

Temporary Lodging Properties

Area 160

Commercial Revalue for 2023 Assessment Roll



Edgewater Hotel, Seattle



King County

Department of Assessments

Setting values, serving the community, and pursuing excellence

KSC – AS - 0708

201 South Jackson Street, Suite 708

Seattle, WA 98104-2384

OFFICE (206) 296-7300 FAX (206) 296-6631

Email: mary.guballa@kingcounty.gov

<http://www.kingcounty.gov/assessor/>



King County

Department of Assessments

King Street Center
201 S. Jackson Street, KSC-AS-0708
Seattle, WA 98104

OFFICE: (206) 296-7300 FAX (206) 296-0595

Email: assessor.info@kingcounty.gov

<http://www.kingcounty.gov/assessor/>

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

Specialty Area 160
2023 Assessment Year

 **King County**
Department of Assessments

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 727,000 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 Property - General	Type of Property - Specific	COD Range
Single-family Residential (including residential condominiums)	Newer or more homogeneous areas	5.0 to 10.0
Single-family Residential	Older or more heterogeneous areas	5.0 to 15.0
Other residential	Rural, seasonal, recreational, manufactured housing, 2-4-unit housing	5.0 to 20.0
Income-Producing Properties	Larger areas represented by samples	5.0 to 15.0
Income-Producing Properties	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.

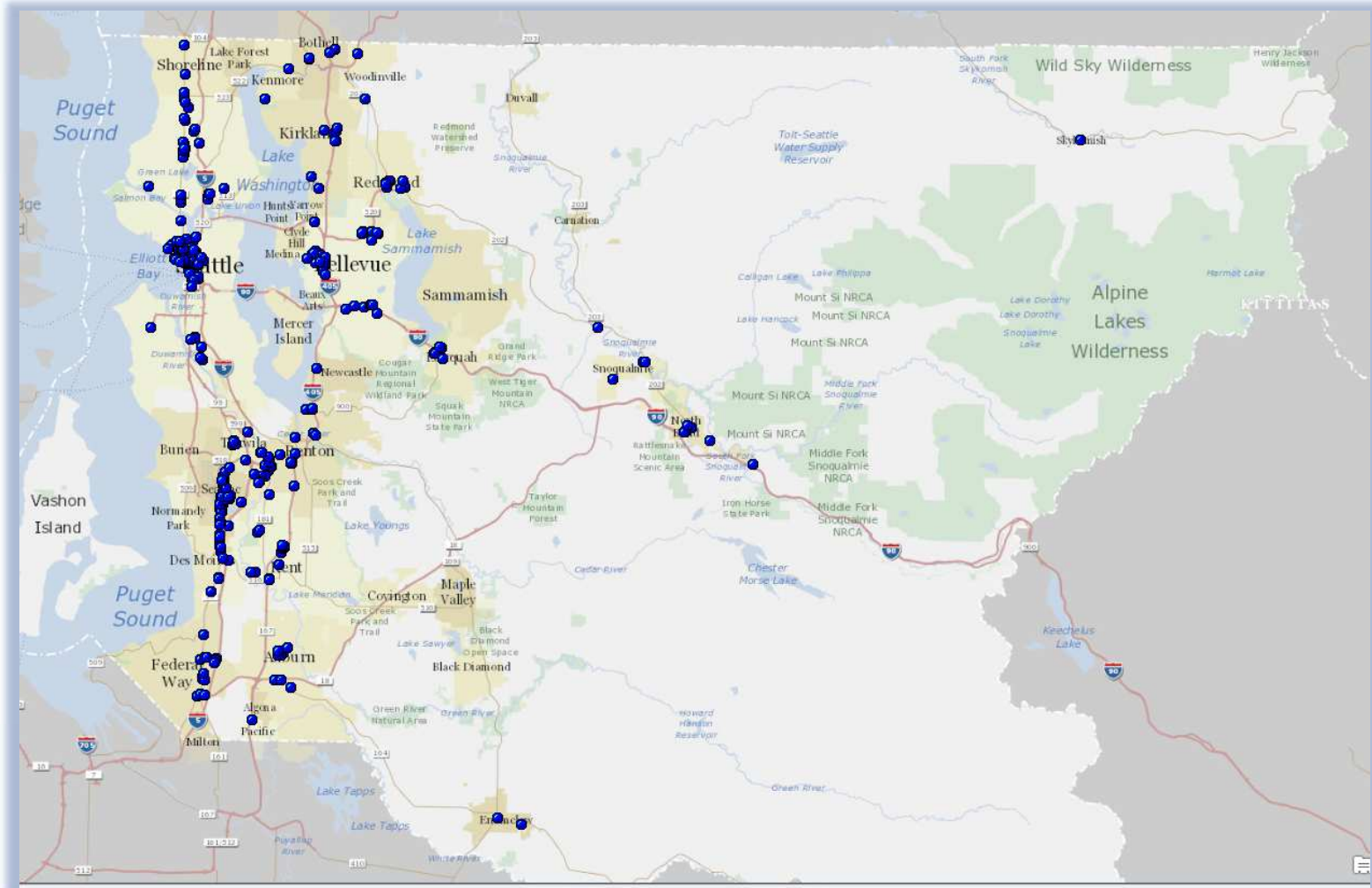
Requirements of State Law

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.

2023 Revalue - Hotel and Motels in King County



Specialty Area 160
2023 Assessment Year

Specialty Area 160 Hotels Annual Update Ratio Study Report

PRE-REVALUE RATIO ANALYSIS

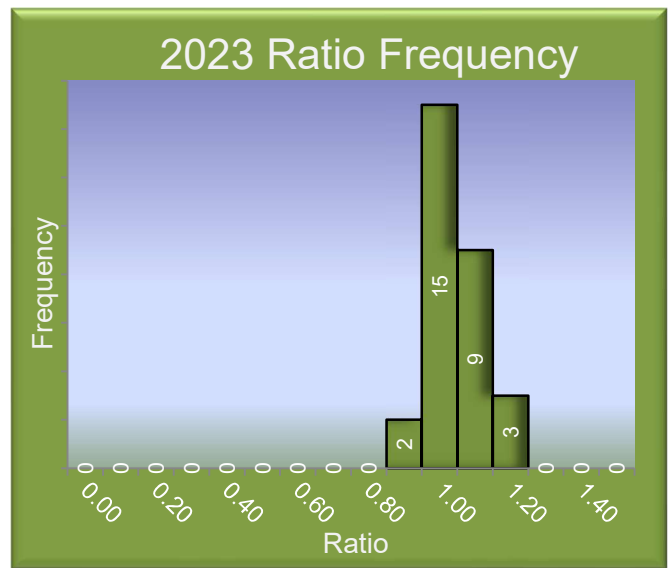
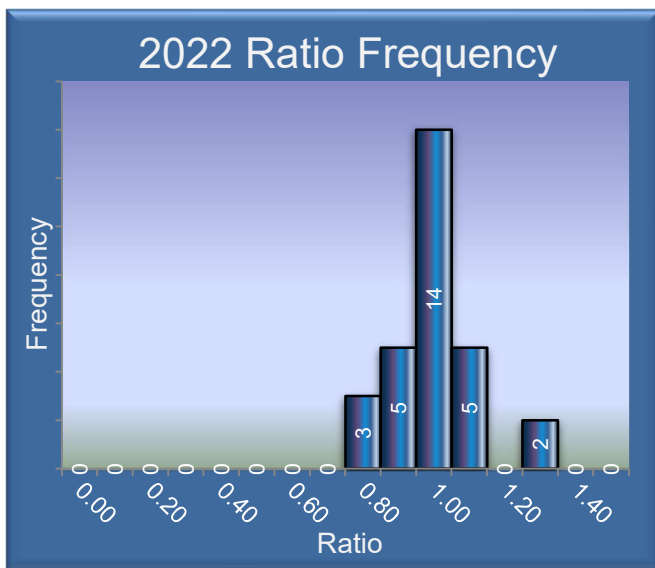
Pre-revalue ratio analysis compares sales from 2020 through 2022 in relation to the previous assessed value as of 1/1/2022.

PRE-REVALUE RATIO SAMPLE STATISTICS	
<i>Sample size (n)</i>	29
<i>Mean Assessed Value</i>	20,630,000
<i>Mean Adj. Sales Price</i>	21,328,800
<i>Standard Deviation AV</i>	25,158,058
<i>Standard Deviation SP</i>	25,215,190
ASSESSMENT LEVEL	
<i>Arithmetic Mean Ratio</i>	0.951
<i>Median Ratio</i>	0.938
<i>Weighted Mean Ratio</i>	0.967
UNIFORMITY	
<i>Lowest ratio</i>	0.7786
<i>Highest ratio:</i>	1.2833
<i>Coefficient of Dispersion</i>	9.04%
<i>Standard Deviation</i>	0.1174
<i>Coefficient of Variation</i>	12.33%
<i>Price Related Differential (PRD)</i>	0.98

POST-REVALUE RATIO ANALYSIS

Post-revalue ratio analysis compares sales from 2020 through 2022 and reflects the assessment level after the property has been revalued to 1/1/2023.

POST REVALUE RATIO SAMPLE STATISTICS	
<i>Sample size (n)</i>	29
<i>Mean Assessed Value</i>	21,117,700
<i>Mean Sales Price</i>	21,328,800
<i>Standard Deviation AV</i>	25,466,728
<i>Standard Deviation SP</i>	25,215,190
ASSESSMENT LEVEL	
<i>Arithmetic Mean Ratio</i>	1.001
<i>Median Ratio</i>	0.994
<i>Weighted Mean Ratio</i>	0.990
UNIFORMITY	
<i>Lowest ratio</i>	0.8371
<i>Highest ratio:</i>	1.1899
<i>Coefficient of Dispersion</i>	5.38%
<i>Standard Deviation</i>	0.0757
<i>Coefficient of Variation</i>	7.56%
<i>Price Related Differential (PRD)</i>	1.01



EXECUTIVE SUMMARY

Appraisal Date

- January 1, 2023
- 2024 Tax Roll Year

Specialty Name

- Area 160 - Hotels

Physical Inspection

- Neighborhood 60

Sales – Analysis Summary

- Number of Sales: 30 market transactions
- Date Range: 1/1/2020 to 12/31/2022 (7/17/2023)

Improved Sales – (Ratio Study) Summary

Sales - Improved Valuation Change Summary						
	Mean Assessed Value	Mean Sales Price	Ratio	COD	COV	PRD
2022 Value	\$ 20,630,000	\$ 21,328,800	96.70%	9.04%	12.33%	0.98%
2023 Value	\$ 21,117,700	\$ 21,328,800	99.00%	5.38%	7.56%	1.01%
Change	\$ 487,700		2.30%	-3.66%	-4.77%	0.03%
% Change	2.36%		2.38%	-40.49%	-38.69%	3.06%

*COD is a measure of uniformity. A lower percentage indicates more uniform values.

