



King County

Department of Assessments
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Lloyd Hara
Assessor

As we start preparations for the 2012 property assessments, it is helpful to remember that the mission and work of the Assessor's Office sets the foundation for efficient and effective government and is vital to ensure adequate funding for services in our communities. Maintaining the public's confidence in our property tax system requires that we build on a track record of fairness, equity, and uniformity in property assessments. Though we face ongoing economic challenges, I challenge each of us to seek out strategies for continuous improvement in our business processes.

Please follow these standards as you perform your tasks.

- Use all appropriate mass appraisal techniques as stated in Washington State Laws, Washington State Administrative Codes, Uniform Standards of Professional Appraisal Practice (USPAP), and accepted International Association of Assessing Officers (IAAO) standards and practices.
- Work with your supervisor on the development of the annual valuation plan and develop the scope of work for your portion of appraisal work assigned, including physical inspections and statistical updates of properties;
- Where applicable, validate correctness of physical characteristics and sales of all vacant and improved properties.
- Appraise land as if vacant and available for development to its highest and best use. The improvements are to be valued at their contribution to the total in compliance with applicable laws, codes and DOR guidelines. The Jurisdictional Exception is applied in cases where Federal, State or local laws or regulations preclude compliance with USPAP;
- Develop and validate valuation models as delineated by IAAO standards: Standard on Mass Appraisal of Real Property and Standard on Ratio Studies. Apply models uniformly to sold and unsold properties, so that ratio statistics can be accurately inferred to the entire population.
- Time adjust sales to January 1, 2012 in conformance with generally accepted appraisal practices.
- Prepare written reports in compliance with USPAP Standard 6 for Mass Appraisals. The intended users of your appraisals and the written reports include the public, Assessor, the Boards of Equalization and Tax Appeals, and potentially other governmental jurisdictions. The intended use of the appraisals and the written reports is the administration of ad valorem property taxation.

Lloyd Hara
King County Assessor

Executive Summary Report

Appraisal Date 1/1/2011 - 2011 Assessment Roll – 2012 Tax Roll Year

Specialty Name: Industrial

Sales - Improved Summary:

Number of Sales: 1

Sale Date: 7/13/2010

The one specialty industrial sale transaction that occurred between January 1, 2010 and December 31, 2011 was not included in this analysis due to the property's classification as light industrial and relative ease of future conversion to a non-manufacturing use. Historically, industrial property sales typically include business value and or machinery and equipment. Identification of the real property component can be difficult to isolate from the total sales price.

In the absence of any improved sales transactions verified as good, a ratio study analysis has not been included in this report.

Total Population – Average Improved Parcel Summary Data:

	Total Land Value	Total Improvement Value	Total Value
2011 Value	\$621,467,100	\$518,735,200	\$1,140,202,300
2012 Value	\$631,752,700	\$510,039,300	\$1,141,792,000
Change	\$10,285,600	(\$8,695,900)	\$1,589,700
% Change	+1.66%	-1.68%	+0.14%

Population: 102 parcels, 45 industrial properties located on one tax parcel, and 17 economic units.

Conclusion and Recommendation:

The values recommended in this report improve uniformity and equity, the specialty appraiser recommends posting them for the 2011 assessment year.

Analysis Process

Effective Date of Appraisal: January 1, 2011

Date of Appraisal Report: June 30, 2012

Highest and Best Use Analysis:

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

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. 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. In some instances, the property is reassigned to the geographic appraiser.

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

Special Assumptions, Departures and Limiting Conditions

The sales comparison, income and cost approaches to value were considered for this mass appraisal valuation.

The following Departmental guidelines were considered and adhered to:

- Sales from 1/01/2010 to 12/31/2011 were considered in all analyses. No industrial specialty transactions verified as good sales occurred during this time window.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6. The industrial appraiser has carefully considered the impact

of both the national and regional economy on King County's industrial real estate market. Due to the absence of recent sales activity, primary consideration was given to current economic conditions, with a focus on methodology to determine economic obsolescence. In all cases, properties were valued uniformly with similar properties.

