

Commercial Revalue

2018 Assessment roll

**SELF-STORAGE
AREA 608**

**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

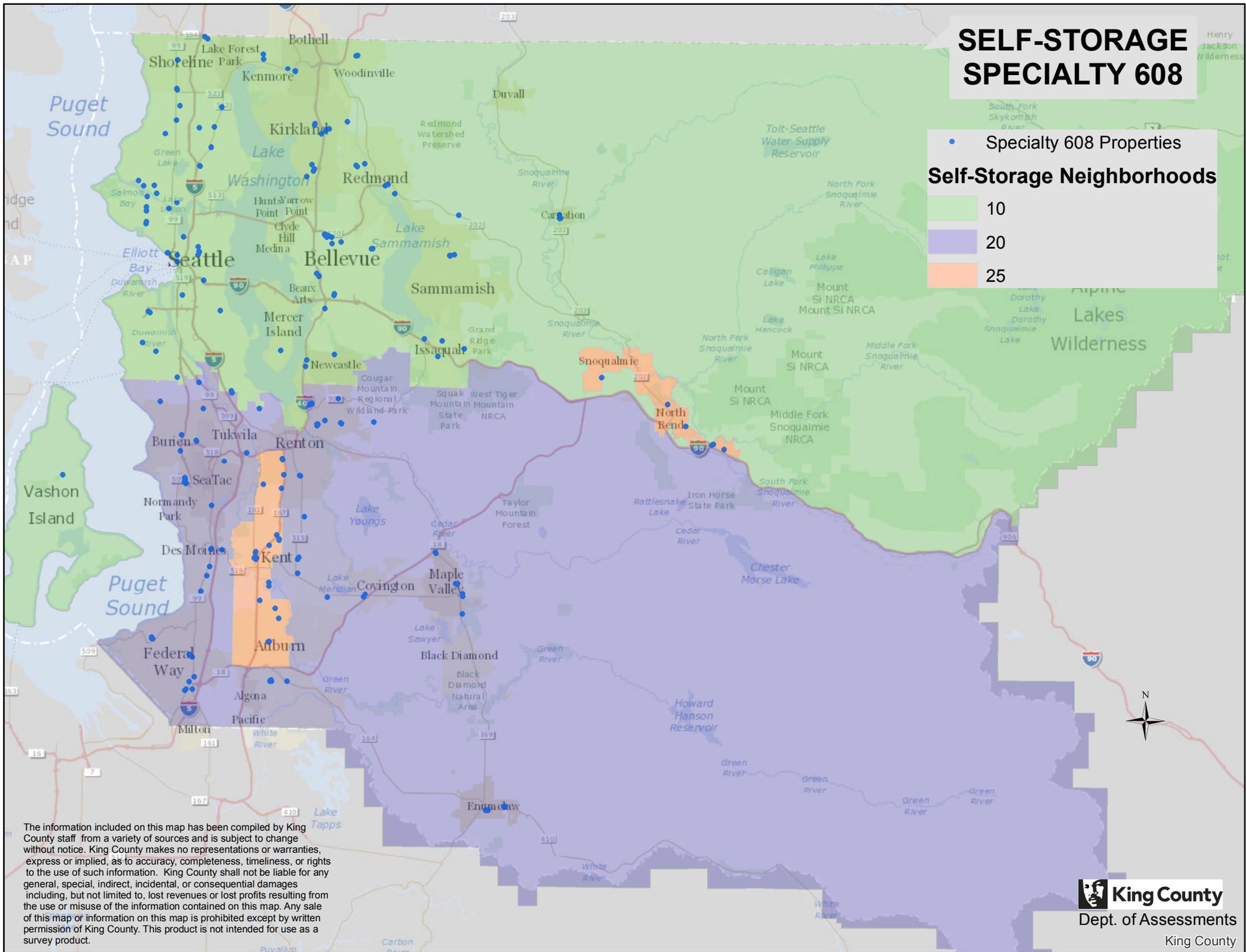
The following area report summarizes the property assessment activities and results for a general market area. The area report is meant to comply with state law for appraisal documentation purposes as well as provide the public with insight into the mass appraisal process.

SELF-STORAGE SPECIALTY 608

• Specialty 608 Properties

Self-Storage Neighborhoods

Light Green	10
Light Purple	20
Light Orange	25



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 representations or warranties, express or implied, as to 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. This product is not intended for use as a survey product.

