

Temporary Lodging Properties

Area 160

Commercial Revalue for 2022 Assessment Roll



Citizen M Hotel, Seattle



King County

Department of Assessments

Setting values, serving the community, and pursuing excellence

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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 to implement your feedback and ensure we provide you accurate and timely information. We have made significant improvements to our website and online tools to make interacting with us easier. The following report summarizes the results of the assessments for your area 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 our process and the 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 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 720,000 residential, commercial and industrial properties. More specifically for commercial property, the Assessor breaks up King County into geographic or specialty (i.e., office buildings, warehouses, retail centers, etc.) market areas and annually develops valuation models using one or more of the three standard appraisal indicators of value: Cost, Sales Comparison (market) and Income. For most commercial properties the income approach is the primary indicator of value. The results of the models are then applied to all properties within the same geographic or specialty area.

Are Properties Inspected?

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

RCW 84.40.025 - Access to property

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

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

How Are Commercial Properties Valued?

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

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



How is Assessment Uniformity Achieved?

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

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

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

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

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

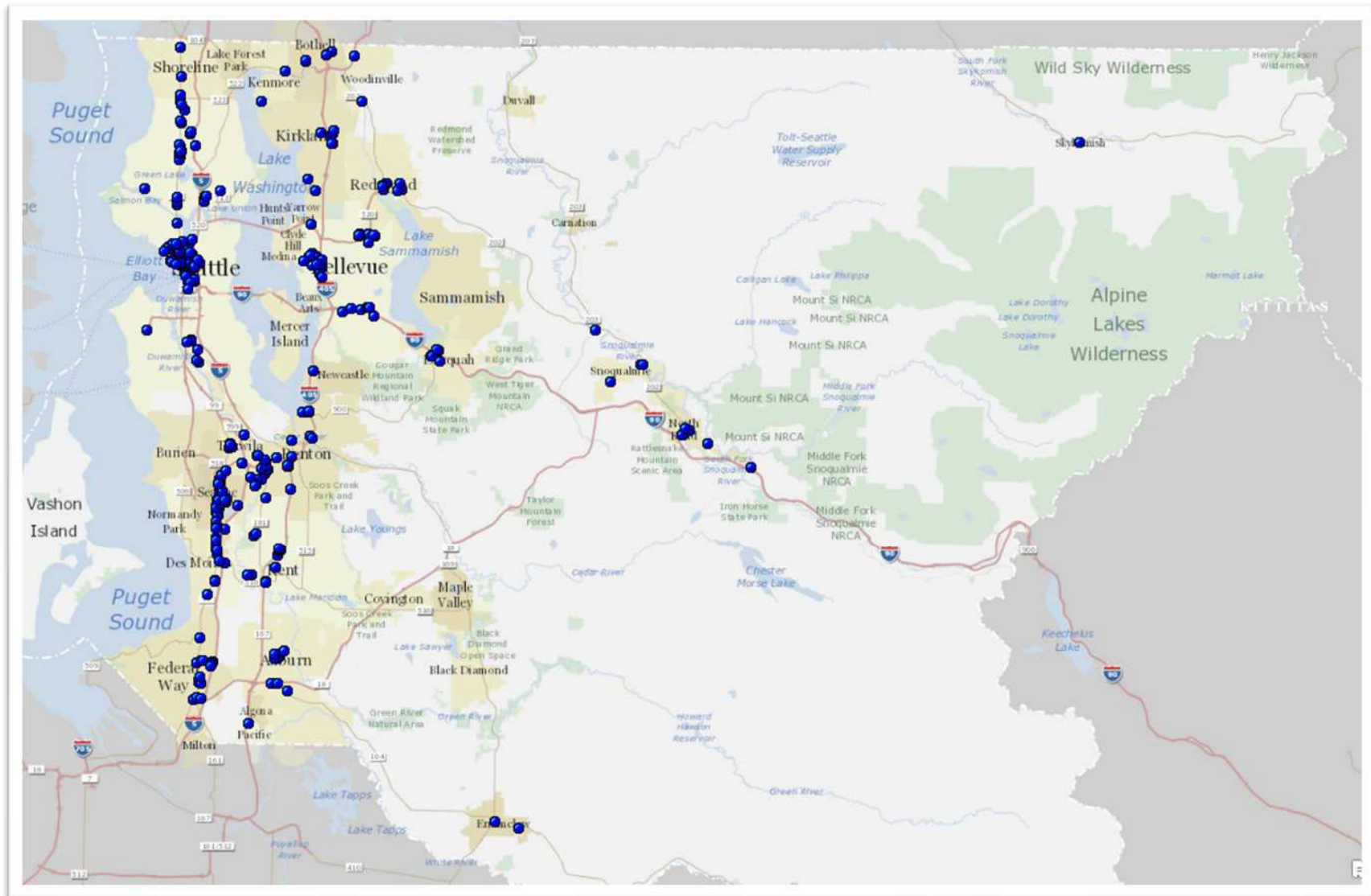
Requirements of State Law

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

Appraisal Area Reports

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

Specialty Area 160 - Hotel and Motels Map



Specialty Area 160
2022 Assessment Year

Specialty Area 160 Hotels Annual Update Ratio Study Report

PRE-REVALUE RATIO ANALYSIS

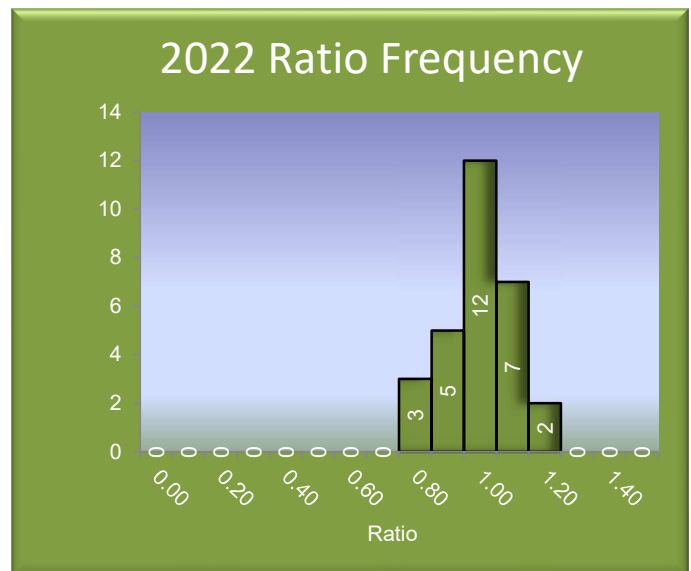
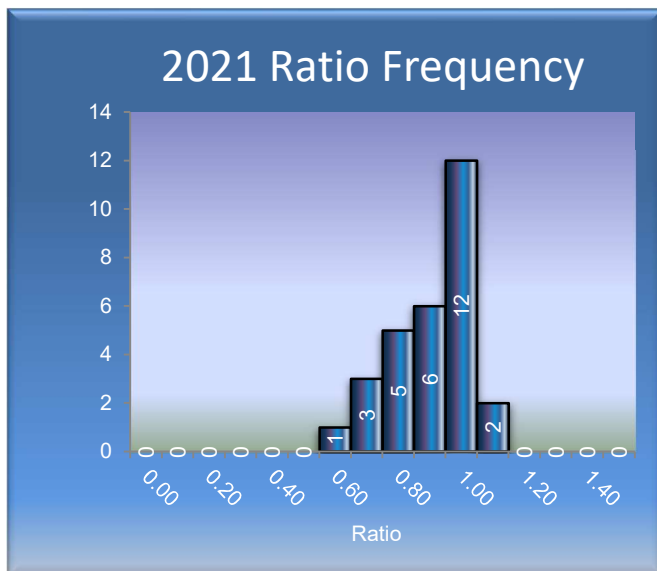
Pre-revalue ratio analysis compares sales from 2019 through 2021 in relation to the previous assessed value as of 1/1/2021.

PRE-REVALUE RATIO SAMPLE STATISTICS	
Sample size (n)	29
Mean Assessed Value	14,350,600
Mean Adj. Sales Price	18,070,200
Standard Deviation AV	15,659,038
Standard Deviation SP	20,215,518
ASSESSMENT LEVEL	
Arithmetic Mean Ratio	0.852
Median Ratio	0.887
Weighted Mean Ratio	0.794
UNIFORMITY	
Lowest ratio	0.5701
Highest ratio:	1.0246
Coefficient of Dispersion	12.29%
Standard Deviation	0.1322
Coefficient of Variation	15.52%
Price Related Differential (PRD)	1.07

POST-REVALUE RATIO ANALYSIS

Post revalue ratio analysis compares sales from 2019 through 2021 and reflects the assessment level after the property has been revalued to 1/1/2022.

POST REVALUE RATIO SAMPLE STATISTICS	
Sample size (n)	29
Mean Assessed Value	16,603,300
Mean Sales Price	18,070,200
Standard Deviation AV	18,404,558
Standard Deviation SP	20,215,518
ASSESSMENT LEVEL	
Arithmetic Mean Ratio	0.956
Median Ratio	0.968
Weighted Mean Ratio	0.919
UNIFORMITY	
Lowest ratio	0.7786
Highest ratio:	1.1444
Coefficient of Dispersion	8.05%
Standard Deviation	0.0990
Coefficient of Variation	10.35%
Price Related Differential (PRD)	1.04



Appraisal Date

- January 1, 2022
- 2023 Tax Roll Year

Specialty Name

- Area 160 - Hotels

Physical Inspection

- Neighborhood 50

Sales – Analysis Summary

- Number of Sales: 29 Market Transactions
- Date Range: 1/1/2019 to 12/31/2021 (3/17/2022)

Improved Sales – (Ratio Study) Summary

Sales - Improved Change Summary					
	Mean Assessed Value	Mean Sales Price	Ratio	COD	COV
2021 Value	\$ 14,350,600	\$ 18,070,200	79.40%	12.29%	15.52%
2022 Value	\$ 16,603,300	\$ 18,070,200	91.90%	8.05%	10.35%
Change	\$ 2,252,700		12.50%	-4.24%	-5.17%
% Change	15.70%		15.74%	-34.50%	-33.31%

COD is a measure of uniformity. A lower percentage indicates more uniform values.

Sales used in analysis: Sales of improved, fee simple, verified market transactions without major characteristic changes between the date of purchase and the date of appraisal were included in the ratio analysis. Examples of sales not included in the analysis are sales where the building characteristics changed after the sale, and sales that have been sub-divided or merged with another property.

The results of the above ratio study for temporary lodging property sales in Specialty 160 are based on a wide variety of sales throughout King County. These sales include limited and full-service hotels, temporary lodging properties from different classes, such as economy or luxury classes, and everything in between. Property values can vary widely from class to class. Qualitative factors such as location, effective age, building materials, and construction quality also impact a property's value.

