

**Commercial Revalue**

**2012 Assessment roll**

**AREA**

**85**

**King County, Department of Assessments  
Seattle, Washington**

**Lloyd Hara, Assessor**



## King County

Department of Assessments

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**Lloyd Hara**  
**Assessor**

Dear Property Owners:

Property assessments for the 2012 assessment year are being completed by my staff throughout the year and change of value notices are being mailed as neighborhoods are completed. We value property at fee simple, reflecting property at its highest and best use and following the requirement of RCW 84.40.030 to appraise property at true and fair value.

We have worked hard to implement your suggestions to place more information in an e-Environment to meet your needs for timely and accurate information. The following report summarizes the results of the 2012 assessment for this area. (See map within report). It is meant to provide you with helpful background information about the process used and basis for property assessments in your area.

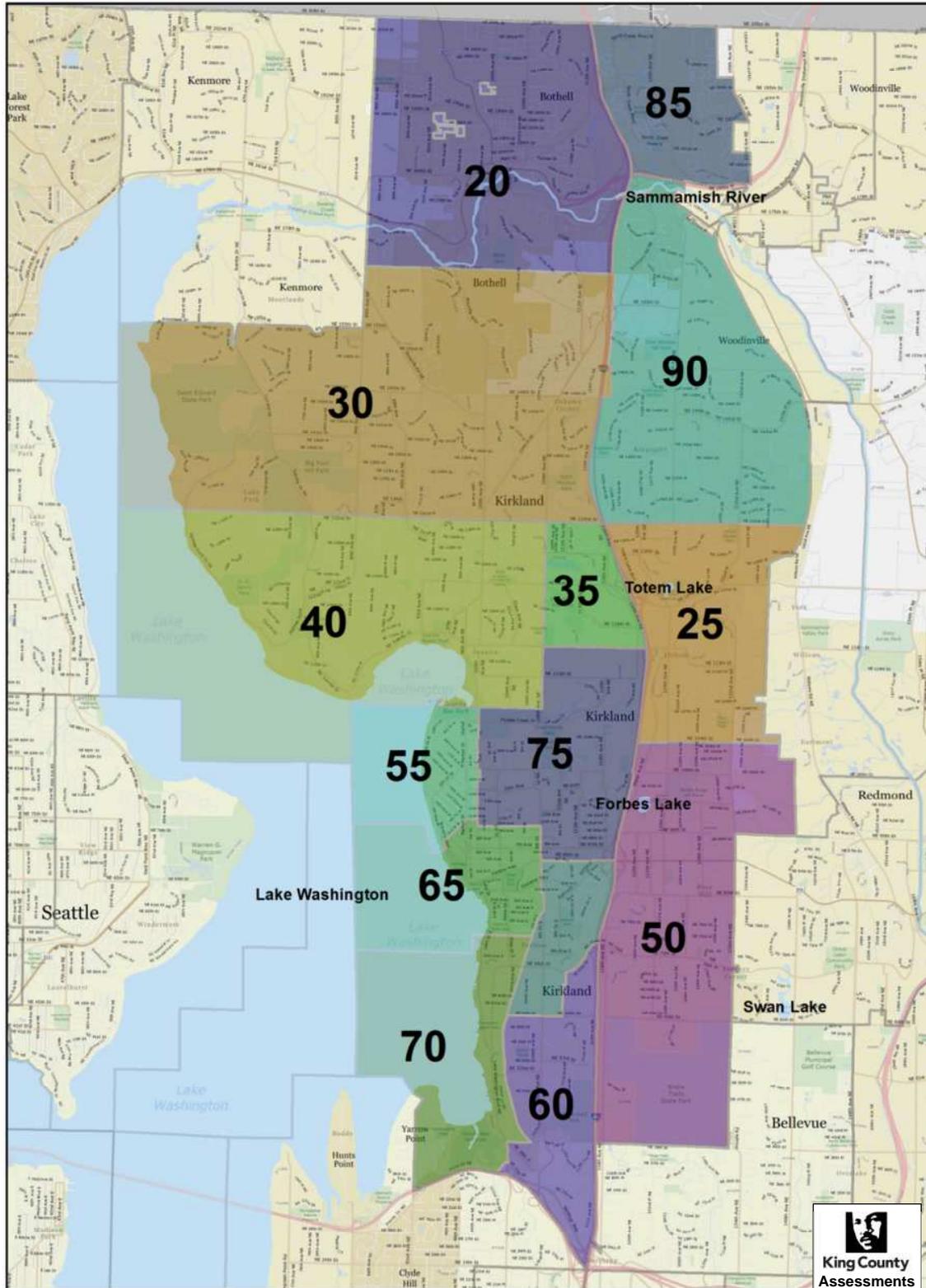
Fair and uniform assessments set the foundation for effective government and I am pleased that we are able to make continuous and ongoing improvements to serve you.

Please feel welcome to call my staff if you have questions about the property assessment process and how it relates to your property.

Sincerely,

Lloyd Hara  
Assessor

# Area 85



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# Executive Summary Report

## Appraisal Date 1/1/12 - 2012 Assessment Roll

### Geographic Appraisal Area:

- Area 85: Bothell/Kirkland - NE Lake Washington Corridor
- Previous Physical Inspection: 01/2011

### Sales – Improved Summary

- Number of Sales: 35
- Range of Sales Dates: 01/20/2009 – 1/9/12

### Sales – Ratio Study Summary

Sales--Improved Valuation Change Summary				
	Mean Assessed Value	Mean Sale Price	Ratio	COD*
2011 Value	\$2,691,000	\$3,138,700	85.70%	14.48%
2012 Value	\$3,008,000	\$3,138,700	95.80%	11.36%
Abs. Change	\$317,000		10.10%	-3.12%
% Change	11.78%		11.79%	-21.55%

\*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 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 leased back to the seller; sold as a portion of a bulk portfolio sale; sales that had major renovation after sale, or have been segregated or merged since being purchased.

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2011 Value	\$1,812,039,100	\$1,775,067,900	\$3,587,107,000
2012 Value	\$1,814,753,500	\$1,822,411,325	\$3,637,164,825
% Change	0.15%	2.67%	1.40%

- Number of Parcels in the Ratio Study Population: **1,419**, excluding specialties.

### **Conclusion and Recommendation:**

Total assessed values for the 2012 revalue have increased 1.40%.

The values recommended in this report improve uniformity and equity; therefore it is recommended they should be posted for the 2012 Assessment Year.

## **Analysis Process**

**Effective Date of Appraisal:** January 1<sup>st</sup>, 2012

**Date of Appraisal Report:** May 17<sup>th</sup>, 2012

**The following appraiser did the valuation for this geographic area:**

### **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 \$1,000.00 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.

- Sales from 01/01/2009 to 12/31/2011 (at minimum) were considered in all analyses.
- 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 85 (Bothell/Kirkland - NE Lake Washington Corridor)**

### Boundaries:

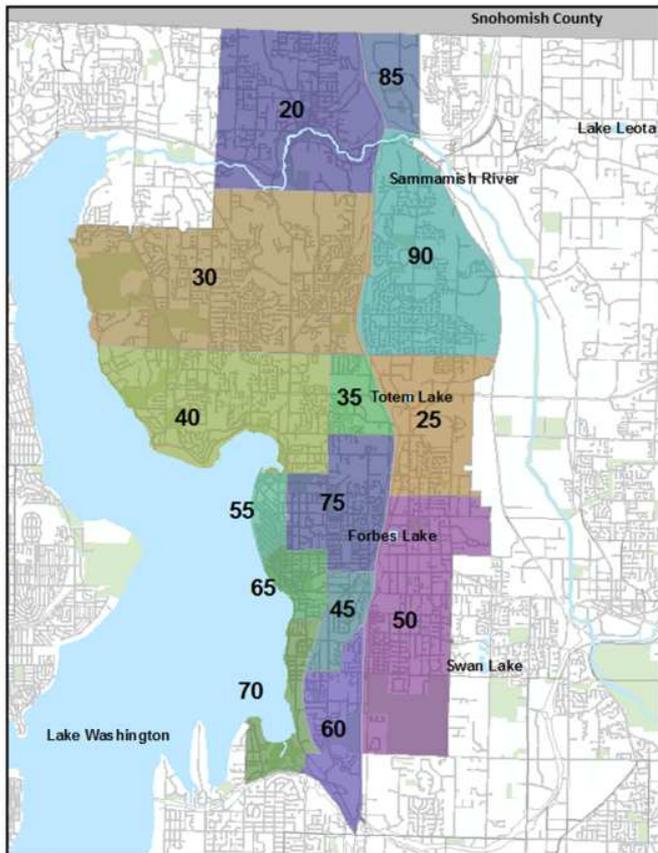
- West – Lake Washington and the western-most Bothell city limits
- North – Snohomish County
- East – Kirkland city limits
- South – Highway 520

### Maps:

A general map of the area is included at the beginning of this report, in addition to a smaller version displayed below. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

### Area Description:

Geographic Area 85 consists of cities and neighborhoods located northeast of Lake Washington, which boundaries are generally defined as the King/Snohomish County line to the north, State Route 520 to the south, the Kirkland city limits to the east, and Lake Washington/western-most Bothell city limits to the west.



Within the Geographic Area 85, there are fourteen distinct neighborhoods that have been established for valuation purposes, totaling 1,419 parcels.

The City of Bothell is located in the northern sector of Area 85, while the City of Kirkland encompasses Area 85's southern end. In addition, the northwest portion of Area 85 also includes a small area that is within the City of Kenmore.

Located between the City of Bothell to the north and the City of Kirkland to the south are three neighborhoods known as North Juanita, Finn Hill, and Kingsgate. Until recently, these neighborhoods were located in unincorporated King County. However, effective June 1<sup>st</sup>, 2011 the city of Kirkland annexed a large portion of these three neighborhoods, bringing them under the city's jurisdiction. The map

below illustrates the areas that were formerly unincorporated King County that have since been annexed by the City of Kirkland.



Located furthest south in Area 85 is a small cluster of commercial properties that are within the City of Bellevue. These parcels are located just north of SR-520 and west of I-405.

**City of Bothell: Area 85-20**

**Boundaries:** The City of Bothell is located at the north end of Lake Washington at the crossroads of State Highways 522 and 527, and Interstate 405.

- North – Snohomish County
- South – NE 155<sup>th</sup> Street
- East – Interstate 405
- West – City of Kenmore



**Neighborhood Description:** Bothell was incorporated in 1909 and still retains its historic charm with a small hometown feel - complete with family neighborhoods and parks, churches, educational facilities, and growing businesses. Residents may commute from Bothell to either Seattle or Everett, both of which are approximately 20 minutes away.

About half of Bothell is located in King County, with the remaining located within Snohomish County.

Bothell's Technology Corridor is a series of four modern business parks poised to accommodate producers of the fast growing high technology industries that makes Bothell more than a suburb. Each of these developments—Canyon Park Business Center, North Creek, Quadrant North Creek and Quadrant Monte Villa Center—provides a quality “home” for the businesses located there. According to a June 2011 article in the Daily Journal of Commerce, the internet company Google has confirmed that they intend to expand and establish an office in Bothell. It was reported that the company had leased 58,000 square feet of space within the North Creek development and was applying for tenant improvement permits.

The area offers unique regional shopping, such as the entertaining and unique collection of antique and crafts dealers at Bothell's Country Village.

Currently, the City of Bothell is undergoing a major transformation. Over the last several years, the City of Bothell has acquired 25 acres throughout downtown as part of an ambitious revitalization plan. The downtown revitalization is in conjunction with two major transportation projects that will enhance State Routes 522 and 527 by shifting the placement of two major intersections. This highway realignment will reconnect the downtown to the riverfront and result in new development parcels. Numerous public and private development projects are slated to take shape within the downtown Bothell area over the next several years, dramatically changing the City of Bothell.

Over the past few years, 27 businesses along SR 522 & SR 527 have been relocated to make way for roadway realignment. The city's increasing demand for retail, lodging and entertainment will be further enhanced once the University of Washington Bothell/Cascadia Community College reaches enrollment projections in the next 10 years. Overall growth will fuel expansion and redevelopment of community and neighborhood shopping centers in downtown Bothell, at Canyon Park, and along main arteries such as Beardslee Boulevard, State Routes 522 and 527.



### **East Totem Lake (East of I-405): Area 85-25**

**Boundaries:** Area 85-25 is all vacant and improved commercial properties located proximate to Totem Lake Blvd., NE 124<sup>th</sup> Street, and NE 116<sup>th</sup> Street.

- North – NE 32<sup>nd</sup> Street
- South – NE 104<sup>th</sup> Street
- East – 182<sup>nd</sup> Avenue NE
- West – Interstate 405



**Neighborhood Description:** The predominant land uses within this neighborhood include a mixture of retail, industrial, multi-family, and low-rise medical office buildings. The northern sector of this neighborhood is dominated by medical office buildings choosing to be close to Evergreen Hospital, whereas, the central and southern portions of this neighborhood include retail oriented businesses, such as, Totem Lake Mall, line retail, restaurants, and car dealerships. The primary land uses within the eastside of this neighborhood include light-industrial service buildings, multi-family/condominium development, and Lake Washington Technical College. New construction within the East Totem Lake market area includes Lake Washington Technical College's recently completed 3-story, 80,000SF Allied Health Building, as well as 61-unit multi-family project on NE 124<sup>th</sup> St that is nearing completion.