Executive Summary Report

Appraisal Date 1/1/2018 - 2018 Assessment Roll

Specialty Name: Self-Storage

Sales - Improved Summary:

Number of Sales: 8 market transactions in 2015, 2016 and 2017

Sale Dates: From 1/14/2015 to 11/16/2017

Sales – Ratio Study Summary:

Sales used in Analysis: There were only eight improved sales in the last three years; five in 2015, one in 2016 and two in 2017. One of the sales is a ‘resale’, but would not be in the ratio study after undergoing significant upgrades and change of characteristics. This is considered to be too small a sample size to be statistically significant. The sales did provide proof, however, that the reported industry improvements in the local market continue to have an effect on property values. This evidence clearly indicated that assessed property values, in this market segment, are still lagging the current market. Values were, therefore, increased.

Population - Average Improved Parcel Summary Data:

	Land	Imps	Total
2017 Value	\$522,015,900	\$977,158,700	\$1,499,174,600
2018 Value	\$576,922,700	\$1,117,008,400	\$1,693,931,100
% Change	+10.52%	+14.31%	+12.99%

Number of Improved Parcels in the Specialty Population: 192.

Conclusion and Recommendation:

The values recommended in this report represent a substantial percentage change. The overall economic conditions have improved incrementally over the last several years to the point where conditions for the local industry are now very/extremely good. This is the fifth straight year of double digit value increases after several years of no value increases during the economic downturn. This year's value increase is an acknowledgement of the extent of the improved economic conditions. It is therefore recommended that the new values be posted for the 2018 Assessment Year.

Area 608 Responsible Appraiser

The following appraiser did the valuation for this region:

The process and results were reviewed for quality control and administrative purposes by Dan Atkinson, Senior Appraiser.

Identification of the Area

Name or Designation: Specialty Area 608: Self-Storage Facilities

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.

Area Overview:

Economic

Economic conditions have been steadily improving in the local self-storage industry for the past six years. The continued strength of the Seattle job market has the area's unemployment rate down to 4%, the lowest in 18 years. The metro's employment will expand at greater than 2% for the seventh straight year with diversified growth. Five different sectors have added over 5,000 workers in this last year and this trend is expected to continue. The annual median income is expanding by more than \$3,000 this year and retail sales are following with a 5.7% increase.

Demographic

Seattle represents the top West Coast market for net migration in 2018 with its diverse economy. The metro's population is expected to grow this year by 1.5% following last year's 1.9% rise. The expanding economy and population is resulting in additional, local household formation. Additionally, the delivery of more than 11,000 apartments, with their smaller average residence size, in the metro area generates demand for self-storage space.

Construction

The area's thriving economic growth and extremely low vacancy in self-storage facilities has resulted in elevated construction delivery last year and for this year. During the period of restrained supply growth since the economic recovery, we have had an overall strengthening of facility operations.

Historically, there has been a small but consistent yearly addition to the Self-Storage facility inventory across the County. Supply has really increased, however, in the last two years. Space demand has been growing significantly in conjunction with an expanding

local economy, to the point where operations performance is now considered to be from 'very good' to 'excellent' for nearly all of the local self-storage facilities. This situation is fueling the self-storage construction.

In 2016 we had the completion of a new facility in Bellevue as well as a conversion project from a newer warehouse to a self-storage facility in the Redmond Ridge area east of Redmond.

In 2017, we had a large facility finished in January in the very north part of the Rainier Valley neighborhood of Seattle, on S. Dearborn Street. Another Seattle facility was completed this year by the old Rainier Brewery on Airport Way S. Two new facilities were added in Auburn as well as one in Shoreline, one in Kirkland and one in Woodinville. These 7 new facilities added around 550,000 square feet of new self-storage space.

Looking forward, we anticipate the completion this year of new facilities of Shoreline, Issaquah, Covington and two in the Interbay neighborhood of Seattle. Permits also exist for several other facilities around the county.

Vacancy/Rent

Persistent demand for storage space has reduced the metro's vacancy rate to 3.2% entering 2018. This low vacancy rate represents the high water mark for this area's self-storage industry. Demand for space remains strong despite the rise in development, which is expected to maintain Seattle's low vacancy rate through 2018. The lack of vacant space is expected to result in rent increases of more than 4% this year which will be one of the highest increases in the country.

