

Quick Service Restaurants

Area: 413

Commercial Revalue for 2020 Assessment Roll



Jack in the Box



King County

Department of Assessments

Setting values, serving the community, and pursuing excellence

500 Fourth Avenue, ADM-AS 0708

Seattle, WA 98104-2384

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

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



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

Are Properties Inspected?

All property in King County is physically inspected at least once during each six year cycle. Each year our appraisers inspect a different geographic 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 Commercial Property	Subtype	COD Range
Income Producing	Larger areas represented by large samples	5.0 to 15.0
Income Producing	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant Land		5.0 to 25.0
Other real and personal property		Varies with local conditions

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

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

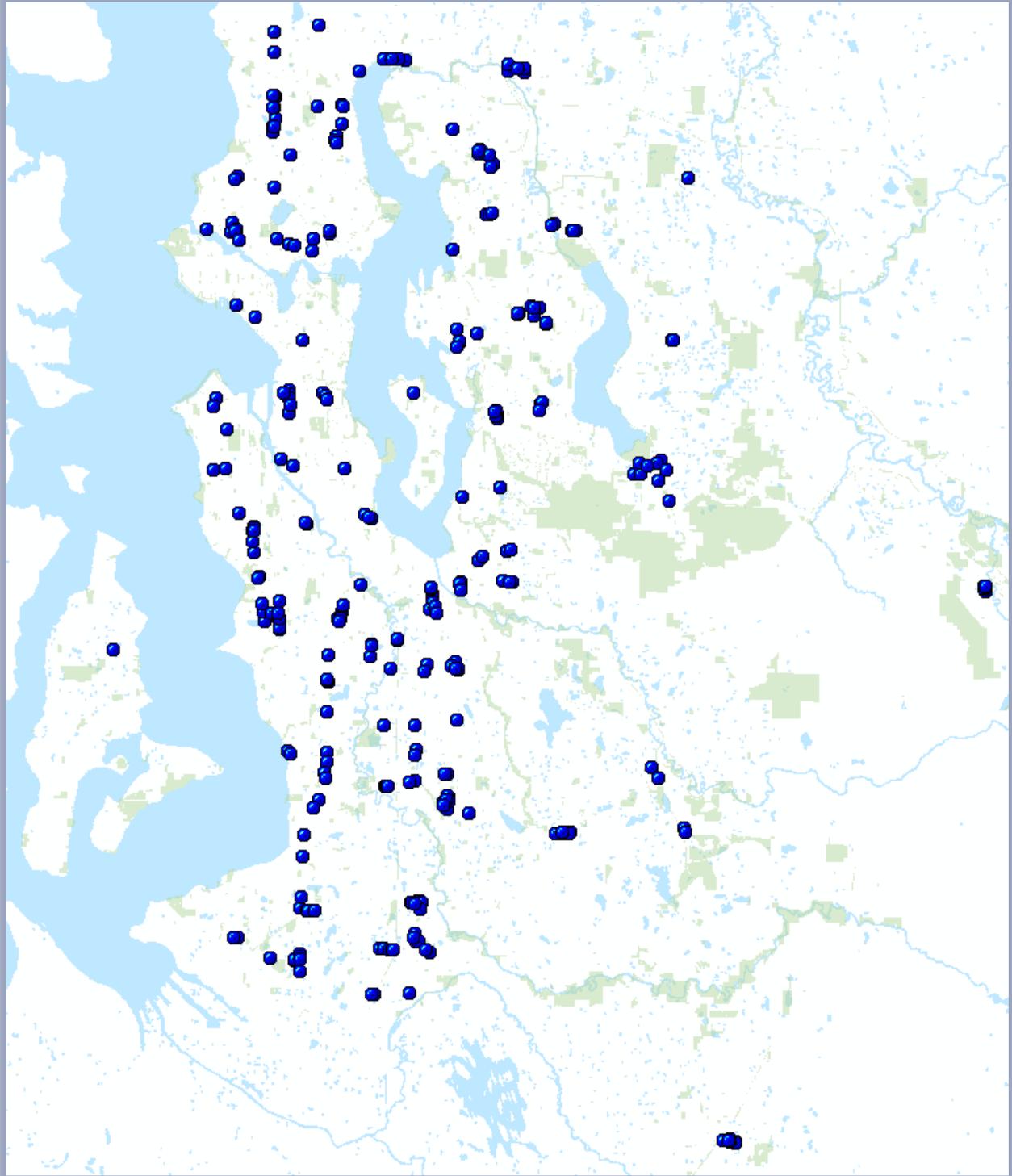
Requirements of State Law

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 413 AREA MAP



Specialty Area 413 Annual Update Ratio Study Report

PRE-REVALUE RATIO ANALYSIS

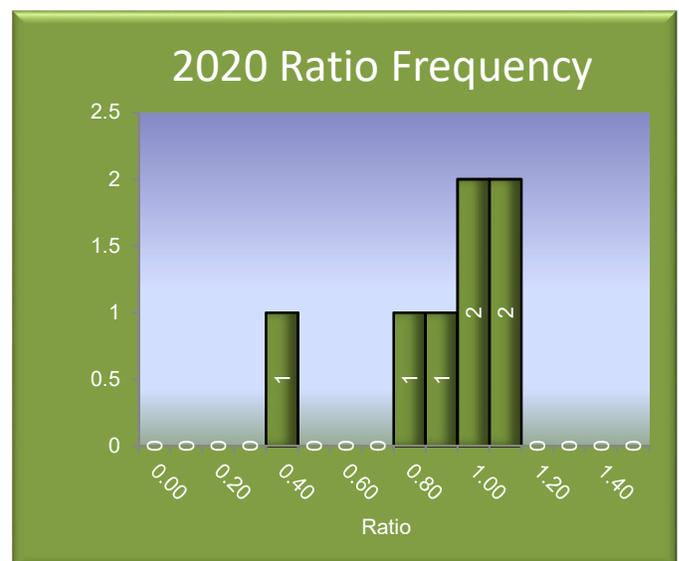
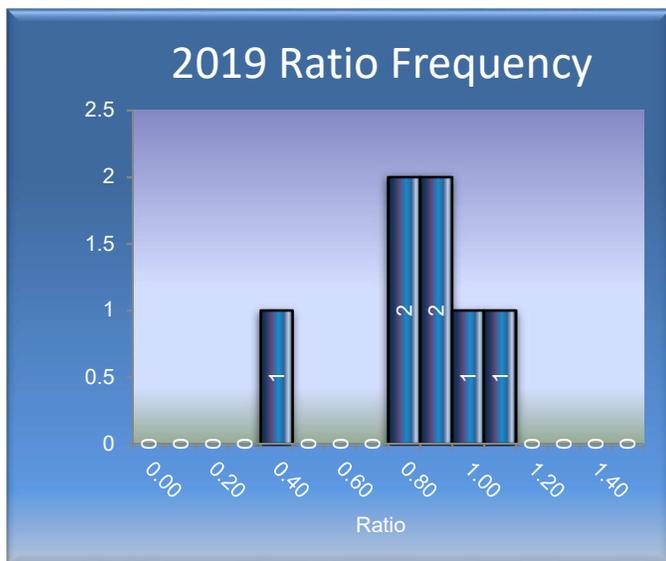
Pre-revalue ratio analysis compares sales from 2017 through 2019 in relation to the previous assessed value as of 1/1/2019.

PRE-REVALUE RATIO SAMPLE STATISTICS	
Sample size (n)	7
Mean Assessed Value	2,105,600
Mean Adj. Sales Price	2,804,400
Standard Deviation AV	1,372,412
Standard Deviation SP	1,872,410
ASSESSMENT LEVEL	
Arithmetic Mean Ratio	0.801
Median Ratio	0.822
Weighted Mean Ratio	0.751
UNIFORMITY	
Lowest ratio	0.3651
Highest ratio:	1.0713
Coefficient of Dispersion	16.23%
Standard Deviation	0.2201
Coefficient of Variation	27.50%
Price Related Differential (PRD)	1.07

POST-REVALUE RATIO ANALYSIS

Post revalue ratio analysis compares sales from 2017 through 2019 and reflects the assessment level after the property has been revalued to 1/1/2020.

POST REVALUE RATIO SAMPLE STATISTICS	
Sample size (n)	7
Mean Assessed Value	2,446,400
Mean Sales Price	2,804,400
Standard Deviation AV	2,124,988
Standard Deviation SP	1,872,410
ASSESSMENT LEVEL	
Arithmetic Mean Ratio	0.861
Median Ratio	0.921
Weighted Mean Ratio	0.872
UNIFORMITY	
Lowest ratio	0.3724
Highest ratio:	1.0755
Coefficient of Dispersion	17.12%
Standard Deviation	0.2404
Coefficient of Variation	27.93%
Price Related Differential (PRD)	0.99



Executive Summary Report

Appraisal Date: 1/1/2020

Specialty Appraisal Area:

- **Area 413:** Quick Service Restaurants, Fast Casual Restaurants, & Casual Dining Restaurants

Sales – Improved Summary:

- Number of Sales: 7; 7 in ratio study
- Range of Sales Dates: 1/25/2017 – 7/10/2019

Sales – Ratio Study Summary:

Sales--Ratio Study Summary				
	Mean Assessed Value	Mean Sale Price	Ratio	COD*
2019 Value	\$2,105,600	\$2,804,400	75.10%	16.23%
2020 Value	\$2,446,400	\$2,804,400	87.20%	17.12%
Change	\$340,800		12.10%	0.89%
% Change	16.19%		16.11%	5.48%

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

Sales used in analysis: All improved sales that were verified as good sales that did not have characteristic changes between the date of sale and the date of appraisal were included in the analysis. Examples of sales that are not included in the analysis are sales that are change of use after the sale date; sold as a portion of a bulk portfolio sale; net lease sales; sales that had major renovation after sale, or have been segregated or merged since being purchased.

