

Industrial Specialty

Specialty Area 540

Commercial Revalue for 2020 Assessment Roll



King County

Department of Assessments

Setting values, serving the community, and pursuing excellence

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John Wilson
Assessor

Dear Property Owners,

Our field appraisers work hard throughout the year to visit properties in neighborhoods across King County. As a result, new commercial and residential valuation notices are mailed as values are completed. We value your property at its “true and fair value” reflecting its highest and best use as prescribed by state law (RCW 84.40.030; WAC 458-07-030).

We continue to work to implement your feedback and ensure we provide you accurate and timely information. We have made significant improvements to our website and online tools to make interacting with us easier. The following report summarizes the results of the assessments for your area along with a map. Additionally, I have provided a brief tutorial of our property assessment process. It is meant to provide you with background information about our process and the basis for the assessments in your area.

Fairness, accuracy and transparency set the foundation for effective and accountable government. I am pleased to continue to incorporate your input as we make ongoing improvements to serve you. Our goal is to ensure every taxpayer is treated fairly and equitably.

Our office is here to serve you. Please don't hesitate to contact us if you ever have any questions, comments or concerns about the property assessment process and how it relates to your property.

In Service,

John Wilson
King County Assessor



How Property Is Valued

King County along with Washington's 38 other counties use mass appraisal techniques to value all real property each year for property assessment purposes.

What Are Mass Appraisal Techniques?

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

Are Properties Inspected?

All property in King County is physically inspected at least once during each six year cycle. Each year our appraisers inspect a different geographic neighborhood. An inspection is frequently an external observation of the property to confirm whether the property has changed by adding new improvements or shows signs of deterioration more than normal for the property's age. From the property inspections we update our property assessment records for each property. In cases where an appraiser has a question, they will approach the occupant to make contact with the property owner or leave a card requesting the taxpayer contact them.

RCW 84.40.025 - Access to property

For the purpose of assessment and valuation of all taxable property in each county, any real or personal property in each county shall be subject to visitation, investigation, examination, discovery, and listing at any reasonable time by the county assessor of the county or by any employee thereof designated for this purpose by the assessor.

In any case of refusal to such access, the assessor shall request assistance from the department of revenue which may invoke the power granted by chapter [84.08](#) RCW.

How Are Commercial Properties Valued?

The Assessor collects a large amount of data regarding commercial properties: cost of construction, sales of property, and prevailing levels of rent, operating expenses, and capitalization rates. Statistical analysis is conducted to establish relationships between factors that might influence the value of commercial property. Lastly valuation models are built and applied to the individual properties. For income producing properties, the following steps are employed to calculate an income approach:

1. Estimate potential gross income
2. Deduct for vacancy and credit loss
3. Add miscellaneous income to get the effective gross income
4. Determine typical operating expenses
5. Deduct operating expenses from the effective gross income
6. Select the proper capitalization rate
7. Capitalize the net operating income into an estimated property value

How is Assessment Uniformity Achieved?

The Assessor achieves uniformity of assessments through standardization of rate tables for incomes, operating expenses, vacancy and credit loss collections and capitalization rates which are uniformly applied to similarly situated commercial properties. Rate tables are generated annually that identify specific rates based on location, age, property type, improvement class, and quality grade. Rate tables are annually calibrated and updated based on surveys and collection of data from local real estate brokers, professional trade publications, and regional financial data sources. With up-to-date market rates we are able to uniformly apply the results back to properties based on their unique set of attributes.

Where there is a sufficient number of sales, assessment staff may generate a ratio study to measure uniformity mathematically through the use of a coefficient of dispersion (aka COD). A COD is developed to measure the uniformity of predicted property assessments. We have adopted the Property Assessment Standards prescribed by the International Association of Assessing Officers (aka IAAO) that may be reviewed at www.IAAO.org. The following are target CODs we employ based on standards set by IAAO:

Type of Commercial Property	Subtype	COD Range
Income Producing	Larger areas represented by large samples	5.0 to 15.0
Income Producing	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant Land		5.0 to 25.0
Other real and personal property		Varies with local conditions

