

# Major Warehouses

Area 500

*Commercial Revalue for 2023 Assessment Roll*



**TRACK 6 - SEATTLE**



**King County**

**Department of Assessments**

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

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**King County**

**Department of Assessments**



## King County

### Department of Assessments

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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 500  
2023 Assessment Year

 **King County**  
Department of Assessments

# How Property Is Valued

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

## What Are Mass Appraisal Techniques?

In King County the Mass Appraisal process incorporates statistical testing, generally accepted valuation methods, and a set of property characteristics for approximately 727,000 residential, commercial and industrial properties. More specifically for commercial property, the Assessor breaks up King County into geographic or specialty (i.e., office buildings, warehouses, retail centers, etc.) market areas and annually develops valuation models using one or more of the three standard appraisal indicators of value: Cost, Sales Comparison (market) and Income. For most commercial properties the income approach is the primary indicator of value. The results of the models are then applied to all properties within the same geographic or specialty area.

## Are Properties Inspected?

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

### RCW 84.40.025 - Access to property

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

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

## How Are Commercial Properties Valued?

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

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

## How is Assessment Uniformity Achieved?

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

Where there is a sufficient number of sales, assessment staff may generate a ratio study to measure uniformity mathematically through the use of a coefficient of dispersion (aka COD). A COD is developed to measure the uniformity of predicted property assessments. We have adopted the Property Assessment Standards prescribed by the International Association of Assessing Officers (aka IAAO) that may be reviewed at [www.IAAO.org](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.

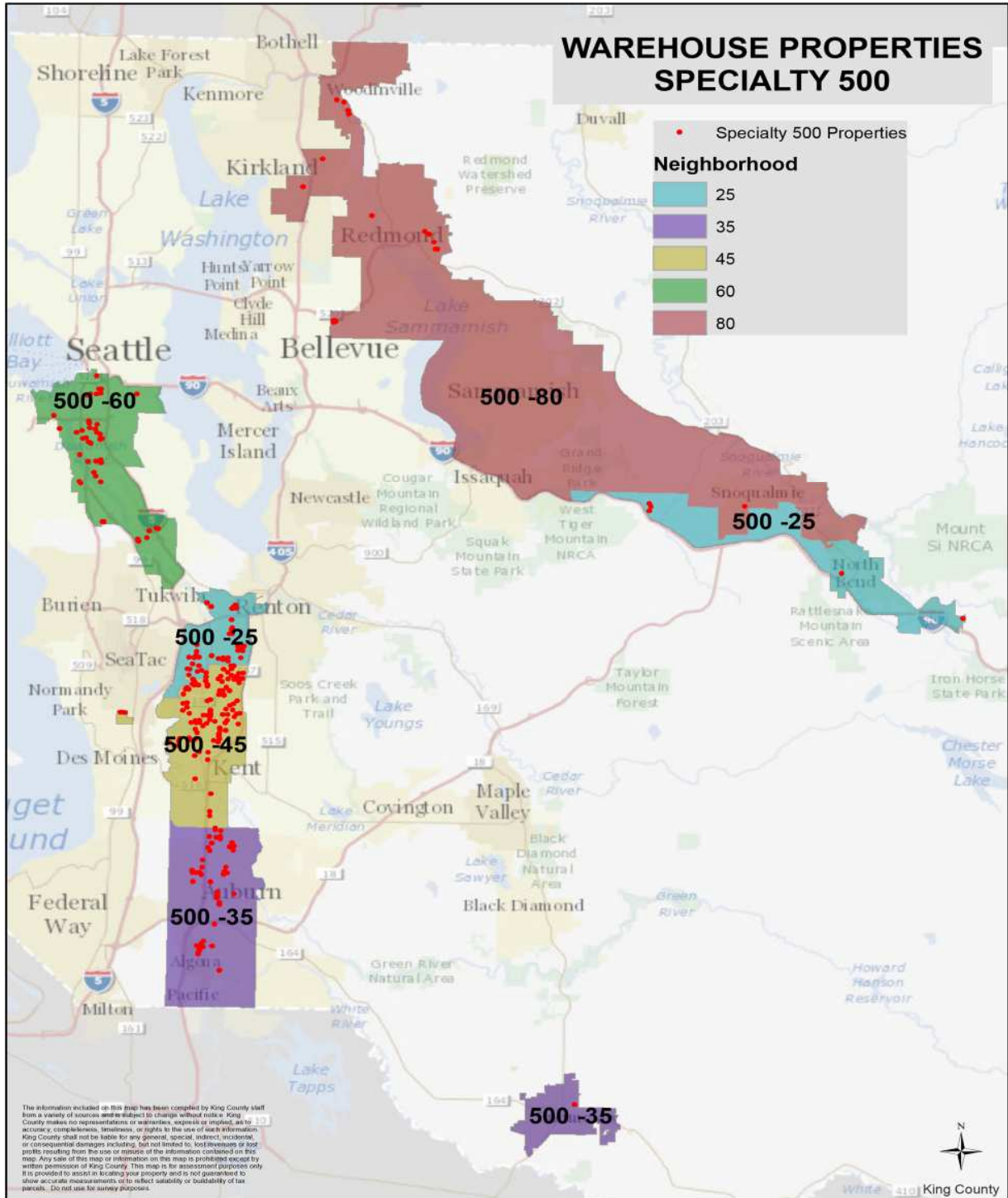
## Requirements of State Law

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 500 MAP - WAREHOUSES



Specialty Area 500  
2023 Assessment Year

 **King County**  
Department of Assessments

# Specialty Area 500 Warehouse Annual Update Ratio Study

## Report

### PRE-REVALUE RATIO ANALYSIS

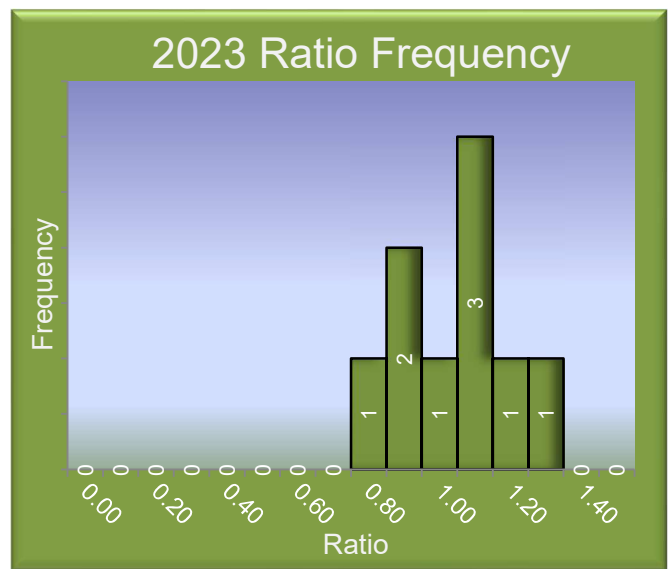
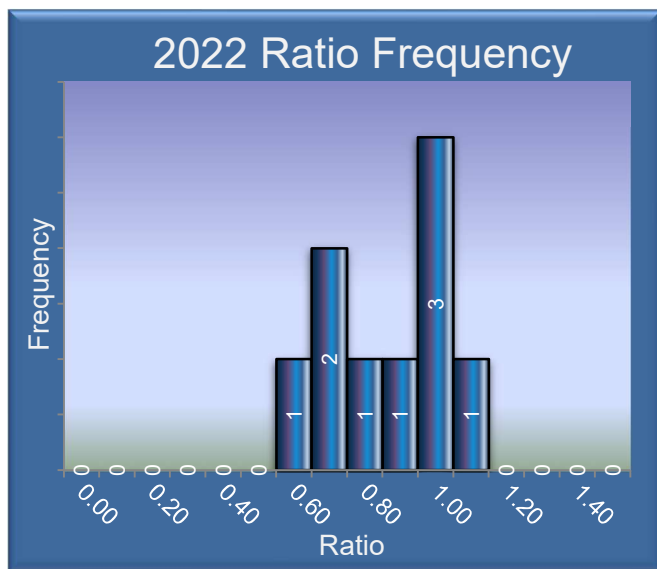
Pre-revalue ratio analysis compares sales from 2020 through 2022 in relation to the previous assessed value as of 1/1/2022.

PRE-REVALUE RATIO SAMPLE STATISTICS	
<b>Sample size (n)</b>	9
<b>Mean Assessed Value</b>	45,891,500
<b>Mean Adj. Sales Price</b>	59,165,300
<b>Standard Deviation AV</b>	23,127,936
<b>Standard Deviation SP</b>	35,154,159
ASSESSMENT LEVEL	
<b>Arithmetic Mean Ratio</b>	0.819
<b>Median Ratio</b>	0.876
<b>Weighted Mean Ratio</b>	0.776
UNIFORMITY	
<b>Lowest ratio</b>	0.5603
<b>Highest ratio:</b>	1.0847
<b>Coefficient of Dispersion</b>	15.15%
<b>Standard Deviation</b>	0.1646
<b>Coefficient of Variation</b>	20.11%
<b>Price Related Differential (PRD)</b>	1.06

### 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>	9
<b>Mean Assessed Value</b>	57,616,800
<b>Mean Sales Price</b>	59,165,300
<b>Standard Deviation AV</b>	31,338,341
<b>Standard Deviation SP</b>	35,154,159
ASSESSMENT LEVEL	
<b>Arithmetic Mean Ratio</b>	1.002
<b>Median Ratio</b>	1.003
<b>Weighted Mean Ratio</b>	0.974
UNIFORMITY	
<b>Lowest ratio</b>	0.7938
<b>Highest ratio:</b>	1.2908
<b>Coefficient of Dispersion</b>	11.18%
<b>Standard Deviation</b>	0.1497
<b>Coefficient of Variation</b>	14.93%
<b>Price Related Differential (PRD)</b>	1.03



## Executive Summary Report

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

**Specialty Name:** Warehouses (100,000 net square feet or larger) Specialty Area 500

**Sales - Improved Summary:**

Number of Sales: 10

Number of Sales included in the ratio: 9

Range of Sale Dates: 1/1/2021 – 12/31/2022

Sales - Improved Valuation Change Summary						
	Mean Assessed Value	Mean Sales Price	Ratio	COD	COV	PRD
<b>2022 Value</b>	\$ 45,891,500	\$ 59,165,300	77.60%	15.15%	20.11%	1.06%
<b>2023 Value</b>	\$ 57,616,800	\$ 59,165,300	97.40%	11.18%	14.93%	1.03%
<b>Change</b>	\$ 11,725,300		19.80%	-3.97%	-5.18%	-0.03%
<b>% Change</b>	25.55%		25.52%	-26.20%	-25.76%	-2.83%

\*COD is a measure of uniformity, the lower the number, the better the uniformity.

