

Identification of the Area

Name or Designation:

Area 30 is known as Seattle Central Business District and includes the following neighborhoods: The International District (30-10), Pioneer Square Historical District (30-20), Downtown Office Core II (Area 30-30 and Area 30-70), Downtown Office Core I (Area 30-40), Downtown Mixed Commercial (Area 30-50), Downtown Mixed Commercial/south portion of Denny Regrade (Area 30-100), Downtown Retail Core (Area 30-60) and the Pike Place Market District (Area 30-80).

Boundaries:

Area 30 is bounded to the North on Denny Way – the Southern border is west along S. Dearborn St. to 4th Avenue S. then to S. King Street – bounded to the West on Alaskan Way – and bounded to the East on Interstate 5 freeway.

Maps:

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

Area Description:

Area 30 is known as the Seattle Central Business District or the Commercial Core. It is considered downtown's largest and most developed neighborhood. The area is Puget Sound's major employment center, a lively tourist and convention attraction, a strong shopping magnet, a thriving residential center, and a regional cultural and entertainment hub. The Commercial Core's unique neighborhood identity reflects its role as the heart of Seattle's Downtown Urban Center. Area 30 is comprised of Seattle's Retail Core, Financial Center/Office Core, City and County Government Centers, Pike Place Market Historic District, Pioneer Square Historic District, Chinatown/International Historical District and the Denny Triangle Neighborhood.

Area 30 is subdivided into nine neighborhoods and typically distinguished by their predominant zoning classification. The following is a brief description of each:

International District: Area 30-10

Boundaries: This neighborhood comprises the International District.

Neighborhood Description: The International District is a historic area consisting of older existing buildings that are located adjacent to the Pioneer Square District, Safeco Field, and Seattle Central Business District. The International District has IDM and IDR zones that are historic overlays restricting redevelopment conforming to historical requirements. The International Special Review District was established in 1973 to preserve the area's cultural and historical character of its neighborhood. The

Seattle Chinatown-International District Preservation Development Authority (PDA) was created in 1975 as a public corporation to redevelop historic buildings for a number of uses, most importantly, low-income housing. Currently, most of the rehabs done in this area are through the PDA. The neighborhood has seen one significant new development in the last year and that was “International District Village II”, a community service project.

The competing neighborhood to this area is Area 30-20, the Pioneer Square Historic District. Both of these neighborhoods are considered historical landmark areas and have zone classifications that restrict redevelopment conforming to historical requirements. Therefore, these two areas are similar in location, amenities, zone requirements and restrictions.

The Pioneer Square Historic District Neighborhood: Area 30-20

Boundaries: This neighborhood is defined by the boundaries of the Pioneer Square Mixed zone classification established by the City of Seattle. The northern boundary zigzags from Columbia Street and First Avenue to Cherry Street and Second Avenue to James Street and Third Avenue to Jefferson Street. The southern boundary is along King Street to Occidental Street to South Dearborn Street. The western boundary is along Alaskan Way, and the eastern boundary is along Fourth Avenue.

Neighborhood Description: Pioneer Square Preservation District is Seattle’s first neighborhood and first historic district. Pioneer Square is a well-preserved commercial district located in Seattle’s original commercial center, just north of the baseball stadium, Safeco Field, and the football stadium. To the east of Pioneer Square is the new Union Station development. Today Pioneer Square is home to residents, galleries, shops, and restaurants as well as manufacturing and technology firms. The late nineteenth century brick and stone buildings characterize the District, many built in the Romanesque Revival style that was popular when the city rebuilt its central core after a devastating fire in 1889. According to the Pioneer Square Preservation District Urban Conservation report from the City of Seattle Department of Neighborhoods, Pioneer Square has the largest collection of such buildings in the country. Established as a preservation district in 1970, the neighborhood is protected by design guidelines focused on preserving its unique historic and architectural character and assuring the sensitive rehabilitation of buildings. Successful implementation of these guidelines has made Pioneer Square one of Seattle’s most treasured neighborhoods, which draws thousands of visitors and tourists each year.

The district has assigned a Board of Directors as members of the Department of Neighborhoods to review and to approve any change to the exterior of existing structures. As well as, implementing the use and design guidelines to establish preservation of the neighborhood’s appeal as to complement and enhance the historic character of the District and to retain the quality and continuity of existing buildings.

New construction and remodeling, additional stories to existing buildings are discouraged unless they are the original structures. New construction and remodeling must be visually compatible with the predominant architectural style of building materials within the inherent historic

character of the district. Although new projects need not attempt to duplicate original facades, the design process ought to involve serious consideration of the typical historic building character and details with the district. The district's guidelines of building restoration and renovation are the stabilization of significant historical detailing, respecting the original architectural style, compatible scale, and materials. Several Low Income Housing groups have expressed continued interest in this neighborhood and plan renovations to existing buildings.

Demolition or removal of buildings or other structures in the District is prohibited unless approved by the Department of Neighborhoods Board. The following prerequisites for approval for building demolition or removal are: existing buildings or structures do not contain any architectural or historic significance; use and design of the replacement structure; commitment for interim and long-term financing for the replacement structure has been secured with adequate financial backing to ensure completion of the project; satisfactory arrangements have been made for retention of any part of the structure's façade; and satisfactory assurance is provided that new construction will be completed within two (2) years of demolition.

