

CBRE VALUATION & ADVISORY SERVICES

APPRAISAL REPORT

AUBURN MUNICIPAL AIRPORT
2143 E STREET NE
AUBURN, WASHINGTON 98002
CBRE FILE NO. CB24US038604-1B

EFFECTIVE DATE OF VALUE: MAY 13, 2024

CLIENT: CITY OF AUBURN

CBRE



1420 Fifth Avenue, Suite 3800
Seattle, WA 98101

S. Murray Brackett, MAI

Director

Tim Lovell

Sr. Valuation Associate

T (206) 292-6122

F (206) 292-1601

www.cbre.com

Date of Report: June 24, 2024

Mr. Josh Arndt
CITY OF AUBURN
25 W. Main Street
Auburn, Washington 98002

RE: Appraisal of: Auburn Municipal Airport
2143 E Street NE
King County, Washington 98002
CBRE, Inc. File No. CB24US038604-1

Dear Mr. Arndt:

At your request and authorization, CBRE, Inc. has completed an Appraisal Report containing our opinion of current market rent for the land underlying the representative parcel provided to us, which is a portion of Assessor's Parcel Number 514320-0070, at Auburn Municipal Airport, in Auburn, Washington. This report is intended to review the land with respect to current market activity, and to assist in land rent renewal negotiations between the City of Auburn and its tenants.

The subject of this assignment is a portion of Assessor's Parcel Number (APN) 514320-0070, which is located at Auburn Municipal Airport in the City of Auburn, King County, Washington. The airport in its entirety consists of four individual tax parcels (APNs 000080-0009, 514320-0070, 000080-0011, and 000080-0058). Our analysis is described as an opinion of market rent for the subject land consisting of approximately 1.70 acres of APN 514320-0070. It is our understanding that the client will utilize the opinion of market rent provided herein, for negotiating ground lease renewals with airport tenants. The subject site is intended to be a representative parcel, and the analysis herein presents an opinion of the fair market rent without consideration of leasehold interest.

The conclusions have been generated through an analysis of comparable land sales activity, as well as activity at other regional airports, and our inspection of the subject property. This report includes descriptions, comparable analysis, and an opinion of market rent for the land owned by the City of Auburn identified as a portion of APN 514320-0070 in order to assist in ground lease

negotiations for the airport. The analysis is intended to provide an opinion of market rent for the land only (excluding improvements and any potential leasehold interest in the land).

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

SUMMARY OF CONCLUSIONS	
	Ground Rental Rate/SF/Year
Method One - Off-Airport Analysis	\$1.408
Method Two - Direct Airport Comparison	\$1.00-\$1.50
Conclusion of Market Rent	\$1.35
Compiled by CBRE	

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



Tim Lovell
Senior Valuation Associate

Phone: (206) 292-6122
Fax: (206) 292-1601
Email: tim.lovell@cbre.com



S. Murray Brackett, MAI
Director of Right of Way, Aviation and Public
Projects, Northwest Region

Phone: (206) 292-6121
Fax: (206) 292-1601
Email: murray.brackett@cbre.com

Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. S. Murray Brackett and Tim Lovell have not provided services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice.
9. S. Murray Brackett and Tim Lovell have made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the persons signing this certification.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, S. Murray Brackett, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

 Tim Lovell
 Washington License No. 20101066 _

 S. Murray Brackett, MAI
 Washington License No. 1100853 _

Subject Photographs



Aerial View – Auburn Airport



Aerial View – Representative Parcel



Representative Parcel – facing generally east from near southwest corner



Representative Parcel



Facing generally south along taxiway from near northwest corner of representative parcel



Facing generally east from near northwest corner of representative parcel



Tie-downs and fuel tank south of representative parcel



Condo hangars north of representative parcel



Representative hangars in northeastern portion of airport



Facing south along taxiway from northern end



Open hangars south of main office



Representative hangars south of main office



Land available for development in southeastern portion of airport



View of main office from the southwest

Executive Summary

Property Name	Auburn Municipal Airport	
Location	2143 E Street NE Auburn, King County, WA 98002	
Client	City of Auburn	
Parcel Number(s)	514320-0070 (portion)	
Gross Land Area Analyzed	1.70 AC	74,052 SF
Zoning	LF (Airport Landing Field District)	
Purpose of the Analysis	The client has provided us with a representative parcel for which we are to provide an opinion of fair market rent for the underlying land.	
Highest and Best Use		
As If Vacant	Aviation Use	
As Improved	N/A - Effectively Vacant Land	
Property Rights Appraised	Fee Simple Estate	
Date of Report	June 24, 2024	
Date of Inspection / Effective Date	May 13, 2024	

SUMMARY OF CONCLUSIONS

	Gound Rental Rate/SF/Year
Method One - Off-Airport Analysis	\$1.408
Method Two - Direct Airport Comparison	\$1.00-\$1.50
Conclusion of Market Rent	\$1.35
Compiled by CBRE	

MARKET VOLATILITY

We draw your attention to a combination of inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

CURRENT ECONOMIC CONDITIONS

At its May 2024 meeting, the Federal Reserve held the federal funds rate at a range of 5.25% to 5.50%, and indicated a more cautious approach toward rate cuts this year. The Fed also announced that it will slow reductions to its balance sheet (quantitative tightening.)

While opinions vary on future economic issues, the general market consensus at the time of this appraisal is that high interest rates and a cautious Fed will keep real estate capital markets activity subdued in the first half of 2024. High interest rates will constrain commercial real estate investment activity, but a modest recovery later this year is possible. Continued resilience in the economy will be a tailwind for office and industrial leasing activity. CBRE expects that investment activity will pick up later in the year as markets fully reprice amid greater interest rate certainty. Amid this uncertain and dynamic environment, investment market performance will be uneven across property types.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”¹

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

¹ The Appraisal Foundation, *USPAP, 2024 Edition* (Effective January 1, 2024)

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purposes of analysis.”²

- There are significant site improvements in place on the subject; this analysis reflects the unimproved land only but assumes service by all public utilities.

OWNERSHIP AND PROPERTY HISTORY

The subject property is currently owned by the City of Auburn and has a total land area of approximately 1.70 acres based upon an estimate from aerial mapping which we assume is accurate. CBRE is unaware of any arm’s-length ownership transfers of the property within three years of the date of appraisal. Further, the property is not reportedly being offered for sale as of the current date.

LEGAL DESCRIPTION

A title report was not provided for use in this report; however, according to the King County Assessor, the legal description for the subject can be summarized as follows:

A portion of: MARDEL ADD #2 ALL LOTS 21 THRU 27 TGW POR OF VAC 23RD ST NE
LY ADJ & VAC D ST NE LY ADJ - AS PER AUBURN LLA #LLA-01-0032 REC #
20020513001053

The subject property can otherwise be identified as a portion of King County APN 514320-0070. We have also relied on maps, aerials, our physical inspection of the subject property, as well as information provided by the client for general identification.

EXPOSURE/MARKETING TIME

This is an analysis of an individual but representative parcel at a small, municipal airport. The airport will, in all likelihood, never be sold, and thus no marketing period estimate is necessary. The individual parcels are typically leased on a long-term basis (20 to 50 years) but are not sold in fee simple.

² The Appraisal Foundation, *USPAP, 2024 Edition* (Effective January 1, 2024)

Table of Contents

Certification	i
Subject Photographs.....	ii
Executive Summary	vi
Table of Contents.....	ix
Scope of Work.....	1
Area Analysis	5
Neighborhood Analysis	7
Market Analysis.....	10
Site Analysis.....	16
Highest and Best Use	27
Valuation Methodology	29
Ground Rent Analysis	30
Summary and Conclusion of Market Rent	47
Assumptions and Limiting Conditions	48
ADDENDA	
A Land Sale Data Sheets	
B Airport Layout (from 2015 AMP)	
C Qualifications	

Scope of Work

This Appraisal Report is intended to comply with the real property appraisal development and reporting requirements set forth under Standards Rule 1 and 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

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

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

INTENDED USE OF REPORT

This appraisal is to be used to assist with land rent renewal of real property.

CLIENT

The client is City of Auburn.

INTENDED USER OF REPORT

This appraisal is to be used by the City of Auburn. No other user(s) may rely on our report unless as specifically indicated in this report.

Intended users are those who an appraiser intends will use the appraisal or review report. In other words, appraisers acknowledge at the outset of the assignment that they are developing their expert opinions for the use of the intended users they identify. Although the client provides information about the parties who may be intended users, ultimately it is the appraiser who decides who they are. This is an important point to be clear about: The client does not tell the appraiser who the intended users will be. Rather, the client tells the appraiser who the client needs the report to be speaking to, and given that information, the appraiser identifies the intended user or users. It is important to identify intended users because an appraiser's primary responsibility regarding the use of the report's opinions and conclusions is to those users. Intended users are those parties to whom an appraiser is

responsible for communicating the findings in a clear and understandable manner. They are the audience.³

RELIANCE LANGUAGE

Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

PURPOSE OF THE APPRAISAL

The representative parcel is currently unimproved with the exception of site improvements, such as asphalt paving and utilities. The purpose of the report is to establish an applicable market rent for the subject land only, as serviced with utilities, and without consideration of any potential leasehold interest.

INTEREST APPRAISED

As a rental study, this appraisal essentially reflects an opinion of the market rental rate for the property. It does not consider any potential accrued leasehold value, since the conclusion is a periodic fair rental rate. The various interests in real property are described as follows:

Fee Simple Estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.⁴

Leased Fee Interest - The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.⁵

Leasehold Estate - The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.⁶

Going Concern – An established and operating business having an indefinite future life.⁷

³ Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020), 40.

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), 73.

⁵ *Dictionary of Real Estate Appraisal*, 105.

⁶ *Dictionary of Real Estate Appraisal*, 105.

Definition of Value

Market rent is defined by *The Dictionary of Real Estate Appraisal, 7th Edition* as follows:

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

- Lessee and lessor are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).⁸

The basis of a market rental rate is founded in the concept of Market Value and is derived from several data sources.

In this analysis, we have considered the restrictive (special) use as an airport property, as well as similar uses at comparable facilities. The rental opinion is based, in part, on surrounding land sales activity, as well as current rents being received or asked for on comparable properties located at other airports. In providing an opinion of the economic rent for the subject, the concluded rental rate does not include the leasehold excise tax applicable to all leases on airport property. This leasehold tax is 12.84% and is essentially in lieu of real property taxes.

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- legal description
- communication with client
- aerial mapping

⁷ *Dictionary of Real Estate Appraisal*, 83.

⁸ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), 116-117.

Extent to Which the Property is Inspected

Tim Lovell and Murray Brackett inspected the subject via a vehicular tour of the property on May 13, 2024, which is the effective date of appraisal. The appraisers were accompanied by Josh Arndt of the City of Auburn. This inspection was considered adequate and is the basis for our findings.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data
- King County and City of Auburn GIS mapping

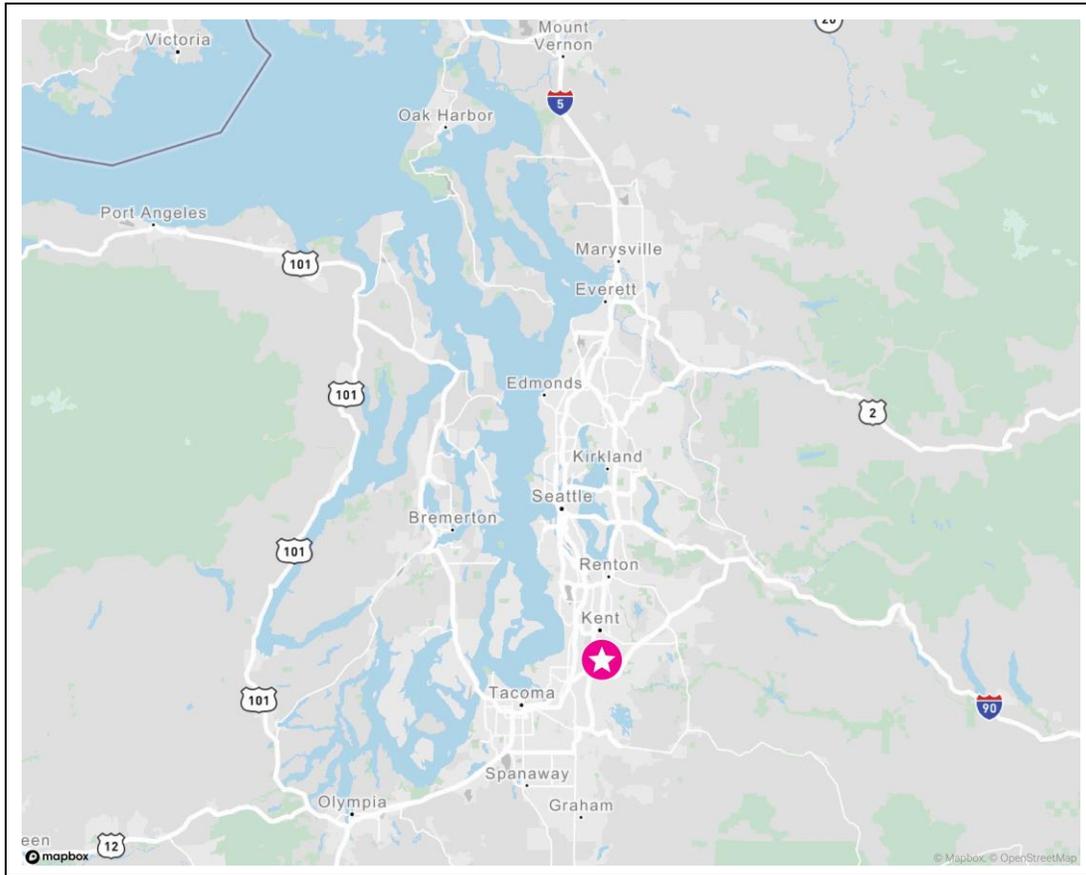
Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

Data Resources Utilized in the Analysis

DATA SOURCES	
<i>Item:</i>	<i>Source(s):</i>
Site Data	
Size	Client, measurements via aerial mapping
Critical Areas	King County iMap
Flood Zone	FEMA
Zoning	City of Auburn Mapping
Current Lease Data	Client
Data Not Provided	
Item 1	Recent site studies (if any)
Compiled by CBRE	

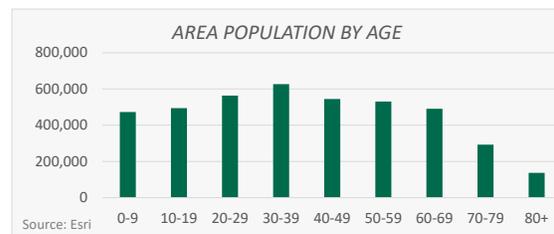
Area Analysis



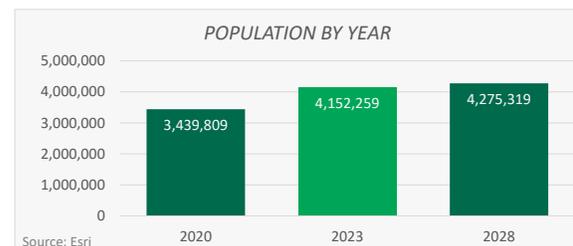
The subject is located in the Seattle-Tacoma-Bellevue, WA Metropolitan Statistical Area. Key information about the area is provided in the following tables.

POPULATION

The area has a population of 4,152,259 and a median age of 39, with the largest population group in the 30-39 age range and the smallest population in 80+ age range.



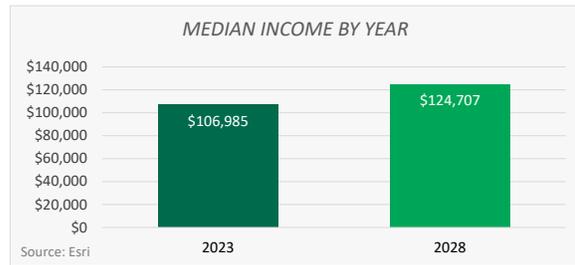
Population has increased by 712,450 since 2020, reflecting an annual increase of 6.5%. Population is projected to increase by an additional 123,060 by 2028, reflecting 0.6% annual population growth.



Source: ESRI, downloaded on Jun, 17 2024

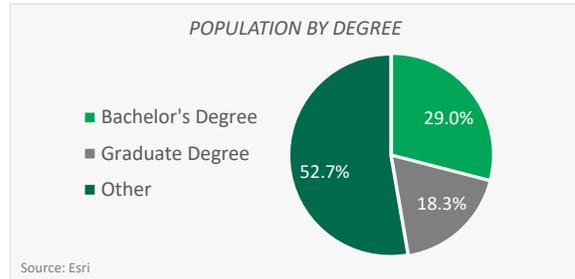
INCOME

The area features an average household income of \$151,084 and a median household income of \$106,985. Over the next five years, median household income is expected to increase by 16.6%, or \$3,544 per annum.

