

# Major Office Buildings

Area: 280

## *Commercial Revalue for 2023 Assessment Roll*



**King County**

**Department of Assessments**

*Setting values, serving the community, and pursuing excellence*

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*John Wilson*  
*Assessor*

Dear Property Owners,

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

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

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

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

In Service,

John Wilson  
King County Assessor

Specialty Area 280  
2023 Assessment Year



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](http://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.

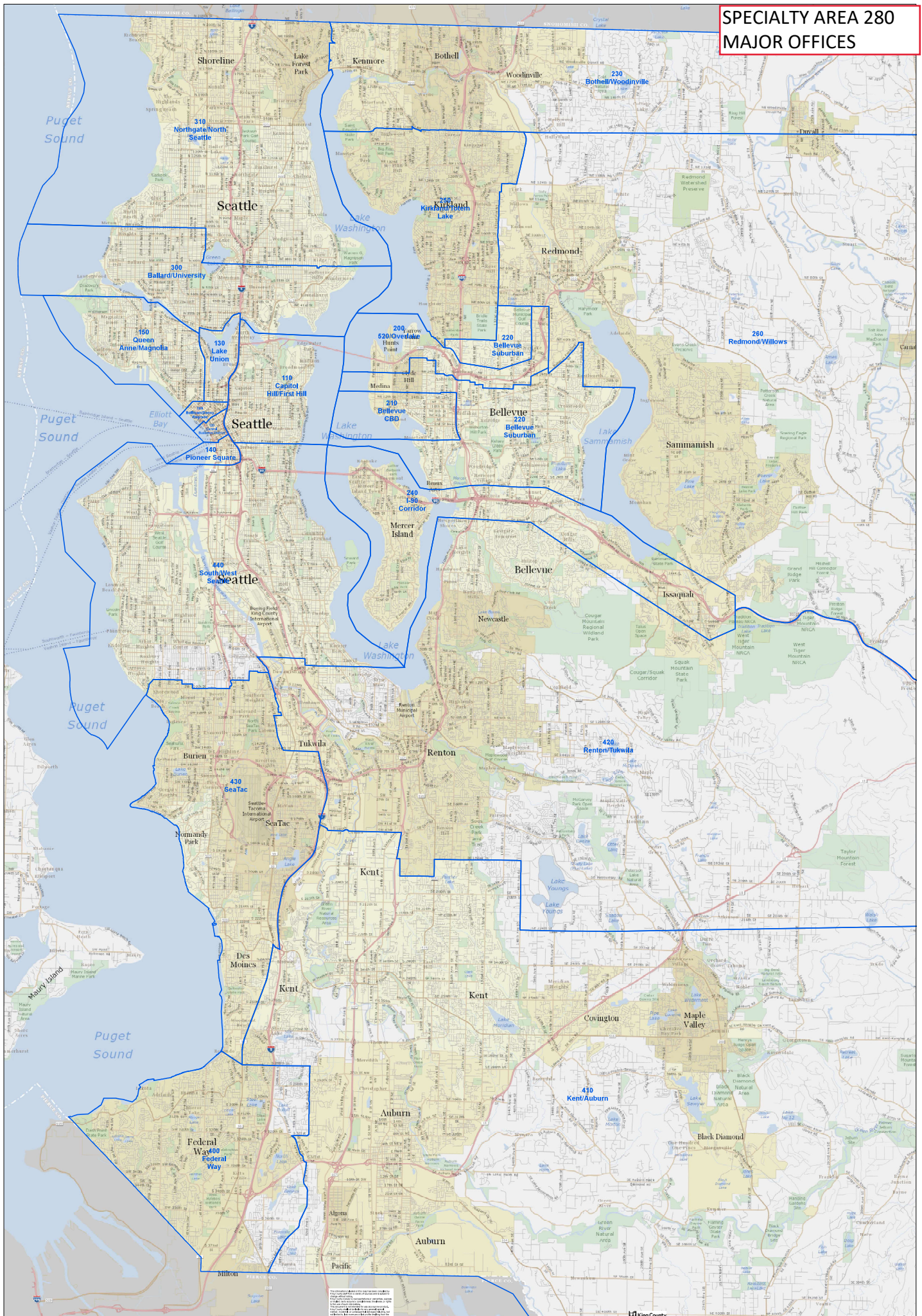
## Requirements of State Law

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.

**SPECIALTY AREA 280  
MAJOR OFFICES**



# Specialty Area 280 Offices Annual Update Ratio Study Report

## PRE-REVALUE RATIO ANALYSIS

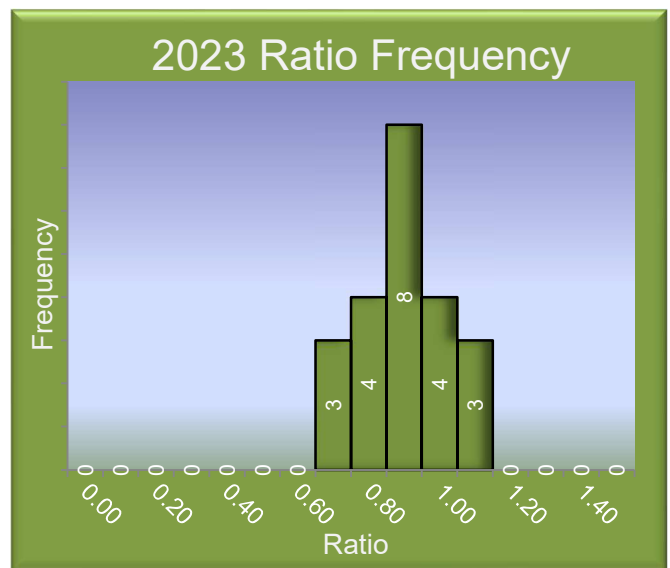
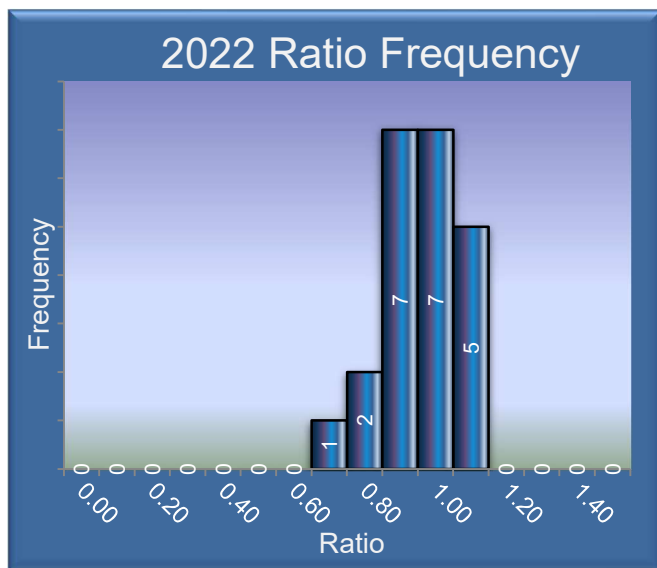
Pre-revalue ratio analysis compares sales from 2020 through 2022 in relation to the previous assessed value as of 1/1/2022.

PRE-REVALUE RATIO SAMPLE STATISTICS	
<b>Sample size (n)</b>	22
<b>Mean Assessed Value</b>	143,936,200
<b>Mean Adj. Sales Price</b>	174,846,400
<b>Standard Deviation AV</b>	147,091,982
<b>Standard Deviation SP</b>	205,534,676
ASSESSMENT LEVEL	
<b>Arithmetic Mean Ratio</b>	0.907
<b>Median Ratio</b>	0.925
<b>Weighted Mean Ratio</b>	0.823
UNIFORMITY	
<b>Lowest ratio</b>	0.6705
<b>Highest ratio:</b>	1.0660
<b>Coefficient of Dispersion</b>	9.17%
<b>Standard Deviation</b>	0.1084
<b>Coefficient of Variation</b>	11.95%
<b>Price Related Differential (PRD)</b>	1.10

## 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	
<b>Sample size (n)</b>	22
<b>Mean Assessed Value</b>	133,738,500
<b>Mean Sales Price</b>	174,846,400
<b>Standard Deviation AV</b>	136,575,452
<b>Standard Deviation SP</b>	205,534,676
ASSESSMENT LEVEL	
<b>Arithmetic Mean Ratio</b>	0.847
<b>Median Ratio</b>	0.848
<b>Weighted Mean Ratio</b>	0.765
UNIFORMITY	
<b>Lowest ratio</b>	0.6354
<b>Highest ratio:</b>	1.0422
<b>Coefficient of Dispersion</b>	10.46%
<b>Standard Deviation</b>	0.1155
<b>Coefficient of Variation</b>	13.63%
<b>Price Related Differential (PRD)</b>	1.11



## Executive Summary Report

**Appraisal Date: 1/1/2023 - 2023 Assessment Year – 2024 Tax Roll Year**

**Specialty Name: Major Office Buildings**

**Sales - Improved Analysis Summary:**

Number of Sales: 34 market transactions; 22 included in the ratio study.

Range of Sale Dates: 1/18/2020 to 12/31/2022

Sales - Improved Valuation Change Summary					
	Mean Assessed Value	Mean Sales Price	Ratio	COD	COV
<b>2022 Value</b>	\$ 143,936,200	\$ 174,846,400	82.30%	9.17%	11.95%
<b>2023 Value</b>	\$ 133,738,500	\$ 174,846,400	76.50%	10.46%	13.63%
<b>Change</b>	\$ (10,197,700)		-5.80%	1.29%	1.68%
<b>% Change</b>	-7.08%		-7.05%	14.07%	14.06%

\*COD is a measure of uniformity, lower numbers represent better uniformity

**Sales used in Analysis:** All improved sales that were verified as market sales and did not have major characteristic changes or have been segregated or merged between the date of sale and the date of appraisal, were included in the ratio analysis.

The above ratio study results for office sales in the Major Office Specialty 280 (institutional/investment-grade office buildings with a rentable area of 90,000 square feet or more) are based on a sales sample that is heavily weighted with sales of well-leased or well-located lower-risk properties in the Downtown Seattle sub-markets and the Bellevue CBD. Consequently, in this instance, it may not be an entirely reliable tool for measuring the revaluation results of the overall specialty that includes properties with higher than market vacancy or less dynamic suburban locations (e.g., South King County), where values have tended to lag behind the rest of the county.

In addition, some of the sales in the sample represent the Leased Fee interest, while the Assessor is tasked with valuing the Fee Simple interest based on market parameters as of the valuation date. Therefore, sales encumbered with older leases that are above or below current market rates or sales with occupancy rates that differ from market representation do not reflect the interest the Assessor values. In addition, properties that are fully leased to one or two high-credit tenants, typically on a triple-net basis, tend to command a significant premium Leased Fee value

compared to the unencumbered Fee Simple value. These sales tend to reflect higher values than the Assessor's value by the income approach using current market parameters.

**Total Population – Parcel Summary Data:**

Number of Improved Parcels: 470

TOTAL POPULATION SUMMARY DATA			
	Land	Improvement	Total
2022 Value	\$11,484,994,350	\$37,826,926,900	\$49,311,921,250
2023 Value	\$12,686,184,300	\$34,553,011,600	\$47,239,195,900
% Change	10.46%	-8.65%	-4.20%

**Number of total parcels in the Specialty Assignment: 576**

Total assessed values include economic land parcels and new construction values but may exclude some hold-out parcels that the assessor is currently working on for the current 2023 revalue.

Excluding new construction projects already valued, the total overall 2023 assessed value decreased by -4.20%

**Conclusion and Recommendation:**

Total assessed values for the 2023 revalue have decreased -4.20% over 2022 assessment levels due to ongoing market instabilities caused by the Covid-19 pandemic, which resulted in higher vacancy rates, stagnated market rents, and rising capitalization rates.

The values recommended in this report reflect current office market parameters as of the valuation date of 1/1/2023 and improve uniformity and equity. Therefore, it is recommended that the values should be posted for the 2023 Assessment Year.



## Identification of the Area

### **Name or Designation: Specialty Area 280 - Major Office Buildings**

This report contains data pertinent to the revalue of major office buildings in King County. For the purposes of assessment, Major Office buildings are categorized as investment or institutional-grade office properties containing a net rentable area of 90,000 square feet or more. Net rentable area, as utilized here, is typically described as gross building area minus vertical penetrations. The office specialty properties are found throughout King County, with significant concentrations located in Downtown Seattle and Downtown Bellevue. Additionally, larger suburban office buildings are found in many jurisdictions of the County. All office specialty properties were revalued this year. A list of the parcels physically inspected for the current assessment year is included in the addendum of this report.

**Neighborhoods:** For purposes of the 2023 revaluation of the major office building specialty, the population has been segmented into four regions which are generally described by the geography in which they encompass, Seattle Downtown, Eastside, Northend, and Southend. The four major geographic regions are further segmented by submarket. There are a total of 20 submarket areas.

<b>Area 280 Submarkets</b>		
<b>Seattle Downtown</b>	<b>Eastside</b>	<b>Northend</b>
280-100 Belltown/Denny Regrade	280-200 520/Overlake	280-300 Ballard/University
280-110 Capitol Hill/First Hill	280-210 Bellevue CBD	280-310 Northgate/North Seattle
280-120 Central Business District	280-220 Bellevue Suburban	<b>Southend</b>
280-130 Lake Union	280-230 Bothell/Woodinville	280-400 Federal Way
280-140 Pioneer Square	280-240 I-90 Corridor	280-410 Kent/Auburn
280-150 Queen Anne/Magnolia	280-250 Kirkland/Totem Lake	280-420 Renton/Tukwila
	280-260 Redmond/Willows	280-430 SeaTac
		280-440 South/West Seattle

**Boundaries:** All of King County

**Maps:** A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King Street Center and the Assessor's website.

### **Area Overview**

Within the Major Office specialty, eight sales occurred in 2022, less than half the reported eighteen sales in 2021. Four of these 2022 office sales were considered atypical due to their

Specialty Area 280  
2023 Assessment Year



single tenant, high-credit, net sale, or non-profit status. As a result of insufficient sales within all market segments, the assessor could not rely solely on the Sales Comparison Approach for the 2023 revalue.

The Income Approach is relied on in the final reconciliation of value because it allows for greater equalization and uniformity of values for the various stratifications of office buildings in the different submarkets. In addition, sufficient market income data was available to perform this analysis.

## Economic Summary

The overall office market within the Greater Puget Sound area during 2022 has been significantly influenced by the rise in remote work, flat stagnant rents, increased vacancies in the direct and sublease markets, and rising capitalization rates due to rising interest rates. These factors have created a more challenging market environment for landlords, investors, and businesses. The market dynamics prompted landlords and developers to explore flexible solutions, adapt their properties to evolving tenant needs, and seek alternative uses for underperforming office spaces.

**Remote Work and Hybrid Work Models:** Since mid-year 2020, the COVID-19 pandemic has continued to shape the office market, as businesses adapt to remote work and hybrid work models. Many companies implemented long-term remote work policies, allowing employees to work from home for a significant portion of their workweek. This shift had a profound impact on the demand for traditional office space, as businesses reconsidered their space requirements and sought to optimize their real estate footprint<sup>1</sup>.

**Shifts in Office Space Demand:** The pandemic-induced changes in work patterns and preferences led to shifts in office space demand. Many businesses reevaluated their space needs, considering factors such as flexible work arrangements, collaboration requirements, and employee well-being. This led to a demand for more flexible and agile office spaces that catered to the changing needs of employees. Landlords and developers adapted to this demand by offering flexible lease terms, creating co-working spaces, and incorporating wellness-focused amenities into their properties.

- **Office Demand and Quality of Space:** The impact on real estate values can vary depending on the location and quality of office properties. Prime locations and high-quality office spaces may still command strong demand, even in a market with high vacancies. Such properties may be better positioned to attract tenants and maintain rental rates, mitigating the negative impact on their values. On the other hand, less

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<sup>1</sup> Seattle Times | 10/09/2022 - Seattle's downtown needs office workers. Do workers need offices?

desirable or outdated office properties may face more significant challenges in attracting tenants and maintaining their values. As businesses and employees navigate the post-pandemic landscape, the office market is likely to witness continued transformation and innovation. For those properties that are underperforming or underutilized, some property owners may explore adaptive reuse and redevelopment strategies. For example, office buildings that struggled to attract tenants may be repurposed for alternative uses, such as mixed-use developments, residential conversions, or creative office spaces. This approach aimed to revitalize underutilized properties and meet the evolving needs of tenants in the post-pandemic era.

### **Rents and Vacancy:**

- **Rental Rates:** For 2022, rental rates in the greater Puget Sound office market have remained relatively unchanged or have experienced minimal growth over the specified period. The combination of increased vacancies, sublease availability, and businesses' cautious approach to real estate investment limited landlords' ability to raise rents significantly. Landlords, in response, became more flexible in negotiations, offering rent abatement, tenant improvement allowances, or other concessions to attract and retain tenants.

Within the greater King County major office market area during 2022, certain market segments saw an increase in overall asking rents but a decrease in effective rents. This can be attributed to factors such as increased supply of office space leading to higher competition, tenant preferences shifting towards newer properties, economic conditions impacting demand, individual tenant negotiations influencing effective rents, and market segmentation with varying dynamics. These factors created a situation where landlords set higher asking rents to maximize income but had to offer concessions or lower effective rents to attract tenants and fill vacancies in a competitive market.

**Vacancy Rates:** The increased adoption of remote work and business downsizing resulted in higher vacancy rates throughout the Greater Puget Sound office market. Companies that downsized or transitioned to remote work chose to relinquish excess office space or sublease it to other businesses. As a result, the overall vacancy rates increased, creating a more competitive market for landlords and property owners.

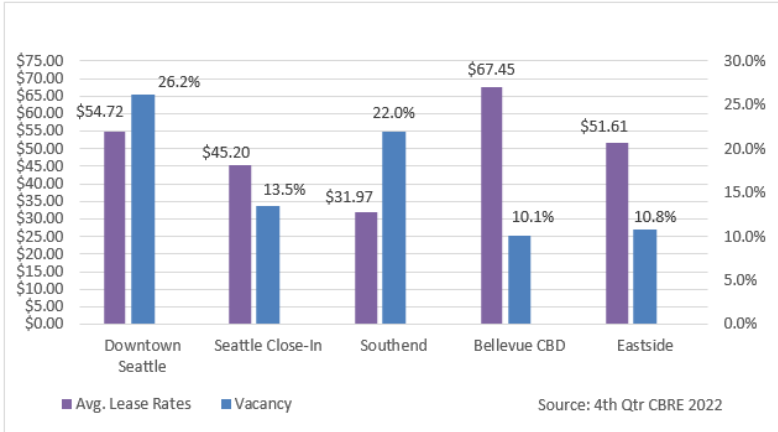
- **Sublease Market:** The sublease market experienced significant growth in 2022 as businesses looked to offset the costs of unused office space. The availability of sublease space has added to the overall vacancy rate, creating a more challenging market environment for landlords. Companies with excess square footage sought

to sublease their space to other organizations, creating opportunities for businesses seeking short-term or flexible office solutions. The sublease market's expansion contributed to the overall increase in vacancy rates and put downward pressure on rental rates and overall property values.

According to CBRE, within the Puget Sound core submarkets, Downtown Seattle and Bellevue CBD experienced the greatest year-over-year change in total vacancy of +7.6% and +1.0%, respectively, while Seattle’s Close-In and Southend submarkets showed modest decrease to the overall vacancy of -1.2% and -1.3%, respectively. The Eastside’s +0.4% change in overall vacancy remained relatively unchanged from the previous year.

Office Market Summary Statistics 2022						
	Market Size (SF)	Total Vacancy %	Change in Vacancy	Class A Avg. Asking Rate*	Rent Change %	Last 4 Qtr Net Absorption (SF)
Downtown Seattle	54,553,167	26.2%	7.6%	\$54.72	2.24%	(1,783,306)
Seattle Close-In	7,217,266	13.5%	-1.2%	\$45.20	11.63%	(119,367)
Southend	12,033,694	22.0%	-1.3%	\$31.97	-1.60%	73,089
Bellevue CBD	10,214,307	10.1%	1.0%	\$67.45	14.73%	167,503
Eastside	34,253,508	10.8%	0.4%	\$51.61	13.08%	782,684

Source: 4th Qtr 2022 CBRE Office MarketView  
\*Full Service



Within King County’s five major core market areas, Downtown Seattle, Seattle’s Close-In, the Eastside, and Bellevue’s CBD reported overall year-over-year asking rent increases of +2.24%, 11.63%, +13.08%, and +14.73%, respectively, while the Southend market reported a negative decrease in overall asking rent rates of -1.60%.

