100 2nd Ave buildings from Ivanhoe Cambridge in two separate but simultaneous transactions (E#'s 2942999 & 2943000) on 7/16/2018 for a combined acquisition price of \$358,940,000 or \$508/SF. According to recorded documents, the 1111 Third building was allocated a purchase price of \$274,450,000 or \$478/SF while the 1100 2nd Ave building (094200-0045 & -0070) was allocated a purchase price of \$84,490,000 or \$637/SF. It's worth noting that Costar allocated purchase prices differently than recorded documents with 1111 Third allocated \$527/SF and 1200 2nd allocated \$424/SF however Costar's allocation methodology is unknown. A \$65M renovation was completed in 2017 which included updates to the exterior facade, store fronts, and outdoor plaza, expanded and improved modern lobby, as well as installation of a new fitness center, bike storage, and locker room w/showers. 1111 Third is a 34-story Class A multi-tenant office tower that was originally constructed in 1980 with 574,148 SF of rentable area that offers unobstructed views and updated office and amenity space. 1100 2nd Ave is a fully-repositioned 5-story creative Class A historic office building that was originally built in 1906 with 132,664 SF of rentable area. The properties were reportedly 95% occupied at the time of sale and traded at a 5.00% cap rate on income in place. Combined, the two properties contain 706,812 SF of rentable area. Asking rates at 1111 Third were \$40-\$48/SF Full Service. The sale price represents a 25% increase in value over the prior acquisition price of \$278M in 11/2014 or 6.8%/year, after the seller invested in improvements and substantially improved occupancy.
280	120	094200	0550	171,305	2942476	\$67,500,000	07/17/18	\$394	Central Building	1	Y	Brickman acquired the Central Building from KBS Strategic Opportunity REIT on 7/17/2018 for \$67,500,000 or \$352/SF in a fair market transaction. The Central Building is an 8-story historic Class A/B multi-tenant office building that was originally constructed in 1907 and was partially renovated in 2002-2005. At the time of sale the property was 19% vacant and the property traded at a 4.30% cap rate on actuals. The property was asking \$38-\$40/SF Full Service. Listing materials highlight the property's high quality improvements including a newly updated lobby and common areas, and an architecturally distinct brick and terra cotta facade. On-site conference room and bike storage room are also included. The buyer plans on making cosmetic upgrades and add amenities. The property has received landmark status.
280	130	684970	0145 0155 0165 0175	215,000	2779524	\$132,052,466	02/09/16	\$614	ALLEY 24 (Cascade One Project)	4	Y	MetLife acquired the Alley24 office/retail component from Vulcan on 2/9/2016 for \$132,052,466 or \$614/SF in a fair market transaction. Costar and press releases state the sales price at \$129.4 million. The reason for the \$2.6 million difference between the recorded sale price and the sale price reported by Costar is unknown. The 6-story Class A office building includes amenities such as bike storage, shower facilities, operable windows, and LEED Silver certification. The property was 85% leased at the time of sale, while historically the property has averaged a 96% occupancy factor. Vacant office space was being marketed for lease at \$32-\$36/SF NNN while retail space was being marketed at \$32/SF NNN. No Cap Rate information was available. Attempts to contact participants in the sale have thus far been unsuccessful.
280	130	199120	1265	317,442	2807990	\$246,700,000	07/08/16	\$777	AMAZON - PHASE VIII (Apollo Bldg)	1	Y	Mirae Asset Global Investments acquired the Amazon Phase VIII building from Vulcan on 7/8/2016 for \$246,700,000 or \$777/SF in a fair market transaction. The property was 100% fully leased built to suit for Amazon and traded at a 4.30% Cap Rate. The Phase VIII building consists of a 12-story Class A single-tenant mid rise with a small amount of retail space on the ground floor and 4-levels of underground parking with 444 stalls.
280	130	198320	0035	317,189	2834827	\$243,900,000	11/17/16	\$769	AMAZON - PHASE 7	1	Y	Tristar Capital & RFR Holding acquired the Amazon Phase VII building from Vulcan Real Estate on 11/17/2016 for \$243,900,000 or \$769/SF in a fair market transaction of a fully net leased office building. The property built to suit for Amazon and consists of a 12-story Class A office building with ground floor retail space and 4-levels of underground parking with 426-stalls. The property was 100% occupied at the time of sale and traded at a 4.60% Cap Rate on in place income.
280	130	198320	0545 0560	290,647	2844342	\$268,940,438	01/13/17	\$925	Amazon - Amelia Bldg (fmr Urban Union Bldg)	2	Y	Tristar Capital acquired the Urban Union building from Schnitzer West on 1/13/2017 for \$268,940,438 (\$925/SF) in a fair market transaction. It was announced in March 2017 that Amazon had leased all of the office space. The Urban Union building is a 12-story Class A+ single-tenant office mid-rise located in the SLU submarket. The property features 27,000 SF floor plates, a 1.6/1,000 SF parking ratio, a two-story lobby gathering space, rooftop deck and meeting space, on site conference facilities, fitness center with locker rooms, bike lockers, on-site restaurant, concierge service, and LEED Gold certification. The retail space is leased to Harry's Tavern and Sprout. This was the 2nd Amazon-occupied office building acquired by Tristar after acquiring Amazon Phase VII in Nov 2016 for \$769/SF. The \$925/SF sale price represents a record for a purely office building (KOMO Fisher Plaza sale has highest overall). Prior to Amazon's announcement, the office space was being marketed for lease at \$36-\$40/SF NNN + \$12/SF NNN expenses = \$48-\$52/SF Full Service equivalent. The retail space was being marketed at \$36/SF NNN + \$7.50/SF NNN expenses.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	130	224950	0265 0270 0275 0410	345,992	2865317	\$286,000,000	05/18/17	\$827	DEXTER STATION	4	Y	Tristar Capital & RFR Holding acquired Dexter Station from Stockbridge Capital on 5/18/2017 for \$286,000,000 (\$827/SF) in a fair market transaction for a single-tenant net-leased asset. Dexter Station is a 10-story Class A single-tenant office mid rise that was originally built in 2015. The property features excellent Lake Union & skyline views, 13-ft floor to ceiling heights, robust power & HVAC systems, conference facilities, fitness center with locker rooms, bike storage, on-site retail, outdoor & rooftop decks, and LEED Gold certification. It was announced in Feb. 2015 that Facebook had leased the majority of the office space with an option to occupy the entire property. At the time of sale, Facebook occupied all of the office space under a 12-year lease. Frank Gehry designed Facebook's interior build out. The property reportedly traded at a 4.40% Cap Rate based on income in place at the time of sale. Prior to Facebook's lease announcement, the property had been offered for lease at \$32-\$38/SF NNN. No expense rate was given.
280	130	198320	0245	85,978	2874244	\$81,500,000	06/30/17	\$948	Amazon - Gatsby Bldg (fmr 428 Westlake Bldg)	1	Y	Commonwealth Realty Trust acquired the 428 Westlake building from Vulcan on 6/30/2017 for \$81,500,000 or \$948/SF in a fair market transaction. In October 2016 it was announced that Amazon had leased all of the office space in the building following the previous tenant's (Tommy Bahama) move to a new building. Amazon's lease is for 10-years with two 5-year options to renew. The improvements consist of a 6-story Class A midrise office building that was originally built in 2004 with a net rentable area of 85,978 SF and parking for 143-vehicles. The property was placed on the market for sale in March 2017. Asking rates prior to Amazon's lease were not published. The property was 100% leased at the time of sale. Costar reports it traded at a 4.80% cap rate while other sources have described the transaction as producing "a low four cap rate" based on income in place at the time of sale.
280	130	198620	0275	130,710	2931778	\$129,500,000	05/22/18	\$991	Amazon - Roxanne Bldg (fmr 202 WESTLAKE)	1	Y	LaSalle Investment Management acquired the Amazon - Roxanne Building (aka 202 Westlake) from GLL Real Estate Partners on 5/22/2018 for \$129,500,000 or \$991/SF in a fair market transaction for a single-tenant high-credit occupancy office asset. The property consists of a 6-story Class A+ single-tenant midrise office building with ground floor retail space and 4-levels of underground parking w/218-stalls. The office portion is fully leased to Amazon. In 2012 it was reported that Amazon had renewed their initial lease under a 15-year term with two 5-year options to extend, thereby extending their lease through 2037 unless amended. The ground floor retail space is fully leased to 4 tenant. Overall the property is 100% occupied at the time of sale with a weighted average remaining lease term of nearly 10 years. The buyer indicated that the rental rates at the time of acquisition present "mark-to-market" opportunities (assuming that means they're below market). A 4.50% cap rate on income in place was reported. The sales price represents a 33% increase over the prior acquisition price of \$97.4M in 9/2013, or 7%/year.
280	130	246740	0120	339,038	2940992	\$338,425,250	07/10/18	\$998	400 FAIRVIEW OFFICE BUILDING	1	Y	Pembroke Real Estate acquired 400 Fairview from TIAA-CREF & Skanska USA on 7/10/2018 for \$338,425,250 or \$976/SF in a fair market transaction for a newly built, stabilized Class A+ mixed-use multi-tenant office asset. The property was reportedly 99.7% occupied and traded at a 4.20% cap rate on income in place. The sale price represents a 30% increase in value over the prior acquisition price of \$261M in 12/2015, or 11.5%/year. NRA was updated per info contained in rent roll.
280	130	020900	0050	103,846	2945669	\$58,746,250	08/02/18	\$566	501 EASTLAKE (REPUBLICAN BUILDING)	1	Y	Lincoln Property Company acquired the 501 Eastlake building from LBA Realty on 8/2/2016 for \$58,746,250 or \$568/SF in a fair market transaction. 501 Eastlake is a 5-story Class A/B multi-tenant office building that was originally constructed in 2001 with 103,494 SF of rentable area. The property features I-5 visibility, an on-site athletic facility, walkable amenities, and convenient freeway access. The listing broker stated that the deal's size "in the \$50-\$100M range for a multi-tenant asset was very attractive... for capital and created significant bidding depth." The property was 21% vacant at the time of sale however it was fully leased shortly thereafter. No cap rate information was provided and asking rates were withheld.
280	130	020900	0030	71,421	2966991	\$52,345,000	12/17/18	\$733	500 YALE AVENUE NORTH	1	Y	Clarion Partners acquired the 500 Yale office building from Urban Renaissance Group on 12/17/2018 for \$52,345,000 or \$733/SF in a fair market transaction. The 500 Yale building was originally constructed in 2009 and consists of a 5-story Class A multi-tenant office building with a total net rentable area of 71,421 square feet, including some street-level retail space and below-grade parking with 139-stalls. The property benefits from its SLU location that provides for freeway signage visibility, outdoor decks that take advantage of its excellent views, and easy access to I-5. The property was 100% fully leased at the time of sale and traded at a 5.40% cap rate on income in place. WeWork occupies nearly all of the office space, their first location in Seattle. The sale price represents a 45% increase compared to the seller's acquisition cost of \$35,995,260 (\$504/SF) in October 2014, an increase of 10.9%/year.
280	150	766620	2220	101,160	2779616	\$40,395,000	02/10/16	\$399	101 ELLIOTT (FORMER SEATTLE PI)	1	Y	Credit Suisse AG acquired the 101 Elliott building on 2/10/2016 for \$40,395,000 or \$389/SF in a fair market transaction. 101 Elliott is a 5-story Class A multi-tenant office building originally built in 1986 and reportedly underwent renovations in 2008. Marketing information indicates that the property features a remodeled lobby and executive conference room with high-tech capabilities, a landscaped entry plaza with fountain, eight exterior decks, on-site parking for 225 cars, and a fitness studio with showers. The property was reportedly 7% vacant at the time of sale with vacant space being offered at \$34/SF Full Service. No Cap Rate information was available. All cash transaction.

