

Executive Summary – Preliminary Economic Feasibility
Study Findings for the Proposed Wilburton Connections
LID Project

Location:
Bellevue, Washington

Prepared for:
Mr. Goran Sparrman,
Transportation Director
City of Bellevue
450 110th Avenue NE
Bellevue, WA 98004

Date of Valuation:
June 3, 2010

Date of Report:
June 3, 2010

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File: 09-125.0610

Prepared by:
Robert J. Macaulay, MAI
MACAULAY & ASSOCIATES, LTD.
Everett, Washington

Macaulay & Associates, Ltd.

Real Estate Appraisers & Consultants
2927 Colby Avenue, Suite 100 • Everett, WA 98201
Everett 425-258-2611 • Seattle 206-382-9711 • Fax 425-252-1210

Charles R. Macaulay, MAI
Robert J. Macaulay, MAI
Jim E. Dodge
Yvonne Alexander-Smith
Ashley K. Zacharia

Paul C. Bird
Richard J. DeFrancesco
Greg Muller
Kelly Hao

June 3, 2010

Mr. Goran Sparrman,
Transportation Director
City of Bellevue
450 110th Avenue NE
Bellevue, WA 98004

RE: Executive summary of the consulting assignment involving a preliminary economic feasibility analysis for the proposed Wilburton Connections LID project, Bellevue, WA. Job No. 09-125.

Dear Mr. Sparrman:

As requested, we have prepared an executive summary of the economic feasibility study conducted for the above-referenced infrastructure improvement project. The analysis is intended for internal use by the client, the City of Bellevue, to evaluate economic feasibility of the project for possible formation of an LID as one of a number of funding sources for the NE 4th Extension and the 120th Avenue NE Improvements (Segment 1).

This brief report summarizing the consulting assignment complies with Standards 4 and 5 of the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Foundation for an appraisal consulting assignment and report. As such, it includes limited discussions of the data, reasoning and analyses utilized in the valuation process; supporting documentation is retained in the appraiser's files. The depth of discussion contained in this report is specific to the needs of the client, the City of Bellevue, and for the intended use stated herein. The appraiser is not responsible for unauthorized use of this report, which is the result of a limited valuation process. This report conforms with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include USPAP, as well as additional reporting requirements which are discussed herein.

Briefly, the scope of the assignment was to recommend an LID boundary and complete an economic feasibility study centering around two road improvement projects collectively known as the proposed Wilburton Connections Local Improvement District and to prepare an executive summary of our findings and conclusions. One of the projects would construct a new section of NE 4th Street on the east side of Interstate 405, connecting 116th Avenue NE and 120th Avenue NE, and the other widens a section of 120th Avenue NE (beginning where the new NE 4th Street connects with 120th Avenue and ending at NE 7th Street) in the Bellevue neighborhood known as Wilburton. Signalization would be installed at the new NE 4th Street/120th Ave NE intersection at NE 6th Street and 120th Avenue NE.

Mr. Goran Sparrman
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The current total estimated project cost is \$47,495,000. Between the two projects considered herein, the estimates are \$38,400,000 for the NE 4th Street extension portion and \$9,095,000 for the 120th Avenue NE widening portion. It is recommended that, if this brief study forms part of the basis for a decision on whether or not to form an LID, it is reviewed by the city's bond counsel.

To make estimates of probable increases in market value or special benefit resulting from the proposed LID project, market sales of land and improved properties were researched, together with rental rate information on the various types of property found within the proposed LID boundary. These property types consist primarily of office and retail uses. Also, engineering and economic studies relating to supply and demand, absorption and population growth trends were reviewed.

In this feasibility study, properties within the proposed LID boundary are segregated into general classifications based on highest and best use. Analysis is then made of parcels within each property segment or class that are representative of properties within that class. The difference in market value (special benefit) is then extrapolated over the other parcels in each respective classification, arriving at an estimate of the total range in special benefit accruing to property within the boundary due to the proposed project.

The nationwide economic recession, which began in late 2007, is having a profound and long-lasting effect on commercial real estate markets. The tightening of both national and global credit markets and a resultant reduction in liquidity are adversely impacting both current and future investments in real estate. This has resulted in limited real estate sales activity over the last several years in the Bellevue vicinity. Reductions caused by the ongoing recession have been especially severe when contrasted with the economic boom which preceded it in the early years of this decade. As in the greater Seattle area, new development has been sharply curtailed and a number of large projects have been cancelled or put on hold in Bellevue and elsewhere on the "Eastside". According to the March 2010 Puget Sound Economic Forecaster (PSEF), the regional economy is expected to begin to recover beginning in the second quarter of 2010. Current positive signs in the local market pertaining to new sale transactions and development activity remain limited.

This consultation summary is a brief, preliminary discussion of the conclusions resulting from this study. In order for the preliminary estimates to be refined, a more detailed and extensive special benefit/proportionate assessment study would need to be undertaken. This involves analysis of each individual parcel, both with and without the LID assumed completed, as opposed to this consulting assignment, which has a much more broad-based scope. As requested by the client, this document is an executive summary of the consulting assignment/economic feasibility study. Additional data and analysis are retained in the appraiser's file. The research and analysis completed to date result in the following conclusion of estimated special benefit to affected parcels due to the proposed project.

Estimated Special Benefit Range:
\$13,000,000 to \$18,000,000

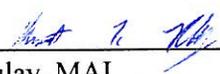
Special benefit to affected properties derives from enhanced relative location provided by the proposed road improvements, which results in reduced traffic congestion, improved circuitry of traffic flow and

Mr. Goran Sparrman
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enhancement of the neighborhoods' reputation and aesthetic appeal. Also, with the NE 4th Street Extension in place, a number of parcels will be rezoned, allowing for more intensive land uses in the north-central portion of the proposed district.

Under Washington state statutes, the full special benefit amount can be assessed against individual affected parcels. The amount funded by an LID varies considerably from project to project depending on construction and other costs, funding sources and extent of special benefit. However, in order to provide an economic incentive to property owners, an LID assessment is typically 50% to 75% of the full special benefit. Based on a 50% ratio, the above estimated special benefit range would support an LID that could fund \$6.5 million to \$9 million of total project costs. With a 75% ratio, the estimated range would support \$9,750,000 to \$13,500,000 in project costs.

Respectfully submitted,
MACAULAY & ASSOCIATES, LTD.

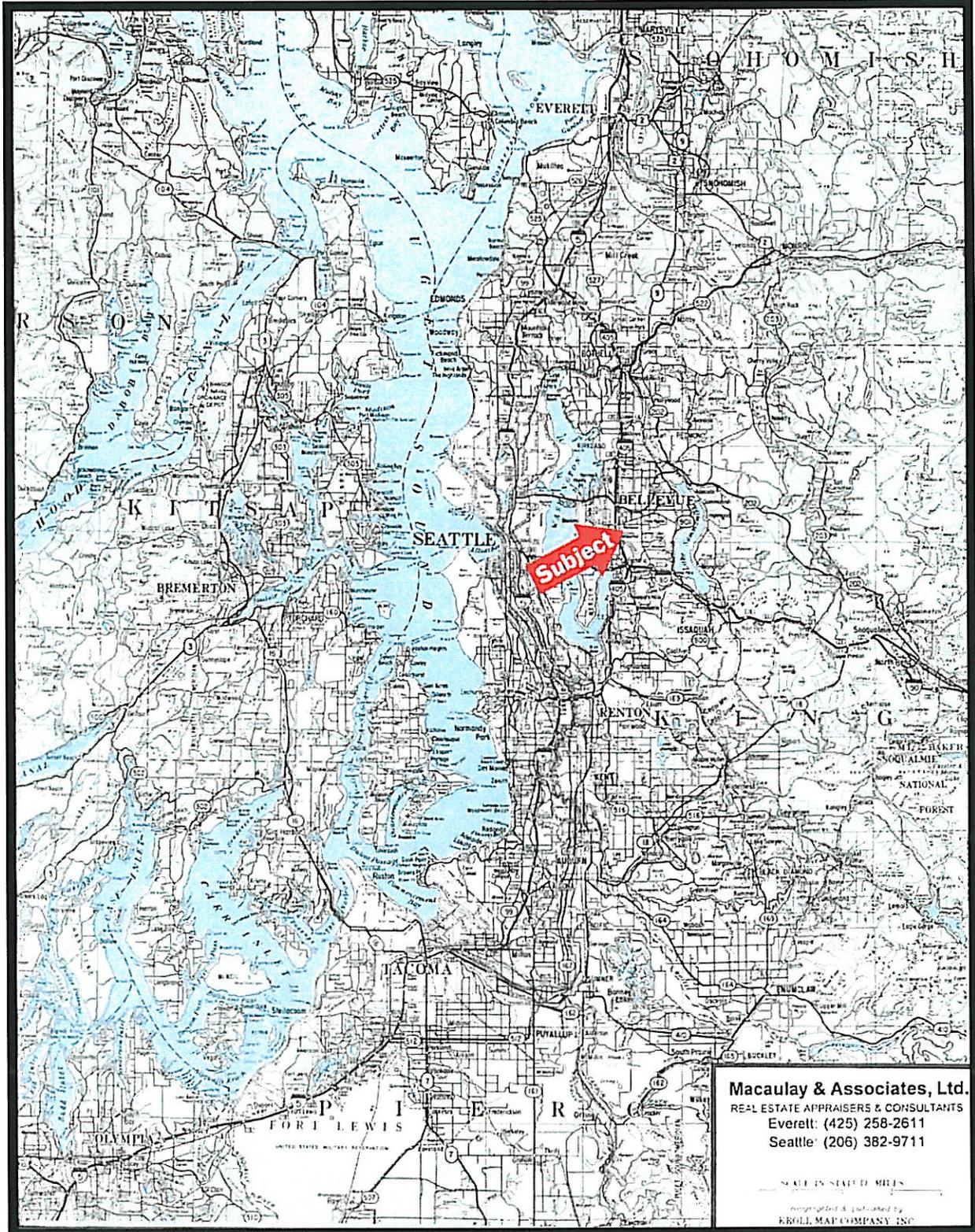


Robert J. Macaulay, MAI
WA State Certified - General Appraiser No. 1100517

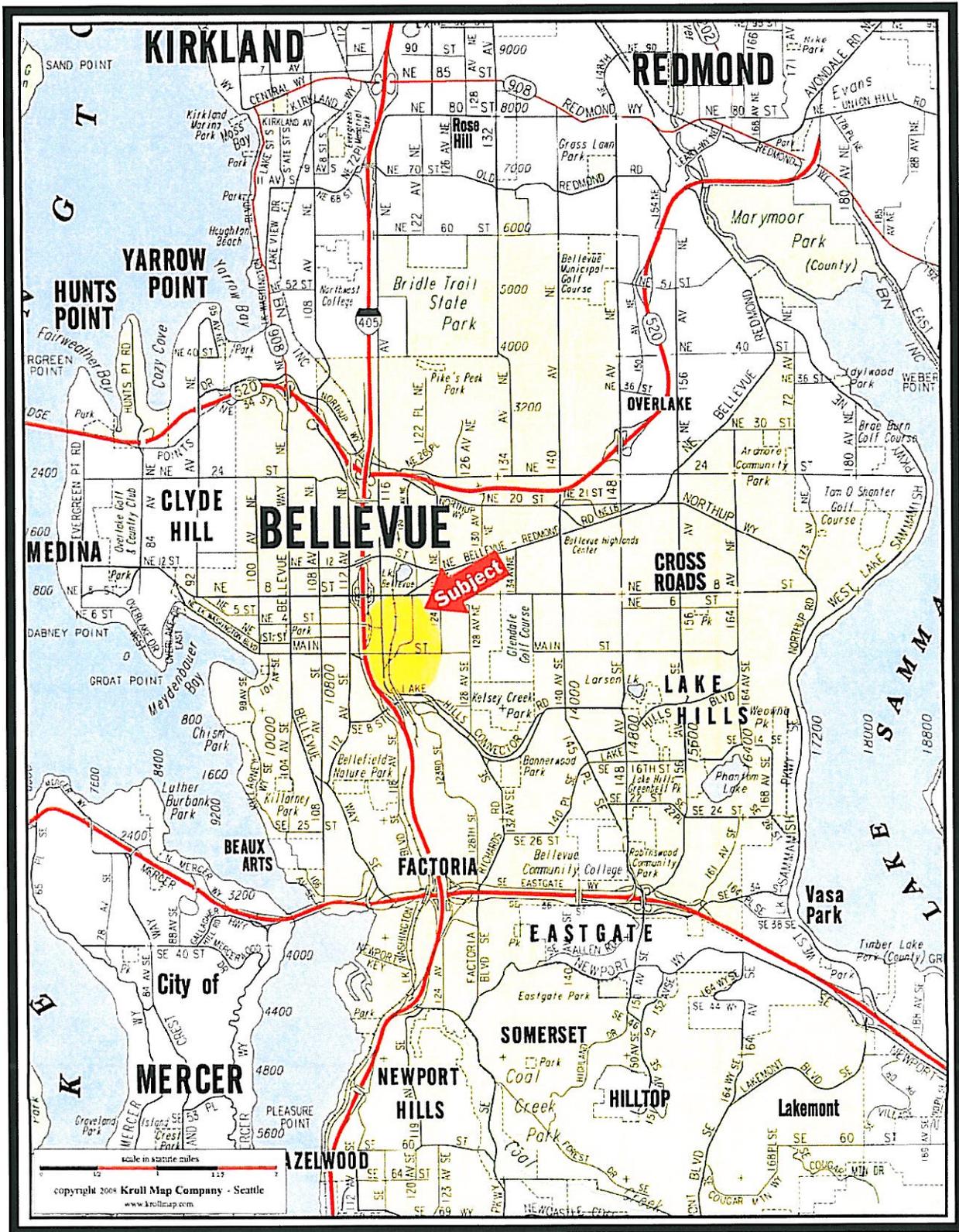
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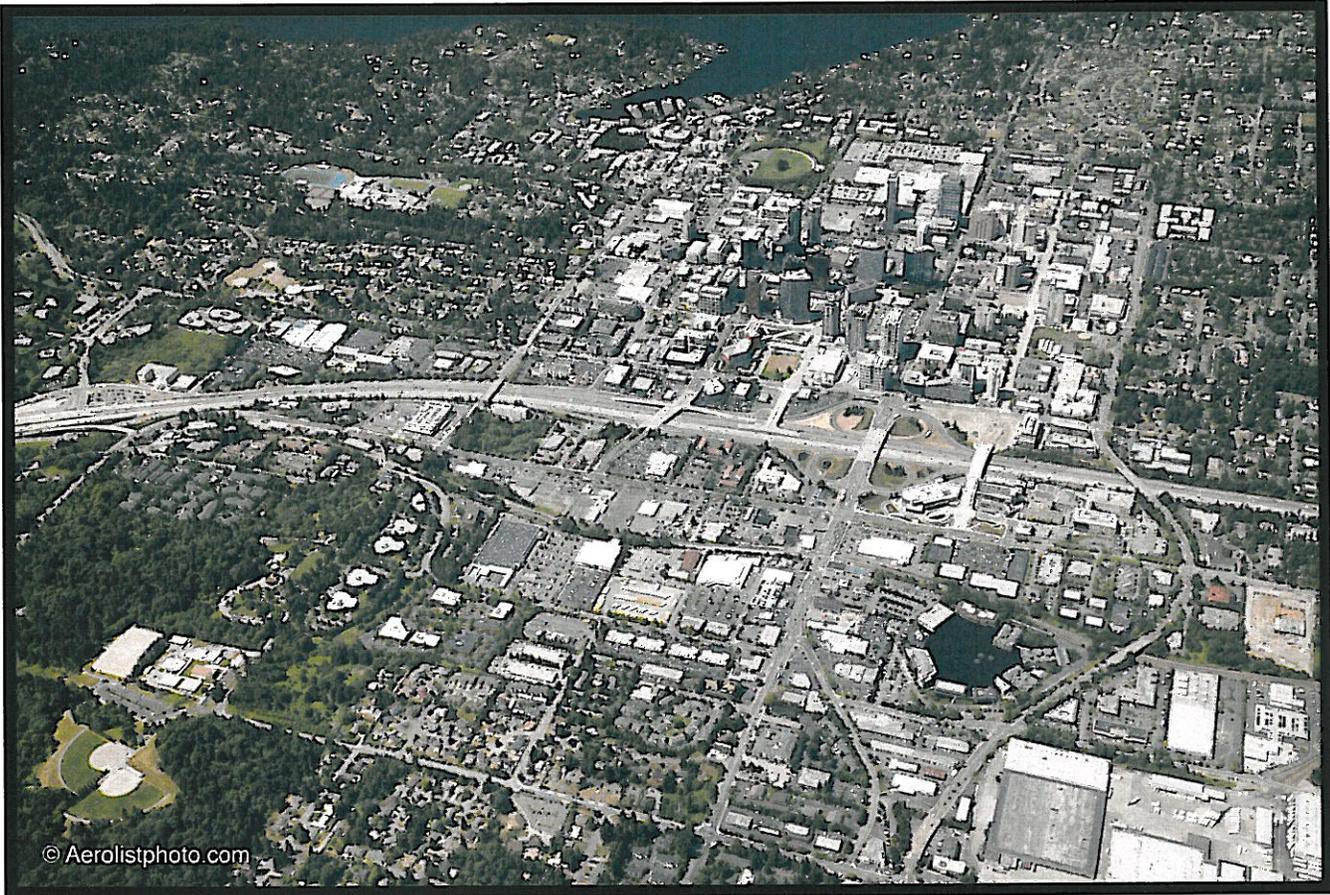
Location Map



