



King County

Department of Assessments

King County Administration Bldg.
500 Fourth Avenue, ADM-AS-0708
Seattle, WA 98104-2384
(206) 296-5195 FAX (206) 296-0595
Email: assessor.info@kingcounty.gov

Lloyd Hara
Assessor

As we start preparations for the 2013 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, 2013 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 1/1/2013 - 2013 Assessment Roll – 2014 Tax Roll Year

Specialty Name: Industrial

Sales - Improved Summary:

Number of Sales: 1

Sale Date: 12/15/2011

The one industrial sale transaction that occurred between January 1, 2011 and December 31, 2012 was not utilized due to the unique combination of section uses within the property, including use as a broadcasting facility, server farm, Class A office and first floor Belltown retail. This property is dissimilar from the population of properties within the industrial specialty.

In the absence of any improved sales transactions relevant to the population of industrial parcels, 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
2012 Value	\$623,916,200	\$494,224,800	\$1,118,141,000
2013 Value	\$657,381,800	\$500,951,200	\$1,141,103,200
Change	\$33,465,600	\$6,726,400	\$22,962,200
% Change	+5.36%	+1.36%	+2.05%

Population: 106 parcels.

Conclusion and Recommendation:

The values recommended in this report improve uniformity and equity, the specialty appraiser recommends posting them for the 2013 assessment year.

Analysis Process

Effective Date of Appraisal: January 1, 2013

Date of Appraisal Report: June 10, 2013

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 1/01/2011 to 12/31/2012 were considered in all analyses. The sole sale that occurred during this time period is dissimilar in the combination of section uses, including broadcasting, server farm, class A office and Belltown first floor retail, from the remainder of the population within the industrial specialty.

- 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
106	22	19	18	17	17	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 2013 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.

^[1]Edith 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) “2013 Annual Energy Outlook” concluded a modest rate of growth in real gross domestic product (GDP) from 2011 to 2015 will annually average from 2.2 to 2.9 percent per year (in 2005 dollars.) From 2011 to 2025, the 14 year estimated average annual growth rate ranges from 2.5 percent to 2.8 percent. Both the industrial sector as a whole and its manufacturing component are expected to grow positively but at a slower rate of 2 percent per year from 2011 to 2040.

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. The economic impact from these events continues as China showing signs of slackening growth (even though their industrial production has increased.) U.S. growth projections in part reflect those world events, as well as ramifications and consequences from possible governmental cuts due to the sequestration. Issues such as market reform, fiscal policies, and financial problems in Europe, among others, affect both short-run and long run-growth, adding to the uncertainty of projections.

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]

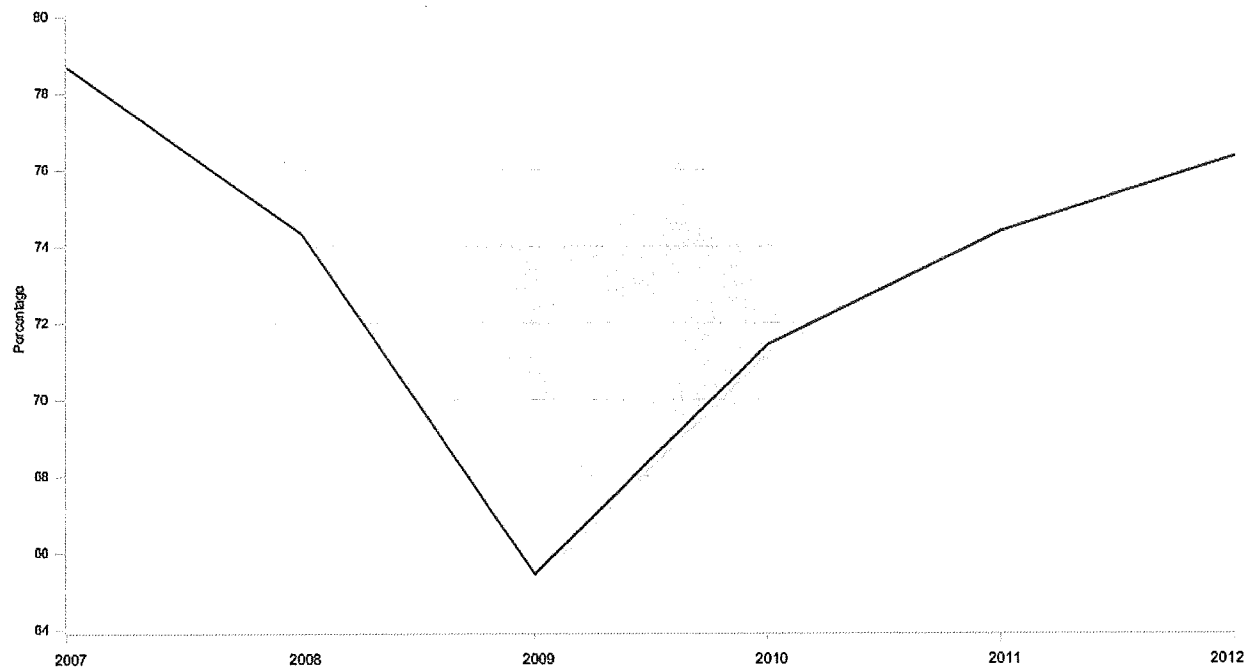
^[3]United States, Independent Statistics and Analysis U.S. Energy Information Administration, “Trends in Economic Activity,” Annual Energy Outlook, Report #DOE/EIA-0383, 25 June 2012, 5 July 2012, <http://www.eia.gov/forecasts/aeo/MT_economic.cfm>.