Total Population - Parcel Summary Data:

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2019 Value	\$390,829,320	\$156,889,100	\$547,718,420
2020 Value	\$427,714,200	\$151,709,200	\$579,423,400
% Change	9.44%	-3.30%	5.79%

Number of Parcels in the Population: 319

Conclusion and Recommendation:

Total assessed values for the 2020 revalue have increased by +5.79%.

The values recommended in this report improve uniformity and equity; therefore, it is recommended that the values should be posted for the 2020 Assessment Year.

Identification of the Area

Name or Designation

- **Area 413:** Quick Service Restaurants, Fast Casual Restaurants, & Casual Dining Restaurants

Area 413 Neighborhoods

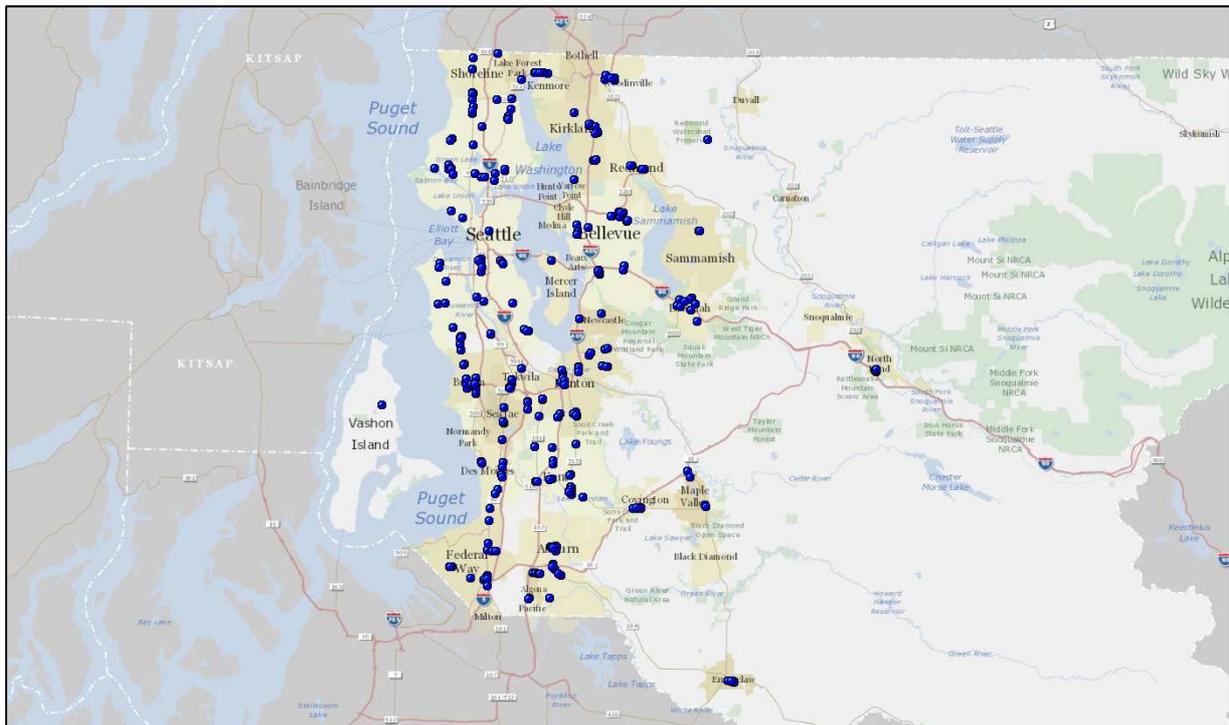
- **413-10** QSR NW King County
- **413-20** QSR SW King County
- **413-30** QSR NE King County
- **413-40** QSR SE King County
- **413-50** Fast Casual/Casual Dining

Boundaries

- King County

Maps

General maps of the area are included in this report. More detailed Assessor’s maps are located on the 7th floor of the King County Administration Building or on the King County Assessor website.



Area Description

Specialty Area 413 encompasses all of King County and includes all Quick Serve Restaurants (QSR), Fast Casual Restaurants and Casual Dining Restaurants. This report contains data pertinent to the revalue of this specialty area.

Area Overview

The QSR's in King County have been segmented into four geographic regions 413-10: Northwest King County, 413-20: Southwest King County, 413-30: Northeast King County, and 413-40: Southeast King County. Fast Casual and Casual dining restaurants are found in neighborhood 413-50. These regions are described by their geographic location and restaurant type. Significant concentrations of QSR and fast casual restaurants are located in the South End (Kent, Auburn, Federal Way, Renton, & Tukwila) of the county. All QSR, fast casual and casual dining restaurant specialty properties were revalued this year. Area 413-20, QSR's located in southwest King County, were inspected this year.

According to the National Restaurant Association (NRA), restaurants are divided into four basic types or classifications:

- **Type I (quick service restaurants [QSR]):** examples include Chick-fil-A, McDonalds, Wendy's, Burger King, KFC, Taco Bell, Taco Time, Arby's, etc.
- **Type II (fast casual):** examples include Pizza Hut, Qdoba, Five Guy Burgers, Panera Bread, Dicks, etc.
- **Type III (casual/family dining):** examples include Denny's, IHOP, Applebee's, Red Robin, Olive Garden, Chili's, etc.
- **Type IV (fine dining):** Fine dining restaurants are not valued in this report as they are valued by the King County Assessor's area appraiser.

The QSR restaurants are further divided into segments such as: hamburgers, chicken, seafood, sandwich, snacks, and pizza.

QSR, fast casual dining and casual dining restaurants are special-purpose properties often specifically designed and tailored for major brand recognition. Area 413 includes those restaurants that have national recognition and are listed in the top 50 restaurant chains in each category by the NRA.

The majority of the restaurants are "stand alone" structures with both land and building included in the property description. Restaurants not included in Area 413 such as Subway and Starbucks tend to be located in retail centers, where they lease the space as part of a larger complex and are not stand alone facilities. When a Subway or Starbucks location is "stand alone" they are included in Area 413. When QSR, fast casual or casual dining restaurants are located within neighborhood shopping centers and are not stand alone facilities the restaurants are valued by either the geographic area appraiser or the Area 250 Major Retail specialty appraiser and are not included in Area 413 specialty.

Ownership of QSR facilities includes both corporate owned and franchise owned restaurants. According to National Restaurant News, franchisees operate 80 percent of the total restaurants. Corporate owned restaurants versus franchisee operated restaurants range from Dunkin' Donuts and Baskin-Robbins, which have no corporate owned restaurants versus Chipotle and In-N-Out Burger, which are all corporate operated restaurants. Denny's corporation is in the process of selling the restaurants to the franchisee and hope to have 95% to 97% franchise owned restaurants in the near future. Most of the restaurants are leased, with typical lease terms of twenty years with options for additional five year terms, with the exception of McDonalds. McDonalds has approximately 13,914 restaurants in the USA, of which approximately 13,046 (92%) are franchisee operated. McDonald's is down 122 restaurants from prior year, while Chick-fil-A has added 109, two of which were added in King County, over the same period.

Restaurant Brands International has announced that they plan to add approximately 40,000 restaurants worldwide over the next 8-10 years, presently they have approximately 26,000 restaurants.

Corporations that own national restaurant chains include but are not limited to the following:

- Yum! Brands (Taco Bell, KFC, Pizza Hut, Wing Street)
- Restaurant Brands International (Burger King, Popeye's, Tim Hortons)
- Darden Restaurants (Olive Garden, Longhorn Steakhouse, Bahama Breeze)
- Dine Brand Global (IHOP, Applebee's)
- Roark Capital Group (Arby's, Carl' Jr/Hardees, Buffalo Wild Wings and Jimmy Johns)
- Berkshire Hathaway Inc. (Dairy Queen, Orange Julius)

The top five QSR and Fast Casual restaurant chains (1,000+ restaurants) sales per unit for 2018/2019 and percentage increase:

Top Five QSR or Fast Casual Restaurants 2018 vis 2019				
Rank	Brand	2018 Sales/Unit	2019 Sales/Unit	% Change
1	Chipotle Mexican Grill	\$1.96M	\$2.20M	12.24%
2	Sonic Drive In	\$1.25M	\$1.32M	5.60%
3	Chick fil a	\$4.29M	\$4.51M	5.13%
4	McDonalds	\$2.77M	\$2.91M	5.05%
5	Dunkin Donuts	\$933K	\$968K	3.75%

QSR Restaurant Report (2020)

All neighborhoods within Area 413 experienced an increase in assessed value for the 2020 assessment year, primarily driven by increases in QSR properties. The largest increase occurred with QSR properties in Northwest King County while Fast Casual and Casual Dining restaurants remained stable. The following table summarizes the change in total assessed value by neighborhood.

Assessed Value Change by Neighborhood					
Neighborhood	# Parcels	% of Total	2019 AV	2020 AV	% Change
413-10 QSR NW King County	48	15%	\$97,273,100	\$113,349,700	16.5%
413-20 QSR SW King County	83	26%	\$122,814,320	\$129,705,800	5.6%
413-30 QSR NE King County	62	19%	\$125,786,500	\$133,356,800	6.0%
413-40 QSR SE King County	89	28%	\$127,728,300	\$128,401,100	0.5%
413-50 Fast Casual/Casual Dining	37	12%	\$74,116,200	\$74,610,000	0.7%
TOTAL	319	100%	\$547,718,420	\$579,423,400	5.8%

Analysis Process

Effective Date of Appraisal: January 1, 2020

Date of Appraisal Report: May 15, 2020

The following appraiser did the valuation for this geographic area:

- Richard Welch – Commercial Appraiser II

The process and results were reviewed for quality control and administrative purposes by Andrew Murray, Senior Commercial Appraiser.

