

Commercial Revalue

2018 Assessment roll

**GOLF
COURSES
AREA 343**

**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. The following are target CODs we employ based on standards set by IAAO:

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

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

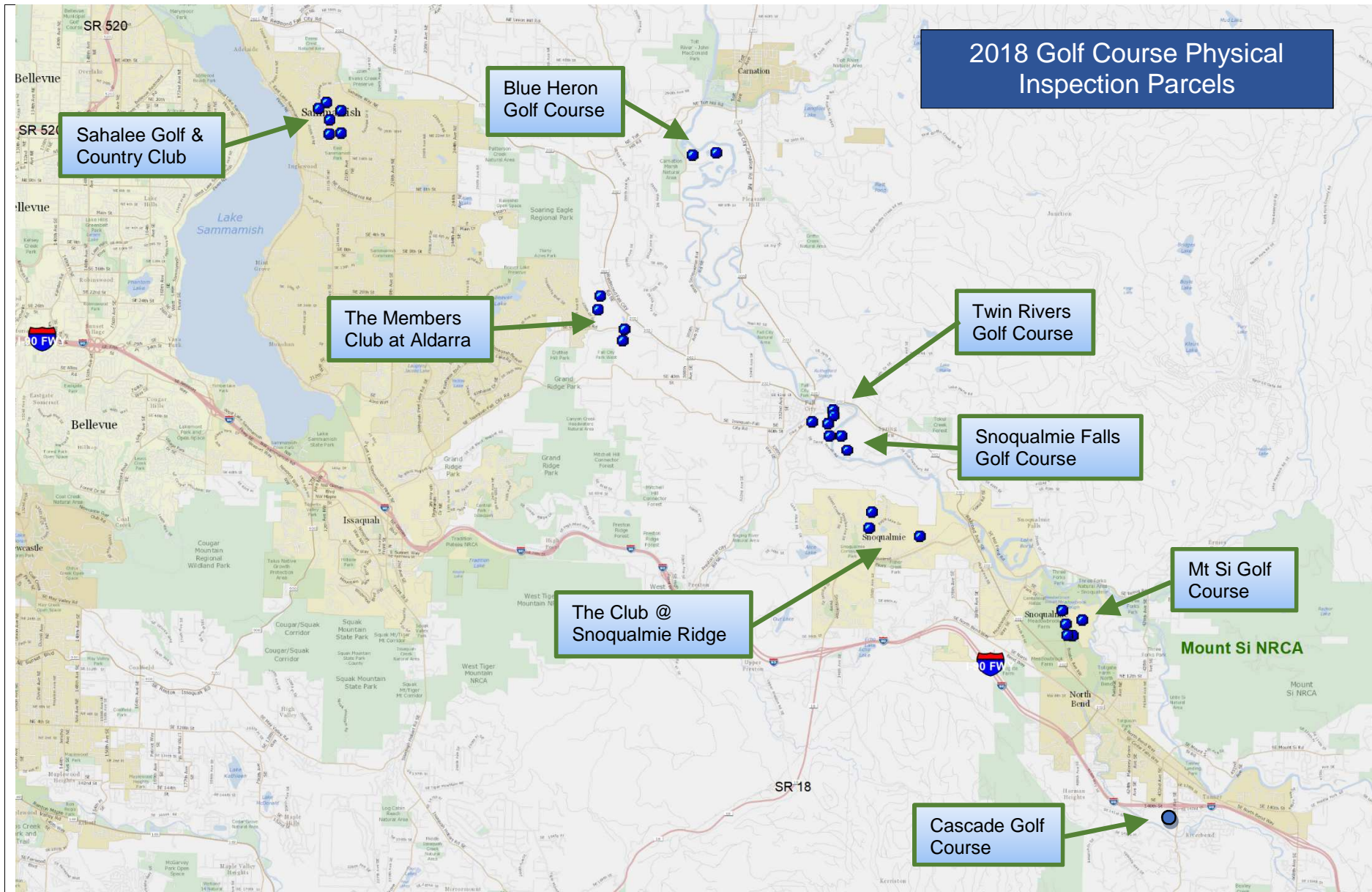
More results of the statistical testing process are found within the attached area report.

Requirements of State Law

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

Appraisal Area Reports

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



The information included on this map has been compiled by King County staff from a variety of sources and is subject to change without notice. King County makes no representation or warranties, express or implied, as to the accuracy, completeness, timeliness, or rights to the use of such information. King County shall not be liable for any general, special, indirect, incidental, or consequential damages including, but not limited to, lost revenues or lost profits resulting from the use or misuse of the information contained on this map. Any sale of this map or information on this map is prohibited except by written permission of King County.