Industrial 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 of goods and services is an important component of projected growth in the transportation equipment, electronics, and machinery industries. From 2011 to 2040, real export of goods and services increase by an average of 5.5 percent per year, while real imports of goods and services grow by an average of 3.8 percent per year. As the recovery continues and increased oil and natural gas production from shale resources begins to affect U.S. competitiveness, growth in U.S. manufacturing output accelerates through 2022.^[4]

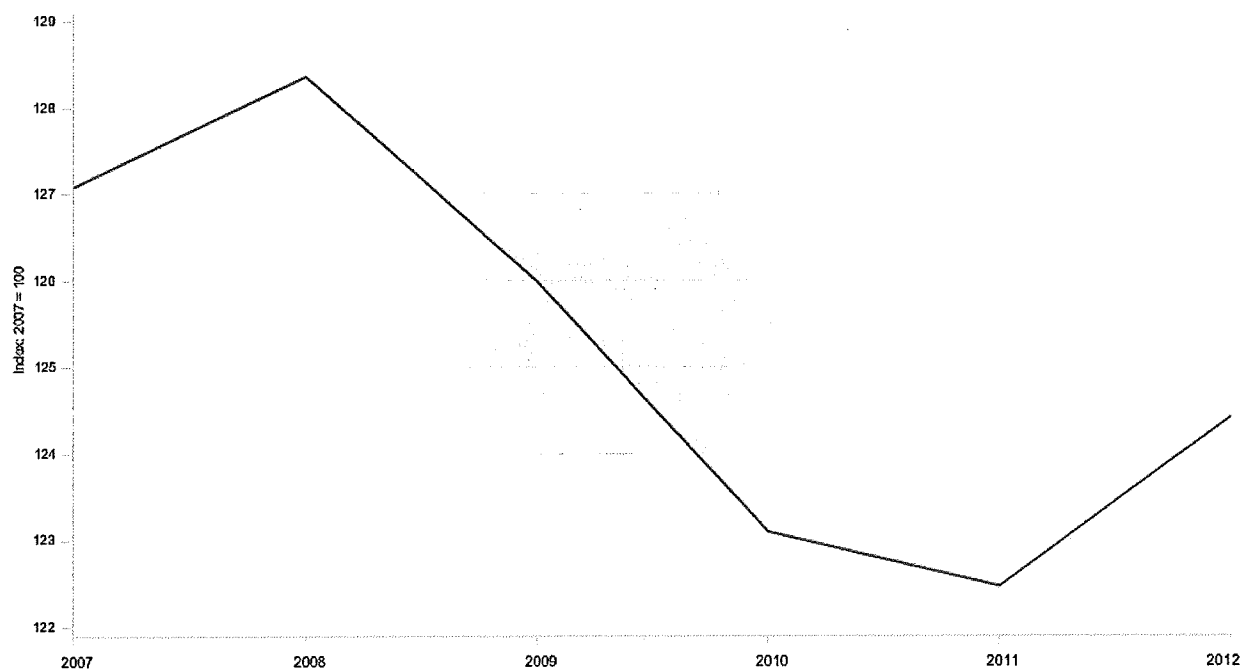
The optimistic outlook is based on the positive growth, albeit minimal in some cases, of the five major indicators, including labor, wholesale and retail sales, industrial production, gross domestic product, and personal income. Although some economists are still skeptical because of the U.S. financial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

^[4]United States, Independent Statistics and Analysis U.S. Energy Information Administration, "Trends in Economic Activity," Annual Energy Outlook, Report #DOE/EIA-0383, 15 April -2 May 2013, 12 June 2013, <http://www.eia.gov/forecasts/aeo/MT_economic.cfm>.