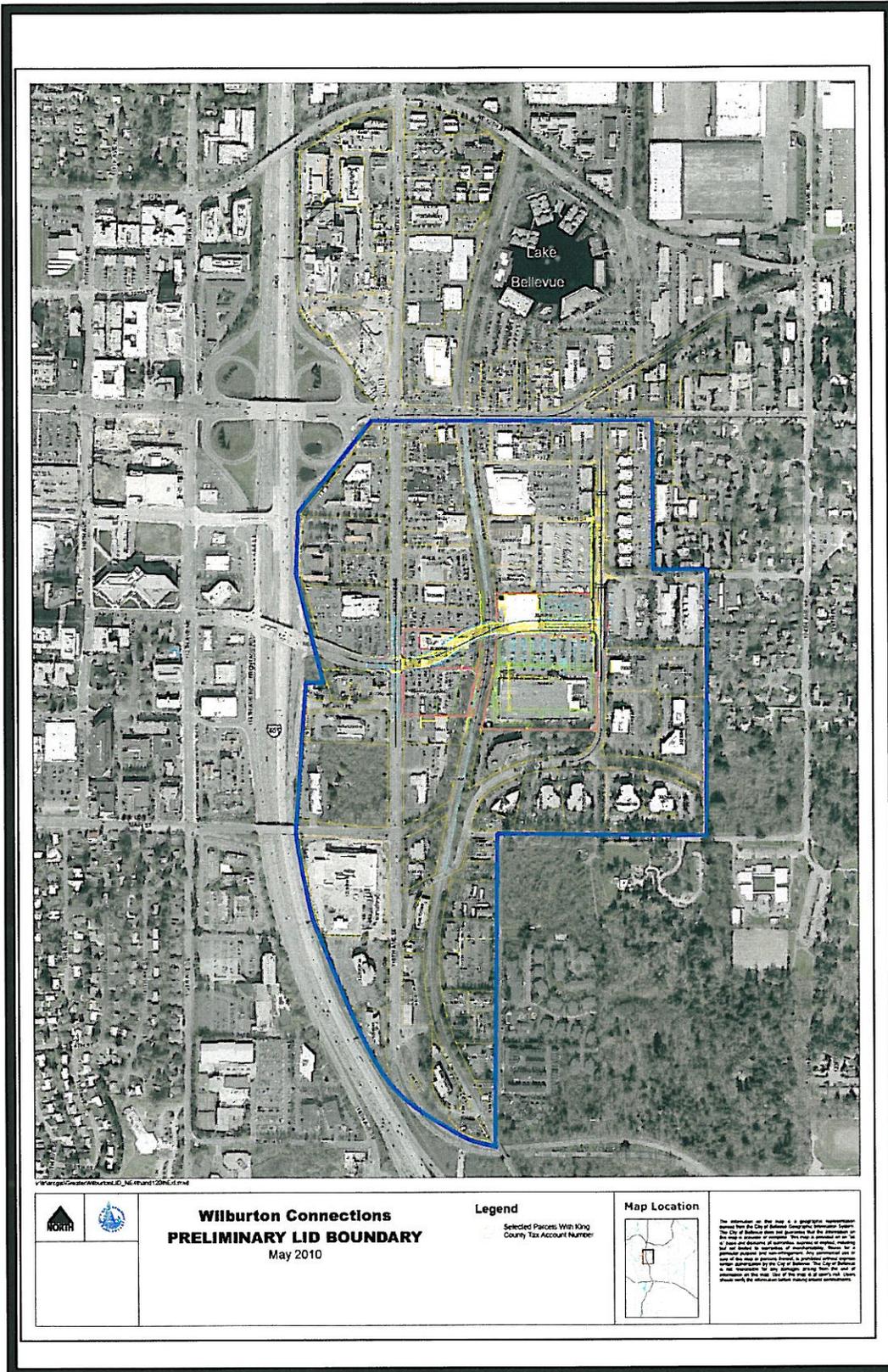
Vicinity Map



Aerial Photograph



Preliminary Recommended LID Boundary Map



Salient Facts & Conclusions

Boundary Recommendation/ LID Study Area:

The area most likely impacted by the proposed LID project is the west Wilburton neighborhood, which extends east from Interstate 405 between NE 8th Street on the north and the Lake Hills Connector on the south. Although the area known as Wilburton continues further east, the recommended east boundary for the LID is 118th Avenue SE towards the south (south of Main Street) and midway between 120th Avenue NE and 124th Avenue NE further north (see “Proposed LID Boundary” map).

Definition of Special Benefit:

A specific, measurable increase in value of certain real property in excess of enhancement to the general area (and benefitting the public at large) due to a public improvement project.

Project Overview:

Wilburton Connections is the name given to a group of three long-planned road construction projects in the west Wilburton area. They are designed to work together to improve connections between the downtown, Wilburton, Bel-Red and Overlake areas of the city. The projects are 120th Avenue Northeast (widening) and Northeast Fourth and Sixth streets (extensions). The 6th Street extension is not part of the proposed LID and this study focuses on the first two; the widening of 120th Avenue Northeast and the NE 4th Street extension. The two are collectively termed herein the “proposed Wilburton Connections Local Improvement District”.

Neighborhood Description:

Characterized as a close-in mixed use neighborhood (predominantly office and retail), the Wilburton area is conveniently situated just across Interstate 405 from the intensely developed urban core of the City of Bellevue, Washington state’s fifth largest city. Further description of the subject neighborhood is found on subsequent pages of this report.

Scope of the Assignment:

This is a consulting assignment whereby the client has requested a brief report summarizing valuation conclusions pertaining to the proposed LID project in the form of an estimated range in special benefit to affected property, as shown below.

Valuation Conclusion:

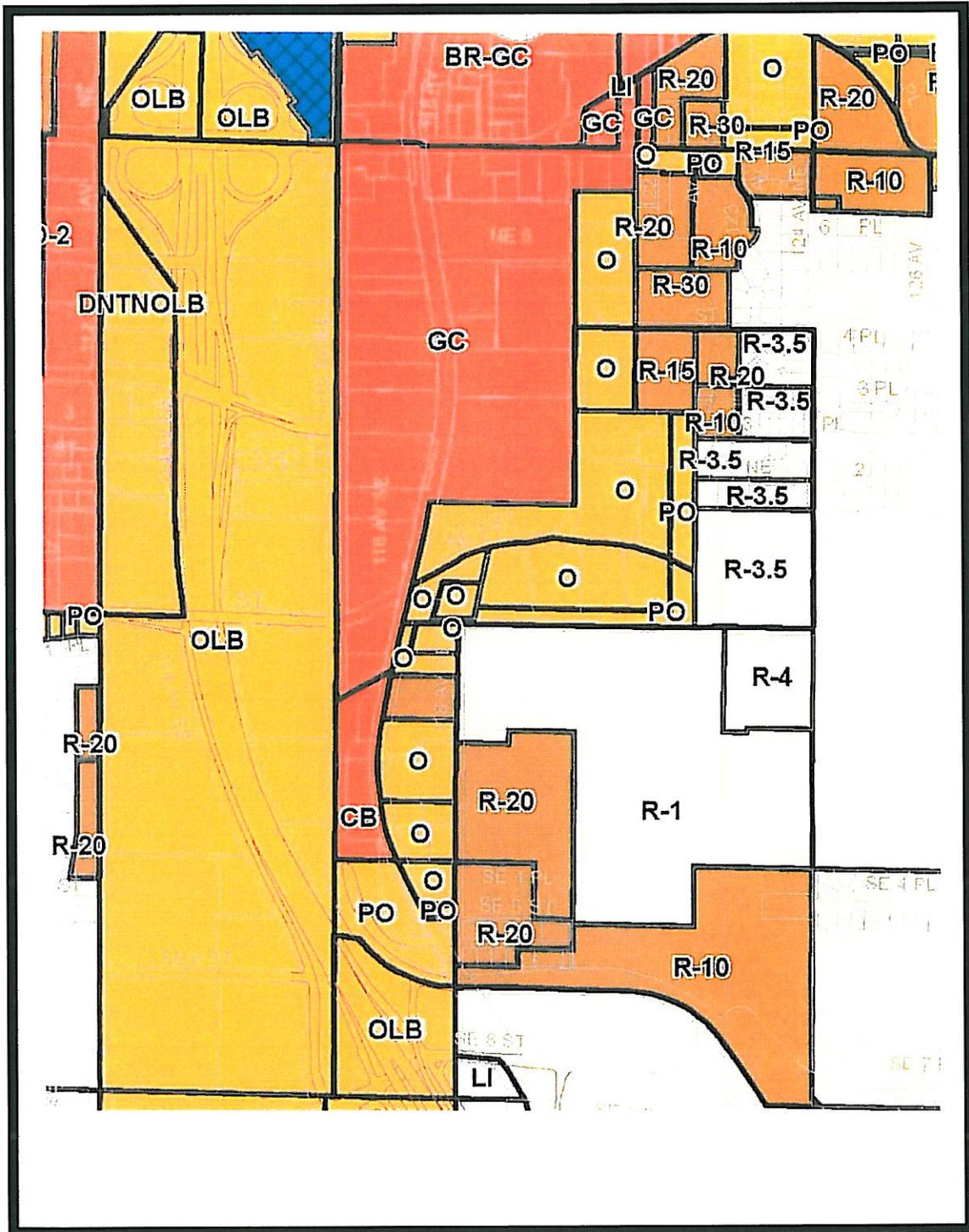
As explained further within this economic feasibility study, the estimated market value of representative parcels in each of four property classes without the project are compared to the same parcels with the project assumed complete, as of the same date.

Class	Zoning	General Location
1	GC	Central portion of LID, extending north to NE 8 th Street.
2	O, PO, GC, O/R-15	East of 120 th Ave NE, extending westerly to the railroad tracks in the southern portion, north of Main Street.
3	O, PO, CB, R-20	Between 116 th Ave NE and the southerly portion of the recommended east boundary, generally south of Main Street.
4	OLB, GC	West of 116 th Ave NE, including those east of 116 th in the northern portion of the district.

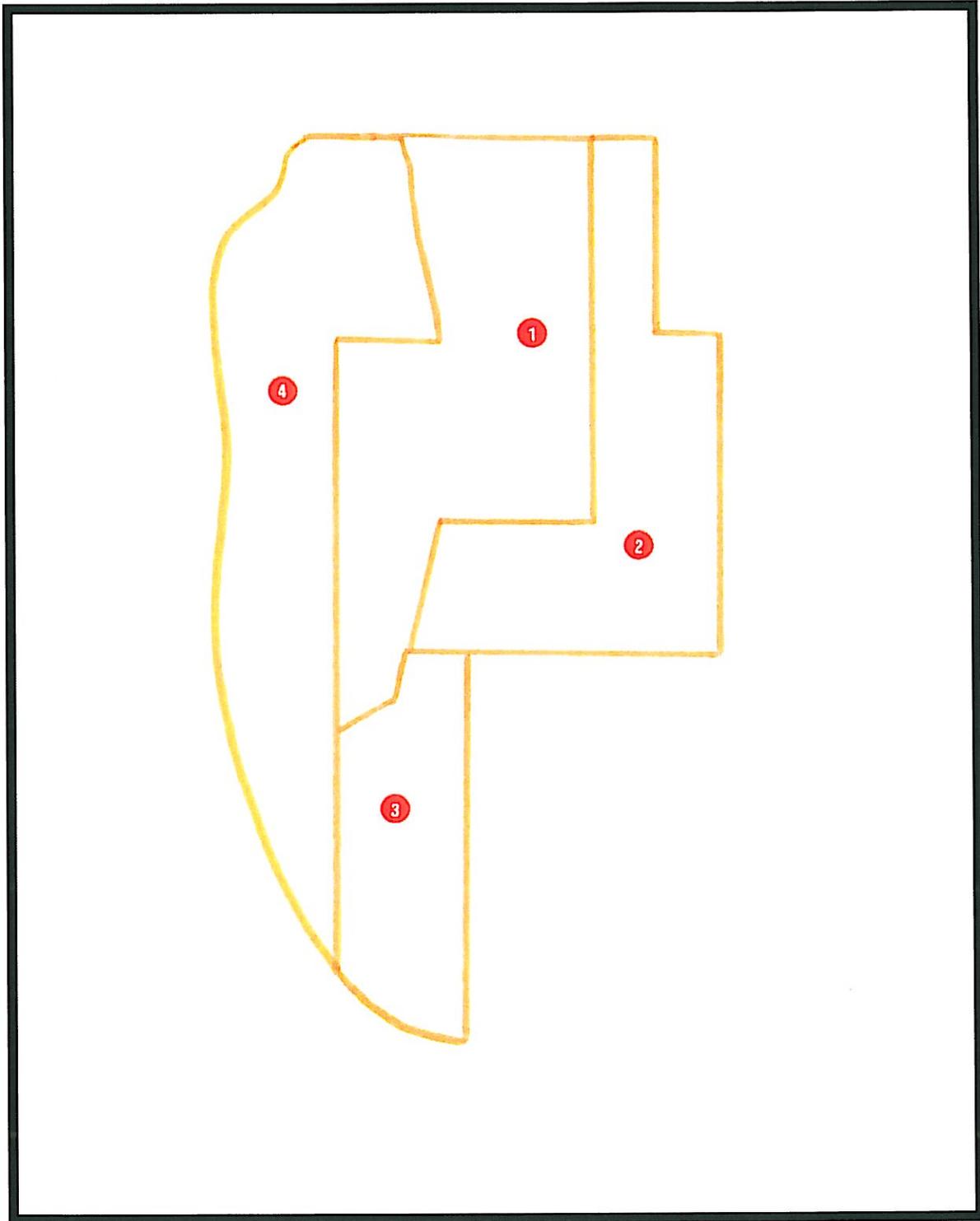
The difference in value is the estimated special benefit to each parcel due to the proposed LID project. These value estimates are then extrapolated over all the parcels in each class to arrive at a total estimate of special benefit to affected property resulting from the project; this total, expressed as a range, is presented below.