2018 Revalue Report

Specialty Area 343: Golf Courses



King County Department of Assessments



King County

Executive Summary Report

Appraisal Date

January 1, 2018 for the 2018 Assessment Year (2019 Tax Roll Year)

Specialty

- King County Golf Courses

Physical Inspection

- East King County

Sales Summary

- Number of Market Sales in King County that represent Golf Course Value: Zero

Sales - Improved Ratio Study

No ratio study was performed for Golf Course properties. The market for these properties is limited. There is an absence of sales data necessary to measure assessment levels and statistics.

Population - Parcel Summary Data

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2017 Value	\$480,138,500	\$134,750,400	\$614,888,900
2018 Value	\$569,959,500	\$126,373,400	\$696,332,900
% Change	18.71%	-6.22%	13.25%

Number of Parcels in the Population: 227

*The land values are prior to application of any Open Space exemptions under the Public Benefit Rating System.

Conclusion and Recommendation

The values recommended in this report improve uniformity of values. We recommend posting them for the 2018 Assessment Year.

Identification of the Area

Name or Designation

- Specialty Area 343, Golf Courses

Boundaries

All of King County.

Maps

General maps of the area are included at the beginning of this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Overview

Property Description

The golf course specialty includes all golf course properties and one driving range located within King County. There are four basic segments of the golf course market, as defined by the Appraisal Institute¹. The segmentation generally groups courses by access (who can play them). Not all courses are available to be played by all golfers. Some are private clubs, some restrict access in other ways or give preferential treatment to certain golfers over others. The following segments of the market are defined as:

- **Public Courses** – A golf course that is open to the general public on a daily fee basis. These are the simplest of courses and are designed to accommodate heavy daily play. They tend to be flat and have few rough areas where balls could be lost. Development and operating costs are lower due to concentrated irrigation systems, easily mowed grounds, reduced landscape maintenance, and few course obstacles. Fairways tend to be wider and course lengths shorter. There are two main sub-types of public courses:
 - Municipal Courses – owned by a city or county and run for the benefit of the local citizens.
 - Daily-Fee Courses – open to everyone, but privately owned and generally more upscale and, therefore, more expensive than municipal courses.

¹ Golf Property Analysis and Valuation, A Modern Approach. Laurence A. Hirsh, MAI, CRE, SGA. 2016

- **Resort Courses** – A golf course that is part of a resort property, typically including a large luxurious hotel, perhaps a spa and multiple restaurants. Resort courses are typically the most complicated courses. They are designed to appeal to serious golfers and serve as a marketing tool to attract tourist and convention business to the course or residents to a related housing development. Resort courses have memorable holes, scenic beauty, “signature” designers, and a variety of hazards. They typically have high construction and maintenance costs. Most resort courses are technically public, but many restrict access by requiring that you stay at the resort in order to play its golf course(s).
- **Private Clubs** - A golf course that is only open to golfers willing to pay a membership fee to join the club. The costs associated with joining a club can vary widely, with the most expensive costing hundreds of thousands of dollars to join. Additional costs to membership may include food and beverage minimums, annual fees, and special assessments. Private clubs typically have between 200 and 500 members per 18 holes. At most clubs, however, non-members are allowed to play as guests of a member. The courses are designed to appeal to a wide range of golfers, but they are typically more difficult than public courses. The level of play is less intensive and social interaction is emphasized more at private clubs so playing time is a less important consideration. Many newer clubs are associated with a residential development and are designed to maximize golf course frontages or views.
- **Semi-Private Courses** – A semi-private course is one that both sells memberships and allows non-members to play on a daily fee basis. Those purchasing memberships might receive preferential tee times and discounted green fees, or access to other club amenities or perks.

Within these four segments there are also numerous subcategories to consider. Golf courses can be further categorized by size, or by style.

Golf Course Types by Size: Grouping courses by size considers both the number of holes and the type of holes. The following categories exist:

- **18-Hole Course** – The 18-hole course, comprised of mostly par-4 holes with a mix of par-3 holes and par-5 holes is considered the standard golf course. When the generic term “golf course” is used, this is what is commonly thought of.
- **9-Hole Course** – A 9-hole course is exactly that, a golf course with mostly par-4 holes plus a few par-3 and par-5 holes, but only nine holes in total.
- **Executive Course** – An executive course can have either 9 or 18 holes, but will always be shorter and therefore, quicker to play than a regulation course with the same number of holes. The course will include more par-3 holes and fewer par-4 and par-5 holes. The goal is to allow golfers to finish a round in less time.
- **Par-3 Course** – A par-3 course is one on which all the holes are par-3 holes. A par-3 course will be shorter in length than an executive course, and faster still to play.