Identification of the Area

Name or Designation: Specialty Area 540 - Industrial Properties

Boundaries: King County

Maps:

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

Population:

Total Population	South King	Central West	Central East	Northwest	Northeast	East
102	18	20	17	19	15	13

Specialty Description:

Industrial Property

"Ideally, a combination of land, improvements, and machinery which has been integrated into a functioning unit intended for the assembling, processing, and manufacturing of finished or partially finished products from raw materials or fabricated parts, such as factories; or a similar combination intended for rendering service, such as laundries, dry cleaners, storage; or for the production of natural resources, such as oil wells."^[1]

Special characteristics of industrial properties are summarized by the Encyclopedia of Real Estate Appraising as follows: ^[1]

1. Greater tendency towards special-use design.
2. Greater average annual obsolescence rate.
3. Large number of locational determinants.
4. Less speculative value in improved properties.
5. Reluctance of banks to make loans on industrial property.
6. Importance of credit rating of occupant.

For the 2012 revalue year, six parcels presently improved and used for broadcasting facilities are included in the specialty category for industrial property. Although these properties were not built for manufacturing nor intended for use as such, they were included in the industrial specialty because of the special purpose use of these facilities.

¹Edith J. Friedman, Encyclopedia of Real Estate Appraising, 3rd Edition, (Englewood Cliffs, N.J.: Prentice Hall, 1978) 479-480.

Forces Impacting Market Value of Industrial Property

Industries are affected by a multitude of external (factors affecting a particular industry) and internal (the specific property under appraisal) economic pressures. Value influencing factors unique to the industrial appraisal include labor markets, rail and shipping connections, availability/cost of raw materials (scarcity of raw materials,) production plant layout functionality, investor's expectations, technological modernization (including retooling,) economy (supply and demand) and environmental concerns. Considerations for the forces impacting market value are demonstrated in the forms of physical depreciation, functional and external economic obsolescence.

Recognition of all Forms of Depreciation

Depreciation is a loss in property value for any reason and from all causes. "Depreciation in an improvement can result from three major causes operating separately or in combination:

- **"Physical deterioration** [is a decrease in value caused by] wear and tear from regular use, the impact of the elements, or damage."^[2] Physical deterioration can be quantified by the incursion of excess operating costs translated into a percentage of depreciation.
- **"Functional obsolescence** [results in a loss in value due to] a flaw in the structure, materials, or design that diminishes the function, utility, and value of the improvements."^[2] Functional obsolescence may occur when technological changes caused by new inventions adversely affect an existing facility that continues to work as efficiently as when it was new; however, the intended function has become outdated. Functional obsolescence is generally quantified and addressed by appropriately applying the subsequent methodologies, capitalizing excess operating costs, reducing value by the capital cost of the excess capacity, estimating the capital costs to cure a deficiency.
- **"External obsolescence** [results in] a temporary or impairment of utility ... of an improvement or property due to negative influences outside the property."^[2] Due to the fixed location of real estate, external influences usually cannot be controlled by the tenant or owner. External obsolescence can be quantified by capitalizing the loss of income or using the sales comparison method.

Changing Consumer Product Demands

Product innovation and technology, as well as changing consumer needs, affects both the nation's manufacturing industry and the production and harvesting of natural resources. Manufacturers of consumer goods have shifted their approach with the evolution of technology. The focus has shifted to increasing the production rate through flexibility of production.

² The Appraisal of Real Estate, 13th Edition, (Chicago, IL.: Appraisal Institute, 2008) 391-392.

Production flexibility is being achieved with advances in automation and lean manufacturing techniques. Cost reduction strategies include reducing the labor intensity and increasing flexibility in the modification of production lines. Manufacturing industries face the challenge of constantly improving their products and bringing new products to the market, while keeping their prices low.

Economic Influence of Industrial Production Due to Current Recession

The U.S. Energy Information Administration (USEIA) “2012 Annual Energy Outlook” concluded a modest rate of growth in real gross domestic product (GDP) from 2005 to 2010 annually averaged from 2.4 to 3.4 percent per year (in 2005 dollars.) From 2010 to 2020, the 10-year estimated average annual growth rate ranges from 2.5 percent to 3.1 percent. Both the industrial sector as a whole and its manufacturing component are expected to grow positively but at a slower rate of 1.6 percent per year from 2010 to 2035.