Sales used in analysis: Sales of improved, fee-simple, verified, market transactions without major characteristic changes between the date of sale and the date of appraisal were included in the ratio analysis. Examples of sales not included in the analysis are sales where the building characteristics changed after the sale.

The results of the above ratio study for temporary lodging property sales in Specialty 160 are based on a variety of sales throughout King County. These sales include both limited and full-service hotels as well as temporary lodging properties from different classes spanning from economy to luxury hotels. Property values can vary widely from class to class. Qualitative factors such as location, effective age, building materials, and quality of construction may also impact a property's value.

There were 30 sales coded as being market transactions during this revalue cycle. One was removed from the ratio study analysis for the reasons previously noted. The total number of hotel sales leveled off at the end of 2022, so the overall sales volume decreased slightly from 31 to 30 in the 2023 Revalue. A 3.3% decrease in hotel market transactions indicates this sector has not fully recovered from the Covid-19 shutdown. Thus, King County's temporary lodging market remains unsettled as hoteliers wait for more stability before buying or selling hotels.

The ratio study results show a minor upward change in assessment value. However, the Assessor is aware that the valuation metrics utilized were limited by a lack of data and included a wide variety of lodging properties; thus, while the results are good, they should also be tempered.

Population – Parcel Summary Data

Specialty Assignment 160 has a total of 374 parcels. (This figure includes economic land parcels and commercial condominiums. It may also include properties currently under construction).

Below is a summary of the value change from 2022 to the 2023 revalue.

TOTAL POPULATION SUMMARY DATA			
	Land	Improvement	Total
2022 Value	\$2,932,409,600	\$6,619,172,700	\$9,551,582,300
2023 Value	\$3,132,642,900	\$7,099,345,200	\$10,231,988,100
Difference	\$200,233,300	\$480,172,500	\$680,405,800
% Change	6.83%	7.25%	7.12%

Conclusion: Assessed values for 2023 Revalue (assessment date as of January 1, 2023) have increased by 7.12% from the 2022 assessment levels. The increase in value reflects a slower but continued rebound in hospitality properties since Covid-19 adversely impacted King County. ADRs (average daily rates) continue to climb and often surpass their 2019 stabilized rates. Occupancy recovery is staggered, depending on the hotel location, type, class, and size. Full-service hotels, with more than 350 rooms, have seen an increase in occupancy, but it is slower than other types and classes. These hotels tend to be upper upscale facilities and are primarily located in city centers. Limited-service hotels are experiencing a more significant uptick in both ADRs and occupancy. Smaller luxury hotels and limited-service hotels are back to their pre-pandemic norms. However, capitalization rates have risen slightly in every hotel market segment, showing a slightly higher risk, tempering the rebound.

The number of sales indicates that the market hasn’t fully recovered, and this year had one fewer transaction than in 2022. Overall, the total number of transactions decreased by slightly more than 3%. Sales were occurring at a faster pace in the first half of 2022, but they slowed in the last quarter, and remain stagnant going into 2023. Sales prices for newer, upscale, and upper upscale hotels showed some growth, which is an encouraging sign, but because many were constructed to hold “convention” meetings, their recovery lags other hotel classes.

Another indicator the Assessor utilized in his analysis is the number of new hotels coming onto the market in the coming year. Last year there were 16 permitted hotels, but only five had broken ground or been graded. There are fifteen permitted hotels this year; four have broken ground,

or the site has been graded. Construction has yet to begin on eleven of the fifteen hotels, indicating that investors in the hospitality sector are hopeful but remain cautious.

In summary, the factors above, an increase in RevPAR (i.e., increase ADR and occupancy), a slight increase in capitalization rates, and slightly slower growth in the construction sector, indicate that values for 2023 should rise but tempered as the market, while rebounding, remains volatile. Overall revalue assessments increased, with limited-service hotels climbing the most. In 2023 the Assessor expects strong growth for all metrics and capitalization rates to remain unchanged.

The values recommended in this report reflect the temporary lodging property market value as of 1/1/2023. The recommended values improve uniformity and equity. Therefore, the assessor recommends the new assessed values be posted for the 2023 Assessment Year for taxes payable in 2024 as mandated by state law.

Identification of the Area

Name and Designation

- Specialty Area 160 – Hotels

Specialty Neighborhoods

Six neighborhoods have been established by the Assessor for valuation purposes. The neighborhoods were established to group properties into similar market segments and manage some of the larger neighborhood parcel counts. Having a bit smaller neighborhoods and more specialized data improves accuracy when creating competitive sets.

- **Neighborhood 10** – Seattle - Central Business District
- **Neighborhood 20** – Bellevue, Redmond, and Surrounding Area
- **Neighborhood 30** – SLU, Northgate, and the University District
- **Neighborhood 40** – South Seattle, Renton, Tukwila, and SeaTac
- **Neighborhood 50** – South King County
- **Neighborhood 60** – North King County, including North Seattle

Boundaries

All of King County

Maps

A GIS map of the area is included in this report. More detailed Assessor’s maps are located on the Assessor’s website at www.kingcounty.gov/assessor or the King Street Center.

Area Overview

As of 1/1/2023, the temporary lodging market in King County was recovering from the adverse effects of the Covid-19 virus. All neighborhoods saw hotel values increase; however, not all hotels or all areas of King County were impacted the same way; thus, recovery or value increases are dependent on the location, type, and class of hotel.

Seattle’s Downtown Commercial Business District (CBD) was the neighborhood most impacted by Covid-19. Businesses often utilize luxury, upper upscale, and upscale hotels for their clientele. Convention-style hotels typically fall into the upper upscale class for meetings. With many office workers continuing to work from home and business travel still slow, this area of the hospitality sector has not yet fully recovered. On a positive note, leisure travel and tourism, which had almost completely stopped during the Covid lockdown, have been robust. In addition, Seattle became an attractive venue for hosting several sports and entertainment events, furthering

recreational travelers' demand for lodging. As a result, the hotel industry continued rebounding but at a slower pace than was predicted last year. Limited-service hotels are back to their pre-pandemic norms. Unfortunately, most full-service hotels have not stabilized, except for full-service midscale and full-service luxury hotels with fewer than 350 guest rooms. Thus, limited-service hotels and full-service midscale and smaller luxury hotels saw value increases that percentage wise are higher than upper upscale and upscale hotels.

Lodging Property Description: King County has two types of hotels, full-service and limited service. Investors consider the Seattle area to be a first-tier market. There are currently 374 hotel/motel parcels in this specialty. Hotels are categorized by the Assessor utilizing property-specific qualities and market data, to create competitive sets for valuation purposes.

For the 2023 Revalue, most of the Assessor's models came directly from Smith Travel Research's (STR) Hotel Profitability Review. To create his models, the Assessor begins by segmenting temporary lodging properties into two types of hotels, full-service or limited service, according to the definition in the Hotel Profitability Review. The Hotel Profitability Review defines a hotel as either limited or full service based on how much revenue is generated from food and beverage sales. Lodging properties where 5% or less of their total revenue is generated from food and beverage sales are classified as limited service, while hotels that generate more than 5% of their total revenue from food and beverage sales are considered full service. The Assessor uses that metric to determine how the hotel typically performs in its market.

Once lodging properties are divided into one of these two groups, they are then assigned to a lodging property class, which helps create their competitive set. The Assessor utilizes four classes for limited-service hotels: economy, midscale, upscale and budget extended stays; and four classes for full-service hotels: midscale, upscale, upper upscale, and luxury. The delineation between the classes of lodging properties can be blurred, but below is a general description of the categories of temporary lodging properties and the eight classes considered for valuation in this cycle:

Limited-Service Lodging: Consists of hotels with room operations only (i.e., with less than 5% of their revenue from food and beverage service). Many limited-service hotels offer some of the amenities that guests may expect from higher-priced hotels, such as a complimentary breakfast bar, business center, etc. However, limited-service hotels lack a significant, dedicated, revenue-producing food and beverage component. In other words, they may provide food and beverages, but the revenue from those operations will amount to less than 5% of their total revenue. Below is a description of the four categories of competitive sets of limited-service hotels/motels:

- 1. Economy:** Hotels in this class generally offer minimal amenities, smaller guest rooms, and modest prices. Typically, guest rooms are accessed from an outdoor entrance as opposed to insular halls. Budget, limited-service hotels/motels can be found throughout King County. Some examples include Motel 6, Day's Inn, and Econolodge. For the 2023 Revalue, the Assessor utilized the Summary from the Hotel Profitability Review of both

full service and limited service for this specific data set, because STR did not have enough data to separate them by type.

- 2. Midscale:** These tend to be modest hotels. Midscale hotels usually have enclosed passageways, and the guest rooms are slightly larger than those in economy class. They often provide the following amenities: a complimentary “continental-style” breakfast, a business center, a fitness room, a guest laundry facility, an indoor and/or outdoor pool, and sometimes small meeting rooms. There are many limited-service hotels throughout King County, such as Comfort Inn, Hampton Inn, and Quality Inn.
- 3. Upscale:** These hotels can best be described as hotels with nicer amenities and, in some cases, apartment-type guest rooms. Some amenities are similar to midscale hotels, such as complimentary breakfast, a pool, and a fitness center. The significant difference is the quality of the amenities. For example, the breakfast has more options and a nicer area to eat, guest rooms are larger and sometimes include separate walled-off sleeping quarters, and some may have a cooking area complete with appliances and kitchenware. There are a number of these hotels in King County, including Homewood Suites, Element, and Staybridge Suites.
- 4. Budget Extended Stays:** This is a recent class of hotel that does not appear in the Hotel Profitability Review. However, these hotels’ business model is different enough to warrant its own class. A custom profit and loss report was prepared by Smith Travel Research (STR) and is similar in design to those in the Hotel Profitability Review. This type of hotel is inexpensively constructed, and the interior is finished with lower-quality materials and construction. The guest rooms are typically smaller, but they do include a kitchen or kitchenette with the necessary appliances and cookware to prepare meals in the guest room. Other hotel amenities are sparse. For example, if a guest wants housekeeping more than once a week or every ten days, there is an additional charge. These hotels have lower ADRs, higher occupancies, and very low expense ratios. The business model is different from most other hotels’ business models, and typically, the average daily rate (ADR) is based on a sliding scale; the longer you stay, the lower the rate per night. Hotel guests often pay weekly or monthly. Examples include Extended Stay America, Hometown Suites, and Woodspring Suites.

