



King County

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Lloyd Hara
Assessor

As we start preparations for the 2012 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, 2012 in conformance with generally accepted appraisal practices.
- Prepare written reports in compliance with USPAP Standard 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.

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Executive Summary Report

Appraisal Date 1/1/2012- 2012 Assessment Year

Quadrant Name: Central Business District

Sales – Improved Summary:

Number of Sales: 17

Range of Sales Dates: 02/20/2009– 01/04/2012

Sales – Ratio Study Summary:

	Improved Value	Sale Price	Ratio	COD
2011 Average Value	\$4,606,200	\$5,569,000	82.70%	16.77%
2012 Average Value	\$5,180,100	\$5,569,000	93.00%	6.03%
Change	+\$573,900		+10.30%	-10.74%
% Change	+12.46%		+12.45%	-64.04%

*COD is a measure of uniformity, the lower the number the better the uniformity. The negative figures reflecting the change in COD from 2011 to the 2012 revalue, represent an improvement of the uniformity. The Weighted Mean Ratio, which represents the assessment level, has improved from the 2011 to the 2012 revalue.

Sales used in Analysis: All improved sales which were verified as good that did not have characteristic changes between the date of sale and the date of appraisal were included in the analysis.

The percentage of value change for the sold properties is more than took place for the population as a whole. This is due to two factors: First, is that several of the sold properties, when verified and reviewed, required data corrections affecting the property prior to the sale date; and second, is that 53% of the listed sales are condominium sales. This is a much higher percentage than exists within the broader set of properties. The condominium sales did show that increases in value were appropriate in some of this area's neighborhoods. The percentage of condominium properties that needed increasing was greater in the sold properties sample than the condominium population as a whole. These factors heavily skew the value changes, on a percentage basis, of the sold sample of properties when compared to the entire population of properties.

Population - Parcel Summary Data:

	Land	Imps	Total
2011 Value	\$2,454,710,600	\$2,709,177,850	\$5,163,888,450
2012 Value	\$2,456,332,300	\$2,650,362,600	\$5,072,237,500
Percent Change	+ 0.07%	- 2.17%	- 1.77%

Number of Parcels in the Population: 850 which includes vacant, improved, commercial units, and exempt parcels. Specialty parcels are not included.

Conclusion and Recommendation:

Since the values recommended in this report significantly improve the degree of uniformity as well as more modestly, yet still significantly, improve the assessment level, we recommend posting these values for the 2012 assessment year.

Appraisal Process

Effective Date of Appraisal: January 1, 2012

Date of Appraisal Report: April 17, 2012

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. 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 \$1,000.00 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 site is put until it is ready for its future highest and best use is called an interim use. Thus, interim uses are current highest and best uses that are likely to change in a relatively short time.

Standards and Measurement of Data Accuracy: 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.

The following Departmental guidelines were considered and adhered to:

- Sales from 1/01/2009 through 12/31/2011 (at minimum) were considered in all analyses.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of three years of market information without time adjustments averaged any net changes over that time period.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation: Area 30: Downtown Seattle

Area 30 is known as the Seattle Central Business District (CBD) or Downtown Seattle and includes the following neighborhoods: The International Historic District (30-10), Pioneer Square Historic District (30-20), Downtown Mixed Commercial/West Edge (Area 30-30 and 30-50), Downtown Office Core I (Area 30-40), Downtown Retail Core (Area 30-60), Downtown Office Core II (Area 30-70), Pike Place Market Historic District (Area 30-80) and Downtown Mixed Commercial/Denny Triangle (30-100).

Boundaries:

Area 30 is bounded on the north by Denny Way and bounded on the east by the Interstate 5 freeway. The southern border is west along S. Charles St. to 4th Avenue S. then to S. King Street. It is bounded on the west by Alaskan Way and then zigzags through Belltown from Lenora back to Denny following zoning boundaries.

Maps:

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

Area Description:

Area 30 is King County's most dense and populous commercial area both in total building area and working population. It is the county's major employment center, a lively tourist and convention attraction, a strong shopping magnet, a growing residential market, a major governmental matrix as well as a regional cultural and entertainment hub. The CBD's unique identity reflects its role as the county's primary urban center. Area 30 is comprised of Seattle's Retail Core, Financial Center/Office Core, City, County and Federal Government Centers, Pike Place Market Historic District, Pioneer Square Historic District, International Historical District and the Denny Triangle. New high-rise office, hotel and residential properties have had a rapidly increasing presence, until just recently, which has been changing the look and ambience of the CBD.

Area 30 is subdivided into nine neighborhoods which are typically distinguished by their predominant zoning classification. The following is a brief description of each.

International Historic District (IDM 75-85, IDM 65-150, IDM 100-120, IDR 150): Neighborhood 30-10

Boundaries: The International District is defined by IDM and IDR zonings. It is bounded on the south by S. Charles St., on the west by Fourth Ave S., on the north by Yesler Way and on the east by Interstate-5.

Neighborhood Description: The International District is a designated historic area consisting of older buildings that are located adjacent to the Pioneer Square Historic District, Safeco Field, and Seattle Central Business District. The International District has IDM and IDR zones that are historic property overlays restricting redevelopment and requiring a public review to change the exterior or use of any building. The International Special Review District was established in 1973 to preserve the area's cultural and historical character. The Seattle Chinatown-International District Preservation Development Authority (PDA) was created in 1975 as a public corporation to redevelop historic buildings for a number of uses, most importantly, low-income housing. The PDA drives much redevelopment in the area.

A development is the completion of the new Wing Luke Museum in the old Kong Yick Building, and the new Fire Station #10 at 5th and Yesler. Both were completed in the spring of 2008. More recently, at the end of 2010 is the conversion of the Milwaukee Hotel Building to apartments.

The Seattle City Council had been looking at updating land use and zoning rules for South Downtown. After considering this for over a year, they passed legislation that allows taller buildings in this neighborhood (30-10) as well as in the contiguous, Pioneer Square, neighborhood (30-20). The goal is to provide development incentive for market-rate and workforce housing in the area since South Downtown has not seen as much recent development as other parts of the city. This legislation could lead to greater demand and higher prices for developable land in the area.

The Pioneer Square Historic District (PSM 100, PSM 100-120, PSM 245): Area 30-20

Boundaries: This neighborhood is defined by the boundaries of the Pioneer Square Mixed zone classification established by the City of Seattle. The northern boundary zigzags from Columbia Street and First Avenue to Cherry Street and Second Avenue to James Street and Third Avenue to Jefferson Street. The southern boundary is along S King Street to Occidental Avenue S to S Dearborn Street. The western boundary is along Alaskan Way S, and the eastern boundary is along Fourth Avenue S.

Neighborhood Description: The Pioneer Square Historic District is Seattle's first neighborhood and first historic district. Pioneer Square is a well-preserved commercial neighborhood located in Seattle's original commercial center, just north of the CenturyLink Football Stadium. Pioneer Square is home to residents, galleries, shops, and restaurants as well as distribution and technology firms. The late nineteenth and early twentieth century brick and stone buildings characterize the District, many built in the Romanesque Revival style that was popular when the city rebuilt its central core after a devastating fire in 1889. According to the Pioneer Square Preservation District Urban Conservation report from the City of Seattle Department of Neighborhoods, Pioneer Square has the largest collection of such buildings in the country. Established as a preservation district in 1970, the neighborhood is protected by design guidelines focused on preserving its unique historic and architectural character and assuring the sensitive

rehabilitation of buildings. Successful implementation of these guidelines has made Pioneer Square one of Seattle's most treasured neighborhoods. The district draws a great many visitors and tourists each year.