As a result of the rising vacancy rates due to the decrease in demand and atypical high sublease market, landlords are starting to incentivize leases by offering rent concessions, such as free rent or increased tenant improvement allowances to existing tenant renewals and new lease prospects. The gap between asking rents and effective rents is widening. It is likely that the decline in effective office rents will continue into the near future, as the office market continues to adjust to the changes brought about by the COVID-19 pandemic. However, it is also possible that the market will eventually stabilize, and rents will begin to increase. This will depend on

several factors, including the continued growth of the tech industry, the demand for office space from other industries, and the availability of new office space.

**Capitalization Rates and Investor Sentiment:** Rising interest rates in 2022 influenced capitalization rates and investor sentiment in the Greater Puget Sound office market. As interest rates increased, the cost of borrowing for real estate investors rose, increasing capitalization rates, and impacting property valuations. The uncertainty surrounding the future of office space demand, coupled with rising interest rates, resulted in a more cautious investment environment. Investors demanded higher returns to compensate for the perceived risks associated with declining rental incomes and the potential challenges in finding and retaining tenants<sup>2</sup>. Value-add cap rates are used to evaluate the potential return on investment for properties that require improvements or have issues such as underperformance, deferred maintenance, or economic obsolescence such as high vacancies. These properties may have a higher cap rate compared to stabilized properties because they carry more risk and require additional capital to reach stabilization.

#### **Sales Activity:**

The office sales market in the Puget Sound region were sluggish in 2022 and this trend has continued into 2023 thus far. Within the Major Office specialty, there were only eight sales that occurred within all market sectors that met the definition of fair market transactions. Of these eight sales, four were considered high credit, single tenant, net-asset sales or non-profit in nature, which may not be representative of fee simple, multi-tenant type assets.

The lack of recent office sales in 2022 may be due to several factors, including rising interest rates, changing office dynamics, and a lack of institutional investment.

- **Rising Interest Rates:** Rising interest rates are one of the most significant factors contributing to the sluggish office sales market. The Federal Reserve has been raising interest rates to combat inflation, making it more expensive for businesses to borrow money to buy office space. As a result, many stakeholders have been putting off their office expansion plans. According to a report by Colliers, sales activity stagnated partly because of rising interest rates impacting markets nationally. At the same time, confidence in office demand continued to dwindle as companies' return-to-office (RTO) mandates have yet to broadly materialize<sup>3</sup>.
- **Changing Office Dynamics:** The COVID-19 pandemic has also had a major impact on the office sales market. Many businesses have adopted a hybrid work model, meaning that

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<sup>2</sup> CBRE | H2 2022 Cap Rate Survey

<sup>3</sup> Q4 2022 Seattle Office Report | Colliers.

employees work from home for part of the week and from the office for part of the week. This has led to decreased demand for office space, as businesses no longer need as much space to accommodate their employees. According to the Downtown Seattle Association, as of October of 2022, only 36% of office workers were coming into the office<sup>4</sup>.

A report by Newmark also stated that the Puget Sound office market saw worsening conditions over the first quarter of 2023, following a bumpy 2022. Large layoffs in the tech sector led to right-sizing exercises by major tenants and, consequently, a spike in sublease availability<sup>5</sup>.

- **Lack of Institutional Investment:** Institutional investors, such as pension funds and insurance companies, have traditionally been major players in the office market. However, these investors have been hesitant to invest in office space in recent years. This is due to several factors, including the rising cost of office space, the changing office dynamics, and the uncertainty surrounding the future of work. Many of them have shifted their focus to other asset classes, such as real estate investment trusts (REITs). REITs are companies that own and operate income-producing real estate, and they have been a popular investment for institutional investors in recent years. This is because REITs offer a number of advantages, such as diversification and liquidity.

### **Major Technology Sector:**

The major technology companies within the Seattle / Eastside market areas are all leaders in their respective industries, which employ thousands of people and are major drivers to the local economy.

In addition to these major tech companies, there are also many smaller tech companies in the Seattle Eastside area. These companies are often startups, and they are working on a variety of innovative technologies. The Seattle Eastside area is a great place for tech startups to launch and grow, and it is home to several resources that support these companies, such as venture capital firms, accelerators, and incubators. They have created jobs, attracted investment, and driven innovation. However, the growth of the tech industry in the Puget Sound Region has also had some challenges, which include rising housing costs and traffic congestion. Despite these challenges, the tech industry remains a major driver of the Puget Sound Region's economy.

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<sup>4</sup> Q4 2022 Seattle Office Report | Colliers.

<sup>5</sup> Seattle Real Estate Market Reports | Newmark.

**Seattle’s Major Tech Companies & Primary Submarkets:**

- Amazon: Southlake Union, Belltown, Denny Regrade
- Meta (Facebook): Southlake Union
- Alphabet (Google): Southlake Union
- Zillow: Belltown
- Expedia: Interbay / Lower Queen Anne
- Adobe: Fremont
- Tableau Software: Fremont

**Eastside’s Major Tech Companies & Primary Submarkets:**

- Microsoft: Bellevue CBD, Redmond HQ Campus, and other various locations
- Bellevue suburban locations
- Meta (Facebook): Bellevue Spring District Campus
- Alphabet (Google): Kirkland sub-market area
- T-Mobile: Bellevue’s Factoria sub-market area

**Amazon - Office Space Looking Forward:** Amazon continues to be the dominant force in the technology office market with Seattle and Bellevue being its primary office locations. Currently, Amazon occupies roughly +/-16 million plus square feet of prime office space. While new construction is slowing down within Lake Union/Denny Regrade submarkets, in recent years, Amazon has been focusing its expansion needs towards the business-friendly eastside market area. Examples of Amazon’s eastside presence include major office building leases, office building acquisition, and future development.

Amazon’s Eastside Office Presence		
Building	Square Footage	Comments
Centre 425	377K SF	• Leased Property
Tower 333	417K SF	• Leased Property
Summit II	110K SF	• Leased Property
Summit III	370K SF	• Leased Property
Former Macy’s (Redmond)	110K SF	• Leased Property – Recently Completed
Bellevue Corp. Plaza	256K SF	• Owned Property + Dev. Site
Binary Towers	670K SF	• 2 Towers – Recently Completed
555 Tower	840K SF	• Leased Property - Under Construction
Bellevue 600	900K SF	• Leased Property - Under Construction
West Main	880K SF	• Leased Property - Under Construction
The Eight Office Tower	541K SF	• Leased Property - Under Construction

In July 2022, Amazon announced that it would not be renewing its lease at Seattle’s West 8<sup>th</sup> Tower, which is set to expire in April of 2023. Located in the Denny Regrade submarket, the West

8<sup>th</sup> Tower is approximately 501,000/SF with Amazon occupying approximately 70% of the building. Amazon is also halting construction on five office towers in downtown Bellevue. The company cited the ongoing COVID-19 pandemic and the shift to hybrid work as reasons for the decision. The towers, which are located in the city's downtown core, were part of a major expansion plan that Amazon announced in 2017. The company indicated that it is pausing construction on the towers to evaluate the office market and their future needs<sup>6</sup>. The company also said it will complete the core and exterior shell (in addition to lobby floors, communal areas, and retail spaces) before pausing construction on these buildings.<sup>7</sup> The paused office towers include: Towers 2 & 3 at West Main, The 555 Tower, The Artise, and Tower 1 at Bellevue 600.

The decision by Amazon to vacate a building in Seattle and halt construction in Bellevue is a sign of the changing nature of work at the company. Amazon is increasingly embracing remote work, and it is no longer necessary for all employees to work in the same office. The company is also facing increased competition from other tech giants, such as Microsoft and Google, which are expanding their presence in Seattle. The decision by Amazon is a setback for the Seattle and Bellevue office markets. However, it is not a sign of the demise of the tech industry in the region.

**Meta - Office Space Looking Forward:** In January of 2023, Meta had announced that it is subleasing its Seattle Belltown 197,300/SF, 6-story, office building known as The Arbor Blocks 333 Building, as well as the 11-story, +/- 325,000/SF, Block 6 Office Building located in Bellevue's Spring District neighborhood. Block 6 was 100% pre-leased to Meta and set for delivery in the third quarter of 2023.

Meta spokesperson Tracy Clayton said in a statement that "The past few years have brought new possibilities around the role of the office, and we are prioritizing making focused, balanced investments to support our most strategic long-term priorities and lead the way in creating the workplace of the future"<sup>8</sup>. The company has embraced remote work and plans to build a best-in-class remote work experience to help everyone do the best work of their careers no matter where they are<sup>9</sup>. Despite this, Meta still plans to open a new building, called Building X, in Redmond, Washington this summer.

**Microsoft - Office Space Looking Forward:** In July of 2022, Microsoft had confirmed that they will not be renewing their office leases at both the Factoria's Advanta Office Commons and downtown Bellevue's City Center Plaza. The lease at Advanta Office Commons is set to expire

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<sup>6</sup> BizJournals.com | Amazon pauses construction on 5 Bellevue towers as it reevaluates design July/14/2022

<sup>7</sup> GeekWire | Amazon Will Pause Bellevue Towers To Study Impact of Hybrid Work July/14/2022

<sup>8</sup> Geekwire.com | Met and Microsoft are ditching office space in the Seattle Area\_01/13/2023

<sup>9</sup> BizJournals.com | Meta plans to sublease Seattle office, backs out of Bellevue project\_01/13/2023



September of 2023, while the lease at Center Plaza is set to expire in June of 2024<sup>10</sup>. Both these developments combined have approximately 1,134,000 square feet of office space.

During 2021, the Puget Sound region experienced an uptick in the overall total vacancy. The primary cause of this can be attributable to the Covid-19 pandemic, which forced many companies to have their employees work at home, with many companies realizing that much of the brick-and-mortar leased office space was not needed, resulting in a surge of sublease space available, which potentially delayed occupancy for new tenants and even caused vacant deliveries by some developers.

### **Google – Office Space Looking Forward:**

In 2022, Google halted the purchase and future development of Kirkland's Lee Johnson auto dealer site. In 2020, Google announced plans to buy the property and build a new campus. However, the pandemic has caused many tech companies to slow their hiring and expansion plans. As a result, Google is no longer sure how many employees it will need in the future, and it needs to be clarified if the Kirkland campus will be necessary. The Lee Johnson site is in a busy area of Kirkland, and it could be better connected to public transportation than some other locations. As a result, Google can find a better site for its new campus in the future.

**Overall Office Market Outlook:** Despite the short-term economic uncertainty coupled with the sluggish office market fundamentals of 2022, Seattle is still one of the fastest growing, most resilient, and stable office markets in the country, and considered less expensive than other primary and competitive markets like New York, San Francisco, and Washington, D.C. Within the Greater Puget Sound office market, the overall economic recovery will play crucial roles in shaping the demand for office spaces. Landlords and developers will continue to adapt to changing market conditions, offering flexible lease terms, integrating technology-driven solutions, and prioritizing employee well-being.

### **Valuation Breakdown by Office Submarket**

With respect to the properties within the Major Office specialty assignment and after considering stagnant office rents, rising vacancy rates, and rising capitalization rates in most sub-markets, the overall improved assessed values decreased by -8.34% compared to last year. This decrease in assessed values excludes properties that are recently completed new construction projects or properties currently under construction.

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<sup>10</sup> Downtown Bellevue.com | Microsoft Not Renewing Lease in Bellevue after Expires in 2023\_07/06/2022

Of the four major market areas, Downtown Seattle experienced the greatest decline in overall assessed values of -9.81% followed by the Eastside market area at -6.47%. Both the Northend and Southend market areas experienced modest decreases in overall assessed values of -3.50% and -3.03%, respectively.

2023 Major Office Specialty Area Breakdown					
Area	Name	Improved Parcel Count	Total AV	Avg. AV Per Impr. Parcel	% Chng. In AV
280-100	Belltown/Denny Regrade	41	\$ 5,786,170,800	\$ 141,126,117	-14.99%
280-110	Capitol Hill/First Hill	39	\$ 1,013,291,000	\$ 25,981,821	-3.48%
280-120	Central Business District	69	\$ 12,358,875,900	\$ 179,114,143	-8.95%
280-130	Lake Union	37	\$ 4,706,119,000	\$ 127,192,405	-6.73%
280-140	Pioneer Square	22	\$ 1,832,225,900	\$ 83,282,995	-7.87%
280-150	Queen Anne/Magnolia	12	\$ 1,286,818,100	\$ 107,234,842	-11.46%
<b>Seattle Downtown</b>		<b>220</b>	<b>\$ 26,983,500,700</b>	<b>\$ 122,652,276</b>	<b>-9.81%</b>
280-200	520/Overlake	17	\$ 460,670,000	\$ 27,098,235	-7.16%
280-210	Bellevue CBD	41	\$ 7,603,765,600	\$ 185,457,698	-6.75%
280-220	Bellevue Suburban	24	\$ 952,020,800	\$ 39,667,533	-4.45%
280-230	Bothell/Woodinville	15	\$ 261,071,000	\$ 17,404,733	-9.63%
280-240	I-90 Corridor	47	\$ 1,941,474,700	\$ 41,307,972	-8.32%
280-250	Kirkland/Totem Lake	21	\$ 1,221,943,500	\$ 58,187,786	-3.23%
280-260	Redmond/Willows	5	\$ 453,917,000	\$ 90,783,400	-3.60%
<b>Eastside</b>		<b>170</b>	<b>\$ 12,894,862,600</b>	<b>\$ 75,852,133</b>	<b>-6.47%</b>
280-300	Ballard/University	16	\$ 1,033,373,900	\$ 64,585,869	-3.43%
280-310	Northgate/North Seattle	4	\$ 136,079,000	\$ 34,019,750	-4.07%
<b>Northend</b>		<b>20</b>	<b>\$ 1,169,452,900</b>	<b>\$ 58,472,645</b>	<b>-3.50%</b>
280-400	Federal Way	8	\$ 163,930,000	\$ 20,491,250	-5.98%
280-410	Kent/Auburn	6	\$ 134,933,000	\$ 22,488,833	-3.78%
280-420	Renton/Tukwila	20	\$ 775,824,500	\$ 38,791,225	-4.69%
280-430	SeaTac	4	\$ 217,610,400	\$ 54,402,600	4.58%
280-440	South/West Seattle	11	\$ 954,009,000	\$ 86,728,091	-2.63%
<b>Southend</b>		<b>49</b>	<b>\$ 2,246,306,900</b>	<b>\$ 45,842,998</b>	<b>-3.03%</b>
<b>Area 280 Total</b>		<b>459</b>	<b>\$ 43,294,123,100</b>	<b>\$ 94,322,708</b>	<b>-8.34%</b>

## Analysis Process

**Effective date of Appraisal:** January 1<sup>st</sup>, 2023

**Date of Appraisal Report:** July 15<sup>th</sup>, 2023

**Responsible Appraiser:** Steven Roberts, Commercial Appraiser II

### **Highest and Best Use Analysis**

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

**As if improved:** Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. The current improvements do add value to the property in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a nominal value of \$1,000 is assigned to the improvements.

### **Standards and Measurement of Data Accuracy**

Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Current data was verified and corrected when necessary by field inspection, review of plans, marketing information, and rent rolls when available.

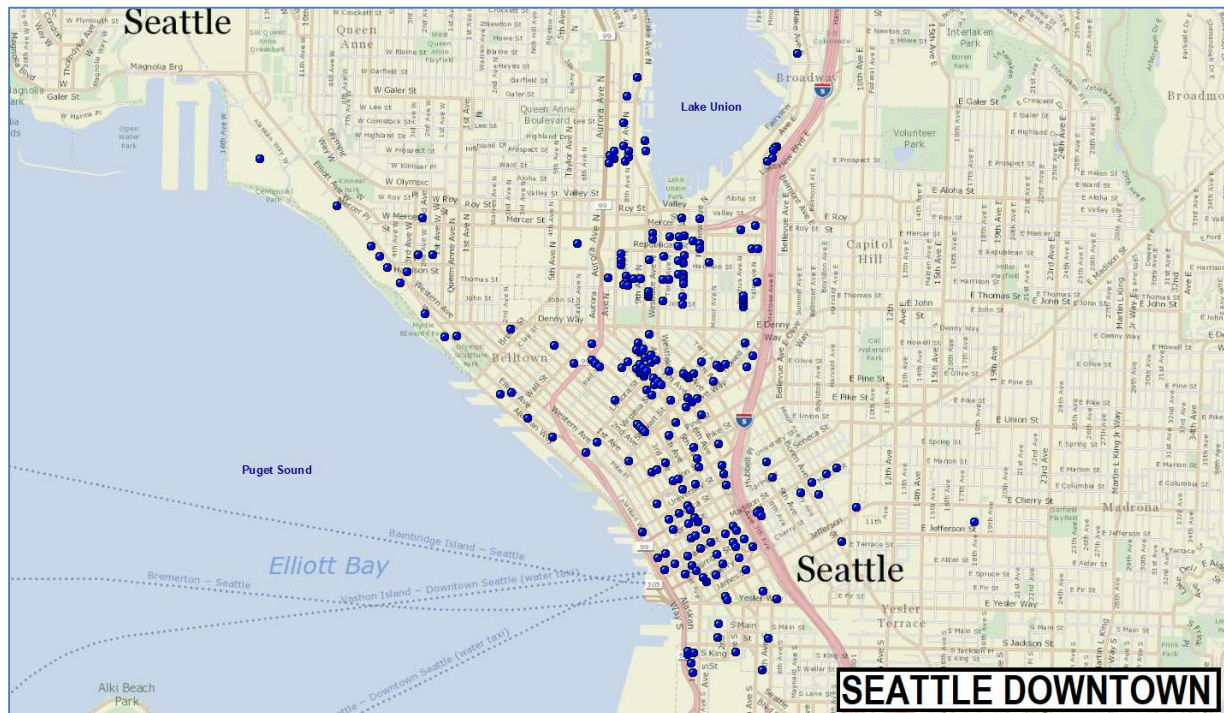
### **Special Assumptions, Departures and Limiting Conditions**

- All three approaches to value were considered in this analysis.
- The following Departmental guidelines were considered and adhered to:
  - Sales from 1/1/2020 to 12/31/2022 (at minimum) were considered in all analyses.
  - This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standards 5 and 6.

The following is a brief description of the market segments that make up the Major Office specialty assignment. Following the area descriptions are maps showing the location of major office development projects, under construction and recently delivered, in the Seattle and Eastside markets.

**SEATTLE DOWNTOWN**

2023 Major Office Specialty Area Breakdown					
Area	Name	Improved Parcel Count	Total AV	Avg. AV Per Impr. Parcel	% Chng. In AV
280-100	Belltown/Denny Regrade	41	\$ 5,786,170,800	\$ 141,126,117	-14.99%
280-110	Capitol Hill/First Hill	39	\$ 1,013,291,000	\$ 25,981,821	-3.48%
280-120	Central Business District	69	\$ 12,358,875,900	\$ 179,114,143	-8.95%
280-130	Lake Union	37	\$ 4,706,119,000	\$ 127,192,405	-6.73%
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280-150	Queen Anne/Magnolia	12	\$ 1,286,818,100	\$ 107,234,842	-11.46%
<b>Seattle Downtown</b>		<b>220</b>	<b>\$ 26,983,500,700</b>	<b>\$ 122,652,276</b>	<b>-9.81%</b>



Specialty Area 280  
2023 Assessment Year



The Seattle Downtown market area contains +/- 48% of the of the Major Office specialty properties yet comprises +/- 62% of total assessed value. The market area is further broken down into six submarkets: 100-Belltown/Denny Regrade, 110-Capitol Hill/First Hill, 120-Central Business District, 130-Lake Union, 140-Pioneer Square, and 150-Queen Anne/Magnolia.