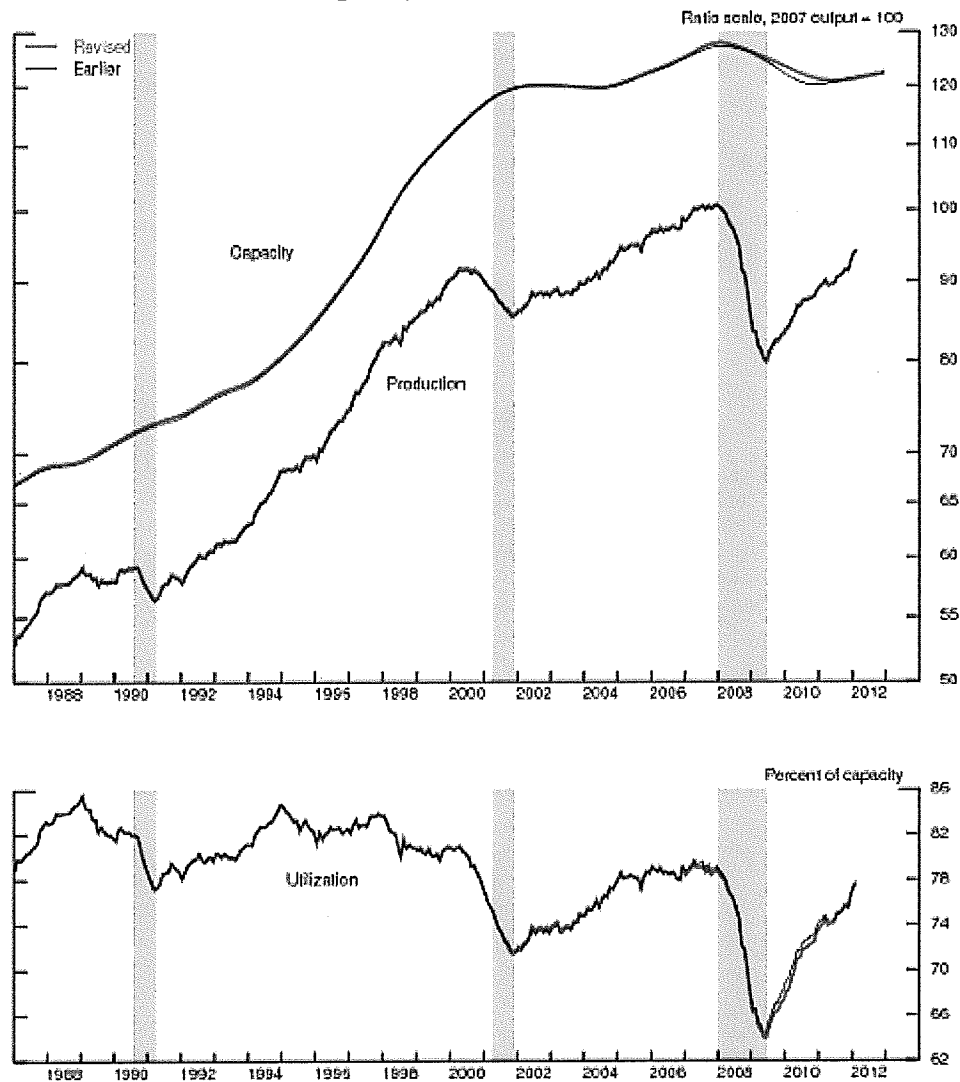
In 2011, the world economy experienced shocks that included turmoil in the Middle East and North Africa, a Greek debt crisis with financial impacts spreading to other Eurozone countries, and an earthquake in Japan, all leading to slower economic growth. U.S. growth projections in part reflect those world events. U.S. recovery from the 2007-2008 recessions has been slower than past recoveries. A feature of economic recoveries since 1975 has been slowing employment gains, and, following the most recent recession, growth in nonfarm employment has been slower than in any other post-1960 recovery. The average rates of growth are strong starting from the trough of the recessions. As the economy recovers from the 2008-2009 recession, growth in U.S. manufacturing output is predicted to accelerate from 2010 through 2020. Labor productivity is expected to continue to increase at a faster rate than the labor force.³

Industrial sector output has grown more slowly than the overall economy in recent decades, as imports have met a growing share of demand for industrial goods, whereas the service sector has grown more rapidly. Strong growth in exports is an important component of projected growth in the transportation equipment, electronics, and machinery industries.

