

Appraisal Report

King County International Airport Hangars | Seattle, WA

as of October 3, 2024



Prepared for

Mr. Gil White
King County Real Estate Services, FMD

Prepared by

David Chudzik, Ph.D., MAI, CRE

Megan Manke

KM Job A24-1134

Kidder Mathews

Valuation Advisory Services

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December 6, 2024

Mr. Gil White
King County Real Estate Services, FMD
500 Fourth Ave., Suite 830
Seattle, WA 98104

RE: King County International Airport Hangars
6991 Perimeter Rd. S. & 8700 & 9220 E. Marginal Way S.
Seattle, WA 98108

Dear Mr. White:

At your request, we have prepared a Market Rent Study of the above-referenced property, which is fully described in the attached report. The reader is advised that this appraisal is limited in scope to the extent that the client has requested the appraiser to only provide an opinion of market rent for the subject property as of October 3, 2024, the effective date. In view of the scope limitations, this appraisal report contains minimal detail beyond the intended focus of the analysis.

The subject is six airplane hangar buildings and tiedown ramp space at King County International Airport-Boeing Field in Seattle, WA. Midfield Park Building A contains five box hangars ranging in size from 2,520 sq ft and 2,568 sq ft. Each hangar has an office and a restroom. The building is of metal construction of average quality. Hangars are insulated and have heat. Midfield Airpark Building B contains six box hangars ranging in size from 3,312 sq ft and 3,624 sq ft. Each hangar has an office and a restroom. The building is of metal construction of average quality. Hangars are insulated and have heat. Midfield Park Building C contains eight T-hangars ranging in size from 1,609 sq ft and 1,658 sq ft. The building has a common restroom. The building is of metal construction of low cost quality. Hangars are partially insulated and have heat. Midfield Park Building D contains seven T-hangars that are 1,307 sq ft. The building has a common restroom. The building is of metal construction of low cost quality. Hangars are partially insulated and have heat. Northeast Airpark Building B contains eight T-hangars ranging in size from 1,260 sq ft to 1,308 sq ft. The building has a common restroom. The building is of metal construction of low cost quality. Hangars are not insulated and do not have heat. Southwest Airpark Building D contains eight T-hangars ranging in from 1,671 sq ft to 1,732 sq ft. The building has a common restroom. The building is of metal construction of low cost quality. Hangars are not insulated but do have heat.

We have inspected the subject property and obtained data regarding other similar real estate in the area. This report has been prepared in conformance with the current Uniform Standards of Professional Appraisal Practice (USPAP), as formulated by the Appraisal Foundation. In addition, our services comply with and are subject to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

Mr. Gil White
RE: King County International Airport Hangars
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In this appraisal, a determination of market rent is made for the subject. The intended use of this appraisal is to assist the intended user, King County Real Estate Services, FMD, in determining the market rent for the subject property. This report may not be suitable for other uses.

As a result of our investigation and analysis, we have concluded on the following market rent values, subject to the limiting conditions and assumptions contained herein:

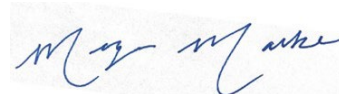
MARKET RENT CONCLUSIONS

Hangar	Area (Sq Ft)	Monthly Rate
Midfield Airpark - Building A	2,520 - 2,568	\$3,816
Midfield Airpark - Building B	3,312 - 3, 624	\$5,202
Midfield Airpark - Building C	1,609 - 1,658	\$1,361
Midfield Airpark - Building D	1,307	\$1,089
Northeast Airpark - Building B	1,260 - 1,308	\$1,070
Southwest Airpark - Building D	1,671 - 1,732	\$1,418
Tiedown Ramp Space	NA	\$190

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'David Chudzik'.

David Chudzik, Ph.D., MAI, CRE
State-Certified General Real Estate
Appraiser #1102099

A handwritten signature in blue ink, appearing to read 'Megan Manke'.

Megan Manke
State-Certified General Real Estate
Appraiser #24016845

DMC-MNM/ds

Certification

We certify that, to the best of our knowledge and belief:

- 1) The statements of fact contained in this report are true and correct.
- 2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3) We 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.
- 4) We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) Our compensation for completing this assignment is not contingent upon the development or reporting of a 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.
- 7) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- 8) We made a personal inspection of the property that is the subject of this report.
- 9) We have not provided professional appraisal or consulting services concerning the subject property in the past three years.
- 10) No one provided significant real property appraisal assistance to the people signing this certification.
- 11) The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the reporting requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989.
- 12) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 13) As of the date of this report, David Chudzik, Ph.D., MAI, CRE, has completed the program for Designated Members of the Appraisal Institute, and Megan Manke, Candidate for Designation, has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Candidates for Designation.



David Chudzik, Ph.D., MAI, CRE
State-Certified General Real Estate
Appraiser #1102099



Megan Manke
State-Certified General Real Estate
Appraiser #240165845

Limiting Conditions

Limiting conditions specific to this appraisal are:

- 1) Physical dimensions for the property were taken from public records or from information provided, and the appraisers assume no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property.
- 2) We are assuming that there are no hidden or unapparent conditions of the property, subsoil, or structures (including asbestos, soil contamination, or unknown environmental factors) that render it more or less valuable. No responsibility is assumed for such conditions or for arranging the studies that may be required to discover them.
- 3) No responsibility is assumed for the legal description or for matters including legal or title considerations.
- 4) The information identified in this report as being furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 5) The appraisers are not required to give testimony or attendance in court by reason of this appraisal unless arrangements have previously been made.
- 6) The allocation of total value to land, buildings, or any fractional part or interest as shown in this report, is invalidated if used separately in conjunction with any other appraisal.
- 7) Valuation Advisory Services is a subsidiary of Kidder Mathews, a full service commercial real estate brokerage firm. On occasion, employees or agents of the firm have interests in the property being appraised. When present, interests have been disclosed, and the report has been made absent of any influence from these parties.

RESTRICTION UPON DISCLOSURE & USE:

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the appraisers. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus or registration without the prior written consent of the appraisers.

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ADDENDUM

 Engagement Letter

 Appraisers' Experience Data

Summary of Appraisal

Summary of Appraisal

Identity of Property

King County International Airport Hangars
6991 Perimeter Rd. S. & 8700 & 9220 E. Marginal Way S.
Seattle, WA 98108

Property Description

The subject is six airplane hangar buildings and tiedown ramp space located at King County International Airport-Boeing Field in Seattle, WA. Midfield Airpark Building A is a 13,500 sq ft metal framed hangar with five bays. It was constructed in 2003. Each bay ranges in size from 2,520 sq ft to 2,568 sq ft. The bays are 47 ft 4 in deep. Hangar doors are 53 ft wide and 17 ft tall. These are manual doors. The bays are insulated and heated by space heaters. Each bay has a small office and bathroom. Hangar lighting is provided by open fluorescent luminaires. Flooring is concrete.

Midfield Airpark Building B is a 21,660 sq ft metal framed hangar with six bays. It was constructed in 2003. Each bay ranges in size from 3,312 sq ft to 3,624 sq ft. The bays are 55 ft 10 in deep. Hangar doors are 59 ft wide and 18 ft 9 in tall. These are manual doors. The bays are insulated and heated by space heaters. Each bay has a small office and bathroom. Hangar lighting is provided by open fluorescent luminaires. Flooring is concrete.

Midfield Airpark Building C is a 15,360 sq ft metal framed hangar with eight bays. It was constructed in 2003. Each bay ranges in size from 1,609 sq ft to 1,658 sq ft. The bays are 44 ft 8 in deep. Hangar doors are 53 ft 6 in wide and 16 ft tall. These are manual doors. The bays are partially insulated and heated by space heaters. Hangar lighting is provided by open fluorescent luminaires. Flooring is concrete. The building has a common bathroom.

Midfield Airpark Building D is a 11,064 sq ft metal framed hangar with seven bays. It was constructed in 2003. Each bay is 1,307 sq ft. The bays are 37 ft 6 in deep. Hangar doors are 45 ft wide and 16 ft tall. These are manual doors. The bays are partially insulated and heated by space heaters. Hangar lighting is provided by open fluorescent luminaires. Flooring is concrete. The building has a common bathroom.

Northeast Airpark Building B is a 12,165 sq ft metal framed hangar with eight bays. It was constructed in 2000. Each bay ranges in size from 1,260 sq ft to 1,308 sq ft. The bays are 37 ft 6 in deep. Hangar doors are

44 ft wide and 14 ft 4 in tall. These are manual doors. The bays are not insulated and not heated. Hangar lighting is provided by open fluorescent luminaires. Flooring is concrete. The building has a common bathroom.

Southwest Airpark Building D is a 14,400 sq ft metal framed hangar with twenty-two bays. It was constructed in 1987. Each bay ranges in size from 1,671 sq ft to 1,732 sq ft. The bays are 44 ft 8 in deep. Hangar doors are 53 ft 3 in wide and 15 ft tall. These are manual doors. The bays are not insulated but are heated by space heaters. Hangar lighting is provided by open fluorescent luminaires. Flooring is concrete. The building has a common bathroom.

The appraisal includes 16 tiedowns at the Midfield Airpark, 54 tiedowns at the Northeast Airpark, and 37 tiedowns at the Southwest Airpark.

The site is a portion of a much larger 590.75-acre parcel that encompasses most of the airport. Zoning is MIC/H by the City of Tukwila and MML U/85 by the City of Seattle, but the site is also subject to Part 77 FAA regulations.

Extraordinary Assumption	None
Hypothetical Condition	None
Scope	Market rent study
Intended User/Use of Appraisal	The intended use of this assessment is for internal decision-making purposes by King County Real Estate Services, FMD.

Market Rent Conclusion

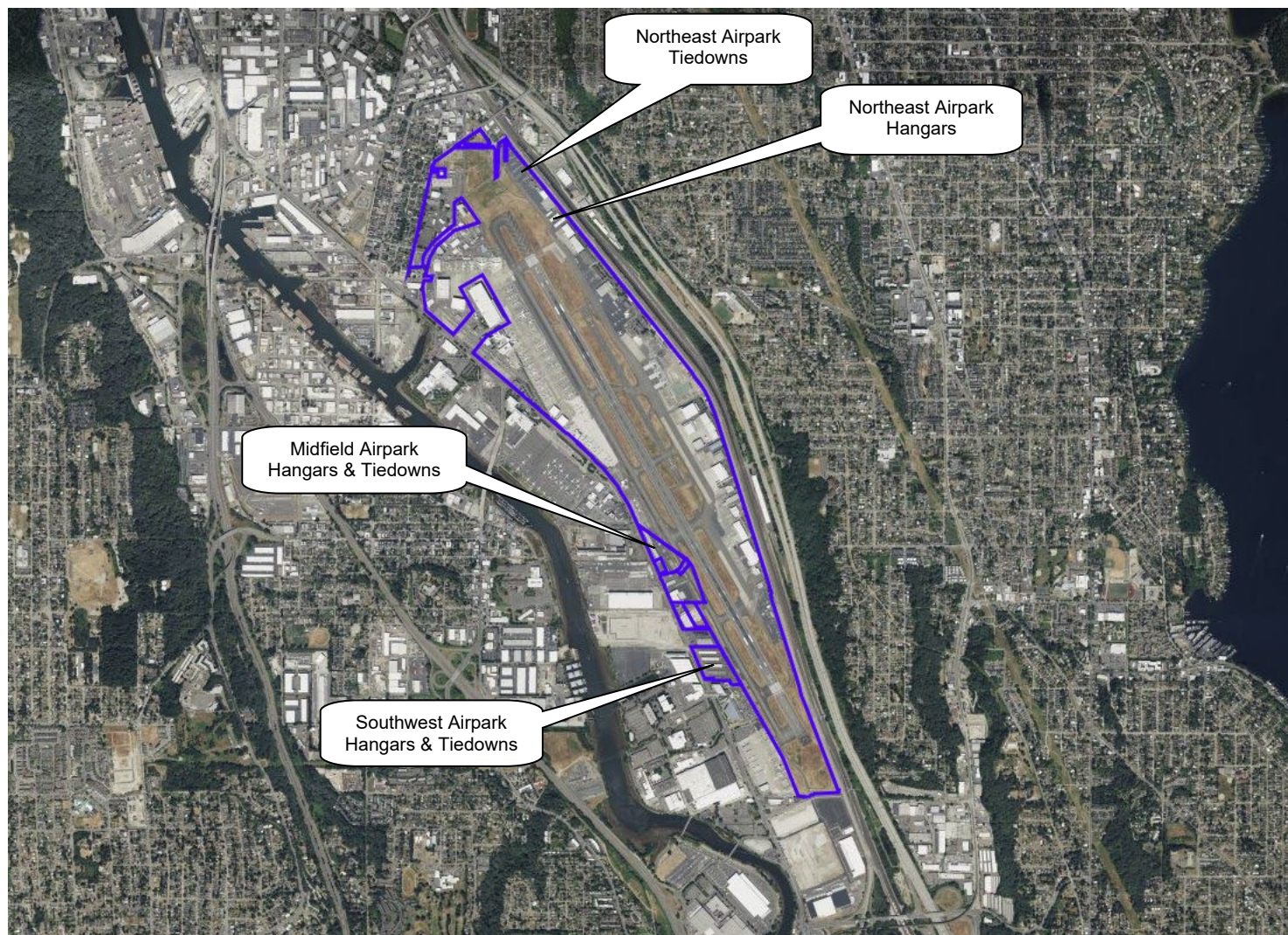
MARKET RENT CONCLUSIONS

Hangar	Area (Sq Ft)	Monthly Rate
Midfield Airpark - Building A	2,520 - 2,568	\$3,816
Midfield Airpark - Building B	3,312 - 3, 624	\$5,202
Midfield Airpark - Building C	1,609 - 1,658	\$1,361
Midfield Airpark - Building D	1,307	\$1,089
Northeast Airpark - Building B	1,260 - 1,308	\$1,070
Southwest Airpark - Building D	1,671 - 1,732	\$1,418
Tiedown Ramp Space	NA	\$190

Date of Report	December 6, 2024
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Date of Inspection October 3, 2024

**Effective Date of
Appraisal** October 3, 2024



Aerial Photograph (North is Up, Boundaries are Approximate)

Subject Photographs

Exterior view of Midfield Airpark
Building A



Typical hangar in Midfield
Airpark Building A



Typical hangar office in Midfield
Airpark Building A



Subject Photographs

Typical hangar bathroom in
Midfield Airpark Building A



Exterior view of Midfield Airpark
Building B



Typical hangar in Midfield
Airpark Building B



Subject Photographs

Typical hangar office in Midfield
Airpark Building B



Typical hangar bathroom in
Midfield Airpark Building B



Exterior view of Midfield Airpark
Building C



Subject Photographs

Typical hangar in Midfield
Airpark Building C



Exterior view of Midfield Airpark
Building D



Typical hangar in Midfield
Airpark Building D



Subject Photographs

Midfield Airpark Tiedowns



Midfield Airpark Tiedowns



Exterior view of Northeast
Airpark Building B



Subject Photographs

Typical hangar in Northeast
Airpark Building B



Northeast Airpark Tiedowns



Northeast Airpark Tiedowns



Subject Photographs

Exterior view of Southwest
Airpark Building D



Typical hangar in Southwest
Airpark Building D



Southwest Airpark Tiedowns



Subject Photographs

Southwest Airpark Tiedowns



Introduction

Introduction

Identity of Property The subject is six airplane hangar buildings and 107 tiedown ramp spaces at King County International Airport-Boeing Field in Seattle, WA.

ADDRESS 6991 Perimeter Rd. S. & 8700 & 9220 E. Marginal Way S.
Seattle, WA 98108

**ASSESSOR'S TAX
PARCEL NUMBERS** The subject includes a portion of the following King County tax parcel numbers:

000160-0049
000160-0019
000740-0032
282404-9007
542260-0124

**LEGAL
DESCRIPTION** The subject's abbreviated legal descriptions are as follows:

Parcel 000160-0049

BUCKLEY JOHN-D C # 42 & 45 POR OF BUCKLEY D C BEG NE COR OF D C TH S 825 FT TO N LN OF TR FORMERLY OWNED BY THOMAS BURNS TH S 89-39-42 W 311.04 FT TO NELY LN OF E MARGINAL WAY TH S 54-14-57 E ALG SWLY LN OF BOEING FIELD TO NXN WITH A LN 500 FT WLY OF MEAS AT R/A & PLW C/L OF MAIN RUNWAY OF SD FIELD & TPOB TH S 54-14-57 E TO NXN WITH MDR LN OF LEFT BANK OF DUWAMISH RIVER TH S 05-07-23 W 23.91 FT TH S 39-00-09 W 182.72 FT TH S 55-40-44 W 125.93 FT TH S 76-12-02 W 176.08 FT TH S 86-33-36 W 81.95 FT TH NWLY ALG SD RD MGN 995.05 FT TO THE N LN OF TR TH S 54-14-57 E ALG SWLY LN OF BOEING FIELD TPOB LESS POR BEG ON NELY MGN OF EAST MARGINAL WAY AT A PT 825 FT DUE S ON N LN OF D C TH SELY ALG SD E MARGINAL WAY 984.05 FT TO TPOB TH N 66-18-57 E 149 FT TH N 23-41-03 W 259 FT TH S 66-18-57 W TO E MGN OF E MARGINAL WY TH SELY ALG SD MGN TO TPOB

Parcel 000160-0019

BUCKLEY JOHN-D C # 42 & 45 BEG ON NELY MGN OF EAST MARGINAL WAY AT A PT 825 FT DUE S ON N LINE OF D C TH SELY ALG SD E MARGINAL WAY 984.05 FT TO TPOB TH N 66-18-57 E 149

FT TH N 23-41-03 W 259 FT TH S 66-18-57 W TO E MGN OF E
MARGINAL WY TH SELY ALG SD MGN TO TPOB

Parcel 000740-0032

VAN ASSELT H-D C # 50 POR OF D C LY ELY OF E MARGINAL WAY &
WLY OF LN BEG AT PT ON N LN OF MCNATTS D C 1749 FT W OF E
LN OF SEC 33-24-04 TH W 610.26 FT TO E LN MARGINAL WY TH N
23-42-45 W 542.00 FT TH N 86-33-36 E 81.95 FT TH N 76-12-02 E
176.08 FT TH N 55-40-44 E 66.05 FT TH S 40-29-29 E 101.88 FT TH N
43-22-31 E 260.15 FT TH N 09-22-05 E 64.00 FT TH S 35-53-15 E 104.88
FT TH S 19-03-01 E 693.06 FT TO BEG TGW TRIANGLE STRIP IN TR 4
DAVIS MEADOWS TRS BEG AT SW COR TH N 19-03-01 W 4 FT TH
SELY TAP ON N BNDRY OF MCNATT D C 50 FT E OF BEG TH W 50 FT
TO BEG