The Pioneer Square Historic District, like the International Historic District and the Pike Place Market Historic District, has a Review Board to approve any design change to the exterior of existing structures. Their duties include implementing use and design guidelines establishing preservation of the neighborhood's appeal so as to complement and enhance the historic character of the District and to retain the quality and continuity of existing buildings.

New construction and additions to existing buildings are discouraged unless they are part of the original structures. New construction and remodeling must be visually compatible with the predominant architectural style of the other buildings in the district. Although new projects need not attempt to duplicate original facades, the design process should involve serious consideration of the typical historic building character within the district. The district's guidelines for building, restoration and renovation include the stabilization of significant historical detailing, respecting the original architectural style and use of compatible scale and materials.

Demolition or removal/replacement of buildings or other structures in the Historic Districts is prohibited unless approved by the Review Board. The following prerequisites for approval for building demolition or removal are: existing buildings or structures do not contain any architectural or historic significance; use and design of the replacement structure; commitment for interim and long-term financing for the replacement structure has been secured with adequate financial backing to ensure completion of the project; satisfactory arrangements have been made for retention of any part of the structure's façade; and satisfactory assurance is provided that new construction will be completed within two (2) years of demolition.

Any and all restrictions to the inherent bundle of rights associated with the fee simple ownership of real estate are considered in the valuation of properties within historic districts.

Recent construction activity in the area includes the Starbucks addition to 83 King St., the rehab of the Furiya & Corgiat buildings from mostly unusable buildings into offices, the rehab of the Alaska Building into hotel/apartments, the continuing rehab of King Street Station as well as the completion of the rehab of the 1016 1st Avenue South Building. It has been announced that plans to go ahead with a major development in the north parking lot of CenturyLink field (Seahawks Stadium) are being made and phase I will be proceeding in the near future. Last year the City's voters decided to go ahead with the 'Alaskan Way Viaduct Replacement Program'. With a bored tunnel eventually replacing the Alaskan Way Viaduct, the west edge of the Pioneer Square neighborhood will be changed dramatically and could easily have the effect of changing uses along the waterfront and perhaps increasing land values.

Additionally, future neighborhood values could be affected by new legislation, passed last year that allows for greater building height in certain areas. See more about this in the note at the end of the description of the International Historic district, neighborhood 30-10.

Downtown Mixed Commercial (DMC 340/290-400): Neighborhood 30-30

Boundaries: This neighborhood is comprised of a small area bordered on the north and east by the DOC 1 neighborhood (30-40) and bordered to the south and west by the International and Pioneer Square Historic Districts. It is a narrow strip that stair-steps to the southeast from 1st Avenue and Madison St. to 6th Avenue and Yesler Way.

Neighborhood Description: Neighborhood 30-30 contains the government core and has the Henry Jackson Federal Office Building, the King County Courthouse, King County Administration Building, social service buildings and private office buildings. Its zoning was meant to act as a buffer area between the high-rise office buildings in DOC 1 and the limited height buildings of the bordering historic districts.

Newest construction activity in this area includes the completion of the 5th & Yesler Office Building in September of 2009. The proposed Civic Center development on the former site of the old Public Safety Building still has not gone forward to date.

Downtown Office Core 1 (DOC 1 U/450/U): Neighborhood 30-40

Boundaries: The Downtown Office Core 1 (DOC 1) zone is bounded on the north by Union Street and on the east by Interstate-5. The south border stair-steps from Interstate-5 and Jefferson St., northwest to a position mid-block between First Avenue and Second Avenue on Madison Street and then north to Union Street.

Neighborhood Description: DOC 1 is the portion of Seattle's Central Business District with the highest density. High-rise office buildings, residential towers and major hotels exemplify the highest intensity of land use. This neighborhood contains Benaroya Hall and the Seattle Art Museum, two of Seattle's main cultural resources. The city's new Library, Justice Center and City Hall are also in this neighborhood.

The 2006 zone re-classification in this neighborhood allows for the greatest density in the county. There is effectively no height limitation for this zone.

The WAMU Tower/Seattle Art Museum, the 5th and Madison residential condo, the conversion of the Cobb Bldg. into apartments, as well as the rehab/conversion of the Arctic Building into a hotel are examples of more recent development in this neighborhood. Because of the scarcity of developable land in this zoning, creative development of difficult parcels is the norm. The WAMU partnership with the Seattle

Art Museum is one such project. While development has come to a halt, there is planned development of major high-rise buildings on the old United Methodist site at Columbia St. and 5th Avenue as well as the College Club site at Madison St. and 5th Avenue.

Downtown Mixed Commercial (DMC 160 & DMC 125): Neighborhood 30-50

Boundaries: Neighborhood 30-50 is bounded on the north by Union St, on the east by 1st Avenue, on the south by Columbia St. and on the west by Alaskan Way.

Neighborhood Description: Neighborhood 30-50, also called the “West Edge” neighborhood, consists of a mixed use of office, retail, residential and warehouse structures as well as surface parking lots. This area is in a slow process of revitalization with several buildings having been remodeled or renovated recently. This last year, the city voters decided to go forward with the ‘Bored Tunnel Alternative’ and the removal of the Alaskan Way Viaduct. This neighborhood, along with Pioneer Square, will be the most heavily impacted by the eventual removal of the Alaskan Way Viaduct. With the mentioned removal, views for properties along the western border of this neighborhood will be dramatically improved, and external noise, caused by viaduct traffic, will cease to be a problem as it is today. Property usages may change as a result and property values may increase as well. Time will tell if the market responds in this manner.

Area 30-50 is zoned as a narrow band intended to scale down building heights from DOC 1, DOC 2 and DMC zones towards Elliott Bay. The new Coleman Center, a 16 story, mixed use high rise, is currently under construction in the 800 block of Western Avenue.

Downtown Retail Core: Neighborhood 30-60

Boundaries: The Downtown Retail Core (DRC) is bounded to the north by Olive Way, to the east by 6th Avenue, to the south by Union Street and to the west by Second Avenue.

Neighborhood Description: The Downtown Retail Core is Seattle’s major retail center and is considered a strong shopping magnet with a lively tourist and convention attraction. The area consists of major department stores, movie theaters, some residential, offices, shopping malls and many street-level retail stores and restaurants. There is very little availability of properties for lease or purchase.

A large percentage of buildings in this neighborhood have historical designations. This is a neighborhood of buildings with generally much lower heights than the surrounding neighborhoods. Many of the buildings are richly ornamented and architecturally distinctive.

The zone classification is Downtown Retail Core 85-150 (DRC 85-150), which allows a building height limit from 85 to 150 feet, coupled with significant retail requirements. This scaled-down zoning allows for an abundance of natural light, spaciousness and a casual/comfortable ambience.

Newer development in the neighborhood includes a supermarket in the old Kress Building which is the first major grocery store in downtown in many decades. Unsubstantiated rumors have swirled about the possibility of J.C. Penny moving back into downtown and much of the rest of the Kress building. Demand is being fueled by the many new condo residents in the area. A major rehab of the Joshua Green Building is complete with many new tenants. Also the old Macy Parking Garage was remodeled in conjunction with the 1Residence and Hotel project which was put on hold.