Estimated Special Benefit Range:
\$13,000,000 to \$18,000,000

Zoning Map



Property Classes Map



Summary of Economic Feasibility Study and Assumptions Forming the Basis of the Study—Proposed NE 4th Street Extension LID Project

Scope of the Assignment

As requested by the client, this is a consulting assignment. The valuation conclusions reached by analyzing the current real estate market in the Wilburton neighborhood and estimating market value of affected property classes both without and with the proposed project are presented in this brief report in the form of an estimated total range in special benefit.

This summary description of the findings and conclusions derived from the economic feasibility study represents a consultation assignment and, as such, it conforms to Standards 4 and 5 of the Uniform Standards of Professional Appraisal Practice (USPAP) for appraisal consulting. The most pertinent information is presented in a concise format on prior pages and the following are topics needed to support this assignment.

Reporting Requirements

As stated, this executive summary highlights the conclusions of a consulting assignment completed for the purpose of determining the feasibility of forming an LID to fund a portion of the costs of constructing a new segment of NE 4th Street, between 116th Avenue NE and 120th Avenue NE on the east side of Interstate 405 in the Wilburton neighborhood of the City of Bellevue. Estimating value ranges for affected property is an integral part of this assignment. Appraisal consulting is defined by the Appraisal Institute as “the act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results”.

This assignment conforms with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Standards Board (ASB) of The Appraisal Foundation. Specifically, it conforms with Standard 4: Real Property Appraisal Consulting, Development, which states, “In developing a real property appraisal consulting assignment, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete the research and analyses necessary to produce credible results”, and Standard 5: Real Property Appraisal

Consulting, Reporting, which states, “In reporting the results of a real property appraisal consulting assignment, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading”.

Introduction

Utilizing limited assignment/mass appraisal techniques, this consulting assignment/feasibility study involves estimating market value of the fee simple interest in the representative properties, both without and with the proposed LID project and as of the same date. Due to the preliminary nature of this economic feasibility study, as opposed to a more detailed and extensive special benefit/proportionate assessment study, market value estimates are made for typical properties within each of the property classes found in the LID area. This difference in market value, if any, expressed as a range, is the special benefit accruing due to the proposed project. The terms “without” and “with” are used instead of “before” and “after” to remove the inference of a time interval between the two value estimates. The meaning of the two sets of terms is identical.

As stated above, a feasibility study differs from a more detailed special benefit study in that each individual property is not analyzed. Properties within the proposed boundary are separated into classifications based on highest and best use. Analysis is then made of individual parcels within each classification without as opposed to with the LID project completed. The difference (special benefit) is then extrapolated to other similar parcels within the respective classifications, arriving at a total estimated range in special benefit.

Washington State Definition of Market Value

“Fair market value” is the amount in cash which a well-informed buyer willing, but not obligated to buy the property, would pay, and which a well-informed seller willing, but not obligated to sell it, would accept, taking into consideration all uses to which the property is adapted and might in reason be applied.

(Washington State definition of “Fair Market Value,” Washington State Department of Transportation Right-of-Way Manual, August, 1991).

Highest and Best Use

Highest and best use is the most fundamental premise upon which estimations of market value are based. According to "The Appraisal of Real Estate" (Thirteenth Edition, 2008), highest and best use is defined as:

. . . . "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

Highest and best use analysis is a highly relevant consideration in the appraisal process. This analysis forms the basis upon which property is appraised, whether it is vacant land or land plus existing improvements. To this end, it is necessary to do two tests: 1) Highest and best use of land as though vacant, and 2) Highest and best use of the property as improved.

The primary reason for estimating the highest and best use of land as vacant is to estimate land value. If there is an existing improvement on the site, the land is viewed as though vacant. A conclusion is then reached as to what use creates the highest residual to the land or the highest land value. It is then possible to identify comparable sales of vacant land.

Highest and best use of property as improved considers the existing improvements and estimates whether they represent the maximally productive use or create the highest market value. If not, a decision must be made as to whether the improvements should be expanded, renovated, converted or razed to make way for that use which produces the highest return to an investor.

Market sale prices often indicate that an increase in the value of real property within the LID boundary occurs as a result of a proposed project. This anticipatory increment in value is called project enhancement and, as in eminent domain procedures, is not included in the estimate of value without, or before, the LID project. The market value estimate with the LID project assumed completed within a reasonable time recognizes changes in highest and best use and value resulting from the project.

Interim Use and Interim Value

The use of a site or improved property during the period of transition from existing to more intensive highest and best use is called an interim use. Interim uses are current highest and best uses that the market

indicates will change in a relatively short time. Parking lots, old buildings, and temporary buildings may be interim uses. Interim value, or contributory value, is created when old buildings or other uses produce gross revenues which exceed reasonable operating expenses. In the case of some of the subject parcels in the LID area, contributory value of existing improvements (such as older car dealership structures) is nominal. The discussion of interim use on page 292 of *The Appraisal of Real Estate*, 13th Edition, states that, "...the value of such improved properties may be less than the value of their sites as though vacant when demolition costs are considered. The value of these sites is based entirely on their potential highest and best uses."

Anticipatory Use and Market Value

In some instances, highest and best use of a parcel of land or an improved property may be anticipatory investment. Anticipatory highest and best use of unimproved land would be to remain vacant until development is justified by market demand, which occurs frequently when real estate markets are oversupplied. For many parcels, however, achieving the highest and best use requires some change or improvement which may be provided by the LID project.

Within this analysis, anticipatory use reflects the current market's anticipation of intensity of use as measured by buyers and sellers in the marketplace both without and with the LID project. Market value for an anticipatory use is not an estimate of projected future value, but reflects the current market for real estate based on its highest and best use. Anticipatory use resulting in project enhancement is not recognized in the valuation of real estate under the "without LID" premise.

Definition and Discussion of Special Benefit

A special benefit is defined as a specific, measurable increase in value of certain real property in excess of enhancement to the general area (and benefitting the public at large) due to a public improvement project. It is measured as the difference, accruing by reason of the LID project, between market value of each parcel studied, without the LID project, and market value of the same parcel with the LID project completed and as of the same time frame. For this analysis, the date of valuation is June 3, 2010.

Special benefit accrues to affected properties due to the proposed project by reducing traffic congestion, improving circuitry of traffic flow, enhancing the neighborhood's reputation, aesthetic appeal and

character, and creating a more desirable location for property owners and tenants. In addition, more intensive land use and development is possible with the project completed, including a rezone of a number of parcels from General Commercial (with a 30-foot building height limit) to Community Business (with a 45-foot height limit). Typically, special benefit to property is reflected in the underlying land value. As the result of a project like that which is proposed for the subject area, the market will pay a higher price for land; in this instance, probable increases in land value are primarily due to the aforementioned factors.

Definition of Local Improvement District

An LID is a defined geographical area with a specific improvement of a public nature which provides a special benefit to the real property within its boundaries. The increase in market value of each ownership provides for a portion of the cost of improvements to be paid by the property owners of the benefitted property over a period of time, usually 10 to 20 years.

Neighborhood Description

Situated between Lake Washington and Lake Sammamish, Bellevue is the fifth largest city in Washington. With a currently estimated population of about 125,000, more people (140,000±) work in the city than live in it. Entities employing more than 1,000 people include Bellevue Community College, the Bellevue School District, the City of Bellevue, Boeing Shared Services Group, Expedia, Overlake Hospital Medical Center, Puget Sound Energy, T-Mobile USA and Verizon Wireless. In 2008, 13 of the state's 100 largest public companies and nine of the state's largest private companies were headquartered in Bellevue. The city's downtown core, situated just west of the subject area on the other side of Interstate 405, occupies 400± acres and features nearly 5 million square feet of retail and entertainment-oriented land uses and more than 6 million square feet of office space, much of it in high rise buildings. Additional information on the city as a whole is presented in the Addenda of this report.

The subject neighborhood, adjacent on the east of Interstate Highway 405, is known as west Wilburton and is generally bordered by NE 8th Street on the north, I-405 on the west, the arterial known as the Lake Hills Connector on the south, and single and multi-family residential neighborhoods east of roughly 122nd Avenue NE on the east. As shown in the tables in the Addenda of this report, population of the Wilburton neighborhood as defined by the Puget Sound Regional Council (PSRC) is approximately 3,600. This number has increased by 500± (over 16%) since 1990 although it comprises just under 3% of the city's

total population. As also stated in the “City of Bellevue” section in the Addenda, the median income in the Wilburton area is 13±% lower than in the city as a whole (\$70,733 compared to \$81,495) but almost 5% higher than the King County median.

As part of the City of Bellevue’s planning process, a new land use plan was recently enacted for the sub-area known as “Wilburton/NE 8th Street”. This planning area, larger than that described above as Wilburton by the PSRC, extends north to Bel-Red Road and east to 148th Avenue NE, thereby encompassing the subject neighborhood and surrounding it on all sides except the west. The goals of the subarea plan are to separate residential, recreational and open space areas from commercial areas and to protect open space; to improve pedestrian accessibility and attractiveness of commercial areas for residents of Bellevue; and to support the provision of commercial services in Wilburton that complement downtown, such as large retail and auto sales; that provide mixed-use opportunities; and that provide convenient shopping for the adjacent neighborhoods.

Because the subject vicinity is part of the Wilburton/NE 8th Street subarea, the rest of this section is comprised of descriptive information on the subarea, taken from pages 281 and 282 of the subarea plan:

The Wilburton area was annexed into the city between 1964 and 1967; today, it is centrally located in Bellevue. Access to I-405 and the Downtown make the Subarea a desirable place to live and work. Jobs, stores, schools and community parks are convenient and accessible. Combined, these amenities have greatly enhanced the quality of life for both the residents and business owners.

The Wilburton Subarea encompasses approximately 1,600 acres (see map in Addenda). Its boundaries are generally I-405 to the west, Bellevue-Redmond Road to the north, 148th to the east, and the Lake Hills Connector to the south. It is comprised of commercial areas along the I-405, 116th Avenue NE and NE 8th Street corridors while large areas of single family residences make up the remainder of the Subarea. Multifamily development is mostly confined to the NE 8th Street corridor, along 118th Avenue SE and 122nd Avenue NE and west of 140th north of NE 8th Street. Recreational open space includes the Glendale Golf Course, Kelsey Creek Park, and Wilburton Hill Park.

The I-405 business corridor, Lake Bellevue area, and the NE 8th Street corridor are home to Overlake Hospital, Group Health Cooperative, Auto Row, and a variety of retail uses. Many of the retail areas may be ready for redevelopment as they evolve from older suburban commercial strips to emerging urban areas. The area east of approximately 120th Avenue NE features large, single family neighborhoods, some with large lots that may provide opportunities to subdivide and add new housing.

As of the 2000 Census, about 8,900 people live, and approximately 10,400 people work, in the Wilburton/NE 8th Subarea. There are about 1,250 units of single family housing and 3,120 units of multi-family housing. Wilburton Hill Park provides over 100 acres of open space, sports fields, and a botanical garden.

Protecting residential neighborhoods from increased commercial development and traffic, enhancing existing retail areas, and establishing clear boundaries between differing land uses are the Subarea's major issues.

Major north-south arterials in the subject vicinity are 116th and 120th avenues northeast. Curving and running generally north and south between the two are the Burlington Northern-Santa Fe Railway tracks. East-west circulation is currently limited; Main Street crosses over I-405 from the west and ends at 116th Avenue NE. NE 1st Street extends in a northeasterly direction from 116th Ave NE, crossing over the tracks and turning north to become 120th Avenue NE in the easterly portion of the proposed LID (see exhibit entitled "Proposed LID Boundary Map").

With the exception of two parcels which are zoned for multi-family residential use, zoning designations within the proposed boundary consist of GC (General Commercial), O (Office), OLB (Office/Limited Business), CB (Community Business) and PO (Professional Office). If the planned improvements become a reality, part of the large block of land south of NE 8th Street between 116th Avenue NE and 120th Avenue NE will be rezoned from GC to CB. Details on all five zoning categories can be found in the analyst's files and on the city's website www.bellevuewa.gov. In the Addenda of this report is a map taken from the Wilburton/NE 8th Street Subarea Plan showing the area to be rezoned (contingent on this project); this potential rezone area is labeled "GC/CB".

For this feasibility study, property within the proposed boundary is segregated into the following four classes based on highest and best use: (1) ownerships in the central portion currently zoned GC; extending north to NE 8th Street, it includes all the parcels to be rezoned from GC to CB together with one parcel which is not being rezoned (improved with a Home Depot outlet), (2) parcels zoned O and PO located east of 120th Avenue NE and those zoned O extending westerly to the railroad tracks on the north side of Main Street projected easterly, together with two parcels on the south side of NE 8th Street east of 120th which are zoned GC and one parcel with split zoning of O/R-15, (3) parcels between 116th Avenue NE and the southerly portion of the recommended eastern boundary, generally south of Main Street; these parcels are zoned CB, O, PO and one is zoned R-20, and (4) parcels which are west of 116th Avenue NE, including those east of 116th Ave NE in the northern portion of the proposed LID for which zoning will remain GC. Further information on real estate market conditions in the subject neighborhood is included in the Addenda.

Recommended LID Boundary

One of the conclusions reached in this study is that the area specially benefitted by the proposed project is contained within the area outlined in blue on the exhibit entitled “Proposed LID Boundary Map”. The northern extent is NE 8th Street, encompassing a tier of parcels fronting on the south side of NE 8th from the Interstate 405 interchange on the west to 120± feet west of 122nd Avenue NE on the east. Physical boundaries, together with changes in highest and best use, denote the western and southern boundaries; I-405 forms the west boundary and the arterial known as the Lake Hills Connector forms the south boundary. The eastern boundary is formed by the residential neighborhoods east of approximately 122nd Avenue NE. Benefit to the area outside the recommended LID boundary is considered to be general in nature rather than a special benefit. General benefit due to a public works project provides a benefit to the community at large whereas special benefit measurably impacts the market value of individually affected parcels.

Date of Valuation

The effective date of the applicable land use regulations and valuation analysis utilized in this report is June 3, 2010.

Purpose of the Analysis

The purpose of this feasibility study and consultation assignment is to provide a total estimated range in special benefit resulting from the proposed infrastructure improvement project, which is as described herein and depicted on the enclosed exhibits.

Use of the Study

This study is intended for use by the client and their authorized representatives for internal purposes. It is a mass appraisal report prepared in accordance with the requirements set forth under "Standard 6: Mass Appraisal, Development and Reporting" of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Institute and, as such, utilizes limited appraisal valuation techniques.

Scope of the Study

As part of this assignment, the appraiser made a number of independent investigations and analyses. Area and neighborhood analysis included examination of data such as demographic information, land use policies and trends, growth forecasts and employment statistics pertaining to King County and the City of Bellevue.

Site and improvement descriptions were obtained from the client, from the King County Assessor's records and by field inspection of the exterior of the subject parcels. Individual parcel land areas are based on King County Assessor's records and, in some instances, information provided by the client. No definitive information on wetlands or other unusable areas was provided; if such pertinent information becomes available, the right is reserved, if necessary, to revise the valuation conclusions presented in this report.