Parcel 282404-9007

POR OF SECS 20-24-04 & 28-24-04 & 29-24-04 & 33-24-04 & 34-24-04 &
03-23-04 & 04-23-04 TGW PORS OF DAVIS MEADOW TRACTS &
ELIZABETH ADD & VAC FAIRGROUNDS ADD & HORTONS 1ST SUBD
OF GEORGETOWN & THE MEADOWS TRACTS & QUEEN ADD &
QUEEN ADD SUPL - TGW PORS OF FOLG DONATION LAND CLAIMS -
JOHN BUCKELY #42 & LUTHER M COLLINS #46 & TIMOTHY GROW
#44 & #48 & SAMUEL A MAPLE #49 & FRANCIS MCNATT #38 &
HENRY VAN ASSELT #50 TGW POR OF FILLED BED OF DUWAMISH
RIVER OF -- BAAP OF NXN BTWN WLY MGN OF AIRPORT WAY
SOUTH & SELY LN OF SD QUEEN ADD SUPL TH IN A GENERALLY
SWLY DIRECTION ALG SD SELY LN TO SW COR TRACT A SD QUEEN
ADD SUPL & SLY EXTN OF E LN OF W 1/2 SD LUTHER M COLLINS D
L C TH S ALG SD SLY EXTN TO SLY LN OF NLY 1/2 OF SD FILLED
BED OF DUWAMISH RIVER TH SWLY ALG SD SLY LN TO ELY MGN
OF EAST MARGINAL WAY SOUTH TH CONT SELY ALG SD ELY MGN
TO NXN WITH A LN PLT AND 825.00 FT S OF N LN OF JOHN
BUCKLEY D L C #42 TH S 54-14-57 E TO ELY MGN OF FILLED BED OF
DUWAMISH RIVER TH S 35-49-39 E 104.93 FT TO NLY EXTN OF WLY
LN OF DAVIS MEADOW TRATS TH SLY ALG SD WLY LN TO N LN OF
TRACT 8 OF THE MEADOWS TRACTS TH WLY ALG SD N LN N 89-16-
16 W 197.97 FT TH S 29-52-38 E 520.79 FT TH N 89-58-17 W 230.59 FT
TH N 29-52-38 W 524.20 FT TH N 89-16-16 W 179.98 FT TO ELY MGN
OF EAST MARGINAL WAY SOUTH TH SLY ALG SD ELY MGN TO SLY
LN OF TRACT 7 OF SD MEADOWS TRACTS TH ELY ALG SD S LN A
DIST OF 474.62 FT TH S 29-52-38 E A DIST OF 2695.00 FT MORE OR

LESS TH S 21-20-38 E TO N LN OF NORFOLK ST (CITY OF SEATTLE R/W) TH ELY ALG N MGN OF SD R/W TO EAST LN OF SECTION 04-23-04 TH CONT ELY & NELY ALG SD N MGN TO WLY MGN OF AIRPORT WAY SOUTH EXTN TH NWLY ALG SD WLY MGN TO P O B -- LESS POR OF SECTIONS 28-24-04 & 29-24-04 DAF - BEG AT 1/4 COR COMMON TO SD SECTIONS TH S ALG SEC LN 575.27 FT TO TPOB TH S 28-42-05 E 199.26 FT TH S 61-17-55 W 464.00 FT TH S 40-59-48 W TO NELY MGN OF EAST MARGINAL WAY SOUTH TH NWLY ALG SD MGN 492.927 FT TH N 40-59-48 E 569.836 FT TH N 28-42-05 W 483.276 FT TH N 61-17-55 E 187.06 FT TO NXN WITH E & W C/L OF SD SEC 29 TH CONT N 61-17-55 E 276.94 FT TH S 28-42-05 E 151.09 FT TO NXN WITH SD C/L TH CONT S 28-42-05 E 654.90 FT TO TPOB LESS TRIANGLE STRIP IN TRACT 4 OF DAVIS MEADOWS TRS-BEG AT SW COR TH N 19-03-01 W 4.00 FT TH SELY TAP ON N BDRY OF MCNATT D L C 50.00 FT E OF BEG TH W 50.00 FT TO BEG --- SUBJ TO FORMER TRANS LN R/W - TGW POR BLKS 1 & 2 & 5 & 6 & 9 & 12 OF QUEEN ADD LY SELY OF SOUTH ALBRO PLACE & VAC STS & ALLEYS ADJ LESS STS - TGW POR LOT 5 BLK 6 SD QUEEN ADD LY NWLY OF S ALBRO PL - TGW ENTIRE REPLAT OF QUEEN ADD SUPL & VAC STS ADJ LESS C/M RGTS OVER POR LOT 1 BLK 5 SD QUEEN ADD LY NELY OF A LN FR PT 16.47 FT WEST OF NE COR TO PT 24.32 FT S OF NE COR LESS C/M RGTS OVER LOTS 5-13 BLK 6 OF SD QUEEN ADD - LESS C/M RGTS OVER POR LOT 36 BLK 9 OF SD QUEEN ADD LY SWLY OF LN RNG FR PT 10.12 FT N OF SW COR SD LOT 36 TAP 6.85 FT E OF SD SW COR - LESS C/M RGTS OVER LOTS 1-13 & OVER LOTS 26-29 & OVER POR OF LOT 25 BLK 10 OF SD QUEEN ADD SUPL LY N OF LN - BEG ON EAST LN OF SD LOT 25 A DIST OF 1.56 FT N OF SE COR TH NWLY TAP ON N LN OF S 10.00 FT OF SD LOT 108.28 FT E OF W LN TH W PLW S LN 108.28 FT TO W LN OF SD LOT 25 - LESS POR TRACTS A B C & D SD QUEEN ADD SUPL & VAC ST ADJ & NLY 1/2 SD FILLED BED OF DUWAMISH RIVER DAF - BAAP ON NWLY LN SD TR B 100.00 FT SWLY FR MOST NLY COR TH S 33-36-10 E TO SLY LN SD NLY 1/2 TH SWLY ALG SD SLY LN TO E LN W 1/2 SD COLLINS D L C TH N ALG SD E LN TO NXN WITH C/L OF VAC SOUTH GREELY STREET TH NELY ALG SD C/L TAP N 33-36-10 W OF BEG TH S 33-36-10 E 30.00 FT TO BEG TGW POR W 1/2 SD COLLINS D L C LY ELY OF ELLIS AVENUE SOUTH (MABLE STREET) SLY OF ELIZABETH ADD & LY NLY OF TRACT DEEDED TO CITY OF SEATTLE BY ORD NO 38426 TGW POR SEC 29-24-04 LY ELY OF SD D L C & LY WLY OF WLY & NLY SHORELINE OF SD FILLED RIVER BED TGW POR SD HORTONS 1ST SOUTH ALBRO PLACE & VAC ST ADJ TGW BLK 1 & LOTS 1-6 & LOTS 11-15 BLK 2 OF SD ELIZABETH ADD & VAC POR SOUTH ELIZABETH ST ADJ

Parcel 542260-0124

THAT PORTION OF THE SE QTR OF SEC 33 TWP 24 N R 4 E WM IN KING COUNTY WA DESC AS FOLLOWS BEG AT THE NXN OF THE E MGN OF E MARGINAL WY S AND THE S LN OF SD SEC 33 TH N 22-31-55 W ALG SD ELY MGN A DIST OF 997.62 FT TO THE TPOB TH DEPARTING SD MGN S 87-49-39 E A DIST OF 77.07 FT TH N 22-49-02 W A DIST OF 23.50 FT TH S 87-49-39 E A DIST OF 89.83 FT TH S 02-11-39 W A DIST OF 42.19 FT TH S 88-43-46 E A DIST OF 290.49 FT TH S 28-43-46 E A DIST OF 89.25 FT TH S 88-18-47 E A DIST OF 164.78 FT TO A LN THAT IS 500 FT FM AN PLW THE C/L OF RUNWAY 13R-31L TH ALG SD LN N 28 43 34 W A DIST OF 779.60 FT TH N 88 52 39 E A DIST OF 519.05 FT TO THE ELY MGN OF E MARGINAL WY S TH ALG SD MGN S 22 31 55 E 625.17 FT TO THE TPOB PER CITY OF TUK BLA ADJ NO L02-058 REC NO 20030115900002 SD BLA BEING A POR OF THE S 1/2 OF SE QTR IN SEC 33 24 04

Ownership History The subject land is owned by King County and considered part of the King County International Airport-Boeing Field.

Purpose of Appraisal The purpose of this appraisal is to estimate market rent the subject property. The term "Market Rent" is defined as:

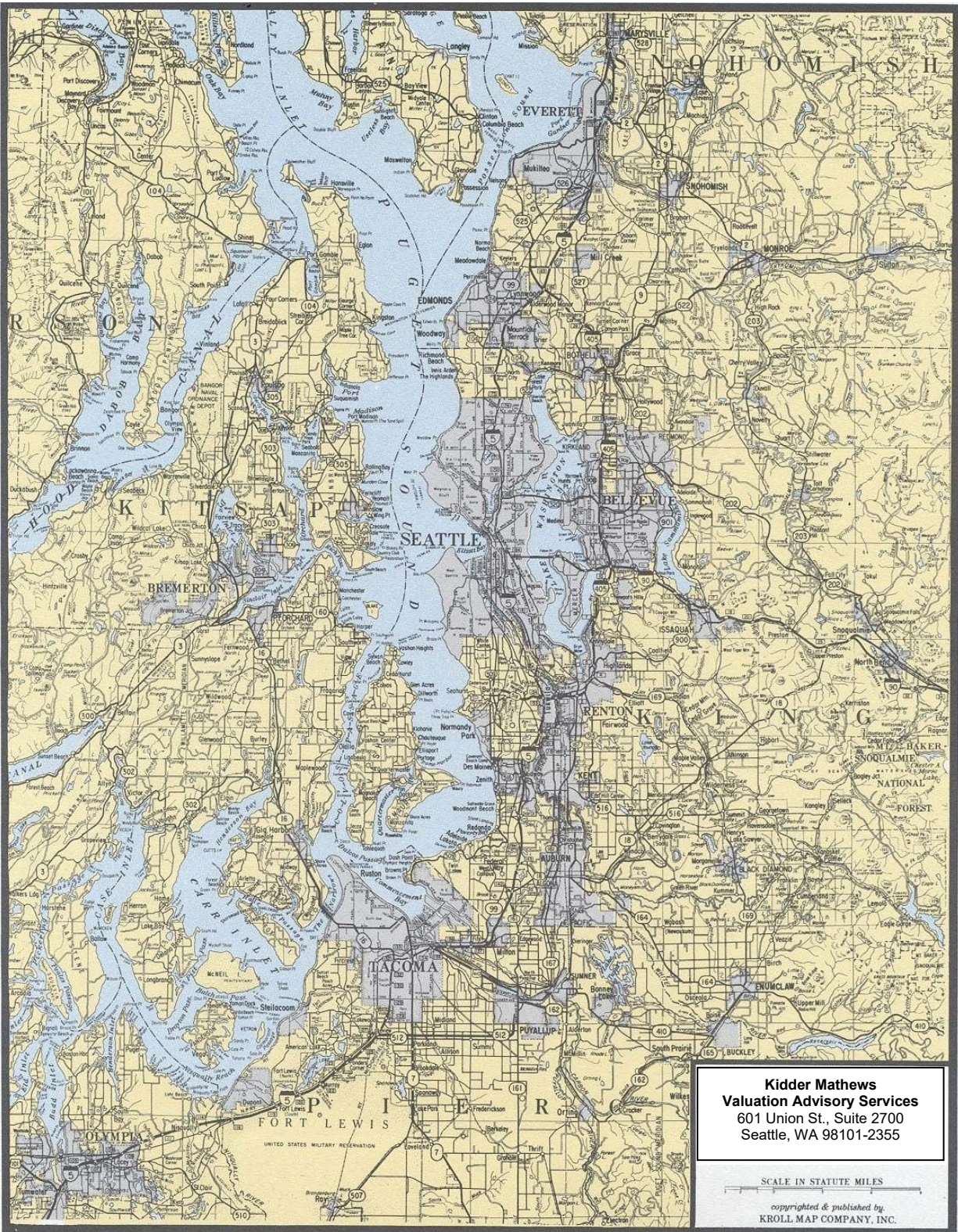
The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

- *Lessee and lessor are typically motivated;*
- *Both parties are well informed or well advised, and acting in what they consider their best interests;*
- *Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and*
- *The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).*

Source: Dictionary of Real Estate Appraisal, 7th Edition, 2022

Scope of Appraisal	This report has been prepared in conformance with the current Uniform Standards of Professional Appraisal Practice (USPAP). In addition, our services comply with and are subject to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. In this appraisal, we have estimated the market rent for the subject. It is presented as a comprehensive appraisal report. The subject was inspected on October 3, 2024. Research included both general and specific data. Sources of general data included in the market trends and neighborhood description are obtained from various sources that include Kidder Mathews field investigation, as well as information from various private organizations and governmental resources. Specific data concerning the subject were obtained from various sources, including the property contact. Rent rates were researched at similar properties in the Puget Sound and the surrounding areas. All of the rental data were confirmed with a party involved in the transaction and/or through private sources or public records.
Extraordinary Assumption	None
Hypothetical Condition	None
Intended User/Use of Appraisal	The intended use of this assessment is for internal decision-making purposes by King County Real Estate Services, FMD.
Date of Report	December 6, 2024
Date of Inspection	October 3, 2024
Effective Date of Appraisal	October 3, 2024

Market Overview



Regional Map

Regional Overview

Introduction

The Puget Sound region comprises King, Kitsap, Pierce, Snohomish, and Thurston Counties. King County has the largest population and employment base with growth in technology driven by Amazon, Microsoft, Facebook, and Google. King County has the region's largest airport, largest university, and the second largest port. Snohomish County includes Boeing's largest manufacturing facility but has downsized and a Navy Homeport in Everett. Pierce County includes the region's largest port and its largest military base. Kitsap County has significant military bases. Thurston County has significant government employment.

Regional Overview

The Puget Sound region has been one of the best performing areas in the nation. Even with employment decline in 2020 and more recent decline, the regional employment growth was nearly 420,000 jobs in the last ten years, an average of 2.2% per year, outpacing population growth.

Regional and National Economic Indicators									Forecast		
Annual Change	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Puget Sound Region											
Employment	3.2%	2.4%	2.3%	2.3%	-5.0%	1.6%	4.3%	1.2%	0.3%	1.1%	1.6%
Personal Income	4.7%	5.6%	6.1%	4.5%	5.8%	8.5%	2.1%	2.8%	5.7%	7.4%	5.5%
Consumer Price Index	2.2%	3.0%	3.2%	2.6%	1.7%	4.7%	8.9%	5.3%	2.7%	2.5%	2.2%
Housing Permits	-4.5%	7.3%	-6.1%	4.4%	-6.8%	28.3%	-13.3%	-29.4%	16.4%	20.7%	7.7%
Population	1.7%	1.5%	1.4%	1.3%	1.3%	0.8%	1.1%	0.7%	1.3%	1.5%	1.6%
United States											
Employment	1.8%	1.6%	1.6%	1.4%	-5.7%	2.7%	4.3%	2.4%	0.3%	0.2%	0.4%
Personal Income	2.8%	4.9%	5.3%	3.9%	6.3%	7.5%	2.0%	5.2%	6.5%	5.3%	4.0%
Consumer Price Index	1.3%	2.1%	2.4%	1.8%	1.3%	4.7%	8.0%	4.1%	3.1%	2.5%	2.0%

Source: *The Puget Sound Economic Forecaster*, June 2024

Growth has been driven by technology, and by Amazon which is now the largest employer in the region. From 2012 through early 2020, the region enjoyed a strong economy. In 2020, the world, national, and regional economies faced the unprecedented challenge of the Covid-19 pandemic. Lodging, travel, leisure, and retail sectors saw employment reduction. In 2022, employment increased and actually surpassed the pre-Covid peak.

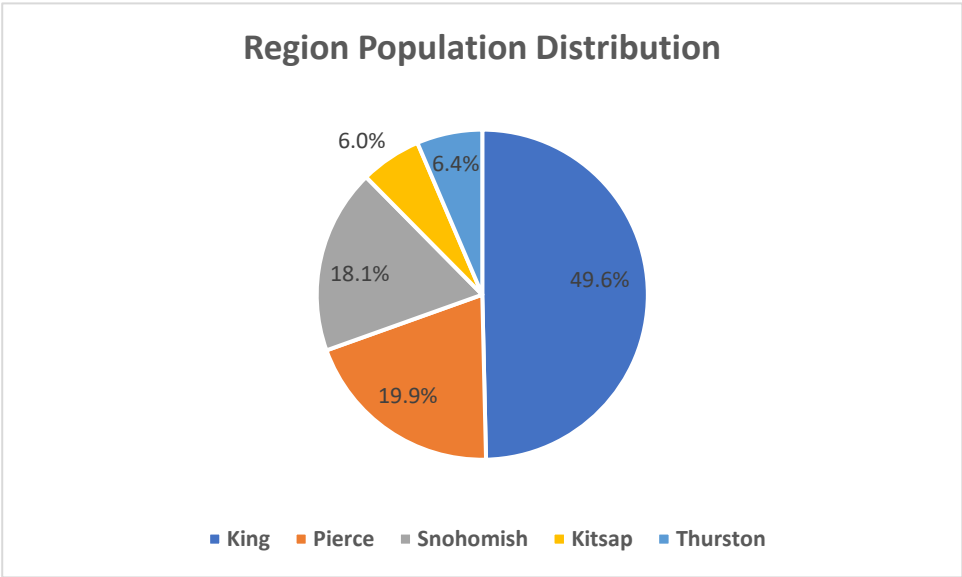
The Puget Sound Economic Forecaster is the longest running and primary source of regional data in the market. It is produced by Western Washington University. The June 2024 report includes the latest estimates for employment, personal income, and housing starts. The forecast for 2024 is employment growth of only 5,700 jobs or 0.3% compared to their previous forecast of 16,400 new jobs or 0.7%. The increase is expected in Other Services (+10,000 jobs) and Government

(+8,000 jobs), while losses are expected in Wholesale/Retail Trade (-8,500 jobs), Information (-2,700 jobs) and Manufacturing (11,600 jobs). Looking beyond 2024, employment growth is projected to be slightly better at 1.1% and 1.6% in 2025.

During 2022, the mean consumer price index (CPI) rose 8.9%, up from 4.7% in 2021 and 1.7% in 2020. To combat inflation, the Federal Reserve signalized tighter monetary policy. In 2022 and 2023, the Federal Reserve raised the interest rate 11 times in an effort to cool off inflation. The result is the inflation rate in 2023 was lower at 5.3%. In 2024, the inflation is projected to be much lower at 2.7%. The higher interest rates have flowed into economic activity from car purchases to real estate. The stock market continues to be volatile with the S&P 500 down 19.44% in 2022, but up 25% in 2023 and also up 18% at mid-2024. The tech-heavy Nasdaq was down 33% in a bear market in 2022 but was up 44.7% in 2023 and up 22.56% mid-2024. With the volatility of the markets, some investment capital has shifted somewhat more to real estate, but that is met with challenges given very little product has sold and capitalization rates are up due to higher interest rates.