# EASTSIDE SALES

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	200	202505	9242 9101	88,642	2846325	\$21,375,000	01/26/17	\$241	EVERGREEN OFFICE PARK I	2	Y	Pacific Coast Capital Partners acquired the Evergreen Office Park from SteelWave on 1/26/2017 for \$21,375,000 (\$241/SF) in a fair market transaction. The property was acquired along with 2505 Second Ave in separate transactions (E# 2846443, \$21,875,000, \$302/SF). The Evergreen Office Park consists of two low rise (2 & 3 stories) multi-tenant office buildings situated around a central courtyard. The property features immediate access to SR-520, abundant parking (3.6/1,000 SF), and convenient access to area retail/restaurant amenities. The buyer considered it a value add opportunity and plans to invest in significant capital improvements to the common areas and tenant amenities in 2017. The property was 11% vacant and Costar reported that it traded at a 7.50% Cap Rate based on income in place at the time of sale. The property is asking \$25.50/SF NNN + \$10.70/SF NNN Exp = \$36.20/SF FS equivalent.
280	200	272505	9103	143,191	2933132	\$45,400,000	05/30/18	\$317	OAKHURST CENTER	1	Y	Swift Real Estate Partners acquired the Oakhurst Center from Barings LLC on 5/30/2018 for \$45,400,000 or \$317/SF in a fair market transaction. Oakhurst Center, since renamed Overlake 520 by the buyer, consists of two, 2-story Class A lowrise multi-tenant office buildings that were originally constructed in 1985 with a combined 143,191 square feet of leasable area. The property benefits from its close proximity to the MSFT campus and was 79% occupied at the time of sale, primarily occupied by vendors of MSFT. The property is served by the MSFT Connector shuttle service and MSFT's upcoming campus renovation is expected to force vendors off campus into the surrounding office market which is anticipated to positively impact demand for the subject property. The listing broker indicated that buyers were attracted to the subject due to the MSFT situation, the credit tenant profile, as well as the "lease-up and market-to-market opportunity." The buyer, Swift, specializes in acquiring and repositioning assets. The buyer stated that "[The building] was recently 100 percent leased, but the occupancy recently went down to 79 percent. So it really represents a rare opportunity for a lease-up play in an extremely tight market..." The buyer plans on completing improvements at the property including a redesign of the exterior building entrance, upgraded landscaping, new exterior paint, outdoor seating, enhanced lobbies, and regular food trucks and is asking \$28.00/SF NNN + \$10.30/SF Exp = \$38.30/SF.
280	200	202505	9162 9240 9259 9260	274,029	2963140	\$134,470,000	11/21/18	\$491	PLAZA YARROW BAY	4	Y	Clarion Partners acquired the Plaza Yarrow Bay office campus from Kilroy Realty Corporate on 11/21/2018 for \$134,470,000 or \$491/SF in a fair market transaction. Plaza Yarrow Bay consists of four, 3-5-story, Class A multi-tenant office buildings arranged in a campus setting near Lake Washington in the Kirkland submarket. The improvements were originally built 1987-1993 and contain a combined net rentable area of 274,029 square feet according to Assessor records (press release listed NRA of 284,313 SF). The property benefits from its desirable location the provides direct access to SR-520, I-405, and the 520 bike trail. On-site amenities include an executive conference room, shower and locker room facilities, fitness center, cafe, and secure bike storage. At the time of sale the property was reportedly 17% vacant and asking rates were approximately \$39/SF NNN. No cap rate information was reported however the property was being marketed as generating an initial yield of 5.00%, which could potentially be raised to 7.00% by leasing vacant space and raising below-market rents.
280	210	154410	0254	353,552	2779201	\$19,500,000	02/08/16	\$55	ONE BELLEVUE CENTER	1	Y	The building's owner acquired the underlying land that was previously ground leased on 2/8/2016 for \$19,500,000 (\$403/SF land). The buyers had previously acquired the leasehold interest in the building on 4/24/2015 for \$150,000,000 (\$424/SF) in a fair market transaction (E#2726351). The improvements had been built on leased ground. Total acquisition price would then be \$169,500,000 or \$479/SF. The buyers, LaSalle Investment Management & California State Teachers Retirement System, acquired the land (as well as the 21-story tower in the previous transaction) from Walton Street Capital. The buyer now owns the property (land & improvements) outright.
280	210	154410	0233	445,089	2794592	\$185,000,000	05/06/16	\$416	SYMETRA FINANCIAL CENTER (former Rainier Plaza)	1	Y	Sterling Realty Organization acquired the leasehold interest in the Symetra Financial Center from Walton Street Capital on May 6th, 2016 for \$185,000,000 or \$416/SF. The improvements are situated on leased ground; therefore the sale price does not include the value of the land. The buyer of the subject's leasehold interest, Sterling Realty Organization, had owned the subject's underlying land since the 1950's and had leased it to the original developers of the Symetra Financial Center (then referred to as Rainer Plaza). With their acquisition of the leasehold interest Sterling Realty Organization now owns the entire fee simple estate (land and improvements). The Symetra Financial Center is a 25-story Class A multi-tenant office high rise situated above a parking garage with 647-stalls. Total net rentable area is 445,089 SF (including 7,143 SF of ground floor retail). The property was 11% vacant at the time of sale with vacant space being marketed at \$41-\$44/SF Full Service. Sterling also recently sold the three parcels immediately west of the subject (APN154410-0215, -0215, -0221). The parcels have the same zoning as the subject it was purchased for redevelopment purposes on October 17, 2016 for \$35 million or \$550/SF of land area (E#2828533). This sale provides for a good indication of the subject's underlying land value. Utilizing a unit value of \$550/SF, the subject's land would be valued at \$31,272,450 (\$550/SF x 56,859 SF). Therefore the combined value of the subject's improvements and land that can be inferred from these two recent sales would be: \$31,272,400 (land value at \$550/SF) + \$185,000,000 (leasehold sale price) = \$216,272,400 or \$486/SF of rentable area.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	210	154410	0320	304,494	2833686	\$192,926,219	11/10/16	\$634	Civica Office Commons (Core)	1	Y	Unico Properties & AEW Capital acquired the Civica Office Commons from Hines REIT on 11/10/2016 for an allocated sale price of \$192,926,219 or \$634/SF. The sale is a part of Hines' complete liquidation of its Hines Real Estate Investment Trust fund. While the transaction is considered a fair market transaction, the sale price of the subject is considered low due to the portfolio nature of the sale. The sale price is 6% less than what the sellers had acquired the property for 21 months prior (Feb 2015 \$205.1M or \$671/SF). Broker Grant Yerke stated: "The reason it sold for less money is that it's one small piece in a much larger puzzle". At the time of sale the property was 2% vacant and traded at a 6.6% Cap Rate on actuals or 6.40% pro forma, with the high cap rates reflecting the low portfolio sale price. Asking rates at the time of sale were \$34-\$36/SF NNN + \$13.53/SF Exp = \$47.53-\$49.53/SF FS. Civica Office Commons consists of two Class A multi-tenant midrise buildings (6 & 8 stories) originally constructed in 1999-2001 and containing a net rentable area of 304,494 SF. Underground parking for 900 vehicles is provided. On-site amenities include restaurant, coffee shop, full service bank, fitness facility, concierge, conference room, and excellent views.
280	210	322505	9181	232,100	2834372	\$81,500,000	11/16/16	\$351	110 ATRIUM (Dist C)	1	Y	Lionstone Investments & Talon Private Capital acquired the 110 Atrium building (Trulia Center) from Walton Street Capital on 11/16/2016 for \$81,500,000 or \$351/SF in a fair market transaction. The 110 Atrium building is a 7-story Class A multi-tenant office midrise originally constructed in 1981 and exhibiting an effective year built of 1995. In 2013/2014 the property received a \$15M modernization that included the full demolition of all interior finishes, new tile flooring, new wood paneling, upgraded lighting, new HVAC, upgraded elevators, refinished restrooms, new exterior canopy, landscaping, lighting, and a new vestibule. Property amenities include conference facilities, fitness center, on-site management, on-site café, good views, and an atrium with break-out spaces and Wi-Fi. The property also features a good location in the edge of downtown Bellevue, within walking distance of all of the downtown amenities. Trulia/Market Leader occupies approximately 31% of the building on the top two floors while Constellation Web Services reportedly occupies nearly 33% of the building. The property was 14% vacant at the time of sale and traded at a 6.30% Cap Rate on actuals or 6.60% pro forma. Asking rates for vacant space was being offered at \$38-\$40/SF Full Service. A sublease was available at \$32/SF Full Service.