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

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

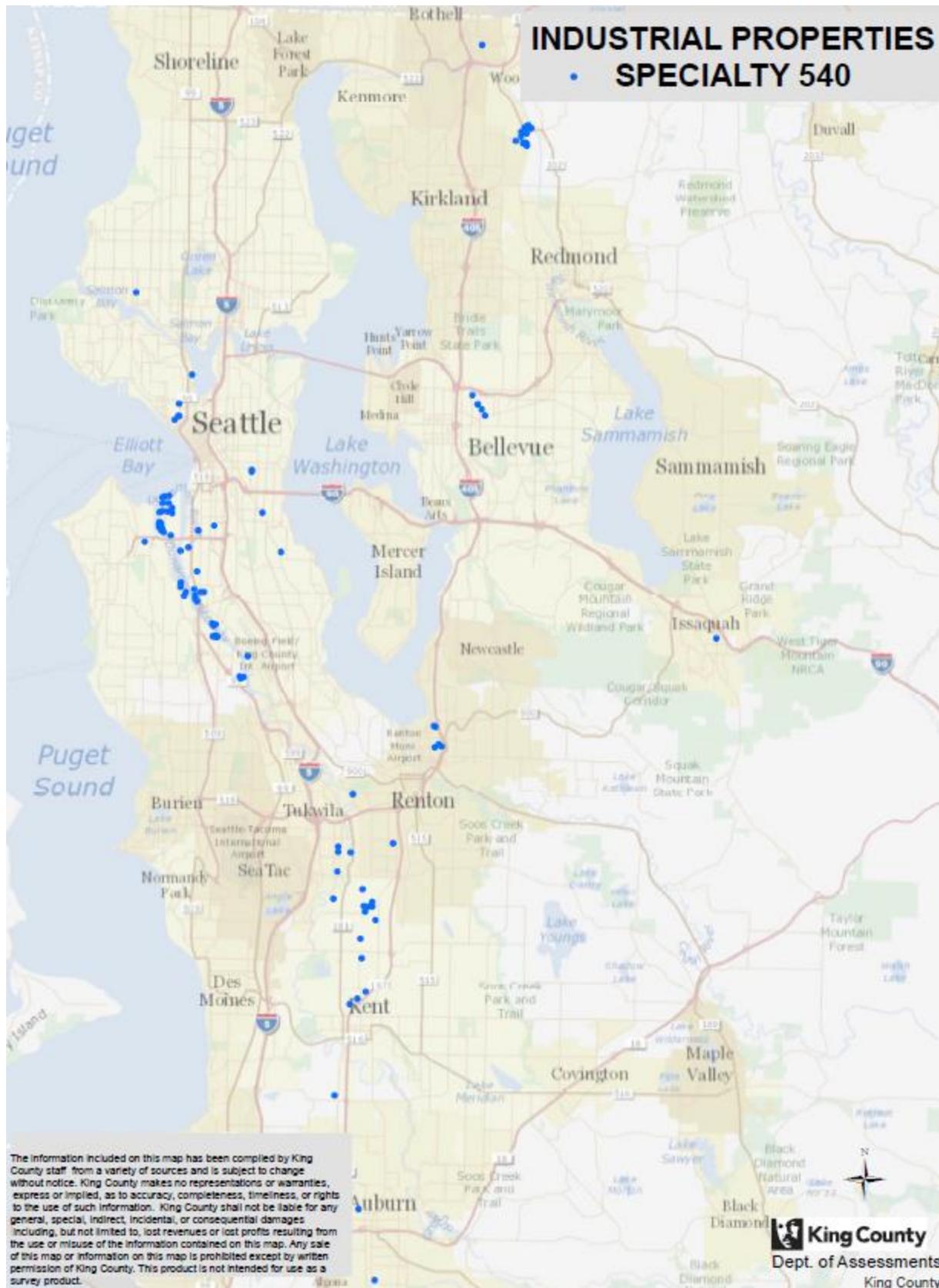
Requirements of State Law

Within Washington State, property is required to be revalued each year to market value based on its highest and best use. (RCW 84.41.030; 84.40.030; and WAC 458-07-030). Washington Courts have interpreted fair market value as the amount of money a buyer, willing but not obligated to buy, would pay to a seller willing but not obligated to sell. Highest and Best Use is simply viewed as the most profitable use that a property can be legally used for. In cases where a property is underutilized by a property owner, it still must be valued at its highest and best use.

Appraisal Area Reports

The following area report summarizes the property assessment activities and results for a general market area. The area report is meant to comply with state law for appraisal documentation purposes as well as provide the public with insight into the mass appraisal process.

INDUSTRIAL PROPERTIES SPECIALTY 540



The information included on this map has been compiled by King County staff from a variety of sources and is subject to change without notice. King County makes no representations or warranties, express or implied, as to accuracy, completeness, timeliness, or rights to the use of such information. King County shall not be liable for any general, special, indirect, incidental, or consequential damages including, but not limited to, lost revenues or lost profits resulting from the use or misuse of the information contained on this map. Any sale of this map or information on this map is prohibited except by written permission of King County. This product is not intended for use as a survey product.

