

Executive Summary Report

Appraisal Date 1/1/2004 - 2004 Assessment Roll
Quadrant Name: Central King County Commercial Area
Previous Physical Inspection: 1/2003

Sales - Improved Summary:

Number of Sales: 163
Range of Sale Dates: 1/2001 – 1/2004

Sales – Ratio Study Summary:				
	Improved Value	Sale Price	Ratio	COV
2003 Average Value	\$1,505,200	\$1,730,100	87.00%	20.54%
2004 Average Value	\$1,644,200	\$1,730,100	95.00%	10.25%
Change	+ \$ 139,000		+ 8.00%	- 10.29%
%Change	+ 9.23 %		+ 9.20%	- 50.15%

*COV is a measure of uniformity, the lower the number the better the uniformity. The negative figures of – 10.29% and – 50.15% actually represent an improvement.

Sales used in Analysis: All improved sales which were verified as good that did not have characteristic changes between the date of sale and the date of appraisal were included in the analysis.

Population - Improved Parcel Summary Data:

	Land	Imps	Total
2003 Value	\$6,494,126,340	\$6,347,866,123	\$12,841,992,463
2004 Value	\$6,619,484,706	\$6,862,483,043	\$13,481,967,749
Percent Change	+ 1.93%	+ 8.11 %	+ 4.98%

Number of improved Parcels in the Population: 4,297

Conclusion and Recommendation:

Since the values recommended in this report improve uniformity, assessment level and equity, we recommend posting them for the 2004 Assessment Roll.

The values shown in the improvement portion of the chart represent the total combined value for land and improvements.

Analysis Process

Highest and Best Use Analysis

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

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a token value of \$1,000.00 is assigned to the improvements.

Interim Use: In many instances a property's highest and best use may change in the foreseeable future. A tract of land at the edge of a city might not be ready for immediate development, but current growth trends may suggest that the land should be developed in a few years. Similarly, there may not be enough demand for office space to justify the construction of a multistory office building at the present time, but increased demand may be expected within five years. In such situations, the immediate development of the site or conversion of the improved property to its future highest and best use is usually not financially feasible.

The use to which the site is put until it is ready for its future highest and best use is called an interim use. Thus, interim uses are current highest and best uses that are likely to change in a relatively short time.

Standards and Measurement of Data Accuracy: Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Current data was verified and corrected when necessary via field inspection.

Special Assumptions, Departures and Limiting Conditions

We considered all three approaches to value. Contract rent was used in place of economic rent, in some cases.

The following Departmental guidelines were considered and adhered to:

- ✚ Sales from 1/02 to 1/04 (at minimum) were considered in all analyses.
- ✚ No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of two years of market information without time adjustments averaged any net changes over that time period.
- ✚ This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

**Central Team
2004 Assessment Year
Sales Used w/2003 AV**

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:		
Central Crew	1/1/2003	4/29/2004	1/2/2001 - 2/27/2004		
Area	Appr ID:	Prop Type:	Trend used?: Y / N		
OVERALL	DATK	Improvement	N		
SAMPLE STATISTICS					
Sample size (n)	163				
Mean Assessed Value	1,505,200				
Mean Sales Price	1,730,100				
Standard Deviation AV	2,551,648				
Standard Deviation SP	3,186,108				
ASSESSMENT LEVEL					
Arithmetic mean ratio	0.879	<p>These figures reflect 2003 assessed values compared to the current market.</p>			
Median Ratio	0.924				
Weighted Mean Ratio	0.870				
UNIFORMITY					
Lowest ratio	0.2936				
Highest ratio:	1.7294				
Coefficient of Dispersion	14.04%				
Standard Deviation	0.1806				
Coefficient of Variation	20.54%				
Price-related Differential	1.01				
RELIABILITY					
95% Confidence: Median					
Lower limit	0.899				
Upper limit	0.947				
95% Confidence: Mean					
Lower limit	0.851				
Upper limit	0.907				
SAMPLE SIZE EVALUATION					
N (population size)	4297				
B (acceptable error - in decimal)	0.05				
S (estimated from this sample)	0.1806				
Recommended minimum:	52				
Actual sample size:	163				
Conclusion:	OK				
NORMALITY					
Binomial Test					
# ratios below mean:	63				
# ratios above mean:	100				
z:	2.81973762				
Conclusion:	Non-normal				
*i.e., no evidence of non-normality					