280	210	292505	9271	475,550	2839319	\$202,677,116	12/13/16	\$426	One Twelfth @ Twelfth	1	Y	Gemini Rosemont & Gemini Investments acquired the One Twelfth @ Twelfth campus from Principal Global Investors on 12/13/2016 for \$202,677,116 or \$426/SF in a fair market transaction. The One Twelfth @ Twelfth campus consists of three 6-story Class A multi-tenant office buildings above underground parking with 1,369-stalls. The property LEED Gold certified, offers excellent highway visibility, Cascade views, large & efficient floor plates, landscaped plazas, and close proximity to retail/restaurant amenities. The property was 2% vacant at the time of sale and traded at a 5.90% Cap Rate on in place income. The buyers were attracted to the property due to it being fully leased and generating a stable income as well as it being located in a desirable submarket that features "potential for capital appreciation due to its location and being in the path of growth." The buyers plan on make some smaller "smart capital" investments in the property including upgrading building amenities. BitTitan and VoiceBox Technologies recently leased a total of 127,400 SF. Asking rates for vacant space were \$26-\$27/SF NNN + \$10.29/SF Exp = \$36.29-\$37.29/SF Full Service.
280	210	149950	0010	371,363	2895739	\$313,000,000	10/18/17	\$843	Amazon - Everest Bldg (fmr Centre 4)	1	Y	Tristar Capital & RFR Holdings acquired the Centre 425 building from Schnitzer west on 10/18/2017 for \$313,000,000 or \$843/SF in a fair market transaction. Centre 425 is located in the Bellevue CBD and consists of a 16-story Class A single-tenant office tower with ground floor retail space and situated above a 698-stall parking garage. The 6,213 SF Bank of America branch located on the ground floor is a separately owned commercial condo unit. The improvements were constructed in 2016 with a net rentable area of 371,363 SF (excluding -0020). On-site amenities include the "425 Exchange" great room, rooftop conference center, training center, locker rooms, bike storage, outdoor deck, and a coffee shop. The property benefits from its central location within the Bellevue pedestrian core near the transit center as well as convenient freeway access. In April 2017 it was announced that Amazon had leased all of the office space. As a result, the property was 100% fully leased at the time of sale and traded at a 4.68% cap rate based on income in place or 4.90% pro forma. Detail of Amazon's lease are unknown however the office space was previously marketed for lease at \$35-\$39/SF NNN plus expenses at \$10.92/SF (\$45.92-\$49.92/SF Gross). Retail space was marketed at \$40/SF NNN + \$7.50/SF expenses.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	210	292505	9357 9048 9358	495,512	2900413	\$239,837,377	11/08/17	\$484	US Bank Plaza & Plaza Center	3	Y	KBS Strategic Opportunity REIT sold the Plaza Buildings as part of an 11-property, 3.2 million square foot office building portfolio sale to Keppel-KBS US REIT, a newly formed Singapore real estate investment trust for a total sale price of \$804 million. According to offering documents, the portfolio's average occupancy was 90%. The Plaza Building's allocated sale price was \$239,837,377 or \$489/SF, which is in line with the sale prices of other comparable properties and slightly below the offering's pre-sale valuation of \$243.9 million or \$492/SF. The Plaza Buildings consist of two Class A multi-tenant office towers (16 & 10 stories) originally constructed in 1978 with a combined net rentable area of 495,512 SF and situated on either side of a multi-story above & below-grade parking garage with 1,117-stalls. Recent improvements to the property include new exterior paint, new exterior lighting, new landscaping, new lobby finishes, upgraded elevators, and a new fitness center. Additional on-site amenities include a conference center, a bank branch, and a deli. The property was awarded LEED Gold certification. The owner has recently received land use approval to construct 20-story, 263-unit apartment tower in front of and cantilevered over the existing parking garage. It's unknown if these entitlements affected the sale price. The Plaza Buildings were approximately 10% vacant at the time of sale with asking rates of \$36-\$40/SF Full Service.
280	210	322505	9181	232,100	2957238	\$111,220,000	10/09/18	\$479	110 ATRIUM (Dist C)	1	Y	ScanlanKemperBard acquired the 110 Atrium building from Lionstone Investments on 10/9/18 for \$111,220,000 or \$479/SF in a fair market transaction. The property was 97% occupied and The sale price represents a 36% increase over the seller's prior acquisition price of \$81.5M (\$351/SF) in 11/2016, or an increase of 13% per year, however the property's occupancy has improved from 86%. The buyer's motivation was described as to "acquire a recently renovated, stabilized office building in the heart of Bellevue, Washington and capitalize on healthy initial cash-flow and strong projected rent growth." Lease agreements representing 70% of the building will be expiring over the next 36 months and the buyer "thought it was a really good time to lock up the space." The buyer plans minor improvements to the entrance and parking garage. Asking rates on vacant space are withheld however sublease space is being offered at \$35/SF Gross.
280	220	066287	0080	66,376	2805213	\$10,250,000	06/22/16	\$154	KOLL CENTER BELLEFIELD	1	N	AAA of Washington sold their former headquarters building to Onward Investors on 6/22/2016 for \$10,250,000 or \$154/SF. Marketing time was approximately 9 months. Due to several factors discussed in this note, this sale is not considered representative of the market. The former AAA HQ (renamed Mercer Pointe by the buyer) consists of a 3-story Class B lowrise office building located within the Bellefield Office Park. The property was 100% vacant at the time of sale due to the seller and sole tenant, AAA, having purchased and moved to a new building (One Newport building APN606763-0010 acquired 1/18/2016 for \$29,075,000 or \$325/SF E#2776975). The property was being marketed for lease at \$24/SF NNN + \$10.11/SF NNN Exp = \$34.11/SF FS. The property was sold as part of a reverse 1031 Exchange for the seller (see One Newport remark for up-leg). Under this scenario AAA faced a deadline of 180 days from when they purchased their replacement property (One Newport on 1/18/16) to close on the sale of the property they were replacing (subject sold almost exactly 6 months after the replacement was purchased) or be subject to tax penalties. As a result, the longer the subject sat on the market the higher the seller's motivation to sell became. In addition the listing broker reported that the subject had some environmental and deferred maintenance issues that also put downward pressure on the sale price. The buyer reported on their website that they 1) made an offer on the property, 2) the sellers requested additional money to close the deal, 3) the buyer refused and held firm on their offer, 4) time passed and other buyers made offers on the property but nothing closed, 5) sellers approached buyer to accept original offer so long as they could ensure closing by the 180-day deadline that the subject was under "their clock was ticking down" as put on their website). Finally, the broker reported that the sale occurred during a brief lull in the Eastside office market before Amazon announced their lease of Centre 425 and other big signings occurred. Combined, the listing broker stated that these factors influenced a low sale price for the subject property. The buyer has announced extensive building improvements that will include a renovated entrance, lobby areas, landscaping, and outdoor patio area.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	220	880300	0020 0010 0030 0040 0050 0060	330,497	2900408	\$131,068,993	11/08/17	\$397	BELLEVUE TECHNOLOGY CENTER	6	Y	KBS Strategic Opportunity REIT sold the Bellevue Technology Center as part of an 11-property, 3.2 million square foot office building portfolio sale to Keppel-KBS US REIT, a newly formed Singapore real estate investment trust for a total sale price of \$804 million. According to offering documents, the portfolio's average occupancy was 90%. The Bellevue Technology Center's allocated sale price was \$131,068,993 or \$397/SF, which is in line with the sale prices of other comparable properties and slightly below the offering's pre-sale valuation of \$133 million or \$402/SF. The Bellevue Technology Center consist of nine Class A and Class B multi-tenant office lowrises (2-3 stories) originally constructed between 1973 and 2000 with a combined net rentable area of 330,497 SF and situated 46-acres of park-like grounds. Parking is provided by ample surface parking as well as a 576-stall underground garage. Recent improvements to the property include an upgraded fitness center, conference facilities, a full-service cafe, and new parking area. The property benefits from its close proximity to the Microsoft campus as well as convenient freeway access. The campus was developed as a PUD and has been developed to the maximum allowed under this agreement. The property's former owner has applied to modify the PUD to allow for additional development on the site. The plan has faced considerable community opposition and thus far the city of Bellevue has recommended against allowing more development. It's unknown if whether this future development potential affected the sale price. The Bellevue Technology Center was approximately 10% vacant at the time of sale with asking rates of \$27/SF NNN + \$9.50/SF expenses (\$36.50/SF Gross).