Two main valuation approaches (each of which encompasses various techniques) consisting of the Income Approach and Sales Comparison Approach were considered, where appropriate, in the valuation estimates for each property class, both without and with the proposed LID project.

Most market data analyzed to date focuses on sales of improved and unimproved property. It was obtained from public records, individual buyers and sellers, local Realtors, developers and area property managers. Some income and expense information was also reviewed, as well as market rental rates for

retail and office space in the local market. Summary tabulations of selected market sales and rental data are included in the Addenda. Sale and rental properties are identified by address; location maps are retained in the appraiser's files.

Project Description

The following descriptions are taken from the February 1, 2010 Bellevue City Council meeting memorandum. The NE 4th Street extension will implement a new five-lane arterial, with two travel lanes in each direction and a center turn lane where necessary, between 116th Avenue NE and 120th Avenue NE. The project will include bike lanes, curb, gutter and sidewalk on both sides, illumination, landscaping and irrigation, storm drainage and detention. The project will accommodate other utility infrastructure as needed. The final roadway alignment will be determined in coordination with existing and potential future development and with the ownership interests of the Burlington Northern Santa Fe (BNSF) railway corridor. The project will be designed not to preclude potential future uses of the BNSF corridor. The project will include a new signalized intersection at NE 4th Street/120th Avenue NE and will modify the existing signalized intersection at NE 4th Street/116th Avenue NE. Implementation of the project will be closely coordinated with the complementary 120th Avenue NE Improvements project. A neighborhood protection plan to address potential traffic impacts along NE 5th Street to the east of 120th Avenue NE may be developed in coordination with the neighborhood.

The 120th Avenue NE portion of the proposed Wilburton Connections LID project will widen 120th Avenue NE to five lanes, including two travel lanes in each direction with a center turn lane, turn pockets or planted medians, beginning south of NE 4th Street to south of NE 8th Street. The project will improve, or install where missing, bike lanes, curb, gutter and sidewalk on both sides, a traffic signal at the NE 6th Street intersection, illumination, landscaping, irrigation, storm drainage and detention. The project will be designed and constructed to accommodate intersections with the NE 4th Street Extension, the planned extension of NE 6th Street, and other utility infrastructure. The project will also be coordinated with the planned future extension and realignment of 120th Avenue NE between NE 8th Street and NE 12th Street (120th Avenue NE Improvements, Segment 2) and continued widening of 120th Avenue NE between NE 12th Street and Northup Way (120th Avenue NE Improvements, Segment 3).

The current total estimated project cost is \$47,495,000. The estimates are \$38,400,000 for the NE 4th Street extension portion and \$9,095,000 for the 120th Avenue NE widening portion.

Application of Market Data Analysis

In order to estimate special benefit, a base study was made of the real estate market in the subject neighborhood and competing areas to aid in understanding the effects of the basic economic, governmental, environmental, physical and social forces on the LID area. This study was then analyzed to establish trends and value ranges for the various classes of land use within the subject area, without and with the LID project.

Market data on property with elements of similarity to the subject parcels, without and with LID improvements, was investigated. An analysis of highest and best use was made. Highest and best use is defined as the reasonable, probable and legal use of vacant land or an improved property which is (1) physically possible, (2) legally permissible, (3) financially feasible and (4) maximally productive.

Properties were then segregated into classes based on location and highest and best use. As stated, these classes are (1) ownerships in the central portion currently zoned GC; extending north to NE 8th Street, it includes all the parcels to be rezoned from GC to CB together with one parcel which is not being rezoned (improved with a Home Depot outlet), (2) parcels zoned O and PO located east of 120th Avenue NE and those zoned O extending westerly to the railroad tracks on the north side of Main Street projected easterly, together with two parcels on the south side of NE 8th Street east of 120th which are zoned GC and one parcel with split zoning of O/R-15, (3) parcels between 116th Avenue NE and the southerly portion of the recommended eastern boundary, generally south of Main Street; these parcels are zoned CB, O, PO and one is zoned R-20, and (4) parcels which are west of 116th Avenue NE, including those east of 116th Ave NE in the northern portion of the proposed LID for which zoning will remain GC.

Feasibility Analysis Summary

The current economic recession, which began in late 2007 and is affecting not only the Pacific Northwest but the entire nation, has started to impact the region's commercial real estate with decreased retail sales

activity, higher vacancy rates and greater risk inherent in real estate investment. Based on land sales reviewed to date, together with discussions with knowledgeable local investors, landowners and commercial real estate brokers, these current conditions are reflected in the analysis presented herein.

Special benefit accrues to affected properties due to the proposed project by enhancing the neighborhood's reputation, aesthetic appeal and character, and creating a more desirable location for commercial property owners and tenants. Also, the project results in the rezoning of a number of parcels, allowing for more intensive future development. Although current market conditions have weakened, these attributes are reflected in both the "without" and "with" valuations. Recognizing this, access to the entire area will be improved, allowing for better circuitry of traffic flow, much less congestion at peak travel times and enhanced pedestrian safety. Typically, special benefit to property is reflected in the underlying land value. As the result of a project like that which is proposed for the subject area, the market will pay a higher price for land; in this instance, probable increases in land value are primarily due to the aforementioned factors.

Estimates of market value of the fee simple interest in properties within each of the four identified classifications were made both without and with the LID, based on individual highest and best use. Land sales in the subject vicinity and competing areas involving property similar to the subject parcels, summarized on tabulations in the Addenda of this report, were used in the valuation process. Because the change in market value as a result of the LID project is typically measured by increases in the underlying land value, primary emphasis is placed herein on land valuation. Properties that are already developed to their highest and best use were analyzed primarily by the Income Approach.

In order to estimate the probable impact on market value, comparable sales involving property in the subject area are analyzed, together with review of other large road infrastructure projects whereby the area's location and zoning were enhanced. One example is in the City of Lynnwood, where a \$60± million project called the I-5/196th Street SW interchange significantly improved access to the Alderwood mall regional shopping center and some 300 surrounding commercial properties. Without this project, no expansion or renovation of the mall would have been allowed by the City of Lynnwood. Review of commercial land sales in the area and commercial market rental rates before and after the project shows strong market acceptance. Depending on specific locations within the vicinity, land value

increases were in the 10% to 30% range with rental rates for improved property supporting these market increases. Conversations with mall management also confirmed market approval of the project; a subsequent expansion (contingent on the project) significantly increased the mall's size and enhanced its reputation in the region.

Without the proposed LID, estimated land values for the commercial-zoned land along 116th Ave NE and 120th Ave NE are in the \$70.00/SF to \$85.00/SF range depending on parcel size and specific location. Smaller sites, particularly those with good arterial frontage, reflect higher per square foot values than these in secondary, non-frontage locations. Land values within the areas zoned for office use (PO and O) are estimated at \$40.00/SF to \$50.00/SF, again depending on specific location and individual parcel sizes.

With the LID in place, the relative locations of individual parcels are improved, together with enhanced zoning for a portion of the area. The most intensive physical change and increase in value is reflected for property in class 1, situated next to the new 4th Street NE extension. With the project in place, rezoning of a large portion of this area will occur, allowing more intensive development potential. Properties in the other three classifications experience less impact on market value as they are located further from the new road and no changes in zoning are anticipated.

Property Class 1

Special benefit estimates range from \$7.00/SF to \$10.00/SF for parcels fronting on the new NE 4th Street arterial as relative location, access/exposure and zoning characteristics are significantly improved. The remaining parcels in this class lack frontage on the new road (4th Street NE), but have improved access along newly widened 120th Street NE; estimated special benefit generally ranges from \$1.00/SF to \$4.00/SF depending on size and specific location.

Property Class 2

Location and circuitry of traffic flow are enhanced with the project. Special benefit estimates range from \$0.50/SF to \$1.50/SF.

Property Class 3

Modest locational enhancements and improved circuitry of traffic flow are reflected in the market value increases for property in this class; modest special benefit estimates are in the \$0.10/SF to \$0.50/SF range.

Property Class 4

Improved location and traffic flow for parcels in this property class result in special benefit estimates ranging from \$0.25/SF to \$2.00/SF.

Assumptions and/or Limiting Conditions

1. This is a consulting assignment which is intended to comply with the reporting requirements set forth under Standards 4 and 5 of the Uniform Standards of Professional Appraisal Practice (USPAP) for an appraisal consulting assignment. It contains summary discussions of the data, reasoning, and analyses that were used in the consulting process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. That the title to the property appraised in this report is good in that no liability is assumed on account of matters of legal character affecting the property such as title defect, encroachments, liens, or overlapping property lines, etc.
3. That the report is to be used only in its entirety. Distribution of the total value estimate between land and improvements applies only under the proposed conditions of utilization and reflects their estimated contribution to the overall value of the property.
4. 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, including hazardous waste or asbestos materials, or for engineering and other investigations which might be required to discover such conditions.
5. Any information in this report furnished by others is believed to be reliable; however, the appraiser assume no responsibility for its accuracy.
6. The omission or change of any part of this appraisal without the written authorization of the appraiser invalidates the entire appraisal.
7. No requirements shall be made of the appraiser for testifying or attending in court by reason of this report with reference to the property in question.
8. No definitive information regarding wetlands (delineations, reconnaissance studies, etc.) has been provided. If pertinent data on wetlands or other unusable areas is received, the right is reserved, if necessary, to modify the valuation conclusions contained herein.
9. That this study is an appraisal consulting assignment resulting in a total estimated special benefit range for affected parcels, which is the difference between estimated market value without the proposed project and with the project, as of the same date.

Certification

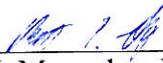
I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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 consulting assignment.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
8. I have made numerous personal inspections of the exterior of the properties that are the subject of this report.
9. No one provided significant real property appraisal or appraisal consulting assistance to the person signing this certification.

It is my opinion that, based on preliminary analysis, the estimated range in special benefit due to the proposed Wilburton Connections LID project, as of June 3, 2010, is:

\$13,000,000 to \$18,000,000

Respectfully submitted,
MACAULAY & ASSOCIATES, LTD.



Robert J. Macaulay, MAI
WA State Certified - General Appraiser No. 1100517

ROBERT J. MACAULAY, MAI
Washington State License No. 1100517

EDUCATION

1983	B.A. Economics, Washington State University
2007	USPAP National Course
2006	Eminent Domain and Condemnation
2005	Subdivision Valuation, Appraisal Institute Special Purpose Properties, Appraisal Institute
2004	Real Estate Finance, Value and Investment Performance, Appraisal Institute Appraisal Consulting, Appraisal Institute
2003	USPAP - Courses 400 & 420
2002	Environmental & Property Dangers, Appraisal Institute & Center for Advanced Property Economics
1986 to 1995	Real Estate Appraisal Principles 1A-1; Basic Valuation Procedures 1A-2; Capitalization Theory & Techniques 1B-A; Capitalization Theory & Techniques 1B-B; Case Studies in Real Estate Valuation 2-1; Standards of Professional Practice - SPP; Report Writing and Valuation Analysis 2-2; Standards of Professional Practice, Module A; Advanced Applications; Standards of Professional Practice, Module B; Comprehensive Appraisal Workshop; Advanced Sales Comparison and Cost Approach Analysis; Partial Interest Valuation - Undivided; Case Studies in Commercial Highest and Best Use; Standards of Professional Practice, Part C (430).

EXPERIENCE

10/89 to present	Macaulay & Associates, Ltd.
2/86 to 10/89	Schueler, McKown & Keenan, Inc., Seattle, WA.
8/84 to 1/86	Underwriter/Secondary Market Analyst, Weyerhaeuser Mortgage Co., Los Angeles, CA.

Appraisal assignments include a wide variety of commercial, industrial and residential properties for financial institutions, governmental entities, law firms, corporations and private individuals. Examples include office buildings, retail shopping centers, multi-family residential complexes, industrial warehouses, restaurants, retail stores, mobile home parks, service stations, single family subdivisions and special purpose properties. Other valuation assignments cover rental valuations, partial interest studies (leasehold/leased fee estates), waterfront commercial and industrial properties for various port authorities, together with remote large acreage agricultural and forest land. Also, experience with real estate counseling for private individuals.

Local improvement district (LID) special benefit and feasibility study experience includes a variety of road improvement, utility and other infrastructure projects. The firm's extensive experience with these projects dates back to 1975. Between 1990 and 2000, in addition to over 30 other feasibility and special benefit studies, almost a dozen major assignments were completed for projects costing from \$1.5 to \$82 million. Clients included the cities of Bothell, Issaquah, Lacey, Lake Stevens, Lynnwood, Ocean Shores, Redmond and Spokane. Details on individual projects will be provided upon request. Since 2000, major special benefit/proportionate assessment studies have included road improvement projects for the cities of Burien and Covington (2003), a freeway interchange and arterial improvement project for the City of Sumner (2002 to 2004), a utility local improvement district for the City of Lake Stevens (2005), a city-wide road improvement project for the City of Ocean Shores (2006 to 2007) and a project improving access to the Southcenter regional shopping mall for the City of Tukwila (2006 to 2008). In the last two years (2006 to 2008), economic feasibility studies have been completed for the cities of Ferndale, Freeland, Kent, Lynnwood, Ocean Shores and Yelm.

EXPERIENCE (con't.)

A wide variety of multi-parcel right-of-way acquisition appraisals have been completed, such as riverbank protection easements for the City of Tukwila, right-of-way acquisition for road widening for the City of Bellingham and utility line easements, road widening and other public improvement projects for the City of Everett. A large right-of-way project for the Montana Department of Highways near Kalispell, Montana was completed several years ago. Also, eminent domain appraisals have been completed for the Washington State Department of Transportation (WSDOT) and Burlington Northern Santa Fe Railroad in Wenatchee and Tacoma. Other special purpose assignments are 6,000 acres on the Tulalip Indian Reservation for the Tulalip Tribes, 80 acres on Burrows Island in Skagit County, 900 acres in Skagit County for Skagit County Parks and Recreation Department, and the Eagle Harbor ferry maintenance site on Bainbridge Island for WSDOT. Various reports on mineral rights have been completed, including an 80-acre operating quarry in Bremerton, WA.

BUSINESS AND PROFESSIONAL AFFILIATIONS

Macaulay & Associates, Ltd., Real Estate Appraisers and Consultants Everett, WA.
 MAI designation, Appraisal Institute (Member No. 10,712)
 Certified Real Estate Appraiser - General Classification, State of Washington (License No. 1100517)
 Approved Appraiser and Review Appraiser, Washington State Department of Transportation
 Member International Right-of-Way Association
 Board of Trustees - Washington Center for Real Estate Research, Washington State University, Pullman, WA.

COURT AND HEARING TESTIMONY

Testified in various cases in King, Snohomish and Skagit counties, together with presentations at LID hearings on preliminary and final assessment rolls. Qualified as expert witness in the states of Washington and Montana.