Pioneer Square has a consistent pattern of building heights, and the board strives to maintain that scale. The district has been divided into three distinct areas according to topography, building character, and specific guidelines, which have been developed for each, and the following are:

Area 1 (PSM 100): Infill development should correspond closely to general patterns of development along street fronts. A new building may exceed the height of the tallest building on the block or the adjacent block frontage by 15 feet, but in no case shall the height exceed 100 feet.

Area 2 (PSM 100-120): Development of more residential uses is encouraged. Taller existing structures and a slight change in topography make higher buildings appropriate in this area. New buildings should be limited to 100 feet if the principal use is other than residential. If 75% or more of the building floor area is developed as residential uses, a 120 feet height limit is permitted.

Area 3 (PSM 85-120): The objective of this area is to redevelop vacant or under-utilized sites with new buildings in scale and character with the district. A maximum height of 85 feet will apply, but to encourage residential use, height may, with the board's approval, be increased to 120 feet if 50% of the project is committed to residential use.

Downtown Office Core II: Area 30-30 and Area 30-70

Boundaries: This area is comprised of two pockets that lay at the northern and southern boundaries of the Downtown Office Core I boundaries as established by the City of Seattle. It is irregular in shape and is best defined by the boundaries described in the Downtown Office Core 2 boundaries established by the City of Seattle.

Neighborhood Description: The Downtown Office Core II (DOC-2) area of the Seattle Central Business District is an area of limited high-rise construction, and it is designated as an expansion area for

office buildings in the central business district. Both high-rise office and hotel construction is expanding into the subject neighborhood from the adjacent highly developed office and retail core. The Downtown Office Core II (DOC-2) serves as an additional expansion area from Downtown Office Core I (DOC-1) and Downtown Retail Core (DRC).

Area 30-30 is considered as the City and County Government Center, where most of the government buildings are located. The Millennium Tower, a 24-story office building with residential condominium units above was recently completed here. The new structure is located on the southwest corner of Second Avenue and Columbia Street. This neighborhood is a very small portion of the total area with a total of 36 parcels, 23 of which are improved parcels falling within the Geographic Appraiser's responsibility. The remaining properties are large office buildings, which are valued by the Office Specialist.

Area 30-70 is considered as a portion of the Financial Center/Office Core and Denny Triangle. This area consists of mid to high-rise office, hotels, and retail structures. The Westin Hotel, one of Seattle's finest hotels, located on Fifth Avenue between Virginia Street and Stewart Street, is where most of the visiting elective government officials and famous performers reside for lodging. Currently Area 30-70 is in transition of constructing new office tower buildings, hotels, and expansion to the Washington State Convention Center. Approximately 75% of the parcels in this neighborhood are either vacant or the land value exceeds the property value via the income approach. Many of the older existing retail buildings and theaters have been remodeled and/or renovated.

Area 30-30's zone classification is "Downtown Office Core 2 – 240" (DOC2-240) indicates a maximum building height limit of two hundred forty feet (240 feet) above street elevation. Area 30-70's zone classification is "Downtown Office Core 2 – 300" (DOC2-300) indicates a maximum building height limit of three hundred feet (300 feet) above street elevation. Both of these zone classifications contain street-level use requirements, which are: 1) retail sales and services, except lodging; 2) human service uses and child care centers; 3) customer service offices; 4) entertainment uses, including cinemas and theaters; 5) museums and libraries; and 6) public atriums. The Downtown Office Core 2 (DOC 2) zone permits all central business district uses such as office, hotel, retail, mixed use residential, and parking garage structures, etc. The following uses shall be prohibited as both principal and accessory uses: drive-in businesses, except gas stations located in parking garage structures; outdoor storage; all general and heavy manufacturing uses; all salvage and recycling uses except recycling collection stations; and all high-impact uses.

Downtown Office Core 1: Area 30-40

Boundaries: The Downtown Office Core 1 (DOC 1) zone encompasses the area south of Union Street, west of Interstate 5 freeway and north of an irregular stepped boundary from Jefferson Street to a position mid-block between First Avenue and Second Avenue on Madison Street and thence north to Union Street.

Neighborhood Description: DOC 1 is the official designated portion of Seattle’s Downtown Central Business District for the highest intensity of land use development. High-rise office buildings and major hotels exemplify the highest intensity of land use. This area is considered as the Financial Center of the Office Core. This area consists of high-rise office buildings such as Bank of America Tower, ATT Gateway Office Tower, Washington Mutual Tower, First Interstate Building, Bank of California Building, BA Fifth Avenue Building, BA National Bank Building, Two Union Square Building, and Rainier Plaza Building. Benaroya Hall and Seattle Art Museum, two of Seattle’s cultural resources, are located on Second Avenue between Union Street and University Street. The Fifth Avenue Theatre, located on Fifth Avenue between Union Street and University Street, has been a historic structure in Downtown Seattle for many years and has been renovated to a Broadway style stage theater. A new 37-story office tower known as the IDX Tower at Fourth and Madison has recently been completed.