280	220	066287	0080	71,329	2912407	\$26,700,000	01/26/18	\$374	MERCER POINTE at BELLEFIELD	1	Y	Nicola Crosby Real Estate acquired the Mercer Pointe building from Onward Investors on 1/26/2018 for \$26,700,000 or \$374/SF in a fair market transaction. Mercer Pointe, formerly AAA Washington Building, was acquired by the sellers in June 2016 for \$154/SF when it was 100% vacant. Onward subsequently invested in improving the building including remodeling the entry lobby and common areas, new exterior finishes, as well as adding on site fitness center, cafeteria and break room. The property was then leased to OfferUp in May 2017 as their new headquarters. As a result, the property was fully occupied at the time of sale and reportedly sold at around a 6.70% cap rate. The broker reported that the length of the lease and the credit-worthiness of the tenant were two (of many) factors that influenced the higher cap rate. The sale represents a 160% increase in value in about 1.5 years time compared to the prior acquisition price, without taking into account renovation costs.
280	230	697920	0050	193,454	2868571	\$35,497,500	06/02/17	\$183	PLAZA AT NORTH CREEK	1	Y	MRM Capital acquired the Plaza at North Creek from Blackstone on 6/2/2017 for \$35,547,500 (\$183/SF) in a fair market transaction. See note on prior sale on 7/15/2015 for improvements description. The property was 19% vacant at the time of sale and reportedly traded at a 7.75% cap rate on income in place. The property was asking \$19.50/SF NNN + \$7.50/SF exp = \$27/SF gross at the time of sale. The seller's broker advertised the subject as consistently out performing the Bothell submarket.
280	240	606763	0010	89,347	2776975	\$29,075,000	01/18/16	\$325	ONE NEWPORT	1	Y	AAA Washington acquired the One Newport building from Ivanhoe Cambridge on 1/18/2016 for \$29,075,000 or \$325/SF in a fair market transaction. The sale price was advertised as being below replacement cost. The property was formerly occupied by T-Mobile and the landlord had offered the building for sale or for lease at \$24/SF NNN with expenses at \$9.75/SF. AAA Washington purchased the property as a mostly owner/user as their headquarters. They plan to occupy 3 out of 4 floors (78.6%) and lease out the remaining 4th floor (21.4%). Renovations to building systems and technology are being undertaken by the purchaser prior to move in. The property was 100% vacant at the time of sale and no Cap Rate information is available. Attempts to contact buyer or seller brokers for further confirmation has thus far been unsuccessful.
280	240	813530	0060 0070 0080 0090 0100 0110	477,188	2788034	\$155,192,500	03/31/16	\$325	SUNSET RIDGE NORTH	6	Y	M-M Properties acquired the 3-building Sunset North campus from Beacon Capital on 3/31/2016 for \$155,192,500 (\$325/SF) in a fair market transaction. It should be noted that the broker press release regarding the sale stated the property is 464,062 SF, which is 13,056 SF smaller than current records of 477,118 which is the square footage stated in the current marketing flyer for the subject. The reason for the discrepancy is unknown. At 464,062 SF the property sold for \$334/SF. Sunset North is a 3-building, 5-story, Class A office park constructed in 1999 with accompanying 1,576 SF parking facility. Amenities include access control and on-site security, sweeping views of downtown Seattle skyline, plaza with seating areas, on-site fitness center and restaurant, LEED Silver certification. The property was 99% leased at the time of sale with Boeing occupying half or more of the space. No Cap Rate info was reported. The property's vacant space was being marketed for lease at \$25/SF NNN with expenses at \$9.51/SF = \$34.51/SF FS. Sale also included approx. 19.5 acres of land however it's not buildable.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	240	128360	0060	281,913	2790685	\$74,725,000	04/13/16	\$265	EASTGATE OFFICE PARK	1	Y	Beacon Capital sold the Eastgate Office Park to Kennedy-Wilson Properties on 4/13/2016 for \$74,725,000 (\$265/SF) in a fair market transaction. The property was marketed for approximately 3 months, was 14% vacant at the time of sale, and traded at a 7.00% Cap Rate on actuals or 7.40% pro forma. Asking rates were \$24/SF NNN + \$10.60/SF NNN Exp = \$34.60/SF FS. The property consists of three 3-story Class A/B multi-tenant lowrise office buildings and one 2-story amenity building containing 281,913 SF and situated in a 14-acre campus-style setting. Amenities include a fitness center with basketball/squash/racquetball courts, locker rooms with showers, conference facilities, on-site deli, park-like setting, and convenient access to I-90. In Feb. 2016 the subject's sellers petitioned the city of Bellevue to change the subject's zoning from O to OLB in order to facilitate partial redevelopment efforts at the property (proposal attached). This action is apparently still pending.
280	240	431980	0010 0020 0030 0040 0050 0060 0070	278,750	2826324	\$80,540,000	10/03/16	\$288	LINCOLN EXECUTIVE CENTER	5	Y	Miller Global Properties acquired the Lincoln Executive Center from Beacon Capital on 10/3/2016 for \$80,540,000 or \$288/SF in a fair market transaction. The Lincoln Executive Center is a 5-building Class B multi-tenant office campus. Buildings I, II, & III are 3 to 4-story office buildings while Buildings A & B are single story flex buildings. The combined net rentable area is 279,899 SF. The property was 3% vacant at the time of sale and traded at a 7.14% Cap Rate. The high Cap Rate is a result of near-term leasing and renovation costs. Vacant space in the 3 office buildings is marketed at \$23.50/SF NNN + \$10.67/SF Exp = \$34.17/SF Full Service. The two flex buildings are fully leased. 2016 operating expense estimates are: Bldg I - \$10.44/SF, Bldg II - \$10.66/SF, Bldg III - \$10.66/SF, Bldg A - \$5.96/SF, Bldg B - \$7.65/SF. Bldg A & B expenses are exclusive of janitorial, heating, and electrical charges.
280	240	128362	0010	141,590	2866226	\$46,500,000	05/24/17	\$328	Commons on 90 - formerly EASTGATE	1	Y	Lake Washington Partners acquired the Commons 90 office park from the Tennessee Consolidated Retirement System on 5/24/2017 for \$46,500,000 (\$328/SF) in a fair market transaction. The Commons 90 office park consists of two, 3-story Class A steel frame/concrete & masonry construction, low rise multi-tenant office buildings that were fully renovated in 2015. The property features 22,000 SF floor plates, abundant parking at 4.8/1,000 SF, on-site fitness center w/showers & lockers, bike storage, conference center, Avanti market, convenient freeway access, as well as an outdoor courtyard with fire pits. Building A is 100% occupied by REI while Building B had 9% vacancy. Overall vacancy at the time of sale was 4%, and the property reportedly traded at a 6.10% cap rate. The property is asking \$24.50/SF NNN + \$9.25/SF NNN exp = \$33.75/SF FS equivalent.
280	240	531510	0546	106,619	2875606	\$41,000,000	07/07/17	\$385	ISLAND CORPORATE CENTER	1	Y	Sterling Realty Organization acquired the Island Corporate Center from Walton Street Capital on 7/7/2014 for \$41,000,000 or \$385/SF in a fair market transaction. The property was marketed for 30 days prior to going under contract. The Island Corporate Center consists of a 6-story Class A multi-tenant office building that was originally constructed in 1987 with a total net rentable area of 106,619 SF. In 2013 the property underwent an approx. \$3.5M renovation that upgraded the lobby, common areas, and building amenities. On-site amenities include a cafe, fitness center, locker room w/showers, state-of-the-art conference center, and two-levels of secure underground parking. The property was reportedly 8% vacant at the time of sale and traded at a 7.00% cap rate based on income in place. Asking rents at the time of sale were \$34-\$38/SF Full Service.
280	240	112405	9015	90,725	2882077	\$20,000,000	08/08/17	\$220	I-90 Corporate Campus (Legacy I-90)	1	Y	Pine Forest Properties acquired the I-90 Corporate Campus from TA Realty on 8/8/2017 for \$20,000,000 (\$220/SF) in a fair market transaction. The I-90 Corporate Campus consists of two, 2-story Class B brick & glass exterior lowrise office buildings that were originally constructed in 1982 with a combined net rentable area of 90,725 SF. The acquisition is considered a Value Add investment with the buyer planning to invest significant capital in an extensive renovation and repositioning of the buildings. Marketing time was about 90 days. The property was 100% fully leased at the time of sale however the property's sole tenant, Research In Motion, lease expires in the middle of 2018. The property's new owner is marketing upcoming vacant space at \$25.50/SF NNN + \$9.82/SF Exp = \$35.32/SF gross.
280	240	112405	9015	90,725	2950144	\$28,025,000	08/30/18	\$309	I-90 Corporate Campus (Legacy I-90)	1	Y	RBT Realty LLC acquired the I-90 Corporate Campus from Pine Forest Properties on 8/30/2018 for \$28,025,000 or \$309/SF in a fair market partial owner/user transaction. The seller had acquired the property one year prior (8/8/2017 \$20M, \$220/SF) with the knowledge that the property would be soon be vacated and subsequently renovated the exteriors and made significant common area improvements to the property. The seller re-leased Building A however the property was approx 49% vacant with the buyer, doing business as Prime Electric, planning to occupy the vacant Building B. The sale price represents a 40% increase in value over the seller's acquisition cost of \$20M before accounting for renovation and leasing costs.