Sales used in analysis: All improved sales that were verified as good sales that did not have characteristic changes, such as change of use, major renovations or repairs, between the date of sale and the date of appraisal were included in the analysis. Examples of sales that are not included in the analysis are properties that sold as a portion of bulk portfolio sales covering multiple geographic areas/neighborhoods; partial interest; leasehold interest; or have been segregated or merged since being purchased. Due to the rapidly appreciating market, only two years worth of sales were used.

**Total Population – Average Improved Parcel Summary Data**

TOTAL POPULATION SUMMARY DATA			
	Land	Improvement	Total
<b>2022 Value</b>	\$2,988,057,700	\$8,222,898,800	\$11,210,956,500
<b>2023 Value</b>	\$3,495,980,800	\$9,751,184,600	\$13,247,165,400
<b>Difference</b>	\$507,923,100	\$1,528,285,800	\$2,036,208,900
<b>% Change</b>	17.00%	18.59%	18.16%

Number of Parcels in the Population is 322 and includes improved and associated vacant parcels.

## Conclusion and Recommendation

The values presented as a result of this report improve uniformity and equity; therefore, it is recommended they should be posted for the 2023 Assessment Year.

## Identification of the Area

### Name or Designation:

**Specialty Area 500** – Warehouse Properties (over 100,000 net square feet)

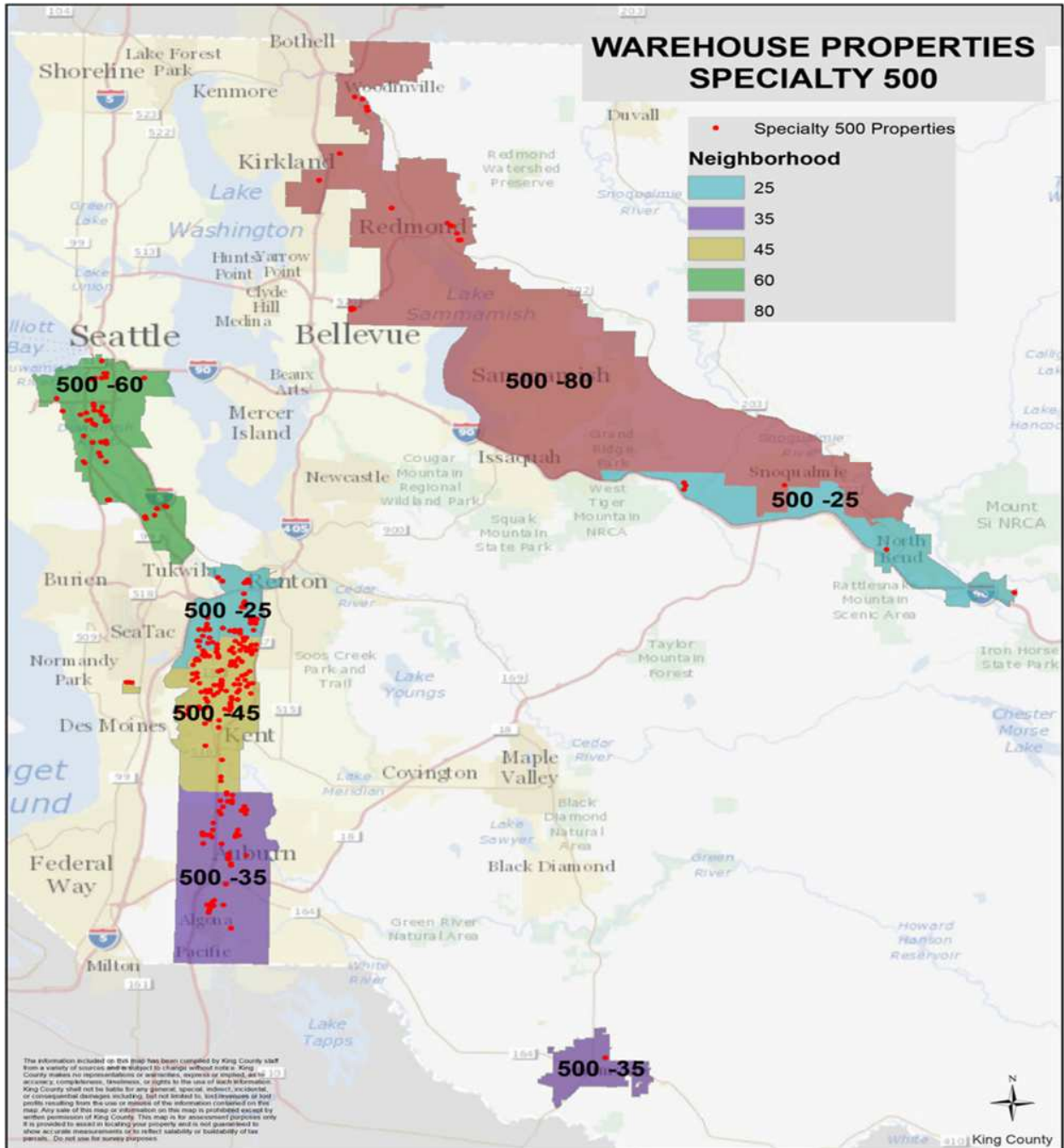
### Area 500 Neighborhoods

- **500-25** Renton, Tukwila, North Bend, Des Moines and Preston
- **500-35** Auburn, Algona, Enumclaw
- **500-45** Kent Valley, Des Moines
- **500-60** Seattle-south of Safeco Field
- **500-85** Eastside of the county (East of Lake Washington)



## Maps

A general map of Area 500 neighborhoods is included in this report. More detailed Assessor's maps are located on the 7th floor of the King Street Center and Assessor's website.



Specialty Area 500  
2023 Revalue

 **King County**  
Department of Assessments

## Warehouse Specialty Description

From a broad perspective, the industrial real estate sector historically has been defined by warehouse, manufacturing and R&D (research and development) properties. Specialty 500 encompasses the classification of properties which broadly fall under the label of "warehouse," including storage, distribution, and transit buildings, and in some cases light industrial facilities, with at least a building area of 100,000 net rentable square feet. In general, these warehouse sub-classifications have commonalities from the standpoint of shared uses and many underlying physical building and spatial attributes.

Storage warehouses are utilitarian facilities that provide a proper environment for the purpose of storing goods and materials requiring protection from the elements. The majority of the building is storage use with office space occupying a small portion of the building, generally between 3% and 12% of the total building area.

Warehouses can range from a general-purpose shell providing storage space with minimal lighting, plumbing, and office space to complex, specialized operations. The design of the warehouse space should be planned to best accommodate the products to be safely stored and handled, as well as business service requirements. Warehouse design must support the loads of the materials to be stored, the associated handling equipment and software, receiving and shipping operations with associated trucking, and meet the physical and operational requirements of the operating personnel. With a focus on efficiency and functionality, warehouse layout would readily facilitate the present use and optimally have flexibility in adapting to future operations and storage needs.

Economics of modern commercial warehouses dictate a minimal turnaround time in processing goods, thus reducing operating costs. The creation of safe and comfortable working environments can additionally result in increased worker productivity. In a competitive real estate market, considerations reach beyond economics into the realm of building an image with aesthetics, such as landscaping, which is becoming increasingly important, especially for corporate clients.

Many regional warehouse structures can be readily utilized for light industrial uses with minimal modifications. Light manufacturing activities are comprised of various enterprises from assembly, disassembly, fabricating, finishing, manufacturing, packaging, and repairing or reprocessing of materials. A variety of industrial uses and activities can be housed within physical identical buildings. Many characteristics are not visible from the exterior of the building, such as well laid out circulation spaces, power, floor load, and floor levelness. Most structures housing light industrial uses have at least 15% to 20% office build-out. High ceilings heights afford mezzanine build out, generally for office use, while still maintaining adequate heights for warehouse functionality.

The warehouse distribution category is comprised of facilities constructed with to store and distribute goods. To support the primary function of the movement of goods at high volumes and/or high frequencies, adequate loading capabilities are necessary. Building features include dock-high or grade-level doors. Bays adjacent to the loading doors, generally exceeding 5,000 square feet, and clearance heights over 20 feet facilitate the building's primary function. Distribution warehouses typically have more office/sales area than storage warehouses (approximately 15%) to accommodate breakdown and transshipment.