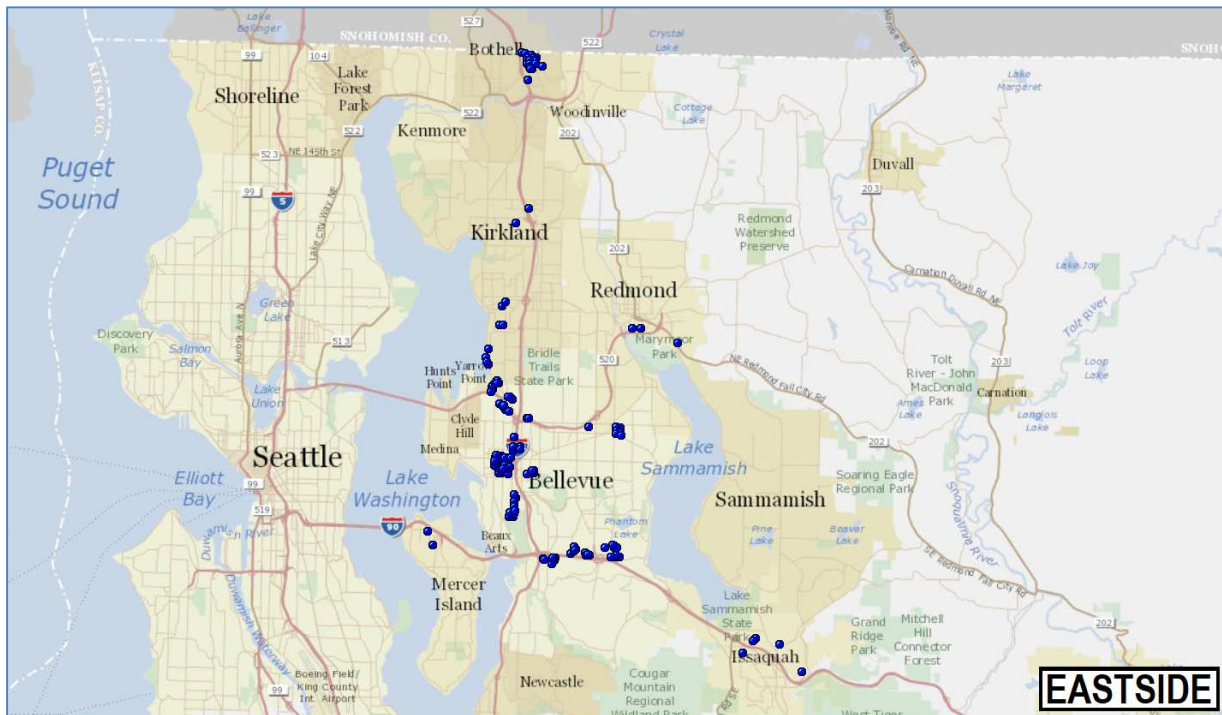
For the 2023 revalue, and not considering ongoing or recently completed new construction projects, the total improved assessed values within the Seattle Downtown market area decreased by -9.81% compared to the 2022 assessment year.

The Seattle Central Business District submarket is home to the majority of the region's Trophy Class office buildings including the Russell Investments Center, Two Union Square, 1201 Third Ave, US Bank Centre, 2+U Tower, and F-5 Tower among others. With its core construction complete and in the process of tenant lease up is the iconic 58-story mixed-use Rainier Tower which features 18 floors of luxury apartments over a 37-story office tower. Recently completed 2021/2022 projects in within the CBD submarket include the 10-story 400 University Square building, while projects under construction include the former Macy's department store that is being converted into office and multi-tenant retail space.

Within Pioneer Square submarket, the 7-story "The Jack" office building recently completed its shell and core phase, while within the Denny Regrade/South Lake Union submarket, the 15-story "400 Westlake" building also recently completed its shell and core phase.

**EASTSIDE**

2023 Major Office Specialty Area Breakdown					
Area	Name	Improved Parcel Count	Total AV	Avg. AV Per Impr. Parcel	% Chng. In AV
280-100	Belltown/Denny Regrade	41	\$ 5,786,170,800	\$ 141,126,117	-14.99%
280-200	520/Overlake	17	\$ 460,670,000	\$ 27,098,235	-7.16%
280-210	Bellevue CBD	41	\$ 7,603,765,600	\$ 185,457,698	-6.75%
280-220	Bellevue Suburban	24	\$ 952,020,800	\$ 39,667,533	-4.45%
280-230	Bothell/Woodinville	15	\$ 261,071,000	\$ 17,404,733	-9.63%
280-240	I-90 Corridor	47	\$ 1,941,474,700	\$ 41,307,972	-8.32%
280-250	Kirkland/Totem Lake	21	\$ 1,221,943,500	\$ 58,187,786	-3.23%
280-260	Redmond/Willows	5	\$ 453,917,000	\$ 90,783,400	-3.60%
<b>Eastside</b>		<b>170</b>	<b>\$ 12,894,862,600</b>	<b>\$ 75,852,133</b>	<b>-6.47%</b>



Specialty Area 280  
2023 Assessment Year



The Eastside market area contains +/-37% of the of the Major Office specialty properties and comprises +/-30% of total assessed value. The market area is further broken down into seven submarkets: 200-520/Overlake, 210-Bellevue CBD, 220-Bellevue Suburban, 230-Bothell/Woodinville, 240-I-90 Corridor, 250-Kirkland/Totem Lake, and 260-Redmond/Willows.

For the 2023 revalue and not considering ongoing or recently completed new construction projects, the total improved assessed value for the Eastside market area decreased by -6.47% compared to the 2022 assessment year.

Following downtown Seattle, the Bellevue Central Business District contains the second highest concentration of institutional-quality Class A office buildings in the region.

While new construction of office and life science buildings continues at a steady pace within the Lake Union/Denny Regrade submarkets, Amazon's is rapidly focusing its expansion needs towards the business-friendly eastside market area. Examples of Amazon's eastside presence include major office building leases at Centre 425, Tower 333, and Summit II/III. Currently, Bellevue's major office developments that were recently finished or are under construction where Amazon will be the primary occupant are the two 15-story "Binary Towers", the 42-story "555 Tower", the 43-story "Bellevue 600 Office Tower" (formally Bellevue Corp Plaza), the three building 16/17-story "West Main" development, and the 25-story "The Eight Office Tower". Another major project's currently under construction is the 25-story Artise Office Tower.

In Suburban Bellevue, the 36-acre Spring District site is the primary focus of redevelopment. Located in the Bel Red Corridor, this 36-acre site is being developed in three different phases and will eventually consist of 16 blocks with over 4,000,000 square feet of commercial space and 1,000 multi-family residences. With many of the multi-family units already finished along with the recent completion the Global Innovation Exchange building, META recently purchased REI's newly completed and unused 397k SF corporate campus, while also occupying two new office buildings known as Block 16 and Block 24. As part of META's ongoing expansion, three new office buildings are currently under construction. These buildings are known as Block 5, Block 6, and Block 13.

South Bellevue is a heavily commercial section with several major offices, including T-Mobile's headquarters within the Newport Corporate Center, due to its easy access along the I-90 corridor. T-Mobile recently renewed their 882,000 square foot lease and has finished a \$160 million renovation and upgrade of the campus.

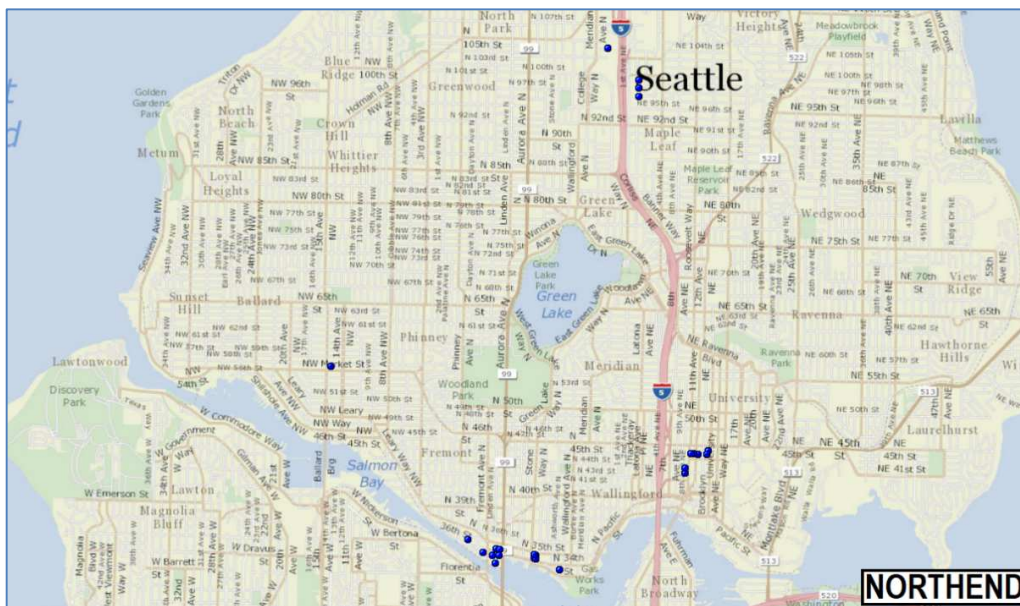
Located in Issaquah, Costco is expanding to its corporate campus by adding a 9-story, 635,470 SF, Class-A office building in addition to building a 10 Level, 707K SF Parking Garage which

includes a fitness center and auditorium on level-1. Construction is underway with delivery estimated in summer of 2023.

Within the Kirkland market area, Google recently finished construction of its Phase III 137K SF expansion and will also occupy the 7-story 313K SF office building currently under construction at the “Kirkland Urban” mixed-use development site.

**NORTHEND**

2023 Major Office Specialty Area Breakdown					
Area	Name	Improved Parcel Count	Total AV	Avg. AV Per Impr. Parcel	% Chng. In AV
280-100	Belltown/Denny Regrade	41	\$ 5,786,170,800	\$ 141,126,117	-14.99%
280-300	Ballard/University	16	\$ 1,033,373,900	\$ 64,585,869	-3.43%
280-310	Northgate/North Seattle	4	\$ 136,079,000	\$ 34,019,750	-4.07%
<b>Northend</b>		<b>20</b>	<b>\$ 1,169,452,900</b>	<b>\$ 58,472,645</b>	<b>-3.50%</b>



The Northend market area contains +/-4.00% of the of the Major Office specialty properties and comprises +/-2.70% of total assessed value. The market area is further broken down into two submarkets: 300-Ballard/University and 310-Northgate/North Seattle.

Specialty Area 280  
2023 Assessment Year



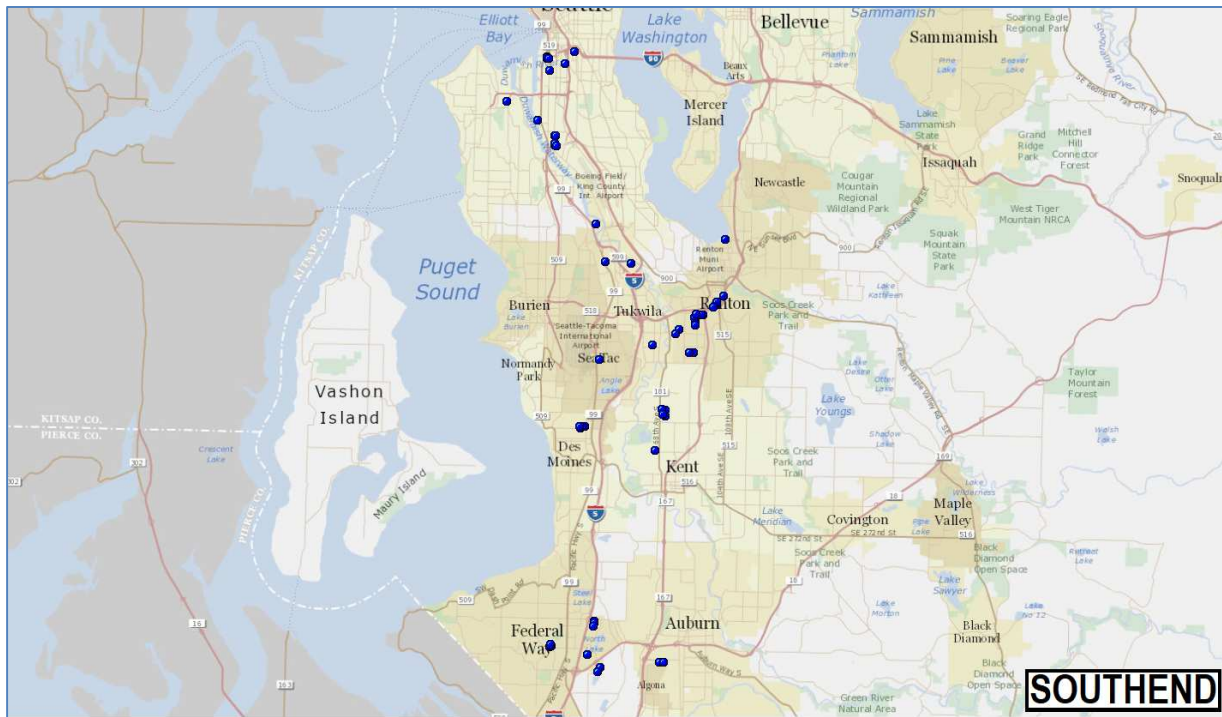


For the 2023 revalue and not considering ongoing or recently completed new construction projects, the total improved assessed values within the Northend market area decreased by - 3.50% compared to the 2022 assessment year.

The Ballard/University submarket, which includes the Fremont neighborhood, is the primary submarket in this area. Most buildings within this submarket, including the Lake Union Center, are clustered in the Fremont neighborhood. However, two of the most recently built office properties, Stone 34 and NorthEdge, are located to the east of this location, the recently completed mixed-use 15<sup>th</sup> & Market building was the primary commercial building under construction in 2020.

**SOUTHEND**

2023 Major Office Specialty Area Breakdown					
Area	Name	Improved Parcel Count	Total AV	Avg. AV Per Impr. Parcel	% Chng. In AV
280-100	Belltown/Denny Regrade	41	\$ 5,786,170,800	\$ 141,126,117	-14.99%
280-400	Federal Way	8	\$ 163,930,000	\$ 20,491,250	-5.98%
280-410	Kent/Auburn	6	\$ 134,933,000	\$ 22,488,833	-3.78%
280-420	Renton/Tukwila	20	\$ 775,824,500	\$ 38,791,225	-4.69%
280-430	SeaTac	4	\$ 217,610,400	\$ 54,402,600	4.58%
280-440	South/West Seattle	11	\$ 954,009,000	\$ 86,728,091	-2.63%
<b>Southend</b>		<b>49</b>	<b>\$ 2,246,306,900</b>	<b>\$ 45,842,998</b>	<b>-3.03%</b>



The Southend market area contains +/-11% of the of the Major Office specialty properties and comprises +/-5.00% of total assessed value. The market area is further broken down into five submarkets: 400-Federal Way, 410-Kent/Auburn, 420-Renton/Tukwila, 430-SeaTac, and 440-South/West Seattle.

Specialty Area 280  
2023 Assessment Year



For the 2023 revalue and not considering ongoing or recently completed new construction projects, the total improved assessed values within the greater Southend market area decreased by -3.03% compared to the 2022 assessment year.

Weyerhaeuser and Boeing traditionally have been the major influencers in the Southend market area. However, Weyerhaeuser recently moved their headquarters to the Pioneer Square neighborhood of Seattle and sold their Federal Way campus to a Los Angeles-based institutional investor who intends to sell off large pieces for redevelopment while also finding a new tenant for the 342,204 square foot landmark headquarters building, since renamed Woodbridge Corporate Park.

Recently completed office developments within the last three years include Renton's fully vacant Southport office buildings, Sea-Tac's Alaska Airlines Corporate Headquarters, and Federal Way's Devita's Corporate Headquarters.

## Seattle Major Office Projects Under Construction Or Recently Delivered



Major Office Projects Currently Under Construction Or Recently Delivered (Seattle)							
Map #	Area	Name	Address	Total RSF*	% Preleased	Est. Delivery	Notes
1	South Lake Union	400 Westlake	400 Westlake Ave N	233,000	0%	Q2 2023	15-story Class A office tower with ground floor retail space. Estimated at 75% complete as of 07/31/2023.
2	Pioneer Square	The Jack	74 Jackson St.	139,023	0%	Q4 2023	7-story Class A office tower with ground floor retail space estimated at 80% complete as of 07/31/2023. Shell & Core at 100% complete with no TI(s) in place.
3	South Lake Union	Amazon Tower - Block 38	520 Westlake Ave N	336,639	100%	Q3 2022	12-story Class A office tower with ground floor retail space. Estimated at 100% complete as of 07/31/2022.
4	CBD	Former Macy's	300 Pine St.	270,274	90%	Q4 2022	Conversion of former Macy's Dept store to Amazon office space and multi-tenant retail space. Construction currently ongoing with 3rd floor conversion complete and grade level est at +/-95% complete as of 07/31/2023.
<b>Total</b>				<b>978,936</b>			

\*Office RSF; project may include additional RSF of other uses (retail, residential, etc); data collected from a variety of sources

Specialty Area 280  
2023 Assessment Year

 **King County**  
Department of Assessments

## Eastside/Southend Office Projects Under Const. Or Recently Delivered



Specialty Area 280  
2023 Assessment Year

Major Office Projects Currently Under Construction Or Recently Delivered (Eastside)							
Project	Area	Name	Address	Total RSF*	% Preleased	Est. Delivery	Notes
1	Bellevue CBD	Amazon - Bellevue 600	600 108th Ave NE (Bellevue)	1,020,000	100%	Q4 2024	43-story Class A office building leased to Amazon. +/-106mil SF of Office & amenities +/-14K SF of Retail. Shoring/Site work and demolition currently ongoing.
2	Bellevue CBD	The Eight Office Tower	NW Corner of NE 8th & 108th (Bellevue)	539,071	0%	Q1 2024	25-story Class A+ speculative office building currently under construction and estimated at 60% complete as of 7/31/2023.
3	Bellevue CBD	The Artise	788 106th Ave NE (Bellevue)	528,055	100%	Q2 2024	The Artise is a 25-story 521,361/SF Trophy Class-A office tower with 7,071/SF of ground-floor retail and a 927 stall underground parking garage. As of 07/31/2023, building was estimated at 50% complete with Amazon having preleased the office space.
4	Bellevue CBD	West Main Office Condos	107 106th Ave NE (Bellevue)	1,069,667	100%	Q3 2023	Three, 16/17-story Class A office towers with ground floor retail space. As of 07/31/2023, Bldg. #1 estimated at 90% complete, while Bldgs. #2 & #3 were estimated at 75% complete. Preleased to Amazon
5	Bellevue CBD	Amazon - 555 Tower	555 108th Ave NE (Bellevue)	995,900	100%	Q1 2023	42-story Class A office building leased to Amazon. +/-967K SF of Office & +/- 28K SF of Retail. As of 07/31/2023, project is estimated at 80% complete.
6	Bellevue CBD	Amazon - Binary Towers (Ease/West)	1001 106th Ave NE (Bellevue)	704,250	100%	Q1 2022	Two, 15-story Class A office towers with ground floor retail space. Estimated at 100% complete as of 07/31/2022.
7	Bellevue Suburban	Spring District Block 6	124th Ave NE (Bellevue)	273,049	100%	Q2 2023	11-story s; 270,673/SF Net; Class A office building pre-leased to META. Shell & Core complete and estimated at 80% complete as of 07/31/2023.
8	Bellevue Suburban	Spring District Block 5	125th Ave NE (Bellevue)	331,724	100%	Q4 2023	11-story 331,724/SF Net; Class A office building pre-leased to META. As of 07/31/2023, project is estimated at 50% complete.
9	Bellevue Suburban	Spring District Block 13	124th Ave NE (Bellevue)	171,835	100%	Q2 2024	9-story Class A office building currently under construction and leased to META. Estimated at 25% complete as of 07/31/2023.
10	Kirkland	Google III	423 6th St. S (Kirkland)	136,678	100%	Q2 2022	Two 2-story Class A office buildings leased to Google. 100% complete as of 07/31/2022
11	Kirkland	Kirkland Urban - Google	469 Central Way (Kirkland)	312,977	100%	Q4 2023	7-story Class A office building leased to Google and estimated at 80% complete as of 07/31/2023
12	Issaquah	Costco Corporate Offices & Garage Expansion	730 Lake Dr. (Issaquah)	635,470	100%	Q2 2023	9-story, 635,470 SF, Class A office building owned by Costco. Also under development is 10 Level, 707K SF Parking Garage which includes fitness center and auditorium on level-1. As of 07/31/2023, office building and garage was estimated at +/-100% complete.
<b>Total</b>				<b>6,718,676</b>			

## Leasing Class Descriptions

A description of the leasing classes is provided. In the market approach and income approach analysis the office properties are grouped into the above market areas and then stratified into the appropriate leasing class. The leasing class may differ from the building class. For example, a reinforced concrete, midrise office building will be classified as Class B construction but may be considered in the market as Class A leased space.

### Class A

Class A properties are the most prestigious buildings competing for premier office users with above average rents for the area. Buildings have high quality standard finishes, state-of-art building systems, and exceptional accessibility and a definitive market presence.

### Class B

Class B properties are buildings competing for a wide range of office users with average rents for the area. Building finishes are fair to good for the area and systems are adequate, and the buildings do not compete with Class A buildings.

### Class C

Class C properties are buildings competing for tenants requiring functional space at below average rents for the area. The buildings typically have designs and finishes that are dated.

In the valuation analysis, Class A buildings are further stratified into top tier A++ trophy properties, premium A+ office buildings, and average Class A properties. Class B buildings are stratified into Class A-/B+ buildings, and average Class B. The office specialty predominately consists of Class A and Class B properties.

## Office Market Conditions

As was discussed in the executive summary of this report, COVID-19 had put a strain on the regional economy, with Seattle Downtown and the Eastside experiencing the biggest adverse impact with respect to market stabilization. With the technology sector focusing its attention and future growth towards the eastside market areas, continued positive market fundamentals will persist.