The zone classification in this neighborhood is “Downtown Office Core 1 – 450” (DOC 1-450), which indicates a maximum building height limit of four hundred and fifty feet (450 feet) with street-level use requirements. Street-level uses that qualify and meet requirement are: 1) retail sales and services, except lodging; 2) human service uses and child care centers; 3) customer service offices; 4) entertainment uses, including cinemas and theaters; 5) museums and libraries; and 6) public atriums. The following uses shall be prohibited as both principal and accessory uses: drive-in businesses, except gas stations located in parking garage structures; outdoor storage; all general and heavy manufacturing uses; all salvage and recycling uses except recycling collection stations; and all high-impact uses.

Downtown Mixed Commercial: Area 30-50 and Area 30-100

Boundaries: The Downtown Mixed Commercial (DMC) zoned area starts at the northeast corner of Denny Way and Interstate 5 freeway and extends around DOC 2 and DOC 1. Area 30-50 is located south of Union Street, north of Columbia Street, west of Alaskan Way, and east of First Avenue. Area 30-100 is between the Downtown Retail Core and Pike Place Market area; zigzagging along the eastern boundaries of Belltown neighborhood; then zigzagging along the western boundaries of Downtown Office Core II; and extended north to Denny Way and Interstate 5 freeway.

Neighborhood Description: The properties in the Downtown Mixed Commercial (DMC) area are diverse with mixed commercial use. Area 30-50’s zone classification is “Downtown Mixed Commercial 160 (DMC 160)” indicating a maximum building height limit of one hundred and sixty feet (160 feet). The neighborhood is directly across from the Washington State Ferry terminal, which provides public ferry transportation across the Puget Sound to and from the Kitsap County area.

Area 30-100 is known as the Denny Triangle area and consists of mixed-use commercial properties. The zones in this neighborhood are Downtown Mixed Commercial 65 (DMC 65), Downtown Mixed Commercial 125 (DMC 125), Downtown Mixed Commercial 160 (DMC 160), and Downtown Mixed Commercial 240 (DMC 240). These zone classifications indicate a maximum building height limit ranging from sixty-five feet (65 feet) to two hundred and forty feet (240 feet).

Area 30-100 consists of mixed-use office, retail, hotel, theaters, apartments, warehouse, manufacturing, and condominiums with mixed-use commercial - residential structures. The northern portion of Area 30-100 is a mixture of commercial properties with many surface parking lots and several auto dealerships. Area 30-100 is in the process of revitalization. In the past two years several existing older buildings have been remodeled, renovated, or demolished to add new mid-rise structures, mostly apartments and condominiums with mixed-use commercial. Approximately 79% of the parcels in this neighborhood are either vacant or the land value exceeds the property value via the income approach. At present, several residential projects are under construction in this area.

Area 30-50 consists of mixed use of office, retail, and warehouses structures, as well as, surface parking lots. This area is in a slow process of revitalization with some buildings having been remodeled or renovated over the past several years.

Area 30-50 and Area 30-100 are zoned as a band intended to separate the Office Core and Retail Core from residentially zoned downtown areas. In addition, these areas are zoned as a buffer around the office and retail zones.

Downtown Retail Core: Area 30-60

Boundaries: The boundaries of Downtown Retail Core (DRC) are south of Olive Way, north of Union Street, east of Second Avenue, and west of Sixth Avenue.

Neighborhood Description: The Downtown Retail Core is Seattle's major retail area and considered as a strong shopping magnet with a lively tourist and convention attraction. The area consists of major department stores, mixed retail stores, and many upscale retail stores. This area has been revitalized with anchor owner Nordstrom staying in this area. The long time major department store Frederick and Nelson's building was purchased by Nordstrom in 1997 and renovated into the new Nordstrom Flagship store. The old existing Nordstrom Building, located on Fifth Avenue between Pine Street and Pike Street, has been renovated into office and retail space. Other major retail properties are Westlake Mall and Pacific Place.

The Downtown Retail Core consists of the following buildings, which are considered as Landmark by the City of Seattle: Sixth and Pine Building, 523 Pine Street; Decatur Building, 1513 Sixth Avenue; Coliseum Theater, Fifth and Pike; Seaboard Building, 1506 Westlake Avenue; Fourth and Pike Building, 1424 Fourth Avenue; Pacific First Federal Savings, 1400 Fourth Avenue; Joshua Green Building, 1425 Fourth Avenue; Equitable Building, 1415 Fourth Avenue; 1411 Fourth Avenue Building, 1411 Fourth Avenue; Mann Building, 1411 Third Avenue; Olympic Savings Tower, 217 Pine Street; Fischer Studio Building, 1519 Third Avenue; Bon Marche, Third and Pine; Melbourne House, 1511 Third Avenue; and Former Woolworth's Building, 1512 Third Avenue.

The zone classification is Downtown Retail Core 85-150 (DRC 85-150), which allows a building height limit from 85 to 150 feet, coupled with significant retail requirements. Presently, the City of Seattle has proposed a rezone of the east side of Second Avenue starting between Stewart Street to Union Street

changing the zone classification from Downtown Retail Core 85-150 (DRC 85-150) to Downtown Mixed Commercial 240 (DMC 240). The current Downtown Retail Core (DRC) is focused in the Westlake area and is growing eastward around the new Pacific Place Center and up Pike Street toward the Conventional Center Market.

Pike Place Market: Area 30-80

Boundaries: Pike Place Market's boundaries are south of Lenora Street, north of Union Street, east of Elliott Avenue, and west of First Avenue.