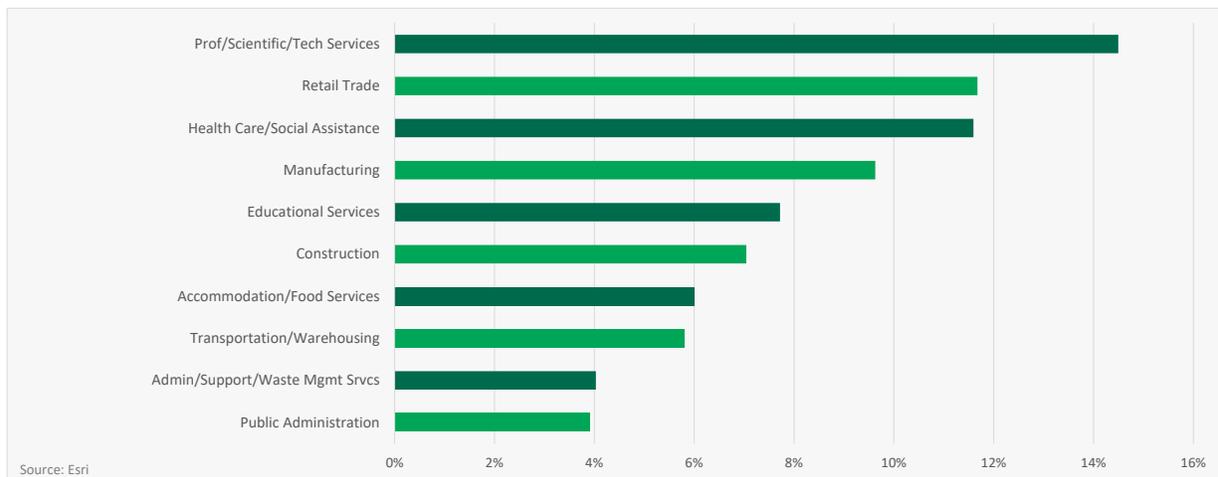


EDUCATION

A total of 47.3% of individuals over the age of 24 have a college degree, with 29.0% holding a bachelor's degree and 18.3% holding a graduate degree.



EMPLOYMENT

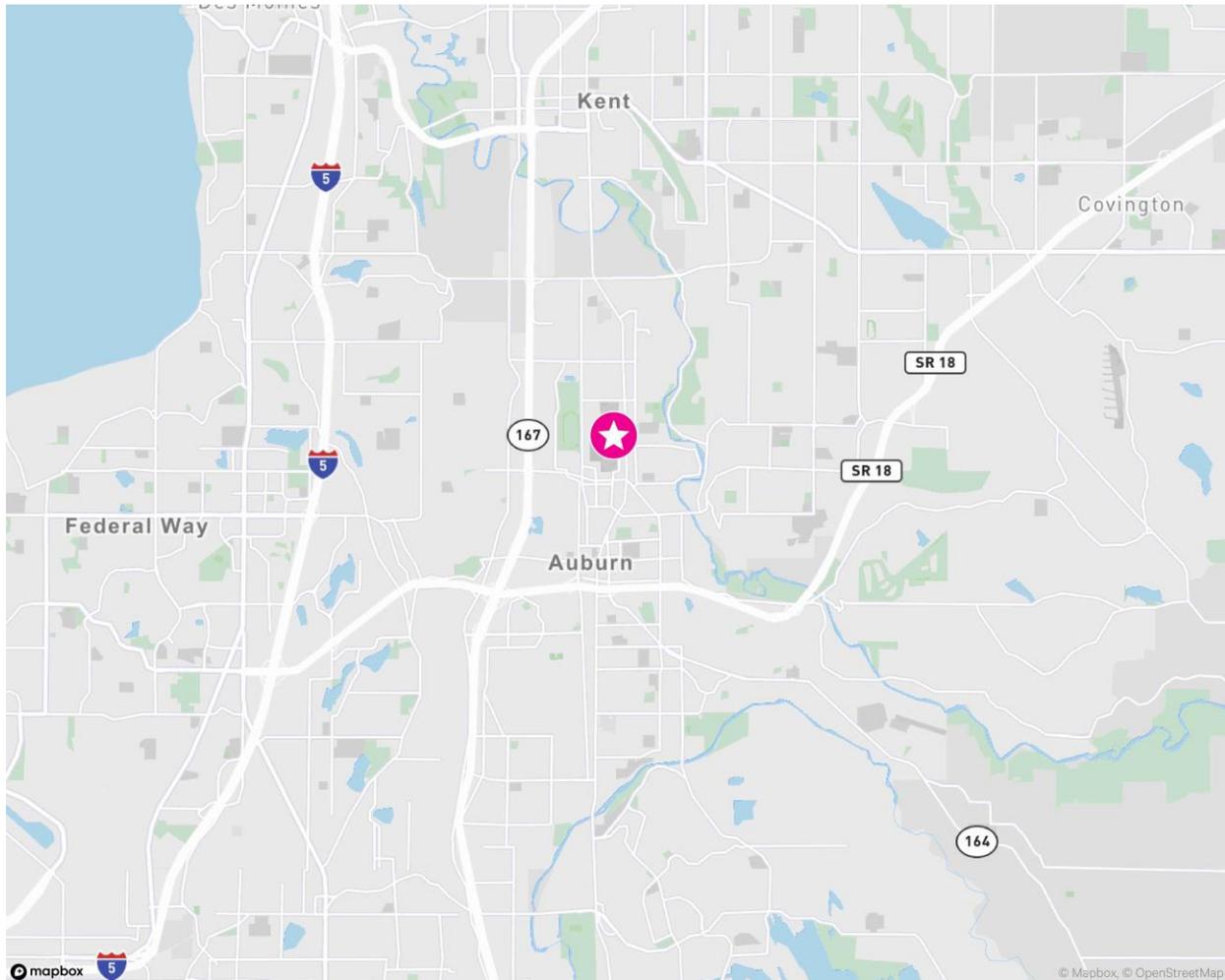


The area includes a total of 2,179,608 employees and has a 4.1% unemployment rate. The top three industries within the area are Prof/Scientific/Tech Services, Retail Trade and Health Care/Social Assistance, which represent a combined total of 38% of the population.

Source: ESRI, downloaded on Jun, 18 2024; Unemployment Rate Source: BLS

In summary, the area is forecasted to experience an increase in population and an increase in household income.

Neighborhood Analysis



LOCATION

The neighborhood is located in the city of Auburn and is a suburban location. The city of Auburn is located in south King County and north Pierce County. The United State Census Bureau estimates Auburn's 2023 population at 83,870. The land within the subject's immediate neighborhood north of SR-18 is almost completely built-out with few vacant sites available for development. Most current uses are industrial in nature with some single family and small multifamily developments supported by convenience retail uses along the major neighborhood arterials. North of S 277th Street is characterized as predominantly agricultural in use.

LogistiCenter at Auburn is a two-building, 240,000 square foot warehouse distribution property was constructed in 2021, with approximately 160,000 square feet leased to PepsiCo. Slightly further to the east lies The Outlet Collection Seattle, a 940,000 square foot outlet retail center. Areas up to SR-18 are primarily retail and industrial in use.

LAND USE AND GROWTH PATTERNS

Auburn is a larger community located at the southern end of the Kent Valley, which is the heart of the Puget Sound's industrial development and is situated in both King and Pierce Counties. This area was originally an agricultural area, and although this industry is still important to its economy, industrial warehouse uses are more prevalent now. The lower cost of land pushed industrial developers south of Kent and Auburn over the past ten years, and the southern portion of the Kent Valley is now a vital part of the area's industrial base. It is located close to the Port of Tacoma and Seattle as well as several regional highways and Interstate 5.

Auburn's retail core has traditionally been centered along Auburn Way which is the primary arterial through the middle of the city, extending in a north-south direction with predominantly strip retail and auto dealerships on either side. In 1995 Auburn established a regional retail presence with the opening of the Super Mall of the Great Northwest (renamed The Outlet Collection Seattle) at the junction of State Route 167 (SR-167) and SR-18. This shopping center is the largest outlet mall in south King County. The 3,000-acre Muckleshoot Indian Reservation is in the southeast portion of Auburn, and the Muckleshoot Casino, White River Amphitheater (16,000-seat concert venue) and Emerald Downs thoroughbred racing facility, all owned by the Tribe, are considered regional destinations.

Land uses within the immediate neighborhood consist primarily of industrial and commercial development. The area's commercial developments are located primarily along the arterial roadways.

Growth patterns have occurred primarily along main commercial thoroughfares, including arterials stemming from Highway 18 and State Route 167. Most of the new development has been related to industrial uses.

ACCESS

Auburn is connected with the larger market area via State Route 167 (SR-167), a north/south highway that connects to Interstate 5 and Tacoma, Interstate 405, and Renton, as well as SR-512 and Puyallup. State Route 18 is an east-west highway that primarily provides access to SR-167 and I-405. Public transportation (bus) is located along the arterials and secondary streets. The Sounder, a commuter rail service connecting Tacoma and Seattle, has a station in downtown Auburn and Sumner to the south. As such, the neighborhood has good transportation linkages within the city and to the larger market area.

DEMOGRAPHICS

Selected neighborhood demographics in 1-, 3- and 5-mile radius from the subject, as well as the county, MSA, and state, are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS						
2143 E Street NE Auburn, WA 98002	1 Mile Radius	3 Mile Radius	5 Mile Radius	King County	Seattle-Tacoma- Bellevue, WA	Washington
Population						
2028 Total Population	10,412	82,834	266,084	2,414,039	4,275,319	8,196,106
2023 Total Population	10,395	81,659	262,741	2,344,852	4,152,259	7,962,223
2010 Total Population	8,054	65,164	217,384	1,931,269	3,439,809	6,724,540
2000 Total Population	7,417	55,261	191,606	1,737,322	3,043,878	5,894,121
Annual Growth 2023 - 2028	0.03%	0.29%	0.25%	0.58%	0.59%	0.58%
Annual Growth 2010 - 2023	1.98%	1.75%	1.47%	1.50%	1.46%	1.31%
Annual Growth 2000 - 2010	0.83%	1.66%	1.27%	1.06%	1.23%	1.33%
Households						
2028 Total Households	4,512	28,497	92,739	984,689	1,679,071	3,199,453
2023 Total Households	4,535	28,236	91,951	951,594	1,623,115	3,089,990
2010 Total Households	3,580	23,451	79,614	789,238	1,357,475	2,620,076
2000 Total Households	3,201	20,759	73,531	711,016	1,196,568	2,271,398
Annual Growth 2023 - 2028	-0.10%	0.18%	0.17%	0.69%	0.68%	0.70%
Annual Growth 2010 - 2023	1.84%	1.44%	1.11%	1.45%	1.38%	1.28%
Annual Growth 2000 - 2010	1.13%	1.23%	0.80%	1.05%	1.27%	1.44%
Income						
2023 Median Household Income	\$52,516	\$82,805	\$78,391	\$116,050	\$106,985	\$89,067
2023 Average Household Income	\$81,806	\$114,023	\$109,756	\$167,074	\$151,084	\$128,120
2023 Per Capita Income	\$35,573	\$39,408	\$38,450	\$67,884	\$59,146	\$49,813
2023 Pop 25+ College Graduates	1,473	15,618	50,500	958,723	1,383,131	2,231,047
Age 25+ Percent College Graduates - 2023	20.0%	27.9%	28.5%	57.3%	47.3%	40.1%

Source: ESRI

As shown above, the population within the subject neighborhood has experienced an increase over the past several years. The neighborhood is expected to experience modest population growth over the next five years. As a result, the demand for existing developments is expected to be average to good. The neighborhood appears to be well established and favorably accepted.

CONCLUSION

Overall, the Puget Sound Region has outperformed most of the country over the last several years as it capitalized on strong tech sector job growth. The subject immediate neighborhood is adequately located within the City of Auburn, with shopping and employment within close proximity. As shown above, the population within the subject neighborhood has shown growth over the past 13 years. With average population growth of 1.92% within a three-mile radius, the neighborhood has grown at a faster pace than the county, MSA, and state overall. Future population growth in the subject’s neighborhood over the next five years is expected to slow relative to prior years.

The neighborhood currently has an income demographic profile below the county and MSA. Overall, the subject neighborhood benefits from its location within the Seattle-Tacoma-Bellevue MSA and Kent Valley, and its proximity to Seattle and Bellevue to the north and Tacoma to the south.

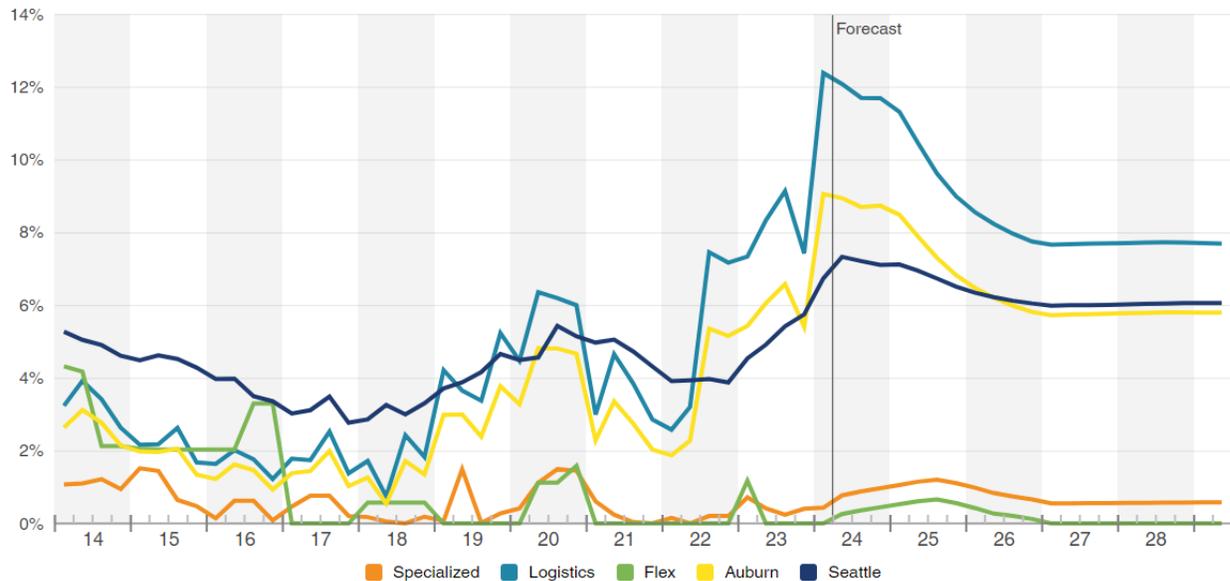
Market Analysis

Based on our experience and the permitted uses and development criteria of the subject’s LF (Airport Land Field District) zoning, land zoned for industrial use is considered the most comparable. Accordingly, we have included market analyses related to industrial use below utilizing data from CoStar, followed by a brief analysis of the aviation market.

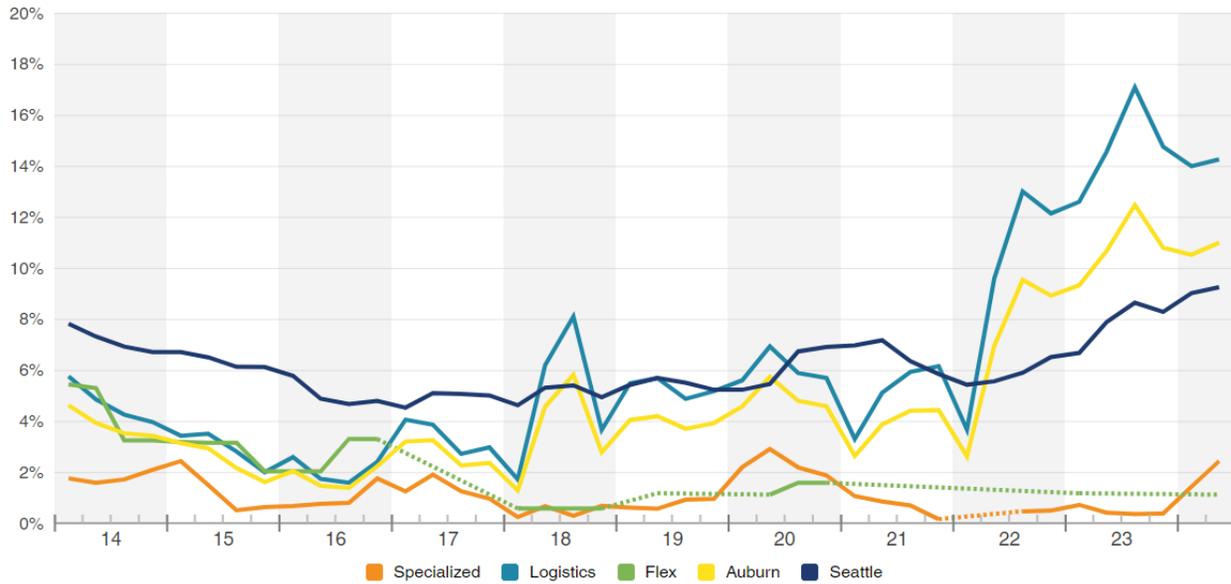
AUBURN INDUSTRIAL MARKET OVERVIEW

CoStar reports that the current inventory in the Auburn submarket sits at 471 buildings containing roughly 31.7 million square feet. Over the past 12 months, roughly 1.15 million square feet have been delivered to the market, with the bulk of the new inventory contained within the over 1 million-square-foot Bridepoint I-5 project located in Milton, in southwest portion of the submarket. Per CoStar, 200,000 square feet are currently under construction. The vacancy rate for industrial properties within the Auburn submarket sits at 9.2%, an increase from 6.0% a year ago, reflecting the surge in inventory.

