



PORT OF KENNEWICK REGULAR COMMISSION MEETING

SEPTEMBER 14, 2021 MINUTES

Commission Meeting recordings, with agenda items linked to corresponding audio, can be found on the Port's website at: <https://www.portofkennewick.org/commission-meetings-audio/>

Commission President Commissioner Don Barnes called the Regular Commission Meeting to order at 2:00 p.m. via GoToMeeting Teleconference.

ANNOUNCEMENTS AND ROLL CALL

The following were present:

Board Members: Commissioner Don Barnes, President (via telephone)
Skip Novakovich, Vice-President (via telephone)
Thomas Moak, Secretary (via telephone)

Staff Members: Tim Arntzen, Chief Executive Officer (via telephone)
Tana Bader Inglima, Deputy Chief Executive Officer (via telephone)
Amber Hanchette, Director of Real Estate and Operations (via telephone)
Nick Kooiker, Chief Finance Officer (via telephone)
Larry Peterson, Director of Planning and Development (via telephone)
Lisa Schumacher, Special Projects Coordinator
Bridgette Scott, Executive Assistant (via telephone)
Lucinda Luke, Port Counsel (via telephone)

PLEDGE OF ALLEGIANCE

Commissioner Barnes led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

MOTION: Commissioner Novakovich moved to approve the Agenda as presented; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

- A. ***Approval of Direct Deposit and E-Payments Dated September 2, 2021***
Direct Deposit and E-Payments totaling \$104,423.88
- B. ***Approval of Warrant Register Dated September 14, 2021***
Expense Fund Voucher Number 103156 through 103194 for a grand total of \$109,494.68
- C. ***Approval of Regular Commission Meeting Minutes August 24, 2021***

MOTION: Commissioner Novakovich moved to approve the Consent Agenda as presented; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

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EMERGENCY DELEGATION UPDATE

Mr. Arntzen and Ms. Hanchette stated there is nothing to report.

PRESENTATION

A. *Governance Audit, Jim Darling*

Mr. Arntzen gave a brief history of the request for a Governance Audit and introduced Jim Darling, the consultant who has been working on the scope of work for the Request for Proposal (RFP).

Mr. Darling outlined the tasks for the scope of work for the Governance Audit, the proposed timeline and budget, and recommendations (*Exhibit A*). Mr. Darling would like to pre-notify potential applicants regarding the potential RFP and suggested having a project manager to oversee the Governance Audit.

Commissioner Barnes stated the Regular Commission Meeting is scheduled for November 9, 2021, not the 16th as outlined in the schedule and inquired if that will pose a problem for the proposed timeline.

Commissioner Moak looks forward to the opportunity to go through this process and is encouraged by this and stated the outcome of this will be very good for the Port going forward.

Commissioner Novakovich stated this is a tremendous amount of work and inquired how long this process will take.

Mr. Darling stated we would address that in the RFP but believes it could take anywhere from three to nine months.

Commissioner Novakovich would prefer that the RFP is reviewed by legal counsel, because of the budget. Additionally, the Port is going to have a new Commissioner in January of 2022, and Commissioner Novakovich inquired if it would make sense to have that Commissioner involved in the evaluation of firms and choosing a project manager rather than just approving a contract.

Further discussion ensued between the Commission and Mr. Darling.

Mr. Darling will provide the draft scope of work to the Commission this week and the Commission will have the opportunity to discuss the document again on September 28, 2021.

Mr. Kooiker stated since this project has been a Commission led project, he advised the Commission to follow the current policies and procedures the Port has in place. The Port's procurement policy is based upon RCW's and WAC's. Additionally, we will need to identify where the funding will come from for this project.

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REPORTS, COMMENTS AND DISCUSSION ITEMS

A. *Vista Field*

1. *Property Owners Association, Doris Goldstein and Ben Floyd*

Mr. Peterson outlined the history of the Property Owners Association (POA) and introduced Doris Goldstein and Ben Floyd, who have been working on this process.

Mr. Floyd, Ms. Goldstein, and Chris Napier of Foster Garvey have been working on the Bylaws, the general Articles of Incorporation, and the Commercial Association at Vista Field. Mr. Floyd and Ms. Goldstein are working with staff to finalize the draft documents and he estimates bringing the documents to the Commission soon. Additionally, they have prepared a FAQ document for the public and operations manual for Port staff and others that will be involved with these associations.

Ms. Goldstein stated the FAQ is an outward facing document that is intended for others that might be interested in Vista Field and the difference between the two association structures. It is a complex structure, in that there is an overall declaration that is subject to RCW, with one association and one set of assessments and then one set for commercial properties. The FAQ also explains the main documents and directs the reader to particular provisions.

Commissioner Moak inquired if the document addresses developers purchasing several lots within the development.

Ms. Goldstein stated in a project like this, where a concept is new to the market, she advised the Port not to let one builder “take-down” a lot of lots. Whereas each take-down will be contingent upon successful completion of the previous take-down and the groupings would be relatively small. Ms. Goldstein will be including this rule in the operations manual, which is an inward facing documents. Additionally, the Port may want to discuss having a time limit on construction.

Mr. Floyd stated perhaps a builder FAQ should be put together, to ensure that the Port’s expectations are clear. Furthermore, the operating manual is designed to be a living document, where the Port can add provisions or amend or clarify.

2. *Design Standards*

Mr. Peterson provided a brief update regarding the design standards at Vista Field. The Port shared the document with the City of Kennewick and received one comment related to the reference code. Additionally, DPZ has been working with Mr. Floyd and Ms. Goldstein to ensure all the documents have consistent language.

3. *Vista Field Pricing*

Ms. Hanchette presented the Southeast Washington Appraisal group (SEWA) market study and analysis report for Vista Field. SEWA evaluated the market through a pre-Covid 19 lens and includes an update (*Exhibit B*). Ms. Hanchette stated the report provides a comprehensive look at the market and evaluates nearly all sectors of real estate in the Tri-Cities, because of the Urban Mixed Use (UMU) zoning designation found at Vista Field.

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Commissioner Barnes would like to see the independent review by real estate professionals that is referenced.

RECESS

Commissioner Barnes called for a recess at 3:47 p.m. for 3 minutes.

Commissioner Barnes reconvened the Regular Commission meeting at 3:51 p.m.

B. Columbia Gardens

1. Neighborhood Maintenance Fees

Mr. Peterson outlined Resolution 2021-16, the Property Owners Association (POA) assessment mechanism for Columbia Gardens. The Commission previously discussed various methods which share the responsibility for some of the operational costs associated with the perpetual maintenance of common area improvements. Mr. Peterson stated the Port will cover the POA share for an initial 5-year period, to assist businesses choosing to invest in the development.

Commissioner Moak was under the impression that the 5-year waiting period would be a flat five years, not based upon the certificate of occupancy date and inquired which is correct.

Mr. Peterson stated the 5-year period would start for the Port and existing businesses at the recording of the Resolution; however, the 5-year period for future property owners would start at certificate of occupancy. Mr. Peterson inquired if a flat 5-year period is the desire of the Commission.

Commissioner Barnes stated it would be simpler and less paperwork to follow the flat 5-year period.

Commissioner Novakovich concurs with a flat 5-year period. Commissioner Novakovich inquired if the food truck vendors will also be assessed.

Mr. Peterson stated the food truck vendors assessment was pulled because they are considered a revenue generating operation for the development and it will only be property owners responsible for the assessments.

It is the consensus of the Commission for staff to revise the language in Resolution 2021-16 and state the 5-year period for assessments for all property owners will begin at the signing of Resolution 2021-16.

2. Design Standards, MAKERS

Mr. Peterson introduced Bob Bengford and Scott Bonjukian of MAKERS, who presented the revised working design standards for Columbia Gardens. (*Exhibit C*)

Commissioner Moak appreciates the work and the revision of the color palette.

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Mr. Peterson looks to bring the final draft of the Columbia Gardens Urban Wine and Artisan Village Design Standards for potential adoption by the Commission on September 28, 2021.

Commissioner Barnes inquired if the presentation was different from what was included in the Agenda Packet.

Mr. Peterson stated the presentation were highlights from the report in the Agenda Packet.

3. *Parcel Pricing*

Ms. Hanchette presented the Historic Waterfront District Market Study and Analysis compiled by SEWA (*Exhibit D*). Ms. Hanchette stated there are no comparables for the UMU zoning and the Port is essentially creating a foundation for others to follow. Ms. Hanchette outlined the potential pricing and inquired if the Commission would like to use a gross or net square footage for several of the parcels with landscaping easements.

The consensus of the Commission is to use net square footage pricing for those lots with landscape easements.

Commissioner Moak inquired about the potential on-street parking on Columbia Drive that was previously discussed. Additionally, he believes 320 East Columbia Drive is across the street from the development.

Mr. Peterson is working with the City of Kennewick and Parametrix on traffic calming along Columbia Drive and revision of the intersection of SR395, Gum Street, and Columbia Drive traffic pattern.

C. *1135 Project Update*

Ms. Bader Inglima updated the Commission on the 1135 progress and stated staff met with USACE and the contractor to address the schedule and contractor questions. Ms. Bader Inglima is hopeful the project will move forward in a timely manner with recent personnel adjustments. The USACE has not procured some of the long-lead items and is finalizing the task order contract with the A&E firm that created the original design. Ms. Bader Inglima stated the USACE is the lead on the project and the Port is prepared to assist in any way possible.

D. *Energy Northwest Interlocal Agreement*

Mr. Arntzen presented Resolution 2021-15 for an Interlocal Agreement (ILA) with Energy Northwest for specialty, technical and/or professional services. Mr. Arntzen stated Energy Northwest will be able to provide the Port with assistance in several areas such as the Kiwanis playground project, a maintenance facility assessment, and IT services. Mr. Arntzen stated Energy Northwest uses work release orders for assigned tasks and indicated it is not included in the ILA but is administered on a case-by-case basis. Mr. Arntzen is asking for approval to enter into an ILA with Energy Northwest for various services.

Commissioner Barnes inquired if the ILA were not available, how would staff proceed with the projects like the Kiwanis playground.

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Mr. Arntzen stated staff would consult the professional services roster for procurement of professional services.

PUBLIC COMMENT

No comments were made.

MOTION: *Commissioner Novakovich moved to approve Resolution 2021-15, approving the Interlocal Agreement between the Port of Kennewick and Energy Northwest, and authorizing the Chief Executive Officer to execute the Interlocal Agreement and all Work Release Orders and Change Orders associated with the Interlocal Agreement; Commissioner Moak seconded.*

Discussion:

Commissioner Moak stated this is a good proposal and Energy Northwest is a public entity that does good work in our community and has a variety of experienced staff who could assist the Port with projects like the Kiwanis playground. Commissioner Moak thinks this is a good way of going out and getting some assistance because we don't have the staff to do some of this work. Commissioner Barnes has indicated that we need to be able to do more, and this is a way we can do more. Commissioner Moak appreciates the opportunity to see some additional work done to help us advance our projects.

Commission Barnes has voiced concerns in past about being short staffed and would like to see these small projects advanced. The Port has many other things on our plate, as referenced by this Agenda and there is plenty of work to do. Commissioner Barnes would rather see the Port have some capability in-house to complete a small project like the Kiwanis playground; however, he recognizes that that is not going to happen. He would like to see the Kiwanis playground advance and is somewhat reluctant but will vote yes.

With no further discussion, motion carried unanimously. All in favor 3:0.

E. Letter of Intent for Realtor Services (Buyer's Agent)

Mr. Arntzen stated the Memo (*Exhibit E*) in the Agenda Packet outlines a potential letter of intent (LOI) for real estate services with Retter and Company to assist the Port in acquisition of strategic real estate. If the Commission authorizes Mr. Arntzen to move forward to look to acquire strategic real estate, Mr. Retter proposed assisting the Port for a flat fee of \$15,000, to help with negotiations up to the closing. Furthermore, Ms. Luke reviewed the LOI and finds it acceptable. Mr. Arntzen stated Mr. Retter reduced his fee by 50% to help the Port with this endeavor to better our community.

Commissioner Moak stated if there are strategic properties that tie to Port goals, we should look at those opportunities. Mr. Retter has great abilities in this community to provide assistance and if he can help the Port acquire property that is strategic in nature, then we should move forward. Commissioner Moak supports moving forward with the LOI.

Commissioner Novakovich agrees with Commissioner Moak's comments and believes there are strategic properties that would benefit the Port's developments.

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Commissioner Barnes has a high level of confidence in Mr. Retter's abilities, and his fee is reasonable. Commissioner Barnes does not believe it is mentioned in the Work Plan that the Port should be looking to purchase property. Commissioner Barnes is concerned with the optics, and it has been discussed on numerous occasions to stay focused on the Work Plan. Commissioner Barnes believes the Work Plan should be modified before moving forward or can staff point out where this is addressed in the Work Plan.

Mr. Arntzen stated this is a new opportunity that has come forward and there would be some partnering and other opportunities that would greatly benefit the Port if we participated in the "long game." Mr. Arntzen does not believe it was included in the Work Plan; however, when new opportunities arise, Mr. Arntzen brings them forward for the Commission to consider.

Mr. Peterson stated that although the Work Plan does not specifically say acquire additional property; however, the Work Plan states on page 2, to "pursue projects with development partners demonstrating support (match, political support and enthusiasm)."

Commissioner Barnes stated because there is some language in the Work Plan to that effect, he will stand back from his earlier comments and offer his support for this.

PUBLIC COMMENT

No comments were made.

The consensus of the Commission is for the CEO to move forward with Letter of Intent with Mr. Retter.

F. CEO Performance Review Timeline

Ms. Luke provided the Commission with a brief timeline for the CEO Performance Review process. Ms. Luke is working with staff to compile the necessary information and anticipates having the packet to the Commission by September 30, 2021. Thereafter, Ms. Luke asked the Commission to return their completed evaluations by October 15, 2021. This will allow time to pull the information together into final form for Commission review on October 26, 2021.

G. Commissioner Meetings (formal and informal meetings with groups or individuals)

Commissioners reported on their respective committee meetings.

H. Non-Scheduled Items

Mr. Peterson stated enhancing the shoreline on Clover Island has been discussed since the mid-1990's and the monumental task of pulling together federal, tribal, state, local, and different funding partners together is significant. The enhancement to the shoreline is the foundational element to developing the upland properties. The 1135 project is a true partner project; it is a huge project and a game changer for Clover Island and the Historic Waterfront District. Mr. Peterson applauded all that have helped move this project forward.

Commissioner Barnes thanked Mr. Peterson for his historic perspective and Ms. Bader Inglima on her diligence to bring this project to fruition.

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Ms. Bader Inglima stated in the past we have focused on the task of getting the shoreline enhanced, but Mr. Peterson is correct, none of the items in the Master Plan would be allowed until we get shoreline stabilized and improved. The timing is great and as soon as the project is completed it is going to launch the Port into a whole new perspective.

Ms. Hanchette reported the July land sale auction closed successfully.

Mr. Arntzen wanted to make a point of clarification regarding Mr. Kooiker's earlier comments to Mr. Darling's proposal. Mr. Arntzen clarified that Mr. Darling will need to follow Port processes and procedures; and recalled earlier that Commissioner Barnes indicated the Commission would insist upon this. Mr. Arntzen stated Mr. Darling is conducting his own independent process and there has been an expectation that staff and legal counsel, by design, are allowed to let Mr. Darling in his best professional opinion to proceed. Having said that, staff will point out procedures that Mr. Darling is required to do without stepping on Mr. Darling's toes. In this situation, Mr. Arntzen stated when working with outside parties, he relies on Mr. Kooiker and Ms. Luke to point out our internal procedures and provide information and assurances to those parties. Mr. Arntzen wanted to ensure he is on firm footing with this, because early on, the Commission asked staff and legal counsel to stand down to honor the independence of the process. Mr. Arntzen wanted to make sure if Ms. Luke assists Mr. Darling with our internal procedures and policies, she is allowed to do so. Furthermore, at the inception, Mr. Arntzen and Mr. Darling discussed the need to have legal counsel advise him as he worked through his independent process, related to RCW's, WAC's or other procedures that are outside the internal control of the Port. The way the contract documents read, Mr. Darling can hire legal counsel of his choosing and the Port will pay for those services. Mr. Arntzen asked the Commission for the authority to have Mr. Kooiker and Ms. Luke assist Mr. Darling with the internal policies and procedures. Mr. Arntzen reiterated that Mr. Darling can hire outside legal counsel for all other items.

Commissioner Barnes understood Mr. Darling to say he understood the necessity to adhere to bid laws, RCW's, and WAC's. Commissioner Barnes was not aware that Mr. Darling can hire outside legal counsel, as a pass-through expense. Commissioner Barnes stated it is important for Mr. Arntzen to circle back to Mr. Darling to ensure he understands the expectations of the Port of being in line with the laws, i.e. RCW's and WAC's and the Port policies and procedures. Commissioner Barnes thinks communication between Mr. Arntzen and Mr. Darling is in order to make sure that it is handled properly. One of the important elements of this Governance Audit is the independence and the neutrality and transparency of the process. This process will be handled by an outside organization, and Mr. Barnes would like this to be without influence or meddling within the Port at the staff or Commission level. Mr. Darling and the contractors need to understand we want a good, solid independent evaluation of where the Port is, what has transpired, and how to improve. Commissioner Barnes commended Mr. Arntzen and Mr. Kooiker for bringing these issues up at the appropriate time. Commissioner Barnes encouraged Mr. Arntzen to communicate his concern with Mr. Darling to make sure there are no gaps and things do not fall through the cracks. That way there aren't questions regarding who is responsible and if Mr. Darling can retain legal counsel as a pass-through expense, Commissioner Barnes would encourage Mr. Darling to do so.

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Commissioner Moak has no issue with Port staff assisting Mr. Darling with internal Port policies and procedures. Commissioner Moak believes Mr. Kooiker and Ms. Luke know the Ports Rules and Regulations better than any person from the outside. Commissioner Moak would agree with Commissioner Barnes regarding the external items, to seek outside assistance.

Mr. Arntzen understands that he is authorized to use Mr. Kooiker and Ms. Luke to assist Mr. Darling with the Port's internal policies and procedures and for everything external, Mr. Darling is on his own.

Commissioner Moak inquired when Crosswind Boulevard will be open.

Mr. Peterson stated the Port recently received and addressed the City of Kennewick Public Works Department comments on the As-Built drawings (153 pages) provided by Total Site Services. Mr. Peterson estimates that the Commission will be able to accept the roadways at Vista Field in October and then City Council will need to accept those public rights-of way. Furthermore, there will be the question of opening the roads separate from the marketing activities. Does the Port want to open the roads and market the properties over the winter or open in early 2022 after the marketing? Mr. Peterson stated the Port is waiting for Total Site Services wrap up a few details and then the project can be fully accepted.

Commissioner Barnes stated if it is necessary for a budget amendment to continue with the Governance Audit, he requested that Mr. Kooiker and Mr. Arntzen place that item on a future Agenda to amend the budget to fund the project.

PUBLIC COMMENTS

No comments were made.

Commissioner Barnes inquired if the Executive Session was necessary.

Mr. Arntzen stated that the Executive Session was not necessary.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 5:56 p.m.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

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APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

DocuSigned by:

Don Barnes

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Don Barnes, President

DocuSigned by:

Skip Novakovich

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Skip Novakovich, Vice President

DocuSigned by:

Thomas Moak

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Thomas Moak, Secretary

PORT OF KENNEWICK

Resolution No. 2021-15

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK AUTHORIZING THE PORT CHIEF EXECUTIVE OFFICER TO
EXECUTE AN INTERLOCAL AGREEMENT WITH ENERGY NORTHWEST
TO PROVIDE SPECIALTY, TECHNICAL AND/OR PROFESSIONAL SERVICES***

WHEREAS, the Interlocal Cooperation Act contained in RCW 39.34 authorizes local governments such as Energy Northwest and the Port of Kennewick, to contract for joint conduct of activities which each of the parties is individually authorized to perform to make the most efficient use of their respective resources; and

WHEREAS, the Port of Kennewick desires to obtain cost effective technical and/or professional services to support the needs of the Port of Kennewick, to be more fully described in a Work Release Order for each project; and

WHEREAS, Energy Northwest has the capacity and is willing to perform certain technical and/or professional services for the Port of Kennewick, and the Port of Kennewick finds that Energy Northwest is qualified to perform the services, all relevant factors considered, and that such performance will be in furtherance of the Port of Kennewick's business; and

WHEREAS, the Port and Energy Northwest have outlined the general provisions for contract compliance in the Interlocal Agreement; and

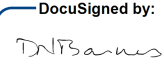
WHEREAS, Port legal counsel has reviewed this contract and approved it as to form.

NOW, THEREFORE; BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick approves the Interlocal Agreement and instructs the Port CEO to execute the Interlocal Agreement and take all action necessary to implement the Interlocal Agreement.

BE IT FURTHER RESOLVED that the Port CEO is authorized to execute all Work Release Orders and Change Orders associated with the Interlocal Agreement, and that all action by port officers and employees in furtherance hereof is ratified and approved; and further, the port Chief Executive Officer is authorized to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 14th day of September, 2021.

**PORT OF KENNEWICK
BOARD OF COMMISSIONERS**

By: 
7468DE9530724DC...
DON BARNES, President

By: 
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SKIP NOVAKOVICH, Vice President

By: 
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THOMAS MOAK, Secretary



INTERLOCAL COOPERATIVE AGREEMENT

BETWEEN ENERGY NORTHWEST AND PORT OF KENNEWICK TO PROVIDE SPECIALTY, TECHNICAL AND/OR PROFESSIONAL SERVICES AS REQUESTED

As provided under RCW Title 39, Chapter 39.34, this Agreement for Professional Services (the "Agreement") is by and between the Port of Kennewick, a municipal corporation in the State of Washington, with its principal office located at 350 N. Clover Island Drive # 200, Kennewick, WA 99336 (hereinafter referred to as "Port of Kennewick"), and Energy Northwest, a municipal corporation and joint operating agency of the State of Washington and doing business by and through its Business Development Fund, with its principal office located at 345 Hills Street, Richland, WA 99352 (hereinafter referred to as "Energy Northwest" or "EN").

RECITALS

WHEREAS, the Interlocal Cooperation Act contained in RCW 39.34 authorizes local governments, such as the Parties to this Agreement, to contract for joint conduct of activities which each of the parties is individually authorized to perform to make the most efficient use of their respective resources; and

WHEREAS, the Port of Kennewick desires to obtain cost effective technical and/or professional services to support the needs of the Port of Kennewick, as more fully described and set forth in the attached Work Release Order; and

WHEREAS, Energy Northwest has the capacity and is willing to perform certain technical and/or professional services for the Port of Kennewick hereinafter described in accordance with the provisions of this Agreement and the attached Work Release Order; and

WHEREAS, the Port of Kennewick finds that Energy Northwest is qualified to perform the services, all relevant factors considered, and that such performance will be in furtherance of the Port of Kennewick's business; and

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and intending to be legally bound, the Parties hereto agree as follows:

1. AUTHORITY AND PURPOSE

1.1 This agreement is executed pursuant to Chapter 39.34 Revised Code of Washington (RCW) as a cooperative endeavor of the Parties, as follows:

1.1.1. RCW 39.34.010 permits **local governmental units to make the** most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities.

1.1.2. Pursuant to RCW 39.34.080, each Party is authorized to contract with any one or more public agencies to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform; provided that such contract shall be authorized by the governing body of each Party to the contract and shall set forth its purposes, powers, rights, objectives and responsibilities of the contracting parties; and

1.2 The purpose of this Agreement is to establish a contractual relationship under which the Port of Kennewick can procure specialty, technical or professional services from Energy Northwest and Energy Northwest can avail its employees for that purpose on an "as needed" basis to support needs of the Port of Kennewick, and to set forth the Parties respective rights, obligations, costs, and liabilities for this undertaking.

1.3 Filing: This Agreement shall be effective only upon execution by the parties and filing with the Benton County Auditor and/or posting an electronic copy of the Agreement on the Parties' respective websites in compliance with RCW 39.34.040.

2. SCOPE OF WORK

2.1 The "Services" Energy Northwest may provide under this cooperative Agreement include (but are not limited to) the following and will be more fully described in an attached Work Release Order which is incorporated herein and made a part of the Contract Documents:

- Staff Augmentation Services
 - Engineering
 - IT
 - Legal
- Cyber/IT Services
- Strategic Planning
- Project Management
- Environmental Services

- Enterprise Risk Management Services
- Human Resources/Recruiting Services

- 2.2 Services provided by Energy Northwest shall not conflict or interfere with work conducted by the Port of Kennewick's Employees. For this reason, a working foreman shall be assigned at all times to coordinate work assignments directly through the Port of Kennewick's Management and/or Supervision where applicable. All services provided under this Agreement shall be consistent with applicable and existing Energy Northwest union labor bargaining agreements, which remain unchanged and in effect.
- 2.3 Services shall be requested by the Port of Kennewick's CEO (or designee) by Work Release Orders (WRO) to Energy Northwest. WRO's will be issued using the form provided in Exhibit A to this Agreement.
- 2.4 The exact Statement of Work, Period of Performance, the Port of Kennewick crafts and Labor Rates based on current local bargaining agreements (if applicable), will be established prior to completion of the WRO and agreed upon between the parties, once services have been requested by the Port of Kennewick. These WRO's shall be incorporated as attachments to this Agreement when finalized, as provided in Exhibit A to this Agreement.

3. TERM

The duration of this Agreement, subject to its other provisions, shall be from its effective date when executed by both Parties, until 3/1/2026 unless otherwise terminated by either Party consistent with the terms and conditions set forth in this Agreement. This agreement may be extended for an additional one-year term pursuant to the mutual written agreement of the Parties.

4. PAYMENT AND INVOICING TERMS

4.1 Payment for Services. The Port of Kennewick shall pay Energy Northwest as follows: Charges will be invoiced to the Port of Kennewick by Energy Northwest and will provide detail on the number of hours chargeable, travel and subsistence charges, and any special services delivered as they are ordered/approved by the Port of Kennewick.

4.2 Reimbursable Costs. The Port of Kennewick shall reimburse Energy Northwest the costs identified below incurred in connection with the Services rendered, including, subcontractors, materials (subcontract and materials costs include the supplier's invoiced cost to Energy Northwest plus Energy Services & Development Overhead charge not to exceed 30%), and delivery costs that are attributable to a project or Service (the "Reimbursable Costs"). Energy Northwest shall provide to the Port of Kennewick substantiation of Reimbursable Costs incurred.

- 4.3 Invoicing. Invoices will be submitted monthly by Energy Northwest for payment by the Port of Kennewick. Invoices shall be mailed to the Port of Kennewick or emailed to: accountspayable@portofkennewick.org Payment is due upon receipt and is past due thirty days from receipt of invoice. If the Port of Kennewick has any valid reason for disputing any portion of an invoice, the Port of Kennewick will so notify Energy Northwest within thirty (30) calendar days of receipt of invoice by the Port of Kennewick, and if no such notification is given, the invoice will be deemed valid. The portion of an invoice which is not in dispute shall be paid in accordance with the procedures set forth herein. That portion of the invoice in dispute shall be resolved in accordance with Section 8.8 of this Agreement within thirty (30 days) of the receipt by Energy Northwest of the notice from the Port of Kennewick as provided in this section.
- 4.4 In the event suit is brought or an attorney is retained by any party to this Agreement to enforce the terms of this Agreement, or to collect any moneys due hereunder, the prevailing party shall be entitled to recover reimbursement for reasonable attorney's fees, court costs, costs of investigation and other related expenses incurred in connection therewith, in addition to any other available remedies.
- 4.5 Taxes. The Port of Kennewick shall pay all state, local sales and use taxes applicable to goods and services provided under this Agreement. Energy Northwest shall include sales tax charges, separately identified, in the Energy Northwest invoices to the Port of Kennewick.
- 4.6 Prevailing Wages. Where public work will be performed for the Port of Kennewick, Energy Northwest shall pay the workers at least prevailing wages, as stated in RCW Title 39.12.

5. CHANGES

The Port of Kennewick may, with the approval of Energy Northwest, issue written directions within the general scope of any Services to be ordered. Such changes (the "Change Order") may be for additional work or Energy Northwest may be directed to change the direction of the work covered by the WRO, but no change will be allowed unless agreed to by Energy Northwest in writing. Any such approved Change Order may result in an adjustment to Cost or Schedule or both for the Services.

6. STANDARD OF CARE -WARRANTY

Energy Northwest warrants that services shall be in a manner consistent with applicable industry standards. Such warranty will be effective for a period of thirty days from the date of acceptance of the performance of such service. No other representation, express or implied, and no warranty or guarantee are included or

intended in this Agreement, or in any report, opinion, deliverable, work product, document or otherwise unless specifically set forth in the applicable WRO. Furthermore, no guarantee is made as to the efficacy or value of any services performed.

For the foregoing warranty to apply, written claim must be made to Energy Northwest as soon as reasonably practicable after the non-conformance is detected by the Port of Kennewick and in no event later than the expiration of the aforesaid warranty period. The Port of Kennewick agrees and hereby acknowledges that this remedy is adequate and serves its essential purpose.

THIS SECTION SETS FORTH THE SOLE AND EXCLUSIVE WARRANTY PROVIDED BY ENERGY NORTHWEST CONCERNING THE SERVICES AND RELATED WORK PRODUCT. THIS WARRANTY IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY OR OTHERWISE.

7. INDEMNIFICATION AND LIABILITY

7.1 Indemnification. Each party shall indemnify, defend, and hold the other party, its departments, elected and appointed officials, employees, and agents, harmless from and against any and all claims, demands, damages, losses, actions, liabilities, costs, and expenses, including attorney's fees, for any bodily injury, sickness, disease, or death, or any damage or destruction of property, including the loss of use therefrom, which are alleged or proven to be caused in whole or in part by a negligent act or omission of the other party, its officials (elected or appointed), officers, directors, employees and agents.

If the claim, suit or action for injuries, death or damages as provided for in the preceding paragraph is caused by or results from the concurrent negligence of the parties or their respective agents or employees, the indemnity provision shall be valid and enforceable only to the extent of the indemnitor's/indemnatee's negligence.

7.2 Industrial Insurance Act: The indemnification obligations contained in this Section 7.1 shall not be limited by any worker's compensation, benefit or disability laws, and each indemnifying party hereby waives any immunity that said indemnifying party may have under the Washington Industrial Insurance Act, Title 51 RCW, and similar worker's compensation, benefit or disability laws. THE PARTIES ACKNOWLEDGE BY THEIR EXECUTION OF THIS AGREEMENT THAT EACH OF THE INDEMNIFICATION PROVISIONS OF THIS AGREEMENT (SPECIFICALLY INCLUDING BUT NOT LIMITED TO THOSE RELATING TO WORKER'S COMPENSATION BENEFITS AND LAWS) WERE SPECIFICALLY NEGOTIATED AND AGREED TO BY THE PARTIES.