There were 29 sales coded as being market transactions during this revalue cycle. Three had been removed from the ratio study analysis for the reasons previously noted. The total hotel sales increased from 26 to 29 in 2022 revalue, an 11.5% increase in hotel market transactions and a good indicator that King County's temporary lodging market is recovering from the adverse impacts of the Covid-19 virus.

In addition, the ratio study results indicate a significant increase in assessment value, better representing the market. However, the Assessor is aware that as good as the valuation metrics are, the data utilized is limited by the wide variety of lodging properties and their corresponding qualitative factors. Thus, while the results are positive, they should also be tempered.

Population – Parcel Summary Data

Specialty Assignment 160 has a total of 382 parcels. (This figure includes economic land parcels and most commercial condominiums and may consist of properties currently under construction).

Below is a summary of the value change from the 2021 to 2022 revalue.

Change in Total Assessed Value			
	Land	Improvement	Total
2021 Values	\$2,859,323,300	\$5,709,707,800	\$8,569,031,100
2022 Values	\$3,001,767,000	\$6,632,886,200	\$9,634,653,200
% Change	4.98%	16.17%	12.44%

Conclusion:

Assessed values for the 2022 Revalue (assessment date as of January 1, 2022) have increased by 12.44% from the 2021 Revalue assessment levels. The increase in value reflects the rebound in hospitality properties since Covid-19 adversely impacted King County. All major hospitality metrics have increased in each market segment. Hotel average daily rates (ADR), continue to climb, and in many cases, they surpassed their stabilized rates in 2019. Occupancy recovery is staggered, depending on the hotel type and class. In higher-class hotels, Occupancy remains below its 2019 level. Lower-class hotels are mirroring or exceeding their 2019 level. And capitalization rates have fallen in every hotel market segment.

Another sign of the market recovery is the increase in sales transactions. For 2022 revalue, there has been more than a 10% increase in the total number of sales. The transactions are predominantly for limited-service lower-class hotels, but they demonstrate that property values of such hotel types have not fallen. On the contrary, sales prices for these hotel types have increased. The Assessor expects to see the same throughout all markets, but thus far, there have not been sales in each hotel class. Since 2019 there has only been one sale of a luxury hotel and no market transactions of upper upscale hotels.

A further indicator that may shed some light on hotel values is new construction. Last year there were 16 permitted hotels but only five of them had broken ground. There are still 16 permitted hotels this year, and one more has broken ground. Three of the five hotels under construction in

2020 are now complete and opened in the spring of 2022. One hotel under construction in 2020 stopped work, and the site stayed vacant most of 2021; however, it has since become an active construction site with modified building plans for a mixed-use project with a hotel and apartments. The other hotel under construction is located in downtown Bellevue with a scheduled opening date of 2024. Another hotel under construction for this revalue cycle is at the Snoqualmie Casino. Currently, 9 of the 16 permitted hotels have not broken ground, indicating that new construction has remained stagnant and the hospitality sector has not fully recovered.

These aforementioned factors, an increase in hotel metrics (i.e., increase ADR and Occupancy with a decrease in capitalization rates), an increase in sales transactions at higher values, and slower growth in the construction sector, indicate that value increases for 2022 revalue were warranted. However, the hospitality sector has yet to rebound to pre-pandemic levels completely.

The values recommended in this report reflect the temporary lodging property market value as of 1/1/2022. The recommended values improve uniformity and equity. Therefore, I recommend the new assessed values be posted for the 2022 Assessment Year, for taxes payable in 2023 as mandated by state law.

Identification of the Area

Name and Designation

- Specialty Area 160 – Hotels

Specialty Neighborhoods

The Assessor has established six neighborhoods for valuation purposes. The neighborhoods were established to group properties into similar market segments and manage some of the larger neighborhood's parcel count. Smaller neighborhoods and more specialized data improve accuracy when creating competitive sets.

- Neighborhood 10 – Seattle - Central Business District
- Neighborhood 20 – Bellevue, Redmond, and Surrounding Area
- Neighborhood 30 – SLU, Northgate, and the University District
- Neighborhood 40 – South Seattle, Renton, Tukwila, and SeaTac
- Neighborhood 50 – South King County
- Neighborhood 60 – North King County, including North Seattle

Boundaries

All of King County

Maps

A GIS map of the area is included in this report. More detailed Assessor's maps are located on the Assessor's website at www.kingcounty.gov/assessor.

Area Overview

As of 1/1/2022, the temporary lodging market in King County was recovering from the adverse effects of the Covid-19 virus. Most neighborhoods saw hotel values increase; however, not all hotels or all areas of King County were impacted the same way. Thus, recovery or increases in value depend on the hotel type and class.

Seattle's Downtown Commercial Business District (CBD) was the most impacted area by Covid-19. Businesses often utilize luxury and upper upscale hotels, especially convention-style hotels, for meetings and other gatherings. As the virus settled into the area, mask mandates and social distancing were put into place and practiced throughout the county. Travel and tourism, which had almost completely stopped, started again with some mandates still in place. The hospitality

sector started experiencing more local travel guests. In addition, some business conventions, university seminars, and sports and entertainment venues began occurring with smaller audiences bringing in some business travel, but to a much smaller extent than pre-pandemic levels. As a result, the hotel industry started rebounding. Most limited-service hotels are back to their pre-pandemic norms. The exception are limited-service upscale hotels, which involve "extended-stay" type rooms. These hotels primarily appeal to business travelers who are not as abundant as leisure travelers.

Most full-service hotels have yet to stabilize, except for full-service midscale hotels. However, the discount received the previous year by the full-service hotels due to the Covid-19 adjustment was quite generous and more than offset potential negative value decreases. Thus, their assessments saw a significant increase in 2022.

Lodging Property Description: King County has two types of hotels, full-service, and limited-service. Investors consider the Seattle area to be a first-tier market. There are currently 382 hotel/motel parcels in this specialty. The Assessor categorized hotels by utilizing property-specific qualities and market data to create competitive sets for valuation purposes.

For the 2022 Revalue, most of the Assessor's models came directly from Smith Travel Research's (STR) Global Hotel Profitability Review (formerly the HOST Almanac). To create his models, the Assessor begins by dividing temporary lodging properties into two types of hotels, full-service or limited service, according to the definition in the Global Hotel Profitability Review. The Global Hotel Profitability Review defines a hotel as either limited or full service based on revenue generated from food and beverage sales. Lodging properties where 5% or less of their total revenue is generated from food and beverage sales are classified as limited service. In comparison, hotels that earn more than 5% of their total revenue from food and beverage sales are considered full service. The Assessor uses this metric to determine how the hotel typically performs in its market.

Once lodging properties are divided into one of these two groups, they are then assigned to a lodging property class which helps create their competitive set. The Assessor utilizes four categories for limited-service hotels: economy, midscale, upscale, and budget extended stays, and four classes for full-service hotels: midscale, upscale, upper upscale, and luxury. The delineation between the classes of lodging properties can be blurred, but below is a general description of the categories of temporary lodging properties and the eight categories considered for valuation in this cycle:

Limited-Service Lodging: Consists of hotels with room operations only (i.e., without food and beverage service, revenue). Many limited-service hotels offer some amenities that guests may expect from higher-priced hotels, such as a complimentary breakfast bar, business center, etc. However, limited-service hotels lack a significant, dedicated, revenue-producing food and beverage component. In other words, they may provide food and beverages, but the revenue from those operations will amount to less than 5% of their total revenue. Below is a description of the four categories of competitive sets of limited-service hotels/motels:

1. **Economy:** Hotels in this class generally offer minimal amenities, smaller guest rooms, and modest prices. Typically, guest rooms are accessed from an outdoor entrance instead of insular halls. Budget, limited-service hotels/motels can be found throughout King County. Some examples include Motel 6, Day's Inn, and Econolodge.
2. **Midscale:** These tend to be modest hotels. Midscale hotels usually have enclosed passageways, and guest rooms that are slightly larger than those in the economy class. They often provide the following amenities: a complimentary "continental-style" breakfast, a business center, a fitness room, a guest laundry facility, an indoor and outdoor pool, and sometimes small meeting rooms. There are many limited-service hotels throughout King County, such as Comfort Inn, Red Lion Inn, and Quality Inn.
3. **Upscale:** These hotels can best be described as hotels with apartment-type guest rooms. They often have services and amenities similar to midscale hotels, such as, complimentary breakfast, a pool, and a fitness center. The significant difference is the guest rooms are larger and sometimes include separate walled-off sleeping quarters. In addition, they may have a cooking area complete with appliances and kitchenware. Guest rooms are designed for travelers staying longer than a few days. There are a number of these hotels in King County, including Homewood Suites, Residence Inn, and Staybridge Suites.
4. **Budget Extended Stays:** This is a recent class of hotel that does not appear in the Global Hotel Profitability Review. However, the Assessor felt it was different enough that it warranted its own class. A profit and loss report was prepared by Smith Travel Research (STR) and is similar in design to those in the Global Hotel Profitability Review. This type of hotel is inexpensively constructed, and the interior is finished with lower-quality materials and construction. The guest rooms are typically smaller, but they do include a kitchen or kitchenette with the necessary appliances and cookware to prepare meals in the guest room. Other hotel amenities are sparse. For example, if a guest wants housekeeping more than once a week or every ten days, there is an additional charge. These hotels have lower ADRs, higher occupancies, and very low expense ratios. The business model is different from most other hotels' business models, and the average daily rate (ADR) is based on a sliding scale; the longer you stay, the lower the rate per night. Hotel guests often pay weekly or monthly. Some examples include Extended Stay America, Hometown Suites, and Woodspring Suites.

Full-Service Lodging: Full-service hotels typically offer larger, higher-quality guest rooms with more services. There is also space set aside for food service. The Assessor defines a full-service hotel as hotels reporting food and beverage revenues, where those revenues are more than 5% of the total lodging property revenue. Below are the four classes of full-service hotel models utilized valuation this revalue cycle:

1. **Midscale:** Typically, these hotels are similar to the limited-service midscale hotels with the addition of an added food and beverage venue. Many of these hotels are older, but

they've been updated. Currently, there has been pressure to construct these types of hotels in suburban areas as leisure travelers stay closer to their homes. Some examples include The Holiday Inn Express, Best Western Plus, and Clarion.