King County
Dept. of Assessments
King County

Executive Summary Report

Appraisal Date 1/1/2020 - 2020 Assessment Roll – 2021 Tax Roll Year

Specialty Name: Industrial, Specialty Area 540

Improved Sales Summary:

Number of Sales: 3 (Improvement Sales considered Good)

Range of Sale Dates: 1/1/2017 – 12/31/2019

All improved sales, which were verified as good that did not have characteristic changes between the date of sale and the date of appraisal were included in the analysis. Examples of sales that might not be included in the analysis are sales that are leased back to the seller; sold as a portion of a bulk portfolio sale; net lease sales; sales that have had major renovations after the sale, or have been segregated or merged since being purchased.

The properties that comprise the industrial specialty are primarily designed for single purpose use or limited purpose use. In the absence of improved sales transactions demonstrating relevance to the overall population of industrial parcels, a ratio study analysis is not included in this report. Additionally, the small sample size of the improved sales transactions within the industrial specialty would preclude any meaningful statistical analysis.

Total Population – Average Improved Parcel Summary Data:

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2019 Value	\$955,562,300	\$761,782,700	\$1,717,345,000
2020 Value	\$1,128,009,900	\$786,428,100	\$1,914,438,000
% Change	18.05%	3.24%	11.48%

Population: 110 parcels

Conclusion and Recommendation:

The values recommended in this report improve uniformity and equity, the specialty appraiser recommends posting them for the 2020 assessment year.

Identification of the Specialty Area

Name or Designation: Specialty Area 540 - Industrial Properties

Area Boundaries:

The properties are located throughout King County. In order to better keep track of the six year inspection requirement, these major industrial parcels have now been broken down into neighborhoods. The majority of the properties are centrally located within the Duwamish Manufacturing Industrial Center – often referred to as SODO.

Maps:

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

Population:

The industrial specialty has a population of one hundred ten tax parcels.

For the 2020 revalue year, four parcels, presently improved and used as broadcasting facilities, are included in this specialty category. Although these properties were not built for manufacturing nor intended for use as such, they are included in the industrial specialty for revalue due to the special purpose nature of their facilities.

Specialty Description for 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.

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

Area Overview

Industries are affected by a multitude of factors, both external (affecting a particular industry) and internal (affecting the specific property under appraisal). Value influencing factors unique to industrial appraisal include labor markets, rail and shipping connections, availability & cost of raw materials.

The industrial specialty is comprised of a diverse group of manufacturers located throughout King County. Many of the industries are the only ones of their type within this county, Washington State, or the Pacific Northwest Region. The products include perishable locally distributed goods, products that remain exclusive to local markets based on lack of cost effective shipping, and products that compete in the national and international marketplaces.

The 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 become a larger share of the gross domestic product.

Manufacturing plays a major role in the U.S. economy as the fourth largest employer. The jobs generated by manufacturers are a critical component to the local economy since most provide a living wage and career opportunities. In fact, within Seattle alone there are 106,000 jobs devoted to manufacturing. If all of these workers were gathered in one place, they would constitute the sixth largest city in the State of Washington.

Manufacturing has been a consistent if diminishing part of the Puget Sound Economy. Many legacy industries are a holdover from pioneer days when resource extraction was a major basis for the economy. Recent years have seen an inexorable drive towards greater efficiencies and higher profits. There has been a search to reduce costs of labor, raw materials, transportation, and land. This has led to many jobs moving overseas. K-2 skis, once produced on Vashon Island, are now made in China. Since Southern Pine grows faster than Douglas Fir, Weyerhaeuser no longer has lumber mills in King County. Lower shipping rates on 100 plus car trains made the Fisher Four Mill on Harbor Island, with its limited staging area obsolete. Competition for developable land has caused the closure of scattered industrial sites such as Vitamilk at Green Lake, Carnation at University Village, Wonder Bread on Jackson Street, and Furon in Columbia City. Although Euclidian (single use) zoning was widely adopted in the 1920s to protect residential development, it now shelters industrial neighborhoods from mixed use encroachment. Interestingly, the two major industrial zones in Seattle, the Sodo area, and the Ship Canal, have largely retained their status through the advocacy of the Manufacturing Industrial Council, and the North Seattle Industrial Association, respectively. It remains to be seen if the trend away from brick and mortar retail toward logistic type warehouses pushes the remaining heavy industries into less urbanized areas. Some facilities such as the Darigold milk plant on Rainier Avenue remain in place only because of their investment in hard to move machinery and equipment. One bright spot in the heavy industrial realm is the increasing footprint of Jeff Bezo's space company, Blue Origin in the Kent Valley.