### **Finn Hill/North Juanita: Area 85-30**

**Boundaries:** Area 85-30 is all vacant and improved commercial properties located proximate to 100<sup>th</sup> Avenue NE and Juanita Drive. 100<sup>th</sup> Avenue NE is the primary north/south neighborhood thoroughfare that connects the City of Kirkland to the City of Bothell, while Juanita Drive is the primary north/south neighborhood thoroughfare connecting the City of Kirkland to the City of Kenmore. On June 1<sup>st</sup>, 2011 the City of Kirkland completed annexation of the areas known as Finn Hill, North Juanita, and Kingsgate. As a result, much of area 85-30 that was previously within unincorporated King County is now within the City of Kirkland's jurisdiction. Please reference the map located in the 'Area Description' section earlier in this report in order to visualize the Kirkland Annexation Area.

- North – NE 155<sup>th</sup> Street
- South – NE 132<sup>nd</sup> Street
- East – Interstate 405
- West – Lake Washington



**Neighborhood Description:** The predominant land uses within this neighborhood include a mixture of retail, multi-family, and low-rise office buildings. Within this neighborhood are St. Edwards State Park and Bastyr University. Bastyr University is recognized as one of the leading naturopathic universities in the country. The university just recently completed construction of a new student housing village consisting of 11 individual LEED-built cottages, each housing 12 students each. Each cottage is three-stories tall and incorporates a common living area, kitchen, study/laundry, and private bedrooms and baths.



### **West Totem Lake (West of I-405): Area 85-35**

**Boundaries:** Area 85-35 is all vacant and improved commercial properties located proximate to NE 124<sup>th</sup> Street and NE 120<sup>th</sup> Avenue NE. Within Area 85-35, NE 124<sup>th</sup> Street is the primary east/west commercial thoroughfare, whereas NE 120<sup>th</sup> Avenue NE is the primary north/south commercial thoroughfare.

- North – NE 132<sup>nd</sup> Street
- South – NE 116<sup>th</sup> Street
- East – Interstate 405
- West – 108<sup>th</sup> Avenue NE

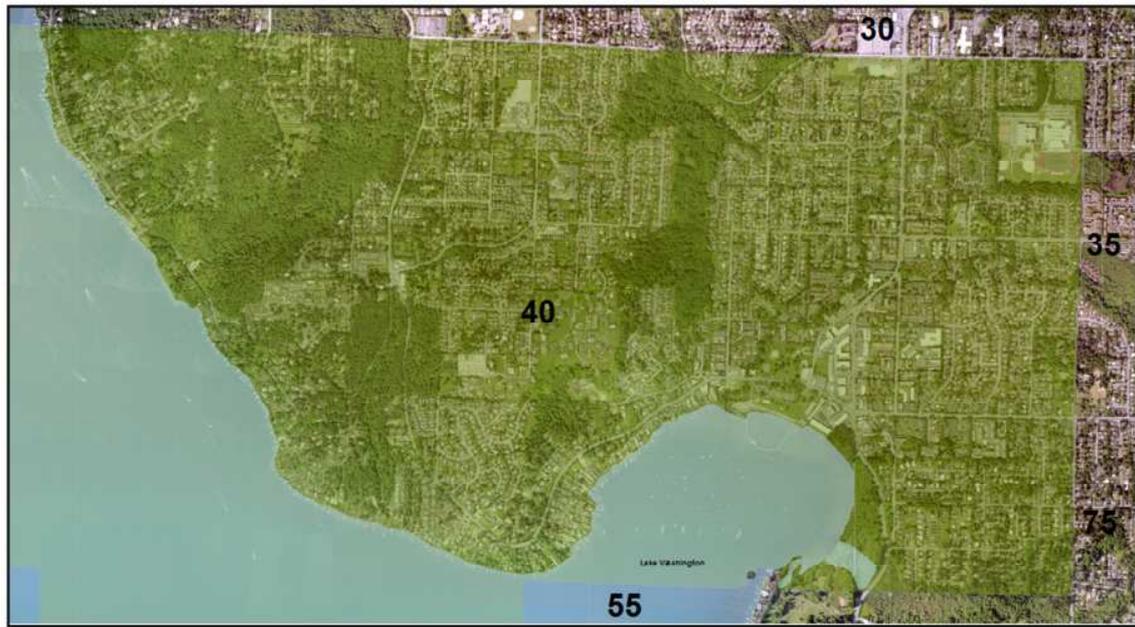


**Neighborhood Description:** The predominant commercial land uses within this neighborhood include a mixture of retail, industrial, multi-family, and low/mid-rise medical/office buildings. West Totem Lake is best known for its retail service core which includes line-retail, restaurants, and the Fred Meyer Shopping Complex.

### **Juanita: Area 85-40**

**Boundaries:** Area 85-40 is all vacant and improved commercial properties located proximate to 98<sup>th</sup> Avenue NE and 100<sup>th</sup> Avenue NE. 98<sup>th</sup> Avenue NE and 100<sup>th</sup> Avenue NE are the primary north/south neighborhood commercial thoroughfares.

- North – NE 132<sup>nd</sup> Street
- South – Forbes Creek Dr.
- East – 108<sup>th</sup> Avenue NE
- West – Lake Washington



**Neighborhood Description:** The predominant commercial land uses within this neighborhood include a mixture of retail buildings, apartments, condominiums, and professional low rise office buildings. Juanita Village is a modern take on the traditional mixed-use residential/commercial urban neighborhood center that also serves as the heart of the community. Two significant multi-family development sites sold in this area in 2011: Weidner Apartment Homes acquired and recently broke ground on a 96-unit apartment building on 98<sup>th</sup> Ave NE, across from Juanita Village. In addition, the buyers of a 2.33 acre site within Juanita Village have been issued building permits for a 196-unit mixed-use apartment building with 18,000 square feet of commercial space. Both projects are expected to come on to the market within the next year or two.

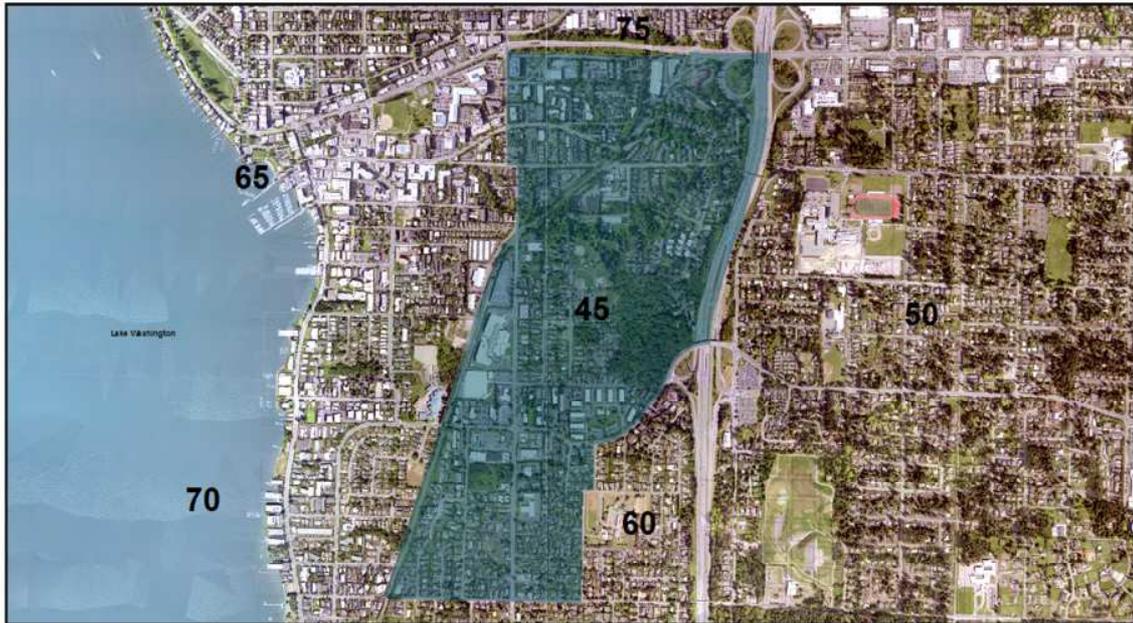


(Juanita Waterbrook on 98<sup>th</sup> Ave NE)

### **Houghton/South Kirkland: Area 85-45**

**Boundaries:** Area 85-45 is all vacant and improved commercial properties located proximate to 108<sup>th</sup> Avenue NE/6<sup>th</sup> Street S. and NE 68<sup>th</sup> Street. 108<sup>th</sup> Avenue/6<sup>th</sup> Street S. is the primary north/south neighborhood commercial thoroughfare, while NE 68<sup>th</sup> Street is the primary east/west neighborhood thoroughfare.

- North – NE 85<sup>th</sup> Street
- South – NE 60<sup>th</sup> Street
- East – Interstate 405
- West – Burlington Northern Railroad



**Neighborhood Description:** The predominant commercial land uses within this neighborhood include a mixture of retail buildings and low to mid-rise office buildings. This area is also home to Google's 195,000 square foot Kirkland campus.

### **East Kirkland (East of I-405): Area 85-50**

**Boundaries:** Area 85-50 is all vacant and improved commercial properties located proximate to NE 85<sup>th</sup> Street. NE 85<sup>th</sup> Street is the primary east/west commercial thoroughfare connecting downtown Kirkland to Redmond.

- North – NE 100<sup>th</sup> Street
- South – NE 40<sup>th</sup> Street
- East – 132<sup>nd</sup> Place NE
- West – Interstate 405



**Neighborhood Description:** The predominant land uses within this neighborhood include a mixture of retail, low-rise office buildings, and some multi-family units. The retail oriented businesses include neighborhood shopping centers, line retail, restaurants, and car dealerships. The four major businesses within this neighborhood include Costco, Lee Johnson Chevrolet, Honda of Kirkland, and Safeway.

### **NW Kirkland (Market Street): Area 85-55**

**Boundaries:** Area 85-55 is all vacant and improved commercial properties located proximate to Market Street. Market Street is the primary north/south neighborhood thoroughfare connecting downtown Kirkland to the neighborhood of Juanita.

- North – Forbes Creek
- South – 10<sup>th</sup> Avenue
- East – 1<sup>st</sup> Street
- West – Lake Washington

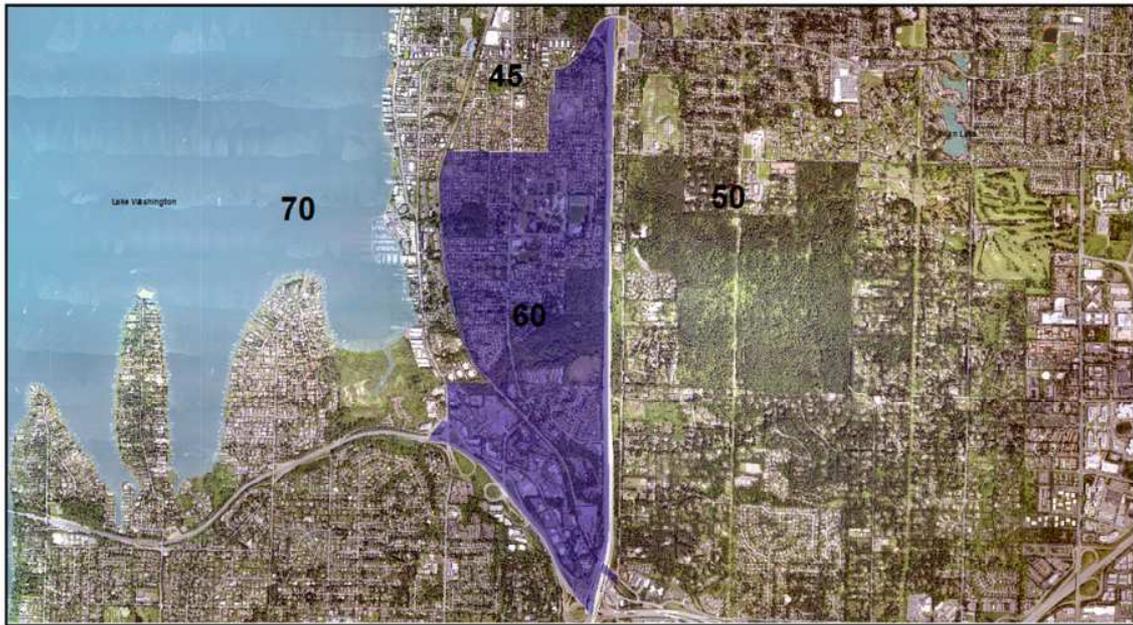


**Neighborhood Description:** The predominant land uses within this neighborhood include small neighborhood retail businesses and low-rise office buildings.