Highest and Best Use Analysis

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the majority of the appraised parcels as commercial use. Any opinion not consistent with this is specifically noted in our records and considered in the valuation of the specific parcel.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a nominal value of \$1,000 is assigned to the improvements.

Interim Use: In many instances a property's highest and best use may change in the foreseeable future. A tract of land at the edge of a city might not be ready for immediate development, but current growth trends may suggest that the land should be developed in a few years. Similarly, there may not be enough demand for office space to justify the construction of a multistory office building at the present time, but increased demand may be expected within five years. In such situations, the immediate development of the site or conversion of the improved property to its future highest and best use is usually not financially feasible.

The use to which the property is put until it is ready for its future highest and best use is called an interim use. Thus, the interim use becomes the highest and best use, in anticipation of change over a relatively short time in the future.

Standards and Measurement of Data Accuracy

Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Current data was verified and corrected when necessary via field inspection.

Special Assumptions and Limiting Conditions

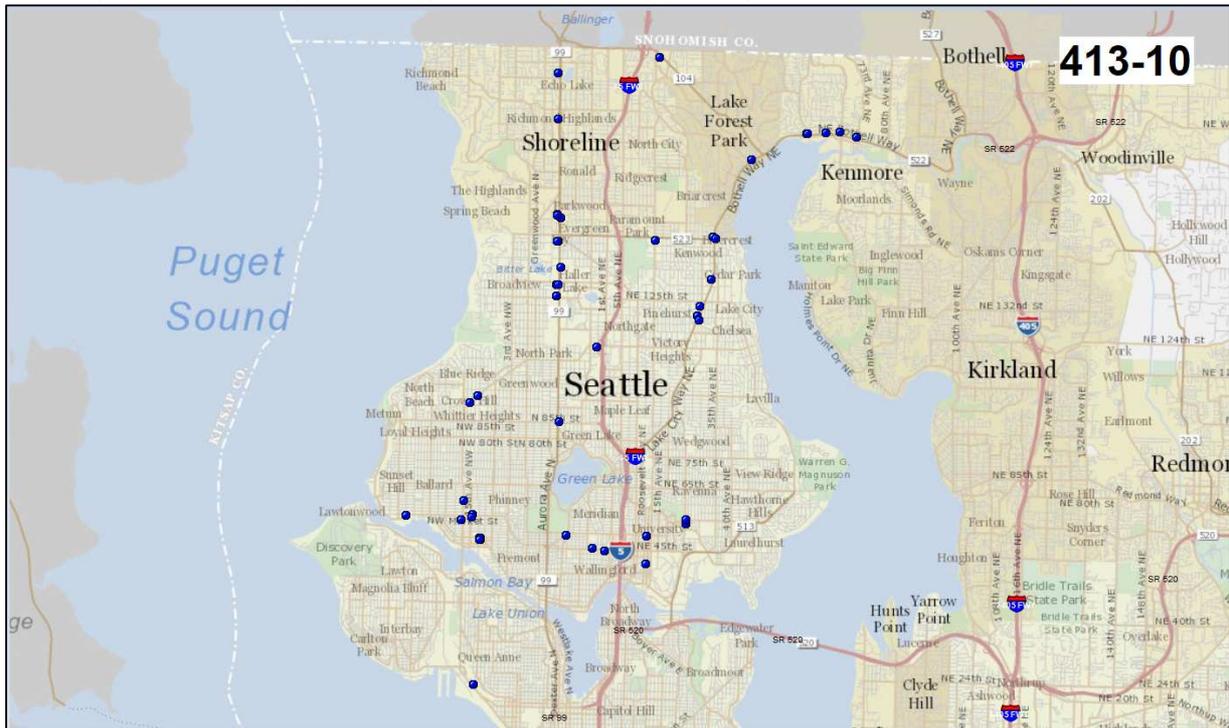
- All three approaches to value were considered in this appraisal.
- Sales from 01/01/2017 to 12/31/2019 (at minimum) were considered in all analyses.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standards 5 and 6 (USPAP compliant).

Area Description

Area 413-10: QSR Northwest King County

Neighborhood boundaries: Specialty neighborhood 413-10 includes all QSR locations within the cities of Seattle (north of Mercer Street), Kenmore, Lake Forest Park, and Shoreline. This neighborhood represents 15% of the total parcel count in Area 413, and 17% of QSR parcels.

The map insets in this report identify the boundaries of the neighborhood.



Neighborhood Description: Assessed values within neighborhood 413-10 increased 16.5% compared to the previous assessment year. This is the largest change in value within the specialty. No sales have taken place in Area 413-10 in the past three years.

Neighborhood	# Parcels	% of Total	2019 AV	2020 AV	% Change
413-10 QSR NW King County	48	15%	\$97,273,100	\$113,349,700	16.5%

In this inspection area there has been a number of changes from the prior year including, but not limited to, the following:



Remodeled Jack in the Box, Parcel # 112604-9035

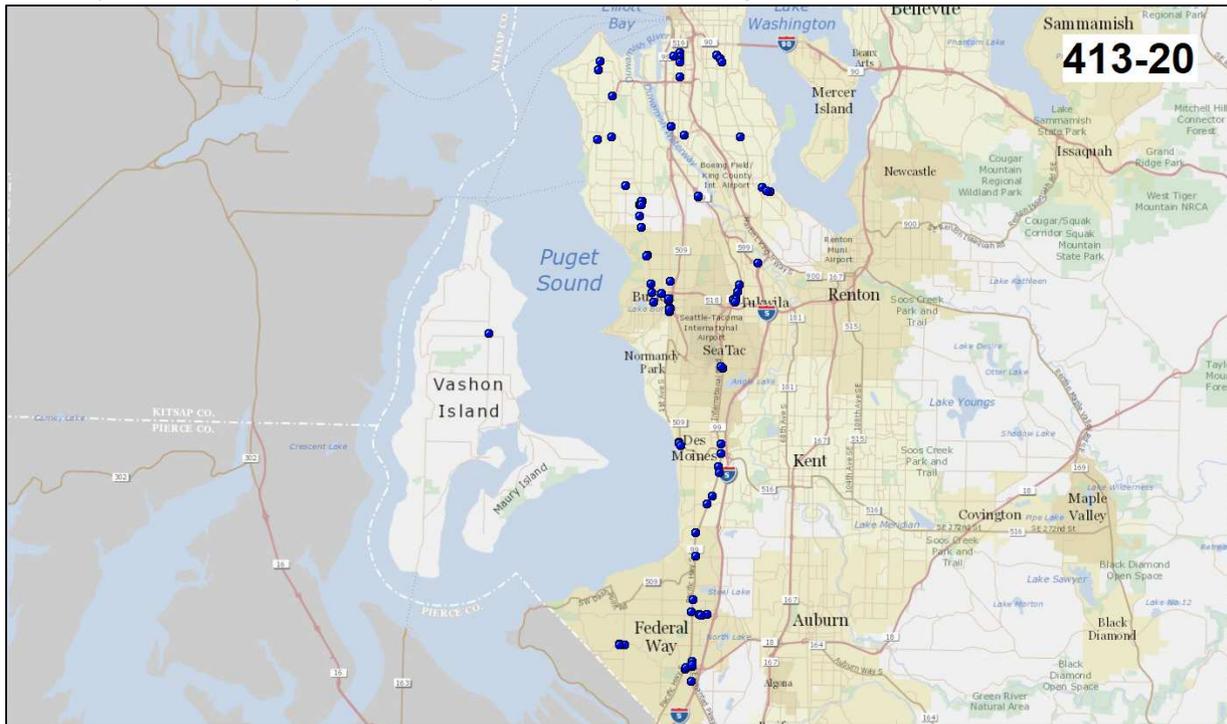


Remodeled McDonalds, Parcel # 276830-0115

Area 413-20: QSR Southwest King County

Neighborhood boundaries: Specialty neighborhood 413-20 includes all QSR locations within the cities of Seattle (south of Mercer Street), Burien, Tukwila, Des Moines, SeaTac, and Federal Way. This neighborhood represents 26% of the total parcel count in Area 413, and 29% of QSR parcels.

The map insets in this report identify the boundaries of the neighborhood.



Neighborhood Description: Assessed values within neighborhood 413-20 increased 5.6% compared to the previous assessment year. This is the third largest change in value within the specialty.

Neighborhood	# Parcels	% of Total	2019 AV	2020 AV	% Change
413-20 QSR SW King County	83	26%	\$122,814,320	\$129,705,800	5.6%

Within this neighborhood a number of restaurants have been remodeled. Area 413-20 is the physical inspection area for assessment year 2020 and all restaurants in this neighborhood were inspected.

Within the previous three years there has been one improved QSR sales within this neighborhood:

Improved Quick Service Sales for Area 413 20						
Sale #	Tax parcel	Sale Price	Sale Date	SF Size	Price /SF	Name
1	200660-1080	\$3,600,000	10/21/2017	2,372	\$1,518	Jack in the Box

Sale No. 1: This property is a stand-alone Jack in the Box quick service restaurant on a 23,148 sf site (larger than typical) on a major traffic corner. The property was upgraded in 2002 prior to the 2017 sale.