Distribution warehouse facilities may be constructed with refrigeration or cold storage systems that are integrated in the building structure rather than freestanding walk-in units. Warehouses with these features are defined by the basis of climate control service being rendered. Building characteristics may include interior loading and/or weather sealed exterior dock areas for temperature control. The purpose of the facility is to function as a stock warehouse for goods to be redistributed to retailers, wholesalers or shipped directly to consumers. Since the function of this type of warehouse distribution facility is specialized, fewer facilities are needed in each region to accommodate demand. A L:B (land to building) ratio of 2:1 is feasible if percentage of office to building ratio is on the lower end since parking requirements would be diminished with less office space.

"Big-box" properties are warehouse distribution centers larger than 300,000 square feet. Ceiling heights are 28 feet or greater to maximize the building's cubic volume and the buildings are precast or tilt-up concrete construction. This warehouse building type is in high demand by e-commerce retailers, wholesalers and third-party logistic companies.

Buildings within the transit warehouse category are designed for loading, freight segregation and closed storage. Freight forwarding has an integral function in supply chain management. Intermodal methods of freight forwarding include the movement of goods between airplanes, truck, train, and boat. The rectangular shaped building creates a cross-dock configuration for efficient flow-thru of freight. The building layout facilitates temporary closed storage, freight segregation and loading. A high quantity of docks in conjunction with dock high floors facilitates the transfer of cargo rather than the storage of cargo. The specialized design results in a low building to dock square foot ratio, which frequently lacks a warehouse component, additional facilities cater to transient personnel (10% to 20% of the building).

### **Warehouse Evolution**

Two different building materials are primarily used to construct warehouses, concrete tilt wall and prefabricated metal construction. From an architectural standpoint, warehouse design is beginning to evolve from simple box shaped structures to structures with a more polished appearance. Stone and brick are sometimes used as aesthetic features for exterior coverings.

Concrete tilt-wall construction has superior durability, built in noise reduction, and better fire protection. Metal building construction has the advantage of being environmentally friendly and less expensive to construct. Newer metal buildings are nearly 100 percent recyclable.

Developers are starting incorporate LEED BD+C (Building Design and Construction) principles for new warehouse and distribution center construction. For example, the footprint of a large facility makes it difficult to obtain natural light through the facade. Newer structures can incorporate clear story glass in a saw tooth roofline to obtain natural light, similar to the design of historic warehouse buildings.

Many LEED features supporting sustainability, such as energy efficiency, can be utilized in retrofitting existing structures. Existing buildings can readily integrate energy efficient natural daylight fluorescent tubes into existing ceiling fixtures with occupancy sensors to control lighting for portions of the building only when needed. Vast roof tops of existing buildings make excellent locations for solar panels. Cooling and heating costs can be cut with the installation of integrated HVLS (high volume, low speed fans) to assist in controlling the temperature from floor to ceiling.

Newer warehouse features include sophisticated materials-handling equipment, broadband connectivity access, and more distribution networks. A wide range of storage alternatives, picking alternatives, material handling equipment and software exist to meet the physical and operational requirements of the warehouse.

Changes in utility have occurred between older warehouses and those with more recent modern construction. Warehouses have evolved into taller structures to accommodate high-volume tenants in achieving increased efficiency by providing more cubic volume. During the 1970s, the majority of structures were constructed with clear height of 20 feet. Buildings have grown in clear height up to 36 to 40 feet to provide better utility from a volume standpoint. Specialty warehouses may even exceed 42 feet.

Tenant demand would need to justify additional costs associated with building a taller structure. Demand to date has come primarily from consumer product, retail users, and e-commerce tenants. Currently, the decision to construct 40 foot clear height is market dependent. Not only does the developer have to realize an acceptable return on the additional investment to construct a taller building, but the rental rates need to be cost effective for the tenant to increase their volume vertically rather than increasing the floor square footage of their space.

## Area Overview

### Investment:

The Puget Sound region is a growing major metropolitan area with a tight industrial market, land constraints affecting future development, and access to intermodal transportation systems.

The warehouse sector continued to experience strong investor demand. Warehouses play a key role in portfolios due to their ability to afford long-term inflation protection emanating from low-volatility income generation and triple net leasing structures. The less intensive capital nature of warehouse buildings from the standpoints of management, maintenance, relative ease of accommodating tenant turnover with minimal expense, increasing rental rates, and rising sales prices contribute to warehouse properties being considered a prime, sought-after real estate investment class. Storage warehouse and distribution properties are considered more efficient from both investment and operational standpoints. Therefore, they are more desirable than other industrial uses, such as flex-space (office parks), specialized industrial spaces, and heavy manufacturing.

### Absorption:

According to Kidder Mathews 4th quarter 2022 Seattle Industrial Market Trends report, the strong demand within the industrial market has led to a continuing supply and demand imbalance, especially for warehouse spaces over 100,000 square feet. According to the report, this marks the 12th straight year of positive absorption and growth in the market. Industrial occupancy drivers remain strong with new construction deliveries in the pipeline.

The limited inventory of newer warehouse buildings (five years old or less) in King County has increased sales prices. Although many of the warehouses in the area are older, transaction volume and activity in King County continues to be strong. REITS, active players in the Puget Sound market, have started buying smaller and/or lower-quality properties due to a lack of available products. The Puget Sound's locational desirability based on accessibility through multiple modes of transportation (highway, rail, air, sea, and port) contributes to the willingness of buyers to purchase buildings at a premium price despite the need for substantial renovations to modernize, modify and/or customize the space for their individual operations.

### Income Overview:

Well-located, quality warehouse space is in high demand, with limited supply for renters and investors. Warehouse rents continued to increase in most markets in 2022 and throughout the Puget Sound area, even as the construction pipeline expanded to meet growing demand. The warehouse segment in King County continues to be strong, with the market experiencing a slight

drop in vacancy year-over-year. Current vacancy rates are 3.9% for the region, according to a Kidder Mathews Market Report for the area.<sup>1</sup> Published average capitalization rates for the area came in as low as 2.75% for Class A industrial properties.<sup>2</sup> Finally, rental rates continued to grow, seeing a year-over-year increase of over 20% in some areas.<sup>3</sup> Due to these factors, many tenants have been forced to compromise quality for location, or relocate in an inferior market to secure rental space.

### **Development Trends:**

Seattle's East Duwamish Manufacturing Industrial Center is a high-density, high-demand industrial area within the King County market. Typical land-to-building ratios are among the lowest in King County (under 2:1), with many sites under one acre. The availability of vacant, undeveloped land is increasingly rare. In order to obtain viable sites to accommodate new development, functionally obsolesced buildings are frequently considered teardowns. Due to land size constraints, the traditional one-story industrial development is evolving with multi-story solutions. In 2019, Prologis, a REIT, delivered what is said to be the first three-story distribution warehouse development in the United States on a site where obsolesced buildings were removed. In 2022, two more multi-storied warehouses were under construction in the SODO area.

The industrial sector's popularity with investors partly stems from industrial tenants searching to lease higher quality properties with modern features, including high-dock doors with wider loading capabilities, 36 to 40-foot clear-height ceilings and state-of-the-art sprinkler systems. Building features can impact the turnaround time for inventory, increasing the bottom line. Therefore, tenants are willing to pay higher rents for properties that fit their criteria. An investor advantage in industrial properties is that typically expensive renovations or build-outs during tenant turnover are not required concessions in this market. Developers and investors are taking note and pushing up sales prices for land and improvements, including warehouses smaller than 100,000 square feet.

In this low inventory environment, transactions are increasingly occurring via word of mouth, cold calling, offering properties to a select group of buyers with calls for bids, and open listings offering properties without a stated asking price rather than traditionally marketed listings. Investors want a solid foothold in the Puget Sound market and have made a strong impact in the overall market in King County, especially in the Kent Valley market. Newer, modern existing warehouses are more plentiful in the Kent Valley since land is more readily available for development. South King County and Kent Valley, in particular, is considered a highly desirable

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<sup>1</sup> Kidder Mathews: Market Trends – Seattle Industrial (Q4 2022)

<sup>2</sup> CBRE: U.S. Cap Rate Study - H2 2022: Seattle

<sup>3</sup> Colliers: Puget Sound Industrial – 22Q4

location near multi-modal transport, with the operating ports of Tacoma and Seattle (Northwest Seaport Alliance,) the Seattle-Tacoma Airport, and rail. Kent also has a large pool of blue-collar and white-collar workers and a proximity to the headquarters of the huge players in this market like Costco and Amazon.

In this low inventory environment, transactions are increasingly occurring via word of mouth, cold calling, offering properties to a select group of buyers with calls for bids, and open listings offering properties without a stated asking price rather than traditionally marketed listings. Investors want a solid foot hold in the Puget Sound market and have made a strong impact in the overall market in King County, especially in the Kent Valley market. Newer, modern existing warehouses are more plentiful in the Kent Valley since land is more readily available for development. South King County and Kent Valley in particular, is considered a highly desirable location within proximity to multi-modal transport, with the operating ports of Tacoma and Seattle (Northwest Seaport Alliance,) the Seattle-Tacoma Airport, and rail. Kent also has a large pool of blue-collar and white-collar workers and a proximity to the headquarters of the huge players in this market like, Costco and Amazon.

South King County contains the largest amount of industrial space in the entire state of Washington, with many new businesses coming to Puget Sound and relocating to this area. Helping to fuel the growth in Puget Sound warehouse development is the fact that King County continues to be home to some of the largest, most recognized corporations in the world. Many companies want and need to be near these giants either as competitors or to serve them directly.

