



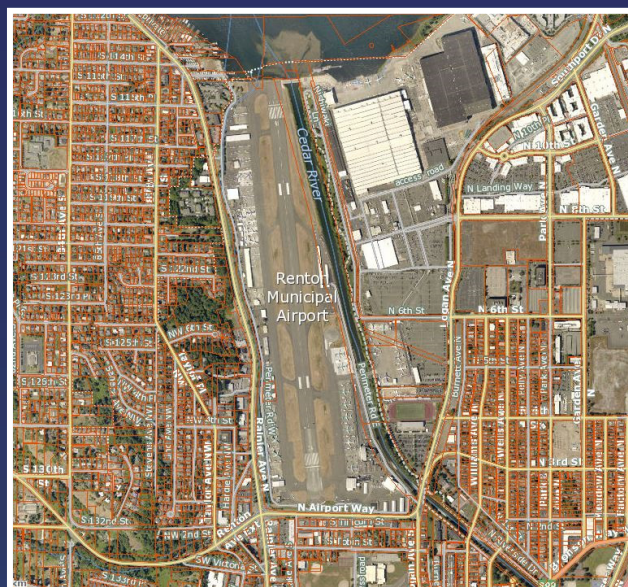
Valbridge

PROPERTY ADVISORS

Appraisal Report

Renton Municipal Airport
Renton, Washington

Report Date: May 29, 2019



FOR:
Casey Boatman, Airport Business Coordinator
City of Renton
616 West Perimeter Road
Renton, WA 98057

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May 29, 2019

Mr. Casey Boatman
Airport Business Coordinator
City of Renton
616 West Perimeter Road
Renton, WA 98057
Via e-mail (cboatman@rentonwa.gov)

RE: RENTON AIRPORT LAND RENT RE-VALUATION (Our File #19-0104)

Dear Mr. Boatman:

At your request, we have completed a *Narrative Appraisal Report* in order to convey our opinion of the market rental rates for land and selected individual buildings on or near the Renton Municipal Airport. This report provides an analysis of airport properties with respect to current market activity to assist in pending lease and/or purchase negotiations with airport tenants.

With respect to land, our conclusions have been generated through an analysis of comparable land sales activity, as well as activity at other regional airports, and our inspection of the various properties. This report includes descriptions, comparable analysis, and an opinion of market rent for the land owned by the City of Renton in order to assist in ground lease negotiations for the airport in its entirety. In doing so, we have observed the various properties on the airport and selected a representative parcel size of 1.50 acres for our land analysis.

We have also analyzed an additional city-owned, off-airport parcel located nearby. The land analysis is intended to provide an opinion of market rent for this land only (excluding improvements and any potential leasehold interest in the land) unless otherwise noted.

Our improved property rental rate analysis includes the study of building rental rates at competing airports. Our improved property market value analysis includes a cost approach with respect to the structure, as well as consideration of age, quality, and depreciation of improvements, to name a few.

This is a *Narrative Appraisal Report*, intended to comply with the reporting requirements of the Code of Ethics and Standards of Professional Appraisal Practice, which include Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Institute. As such, it presents no discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use previously stated.

The appraisers are not responsible for unauthorized use of this report. Use of this report by a third party is not intended. The value conclusions herein are given subject to the specific assumptions and limiting conditions stated immediately following this transmittal letter, as well as others identified in the report.

Based on our investigation and analysis of all relevant data, our concluded opinions, as of March 27, 2019, are as follows:

Summary of Conclusions

Property	Conclusion*
<u>Market Rent Analyses</u>	
Airport-wide Ground Rent	\$1.10 per sf/yr
Boeing Employees Flying Association (BEF)	\$8.50 per sf/yr
Leven Estate Hangar	\$9.15 per sf/yr
Leven Estate Office Building	\$15.00 per sf/yr
T-Hangars	\$395.00 per mo
300 Rainier Avenue N. (Land Only)	\$1.82 per sf/yr
300 Rainier Avenue N. (Land and Building)	\$13.00 per sf/yr
<u>As-Is Market Value</u>	
USCBP Modular Office	\$23,000 rounded

If you have further questions not answered in the accompanying report, please do not hesitate to call.

Sincerely,

VALBRIDGE PROPERTY ADVISORS | PUGET SOUND



S. Murray Brackett, MAI
Senior Managing Director
Washington License #27011-1100853
11/22/2019



Christina J. Lovell, Associate
Washington License #27011-1001951
04/18/2020

kr
Enclosures

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Executive Summary

Project:	Selected Renton Municipal Airport Properties
Location:	Near downtown Renton, in King County, Washington. The Airport Manager's office is at 616 West Perimeter Road, Renton, Washington 98055.
Airport Description:	Renton Municipal Airport includes a total of approximately 168 acres in the south Seattle area, at the southern end of Lake Washington. It is a general aviation facility, capable of handling a variety of aircraft, ranging from recreational aircraft to helicopters, seaplanes, and corporate jets.
Lease Information:	Airport property is leased for long terms, typically 30-50 years. Adjustments to the lease rates are made every five years. Leasehold excise taxes are also payable by the tenants at 12.84% of the lease amount. This is consistent with other airports.

Summary of Conclusions

	Property	Conclusion*
	<u>Market Rent Analyses</u>	
	Airport-wide Ground Rent	\$1.10 per sf/yr
	Boeing Employees Flying Association (BEF)	\$8.50 per sf/yr
	Leven Estate Hangar	\$9.15 per sf/yr
	Leven Estate Office Building	\$15.00 per sf/yr
	T-Hangars	\$395.00 per mo
	300 Rainier Avenue N. (Land Only)	\$1.82 per sf/yr
	300 Rainier Avenue N. (Land and Building)	\$13.00 per sf/yr
	<u>As-Is Market Value</u>	
Summary of Conclusions:	USCBP Modular Office	\$23,000 <i>rounded</i>

Date of Valuation:	March 27, 2019
Appraisers:	S. Murray Brackett, MAI Christina Lovell, Associate Appraiser
File:	19-0104

Introduction

Identification of the Subject Property

The subject of this assignment is the Renton Municipal Airport in the City of Renton, King County, Washington. Renton is at the southern end of Lake Washington. Our analysis includes selected airport properties but excludes the runway and taxiway areas. The Airport ownership includes approximately 168 acres according to FAA records. Property on the airport is utilized for aircraft maintenance and storage, administrative offices, industrial, and other aviation-related uses. The specific properties analyzed in our report include the following:

Airport-wide

- Representative Ground Rent (Based on typical site size of 1.50 acres)

Improved Analysis

T-Hangars

- Market Rent – Cedar River and City-owned Hangars

Boeing Employees Flying Association (BEFA) Property

- Market Rent – Building

Bruce Leven Estate

- Market Rent – Office Building
- Market Rent – Corporate Hangar

300 Rainier Avenue N

- Market Rent – Land Only
- Market Rent – Land and Building

US Customs and Border Patrol Portable Office

- As-Is Market Value

It is our understanding that the client will utilize the opinion provided herein, for negotiating ground lease renewals with airport tenants, as well as the possible purchase of the USCBP office. In summary, this is an analysis of market rental rates for land and select buildings on airport-owned property, as well as market value for the USCBP office, and the analysis herein presents any opinions of the fair market rent exclusive of any leasehold interest.

Legal Description

A title report was not provided for use in this report; however, according to the King County Assessor, the legal description for the airport in its entirety is:

POR SECS 7 & 18-23-5 & POR TOBINS D C INCL POR PLATTED & VAC STS LY WLY OF COMM W W # 2 N OF N LN DIXIE AVE & ELY OF STATE HWAY # 5 & ELY & SLY OF FOLG LN BEG ON ELY MGN SD HWAY AT PT 5 FT S OF N LN OF LOT 8 BLK 18 BRYN MAWR TH E 89.23 FT TH N 05-16-51 E 438.90 FT TH N 40-09-47 E 188.55 FT TH N 60 FT TH N 29-00-40 W 197.07 FT TH S 88-27-28 E 90.83 FT TH N 01-32-32 W 40 FT TH S 88-27-28 E 234.53 FT TH S 35-00-00 E 142.41 FT TH E 403.70 FT LESS LOTS 19 TO 22 INCL BLK 4 RENTON REAL ESTATE COS 1ST ADD LESS PORTION FOR LANE HANGAR CONDOMINIUM -TGW POR OF RAINIER AVE N PER RENTON VAC ORD #5780

The subject property can otherwise be identified as King County Assessor's Tax Parcel No. 072305-9007. We have also relied on maps, aerials, our physical inspection of the subject property, as well as information provided by the client for general identification.

With regard to the representative parcel used in our analysis, we have assumed that the property is approximately 1.50 acres, rectangular in shape, with access to utilities and no significant height restrictions.

History and Ownership

The Renton Municipal Airport is a well-established municipal airport, which offers a wide range of flight related services. The Airport is owned and operated by the City of Renton. Originally known as Bryn Mawr Airfield, it began in 1922 as a 1,500-foot, soft-surface runway and seaplane base. In 1947, after World War II, the federal government declared it surplus land and assigned it to the City of Renton for \$1 with the understanding the city would operate it as an airport in perpetuity. If the city fails to continue operations of the airport, the FAA can reclaim the airport and convey it to another jurisdiction to operate. No other ownership changes have occurred since that time.

Date of Inspection/Valuation

The subject property was inspected on both March 21 and 27, 2019. March 27, 2019 is the effective date of our analysis. Present at the inspection were Christina Lovell and S. Murray Brackett, MAI, of Valbridge Property Advisors | Puget Sound and Casey Boatman of the City of Renton.

Intended Use/User of Report

The purpose of the report is to establish (i) an opinion of market rent for land and selected airport-owned buildings, as requested by the client, and (ii) an opinion of market value for the USCBP office. The intended user of this report is the client, for use in pending lease and/or sale negotiations.

This appraisal report was prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP). Summarized descriptions of properties used for comparison are included in this report, as well as all of our analyses and conclusions. The value conclusions herein are given subject to the specific assumptions and limiting conditions stated immediately following this transmittal letter.

Property Rights Appraised

As a rental study, this appraisal essentially reflects an opinion of the market rental rate for the property. It does not consider any potential accrued leasehold value, since the conclusion is a periodic fair rental rate. Market rent is defined as:¹

Market rent is the rental income that a property would most probably command in the open market.

The basis of a market rental rate is founded in the concept of Market Value and is derived from several data sources. To further clarify, Market value is defined as:²

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1. buyer and seller are typically motivated;*
- 2. both parties are well-informed or well-advised and acting in what they consider their best interests;*
- 3. a reasonable time is allowed for exposure in the open market;*
- 4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and*
- 5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

In this analysis, we have considered the restrictive (special) use as an airport property, as well as similar uses at comparable facilities. The rental opinion is based, in part, on surrounding land sales activity, as well as current rents being received or asked for on comparable properties located at other airports – both regional and nationwide. In providing an opinion of the economic rent for the subject, the concluded rental rate does not include the leasehold excise tax applicable to all leases on airport property. This leasehold tax is 12.84% and is essentially in lieu of real property taxes. The typical rental term is between 20 and 50 years, with 3-to-5-year fixed rates and negotiated renewal rates.

Scope of the Appraisal

The scope of this appraisal considers land values in the area surrounding Renton Municipal Airport, which have generally similar characteristics. In appraising the subject property, the appraisers did the following:

¹ From *The Appraisal of Real Estate*, Fourteenth Edition, 2013, Appraisal Institute, page 447

² From *The Appraisal of Real Estate*, Fourteenth Edition, 2013, Appraisal Institute, page 58.

- Discussed pertinent information on included airports with airport managers.
- Inspected comparable airports, when possible, and confirmed data used.
- Researched Metroscan, CBA and CoStar for land sales activity, as well improved lease comparables for commercial/industrial properties.
- Researched Valbridge Property Advisors' existing data bank.
- Confirmed all land sales with buyers, selling agents, Costar services and/or public records.
- Developed appropriate valuation criteria/techniques based upon extensive interviews with airport managers and real estate professionals.

Hazardous Waste/Extraordinary Assumptions

An Extraordinary Assumption is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraisers' opinions or conclusions.

A Hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purposes of analysis. It is noted that the use of a Hypothetical Condition may affect the results of an assignment.

We have been provided no information regarding the presence or absence of hazardous waste on the subject property. This report assumes the absence of any and all hazardous waste on the subject property. If hazardous waste is found to be present on the subject property, we reserve the right to change the conclusions contained in this report.

This appraisal incorporates the following Hypothetical Conditions:

1. There are significant site improvements in place on the subject; this analysis reflects the unimproved land only, but assumes service by all public utilities (H.C.)

Personal Property

There is no personal property included in the opinions of market rent; however, the USCBP building is not affixed to the land and we believe it to be more properly characterized as personal property. Therefore, our opinion of market value for the USCBP building reflects its value as personal property.

Marketing and Exposure Periods

This is an analysis of an individual but representative parcel at a small, municipal airport. The airport will, in all likelihood, never be sold, and thus no marketing period estimate is necessary. The individual parcels are typically leased on a long-term basis (30 to 50 years) but are not sold in fee simple.

Area Development and Land Uses

The client is familiar with the property and surrounding area. Therefore, much of the descriptive data regarding the Puget Sound area has been omitted. This can be provided upon request.

Renton was first incorporated in 1901, and growth over the years was often fueled by people migrating to the area to work in the booming wartime industries. In 1940, the Boeing Company decided to build a new manufacturing plant at the south end of Lake Washington, and this remains one of the cities' primary economic engines to date. According to the City of Renton's website, the city encumbers 23.54 square miles and is the 8th largest in the state, with an estimated 2018 population of 104,100. As noted, Boeing continues to be the largest employer within the city of Renton.

To the northeast is the relatively new Seahawks training facility known as the Virginia Mason Athletic Center (VMAC). Since its opening in 2008, this development has resulted in an increased draw to the area. As a result of this development, the property owner of the former Pan Abode Cedar Homes site located on the southwest corner of the I-405/NE 44th Street and across from the VMAC, has submitted plans for the development of a 5-story 173-room hotel known as Hawks Landing. In addition to the hotel, the development is proposed to include retail space, a fitness center, spa, and restaurant.

Several large projects in the downtown area have occurred in recent years. The large multi-use project "The Landing," developed by Harvest Partners, is a \$300 million, 46-acre urban village style shopping center immediately at the south end of Lake Washington. It was developed on Boeing surplus property and has approximately 800,000 square feet of retail shops and restaurants and over 1,000 residential units (mostly townhomes and condominiums).

Interstate 405 (I-405) bisects the city, with the majority of commercial and retail development occupying the west side, south of Lake Washington. East of the freeway residential development has expanded for several miles out the Sunset Highway corridor, as well as the Maple Valley Highway corridor, to the southeast. This is where much of the newer single-family residential product is offered, simply due to the availability of land. The Renton-Maple Valley Highway extends southeasterly from I-405, accessing Maple Valley roughly six miles distant.

Market Analysis - Industrial

The subject property is located in the Renton-Tukwila Industrial submarket for the greater Seattle-Tacoma-Bellevue MSA. The following are statistics provided by CoStar regarding general industrial and warehouse properties in the Puget Sound region:

Industrial Market Statistics
Seattle-Tacoma-Bellevue Market

Quarter	Seattle-Tacoma-Bellevue - All Industrial Space					Seattle-Tacoma-Bellevue - Warehouse Space Only				
	Square Feet		Total	Total	Total	Square Feet		Total	Total	Total
	Total	Under	Net	Percent	Rental Rate	Total	Under	Net	Percent	Rental Rate
	Square Feet	Construction	Absorption	Vacant	(Triple Net)	Square Feet	Construction	Absorption	Vacant	(Triple Net)
2019 Q1	292,898,567	5,624,053	-1,246,304	4.1%	\$9.28 psf	171,276,282	3,763,531	-777,251	4.9%	\$9.49 psf
2018 Q4	292,521,782	5,532,163	393,894	3.5%	\$9.14 psf	171,038,612	3,565,441	80,753	4.3%	\$9.04 psf
2018 Q3	290,517,215	4,489,403	1,473,263	3.0%	\$8.95 psf	170,246,846	2,388,520	998,882	3.9%	\$8.72 psf
2018 Q2	289,351,114	5,233,139	1,132,615	3.1%	\$8.92 psf	169,736,917	2,638,055	577,591	4.2%	\$8.91 psf
2018 Q1	286,869,913	6,401,547	-32,943	2.7%	\$8.76 psf	167,407,581	3,966,063	343,415	3.2%	\$8.51 psf
2017 Q4	286,473,821	6,227,395	2,000,860	2.5%	\$8.57 psf	167,186,781	3,835,065	945,532	3.3%	\$8.34 psf
2017 Q3	286,949,764	5,965,136	-179,316	3.4%	\$8.31 psf	166,970,524	3,806,406	144,919	3.7%	\$8.16 psf
2017 Q2	285,910,489	4,158,495	1,112,106	3.0%	\$7.93 psf	166,033,313	2,384,560	620,165	3.2%	\$7.90 psf
2017 Q1	284,560,120	3,054,874	1,548,619	2.9%	\$7.64 psf	165,134,784	2,404,834	974,623	3.1%	\$7.64 psf
2016 Q4	283,879,173	3,343,274	876,101	3.2%	\$7.08 psf	164,694,821	2,442,744	-61,642	3.4%	\$7.21 psf
2016 Q3	283,158,630	2,801,913	1,373,247	3.3%	\$6.90 psf	164,451,515	1,622,346	1,288,910	3.2%	\$7.04 psf
2016 Q2	283,246,294	1,786,729	1,113,038	3.8%	\$6.51 psf	164,499,165	1,309,492	960,276	4.1%	\$6.63 psf
2016 Q1	282,121,224	1,224,669	1,700,937	3.8%	\$6.42 psf	164,103,440	495,324	357,634	4.4%	\$6.59 psf
2015 Q4	281,046,287	2,297,486	2,116,816	4.0%	\$6.44 psf	163,745,442	851,202	689,931	4.4%	\$6.50 psf
2015 Q3	279,698,895	2,932,985	1,442,828	4.3%	\$6.42 psf	163,238,130	1,339,175	255,926	4.5%	\$6.47 psf
2015 Q2	278,299,327	3,839,994	383,681	4.4%	\$6.44 psf	162,856,025	1,869,926	-60,215	4.5%	\$6.42 psf
2015 Q1	277,539,228	3,973,532	811,926	4.3%	\$6.28 psf	162,625,313	2,096,957	461,737	4.3%	\$6.30 psf
2014 Q4	276,946,187	4,420,844	766,062	4.3%	\$6.27 psf	162,136,872	2,559,254	433,938	4.3%	\$6.27 psf
2014 Q3	276,927,105	3,718,849	609,655	4.6%	\$6.22 psf	162,117,790	2,157,654	396,978	4.6%	\$6.31 psf
2014 Q2	276,422,752	3,419,459	1,318,331	4.7%	\$6.21 psf	162,206,308	1,733,543	524,791	4.9%	\$6.35 psf

Source: CoStar Group, Inc.

As shown above, industrial property in general, as well as warehouse space have low vacancy rates. Economic growth in the Puget Sound area has resulted in an undersupply of industrial space resulting in prospective tenants relocating out of Seattle's industrial core to more suburban areas such as Kent, Renton, Burien, Auburn, Snohomish, and Pierce Counties. Rents have consistently increased over the past 5 years as the region continues to thrive in a post-recession economy. In the larger industrial market, 5,624,053 square feet of space was under construction at the end of Q1 2019, with over half being warehouse space.

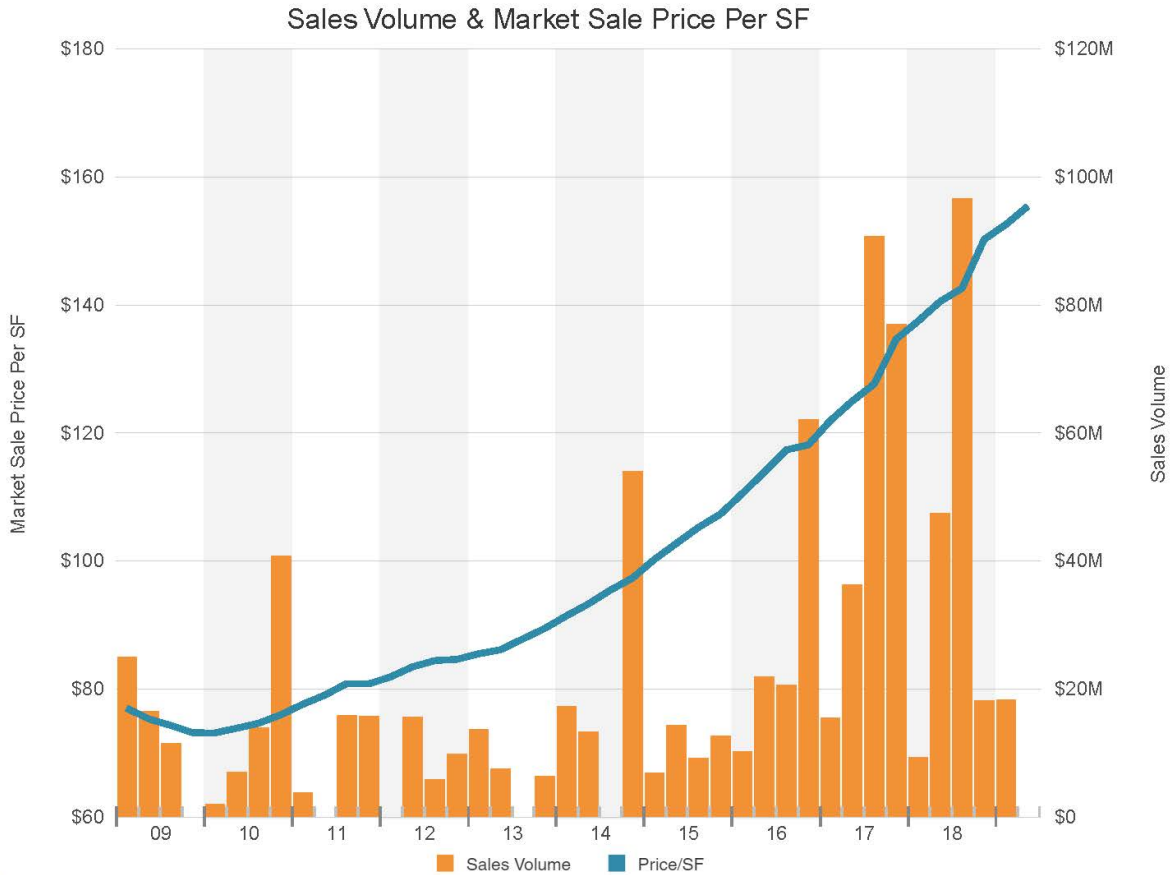
The Renton-Tukwila industrial submarket has also experienced steady increases in rents, and relatively stable vacancy rates.