Neighborhood Description: Seattle's Pike Place Market is the last farmer's market in the United States, which has not been modernized, and therefore, to a large degree it is unspoiled. It was established by an ordinance in 1907. By 1917, much of the Market we know today was constructed, which is known as the Economy Market, Corner Market, Sanitary Market, and the lower levels of the Main Market. In the 1920's and 1930's when many farmers grew their produce closer to Seattle, there were more farmers' stalls than there are now. Nevertheless, loss of these stalls has been made up by a greater variety of other vendors and retail outlets. In November of 1971, the people of Seattle, by initiative measure at the municipal general election, voted to preserve the character and flavor of this market for all time. Specifically, they established a seven-acre Pike Place Market Historical District to be administered by a twelve-member citizen commission with the aid and cooperation of the City's Department of Community Development.

Today, remodeled/renovated retail stores, restaurants, and mixed-use condominiums/apartments with retail and restaurant space exist within the Pike Place Market Historical District area. The neighborhood is one of Seattle's main tourist attractions.

The Pike Place Market Historic District's zone classification is Pike Market Mixed 85 (PMM 85). This zone only permits uses within the Pike Market Historic District, which shall be determined by the Pike Place Market Historic Commission pursuant to the Pike Place Market Historic District Ordinance, Chapter 25.24 Seattle Municipal Code. The Pike Place Market Historic District Ordinance is the vehicle for preservation of the Market as a community and regional asset. It provides the means for control of changes and modifications in the Pike Place Market Historic District. These guidelines, issued pursuant to Ordinance (SMC 25.24), are to help preserve and improve the District, and are designed to be sensitive to its unique characteristics.

The guidelines of the ordinance for any additions or changes to buildings shall maintain the character of the Market. This may be achieved by assuring that any repair or new construction fits the general requirements and the special characteristics of each area in the Market District. Any demolishing, building, renovating, altering, modifying, changing, improving and even painting, as well as changes in use within the District must be approved by the commission.

Physical Inspection Identification:

The neighborhoods that were physically inspected for the 2004 assessment year were 30-20 and 30-100 (Pioneer Square and Denny Triangle, respectively).

Preliminary Ratio Analysis

A Ratio Study was completed just prior to the application of the 2004 recommended values. This study benchmarks the current assessment level using 2003 posted values. The study was also repeated after application of the 2004 recommended values. The results are included in the validation section of this report, showing improvement in the Coefficient of Variation (COV) from 33.17% to 10.32%, Coefficient of Dispersion (COD) from 23.46% to 6.69%, and the weighted mean statistical measure of assessment level went from 87.0% to 96.3%.

Scope of Data

Land Value Data:

Vacant sales from 6/2001 to 7/2003 were given primary consideration for valuing land. Improved sales with demolition, new construction and renovation activities after the sale date represent tear down, "shell" sales or interim use sales. Those sales have been analyzed to reflect improvement contributions to overall price, where appropriate, thereby indicating the value allocation to the land.

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales were verified, if possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales if possible. Due to time constraints, interior inspections were limited. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides in the Assessor's procedure manual located in the Public Information area of the King County Administration Building.

Land Value

Land Sales, Analysis, Conclusions

There were 5 recent sales considered in the Area 30 land valuation analysis. The market indicates little if no change in overall land values since the 2002 revalue. However, some adjustments have been made to improve uniformity. The neighborhoods within Area 30 are typically distinguished by their predominant zone classification. In analyzing the sales in Area 30, subject neighborhood and zoning were considered first. Then, sales from other competing neighborhoods were considered in the absence of sales within the subject neighborhood.

The following is a table used in the finalization of land valuation for each of the zone classifications.

Neighborhood	Zone Designation	Land Value/ SF of Land Area
10	IDM-75-85	\$50 - \$90
10	IDM-100-120	\$85 - \$90
10	IDR-150	\$90 - \$100
20	PSM-85-120	\$70 - \$90
20	PSM-100	\$70 - \$90
20	PSM-100-120	\$70 - \$110
30	DOC-2-240	\$195
40	DOC-1-450	\$301
50	DMC-240	\$182
60	DRC-85-150	\$275
70	DOC-2-300	\$225 - \$250
80	PMM-85	\$90 - \$122
100	DMC-125	\$90 - \$115
100	DMC-160	\$130
100	DMC-240	\$140 - \$170

In addition to the adjustments made for the reasons stated on the preceding pages, an attempt to recognize additional development rights over and above the rights commensurate with the zoning classification was made. Many lots have transferred development rights (TDR's) to other parcels thereby reducing or eliminating the potential for development on one parcel and increasing the density of development on another parcel. The Assessor has recognized these increases and decreases to development potential by recognizing the amount of TDR's transferred (stated as an increase or decrease to gross building area). This figure is then used in the FAR analysis described above. A list of affected properties (sending lots and receiving lots) was provided by the City of Seattle. Please note, in some instances parcels have sold TDR's to the "city bank", but those rights have not yet been transferred to another parcel. In these instances the Assessor recognizes fewer rights associated with the sending parcel, but does not recognize additional development rights on another parcel as the rights have not been transferred to another parcel yet, but rather remain available for purchase from the "city bank".