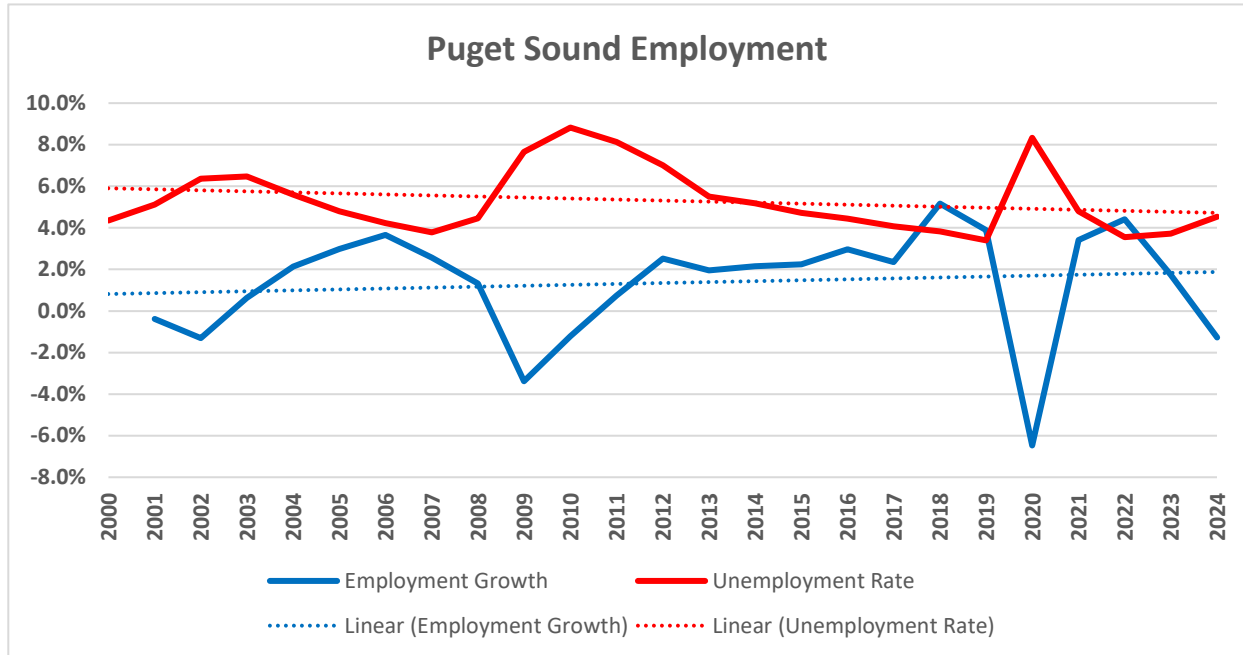
Population

For the past 40 years, the population of Washington has grown nearly 20% per decade. The five counties that comprise the Central Puget Sound Region account for nearly 60% of Washington's 2024 population of 8,035,700. Since 2020, the region's growth has been slower at 1.1% per year. The major change has been declining in-migration. That is tied directly to the slowing job growth (particularly during Covid) and cost of living increases.



Employment

As of May 2024, regional employment is down from the year-end 2023 high. The average annual unemployment has inched up at 4.5% compared to 3.7% from 2023.



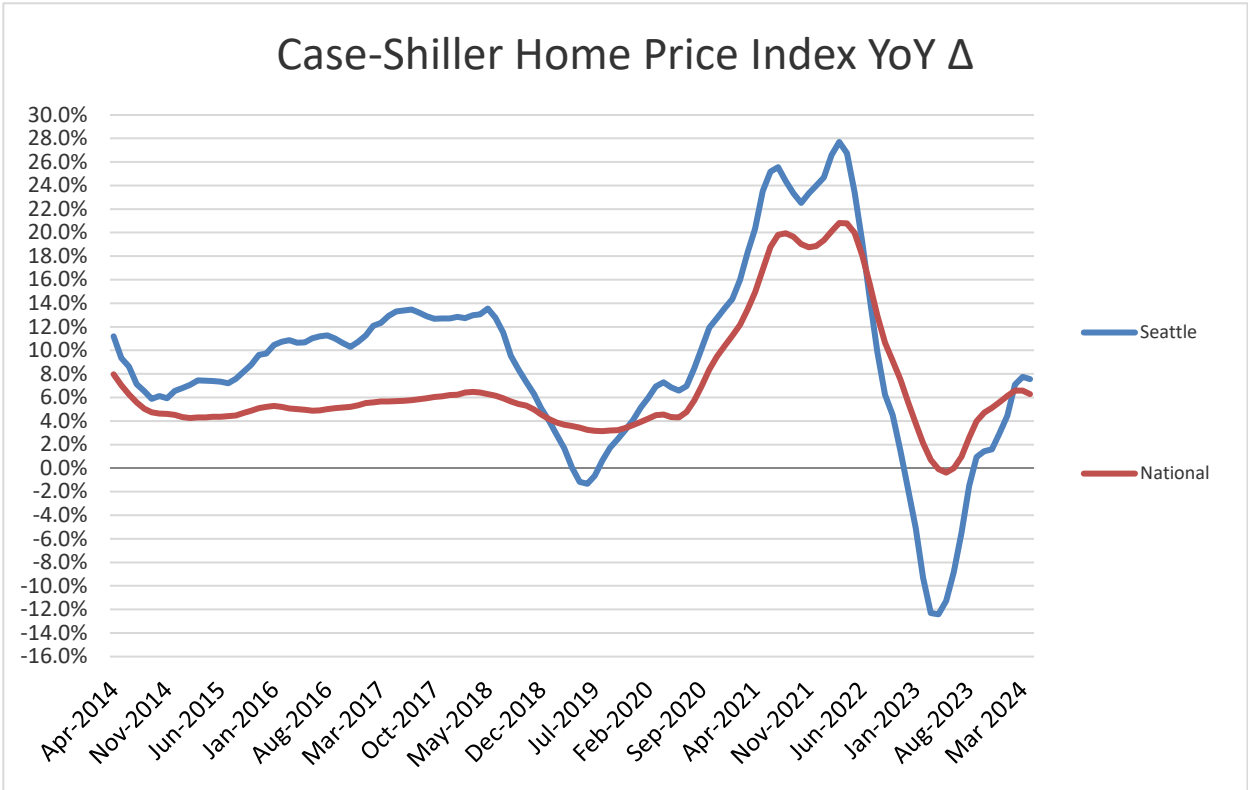
Over the past 10 years, Amazon has been the biggest single contributor to employment growth with over 87,000 employees in the state and about 50,000 in the Seattle and 12,000 in Bellevue. So far as of the 1st quarter 2024, companywide, Amazon has reduced their workforce from 1.525MM to 1.521MM. In Seattle, total employment now stands at about 50,000 compared to 60,000 in 2020. Amazon supercharged the Seattle tech hub that now includes significant local expansions by Facebook, Google, Tableau, Zillow, Apple, eBay, and Alibaba, in both Seattle and the Eastside. The tech industry accounts for nearly 30% of the local economy. That said, there have been layoffs, including Microsoft and Amazon and other Seattle area startups as venture capital dollars dried up.

Microsoft has 53,576 employees in Washington State as of 2022 (latest available data), about 45% of its U.S. total of 120,000, and 24% of its worldwide total of 221,000. The 500-acre Microsoft Headquarters campus in Redmond includes over 10MM sq ft in 80 buildings. Microsoft is overhauling and expanding its main campus in a multi-year project that started in 2019. Over five to seven years, the company plans 18 new buildings on the campus. The expansion will add about 1.3MM sq ft, room for an additional 8,000 employees. Despite the expansion, Microsoft laid

off about 3,000 workers locally in 2023. After several years of declining employment in Washington, Boeing’s workforce in Washington grew by 6,553 in 2023 and now stands at 66,792 workers, still shy of the pre-pandemic count of 71,829. Most of these employees are in King, Snohomish, and Pierce Counties. The company has seen improvement since resolving issues on the 737 Max and recovering from lack of travel demand due to the pandemic, although the recent grounding due to the mid-air blowout of a fuselage panel on January 5, 2024, is not going to help.

Regional Housing Market

Home values in the region have steadily increased over the last ten years, with demand outpacing supply and mortgage rates at historic lows. The Covid-19 pandemic did not have a negative impact on housing, as a percentage of apartment renters have moved to home ownership. With long-term employment growth and barriers to supply (geographic and government), housing values have appreciated strongly in the region, outpacing the national rate of appreciation. That said, since May 2022 interest rates have been on the rise, and we have seen home prices come down, a trend that continued through February 2023 before starting to rise again through August 2023, and then declined from September 2023 through January 2024 before starting to rise again.



Standard & Poor's Case-Shiller Index has increased 134.1% for the Seattle market over the last ten years, with average year-over-year increases in the monthly index of 9.1%. For this same period, the national 20 city composite index increased 96.6%, with an average annual increase for the monthly index of 7.1%.

Housing-permit activity is the sum of single and multifamily markets. It increased by 23.5% in 2015, and then dropped by 4.5% in 2016. Activity picked back up in 2017, increasing by 7.3%, but dropped again by -6.1% in 2018 and was up 3.6% in 2019, 8.1% in 2020, and 28.3% in 2021 according to the Puget Sound Economic Forecaster. Activity declined again in both 2022 (-13.3%) and 2023 (-29.4%) but is expected to increase 16.4% in 2024 and 20.7% in 2025. Most of this high variability comes from the multifamily segment. With increases in vacancy, apartment development has slowed. Single-family developers have been disciplined; however, the housing market is now finding older households sizing down at the same time the millennial generation is entering the market as first-time buyers.

Commercial Real Estate Markets

With strong employment growth, the region has been a top national investment market. Class A core apartments, industrial, and retail properties are all high on the institutional buyers' list, while the office market with rising vacancies and lack of demand is not.

Vacancy Rates - Q2 2024

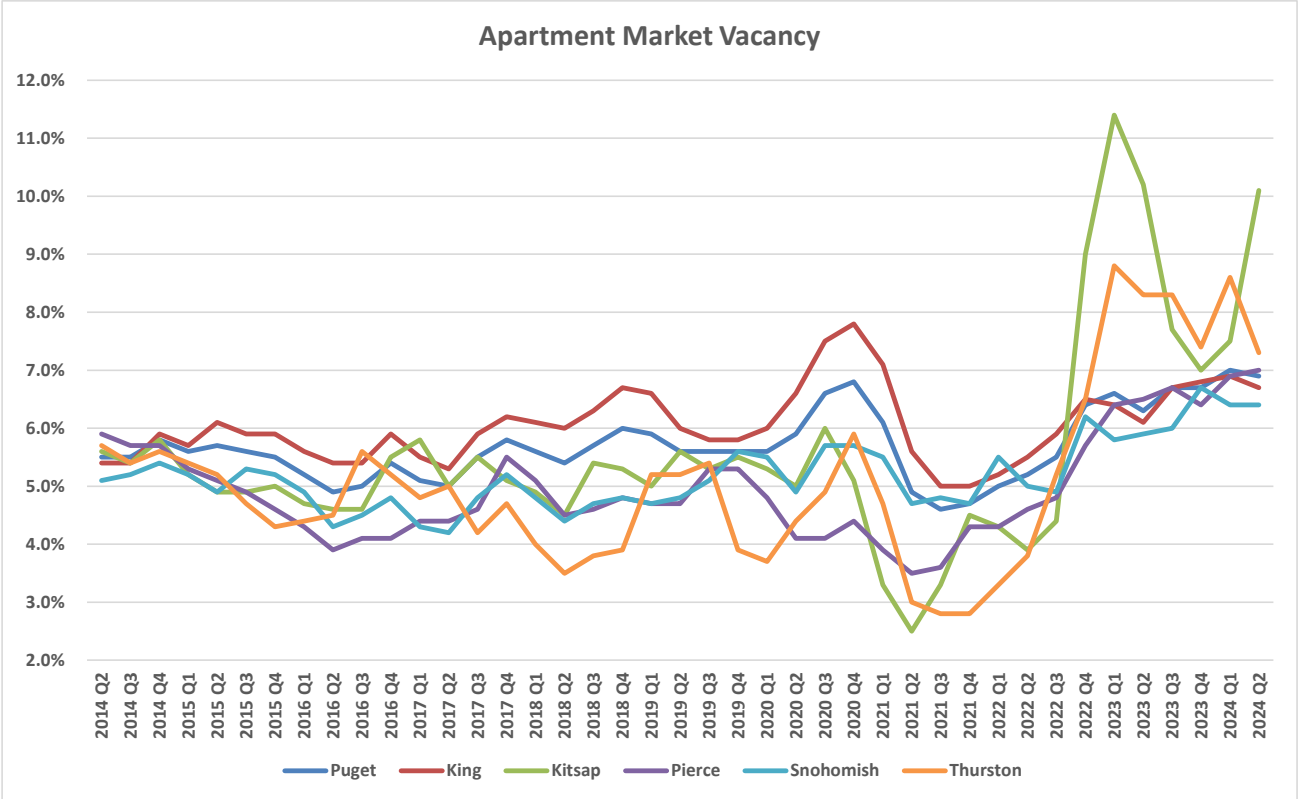
Segment	Region	King	Kitsap	Pierce	Snohomish	Thurston
Office	14.1%	16.2%	4.2%	9.3%	8.3%	2.3%
Industrial	7.2%	7.2%	1.3%	7.8%	7.1%	5.4%
Apartment	6.9%	6.7%	10.1%	7.0%	6.4%	8.6%
Retail	3.2%	3.5%	2.8%	3.0%	3.2%	2.2%

Source: CoStar

For the region, the industrial market saw the biggest increase in vacancy over past quarter of 70 basis points. The other segments, office, apartment, and retail, saw a minor decrease of 10 basis points in their respective vacancies. While the minor regionwide drop in vacancy for office is a welcome sign, the market is still seeing tepid demand, particularly in the Seattle CBD. Retail is also seeing challenges in the Seattle CBD due to lower daytime employment and safety concerns but is more positive in the suburban markets.

APARTMENT

According to CoStar, balance is emerging in the Puget Sound region apartment market. Developers have added about 4,600 units in King, Pierce, and Snohomish Counties, while 4,700 units were absorbed. This is a good sign as absorption was lagging behind new construction since 2021. In Kitsap County, this has not been the case as new construction has kept vacancies higher. Over the past year 1,200 units have been added in Kitsap County, while only 920 units were absorbed. Thurston County has seen its vacancy drop as 1,100 units were absorbed over the past 12 months and only 760 units were added to the inventory. Regionwide, rents are 1.7% over the past six months.



The pace of multifamily sales in the region remains slow. Over the past 12 months, volume in King, Pierce, and Snohomish Counties came in at \$2.6 billion, down from a high of \$9.4 billion within the past few years. The five-year average annual sales volume is \$5.1 billion. Cap rates have taken a hit from both an increase in borrowing costs and slowing rent growth, which makes it difficult to take on negative leverage. Pricing has adjusted accordingly. For example, pricing in the upper tier categories were about \$400,000/unit in 2022. In 2023, the average price was around \$350,000 in the same category. Recent cap rates have hovered around 5%, while cap rates in the 3% to 4% range was not uncommon in 2021 and 2022. Sales in both Kitsap and Thurston Counties are also down, and capitalization

rates are higher.

The baseline forecast suggests that apartment vacancies will decrease slightly over the next year as demand ticks up. Against that background, the recent slowdown in construction starts should also help in lowering vacancies. This should create upward pressure on rents. Annual rent growth is forecast to be 3.5% by the end of 2024.

OFFICE

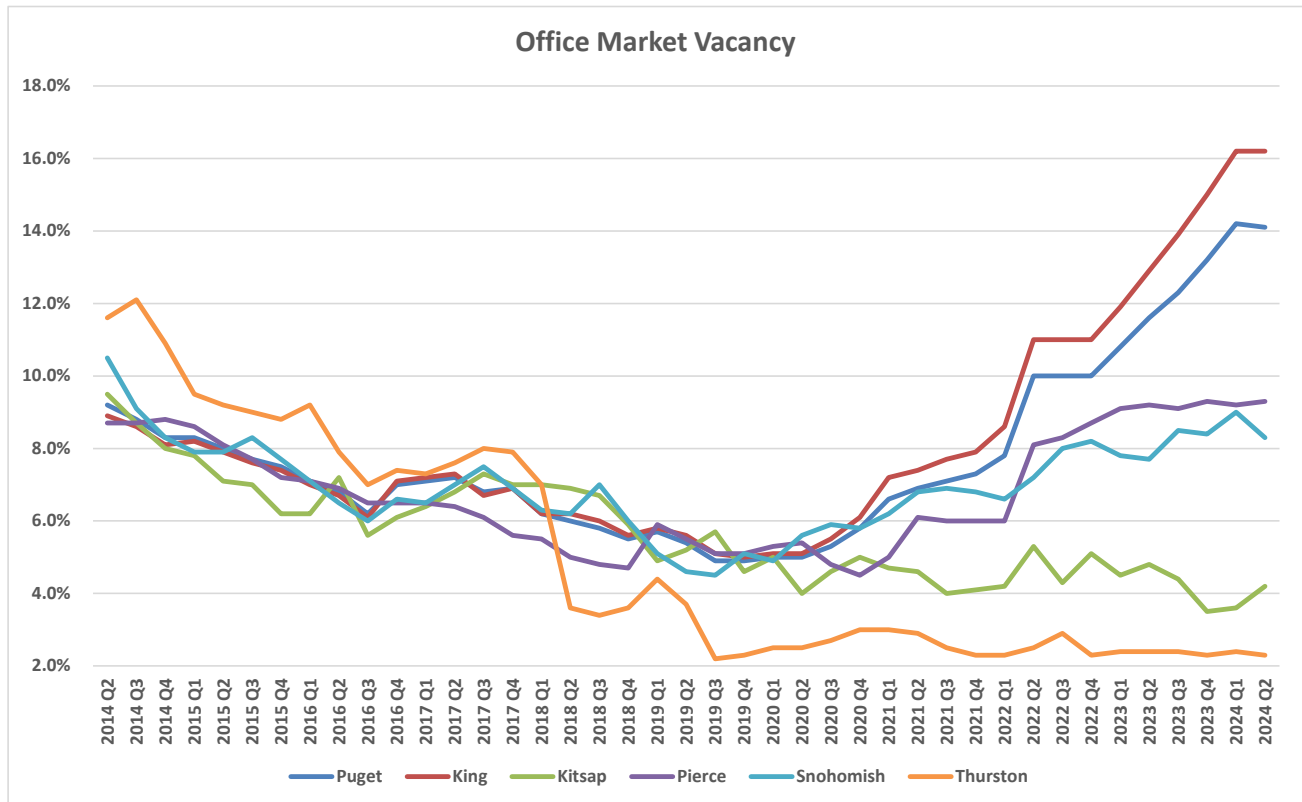
The region's office market is still very much unsettled as it is currently in one of the most pronounced downturns in more than 40 years. While leasing activity improved, absorption remains negative. Tenants have vacated more than 10 million sq ft since March 2020, about double the impact compared to the proportion of inventory vacated during the dot.com bust. With some significant move-outs still anticipated, the near-term outlooks for office properties is for additional negative absorption over the coming year.

Seattle is most vulnerable than most U.S. office markets because of exposure to tech companies with large leases expiring. With an increase focus on office usage and shrinking headcounts in the tech sector, companies have reduced space requirements. This has resulted in heightened availability in many submarkets. While Seattle proper has seen a consistent rise in vacancy since 2020, Bellevue is now experiencing similar challenges. Move-outs by Microsoft, T-Mobile, and Boeing drove the largest jump in vacancy in the nation in Bellevue's I-90 corridor in 2023. More than 40% of the space there is now vacant. Downtown Bellevue could see a jump in vacancy in the year ahead as well. Vacancy there has risen to 10%, but about a third of office space there is available, driven by move-outs by Microsoft.