Local Industry Characteristics and Facilities Overview

Self-Storage facilities are found in rural, urban, and suburban areas throughout King County. Since Public Storage's purchase of the Shurgard self-storage company, in late 2006, it has become King County's dominate self-storage owner/operator with approximately 35% of the county's facilities. Urban Storage is the next most dominant player, owning and operating multiple facilities as well. The majority, approximately 55%, are independent operators. Most self-storage facilities have good exposure and high visibility. They are often located near large complexes of multi-family housing. Generally, facilities located in rural and suburban neighborhoods are a mix of one or two story buildings that you can drive up to for easy access. These are typically on larger sites and often include covered and uncovered, surface storage for recreation vehicles. In neighborhoods of higher density, multi-level facilities, three stories and above, are becoming more common. Multi-level facilities typically have covered loading docks and large cargo freight elevators that lead to upper floor storage units.

The newest and updated facilities are equipped with high-tech camera security, individual storage unit alarms, automated access, covered loading areas and climate control, with many having on-site manager living space for added security. Within the city limits of Seattle, and some of the other urban areas in the County, older warehouses have been converted to Self-Storage facilities.

In the last three years, eight sales have taken place. Five sales were in 2015, one sale was in 2016 and two sales occurred in 2017. At least one transaction took place in each of the three designated neighborhoods. These sales generally showed that the market values had increased substantially in comparison to our current assessed values. As a result, values increased for the fifth straight year.



NEW, STATE-OF-THE-ART FACILITY - 910 NE HIGH STREET, ISSAQUAH



TYPICAL OLDER FACILITY – 18716 68TH AVE NE, KENMORE



SUBURBAN WAREHOUSE CONVERSION – 7115 132ND PL. SE, NEWCASTLE



URBAN WAREHOUSE CONVERSION – 1915 3RD AVE, SEATTLE

Analysis Process

Effective Date of Appraisal: January 1, 2018

Date of Appraisal Report: June 4, 2018

Responsible Appraiser

The following appraiser did the valuation of this specialty:

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 and the property is returned to the geographical appraiser.

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 and Limiting Conditions

All three approaches to value were considered in this analysis.

The following Departmental guidelines were considered and adhered to:

- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 5 & 6.

Area Description:

Area 608 (Self-Storage facilities) is divided into 3 neighborhoods, 608-10, 608-20 and 608-25. Neighborhood 608-10 is all Self-Storage facilities located in Seattle, North King County, and the northern Eastside. Neighborhood 608-20 is all Self-Storage facilities located to the south of Seattle and Bellevue, less the facilities in the more recently established neighborhood of 608-25. Neighborhood 608-25 consists of those Self-Storage facilities located in the Green River flood plain from Tukwila in the north to Auburn in the south, plus the several facilities servicing the east Snoqualmie Ridge and North Bend area.

Puget Sound Self-Storage Economic Conditions

Rental rates have shown substantial increases, over the last three years, in the metro areas of the County with smaller but also increasing rates in the more rural areas. The Seattle-Tacoma metro area has the 4th highest asking rental rates in the U.S. Occupancy has more than recovered in the metropolitan areas as well as the more rural areas of the County since the economic downturn. The Seattle-Tacoma metro area has the lowest vacancy rate in the country. The local Self-Storage market, in King County, has more than recovered from the recession and is going forward with tremendous energy.

In the last three years, we have seen eight market sales. Of these sales, capitalization rates were reported on five. The range of capitalization rates were very low in comparison to the last developed capitalization rates at the end of 2008. The three 2008 capitalization rates had a tight range of 7.00%, 7.18% and 7.25%. The 2015-2017 sales has a much broader, but lower range, of 4.26%, 5.00%, 5.32%, 5.32% and 6.20%.

Because the reported market fundamentals have steadily improved, and are expected to continue to be positive, the income valuation model rates were improved throughout the county. As a result we are seeing higher assessed values again this year.

The Western Region, and specifically the Pacific Division, remains a strong market for Self-Storage in the U.S. with the Seattle-Tacoma metropolitan area expected to continue to be among the areas with the lowest occupancy and highest income rates in the country.