2. **Upscale:** There are a wide variety of full-service, upscale hotels in King County. Generally, these hotels have higher quality guest rooms and amenity accommodations. The older hotels in this class usually have more traditional restaurants. The newer hotels in this class generally have a bar or bistro that is open for breakfast, lunch, or dinner. Other amenities include room service, larger meeting space, fitness facilities, concierge services, etc. Upscale hotels include Hilton Garden Inn, the Courtyard by Marriott, and Citizen M.
3. **Upper Upscale:** This class of hotels has well-appointed locations with high-quality amenities including spacious guest rooms and bathrooms. The hotels in this competitive set are typically noted as being four or five-star quality. Guest rooms may be more lavishly decorated than guest rooms in upscale hotels. Usually, they're located in prime city center areas in major cities. Most are found in centralized business locations such as downtown Seattle, downtown Bellevue, and closer to the airport in SeaTac. More often, these hotels have large meeting spaces and high-quality, often personalized, amenities such as room service, fitness facilities, concierge services, wedding facilities, etc. Some hotels in this class include Hyatt Regency, Renaissance Hotels, and Sheraton Hotels.
4. **Luxury Hotels:** These hotels are found in both the heart of the city and in the picturesque outskirts of the county. They often are referred to as destination hotels. There are a limited number of this class of hotels in King County. What differentiates these hotels from other full-service hotels is they offer luxury accommodations throughout the hotel. The rooms are lavishly decorated, often with period décor and they typically provide extra services such as valet parking, concierge services, spa services, etc. on site. Some examples of this are the Fairmont Hotel, Loews Hotel 1000, and the Salish Lodge.

In general, full-service luxury, full-service upper-upscale, limited-service midscale, and limited-service economy hotels saw the most significant percentage increase but for different reasons. Higher quality hotels in city centers experienced significant value decreases last year due to the sharp decline in revenue from Covid-19. While revenues of this type and class of hotel have not achieved stabilization, they saw significant value increases as they rebounded. Limited-service midscale and economy hotels did not see a significant decrease last year. Still, they experienced a large increase in value this year as these hotels had the highest demand. Full-service upscale hotels and budget extended stays also experienced rises in value but to a lesser extent. Limited-service upscale hotels were starting to rebound by year's end, but they had not finished falling at the beginning of 2021, causing those values to dip slightly for the year. Limited-service upscale hotels are expected to increase significantly next year.

Neighborhood 10 had the highest overall percentage increase as it has the largest number of full-service luxury and upper upscale hotels. These classes of hotels garner the highest value and their rebound, combined with their unprecedented, sharp drop in value last year, created a significant

increase in overall value. Neighborhoods 50 and 40 saw significant percentage increases due to the higher number of limited-service midscale and economy hotels located within their boundaries.

Overall, hotel values in King County were adjusted upward by 12.44%

The following is a summary of the 2021 year-end hotel data for the United States, King, and surrounding counties. The data source is either the 2022 Global Hotel Profitability Review (formerly the HOST Almanac) or Kidder Mathews 2021 4th Quarter Seattle Hotel Report:

- The US Profit Margin index shows the Gross Operating Profit (GOP) was 37.4% in April 2019 and 35% in April 2022.
- The US Profit Margin index for full-service hotels shows the Gross Operating Profit (GOP) was 36.7% in April 2019 and 33.7% in April 2022.
- The US Profit Margin index for limited-service hotels shows the Gross Operating Profit (GOP) equaled its 2019 metric with 39.9% in April 2019 and 39.9% in April 2022.
- The US Profit Margin index shows the EBIDTA was 26.4% in April 2019 and 23.6% in April 2022.
- The US Profit Margin index shows the EBIDTA for full-service hotels was 26.6% in April 2019 and 22.9% in April 2022.
- The US Profit Margin index shows the EBIDTA for limited-service hotels exceeded its 2019 metric with 25.7% in April 2019 and 26.0% in April 2022.
- In 2021 the average increase in Room Occupancy in Pierce, King, and Snohomish County was 50.2%, an increase of 16 points from 2020
- Occupancy in Seattle CBD went from 23.2% in 2020 to 36.1% in 2021
- Occupancy in the Seattle Lake Union area went from 30% in 2020 to 53.3% in 2021
- Occupancy in Bellevue went from 29.4% in 2020 to 45.1% in 2021
- Occupancy in Seatac went from 42.3% in 2020 to 55.6%
- Average Daily Rate (ADR) in Seattle CBD went from \$171 in 2020 to \$190 in 2021
- Average Daily Rate (ADR) in the Seattle Lake Union area went from \$108 in 2020 to \$120 in 2021
- Average Daily Rate (ADR) in Seatac went from \$116 in 2020 to \$123 in 2021
- RevPAR increased in all measured performance areas in King County in 2021

Below is a table of hotel properties in King County, organized by their assigned neighborhood. The percent of change summarizes the total value change for that neighborhood from the 2021 revalue. The neighborhood changes align with the Assessor's performance expectations and the area's data.

2022 Hotel / Motel Specialty Area Breakdown					
Area	Name	Improved Parcel Count	2021 Neighborhood AV	2022 Neighborhood AV	Percent Changed
160-10	Seattle Central Business District	85	\$3,689,256,700	\$4,330,230,400	17.37%
160-20	Bellevue & Surrounding Cities	47	\$1,529,871,100	\$1,694,936,800	10.79%
160-30	SLU, Northgate, and the University District	59	\$1,228,375,800	\$1,266,181,000	3.08%
160-40	South Seattle, Renton, Tukwila, and SeaTac	89	\$1,291,683,200	\$1,436,187,000	11.19%
160-50	South King County	57	\$373,366,000	\$420,917,700	12.74%
160-60	North Seattle and Northeast King County	45	\$456,478,300	\$486,200,300	6.51%
160	Total	382	\$8,569,031,100	\$9,634,653,200	12.44%

Analysis Process

Effective Date of Appraisal: January 1, 2022

Date of Appraisal Report: August 17, 2022

Responsible Appraiser: Mary Guballa - Commercial Appraiser II, Hotel Specialist

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 temporary lodging or mixed-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 of demographic and current development patterns, the improved parcel's existing building(s) represent most sites' highest and best use. The existing use will continue until land value in its highest and best use exceeds the sum value of the entire property in its existing use. On those parcels where the property is not at its highest and best use, a token value of \$1,000 is assigned to the improvements, and the parcel may be removed from this specialty and returned to the geographical appraiser for valuation, unless it is known that the owner plans to redevelop the site for future hotel usage.

Standards and Measurement of Data Accuracy: Each sale was verified with the buyer, seller, real estate agent, or tenant when possible. Published sources were also utilized. When necessary, current data was verified and corrected by field inspection, review of plans, marketing information, and owner responses to interviews, surveys, or appeals.

Special Assumptions and Limiting Conditions

All three approaches to value were considered in this analysis. The income approach is the most commonly used approach by market participants when valuing this type of property and appears to be the most reflective of market value. The sales approach, while utilized, often has many unknowns and multiple parties involved in the transactions. Thus, it is referred to as a check for reasonableness against the model. The cost approach is seldom utilized, as the value generated does not calculate all the necessary factors in a hotel and more often the value obtained is significantly below market.

Two income methods were utilized this year when determining value. Limited-service hotel properties reached or were very close to stabilization. Likewise with full-service midscale properties. Thus, these properties were valued using the Direct Capitalization Income Approach. On the other hand, most full-service hotel properties have not yet reached stabilization (i.e., upscale, upper upscale, and luxury). As such, those properties were valued using a Direct

Capitalization Income Approach with an adjustment applied to reflect the continued unusually high vacancy rates due to the impact of the Covid-19 pandemic.

Metrics and methods employed in this revalue include:

- Sales from 01/01/2019 to 03/17/2022 were considered in the analysis.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standards 5 and 6.
- Market trends were not applied to sales prices, and models were developed without market trends.
- Full-Service Hotel sales prices were adjusted downward by 10%, and Limited-Service Hotel sale prices were adjusted downward by 5% to remove the "typical" amount of personal property value (tangible and intangible) included in a sale. See Sale's Study Analysis in the Addendum
- Personal property was calculated using the hotel valuation method described in "The Valuation of Hotels and Motels for Assessment Purposes" by Stephen Rushmore MAI and Karen Rubin.¹The Hotel Income Capitalization Approach Model Description describes it in more detail. The complete article is located in the addendum.

Neighborhood Description

Hotel properties in King County are either one of two types, full or limited service. Within those two types, there are eight classes of temporary lodging properties utilized by the Assessor. Most of the inventory is driven by Seattle, Bellevue, and Seatac. King County is considered a first-tiered hotel market; therefore, its temporary lodging industry attracts local, regional, national, and international investors. Seattle has a vibrant tourism and business economy. It is home to Boeing, Amazon, and Starbucks. Redmond's Microsoft spurred much of the growth in technology in the region and worldwide. In addition, a significant portion of Amazon's business operations is relocating from Seattle to Bellevue, making Bellevue very attractive to commercial business interests. And Seatac also has a strong temporary housing market as this city is home to the area's international airport. These three areas attract worldwide corporations and a wide variety of business and leisure hotel guests.

Most temporary lodging properties are concentrated in business / commercial centers; the type and class of the hotel/motel often depends on the location. For example, many full-service luxury

¹ Stephen Rushmore and Karen Rubin. "The Valuation of Hotels and Motels for Assessment Purposes," The Appraisal Journal (April 1984); 270-288.

hotels are in downtown Seattle or Bellevue or completely outside of the major cities in a picturesque surrounding region. Upscale and Upper Upscale full-service hotels are primarily located in the same two downtown commercial business districts. Upscale limited-service lodging properties are typically located close to business centers, such as Redmond (Microsoft), Bellevue (Eastlake), Renton (Boeing and Federal Buildings), Seatac (Airport), etc. And midscale and economy limited-service hotel/motels are found throughout the county, with higher more outside the commercial business districts. Generally, these hotel/motels are located along state routes although there is also a number on the three major interstate highways.

The Hotel Specialty has 382 parcels. Current data shows 333 parcels are improved, and 49 are associated land parcels. Included in the 333 improved parcels are 28 hotel commercial condominium units. All properties within this specialty were revalued. King County subscribes to a policy of annual revaluation and a six-year physical inspection cycle. Valuation models were developed within the eight hotel classes.

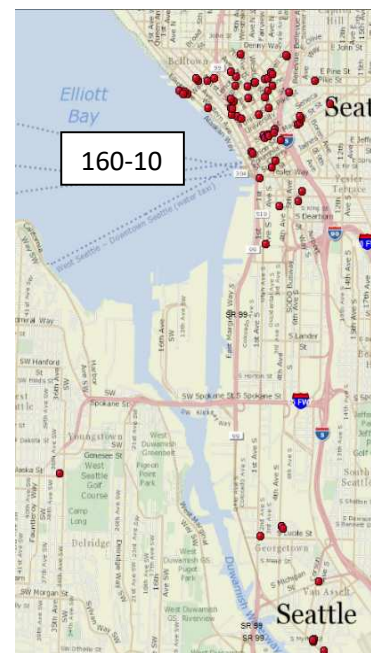
The following is a brief description of each neighborhood, along with a neighborhood map depicting the location of each hotel in the given neighborhood.