Industrial Market Statistics
Renton-Tukwila Submarket

Quarter	Renton-Tukwila - All Industrial Space					Renton-Tukwila - Warehouse Space Only				
	Square Feet		Total	Total	Total	Square Feet		Total	Total	Total
	Total	Under	Net	Percent	Rental Rate	Total	Under	Net	Percent	Rental Rate
Quarter	Square Feet	Construction	Absorption	Vacant	(Triple Net)	Square Feet	Construction	Absorption	Vacant	(Triple Net)
2019 Q1	23,724,371	0	-9,242	5.1%	\$10.18 psf	12,924,744	0	-24,387	8.9%	\$10.41 psf
2018 Q4	23,729,531	0	26,478	5.1%	\$10.30 psf	12,929,904	0	12,482	8.8%	\$10.13 psf
2018 Q3	23,729,531	0	-2,057	5.2%	\$9.74 psf	12,929,904	0	-9,117	8.9%	\$9.41 psf
2018 Q2	23,270,824	458,707	-207,355	3.3%	\$9.03 psf	12,471,197	458,707	-252,931	5.4%	\$8.79 psf
2018 Q1	23,270,824	458,707	26,258	2.4%	\$8.87 psf	12,471,197	458,707	-2,620	3.4%	\$8.47 psf
2017 Q4	23,270,824	458,707	-15,893	2.6%	\$8.71 psf	12,471,197	458,707	10,252	3.4%	\$8.37 psf
2017 Q3	23,270,824	458,707	-195,357	2.5%	\$8.64 psf	12,471,197	458,707	-159,679	3.5%	\$8.44 psf
2017 Q2	23,270,824	458,707	235,777	1.7%	\$8.05 psf	12,471,197	458,707	22,874	2.2%	\$7.88 psf
2017 Q1	23,029,684	241,140	19,594	1.6%	\$7.74 psf	12,471,197	0	31,861	2.4%	\$7.31 psf
2016 Q4	23,029,684	241,140	26,339	1.7%	\$7.55 psf	12,471,197	0	32,671	2.6%	\$7.08 psf
2016 Q3	23,029,684	241,140	241,191	1.8%	\$7.41 psf	12,471,197	0	117,836	2.9%	\$6.76 psf
2016 Q2	23,029,684	0	10,454	2.9%	\$6.85 psf	12,471,197	0	-156,344	3.8%	\$6.57 psf
2016 Q1	22,869,684	160,000	114,669	2.3%	\$6.57 psf	12,471,197	0	16,177	2.6%	\$6.51 psf
2015 Q4	22,869,684	160,000	125,522	2.8%	\$6.91 psf	12,471,197	0	109,522	2.7%	\$6.68 psf
2015 Q3	22,837,689	191,995	92,466	3.2%	\$6.73 psf	12,439,202	31,995	91,266	3.3%	\$6.39 psf
2015 Q2	23,096,452	323,472	-311,258	4.7%	\$6.45 psf	12,697,965	163,472	-353,877	6.0%	\$6.20 psf
2015 Q1	22,859,867	528,062	167,430	2.3%	\$6.16 psf	12,654,965	174,477	103,175	2.9%	\$6.12 psf
2014 Q4	22,844,867	537,862	75,468	3.0%	\$6.10 psf	12,639,965	184,277	30,011	3.6%	\$6.12 psf
2014 Q3	22,844,867	431,862	194,523	3.3%	\$6.20 psf	12,639,965	78,277	177,463	3.8%	\$5.98 psf
2014 Q2	22,844,867	139,557	-161,905	4.2%	\$6.05 psf	12,639,965	63,277	-108,399	5.2%	\$5.78 psf

Source: CoStar Group, Inc.

Overall, the market remains strong for industrial property in the Renton-Tukwila area with the average sales price per square foot of building seeing steady increases.

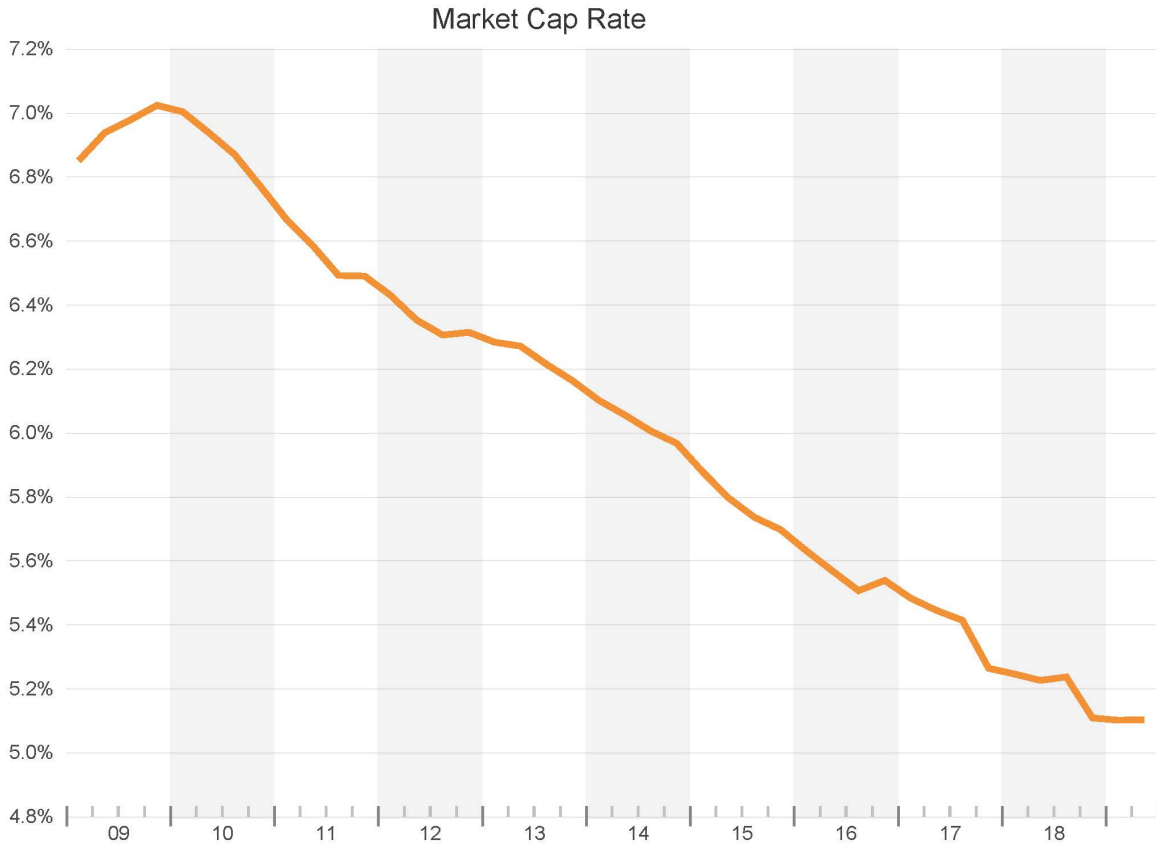


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04/17/2019

Conversations with area brokers indicate that leasing activity in this area is somewhat limited as the typical market participant is an owner/user. Overall, the industrial market in the Renton-Tukwila submarket continues to grow as participants continue to move in looking for an affordable alternative to Seattle.

The following chart summarizes Cap rate information for the Renton-Tukwila Industrial market. As can be seen, cap rates are down from a high in 2009 post-recession.



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In general, the industrial market in the Puget Sound market is strong and this trend is anticipated to continue in the near to medium term.

Market Analysis - Office

The following are statistics provided by CoStar regarding office properties in the Puget Sound region:

Office Market Statistics

Seattle-Tacoma-Bellevue Market

Quarter	Seattle-Tacoma-Bellevue - All Office Space				
	Total	Square Feet	Total	Total	Total
	Square Feet	Under Construction	Net Absorption	Percent Vacant	Rental Rate (Full Service)
2019 Q1	76,965,022	3,874,112	-806,225	14.4%	\$38.47 psf
2018 Q4	75,647,240	5,125,353	607,751	12.2%	\$38.66 psf
2018 Q3	75,039,667	5,404,522	-226,112	12.3%	\$39.22 psf
2018 Q2	74,972,917	5,381,931	4,550	11.9%	\$38.58 psf
2018 Q1	74,972,917	5,280,471	380,615	11.9%	\$37.64 psf
2017 Q4	74,751,118	5,502,270	178,894	12.2%	\$38.14 psf
2017 Q3	73,459,118	4,906,362	633,028	10.8%	\$36.02 psf
2017 Q2	73,257,329	4,730,672	-61,302	11.5%	\$35.99 psf
2017 Q1	73,257,329	3,920,457	-338,392	11.4%	\$36.36 psf
2016 Q4	73,257,329	3,920,457	328,979	10.9%	\$36.01 psf
2016 Q3	72,404,227	3,801,424	839,417	10.3%	\$36.47 psf
2016 Q2	72,259,551	3,506,100	-265,905	11.4%	\$35.06 psf
2016 Q1	72,259,551	3,211,370	581,581	11.0%	\$35.39 psf
2015 Q4	72,259,551	2,445,329	117,183	11.9%	\$35.49 psf
2015 Q3	71,579,549	3,125,331	508,454	11.5%	\$35.06 psf
2015 Q2	71,028,805	3,600,955	298,190	11.8%	\$34.66 psf
2015 Q1	71,006,371	3,349,871	271,469	12.3%	\$34.28 psf
2014 Q4	70,994,371	3,361,871	257,195	12.6%	\$33.64 psf
2014 Q3	70,968,121	2,096,121	230,084	13.0%	\$32.00 psf
2014 Q2	70,939,121	2,102,687	266,054	13.4%	\$31.84 psf

Source: CoStar Group, Inc.

Rents have consistently increased over the past 5 years and appear to have remained relatively stable throughout 2018. There are currently 3,874,112 square feet under construction with a vacancy rate of 14.4%. Net absorption was negative for the first quarter of 2019 at 806,225 square feet.

The Renton-Tukwila industrial submarket has also experienced steady increases in rents and increasing vacancy rates as additional square footage is delivered to the market. Net absorption was negative for 3 of the last 4 quarters and vacancy rates topping 30% throughout the same time period. This is likely attributed to the construction of the Southport Office Campus which includes 688,147 square feet within three towers. The developer of the project did not announce any pre-leasing, choosing instead to hold out for one or more major tenants.

Renton-Tukwila Submarket

Quarter	Renton-Tukwila - All Office Space				
	Total	Square Feet	Total	Total	Total
	Square Feet	Under Construction	Net Absorption	Percent Vacant	Rental Rate (Full Service)
2019 Q1	4,567,499	363,221	-28,377	39.4%	\$33.84 psf
2018 Q4	4,067,968	862,752	18,441	30.7%	\$33.43 psf
2018 Q3	4,054,588	876,132	-225,877	30.9%	\$32.98 psf
2018 Q2	4,054,588	876,132	-19,378	24.9%	\$34.07 psf
2018 Q1	4,054,588	726,132	-143,549	24.4%	\$32.78 psf
2017 Q4	4,054,588	712,752	-142,709	20.7%	\$31.90 psf
2017 Q3	4,054,588	712,752	-53,614	16.9%	\$31.63 psf
2017 Q2	4,054,588	712,752	-15,969	15.5%	\$31.66 psf
2017 Q1	4,054,588	712,752	-86,772	15.1%	\$31.15 psf
2016 Q4	4,054,588	712,752	-31,195	12.8%	\$33.52 psf
2016 Q3	4,054,588	712,752	-79,043	12.0%	\$33.31 psf
2016 Q2	4,054,588	712,752	3,099	9.9%	\$29.82 psf
2016 Q1	4,054,588	712,752	1,332	10.0%	\$29.77 psf
2015 Q4	4,054,588	0	35,175	10.0%	\$22.64 psf
2015 Q3	4,054,588	0	18,839	10.9%	\$22.38 psf
2015 Q2	4,054,588	0	5,923	11.4%	\$22.87 psf
2015 Q1	4,054,588	0	58,048	11.6%	\$22.60 psf
2014 Q4	4,054,588	0	10,641	13.1%	\$22.37 psf
2014 Q3	4,054,588	0	134,719	13.4%	\$22.42 psf
2014 Q2	4,054,588	0	-22,055	16.9%	\$22.12 psf

Source: CoStar Group, Inc.

Overall, office market is expected to see relatively minor shifts over the next year according to Kidder Mathews' Real Estate Market Review, 4th Quarter of 2018.

Market Analysis - Aviation

General aviation is essentially all civilian flying with the exception of scheduled passenger airline service and general aviation aircraft constitute approximately 90% of aircraft registered in the United States. According to the FAA, general aviation contributes \$39 billion to the economy on an annual basis and 7.6 million jobs nationally. Washington State currently has the fourth highest number of based general aviation aircraft in the country, ranks 12th in the number of public and private use airports available, and 5th in the number of jobs created by general aviation on a state level.

(Source: Aircraft Owners and Pilots Association, State of General Aviation, 2019)

According to the FAA, the long-term outlook for general aviation is stable to optimistic, and an increase of 0.8% annually is expected for general aviation hours flown through the year 2038. Large and medium hub airports will see faster increases and more growth than small and non-hub airports due to the commercial nature of operations. Small and non-hub airport activity was up 0.8% in 2017 compared to the prior year. In general, the long-term outlook for general aviation is stable.

(Source: Federal Aviation Administration, Aerospace Forecasts, 2018)

Factual Data

Description of Renton Municipal Airport

Renton Municipal Airport contains approximately 168[±] acres and a single runway that is 5,382 feet long and 200 feet wide. The runway, taxiway, and other public areas comprise roughly 111 acres, with the remaining 57[±] acres being leased or available for lease. It is located in the downtown Renton area, and the surrounding land is well established with commercial and residential development.

The airport is classified as a General Aviation by the FAA. The bulk of its operations include small, single and multi-engine piston aircraft, although seaplanes and helicopters utilize the airport as well. Renton Airport is the only airport in the region to have both a seaplane and airplane base. The airport has a control tower, but lacks a precision instrument approach, limiting landing operations in inclement weather when low clouds are present.

A brief description of the airport is as follows:

Total Airport Acreage:	168
Runway length:	5,382 feet
FAA Classification:	GA/Reliever
Navigational aids:	Tower, NDB, REIL, Non-precision Instrument.

The airport is bordered on the east by the Cedar River, which has historically caused flooding problems for the runway and east-side tenants. This problem was remedied with the construction of a 10-foot flood wall along the river's edge.

In May 2018, the FAA reclassified Renton Municipal to a D-3 facility due to significant activity from Boeing's operations on the airport. This resulted in modifications to the airport's Master Plan and expansion to the Runway Object Free Area (ROFA) which will place additional constraints on previously usable land. This has been considered in our analysis below. This has been considered in our analysis below. The use of the airport in the future is expected to continue to support general aviation and small corporate users.

Site Size:

The client did not provide us with a representative parcel; however, for the purpose of our analysis, we have assumed a parcel size of 1.50 acres, which appears to be consistent with leased site on-airport.

Utilities:

Being located in urban downtown Renton area, all utilities are available to the airport, including both public water and sewer services. Although Puget Sound Energy has gas and electricity available to the airport, the Boeing Company operates a private electrical grid near their leased areas.

For purposes of this report, some consistency will be assumed in terms of available utilities. Unless otherwise noted, parcels are assumed to have sewer and water available to the lot line, at airport expense. We have also assumed all buildings/parcels will have Puget Sound Energy utility service, and not be on the Boeing grid.

Access:

Primary access to the subject is through 23rd Street NE – one of the airport’s paved access roads.

Topography:

The subject’s topography is generally level.

Soils:

We were not provided with a soils report; however, according to the USDA web soil survey, the majority of the subject consists of Urban Land, with pockets of Alderwood gravelly sandy loam, Beausite gravelly sandy loam and Indianola loamy sand located along its west side.

Zoning/Land Use:

The subject site is zoned Industrial Medium (IM) by the City of Renton. This zoning classification is intended to provide for areas of Medium intensity industrial activities, involving manufacturing, processing, assembly, and warehousing. Permitted uses include offices, hospitals, vehicle sales, sports arenas, as well as a variety of aircraft and aviation related uses. The airport, by virtue of the federal deed restrictions imposed when it was acquired from the federal government, is bound to operate the facility as an airport until such time as the FAA determines that it is no longer needed as an airport.

Allowable building heights are based upon a variety of requirements that increase based upon distance from the runway, so as not to encroach on flight-path patterns. There is currently an airport overlay that applies these limitations to surrounding properties.

Development Standards in the IM zone are as follows:

Minimum Lot Area: 35,000 sf for lots created after September 1, 1985

Minimum Lot Width: None for lots created after September 1, 1985

Minimum Lot Depth: None for lots created after September 1, 1985

Maximum Lot Coverage: None

Maximum Building Height: None, except as otherwise restricted by FAA Part 77 (see below).

Minimum Yard Setbacks:

Front: 20 feet for principal arterial streets; 15 feet for other streets; 50 feet when abutting residentially-zoned land.

Side (Interior): None; 50 feet when abutting residentially-zoned land.

Side (Street): None; 50 feet when abutting residentially-zoned land

Rear: None; 50 feet when abutting residentially-zoned land

Assessed Value / Taxes:

Washington State requires that all real property be assessed at 100% market value. The subject property is owned by the City of Renton and not subject to assessment or real property tax; however,

airport lessees pay a 12.84% leasehold excise tax plus personal property taxes on privately-owned improvements.

Easements/Encumbrances

We have not been provided with a title report for the subject. Airport properties can be somewhat limited by an FAA-imposed height restriction setting height requirements that increase based upon distance from the centerline of the runway so as not to endanger flight-path patterns. The subject property is located within what the FAA refers to as a "Transitional Surface" area (See FAA part 77).

"Transitional surface. These surfaces extend outward and upward at right angles to the runway centerline and the runway centerline extended at a slope of 7 to 1 from the sides of the primary surface and from the sides of the approach surfaces. Transitional surfaces for those portions of the precision approach surface which project through and beyond the limits of the conical surface, extend a distance of 5,000 feet measured horizontally from the edge of the approach surface and at right angles to the runway centerline." (Source: Federal Aviation Administration)

Property Utility

At many airports in the area, individual sites can be identified and grouped together based on their utility. This can include properties with or without runway access, different zoning designations, and proximity to roads and/or utilities.

Description of Properties Analyzed

At the request of the client, we have been tasked with providing the following opinions of market rent and/or value:

Airport-wide: In order to assist the client with ground lease renewals, we will provide an opinion of representative ground rent for airport land. This analysis will be based upon our determination of a hypothetical representative parcel which is approximately 1.50 acres in size, rectangular in shape, with access to utilities and no significant height restrictions.

300 Rainier Avenue N.: For the purposes of potential future lease negotiations, we will provide an opinion of market rent for this property – both land only and for land and building. Please note that this property is owned by the City of Renton; however, its characteristics including access, frontage, and location may involve an individual highest and best use conclusion, and thus a ground lease rate separate from the balance of the airport. The underlying land consists of a total of 12,647 square feet which is improved with an average-quality concrete tilt-up building consisting of 3,047 square feet built in 1961. The interior finish is fair-to-average quality and in fair condition with acoustic tile dropped ceiling, laminate wood and commercial-grade carpet floor coverings, and a heat pump. Outside the building there is a 9,600-square-foot asphalt parking lot containing 41 spaces.

T-Hangars: We will provide an opinion of market rent for T-Hangars – both those abutting the Cedar River and the 'city-owned' hangars on the airport's west side. The Cedar River hangars are of concrete tilt-up construction with metal doors and are in average condition. These hangars did recently have a re-roof completed and new lighting installed. The "city-owned" hangars are fair quality metal buildings with metal hangar doors. Each hangar has lights; however, none of the T-hangars are heated.

Boeing Employees Flying Association (BEFA) Property: We will provide an opinion of market rent for this structure including office and hangar rates. The structures consist of a hangar with fair quality office space built in 1968 with 5,400 square feet of insulated hangar and 1,768 square feet of office. There is an additional 2,168 square feet of fair quality office space constructed in 1983, as well. The hangar itself is of average quality and in average condition and is heated by space heaters.

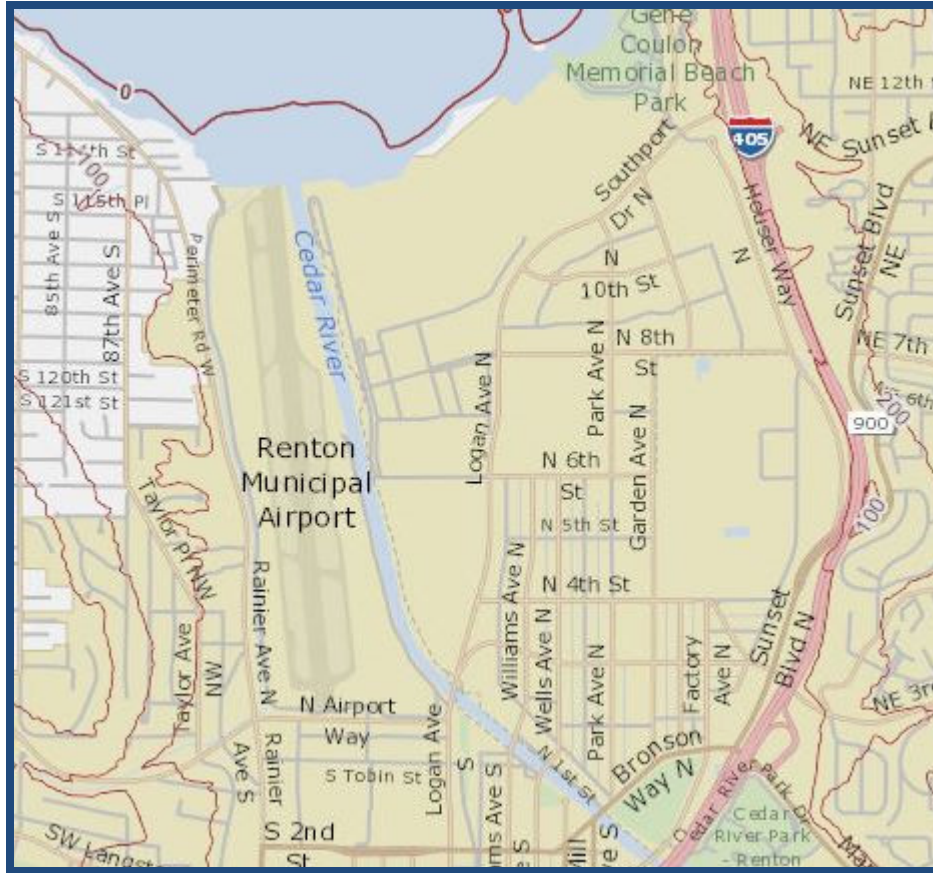
Bruce Leven Estate: We will provide an opinion of market rent for both the office structure and the corporate hangar in anticipation of ownership reversion to the City of Renton and to assist in lease negotiations with a new tenant. The office structure is approximately 3,478 square feet and of fair to average quality with metal siding and a rolled composition roof cover. The interior of the office building is dated with wood paneling on its walls and dated carpet needing to be replaced. The building is unusual in that it straddles the airport's boundary with a portion of the building being airside, and the remaining portion of the building being land side. The hangar building is 10,850 square feet, of average quality steel construction with two, 16-foot-tall, 60-foot-wide hangar doors with electric openers. Its interior is split into two suites; each is insulated with average quality concrete floors, space heaters, restrooms and a shared office space.

US Customs and Border Patrol Office: We will provide an as-is market value for the portable office building. It was constructed in 1998 and has T-111 siding, flat roof, aluminum windows, and a steel frame on jacks and pier blocks. Overall it is low quality with low quality interior finish including paneled walls.