Physical Inspection:

This year the inspected parcels were split into two general areas. The first was the north county area including Shoreline, Kenmore, Bothell and Woodinville. Vashon Island and one King County property near northeast Redmond is also included. These inspections totaled 16 parcels for 16 separate facilities. The second was the area of northwest Renton. This included 13 parcels for 6 separate facilities. This inspection cycle covers 29 parcels or 12.34% of this specialty's total parcel count. The physical inspection and its quantity

of parcels is made to comply, as required, with WAC 458-07-015 - 4(a). An exterior observation of the properties was made to verify the accuracy and completeness of property characteristic data that affect value, as well as attempting to verify the property characteristics with the on-site property managers.

Preliminary Ratio Analysis

A Ratio Study has not been submitted this year due to the fact that there were only eight sales in the last three years, one of which would not be included in a ratio study because its characteristics changed since it was purchased. This amount of sales is deemed to be statistically insufficient.

Scope of Data

Land Value Data:

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

Improved Parcel Total Value Data:

Sales information, when available, 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. Verification consists of contact with Buyer, Seller, or Broker if possible, or information from the Costar InfoSystems, Inc., a real estate sales verification service. Characteristic data is verified for all sales if possible. Due to time constraints, interior inspections are normally limited.

Improved Parcel Total Values

Sales comparison approach model description

Due to the lack of sufficient sales, no sales comparison model was developed.

Sales comparison calibration

Since there was no sales comparison model developed, no sales comparison calibration was performed.

Cost approach model description

Cost estimates are automatically calculated by the Marshall & Swift cost modeling system. Depreciation was based on studies done by the 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. Cost estimates serve mainly as value indicators for new construction projects.

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

The Income Approach to value is considered the most reliable valuation approach for the Self-Storage properties in this revalue cycle. The Self-Storage facilities in King County were divided into three separate neighborhoods. Each neighborhood in Specialty Area 608 has been assigned its own income table derived by the Self-Storage specialist. Each neighborhood income table has its own income, vacancy, expense and capitalization rate parameters, which are applied to the Marshall & Swift occupancy codes described in the data maintained on each Self-Storage property.

Income: Income parameters were derived using economic rental rates taken from published resources, property owner actual income submissions, tenants, and rental rate opinions from various real estate professionals active in specific markets.

Vacancy: Vacancy rates used were derived from published sources and from personal inquiry with Self-Storage facility owners and managers.

Expenses: Expenses were estimated based on published sources, tax payer submitted actual expense information and personal knowledge of this property type's historical experiences.

Capitalization Rates: Capitalization rates are traditionally determined by the analysis of sold properties, as well as published market surveys, such as CoStar, Marcus & Millichap, Coldwell Banker Richard Ellis, and Pricewaterhouse Cooper. Other resources have historically included national reports and articles from Self Storage Brokers of

America, Self Storage Association, Argus Self Storage Sales Network, and Inside Self Storage.

Income approach calibration

The tables were calibrated after setting economic rents, vacancy, expenses and capitalization rates by using adjustments based on size, effective year built, construction quality and construction type as recorded in the Assessor's records.

The effective year built and condition of each building determines the capitalization rate used by the appraiser. For example; a building with an older effective year built and of lesser quality will typically warrant a higher capitalization rate; and a building of better quality with a newer effective year built will warrant a lower capitalization rate.

The following table outlines general income parameters used in the valuation of the Self-Storage facilities. Use code 386 refers to 1-3 level facilities, and use code 525 refers to multi-level self-contained facilities.

Area	Use Code	Overall Rent Range	Vacancy	Expense Ratio	Cap Rate
608-10	386	\$15.00 - \$20.00	7%	35%	5.25% - 8.25%
608-10	525	\$17.00 - \$22.00	7%	35%	5.25% - 7.25%
608-20	386/525	\$11.50 - \$15.50	8%	35%	5.25% - 8.25%
608-25	386/525	\$11.50 - \$15.50	8%	35%	5.25% - 8.25%

Use codes 386 & 525 have been combined in Neighborhood 608-20 and 608-25, the South-end of King County, due to the limited number of properties with use code 525 and no market evidence to differentiate between uses.

Reconciliation

All parcels were individually reviewed by the specialty appraiser for correctness of the model application before final value selection. All factors used to establish value by the model were subject to adjustment.