Regionwide, vacancy stands at 14.1%, with King County struggling the most at 16.2%, followed by Pierce County at 9.3% and Snohomish County at 8.3%. The outlying submarkets of Kitsap and Thurston Counties are faring much better. Kitsap County's vacancy stands at 4.2%, while Thurston County, which is driven by State government is at 2.3%. Sublet vacancy in the region, which was 18.3% of total vacant inventory as of mid-2023 now stands at about 15.1%.

Given the lack of tenant demand, rent growth in the past 12 months came in at -1.0% for King, Pierce, and Snohomish Counties, while rents grew by 2.5% in Kitsap County and 1.7% in Thurston County. Once factors such as inflation and tenant incentives (free rent and TI allowances) are included, rents likely fell much further than the headline asking rents indicate.

On the positive side for building owners, pressure from new supply should be minimal after the current supply wave dissipates. Construction starts are at their lowest level on record in 2023. Less than 400,000 sq ft broke ground in 2023 and no major projects have broken ground in 2024.



The trailing 12-month sales volume for office properties in King, Pierce, and Snohomish Counties is about \$600 million as of May 2024, which is a more than 90% drop from the peak of \$6.4 billion in 2021. It is also close to the low in 2009 as office sales bottomed out following the 2007-2009 Great Recession. Suburban locations such as Suburban Bellevue, North Snohomish County and the Tacoma CBD have seen steadier deal flow.

Given rising vacancy rates and falling rents, institutional owners have exercised caution over the past few quarters. The large trades they typically participate in have been absent from the market. Those making deals have been finding creative solutions such as debt acquisition or loan assumptions.

INDUSTRIAL

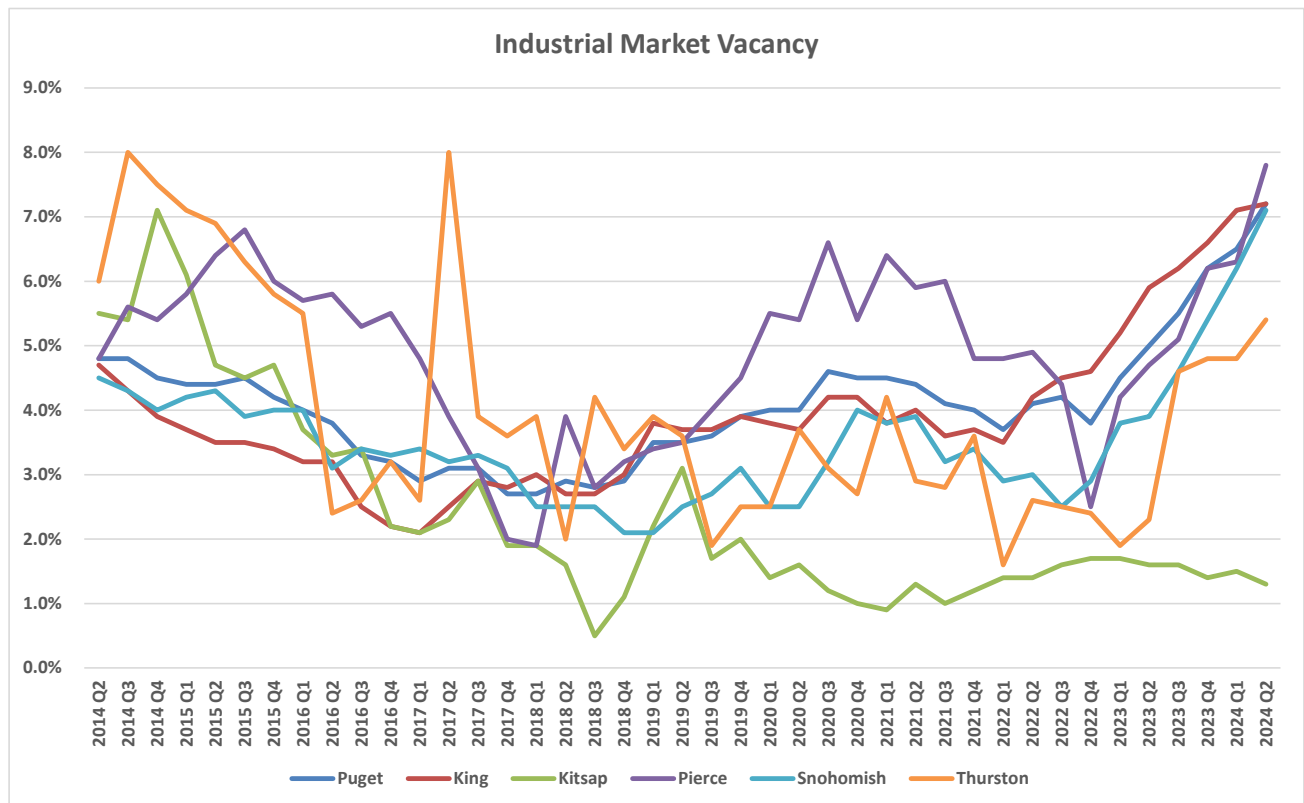
The region's industrial market which has been performing well even during the pandemic has seen its vacancy rate rise from 3.8% (year-end 2022) to 7.2% as of the 2nd quarter of 2024. Pierce County has the highest

vacancy at 7.8%, followed by King at 7.2% and Snohomish County at 7.1%. Thurston is the next highest at 5.4%, while Kitsap County is the only market to improve with 1.3% vacancy compared to 1.7% at the beginning of 2023.

Net absorption through the first six months of 2024 was -2.6 million sq ft compared to -1.6 million sq ft in 2023. Prior to 2023, the region was achieving positive net absorption even during the pandemic. For example, in 2020, net absorption was 3.7 million sq ft, increasing to nearly 12 million sq ft in 2021 and 5.8 million sq ft in 2022. Construction volume is down from 14.2 million sq ft at the end of 2022 to 7.7 million sq ft as of the 2nd quarter 2024. With demand dropping, the vacancy rate is going to increase.

While the vacancy rate is at 7.2%, the availability rate is higher at 9.8%, up from 8.4% from the beginning of 2024 due to a combination of a wave of new construction and a slowdown in leasing volume, along with companies giving back space due to buyouts. Two examples are Pfizer canceled the build-out of a 300,000 sq ft drug manufacturing plant in Everett after it acquired Seagen, the original lessee. World Distribution Services placed 300,000 sq ft up for sublease in Frederickson (Pierce County) after Superior Brokerage Services acquired the company.

Unlike the other segments, sales volume in the first half of 2024 for King, Pierce, and Snohomish Counties picked up as the number of deals exceeded those recorded in the first half of 2023. That said, deal velocity remains subdued compared to pre-pandemic levels and the highs achieved in 2021 and 2022. While it picked up through the first six months of 2024, it is expected that this year will end with the second slowest sales volume in a decade.



RETAIL

While the retail market overall has the lowest vacancy of the four sectors, over the past 12 months, the vacancy has inched up modestly by 30 basis points to 3.0% as the region had negative net absorption of -593,227 sq ft. About 1.3 million sq ft has been demolished over the past five years with little added back, which has kept the vacancy rate from rising at a higher rate.

Several mall properties have been repositioned as mixed-use assets with retail space giving way to the multifamily component. Ground level retail in the Seattle CBD is restrained by lower daytime employment and safety concerns. In the suburban areas, it is a different story, much more optimistic with low vacancy and stronger tenant demand and higher rent increases. Since the pandemic (2nd quarter 2020), King County retail asking rents grew a cumulative 9%, compared to about 10% in the more suburban and rural Snohomish and Pierce counties.

Retail investments in the region was close to \$800 million in 2023, aside from a slowdown in 2020, this was the lowest sales volume in 12 years. For comparison, 12-months sales volume averaged \$1.5 billion over the past five years, reaching a high of \$2.1 billion in 2021.

Retail Market Vacancy

This line chart illustrates the retail market vacancy rates for six counties in Washington from the second quarter of 2014 to the second quarter of 2024. The y-axis represents the vacancy rate as a percentage, ranging from 1.0% to 8.0% in 1.0% increments. The x-axis shows time in quarters, labeled from 2014 Q2 to 2024 Q2. Six data series are plotted: Puget (blue), King (red), Kitsap (green), Pierce (purple), Snohomish (teal), and Thurston (orange). All counties show a general downward trend in vacancy rates over the decade, with Kitsap consistently having the highest vacancy rate and King the lowest. There is a notable period of relative stability between 2018 and 2020, followed by a slight increase in vacancy rates for most counties starting around 2021.

County	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2
Puget	5.4%	5.0%	4.7%	4.5%	4.3%	4.0%	3.9%	3.8%	3.7%	3.7%	3.6%	3.6%	3.7%	3.7%	3.6%	3.3%	3.3%	3.2%	3.0%	3.0%	2.8%	2.7%	2.5%	2.5%	2.6%	2.7%	2.6%	2.7%	2.6%	2.6%	2.6%	2.6%	2.7%	2.8%	2.8%	2.9%	2.9%	3.0%	3.0%		
King	3.8%	3.5%	3.1%	3.1%	2.9%	2.9%	2.6%	2.6%	2.6%	2.7%	2.5%	2.5%	2.4%	2.5%	2.3%	2.2%	2.7%	2.5%	2.5%	2.6%	2.5%	2.4%	2.3%	2.3%	2.4%	2.7%	2.6%	2.6%	2.6%	2.5%	2.5%	2.6%	2.8%	2.8%	2.8%	3.0%	3.0%	3.3%	3.5%		
Kitsap	7.3%	6.8%	6.5%	6.3%	6.2%	6.2%	5.7%	5.5%	5.0%	5.3%	5.3%	5.6%	5.6%	5.3%	4.7%	4.7%	3.9%	3.6%	3.7%	3.3%	3.2%	3.0%	3.0%	3.3%	3.3%	3.3%	3.1%	3.0%	3.0%	3.2%	3.1%	3.0%	3.0%	3.2%	3.2%	3.0%	2.8%	2.8%	2.8%	2.8%	
Pierce	7.0%	6.7%	6.5%	6.4%	6.2%	6.2%	5.7%	5.5%	5.0%	5.3%	4.7%	4.4%	4.3%	4.3%	4.0%	4.0%	3.8%	3.5%	3.3%	3.3%	3.2%	3.0%	2.8%	2.6%	2.6%	2.6%	3.1%	2.9%	2.8%	2.7%	2.6%	2.6%	2.8%	2.8%	2.6%	2.6%	2.6%	2.9%	2.9%	3.0%	3.0%
Snohomish	5.5%	5.0%	4.8%	4.6%	4.4%	4.0%	3.9%	4.0%	3.6%	3.4%	3.4%	4.0%	4.1%	3.7%	3.7%	4.0%	3.8%	3.1%	3.0%	2.9%	2.8%	2.7%	2.3%	2.3%	2.4%	2.8%	2.7%	2.6%	2.4%	2.3%	2.3%	2.3%	2.6%	2.7%	2.8%	2.8%	3.0%	3.1%	3.2%	3.2%	
Thurston	6.7%	6.8%	6.6%	6.5%	5.9%	5.9%	5.4%	5.5%	5.3%	5.0%	4.7%	5.0%	5.0%	5.0%	4.6%	4.5%	3.0%	2.8%	2.8%	2.9%	3.6%	3.0%	2.3%	2.4%	3.3%	3.1%	3.1%	2.5%	2.4%	2.4%	1.8%	1.8%	2.3%	2.9%	2.9%	2.7%	2.7%	2.2%	2.2%	2.2%	

In the past 12 months through May 2024, RevPAR change by 5.8% in the Puget Sound region, which is well above the national change of 1.5%. Occupancy and ADR evenly contributed to the RevPAR growth due to weekday gains. There has been a significant boost in conferences and conventions after the Seattle Convention Center doubled its convention space with the new \$1.9 billion, 1.6 million sq ft building that opened in early 2023. According to Visit Seattle, 2024 is expected to have a 23% increase from 2019 and setting a new record.

While improving, there is still a lag in corporate travel as a heavy tech market. Office vacancy is contributing to reduced corporate travel in the

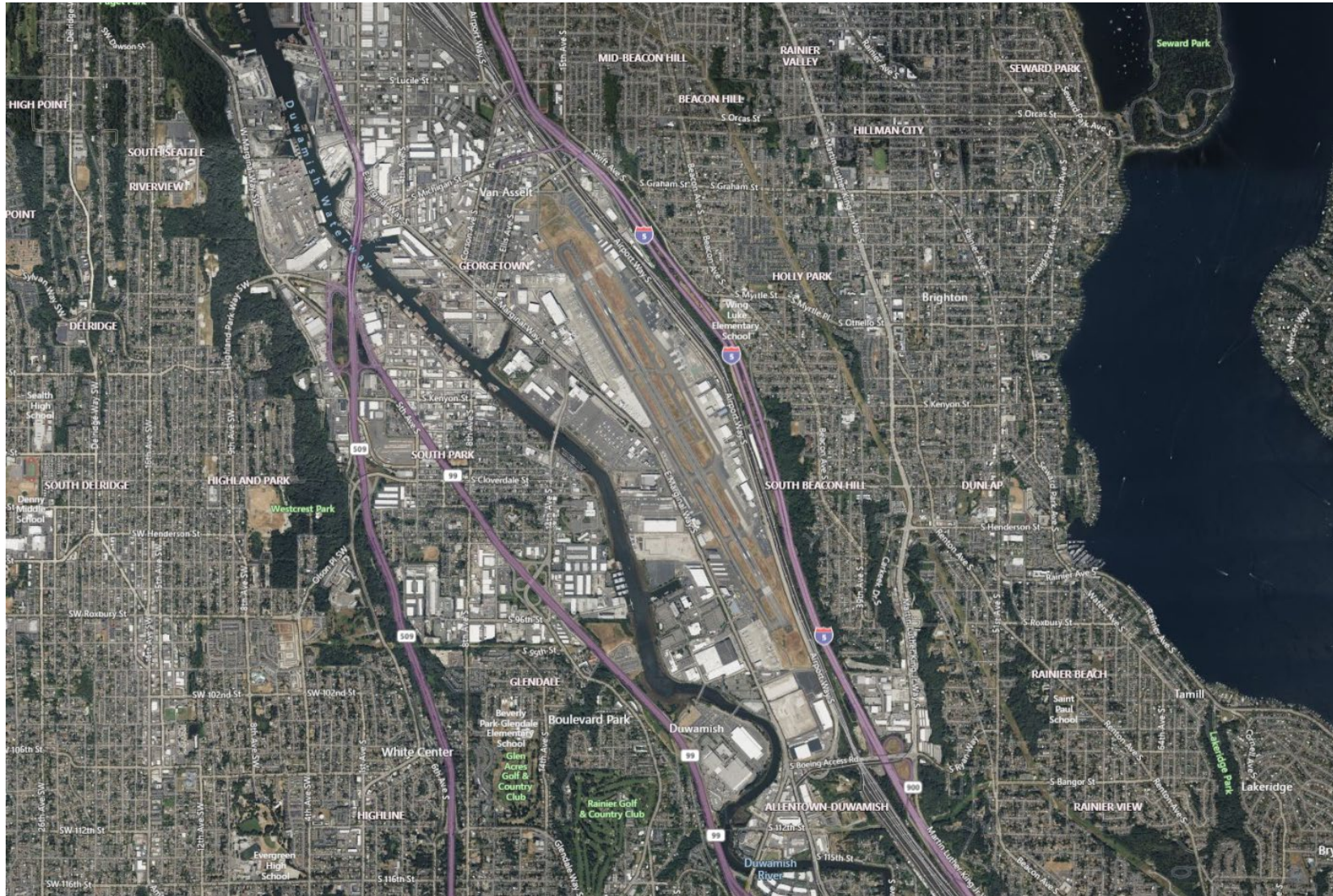
market. Seattle also benefits from a surge in leisure travel throughout the summer which is also bolstered by cruise tourism. In 2023, the Port of Seattle reported they saw 1.7 million passengers. The Cruise Lines International Association data says 60% of passengers stay in hotels, and six out of 10 passengers return for longer stays.

Unlike national trends, more hotels are under construction in the region. There are 9 hotels with a combined 1,562 rooms currently construction. The opening dates are spread through 2026, increasing Seattle's inventory by 3.1%. In the past 12 months, 400 hotel rooms in one hotel opened.

Similar to national trends, in the past 12 months, hotel sales volume slowed to \$311 million, compared to the previous three-year average of \$451 million.

Area Market Summary

The long-term outlook for the region is for employment growth to be flat to a minor increase of 0.3% in 2024, before rebounding modestly to 1.1% in 2025 and 1.6% in 2026. These are up from the prior forecast in March 2024 which had projected a 0.3% decrease in employment in 2024. While tech companies have had layoffs, minor growth in the Other Services sector as well as the Government Sector is expected to more help offset most of the losses expected in manufacturing, construction, wholesale and retail trade, and the information sectors. Going forward for the remainder of 2024 and through 2025, the region should continue to outperform most of the nation, based on the diversified core of the economy anchored by the tech sector.



Neighborhood Map

Neighborhood Description

Introduction

The subject is located at King County International Airport-Boeing Field (KCIA) which serves a variety of commercial and recreational aviation needs. The airport encompasses 634 acres in the Greater Duwamish neighborhood, about 4 miles south of downtown Seattle. The airport first opened in 1928 and was named for William E. Boeing, the founder of the Boeing Company. It was the primary passenger airport in the region until SeaTac was developed in the late 1940s. Today, KCIA serves air cargo business, small regional airlines, corporate and general aviation operators. It is one of the nation's busiest primary non-hub airports averaging around 180,000 operations (takeoffs and landings) each year.

Neighborhood Character and Trends

The subject is in a well-established, high demand industrial district referred to as the East Duwamish Manufacturing Industrial Center (MIC). The East Duwamish MIC, including the SoDo subarea of the East Duwamish MIC, forms the northeastern most part of an industrial corridor that extends from downtown Seattle southward toward Kent and the adjacent industrial areas in southeast King County. The original meaning for the acronym SoDo was 'South of the (King) Dome'; however, with the demolition of the Kingdome stadium in 2000, the connotation has been adapted to mean the 'South of Downtown' area. The East Duwamish MIC, including the SoDo subarea, is considered part of the Seattle "Close-In" Industrial Market. Of the industrial zoned land in the City of Seattle, 77% is in the East Duwamish MIC (including land both east and west of the Duwamish Waterway).

Zoning in the MIC is predominantly Maritime, Manufacturing & Logistics with small pockets of Urban Industrial, Industry & Innovation, and Industrial Commercial zoning. Within recent history, land transactions of industrial zoned land have primarily occurred in the northern portion closest to the Seattle CBD. Land sale activity is expanding southward due to pressures associated with density and increasing price/value.