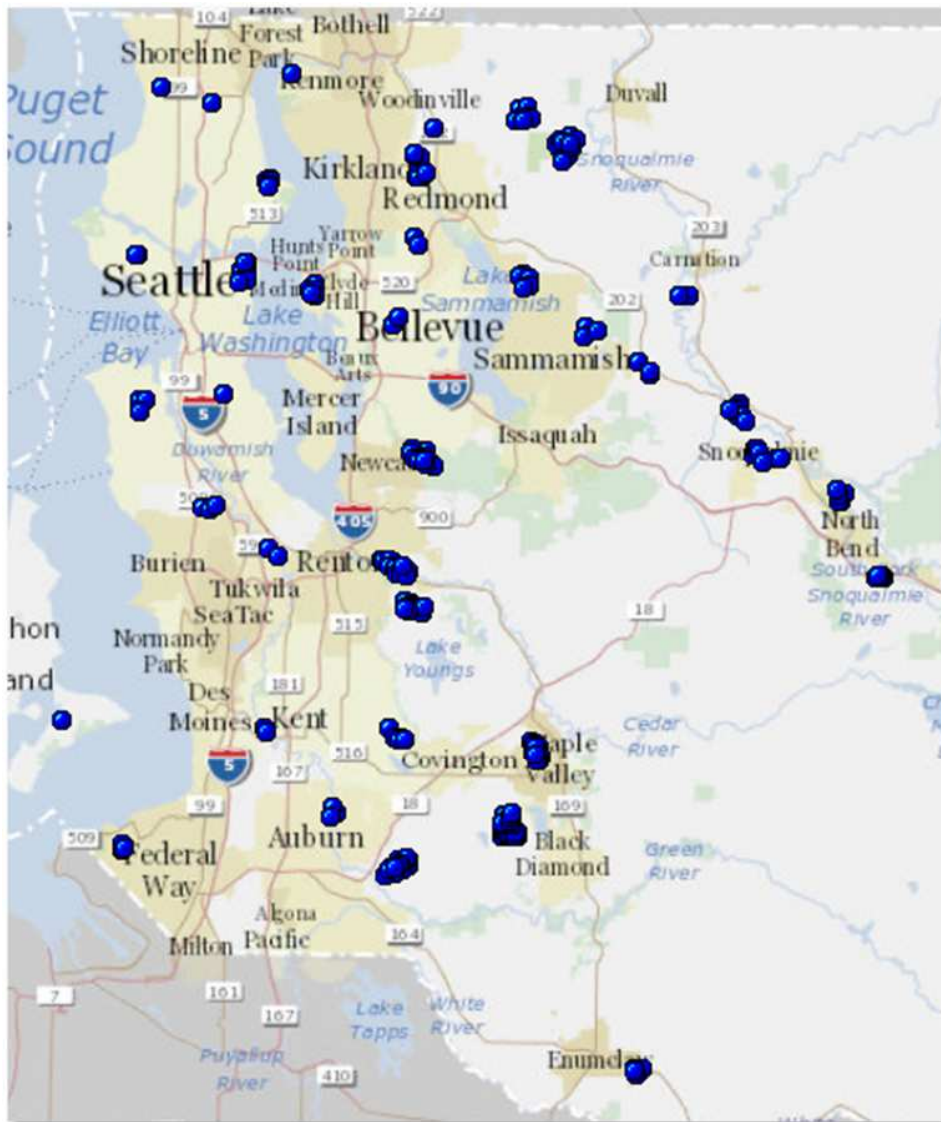
- **Approach Course** – An approach course is even shorter than a par-3 course, one that is designed to allow golfers to practice pitching and chipping, or intended for use by beginners. Holes on approach courses might include some holes of around 100 yards in length, but most will be shorter, some even just 30 or 40 yards. The courses are also called “pitch and putt” as the golfer generally drops a ball, pitches it to the green, and putts out.

Golf Course Styles: Golf courses can also be grouped by geographical setting or architectural elements of their design. These are often one and the same, as courses are often designed to fit their natural surroundings. The following styles of courses are defined by the industry:

- **Links Courses** – A links course is one built on sandy coastline that is open to the wind with few or no trees, but with plenty of tall coastal grasses. Links courses generally feature large, slow greens and firm, fast fairways; the rough and even the fairways might not have irrigation systems. The courses often have large and deep bunkers. The very first golf courses were links courses developed in Scotland.
- **Parkland Courses** – A parkland course is one that is lushly manicured with well-kept fairways, thick rough and fast greens. Courses have plenty of trees, and are typically located inland. This is the most common type of course in the United States and the most common in King County.
- **Heathland Courses** – A heathland course is an inland course that features gentle, rolling fairways winding through a landscape full of bushes and shrubs. Heathland courses may be best described as midway between a links course and a parkland course. Several courses in King County are considered heathland courses.
- **Desert Courses** – A desert course is situated in a desert environment and requires extensive watering. They are an oasis in the middle of sand. These courses are found mainly in the southwestern United States, although there are courses found in Eastern Washington that would qualify as desert courses.
- **Mountain Courses** – Mountain courses are found in mountainous areas and feature dramatic changes in elevation, which can make them difficult to navigate. These courses have challenges in maintenance and may have shorter seasons due to seasonal changes.