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	240	006000	0010	601,081	2917647	\$224,850,000	03/02/18	\$374	MICROSOFT ADVANTA - BLDG A	4	Y	The Shidler Group & related entity Terra Funding acquired the Advanta Office Commons and underlying land from JP Morgan on March 2nd, 2018 for a combined acquisition price of \$224,850,000 or \$374/SF. Shidler Group acquired the buildings for \$200M and Terra Funding, which is the philanthropic arm of Shidler Group, acquired the land for \$24.85M in a separate transaction (EH2917645). Advanta Office Commons consists of three, 7-story Class A single-tenant office buildings and an adjacent 8-story parking garage with parking for 1,158 which surround a landscaped outdoor plaza. Amenities include Great Room, on site conference center, digital media center, concierge, deli, fitness center, and outdoor amphitheater. The property was fully leased to Microsoft at the time of sale. On year earlier, MSFT announced that they had agreed to renew their lease at the subject for an additional 5-year term - about half as long as what would be considered typical. The sale price is 6.3% less than what the seller had paid for the property in July 2010 (\$399/SF). According to Kidder Mathews "The price differential is tied to the fact that Microsoft's lease for the three-building property was expiring in June 2018 and the rate negotiated for their recently signed 5-yearrenewal." The property reportedly traded at a 7.50% cap rate based on these factors.
280	250	282605 692840	9170 0010	95,234	2828528	\$51,438,000	10/16/16	\$540	EVERGREEN PLAZA MEDICAL OFFICES	2	N	Harrison Street Capital acquired the Evergreen Plaza medical office building from the Elizabeth A Lynn Trust on 10/13/2016 for \$51,438,000 or \$540/SF in an off-market complicated deal. The property was fully leased by a master lessee and at the time of sale there was 2% "sublease" vacancy. Vacant space was being offered at \$29/SF NNN + \$12.67/SF Exp = \$41.67/SF Gross. The Evergreen Plaza property is a 5-story Class A multi-tenant medical office building built in 2005 with a rentable area of 95,234 SF. Parking is provided in an adjacent 7-story parking garage. King County Hospital District 2, aka EvergreenHealth, held a master lease on 100% the property with a 1st right option to purchase. The seller received an unsolicited offer from an out of state buyer looking to establish a presence in the area. The offer triggered EvergreenHealth's option to match the purchase price. The seller gave EvergreenHealth permission to assign their purchase option to their capital partner, Harrison Street Capital, who then executed the purchase option and then re-master leased the property back to EvergreenHealth. Terms of this arrangement were not disclosed. Board minutes indicate EvergreenHealth retained options to acquire the property in the future in their new lease with Harrison Street.
280	250	246540	0080	70,019	2952263	\$39,240,000	09/07/18	\$560	LAKE WASHINGTON PARK	1	Y	Clarion Partners acquired Lake Washington Park from Sacramento Co Retirement System for \$39,240,000 or \$560/SF on 9/7/2018 in a fair market transaction. Lake Washington Park consists of a 4-story multi-tenant Class A office building that was originally constructed in 1986 with a net rentable area of 70,019 SF. The property benefits from its unobstructed Lake Wash views, exterior decks, close proximity to downtown Kirkland, as well as easy highway access. The property was 100% fully leased at the time of sale and traded at a 5.25% cap rate. Marketing materials indicate lobby upgrades were completed in 2017 with additional renovation planned for 2018. The top floor tenant is currently marketing their space for sublease at \$48/SF Full Service. There are some leases rolling over in 2019 and the buyer hopes to combine these spaces with the top-floor sublease in order to offer 3 contiguous floors with over 65,000 SF of space. The broker believes the property represents an attractive proposition for potential tenants give the size of the property and the relative lack of available inventory in surrounding areas. The space is being marketing at \$38-\$41/SF NNN + \$12.50/SF exp = \$50.50-\$53.50/SF Gross.
280	260	733805	0030	106,281	2784875	\$36,900,000	03/16/16	\$347	The Offices at Riverpark	1	Y	JMA Ventures sold the Offices at Riverpark to Colony Realty Partners on 2/16/2016 for \$36,900,000 (\$347/SF) in a fair market transaction. The property consists of a 5-story Class A multi-tenant office building that is part of the master-planned Riverpark development that also includes an apartment and hotel. The building is one of the only Class A office buildings in the downtown Redmond area. The property features LEED Silver certification, 22,000 SF floor plates, parking at 3/1,000SF, load factors of 9% single tenant and 12% multi-tenant, as well as a good location within walking distance of Redmond Town Center and near the site of a future light rail station. The property was reportedly 100% fully leased at the time of sale however Officespace.com indicated a 5% vacancy factor. The reported Cap Rate was 7.80% based on income in place. Lease rates are withheld however prior lease rates were advertised at \$24/SF NNN + \$9.11/SF NNN exp = \$33.11/SF Full Service
280	260	131830	0020	101,252	2797995	\$30,250,000	05/24/16	\$299	REDMOND TECHNOLOGY CENTER	1	Y	Ascentis Real Estate Partners & Transwestern acquired the Redmond Technology Center from Menlo Equities on May 24th, 2016 for \$30,250,000 or \$299/SF in a fair market transaction. The sale price is 90% above its prior sale price just 2 years prior after the seller completed upgrades at the property and brought vacancy from 90% down to 8% at the time of sale. The property reportedly traded at a 6.51% Cap Rate based on in place income. Brokers report office rents in the Redmond area increased around 15% over the last 2 years along with falling vacancy rates. The Redmond Technology Center building is a 5-story Class A multi-tenant office low rise with two levels of covered parking and LEED Gold certification. The buyer was attracted by the property's high building quality, strong rent roll, available garage parking, and proximity to retail/restaurants amenities. Vacant space was being offered at \$24/SF NNN + \$8.50/SF Exp = \$32.50/SF Full Service at the time of sale.