Full-Service Lodging: Full-service hotels typically offer larger, higher quality guest rooms with more services. There is also space set aside for food service. The assessor defines a full-service hotel as one reporting food and beverage revenues exceeding 5% of the total lodging property revenue. The latest trend in these types of hotels is for the lower-class ones to emphasize the bar. Many have smaller restaurants, but they include a full-size bar that more often serves a variety of mixed drinks. Below are the four classes of full-service hotel models utilized in this revalue cycle:

- 1. Midscale:** Typically, these hotels are similar to the limited-service midscale hotels with the addition of an added food and beverage venue. Many of these hotels are older, but they've been updated. Leisure travelers currently prefer these hotels, so there is some pressure to construct more of them. Some examples include Fairfield Inn, Best Western Plus, and Clarion.
- 2. Upscale:** There are a wide variety of full-service, upscale hotels in King County. Generally, these hotels have higher-quality guest rooms and amenity accommodations. The older hotels in this class usually have more traditional restaurants. The newer hotels in this class generally have a bar or bistro that is open for breakfast and / or lunch and / or dinner. Some of the other amenities include room service, larger meeting space, fitness facilities, concierge services, etc. Examples of upscale hotels include Hilton Garden Inn, the Courtyard by Marriott, and Citizen M.
- 3. Upper Upscale:** This class of hotels has well-appointed locations with high-quality amenities, including spacious guest rooms and bathrooms. The hotels in this competitive set are typically noted as being four- or five-star quality. Guest rooms may be more lavishly decorated than guest rooms in upscale hotels. Usually, they're located in prime city center areas in major cities. Most are found in centralized business locations such as downtown Seattle, downtown Bellevue, and closer to the airport in SeaTac. More often, these hotels have a large number of rooms, larger meeting spaces to host convention-style gatherings, and high quality, often personalized, amenities such as room service, fitness facilities, concierge services, wedding facilities, etc. Some hotels in this class include Hyatt Regency, Embassy Suites, and Sheraton Hotels.
- 4. Luxury Hotels:** These hotels are found in both the heart of the city and on the picturesque outskirts of the county. They often are referred to as destination hotels. There are a limited number of this class of hotels in King County. What differentiates these hotels from other full-service hotels is they offer luxury accommodations throughout the hotel. The rooms are lavishly decorated, often with period décor, and they typically offer extra services such as valet parking, concierge services, spa services, etc., on-site. Some examples of this are the Fairmont Hotel, Grand Hyatt, and the Salish Lodge.

Overall, full-service luxury, limited-service upscale, limited-service midscale, and limited-service economy hotels saw the most significant percentage increase. Higher-class hotels in city centers experienced more modest increases. Data suggests the travel industry has almost fully recovered, and pent-up demand for family vacations and affordable hotels is being sought after. Budget extended stays saw more modest increases because they did not suffer from the pandemic like other hotel classes. Full-service upscale hotels started with a sharp rebound beginning at the end of 2021, but they had also fallen the furthest during the pandemic. Unfortunately, by the end of 2022, the rebound tapered. In 2023 both upscale and upper upscale hotels are expected to increase in value significantly, but that will depend mainly on the return of business travelers to the city centers and how that impacts business overall.

Neighborhoods 10, 20, and 30 had more modest percentage increases from the previous year. These neighborhoods rely more on business travelers, and approximately 40% of their hotels are full-service upper upscale and upscale. These classes of hotels garner the highest value, and their rebound slowed dramatically in the last quarter of 2022. It is unclear whether this will change in 2023, publications suggest it will, but metrics are mixed. Neighborhoods 40, 50, and 60 saw large percentage increases due to the higher number of limited-service hotels located within their boundaries and the return of leisure travel.

Overall, hotel values in King County were adjusted upward by 7.12%

The following is a summary of 2022 year end hotel data for the United States, King, and surrounding counties. The data source is either the 2023 Hotel Profitability Review (formerly the HOST Almanac) or Kidder Mathews 2022 4th Quarter Seattle Hotel Report:

- The US profitability KPI's (Key Performance Indicators) per available room from April 2022 to April 2023 went from \$156.30 to \$212.88 a 36.2% increase.
- The US average percentage of EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization) grew from 23.5% in April 2022 to 26.0% in April 2023.
- The US average percentage of GOP (Gross Operating Profit) grew from 35.1% in April 2022 to 36.7% in April 2023.
- Hotel Food and Beverage sales in the Pacific region experienced an 80% increase from April 2022 to April 2023. The highest percentage in the United States.
- In the United States Midscale and Upscale hotels saw the largest room revenue increase, above 90%, from April 2022 to April 2023
- In King, Pierce, and Snohomish Counties, hotel RevPARs, ADRs (Average Daily Rates) and Occupancy are expected to increase sharply.
- According to sales, room values in King, pierce and Snohomish Counties, the mean price per room increased by 13% in 2022 from their value in 2021.
- Average ADR's in Seattle CBD increased from \$182 to \$224 in 2022 exceeding their pre-pandemic level from 2019 of \$201.
- Average ADR's in Bellevue increased from \$125 to \$172 in 2022 exceeding their pre-pandemic level from 2019 of \$162.
- Average Occupancy in Seattle increased from 44.4% to 59.7% in 2022 but is still well behind their pre-pandemic level from 2019 of 82%.
- Average Occupancy in Bellevue increased from 47.2% to 54.6% in 2022 but is still behind their pre-pandemic level from 2019 of 61.7%.
- Average Occupancy in Seatac increased from 70.5 to 79.2 in 2022 exceeding their pre-pandemic level from 2019 of 73.3%.
- Average RevPAR's in Bellevue increased from \$59 to \$94 in 2022 but they have not caught up with their pre-pandemic level from 2019 of \$100.

- Average RevPAR's in Seatac increased from \$76 to \$103 in 2022 exceeding their pre-pandemic level from 2019 of \$81, showing this area of King County is now stabilized.

Below is a table of hotel properties in King County, organized by their assigned neighborhood. The percentage of change summarizes the total value adjustment for that neighborhood from the 2022 revalue. The changes align with the Assessor's performance expectations and the area's data.

North Crew Change in Assessed Land Value					
Area	Neighborhood	Parcel Count	2022 AV	2023 AV	% Change
160-10	Seattle Central Business District	82	\$4,354,521,600	\$4,648,419,100	6.75%
160-20	Bellevue & Surrounding Cities	45	\$1,643,837,400	\$1,732,440,100	5.39%
160-30	SLU, Northgate, and University District	59	\$1,238,312,300	\$1,314,062,800	6.12%
160-40	South Seattle, Renton, Tukwila, SeaTac	90	\$1,430,965,500	\$1,573,272,100	9.94%
160-50	South King County	56	\$ 403,911,200	\$ 443,857,200	9.89%
160-60	North Seattle and NE King County	42	\$ 480,034,300	\$ 519,936,800	8.31%
160	Total	374	\$9,551,582,300	\$10,231,988,100	7.12%

Analysis Process

Effective Date of Appraisal: January 1, 2023

Date of Appraisal Report: August 15, 2023

Responsible Appraiser: Mary Guballa - Commercial Appraiser II, Hotel Specialist

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 temporary lodging or mixed use. 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 of demographic and current development patterns, the improved parcel's existing building(s) 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 value of the entire property in its existing use. On those parcels where the property is not at its highest and best use, a token value of \$1,000 is assigned to the improvements. The parcel may be removed from this specialty and returned to the geographical appraiser for valuation in the future, unless it is known that the owner plans to redevelop the site for future hotel usage.

Standards and Measurement of Data Accuracy: Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Published sources were also utilized. Current data was verified and corrected, when necessary, by field inspection, review of plans, marketing information, and owner responses to interviews, surveys or appeals.

Special Assumptions and Limiting Conditions

All three approaches to value were considered in this analysis. The income approach is the most commonly used approach by market participants when valuing this type of property and appears to be the most reflective of market value. The sales approach, while utilized, often has many unknowns and multiple parties involved in the transactions. Thus, it is referred to as a check for reasonableness against the model. The cost approach is seldom utilized, as the value generated does not calculate all the necessary expenses in a hotel and more often the value obtained is significantly below market.

Two income methods were utilized this year when determining value. When valuing limited-service hotel properties, it was noted they had reached stabilization. Thus, the method used for these properties was the capitalized income approach. Likewise, with full-service midscale and smaller full-service-luxury properties (those with less than 350 rooms). On the other hand, all other full-service hotel properties (upscale, upper-upscale, and luxury hotels with more than 350 rooms) have not yet reached stabilization. As such, those properties were valued using a Direct

Capitalization Income Approach with an adjustment applied to reflect the continued unusually high vacancy rates due to the impact from the Covid-19 pandemic.

Metrics and methods employed this revalue include:

- Sales from 01/01/2020 to 07/13/2023 were considered in the analysis.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standards 5 and 6.
- Market trends were not applied to sales prices and models were developed without market trends.
- Full-Service Hotel sale prices were adjusted downward 10% and Limited-Service Hotel sale prices were adjusted downward 5% to remove the “typical” amount of personal property value (tangible and intangible) included in a sale. See Sale’s Study Analysis in the Addendum
- The average amount of personal property per room was calculated using the hotel valuation method described in “The Valuation of Hotels and Motels for Assessment Purposes” by Stephen Rushmore MAI and Karen Rubin¹. It is described in more detail in the Hotel Income Capitalization Approach Model Description. The complete article is located in the addendum.

¹ Stephen Rushmore and Karen Rubin. “The Valuation of Hotels and Motels for Assessment Purposes”, The Appraisal Journal (April, 1984); 270-288.

Neighborhood Description

Hotel properties in King County fall into two categories: full or limited service. The percentage of revenue earnings from food and beverage determines the category. Those earning less than 5% from food and beverage are classified as limited service, and those exceeding 5% or more are considered full service.

Within the two categories of hotels, the Assessor utilizes eight classes of temporary lodging properties. King County is the largest county in Washington state and the thirteenth in the United States. It is considered a first-tiered hotel market; therefore, its temporary lodging industry attracts local, regional, national, and international investors. Most of the inventory within King County is driven by Seattle, Bellevue, and SeaTac.

Seattle is the largest city in Washington State. It has both a vibrant tourism and business economy. Seattle is home to three international companies: Boeing, Amazon, and Starbucks. In addition to these companies, Seattle is at the forefront of medical research, aerospace, and clean technology. Microsoft, an international company, is situated in the Bellevue-Redmond area and is responsible for much of the growth in technology worldwide. It attracts business travelers from all over the world to Bellevue. And SeaTac has a strong temporary housing market as it houses an international airport. The SeaTac Airport was the only international airport in the Pacific Northwest for almost 100 years. The airport area serves travelers heading to their next destination for leisure or business travelers who stay for a short period. These three cities attract worldwide corporations and a wide variety of business and leisure hotel guests.

Typically, most temporary lodging properties are concentrated in business / commercial centers; the type and class of the hotel often depend on the proximity to the city center or core. The most sought-after hotels for business travelers are full-service upper upscale and upscale hotels, and the majority are in downtown Seattle or Bellevue. Limited-service upscale lodging properties are also typically located close to business centers. Still, it may include areas just outside the commercial business district (CBD) such as Redmond (Microsoft), Bellevue (Eastlake), Renton (Boeing and Federal Buildings), SeaTac (Airport), etc. Limited-service midscale and economy hotels are found throughout King County but more often away from the city core. Generally, these hotels are located along state routes, although there are also a number on the three major interstate highways (Interstate 5, Interstate 90, and Interstate 405). Budget extended-stay hotels are also typically located away from the city centers, and luxury hotels are either located in the core of the commercial business districts in Seattle or Bellevue or in the picturesque areas in the outlying regions of the county.