Many companies have extended work-from-home policies to the end of year and beyond or delayed their long-term real estate decisions. Despite the short-term economic uncertainty coupled some negative market fundamentals of 2022, Seattle is still one of the most resilient and stable office markets in the country and is expected to remain near the top of national and international investors' interest.

The following pages summarize office market statistics as provided by industry publications for the four major geographic areas.

Q4 2022 Market Report "Class-A" Lease Rates							
SubMkt#	Submarkets	CBRE	JLL	Cushman&Wakefield	Newmark Knight Frank	Costar	Avg
100	Belltown/Denny Regrade	\$ 49.90	\$ 50.59	\$ 54.99	\$ 45.34	\$ 39.97	\$ 48.16
110	Capitol Hill/First Hill	\$ 52.54			\$ 45.82	\$ 40.06	\$ 46.14
120	Central Business District	\$ 57.06	\$ 57.02	\$ 55.13	\$ 50.86	\$ 42.40	\$ 52.49
130	Lake Union	\$ 54.02	\$ 64.94	\$ 69.10	\$ 48.72	\$ 44.62	\$ 56.28
140	Pioneer Square	\$ 55.99	\$ 56.86	\$ 55.20	\$ 44.23	\$ 40.84	\$ 50.62
150	Queen Anne/Magnolia	\$ 42.62	\$ 48.02		\$ 40.30	\$ 41.24	\$ 43.05
	<b>Seattle Downtown</b>	<b>\$ 54.72</b>	<b>\$ 57.59</b>	<b>\$ 56.81</b>	<b>\$ 47.96</b>	<b>\$ 42.25</b>	<b>\$ 51.87</b>
200	520/Overlake	\$ 50.49	\$ 46.24	\$ 42.87	\$ 44.72	\$ 46.93	\$ 46.25
210	Bellevue CBD	\$ 67.45	\$ 68.95	\$ 61.82	\$ 61.95	\$ 55.63	\$ 63.16
220	Bellevue Suburban	\$ -	\$ 44.98	\$ -	\$ 45.25	\$ 51.04	\$ 28.25
230	Bothell/Woodinville	\$ 38.47	\$ 41.37	\$ 32.20	\$ 45.40	\$ 34.08	\$ 38.30
240	I-90 Corridor	\$ 46.44	\$ 47.95	\$ 41.63	\$ 46.05	\$ 42.36	\$ 42.47
250	Kirkland/Totem Lake	\$ 51.35	\$ 61.31	\$ 55.78	\$ 46.01	\$ 53.48	\$ 53.59
260	Redmond/Willows	\$ 43.61	\$ 43.56	\$ 40.11	\$ 43.54	\$ 44.29	\$ 43.02
	<b>Eastside</b>	<b>\$ 51.61</b>	<b>\$ 57.97</b>	<b>\$ 43.12</b>	<b>\$ 49.65</b>	<b>\$ 50.88</b>	<b>\$ 50.65</b>
300	Ballard/University	\$ 60.21	\$ 66.35		\$ 48.54	\$ 40.46	\$ 53.89
310	Northgate/North Seattle	\$ 43.12	\$ 36.54	\$ 40.11		\$ 34.50	\$ 38.57
	<b>Northend</b>			<b>\$ 40.11</b>	<b>\$ 32.83</b>		<b>\$ 36.47</b>
400	Federal Way	\$ 24.44	\$ 26.39	\$ 27.71	\$ 28.32	\$ 32.71	\$ 27.91
410	Kent/Auburn	\$ -	\$ 26.39	\$ 28.78	\$ 32.93	\$ 32.88	\$ 24.20
420	Renton/Tukwila	\$ 33.46	\$ 47.26	\$ -	\$ 43.91	\$ 39.83	\$ 32.89
430	SeaTac	\$ 29.44	\$ 29.56	\$ 29.63	\$ 28.57	\$ 33.52	\$ 30.14
440	South/West Seattle	\$ 46.95	\$ 38.07	\$ 32.35	\$ 37.01	\$ 38.94	\$ 38.66
	<b>Southend</b>	<b>\$ 31.97</b>	<b>\$ 46.57</b>	<b>\$ 45.96</b>	<b>\$ 38.36</b>	<b>\$ 37.64</b>	<b>\$ 40.10</b>

Note: Each publication delineates submarkets differently. Above data is "best fit" for Assessor's established submarkets.



## Seattle Office Market Data

CBRE's 4<sup>th</sup> Qtr. 2022 Puget Sound MarketView details inventory, vacancy rates, and rental rates for the various Seattle submarkets.

4Q 2022 CBRE Seattle Office "Market View Snapshot"					
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate	Rent/SF % Change
<b>Seattle CBD</b>					
Class A	24,218,544	19.3%	26.2%	\$57.06	3.5%
<b>Waterfront</b>					
Class A	2,621,425	18.0%	23.5%	\$53.75	9.8%
<b>Pioneer Square</b>					
Class A	4,511,218	26.0%	31.3%	\$55.99	1.6%
<b>Denny Triangle/Regrade</b>					
Class A	8,136,474	19.1%	22.1%	\$49.90	25.5%
<b>Lower Queen Anne</b>					
Class A	3,001,135	27.2%	36.3%	\$42.62	9.6%
<b>Lake Union</b>					
Class A	10,070,242	5.6%	7.2%	\$54.02	-6.4%
<b>Canal</b>					
Class A	1,994,129	4.1%	9.1%	\$60.21	10.9%
<b>TOTAL DOWNTOWN SEATTLE</b>					
Class A	54,553,167	17.1%	22.3%	\$54.72	2.2%
<b>North Seattle/Interbay</b>					
Class A	2,655,277	10.7%	12.8%	\$43.12	12.0%
<b>Capitol Hill/E Seattle/Rainier</b>					
Class A	1,155,342	11.0%	13.5%	\$52.54	50.1%
<b>South/West Seattle</b>					
Class A	3,406,647	6.8%	14.0%	\$46.95	5.7%
<b>TOTAL SEATTLE CLOSE-IN</b>					
Class A	7,217,266	8.9%	13.5%	\$45.20	12.0%

\*Class B & C buildings have not been reported of 2022; Rents are Full Service

Jones Lang LaSalle's 4<sup>th</sup> Qtr. 2022 Seattle-Bellevue Office Insights report details inventory, vacancy rates, and rental rates for the various Seattle submarkets.

Q4 2022 JLL Seattle Office Statistics				
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
<b>Ballard/U-District</b>				
Class A	1,540,985	8.7%	9.6%	\$66.35
Class B	1,360,438	2.8%	9.5%	\$40.83
All Inv	2,901,423	5.9%	9.5%	\$64.99
<b>Beltown/Denny Regrade</b>				
Class A	2,641,891	22.0%	25.9%	\$50.59
Class B	1,889,103	14.8%	18.6%	\$33.08
All Inv	4,530,994	19.0%	22.9%	\$45.33
<b>Lake Union</b>				
Class A	14,511,499	3.2%	3.7%	\$64.94
Class B	1,787,749	13.0%	14.2%	\$44.18
All Inv	16,299,248	4.2%	4.9%	\$62.23
<b>Pioneer Sq/Waterfront</b>				
Class A	2,088,481	21.7%	24.1%	\$56.86
Class B	2,898,829	21.4%	37.0%	\$38.67
All Inv	4,987,310	21.5%	31.6%	\$46.86
<b>Queen Anne/Magnolia</b>				
Class A	1,944,005	17.3%	27.6%	\$48.02
Class B	2,119,184	22.0%	25.3%	\$38.27
All Inv	4,063,189	19.8%	26.4%	\$42.08
<b>S Seattle</b>				
Class A	1,177,492	5.8%	7.2%	\$38.07
Class B	1,122,147	7.5%	10.6%	\$27.34
All Inv	2,299,639	6.6%	8.9%	\$34.96
<b>Seattle CBD</b>				
Class A	24,585,464	17.6%	25.1%	\$57.02
Class B	4,242,951	25.4%	26.9%	\$41.88
All Inv	28,828,415	18.7%	25.4%	\$54.66
<b>Market Summary</b>				
Class A	48,489,817	13.1%	17.9%	\$57.59
Class B	15,420,401	18.0%	23.2%	\$39.23
All Inv	63,910,218	14.3%	19.2%	\$53.21

\*Class C buildings have been omitted; Rents are Full Service

Q4 2022 JLL Northend Office Statistics				
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate
<b>Bothell/Kenmore</b>				
Class A	325,160	34.8%	39.0%	\$41.37
Class B	2,101,152	11.9%	14.1%	\$37.69
All Inv	2,426,312	14.9%	17.5%	\$38.54
<b>Mill Creek/Woodinville</b>				
Class A	0	0.0%	0.0%	\$0.00
Class B	206,033	0.0%	0.0%	\$0.00
All Inv	206,033	0.0%	0.0%	\$0.00
<b>Northgate/N Seattle</b>				
Class A	205,361	24.5%	24.5%	\$36.54
Class B	450,099	24.4%	24.4%	\$37.83
All Inv	655,460	24.4%	24.4%	\$37.42

\*Class C buildings have been omitted; Rents are Full Service



CoStar's 2022 Year End Office Market Statistics Report breaks out rents and vacancies by building class, as well as submarket.

CoStar Year End 2022 Eastside Office Statistics								
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Sublease SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$	Rent/SF % Change
<b>520 Corridor</b>								
Class A	31	4,131,846	58,032	136,574	1.40%	3.31%	\$46.93	0.6%
Class B	127	6,617,857	236,056	398,221	3.57%	6.02%	\$39.76	2.6%
All Office (A & B)	158	10,749,703	294,088	534,795	2.74%	4.97%	\$42.52	1.7%
<b>Bellevue CBD</b>								
Class A	33	10,941,749	628,878	2,549,407	5.75%	23.30%	\$55.63	-0.1%
Class B	19	1,071,560	37,991	60,919	3.55%	5.69%	\$42.11	4.1%
All Office (A & B)	52	12,013,309	666,869	2,610,326	5.55%	21.73%	\$54.79	0.1%
<b>Coal Creek/Issaquah</b>								
Class A	74	2,625,997	145,721	559,775	5.55%	21.32%	\$44.15	1.4%
Class B	48	207,554	2,300	3,162	1.11%	1.52%	\$35.43	2.8%
All Office (A & B)	112	1,702,528	106,939	343,522	6.28%	20.18%	\$39.24	2.9%
<b>E King County</b>								
Class A	1	56,008		27,574	0.00%	49.23%	\$33.43	4.3%
Class B	80	1,106,668	27,489	46,354	2.48%	4.19%	\$34.48	4.1%
All Office (A & B)	81	1,162,676	27,489	73,928	2.36%	6.36%	\$34.43	4.1%
<b>I-90 Corridor</b>								
Class A	27	3,365,107	345,730	1,055,548	10.27%	31.37%	\$42.36	0.7%
Class B	42	2,314,340	400,891	1,151,589	17.32%	49.76%	\$39.06	3.8%
All Office (A & B)	69	5,679,447	746,621	2,207,137	13.15%	38.86%	\$41.02	1.9%
<b>Kirkland</b>								
Class A	22	2,085,294	56,276	132,841	2.70%	6.37%	\$53.48	0.5%
Class B	109	2,738,583	199,521	261,717	7.29%	9.56%	\$39.92	3.1%
All Office (A & B)	131	4,823,877	255,797	394,558	5.30%	8.18%	\$46.30	1.7%
<b>Mercer Island</b>								
Class A	2	353,623	13,408	16,738	3.79%	4.73%	\$49.26	-1.0%
Class B	16	236,269	16,710	16,710	7.07%	7.07%	\$40.92	3.4%
All Office (A & B)	18	589,892	30,118	33,448	5.11%	5.67%	\$45.92	0.5%
<b>Redmond</b>								
Class A	20	2,276,457	50,391	198,535	2.21%	8.72%	\$44.29	0.1%
Class B	105	5,481,049	155,987	208,155	2.85%	3.80%	\$36.30	3.5%
All Office (A & B)	125	7,757,506	206,378	406,690	2.66%	5.24%	\$39.90	1.8%
<b>Suburban Bellevue</b>								
Class A	8	1,108,283	57,625	98,431	5.20%	8.88%	\$51.04	0.0%
Class B	202	5,530,117	273,729	457,793	4.95%	8.28%	\$39.87	2.7%
All Office (A & B)	210	6,638,400	331,354	556,224	4.99%	8.38%	\$42.49	1.9%
<b>Market Totals</b>								
Class A	218	26,944,364	1,356,061	4,775,423	4.92%	17.43%	\$50.88	0.10%
Class B	748	25,303,997	1,350,674	2,604,620	5.46%	11.06%	\$38.88	3.10%
	966	52,248,361	2,706,735	7,380,043	5.20%	14.18%	\$45.62	-1.20%

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CoStar Year End 2022 Northend Office Statistics								
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Sublease SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$	Rent/SF % Change
<b>Bothell/Kenmore</b>								
Class A	6	499,687	101,119	101,119	20.24%	20.24%	\$34.08	1.7%
Class B	105	4,394,380	541,946	820,130	12.33%	18.66%	\$33.62	3.8%
All Office (A & B)	111	4,894,067	643,065	921,249	13.14%	18.82%	\$33.67	3.5%
<b>Mill Creek/Woodinville</b>								
Class A	1	26,126			0.00%	0.00%	\$33.25	3.0%
Class B	53	960,601	9,829	30,810	1.02%	3.21%	\$31.49	3.6%
All Office (A & B)	54	986,727	9,829	30,810	1.00%	3.12%	\$31.54	3.5%
<b>Northgate/N Seattle</b>								
Class A	3	283,649	42,878	42,878	15.12%	15.12%	\$34.50	-0.2%
Class B	57	1,257,845	69,860	85,586	5.55%	6.80%	\$35.04	3.5%
All Office (A & B)	60	1,541,494	112,738	128,464	7.31%	8.33%	\$34.94	2.8%
<b>Market Totals</b>								
Class A	10	809,462	143,997	143,997	12.90%	15.00%	\$33.89	0.80%
Class B	215	6,612,826	621,635	936,526	8.80%	11.70%	\$31.17	3.70%
	<b>225</b>	<b>7,422,288</b>	<b>765,632</b>	<b>1,080,523</b>	<b>9.30%</b>	<b>12.10%</b>	<b>\$31.51</b>	<b>3.30%</b>

\*Class C buildings have been omitted; Rents are Full Service; \*\*Northend includes King County Only

### Eastside Office Market Data

CBRE's 4<sup>th</sup> Qtr. 2022 Puget Sound MarketView details inventory, vacancy rates, and rental rates for the various Eastside submarkets.

4Q 2022 CBRE Seattle Office "Market View Snapshot"					
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate	Rent/SF % Change
<b>Bellevue CBD</b>					
Class A	10,214,307	5.6%	10.1%	\$67.45	2.5%
<b>I-405 Corridor</b>					
Class A	2,943,825	12.1%	12.4%	\$47.69	-2.1%
<b>SR-520 Corridor</b>					
Class A	2,393,943	11.5%	13.3%	\$50.49	23.5%
<b>I-90 Corridor</b>					
Class A	7,638,520	13.0%	15.2%	\$46.44	12.2%
<b>Bel-Red Rd Corridor</b>					
Class A	2,073,805	3.1%	3.7%	\$47.00	0.0%
<b>Kirkland</b>					
Class A	1,956,012	1.9%	3.0%	\$51.35	-26.0%
<b>Redmond</b>					
Class A	4,446,332	2.3%	4.6%	\$43.61	0.7%
<b>Bothell</b>					
Class A	2,654,764	12.4%	18.7%	\$38.47	3.8%
<b>TOTAL EASTSIDE</b>					
Class A	34,321,508	7.3%	10.4%	\$50.59	13.9%

\*Class B & C buildings have not been reported of 2022; Rents are Full Service

Jones Lang LaSalle's 4<sup>th</sup> Qtr. 2022 Seattle-Bellevue Office Insights report details inventory, vacancy rates, and rental rates for the various Eastside submarkets.

<b>Q4 2022 JLL Eastside Office Statistics</b>				
<b>Submarket</b>	<b>Total SF</b>	<b>Q4 Direct Vacancy</b>	<b>Q4 Total Vacancy</b>	<b>Avg. Asking Lease Rate</b>
<b>520 Corridor</b>				
Class A	2,704,384	0.7%	1.2%	\$46.24
Class B	3,195,071	4.7%	5.7%	\$39.64
All Inv	5,899,455	13.0%	16.7%	\$49.38
<b>Bellevue CBD</b>				
Class A	9,941,927	3.8%	7.9%	\$68.95
Class B	766,054	10.2%	10.2%	\$45.21
All Inv	10,707,981	4.3%	8.1%	\$67.82
<b>Coal Creek/Issaquah</b>				
Class A	1,341,222	2.4%	2.4%	\$45.07
Class B	475,814	2.4%	3.5%	\$38.14
All Inv	1,817,036	2.4%	2.7%	\$44.84
<b>I-90 Corridor</b>				
Class A	3,341,744	11.8%	14.7%	\$47.95
Class B	2,019,337	17.0%	21.1%	\$40.34
All Inv	5,361,081	13.8%	17.1%	\$43.95
<b>Kirkland</b>				
Class A	1,860,377	3.0%	5.1%	\$61.31
Class B	1,518,575	12.7%	14.5%	\$39.98
All Inv	3,378,952	7.4%	9.3%	\$47.78
<b>Mercer Island</b>				
Class A	105,796	12.8%	17.3%	\$47.00
Class B	36,337	0.0%	0.0%	\$0.00
All Inv	142,133	9.5%	12.9%	\$47.00
<b>Redmond</b>				
Class A	1,705,598	2.0%	3.8%	\$43.56
Class B	3,399,533	0.7%	3.5%	\$34.72
All Inv	5,105,131	1.2%	3.6%	\$41.01
<b>Suburban Bellevue</b>				
Class A	1,636,538	4.8%	5.4%	\$44.98
Class B	1,958,346	8.5%	9.9%	\$42.20
All Inv	3,594,884	6.8%	7.8%	\$42.78
<b>Market Summary</b>				
Class A	22,637,586	4.4%	7.1%	\$57.97
Class B	13,369,067	7.2%	9.2%	\$40.45
All Inv	36,006,653	5.5%	7.9%	\$51.73

\*Class C buildings have been omitted; Rents are Full Service

Specialty Area 280  
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## South King County Office Market Data

CBRE's 4<sup>th</sup> Qtr. 2022 Puget Sound MarketView details inventory, vacancy rates, and rental rates for the various South-end submarkets.

4Q 2022 CBRE Seattle Office "Market View Snapshot"					
Submarket	Total SF	Q4 Direct Vacancy	Q4 Total Vacancy	Avg. Asking Lease Rate	Rent/SF % Change
<b>Sea-Tac</b>					
Class A	1,301,072	6.7%	6.7%	\$29.44	3.3%
<b>Tukwila</b>					
Class A	2,112,067	17.7%	17.8%	\$28.38	6.6%
<b>Renton</b>					
Class A	4,437,268	28.3%	28.7%	\$37.30	4.0%
<b>Kent</b>					
Class A	1,161,442	9.2%	10.3%	\$27.57	4.1%
<b>Auburn</b>					
Class A	289,025	27.2%	27.2%	\$26.35	0.0%
<b>Federal Way</b>					
Class A	2,732,820	24.4%	26.3%	\$24.44	0.9%
<b>TOTAL SOUTHEND</b>					
Class A	12,033,694	22.8%	23.3%	\$31.67	-0.6%

\*Class B & C buildings have not been reported of 2022; Rents are Full Service

Jones Lang LaSalle's 4<sup>th</sup> Qtr. 2022 Seattle-Bellevue Office Insights report details inventory, vacancy rates, and rental rates for the various Southend submarkets.

<b>Q4 2022 JLL Southend Office Statistics</b>				
<b>Submarket</b>	<b>Total SF</b>	<b>Q4 Direct Vacancy</b>	<b>Q4 Total Vacancy</b>	<b>Avg. Asking Lease Rate</b>
<b>Federal Way/Auburn</b>				
Class A	88,000	0.9%	0.9%	\$26.39
Class B	2,315,059	29.4%	30.6%	\$26.43
All Inv	2,403,059	28.4%	29.5%	\$26.43
<b>Kent Valley</b>				
Class A	59,567	0.0%	0.0%	\$0.00
Class B	1,138,390	5.6%	6.5%	\$27.08
All Inv	1,197,957	5.3%	6.2%	\$27.08
<b>Renton/Tukwila</b>				
Class A	1,782,285	59.5%	59.8%	\$47.26
Class B	3,576,924	30.1%	30.4%	\$27.40
All Inv	5,359,209	39.9%	40.2%	\$42.27
<b>Seatac/Burien</b>				
Class A	431,475	9.9%	18.8%	\$29.56
Class B	560,630	2.6%	2.6%	\$26.66
All Inv	992,105	5.8%	9.7%	\$28.57
<b>Market Summary</b>				
Class A	2,361,327	46.7%	48.6%	\$46.57
Class B	7,591,003	24.2%	24.8%	\$26.74
All Inv	9,952,330	29.6%	30.5%	\$35.95

\*Class C buildings have been omitted; Rents are Full Service



CoStar's 2022 Year End Office Market Statistics Report breaks out rents and vacancy by building class, as well as submarket.