**SE Kirkland: Area 85-60**

**Boundaries:** Area 85-60 is all vacant and improved commercial properties located proximate to 108<sup>th</sup> Avenue NE and Northrup Way. Within Area 85-60, 108<sup>th</sup> Avenue NE is the primary north/south neighborhood thoroughfare, while Northrup Way is the primary east/west commercial thoroughfare. The commercial properties located along Northrup Way are located within the City of Bellevue. These parcels are located just north of SR-520 and west of I-405.

- North – NE 68<sup>th</sup> Street
- South – SR 520
- East – Interstate 405
- West – Lake Washington Blvd.

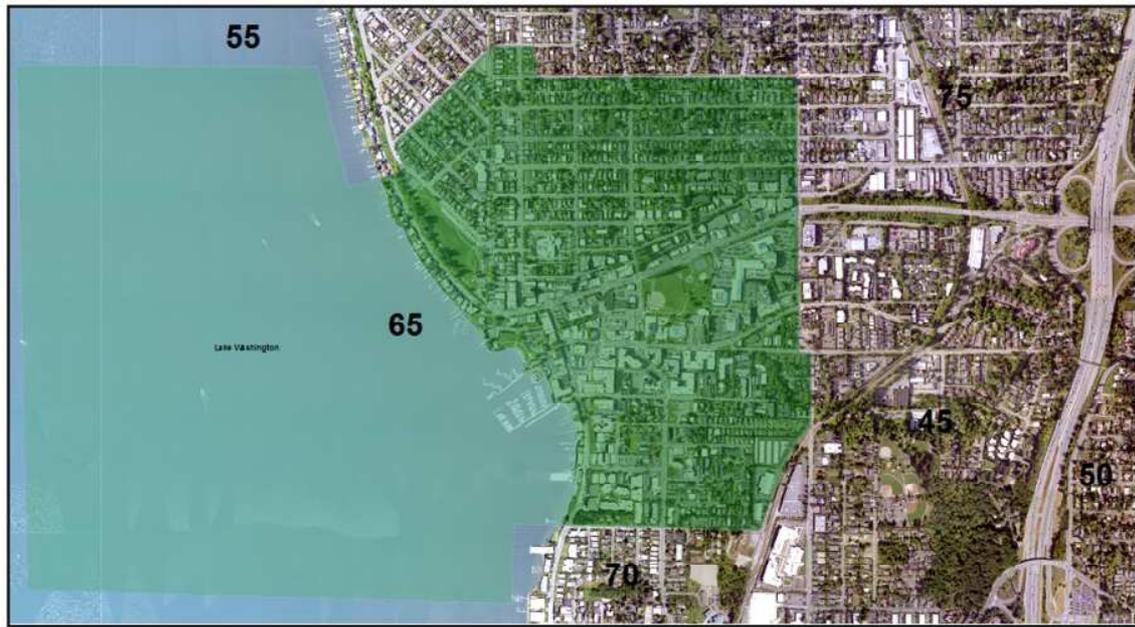


**Neighborhood Description:** The predominant land uses within this neighborhood include mid-rise office buildings and small light industrial warehouse buildings. The majority of commercial development is located proximate to Northrup Way. In addition, Northwest University is located within this area.

**Kirkland CBD: Area 85-65**

**Boundaries:** Area 85-65 is all vacant and improved commercial properties located proximate to Central Way and Lake Street S.

- North – 10<sup>th</sup> Avenue
- South – 7<sup>th</sup> Avenue S.
- East – 6<sup>th</sup> Street S.
- West – Lake Washington



**Neighborhood Description:** The City of Kirkland is located on the eastern shore of Lake Washington, just north of Bellevue and west of Redmond. Kirkland is at once charming and modern. In a half-square mile, it boasts one of the most dynamic downtowns in the state. New office and condominium projects continue to be built at a moderate pace, with older retail buildings being renovated into art galleries, restaurants, and boutiques along Lake Street, Park Lane, and Central Way. They truly reflect the vitality and strength of the immediate area and the region. A healthy mix of small business, corporate headquarters, light industrial and manufacturing, and a growing base of high-tech and home-based businesses characterize Kirkland's local economy. A competitive business climate, with no local Business and Occupation (B&O) Tax, and high quality of life make Kirkland a desirable location for both local and world-class enterprises.

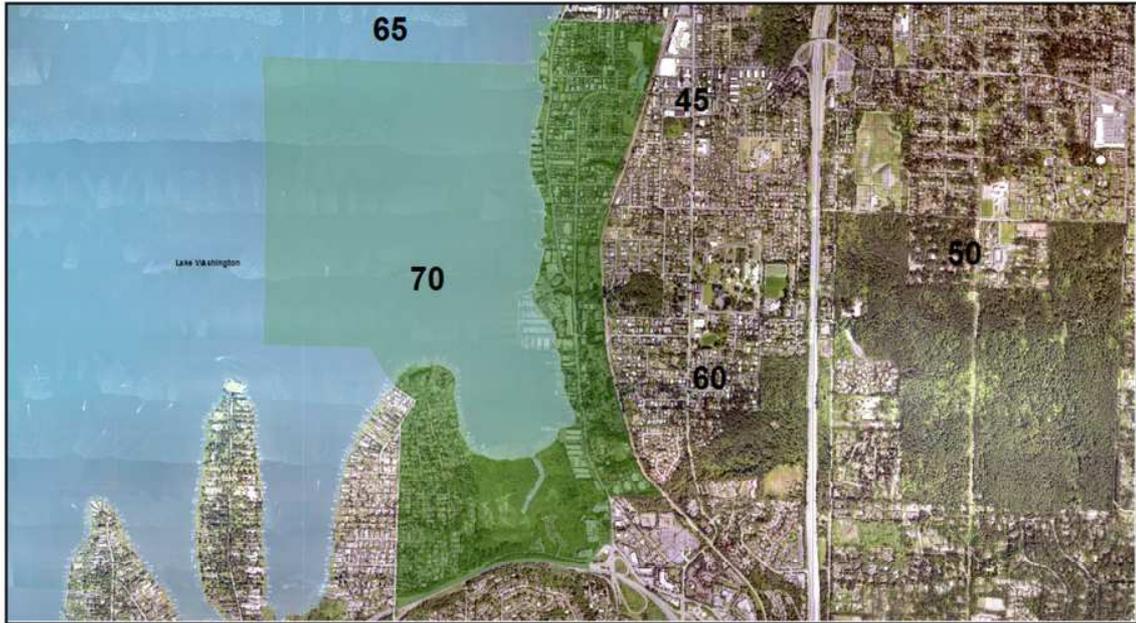
The most significant development project proposed for the downtown Kirkland area is the Kirkland Parkplace project on 11.7 acres adjacent to Peter Kirk park. Touchstone Corporation recently announced that they intend to move forward as soon as possible with the development that has been in the works since 2007. The site is currently improved with a thirty-year-old retail and office complex. The proposed redevelopment would include 1.2 million square feet of office/technology space, 300,000 square feet of retail, a hotel, 3,500 underground parking stalls, and 3.5 acres of public space, making it a very significant project that would have a noticeable impact on the look and feel of downtown Kirkland.



**SE Kirkland (Lake Washington Corridor): Area 85-70**

**Boundaries:** Area 85-70 is all vacant and improved commercial properties located proximate to Lake Washington Blvd.

- North – 7<sup>th</sup> Avenue
- South – State Route 520
- East – Burlington Northern Railroad
- West – Lake Washington



**Neighborhood Description:** The predominant commercial land uses within this neighborhood include a mixture of neighborhood retail buildings, mid-rise professional office buildings, apartments, and condominiums. Major “Class A” office developments within this area include Carillon Point, Lake Washington Park and The Plaza at Yarrow Bay.

### **NE Kirkland : Area 85-75**

**Boundaries:** Area 85-70 is all vacant and improved commercial properties located north of NE 85<sup>th</sup> Street and South of NE 116<sup>th</sup> Street.

- North – NE 116<sup>th</sup> Street
- South – NE 85<sup>th</sup> Street
- East – Interstate 405
- West – 9<sup>th</sup> Street (South)/108<sup>th</sup> Avenue NE (North)



**Neighborhood Description:** The predominant commercial land uses within this neighborhood include a mixture of small neighborhood low-rise office buildings and light industrial manufacturing buildings.

### **North Creek: Area 85-85**

**Boundaries:** Area 85-85 is all vacant and improved commercial properties within the City of Bothell's North Creek planning district east of I-405 and north of SR-522.

- North – King/Snohomish County Line
- South – SR-522
- East – 130<sup>th</sup> PI NE
- West – Interstate-405

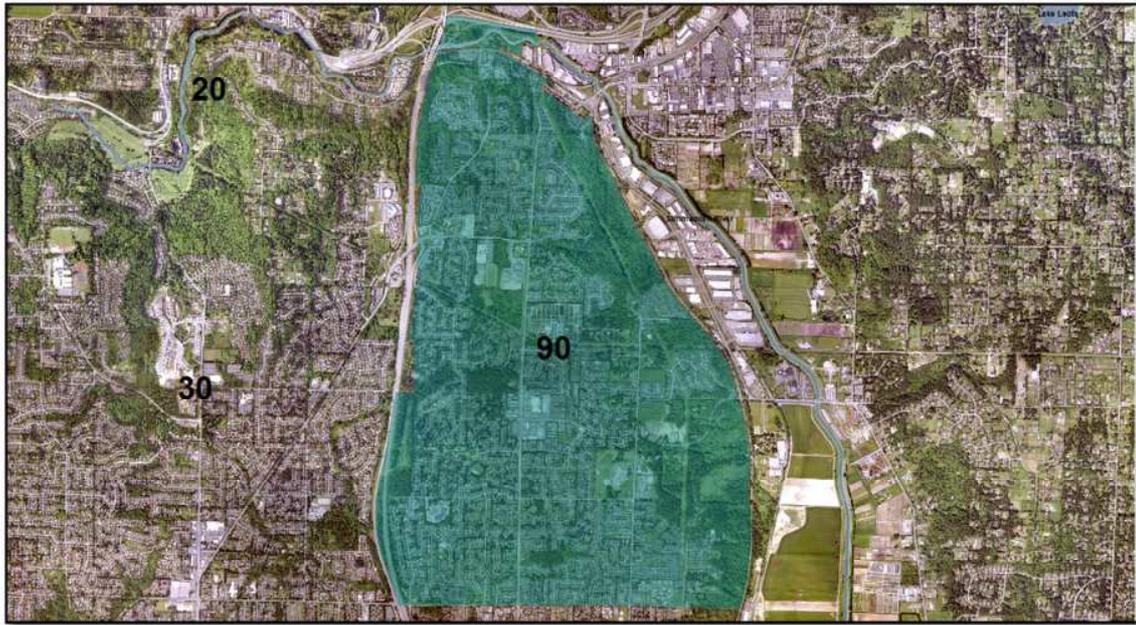


**Neighborhood Description:** The prominent commercial land uses within this neighborhood primarily consist of business parks with office, warehouse, retail, and high-tech/flex buildings. Schnitzer Northwest and Quadrant are two of the major owners/developers in the area. Most of the improvements in this area have been constructed within the last 25 years. The Seattle Times printing plant is also located in this area.

### **Kingsgate: Area 85-90**

**Boundaries:** Area 85-90 is all vacant and improved commercial properties located east of Interstate-405 and north of NE 132<sup>nd</sup> Street. On June 1<sup>st</sup>, 2011 the City of Kirkland completed annexation of the areas known as Finn Hill, North Juanita, and Kingsgate. As a result, much of area 85-90 that was previously within unincorporated King County is now within the City of Kirkland's jurisdiction. Please reference the map located in the 'Area Description' section earlier in this report in order to visualize the Kirkland Annexation Area.

- North – SR-522
- South – NE 132<sup>nd</sup> Street
- East – Interstate 405
- West – Eastside Rail Corridor



**Neighborhood Description:** The commercial land uses within this neighborhood are a mixture of retail, office, and multi-family uses. The improvement built in neighborhood 85-90 are generally older, with most buildings built between 1965 and 1985. The Kingsgate shopping center is the major commercial retail area in the neighborhood.

### **Physical Inspection Area:**

Areas 85-25 and 85-30 were physically inspected for the 2012 assessment year as required by WAC 458-07-015 4 (a). An exterior observation of the properties was made to verify the accuracy and completeness of property characteristic data that affect value. Areas 85-25 and 85-30 represent 218 parcels, or approximately 15.36% of the 1,419 total parcels located in Area 85 (not including specialties).

### ***Preliminary Ratio Analysis***

A Preliminary Ratio Study was done just prior to the application of the 2012 recommended values. This study benchmarks the current assessment level using 2011 posted assessment values. The study was repeated after application of the 2012 recommended values. The results are included in the validation section of this report, showing an improvement in the Coefficient of Dispersion (COD) from 14.48% to 11.36%. In addition, the resulting assessment level as measured by the weighted mean ratio is 95.8%. The price-related differential is 0.98. These figures are presented in the 2011 and 2012 Assessment Ratio Analysis charts included in this report.