- 7.3 Limitation of Liability. Except for the indemnifications set forth in Section 7.1, neither Party shall be liable for any special, indirect, consequential, lost profits, or punitive damages. The limitation of liability set forth herein is for any and all matters for which the Parties may otherwise have liability arising out of or in connection with this Agreement, whether the claim arises in contract, tort (negligence of whatever degree), strict liability, under any warranty, or under any other legal or equitable theory of law, of any nature arising at any time from any cause whatsoever.

The Port of Kennewick agrees that to the fullest extent permitted by law, Energy Northwest's total aggregate liability to the Port of Kennewick for any and all injuries, claims, losses, expenses or damages whatsoever arising out of or in any way related to the project or this Agreement from any causes including Energy Northwest's negligence, errors, omissions, strict liability, breach of contract or breach of warranty, shall not exceed the total sum paid to Energy Northwest under the respective Work Release Order issued under this Agreement or the applicable insurance coverage available at the time of settlement or judgment, whichever is greater. If no such insurance coverage is provided with respect to the Port of Kennewick's claims, then Energy Northwest's total liability to the Port of Kennewick for any and all such uninsured Port of Kennewick claims shall not exceed the total sum paid to Energy Northwest under the respective Work Release Order issued under this Agreement. Notwithstanding the foregoing, the provisions of this Section 7.3 shall not apply to Energy Northwest's obligations under Section 7.1 (Indemnification).

Energy Northwest's cumulative liability to the Port of Kennewick under this Agreement is limited to the assets of the Business Development Fund of Energy Northwest. Obligations of the Energy Northwest Business Development Fund are not, nor shall they be construed as, general obligations of Energy Northwest or other Energy Northwest projects or funds.

- 7.4 Insurance. Each party hereto agrees to procure and maintain, at its expense liability insurance of \$1,000,000 per claim for protection against claims, including bodily injury and property damage claims, arising out of the performance or receipt of services under this Agreement caused by negligent acts, errors, or omissions for which it is legally liable. Each party hereto shall deliver to the other party, within ten days subsequent to execution of the Agreement by the parties and prior to commencing work, a Certificate of Insurance, identified on its face as the Agreement Number to which applicable, as evidence that policies providing such coverage and limits of insurance are in full force and effect, which Certificate shall provide that not less than thirty (30) days advance notice will be given in writing to the other party hereto prior to cancellation, termination or alteration of said policies of insurance.

7.5 Survival. Sections 6 and 7 shall survive the expiration or termination of this Agreement for any reason.

8. MISCELLANEOUS

8.1 Insecurity and Adequate Assurances. If reasonable grounds for insecurity arise with respect to the Port of Kennewick's ability to pay for the Services in a timely fashion, Energy Northwest may demand in writing adequate assurances of the Port of Kennewick's ability to meet its payment obligations under this Agreement. Unless the Port of Kennewick provides the assurances in a reasonable time and manner acceptable to Energy Northwest, in addition to any other rights and remedies available, Energy Northwest may partially or totally suspend its performance while awaiting assurances, without liability to the Port of Kennewick.

8.2 Severability. Should any part of this Agreement for any reason be declared invalid, such decision shall not affect the validity of any remaining provisions, which remaining provisions shall remain in full force and effect as if this Agreement had been executed with the invalid portion thereof eliminated, and it is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including any such part, parts, or portions which may, for any reason, be hereafter declared invalid. Any provision shall nevertheless remain in full force and effect in all other circumstances.

8.3 Waiver. Waiver or breach of this Agreement by either party shall not be considered a waiver of any other subsequent breach

8.4 Independent Contractor. Energy Northwest is an independent contractor to the Port of Kennewick; no personnel furnished by Energy Northwest shall be deemed under any circumstances to be the agent, employee, or servant of the Port of Kennewick.

8.5 Termination. Any party shall have the right to terminate this Agreement with or without cause at any time during the initial or extended term of this Agreement by giving thirty days' written notice of the termination to the other party by regular mail to the person identified in Section 8.6. Termination will be effective on the 31st day from the date the written notice was sent.

- 8.6 Notices. All notices or other communications hereunder shall be in writing and shall be deemed given when delivered to the address specified below or such other address as may be specified in a written notice in accordance with this Section.

If to Energy Northwest:
Energy Northwest
Attn: Tim Nies
P. O. Box 968, MD1035
Richland, WA 99352-0968
Telephone: (509) 372-5364
Email: tmnies@energy-northwest.com

If to Port of Kennewick:
Port of Kennewick
Attn: Tim Arntzen
Chief Executive Officer
350 N. Clover Island Drive # 200
Kennewick, WA 99336
Telephone: (509) 586-1186
Email: ta@portofkennewick.org and bscott@portofkennewick.org

Any party may, by notice given in accordance with this Section to the other parties, designate another address or person or entity for receipt of notices hereunder.

- 8.7 Assignment. This Agreement is not assignable or transferable by either party without the written consent of the other party, which consent shall not be unreasonably withheld or delayed.
- 8.8 Disputes. Energy Northwest and the Port of Kennewick recognize that disputes arising under this Agreement are best resolved at the working level by the parties directly involved. Both parties are encouraged to be imaginative in designing mechanism and procedures to resolve disputes at this level. Such efforts shall include the referral of any remaining issues in dispute to higher authority within each participating party's organization for resolution. Failing resolution of conflicts at the organizational level, then the parties may take other appropriate action subject to the other terms of this Agreement.
- 8.9 Section Headings. Title and headings of sections of this Agreement are for convenience of reference only and shall not affect the construction of any provision of this Agreement.

- 8.10 Representations; Counterparts. Each person executing this Agreement on behalf of a party hereto represents and warrants that such person is duly and validly authorized to do so on behalf of such party, with full right and authority to execute this Agreement and to bind such party with respect to all of its obligations hereunder.
- 8.11 Residuals. Nothing in this Agreement or elsewhere will prohibit or limit Energy Northwest's ownership and use of ideas, concepts, know-how, methods, models, techniques, skill knowledge and experience that were used, developed, or gained in connection with this Agreement.
- 8.12 Non-solicitation of Employees. During and for one year after the term of this Agreement, the Port of Kennewick will not solicit the employment of, or employ Energy Northwest's personnel, without Energy Northwest's prior written consent.
- 8.13 Cooperation. The Port of Kennewick will cooperate with Energy Northwest in taking actions and executing documents, as appropriate, to achieve the objectives of this Agreement. The Port of Kennewick agrees that the Energy Northwest's performance is dependent on the Port of Kennewick's timely and effective cooperation with Energy Northwest. Accordingly, the Port of Kennewick acknowledges that any delay by the Port of Kennewick may result in Energy Northwest being released from an obligation or scheduled deadline or in the Port of Kennewick having to pay extra fees for Energy Northwest's agreement to meet a specific obligation or deadline despite the delay.
- 8.14 Governing Law and Interpretation. This Agreement will be governed by and construed in accordance with the laws of Washington, without regard to the principles of conflicts of law. Each party agrees that any action arising out of or in connection with this Agreement shall be brought solely in courts of the State of Washington, in Benton County.
- 8.15 Entire Agreement; Survival. This Agreement, including any Exhibits, states the entire Agreement between the parties and supersedes all previous contracts, proposals, oral or written, and all other communications between the parties respecting the subject matter hereof, and supersedes any and all prior understandings, representations, warranties, agreements or contracts (whether oral or written) between the Port of Kennewick and Energy Northwest respecting the subject matter hereof. This Agreement may only be amended by an agreement in writing executed by the parties hereto.

- 8.16 Force Majeure. Energy Northwest shall not be responsible for delays or failures (including any delay by Energy Northwest to make progress in the prosecution of any Services) if such delay arises out of causes beyond its control. Such causes may include, but are not restricted to, acts of God or of the public enemy, fires, floods, epidemics, riots, quarantine restrictions, strikes, freight embargoes, earthquakes, electrical outages, computer or communications failures, and severe weather, and acts or omissions of subcontractors or third parties.
- 8.17 Use by Third Parties. Work performed by Energy Northwest pursuant to this Agreement are only for the purpose intended and may be misleading if used in another context. The Port of Kennewick agrees not to use any documents produced under this Agreement for anything other than the intended purpose without Energy Northwest's written permission. This Agreement shall, therefore, not create any rights or benefits to parties other than to the Port of Kennewick and Energy Northwest.
- 8.18 Entity Status. This Agreement shall not require formation of any new governance entity. No property will be acquired or held, and no joint board or administrator is necessary to accomplish the purpose of this Agreement.
- 8.19 Audits. The Port of Kennewick, shall, during the life of this Agreement, and for a period of three (3) years from the last day of the Agreement term, and at its sole expense, retain accurate books, records and original documentation (or to the extent approved by Energy Northwest, photographs, or other authentic reproductions) which shall be freely disclosed to Energy Northwest, its representatives, the Washington State Auditor, and the Bonneville Power Administration, to permit verification of performance and Energy Northwest's entitlement to payment under this Agreement, and to support any change requests, termination claims or any other claim submitted by Energy Northwest. A copy of these records shall be available to Energy Northwest upon Energy Northwest's request.
- 8.20 Public Records. In the event public record act requests are received by either party for records associated with this Agreement, the parties shall cooperate for purposes of responding to such requests.
- 8.21 Non-Discrimination. The parties agree not to discriminate in the performance of this Agreement on the basis of race, color, national origin, sex, age, religion, marital status, disabled or Vietnam era veteran status, or the presence of any physical, mental, or sensory handicap.

EN Contract No. X-40717
Port of Kennewick Contract Resolution No. 2021-15

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year last below written:

| ENERGY NORTHWEST | PORT OF KENNEWICK |
|--|---------------------------------------|
| Name: Debbie Barnes | Name: Tim Arntzen |
| Title: Procurement Specialist I | Title: Chief Executive Officer |
| Date: | Date: |

Port of Kennewick

Governance Audit

September 14, 2021



Governance Audit: Today's Topics

EXHIBIT A



- A. Purpose & Expectations of the Governance Audit
- B. Background
- C. Scope of Work & Deliverables
- D. Qualifications: Type of Firm to do the Work
- E. Evaluation of Proposals
- F. Procurement Process & Timeline

Questions to resolve?

Next Steps

How the Request for Proposal
(RFP) is organized...

A. Purpose & Expectations

1. Advance the organization by updating, revamping, adopting new or revised policies, practices and keystone documents.
2. Equip the organization to cost effectively accomplish its mission in serving the community; capitalize on new opportunities; and better respond to stress and challenges.
3. Assure consistency of the Port's operations, processes, practices, and governance/management roles with regulatory requirements and best management practices.
4. Strive for exceptional performance as one of Washington's most effective port authorities.



B. Background

- ✓ Description of the Port, its assets and organization.
- ✓ Current governance structure and pending change following 2021 election.
- ✓ Mention of the citizen complaint and resolution that drove this process.



C. Scope of Work & Key Deliverables: Tasks

Task #1: Findings-Systems & Process Evaluation

Task #2: Findings-Organizational Culture Assessment

Task #3: Findings- Document Review

Task #4: Recommendations



Scope of Work & Key Deliverables

Expected approach to the work:

- Commission, staff third party interviews
- Staff-Commission workshops
- Review of literature & best management practices
- Comparative analysis of the Port's keystone documents



Scope of Work & Key Deliverables

Recommend a 'kick off' session with the Commission:

- ✓ Review schedule
- ✓ Key deliverables
- ✓ Refine approach



Scope of Work:

Task #1: Systems & Process Evaluation

Purpose: Evaluate the systems and processes the Port utilizes to manage its affairs and reach binding decisions. (Includes roles of Commission and staff)

Deliverable: Written “**Findings Report- Systems and Process Evaluation**” that captures the outcomes of the evaluation in sufficient detail to support the recommendations within Task 4.

Presentation to the Commission on the Task findings.



Scope of Work:

Task #1: Systems & Process Evaluation

Includes (examples):

- Agenda formulation/Meeting protocols
- Roles and responsibilities of the Commission-Executive Director-key staff
- Strategic & property planning
- Financial, budget and audit management
- Contract approvals
- Personnel oversight (*Hiring, training, benefit & salary approach, evaluations*)
- Internal and external communications



Scope of Work:

Task #2: Organizational Culture Assessment

Purpose: An assessment of both the current and desired organizational culture and working atmosphere of the Port and how it may or may not impact effective operations.

Deliverables: Written “Findings Report- Organizational Culture Assessment” that describes the current culture as well as defines a preferred culture for the Port.

Presentation to the Commission on the Task 2 findings.



Scope of Work:

Task #2: Organizational Culture Assessment

Includes:

- Using an organizational assessment tool such as SOAR (Strengths, Opportunities, Aspirations and Results).
- Getting both an internal assessment and an external assessment of the organizational culture.



Scope of Work:

Task #3: Document Review

Purpose: Identification and review of existing documents that underpin the Port's operation and decision-making ability against regulatory requirements and best management practices.

Deliverables: Written "Findings Report-Document Review" that summarizes the review and analysis of existing policies, contracts, and other relevant documents.

Presentation to the Commission on the Task 3 findings.



Scope of Work:

Task #3: Document Review

Includes (examples):

- Port Commission Rules of Policy & Procedure
- Delegation of Powers including secondary delegation to staff
- Commission directives for Port assets
- Staff evaluation policies
- Job descriptions & contracts of all employees
- Financial reports



Scope of Work:

Task #4: Recommendations

Purpose: Specific and general recommendations regarding the Port's processes and systems; organizational culture; and document adoption and use.

Deliverables: Written report summarizing the specific recommendations on the three assessment areas to also include recommended modifications to processes and or documents.

Regarding recommendations for organizational culture the deliverables shall include a proposed course of action.

Presentation to the Commission.



Scope of Work:

Task #4: Recommendations

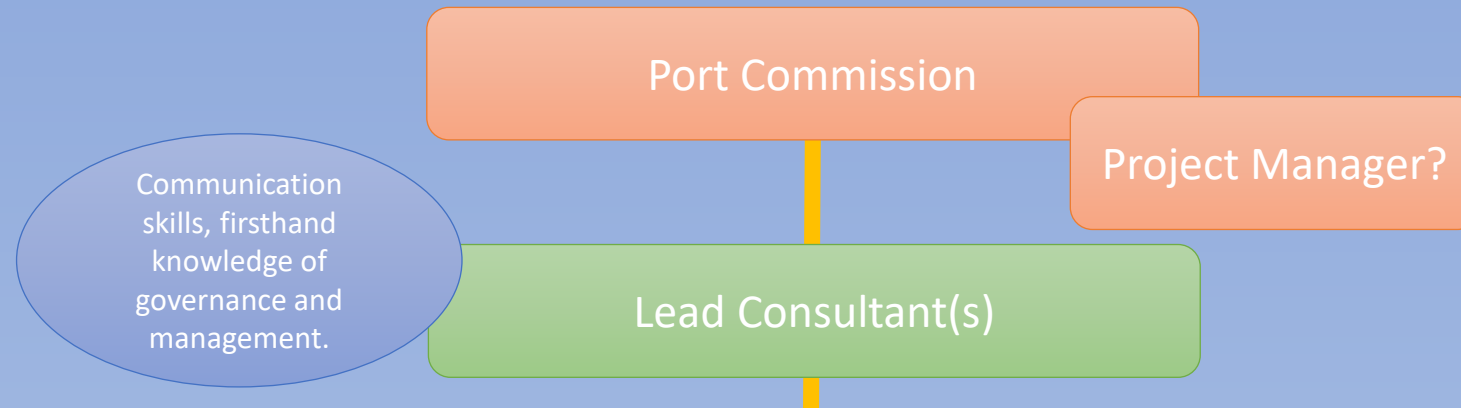
Includes:

Phased changes and improvements to advance the Port's effectiveness, compliance with regulatory and industry practices as well as overall operating culture.



D. Qualifications: Type of Firm

EXHIBIT A



Expert “On Call” Panel:

- Port governance and management roles, concepts, and challenges
- Washington Port District Act (RCW 53), as well as all statutes regulating special purpose districts
- Strategic planning
- Organizational dynamics and cultural effectiveness
- Public finance, budgeting, purchasing, and contracting
- Washington State statutory audit requirements and practice
- Personnel and human resource practices
- Others???



E. Evaluation

Evaluation based on:

1. **Qualifications and Experience** *(Lead and Experts on Panel)*
2. **Project Approach Narrative**
3. **Project Management**
4. **Compensation**
5. **References**
6. **Interviews** *(If necessary)*



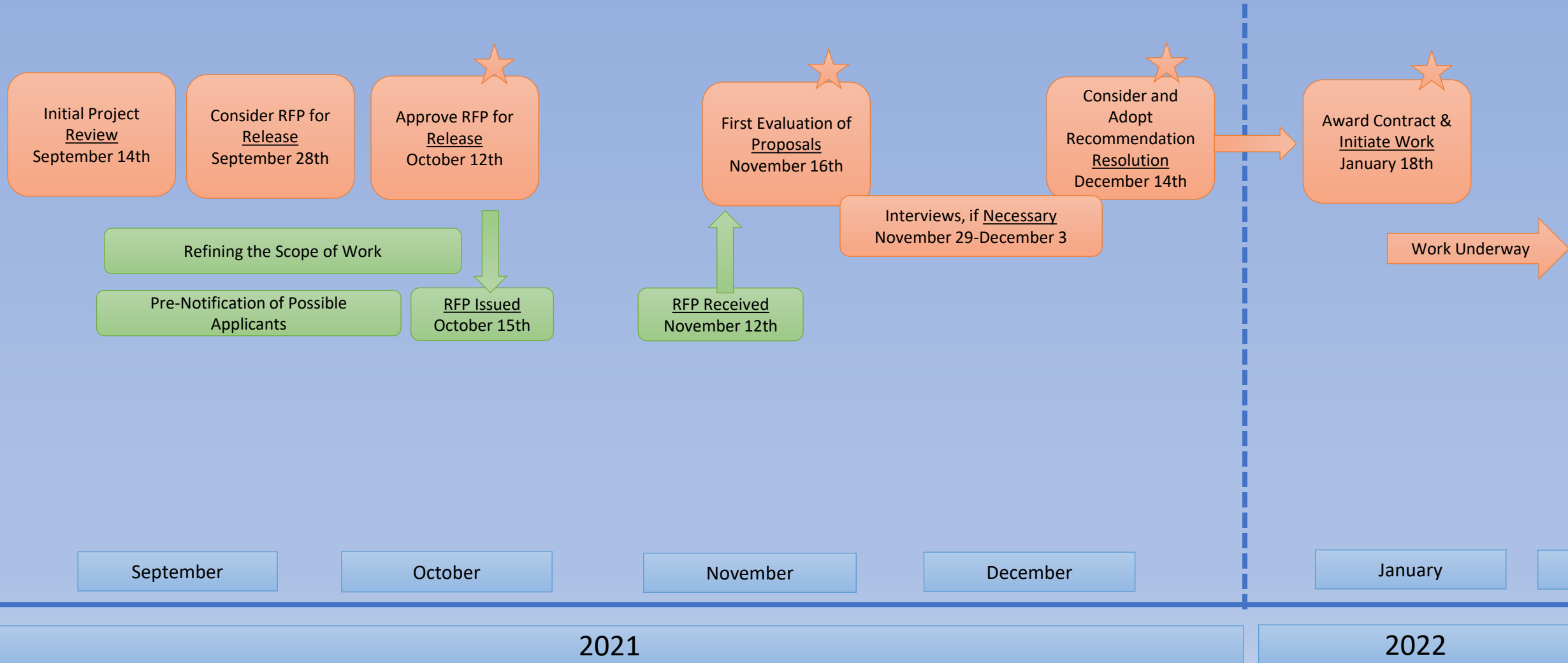
F. Procurement Process and Timing

| Activity | Date (Dates are projected) |
|----------------------------------|-------------------------------|
| RFP Issued | October 15, 2021 |
| Last Day to Submit Questions | November 1, 2021 |
| Proposals Due | November 12, 2021 |
| Interviews, if required | November 29- December 3, 2021 |
| Final Selection & Recommendation | December 14, 2021 |
| Contract Award & Execution | January 18, 2022 |



Logistics and Timing

EXHIBIT A



Questions for Commission

1. Who is Project Manager?
2. Should we have an attorney review the RFP? If so, who?
3. Some proposals have a formal protest process, necessary?



Next Steps

- Pre-notification of Possible Applicants (Mid September)
- Approve RFP by Commission: September 28th or October 12th★
- Target October 15th Latest Release of RFP (Due November 12th)
- Evaluate Proposals mid-November★
- Interview, if necessary, late November★
- Make Recommendation December 14th★
- Award Contract January 18th★



Governance Audit

Jim Darling: jim@leewardstrategies.com
360-739-1595

Market Study & Analysis Report

Vista Field Regional Town Center, Phase I Kennewick, Washington 99336



Date of the Report

October 20, 2020

Prepared for

Port of Kennewick
Ms Amber Hanchette

Prepared by

Nikki Griffith, MAI, CCIM
Sandollar LLC | Appraisal Group SEWA
2001 S Washington St, Suite 104
Kennewick, WA 99337
509.628.9817
www.AppraisalGroupSEWA.com
AppraisalGroupSEWA@gmail.com

Internal File Number SEWA #2020-187

Sandollar LLC | Appraisal Group SEWA
 2001 S Washington St, Suite 104
 Kennewick, WA 99337

O: 509.628.9817
 E: AppraisalGroupSEWA@gmail.com
 W: AppraisalGroupSEWA.com



Nikki Griffith, MAI, CCIM
 Washington State Certified General Appraiser

Gary E Chamberlin, Consultant
 Nathan Pratt, Appraiser
 Sonnia King, Appraiser
 David Hall, Researcher
 Dianne Hopkins, Researcher

October 20, 2020

Port of Kennewick
 350 N Clover Island Dr #200
 Kennewick, WA 99336

Attention: Ms Amber Hanchette, Director of Real Estate

Internal File Number: *SEWA #2020-187*

Re: Market Study & Analysis, Phase I of the Vista Field Regional Town Center, Kennewick,
 Benton County, Washington 99336

Dear Ms Hanchette:

In accordance with your authorization, I have conducted the market research and analysis necessary to form an opinion of the probable marketing and pricing strategy for a variety of land parcels to be allocated for different types of uses in the subject property as above referenced. A copy of your authorization as well as the scope of work definition is included in the Addenda of the report. The Overall Purpose from your authorization is described here:

Overall Purpose – “To better understand the Tri-Cities real estate market, pre-COVID19 (Port is not asking Appraisal Group SEWA to speculate on impacts {timing, product type demand, pricing, capital availability, etc.})... in order for port staff to recommend a pricing strategy to port commissioners for future land sales in Vista Field neighborhood of the City of Kennewick. The development will be urban in nature with shared parking, common areas and shovel ready parcels or lots. The port will be selling land in a variety of configurations: residential, multifamily, mixed use commercial, live/work, commercial.”

The subject property will be comprised of various sized land parcels to be created containing in the aggregate ± 20 acres, and which are part of a larger irregularly shaped parcel of land in the central core of the property previously known as the Vista Field Airport located in the City of Kennewick, Benton County, Washington State. It comprises all or portions of four Benton County tax lots known as #132993000000001, 002, 014 and 015 collectively owned by the Port of Kennewick. The land was recently re-zoned UMU, Urban Mixed Use by the City of Kennewick, which is designed "to accommodate a wide variety of commercial and residential activity, particularly those that are pedestrian oriented, in a dense urban setting".

The parcels will comprise what is known as Phase I of the redevelopment of the Vista Field Regional Town Center, and are sandwiched between two east/west roadways, i.e., W Grandridge Blvd on the north and W Deschutes Ave on the south, both of which are 2-lane with center turn lane, mostly east/west secondary arteries serving the Vista Field neighborhood. A newly completed public right of way known as Crosswinds Blvd travels in a northwestwardly direction from W Deschutes Ave to its intersection at W Grandridge Blvd on the north to provide access to the parcels.

The Market Study & Analysis Report that follows is communicated in a **Restricted Appraisal Report** format which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice for a **Restricted Appraisal Report**¹. Accordingly, the report includes only a summary of the data and analysis with additional information retained in the appraiser's file. Nikki Griffith, MAI, CCIM observed the property and prepared this report.

NOTE: The reader is cautioned that the use of this **Restricted Appraisal Report** is limited only to the client and that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly by other readers without a review of additional information contained in the appraiser's work file.

The following report is divided into several sections after the Executive Summary including the following:

- I. Historical Property Overview and Redevelopment Plans
- II. Regional and Neighborhood Overview
- III. Market Study & Analysis – Existing and Projected *Demand* Analysis
 - a. Population and Demographics Characteristics
 - b. Labor Force Characteristics
- IV. Commercial (Office and Retail) Segment Supply Analysis
- V. Residential Segment Supply Analysis
 - a. Single Family Detached – For Sale
 - b. Multi-Family Attached (both For Rent and For Sale)

¹ **Restricted Appraisal Report** – When the intended users include parties other than the client, an Appraisal Report must be provided. When the intended users do not include parties other than the client, a Restricted Appraisal Report may be provided. The essential difference between these two options is the content and level of information provided. The appropriate reporting option and the level of information necessary in the report are dependent on the intended use and the intended users. The report content and level of information requirements set forth in this Standard are minimums for each type of report. (Uniform Standards of Professional Appraisal Practice, 2018-19 Edition, page 20)

ASSIGNMENT CONDITIONS

Please pay particular attention to the Extraordinary Assumptions and Hypothetical Conditions listed below. The value estimate in this appraisal could be different without these assumptions.

Extraordinary Assumptions & Limiting Conditions²

- None

Hypothetical Conditions³

- None of the individual land parcels have as yet been platted and subdivided. Thus, it is a hypothetical condition that such platting and subdivision could be undertaken by the client for the purposes of re-sale and development of Vista Field. The marketing and pricing strategy could be different if this hypothetical condition were not used.

RISK ANALYSIS

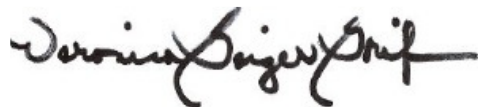
- The location of the property along both sides of Crosswinds Blvd, and representing the central core of the entire project, sandwiched between W Deschutes Ave on the south and W Grandridge Blvd on the north is considered prime. Land in the Vista Field neighborhood has been absorbed steadily over the last 10 to 20 years and prices are rising as vacant land parcels become scarce.
- The availability of data for this assignment is considered only fair due to the fact that similarly zoned parcels are extremely limited in the City of Kennewick given that it is a new designation very different from other zoning designations, and thus estimates were extracted from data with similar uses and densities. A lack of data can affect the reliability of the report.

Given the above facts, the likely pricing strategies projected herein are considered reasonably well supported.

I appreciate the opportunity to provide this service. Please call me with any questions. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addenda.

Sincerely,

Sandollar LLC | Appraisal Group SEWA



Nikki Griffith, MAI, CCIM
Certified General Appraiser
Washington #1101758

² **Extraordinary Assumption** is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

³ **Hypothetical Condition** is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for purpose of analysis.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

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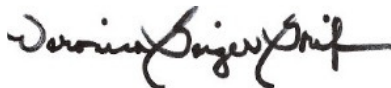
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MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Certification of Appraisal

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results. Furthermore, my engagement was not conditioned upon the appraisal producing a specific value, a value within a given range or the approval of a loan.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Nikki Griffith has personally inspected the subject property.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Nikki Griffith has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.