CoStar Year End 2022 Southend Office Statistics								
Submarket	Number of Buildings	Total SF	Direct Vacant SF	Sublease SF	Direct Vacancy	Vacancy w/Sublet	Average Lease \$	Rent/SF % Change
<b>Federal Way/Auburn</b>								
Class A	8	483,531	15,080	19,951	3.12%	4.13%	\$32.71	1.9%
Class B	144	3,972,035	320,349	679,411	8.07%	17.10%	\$27.47	2.8%
All Office (A & B)	152	4,455,566	335,429	699,362	7.53%	15.70%	\$28.04	2.7%
<b>Kent Valley</b>								
Class A	2	141,031	-	-	0.00%	0.00%	\$32.88	0.7%
Class B	58	1,688,744	78,944	102,440	4.67%	6.07%	\$29.71	2.9%
All Office (A & B)	60	1,829,775	78,944	102,440	4.31%	5.60%	\$29.95	2.7%
<b>Renton/Tukwila</b>								
Class A	16	2,443,825	720,438	723,068	29.48%	29.59%	\$39.83	0.1%
Class B	180	7,505,237	770,275	851,039	10.26%	11.34%	\$31.42	2.1%
All Office (A & B)	196	9,949,062	1,490,713	1,574,107	14.98%	15.82%	\$33.49	1.5%
<b>Seatac/Burien</b>								
Class A	3	562,647	20,194	31,405	3.59%	5.58%	\$33.52	-0.8%
Class B	70	1,925,772	74,986	104,275	3.89%	5.41%	\$28.84	3.3%
All Office (A & B)	73	2,488,419	95,180	135,680	3.82%	5.45%	\$29.90	2.2%
<b>Market Totals</b>								
Class A	29	3,631,034	755,712	774,424	20.81%	21.33%	\$37.64	0.20%
Class B	452	15,091,788	1,244,554	1,737,165	8.20%	11.50%	\$29.86	2.50%
	<b>481</b>	<b>18,722,822</b>	<b>2,000,266</b>	<b>2,511,589</b>	<b>10.70%</b>	<b>13.40%</b>	<b>\$31.37</b>	<b>1.90%</b>

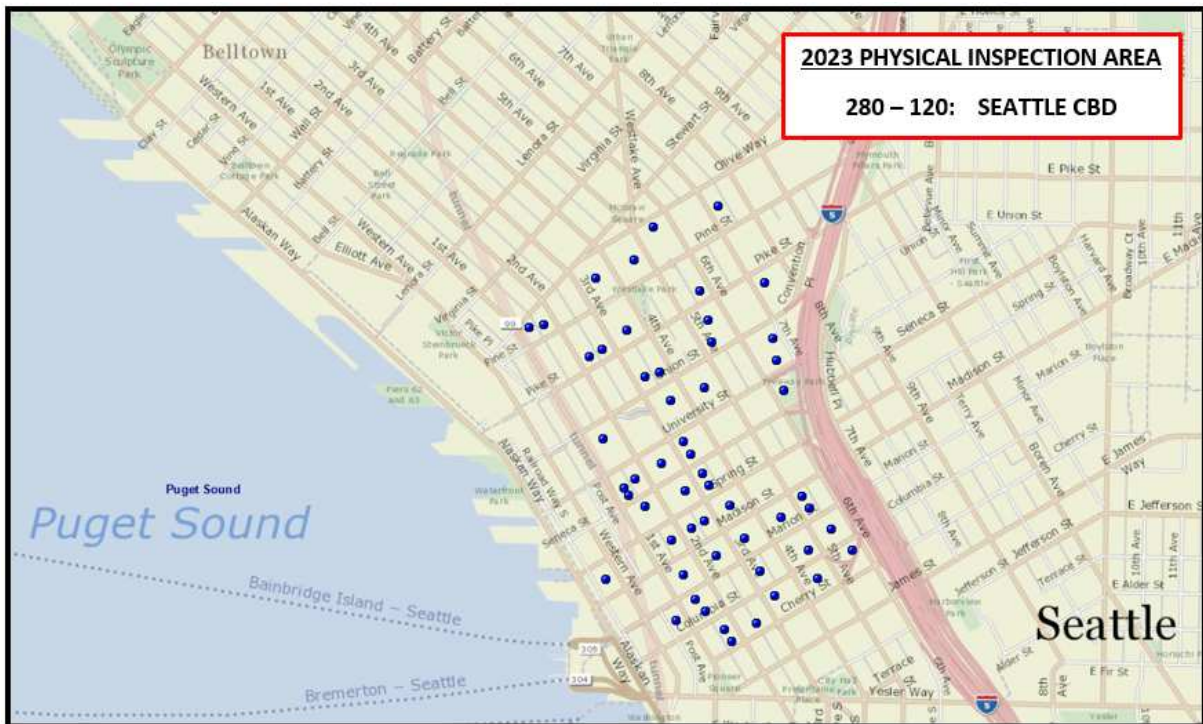
\*Class C buildings have been omitted; Rents are Full Service

**Physical Inspection Identification:**

All major office parcels within submarkets 120 (Seattle CBD) were selected for this year’s physical inspection based on the current Area 280 six-year physical inspection plan spanning 2019 to 2024 as required by WAC 458-07-015 4 (a).

Within the 2023 physical inspection area, there were 82 parcels in all, which represents approximately 14.24% of the total major office population. Of the 82 total parcels that was physically inspected, 78 parcels were improved (including commercial condominiums) with the remainder being vacant associated parcels. These properties were inspected prior to the posting of the 2023 office values. A list of the physically inspected parcels, along with their locations, is included within this report.

Geo Neighborhood		Location	Inspected Parcel Count	Total Parcel Count	Percent of Parcel Count
280	120	Seattle CBD	82	576	14.24%
<b>Specialty Area 280 Physical Inspection Totals</b>			<b>82</b>	<b>576</b>	<b>14.24%</b>



## Preliminary Ratio Analysis

The inclusion of the Ratio Study Summary is included for administrative consistency. Following the COVID-19 pandemic and the resulting work-from-home “revolution”, the office market has faced a paradigm shift, the effects of which continue to be evaluated. Therefore, it is essential to understand that the below ratio study results for the Major Office Specialty is based on a sales sample that is heavily weighted with sales that occurred before the pandemic-related effects on the office market had been as widely understood. In addition, the few most recent transactions tended to be sales of well-located, high-quality properties with occupancy levels much higher than the market at large, and therefore tended to reflect the Leased Fee interest. At the same time, the Assessor is tasked with valuing the Fee Simple interest based on market parameters as of the valuation date. Consequently, in this instance, the included ratio study may not be a reliable tool for measuring the revaluation results of the overall specialty.

The Preliminary Ratio Study was completed just prior to the application of the 2023 recommended values. This study benchmarks the current assessment level using 2022 assessed values. The study was also repeated after application of the 2023 recommended values. The results are included in the validation section of this report showing a change in the level of assessment (weighted mean) from 82.30% to 76.50%, the Coefficient of Dispersion (C.O.D.) from 9.17% to 10.46%, and the Coefficient of Variation (C.O.V.) from 11.95% to 13.63%. The Price-related Differential (P.R.D.) went from 1.10 to 1.11 between the two years.

<b>IAAO Recommended Ratio Study Standards</b>	
Appraisal Level	.90 to 1.10
Coefficient of Dispersion (COD)	5.0 to 20.0
Price Related Differential (PRD)	.98 to 1.03

All these measures indicate diminishing results which are outside of IAAO guidelines. These figures are presented in the 2023 Ratio Analysis chart included in this report.

## Scope of Data

### **Land Value Data:**

The geographic appraiser in the area in which the specialty office property is located is responsible for the land value used by the office specialty appraiser. See appropriate area reports for land valuation discussion.

### **Improved Parcel Total Value Data:**

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales are verified, if possible, by contacting either the purchaser or seller, or contacting the real estate broker, and reviewing sale transaction data from online subscription sources. Characteristic data is verified for all sales, if possible. If necessary, a site inspection is made. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report.

### **Improved Parcel Total Values**

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

The office building sales in King County utilized in the analysis for the current revalue were divided into six market segments. The segmentation is based primarily on the geographic boundaries previously described. In the event a segment lacked adequate sales representation, similarities in other segments were considered and judgment was applied in determining market comparability. Sales of institutional-grade office buildings that were under but close to the 90,000 rentable square foot threshold of the office specialty group might also be reviewed.

#### **Sales comparison calibration**

Market sales of office specialty properties that occurred during the period from 1/1/2020 to 1/31/2022 were considered in the analysis. Other market sales of office buildings that were smaller than the office specialty threshold of 90,000 square feet net rentable were reviewed in the analysis when sales were limited for a building type or submarket.

The current office market cycle has seen a substantial decrease in sale transactions and there have been too few sales of different office types in all the various submarkets to rely solely on the market approach to value.

While the sales were reviewed and market data extracted, when possible, the Income Approach was used in the final reconciliation of value because it allows greater equalization and uniformity of values for the various stratifications of office buildings and because sufficient market income data was available as of the valuation.

### **Cost approach model description**

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. Because of the difficulty in accurately determining the depreciation of older office properties, this approach to value was given the least weight in the final reconciliation of values of older office buildings. However, it was given more weight in the valuation of new construction and recently completed office buildings that have not been leased up. With new buildings the cost method is reconciled with the income method to determine the appropriate approach.

### **Cost calibration**

The Marshall & Swift cost-modeling system built into the Real Property Application is calibrated to this region and the Seattle area.

### **Income capitalization approach model description**

A direct capitalization income approach estimate was calculated for all properties within the specialty. Due to the significance of the parking income contribution in the Seattle and Bellevue CBD's, and the fact that these parcels comprise the majority of the properties within the specialty, parking income was a necessary component of the direct capitalization process. The inability of the department's income table program to recognize parking stalls as an income generator precluded the use of income tables in the revaluation of the office specialty. Therefore, no tables were created. Instead, a direct capitalization workbook was created showing each property's income value estimate.

### **Income approach calibration**

The income valuation models were calibrated after setting base rents by considering necessary adjustments. Appraisal judgment was employed in adjusting for differences between individual buildings based on their perceived investment competitiveness in their respective markets. Location, effective year-built, construction and leasing class, and quality and size as recorded in the Assessor's records were items considered to be of primary importance in determining a properties placement in the appropriate base rent category.

Within each of the market segments, income parameters were established for economic rent, vacancy and credit loss, operating expenses, and capitalization rates for various groupings of properties based on their investment competitiveness. Rents, operating expenses, and capitalization rates were collected on sold properties when available. This data was then

considered along with surveys conducted by outside resources, along with information gathered from properties available for lease and sale and utilized to establish general guidelines for neighborhood groupings. A rent survey was conducted to ascertain the income parameters typically reflected in the current office lease market. The information gathered is indicative of the current office-leasing environment and in most instances the data reported is based on deals that have been made and are in place or will be in the near future.

In addition, office market data was collected and analyzed from numerous well-respected commercial real estate research publications including, but not limited to:

- CBRE's Puget Sound MarketView 4<sup>th</sup> Qtr. 2022,
- Jones Lang LaSalle's 4<sup>th</sup> Qtr. 2022 Seattle-Bellevue Insights,
- Newmark Knight Frank's 4Q 2022 Puget Sound Office Market Report,
- CoStar Group's Seattle/Puget Sound Office Market Report YE-2022,
- Cushman & Wakefield's Seattle Office Marketbeat 4<sup>th</sup> Qtr. 2022.

### **Base Rent Model**

The following table summarizes averages of typical base rents utilized for the 2023 assessment year. Properties were primarily stratified by submarket, leasing class, and effective age. The rents applied to individual properties were adjusted from the indicated base rent based on property-specific considerations.

1/1/2023 Area 280 Base Rent Model							
SubMkt#	Submarkets	Class C	Class B	Class A/B	Class A	Class A+	Class A++
100	Belltown/Denny Regrade	\$ 31.00	\$ 35.00	\$ 42.00	\$ 45.00	\$ 48.00	\$ 51.00
110	Capitol Hill/First Hill	\$ 31.00	\$ 37.00	\$ 44.00	\$ 47.00	\$ 50.00	\$ 52.00
120	Central Business District	\$ 31.00	\$ 36.00	\$ 43.00	\$ 46.00	\$ 49.00	\$ 51.00
130	Lake Union	\$ 29.00	\$ 36.00	\$ 40.00	\$ 43.00	\$ 47.00	\$ 51.00
140	Pioneer Square	\$ 30.00	\$ 35.00	\$ 43.00	\$ 45.00	\$ 49.00	\$ 51.00
150	Queen Anne/Magnolia	\$ 30.00	\$ 35.00	\$ 40.00	\$ 42.00	\$ 47.00	\$ 50.00
<b>Seattle Downtown (Avg)</b>		<b>\$ 30.00</b>	<b>\$ 36.00</b>	<b>\$ 42.00</b>	<b>\$ 45.00</b>	<b>\$ 48.00</b>	<b>\$ 51.00</b>
200	520/Overlake	\$ 30.00	\$ 36.00	\$ 44.00	\$ 46.00	\$ 47.00	\$ 51.00
210	Bellevue CBD	\$ 33.00	\$ 39.00	\$ 44.00	\$ 46.00	\$ 52.00	\$ 55.00
220	Bellevue Suburban	\$ 30.00	\$ 36.00	\$ 41.00	\$ 43.00	\$ 47.00	\$ 50.00
230	Bothell/Woodinville	\$ 23.00	\$ 27.00	\$ 33.00	\$ 33.00	\$ 36.00	\$ 39.00
240	I-90 Corridor	\$ 32.00	\$ 36.00	\$ 41.00	\$ 43.00	\$ 45.00	\$ 47.00
250	Kirkland/Totem Lake	\$ 31.00	\$ 36.00	\$ 43.00	\$ 45.00	\$ 48.00	\$ 51.00
260	Redmond/Willows	\$ 30.00	\$ 32.00	\$ 36.00	\$ 38.00	\$ 40.00	\$ 44.00
<b>Eastside (Avg)</b>		<b>\$ 30.00</b>	<b>\$ 35.00</b>	<b>\$ 40.00</b>	<b>\$ 42.00</b>	<b>\$ 45.00</b>	<b>\$ 48.00</b>
300	Ballard/University	\$ 29.00	\$ 33.00	\$ 41.00	\$ 44.00	\$ 48.00	\$ 51.00
310	Northgate/North Seattle	\$ 25.00	\$ 29.00	\$ 36.00	\$ 38.00	\$ 42.00	\$ 45.00
<b>Northend (Avg)</b>		<b>\$ 27.00</b>	<b>\$ 31.00</b>	<b>\$ 39.00</b>	<b>\$ 41.00</b>	<b>\$ 45.00</b>	<b>\$ 48.00</b>
400	Federal Way	\$ 17.00	\$ 20.00	\$ 24.00	\$ 26.00	\$ 30.00	\$ 33.00
410	Kent/Auburn	\$ 18.00	\$ 21.00	\$ 25.00	\$ 27.00	\$ 31.00	\$ 34.00
420	Renton/Tukwila	\$ 17.00	\$ 21.00	\$ 27.00	\$ 29.00	\$ 34.00	\$ 38.00
430	SeaTac	\$ 18.00	\$ 22.00	\$ 28.00	\$ 30.00	\$ 35.00	\$ 39.00
440	South/West Seattle	\$ 17.00	\$ 23.00	\$ 31.00	\$ 37.00	\$ 47.00	\$ 50.00
<b>Southend (Avg)</b>		<b>\$ 17.00</b>	<b>\$ 21.00</b>	<b>\$ 27.00</b>	<b>\$ 30.00</b>	<b>\$ 35.00</b>	<b>\$ 39.00</b>
<b>Area 280 Average</b>		<b>\$ 26.00</b>	<b>\$ 31.00</b>	<b>\$ 37.00</b>	<b>\$ 40.00</b>	<b>\$ 43.00</b>	<b>\$ 47.00</b>

## Typical Income Parameters Applied

The following table briefly summarizes the typical income parameters utilized in each of the four geographic market areas as well as for Medical Office Buildings. It is important to note that the table represents typical parameters and is not all inclusive. Some properties were valued using parameters outside of the ranges provided in the summary table when appropriate.

Typical Income Parameters Applied					
Segment		Avg. Rent	Vacancy /	Operating	Capitalization
		Range Per SF*	Coll. Loss %	Expenses/SF	Rate %
Seattle Downtown	Class A	\$40.00 - \$52.00	10% - 20%	\$13.50 - \$15.00	4.50% - 6.00%
	Class B	\$35.00 - \$45.00		\$13.00 - \$13.50	5.50% - 6.50%
Eastside	Class A	\$36.00 - \$55.00	5% -15%	\$12.50 - \$16.00	4.50% - 6.50%
	Class B	\$27.00 - \$44.00		\$12.00 - \$14.50	5.25% - 7.00%
Northend	Class A	\$36.00 - \$51.00	10.0% - 12.00%	\$12.00 - \$12.50	5.00% - 6.50%
	Class B	\$29.00 - \$36.00		\$11.50 - \$11.50	5.75% - 7.00%
Southend	Class A	\$24.00 - \$50.00	9.00% - 20%	\$11.00 - \$13.00	5.00% - 7.50%
	Class B	\$20.00 - \$31.00		\$10.50 - \$13.00	5.75% - 8.00%
Medical Office Buildings	All	\$37.00 - \$53.00	8% - 10%	\$15.00 - \$16.50	5.00% - 6.25%
*Full Service					

The range of capitalization rates that were applied is influenced by building age, quality/class and competitiveness with the lower rates applied to the higher quality office buildings. Higher rates might be applied to the lesser quality office buildings or to properties that have ongoing above-market vacancy, or physical issues that result in higher operating expenses or require additional capital investment. These are often referred to as Value-Add properties.

In addition to the income parameters presented above, some of the Major Office properties contain a portion of retail space which needs to be considered. Retail lease rates applied in the Seattle Downtown submarkets typically ranged from \$25 to \$45 per square foot on a triple net basis. Typical retail vacancy and collection losses of 5% of the potential gross income were applied, as well as 5% triple net operating expenses. In the Bellevue CBD, retail rents typically applied were \$36 per square foot on a triple net basis.

## Parking Income

In addition to office and retail space rents, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. Unreserved monthly and daily rates and occupancy rates were provided by the 2018 Puget



Sound Regional Council Parking Inventory for the Downtown Seattle and Bellevue CBD parking zones. No turnaround on the daily spaces was recognized. A parking expense rate of 15% to 20% was applied to parking income to arrive at a net parking income contribution figure with the stand-alone parking garages typically incurring the higher expenses.

The following is a description of the parking income parameters used in the income approach to value the Downtown Seattle and Bellevue CBD office properties. Properties in the Southend and Suburban markets do not typically generate significant, if any, income from parking. A map of the parking neighborhoods is included in the addendum of the office report.

Due to the COVID-19 pandemic and related ongoing stay-at-home work environment, downtown parking for both Seattle and Bellevue were directly impacted by the absence of daily shoppers, tourist, and the local employment workforce. To account for this, the assessor discounted the reported occupancy in Seattle's neighborhood parking zones by 50% and Bellevue's neighborhood's parking zones by 25%.