### **Scope of Data**

**Land Value Data:** Vacant sales from 1/01/2009 to 12/31/2011 were given primary consideration for valuing land. Since January of 2009, there were 5 land sales that were considered in Area 85. The sales verified as “good” were coded “Y” in the Assessor’s records. Multi-parcel sales were also considered after combining the various aspects of all parcels involved in the sales.

**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 considered 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 on the Assessor’s website.

### ***Land Value***

#### **Land Sales, Analysis, Conclusions**

Within Geographic Area 85, there were approximately 5 land sales that occurred during the last three years. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered. For land valuation purposes, the assessor used GIS (Geographic Information System) as the primary tool to establish new assessed land values. The new land values are based on neighborhood land sales that are equalized with adjacent and similarly zoned properties. In many neighborhoods, new condominium and commercial sites are being created through the demolition of existing single family residences located on commercially zoned lots and through the demolition of older commercial and multi-family buildings.

The table on the following page summarizes the land valuation model as it was applied to the properties in Area 85. All dollar amounts are stated as a price per square foot of land area. The table is intended as a guide to “typical” land values with additional adjustments made for individual site variations.

Typical Land Value Ranges						
By Neighborhood and Land Use						
2012 Revaluation						
Area 85 Neighborhoods	Multi-Family Land Uses		Commercial Land Uses		Industrial Land Uses	
	Zoning Designation	\$/SF Range	Zoning Designation	\$/SF Range	Zoning Designation	\$/SF Range
85-20 Bothell	R-2800, R-4000,	\$17 - \$30	522, C, GDC, CBPSO	\$16 - \$30		
	R-5400a OP, R-8400, R-9600	\$7 - \$15	DC, DN	\$20 - \$37		
	R-9600 SSO, R18, R18P, R-24	\$11 - \$22	GC, DT	\$10 - \$24		
85-25 East Totem Lake	RSX 7.2	\$12 - \$13	PLA 14	\$6 - \$6	TL 7	\$9 - \$25
	RM 1.8, RM 2.4, RM 3.6, RM 5.0, R4	\$17 - \$26	TL 3A, 3B, 3C, 3D	\$15 - \$23	TL 9A	\$15 - \$17
			TL 1A, 1B, 2, 4A, 5, 6A, 8 NRH 1A, 1B, 2, 3, 4, 5 PR 1.8	\$17 - \$30 \$14 - \$26 \$17 - \$17		
85-30 Finn Hill/ North Juanita	RSA 4, 6, 8	\$5 - \$14	BC 1	\$20 - \$25		
	RMA 1.8, 2.4, 3.6, 5.0	\$13 - \$25	BNA	\$18 - \$28		
	R 4000, R 9600	\$5 - \$7	NB	\$17 - \$22		
85-35 West Totem Lake	R24SO, R18SO, R12, R18	\$9 - \$22				
	PR 1.8, 3.6, RM 1.8, 3.6, 5.0	\$14 - \$24	TL 4B, 4C, 6B	\$17 - \$32		
			TL 10A, B, TL 11	\$15 - \$26		
85-40 Juanita	RM 1.8, 2.4, 3.6, RMA 1.8, 3.6, 5.0	\$24 - \$40	BNA	\$17 - \$22		
	RS 8.5	\$17 - \$22	JBD 1, 4, 5	\$45 - \$55		
	RSA 4, 6, 8	\$7 - \$9	JBD 2	\$32 - \$40		
	RSX 7.2	\$13 - \$17	JBD 3, 6 PR 3.6	\$22 - \$35 \$24 - \$24		
85-45 Houghton/ South Kirkland	PLA 5A, 5D, 5E	\$65 - \$65	BC	\$35 - \$65	LIT	\$22 - \$25
	RM 3.6, 5.0	\$40 - \$65	PLA 5B, 5C PO, PR 3.6, 5.0	\$65 - \$80 \$55 - \$60		
85-50 East Kirkland	PLA 16	\$5 - \$11	BCX, BN, NC/C	\$22 - \$25	LIT	\$20 - \$25
	PLA 17, 17A	\$33 - \$33	PR 3.6	\$25 - \$40		
	RM 1.8, 2.4, 3.6	\$18 - \$30	RH 1A, 1B, 2A, 2B 2C	\$18 - \$45		
	RS 12.5, 7.2, 8.5, RSX 35, 7.2	\$6 - \$17	RH 3, 5A, 5B, 5C, 7, 8	\$35 - \$45		
85-55 NW Kirkland	RS 5.0, 7.2	\$35 - \$75	MSC 1, 2, 3, 4	\$55 - \$68		
85-60 SE Kirkland	PLA 1	\$13 - \$13	FC III	\$50 - \$90	LI	\$13 - \$25
	R-15, R-20	\$10 - \$20	GC	\$60 - \$60		
	RM 3.6	\$35 - \$55	OLB	\$16 - \$30		
	RS 8.5, 12.5	\$13 - \$35	PO	\$45 - \$45		
85-65 Kirkland CBD	PLA 6A	\$90 - \$105	CBD 1, 1B, 2, 3, 4	\$90 - \$105	PLA 6G	\$22 - \$22
	PLA 6C, 6D, 6E, 6J, 7A, 7B, 7C, RM 3.6	\$50 - \$70	CBD 5, 6, 7	\$70 - \$90		
	RS 5.0, 7.2	\$43 - \$43	CBD 8	\$80 - \$105		
			PLA 6B, MSC 4 PR 2.4	\$55 - \$70 \$70 - \$80		
85-70 SW Kirkland	PLA 15B, 3B, 6F	\$35 - \$65	BN, PR 8.5	\$100 - \$105	PLA 6G	\$15 - \$15
	RM 3.6, RS 12.5	\$60 - \$105	PLA 3A, PR 8.5	\$55 - \$60		
	WDI	\$22 - \$25	PLA 3B	\$45 - \$45		
85-75 NE Kirkland	PLA 9	\$2 - \$8	TL 10C, 10D, 10E	\$15 - \$18	LIT	\$20 - \$20
	RM 3.6 RS 7.2, 8.5, RSX 7.2	\$35 - \$50 \$9 - \$18				
85-85 North Creek	R-2800 OP	\$15 - \$15	R-AC, OP, CB, LI	\$17 - \$22	R-AC, OP, CB, LI	\$17 - \$22
85-90 Kingsgate	R12SO, R18SO, R24, RMA 1.8, 2.4	\$11 - \$18	BC 2, NB, NBP, NBPSO	\$18 - \$30		
	R6, R6SO RMA 3.6, RSA4, 6	\$6 - \$6 \$6 - \$22				

\*Please note that this table is a summary of "typical" land values and is therefore not all inclusive

Recommended land value for the 2012 Assessment year resulted in an average total change from 2011 assessments of just 0.15%. The total assessed land value for the 2011 assessment year for Area 85 was \$1,815,504,100 and the total recommended land assessed value for the 2012 assessment year is \$1,818,218,500.

Change in Assessed Land Value			
2011 Total Value	2012 Total Value	\$ Change	% Change
\$1,815,504,100	\$1,818,218,500	\$2,714,400	0.15%

### Neighborhoods and Sales:

The following is a breakdown of each neighborhood and a summary of the sales considered. The assessor considered these and historic sales as the primary method of establishing the new assessed land values for each neighborhood.

#### Area 85-20 – Bothell

Since 2009, there have been a total of two land sales in the Bothell neighborhood. The assessor used recent historic sales (3 years) and GIS (Geographic Information System) as the primary method of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. Since historic multi-family and commercially zoned land sales within the Bothell market area had similar selling prices per sq.ft., the assessor used location influence and lot size as the primary indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

Area	Nbhd.	Major	Minor	Land Area	Excise #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
85	20	072605	9371	81,973	2488722	\$2,600,000	04/25/11	\$31.72	DN	
85	20	237420	0030	84,137	2473314	\$3,475,000	12/28/10	\$41.30	DN	

#### Area 85-25 – East Totem Lake

Within Area 85-25, there have been no land sales since 2009. The assessor used the most recent historic sales (3 years) and GIS (Geographic Information System) as the primary methods of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

#### Area 85-30 – Finn Hill/North Juanita

Within Area 85-30, there have been no land sales since 2009. The assessor used the most recent historic sales (3 years) and GIS (Geographic Information System) as the primary methods of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

#### Area 85-35 – West Totem Lake

Within Area 85-35, there have been no land sales since 2009. The assessor used the most recent historic sales (3 years) and GIS (Geographic Information System) as the primary methods of establishing new assessed land values. Land sales of RC (Residential Improvements on

Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

**Area 85-40 - Juanita**

Since 2009, there has been one land sale in the Juanita neighborhood. The assessor used recent historic sales (3 years) and GIS (Geographic Information System) as the primary method of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

Area	Nbhd.	Major	Minor	Land Area	Excise #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
85	40	302605	9148	54,206	2488145	\$3,100,000	04/20/11	\$57.19	JBD 2	

**Area 85-45 – Houghton/South Kirkland**

Within Area 85-45, there have been no land sales since 2009. The assessor used the most recent historic sales (3 years) and GIS (Geographic Information System) as the primary methods of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

**Area 85-50 – East Kirkland**

Within Area 85-50, there have been no land sales since 2009. The assessor used the most recent historic sales (3 years) and GIS (Geographic Information System) as the primary methods of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

**Area 85-55 – NW Kirkland**

Within Area 85-55, there have been no land sales since 2009. The assessor used the most recent historic sales (3 years) and GIS (Geographic Information System) as the primary methods of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

**Area 85-60 – SE Kirkland**

Since 2009, there has been one land sale in the SE Kirkland neighborhood. The assessor used recent historic sales (3 years) and GIS (Geographic Information System) as the primary method

of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

Area	Nbhd.	Major	Minor	Land Area	Excise #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
85	60	202505	9099	67,096	2484691	\$325,000	03/23/11	\$4.84	R-20	

### **Area 85-65 – Kirkland CBD**

Within Area 85-65, there has been one land sales since 2009. The assessor used the most recent historic sales (3 years) and GIS (Geographic Information System) as the primary methods of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

Area	Nbhd.	Major	Minor	Land Area	Excise #	Sale Price	Sale Date	SP / Land Area	Zone	Remarks
85	65	187500	0190	43,995	2522868	\$2,860,000	12/12/11	\$65.01	PLA 6B	

### **Area 85-70 – SW Kirkland**

Within Area 85-70, there have been no land sales since 2009. The assessor used the most recent historic sales (3 years) and GIS (Geographic Information System) as the primary methods of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

### **Area 85-75 – NE Kirkland**

Within Area 85-75, there have been no land sales since 2009. The assessor used the most recent historic sales (3 years) and GIS (Geographic Information System) as the primary methods of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

### **Area 85-85 – North Creek**

Within Area 85-85, there have been no land sales since 2009. The assessor used the most recent historic sales (3 years) and GIS (Geographic Information System) as the primary methods of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

## **Area 85-90 – Kingsgate**

Within Area 85-90, there have been no land sales since 2009. The assessor used the most recent historic sales (3 years) and GIS (Geographic Information System) as the primary methods of establishing new assessed land values. Land sales of RC (Residential Improvements on Commercial Zoned Land) properties along with land sales between 2007 and 2008 were also considered as a basis for estimating land values. The assessor also used location influence, zoning, and lot size as an indicator for setting land values. In the absence of land sales in a given neighborhood, land sales from other similar neighborhoods were considered.

### **Improved Parcel Total Values:**

#### **Economic Considerations:**

##### **Historic Economic Conditions:**

The Seattle region experienced strong employment growth in the mid-2000's as the local economy continued to experience increasing diversification led by the rapidly expanding technology and biotech sectors. This helped spur increases in net migration and a robust real estate market which experienced rapidly appreciating property values unprecedented in recent memory. This period of strong growth came to a grinding halt as the effects of the national economic crisis began to impact the local economy. The year 2009 marked a clear shift in the local economy as demonstrated by significant regional job losses and plummeting real estate values. The recessionary period that followed was characterized by a tightening of lending practices, further job losses, and declines in all sectors of the real estate market.

##### **Current National Economy:**

The United States economy is finally showing signs that a stable recovery is currently underway. Unemployment remains high, however employment growth is increasing and there has been some loosening in the lending markets. Consumer sentiment is picking up as well, despite lackluster growth in personal income. In another sign that the recovery is taking hold, housing starts in 2011 increased significantly compared to 2010 figures.