VACANCY RATE



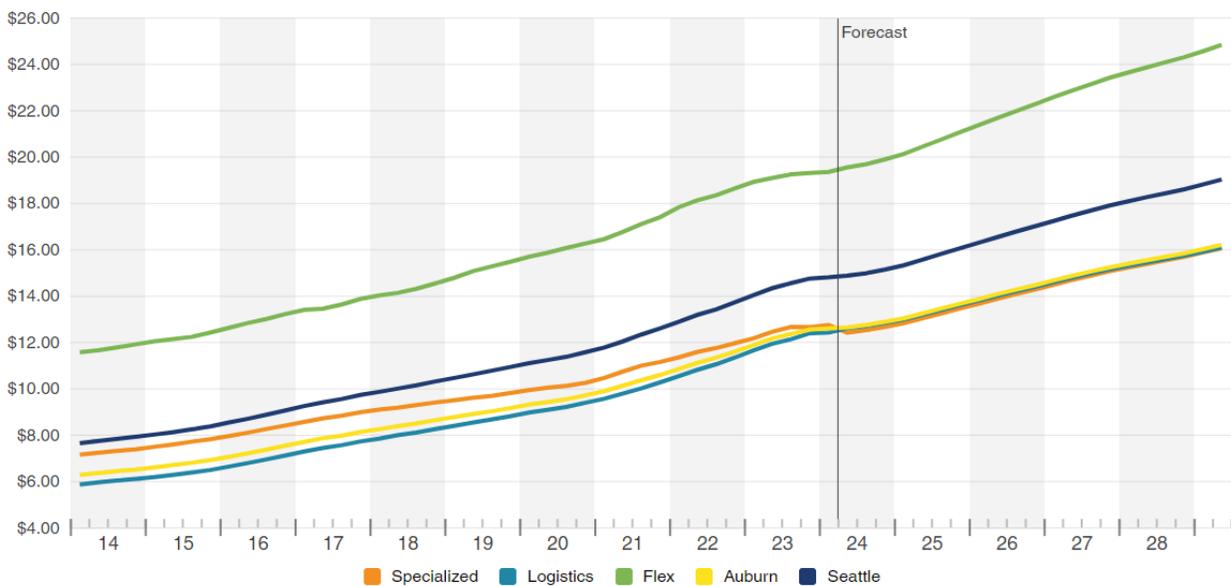
AVAILABILITY RATE



(Source: CoStar)

Market rents average \$12.62 per square foot per year, triple-net, which is below the average for the Seattle metro area (\$14.84). Year-over-year rent growth in the submarket is reported at 4.2%, which is below the average annual rent growth of 7.2% over the past decade. Rent growth has slowed in the latter stages of 2023 and is expected to resume steady increases in 2024 and beyond.

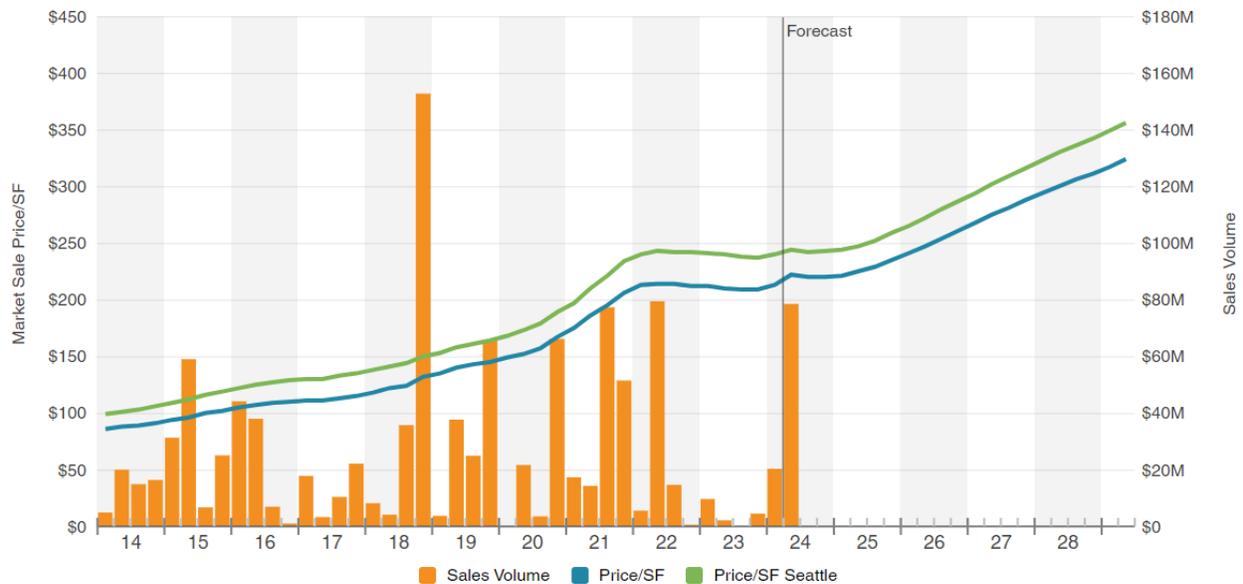
MARKET ASKING RENT PER SF



(Source: CoStar)

According to CoStar, “While more significant institutional deals have largely been absent from the [regional] market in recent months, that has not entirely been the case in Auburn.” Sales volume over the last 12 months has totaled \$104 million within the Auburn submarket, somewhat below the five-year average of \$117 million. The market sale price per square foot, which is based on the estimated price movement of all properties in the market, is \$222 per square foot, which is below the metro average of \$245.

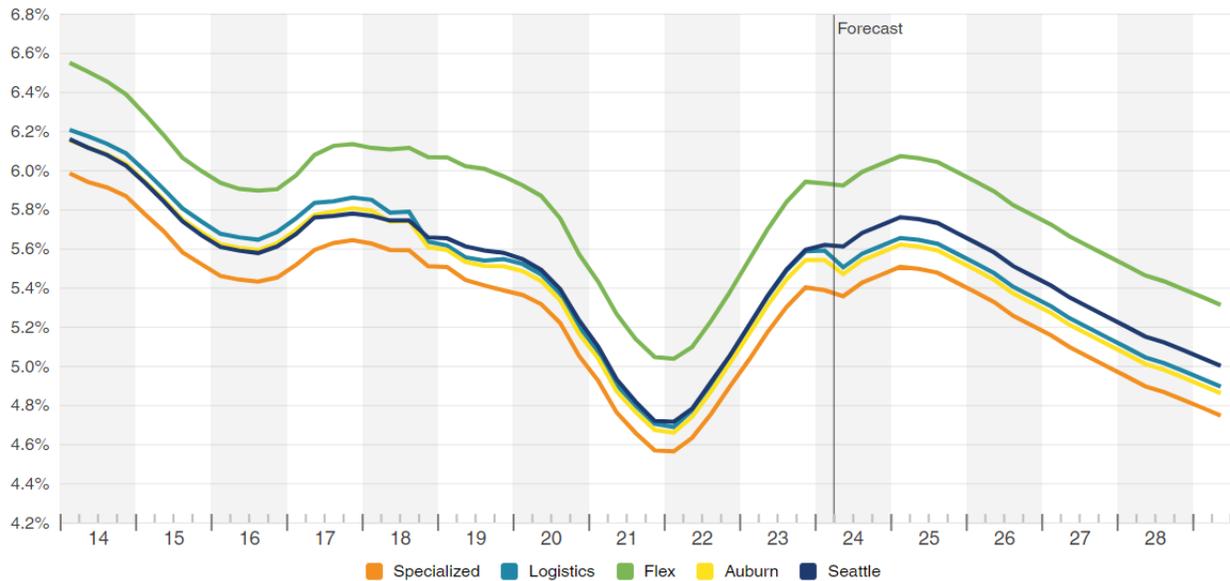
SALES VOLUME & MARKET SALE PRICE PER SF



(Source: CoStar)

Overall, capitalization rates decreased leading into 2022, with subsequent increases. CoStar predicts further increases in cap rates into 2025, influenced by elevated interest rates. Cap rates remain generally in line with the previous ten years, but as the graph below illustrates, cap rates have risen for all industrial asset classes since the trough of late 2021 and early 2022. CoStar expects cap rates to peak in early 2025 and decline thereafter.

MARKET CAP RATE



(Source: CoStar)

Conclusion

Overall, the industrial market in most of the Seattle metro area is expected to remain relatively strong, and recent and continued development in the broader market indicates developers’ long-term optimism for the area.

GENERAL AVIATION MARKET OVERVIEW

The following is excerpted from the *FAA Aerospace Forecast FY 2024-2044*:

Recovery of the general aviation (GA) sector from the impact of the COVID-19 crisis was faster than the airlines. Private aviation had become an attractive substitute for wealthier individuals who could afford to pay during the heaviest times of the pandemic. Some reversal in this trend has been observed among the turbojet users offering rides to extended family and friends, even though many of these newcomers continue to fly privately. At the lower end of the general aviation use, mostly by single engine piston powered aircraft, we see highest numbers in the past three decades attracted to flying and becoming student pilots, and highest numbers among them since 1995 earning their private pilot certificates. Other pilots contributing to GA activity more than ever included private pilots earning their commercial pilot certificates and commercial pilots becoming Air Transport Pilots (ATP) as the new pilot certifications in these two categories reached new peaks in 2023. The long-term outlook for general aviation thus is promising, as growth at the higher-end offsets continuing retirements at the traditional low end, mostly piston-powered part of the sector. The active GA fleet is forecast to increase by 9.0 percent between 2024 and 2044. The turbine aircraft fleet, including rotorcraft, did not show a decline between

2019 and 2022, and in fact, experienced a fast growth of 3.6 percent from 2021 to 2022. This fleet is projected to have an average growth rate of 2.0 percent per year during the forecast period. The total piston fleet (single and multi-engine pistons, light-sport aircraft, and piston rotorcraft) declined by 2.7 percent between 2019 and 2022 and is estimated to have shrunk by an additional 0.4 percent in 2023. The average annual growth rate of the piston fleet between 2023 and 2044 is forecast to be -0.1 percent. Including experimental aircraft, the majority of which are pistons, the growth rate of the combined fleet is flat over the forecast period, with a total growth of less than one percent in 21 years. While steady growth in both GDP and corporate profits results in continued growth of the turbine and rotorcraft fleets, the largest segment of the fleet – fixed wing piston aircraft will continue to shrink over the forecast period, just to be offset by the growing experimental aircraft fleet. Any additional growth in the GA fleet is expected to occur in turbine aircraft. Despite average annual growth of the active GA fleet between 2022 and 2044 of 0.4 percent, the number of GA hours flown is projected to increase by 17.4 percent during this period (an average of 0.7 percent per year), as growth in turbine, rotorcraft, and experimental hours more than offset declines in fixed wing piston hours.

With robust air travel demand growth in 2024 and steady growth thereafter, we expect increased activity growth that has the potential to increase controller workload. The continuing recovery in U.S. airline activity from the COVID downturn is the primary driver. The U.S. commercial aviation sector was hit by the pandemic much harder than the non-commercial sector. Operations at FAA and Contract Towers returned to pre-COVID levels in 2023 and are forecast to grow from these levels, led by strong growth in commercial operations. Large and medium hubs will continue to see faster increases than small and non-hub airports, largely due to the commercial nature of their operations. Over the entire forecast period, operations at FAA and contract towers are forecast to grow 1.1 percent a year with commercial activity growing at approximately four times the rate of non-commercial (general aviation and military) activity.

The general aviation segment saw growth in aircraft deliveries [in 2023], although total flight hours were little changed from the year before. [...] The general aviation industry continued its growth in 2023 with an increase of 7.7 percent in deliveries of U.S. manufactured aircraft between 2022 and 2023 (18.8 above 2019 levels), with pistons up by 10.7 percent and turbines up by 4.3 percent. Global billings increased by 2.2 percent to \$23.4 billion (0.6 percent below 2019 levels – statistics for U.S. billings were not available as of the publication date of this report).

Total operations in 2023 at FAA and contract towers increased by 3.7 percent compared to 2022 and exceed pre-COVID (2019) levels by 2.3 percent. Air carrier

activity increased by 6.7 percent, while air taxi operations fell 1.0 percent. General aviation activity increased by 4.1 percent (the only segment with activity levels higher than 2019) and military activity was down by 8.6 percent. Activity at large and medium hubs rose by 3.9 per-cent and 0.7 percent, respectively, while small and non-hub airport activity rose by 4.0 percent in 2023 compared to the prior year.

The following chart details past and anticipated reductions in active piston-engine, fixed-wing aircraft within the general aviation and air taxi segments, as well as increases in turbine aircraft.

ACTIVE GENERAL AVIATION AND AIR TAXI AIRCRAFT

AS OF DEC. 31	FIXED WING						ROTORCRAFT			TOTAL GENERAL AVIATION			TOTAL		
	SINGLE ENGINE	PISTON MULTI-ENGINE	TOTAL	TURBO PROP	TURBO JET	TOTAL	PISTON	TURBINE	TOTAL	EXPERIMENTAL**	LIGHT SPORT AIRCRAFT**	OTHER	FLEET	PISTONS	TURBINES
Historical*															
2010	139,519	15,900	155,419	9,369	11,484	20,853	3,588	6,514	10,102	24,784	6,528	5,684	223,370	159,007	27,367
2019	128,926	12,470	141,396	10,242	14,888	25,130	3,089	7,109	10,198	27,449	2,675	4,133	210,981	144,485	32,239
2020	124,059	11,947	136,006	10,317	15,316	25,633	2,930	6,816	9,746	26,367	2,570	3,818	204,140	138,936	32,449
2021	126,735	11,885	138,620	10,391	15,270	25,661	3,012	7,020	10,032	27,960	2,650	4,271	209,194	141,632	32,681
2022	126,076	11,652	137,728	10,713	16,126	26,839	2,748	7,021	9,769	28,062	2,666	4,476	209,540	140,476	33,860
2023E	125,490	11,580	137,070	10,785	16,570	27,355	2,765	7,160	9,925	28,160	2,730	4,490	209,730	139,835	34,515
Forecast															
2024	124,965	11,520	136,485	10,860	17,045	27,905	2,780	7,310	10,090	28,265	2,835	4,525	210,105	139,265	35,215
2025	124,485	11,460	135,945	10,935	17,540	28,475	2,800	7,465	10,265	28,465	2,935	4,555	210,640	138,745	35,940
2030	122,580	11,220	133,800	11,270	20,235	31,505	2,915	8,305	11,220	29,555	3,445	4,650	214,175	136,715	39,810
2035	121,105	11,030	132,135	11,800	23,115	34,915	3,040	9,195	12,235	30,665	4,015	4,700	218,665	135,175	44,110
2040	120,215	10,900	131,115	12,535	26,030	38,565	3,165	10,070	13,235	31,805	4,615	4,740	224,075	134,280	48,635
2044	119,930	10,860	130,790	13,255	28,325	41,580	3,265	10,760	14,025	32,705	5,105	4,770	228,975	134,055	52,340
Avg Annual Growth															
2010-23	-0.8%	-2.4%	-1.0%	1.1%	2.9%	2.1%	-2.0%	0.7%	-0.1%	1.0%	-6.5%	-1.8%	-0.5%	-1.0%	1.8%
2023-24	-0.4%	-0.5%	-0.4%	0.7%	2.9%	2.0%	0.5%	2.1%	1.7%	0.4%	3.8%	0.8%	0.2%	-0.4%	2.0%
2024-34	-0.3%	-0.4%	-0.3%	0.7%	2.8%	2.1%	0.8%	2.1%	1.8%	0.7%	3.2%	0.4%	0.4%	-0.3%	2.1%
2024-44	-0.2%	-0.3%	-0.2%	1.0%	2.6%	2.0%	0.8%	2.0%	1.7%	0.7%	3.0%	0.3%	0.4%	-0.2%	2.0%

FAA Aerospace Forecast Fiscal Years 2024-2044

* Source: 2001-2010, 2012-2022, FAA General Aviation and Air Taxi Activity (and Avionics) Surveys.
 **Experimental Light-sport category that was previously shown under Sport Aircraft is moved under Experimental Aircraft category, starting in 2012.
 Note: An active aircraft is one that has a current registration and was flown at least one hour during the calendar year.

(Source: FAA Aerospace Forecast FY 2024-2044)

Site Analysis

DESCRIPTION OF AUBURN MUNICIPAL AIRPORT

Auburn Municipal Airport, owned by the City of Auburn, encompasses roughly 110 acres and is located in downtown Auburn. Annual operations from the airport are approximately 140,000, which is the third highest in the region behind Sea-Tac and King County International (Boeing Field). The airport features a 3,842-foot-long by 75-foot-wide asphalt runway, capable of accommodating single-wheel planes up to 12,500 pounds. There is no control tower for the airport, but navigational aids include Visual Approach Slope Indicator (VASI) and Runway End Identifier Lights (REIL).

AUBURN MUNICIPAL AIRPORT INFORMATION

Runway Length	3,842 feet
Runway Width	75 feet
Airport Elevation	63 feet
Airport Reference Point (Estimated)	47-19-39.45N / 122-13-35.958W
Runway Material	Asphalt
Navigation Aids	VASI/REIL
Super AWOS Info Frequency	122.8

Source: FAA Form 5010-1

According to the Auburn Municipal Airport's 2020 Year in Review document, in 2020, the airport "[e]xtended the airport's runway 441 feet, installed new LED runway lights and signs and undergrounded a detention pond (making the airport safer by removing wildlife attractant). [...] It took over six years of planning and negotiating with the FAA to accomplish." Additional recent upgrades include:

- Acquisition of 1.58 acres on the south end of the airport, allowing for ownership of entire runway safety area (2022). Area to be regraded to FAA standard and fenced in 2024.
- Stormwater Department project filling and eliminating one stormwater pond, increasing safety by eliminating wildlife attractant (2022-2023).