The Hotel Specialty currently has 374 parcels. Current data shows 327 parcels are improved and 47 are associated land parcels. Included in the 327 improved parcels are 27 hotel commercial condominium units. All properties within this specialty were revalued this year. King County subscribes to a policy of annual revaluation and a six-year physical inspection cycle. Valuation models were developed within the eight hotel classes.

Specialty Area 160
2023 Assessment Year

 **King County**
Department of Assessments

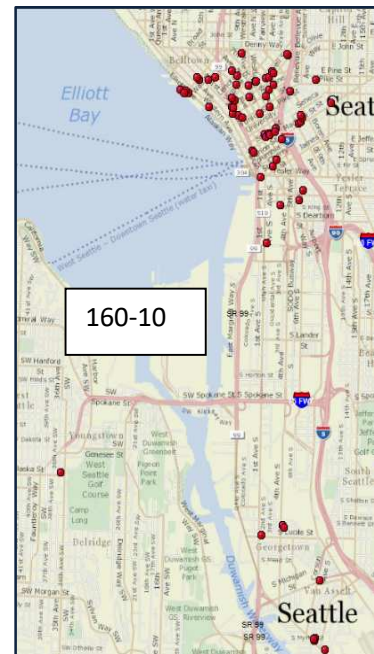
The following is a brief description of each neighborhood along with a neighborhood map, depicting the location of each hotel in the given neighborhood.

Seattle Central Business District – 160-10

Neighborhood 10 includes the temporary lodging properties in the Downtown Seattle Commercial Business District, (CBD). It extends from the Denny Regrade area, south, through Pioneer Square to Sodo and Georgetown and includes a couple of properties in West Seattle. It is bounded on the north by Denny Way and on the south by Cloverdale. The east and west sides have two natural bodies of water to act as boundaries, the Puget Sound and Lake Washington.

The Seattle CBD contains the highest concentration of luxury, upper upscale, and upscale full-service hotels, in King County. There are some limited-service hotels, but they are found primarily in Pioneer Square and Georgetown. This is a densely populated commercial area with temporary lodging properties located throughout the neighborhood.

In 2022 this neighborhood had two hotels permitted, but neither has broken ground. Currently, there are 82 hotel parcels which comprise 22% of the temporary lodging population. Overall property values in neighborhood 10 increased \$293,897,500 or 6.75%.



Bellevue, Redmond and Surrounding Area – 160-20



Most temporary lodging properties in Neighborhood 20 are in Bellevue and Redmond. In general, the neighborhood extends from Eastlake north to Redmond. Specifically, it is bounded on the north by Redmond Way, on the south, it includes all hotel properties located on both sides of the I-90 corridor. A natural barrier creates this neighborhood's western boundary, Lake Washington, although Mercer Island is included. Another natural barrier, Lake Sammamish, provides the eastern boundary. Aside from the two eastside cities of Bellevue and Redmond, Neighborhood 20 also includes the southern portion of Kirkland.

The Bellevue Central Business District, (CBD) contains the second highest concentration of full-service hotels, and Bellevue overall has the largest number of limited-service, upscale hotels. Many Seattle

businesses are relocating to the east side because of the favorable business climate and proximity to technology companies such as Microsoft.

Currently, there are 45 temporary lodging parcels in this neighborhood. It comprises 12% of the hotel-motel population. Two hotels are currently permitted in this neighborhood. One has not broken ground, and the other, a luxury facility, is nearing completion. Overall, hotel property values in neighborhood 20 increased by \$88,602,700 or 5.39%.

SLU, Northgate, and the University District Hotels & Motels – 160-30

Neighborhood 30 includes the temporary lodging properties around South Lake Union, Northgate, and the University District. This neighborhood is bounded to the south by Denny Way. Denny Way appears to split Seattle’s CBD from the South Lake Union business district, although both areas are home to several multi-million-dollar businesses. In South Lake Union, you will find the Amazon headquarters, the Gate’s Grant Foundation, and the Paul Allen Medical Institute, just to name a few. This area is rapidly developing, and its market is one of the strongest in the Pacific Northwest.



Extending north, neighborhood 30 continues to Northeast 115th Avenue. The northern region encompasses Northgate, another area that is seeing more growth as the light rail station comes to fruition. On the west side, a natural boundary exists, the Puget Sound, so Ballard is situated in this neighborhood. And on the east side, it is bounded by Lake Washington and encompasses the University of Washington.

The predominant type and class of temporary lodging properties found in this neighborhood are limited-service hotels, with an almost equal number of economy and midscale classes. However, there is now a significant number of upscale hotels, around South Lake Union and Northgate. Currently, there are 59 hotel parcels which account for 16% of the total hotel specialty population. Six hotels were permitted for construction, and two have broken ground. Both are full-service upscale hotels. Overall, hotel property values in this neighborhood increased by \$75,750,500 or 6.12%.

South Seattle, Renton, Tukwila, and SeaTac – 160-40

The cities of SeaTac, Tukwila, and Renton are situated in this neighborhood. Neighborhood 40 is bounded on the north by South Cloverdale and on the south, west of Interstate 5 (I-5) by South 210th Street. The southern boundary shifts from South 210th Street in SeaTac to South 180th in Renton; it also includes the east side of I-5. The southern boundary shifts north again to SW 27th



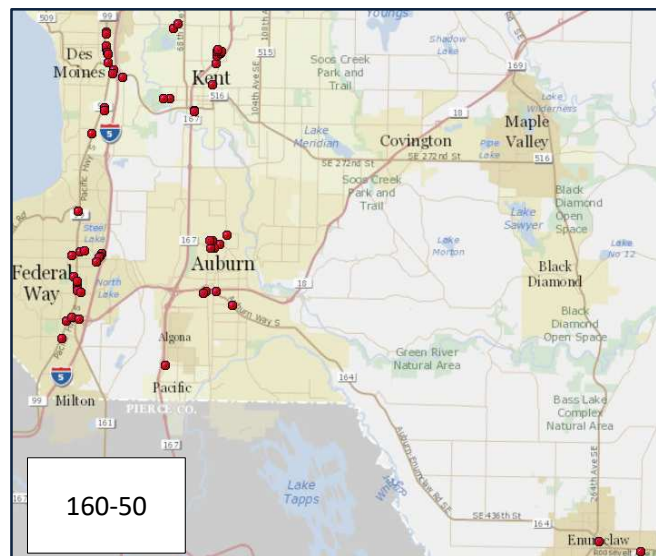
Street on the east side of State Route 167 or the West Valley Highway. This neighborhood includes the SeaTac Airport area and wraps around the southern half of Lake Washington.

Neighborhood 40 has the largest parcel count of any area in the hotel specialty, with 90 properties. Interestingly, most are not situated along I-5 but instead positioned along State Route 518 in SeaTac, home to the international airport. Many business travelers prefer airport proximity, which explains the location of so many hotels. In addition, there are also a significant number of temporary lodging properties clustered around the Westfield Mall (formerly known as Southcenter). The remaining properties are in Renton and Tukwila.

There are 90 temporary lodging parcels or 24% of the total hotel-motel population in this neighborhood. The hotels are predominantly limited-service economy and midscale classes, but there are also many full-service midscale and upscale lodging properties. Currently, there are three permitted hotels in this neighborhood, but none have broken ground. Neighborhood 40 showed assessed values increased by \$142,306,600 or 9.94% this year.

South King County – 160 -50

The temporary lodging properties in neighborhood 50 are comprised primarily of limited-service midscale and economy hotels and motels. This neighborhood is bounded on the north by South 210th Street, on the west by Puget Sound, on the east by the Cascade Mountains, and on the south by the King County boundary line. The cities included are: Des Moines, Federal Way, Auburn, Kent, and Enumclaw. Most properties are situated along State Route 99, which runs parallel to I-5. There are also many hotels along I-5 and State Route 167, (the Valley Freeway). While the geographic area of neighborhood 50 extends to the King - Pierce and King - Kittitas County lines, there are only two hotels further east of the downtown areas of Auburn and Kent, both in Enumclaw.



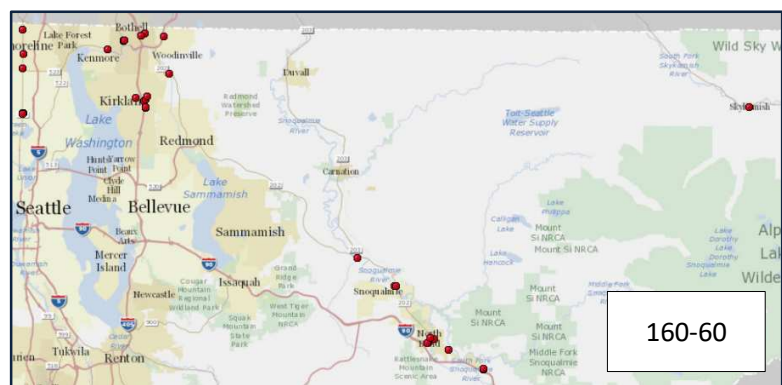
Specialty Area 160
2023 Assessment Year



In total, this neighborhood has 56 temporary lodging parcels, making up 15% of the hotel-motel population. Because most temporary lodging properties in Neighborhood 50 are limited-service midscale, economy, or budget extended-stay hotels, they were less severely impacted by the Covid 19 virus than those in neighborhoods 10, 20, 30, and 40. One hotel was permitted but is located on the Muckleshoot reservation, so the Assessor does not keep records on this property. Published sources write the hotel will be a luxury resort with 18 stories, 400 rooms, three restaurants, and convention-size meeting space. It is scheduled to open in the fall of 2023. Overall, assessed values in this neighborhood increased by \$39,946,000 or 9.89%.

North King County and North Seattle – 160-60

Temporary lodging properties are scattered throughout the northern portion of King County, which the Assessor identifies as Neighborhood 60. Specifically, it extends from the King - Snohomish County Boundary line south to N 115th on both the west and east side of Lake Washington. However, once you move east to Lake Sammamish, the southern boundary extends to I-90. The eastern border is the Kittitas County line. Cities included in this neighborhood on the eastern side of the county are northern Kirkland (Totem Lake), Bothell, Issaquah, Woodinville, North Bend, Snoqualmie, and Skykomish. On the west side of Lake Washington, the southern boundary is still N 115th, but it is bounded on the west by the Puget Sound. Cities included on the western side of King County are north Seattle, Shoreline, and Kenmore.



There are 42 temporary lodging parcels in Neighborhood 60, comprising 11% of the hotel-motel population. They are predominantly limited-service midscale and economy, most located along Interstates 405 and 90. However, there are also some luxury hotels and upscale hotels in the less developed areas and Issaquah. One hotel is permitted during this cycle, though it is located on land belonging to the Snoqualmie Tribe, and the Assessor keeps no records of this property. According to publications, the hotel site has been graded, and the tribe plans to build a luxury hotel with 210 rooms, two restaurants, a possible third to be added later, and a convention-size meeting space. Overall, hotel property values in this neighborhood increased by \$39,902,500 or 8.31%.