##### **Current Economic Conditions:**

The regional economy, including the Eastside Market Area, is beginning to show signs that a recovery is steadily underfoot. Employment growth has been positive over the past year, although the public sector showed a net decline in employment in 2011. Commercial real estate sales transaction volume is increasing and underlying economic fundamentals are a cause for optimism. Fueled by the spike in demand for apartment housing, and the consequential tightening of vacancy rates and upward pressure on rental rates, development of new multi-family apartment projects is occurring in earnest. Virtually all of the new construction projects in Area 85 (excluding educational institutions) are multi-family apartment projects. An improvement in investor sentiment is also putting downward pressure on Capitalization Rates for other market segments such as industrial and office. As regional employment continues to pick up, the office market is beginning to tighten. In addition, strong activity at the regional ports, coupled with an improvement in consumer demand, has made the industrial market one of the strongest commercial real estate markets in the area.

2011 Year End Metrics			
	Office	Retail	Industrial
Vacancy	↔ (stable)	↔ (stable)	↔ (stable)
Rental Rate	↔ (stable)	↘ (slight decrease)	↔ (stable)
Capitalization Rate	↘ (slight decrease)	↘ (slight decrease)	↘ (slight decrease)
Improved Property Values	↗ (slight increase)	↔ (stable)	↗ (slight increase)
Land Values	↔ / ↘ (stable/slight decrease)	↔ / ↘ (stable/slight decrease)	↔ / ↘ (stable/slight decrease)

**Construction Activity:** Very few new construction projects were initiated over the past year. The few new developments that broke ground tended to be multi-family apartment projects, build to suit ventures, and educational institutions. Lake Washington Technical College & Bastyr University recently completed construction projects. Lake Washington Technical College finished an 80,000 square foot addition and Bastyr University opened their new student village housing project which consists of 11 individual buildings each containing 12 residential units. In addition, the Lake Washington School District’s modernization and construction program is continuing with several new schools having been built or currently under construction. Most other commercial real estate development projects have either not started, are in various stages of the review process, or have been put on hold while developers await more favorable market conditions.

**Office Market Conditions:** The regional office market continued its ongoing recovery, recording the seventh consecutive quarter of positive absorption with further downward pressure on vacancy rates. The Eastside market was responsible for most of the absorption during the year, with strong leasing activity in the Bellevue and Kirkland markets. In general, rental rates in the Eastside market area increased slightly while vacancy rates also improved slightly. It’s reported that the continued improvements in vacancy rates has caused leasing concessions to decline both in frequency and value.

Surveyed market reports indicate that Eastside “Class A” office space had reported asking rents ranging from \$22.00/SF to \$40.00/SF (full service), while reported “Class B” asking rents ranged from \$18.00/SF to \$30.00/SF (full service). The SR-520 corridor market reported “Class A” asking rents ranging from \$22.00/SF to \$26.50/SF, while the “Class B” office asking rates were reported between \$20.00/SF to \$25.00/SF. Within the Kirkland market area, the reported asking rents for “Class A” office space ranged from \$23.50/SF to \$35.00/SF, while reported asking rents for “Class B” office space ranged from \$18.00/SF to \$30.00/SF. Within the eastside market area, the overall direct office vacancy rate was estimated at 15.5%, with Kirkland’s overall vacancy rate estimated at 7.9%. In the Kirkland market area, some of the more significant leasing activity includes 14,000 SF in the Slater Building leased to Colbalt Mortgage, 21,039 SF at Carillon Point eased to Hipcricket, and 23,992 SF leased to Talyst in the Kirkland 405 Corporate Center Building B.

Office Market Statistics				
	Market	Total	Class A Avg.	2011 Net
	Size (SF)	Vacancy %	Asking Rate*	Absorption (SF)
SR-520	2,579,812	18.9%	\$26.85	60,361
Kirkland	1,465,805	7.9%	\$31.02	239,641
Bothell	3,088,178	17.6%	\$23.52	47,837
Eastside (all)	30,366,608	15.5%	\$28.26	823,201

Source: 4th Qtr 2011 CBRE Office MarketView

\*Full Service

**Retail Market Conditions:** Research reports indicate that the regional retail market is believed to have stabilized in 2011, following difficult market conditions in 2008, 2009, & 2010. Retail sales in the region are expected to be mildly positive compared to 2010 levels once the state releases sales figures for the year. Rents and vacancy rates have remained fairly stable over the year, with very small decreases in rental rates and a slight uptick in vacancy rates. Rents are expected to begin to rise during 2012 as the economic recovery continues. Very little new construction activity is occurring as the market continues to re-absorb excess vacant space and rents remain below levels required to make new construction financially feasible. Most new construction that was delivered in 2011 tended to be build-to-suit or owner/user.

Within the Eastside Market Area, the vacancy rate for retail type properties is around 7.65%, lower than both the Seattle and Northend markets and lower than the 9.72% vacancy rate for the region as a whole. Average asking rates, NNN, are at \$27.96 per square foot. The table below summarizes vacancy rates and average rent rates for market areas within Area 85.

Retail Market Statistics			
	Market	Total	Average
	Size (SF)	Vacancy %	Rent Rates*
520/Overlake	935,048	10.8%	\$20.88
Kirkland/Totem Lake	1,643,809	4.4%	\$23.86
Bothell/Woodinville	2,167,003	9.4%	\$27.67
Eastside (all)	12,473,810	7.7%	\$27.96

Source: Year End 2011 OfficeSpace.com Retail Market Statistics

\*NNN

**Industrial Market Conditions:** The regional industrial market has experienced strong absorption levels and declining vacancy rates throughout 2011. The state and regional economy is improving and data indicates that the region is out-performing the national economy by a good margin. Employment growth is up and ports in the region saw a high level of activity in 2011. Buildable land in the area is becoming scarce and coupled with positive market conditions, rental rates are anticipated to rise over the near term. The Eastside market area constitutes approximately 10% of the region's gross leasable area. Vacancy rates are currently at 13% with average direct asking rates at \$0.81 per square foot, per month. Notable leasing transactions include 81,000 square feet leased by Seattle Genetics in the Canyon Park area of Bothell, 50,000 square feet leased by Loud Technologies, and 41,000 square feet leased by Taphandles, both in the Woodinville area.

<b>Industrial Market Statistics</b>				
	<b>Market</b>	<b>Total</b>	<b>Direct</b>	<b>2011 Net</b>
	<b>Size (SF)</b>	<b>Vacancy %</b>	<b>Asking Rates*</b>	<b>Absorption (SF)</b>
<b>Eastside Market</b>	24,180,277	13.0%	\$0.81	139,598

Source: 4th Qtr 2011 CBRE Industrial MarketView

\*NNN/Mon

### **Sales comparison approach model description**

All sales were verified with a knowledgeable party, when possible. Each sale was inspected and the recorded property characteristics adjusted when necessary. The resulting data was stratified according to four data sources from the Assessor's records: occupancy codes, age, condition, and size in order to establish appropriate ranges of price per square foot to use as guidelines. In addition to setting parameters for the market approach to value, this process also supports and validates the income approach model.

Properties for which the sales comparison approach was deemed the most reliable method of valuation include: daycares, converted single family residences used as businesses, small office condominiums, mobile home parks, and individual situations deemed appropriate by the appraiser.

### **Sales comparison calibration**

Calibration of the coefficients utilized in the models applied via the sales comparison approach was established via an analysis of sales within each neighborhood. Neighborhoods were treated independent of one another as dictated by the market. Individual prices were applied based on various characteristics deemed appropriate by each market. Specific variables and prices for each neighborhood are discussed in more detail above.

### **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. Cost figures were adjusted to the western region and the Seattle area. Cost estimates were relied upon for valuing special use properties where comparable sales data and/or income and expense information is not available. These properties are typically exempt properties such as churches, schools, public utility buildings, and park improvements. Non-exempt buildings that are valued by the Cost method might be fraternal halls, daycares, and on-going new construction.

### **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 considered a reliable approach to valuation throughout Area 85 for improved property types where income and expense data is 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.

## **Income approach calibration**

Income tables were developed for each of the fourteen neighborhoods that comprise Area 85. The tables pertain to the following property types: Retail, Industrial Engineering Buildings, Medical and Dental Offices, Discount Stores, Storage Garage, Basement Finish, Restaurant, Storage Warehouse, and Office, in addition to an exclusion table indicating property uses not covered by an income table. Properties which contain differing section uses may have multiple tables that are applicable to the property as a whole. There are a total of 357 income tables for Area 85. All tables are included.

The tables were calibrated after setting economic rents, vacancy, expenses, and capitalization rates by using adjustments based on size, quality of construction, and the effective age. When the value of the property by the income approach was less than the land value, a nominal \$1,000 value was allocated to the improvements. For properties where sales and income and expense data was not available, the cost approach was utilized.

Income: Income parameters were derived from the market place through information obtained during sales verification, as well as through published sources (i.e. OfficeSpace.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 appraiser observation and knowledge of the market.

Expenses: Expense ratios were estimated based on industry standards, published sources, and appraiser observation and 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.

Income Capitalization Approach model description: The income approach is considered the most reliable approach to valuation in Area 85 where relevant income and expense data is available to ascertain market rates. During the sales verification process, an attempt is made to obtain income and expense data from the parties involved in the transactions through interviews or via mail. The information requested includes current and anticipated future rents, operating expense breakdown and assigned responsibility for the expenses, and estimated Capitalization Rates associated with a sale. 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. Interviews with tenants in the field usually yield rental and expense information only. As a supplement, lease information is gathered from Costar, the Commercial Brokers Association, and other relevant online sources. In order to calibrate a credible income model, it is necessary to consider data from recognized published sources to assist in developing capitalization rates. These publications tend to report data that is considered relevant to institutional-grade CBD and suburban real estate. Since property taxes are considered to be an allowable operating expense, no effective tax rate is included in the following capitalization rate data.

**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 <sup>nd</sup> 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)

**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 <sup>st</sup> 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 tables summarize various ranges of Capitalization Rates and trends that are compiled and collected on a national or broad regional scale. This information is reconciled with data specific to the real estate market in Area 85 to develop the income model. The range of capitalization rates in the income model for Area 85 reflects the variety of properties in this area.

Rental rates, vacancy levels and operating expenses are derived by reconciling all of the information collected through the sales verification process, completed surveys, 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. Property types in Area 85 that are valued by the income approach include, but are not limited to, offices, retail stores, and mixed-use buildings.

Typical income model parameters for the various markets that make up Area 85 are summarized on the following pages. It should be noted that due to the nature of commercial real estate, not all properties fall within the "typical" parameters listed below for their respective property use type.

**Area 85-20 – Bothell**

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$17.00 to \$25.00	8% to 15%	\$6.00 to \$6.50	7.00% to 8.75%
Retail/Mixed Use	\$10.00 to \$17.00	5%	7.50%	7.00% to 8.75%
Industrial/Whse.	\$3.00 to \$8.40	5% to 10%	7.50%	7.00% to 8.75%

Typical rental rates for office and medical office properties in this area range from \$17.00 to \$25.00 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 8% and 15% of Potential Gross Income. Typical expense rates for properties of this type range from \$6.00 to \$6.50 per square foot of net rentable area. Capitalization Rates applicable to this property type typically range from 7.00% to 8.75% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$10.00 and \$17.00 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use are 7.50% of Effective Gross Income and typical Capitalization Rates are between 7.00% and 8.75%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.25 to \$0.70 per square foot per month (\$3.00/SF - \$8.40/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 5% and 10% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.00% and 8.75%.

**Area 85-25 – East Totem Lake (East of I-405)**

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$17.50 to \$29.00	8% to 15%	\$6.50 to \$7.00	6.75% to 8.75%
Retail/Mixed Use	\$15.00 to \$24.00	5%	7.50%	6.75% to 8.75%
Industrial/Whse.	\$3.60 to \$9.00	7% to 10%	7.50%	6.75% to 8.75%

Typical rental rates for office and medical office properties in this area range from \$17.50 to \$29.00 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 8% and 15% of Potential Gross Income. Typical expense rates for properties of this type range from \$6.50 to \$7.00 per square foot of net rentable area. Capitalization Rates applicable to this property type typically range from 6.75% to 8.75% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$15.00 and \$24.00 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use are 7.50% of Effective Gross Income and typical Capitalization Rates are between 6.75% and 8.75%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.30 to \$0.75 per square foot per month (\$3.60/SF - \$9.00/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 5% and 10% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 6.75% and 8.75%.

**Area 85-30 - Finn Hill/North Juanita**

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$18.50 to \$25.50	5% to 14%	\$6.00 to \$6.50	7.00% to 8.75%
Retail/Mixed Use	\$16.00 to \$22.00	5%	7.50%	7.00% to 8.75%
Industrial/Whse.	\$4.20 to \$7.20	5% to 9%	7.50%	7.00% to 8.75%

Typical rental rates for office and medical office properties in this area range from \$18.50 to \$25.50 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 5% and 14% of Potential Gross Income. Typical expense rates for properties of this type range from \$6.00 to \$6.50 per square foot of net rentable area. Capitalization Rates applicable to this property type typically range from 7.00% to 8.75% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$16.00 and \$22.00 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use are 7.50% of Effective Gross Income and typical Capitalization Rates are between 7.00% and 8.75%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.35 to \$0.60 per square foot per month (\$4.20/SF - \$7.20/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 5% and 9% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.00% and 8.75%.