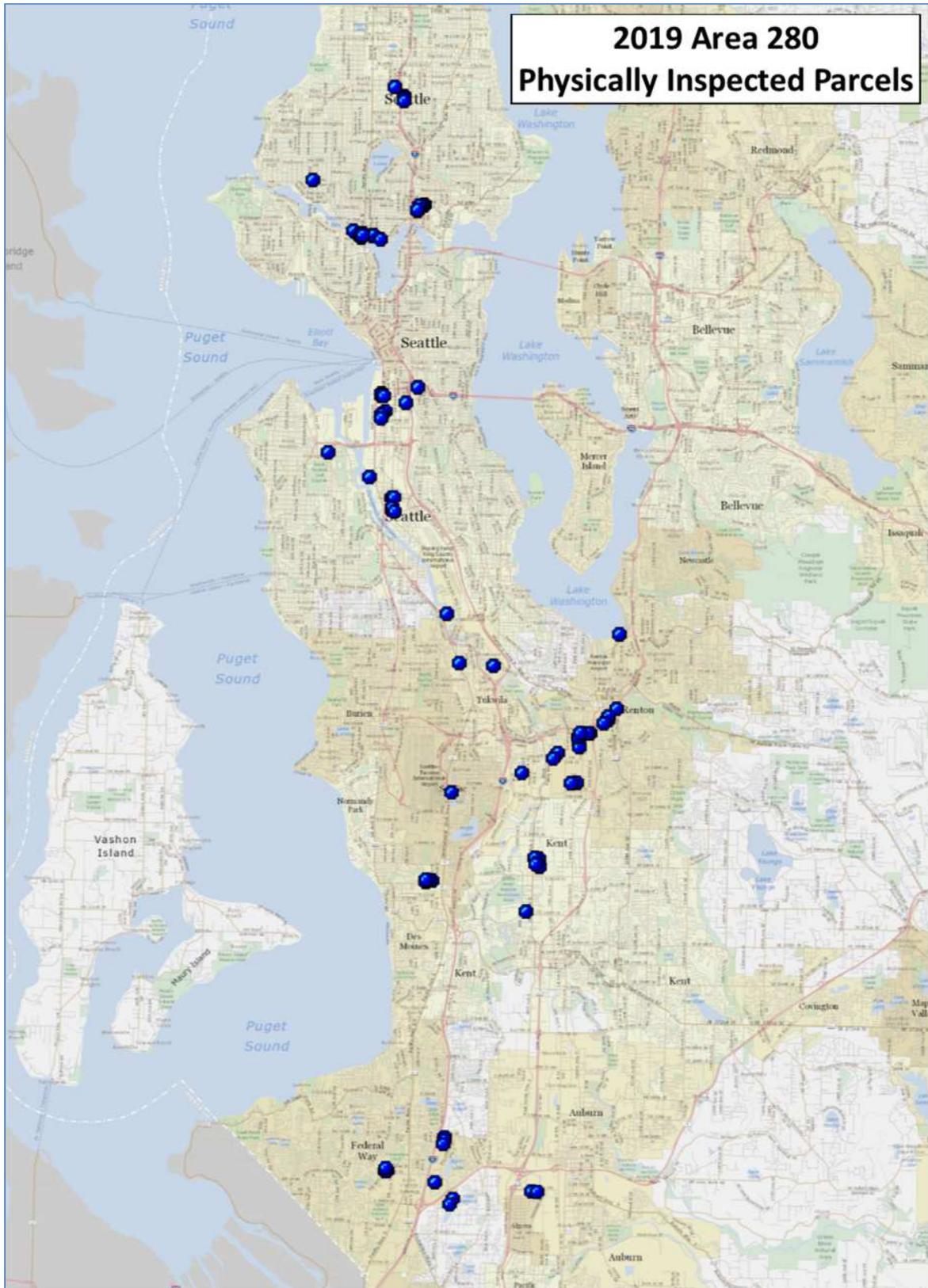
AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	260	131830	0020	101,252	2958265	\$37,642,201	10/19/18	\$372	REDMOND TECHNOLOGY CENTER	1	Y	Sterling Realty Organization acquired the Redmond Technology Center building from Transwestern Investment Group on 10/19/2018 for \$37,642,201 or \$372/SF in a fair market transaction. The 5-story Class A multi-tenant office lowrise was 7% vacant at the time and asking \$33.03/SF Gross (\$24/SF NNN + \$9.03/SF exp). No cap rate information was provided. The property was marketed as featuring rents that were 17% below market with staggered lease expirations over the next four years that will allow the new owner to take advantage of sharply rising rents. Redmond had become one of the tightest eastside office submarkets. The sale price represents a 24% increase over the seller's acquisition cost of \$30,250,000 (\$299/SF) in May 2016, a rate of 10.2%/year.
280	260	720241	0100 0150	582,373	2937211	\$268,388,891	06/19/18	\$461	REDMOND TOWN CENTER	2	Y	Invesco acquired the Redmond Town Center office buildings from Shorestein Properties on 6/19/2018 for \$268,388,891 or \$461/SF in a fair market transaction. The property consists of six, 3-5 story, Class A lowrise office buildings and two multi-story parking structures that were originally constructed in 1997 and contain a total net rentable area of 582,373 SF. The offices are part of the larger 1.3 million square foot Redmond Town Center mixed-use lifestyle center. The property was 100% fully leased to Microsoft and AT&T. Microsoft occupies 3 buildings and recently leased a 4th building after AT&T declined to renew their lease for that building. Microsoft's leases in the other buildings were reported to have been recently renewed on a long term basis. The building AT&T vacated and MSFT leased, Building 3, was being marketed for lease at \$28.00/SF NNN + \$10.03/SF Exp = \$38.03/SF Gross (marketing flyer attached). The previous owner had been planning to renovate Building 3's entry ways, common areas and main lobby. No cap rate information was reported.