### **E-Commerce and its Impact on the Industrial Sector:**

E-commerce continues to drive industrial space absorption. Millennials are emerging as a potent economic force contributing to new ways to distribute goods to consumers. Increased online shopping activity (mainly since the start of the COVID-19 pandemic) has further driven growth in the region's construction and sale of distribution centers. E-commerce fulfillment is one of the most vital dynamics driving demand for industrial real estate.

Amazon remains at the forefront of e-commerce and continues to exert a profound effect on industrial property construction and retailer strategies. The movement of more retail sales online and through warehouses and fulfillment centers is also creating potentially new strategies in the investment market for owners of properties near major population centers. According to a Statista.com study, Amazon's e-commerce business accounted for 37.8% of the nation's e-commerce sales as of June 2022. Statista goes on to report that e-commerce sales accounted for 14.7% (of total retail sales) in the fourth quarter of 2022. This is up 1.8 points over the 2021 figures.<sup>4</sup>

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<sup>4</sup> Statista.com

E-commerce retail is increasingly competing for customers on the based on shipping time. To meet on-demand expectations, distribution centers must be close to larger population hubs like King County. Even outside the e-commerce realm, businesses live in an age of need it now goods and services. Despite significant automation, the e-commerce industry's effect on demand for labor has been magnified by its heavy employee counts and severe seasonal spikes resulting in labor shortages compared to traditional warehouse operations. As a result, e-commerce-focused leasing drives local demand for labor at a rate two or three times that of conventional warehousing operations. Standard warehouse facilities typically function with an employee count of one per 1,500 to 3,000 square feet. E-fulfillment operations usually have an employee count of one per 700 to 1,000 square feet. The dwindling labor supply has forced employers to compete with e-commerce fulfillment operations.

"E-commerce's impact on the U.S. industrial market had been notable during the extended expansion cycle from 2010 to early 2020. During the pandemic recession, it became even more obvious. E-commerce companies had accounted for 28.2% of all industrial absorption from 2016 through 2019, and that number increased even more to approximately 40% from 2020 through 2021 as COVID-19 shifted consumer shopping patterns to more frequent online purchasing. In 2020, a record 97.5 million square feet were leased directly by e-commerce occupiers, while another 77.1 million square feet were transacted throughout 2021. These totals are even more robust when 3PL's, who directly support online retailers, are included."<sup>5</sup>

As a result, big-box distribution centers have become one of the country's most sought after investment properties. Owners of warehouse and distribution centers that can be adapted to the rapid movement of goods required in e-commerce may increasingly seek to test the new market demand. Repurposing older assets by development-minded parties may help fill the need for appropriate warehouse space. Distribution centers are increasingly challenged to keep pace with consumer expectations for faster and more accurate delivery.

### **Cold Storage:**

The growth of e-commerce within the grocery sector has created a greater need for cold storage space. Given the combination of Washington State's ports, high population count, and farming centers, there is an estimated 11.3 million square feet of cold storage space statewide.

### **Third-Party Logistics and Same-Day Delivery:**

Third-party logistics (abbreviated 3PL, or sometimes TPL) in logistics and supply chain management is defined as a company's use of third-party businesses to outsource elements of their distribution and fulfillment services. Strong tenant demand persists in the region for last-

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<sup>5</sup> Cushman & Wakefield: What do recent e-commerce trends mean for industrial real estate?



mile distribution centers. Smaller urban infill locations near major metropolitan areas assist in filling the retailers' demands by supplying facilities along their delivery routes to hit next-day and same-day delivery goals. Some of the larger distribution warehouses in King County, especially in Seattle, are multi-tenant facilities housing "last mile" logistics companies looking to locate next to the population center to be nimble to ship pallets to stores and direct to consumers. The efficiency of the e-commerce supply chain depends on the warehouse's location and functionality.

Sale prices in King County are routinely above \$200 per square foot, with better quality buildings garnering up to and exceeding \$320 per square foot.

According to Kidder Mathews, typical warehouse sales fall into the following ranges:

- **South King County** \$150-\$250<sup>6</sup> per square foot
- **Seattle** \$200-\$300<sup>7\*</sup> per square foot (better quality buildings)
- **Eastside** \$180-\$250 per square foot

\*South King County and Eastside ranges from 4Q '21. The Seattle range wasn't included in the 4Q '21, therefore the Seattle range was pulled from the 4Q '18 report. The sale price ranges were not quantified by Kidder Mathews in their 2022 report although prices have continued to appreciate rapidly with most sales coming in over \$200/sf.

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<sup>6</sup> Kidder Mathews: Market Trends Seattle Industrial 4th Quarter 2021

<sup>7</sup> Kidder Mathews: Market Trends Seattle Industrial 4th Quarter 2018

## Analysis Process

**Effective Date of Appraisal:** January 1, 2023

**Date of Appraisal Report:** June 29, 2023

### Highest and Best Use Analysis

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

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

### Special Assumptions and Limiting Conditions

All three approaches to value were considered in this appraisal.

- Sales from 01/01/2021 to 12/31/2022 were considered in all analyses.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standards 5 & 6 (USPAP compliant).

## Neighborhood Descriptions

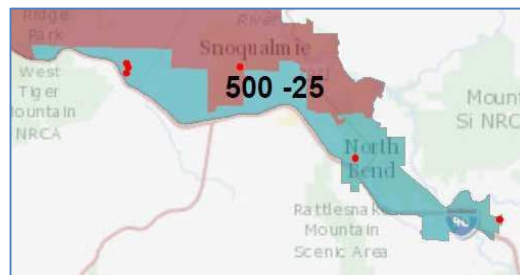
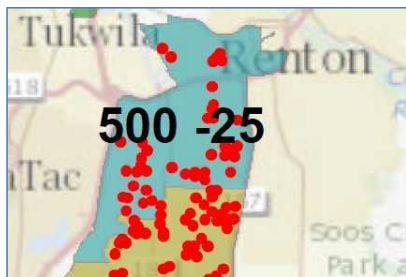
The 322 parcels comprising the warehouse specialty have been segmented into five distinct neighborhood regions. The regions are referred to by their geographic location.

## South King County

South King County houses the largest concentration of warehouse properties in both King County and Washington State. Seventy-five percent of the county's warehouse specialty properties are located within the three warehouse sub-markets in the south end, neighborhoods 25, 35, and 45. Kent, neighborhood 45, is the biggest submarket due to the valley's level topography and the availability of larger sized vacant pieces of land. Considering the locational benefits and parcel sizes available, industrial land in the Kent valley is among the least expensive in King County.

The South King County warehouse real estate market remains active, with over 3.97 million square feet of warehouse space under construction at the end of 2022, and 18.6% of this has been pre-leased.<sup>8</sup> This development has more than doubled since the previous year when the area had similar activity. South King County vacancy remained flat year-over-year at 5.05%. However, the inventory of larger warehouses on the market is still limited in the region, and vacancy is expected to continue to drop next year. Many institutional investors favor South King County due to its proximity to the major ports of Tacoma and Seattle, as well as the Seattle-Tacoma Airport.

### Specialty Area 500-25



Specialty Area 500-25 includes Tukwila, Renton, North Bend, and Preston. Tukwila and Renton are just south and East of Seattle and the Port of Seattle. North Bend and Preston are further to the east along Interstate 90. Fifty-three parcels are in Area 500-25, with distribution warehouses dominating this area. A number of warehouses located within close proximity to Westfield Southcenter Mall in Tukwila have warehouse showrooms with retail merchandise, such as Macy's and JR Furniture.

Neighborhood 25 has 1 recent development:

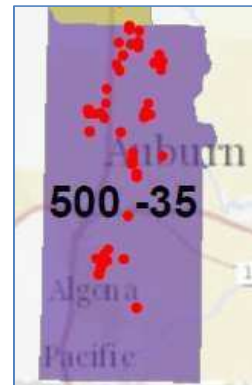
DCT, a subsidiary of Prologis, completed a distribution warehouse (Parcel 242304-9008) in 2021. The property is located at 601 Monster Road in Renton. The 164,480 sf building has a 30' warehouse height.

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<sup>8</sup> Kidder Mathews: Market Trends Seattle Industrial 4th Quarter 2022

### Specialty Area 500-35

Specialty Area 500-35 includes predominantly Auburn, as well as Algona and one property in Enumclaw. Fifty-two parcels are in Area 500-35. This area is populated by a large number of industrial parks offering a customized space to meet specific tenant needs. Property types include incubator space, major cold storage space, and product distribution facilities. One of the largest warehouse parcels located in Auburn is the Safeway Distribution complex, comprised of nine buildings with over 1,150,100 square feet.



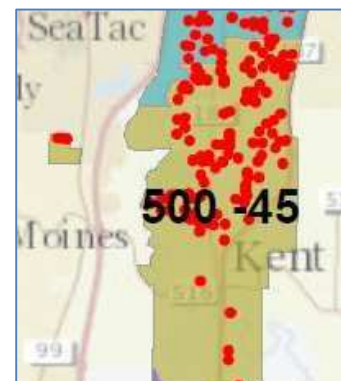
Neighborhood 35 had 2 recent developments:

- A distribution warehouse (Parcel 242104-9001) was completed in 2021 and is also located in Auburn. It has a 40' building height and has 158,000 sf of space.
- In 2022 Amazon completed a 112,000 sf warehouse with a 37' building height. This distribution center (Parcel 511327-0020) is located in Maple Valley.



### Specialty Area 500-45

Specialty Area 500-45 is comprised primarily of the Kent Valley and Des Moines to the west of Kent. The new development in Burien, outlined below, is a new addition to this neighborhood. This is the largest of the sub-areas with one hundred thirty-nine parcels. Level topography, good freeway and rail access, and the availability of a large labor pool contribute to distribution warehouses dominating this area. Light industrial manufacturing facilities, food service and cold storage warehouses are also located in this neighborhood.