Seattle CBD - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	Occupancy Avg
1	\$8.00 - \$40.00	\$19.53	\$50.00 - \$350.00	\$216.33	32% - 39%	36%
2	\$8.00 - \$40.00	\$19.53	\$50.00 - \$350.00	\$216.33	43% - 61%	52%
3	\$8.00 - \$40.00	\$19.53	\$50.00 - \$350.00	\$216.33	62% - 72%	67%
4	\$20.00 - \$68.00	\$35.66	\$200.00 - \$466.00	\$325.14	65% - 71%	68%
5	\$20.00 - \$68.00	\$35.66	\$200.00 - \$466.00	\$325.14	65% - 71%	68%
6	\$8.00 - \$55.00	\$27.85	\$75.00 - \$305.00	\$239.00	57% - 63%	68%
7	\$20.00 - \$68.00	\$35.66	\$200.00 - \$466.00	\$325.14	65% - 71%	68%
8	\$20.00 - \$68.00	\$35.66	\$200.00 - \$466.00	\$325.14	65% - 70%	68%
9	\$8.00 - \$55.00	\$27.85	\$75.00 - \$305.00	\$239.00	54% - 63%	59%
10	\$8.00 - \$55.00	\$27.85	\$18.00 - \$475.00	\$298.32	57% - 70%	64%
11	\$8.00 - \$55.00	\$27.85	\$18.00 - \$475.00	\$298.32	62% - 73%	68%
12	\$8.00 - \$55.00	\$27.85	\$18.00 - \$475.00	\$298.32	71% - 77%	74%
13	\$8.00 - \$55.00	\$27.85	\$18.00 - \$475.00	\$298.32	74% - 88%	81%
Lower Queen Anne/South Lake Union - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	Occupancy Avg
17	\$10.00 - \$60.00	\$28.78	\$135.00 - \$375.00	\$243.43	70% - 74%	72%
18	\$10.00 - \$60.00	\$29.78	\$135.00 - \$375.00	\$244.43	58%	58%
19	\$10.00 - \$60.00	\$30.78	\$135.00 - \$375.00	\$245.43	58% - 62%	60%
First Hill - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	Occupancy Avg
14	\$15.00 - \$31.50	\$19.09	\$168.75 - \$255.00	\$211.86	46% - 73%	60%
15	\$13.50 - \$20.00	\$16.00	\$205.00 - \$235.64	\$220.32	46% - 73%	60%
16	\$8.00 - \$19.50	\$15.06	\$275.00 - \$300.00	\$283.33	63% - 83%	73%
University District - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	Occupancy Avg
1	\$13.00 - \$17.16	\$14.11	\$145.00 - \$165.00	\$150.83	45% - 65%	55%
2	\$8.16 - \$17.14	\$13.44	\$150.00 - \$162.50	\$155.00	58% - 84%	71%
3	\$13.50 - \$25.00	\$16.22	\$135.00 - \$250.00	\$161.88	77% - 85%	81%
4	\$13.75 - \$15.00	\$14.65	\$150.00 - \$160.00	\$150.48	58% - 84%	71%
5	\$7.00 - \$15.00	\$13.90	\$150.00	\$150.00	58% - 84%	71%
6	\$5.00	\$5.00	\$80.00	\$80.00	45% - 65%	55%
7	\$10.00	\$10.00	\$80.00	\$80.00	45% - 65%	55%
8	\$9.00	\$9.00	\$80.00	\$80.00	45% - 65%	55%
9	\$15.00	\$15.00	\$85.00	\$85.00	45% - 65%	55%
Bellevue CBD - Parking Inventory 2018						
Nbhd Zone	Daily Rate Range	Daily Tot Avg	Monthly Rate Range	Mon Tot Avg	Occupancy Range	Occupancy Avg
1	\$12.00 - \$19.50	\$17.80	\$155.00 - \$211.67	\$182.62	75% - 83%	79%
2	\$11.50 - \$20.00	\$17.00	\$203.00 - \$220.00	\$211.50	40% - 80%	60%
3	\$12.00 - \$75.00	\$23.09	\$165.00 - \$250.00	\$198.46	25% - 100%	81%
4	\$14.00 - \$24.00	\$20.55	\$201.00 - \$241.10	\$229.55	25% - 90%	71%
5	\$12.00	\$12.00	N/A	N/A	N/A	N/A
6	N/A	N/A	N/A	N/A	N/A	N/A
7	\$5.80	\$5.80	N/A	N/A	N/A	N/A
Sources:	Seattle: Occupancy Rates - PSRC 2018 Parking Inventory Study					
	Seattle: Parking Rates - Seattle DOT 2021 Off-Street Parking Study					
	Bellevue: Occupancy & Parking Rates - Bellevue Downtown Association 2018 Downtown Parking Survey Report					

## Capitalization Rate Information

The table below summarizes CBRE’s 4<sup>th</sup> Quarter 2022 Capitalization Rate Survey. The survey indicates that in general capitalization rates, while remaining low, have stabilized. Continued investment demand is counteracting the rise in interest rates and cyclical factors. Capitalization rates are expected to remain mostly stable next year.

CBRE Office Capitalization Rates 2nd Half 2022						
CURRENT CAP RATES				YEAR TO YEAR CHANGE		
Class AA				Class AA		
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add
CBD	N/A - N/A	↔	N/A - N/A	↔	N/A - N/A	N/A - N/A
Suburban	N/A - N/A	↔	N/A - N/A	↔	N/A - N/A	N/A - N/A
Class A				Class A		
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add
CBD	5.25% - 6.00%	↑	6.50% - 7.00%	↑	0.75% - 1.00%	1.25% - 0.50%
Suburban	5.75% - 6.50%	↑	7.00% - 8.50%	↑	0.50% - 0.50%	1.00% - 1.50%
Class B				Class B		
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add
CBD	N/A - N/A	↑	N/A - N/A	↑	N/A - N/A	N/A - N/A
Suburban	N/A - N/A	↑	N/A - N/A	↑	N/A - N/A	N/A - N/A
Class C				Class C		
	Stabilized	Trend	Value-Add	Trend	Stabilized	Value-Add
CBD	N/A - N/A	↑	N/A - N/A	↑	N/A - N/A	N/A - N/A
Suburban	N/A - N/A	↑	N/A - N/A	↑	N/A - N/A	N/A - N/A

Source: Q4 2022 CBRE Cap Rate Survey

The tables on the following pages summarize office capitalization rates gathered from various commercial real estate industry research reports.

The published office capitalization rates indicate that rates for the Seattle Metropolitan Area are lower than the national averages. Seattle is one of the top ten largest office markets in the nation and is considered a top-tier market. With continued cost of funds and strong investor interest in the Puget Sound office market, capitalization rates for well-leased, institutional grade office buildings remain moderate.

When market sales are available an attempt is made during the sales verification process to ascertain the capitalization rate on the sale or a pro-forma cap rate. Whenever possible information on the occupancy level, lease rates, tenancy terms, and expenses is collected to determine how the sale compares to the current economic parameters of the market and how the leased fee cap rate compares to a fee simple cap rate.

2022 Office Capitalization Rates Summary						
Source	Location	Average Capitalization Rates	Capitalization Rates by Building Class (if provided)			
			Class A		Class B	
			Stabilized	Value-Add*	Stabilized	Value-Add*
Seattle/Pacific NW Cap Rates	CBRE <sup>1</sup>					
		CBD		5.25% - 6.00%	6.50% - 7.00%	N/A - N/A
		Suburban		5.75% - 6.50%	7.00% - 8.50%	N/A - N/A
	PWC/Korpaz	Seattle - CBD	5.80%			
		Seattle - Suburban	6.19%			
	ACLI	Seattle Region	5.57%			
	IRR: Viewpoint	CBD		5.25%		6.50%
		Suburban		6.00%		7.00%
	CoStar Sales Data <sup>2</sup>	Seattle / King County		4.30% - 4.50%		4.50% - 6.43%
				4.40% (Avg.)		5.5% (Avg.)
RERC Report <sup>3</sup>	Seattle CBD		5.90%			
	Seattle Suburban		6.70%			
RERC Report <sup>3</sup>	West CBD		6.00% - 8.50%			
	West Suburban		6.00% - 9.50%			

\*Value-Add refers to underperforming office properties with above-market vacancy or requiring high capital expenditures

<sup>1</sup> CBRE professionals' opinion of where Cap Rates are likely to trend in 2022

<sup>2</sup> Arms-length investment sales 50k SF and larger, between 1/1/2022 and 12/31/2022 within King County

<sup>3</sup> For 1st Tier Properties, defined as new or newer quality const. in prime to good location



**SEATTLE / REGIONAL CAP RATES 2023**

Source	Date	Location	Office	Industrial	Retail	Remarks
			- - -	7.00% - 10.00% 7.50% - 11.00% - - - - - - - -	- - 5.30% - 9.50% 7.00% - 11.50% 7.00% - 13.00% 6.50% - 9.30% 6.00% - 13.30% 8.00% - 13.80% 6.00% - 9.30% 5.50% - 11.00% 6.50% - 12.00%	Flex – 2 <sup>nd</sup> Tier Properties Flex – 3 <sup>rd</sup> Tier Properties Regional Mall – 1 <sup>st</sup> Tier Properties Regional Mall – 2 <sup>nd</sup> Tier Properties Regional Mall – 3 <sup>rd</sup> Tier Properties Power Center – 1 <sup>st</sup> Tier Properties Power Center – 2 <sup>nd</sup> Tier Properties Power Center – 3 <sup>rd</sup> Tier Properties Neigh/Comm. Ctr. – 1 <sup>st</sup> Tier Properties Neigh/Comm. Ctr. – 2 <sup>nd</sup> Tier Properties Neigh/Comm. Ctr. – 3 <sup>rd</sup> Tier Properties
IRR: Viewpoint for 2023	Year-end 2022	West Region	6.15% 6.67% 6.39% 6.93% - - - -	- - - - 5.73% 5.13% - -	- - - - - - 6.29% 6.38%	Institutional Grade Properties CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Flex Industrial Industrial Community Retail Neighborhood Retail
PWC Real Estate Investment Survey	4Q 2022	Seattle  Pacific NW Region	4.50% - 7.00%  4.75% - 7.75% -	- - - 3.00% - 5.50%	- - - -	Office  Office Warehouse
ACLI	4Q 2022	Seattle – Bellevue – Everett MSA  Pacific Region	5.57%  5.57%	  5.10%	8.04%  5.78%	All Classes  All Classes

**SEATTLE / REGIONAL/ NATIONAL CAP RATES 2023**

Source	Date	Location	Multifamily	Hospitality	Remarks
CBRE: U.S. Cap. Rate survey. Advance Review	H2 2022	Seattle	4.00% - 4.50% 4.50% - 5.00%		Infill – Class A Suburban – Class A
CBRE – U.S. Cap Rate Survey - Report	H2 2022	Seattle		6.50% - 7.50% 6.00% - 6.50% 7.00% - 8.00% 6.50% - 7.50% 7.00% - 8.00%	Full-Service – Resort Full Service – City Center Full Service – Other Limited Service – City Center Limited Service – Other
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2022	Seattle  West Region	5.30% - 4.30% - 8.00% 5.00% - 7.50% 5.50% - 8.50% - -	- 7.80% - - - 6.50% - 10.00% 8.00% - 12.50% 9.00% - 12.50%	Apartments – All Classes Hotels – All Classes Apartments – 1 <sup>st</sup> Tier Properties Apartments – 2 <sup>nd</sup> Tier Properties Apartments – 3 <sup>rd</sup> Tier Properties Hotels – 1 <sup>st</sup> Tier Properties Hotels – 2 <sup>nd</sup> Tier Properties Hotels – 3 <sup>rd</sup> Tier Properties
RERC: Real Estate Report Valuation Rates & Metrics	4Q 2022	National	3.90% - 6.00 %	6.70% - 9.00%	Apartment Hotel
IRR: Viewpoint for 2023	Year-end 2022	Seattle	4.50% 4.75% 4.75% 5.00%		Urban Class A Urban Class B Suburban Class A Suburban Class B
IRR: Viewpoint for 2023	Year-end 2022	West Region	4.42% 4.61% 4.87% 5.02%	- - -	Urban Class A Urban Class B Suburban Class A Suburban Class B
PWC Real Estate Investment Survey	Year-end 2022	National	- - -	5.00% - 9.00% 8.00% - 11.50% 4.00% - 9.50% 7.00% - 10.00%	Full-Service Lodging Limited-Service Midscale Luxury/Upper – Upscale Select Service
PWC Real Estate Investor Survey	4Q 2022	Pacific Region	5.70%		Apartments
ACLI	4Q 2022	Seattle- Bellevue Everett	4.45%	----	All Classes
		Pacific	4.93%	8.31%	All Classes

WEST / NATIONAL CAP RATES 2023						
Source	Date	Location	Office	Industrial	Retail	Remarks
RERC: Real Estate Report Income Vs. Price Realities	4Q 2022					1 <sup>st</sup> Tier properties are defined as new or newer quality const. in prime to good location and typical owners/buyers are institutional investors
		National	5.00% - 8.00% 5.00% - 9.00%	- -	- -	Office CBD Suburban Office Warehouse R&D Flex Regional Mall Power Center Neigh/Comm. Ctrs.
			- -	4.30% - 7.00% 5.00% - 8.00%	- -	
			- -	4.60% - 8.00%	- -	
			- -	- -	4.70% - 9.20% 5.50% - 8.50%	
			-	-	4.80% - 7.80%	
IRR: Viewpoint 2023 Commercial Real Estate Trends report	Yr. End 2022	National	7.00% 7.66% 7.18% 7.84%	- - - -	- - - -	<u>Institutional Grade Properties</u> CBD Office – Class A CBD Office – Class B Suburban Office – Class A Suburban Office – Class B Industrial Flex Industrial Community Retail Neighborhood Retail
			- -	5.89% 6.48%	- -	
			-	-	6.95% 7.00%	
ACLI	4Q 2022	National	6.21% 6.04% 7.69% 5.99% 6.11%	4.84% 6.82% 5.21% 6.04% 4.63%	6.71% 6.30% 6.91% 6.05% 7.43%	Overall Sq.Ft. - <50k Sq.Ft. - 50k – 100k Sq.Ft. – 100,001 – 200k Sq.Ft. – 200k+
PWC Real Estate Investor Survey	4Q 2022	National	4.25% - 7.50% 4.25% - 7.75% 6.00% - 9.25% 5.00% - 10.00%	- - - -	- - - -	CBD Office Suburban Office Secondary Office Medical Office Warehouse Regional Mall Power Center Neigh. Strip Centers Net Lease
			- -	2.00% - 6.25%	- -	
			- -	- -	5.00% - 12.50% 5.25% - 7.50%	
			- -	- -	5.00% - 10.00% 5.00% - 7.50%	
The Boulder Group: Net Lease Market Report	4Q 2022	National	6.95%	6.65%	5.95%	Overall (Average)

### Reconciliation and/or Validation Study of Calibrated Value

Each parcel was individually reviewed by the specialty appraiser for correctness of the model application before the final value was selected. The income approach to valuation is given the greatest weight in the final analysis due to the information available.



## 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 for particular characteristics and conditions as they occur in the valuation area.

The 1/1/2023 valuation reflects the changing office market dynamics as of the valuation date. These include increasing market vacancy rates in most submarkets, stagnant market lease rates, and moderately higher capitalization rates for well leased good quality office buildings.

These factors have resulted in lower valuations for most of the institutional-grade office properties in most submarkets within the greater Puget Sound / King County market area.

Application of these recommended values for the 2023 assessment year results in a total change from the 2022 assessment of -4.20%. This figure does include most of the new construction value from Major Office projects currently under construction. Excluding these parcels, the change in assessed value compared to the prior year was -8.34%. Other new construction projects currently under review will be added later during the new construction maintenance period (new construction is valued as of July 31<sup>st</sup> of the assessment year).

### **Total Value**

The total assessed value for the 2022 assessment year was \$49,311,921,250 and the total recommended assessed value for the 2023 assessment year is \$47,239,195,900.

<b>CHANGE IN TOTAL ASSESSED VALUE</b>			
<b>2022 Total Value</b>	<b>2023 Total Value</b>	<b>\$ Change</b>	<b>% Change</b>
<b>\$ 49,311,921,250</b>	<b>\$ 47,239,195,900</b>	<b>\$ (2,072,725,350)</b>	<b>-4.20%</b>

## Improved Sales for Area 280 (Sales from 1/1/2020 – 1/31/2022 were considered)

### SEATTLE SALES

AREA 280 MAJOR OFFICE BUILDING SALES											
Area	Nbhd	Major Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	120	094200 0415	753,869	3190419	\$729,800,000	5/17/22	\$968	Madison Centre	1	Y	Boston Properties, Inc. acquired the Madison Centre on 05/17/2022 for \$730,000,000 or \$968/SF. ATOS, the property was +/- 93% leased and traded on a 4.30% cap rate. The 36-story high-rise office building was originally built in 2017 and is certified as LEED-Platinum. Amenities include a rooftop terrace, a great room with a signature three-story fireplace and living wall, conference/training center, boardroom, library, fitness/wellness center operated by the prestigious Washington Athletic Club, needlepoint bipolar ionization HVAC purification, and touchless entry.
280	130	224950 0475	150,622	3187091	\$151,500,000	4/29/22	\$1,006	ELEVEN01 WESTLAKE	3	Y	BioMed acquired the Eleven01 Westlake Building from Invesco Real Estate on 04/29/2022 for \$151,500,000 or \$1,006/SF in a fair market transaction of high-credit, single-tenant, NNN-leased asset. Eleven01 consists of a six-story, single tenant, Class A office building. The improvements were originally constructed in 2015 and contain a total net rentable area of 150,622/SF. The property's office space is fully leased to Facebook. Per brokers press release, "The mark-to-market upside in conjunction with the credit, asset quality, deal size and South Lake Union location generated significant investor interest from a wide range of capital.
280	130	412930 0010	335,037	3174395	\$420,466,507	2/23/22	\$1,255	LAKEFRONT BLOCK 25	2	Y	Deka Immobilien acquired the 2 parcel (Block 25 - E3 3174395; Block 31 - E3 3174397), 4 building Lakefront Blocks 25 & 31 on 02/24/2022 for \$801,664,142 (\$1,224/SF) in a fair market transaction of high-credit, single-tenant, NNN-leased asset. Lakefront Blocks 25 & 31 consists four buildings ranging from 6 to 14 stories with ground floor retail space, situated above a 615-stall parking garage podium. The improvements were originally constructed in 2019 and contain a total net rentable area of 655,009/SF. The property's office space is fully leased to Google. Per brokers press release, "This project, in my opinion, was the best core office offering on the West Coast in
280	130	412932 0010	319,972	3174397	\$381,197,635	2/23/22	\$1,191	LAKEFRONT BLOCK 31	2	Y	Deka Immobilien acquired the 2 parcel (Block 25 - E3 3174395; Block 31 - E3 3174397), 4 building Lakefront Blocks 25 & 31 on 02/24/2022 for \$801,664,142 (\$1,224/SF) in a fair market transaction of high-credit, single-tenant, NNN-leased asset. Lakefront Blocks 25 & 31 consists four buildings ranging from 6 to 14 stories with ground floor retail space, situated above a 615-stall parking garage podium. The improvements were originally constructed in 2019 and contain a total net rentable area of 655,009/SF. The property's office space is fully leased to Google. Per brokers press release, "This project, in my opinion, was the best core office offering on the West Coast in 2021." said Kevin Shannon, Co-Head of U.S. Capital Markets at Newmark. "The combination of
280	120	094200 0030	439,016	3170258	\$320,000,000	1/25/22	\$729	2ND & SENECA BUILDING	2	Y	As part of a two parcel transaction, Northwood Investors purchased parcel 094200-0025 (SDL Office Bldg.) & 094200-0030 (2nd & Seneca) on January 27, 2022 for \$382mil or \$729/SF (523,815/SF). Minor -0025 (SDL Off. Bldg.) had an allocated purchased price of \$61,800,000, while minor -0030 (2nd & Seneca) had an allocated purchased for \$320,000,000. ATOS, both properties were +/- 93% leased with a reported cap rate of 4.50%. The <b>2nd and Seneca Building</b> is a 29-floor "Class-A" office building totaling 439,016/SF of NRA. Amenities include remodeled lobby/lounge, state of the art fitness and conference center, below grade parking for tenants, and retail on 1st level. 2nd & Seneca also features private decks with expansive city and Puget Sound views. The SDL office building is a 4-story "Class B" office building totaling 84,337/SF of NRA.