Within Area 413-20 some of the changes that have taken place over the past year include the following:



Remodeled Taco Time, Parcel # 159460-0050

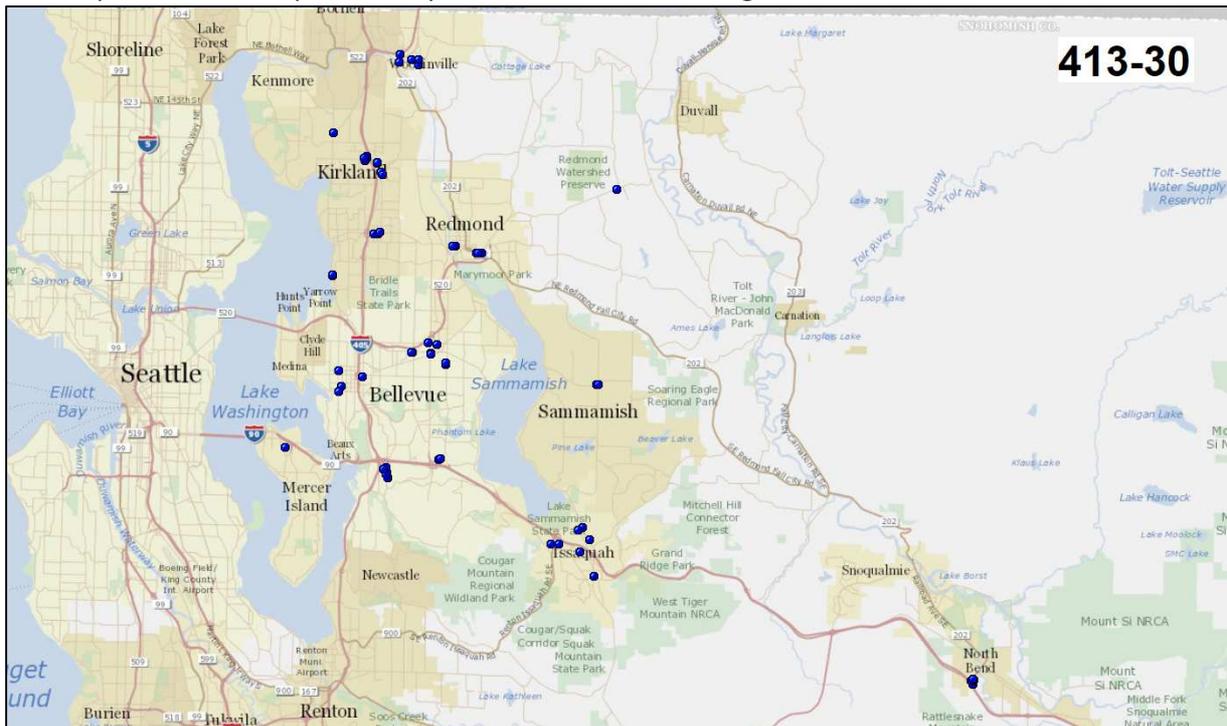


Remodeled Taco Bell, Parcel # 192304-9167

Area 413-30: QSR Northeast King County

Neighborhood boundaries: Specialty neighborhood 413-30 includes all QSR locations in eastern King County from the I-90 corridor north. This neighborhood includes the cities of Redmond, Kirkland, Woodinville, Bellevue, North Bend, Sammamish, and Issaquah. This neighborhood represents 19% of the total parcel count in Area 413, and 22% of QSR parcels.

The map insets in this report identify the boundaries of the neighborhood.



Neighborhood Description: Assessed values within neighborhood 413-30 increased 6.0% compared to the previous assessment year. This is the second largest change in value within the specialty.

Neighborhood	# Parcels	% of Total	2019 AV	2020 AV	% Change
413-30 QSR NE King County	62	19%	\$125,786,500	\$133,356,800	6.0%

Within the previous three years there has been one improved QSR sales within this neighborhood:

Improved Quick Service Sales for Area 413 30						
Sale #	Tax parcel	Sale Price	Sale Date	SF Size	Price /SF	Name
1	522330-0050	\$6,600,000	5/3/2019	2,304	\$2,865	Jack in the Box

Sale No. 1: This property was a Jack in the Box and will be converted into a Thai restaurant. It is located on a major traffic corner with heavy traffic.

Within this neighborhood a number of restaurants have been remodeled. Some of the changes that have taken place over the past year include the following:



Remodeled Jack in the Box, Parcel # 262505-9062

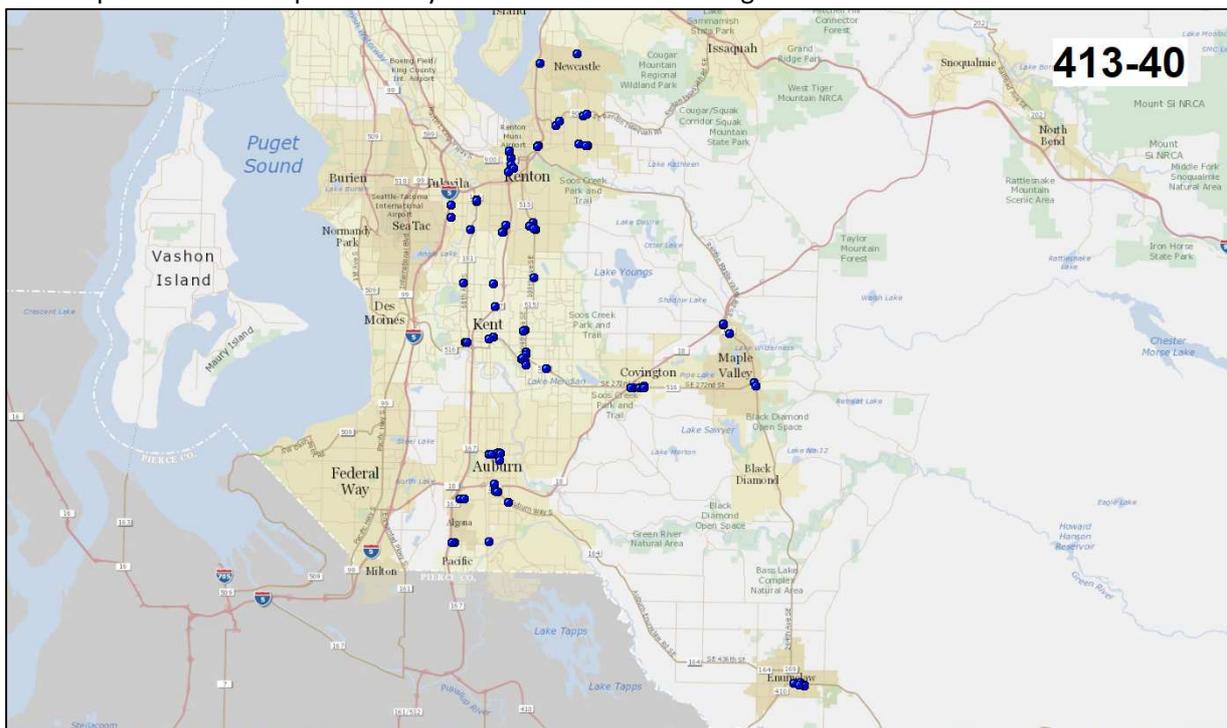


Remodeled Taco Bell/KFC, Parcel # 282406-9245

Area 413-40: QSR Southeast King County

Neighborhood boundaries: Specialty neighborhood 413-40 includes all QSR locations in southeast King County south of the I-90 corridor and east of I-5. This neighborhood includes the cities of Auburn, Newcastle, Renton, Kent, Covington, Enumclaw, Maple Valley, and North Bend. Geographically speaking, neighborhood 413-40 is the largest neighborhood in the specialty. This neighborhood represents 28% of the total parcel count in Area 413, and 32% of QSR parcels, making it the largest neighborhood in the specialty by parcel count as well.

The map insets in this report identify the boundaries of the neighborhood.



Neighborhood Description: Assessed values within neighborhood 413-40 increased 0.5% compared to the previous assessment year. This was the most stable neighborhood within the specialty.

Neighborhood	# Parcels	% of Total	2019 AV	2020 AV	% Change
413-40 QSR SE King County	89	28%	\$127,728,300	\$128,401,100	0.5%

This neighborhood experienced the highest number of improved sales with a total of three closing over the past three years:

Improved Quick Service Sales for Area 413 40						
Sale #	Tax parcel	Sale Price	Sale Date	SF Size	Price /SF	Name
1	516970-0092	\$1,500,000	7/21/2017	2,796	\$536	Starbucks
2	782050-0040	\$2,181,000	3/9/2017	3,085	\$707	Schlotsk's Deli Fast Food
3	928615-0030	\$2,750,000	7/10/2019	4,404	\$624	Arby's & Retail

Sale No. 1: Sale of a former Burger King, converted to Starbucks a number of years ago.

Sale No. 2: New building completed prior to sale.

Sale No. 3: This property was constructed in 2016 and consists of an Arby's and retail space on a 58,500 sf site located on a heavy traffic corner.