The East Duwamish MIC is a high density, high demand industrial area. 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. To obtain viable sites to accommodate new development, functionally obsolete buildings are frequently considered teardowns. Traditional one-story industrial development is evolving with multi-story solutions due to land size constraints. Due to the area's locational desirability (based on accessibility through multiple modes of transportation,) many businesses are willing to

purchase buildings at a premium despite the need for substantial renovations to modernize, modify, and customize use for their individual operations. Overall, the East Duwamish MIC's market is strong, with limited supply available. Economic growth is occurring through replacement of obsolete buildings, the efficient use of available land with expansion of existing facilities, and the introduction of new manufacturing and industrial technology.

New industries, the resurgence in traditional goods, and changing nature of the uses within the East Duwamish MIC have contributed to the increasing desirability of the area. Recent changes include conversions of existing warehouses into state-of-the-art medical and recreational cannabis cultivation and laboratory facilities, and retail sales of their products. The resurgence and expansion of microbreweries and creation of distilleries within Washington has spurred their growth in the area. Automobile sales and service facilities have relocated from incongruent high density mixed use residential and commercial areas of Seattle to the edges of the MIC. Additionally, the surge in shipments from e-commerce retailers such as Amazon have impacted long-term freight planning and economic development and impacted warehousing in urban areas.

Georgetown has emerged into a diverse industrial community that hosts iconic companies such as Boeing, Starbucks' headquarters, Amazon, UPS, FedEx, DHL, PCC, Lineage Logistics, Rogge, and CertainTeed. Other companies with a significant footprint in the neighborhood include Ardagh Group, Northwest Seafood Processors, Vigor Industrial, Filson, Trupanion (pet insurance), King 5, and broad ranging micro-manufacturers, retailers, and office users although industrial remains the predominant land use in the neighborhood.

A significant industrial addition was Prologis' Georgetown Crossroads project near the north end of the 1st Ave S bridge. This project was touted to represent the future of industrial development. It was completed in 2018. The project features 590,000 sq ft, including distribution space on two levels (truck ramp access to the middle level), and 'makers space' on the upper level that is suitable for light manufacturing, creative offices, laboratory and production, and is served via forklift-accessible freight elevators from ground level, all supported by a three-story parking structure. The 13.75-acre site was purchased in mid-2015 for \$41/sq ft.

South of the airport, Prologis is under construction on Emerald Gateway, a 62-acre project with up to 1.5 million sq ft of potential development.

Building 1, with about 151,000 sq ft, was completed in 2021 and is fully leased to multiple tenants including Home Depot and Peak Supply. Building 2 delivered in mid-2023 with Rivian leasing just over half of the 172,000 sq ft building. Building 4 with 230,131 sq ft is complete and available for lease. Building 3, nearly 490,000 sq ft, is also underway and available for lease.

In 2023, CenterPoint Properties completed a 415,000 sq ft distribution facility on E Marginal Way S, between the airport and the Duwamish. This is nonworking waterfront property. It is fully leased to Boeing.

Parts of the Duwamish Waterway are designated a Superfund site in terms of historical environmental contamination. However, this designation does not necessarily condemn individual properties to assured contamination issues. For instance, the dredging of the West Marine property on the Duwamish reportedly encountered no evidence of contaminated sediment.

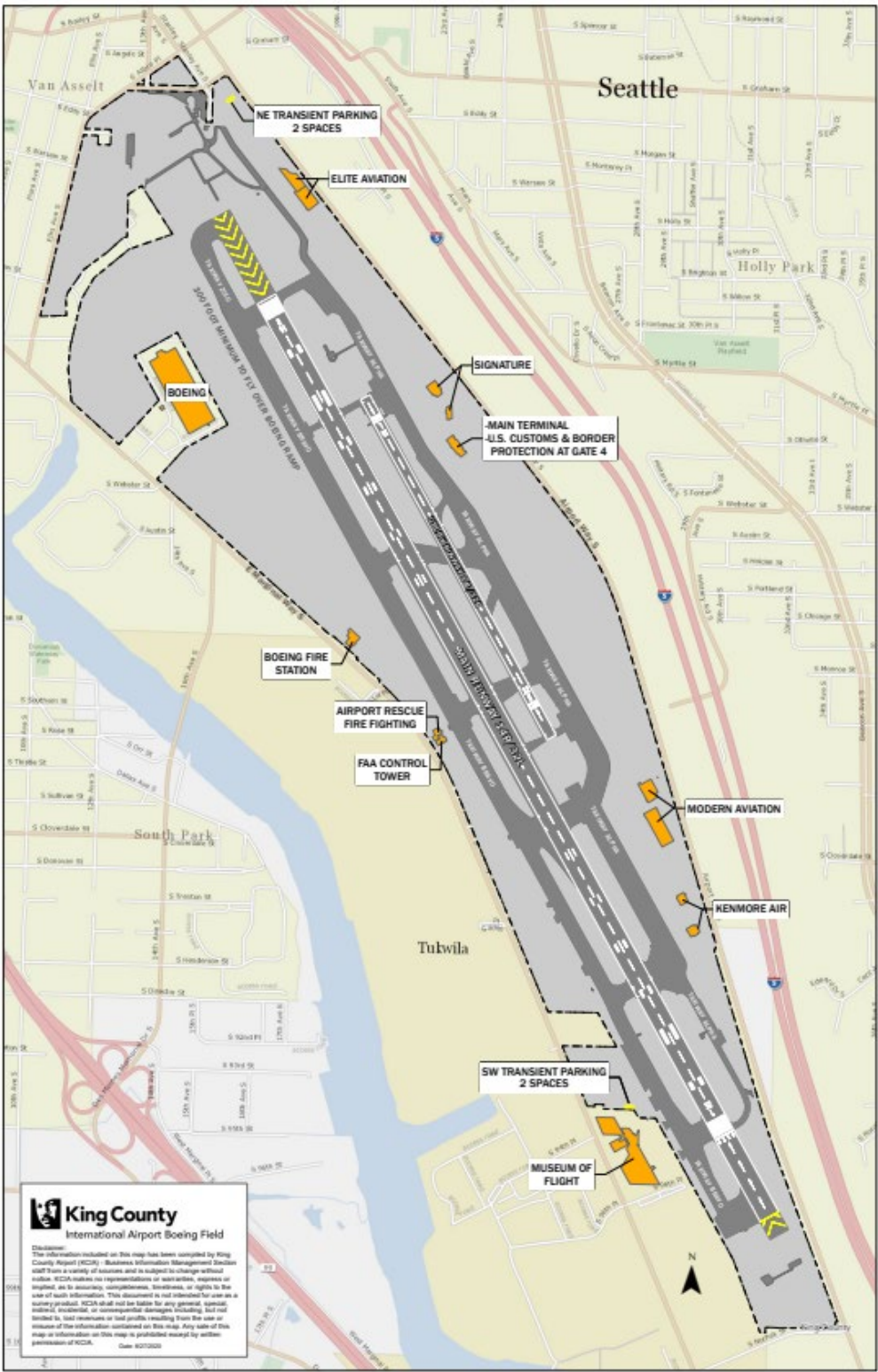
**Access &
Infrastructure**

Access to north- and southbound I-5 is available about 2 miles to the south via Boeing Access Road and about 1.5 miles to the north via S. Michigan St. The neighborhood is served directly by SR-99, SR 509, and East Marginal Way S., which are the primary north-south corridors through Georgetown and into downtown Seattle. To the north, SR 509 crosses the Duwamish River via the 1st Ave. S. Bridge. Airport Way S., 1st Ave. S., and 4th Ave. S. are the main routes used to access the SoDo district to the north. In addition, there is an overpass via S. Lucile St. which provides access to residential neighborhoods located easterly of I-5. The neighborhood access is good, tempered by traffic issues on S. Michigan St. that can diminish access to individual properties during rush hour.

**King County
International
Airport-Boeing
Field**

King County International Airport-Boeing Field covers 634 acres and has two runways. The primary runway, 14R/32L, is 10,000 ft long by 200 ft wide with a 340,000-pound weight limit. The secondary runway, 14L/32R, is 3,710 ft long by 100 ft wide and accommodates aircraft up to 12,500 pounds. The airport plans to rehabilitate the secondary runway by 2024 with new paving, LED lighting, paint markings, and realigned taxiway connectors. The airport offers an ILS, LOC/DME approach.

Onsite services include transient aircraft parking, monthly tiedowns, hangar rentals, and fueling. The airport is served by about 150 aviation-related businesses and organizations that provide additional services, including air cargo, flight schools, and aircraft maintenance and supply providers. Other tenants include small aircraft owners. UW Medicine's emergency medical flight provider, Airlift Northwest, operates its headquarters from the airport.



King County International Airport Boeing Field

Map of Services

The airport has a terminal building constructed in 1930 and periodically renovated. The connected arrival building was constructed in 1978. It offers some amenities including a café, lounge, and customs and border protection. Kenmore Air offers flights to the San Juan Islands and Victoria, and scenic charters of the Puget Sound.

Several Fixed Base Operators (FBOs) including Modern Aviation, Signature Flight Support, and Skyservice Seattle, offer hangar leasing, maintenance, line service, fueling, and a variety of concierge and support services.

Signature Flight opened a new 6,250 sq ft terminal in 2017 costing a reported \$11.5 million. In 2022, Modern Aviation completed a \$25 million expansion that included 7,500 sq ft of office and two hangars with 25,000 sq ft and 40,000 sq ft. In 2023, Skyservice completed a new 71,000 sq ft project with 50,000 sq ft of hangar space and a two-story terminal with a lounge and terrace in 2024. According to their press release, “the facility is equipped with an inviting passenger lounge, including floor-to-ceiling windows overlooking to the airport ramp and a grand fireplace, a spacious pilot lounge, snooze rooms, refreshment stations and a 12-seat executive conference center with access to the 1,600 sq ft furnished terrace overlooking Mount Rainier. The purpose-built 50,000 sq ft hangar and 7-acre apron support all aircraft, including piston and turbojet aircraft to cutting-edge future aircraft manufactured by Gulfstream, Bombardier, Embraer, and Dassault.”

UPS is currently completing a \$100 million gateway expansion on its 18-acre ground leased site. The project included demolition of three older buildings, construction of a new cargo handling facility, and an improved ramp. The final phase of the project began in June 2024 and will be completed in early 2025.

Boeing has a significant presence at and near the airport, mostly west of the runway along E Marginal Way S. These include the Propulsion Engineering Labs, test flight operations, warehouses, and hangars. The Delivery Center is a three-story office building constructed in 2015 near the north end of the runway. At the south end is the Military delivery center. Across E Marginal Way S, Boeing occupies additional office and warehouse buildings mostly constructed in the 1960s.

Overall, King County International Airport-Boeing Field is an important transportation hub for the region, providing essential aviation services and

infrastructure to both local and visiting pilots and passengers.

At the southwest corner of the airport is The Museum of Flight, the largest independent, nonprofit air and space museum in the world. The museum, started in 1964 and relocated to the former Boeing Red Barn in 1983, displays over 175 air and spacecraft. The museum was expanded in 2002 and 2004. In 2023, the museum attracted over 445,000 visitors, a 20% increase from 2022.

**KCIA Master Plan
Update**

The FAA encourages airports that receive federal funding to maintain and update an airport master plan. The KCIA Master Plan outlines plans for short-, medium-, and long-term development plans at the airport. The county is in the process of updating the KCIA Master Plan through project Vision 2045. The goal of the Vision 2045 Airport Plan is to evaluate how KCIA “can evolve and adapt to meet future aviation needs and maintain its status as a world-class airport.” The finished plan, including the Airport Layout Plan, will guide planning at the airport for the next 20 years. Vision 2045 began in early 2024 and will take about two years to complete. The plan is currently in the investigation phase. Phases to follow include solutions, implementation, and documentation.

The Part 150 Study is a voluntary FAA noise study meant to measure how much airplane noise is affecting noise exposure for people on the ground. Part 150 will create Noise Exposure Maps (NEMs) and a Noise Compatibility Program (NCP). NEMs will show current and projected noise levels near KCIA. The NCP will identify measurable actions to reduce noise and promote compatible land uses in the vicinity. The study began in spring 2024 and is expected to take about two and a half years to complete. The FAS will then review the study including the NEMs and NCP. The Port of Seattle also plans to conduct a Part 150 study for SEA with a similar timeline.

FAA

Federal Aviation Administration regulations and grant assurances prohibit airport sponsors from selling airport property or otherwise disposing of it without repaying Federal grant funds used to acquire the land. As a result, businesses operating on airport properties lease the land from the airport sponsor. These leases are limited to a maximum term of 60 years by Federal law although most have an initial term of about 30 years with one or more renewal options. At the end of the lease, airports either require any tenant improvements to be removed or take ownership of the improvements. Rent is typically established based upon a determination of the fair market value of the land and a rate of return (sometimes erroneously referred to as a capitalization rate). Historically, airports have

typically set rates of return by policy and generally between 7.5% and 10%.

**General Aviation
Market**

The general aviation market in the United States is a diverse and thriving industry that encompasses a wide range of aircraft and services. General aviation includes all civil aviation operations that are not considered commercial or military, such as private and business flights, recreational flying, flight training, aerial surveying, and emergency services.

According to the Federal Aviation Administration (FAA), there were approximately 210,000 general aviation aircraft registered in the United States, with 5,082 public airports landing facilities available for use by general aviation pilots.

Fixed Base Operators (FBOs) are aviation industry businesses that provide various services to private and corporate aircraft owners and operators. These services can include aircraft fueling, aircraft parking, hangar storage, aircraft maintenance, passenger, and crew services, and more. The FBO market refers to the industry of these businesses, which is a significant segment of the aviation industry. FBOs are found at airports around the world and play a critical role in supporting the general aviation industry by providing essential services to private and corporate aircraft owners. The FBO market is highly competitive, and companies in this industry are continually looking for ways to differentiate themselves and provide added value to their customers. The market is also influenced by factors such as economic conditions, fuel prices, and government regulations. Overall, the FBO market is a critical component of the aviation industry, providing essential services to private and corporate aircraft owners and operators.

The general aviation market also includes a range of products and services, including aircraft manufacturing, maintenance, repair, and overhaul (MRO), avionics, and other support services. Major players in the industry include companies such as Textron Aviation, Bombardier, Gulfstream Aerospace, and Embraer, among others. Overall, the general aviation market in the United States is a vital component of the country's transportation infrastructure, supporting economic growth, job creation, and innovation in technology and aviation.

The market is served by a wide range of companies that offer different products and services. For example, aircraft manufacturers like Cessna, Piper, and Beechcraft produce a range of small to mid-size airplanes, while companies like Bell and Robinson Helicopter produce helicopters. Additionally, there are companies that provide flight training, maintenance, and other services for private aircraft owners. One notable trend in the

general aviation market is the growth of the light sport aircraft segment. These small, single-engine planes are designed for recreational flying and have simpler and less expensive equipment and regulatory requirements. The market has also seen increased interest in electric aircraft and drones, which are becoming more prevalent in the aviation industry. Overall, the general aviation market in the US is a vibrant and diverse industry that plays an important role in supporting the economy, providing transportation and other services, and advancing technological innovation in the aviation sector.

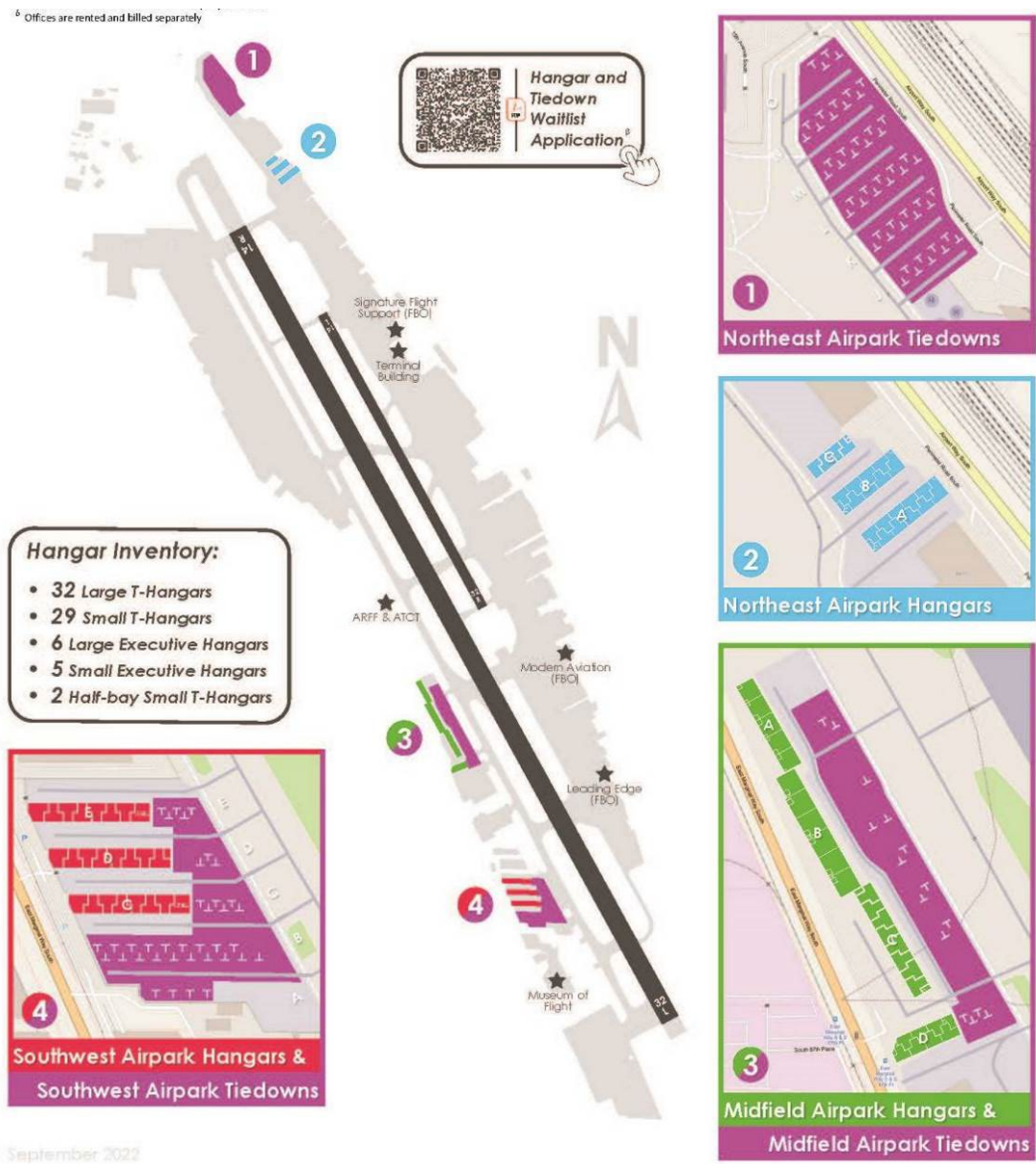
Summary

The subject's neighborhood represents an urban area of King County that has an industrial use orientation. The area is expected to continue to support predominantly industrial uses.

Property Description



Aerial Photograph (North is Up, Boundaries are Approximate)



Airport Map

Site Data

Addresses

Addresses for the hangars are listed below.

Hangar	Parcel	Address
Midfield Airpark	000160-0049	8700 E. Marginal Way S.
Midfield Airpark	000160-0019	8700 E. Marginal Way S.
Midfield Airpark	000740-0032	8700 E. Marginal Way S.
Northeast Airpark	282404-9007	6691 Perimeter Rd. S.
Southwest Airpark	542260-0124	9220 E. Marginal Way S.