The total land assessed value for the 2003 assessment year for Area 30 was \$1,386,172,406 and the total land assessed value for the 2004 assessment year is \$1,378,617,306. Application of these recommended values for the 2004 assessment year (taxes payable in 2005) results in change from the 2003 assessments of - .55%. Overall land values remain relatively unchanged, except for some adjustments made to improve uniformity.

A list of vacant sales used and those considered not reflective of the market value are included in the following sections.

Vacant Sales for Area 030 with Sales Used

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.
030	010	524780	2000	14,400	1860953	\$1,500,000	01/02/02	\$104.17	PARKING LOT	IDR-150	1
030	010	524780	2420	14,400	1822585	\$1,400,000	06/11/01	\$97.22	DENCO SALES/TEAR DOWN	IDM-75-85	1
030	100	066000	0510	5,845	1965239	\$1,000,000	06/09/03	\$171.09	JOKER PARKING LOT	DMC-240	1
030	100	197720	0865	19,440	1975280	\$3,400,000	07/18/03	\$174.90	BETHEL PENTACOSTAL TEMPLE	DMC-240	1
030	100	711750	0010	10,700	1844621	\$1,420,000	09/28/01	\$132.71	OFC & SVC GARAGE	DMC-125	1

Improved Parcel Total Values:

Sales comparison approach model description

The sales presented in the Improved Sales Used list range in date from 1/2/2001 to 10/20/2003. There were 25 improved sales in Area 30 considered as good and fair market transactions reflective of the market conditions at the time of their transaction. The Sales Comparison Approach was used to correlate income values and set condo values.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift Valuation modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area. Cost estimates were relied upon in the valuation of schools, churches, museums and most buildings in public/governmental use.

Cost calibration

The Marshall & Swift Valuation modeling system, which is built in the Real Property Application, is calibrated to the region and the Seattle area.

Income capitalization approach model description

The Income Approach was considered the most reliable approach to valuation throughout Area 30. Income parameters were derived from the market place through the sales listed as well as through market surveys and available publications. A rent survey was performed in the neighborhoods of area 30. This information along with the other sources was relied upon in the estimation of market value via the Income Approach to valuation.

An individual analysis was done for each neighborhood within area 30. Income parameters differed somewhat significantly from neighborhood to neighborhood in some instances and even within neighborhoods in others. A general description of the income parameters used in each neighborhood follows. Income Tables were used in all neighborhoods.

NEIGHBORHOOD 10: INTERNATIONAL DISTRICT

RETAIL, RESTAURANTS, <10,001 SQ FT NRA

LEASE RATE RANGE (NNN)	\$8-\$24
TYPICAL LEASE RATE (NNN)	\$10-\$15
VACANCY AND COLLECTION LOSS	5%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9%-9.5%

RETAIL, RESTAURANTS, >10,000 SQ FT NRA

LEASE RATE RANGE (NNN)	\$7-\$12
TYPICAL LEASE RATE (NNN)	\$9-\$10
VACANCY AND COLLECTION LOSS	5%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9%-9.5%

OFFICE <50,001 SQ FT NRA

LEASE RATE RANGE (NNN)	\$11-\$15
TYPICAL LEASE RATE (NNN)	\$12-\$13
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9%-9.5%

BASEMENT OFFICE <50,001 SQ FT NRA

LEASE RATE RANGE (NNN)	\$4-\$6
TYPICAL LEASE RATE (NNN)	\$4.50-\$5
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	5%
CAPTIALIZATION RATE RANGE	9%-9.5%

APARTMENTS, MULTI RESIDENCES ETC.<200,001 SQ FT NRA

LEASE RATE RANGE	\$10-\$20
TYPICAL LEASE RATE	\$11-\$13
VACANCY AND COLLECTION LOSS	5%
OPERATING EXPENSES	\$2.50-\$3.00/sq.ft.NRA
CAPTIALIZATION RATE RANGE	9%-9.5%

STORAGE

LEASE RATE RANGE (NNN)	\$4-\$7
TYPICAL LEASE RATE (NNN)	\$6
VACANCY AND COLLECTION LOSS	5%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9.50%

NEIGHBORHOOD 20: PIONEER SQUARE**RETAIL, RESTAURANTS, <20,001 SQ FT NRA**

LEASE RATE RANGE (NNN)	\$12-\$28
TYPICAL LEASE RATE (NNN)	\$18-\$22
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9.0%-10.0%

OFFICE <75,001 SQ FT NRA

LEASE RATE RANGE	\$13-\$21
TYPICAL LEASE RATE	\$18-\$20
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	35%
CAPTIALIZATION RATE RANGE	9.25%-9.5%

BASEMENT OFFICE <50,001 SQ FT NRA

LEASE RATE RANGE	\$7-\$14
TYPICAL LEASE RATE	\$10-12
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	35%
CAPTIALIZATION RATE RANGE	9.25%-9.5%

APARTMENTS, MULTI RESIDENCES ETC.<200,001 SQ FT NRA

LEASE RATE RANGE	\$10-\$21
TYPICAL LEASE RATE	\$13-\$17
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	30%
CAPTIALIZATION RATE RANGE	9.25%-9.5%

STORAGE

LEASE RATE RANGE (NNN)	\$4-\$6
TYPICAL LEASE RATE (NNN)	\$5
VACANCY AND COLLECTION LOSS	5%
OPERATING EXPENSES	10%

CAPTIALIZATION RATE RANGE 9.50%

NEIGHBORHOOD 30: DOWNTOWN OFFICE CORE II (SOUTH PORTION)