**NORTHEND SALES**

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	300	408330	6985	213,566	2885752	\$157,825,000	08/28/17	\$739	NorthEdge (Tableau)	1	Y	Clarion Partners acquired the NorthEdge building from Touchstone & AIG Global Investment Group on 8/28/2017 for \$157,825,000 or \$739/SF in a fair market transaction. The NorthEdge property consists of a newly built 4-story Class A single-tenant office lowrise with ground floor retail space and underground parking with 312-stalls. The improvements were constructed in 2016 and contain a net rentable area of 213,566 SF. The property benefits from its location on the north end of Lake Union which provides unobstructed views as well as easy access to the Burke-Gilman Trail and Gas Works Park. In July 2015 Tableau announced that it had leased all of the office space in the property which was under construction at that point. Tableau's lease term is 11-years at an initial lease rate is \$36/SF NNN increasing to \$47/SF NNN at the end of the term. Tableau also has two, 7-year options to extend. Retail space is leased at \$32/SF NNN. The property was 100% leased at the time of sale and traded at a 4.90% cap rate based on income in place at the time of sale or a 5.00% pro forma cap rate.
280	300	182504	9072 9075 9088 9132	131,968	2959561	\$79,250,000	10/29/18	\$601	STONE34 - BROOKS HQ	4	Y	Partners Group and Unico Properties acquired the Stone 34 building from a joint venture of Unico Properties and Laird Norton on 10/29/2018 for \$79,250,000 or \$601/SF in a fair market, though not entirely arm's length, transaction for the leasehold interest in the property (subject to a ground lease). In essence, Unico Properties retained their ownership stake in the property while Laird Norton sold their stake to Partners Group. Unico will also continue to manage the property. Stone 34 consists of a 5-story Class A single-tenant office midrise that was originally constructed in 2013 with 131,968 SF of NRA. The sale price is 12% higher than the prior sale price of \$70,877,827 (\$537) in October 2014, or 3.1%/year. The property was 100% fully leased on the date of sale and traded at a 5.35% cap rate on income in place.

## SOUTHEND SALES

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	F #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	400	926500	0060	112,630	2844953	\$15,650,000	01/18/17	\$139	EVERGREEN CORPORATE CENTER	3	Y	HomeStreet Bank acquired the Evergreen Corporate Center property from LBA Realty on 1/18/2017 for \$15,650,000 (\$139/SF) in a off-market owner/user transaction. Despite these factors, the sale price is in line with other southend sales and therefore the transaction has been coded as at market. The property was originally developed in 1979 as Weyerhaeuser West Campus and consists of a two-story Class A/B multi-tenant office building that was recently renovated. It has previously been used as a data center. The lower floor features grade level and partial dock height loading doors. The property was 100% leased at the time of sale. HomeStreet Bank reportedly occupied approx 60,000 SF (53% of the building) and intends to occupy the remaining space as leases expire for their own use. The property was most recently offered for lease at \$15/SF NNN + \$7.25/SF NNN expenses (~\$22.25/SF FS equiv).
280	410	012204	9012	218,585	2775881	\$26,490,000	01/13/16	\$121	CenterPoint Corporate Park - Creekside	1	Y	Manashe Properties out of Portland acquired the Creeksides at Centerpoint from Unico Properties in an off-market transaction on 1/13/2016 for \$26,490,000 or \$121/SF. The property was not actively marketed prior to sale, the listing broker approached the buyers directly. This fact may have influenced a lower sale price. The property was 80% occupied when it went under contract, however the buyer took over leasing/managing the property while it was under contract and was able to bring occupancy up to 90% by the time the sale closed. The buyer reported NOI at the time of sale was around \$2 M, indicating the property sold at around a 7.55% Cap Rate. Asking rents at the time of sale were \$22/SF Full Service The subject is a three-building Class A office campus which includes conference center facilities, on-site child care center, restaurant, fitness center, ample 4/1,000 SF parking, and good connections to transit and commuting routes. The buyer was attracted to the property's tenant mix, campus feel, and location. The buyer did not report an unusual conditions with the sale or property. Efforts to contact the listing broker have thus far been unsuccessful.
280	420	125381	0020 0055	324,287	2840273	\$54,500,000	12/15/16	\$168	TIME SQUARE OFFICE PARK	2	Y	Greenbridge Investment Partners acquired the Time Square office park from LBA Realty on 12/15/2016 for \$54,500,000 or \$168/SF in a fair market transaction. Time Square is a 5-building Class A multi-tenant suburban office campus that includes a fitness center with locker rooms & showers, a conference center with A/V capabilities, an on-site cafe, a 4/1,000 SF parking ratio, and easy access to I-405/SR-167/I-5. The campus was reportedly about 10% vacant at the time of sale. No Cap Rate info was provided. Vacant space marketed at \$18/SF NNN + \$8/SF Exp = \$26/SF FS.
280	420	262304	9144	18,551	2878926	\$3,610,000	07/24/17	\$195	SOUTHCENTER CORPORATE SQUARE - Bldg 360	1	N	Building 360 of the Southcenter Corporate Square (now called Seattle South Business Square) was acquired by its existing tenant, Culinex, in a 100% owner/user transaction on 7/24/2017 for \$3,610,000 (\$195/SF). The sale price is not considered reflective of fair market value. The buyer approached the seller off-market and appears to have paid a premium in order to acquire the building they had been leasing. The remaining 10 buildings in the Southcenter Corporate Square were later acquired by a different buyer less than 3 months later on 10/19/2017 for \$19,500,000 (\$102/SF).
280	420	262304	9143 870022 0010 0030	192,204	2896134	\$19,500,000	10/19/17	\$101	SOUTHCENTER CORPORATE SQUARE	3	Y	Lee & Associates (Omar Lee) acquired the Southcenter Corporate Square campus from Pacific Coast Capital Partners on 10/19/2017 for \$19,500,000 (\$101/SF) in what appears to be a fair market transaction albeit on the low end of observed sale prices. Southcenter Corporate Square (since renamed Seattle South Business Square) consists of ten, 2-story Class B office buildings with a combined net rentable area of 192,204 SF. An 11th building was sold off individually on 7/24/2017 for \$3,610,000 or \$195/SF in an owner/user sale to the existing tenant (E#2878926). The buildings involved in this transaction were 16% vacant at the time of sale with asking rates of \$23/SF Full Service.
280	440	536720	0610 0620 0875 0890	228,137	2946537	\$64,925,000	08/02/18	\$285	BENAROYA 6100	4	Y	Trupanion acquired the Benaroya 6100 building from Benaroya Capital on 8/2/2018 for \$64,925,000 or \$285/SF in a fair market partial owner/user acquisition. The property consists of 5-story Class A multi-tenant office building that was originally built in 1975 and recently renovated. The buyer, Trupanion, occupied approximately 40% of the building as a tenant under a 10-year lease agreement that began in 2015. The sale was reportedly the result of exercising a lease option and the sale price was based on a recent third-party appraisal. The property was 100% fully occupied at the time of sale with tenants in addition to the buyer (Sur La Table, Aero TEC). The property reportedly traded at a 6.00% cap rate. According to the Seattle Times, the purchase is unique in that Trupanion's insurance entity will take over ownership of parts of the building "freeing up additional cash for Trupanion (regulations require the insurance entity to hold a certain amount of funds, and owning part of the building would help satisfy those requirements.)" so the purchase is anticipated to reduce Trupanion's ongoing fixed expenses.