AERIAL MAP (REPRESENTATIVE PARCEL)



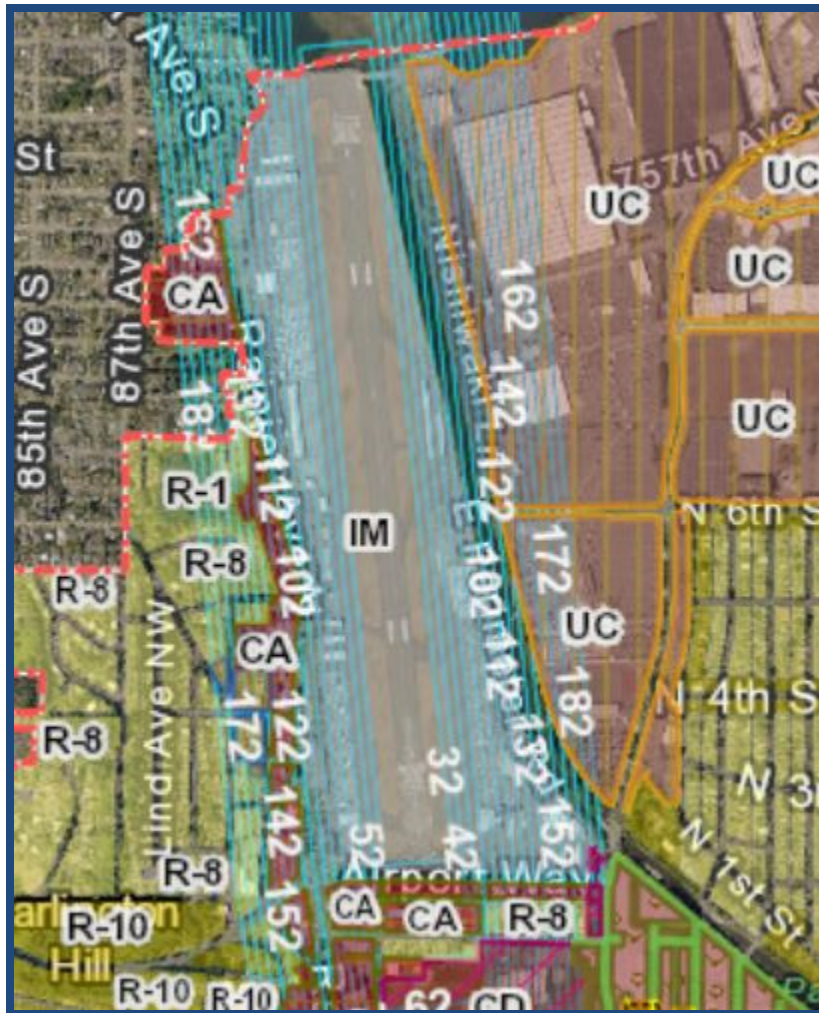
TOPOGRAPHY MAP



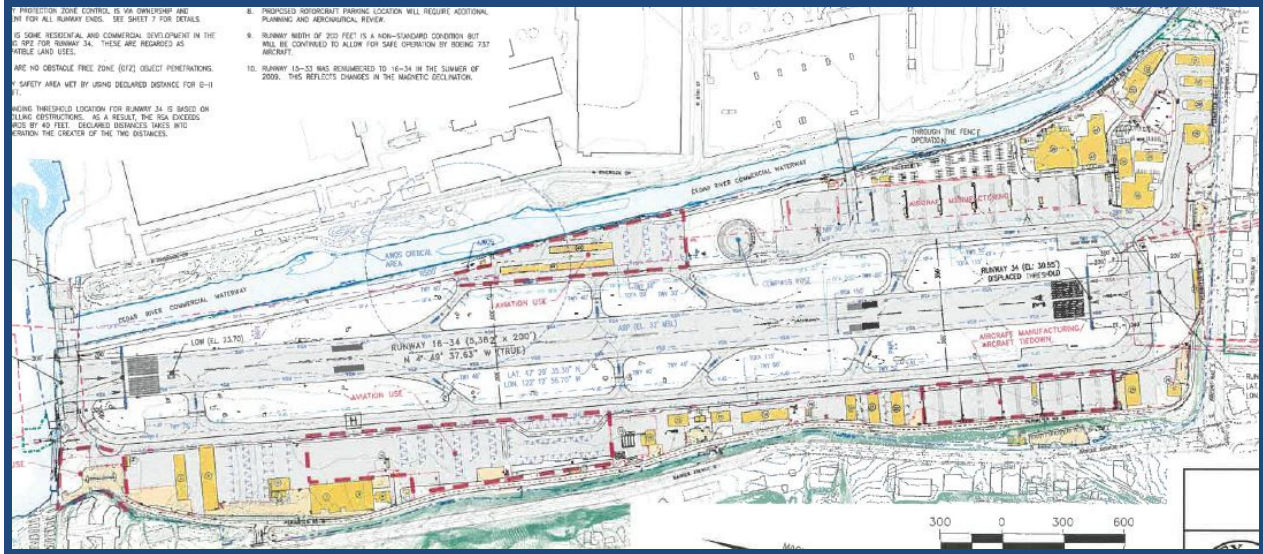
SOILS MAP



ZONING MAP



AIRPORT LAYOUT PLAN



Please note that a more comprehensive airport layout plan can be found in the Addenda.

Highest and Best Use

Highest and best use is defined as:³

The reasonably probable use of property that results in the highest value..... To be reasonably probable, a use must meet certain conditions.

As If Vacant

As the definition indicates, the highest and best use of a property is determined by analyzing each of several potential uses with regard to whether the use meets the tests of physical possibility, legal permissibility, and financial feasibility. Those uses meeting these tests are further analyzed to determine which is maximally productive; in other words, which use generates the highest return and thus the highest present land value.

Physical possibility of a given use is limited by both physical constraints of the site and the engineering and technology of current building design. Legal permissibility is primarily dictated by existing zoning regulations and zoning codes. Financial feasibility is a measure of the property's potential to attract necessary developer capital and expertise for development for a specific use, while returning an adequate rate to the investment. The use that results in the greatest financial return to the property is considered maximally productive, and, therefore, highest and best use.

In a standard highest and best use analysis, the property is reviewed both as vacant and as improved. In this assignment, the airport sites are analyzed as if vacant; however, the ability to utilize existing infrastructure - including taxiways, aircraft aprons, streets, utilities, etc. – is reflected in the uses.

Physically Possible. The majority of land on Renton Municipal Airport, including the various parcel specifically identified, are level, and utilities are either at the property line, or available. In addition, most parcels are of adequate size for anticipated uses, and all parcels have either street frontage or direct taxiway access, or both. Thus, there are few physical constraints imposed by site characteristics.

Because all of the leaseable sites on the airport are under common ownership by the City, our analysis reflects the highest and best use of the leaseable area as a whole. Adjustments can be made for specific characteristics that have limited/no aviation access, height restrictions, and atypical sizes or shapes that limit development potential. Virtually all sites have adequate setbacks from the runway to allow traditional airport uses (relative to height restrictions). Due to lack of vacant, developable land to the east and west of the runways, there are some general physical limitations to the depth of the properties along the runway.

³ From *The Appraisal of Real Estate*, Fourteenth Edition, 2013, Appraisal Institute, page 332

Legally Permissible. Use of Renton Municipal Airport property as an airport is promoted by the City of Renton, and airport-related developments are thus encouraged. Height restrictions imposed by FAA regulations are strictly adhered to, but do not appear to be severely limiting. These regulations, in many cases, can be much more restrictive than zoning and building code requirements and result in certain areas on the airport being unbuildable. With regard to the properties specifically analyzed in this report, each has the potential for a wide range of development as if vacant. Nonetheless, our valuation analysis considers the effect of height limitations on the airport.

Financially Feasible and Maximally Productive. The City retains ownership to all land on the airport. Land may be leased to users either on a short-term or long-term basis. Lessees may construct new improvements or modify existing improvements, but all such improvements either revert to the City (lessor/land owner) or must be demolished by the lessee upon expiration of the land lease. As a result, the lease term and rental rate, these are critical factors in a lessee's determination of the financial feasibility of constructing aviation-related improvements.

A variety of uses is allowed on the airport, including corporate hangars, FBO buildings, maintenance hangars, aviation-related commercial buildings, and T-hangars. An important consideration in the analysis of airport land is that all of the uses listed above, plus others not listed, may be encouraged by the airport, and, in fact, may be considered necessary to the successful operation of the airport as a whole.

In analyzing airport land and the specific sites identified in this report, the various allowed uses may produce various financial returns. A broad view of the airport is necessary, one which considers the airport as a complete entity. To be economically viable, an airport requires a variety of services, ranging from Tie down storage to aircraft service and/or manufacturing. An analysis of the range and mix of specific uses necessary and desirable on Renton Municipal Airport is beyond the scope of this analysis. However, we recognize that some variety in uses on the airport is required, and the various uses are necessarily interdependent. The relationship of various uses and their relative lease rates is analyzed further in the *Valuation* section of this report. For purposes of determining highest and best use, it is important to recognize that some variety and mix of aviation-related uses is required. As a result, the highest and best use of the airport, as a whole, is considered here. A highest and best use conclusion for specific sites is not made here. The specific use of each parcel on the airport is ultimately determined by a broad range of factors, including an appropriate mix of services, price, and market demand.

With respect to the representative parcel used in our analysis and as discussed above, various airport properties are interdependent. The criteria established for the representative parcel including its size, shape and access to utilities result in a similar highest and best use conclusion for the representative parcel of continued airport use.

[Conclusion of Highest and Best Use - As If Vacant](#)

Airport use is legally permitted by the zoning, and Renton Municipal Airport's use appears to be in conformance with the City's economic desires (both as an employment source and revenue generator) and other legal factors. The land is physically suitable for a broad range of industrial and

aviation-related uses. Demand for space at Renton Airport is strong, with a current waiting list for General Aviation users (T-Hangars).

We conclude that, given all the factors discussed above, the highest and best use of the Airport property, as if vacant, is an airport with a variety of aviation-related uses. In addition, we note that within the context of the airport, as an economic entity, some appropriate uses may exist or be identified which, though not strictly aviation-related, contribute to the viability of the airport and thus contribute to the overall value of the entity. To the extent that such non-aviation uses may be allowed by Airport, City, and FAA policies and regulations, such uses may be allowed, where appropriate.

As Improved

Although our analysis includes determining rental rates for select existing structures on the subject property, a full analysis of all airport buildings and their use is beyond the scope of this assignment. Since a mixture of different building types and uses is vital to the continued operation as an airport, our conclusion of the highest and best use of both the airport in its entirety and the selected improved parcels used in our analysis, is as improved.

Valuation Methodology

The valuation of airport land, as well as a conclusion of fair market rental, both require an analysis of the subject property, as well as other airports which offer similar services. In addition, we have analyzed land sales that have occurred in the area surrounding Renton Municipal Airport for the purposes of opining on market rent for airport land.

Method 1: Sales Comparison Approach - Surrounding Off-Airport Land

The analysis of off-airport land sales is a widely used method of airport valuation. A series of adjustments must be made, which require subjective interpretation on the part of the appraiser. It is important to note that the types of uses surrounding the airport are industrial in nature and, therefore, are suitable for this type of comparative analysis.

Once an appropriate land value is concluded for each parcel, a rate of return is applied. This is derived in part from other airports, as well as the current rate of return at the subject.

Method 2: Direct Comparison – Airport Lease Rates

The next method of valuation is the comparable airport analysis. While we recognize that all airports are unique and therefore, not directly comparable, an analysis of pricing for similar services is certainly appropriate. Specific lease information and valuation techniques was reviewed and considered from similar airports nationwide. This is applicable to both our ground rent analysis, as well as our analysis of fair market rent for improved properties.

The Cost Approach to Value

With respect to opining on the as-is value of the CBP modular office, we have utilized the cost approach in order to determine the depreciated value of improvements. Land value has been excluded in this analysis. The cost approach is the process of first determining the value of the subject land (excluded), to which is added the replacement cost new of the structure, less depreciation and the cost of land improvements. The sum of the costs is the indication of value by the Cost Approach.

Reconciliation and Application of Rental Rates

Once the various methods are reconciled, a final recommended rental rate is concluded based on the relative merits of each.

Ground Rent Analysis – Airport-Wide

Method One - Off-Airport Land Analysis

This methodology analyzes land sales in the area surrounding the subject airport, applying adjustments for specific characteristics that differ from the subject. For our analysis, industrially-zoned land is considered most comparable, as it possesses the most similar characteristics; i.e., lot coverage and intensity of use and allowed uses. This type of land more closely reflects values of airport related users and their necessity for large sites and buildings to accommodate aircraft.

The enclosed chart summarizes relevant land sales occurring within the past several years. Complete details are included in the Addenda.

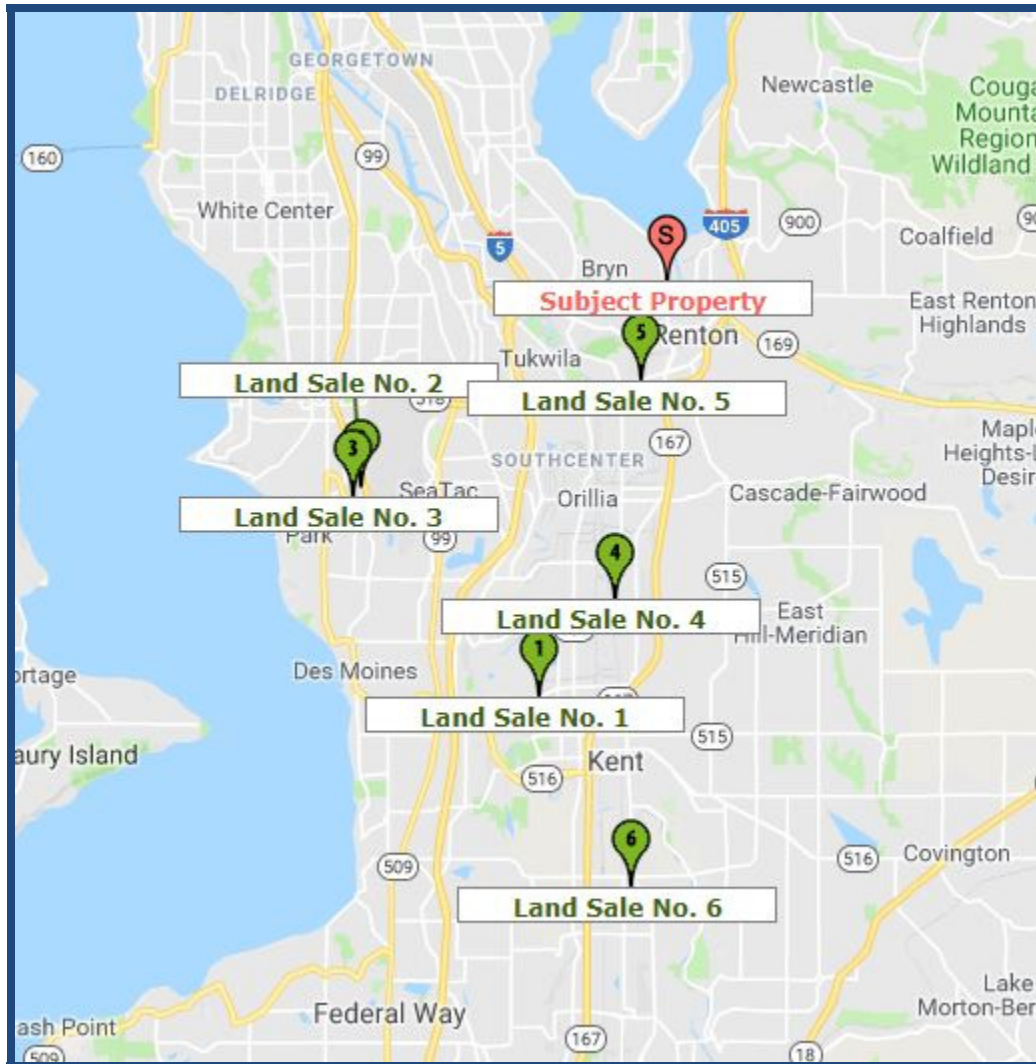
Discussion of Land Sales - Conclusion of Base Land Value

In order to arrive at the market value for the subject property, we have researched the Renton and nearby industrial markets for recent sales. Due to the nature of the subject property, it was necessary to expand our search criteria to include sales outside of the immediate neighborhood and in nearby industrial centers. Comparable sales were located and are summarized in the following table. The map on the following page indicates the location of the subject and the comparables.

Comparable Sales Chart
Renton Municipal Airport

ID	Name	City	Sale Date	Sale Price	Zoning	Usable Land Size (ac)	Usable Land Size (sf)	Price/sf	Imp. Contr.	Adj. Price of Land Only	Adj. price/sf of Land
1	Kent Industrial Site 5818 S 228th Street	Kent	Jan-19	\$1,250,000	M1	1.24	54,136	\$23.09	\$0	\$1,250,000	\$23.09
2	Burien Industrial 825 S 176th Street	Burien	Dec-18	\$915,000	I	1.32	57,499	\$15.91	\$0	\$915,000	\$15.91
3	Burien Industrial 17878 Des Moines Memorial Dr	Burien	Sep-17	\$995,000	I	0.87	37,874	\$26.27	\$0	\$995,000	\$26.27
4	Kent Industrial 7830 S. 206th Street	Kent	Mar-17	\$1,700,000	M2	2.61	113,692	\$14.95	\$0	\$1,700,000	\$14.95
5	Renton Industrial 620 SW 12th Street	Renton	Apr-17	\$289,000	IM	0.33	14,500	\$19.93	\$0	\$289,000	\$19.93
6	Auburn Industrial 21 49th Street NE	Auburn	Apr-17	\$990,000	M1	1.28	55,855	\$17.72	\$148,500	\$841,500	\$15.07
Subject Property						Renton Municipal Airport - Typical Parcel	1.50	65,340			

COMPARABLE SALES MAP



The following analysis refers to a fee simple property, with the Aviation related issues discussed following the base land value conclusion.

Discussion of Adjustments

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment to the comparable was applied if inferior. A summary of the elements of comparison follows.

Transactional Adjustments

Transaction adjustments include: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, and (4) expenditures made immediately after purchase. These items, which are applied prior to the application of the market conditions and property adjustments, are discussed as follows.

As mentioned above, due to the nature of the available data, some of the sales had existing improvements and we have extracted the contributory value where appropriate to yield a price per square foot of the underlying land.

Analysis prices range from \$14.95 per square foot to \$26.27 per square foot; however, each sale requires adjustment for comparison. In comparison to the subject, the sales have been adjusted for difference in market conditions, location, amenities, and a variety of physical characteristics. Certain adjustments will be discussed in additional detail in this section. The first category of adjustments includes rights conveyed, market conditions (time), financing, and issues relating to the interests purchased. The subsequent category of adjustments reflects the physical features and locational differences.

Rights Conveyed relates to the actual interests transferred. In terms of the rights conveyed, all sales consisted of the transfer of fee simple interest and no adjustments were made with the exception of Sale 3 which sold with land development entitlements. As noted above, aviation related issues will be discussed later in the report.

Conditions of Sale reflect adjustments for sales, which occurred under unusual and specific conditions. This category is different than the adjustment for time, which will be dealt with subsequently. No adjustments were warranted.

Financing adjustments are necessary for sales that were financed with atypical terms. This includes seller financing with non-market interest rates or abnormal down payment levels; the theory being that a comparable figure for use in appraisal analysis should reflect a cash-equivalent price, or a price that is in line with existing market terms at the time of sale. All of the comparable sales had typical of all cash financing, there for no adjustments were necessary.

In terms of adjustment support for time (*market conditions*), we have reviewed the market industrial property in the Renton area and have found that paired sales activity is extremely limited. Discussions with brokers, as well as our observations of market activity lead us to conclude that the pace of increase for similar properties to the subject has increased over the past few years and is still considered to be expanding. Average sales price for industrial land has increased an average of 15% per year since 2010. Market conditions from the 2017 time period are considered inferior to today, thus Comparables 3 through 6 received upward adjustments.

Property Adjustments

Property adjustments will be expressed qualitatively for differences reflected by the various characteristics of the property. These adjustments are based on locational and physical characteristics and are applied after the application of transaction and market conditions adjustments, above. Physical characteristics, including differences in the location, size, site quality,

access, and zoning or land use issues, are now discussed and associated adjustments are reflected in the chart as follows:

Location: Location adjustments can be somewhat subjective and have been made, when appropriate, to address differences in overall appeal, proximity to core retail services, and other amenities. Each of the sales are located in Renton or nearby industrial areas. Sales 1, 4, and 6 are each located in the Kent/Auburn area which is considered inferior to the subject and an upward adjustment was made.

Size: The typical representative subject parcel contains approximately 1.50 acres, or 65,340 square feet. Adjustments are applied to each comparable, as appropriate, to address differences in parcel size (usable square feet), as compared to the subject property. Because these adjustments are made to unit price, and due to economies of scale, properties which are smaller than the subject receive a downward unit price adjustment, and conversely, significantly larger properties receive an upward unit price adjustment.

Site Quality: Site quality adjustments are also somewhat subjective and can include, but are not limited to variations in topography, shape, critical areas and easements (if not discussed separately) and overall appeal. The subject property is level and at grade with abutting streets with fair visibility and no critical areas. Sale 2 is irregular in shape and received an upward adjustment. Sale 6 is located in the 100-year floodplain and received an upward adjustment, as well.

Utilities No adjustments have been made for typical utilities as each property is considered to have access to all public utilities.

Access: Sale 1 has frontage along S. 228th Street and superior visibility. Overall, it is considered superior to the subject and received a downward adjustment. Sale 2 is located near the eastern terminus of Des Moines Memorial Drive S and is considered to have inferior access and visibility. It received an upward adjustment. Sale 5 has superior access and received a slight downward adjustment.

Zoning/Land Use: All of the sales are zoned for industrial use and received no adjustment.

The following adjustment chart is prepared relative to the subject.

Comparable Sales Adjustment Chart
Renton Municipal Airport

Comp	Price/ sf.*	Rights Conveyed	Condit. of Sale	Financ.	Market Cond	Interim Indication	Location	Size	Physical Adjustments			Zoning	Cumulative Indication
									Topo/Shape Site Quality	Utilities	Access/ Visibility		
1	\$23.09	0	0	0	0	= \$23.09	Inf(+)	No Adj.	No Adj.	No Adj.	Sup(-)	No Adj.	Superior
2	\$15.91	0	0	0	0	= \$15.91	No Adj.	No Adj.	Inf(+)	No Adj.	Inf(++)	No Adj.	Inferior
3	\$26.27	(Sup--)	0	0	Inf(+)	= \$26.27	No Adj.	No Adj.	No Adj.	No Adj.	No Adj.	No Adj.	Superior
4	\$14.95	0	0	0	Inf(+)	< \$14.95	Inf(+)	Inf(+)	No Adj.	No Adj.	No Adj.	No Adj.	Inferior
5	\$19.93	0	0	0	Inf(+)	< \$19.93	No Adj.	Sup(-)	No Adj.	No Adj.	Sup(-)	No Adj.	Superior
6	\$15.07	0	0	0	Inf(+)	< \$15.07	Inf(+)	No Adj.	Inf(+)	No Adj.	No Adj.	No Adj.	Inferior

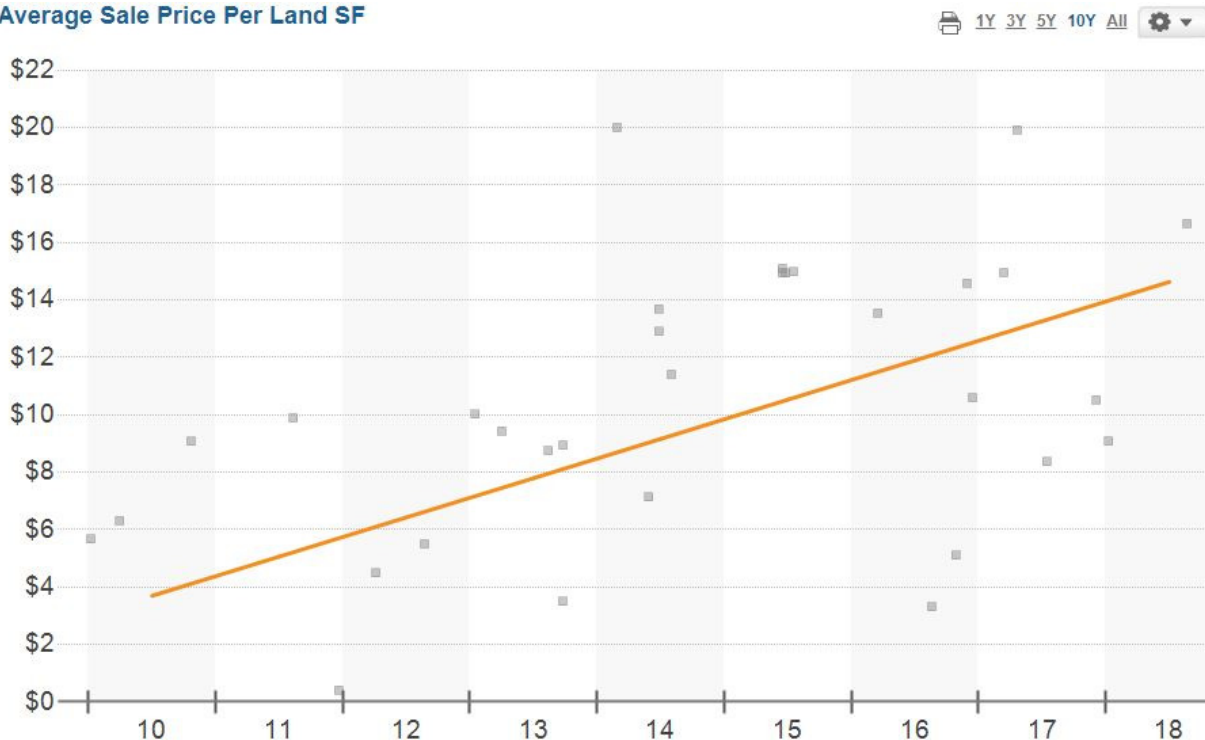
*Improvement values (if applicable) have been extracted.