Area Description

Golf Course properties are located throughout King County. Golf courses in urban areas are either municipal courses or well-established private clubs. Privately-owned public courses are located in outlying suburban locations where land is more affordable, or in locations where wetlands or flooding would prevent subdivision development. A map of all King County golf courses is found on the following page.



Golf Course Market Conditions

Golf is a \$70 billion dollar industry worldwide. The sport impacts roughly 2 million American jobs with \$55.6 billion in annual wage income. During 2017, 23.8 million Americans played 469 million rounds at the nation’s 15,000 plus facilities.

The past 20 years have seen dramatic swings in golf course supply and demand. After substantial increases in participation in the 1980’s and 1990’s and a corresponding increase in the supply of golf courses, the industry has seen contraction in the form of course closures. According to the

National Golf Foundation (NGF), the national supply of golf courses grew by roughly 40% between 1986 and 2005. Since 2006, however, supply has decreased by slightly less than 4%.

Although the period right around 2008-2009 was the high-water mark for U.S. golf course supply, it was clear as early as 2000-2002 that many golf markets were oversupplied and clubs began to experience membership decline and decreased rounds of play. National golf participation has declined from a high of nearly 30 million in 2003 to closer to 25 million in 2011, and has remained near that level since that time. Despite the decline, the NGF reports that those most committed to the game have continued to play at a substantial rate. The average number of rounds per golfer per year increased from 16.2 to 18.8 between 2003 and 2015.

Most observers in the industry feel that the golf course market bottomed-out at the start of 2016 and numerous buyers started seeking acquisitions. The year 2017 was all about stabilization. For the first time since the recession the golf industry has shown improvement, with significant stabilization and some modest growth. The biggest industry trend moving forward into 2018 is determining how that modest growth can be sustained.

A big theme throughout 2017 revolved around whether more golfers can be attracted to the game. There is evidence now that younger players and a more diverse set of people are taking up the game of golf. One challenge now for the golf industry is pivoting their focus towards these younger players and the family centric behaviors that are emerging. Another challenge for the industry is keeping new players engaged. Historically, the industry has not done a great job of retaining new players. According to the NGF, people who stop playing golf cite reasons including that the game is too costly, difficult, time-consuming, complicated, and traditional. The golf industry is attempting to address these concerns with several innovations, many of which involve capital improvements to existing courses and clubs.

Several golf clubs in King County have already shifted their marketing focus to a younger, family-friendly demographic and have seen much success. The strong employment in the tech sector in King County has also bolstered private club membership on the east side of the county. Private clubs cater to these younger players and families, with health club facilities, swimming pools and numerous family activities throughout the year.

Overall the industry seems to have reached a tipping point: While golf is known as a game of traditions, many of these traditions and rigid customs are eschewed by millennials and younger people that are the future of the game. Course owners must individually debate how much tradition to maintain while appealing to younger generations.

Analysis Process

Effective Date of Appraisal: January 1, 2018

Date of Appraisal Report: June 1, 2018

Responsible Appraiser: The following appraiser completed the valuation of this specialty:

Highest and Best Use Analysis

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.

As if vacant: Market analysis of the area, together with current zoning, current and anticipated use patterns, indicate the highest and best use of the land. The highest and best use of a property must be reasonably probable, legally permissible, physically possible, financially feasible and maximally productive.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing improvements 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. We find that 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.

Interim Use: In some instances a property's highest and best use may change in the foreseeable future. A tract of land at the edge of a city might not be ready for immediate development, but

current growth trends may suggest that the land should be developed in a few years. Similarly, there may not be enough demand for office space to justify the construction of a multistory office building at the present time, but increased demand may be expected within five years. In such situations, the immediate development of the site or conversion of the improved property to its future highest and best use is usually not financially feasible.

The use to which the site is put until it is ready for its future highest and best use is called an interim use. Thus, interim uses are current highest and best uses that are likely to change in a relatively short time.

Standards and Measurement of Data Accuracy

Sales were verified with the buyer and/or seller. Current data was verified and corrected via field inspection.

Special Assumptions, Departures and Limiting Conditions

The sales comparison and cost approaches to value were considered for this mass appraisal valuation.