# USPAP Compliance

## Client and Intended Use of the Appraisal:

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

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

## Definition and date of value estimate:

### Market Value

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

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

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

### Highest and Best Use

#### RCW 84.40.030

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

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

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

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

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

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

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

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

**Date of Value Estimate**

**RCW 84.36.005**

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

**RCW 36.21.080**

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

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

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

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

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

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

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

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

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

### **The Dictionary of Real Estate Appraisal, 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.*
- *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: 2016-2018 Revalue. Any and all activities required under the Certificate of Appointment dated December 5<sup>th</sup>, 2011 under sworn oath appointing the below signed appraiser to the position of true and lawful deputy in the Office of the King County Assessor, and authorized by the State of Washington, Department of Revenue under a Certificate of Accreditation. To Wit: all duties, responsibilities, and services associated with the position description of Commercial Appraiser II in the management and valuation of Commercial Area 280. Such duties, responsibilities and services include, but are not limited to physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time and to be determined significant or otherwise during the fulfillment of position requirements, and are made part of each real property parcel, is a matter of public record and this certification by reference.*

6/12/2018

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Andrew Murray  
Commercial Appraiser II

Date

# Area 280 Offices

## Ratio Study Report

### PRE-REVALUE RATIO ANALYSIS

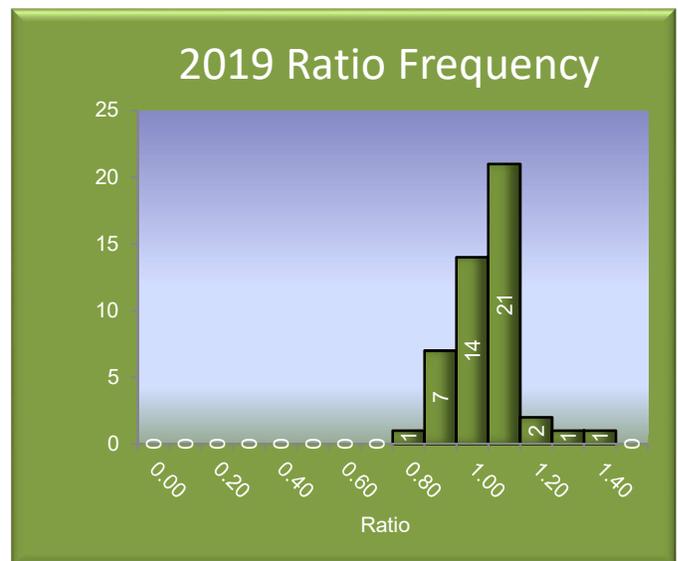
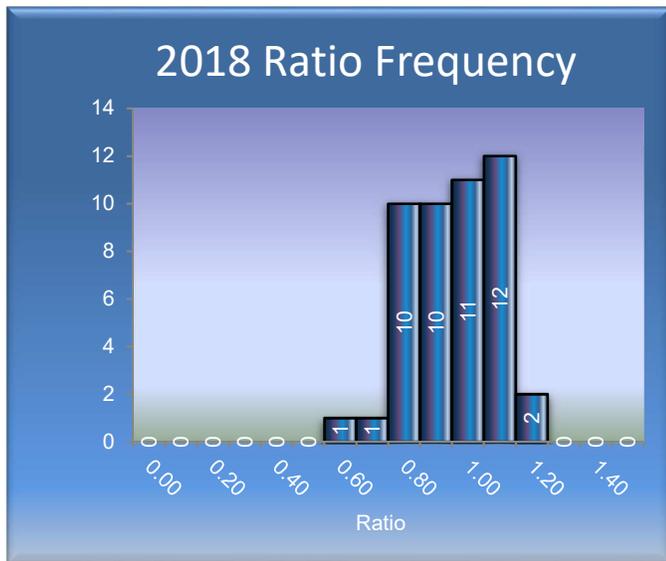
Pre-revalue ratio analysis compares sales from 2016 through 2018 in relation to the previous assessed value as of 1/1/2018.

PRE-REVALUE RATIO SAMPLE STATISTICS	
<b>Sample size (n)</b>	47
<b>Mean Assessed Value</b>	110,581,700
<b>Mean Adj. Sales Price</b>	129,130,800
<b>Standard Deviation AV</b>	90,717,227
<b>Standard Deviation SP</b>	114,536,828
ASSESSMENT LEVEL	
<b>Arithmetic Mean Ratio</b>	0.894
<b>Median Ratio</b>	0.908
<b>Weighted Mean Ratio</b>	0.856
UNIFORMITY	
<b>Lowest ratio</b>	0.5527
<b>Highest ratio:</b>	1.1701
<b>Coefficient of Dispersion</b>	12.39%
<b>Standard Deviation</b>	0.1331
<b>Coefficient of Variation</b>	14.90%
<b>Price Related Differential (PRD)</b>	1.04

### POST-REVALUE RATIO ANALYSIS

Post revalue ratio analysis compares sales from 2016 through 2018 and reflects the assessment level after the property has been revalued to 1/1/2019.

POST REVALUE RATIO SAMPLE STATISTICS	
<b>Sample size (n)</b>	47
<b>Mean Assessed Value</b>	126,513,000
<b>Mean Sales Price</b>	129,130,800
<b>Standard Deviation AV</b>	107,781,544
<b>Standard Deviation SP</b>	114,536,828
ASSESSMENT LEVEL	
<b>Arithmetic Mean Ratio</b>	1.000
<b>Median Ratio</b>	1.010
<b>Weighted Mean Ratio</b>	0.980
UNIFORMITY	
<b>Lowest ratio</b>	0.7493
<b>Highest ratio:</b>	1.3282
<b>Coefficient of Dispersion</b>	8.08%
<b>Standard Deviation</b>	0.1074
<b>Coefficient of Variation</b>	10.74%
<b>Price Related Differential (PRD)</b>	1.02



2019 Physical Inspection Parcels			
Major	Minor	PropName	SitusAddress
012204	9012	CenterPoint Corporate Park - Creekside	20415 72ND AVE S
012204	9110	CenterPoint Corporate Park - Atrium	6811 S 204TH ST
030150	0120	Auburn Corporate Center - Bldg I	1102 15TH ST SW
030150	0160	Auburn Corporate Center Building II	1002 15TH ST SW
042304	9190	Riverfront Technical Park	2811 S 102ND ST
082305	9216	SOUTHPORT OFFICE CAMPUS	1103 LAKE WASHINGTON BLVD N
088670	0100	Kaiser Permanente Campus - Longacres	1300 SW 27TH ST
088670	0270	Kaiser Permanente Campus - Longacres	2715 NACHES AVE SW
092204	9263	FAA - Northwest Mountain Regional HQ p	No Situs Address
092204	9283	FAA - Northwest Mountain Regional HQ p	No Situs Address
092204	9414	FAA - Northwest Mountain Regional HQ p	No Situs Address
092204	9415	FAA - Northwest Mountain Region HQ	2200 S 216TH ST
114200	0280	UW PLAZA TOWER (formerly Safeco Tow	4333 BROOKLYN AVE NE
114200	0290	UW PLAZA MIDRISE BUILDINGS	4310 12TH AVE NE
114200	0425	UW PLAZA GARAGE	4317 12TH AVE NE
114200	0530	ROOSEVELT COMMONS - Bldg B: Univ.	4311 11TH AVE NE
114200	0550	ROOSEVELT COMMONS Bldg A: Seattle	4300 ROOSEVELT WAY NE
114500	0200	UW MEDICAL CENTER - 4225 ROOSEV	4225 ROOSEVELT WAY NE
114500	0310	UW MEDICAL CENTER ROOSEVELT	4245 ROOSEVELT WAY NE
125381	0020	TIME SQUARE OFFICE PARK	500 SW 39TH ST
125381	0055	TIME SQUARE OFFICE PARK, BLDG 80	800 SW 39TH ST
142204	9001	RECREATIONAL EQUIPMENT INC	6750 S 228TH ST
172305	9023	Renton City Hall	1055 S GRADY WAY
182504	9072	STONE34 - BROOKS HQ - OTHER PAR	3400 STONE WAY N
182504	9075	STONE34 (IMP DATA ON -9072)	1311 N 35TH ST
182504	9088	STONE34 (IMP DATA ON -9072)	N 34TH ST
182504	9132	STONE34 (IMP DATA ON -9072)	No Situs Address
182504	9147	PARK VIEW BUILDING	601 N 34TH ST
189570	0010	CenterPoint Corporate Park - Cascade Td	20819 72ND AVE S
189570	0030	CenterPoint Corporate Park - Cascade Td	20829 72ND AVE S
192305	9001	TRITON TOWER TWO	700 S RENTON VILLAGE PL
192305	9013	SOUTHGATE OFFICE PLAZA II	2001 LIND AVE SW
192305	9023	TRITON TOWER THREE	707 S GRADY WAY
192305	9076	SOUTHGATE OFFICE PLAZA I	2201 LIND AVE SW
197220	2710	Data 1 Building - Tableau	744 N 34TH ST
197220	2730	FREMONT OFFICE BUILDING (Tableau)	744 N 34TH ST
197220	3220	THE BURKE BLDG	436 N 34TH ST
197320	0385	FREMONT LAKE UNION CENTER - ADC	801 N 34TH ST
197320	0387	FREMONT LAKE UNION CENTER - PLA	701 N 34TH ST
197320	0389	FREMONT LAKEVIEW	801 N 34TH ST