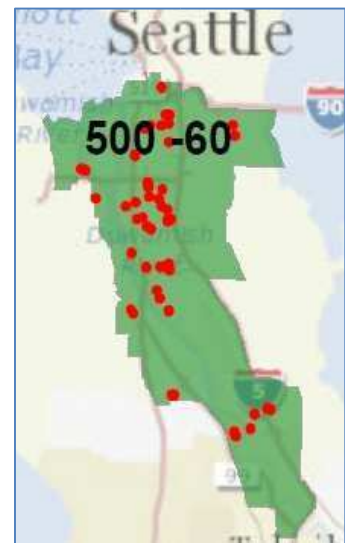


Several recent developments have occurred in Neighborhood 45:

- 8615 S 192<sup>nd</sup> St (Parcel 062205-9125): This 219,000 distribution warehouse offers 40' ceilings. It is located in Kent and was completed in 2020.
- The Pacific Gateway Industrial Park (660007-0240) is comprised of 6 industrial buildings over several parcels and located in Kent. They amount to 591,000 sf of new warehouse space. Most of this was completed in 2021 and 2022.
- Valley Industrial Park (Parcel 012204-9045): A new 81,000 sf distribution warehouse was in progress in 2022. It has a 40' building height.
- Segale Business Park (Parcel 660021-0040/0050/0070/0090/0100): Several new warehouse distribution buildings in progress as of the end of 2022.

### Specialty Area 500-60

Specialty Area 500-60 is located in Seattle and the northern portion of unincorporated King County. The majority of the fifty-seven parcels are located within the well-established, high demand industrial district referred to as the Duwamish Manufacturing Industrial Center (MIC) along both sides of the Duwamish Waterway, which accounts for seventy-seven percent of Seattle's industrially zoned land. The buildings contain a mixture of industrial processing facilities, distribution warehouses, and truck terminals. The close-in market of Seattle is the most established submarket. Historically building ownership was predominantly comprised of owner/user or local investor ownership. More recently, institutional investors have been gaining a foothold in this market. This high demand, dense area has a shortage of undeveloped land. Therefore, institutional investors have expanded their typical niche to purchase obsolesced buildings to tear down and redevelop.



The Duwamish MIC represents the oldest industrial location in the Puget Sound region, and is located adjacent to the southern portions of historic Pioneer Square (the original section of downtown Seattle) and the International District, both of which harken back to the 1800's. Industrial development started close to downtown Seattle near the turn of the twentieth century and over the years expanded to the south, incorporating what are now the Port of Seattle and the areas surrounding the Duwamish Waterway.

Consequently, in the northern portion of this industrial district, many older properties are in need of renovation and redevelopment. Moving southbound, the properties consist of more recently constructed manufacturing and warehouse facilities ranging in age from new to 60 years old.

The buildings in this area are generally 50 to 100 years old and typically have lower ceilings and limited truck loading facilities because the sites are smaller, and land is very expensive. Despite some of the buildings obsolescence due to age, the close proximity to freeways and waterways has helped this area thrive, even during difficult economic times. Demand for industrial space in this area has remained high with influence from the Port of Seattle and the proximity to the I-5 freeway, Highways 99 and 509. Due to the lack of available land in this neighborhood, there has been little new warehouse development, and as a result, vacancy rates remain competitive with the rest of King County. This neighborhood also has higher lease rates due to the proximity to the Port of Seattle, trains, and freeway.

Several recent developments are in progress or have recently been delivered in neighborhood 60:

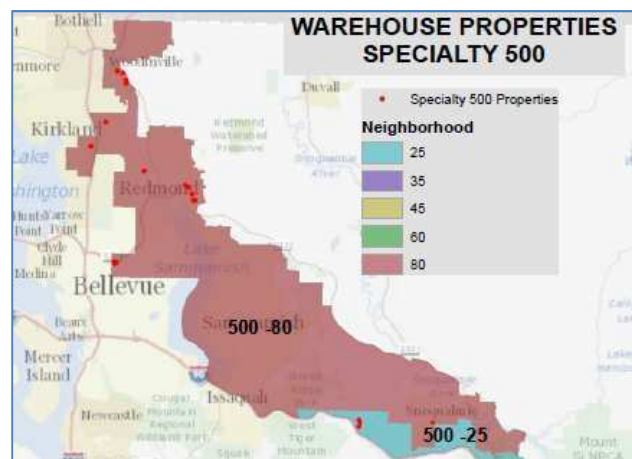
- Prologis delivered a 151,000 sf warehouse on the Seattle/Tukwila border in 2022 (Parcel 032304-9171). This building has a 38' warehouse height.
- A warehouse on parcel 032304-9024 was in progress at the end of 2022.

Additionally, two multi-story warehouses were in progress for south Seattle at the end of 2022:

- Seattle based, Avenue 55, was building a four-story project called Track 6 at 3847 First Ave S (Parcel 182404-9075) at the end of 2022. The structure will have a 24' ceilings on the first floor and 14'-16' ceilings on floors 2-4 and will measure 213,525 sf.
- The other multi-story warehouse nearly completion was built by Ryan - a national builder, developer, designer and real estate manager based in Minneapolis. Ryan's project (Parcel 132730-0015) will be located at 65 S Horton St. Ryan has submitted plans to the city for the 119,000 sf building.

### Specialty Area 500-80

Specialty Area 500-80 represents the vast geographic area on the Eastside of King County, east of Lake Washington. This neighborhood encompasses cities such as Bellevue, Kirkland, Redmond, Woodinville, and Snoqualmie. Specialty area 500-80 has the smallest parcel count at twenty-one parcels. The Eastside has benefited greatly from population growth and an influx of high technology companies. This area is a mix of older and newer warehouses. Many of the older warehouses have small bays and at-grade door distribution.



There has been one recent warehouse development in neighborhood 80:

- A 153,000 sf light manufacturing warehouse was completed in North East King County in 2021 (Parcel 720232-0140). The building has a 30' warehouse height.

# Physical Inspection Identification

WAC 458-07-015 requires each property to be physically inspected at least once during a 6-year revaluation cycle. At a minimum, an exterior observation of the properties is made to verify the accuracy and completeness of property characteristic data that affect value. Property records are updated in accordance with the findings of the physical inspection. Seattle (Area 60) was physically inspected this year and consists of 57 parcels.

Geo Neighborhood		Location	Inspected Parcel Count	Total Parcel Count	Percent of Parcel Count
500	60	Seattle - South of Safeco	57	322	17.70%
<b>Specialty Area 500 Physical Inspection Totals</b>			<b>57</b>	<b>322</b>	<b>17.70%</b>

# Preliminary Ratio Analysis

The sales ratio study is an important assessment tool to ensure uniform assessment of properties based on market value. This analysis utilizes statistical methods to measure the relationship between a property's assessed value and its sale price by grouping individual sales according to property type and geographic area. The resulting data can be used to review current assessment levels, identify inequities that need to be addressed, and assist in revaluation model development. The two major aspects of appraisal accuracy: appraisal level and appraisal uniformity are measured and evaluated using the ratio study. Appraisal level is a measure of the ratio of assessed value to sales price, while appraisal uniformity refers to the degree to which properties are appraised at equal percentages of market value. The International Association of Assessing Officers (IAAO) has developed performance standards to evaluate both the appraisal level and uniformity.

Recommended IAAO Standards on Ratio Studies	
Appraisal Level	0.90 to 1.10
Coefficient of Dispersion	Under 15.0
Price Related Differential	0.98 to 1.03

IAAO July 1990

A Preliminary Ratio Study was completed prior to the application of the 2023 recommended values that benchmarks the current assessment level using 2022 posted assessment values. The results are discussed in the Appraisal Level and Appraisal Uniformity sections.

### **Appraisal (Assessment) Level**

Estimates of appraisal level are based on measures of central tendency. The weighted mean ratio is the value-weighted average of the arithmetic mean and median ratios where the weights are proportional to the sales prices. In addition, the weighted mean also is the ratio of the average assessed value to the average sales price. The weighted mean gives equal weight to each dollar of value in the sample, whereas the median and mean give equal weight to each parcel. Although weighted mean is an important statistic in its own right, it has an integral role in the computation of the Price Related Differential (PRD,) a measure of uniformity between low and high value properties.

The IAAO performance standards state that the weighted mean ratio should be between 0.90 and 1.10. The preliminary ratio study for Area 500 shows a weighted mean ratio of 0.776 which is below the IAAO guidelines. The weighted mean ratio indicates that the current assessment level, as measured using recent sales, is outside the acceptable range.

### **Appraisal (Assessment) Uniformity**

Measures of dispersion or variability relate to the uniformity of the ratios. Generally, the most useful measure of uniformity is the Coefficient of Dispersion (COD.) The COD measures the absolute average percentage deviation of the ratios from the median ratio within the sales ratio study and indicates how tightly the ratios are clustered around the median ratio.

The IAAO performance standards state that the COD should be between 5.0 and 20.0 for income producing property in smaller, rural jurisdictions and between 5.0 and 15.0 for larger, urban market jurisdictions. A lower number represents better uniformity. Area 500's preliminary ratio study shows a COD of 15.15% indicating that the current level of assessment uniformity, as measured using recent sales, falls inside the acceptable range.

A second measure of uniformity utilized in the ratio study is the Price Related Differential (PRD). The PRD provides a measure of price related bias, or the equity between low and high priced property. It is the differential between arithmetic mean of ratios, and the weighted mean of ratios, where the sales prices themselves represent the weight. A second measure of uniformity utilized in the ratio study is the Price Related Differential (PRD). The PRD provides a measure of price related bias, or the equity between low and high priced property. It is the differential between arithmetic mean of ratios, and the weighted mean of ratios, where the sales prices themselves represent the weight.