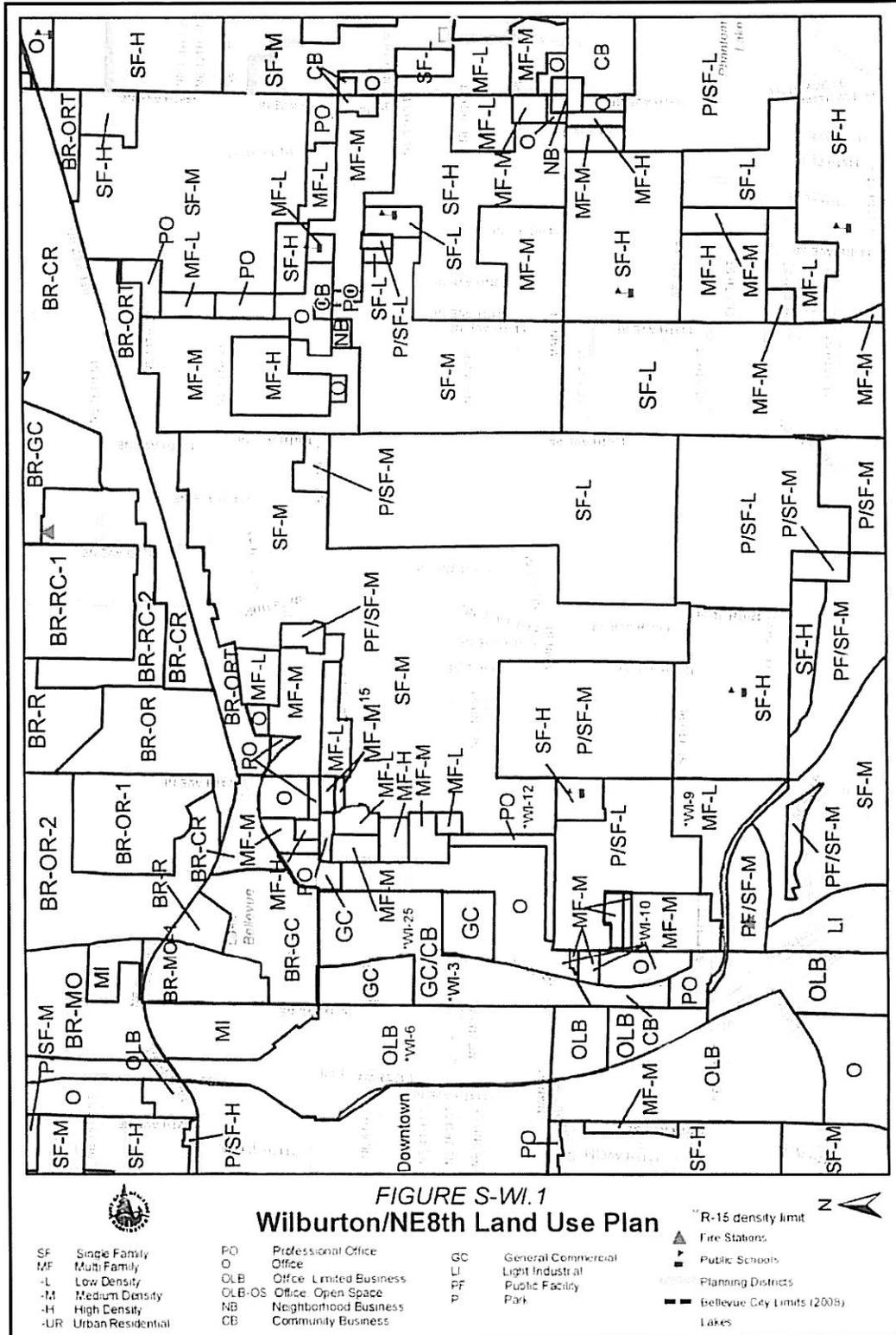
SUMMARY OF APPRAISAL CLIENTS

Financial Institutions	Private Corporations
AEGON Realty Advisors Northwest Life Assurance Co. of Canada US Bank of Washington First Interstate Bank of Washington Evertrust Bank First Heritage Bank American First National Bank Frontier Bank Commerce Bank Coastal Community Bank Prime Pacific Bank Horizon Bank North County Bank	Weyerhaeuser Company The Boeing Company Coates Field Service, Inc. Pharos Corporation Universal Field Service Gray & Osborne, Inc. Earth Tech Anderson Hunter Foster Pepper Shefelman Burgess, Fitzer, Leighton & Phillips Inslee, Best & Dozier Perteet Engineering Preston, Gates & Ellis

GOVERNMENTAL AGENCIES

City of Everett City of Lynnwood City of Issaquah City of Mount Vernon City of Bellingham City of Edmonds City of Mukilteo City of Spokane City of Pacific City of Port Angeles City of Stanwood City of Washougal Port of Everett Port of Anacortes US Army Corps of Engineers	US Navy University of Washington Everett School District Mukilteo School District Monroe School District Lake Stevens School District Tulalip Tribes of Washington Washington State Dept. of Transportation Montana Department of Highways Snohomish County King County Island County Skagit County PUD Skagit County Parks & Recreation Department Snohomish County PUD No. 1
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Wilburton/NE 8th Land Use Plan



City of Bellevue

Location

The City of Bellevue is on the east side of Lake Washington directly across from Seattle. The city limits are bounded by Lake Sammamish on the east, the cities of Kirkland and Redmond on the north, the Newcastle area south of Interstate Highway 90 on the south, and the small communities of Clyde hill and Medina on the west. Bellevue's strategic location between the two floating bridges which link the "Eastside" to Seattle allows convenient access throughout the Bellevue area. Interstate 90 (I-90) and State Route 520 (SR 520) are the major east-west arterials, with NE 8th Street and Bellevue-Redmond Road as alternate routes. Interstate 405 (I-405) is the primary north-south arterial serving the area and West Lake Sammamish Parkway provides secondary north-south connections on the east side of the lake.

Population

Bellevue is the fifth largest city in the state, with an April 2009 population of 120,600. Below is a summary of data on recent population trends.

	1990	2000	2005	2009	1990-2009 Change
King County					
Population	1,476,807	1,699,423	1,770,543	1,869,721	392,914
Households	615,792	710,918	744,527	780,056	164,264
Annualized Household Change		1.5%	0.9%	1.2%	1.4%
People/Household	2.40	2.39	2.38	2.40	
City of Bellevue					
Population	75,784	120,753	123,797	127,046	51,262
Households	30,143	50,015	52,379	52,711	22,568
Annualized Household Change		6.6%	0.9%	0.2%	3.9%
People/Household	2.51	2.41	2.36	2.41	
Wilburton Study Area					
Population	3,072	3,567	3,527	3,583	511
Households	1,348	1,679	1,681	1,667	+319
Annualized Household Change		2.5%	0.0%	-0.2%	+1.2%
People/Household	2.28	2.12	2.10	2.15	-5.7%

Source: Puget Sound Regional Council

Since 1990, the city has grown by 68±% although it has only grown by just over 5% since 2000. Population projections from the Puget Sound Regional Council's April 2006 forecast (latest available, partially revised in 2008) are shown below for each local planning zone. These totals are not the same as the city's population figures because the boundaries of the FAZs do not conform to city limits.

Population Forecasts				
Forecast Analysis Zone (FAZ)	2000	2010	2020	2030
4226 Newport Hills	14,349	15,462	17,928	20,721
4505 South Bellevue	15,246	16,415	18,405	20,300
4506 Eastgate/Vasa Park	15,899	16,137	17,296	18,785
4810 West Bellevue	8,895	8,801	9,206	10,310
4820 Northwest Bellevue	6,915	6,939	7,540	8,563
4900 Bellevue CBD	2,588	7,431	13,528	17,456
5010 Central Bellevue	18,196	18,659	19,737	20,569
5020 East Bellevue/Lake Hills	24,557	24,573	24,766	25,697
5205 North Bellevue	11,737	12,049	13,830	16,012
Totals	118,382	126,466	142,236	158,413

Source: Puget Sound Regional Council website, May 2010.

Bellevue is a relatively affluent bedroom community which serves as the commercial and financial center for the area of the Puget Sound basin known as the “Eastside”. It is also a major economic hub for the entire region. As shown below, 72±% of Bellevue households earn more than \$50,000 per year and over 5.4% earn more than \$75,000 annually (see pie chart). In the subject area of Wilburton, 66% of households earn over \$50,000 per year. In 2009, the median income in Wilburton, although higher than in King County as a whole, was 13±% less than in the entire city (\$70,773 vs \$81,495). King County’s median household income in 2009 was \$67,737, according to the source which compiled the following table (Demographics Now). The subsequent pie chart indicates that the county’s median household income from 2006 to 2008 averaged \$69,161 and it was \$81,184 in Bellevue for the same time period.

Almost 60% of the city’s population over the age of 25 holds a bachelor’s or higher degree. This compares with 54% in Seattle, 44±% in King County, 30±% in Washington State and 27±% in the entire nation.

Median Household Income & Income Distribution

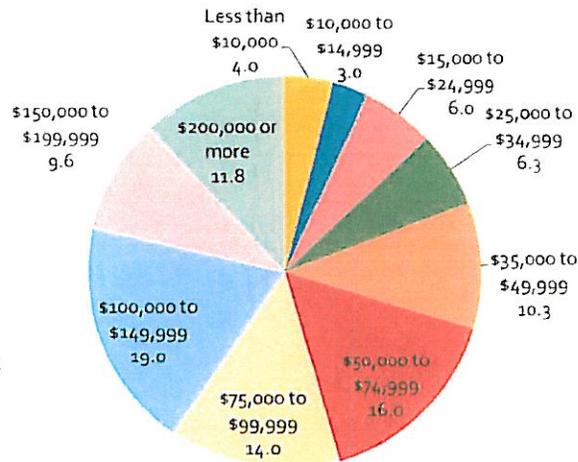
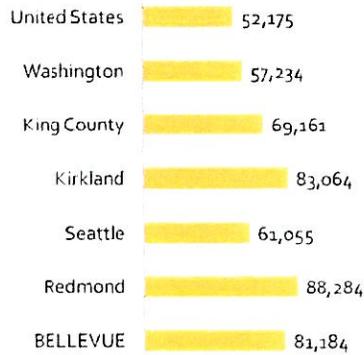
	1990	2000	2009	1990-2009 Growth
King County				
Median Income	\$36,230	\$53,708	\$67,737	4.6%
\$0-50k	68.2%	46.5%	36.3%	
\$50k-100k	26.0%	34.8%	33.4%	
\$100k+	5.9%	18.7%	30.3%	
City of Bellevue				
Median Income	\$45,354	\$64,786	\$81,495	4.2%
\$0-50k	55.6%	36.9%	27.6%	
\$50k-100k	33.7%	36.0%	32.9%	
\$100k+	10.7%	27.2%	39.5%	
Wilburton Area				
Median Income	\$37,557	\$56,923	\$70,733	4.6%
\$0-50k	62.1%	42.0%	34.0%	
\$50k-100k	27.8%	40.1%	36.0%	
\$100k+	10.1%	17.9%	30.0%	

Source: DemographicsNow

Household Income

Over 54% of Bellevue's households had annual incomes over \$75,000

Household Median Income

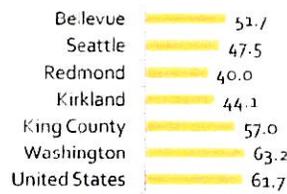


Source: U.S. Census Bureau, 2006-2008 American Community Survey

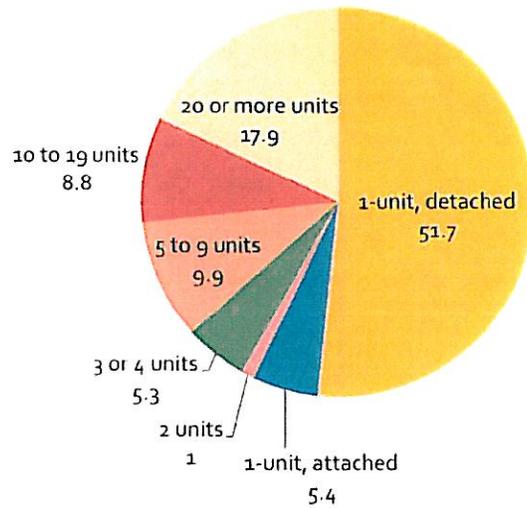
The series of tables below illustrate (1) the distribution of residential structure types (over 51% are single family residences) in the city; (2) median gross rental rates in Bellevue as compared to a number of other markets (Bellevue’s median gross monthly rent averaged \$1,200± from 2006 - 2008); and (3) median housing values from the US Census Bureau’s 2006 - 2008 American Community Survey (Bellevue ranked fifth in the state at \$577,200). The next table summarizes recent sales of existing single family residences in Bellevue by zip code.

Structure Type
Just over half of Bellevue’s housing is single-family, yet Bellevue had the 3rd highest % of structures with 20 + units

Percent Single family detached



Rank	Geographical Area	% 20 or more units
1	Seattle	25.3
2	Everett	18.1
3	Bellevue	17.9
...
29	Mukilteo	10.2
30	Richland	10.0
...
54	Seattle Hill-Silver Firs CDP	1.0
55	Orchards CDP	0.9
56	Spanaway CDP	0.0

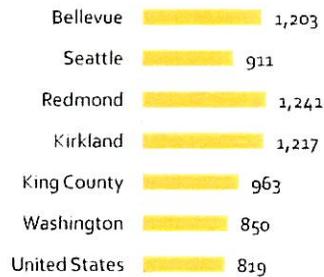


Source: U.S. Census Bureau, 2006-2008 American Community Survey

Monthly Costs for Renters

30% of Bellevue's rental units have monthly costs more than 35% of the household's income

Median Gross Rent



High, medium and low median gross rent in Washington's large places

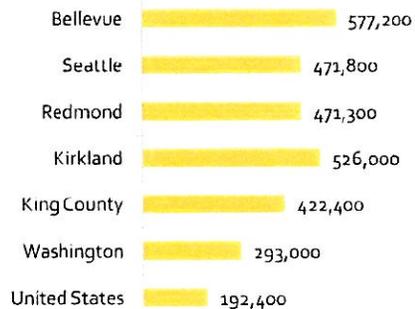
Rank	Geographical Area	Median Gross rent
1	Sammamish	1,665
2	Cottage Lake CDP	1,468
3	Mercer Island	1,443
...		
10	Bellevue	1,203
...		
29	Lacey	904
30	Lynnwood	903
...		
56	Longview	628
57	Yakima	623
58	Pullman	616

Source: U.S. Census Bureau, 2006-2008 American Community Survey

Housing Values

Bellevue had the 5th highest median housing value of Washington's large places

Median Housing Value



High, medium and low housing values of Washington's large places

Rank	Geographical Area	Median Housing Value
1	Mercer Island	928,200
2	Cottage Lake CDP	641,400
3	Bainbridge Island	632,600
4	Sammamish	627,200
5	Bellevue	577,200
...		
29	Marysville	300,100
30	Puyallup	297,100
...		
56	Yakima	150,500
57	Kennewick	150,000
58	Pasco	139,100

Source: U.S. Census Bureau, 2006-2008 American Community Survey

Bellevue Home Resale Data By Zip Code								
	3 rd Quarter 2009				4 th Quarter 2009			
	Residential		Condo		Residential		Condo	
Zip Code	# Sales	Avg. Price	# Sales	Avg. Price	# Sales	Avg. Price	# Sales	Avg. Price
98004	71	\$1,099,619	40	\$479,615	80	\$1,117,668	46	\$607,166
98005	31	\$921,924	19	\$288,784	37	\$649,995	32	\$306,278
98006	91	\$587,387	14	\$282,500	95	\$626,536	24	\$264,266
98007	33	\$475,667	36	\$273,650	20	\$543,473	17	\$270,106
98008	66	\$501,620	6	\$262,992	45	\$597,369	4	\$359,725
Totals/Weighted Averages	292	\$715,441	115	\$348,312	277	\$760,777	123	\$407,346
<i>Source: Central Puget Sound Real Estate Research Report Year-End 2009.</i>								

Although the number of sales of single family residences was lower in the fourth quarter of 2009 than in the third quarter, the average sale price was significantly higher. Both numbers of sales and average price were up in the fourth quarter for condominiums. According to Northwest Multiple Listing Service data for April 2010 compared with one year ago, although the median price for all residences and condominiums on the entire “Eastside” fell 1.15% (from \$429,950 to \$425,000), the number of sales rose more than 90% – from 361 to 689. For all of King County, the median price declined 2.86% (from \$350,000 to \$340,000), but the number of sales increased 69±% – from 1,242 to 2,096.