**Area 85-35 - West Totem Lake (West of I-405)**

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$18.00 to \$29.50	8% to 15%	\$6.50 to \$7.50	7.00% to 8.75%
Retail/Mixed Use	\$15.00 to \$24.00	5%	7.50%	7.00% to 8.75%
Industrial/Whse.	\$4.20 to \$9.60	7% to 10%	7.50%	7.00% to 8.75%

Typical rental rates for office and medical office properties in this area range from \$18.00 to \$29.50 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 8% and 15% of Potential Gross Income. Typical expense rates for properties of this type range from \$6.50 to \$7.50 per square foot of net rentable area. Capitalization Rates applicable to this property type typically range from 7.00% to 8.75% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$15.00 and \$24.00 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use are 7.50% of Effective Gross Income and typical Capitalization Rates are between 7.00% and 8.75%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.35 to \$0.80 per square foot per month (\$4.20/SF - \$9.60/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 7% and 10% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.00% and 8.75%.

**Area 85-40 - Juanita**

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$16.50 to \$26.50	5% to 14%	\$6.00 to \$7.50	7.00% to 8.75%
Retail/Mixed Use	\$16.50 to \$29.50	5%	7.50%	7.00% to 8.75%
Industrial/Whse.	\$4.20 to \$9.60	8% to 10%	7.50%	7.00% to 8.75%

Typical rental rates for office and medical office properties in this area range from \$16.50 to \$26.50 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 5% and 14% of Potential Gross Income. Typical expense rates for properties of this type range from \$6.00 to \$7.50 per square foot of net rentable area.

Capitalization Rates applicable to this property type typically range from 7.00% to 8.75% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$16.50 and \$29.50 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use are 7.50% of Effective Gross Income and typical Capitalization Rates are between 7.00% and 8.75%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.35 to \$0.80 per square foot per month (\$4.20/SF - \$9.60/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 8% and 10% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.00% and 8.75%.

**Area 85-45 – Houghton/South Kirkland**

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$19.50 to \$28.50	5% to 15%	\$7.00 to \$7.50	7.00% to 8.75%
Retail/Mixed Use	\$14.50 to \$24.50	5%	7.50%	7.00% to 8.75%
Industrial/Whse.	\$4.20 to \$9.60	7% to 10%	7.50%	7.00% to 8.75%

Typical rental rates for office and medical office properties in this area range from \$19.50 to \$28.50 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 5% and 15% of Potential Gross Income. Typical expense rates for properties of this type range from \$7.00 to \$7.50 per square foot of net rentable area. Capitalization Rates applicable to this property type typically range from 7.00% to 8.75% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$14.50 and \$24.50 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use are 7.50% of Effective Gross Income and typical Capitalization Rates are between 7.00% and 8.75%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.35 to \$0.80 per square foot per month (\$4.20/SF - \$9.60/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 7% and 10% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.00% and 8.75%.

**Area 85-50 – East Kirkland (East of I-405)**

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$19.50 to \$29.00	8% to 15%	\$7.00 to \$7.50	7.00% to 8.75%
Retail/Mixed Use	\$15.00 to \$24.00	5%	7.50%	7.00% to 8.75%
Industrial/Whse.	\$4.20 to \$9.60	8% to 10%	7.50%	7.00% to 8.75%

Typical rental rates for office and medical office properties in this area range from \$19.50 to \$29.00 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 8% and 15% of Potential Gross Income. Typical expense rates for properties of this type range from \$7.00 to \$7.50 per square foot of net rentable area. Capitalization Rates applicable to this property type typically range from 7.00% to 8.75% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$15.00 and \$24.00 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use are 7.50% of Effective Gross Income and typical Capitalization Rates are between 7.00% and 8.75%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.35 to \$0.80 per square foot per month (\$4.20/SF - \$9.60/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 8% and 10% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.00% and 8.75%.

**Area 85-55 - NW Kirkland**

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$19.50 to \$28.50	5% to 15%	\$7.00 to \$7.25	7.00% to 8.75%
Retail/Mixed Use	\$11.50 to \$22.75	5%	7.50%	7.00% to 8.75%
Industrial/Whse.	\$4.20 to \$9.60	5% to 10%	7.50%	7.00% to 8.75%

Typical rental rates for office and medical office properties in this area range from \$19.50 to \$29.00 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 5% and 15% of Potential Gross Income. Typical expense rates for properties of this type range from \$7.00 to \$7.25 per square foot of net rentable area. Capitalization Rates applicable to this property type typically range from 7.00% to 8.75% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$11.50 and \$22.75 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use are 7.50% of Effective Gross Income and typical Capitalization Rates are between 7.00% and 8.75%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.35 to \$0.80 per square foot per month (\$4.20/SF - \$9.60/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 5% and 10% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.00% and 8.75%.

**Area 85-60 - SE Kirkland**

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$18.50 to \$28.50	5% to 15%	\$7.00 to \$7.50	7.00% to 8.75%
Retail/Mixed Use	\$13.75 to \$22.75	5%	7.50%	7.00% to 8.75%
Industrial/Whse.	\$4.20 to \$9.60	7% to 10%	7.50%	7.00% to 8.75%

Typical rental rates for office and medical office properties in this area range from \$18.50 to \$28.50 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 5% and 15% of Potential Gross Income. Typical expense rates for properties of this type range from \$7.00 to \$7.50 per square foot of net rentable area. Capitalization Rates applicable to this property type typically range from 7.00% to 8.75% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$13.75 and \$22.75 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use are 7.50% of Effective Gross Income and typical Capitalization Rates are between 7.00% and 8.75%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.35 to \$0.80 per square foot per month (\$4.20/SF - \$9.60/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 7% and 10% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.00% and 8.75%.

**Area 85-65 - Kirkland CBD**

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$21.00 to \$32.50	6% to 15%	\$6.75 to \$7.50	7.00% to 8.75%
Retail/Mixed Use	\$18.50 to \$27.50	5%	7.50%	7.00% to 8.75%
Industrial/Whse.	\$4.20 to \$9.60	7% to 9%	7.50%	7.00% to 8.75%

Typical rental rates for office and medical office properties in this area range from \$21.00 to \$32.50 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 6% and 15% of Potential Gross Income. Typical expense rates for properties of this type range from \$6.75 to \$7.50 per square foot of net rentable area.

Capitalization Rates applicable to this property type typically range from 7.00% to 8.75% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$18.50 and \$27.50 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use are 7.50% of Effective Gross Income and typical Capitalization Rates are between 7.00% and 8.75%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.35 to \$0.80 per square foot per month (\$4.20/SF - \$9.60/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 7% and 9% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.00% and 8.75%.

**85-70 – SW Kirkland**

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$21.00 to \$31.00	6% to 15%	\$6.75 to \$7.50	7.00% to 8.75%
Retail/Mixed Use	\$18.50 to \$27.50	5%	7.50%	7.00% to 8.75%
Industrial/Whse.	\$4.20 to \$9.60	7% to 9%	7.50%	7.00% to 8.75%

Typical rental rates for office and medical office properties in this area range from \$21.00 to \$31.00 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 6% and 15% of Potential Gross Income. Typical expense rates for properties of this type range from \$6.75 to \$7.50 per square foot of net rentable area. Capitalization Rates applicable to this property type typically range from 7.00% to 8.75% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$18.50 and \$27.50 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use are 7.50% of Effective Gross Income and typical Capitalization Rates are between 7.00% and 8.75%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.35 to \$0.80 per square foot per month (\$4.20/SF - \$9.60/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 7% and 9% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.00% and 8.75%.

### 85-75 – East Kirkland (West of I-405)

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$19.50 to \$27.50	6% to 15%	\$6.25 to \$7.50	7.00% to 8.75%
Retail/Mixed Use	\$15.00 to \$24.00	5%	7.50%	7.00% to 8.75%
Industrial/Whse.	\$4.20 to \$9.60	7% to 9%	7.50%	7.00% to 8.75%

Typical rental rates for office and medical office properties in this area range from \$19.50 to \$27.50 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 6% and 15% of Potential Gross Income. Typical expense rates for properties of this type range from \$6.25 to \$7.50 per square foot of net rentable area. Capitalization Rates applicable to this property type typically range from 7.00% to 8.75% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$15.00 and \$24.00 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use are 7.50% of Effective Gross Income and typical Capitalization Rates are between 7.00% and 8.75%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.35 to \$0.80 per square foot per month (\$4.20/SF - \$9.60/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 7% and 9% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.00% and 8.75%.

### 85-85 – North Creek

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$14.50 to \$25.50	8% to 15%	\$6.00 to \$7.00	7.25% to 9.00%
Retail/Mixed Use	\$13.00 to \$20.50	6%	8.00%	7.25% to 9.00%
Industrial/Whse.	\$4.20 to \$8.40	5% to 10%	7.50%	7.25% to 9.00%

Typical rental rates for office and medical office properties in this area range from \$14.50 to \$25.50 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 8% and 15% of Potential Gross Income. Typical expense rates for properties of this type range from \$6.00 to \$7.00 per square foot of net rentable area. Capitalization Rates applicable to this property type typically range from 7.25% to 9.00% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$13.00 and \$20.50 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 6% of Potential Gross Income. Typical expense levels for retail/mixed use are 8.00% of Effective Gross Income and typical Capitalization Rates are between 7.25% and 9.00%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.35 to \$0.70 per square foot per month (\$4.20/SF - \$8.40/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 5% and 10% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.25% and 9.00%.

### 85-90 – Kingsgate

<b>Typical Income Parameters</b>				
<b>Land Use</b>	<b>Rent Range per SF</b>	<b>Vacancy/ Coll. Loss %</b>	<b>Expenses per SF or % of EGI</b>	<b>Capitalization Rate %</b>
Office/Medical Office	\$18.00 to \$28.00	8% to 15%	\$6.50 to \$7.50	7.25% to 9.00%
Retail/Mixed Use	\$13.50 to \$21.00	5%	7.50%	7.25% to 9.00%
Industrial/Whse.	\$4.20 to \$9.00	5% to 10%	7.50%	7.25% to 9.00%

Typical rental rates for office and medical office properties in this area range from \$18.00 to \$28.00 per square foot of net rentable area, Full Service. Deductions for vacancy and collection loss was estimated between 8% and 15% of Potential Gross Income. Typical expense rates for properties of this type range from \$6.50 to \$7.50 per square foot of net rentable area. Capitalization Rates applicable to this property type typically range from 7.25% to 9.00% depending on factors such as effective age and quality/condition.

For retail and mixed use property types, typical rental rates tend to be between \$13.50 and \$21.00 per square foot of net rentable area, Triple Net. Deductions for vacancy and collection loss was estimated at 5% of Potential Gross Income. Typical expense levels for retail/mixed use in this area are 7.50% of Effective Gross Income and typical Capitalization Rates are between 7.25% and 9.00%.

Industrial lease rates are typically quoted on a monthly price per square foot basis. For consistency, the table above has displayed rents on an annual price per square foot basis in line with the other property types. Typical rental rates for industrial/warehouse properties in this area range from \$0.35 to \$0.75 per square foot per month (\$4.20/SF - \$9.00/SF annualized), Triple Net. Vacancy and credit loss deductions are typically between 5% and 10% of Potential Gross Income while typical expense rates are 7.50% of Effective Gross Income. Capitalization Rates typical for this property type range between 7.25% and 9.00%.

### 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. 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, super-adequacy, or physical/functional obsolescence. Appraisal

judgment prevailed when determining when to depart from the assessor's table generated income model.

## **Model Validation**

### **Total Value Conclusions, Recommendations and Validation:**

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

In this valuation model, the income approach is used to value the majority of the income producing properties that aren't obsolesced (land value is greater than value by income method) because there are an insufficient number and a variety of sales to value the different sectors by the market approach. The income approach also insures greater uniformity and equalization of values.

For this revalue period, land values have remained fairly stable with some minor declines in select areas. For the most part, income parameters have remained relatively stable over the recent term with some downward pressure on Capitalization Rates as investor sentiment has incrementally improved. The total valuation amount for Area 85 (before new construction is added) increased by 1.40%.

The standard statistical measures of valuation performance are presented in both 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 85.7% to 95.80%. The Coefficient of Dispersion (COD) went from 14.48% to 11.36%, the Coefficient of Variation (COV) went from 19.07% to 15.41%, and the Price-related Differential (PRD) went from 1.08% to 0.98%.

The new assessment level is reflected in the weighted mean ratio of 95.80%. The standard statistical measures of valuation performance are presented both in the Executive Summary and in the 2011 and 2012 Ratio Analysis charts included in this report.

The total assessed value for the 2011 assessment year for Area 85 was \$3,587,107,000. The total recommended assessed value for the 2012 assessment year is \$3,637,164,825.