Sales 2, 4, and 6 are considered to be the *Inferior* indicators, while Sales 1, 3, and 5 are considered *Superior*. The subject site is considered a fully serviced and graded property, similar to most comparable properties. Considering the sales data, physical attributes of the subject, and the strong

market for industrial properties in the Renton area, we conclude a base land value of **\$17.00** per square foot for the subject.

We acknowledge that our opinion of base land value is substantially higher than was concluded in Renton Municipal's prior appraisal from 2014; however, it should be noted that the data available at that time consisted of recession-era land sales. Since that time, the Puget Sound region has experienced significant growth, and subsequently experienced increases to industrial land values – particularly as market participants continue to look outside of the increasingly unaffordable Duwamish, Georgetown, and SoDo industrial centers of Seattle. The effect on industrial property in outlying areas such as Kent, Auburn, and Renton, as well as parts of Snohomish County, is an increase in demand for an otherwise unchanged supply resulting in significant increases in the average sales price per square foot of land. As shown on the graph below, the average sales price per square foot of industrial land outside of Seattle's core has steadily increased over the past 10 years at an average of 15% per year.

Average Sale Price Per Land SF



While demand for on-airport land does not necessarily increase at the same rate as industrial land, industrial property does serve as a proxy for airport land values and gives an indication of overall trends. Industrial land trends, coupled with a stable general aviation market as discussed above the base land value concluded above falls below the trendline in the graph above at an increase of 14% per year, non-compounded.

Lease Conditions Adjustment

Lease condition is a factor that is not strictly aviation-related. This factor applies to any real estate in the marketplace that is leased rather than owned in fee simple. AS a result, one would expect to find general market evidence from which to quantify this factor. In our experience, land is typically leased based upon a formula that multiples fee simple market value by an expected rate of return.; which, for industrial properties ranges between 7% and 10% according to recent broker interviews. The motivations for leasing property versus purchasing have traditionally included the lower initial capital outlay and the flexibility associated with relatively short lease terms. An issue in our analysis of on-airport land is whether the lease terms and conditions, and the lessee's right to use the land embodied in the lease agreement, are sufficiently different and more restrictive in comparison to fee simple ownership to warrant an adjustment to base land value. We have analyzed several factors established by typical ground lease terms and conditions:

- Lack of Benefits of land ownership (appreciation)
- Lack of potential purchase option
- Reversion of improvements to lessor or cost of demolition upon expiration
- Lack of subordination
- Difficulty in assigning lease interests
- Undetermined lease escalations

Combined, these factors can translate into increased risk or cost to the lessee. Some of the above factors may also apply to off airport land leases, and we are considering only those limitations unique to airport leases. In consideration of all of the above, we have applied a 10% lease conditions adjustment to the base land value concluded above.

Aviation Use Restriction

This factor is specific to airports. However, it can be discussed in terms that are not strictly limited to airports and aviation use. As stated previously in our definition of this term, the *Aviation Use Restriction* can be described as a "zoning overlay" which imposes limitations on land use in addition to those imposed by the underlying zoning. We rely on this "zoning overlay" analogy in our analysis of the *Aviation Use Restriction*.

I

A discussion of the impact of zoning-type restrictions may be divided into two sections: limitations on nature of use, and limitations on density, or intensity of development.

In the case of airports, the nature of uses allowed tends to be fairly apparent and consistent. Virtually all airports have policies in place -in many cases formal and written; in other cases informal but well observed - that state uses of on-airport land must be aviation-related. There can be wide latitude however, in the interpretation of such policies. In the strictest interpretation, aviation-related could refer only to uses requiring aircraft access to and from taxiways and runways, or uses requiring access to other specific aviation facilities such as baggage terminals, fuel depots, etc. In more liberal interpretations, uses such as retail or office buildings may be considered aviation related if the occupant has any affiliation with the aviation industry, regardless of whether their activities require use of specific aviation facilities on the airport.

In actual practice, the enforcement of the aviation-related requirement tends to be governed by market demand as much as by stated policy. Those airports with on-airport land available in excess of current demand can be quite flexible in the uses they allow, in some cases even allowing non-aviation uses outright. At the other end of the spectrum are airports where the supply of available on-airport land is quite limited and demand either meets or exceeds supply.

Regardless of the strictness with which the aviation-related policy is enforced, it is apparent that such a policy results in a smaller number of potential uses when compared to the total number of uses otherwise allowed. It is logical that such restriction should have a negative impact on the value of the property. This is dealt with in an airport industrial zoning that applies to property having taxiway or runway access.

The second aspect of zoning-type restrictions is the limitation on allowable density, or in other words, the intensity of development. Development density can be measured in many ways. The most common and most appropriate method in analyzing industrial property is the land-to-building ratio. Land-to-building ratio expresses the amount of site relative to the building improvements.

The nature of many aviation-related uses is that they tend to require more land in relation to a given building area - in other words, a higher land-to-building ratio - than do other industrial uses such as those surrounding the Airport. This is because of the amount of space required to park and maneuver aircraft, particularly large commercial aircraft. Thus, airport sites can be considered less efficient in terms of density when compared to off-airport industrial land. While a desired density can serve as a guideline for future airport development or redevelopment of individual sites, this issue must be evaluated on a parcel-by-parcel basis for individual sites with existing building improvements. Even within the category of aviation-related uses, certain uses are inherently more inefficient in terms of density, again depending in large part on the size of aircraft to be accommodated.

The specific characteristics of an airport, such as the type of aircraft served and the frequency of operations, also determine the effective density of development that is feasible for the on-airport land. For example, an airport such as Sea-Tac International, which serves primarily large passenger transport aircraft, requires vast amounts of space free of building improvements for aircraft parking and maneuvering. A smaller general aviation airport requires substantially less space because the aircraft served are smaller and there are typically fewer aircraft maneuvering on the airport at any given time.

It is logical to expect that direct access to aviation facilities would command some premium from users who desire or require such access. However, airports have been largely developed with public funds and are generally operated by government entities for public benefit. We believe the effect of the premium for runway access has been diluted, in some instances both by the collectively greater negative impact of other factors and by the perception that any premium or benefits accrue to the general public rather than only to the users/lessees of airport land.

One method of quantifying the premium or benefit to users of airport land would be to consider the cost of maintaining the aviation facilities which are used in common: essentially the runways, taxiways, aprons, airport support facilities, etc. Such an analysis is beyond the scope of this appraisal and is not widely practiced among small general aviation airports. The concept, therefore, has not been considered for this analysis. It may be an issue in the future, driven by supply and demand factors placing excessive upward pressure on pricing.

Demand for on-airport land is a factor closely related to the *Aviation Use Restriction*. However, demand is generally driven more by market factors, while the use restriction is set by policy or regulation. Fundamentally, demand relates directly to the number of potential users. We have established that because of the *Aviation Use Restriction* the number of potential users is relatively small compared to off-airport land, and thus, the demand is proportionately small. To the extent that the supply of airport-owned land exceeds the demand (as is the case at many airports), it can be argued that the effect on value has been partially accounted for by the adjustment for *Aviation Use Restriction*.

The last point may be a limitation or benefit and is related to the overall airport characteristics. As demand for aviation properties increases, the likelihood also increases that such access would be perceived as a benefit, offsetting other limiting factors. The adjustment for such factors is considered particularly appropriate when airports have substantially different supply/demand characteristics than the land sales in the surrounding market area. In the case of Renton Municipal, the airport is essentially full, with no airport land available for new development and expansion. As an airport becomes more fully developed, however, the relationship between supply and demand shifts. Assuming no identifiable waiting list for users of airport land, equilibrium of supply and demand is reached when the last available parcel of on-airport land is leased and occupied. Beyond that point, there may be excess demand. When that becomes the case, it can be stated either that demand becomes a positive factor affecting the value of the land or that the negative effect of an Aviation Use Restriction is reduced.

It should be noted that given the characteristics of Boeing Field and the high demand at that airport, their methodology has primarily transitioned to discounts for size and shape (Boeing parcels demonstrate a discount for occupying 100+ acres, and Kenmore Air parcels in the south demonstrate a discount for unusual shape). Auburn Municipal, Arlington, Olympia Regional, and Paine Field all have some land available for development and reflect varying degrees of Aviation Use Adjustments. Renton Municipal is fully developed with a waiting list for general aviation T-hangar rentals and the General Aviation market nationwide is considered stable with a positive outlook for the future. Discussions with other airports in the region also indicate waiting lists for T-hangars which is discussed further below. In consideration of all of the above, strong demand, as well as the subject's close-in location, we believe no Aviation-Use discount is appropriate at this time. The total downward adjustment between Lease Conditions and Aviation -Use total 10% applicable to the base land value concluded above. Based on these adjustment factors, the effective land value of the subject's representative parcel is as follows:

Effective Land Value Calculation

Land	Base Land Value	Lease Cond. Adj.	Aviation Use Adj.	Total Adj.	Effective Land Value
Representative Parcel - Serviced Land	\$17.00	10%	0%	10%	\$15.30

Market Rent - Land

In order to obtain a rate that can be compared with our first approach, we must derive a rate from the airport land values concluded above. In estimating a fair rental rate, we have considered methods utilized at other airports. Typical lease terms are 30 to 50 years, with rate negotiations every three to five years. These lease rates are exclusive of the leasehold excise tax.

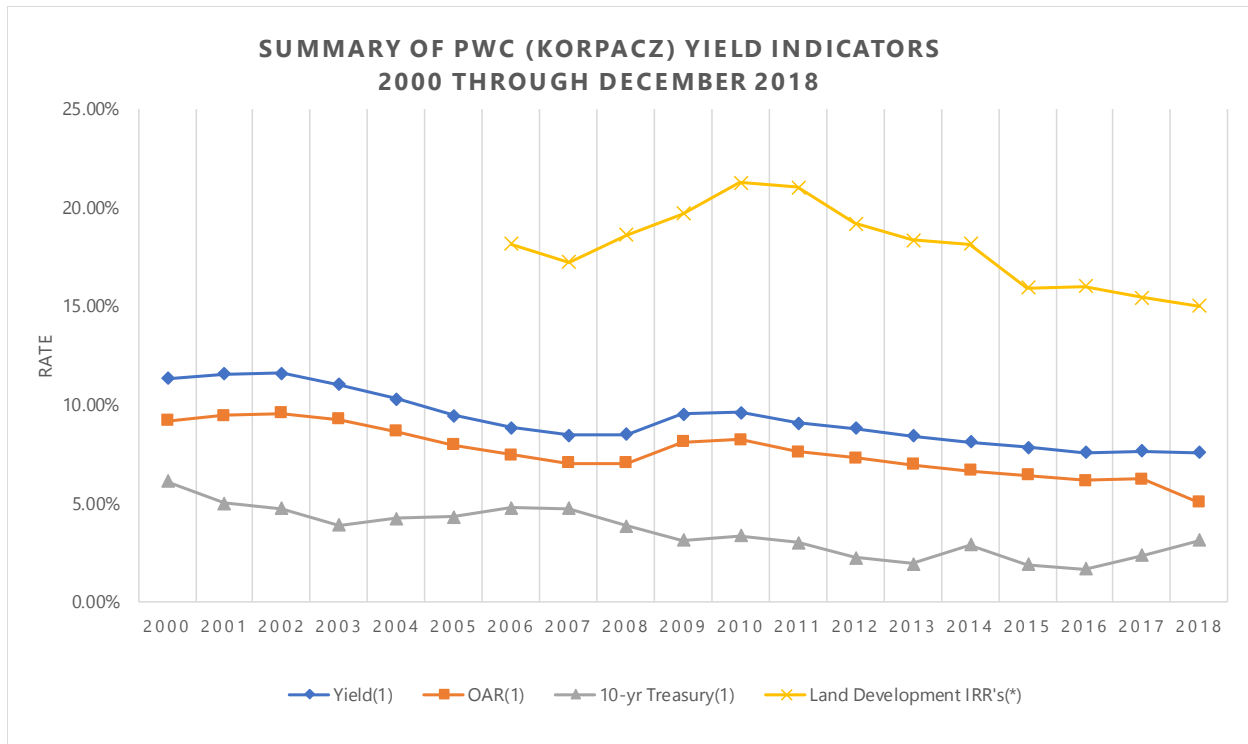
A review of the required rate for other airports can be found in the comparable airport data chart presented. The majority of airports surveyed utilize a rate of return based on appraised land value. The airports presented rates between 6.0% and 10.0% of appraised land value. The following chart breaks down the most recent rates, per our survey of other airports:

Rates of Return

Airport	Rate
Anacortes	8.50%
Arlington	7.50%
Auburn	8.00%
Bellingham	9.00%
Bremerton	7.50%
King County International	7.50%
Olympia	6.00%
Paine Field	7.50%
Renton Municipal	7.50%
Skagit/Bayview	7.50%

As indicated by examining current lease rates of other airports in our previous approach, the required rate of return has largely been influenced by the overall economy which has been relatively strong over the past few years and appears to have recovered from the subprime mortgage collapse in the 2008-09 timeframe. Interest rates levels have been relatively consistent over the past few years.

As additional insight to the overall interest rate picture, we have examined both the Overall Rates of Returns and Yield Rates for the period 2000 to 4th Quarter of 2018. We have researched PwC (formerly Korpacz), which is a nationally recognized Investor Survey Publication on a variety of real estate types. The following chart summarizes this information:



As can be seen by the chart, both the Overall Rates of Return and Yield Rates are experienced a relatively stable rate and modestly declining trend since 2008. The spread between the safe rate as indicated by the US Treasury notes, and the composite of market yield rates has held relatively steady. Real estate, being relatively illiquid, tends to react more gradually to periodic economic fluctuations; however, severe or prolonged downturns justify additional analysis.

These rates reflect broad categories of real estate and changes in rates among aviation facilities tend to occur more slowly, as demonstrated by regional airports over the past several years. The bulk of the rate data in the above also reflects yield rates, overall rates, and Treasury rates at the lower end of the risk spectrum. The periodic rental rate analysis here includes no reversionary interest in the property and therefore the OAR figures in the survey would establish a minimum rate level, all other things being equal. We are familiar with ground lease rates on industrial private properties throughout the region as well. These tend to fall in the range of 6% to 10% as well, with the lower rates involving long term lease arrangements with national credit tenants. The following is a summary of private sector rates we have collected:

Private Sector Rates of Return

Description	Rate
Wendy's (Covington)	4.80%
Jack-in-the-Box (Silverdale)	5.27%
Des Moines Business Park	5.80%
Office Building (Seattle)	6.00%
Fenced Storage Yard (Seattle)	5.00%
Walgreens (Bremerton)	6.85%
Corner Site (Auburn)	8.90%
Arby's (Federal Way)	9.50%
Yard Space (Tukwila)	8.80%
Sumner Building	9.04%
Confidential Client Data	5.25-7.21%

With this in mind and given the range of rates provided by surrounding airports, we believe a rate of 7.5% is appropriate for this analysis. Thus, the following rental rate is estimated:

Concluded Rate - Off Airport Land Analysis

	Effective Land Value/s	Rate of Return	Indicated Rate/sf/yr
Renton Municipal Airport	\$15.30	7.50%	\$1.15

Method Two – Direct Airport Comparison

Regional Airports

We have conducted a study of other airports throughout the region. They arrange from smaller community airfields to larger regional airports. Renton Municipal Airport falls into the General Aviation classification with characteristics typical of the medium or *municipal*-sized airports. This is a broad category, but common characteristics include tie down and T-Hangar aircraft storage, FBO facility, and a wide variety of aviation-oriented manufacturing or service companies. In our analysis, we directly compare the subject property to other airports, with our conclusion reflecting market rental rates for Renton Municipal Airport land. The largest airport in the region is Seattle-Tacoma International Airport (Sea-Tac), which allows international connections, and is followed by King County International Airport (KCIA). Both are located in the core Seattle area. Farther out from the Seattle area are regional airports such as Auburn Municipal, Arlington Airport, Skagit/Bayview, Bellingham, and Paine Field to the north, and Tacoma Narrows, Thun Field, and Olympia Airport to the south. We have included pertinent information relating to several of the Puget Sound’s regional airports as compared to Renton Municipal, which we anticipate will continue to support general aviation and small, corporate users.

Summary of Selected Northwest Airports

Airport

Arlington Airport
Auburn Municipal
Bellingham
Bremerton
King County International
Olympia
Paine Field
Renton Municipal
Seattle-Tacoma International
Skagit/Bayview
Tacoma Narrows
Thun Field

The airports vary in terms of navigational aids such as precision/non-precision approaches. Generally speaking, however, the busier airports support more sophisticated navigational technology. A summary of this information can be found in the following chart:

Aircraft Operations

Summary of Runway/Navigational Characteristics

Airport	Runway Length	Runway Width	Tower	Approach
Arlington Airport	9,426	150	No	NonPrec. Instr.
Auburn Municipal	3,400	75	No	NonPrec. Instr.
Bellingham	4,157	150	Yes	Precision
Bremerton	6,000	150	No	Precision
King County International	10,000	100	Yes	Precision
Olympia	6,701	150	Yes	Precision
Paine Field	9,010	150	Yes	Precision
Renton Municipal	5,382	200	Yes	NonPrec. Instr.
Seattle-Tacoma International	11,900	150	Yes	Precision
Skagit/Bayview	3,000	60	No	NonPrec. Instr.
Tacoma Narrows	5,002	100	Yes	Precision
Thun Field	3,650	60	No	NonPrec. Instr.

Source: Federal Aviation Administration - Form 5010-1

The following chart includes a summary of the aforementioned airports' size and operations data. As shown below, Renton Municipal Airport is one of the smallest airports in terms of acreage and yet the third highest in terms of annual operations. Its ratio of operations to acreage is the highest among the included airports.

Aircraft Operations

Summary of Selected Northwest Airports

Airport	Land Size (ac.)	Annual Operations	Average Daily Operations	Operations Per Acre
Olympia	1,632	43,071	118	26.39
Tacoma Narrows	644	53,276	146	82.73
Skagit/Bayview	1,847	61,900	170	33.51
Bremerton	1,729	66,000	181	38.17
Bellingham	2,190	74,401	204	33.97
Thun Field	200	100,000	274	500.00
Paine Field	1,315	115,201	316	87.61
Renton Municipal	168	122,908	337	731.60
Arlington Airport	1,200	133,552	366	111.29
Auburn Municipal	110	164,539	451	1495.81
King County International	594	183,268	502	308.53
Seattle-Tacoma International	2,500	416,124	1,140	166.45

Effective: March 2019

Source: Federal Aviation Administration - Form 5010-1

As shown, the core Seattle area airports are amongst the highest in number of operations, while airports outside of this area exhibit fewer operations with the exception of Arlington. As shown on the chart, most airports are considerably larger with more available developable land. Renton Municipal's urban location, surrounding development and infrastructure, renders further runway expansion extraordinarily difficult. Other airports in the urban Seattle area which lack available land for expansion include Sea-Tac and KClA (Boeing Field).

Many of the greater Puget Sound airports reported a reduction in annual operations after 2000, which can be attributed to several factors including the Boeing downturn following 9/11, which impacted Renton Municipal, KClA and Paine Field more than the outlying locations. Paine Field recently commenced limited commercial service with 24 daily flights and a new passenger terminal on-airport. In general, airports with closer-in, urban locations generally reflect higher tenant rates. Since the great recession of the later part of the 2000s, general aviation has remained stable based on our interviews with multiple market participants with a positive future outlook. Despite this, overall occupancy levels at airports regionally are relatively strong.

Airport Rental Rate Trends

Based upon our survey, the following ground lease rates are being collected at airports throughout the region:

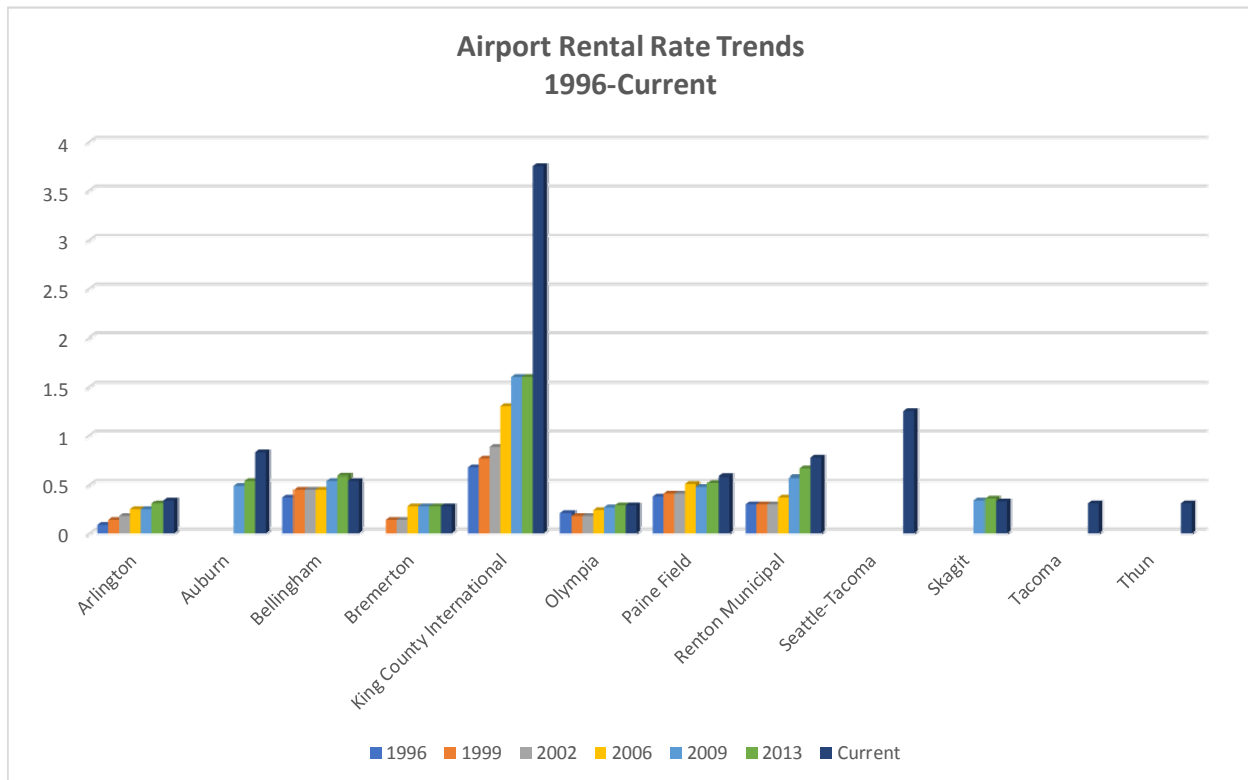
Current Ground Lease Rates

Airport	Current Ground Rent
Arlington Airport**	\$0.27
Auburn Municipal*	\$0.825
Bellingham	\$0.54
Bremerton	\$0.28
King County International	\$2.75-\$3.75
Olympia	\$0.29
Paine Field**	\$0.58
Renton Municipal	\$0.77
Seattle-Tacoma**	\$1.80
Skagit/Bayview	\$0.33
Tacoma Narrows	\$0.25-\$1.69
Thun Field	\$0.25-\$1.69

*Recommended rate

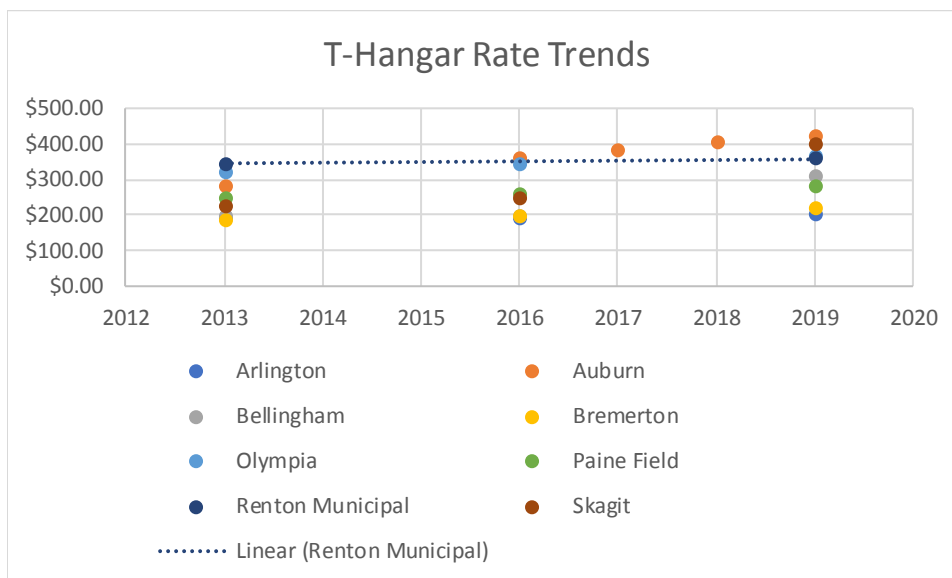
**Airport-wide appraisal under way

As land values increase throughout the Puget Sound region, ground lease rates follow and reflect a general upward trend since the 1996 timeframe, with the most significant increases coming at more urban airports in or near Seattle.