Downtown Office Core 2 (DOC 2 500-300/500): Neighborhood 30-70

Boundaries: Neighborhood 30-70 is bounded on the north by Blanchard St., on the east by 9th Avenue, on the south by Union St. and on the west by 3rd Avenue. It is very irregular and its boundaries move in a zigzag pattern with the zoning. It is part of the Denny triangle area and also extends west across Westlake Avenue.

Neighborhood Description:

Neighborhood 30-70 can be considered as similar to the retail and office cores because parts of the uses in adjacent zonings spill into this zone. This area consists of mid to high-rise office, hotels, condos, parking lots, retail structures and two auto dealerships. Most of the older existing retail and office buildings have been remodeled and/or renovated. Pacific Place, The Washington State Convention Center and the Paramount Theater are major properties located in this neighborhood.

There has been much market interest in this neighborhood as evidenced by vacant land sales and new construction activity. The recent number of land sales of developable properties had been surprisingly high as assemblage took on high priority. Two residential condo projects are fairly recent with the “Olive 8” completed in 2009 and the “Escala” completed in 2010. Construction activity, on “The Olivian” apartment building was completed in 2009. The new office project at 8th and Westlake was completed in 2009 as well as the office project, “1918 Eighth. The mixed-use project, “818 Stewart” was completed in 2008.

Recently, Amazon.com has created a lot of local buzz by tentatively agreeing to buy three blocks in the Denny Triangle for a three building, high-rise office complex that would total approximately a million square feet per building. Amazon has indicated that it will decide by this June whether to proceed with these plans.

Pike Place Market Historic District (PPM-85): Neighborhood 30-80

Boundaries: Pike Place Market is bounded to the north by Lenora St., to the east by 1st Avenue, to the south by Union St. and to the west by the viaduct.

Neighborhood Description: Seattle's Pike Place Market is the last farmer's market in the United States, which has not been modernized. It was established by an ordinance in 1907. By 1917, much of the Market we know today was constructed, which is known as the Economy Market, Corner Market, Sanitary Market, and the lower levels of the Main Market. In the 1920's and 1930's when farmers grew their produce closer to Seattle, there were many more farmers' stalls than there are now. Nevertheless, loss of these stalls has been made up by a greater variety of other vendors and retail outlets. In November of 1971, the people of Seattle, by initiative measure, voted to preserve the character and flavor of this market for all time. Specifically, they established a seven-acre Pike Place Market Historical District to be administered by a twelve-member citizen commission with the aid and cooperation of the city's Department of Community Development and Department of Neighborhoods.

Today, remodeled/rehabilitated retail stores, apartments, hotels, restaurants, and newer mixed-use condominiums/apartments surround the public areas within the zone. The Pike Place Market is Seattle's number one tourist attraction.

The guidelines for redevelopment are very similar to those described in the Pioneer Square and the International District sections and use restrictions are considered in valuation.

A "legacy levy" passed a couple of years ago which was designed to update the aging plumbing and electrical systems, will make it wheelchair accessible, create new restrooms and elevators, do seismic work, re-roof and create new retail space. This is estimated to cost about \$80M. This work has been on-going and has been completed, or is very nearly so. In the fall of 2013, the Pike Place Market Preservation and Development Authority plans to start building, on the last piece of developable land in the market historic district, a project across from the market that will have apartments, retail, parking and storage, and a combination of artist lofts, offices and a food bank.

Downtown Mixed Commercial (DMC 340/290-400 & DMC 240/290-400) Neighborhood 30-100

Boundaries: Neighborhood 30-100 is bounded on the north by Denny Way, on the east by I-5, to the southeast by Union St., to the southwest by Madison St. and to the west by Post Alley. This zoning wraps around the DOC 2, DRC & part of the DOC 1 zoned areas creating a stepped height limit from those zones encouraging a pleasing shape to the city.

Neighborhood Description: Neighborhood 30-100 encompasses much of the Denny Triangle area where there are mixed-use condos, offices, retail stores, auto services, two colleges, hotels, and surface parking lots.

Area 30-100's zoning allows for a great variety of uses. It is now in the process of revitalization. In the past two to three years, several existing older buildings have been remodeled, renovated, or demolished to add new mid-rise structures, mostly apartments and condominiums with mixed-use commercial. "2200 Westlake" was completed at the end of 2008, with its sister project, located right across the street, "2201 Westlake" and "Enso" completed a year later at the end of 2009. Also, Cornish School of Arts has increased its presence with the purchase of land for future development. "1521 2nd Avenue" and the new "Four Seasons Hotel and Residence" were both completed at the end of 2008 and have been open for business and occupancy since. More recently, we have the on-going renovation of the commercial condominium at the base of the Newmark residential condominium into a Target retail store. There is also a 654 unit apartment building under construction in the 2100 block of 6th Avenue, to the west and across the street from the King Cat Theater.

Physical Inspection Identification:

The entire area, and its nine neighborhoods, has been inspected twice in the last six years. Therefore, no specific neighborhood was designated this year for inspection.

Preliminary Ratio Analysis

A Ratio Study was completed just prior to the application of the 2012 recommended values. This study benchmarks the current assessment level using 2011 posted values. The study was also repeated after application of the 2012 recommended values. The results are included in the validation section of this report, showing an improvement of the Coefficient of Variation (COV) from 23.10% to 7.41%, improvement of the Coefficient of Dispersion (COD) from 16.77% to 6.03%, improvement of the weighted mean, a statistical measure of assessment level, from 82.7% to 93.0%, and an improvement in the PRD from 1.05 to 1.02. A discussion of the ratio measurements is included in the Model Validation section at the end of this report.

Scope of Data

Land Value Data:

Vacant sales from 1/1/09 to 1/1/12 were given primary consideration for valuing land. Improved sales with demolition, new construction and renovation activities after the sale date represent tear down, “shell” sales or interim use sales. Those sales, if any, are analyzed to reflect improvement contributions to overall price, where appropriate, thereby indicating the value allocation to the land.

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales were verified, if possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales if possible. Sales are listed in the “Sales Used” and “Sales Not Used” sections of this report. Additional information resides in the Assessor’s procedure manual located in the Public Information area of the King County Administration Building.

Land Value

Land Sales, Analysis, Conclusions

There were only 2 recent sales, within Area 30, to be considered in the Area 30 land valuation analysis. One sale was from 2009. No market representative land sales took place in the Central Business District in 2010 or 2011. Another market transaction did take place in early February 2012. Weight was given to this sale since it is felt that the land and general commercial real estate markets have been flat for some time, indicating that this sale would be representative of the market on 1/1/2012.

The 2009 sale, at \$338 per square foot, was in excess of twice the assessed value of \$160. This property was zoned for mixed commercial use, in the Pioneer Square neighborhood, to a 100' height limit at the time of sale. The 2012 sale, at \$746 per square foot, 10% of the sale price being deducted for consideration of included plans and permits, and \$22 per square foot was added for verified demolition costs; bringing the adjusted sale price to \$693 per square foot. This sale was for a 12,960 square foot parcel that is zoned DMC 240/290-400 and is assessed at \$400 per square foot. There were no other market representative land sales to indicate that any change was warranted in overall land values since the 2011 revalue. The neighborhoods within Area 30 are typically distinguished by their predominant zone classification. Some adjustments have been made to improve uniformity. In analyzing the sales in Area 30, subject neighborhood and zoning were considered first. Then, sales from other competing neighborhoods were considered in the absence of sales within the subject neighborhood. Downtown Seattle zonings are unique in the county and permit the highest densities.