Specialty Area 280  
2023 Assessment Year



AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	100	069600	0175	197,135	3165752	\$118,663,466	12/22/21	\$602	2301 5TH AVE	3	Y	Hudson Pacific Properties acquired Leasehold Interest of the 5th & Bell building from Alexandria Real Estate Equities on 12/22/2021 for \$118,663,466 or \$602/SF (less minor personal property) in a fair market transaction. The property was 100% occupied at the time of sale and traded at a 5.00% cap rate. Per Costar report, "Hudson Pacific Properties, Inc. (NYSE: HPP) has completed the acquisition of a leasehold interest in a 197,000-square-foot office building in Seattle for \$119 million, or \$604 per-square-foot per buyer press release. The property's office component, which comprises approximately 192,000 square feet, is fully leased to Amazon. Public records shows a recorded sale price of \$118,707,027 but per verification with the broker the total sale price was \$134 MM (Seller credits related to new Amazon lease) and the remaining term on the ground lease is 51 years. The asset traded at high 5% cap. Known as 5th & Bell, the property is located in Seattle's Belltown neighborhood, which sits at the intersection of South Lake Union and Denny Triangle. The six-story, LEED Gold-certified property features large floorplates and a modern lobby, as well as numerous onsite amenities, including an expansive outdoor deck, an end-of-trip facility with showers, lockers and bike storage, retail and ample parking."
280	120	093900	0355	247,095	3159232	\$147,250,000	11/18/21	\$596	801 2ND AVE	1	Y	Institutional Investor, Hines, acquired the Norton Building from Norton Building LLC on 11/18/2021 for \$147,250,000 million or \$591/SF. The Northon Building consist of a 17-story Class-A multi-tenant office building over a 195 car garage. The improvements contain a total net rentable area of 247,095/SF and was originally constructed in 1958. ATOS, the Norton Building was 94% occupied and traded at 4.30% cap rate. With exceptional views of Puget Sound, Mount Rainier, and the Stadium District, the Norton Building is just two blocks away from light rail, bus lines, and ferry terminals, with close freeway access to both I-90 and I-5. Hines will soon be renovating the common areas to create a new lobby experience with expanded gathering areas. Hines will also add new creative and interactive spaces throughout the building. Construction start was estimated at Q2 of 2022.
280	100	065900	0750	498,891	3146497	\$489,878,032	9/17/21	\$982	2001 8TH AVE	1	Y	Kilroy Realty Corp. acquired the West 8th Bldg. from DWS on September 20st, 2021 for \$490 million or \$978/SF. After PP deduction and other deductions, the recorded sales price was \$489,878,032 or \$978/SF. 1918 8TH consists of a 28-story Class A+ multi-tenant office building over a 452 car garage. Amazon occupies +/-70% of the building. The improvements contain a total net rentable area of 668,886/SF and exhibiting an effective age of 2010. Amenities include rooftop deck, on-site daycare, secured bike storage, secured parking, gym + showers and lockers, conferencing center, and on-site retail. Per Buyer's press release, "We believe the Denny Regrade submarket continues to be extremely well positioned for strong rental growth over the coming years and West 8th, which offers an unrivaled location, will help deliver solid earnings growth and value creation for our shareholders"
280	120	094200	0300	810,493	3143519	\$465,000,000	9/1/21	\$574	1011 4TH AVE	1	Y	Boston Properties, Inc. acquired the Safeco Plaza Building on 09/01/2021 for \$465,000,000 or \$574/SF. ATOS, the property was +/- 91% leased with Liberty Mutual occupying approximately 66% of the space. No cap rate was reported. The 49-story high-rise office building was originally built in 1969 and was renovated in 2018, resulting in an effective age of 2010. The property is LEED-Platinum certified with on-site amenities including a state-of-the-art conference center, multiple quick service food retailers, and a Bank of America Branch. Also included is a full service fitness center, and secure bicycle storage. Per marketing flyer, subject includes modern new lobby with seating area, and approx. \$100 million being spent in fully modernizing the building inside and out. Located in the heart of Seattle CBD, the property also affords excellent views of Elliott Bay, downtown Seattle, the Cascade Mountains, the Olympic Mountains.
280	110	610845	0100	7,753	3138430	\$4,000,000	8/5/21	\$516	1229 MADISON ST	1	Y	Sale of Individual Condo Unit

Specialty Area 280  
2023 Assessment Year



AREA 280 MAJOR OFFICE BUILDING SALES

Area	Nbhd	Major Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	100	065300 0250 0270	344,779	3136400	\$184,895,692	7/26/21	\$536	2601 ELLIOTT AVE	2	Y	Shorenstein Properties acquired a Class A office building (065300-0250) and adjacent parking garage (065300-0270) from J.P. Morgan Chase on 07/28/2021 for \$185,000,000. After personal property deduction, the final real estate value was \$184,895,692 or \$536/SF. Parcel 065300-0250 consist of a 6-story Class A-/B+ office building totaling 339,799/SF of rentable area, while parcel 065300-0270 consist of 5-story parking garage with 593 parking spaces. ATOS, the office building was +/-90% leased to Zullyly and had a reported cap rate of 5.80%. Located in downtown Seattle with unobstructed views of Elliott Bay and the Olympic Mountains, 2601 Elliott is a unique building with historic charm and features that differentiate it from much of the high-rise inventory, including large 60,000-square-foot floor plates and tall 15 foot ceiling heights. The property is within walking distance of numerous amenities, including the Pike Place Market, Olympic Sculpture Park, and several restaurants, hotels and boutique shopping stores. Per buyers press release - "The property's physical attributes - including mid-rise construction, ability to create outdoor amenity space, and above-market parking ratio - as well as its location with access to the waterfront, parks and desirable residential neighborhoods, make it well positioned for post-pandemic users," said Colby Wick, Managing Director at Shorenstein. "We look forward to repositioning the property and accentuating its strengths to deliver an experience that companies are looking for as they return to the office."
280	120	863423 0010 0020 0030	747,312	3112184 3112185	\$579,386,461	4/1/21	\$775	300 PINE ST	3	Y	Urban Renaissance Group acquired the 300 Pine Street Office Condo from Starwood Capital Group on 4/1/2021 for a combined acquisition price of \$579,386,461 or \$805/SF in a fair market transaction. <b>Transaction #1: Condo</b> (#0010 + #0030; E# 3112185 @ \$105,000,000) and <b>Transaction #2: Condo</b> #0020 (E#3112184 @ \$474,386,461) sold in separate but simultaneous transactions. Combined, the properties contain a total net rentable area of 719,415/SF. Please Note: Within the owner's press release and website, the 300 Pine Street GLA square footage is reported at 770,000/SF, while the assessor has the space at only 719,415/SF. As of the date of this appeal write-up, the assessor was not able to get information on the +/-50,585/SF discrepancy. Per Costar, The properties were 92% occupied at the time of sale and traded at a 4.30% cap rate on in place income. The subject of this appeal is the iconic and historic 300 Pine Street Building located within Seattle's central business district. The 300 Pine Street Building consist of an 8-story, renovated Class A historic office building which is declared into three separate condo units totaling 719,415/SF of retable area. The improvements were originally constructed in 1929 and exhibit an effective year built of 2010. Condo Units -0010 & -0030 are currently undergoing a major renovation and are in the process of being converted from the old Macy's department retail store and into a combination of modern office and retail space. Amazon, who currently occupies 100% of condo unit -0020 will also be occupying the most of converted office space of -0010 & -0030.
280	120	197470 0175 0190 0210	705,530	3089846	\$704,000,000	12/21/20	\$998	2+U TOWER	3	Y	Hana Alternative Asset Management acquired a 95% stake in the 2+U Office Tower from Skanska Group on 12/21/2020 for \$668,800,000 or \$953/SF in a fair market transaction and resulting in a reported cap rate of 4.60% and reported rents of \$45-\$50/SF NNN. With Skanska purchasing the remaining 5% interest, the total recorded sales price was \$704,000,000 or \$1,003/SF. Completed in late 2019, 2+U is a thoughtfully designed 38-story office tower and retail village named after its location at Second Avenue between Union and University streets in the heart of downtown Seattle. The 705,000-square-foot tower was recently honored with the 2020 NAIOP Washington Office Development of the Year Award in November.
280	130	684770 0105	158,433	3090092	\$120,985,000	12/21/20	\$764	AMAZON YALE & THOMAS BLDG.	1	Y	GI Partners acquired the Yale + Thomas building on 12/21/2020 for \$120,985,000 or \$764/SF. ATOS, the property was fully leased to Amazon and the sale price reflects the single high-credit tenant NNN nature of the asset. The actual cap rate was reported at 4.90%. This sale price represents a 4.30% increase over Goldman Sachs 2019 purchase price of \$115,985,000. The 5-story midrise office building was originally built in 1981 and was fully renovated in 2018, resulting in an effective age of 2010. The property exhibits visibility from Interstate 5, with direct access to Seattle CBD and Lake Union market areas.
280	100	066000 0635 0639 0350	668,342	3089824	\$588,714,529	12/18/20	\$881	1918 EIGHTH OFFICE TOWER	3	Y	Hudson Pacific Properties acquired the 1918 8TH Bldg. from J.P. Morgan Asset Management on December 21st, 2020 for \$625 million or \$934/SF. After PP deduction and other deductions, the recorded sales price was \$588,714,529 or \$880/SF. 1918 8TH consists of a 36-story Class A+ multi-tenant office building over a 404 car garage. Amazon occupies +/-75% of the building with the other primary high credit tenants being KPMG & RBC Wealth Management. The improvements contain a total net rentable area of 668,886/SF and exhibiting an effective age of 2010. The LEED-Platinum certified property features 6,697 square feet of ground-floor retail space, a central conference facility, a 4,000-square-foot exclusive fitness center, a "Great Room" lobby design, sweeping skyline views and outdoor patio space. The property is ideally located within two blocks of light rail, streetcar service and dozens of bus lines. 1918 8TH Avenue also enjoys tremendous access to Seattle's "Retail Core" and is in proximity to a variety of hotels and urban residential developments. Per executive managing director, Rob Hannan with Newmark, "1918 Eighth Avenue is one of Seattle's elite office assets given its superb tenancy, stellar physical characteristics, and tremendous location in one of the country's premier office markets. HPP and CPP have acquired a gem." ATOS, the property was 99% leased and traded at a 4.60% cap rate.

# EASTSIDE SALES

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks	
280	200	124270 0025	93,292	3176774	\$45,500,000	3/8/22	\$488	BEL-SPRING 520 (EAST & WEST BLDGS.)	2	Y	American Asset Trust acquired the two office building portfolio (aka Bel-Springs 520 - East & West) from SteelWave, Inc. on 3/9/2022 for \$45,500,000 or \$488/SF in a fair market transaction. The two building campus was of average/good quality and built in 1983 which exhibited an effective age of 2000. The subject's improvements consists of two 3-story Class A/B office buildings containing a total net rentable area of 93,293/SF. Per Costar - ATOS, the twp. buildings were approximately 69% leased to a diversified tenant base with contractual lease rates that the Company views as below prevailing market rates for the submarket. The two-building property features a campus-setting in a natural landscape with immediate highway access and a diverse rent roll of professional service, technology and financial service companies. The property is well amenitized with a food market, showers and lockers, conference center, bike storage and renovated atrium lobbies, with an opportunity to make additional improvements comparable or superior to competing office projects, and is walking distance to the future Spring District Light Rail Station. American Assets Trust, Inc will self manage the asset and the new leasing brokerage firm will be Newmark	
280	200	202505 9019 9035	160,508	3144621	\$83,834,518	9/10/21	\$522	3009 112TH AVE NE	2	Y	American Asset Trust acquired the four office building portfolio (ak Corporate Campus East III) from SteelWave, Inc. on 9/10/2021 for \$83,850,000 or \$522.40/SF in a fair market transaction. The four building campus was of good quality and built in 1985 which exhibited an effective age of 2005. The subject's improvements consists of 2 & 3-story Class A office buildings containing a total net rentable area of 160,508/SF. ATOS, the the vacancy was +/-14% with a reported reported cap rate of 4.70%. Per Costar, "The four-building property features a campus-setting in a natural landscape with immediate highway access and a diverse rent roll of financial service institutions and professional service companies. The property has undergone recent renovations to its common areas, lobbies, onsite café and entry areas, with an opportunity to add further amenities comparable or superior to competing office projects."	
280	200	202505 9097 9202 9245	136,759	3127233	\$62,000,000	6/18/21	\$453	3025 112th Ave NE	3	Y	Lake Washington Partners has acquired the three building office portfolio (ak Corporate Campus East) from Kennedy Wilson Properties on 6/23/2021 for \$62,000,000 or \$453.91/SF in a fair market transaction. The three building campus was of good quality and built in 1985 which exhibited an effective age of 2005. The subject's improvements consists of an 2 & 3-story Class A office buildings containing a total net rentable area of 136,759/SF. ATOS, the the vacancy was +/-7% with a reported reported cap rate of 5.35%. Per Costar, "The property recently underwent a \$3 million capital repositioning, which included lobby remodels, bathroom renovations, exterior paint and the addition of an outdoor patio and seating. Additional property features include premier signage, flexible floorplates, ample parking and excellent regional access".	
280	200	272505 9103	143,191	34639 3084	\$63,000,000	11/23/20	\$440	OVERLAKE 520 (Fmr OAKHURST CENTER)	1	Y	Innovatus Capital Partners, LLC acquired the Overlake 520 buildings from Swift Real Estate Partners on 11/24/2020 for \$63,000,000 (E# 3084639 = \$10,710,000 & E# 3084640 = \$52,290,000) or \$440/SF in a fair market transaction. The property consists of two, 2-story Class A low-rise multi-tenant office buildings that were originally constructed in 1985 with a combined 143,191 square feet of leasable area. The property benefits from its close proximity to the MSFT campus and was 100% occupied (primarily occupied by vendors of MSFT) and traded at a 6.00% cap rate. On site amenities include a redesign of the exterior building entrances, upgraded landscaping, new exterior paint, outdoor seating, enhanced lobbies, fitness center, and cafe. Per Seller "This sale is a direct reflection of the strength of the Bellevue office market. In the midst of a global pandemic, we witnessed deep demand for office space from tenants and equally impressive interest from institutional capital. We look forward to repositioning our remaining Bellevue portfolio and continuing to grow our presence in this submarket."	

Specialty Area 280  
2023 Assessment Year



AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks	
280	210	322505 9181	244,023	3141744	\$143,200,000	8/27/21	\$587	110 110th AVE NE	1	Y	Unico Properties acquired the 110 Atrium Building from ScanlanKemperBard Companies on 8/27/2021 for \$143,200,000 or \$586.83.21/SF in a fair market transaction. This transaction represents a +/-29% increase over the previous sale of \$111,200,000 that took place in November of 2018. The 110 Atrium Building was of good quality and built in 1981 which exhibited an effective age of 2005. The subject's improvements consists of an 7-story Class A office buildings containing a total net rentable area of 244,023/SF. ATOS, the the vacancy was +/-40% with a reported reported cap rate of 3.00%. Per Costar "Seller made a decision to sell rather than lease up the asset which was reported at 60% occupied ATOS. The asset traded at about a 3% cap rate per verification with the buyer contact." Per marketing flyer, Unico Properties indicated that a large scale renovation is planned to transform the Atrium Bldg. into a design-focused, energy efficient building. Amenities include board and conference rooms, a three-level atrium with lounge areas and Wi-Fi throughout, and a fitness center with lockers and showers. Also included are secured bike storage and EV charging stations.	
280	210	104700 0005	137,349	3072744	\$72,000,000	9/29/20	\$524	COLUMBIA WEST BLDG.	1	Y	Swift Real Estate Partners acquired the Columbia West Office Building from Columbia West Properties on 9/29/2020 for \$72,000,000 or \$524/SF in a fair market transaction. Columbia West was is of average/good quality and built in 1986 which exhibited an effective age of 2000. The subject's improvements consists of an 8-story Class A office buildings containing a total net rentable area of 137,349/SF. ATOS, the vacancy was 66% with no reported cap rate. Buyer's motivation was to acquire a core plus asset and a value add potential. According to the buyer, "Columbia West presented a unique opportunity to acquire a value-add midrise office building in the heart of downtown Bellevue. It is a 66% leased building in a 95%-plus leased submarket. According to the DJC who interviewed the buyer, Swift intends to rebrand and renovate the building. Those plans, by architect unknown, will "enhance the space with natural finishes to update the building to a more modern aesthetic. The firm will also enhance the building by offering tenants more interior and exterior amenity space, including a tenant lounge on the main floor."	
280	210	154410 0316	416,850	3038517	\$401,460,000	3/12/20	\$963	TOWER 333 (Fmrly Expedia)	1	Y	Kohlberg, Kravis, Roberts & Co acquired the Tower 333 building from Equity Commonwealth on 03/13/2020 for \$401,500,000 or \$964/SF in a fair market transaction of high-credit, single-tenant, NNN-leased asset. The Tower 333 Building consists of 18-story single tenant Class A+ office building with ground floor retail space, situated above a 951-stall parking garage. The improvements were originally constructed in 2007 and contain a total net rentable area of 416,850/SF, with Amazon being the sole office tenant. The reported cap rate ATOS was 4.20%.	
280	220	322505 9134	150,340	3147484	\$84,100,000	9/23/21	\$559	600 112TH AVE SE	1	Y	Rockwood Capital has acquired the three building office portfolio (aka Lincoln Plaza) from Principal Real Estate Investors on 6/23/2021 for \$84,000,000 or \$559.40/SF in a fair market transaction. The three building campus was of good quality and built in 1988 which exhibited an effective age of 2010. The subject's improvements consists of three, 3-story Class A office buildings containing a total net rentable area of 150,340/SF. ATOS, the the vacancy was +/-10% with no reported cap rate. Per marketing flyer, the property underwent a major renovation with a exterior canopy redesign, modernized lobbies, and upgraded elevator bays and corridors. Additional property features include premier location adjacent to new light rail, secured parking, showers & lockers, and bike storage.	
280	220	793330 0140 0150 0160	396,913	3069328	\$362,203,562	9/14/20	\$913	FACEBOOK CAMPUS SPRING DISTRICT (Fmrly REI HQ)	3	Y	Facebook acquired the recently completed, (fmr REI Headquarters) from REI on 9/14/2020 for \$367,600,000. After personal property consideration, the recorded sales price was \$362,203,562 or \$912.55/SF in a fair market transaction. In a simultaneous transaction on the same day, Facebook also acquired from REI an adjacent 1.91 acre tract of land for \$22.4 million. The total sales price of both properties before personal property deduction was \$390 mil. The new campus is of excellent quality and built in 2019. The subject's improvements (Parcels 793330-0140, -0150, & -0160) consists of 2 Class A office buildings + parking structure containing a total net rentable area of 396,913/SF. Per Costar "REI announced its intention to pursue a sale of the Bellevue campus and shift to a more distributed work model in August 2020. Rather than a single location, the co-op's future "headquarters" will span multiple satellite locations across the region, and the company will lean into remote working as a more engrained, supported and normalized model for headquarters employees." Because the corporate campus was recently completed, the vacancy was 100% with no reported cap rate.	

Specialty Area 280  
2023 Assessment Year



AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks	
280	230	042605 9008	95,194	3151521	\$27,300,000	10/7/21	\$287	12100 NE 196TH ST	1	Y	Winkler Development Corp acquired the North Creek Place Bldg. from Stockbridge Capital Group on 10/12/2021 for \$27,300,000 or \$286.78/SF in a fair market transaction. North Creek Place was built in 1999 and exhibited an effective age of 2005. It consists of a 3-story Class A office building over parking garage containing a total net rentable area of 94,127/SF. ATOS, the property was 83% occupied with no reported cap rate. Per Costar, buyer's motivation was to acquire a core asset with good location. The office building has ample parking with easy access to I-405 and SR-522.	
280	240	531510 1015	155,200	3162741	\$114,095,000	12/7/21	\$735	3003 77TH AVE SE	1	Y	Riot Games acquired the Mercer Park office building (fmr Farmers Headquarters) from Ryan Companies on 12/07/2021 for \$114,095,000 or \$733/SF in a fair market transaction. The newly renovated building, built in 1982, is of good quality and exhibited an effective age of 2005. The subject's improvements consists of an 5-story Class-A office building containing a total net rentable area of 155,200/SF, with completed extensive renovations. Property highlights include: modern lobby with floor to ceiling windows, high ceilings, large floorplates, rooftop deck, secure bike storage, yoga room, lockers/showers, and close proximity to the new Link light rail. Riot spokesperson said the company plans to eventually house more than 400 employees at the new office, set to open in 2023. Los Angeles-based Riot Games is making Mercer Island its new home in the Puget Sound region. "We know we want to have a presence in the Seattle area in order to attract the kind of talent we need in order to reach our ambitions," said John Doyle, chief operating officer of Riot's games business. "We're going to be here for the foreseeable future. Knowing that and knowing the kind of investment we want to put into a facility to make it feel great for people coming in, working with us, doing the kind of collaborative and creative work we do, it made sense to actually set down roots.	
280	240	128360 0060	281,913	3130686	\$124,945,000	7/7/21	\$443	15325 SE 30TH PL	1	Y	American Asset Trust acquired the four office building portfolio (ak Eastgate Office Park) from Kennedy Wilson Properties on 6/08/2021 for \$125,000,000 (includes \$55k in personal property) or \$443.20/SF in a fair market transaction. The four building campus was of good quality and built in 1984/1985 which exhibited an effective age of 2005. The subject's improvements consists of three Class A mid-rise, 3-story office buildings and one 2-story amenity building containing a total net rentable area of 281,913/SF. ATOS, the the occupancy was +85% with no reported cap rate. Per Costar, the four-building property features a campus-setting in a natural landscape with immediate highway access. Amenities include deli/carry-out restaurant, multiple training and conference rooms, fitness center with indoor basketball, squash, and racquetball courts.	
280	240	112405 9015	45,636	3041665	\$19,000,000	4/3/20	\$416	I-90 Corporate Campus (Legacy I-90)	1	Y	Property Ventures acquired Building A of I-90 Corporate Campus from RBT Realty on 4/3/2020 for \$19,000,000 or \$416/SF in a fair market transaction. Building A was built in 1982 and exhibited an effective age of 2006. It consists of a two story Class A-/B+ office buildings containing a total net rentable area of 45,613/SF. ATOS, the property was 100% occupied with a reported cap rate of 5.66%. Buyer's motivation was to acquire a core plus Eastside asset and a value add potential. The campus has ample parking with easy access to I-405, SR-520, downtown Redmond, Bellevue, and Kirkland.	
280	250	172505 9114	52,948	3089307	\$44,950,000	12/17/20	\$849	WATERFRONT PLACE OFFICE BLDG.	1	Y	Progeny 3, Inc. acquired the Waterfront Place Office Building from American Realty Advisors on 12/17/2020 for \$44,950,000 or \$851/SF in a fair market transaction. The subject's improvements consists of an 3-story Class A+ office buildings containing a total net rentable area of 52,828/SF. ATOS, the building was fully occupied with Bluetooth being the primary tenant. No cap rate was reported. The building is directly adjacent to the Yarrow Bay Marina and Yarrow Bay and is convenient to Interstate 405 providing north/south access throughout the area.	