Industrial Production Capacity Utilization



Industrial Capacity ^[5]



Capacity Utilization ^[5]

^[5]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.”^[6]

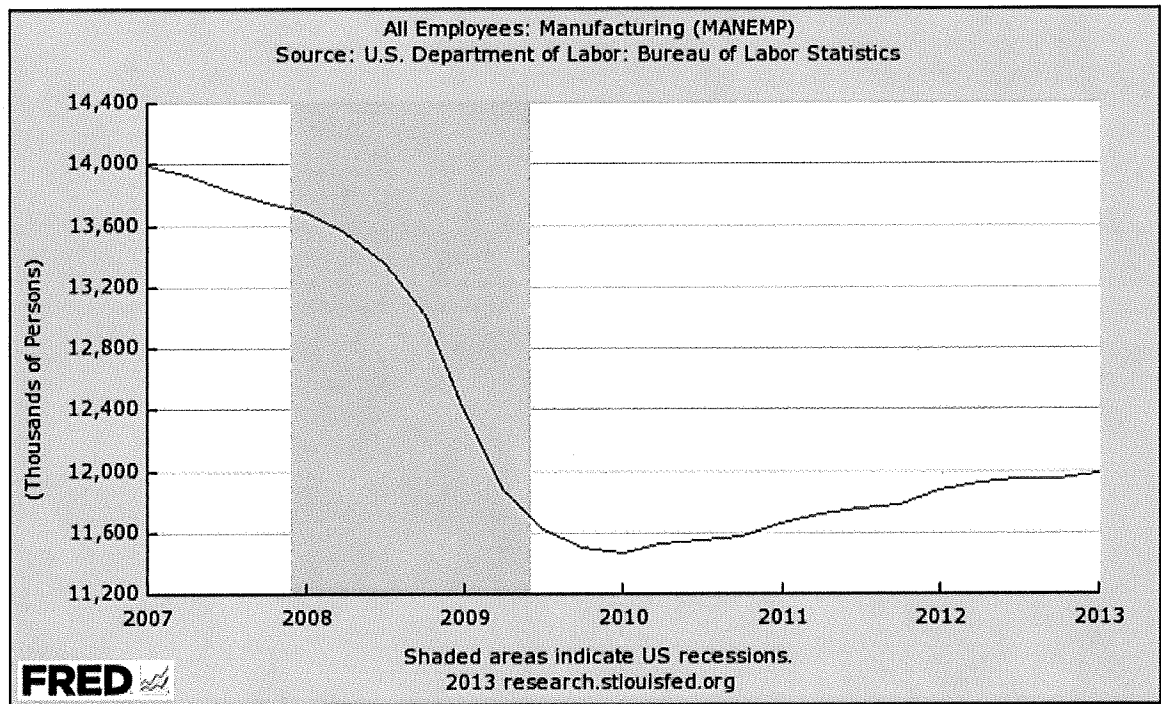
Total industrial production in December of 2012 was at 98.1 percent of the 2007 average, 2.4 percent above the level one year earlier. The capacity utilization rate for total industry increased to 77.8 percent in December 2012 which represents a 1.1 percent increase above the previous year.^[6] The rate of change in capacity from 2009 through 2012 for manufacturing production was 1.6 percent. Capacity is expected to expand into 2013.^[7]

^[6]United States, Board of Governors of the Federal Reserve System, “Industrial Production and Capacity Utilization-G17, Capacity Utilization Explanatory Notes,” U.S. Federal Reserve, 22 March 2013, 12 June 2013, <http://www.federalreserve.gov/releases/g17/cap_notes.htm>.