The Seattle City Council adopted new zoning changes for the CBD on April 3, 2006. The new zoning significantly increased density in DOC1, DOC2 and DMC zones in the CBD by raising height limits and Floor Area Ratios (FAR's). The market responded to the zoning changes by recording increases in prices paid for affected land.

The following is a table used in the finalization of land valuation for each of the zone classifications.

Neighborhood	Zone Designation	Land Value/ SF of Land Area
10	IDM 75-85	\$100
10	IDM 100-120	\$105
10	IDR 150	\$115
20	PSM 85-120	\$160
20	PSM 100	\$160
20	PSM 100-120	\$160
20	PSM 345	\$300
30, 70	DOC2	\$500
40	DOC1	\$600
30, 50, 100	DMC	\$200-400
60	DRC 85-150	\$300
80	PMM-85	\$150

In addition to the adjustments made for the reasons stated on the preceding pages, an attempt to recognize additional development rights over and above the rights commensurate with the zoning classification was made. Many lots have transferred development rights (TDR's) to other parcels thereby reducing or eliminating the potential for development on one parcel and increasing the density of development on another parcel. The Assessor has recognized these increases and decreases to development potential by recognizing the amount of TDR's transferred. A list of affected properties (sending lots and receiving lots) was provided by the City of Seattle. Please note, in some instances parcels have sold TDR's to the "city bank", but those rights have not yet been transferred to another parcel. In these instances the Assessor recognizes fewer rights associated with the sending parcel, but does not recognize additional development rights on another parcel as the rights have not been transferred to another parcel yet, but rather remain available for purchase from the "city bank".

Land Value Comparisons and Recommended Conclusions:

The total land assessed value for the 2011 assessment year for Area 30 was \$2,454,710,600 and the total land assessed value for the 2012 assessment year is \$2,456,332,300. Application of these recommended values for the 2012 assessment year (taxes payable in 2013) results in a change from the 2011 assessment of + 0.07%.

A list of vacant sales used and those considered not reflective of market value are included in the subsequent sections.

Improved Parcel Total Values:

Sales comparison approach model description

The model for sales comparison 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.

The sales presented in the Improved Sales Used list range in date from 2/20/2009 to 1/04/2012. There were 17 improved sales in Area 30 considered as 'good'. These are fair market transactions reflective of market conditions at the time sale. The Sales Comparison Approach was used to set value, correlate income values and set commercial condo values. The sale price ranges serve to establish a general upper and lower market boundary for the various property types within the subject area and were useful when analyzing the income parameters and capitalization rates used in the income models for the various neighborhoods. The ranges of sales are:

- Offices \$161.41 to \$339.85 per sq. ft.
- Retail \$122.39 per sq. ft.
- Commercial Condos \$245.70 to \$735.00 per sq. ft.

Sales Comparison Calibration

Neighborhoods were treated independent of one another when dictated by the market. Individual prices were applied based on various characteristics deemed appropriate within each market on a dollar value per square foot of improved net rentable area. Because of the few sales in the last three years, the sale comparison approach was used primarily on the commercial condominium units which generally are owner occupied properties.

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. The cost was adjusted to the western region and the Seattle area. Cost estimates were relied upon in the valuation of schools, churches, museums and most buildings in special/public/governmental use.

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

The Income Approach was the primary method utilized for income producing properties throughout Area 30. Income parameters were derived from the market place through the sales listed as well as through market surveys, appeals and available publications. This information along with other sources was relied upon in the estimation of market value via the Income Approach to valuation.

Income: Income parameters were derived from the market place through the listed fair market sales as well as through published sources (i.e. Office Space Dot.Com, Commercial Brokers Association, Costar, Multiple Corporate Real Estate Websites), and opinions expressed by real estate professionals active in the market.

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

Expenses: Expense ratios were estimated based on industry standards, published sources, and personal knowledge of the area's rental practices. Within our income valuation models, the assessor used triple net expenses for typical retail/mixed-use & industrial type uses. For typical office/medical buildings, the assessor used full service expenses within the valuation models.

Capitalization Rates: Capitalization rates were determined by local published market surveys, such as CoStar, Real Estate Analytics, The American Council of Insurance Adjustors, Colliers International, Integra Realty Resources, and Korpaz. Other national reports include; Grubb & Ellis Capital Mkt. Update, Emerging Trends in Real Estate, Urban Land Institute, and Cushman & Wakefield – 16th Annual Real Estate Trends. 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 (1930, 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.

SEATTLE / PACIFIC NW CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
ACLI	Yr. End 2011	Seattle	7.14%	7.27%	7.58%	
		Pacific Region	6.32%	7.03%	7.14%	
PWC – Korpaz	4Q 2011	Pacific NW	7.57%	-	-	Range = 5.5% to 12.00%
CBRE – Capital Markets Cap. Rate survey.	Aug.-11					CBRE professional's opinion of where cap rates are likely to trend in the 2 nd ½ of 2011 based on recent trades as well as interactions with investors. Value Added represents an underperforming property that has an occupancy level below the local average under typical market conditions.
		Seattle	5.00% - 5.50% 6.00% - 7.00% 6.50% - 7.00% 7.00% - 8.00% 5.50% - 6.25% 6.00% - 7.60% 6.50% - 7.50% 7.00% - 8.00% - - - -	- - - - - - - - 6.25% - 7.00% 6.75% - 7.25% 6.50% - 7.25% 7.75% - 8.25% - -	- - - - - - - - - - - - 5.75% - 6.50% 7.00% - 7.50%	CBD - Class A CBD - Class A – Value Added CBD - Class B CBD - Class B – Value Added Suburban - Class A Suburban - Class A – Value Added Suburban - Class B Suburban - Class B – Value Added Class A Class A - Value Added Class B Class B - Value Added Class A (Neigh./Comm. w/Grocery) Class B (Neigh./Comm. w/Grocery)
	Mar.-12					
		Seattle	5.50% - 5.75% 6.00% - 7.00% 6.50% - 7.00% 7.00% - 8.00% 5.50% - 6.25% 6.00% - 8.00% 6.50% - 7.50% 7.00% - 8.00% - - - -	- - - - - - - - 5.25% - 5.50% 6.00% - 6.50% 6.00% - 6.50% 6.50% - 7.00% - -	- - - - - - - - - - - - 5.00% - 6.25% 5.00% - 6.25% 6.25% - 7.25% 6.25% - 7.25%	CBD - Class A CBD - Class A – Value Added CBD - Class B CBD - Class B – Value Added Suburban - Class A Suburban - Class A – Value Added Suburban - Class B Suburban - Class B – Value Added Class A Class A - Value Added Class B Class B - Value Added Class A (Neigh./Comm.) Class A (Neigh./Comm.) – Value Added Class B (Neigh./Comm.) Class B (Neigh./Comm.) – Value Added
Real Capital Analytics	4Q 2011	Seattle	7.60%	7.20%	7.20%	
	Yr. End 2011	Seattle	6.80%	7.30%	7.40%	
IRR Viewpoint for 2012	Yr. End 2011	Seattle	6.00% 6.50% - - - -	- - 8.25% - 8.75% 7.00% - -	- - - - 6.50% - 7.50% 7.50%	“Institutional Grade Properties” CBD Office Suburban Office Manuf./Bulk/R&D Office/Warehouse Reg./Comm. Mall Neigh. Strip Ctrs.
Reis Quarterly Reports	4th Qtr 2011	Seattle	6.60%	-	8.50%	
Colliers International Office Highlights	Q4 2011	Seattle - Puget Sound	6.36% 7.94%	- -	- -	CBD Office Suburban Office