Model Validation

Total Value Conclusions, Recommendations and Validation:

The Market Sales Approach is considered a reliable indicator of value but, in the local market, there have not historically been many sales transactions at any given time. The Market Approach is, therefore, normally used to demonstrate an appropriate range of value for Self-Storage facilities and as a test of reasonableness for income derived property values. Since there have been only eight sales in the last three years, the sales were used as a general check on the values, indicated by the income approach.

The Cost Approach to value is considered on all of the Self-Storage facilities. Cost estimates served as value indicators for new and some newer construction projects, and some special mixed use properties.

The Income Approach to value is considered, in most cases, the most reliable valuation approach for the Self-Storage properties due to the amount and quality of the available information.

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is 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 of an individual property and conditions as they occur in the valuation area.

The standard statistical measures of valuation performance are presented in the Executive Summary.

The Specialty Appraiser recommends application of the Appraiser selected values, as indicated by the appropriate model or method.

The total assessed value for the 2017 assessment year, for specialty area 608, was \$1,499,174,600 and the total recommended assessed value for the 2018 assessment year is \$1,693,931,100. Application of these recommended values for the 2018 assessment year results in a total increase over the 2017 assessed values of 12.99%.

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, 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 facility 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 are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*

- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *The individuals listed below were part of the “appraisal team” and provided significant real property appraisal assistance to the person signing this certification.*
- *Any services regarding the subject area performed by me starting January 1, 2010 as an appraiser or in any other capacity is listed below: Any and all activities required under the Certificate of Appointment under sworn oath appointing the below signed appraiser to the position of true and lawful deputy in the Office of the King County Assessor, and authorized by the State of Washington, Department of Revenue under a Certificate of Accreditation. To include: all duties, responsibilities, and services associated with the position description of Commercial Appraiser II in the management and valuation of Commercial Specialty Area 608, or Self-Storage Facilities. 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 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.*

Improvement Sales for Area 608 with Sales Used

05/24/2018

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
608	010	788260	0100	54,175	2765159	\$10,000,000	11/04/15	\$184.59	MOSS BAY SELF-STG	PLA 6G (2)	1	Y	5.00% Cap Rate
608	010	884430	0020	53,706	2782430	\$15,495,000	02/29/16	\$288.52	ISSAQUAH NEWPORT WAY STORAGE	MUR	2	Y	4.26% Cap Rate
608	020	098500	0470	16,160	2743812	\$1,800,000	07/15/15	\$111.39	LOCK-TIGHT STORAGE	CC-2	1	Y	
608	020	212104	9017	94,266	2711673	\$7,250,000	01/14/15	\$76.91	SUNRISE SELF STORAGE	CE	1	Y	Poor Condition ATOS
608	020	212104	9017	86,851	2901853	\$16,350,000	11/16/17	\$188.25	DAFFODIL STORAGE	CE	1	Y	5.32% Cap Rate
608	020	292104	9128	81,283	2713948	\$9,475,000	02/09/15	\$116.57	HEATED STORAGE AT THE CROSSINGS	CE	2	Y	6.20% Cap Rate
608	025	142308	9061	36,000	2712811	\$4,524,300	02/02/15	\$125.68	Cedar Mill Mini Storage	EP-1	2	Y	SFR & Excess Land
608	025	346280	0140	43,430	2873077	\$5,429,900	06/23/17	\$125.03	NAPA AUTO & CENTRAL AVENUE MINI STORAGE	CM-2	1	Y	5.32% Cap Rate