Physical Inspection Area

WAC 458-07-015 requires each property to be physically inspected at least once during a 6-year revaluation cycle. At a minimum, an exterior observation of the properties is made to verify the accuracy and completeness of property characteristic data that affect value. Property records are updated in accordance with the findings of the physical inspection. Neighborhood 160-60 North Seattle and Northeast King County was physically inspected for the 2023 assessment year. The inspection area is comprised of 42 parcels or approximately 11% of the 374 parcels located in Area 160. A list of the physically inspected parcels and an identifying map are included in the addendum of this report.

Geo Neighborhood		Location	Inspected Parcel Count	Total Parcel Count	Percent of Parcel Count
160	60	North KC and North Seattle	42	374	11.23%
Specialty Area 160 Physical Inspection Totals			42	374	11.23%

Scope of Data

Land Value Data

The geographic appraiser in the area in which the temporary lodging property is located is responsible for the land value used in the hotel specialty valuation. See appropriate area reports for land valuation discussions.

Improved Parcel Total Value Data

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. Sales questionnaires are typically mailed to both sellers and purchasers of properties sold in Area 160. Participation is voluntary, and responses are modest. Sales may also be verified by calling either the purchaser or seller, inquiring in the field, or calling the real estate agent. Property characteristics are verified for all sales if possible. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides on the Assessor's website at www.kingcounty.gov/assessor.

Hotel transfers generally include personal property (tangible and or intangible). When estimating real property value, the personal property value contribution must be removed from the sale prices prior to the hotel sales analysis to create a more accurate sale comparison approach. The Assessor has taken steps to reflect the typical amount of personal property reflected in hotel transactions in King County.

Gross sale prices were adjusted to reflect a discount for both intangible and tangible personal property. The discounts were estimated by analyzing the reported personal property amounts listed on sold temporary lodging property excise tax affidavits. The Assessor analyzed all available excise tax affidavits from 2012 through July 2023 for sales deemed to be arm's length transactions. The results of this analysis indicated a downward adjustment of 5% from the gross sale price for limited-service hotels/motels and a downward adjustment of 10% from the gross sale price for full-service hotels. All sales listed on the "sales used" list were analyzed based on this adjusted sales price. The resultant adjusted sale price is intended to reflect the typical amount of real property value associated with the hotel transfer. This allows for a direct comparison between the sales and the Assessor's real property assessed value. (*see sales analysis addendum*)

Preliminary Ratio Analysis

The Assessor uses ratio studies to review current assessment levels, identify inequities that need to be addressed, and assist in revaluation model development. This analysis utilizes statistical methods to measure the relationship between a property's assessed value and its adjusted sale price, as described above, by grouping individual sales into competitive sets by type and class and making an allowance for qualitative factors such as construction and material quality, effective age, and geographic neighborhood.

The two major aspects of appraisal accuracy are appraisal level and appraisal uniformity. They are measured and evaluated using the ratio study. Appraisal level is a measure of the ratio of assessed value to sales price, while appraisal uniformity refers to the degree to which properties are appraised at equal percentages of market value. The International Association of Assessing Officers (IAAO) has developed performance standards to evaluate both the appraisal level and uniformity.

Appraisal (Assessment) Level: Estimates of appraisal level are based on measures of central tendency. The weighted mean ratio is the value-weighted average of the arithmetic mean and median ratios in which the weights are proportional to the sales prices. The weighted mean is the sum of the total assessed values divided by the sum of the sales prices. The weighted mean gives equal weight to each dollar of value in the sample, whereas the median and mean give equal weight to each parcel. The weighted mean is an important statistic and is also used in computing the price-related differential (PRD), a measure of uniformity between high and low value properties.

The IAAO performance standards state that the weighted mean ratio should be between 0.9 and 1.10. The preliminary ratio study for Area 160 shows a weighted mean ratio of 96.7% which falls within the range of the IAAO guidelines, indicating the current assessment level, as measured using recent sales, is reflective of the market. No adjustment is necessary, but a slight upward adjustment would bring values even closer to the market and improve that metric.

Appraisal (Assessment) Uniformity: Measures of dispersion or variability relate to the uniformity of the ratios. The most generally useful measure of uniformity is the Coefficient of Dispersion (COD). The COD measures the average percentage of deviation between the sales ratios and the median ratio. The IAAO performance standards state that the COD should be between 5.0 and 20.0 for income-producing properties in smaller rural jurisdictions and between 5.0 and 15.0 for properties in larger, urban market jurisdictions. The ratio study for Area 160 prior to the revalue process shows a COD of 9.04% which is within the IAAO guidelines indicating that the current level of assessment uniformity, as measured, using recent sales, is in the acceptable range.

A second measure of uniformity utilized in the ratio study is the Price Related Differential (PRD). The PRD provides a measure of price-related bias or the equity between low- and high-priced property. The IAAO performance standards state that the PRD should fall between 0.98 and 1.03. A value below 0.98 would indicate progressivity in the data where assessment levels increase with increasing sales prices. Values above 1.03 indicate regressivity in the data where the assessment level decreases with increases in sales price. The preliminary ratio study for Area 160 shows a PRD of 0.98 which shows that properties with lower values have an assessment level below the standard distribution.

This study was used along with other data, surveys, and publications to determine how to adjust values in Area 160. When the new values are implemented, the data shows that the weighted mean is now 99.0% which shows an improvement over the previous values, and the COD is now 5.38% which also shows more uniformity in assessed values. The PRD improved to 1.01%, which now shows that higher-priced values may be assessed slightly below their sale prices, but with the market not at full recovery, and the negative impact on convention-sized hotels (hotels with more than 350 rooms), this metric appears to be more accurate.

Hotel Parcel Total Values

Sales Comparison Approach

The sales comparison approach was not relied upon to develop valuation models for the competitive sets. However, sales data was considered as an indicator to check for the reasonableness of the valuation of the selected overall value. There was a total of 30 improved sales within the hotel/motel specialty from 1/1/2020 to 7/13/2023 that were considered fair market transactions and used in the overall analysis, but only 29 were used for the ratio study analysis because some sales had characteristics that changed.

Sales used in the analysis are listed in the attached "Sales Used" Likewise, sales not used in the analysis are listed in the attached "Sales Not Used."

Cost Approach Model Description & Calibration

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by the Marshall & Swift Valuation Service. Locational factors are applied to adjust costs to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the limited amount of data in place in the Real Property Application. Typically, the cost model is not used for temporary lodging properties in King County as the factors needed to accurately calculate a temporary lodging property's cost are more numerous than the Assessor's current program can capture. Thus, values generated via the Assessor's programmed cost model are often well below market for this type of property.

Hotel Income Capitalization Approach Model Description

As stated earlier in this report, the Assessor utilized two different income approaches to value. Limited-service hotels plus full-service midscale hotels and smaller full-service luxury hotels (those with less than 350 rooms) were valued using a current direct income approach to capitalization, while full-service upscale and upper upscale hotels, along with full-service luxury hotels with more than 350 rooms, were valued using the metrics from the 2019 direct capitalization income approach with an adjustment for the decline in occupancy.

The direct capitalization approach is based on the Rushmore Approach to Hotel Valuation. This approach calculates a value for the real property assuming its highest and best use as a hotel. The value does not reflect a specific hotel brand or management group. The value reflects the market value of a hotel with the physical attributes described. It is formulated from the typical income and expense expectancies for that property's class and market segment. Average daily rates (ADR), Occupancy, and Capitalization rates, utilized in the Assessor's income approach, are based on surveyed data and published hotel reports.

Income and expense ratios (except real estate taxes) utilized in the income approach were based on Smith Travel Research, (STR) surveyed results reported in the Hotel Profitability Review (formerly HOST Almanac). For the 2019 data, STR, surveyed operating statements from more than 11,000 hotels worldwide and entered the results into a database which they utilized to compile information on hotel revenues and expenses. For the 2022 data, STR received survey results from almost 4,500 hotels in the United States.

In total, eight income models were developed for the direct income capitalization of temporary lodging properties. Seven of those eight models came directly from the Hotel Profitability Review, a highly respected published document from STR. (three limited-service hotel/motels and four full service-hotel / motel models). The eighth model is a limited-service profit and loss report of budget extended stay properties. It was created by STR using their surveyed data from the economy and lower midscale budget extended stays in the Pacific and Western regions.

Intangible property value is exempt from taxation in Washington State. It is imperative that our method of valuation reflects typical income and expense scenarios associated with all types of hotels rather than just focusing on those hotels that are branded, franchised, or managed. The Hotel Profitability Review presents information by department, including rooms, food and beverage, etc. They break apart expenses for marketing, utility costs, property, and maintenance, administrative and general, as well as selected fixed charges.

The Assessor utilizes Rushmore’s method of hotel valuation in his direct capitalization process. This requires personal property within a hotel to be isolated and excluded from the real property components. In order to do this, two calculations are necessary: a return “**OF**” personal property and a return “**ON**” personal property.

Note: the value attributable to any intangibles is removed via management fees and franchise fee deductions.

Replacement Reserves or FF& E (expense) represent the return “**OF**” the personal property and are reflected in the expense line item. This percentage of gross revenue deduction is based on the Hotel Profitability Review results reported by all hotels in the given market segment. It is intended to reflect the full gamut of hotels (branded and unbranded, professionally managed and independently managed, etc.).

The second deduction represents the return “**ON**” the tangible personal property and “is based upon the premise that a component of a hotel property is entitled to an annual return equal to its cost of capital comprising that component”.² This figure is derived by determining the typical value of FF&E currently in place given the subject hotel’s particular type and class. To arrive at this value, the Assessor utilized the last few years of arm’s length hotel transactions. He sorted that data by hotel type and class and then averaged the value of personal property by room. The detail of that analysis follows the “Return On” equation description shown below.

The formula the Assessor utilizes to capture the “Return On” investment is....

(Room Count) * (Average PP per Room) * (Personal Property Interest Rate + Levy Rate)

The room count and the levy rate is specific to the subject hotel. The personal property interest rate utilized by the Assessor was found in a Cap Ex, a financial publication and verified with a hotel business loan executive. The Assessor values hotels in King County, which is a Tier 1 market, and the personal property cap rates range from 7% to 9.5%. The Assessor chose a rate of 8% given the subject hotels’ area.

² Ibid, pages 282-285

Two methods to determine the average value of personal property per room for a given class of hotels were utilized. The results of these two methods were compared, and the higher net result for a given type and class of hotel is what was ultimately selected for use.

In both methods, the average personal property per room is calculated by grouping all hotel sales by type and class.