Terranomics Chainlinks Retail Advisors	Fall 2011	Pacific Region	-	-	7.00%	Shopping Centers (All Types)
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NATIONAL CAP RATES						
Source	Date	Location	Office	Industrial	Retail	Remarks
ACLI	Yr. End 2011	National	6.53% 7.84% 7.16% - 7.74% 6.33%	7.65% 8.92% 7.62% - 8.15% 7.52%	7.00% 8.14% 7.39% - 7.68% 6.66%	Overall Sq.Ft. = <50k Sq.Ft. = 50k-200k Sq.Ft. = 200K+
Korpaz (PWC)	4Q 2011	National	6.84% 7.43% - - -	- - 7.48% - 8.71% - -	- - - 7.23% - 7.35% 7.16%	CBD Office Sub. Office Flex/R&D/Whse Regional Mall /Power Center Neigh. Strip Ctrs
Real Capital Analytics	4Q 2011	National	7.20%	7.60%	7.50%	
	Yr End 2011	National	7.30%	7.80%	7.50%	
IRR Viewpoint for 2012	Yr End 2011	National	7.98% 8.13% - - - -	- - 8.46% 8.22% - -	- - - - 7.56% - 7.83% 7.96%	CBD Office - (Range 5.25% - 12.75%) Sub. Office - (Range 6.50% - 10.00%) R&D - (Range 6.75% - 9.50%) Off./Whse. - (Range 6.75% - 10.00%) Reg./Comm. Mall - (Range 5.75% - 9.50%) Neigh. Strip Ctrs. - (Range 5.75% - 9.25%)
Emerging Trends in Real Estate 2011	August 2011	National	6.32% (CBD) 7.77% (Suburban)	7.02% - 7.59% (Office/Whse./R&D)	6.66% - 7.43% (Reg. Mall/Power Ctr.) 7.12% (Neigh./Comm. Ctr.)	
RERC-CCIM Investment Trends Quarterly	4Q 2011	National W. Region	6.40% 5.70% - 6.60% 7.00%	7.40% 6.70% - 7.40% 7.10%	7.70% 6.70% - 7.10% 7.40%	RERC Realized Cap Rates NCREIF Implied Cap Rates
Marcus & Millichap (Net Lease Single- Tenant Retail Report)	1 st Half 2011	National	N/A	N/A	7.30% 7.70% 8.90%	Drug Store Quick Service Rest. Casual Dining
Calkin Site Service (Net Lease Single- Tenant Retail Report)	Yr End 2011	National	N/A	N/A	7.69% 7.40% 7.50% 7.50%	Overall (Average) Drug Store Quick Service Rest. Big Box

The preceding table demonstrates ranges of capitalization rates and trends that are compiled with information that is collected on a national or broad regional scale. This information is reconciled with data specific to this real estate market to develop the income model. The range of capitalization rates in the income model reflects the variety of properties in this area.

Income approach calibration

The models were calibrated after setting economic rents, vacancy, expenses, and capitalization rates by using adjustments based on size, effective age, construction class, quality, and location as recorded in the Assessor's records.

An individual analysis was done for each neighborhood within area 30. Income parameters differed somewhat significantly from neighborhood to neighborhood in some instances and even within neighborhoods in others. A general description of the income parameters used in each neighborhood follows. Income Tables were used in all neighborhoods.

NEIGHBORHOOD 10: INTERNATIONAL DISTRICT

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$11-\$29
TYPICAL LEASE RATE (NNN)	\$17-\$23
VACANCY AND COLLECTION LOSS	14%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.25%-9.25%

OFFICE

LEASE RATE RANGE (NNN)	\$16-\$27
TYPICAL LEASE RATE (NNN)	\$18-\$23
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$5.75-\$7.50
CAPTIALIZATION RATE RANGE	8.00%-10.00%

APARTMENTS, MULTI RESIDENCES ETC.

LEASE RATE RANGE	\$8-\$19.50
TYPICAL LEASE RATE	\$10.25-\$17.75
VACANCY AND COLLECTION LOSS	7%
OPERATING EXPENSES	35%-40%
CAPTIALIZATION RATE RANGE	5.50%-6.30%

STORAGE

LEASE RATE RANGE (NNN)	\$6-\$10
TYPICAL LEASE RATE (NNN)	\$6-\$9
VACANCY AND COLLECTION LOSS	8%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.5%-9.25%

NEIGHBORHOOD 20: PIONEER SQUARE

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$13-\$29
TYPICAL LEASE RATE (NNN)	\$15-\$26
VACANCY AND COLLECTION LOSS	14%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.75%-9.00%

OFFICE

LEASE RATE RANGE	\$16.50-\$28
TYPICAL LEASE RATE	\$17.50-\$24.50
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$5.75-\$9.00
CAPTIALIZATION RATE RANGE	7.50%-9.75%

BASEMENT/OPEN OFFICE & RETAIL

LEASE RATE RANGE	\$5.50-\$18.00
TYPICAL LEASE RATE	\$7.50-\$16.25
VACANCY AND COLLECTION LOSS	14%-19%
OPERATING EXPENSES	25%
CAPTIALIZATION RATE RANGE	7.25%-9.75%

APARTMENTS, MULTI RESIDENCES ETC.

LEASE RATE RANGE	\$7.75-\$29
TYPICAL LEASE RATE	\$9-\$25
VACANCY AND COLLECTION LOSS	7%
OPERATING EXPENSES	35%
CAPTIALIZATION RATE RANGE	5.50%-6.30%

STORAGE

LEASE RATE RANGE (NNN)	\$6-\$12
TYPICAL LEASE RATE (NNN)	\$8-\$10
VACANCY AND COLLECTION LOSS	6%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.25%-7.75%

**NEIGHBORHOOD 30: DOWNTOWN MIXED COMMERCIAL
(SOUTH PORTION)****OFFICE**

LEASE RATE RANGE	\$11-\$29
TYPICAL LEASE RATE	\$14-\$25
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$6.50-\$8.50
CAPTIALIZATION RATE RANGE	7.50%-9.50%

RETAIL, RESTAURANTS,

LEASE RATE RANGE (NNN)	\$14-\$32
TYPICAL LEASE RATE (NNN)	\$17-\$28
VACANCY AND COLLECTION LOSS	13%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.50%-9.50%

NEIGHBORHOOD 40: DOWNTOWN OFFICE CORE I**OFFICE**

LEASE RATE RANGE	\$17-\$29
TYPICAL LEASE RATE	\$19-\$25
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$6.00-\$9.00
CAPTIALIZATION RATE RANGE	7.50%-9.25%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$18-\$38
TYPICAL LEASE RATE (NNN)	\$20-\$34
VACANCY AND COLLECTION LOSS	11%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.0%-8.50%