Per the airport's website, planned and ongoing projects include:

2024

- Pavement overlay of Runway 16-34 (ongoing as of date of value)
- Magnetic Variation change to Runway 17-35
- PAPI (precision approach path indicator) installation
- Runway 35 Runway Safety Area grading
- LED taxiway light installation

2025

- Installation of Automated Weather Observation System (AWOS)
- Rotating beacon installation
- Airfield lighting emergency generator

SUMMARY OF SUBJECT PROPERTY CHARACTERISTICS

As noted elsewhere in this report, we have been tasked with providing an opinion of market rent for airport land by utilizing a representative parcel provided by the client. The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY			
Physical Description			
Gross Site Area	1.70 Acres		74,052 Sq. Ft.
Excess Land Area	None		
Surplus Land Area	None		
Shape	Rectangular		
Topography	Generally Level		
Parcel Number(s)	514320-0070 (portion)		
Zoning District	LF (Airport Landing Field District)		
Flood Map Panel No. & Date	53061C1310F		19-Jun-20
Flood Zone	Zone X (Unshaded)		
Adjacent Land Uses	Aviation, light industrial/commercial		
Earthquake Zone	NEHRP Site Class D to E		
Utilities		Availability	
Water		Yes	
Sewer		Yes	
Electricity		Yes	
Telecommunications		Yes	
Other	Yes	No	Unknown
Detrimental Easements			X
Encroachments			X
Deed Restrictions			X
Various sources compiled by CBRE			

Site Size

According to our aerial estimate of the representative parcel provided to us by the client, the subject property consists of approximately 1.70 acres of level ground – all of which appears to be usable – and is located mid-runway with taxiway access.

Utilities

All utilities are available to the site, including public water, electricity, telephone, and sewer.

Access

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

Topography

The subject’s topography is level and is located at 63 feet above sea level.

Soils

We were not provided with a soils report; however, according to the USDA web soil survey, the subject consists of Briscot silt loam. Briscot soils are very deep, poorly drained soils formed in recent alluvium on floodplains. Slopes are 0%-2%. They have very slow runoff and moderate permeability. They are subject to occasional, brief flooding from November through April, and are typically drained and used for cropland.

Zoning/Land Use

The subject property is owned by the City of Auburn and falls under its zoning jurisdiction. The subject is zoned Airport Landing Field District (LF). The LF zone intended to provide for the operation and management of Auburn Municipal Airport. Permitted uses include aircraft operations and businesses incidental to and necessary or convenient for airport operations, including offices, eating establishments, restrooms, hangars, shops for light repairs, gasoline and oil sales, and accessory structures. Surrounding the airport are light and heavy industrial zones, as well as commercial along Auburn Way N. and 15th Avenue NE.

Development Standards in the LF zone are as follows:

ZONING SUMMARY	
Current Zoning	LF (Airport Landing Field District)
Legally Conforming	N/A - Land
Uses Permitted	Aircraft operations, businesses incidental and necessary or convenient for airport operations (offices, eating establishments, restrooms, hangars, shops, gasoline/oil sales, accessory structures)
Zoning Change	Not likely
Category	Zoning Requirement
Minimum Lot Size	None
Minimum Lot Width	None
Minimum Lot Depth	None
Maximum Lot Coverage	None
Maximum Height ¹	45 Feet
Minimum Setbacks:	
Front	None ²
Interior Side	None
Street Side	None ²
Rear	None
Maximum Lot Coverage	None

¹ Except as otherwise restricted by FAA Part 77 (see below)

² Must meet sight distance provisions of the engineering design standards

Source: AMC Title 18

Assessed Value/Taxes

Washington State requires that all real property be assessed at 100% market value. The subject property is owned by the City of Auburn and not subject to assessment or real property tax; however, airport lessees pay a 12.84% leasehold excise tax plus personal property taxes on privately-owned improvements.

Easements/Encumbrances

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

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

“*Building Restriction Line*” establishes areas on an airport where structures can be located in order to be compatible with airport operations. This line is established by measuring from the runway centerline in a perpendicular direction. As noted above, it does not appear that any portion of the subject property lies within the Building Restriction Line (established at 25 vertical feet) and height limitations for any potential structure on the subject property would be limited by the 7 to 1 ratio described above – providing for 1 foot in vertical height for every 7 horizontal feet extending outward from the centerline. Our estimates indicate that approximately one-half of the subject property would have an FAA-imposed height limitation lower than what is permitted by the underlying zone (45 feet). Please note that any such height restrictions are addressed in the aviation use adjustment below.

Property Utility

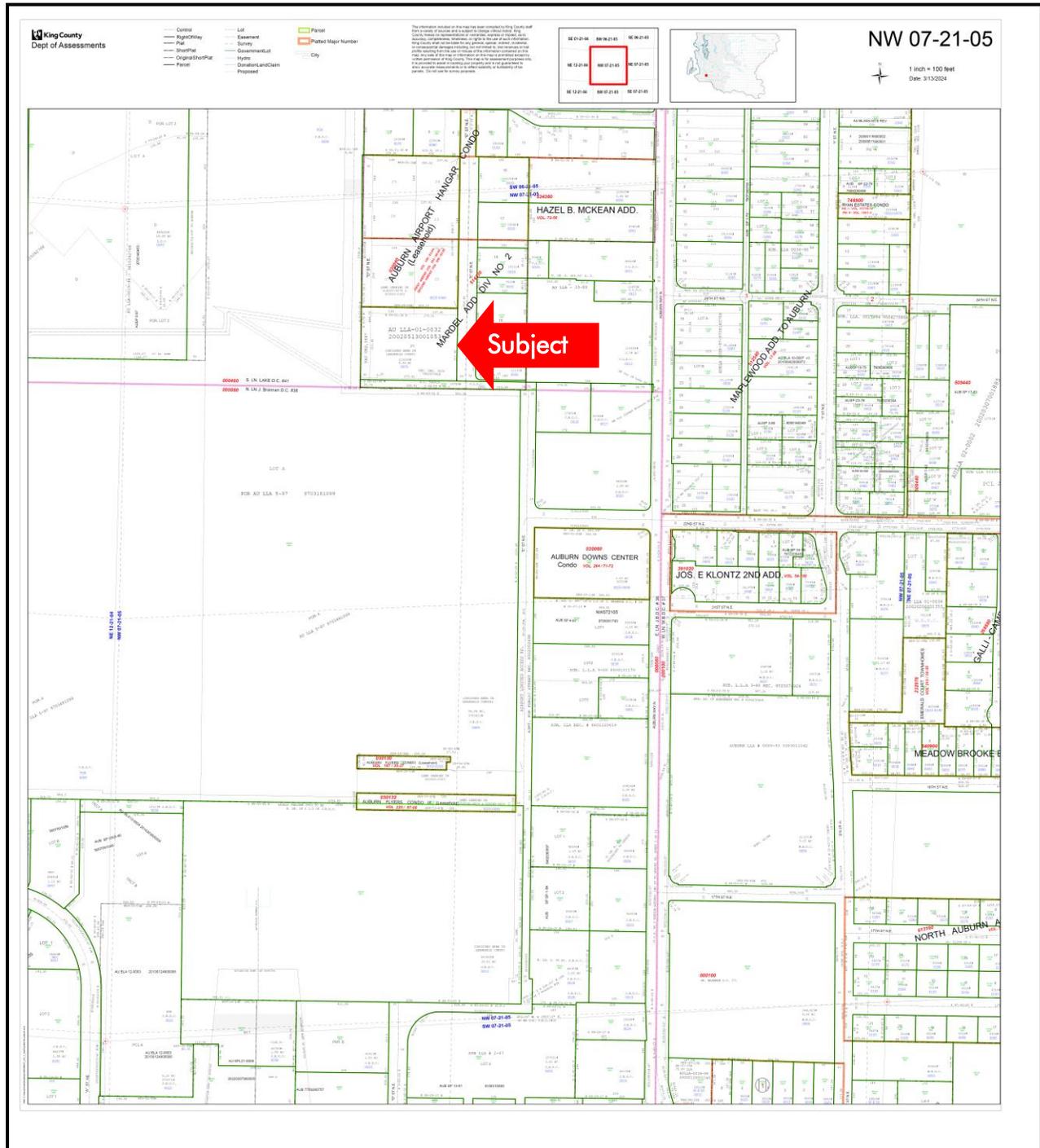
The subject property is located mid-runway, has direct access to the airfield and is considered to have good utility.

It is important to note that the sole focus of this assignment is the subject’s underlying land. We have not evaluated value premiums for concrete hard stands or extraordinary site improvements.

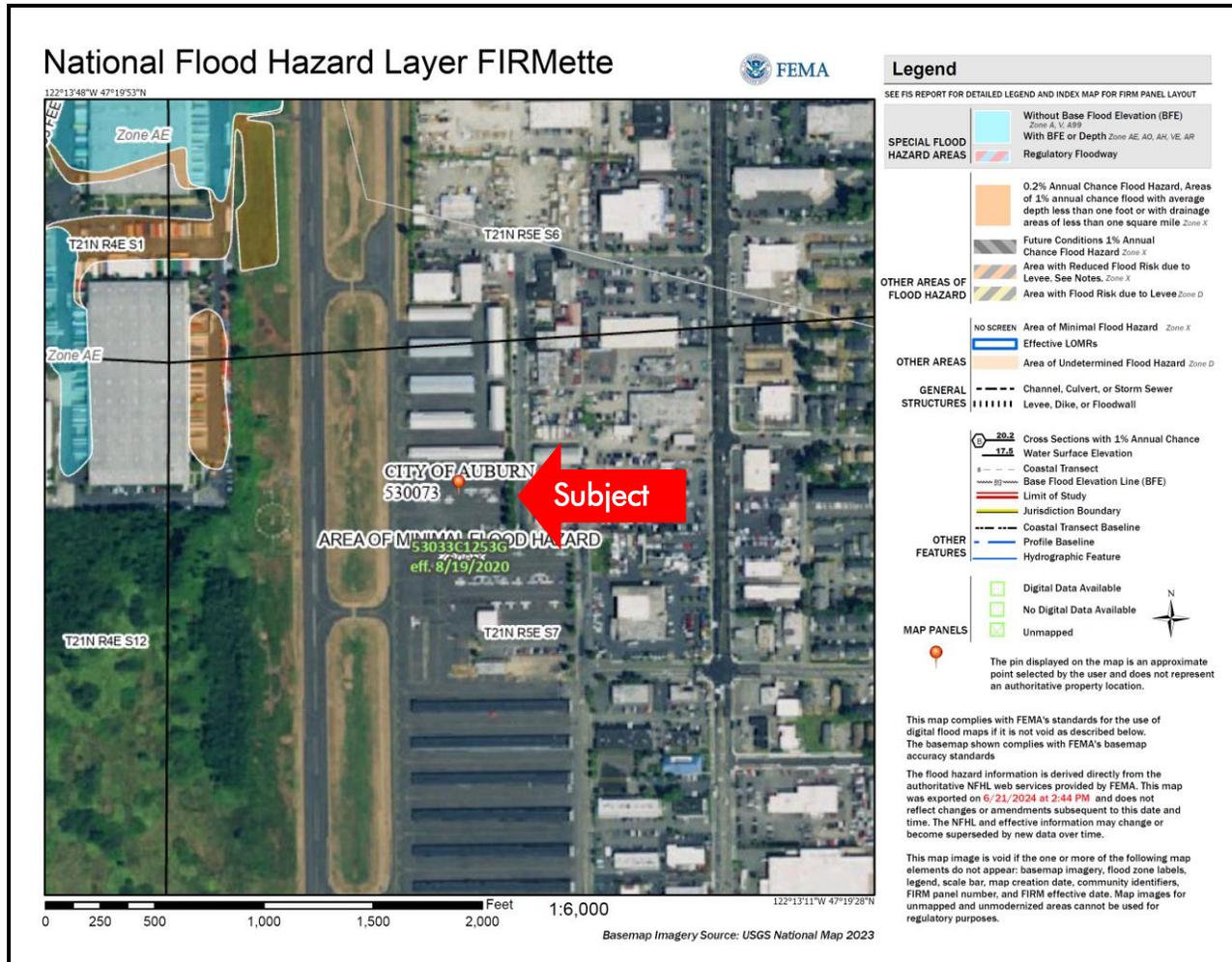
Existing Land Leases

There are existing ground leases for portions of the airport; however, the subject property is currently unleased, to our knowledge.