The IAAO performance standards state that the PRD should fall between 0.98 and 1.03. A value below 0.98 would indicate progressivity in the data where assessment levels increase with increasing sales prices. Values above 1.03 indicate regressivity in the data where assessment level decreases with increases in sales price. As the PRD approaches 1.00, it is a greater indication that specific property ratios of sale-price to assessment level are falling within the acceptable range, rather than just the arithmetic mean of the entire population being in the acceptable range. Thus, it is a measurement of property specific assessment level, as well as an indicator of the uniformity within the pool of recent sales.

The preliminary ratio study for Specialty Area 500 shows a PRD of 1.06, which falls outside the recommended IAAO guidelines. This is an indication that the current level of assessment uniformity as measured using recent sales indicates regressivity, where assessment levels decrease with increasing sale prices.

In conclusion, the preliminary ratio study shows that the COD falls within the IAAO standards for uniformity and PRD falls outside of the acceptable range. The two measures test appraisal uniformity differently. The COD provides the measure of variation of individual assessments around the median. The PRD measures the variation of the assessment of property groups in relation to each other.

## **Scope of Data**

### **Land Value**

#### **Land Sales, Analysis, Conclusions**

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

### **Improved Parcel Total Values**

#### **Sales Comparison Approach Model Description**

Nine improved sales in the subject area, dating from 1/1/21 to 12/31/22, were considered fair market transactions. Only 2 years of sales were included in the ratio study due to the rapid appreciation of the warehouse market. These sales were considered in the "modeling-analysis" and included in the ratio study. The ratio study did not include sale parcels where the improvements use have changed after the sale. Because these changes occurred subsequent to purchase, a current assessed value would no longer accurately reflect property characteristics in

existence at the time of sale for purposes of comparison; therefore, not considered representative for purposes of broad consideration in value placement and statistical analysis. However, they are utilized as market value indications based upon existing property characteristics at the time of sale.

All sales were verified with a knowledgeable party and inspected when possible. The model for the Sales Comparison Approach was based on characteristics from the Assessor's records including location, effective age, building quality, net rentable area, and use. Sales with location, characteristics and utility most similar to the subject properties generally received primary consideration. Improved commercial sales within geographic areas were also reviewed for relative comparison.

Given the smaller sample size, these sales were not representative of all stratifications within each specialty neighborhood but were used in support of income and cost methodologies applied to valuation models. These sales, with examination of the surrounding geographical area sale patterns, and review of surveys and forecasts referenced herein, support the assumption of improving market conditions for valuation adjustment.

### **Sales Comparison Calibration**

Although a number of improved sales occurred from 2021 through 2022, the Sales Comparison Approach was primarily used as a guideline in broader support of assessed value due to limited sales within some stratifications and neighborhoods. Together with income and cost modeling, the Sales Comparison Approach provides the basis and support for assessed values in Specialty Area 500.

The sales statistics assisted in calibrating the coefficients applied in the Income Approach to value, by setting parameters for the income rates, vacancies, expenses and capitalization rates.

When utilizing the Income Approach, sale prices assist in establishing general upper and lower market boundary ranges for Specialty Area 500. Neighborhoods were treated independent from one another when dictated by the market. In conjunction with market rent surveys, sale price per square foot of improved net rentable area help set the income parameters and capitalization rates driving the income models developed for the various neighborhoods.

### **Cost Approach Model Description and Cost Calibration**

The Marshall & Swift cost modeling system, built into the Assessor's Real Property application, is calibrated to the Western Region and the Seattle area and adjusted on an annual basis. Depreciation was based on studies done by Marshall & Swift Valuation Service. The Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. Due to the difficulty in accurately determining the depreciation of older warehouse properties, the cost approach to value was given the least weight in the final reconciliation of

values. However, cost estimates were relied upon for valuing new construction where comparable sales data and/or sufficient income and expense information is not available.

### **Income Capitalization Approach Model Description**

The Income Approach is considered a reliable approach to valuation in Specialty Area 500 where relevant income and expense data is available to ascertain market rates. Income parameters were derived from the market place through market rental surveys, sales, and outside sources.

Warehouse structures house a variety of uses, including distribution, light manufacturing, storage, and open office space. Age and utility influence value, and are reflected in the valuation process. At the high end are newer properties offering greater utility, efficiency, better construction quality and higher appeal to the market.

In order to calibrate a credible income model, it is necessary to consider data from recognized published sources to assist in developing capitalization rates. These publications tend to report data that is considered relevant to institutional-grade CBD and suburban real estate.

### **Income Calibration**

Similar uses were grouped together with income rates that were correlated to the effective age and building quality of the warehouse property. Values were applied based on various characteristics deemed appropriate within each market on a dollar value per square foot of improved net rentable area. Location, use, quality, effective age and net rentable area were among factors considered for adjustment. Since sales, in some cases, may not be sufficient in number, valuation may rely on sales with a change of use, older sales, geographic neighborhood sales when relevant, and those in competing neighborhoods.

Some properties require deviation from the typical value range due to issues including, but not limited to, location and condition, as well as appraiser judgment.

Income parameters were derived from the market place through various methodology including direct inquiry with property owners and tenants, the sales verification process, as well as listings, published sources (i.e. CBRE, Colliers, Kidder Matthews, CoStar, and Multiple Corporate Real Estate Websites), and opinions expressed by real estate professionals active in the market.

Income tables were developed and then applied to the population. Variables utilized within the tables were derived from multiple sources, including direct inquiry, market surveys and studies, and then subsequently applied to property data. A majority of the properties in Specialty Area 500 were valued utilizing an Income Approach (Direct Capitalization method.) The Income Approach, with support from the Sales Approach, was considered a reliable approach to valuation throughout Specialty Area 500 for improved properties where income and expense data was available.

Application of a Land to Building Ratio guideline of 2:1 to improved properties, based on appraiser judgment, was employed in the valuation of improved properties in order to maximize highest and best use as reflected by the market. The guideline is supported by the typical land to building ratios of properties located in Area 35. Further corroboration determined by the results of a countywide study noted the average F.A.R. is .47 for all of urban King County commercial and mixed-use zones, and .46 for industrial zones (King County Buildable Land Presentation reflecting Commercial/Industrial Development Activity: 1996-2000, 11/29/2009).

**Income:** Similar uses were grouped together with income rates that were correlated to the effective age and building quality of the commercial property.

Income parameters were derived from the market place through various methodology including direct inquiry with property owners and tenants, the sales verification process, as well as listings, and published sources (i.e. CBRE, Colliers, Kidder Matthews, and Multiple Corporate Real Estate Websites), and opinions expressed by real estate professionals active in the market.

**Vacancy:** Vacancy rates used were derived mainly from published sources tempered by personal observation.

**Expenses:** Expense ratios were estimated based on industry standards, published sources, and personal knowledge of the area's rental practices. Within our income valuation models, the Assessor used triple net expenses.

**Capitalization Rates:** During the verification process of market sales, an attempt was made to ascertain the capitalization rate. Additionally, capitalization rate data was collected from local and regional Pacific Northwest published market surveys (CBRE, RERC.)

The effective age and condition of each building contributes to the capitalization rate applied in the model. For example, a building in poorer condition with a lower effective year (1970, for example) will typically warrant a higher capitalization rate, and a building in better condition with a higher effective year (2015, for example) will warrant a lower capitalization rate.

The following tables demonstrate ranges of capitalization rates and trends compiled with information that is collected on both local and broad regional scales. This information is reconciled with data specific to the real estate market in development of the income model. The range of lease and capitalization rates in the income model reflects the range of property characteristics in each area.



**EATTLE / REGIONAL CAP RATES 2023**

Source	Date	Location	Office	Industrial	Retail	Remarks
			-	-	5.30% - 9.50%	Regional Mall – 1 <sup>st</sup> Tier Properties
				-	7.00% - 11.50%	Regional Mall – 2 <sup>nd</sup> Tier Properties
				-	7.00% - 13.00%	Regional Mall – 3 <sup>rd</sup> Tier Properties
				-	6.50% - 9.30%	Power Center – 1 <sup>st</sup> Tier Properties
				-	6.00% - 13.30%	Power Center – 2 <sup>nd</sup> Tier Properties
				-	8.00% - 13.80%	Power Center – 3 <sup>rd</sup> Tier Properties
				-	6.00% - 9.30%	Neigh/Comm. Ctr. – 1 <sup>st</sup> Tier Properties
				-	5.50% - 11.00%	Neigh/Comm. Ctr. – 2 <sup>nd</sup> Tier Properties
				-	6.50% - 12.00%	Neigh/Comm. Ctr. – 3 <sup>rd</sup> Tier Properties