Seattle Central Business District – 160-10

Neighborhood 10 includes the temporary lodging properties in the Downtown Seattle Commercial Business District (CBD). It extends south of the Denny Regrade area through Pioneer Square to SoDo and Georgetown and includes a couple of properties in West Seattle. It is bounded on the north by Denny Way and on the south by South Cloverdale. The east and west sides have two natural bodies of water to act as boundaries, the Puget Sound and Lake Washington.

In King County, the Seattle CBD contains the highest concentration of luxury, upper upscale, and upscale full-service hotels. There are some limited-service hotels, but those hotels are found primarily in Pioneer Square and Georgetown. This is a densely populated commercial area with temporary lodging properties throughout the neighborhood.

In 2021, this neighborhood had both an upper upscale hotel and an upscale hotel under construction. Both hotels were open before July 31, 2022. There are 85 hotel/motel parcels, which comprise 22% of the temporary lodging population. Overall property values in neighborhood 10 increased by \$640,973,700 or 17.37%. This neighborhood experienced the largest increase in value.



Bellevue, Redmond, and Surrounding Area – 160-20



Most temporary lodging properties in Neighborhood 20 are located in Bellevue and Redmond. In general, the neighborhood extends from Eastlake north to Redmond. Specifically, it is bounded on the north by Redmond Way, on the south, it includes all hotel properties located on both sides of the I-90 corridor. Although Mercer Island is included, a natural barrier creates this neighborhood's western boundary, Lake Washington. Another natural barrier, Lake Sammamish, provides the eastern boundary. Aside from the two eastside cities of Bellevue and Redmond, Neighborhood 20 also includes the southern portion of Kirkland.

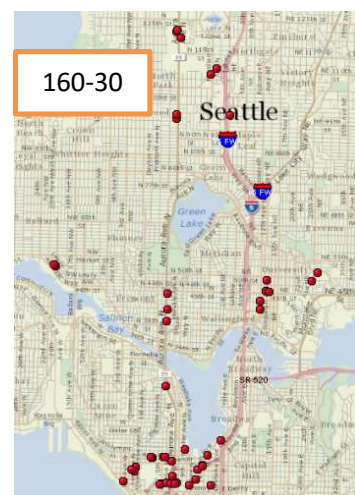
The Bellevue Central Business District, (CBD) contains the second highest concentration of full-service hotels, and Bellevue overall has the highest number of limited-service, upscale hotels. Many Seattle businesses are relocating to the east side because of the favorable business climate and proximity to technology companies such as Microsoft.

Currently, there are 47 temporary lodging parcels in this neighborhood. It comprises 12% of the hotel-motel population. One smaller hotel was completed and opened before July 31, 2022, and two full-service luxury hotels, and a limited-service midscale hotel are under construction. Overall hotel property values increased by \$165,065,700 or 10.79%.

SLU, Northgate, and the University District Hotels & Motels – 160-30

Neighborhood 30 includes the temporary lodging properties around South Lake Union, Northgate, and the University District. This neighborhood is bounded on the south by Denny Way. Denny Way appears to split Seattle's CBD from the South Lake Union business district, although both areas are home to several international businesses. In South Lake Union, you will find the Amazon headquarters, the Gates Foundation, and the Paul Allen Medical Institute, just to name a few. This area is rapidly developing, and its market is one of the strongest in the Pacific Northwest.

Continuing, neighborhood 30 extends north to Northeast 115th Avenue. The northern region encompasses Northgate, an area that is seeing more growth. On the west side, a natural boundary exists, the Puget Sound, so Ballard is situated in this neighborhood. And on the east side, it is bounded by Lake Washington, so the University of Washington is also located in east neighborhood 30.

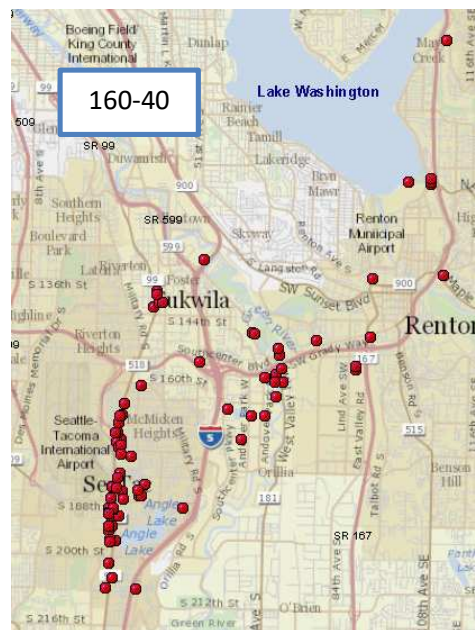


The predominant type and class of temporary lodging properties in this neighborhood are limited service hotels, with an almost equal number of economy and midscale classes. The number of hotel/motel parcels amount to 59 and account for 15% of the total hotel specialty population. Three hotels were permitted for construction, but none have broken ground. Overall hotel property values in this neighborhood increased by \$37,805,200 or 3.08%.

South Seattle, Renton, Tukwila, and SeaTac – 160-40

The cities of SeaTac, Tukwila, and Renton are situated in this neighborhood. Neighborhood 40 is bounded on the north by South Cloverdale and on the south along the I-5 corridor by South 210th Street. The southern boundary shifts from South 210th Street in SeaTac to South 180th in Renton along the east side of I-5. Then it shifts north again to SW 27th Street on the east side of State Route 181 or the West Valley Highway. This neighborhood includes the Seatac Airport area and wraps around the southern half of Lake Washington.

Neighborhood 40 has the largest parcel count of any neighborhood in the hotel specialty. Interestingly, most of the properties in this specialty are not situated along I-5 but instead are positioned along State Route 518 in SeaTac. SeaTac is home to the international airport. Many business travelers prefer airport proximity, which explains the location of so many hotels. In addition, a significant number of temporary lodging properties are clustered around the Westfield Mall area, better known as Southcenter. The remaining properties are located in Renton and Tukwila.



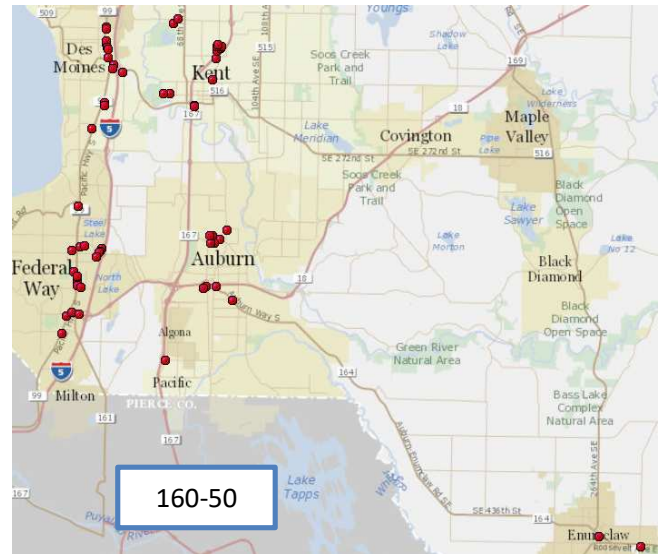
This neighborhood has 89 temporary lodging parcels, or 23% of the total hotel - motel population. The hotels are predominantly limited-service economy and midscale classes, but there are also many full-service midscale lodging properties. Two hotels are permitted this year, but neither has broken ground. Neighborhood 40 saw assessed values increase by \$144,503,800 or 11.19%.

South King County – 160 -50

The temporary lodging properties in neighborhood 50 are comprised primarily of limited-service midscale and economy hotels and motels. This neighborhood is bounded on the north by South 210th Street, on the west by the Puget Sound, on the east by the Cascade Mountains, and on the south by the King County boundary line. The cities included in this neighborhood are Des Moines, Federal Way, Auburn, Kent, and Enumclaw. Most properties are situated along State Route 99 which runs parallel to I-5. There are also many hotels along I-5 and State Route 167 (the Valley

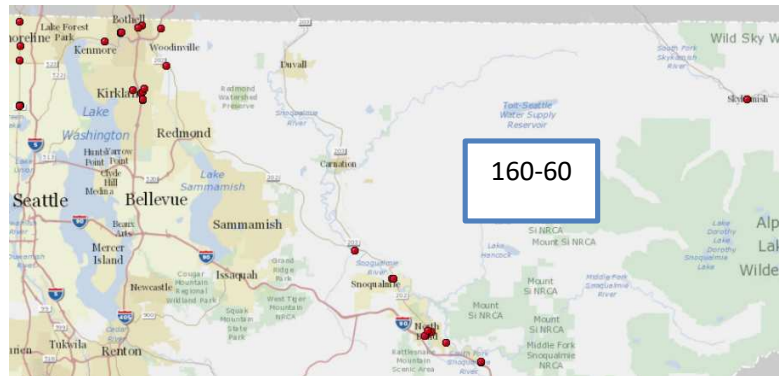
Freeway). While the geographic area of neighborhood 50 extends to the King - Pierce, and King - Kittitas County lines, there are only two hotels, further east of the downtown areas of Auburn and Kent, and they're both in Enumclaw.

In total, there are 57 temporary lodging parcels in this neighborhood which make up 15% of the entire hotel - motel population. Because the majority of the temporary lodging properties in Neighborhood 50 are limited-service midscale, economy, or budget extended stay hotels, the Covid 19 virus has not as severely impacted them as the hotels and motels in neighborhoods 10, 20, 30, and 40. Two hotels have been permitted, but thus far, there has been no start on either. Overall, assessed values in this neighborhood increased by \$47,551,700 or 12.74%.



North King County and North Seattle – 160-60

Temporary lodging properties are scattered throughout the northern portion of King County which comprises Neighborhood 60. Specifically, this neighborhood extends from the King - Snohomish County Boundary line south to N 115th on both the west and east side of Lake Washington. However, once you move east to Lake Sammamish, the southern boundary extends to I-90. The eastern boundary is the Kittitas County line. Northern Kirkland (Totem Lake), Bothell, Issaquah, Woodinville, North Bend, and Snoqualmie are all situated in this neighborhood. On the west side of Lake Washington, the southern boundary is still N 115th but it is bounded on the west by the Puget Sound. North Seattle, Shoreline, and Kenmore are in this neighborhood.



There are 45 temporary lodging parcels in Neighborhood 60 which comprise 12% of the total hotel-motel population. Two hotels are permitted this revalue cycle; one is at the Snoqualmie Casino, and the other is a limited-service midscale hotel that has not been started. Overall, hotel property values in this neighborhood increased by \$29,722,000 or 6.51%.

Physical Inspection Area

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. Neighborhood 160-50 South King County was physically inspected for the 2022 assessment year. The inspection area is comprised of 56 parcels or approximately 15% of the 382 parcels located in Area 160. A list of the physically inspected parcels and an identifying map are included in the addendum of this report.