Within this neighborhood a number of restaurants have been remodeled. Some of the changes that have taken place over the past year include the following:

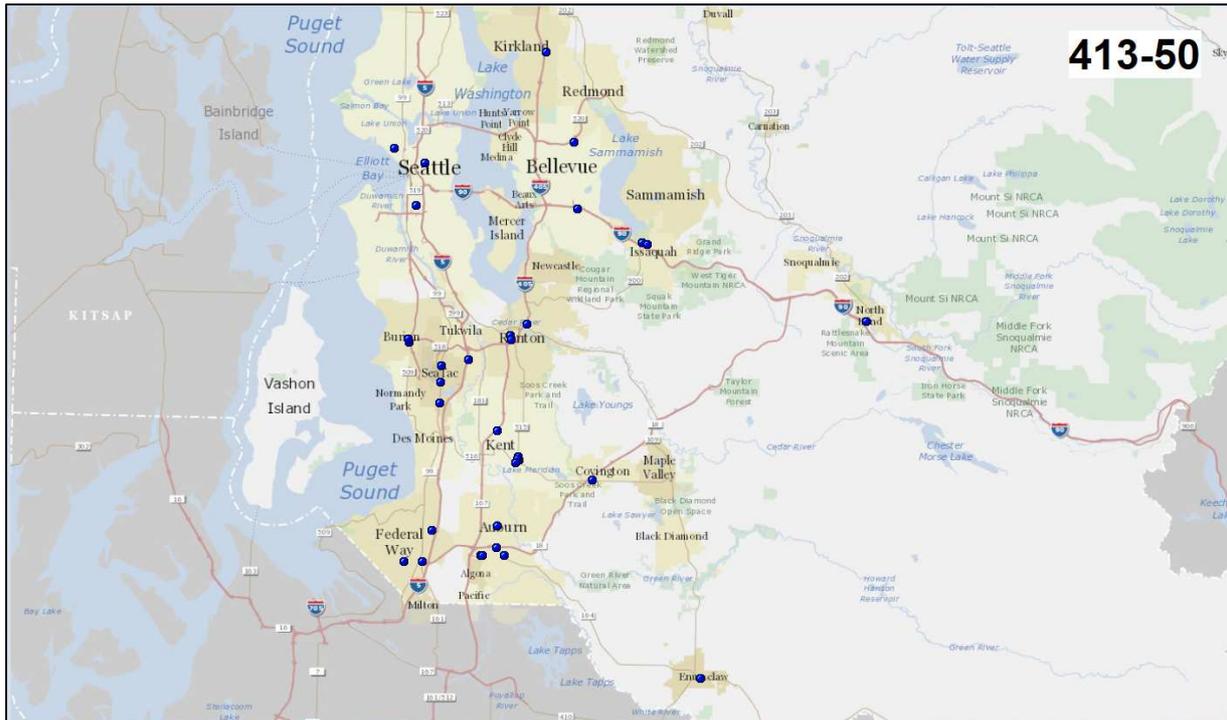


Remodeled Jack in the Box, Parcel # 172205-9016

Area 413-50: Casual Restaurants all of King County

Neighborhood boundaries: This neighborhood includes casual dining restaurants countywide and includes brands such as Denny's, IHOP, Black Angus, Shari's, Applebee's, Pizza Hut, Qdoba Mexican and Red Robin as well as other local and national casual dining restaurants. This neighborhood represents 12% of the total parcel count in Area 413.

The map insets in this report identify the boundaries of the neighborhood.



Neighborhood Description: Assessed values within neighborhood 413-50 increased 0.7% compared to the previous assessment year. This was the second most stable neighborhood within the specialty.

Neighborhood	# Parcels	% of Total	2019 AV	2020 AV	% Change
413-50 Fast Casual/Casual Dining	37	12%	\$74,116,200	\$74,610,000	0.7%

There were two market sales in this neighborhood within the past three years:

Improved Fast Casual and Casual Sales for Area 413 50						
Sale #	Tax parcel	Sale Price	Sale Date	SF Size	Price /SF	Name
1	282304-9093	\$2,000,000	1/25/2017	4,504	\$444	Denny's Restaurant
2	760060-0055	\$1,000,000	6/12/2018	2,292	\$436	Domino's Pizza

Sale No. 1: Purchase of a Denny's restaurant investment property with a CAP of 5.5%.

Sale No. 2: Sale of Domino's Pizza located in CBD of Issaquah.

Physical Inspection Identification:

WAC 458-07-015 requires each property to be physically inspected at least once during a six-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 413-20 was physically inspected for the 2020 assessment year. The physical inspection comprised 83 parcels, or approximately 26% of the 319 total parcels located in Area 413. A list of the physically inspected parcels is included in the addendum of this report.

SCOPE OF DATA

Land Value Data: The geographic appraiser in the area in which the specialty property is located is responsible for the land value used by the Area 413 specialty appraiser. See appropriate area reports for land valuation discussion.

Improved Parcel Total Value Data: Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales that were considered in this revaluation were verified, if possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate broker. Characteristic data is verified for all sales whenever possible. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides on the Assessor's website.

Preliminary Ratio Analysis

The sales ratio study is an important assessment tool to ensure that properties are uniformly assessed based on market value. This analysis utilizes statistical methods to measure the relationship between a property's assessed value and its sale price by grouping individual sales according to property type and geographic area. This data can be used to review current assessment levels, identify inequities that need to be addressed, and assist in revaluation model development.

IAAO Recommended Standards on Ratio Studies	
Appraisal Level	.90 to 1.10
Coefficient of Dispersion (COD)	5.0 to 20.0
Price Related Differential (PRD)	.98 to 1.03

The two major aspects of appraisal accuracy; appraisal level and appraisal uniformity are measured and evaluated using the ratio study. Appraisal level is a measure of the ratio of assessed value to 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 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 in its own right and 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 0.90 and 1.10. The preliminary ratio study for Area 413 showed a weighted mean ratio of 0.751 which is below the range of the IAAO guidelines, indicating that the 2019 assessment level, as measured using recent sales, is not in the acceptable range.

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 deviation of the ratios from the median ratio.

The IAAO performance standards state that the COD should be between 5.0 and 20.0 for income producing property in smaller, rural jurisdictions and between 5.0 and 15.0 for larger, urban market jurisdictions. The preliminary ratio study for Area 413 shows a COD of 16.23%, which is outside the range of the IAAO guidelines, indicating that the 2019 level of assessment uniformity, as measured using recent sales, is not within the acceptable range. In addition, a lower COD indicates better uniformity.

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 regressive bias in the data where assessment level decreases with increases in sales price. The preliminary ratio study for Area 413 showed a PRD of 1.07 that is outside the acceptable range of the IAAO guidelines.

The preliminary ratio study showed the 2019 assessment level needed to be adjusted to increase uniformity.

Improved Parcel Total Values

National QSR, Fast Casual, and Casual Dining Restaurant Economic Conditions.

The restaurant industry reached landmark numbers in 2018 with over \$825 B in sales, an increase of approximately 3.29% over prior year, according to the National Restaurant Association. National Restaurant Association projects sales at \$863B for 2019 or approximately 4.61%, and projects sales for 2020 at \$899 B. However, with the COVID-19 virus restaurants may be on track to lose \$80 B by the end of April 2020 and the total could be \$240 B by the end of the year.

Outlook for the restaurant industry for 2020 as a result of COVID-19, according to national restaurant industry publications:

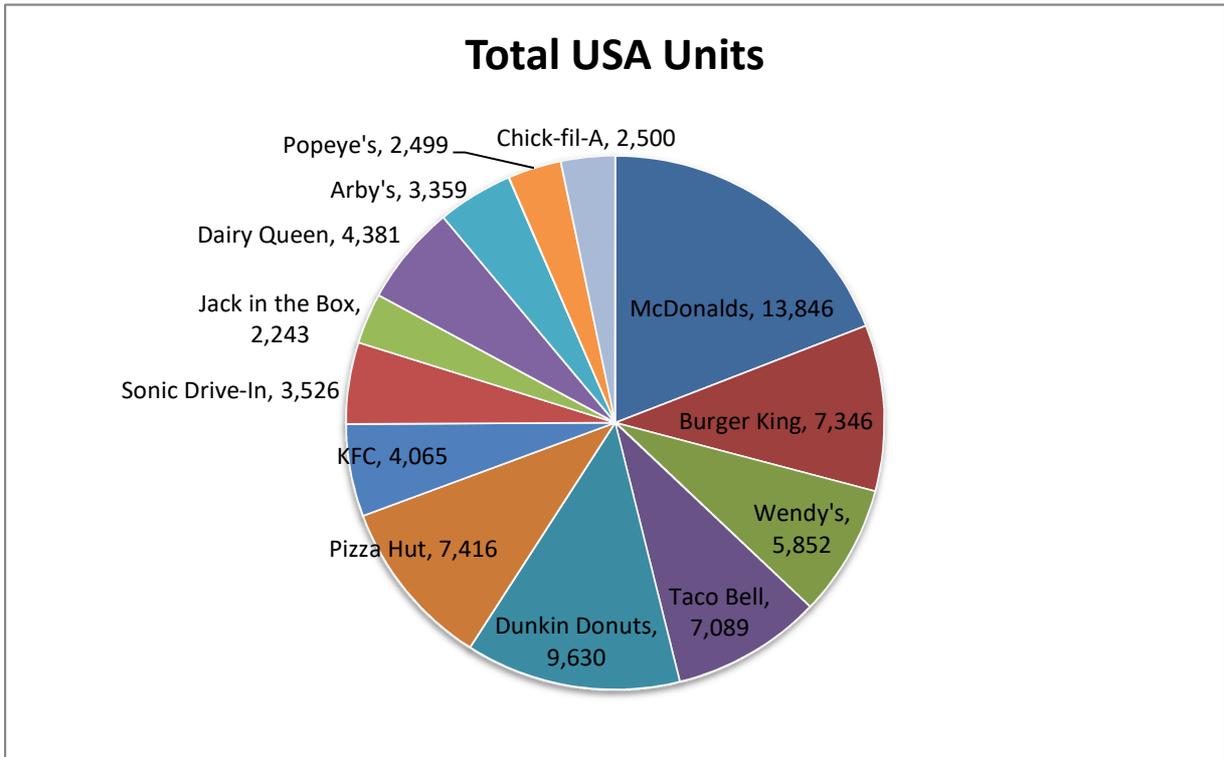
Unemployment for restaurant workers as of April 18, 2020 is topping 66% of restaurant workers losing their jobs. The CARES Act boosted weekly unemployment payments by \$600 on top of state benefits. The enhancements end in July but there is expectation that it will be extended. A bill introduced in Congress on 5/12/2020 would extend the higher benefits through the end of January. As Phase I of reopening restaurants is scheduled to begin on June 1st currently there is only take out with no in dining customers.

Currently 4 out of 10 restaurants are closed. Only take out is currently available because the dining rooms are closed.

The estimates for 2020 will be almost impossible to predict due to the Covid 19 virus that made a huge impact in America in March 2020.

McDonalds has put their restaurants on controlled allocation for beef and pork. That means the company's supply chain will send restaurants meat shipments based on calculated demand across the system, as opposed to the manager ordering the amount believed will be needed, as of 4/29/2020.