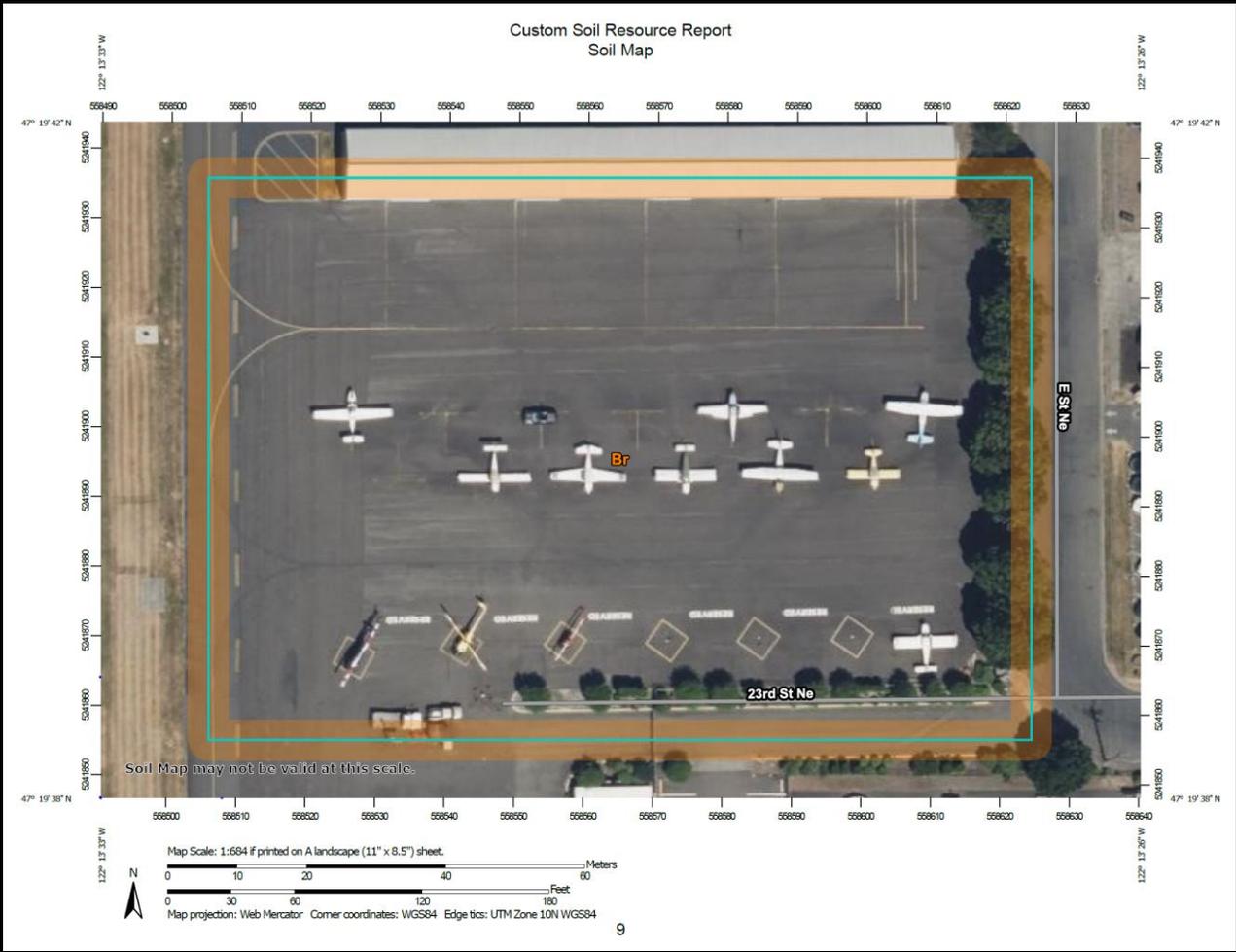
PLAT MAP



FLOODPLAIN MAP



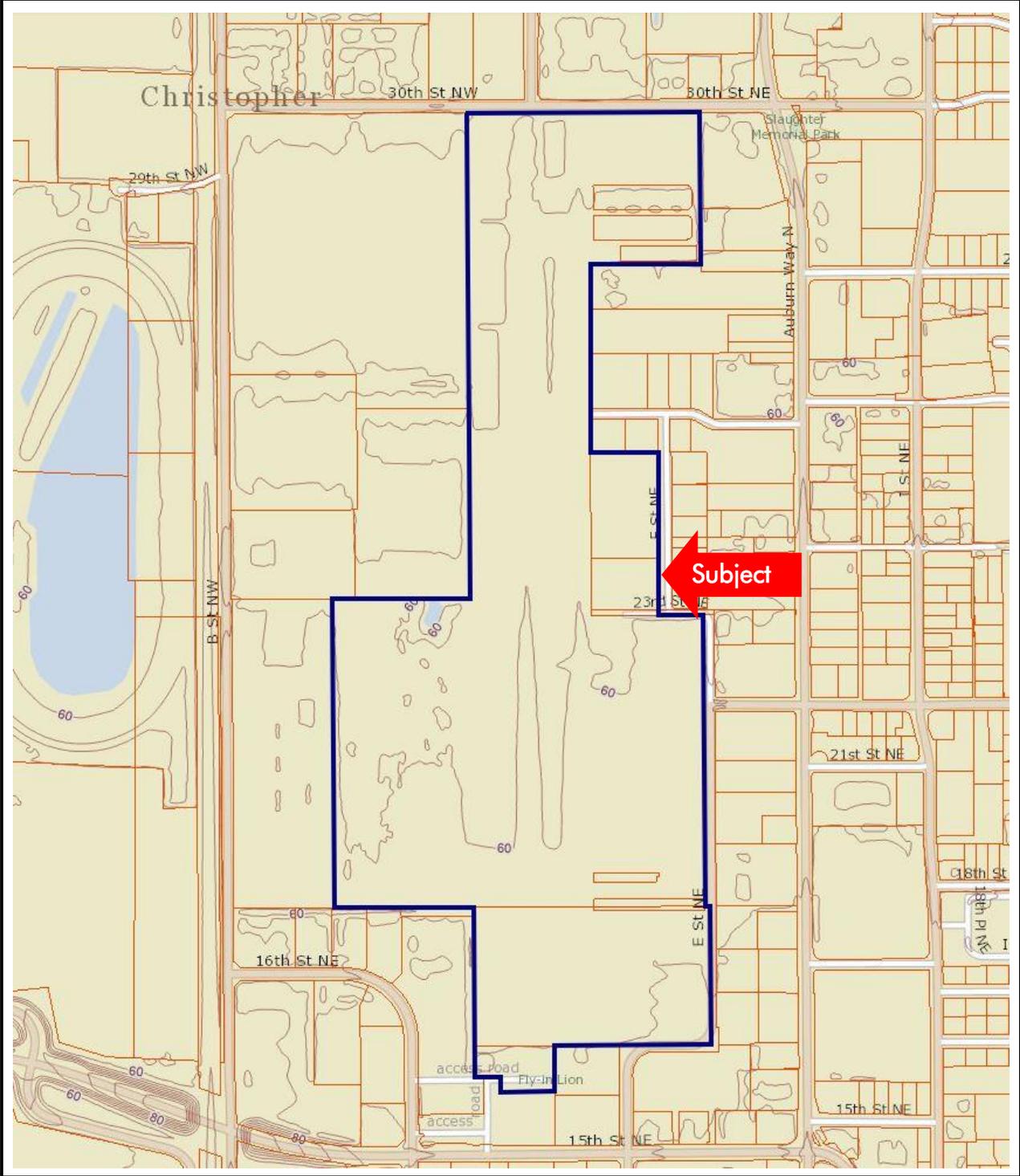
SOILS MAP



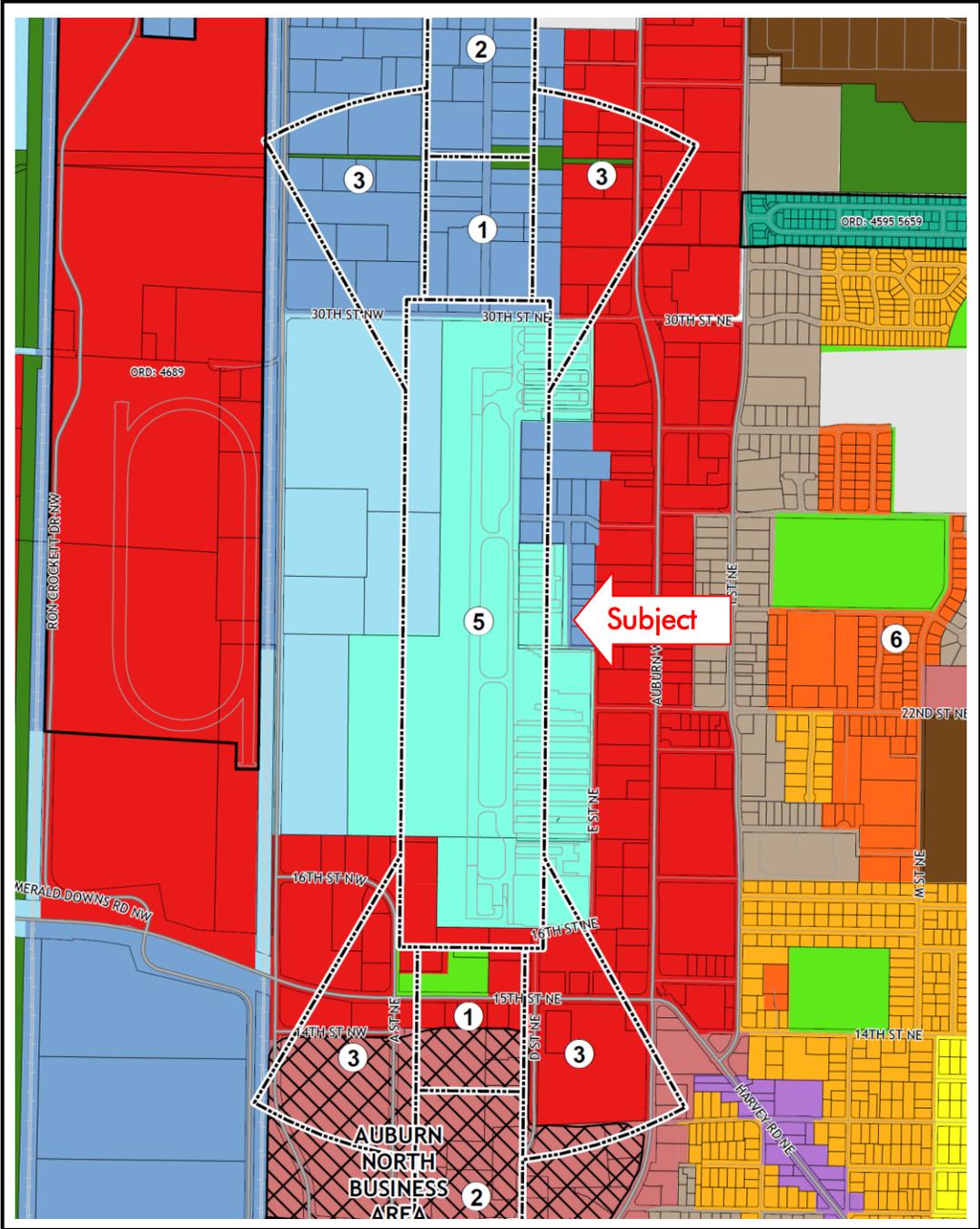
Map Unit Legend

Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
Br	Briscot silt loam	2.4	100.0%
Totals for Area of Interest		2.4	100.0%

TOPOGRAPHICAL MAP

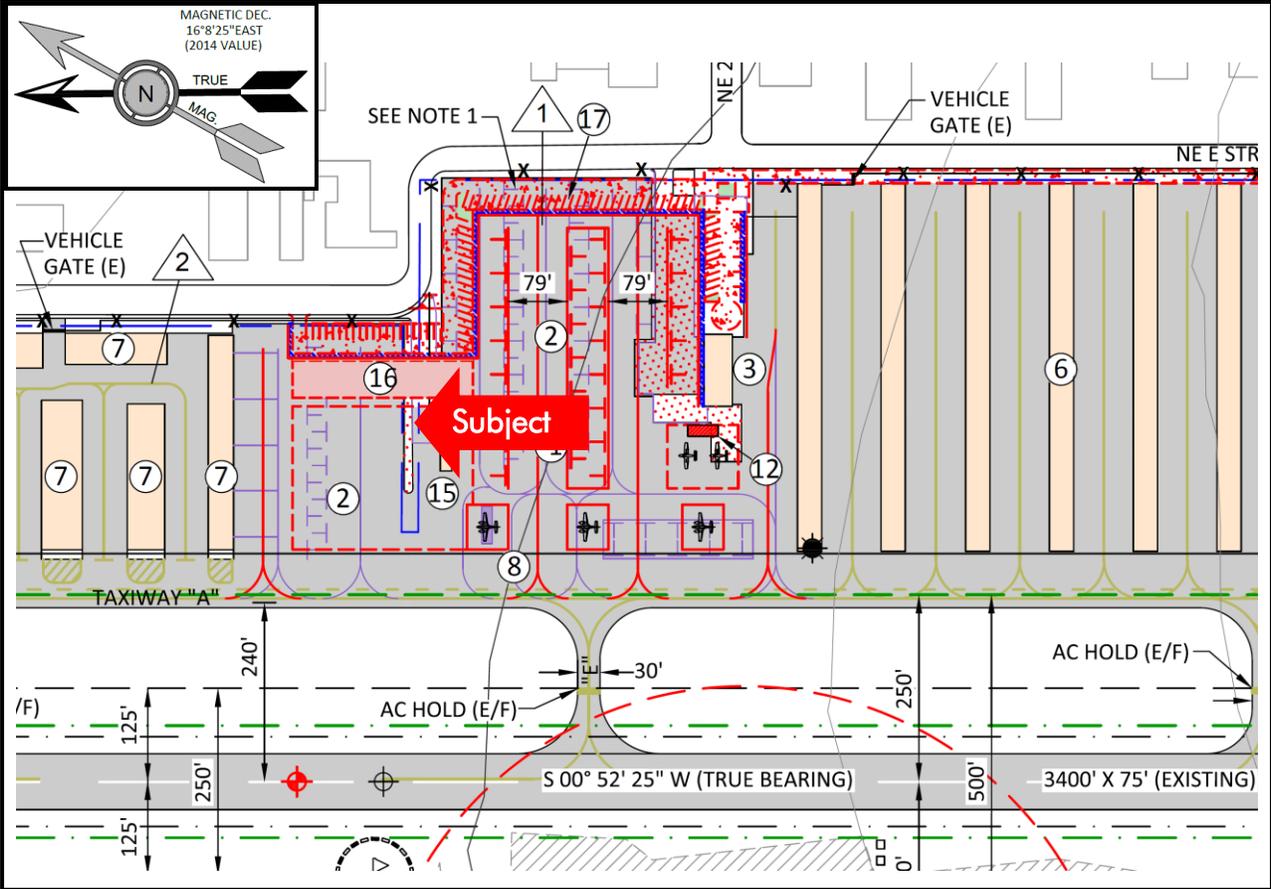


ZONING MAP



- | | | |
|--|---|---|
|  C1 Light Commercial District |  CN Neighborhood Shopping District |  LF Airport Landing Field District |
|  C2 Central Business District |  DUC Downtown Urban Center |  M1 Light Industrial District |
|  C3 Heavy Commercial District |  I Institutional Use District |  M2 Heavy Industrial District |
|  C4 Mixed Use Commercial |  Lakeland Hills South PUD |  Open Space |

AIRPORT LAYOUT PLAN (2015 AMP) – REPRESENTATIVE PARCEL



A more comprehensive airport layout plan can be found in the Addenda.

Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

Our analysis includes determining land values for the subject site located at Auburn Municipal Airport. A full analysis of the airport in its entirety, all airport buildings, and their respective use is beyond the scope of this assignment. Further, our analysis excludes any consideration of existing improvements (site or otherwise) with respect to both the subject and any comparables. We have, however, assumed the representative parcel is serviced by public utilities.

AS VACANT

Legal Permissibility

The subject is zoned LF (Airport Landing Field District) by the City of Auburn. Permitted uses include aircraft operations and businesses incidental to and necessary or convenient for airport operations, including offices, eating establishments, restrooms, hangars, shops for light repairs, gasoline and oil sales, and accessory structures. As discussed above certain height limitations are imposed by FAA Part 77. There are no known easements or encroachments impacting the site that are considered to materially affect the marketability or highest and best use. There are also no known covenants, conditions, or restrictions impacting the site that are considered to affect the marketability or highest and best use.

Physical Possibility

The physical attributes allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences described in the Site Analysis and have been considered. The subject is rectangular in shape, with generally level topography. Overall, there are no items of a physical nature that appear to prohibit likely and appropriate development.

Financial Feasibility

The use of the subject property for airport-related use conforms to much of the land use in the immediate area. Given the generally strong demand for hangar, tie-down, and other airport-related use at regional airports, aviation-related use is considered financially feasible.

Maximum Productivity - Conclusion

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land. Given that the subject is a portion of, and

operated in connection with, a municipal airport, it is our opinion that the highest and best use of the property is for continued airport-related use.

AS IMPROVED

As analyzed, the subject is considered effectively vacant land.

Valuation Methodology

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

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

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

Once an appropriate land value is concluded for each parcel, a rate of return is applied. This is derived in part from other airports, discussions with market participants, review of other known lease rates, as well as consideration of the current rate of return at the subject.

Method 2: Direct Comparison – Airport Lease Rates

The next method of valuation is the comparable airport analysis. While we recognize that all airports are unique and therefore, not directly comparable, an analysis of pricing for similar services is certainly appropriate. Specific lease information and valuation techniques were reviewed from similar airports regionally and nationally. We have conducted a study of other airports throughout the region which are general aviation in nature (see comparables list below).

Reconciliation and Application of Rental Rates

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

Ground Rent Analysis

METHOD ONE - OFF-AIRPORT LAND ANALYSIS

This methodology analyzes land sales in the area surrounding the subject airport, applying adjustments for specific characteristics that differ from the subject. For our analysis, industrially zoned land is considered most comparable, as it possesses the most similar characteristics, i.e., lot coverage and intensity of use and allowed uses. This type of land more closely reflects values of airport related users and their occasional need for large sites and buildings to accommodate aircraft. Comparable sales were located and are summarized in the following table. The map on the following page indicates the location of the subject and the comparables.

Our analysis of value utilizes the Sales Comparison Approach. This approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on the principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

The process of developing the sales comparison approach consists of the following analyses: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject property.

Unit of Comparison

According to our research and discussions with market participants, industrial/commercial land is typically bought and sold based on price per usable square foot of the site. However, the buildable area of several comparable sales was not specifically identified by market participants in our verification of the transactions. Accordingly, the unit of comparison utilized in our analysis is price per gross site square foot, recognizing the utility or lack thereof of estimated unbuildable or otherwise encumbered portions of the comparable sales.

Elements of Comparison

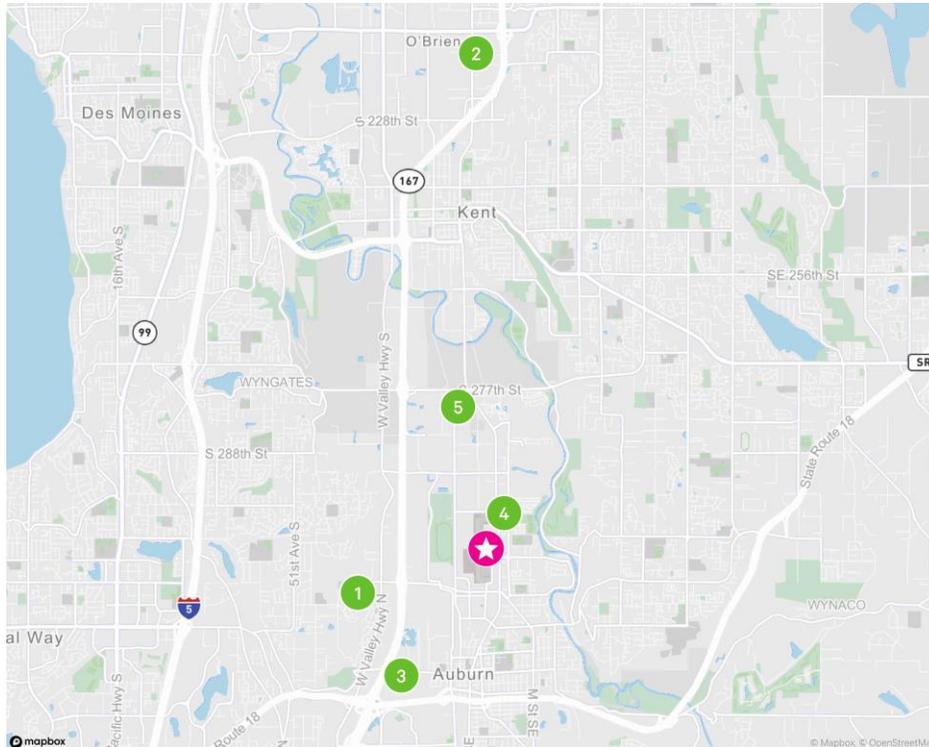
Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location and (7) physical characteristics.

Comparable Sales Data

In order to arrive at the market value for the subject property, we have researched the Kent/Auburn industrial market for recent sales. To obtain and verify comparable sales of similar

properties, we conducted a search of public records, field surveys, interviews with knowledgeable real estate professionals in the area, and a review of our subscription and internal databases. Due to the nature of the subject property, it was necessary to expand our search criteria to include sales outside of the immediate neighborhood and in nearby industrial centers. We included several sales in our analysis, judged to be the most comparable, to develop an indication of market value for the subject property.