Specialty Neighborhood		Location	Inspected Parcel Count	Total Parcel Count	Percent of Parcel Count
160	50		56	382	15%
Hotels Physical Inspection Totals			56	382	15%

Scope of Data

Land Value Data

The geographic Appraiser in the area where the temporary lodging property is located is responsible for the land value used in the hotel specialty valuation. See appropriate area reports for land valuation discussions.

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. Sales questionnaires are typically mailed to sellers and purchasers of properties sold in Area 160. Participation is voluntary, and responses are modest. Sales may also be verified, by calling either the purchaser or seller, inquiring in the field, or calling the real estate agent. Property characteristics are verified for all sales if possible. Sales are listed in this report's "Sales Used" and "Sales Not Used" sections. Additional information resides on the Assessor's website at www.kingcounty.gov/assessor.

Hotel transfers generally include personal property (tangible and or intangible). When estimating real property value, the personal property value contribution must be removed from the sale prices prior to the hotel sales analysis to create a more accurate sales comparison approach. The Assessor has taken steps to reflect the typical amount of personal property reflected in hotel transactions in King County.

Gross sale prices were adjusted to reflect a discount for both intangible and tangible personal property. The discounts were estimated by analyzing the reported personal property amounts listed on sold temporary lodging property excise tax affidavits. The Assessor analyzed all available excise tax affidavits from 2012 through March of 2022 for sales deemed to be arm's length transactions. The results of this analysis indicated a downward adjustment of 5% from the gross sale price for limited-service hotels/motels and a downward adjustment of 10% from the gross sales price for full-service hotels. All sales listed on the "sales used" list were analyzed based upon this adjusted sales price. The resultant adjusted sales price is intended to reflect the typical amount of real property value associated with the hotel transfer. This allows for a direct comparison between the sales and the Assessor's real property assessed value. (*see sales analysis addendum*)

Preliminary Ratio Analysis

The Assessor uses ratio studies to review current assessment levels, identify inequities that need to be addressed, and assist in revaluation model development. This analysis utilizes statistical methods to measure the relationship between a property's assessed value and its adjusted sale price, as described above, by grouping individual sales into competitive sets by type and class and making an allowance for qualitative factors such as quality, effective age, geographic area, and geographic neighborhood.

The two major aspects of appraisal accuracy are appraisal level and appraisal uniformity. They are measured and evaluated using the ratio study. Appraisal level is a measure of the ratio of assessed value to the sales price, while appraisal uniformity refers to the degree to which properties are appraised at equal percentages of market value. The International Association of Assessing Officers (IAAO) has developed performance standards to evaluate both the appraisal level and uniformity.

Appraisal (Assessment) Level: Estimates of appraisal level are based on measures of central tendency. The weighted mean ratio is the value-weighted average of the arithmetic mean and median ratios in which the weights are proportional to the sales prices. The weighted mean is the sum of the total assessed values divided by the sum of the sales prices. The weighted mean gives equal weight to each dollar of value in the sample, whereas the median and mean give equal weight to each parcel. The weighted mean is an important statistic and is also used in computing the price-related differential (PRD), a measure of uniformity between high and low-value properties.

The IAAO performance standards state that the weighted mean ratio should be between 0.9 and 1.10. The preliminary ratio study for Area 160 shows a weighted mean ratio of .794, which falls below the lower range of the IAAO guidelines, indicating the current assessment level, as measured using recent sales, is well below market. An upward value adjustment is necessary to bring values closer to the market and improve that metric.

Appraisal (Assessment) Uniformity: Measures of dispersion or variability relate to the uniformity of the ratios. The most generally useful measure of uniformity is the Coefficient of Dispersion (COD). The COD measures the average percentage of deviation between the sales ratios and the median ratio. The IAAO performance standards state that the COD should be between 5.0 and 20.0 for income-producing properties in smaller rural jurisdictions and between 5.0 and 15.0 for properties in larger, urban market jurisdictions. The ratio study for Area 160 prior to the revalue process shows a COD of 12.29%, which is within the IAAO guidelines indicating that the current level of assessment uniformity as measured using recent sales, is in the acceptable range.

A second measure of uniformity utilized in the ratio study is the Price Related Differential (PRD). The PRD provides a measure of price-related bias, or the equity between low and high-priced property. The IAAO performance standards state that the PRD should fall between 0.98 and 1.03. A value below 0.98 would indicate progressivity in the data where assessment levels increase with increasing sales prices. Values above 1.03 indicate regressivity in the data where assessment level decreases with increases in sales price. The preliminary ratio study for Area 160 shows a PRD of 1.07, which shows that properties with higher values have an assessment level below the standard distribution.

This study was used along with other data, surveys, and publications to determine how to adjust values in Area 160. When the new values are implemented, the data shows that the weighted mean is now .919 which shows an improvement over the previous values and the COD is now 8.05% which also shows stronger assessed values. The PRD improved to 1.04% just outside the acceptable range but with the market not at full recovery yet for full-service properties; this metric appears reasonable.

Hotel Parcel Total Values

Sales Comparison Approach

The sales comparison approach was not relied upon to develop valuation models for the competitive sets however, sales data was considered as an additional metric to check for reasonableness of valuation of the selected model's overall value. There was a total of 32 improved sales within the hotel/motel specialty from 1/1/2019 to 3/17/2022 that were considered fair market transactions and used in the overall analysis, but only 29 were used for the ratio study analysis because some sales had characteristics that changed.

Sales used in the analysis are listed in the attached "Sales Used" likewise sales not used in the analysis are listed in the attached "Sales Not Used"

Cost Approach Model Description & Calibration

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by the Marshall & Swift Valuation Service. Locational

factors are applied to adjust costs to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the limited amount of data in place in the Real Property Application. Typically, the cost model is not used for temporary lodging properties in King County as the factors needed to accurately calculate a temporary lodging property's cost are more numerous than the Assessor's current program can capture. Thus, values generated via the Assessor's programmed cost model are often well below market for this property type.

Hotel Income Capitalization Approach Model Description

As stated earlier in this report, the Assessor utilized two different income approaches to value. Limited-service hotels plus full-service midscale hotels were valued using a current direct income approach to capitalization while all other full-service hotels were valued using the 2019 direct capitalization income approach with an adjustment for the sharp decline in Occupancy.

The direct capitalization approach is based on the Rushmore Approach to Hotel Valuation. This approach calculates a value for the real property assuming its highest and best use as a hotel. The value does not reflect a specific hotel brand or management group. The value reflects the market value of a hotel with the physical attributes described. It is formulated from the typical income and expense expectancies for that property's class and market segment. Average daily rates (ADR), Occupancy, and Capitalization rates, utilized in the Assessor's income approach are based upon surveyed data and published hotel reports.

Income and expense ratios (except real estate taxes) utilized in the income approach were based on Smith Travel Research, (STR) surveyed results reported in the Global Hotel Profitability Review (formerly HOST Almanac). For the 2019 data, STR surveyed operating statements from more than 11,000 hotels worldwide and entered the results into a database that they utilized to compile information on hotel revenues and expenses. For the 2021 data, STR received survey results from almost 8,500 hotels worldwide.

In total, eight income models were developed for the direct income capitalization of temporary lodging properties. Seven of those eight models came directly from the Global Hotel Profitability Review, a highly respected published document from STR. (three limited-service hotel/motels and four full service-hotel/motels models). The eighth model is a limited-service profit and loss report of budget extended stay properties. It was asked to be created by STR using their surveyed data from economy and lower midscale budget extended stays in the Pacific and Western regions.

Intangible property value is exempt from taxation in Washington State. It is imperative that our valuation method reflects typical income and expense scenarios associated with all types of hotels rather than just focus on those hotels that are branded, franchised, or managed. The Global Hotel Profitability Review presents information by department, including rooms, food, and beverage, etc. They break apart expenses for marketing, utility costs, property, and maintenance, administrative and general, as well as selected fixed charges.

The Assessor utilizes Rushmore's method of hotel valuation in his direct capitalization process. This requires personal property within a hotel to be isolated and excluded from the real property components. In order to do this, two calculations are necessary: a return "OF" personal property and a return "ON" personal property.

Note: Management fees and franchise fee deductions remove the value attributable to any intangibles.

Replacement Reserves or FF& E (expense) represents the return "OF" the personal property and is reflected in the expense line item. This percentage of gross revenue deduction is based upon the Global Hotel Profitability Review results reported by all hotels in the given market segment. It is intended to reflect the full gamut of hotels (branded and unbranded; professionally managed and independently managed, etc.).

The second deduction represents the return "ON" the tangible personal property and "is based upon the premise that a component of a hotel property is entitled to an annual return equal to its cost of capital comprising that component".² This figure is derived by determining the typical value of FF&E currently in place given the subject hotel's particular type and class. The Assessor utilized the last few years of arm's length hotel transactions to arrive at this value. He sorted that data by hotel type and class and then averaged the value of personal property by room. The detail of that analysis follows the "Return On" equation description shown below.

The formula the Assessor utilizes to capture the "Return On" investment is....

(Room Count) * (Average PP per Room) * (Personal Property Interest Rate + Levy Rate)

The room count and the levy rate is specific to the subject hotel. The personal property interest rate utilized by the Assessor was found in CapEx, a financial publication, and verified with a hotel business loan executive. The Assessor values hotels in King County, a Tier 1 market, and the cap rates range from 7 to 10%. The Assessor chose a rate of 8% given the subject hotels' area.

Two methods to determine the average value of personal property per room for a given class of hotel, were utilized. The results of these two methods were compared and the higher net result for a given type and class of hotel was ultimately selected for use.

In both methods, the average personal property per room is calculated by grouping all hotel sales by type and class.

Alternative 1:

Recall that gross hotel sale prices were adjusted downward to remove the average percent of personal property as previously described, *5% for limited service and 10% for full service*. This

² Ibid, pages 282-285

results in the "adjusted sale price." Next, the self-reported tangible personal property value filed with the King County Assessor the same year as the sale was divided by the "adjusted sale price" to get a percentage (or ratio) of personal property of the adjusted sale price. All of these percentages from the hotels' type and class were averaged together to arrive at an average personal property as a percent of the adjusted sale price ratio. This average ratio was then applied to each sale in the class, and that figure was then divided by that specific hotel sale's room count. This calculates the indicated personal property value per room. The results from each hotel sale utilized, were then averaged to arrive at an average personal property per-room value for each hotel class. The process is explained again below in a different format.

- Gross Sales price * 90% or 95% = **Adjusted Sale Price** (See Improved Parcel Total Value Data, supra) and (*See Sales comparison approach*)
- Reported PP / Adjusted Sale Price = **Percentage of personal property as a percentage (or ratio) of Adjusted Sales Price**
- Sum of Percentages of personal property/ number of entries = **Average percentage of personal property of Adjusted Sales Price**
- Average percentage of Personal Property* Adjusted Sale Price / Room Count = **Average PP Value per Room of a specific sale**
- **Sum of Average PP Value per Room/ number of entries = Average PP per room**

Alternative 2:

This alternative calculation divided each sale's declared personal property (reported to the Assessor in the year of the sale) by its room count. These ratios were then averaged to give an overall ratio that indicated an average personal property per room value.