Nikki Griffith, MAI, CCIM
Certified General Appraiser
Washington #1101758

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

EXECUTIVE SUMMARY of CONCLUSIONS
CONSULTANT SCOPE OF WORK



MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

The following table provides a summary of all types of new construction.

| New Construction Summary (Square Feet) | | | | | |
|---|------------------|------------------|------------------|-------------------|---------------|
| Tri-Cities, Washington | | | | | |
| For the Period January 2014 to June 2020 | | | | | |
| | Kennewick | Pasco | Richland | Combined | |
| Office | 359,592 | 137,269 | 185,794 | 682,655 | |
| Retail | 366,149 | 330,684 | 321,766 | 1,018,599 | |
| Industrial | 269,106 | 2,056,789 | 1,141,315 | 3,467,210 | |
| Apartments | 365,166 | 0 | 932,657 | 1,297,823 | |
| Hotels | 206,201 | 160,804 | 271,093 | 638,098 | |
| Self Storage | 217,926 | 300,082 | 78,930 | 596,938 | |
| Civic/Healthcare | 1,110,505 | 586,099 | 828,951 | 2,525,555 | |
| Sub-Total Complete | 2,894,645 | 3,571,727 | 3,760,506 | 10,226,878 | |
| Office | 67,400 | 0 | 0 | 67,400 | |
| Retail | 55,059 | 0 | 18,022 | 73,081 | |
| Industrial | 42,000 | 15,000 | 273,250 | 330,250 | |
| Apartments | 558,000 | 60,648 | 601,000 | 1,219,648 | |
| Hotels | 0 | 0 | 0 | 0 | |
| Self Storage | 239,575 | 38,147 | 20,000 | 297,722 | |
| Civic/Healthcare | 444,795 | 110,000 | 130,500 | 685,295 | |
| Sub-Total U/C or Planned | 1,406,829 | 223,795 | 1,042,772 | 2,673,396 | |
| Office | 426,992 | 137,269 | 185,794 | 750,055 | 5.8% |
| Retail | 421,208 | 330,684 | 339,788 | 1,091,680 | 8.5% |
| Industrial | 311,106 | 2,071,789 | 1,414,565 | 3,797,460 | 29.4% |
| Apartments | 923,166 | 60,648 | 1,533,657 | 2,517,471 | 19.5% |
| Hotels | 206,201 | 160,804 | 271,093 | 638,098 | 4.9% |
| Self Storage | 457,501 | 338,229 | 98,930 | 894,660 | 6.9% |
| Civic/Healthcare | 1,555,300 | 696,099 | 959,451 | 3,210,850 | 24.9% |
| Sub-Total U/C or Planned | 4,301,474 | 3,795,522 | 4,803,278 | 12,900,274 | 100.0% |
| | 33.3% | 29.4% | 37.2% | 100.0% | |

Commercial space development (office and retail) in the Tri-Cities occurs somewhat different from larger metropolitan areas for the following reasons:

- First, the line between pure office and retail users is often blurred in the Tri-Cities with many office users electing to go into more visible retail spaces, primarily because the cost and rental structures are not very different.
- Secondly, a large portion of the newly completed commercial space (estimate 75%) was developed for a specific owner/user rather than an investor for lease to tenants.
- Thirdly, there is a blurring of uses within buildings. For example, an owner may elect to build a home for its business that includes office space, retail showroom space and manufacturing/assembly/warehouse space in varying degrees. While the space suits the owner to a “T”, when the time comes to sell, it is possible that the Owner’s configuration has limited appeal in the overall market.
- And last, the majority of new construction occurs in suburban sectors of the market rather than urban.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Commercial (Office, Retail, Hotel) Development Segment

Office Development

No source of data is available in terms of existing supply. Surveyed all new construction for a 6.5 Year study period through June 30, 2020, summarized as follows:

| | |
|-----------------------------------|---|
| Current Available Space: | 51,499 SF |
| Rental Rates: | \$14 TO \$25 PSF; avg \$19.05/SF NNN |
| Current Occupancy Rates: | 93% |
| Absorption Rates: | 100,000+ SF/Yr |
| General Market Trend | Market is strong in both the owner/occupancy and in the “for lease” category, but reaching saturation; very little on the horizon in the way of new development compared to prior years |
| New Construction Feasible? | Specific target markets only; Vista Field qualifies |

Summary of Office Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to August, 2020

| Location | | # Projects | Complete | # Projects | UC / Planned | # Projects | Combined | % |
|-----------------|--------------------|------------|----------------|------------|---------------|------------|----------------|--------|
| Kennewick | East | 1 | 47,340 | 0 | - | 1 | 47,340 | 6.3% |
| " | Central | 3 | 13,489 | 1 | 6,400 | 4 | 19,889 | 2.7% |
| " | Gage Blvd | 8 | 64,455 | 1 | - | 9 | 64,455 | 8.6% |
| " | US 395 South | 8 | 70,507 | 0 | - | 8 | 70,507 | 9.4% |
| " | Vista / CC Mall | 12 | 137,154 | 2 | 61,000 | 14 | 198,154 | 26.4% |
| " | W Clwtr | 4 | 26,647 | 0 | - | 4 | 26,647 | 3.6% |
| " | Sub-Total | 36 | 359,592 | 4 | 67,400 | 40 | 426,992 | 56.9% |
| Richland | Central | 5 | 62,347 | 0 | - | 5 | 62,347 | 8.3% |
| " | South | 5 | 106,681 | 0 | - | 5 | 106,681 | 14.2% |
| " | Queensgate | 1 | 8,426 | 0 | - | 1 | 8,426 | 1.1% |
| " | West | 1 | 8,340 | 0 | - | 1 | 8,340 | 1.1% |
| " | Sub-Total | 12 | 185,794 | 0 | - | 12 | 185,794 | 24.8% |
| Pasco | West | 7 | 137,269 | 0 | - | 7 | 137,269 | 18.3% |
| | Sub-Total | 7 | 137,269 | 0 | - | 7 | 137,269 | 18.3% |
| Combined | Grand Total | 55 | 682,655 | 4 | 67,400 | 59 | 750,055 | 100.0% |
| Avg SF | | | 12,412 | Avg | 16,850 | Avg | 12,713 | |
| Avg/Yr | | | 105,024 | | | | | |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Retail Development

No source of data is available in terms of existing supply. Surveyed all new construction for a 6.5 Year study period through June 30, 2020, summarized as follows:

| | |
|-----------------------------------|---|
| Current Available Space: | 17,318 SF |
| Rental Rates: | \$16 to \$26 PSF; avg \$20.32/SF NNN |
| Current Occupancy Rates: | 98.3% |
| Absorption Rates: | 152,000 SF/Yr |
| General Market Trend | Market is strong in both the owner/occupancy and in the “for lease” category, but reaching saturation; very little on the horizon in the way of new development compared to prior years |
| New Construction Feasible? | Specific target markets only; Vista Field qualifies for a limited amount |

Summary of Retail Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to August, 2020

| Location | | # Projects | Complete | # Projects | Under Constr / Planned | # Projects | Combined | % |
|-----------------|--------------------|------------|------------------|------------|---------------------------|------------|------------------|---------------|
| Kennewick | East | 3 | 10,548 | 0 | - | 3 | 10,548 | 1.0% |
| " | Central | 6 | 21,302 | 1 | 10,552 | 7 | 31,854 | 2.9% |
| " | Gage Blvd | 3 | 23,186 | 0 | - | 3 | 23,186 | 2.1% |
| " | US 395 South | 13 | 147,930 | 1 | 6,900 | 14 | 154,830 | 14.2% |
| " | Vista / CC Mall | 8 | 133,887 | 2 | 25,475 | 10 | 159,362 | 14.6% |
| " | W Clwrtr | 2 | 29,296 | 3 | 12,132 | 5 | 41,428 | 3.8% |
| " | Sub-Total | 35 | 366,149 | 7 | 55,059 | 42 | 421,208 | 38.6% |
| Richland | Central | 9 | 64,551 | 3 | 18,022 | 12 | 82,573 | 7.6% |
| " | South | 1 | 5,000 | 0 | - | 1 | 5,000 | 0.5% |
| " | Queensgate | 19 | 232,685 | 0 | - | 19 | 232,685 | 21.3% |
| " | West | 4 | 19,530 | 0 | - | 4 | 19,530 | 1.8% |
| " | Sub-Total | 33 | 321,766 | 3 | 18,022 | 36 | 339,788 | 31.1% |
| Pasco | West | 19 | 256,966 | 0 | - | 19 | 256,966 | 23.5% |
| " | All Other | 8 | 73,718 | 0 | - | 0 | 73,718 | 6.8% |
| | Sub-Total | 27 | 330,684 | 0 | - | 27 | 330,684 | 30.3% |
| Combined | Grand Total | 95 | 1,018,599 | 10 | 73,081 | 105 | 1,091,680 | 100.0% |
| Avg SF | | | 10,722 | Avg | 7,308 | Avg | 10,397 | |
| Avg/Yr | | | 156,708 | | | | | |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Niche Commercial Market - Big Box Space

In looking at the retail product available for lease, the following big box spaces are currently being marketed and not included in the previous numbers. Brokers in this segment report that this segment is experiencing higher vacancy than in the past due to increasing closures in the retail industry. In any event, about 112,940 SF of big box space was released in 2019, not counting the Dick's Sporting Goods.

BIG BOX Space Available For Lease
Tri-Cities, WA
As of 03/31/2020

| <u>Former Tenant</u> | <u>Address</u> | <u>City</u> | <u>Space Available</u> | <u>Rental Rate</u> | <u>Year Built</u> |
|----------------------|-------------------------|-------------|------------------------|--------------------|-------------------|
| Hastings | 1425 G W Way | Richland | 10,400 | \$12 | 1974 |
| Retail | 908 N Colorado Ste A | Kennewick | 33,456 | \$9 | 1996 |
| Office Max | 908 N Colorado Ste B | Kennewick | 7,184 | \$9 | 1996 |
| Sports Authority | 908 N Colorado, Ste C | Kennewick | 27,815 | \$10 | 1996 |
| Toys R Us | 821 N Columbia Ctr Blvd | Kennewick | 38,000 | Unk | 1970 |
| Ashleys Furniture | 1340 Tapteal Dr | Kennewick | 13,200 | \$10 | 2007 |
| Albertson's | 1320 Lee Blvd | Richland | 41,316 | \$10 | 1961 |
| | | | 171,371 | \$9 to \$14 avg | |

****NOTE:** Goodwill Industries completed a new store on Columbia Center Boulevard and vacated 22,940 SF at 2801 W Kennewick in mid-September 2019 when the new store opened. Harbor Freight almost immediately signed a new lease for the former Goodwill store; they opened in November 2019 in the new location expanding their presence in the Tri-Cities.

*****NOTE:** The former Shopko space containing about 90,000 SF was vacated in May 2019, but almost immediately re-leased to At Home, a no-frills home décor retailer that opened in September 2019.

NOTE: The Sears Store at the Columbia Center Mall containing an estimated 160,000 SF has been vacated, but it has not yet been listed for lease and the availability of that space is questionable.

NOTE: Dicks Sporting Goods removed the former theatre at the Columbia Center Mall and opened its new store in September 2019 in time for the holiday shopping season.

NOTE: JCPenney filed for bankruptcy protection in May 2020 and it is likely that the store at the Columbia Center Mall will be closed permanently.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Hotel Development

According to the Tri-Cities Herald, the base inventory of hotel rooms in the Tri-Cities as of 2014 totaled 3,358 rooms. A survey was conducted of all new hotel rooms constructed since that time. A total of 1,059 rooms (31.5% increase) has been added to the base inventory, bringing the total to 4,417 rooms.

Total New Hotel Construction

Tri-Cities, WA
 2014 to 2020 YTD

| City | # Projects | Total Rooms |
|--------------------|-----------------------|--------------|
| Kennewick | 3 | 337 |
| Pasco | 3 | 283 |
| Richland/WRichland | 4 | 439 |
| Sub-Totals | 10 | 1,059 |
| | Base Inventory | <u>3,358</u> |
| | Combined Total | 4,417 |

| | |
|--|--|
| Average Daily Room Rate: | N/A |
| Estimated Occupancy | 65%, borderline feasible |
| Feasibility of New Construction | Very doubtful; a 31% increase in supply was added in only six years; market needs time to catch up |

SUMMARY – COMMERCIAL LAND SALE STUDY

Projected Land Parcel Pricing Strategy - Commercial Land (Office, Retail, Hotel)

| Size of Parcel (AC) | Small Up to 1.0 AC | | Medium Up to 1.5 AC | | Large Up to 2.0 AC | | Extra Large Up to 2.5 AC | |
|---------------------|--------------------------|---------|--------------------------|---------|--------------------------|---------|-----------------------------|---------|
| Size of Parcel (SF) | ≥21,780 SF ≥43,560 SF | | ≥43,561 SF ≥65,340 SF | | ≥65,341 SF ≥87,120 SF | | ≥ 87,121 SF ≥108,900 SF | |
| Location | 1* | \$20.00 | 1* | \$15.00 | 1* | \$12.50 | 1* | \$10.00 |
| \$ PSF | 2* | \$15.00 | 2* | \$12.50 | 2* | \$10.00 | 2* | \$8.50 |

1* - fronts along a central corridor with greater traffic count

2* - fronts along a secondary interior corridor with very low traffic count

NOTE: As parcel size increases, less reliance on master developer's common facilities including parking decreases.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Residential For Sale DETACHED Segment

SFR Detached Housing Trends – A study period of 6.5 years, January 2015 to June 30, 2020 (4,252 transactions, reflecting sales of \$1.5 Billion in subdivisions of 10 lots or larger) reveals that:

- Concentrations By City*

Table 5.3

Transaction Activity for the Tri-Cities Market
 January 2015 through June, 2020

| | Kennewick | Pasco | Richland | West Richland |
|--------------------------|-----------|-------|----------|------------------|
| # of Subdivisions | 26 | 24 | 18 | 10 |
| Total Transaction Volume | 29.3% | 38.6% | 25.5% | 6.6% |
| Total Dollar Volume | 29.5% | 35.0% | 28.0% | 7.5% |

- Price:* Prices have risen increasing prices of an average of 10% per year every year; trend expected to continue
- DOM:* Days on the market has averaged 64 days and is declining
- Size:* Average Size (SF) has declined from 2,349 to 2,124, an overall decrease of 259 SF or approximately 11%; and is expected to continue to decline
- Style:* 90% rambler; 10% 2-story (majority is attached); no change expected
- Garage Capacity:* 68%, 3CAG increasing demand; 32%, 2CAG declining demand
- Basement:* Fewer than 3% had a basement; predominantly custom homes only
- Lot Size:* Declining; only 3% were on lots $\leq 5,000$ SF; majority were $> 6,500$ -8500 SF
- Current Pricing:* List prices range from \$186 to \$200 PSF (including lot); trending up
- Type:* 94.6% of the total during the study period were detached; no change expected

General Market Trend

Market is strong and moving upward

New Construction Feasible?

Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

Projected Land Pricing Strategy - Single Family Detached

Projected Lot Pricing to Developers

| Lot Price To Pkg % | \$85,000 | \$95,000 |
|-----------------------|-----------|-----------|
| 20% | \$425,000 | \$475,000 |
| 25% | \$340,000 | \$380,000 |
| 30% | \$285,000 | \$315,000 |

Garage Location Strategy

One project in the Tri-Cities area, Badger Mountain South in Richland, was conceived several years ago as a fairly dense project, mostly SFR detached homes on smaller lots in a master-planned type of community. The project expected buildout of 5,000 housing units over 1,500 acres. The original vision expected completion by 2030, but that date has been revised as the developer's representative expects it to be completed much sooner if the rate of growth continues at its present pace.

Currently about 750 units are complete, and another 276 apartment units are under construction along with a new service station, convenience store and fast-food restaurant that was completed earlier this year. Previously the only commercial construction was the Country Mercantile which opened a second location here.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

“Single-family homes in Badger Mountain South originally faced stringent restrictions on aesthetics, with garages facing an alley instead of the street. It was thought these guidelines, along with other limitations, were the reason for the lagging development seen about five years into the first phase. The city eventually removed some of the restrictions.”
(Source: Journal of Business, August 2019)

We are familiar with this development having appraised some of the new homes in Badger Mountain South. We have also spoken to the developer’s local representative and others that have listed or sold property in that area.

Based on those discussions, the findings for alley loaded garages are as follows:

- The primary buyers are those families without children, i.e., the millennial generation that have not started families yet, and the empty nesters, who no longer have children at home.
- The development specs for the alley surface are not the same as for the standard roadway since through traffic is not expected; and tend to deteriorate and require more maintenance and repairs.
- The alleys are narrow which makes it difficult to make a 90 degree turn into a garage without a lot of maneuvering in some cases. This becomes more problematic when there is a heavy winter. Could potentially be resolved by angling the garages somewhat to facilitate in/out.
- National builders put about 10% to 12% of their total into this product.

Conclusion: There are some challenges with this type of development but since Vista Field will be the only development offering this type of product, it should capture all of the demand.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Residential For Sale ATTACHED Townhouse Segment

SFR Attached Housing Trends – A study period of 6.5 years, January 2015 to June 2020 (118 transactions) reveals that:

- # of Subdivisions – There were only five active townhouse subdivisions developed since 2015 to 2019; two new in 2020; six are currently active; increasing activity for this segment
- *Price*: Prices have also risen increasing prices of an average of 10% per year every year
- *DOM*: Days on the market has averaged 80 days and is declining
- *Size*: Average Size (SF) has actually increased slightly
- *Style*: 31% rambler; 69% 2-story; no change expected
- *Garage Capacity*: 98%, 2CAG and increasing demand; 2%, 1CAG, declining demand
- *Basement*: None historically, currently one subdivision offers finished basements
- *Lot Size*: Static; average lot size $\leq 5,000$ SF
- *Current Pricing*: List prices range from \$174 to \$241 PSF (including lot)
- *Type*: 5.4% of the total during the study period were attached

General Market Trend

Market is strong and moving upward

New Construction Feasible?

Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

Projected Land Pricing Strategy - Single Family Attached
Projected Lot Pricing to Developers

| Lot Price To Pkg % | \$50,000 | \$55,000 |
|-----------------------|-----------|-----------|
| 20% | \$250,000 | \$275,000 |
| 25% | \$200,000 | \$220,000 |
| 30% | \$166,000 | \$183,000 |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Residential For Sale DETACHED – DUPLEX Segment

In addition to the “attached” SFR townhome product discussed above, we are aware of one duplex style townhome developed by Greenplan Construction in central Kennewick known as Irving Square. A total of 22 duplex lots, or 44 units were developed and sold over the 12-month period between 08/31/2018 and 09/13/2019. The list prices for the mostly identical units averaged \$395,000 for units averaging 1,287 SF, reflecting a sale price of \$140.32 PSF average. These were all 3BR, 2B, 1CAG 2-story units. DOM averages were deceiving as the units were listed long before they were completed and available. It does appear as if the owner is living in one unit and renting out the other in the majority of cases. These were not units immediately grabbed up by investors. Given that there was only one development during the study period, it is difficult to predict a trend other than the units sold readily as they became available at the list prices, given the limited amount of product in the market.

General Market Trend

Market appears strong but depth has not been tested

New Construction Feasible?

Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

Projected Land Pricing Strategy – Duplex Lots
Projected Lot Pricing to Developers

| Lot Price To Pkg % | \$50,000 | \$55,000 |
|-----------------------|-----------|-----------|
| 20% | \$250,000 | \$275,000 |
| 25% | \$200,000 | \$220,000 |
| 30% | \$166,000 | \$183,000 |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Residential For Rent ATTACHED Segment

| New Apartment Units Constructed (Projects/Units) | | | | | |
|--|----------------|---------------|----------------|------------|------------------|
| Tri-Cities, WA | | | | | |
| 2014 to 2020 YTD | | | | | |
| | Kennewick | Pasco | Richland | W Richland | Combined |
| # Projects / # Units | | | | | |
| Completed Since 2014 | (7) 394 | 0 | (6) 958 | 0 | (13) 1,352 |
| # Projects / # Units U/C or Planned | (3) <u>531</u> | (1) <u>60</u> | (4) <u>601</u> | <u>0</u> | (8) <u>1,192</u> |
| Combined | (10) 925 | (1) 60 | (10) 1,559 | 0 | (21) 2,544 |
| Total Added in 2013 | | | | | <u>994</u> |
| Grand Total New Construction SINCE 2013 | | | | | 3,538 |

Of the total of 21 projects developed, only seven contained 30 units or less and represented less than 10% of all units developed. The majority of those projects contained 2- and 3-bedroom townhouse style units. Two other projects announced but details not yet available:

1. The 19 on Canal Dr – a multi-story building to contain retail on the main floor and 33 luxury units above is in the planning stages at 19 N Auburn St in the historic downtown district.
2. 1100-1200 Jadwin – Two multi-story office buildings (50,000 SF and 110,000 SF respectively) were purchased by partners Crook/Lipus; 1100 Jadwin is to be renovated as first class office space at a cost of \$5 Million and began in August 2020; followed by redevelopment of the other 7-story building with luxury apartment units. No final plans have been announced for this urban style project

| | |
|------------------------------------|---|
| Current Occupancy Level: | 97.5% overall market, stable |
| Current Average Rent Level: | \$1,022 overall market |
| General Market Trend | Market is strong and moving upward |
| New Construction Feasible? | Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities |

Correlated Marketing and Pricing Strategy – Multi-Family Apartment Land

Vista Field's Residential Component will likely contain one or more smaller plots for development with "for rent" vs "for-sale" product. In my opinion, several smaller sites reflecting a density of 1,200 SF per unit suitable for, say 30 units, could be marketed to apartment developers on secondary arteries for prices in the \$7.50 PSF or \$310,000/AC. That density would likely not provide for any large-scale amenities such as a clubhouse or pool but would instead provide renters with a unit that felt more like home. Thus a 36,000 SF site could be listed for \$ 270,000.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

SUMMARY – LAND PRICING STRATEGY BY TYPE

Projected Land Parcel Pricing Strategy - Commercial Land (Office, Retail, Hotel)

| Size of Parcel (AC) | Small Up to 1.0 AC | Medium Up to 1.5 AC | Large Up to 2.0 AC | Extra Large Up to 2.5 AC |
|---------------------|--------------------------|--------------------------|--------------------------|-----------------------------|
| Size of Parcel (SF) | ≥21,780 SF ≥43,560 SF | ≥43,561 SF ≥65,340 SF | ≥65,341 SF ≥87,120 SF | ≥ 87,121 SF ≥108,900 SF |
| Location | 1* \$20.00 | 1* \$15.00 | 1* \$12.50 | 1* \$10.00 |
| \$ PSF | 2* \$15.00 | 2* \$12.50 | 2* \$10.00 | 2* \$8.50 |

1* - fronts along a central corridor with greater traffic count

2* - fronts along a secondary interior corridor with very low traffic count

NOTE: As parcel size increases, less reliance on master developer's common facilities including parking decreases.

Projected Land Pricing Strategy - Single Family Detached Projected Lot Pricing to Developers

| | | |
|-----------------------|-----------|-----------|
| Lot Price To Pkg % | \$85,000 | \$95,000 |
| 20% | \$425,000 | \$475,000 |
| 25% | \$340,000 | \$380,000 |
| 30% | \$285,000 | \$315,000 |

Projected Land Pricing Strategy - Single Family Attached Projected Lot Pricing to Developers

| | | |
|-----------------------|-----------|-----------|
| Lot Price To Pkg % | \$50,000 | \$55,000 |
| 20% | \$250,000 | \$275,000 |
| 25% | \$200,000 | \$220,000 |
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Correlated Marketing and Pricing Strategy – Multi-Family Apartment Land

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MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

MARKET STUDY REPORT & ANALYSIS

Vista Field Town Center, Phase I



*MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA*

I. Historical Overview & Redevelopment Plan

Vista Field Brief History

Vista Field was developed in the early 1940's by the City of Kennewick for use as a municipal airport after acquiring the land from the Kennewick Irrigation District. During World War II, the field was leased to the U.S. government, which used it as an auxiliary field to the Naval Air Station Pasco for training pilots. After the war, the city re-acquired the field, and Vista Field then served as the general aviation airfield airport.

The area surrounding the airport developed over the following years as the heart of the commercial and financial district of the Tri-Cities in close proximity to the Columbia Center Mall neighborhood until the airport was closed due to the high cost of operations on December 31, 2013. The field covered an area of approximately 103 acres and had one 4,000' long runway along with associated hangers, fuel stations, buildings and other support infrastructure.

Re-Development

Post-closing, a multi-year effort spearheaded by the Port of Kennewick and other stakeholders sought to get public involvement through online surveys, public meetings, and a week-long public charrette series to determine the future of the airport redevelopment. According to the Port's website:

“Through these efforts, citizens identified and advocated for Vista Field to become a lively, urban core. Small-scale city blocks with pedestrian-friendly neighborhoods, a mix of work and open spaces, restaurants, and shops were identified as essential elements.

The concepts and details included in the Vista Field Redevelopment Master Plan are the results of the community's substantial and valuable feedback, and the close collaboration between the Port, City of Kennewick, other partners, and the public throughout the planning process.”

In March 2017, the Arts Center Task Force signed a letter of intent to purchase land in the heart of the project for its Vista Arts Center project, making the nonprofit the first private partner to commit to the vision. The center was expected to cost \$35 to \$40 Million. Unfortunately, the nonprofit pulled out due to a lack of funding when its option on 2.2 acres of land in Vista Field expired in March 2020. The Port and the City of Kennewick then signed off on a master plan as well as development agreement in 2018. The partners upended the city's usual zoning requirements to accommodate a vision of a mixed-use development that blends housing and commercial (offices and retail) and other uses in an urban setting.

The Port made application for permits to proceed with the first phase of infrastructure development in the spring of 2018, with construction beginning in April 2019. Construction of Phase I improvements are now complete, and the sale of the first parcels is expected to begin in early 2021. At full development, the 103-acre project will have around 1,000 private residences as well as 740,000 SF of commercial space and for retail, restaurants, professional services and offices. According to the Master Plan document:

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

“Plans include a network of small-scale streets, focusing on walking, biking, public transit and interconnecting a variety of neighborhoods within the development. Dotted with green spaces, waterways, pathways, civic buildings and public facilities (such as an arts center), Vista Field will be filled with unique shops and local restaurants, cafes, and offices. There will be places for shopping and dining. There will be areas focused on entertainment and open public spaces. There will be areas that recognize and celebrate local history. And throughout, there will be a mix of residential options appealing to a variety of ages and incomes including single family homes, condos, multi-family housing, spaces for mother-in-law cottages, and even opportunities for places to live above and work below.”

The Master Plan was developed along the lines of “New Urbanism Foundation” which is defined as a “neighborhood-scale planning approach that is centered on vibrant public spaces with adjacent private amenities that are easily accessible through a variety of modes of travel, especially walking.” The layouts of these types of development often follow traditional small-town patterns and characteristics, which appeal to a significant percentage of the population. There is growing market demand for these developments, but very few “New Urbanism” options are currently available within the Tri-Cities. A suggested Land Use & Building Size by Type is part of the master plan.

In accordance with the plan, the City of Kennewick created a new zoning designation, Urban Mixed Use (UMU) which allows mixing of a variety of uses, both horizontally and vertically. Ample surface parking for vehicles is identified, however parking areas are located behind the buildings rather than in front of the buildings. This simple change results in streets with no driveways along the frontage.

The following pages include both a breakdown of the prospective uses within the development as well as an artist’s rendering of the eventual build-out.

MARKET STUDY & ANALYSIS
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VISTA FIELD REDEVELOPMENT MASTER PLAN
Land Use and Building Size By Type

Residential

| | | |
|---------------|-------------------------------------|-----------|
| 495 units @ | 2,000 SF Avg SFR Attached | 990,000 |
| 250 units @ | 1,000 SF Avg SFR Condo | 250,000 |
| 350 units @ | 1,000 SF Avg Apts - Low Rise | 350,000 |
| 1,095 units @ | 1,452 SF Avg -Sub-Total Residential | 1,590,000 |

Commercial / Civic

| | |
|-----------------------|------------------|
| -- Retail | 155,000 |
| -- Restaurant | 75,000 |
| -- Grocery | 60,000 |
| -- Office | 320,000 |
| -- Performing Arts | 45,000 |
| -- Neighborhood Civic | 40,000 |
| -- Educational | 45,000 |
| Sub-Total Commercial | 740,000 |
| Sub-Total Residential | 1,590,000 |
| TOTAL BUILDING | 2,330,000 |



*MARKET STUDY & ANALYSIS
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Phasing of Re-Development

The re-development plan is broken into eight phases and will be developed by the Port on a “pay as you go” practice over an extended period of an expected 20 years. Phase I of the project, which is the subject of this market study and analysis is envisioned to evolve in similar manner to the following diagram. This development is actually at the center core of the project, rather than beginning at one end or the other, and future development will progress from the center to the edges. This provides maximum flexibility, both from a development and a timing standpoint. According to the master plan:

“Starting Phase 1 in the middle of the property has many benefits. Essential cross-runway roadway and utility connections can be established from the onset, which will forever alter the feel of the entire Vista Field area. No longer will the runway and fencing be a mile-long barrier, which existed for 30 years before Columbia Center Mall was constructed in the early 1970s. Necessary utility connections, which establish redundant loops in the water system and secondary electrical service routes, are also a benefit of starting at the center of the site...Proximity to desirable surrounding land uses is yet another benefit to starting in the core of the site. The daytime population of the nearly 600,000 SF of industrial and warehouse uses directly to the southeast of the site provides significant daytime populations in the immediate vicinity, affording great prospects for restaurants...”



NOTE: Since the Arts Center Task Force is not currently moving ahead, the area on the right-hand side of this rendering will be re-worked in accordance with the final plan adopted.

MARKET STUDY & ANALYSIS
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Market Study & Market Analysis Process Undertaken

Market study and analysis is the foundation of economic decision making. Fundamental to real estate market analysis then is the relative balance of supply and demand.

“Market Study” is defined as a macroeconomic analysis that examines the general market conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends.⁴

“Market Analysis”

1. The identification and study of the market for a particular economic good or service; and / or
2. A study of market conditions for a specific type of property. (USPAP, 2002 ed)

*“A market analysis seeks to identify the highest and best use of property in terms of market support (demand), timing of demand (absorption) and market participants needs and desires (probable buyers and users)...Supply and demand considerations direct the collection of data required to develop a perspective on the economic environment that affects the property. Such an economic overview includes a description of the general economy and analysis of economic patterns, trends and cycles....”*⁵

Thus, the following report will delve into these areas in order to provide the framework within which to estimate the probable marketing and pricing strategies for the subject land parcels in Phase I.

⁴ *The Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute

⁵ *Market Research in Real Estate Appraisals*, Appraisal Institute, 1994, pg 7

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II. Regional and Neighborhood Overview

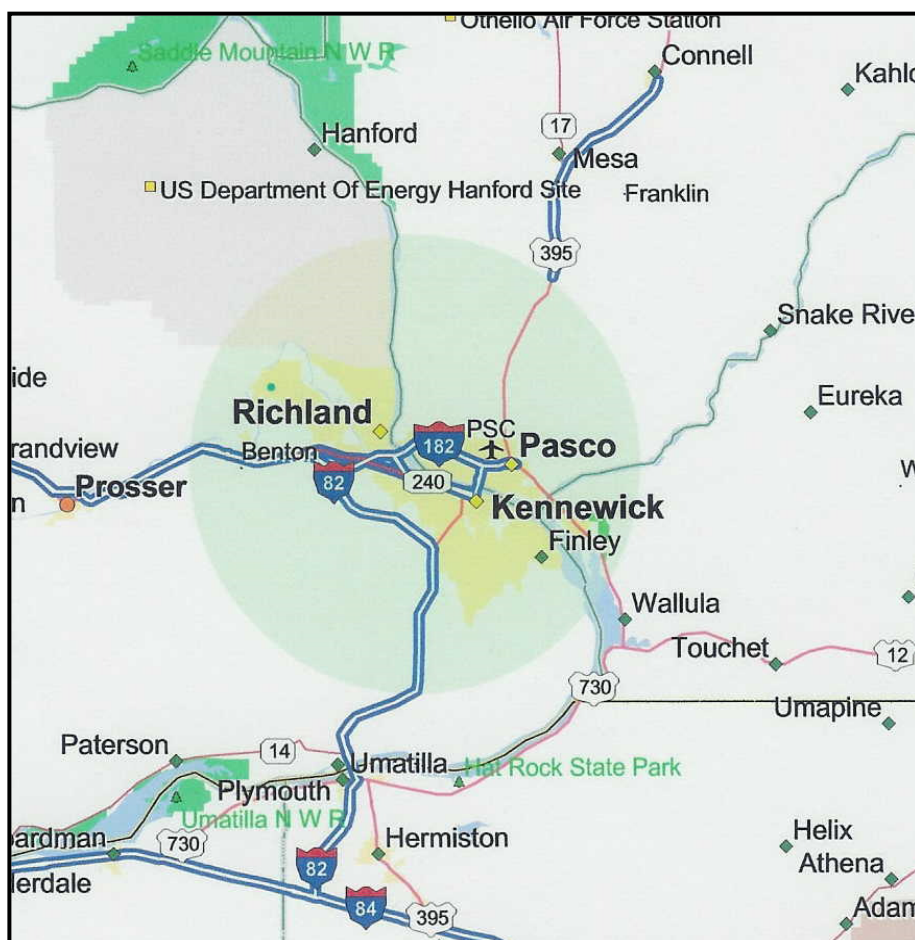
Regional Demographic Data

Updated Quarterly, Most Recent Update Q3 (August), 2020

Location

The Tri-Cities Metropolitan Statistical Area (MSA) is in south central / south eastern Washington State at the confluence of the Columbia, Snake, and Yakima Rivers in the heart of Washington State's wine country. The rivers provide the region with abundant irrigation, energy and recreational opportunities.