Alternative 1:

Recall that gross hotel sale prices were adjusted downward to remove the average percent of personal property as previously described, *5% for limited service and 10% for full service*. This results in the “adjusted sale price”. Next, the self-reported tangible personal property value, filed with the King County Assessor the same year as the sale, was divided by the “adjusted sale price” to get a percentage (or ratio) of personal property of the adjusted sale price. All of these percentages from the hotels’ type and class were averaged together to arrive at an average personal property as a percent of the adjusted sale price ratio. This average ratio was then applied to each sale in the class, and that figure is then divided by that specific hotel sale’s room count. This calculates the indicated personal property value per room. These results, from each hotel sale utilized, were then averaged to arrive at an average personal property per room value for each hotel class. The process is explained again below in a different format.

- Gross Sales price * 90% or 95% = **Adjusted Sale Price** (See Improved Parcel Total Value Data, supra) and (*See Sales comparison approach*)
- Reported PP / Adjusted Sale Price = **Percentage of personal property as a percentage (or ratio) of Adjusted Sales Price**
- Sum of Percentages of personal property/ number of entries = **Average percentage of personal property of Adjusted Sales Price**
- Average percentage of Personal Property* Adjusted Sale Price / Room Count = **Average PP Value per Room of a specific sale**
- **Sum of Average PP Value per Room/ number of entries = Average PP per room**

Alternative 2:

This alternative calculation divided each sale’s declared personal property (reported to the Assessor in the year of the sale) by its room count. These ratios were then averaged to give an overall ratio that indicated an average personal property per room value.

- Amount of personal property declared on excise tax slip / room count = **Declared PP Value per Room**
- Sum (PP Value per Room) / (number of entries) = **Average Personal Property per Room**

The method that generated the higher value was utilized by the Assessor and that value was rounded upward to the nearest \$500.

Income

Income parameters relevant to hotels are measured by the hotel's average daily rate, (ADR) and its typical occupancy level. Hotels typically generate other revenues through sources such as food and beverage, telecommunications, banquet services, conventions, sundries, retail space, etc. Those revenues are captured through the profit and loss statements created in the Hotel Profitability Review from the STR surveys.

Expenses

The Assessor relies on the ratio to sales, profit, and loss statements published in the Hotel Profitability Review by Smith Travel Research for seven of the eight hotel model's expense percentages. The limited-service, budget extended stay model was created for the Assessor utilizing similar types of hotels. This year the Assessor excluded the property tax noted in the Hotel Profitability Review and instead applied a loaded capitalization rate that is specific to the hotel being valued as the IAAO recommends.

Capitalization Rates

The range of capitalization rates used by the assessor were from published sources as well as verified sales. Lower capitalization rates were applied to newer and higher quality hotels in central business districts such as downtown Seattle and downtown Bellevue. Higher capitalization rates were applied to older, lesser-quality hotels in more suburban locations.

Below are charts that show typical ranges for key metrics by neighborhood for limited-service hotels based on class. Ranges in parameters are generally due to qualitative measures such as location, building quality, effective age, and maintenance. Specific properties may deviate from what is noted.

Typical Range of Metrics of Limited-Service Hotels by class:

2023 Revalue Typical Income Metrics for Limited Service Hotels				
	Economy	Midscale	Upscale	Budget Extended Stay
160-10	ADR \$50-\$110 OCC 57.5-70% CR 7.5-8.25%	ADR \$120-\$160 OCC 65-75% CR 7.5-8%	ADR \$150-\$215 OCC 65-77.5% CR 6.0-6.75%	N/A
160-20	ADR \$70 OCC 60% CR 8.5%	ADR \$125-\$180 OCC 65-70% CR 7.0-7.5%	ADR \$160-\$225 OCC 65-75% CR 6.0-6.25%	ADR \$80-\$95 OCC 75% CR 7.0%
160-30	ADR \$55-\$75 OCC 55-65% CR 8.0-8.5%	ADR \$135-\$180 OCC 70% CR 6.75-7.5%	ADR \$185-\$200 OCC 70-80% CR 6.0-6.25%	ADR \$95 OCC 75% CR 6.75%
160-40	ADR \$50-\$65 OCC 50-55% CR 8.25-9.0%	ADR \$105-\$160 OCC 65-70% CR 7.0-8.0%	ADR \$130-\$165 OCC 70-75% CR 7.0%	ADR \$75-\$80 OCC 60-85% CR 7.0-7.25%
160-50	ADR \$50-\$55 OCC 50-52.5% CR 8.25-8.5%	ADR \$100-\$170 OCC 65-70% CR 6.75-8.0%	N/A	ADR \$60-\$70 OCC 60-80% CR 7.0-7.25%
160-60	ADR \$52.5-\$65 OCC 50-60% CR 8.25-9.0%	ADR \$130-\$170 OCC 70-80% CR 6.75-7.5%	ADR \$165-\$185 OCC 70-75% CR 6.75-7.0%	ADR \$70-80 OCC 80-85% CR 6.5-7.0%

Typical Range of Metrics of Full-Service Hotels by class Full-Service Midscale and smaller Full-Service Luxury are stabilized Full Service Upper Upscale and Upscale utilized 2019 metrics for stabilization:

2023 Revalue Typical Income Metrics for Full Service Hotels					
	Midscale	Upscale	Upper Upscale	Luxury < 350 Rooms	Luxury > 350 Rooms
160-10	N/A	ADR \$170-\$200 OCC 80-82.5% CR 6.25-6.5%	ADR \$200-\$240 OCC 80-85% CR 6.25-6.75%	ADR \$275-\$375 OCC 75% CR 6.25-6.5%	ADR \$280-\$300 OCC 80-85% CR 6.25-6.75%
160-20	N/A	ADR \$175-\$205 OCC 72.5-77.5% CR 6.5-7%	ADR \$180-\$230 OCC 70-80% CR 6.5-7%	ADR \$275-\$325 OCC 70-75% CR 6.25-6.5%	N/A
160-30	ADR \$160 OCC 75% CR 6.5%	ADR \$185-\$200 OCC 80-82.5% CR 6.25-6.75%	ADR \$190-\$240 OCC 80% CR 6.5-6.75%	ADR \$350 OCC 80% CR 6.25%	N/A
160-40	ADR \$125 OCC 70-75% CR 7.25-8.0%	ADR \$135-\$200 OCC 70-75% CR 6.5-8.0%	ADR \$160-\$190 OCC 65-75% CR 7.0-8.0%	ADR \$215 OCC 70% CR 7.25%	N/A
160-50	ADR \$115-\$130 OCC 65-70% CR 6.5-8.0%	ADR \$165 OCC 70% CR 7.25-7.75%	N/A	N/A	N/A
160-60	ADR \$135-\$140 OCC 70% CR 7.25-7.5%	ADR \$175 OCC 75% CR 6.75-7%	N/A	ADR \$325-\$375 OCC 70-75% CR 6.25-6.75%	N/A

Below are the published capitalization rates for hotels for yearend 2022.

2022 HOTEL/MOTEL CAPITALIZATION RATES (for 2023 Revalue)				
SOURCE	DATE	LOCATION	Type	2021 RATE
CBRE	2 nd Half 2022	Seattle CBD & Suburban	Full Service Resort	6.50-7.50%
CBRE	2 nd Half 2022	Seattle CBD	Full Service	6.00-6.50%
CBRE	2 nd Half 2022	Seattle Suburban	Full Service	7.00-8.00%
CBRE	2 nd Half 2022	Seattle CBD	Limited Service	6.50-7.50%
CBRE	2 nd Half 2022	Seattle Suburban	Limited Service	7.00-8.00%
Situs RERC Real Estate Report	Q4 2022	National – All Hotels	Hotels – All Classes	6.70-9.00%

2022 HOTEL/MOTEL CAPITALIZATION RATES (for 2023 Revalue)				
SOURCE	DATE	LOCATION	Type	2021 RATE
Situs RERC Real Estate Report	Q4 2022	Seattle	Hotels – All Classes	7.80%
Situs RERC Real Estate Report	Q4 2022	West Region	1 st Tier Hotels	6.50% - 10.00%
Situs RERC Real Estate Report	Q4 2022	West Region	2 nd Tier Hotels	8.00% - 12.50%
PWC / Korpaz	Year End 2022	National	Full Service	5.00-9.00%
PWC / Korpaz	Year End 2022	National	Luxury & Upper Upscale Hotels	4.00-9.50%
PWC / Korpaz	Year End 2022	National	Select Service & Extended Stay	7.00-10.00%
PWC / Korpaz	Year End 2022	National	Limited Service – Midscale & Economy	8.00-11.50%
ACLI	4 th QTR 2022	Pacific Region	Hotels – All Classes	8.31%

The Assessor applied a Covid-19 adjustment to full-service, upper upscale, and upscale and luxury hotels with more than 350 rooms. To determine that adjustment, the Assessor analyzed occupancy data by sorting full-service hotels by class. He then compared the occupancy rate from the same hotel for the year-end of 2019 to its occupancy rate for the year-end of 2022. He did this for every hotel where data was available and sorted the information by type and class to arrive at the hotel type and class occupancy averages.

Next, the Assessor estimated the absorption period. After researching numerous publications and analyzing local data, the Assessor settled on the following absorption period timeline for each type and class of hotel to get back to stabilization. Below is a summary of the results of occupancy and absorption period for full-service hotels:

Hotel Class	2022 Occupancy	Absorption Period	Discount Rate
Luxury > than 350 Rooms	60%	18 Mos	8.75%
Upper Upscale - All	60%	24 Mos	9.00%
Upscale - All	65%	12 Mos	10.50%

The template below was borrowed from another large assessment jurisdiction in the United States. The template calculates the Covid Discount for a specific hotel using their room count, food and beverage, and other typical, revenue-generating streams based on their loss of occupancy.

HOTEL DISCOUNT FOR LEASEUP		
Number of Rooms	179	
Total Available Room-Nights	65,335	Room-Nights
Current Occupied Room-Nights	42,468	Room-Nights
Present Occupancy %	65.0%	
Stabilized Occupancy (Projected)	49,001	Room-Nights
Stabilized Occupancy %	75.0%	
Rooms to be Absorbed	6,534	Room-Nights
Absorption Period for Rooms (Max 60 months)	12	Months
Rooms Absorption per Year	6,534	Room-Nights
Rooms Absorption per Month	544	Rooms-Nights
Food & Beverage & Other Revenue per Room %	19.6%	
Food & Beverage & Other Revenue per Room	\$24.87	/ Room-Night
REV PAR	\$126.88	/ Room
Room Upgrades or Reserve Per Room per Room-Night	\$0.00	/ Room-Night
Discount Rate	10.50%	
PV OF LEASEUP COSTS =	\$515,806	

This discount rate was applied to account for the loss of cash flow during the estimated absorption period.

Current Hotel Development: For the 2023 revalue cycle, fifteen permits were approved for new hotel construction. As of this writing, no movement has begun on eleven of those sites. Four hotels have workers on the ground, where construction has begun, one is nearing completion and should open before 2024.