Site Dimensions & Land Area

The subject sites are a portion of tax parcels 000160-0049, 000160-0019, 000740-0032, 282404-9007, and 542260-0124 that total 590.75 and encapsulate most of the airport.

Streets, Access & Exposure

Access to the sites on the east side of KCI A is by Perimeter Rd S, which connects to Airport Way S. Access to the sites at the west side of the airport is by East Marginal Way S. All sites have direct access to the taxiway. Overall, the sites have good access and exposure.

Topography & Soil Conditions

The subject is generally level and at grade with surrounding streets. No soils report has been provided and consequently, soil conditions are unknown. No ground water or soggy soil conditions were noted during the inspection and drainage appears adequate. It is assumed that no unusual or detrimental soil conditions exist.

Flood Zone

According to the Flood Insurance Rate Maps No. 53033C0645G and 53033C0640G, effective August 19, 2020, the subject site is in Zone X, an area outside the 100-year floodplain. This map is currently in effect.

Earthquake Zone

The International Building Code (IBC) is the building code in Washington State. The IBC uses a parameter called the Seismic Design Category rather than seismic zones used in previous building codes. The Seismic Design Category is a function of three parameters: ground motion, soil type and building occupancy. The typical Seismic Design Category in the Puget Sound is category "D" or greater, but because these parameters interact, this category can vary. The higher the category (A is lowest, F is highest), the more stringent the structural requirements. As the appraisers do not possess the expertise in seismic, structural & geotechnical engineering, further analysis is required to determine the subject's degree of risk.

Utilities The subject is fully served by utilities including electricity, water, and natural gas.

Zoning Most of the sites fall within the City of Tukwila. The exception is the Northeast Airpark (Parcel 282404-9007) that is in the City of Seattle.

The site in Seattle carries the MML U/85 zoning designation according to City of Seattle maps. This is an industrial and maritime zone that generally allows only industrial and certain commercial uses. Some zones in this class providing limited opportunities for workforce housing that supports industrial uses. Permitted uses include but are not limited to food processing, laboratories, R&D, medical services, offices, child care centers, hospitals, manufacturing (light, general, and heavy), parks and open space, mini warehouses, outdoor storage, warehouses, cargo terminals, boat moorage/storage, towing, passenger terminals, rail transit facilities, railroad switchyard, personal transportation services, salvage yards, and automotive, general, heavy, and marine sales and services.

The sites in the City of Tukwila are zoned Manufacturing Industrial Center/Heavy, MIC/H. The MIC/H zone provides for “heavy or bulk manufacturing and industrial uses, distributive and light manufacturing and industrial uses, and other uses that support those industries.” A variety of manufacturing and industrial uses are permitted, including uses that may create off-site noise, smoke dust, vibration, or other external environmental impacts. Other permitted uses include but are not limited to brew pumps, bus stations, contractor storage yards, daycare centers (not home based), EV charging stations, heavy equipment repair and salvage, internet data/telecommunication centers, laundries, public libraries/museums/art galleries, athletic or health clubs, vehicle rental, restaurants (including drive-through), self-storage, outdoor storage, truck terminal, vehicle services, salvage and wrecking, and the sales and rental of heavy equipment and machinery. Offices must be associated with another permitted use.

General development standards of the MML U/85 and MIC/H zones are as follows:

	City of Seattle MML U/85	City of Tukwila MIC/H
Minimum Lot Area:	None indicated	None indicated
Maximum Impervious:	90%	None indicated
Minimum Setbacks:	May be required to meet street improvement requirements	20 ft front; 10 ft second front None side or rear
Maximum Height:	Unlimited for industrial uses; 85 ft	125 ft

for nonindustrial uses within the
Urban Industrial overlay

Maximum FAR: 2.50 None indicated

In the MML U/85 zone, certain commercial uses are subject to size limits including 10,000 sq ft for office, retail, and entertainment uses, 3,000 sq ft for restaurant use, and 7,500 sq ft for general sales use.

In the MIC/H zone, additional setbacks may apply for any portions of a yard within 50 ft of certain residential zones. This does not apply to the subject sites.

**Washington State
Statute**

In Washington State statute RCW 14.08.330 (reproduced below), it appears that King County would retain significant control over the airport. The impact of this statute on zoning and land regulation is beyond the scope of this market rent appraisal. As the appraisers do not possess the required expertise in land use regulations, further analysis is required to determine the implication of this statute on zoning and land use regulations.

RCW 14.08.330 Jurisdiction of municipality over airport and facilities exclusive—Concurrent jurisdiction over adjacent territory—Fire code enforcement by agreement. Every airport and other air navigation facility controlled and operated by any municipality, or jointly controlled and operated pursuant to the provisions of this chapter, shall, subject to federal and state laws, rules, and regulations, be under the exclusive jurisdiction and control of the municipality or municipalities controlling and operating it. The municipality or municipalities shall have concurrent jurisdiction over the adjacent territory described in *RCW 14.08.120(2). No other municipality in which the airport or air navigation facility is located shall have any police jurisdiction of the same or any authority to charge or exact any license fees or occupation taxes for the operations. However, by agreement with the municipality operating and controlling the airport or air navigation facility, a municipality in which an airport or air navigation facility is located may be responsible for the administration and enforcement of the uniform fire code, as adopted by that municipality under RCW 19.27.040, on that portion of any airport or air navigation facility located within its jurisdictional boundaries. [1985 c 246 § 1; 1945 c 182 § 15; Rem. Supp. 1945 § 2722-44.]

***Reviser's note:** RCW 14.08.120 was amended by 2020 c 96 § 1, changing subsection (2) to subsection (1)(b).

FAA Part 77

Properties around airports are subject to Federal Aviation Administration Part 77 regulations regarding the height of structures that may pose a hazard to navigation. These regulations create an overlay zone comprised of a series of imaginary surfaces that set the height of structures near airports that could be hazards to air navigation:

The **primary surface** is based on the centerline of the runway and extends at the same elevation of the nearest point on the runway 125 ft each side of centerline and 200 ft beyond each end of the runway. No structure other than a runway and runway associated aprons can be constructed in the primary surface zone.

The **transitional surfaces** begin at the outer edge of the primary surface and extend outward at 90° from the centerline at a slope of 7:1 (for every seven feet of horizontal distance the surface rises one foot in elevation) until it reaches 150 ft above the airport.

The **horizontal surface** is horizontal plane 150 feet above the established airport elevation, the perimeter of which is constructed by swinging arcs of a specified radii from the center of each end of the primary surface of each runway of each airport and connecting the adjacent arcs by lines tangent to those arcs. The radius of each arc is:

- (1) 5,000 feet for all runways designated as utility or visual;
- (2) 10,000 feet for all other runways.

The **conical surface** is a surface extending outward and upward from the periphery of the horizontal surface at a slope of 20 to 1 for a horizontal distance of 4,000 feet.

**Easements,
Covenants,
Encroachments &
Restrictions**

No title report was provided. It is an assumption of this report that no easement, covenant, encroachment, or restriction negatively impacts the use or marketability of the site.

**Assessment &
Taxation**

By statute, properties are assessed at 100% of market value in the state of Washington, although in practice properties are usually assessed at somewhat less than their fair market value. Properties in King County are assessed every year, except for government owned parcels like the subject. The subject sites are a small portion of a much larger tax parcels that encompass most of the airport. These parcels are exempt from typical real estate taxes and are not assigned an assessed value. They are charged surface water, noxious weed, and conservation fees, summarized as follows:

Parcel	Assessed Value	Base Tax	Surface Water	Noxious Weed	Conservation	Total Charged
000160-0049	NA	\$0	\$20,614	\$10.21	\$12.62	\$20,637
000160-0019	NA	\$0	\$2,039	\$6.59	\$12.62	\$2,058
000740-0032	NA	\$0	\$18,349	\$9.79	\$12.62	\$18,371
282404-9007	NA	\$0	\$2,514,772	\$255.84	\$12.62	\$2,515,040
542260-0124	NA	\$0	\$17,699	\$9.66	\$12.62	\$17,722

**Hazardous
Conditions
Disclaimer**

We were not provided with any environmental site assessments. As appraisers, we have no expertise in the detection or identification of hazardous waste, or in determining its impact on real property. We did review the Department of Ecology website to determine if there was contamination reported on this and adjoining property. Multiple sites were identified:

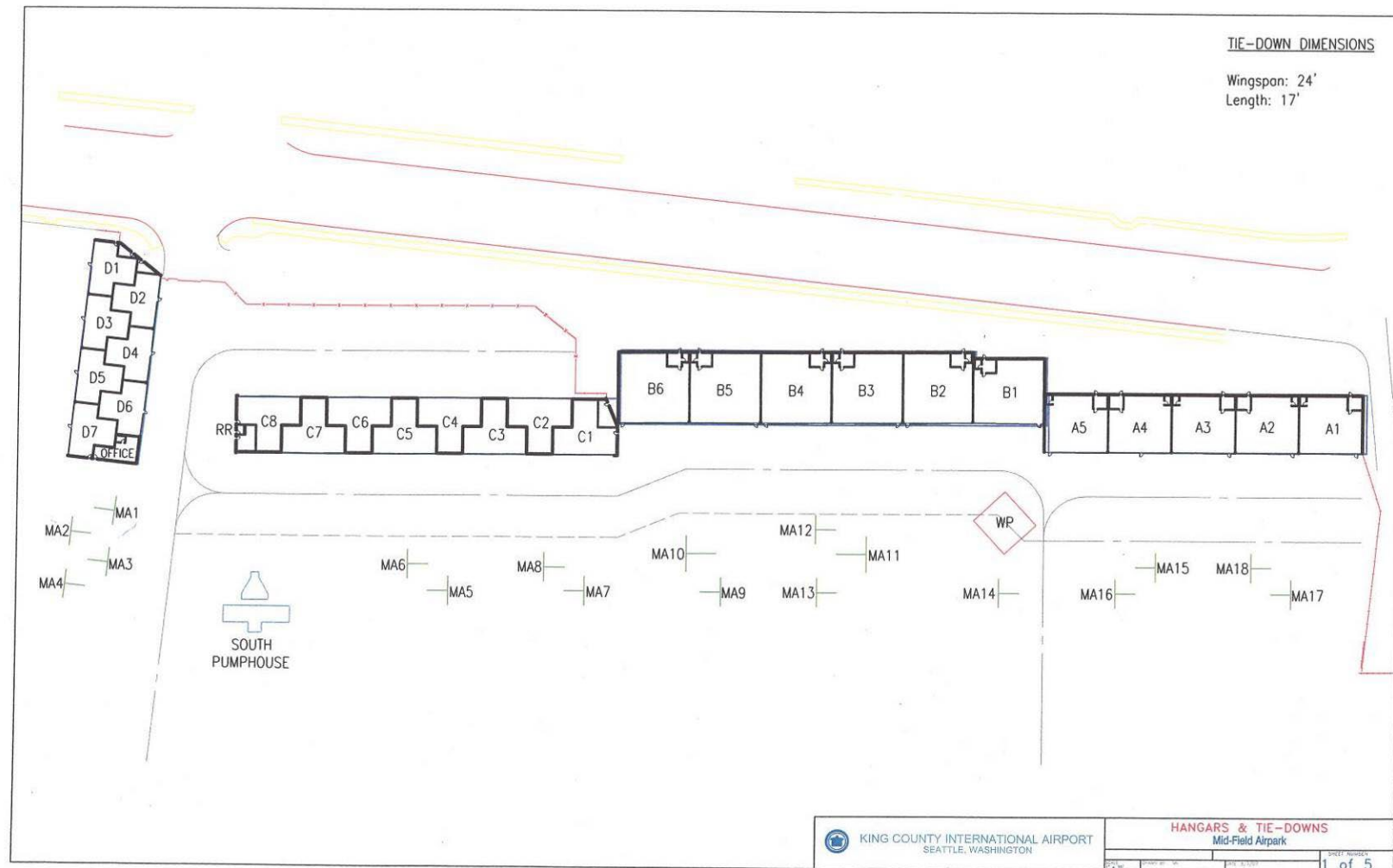
Cleanup Site	Address	CSID	Status
North Boeing Field Georgetown Steam Plant	7370 E Marginal Way S	4765	Cleanup Started
Galvins Flying Service	7001 Perimeter Rd S	10367	No Further Action
American Avionics King County Airport	7023 Perimeter Rd S	2111	No Further Action
Boeing A&M Electronic Mfg Facility	7355 Perimeter Rd S	981	Cleanup Started
KCIA Standard Gas Station	7200 Perimeter Rd S	12226	Awaiting Cleanup
Federal Express Boeing Field	7607 Perimeter Rd S	10416	No Further Action
Seattle Jet Services	8013 Perimeter Rd S	11905	Awaiting Cleanup
Boeing Electronic MFG	7300 Perimeter Rd S	2785	Cleanup Started
Standard Oil King County Airport	7400 Perimeter Rd S	12223	Awaiting Cleanup
Flightcraft 1995	8285 Perimeter Rd S	7217	No Further Action
Hangar 5 KCIA	7585 Perimeter Rd S	12573	Awaiting Cleanup
Hangar Holdings Inc	7675 Perimeter Rd S	6574	Cleanup Started
Galvin Quad Lease Area Remediation	7777 Perimeter Rd S	1836	Cleanup Started
Seattle Air Corp	8535 Perimeter Rd S	7736	No Further Action
Museum of Flight Property	9404 E Marginal Way S	11334	Awaiting Cleanup
Container Properties LLC	9229 E Marginal Way S	1312	Cleanup Started
King County Airport Firestone Building	9220 E Marginal Way S	10479	No Further Action
8801 E Marginal Way S	8801 E Marginal Way S	5056	Cleanup Started
Boeing Isaacson Thompson	8701 E Marginal Way S	1944	Cleanup Started

Several sites have been awarded No Further Action letters. The sites awaiting or undergoing cleanup involve halogenated and non-halogenated organics, metals, and some reactive wastes and inorganic contaminants in the soil and groundwater.

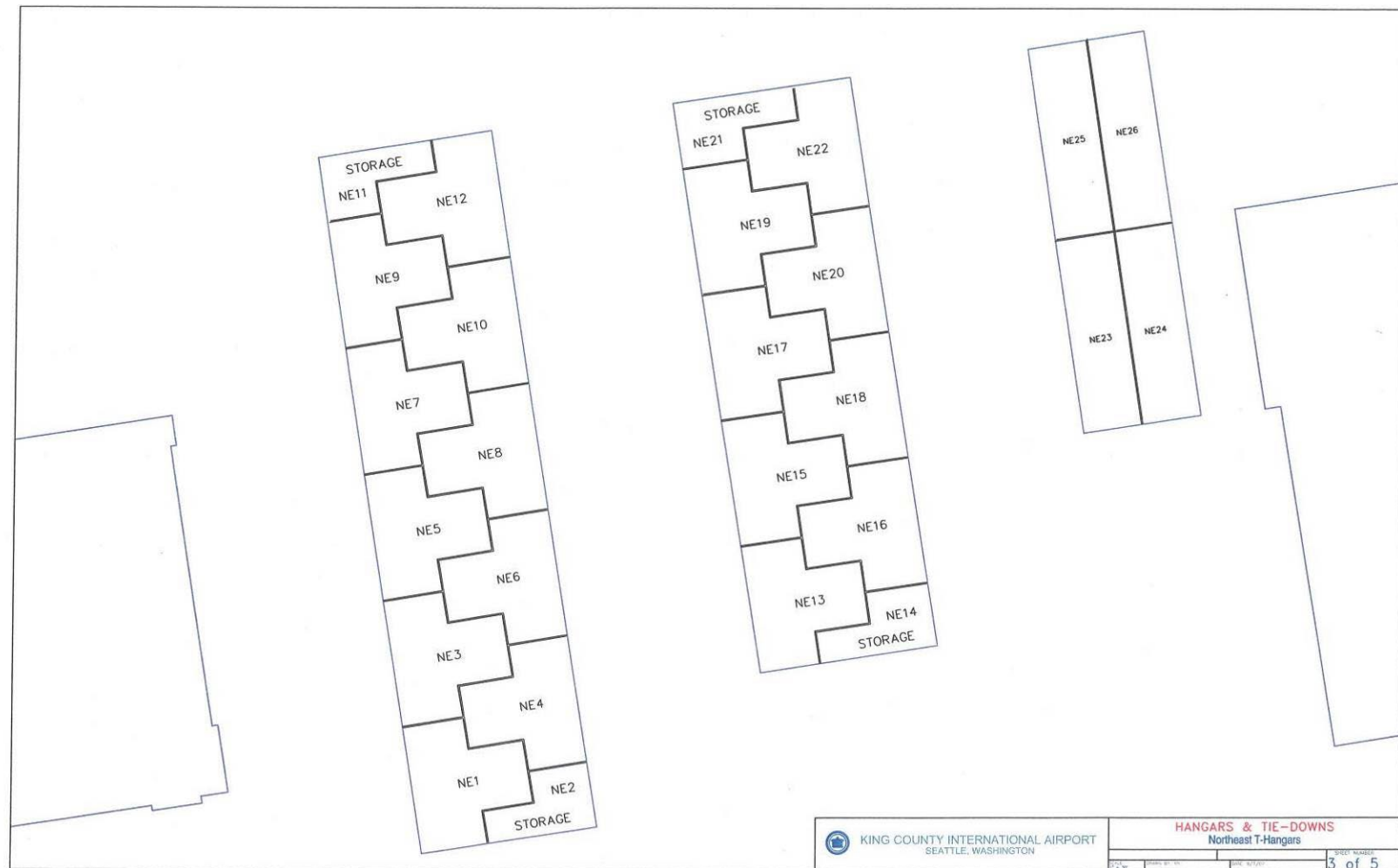
For the purpose of this appraisal, it is assumed that the subject sites are free of contamination of any kind. This assumption should not be construed as a guarantee that such conditions do not exist. The reader is referred to Item 2 of the Limiting Conditions document at the beginning of this report.