Total of 4 buildings

OFFICE <97,000SQ FT NRA

LEASE RATE RANGE \$12-\$24
TYPICAL LEASE RATE \$24
VACANCY AND COLLECTION LOSS 15%
OPERATING EXPENSES \$7.50/SQ. FT. NRA
CAPTIALIZATION RATE RANGE 9.25%-9.5%

RETAIL, RESTAURANTS, <20,001 SQ FT NRA

LEASE RATE RANGE (NNN) \$15-\$20
TYPICAL LEASE RATE (NNN) \$20
VACANCY AND COLLECTION LOSS 10%
OPERATING EXPENSES 10%
CAPTIALIZATION RATE RANGE 9%-9.75%

NEIGHBORHOOD 40: DOWNTOWN OFFICE CORE I

OFFICE <90,000SQ FT NRA

LEASE RATE RANGE \$18-\$24
TYPICAL LEASE RATE \$20-\$22
VACANCY AND COLLECTION LOSS 15%
OPERATING EXPENSES \$7.50/SQ. FT. NRA
CAPTIALIZATION RATE RANGE 9.25%-9.5%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN) \$15-\$25
TYPICAL LEASE RATE (NNN) \$20
VACANCY AND COLLECTION LOSS 10%
OPERATING EXPENSES 10%
CAPTIALIZATION RATE RANGE 9.25%-9.50%

NEIGHBORHOOD 50: DOWNTOWN MIXED COMMERCIAL

OFFICE

LEASE RATE RANGE	\$21
TYPICAL LEASE RATE	\$21
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$7.50/SQ. FT. NRA
CAPTIALIZATION RATE RANGE	9.25%-9.5%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$17-\$20
TYPICAL LEASE RATE (NNN)	\$20
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9.25%

NEIGHBORHOOD 60: DOWNTOWN RETAIL CORE

OFFICE

LEASE RATE RANGE	\$18-\$29
TYPICAL LEASE RATE	\$22-\$24
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$7.50-\$9/SQ. FT. NRA
CAPTIALIZATION RATE RANGE	9.25%-9.5%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$17-\$65
TYPICAL LEASE RATE (NNN)	\$30-\$40
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9.25%-9.50%

NEIGHBORHOOD 70: DOWNTOWN OFFICE CORE II (NORTH PORTION)

OFFICE

LEASE RATE RANGE	\$14-\$30
TYPICAL LEASE RATE	\$15-\$20
VACANCY AND COLLECTION LOSS	15%

OPERATING EXPENSES	\$6-\$9/SQ. FT. NRA
CAPTIALIZATION RATE RANGE	9.25%-9.5%
RETAIL, RESTAURANTS	
LEASE RATE RANGE (NNN)	\$15-\$35
TYPICAL LEASE RATE (NNN)	\$15
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9.25%-9.50%

NEIGHBORHOOD 80: PIKE PLACE MARKET

OFFICE

LEASE RATE RANGE	\$15-\$21
TYPICAL LEASE RATE	\$20
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$7/SQ. FT. NRA
CAPTIALIZATION RATE RANGE	9.50%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$20-\$25
TYPICAL LEASE RATE (NNN)	\$24
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9.50%

NEIGHBORHOOD 100: DOWNTOWN MIXED COMMERCIAL

OFFICE

LEASE RATE RANGE	\$13-\$26
TYPICAL LEASE RATE	\$15-\$20
VACANCY AND COLLECTION LOSS	15%
OPERATING EXPENSES	\$6-\$7.50/SQ. FT. NRA
CAPTIALIZATION RATE RANGE	9.25-9.5%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$15-\$21
TYPICAL LEASE RATE (NNN)	\$18-\$20
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	9.25%-9.50%

Parking Income Analysis

Additionally, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. No turnaround income was recognized on the daily spaces. The Parking Inventory for Seattle and Bellevue 2002 prepared by the Puget Sound Regional Council was utilized as a basis for establishing parking rates in the various neighborhoods in Downtown Seattle. This report was supported by verified rates on sold properties when available.

Income approach calibration

The models were calibrated after setting base rents by using adjustments based on size, effective age, construction class, quality, and location as recorded in the Assessor's records.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. The market rents as established by the income model were used as a guide in establishing the market rental rates used. The market rental rate applied varies somewhat but falls within an acceptable range of variation from the established guideline. The Senior Appraiser before posting reviewed final values selected.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel in the physical inspection neighborhood was field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

The standard statistical measures of valuation performance are presented the 2003 and 2004 Ratio Analysis charts included in this report. Comparison of the 2003 Ratio Study Analysis and the 2004 Ratio Study Analysis indicates that the weighted mean statistical measure of assessment level went from 87.0% to 96.3%. The Coefficient of Dispersion (COD) went from 23.46% to 6.69%, the Coefficient of Variation (COV) went from 33.17% to 10.32%, and the Price-related Differential (PRD) went from 1.03 to 1.00.

The total assessed values for area 30 for the 2003 assessment year was \$3,212,674,542 and the total recommended value for the 2004 assessment year is \$3,386,242,402. Application of these recommended values for the 2004 assessment year (taxes payable in 2005) results in an average total change from the 2003 assessments of 5.4%.