Improvement Sales for Area 608 with Sales not Used

05/24/2018

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
608	010	065300	0240	52,192	2726726	\$4,454,609	04/27/15	\$85.35	Mini-Storage & Mars Hill College	DH2/65	2	33	Lease or lease-hold
608	010	272605	9069	67,830	2824772	\$41,119	09/19/16	\$0.61	MONEY SAVER TOTEM LAKE SELF	TL 7B	1	24	Easement or right-of-way
608	010	282605	9016	53,250	2881185	\$113,900	07/27/17	\$2.14	PUBLIC STORAGE	TL 5	1	24	Easement or right-of-way
608	010	292605	9102	75,700	2886555	\$29,484	08/29/17	\$0.39	TOTEM LAKE WEST SELF STORAGE	TL 6B	1	24	Easement or right-of-way
608	010	334570	0081	12,925	2887346	\$988,000	08/31/17	\$76.44	PORT QUENDALL MINI-STORAGE	CA	3	12	Estate administrator, guardian, or e
608	010	365870	0555	37,442	2728525	\$1,376,234	05/05/15	\$36.76	ROOSEVELT SELF STORAGE	NC2-40	1	51	Related party, friend, or neighbor
608	025	042308	9012	51,740	2880097	\$143,800	07/27/17	\$2.78	EASTSIDE SELF STORAGE	NB	2	51	Related party, friend, or neighbor
608	025	775780	0140	60,405	2756899	\$3,150	09/11/15	\$0.05	PUBLIC STORAGE	CM-1	1	68	Non-gov't to gov't

<u>2018 Self-Storage Inspected Parcels (29)</u>				
<u>NEIGHBORHOOD '608-010' INSPECTIONS</u>				
Major	Minor	Jurisdiction	Address	FACILITY
072604	9005	SHORELINE	17828 MIDVALE AVE N	MR. VAN GARD SELF-STORAGE
072604	9137	SHORELINE	16523 AURORA AVE N	WEST COAST SELF-STORAGE
156810	0470	SHORELINE	14535 BOTHELL WAY NE	WEST COAST SELF-STORAGE
182604	9047	SHORELINE	14900 AURORA AVE N	PUBLIC STORAGE
182604	9048	SHORELINE	14540 AURORA AVE N	145TH AURORA STORAGE
397170	0035	SHORELINE	20065 15TH AVE NE	PUBLIC STORAGE
741770	0300	SHORELINE	20041 BALLINGER WAY NE	PUBLIC STORAGE
011410	0595	KENMORE	6908 NE 181ST ST	PEOPLES STORAGE
012604	9011	KENMORE	18716 68TH AVE NE	KENMORE SELF-STORAGE
072605	9082	BOTHELL	17109 BOTHELL WAY NE	SHERLOCK SELF-STORAGE
072605	9126	BOTHELL	9000 NE BOTHELL WAY	PUBLIC STORAGE
032605	9024	WOODINVILLE	14525 NE NORTH WOODINVILLE WAY	PUBLIC STORAGE
032605	9136	WOODINVILLE	14715 NE NORTH WOODINVILLE WAY	WOODINVILLE HEATED STORAGE
152605	9068	WOODINVILLE	No Situs Address - Maintenance	WOODINVILLE SELF-STORAGE
720242	0050	KING COUNTY	23060 NE 102ND ST	REDMOND RIDGE SELF-STORAGE
312303	9130	KING COUNTY	17901 100TH AVE SW	ISLAND SECURITY SELF-STORAGE
<u>NEIGHBORHOOD '608-020' INSPECTIONS</u>				
Major	Minor	Jurisdiction	Address	FACILITY
082305	9041	RENTON	1105 SUNSET BLVD NE	STORAGE ONE SELF-STORAGE
082305	9080	RENTON	1105 SUNSET BLVD NE	STORAGE ONE SELF-STORAGE
082305	9143	RENTON	1105 SUNSET BLVD NE	STORAGE ONE SELF-STORAGE
082305	9179	RENTON	1105 SUNSET BLVD NE	STORAGE ONE SELF-STORAGE
092305	9184	RENTON	3408 NE 4TH ST	RENTON HIGHLAND SELF-STORAGE
152305	9032	RENTON	4725 4TH ST	STORAGE ONE ON 4TH
152305	9232	RENTON	4725 4TH ST	STORAGE ONE ON 4TH
162305	9062	RENTON	2829 NE 3RD ST	THE STOR-HOUSE SELF-STORAGE
162305	9142	RENTON	2829 NE 3RD ST	THE STOR-HOUSE SELF-STORAGE
162305	9143	RENTON	2829 NE 3RD ST	THE STOR-HOUSE SELF-STORAGE
162305	9144	RENTON	2829 NE 3RD ST	THE STOR-HOUSE SELF-STORAGE
516970	0110	RENTON	4546 NE SUNSET BLVD	SUNSET HIGHWAY SELF-STORAGE
292305	9178	RENTON	10650 SE 174TH ST	STORAGE ONE @ Benson