Employment

By far the largest employment sector in the city is services, which represents 59% of the employment base, as shown on the following page.

City of Bellevue Total Employment Estimates 2000-2009						
Sector	2000	2006	2007	2008	2009	% of Total 2009 Employment
Constr./Resources	7,640	7,772	8,479	8,480	7,275	5.2
FIRE	12,930	15,809	15,905	14,859	13,266	9.5
Manufacturing	7,617	6,698	5,890	6,057	5,897	4.2
Retail	16,315	14,801	14,399	14,403	12,872	9.2
Services	71,126	71,744	78,589	83,289	82,466	59.0
WTU	9,835	9,180	9,195	9,465	9,069	6.5
Government	3,779	3,728	3,989	4,141	4,420	3.2
Education	3,814	4,281	4,285	4,646	4,223	3.0
Totals	133,056	134,013	140,728	145,340	139,743	
<i>Source: City of Bellevue Planning Dept., May 2010</i>						
Major sector categories combine NAICS categories as follows: Construction and resources (Const/Res): 11, 21, 23; Finance, insurance and real estate (FIRE): 52, 53; Manufacturing: 31-33; Retail: 44, 45; Services: 51, 54-56, 61 (private-sector portion), 62, 71, 72, 81; Wholesale trade, transportation, and utilities (WTU): 22, 42, 48, 49. In all tables, public sector employment is reported separately as follows: Education: NAICS 61 (public-sector portion) and Government: All public-sector jobs regardless of industry, excepting NAICS 61.						

The area's manufacturing base is comparatively small, representing 4.2% of total employment, as shown above. The largest private employers in the city are The Boeing Company, Expedia, Key Bank of Washington, Microsoft and Nordstrom, together with others on the list below. Number of employees for these various entities is not available as companies in recent years have become reluctant to make this information public.

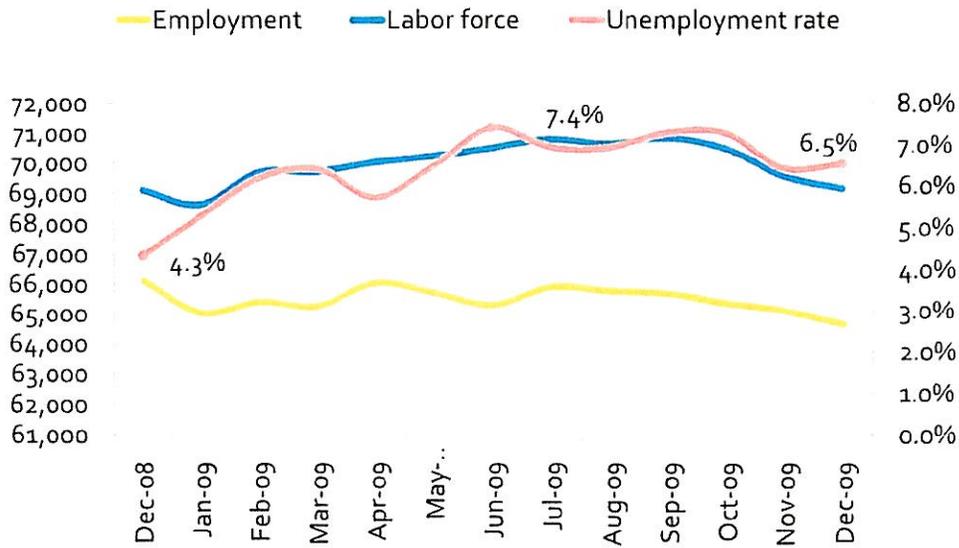
Major Employers – Year End 2009	
Bellevue Community College	Overlake Hospital Medical Center
Bellevue School District	PACCAR Inc.
City of Bellevue	Puget Energy
Boeing	Safeway
Expedia Inc.	Symetra Financial
Key Bank of Washington	T-Mobile USA
Microsoft	Verizon Wireless
Nordstrom Inc.	
Sources: Information provided by the City of Bellevue Planning Dept. and is based on phone calls to employers, and/or employers' publications and websites.	

The following employment forecasts were prepared by the Puget Sound Regional Council in 2006. Therefore, they do not take into account the current recession. As stated on May 19, 2010 on their website, modeling work to produce updated forecasts will begin this fall. The data is, however, useful to show the distribution of employment opportunities in various parts of the city and it remains valid to conclude that the downtown core supports the vast majority of the city's employment.

Employment Forecasts				
Forecast Analysis Zone (FAZ)	2010	2020	2030	2040
4810 – W. Bellevue	8,650	9,786	10,679	11,548
4820 – NW Bellevue	4,487	4,717	5,251	6,146
4900 – CBD	48,807	62,999	77,511	82,161
5010 – Central Bellevue	15,656	17,290	18,603	19,941
5020 – E. Bellevue/Lake Hills	6,035	6,951	8,005	9,228
5205 – N. Bellevue	32,978	36,079	38,689	41,300
Totals	116,613	137,822	158,738	170,324
Source: Puget Sound Regional Council, April 2006.				

The following graphic shows that the city's unemployment rate at the end of 2009 was down to about 6.5% although both the number of people in the work force and the number employed were on a downward trend at that time (latest figures available). This rate compares favorably with that of King County at the end of 2009 (8.4%) and with the state as a whole, which was 9.4%.

Bellevue employment
Although the unemployment rate has fallen recently so has employment and the number of people in the labor force



Source: US Bureau of Labor Statistics. Figures not seasonally adjusted.

Land Use

Despite extensive commercial development, about 75% of the land within the Bellevue city limits is zoned for single family residential use, as shown below. Reflecting the current recession, the subsequent table shows the substantial decline in the number of new dwelling units planned in 2009.

Zone Class	Square Feet	Acres	Percent of Total
Single family	671,231,811	15,409	74.6%
Multi-family	85,288,449	1,958	9.5%
Office	79,798,402	1,832	8.9%
Commercial	50,295,745	1,155	5.6%
Light industrial	11,011,097	253	1.2%
Medical institution	1,249,701	29	0.1%
Evergreen Highlands	306,694	7	0.0%
None	13,044	0	0.0%
Total	899,194,943	20,643*	100.0%
* 32.25 square miles			

New Dwelling Units Authorized in Bellevue					
	2009	2008	2007	2006	2005
Single family units	63	113	165	238	171
Multi-family units	159	1,369	998	1,256	367
<i>Source: Central Puget Sound Real Estate Research Report, year-end 2009.</i>					

Substantial commercial development is concentrated in three major areas of Bellevue; the central business district, the SR 520 corridor and the I-90 corridor. The city has experienced a 45% growth in leasable office space since 2000, according to the Bellevue Chamber of Commerce. There is currently a total of more than 22 million SF, about a third of which is located downtown. The newest addition to Bellevue's skyline is Schnitzer West's The Bravern, which features 620,000 SF of office space in two towers, all of which has been leased by Microsoft. The development also includes two residential towers with a total of 450± dwelling units. Although originally planned as exclusively high end condominiums, reflecting the current recession, the developer recently announced that one tower will be configured as condominiums with starting prices of \$320,000 and units in the other tower will be apartment residences where rents start at \$1,100 per month. Additionally, the development features over 240,000 square feet of retail (anchored by Neiman Marcus) and restaurant space.

Elsewhere in the downtown core, the group of retail/office properties managed by Kemper Development Company and known as The Bellevue Collection (Bellevue Square, Lincoln Square and Bellevue Place) feature a total of more than 250 stores, nineteen fine dining restaurants and lounges, an upscale billiards parlor and bowling lanes, two four-diamond hotels and several office towers. Also located downtown are a modern city hall complex, the Maydenbauer Center (convention center and performing arts theater), Metro Transit Center, the Bellevue Art Museum and a King County regional library.

Commercial development along the SR 520 corridor is characterized by small office/industrial parks. Stretching from Interstate Highway 90 to Issaquah, the I-90 corridor features larger office buildings and business parks. The developments began in the early 1980s and today several million square feet of office space lines the Bellevue portion of the corridor.

Retail development along I-90 includes Factoria Square, Loehmann's Plaza and Sunset Village. Crossroads Mall and a number of smaller satellite centers are concentrated in the Overlake neighborhood of east Bellevue and along Bel-Red Road. According to the Washington State Department of Revenue, Bellevue's annual taxable retail sales for 2008 were up almost \$1 billion since 2000. No newer figures, which would likely reflect the on-going recession, are currently available.

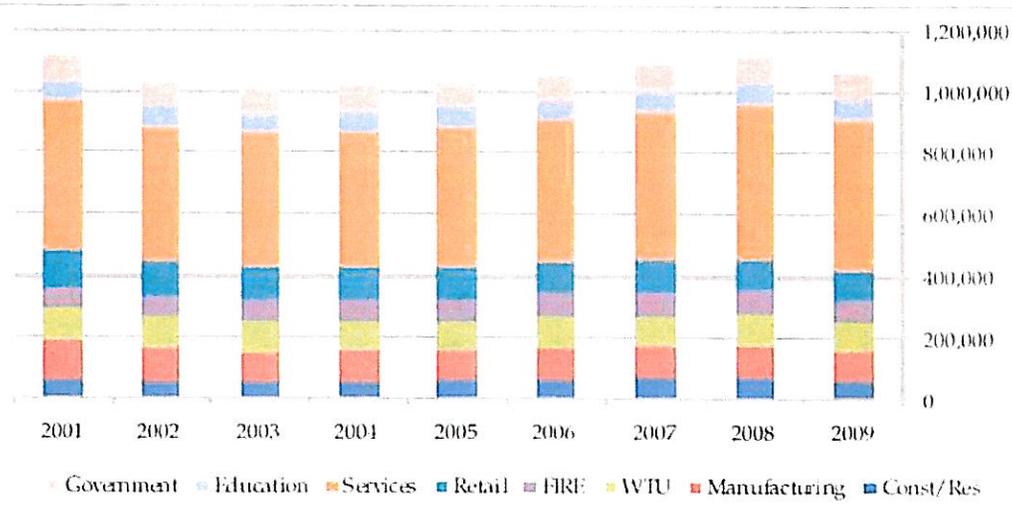
As the fifth largest city in the state, Bellevue has more office space than the second and third largest cities (Spokane and Tacoma) combined. The city and its immediate surroundings have not only grown in population, but the expanded commercial development has provided jobs for a growing work force. The City of Bellevue's strategic location along I-405 and I-90 continues to provide a strong base for future growth, once the major adverse effects of the current nationwide and local economic recessions are over.

Bellevue.0610

Neighborhood Market Conditions

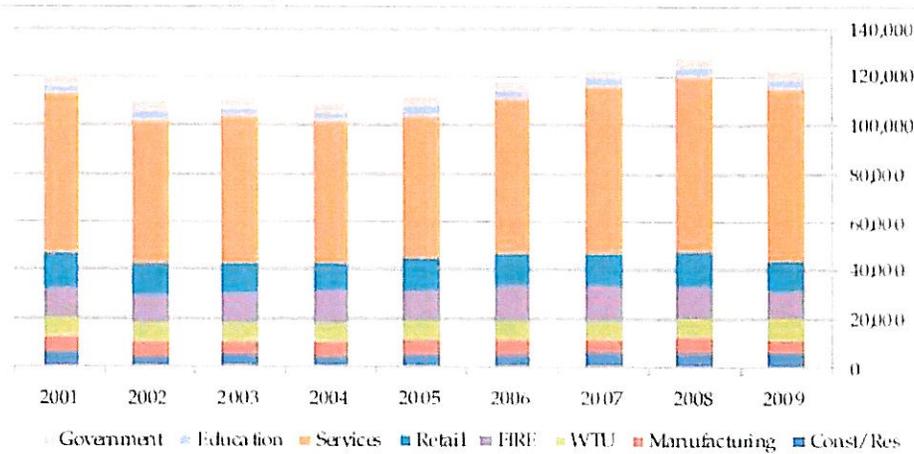
The following series of tables illustrates that most of the jobs in King County, Bellevue and Wilburton are service-related (primarily health care and social assistance, finance and insurance, hospitality and food services). In 2009, 43% of King County jobs were in the services sector, as were 46% of jobs in the Wilburton area. Bellevue’s share of service-related jobs at 57% is up substantially from 1995, when it was only 46% of the total. Also since 1995, Wilburton’s share of total employment in the city decreased from 9.7% to a current level of 5.7%.

King County Employment Distribution Trends



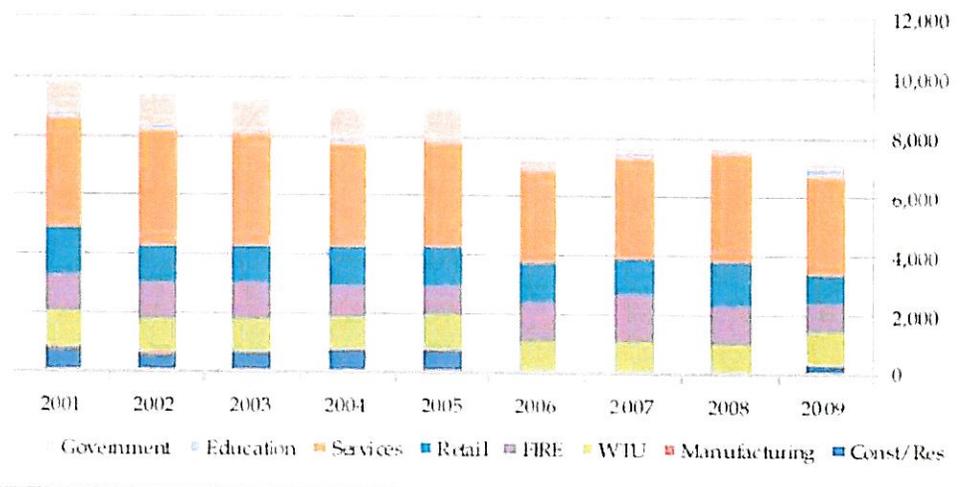
Source: PSRC

City of Bellevue Employment Distribution Trends



Source: PSRC

Wilburton Area Employment Distribution Trends



Source: PSRC

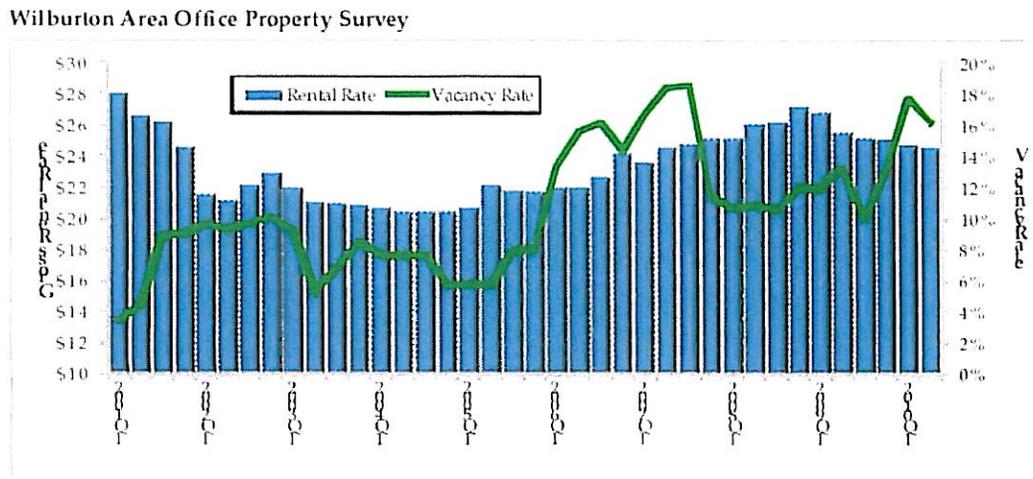
In the commercial office market, downtown Bellevue has outpaced Seattle in terms of rental rates for the last several quarters and the city's vacancy is below the average for the Eastside and for the region as a whole. Vacancy is relatively low in the suburban Bellevue market, which includes Wilburton. However, the stock of office space is older and the average gross rental rates are among the lowest of all the submarkets listed below.