- Large acreage sales from 1/2015 to 12/2017 were considered in the analysis of the golf course land, as vacant.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 5 & 6

Scope of Data

Physical Inspection Identification

WAC 458-07-015 requires each property to be physically inspected at least once during a 6 year revaluation cycle. At a minimum, an exterior observation of the properties is made to verify the accuracy and completeness of property characteristic data that affect value. Property records are updated in accordance with the findings of the physical inspection. Eight golf courses were physically inspected for the 2018 assessment year or 21% of the 38 total courses. The inspection comprised 35 parcels, or approximately 15% of the 227 total parcels located in the specialty. A list of the physically inspected parcels and an identifying map are included in the addendum of this report.

The following golf courses were inspected for the 2018 assessment year:

- Blue Heron Golf Course
- Twin Rivers Golf Course
- Snoqualmie Falls Golf Course
- Mount Si Golf Course
- Cascade Golf Course
- Sahalee Golf & Country Club
- The Members Club at Aldarra
- The Club at Snoqualmie Ridge

Land Value Data

There have been no recent sales of land that have been purchased with the intent of developing golf course facilities.

In numerous cases, The State Board of Tax Appeals (BTA) has ruled that large acreage and open space land sales are to be used when valuing golf course land. Land values for the majority of courses throughout King County were based on large acreage sales occurring from January 1, 2015 to December 31, 2017. Multi-parcel sales were also considered after combining the various aspects of all parcels involved in the sales. In valuing the land, consideration was given to site size, proximity to downtown Seattle or Bellevue, exceptional views, and potential for frequent flooding.

In some cases, when a golf course does not represent the highest and best use of a property, the current use is defined as an interim use. In these cases the respective geographic appraiser's land values are considered. The land value is discounted from the appraiser's market value to reflect infrastructure costs that would be required to repurpose the land.

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 subsequently listed in the “Sales Used” and “Sales Not Used” sections of this report.

Land Value

Land Sales, Analysis, and Conclusions

There were a total of forty-six large acreage land sales occurring within the time span from March 23, 2015 to December 29, 2017 that were considered to be “arms-length” transactions and given primary consideration in the land valuation analysis. During this time span King County has continued to experience significant growth and along with it, continued increases in land values.

The chart on the following page shows large acreage land sales that were used to establish golf course land values. Golf course land is valued between \$6,300 and \$31,300 per acre, with the median land value of \$21,900 per acre.