The following pie chart breakdown the number of Quick Service Restaurants in USA as of 2019.



The following table is a snapshot of the restaurant industry change of the past year based upon national restaurant industry research, includes data for the QSR, Fast Casual and Casual dining segment of the restaurant industry. GE Capital Finance along with the National Restaurant Association rank the Top 100 restaurants in the USA each year based upon gross revenue, same store sales, number of company owned restaurants, number of franchises, and total units, following are the major restaurants in Type I (QSR) and Type II (Fast Casual) restaurants. Data for Type III (Casual Dining Restaurants) were included for the top 5 restaurants. Emphasis is placed on restaurants that have locations in King County. The following results are based upon 2019 findings.

National Top Twelve QSR Restaurants for 2019						
Name	Sales/Year	Total Units	Sales Per Unit/Year	Change in Units	Company Owned	Franchised
McDonalds	\$40.41B	13,846	\$2.91M	-66	692	13,154
Chick-fil-a	\$11.00B	2,500	\$4.52M	130	0	2,500
Taco Bell	\$11.00B	7,089	\$1.50M	181	467	6,622
Burger King	\$10.30B	7,346	\$1.40M	16	52	7,294
Wendy's	\$9.87B	5,852	\$1.67M	30	357	5,495
Dunkin Donuts	\$9.22B	9,630	\$968K	42	0	9,630
Domino's	\$7.10B	6,157	\$1.18M	253	342	5,815
Pizza Hut	\$5.38B	7,416	\$714K	-40	23	7,393
KFC	\$4.82B	4,065	\$1.20M	-9	56	4,009
Sonic Drive-in	\$4.69B	3,526	\$1.32M	-74	197	3,329
Arby's	\$3.89B	3,359	\$1.18M	30	1,189	2,170
Little Caesars	\$3.85B	4,213	\$899K	-49	561	3,652
Dairy Queen	\$3.76B	4,381	\$713K	-25	2	4,379
Popeyes	\$3.75B	2,499	\$1.54M	131	41	2,458
Jack in the Box	\$3.51B	2,243	\$1.56M	6	137	2,106

National Top Six Fast Casual Restaurants for 2019						
Name	Sales/Year	Total Units	Sales Per Unit/Year	Change in Units	Company Owned	Franchised
Panera Bread	\$5.93B	2,225	\$2.75M	132	1,023	1,202
Chipotle	\$5.52B	2,580	\$2.20M	130	2,580	0
Panda Express	\$3.80B	2,184	\$1.77M	80	2,046	138
Jimmy John's	\$2.11B	2,787	\$759K	-13	52	2,735
Zaxby's	\$1.84B	904	\$2.03M	6	149	755
Five Guys	\$1.73B	1,368	\$1.36M	10	496	872

Starbucks with \$21.55B and Subway with \$10.00B in sales are not listed as QSR as explained previously in this report. Subway surpasses McDonalds in total stores with 23,802 in the USA, however is down 866 units from prior year. Starbucks is third with 14,606 total units. McDonalds still leads all restaurants in total gross sales with \$38.52B for 2018. Starbucks has passed McDonalds in number of total units, and Chick-fil-A will become the third largest restaurant with respect to gross annual sales following only McDonalds and Starbucks in 2019.

National Top Six Casual Restaurants for 2019					
Name	Sales/Year	Total Units	Sales Per Unit/Year	YOY Sales Change	YOY Unit Change
Olive Garden	\$4.29B	866	\$4.95M	5.00%	1.30%
Applebee's	\$4.08B	1,665	\$2.45M	-3.00%	-1.70%
Buffalo Wild Wings	\$3.67B	1,206	\$3.04M	-0.10%	-0.20%
Chili's Grill & Bar	\$3.56B	1,242	\$2.87M	2.20%	-0.70%
IHop	\$3.27B	1,710	\$1.91M	2.00%	0.30%
Denny's	\$2.69B	1,558	\$1.73M	1.10%	-1.50%

Restaurant Industry Trends through 2019

- Data: Order ahead apps, POS systems, ordering kiosks, etc. All assist the restaurant owners in customizing the food ordering and delivery at a lower cost and a more streamlined/quicker service.
- Heather: Burger King is testing a meatless burger in a number of their restaurants, beginning in 2019, called the Impossible Whopper. White Castle, Little Caesar's, Tim Horton's, Taco Bell and TGI Fridays are among some of the fast food chains that are experimenting with plant-based meat options over the past year. McDonalds has a McVegan burger available only in Finland and Sweden and has announced that they will not offer a plant-based burger in the near future.
- A number of restaurants serve healthy foods including Chipotle using only organic, local ingredients, with meats from naturally raised animals. Chick-fil-A was the first to offer a menu completely free of trans-fat. Panera Bread offers a variety of healthy soups and salads.
- Redesign for Efficiency: with the increase in sales, restaurants are having to rethink their layout in order to prevent lines, clogged areas, or backups of restaurant orders. As a result, more QSRs will create designated areas for customers to pick up their orders.
- Waste Control: waste reduction is a major business concern, customers care about food being produced in an ethical and sustainable way, therefore the QSR industry is quickly adapting to minimize waste both from an environmental and cost perspective.

Chain restaurant are now legally required to display calorie counts according to the Affordable Care Act provision, which became effective May 7th, 2018. This new requirement applies to chain restaurants with over 20 locations nationwide. The calorie count law not only applies to restaurants, but also other business that sell food and beverages including convenience stores, movie theaters, and grocery stores.

Sales Comparison Approach Model Description

All sales were verified with all knowledgeable parties and inspections, when possible. The model for the sales comparison approach was based on characteristics from the Assessor's records including location, effective age, building quality and net rentable area. Sales with characteristics most similar to the subject properties were considered.

At the time of sale, information on vacancy and market absorption rates, capitalization rates, current and anticipated rents, and the competitive position of the properties were also gathered. Sales were then compared to similar properties within the area for valuation. These sales statistics also helped form the income approach to value by setting parameters for the income rates, vacancies, expenses and capitalization rates. When necessary, sales of similar improved properties in adjacent neighborhoods were also considered.

The improved sales used range in sale dates from 1/25/2017 to 7/10/2019. There were 7 improved sales in Area 413 that were considered as fair market transactions and used in the overall analysis. Of these, all 7 were included in the ratio study. Examples of sales that are not included in the analysis are: sales that are leased back to the seller; sold as a portion of a bulk portfolio sale; net lease sales; sales that had major renovation after sale, or have been segregated or merged since being purchased.

In addition, some of the sales in the sample represent the Leased Fee interest while the Assessor is tasked with valuing the Fee Simple interest based on market parameters as of the valuation date. Therefore sales encumbered with older leases that are above or below current market rates do not reflect the interest the Assessor is valuing. In addition, properties that are fully leased to high-credit national tenants, typically on an absolute triple-net basis, tend to command a significant premium Leased Fee value when compared to the unencumbered Fee Simple value.

The sales comparison approach reflects the principles of supply and demand, balance, externalities, and substitution. The sales comparison approach is preferred when there are adequate sales data. The model for sales comparison is based on four characteristics; predominant use, effective age, condition, and size. These characteristics are taken from the Assessor's records. A search was made for sales data that most closely fit the subject property within each geographic area. These sales were organized by market segments based on predominant use. Based on sales analysis, each segment reflected a market price per square foot of net rentable area. The sales price range served to establish a general upper and lower market boundary for the various property types within each area.

Sales Comparison Calibration

Neighborhoods were treated independent of one another as dictated by the market. Individual values were applied based on various characteristics deemed appropriate within each market on a dollar value per square foot of improved net rentable area. Given the relatively low sales count, applicability of the Sales Comparison was considered limited for broad valuation purposes.

Cost Approach Model Description

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

calculations are automatically calibrated based on the data in the Real Property Application. Because of the difficulty in accurately determining the depreciation of older properties, this approach to value was given the least weight in the final reconciliation of values. Cost estimates were relied upon for valuing new construction where comparable sales data and/or sufficient income and expense information is not available.

Cost Calibration

The Marshall & Swift Valuation modeling system, which is built into the Real Property Application, is calibrated to the region and the Seattle area.

Income Capitalization Approach Model Description

Income tables were developed for all neighborhoods within Area 413 and then applied to the population. The Income Approach was considered a reliable approach to valuation for improved property types where income and expense data are available to ascertain market rates. Income parameters were derived from the market place through market rental surveys, sales, and available real estate publications and websites. In addition, owners, tenants, and agents of non-sale properties are surveyed to collect similar data. Disclosure of this information is not required by law and therefore is often difficult to obtain. The return rate of mail surveys varies and the data can be incomplete. Telephone interviews are dependent upon obtaining a valid number for a knowledgeable party and the opportunity to contact them. Due to the highly competitive nature of this specialty, information of a confidential nature is very difficult to obtain. As a supplement, lease information is gathered from Costar and other similar online sources. A majority of properties in this area were valued utilizing an income approach (Direct Capitalization Method).

The valuation model includes the following steps:

1. The program multiplies the property's net rentable area by the market rent to derive potential gross income (PGI).
2. The program subtracts allowances for vacancy and operating expenses to derive net operating income (NOI).
3. The program capitalizes NOI (divides it by the overall rate) to produce the value estimate.

Income: Income data was derived from the market place from landlords and tenants, market sales, as well as through published sources (i.e. officespace.com, Commercial Brokers Association, Co-Star, and real estate websites such as CBRE, Colliers, Kidder Mathews, etc.), and opinions expressed by real estate professionals active in the market. When necessary, rental rates of similar property types from other market areas were considered.

Vacancy: Vacancy rates used were derived mainly from published sources and tempered by appraiser observation.