The optimistic outlook is based on the positive growth, albeit minimal in some cases, of the five major indicators, including labor, wholesale and retail sales, industrial production, gross domestic product, and personal income. Although some economists are still skeptical because of the U.S. financial market volatility, the U.S. overall shows signs of moving from recession to recovery.

³United States, Independent Statistics and Analysis U.S. Energy Information Administration, “Trends in Economic Activity,” Annual Energy Outlook, Report #DOE/EIA-0383, 25 June 2012, 5 July 2012, <http://www.eia.gov/forecasts/aeo/MT_economic.cfm>.

Industrial Production Capacity Utilization



Notes: The shaded areas are periods of business recession as defined by the NBER. Manufacturing consists of those industries in the North American Industry Classification System, or NAICS, definition of manufacturing plus those industries—logging and newspaper, periodical, book, and directory publishing—that have traditionally been considered to be manufacturing and included in the industrial sector.

United States, Board of Governors of the Federal Reserve System, “Industrial Production and Capacity Utilization-G17, Chart 1-Industrial Production, Capacity, and Capacity Utilization,” U.S. Federal Reserve, 30 March 2012, 5 July 2012, <<http://www.federalreserve.gov/releases/g17/Current/revchart2.gif>>.

“The Federal Reserve Board constructs estimates of capacity and capacity utilization for industries in manufacturing, mining, and electric and gas utilities. For a given industry, the capacity utilization rate is equal to an output index (seasonally adjusted) divided by a capacity index. The Federal Reserve Board’s capacity indexes attempt to capture the concept of sustainable maximum output, [which is defined as] the greatest level of output a plant can maintain within the framework of a realistic work schedule, after factoring in normal downtime and assuming sufficient availability of inputs to operate the capital in place.”⁴

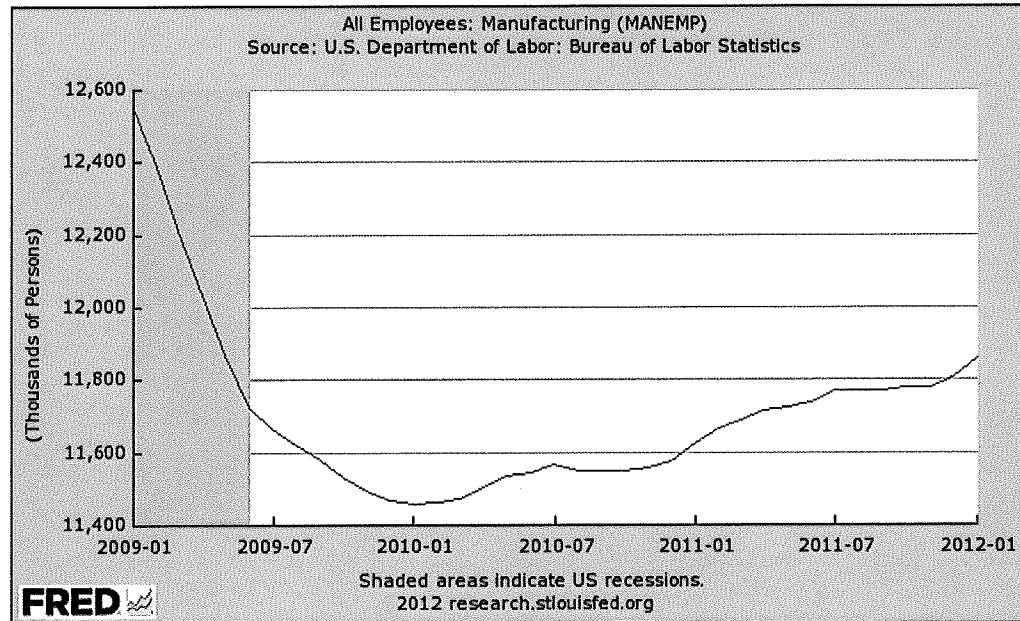
Total industrial production in December of 2011 was at 95.7 percent of the 2007 average, 3.3 percent above the level one year earlier. The capacity utilization rate for total industry increased to 76.6 percent in December 2011 which represents a 2.8 percent increase above the previous year and 2.2 percentage points below its average from 1972 to 2011.⁵

⁴United States, Board of Governors of the Federal Reserve System, “Industrial Production and Capacity Utilization-G17, Capacity Utilization Explanatory Notes,” U.S. Federal Reserve, 15 February 2012, 5 July 2012, <http://www.federalreserve.gov/releases/g17/cap_notes.htm>.