**NEIGHBORHOOD 50: DOWNTOWN MIXED COMMERCIAL
160'****OFFICE**

LEASE RATE RANGE	\$15-\$35
TYPICAL LEASE RATE	\$16-\$29
VACANCY AND COLLECTION LOSS	14%-15%
OPERATING EXPENSES	\$6.00-\$9.00
CAPTIALIZATION RATE RANGE	7.50%-9.50%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$18-\$32
TYPICAL LEASE RATE (NNN)	\$19-\$28
VACANCY AND COLLECTION LOSS	11%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.00%-9.00%

NEIGHBORHOOD 60: DOWNTOWN RETAIL CORE**OFFICE**

LEASE RATE RANGE	\$15-\$35
TYPICAL LEASE RATE	\$17-\$27
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$6.50-\$9.00
CAPTIALIZATION RATE RANGE	7.25%-9.25%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$20-\$75
TYPICAL LEASE RATE (NNN)	\$23-\$70
VACANCY AND COLLECTION LOSS	6%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	6.85%-8.85%

NEIGHBORHOOD 70:DOWNTOWN OFFICE CORE II

OFFICE

LEASE RATE RANGE	\$15-\$37
TYPICAL LEASE RATE	\$17-\$31
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$5.00-\$9.00
CAPTIALIZATION RATE RANGE	7.25%-9.50%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$18-\$75
TYPICAL LEASE RATE (NNN)	\$20-\$60
VACANCY AND COLLECTION LOSS	11%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.00%-8.50%

NEIGHBORHOOD 80: PIKE PLACE MARKET

OFFICE

LEASE RATE RANGE	\$11-\$29
TYPICAL LEASE RATE	\$14-\$27
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$5.00-\$9.00
CAPTIALIZATION RATE RANGE	7.25%-9.25%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$14-\$35
TYPICAL LEASE RATE (NNN)	\$18-\$30
VACANCY AND COLLECTION LOSS	7%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	6.85%-8.35%

NEIGHBORHOOD 100: DOWNTOWN MIXED COMMERCIAL

OFFICE

LEASE RATE RANGE	\$14.75-\$35
TYPICAL LEASE RATE	\$16.75-\$29
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$5.00-\$7.50
CAPTIALIZATION RATE RANGE	7.25%-9.00%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$18-\$36
TYPICAL LEASE RATE (NNN)	\$19-\$32
VACANCY AND COLLECTION LOSS	11%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.00%-9.00%

Parking Income Analysis

Additionally, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. No turnaround income was recognized on the daily spaces. A 240 day year was used for calculating daily parking income for the year. The Puget Sound Regional Council 2010 Parking Inventory Survey was utilized as a basis for establishing parking rates in the various neighborhoods in Downtown Seattle. It divides downtown Seattle into 13 neighborhoods and reports rental rates daily, hourly and monthly. A survey completed in 2004 established expense rates which still apply.

Reconciliation:

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. The published market rents were used as a guide in establishing the market rental rates used. The market rental rate applied varies somewhat but falls within an acceptable range of variation from the established guideline. The Senior Appraiser, before posting, reviewed final values selected.

Model Validation

Total Value Conclusions, Recommendations and Validation:

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

The standard statistical measures of valuation performance are presented in the 2011 and 2012 Ratio Analysis charts included in this report. Comparison of the 2011 Ratio Study Analysis with the 2012 Ratio Study Analysis indicates that the weighted mean statistical measure of assessment level went from 82.7 to 93.0. The Coefficient of Dispersion (COD) went from 16.77% to 6.03%, the Coefficient of Variation (COV) went from 23.10% to 7.41%, and the Price-related Differential (PRD) went from 1.05 to 1.02. All these statistical measures show improvement.

The current commercial real estate market in the Central Business District (CBD) of Seattle is showing improvement, characterized by leveling lease rates, decreasing overall vacancy, and in some cases, dropping capitalization rates. In the coming year, Office lease rates are expected to start to rise as vacancy is expected to continue to drop, as it did last year. In Retail, sales are up over the year-ago figures, some positive absorption is expected and rents are expected to improve modestly in the form of reduced concessions. The commercial real estate market has become bifurcated. Top tier properties with AAA tenants have sold nationally and locally at dropping Capitalization Rates as investors are chasing the high quality, low risk properties. The lower tiered properties are not selling at all or they are selling at reduced values due to the additionally perceived risk. This situation is expected to loosen up this year but not to completely go away in an economy that is expected to improve only gradually over time.

Applying the new market parameters in an income approach to the current group of sales has its draw-backs and pitfalls. The sales are too few in number to be statistically significant. There just are not enough sales to give a clear indication of value ranges for all the different property types.

Because of the lack of sales over the last three years, it is felt that the income approach to value, based on market parameters, is more reliable to produce uniform and equalized values. Therefore, the income approach to value was selected as the appraisal method for most of the income producing properties.

The new indicated assessment level of 93.0% falls within the IAAO appraisal guidelines of 90% - 110% of sale prices, as all the other statistical measurements fall within the

accepted IAAO guidelines. Therefore, it is recommended that the proposed values be posted for the 2012 assessment year.

The total assessed value in area 30 for the 2011 assessment year was \$5,163,888,450 and the total recommended value for the 2012 assessment year is \$5,072,237,500. Application of this recommended value for the 2012 assessment year (taxes payable in 2013) result in a decrease of 1.77% from the total 2011 assessment value.

USPAP Compliance

Client and Intended Use of the Appraisal:

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

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

Definition and date of value estimate:

Market Value

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

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

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

Highest and Best Use

RCW 84.40.030

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

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

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

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

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

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

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

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

Date of Value Estimate

RCW 84.36.005

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

RCW 36.21.080

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

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

Property Rights Appraised: Fee Simple**Wash Constitution Article 7 § 1 Taxation:**

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

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

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

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

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

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

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

Assumptions and Limiting Conditions:

1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.
4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.
5. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.
6. The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.
7. The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.
8. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
9. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
10. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.
11. An attempt to segregate personal property from the real estate in this appraisal has been made.
12. Items which are considered to be "typical finish" and generally included in a real property transfer, but are legally considered leasehold improvements are included in the valuation unless otherwise noted.

13. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.
14. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.
15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.

Scope of Work Performed:

Research and analyses performed are identified in the body of the revaluation report. The assessor has no access to title reports and other documents. Because of legal limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. Disclosure of interior 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.

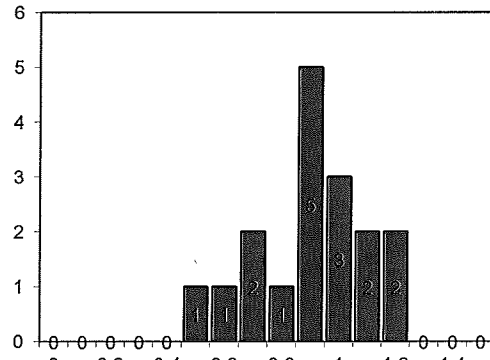
CERTIFICATION:

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.*

- *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.*
 - *Alan Hashimoto - Any and all activities required under the Certificate of Appointment under sworn oath appointing the below signed appraiser to the position of true and lawful deputy in the Office of the King County Assessor, and authorized by the State of Washington, Department of Revenue under a Certificate of Accreditation. To include: all duties, responsibilities, and services associated with the position description of Commercial Appraiser II in the management and valuation of Commercial Area 30, or Central Business District. Such duties, responsibilities and services include, but are not limited to physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time and be determined significant or otherwise during the fulfillment of position requirements, and are made part of each real property parcel, is a matter of public record and this certification by reference. The above referenced duties were performed through August 31, 2009.*
 - *Any services regarding the subject area performed by me starting September 1, 2009 as an appraiser or in any other capacity is listed below: Any and all activities required under the Certificate of Appointment under sworn oath appointing the below signed appraiser to the position of true and lawful deputy in the Office of the King County Assessor, and authorized by the State of Washington, Department of Revenue under a Certificate of Accreditation. To include: all duties, responsibilities, and services associated with the position description of Commercial Appraiser II in the management and valuation of Commercial Area 30, or Central Business District. Such duties, responsibilities and services include, but are not limited to physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time and be determined significant or otherwise during the fulfillment of position requirements, and are made part of each real property parcel, is a matter of public record and this certification by reference.*
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Area 030 - CENTRAL BUSINESS DISTRICT
2011 Assessment Year

Quadrant/Crew:	Appr date :	Date:	Sales Dates:				
Central Crew	1/1/2011	4/12/2012	2/20/09 - 1/4/12				
Area	Appr ID:	Prop Type:	Trend used?: Y / N				
30	JARL	Improvement	N				
SAMPLE STATISTICS							
Sample size (n)	17	<div>Ratio Frequency</div> 					
Mean Assessed Value	4,606,200						
Mean Sales Price	5,569,000						
Standard Deviation AV	5,564,865						
Standard Deviation SP	7,645,406						
ASSESSMENT LEVEL							
Arithmetic mean ratio	0.864	<div>These figures reflect measurements <u>before</u> posting new values. The 445 population size includes the condominium parent parcels, but does not include commercial individual units.</div>					
Median Ratio	0.890						
Weighted Mean Ratio	0.827						
UNIFORMITY							
Lowest ratio	0.4192						
Highest ratio:	1.1545						
Coefficient of Dispersion	16.77%						
Standard Deviation	0.1997						
Coefficient of Variation	23.10%						
Price-related Differential	1.05						
RELIABILITY							
95% Confidence: Median							
Lower limit	0.685						
Upper limit	1.012						
95% Confidence: Mean							
Lower limit	0.769						
Upper limit	0.959						
SAMPLE SIZE EVALUATION							
N (population size)	445						
B (acceptable error - in decimal)	0.05						
S (estimated from this sample)	0.1997						
Recommended minimum:	56						
Actual sample size:	17						
Conclusion:							
NORMALITY							
Binomial Test							
# ratios below mean:	6						
# ratios above mean:	11						
z:	0.9701425						
Conclusion:	Normal*						

*i.e., no evidence of non-normality

Area 030 - CENTRAL BUSINESS DISTRICT
2011 Assessment Year

<i>Parcel Number</i>	<i>Assessed Value</i>	<i>Sale Price</i>	<i>Sale Date</i>	<i>Ratio</i>	<i>Diff: Median</i>
065900-0025	3,250,000	2,815,000	9/30/2011	1.1545	0.2650
066000-2245	6,109,400	5,300,000	2/20/2009	1.1527	0.2632
197570-0605	5,872,800	5,605,000	7/15/2010	1.0478	0.1582
197720-0020	19,981,900	30,290,770	8/23/2011	0.6597	0.2299
197720-0435	9,594,500	10,988,000	12/22/2009	0.8732	0.0164
197720-0935	1,676,700	4,000,000	10/26/2011	0.4192	0.4704
253883-0030	741,100	1,000,000	1/31/2011	0.7411	0.1484
253883-0050	284,100	500,000	12/7/2011	0.5682	0.3213
258500-1110	669,900	750,000	1/4/2012	0.8932	0.0037
258500-1130	185,600	200,000	4/18/2011	0.9280	0.0385
266265-0010	888,400	890,000	6/24/2010	0.9982	0.1087
269480-0010	3,000,000	3,675,000	12/30/2009	0.8163	0.0732
269480-0030	616,500	900,000	4/11/2011	0.6850	0.2045
524780-0300	10,129,900	10,300,000	12/13/2010	0.9835	0.0939
639135-0780	2,424,000	2,725,000	6/22/2009	0.8895	0.0000
643700-0030	237,900	235,000	4/29/2009	1.0123	0.1228
766620-6851	12,641,900	14,500,000	5/10/2010	0.8719	0.0177

Area 030 - CENTRAL BUSINESS DISTRICT
2012 Assessment Year

Quadrant/Crew:	Appr date :	Date:	Sales Dates:								
Central Crew	1/1/2012	4/10/2012	2/20/09 - 1/4/12								
Area	Appr ID:	Prop Type:	Trend used?: Y / N								
30	JARL	Improvement	N								
SAMPLE STATISTICS											
Sample size (n)	17	<div>Ratio Frequency</div> <table><caption>Ratio Frequency Data</caption><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.9</td><td>3</td></tr><tr><td>1.0</td><td>9</td></tr><tr><td>1.1</td><td>5</td></tr></tbody></table>		Ratio	Frequency	0.9	3	1.0	9	1.1	5
Ratio	Frequency										
0.9	3										
1.0	9										
1.1	5										
Mean Assessed Value	5,180,100										
Mean Sales Price	5,569,000										
Standard Deviation AV	6,780,944										
Standard Deviation SP	7,645,406										
ASSESSMENT LEVEL											
Arithmetic mean ratio	0.951										
Median Ratio	0.927										
Weighted Mean Ratio	0.930										
UNIFORMITY											
Lowest ratio	0.8198										
Highest ratio:	1.0805										
Coefficient of Dispersion	6.03%										
Standard Deviation	0.0704										
Coefficient of Variation	7.41%										
Price-related Differential	1.02										
RELIABILITY											
95% Confidence: Median		These figures reflect measurements <u>after</u> posting new values. The 445 population size includes the condominium parent parcels, but does not include commercial individual units.									
Lower limit	0.905										
Upper limit	1.006										
95% Confidence: Mean											
Lower limit	0.917										
Upper limit	0.984										
SAMPLE SIZE EVALUATION											
N (population size)	445										
B (acceptable error - in decimal)	0.05										
S (estimated from this sample)	0.0704										
Recommended minimum:	8										
Actual sample size:	17										
Conclusion:	OK										
NORMALITY											
Binomial Test											
# ratios below mean:	10										
# ratios above mean:	7										
z:	0.48507125										
Conclusion:	Normal*										
*i.e., no evidence of non-normality											

Area 030 - CENTRAL BUSINESS DISTRICT
2012 Assessment Year

<i>Parcel Number</i>	<i>Assessed Value</i>	<i>Sale Price</i>	<i>Sale Date</i>	<i>Ratio</i>	<i>Diff: Median</i>
065900-0025	2,896,600	2,815,000	9/30/2011	1.0290	0.1024
066000-2245	5,302,300	5,300,000	2/20/2009	1.0004	0.0738
197570-0605	6,056,400	5,605,000	7/15/2010	1.0805	0.1539
197720-0020	26,588,800	30,290,770	8/23/2011	0.8778	0.0488
197720-0435	10,166,300	10,988,000	12/22/2009	0.9252	0.0014
197720-0935	3,659,400	4,000,000	10/26/2011	0.9149	0.0118
253883-0030	1,069,100	1,000,000	1/31/2011	1.0691	0.1425
253883-0050	409,900	500,000	12/7/2011	0.8198	0.1068
258500-1110	678,600	750,000	1/4/2012	0.9048	0.0218
258500-1130	188,800	200,000	4/18/2011	0.9440	0.0174
266265-0010	868,000	890,000	6/24/2010	0.9753	0.0487
269480-0010	3,325,000	3,675,000	12/30/2009	0.9048	0.0218
269480-0030	815,100	900,000	4/11/2011	0.9057	0.0209
524780-0300	10,358,300	10,300,000	12/13/2010	1.0057	0.0791
639135-0780	2,525,000	2,725,000	6/22/2009	0.9266	0.0000
643700-0030	232,500	235,000	4/29/2009	0.9894	0.0628
766620-6851	12,921,700	14,500,000	5/10/2010	0.8912	0.0355