The Tri-Cities MSA is comprised of **two counties, Benton and Franklin Counties**, which combined occupy a total land area of approximately 2,942 square miles. Benton County occupies a total land area of 1,700 square miles, varying in topography from level, irrigated farmland to the rolling hills of the Rattlesnake Mountain and Horse Heaven Hills. Franklin County occupies a total land area of 1,242 square miles. It is predominately agricultural: about 40% of the land is irrigated, 31% is dry-land wheat, 26% is grazing land, and 3% is town and suburban areas. Population density is equivalent to 103 persons per sq. mi. in Benton County and 62.3 persons per sq. mi. in Franklin County.



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Climate

The region benefits from a location in the semi-arid high desert river basin, and within the rain shadow of the Cascade, Blue, Wallowa and Rocky Mountains. There is very nominal annual precipitation of less than 8” per year and an average high/low/average temperature of 65.5 / 43.7 / 54.6.

| Climate Kennewick - Washington | | | | | | | °C °F |
|--------------------------------|------|------|------|------|------|------|---------|
| | Jan | Feb | Mar | Apr | May | Jun | |
| Average high in °F: | 42 | 48 | 58 | 66 | 74 | 82 | |
| Average low in °F: | 29 | 31 | 36 | 42 | 49 | 56 | |
| Av. precipitation in inch: | 1.06 | 0.79 | 0.75 | 0.55 | 0.63 | 0.51 | |
| Days with precipitation: | - | - | - | - | - | - | |
| Hours of sunshine: | - | - | - | - | - | - | |
| Average snowfall in inch: | 1 | 0 | 0 | 0 | 0 | 0 | |
| | Jul | Aug | Sep | Oct | Nov | Dec | |
| Average high in °F: | 90 | 89 | 80 | 66 | 51 | 40 | |
| Average low in °F: | 62 | 61 | 52 | 42 | 35 | 29 | |
| Av. precipitation in inch: | 0.24 | 0.2 | 0.31 | 0.59 | 0.98 | 1.14 | |
| Days with precipitation: | - | - | - | - | - | - | |
| Hours of sunshine: | - | - | - | - | - | - | |
| Average snowfall in inch: | 0 | 0 | 0 | 0 | 0 | 0 | |

Source: USClimatedata.com

This temperate climate and the lengthy growing season is especially beneficial for agricultural related industries and Washington State in general and Benton and Franklin Counties in particular, are top producers in many areas of agricultural activity in the United States. Food processing has become a larger and larger part of the economy over the last decade. The area is also within the heart of the Columbia Valley AVA, and there are now over 300 wineries and tasting rooms in the area. The climate as well as the location in proximity to the Columbia, Yakima and Snake Rivers, also provide many recreational opportunities for the region.

History

The region was settled in the late 1800s by cattle and horse ranchers, primarily along the Columbia River, which allowed product to get to market. Farming included corn, wheat, alfalfa, potatoes, and fruit, especially apples. Dry-land farming was also successful, but in the 1890’s, the first of the region’s irrigation canals were built and expansion occurred in orchards, vineyards, farming and ranching. Farming expanded and supports the region today.

The region is probably best known today for the U.S. Department of Energy’s (DOE) development of the Hanford Site in 1943 as part of the Manhattan Project, the location of the United States’ first B Reactor, the first full scale plutonium production facility used in the first nuclear bombs. The project ultimately expanded to include nine nuclear reactors and five large plutonium processing complexes. However, early cleanup procedures were largely inadequate, and cleanup of toxic waste became a

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driving factor in the economy over the next several decades, along with diversification in scientific research and nuclear energy. The site is now mostly decommissioned.

Towns and Cities

Benton County's largest cities are Richland and Kennewick. Smaller outlying areas of the county include West Richland, Benton City, Finley, Kiona, Whitstran, Prosser (County Seat), Paterson, and Plymouth.

- Kennewick was incorporated in 1904. Now the largest population of the Tri-Cities, it is supported primarily by light industrial service and retail trade.
- Richland was incorporated in 1910. In 1943, the U.S. Government selected the area to site the Manhattan Project to produce plutonium for nuclear weapons. It was transferred from federal control in 1958 and became a chartered First-Class city. Clean-up of the Hanford Site is one of the major economic drivers today.

Franklin County's largest city is Pasco (County Seat). Smaller, outlying cities within the county include Connell, Kahlotus, Basin City, Eltopia, and Mesa.

- Pasco was the first city that early settlers developed and incorporated in 1891. Acknowledged for its strong agricultural and industrial base, Pasco has grown into one of the region's largest food processing and agricultural centers. Today it is the 3rd fastest growing areas in the state.

Population Trends

The following chart depicts population trends reported by Washington State for the area since the last census. The Tri-Cities has experienced a nearly 50% increase in absolute numbers of citizens since 2000, indicating that it is in the midst of both a population and economic boom. It is currently listed at 302,460 persons in the final count, updated in April 2020.

The cities of Kennewick, Pasco, Richland, and West Richland grew by about 36,400 persons between 2010 and 2018 according to new population estimates released May 22, 2019 by the United States Census Bureau. Projections are that an additional 112,000 more persons are estimated to live here in 20 years based on the Benton-Franklin Council of Government's Transition 2040 plan.

The 2020 estimate surpassed 300,000 for the first time; this threshold is a harbinger of many national businesses beginning to look at the area as a site for new locations.

| Population Trends for the Tri-Cities, WA MSA | | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Area | 2010 | 2011* | 2012* | 2013* | 2014* | 2015* | 2016* | 2017* | 2018* | 2019* | 2020* |
| MSA | 253,340 | 258,400 | 262,500 | 268,200 | 273,100 | 275,740 | 279,170 | 283,830 | 289,960 | 296,480 | 302,460 |
| Benton County | 175,177 | 177,900 | 180,000 | 183,400 | 186,500 | 188,590 | 190,500 | 193,500 | 197,420 | 201,800 | 205,700 |
| Kennewick | 73,917 | 74,665 | 75,160 | 76,410 | 77,700 | 78,290 | 79,120 | 80,280 | 81,850 | 83,670 | 84,960 |
| Richland | 48,058 | 49,090 | 49,890 | 51,150 | 52,090 | 53,080 | 53,410 | 54,150 | 55,320 | 56,850 | 58,550 |
| West Richland | 11,811 | 12,200 | 12,570 | 13,080 | 13,620 | 13,960 | 14,340 | 14,660 | 15,320 | 15,340 | 15,710 |
| Franklin County | 78,163 | 80,500 | 82,500 | 84,800 | 86,600 | 87,150 | 88,670 | 90,330 | 92,540 | 94,680 | 96,760 |
| Pasco | 59,781 | 61,000 | 62,670 | 65,600 | 67,770 | 68,240 | 70,560 | 71,680 | 73,590 | 75,290 | 77,100 |

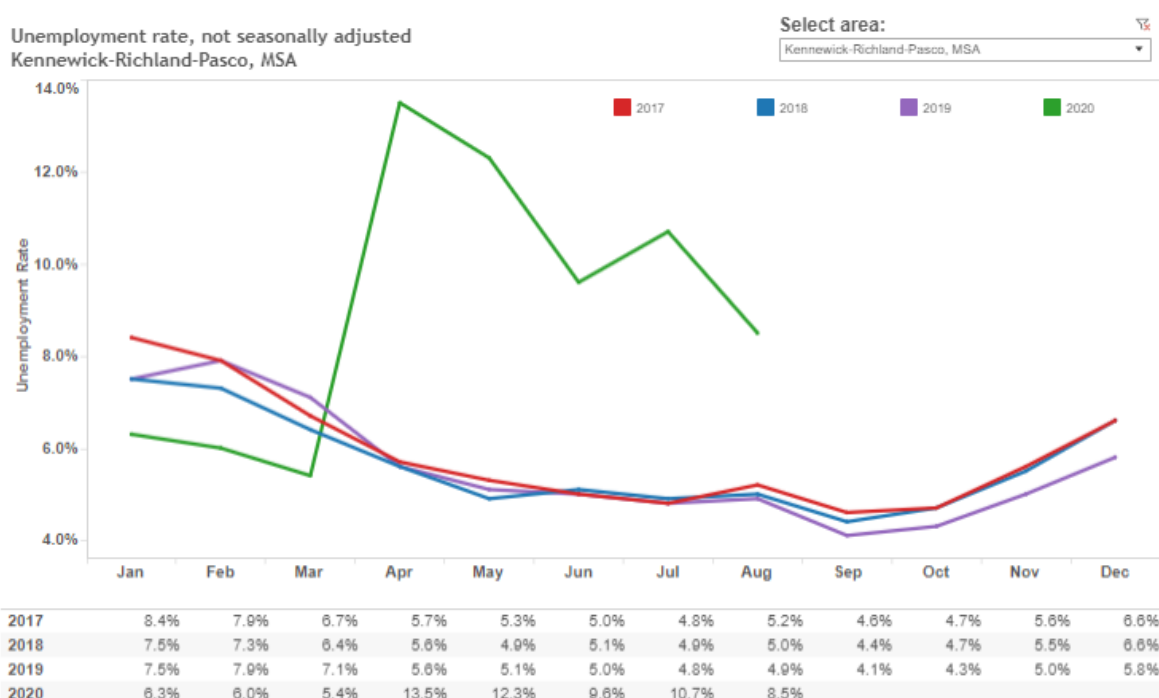
Source: WA State Office of Financial Management, April 1, 2020 Used for Allocation of Selected State Revenue
**Based on Estimates from 2010 US Census as determined in April every year*

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Labor Force and Employment

One of the major reasons for population growth is the strong economy with abundant job opportunities. The region possesses a well-educated and professional work force; in fact, in 2011, the Tri-Cities held the #1 spot in the nation for the number of PhDs per capita in its work force as a result of the scientific research carried out at Hanford by many of the sub-contractors. Benton County's labor force also includes a high percentage of high-end managerial and professional specialty occupations. Due to its large agricultural base, Franklin County's work force is a high concentration of farming and fabrication occupations.

The most recent not seasonally adjusted *monthly* data from the U.S. Bureau of Labor Statistics is for July 2020 and suggests a preliminary local jobless rate of 10.9%. The following chart shows the unemployment rate, not seasonally adjusted for the period 2017 through July 2020.



Employment and unemployment, not seasonally adjusted
 Kennewick-Richland-Pasco, MSA

| | 2020 | 2019 | 2018 | 2017 |
|----------------------|---------|-----------|---------|-----------|
| | August | September | August | September |
| Civilian Labor Force | 154,686 | 147,996 | 149,340 | 140,138 |
| Employment | 141,520 | 141,877 | 142,060 | 142,197 |
| Unemployment | 13,166 | 6,119 | 7,280 | 139,153 |
| Unemployment Rate | 8.5% | 4.1% | 4.9% | 132,765 |
| | | | | 132,447 |
| | | | | 6,388 |
| | | | | 7,234 |
| | | | | 4.6% |
| | | | | 5.2% |

Source: WA State Employment Security Department
<https://esd.wa.gov/labormarketinfo/labor-area-summaries>

Annual unemployment rates for Kennewick-Richland-Pasco MSA from 2007 to 2020 are reported in the following chart. Labor force growth has increased strongly, and unemployment rates have clearly declined since 2007. This chart then compares current data with other counties and the state of Washington.

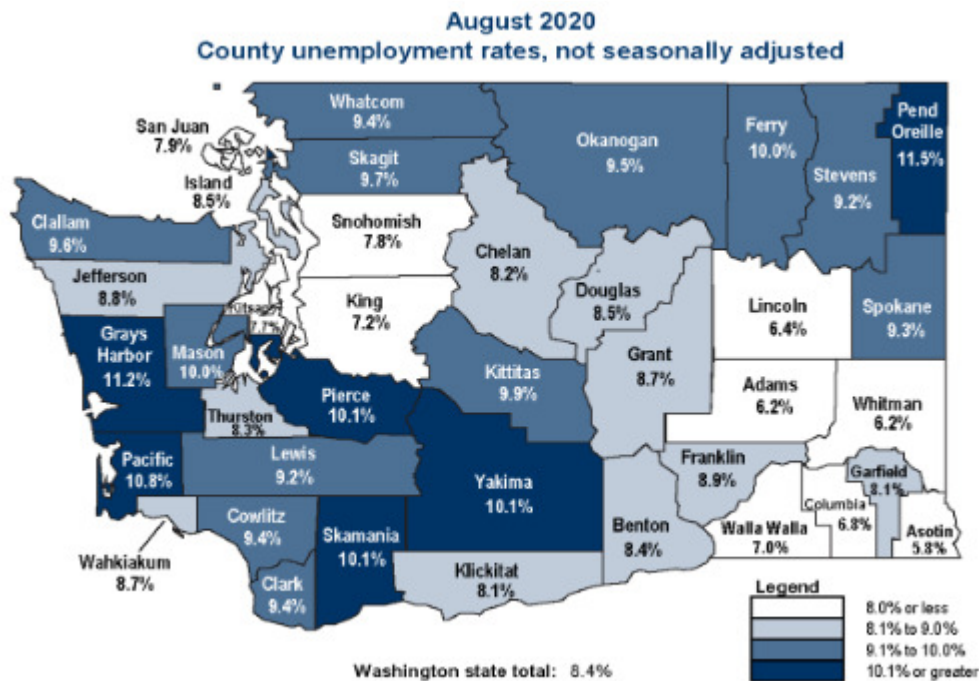
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Labor Force Statistics: Benton and Franklin Counties

| Year | Labor Force | Total Employment | Unemployment | Unemployment Rate |
|-------------|-------------|------------------|--------------|-------------------|
| 2007 | 117,700 | 111,510 | 6,190 | 5.3% |
| 2008 | 122,530 | 115,840 | 6,690 | 5.5% |
| 2009 | 128,690 | 119,010 | 9,680 | 7.5% |
| 2010 | 133,980 | 123,570 | 10,410 | 7.8% |
| 2011 | 135,060 | 124,350 | 10,710 | 7.9% |
| 2012 | 134,410 | 122,560 | 11,850 | 8.8% |
| 2013 | 131,930 | 120,600 | 11,330 | 8.6% |
| 2014 | 127,200 | 115,600 | 11,600 | 7.2% |
| 2015 | 130,078 | 122,279 | 7,799 | 6.0% |
| 2016 | 134,094 | 125,188 | 8,905 | 6.6% |
| 2017 | 138,257 | 130,347 | 7,883 | 5.7% |
| 2018 | 147,925 | 140,914 | 7,011 | 4.7% |
| 2019 | 147,420 | 138,665 | 8,755 | 5.9% |
| 2020 (July) | 157,337 | 140,264 | 17,073 | 10.9 |

Note: Pandemic

Source: Labor Area Summaries, Washington State Employment Security Department, Labor Market and Economic Analysis Branch, not seasonally adjusted (July 2020)



Source: WA State Department of Labor Security, June 2020 published July 2020
<https://esd.wa.gov/labormarketinfo/monthly-employment-report>

It is noteworthy that unemployment was adversely affected by the global Covid-19 Pandemic beginning in the spring of 2020 and continuing through to the present time. However, unemployment rates are trending down again as more employers and employees return to the market.

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Top 10 Benton County Industries in 2018

| Rank | Industry | Percent of total jobs |
|------|-------------------------------------|-----------------------|
| 1 | Government | 14.4% |
| 2 | Healthcare and social assistance | 13.7% |
| 3 | Administrative and waste services | 11.4% |
| 4 | Retail trade | 11.0% |
| 5 | Professional and technical services | 9.6% |
| 6 | Accommodation and food services | 8.6% |
| 7 | Construction | 7.5% |
| 8 | Agriculture | 7.1% |
| 9 | Manufacturing | 5.0% |
| 10 | Finance and insurance | 2.2% |

(Source: Employment Security Department, QCEW)

Top 10 industries in Franklin County in 2018

| Rank | Industry | Percent of total jobs |
|------|-----------------------------------|-----------------------|
| 1 | Agriculture | 19.7% |
| 2 | Government | 18.8% |
| 3 | Manufacturing | 10.5% |
| 4 | Retail trade | 9.6% |
| 5 | Healthcare and social assistance | 8.3% |
| 6 | Accommodation and food services | 6.2% |
| 7 | Construction | 5.9% |
| 8 | Wholesale trade | 5.5% |
| 9 | Transportation and warehousing | 4.1% |
| 10 | Administrative and waste services | 3.1% |

Source: Employment Security Department, QCEW

Source: *TRIDEC*, July 2020

The following table lists a few of the major employers (800 or more employees) in the MSA.

| Company | Industry | Employees |
|--|------------------------------------|-----------|
| Battelle/Pacific Northwest National Laboratory | Research & Development | 4,500 |
| Kadlec Regional Medical Center | Health Services | 3,532 |
| Lamb Weston | Food Processing | 3,000 |
| Bechtel National | Engineering & Construction | 2,943 |
| Kennewick School District | Education | 2,336 |
| Washington River Protection Solutions | Environmental Remediation Services | 2,129 |
| Pasco School District | Education | 2,015 |
| Mission Support Alliance, LLC | Support Services, Hanford/DOE Site | 1,902 |
| CH2M | Environmental Remediation | 1,682 |
| Richland School District | Education | 1,500 |
| Tyson Foods | Food Processing | 1,300 |
| Trios Health | Health Services | 1,268 |
| Energy Northwest | Utilities | 1,100 |
| First Fruits | Food Processing | 920 |
| Lourdes Health Network | Health Services | 804 |

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Congressional funding for the clean-up of the Hanford Site in North Richland through the Department of Energy (DOE) has been the primary economic and employment driver for many years. Annual budgets will continue to play a major role in economic growth. The following table outlines Hanford's budget allocations for fiscal years 2012-2020.

| Hanford Budget Allocation of EM Cleanup Funding (\$ in Thousands) | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|------------------|------------------|------------------|------------------|
| | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| | | Post Sequester | | | | | | | |
| Richland Operations | 1,021,824,000 | 943,327,000 | 1,012,620,000 | 941,000,000 | 990,653 | 916,176 | 947,422 | 954,097 | 718,098 |
| Office of River Protection | 1,181,800,000 | 1,097,441,000 | 1,210,216,000 | 1,212,000,000 | 1,414,000,000 | 1,496,965 | 1,552,000 | 1,573,000 | 1,392,460 |
| Total | 2,203,624,000 | 2,040,768,000 | 2,222,836,000 | 2,153,000,000 | 1,414,990,653 | 2,299,965 | 2,499,422 | 2,527,097 | 2,110,558 |

Source: The Hanford Site, Budget Overview for FY 2020; FY 2021 Budget Public Priorities

The most recent budget request was \$718,098 for the Richland Operations and \$1,392,460 for the Office of River Protection. Presidential requested funding for FY 2020 is a combined amount of \$2,110,558, which is a significant 20% decrease over 2019. However, President Trump signed 12 annual appropriation bills for fiscal 2020 into law after approval of the appropriations bill with the Hanford budget. The budget tops \$2.5 Billion, actually increasing spending by about \$90 Million. This bodes well for continued clean-up activity for the foreseeable future.

TRIDEC (The Tri-City Development Council) has been working to help diversify the employment base away from the Hanford economy since the mid-1990s, and these efforts are paying off in a big way. More important industries today include food processing which spins off agriculture; and the region has become most important for healthcare. Logistics and transportation on water, highways, and rail have contributed in large part as well.

Income

According to the most recent Washington State Median Household Income Estimates by the Office of Financial Management, the projected 2015-2017 and projected 2018 median household income statistics for the Tri-City were:

| Median Household Income Estimates by County, 2010 to 2019 | | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | *2019 |
| Washington State | \$ 54,888 | \$ 55,500 | \$ 56,444 | \$ 57,554 | \$ 60,153 | \$ 63,439 | \$ 65,500 | \$ 69,288 | \$ 73,294 | \$ 74,992 |
| % Change | | 1.1% | 1.7% | 2.0% | 4.5% | 5.5% | 3.2% | 5.8% | 11.9% | 8.2% |
| Benton County | \$ 60,070 | \$ 60,608 | \$ 62,739 | \$ 63,062 | \$ 63,157 | \$ 62,071 | \$ 62,282 | \$ 63,502 | \$ 64,745 | \$ 65,888 |
| % Change | | 0.9% | 3.5% | 0.5% | 0.2% | -1.7% | 0.3% | 2.0% | 4.0% | 3.8% |
| Franklin County | \$ 53,355 | \$ 53,644 | \$ 56,221 | \$ 57,196 | \$ 58,538 | \$ 57,664 | \$ 58,854 | \$ 63,345 | \$ 68,179 | \$ 70,638 |
| % Change | | 0.5% | 4.8% | 1.7% | 2.3% | -1.5% | 2.1% | 7.6% | 15.8% | 11.5% |

Last updated April 29, 2020

Source: <https://www.ofm.wa.gov/washington-data-research/economy-and-labor-force/median-household-income-estimates>

**Preliminary*

Franklin County had an astonishing jump in just two years of nearly \$10,000 in median household income as new residential construction drew a large number of upper income workers to the region. It is now ahead of Benton County for 2018 projections, where it lagged for many years. The median

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income is considered high when compared to Washington State because there are so many high income earners in the Seattle area which dominates the state statistics.

Education - Primary and Secondary Levels

Increased population in the MSA has resulted in overcrowding in most K-12 schools and many schools built in the middle of the previous century were seriously outdated needing replacement. In attempt to ease the overcrowding situation, all districts passed school bond issues in the last several years, and over the last five years, 33 new schools have been built or are under construction totaling a stunning 2,350,000 square feet:

Summary of New School Construction Square Feet

Tri-Cities, WA
2014-2020

| | KSD | PSD | RSD | Combined |
|--------------|---------------------|--------------------|---------------------|-----------------------|
| Complete | 596,618 (11) | 494,299 (7) | 622,164 (8) | 1,713,081 (26) |
| Under Constr | 403,225 (4) | 110,000 (1) | 130,500 (2) | 643,725 (7) |
| Total | 999,843 (15) | 604,299 (8) | 752,664 (10) | 2,356,806 (33) |
| % of Total | 42.4% | 25.6% | 32.0% | |

The following depicts enrollment for the MSA school districts between 2012 and the present projection.

| School District K-12 Enrollments | | | | |
|---|-----------------|------------------|--------------|--------------|
| School Year | Richland | Kennewick | Pasco | Total |
| 2012-2013 | 11,848 | 16,427 | 15,625 | 43,900 |
| 2013-2014 | 11,950 | 17,703 | 16,612 | 46,265 |
| 2014-2015 | 12,419 | 17,737 | 17,230 | 47,386 |
| 2015-2016 | 12,986 | 18,043 | 17,790 | 48,819 |
| 2016-2017 | 13,552 | 18,172 | 17,882 | 49,606 |
| 2017-2018 | 13,908 | 18,583 | 18,284 | 50,775 |
| 2018-2019 | 14,210 | 19,197 | 18,783 | 52,190 |
| 2020-2021 | 13,796 | 18,541 | 18,265 | 50,602 |
| Num. Chg. | 2,362 | 2,770 | 3,158 | 8,290 |
| % Change | 19.9% | 16.9% | 20.2% | 18.9% |

Office of Superintendent of Public Instruction, October, 2020

Enrollment at the secondary level is clearly increasing, providing evidence of population increases. There is some reduction in the number of students in each district which is a reflection of the impact of the current pandemic.

Education - University and College Levels

Washington State University (WSU) headquartered in Pullman, WA expanded to a satellite campus here in the late 1980's, and this campus in North Richland not far from the Hanford Site attracts a large and growing student body from all over the state. WSU Tri-Cities has both undergraduate and

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graduate studies. A new student housing project was completed during 2018 to serve the growing student body and the new \$5.73 Million Student Union opened in August 2020.

Columbia Basin College (CBC) offers Associates of Arts degrees, but recently became an accredited 4-year college. From approximately 2006 to 2009, CBC underwent a \$45 million renovation to update classrooms, labs and faculty offices. A new classroom building was completed (August 2016) and a 120-unit student housing project broke ground in October 2016 and was completed in time for opening for the Fall, 2017 semester to serve this institution's growing student body.

Current enrollment figures are summarized as follows:

| | WSU Tri-Cities | CBC |
|-------------|----------------|--------|
| 2020 (Fall) | 1,937 | 11,368 |

Transportation

The Tri-Cities is one of an extremely few population centers in the entire Pacific Northwest region that has all forms of transportation access. These provide superior linkages and access to and from the area and include:

- *Air Service* - Several public and private airports and heliports serve the region, the largest of which is the Tri-Cities Airport in Pasco. A \$42 Million expansion project including a new terminal, baggage handling system and runway was completed in January 2017; total passenger traffic in 2018 set a new record at 395,084 boardings. Total 2019 boardings were 438,123 passengers, a whopping 10.9% increase over 2018; PSC is the eight-busiest small airport on the continent.
- *Highway Service* - The Tri-Cities has become a transportation hub for the entire Eastern Washington State area east of the Cascade Mountains. It is strategically located and benefits from a highway system in place that provides rapid interstate and state route access to a variety of points. The major cities of Seattle, Spokane and Portland are all less than 3.5 hours away.
 - I-82, running through the Tri-Cities, is a 143.58-mile interstate highway extending from I-90 in Ellensburg, Washington southeastwardly to I-84 near Umatilla, Oregon.
 - I-182 is an east-west auxiliary interstate highway traveling around the City of Kennewick and passing through the cities of Richland and Pasco.
 - U.S. 395 is a major U.S. highway which includes a long overlap with I-90. The southern piece, from I-82 near the Tri-Cities to I-90 near Ritzville, is a high speed four-lane divided highway.
 - State Route 240 begins at the southern end of the Blue Bridge in central Kennewick as an offshoot of U.S. Route 395.
- *Bus Service* - Mass public transit is operated locally across 17 routes by the Ben Franklin Transit system. Serving the cities of Kennewick, Pasco, and Richland, several routes also extend as far as Prosser, Benton City and West Richland. Most routes run six days a week. A Dial-A-Ride is also offered for the physically disabled.

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- *Rail Service* - The Tri-City MSA is the only metropolitan manufacturing area between the Cascade and Rocky Mountains to offer main line rail freight service to both Burlington Northern and Union Pacific Railroads. Amtrak also has a stop on its system in Pasco.
- *Water* - The Columbia-Snake River system is one of the most modern interlinked transportation networks in the world. This commercial waterway extends 465 miles from the Pacific Ocean into the North American continent moving an increasingly large quantity of goods through the region.

Government

The incorporated municipalities of Kennewick, Richland, and Pasco each have the Council-Manager form of government. West Richland and smaller outlying areas within the counties have retained the Mayor-Council form of government.

Community Healthcare Services

The Tri-Cities is a regional health care center currently served by two major national hospital groups, numerous outpatient facilities, and private practices. Area residents are presented with a wide array of health care services provided by:

1. *Kadlec Regional Medical Center in Richland*, (owned by Providence Health & Services) most recently opened a new NICU in April 2015; opened a new 600-car parking garage August 1, 2016; and completed a 4-story addition in December 2016.
2. RCCH Healthcare Partners owns two major facilities in the Tri-Cities that were previously operated independently.
 - *Our Lady of Lourdes in Pasco*, which signed an agreement with RCCH in July 2017 to be acquired and which agreement closed in August 2018;
 - *Trios Hospital in Kennewick*, which had operated out of a vintage hospital near the original downtown CBD, and opened a second, new facility in the Southridge area during July 2014. However, Trios declared bankruptcy in mid-2017. Staff lay-offs occurred, and it was acquired by RCCH as well in August 2018.

RCCH HealthCare Partners officially merged with LifePoint Health on November 16, 2018, shortly after the acquisition of Lourdes Hospital and Trios Hospital closed in late summer. It is unknown at this point what impact the merger will have on the healthcare system in the Tri-Cities although they will be officially operating as one united company under the LifePoint Health name. Thus, as part of the LifePoint network, the two local hospitals are now connected to an even stronger network of community hospitals, regional health systems, physician practices, outpatient centers and post-acute facilities that span 30 states.

All three hospitals had been expanding community services as well, opening both emergency and non-emergency clinics in the 2014-2017 timeframe. With the recent mergers, the three hospital networks have been reduced to two networks. The status of the federal Affordable Care Act is uncertain, and its impact on the Tri-Cities' health care delivery system is uncertain as well.

Conclusion

The Tri-City market is a mid-sized and rapidly growing, somewhat isolated market with linkages to other areas via a strong transportation network including air, rail, water and truck. By all indications, the economic base has been well diversified in the last decade from its previous reliance on the government funding of the Hanford project. After crossing the 300,000-person threshold in

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population in 2020, the area becomes attractive to a higher level of national firms seeking to diversify. Population is increasing steadily, the demographic characteristics of the population are well educated and diverse, incomes are increasing, unemployment rates are being reduced (pre-pandemic), and investment in the area is increasing.

A more robust analysis of each market segment is included in the appropriate section of this report.

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Immediate Neighborhood



The subject property is centrally located within the Vista Field Neighborhood outlined above which is adjacent to the Columbia Center Mall Neighborhood on the west separated by Columbia Center Blvd, a major north/south thoroughfare with a full interchange with S.R. Hwy 240 just to the north. There is another full diamond interchange with S.R. Hwy 240 with Edison Street to the east as well as one at Columbia Park Trail to the west, all serving the captioned neighborhood. Each side has specific attributes which are discussed in the paragraphs below.

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Surrounding Vista Field Neighborhood

The Vista Field Neighborhood is bounded by W Canal Dr on the north which originates at Columbia Center Blvd and travels east to N. Kellogg St. N Kellogg St travels south and connects the commercial corridors of Clearwater Avenue to the south and W. Canal Drive to the north. N. Kellogg St also delineates the easterly border of the Vista Field neighborhood.

Commercial development includes the freestanding banks, professional offices and “in-line” retail strip malls and office structures. Located on the east side of Kellogg Street is the Kennewick School District bus barn, and further north, the Tri-City Vocational high school which was recently expanded. The east side of Kellogg St, north from John Day Ave, is comprised of an existing



residential area consisting of homes 35 to 45 years in age, and property values in the range of \$200,000 to \$300,000. Residential properties have been somewhat screened by a series of fir tree plantings along the east side of the street. Traffic studies conducted on Kellogg St by the City of Kennewick indicate an average daily traffic count of 14,701 in 2016 between W. Clearwater Avenue and Deschutes Avenue.

Kellogg has a signalized intersection at W Clearwater, and traffic from both directions on Clearwater turn north onto Kellogg and travel north to W. Deschutes, John Day or Okanogan St which serves as the gateways to the southern portion of Vista Field. The southeast portion of Vista Field consists of light manufacturing, distribution, sales and service, predominantly newer properties built within the past 10-15 years. Traffic counts on W. Deschutes Avenue from Columbia Center to Young St were reported at 7,676 trips per day in 2016. From Young Street to Kellogg Street, the average daily traffic count is 6,803.