Specialty Area 280  
2023 Assessment Year



# NORTHEND SALES

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	300	408330	985	213,566	3158607	\$219,975,000	11/15/21	\$1,030	1621 N 34TH ST	1	Y	Bio-Bed Realty acquired the NorthEdge building from Clarion Partners on 11/16/2021 for \$220,000,000 \$739/SF in a fair market transaction. The NorthEdge property consists of a newly built 4-story Class A single-tenant office lowrise with ground floor retail space and underground parking with 312-stalls. The improvements were constructed in 2016 and contain a net rentable area of 213,566 SF. The property benefits from its location on the north end of Lake Union which provides unobstructed views as well as easy access to the Burke-Gilman Trail and Gas Works Park. In July 2015 Tableau announced that it had leased all of the office space in the property which was under construction at that point. Tableau's lease term is 11-years at an initial lease rate is \$36/SF NNN increasing to \$47/SF NNN at the end of the term. Tableau also has two, 7-year options to extend. Retail space is leased at \$32/SF NNN. The property was 100% leased at the time of sale and traded at a 4.25% cap rate based on income in place.
280	310	243490	0010 0020	200,558	3153172	\$72,300,000	10/20/21	\$360	155 NE 100TH ST	2	Y	Nicola Wealth has acquired the three building low-rise office portfolio (Northgate Executive Center) from Gateway Muirland Inc. on 10/20/2021 for \$72,300,000 or \$360/SF in a fair market transaction. The three building campus was of average/good quality and built between 1974 & 1979 and exhibited an effective age of 2000. The subject's improvements consists of three, 3-story Class A/B office buildings containing a total net rentable area of 200,558/SF. ATOS, the the vacancy was +/-14% with no reported cap rate. Per buyers press release, "Northgate Executive Center is an unparalleled, maturing urban location with immediate access to rapid transit, numerous amenities, and the opportunity for future re-development with the addition of significant multifamily rental product." Schaeffers adds, "The property is located within a rapidly changing submarket that includes Northgate Mall undergoing a major renovation to accommodate the Seattle Kraken practice facility."

Specialty Area 280  
2023 Assessment Year





## SOUTHEND SALES

AREA 280 MAJOR OFFICE BUILDING SALES												
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Par. Ct.	Ver. Code	Remarks
280	420	334040	4000	469,795	3221993	\$84,000,000	12/27/22	\$179	CHILDRENS HOSPITAL	4	Y	As part of an adjacent two campus, four parcel transaction, Children's Hospital purchased Southgate and Valley Office Park on December 27, 2022 for \$84mil or \$179/SF (469,795/SF). Southgate Campus consist of two (3 & 5 story) Class A Office Buildings totaling 268,347/SF, while Valley Office Park consist of four (2-story) class A-/B+ office buildings totaling 201,448/SF. The campus also includes a vacant land parcel. Southgate is conveniently located between Seattle, Bellevue and Tacoma along I-405 and minutes from numerous restaurants, retail amenities and hotels including access to multiple lakeside and riverfront parks.
280	400	215465	0110	160,493	3189381	\$93,527,390	5/12/22	\$583	DAVITA CORPORATE BUSINESS OFFICE	3	Y	Truist Securities Inc. acquired the Corporate HQ DaVita Office Building from DaVita, Inc. on 05/12/2022 for \$93,527,390 or \$583/SF/SF in a sale/leaseback transaction. Original offering price was \$101,577,848 with a reported cap rate of 3.95%. Built in 2020, the DaVita HQ Building consists of a 3-story Class A office building totaling 160,493/SF of NRA. ATOS, the building was 100% leased to DaVita Corp. and sold at a reported 4.29% cap rate. The office building has ample parking with easy access to I-405 and SR-522.
280	440	766620	7075	347,874	3146865	\$251,250,000	9/17/21	\$722	1501 1ST AVE S	1	Y	Jamestown, L.P. acquired the two office/high-tech building portfolio (ak Home Plate Center) from American Life on 9/17/2021 for \$251,250,000 or \$722.24/SF in a fair market transaction. The two building portfolio was of good/excellent quality and built in 2012 which exhibited an effective age of 2015. The subject's improvements consists of an 6 & 7-story Class A office buildings containing a total net rentable area of 347,874/SF and is located near T-Mobile Park and Lumen Field and has direct access to I-90 and I-5. ATOS, The property was 94% leased to a diverse roster of tenants working within technology, software, TV broadcasting, and government. Tenants include Facebook subsidiary Oculus, local news network KING 5, and Verizon. Per Press Release, "With its large and growing tech industry, highly-educated work force, and proximity to nature, Seattle continues to be one of the most desirable urban centers in the country," said Michael Phillips, President of Jamestown. "We believe Home Plate Center presents a long-term differential value to a diverse range of tenants given its tremendous interstate access, ample parking, large floor plates, and location at the northern gateway of SoDo." The two state-of-the-art buildings are LEED Gold certified and feature 12' - 17.5" slab-to-slab ceiling heights, outdoor decks with Seattle skyline views, bicycle storage along with shower and locker facilities, a "Great Room" lobby with in floor radiant heating and efficient, large floor plates.

Specialty Area 280  
2023 Assessment Year





Specialty Area 280  
2023 Assessment Year

# USPAP Compliance

## Client and Intended Use of the Appraisal:

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

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

## Definition and date of value estimate:

### Market Value

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

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

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

## **Highest and Best Use**

### **RCW 84.40.030**

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

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

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

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

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

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

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

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

## **Date of Value Estimate**

### **RCW 84.36.005**

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

Specialty Area 280  
2023 Assessment Year

 **King County**  
**Department of Assessments**

## **RCW 36.21.080**

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

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

## **Property Rights Appraised: Fee Simple**

### **Wash Constitution Article 7 § 1 Taxation:**

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

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

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

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

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

### **The Dictionary of Real Estate Appraisal, 3<sup>rd</sup> Addition, Appraisal Institute.**

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

## Assumptions and Limiting Conditions:

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

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

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

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

### **CERTIFICATION:**

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

- *The statements of fact contained in this report are true and correct*
- *The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*

- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *No significant real property assistance as determined by the undersigned. All services as may be variously defined significant or otherwise, and performed by duly authorized and qualified King County Assessment staff employed in the areas of Public Information, Accounting/Abstract, Commercial, Residential, Information Services, Personal Property, Accounting/Mapping, Accounting/Support, Accounting/Appeals, Chief Appraiser, Accounting/Exemptions, Accounting/Levy Administration, who may have involvement in physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time, is made part of each real property parcel as a matter of public record and this certification by reference.*
- *Any services regarding the subject area performed by me within the prior three years, as an appraiser or in any other capacity is listed here: 2016-2018 Revalue. Any and all activities required under the Certificate of Appointment dated December 5<sup>th</sup>, 2011 under sworn oath appointing the below signed appraiser to the position of true and lawful deputy in the Office of the King County Assessor, and authorized by the State of Washington, Department of Revenue under a Certificate of Accreditation. To Wit: all duties, responsibilities, and services associated with the position description of Commercial Appraiser II in the management and valuation of Commercial Area 280. Such duties, responsibilities and services include, but are not limited to physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time and to be determined significant or otherwise during the fulfillment of position requirements, and are made part of each real property parcel, is a matter of public record and this certification by reference.*

Steven Roberts

7/18/2023

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Commercial Appraiser II

Date

Specialty Area 280  
2023 Assessment Year





Improved Sales Calc for Area 280 with Sales Used

7/7/2023

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Parcel Ct	Ver. Code	Remarks
280	420	334040	4000	469,795	3221993	\$84,000,000	12/27/22	\$178.80	VALLEY OFFICE PARK	CO	Office Park	4	Y	
280	120	094200	0415	753,869	3190419	\$729,800,000	05/17/22	\$968.07	Madison Centre	DOC1 U/450/U	Office Building	2	Y	
280	400	215465	0110	160,493	3189381	\$93,527,390	05/12/22	\$582.75	DaVita Coporate Business Office	OP-1	Office Building	3	69	Net Lease Sale; not in ratio
280	130	224950	0475	150,622	3187091	\$151,500,000	04/29/22	\$1,005.83	ELEVEN01 WESTLAKE (Facebook)	SM-SLU 100/95	Office Building	3	69	Net Lease Sale; not in ratio
280	200	124270	0025	93,292	3176774	\$45,500,000	03/08/22	\$487.72	BEL-SPRING 520 - WEST BLDG	OLB	Office Building	2	Y	
280	130	412930	0000	335,037	3174395	\$420,466,507	02/23/22	\$1,254.99	LAKEFRONT BLOCK 25 (GOOGLE)	SM-SLU 85/65-160	Office Building	1	69	Net Lease Sale; not in ratio
280	130	412932	0010	300,985	3174397	\$381,197,635	02/23/22	\$1,266.50	LAKEFRONT BLOCK 31 (GOOGLE)	SM-SLU 85/65-160	Office Building	2	69	Net Lease Sale; not in ratio
280	120	094200	0030	439,016	3170258	\$320,200,000	01/25/22	\$729.36	2ND & SENECA BUILDING	DOC1 U/450/U	Office Building	1	Y	
280	100	069600	0175	197,135	3165752	\$118,663,466	12/22/21	\$601.94	5TH & BELL BUILDING (Amazon - Otter Bldg)	DMR/C 280/125	Office Building	3	69	Net Lease Sale; not in ratio
280	240	531510	1015	155,200	3162741	\$114,095,000	12/07/21	\$735.15	RIOT GAMES CORP. HEADQUARTERS (FMR. FARMERS HEADQUARTERS)	TC	Office Building	1	Y	
280	120	093900	0355	247,095	3159232	\$147,250,000	11/18/21	\$595.92	NORTON BUILDING	DMC 340/290-440	Office Building	1	Y	
280	300	408330	6985	213,566	3158607	\$219,975,000	11/15/21	\$1,030.01	NorthEdge (Tableau)	IC-65 (M)	Office Building	1	69	Net Lease Sale; not in ratio
280	310	243490	0010	200,558	3153172	\$72,300,000	10/20/21	\$360.49	NORTHGATE EXECUTIVE CENTER I	SM-NG 145	Office Building	2	Y	
280	230	042605	9008	95,194	3151521	\$27,300,000	10/07/21	\$286.78	NORTH CREEK PLACE 1	R 2800, OP	Office Building	1	Y	
280	220	322505	9134	150,340	3147484	\$84,100,000	09/23/21	\$559.40	LINCOLN PLAZA OFFICE PARK	OLB	Office Building	1	Y	
280	100	065900	0750	498,891	3146497	\$489,878,032	09/17/21	\$981.93	WEST 8TH (Amazon - Port 99 Bldg)	DOC2 500/300-550	Office Building	1	69	Net Lease Sale; not in ratio
280	440	766620	7075	347,874	3146865	\$251,250,000	09/17/21	\$722.24	HOME PLATE CENTER	IC-85 (M)	Office Building	1	Y	
280	200	202505	9019	160,508	3144621	\$83,834,518	09/10/21	\$522.31	CORP. CAMPUS EAST BLDGS E, F, G, & H	OLB	Office Building	2	Y	
280	120	094200	0300	810,493	3143519	\$465,000,000	09/01/21	\$573.72	SAFECO PLAZA / 1001 FOURTH AVENUE	DOC1 U/450/U	Office Building	1	Y	
280	210	322505	9181	244,023	3141744	\$143,200,000	08/27/21	\$586.83	110 ATRIUM (Dist C)	DNTN-MU	Office Building	1	Y	
280	110	610845	0100	7,753	3138430	\$4,000,000	08/05/21	\$515.93	NORDSTROM ELMER J MEDICAL CONDO	MIO-200-HR	Office Condo	1	Y	
280	100	065300	0250	344,779	3136400	\$184,895,692	07/26/21	\$536.27	2601 ELLIOTT	DH2/75	Office Building	2	Y	
280	240	128360	0060	281,913	3130686	\$124,945,000	07/07/21	\$443.20	EASTGATE OFFICE PARK	O	Office Building	1	Y	
280	200	202505	9202	136,759	3127233	\$62,000,000	06/18/21	\$453.35	CORPORATE CAMPUS EAST BLDGS A & B	OLB	Office Building	3	Y	
280	120	863423	0010	747,312	184 & 311	\$579,386,461	04/01/21	\$775.29	300 PINE STREET	DRC 85-170	Historic Prop (Office & Retail)	1	69	Net Lease Sale; not in ratio
280	120	197470	0175	705,530	3089846	\$704,000,000	12/21/20	\$997.83	2+U Building	DOC1 U/450/U	Office Building	3	Y	
280	130	684770	0105	158,433	3090092	\$120,985,000	12/21/20	\$763.64	AMAZON - YALE & THOMAS BUILDING	SM-SLU 100/95	Office Building	1	69	Net Lease Sale; not in ratio
280	100	066000	0650	668,342	3089824	\$588,714,529	12/18/20	\$880.86	1918 Eighth Office Tower	DOC2 500/300-550	Office Building	3	69	Net Lease Sale; not in ratio
280	250	172505	9114	52,948	3089307	\$44,950,000	12/17/20	\$848.95	WATERFRONT PLACE	PLA 15A	Office Building	1	Y	
280	200	272505	9103	143,191	639 & 308	\$63,000,000	11/23/20	\$439.97	OVERLAKE 520 (fmr OAKHURST CENTER)	BR-OR	Office Building	1	Y	
280	210	104700	0005	137,349	3072744	\$72,000,000	09/29/20	\$524.21	COLUMBIA WEST BUILDING (Dist C)	DNTN-MU	Office Building	1	Y	
280	220	793330	0150	396,913	3069328	\$362,203,562	09/14/20	\$912.55	SPRING DISTRICT MASTER THE	BR-OR-1	Office Building	1	69	Net Lease Sale; not in ratio
280	240	112405	9015	45,636	3041665	\$19,000,000	04/03/20	\$416.34	I-90 Corporate Campus (Legacy I-90) - BLDG. A	OLB2	Office Building	1	Y	
280	210	154410	0316	416,850	3038517	\$401,460,000	03/12/20	\$963.08	TOWER 333 (fmr EXPEDIA BUILDING)	DT-O-2-S	Office Building	1	69	Net Lease Sale; not in ratio

Improved Sales Calc for Area 280 with Sales Not Used

7/7/2023

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Parcel Ct	Ver. Code	Remarks
280	210	154410	0320	304,494	3134801	\$65,000	07/26/21	\$0.21	Civica Office Commons (Core)	DNTN-MU	Office Building	1	24	Easement or right-of-way
280	210	154410	0219	477,899	3131099	\$47,000,000	07/08/21	\$98.35	KEY CENTER (Core)	DNTNO-1	Office Building	2	52	Statement to dor
280	240	006000	0030	601,081	3103648	\$169,000,000	03/05/21	\$281.16	MICROSOFT ADVANTA - BLDG C	OLB-OS	Office Building	4	33	Lease or lease-hold
280	240	531510	1015	155,200	3043248	\$46,450,000	04/14/20	\$299.29	MERCER PARK	TC	Office Building	1	34	Use-change after sale; not in ratio
280	210	154410	0254	353,552	3037565	\$250,000	03/04/20	\$0.71	ONE BELLEVUE CENTER (Core)	DNTNO-1	Office Building	1	24	Easement or right-of-way

## SPECIALTY 280 - OFFICES PHYSICAL INSPECTION 2023

SpecArea	SpecNbhd	Major	Minor	SitusAddr
280	120	000240	0002	1325 4TH AVE
280	120	065900	0085	505 OLIVE WAY
280	120	065900	0165	1600 7TH AVE
280	120	093900	0230	705 2ND AVE
280	120	093900	0260	710 2ND AVE
280	120	093900	0335	821 2ND AVE
280	120	093900	0355	801 2ND AVE
280	120	093900	0375	915 2ND AVE
280	120	093900	0435	999 3RD AVE
280	120	093900	0475	1000 2ND AVE
280	120	093900	0485	1015 3RD AVE
280	120	093900	0520	1015 2ND AVE
280	120	094200	0030	1191 2ND AVE
280	120	094200	0050	1111 3RD AVE
280	120	094200	0140	1110 3RD AVE
280	120	094200	0300	1001 4TH AVE
280	120	094200	0345	925 4TH AVE
280	120	094200	0365	901 5TH AVE
280	120	094200	0415	505 MADISON ST
280	120	094200	0445	920 5TH AVE
280	120	094200	0470	800 5TH AVE
280	120	094200	0550	810 3RD AVE
280	120	094200	0590	712 3RD AVE
280	120	094200	0640	411 COLUMBIA ST
280	120	094200	0720	525 COLUMBIA ST
280	120	111708	0000	1601 2ND AVE
280	120	197470	0120	1201 3RD AVE
280	120	197470	0175	1201 2ND AVE
280	120	197470	0190	NO SITUS
280	120	197470	0210	1200 1ST AVE
280	120	197520	0005	1218 3RD AVE
280	120	197520	0015	1200 3RD AVE
280	120	197570	0080	1420 5TH AVE
280	120	197570	0095	1400 5TH AVE
280	120	197570	0160	520 PIKE ST
280	120	197570	0340	1402 3RD AVE
280	120	197570	0345	1411 4TH AVE
280	120	197570	0390	1501 4TH AVE
280	120	197570	0460	200 PIKE ST
280	120	197570	0465	1511 3RD AVE
280	120	197670	0125	601 UNION ST

## SPECIALTY 280 - OFFICES PHYSICAL INSPECTION 2023

SpecArea	SpecNbhd	Major	Minor	SitusAddr
280	120	197670	0155	600 UNIVERSITY ST
280	120	197670	0185	1200 6TH AVE
280	120	197720	0020	101 STEWART ST
280	130	198320	0035	400 9TH AVE N
280	130	198320	0065	515 WESTLAKE AVE N
280	130	198320	0075	535 WESTLAKE AVE N
280	130	198320	0150	535 TERRY AVE N
280	130	198320	0170	520 WESTLAKE AVE N
280	130	198320	0180	520 WESTLAKE AVE N
280	130	198320	0196	520 WESTLAKE AVE N
280	130	198320	0245	428 WESTLAKE AVE N
280	130	198320	0260	NO SITUS
280	130	198620	0120	234 9TH AVE N
280	130	198620	0185	321 TERRY AVE N
280	130	198620	0215	320 WESTLAKE AVE N
280	130	198620	0275	202 WESTLAKE AVE N
280	130	199120	0870	333 DEXTER AVE N
280	130	199120	1150	333 8TH AVE N
280	130	199120	1265	325 9TH AVE N
280	130	199120	1295	300 8TH AVE N
280	130	216390	1080	1144 EASTLAKE AVE E
280	130	224950	0235	1000 DEXTER AVE N
280	130	224950	0265	1101 DEXTER AVE N
280	130	224950	0475	1101 WESTLAKE AVE N
280	120	230270	0000	1122 3RD AVE
280	130	302504	9001	1300 DEXTER AVE N
280	120	515850	0000	801 5TH AVE
280	250	517270	0010	720 4TH AVE
280	240	531510	0546	7525 SE 24TH ST
280	240	531510	1015	3003 77TH AVE SE
280	120	534290	0000	701 PIKE ST
280	120	553050	0000	719 2ND AVE
280	120	713783	0000	1340 4TH AVE
280	250	788260	0175	NO SITUS
280	250	788260	0180	777 6TH ST S
280	250	788260	0220	423 6TH ST S
280	120	859140	0005	801 1ST AVE
280	120	863423	0000	300 PINE ST 1,2,3
280	120	918450	0000	1301 2ND AVE
280	120	919590	0000	1009 WESTERN AVE
280	120	930150	0000	400 PINE ST



## 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](mailto: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 280

2023 Assessment Year



**Department of Assessments**