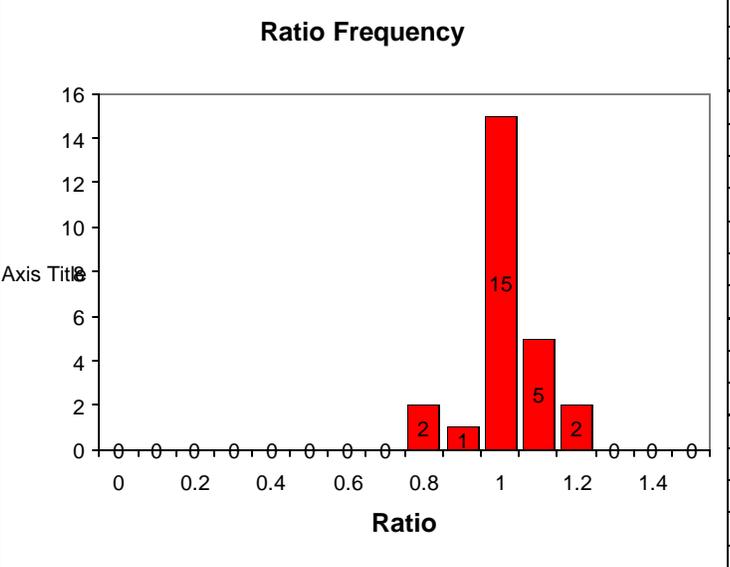
Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the office.

**Area 030 Downtown Seattle
2004 Assessment Year
Sales used w/2003 AV**

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:																		
Central Crew	1/1/2003	3/16/2004	1/2/01 - 10/20/03																		
Area	Appr ID:	Prop Type:	Trend used?: Y/N																		
30	AHAS	Improvement	N																		
SAMPLE STATISTICS																					
<i>Sample size (n)</i>	25	<table border="1"> <caption>Ratio Frequency Data</caption> <thead> <tr> <th>Ratio Bin</th> <th>Frequency</th> </tr> </thead> <tbody> <tr><td>0.6 - 0.7</td><td>3</td></tr> <tr><td>0.7 - 0.8</td><td>4</td></tr> <tr><td>0.8 - 0.9</td><td>5</td></tr> <tr><td>0.9 - 1.0</td><td>8</td></tr> <tr><td>1.0 - 1.1</td><td>1</td></tr> <tr><td>1.1 - 1.2</td><td>1</td></tr> <tr><td>1.2 - 1.3</td><td>1</td></tr> <tr><td>1.3 - 1.4</td><td>2</td></tr> </tbody> </table>		Ratio Bin	Frequency	0.6 - 0.7	3	0.7 - 0.8	4	0.8 - 0.9	5	0.9 - 1.0	8	1.0 - 1.1	1	1.1 - 1.2	1	1.2 - 1.3	1	1.3 - 1.4	2
Ratio Bin	Frequency																				
0.6 - 0.7	3																				
0.7 - 0.8	4																				
0.8 - 0.9	5																				
0.9 - 1.0	8																				
1.0 - 1.1	1																				
1.1 - 1.2	1																				
1.2 - 1.3	1																				
1.3 - 1.4	2																				
<i>Mean Assessed Value</i>	2,380,800																				
<i>Mean Sales Price</i>	2,737,700																				
<i>Standard Deviation AV</i>	1,926,710																				
<i>Standard Deviation SP</i>	2,154,942																				
ASSESSMENT LEVEL																					
<i>Arithmetic mean ratio</i>	0.898																				
<i>Median Ratio</i>	0.905																				
<i>Weighted Mean Ratio</i>	0.870																				
UNIFORMITY																					
<i>Lowest ratio</i>	0.5474																				
<i>Highest ratio:</i>	1.7294																				
<i>Coefficient of Dispersion</i>	23.46%																				
<i>Standard Deviation</i>	0.2978																				
<i>Coefficient of Variation</i>	33.17%																				
<i>Price-related Differential</i>	1.03																				
RELIABILITY																					
95% Confidence: Median																					
<i>Lower limit</i>	0.733																				
<i>Upper limit</i>	0.976																				
95% Confidence: Mean																					
<i>Lower limit</i>	0.781																				
<i>Upper limit</i>	1.015																				
SAMPLE SIZE EVALUATION																					
<i>N (population size)</i>	464																				
<i>B (acceptable error - in decimal)</i>	0.05																				
<i>S (estimated from this sample)</i>	0.2978																				
Recommended minimum:	109																				
<i>Actual sample size:</i>	25																				
Conclusion:	Uh-oh																				
NORMALITY																					
Binomial Test																					
<i># ratios below mean:</i>	12																				
<i># ratios above mean:</i>	13																				
<i>z:</i>	0																				
Conclusion:	Normal*																				
*i.e., no evidence of non-normality																					

These figures reflect 2003 assessed values compared to the current market.