Application of these recommended values for the 2012 assessment year results in an average total change from the 2011 assessments of 1.40%. The total value for the geographic assigned parcels decreased as follows:

<b>Change in Total Assessed Value</b>			
<b>2011 Total Value</b>	<b>2012 Total Value</b>	<b>\$ Change</b>	<b>% Change</b>
\$3,587,107,000	\$3,637,164,825	\$50,057,825	1.40%

The Coefficient of Dispersion (COD) and the Coefficient of Variation (COV) in the three year ratio study presented in this report indicate an improvement in uniformity. Therefore, it is recommended that the assessed values be posted for the 2012 assessment year.

**Note:** More details and information regarding aspects of the valuations and the report are retained in the working files kept in the assessor's office.

# 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, 3<sup>rd</sup> Addition, Appraisal Institute.**

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

**Assumptions and Limiting Conditions:**

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

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

### **Scope of Work Performed:**

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

### **CERTIFICATION:**

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

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

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**Date: 5/17/12**

**Commercial Appraiser I**

Area 085-000 - Area 85  
2012 Assessment Year

<b>Parcel Number</b>	<b>Assessed Value</b>	<b>Sale Price</b>	<b>Sale Date</b>	<b>Ratio</b>	<b>Diff: Median</b>
082505-9196	3,427,900	5,770,000	12/7/2011	0.5941	0.3460
082605-9159	817,700	1,190,000	1/14/2010	0.6871	0.2529
389060-0010	8,695,700	12,171,792	9/7/2011	0.7144	0.2257
124190-0014	973,500	1,350,000	11/2/2009	0.7211	0.2190
788260-0115	2,149,600	2,950,000	7/19/2011	0.7287	0.2114
389060-0020	8,879,200	12,078,208	9/7/2011	0.7351	0.2049
514880-0020	248,500	325,000	6/1/2010	0.7646	0.1755
096700-0425	655,100	850,000	3/30/2011	0.7707	0.1694
332605-9008	1,287,100	1,650,000	10/13/2011	0.7801	0.1600
919410-0015	1,864,100	2,350,000	11/10/2010	0.7932	0.1468
096700-0445	564,400	704,000	7/20/2010	0.8017	0.1384
332605-9121	1,204,800	1,500,000	2/1/2011	0.8032	0.1369
172505-9114	17,723,900	21,519,249	10/29/2010	0.8236	0.1164
250550-0160	1,404,300	1,625,000	9/20/2010	0.8642	0.0759
431500-0040	1,232,000	1,380,000	8/23/2010	0.8928	0.0473
431500-0110	1,232,000	1,360,000	1/20/2009	0.9059	0.0342
788260-0110	1,507,600	1,650,000	1/29/2009	0.9137	0.0264
389060-0010	8,695,700	9,250,000	7/20/2010	0.9401	0.0000
124450-0270	3,311,700	3,500,000	2/23/2010	0.9462	0.0061
062605-9274	1,434,100	1,500,000	9/28/2010	0.9561	0.0160
124500-2285	1,528,900	1,590,000	1/28/2009	0.9616	0.0215
062605-9239	639,100	650,000	6/8/2010	0.9832	0.0432
062605-9023	2,455,300	2,450,000	12/20/2010	1.0022	0.0621
192605-9025	934,200	926,000	12/9/2010	1.0089	0.0688
082605-9231	122,600	121,000	6/28/2010	1.0132	0.0731
408000-0020	3,042,800	3,000,000	11/18/2009	1.0143	0.0742
124450-0290	460,100	450,000	2/23/2010	1.0224	0.0824
357980-0555	1,033,500	1,000,000	4/1/2009	1.0335	0.0934
082605-9171	252,000	243,000	12/10/2010	1.0370	0.0970
123310-0300	2,629,800	2,505,000	1/27/2010	1.0498	0.1097
389060-0020	8,879,200	8,340,000	7/20/2010	1.0647	0.1246
192605-9107	546,000	500,000	4/29/2011	1.0920	0.1519
202505-9055	1,975,800	1,700,000	4/6/2010	1.1622	0.2222
388580-6375	741,000	605,000	1/9/2012	1.2248	0.2847
250550-0140	1,634,300	1,100,000	2/10/2011	1.4857	0.5457

<b>Quadrant/Crew:</b>	<b>Appr date :</b>	<b>Date:</b>	<b>Sales Dates:</b>
North Crew	1/1/2011	5/17/2012	1/1/09 - 04/30/12
<b>Area</b>	<b>Appr ID:</b>	<b>Prop Type:</b>	<b>Trend used?: Y / N</b>
085-000	AMUR	Improvement	N
<b>SAMPLE STATISTICS</b>			
<i>Sample size (n)</i>	35		
<i>Mean Assessed Value</i>	2,691,000		
<i>Mean Sales Price</i>	3,138,700		
<i>Standard Deviation AV</i>	3,637,591		
<i>Standard Deviation SP</i>	4,469,462		
<b>ASSESSMENT LEVEL</b>			
<i>Arithmetic mean ratio</i>	0.923	<p>These figures reflect measurements before posting new values.</p>	
<i>Median Ratio</i>	0.940		
<i>Weighted Mean Ratio</i>	0.857		
<b>UNIFORMITY</b>			
<i>Lowest ratio</i>	0.5941		
<i>Highest ratio:</i>	1.4857		
<i>Coefficient of Dispersion</i>	14.48%		
<i>Standard Deviation</i>	0.1759		
<i>Coefficient of Variation</i>	19.07%		
<i>Price-related Differential</i>	1.08		
<b>RELIABILITY</b>			
<b>95% Confidence: Median</b>			
<i>Lower limit</i>	0.803		
<i>Upper limit</i>	1.009		
<b>95% Confidence: Mean</b>			
<i>Lower limit</i>	0.864		
<i>Upper limit</i>	0.981		
<b>SAMPLE SIZE EVALUATION</b>			
<i>N (population size)</i>	921		
<i>B (acceptable error - in decimal)</i>	0.05		
<i>S (estimated from this sample)</i>	0.1759		
<b>Recommended minimum:</b>	47		
<i>Actual sample size:</i>	35		
<b>Conclusion:</b>	Uh-oh		
<b>NORMALITY</b>			
<b>Binomial Test</b>			
<i># ratios below mean:</i>	17		
<i># ratios above mean:</i>	18		
<i>z:</i>	0		
<b>Conclusion:</b>	<b>Normal*</b>		
*i.e., no evidence of non-normality			

Area 085-000 - Area 85  
2012 Assessment Year

<b>Parcel Number</b>	<b>Assessed Value</b>	<b>Sale Price</b>	<b>Sale Date</b>	<b>Ratio</b>	<b>Diff: Median</b>
082605-9159	820,000	1,190,000	1/14/2010	0.6891	0.2557
124190-0014	966,700	1,350,000	11/2/2009	0.7161	0.2287
082505-9196	4,201,200	5,770,000	12/7/2011	0.7281	0.2167
514880-0020	246,900	325,000	6/1/2010	0.7597	0.1851
096700-0425	654,700	850,000	3/30/2011	0.7702	0.1745
919410-0015	1,864,100	2,350,000	11/10/2010	0.7932	0.1515
332605-9008	1,323,900	1,650,000	10/13/2011	0.8024	0.1424
096700-0445	565,900	704,000	7/20/2010	0.8038	0.1409
332605-9121	1,219,300	1,500,000	2/1/2011	0.8129	0.1319
172505-9114	17,717,200	21,519,249	10/29/2010	0.8233	0.1215
250550-0160	1,409,400	1,625,000	9/20/2010	0.8673	0.0775
192605-9107	443,700	500,000	4/29/2011	0.8874	0.0574
788260-0110	1,493,500	1,650,000	1/29/2009	0.9052	0.0396
431500-0040	1,249,600	1,380,000	8/23/2010	0.9055	0.0393
431500-0110	1,249,600	1,360,000	1/20/2009	0.9188	0.0260
389060-0010	11,252,600	12,171,792	9/7/2011	0.9245	0.0203
124450-0270	3,293,300	3,500,000	2/23/2010	0.9409	0.0038
124500-2285	1,502,200	1,590,000	1/28/2009	0.9448	0.0000
062605-9274	1,422,200	1,500,000	9/28/2010	0.9481	0.0034
389060-0020	11,490,100	12,078,208	9/7/2011	0.9513	0.0065
250550-0140	1,048,100	1,100,000	2/10/2011	0.9528	0.0080
062605-9239	638,700	650,000	6/8/2010	0.9826	0.0378
788260-0115	2,910,200	2,950,000	7/19/2011	0.9865	0.0417
062605-9023	2,465,400	2,450,000	12/20/2010	1.0063	0.0615
408000-0020	3,028,500	3,000,000	11/18/2009	1.0095	0.0647
124450-0290	454,800	450,000	2/23/2010	1.0107	0.0659
192605-9025	936,700	926,000	12/9/2010	1.0116	0.0668
082605-9231	122,500	121,000	6/28/2010	1.0124	0.0676
357980-0555	1,031,700	1,000,000	4/1/2009	1.0317	0.0869
082605-9171	251,700	243,000	12/10/2010	1.0358	0.0910
388580-6375	636,000	605,000	1/9/2012	1.0512	0.1065
123310-0300	2,650,800	2,505,000	1/27/2010	1.0582	0.1134
202505-9055	1,975,800	1,700,000	4/6/2010	1.1622	0.2175
389060-0010	11,252,600	9,250,000	7/20/2010	1.2165	0.2717
389060-0020	11,490,100	8,340,000	7/20/2010	1.3777	0.4329

<b>Quadrant/Crew:</b>	<b>Appr date :</b>	<b>Date:</b>	<b>Sales Dates:</b>		
North Crew	1/1/2012	5/17/2012	1/1/09 - 04/30/12		
<b>Area</b>	<b>Appr ID:</b>	<b>Prop Type:</b>	<b>Trend used?: Y / N</b>		
085-000	AMUR	Improvement	N		
<b>SAMPLE STATISTICS</b>					
<i>Sample size (n)</i>	35				
<i>Mean Assessed Value</i>	3,008,000				
<i>Mean Sales Price</i>	3,138,700				
<i>Standard Deviation AV</i>	4,210,408				
<i>Standard Deviation SP</i>	4,469,462				
<b>ASSESSMENT LEVEL</b>					
<i>Arithmetic mean ratio</i>	0.937	<p>These figures reflect measurements after posting new values.</p>			
<i>Median Ratio</i>	0.945				
<i>Weighted Mean Ratio</i>	0.958				
<b>UNIFORMITY</b>					
<i>Lowest ratio</i>	0.6891				
<i>Highest ratio:</i>	1.3777				
<i>Coeffient of Dispersion</i>	11.36%				
<i>Standard Deviation</i>	0.1444				
<i>Coefficient of Variation</i>	15.41%				
<i>Price-related Differential</i>	0.98				
<b>RELIABILITY</b>					
<b>95% Confidence: Median</b>					
<i>Lower limit</i>	0.887				
<i>Upper limit</i>	1.006				
<b>95% Confidence: Mean</b>					
<i>Lower limit</i>	0.889				
<i>Upper limit</i>	0.985				
<b>SAMPLE SIZE EVALUATION</b>					
<i>N (population size)</i>	921				
<i>B (acceptable error - in decimal)</i>	0.05				
<i>S (estimated from this sample)</i>	0.1444				
<b>Recommended minimum:</b>	32				
<i>Actual sample size:</i>	35				
<b>Conclusion:</b>	OK				
<b>NORMALITY</b>					
<b>Binomial Test</b>					
# ratios below mean:	16				
# ratios above mean:	19				
z:	0.338061702				
<b>Conclusion:</b>	<b>Normal*</b>				
*i.e., no evidence of non-normality					