Current Office Statistics

	Total Sq. Ft.	Vacancy Rate	Average Rent Rate	YTD Absorption
520/Overlake	3,786,765	15.8%	\$24.26	19,790
Bellevue CBD	9,039,249	12.1%	\$34.74	20,629
Bellevue Suburban	3,902,596	9.7%	\$24.37	(30,534)
Bothell/Woodinville	2,911,651	17.1%	\$23.13	(38,843)
I-90 Corridor	7,566,365	9.4%	\$27.17	318,356
Kirkland/Totem Lake	2,948,684	17.1%	\$27.65	32,004
Redmond/Wilows	3,517,145	21.9%	\$25.24	6,835
Eastside Totals	33,672,455	13.6%	\$28.04	328,237
Seattle Region Total	113,289,706	15.0%	\$25.94	1,458,524

Source: OfficeSpace.com

The following chart shows rental and vacancy rate trends for 28 office properties in the Wilburton area. While this cross section of the suburban Bellevue submarket commands rents slightly above the current average of \$24.37/SF, the vacancy rate is over 16%.



Source: OfficeSpace.com, Heartland

Concerning the retail sector, all the Eastside submarkets except suburban Bellevue have current vacancy rates below 10%, as shown below.

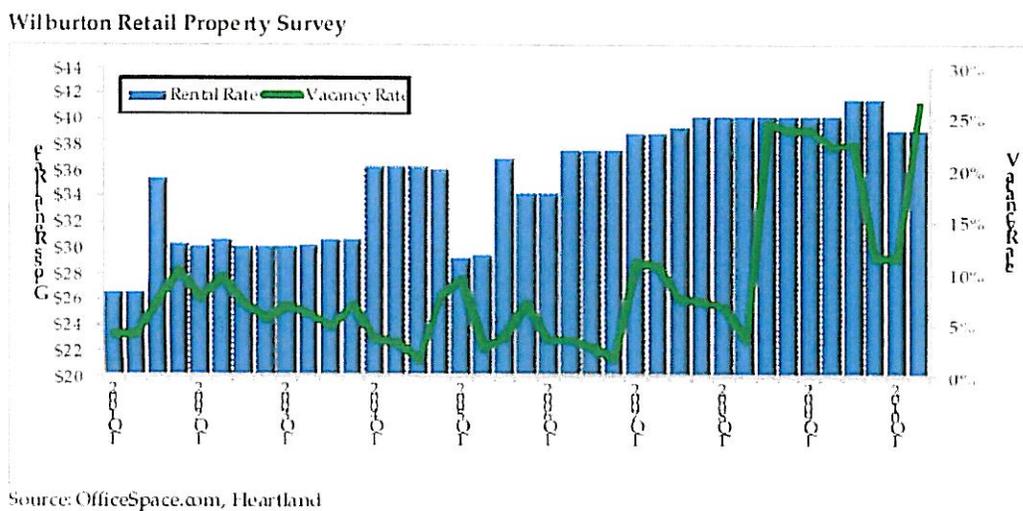
Current Retail Statistics

	Total Sq.Ft.	Vacancy Rate	Average Rent Rate	YTD Absorption
520/Overlake	697,261	9.05%	\$21.46	(15,773)
Bellevue CBD	1,918,937	8.92%	\$29.77	80,684
Bellevue Suburban	926,172	17.09%	\$26.52	(57,437)
Bothell/Woodinville	1,864,165	7.17%	\$26.44	(7,740)
I-90 Corridor	3,278,480	5.47%	\$32.37	88,516
Kirkland/Totem Lake	1,471,191	7.56%	\$24.59	(49,682)
Redmond/Willows	941,588	9.89%	\$28.64	(8,751)
Eastside Totals	11,097,794	8.20%	\$28.40	29,814
Seattle Region Total	49,060,557	10.96%	\$23.33	9,191

Source: OfficeSpace.com

The Wilburton portion of the Bellevue retail submarket comprises roughly one third of the total rentable square footage. Rents are reportedly close to \$40.00/SF on a gross basis, much higher than any of the other submarkets as well as the suburban Bellevue submarket as a whole. Except for a dip at the end of 2009, retail vacancy in Wilburton has been high since early 2008, as shown on the chart below.

Little new development activity is taking place in the subject area. KG Investments, an entity which manages several parcels within the proposed LID boundary, has applied for a preliminary short plat to consolidate four parcels located on both sides of the proposed NE 4th Street extension. The most likely future use of these sites is for big box retail although no definitive plans have yet been announced.



The tables below provide information on 17 office buildings in the subject area, together with data on rental and vacancy rates for over four million square feet of Class A and B office space in the suburban Bellevue market.

Availability and Vacancy Building List (17 Bldgs)

Building Name/Address	Existing Rentable Bldg Area	Direct Vacant Space	Direct % Vacant	Total SF Vacant	Total % Vacant	Total Available Space (SF)	Direct SF Available	Sublet SF Available	Max SF Contig	Avg Rate
310 120th Ave NE Ridgewood Corporate Square Bldg A	17,182	3,888	22.6%	3,888	22.6%	3,888	3,888	0	2,307	\$27.50/fs
320 120th Ave NE Ridgewood Corporate Square Bldg B	20,051	1,049	5.2%	1,049	5.2%	2,350	2,350	0	1,301	\$27.50/fs
330 120th Ave NE Ridgewood Corporate Square Bldg C	28,465	2,922	10.3%	2,922	10.3%	2,922	2,922	0	2,922	\$27.50/fs
220 120th Ave NE Ridgewood Corporate Square Bldg D	17,342	0	0%	0	0%	0	0	0	0	
170 120th Ave NE Ridgewood Corporate Square Bldg E	28,248	19,653	69.6%	19,653	69.6%	19,653	19,653	0	17,217	\$27.50/fs
150 120th Ave NE Ridgewood Corporate Square Bldg F	51,451	0	0%	0	0%	0	0	0	0	
11900 NE 1st St Ridgewood Corporate Square Bldg G	65,884	0	0%	0	0%	0	0	0	0	
11811 NE 1st St Eastridge Corporate Center Bldg A	41,534	24,215	58.3%	24,215	58.3%	24,215	24,215	0	23,115	\$15.00/nnn
11911 NE 1st St Eastridge Corporate Center Bldg B	40,874	0	0%	0	0%	7,281	7,281	0	3,100	\$15.00/nnn
12011 NE 1st St Eastridge Corporate Center Bldg C	44,670	18,087	40.5%	18,087	40.5%	18,087	18,087	0	7,725	\$14.89/nnn
12111 NE 1st St Eastridge Corporate Center Bldg D	40,874	0	0%	0	0%	0	0	0	0	
636 120th Ave NE Park 120 Bldg A	20,785	14,873	71.6%	14,873	71.6%	14,873	14,873	0	14,873	\$26.50/fs
626 120th Ave NE Park 120 Bldg B	19,166	2,870	15%	2,870	15%	2,870	2,870	0	2,870	\$26.50/fs
616 120th Ave NE Park 120 Bldg C	20,299	10,205	50.3%	10,205	50.3%	10,205	10,205	0	4,822	\$26.50/fs
606 120th Ave NE Park 120 Bldg D	20,364	0	0%	0	0%	0	0	0	0	
9 Lake Bellevue Dr Nine Lake Bellevue	31,200	0	0%	0	0%	0	0	0	0	
40 Lake Bellevue Dr	54,000	4,043	7.5%	4,043	7.5%	4,043	4,043	0	4,043	\$25.00/fs
Grand Totals (17 Bldgs)	562,389	101,805	18.1%	101,805	18.1%	110,387	110,387	0	23,115	\$24.51/fs

Aggregate Vacancy Report

Properties	Space Type	Vacant		Vacant Available		Total Available		Avg Rate	Leasing Activity		Net Absorption	
		SF	%	SF	%	SF	%		QTD	YTD	QTD	YTD
17 existing properties representing 562,389 SF	Direct	101,805	18.1%	101,805	18.1%	110,387	19.6%	\$24.51/fs	0	14,092	3,142	(16,505)
	Sublet	0	0.0%	0	0.0%	0	0.0%	-	0	2,247	6,825	10,121
	Total	101,805	18.1%	101,805	18.1%	110,387	19.6%	\$24.51/fs	0	16,339	9,967	(6,384)

Building Historical Vacancy Report

Period	Properties	RBA	SF Vacant			% Vacant			SF Vacant Available			% Vacant Available			Average Rate		
			Direct	Sublet	Total	Direct	Sublet	Total	Direct	Sublet	Total	Direct	Sublet	Total	Direct	Sublet	Total
Current	17	562,389	101,805	0	101,805	18.1%	0.0%	18.1%	101,805	0	101,805	18.1%	0.0%	18.1%	\$24,51/fs	-	\$24,51/fs
2010 1Q	17	562,389	104,947	6,825	111,772	18.7%	1.2%	19.9%	96,181	6,825	103,006	17.1%	1.2%	18.3%	\$24,82/fs	\$17,49/fs	\$24,30/fs
2009 4Q	17	562,389	85,300	10,121	95,421	15.2%	1.8%	17.0%	77,224	10,121	87,345	13.7%	1.8%	15.5%	\$25,98/fs	\$17,48/fs	\$24,48/fs
2009 3Q	17	562,389	85,838	1,049	86,887	15.3%	0.2%	15.4%	78,854	1,049	79,903	14.0%	0.2%	14.2%	\$25,58/fs	\$21,62/fs	\$24,83/fs
2009 2Q	17	562,389	92,380	1,049	93,429	16.4%	0.2%	16.6%	92,380	1,049	93,429	16.4%	0.2%	16.6%	\$23,85/fs	\$23,85/fs	\$25,66/fs
2009 1Q	17	562,389	93,337	14,581	107,918	16.6%	2.6%	19.2%	87,922	1,049	88,971	15.6%	0.2%	15.8%	\$29,19/fs	\$23,50/fs	\$27,95/fs
2008 4Q	17	562,389	90,844	1,049	91,893	16.2%	0.2%	16.3%	90,844	1,049	91,893	16.2%	0.2%	16.3%	\$31,31/fs	\$23,52/fs	\$29,70/fs
2008 3Q	17	562,389	77,660	1,049	78,709	13.8%	0.2%	14.0%	56,875	1,049	57,924	10.1%	0.2%	10.3%	\$31,46/fs	\$23,52/fs	\$29,82/fs
2008 2Q	17	562,389	64,986	0	64,986	11.6%	0.0%	11.6%	62,948	0	62,948	11.2%	0.0%	11.2%	\$30,96/fs	\$23,27/fs	\$29,18/fs
2008 1Q	17	562,389	84,458	0	84,458	15.0%	0.0%	15.0%	84,458	0	84,458	15.0%	0.0%	15.0%	\$31,13/fs	\$23,14/fs	\$28,99/fs
2007 4Q	17	562,389	54,150	23,533	77,683	9.6%	4.2%	13.8%	54,150	19,919	74,069	9.6%	3.5%	13.2%	\$31,22/fs	\$22,90/fs	\$28,89/fs
2007 3Q	17	562,389	53,825	21,165	74,990	9.6%	3.8%	13.3%	52,329	21,165	73,494	9.3%	3.8%	13.1%	\$26,77/fs	\$23,56/fs	\$26,01/fs

Aggregate Hist Vacancy Report - Sub Bellevue A+B

Summary totals for existing properties

Period	Properties	RBA	SF Vacant			% Vacant			SF Vacant Available			% Vacant Available			Average Rate		
			Direct	Sublet	Total	Direct	Sublet	Total	Direct	Sublet	Total	Direct	Sublet	Total	Direct	Sublet	Total
Current	203	4,744,220	444,381	59,270	503,651	9.4%	1.2%	10.6%	428,253	59,270	487,523	9.0%	1.2%	10.3%	\$25,22/fs	\$21,58/fs	\$24,86/fs
2010 1Q	203	4,744,220	483,978	54,145	538,123	10.2%	1.1%	11.3%	425,433	54,145	479,578	9.0%	1.1%	10.1%	\$25,69/fs	\$22,43/fs	\$25,30/fs
2009 4Q	203	4,744,220	456,345	71,071	527,416	9.6%	1.5%	11.1%	409,748	62,892	472,640	8.6%	1.3%	10.0%	\$26,69/fs	\$21,64/fs	\$25,79/fs
2009 3Q	203	4,744,220	441,737	60,864	502,601	9.3%	1.3%	10.6%	393,350	60,864	454,214	8.3%	1.3%	9.6%	\$27,52/fs	\$22,71/fs	\$26,66/fs
2009 2Q	203	4,744,220	435,130	61,514	496,644	9.2%	1.3%	10.5%	422,068	60,864	482,932	8.9%	1.3%	10.2%	\$27,96/fs	\$23,25/fs	\$27,08/fs
2009 1Q	202	4,726,478	412,773	58,577	471,350	8.7%	1.2%	10.0%	379,465	45,045	424,510	8.0%	1.0%	9.0%	\$29,32/fs	\$23,61/fs	\$28,21/fs
2008 4Q	202	4,726,478	398,814	49,527	448,341	8.4%	1.0%	9.5%	369,334	49,527	418,861	8.2%	1.0%	9.3%	\$30,48/fs	\$23,65/fs	\$29,39/fs
2008 3Q	201	4,693,322	286,258	4,638	290,896	6.1%	0.1%	6.2%	247,681	4,638	252,319	5.3%	0.1%	5.4%	\$31,01/fs	\$23,61/fs	\$29,80/fs
2008 2Q	201	4,693,322	312,630	15,840	328,470	6.7%	0.3%	7.0%	271,830	14,429	286,259	5.8%	0.3%	6.1%	\$30,49/fs	\$24,02/fs	\$29,39/fs
2008 1Q	200	4,684,522	363,567	38,077	401,644	7.8%	0.8%	8.6%	281,314	34,463	315,777	6.0%	0.7%	6.7%	\$29,77/fs	\$23,67/fs	\$28,70/fs
2007 4Q	199	4,635,999	358,344	49,505	407,849	7.7%	1.1%	8.8%	278,379	49,505	327,884	6.0%	1.1%	7.1%	\$28,26/fs	\$23,85/fs	\$27,57/fs

Sales of Commercial Land in Neighborhoods to the North, South and East of the Subject Area