**Area 030 Downtown Seattle
2004 Assessment Year
Sales used w/2003 AV**

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:		
Central Crew	1/1/2004	3/15/2004	1/2/01 - 10/20/03		
Area	Appr ID:	Prop Type:	Trend used?: Y / N		
30	AHAS	Improvement	N		
SAMPLE STATISTICS					
Sample size (n)	25				
Mean Assessed Value	2,635,200				
Mean Sales Price	2,737,700				
Standard Deviation AV	2,040,600				
Standard Deviation SP	2,154,942				
ASSESSMENT LEVEL					
Arithmetic mean ratio	0.966	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> <p>These figures reflect the recommended 2004 assessed values as compared to the current market.</p> </div>			
Median Ratio	0.988				
Weighted Mean Ratio	0.963				
UNIFORMITY					
Lowest ratio	0.7022				
Highest ratio:	1.1986				
Coefficient of Dispersion	6.69%				
Standard Deviation	0.0997				
Coefficient of Variation	10.32%				
Price-related Differential	1.00				
RELIABILITY					
95% Confidence: Median					
Lower limit	0.927				
Upper limit	1.000				
95% Confidence: Mean					
Lower limit	0.927				
Upper limit	1.006				
SAMPLE SIZE EVALUATION					
<i>N (population size)</i>	464				
<i>B (acceptable error - in decimal)</i>	0.05				
<i>S (estimated from this sample)</i>	0.0997				
Recommended minimum:	15				
Actual sample size:	25				
Conclusion:	OK				
NORMALITY					
Binomial Test					
# ratios below mean:	9				
# ratios above mean:	16				
z:	1.2				
Conclusion:	Normal*				
*i.e., no evidence of non-normality					

Improvement Sales for Area 030 with Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par . Ct.
030	100	066000	0545	43,200	1952204	\$4,625,000	04/16/03	\$107.06	OFFICE & WHSE	DMC240	1
030	100	066000	0575	32,160	1985941	\$3,250,000	08/29/03	\$101.06	COSMOPOLITAN MOTORS	DMC240	1
030	070	066000	0825	86,800	1972515	\$6,700,000	07/14/03	\$77.19	CAMLIN HOTEL	DOC2400	3
030	020	093900	0125	21,260	1971855	\$2,829,500	07/07/03	\$133.09	LOWMAN & HANFORD BUILDING	PSM-100	1
030	020	093900	0235	21,760	1813205	\$3,600,000	04/11/01	\$165.44	FIRST & CHERRY BLDG	PSM-100	1
030	030	093900	0240	43,458	1914001	\$5,880,000	10/03/02	\$135.30	FOSTER & MARSHALL BUILDING	DOC2/2*	1
030	030	094200	1095	8,000	1985623	\$895,000	09/03/03	\$111.88	RETAIL-RESTAURANT-POLICE GUILD	DOC2240	1
030	080	197720	0416	48,717	1795589	\$7,000,000	01/05/01	\$143.69	BUTTERWORTH BLDG	PMM/85	2
030	080	197720	0435	41,568	1992644	\$4,198,000	09/30/03	\$100.99	HOTEL FAIRMONT AND JONES BLDG	PMM/85	1
030	100	197720	1130	6,480	1916008	\$1,600,000	10/16/02	\$246.91	BUSHELLS AUCTION CO	DMC240	1
030	100	197720	1245	51,840	2000247	\$2,625,000	10/20/03	\$50.64	MARSHALL BLDG	DMC/240	1
030	080	269480	0010	5,000	1929581	\$1,600,000	12/19/02	\$320.00	CONDO - RETAIL	PMM	1
030	020	524780	0125	9,000	1879011	\$1,600,000	04/11/02	\$177.78	MARATHON BUILDING	PSM-100	1
030	020	524780	0170	11,600	1845086	\$1,800,000	09/25/01	\$155.17	CROWN HOTEL BLDG	PSM-100	1
030	020	524780	0300	55,826	1982412	\$7,500,000	08/22/03	\$134.35	WESTLAND BLDG	PSM-100	1
030	020	524780	0550	3,960	1815171	\$540,000	04/30/01	\$136.36	MERCHANTS CAFE	PSM-100	1
030	020	524780	0855	16,368	1964456	\$975,000	06/04/03	\$59.57	MOSES BUILDING (LOFT)	PSM-100	1
030	020	524780	0965	5,940	1862366	\$695,000	01/03/02	\$117.00	MONTAREY HOTEL BLDG (VAC)	PSM-120	2
030	010	524780	1900	15,340	1795303	\$2,480,000	01/02/01	\$161.67	OHIO APTS/RETAIL	IDM-75	1
030	010	524780	1920	33,720	1957369	\$2,250,000	05/05/03	\$66.73	ALPS HOTEL-CAFE-STORES	IDM-75	1
030	010	524780	2325	17,600	1993887	\$2,750,000	10/08/03	\$156.25	MILWAUKEE HOTEL BLDG	IDM-75	1
030	010	524780	2715	14,200	1995972	\$2,000,000	10/16/03	\$140.85	KONG YICK INVESTMENT CO,CAFE&SHO	IDM-75	1
030	020	766620	2594	3,300	1850353	\$670,500	11/01/01	\$203.18	YESLER WAY - BEDFORD HOTEL BLDG	PSM-100	1
030	080	332400	0380	1,299	1965515	\$215,000	06/04/03	\$165.51	HILLCLIMB COURT RETAIL CONDO	PMM/85	1
030	020	524780	0530	3,000	1993746	\$410,000	10/08/03	\$136.67	NEW STAGE THEATER	PSM-100	1