## Improvement Sales for Area 085 with Sales Used

05/21/2012

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
085	020	062605	9023	25,195	2471346	\$2,450,000	12/20/10	\$97.24	Rite Aid Drugstore	GDC	2	Y	
085	020	062605	9239	2,400	2445838	\$650,000	06/08/10	\$270.83	Convenience STORE	R-AC, O	1	Y	
085	020	062605	9274	11,548	2460754	\$1,500,000	09/28/10	\$129.89	AMERICAN LEGION	GDC	1	Y	
085	020	082605	9159	4,057	2425836	\$1,190,000	01/14/10	\$293.32	OFFICE	R 2800,	1	Y	
085	020	082605	9171	1,480	2470834	\$243,000	12/10/10	\$164.19	Retail	DC	1	Y	
085	020	082605	9231	720	2448409	\$121,000	06/28/10	\$168.06	VEHICLE LICENSE	R-AC, O	1	Y	
085	020	096700	0425	4,055	2489382	\$850,000	03/30/11	\$209.62	General Offices	DN	1	Y	
085	020	096700	0445	2,800	2452664	\$704,000	07/20/10	\$251.43	Insurance Office (Converted SFR)	R-AC, O	1	Y	
085	025	332605	9008	7,355	2513866	\$1,650,000	10/13/11	\$224.34	KINDER CARE LEARNING CENTER	NRH 3	2	Y	
085	030	192605	9025	6,180	2470259	\$926,000	12/09/10	\$149.84	MISC OFFICE & RETAIL	CBPSO	1	Y	
085	030	192605	9107	1,880	2489427	\$500,000	04/29/11	\$265.96	KINGSGATE ANIMAL CLINIC	CBPSO	1	Y	
085	035	389060	0010	64,116	2508956	#####	09/07/11	\$189.84	KIRKLAND 405 CORP CTR BLDG A	TL 10A	1	Y	
085	035	389060	0010	64,116	2450911	\$9,250,000	07/20/10	\$144.27	KIRKLAND 405 CORP CTR BLDG A	TL 10A	1	Y	
085	035	389060	0020	65,469	2450912	\$8,340,000	07/20/10	\$127.39	KIRKLAND 405 CORP CTR BLDG A	TL 10A	1	Y	
085	035	389060	0020	65,469	2508957	#####	09/07/11	\$184.49	KIRKLAND 405 CORP CTR BLDG A	TL 10A	1	Y	
085	040	919410	0015	0	2466686	\$2,350,000	11/10/10	\$0.00	FIRWOOD LANE M H PARK (31 PA	RSX 7.2	1	Y	
085	045	012000	0160	4,995	2432993	\$1,950,000	03/18/10	\$390.39	UNIT PROCESS CO	LIT	1	34	Use-change after sale; not in ratio
085	045	250550	0140	4,212	2478774	\$1,100,000	02/10/11	\$261.16	PROGRESSIVE MARKETING	PR 5.0	1	Y	
085	045	250550	0160	6,802	2459368	\$1,625,000	09/20/10	\$238.90	OFFICE BLDG	PR 5.0	1	Y	
085	050	123310	0300	12,525	2426743	\$2,505,000	01/27/10	\$200.00	FARMERS INSURANCE	PR 3.6	1	Y	
085	050	124190	0014	2,501	2415683	\$1,350,000	11/02/09	\$539.78	7-11 STORE	RH 8	1	Y	
085	060	202505	9055	6,518	2435662	\$1,700,000	04/06/10	\$260.82	NEWPORT BAY RESTAURANT	FC III	1	Y	
085	060	431500	0040	3,520	2456942	\$1,380,000	08/23/10	\$392.05	LINBROOK OFFICE (#4)	FC III	1	Y	
085	060	431500	0110	3,520	2377659	\$1,360,000	01/20/09	\$386.36	LINBROOK OFFICE (#11)	FC III	1	Y	
085	065	082505	9196	9,402	2521475	\$5,770,000	12/07/11	\$613.70	RETAIL	CBD 2	2	Y	
085	065	124450	0270	12,628	2431152	\$3,500,000	02/23/10	\$277.16	KIRKWOOD COMMERCIAL BUILDING	CBD 1	2	Y	
085	065	124450	0290	1,800	2431153	\$450,000	02/23/10	\$250.00	RETAIL	CBD 1	1	Y	
085	065	388580	6375	3,800	2525997	\$605,000	01/09/12	\$159.21	DAYCARE	RS 7.2	1	Y	
085	065	408000	0020	9,600	2418512	\$3,000,000	11/18/09	\$312.50	LAKE STREET MALL COMMERCIAL	CBD 2	1	Y	
085	065	514880	0020	843	2443966	\$325,000	06/01/10	\$385.53	MARINA HEIGHTS CONDOMINIUM	CBD 8	1	Y	
085	065	788260	0110	14,608	2379883	\$1,650,000	01/29/09	\$112.95	INDUSTRIAL BLDG	PLA 6G	1	Y	
085	065	788260	0115	26,900	2502215	\$2,950,000	07/19/11	\$109.67	SOUND ELEVATOR	PLA 6G	1	Y	
085	070	172505	9114	52,948	2464695	#####	10/29/10	\$406.42	YARROW BAY MARINA OFFICE BU	PLA 15A	1	Y	
085	075	124500	2285	6,904	2378191	\$1,590,000	01/28/09	\$230.30	FIRST CHURCH CHRIST SCIENTIS	RS 7.2	2	Y	
085	075	332605	9121	9,496	2477168	\$1,500,000	02/01/11	\$157.96	HEATH SIGN COMPANY	TL 10C	1	Y	
085	090	162605	9123	2,592	2421365	\$765,000	12/01/09	\$295.14	OFFICE	NB	1	Y	

Vacant Sales for Area 085 with Sales Used

05/21/2012

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
085	020	072605	9371	81,973	2488722	\$2,600,000	04/25/11	\$31.72	ROOMING HOUSE	DN	4	Y	
085	020	237420	0030	84,137	2473314	\$3,475,000	12/28/10	\$41.30	SAFEWAY MARKET	DN	1	Y	
085	040	302605	9148	54,206	2488145	\$3,100,000	04/20/11	\$57.19	Vacant Lot	JBD 2	1	Y	
085	060	202505	9099	67,096	2484691	\$325,000	03/23/11	\$4.84	VACANT LOT	R-20	2	Y	
085	065	187500	0190	43,995	2522868	\$2,860,000	12/12/11	\$65.01	Vacant Development Site	PLA 6E	1	Y	

## Improvement Sales for Area 085 with Sales not Used

05/21/2012

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
085	020	072605	9225	675	2421549	\$400,000	12/15/09	\$592.59	Wings of the world pet store	R 2800,	1	31	Exempt from excise tax
085	020	072605	9444	4,769	2541348	\$2,350,000	04/26/12	\$492.77	BOTHELL PROFESSIONAL PLAZA	DN	1		
085	020	082605	9096	2,484	2540064	\$27,090	03/07/12	\$10.91	BASKIN-ROBBINS	DC	1	24	Easement or right-of-way
085	020	082605	9160	13,574	2528804	\$2,610,000	01/13/12	\$192.28	MOSS HERITAGE BUILDING	DC	1		
085	020	096700	0431	2,332	2541131	\$360,000	04/24/12	\$154.37	OFFICE BUILDING	DN	1		
085	020	096700	0535	8,160	2515764	\$19,637	08/10/11	\$2.41	RETAIL & LODGE	DC	1	24	Easement or right-of-way
085	025	282605	9040	3,716	2474576	\$1,250,000	01/11/11	\$336.38	WASHINGTON EMISSION INSPECT	TL 7	1	36	Plottage
085	030	172605	9049	3,161	2497356	\$1,804,000	06/17/11	\$570.71	HOPKINS NURSERY	R 9600	1	51	Related party, friend, or neighbor
085	040	179150	0315	2,050	2490060	\$850,000	04/26/11	\$414.63	Greek Restaurant	JBD 4	1		
085	040	292605	9049	202,510	2445192	\$12,600	05/27/10	\$0.06	JUANITA HIGH SCHOOL	RSX 7.2	1	24	Easement or right-of-way
085	040	302605	9129	7,870	2416880	\$1,146,145	10/29/09	\$145.63	DRY CLEANER/RESTAURANT	JBD 2	1	52	Statement to dor
085	040	376250	0030	1,546	2538827	\$600,000	03/26/12	\$388.10	JUANITA PROFESSIONAL PLAZA C	JBD 6	1		
085	045	082505	9296	2,400	2457969	\$5,865	08/24/10	\$2.44	7-11 STORE	BC	1	24	Easement or right-of-way
085	045	082505	9315	2,744	2525930	\$510,000	01/04/12	\$185.86	Tutmark Realty (Office/Apartment	PR 5.0	1		
085	045	123510	0025	79,971	2536970	\$7,325,000	04/02/12	\$91.60	KIRKLAND WAY BUILDING	LIT	1		
085	045	250550	0135	786	2526705	\$490,000	01/09/12	\$623.41		PR 5.0	1		
085	050	123310	0282	7,344	2381557	\$2,000,000	02/26/09	\$272.33	BENNAOH BUILDING	PR 3.6	1	51	Related party, friend, or neighbor
085	050	123310	0872	2,732	2531457	\$4,725	01/17/12	\$1.73	KIRKLAND HONDA	RH 5A	1		
085	050	388810	0220	7,420	2542392	\$325,000	03/16/12	\$43.80	SFR HOUSE & GAR SVCS/WHSE	RSX 7.2	1		
085	055	388580	0325	1,804	2408534	\$675,000	09/15/09	\$374.17	OPTICAL RETAIL	BC	1	44	Tenant
085	060	202505	9193	8,000	2395191	\$100	05/11/09	\$0.01	EVERGREEN PACIFIC SUPPLY INCL	LI	1	32	\$1,000 sale or less
085	065	062505	9042	3,879	2383480	\$1,900,000	03/16/09	\$489.82	Office/Retail (MoneyToLend)	CBD 2	1	17	Non-profit organization
085	065	082505	9087	16,800	2521115	\$6,176,001	12/02/11	\$367.62	CHAFFEY BUILDING	CBD 2	1		
085	065	098340	0010	8,688	2472055	\$2,050,000	12/23/10	\$235.96	BOULEVARD CONDOMINIUM	CBD 3	3	61	Financial institution resale
085	065	124450	0230	4,888	2525820	\$1,850,000	01/05/12	\$378.48	RETAIL	CBD 1	1		
085	070	935490	0220	2,114	2474783	\$4,000,000	01/07/11	#####	DELI CAFE &MICHAEL'S DRY CLEA	BN	2	51	Related party, friend, or neighbor
085	075	388580	5760	4,000	2533497	\$840,000	03/12/12	\$210.00	Progressive Finishes Inc.	LIT	1		
085	075	389310	0855	13,600	2476234	\$48,000	01/13/11	\$3.53	PEGASUS N/W-LGT MFG	TL 10D	1	24	Easement or right-of-way
085	075	389310	0921	60,209	2532106	\$3,900,000	02/28/12	\$64.77	COSTCO HOME OFFICE BLDG #1	TL 10E	1	24	Easement or right-of-way
085	085	042605	9008	90,661	2516163	#####	10/28/11	\$270.24	NORTH CREEK PLACE 1	R 2800,	1		
085	090	212605	9100	6,087	2528249	\$1,399,875	01/30/12	\$229.98	GRACE CHAPEL	RSA 6	1		

Vacant Sales for Area 085 with Sales not Used

05/21/2012

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
085	020	082605	9123	1,348	2515766	\$5,216	06/14/11	\$3.87	ASSOC. PKNG. FOR IMPS ON MINOR	DC	1	24	Easement or right-of-way
085	025	282605	9044	28,521	2469391	\$2,000,000	12/06/10	\$70.12	GENERAL TELEPHONE	TL 6A	1	N	
085	025	282605	9249	32,181	2543519	\$2,750,000	05/10/12	\$85.45	Vacant Lot (Future 61 unit mixe	TL 6A	1		
085	025	332605	9092	84,344	2471853	\$1,800,000	12/20/10	\$21.34	SFR - Proposed Office Bldg	NRH 1A	1	61	Financial institution resale
085	030	172605	9095	20,000	2506248	\$30,000	08/17/11	\$1.50	VACANT	R24SC	1	61	Financial institution resale
085	030	192605	9126	118,114	2538623	\$409,950	04/13/12	\$3.47		RMA 5.	1		
085	030	357980	0549	45,000	2536794	\$325,000	03/29/12	\$7.22	VACANT	RMA 3.	1		
085	040	375790	0035	101,586	2506715	\$9,850,000	08/24/11	\$96.96	VAC LD	JBD 1	1	58	Preliminary shortplat approval
085	045	788260	0280	152,071	2528512	\$890,000	01/27/12	\$5.85	VACANT MULTIPLE	RM 5.0	1		
085	045	788260	0280	152,071	2529532	\$888,800	02/06/12	\$5.84	VACANT MULTIPLE	RM 5.0	1		
085	045	788260	0280	152,071	2538211	\$830,000	04/03/12	\$5.46	VACANT MULTIPLE	RM 5.0	1		
085	045	788260	0280	164,312	2482694	\$90,000	03/09/11	\$0.55	VACANT MULTIPLE	RM 5.0	1	18	Quit claim deed
085	045	788260	0280	152,071	2519081	\$8,025,153	11/17/11	\$52.77	Lakeview Lane	RM 5.0	1	59	Bulk portfolio sale
085	045	788260	0280	152,071	2519940	\$690,000	11/22/11	\$4.54	VACANT MULTIPLE	RM 5.0	1		
085	060	202505	9249	23,940	2395190	\$900	05/14/09	\$0.04	VACANT INDUSTRIAL LAND	LI	1	32	\$1,000 sale or less
085	065	187500	0025	20,192	2521118	\$1,100,000	12/02/11	\$54.48	VACANT LAND (PARKING LOT)	CBD 1E	1		
085	070	788260	0512	14,090	2529974	\$525,000	02/13/12	\$37.26	VACANT LAND	RM 3.6	1		
085	070	788260	0514	1,408	2524011	\$35,000	12/21/11	\$24.86	VACANT LAND	RM 3.6	1	51	Related party, friend, or neighbor
085	085	052605	9298	102,802	2451679	\$225,000	07/22/10	\$2.19	VACANT LAND	R-AC, C	1	15	No market exposure