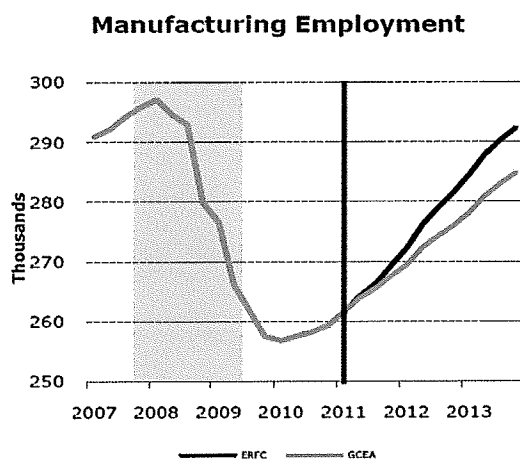
⁵United States, Federal Reserve Statistical Release, “Industrial Production and Capacity Utilization-G17,” U.S. Federal Reserve, 30 March 2012, 5 July 2012, http://www.federalreserve.gov/releases/g17/revisions/Current/Table13_rev.htm>.

The U.S. Economy versus the State of Washington Economy

United States Total Manufacturing Employment⁶



Washington State Total Manufacturing Employment⁷



Source: ESD, ERFC, GCEA; Actual data through 2011 Q1

⁶ Federal Bank St. Louis, "Economic Research," All Employees Manufacturing, June 2012, 12 July 2011, <<http://research.stlouisfed.org/fred2/graph/?id=MANEMP>>.

⁷ "Economic Review Meeting," Economic and Revenue Forecast Council, State of Washington, 5 May 2012, 31.





“Over the last ten years, employment in manufacturing has dropped an average of 2.2 percent per year nationally. The reasons for the loss are two-fold -- productivity gains have allowed fewer workers to produce more goods, and the relocation or contracting for manufacturing work overseas (as in Boeing's global production model).”⁸ However, the year-over-year employment growth in the Washington State manufacturing sector from April of 2010 to April of 2011, excluding aerospace, increased by 3,200 employees for an improvement of 1.8%. Washington State is still most likely to outperform the national recovery. In 1990, Washington State employment manufacturing totaled 1.9% of the nation as a whole.⁹ Even though manufacturing jobs have fallen since the 1990 tally; according to the U.S. Bureau of Economic Analysis jobs within Washington State now total 2.2% of the national manufacturing employment.





⁸State of Washington, Office of Financial Management, “Washington and U.S. Wage & Salary Manufacturing Employment,” 3 June 2011, 14 July 2011, 32, <<http://www.ofm.wa.gov/trends/economy/fig104.asp>>.

⁹Arun Raha, “Economic Review Meeting,” Economic and Revenue Forecast Council, State of Washington, 3 June 2011, 28.

PHYSICAL INSPECTION AREA

The physical inspection for Industrial properties for this revalue year is located in the Northwest area of King County. The following are the 11 parcels (6 economic properties) inspected:

PROPERTY NAME	PROPERTY DESCRIPTION	TAX PARCEL NUMBER
<p>Coca-Cola</p> 	<p>Coca-Cola was invented by a pharmacist in 1886. The company has evolved from one product over 125 years ago to more than 500 brands. This bottling plant produces over 200 SKU numbers due to their optimization and consolidation of manufacturing lines. The product is distributed within the pacific northwest.</p>	282505-9048
<p>Darigold Issaquah</p> 	<p>This site has had continuous operation of a dairy facility since 1909. The Darigold Cooperative members of what is now called the Northwest Dairy Association process and market their products through their subsidiary Darigold, Inc. Headquartered in Seattle, Darigold, Inc. is one of the largest US dairy processors with annual sales of over \$2 billion. Darigold, Inc. operates ten plants serving more than 500 dairy farm families. The Issaquah facility produces butter, cottage cheese and sour cream.</p>	282406-9002
<p>Graphic Packaging</p> 	<p>The Renton plant is a regional plant for the Consumer Packaging Division of Graphic Packaging, an international company providing beverage, food, and consumer product packaging. The pacific northwest market area spans from northern California thru western Canada, and as far east as Wyoming in the U.S. The company offers structural and graphic design services, as well as system solutions and innovative technology.</p>	242304-9008
<p>New Castle Brick</p> 	<p>The Seattle Great Fire of 1889 resulted in an ordinance that all buildings and sidewalks be constructed of fireproof materials. Mutual Materials, which owns New Castle Brick, was founded in 1900 under the name of Builders Brick. The company played an integral role in the reconstruction of Seattle. Headquartered in Bellevue, Mutual Materials owns 19 facilities located in four states within the pacific northwest and is the leading producer and distributor of masonry and hardscape products in the northwest. The New Castle facility was closed in 2011 due to diminished demand with new construction and lack of modernity of the facility.</p>	272405-9006

<p>Paccar</p> 	<p>Paccar is a 107 year old company which had its start in 1905 as the Seattle Car Manufacturing Company producing railway and logging equipment. Their headquarters are in Bellevue, Washington with their Parts Division, Kenworth subsidiary, and Research and Development facility located in Renton, Washington. Paccar Parts is network of parts distribution centers offering aftermarket support to dealers and customers. Kenworth opened their flagship factory in 1995 on the former site of Pacific Car and Foundry in Renton.</p>	<p>082305-9170 082303-9197 722300-0010</p>
<p>Pepsi Bottling</p> 	<p>The beverage Pepsi-Cola was formulated in 1898. Today, Brand Pepsi is in a portfolio of beverage brands sold worldwide.</p>	<p>912200-1075</p>
<p>Safeway Bakery Safeway Beverage Safeway Milk Safeway Ice Cream Safeway Distribution</p> 	<p>Safeway produces their own line of food products for their stores, and additional products for other retailers (including QFC, Western Family, Fred Meyer, and Albertsons.) Four types of manufacturing facilities are located in King county. The bakery is a bread and bun plant which services the local area with fresh deliveries daily. The beverage facility manufactures both carbonated and non-carbonated beverages for a wider distribution area. Safeway milk produces milk and cottage cheese under their Lucerne label, and distributes within the pacific northwest. The ice cream plant, one of two nationally, produces novelty stick products and ice cream cartons.</p>	<p>282505-9007 282505-9204 109910-0100</p>
<p>Stoneway Concrete</p> 	<p>Stoneway concrete is a manufacturer of concrete products for use in highway and street construction, as well as concrete ready mix, retail concrete products and construction supplies.</p>	<p>082305-9171</p>

Preliminary Ratio Analysis:

No ratio study was performed for industrial properties. The market for heavy industrial properties is extremely limited. By definition, these properties are useful for a single or special limited purpose and rarely sell for investment reasons.

Land Value**Land Sales, Analysis, Conclusions:**

Geographic appraisers are responsible for the determination of the assessed valuation for land. Analysis and application of land value occurs during every annual revaluation cycle with each individual industrial property assigned to the geographic area in which it is situated. A list of vacant sales used and those considered not reflective of market are contained in the respective geographic appraiser's report.

Improved Parcel Total Values**Sales comparison approach model description:**

The sales comparison approach was not utilized due to insufficient sales. In general, use of the sales comparison approach can also be problematic from a reliability standpoint due to the diversity of the distinct industrial classifications. Additionally, the unique characteristics reflected within this property type may include features custom designed for an explicit function of a production line, which can result in inherent shortfall in the application of the sales comparison approach.

Cost approach model description and calibration:

The cost approach was the primary valuation methodology utilized for industrial properties. Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation calculations were based on studies conducted by Marshall & Swift Valuation Service. Marshall & Swift cost data automatically adjusts to both the western region of the United States, as well as directly to the Seattle area. The cost calculations are automatically calibrated to the data in place in the Real Property Application. The Department of Revenue (DOR) 2012 Trended Depreciation Tables were applied to depreciate accessory improvements.