Large Acreage Land Sales

Sale	Major	Minor	Sale Price	Sale Date	Excise Tax Number	Site Size (Acres)	\$/Acre	Site Size (SF)	\$/SF	Zoning
1	252302	9012	\$345,000	12/29/2017	2909496	9.88	\$34,919	430,372	\$0.80	RA5
2	192507	9020	\$499,950	8/29/2017	2888496	15.56	\$32,127	677,871	\$0.74	RA5
3	212970	0190	\$410,000	8/15/2017	2886597	9.40	\$43,636	409,283	\$1.00	R4
4	362306	9010	\$880,000	8/4/2017	2882626	40.00	\$22,000	1,742,400	\$0.51	RA5
5	272206	9017	\$12,000,000	7/7/2017	2876140	22.80	\$526,316	993,168	\$12.08	R-12
6	302507	9088	\$220,000	7/7/2017	2876237	12.64	\$17,403	550,674	\$0.40	RA5
7	122506	9028	\$570,000	6/19/2017	2872354	20.52	\$27,779	893,807	\$0.64	RA10
8	152306	9066	\$525,000	4/13/2017	2859438	9.78	\$53,681	426,016	\$1.23	RA5
9	302309	9028	\$350,000	2/10/2017	2848861	9.77	\$35,824	425,581	\$0.82	RA5
10	062203	9032	\$275,000	12/16/2016	2840617	9.50	\$28,947	413,820	\$0.66	RA5SO
11	312203	9072	\$197,500	12/14/2016	2840965	9.21	\$21,433	401,398	\$0.49	RA10SO
12	302207	9009	\$460,000	12/2/2016	2837482	21.04	\$21,863	916,502	\$0.50	RA10
13	092506	9197	\$375,000	12/1/2016	2837851	14.32	\$26,187	623,778	\$0.60	RA5
14	142206	9015	\$225,000	11/19/2016	2837009	17.78	\$12,655	774,452	\$0.29	RA5
15	122506	9035	\$600,000	11/17/2016	2836609	16.86	\$35,577	734,632	\$0.82	RA10
16	172303	9027	\$195,000	9/9/2016	2821436	10.00	\$19,509	435,394	\$0.45	RA2.5
17	222105	9031	\$320,000	9/1/2016	2820485	30.75	\$10,407	1,339,470	\$0.24	RA10
18	142507	9007	\$260,000	8/8/2016	2816256	20.00	\$13,000	871,200	\$0.30	RA10
19	082607	9074	\$200,000	7/15/2016	2810879	20.38	\$9,814	887,752	\$0.23	RA5
20	155000	0690	\$125,000	6/10/2016	2803058	9.75	\$12,825	424,560	\$0.29	RA10
21	112506	9088	\$3,000,000	5/23/2016	2798374	40.73	\$73,656	1,774,199	\$1.69	RA5
22	192507	9020	\$350,000	4/21/2016	2792581	15.56	\$22,491	677,871	\$0.52	RA5
23	032507	9025	\$225,000	3/31/2016	2789238	20.04	\$11,228	872,942	\$0.26	RA5SO
24	102206	9189	\$300,000	3/2/2016	2783024	14.98	\$20,027	652,528	\$0.46	RA5
25	172607	9063	\$170,000	2/18/2016	2781138	17.92	\$9,487	780,595	\$0.22	RA10
26	102507	9029	\$150,000	11/25/2015	2768409	9.98	\$15,030	434,728	\$0.35	RA10
27	032507	9026	\$170,000	11/17/2015	2768070	20.29	\$8,379	883,832	\$0.19	RA5SO
28	162306	9016	\$465,000	11/6/2015	2766009	9.15	\$50,820	398,574	\$1.17	RA5
29	212407	9098	\$474,500	11/5/2015	2765520	9.27	\$51,187	403,801	\$1.18	RA10
30	292507	9007	\$625,000	10/6/2015	2760546	20.13	\$31,048	876,863	\$0.71	RA5SO
31	242606	9088	\$150,000	9/28/2015	2759861	9.14	\$16,406	398,266	\$0.38	RA5
32	262506	9039	\$10,125,000	9/14/2015	2756075	14.39	\$703,562	626,874	\$16.15	R4
33	856290	2100	\$300,000	9/10/2015	2755773	13.91	\$21,567	605,919	\$0.50	R4
34	155000	0315	\$115,000	8/24/2015	2753625	9.97	\$11,529	434,493	\$0.26	RA5
35	072203	9083	\$355,000	8/20/2015	2751082	11.20	\$31,696	487,872	\$0.73	RA5SO
36	172303	9027	\$145,000	8/12/2015	2751080	10.00	\$14,507	435,394	\$0.33	RA2.5
37	292407	9059	\$515,000	7/2/2015	2742622	20.06	\$25,673	873,813	\$0.59	RA5SO
38	122006	9004	\$550,000	6/11/2015	2737010	40.37	\$13,624	1,758,517	\$0.31	A35
39	122006	9017	\$450,000	6/1/2015	2737015	39.55	\$11,378	1,722,798	\$0.26	A35
40	352607	9028	\$55,000	5/7/2015	2729249	19.86	\$2,769	865,101	\$0.06	RA5
41	352405	9023	\$1,550,000	5/6/2015	2730125	40.11	\$38,644	1,747,191	\$0.89	R-1
42	182006	9013	\$425,000	5/6/2015	2731500	24.72	\$17,193	1,076,803	\$0.39	A35
43	192406	9060	\$495,000	4/30/2015	2729525	9.95	\$49,749	433,422	\$1.14	R1
44	022105	9193	\$330,000	4/28/2015	2729619	13.25	\$24,906	577,170	\$0.57	RA5
45	222306	9009	\$350,000	3/25/2015	2721736	28.27	\$12,381	1,231,441	\$0.28	RA5
46	072407	9025	\$575,000	3/23/2015	2720628	23.81	\$24,150	1,037,164	\$0.55	R1P

Improved Parcel Total Values

Sales comparison approach model description

A sales comparison approach model was not applied, as there are not sufficient sales to develop a model. There have been three recent sales of golf course properties within King County. In two of the cases, sales were for the underlying land and the golf course use will not be continued. The third sale is a portfolio sale. These three sales are described below:

In 2017, negotiations were completed to sell the Riverbend Par 3 Golf Course to Landmark Development Group, by the City of Kent. The first phase of the sale closed in March 2018 and allows the developer, Marquee on Meeker the rights to begin development subject to a development agreement between the parties. The full sale amount will not be disclosed until a second phase of the transaction completes later in 2018.

The Kent City Council had decided to try to sell the par-3 course in 2014 to help eliminate the city's enterprise golf fund debt of nearly \$4 million and to allow for about \$6 million in capital improvements to the 18 hole Riverbend Golf Course that the city still owns across the street. The council reported that they see the investment as a way to boost revenues and draw more players at the complex which currently loses about \$300,000 per year.

In 2016, the Wayne Golf Course in Bothell sold in two separate transactions to Forterra Northwest, an environmental group that acquires land for wildlife habitat preservation, community benefit, enjoyment and public access. Forterra has acquired the property and arranged financing from numerous sources as an interim measure until the City of Bothell can take ownership in the future. The stretch of the Sammamish River that runs through Wayne Golf Course is a critical salmon habitat. The course was imminently threatened by redevelopment into a housing subdivision which motivated the sale. This sale is not considered to reflect either the market value of the golf course or the golf course land.