The neighborhood derives its name from the previously described Vista Field municipal airport owned by the Port of Kennewick, which operated here for many years. The Port formally closed the Vista Field Airport six years ago on December 31, 2013 in favor of redevelopment of its 103 acres, with office, retail shopping, entertainment, and residential areas. A consultant study for the area proposed a chain of new public open spaces, parks and plazas.

The Vista Entertainment District within the neighborhood includes a convention, recreation, and entertainment complex in the interior of Vista Field. Grandridge Boulevard has been reconfigured to provide access to the Vista Entertainment District, accessing W. Canal Drive to the northeast and Columbia Center Boulevard to the southwest. The traffic count along Grandridge from W. Canal Drive to Okanogan Place in 2016 was 3,544 vehicle trips per day.

The Vista Entertainment District currently includes the Toyota Center (formerly known as Tri-Cities Coliseum) with a 6,000-seat capacity used by a local hockey league team franchise and public events and the Toyota Arena, its second ice rink. The Three Rivers Convention Center is to the southwest of the Toyota Center fronting along Grandridge Boulevard. The 72,000 square foot Convention Center was developed at a cost of about \$20.6 million and completed in June 2004.

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The Tri-City Business and Visitors Center was completed on the corner of Grandridge Boulevard and Young Street. The Hilton Garden Hotel sits across from this office building. A hotel, now known as the Red Lion Suites, was constructed on the corner of Hood Place and Young Street. A Springhill Suites hotel was constructed in 2015 adjacent to the Convention Center. The District also contains other tracts of land in the immediate area suitable for commercial and recreational development.

In September 2019, The Kennewick City Council voted unanimously to approve a plan to expand the convention center and add another hotel at a cost of \$85 Million for Phase I. The planned hotel will be built by A-1 Pearl and contain 7-stories connected to the expanded meeting space. A-1 Pearl has a history of hotel development locally and in 2020 completed a new Marriott at the Tri-Cities Airport. The City would commit to a \$35 million expansion that would add a 2,000-seat theater, 33,000 SF of exhibition space, 11,000 SF of lobby space, 13,850 SF of back house space and significantly more parking. In a second phase, A-1 would add 800 condominiums in three residential towers along with restaurants, offices and other space. No further announcement about the progress of this project has been made.

The northwestern portion of the neighborhood has developed as regional retail with numerous national chains represented in several shopping centers along the south side of Canal Dr. Development near the Columbia Center Boulevard and Canal Drive intersections, which serve as the subject neighborhood's northwest corner, includes the Bed, Bath and Beyond Plaza. Adjacent east is the Burlington Store, and further east is the former Wal-Mart, reconfigured to accommodate a call center for Amazon, a retail space occupied by Hobby Lobby, and a Chinese buffet restaurant. Both a Toyota and Lithia Chrysler Jeep Dodge new and used car dealership is located to the east anchoring the strip center occupied by a variety of national retailers including Best Buy and Office Max.

The Colonnade Shopping Center is located on the south side of W. Canal Drive, comprising the area between Grandridge Blvd. and Kellogg St. The Colonnade is anchored by a PetSmart, Sportsman's Warehouse, Famous Footwear, and Ross Dress for Less. Located on pad sites along W. Canal Drive is a Key Bank, Wendy's, Granny's Buffet, Outback Steak House, International House of Pancakes, McDonald's and a retail strip center.

W. Canal Drive is a four-lane roadway, with designated right left and right turn lanes and controlled intersections. Traffic studies conducted on Canal Drive by the City of Kennewick indicate an average daily traffic count of 16,646 in 2016. W. Canal Drive along the south side is almost fully developed with commercial from Columbia Center Boulevard to Kellogg Street. The north side contains established residential neighborhoods.

Development in the southwest corner of Vista Field has been intermixed with medical, dental, and professional office buildings including the Tri-Cities Cancer Center and the 25,000 square foot Trios medical campus. The Northwest Cancer Clinic was constructed at 7379 W. Deschutes Avenue, across the street from the Tri-Cities Cancer Center.

Interior to Vista Field is the juvenile justice center, which can accommodate 700 inmates and offers 24,000 square feet for courtrooms and office space. Two recently announced additions are

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currently under construction, including the 21,000 SF new office building for the State of Washington Department of Social and Health Services (DSHS) as well as a new 40,000 SF office building for Benton County administration offices. Each project will be completed in 2021 and the current DSHS existing office building has already been listed for lease or sale. The new Benton County building expands the amount of space available given that the building housing the courthouse is so completely overcrowded. And finally, the 29,000 SF new Miramar Clinic being developed by Yakima Valley Farm Workers Clinic will open in early 2021 at 6335 Rio Grande Ave near Lawrence Scott Park and the Kennewick Chuck E. Cheese Restaurant.

Ben Franklin Transit Center is located on W. Okanogan Place, just to the west of Grandridge Boulevard. An office/retail and warehouse for Great Floors, located at 7220 W. Okanogan Avenue was completed in 2016. Additional commercial development includes the Benton County Health District Building, an Italian restaurant, and a building occupied by Budget Printing at 7010 Okanogan Avenue.

The east side of Vista Field has been platted as the Colonnade Business Park. In the last three years, there have been many new projects developed throughout the Vista Field neighborhood as discussed in the Market Analysis section of this report, typically for owner/users as a result of favorable interest rates which make development more affordable than renting space.

Adjacent Columbia Center Mall Neighborhood

Columbia Center Boulevard acts as the dividing line between the Columbia Center Mall neighborhood on the west and the Vista Field neighborhood on the east. It is a major community arterial primarily serving a regional shopping area drawing from Washington, Oregon and Idaho. This major corridor was designed to carry traffic from Highway 240 to regional shopping centers, such as the Columbia Center mall, Tri-City Center, and a host of national retailers. Columbia Center Boulevard is one of the most traveled roads in the Tri-Cities. The 2016 traffic counts (most recent) indicate 39,549 vehicle trips at the Columbia Center and Canal Drive intersection, similar to the previous count of 39,238 in 2012.

The neighborhood actually has several sub-neighborhoods besides the mall property itself including the area south of the mall which lies between Center Parkway and Columbia Center Blvd; the area which has developed along Gage Blvd to the west of the mall as far as Steptoe; and the area north of the mall with frontage along the S.R. 240 Hwy. These sub-sets were utilized to identify locations of new development in the sections which follow.

The Columbia Center Mall owned by Simon Property Group is a shopping center that was originally opened in late 1969 and was anchored by Macy's, JCPenney and Sears. The mall celebrated 50 years in business in 2019 and today contains nearly 1,000,000 SF. It is the largest mall in southeastern Washington and has undergone several major renovations, most recently in 1997 and again in 2006-07 when several storefronts for "lifestyle tenants" was developed on the east side of the property. Currently a dual strip center is nearing completion on the east side of the mall on an outlot in front of the JCPenney store facing Columbia Center Blvd to be occupied by three restaurant tenants (Starbucks, Mod Pizza and one other to be determined) later in 2020.

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Normally the mall contains between 125 and 130 tenants, depending on time of year and tenant needs.



In 2016, HomeGoods occupied a newly constructed freestanding store near the southeast corner of the mall property. In 2018, Sears announced it would be closing its store, but in 2019, Dick's Sporting goods removed a vintage theater building and constructed a new 45,000 SF store. More recently, in 2020, JCPenney has filed for bankruptcy and its store is expected to close permanently once the bankruptcy is adjudicated; however, Simon Properties announced in September, 2020 that it plans to purchase all JCPenney real estate assets so that it can better control repositioning of those assets.

A great deal of additional retail shopping has naturally developed in and around the mall property. Columbia Center Blvd itself is a hub for several major shopping centers, as is W Canal Dr east of the mall and Gage Blvd west of the mall which is discussed in more detail in the Vista Field neighborhood section earlier.

In addition to retail development, a wide variety of commercial office space has been developed in the neighborhood over the last 20 years. At this point, the neighborhood is almost completely built out, with only a few vacant parcels remaining.

Finally, the neighborhood is surrounded by a dense and affluent residential neighborhood with some of the highest income levels in the entire metropolitan area.

Conclusion

The subject is strategically located in the heart of the premier commercial business and shopping district in the regional, Tri-State market of Southeastern Washington, Northeastern Oregon and Western Idaho, dominated by the Tri-Cities. The neighborhood is just a few short years away from full development as land absorption for new construction projects has remained high over the years. This bodes well for development of the subject.

III. Market Study & Analysis - DEMAND

Market Trends Analysis - General **Updated Quarterly, Most Recent Update Q3 (August) 2020**

Introduction

Assisting with estimating the highest and best use of real property, a study of general market characteristics and trends was conducted for the Tri-City market in which the subject competes.

Market segments generally move through cycles, although segments do not typically move in lockstep with one another. Since there are no major real estate brokerage or other companies that provide this service, it becomes incumbent on the analyst to do primary research to remain abreast of changes occurring in the market as they occur, especially when a change in zoning to an alternative use is being explored.

For purpose of this analysis, the first demographic researched was that of demand generators and existing supply of commercial and residential development in response to demand for the majority of the Tri-Cities market of Pasco, Kennewick and Richland. Those trends are then compared with the subject neighborhood.

DEMAND ANALYSIS

Demand Generator - Changes in the Population Base

A summary of current market trends for different market segments of the Tri-Cities is found in the pages to follow, including commercial (office and retail), industrial, and residential, both single and multi-family.

Demand for real estate in general is created by changes in the population and the labor force in the study area. Employment generated in the Tri-Cities in general is greatly affected by primarily three factors:

1. The first factor is the demand generated through the U.S. Department of Energy (DOE) and related contractors including Pacific Northwest National Laboratory (PNNL) and others in connection with research and clean-up associated with the Manhattan Project at the Hanford Site. The Hanford Site is the location of the first plutonium production in the United States for the production of the atomic bomb. Any other Hanford site contractor can create demand for additional office buildings and services catering to the employees. Forecasting this demand is difficult, if not impossible, at best because of the volatility of the DOE's annual budgeting and funding through Congress. This budget has been stable for several years; in fact, it was announced in December, 2019 that a new contract had been awarded by the US DOE in the amount of \$4 Billion to Hanford Mission Integration Solutions of Richland, WA to replace the expiring contract of Mission Support Alliance owned by the same firm. And while, more recently, the recent White House Budget submitted to Congress for approval made significant cuts in the budget, the final budget was actually higher than the previous year.
2. Second, increasing demand is evident as a result of the expanding agricultural activities in

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the region. The Tri-Cities enjoys one of the longest growing seasons anywhere in the United States. This is coupled with a high desert climate (10" or less of annual rainfall) which is ideal for growing many agricultural crops. But the pièce de résistance is the fact that the Columbia Basin Project (CBP) in Central Washington is the irrigation and hydroelectric network that the Grand Coulee Dam (completed in 1942) makes possible. It is the largest water reclamation project in the United States, supplying irrigation water to over 670,000 acres of the 1,100,000-acre project area. Water pumped from the Columbia River is carried over 331 miles of main canals, stored in a number of reservoirs, then fed into the 1,339 miles of lateral irrigation canals. Currently it is estimated that about 3.0 million acre-feet or 2.3% of the average river flow, is diverted into the CBP. Its hydroelectric capacity provided the electric demanded by the Hanford nuclear reservation during World War II. Washington leads the nation in production of raspberries, hops, spearmint, peas, apples, grapes and sweet cherries. It is the #2 producer of potatoes and #5 in wheat. It is also the second-largest producer of premium wine in the country with a number of designated viticulture areas.

3. Finally, increasing demand is evident as the number of retirees attracted to the area relocate. The baby boomer generation has begun this process and is looking for an affordable place to retire with a good climate, good amenities and good quality regional medical care. The Tri-Cities offers these options.

The total metropolitan area population grew from 191,822 to 253,340 between 2000 and 2010, an increase of 30%, or 3% per year based on the 2010 census. As reported in the Regional Trends section of this report, recent population growth statistics can be summarized as follows:

| Population Trends for the Tri-Cities, WA MSA | | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Area | 2010 | 2011* | 2012* | 2013* | 2014* | 2015* | 2016* | 2017* | 2018* | 2019* | 2020* |
| MSA | 253,340 | 258,400 | 262,500 | 268,200 | 273,100 | 275,740 | 279,170 | 283,830 | 289,960 | 296,480 | 302,460 |
| Benton County | 175,177 | 177,900 | 180,000 | 183,400 | 186,500 | 188,590 | 190,500 | 193,500 | 197,420 | 201,800 | 205,700 |
| Kennewick | 73,917 | 74,665 | 75,160 | 76,410 | 77,700 | 78,290 | 79,120 | 80,280 | 81,850 | 83,670 | 84,960 |
| Richland | 48,058 | 49,090 | 49,890 | 51,150 | 52,090 | 53,080 | 53,410 | 54,150 | 55,320 | 56,850 | 58,550 |
| West Richland | 11,811 | 12,200 | 12,570 | 13,080 | 13,620 | 13,960 | 14,340 | 14,660 | 15,320 | 15,340 | 15,710 |
| Franklin County | 78,163 | 80,500 | 82,500 | 84,800 | 86,600 | 87,150 | 88,670 | 90,330 | 92,540 | 94,680 | 96,760 |
| Pasco | 59,781 | 61,000 | 62,670 | 65,600 | 67,770 | 68,240 | 70,560 | 71,680 | 73,590 | 75,290 | 77,100 |

Source: WA State Office of Financial Management, April 1, 2020 Used for Allocation of Selected State Revenue

**Based on Estimates from 2010 US Census as determined in April every year*

<https://www.ofm.wa.gov/washington-data-research/population-demographics/population-estimates/april-1-official-population-estimates>

Based on a review of this data, it is clear that the Tri-Cities region is growing steadily. The City of Pasco segment of the Tri-Cities is actually the third fastest growing city in the state, and the airport is the 8th busiest small airport in the country. The nine-year growth rate projections between 2010 and 2019 is 17.02%, or 2% annually. While the percentage may be declining, the absolute numbers are not that different as the numbers grow larger. For the first time, the TriCities crossed

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the 300,000-person benchmark, a threshold which allows a number of national companies to begin looking to this market.

Demand Summary – Population Trends: It is calculated that 26,720 persons were added during the 6-year study period, or an average of 4,453 persons per year. According to statistics reviewed from ESRI for the 2-county area, the average household size is 2.85 persons, indicating that demand was approximately 9,374 new housing units that would be required to accommodate the growth. Owner occupied housing makes up 64% of the total requirement (6,093 homes) and renters make up the remainder (3,281 apartments).

Demand Generator – Changes in Employment

As previously indicated, the labor force of the Tri-Cities area is comprised of agricultural, service and Hanford related industries. The Washington State Office of Employment Security publishes labor force statistics for the Benton County and Franklin County areas. A review of the statistics shows the fluctuation of the annual average resident civilian labor force and employment levels in the Benton and Franklin Counties for years 2014 through December 2019, the most recent 5-year data available. The average annual unemployment rates, which averaged about 7.7% during 2014, were averaging 5.8% (average 2019), a rate which will dip during the spring and summer months until harvest, before rising slightly again.

Demand Summary – Employment Trends: Given the historical growth in the number of employed persons in the Tri-Cities area coupled with the reduction in the unemployment rate, it is reasonable to assume that employment growth will continue, yet at a somewhat slower rate than in the past once the pandemic has passed.

Demand Generators - Tri-Cities Market for Retail Trends

Annual retail sales are shown in the accompanying table for both Benton and Franklin counties as well as the respective major cities.

Over the five-year period from 2015-2019, the average annual growth in retail sales in Kennewick's average annual growth was 4.18%, which is slightly higher from the earlier period. Richland has continued to grow in sales from a lower total in 2015, to a rise of 6.99%/yr for the last five years. Pasco's retail sales incurred a marked decrease in 2010, but sales increased 40.85% over the last five years, an astonishing 7.31%, although the majority of that growth occurred in the City of Pasco.

Demand Summary – Retail Sales Trends

Retail trends show strong increases, a trend which could be expected to continue for the foreseeable future. However, with the advent of online shopping, and the damage it is doing to bricks and mortar stores, caution is necessary in projecting future sales.

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TAXABLE RETAIL SALES

(000)

Benton & Franklin Counties, WA

| Year | Benton County | Kennewick | Richland | Franklin County | Pasco |
|------------------------|----------------------|------------------|-----------------|------------------------|--------------|
| 2005 | \$2,226,436 | \$1,277,295 | \$686,414 | \$862,138 | \$781,597 |
| 2006 | \$2,303,245 | \$1,303,810 | \$748,888 | \$929,718 | \$811,293 |
| 2007 | \$2,574,398 | \$1,432,031 | \$811,768 | \$1,057,004 | \$856,422 |
| 2008 | \$2,601,911 | \$1,442,198 | \$802,685 | \$1,052,102 | \$877,529 |
| 2009 | \$1,918,416 | \$1,445,410 | \$812,779 | \$1,038,744 | \$884,080 |
| 2010 | \$2,731,890 | \$1,478,874 | \$873,190 | \$964,585 | \$825,267 |
| 2011 | \$2,959,959 | \$1,558,341 | \$954,851 | \$1,007,226 | \$839,174 |
| 2012 | \$2,937,656 | \$1,634,408 | \$903,715 | \$1,037,096 | \$861,063 |
| 2013 | \$3,189,855 | \$1,723,129 | \$989,622 | \$1,110,257 | \$933,301 |
| 2014 | \$3,284,582 | \$1,768,985 | \$1,041,224 | \$1,196,017 | \$1,016,795 |
| 2015 | \$3,612,773 | \$1,930,747 | \$1,129,471 | \$1,315,962 | \$1,125,061 |
| 2016 | \$3,789,869 | \$2,002,185 | \$1,207,961 | \$1,428,477 | \$1,250,472 |
| 2017 | \$3,905,643 | \$2,024,430 | \$1,259,515 | \$1,534,638 | \$1,333,597 |
| 2018 | \$4,166,740 | \$2,185,588 | \$1,329,492 | \$1,655,850 | \$1,432,202 |
| 2019 | \$4,633,618 | \$2,334,519 | \$1,523,948 | \$1,765,835 | \$1,536,180 |
| % Chg 2017-2019 | 11.20% | 6.81% | 14.63% | 6.64% | 7.26% |
| 5-Yr Avg | 28.26% | 20.91% | 34.93% | 34.19% | 36.54% |
| Growth | 5.65% | 4.18% | 6.99% | 6.84% | 7.31% |
| 2020-Q1 | \$1,054,737 | \$526,310 | \$3,387,310 | \$451,498 | \$390,349 |
| 2020-Q2 | | | | | |
| 2020-Q3 | | | | | |
| 2020-Q4 | | | | | |

Updated as of 08/01/2020 from the WA State Quarterly Business Review Published by Department of Revenue
<https://dor.wa.gov/about/statistics-reports/quarterly-business-reviews>

SUMMARY – Market Demand

It is clear that the population, employment and retail sales trends are all growing at a strong and steady pace. This trend is expected to continue well into the foreseeable future barring any unforeseen events at the national, regional and local level that would have an adverse impact on the Tri-Cities. These are positive characteristics that bode well for the subject development.

IV. Market Study & Analysis – SUPPLY

SUPPLY - Introduction

Commercial space development (office and retail) in the Tri-Cities occurs somewhat different from larger metropolitan areas for the following reasons:

- First, the line between pure office and retail users is often blurred in the Tri-Cities with many office users electing to go into more visible retail spaces, primarily because the cost and rental structures are not very different. Thus, the office segment could be undercounted, but probably not to a great degree. And even if undercounted in the office segment, it is accounted for in the retail segment.
- Secondly, a large portion of the newly completed commercial space was developed for a specific owner/user rather than an investor for lease to tenants. Some owners build something larger than they need and either expect to grow into the space at some point while leasing it in the interim; others expect the rental received from excess space will assist with the mortgage payment and generate profit in the form of appreciation at the end of the investment.
- Thirdly, there is a blurring of uses within buildings. For example, an owner may elect to build a home for its business that includes office space, retail showroom space and manufacturing/assembly/warehouse space in varying degrees. While the space suits the owner to a “T”, when the time comes to sell, it is possible that the Owner’s configuration has limited appeal in the overall market. We see the same phenomenon in custom home construction frequently.
- And last, the majority of new construction occurs in suburban sectors of the market rather than urban.

In this segment, we will take a look at all the new construction since 2014 that falls into this commercial category and will look at office separately from retail to determine any difference. The following table provides a summary of all types of new construction.

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New Construction Summary Square Footage
 Tri-Cities, Washington
 For the Period January 2014 to June 2020

| | Kennewick | Pasco | Richland | Combined | |
|---------------------------------|------------------|------------------|------------------|-------------------|---------------|
| Office | 359,592 | 137,269 | 185,794 | 682,655 | |
| Retail | 366,149 | 330,684 | 321,766 | 1,018,599 | |
| Industrial | 269,106 | 2,056,789 | 1,141,315 | 3,467,210 | |
| Apartments | 365,166 | 0 | 932,657 | 1,297,823 | |
| Hotels | 206,201 | 160,804 | 271,093 | 638,098 | |
| Self Storage | 217,926 | 300,082 | 78,930 | 596,938 | |
| Civic/Healthcare | 1,110,505 | 586,099 | 828,951 | 2,525,555 | |
| Sub-Total Complete | 2,894,645 | 3,571,727 | 3,760,506 | 10,226,878 | |
| Office | 67,400 | 0 | 0 | 67,400 | |
| Retail | 55,059 | 0 | 18,022 | 73,081 | |
| Industrial | 42,000 | 15,000 | 273,250 | 330,250 | |
| Apartments | 558,000 | 60,648 | 601,000 | 1,219,648 | |
| Hotels | 0 | 0 | 0 | 0 | |
| Self Storage | 239,575 | 38,147 | 20,000 | 297,722 | |
| Civic/Healthcare | 444,795 | 110,000 | 130,500 | 685,295 | |
| Sub-Total U/C or Planned | 1,406,829 | 223,795 | 1,042,772 | 2,673,396 | |
| Office | 426,992 | 137,269 | 185,794 | 750,055 | 5.8% |
| Retail | 421,208 | 330,684 | 339,788 | 1,091,680 | 8.5% |
| Industrial | 311,106 | 2,071,789 | 1,414,565 | 3,797,460 | 29.4% |
| Apartments | 923,166 | 60,648 | 1,533,657 | 2,517,471 | 19.5% |
| Hotels | 206,201 | 160,804 | 271,093 | 638,098 | 4.9% |
| Self Storage | 457,501 | 338,229 | 98,930 | 894,660 | 6.9% |
| Civic/Healthcare | 1,555,300 | 696,099 | 959,451 | 3,210,850 | 24.9% |
| Sub-Total U/C or Planned | 4,301,474 | 3,795,522 | 4,803,278 | 12,900,274 | 100.0% |
| | 33.3% | 29.4% | 37.2% | 100.0% | |

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A. Market Study – Office Segment Supply

Existing Development

Unfortunately, given the small size of this market, there are no statistics available from any source which give any indication of the total existing supply of space in this market to use as a baseline. As a result, no statistical data is available on the total supply of space, occupancy, rent levels or absorption.

New Development

In order to document this portion of the study, a survey was conducted of all new **OFFICE** buildings completed from 2014 to June 2020, a period of 6.5 years, both professional office building (POB) and medical office building (MOB) space. This survey covered the entire Tri-Cities metropolitan area including the Cities of Kennewick and Richland in Benton County and the City of Pasco in Franklin County. Data for the survey was compiled from our proprietary database, public sources such as the local Journal of Business and Tri-City Herald as well as from the public records of the city planning and county assessor's offices. Each new entry was confirmed as to size (gross building square footage) and year of completion with the Assessor's records and then assigned a neighborhood designation to determine where the growth was occurring. Data was surveyed for both professional office and medical office space and included both owner/user space as well as lease space. The results are summarized in the *Table 4.1* accompanying this section.

Clearly the City of Kennewick benefits from the combined draws of the Columbia Center Mall and Vista Field neighborhoods, where about 27% of all new office space was developed in the last six years; that amount is greater in volume than the total space developed in either Richland or Pasco. This is a trend that is expected to continue until all land in that segment is absorbed. A total of 59 projects were researched that were complete or under construction, and the average size was just about 12,000 SF per project. When the total space developed was divided by 6.5 years, an average of about 102,000 SF of space was delivered to the market each year during the study period, although there were certainly ups and downs over the years.

Occupancy Levels

As previously discussed, the majority of new space was constructed by owners for their own use, with only about 27% of the space developed in the last 6.5 years put into the market for lease. We surveyed those newer spaces and found that most new space leased up readily. Current office listings in the local Tri-Cities Association of Realtors PACMLS show that there are currently 14 active listings as summarized in *Table 4.2* here. The Washington State Commercial Broker's Association (CBA) MLS was also surveyed and a few of the listings were repeated there.

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Table 4.1
Summary of Office Construction in the Tri-Cities (Square Feet)
For the Period January 2014 to August, 2020



| Location | | # Projects | Complete | # Projects | UC / Planned | # Projects | Combined | % |
|-----------------|--------------------|------------|----------------|------------|---------------|------------|----------------|--------|
| Kennewick | East | 1 | 47,340 | 0 | - | 1 | 47,340 | 6.3% |
| " | Central | 3 | 13,489 | 1 | 6,400 | 4 | 19,889 | 2.7% |
| " | Gage Blvd | 8 | 64,455 | 1 | - | 9 | 64,455 | 8.6% |
| " | US 395 South | 8 | 70,507 | 0 | - | 8 | 70,507 | 9.4% |
| " | Vista / CC Mall | 12 | 137,154 | 2 | 61,000 | 14 | 198,154 | 26.4% |
| " | W Clwtr | 4 | 26,647 | 0 | - | 4 | 26,647 | 3.6% |
| " | Sub-Total | 36 | 359,592 | 4 | 67,400 | 40 | 426,992 | 56.9% |
| Richland | Central | 5 | 62,347 | 0 | - | 5 | 62,347 | 8.3% |
| " | South | 5 | 106,681 | 0 | - | 5 | 106,681 | 14.2% |
| " | Queensgate | 1 | 8,426 | 0 | - | 1 | 8,426 | 1.1% |
| " | West | 1 | 8,340 | 0 | - | 1 | 8,340 | 1.1% |
| " | Sub-Total | 12 | 185,794 | 0 | - | 12 | 185,794 | 24.8% |
| Pasco | West | 7 | 137,269 | 0 | - | 7 | 137,269 | 18.3% |
| | Sub-Total | 7 | 137,269 | 0 | - | 7 | 137,269 | 18.3% |
| Combined | Grand Total | 55 | 682,655 | 4 | 67,400 | 59 | 750,055 | 100.0% |
| Avg SF | | | 12,412 | Avg | 16,850 | Avg | 12,713 | |
| Avg/Yr | | | 105,024 | | | | | |

Table 4.2
Office Space Available Constructed since 2014
As of August 31, 2020

| MLS # | CBA # | Status | Type | County | Address | City | Year Built | SF Avail | List \$ | PSF | Annual \$ | NNNs |
|--------|--------|--------|--------|----------|-------------------------------|-----------|------------|--------------|-------------|-----|-----------------|--------|
| 238975 | | ACT | Office | Benton | 8305 W Quinault Ave, #110 | Kennewick | 2017 | 1,956 | \$16 | | \$31,296 | |
| 241939 | | ACT | Office | Benton | 8804 W Victoria Ave | Kennewick | 2018 | 3248 | \$16 | | \$51,968 | |
| 242688 | | ACT | Office | Benton | 4123 W 24th Avenue | Kennewick | 2015 | 6,000 | \$16 | | \$96,000 | |
| 242683 | | ACT | Office | Benton | 4253 W 24th Avenue | Kennewick | 2018 | 6,700 | \$19 | | \$127,300 | |
| 242685 | | ACT | Office | Benton | 4253 W 24th Avenue | Kennewick | 2018 | 2,800 | \$19 | | \$53,200 | |
| 212381 | | ACT | Office | Benton | 8901 W Tucannon Ave | Kennewick | 2016 | 1,800 | \$19 | | \$34,200 | |
| 218829 | 593855 | ACT | Office | Franklin | 5804 Road 90 | Pasco | 2017 | 6,000 | \$20 | | \$120,000 | \$4.50 |
| 221118 | 585361 | ACT | Office | Benton | 5401 Ridgeline Drive | Kennewick | 2017 | 4,400 | \$20 | | \$88,000 | |
| 235508 | 608699 | ACT | Office | Benton | 1363 Columbia Park Trail | Richland | 2018 | 5,314 | \$20 | | \$106,280 | |
| 241917 | 620026 | ACT | Office | Benton | 2055 N Steptoe Street | Kennewick | 2020 | 1,647 | \$22 | | \$36,234 | |
| 229523 | | ACT | Office | Benton | 9501 W Clearwater Ave. | Kennewick | 2018 | 3,500 | \$22 | | \$77,000 | |
| 231322 | 600173 | ACT | Office | Benton | 8101 W Grandridge Boulevard | Kennewick | 2019 | 3,835 | \$25 | | \$95,875 | \$4.55 |
| 247549 | 628885 | ACT | Office | Benton | 2459 S Union #130 | Kennewick | 2018 | 1,048 | \$18 | | \$18,340 | \$4.50 |
| 229101 | 602461 | ACT | Office | Benton | 1618 Terminal Drive - Suite A | Richland | 2018 | <u>3,251</u> | <u>\$14</u> | | <u>\$45,514</u> | \$3.50 |
| | | | | | | | | 51,499 | \$19.05 | | \$981,207 | |

Shown here and in the following pages in no particular order are photographs and some details of the larger projects constructed during the timeframe studied for tenant occupancy rather than for owner occupancy, although some projects are in fact a blend of both.