Below is the current list of planned hotel projects organized by neighborhood.

Hotel Projects Proposed and Under Construction								
No	Nbhd	Parcel Number	Hotel Name	Address	City	Stories	Room Count	Expected Completion
1	10	713783-0020	Unnanmed - Luxury Hotel	1301 5th Ave.	Seattle	12	163	No Start
2	10	524780-0300	Hotel Westland	100 S King St	Seattle	6	120	No Start
3	20	032425-0030	InterContinental Hotel - Bellevue	10300 NE 8th Ave	Bellevue	20	266	Fall, 2023
4	20	369980-0050	Silver Cloud - Bellevue CBD	200 108th Ave NE	Bellevue	10	174	No Start
5	30	114200-1130	The Tower	4236 Brooklyn Ave	Seattle	14	300	No Start
6	30	224900-0150	Hotel Nuovo	601 Aurora Ave. N	Seattle	8	243	No Start
7	30	617420-0000	Residence Inn - Northgate	10600 1st Ave NE	Seattle	5	154	Spring, 2025
8	30	292604-9392	Marriott AC - Northgate	810 NE Northgate Way	Seattle	7	175	No Start
9	30	674670-1275	Unnanmed - Luxury Hotel	4512 11th Ave. NE	Seattle	30	168	No Start
10	30	684970-0075	Marriott AC	117 Yale Ave. N	Seattle	11	200	Spring, 2024
11	40	042204-9240	Home2Suites	19320 28th Ave S.	Seatac	5	118	No Start
12	40	088661-0010	LivAway Hotel	845 Park Ave. N	Renton	4	126	No Start
13	40	609423-0010	Seatac Hyatt House	17300 International Blvd	Tukwila	6	198	No Start
14	50	202105-9036	Muckleshoot Casino & Resort	2402 Auburn Way S	Auburn	18	400	Summer, 2024
15	60	312408-9009	Snoqualmie Casino & Resort	37500 SE North Bend	North Bend	8	210	No Start

Model Validation

Total Value Conclusions, Recommendations, and Validation

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed, and a value is 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 characteristics and conditions as they occur in the valuation area.

The direct capitalization income approach was used to value all limited-service hotels as well as full-service midscale and luxury hotels with fewer than 350 rooms. Full-service upper upscale, upscale, and luxury hotels with more than 350 rooms, were valued using the metrics from the 2020 assessment year (stabilized) with a Covid discount applied. Land values were determined by the geographic appraisers and then subtracted from the total value to arrive at the improvement value.

The hotels noted below have at least 25% of their net leasable area utilized for retail or something other than typical hotel revenues; thus, the Assessor deviated from the mass appraisal model outlined in this report to arrive at the values for the properties noted below:

The Washington Athletic Club	Parcel # 197570-0025
The Crocodile Inn	Parcel # 065300-0160
Bellevue Athletic Club	Parcel # 322505-9046
Best Western Plus (Plaza Green)	Parcel # 232204-9088
Ace Hotel	Parcel # 524780-0930
Cascadia Inn	Parcel # 780780-0240
McMenamins Hotel	Parcel # 062605-9052
Crown Inn and Restaurant	Parcel # 026300-0085

The total assessed value in area 160 for the for 2023 Assessment Year (taxes payable in 2024) results in a total year-over-year increase in value of 7.12%.

CHANGE IN TOTAL ASSESSED VALUE			
2022 Total Value	2023 Total Value	\$ Change	% Change
\$ 9,551,582,300	\$ 10,231,988,100	\$ 680,405,800	7.12%

Uniform Standards of Professional Appraisal Practice

Client and Intended Use of the Appraisal

This mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others 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 Standard 6. To fully understand this report the reader may need to refer to the Assessor's Property record files, Assessor's 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

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 January 1 at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

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 31 of each year. The assessed valuation of the property shall be considered as of July 31 of that year. [1989 c 246 § 4]

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 US 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 definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the 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 accordance 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. An attempt to segregate personal property from the real estate in this appraisal has been made.
11. 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.
12. 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.
13. 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.
14. 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” and provided significant real property appraisal assistance to the person signing this certification. Any services regarding the subject area performed by the appraiser within the prior three years, as an appraiser or in any other capacity is listed adjacent their name.
- Any services regarding the subject area performed by me within the prior three years, as an appraiser or in any other capacity is listed below:

Physical inspection revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification and new construction evaluation.

8/17/2023

Mary Guballa - Commercial Appraiser II – Hotel Specialist

Date

8/17/2023

Ryan Jimenez - Commercial Appraiser II – Hotel Specialist

Date

Improved Sales Calc for Area 160 with Sales Used

8/14/2023

No	Area	Nbid	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Parcel Ct	Ver. Code	Remarks
1	160	010	065500	0050	13,000	3132158	\$4,180,000	07/09/21	\$321.54	CITY HOSTEL SEATTLE (FMR WILLIAM TELL APTS)	DMR/C 95/65	Hotel/Motel	1	Y	
2	160	010	066000	1832	128,875	3197006	\$76,000,000	06/23/22	\$589.72	HOMWOOD SUITES BY HILTON - CAPITOL HILL	NC3P-95 (M)	Hotel/Motel	2	Y	
3	160	010	094200	0120	36,240	3148304	\$9,765,000	09/27/21	\$269.45	HOTEL SEATTLE	DOC1 U/450/U	Hotel/Motel	1	Y	
4	160	010	347000	0020	155,386	3122955	\$49,500,000	06/03/21	\$318.56	HOTEL 1000	DMC 240/290-440	Condominium(Mix)	2	Y	
5	160	010	768389	0020	370,921	3214998	\$97,017,300	10/21/22	\$261.56	THE CHARTER HOTEL & HELIOS	DMC 240/290-440	Condominium(Mix)	1	Y	
6	160	020	102405	9045	82,580	3236644	\$25,200,000	05/08/23	\$305.16	EASTGATE HOTEL (former Silver Cloud)	CB	Hotel/Motel	2	Y	
7	160	020	122505	9216	46,464	3148523	\$19,311,600	09/28/21	\$415.63	WOODSPRING SUITES - REDMOND	GC	Hotel/Motel	1	Y	
8	160	020	154410	0322	107,322	3130365	\$78,300,000	07/01/21	\$729.58	MARRIOTT AC HOTEL BELLEVUE (Core)	DNTN-MU	Hotel/Motel	1	Y	
9	160	030	569450	0790	10,105	3038049	\$1,995,000	03/09/20	\$197.43	WALLINGFORD INN	NC3-55 (M)	Hotel/Motel	1	Y	
10	160	040	000580	0002	45,902	3148516	\$16,069,300	09/28/21	\$350.08	WOODSPRING SUITES - SOUTHCENTER	TUC-TOD	Hotel/Motel	1	Y	
11	160	040	042204	9138	112,765	3147503	\$47,812,500	09/17/21	\$424.00	RESIDENCE INN by MARRIOTT - SEATAC	UH-UCR	Hotel/Motel	1	Y	
12	160	040	282304	9190	27,216	3184625	\$7,837,500	03/08/22	\$287.97	MOTEL 6 - SEATAC	CB-C	Hotel/Motel	1	Y	
13	160	040	332304	9059	70,593	3214918	\$15,675,000	10/20/22	\$222.05	LA QUINTA INN & SUITES SEATTLE SEATAC AIRPORT	CB-C	Hotel/Motel	1	Y	
14	160	040	332304	9141	87,273	3205674	\$24,700,000	08/18/22	\$283.02	WINGATE by WYNDHAM HOTEL	CB-C	Hotel/Motel	3	Y	
15	160	040	332304	9142	36,648	3135127	\$8,407,500	07/27/21	\$229.41	QUALITY INN SEATAC AIRPORT	CB-C	Hotel/Motel	1	Y	
16	160	040	332304	9168	26,157	3143151	\$4,275,000	08/30/21	\$163.44	CREST MOTOR INN	CB-C	Hotel/Motel	1	Y	
17	160	040	334330	1120	35,608	3171223	\$8,096,375	01/26/22	\$227.38	ECONOLOGDE - SOUTHPORT	CA	Hotel/Motel	1	Y	
18	160	040	334450	0006	96,471	3124448	\$37,575,000	06/08/21	\$389.50	RESIDENCE INN - SOUTHPORT	UC	Hotel/Motel	2	Y	
19	160	050	000080	0049	36,269	3131709	\$10,620,000	07/09/21	\$292.81	CLARION HOTEL - AUBURN	C3	Hotel/Motel	1	Y	
20	160	050	000660	0036	34,577	3246568	\$6,900,000	07/17/23	\$199.55	RED LION INN & SUITES KENT	I1	Hotel/Motel	3	Y	
21	160	050	132104	9050	67,677	3178733	\$22,334,500	03/17/22	\$330.02	HOLIDAY INN EXPRESS - AUBURN	C3	Hotel/Motel	1	Y	
22	160	050	132204	9158	28,584	3037373	\$3,800,000	03/06/20	\$132.94	ECONOLOGDE - KENT	GC	Hotel/Motel	2	70	Building Only; not in ratio
23	160	050	202104	9045	18,160	3139647	\$4,560,000	08/13/21	\$251.10	DAYS INN FEDERAL WAY	CE	Hotel/Motel	1	Y	
24	160	050	215640	0220	15,124	3115553	\$2,517,500	04/28/21	\$166.46	THE LEGEND MOTEL - DES MOINES	PR-C	Hotel/Motel	1	Y	
25	160	050	232204	9068	34,786	3191341	\$7,362,500	05/19/22	\$211.65	QUALITY INN HOTEL KENT - SEATTLE	GC-MU	Hotel/Motel	1	Y	
26	160	050	391020	0040	8,214	3199881	\$1,330,000	07/05/22	\$161.92	ROYAL "A" MOTEL - AUBURN	C3	Hotel/Motel	1	Y	
27	160	050	797820	0020	11,544	3201091	\$3,230,000	07/18/22	\$279.80	EASTWIND MOTEL - FEDERAL WAY	BC	Hotel/Motel	1	Y	
28	160	050	797820	0540	95,183	3202678	\$15,295,000	07/06/22	\$160.69	EVERGREEN INN & SUITES - (former Best Western Plus)	CC-C	Hotel/Motel	1	Y	
29	160	060	302604	9070	12,897	3200317	\$4,593,250	07/14/22	\$356.15	SEATTLE INN	C1-75 (M)	Hotel/Motel	1	Y	
30	160	060	866327	0010	43,720	3162929	\$8,075,000	12/06/21	\$184.70	TOTEM LAKE HOTEL	TL 8	Hotel/Motel	1	Y	