Also in 2016 Oki Golf, an owner of prestigious northwest courses, sold its holdings of ten courses to HNA Group. HNA Group Co., Ltd., a Chinese conglomerate headquartered in Haikou, Hainan, China for a reported \$137.5 million. Founded in 2000, the company is involved in aviation, real estate, financial services, tourism, logistics, hotels, and owns other golf courses around the world. Oki Golf will continue to manage and operate the courses and they reported that they have no plans to make any changes. Oki will pay HNA an annual rent based on newly signed five year leases. The King County courses included in the transaction include:

- China Creek and Coal Creek Courses at Newcastle Golf Club
- Washington National Golf Club in Auburn
- The Golf Club at Redmond Ridge

- The Plateau Club in Sammamish.

The golf courses were not exposed for sale on the open market. Additionally, the bulk portfolio sale also involved a variety of financial transactions that indicate the Oki sales do not reflect market value.

Sales comparison calibration

Since there was no sales comparison model developed, no sales comparison calibration was performed. Calibration of coefficients utilized for the model applied within a Sales Comparison approach is typically established via analysis of all sales within the specialty. While sales are reviewed and market data extracted wherever possible, sales modeling was not utilized in the final reconciliation of value.

Cost approach model description

The cost approach was the primary valuation methodology utilized for improvement values in the golf course specialty. Cost estimates are calculated via the Marshall & Swift Valuation Service. Depreciation was also based on studies completed by the Marshall & Swift Valuation Service. The costs are adjusted to the western region of the United States and the Seattle area. Cost estimates may be relied upon for valuation of special use properties where comparable sales data and/or income/expense information may not be available.

The golf course building values are calculated automatically by the Marshall & Swift Cost Estimator and have depreciation factored into the cost based on the effective age and quality of the improvements. The value contribution of the tees, greens, fairways etc. are selected from the Marshall & Swift cost manual with the appraiser then giving consideration to all three forms of depreciation: physical, functional and economic obsolescence.

Marshall & Swift costs for tees, greens, fairways etc. are on a cost per hole basis and include the normal clearing of land, including incidental grading, complete irrigation and drainage systems, planting of trees in open land, greens, tees, fairways, service roads and cart paths, builder's profits and overhead, financing during construction and architects' fees for all items except structures.

Marshall & Swift groups golf courses into four classifications. Many courses have component features that fall into different classification levels. Some of these component features are length of the course, overall size, irrigation systems, architectural design, and terrain. The classification is determined by the overall sum of the features. Also considered are amenities such as the clubhouse, driving range, and practice facilities. The greatest variability is found at the high end of the range where class IV consists of Standard, Good, and Excellent championship courses. For valuation of courses in King County, only the lowest level (Standard) is used for class IV courses.

The following chart shows the Marshall & Swift Replacement Cost New (RCN) for the four classifications:

Golf Course Classification	Description	Added Cost per Hole for Tees, Greens & Fairways
I	Minimal quality, simply developed, budget course on open natural of flat terrain, few bunkers, small tees and greens.	\$74,500 - \$102,000
II	Simply designed course on relatively flat terrain, natural rough, few bunkers, small built-up tees and greens, some small trees.	\$106,000 - \$152,000
III	Typical private club on undulating terrain, bunkers at most greens, average elevated tees and greens, some large trees moved in or clearing of some wooded areas.	\$154,000 - \$226,000
IV	Better championship-style course on good undulating terrain, fairway and greens bunkered and contoured, large trees and greens, large trees transplanted, driving range, may have named architect.	\$232,000 - \$371,000

The costs shown in the chart above are the costs per hole before discounting for depreciation. Consideration is given for all three forms of depreciation; physical depreciation, functional obsolescence, and economic obsolescence.

Cost calibration

The Marshall & Swift cost-modeling system is built into the Assessor's Real Property Application and is re-calibrated annually to both the Western Region and Seattle area.

Income capitalization approach model description

An economic income capitalization model was not developed for golf courses due to insufficient market data.

Reconciliation

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. Golf course land was valued by the sales comparison approach and golf course improvements were valued by the cost approach.

Model Validation

Total Value Conclusions, Recommendations and Validation

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed and a value 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. Uniformity and equity are both improved over the previous year and in consideration of current market conditions, it is recommend that these values be posted for the 2018 assessment year.

The Assessor's office values most golf courses as if they are the highest and best use of the site. The golf course land is valued accordingly, using large acreage land sales to establish land value. Both the cost approach (replacement cost new less depreciation method, RCNLD) and the sales comparison approach were utilized in the valuation of the golf courses. All cost information was from the Marshall Valuation Service. Costs were adjusted to reflect the local Greater Seattle Market. RCNLD was calculated for all structures such as maintenance buildings, clubhouse, restrooms etc. The fairways, tees, and greens were valued with the golf course class as the determining factor.