- Amount of personal property declared on excise tax slip/room count = **Declared PP Value per Room**
- Sum (PP Value per Room) / (number of entries) = **Average Personal Property per Room**
- Sum (Declared PP per Room) / (number of entries) = **Average PP Value per Room.**

Income

Income parameters relevant to hotels are measured by the hotel's average daily rate, (ADR) and its typical occupancy level. Hotels typically generate other revenues through sources such as food and beverage, telecommunications, banquet services, conventions, sundries, retail space, etc. Those revenues are captured through the profit and loss statements created in the Global Hotel Profitability Review from the STR surveys.

Expenses

The Assessor relies on the Global Hotel Profitability Review by Smith Travel Research for seven of the eight hotel model's expense percentages. The limited-service, budget extended stay model was created for the Assessor utilizing similar types of hotels.

Capitalization Rates

The range of capitalization rates used by the Assessor was from published sources as well as verified sales. Lower capitalization rates were applied to newer and higher quality hotels in central business districts such as downtown Seattle and downtown Bellevue. Higher capitalization rates were applied to older, lesser-quality hotels in more suburban locations.

Below are charts that show typical ranges for key metrics by neighborhood for limited-service hotels based on class. Ranges in parameters are generally due to qualitative measures such as location, building quality, effective age, and maintenance. Specific properties may deviate from what is noted.

Typical Range of Metrics of Limited-Service Hotels by class:

2022 Revalue Typical Income Metrics for Limited Service Hotels				
	Economy	Midscale	Upscale	Budget Extended Stay
160-10	ADR \$70-\$120 OCC 65-70% CR 7.0-7.25%	ADR \$90-\$165 OCC 65-85% CR 6.5-7%	ADR \$175-\$215 OCC 80-85% CR 5.5-6.25%	N/A
160-20	ADR \$80 OCC 70% CR 7.0%	ADR \$125-\$200 OCC 70-75% CR 6.5-6.75%	ADR \$140-\$190 OCC 70-75% CR 6.0-6.25%	ADR \$90-\$100 OCC 70-75% CR 6.25-6.5%
160-30	ADR \$65-\$130 OCC 65-75% CR 7.0-7.25%	ADR \$135-\$200 OCC 75% CR 6.5%	ADR \$185-\$200 OCC 70-80% CR 6.0%	ADR \$95 OCC 75% CR 6.5%
160-40	ADR \$60-\$90 OCC 60-75% CR 7.0-7.5%	ADR \$105-\$170 OCC 70-80% CR 6.25-7.0%	ADR \$130-\$165 OCC 70-75% CR 7.0%	ADR \$67.50-\$75 OCC 65-85% CR 6.5-7.0%
160-50	ADR \$62.50-\$70 OCC 65% CR 7.5%	ADR \$90-\$180 OCC 65-80% CR 5.75-7.0%	N/A	ADR \$55-\$65 OCC 60-80% CR 7.0-7.5%
160-60	ADR \$65-\$95 OCC 62.5-75% CR 7.25-8.25%	ADR \$120-\$180 OCC 75-80% CR 6.0-6.75%	ADR \$165-\$175 OCC 70-75% CR 6.75%	ADR \$70-80 OCC 80-85% CR 6.25-7.25%

**Typical Range of Metrics of Full-Service Hotels by class (2019 data – stabilized)
also 2022 Full-Service Midscale:**

2020 Revalue Typical Income Metrics for Full Service Hotels				
	2022 Midscale	Upscale	Upper Upscale	Luxury
160-10	ADR \$150 OCC 80% CR 5%	ADR \$170-\$225 OCC 80-85% CR 6.50%	ADR \$175-\$275 OCC 75-85% CR 6.5%	ADR \$225-\$300 OCC 80-85% CR 6.25-6.5%
160-20	ADR \$130 OCC 65% CR 6.5%	ADR \$155-\$225 OCC 67.5-80% CR 6.5-7%	ADR \$170-\$230 OCC 67.5-80% CR 6.5-7%	ADR \$240-\$250 OCC 75-77.5% CR 6.5-6.75%
160-30	ADR \$170-\$200 OCC 65% CR 6.25%	ADR \$190-\$225 OCC 80% CR 6.5%	ADR \$190 OCC 75% CR 6.5%	ADR \$325 OCC 80% CR 6.5%
160-40	ADR \$115-\$125 OCC 65-70% CR 6.25-6.75%	ADR \$125-\$175 OCC 70-77.5% CR 7.75-8.75%	ADR \$160-\$185 OCC 60-75% CR 7-8.25%	ADR \$190 OCC 65% CR 7.5%
160-50	ADR \$120-\$125 OCC 62.5-65% CR 6.5-6.75%	ADR \$160-165 OCC 70% CR 7.25-8.25%	N/A	N/A
160-60	ADR \$135-\$140 OCC 65-67.5% CR 6.5%	ADR \$170-\$175 OCC 65-75% CR 6.75-7%	N/A	ADR \$300-\$325 OCC 75-80% CR 6.75%

The metrics above explain how the Assessor arrived at the full-service hotel's stabilized value.

Below are the published capitalization rates for hotels for year-end 2021.

2021 HOTEL/MOTEL CAPITALIZATION RATES (for 2022 Revalue)				
SOURCE	DATE	LOCATION	Type	2021 RATE
CBRE	2 nd Half 2021	Seattle CBD & Suburban	Full Service Resort	6.50-7.50%
CBRE	2 nd Half 2021	Seattle CBD	Full Service	5.50%-7.00%
CBRE	2 nd Half 2021	Seattle Suburban	Full Service	6.50-7.50%
CBRE	2 nd Half 2021	Seattle CBD	Limited Service	6.50-7.50%
CBRE	2 nd Half 2021	Seattle Suburban	Limited Service	6.75-7.75%
Situs RERC Real Estate Report	Q4 2021	National – All Hotels	1 st Tier Hotels	6.00-11.00%

2021 HOTEL/MOTEL CAPITALIZATION RATES (for 2022 Revalue)				
SOURCE	DATE	LOCATION	Type	2021 RATE
Situs RERC Real Estate Report	Q4 2021	Seattle	Hotels – All Classes	7.90%
Situs RERC Real Estate Report	Q4 2021	West Region	1 st Tier Hotels	6.00% - 10.00%
Situs RERC Real Estate Report	Q4 2021	West Region	2 nd Tier Hotels	6.00% - 12.00%
PWC / Korpaz	Year End 2021	National	Full Service	5.50-9.00%
PWC / Korpaz	Year End 2021	National	Luxury & Upper Upscale Hotels	4.00-9.50%
PWC / Korpaz	Year End 2021	National	Select Service & Extended Stay	6.50-10.00%
PWC / Korpaz	Year End 2021	National	Limited Service – Midscale & Economy	7.00-10.50%
ACLI	4 th QTR 2021	Pacific Region	Hotels – All Classes	7.56%

The Assessor applied a Covid-19 adjustment to most full-service hotel values (i.e.) luxury, upper upscale, and upscale). To determine that adjustment, the Assessor analyzed occupancy data by sorting full-service hotels by class. He then compared the occupancy rate for the same hotel from year-end 2019, to its occupancy rate for year-end 2021. He did this for every hotel where data was available and sorted the information by type and class to arrive at the hotel type and class occupancy averages.

Next, the Assessor estimated the absorption period. After researching numerous publications and analyzing local data, the Assessor settled on the following absorption period timeline for each type and class of hotel to get back to stabilization. Below is a summary of the results of the Occupancy and absorption period for full-service hotels:

Hotel Class	2021 Occupancy	Absorption Period
Luxury	48%	36 Months
Convention Size - Upper Upscale	36%	36 Months
Non-Convention Size Upper Up	43%	36 Months
Upscale	56%	24 Months

The template below was borrowed from another large assessment jurisdiction in the United States. The template calculates the Covid Discount for a specific hotel using their room count, food and beverage, and other income measures based on their loss of Occupancy.

HOTEL DISCOUNT FOR LEASEUP			
Number of Rooms	85		
Total Available Room-Nights	31,025	Room-Nights	
Current Occupied Room-Nights	14,892	Room-Nights	
Present Occupancy %	48.0%		
Stabilized Occupancy (Projected)	24,820	Room-Nights	
Stabilized Occupancy %	80.0%		
Rooms to be Absorbed	9,928	Room-Nights	
Absorption Period for Rooms (Max 60 months)	30	Months	
Rooms Absorption per Year	3,971	Room-Nights	
Rooms Absorption per Month	331	Rooms-Nights	
Food & Beverage & Other Revenue per Room %	43.5%		
Food & Beverage & Other Revenue per Room	\$113.10	/ Room-Night	
REV PAR	\$260.00	/ Room	
Room Upgrades or Reserve Per Room per Room-Night	\$0.00	/ Room-Night	
Discount Rate	6.50%		
PV OF LEASEUP COSTS =	\$4,519,984		

This discount rate was applied to account for the loss of cash flow during the estimated absorption period.

Current Hotel Development: There are still 16 hotel permits open in this revalue cycle. Three of those hotels are now complete, three are under construction, and the other nine have yet to break ground.

Below is the current list of planned hotel projects organized by neighborhood.

Hotel Projects Under Construction								
No	Nbhd	Parcel Number	Hotel Name	Address	City	Stories	Room Count	Expected Completion
1	10	197570-0135	Central Hotel / Henry the 8th	1520 5th Ave.	Seattle	17	241	No Start
2	10	198620-0440	Hotel Astra	300 Terry Ave. N	Seattle	15	280	Spring, 2022
3	10	766620-2575	Citizen M - Pioneer Sq	60 bYesler Way	Seattle	10	216	Spring, 2022
4	10	713783-0020	Unnanmed - Luxury Hotel	1301 5th Ave.	Seattle	12	163	No Start
5	20	082505-9081	Lakeview Hotel	10850 NE 68th St	Kirkland	3	10	Summer, 2022
6	20	032425-0030	Avenue Bellevue	10300 NE 8th Ave	Bellevue	20	251	Summer, 2023
7	20	939970-0820	Holiday Inn Express / Nuovo Apts	969 118th Ave. SE	Bellevue	6	150	Summer, 2023
8	30	276770-0855	No name Hotel	1766 NW Market St	Seattle	7	124	No Start
9	30	276770-3505	Hotel in Ballard	5244 Leary Ave. NW	Seattle	5	99	No Start
10	30	114200-1130	The Tower	4236 Brooklyn Ave	Seattle	14	300	No Start
11	30	674670-1275	Unnanmed - Luxury Hotel	4512 11th Ave. NE	Seattle	30	168	No Start
12	40	609423-0010	Seatac Hyatt House	17300 International Blvd	Tukwila	6	198	No Start
13	40	042204-9240	Home2 Suites	19340 28th Ave. S	Seatac	5	118	No Start
14	50	733140-0405	Tru Microtel	225 Auburn Way S	Auburn	4	90	No Start
15	50	936060-0010	Wyndham Hotel	4873 Auburn Way N	Auburn	3	63	No Start
16	60	312408-9009	Snoqualmie Casino	37500 SE North Bend	North Bend		210	Winter, 2024

Model Validation

Total Value Conclusions, Recommendations, and Validation

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

The direct capitalization income approach was used to value all limited-service hotels as well as full-service midscale hotels. All other full-service hotels (luxury, upper upscale, and upscale) were valued using their 2020 assessed value (stabilized) with a covid discount applied. Improvement values were determined by subtracting land values, previously determined by the geographic area Appraisers, from the total value.