Improved Sales Calc for Area 160 with Sales Not Used

8/14/2023

No	Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Parcel Ct	Ver. Code	Remarks
1	160	010	066000	0010	18,740	3180670	\$12,500,000	03/29/22	\$667.02	KINGS INN	DMC 240/290-440	Hotel/Motel	1	51	Related party, friend, or neighbor
2	160	010	094200	0145	135,444	3236680	\$51,862,500	05/09/23	\$382.91	HOTEL MONACO	DOC1 U/450/U	Hotel/Motel	1	46	Non-representative sale
3	160	010	094200	0265	67,390	3240189	\$30,330,000	05/17/23	\$450.07	HOTEL VINTAGE	DOC1 U/450/U	Hotel/Motel	1	26	Imp changed after sale; not in ratio
4	160	010	094200	0610	83,964	3201639	\$30,320,000	07/05/22	\$361.11	DOUBLETREE ARCTIC CLUB HOTEL - SEATTLE	DOC1 U/450/U	Hotel/Motel	1	13	Bankruptcy - receiver or trustee
5	160	010	197570	0645	39,312	3165096	\$405,360	12/17/21	\$10.31	STATE HOTEL	DMC 240/290-440	Hotel/Motel	1	43	Development rights parcel to prvt se
6	160	020	262505	9046	78,748	3131024	\$26,600,000	06/23/21	\$337.79	SILVER CLOUD INN OVERLAKE	OV1	Hotel/Motel	1	68	Non-gov't to gov't
7	160	020	619430	0010	59,148	3175847	\$28,327,216	03/03/22	\$478.92	LA QUINTA INN - KIRKLAND	YBD 3	Hotel/Motel	1	68	Non-gov't to gov't
8	160	020	720241	0080	159,508	3182453	\$28,500,000	03/30/22	\$178.67	REDMOND MARRIOTT TOWN CENTER	TWNC	Hotel/Motel	1	33	Lease or lease-hold
9	160	030	198420	0065	238,097	3139382	\$80,000,000	08/16/21	\$336.00	RESIDENCE INN BY MARRIOTT- SLU	SM-SLU 145	Hotel/Motel	1	33	Lease or lease-hold
10	160	030	198820	0055	27,228	3122464	\$16,500,000	06/01/21	\$605.99	INN AT QUEEN ANNE	SM-UP 85 (M1)	Hotel/Motel	1	68	Non-gov't to gov't
11	160	030	352890	1186	3,182	3130584	\$122,572	07/02/21	\$38.52	HILLSIDE MOTEL	C1-55 (M)	Hotel/Motel	1	63	Sale price updated by sales id group
12	160	040	032204	9014	33,528	3132967	\$5,200,000	07/01/21	\$155.09	MOTEL 6 MILITARY ROAD - SEATAC	CB	Hotel/Motel	1	46	Non-representative sale
13	160	040	042204	9241	33,596	3120662	\$3,000,000	05/25/21	\$89.30	COMFORT INN - SEATAC (WEST)	CB-C	Hotel/Motel	1	51	Related party, friend, or neighbor
14	160	040	334450	0006	96,471	3047166	\$32,951	03/19/20	\$0.34	RESIDENCE INN - SOUTHPORT	UC	Hotel/Motel	2	68	Non-gov't to gov't
15	160	040	342304	9320	52,391	3231840	\$9,025,000	03/29/23	\$172.26	MOTEL 6 SOUTH SEATAC	CB	Hotel/Motel	3	46	Non-representative sale
16	160	040	344500	0070	11,328	3082077	\$114,622	10/21/20	\$10.12	SKYWAY INN SEATAC	CB-C	Hotel/Motel	1	51	Related party, friend, or neighbor
17	160	040	918800	0148	67,842	3124318	\$27,170,000	06/10/21	\$400.49	EXTENDED STAY - RENTON	CO	Hotel/Motel	1	68	Non-gov't to gov't
18	160	050	082104	9121	43,620	3140941	\$22,967,341	08/24/21	\$526.53	EXTENDED STAY AMERICA - FEDERAL WAY	CC-F	Hotel/Motel	1	68	Non-gov't to gov't
19	160	050	092104	9328	98,529	3149760	\$22,902,300	09/22/21	\$232.44	COURTYARD MARRIOTT FEDERAL WAY	CC-C	Hotel/Motel	2	13	Bankruptcy - receiver or trustee
20	160	050	212104	9078	58,600	3143930	\$10,960,000	09/02/21	\$187.03	FEDERAL WAY INN & SUITES	CE	Hotel/Motel	1	68	Non-gov't to gov't
21	160	050	797820	0045	8,506	3188687	\$1,525,000	05/06/22	\$179.29	STEVENSON MOTEL - FEDERAL WAY	BC	Hotel/Motel	1	51	Related party, friend, or neighbor
22	160	060	192604	9012	51,390	3130683	\$17,376,702	07/07/21	\$338.13	HOLIDAY INN EXPRESS & SUITES - NORTH SEATTLE	C1-75 (M)	Hotel/Motel	1	68	Non-gov't to gov't
23	160	060	192604	9434	53,203	3140913	\$40,476,413	08/24/21	\$760.79	EXTENDED STAY AMERICA - SEATTLE NORTH	C1-55 (M)	Hotel/Motel	1	68	Non-gov't to gov't
24	160	060	282605	9078	32,724	3084029	\$6,332,052	11/18/20	\$193.50	MOTEL 6 - KIRKLAND	TL 4A	Hotel/Motel	1	46	Non-representative sale
25	160	060	894710	0010	27,460	3084298	\$5,540,320	11/17/20	\$201.76	MOTEL 6 - ISSAQUAH	UC	Hotel/Motel	1	59	Bulk portfolio sale

SPECIALTY AREA 160 - PHYSICAL INSPECTION 2023

No	Major	Minor	Property Name	Address	Jurisdiction
1	062210	0052	HAMPTON INN & SUITES - WOODINVILLE	19211 WOODINVILLE-SNOHOMISH RD	WOODINVILLE
2	062605	9052	MCMENAMINS	18607 BOTHELL WAY NE	BOTHELL
3	062605	9369	MCMENAMINS PARKING		BOTHELL
4	062605	9370	MCMENAMINS POOL - NORTH SHORE RESTAURANT	18709 BOTHELL WAY NE	BOTHELL
5	092308	9068	FUTURE FAIRFIELD INN	700 SOUTH FORK AVE SW	NORTH BEND
6	152308	9095	MT SI MOTEL	43200 SE NORTH BEND WAY	NORTH BEND
7	152605	9047	WILLOWS LODGE	14580 NE 145TH ST	WOODINVILLE
8	192604	9012	HOLIDAY INN EXPRESS & SUITES - NORTH SEATTLE	14115 AURORA AVE N	SEATTLE
9	192604	9434	EXTENDED STAY AMERICA - SEATTLE NORTH	13330 STONE AVE N	SEATTLE
10	202406	9097	FAIRFIELD INN - ISSAQUAH	1801 12TH AVE NW	ISSAQUAH
11	222890	0030	DAYS INN SHORELINE	19527 AURORA AVE N	SHORELINE
12	222890	0030	DAYS INN SHORELINE	19527 AURORA AVE N	SHORELINE
13	226750	0080	Edgewick Inn (Assoc w/0110)	14600 468TH AVE SE	NORTH BEND
14	226750	0110	EDGEWICK INN	14600 468TH AVE SE	NORTH BEND
15	232604	9001	ST EDWARDS LODGE and PARK	14477 JUANITA DR NE	KENMORE
16	282605	9078	MOTEL 6 - KIRKLAND	12010 NE 120TH PL	KIRKLAND
17	282605	9136	COMFORT INN - KIRKLAND	12204 NE 124TH ST	KIRKLAND
18	282710	0025	AMERICA'S BEST VALUE INN - SHORELINE	14817 AURORA AVE N	SHORELINE
19	292605	9041	COURTYARD BY MARRIOTT - KIRKLAND	11215 NE 124TH ST	KIRKLAND
20	302408	9064	SALISH LODGE AND SPA	6501 RAILROAD AVE SE	SNOQUALMIE
21	302408	9080	VACANT PARCEL	23780 SE ISSAQUAH-FALL CITY RD	SNOQUALMIE
22	302604	9002	NITES INN MOTEL	11746 AURORA AVE N	SEATTLE
23	302604	9070	SEATTLE INN	12035 AURORA AVE N	SEATTLE
24	302604	9080	EMERALD INN - SEATTLE NORTH	12045 AURORA AVE N	SEATTLE
25	332605	9086	BAYMONT INN & SUITES KIRKLAND	12222 NE 116TH ST	KIRKLAND
26	332605	9204	BAYMONT INN & SUITES KIRKLAND ANNEX	12223 NE 116TH ST	KIRKLAND
27	356000	0010	HILTON GARDEN INN - ISSAQUAH PARKING		ISSAQUAH
28	356000	0110	HOMEWOOD SUITES BY HILTON - ISSAQUAH PARKING		ISSAQUAH
29	356000	0120	HOMEWOOD SUITES BY HILTON - ISSAQUAH	1484 Hyla Ave NW 98027	ISSAQUAH
30	356000	0130	HILTON GARDEN INN - ISSAQUAH	1800 NW GILMAN BLVD	ISSAQUAH
31	362930	0010	SPRINGHILL SUITES - ISSAQUAH	1185 NW MAPLE ST	ISSAQUAH
32	392700	0250	RESIDENCE INN BY MARRIOTT - BOTHELL	11920 NE 195TH ST	BOTHELL
33	525430	0015	SHORELINE MOTEL	16526 AURORA AVE N	SHORELINE
34	614970	0055	COMFORT INN & SUITES - NORTH SEATTLE	13700 AURORA AVE N	SEATTLE
35	673070	0005	FALL CITY ROADHOUSE INN & RESTAURANT	4200 PRESTON-FALL CITY RD SE	KING COUNTY
36	697920	0020	COUNTRY INN & SUITES - BOTHELL	19333 NORTH CREEK PKWY	BOTHELL
37	780780	0240	CASCADIA INN & RESTAURANT	210 RAILROAD AVE	SKYKOMISH
38	780780	0251	VACANT LOT, IMPS ON MINOR 0240.		SKYKOMISH
39	780780	0430	LAND ASSOC W/-0240	32 RAILROAD AVE	SKYKOMISH
40	784681	0010	SNOQUALMIE INN	35228 SNOQUALMIE PKWY	SNOQUALMIE
41	857090	0252	NORTH BEND MOTEL	322 E NORTH BEND WAY	NORTH BEND
42	857190	0155	SUNSET MOTEL - NORTH BEND	227 W NORTH BEND WAY	NORTH BEND
43	866327	0010	TOTEM LAKE HOTEL	12233 NE TOTEM LAKE WAY	KIRKLAND
44	894710	0010	MOTEL 6 - ISSAQUAH	1885 15TH PL NW	ISSAQUAH



King County

Department of Assessments

King Street Center
201 S. Jackson Street, KSC-AS-0708
Seattle, WA 98104
(206) 296-7300 FAX (206) 296-0595
Email: assessor.info@kingcounty.gov

John Wilson

Assessor

As we start preparations for the 2023 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, 2023 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 160

2023 Assessment Year



Department of Assessments