Expenses: Expense ratios were estimated based on industry standards, published sources, and the appraiser's knowledge of the area's rental practices. Within the income valuation models for Area 413, the assessor used primarily triple net expenses for all property types as is typical in the market.

Capitalization Rates: When market sales are available, an attempt is made to ascertain the capitalization rate on the sale or a pro-forma cap rate on the first year performance, during the sales verification process. In addition, capitalization rate data was collected from published market surveys, such as Co-Star, Real Capital Analytics, The American Council of Life Insurance (Commercial Mortgage Commitments), Integra Realty Resources, Korpacz Real Estate Investor Survey (PWC), CBRE – National Investor Survey, etc. These sources typically have capitalization rates or ranges based on surveys or sales, and they usually include rates for both the Seattle Metropolitan area and the nation.

The effective age and condition of each building contributes to the capitalization rate applied in the model. For example; a building in poorer condition with a lower effective year (1965, for example) will typically warrant a higher capitalization rate, and a building in better condition with a higher effective year (2010, for example) will warrant a lower capitalization rate.

The tables in the following pages demonstrate ranges of capitalization rates and trends that are compiled from information that is collected on a national or regional scale. This information is reconciled with data specific to the real estate market in Area 413 to develop the income models. Property taxes are considered an allowable expense; therefore, no effective tax rate is included in the capitalization rates.

National CAP Rates for QSR Net Lease- The Boulder Group				
Q2 2018	5.5% CAP	Q2 2019	5.39%	Change -11 bps
CAP rates by lease term				
<10 yrs 6.30	11-14 yrs 5.75%	15-19 yrs 5.40%	20+ yrs 5.25%	
Corporate Rate	5.20%	Franchise Rate	5.68%	spread 48 bps
Individual Restaurants> Corporate Properties				
Chick Fil A	Q2'18> 4.05% CAP		Q2'19> 4.05% CAP	Change 0
McDonald's	Q2'18> 4.10% CAP		Q2'19> 4.08% CAP	Change -2 bps
Starbucks	Q2'18> 5.22% CAP		Q2'19> 5.30% CAP	Change +8 bps
All Corp Rest	Q2'18> 5.24% CAP		Q2'19> 5.20% CAP	Change -4 bps
Individual Restaurants> Franchisee Leased Properties				
Burger King	Q2'18> 5.90% CAP		Q2'19> 5.80% CAP	Change -10 bps
KFC	Q2'18> 6.00% CAP		Q2'19> 5.95% CAP	Change -5 bps
Taco Bell	Q2'18> 5.50% CAP		Q2'19> 5.43% CAP	Change -7 bps
Wendy's	Q2'18> 5.62% CAP		Q2'19> 5.50% CAP	Change -12 bps
All Franch. QSR	Q2'18> 5.71% CAP		Q2'19> 5.68% CAP	Change -3 bps
National Calkain Research				
QSR	Q1 2019 5.63% CAP		Q2 2019 5.57% CAP	Change -6 bps

National CAP Rates for Fast Casual & Casual Dining Net Lease- The Boulder Group				
Q1 2018	6.05 % CAP	Q1 2019	6.32% CAP	Change +27 bps
CAP rates by lease term				
<5 yrs 7.10%	5-9 yrs 6.90%	10-14 yrs 6.60%	15-19 yrs 6.00%	20+ yrs 5.75%
Corporate Rate	6.15%	Franchise Rate	6.85%	spread 70 bps
Individual Restaurants> Corporate Leasesd Properties				
Chili's	Q1'18> 5.50% CAP		Q1'19> 5.65% CAP	Change +15 bps
IHOP	Q1'18> 6.00% CAP		Q1'19> 6.15% CAP	Change +15 bps
All Corp Rest	Q1'18>5.90% CAP		Q1'19> 6.15% CAP	Change +25 bps
Individual Restaurants> Franchisee Leased Properties				
Applebees	Q1'18> 6.70% CAP		Q1'19> 7.15% CAP	Change +40 bps
Denny's	Q1'18> 5.70% CAP		Q1'19> 6.40% CAP	Change +70 bps
IHOP	Q1'18>6.40% CAP		Q1'19> 6.70% CAP	Change +30 bps
All Casual Rest	Q1'18> 6.50% CAP		Q1'19> 6.85% CAP	Change +35 bps
Individual Fast Casual Restaurants				
Pizza Hut	Q2'18> 6.40% CAP		Q2'19> 6.57% CAP	Change +17 bps
Panera Bread	Q2'18>4.90% CAP		Q2'19>4.86% CAP	Change -4 bps
National Calkain Research				
Casual Dining	Q1 2019 6.32% CAP		Q2 2019 6.50% CAP	Change +18 bps

The above tables portrays the three restaurant segments including QSR, Fast Casual and Casual Dining with respect to overall capitalization (CAP) rates for each group. Sources for the table are national restaurant industry market analysis including but not limited to the following: Marcus & Millichap, The Boulder Group, Net Lease Advisors, and Calkain Research, a real estate research publication. According to the above reports the QSR industry has shown an overall decrease in the CAP rate from 2 to 12 basis points over the past year. Fast Casual CAP rate is up overall 13 basis points and Casual Dining is up 15 to 70 basis points.

The CAP rates for corporate owned properties which include McDonalds and Chick-fil-A are in the 4.05% to 4.10% range as indicated on the first table. Typically, corporate-backed leased QSR sell for 50 basis points lower and Casual Restaurants sell for 70 basis points lower than do franchisee-backed leased restaurants, all other factors being equal, as an investor desires the corporation support.

Income Approach Calibration

The income capitalization model consists of a series of tables in which ranges of rent, vacancy, operating expenses, and overall capitalization rates are arrayed according to building quality and effective age. Income tables were developed for each of the neighborhoods in Area 413. All tables are included in the addendum of this report.

Rental rates, vacancy levels and operating expenses are derived by reconciling all of the information collected through the sales verification process, interviews with tenants, owners, and brokers and the

appraiser's independent market research. Quality, effective year, condition, and location are variables considered in the application of the income model to the parcels in the population best suited to be valued via the income approach.

The following table contains the results of an analysis of this information and stratifies the uses in Area 413 and the typical income parameters that were used to set value. It should be noted that due to the nature of commercial real estate, not all properties fall within the typical parameters.

Area 413 Typical Income Model Parameters				
Property Type	Rental Rates/SF Range	Vacancy Rate Range	Expenses % of EGI	Capitalization Rate Range
Quick Service Restaurants	\$22.00 to \$44.00	3% to 7%	8.0%	5.50% to 7.25%
Fast Casual Restaurants	\$22.00 to \$44.00	3% to 7%	8.0%	5.50% to 7.25%
Casual Dining Restaurants	\$18.00 to \$23.00	3% to 7%	8.0% to 10.0%	5.50% to 6.75%

Reconciliation

All parcels were individually reviewed for correct application of the model before final value selection. All of the factors used to establish value by the model were subject to adjustment. The market sales approach is considered the most reliable indicator of value when ample comparable sales were available, however the income approach was applied to most parcels in order to better equalize comparable properties. In addition, properties within this specialty tend to sell based on their Leased Fee interest which tends to be higher than the unencumbered Fee Simple interest the Assessor is tasked with valuing. These properties are typically leased via long term absolute triple-net leases high-credit national tenants which tend to command a significant premium Leased Fee value when compared to the unencumbered Fee Simple value. Whenever possible, market rents, expenses, and cap rates were ascertained from sales, and along with data from surveys and publications, these parameters were applied to the income model.

The income approach to value was considered to be a reliable indicator of value in most instances. The total value generated from the income table calculations and the selected income values varied in some cases due to special circumstances, such as properties with excess land, inferior/superior location, superadequacy, or physical/functional obsolescence. Appraisal judgment prevailed when determining when to depart from the Assessor's table generated income model. Andrew Murray, Senior Commercial Appraiser, made an administrative review of the selected values for quality control purposes.

Model Validation

Total Value Conclusions, Recommendations and Validation:

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

In the 2020 valuation model, the income approach is used to value the majority of the income producing properties as there are an insufficient number and variety of sales to value the different property types by the market approach. The income approach also insures greater uniformity and equalization of values.

Comparison of the 2019 Ratio Study Analysis with the 2020 Ratio Study Analysis indicates that the weighted mean statistical measure of assessment level changed from 75.1% to 87.2%. The Coefficient of Dispersion (COD) changed from 16.23% to 17.12%, the Coefficient of Variation (COV) changed from 27.50% to 27.93%, and the Price-related Differential (PRD) changed from 1.07 to 0.99. These are generally outside of the IAAO (International Association of Assessing Officers) appraisal guidelines for measures of valuation uniformity and equity. However, with a sample size of only 7 improved sales throughout the county within the past three years, little weight can be given to the results of the ratio study.

AREA 413 RATIO STUDY SUMMARY

RATIO STUDIES (Before and After)	1/1/2019	1/1/2020
Arithmetic Mean Ratio	0.801	0.861
Median Ratio	0.822	0.921
Weighted Mean Ratio	0.751	0.872
Coefficient of Dispersion (COD)	16.23%	17.12%
Standard Deviation (SD)	0.2201	0.2404
Coefficient of Variation (COV)	27.50%	27.93%
Price Related Differential (PRD)	1.07	0.99

The total assessed value in Area 413, for the 2019 assessment year, was \$547,718,420 and the total recommended assessed value for the 2020 assessment year is \$579,423,400. Application of these recommended values for the 2020 assessment year results in an average total change from the 2019 assessment of +5.79%.

CHANGE IN TOTAL ASSESSED VALUE

2019 Total Value	2020 Total Value	\$ Change	% Change
\$547,718,420	\$579,423,400	\$31,704,980	5.79%

Uniform Standards of Professional Appraisal Practice Compliance

Client and Intended Use of the Appraisal:

This mass appraisal report is intended for use by the public, King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others for other purposes is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a mass appraisal report as stated in USPAP Standards 5 and 6. To fully understand this report the reader may need to refer to the Assessor's Property Record Files, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.