When an alternative use represents the highest and best use of a golf course property, the market value of the land, under current zoning, has been considered. In these cases the golf course use is determined to be an interim use. Interim use properties do not consider the golf course improvements to have a contributory value as they would add little (or no) value to any proposed alternative use.

The total assessed value for the 2017 Assessment Year for Specialty Area 343 was \$614,888,900. The total recommended assessed value for the 2018 Assessment Year is \$696,332,900. Application of these recommended values for the 2018 Assessment Year results in an annual change of +13.25%.

Change in Total Assessed Value			
2017 Total Value	2018 Total Value	\$ Change	% Change
\$614,888,900	\$696,332,900	\$81,444,000	13.25%

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 legally permitted, for that property being appraised, under existing zoning or land use planning ordinances or statutes or other government restrictions.

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

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

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

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

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

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

Date of Value Estimate

RCW 84.36.005

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

RCW 36.21.080

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

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

Property Rights Appraised: Fee Simple

Wash Constitution Article 7 § 1 Taxation:

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

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

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

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

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

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

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

Assumptions and Limiting Conditions

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

10. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.
11. An attempt to segregate personal property from the real estate in this appraisal has been made.
12. Items which are considered to be "typical finish" and generally included in a real property transfer, but are legally considered leasehold improvements are included in the valuation unless otherwise noted.
13. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.
14. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.
15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.

Scope of Work Performed

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

Certification

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

- *The statements of fact contained in this report are true and correct*
- *The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*

- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *Services that I provided within the prior three years include physical inspection, revaluation, appeal response preparation, attendance and participation in hearings, data collection, sales verification, and identifying new construction and recording the corresponding data.*

Property Name	Major	Minor	Property Address
BLUE HERON GOLF COURSE	282507	9011	1810 WEST SNOQUALMIE RIVER RD NE
BLUE HERON GOLF COURSE	292507	9002	
TWIN RIVERS GOLF COURSE	142407	9008	4446 PRESTON-FALL CITY RD SE
TWIN RIVERS GOLF COURSE	142407	9010	
TWIN RIVERS GOLF COURSE	142407	9014	
TWIN RIVERS GOLF COURSE	142407	9052	
TWIN RIVERS GOLF COURSE	152407	9031	
TWIN RIVERS GOLF COURSE	152407	9031	
SNOQUALMIE FALLS GOLF COURSE	142407	9064	35109 SE FISH HATCHERY RD
SNOQUALMIE FALLS GOLF COURSE	232407	9002	
MT SI GOLF COURSE	332408	9011	9010 BOALCH AVE SE
MT SI GOLF COURSE	332408	9012	
MT SI GOLF COURSE	332408	9023	
MT SI GOLF COURSE	042308	9007	
MT SI GOLF COURSE	042308	9008	
MT SI GOLF COURSE	042308	9008	
CASCADE GOLF COURSE	152308	9019	14303 436TH AVE SE
CASCADE GOLF COURSE	152308	9039	
CASCADE GOLF COURSE	152308	9124	
CASCADE GOLF COURSE	152308	9132	
CASCADE GOLF COURSE	152308	9133	
CASCADE GOLF COURSE	152308	9147	
CASCADE GOLF COURSE (SFR)	152308	9149	
CASCADE GOLF COURSE	152308	9170	
SAHALEE GOLF & COUNTRY CLUB	202506	9019	21200 NE SAHALEE COUNTRY CLUB DR
SAHALEE GOLF & COUNTRY CLUB	202506	9050	
SAHALEE GOLF & COUNTRY CLUB	202506	9055	
SAHALEE GOLF & COUNTRY CLUB	212506	9029	
SAHALEE GOLF & COUNTRY CLUB	282506	9048	
SAHALEE GOLF & COUNTRY CLUB	292506	9024	
SAHALEE GOLF & COUNTRY CLUB	292506	9024	
THE MEMBERS CLUB AT ALDARRA	009800	1380	28902 SE DUTHIE HILL RD
THE MEMBERS CLUB AT ALDARRA	072407	9002	
THE MEMBERS CLUB AT ALDARRA	072407	9004	
THE MEMBERS CLUB AT ALDARRA	072407	9007	
THE MEMBERS CLUB AT ALDARRA	072407	9007	
THE CLUB @ SNOQUALMIE RIDGE	252407	9001	36005 SE RIDGE ST
THE CLUB @ SNOQUALMIE RIDGE	262407	9044	
THE CLUB @ SNOQUALMIE RIDGE	262407	9045	