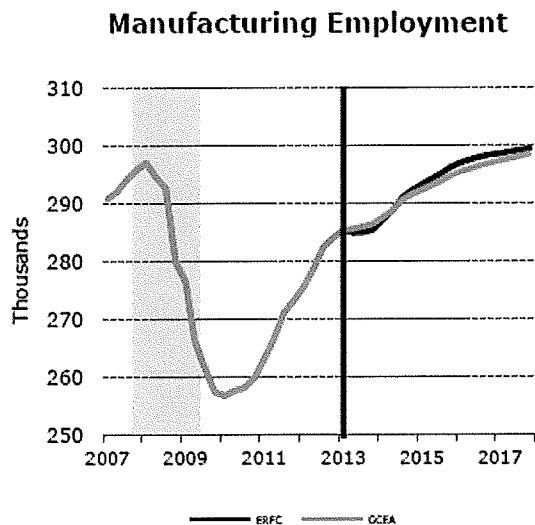
^[7]United States, Federal Reserve Statistical Release, “Industrial Production and Capacity Utilization-G17,” U.S. Federal Reserve, 22 March 2013, 12 June 2013, <http://www.federalreserve.gov/releases/g17/revisions/Current/Table_5_rev.htm>.

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

United States Total Manufacturing Employment^[8]



Washington State Total Manufacturing Employment^[9]



Source: ESD, ERFC, GCEA; data through 2013 Q1

^[8]Federal Bank St. Louis, "Economic Research," All Employees Manufacturing, January 2013, 12 June 2013, <<http://research.stlouisfed.org/fred2/graph/?id=MANEMP>>.


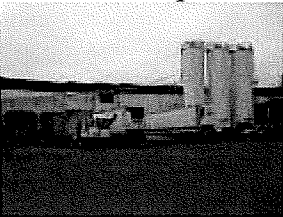



^[9] "Economic Review Meeting," Economic and Revenue Forecast Council, State of Washington, 6 June 2013.


According to the 2013 Washington Manufacturers Directory, the year-over-year employment growth in the Washington State manufacturing sector from January, 2012 to January, 2013, increased by 6,612 employees for an improvement of 2.2%. Manufacturing employment, excluding aerospace, increased 4.4% from April, 2012 to April, 2013, an increase of 2.4% over the previous year, per U.S. Bureau of Labor Statistics (Kalman filtered by the Washington State Economic Review Forecasting Council.) The Manufacturers Directory also reported Washington's largest manufacturing sectors (by number of manufacturing jobs) all posted gains. Transportation equipment ranks first in the state for industrial employment with 49,826 jobs, up 3% in 2012. Food products ranks second with 39,311 manufacturing jobs, up 1.5%, while fabricated metals accounts for 30,417 industrial jobs, up 3.3%. Washington State has continued to outperform the national recovery. The year over year percent change in manufacturing job growth from year end 2011 to year end 2012 was 10.3% (Kalman filtered by the Washington State Economic Review Forecasting Council.) In 2011, manufacturing jobs within the state account for 9.5% of Washington's workforce (U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics.)

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 (1 economic unit property) inspected:

PROPERTY NAME	PROPERTY DESCRIPTION	TAX PARCEL NUMBER
<p>Blue Origin</p> 	<p>Blue Origin is developing technologies to enable human access to space at dramatically lower cost and increased reliability.</p>	122204-9005
<p>Continental Mills</p> 	<p>Continental Mills makes a wide variety of quality products that are easy to make at home. Their northwest heritage began in 1932, with the women of a Seattle bridge club and a great idea they had for an easy-to-make pie crust. Since then, Krusteaz (a clever combination of "crust" and "ease") has come to stand for home-baked and convenient fresh-from-the-oven goodness. That spirit of innovation continued with the introduction in the 1940's of our Krusteaz "just add water" Pancake Mix, a unique concept at the time, and one of the products we're most known for today.</p> <p>The Company has since expanded to include a wide variety of baked goods within the Krusteaz line, as well as regional brands including Albers Cornmeal (started in 1895) and Snoqualmie Falls Lodge breakfast products (over 70 years.)</p>	125370-0420 125370-0430
<p>Davis Wire</p> 	<p>Davis Wire is a Kent based company which produces wire for a broad spectrum of products, including agricultural fencing and concrete reinforcement. The facility utilizes a Galfan coating technology on many of their products for greater corrosion resistant properties.</p>	012204-9076
<p>Hexcel</p> 	<p>Hexcel is an international company, with their Kent operation focused primarily on non-structural airplane components and production of helicopter spars. The 65 year old company has made technological advances in many areas including high performance fibers, conductive pre-pegs, and honeycomb core treatments.</p>	012204-9061