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| | | |
|---|---|---|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB Union Park I 4504 W 26 th Kennewick U.S. Hwy 395 S 109894012836004 SGC Development 10,276 2015 38,332 3.73 Details; Gretl Crawford Union Park; two buildings quasi office/retail |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB Road 90 Office Bldg 5804 Road 90 Pasco West Pasco 115392022 Vitruvius 33,936 2017 131,116 3.86 N/A The largest building constructed during the study period |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB/MOB Wellness Center 7403 W Arrowhead Kennewick Mall / Vista *1299305000040035 Arrowhead Property Management 2,500 2017 21,780 8.7 Chiropractor Owned; rents out part The smallest building constructed during the study period |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB First American Title Bldg 8109 W Grandridge Blvd Kennewick Mall / Vista 131994013034005 Olson Family Group LLC 7,671 2019 86,684 11.3 First American Title, Churchill Mortgage Dual Tenancy; building was sold shortly after completion and occupancy |

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| | | |
|---|---|--|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB Mustang Signs Building 10379 W Clearwater Kennewick Clearwater West 101883BP2877001 W W Real Estate LLC 11,000 SF 2019 65,340 5.94 Mustang Signs, Owner 6,000 SF; Rents out the remainder |
|---|---|--|

| | | |
|--|---|---|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | MOB/POB Smile Surfers Kid Dentistry; Tri-City Orthodontics 3200 Duportail Richland Queensgate 121982000002009 In Slide Out, LLC 8,426 2019 69,696 8.27 Owner Occupant 2 nd floor \$5.3M Cost; Multi-tenant (6 suites) on the ground level floor of the building |
|--|---|---|

| | | |
|---|---|--|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB Titor Title Building 8101 W Grandridge Kennewick Vista / Mall 131994013034008 GR 1, LLC (Tippett Co) 19,600 2019 86,684 4.42 Titor (6,047 SF) Title, Clifton (10,000 SF) Allen; 3,700 SF Available \$5.4M reported costs |
|---|---|--|

| | | |
|---|---|---|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB Copiers NW 7035 W Clearwater Ave Kennewick Central 105892BP4711001 Base Properties IV, LLC 11,000 2018 29,185 2.65 Copiers NW, Owner BluZebra Technologies, Johnson & Johnson Law, other tenants; \$1.3M Cost |
|---|---|---|

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| | | |
|---|-----------------------|--|
|  | Type | POB/Retail |
| | Name | Southridge Office |
| | Address | 5453 Ridgeline Dr |
| | City | Kennewick |
| | Neighborhood | US Hwy 395 |
| | Tax ID | 116893BP4450009 |
| | Owner | CIBB LLC |
| | GBA | 9,125 |
| | Year Built | 2016 |
| | Land Size (SF) | 41,627 |
| | Land / Bldg % | 4.56 |
| | Major Tenant | Wildland Brandcraft, Knutzen Engineering, V Boutique, Copper Top Tap House, BlankSpace |
| | Comments | |

| | | |
|---|-----------------------|---|
|  | Type | POB/Retail |
| | Name | 2459 S Union St |
| | Address | 2459 S Union Pl |
| | City | Kennewick |
| | Neighborhood | US Hwy 395 |
| | Tax ID | 110893040000130 |
| | Owner | PIK Properties, LLC |
| | GBA | 9,285 |
| | Year Built | 2018 |
| | Land Size (SF) | 49,222 |
| | Land / Bldg % | 5.30 |
| | Major Tenant | Europa, Canyon View Eye Care, Swift Therapy |
| | Comments | |


| | | |
|---|-----------------------|--|
|  | Type | POB/MOB |
| | Name | Yakima Farm Workers Clinic |
| | Address | 2555 Quillan Pl |
| | City | Kennewick |
| | Neighborhood | US Hwy 395 |
| | Tax ID | 110893BP4894001 |
| | Owner | Mighty Eighth LLC |
| | GBA | 3,944 |
| | Year Built | 2015 |
| | Land Size (SF) | 28,314 |
| | Land / Bldg % | 7.18 |
| | Major Tenant | Developed by Harvey Insurance and sold |
| | Comments | Dual tenant building; sold to YFWC |

| | | |
|---|-----------------------|---------------------------------------|
|  | Type | POB |
| | Name | 4123 W 24 th Ave |
| | Address | 4123 W 24 th Ave |
| | City | Kennewick |
| | Neighborhood | U.S. Hwy 395 S |
| | Tax ID | 110893BP4485005 |
| | Owner | Loren Sharp |
| | GBA | 6,000 |
| | Year Built | 2015 |
| | Land Size (SF) | 43,560 |
| | Land / Bldg % | 7.26 |
| | Major Tenant | Reliant was prior tenant |
| | Comments | Currently available for sale or lease |

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| | | |
|---|---|---|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB/MOB Southridge Office 5401 Ridgeline Dr Kennewick U. S. Hwy 395 S 116893BP4450010 CIBB LLC 8,000 2017 42,688 5.34 Rendering only; No picture of building available. |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB 4253 W 24 th Ave 4253 W 24 th Ave Kennewick US Hwy 395 110983BP4485001 Loren Sharp 6,496 2018 47,916 7.38 Currently for sale or for lease Developed at cost of \$1.3M incl. land |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | MOB Kennewick Dental 9501 W Clearwater Kennewick W Clearwater 101884000003000 Amon Hills LLC 7,500 2018 65,340 8.71 Kennewick Dental |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB 8305 W Quinault 8305 W Quinault Kennewick Vista / Mall 131992013356002 Jubee Properties 8,876 2017 34,773 3.92 Almond Orthodontics |

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| | | |
|---|-----------------------|-------------------------------|
|  | Type | MOB/POB |
| | Name | Tri-Cities Endodontist |
| | Address | 1363 Columbia Park Trail |
| | City | Richland |
| | Neighborhood | Spaulding Bs Park |
| | Tax ID | 130991000006002 |
| | Owner | ADSG, LLC |
| | GBA | 19,507 (Incls 9,754 W/O Bsmt) |
| | Year Built | 2018 |
| | Land Size (SF) | 89,734 |
| | Land / Bldg % | 52.78 |
| | Major Tenant | Tri-Cities Endodontist |
| | Comments | No BC Tax ID available |

| | | |
|---|-----------------------|-------------------|
|  | Type | POB/MOB |
| | Name | Prodigy Homes |
| | Address | 2055 N Steptoe St |
| | City | Kennewick |
| | Neighborhood | Vista / Mall |
| | Tax ID | 125984000012006 |
| | Owner | Wilkinson |
| | GBA | 3,591 |
| | Year Built | 2020 |
| | Land Size (SF) | 14,810 |
| | Land / Bldg % | 4.12 |
| | Major Tenant | Prodigy Homes |
| | Comments | |

| | | |
|---|-----------------------|---|
|  | Type | POB |
| | Name | Two Cannon Condominiums |
| | Address | 8901 W Tucannon Ave |
| | City | Kennewick |
| | Neighborhood | Vista/Mall |
| | Tax ID | 131992000014001 |
| | Owner | WSIC |
| | GBA | 22,262 |
| | Year Built | 2016 |
| | Land Size (SF) | 125,453 |
| | Land / Bldg % | 5.64 |
| | Major Tenant | Inland Medical Evaluations |
| | Comments | Individual condominium units for sale of various sizes and configurations |

| | | |
|---|-----------------------|-----------------------------------|
|  | Type | POB |
| | Name | 8804 W Victoria |
| | Address | 8804 W Victoria |
| | City | Kennewick |
| | Neighborhood | Vista/Mall |
| | Tax ID | 130993012921001 |
| | Owner | Tight Line Ventures |
| | GBA | 4,000 |
| | Year Built | 2018 |
| | Land Size (SF) | 37,026 |
| | Land / Bldg % | 9.26 |
| | Major Tenant | The Lash Studio, Moonshot Brewing |
| | Comments | |

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| | | |
|---|-----------------------|------------------------|
|  | Type | POB |
| | Name | 1618 Terminal Dr |
| | Address | 1618 Terminal Dr |
| | City | Richland |
| | Neighborhood | West Richland |
| | Tax ID | 103982013525002 |
| | Owner | HJBT Properties |
| | GBA | 3,696 |
| | Year Built | 2018 |
| | Land Size (SF) | 37,026 |
| | Land / Bldg % | 10.02 |
| | Major Tenant | Gayle Rew Construction |
| | Comments | |

| | | |
|---|-----------------------|---|
|  | Type | MOB |
| | Name | Physical Therapy /Mid Columbia |
| | Address | 2620 S Williams Pl |
| | City | Kennewick |
| | Neighborhood | US Hwy 395 |
| | Tax ID | 109894012836002 |
| | Owner | RKSC LLC |
| | GBA | 5,500 |
| | Year Built | 2016 |
| | Land Size (SF) | 42,688 |
| | Land / Bldg % | 7.76 |
| | Major Tenant | Three Rivers PT |
| | Comments | Mid Columbia owns the building and leases the remainder |

As reflected in Table 4.2, currently there is **51,499 SF** of space available and the listing rental rates range from \$14 to \$25 PSF, with a weighted average of **\$19.05/SF NNN**. Given that 682,655 SF of space completed over the last 6.5 years, this would equate to about a **7.5%** vacancy rate currently as this space is leasing up which indicates likely average absorption. And it is worth remembering that some of these spaces are more traditionally considered retail locations. It is also noteworthy that this new space is often leasing at the expense of older space. There is currently 67,400 SF of space under construction in four projects, which is less than a one-year supply at the current rate of absorption.

Rent Levels

Rental rates for those investment buildings (vs owner/user buildings which are not traditionally leased) were also reviewed, through both listings and actual lease transactions over the last 6.5 years. Competing projects in the market were surveyed and listing agents were interviewed for their recent lease rates and what the rental included as well as their current listings. Table 4.3 illustrates a representative sample of the data researched. Data has been confirmed but specific data must remain confidential. Note the rising trend in the market in earlier transactions to the current time.

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Table 4.3
New Office Space Constructed Between 2014 and 2020
Lease Summary

| Type | #1 | #2 | #3 | #4 | #5 | #6 | #7 | #8 | #9 | #10 |
|---------------------------------|----------------|----------------|----------------|----------|--------------|--------------|--------------|------------|--------------|--------------|
| | POB | POB | POB | POB | POB | POB | POB | POB | POB | POB |
| Neighborhood | U.S. Hwy 395 S | U.S. Hwy 395 S | U.S. Hwy 395 S | West | Vista / Mall | Vista / Mall | W Clearwater | Queensgate | Vista / Mall | Vista / Mall |
| City | Kennewick | Kennewick | Kennewick | Pasco | Richland | Kennewick | Kennewick | Richland | Kennewick | Kennewick |
| Year Built | 2015 | 2015 | 2015 | 2017 | 2017 | 2019 | 2019 | 2019 | 2019 | 2019 |
| GBA | 10,276 | 10,276 | 10,276 | 33,936 | 2,500 | 7,671 | 11,000 | 8,426 | 19,600 | 19,600 |
| Lease Begins | 07/01/20 | 07/01/20 | 06/29/20 | 05/01/20 | 11/01/19 | 07/01/19 | 06/01/19 | 05/01/19 | 05/01/19 | 05/01/19 |
| SF Leased/Avail | 1,500 | 1,500 | 1,500 | 1,500 | 1,404 | 2,004 | 5,632 | 2,862 | 9,600 | 6,000 |
| List or Initial Rent PSF | \$ 17.00 | \$ 17.00 | \$ 17.40 | \$ 24.00 | \$ 14.50 | \$ 19.00 | \$ 16.00 | \$ 22.00 | \$ 24.00 | \$ 24.50 |
| Tenant NNNs | \$ 4.00 | \$ 4.00 | \$ 4.00 | ?? | MG | \$ 5.00 | Yes | \$ 5.00 | \$ 5.82 | \$ 5.82 |

| Type | POB | POB / MOB | POB / MOB | POB | POB | POB | POB | POB | POB / MOB | POB |
|---------------------------------|-----------|----------------|----------------|----------|----------------|----------|----------------|----------------|----------------|----------------|
| Neighborhood | Central | U.S. Hwy 395 S | U.S. Hwy 395 S | West | U.S. Hwy 395 S | West | U.S. Hwy 395 S | U.S. Hwy 395 S | U.S. Hwy 395 S | U.S. Hwy 395 S |
| City | Kennewick | Kennewick | Kennewick | Pasco | Kennewick | Pasco | Kennewick | Kennewick | Kennewick | Kennewick |
| Year Built | 2018 | 2016 | 2016 | 2017 | 2018 | 2017 | 2015 | 2015 | 2015 | 2015 |
| GBA | 11,000 | 9,125 | 9,125 | 33,936 | ? | 33,936 | 24,792 | 24,792 | 3944 | 6,000 |
| Lease Begins | 04/01/19 | 02/01/19 | 02/01/19 | 05/01/18 | 04/01/18 | 02/01/18 | 09/01/16 | 09/01/16 | 02/01/16 | Active |
| SF Leased/Avail | 1,960 | 1,184 | 1,103 | 2,120 | 1,048 | 2,920 | 1,677 | 6977 (4) | 1992 | 6,000 |
| List or Initial Rent PSF | \$ 19.00 | \$ 19.00 | \$ 19.00 | \$ 15.00 | \$ 17.50 | \$ 12.35 | \$ 15.00 | \$ 20.00 | \$ 16.00 | \$ 16.00 |
| Tenant NNNs | Incl | Yes | \$ 5.00 | \$ 4.50 | \$ 4.50 | ?? | ?? | ?? | ?? | \$ 3.50 |

In analyzing the office rental comparables, the **rent PSF** is generally considered to be most indicative unit of comparison of the appropriate rent levels for each of the respective projects. The above data provides a range of **\$14.50 to \$24.00 PSF NNN**.

Lease transactions can be written on a gross, modified gross or net lease basis, defined as follows:

1. **Gross or Full-Service lease** – Tenant pays a base rental rate; landlord pays all operating expenses including utilities (note, in-suite janitorial may be negotiated);
2. **Modified Gross Lease** – Tenant pays a base rental rate and separately metered or pro rata share of utilities; landlord pays all other operating expenses;
3. **Net Lease** – Tenant pays a base rental rate and utilities; AND then typically also reimburses the landlord a prorata share of (a) taxes, (b) insurance, and (c) repairs and maintenance, etc. The landlord typically only pays a management fee and funds a replacement reserve. Net leases could be further subdivided as follows:
 - a. **“N” or Single Net** – Tenant pays only one of the (a), (b) and (c) above.
 - b. **“NN” or Double Net** – Tenant pays two of the (a), (b) and (c) above.
 - c. **“NNN” or Triple Net** – Tenant pays all of the operating expenses.

Since an apples comparison must be made, net leases can be converted to an indication of a modified gross lease rental and vice versa through adding or subtracting the various expense elements before completing the comparison. Today, most new space is rented on a NNN basis, thus the cost of the NNNs must be added to the base rental rate to derive a true picture of the tenant’s cost.

It should be noted that the term “market rental” is influenced by many factors, including:

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- the credit strength of the prospective tenant (risk), i.e., such as an established tenant vs. a new business (publicly rated companies vs. private could also play a role);
- Type of lease, i.e., renewals generally are favored by the landlord vs. a new tenant;
- Term of the lease, i.e., longer terms provide more stability for the landlord's cash flow than short terms;
- Concessions paid by the landlord – such as free rent or an increase in the tenant finish;
- Expense Sharing, i.e., whether the tenant shares in landlord's operating expenses (i.e., taxes, insurance, maintenance, and repairs) and utilities, etc.

New Tenant Finishes

New office building space rental rates are typically quoted as a base rental rate on an NNN basis and usually includes a certain tenant finish allowance. Different developers utilize different styles of leasing, for example one might quote space on a “cold grey shell” basis while others quote a “warm vanilla shell”, so it is important for a prospective tenant or analyst to understand what is included. Table 4.4 illustrates the major differences.

Table 4.4

What is included in the Quoted Rental Rate??

| Shell Type | Cold Grey | Warm Grey | Cold Vanilla | Warm Vanilla | TI Allowance |
|-------------|---|-----------------------------------|--|--------------------|-------------------------------------|
| Floors | Unfinished Concrete (sometimes dirt) | | Unfinished Concrete | | Flooring finish selection |
| Walls | Bare Demising Stud Walls | | Perimeter Demising Drywall | | Paint Color Wall and Trim selection |
| Ceilings | Open to Roof Deck | | 2x4 acoustical tile in suspended grid or drywall | | Included |
| Lighting | None | | 2x4 fluorescent fixtures | | Included |
| Plumbing | None | | 2-fixture restroom, Minimum | | Standard units, finishes selected |
| Electrical | None | | Hooked up | | Minimum required |
| Sprinkler | None | | None | | Negotiable |
| Water/Sewer | Connection Avail | | Connection Avail | | Connected |
| HVAC | No Unit or ductwork distribution | Unit but no ductwork distribution | No Unit or Ductwork distribution | Unit and Duct work | Included |
| Advantages | Allows more flexibility in design and custom finishes | | Offers faster move-in with typical standard finishes | | |

Development Costs

All developers and owners today are complaining about rapidly rising costs, which are creating havoc with planning new projects, even those in the midst of construction, where shortages of labor and materials result in rising costs in addition to the cost of land. The most prominent increase is in the lumber market, where increases have added \$16,000 to \$20,000 to the cost of a new home during the last 90 days. Most office buildings today are running in the neighborhood of \$175 to \$250 PSF to construct, including land.

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Medical Office Building Space

Medical office building (MOB) space is generally considered a sub-set of professional office building (POB) space and is considered by most real estate professionals to be a special purpose type of property. This is due to the higher degree of interior partitioning, plumbing, electrical and higher quality of interior finishes that is usually associated with medical/dental office as compared to professional office. The expense of finish is often similar to that of a restaurant, which is another type of special purpose retail property. The value is inherently reliant on the supply and demand for this type of space compared with the supply and demand for professional office space.

MOB space is also generally considered owner/user space given the special purpose nature of the space when created. New space generally leases for a higher rental rate than POB space given the higher degree and quality of finishes typically found. If a tenant lease expires on 1st generation MOB space, it can be challenging to find another tenant that can use the space as it is and when vacated can take many months or years to release. Even when re-leased, the new tenant may require significant changes to the space.

Of the approximately 682,655 SF of new space completed, we estimate that approximately 125,000 to 150,000 SF or approximately 20% is MOB space and virtually all owner/user space. Demand for both types of space today appears to be fairly static as there is very limited inventory currently listed for sale or lease. As assets age, any initial differences in value between the two is often virtually indistinguishable.

Summary – Market Office Rental Rate Projection

In arriving at a market rental rate conclusion, the following parameters were set in surveying and researching the market.

| <u>Item</u> | <u>Assumption</u> |
|--------------------|--|
| Size of Space | 1,000 to 2,500 sq. ft. |
| Term of Lease | Assume 36 to 60 Months |
| Type of Space | POB/MOB |
| Condition of Space | New; Leased on a warm “vanilla shell” basis |
| Condition of Space | New, Class A POB (MOB transactions were also surveyed) |
| Type of Lease | NNN Lease |
| | <ul style="list-style-type: none"> Tenant Pays Base Rent, in-suite janitorial, separately metered utilities; and its prorata share other expenses of building ownership |
| Annual Escalations | 2.5% |
| Effective Date | 3 rd Quarter, 2021 |
| Estimated Rate | POB - \$20.00 to \$25.00 PSF + NNNs estimated at \$5.00 to \$6.00 PSF MOB - \$25.00 to \$30.00 PSF + NNNs estimated at \$6.00 to \$6.50 PSF |

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Feasibility of Construction of New Office Space

The feasibility of construction of new space in any market is determined by supply and demand. Demand is influenced by cost of construction including land, profit motives, rental and expense rates, and necessary rates of return to attract capital. In general, feasibility can be questionable if the value of an asset is less than the cost to construct or acquire a similar asset.

Costs for new office construction in the Tri-Cities market are rising, and our sources report, and our experience supports that in many cases, the cost can be higher than the final value of the property. This can be an indication that the project is not necessarily financially feasible when land, materials and labor costs increase. One broker reported that for the last two years, he thought “cost increases were on a tear”.

In the case of owner/occupant projects, profit motives are often secondary and do not drive the decision to build. With less reliance on profit, and especially in cases where land has been acquired at an earlier time and today is worth significantly more than paid for, owners go ahead with construction, usually because there is nothing available in the market at the time for sale or lease that suits their needs.

It is not a common occurrence in this market that developers build to sell a project upon completion, rather they are typically building for their own portfolio. We did find one that sold shortly after construction was complete and tenants had taken occupancy. In fact, the only recent sale of a newly completed building is summarized as follows.

New Office Building Sale – The 1-story office building at 8109 W Grandridge, containing 7,468 SF occupied by First American Title and a local mortgage company sold on October 10, 2019 for \$1,900,000 about one year after tenants took occupancy. The land had been purchased in May of 2017 for \$262,000 or \$8.00 PSF but only contained 29,102 SF reflecting a land to building ratio of only 3.89:1, although office land to building ratios are typically lower than for retail. The land cost represents only 13.8% of the overall sale price which is very low, a more typical expected rate would range from 20% to 30% of the sale price. The sale price reflected a sale price of **\$254 PSF** and an overall rate of **7%** based on income at the time of sale. Rental rates in effect at the time of sale averaged about **\$20 PSF NNN** which is very near the average list price of space available today.

Summary – Feasibility of New Construction

Given the nature of strong demand over the last 6.5-year study period, it is clear that new space coming into the market is leasing readily with no major issues concerning occupancy or rental rates. Costs are rising which is expected to hinder new development feasibility if the trend continues. However, provided a continued upward trend in population and employment, additional office construction would be required.

Development Costs

Development costs for medical office space is significantly higher than for new professional office space primarily resulting from increased partitioning, wiring and plumbing as well as a higher degree of expensive finishes. We have found most new MOB spaces today running in the neighborhood of \$275 to \$325 PSF including land.

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B. Market Study – Retail Segment

Existing Development

Unfortunately, given the small size of this market, there are no statistics available from any source which give any indication of the total existing supply of space in this market to use as a baseline. As a result, no statistical data is available on the total supply of space, occupancy, rent levels or absorption.

New Development

In order to document this portion of the study, a survey was conducted of all new **RETAIL** buildings completed from 2014 to June 2020, a period of 6.5 years. As with the office survey, this survey covered the entire Tri-Cities metropolitan area including the Cities of Kennewick and Richland in Benton County and the City of Pasco in Franklin County. Data for the survey was again compiled from our proprietary database, public sources such as the local Journal of Business and Tri-City Herald as well as from the public records of the city planning and county assessor's offices. Each new entry was similarly confirmed as to size (gross building square footage) and year of completion with the Assessor's records and then assigned a neighborhood designation to determine where the growth was occurring. Data was surveyed for both professional office and medical office space. The results are summarized in the Table 4.5 accompanying this section.

Again, it is clear the City of Kennewick benefits from the combined draws of the Columbia Center Mall and Vista Field neighborhoods, where about 37% of all new retail space was developed in the last six years; that amount is greater in volume than the total space developed in either Richland or Pasco. This is a trend that is expected to continue until all land in that segment is absorbed. A total of 95 projects were researched that were complete or under construction, and the average size of those completed was just about 10,500 SF per project. When the total space developed was divided by 6.5 years, an average of about 152,000 SF of space was delivered to the market each year during the study period, although there were certainly ups and downs over the years.

Occupancy Levels

As is the case with office space, the majority of new retail space was also constructed by owners for their own use, with only about 25% of the space developed in the last 6.5 years put into the market for lease. We surveyed those spaces and found that most new retail space leased up well. Current retail listings in the local Tri-Cities PACMLS show that there are currently only eight active listings as summarized in *Table 4.6* here. The CBA MLS was also surveyed but none of the listings were repeated there.

Currently there is **17,318 SF** of space available and the list rental rate is averaging **\$20.32/SF NNN**. If there was 993,807 SF of space completed over the last 6.5 years, this would equate to about a **1.7%** vacancy rate currently as this space is leasing up which indicates likely average absorption. It is noteworthy that this new space is often leasing at the expense of older space. There is currently 73,081 SF of space under construction in ten projects, which is less than a one-year supply.

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Table 4.5

Summary of Retail Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to August, 2020

| Location | | # Projects | Complete | # Projects | Under Constr / Planned | # Projects | Combined | % |
|-----------------|--------------------|------------|------------------|------------|---------------------------|------------|------------------|--------|
| Kennewick | East | 3 | 10,548 | 0 | - | 3 | 10,548 | 1.0% |
| " | Central | 6 | 21,302 | 1 | 10,552 | 7 | 31,854 | 2.9% |
| " | Gage Blvd | 3 | 23,186 | 0 | - | 3 | 23,186 | 2.1% |
| " | US 395 South | 13 | 147,930 | 1 | 6,900 | 14 | 154,830 | 14.2% |
| " | Vista / CC Mall | 8 | 133,887 | 2 | 25,475 | 10 | 159,362 | 14.6% |
| " | W Clrwtr | 2 | 29,296 | 3 | 12,132 | 5 | 41,428 | 3.8% |
| " | Sub-Total | 35 | 366,149 | 7 | 55,059 | 42 | 421,208 | 38.6% |
| Richland | Central | 9 | 64,551 | 3 | 18,022 | 12 | 82,573 | 7.6% |
| " | South | 1 | 5,000 | 0 | - | 1 | 5,000 | 0.5% |
| " | Queensgate | 19 | 232,685 | 0 | - | 19 | 232,685 | 21.3% |
| " | West | 4 | 19,530 | 0 | - | 4 | 19,530 | 1.8% |
| " | Sub-Total | 33 | 321,766 | 3 | 18,022 | 36 | 339,788 | 31.1% |
| Pasco | West | 19 | 256,966 | 0 | - | 19 | 256,966 | 23.5% |
| " | All Other | 8 | 73,718 | 0 | - | 0 | 73,718 | 6.8% |
| | Sub-Total | 27 | 330,684 | 0 | - | 27 | 330,684 | 30.3% |
| Combined | Grand Total | 95 | 1,018,599 | 10 | 73,081 | 105 | 1,091,680 | 100.0% |
| Avg SF | | | 10,722 | Avg | 7,308 | Avg | 10,397 | |
| Avg/Yr | | | 156,708 | | | | | |

Table 4.6
Retail Space Available
As of August 31, 2020

| MLS # | CBA # | Status | Type | County | Address | City | Year Built | SF Avail | List \$ PSF | Annual \$ | NNNs |
|--------|-------|--------|--------|----------|------------------------|-----------|------------|----------|-------------|-----------|-------|
| 241938 | | ACT | Retail | Benton | 8804 W Victoria | Kennewick | 2018 | 600 | \$16 | \$9,600 | NNN |
| 243957 | | ACT | Retail | Benton | 3801 S Zintel Way B110 | Kennewick | 2015 | 1,879 | \$17 | \$31,943 | NNN |
| 226495 | | ACT | Retail | Franklin | 6615 Chapel Hill Blvd | Pasco | 2018 | 6,000 | \$18 | \$108,000 | ModGr |
| 233728 | | ACT | Retail | Franklin | 6615 Chapel Hill Blvd | Pasco | 2018 | 1,500 | \$18 | \$27,000 | ModGr |
| 235818 | | ACT | Retail | Benton | 10379 W Clearwater | Kennewick | 2018 | 1,702 | \$21 | \$35,742 | NNN |
| 239246 | | ACT | Retail | Franklin | 00 Sandifur Parway | Pasco | 2019 | 1,986 | \$24 | \$47,664 | NNN |
| 247850 | | ACT | Retail | Franklin | 4845 Broadmoor Blvd | Pasco | 2019 | 1,451 | \$24 | \$34,824 | NNN |
| 248148 | | ACT | Retail | Franklin | 7425 Sandifur Pkway | Pasco | 2019 | 2,200 | \$26 | \$57,200 | NNN |
| | | | | | | | | 17,318 | \$20.32 | \$351,973 | |

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Shown here and in the following pages in no particular order are photographs and some details of the larger projects constructed during the timeframe studied for tenant occupancy rather than for owner occupancy, although some projects are in fact a blend of both.

| | | |
|---|---|---|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Unanchored Broadmoor Plaza 4845 Broadmoor Blvd Pasco Pasco West 115470029 CLC Properties LLC 8,440 SF 2019 68,825 8.15 Numerica, Firehouse Subs Still have two bays available |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Anchored Sandifur Crossing 7425 Sandifur Parkway Pasco Pasco West 116030017 Hogback Sandifur LLC 5,242 2019 33,936 6.478 Jamba, Porter's Real BBQ Still have two bays available |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Unanchored Homewood Suites Strip Center 1080 George Wash Way Richland Richland Central 111981013323001 Vandervort 11,026 2019 76,230 6.91 Porter's BBQ Several bays available |

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| | | |
|---|-----------------------|-----------------------------------|
|  | Type | Strip/Anchored |
| | Name | Sandifur Crossing |
| | Address | 5802 N Road 68 |
| | City | Pasco |
| | Neighborhood | Pasco West |
| | Tax ID | 116030014 |
| | Owner | Henry Friedman (formerly Hogback) |
| | GBA | 6042 |
| | Year Built | 2018 |
| | Land Size (SF) | 28,980 |
| | Land / Bldg % | 4.79 |
| | Major Tenant | Kabob House, Spectrum |
| | Comments | Friedman purchased 7/14/2020 |

| | | |
|--|-----------------------|-----------------------------|
|  | Type | Strip/Unanchored |
| | Name | GESA Plaza |
| | Address | 4824 Broadmoor Blvd |
| | City | Pasco |
| | Neighborhood | Pasco West |
| | Tax ID | 115210025 |
| | Owner | Real Property Acquisitions |
| | GBA | 7,294 |
| | Year Built | 2019 |
| | Land Size (SF) | 87,120 |
| | Land / Bldg % | 11.94 |
| | Major Tenant | Therapeutic Assoc P/T, Gesa |
| | Comments | |

| | | |
|---|-----------------------|----------------------------------|
|  | Type | Strip/Unanchored |
| | Name | Chapel Hill Self Storage |
| | Address | 6615 Chapel Hill Blvd |
| | City | Pasco |
| | Neighborhood | Pasco West |
| | Tax ID | 117420159 |
| | Owner | Self-Storage at Chapel Hill, LLC |
| | GBA | 13,546 |
| | Year Built | 2018 |
| | Land Size (SF) | 287,324 |
| | Land / Bldg % | Part of Larger Parcel |
| | Major Tenant | The Coffee Crush |
| | Comments | Just beginning to lease |

| | | |
|---|-----------------------|--|
|  | Type | Strip/Anchored |
| | Name | Yokes Plaza |
| | Address | 472 to 484 Keene Rd |
| | City | Richland |
| | Neighborhood | South Richland |
| | Tax ID | 126982013402003 |
| | Owner | Kyung Sik Chang |
| | GBA | 7,434 |
| | Year Built | 2015 |
| | Land Size (SF) | 37,026 |
| | Land / Bldg % | 5.0 |
| | Major Tenant | Badger Mt Dental, H&R Block, Hair Salon, Birds Unlimited |
| | Comments | Three Hinge sold to Change 10/29/2019 |


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| | | |
|---|--|--|
|  | <p>Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments</p> | <p>Strip/Anchored Lowe's Outlot Columbia Ctr Towers Bldg B 1022 N Col Ctr Blvd Kennewick Mall/Vista 131991000026000 LFIC LLC 5,495 2013 12,823 2.33 Porter's BBQ; Level Up Barcade Part of a 2-building project</p> |
|  | <p>Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments</p> | <p>POB Plaza at Canyon Lakes 2909 S Quillan Pl Kennewick USHwy 395 S 115892BP5274001 FC4 LLC 24,792 2015 148,104 SF 5.97 H&R Block Building was begun in 2009 but owner went bankrupt and project sat for over 5 years before re-started</p> |
|  | <p>Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments</p> | <p>Retail/Anchored Lowe's Anchor Columbia Ctr Towers Bldg A 924 N Col Ctr Blvd Kennewick Mall/Vista 131994010447001 Columbia Ctr Partners LLC 12,463 2014 23,882 1.91 Proof Gastropub, Sound Audiology, Massage LFIC LLC sold property 5/7/2019</p> |
|  | <p>Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments</p> | <p>Strip/Unanchored Zintel Commercial 3801 S Zintel Way Kennewick US Hwy 395 116894050000002 AMA Land and Cattle Co, LLC 3,674 2015 59,677 16.24 (Part of larger) HPR Enter, Cozumel Mex, Dental Boulder Heights sold property 7/30/2019</p> |

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| | | |
|---|---|--|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant | Strip/Unanchored Union Park, Bldg 2 4528 W 26 th Ave Kennewick US Hwy 395 109894012836003 2 Dawgs, LLC 6,735 2015 40,041 5.94 Dental, Sylvan |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Unanchored Southridge Towers 4898 W Hildebrand Kennewick US Hwy 395 116891BP4410002 Jabez Enterprises LLC 7,991 + 1,279 = 9,270 2015 59,677 6.43 Numerica, Hops N Drops, Roasters Coffee Roasters Coffee is in a 1,279 SF standalone bldg. on this parcel Taggstrick1 LLC sold property 12/26/2019 |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Anchored Home Depot Plaza 2841 Duportail Richland Queensgate 121981013388001 Aion LLC 5,113 2014 24,763 4.84 H&R Block, MyFroYo, Red Wing 100% occupied |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Unanchored 8804 W Victoria Kennewick Mall/Vista 130993012921006 Tight Line Ventures 3,360 2018 46,609 13.87 The Lash, Brewery Another parcel available for a second building |

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| | | |
|---|--|---|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant | Strip/Anchored Columbia Center Mall 1659 N Columbia Center Blvd Kennewick Mall/Vista 130994BP5266002 Hogback Columbia Center LLC 7,363 2020 51,400 6.98:1 Mod Pizza, Starbucks |
|---|--|---|

| | | |
|---|--|---|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant | Strip/Unanchored Proposed 5011 W Clearwater Ave Kennewick Central Kennewick 104891010533002 R&S Prop Mgmt, LLC 10,552 2020 (Prop) 15,472 TBD TBD |
|---|--|---|

| | | |
|--|---|---|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Anchored Sandifur Crossing 7425 Sandifur Parkway Pasco Pasco West 116030018 Hogback Sandifur LLC 8,500 2019 Pad N/A TBD Active MLS 239246 |
|--|---|---|

| | | |
|---|--|--|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant | Retail/Office Proposed 9425 Sandifur Parkway Pasco West Pasco 115442010 Boom Boom Prop, LLC 11,220 2020 35,284 3.11 TBD |
|---|--|--|

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| | | |
|---|---|--|
|  | Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant | Union Park Bldg #1 4505 W 26 th Ave Kennewick US Hwy 395 109894012836004 SGC Development LLC 10,276 2015 38,497 3.74 Gretl Crawford / Details |
| | | |

| | | |
|---|---|--|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/unanchored Stevens Plaza 585 Stevens Dr Richland Central Richland 111983020403005 Grigsby Property 12,600 2018 48,351 3.83 Comments |
| | | |

Rent Levels

Rental rates for those investment buildings (vs owner/user buildings which are not traditionally leased) were also reviewed, through both listings and actual lease transactions over the last 6.5 years. Competing projects in the market were surveyed and listing agents were interviewed for their recent lease rates and what the rental included as well as their current listings. *Table 4.7* illustrates the data researched. Data has been confirmed but specific data must remain confidential.