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE LAND SALES

No.	Property Location	Transaction Date	Actual Sale Price	Adjusted Sale Price ¹	Site Size (Acres)	Site Size (SF)	Price per SF	Zoning/ Jurisdiction
1	14XX Terrace Drive Auburn, WA 98001	Apr-24	\$1,400,000	\$1,400,000	2.33	101,495	\$13.79	C-3 Auburn
2	21610 South 84th Avenue Kent, WA 98032	Dec-23	\$1,300,000	\$1,300,000	0.70	30,510	\$42.61	I2 Kent
3	1204 W Main Street Auburn, WA 98001	Oct-22	\$2,400,000	\$2,400,000	1.79	77,972	\$30.78	M-1 Auburn
4	810 30th Street NE Auburn, WA 98001	May-22	\$2,150,000	\$2,150,000	1.59	69,354	\$31.00	C-3 Auburn
5	121 49th Street NW Auburn, WA 98001	Jul-21	\$1,732,817	\$1,732,817	2.34	102,112	\$16.97	M-1 Auburn
Subject	2143 E Street NE Auburn, Washington	---	---	---	1.70	74,052	---	LF Auburn

¹ Adjusted sale price for cash equivalency and/or development costs (where applicable)
Compiled by CBRE

Discussion of Land Sales

LAND SALE ONE

This is the April 2024 sale of a vacant 101,495-square-foot (2.33-acre) tax parcel situated on Terrace Drive in Auburn. The property is zoned C-3 by the city of Auburn, a heavy commercial zone permitting a wide variety of commercial and light industrial/manufacturing uses, as well as mixed-use residential with ground-floor commercial use. It is rectangular in shape, with water, sewer, and power available in the fronting street. The site mostly sits below street grade, and there is a graded and graveled area in the center of the property, with sloping topography in the vicinity of the northern, southern, and western boundaries. The property went under contract in April of 2022, with the buyer and seller executing a lease agreement covering the holding period. It closed roughly two years later, in April 2024, and the broker stated the sale price reflected current market rates as of the sale date. Per the listing/selling broker, the buyer intends to hold the property for the time being and intends to explore development of self storage of senior housing in the future. The property sold on April 24, 2024, for \$1,400,000, or \$13.79 per square foot.

LAND SALE TWO

This comparable represents the December 2023 sale of a 30,510-square foot site located at 21610 South 84th Avenue in Kent, Washington. The site is rectangular in shape, has good corner frontage, and is generally level. It is zoned I2, mixed industrial, which allows for a variety of light industrial and commercial uses. The property was on the market for approximately six months and sold for a price of \$1,300,000 or \$42.61 per square foot. The buyer intends to construct a 10,000 SF warehouse for their business.

LAND SALE THREE

This comparable is the sale of a 1.79-acre site located at 1204 W. Main Street in Auburn, Washington. The site is zoned M-1, Industrial, and is located at the corner of W. Main Street and Lund Road, with immediate access to SR-167 and Highway 18. The site was graveled, leveled, and partially fenced at the time of sale, with utilities available at the nearby fronting streets. According to the listing broker, it was purchased by the owner of the abutting property to the west, who intended to use the site for truck/yard storage. The property sold in October 2022 for the listing price of \$2,400,000 or \$30.78/SF.

LAND SALE FOUR

This is the May 2022 sale of a vacant 69,354-square-foot (1.59-acre) tax parcel located on 30th Street NE in Auburn. The property is rectangular in shape and generally level, with utilities available in the fronting street. It is considered a double-corner, endcap site, and the intersection of 30th Street NE and Auburn Way N. at the northwest is signalized. The property is zoned C-3 by the city of Auburn, a heavy commercial zone permitting a wide variety of commercial and light industrial/manufacturing uses, as well as mixed-use residential with ground-floor commercial

use. The buyer is Valley Regional Fire Authority, which intends to construct a new fire station at the site. According to the buyer, the seller (State of Washington) had an appraisal of the property completed to assist in negotiations, and the buyer agreed with the conclusion. As such, the sale is considered to reflect an arm's-length, market-rate transaction. The property sold on May 27, 2022, for \$2,150,000, or \$31.00 per square foot.

LAND SALE FIVE

This is the July 2021 sale of a 102,112-square foot (2.34-acre) redevelopment site located on 49th Street NW in Auburn. It is noted that as of 2024, per King County Assessor information, the site contains 96,992 square feet. However, the assessor's site size reflects 5,120 square feet dedicated to the city of Auburn via a right-of-way deed executed in 2023, after the transaction (recording number 20230505000288). The property is slightly irregularly rectangular in shape and has generally level topography. It is zoned M-1 by the city of Auburn, a light industrial zone. The site is wholly within the 100-year floodplain. According to the buyer, flood hazard significantly limited development of the property. The buyer ultimately developed the property with a in a roughly 1,500-square-foot office building situated in the southwest corner and an asphalt storage yard, completed in 2024. As of June 2024, the property is available for sale (\$7,000,000) or lease (roughly \$515,000 per year, NNN, blended), indicating a desired 7.35% rate of return on the property overall. The property sold in an off-market transaction on July 29, 2021, for \$1,732,817, or \$16.97 per square foot.

Sales Comparison Analysis

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

TRANSACTION ADJUSTMENTS

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

Real Property Rights Conveyed

Real property rights conveyed influence sale prices and must be considered when analyzing a sale comparable. All of the sales are considered to be reflective of fee interests. No adjustments have been made.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure adjusts the atypical mortgage terms to provide an indication of value at cash equivalent terms. The selected sales were reflective of cash transactions.

Conditions of Sale

All of the sales represent arm's-length transactions. No adjustments are applied here.

Market Conditions

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Based on our review of sales data in the subject's market area, paired sales activity is extremely limited for industrial land. Our discussions with brokers, developers, as well as observations of market activity, lead us to conclude that the pace of sales for properties similar to the subject is characterized by relatively few sales each year. Further discussions indicate that while industrial land values increased rapidly in the 2020 to 2022 time period, interest-rate increases and market uncertainty have led to generally stagnant pricing within broader Puget Sound region since the first half of 2022, with market participants noting decreases within the Auburn and Kent Valley submarkets since the peak in roughly mid-2022. Accordingly, downward adjustments are made to Sales 3 and 4, which occurred around the peak of mid-2022. No adjustments are applied to the remaining sales.

PROPERTY ADJUSTMENTS

Property adjustments can be expressed quantitatively – as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property – or qualitatively, depending upon the availability of data in a particular submarket. Our analysis applies the latter, based on locational and physical characteristics and are applied after transactional and market conditions adjustments.

Our reasoning for the property adjustments made to each sale comparable follows. The discussion analyzes each adjustment category deemed applicable to the subject property.

Location

Location adjustments can be somewhat subjective and have been made, when appropriate, to address differences in overall appeal, proximity to core retail services, and other amenities. Sale 2 is located in Kent, which is a location considered superior to the subject, and a downward adjustment is made. The remaining sales are located in Auburn, and no adjustments are applied.

Size

The size adjustment addresses variance in the physical size of the comparables and that of the subject, as a larger parcel typically commands a lower price per unit than a smaller parcel, all else being equal. This inverse relationship is due, in part, to the principle of “economies of scale.” In some cases, however, small sites provide fewer opportunities to maximize value due to physical limitations. The representative subject parcel contains approximately 1.70 acres, or 74,052 square feet. A slight downward adjustment is applied to Sale 2, which contains 0.70 acres (30,510 square feet). No adjustments are made to the remaining sales, which range from 1.59 to 2.34 acres.

Site Quality

Site quality adjustments are somewhat subjective and can include, but are not limited to difficult topography, visibility and frontage, traffic counts, view amenity, shape, encumbering easements, critical areas, and characteristics necessary for development. The subject property is level and at grade with abutting streets with fair visibility and no critical areas. An upward adjustment is applied to Sale 1, which is impacted by areas of sloping topography near the northers, southern, and western boundaries of the property, ostensibly affecting the buildable area; is within a potential erosion hazard area; and mostly sits below street level. Although Sale 5 is situated at an unsignalized corner, it is located within the 100-year floodplain, which reportedly significantly limited the allowed development intensity; an upward adjustment is made. Sales 2 through 4 are generally level, rectangular, corner sites, and downward adjustments are made. A larger adjustment is made to Sale 2, as it is situated at a signalized intersection. Sale 4 is a double-corner site (one of which is signalized); however, the downward adjustment is tempered somewhat due to its relatively narrow rectangular shape.

Land Use/Zoning

All of the sales are zoned for heavy commercial and industrial use and received no adjustment. Although C-3 zoning of Sales 1 and 4 allows for mixed-use residential development above ground-floor commercial use, our review of the Auburn submarket indicates that no premium has been recognized by market participants in recent years in the area, as demand for industrial space and land surged from 2020 to 2022. This conclusion is generally supported by Sale 1 (C-3 zoning, 2.33 acres, \$13.79 per square foot) and Sale 5 (M-1 zoning, 2.34 acres, \$16.79 per square foot); as well as Sale 3 (M-1 zoning, 1.79 acres, \$30.78 per square foot) and Sale 4 (C-3 zoning, 1.59 acres, \$31.00 per square foot).

Access/Utilities

The subject and all of the comparable sales have access to all public utilities and adequate access. No adjustments have been made.

SUMMARY OF ADJUSTMENTS

Presented below are summaries of the adjustments made to the comparable sales as they relate to the subject properties. As noted earlier, these qualitative adjustments were based on our market research, best judgment, and experience in the appraisal of similar properties.

LAND SALES ADJUSTMENT GRID						
Comparable Number	1	2	3	4	5	Subject
Transaction Date	Apr-24	Dec-23	Oct-22	May-22	Jul-21	---
Interest Transferred	Fee Simple	---				
Actual Sale Price	\$1,400,000	\$1,300,000	\$2,400,000	\$2,150,000	\$1,732,817	---
Adjusted Sale Price ¹	\$1,400,000	\$1,300,000	\$2,400,000	\$2,150,000	\$1,732,817	---
Gross Size (Acres)	2.33	0.70	1.79	1.59	2.34	1.70
Gross Size (SF)	101,495	30,510	77,972	69,354	102,112	74,052
Price (\$ PSF)	\$13.79	\$42.61	\$30.78	\$31.00	\$16.97	
Property Rights Conveyed	0	0	0	0	0	
Financing Terms ¹	0	0	0	0	0	
Conditions of Sale	0	0	0	0	0	
Market Conditions (Time)	0	0	Sup(-)	Sup(-)	0	
Interim Indication	\$13.79	\$42.61	<\$30.78	<\$31.00	\$16.97	
Location	No Adj.	Sup(-)	No Adj.	No Adj.	No Adj.	
Size	No Adj.	Sup(-)	No Adj.	No Adj.	No Adj.	
Site Quality	Inf(++)	Sup(--)	Sup(-)	Sup(-)	Inf(++)	
Land Use/Zoning	No Adj.					
Access/Utilities	No Adj.					
Cumulative Indication	Inferior	Superior	Superior	Superior	Inferior	
	>\$13.79	<\$42.61	>\$30.78	>\$31.00	>\$16.97	

¹ Adjusted sale price for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

Conclusion of Land Value

Prior to adjustments, the comparable sales indicate a wide range of value for the subject from \$13.79 to \$42.61 per square foot. After adjustments, the range narrows somewhat, with Sale 5 establishing the low end of the range at \$16.97 and Sale 3 setting the upper end of the range at \$30.78. Occurring at a time with superior market conditions and with superior site quality (corner

influence, visibility/exposure), Sale 3 is considered clearly superior to the subject. Conversely, Sale 5 is considered clearly inferior, as its location within the 100-year floodplain reportedly limited development intensity. Overall, a value for the subject somewhat below the middle of the range is considered appropriate.

In consideration of all of the above, as of May 13, 2024, a base land value for the subject of **\$22.00 per gross square foot** is considered reasonable and well supported.

We acknowledge that our opinion of base land value is substantially higher than was concluded in Auburn Municipal's prior appraisal from 2019; however, it should be noted that the data available at that time consisted of pre-pandemic land sales. Since that time, the industrial market within the Puget Sound region experienced significant growth prior to interest-rate increases in 2022 and early 2023, and market participants continued to look outside of the increasingly unaffordable Duwamish, Georgetown and SoDo industrial centers of Seattle. The effect on industrial property in outlying areas such as Kent, Auburn, and Renton, as well as parts of Snohomish County, was an increase in demand for an otherwise unchanged supply resulting in significant increases in the average sales price per square foot of land. Based on our research and discussions with market participants, although industrial land values within the subject's immediate market area have receded slightly since the peak in mid-2022, values remain well above pre-pandemic levels.

While demand for on-airport land does not necessarily increase at the same rate as industrial land, industrial property does serve as a proxy for airport land values and gives an indication of overall trends.

AVIATION USE AND LAND LEASE ADJUSTMENT

Since this report is intended to evaluate the property for rental rate purposes, it is appropriate to discuss the effects of any further limitations on use applicable to a tenant. The following section discusses the potential application of adjustments for Lease Conditions and Aviation use limitations. The Lease Conditions adjustment is intended to reflect the unique limitations of an airport land lease, including the following:

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

Combined, these factors can translate into increased risk or cost to the lessee. Some of the above factors may also apply to off-airport land leases, and we are considering only those limitations

unique to airport leases. In consideration of all of the above, we have applied a 10% lease conditions adjustment to the base land value concluded above:

In addition, there are Aviation use restrictions applicable to the airside properties, which can include:

- Nature of use (typically aviation-oriented use required)
- Fewer potential users than the market as a whole (somewhat related to above)
- Potentially lower site coverage on airport sites (not a universal attribute)
- Access to aviation facilities (i.e.: use of runway, taxiway infrastructure)

The last point may be a limitation or benefit and is related to the overall airport characteristics. As demand for aviation properties increases, the likelihood also increases that such access would be perceived as a benefit, offsetting other limiting factors. The adjustment for such factors is considered particularly appropriate when airports have substantially different supply/demand characteristics than the land sales in the surrounding market area. In the case of Auburn Municipal, the airport has some on-airport land available for new development and expansion, though approximately one-half of it consists of wetlands and would require substantial site work prior to any portion of it being developable. The airport, though, is located in an urban area with little to no available land for expansion outside of the airport’s existing footprint. In considering whether an aviation use adjustment is appropriate for the subject, it is necessary to consider whether, overall, demand for airport properties at Auburn Municipal meets or even exceeds demand for standard industrial property in this marketing area. Some airports in the region are at capacity and such an adjustment may not be applicable; however, Auburn Municipal has yet to reach full capacity. Thus, we have applied a 10% aviation use adjustment in addition to the lease conditions adjustment discussed above. This adjustment also considers that approximately one-half of the representative subject parcel has an FAA-imposed height restriction lower than that which is permitted by the underlying zone. Though on its westernmost side, the height limitation is 25 feet as compared to the 45 permitted under zoning, our discussions regarding such limitations with airport managers and tenants, provide a common theme: that such limits translate into value impacts once highest and best use is affected. In the case of the subject site, 25 feet is suitable for construction of a building, albeit smaller than would otherwise be allowed. However, the transitional surface impacts do not appear to impact the overall highest and best use of the site.

The aggregate adjustment for lease conditions and aviation use totals 20%. Based on these adjustment factors, the effective land value of the subject’s representative parcel is as follows:

EFFECTIVE LAND VALUE					
Land	Base Land Value (PSF)	Lease Cond. Adjustment	Aviation Use Adjustment	Total Adjustment	Effective Land Value (PSF)
Representative Parcel - Serviced Land	\$22.00	10%	10%	20%	\$17.60
Compiled by CBRE					

Market Rent – Land

In order to obtain a rate that can be compared with our first approach, we must derive a rate from the airport land values concluded above. In estimating a fair rental rate, we have considered methods utilized at other airports. Typical lease terms are 20-50 years., with rate negotiations every three to five years. These leases are exclusive of the leasehold excise tax.

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

AIRPORT RATES OF RETURN	
Airport	Rate
Arlington	7.50%
Auburn	7.50%
Bellingham	9.00%
Bremerton	8.00%
King County International	7.50%*
Olympia	9.50%
Paine Field	7.25%
Renton Municipal	7.50%
Thun Field	8.00%
Skagit/Bayview	7.50%
<i>*Per appraisal; negotiated rate reflects 5.71%</i>	
Compiled by CBRE	

Historically, the required rate of return has largely been influenced by the overall economy and interest rates levels, which had been relatively consistent since recovery from the Great Recession into the COVID-19 pandemic. While the Airport rates in our survey reflect the most direct competition for the subject property, some of the rates are proscribed by the Airport authority, as opposed to being direct indicators of the market. Based on our interviews of airport managers, in most cases the rates are intended to reflect the market.

Based on our conversations with airport representatives, the required rates of return included in the chart above were established prior to interest-rate increases that commenced in 2022 in response to persistent inflation. Between March 2022 and July 2023, the Federal Reserve increased interest rates 11 times, increasing the Federal Funds Rate from 0.25%-0.50% to 5.25%-5.50%. Increased interest rates have increased the cost of capital and increased required returns on investments in order to reflect risk relative to safe investments such as 10-Year Treasury Notes, which have risen substantially in recent years.