The hotels noted below have at least 25% of their net leasable area utilized for retail or something other than typical hotel revenues; thus, the Assessor deviated from the mass appraisal model outlined in this report to arrive at the values for the properties noted below:

The Washington Athletic Club	Parcel # 197570-0025
The Crocodile Inn	Parcel # 065300-0160
Bellevue Athletic Club	Parcel # 322505-9046
Best Western Plus (Plaza Green)	Parcel # 232204-9088
Ace Hotel	Parcel # 524780-0930
Cascadia Inn	Parcel # 780780-0240
Fall City Roadhouse	Parcel # 673070-0005
McMenamins Hotel	Parcel # 062605-9052

Total Value

The total assessed value in area 160 for the 2022 Assessment Year (taxes payable in 2023) results in a total year-over-year change of +12.44%.

Total Central District Population - Parcel Summary Data			
2021 Total Value	2022 Total Value	\$ Change	% Change
\$8,569,031,100	\$9,634,653,200	\$1,065,622,100	12.44%

Uniform Standards of Professional Appraisal Practice Compliance

Client and Intended Use of the Appraisal

This mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others 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 Standard 6. To fully understand this report the reader may need to refer to the Assessor's Property record files, Assessor's 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

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 January 1 at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

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 31 of each year. The assessed valuation of the property shall be considered as of July 31 of that year. [1989 c 246 § 4]

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 US 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 definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the 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 accordance 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. An attempt to segregate personal property from the real estate in this appraisal has been made.
11. 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.
12. 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.
13. 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.
14. 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.
- 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 the appraiser within the prior three years, as an appraiser or in any other capacity is listed adjacent their name.
- Any services regarding the subject area performed by me within the prior three years, as an appraiser or in any other capacity is listed below:

Physical inspection revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification and new construction evaluation.

Mary Guballa - Commercial Appraiser II - Hotel Specialist

Date 8/30/2022

Improvement Sales for Area 160 with Sales Used

08/25/2022

No	Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Par. Ct.	Ver. Code	Remarks
1	160	010	065500	0050	13,000	3132158	\$4,180,000	07/09/21	\$321.54	CITY HOSTEL SEATTLE (FMR WILLIAM TE	DMR/C 95/65	Hotel/Motel	1	Y	
2	160	010	094200	0120	36,240	3148304	\$9,765,000	09/27/21	\$269.45	HOTEL SEATTLE	DOC1 U/450/U	Hotel/Motel	1	Y	
3	160	010	094200	0532	243,800	3027470	\$157,387,410	12/18/19	\$645.56	LOTTE HOTEL	DOC1 U/450/U	Hotel/Motel	3	29	Seg/merge after sale; not in ratio
4	160	010	347000	0020	155,386	3122955	\$49,500,000	06/03/21	\$318.56	HOTEL 1000	MC 240/290-44	Condominium(M	2	Y	
5	160	010	880490	0365	10,124	3027576	\$3,895,000	12/27/19	\$384.73	BOYLSTON HOTEL	NC3P-75 (M)	Hotel/Motel	1	Y	
6	160	020	122505	9216	46,464	3148523	\$19,311,600	09/28/21	\$415.63	WOODSPRING SUITES - REDMOND	GC	Hotel/Motel	1	Y	
7	160	020	154410	0322	107,322	3130365	\$78,300,000	07/01/21	\$729.58	MARRIOTT AC HOTEL BELLEVUE (Core)	DNTN-MU	Hotel/Motel	1	Y	
8	160	020	232900	0020	195,956	2971521	\$53,213,593	01/23/19	\$271.56	EMBASSY SUITES HOTEL EASTGATE	OLB2	Hotel/Motel	2	Y	
9	160	030	569450	0790	10,105	3038049	\$1,995,000	03/09/20	\$197.43	WALLINGFORD INN	NC3-55 (M)	Hotel/Motel	1	Y	
10	160	040	000580	0002	45,902	3148516	\$16,069,300	09/28/21	\$350.08	WOODSPRING SUITES - SOUTHCENTER	TUC-TOD	Hotel/Motel	1	Y	
11	160	040	042204	9069	50,994	2979702	\$16,957,500	03/22/19	\$332.54	COMFORT INN & SUITES - SEATAC	CB-C	Hotel/Motel	1	Y	
12	160	040	042204	9138	112,765	3147503	\$47,812,500	09/17/21	\$424.00	RESIDENCE INN by MARRIOTT - SEATAC	UH-UCR	Hotel/Motel	1	Y	
13	160	040	282304	9190	27,216	3184625	\$7,837,500	03/08/22	\$287.97	MOTEL 6 - SEATAC	CB-C	Hotel/Motel	1	Y	
14	160	040	332304	9142	36,648	3135127	\$8,407,500	07/27/21	\$229.41	QUALITY INN SEATAC AIRPORT	CB-C	Hotel/Motel	1	Y	
15	160	040	332304	9168	26,157	3143151	\$4,275,000	08/30/21	\$163.44	CREST MOTOR INN	CB-C	Hotel/Motel	1	Y	
16	160	040	334330	1120	35,608	3171223	\$8,096,375	01/26/22	\$227.38	ECONOLODGE - SOUTHPORT	CA	Hotel/Motel	1	Y	
17	160	040	334450	0006	96,471	3124448	\$37,575,000	06/08/21	\$389.50	RESIDENCE INN - SOUTHPORT	UC	Hotel/Motel	2	Y	
18	160	050	000080	0049	36,269	3131709	\$10,620,000	07/09/21	\$292.81	CLARION HOTEL - AUBURN	C3	Hotel/Motel	1	Y	
19	160	050	092104	9146	55,147	2971962	\$14,250,000	01/03/19	\$258.40	COMFORT INN - FEDERAL WAY	CC-C	Hotel/Motel	1	Y	
20	160	050	112204	9082	152,295	3159037	\$19,000,000	11/17/21	\$124.76	HAWTHORNE SUITES - KENT	I1	Hotel/Motel	1	Y	
21	160	050	132104	9050	67,677	3178733	\$22,334,500	03/17/22	\$330.02	HOLIDAY INN EXPRESS - AUBURN	C3	Hotel/Motel	1	Y	
22	160	050	132204	9158	28,584	3037373	\$3,800,000	03/06/20	\$132.94	ECONOLODGE - KENT	GC	Hotel/Motel	2	70	Building Only; not in ratio
23	160	050	172104	9078	18,573	3019499	\$3,325,000	10/24/19	\$179.02	ECONO LODGE - FEDERAL WAY	BC	Hotel/Motel	1	26	Imp changed after sale; not in ratio
24	160	050	182305	9077	8,695	2995835	\$2,042,500	06/23/19	\$234.91	WEST WIND MOTEL - RENTON L-E	CA	Hotel/Motel	1	Y	
25	160	050	202104	9045	18,160	3139647	\$4,560,000	08/13/21	\$251.10	DAYS INN FEDERAL WAY	CE	Hotel/Motel	1	Y	
26	160	050	212104	9078	58,600	3002878	\$8,550,000	07/23/19	\$145.90	RED LION INN & SUITES FEDERAL WAY	CE	Hotel/Motel	1	Y	
27	160	050	215640	0220	15,124	3115553	\$2,517,500	04/28/21	\$166.46	THE LEGEND MOTEL - DES MOINES	PR-C	Hotel/Motel	1	Y	
29	160	050	250060	0085	28,035	2999639	\$3,325,000	07/02/19	\$118.60	GARDEN SUITES DES MOINES	PR-C	Hotel/Motel	1	Y	
30	160	050	282204	9214	11,989	3001130	\$2,375,000	07/03/19	\$198.10	TRAVEL INN MOTEL - DES MOINES L-E	C-C	Hotel/Motel	1	Y	
32	160	060	302408	9064	88,802	3018331	\$56,250,000	10/29/19	\$633.43	SALISH LODGE AND SPA	BR2	Hotel/Motel	2	Y	
33	160	060	604640	0805	7,834	2986824	\$2,945,000	05/09/19	\$375.93	SUN HILL MOTEL L-E	C1-40	Hotel/Motel	1	Y	
34	160	060	866327	0010	43,720	3162929	\$8,075,000	12/06/21	\$184.70	TOTEM LAKE HOTEL	TL 8	Hotel/Motel	1	Y	