Table 4.7
New Retail Space Constructed, 2014 to 2020 YTD
Lease Summary

| | #1 | #2 | #3 | #4 | #5 | #6 | #7 | #8 | #9 | #10 |
|-------------------------------------|----------------------|--------------------|----------------------|--------------------|----------------------|----------------------|--------------------|--------------------|--------------------|--------------------|
| Type | Strip, Unanchored | Strip, Anchored | Strip, Unanchored | Strip, Anchored | Strip, Unanchored | Strip, Unanchored | Strip, Anchored | Strip, Anchored | Strip, Anchored | Strip, Anchored |
| Neighborhood | Pasco West | Pasco West | Richland Central | Pasco West | Pasco West | Pasco West | South Richland | South Richland | South Richland | South Richland |
| City | Pasco | Pasco | Richland | Pasco | Pasco | Pasco | Richland | Richland | Richland | Richland |
| Year Built | 2019 | 2020 | 2019 | 2019 | 2019 | 2018 | 2015 | 2015 | 2015 | 2015 |
| GBA | 8,424 | 5,242 | 11,026 | 5,944 | 7,253 | 6,000 | 7,434 | 7,434 | 7,434 | 7,434 |
| Lease Begins | 09/01/20 | 11/01/20 | 08/01/20 | 05/01/20 | 01/01/20 | 01/01/20 | 2020 Rent | 2020 Rent | 2020 Rent | 2020 Rent |
| SF Leased | 1398 or 1451 | 1,800 | 3,300 | 4,000 | 1,972 | 1,500 | 2,023 | 900 | 1,209 | 1,034 |
| Annual Rental | \$ 29,707 | \$ 48,600 | \$ 99,000 | \$ 119,004 | \$ 47,328 | | \$ 61,063 | \$ 24,611 | \$ 35,466 | \$ 29,392 |
| List or Initial Rent PSF | \$ 21.25 | \$ 29.00 | \$ 30.00 | \$ 29.75 | \$ 24.00 | \$ 19.50 | \$ 30.18 | \$ 27.35 | \$ 29.33 | \$ 28.43 |
| Tenant NNNs | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 4.50 | Incl | \$ 5.40 | \$ 5.40 | \$ 5.40 | \$ 5.40 |

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| | #11 | #12 | #13 | #14 | #15 | #16 | #17 | #18 | #19 | #20 |
|---------------------------------|-----------------|-----------------|-------------------|-----------------|-----------------|-------------------|-------------------|-------------------|-----------------|-------------------|
| Type | Strip, Anchored | Strip, Anchored | Strip, Unanchored | Strip, Anchored | Strip, Anchored | Strip, Unanchored | Strip, Unanchored | Strip, Unanchored | Strip, Anchored | Strip, Unanchored |
| Neighborhood | South Richland | Pasco West | Clearwater West | Mall / Vista | Mall / Vista | U.S. Hwy 395 S | U.S. Hwy 395 S | U.S. Hwy 395 S | Mall / Vista | U.S. Hwy 395 S |
| City | Richland | Pasco | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick |
| Year Built | 2015 | 2019 | 2018 | 2015 | 2014 | 2015 | 2015 | 2015 | 2015 | 2016 |
| GBA | 7,434 | 5,944 | 5,632 | 5,750 | 9,958 | 9,167 | 9,167 | 9,167 | 5,750 | 6,735 |
| Lease Begins | 2020 Rent | 06/01/19 | 06/01/19 | 04/01/19 | 12/01/18 | 07/01/18 | 03/01/18 | 03/01/18 | 02/01/18 | 12/01/17 |
| SF Leased | 1,856 | 2,000 | 1080 to 1500 | 2,900 | 3,492 | 1,879 | 2,177 | 1,323 | 2,950 | 2,000 |
| Annual Rental | \$ 45,844 | \$ 57,681 | | \$ 76,860 | \$ 90,936 | \$ 35,701 | \$ 41,363 | \$ 25,137 | \$ 86,400 | \$ 32,000 |
| List or Initial Rent PSF | \$ 24.70 | \$ 29.00 | \$ 16.00 | \$ 26.50 | \$ 26.04 | \$ 19.00 | \$ 19.00 | \$ 19.00 | \$ 29.29 | \$ 16.00 |
| Tenant NNNs | \$ 5.40 | \$ 5.00 | \$ 4.00 | \$ 4.95 | \$ 5.20 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 4.95 | \$ 4.50 |

| | #21 | #22 | #23 | #24 | #25 | #26 | #27 | #28 | #29 | #30 |
|---------------------------------|-----------------|-------------------|-----------------|-------------------|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|
| Type | Strip, Anchored | Strip, Unanchored | Strip, Anchored | Strip, Unanchored | Strip, Unanchored | Strip, Unanchored | Strip, Anchored | Strip, Anchored | Strip, Anchored | Strip, Anchored |
| Neighborhood | U.S. Hwy 395 S | U.S. Hwy 395 S | Mall / Vista | U.S. Hwy 395 S | U.S. Hwy 395 S | U.S. Hwy 395 S | Mall / Vista | Queensgate | Queensgate | Queensgate |
| City | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Richland | Richland | Richland |
| Year Built | 2015 | 2016 | 2014 | 2015 | 2015 | 2015 | 2014 | 2014 | 2014 | 2014 |
| GBA | 8,898 | 6,735 | 9,958 | 9,167 | 8,898 | 8,898 | 9,958 | 5,172 | 5,172 | 5,172 |
| Lease Begins | 04/01/17 | 03/01/17 | 01/01/17 | 02/01/16 | 04/01/15 | 03/01/15 | 12/01/14 | 06/07/14 | 07/01/13 | 06/07/13 |
| SF Leased | 2,787 | 1,750 | 1,425 | 2,621 | 4,800 | 1,232 | 3,591 | 1,865 | 1,480 | 1,612 |
| Annual Rental | \$ 61,314 | \$ 26,250 | \$ 34,100 | \$ 49,799 | \$ 111,600 | \$ 42,000 | \$ 82,952 | \$ 39,572 | \$ 34,539 | \$ 37,076 |
| List or Initial Rent PSF | \$ 22.00 | \$ 15.00 | \$ 23.93 | \$ 19.00 | \$ 23.25 | \$ 34.09 | \$ 23.10 | \$ 21.22 | \$ 23.34 | \$ 23.00 |
| Tenant NNNs | \$ 6.63 | \$ 4.50 | \$ 5.20 | \$ 5.00 | \$ 6.63 | \$ 7.12 | \$ 4.80 | \$ 4.50 | \$ 4.50 | \$ 4.50 |

In analyzing the retail rental comparables, the **rent PSF** is generally considered to be most indicative unit of comparison of the appropriate rent levels for each of the respective projects. The above data provides a range of \$15.00 to \$30.00 PSF NNN, nearly overlapping the office rental rates except at the higher end.

As with office space, lease transactions can be written on a gross, modified gross or net lease basis, defined as follows:

Gross or Full-Service lease – Tenant pays a base rental rate; landlord pays all operating expenses including utilities (note, in-suite janitorial may be negotiated);

Modified Gross Lease – Tenant pays a base rental rate and separately metered or pro rata share of utilities; landlord pays all other operating expenses;

Net Lease – Tenant pays a base rental rate and utilities; AND then typically also reimburses the landlord a prorata share of (a) taxes, (b) insurance, and (c) repairs and maintenance, etc. The landlord typically only pays a management fee and funds a replacement reserve. Net leases could be further subdivided as follows:

- d. **“N” or Single Net** – Tenant pays only one of the (a), (b) and (c) above.
- e. **“NN” or Double Net** – Tenant pays two of the (a), (b) and (c) above.
- f. **“NNN” or Triple Net** – Tenant pays all of the operating expenses.

Since an apples comparison must be made, net leases can be converted to an indication of a modified gross lease rental and vice versa through adding or subtracting the various expense elements before completing the comparison. Today, most new space is rented on a NNN basis, thus the cost of the NNNs must be added to the base rental rate to derive a true picture of the tenant’s cost.

It should be noted that the term “market rental” is influenced by many factors, including:

- the credit strength of the prospective tenant (risk), i.e., such as an established tenant vs. a new business (publicly rated companies vs. private could also play a role);

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- Type of lease, i.e., renewals generally are favored by the landlord vs. a new tenant;
- Term of the lease, i.e., longer terms provide more stability for the landlord's cash flow than short terms;
- Concessions paid by the landlord – such as free rent or an increase in the tenant finish;
- Expense Sharing, i.e., whether the tenant shares in landlord's operating expenses (i.e., taxes, insurance, maintenance, and repairs) and utilities, etc.

Anchored Projects vs Unanchored Projects

The location in a larger development project where there is a national credit anchor tenant such as at the Columbia Center Mall, or a Home Depot, Lowe's Center or grocery store anchored center typically commands a higher rent than that of an unanchored center. This will of course be affected also by location; higher traffic count locations will generally correlate to a higher rental rate, even in an unanchored center.

New Tenant Finishes

New office building space rental rates are typically quoted as a base rental rate on an NNN basis and usually includes a certain tenant finish allowance. Different developers utilize different styles of leasing, for example one might quote space on a "cold grey shell" basis while others quote a "warm vanilla shell", so it is important for a prospective tenant or analyst to understand what is included. Table 1.4 illustrates the major differences.

Table 4.8

What is included in the Quoted Rental Rate??

| Shell Type | Cold Grey | Warm Grey | Cold Vanilla | Warm Vanilla | TI Allowance |
|-------------|---|-----------------------------------|--|--------------------|-------------------------------------|
| Floors | Unfinished Concrete (sometimes dirt) | | Unfinished Concrete | | Flooring finish selection |
| Walls | Bare Demising Stud Walls | | Perimeter Demising Drywall | | Paint Color Wall and Trim selection |
| Ceilings | Open to Roof Deck | | 2x4 acoustical tile in suspended grid or drywall | | Included |
| Lighting | None | | 2x4 fluorescent fixtures | | Included |
| Plumbing | None | | 2-fixture restroom, Minimum | | Standard units, finishes selected |
| Electrical | None | | Hooked up | | Minimum required |
| Sprinkler | None | | None | | Negotiable |
| Water/Sewer | Connection Avail | | Connection Avail | | Connected |
| HVAC | No Unit or ductwork distribution | Unit but no ductwork distribution | No Unit or Ductwork distribution | Unit and Duct work | Included |
| Advantages | Allows more flexibility in design and custom finishes | | Offers faster move-in with typical standard finishes | | |

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Summary - Market Retail Rental Rate Projection

In arriving at a market rental rate conclusion, the following parameters were set in surveying and researching the market.

| <u>Item</u> | <u>Assumption</u> |
|--------------------|--|
| Size of Space | 1,000 to 2,500 sq. ft. |
| Term of Lease | Assume 36 to 60 Months |
| Type of Space | POB/MOB |
| Condition of Space | New; Leased on a warm “vanilla shell” basis |
| Condition of Space | New, Class A |
| Type of Lease | NNN Lease <ul style="list-style-type: none"> • Tenant Pays Base Rent, in-suite janitorial, separately metered utilities; and its prorata share other expenses of building ownership |
| Annual Escalations | 2.5% |
| Effective Date | 3rd Quarter, 2021 |
| Estimated Rate | Anchored - \$25.00 to \$30.00 PSF + NNNs estimated at \$5.00 to \$6.00 PSF Unanchored - \$18.00 to \$25.00 PSF + NNNs estimated at \$4.00 to \$5.50 PSF |

Feasibility of Construction of New Retail Space

The feasibility of construction of new space in any market is determined by supply and demand. Demand is influenced by cost of construction including land, profit motives, rental and expense rates, and necessary rates of return to attract capital. In general, feasibility can be questionable if the value of an asset is less than the cost to construct or acquire a similar asset.

Costs for new retail construction in the Tri-Cities market are rising, and our sources report that in many cases, the cost can be higher than the final value of the property. This can be an indication that the project is not necessarily financially feasible. It is a function of land, materials and labor increases. One broker reported that for the last two years, he thought “cost increases were on a tear”.

And, again, as in the case of owner/occupant projects, where the Owner occupies a portion and leases out the remainder, profit motives are often secondary and do not drive the decision to build. With less reliance on profit, and especially in cases where land has been acquired at an earlier time and today is worth significantly more than paid for, owners go ahead with construction, usually because there is nothing available in the market at the time for sale or lease that suits their needs.

It is not a common occurrence in this market that developers sell a project upon completion, rather they are typically building for their own portfolio. We did find one that sold shortly after construction was complete and tenants had taken occupancy. In fact, the only recent sale of a newly completed building is summarized as follows.

New Retail Building Sale - The 1-story strip retail building at 5802 Road 68 in Pasco, containing 6,000 SF occupied by Spectrum and the Kabob House sold on October 10, 2019 for \$1,900,000 about one year after tenants took occupancy. The 15-acre parcel of land for the larger Sandifur

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Crossing Shopping Center of which it was a part had been purchased earlier for just about \$3.00 PSF, and subdivided into parcels for each proposed building; this parcel contained 28,980 SF reflecting a land to building ratio of only 4.83:1, considered adequate for this project. The project was listed for \$2,950,000 but the listing was withdrawn; and sold three months later for \$2,600,000, reflecting a sale price of **\$433 PSF** and an overall rate of **6.8%** based on income at the time of sale as reported in the listing rent roll for the two new long-term leases in effect. Rental rates in effect at the time of sale averaged about **\$29.50 PSF NNN** which is at the high end of the list price of space available today, but the subject was in a very strong anchored center in a very strong demographic. The building permits issued in 2018 through 2019 totaled \$852,002 in hard costs or approximately \$142 PSF. To that amount, the land value and any soft costs would be added. When subtracted from the sale price, the amount of profit could then be extracted. Given expected construction costs today for this type of project, this project likely sold at a considerable profit reflecting that certain types of retail are very profitable.

Summary – Feasibility of New Construction

Given the nature of strong demand over the last 6.5-year study period, it is clear that new space coming into the market is leasing readily with no major issues concerning occupancy or rental rates. Costs are rising which is expected to hinder new development feasibility if the trend continues. Nonetheless, if it is assumed that continued population and employment growth occurs, demand for new retail space will continue.

Development Costs

Similar to office building construction costs, retail construction costs are also experiencing rapidly increasing prices for material and labor in addition to land. Today's costs for an unanchored strip center on a secondary location can easily run \$200 PSF, increasing for better locations and higher tenant finishes for tenants such as restaurants compared with retail tenants.

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V. Summary – Commercial (Office and Retail) Development

Table 4.9
Commercial (Office and Retail) Summary

| Type | Office Space | Retail Space | Combined |
|------------------------|--|--------------|--------------------|
| SF Completed | 682,655 | 1,018,599 | 1,701,254 |
| SF U/C or Planned | 67,400 | 73,081 | 143,481 |
| Combined Totals | 733,055 | 1,066,888 | 1,844,735 |
| Current Rental Rates | \$14 to \$25 (POB) \$20 to \$30 (MOB) | \$15 - \$30 | \$14 to \$30 |
| Weighted Average | \$19.05 PSF | \$20.32 | \$19.05 to \$20.32 |
| Current Available SF | 51,499 | 17,318 | 68,817 |
| Current Vacancy Levels | 7.7% | 1.7% | 4.1% |

Table 4.9 above summarizes the findings of this study of the Tri-Cities commercial market for projects constructed during the most recent 6.5-year period. There is not a particularly significant difference between average rental rates and the combined vacancy levels between office and retail space and it is noted that most of the higher end rates of office space are for medical space, while most of the higher end of retail rents are for restaurants in anchored centers.

Land Prices

Lastly, we looked at land prices being paid by developers to build new commercial (both office and retail) space. We focused our efforts using the following parameters:

- Location -- Vista Field / Columbia Center Mall neighborhoods
- Transaction date – Last 36 months
- Zoning – Commercial permitting office and or retail development

Data in the immediate neighborhood was considered fairly sparse because of several factors. First, the neighborhood is approaching full buildout. Secondly, prices have risen steadily, and some buyers are seeking less expensive alternatives in more remote locations. And thirdly, none of the parcels sold have the same zoning as the subject. Nonetheless ten sales from the neighborhood which have occurred since May 2017 to the present time were investigated and are arrayed here in Table 3.1 followed by a map depicting the sale location.

Table 3.1

Land Sale Summary

| | Subject | Sale # 1 | Sale # 2 | Sale # 3 | Sale # 4 | Sale # 5 |
|-----------------------|-----------------------------------|---|--------------------------------|-------------------|-------------------------------|----------------------------|
| Property Name | Vista Field Phase I Redevelopment | SEC Crosswind Blvd (Grandridge) and W Okanogan Pl | Proposed Korean BBQ Restaurant | Former Trios Site | Behind the BFT Transit Center | Vista Field Ind'l Park LLC |
| Address | | 6901 and 6909 Grandridge Blvd | NKA Skaget | 7319 W Hood Pl | NKA Okanogan | 460 N Quay St |
| City | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick |
| Land Area SF | 87,120 | 113,692 | 30,396 | 161,176 | 184,694 | 140,268 |
| Land Area in Acres | 1.500 | 2.610 | 0.698 | 3.700 | 4.240 | 3.220 |
| Zoning | Urban | CR | CR | CG | CR | II |
| Usable Land Area (SF) | | 113,692 | 30,396 | 161,176 | 184,694 | 140,268 |
| Sale Price | N/A | \$1,296,432 | \$288,400 | \$810,000 | \$1,394,440 | \$841,579 |
| Date of Sale | | Aug-20 | Apr-20 | Feb-20 | Sep-19 | Jul-19 |
| Land Sq Ft | 87,120 | 113,692 | 30,396 | 161,176 | 184,694 | 140,268 |
| Unadjusted Price/SF | N/A | \$11.40 | \$9.49 | \$5.03 | \$7.55 | \$6.00 |

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Land Sale Summary

| | Subject | Sale # 6 | Sale # 7 | Sale # 8 | Sale # 9 | Sale # 10 |
|-----------------------|-----------------------------------|--------------------------|-----------------------|---------------------------|-----------------------|------------------------|
| Property Name | Vista Field Phase I Redevelopment | Yakima Farm Workers Site | Proposed Office Bldg. | Chuckee Cheese Restaurant | GS Investments Parcel | First American Title |
| Address | | 6335 Rio Grande | 308 N. Belfair Ct | 6340 W Rio Grande Ave | 7106 W Hood Pl | 8109 W Grandridge Blvd |
| City | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick |
| Land Area SF | 87,120 | 216,493 | 74,488 | 139,828 | 36,590 | 29,102 |
| Land Area in Acres | 1.500 | 4.970 | 1.710 | 3.210 | 0.840 | 0.668 |
| Zoning | Urban | CR | IL | CR | CG | CR |
| Usable Land Area (SF) | | 216,493 | 74,488 | 139,828 | 36,590 | 29,102 |
| Sale Price | N/A | \$1,731,944 | \$400,000 | \$962,132 | \$186,609 | \$232,784 |
| Date of Sale | | Apr-19 | Nov-17 | Nov-17 | Aug-17 | May-17 |
| Land Sq Ft | 87,120 | 216,493 | 74,488 | 139,828 | 36,590 | 29,102 |
| Unadjusted Price/SF | N/A | \$8.00 | \$5.37 | \$6.88 | \$5.10 | \$8.00 |



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The five most recent sales over the last 15 months range from \$5.03 to \$11.40 PSF with a weighted average of \$6.46 PSF but the average size is 3.29 AC which is larger than what will likely be the final size for the subject.

There was no recorded land sale activity in Vista Field discovered between May 2017 and April 2019, nearly a two-year gap. Thus, sales in a similar office and retail park neighborhood bounded by U.S. Hwy 395 on the east, 27th Ave on the south, and Union on the west were also investigated for comparison purposes. Two of the sales back up to U.S. Hwy 395, but virtually no premium is attributable to those parcels when compared with the interior parcel sales. The sales reflect a much tighter range from \$6.09 to \$8.02 with the exception of one outlier at \$4.18, but it was the second largest parcel sold and no development plans have yet been announced so it may have been an investor waiting for prices to rise. Those seven sales are summarized as Sales #11 through #17 in the following table.

Land Sale Summary

| | Subject | Sale # 11 | Sale # 12 | Sale # 13 | Sale # 14 | Sale # 15 | Sale # 16 | Sale # 17 |
|-----------------------|-----------------------------------|---|------------------------|---|-----------------------------------|----------------------------------|--|----------------------------------|
| Property Name | Vista Field Phase I Redevelopment | Windsong at Southridge Senior Living and Memory Care Unit | Proposed Dental Clinic | Catch & Release Sports Bar (Never Finished) | Cynergy Pkg Lot; Part vacant land | Adjacent to Baymont Inn & Suites | Proposed Office in Southridge Area Adj to Windsong | Europa Restaurant Plus 4 Tenants |
| Address | | 4000 W 24th Ave @ Quillan | 2431 S Quillan Pl | 2404 S. Quillan Place | NKA S Union Pl OR NKA W 27th | 4302 W. 27th Pl | 4112, 4136 4160, 4184 W 24th Ave | 2459 S Union Pl |
| City | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick |
| Land Area - SF | 87,120 | 174,240 | 63,162 | 48,569 | 90,169 | 36,155 | 149,580 | 49,599 |
| Land Area in Acres | 1.500 | 4.000 | 1.450 | 1.115 | 2.070 | 0.830 | 3.434 | 1.139 |
| Zoning | Urban | CC | CC | CC | CN | CC | CC | CC |
| Usable Land Area (SF) | | 174,240 | 63,162 | 48,569 | 90,169 | 36,155 | 149,580 | 49,599 |
| Sale Price | N/A | \$1,061,200 | \$392,400 | \$305,940 | \$700,000 | \$290,000 | \$625,000 | \$319,943 |
| Date of Sale | | Oct-18 | Oct-18 | Sep-18 | Jan-18 | Aug-17 | Jun-17 | Jun-16 |
| Land Sq Ft | 87,120 | 174,240 | 63,162 | 48,569 | 90,169 | 36,155 | 149,580 | 49,599 |
| Unadjusted Price/SF | N/A | \$6.09 | \$6.21 | \$6.30 | \$7.76 | \$8.02 | \$4.18 | \$6.45 |



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Location Adjustment - The most recent Sale #1 in Vista Field which occurred last month in August 2020 benefits from a strong location at the roundabout of Grandridge Blvd and Crosswinds Dr and sold for \$11.40 PSF to the State of Washington Department of Health and Human Services for construction of a new building. When compared to a similar sized interior site that is slightly larger without such visibility, Sale #5 not far away sold for \$6.00 PSF one year earlier which gives an indication of a location premium attributable to Sale #1.

| Item # | Sale #1 | Sale #5 | Difference |
|----------------|------------|------------|---|
| Size (AC) | 2.61 AC | 3.22 AC | .61 AC |
| Size (SF) | 113,692 SF | 140,268 SF | 26,576 SF |
| Date of Sale | 08/2020 | 07/2019 | 13 MO |
| Sale Price PSF | \$11.40 | \$6.00 | \$5.40 or 90% more paid for better location before a market conditions adjustment is made |

Market Conditions Adjustment - (Change in Value Resulting from Passage of Time) - For purposes of determining any market conditions adjustment, Sales #2 and #10 (very similar in size and type of location) were paired:

| Item # | Sale #2 | Sale #10 | Difference |
|----------------|-----------|-----------|---|
| Size (AC) | 0.698 AC | 0.668 AC | .029 AC |
| Size (SF) | 30,396 SF | 29,102 SF | 1,294 SF |
| Date of Sale | 04/2020 | 05/2017 | 35 MO |
| Sale Price PSF | \$9.49 | \$8.00 | The difference in value is 18.6% over the 35-month period, or approximately 6%/Yr |

Size Adjustment – We have assumed that subject will be sized from approximately one-half acre to 2.0 acres. In terms of size, the sales range from 30,396 to 184,694 SF (0.698 to 4.24 AC) with a preponderance towards the larger end with only one sale under one acre and the remaining four sales sized in excess of 2.6 acres. Thus, additional review was conducted of the remaining five sales as well as other sales during that timeframe. One pair was located in the office and retail district that has grown up in the northwest quadrant of Union Blvd and 27th Ave in Kennewick. Two adjacent parcels sold in the same month and are paired as follows:

| Item # | Sale #11 | Sale #12 | Difference |
|----------------|-----------------------------|-------------------|---------------|
| Location | 4000 W 24 th Ave | 2431 S Quillan Pl | Adjacent |
| Size (AC) | 4.0 AC | 1.45 AC | 2.55 AC |
| Size (SF) | 174,240 SF | 63,162 SF | 111,078 SF |
| Date of Sale | 10/2018 | 10/2018 | Same Month/Yr |
| Sale Price PSF | \$6.21 | \$6.09 | 2% difference |

So while economic theory posits that demand for a smaller number of units is typically higher than for a larger number of units, in many cases, there is not necessarily a premium for smaller sites when compared to larger ones due to the limited number of larger parcels available and increasing demand.

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Other Considerations

The subject sites will have three attributes which are different from the sales available:

1. The subject sites are zoned Urban Mixed Use, which is a highly diversified use permitting more than just commercial use compared to mostly commercial general or commercial regional for the sales (with two zoned for light industrial);
2. The sites will be “pad” sites in configuration, meaning that the buyer owns the land underneath the improvements, but parking is shared in common with other owners with ownership retained by the Seller.
3. As a result of their “pad” configuration, they will be quite smaller than the average of the sites reviewed above.

A pad site or outparcel is a freestanding parcel of commercial real estate located in front of a larger shopping center or strip mall and typically ranges from 10,000 to 75,000 SF. Some are ground leased to a tenant, and some are sold outright. They typically include cross easement agreements for access and parking across adjacent shopping center land. They benefit from the draw of the major anchor tenant and therefore, are typically quite a bit more expensive than non-pad sites.

There have been no pad site sales in Vista Field; Thus, several recent “pad site” sales that have transpired in other neighborhoods have been reviewed. These are shopping center pad sites for the most part.

Table 3.2 Summary of Recent “Pad Site” Sales
Tri-Cities, WA

| | Sale #1 | Sale #2 | Sale #3 | Sale #4 | Sale #5 |
|------------------------|-------------------|----------------------|------------------|-----------------|-------------------|
| Street Address | 2831 Duportail St | 1659 N Col. Ctr Blvd | 4501 Road 68 | 1273 Aaron Dr | 5702 N Road 68 |
| Shopping Center | Home Depot | CC Mall | Bridgestone Tire | Auto Dealership | Sandifur Crossing |
| City | Richland | Kennewick | Pasco | Richland | Pasco |
| To Be Built | Strip Center | 3-Tenant Strip | Burger King | Expansion | Wendy’s |
| Date of Sale | 08/24/2020 | 12/20/2019 | 02/26/2019 | 06/12/2019 | 12/13/2018 |
| Sale Price | \$790,000 | \$1,100,000 | \$800,000 | \$570,000 | \$796,000 |
| Land Size | 26,123 | 51,411 | 40,511 | 23,108 | 28,987 |
| \$ PSF | \$30.24 | \$21.40 | \$19.75 | \$24.67 | \$27.46 |

It becomes fairly obvious when comparing “pad site” sales with non-pad site sales that the price PSF is nearly double and almost triple the unit price for these small sites compared to non-pad site sales ranging from approximately \$20 to \$30 PSF with an average of just about \$25 PSF. A good part of the premium is obviously for the draw but some of the premium is also due to its smaller size because the buyer has the advantage of access and overflow parking across adjacent parcels just as if their own site were larger.