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

Definition and date of value estimate:

Market Value

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

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

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

Highest and Best Use

RCW 84.40.030

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

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



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

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

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

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

Date of Value Estimate

RCW 84.36.005

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

RCW 36.21.080

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

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

Property Rights Appraised: Fee Simple

Wash Constitution Article 7 § 1 Taxation:

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

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

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

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

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

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

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

Assumptions and Limiting Conditions:

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

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

Scope of Work Performed:

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

Certification:

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

- The statements of fact contained in this report are true and correct
- The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.



- The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.
- No one 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 to their name.
- To the best of my knowledge the following services were performed by me within the subject area in the last three years:
 -
 - Richard Welch for this year and Russell Butler for the previous two years
 - Annual Model Development and Report Preparation
 - Data Collection
 - Sales Verification
 - Appeals Response Preparation / Review
 - Appeal Hearing Attendance
 - Physical Inspection Model Development and Report Preparation
 - Land and Total Valuation
 - New Construction Evaluation



5/15/2020

Richard Welch, Commercial Appraiser II

Date

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
413	020	200660	1080	2,372	2897003	\$3,600,000	10/21/17	\$1,517.71	JACK IN THE BOX (Imps on Minor 1095	D-C	2	Y	
413	030	522330	0050	2,304	2986019	\$6,600,000	05/03/19	\$2,864.58	JACK IN BOX-RESTAURANT (Dist A)	DNTN-MU	1	Y	
413	040	782050	0040	3,085	2852472	\$2,181,000	03/09/17	\$706.97	SCHLOTZSKT'S DELI - FAST FOOD	CC	1	Y	
413	040	516970	0092	2,796	2878475	\$1,500,000	07/21/17	\$536.48	STARBUCKS COFFEE RENTON HIGHL	CA	1	Y	
413	040	928615	0030	4,404	2998951	\$2,750,000	07/10/19	\$624.43	ARBY'S + RETAIL	M1-C	1	Y	
413	050	282304	9093	4,504	2847758	\$2,000,000	01/25/17	\$444.05	DENNYS RESTAURANT	CB-C	1	Y	
413	050	760060	0055	2,292	2936178	\$1,000,000	06/12/18	\$436.30	DOMINO'S PIZZA	CBD	1	Y	

Improvement Sales for Area 413 with Sales not Used

08/28/2020

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
413	030	282605	9021	2,050	2914401	\$3,375,000	02/12/18	\$1,646.34	KENTUCKY FRIED CHICKEN	TL 5	1	46	Non-representative sale
413	050	176060	0240	2,520	2915648	\$2,000,000	02/20/18	\$793.65	PIZZA HUT	CR	1	36	Plottage
413	020	062304	9412	2,750	2936009	\$3,187,500	06/12/18	\$1,159.09	POPEYES RESTAURANT	CBSO	1	46	Non-representative sale
413	040	675670	0050	2,627	2949974	\$4,500,000	08/24/18	\$1,712.98	SONIC RESTAURANT AND STARBU	CC-MU	1	46	Non-representative sale
413	050	334330	1180	6,524	2970596	\$2,725,000	10/02/18	\$417.69	DENNY'S RESTAURANT	CA	1	68	Non-gov't to gov't
413	050	072105	9054	5,652	2966178	\$4,225,000	11/29/18	\$747.52	APPLEBEES RESTAURANT	C1	1	46	Non-representative sale
413	050	242320	0040	5,559	2983708	\$2,870,000	04/17/19	\$516.28	DENNY'S RESTAURANT	CC-C	1	68	Non-gov't to gov't
413	050	262505	9275	7,500	2995608	\$4,710,759	06/19/19	\$628.10	RED ROBIN	OV3	1	46	Non-representative sale
413	020	426570	0195	1,290	3013960	\$1,350,000	10/02/19	\$1,046.51	JACK IN THE BOX	NC3P-40	1	46	Non-representative sale
413	020	062304	9412	2,750	3016624	\$3,300,000	10/08/19	\$1,200.00	POPEYES RESTAURANT	CBSO	1	46	Non-representative sale

2020 Physical Inspection Specialty Area 413

	Area	Neighborhood	Major	Minor	SitusAddress
1	413	20	000300	0112	13050 INTERURBAN AVE S
2	413	20	004000	0902	14638 TUKWILA INTERNATIONAL BLVD
3	413	20	004100	0493	15037 TUKWILA INTERNATIONAL BLVD
4	413	20	004100	0520	15010 TUKWILA INTERNATIONAL BLVD
5	413	20	004100	0525	15036 PACIFIC HWY S
6	413	20	004300	0090	15210 INTERNATIONAL BLVD
7	413	20	006500	0005	6501 35TH AVE SW
8	413	20	062304	9293	9862 16TH AVE SW
9	413	20	062304	9412	9871 15TH AVE SW
10	413	20	062304	9413	No Situs Address
11	413	20	072304	9093	1516 SW 114TH ST
12	413	20	082104	9229	31717 PACIFIC HWY S
13	413	20	092104	9020	2002 S 320TH ST
14	413	20	092104	9271	2042 S 320TH ST
15	413	20	092104	9272	2302 S 320TH ST
16	413	20	092104	9296	2032 S 320TH ST
17	413	20	095200	4216	3500 SW AVALON WAY
18	413	20	122000	0255	15237 8TH AVE SW
19	413	20	122100	0150	115 SW 152ND ST
20	413	20	122100	0162	115 SW 152ND ST
21	413	20	132103	9110	2400 SW 336TH ST
22	413	20	132730	0013	3301 4TH AVE S
23	413	20	149830	2525	2025 RAINIER AVE S
24	413	20	152304	9295	3742 S 144TH ST
25	413	20	159460	0050	2212 RAINIER AVE S
26	413	20	172304	9336	14206 1ST AVE S
27	413	20	182304	9257	12812 AMBAUM BLVD SW
28	413	20	185295	0070	34814 PACIFIC HWY S
29	413	20	189940	0010	901 SW 148TH ST
30	413	20	192304	9021	425 SW 148TH ST
31	413	20	192304	9167	15059 1ST AVE S
32	413	20	192404	9078	5903 1ST AVE S
33	413	20	200660	1080	22621 MARINE VIEW DR S
34	413	20	200660	1095	22633 MARINE VIEW DR S
35	413	20	201140	0522	809 S KENT-DES MOINES RD
36	413	20	202104	9060	1330 S 348TH ST
37	413	20	202304	9172	15620 1ST AVE S
38	413	20	202304	9497	15620 1ST AVE S
39	413	20	202304	9550	15822 1ST AVE S
40	413	20	202304	9561	15710 1ST AVE S
41	413	20	212104	9012	1610 S 347TH PL
42	413	20	212204	9201	25350 PACIFIC HWY S
43	413	20	242103	9102	2031 SW CAMPUS DR

2020 Physical Inspection Specialty Area 413

	Area	Neighborhood	Major	Minor	SitusAddress
44	413	20	242320	0055	2216 S 320TH ST
45	413	20	250060	0180	22640 PACIFIC HWY S
46	413	20	250060	0590	23221 PACIFIC HWY S
47	413	20	250060	0701	23839 PACIFIC HWY S
48	413	20	250070	0010	35500 ENCHANTED PKWY S
49	413	20	250090	0010	No Situs Address
50	413	20	250090	0030	34404 16TH AVE S
51	413	20	250090	0060	No Situs Address
52	413	20	282204	9162	25925 PACIFIC HWY S
53	413	20	292303	9136	17408 VASHON HWY SW
54	413	20	332204	9119	28722 PACIFIC HWY S
55	413	20	332204	9129	27515 PACIFIC HWY S
56	413	20	332304	9145	18812 PACIFIC HWY S
57	413	20	332304	9180	2840 S 188TH ST
58	413	20	333300	1695	6304 MARTIN LUTHER KING JR WAY S
59	413	20	362403	9170	2580 SW BARTON ST
60	413	20	386990	0020	6544 CALIFORNIA AVE SW
61	413	20	426570	0195	9102 RAINIER AVE S
62	413	20	433100	0326	14310 AMBAUM BLVD SW
63	413	20	536720	1395	601 S MICHIGAN ST
64	413	20	551400	0040	24220 PACIFIC HWY S
65	413	20	562420	0370	No Situs Address
66	413	20	562420	0372	9610 DES MOINES MEMORIAL DR S
67	413	20	608710	0775	4203 SW ADMIRAL WAY
68	413	20	630340	0986	10711 16TH AVE SW
69	413	20	712930	4550	9401 RAINIER AVE S
70	413	20	712930	4570	No Situs Address
71	413	20	712930	4865	9304 RAINIER AVE S
72	413	20	721140	1065	No Situs Address
73	413	20	721140	1085	10055 16TH AVE SW
74	413	20	766620	5125	1907 4TH AVE S
75	413	20	766620	5160	2201 4TH AVE S
76	413	20	766620	5250	2401 4TH AVE S
77	413	20	766620	6281	1962 1ST AVE S
78	413	20	783580	0010	12825 AMBAUM BLVD SW
79	413	20	785360	0186	31122 PACIFIC HWY S
80	413	20	797320	2665	10150 16TH AVE SW
81	413	20	800960	0235	3003 CALIFORNIA AVE SW
82	413	20	873217	0060	2309 SW 336TH ST
83	413	20	912200	1045	2336 25TH AVE S



King County

Department of Assessments

King County Administration Bldg.
500 Fourth Avenue, ADM-AS-0708
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(206) 296-7300 FAX (206) 296-0595
Email: assessor.info@kingcounty.gov

John Wilson

Assessor

As we start preparations for the 2020 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, 2020 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 413

2020 Assessment Year



Department of Assessments