Improvement Sales for Area 160 with Sales not Used

08/25/2022

No	Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Par. Ct.	Ver. Code	Remarks
1	160	010	066000	0010	18,740	3180670	\$12,500,000	03/29/22	\$667.02	KINGS INN	DMC 240/290-440	Hotel/Motel	1	51	Related party, friend, or neighbor
3	160	010	197570	0645	39,312	3165096	\$405,360	12/17/21	\$10.31	STATE HOTEL	DMC 240/290-440	Hotel/Motel	1	43	Development rights parcel to prvt se
4	160	010	197920	0270	110,831	3007149	\$21,000,000	08/27/19	\$189.48	SORRENTO HOTEL F-UU	NC3P-160	Hotel/Motel	2	51	Related party, friend, or neighbor
5	160	010	526330	0055	7,280	3198558	\$4,500,000	06/29/22	\$618.13	STAR MOTEL - S.BENNETT	C1-75 (M)	Hotel/Motel	2	54	Affordable housing sales
6	160	020	262505	9046	78,748	3131024	\$26,600,000	06/23/21	\$337.79	SILVER CLOUD INN OVERLAKE	OV1	Hotel/Motel	1	68	Non-gov't to gov't
7	160	020	619430	0010	59,148	3175847	\$28,327,216	03/03/22	\$478.92	LA QUINTA INN - KIRKLAND	YBD 3	Hotel/Motel	1	68	Non-gov't to gov't
8	160	020	720241	0080	159,508	3182453	\$28,500,000	03/30/22	\$178.67	REDMOND MARRIOTT TOWN CENTER	TWNC	Hotel/Motel	1	33	Lease or lease-hold
9	160	030	198420	0065	238,097	3139382	\$80,000,000	08/16/21	\$336.00	RESIDENCE INN BY MARRIOTT- SLU	SM-SLU 145	Hotel/Motel	1	33	Lease or lease-hold
10	160	030	198820	0055	27,228	3122464	\$16,500,000	06/01/21	\$605.99	INN AT QUEEN ANNE	SM-UP 85 (M1)	Hotel/Motel	1	68	Non-gov't to gov't
11	160	030	352890	1186	3,182	3130584	\$122,572	07/02/21	\$38.52	HILLSIDE MOTEL	C1-55 (M)	Hotel/Motel	1	63	Sale price updated by sales id group
12	160	040	032204	9014	33,528	3132967	\$5,200,000	07/01/21	\$155.09	MOTEL 6 MILITARY ROAD - SEATAC	CB	Hotel/Motel	1	46	Non-representative sale
13	160	040	042204	9241	33,596	3120662	\$3,000,000	05/25/21	\$89.30	COMFORT INN - SEATAC (WEST)	CB-C	Hotel/Motel	1	51	Related party, friend, or neighbor
14	160	040	334450	0006	96,471	3047166	\$32,951	03/19/20	\$0.34	RESIDENCE INN - SOUTHPORT	UC	Hotel/Motel	2	68	Non-gov't to gov't
15	160	040	344500	0070	11,328	3082077	\$114,622	10/21/20	\$10.12	SKYWAY INN SEATAC	CB-C	Hotel/Motel	1	51	Related party, friend, or neighbor
16	160	040	918800	0148	67,842	3124318	\$27,170,000	06/10/21	\$400.49	EXTENDED STAY - RENTON	CO	Hotel/Motel	1	68	Non-gov't to gov't
17	160	050	082104	9121	43,620	3140941	\$22,967,341	08/24/21	\$526.53	EXTENDED STAY AMERICA - FEDERAL WA	CC-F	Hotel/Motel	1	68	Non-gov't to gov't
18	160	050	092104	9328	98,529	3149760	\$22,902,300	09/22/21	\$232.44	COURTYARD MARRIOTT FEDERAL WAY	CC-C	Hotel/Motel	2	13	Bankruptcy - receiver or trustee
19	160	050	132104	9050	67,677	3012656	\$8,640,000	09/26/19	\$127.67	HOLIDAY INN EXPRESS - AUBURN	C3	Hotel/Motel	1	22	Partial interest (1/3, 1/2, etc.)
20	160	050	212104	9078	58,600	3143930	\$10,960,000	09/02/21	\$187.03	FEDERAL WAY INN & SUITES	CE	Hotel/Motel	1	68	Non-gov't to gov't
21	160	050	797820	0045	8,506	3188687	\$1,525,000	05/06/22	\$179.29	STEVENSON MOTEL - FEDERAL WAY	BC	Hotel/Motel	1	51	Related party, friend, or neighbor
22	160	060	192604	9012	51,390	3130683	\$17,376,702	07/07/21	\$338.13	HOLIDAY INN EXPRESS & SUITES - NORTH	C1-75 (M)	Hotel/Motel	1	68	Non-gov't to gov't
23	160	060	192604	9434	53,203	3140913	\$40,476,413	08/24/21	\$760.79	EXTENDED STAY AMERICA - SEATTLE NO	C1-55 (M)	Hotel/Motel	1	68	Non-gov't to gov't
24	160	060	282605	9078	32,724	3084029	\$6,332,052	11/18/20	\$193.50	MOTEL 6 - KIRKLAND	TL 4A	Hotel/Motel	1	46	Non-representative sale
25	160	060	643000	0810	18,678	2989459	\$42,500	04/24/19	\$2.28	EVERSPRING INN L-E	C1-40	Hotel/Motel	1	24	Easement or right-of-way
26	160	060	894710	0010	27,460	3084298	\$5,540,320	11/17/20	\$201.76	MOTEL 6 - ISSAQUAH	UC	Hotel/Motel	1	59	Bulk portfolio sale

Specialty Area 160 Hotels - 2022 Physical Inspection			
3/30/2022	Parcel #	Hotel Name	Address
9:00	001250-0030	Rodeway Inn - Enumclaw	1334 Roosevelt Ave E
9:20	236150-0070	Guesthouse Inn	1000 Griffin Ave
10:00	885600-2346	Comfort Inn - Pacific	415 Ellingson Rd
10:30	192105-9007	Auburn Motel	1202 Auburn Way S
10:50	182105-9253	La Quinta - Auburn	225 6th St. SE
11:15	132104-9050	Holiday Inn - Express - Auburn	515 C St. NW
11:45	132104-9113	Best Western Plus - Mtn View	401 8th St SW
12:30	000080-0045	Red Lion Inn - Auburn	9 14th ST NW
12:50	000080-0040	Rodeway Inn - Auburn	102 15th St NE
1:10	000080-0048	Comfort Inn - Auburn	1 16th ST NE
1:30	000080-0049	Clarion - Auburn	9 16th ST NE
1:45	000080-0025	Day's Inn - Auburn	1521 D St. NE
2:15	391020-0040	Royal A Motel	2102 Auburn Way N
4/7/2022	Parcel #	Hotel Name	Address
10:50	212104-9078	Federal Way Inn	1688 S 348th
11:00	202104-9055	Quality Inn - FW	1400 S 348th ST
11:25	202104-9045	Days Inn - FW	34827 Pacific HWY S
11:45	797820-0070	Ridgecrest Motel	1812 S 336th ST
12:00	797820-0045	Stevenson Motel	33330 Pacific HWY S
12:20	797820-0020	Eastwind Motel	33230 Pacific HWY S
12:40	797880-0140	New Horizons Motel	33002 Pacific HWY S
12:00	082104-9121	Extended Stay - FW	1400 S. 320th ST
12:00	092104-9146	Comfort Inn - FW	31622 Pacific HWY S
12:30	092104-9291	La Quinta - FW	31611 20th AVE. S.
1:00	797820-0540	Best Western Plus - Evergreen	32124 25th AVE S.
1:30	092104-9328	Courtyard - FW	31910 Gateway Cntr Blvd S
	092104-9320	Courtyard Pkg	So Hotel
2:00	092104-9185	Hampton Inn	31720 Gateway Center Blvd
2:30	042104-9259	Federal Way Motel	29815 Pacific HWY S
4/27/2022	Parcel #	Hotel Name	Address
9:30	282204-9214	Travel Inn - Motel	26225 Pacific HWY S
9:30	212204-9059	Home Town Studios	25104 Pacific HWY S
9:50	212204-9052	Sunset Motel	25006 Pacific HWY S
10:15	152204-9046	Century Motel - Kent	23421 Military Rd. S.
10:35	250060-0395	New Best Inn	23408 30th AVE S
11:00	769794-0000	The Marina Inn	22300 7th AVE S
12:00	092204-9036	New West Motel - Des Moines	21450 Pacific Hwy S
12:20	215640-0322	West View Motel	2717 S 216th ST
12:45	215640-0220	The Legend Motel	22204 Pacific HWY S
1:05	215640-0200	Valu Inn - Des Moines	22246 Pacific HWY S
1:30	250060-0140	Four Points - Sheraton	22406 Pacific Hwy S
	250060-0146	Four Pts Pkg	South of Hotel
	250060-0152	Four Pts Pkg	Further South
2:15	250060-0085	Garden Suites - Des Moines	22845 Pacific HWY S

5/4/2022	Parcel #	Hotel Name	Address
9:00	112204-9091	Hampton Inn - Kent	21109 66th Ave. S.
9:30	112204-9082	Hawthorn Suites - Kent	6329 S. 212th St
10:00	775980-0020	Golden Kent Motel	22203 84th AVE S.
10:20	775980-0010	Comfort Inn - Kent	22311 84th Ave. S.
10:45	775780-0010	Ramada Inn - Kent	22318 84th AVE S
11:15	182205-9009	Day's Inn - Kent	22420 84th AVE S
11:30	132204-9355	Extended Stay - Kent	22520 83rd AVE S
12:00	132204-9158	Econolodge - Kent	1233 Central Ave. N
12:20	132204-9050	Kent Valley Motel	743 Central AVE N
12:45	232204-9088	Best Western Plus Plaza Green	24525 Russle Rd S.
1:15	232204-9068	Quality Inn - Kent	1711 W Meeker ST
1:45	000660-0036	Red Lion Inn - Kent	25100 74th Ave. S
	000660-0061	Vacant S of Hotel	So of Hotel
	000660-0026	Vacant S of Hotel	Easement



King County

Department of Assessments

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Seattle, WA 98104
(206) 296-7300 FAX (206) 296-0595
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John Wilson

Assessor

As we start preparations for the 2022 property assessments, it is helpful to remember that the mission and work of the Assessor's Office sets the foundation for efficient and effective government and is vital to ensure adequate funding for services in our communities. Maintaining the public's confidence in our property tax system requires that we build on a track record of fairness, equity, and uniformity in property assessments. Though we face ongoing economic challenges, I challenge each of us to seek out strategies for continuous improvement in our business processes.

Please follow these standards as you perform your tasks.

- Use all appropriate mass appraisal techniques as stated in Washington State Laws, Washington State Administrative Codes, Uniform Standards of Professional Appraisal Practice (USPAP), and accepted International Association of Assessing Officers (IAAO) standards and practices.
- Work with your supervisor on the development of the annual valuation plan and develop the scope of work for your portion of appraisal work assigned, including physical inspections and statistical updates of properties.
- Where applicable, validate correctness of physical characteristics and sales of all vacant and improved properties.
- Appraise land as if vacant and available for development to its highest and best use. The improvements are to be valued at their contribution to the total in compliance with applicable laws, codes and DOR guidelines. The Jurisdictional Exception is applied in cases where Federal, State or local laws or regulations preclude compliance with USPAP.
- Develop and validate valuation models as delineated by IAAO standards: Standard on Mass Appraisal of Real Property and Standard on Ratio Studies. Apply models uniformly to sold and unsold properties, so that ratio statistics can be accurately inferred to the entire population.
- Time adjust sales to January 1, 2022 in conformance with generally accepted appraisal practices.
- Prepare written reports in compliance with USPAP Standards 5 and 6 for Mass Appraisals. The intended users of your appraisals and the written reports include the public, Assessor, the Boards of Equalization and Tax Appeals, and potentially other governmental jurisdictions. The intended use of the appraisals and the written reports is the administration of ad valorem property taxation.

Thank you for your continued hard work on behalf of our office and the taxpayers of King County. Your dedication to accurate and fair assessments is why our office is one of the best in the nation.

John Wilson

Specialty Area 160

2022 Assessment Year



Department of Assessments