Improvement Sales for Area 030 with Sales Used

04/10/2012

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
030	010	266265	0010	3,128	2448784	\$890,000	06/24/10	\$284.53	FUJISADA CONDOMINIUM	IDM-75-85	2	Y	
030	020	258500	1110	2,925	2525313	\$750,000	01/04/12	\$256.41	FLORENTINE CONDOMINIUM	PSM-85-120	1	Y	
030	020	258500	1130	814	2487834	\$200,000	04/18/11	\$245.70	FLORENTINE CONDOMINIUM	PSM-85-120	1	Y	INCLUDES 2 PARKING STALLS
030	020	524780	0300	63,814	2470348	\$10,300,000	12/13/10	\$161.41	WESTLAND BUILDING-DSHS	PSM-100/100-120	1	Y	
030	020	643700	0030	770	2388838	\$235,000	04/29/09	\$305.19	OUR HOME HOTEL CONDOMINIUM	PSM-100/100-120	1	Y	
030	020	766620	6851	60,552	2440682	\$14,500,000	05/10/10	\$239.46	WASHINGTON SHOE BUILDING	PSM-85-120	1	Y	
030	050	197720	0020	90,700	2506499	\$30,290,770	08/23/11	\$333.97	FIRST & STEWART BUILDING	DMC-125	1	Y	
030	050	197720	0935	11,770	2516047	\$4,000,000	10/26/11	\$339.85	OFFICE BUILDING W/RETAIL ON 1ST	DMC-125	1	Y	
030	060	065900	0025	23,000	2512940	\$2,815,000	09/30/11	\$122.39	SHERMAN CLAY	DRC 85-150	1	Y	
030	080	197720	0435	44,000	2422804	\$10,988,000	12/22/09	\$249.73	FAIRMONT APTS AND JONES BLDG	PMM-85	1	Y	
030	080	269480	0010	5,000	2423811	\$3,675,000	12/30/09	\$735.00	GARDEN CENTER BLDG. CONDOMINIUM	PMM-85	1	Y	
030	080	269480	0030	1,370	2486389	\$900,000	04/11/11	\$656.93	GARDEN CENTER BLDG. CONDOMINIUM	PMM-85	1	Y	
030	100	066000	2245	8,000	2380736	\$5,300,000	02/20/09	\$662.50	FAIRVIEW CLUB	DMC 240/290-400	2	Y	
030	100	197570	0605	34,000	2450281	\$5,605,000	07/15/10	\$164.85	DOYLE BUILDING	DMC 240/290-400	1	Y	
030	100	253883	0030	2,851	2476911	\$1,000,000	01/31/11	\$350.75	FIFTEEN TWENTY-ONE SECOND AVENUE	DMC 240/290-400	3	Y	INCLUDES MINORS -0040 & -0050
030	100	253883	0050	1,093	2521542	\$500,000	12/07/11	\$457.46	FIFTEEN TWENTY-ONE SECOND AVENUE	DMC 240/290-400	1	Y	RESALE
030	100	639135	0780	9,999	2396072	\$2,725,000	06/22/09	\$272.53	ONE PACIFIC TOWERS CONDOMINIUM	DMC 240/290-400	1	Y	PKG GAR - 101 STALLS-\$26,980/STALL

Vacant Sales for Area 030 with Sales Used

04/11/2012

Area	Nbhd	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
030	020	524780	0565	13,320	2396692	\$4,500,000	06/26/09	\$337.84	U-PARK PARKING LOT - SURFACE	PSM-100	2	Y	
030	100	197720	0950	12,960	2532321	\$9,669,100	02/08/12	\$693.40	SECOND AVENUE PARKING GARAGE	DMC 240/290-400	1	Y	S.P. less 10% for plans & permits plus
													\$22 per square foot for demolition costs.

Improvement Sales for Area 030 with Sales not Used

04/10/2012

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Cl.	Ver. Code	Remarks
030	020	258500	1150	1,819	2424781	\$205,000	01/05/10	\$112.70	FLORENTINE CONDOMINIUM	PSM-85-120	1	22	PARTIAL INTEREST (1/3, 1/2, ETC.)
030	020	524780	0390	143,579	2522065	\$19,100,000	12/09/11	\$133.03	GRAND CENTRAL ON THE PARK	PSM-100	3	61	FINANCIAL INSTITUTION RESALE
030	020	766620	6850	3,725	2429625	\$405,000	02/22/10	\$108.72	CHIPPERS RESTAURANT	PSM-85-120	1	52	STATEMENT TO D.O.R.
030	060	197570	0485	68,348	2512094	\$28,760,332	09/28/11	\$420.79	KRESS BUILDING	DRC 85-150	1	15	NO MARKET EXPOSURE
030	070	065900	0430	22,381	2416040	\$13,700,000	11/02/09	\$612.13	ICON GRILL	DOC2 500/300-500	3	31	EXEMPT FROM EXCISE TAX
030	070	065900	0905	72,000	2477551	\$25,000	01/11/11	\$0.35	PARKING GARAGE	DOC2 500/300-500	1	24	EASEMENT OR RIGHT-OF-WAY
030	070	065900	0920	13,650	2477550	\$25,000	02/04/11	\$1.83	JORDAN BUILDING/PALACE KITCHEN	DOC2 500/300-500	1	24	EASEMENT OR RIGHT-OF-WAY
030	080	766620	2405	44,074	2498038	\$7,030,000	06/27/11	\$159.50	MARKET SQUARE	PMM-85	1	22	PARTIAL INTEREST (1/3, 1/2, ETC.)
030	100	606500	0020	0	2452408	\$15,520,000	07/30/10	\$0.00	NEWMARK BUILDING THE CONDOMINIUM	DMC 240/290-400	2	48	CONDO W/ GAR., MOORAGE, OR STG.

Vacant Sales for Area 030 with Sales not Used

03/15/2012

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
030	010	982070	0100	14,400	2378364	\$1,000,000	01/29/09	\$69.44	CONSTRUCTION STAGING	IDR 45/125-140	2	11	CORPORATE AFFILIATES
030	070	066000	0860	13,320	2384762	\$2,000,000	03/25/09	\$150.15	PKG LOT	DOC2 500/300-500	2	15	NO MARKET EXPOSURE
030	100	066000	0040	25,920	2487433	\$5,000	03/14/11	\$0.19	VACANT LAND	DMC 340/290-400	1	24	EASEMENT OR RIGHT-OF-WAY
030	100	066000	1620	6,780	2428572	\$4,500,000	02/10/10	\$663.72	TEAR DOWN	DMC 340/290-400	1	36	PLOTTAGE