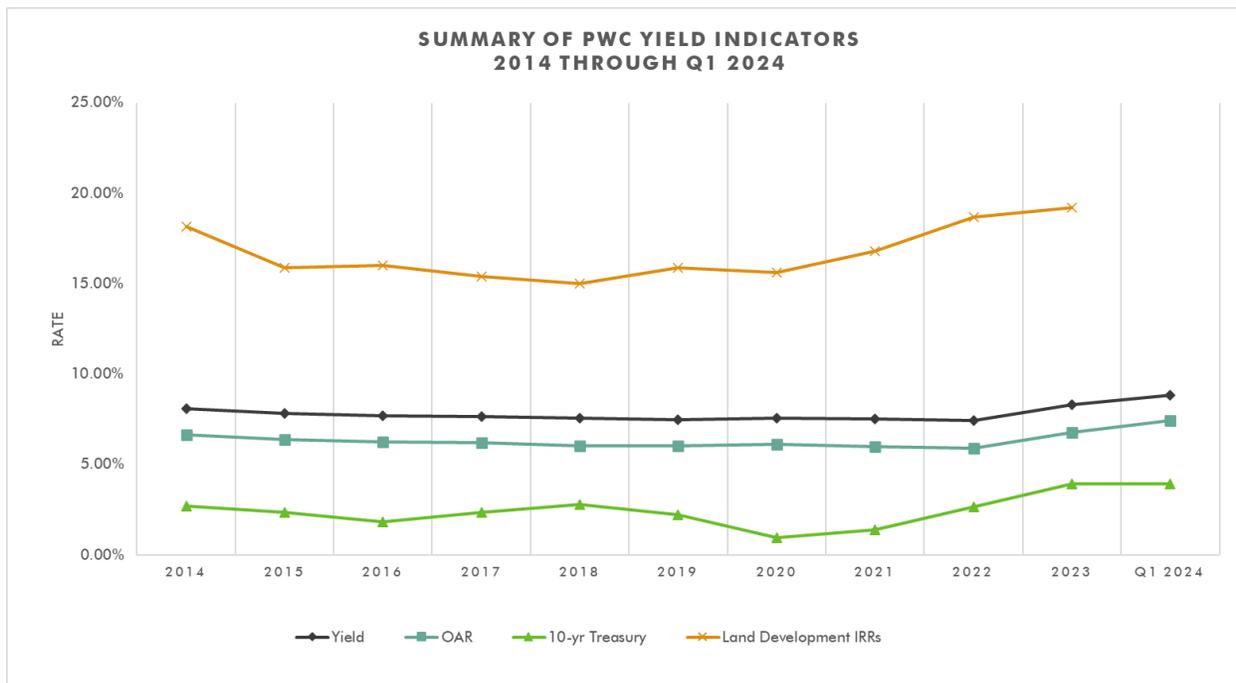
We have also compiled the following data on rates of return collected for privately owned property on ground lease—again, primarily prior to recent interest-rate increases. We note that

the rates of return vary depending upon the term of ground lease, as well as type of tenant (i.e., national credit tenant, individual).

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

Additionally, we researched PwC market survey (most recent available), which is a nationally recognized investor survey publication on a variety of real estate types. The PwC Yield Indicator (PYI, or "Yield" in the chart below) is a composite IRR average of all markets including development land. The most recent data as of Q1 2024 indicates a PYI of 8.83%, an increase from 7.47% in 2019 and 7.43% in 2022. The OAR figure represents all property markets and is at 7.44%, up from 6.02% in 2019 and 5.89% in 2022. Furthermore, the 10-Year Treasury Note has increased to 3.95% from 2.21% in 2019 and 2.64% in 2022.

The following chart summarizes yield trends since 2014 as compiled by PwC.



As can be seen by the chart, both the Overall Rates of Return (OAR) and Yield Rates have increased since interest rates began to rise in 2022. The spread between the safe rate as indicated by US Treasury Notes and the composite of market yield rates has compressed. Real estate, being relatively illiquid, tends to react more gradually to periodic economic fluctuations; however, severe or prolonged downturns justify additional analysis. Typically, a rate of return for ground rent is considered less risky than improved property, indicating a lower rate of return.

These rates reflect broad categories of real estate and changes in rates among aviation facilities tend to occur more slowly, as demonstrated by regional airports over the past several years. The bulk of the rate data in the above also reflects yield rates, overall rates, and Treasury rates at the lower end of the risk spectrum. The periodic rental rate analysis here includes no reversionary interest in the property and, therefore, the OAR figures in the survey would establish a minimum rate level, all other things being equal. We are familiar with ground lease rates on industrial private properties throughout the region as well. These tend to fall in the range of 8% to 10% as well, with the lower rates involving long term lease arrangements with national credit tenants. With this in mind and given the range of rates provided by surrounding airports, we believe a rate of 8.0% is appropriate for this analysis. Thus, the following rental rate is estimated:

CONCLUDED RATE - OFF-AIRPORT LAND ANALYSIS			
	Effective Land Value (PSF)	Rate of Return	Indicated Rate/SF/Year
Auburn Municipal Airport	\$17.60	8.00%	\$1.408
Compiled by CBRE			

METHOD TWO – AIRPORT COMPARISON

Regional Airports

We have conducted a study of other airports throughout the region. They arrange from smaller community airfields to larger regional airports. Auburn Municipal Airport is falls into the General Aviation classification with characteristics typical of the medium or *municipal*-sized airports. This is a broad category, but common characteristics include tie down and T-Hangar aircraft storage, FBO facility, and a wide variety of aviation-oriented manufacturing or service companies. In our analysis, we directly compare the subject property to other airports, with our conclusion reflecting market rental rates for Auburn Municipal Airport land. The largest airport in the region is Seattle-Tacoma International Airport (Sea-Tac), which allows international connections, followed by King County International Airport (KCIA). Both are located in the core Seattle area, however, neither are considered comparable to Auburn Municipal and have been excluded from our direct airport comparison. Also nearby is Renton Municipal Airport, which is a designated reliever airport for both Sea-Tac and KCIA. Farther out from the Seattle area are regional airports such as Arlington Airport, Skagit/Bayview, Bellingham, and Paine Field to the north, and Tacoma Narrows, Thun Field, and Olympia Airport to the south.

We have included pertinent information relating to several of the Puget Sound’s regional airports as compared to Auburn Municipal, which we anticipate will continue to support general aviation and small, corporate users. The airports vary in terms of navigational aids such as precision/non-precision approaches. Generally speaking, however, the busier airports support more sophisticated navigational technology. A summary of this information can be found in the following chart:

AIRCRAFT OPERATIONS - SUMMARY OF RUNWAY/NAVIGATIONAL CHARACTERISTICS								
Airport	Land Size (Ac)	Annual Operations	Average Daily Ops	Operations per Ac.	Runway Length(s)	Runway Width	Tower	Approach
Arlington Airport	1,200	67,080	184	56	5,332/3,498	100/75	No	NonPrec. Instr.
Auburn Municipal	110	140,000	384	1,273	3,842	75	No	NonPrec. Instr.*
Bellingham	2,190	74,401	204	34	6,700	150	Yes	Precision
Bremerton	1,729	66,000	181	38	6,000	150	No	Precision
Olympia	845	67,512	185	80	5,500/4,175	150	Yes	Precision
Paine Field	1,315	115,201	316	88	3,004/9,010	75/150	Yes	Precision
Renton Municipal	170	132,463	363	779	5,382	200	Yes	NonPrec. Instr.
Skagit/Bayview	1,847	61,900	170	34	3,000/5,480	60/100	No	NonPrec. Instr.
Tacoma Narrows	644	53,276	146	83	5,002	100	Yes	Precision
Thun Field	200	107,000	293	535	3,651	60	No	NonPrec. Instr.

* PAPI installation planned for 2024

Source: Federal Aviation Administration - Form 5010-1 (ops for 12 mo. ending on 12/31/2022)

As shown above, Auburn Municipal’s facilities are somewhat limited as compared to a number of alternatives in the Puget Sound Region. Auburn Municipal Airport is the smallest airport in terms of acreage and yet the third highest in terms of annual operations behind Sea-Tac International and King County International/Boeing Field (not included above). Its ratio of operations to acreage is the highest among the included airports.

Auburn Municipal’s operations are highest among the region’s general aviation airports, and most other airports are considerably larger with more available land to develop. Although the Airport Master Plan includes plans for runway extension to 4,118 feet, its urban location, surrounding development and infrastructure render further runway expansion extraordinarily difficult. Other airports in the urban Seattle area which lack available land for expansion include Sea-Tac, KCIA (Boeing Field), and Renton Municipal, though each of these airports is also currently at capacity.

Many of the greater Puget Sound airports reported a reduction in annual operations after 2000, which can be attributed to several factors including the Boeing downturn following 9/11, which impacted Renton Municipal, KCIA and Paine Field more than the outlying locations. In 2019, Paine Field commenced limited commercial service with 24 daily flights and a new passenger terminal on-airport.

In general, airports with closer-in, urban locations generally reflect higher tenant rates – likely a result of higher land values and demand. Overall occupancy levels at airports regionally are relatively strong with all of the airports surveyed indicating T-hangar waitlists of one year or more.

Airport Survey

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

CURRENT GROUND LEASE RATES	
Airport	Current Ground Rent
Arlington Airport ¹	\$0.30
Auburn Municipal	\$1.00
Bellingham	\$0.72-\$0.90
Bremerton	\$0.26
Olympia	\$0.35
Paine Field	\$1.14
Renton Municipal ²	\$1.35
Skagit/Bayview	\$0.491-\$0.776
Tacoma Narrows ³	\$0.40
Thun Field ³	\$0.43

¹ Current rate. 2024 appraisal recommends \$0.36
² Based on CPI calculations from 2019 appraisal
³ Based on 2019/2020 appraisal - no adjustments since

Compiled by CBRE

We have observed that airport ground lease rates in the Puget Sound region reflect a general upward trend since the 1996 timeframe with the most significant increases coming at more urban airports in or near Seattle. Established land rates at the selected regional airports range between roughly \$0.26 and \$1.35 per square foot per year. It is important to note that several of the

airports in the region are currently in the process of obtaining appraisals for the purpose of bringing three- to-five-year old ground rents current. As referenced in the chart above, Arlington Municipal Airport had an appraisal performed in 2024 which recommended an increase of 20% from the previously established ground-lease rates.

Another consideration in the long-range trends of aviation rates can be shown in T-hangar rate trends. With respect to general aviation facilities, the typical private user seeking airplane storage is an important component in determining demand at airports. Currently, each of the airports surveyed reports 100% occupancy for T-hangar space, and waitlists typically ranging exceed several years. As a result of the high demand for T-hangars, rental rates have generally increased in recent years. Overall, demand for airport property remains strong and supportive of rental rate increases.

General Location

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

DEMOGRAPHICS OF REGIONAL AIRPORTS					
Description	Auburn Municipal Auburn, WA	Arlington Arlington, WA	Bellingham Int'l Bellingham, WA	Bremerton Nat'l Belfair, WA	Olympia Regional Olympia, WA
2023 Households					
1-Mile Radius	5,312	833	871	20	1,171
3-Mile Radius	30,688	11,654	13,222	1,070	15,030
5-Mile Radius	101,487	19,752	34,321	5,266	43,987
2023 Median HH Income (1-Mile Radius)	\$52,789	\$87,331	\$57,723	\$108,333	\$78,526
2023 Median HH Income (3-Mile Radius)	\$76,659	\$83,822	\$74,244	\$85,233	\$83,497
Market Size (1-Mile Radius)	\$280,415,168	\$72,746,723	\$50,276,733	\$2,166,660	\$91,953,946
Market Size (3-Mile Radius)	\$2,352,511,392	\$976,861,588	\$981,654,168	\$91,199,310	\$1,254,959,910
2023 Population (3-Mile Radius)	81,759	31,516	29,756	2,950	37,150
Traffic Counts (Ave. Daily Primary Arterial)	23,247	19,797	8,100	16,626	17,005
Density - 3-Mile Radius (Population per Acre)	4.52	1.74	1.64	0.16	2.05
Purchasing Power (1-Mile Radius)	\$139,467	\$36,181	\$25,006	\$1,078	\$45,734
Purchasing Power (3-Mile Radius)	\$130,005	\$53,983	\$54,248	\$5,040	\$69,352

Description	Auburn Municipal Auburn, WA	Paine Field Everett, WA	Renton Municipal Renton, WA	Skagit/Bayview Burlington, WA	Tacoma Narrows Gig Harbor, WA
2023 Households					
1-Mile Radius	5,312	887	5,495	17	689
3-Mile Radius	30,688	41,403	42,686	1,969	20,275
5-Mile Radius	101,487	91,959	96,123	8,504	58,524
2023 Median HH Income (1-Mile Radius)	\$52,789	\$74,157	\$59,115	\$112,500	\$220,779
2023 Median HH Income (3-Mile Radius)	\$76,659	\$71,591	\$81,767	\$96,531	\$96,804
Market Size (1-Mile Radius)	\$280,415,168	\$65,777,259	\$324,836,925	\$1,912,500	\$152,116,731
Market Size (3-Mile Radius)	\$2,352,511,392	\$2,964,082,173	\$3,490,306,162	\$190,069,539	\$1,962,701,100
2023 Population (3-Mile Radius)	81,759	105,203	106,343	5,006	46,367
Traffic Counts (Ave. Daily Primary Arterial)	23,247	26,358	35,145	4,942	6,841
Density - 3-Mile Radius (Population per Acre)	4.52	5.81	5.88	0.28	2.56
Purchasing Power (1-Mile Radius)	\$139,467	\$32,715	\$161,561	\$951	\$75,657
Purchasing Power (3-Mile Radius)	\$130,005	\$163,802	\$192,882	\$10,504	\$108,463

Source: CoStar

As shown, in terms of population density and purchasing power, the market area surrounding Auburn Municipal Airport falls between Renton Municipal and Paine Field, which represent the

upper end, and Olympia Regional Airport and Tacoma Narrows, representing the lower end. This information, while not necessarily aviation related, provides a comparative measure regarding the overall size of the surrounding markets of each respective comparable.

Rate Conclusion – Direct Airport Comparison Approach

All of the airports in the survey had an appraisal-based rate structure, with some basis in surrounding property value—though we note that the appraisals are generally somewhat dated. Once land values are determined or agreed upon at the various airports, the application of the rates is the next factor to be considered. In some cases, the estimated land rate, if based on surrounding land sales, may reflect some form of discount for inherent airport restrictions. Since this approach to value involves direct comparison with other airports, we assume that the effect of these factors is reflected in the rates being charged. Among the various airports, some differentiate between a rate for parcels with taxiway/runway access and those without. This is a function of the types of uses on the airport, as well as airport policy and the demand for land. Paine Field has historically demonstrated stepped increases, similar to other airports in the region; however, in terms of ground lease rates, it has generally been below Renton and other airports close-in to Seattle proper.

Unlike Auburn Municipal, Renton has a relatively limited supply of land available for development. In addition, its proximity to Seattle makes it an attractive location for the growing light jet and turbo prop market. Auburn Municipal has generally demonstrated lower ground lease rates than nearby Renton Municipal. It is our opinion that Renton remains better positioned due to proximity to Seattle and the scarcity of land available for on-airport development. However, it is noted that the ground rental rate quoted is based on CPI increases from a rate established via appraisal in 2019, and the representative stated that any new ground lease at Renton would be based on an updated appraisal prior to commencement, indicating that the quoted CPI-adjusted rate is believed to be below market.

Airports further out such as Arlington, Bremerton, Skagit and Tacoma Narrows are considered inferior to Auburn Municipal. In general, each airport is unique, which results in some difficulty with respect to a direct airport analysis. This is compounded by the current state of flux in ground rent for many of the nearby airports, knowing that several airports in the region are currently in the process of obtaining appraisals for the purpose of establishing new, current ground lease rates which will also be based upon current land sales data. As noted above, industrial land values increased substantially from 2020 into 2022, then stagnated or receded depending on specific submarket characteristics and demand. Following that trend and acknowledging that any effective land value would include adjustments for lease conditions and aviation limitations, the trended ground rent at Auburn Municipal would be far exceed its 2019 fair market rate of \$0.825 per square foot. It should also be acknowledged that the land sales data available for a 2019 appraisal would consist of properties which sold at significantly lower rates than what one would find in today's market—prior to the COVID-19 pandemic and ensuing increased demand

for industrial land and improved industrial properties. For that reason, we have placed less emphasis on the Direct Airport Comparison methodology as the current ground rents quoted are, in general, based upon older, pre-pandemic-era data which is inconsistent with the current industrial market. Overall, we conclude that a likely acceptable range of value based upon current ground rents and considering land value trends would be well above the rates quoted for Arlington, Bremerton, Skagit, Tacoma Narrows, and Olympia, in the range of the CPI-based \$1.35 quoted for Renton Municipal, and below the \$1.50 mark.

Summary and Conclusion of Market Rent

Two methodologies were researched and produced meaningful data for credible analysis. The subject is situated in a strong location, with strong demand in recent years. The limitations for Method One include adjustments made to address the differences in permitted uses between standard industrial land and those allowed on the airport, as well as an adjustment for leasehold conditions which is made to address the unique limitations of an airport land lease and lack of many benefits of fee ownership. Given that ground rental rates at several comparable airports were established several years ago (many with proscribed annual increases), primary emphasis has been placed on the off-airport analysis, with support from the Direct Airport Comparison approach. Considering all of the above and acknowledging the uncertainty of pending increases at other airports in the region, a ground rental rate of \$1.35 per square foot of land is considered reasonable. This represents an average annual increase of slightly above 10% per year relative to the 2019 appraised market rent. Although the concluded rental rate in this report represents a significant increase over the airport’s previous appraised value, its previous appraisal was completed in 2019 utilizing pre-pandemic sales data. It is reasonable to conclude that a current appraisal using current sales data following a significant increase in demand for vacant and improved industrial properties would result in higher nearby land values, which can also be expected to reflect on aviation property to some degree.

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

SUMMARY OF CONCLUSIONS	
	Gound Rental Rate/SF/Year
Method One - Off-Airport Analysis	\$1.408
Method Two - Direct Airport Comparison	\$1.00-\$1.50
Conclusion of Market Rent	\$1.35
Compiled by CBRE	

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, “CBRE”) has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the “Report”), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently, nor super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property’s compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property, nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report and any conclusions stated therein. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or on behalf of the client, property owner or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report and any conclusions stated therein. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including, without limitation, any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. This Report has been prepared in good faith, based on CBRE's current anecdotal and evidence-based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this Report, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections. Further, other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later change or be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge including, but not limited to, environmental, social, and governance principles ("ESG"), beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.