**SEATTLE / REGIONAL CAP RATES 2023**

Source	Date	Location	Office	Industrial	Retail	Remarks
IRR: Viewpoint for 2023	Year-end 2022	West Region	6.15%	-	-	<u>Institutional Grade Properties</u>
			6.67%	-	-	CBD Office – Class A
			6.39%	-	-	CBD Office – Class B
			6.93%	-	-	Suburban Office – Class A
			-	5.73%	-	Suburban Office – Class B
			-	5.13%	-	Flex Industrial
			-	-	6.29%	Industrial
			-	-	6.38%	Community Retail
PWC Real Estate Investment Survey	4Q 2022	Seattle Pacific NW Region	4.50% - 7.00%	-	-	Office
			4.75% - 7.75%	-	-	Office
			-	3.00% - 5.50%	-	Warehouse
ACLI	4Q 2022	Seattle – Bellevue - Everett MSA	5.57%		8.04%	All Classes
		Pacific Region	5.57%	5.10%	5.78%	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% - - - - -	- - 4.30% - 7.00% 5.00% - 8.00% 4.60% - 8.00% - -	- - - - - 4.70% - 9.20% 5.50% - 8.50% 4.80% - 7.80%	Office CBD Suburban Office Warehouse R&D Flex Regional Mall Power Center Neigh/Comm. Ctrs.
IRR: Viewpoint 2023 Commercial Real Estate Trends report	Yr. End 2022	National	7.00% 7.66% 7.18% 7.84% - - -	- - - - 5.89% 6.48% -	- - - - - - 6.95% 7.00%	<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
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% - - - -	- - - - 2.00% - 6.25% - - -	- - - - - 5.00% - 12.50% 5.25% - 7.50% 5.00% - 10.00% 5.00% - 7.50 %	CBD Office Suburban Office Secondary Office Medical Office Warehouse Regional Mall Power Center Neigh. Strip Centers Net Lease
The Boulder Group: Net Lease Market Report	4Q 2022	National	6.95%	6.65%	5.95%	Overall (Average)



## Income Approach Calibration

Income tables were developed to represent each neighborhood within the area for purposes of direct income capitalization. The tables were calibrated setting economic base rents, vacancy rates, expenses, and capitalization rates by using adjustments based on size, effective year built, and quality of construction as recorded in the Assessor's records. Properties containing a number of differing section uses may have multiple tables that contribute to the valuation of the property as a whole. An example of this would be a warehouse with a mezzanine office and main floor office, where three tables would be used.

When the value of the property by the income approach was less than the land value, a nominal \$1,000 value was allocated to the improvements.

Many improved warehouse type properties also required excess/surplus land adjustment for land to building ratios above the 2:1 guideline referenced earlier in this report. The income model assumes a land to building ratio threshold based on the market (2:1.) The excess/surplus land calculation is performed after generating an income value, then adding usable land area in excess of the ratio, for estimating total parcel value. The result reflects value from the basic economic unit, plus additional contributing value from excess or surplus land as valued by the market. Land value is market based, while usable land area is property specific and subjectively determined by the appraiser.

The predominant property use is industrial, which includes distribution warehouses, light industrial and storage warehouses, storage buildings of all types, service buildings, and utility buildings. Rents applied are lowest for older properties in poor condition, and highest for modern structures with more desirable configurations. No warehouses are currently classified with excellent building quality and those of good quality are rare. The vast majority of rents fall within the average to average-good classifications. Capitalization rates applied to these properties also reflect investment risk, being higher for older, poorer quality buildings and lower for newer, better quality buildings.

The following tables outline a summary of the typical income parameters for the major property types (before stratification,) used in the income tables, which in turn provided the basis for the income value estimate calculations. It should be noted that due to the nature of commercial real estate not all properties fall within typical parameters. The tables were calibrated after setting economic rents, vacancy, expenses and capitalization rates by using stratification of adjustments based on effective age, and construction quality as recorded in the Assessor's records.

Industrial lease rates are typically quoted on a monthly price per square foot basis. The tables below display the rents on an annual price per square foot. The majority of office build-out is considered an add-on to the warehouse rates and the tables below have considered that.



Rental rates, vacancy levels and operating expenses are derived by reconciling all of the information collected through the sales verification process, completed surveys, interviews with tenants, owners, and brokers and the appraiser's independent market research. Quality, effective year built, condition, and location are variables considered in the application of the income model to the parcels in the population.

<b>Typical Income Parameters</b>				
<b>Section Use</b>	<b>Rent Range</b>	<b>Vacancy and Collection Loss</b>	<b>Expenses per SF</b>	<b>Capitalization Rate %</b>
Warehouse Uses	\$8.50-\$16.50	4-5%	7.5%	4.25-5.5%
Storage Mezzanine	\$8.50-\$16.50	4-5%	7.5%	4.25-5.5%
Office/Office Mezz	\$20.00-\$24.00	4-5%	7.5%	4.25-5.5%

\*Note: All rents are expressed as annual and triple net.

## Reconciliation

All warehouse specialty properties were revalued this year. Each parcel was individually reviewed for correctness of model application before final value selection and reviewed by the senior appraiser prior to posting. The factors analyzed in the process of establishing value utilizing the model constructs were subject to adjustment by the appraiser.

The Market Sales Approach is considered the most reliable indicator of value, however the income approach was applied to most parcels in order to better equalize comparable properties. Income approach modeling reflected a valuation level within indicated market ranges. Whenever possible, market rents, expenses, and cap rates were ascertained from sales, and along with data from surveys and publications these parameters were applied to the income model.

Primary consideration in valuation was based on an Income Model with the application of the Direct Capitalization technique. The Income Approach insures greater uniformity and equalization of values. The total value generated from the income table calculations and the selected income values varied in some cases due to special circumstances, such as properties with excess/surplus land, inferior/superior location, or physical/functional obsolescence. In the case of interim use properties, they might be purchased for investment value or future income rather than current income. Appraisal judgment prevailed when determining when to depart from the Assessor's table generated income model.

Market rents (both in-place and asking) collected for income models were used as a guide in establishing the modeled economic parameters. The rents applied vary somewhat but fall within an acceptable range of established market indicators. Capitalization rates were based upon

market sales, when possible, and historical levels, and adjusted to reflect current market conditions referenced by local and national surveys of the greater Seattle/Puget Sound region.

The total value generated from the income table calculations and the selected income values varied in some cases due to special circumstances, such as properties with surplus/excess land, inferior/superior location, super-adequacy, or physical/functional obsolescence. Appraisal judgment prevailed when determining when to depart from the Assessor's table generated income model.

With application of the recommended values, the standard statistical measures for valuation performance are improved and within IAAO standards.

## **MODEL VALUATION**

### **Total Value Conclusions, Recommendations and Validation:**

Appraiser judgment prevails in all decisions regarding individual parcel valuation. For each parcel, a value was selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The appraiser determines which available value estimate and methodology is appropriate to individual parcels and may adjust particular parcel characteristics and conditions as they occur in the valuation area. The process and results were reviewed for quality control and administrative purposes by the Senior Appraiser, Marie Ramirez. Management has reviewed the standard statistical measures for valuation performance.

In the 2023 valuation model, the income approach is used to value the majority of the income producing properties, with support from the market sales approach parameters. The income approach also insures greater uniformity and equalization of values. With improving market fundamentals, values by the income method are generally increasing although they sometimes are below the value of the sales. In the case of interim use properties, they might be purchased for investment value or future income rather than the current income stream.

The standard statistical measures of valuation performance are presented in both the 2022 and 2023 Ratio Analysis charts included in this report. Improved sales used for purposes of calculating the Ratio Results originate from a two-year period prior to the Appraisal Date. A list of both improved sales used and those considered not reflective of market are included in subsequent sections.

A preliminary Ratio Study was completed just prior to the application of the 2023 recommended values. This study benchmarks the current assessment level using 2022 posted values. The ratio study completed after application of the 2023 year recommended values determines the

difference new values would have on assessment level and uniformity. Application of the values described above resulted in the following changes under Assessment Level: the Weighted Mean increased from .776 to .974; under Uniformity: the Coefficient of Dispersion decreased from 15.15% to 11.18%, and the Coefficient of Variation, also decreased from 20.11% to 14.93%. The remaining measure of uniformity, the Price-Related Differential, decreased from 1.06 to 1.03. With the application of 2023 recommended values, all indicators fall within normal performance standards for income properties within larger urban jurisdictions, as recommended by the IAAO (International Association of Assessing Officers.) Overall, the indicators reflect an improved Assessment Level and Uniformity over previous levels.

The Assessor has applied the Ratio Model as a sale-based tool for measuring relative appraisal level and parcel equalization. The above Ratio Study results are considered reasonable in view of the frequency pattern exhibited by sales prior to the Appraisal Date, and a ratio sample size good enough to provide statistical significance, particularly in view of the heterogeneous pattern of property characteristics.

The total value for the 2022 assessment year for Specialty Area 500 was \$11,210,956,500 and the total recommended assessed value for the 2023 assessment year is \$13,247,165,400. Application of these recommended values for the 2023 assessment year (taxes payable in 2024) result in a total change from the 2022 assessments of +18.16%.

<b>CHANGE IN TOTAL ASSESSED VALUE</b>			
<b>2022 Total Value</b>	<b>2023 Total Value</b>	<b>\$ Change</b>	<b>% Change</b>
<b>\$ 11,210,956,500</b>	<b>\$ 13,247,165,400</b>	<b>\$ 2,036,208,900</b>	<b>18.16%</b>

# 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 Standard 6. To fully understand this report the reader may need to refer to the Assessor's Property Record Files, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.

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

## Definition and date of value estimate:

### Market Value

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

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

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

### Highest and Best Use

#### **RCW 84.40.030**

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

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

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

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

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

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

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

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

**Date of Value Estimate**

**RCW 84.36.005**

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

**RCW 36.21.080**

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

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

### Property Rights Appraised: Fee Simple

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

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

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

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

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

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

#### **The 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.
- The individuals listed below were part of the "appraisal team" and provided significant real property appraisal assistance to the person signing this certification.
- Any services regarding the subject area performed within the prior three years, as an appraiser or in any other capacity are listed below: Trevor Swedberg, Commercial Appraiser II, Michele Le Compte, Commercial Appraiser II; Marie Ramirez, Senior Appraiser.
- Such duties, responsibilities and services include, but are not limited to physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time and be determined significant or otherwise during the fulfillment of position requirements, and are made part of each real property parcel, is a matter of public record and this certification by reference.