Any appropriate adjustments for functional, locational, and economic obsolescence were considered when warranted, with the provision of adequate documentation supplied by the manufacturer. Extraordinary obsolescence calculations were based on the cost to cure, excess operating expenses, supply and demand industry data, and capacity levels based on specific industry standards.

Income capitalization approach model description:

The income approach was not utilized to value the industrial specialty properties. For the valuation of general use buildings, the income approach may be considered one of the preferable approaches as buyers normally purchase income producing properties based on their ability to generate income. The validity of this approach is subject to the amount of sales and rental data available, which in the case of specialized industrial properties is rarely available. Also, the assets would need to be separated in the application of the income approach. Infrastructure needed to accommodate specific manufacturing processes would not necessarily be accounted for in the income approach. A function of applying income methodology on a specialized industrial property would include a determination of any super adequacies exist and their impact on value.

Reconciliation:

All parcels were individually reviewed for correctness of the model application before final value selection and reviewed by the senior appraiser prior to posting. The factors analyzed in the process of establishing value utilizing the model constructs were subject to adjustment by the appraiser. Any appropriate adjustments for functional, locational, and economic obsolescence were considered, with the provision of adequate documentation, and adjusted when warranted.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel in the physical inspection neighborhood is field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area. Appropriate adjustments were applied when warranted, with the provision of adequate documentation

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

Using the concept of highest and best use, some of the land values in this area exceeded the value of the entire property in its present use and the cost to remove the improvements. For those properties where the improvement is not at its highest and best use, a nominal value of \$1,000 is assigned to the improvements. Other factors that may affect assessed values include industrial market conditions, and property characteristic updates.

The total assessed value for the 2011 assessment year within the industrial specialty was \$1,098,700,900. The total recommended assessed value for the 2012 assessment year is \$1,191,492,500. The increase in overall assessed value is in part attributed to the calculation of total assessed value prior to any warranted contamination reductions by the contamination specialist. Some of the valuation changes may be a result of characteristic updates. Additionally, in some instances, the application of an obsolescence reduction was not carried over to the lack of updated data from the taxpayer. Application of the recommended values for the 2012 assessment year (taxes payable in 2013) results in an average total change from the 2011 assessments of 8.45%.

USPAP Compliance

Client and Intended Use of the Appraisal:

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

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

Definition and date of value estimate:

Market Value

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

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

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

Highest and Best Use

RCW 84.40.030

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

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

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

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

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

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

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

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

Date of Value Estimate

RCW 84.36.005

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

RCW 36.21.080

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

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

Property Rights Appraised: Fee Simple

Wash Constitution Article 7 § 1 Taxation:

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

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

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

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

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

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

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

Assumptions and Limiting Conditions:

1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.
4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.
5. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors.

Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.

6. The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.
7. The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.
8. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
9. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
10. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.
11. An attempt to segregate personal property from the real estate in this appraisal has been made.
12. Items which are considered to be "typical finish" and generally included in a real property transfer, but are legally considered leasehold improvements are included in the valuation unless otherwise noted.
13. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.
14. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.
15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.

Scope of Work Performed:

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

CERTIFICATION:

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

- *The statements of fact contained in this report are true and correct*
- *The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *The individuals listed below were part of the "appraisal team" within the past three years and provided significant real property appraisal assistance to the person signing this certification. Such duties, responsibilities and services include, but are not limited to physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time and be determined significant or otherwise during the fulfillment of position requirements, and are made part of each real property parcel, is a matter of public record and this certification by reference.*

1. *Marie Ramirez, Senior Appraiser*
 2. *Mark Maxwell, Commercial Appraiser I*
 3. *Mary Guballa, Commercial Appraiser I*
- *All services as may be variously defined significant or otherwise, and performed by duly authorized and qualified King County Assessment staff employed in the areas of Public Information, Accounting/Abstract, Commercial, Residential, Information Services, Personal Property, Accounting/Mapping, Accounting/Support, Accounting/Appeals, Chief Appraiser, Accounting/Exemptions, Accounting/Levy Administration, who may have involvement in physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time, is made part of each real property parcel as a matter of public record and this certification by reference.*
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Improvement Sales for Area 540 with Sales Used

07/17/2012

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code
540	010	383090	0160	177,471	2450258	\$8,850,000	07/13/10	\$49.87	MIKRON	M3	1	Y