Sale No.	Address	Sale Date	Sale Price	Gross Land Area (SF)		Zoning	AV of Impr. @ Time of Sale
				Assessor	Price Per SF		
NORTH OF CBD/520 CORRIDOR							
35	East of 116th Ave. NE, north of NE 12th Street	3/16/2009	\$13,000,000	290,923	\$44.69	MI-DA3	None
36	11232 NE 15th Street	1/5/2007	\$1,000,000	18,251	\$54.79	O	None
38	1835 116th Avenue NE	5/23/2008	\$3,000,000	34,997	\$85.71	O	None
38A	1835 116th Avenue NE	2/15/2006	\$2,000,000	34,997	\$57.15	O	None
39	3421 115 th Avenue NE	5/16/2007	\$1,000,000	67,097	\$14.90	R-20	None
61	11550 Northup Way	5/1/2009	\$1,050,000	14,912	\$70.41	GC	\$134,400
BEL-RED AND EAST OF SUBJECT AREA							
41	15 156th Avenue NE	6/9/2006	\$600,000	24,751	\$24.24	CB (King Co.)	None
43	2245 Bel-Red Rd.	12/30/2009	\$7,260,000	65,700	\$110.50	RC	\$1,000
44	2400 140th Ave NE	10/29/2009	\$1,800,000	37,549	\$47.94	PO	\$228,200
45	106 148th Avenue SE	9/28/2009	\$1,800,000	22,499	\$80.00	NB	\$443,800
46	13664 NE 16th Street	8/31/2009	\$650,000	14,122	\$46.03	GC	\$13,900
47	2211 156th Avenue NE	3/16/2007	\$15,000,000	191,900	\$78.17	CB	\$1,000
56	13705 NE Bel Red Rd.	4/28/2006	\$760,000	25,854	\$29.40	O	\$1,000
57	14505 Bel-Red Rd.	6/30/2009	\$1,372,000	28,822	\$47.60	O/C	\$1,000
58	13654 NE 16th Street	2/23/2007	\$1,500,000	12,651	\$118.57	GC	\$11,500
SOUTH OF CBD (INCLUDING FACTORIA)							
5	302 Bellevue Way	2/28/2008	\$500,000	16,503	\$30.30	O	None
33	1649 108th Ave SE	11/26/2008	\$450,000	20,272	\$22.20	NB	None
48	3240 156th Avenue SE	8/26/2009	\$2,800,000	33,944	\$82.49	OLB	\$248,700
50	SE Eastgate Way & 139th Avenue SE	3/3/2006	\$3,900,000	100,380	\$38.85	OLB	None
52	302 Bellevue Way SE	2/28/2008	\$500,000	16,503	30.3	O	None
54	3830 Factoria Blvd.	9/18/2008	\$750,000	16,515	\$45.42	PO	\$1,000
55	35 100th Ave NE	3/15/2006	\$500,000	4,700	\$106.28	O	\$18,600

Sales of Improved Office Properties -- Subject Area and Neighborhoods to the north, South and East

Sale No.	Address	Sale Date	Land Area		Zoning	Impr. Type	SF (NRA)	AV Impr.
			Sale Price	(SF)				
SUBJECT AREA (EXCLUDING SUBJECT PARCELS)								
O1	1412 112th Ave NE	11/30/2007	\$3,000,000	27,565	OC	Class B office bldg. Class B medical	9,359	\$967,600
O2	1220 116th Ave NE	7/18/2007	\$2,600,000	25,064	O	bldg.	10,200	\$1,663,000
O3	12330 NE 8th Street	5/30/2007	\$2,160,000	23,649	O	Class C office bldg.	6,750	\$897,100
O4	1 Lake Bellevue Drive, various units	Various (2007 - 2009)	\$380,000 to \$630,000	N/A (condos)	GC	Class B office condos.	740 - 1,386	\$288,000 to \$641,200
BEL-RED AND EAST OF SUBJECT AREA								
O5	1510 & 1520 140th Ave NE	11/9/2007	\$4,436,000	116,741	O	2 Class B office bldgs.	14,230	\$3,505,400
O6	1530 140th Ave NE	11/9/2007	\$2,218,000	N/A (condo)	O	Class B office bldg.	7,115	\$1,741,900
O7	1540 140th Ave NE	1/29/2007	\$2,354,099	N/A (condo)	O	Class B office bldg.	7,115	\$1,746,000
O8	1550 140th Ave NE	1/4/2008	\$2,218,000	116,532	O	Class B office bldg.	7,115	N/A
O9	1560 140th Ave NE	1/12/2007	\$2,312,750	21,410	O	Class B office bldg.	7,115	\$1,734,500
O10	1951 152nd Ave NE	12/31/2008	\$9,750,000	66,211	O-C	Class B office bldg.	33,156	\$5,934,400
O11	2001 152nd Ave NE 2015 - 2025 152nd Ave NE	6/11/2008	\$2,294,000	11,761	RC	Class B office bldg.	7,650	\$1,155,700
O12	2700 156th Ave NE	3/14/2008	\$3,455,000	21,780	RC	Class C office bldg.	13,505	\$2,066,300
O13	13850 NE 16th Street	9/6/2007	\$20,939,123	95,335	O	Class A office bldg.	49,274	\$6,294,800
O14	158885 NE 28th Place	11/5/2007	\$2,100,000	15,551	LI	Class C office bldg.	4,000	\$950,100
O15	12505 NE Bed-Red Rd.	6/2/2008	\$4,600,000	42,467	EHD	Class B office bldg.	12,020	\$1,256,700
O16	12505 NE Bed-Red Rd.	12/11/2007	\$5,438,000	50,094	O	Class B office bldg.	18,645	\$1,671,500
O16A	12505 NE Bed-Red Rd.	5/2/2006	\$2,900,000	50,094	O	Class B office bldg.	18,645	\$1,496,600
O17	13333 NE Bel-Red Rd.	5/9/2008	\$3,200,000	28,980	O	Class B office bldg.	10,427	\$1,342,500
O18	13353 NE Bel-Red Rd. 1550 140th Ave NE, Unit 100	3/19/2008	\$2,900,000	128,938	O	Class B office Class B office condo.	9,792	\$965,800
O19		6/6/2008	\$926,000	N/A (condo)	O		1,571	N/A
O20	1600 148th Ave, Bldg. A	1/15/2007	\$1,550,000	23,522	PO	Class B office bldg.	4,496	\$466,900
O21	2011 152nd Ave NE	9/14/2007	\$1,550,000	10,977	RC	Class B office bldg.	7,163	\$1,107,000
O22	2027 152nd Ave NE	7/31/2008	\$1,769,142	11,029	RC	Class B office bldg.	6,880	\$1,029,200
O23	2249 152nd Ave NE	10/28/2008	\$1,705,000	10,964	C	Class B office bldg.	6,445	\$982,800
O24	13555 NE Bel-Red Rd.	1/3/2006	\$4,100,000	120,661	OLB	Class B office bldg.	32,333	\$2,188,900
O25	13654 NE 16th Street	12/31/2008	\$612,000	12,632	GC	Class C office bldg.	2,386	\$299,500
O26	15227 NE 20th Street	5/15/2007	\$1,075,000	17,729	O	Class C office bldg.	1,700	\$106,200
O27	14019 NE 8th Street	9/17/2007	\$616,000	9,148	PO	Class C office bldg.	1,303	\$229,700
O28	12737 NE Bel-Red Rd.	11/10/2006	\$3,200,000	52,263	O	Class C office bldg.	11,324	\$677,900

O29	12715 NE Bel-Red Rd. 14475 and 14335 NE	7/7/2008	\$750,000	N/A (condo)	O	Class C office condo.	1,680	\$651,700
O30	24th Street	8/6/2008	\$38,500,000	379,843	GC	2 Class B office bldgs.	143,191	\$17,941,200
O31	13701 Bel-Red Rd.	4/16/2008	\$750,000	14,810	O	Class C office bldg.	2,072	\$277,700
NORTH OF CBD/520 CORRIDOR								
O32	2300 & 2340 130th Ave NE	10/1/2007	\$8,818,000	142,158	PO	2 Class B office bldgs.	34,246	\$3,029,900
O33	2100 112th Ave NE	4/27/2007	\$3,250,000	53,143	O	Class B office bldg.	10,390	\$1,108,300
O34	1632 116th Ave NE	9/30/2008	\$6,300,000	57,499	O	Class B medical bldg.	18,145	\$2,654,600
O35	2000 116th Ave NE	9/10/2007	\$2,350,000	29,342	O-C	Class B medical bldg.	9,190	\$940,700
O36	2606 116th Ave NE	10/14/2008	\$13,500,000	86,462	OLB	Class B office bldg.	33,195	\$6,817,700
O37	2320 130th Ave NE, bldg. E	6/4/2008	\$6,280,000	56,192	PO	Class B office bldg.	25,064	\$3,748,600
O38	1800 136th Place NE	2/10/2010	\$3,000,000	88,048	GC	Class B office bldg.	23,700	\$1,234,800
O40	1833 114th Ave.	9/21/2007	\$1,350,000	8,799	O	Class B office bldg.	2,458	\$422,100
O41	2135 112th Ave NE	9/29/2006	\$1,600,000	21,432	O/C	Class C office bldg.	6,300	\$931,300
O42	1833 NE 114th Avenue	7/27/2006	\$799,950	8,494	O	Class C office bldg.	2,486	\$331,700
O43	1310 116th Ave NE	8/11/2006	\$3,500,000	52,011	O	Class C medical bldg.	14,180	\$1,927,400
O44	1545 116th Avenue NE	4/28/2006	\$2,250,000	44,222	O	Class C medical bldg.	9,323	\$1,188,200
O45	1551 116th Ave NE	11/27/2006	\$2,500,000	43,347	O	Class B medical bldg.	8,306	\$675,000
O46	2310 130th Ave NE	10/6/2006	\$4,005,000	35,954	PO	Class B office bldg.	18,144	\$2,304,000
O47	1705 132nd Ave NE	5/30/2006	\$3,550,000	102,440	LI	Class C office bldg.	23,943	\$1,229,200
SOUTH OF CBD (INCLUDING FACTORIA)								
O48	3350 & 3460 161st Ave SE	4/5/2010	\$27,000,000	263,974	O/C	2 Class B office bldgs.	45,636	\$12,316,000
O48A	3350 & 3460 161st Ave SE	5/15/2006	\$22,440,000	263,974	O/C	2 Class B office bldgs.	45,636	\$10,560,200
O49	15800 & 15900 SE Eastgate Way	12/6/2007	\$41,190,000	727,517	OLB	2 Class B office bldgs.	141,865	\$14,482,900
O50	3245 158th Ave SE & 3305 160th Ave SE	5/29/2007	\$25,429,378	342,120	OLB	2 Class A office bldgs.	67,408	\$13,975,700
O51	3190 160th Ave SE	2/19/2008	\$15,300,000	159,560	OLB	Class B office bldg.	60,423	\$7,403,400
O52	13555 SE 36th Street	12/22/2009	\$12,750,000	209,088	OLB	Class B office bldg.	84,037	\$9,524,000
O53	14100 SE 36th Street	9/2/2008	\$6,000,000	51,431	OLB	Class B medical bldg.	21,090	\$2,613,100
O54	12827 SE 40th Place	7/13/2006	\$1,180,000	17,001	CB	2 Class C office bldgs.	5,368	\$451,300
O55	12838 SE 40th Place	8/31/2006	\$2,300,000	28,815	CB	Class C office bldg.	9,440	\$464,500
O56	12410 SE 32nd Street	1/31/2006	\$3,085,000	76,971	O	Class C office bldg.	20,500	\$886,200
O57	14405 SE 36th Street	8/11/2006	\$6,875,000	50,530	OLB	Class B office bldg.	28,500	\$3,504,800

Sales of Improved Retail Properties – East Bellevue

<i>Address</i>	<i>Sale Date</i>	<i>Sale Price</i>	<i>Land Area (SF)</i>	<i>Zoning</i>	<i>Impr. Type</i>	<i>Bldg. SF (NRA)</i>	<i>AV Impr.</i>	<i>Yr. Built</i>
2021 130th Ave NE	7/7/2006	\$9,100,000	87,120	LI	Neighborhood retail center	55,250	\$3,946,400	1979
14919 NE 20th Street	1/19/2006	\$3,100,000	40,729	O	Retail strip center	13,011	\$1,405,900	1973
14510 - 14600 NE 24th Street	11/1/2006	\$6,350,000	60,528	GC	Auto dealership	22,763	\$1,717,900	1988

Bellevue – Subject Improved Sales 2006 to Present

<i>Subject Map No.</i>	<i>Address</i>	<i>Sale Date</i>	<i>Sale Price</i>	<i>Zoning</i>	<i>Gross Land Area (SF) per Assessor</i>	<i>Price per SF of Land, Including Impr.</i>	<i>Impr. Type</i>	<i>Bldg. Size (SF)</i>
15	12000 NE 8th Street	5/14/2007	\$5,225,000	GC	33,440	\$156.25	Class B office bldg. Convenience store & car wash	15,800
31	12001 NE 8th Street	12/8/2009	\$856,894	GC	30,000	\$28.56		1,125
41 - 43	430 & 600 116th Ave NE	8/1/2007	\$15,500,000	GC	217,201	\$71.36	Auto dealership	41,739
35, 37, 38 & 47	606-636 120th Ave NE	12/21/2007	\$17,250,000	O	219,276	\$78.67	4 office buildings	90,210
54	457 120th Ave NE	7/3/2007	\$21,000,000	PO	172,868	\$121.48	Big box retail	46,820
65, 66 & 68	220-330 120th Ave NE	11/19/2009	\$16,390,164	O/PO	318,893	\$51.40	5 office buildings	161,152
67	150 120th Ave NE	11/19/2009	\$7,191,967	O	143,370	\$50.16	Office building	73,374
72	11900 NE 1st Street	11/19/2009	\$8,492,869	O	163,350	\$51.99	Office building	102,786
81	100 116th Ave SE	1/5/2006	\$2,875,000	GC	29,000	\$99.14	Class C office bldg.	15,003
87	301 116th Ave SE	7/7/2006	\$15,950,000	OLB	157,400	\$101.33	Class B office bldg.	68,569
89	275 118th Ave SE	9/15/2006	\$4,400,000	OC	57,033	\$77.15	Class B office bldg.	20,875
90	325 118th Ave SE	4/28/2006	\$6,800,000	OC	103,110	\$65.95	Class B office bldg.	37,000
93	355 118th Ave SE	2/19/2008	\$2,840,000	O-C	25,122	\$113.05	Class B office bldg.	8,865
Part of 95	365 118th Ave SE, Unit 200	9/19/2008	\$1,116,000	O-C	N/A—condo	N/A	Class B office condo. Class B medical condo bldg.	2,260
96	375 118th Ave SE	2/27/2007	\$2,305,000	O-C	26,437	\$87.19		8,543
Part of 96	375 118th Ave SE, Unit 103	9/6/2007	\$660,000	O-C	N/A—condo	N/A	Medical condo.	1,443
Part of 96	375 118th Ave SE, Unit 102	12/19/2008	\$545,000	O-C	N/A—condo	N/A	Medical condo.	1,443
102	11636 SE 5th Street	9/14/2007	\$1,137,000	PO	7,500	\$151.60	Class C office bldg.	3,176
103 & 104	11715 SE 5th Street	6/27/2007	\$2,700,000	PO	20,200	\$133.66	Class B office bldg.	9,744

Bellevue – Subject Land Sales 2006 to Present

<i>Subject Map No(s).</i>	<i>Address</i>	<i>Sale Date</i>	<i>Sale Price</i>	<i>Gross Land Area (SF) per Assessor</i>	<i>Price Per SF</i>	<i>Zoning</i>	<i>AV of Impr. @ Time of Sale</i>
53, 62 & 63	116th Ave NE	5/1/2006	\$23,500,000	300,260	\$78.27	GC	\$3,000
52	400 116th Ave NE	11/13/2007	\$6,000,000	74,923	\$80.08	GC	None
52, 53, 62 & 63	200 - 316 116th Ave NE	8/19/2009	\$35,794,758	375,183	\$95.41	GC	\$681,000
84	117 118th Ave SE	9/20/2006	\$1,224,000	31,257	\$39.16	O	None