Analysis Process

Effective Date of Appraisal: January 1, 2020

Date of Appraisal Report: April 30, 2020

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 industrial. 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, in some cases, 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.

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 1/1/2017 to 12/31/2019 (at minimum) were considered in all analyses.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standards 5 and 6.

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.

Physical Inspection Area

The physical inspections for Industrial properties for this revalue year include the parcels listed below. As a result of the physical inspection, a few of the parcels have been removed from the Industrial Specialty as they have undergone a change of use and no longer fit within the parameters of manufacturing.

MAJOR MINOR NAME

192404 9003	LAFARGE
192404 9028	ALASKA MARINE LINES
192404 9029	GLACIER NORTHWEST
192404 9098	CHEMITHON
244510 0110	NUCOR STEEL
562420 0005	DELTA MARINE INDUSTRIES
562420 0006	DELTA MARINE
562420 0021	DELTA MARINE INDUSTRIES
732790 4230	THE GEAR WORKS
766670 1680	BP TANK FARM
766670 1710	KINDER MORGAN TANK FARM
766670 2155	YOUNG CORP / MELTEC
766670 2650	EQUIVA TANK FARM
766670 2850	VIGOR SHIPYARDS
766670 2851	VIGOR SHIPYARDS-LAND MOSTLY UNDERWATER
766670 2852	VIGOR SHIPYARDS-LAND MOSTLY UNDERWATER
766670 2900	BP TANK FARM
766670 2901	VACANT
766670 3015	PENDLETON FLOUR MILLS
766670 3016	KING COUNTY LEASE
766670 3020	PENDLETON MILLS
766670 3025	KING COUNTY LEASE
766670 3030	KING COUNTY LEASE
766670 3035	KING COUNTY LEASE
766670 3040	PENDLETON MILLS
766670 3050	PENDLETON MILLS PARKING
767180 0249	FUEL TERMINAL LEASE PP #17264680
767180 0251	EQUILON TANK FARM

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 occur 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 appraisal reports.

Improved Parcel Total Values

Sales comparison approach model description:

The sales comparison approach is seldom utilized due to both insufficient sales and the individual nature of the improvements. In general, use of the sales comparison approach is problematic from a reliability standpoint due to the diversity of the distinct industrial classifications. 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.

A summary of verified good sales from the past three years resides below, as well as notes on the major ownership changes:

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.
540	010	383000	0015	91,736	3027318	\$17,000,000	12/24/19	\$185.31	PCC AEROSTRUCTURES	M3	1
540	020	766670	2900	34,472	2898899	\$14,976,000	11/01/17	\$434.44	BP TANK FARM	IG1 U/85	2
540	040	065600	0005	74,003	3027622	\$36,400,000	12/17/19	\$491.87	KIRO RADIO & TELEVISION	DMC-95	1

PCC Aerostructures, Tax Parcel 383000-0015

This was a purchase by Blue Origin, the space venture of Jeff Bezos. Our analysis comes from a sales verification letter. Although it was a cash sale, this was an arm's length transaction. The property had been publicly marketed. Previously owner occupied, the property was vacant at time of sale. This is not a distribution warehouse; it is a heavy manufacturing building. Their floors supported very heavy machinery and are therefore super reinforced.

BP Tank Farm, Tax Parcels 766670-2900, 766670-1680

This was a sale from BP West Coast Products to Seaport Midstream Holdings an arm of ArLight Capital Partners of Boston, a private equity firm specializing in energy infrastructure. It was basically a financial transaction based upon an agreed to rent. There is no efficient marketplace for tank farms; each transaction is unique in its circumstances.

Broadcast House, Tax Parcel 383000-0015

Cox Enterprises of Atlanta, Georgia, the current parent company of KIRO Radio and Television, sold a number of stations to Apollo Global Management, an entity in which they retain an interest, at the end of 2019. Although not entirely an arm's length transaction, it is believed to be at market value; it approximates our own appraisal, as well as fitting into the range between the facilities of KCPQ and of KOMO which sold in previous years.

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) January 1, 2020 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, which in some instances could be inherently difficult to quantify under the constructs of the methodology.

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. 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 2019 assessment year within the industrial specialty was \$1,717,345,000. The total recommended assessed value for the 2020 assessment year is \$1,914,438,000. 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. In other instances, a previous obsolescence reduction may have been foregone in the absence of taxpayer supplied data. Application of the recommended values for the 2020 assessment year (taxes payable in 2021) results in an average total change from the 2019 assessment of 11.48%.