As shown, airport ground lease rates in the Puget Sound region reflect a general upward trend since the 1996 timeframe with the most significant increases coming at more urban airports in or near Seattle, and with King County International Airport (Boeing Field) in particular. Excluding KCIA, which is somewhat of an outlier in this analysis, established land rates at these regional airports range between roughly \$0.25 and \$1.80 per square foot per year. Sea-Tac provided little in the way of recent data; however, the most recent land rate was reportedly around \$1.80 per square foot range, and it is our understanding that several airports in the region are in the process of bringing their ground lease rates current, including Sea-Tac, Auburn Municipal, Paine Field, and Arlington.

Another consideration in the long range trends of aviation rates can be shown in T-hangar rate trends. With respect to general aviation facilities, the typical private user seeking airplane storage is an important component in determining demand at airports. Currently, each of the airports surveyed reports 100% occupancy for t-hangar space, and waiting lists typically ranging from 1 to 3 years. As a result of the high demand for t-hangars, rental rates have generally increased over the past 5 to 6 years. The following chart identifies t-hangar rate trends over the 2013-2019 time period:



Below are the current t-hangar rates produced by our survey, exclusive of leasehold excise tax:

Current T-Hangar Rates

Airport	2019 T-Hangar Rates	Wait List
Arlington	\$202.87	Y
Auburn	\$217.00 - \$480	Y
Bellingham	\$311.59	Y
Bremerton	\$216.52	Y
Olympia	\$253.28-\$366.45	Y
Paine Field	\$282.16 - \$436.30	Y
Renton Municipal	\$358.91	Y
Skagit/Bayview	\$398.02	Y

**Excludes Leasehold Excise Tax*

The information above supports the conclusion that demand for airport property remains strong and supportive of rental rate increases overall.

General Location

In an effort to evaluate the overall locational characteristics of the airports in our survey, we have considered the purchasing power, or the total household income within defined boundaries surrounding each airport. These are summarized in the following chart.

Demographics of Regional Airports

Description	Renton Muni <i>Renton</i> Washington	Arlington <i>Arlington</i> Washington	Auburn Muni <i>Auburn</i> Washington	Bellingham Int'l <i>Bellingham</i> Washington	Bremerton Nat'l <i>Belfair</i> Washington	KCIA <i>Seattle</i> Washington
2018 Households:						
<i>1-Mile Ring</i>	5,376	944	4,704	66	18	4,779
<i>3-Mile Ring</i>	40,724	10,638	27,336	11,220	938	42,135
<i>5-Mile Ring</i>	94,059	19,352	93,700	29,024	4,746	126,353
2018 Med HH Income (1 mile ring)	\$70,228	\$84,963	\$51,735	\$55,000	\$91,666	\$48,421
2018 Med HH Income (3 mile ring)	\$78,552	\$71,038	\$66,009	\$51,553	\$76,221	\$64,500
Market Size (1 mile ring)	\$377,545,728	\$80,205,072	\$243,361,440	\$3,630,000	\$1,649,988	\$231,403,959
Market Size (3 mile ring)	\$3,198,951,648	\$755,702,244	\$1,804,422,024	\$578,424,660	\$71,495,298	\$2,717,707,500
2018 Population (3 mile ring)	104,010	29,157	73,960	25,434	2,565	121,532
Traffic Counts (Average Daily Primary Arterial)	16,200	17,550	22,809	58,405	16,000	20,464
Density (3 mile ring) (population per acre)	23.00	6.45	16.36	5.62	0.57	26.88
Purchasing Power (1 mile ring)	\$752,083	\$159,771	\$484,784	\$7,231	\$3,287	\$460,964
Purchasing Power (3 mile ring)	\$707,420	\$167,117	\$399,032	\$127,913	\$15,811	\$600,997

Description	Renton Muni <i>Renton</i> Washington	Olympia Regional <i>Olympia</i> Washington	Paine Field <i>Everett</i> Washington	Seattle-Tacoma <i>Seattle</i> Washington	Skagit/Bayview <i>Burlington</i> Washington	Tacoma Narrows <i>Gig Harbor</i> Washington
2018 Households:						
<i>1-Mile Ring</i>	5,376	2,422	1,415	3,344	3	696
<i>3-Mile Ring</i>	40,724	15,829	41,605	37,464	1,777	19,036
<i>5-Mile Ring</i>	94,059	45,034	90,734	86,781	8,061	55,522
2018 Med HH Income (1 mile ring)	\$70,228	\$39,650	\$76,228	\$36,830	\$99,999	\$98,620
2018 Med HH Income (3 mile ring)	\$78,552	\$68,852	\$65,164	\$59,631	\$88,523	\$67,530
Market Size (1 mile ring)	\$377,545,728	\$96,032,300	\$107,862,620	\$123,159,520	\$299,997	\$68,639,520
Market Size (3 mile ring)	\$3,198,951,648	\$1,089,858,308	\$2,711,148,220	\$2,234,015,784	\$157,305,371	\$1,285,501,080
2018 Population (3 mile ring)	104,010	38,424	105,161	95,903	4,503	43,117
Traffic Counts (Average Daily Primary Arterial)	16,200	15,290	27,920	28,000	1,422	7,075
Density (3 mile ring) (population per acre)	23.00	8.50	23.26	21.21	1.00	9.53
Purchasing Power (1 mile ring)	\$752,083	\$191,299	\$214,866	\$245,338	\$598	\$136,732
Purchasing Power (3 mile ring)	\$707,420	\$241,012	\$599,546	\$494,033	\$34,787	\$284,277

Source: Co-Star

As shown, the market size surrounding Renton Municipal Airport represents the extreme upper end, followed by Boeing Field, Paine Field and Sea-Tac. This information, while not necessarily aviation related, does provide a comparative measure regarding the overall size of the surrounding markets of each respective comparable.

Rate Conclusion – Direct Airport Comparison Approach

All of the airports in the survey had an appraisal-based rate structure, with some basis in surrounding property value. Once land values are determined or agreed upon at the various airports, the application of the rates is the next factor to be considered. In some cases the estimated land rate, if based on surrounding land sales, may reflect some form of discount for inherent airport restrictions. Since this approach to value involves direct comparison with other airports, we assume that the effect of these factors is reflected in the rates being charged. Among the various airports, some differentiate between a rate for parcels with taxiway/runway access and those without. This is a function of the types of uses on the airport, as well as airport policy and the demand for land. Bremerton's ground lease rate has remained stagnant for a number of years, and conversations with its manager indicate potential construction of an additional apron and taxiway and development of corporate hangar pad sites which they project will be leased at \$0.29 per square foot. Paine Field currently has very little vacancy with close to 99% occupancy and recently began commercial service. Paine Field has historically demonstrated stepped increases, similar to other airports in the region; however, in terms of ground lease rates, it has generally been below Renton and other airports close-in to Seattle proper. Similar to Boeing Field and other close-in airports, Renton Municipal lacks room for expansion and is essentially full. This already limited land supply will decrease as otherwise usable land is lost due to a recent FAA reference code change. The airport's master plan involves coming into compliance with this new classification, and subsequent expansion of its ROFA (Runway Object Free Area). In addition, its proximity to Seattle and Boeing Field makes it an attractive location for the growing light jet and turbo prop market.

In general, each airport is unique which results in some difficulty with respect to a direct airport analysis. This is compounded by the current state of flux in ground rent for many of the nearby airports. Knowing that several airports in the region are currently in the process of obtaining appraisals for the purpose of establishing new, current ground lease rates which will also be based upon current land sales data, any opinion of ground rent from this analysis would be based upon old sales data inconsistent with today's strong market. Overall, however, Boeing Field is considered significantly superior to the subject, and although Sea-Tac offers international commercial service, its surrounding land values are likely most comparable to the subject. As noted above, industrial land values continue to increase approximately 15% per year and have done so, on average, since 2010. Overall, Boeing Field is considered far superior to the subject property, and Sea-Tac offers international commercial service rendering it superior, as well. Paine Field now offers commercial service; however, the quoted ground lease rate was established prior to its commencement. Airports further out such as Arlington, Bremerton, Auburn Municipal and Tacoma Narrows are considered inferior to the subject. In consideration of all of the above, we conclude a supportable range of ground rent above roughly \$0.85 and below the \$1.80 per square foot range.

Auburn Municipal has generally demonstrated lower ground lease rates than nearby Renton Municipal and significantly lower than Boeing Field. It is our opinion that such airports remained

better positioned due to proximity to Seattle and the scarcity of land available for on-airport development. These airports are considered to be superior as compared to the subject. Airports further out such as Arlington, Bremerton, Skagit and Tacoma Narrows are considered inferior to Auburn Municipal. Much of this is a function of surrounding land values.

Summary and Conclusion of Ground Rent

The following rental rate is concluded for the subject land:

Method One - Off-Airport Land Analysis: \$1.15/sf/yr
Method Two - Direct Airport Comparison: \$0.85 to \$1.25/sf/yr

Two methodologies were researched and produced meaningful data for credible analysis. The subject is situated in a strong location, with strong demand in recent years. The limitations for Method One include adjustments made to address the differences in permitted uses between standard Industrial land and those allowed on the airport, if applicable, as well as an adjustment for leasehold conditions which is made to address the unique limitations of an airport land lease and lack of many benefits of fee ownership. Further, as noted above, several comparable airports in the region are currently in the process of updating ground rental rates. In consideration of the above, we have equally considered both methodologies and conclude \$1.10 per square foot per year for the subject’s ground rent. Although the concluded rental rate in this report represents a significant increase over the airport’s previous appraised value, its previous appraisal was completed in 2014 utilizing recession-era sales data. It is reasonable to conclude that a current appraisal using current sales data driven by a strong economy would result in higher nearby land values, as well as strong demand for on-airport land would produce rental rates higher than the data available during the last appraisal period.

With this in mind, the concluded rental rate for the subject is as follows:

Concluded Ground Rent	
	Indicated Rate/sf/yr
Renton Municipal Airport	\$1.10

Improved Rental Analysis (On-Airport)

In addition to the underlying ground rental analysis, we have been asked to provide an opinion of market rent for certain buildings on the airport including T-Hangars, the BEFA property, and the Leven Estate. Descriptions of each of these can be found in a prior section of this report. Our valuation of fair market rent for these structures will include methodologies that are appropriate for the building type. We have attempted to report the rental rate for the *building only*, exclusive of the underlying ground rent. This is due in part to the range of land-to-building ratios required by various airports in the region, and significant differences among current ground rents collected.

In order to arrive at the fair market rent for these properties, we have utilized the comparable rental evaluation method. This method of analysis involves a survey of building only rental rates for comparable buildings at airports by completing a regional study of various airports. The improvements are considered to be within the range of large facilities at other airports relative to General Aviation standards. Apart from T-hangars, the largest hangar category at other airports in the region appears to be corporate-style/condo hangars ranging in size from roughly 4,000 to 30,000 square feet. The comparables range widely in terms of characteristics such as size, age and condition. In addition, the locations of the airports themselves used in our study affect the comparability to some degree. Another noteworthy factor in this study is the percentage and quality of office space build-out, if any. Newer hangars are typically build-to-suit structures; whereas, older hangars may include renovated office portions, additions, second floor space, etc. The quality of these types of spaces and the percentage of the overall office area contribution to the aggregate square footage of a building is a consideration when estimating rent on a per-square-foot basis.

The current rental rates are considered, along with the building characteristics, and expense structure. Our conclusions consider these factors, as well as location. We have contacted multiple regional airports for information regarding comparable rental rates, and the following properties have been identified for use in our analysis:

Improved Rental Comparables

ID	Property Description	Building Area	Year Built	% Office	Rate/sf/yr Bldg Only	Rate/sf/yr Land	Type
1	<u>Renton Municipal</u>					\$0.77	
a	Northwest Seaplanes	4,560	1973	7%	\$8.51		Hangar/Office
b	Puget Sound Energy	5,757	1973	14%	\$9.04		Hangar/Office
c	Landing Gear Works	6,122			\$3.99		Office
		4,082			\$0.38		Storage
d	Rainier Flight Service	20,020	1983		\$1.38		Hangar
e	Boeing Paint Hangar	38,394	1963		\$5.76		Hangar
f	Boeing 5-08 Building	27,297	1956		\$7.44		Warehouse
g	Boeing 5-09 Building	11,200	1956		\$4.25		Warehouse
2	<u>Paine Field</u>					\$0.58	
a	C-64 Hangar (Sunquest)	6,952	1976		\$7.05		Hangar
b	C-51 Regal Air	12,872	1976		\$5.80		Hangar
c	C-73 (Museum of Flight)	10,216	1979	2%	\$8.23		Hangar/Office
d	C-2	1,650	1970s		\$7.44		Office
e	C-3	8,862	1976		\$9.36		Hangar
f	Building 221	14,575	1970		\$5.21		Hangar
g	IAC Office	1,454	1980s		\$11.70		Office
h	C-3a	1,087	1976		\$15.31		Office
i	IAC Office(a)	4,452	1980s		\$11.17		Office
3	<u>Tacoma Narrows</u>					\$0.25-\$1.69	
a	1624 Building	7,200	Unk.	15%	\$4.72		Hangar/Office
b	Hangar	3,024	Unk.		\$6.88		Hangar
c	Corporate Hangar	4,225	Unk.	10%	\$6.37		Hangar/Office
d	Hangar	4,225	Unk.		\$4.85		Hangar
e	Office	Varies	Varies		\$24.38-\$40.46		Office
4	<u>Olympia Regional</u>					\$0.29	
a	Executive Hangar	2,760	1970s		\$2.73		Hangar
5	<u>Arlington Municipal</u>					\$0.27	
a	Box Hangar	3,000	1970s		\$6.11		Hangar
b	Old AIR Repair Shop	2,000	1970s	10%	\$7.71		Hangar/Office
c	Wild Blue Aviation	2,400	1970s		\$6.41		Hangar
6	<u>Thun Field</u>						
a	Office	Varies	Varies		\$24.38-\$40.46		Office
	BEFA Hangar	7,168	1968				
	BEFA Additional Office	2,168	1983				
		9,336		42%			
	Leven Estate Hangar	10,850	1999	2%			
	Leven Estate Office	3,478	1973				
	<i>*Excludes Leasehold Excise Tax of 12.84%</i>						

Note that for informational purposes, we have included the current ground rent at each airport included in the chart above. In some cases, significant increases are pending or anticipated due to the strength of the market.

BEFA Property: The BEFA property appears to be nearing the end of its ground lease term, at which point, ownership of the improvements will revert to the City of Renton. As noted above, the BEFA property consists of a 5,400-square-foot insulated hangar with a fair quality office buildout. There is additional fair quality office space which was constructed in 1983 and connected to the hangar building. In general, the hangar is of average quality and in average condition. In general, the hangars at Arlington Municipal are considered inferior, as is the space at Olympia Regional Airport. Hangars at Tacoma Narrows are relatively similar in terms of quality and condition, but demand at airports further out, while still strong, is somewhat less than at close-in airports like Renton Municipal. Paine Field which recently started commercial service and benefits from significant Boeing activity on-site is considered most comparable of the airports which provided data to us, as are current rents collected at Renton Municipal itself. Overall, comparables 1(a) and (b) at Renton Municipal, as well as Paine Field's 2(a) and (e) are considered most similar to the subject hangar. These rates provide a range of \$7.05 to \$9.36 per square foot for the building only, exclusive of land.

We have considered that the subject's percentage of office space is significantly higher than a typical hangar with a total of 42% office space of the aggregate square footage. While this is a significant portion of the building as a whole, our survey provided us with on-airport office rental rates, as well. Such rates are relatively consistent with those of comparable hangar space, and for that reason we will provide a blended rate for the building in its entirety. In consideration of the all of the above, as well as Renton Municipal's close-in location and demand for airport properties in near Seattle, we conclude an annual rental rate in the middle of the indicated range of \$8.50 per square foot on an annual basis for the building only.

Leven Estate Hangar: The Leven Estate is nearing the end of its ground lease term, at which point ownership of the structures will revert to the City of Renton. The improvements consist of a 3,478-square-foot office building which is of fair-to-average quality in fair condition (with much of the interior needing updates), as well as a 10,850-square-foot hangar.

The hangar is a double-bay Class S – steel hangar. Each bay is heated, insulated and each has a 60-foot electric-operated hangar door. The office space is minimal with fair quality finish. It lies between both hangars. The hangar is approximately 20 years old and in average condition. In general, most hangar comparables are older than the subject building; however, demand for older hangar space remains high as all of the airports surveyed for our analysis had no hangar vacancies and 1-to-3-year waiting lists. With that said, it is possible for an owner to lease each side of the subject hangar individually which are approximately 5,000 square feet each. With regard to properties at Renton Municipal, comparables 1(a) and (b) are the most similar to the subject, and comparables 2(a), (c), and (e) located at Paine Field are considered relatively similar, as well, indicating a range of \$7.05 to \$9.36 per square foot. The subject hangar building would compete well in a rental market experiencing consistent demand for an extremely limited supply of hangars

and relatively low turnover. Considering this, an annual rental rate at the upper end of the range above, or \$9.15 per square foot on an annual basis (building only)

Leven Estate Office: The Level Estate office building has a rolled composition roof cover and metal siding. The interior of the office is dated with what appears to be original carpet and fixtures, wood-paneled walls. It is unusual, however, as it straddles the airport fence line with approximately one-half of the building lying airside, and the remainder lying landside. An occupant of this building could, presumably, enter into the building lying outside of the airport's perimeter fence, and enter onto the airport from the building's north side.

Rental rates for office space on-airport vary widely depending upon the quality of finish, condition, location and size of the space. As with hangars, locations at Tacoma Narrows, Thun Field, Arlington and Olympia are generally considered inferior; however, as discussed above, the subject space is unusually positioned as both landside and airside, and is dated in fair condition. The rental range quoted for both Thun Field and Tacoma Narrows does not differentiate between on-airport office space or otherwise, thus we have relied primarily on specific rents for airport office space provided by airports in the region. These rents range significantly from \$3.99 for office suites in larger Class S buildings, to the \$11.00 to \$15.00 range for higher quality space. The subject office space is uniquely positioned in this market to provide a potential tenant landside and airside access. In addition, it is a standalone building with its own parking lot. In concluding a building rent, we considered all of the above, and although the structure is relatively dated, its location at Renton Municipal, and unique access attributes serve as more positive factors in our analysis. In consideration of all of the above, we conclude a rental rate at the higher end of the range for the subject building only of \$15.00 per square foot, annually.

T-Hangars

The T-hangars owned by the City of Renton include concrete-block facilities, also known as the Cedar River hangars, and the "City" hangars which are sheet metal and steel-frame T-hangars. The ages vary and the minimum/standard hangars are all considered to be average to good quality facilities, fully enclosed, with sliding doors. All of the facilities include power and are in reasonably good condition.

The survey chart below summarizes current rental rates for a variety of T-hangar bays for airports throughout the northwest. Most of the airports, including the subject, have waiting lists at this time. The rates are quoted in terms of dollars per bay per month, *excluding* leasehold excise tax.

Comparable T-Hangar Rates

Airport	2016 Rate/mo.	Current Rate/mo.	Required Apron	Power or Manual Door?	Heat?	Electrical?	Lighting?	Age?	Windows?	Construction?	Wait List
Arlington											
Airport owned			None	All manual	No	Yes,	Yes,	20-30+ yrs.	No	Steel	Yes
Basic	\$194	\$205									
Large	Unavailable	\$354		sliding		basic outlets	Incandescent			Frame	
Privately owned	Unavailable	\$208-\$399									
Auburn											
Airport owned	\$315-\$364 (40' doors)	\$345-\$367 (40' doors)	None	Manual	No	Yes	Yes	30+ yrs.	No	Steel Frame	Yes
	\$424-\$470 (41.5' Doors)	\$425-\$548 (41.5' Doors)		Manual		Yes	Yes	5 yrs.	No	Steel Frame	Yes
Bellingham											
Airport owned	\$226	\$315	None	All manual doors	No	Yes, 20 amp circuit breaker	Yes, fluorescent	20+ yrs.	No	Steel Frame	Yes
Boeing Field (Seattle)											
Airport owned	\$771-\$782 (41' doors)	\$870-\$882 (41' doors)	None	Manual	No	Yes, basic outlets	Yes	10-40 yrs.	End units only	Steel Frame	Yes
	\$773-\$929 (45' doors)	\$872-\$1,048 (45' doors)									
	\$2,747 (53' doors)	\$3,100 (53' doors)									
	\$3,810 (58'; Executive)	\$4,300 (58'; Executive)									
Bremerton											
Airport owned	\$200	\$220	None	All manual sliding	No	Yes, 110 amp	Yes, fluorescent	Large: 10 yrs. Small: 20+ yrs.	No	Steel Frame	Yes
	\$308	\$328									
Olympia											
Airport owned	\$238	\$253	None	All manual sliding	No	Yes, standard outlets	Yes, Incandescent	15-20 yrs.	No	Steel Frame	Yes
Airport owned	\$345	\$366									
Executive	\$592	\$628									
Paine Field											
Airport owned	\$261	\$285	None	42' & 45' (manual)	No	Yes;	Yes	20+ yrs.	No	Steel &	Yes
	\$629	\$655									
	\$607	\$662		50' & 60' (power)		Extra Power on:		42, 45', 50', 60':		Conc. Blk	
	\$1,089	\$1,037				42', 45', 50', 60' units		8+ yrs. old			
	\$1,544	\$1,659									
Renton Municipal											
Airport owned	\$348	\$363	None	All manual	No	Yes, basic outlets	Yes	30+ yrs.	No	Steel & Conc. Blk	Yes
Private	Not Available	Not Available	Not Available	Manual	No	Some	Yes	30+ yrs.	End units only	Wood Frame	Yes
Skagit/Bayview											
Airport owned	\$249	\$256	Not Available	Manual Bi-Fold Doors	No	Yes	Yes	20+ yrs. New	No	Steel & Wood Frame	Yes
		\$283									
Tacoma Narrows											
Airport owned			Not Available	Manual 40' doors	No	Yes	Yes	20+ yrs.	No	Steel & Wood Frame	Yes
w/o Office	Not Available	\$379		40' doors							
w/ Office	Not Available	\$426		40' doors							
Quad	Not Available	\$433		40' doors							
	Not Available	\$712		54' doors							
	Not Available	\$1,798		65' doors							
w/ office	Not Available	\$2,331		65' doors							
Thun Field											
Airport owned	Not Available	\$224	Not Available	Manual	No	Yes	Yes	20+ yrs.	No	Concrete	Yes

Paine Field 44', 50' and 60' consists of rectangular hangars.
All rates exclude LH excise tax

It is typical in this industry that private T-hangars receive higher rates than public hangars. However, the public units are generally older. In general, we believe that hangars of similar quality should achieve an equal rate whether they are publicly or privately owned, assuming equal levels of maintenance and quality of management. As can be seen by the chart above, all of the competing T-hangars at other airports include some level of power and lighting (either fluorescent or incandescent bulbs). The age of other hangars varies, representing an overall general range of 10 to 30+ years. Only one of the competing hangars contained windows, with the exception of end-unit storage facilities. Most consist of steel frame construction with metal siding.