<p>K2</p> 	<p>K2 was founded 50 years ago on Vashon Island. The company pioneered ski technology by the invention of the modern fiberglass snow ski. In 2001, K2 moved production from their Vashon Island facility to China. In 2006, the headquarters moved to Seattle. The original Vashon headquarters and manufacturing facility is currently vacant and for sale.</p>	<p>062203-9100</p>
<p>Ralcorp</p> 	<p>Ralcorp is a leading producer of private brand foods sold under individual labels of various retailers and restaurants. This Kent location is one of 13 locations nationally that produces frozen food products. Ralcorp was acquired by ConAgra Foods in January, 2013.</p>	<p>788880-0050</p>
<p>Red Dot</p> 	<p>Red Dot is an international company headquartered in Seattle. In the late 1950s, the company began as a sideline business making heaters at his automotive radiator repair shop in West Seattle. As their reputation grew, cooling and heating trucks became the principle line of work. Red Dot incorporated in 1965 with a plan to develop heating and air conditioning products specifically for heavy-duty vehicles and off-highway equipment. The company is now vertically integrated and has become a global supplier of integrated systems, modules, unit kits, and components to original equipment manufacturers and the heavy-duty aftermarket.</p>	<p>262304-9094</p>
<p>Seattle Tacoma Box</p> 	<p>Seattle-Tacoma Box is a family owned and operated company specializing in packaging since 1889, with the corporate headquarters located in Kent. Manufacturing facilities and distribution centers are located in Washington, California, Alaska, Hawaii, with an additional cut stock operation in Tauranga, New Zealand. Production of agricultural boxes and crates and boxspring frames for the bedding industry are two of the products the company manufactures.</p>	<p>132204-9193</p>
<p>Shasta</p> 	<p>In 1889 at the base of Mt. Shasta, the Shasta Mineral Springs Company was formed to bottle and sell carbonated water throughout the pacific west coast. Shasta later developed flavored soft drinks.</p>	<p>352304-9072</p>

<p>Sheets</p> 	<p>Founded in 1985, Sheets Unlimited is a custom corrugator for sheet plants.</p>	<p>125380-0110</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.

The sole sale occurring between January 1, 2010 and December 31, 2013 was on December 15, 2011. Fisher Plaza East and West sold for \$159,400,000. The improvements have a unique combination of section uses, including Class A office, broadcasting, server farm, and first floor retail. The property characteristics, along with the in-city Seattle location, results in a property which is not readily comparable to the population of industrial properties as a whole within King county.

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) 2013 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 2012 assessment year within the industrial specialty was \$1,118,141,000. The total recommended assessed value for the 2013 assessment year is \$1,141,103,200. 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 2013 assessment year (taxes payable in 2014) results in an average total change from the 2013 assessments of 2.05%.

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.*
-

INDUSTRIAL PROPERTIES

	A	B	C
1	Major	Minor	PropName
2	000160	0023	JORGENSEN FORGE
3	012204	9061	HEXCEL
4	012204	9076	DAVIS WIRE
5	022340	0050	Fatigue Technology
6	062203	9100	K-2 SPORTS VACANT BLDG
7	065600	0005	KIRO RADIO & TELEVISION
8	082305	9170	PACCAR (ASSOCIATED PARKING)
9	082305	9171	STONEWAY CONCRETE
10	082305	9197	PACCAR PARTS
11	082305	9218	STONEWAY CONCRETE
12	109910	0100	SAFEWAY DISTRIBUTION CENTER
13	122204	9005	BLUE ORIGIN
14	125370	0170	PLIANT CORP.
15	125370	0420	KRUSTEAZ CONTINENTAL MILLS INC
16	125370	0430	KRUSTEAZ CONTINENTAL MILLS INC
17	125372	0020	STARBUCKS ROASTING PLANT
18	125380	0110	SHEETS & GRAPHIC SHEETS UNLIMITED
19	132104	9088	UNITED STATES GYPSUM COMPANY
20	132204	9183	REXAM BEVERAGE CAN AMERICAS
21	132204	9193	SEATTLE TACOMA BOX CO
22	152605	9019	COLUMBIA WINERY
23	152605	9042	REDHOOK BREWERY
24	152605	9121	REDHOOK VACANT LAND
25	152605	9122	REDHOOK WAREHOUSE
26	172280	1620	CAPITAL INDUSTRIES
27	172280	2255	CAPITAL INDUSTRIES
28	172280	2315	SAINT GOBAIN CONTAINERS. INC.
29	192404	9003	LAFARGE
30	192404	9028	DUWAMISH SHIPYARDS
31	192404	9029	GLACIER NORTHWEST
32	192404	9075	GLACIER NORTHWEST
33	192404	9091	LONGVIEW FIBRE CO
34	192404	9092	CERTAINTED
35	192404	9098	CHEMITHON
36	192504	9022	KCPO
37	198820	0705	KCTS 9
38	199120	0150	FISHER PLAZA - EAST BUILDING
39	199120	0170	FISHER PLAZA - WEST BUILDING
40	199120	0870	KING BROADCASTING
41	213620	0380	TRIM SYSTEMS
42	213620	0706	SEATTLE IRON & METALS
43	222605	9032	STE MICHELLE WINERY
44	222605	9046	STE MICHELLE WINERY
45	222605	9047	STE MICHELLE WINERY
46	222605	9076	STE MICHELLE WINERY
47	222605	9081	STE MICHELLE WINERY
48	222605	9086	STE MICHELLE CARETAKER SFR
49	222605	9092	STE MICHELLE WINERY
50	222605	9096	STE MICHELLE WINERY
51	242304	9008	GRAPHIC PACKAGING
52	244510	0110	NUCOR STEEL
53	252304	9046	NC MACHINERY