Conclusion

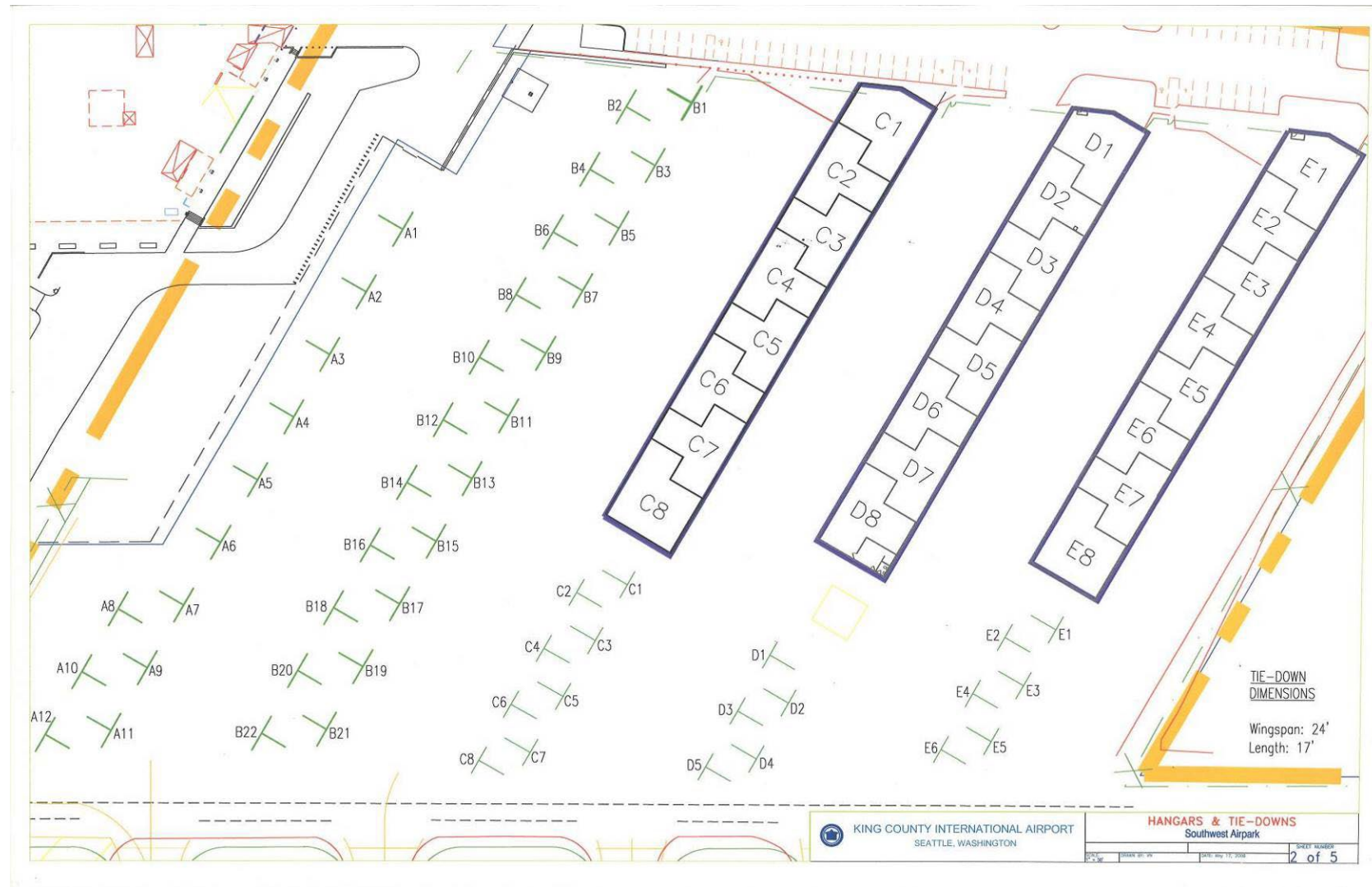
The subject sites are flat and functional for aviation related use and benefit from direct airfield access to KCIA. Zoning is MML U/85 by the City of Seattle and MIC/H by the City of Tukwila, however, King County has significant control over development at KCIA. The sites are also subject to FAA Part 77 regulations.



Midfield Airpark Floor Plan



Northeast Airpark Floor Plan



Southwest Airpark Floor Plan

Description of Improvements

Introduction The subject is six airplane hangar buildings and tiedown ramp space located at King County International Airport-Boeing Field in Seattle, WA. The following description is based upon information procured during our inspection and provided by the property contact.

Year Built The Midfield Airpark Hangars were built in 2003. Building B at the Northeast Airpark was built in 2000, and Building D at the Southwest Airpark was built in 1987.

EFFECTIVE AGE ECONOMIC LIFE REMAINING LIFE	Name	Quality	Economic	Effective	Remaining Life
			Life	Age	
	Midfield Airpark - Building A	Average	30	5	25
	Midfield Airpark - Building B	Average	30	5	25
	Midfield Airpark - Building C	Low Cost	20	10	10
	Midfield Airpark - Building D	Low Cost	20	10	10
	Northeast Airpark - Building B	Low Cost	20	10	10
	Southwest Airpark - Building D	Low Cost	20	10	10

Stories The hangars are all one story.

Building Area	Name	Total Sq Ft	Individual
			Unit Sq Ft
	Midfield Airpark - Building A	13,500	2,520 - 2,568
	Midfield Airpark - Building B	21,660	3,312 - 3,624
	Midfield Airpark - Building C	15,360	1,609 - 1,658
	Midfield Airpark - Building D	11,064	1,307
	Northeast Airpark - Building B	12,165	1,260 - 1,308
	Southwest Airpark - Building D	14,400	1,671 - 1,732

Foundation Reinforced concrete

Structural System Steel frame

Roof Metal

Exterior Finish Metal

Layout The Northeast Airpark hangars and tiedowns are located at the northeast corner of the airport. The Southwest Airpark hangars and tiedowns are located at the southwest corner of the airport. The Midfield Airpark hangars and tiedowns are located to the north of the Southwest Airpark hangars and tiedowns.

Midfield Airpark Building A is a 13,500 sq ft metal framed hangar with five box hangar bays. It was constructed in 2003. Each bay ranges in size from 2,520 sq ft to 2,568 sq ft. The bays are 47 ft 4 in deep. Hangar doors are 53 ft wide and 17 ft tall. These are manual doors. The bays are insulated and heated by space heaters. Each bay has a small office and bathroom. Hangar lighting is provided by open fluorescent luminaires. Flooring is concrete.

Midfield Airpark Building B is a 21,660 sq ft metal framed hangar with six box hangar bays. It was constructed in 2003. Each bay ranges in size from 3,312 sq ft to 3,624 sq ft. The bays are 55 ft 10 in deep. Hangar doors are 59 ft wide and 18 ft 9 in tall. These are manual doors. The bays are insulated and heated by space heaters. Each bay has a small office and bathroom. Hangar lighting is provided by open fluorescent luminaires. Flooring is concrete.

Midfield Airpark Building C is a 15,360 sq ft metal framed hangar with eight T-hangar bays. It was constructed in 2003. Each bay ranges in size from 1,609 sq ft to 1,658 sq ft. The bays are 44 ft 8 in deep. Hangar doors are 53 ft 6 in wide and 16 ft tall. These are manual doors. The bays are partially insulated and heated by space heaters. Hangar lighting is provided by open fluorescent luminaires. Flooring is concrete. The building has a common bathroom.

Midfield Airpark Building D is a 11,064 sq ft metal framed hangar with seven T-hangar bays. It was constructed in 2003. Each bay is 1,307 sq ft. The bays are 37 ft 6 in deep. Hangar doors are 45 ft wide and 16 ft tall. These are manual doors. The bays are partially insulated and heated by space heaters. Hangar lighting is provided by open fluorescent luminaires. Flooring is concrete. The building has a common bathroom.

Northeast Airpark Building B is a 12,165 sq ft metal framed hangar with eight T-hangar bays. It was constructed in 2000. Each bay ranges in size from 1,260 sq ft to 1,308 sq ft. The bays are 37 ft 6 in deep. Hangar doors are 44 ft wide and 14 ft 4 in tall. These are manual doors. The bays are not insulated and not heated. Hangar lighting is provided by open fluorescent luminaires. Flooring is concrete. The building has a common bathroom.

Southwest Airpark Building D is a 14,400 sq ft metal framed hangar with twenty-two T-hangar bays. It was constructed in 1987. Each bay ranges in size from 1,671 sq ft to 1,732 sq ft. The bays are 44 ft 8 in deep. Hangar doors are 53 ft 3 in wide and 15 ft tall. These are manual doors.

The bays are not insulated but are heated by space heaters. Hangar lighting is provided by open fluorescent luminaires. Flooring is concrete. The building has a common bathroom.

The hangar details are summarized in the chart below.

Name	Hangar Type	# of Bays	Door Width	Door Height	Hangar Depth	Total Sq Ft
Midfield Airpark - Building A	Box Hangar	5	53 ft	17 ft	47 ft 4 in	2,520 - 2,568
Midfield Airpark - Building B	Box Hangar	6	59 ft	18 ft 9 in	55 ft 10 in	3,312 - 3,624
Midfield Airpark - Building C	T-Hangar	8	53 ft 6 in	16 ft	44 ft 8 in	1,609 - 1,658
Midfield Airpark - Building D	T-Hangar	7	45 ft	16 ft	37 ft 6 in	1,307
Northeast Airpark - Building B	T-Hangar	8	44 ft	14 ft 4 in	37 ft 6 in	1,260 - 1,308
Southwest Airpark - Building D	T-Hangar	22	53 ft 3 in	15 ft	44 ft 8 in	1,671 - 1,732

Interior Finishes

Interior finishes are of average to low cost quality. The hangars have concrete floors. In Midfield Airpark Buildings A and B, the offices have carpet flooring, and the restrooms have vinyl tile. All hangar walls and ceilings have exposed walls and ceilings. Offices and bathrooms have painted drywall walls with drop grid ceilings.

Mechanical & Electrical

Name	Insulated	Heat
Midfield Airpark - Building A	Yes	Space Heaters
Midfield Airpark - Building B	Yes	Space Heaters
Midfield Airpark - Building C	Partially	Space Heaters
Midfield Airpark - Building D	Partially	Space Heaters
Northeast Airpark - Building B	No	No Heat
Southwest Airpark - Building D	No	Space Heaters

Life Safety

All of the hangars are sprinklered, except for Building D at the Southwest Airpark.

Condition and Functionality

The subject reflects functional, average to low cost quality hangars capable of housing small planes. Some can support office activities.

Site Improvements

Site improvements include paved areas, fencing, site illumination, and typical perimeter and striped tiedowns.

Highest & Best Use

Highest & Best Use

“Highest & Best Use” is defined by the Appraisal Institute as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2022.

As if Vacant

The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The subject sites are zoned MML U/85 by the City of Seattle or MIC/H by the City of Tukwila. However, because of Washington State statute RCW 14.08.330, King County retains significant control over development at the airport. The impact of this statute on zoning and land regulation is beyond the scope of this market rent appraisal. As the appraisers do not possess the required expertise in land use regulations, further analysis is required to determine the implication of this statute on zoning and land use regulations. FAA Part 77 also regulates development at the airport.

The sites are of level topography, irregular shape, and sufficient size to support aviation related development.

The subject's location at KCIA with direct airfield access makes aviation use, particularly hangar or distribution use, feasible and likely. Demand for hangars at the airport has been strong. Overall, the highest and best use of the subject sites as if vacant is for development for aviation use, likely hangars or air cargo, with ramp parking and tie downs supporting non-aviation commercial uses.

As Improved

The Highest and Best Use of a property as improved identifies the use of the property that can be expected to produce the highest overall return to the property. Uses of a property as improved include:

- “As Is”
- Demolition
- Renovation/Expansion
- Addition
- Conversion

The subject improvements are six average to low cost quality hangar buildings. Some hangars have offices and individual bathrooms. The hangars range in size from 1,260 sq ft to 3,624 sq ft. Door width ranges from 44 ft to 59 ft and height ranges from 14 ft 4 in to 18 ft 9 in. Depth ranges from 37 ft 6 in to 55 ft 10 in. Some of the hangars are insulated, and almost all have heat and are sprinklered. The hangars have concrete flooring. These are a reasonable example of the highest and best use as vacant. The highest and best use as improved is for continued use as airplane hangars.

Market Rent Analysis

Market Rent Analysis

Introduction

Market rent is estimated through an analysis of hangar leases from comparable airports. This is called the Survey Method.

We selected seven similar hangars and three different tiedown facilities in the Puget Sound. Photographs of lease comparables are presented on subsequent pages followed by a table presenting lease details.

Rent 1 – Paine Field T-Hangars

Rent 1 is the current rates for T-hangars at Paine Field. There are 211 existing T-hangar units located on the central and west ramp hangar areas. They range in size from 960 sq ft to 1,092 sq ft with hangar door heights of 12 ft. The old T-hangars are mostly 1,040 sq ft and rent for \$496.87/month. There are 40 new T-hangar units located in the rest ramp hangar area that are 1,092 sq ft and rent for \$769.64/month. Rents range from \$5.73/sq ft/year to \$8.45/sq ft/year.

Rent 2 – Renton Municipal Airport

Rent 2 is the current rate for T-hangars at Renton Municipal Airport. There are 39 hangar units located in three buildings adjacent to Taxiways Alpha and Bravo. Hangars are 40 ft wide and have a depth of 31 ft. Door heights are 11 ft. Rents are \$462/month or \$6.19/sq ft. The wait list is 7 to 10 years.

Rent 3 – Auburn Airport T-Hangars

Rent 3 is the current rates for hangars at Auburn Airport. The airport has 88 enclosed T-hangars in ten buildings. The 1,240 sq ft hangars were built in 1969 and have a door height of 10 ft. Current rent is \$5.51/sq ft. The remaining hangars were built in 2005 and are sprinklered with a door height of 13 ft. Current rent is \$5.10/sq ft for hangars without storage space and \$5.78/sq ft for hangars with storage space.

Rent 4 – Skagit Regional Airport T-Hangars

Rent 4 is the current rates for hangars at Skagit Regional Airport. These are T-hangars in Buildings F and G and are located on the northern side of the airport. They range in size from 1,128 sq ft to 1,690 sq ft and have a door height of 12 ft. Current rent is \$7.84/sq ft.

Rent 5 – Tower Park Hangars

Rent 5 is an asking rate at the Tower Park Hangars at Hillsboro Airport for a 2,916 sq ft of hangar with 100 sq ft of office space and a small bathroom. The asking rate was \$11.32/sq ft. The hangar was leased for the asking rate.

Rent 6 – Paine Field T-Hangar	Rent 6 is the active listing of a privately owned T-hangar at Paine Field. It is located next to runway 34R. This is a 1,040 sq ft hangar with a door height of 12 ft. The hangar has power, overhead lights, and sliding doors. Asking rent is \$14.42/sq ft/yr.
Rent 7 – San Jose Mineta International Airport	Rent 7 is the current rates for airport-owned hangars and office at San Jose Mineta International Airport. The rents are adjusted annually on July 1 by the CPI. Utilities are charged separately based on \$/sq ft/year. The hangars can accommodate wingspans up to 50 ft. Hangar rates are \$11.03/sq ft/year and hangar office rates are \$13.79/sq ft/year.
Rent 8 – Bremerton National Airport	Rent 8 is a heated hangar at Bremerton National Airport. The 108 ft by 105 ft hangar has a 280 sq ft office and a small restroom. The hangar space totals 11,000 sq ft. It was built in 2012 and has a 28 ft door. The current rate is \$15,000/month or \$16.36/sq ft/year.
Rent 9 – Paine Field Box Hangars	Rent 9 is the current rates for box hangars at Paine Field. There are 7 existing 60 ft by 60 ft box hangar units. The 3,600 sq ft hangars are heated and have a door height of 16 ft. Each hangar is sprinklered and has a restroom with a shower. Rent is \$2892.37/month or \$9.64/sq ft/year. There is a current waitlist of 13+ years.
Rent 10 – Corporate Air Center	Rent 10 is the current rates for box hangars at the Corporate Air Center at Skagit Regional Airport. These are two 10,000 sq ft heated box hangars. Each hangar has a 96 ft by 28 ft door. Rent is \$18,000/month or \$21.60/sq ft/year.
Rent 11 – Skagit Hangars	<p>Rent 11 two box hangars at Skagit Hangars at Skagit Regional Airport. The first is a 1,794 sq ft corner box hangar. It measures 46 ft by 39 ft. The hangar has power and new epoxy flooring. There is a shared bathroom attached to the building. The current rent is \$1,800/month or \$12.04/sq ft/year.</p> <p>The second is a 3,969 sq ft box hangar. It is heated and the door height is 18 ft. The ten-year term began in April 2023. Rent is \$4,900/month or \$14.81/sq ft/year. There is a 10% rent escalation in Year 5.</p>
Rent 12 – Hangar III Condo, Unit 2	Rent 12 is the current rate for a 3,524 sq ft box hangar at Bellingham International Airport. The hangar has a 175 sq ft office/crew room and a small restroom. The door height is 18 ft. It is used to house eight helicopters. Rent is \$3,500/month or \$11.92/sq ft/year.

**Rent 13 – Three
Hangar Bays
Renton Municipal
Airport**

Rent 13 is a listing for three smaller hangar bays at Renton Municipal Airport. These range in size from 3,000 sq ft up to 4,200 sq ft with door heights of 20 ft. Each unit has a small office, restroom, and storage area. The hangars are listed at \$35.40/sq ft with expenses reflecting a triple net basis. The hangars have been on the market since February 2024 with some interest. However, interested parties think the listing price is high.

**Rent 14 – Renton
Municipal Airport
Tiedowns**

Rent 14 is current tiedown rates at Renton Municipal Airport. There are 30 tiedowns in three locations on the east and west sides of the airport. The tiedowns can accommodate up to a 40 ft wingspan for a fixed-wing aircraft. Rent is \$120/month. There is a current waitlist of 7 to 10 years.

**Rent 15 – Auburn
Municipal Airport
Tiedowns**

Rent 15 is current tiedown rates at Auburn Municipal Airport. There are 140 tiedowns in two locations. Rent is \$109.45/month. There is currently no waitlist for tiedown space.

**Rent 16 – Paine
Field Tiedowns**

Rent 16 is current tiedown rates at Paine Field. The current tiedown rate is \$115/month. If a tenant signs up for auto-withdrawal than the rate is \$110/month. The tiedowns are managed by Regal Air, a flight school. There is currently a waitlist.

**Rent 17 – San Jose
Mineta International
Airport Tiedowns**

Rent 17 is current tiedown rates at San Jose Mineta International Airport. The current tiedown rate is \$208/month. This rate is for the 12 nested, single-engine aircraft tiedowns the airport has. The wait is currently around two years.

**Rent 18 – Reid-
Hillview Airport
Tiedowns**

Rent 18 is current tiedown rates at Reid-Hillview Airport. The current tiedown rate ranged from \$176/month to \$265.50/month depending on aircraft weight. This rate is for tail-in open tiedowns on improved pavement. The airport has 173 open tiedowns and there is currently no waitlist for tiedown space.