The current general rate at Renton Municipal for the basic single hangar is \$363 per month, excluding leasehold excise tax. This rate reflects approximately a 4% increase over the 2016 rate of \$348 per month. Rates of increase at other airports in the vicinity appear to range from roughly 3%

to 13% over this 3-year period, with some exceptions. Most appear to be achieving increases in the 3% per year range. Auburn Municipal Airport is demonstrating rates between \$300 and \$400, which is considered to have an inferior facility as compared to the subject. Rates at Renton Municipal are heavily influenced by the region's highest rates which are achieved at nearby Boeing Field, and most airports are still demonstrating a waiting list for general T-hangars.

Rates at more rural airports such as Arlington and Skagit/Bayview are lower than are generally indicated in Seattle's close-in market, and the hangars at Arlington are generally inferior. Paine Field collects rates slightly higher than the subject, and Boeing Field, of course, significantly higher than any of the airports surveyed. Further, as noted above, the ROFA for Renton Municipal has changed, and that will have an impact on the airport's usable land, as well as an impact on existing T-hangar inventory. The airport will lose an entire row of T-hangars as a result of these safety modifications, placing additional strain on a T-hangar market experiencing long wait list periods and insufficient supply to satisfy demand. We have considered this strain in our analysis of T-hangars at Renton. Though the T-hangars subject to demolition are in place and occupied at this time, our conclusion reflects the anticipated strain on the T-hangar market assuming demolition has been completed. The subject has implemented modest increases as well and is well within the bracketed range presented. Considering rates from other facilities, we recommend a target pricing for T-hangars (excluding leasehold excise tax) at Renton for the next 3-year period roughly \$395 per month. This reflects approximately 9% over the current rates. Leasehold excise tax would add an additional 12.84% for a total monthly rental rate of \$445.72. Based on our analysis of other Hangar and airport facilities and considering the position of Renton Municipal in the greater Puget Sound marketplace, we believe that this is considered reasonable.

300 Rainier Avenue N.

For the purposes of potential future lease negotiations, we will provide an opinion of market rent for this property – both land only and for land and building. This analysis is performed separately as the property is located off-airport and requires comparable properties of a different nature than would be typically found airside.

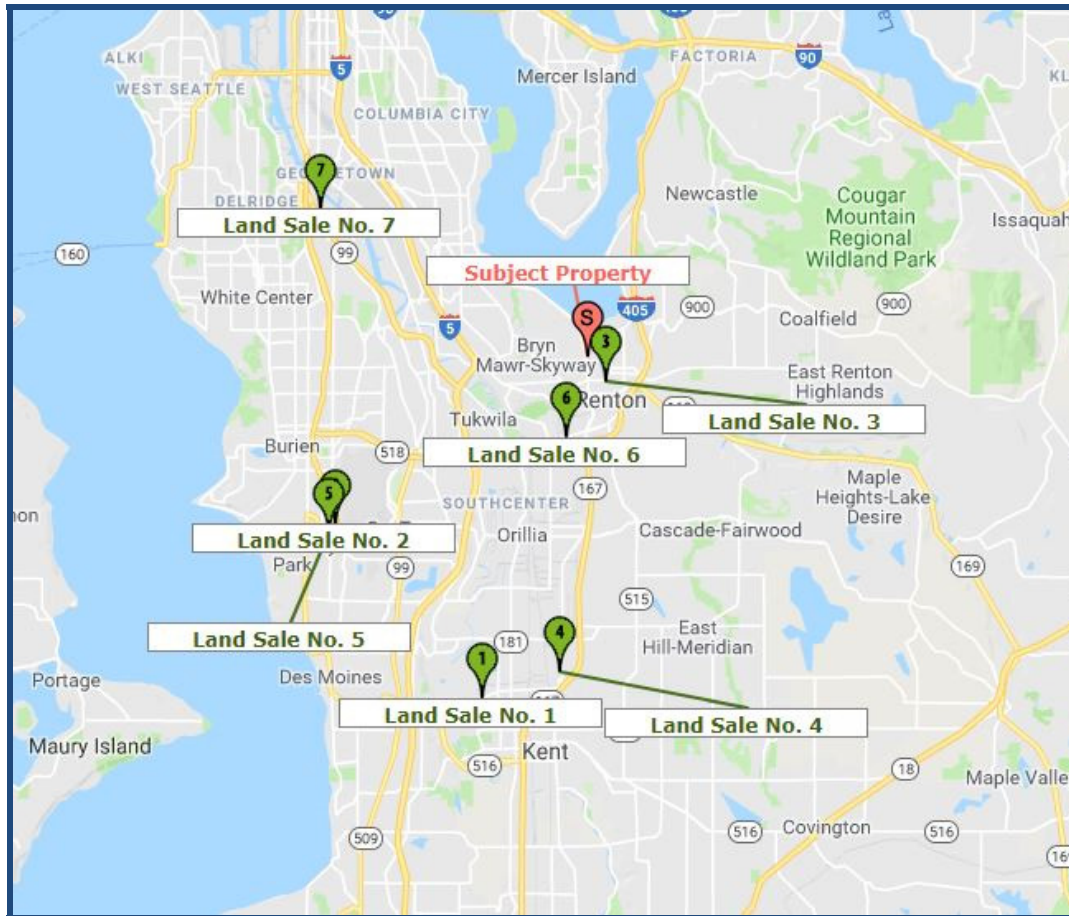
Land Only

First, we will address the market rent for the underlying land consisting of approximately 12,647 square feet of IM-zoned land with frontage along Rainier Avenue N. This property, while owned by the City of Renton, does not lie on or have access to the airport or its related facilities. It is more commercial in nature, and it appears Renton Municipal's Airport Master Plan indicates this property has been set aside for more commercial development. We have considered this in our analysis of the subject site. The property itself is small relative to typical industrially-zoned property; however, permitted uses under the IM zone include office, medical office, restaurants, retail, warehousing and manufacturing to name a few. With that said, the following chart represents the comparable land sales chosen for the land only rent analysis of this property:

Comparable Land Sales Chart
300 Rainier Avenue N

ID	Name	City	Sale Date	Sale Price	Zoning	Usable Land Size (ac)	Usable Land Size (sf)	Price/sf	Imp. Contr.	Adj. Price of Land Only	Adj. price/sf of Land
1	Kent Industrial Site 5818 S 228th Street	Kent	Jan-19	\$1,250,000	M1	1.24	54,136	\$23.09	\$0	\$1,250,000	\$23.09
2	Burien Industrial 825 S 176th Street	Burien	Dec-18	\$915,000	I	1.32	57,499	\$15.91	\$0	\$915,000	\$15.91
3	Renton Commercial 511 Airport Way	Renton	Dec-18	\$775,000	CA	0.37	16,000	\$48.44	\$0	\$775,000	\$48.44
4	Kent Industrial 8310 S. 222nd Street	Kent	Jul-18	\$580,000	M1-C	0.79	34,213	\$16.95	\$0	\$580,000	\$16.95
5	Burien Industrial 17878 Des Moines Memorial Dr	Burien	Sep-17	\$995,000	I	0.87	37,874	\$26.27	\$0	\$995,000	\$26.27
6	Renton Industrial 620 SW 12th Street	Renton	Apr-17	\$289,000	IM	0.33	14,500	\$19.93	\$0	\$289,000	\$19.93
7	Seattle Industrial 271 S. Portland Street	Seattle	Jan-16	\$875,000	IG2 U/65	0.69	30,000	\$29.17	\$0	\$875,000	\$29.17
	Subject Property	300 Rainier Avenue N				0.29	12,647				

COMPARABLE SALES MAP



Adjustment categories for this analysis are the same as described previously. The following chart identifies the adjustments made to the comparable sales relative to this property:

Comparable Sales Adjustment Chart
Renton Municipal Airport

Comp	Price/ sf.*	Rights Conveyed	Condit. of Sale	Financ.	Markt Cond	Interim Indication	Location	Size	Physical Adjustments				Cumulative Indication
									Topo/Shape Site Quality	Utilities	Access/ Visibility	Zoning/ Land Use	
1	\$23.09	0	0	0	0	= \$23.09	Inf(+)	Inf(+)	No Adj.	No Adj.	No Adj.	No Adj.	Inferior
2	\$15.91	0	0	0	0	= \$15.91	No Adj.	Inf(+)	Inf(+)	No Adj.	Inf(++)	Inf(+)	Inferior
3	\$48.44	0	0	0	0	= \$48.44	No Adj.	No Adj.	No Adj.	No Adj.	Sup(-)	Sup(-)	Superior
4	\$16.95	0	0	0	0	= \$16.95	Inf(+)	Inf(+)	Sup(-)	No Adj.	Inf(+)	No Adj.	Inferior
5	\$26.27	Sup(--)	0	0	Inf(+)	< \$26.27	No Adj.	Inf(+)	No Adj.	No Adj.	Inf(++)	Inf(+)	Inferior
6	\$19.93	0	0	0	Inf(+)	> \$19.93	No Adj.	No Adj.	No Adj.	No Adj.	Inf(+)	No Adj.	Inferior
7	\$29.17	0	0	0	Inf(++)	> \$29.17	Sup(--)	No Adj.	Sup(--)	No Adj.	Inf(+)	No Adj.	Superior

*Improvement values (if applicable) have been extracted.

Rights Conveyed: relates to the actual interests transferred. In terms of the rights conveyed, Sales all sales consisted of the transfer of fee simple interest with the exception of Sale 3 which sold with land development entitlements. Sale 7 was the sale of a *leased fee* interest; however, the remaining term

on the ground lease was 2 years at the time of the sale and relatively short-term. No adjustment was made.

Conditions of Sale reflect adjustments for sales, which occurred under unusual and specific conditions. This category is different than the adjustment for time, which will be dealt with subsequently. No adjustments were warranted.

Financing adjustments are necessary for sales that were financed with atypical terms. This includes seller financing with non-market interest rates or abnormal down payment levels; the theory being that a comparable figure for use in appraisal analysis should reflect a cash-equivalent price, or a price that is in line with existing market terms at the time of sale. All of the comparable sales had typical of all cash financing, there for no adjustments were necessary.

In terms of adjustment for time (*market conditions*), adjustments were made for 2016 and 2017 sales.

Property Adjustments

Property adjustments will be expressed qualitatively for differences reflected by the various characteristics of the property. These adjustments are based on locational and physical characteristics and are applied after the application of transaction and market conditions adjustments, above. Physical characteristics, including differences in the location, size, site quality, access, and zoning or land use issues, are now discussed and associated adjustments are reflected in the chart as follows:

- Location:** Location adjustments can be somewhat subjective and have been made, when appropriate, to address differences in overall appeal, proximity to core retail services, and other amenities. Sales 1 and 4 are located in Kent which is considered inferior and an upward adjustment was made for each. Sale 7 is located in south Seattle – superior to the subject – and a downward adjustment was made.
- Size:** The site is approximately 12,647 square feet. Adjustments are applied to each comparable, as appropriate, to address differences in parcel size (usable square feet), as compared to the subject property. Because these adjustments are made to unit price, and due to economies of scale, properties which are smaller than the subject receive a downward unit price adjustment, and conversely, significantly larger properties receive an upward unit price adjustment.
- Site Quality:** Site quality adjustments are also somewhat subjective and can include, but are not limited to variations in topography, shape, critical areas and easements (if not discussed separately) and overall appeal. The subject property is level and at grade with Rainier Avenue N. and above the grade of Perimeter Road W. It has good visibility and good access. Sale 2 is irregular in shape and received an upward adjustment. Sale 4 is a corner lot and received a downward adjustment. Sale 7 is a double-corner lot and received a significant downward adjustment. None of the other sales warrant adjustment.
- Utilities** No adjustments have been made for typical utilities as each property is considered to have access to all public utilities.

Access: Sale 2 received an upward adjustment for inferior access and visibility; it is located on the dead-end of a tertiary street and considered significantly inferior in this regard. Sale 3 is located on Airport Way and considered slightly superior to the subject. Sales 4 through 7 are each considered inferior to the subject, in varying degrees, and received upward adjustments as appropriate.

Zoning/Land Use: Many industrial zones, such as the subject's IM zone, allow for a number of commercial uses, including, but not limited to, retail, office, and restaurants. Depending upon the jurisdiction and underlying zone, these uses may not be permitted. We have made adjustments to Sale 2 and 6 which are located in industrial zones and do not have the same commercial-like potential as the subject property. Note that while Sale 3 is zoned CA (Commercial Arterial) which does allow for certain residential uses, it appears to be located within the airport overlay which prohibits residential use; therefore, no adjustment has been made.

Overall, Sales 1, 2, and 4 through 6 are considered inferior to the subject, and Sales 3 and 7 are superior indicators. The adjusted data indicates an acceptable range of value of above \$26.27 and below \$29.17 per square foot. In consideration of all of the above, a base land value of \$27.00 is reasonable.

Lease Conditions and Aviation Use Adjustments

The subject is located off-airport, zoned to allow for a number of industrial and commercial uses, and has no direct access to airport-related features, such as taxiway access. While a typical on-airport property would consider whether the demand for such a location offsets any value impact resulting from FAA-imposed restrictions in determining an aviation use adjustment, the subject is unusual in that it lies outside the airport with characteristics which would benefit a commercial property. Considering all the aforementioned factors, we have applied no aviation use adjustment to this property.

With respect to lease conditions, however, we have applied a 10% adjustment after consideration of the following factors:

- Lack of Benefits of land ownership (appreciation)
- Lack of potential purchase option
- Reversion of improvements to lessor or cost of demolition upon expiration
- Lack of subordination
- Difficulty in assigning lease interests
- Undetermined lease escalations

The following is a summary of adjustments made to the base land value for the subject site concluded above:

Effective Land Value Calculation

Land	Base Land Value	Lease Cond. Adj.	Aviation Use Adj.	Total Adj.	Effective Land Value
300 Rainier Avenue N.	\$27.00	10%	0%	10%	\$24.30

The final step in this analysis is application of a rate of return. Airports will typically quote the same rate of return for all land – both on and off-airport industrial/commercial sites. For that reason, we have chosen to utilize the same 7.5% rate of return used in our analysis above.

Ground Rent Conclusion

	Effective Land Value/sf	Rate of Return	Indicated Rate/sf/yr
300 Rainier Avenue N.	\$24.30	7.50%	\$1.82

Land and Building

The improvements consist of an average-quality concrete tilt-up building consisting of 3,047-square feet built in 1961. The interior finish is fair-to-average quality and in fair condition with acoustic tile dropped ceiling, laminate wood and commercial-grade carpet floor coverings, and a heat pump. It is the former Chamber of Commerce building which could serve a number of uses including office and retail. We conducted a search for rent comparables of spaces similar in size and character. The subject is a standalone structure and a limited number of leases were available. As a result, it was necessary to expand our search criteria to include leases in multi-tenant buildings in the marketing area. The following chart summarizes the lease data collected for our analysis:

Comparable Improved Rentals 300 Rainier Avenue N

ID	Name	City	Lease Date	Age/ Condition	Class/ Quality	Space Size (sf)	Parking Ratio	Rent/sf NNN
1	Former Fleet Building 18110 E. Valley Highway	Kent	Jan-19	1980/Average	Class C - Masonry/ Average	4,488	5.50	\$16.50
2	Tisbest 317 S. Bennett Street	Seattle	Jul-18	1971/Average	Class S - Steel/ Average	2,000	2.00	\$15.00
3	Burien Office 14006 1st Avenue S	Burien	Aug-17	1962/Fair	Class D - Wood Frame/ Fair	3,600	2.00	\$12.00
4	Renton Office 901 Rainier Avenue N - B	Renton	Jul-17	1983/Average	Class C - Masonry/ Average	1,440	2.30	\$10.56
5	Lawton Builders 879 Rainier Avenue N - A	Renton	Jun-17	1983/Average	Class C - Masonry/ Average	1,920	4.00	\$11.40
6	Caire Lease 1402 Maple Avenue	Renton	Apr-16	1981/Average	Class C-Masonry/ Average	4,350	3.22	\$10.76
	Subject Property	300 Rainier Avenue N		1961/Fair	Class C - Masonry/ Average	3,047	13.60	

Comparable 1 is a 4,488-square-foot Class C – Masonry building constructed in 1980. It is of average quality and average condition. Overall, it is considered slightly superior to the subject. Comparable 2 is the lease of a 2,000-square-foot portion of an average quality Class S – Steel building constructed in 1971 and in average condition. It is located in south Seattle and considered slightly superior to the subject. Comparable 3 is the lease of a 3,600-square-foot portion of the Elk’s building in Burien. It was constructed in 1962 and is a fair quality Class D – Wood Framed structure appearing to be in fair condition. Overall, this is slightly inferior to the subject – largely due to its lease date. Comparable 4 is a 1,440-square-foot office space north of the subject on Rainier Avenue. The building is of average quality Class C – Masonry construction built in 1983. Overall it is considered inferior to the subject. Comparable 5 is a portion of a building similar to Comparable 4

and is also considered inferior. Finally, Comparable 6 is a 4,350-square-foot standalone structure located in Renton. It is an average quality, Class C – Masonry building which was in average condition at the time of lease. It is considered inferior to the subject. When compared to the comparables, the subject has an extraordinarily high parking ratio providing ample room for prospective tenants and customers/clients. In consideration of the above, a rental rate of \$13.00 per square foot, triple-net, is concluded.

USCBP Modular Office

At the request of the client, we are providing an opinion of market value for the modular office currently occupied by the United States Customs and Border Patrol. It was constructed in 1998 and has T-111 siding, flat roof, aluminum windows, and a steel frame on jacks and pier blocks. Overall it is low quality with low quality interior finish including paneled walls.

Due to a lack of sales of modular office buildings, we will utilize is the cost approach which is based upon the principle that a prudent purchaser would pay no more for a property than the cost to purchase a similar site and construct similar improvements without undue delay, producing a property of equal desirability and utility. This approach is particularly applicable when the improvements being appraised are relatively new or proposed, or when the improvements are so specialized that there are too few comparable sales to develop a credible Sales Comparison Approach analysis. The cost approach incorporates five components: direct construction costs, entrepreneurial incentive, indirect costs, depreciation, and land value, though we have excluded the value of the underlying land at the client's request.

Direct Construction Costs

Direct building costs include the basic gross hard costs, equipment costs (not including special purpose equipment) and site improvements such as clearing and grading, landscaping, parking lot paving and marking, sidewalks and curbs, exterior lighting, public works agreements, area connections, and similar items. Direct construction costs are estimated/based on actual contracts and/or budgets, costs of comparable projects, or through cost estimating services such as the Marshall Valuation Service.

Indirect Costs

Indirect costs include items such as professional fees (accounting, appraisal, architect, legal, engineering), interim financing (construction loan costs including points), points for placing permanent financing, settlement fees including title insurance and deed stamps, promotion and merchandising, and miscellaneous items including signs, contingencies out-of-pocket expenses and overhead.

Entrepreneurial Incentive

Entrepreneurial incentive reflects the amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial Incentive may be distinguished from entrepreneurial profit (often called developer's profit) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement.

Depreciation

There are three forms of depreciation that may affect a property; 1) physical depreciation which occurs due to normal wear and tear experienced during a property's life, 2) functional depreciation/obsolescence which occurs due to changing market standards such as building materials, design, ceiling height, layout and similar factors, and 3) external depreciation/obsolescence which occurs due to forces external to the property.

The first step of the cost approach analysis is to estimate the replacement or reproduction cost of the improvements.

Replacement cost was developed in this analysis. Replacement cost is the estimated cost to construct, at current prices as of the effective date, a building of equal utility to the subject using modern materials and current standards, design and layout. Replacement cost differs from reproduction cost in that it reflects the costs based on current market standards as opposed to costs to construct an exact duplicate using the same materials, construction standards, design, layout and quality, and includes all deficiencies, super-adequacies and obsolescence.

There are a variety of sources to assist in estimating these costs. The Marshall Valuation Service is a national cost contracting service with years of evaluation experience and continuing analysis of the cost of new construction. The calculator method was considered in estimating the replacement cost of the subject property and were refined with appropriate cost multipliers indicated by the handbook. Then, the next step is to estimate depreciation applicable to the improvements. Depreciation can result from a number of factors including physical deterioration, functional inefficiencies and external/economic factors. Curable physical deterioration is a reduction in utility resulting from an impairment of physical condition and is delineated into curable and incurable components. Curable physical deterioration, or deferred maintenance, considers items that a prudent purchaser would anticipate correcting immediately upon acquisition. Based on our appraisal inspection and discussions with the property owners, it did appear that some fascia under the subject's windows was beginning to rot. No other deferred maintenance was noted. Incurable physical deterioration refers to those items that cannot be physically or economically corrected. Long-lived physical depreciation reflects depreciation to structural components.

Based upon this analysis, the cost approach to value is summarized as follows:

Replacement Cost - USCBP Building (Modular Office)

<i>Modular Building - Office</i>	672
Marshall Manual Category Base Cost:*	\$70.50
<i>Multiplier Adjustments</i>	
Current	1.010
Local	1.060
Perimeter	0.984
Story Height	0.963
Composite Multiplier	1.014
Adjusted Base Cost, Modular Office	\$71.52
x Building Area	672
Total Adjusted Cost, Modular Office	\$48,063
Add: Developer's Profit	20% \$9,613
	\$57,675
Estimated Replacement Cost	\$85.83 /sf Overall
Less: Depreciation	60% (\$34,605)
Depreciated Replacement Cost	\$34.33 /sf Overall
	\$23,070

* Marshall Sec. 18 p. 15, School Modular Office, low

In addition, we researched retail sales prices for modular office buildings with the subject's characteristics, as well as used unit sales and lease rates. While there is little available data by way of true comparables, some information has been generated that can serve as a check on the reasonableness of the above conclusion.

Based on our discussions with industry professionals, new units with characteristics similar to the subject would likely retail for \$58,000 to \$60,000 and rent for \$500 to \$550 per month. A used unit similar to the subject but without maintenance issues (i.e., rotting fascia under the windows), would sell in the \$25,000 range, according to one source. It is our understanding that the City of Renton is currently paying \$840 per month (\$10,080) for the subject unit which is significantly higher than was quoted during our research. The value indicated by the cost approach appears to be consistent with the information provided by our industry survey and is considered reasonable.

Summary and Conclusion of Values

A summary of the values concluded above is as follows:

Summary of Conclusions

Property	Conclusion*
<u>Market Rent Analyses</u>	
Airport-wide Ground Rent	\$1.10 per sf/yr
Boeing Employees Flying Association (BEF)	\$8.50 per sf/yr
Leven Estate Hangar	\$9.15 per sf/yr
Leven Estate Office Building	\$15.00 per sf/yr
T-Hangars	\$395.00 per mo
300 Rainier Avenue N. (Land Only)	\$1.82 per sf/yr
300 Rainier Avenue N. (Land and Building)	\$13.00 per sf/yr
<u>As-Is Market Value</u>	
USCBP Modular Office	\$23,000 <i>rounded</i>

General Assumptions and Limiting Conditions

This appraisal is subject to the following limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Puget Sound will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory, or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Puget Sound is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and

anticipated short-term supply and demand factors and are subject to change with future conditions.

10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Puget Sound and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Puget Sound.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless

otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of

the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.

25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire a greater level of measuring detail, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer). We reserve the right to use an alternative source of building size and amend the analysis, narrative and concluded values (at additional cost) should this alternative measurement source reflect or reveal substantial differences with the measurements used within the report.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, we reserve the right to amend this appraisal (at additional cost) if substantial differences are discovered.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and we reserve the right to amend this appraisal if substantial differences are discovered.
28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.

30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.
35. You and Valbridge Property Advisors | Puget Sound both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Puget Sound and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Puget Sound or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Puget Sound for this assignment, and under no circumstances shall any claim for consequential damages be made.