INDUSTRIAL PROPERTIES

	A	B	C
54	262304	9094	RED DOT CORPORATION
55	272405	9006	NEWCASTLE BRICK PLANT
56	276830	0895	BARDAHL MFG
57	282406	9022	DARIGOLD - ISSAQUAH PLANT
58	282505	9007	SAFEWAY BAKERY
59	282505	9048	COCA COLA BOTTLING CO
60	282505	9204	SAFEWAY BEVERAGE PLANT
61	292404	9089	SEATTLE IRON & METALS
62	302105	9006	UTILITY VAULT CO
63	331950	1070	GA'S BAKERY
64	331950	1940	GA'S BAKERY
65	352204	9001	SMITH BROS FARM
66	352304	9072	SHASTA BEVERAGES
67	357320	0520	ALASKAN COPPER & BRASS/YELLOW CAB
68	362304	9069	AMERICAN STEEL INC
69	383090	0160	MIKRON
70	562420	0005	DELTA MARINE INDUSTRIES
71	562420	0006	DELTA MARINE INDUSTRIES
72	562420	0021	DELTA MARINE INDUSTRIES
73	631440	0020	CENTRAL PRE-MIX INC
74	697920	0150	SEATTLE TIMES PRINTING PLANT
75	722300	0010	PACCAR
76	732790	4100	LUKAS MACHINE INC
77	732790	4135	LUKAS MACHINE INC
78	732790	4190	LUKAS MACHINE INC
79	732790	4230	THE GEAR WORKS
80	766620	4210	GAIS BAKERY
81	766620	7445	YOUNG CORP
82	766670	0350	ASH GROVE CEMENT
83	766670	0395	ASH GROVE CEMENT
84	766670	1680	BP TANK FARM
85	766670	1710	KINDERMORGAN TANK FARM
86	766670	2155	YOUNG CORP / MELTEC
87	766670	2650	EQUIVA TANK FARM
88	766670	2850	VIGOR SHIPYARDS
89	766670	2851	VIGOR SHIPYARDS
90	766670	2852	VIGOR SHIPYARDS
91	766670	2900	BP TANK FARM
92	766670	2901	BP- DNR
93	766670	3015	FORMER PENDLETON MILLS
94	766670	3016	FORMER PENDLETON MILLS
95	766670	3020	FORMER PENDLETON MILLS
96	766670	3025	FORMER PENDLETON MILLS
97	766670	3030	FORMER PENDLETON MILLS
98	766670	3035	FORMER PENDLETON MILLS
99	766670	3040	FORMER PENDLETON MILLS
100	766670	3050	FORMER PENDLETON MILLS
101	767180	0249	FUEL TERMINAL
102	767180	0251	EQUILON TANK FARM
103	788880	0050	RALCORP FROZEN BAKERY PRODUCTS
104	795030	1240	DARIGOLD-RAINIER PLANT
105	912200	1075	PEPSI BOTTLING GROUP
106	926500	0260	WALL STREET JOURNAL

Commercial Specialty 540
Industrial