	2019 Value	2020 Value	Increase	% Change
Total Value	\$1,717,345,000	\$1,914,438,000	\$197,093,000	11.48%

Uniform Standards of Professional Appraisal Practice Compliance

Client and Intended Use of the Appraisal:

This mass appraisal report is intended for use by the public, King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others for other purposes is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a mass appraisal report as stated in USPAP 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. (Samish Gun Club v. Skagit County, 118 Wash. 578 (1922))

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

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

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

Date of Value Estimate

RCW 84.36.005

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

RCW 36.21.080

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

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

Property Rights Appraised: Fee Simple

Wash Constitution Article 7 § 1 Taxation:

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

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

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

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

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

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

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

Assumptions and Limiting Conditions:

1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.
4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.
5. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.

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

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 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.*

- *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.*



Robert M. Rosenberger, Deputy Assessor

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
540	010	383000	0015	91,736	3027318	\$17,000,000	12/24/19	\$185.31	PCC AEROSTRUCTURES	M3	1	Y	
540	020	766670	2900	34,472	2898899	\$14,976,000	11/01/17	\$434.44	BP TANK FARM	IG1 U/85	2	Y	
540	040	065600	0005	74,003	3027622	\$36,400,000	12/17/19	\$491.87	KIRO RADIO & TELEVISION	DMC-95	1	Y	

Improvement Sales for Area 540 with Sales not Used

08/12/2020

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
540	010	282505	9048	211,995	2853999	\$31,435,696	02/24/17	\$148.29	COCA-COLA BOTTLING CO	BR-OR	1	1	Personal property included
540	020	766670	2650	20,198	2907291	\$16,029,200	12/01/17	\$793.60	EQUIVA TANK FARM	IG1 U/85	3	11	Corporate affiliates
540	050	152605	9042	95,651	2910801	\$11,000,000	01/12/18	\$115.00	REDHOOK BREWERY	I	1	36	Plottage
540	050	152605	9122	41,450	2910803	\$10,000,000	01/12/18	\$241.25	REDHOOK WAREHOUSE	I	1	36	Plottage
540	050	152605	9122	41,450	2938777	\$2,836,658	06/27/18	\$68.44	REDHOOK WAREHOUSE	I	1	22	Partial interest (1/3, 1/2, etc.)



King County

Department of Assessments

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John Wilson

Assessor

As we start preparations for the 2020 property assessments, it is helpful to remember that the mission and work of the Assessor's Office sets the foundation for efficient and effective government and is vital to ensure adequate funding for services in our communities. Maintaining the public's confidence in our property tax system requires that we build on a track record of fairness, equity, and uniformity in property assessments. Though we face ongoing economic challenges, I challenge each of us to seek out strategies for continuous improvement in our business processes.

Please follow these standards as you perform your tasks.

- Use all appropriate mass appraisal techniques as stated in Washington State Laws, Washington State Administrative Codes, Uniform Standards of Professional Appraisal Practice (USPAP), and accepted International Association of Assessing Officers (IAAO) standards and practices.
- Work with your supervisor on the development of the annual valuation plan and develop the scope of work for your portion of appraisal work assigned, including physical inspections and statistical updates of properties;
- Where applicable, validate correctness of physical characteristics and sales of all vacant and improved properties.
- Appraise land as if vacant and available for development to its highest and best use. The improvements are to be valued at their contribution to the total in compliance with applicable laws, codes and DOR guidelines. The Jurisdictional Exception is applied in cases where Federal, State or local laws or regulations preclude compliance with USPAP;
- Develop and validate valuation models as delineated by IAAO standards: Standard on Mass Appraisal of Real Property and Standard on Ratio Studies. Apply models uniformly to sold and unsold properties, so that ratio statistics can be accurately inferred to the entire population.
- Time adjust sales to January 1, 2020 in conformance with generally accepted appraisal practices.
- Prepare written reports in compliance with USPAP Standards 5 and 6 for Mass Appraisals. The intended users of your appraisals and the written reports include the public, Assessor, the Boards of Equalization and Tax Appeals, and potentially other governmental jurisdictions. The intended use of the appraisals and the written reports is the administration of ad valorem property taxation.

Thank you for your continued hard work on behalf of our office and the taxpayers of King County. Your dedication to accurate and fair assessments is why our office is one of the best in the nation.

John Wilson

Specialty Area 540

2020 Assessment Year



Department of Assessments