36. Valbridge Property Advisors | Puget Sound shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Puget Sound. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Puget Sound and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Puget Sound harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Puget Sound in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Valbridge Property Advisors | Puget Sound. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

Certification of Value

I, the undersigned, do hereby certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report and upon which the opinions herein are based are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions
- I have no interest, either present or prospective in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the subject property, or to the parties involved.
- My engagement in this assignment was in no way contingent upon developing or reporting predetermined results, nor was it based on a requested minimum valuation, a specific value, or the approval of a loan.
- My 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.
- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- I have not performed valuation or consulting services on this property in the past three years.
- I have made a personal inspection of the subject property.
- No one provided significant real property appraisal assistance to the person signing this certification, with the exception of the person(s) shown on additional certification(s), if enclosed.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated member of the Appraisal Institute.



S. Murray Brackett, MAI
State Cert. #27011-1100853

Certification of Value

I, the undersigned, do hereby certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report and upon which the opinions herein are based are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions
- I have no interest, either present or prospective in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the subject property, or to the parties involved.
- My engagement in this assignment was in no way contingent upon developing or reporting predetermined results, nor was it based on a requested minimum valuation, a specific value, or the approval of a loan.
- My 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.
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- I have made a personal inspection of the subject property.
- No one provided significant real property appraisal assistance to the person signing this certification, with the exception of the person(s) shown on additional certification(s), if enclosed.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



Christina J. Lovell
State Cert. #27011-1001951

Addenda

Subject Photos

Airport Layout Plan

Comparable Land Sales Data

- Airport-Wide Analysis
- 300 Rainier Avenue Land Rent

Qualifications

- S. Murray Brackett, MAI
- Christina J. Lovell, Associate

Subject Photographs



1. Exterior of 300 Rainier Avenue



2. Interior of Rainier Avenue



3. Additional interior of Rainier Avenue



4. Parking Lot 300 Rainier Avenue



5. Exterior of Leven Estate Office Building



6. Interior of Leven Estate Office Building



7. Fence dividing airside and landside portions of Leven Office Building



8. Exterior of Leven Hangar



9. Interior of Leven Hangar



10. Shared office of Leven Hangar



11. Exterior of USCBP Trailer



12. Additional exterior of USCPB Trailer



13. Serial numbers USCBP Trailer



14. Cedar River Hangars



15. City T-Hangars



16. Interior of City T-Hangars



17. BEFA office exterior



18. BEFA office interior



19. Additional BEFA office interior



20. BEFA Hangar exterior

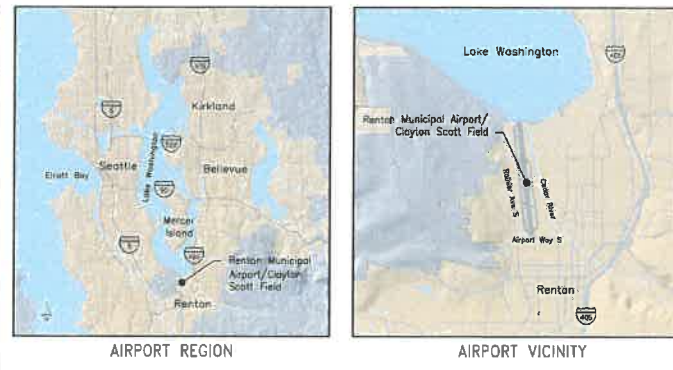


21. BEFA Hangar interior



22. Runway facing north

RUNWAY DATA TABLE (RUNWAY 16-34)				
ITEM	EXISTING		PROPOSED	
	STANDARD	ACTUAL		
APPROACH VISIBILITY MINIMUMS	RYW 16: NP ¹ 21-MILE RYW 34: VISUAL	NP ¹ 21-MILE VISUAL	NO CHANGE NP ¹ 21-MILE VISUAL	
FAR PART 77 APPROACH SLOPE	RYW 16: 34:1 RYW 34: 20:1	34:1 20:1	NO CHANGE 34:1	
RUNWAY DIMENSIONS	WIDTH: 75' LENGTH: 5,382'	200'	NO CHANGE	
PAVEMENT TYPE		ASPHALT	NO CHANGE	
PAVEMENT DESIGN STRENGTH	SINGLE GEAR: 100,000 LBS DUAL GEAR: 340,000 LBS		NO CHANGE	
LIGHTING	RYW 16: MRL RYW 34: VISUAL	MRL NP ¹	NO CHANGE	
MARKING		NO CHANGE	NO CHANGE	
RUNWAY GRADIENT (%)		1.5%	0.17	NO CHANGE
MAX GRADE WITHIN RWY LENGTH (%)		1.5%	0.07	NO CHANGE
LINE-OF-SIGHT ²		CLEAR		NO CHANGE
PERCENT WIND COVERAGE (16 KNOT)		95%	99.8%	NO CHANGE
VISUAL APPROACH AIDS	RYW 16 - PAPI, REIL RYW 34 - PAPI, REIL		RYW 16 - NO CHANGE RYW 34 - NO CHANGE	
INSTRUMENT APPROACH AIDS	RYW 16 - RPV-WAS RYW 34 - NONE		RYW 16 - RPV-WAS RYW 34 - RPV-WAS	
RUNWAY DESIGN CATEGORY		B-II	NO CHANGE	
CRITICAL AIRCRAFT		BEECHCRAFT KING AIR	NO CHANGE	
RUNWAY SAFETY AREA (RSA)				
OBJECT FREE AREA (OFA)				
OBSTACLE FREE ZONE (OFZ)				
RUNWAY ELEVATIONS				
DISPLACED THRESHOLD				
TOUCHDOWN ZONE				
RUNWAY INTERSECTIONS				
HIGH & LOW POINTS				
SURVEYED END COORDINATES:				



AIRPORT DATA TABLE		
ITEM	EXISTING	PROPOSED
AIRPORT TERMINAL CODE	RNT	NO CHANGE
AIRPORT ELEVATION ⁴	32' MSL	NO CHANGE
AIRPORT REFERENCE POINT (ARP) ⁵	LAT. 47° 29' 35.30" N LON. 122° 12' 56.70" W	NO CHANGE
MEAN MAX. TEMP. OF HOTTEST MONTH	79° F (AUG)	NO CHANGE
COMBINED WIND COVERAGE	99.8% (16 KNOT)	NO CHANGE
MAGNETIC DECLINATION & YEAR	17° 16' E DECEMBER 2007	NO CHANGE
AIRPORT REFERENCE CODE (ARC)	B-II	NO CHANGE
CRITICAL AIRCRAFT 1,000 MILE STAGE LENGTH	BEECH KING AIR	NO CHANGE
NPIAS SERVICE LEVEL	RELUVER	NO CHANGE
TAXIWAY LIGHTING	MIL	NO CHANGE
TAXIWAY MARKING	CENTERLINE, EDGE MARKING, DIRECTIONAL SIGNAGE	NO CHANGE
AIRPORT & TERMINAL NAVAIDS	RNAV/GPS, NDB	RPV-WAS

¹ NP - NON PRECISION
² ADVISORY CIRCULAR 150/5300-13, AIRPORT DESIGN, CHAPTER 5, SECTION 503, LINE OF SIGHT STANDARDS, SUBSECTION A

⁴ MSL - MEAN SEA LEVEL
⁵ ARP - NAD 83

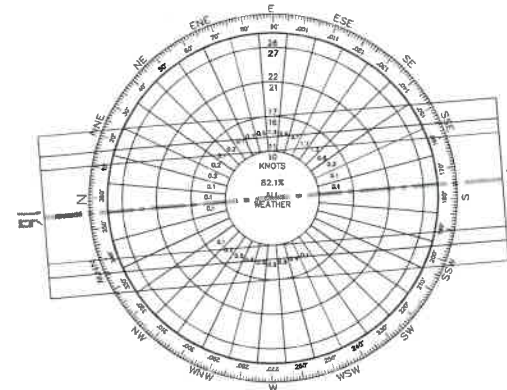
DECLARED DISTANCES ³				
RUNWAY	TORA	TODA	ASDA	LDA
RUNWAY 16	5,382'	5,382'	5,042'	4,742'
RUNWAY 34	5,382'	5,382'	5,082'	4,742'

³ TORA - TAKEOFF RUN AVAILABLE
TODA - TAKEOFF DISTANCE AVAILABLE
ASDA - ACCELERATE-STOP DISTANCE AVAILABLE
LDA - LANDING DISTANCE AVAILABLE

NOTES

- THERE ARE NO THRESHOLD SITING SURFACE OBJECT PENETRATIONS.
- RUNWAY PROTECTION ZONE CONTROL IS VIA OWNERSHIP AND EASEMENT FOR ALL RUNWAY ENDS. SEE SHEET 7 FOR DETAILS.
- THERE IS SOME RESIDENTIAL AND COMMERCIAL DEVELOPMENT IN THE EXISTING RPZ FOR RUNWAY 34. THESE ARE REGAOED AS INCOMPATIBLE LAND USES.
- THERE ARE NO OBSTACLE FREE ZONE (OFZ) OBJECT PENETRATIONS.
- RUNWAY SAFETY AREA MET BY USING DECLARED DISTANCE FOR B-II AIRCRAFT.
- THE LANDING THRESHOLD LOCATION FOR RUNWAY 34 IS BASED ON CONTROLLING OBSTRUCTIONS. AS A RESULT, THE RSA EXCEEDS STANDARDS BY 40 FEET. DECLARED DISTANCES TAKES INTO CONSIDERATION THE GREATER OF THE TWO DISTANCES.
- AIRPORT HAS THROUGH THE FENCE OPERATIONS.
- PROPOSED ROTORCRAFT PARKING LOCATION WILL REQUIRE ADDITIONAL PLANNING AND AERONAUTICAL REVIEW.
- RUNWAY WIDTH OF 200 FEET IS A NON-STANDARD CONDITION BUT WILL BE CONTINUED TO ALLOW FOR SAFE OPERATION BY BOEING 737 AIRCRAFT.
- RUNWAY 15-33 WAS RENUMBERED TO 16-34 IN THE SUMMER OF 2009. THIS REFLECTS CHANGES IN THE MAGNETIC DECLINATION.

ALL-WEATHER WIND ROSE



ALL-WEATHER WIND COVERAGE

CROSSWIND	RYW 16-34
10.5 KNOTS	96.4%
13 KNOTS	98.5%
16 KNOTS	99.8%

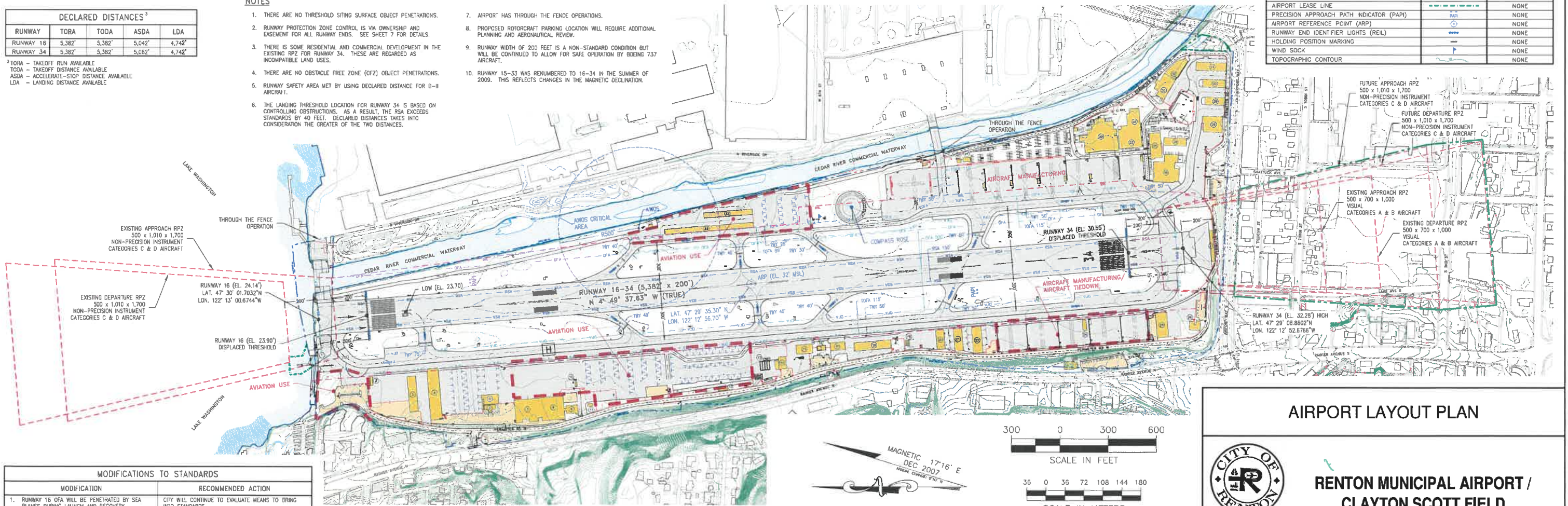
WIND DATA SOURCE

WEATHER REPORTING STATION: SEATTLE-TACOMA INTERNATIONAL AIRPORT
PERIOD OF OBSERVATION: 1983 - 1992
NUMBER OF OBSERVATIONS: 87,647

AIRPORT FACILITIES		
NUMBER	DESCRIPTION	HEIGHT*
1	SEAPLANE DOCK	-
2	UNITED STATES CUSTOMS	12'
3	BUILDING 860, 860 W. PERIMETER ROAD	26'
4	BUILDING 850, 850 W. PERIMETER ROAD	27'
5	HANGAR 840	23'
6	BUILDING 840, 840 W. PERIMETER ROAD	-
7	BUILDING 820, 820 W. PERIMETER ROAD	15'/29'
8	BUILDING 800, 800 W. PERIMETER ROAD	21'
9	BUILDING 780, 780 W. PERIMETER ROAD	25'
10	AIR O FUEL TANKS	-
11	BUILDING 760, 760 W. PERIMETER ROAD	-
12	BUILDING 710, 710 W. PERIMETER ROAD	14'
13	BOEING FUEL FARM	-
14	BUILDING 650 (BOEING 5-45)	25'
15	BUILDING 622, 622 W. PERIMETER ROAD	25'
16	AIRPORT TRAFFIC CONTROL TOWER (ATCT)	55'
17	BUILDING 608, 608 W. PERIMETER ROAD	20'
18	BUILDING 600, 600 W. PERIMETER ROAD	15'
19	PRO FLIGHT FUEL TANKS	-
20	BUILDING 540, 540 W. PERIMETER ROAD	22'
21	BUILDING 520, 520 W. PERIMETER ROAD	16'
22	BUILDING 500, 500 W. PERIMETER ROAD	20'
23	300 RAINIER AVENUE	-
24	BUILDING 300, 300 W. PERIMETER ROAD	15'
25	BUILDING 250	27'
26	BUILDING 243, 243 W. PERIMETER ROAD	15'
27	BLAST FENCE	22'
28	350 AIRPORT WAY	18'
29	400 AIRPORT WAY	21'
30	450 AIRPORT WAY	21'
31	500 AIRPORT WAY	21'
32	2898 AIRPORT WAY	24'
33	BUILDING 330, 330 AIRPORT WAY	22'
34	BUILDING 300, 300 AIRPORT WAY	22'
35	BUILDING 300, 300 AIRPORT WAY	32'
36	BOEING 5-02	40'
37	BOEING 5-08	25'
38	BOEING 5-09	25'
39	BOEING 5-50 PAINT HANGAR	70'
40	BOEING 5-03	-
41	BOEING 5-36	-
42	BOEING 5-43	-
43	BLDG 749B RIVER HANGARS	13'
44	BLDG 749A RIVER HANGARS	13'
45	FAA EQUIPMENT/COMM TOWER	-

* BUILDING HEIGHTS ARE ABOVE GROUND LEVEL AND ROUNDED TO THE NEAREST FOOT. DISTANCES TO THE TOP AND BOTTOM OF THE BUILDING WERE MEASURED USING A LASER RANGE FINDER AND TRIANGULATED TO CALCULATE BUILDING HEIGHT.

DESCRIPTION	LEGEND	
	EXISTING	PROPOSED
AIRFIELD PAVEMENT	(Symbol)	NONE
ON-AIRPORT BUILDING	(Symbol)	NONE
AUTOMOBILE PARKING	(Symbol)	NONE
ON-AIRPORT ROADWAY	(Symbol)	NONE
BUILDING RESTRICTION LINE (BRL)	(Symbol)	NONE
RUNWAY SAFETY AREA (RSA)	(Symbol)	NONE
RUNWAY OBJECT FREE AREA (OFA)	(Symbol)	NONE
RUNWAY OBSTACLE FREE ZONE (OFZ)	(Symbol)	NONE
RUNWAY PROTECTION ZONE (RPZ)	(Symbol)	NONE
TAXIWAY OBJECT FREE AREA (TOFA)	(Symbol)	NONE
PERIMETER FENCING	(Symbol)	NONE
AIRPORT PROPERTY LINE	(Symbol)	NONE
AIRPORT LEASE LINE	(Symbol)	NONE
PRECISION APPROACH PATH INDICATOR (PAPI)	(Symbol)	NONE
AIRPORT REFERENCE POINT (ARP)	(Symbol)	NONE
RUNWAY END IDENTIFIER LIGHTS (REIL)	(Symbol)	NONE
HOLDING POSITION MARKING	(Symbol)	NONE
WIND SOCK	(Symbol)	NONE
TOPOGRAPHIC CONTOUR	(Symbol)	NONE



MODIFICATIONS TO STANDARDS	
MODIFICATION	RECOMMENDED ACTION
1. RUNWAY 16 OFA WILL BE PENETRATED BY SEA PLANES DURING LAUNCH AND RECOVERY OPERATIONS AT THE SEA PLANE RAMP.	CITY WILL CONTINUE TO EVALUATE MEANS TO BRING INTO STANDARDS.
2. FENCE AND BLAST BARRIER AT SOUTH END PENETRATE APPROACH.	NONSTANDARD CONDITION SHALL BE REEVALUATED AS PART OF FUTURE DEVELOPMENT AND PLANNING DOCUMENTS, AS APPROPRIATE.
3. RUNWAY SAFETY AREA (RSA) AND OBJECT FREE AREA (OFA) LENGTH REQUIREMENT IS ACHIEVED BY THRESHOLD DISPLACEMENT INSTEAD OF RELOCATION.	NONSTANDARD CONDITION SHALL BE REEVALUATED AS PART OF FUTURE DEVELOPMENT AND PLANNING DOCUMENTS, AS APPROPRIATE.
4. VEHICLE DRIVE LANES ON AIRCRAFT APRON VIOLATE FAA CRITERIA	CITY WILL CONTINUE TO REEVALUATE DRIVE LANES

AERONAUTICAL STUDY NUMBER: 2008-ANN-657-NRA

THE PREPARATION OF THIS AIRPORT LAYOUT PLAN (ALP) WAS FINANCED IN PART THROUGH A PLANNING GRANT FROM THE FEDERAL AVIATION ADMINISTRATION (FAA) AS PROVIDED UNDER SECTION 505 OF THE AIRPORT AND AIRWAY IMPROVEMENT ACT OF 1982. THE CONTENTS DO NOT NECESSARILY REFLECT THE OFFICIAL VIEWS OR POLICIES OF THE FAA. ACCEPTANCE OF THIS ALP BY THE FAA DOES NOT IN ANY WAY CONSTITUTE A COMMITMENT ON THE PART OF THE UNITED STATES TO PARTICIPATE IN ANY DEVELOPMENT DEPICTED THEREIN NOR DOES IT IMPLY THAT THE PROPOSED DEVELOPMENT IS ENVIRONMENTALLY ACCEPTABLE IN ACCORDANCE WITH APPROPRIATE PUBLIC LAWS.

CITY OF RENTON, WASHINGTON		FEDERAL AVIATION ADMINISTRATION APPROVAL	
THIS AIRPORT DRAWING IS APPROVED BY:		THIS AIRPORT DRAWING IS APPROVED BY:	
SIGNATURE _____	DATE: _____	SIGNATURE _____	DATE: _____
NAME: _____	TITLE: _____	NAME: _____	TITLE: _____

REVISIONS			
NO.	DESCRIPTION	BY	APP DATE



RENTON MUNICIPAL AIRPORT / CLAYTON SCOTT FIELD

1501 4TH AVENUE SUITE 1400, SEATTLE, WASHINGTON 98101 (206) 438-2700

DESIGNED BY: RLO	DATE: DECEMBER 2009
DRAWN BY: RLO	SHEET 2 OF 7
CHECKED BY: JJJ	
PROJECT MANAGER: JJJ	



Comparable Land Sales Data – Airport-Wide Analysis

LAND SALE NO. 1



Property Identification

Property ID	10928239
Property Type	Industrial Land
Property Name	Kent Industrial
Address	5818 S. 228th Street
City, State Zip	Kent, Washington 98032
County	King
Tax ID	1422049025
Latitude and Longitude	47.395552 -122.261442

Sale Data

Seller	Tukwila Enterprises
Buyer	Kent 5818 LLC
Sale Date	01-02-2019
Sale Price	\$1,250,000
Analysis Price	\$1,250,000
Deed Type	Statutory Warranty Deed
Reference No.	20190104000731
Property Rights Transferred	Fee Simple
Verified By	Christina Lovell
Verification Date	04-29-2019

Land Data

Land Size	1.24279 acres or 54,136 SF
Topography	Level
Front Footage	120.00
Utilities	Access to all public utilities
Shape	L-Shaped
In Flood Plain?	No



Zoning Code M1 Manufacturing

Indicators

Analysis Price/Gross Acre \$1,005,801 per Acre

Analysis Price/Gross SF \$23.09 per SF

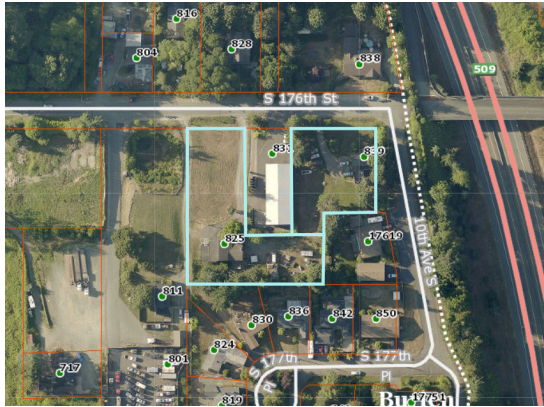
Analysis Price/Front Foot \$10,416.67

Property Remarks

This is the sale of 1.24 acres of M1-zoned land in Kent. It is an L-shaped parcel with frontage along S. 228th Street. It sold for \$1,250,000, or \$23.09 per square foot of land. Verification attempts have been unsuccessful to date.

Comp ID No. 10928239

LAND SALE NO. 2



Property Identification

Property ID	10812419
Property Type	Land
Address	825 S. 176th Street
City, State Zip	Burien, Washington 98148
County	King
Tax ID	322304-9083 and 322304-9136
Latitude and Longitude	47.444531 -122.322687

Sale Data

Seller	Richard and Kay Larson
Buyer	Drexel Skyway LLC
Sale Date	12-18-2018
Sale Price	\$915,000
Analysis Price	\$915,000
Deed Type	Statutory Warranty Deed
Reference No.	20181218001041
Property Rights Transferred	Fee Simple
Conditions of Sale	Arm's Length
Verified By	Greg Goodman
Verification With	Cassie Larson, broker

Land Data

Land Size	1.32000 acres or 57,499 SF
Topography	Mostly level
Utilities	All available
Shape	Slightly Irregular
Access	Average
Zoning Code	I Industrial

Indicators

Analysis Price/Gross Acre	\$693,182 per Acre
Analysis Price/Gross SF	\$15.91 per SF

Property Remarks

The property is located along the south side of S. 176th Street, near its eastern terminus east of Des Moines Memorial Drive S. The property is comprised of two separate, but contiguous tax lots that produce an overall site that is slightly irregular in shape. The property has access from both S. 176th Street and the easterly abutting 10th Avenue S. At the time of the purchase, the each tax lot was improved with an older single-family residence. These structures were, however, considered to be of no contributory value with the sales price reflecting land value only.