- Any and all activities required under the respective Certificates of Appointment, under sworn oath, appointing these appraisers 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 Senior and Commercial Appraiser II in the management and valuation of Specialty 500, Warehouses with 100,000 net square feet or larger. Such duties, responsibilities, and services include, but are not limited to physical inspection, revalue, appeal response preparation, appeal hearing appearance, data collection, sale verification, new construction evaluation, and any other service which may be required from time to time and be determined significant or otherwise during the fulfillment of position requirements, and are made part of each real property parcel, is a matter of public record and this certification by reference.

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**Trevor Swedberg**

**Date 6/30/2023**

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Specialty Area 500  
2023 Revalue

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

Improved Sales Calc for Area 500 with Sales Used

6/29/2023

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Parcel	Ver. Code	Remarks
500	025	214600	0050	114,531	3096700	\$27,650,000	01/28/21	\$241.42	WAREHOUSE	IM	Warehouse	1	Y	
500	025	219310	0010	473,420	3221029	\$120,000,000	12/15/22	\$253.47	VALLEY DISTRIBUTION CENTER	IL	Warehouse	3	Y	
500	025	242304	9120	223,656	3113768	\$47,500,000	04/26/21	\$212.38	DISTRIBUTING COMPANY	IM	Warehouse	1	Y	
500	025	788890	0130	132,367	3192235	\$34,800,000	05/27/22	\$262.91	warehouse	C/LI	Warehouse	1	Y	
500	035	158060	0095	342,546	3148822	\$67,788,068	09/28/21	\$197.89	CEVA	M1	Warehouse	2	Y	
500	035	242104	9001	238,900	3175567	\$51,076,606	03/01/22	\$213.80	LOGISTICENTER BLDG B	M2	Warehouse	2	70	Building Only; not in ratio
500	045	132204	9218	113,591	3121823	\$22,300,000	05/27/21	\$196.32	FLOFORM BUILDING	I3	Industrial(Gen P	1	Y	
500	045	775980	0130	389,684	3200322	\$106,100,000	07/14/22	\$272.27	HOLMAN DISTRIBUTION CENTE	I3	Warehouse	2	Y	
500	060	617290	0005	327,941	3093335	\$72,600,000	01/08/21	\$221.38	warehouse	IG1 U/85	Warehouse	3	Y	
500	080	389310	0820	125,584	3101985	\$33,750,000	02/23/21	\$268.74	PAR-MAC INDUSTRIAL PARK	TL 10D	Warehouse	1	Y	

Improved Sales Calc for Area 500 with Sales Not Used

6/29/2023

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Present Use	Parcel	Ver. Code	Remarks
500	025	788890	0130	132,367	3174914	\$160,000	02/16/22	\$1.21	warehouse	C/LI	Warehouse	1	68	Non-gov't to gov't
500	025	788890	0152	222,467	3194731	\$260,000	06/10/22	\$1.17	SOUTHCENTER SOUTH INDUSTRIAL PARK	C/LI	Warehouse	2	68	Non-gov't to gov't
500	035	511327	0020	112,138	3177103	\$95,006,209	03/10/22	\$847.23	WAREHOUSE	REC	Warehouse	3	46	Non-representative sale
500	045	022204	9075	820,731	3220853	\$260,100,000	12/15/22	\$316.91	PACIFIC GATEWAY - BLDG 1	I1	Warehouse	9	46	Non-representative sale
500	045	122204	9075	506,350	3155948	\$62,000,000	11/01/21	\$122.44	warehouse	I1	Warehouse	4	46	Non-representative sale
500	060	000180	0113	128,800	3109357	\$21,178,170	04/05/21	\$164.43	BUNGE FOODS	IG1 U/85	Warehouse	1	74	Contamination
500	060	766620	3440	110,613	3183408	\$5,752,035	04/12/22	\$52.00	MACMILLAN-PIPER	IG1 U/85	Warehouse	1	22	Partial interest (1/3, 1/2, etc.)

## SPECIALTY AREA 500 - WAREHOUSES - 2023 PHYSICAL INSPECTION

Spec Area	Spec Nbhd	Major	Minor	PropName	AddrLine
500	60	000180	0113	DAWNE FOODS	6901 FOX AVE S
500	60	032304	9028	ASSOCIATED GROCERS	3301 S NORFOLK ST
500	60	032304	9171	PROLOGIS WAREHOUSE	10450 E MARGINAL WY S
500	60	032304	9194	Encompass	3701 S NORFOLK ST
500	60	032304	9216	ENCOMPASS-BLDG ON -9194 (ECON UNIT)	9801 40TH AVE S
500	60	042304	9186	OXBOW CORPORATE PARK	10600 WEST MARGINAL WAY S
500	60	042304	9189	OXBOW CORPORATE PARK-ECON UNIT WITH -9186	10600 WEST MARGINAL PL S
500	60	149830	3240	LIGHT HOUSE FOR THE BLIND	2501 S PLUM ST
500	60	182404	9020	SEATTLE PARKS AND RECREATION	4201 WEST MARGINAL WAY SW
500	60	182404	9063	Distribution Warehouse	4401 EAST MARGINAL WAY S
500	60	182404	9075	Track 6 Warehouse	3847 1ST AVE S
500	60	192404	9002	WAREHOUSE M-1	5801 EAST MARGINAL WAY S
500	60	200597	0030	DISTRIBUTION WAREHOUSE	
500	60	202404	9014	Fed Ex Terminal	
500	60	202404	9016	FedEx Van Terminal	651 S ALASKA ST
500	60	202404	9018	Fed Ex Terminal	
500	60	202404	9061	Dist Warehouse	770 S MICHIGAN ST
500	60	202404	9067	MULTI TENANT WHSE	5960 1ST AVE S
500	60	213620	0375	STORAGE YARD-ECON UNIT WITH -0695	7101 8TH AVE S
500	60	213620	0695	Distribution Center	660 S OTHELLO ST
500	60	273810	0480	BLDG C NW CORP PARK	703 S FIDALGO ST
500	60	302404	9159	JONES STEVEDORING (PRIMARY PARCEL - ECON UNIT)	7245 WEST MARGINAL WAY S
500	60	302404	9176	JONES STEVEDORING (SUBSIDIARY PARCEL - ECON UN	
500	60	357320	0005	G.S. BUILDING SUPPLY	4727 DENVER AVE S
500	60	357320	0130	warehouse	4746 OHIO AVE S
500	60	357370	0006	WAREHOUSE (FORMER SEARS)	4786 1ST AVE S
500	60	357370	0130	MCKINSTRY MECHANICAL	210 S HUDSON ST
500	60	395890	0851	WAREHOUSE/DISTRIBUTION	4100 4TH AVE S
500	60	395890	1055	ASSOCIATED PARKING (737660-0510 is Primarry)	4101 6TH AVE S
500	60	536720	4080	SEATTLE DISTRIBUTION CENTER	6701 EAST MARGINAL WAY S
500	60	536720	4646	GEORGETOWN CROSSROADS-PROLOGIS	6050 EAST MARGINAL WAY S
500	60	536720	4745	NW CORPORATE PARK	6001 6TH AVE S
500	60	562420	0270	FOOD LIFELINE	815 S 96TH ST
500	60	562420	0290	Riverton Distribution Center-Custom Space	915 S 96TH ST
500	60	617290	0005	warehouse	3800 1ST AVE S
500	60	617290	0010	ESCO IND SVC CTR/SEA-DRU-NAR	3844 1ST AVE S
500	60	617290	0230	SEATTLE PRODUCE TERMINAL-	115 S DAKOTA ST
500	60	617290	0340	VACANT LAND (CHARLIE'S)-ECON UNIT WITH -0230	115 S DAKOTA ST
500	60	737660	0390	UPS WAREHOUSE	4455 7TH AVE S
500	60	737660	0510	PARK SEATTLE 4	4201 6TH AVE S
500	60	766620	3440	MACMILLAN-PIPER	1762 6TH AVE S
500	60	766620	3467	TAYLOR - EDWARDS (6th&Holgate Building)	1930 6TH AVE S
500	60	766620	3530	6TH @ LANDER	2450 6TH AVE S
500	60	766620	4480	PACIFIC COAST FEATHER	1964 4TH AVE S
500	60	766620	4590	GOODWILL/GENSCO INCORPORATED	1703 6TH AVE S
500	60	766620	5807	LAND-ECON WITH 617290-0005	2ND AVE S
500	60	766620	5808	LAND-ECON UNIT 617290-0005	
500	60	766620	6115	MULTI TENANT WAREHOUSE	1900 OCCIDENTAL AVE S
500	60	766620	7175	OUTDOOR RESEARCH	2203 1ST AVE S
500	60	766620	7536	PORT TERMINAL 106 E	4200 EAST MARGINAL WAY S
500	60	766620	7627	HANFORD CENTRAL	26 S HANFORD ST
500	60	766670	3967	PUGET SOUND -terminal 7 B (ECON UNIT W/ 3985)	3518 WEST MARGINAL WAY SW
500	60	766670	3985	ISLAND TUG AND BARGE (ECON UNIT W/ -3967)	3546 WEST MARGINAL WAY SW
500	60	766670	5088	PUGET SOUND FREIGHT LINES-Terminal 7A	3480 WEST MARGINAL WAY SW
500	60	788610	0060	SAFELITE AUTO GLASS/FIELDROAST	4001 6TH AVE S



## 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 500

2023 Assessment Year



**Department of Assessments**