Rent Comparable Maps

Rent Comparable Photographs

Comparable 1

Paine Field T-Hangars
3220 100th St. SW
Everett, WA



Comparable 2

Renton Municipal Airport
616 W. Perimeter Rd.
Renton, WA



Comparable 3

Auburn Airport T-Hangars
2143 E. St. NE
Auburn, WA



Rent Comparable Photographs

Comparable 4

Skagit Regional Airport T-
Hangars
15400 Airport Dr.
Burlington, WA



Comparable 5

Tower Park Hangars
Hillsboro Airport
3121 NE Cornell Rd.
Hillsboro, OR



Comparable 6

Paine Field T-Hangar
3220 100th St. SW
Everett, WA



Rent Comparable Photographs

Comparable 7

San Jose Mineta International
Airport
1239-1521 Airport Blvd.
San Jose, CA



Comparable 8

Bremerton National Airport
8620 WA-3
Bremerton, WA



Comparable 9

Paine Field Box Hangars
3220 100th St. SW
Everett, WA



Rent Comparable Photographs

Comparable 10

Corporate Air Center
Skagit Regional Airport
15452 Airport Dr.
Burlington, WA



Comparable 11

Skagit Hangars
Skagit Regional Airport
15263 Flightline Rd.
Burlington, WA



Comparable 12

Hangar III Condo, Unit 2
Bellingham International Airport
4119 Mitchell Way
Bellingham, WA



Rent Comparable Photographs

Comparable 13

Three Hangar Bays
Renton Municipal Airport
750 W. Perimeter Rd.
Renton, WA



SUMMARY OF HANGAR RENT COMPARABLES

No.	Name, Address	Description	Rent Rent (\$/SF/Year)	Escalations	Comments
<u>T-Hangars</u>					
1	Paine Field T-Hangars 3220 100th St. SW Everett, WA	960 sq ft to 1,092 sq ft hangars with door height at 12 ft	\$496.87 - \$769.64 \$5.73 - \$8.45 Full Service	NA	There are 211 existing T-hangar units located on the central and west ramp hangar areas ranging from 960 sq ft to 1,730 sq ft with most at 1,040 sq ft. Monthly cost is \$496.87. There are 40 new T-hangar units located in the west ramp hangar area at 1,092 sq ft and renting for \$769.64/month.
2	Renton Municipal Airport T-Hangars 616 W. Perimeter Rd. Renton, WA	896 sq ft hangars with door height at 11 ft	\$462.00 \$6.19 Full Service	NA	There are 39 T-hangar units in three buildings located adjacent to Taxiways Alpha and Bravo. Hangars are 40 ft wide and 31 ft deep. Monthly rent is \$462/month. The wait list is 7 to 10 years.
3	Auburn Airport T-Hangars 2143 E St. NE Auburn, WA	1,240 sq ft hangar with door height at 10 ft 1,556 sq ft hangar with door height at 13 ft Door height at 13 ft 1,556 sq ft hangar 200 sq ft storage space	\$569.84 \$5.51 Full Service \$661.24 \$5.10 Full Service \$846.30 \$5.78 Full Service	NA	There are 88 enclosed T-hangars in ten buildings. 1,240 sq ft hangars were built in 1969. The remaining hangars were built in 2005 and are sprinklered. The airport is at capacity for all hangars with a 100+ person wait list. They are not currently accepting applications for enclosed hangars due to high demand.
4	Skagit Regional Airport T-Hangars 15400 Airport Dr. Burlington, WA	1,128 sq ft - 1,690 sq ft hangars Door height at 12 ft	\$736.84 - \$1,103.95 \$7.84 Full Service	NA	Current rents for T-Hangars in Buildings F and G at Skagit Regional Airport. These buildings are on the northern side of the airport.
5	Tower Park Hangars Hillsboro Airport 3121 NE Cornell Rd. Hillsboro, OR	2,916 sq ft hangar 100 sq ft office	\$2,750.00 \$11.32 NNN	NA	T-hangar A-3 in Tower Park Hangars. Asking rate for a 2,916 sq ft of hangar space with a small bathroom and 100 sq ft of office. Leased for asking rate.
6	Paine Field T-Hangar 3220 100th St. SW Everett, WA	1,040 sq ft hangar with door height at 12 ft	\$1,250.00 \$14.42 Full Service	NA	Privately owned T-Hangar at Paine Field listed for lease. Located next to runway 34R. Hangar has power, overhead lights, and sliding doors. Door height is 12 ft.

SUMMARY OF HANGAR RENT COMPARABLES

No.	Name, Address	Description	Rent Rent (\$/SF/Year)	Escalations	Comments
7	San Jose Mineta International Airport 1239 - 1521 Airport Blvd San Jose, CA	Hangar Floor Hangar Office	\$11.03 \$13.79	CPI	Current rates for airport-owned hangars and office at SJC. Adjusted annually on July 1 by the CPI. Utilities charged separately based on \$/SF/year. Can accommodate wingspans up to 50 ft.
Box Hangars					
8	Bremerton National Airport 8620 WA-3 Bremerton, WA	Heated hangar with door height at 28 ft 11,000 sq ft hangar 280 sq ft office	\$15,000.00 \$16.36 Full Service	NA	Current rate for an 11,000 sq ft hangar with a 200 sq ft office and small restroom. Door height is 28 ft. Hangar is heated. Dimensions are 108 ft wide by 105 ft deep.
9	Paine Field Box Hangars 3220 100th St. SW Everett, WA	Heated hangars with door height at 16 ft 3,600 sq ft hangar	\$2,892.37 \$9.64 Full Service	NA	Current rate for 7 airport-owned hangars. Restroom with shower. Sprinklered. 13+ year waitlist. Hangars are 60 ft by 60 ft.
10	Corporate Air Center Skagit Regional Airport 15452 Airport Dr. Burlington, WA	Heated hangar with door height at 28 ft 10,000 sq ft	\$18,000.00 \$21.60 Full Service	NA	Two 10,000 sq ft box hangars that rent for \$1.80/sq ft/month or \$18,000/month. The hangars are heated and the doors are 96 ft by 28 ft.
11	Skagit Hangars Skagit Regional Airport 15263 Flightline Rd. Burlington, WA	Door height at 18 ft Corner unit 1,794 sq ft	\$1,800.00 \$12.04 Full Service	NA	46 ft x 39 ft corner hangar. The hangar has power and new epoxy flooring. There is a shared bathroom attached to the building.
		Heated hangar with door height at 18 ft 3,969 sq ft	\$4,900.00 \$14.81 NNN	10% in Year 5	Recent lease at Skagit Regional Airport. 63 ft x 63 ft hangar. 10 year term began in April 2023. 10% rent escalation in Year 5.
12	Hangar III Condo, Unit 2 Bellingham International Airport 4119 Mitchell Way Bellingham, WA	3,524 sq ft hangar with door height at 18 ft 175 sq ft office, restroom	\$3,500.00 \$11.92 NNN	3% annual	Current rate for 3,524 sq ft hangar with a restroom with a shower and small office/crew space. Used to house eight helicopters.
13	Three Hangar Bays Renton Municipal Airport 750 W. Perimeter Rd. Renton, WA	Heated hangar with door height at 20 ft Small office, storage and restrooms	\$8,850 - \$12,390 \$35.40 NNN	NA	Listing for three hangar bays in hangar building at Renton Municipal Airport. Units are 3,000 sq ft, 3,600 sq ft and 4,200 sq ft. On the market since February 2024.

SUMMARY OF TIEDOWN RENT COMPARABLES

No.	Name, Address	Rent	Comments
14	Renton Municipal Airport 616 W. Perimeter Rd Renton, WA	\$120.00 Full Service	Current rates for 30 tiedowns in three locations on the east and west sides of the airport. 40 ft maximum wingspan for a fixed-wing aircraft. Wait time is 7 to 10 years.
15	Auburn Municipal Airport 2143 E St. NE Auburn, WA	\$109.45 Full Service	Current rates for 140 tiedowns in two locations. No waitlist for tiedown space.
16	Paine Field 10217 31st Ave. W. Everett, WA	\$115.00 Full Service	Current rates for tiedowns. Auto-withdrawal rate is \$110/month. Currently is a waitlist. Tiedowns are managed by Regal Air, a flight school.
17	San Jose Mineta International Airport 1701 Airport Blvd San Jose, CA	\$208.00 Full Service	Current rates for 12 nested, single-engined aircraft tiedowns. Currenty wait is around two years.
18	Reid-Hillview Airport 2500 Cunningham Ave. San Jose, CA	\$176.00 - \$265.50 Full Service	Current rates for tail-in open tiedowns on improved pavement. Price varies by aircraft weight. Airport has 173 open tiedowns. No waitlist for tiedown space.

**Market Rent
Conclusion**

The comparable T-hangar rates range fairly widely from \$5.10/sq ft for a small T-hangar at Auburn Airport to \$14.42/sq ft for a small T-hangar at Paine Field. Rents 5 through 7, indicating \$11.32/sq ft and \$14.42/sq ft, are at the high end of this range. Rents 5 and 6, are similar quality privately owned hangars at inferior locations although Rent 5 is significantly larger than the subject T-hangars. In general, government owned hangars rent for significantly less than privately owned hangars. Rent 7 is airport owned hangars and office space at San Jose Mineta International Airport.

Demand for hangar space at King County International Airport is strong with relatively limited softening in demand in the past year. The waitlist for the subject hangars is currently around 10 years. Based on the lengthy waitlist and rent rates at the privately held hangars, it is clear that rent at the subject T-hangars is low and well below a market rent rate. Considering all factors, market rent for the T-hangars is correlated at approximately \$10/sq ft. Market rent is correlated between \$1,070/month and \$1,418/month for Midfield Airpark Buildings C and D, Building B at the Northeast Airpark, and Building D at the Southwest Airpark as shown in a following table.

The comparable box hangar rates range fairly widely from \$9.64/sq ft for a 3,600 sq ft box hangar at Paine Field to \$35.40/sq ft for a current listing for three hangar bays at Renton Municipal Airport. Rents 9 and 12 are at the low end of this range, indicating \$9.64/sq ft and \$11.92/sq ft respectively. These are similar quality hangars of similar size to the subject box hangars but located in inferior locations. Rent 13 indicating \$35.40/sq ft is at the upper end of this range. This is a current listing for three superior quality privately owned hangars at Renton Municipal Airport. Near the middle of this range are Rents 8 and 10, indicating \$16.36/sq ft and \$21.60/sq ft respectively. These are privately owned hangars at inferior locations, although they are larger than the subject box hangars and have higher door heights.

Based on the lengthy waitlist and rent rates at the privately held hangars, it is clear that rent at the subject box hangars is low and well below a market rent rate. Considering all factors, market rent for the T-hangars is correlated at approximately \$18/sq ft. Market rent is correlated at \$3,816/month for Midfield Airpark Building A and \$4,300/month for Midfield Airpark Building B.

The comparable tiedown rates range from \$109.45/month at Auburn Municipal Airport to \$265.50/month for 17,000 lbs. airplanes at Reid-

Hillview Airport. The subject tiedown market rate will fall near the upper end of the range, given the subject's desirable location near downtown Seattle.

MARKET RENT CONCLUSIONS

Hangar	Area (Sq Ft)	Monthly Rate
Midfield Airpark - Building A	2,520 - 2,568	\$3,816
Midfield Airpark - Building B	3,312 - 3, 624	\$5,202
Midfield Airpark - Building C	1,609 - 1,658	\$1,361
Midfield Airpark - Building D	1,307	\$1,089
Northeast Airpark - Building B	1,260 - 1,308	\$1,070
Southwest Airpark - Building D	1,671 - 1,732	\$1,418
Tiedown Ramp Space	NA	\$190

ADDENDUM

Engagement Letter

September 30, 2024

Gil White
King County Real Estate Services, FMD
500 Fourth Ave., Suite 830
Seattle, WA 98104

Via email - gil.white@kingcounty.gov

RE: Engagement of Services – Market Rent Study

Dear Mr. White:

We are pleased to have the opportunity to furnish a Market Rent Study for the King County International Airport Hangars located in Seattle, Washington and identified as:

- Hangars in the Midfield Airpark A building
- Hangars in the Midfield Airpark B building
- Hangars in the Midfield Airpark C building
- Hangars in the Midfield Airpark D building
- Hangars in the Northeast Airpark B building
- Hangars in the Southwest Airpark D building
- Tiedown ramp space

The purpose of this letter is to confirm the scope of our services for this engagement, our office practices and policies.

We will perform these services in accordance with Standards 1 and 2 of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. In addition, our services will comply with and be subject to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. The intended user(s) of this Market Rent Study is/are King County Real Estate Services, FMD. The intended use is for use in setting lease rent rates for the subject properties. You agree and represent that you will not share the Market Rent Study with any party other than the intended user(s) described above and will only rely on the Appraisal for its intended use (the “Representations”).

The cost of the Market Rent Study will be \$_____ This fee is based on the scope and timing of our analysis as outlined in this letter. If the scope of analysis changes during the appraisal process, the change could alter the cost. At the stated fee you will receive an electronic copy of the report in PDF format. You may request up to two optional hard copies without additional charge by checking the box by the signature block. Additional hard

Gil White
September 30, 2024
Page 2

copies will be available at nominal expense (billed at \$75/hour for administrative staff's time), but it is helpful if we know of your copy requirements at the time we begin work on the project. Payment for our services is due no later than 30 days following delivery of the completed reports. Any past-due accounts bear interest at the rate of 1% per month.

Because of the nature of our business, it is difficult to quote a precise delivery date for the completed report. However, we anticipate delivery of the report will be made within three weeks from the date we receive from you a signed copy of this engagement letter authorizing us to proceed.

Either party may terminate this engagement for any reason upon written notification delivered any time prior to completion of the project. Upon such termination, you remain obligated to pay us promptly for all charges for services rendered to date, as well as for all charges incurred as a result of termination.

You agree to hold harmless, defend and indemnify Kidder Mathews and its agents and employees from any and all claims that arise out of or relate to your breach of either or both of the Representations and/or to claims arising from information provided by you for our reliance in preparing the report.

We do not anticipate that any disputes will arise out of our relationship with you. However, all disputes arising out of, relating to or concerning this engagement shall be resolved by binding arbitration in Seattle under the American Arbitration Association ("AAA") Commercial Arbitration Rules with Expedited Procedures in effect on the date hereof. The arbitrator shall award attorneys' fees and costs to the prevailing party.

If you agree with these terms of engagement and wish us to proceed, please sign where indicated below and return the letter via email.

Very truly yours,

KIDDER MATHEWS



David M. Chudzik, Ph.D., MAI, CRE
Senior Vice President

Check if two hard copy reports are required: ☐

ACCEPTED & AGREED this 1 day of October, 2024:

Gil White
September 30, 2024
Page 3

Gilbert White

093024 King County Real Estate Services/ds

Appraisers' Experience Data

DAVID M. CHUDZIK

PH.D., MAI, CRE

Senior Vice President
Valuation Advisory Services

T 206.205.0222
F 206.205.0220
david.chudzik@kidder.com



David M. Chudzik is a senior vice president with the Valuation Advisory Services group at Kidder Mathews.

Since joining Kidder Mathews Valuation Advisory Services in October of 2004, David has provided valuation and consultation services for a wide variety of commercial property types including office, industrial, retail, multifamily, hospitality, marina, and development properties. His experience includes complex properties like biotechnology research facilities, data centers, sawmills, shipyards, and other specialized property types. He has performed biotechnology valuation and market analysis on a national basis and authored the National Biotechnology Real Estate Market Analysis for GVA Worldwide. Assignments have included valuation of leasehold interests, air rights, condemnation compensation, conservation easements as well as market rent studies.

David's professional experience includes venture capital investing with emphasis in the life sciences industry. He has also worked as a development analyst and project manager at Seattle area real estate development companies. His development experience includes multifamily residential, commercial office, and marina developments.

David brings unique qualifications to real estate valuation and consulting making him well qualified in the analysis of some of the most complex and sophisticated real estate.

EDUCATION

Ph.D. in Biochemistry from University of Washington

MBA in Management from University of Washington

BS in Biochemistry from University of Washington

BA in Spanish from University of Washington

SELECT CLIENT LIST

Allstate Life Insurance Co.

Alexandria Real Estate Equities

Archdiocese of Seattle

Bank of America

BECU

Bloch Properties

Citibank

City of Seattle

City of Renton

Davis Wright Tremaine

East West Bank

First Sound Bank

First Mutual Bank

GE Capital

H5 Capital

Heritage Bank

Jefferson County

JPMorgan Chase Bank

KeyBank

King County

Low Income Housing Institute

PROFESSIONAL LICENSES

Washington Certified General Real Estate Appraiser (No. 1102099)

Oregon Certified General Real Estate Appraiser (No. C001182)

California Certified General Real Estate Appraiser (No. 3004403)

Idaho Certified General Real Estate Appraiser (No. CGA-4877)

Alaska Certified General Real Estate Appraiser (No. 196369)

Illinois Certified General Real Estate Appraiser (No. 553002870)

Virginia Certified General Real Estate Appraiser (No. 4001017780)

Massachusetts Certified General Real Estate Appraiser (No. 1000213)

Utah Certified General Appraiser (No. 11521104-CG00)

Colorado Certified General Appraiser (No. CG200003687)

Tennessee Certified General Real Estate Appraiser (No. 6555)

Texas Certified General Real Estate Appraiser (No. TX 1381334 G)

Georgia Certified General Real Property Appraiser (No. 434945)

Connecticut Certified General Real Estate Appraiser (No. RCG.0001764)

Washington Real Estate Broker (No. 127896)

PROFESSIONAL AFFILIATIONS

Member of Appraisal Institute (MAI)

Member of Counselors of Real Estate (CRE)

ADDITIONAL CLIENTS

Memorial Medical Center

Overlake Medical Center

Stockbridge Capital Group

Merrill Lynch

Perkins Coie

Todd Shipyards

Morgan Stanley

Port of Port Townsend

Unico Properties

Morton McGoldrick, PS

Portland State University

Union Bank

Moss Adams

Puget Sound Bank

University of Washington

National Real Estate Advisors

Puget Western

US Bancorp

Nexus Properties

San Juan County Land Bank

Vulcan Real Estate

Northwest Diabetes Research Center

Schnitzer West

Washington Federal

Northwest Kidney Center

Seattle BioMed

Washington Trust Bank

Novartis

Seattle Monorail Project

Wells Fargo

Olympus Real Estate Partners

Server Farm Realty



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CERTIFIED GENERAL REAL ESTATE APPRAISER

DAVID MATTHEW CHUDZIK

1102099
License Number

03/17/2011
Issue Date

11/02/2026
Expiration Date



Marcus J Glasper, Director

MEGAN MANKE

Vice President
Valuation Advisory Services

T 206.205.0208
F 253.778.3026
megan.manke@kidder.com



Megan Manke is a vice president with the Valuation Advisory Services group at Kidder Mathews.

Megan Manke is an appraiser that joined the valuation services division of Kidder Mathews in September of 2020. Prior to joining the valuation services division, Megan interned for the division in the Summer of 2019. Prior to that she interned for Valbridge Property Advisors in the Summer of 2018.

Megan has appraised a wide variety of properties including office, retail, industrial, apartments, self-storage, churches, equestrian centers, and vacant land. Additionally, she has assisted in research for national data center properties.

STATE CERTIFICATION

Megan is a certified general real estate appraiser in Washington State (License No. 24016845).

EDUCATION

BBA in real estate and marketing, University of San Diego School of Business

APPRAISAL COURSEWORK

Uniform Standards of Professional Appraisal Practice

Basic Appraisal Principals

Basic Appraisal Procedures

Supervisor-Trainee Course for Washington

Income Approach

Sales Comparison Approach

Site Valuation and Cost Approach

Market Analysis and Highest and Best Use

Statistics, Modeling, and Finance

Report Writing and Case Studies

PROFESSIONAL AFFILIATIONS & LICENSES

Practicing Affiliate of the Appraisal Institute, Member No. 796704



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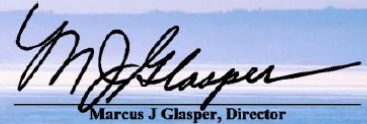
CERTIFIED GENERAL REAL ESTATE APPRAISER

MEGAN NICOLE MANKE

24016845
License Number

07/17/2024
Issue Date

02/07/2026
Expiration Date


Marcus J. Glasper, Director