Comp ID No. 10812419

LAND SALE NO. 3



Property Identification

Property ID	10812427
Property Type	Land
Address	17878 Des Moines Memorial Drive
City, State Zip	Burien, Washington 98148
County	King
Tax ID	322304-9046
Latitude and Longitude	47.441856 -122.325490

Sale Data

Seller	Burien Yard LLC
Buyer	Muhammad Nawaz
Sale Date	09-29-2017
Sale Price	\$995,000
Analysis Price	\$995,000
Deed Type	Statutory Warranty Deed
Reference No.	20170929001705
Property Rights Transferred	Fee Simple
Conditions of Sale	Arm's Length
Verified By	Greg Goodman
Verification With	Larry Nordberg, broker

Land Data

Land Size	0.86947 acres or 37,874 SF
Topography	Level
Utilities	All available
Shape	Rectangular
Access	Average
Zoning Code	I Industrial



Indicators

Analysis Price/Gross Acre	\$1,144,375 per Acre
Analysis Price/Gross SF	\$26.27 per SF

Property Remarks

The property is located north of Des Moines Memorial Drive, west of its intersection with 8th Avenue S. The site is rectangular in shape with access provided from Des Moines Memorial Drive via a shared access easement. At the time of the purchase, the property had received permits for the development of site improvements associated with a future storage building. The seller in this transaction previously acquired the site in February of 2016 for \$675,000, or \$17.83 per square foot.

Comp ID No. 10812427

LAND SALE NO. 4



Aerial View



Ground View

Property Identification

Property ID	10616533
Property Type	Land
Address	7830 S. 206th Street
City, State Zip	Kent, Washington 98032
County	King
Section, Township, Range	SE 01 22N 04E
Tax ID	631500-0381

Sale Data

Seller	Virginia Moor
Buyer	Kotsukhiya Holdings LLC
Sale Date	02-09-2017
Sale Price	\$1,700,000
Analysis Price	\$1,700,000
Deed Type	Statutory Warranty Deed
Reference No.	20170309000816
Property Rights Transferred	Fee Simple

Land Data

Land Size	2.61001 acres or 113,692 SF
Topography	Level
Utilities	All public utilities available
Shape	Square
Access	206th Street
Zoning Code	M2 Limited Industrial District

Indicators

Analysis Price/Gross Acre	\$651,339 per Acre
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Analysis Price/Gross SF \$14.95 per SF

Property Remarks

This is the purchase of a 2.61-acre industrial site at 7830 S. 206th Street in Kent. The site is rough graded and utilized as a storage yard. The north end of the site contains and abuts wetlands resulting in approximately 90,692 square feet as usable yard area. The property sold for \$1,700,000, or \$14.95 per square foot gross; \$18.74 per square foot usable. All utilities are available to site including sewer. The property is fully fenced and currently being utilized as truck and trailer storage.

Comp ID No. 10616533

LAND SALE NO. 5



620 sW 12th aerial

Property Identification

Property ID	10623431
Property Type	Industrial Land
Property Name	Industrial Lot
Address	620 SW 12th Street
City, State Zip	Renton, Washington 98057
County	King
Location Description	1/2 block south of Grady Way and north of I-405
Section, Township, Range	19-23-05
Tax ID	334040-4805
Latitude and Longitude	47.468742 -122.226671

Sale Data

Seller	1150 Raymond LLC
Buyer	Washington State Auto Dealers Association
Sale Date	04-20-2017
Sale Price	\$289,000
Analysis Price	\$289,000
Deed Type	Warranty Deed
Reference No.	201707421001018
Property Rights Transferred	Fee Simple
Financing	cash to seller
Conditions of Sale	Arm's Length
Verified By	Diane Quinn
Verification With	Broker, Baumer
Verification Date	05-30-2018

Sale Remarks

This is the April 2017 acquisition of a storage lot in Renton. It was purchased by the adjacent property owner for expanded parking. The sales price was agreed to verbally, between the parties before the listing was published. Subsequent to that, the owner received other offers over asking price; however, the seller followed through with the first offer. It sold for \$289,000 or \$19.93 per square foot of land.

Land Data

Land Size	0.33287 acres or 14,500 SF
Topography	Level
Front Footage	145.00 SW 12th Street
Depth (Feet)	100.00
Utilities	all available in street
Shape	Trapezoidal
Access	Direct
Zoning Code	IM Medium Industrial

Indicators

Analysis Price/Gross Acre	\$868,207 per Acre
Analysis Price/Gross SF	\$19.93 per SF
Analysis Price/Front Foot	\$1,993.10

Property Remarks

Flat all usable site with exposure to Grady Way.

Comp ID No. 10623431

LAND SALE NO. 6



Property Identification

Property ID	10928245
Property Type	Industrial Land
Property Name	Auburn Industrial
Address	21 49th Street NE
City, State Zip	Auburn, Washington 98002
County	King
Tax ID	9360000190
Latitude and Longitude	47.351248 -122.229579

Sale Data

Seller	Moore Estate
Buyer	MOTT Industrial LLC
Sale Date	04-06-2017
Sale Price	\$990,000
Analysis Price	\$990,000
Deed Type	Personal Representative's Deed
Reference No.	20170411001540
Property Rights Transferred	Fee Simple
Financing	Cash to seller
Verified By	Christina Lovell
Verification With	Mark Foley
Verification Date	04-29-2019

Land Data

Land Size	1.28225 acres or 55,855 SF
Topography	Level
Utilities	Access to all public utilities
Shape	Rectangular

Access	49th Street NE
In Flood Plain?	Heavily impacted by the 100-year floodplain
Zoning Code	M1 Manufacturing

Indicators

Analysis Price/Gross Acre	\$772,080 per Acre
Analysis Price/Gross SF	\$17.72 per SF

Property Remarks

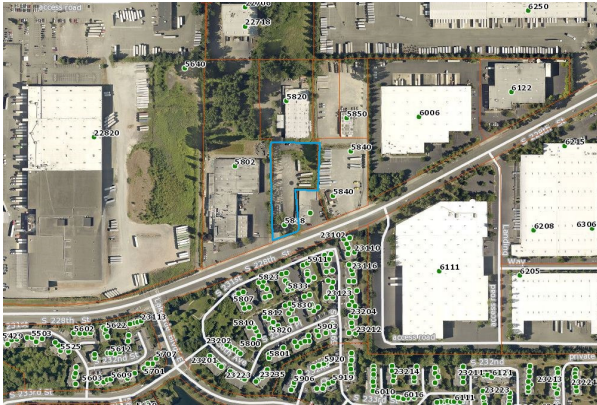
This is the sale of 1.28 acres of industrially-zoned land in Auburn. According to the broker, the interim improvements attributed approximately 15% to the overall sales price which results in an adjusted sales price of \$15.07 per square foot of land. It is level and heavily impacted by the 100-year floodplain.

Comp ID No. 10928245



Comparable Land Sales Data – 300 Rainier Avenue N. Land Rent

LAND SALE NO. 1



Property Identification

Property ID	10928239
Property Type	Industrial Land
Property Name	Kent Industrial
Address	5818 S. 228th Street
City, State Zip	Kent, Washington 98032
County	King
Tax ID	1422049025
Latitude and Longitude	47.395552 -122.261442

Sale Data

Seller	Tukwila Enterprises
Buyer	Kent 5818 LLC
Sale Date	01-02-2019
Sale Price	\$1,250,000
Analysis Price	\$1,250,000
Deed Type	Statutory Warranty Deed
Reference No.	20190104000731
Property Rights Transferred	Fee Simple
Verified By	Christina Lovell
Verification Date	04-29-2019

Land Data

Land Size	1.24279 acres or 54,136 SF
Topography	Level
Front Footage	120.00
Utilities	Access to all public utilities
Shape	L-Shaped
In Flood Plain?	No



Zoning Code M1 Manufacturing

Indicators

Analysis Price/Gross Acre \$1,005,801 per Acre

Analysis Price/Gross SF \$23.09 per SF

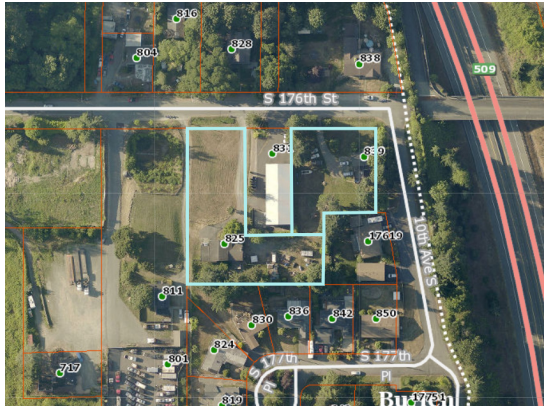
Analysis Price/Front Foot \$10,416.67

Property Remarks

This is the sale of 1.24 acres of M1-zoned land in Kent. It is an L-shaped parcel with frontage along S 228th Street. It sold for \$1,250,000, or \$23.09 per square foot of land. Verification attempts have been unsuccessful to date.

Comp ID No. 10928239

LAND SALE NO. 2



Property Identification

Property ID	10812419
Property Type	Land
Address	825 S. 176th Street
City, State Zip	Burien, Washington 98148
County	King
Tax ID	322304-9083 and 322304-9136
Latitude and Longitude	47.444531 -122.322687

Sale Data

Seller	Richard and Kay Larson
Buyer	Drexel Skyway LLC
Sale Date	12-18-2018
Sale Price	\$915,000
Analysis Price	\$915,000
Deed Type	Statutory Warranty Deed
Reference No.	20181218001041
Property Rights Transferred	Fee Simple
Conditions of Sale	Arm's Length
Verified By	Greg Goodman
Verification With	Cassie Larson, broker

Land Data

Land Size	1.32000 acres or 57,499 SF
Topography	Mostly level
Utilities	All available
Shape	Slightly Irregular
Access	Average
Zoning Code	I Industrial

Indicators

Analysis Price/Gross Acre	\$693,182 per Acre
Analysis Price/Gross SF	\$15.91 per SF

Property Remarks

The property is located along the south side of S. 176th Street, near its eastern terminus east of Des Moines Memorial Drive S. The property is comprised of two separate, but contiguous tax lots that produce an overall site that is slightly irregular in shape. The property has access from both S. 176th Street and the easterly abutting 10th Avenue S. At the time of the purchase, the each tax lot was improved with an older single-family residence. These structures were, however, considered to be of no contributory value with the sales price reflecting land value only.

Comp ID No. 10812419

LAND SALE NO. 3

Property Identification

Property ID	10928260
Property Type	Land
Property Name	Renton Commercial Land
Address	511 Airport Way
City, State Zip	Renton, Washington 98055
County	King
Tax ID	722930-0580
Latitude and Longitude	47.484648 -122.209806

Sale Data

Seller	Renton Place LLC
Buyer	Dreamliner LLC
Sale Date	12-13-2018
Sale Price	\$775,000
Analysis Price	\$775,000
Deed Type	Statutory Warranty Deed
Reference No.	20181217001225
Property Rights Transferred	Fee Simple
Verified By	Christina Lovell
Verification Date	04-29-2019

Land Data

Land Size	0.36731 acres or 16,000 SF
Topography	Level
Front Footage	160.00
Depth (Feet)	100.00
Utilities	Access to all public utilities
Shape	Rectangular
In Flood Plain?	No
Zoning Code	CA Commercial Arterial

Indicators

Analysis Price/Gross Acre	\$2,109,934 per Acre
Analysis Price/Gross SF	\$48.44 per SF
Analysis Price/Front Foot	\$4,843.75

Property Remarks

This is the sale of a site zoned commercial arterial across Airport Way from Renton Municipal Airport. Confirmation efforts are ongoing; however, the site appears to have been purchased by a Boeing subsidiary - presumably for use with its nearby Renton operations. The property appears to lie within the airport's Traffic Pattern Zone. The property previously sold for \$25.94 per square foot in April 2015. This recent sale represents an 87% increase over its sales price 3 years prior.

Comp ID No. 10928260

LAND SALE NO. 4



Aerial View



Ground View

Property Identification

Property ID	10624555
Property Type	Land
Address	8310 S. 222nd Street
City, State Zip	Kent, Washington 98032
County	King
Tax ID	775980-0030
Latitude and Longitude	47.402920 -122.228939

Sale Data

Seller	Yoshida Real Estate Holdings VIII, LLC
Buyer	Palmtree Lodging LLC
Sale Date	07-25-2018
Sale Price	\$580,000
Analysis Price	\$580,000
Deed Type	Special Warranty
Reference No.	20180823000774
Property Rights Transferred	Fee Simple

Land Data

Land Size	0.78542 acres or 34,213 SF
Topography	Level
Utilities	All public utilities available
Shape	Rectangular
Access	via S. 22nd Street and 84th Avenue S.
Zoning Code	M1-C Industrial Park with Limited Commercial Uses

Indicators

Analysis Price/Gross Acre	\$738,458 per Acre
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Analysis Price/Gross SF \$16.95 per SF

Property Remarks

This is the July 2018 sale of a 0.79-acre sited located on S. 222nd Street, west of SR-167, and south of S. 212th Street in Kent. The property is zoned M1-C by the City of Kent. This zoning allows for industrial uses and certain limited commercial uses. The property has a level topography. The property sold for \$580,000, or \$16.95 per square foot.

Comp ID No. 10624555

LAND SALE NO. 5



Property Identification

Property ID	10812427
Property Type	Land
Address	17878 Des Moines Memorial Drive
City, State Zip	Burien, Washington 98148
County	King
Tax ID	322304-9046
Latitude and Longitude	47.441856 -122.325490

Sale Data

Seller	Burien Yard LLC
Buyer	Muhammad Nawaz
Sale Date	09-29-2017
Sale Price	\$995,000
Analysis Price	\$995,000
Deed Type	Statutory Warranty Deed
Reference No.	20170929001705
Property Rights Transferred	Fee Simple
Conditions of Sale	Arm's Length
Verified By	Greg Goodman
Verification With	Larry Nordberg, broker

Land Data

Land Size	0.86947 acres or 37,874 SF
Topography	Level
Utilities	All available
Shape	Rectangular
Access	Average
Zoning Code	I Industrial



Indicators

Analysis Price/Gross Acre	\$1,144,375 per Acre
Analysis Price/Gross SF	\$26.27 per SF

Property Remarks

The property is located north of Des Moines Memorial Drive, west of its intersection with 8th Avenue S. The site is rectangular in shape with access provided from Des Moines Memorial Drive via a shared access easement. At the time of the purchase, the property had received permits for the development of site improvements associated with a future storage building. The seller in this transaction previously acquired the site in February of 2016 for \$675,000, or \$17.83 per square foot.

Comp ID No. 10812427

LAND SALE NO. 6



620 sW 12th aerial

Property Identification

Property ID	10623431
Property Type	Industrial Land
Property Name	Industrial Lot
Address	620 SW 12th Street
City, State Zip	Renton, Washington 98057
County	King
Location Description	1/2 block south of Grady Way and north of I-405
Section, Township, Range	19-23-05
Tax ID	334040-4805
Latitude and Longitude	47.468742 -122.226671

Sale Data

Seller	1150 Raymond LLC
Buyer	Washington State Auto Dealers Association
Sale Date	04-20-2017
Sale Price	\$289,000
Analysis Price	\$289,000
Deed Type	Warranty Deed
Reference No.	201707421001018
Property Rights Transferred	Fee Simple
Financing	cash to seller
Conditions of Sale	Arm's Length
Verified By	Diane Quinn
Verification With	Broker, Baumer
Verification Date	05-30-2018

Sale Remarks

This is the April 2017 acquisition of a storage lot in Renton. It was purchased by the adjacent property owner for expanded parking. The sales price was agreed to verbally, between the parties before the listing was published. Subsequent to that, the owner received other offers over asking price, however the seller followed through with the first offer. It sold for \$289,000 or \$19.93 per square foot of land.

Land Data

Land Size	0.33287 acres or 14,500 SF
Topography	Level
Front Footage	145.00 SW 12th Street
Depth (Feet)	100.00
Utilities	all available in street
Shape	Trapezoidal
Access	direct
Zoning Code	IM Medium Industrial

Indicators

Analysis Price/Gross Acre	\$868,207 per Acre
Analysis Price/Gross SF	\$19.93 per SF
Analysis Price/Front Foot	\$1,993.10

Property Remarks

Flat all usable site with exposure to Grady Way.

Comp ID No. 10623431

LAND SALE NO. 7



Property Identification

Property ID	10623430
Property Type	Industrial Land
Property Name	Fenced Storage Yard
Address	271 S. Portland Street
City, State Zip	Seattle, Washington 98108
County	King
Location Description	1/2 block east of SR-99
Section, Township, Range	29-24-04
Tax ID	732840-1305
Latitude and Longitude	47.533066 -122.328574

Sale Data

Seller	Gearworks Seattle, Inc.
Buyer	Mohammed Mansha (Lang Towing)
Sale Date	01-14-2016
Sale Price	\$875,000
Analysis Price	\$875,000
Deed Type	Warranty Deed
Reference No.	20160114000430
Property Rights Transferred	Fee Simple
Conditions of Sale	Arm's Length
Verified By	Diane Quinn
Verification With	Broker, Hester
Verification Date	05-30-2018

Sale Remarks

Arm's length transaction and sale of a fenced storage lot in south Seattle. Fed Ex had a lease for truck storage with 2 years left at the time of sale. The Buyer intended a similar use. It sold for \$875,000 or \$29.16 per square foot of land.

Land Data

Land Size	0.68871 acres or 30,000 SF
Topography	Level
Front Footage	150.00
Depth (Feet)	150.00
Utilities	All available in street
Shape	Square
Access	Direct
Zoning Code	IG2 U/65 Industrial

Indicators

Analysis Price/Gross Acre	\$1,270,491 per Acre
Analysis Price/Gross SF	\$29.17 per SF
Analysis Price/Front Foot	\$5,833.33

Property Remarks

Level and fenced storage lot, with no contamination issues.

Comp ID No. 10623430



Puget Sound

Qualifications of Appraisers

RENTON MUNICIPAL AIRPORT
ADDENDA

Qualifications of S. Murray Brackett, MAI

Principal

Valbridge Property Advisors | Puget Sound

Education

Bachelor of Arts in Business Administration, Western Washington University, 1985, with an emphasis on real estate.

Professional Education

Appraisal Courses: All appraisal courses required for MAI designation.

Seminars and Continuing Education (abbreviated summary of coursework):

- Easement Valuation
- UASFLA Seminar (Yellow Book)
- Real Estate Law
- Appraising From Blueprints
- Complexities of Predevelopment Land
- The Appraiser as Expert Witness
- Litigation Skills for the Appraiser
- The New Frontier of Takings Law
- Partial Acquisitions Workshop
- Condemnation Appraisal & Mock Trial
- Conservation Easement Appraisal - Certificate Course

Professional Affiliation

Member, Appraisal Institute. Received MAI Designation May 2, 1997 (Member No. 11,258)

Past President (2003), Seattle Chapter of the Appraisal Institute

Member, International Right-of-Way Association

Associate Member, Washington Airport Manager's Association

Appraisal Experience

Principal with *Valbridge Property Advisors/Puget Sound*. Responsibilities include the full range of residential, commercial and industrial real estate valuation. Appraisals have been prepared on such diverse properties such as airports and airport-related facilities, park lands, subdivisions and golf courses, as well as typical commercial and industrial improved property. Airport work has included valuation of entire airports to assist in determining lease rates, valuation of adjacent properties for airport expansion, aviation related improved properties and aviation easements. Improved and Unimproved valuations have been performed for acquisitions in fee, leased fee and leasehold interests, partial takings, as well as various partial interests including the following: conservation easements, utility easements, subsurface easements, air-rights/aviation easements, and minority interests. Numerous Appraisals have been prepared for use in litigation, including eminent domain dispute resolution, condemnation and inverse condemnations. UASFLA-compliant Appraisals have been prepared for a wide variety of agencies on a wide range of property types.

S. MURRAY BRACKETT, MAI (cont.)

Qualified as an expert witness in King, Kitsap and Pierce County Superior Courts, US District Court, and Federal Bankruptcy Court. Geographic experience includes assignments in Washington, California, Oregon, Idaho, Nebraska, Iowa, Kansas, South Dakota, Alaska, and British Columbia.

Other Experience

Instructor: Instructor, Income Property Appraisal, Lk Wa. Voc-Tec.
Qualified Level 3 Facilitator, IRWA

Presentations: October 2003 - WPMA Conference – “The Valuation of Non-Water Dependent Properties.”
September, 2009 - Valuation of Airport Properties, WAMA
December 9, 2010 - AI-Seattle Fall R.E. Conference – Panelist/presenter for Appraisal Issues relating to Partial Acquisitions in Eminent Domain cases.

Representative Client List

Cities/Counties

Cities of Bellevue, Burien, Kirkland, Seattle, Kent, Everett, Renton, Auburn, Arlington, Anacortes, Tacoma, North Bend, Snoqualmie, Lake Forest Park, Kenmore, Bothell, Lynnwood, Port Angeles, Maple Valley, Puyallup, Woodinville and SeaTac. Counties of King, Snohomish, Pierce, Kitsap, Thurston, and Skagit.

Government

Ports of Seattle, Everett, Olympia, Grays Harbor, Bremerton, Port Angeles, and Friday Harbor. Washington State Parks, WSDOT (Approved Appraiser List), DNR, Federal Aviation Administration, Internal Revenue Service, King County DNR, GSA, U.S. Navy, San Juan County Land Bank, Northshore School District, Snohomish School District, Sound Transit, USACE.

Financial Institutions

Bank of America, U.S. Bancorp, Key Bank, Wells Fargo Trust, Commerce Bank, Homestreet Bank, Banner Bank, Charter Bank, Union Bank.

Airports

Sea-Tac International Airport, Renton Municipal, Auburn Municipal, Snohomish County Airport (Paine Field), Arlington Municipal, Bellingham International, Olympia Airport, William Fairchild (Port Angeles), Spokane Int'l, Centralia/Chehalis, Bremerton National, Pullman Airport, and Friday Harbor Airport.

Corporations and Non Profits

Weyerhaeuser Company, WRECO, Tramco, Plum Creek, McDonalds Corporation, Gull Industries, Puget Sound Energy, Development Services of America (DSA), FSA, Winmar Company, Jr. Achievement, Lowe Enterprises, PACCAR, Inc., The Trust for Public Land, Cascade Land Conservancy, Fletcher General Construction, Manke Lumber Company, Simpson Timber Company, New Ventures Group, OTAK, American Forest Resources, HDR, Inc., Hancock Natural Resources Group, Sierra Pacific Industries, Quadrant, Port Blakely Communities, Lowe Enterprises, Parsons Brinckerhoff, CH2M-Hill.



S. MURRAY BRACKETT, MAI (cont.)

Attorneys

Hillis, Clark, Martin & Peterson; Kenyon Disend; Perkins Coie; Tousley Brain; Inslee Best; Graham and Dunn; Chmelik, Sitkin & Davis; Foster Pepper; Short Cressman; Davis Wright & Tremaine; Betts Patterson; Karr Tuttle Campbell; Anderson Hunter; Riddell Williams; Williams Kastner; Krutch Lindell; Curran Mendoza; Williams and Williams; and King County Prosecuting Attorney.

State Certification Number - General: 27011-1100853 **Expiration:** 11/21/19

(Revised 11/30/17)

Qualifications of Christina J. Lovell

Associate Appraiser

Valbridge Property Advisors | Puget Sound

Experience

Christina has been involved in various facets of the real estate industry for nearly 15 years, with experience as a Commercial Real Estate Paralegal and Transaction Manager for a large, national law firm, a Right-of-Way Agent for an electric and gas utility company, and appraisal work as an Accredited Real Property Appraiser for the Clallam County Assessor's Office, and an Associate for a small residential firm. Appraisal assignments have included work on commercial and industrial properties, conservation easements and right-of-way projects in King, Snohomish, Skagit and Kittitas Counties.

Education

Marylhurst University, Marylhurst, Oregon:

Bachelor of Science

Business Management with a focus in Real Estate and Finance

Edmonds Community College, Lynnwood, Washington:

Associate of Technical Arts

Paralegal Studies

Appraisal Institute:

Basic Appraisal Principles

Basic Appraisal Procedures

General Appraiser Income Approach I

General Appraiser Income Approach II

General Appraiser Market Analysis and Highest and Best Use

USPAP

International Right-of-Way Association:

Principles of Land Acquisition

Organizations:

Appraisal Institute: Practicing Affiliate

State Registered Real Estate Appraiser Trainee: 1001951

Expiration: 04/18/20