**Central Team
2004 Assessment Year
Sales Used w/2004 AV**

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:		
Central Crew	1/1/2004	4/29/2004	1/2/2001 - 2/27/2004		
Area	Appr ID:	Prop Type:	Trend used?: Y / N		
OVERALL	DATK	Improvement	N		
SAMPLE STATISTICS					
Sample size (n)	163				
Mean Assessed Value	1,644,200				
Mean Sales Price	1,730,000				
Standard Deviation AV	3,029,521				
Standard Deviation SP	3,186,176				
ASSESSMENT LEVEL					
Arithmetic mean ratio	0.945	<div style="border: 1px solid black; padding: 5px;"> <p>These figures reflect the recommended 2004 assessed values as compared to the current market</p> </div>			
Median Ratio	0.955				
Weighted Mean Ratio	0.950				
UNIFORMITY					
Lowest ratio	0.6169				
Highest ratio:	1.2338	<div style="border: 1px solid black; padding: 5px;"> <p>These figures reflect the recommended 2004 assessed values as compared to the current market</p> </div>			
Coefficient of Dispersion	7.58%				
Standard Deviation	0.0968				
Coefficient of Variation	10.25%				
Price-related Differential	0.99				
RELIABILITY					
95% Confidence: Median					
Lower limit	0.943	<div style="border: 1px solid black; padding: 5px;"> <p>These figures reflect the recommended 2004 assessed values as compared to the current market</p> </div>			
Upper limit	0.975				
95% Confidence: Mean					
Lower limit	0.930				
Upper limit	0.960				
SAMPLE SIZE EVALUATION					
N (population size)	4297	<div style="border: 1px solid black; padding: 5px;"> <p>These figures reflect the recommended 2004 assessed values as compared to the current market</p> </div>			
B (acceptable error - in decimal)	0.05				
S (estimated from this sample)	0.0968				
Recommended minimum:	15				
Actual sample size:	163				
Conclusion:	OK	<div style="border: 1px solid black; padding: 5px;"> <p>These figures reflect the recommended 2004 assessed values as compared to the current market</p> </div>			
NORMALITY					
Binomial Test					
# ratios below mean:	70				
# ratios above mean:	93				
z:	1.72317299	<div style="border: 1px solid black; padding: 5px;"> <p>These figures reflect the recommended 2004 assessed values as compared to the current market</p> </div>			
Conclusion:	Normal*				
*i.e., no evidence of non-normality					

USPAP Compliance

Client and Intended Use of the Appraisal:

*This mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a **mass appraisal report** as stated in USPAP SR6-7. To fully understand this report the reader may need to refer to the Assessor's Property Record Files, Assessor's Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.*

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

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65) . . . or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

Highest and Best Use

WAC 458-12-330 REAL PROPERTY VALUATION—HIGHEST AND BEST USE.

All property, unless otherwise provided by statute, shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Uses which are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in estimating the highest and best use.

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

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

Date of Value Estimate

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]

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

Property rights appraised:

Fee Simple

*The definition of fee simple estate as taken from *The Third Edition of The Dictionary of Real Estate Appraisal*, published by the Appraisal Institute. "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."*

Assumptions and Limiting Conditions:

- 1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.*
- 2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.*
- 3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.*
- 4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.*
- 5. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the*

- projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.*
6. *The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.*
 7. *The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.*
 8. *No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.*
 9. *Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.*
 10. *The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.*
 11. *An attempt to segregate personal property from the real estate in this appraisal has been made.*
 12. *The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.*
 13. *I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.*
 14. *Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.*

Departure Provisions:

Which if any USPAP Standards Rules were departed from or exempted by the Jurisdictional Exception

SR 6-2 (g)

The assessor has no access to title reports and other documents. Because of budget limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. The mass appraisal must be completed in the time limits as indicated in the Revaluation Plan and as budgeted.