10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.
13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

LAND SALE DATA SHEETS

Property Name Auburn C-3 Land
 Address 14XX Terrace Drive
 Auburn, WA 98001
 United States

Government Tax Agency King County
 Govt./Tax ID 112104-9012

Site/Government Regulations

	Acres	Square feet
Land Area Net	2.330	101,495
Land Area Gross	2.330	101,495

Site Development Status	N/A
Shape	Rectangular
Topography	Varies
Utilities	All available

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	460 ft Terrace Drive
--------------------------	----------------------

General Plan	N/A
Specific Plan	N/A
Zoning	C-3
Entitlement Status	None



Sale Summary

Recorded Buyer	Auburn Terrace, LLC	Marketing Time	28 Month(s)
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Lloyd	Seller Type	N/A
True Seller	N/A	Primary Verification	Listing/Selling Broker, NWMLS, Public Records
Interest Transferred	Fee Simple/Freehold	Type	N/A
Current Use	N/A	Date	4/24/2024
Proposed Use	N/A	Sale Price	\$1,400,000
Listing Broker	Josh Kumar - 253-304-6385	Financing	Cash to Seller
Selling Broker	Josh Kumar - 253-304-6385	Cash Equivalent	\$1,400,000
Doc #	20240425000678	Capital Adjustment	\$0
		Adjusted Price	\$1,400,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
04/2024	N/A	Auburn Terrace, LLC	Lloyd	\$1,400,000	\$600,858 / \$13.79

Units of Comparison

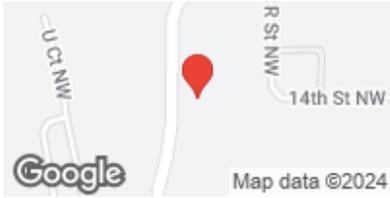
\$13.79 / sf
 \$600,858.37 / ac

N/A / Unit
 N/A / Allowable Bldg. Units
 N/A / Building Area

Financial

No information recorded

Map & Comments



This is the April 2024 sale of a vacant 101,495-square-foot (2.33-acre) tax parcel situated on Terrace Drive in Auburn. The property is zoned C-3 by the city of Auburn, a heavy commercial zone permitting a wide variety of commercial and light industrial/manufacturing uses, as well as mixed-use residential with ground-floor commercial use. It is rectangular in shape, with water, sewer, and power available in the fronting street. The site mostly sits below street grade, and there is a graded and graveled area in the center of the property, with sloping topography in the vicinity of the northern, southern, and western boundaries. The property went under contract in April of 2022, with the buyer and seller executing a lease agreement covering the holding period. It closed roughly two years later, in April 2024, and the broker stated the sale price reflected current market rates as of the sale date. Per the listing/selling broker, the buyer intends to hold the property for the time being and intends to explore development of self storage of senior housing in the future. The property sold on April 24, 2024, for \$1,400,000, or \$13.79 per square foot.

Sale

Land - Industrial

No. 2

Property Name South 84th Avenue Site
 Address 21610 South 84th Avenue
 Kent, WA 98032
 United States

Government Tax Agency King
 Govt./Tax ID 775780-0101

Site/Government Regulations

	Acres	Square feet
Land Area Net	0.700	30,510
Land Area Gross	0.700	30,510



Site Development Status	Finished
Shape	Rectangular
Topography	Generally Level
Utilities	All to site

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

General Plan	N/A
Specific Plan	N/A
Zoning	I2, Mixed Industrial
Entitlement Status	N/A

Sale Summary

Recorded Buyer	TSL Properties, LLC	Marketing Time	6 Month(s)
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	KCC Enterprises, LLC	Seller Type	Developer
True Seller	N/A	Primary Verification	Public Records, Listing Broker - Kyle Sterling
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	12/15/2023
Proposed Use	N/A	Sale Price	\$1,300,000
Listing Broker	Kyle Sterling - NAI Puget Sound 425.586.5608	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	\$1,300,000
Doc #	20231218000510	Capital Adjustment	\$0
		Adjusted Price	\$1,300,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
12/2023	Sale	TSL Properties, LLC	KCC Enterprises, LLC	\$1,300,000	\$1,856,082 / \$42.61

Units of Comparison

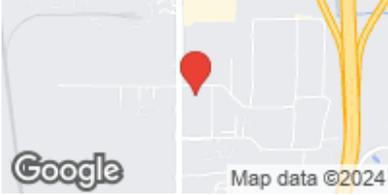
\$42.61 / sf
\$1,856,082.24 / ac

N/A / Unit
N/A / Allowable Bldg. Units
N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the December 2023 sale of a 30,510-square foot site located at 21610 South 84th Avenue in Kent, Washington. The site is rectangular in shape, has good corner frontage, and is generally level. It is zoned I2, mixed industrial, which allows for a variety of light industrial and commercial uses. The property was on the market for approximately six months and sold for a price of \$1,300,000 or \$42.61 per square foot. The buyer intends to construct a 10,000 SF warehouse for their business.

Sale

Land - Industrial

No. 3

Property Name Auburn M-1 Zoned Site
 Address 1204 W Main Street
 Auburn, WA 98001
 United States

Government Tax Agency King
 Govt./Tax ID 132104-9052

Site/Government Regulations

	Acres	Square feet
Land Area Net	1.790	77,972
Land Area Gross	1.790	77,972

Site Development Status	Finished
Shape	Rectangular
Topography	Generally Level
Utilities	N/A

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A
Frontage Distance/Street	N/A W Main Street

General Plan	N/A
Specific Plan	N/A
Zoning	M1, Light Industrial
Entitlement Status	None



Sale Summary

Recorded Buyer	American Pride Lending LLC	Marketing Time	18 Month(s)
True Buyer	N/A	Buyer Type	End User
Recorded Seller	Silver Spring Real Estate LLC	Seller Type	N/A
True Seller	N/A	Primary Verification	Listing Broker, Public Records, CoStar, Listing Flyer
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant	Date	10/10/2022
Proposed Use	N/A	Sale Price	\$2,400,000
Listing Broker	Matt McLennan - 253-722-4158	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	\$2,400,000
Doc #	20221012000083	Capital Adjustment	\$0
		Adjusted Price	\$2,400,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
10/2022	Sale	American Pride Lending LLC	Silver Spring Real Estate LLC	\$2,400,000	\$1,340,782 / \$30.78

Units of Comparison

\$30.78 / sf
\$1,340,782.12 / ac

N/A / Unit
N/A / Allowable Bldg. Units
N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable is the sale of a 1.79-acre site located at 1204 W. Main Street in Auburn, Washington. The site is zoned M-1, Industrial, and is located at the corner of W. Main Street and Lund Road, with immediate access to SR-167 and Highway 18. The site was graded, leveled, and partially fenced at the time of sale, with utilities available at the nearby fronting streets. According to the listing broker, it was purchased by the owner of the abutting property to the west, who intended to use the site for truck/yard storage. The property sold in October 2022 for the listing price of \$2,400,000 or \$30.78/SF.

Sale

Land - Retail / Commercial

No. 4

Property Name Auburn Heavy Commercial Site
 Address 810 30th Street NE
 Auburn, WA 98001
 United States

Government Tax Agency King County
 Govt./Tax ID 000100-0020

Site/Government Regulations

	Acres	Square feet
Land Area Net	1.592	69,354
Land Area Gross	1.592	69,354

Site Development Status	N/A
Shape	Rectangular
Topography	Generally Level
Utilities	All available

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	545 ft	30th Street NE
Frontage Distance/Street	86 ft	Auburn Way N
Frontage Distance/Street	115 ft	I Street NE

General Plan	N/A
Specific Plan	N/A
Zoning	C-3
Entitlement Status	None



Sale Summary

Recorded Buyer	Valley Regional Fire Authority	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	State of Washington	Seller Type	N/A
True Seller	N/A	Primary Verification	Buyer, Public Records
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	5/27/2022
Proposed Use	Fire Station	Sale Price	\$2,150,000
Listing Broker	N/A	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	\$2,150,000
Doc #	20220602001138	Capital Adjustment	\$0
		Adjusted Price	\$2,150,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
05/2022	Sale	Valley Regional Fire Authority	State of Washington	\$2,150,000	\$1,350,418 / \$31.00

Units of Comparison

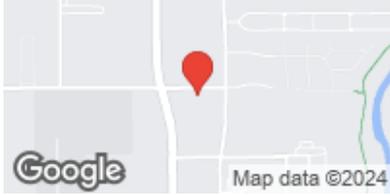
\$31.00 / sf
\$1,350,417.69 / ac

N/A / Unit
N/A / Allowable Bldg. Units
N/A / Building Area

Financial

No information recorded

Map & Comments



This is the May 2022 sale of a vacant 69,354-square-foot (1.59-acre) tax parcel located on 30th Street NE in Auburn. The property is rectangular in shape and generally level, with utilities available in the fronting street. It is considered a double-corner, endcap site, and the intersection of 30th Street NE and Auburn Way N. at the northwest is signalized. The property is zoned C-3 by the city of Auburn, a heavy commercial zone permitting a wide variety of commercial and light industrial/manufacturing uses, as well as mixed-use residential with ground-floor commercial use. The buyer is Valley Regional Fire Authority, which intends to construct a new fire station at the site. According to the buyer, the seller (State of Washington) had an appraisal of the property completed to assist in negotiations, and the buyer agreed with the conclusion. As such, the sale is considered to reflect an arm's-length, market-rate transaction. The property sold on May 27, 2022, for \$2,150,000, or \$31.00 per square foot.

Property Name Auburn M-1 Land
 Address 121 49th Street NW
 Auburn, WA 98001
 United States

Government Tax Agency King County
 Govt./Tax ID 936000-0170

Site/Government Regulations

	Acres	Square feet
Land Area Net	2.344	102,112
Land Area Gross	2.344	102,112

Site Development Status	Raw
Shape	N/A
Topography	Generally Level
Utilities	All available

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	290 ft	49th Street NW
Frontage Distance/Street	300 ft	B Street NW

General Plan	N/A
Specific Plan	N/A
Zoning	M-1
Entitlement Status	None



Sale Summary

Recorded Buyer	Buffalo Canyon, LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Newland	Seller Type	N/A
True Seller	N/A	Primary Verification	Buyer, Public Records
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	7/29/2021
Proposed Use	N/A	Sale Price	\$1,732,817
Listing Broker	N/A	Financing	Cash to Seller
Selling Broker	Buyer - Mike Newton - 206-248-7311	Cash Equivalent	\$1,732,817
Doc #	20210730001835	Capital Adjustment	\$0
		Adjusted Price	\$1,732,817

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
07/2021	Sale	Buffalo Canyon, LLC	Newland	\$1,732,817	\$739,193 / \$16.97

Units of Comparison

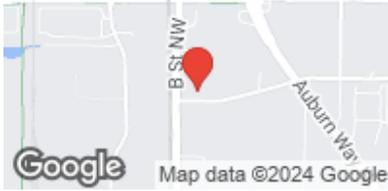
\$16.97 / sf
\$739,193.33 / ac

N/A / Unit
N/A / Allowable Bldg. Units
N/A / Building Area

Financial

No information recorded

Map & Comments



This is the July 2021 sale of a 102,112-square foot (2.34-acre) redevelopment site located on 49th Street NW in Auburn. It is noted that as of 2024, per King County Assessor information, the site contains 96,992 square feet. However, the assessor's site size reflects 5,120 square feet dedicated to the city of Auburn via a right-of-way deed executed in 2023, after the transaction (recording number 20230505000288). The property is slightly irregularly rectangular in shape and has generally level topography. It is zoned M-1 by the city of Auburn, a light industrial zone. The site is wholly within the 100-year floodplain. According to the buyer, flood hazard significantly limited development of the property. The buyer ultimately developed the property with a in a roughly 1,500-square-foot office building situated in the southwest corner and an asphalt storage yard, completed in 2024. As of June 2024, the property is available for sale (\$7,000,000) or lease (roughly \$515,000 per year, NNN, blended), indicating a desired 7.35% rate of return on the property overall. The property sold in an off-market transaction on July 29, 2021, for \$1,732,817, or \$16.97 per square foot.

Addendum B

AIRPORT LAYOUT (FROM 2015 AMP)

Addendum C

QUALIFICATIONS



S. Murray Brackett, MAI

Director of Right of Way, Aviation and Public Projects, Northwest Region

M +1 206 595 1068

E murray.brackett@cbre.com

WA. Lic. 1100853

Client Summary

- Various Cities
- Counties
- Airports
- Port Districts
- Financial Institutions
- Corporations/Non-Profits
- Conservation Entities
- Attorneys

Education

- Bachelor degree in Business Administration from Western Washington University
- All courses requisite for the MAI designation by the Appraisal Institute.

Professional Experience

Mr. Brackett has been Appraising Real Property since 1985 and is currently a Director with CBRE in the Valuation Advisory Services division. He was formerly a partner with ABS Valuation for over 20 years. Professional responsibilities include the full range of commercial, industrial, residential product, including complex land valuations up to 100,000 acres in size. A considerable portion of his work involves partial acquisitions relating to eminent domain and conservation easements. In addition, a wide variety of Aviation related appraisals have been completed, including Ground lease revaluation efforts, Appraisals of leasehold positions in Hangars and other buildings, aviation easements and property for airport expansion. Improved and unimproved valuations have been performed for acquisitions in fee, leased fee and leasehold interests, and various partial interest assignments such as conservation easements, utility easements, subsurface, air rights and minority interest acquisitions. UASFLA-compliant Appraisals have been prepared for a wide variety of agencies on a wide range of property types. Mr. Brackett has qualified as an expert witness in King, Kitsap, Pierce County Superior Courts, US District Court and Federal Bankruptcy Court. Geographic experience includes Washington, Oregon, Idaho, California, Nebraska, Iowa, Kansas, South Dakota, Alaska and British Columbia.

Clients Represented

Government

Cities: Anacortes, Arlington, Auburn, Bellevue, Bothell, Burien, Everett, Kenmore, Kent, Kirkland, Leavenworth, Lk Forest Park, Lynnwood, Maple Valley, Mount Vernon, North Bend, Olympia, Port Angeles, Puyallup, Renton, Seattle, Snoqualmie, Tacoma, Woodinville.

Counties: Island, King, Kitsap, Pierce, Skagit, Thurston, Snohomish, Whatcom

Airports: Sea-Tac, Boeing Field, Paine Field, Renton Municipal, Auburn, Arlington, Bellingham, Olympia, William Fairchild, Sanderson Field, Felts Field, Centralia/Chehalis, Bremerton, Pullman, Orcas Island, Friday Harbor.

PROFILE

Other: Ports of Everett, Grays Harbor, Anacortes, Seattle, Shelton, Olympia, Bremerton, Port Angeles, Friday Harbor. Washington State DNR, Wa.St. Parks, WSDOT (approved appraiser), U.S. IRS, FAA, Sound Transit, USACE, US Navy. Numerous School Districts.

Financial Institutions

Bank of America, US Bancorp, KeyBank, Wells Fargo Trust, Commerce Bank, Homestreet, Umpqua, Charter Bank, Union Bank.

Corporations/NonProfits

Weyerhaeuser, WRECO, Tramco, Plum Creek, McDonalds Corp., PSE, Development Services of America, Lowe Enterprises, PACCAR, Hancock Natural Resources Group, The Trust for Public Land, Forterra, HDR, Sierra Pacific, Quadrant, Port Blakely, CH2M-Hill, Parsons Brinckerhoff, New Ventures Group, Williams Pipeline, Manke lumber, Fletcher General, Costco, Nucor Steel.

Attorneys

Prosecuting Attorneys of numerous Cities and Counties, as well as Miller Nash, Williams & Williams, Karr Tuttle, Chmelik, Sitkin & Davis, PRK Livengood, Hillis Clark, Kenyon Disend, Perkins Coie, K&L Gates, Inslee Best, Tousley Brain Stephens, Davis Wright Tremaine, Pacifica Law Group, Betts Patterson Mines, Williams Kastner, Foster Garvey.

Other Experience

Instructor

- Runstad Real Estate Certification Program, University of Washington – Current
- IRWA – Previously Qualified as Level 3 Facilitator
- Former Income Property Appraisal Course Instructor, LWVT, Kirkland, Wa.

Presentations

- November 2019: Anatomy of an Appraisal Trial, The Seminar Group
- December 2014: Appraising Airports and Airplane Hangars, AI
- September 2009: Valuation of Airport Properties, WAMA
- October 2003: The Valuation of Non-Water Dependent Properties, WPMA

Professional Affiliations

- Appraisal Institute. Received MAI Designation May 2, 1997 (member # 11,258)
- Past President, Seattle Chapter of the Appraisal Institute, 2003
- IRWA. Current Chapter Treasurer
- Washington Airport Manager's Association (WAMA) – Associate Member
- Approved WSDOT Appraiser

PROFILE

Tim Lovell

Senior Valuation Associate, Northwest Region

T +1206 292 1600

M +1360 460 9270

E tim.lovell@cbre.com

WA. Lic. 20101066

Professional Experience

Mr. Lovell has been involved in the real estate field since 2019. Appraisal assignments include fee simple and leased fee interests in typical commercial and industrial land and improved properties, right of way projects, and properties involving water rights issues. Clients include various private and public entities with valuations performed throughout King, Pierce, Snohomish, Skagit, Whatcom, Kitsap, Kittitas, Jefferson, Mason, and Counties.

Education

University of Washington, Seattle, Washington:
Bachelor of Arts, English Literature, 2008

Appraisal Courses:

All appraisal courses required for Trainee License
General Appraiser Market Analysis and Highest and Best Use
General Appraiser Sales Comparison Approach
General Appraiser Income Approach
General Appraiser Site Valuation and Cost Approach
General Report Writing and Case Studies
Statistics, Modeling and Finance