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Conclusion of Marketing and Pricing Strategy

Commercial Land Parcels

I have assumed for purposes of valuation analysis that the sites to be developed will:

- (a) range from one-half acre to two acres in size;
- (b) be mostly interior sites on low traffic visibility thoroughfares; and
- (b) and will be the equivalent of a “pad site” and include no on-site parking.

Based on the preceding analysis in connection with the above assumptions, I have concluded that the individual sites could be marketed successfully on the following basis:

| Size of Parcel (AC) | Small Up to 1.0 AC | Medium Up to 1.5 AC | Large Up to 2.0 AC | Extra Large Up to 2.5 AC |
|---------------------|--------------------------|--------------------------|--------------------------|-----------------------------|
| Size of Parcel (SF) | ≥21,780 SF ≥43,560 SF | ≥43,561 SF ≥65,340 SF | ≥65,341 SF ≥87,120 SF | ≥ 87,121 SF ≥108,900 SF |
| Location | 1* \$20.00 | 1* \$15.00 | 1* \$12.50 | 1* \$10.00 |
| \$ PSF | 2* \$15.00 | 2* \$12.50 | 2* \$10.00 | 2* \$8.50 |

1* - fronts along a central corridor with greater traffic count

2* - fronts along a secondary interior corridor with very low traffic count

Competitive Location Analysis – Commercial Parcels

About 70% to 80% of new construction historically has been for owner-occupancy, with only 20% to 30% built for investors who lease out space to tenants. The driver for this is the low interest rates which make owning and building equity as affordable as renting. This trend should continue so long as interest rates remain low. Depth of the market is unknown at the point.

There are very few single site parcels available in subject’s Market Area of Kennewick outside of Vista Field.

- Vista Field is considered mostly mature with only a smattering of single sites left.
- There were very few office parks developed in the Tri-Cities outside of Vista Field.
- The Spaulding Business Park and the Columbia Trail Corridors are also reaching maturity.
- The land on the West Clearwater Ave extension between Clearwater Ave on the east and I-82 on the west is being steadily absorbed with a great deal of new construction in the most recent 3-5 years.
- The area bounded by U.S. 395 on the east, and 27th on the south and Union on the west is mostly mature with only one or two undeveloped parcels.
- Those which compete with subject will include primarily the U.S. Hwy 395 S corridor from Clearwater to Southridge in Kennewick; Queensgate/Keene Road corridors in Richland and Road 68 to Road 100 corridors in Pasco.

Development Costs

All persons contacted in connection with this and other recent assignments state that costs are going through the roof for land, materials and labor. It is very difficult to put pricing together for

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any proposal because increases are occurring so quickly. There is definitely a shortage in all categories.

It was noted that today's average cost for new commercial (office and retail) construction is running in the \$200 to \$300 and up PSF range including land.

Hotel Development

The client has also requested special consideration of a hotel site within the development. Hotels are a special purpose falling within the commercial category. According to the Tri-Cities Journal of Business, the base of inventory was 3,358 rooms in 2014. First, the additional supply that has been added during the study period was investigated and is summarized in Table 3.3.

Each of the major cities has added at least three new hotel properties containing a combined total of 1,059 rooms; and Richland has actually added four new hotel properties; thus the new supply represents an approximate 30% addition to the supply and bringing the total supply to 4,417 rooms. According to one of the major players in the market, the additional rooms should not overload the market as they each cater to a different segment of the traveling market.

In addition to the new construction, two properties are currently undergoing complete transformations and transfer to new franchises. The Richland Shilo Inn will become a Best Western, and the Richland Red Lion Hotel will become a Holiday Inn. And finally, the "M" Hotel in north Richland has also been completely refurbished but is not changing franchises.

According to Smith Travel Research in August 2019, hotel revenue grew only about 1.4% over the prior year (2018 over 2017) with a similar increase expected in 2019 (Source: Tri-Cities Journal of Business). Those small increases combined with added inventory likely do not create an environment where additional construction will be feasible for several years; the market needs time to catch up.

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Table 3.3
Summary of New Hotel Projects in the Tri-Cities
2015 to 2020 YTD

| Type | Project Name | Street # | Dir | Street Name | City | Owner | Year Built | GBA | NBRHD | Subtotal NBRHD | # Units |
|--|-----------------------------|----------|-----|-----------------------|-----------|------------------------------------|------------|---------|----------------|----------------|---------|
| Hospitality | Comfort Suites | 3703 | | Plaza Way | Kennewick | South Ridge Investments | 2020 | 62,314 | Southridge | | 94 |
| Hospitality | Hampton Inn Kennewick | 3715 | | Plaza Way | Kennewick | Hampton Inn | 2020 | 49,696 | Southridge | | 121 |
| Hospitality | Springhill Suites | 7408 | W | Grandridge Blvd | Kennewick | A-1 Kennewick LLC | 2015 | 94,191 | Vista Field | | 122 |
| KENNEWICK TOTAL COMPLETE | | | | | | | | 206,201 | | | 337 |
| Hospitality | Courtyard by Marriott | 2101 | W | Argent Rd | Pasco | A-1 Hospitality Properties | 2020 | 59,525 | North Central | | 99 |
| Hospitality | Hampton Inn Pasco | 6826 | | Burden Blvd | Pasco | Ron/Tracey Asmus | 2016 | 72,685 | Road 68 | | 120 |
| Hospitality | My Place Hotel | 6830 | | Rodeo Dr | Pasco | Pasco My Place LLC | 2014 | 28,594 | Road 68 | | 64 |
| PASCO TOTAL COMPLETE | | | | | | | | 160,804 | | | 283 |
| Hospitality | Home2 Suites | 2861 | | Lincoln Landing | Richland | Western States Lodging, Dev & Mgmt | 2017 | 66,380 | Queensgate | | 120 |
| Hospitality | Homewood Suites | 1060 | N | George Washington Way | Richland | Vandervert Hospitality | 2014 | 92,955 | Columbia Point | | 115 |
| Hospitality | The Lodge at Columbia Point | 530 | | Columbia Point Dr | Richland | The Lodge at Columbia Point | 2017 | 62,773 | Columbia Point | | 82 |
| Hospitality | WoodSpring Suites | 1370 | | Tapteal Dr | Richland | Richland Hotel Holdings LLC | 2020 | 48,985 | Spaulding | | 122 |
| RICHLAND TOTAL COMPLETE | | | | | | | | 271,093 | | | 439 |
| Tri-Cities Total Complete | | | | | | | | 638,098 | | | 1059 |
| Tri-Cities Total Under Construction | | | | | | | | - | | | 0 |
| Tri-Cities Total Supply | | | | | | | | 638,098 | | | 1059 |

Land Sales

There have been no *recent* land sales activity for hotel development. The most recent transactions include:

Summary of Hotel Sales Tri-Cities, WA

| | Sale #1 | Sale #2 | Sale #3 | Sale #4 |
|----------------|---|--------------------------|------------------------------|-----------------------------------|
| Name | Marriott Hotel | WoodSprings | Comfort Suites | Home2 Suites |
| Location | 2101 W Argent Road Pasco, WA | 1370 Tapteal Richland | 3703 Plaza Way, Kennewick | 2861 Lincoln Landing, Richland |
| Site Size (SF) | N/A | 1.98 AC | 1.9 AC | 2.98 AC |
| Date of Sale | 2018 | 03/2017 | 07/2016 | 10/2015 |
| Sale Price | Lease for greater of \$28,000/year or 1.25% of revenues | \$949,355 | \$1,100,000 | \$1,427,897 |
| Sale Price PSF | N/A | \$11.01 | \$13.29 | \$11.00 |

We are aware that a new project which will be anchored to the Convention Center has been announced, but details have not yet been finalized.

Feasibility of New Hotel Construction

The range of sale prices for the land prices shown above fall at the upper end of the range for commercial development. It is doubtful that additional new hotel construction will be feasible in Phase I of this redevelopment project.

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V. Market Study & Analysis – SUPPLY – RESIDENTIAL

MARKET STUDY

Single Family DETACHED Residential Component

Survey Methodology

A survey of the local PACMLS was conducted for new single-family detached residential home sales by year for the period 2015 through June 30, 2020 (66 Months). Data points surveyed included:

1. County (Benton and Franklin)
2. City (Kennewick, Pasco, Richland, and West Richland)
3. Date Sold
4. Subdivision >10 lots (Multiple phases combined)
5. Owner/Developer
6. Address
7. Year Built
8. Size (SF) Finished
9. MLS #
10. Year Built
11. Newly Complete/Under Construction
12. 1 Story vs 2-story
13. With and Without a Basement
14. Garage Capacity
15. Lot Size (AC)

Initially, over 5,000 data points were returned, but this was narrowed down after a sort to 4,294 data points covering 78 subdivisions by eliminating subdivisions with less than 10 sales; and some subdivision designations as “other” or “short plat” were excluded. Allowance must also be made for listings where the agent did not enter a name in the subdivision field and therefore were not included.

Validation

Similar data was requested from both the Benton County and Franklin County Assessor’s offices and two local title companies in order that an audit could be conducted of the PACMLS data. Random audits were conducted and verified that the data in MLS was accurate for the most part.

Analysis

The data was exported to Excel for analysis. It was sorted by County, then City and then Subdivision Name, then by Closing Date which permitted analysis on an annual basis so that trends from year to year could be discerned. A summary of the final results is shown in the two tables here. Table 5.1 shows the total sales by City by year, while Table 5.2 shows the total sales by City by subdivision. A copy of the complete survey is retained in our files. There are some slight differences in the totals between the two tables which is not consequential. It had to do with the way the data was sorted and analyzed before and after deleting subdivisions of less than 10 lots.

Table 5.1 – Sort by City

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Summary of SFR Sales, January 2015 to June 2020
Tri-Cities, Washington

| | TOTAL SUMMARY | | | | | | | |
|----------------------------------|---------------|-----|------------------|-----------|-----------|--------|--------|--------|
| | # Sold | DOM | Total Sale \$ | FinSQFT | \$ PSF | Min SF | Avg SF | Max SF |
| Sub-Total Kennewick | 1,246 | 76 | \$ 435,855,044 | 2,788,252 | \$ 156.32 | 1,148 | 2,126 | 4,427 |
| Sub-Total Pasco | 1,641 | 57 | \$ 517,350,475 | 3,368,446 | \$ 153.59 | 1,040 | 2,048 | 5,443 |
| Sub-Total Richland | 1,085 | 70 | \$ 414,227,591 | 2,439,761 | \$ 169.78 | 1,235 | 2,351 | 5,215 |
| Sub-Total West Richland | 280 | 54 | \$ 107,817,786 | 664,903 | \$ 162.16 | 1,341 | 2,335 | 4,800 |
| TOTAL | 4,252 | 64 | \$ 1,475,250,896 | 9,261,362 | \$ 159.29 | 1,040 | 2,215 | 5,443 |
| 2020 YTD Sub-Total Kennewick | 99 | 82 | \$ 38,158,464 | 205,497 | \$ 185.69 | 1,343 | 2,280 | 3,874 |
| 2020 YTD Sub-Total Pasco | 201 | 65 | \$ 68,818,461 | 372,579 | \$ 184.71 | 1,289 | 1,975 | 3,650 |
| 2020 YTD Sub-Total Richland | 133 | 69 | \$ 54,233,217 | 287,592 | \$ 188.58 | 1,235 | 2,329 | 3,373 |
| 2020 YTD Sub-Total West Richland | 38 | 82 | \$ 15,264,477 | 76,064 | \$ 200.68 | 1,341 | 1,913 | 3,080 |
| 2020 YTD TOTAL | 471 | 74 | \$ 176,474,619 | 941,732 | \$ 187.39 | 1,235 | 2,124 | 3,874 |
| 2019 Sub-Total Kennewick | 223 | 67 | \$ 89,082,553 | 539,339 | \$ 165.17 | 1,343 | 2,449 | 4,100 |
| 2019 Sub-Total Pasco | 392 | 63 | \$ 138,776,494 | 799,725 | \$ 173.53 | 1,289 | 2,155 | 3,855 |
| 2019 Sub-Total Richland | 255 | 64 | \$ 101,083,588 | 549,949 | \$ 183.81 | 1,235 | 2,286 | 4,006 |
| 2019 Sub-Total West Richland | 42 | 57 | \$ 18,844,269 | 103,603 | \$ 181.89 | 1,341 | 2,222 | 4,800 |
| 2019 TOTAL | 912 | 63 | \$ 347,786,904 | 1,992,616 | \$ 174.54 | 1,235 | 2,278 | 4,800 |
| 2018 Sub-Total Kennewick | 331 | 81 | \$ 88,902,654 | 516,904 | \$ 171.99 | 384 | 2,351 | 4,290 |
| 2018 Sub-Total Pasco | 181 | 53 | \$ 104,552,175 | 659,667 | \$ 158.49 | 1,227 | 2,240 | 4,343 |
| 2018 Sub-Total Richland | 50 | 73 | \$ 82,559,386 | 483,772 | \$ 170.66 | 1,343 | 2,234 | 4,600 |
| 2018 Sub-Total West Richland | 765 | 72 | \$ 15,508,580 | 87,601 | \$ 177.04 | 1,801 | 2,443 | 3,195 |
| 2018 TOTAL | - | 70 | \$ 291,522,795 | 1,747,944 | \$ 166.78 | 384 | 2,317 | 4,600 |
| 2017 Sub-Total Kennewick | 203 | 52 | \$ 71,379,151 | 462,188 | \$ 154.44 | 1,408 | 2,348 | 4,326 |
| 2017 Sub-Total Pasco | 331 | 56 | \$ 93,995,265 | 658,783 | \$ 142.68 | 1,143 | 2,115 | 3,918 |
| 2017 Sub-Total Richland | 181 | 62 | \$ 68,883,663 | 416,101 | \$ 165.55 | 1,408 | 2,411 | 5,215 |
| 2017 Sub-Total West Richland | 50 | 36 | \$ 19,527,188 | 121,499 | \$ 160.72 | 1,805 | 2,464 | 3,325 |
| 2017 TOTAL | 765 | 51 | \$ 253,785,267 | 1,658,571 | \$ 153.01 | 1,143 | 2,335 | 5,215 |
| 2016 Sub-Total Kennewick | 229 | 117 | \$ 75,659,253 | 514,994 | \$ 146.91 | 1,148 | 2,333 | 4,427 |
| 2016 Sub-Total Pasco | 236 | 56 | \$ 65,982,945 | 508,436 | \$ 129.78 | 1,181 | 2,066 | 5,443 |
| 2016 Sub-Total Richland | 175 | 67 | \$ 61,934,662 | 402,783 | \$ 153.77 | 1,373 | 2,483 | 4,805 |
| 2016 Sub-Total West Richland | 62 | 20 | \$ 21,597,020 | 149,656 | \$ 144.31 | 1,805 | 2,651 | 3,767 |
| 2016 TOTAL | 702 | 65 | \$ 225,173,880 | 1,575,869 | \$ 142.89 | 1,148 | 2,383 | 5,443 |
| 2015 Sub-Total Kennewick | 270 | 101 | \$ 72,672,969 | 695,676 | \$ 104.46 | 1,148 | 2,318 | 4,427 |
| 2015 Sub-Total Pasco | 184 | 61 | \$ 45,225,135 | 369,256 | \$ 122.48 | 1,040 | 2,097 | 3,600 |
| 2015 Sub-Total Richland | 122 | 95 | \$ 45,533,075 | 299,564 | \$ 152.00 | 1,550 | 2,501 | 4,479 |
| 2015 Sub-Total West Richland | 52 | 42 | \$ 17,076,252 | 126,480 | \$ 135.01 | 1,800 | 2,482 | 3,730 |
| 2015 TOTAL | 628 | 75 | \$ 180,507,431 | 1,490,976 | \$ 121.07 | 1,040 | 2,349 | 4,479 |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 5.2 – Sort by Subdivision
 Summary of SFR Sales, January 2015 to June 2020
 Tri-Cities, Washington

| | | COMBINED TOTALS | | | | | | | | |
|-----------------------------|-----------|-----------------|-----|----|---------------|------------|-----------|--------|--------|--------|
| Subdiv | City | # Sold | DOM | | Total Sale \$ | FinSQFT | \$ PSF | Min SF | Avg SF | Max SF |
| APPLE VALLEY | Kennewick | 115 | 53 | \$ | 42,665,260 | \$ 241,755 | 177 | 1,443 | 2102 | 3,029 |
| BRIDGEWATER PARK | Kennewick | 73 | 25 | \$ | 13,696,607 | \$ 116,841 | 122 | 1,148 | 1594 | 2,470 |
| CANYON RANCH, AND 2 | Kennewick | 112 | 69 | \$ | 35,681,166 | \$ 252,500 | 145 | 1,148 | 2720 | 4,427 |
| CANYON VIEW ESTATES | Kennewick | 40 | 42 | \$ | 9,610,161 | \$ 72,611 | 137 | 1,408 | 1764 | 2,192 |
| CEDAR VILLAGE | Kennewick | 24 | 67 | \$ | 5,514,035 | \$ 39,320 | 140 | 1,595 | 1641 | 1,699 |
| CHERRY CREEK | Kennewick | 5 | 58 | \$ | 1,596,129 | \$ 11,234 | 141 | 1,651 | 2225 | 3,083 |
| CHERRY CREEK PH 3 | Kennewick | 48 | 59 | \$ | 16,797,412 | \$ 99,276 | 170 | 1,438 | 2199 | 2,846 |
| CHERRY CREEK ESTATES | Kennewick | 36 | 97 | \$ | 11,113,573 | \$ 80,796 | 144 | 1,656 | 2206 | 3,209 |
| CHERRY GLEN | Kennewick | 25 | 18 | \$ | 4,738,182 | \$ 22,654 | 121 | 1,148 | 1618 | 2,192 |
| FOUNTAIN | Kennewick | 15 | 128 | \$ | 3,991,165 | \$ 29,231 | 134 | 1,417 | 2102 | 2,585 |
| HANSEN PARK | Kennewick | 10 | 138 | \$ | 4,698,297 | \$ 25,551 | 156 | 1,970 | 2436 | 4,243 |
| HEIGHTS AT HIGHLAND RANCH | Kennewick | 31 | 82 | \$ | 7,152,693 | \$ 61,116 | 120 | 1,408 | 1949 | 3,200 |
| HIDDEN HILLS | Kennewick | 14 | 11 | \$ | 7,363,404 | \$ 41,339 | 168 | 2,318 | 3012 | 3,955 |
| HIGHLAND TERRACE | Kennewick | 16 | 19 | \$ | 3,423,734 | \$ 22,475 | 142 | 1,460 | 1502 | 1,555 |
| INSPIRATION EST | Kennewick | 47 | 60 | \$ | 20,129,514 | \$ 121,987 | 167 | 384 | 2616 | 4,101 |
| OLYMPIA ESTATES | Kennewick | 35 | 32 | \$ | 10,396,269 | \$ 111,418 | 163 | 1,343 | 1820 | 2,496 |
| RIDGELINE ESTATES | Kennewick | 22 | 152 | \$ | 7,502,203 | \$ 52,808 | 142 | 1,800 | 2415 | 3,607 |
| SAGECREST | Kennewick | 70 | 74 | \$ | 22,353,184 | \$ 148,028 | 155 | 1,551 | 2171 | 3,059 |
| SOUTHCLIFFE | Kennewick | 21 | 231 | \$ | 11,714,240 | \$ 59,540 | 191 | 2,000 | 3012 | 4,326 |
| SOUTHRIDGE | Kennewick | 169 | 79 | \$ | 57,749,234 | \$ 372,525 | 151 | 1,569 | 2215 | 3,512 |
| SUMMIT VIEW | Kennewick | 131 | 109 | \$ | 59,512,298 | \$ 343,788 | 174 | 1,914 | 2560 | 4,421 |
| THE HEIGHTS AT CANYON LAKES | Kennewick | 15 | 88 | \$ | 6,376,528 | \$ 41,671 | 151 | 2,100 | 2936 | 3,828 |
| THE RIDGE AT HANSEN PARK | Kennewick | 57 | 70 | \$ | 26,067,733 | \$ 137,374 | 185 | 1,710 | 2396 | 4,002 |
| THE RIDGE AT REATA WEST | Kennewick | 86 | 93 | \$ | 37,709,597 | \$ 233,394 | 160 | 1,897 | 2751 | 4,100 |
| THE VILLAGE AT SOUTHRIDGE | Kennewick | 15 | 48 | \$ | 5,474,461 | \$ 27,447 | 193 | 1,476 | 1916 | 2,284 |
| VILLAS VERDE | Kennewick | 14 | 62 | \$ | 2,827,965 | \$ 21,573 | 127 | 1,240 | 1585 | 2,080 |
| Sub-Total Kennewick | | 1246 | 76 | \$ | 435,855,044 | 2,788,252 | \$ 156.32 | 1,148 | 2,126 | 4,427 |

| | | COMBINED TOTALS | | | | | | | | |
|---------------------------|-------|-----------------|-----|----|---------------|------------|-----------|--------|--------|--------|
| Subdiv | City | # Sold | DOM | | Total Sale \$ | FinSQFT | \$ PSF | Min SF | Avg SF | Max SF |
| ARCHER ESTATES | Pasco | 103 | 39 | \$ | 42,203,141 | \$ 258,050 | 165 | 1,878 | 2651 | 3,376 |
| BROADMOOR TERRACE | Pasco | 75 | 143 | \$ | 24,321,641 | \$ 160,323 | 154 | 1,452 | 2063 | 3,290 |
| CHAPEL HILL | Pasco | 61 | 70 | \$ | 15,078,308 | \$ 100,555 | 133 | 1,230 | 1719 | 2,192 |
| CHAPMAN | Pasco | 18 | 37 | \$ | 4,311,844 | \$ 23,202 | 186 | 1,289 | 1289 | 1,289 |
| CHIAWANA PLACE | Pasco | 12 | 166 | \$ | 4,693,511 | \$ 23,795 | 197 | 1,509 | 1983 | 2,270 |
| COLUMBIA TERRACE | Pasco | 82 | 99 | \$ | 31,882,560 | \$ 187,849 | 170 | 1,354 | 2260 | 3,488 |
| EAGLE CREST ESTATES | Pasco | 18 | 84 | \$ | 12,093,288 | \$ 58,098 | 210 | 2,517 | 3222 | 4,343 |
| FIRST PLACE PH7 | Pasco | 115 | 91 | \$ | 34,660,880 | \$ 250,127 | 147 | 1,644 | 2167 | 3,400 |
| IRIS MEADOWS | Pasco | 31 | 17 | \$ | 11,181,466 | \$ 77,218 | 145 | 1,805 | 2491 | 3,195 |
| LINDA LOVISA | Pasco | 20 | 100 | \$ | 4,812,861 | \$ 42,152 | 114 | 1,380 | 2169 | 2,847 |
| MADISON PARK | Pasco | 251 | 43 | \$ | 73,857,848 | \$ 555,131 | 138 | 1,312 | 2208 | 5,443 |
| MAJESTIA PLACE | Pasco | 44 | 26 | \$ | 11,668,404 | \$ 78,094 | 149 | 1,478 | 1774 | 2,311 |
| MEDITERRAN VILL | Pasco | 7 | 126 | \$ | 1,848,157 | \$ 13,265 | 140 | 1,730 | 1887 | 2,098 |
| NORTH RIDGE PAR | Pasco | 28 | 12 | \$ | 8,755,901 | \$ 52,737 | 166 | 1,408 | 1850 | 3,195 |
| RIVERHAWK ESTATES | Pasco | 250 | 18 | \$ | 73,597,765 | \$ 438,365 | 169 | 1,403 | 1747 | 3,195 |
| RIVERHAWK POINTE | Pasco | 41 | 8 | \$ | 11,989,159 | \$ 65,979 | 180 | 1,403 | 1680 | 2,470 |
| SORANO HEIGHTS | Pasco | 15 | 10 | \$ | 5,265,817 | \$ 26,307 | 200 | 1,586 | 1754 | 2,229 |
| SPENCER ESTATES & PHASE 2 | Pasco | 129 | 68 | \$ | 61,840,148 | \$ 339,612 | 177 | 2,007 | 2642 | 3,600 |
| STEELE CORNERS | Pasco | 11 | 92 | \$ | 4,515,814 | \$ 25,797 | 175 | 1,931 | 2343 | 2,979 |
| SUNRISE ESTATES | Pasco | 31 | 3 | \$ | 5,365,591 | \$ 41,576 | 134 | 1,143 | 1330 | 1,626 |
| THREE RIVERS WEST | Pasco | 177 | 16 | \$ | 43,526,367 | \$ 348,128 | 126 | 1,408 | 1974 | 3,198 |
| TIERRA VIDA | Pasco | 82 | 6 | \$ | 12,857,973 | \$ 109,641 | 123 | 1,040 | 1344 | 1,673 |
| VALENCIA ESTATES | Pasco | 16 | 65 | \$ | 6,271,123 | \$ 35,003 | 178 | 1,801 | 2202 | 2,428 |
| VOLTERRA ESTATES | Pasco | 24 | 22 | \$ | 10,750,908 | \$ 57,442 | 187 | 1,801 | 2402 | 2,940 |
| Sub-Total Pasco | | 1641 | 57 | \$ | 517,350,475 | 3,368,446 | \$ 153.59 | 1,040 | 2,048 | 5,443 |

MARKET STUDY & ANALYSIS
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Table 5.2, Sort by Subdivision - Continued
 Summary of SFR Sales, January 2015 to June 2020
 Tri-Cities, Washington

| | | COMBINED TOTALS | | | | | | | | |
|------------------------------------|---------------|-----------------|-----|----|---------------|------------|-----------|--------|--------|--------|
| Subdiv | City | # Sold | DOM | | Total Sale \$ | FinSQFT | \$ PSF | Min SF | Avg SF | Max SF |
| BADGER MNT | Richland | 34 | 26 | \$ | 12,275,515 | \$ 76,483 | 159 | 1,500 | 2272 | 3,935 |
| BADGER MOUNTAIN VILLAGE 1,2 | Richland | 14 | 31 | \$ | 4,996,913 | \$ 30,156 | 166 | 1,656 | 2206 | 2,283 |
| BRANTINGHAM HEIGHTS PH3,4 | Richland | 30 | 59 | \$ | 10,620,534 | \$ 75,539 | 143 | 1,801 | 2546 | 4,101 |
| COTTAGES AT CLEARWATER CREEK | Richland | 54 | 36 | \$ | 17,661,283 | \$ 103,380 | 169 | 1,235 | 1947 | 2,968 |
| FALCON CREST | Richland | 12 | 80 | \$ | 7,568,076 | \$ 33,241 | 241 | 2,069 | 2807 | 3,917 |
| HORN RAPIDS | Richland | 320 | 57 | \$ | 113,555,879 | \$ 669,920 | 169 | 1,443 | 2095 | 3,260 |
| LEXINGTON HEIGHTS | Richland | 14 | 94 | \$ | 5,812,233 | \$ 38,846 | 151 | 2,048 | 2768 | 3,290 |
| RANCHO DEL REY | Richland | 12 | 38 | \$ | 4,423,116 | \$ 26,497 | 169 | 1,780 | 2221 | 2,618 |
| RESERVE AT CLEARWATER CREEK | Richland | 149 | 44 | \$ | 45,186,639 | \$ 294,728 | 151 | 1,235 | 1993 | 3,195 |
| SUNDANCE ESTATES NORTH | Richland | 10 | 28 | \$ | 4,130,515 | \$ 20,063 | 206 | 1,617 | 2006 | 2,778 |
| THE HEIGHTS AT MEADOW SPRINGS P4,4 | Richland | 23 | 120 | \$ | 9,851,841 | \$ 60,470 | 161 | 2,092 | 2650 | 3,828 |
| WEST VILLAGE | Richland | 87 | 68 | \$ | 34,331,454 | \$ 187,034 | 179 | 1,488 | 2187 | 3,376 |
| WEST VINEYARD ESTATES | Richland | 71 | 82 | \$ | 24,499,854 | \$ 153,510 | 156 | 1,343 | 2235 | 3,452 |
| WESTCLIFFE | Richland | 80 | 65 | \$ | 50,420,004 | \$ 249,925 | 202 | 2,081 | 3135 | 5,215 |
| WESTCLIFFE HEIGHTS | Richland | 26 | 127 | \$ | 14,513,015 | \$ 69,101 | 213 | 1,937 | 2642 | 3,373 |
| WHITE BLUFFS | Richland | 119 | 74 | \$ | 43,597,028 | \$ 289,871 | 153 | 1,601 | 2387 | 3,845 |
| WILLOWBROOK 1,2 | Richland | 13 | 78 | \$ | 5,655,992 | \$ 31,905 | 177 | 1,943 | 2504 | 3,201 |
| WILLOWPOINTE | Richland | 17 | 161 | \$ | 5,127,700 | \$ 29,092 | 177 | 1,390 | 1716 | 1,816 |
| Sub-Total Richland | | 1085 | 70 | \$ | 414,227,591 | 2,439,761 | \$ 169.78 | 1,235 | 2,351 | 5,215 |
| BELMONT HEIGHTS | West Richland | 38 | 78 | \$ | 15,639,767 | \$ 87,656 | 179 | 1,641 | 2308 | 3,899 |
| COLLINS RIDGE | West Richland | 13 | 102 | \$ | 4,119,025 | \$ 33,654 | 122 | 1,800 | 2589 | 3,730 |
| EAGLE POINTE | West Richland | 10 | 67 | \$ | 3,091,547 | \$ 18,807 | 164 | 1,720 | 1907 | 2,381 |
| HAZELWOOD HEIGHTS | West Richland | 12 | 106 | \$ | 4,786,956 | \$ 29,684 | 186 | 1,805 | 2170 | 3,195 |
| PARADISE | West Richland | 9 | 15 | \$ | 2,832,053 | \$ 23,793 | 119 | 2,162 | 2629 | 2,883 |
| SUNSET HEIGHTS | West Richland | 59 | 39 | \$ | 28,899,537 | \$ 148,884 | 196 | 1,826 | 2509 | 4,800 |
| SUNSET RIDGE 3 | West Richland | 64 | 51 | \$ | 23,220,925 | \$ 155,497 | 149 | 1,816 | 2513 | 3,588 |
| WESTHAVEN TOWNHOMES | West Richland | 10 | 42 | \$ | 3,038,149 | \$ 14,809 | 207 | 1,341 | 1442 | 1,804 |
| WESTWOOD ESTATE | West Richland | 60 | 40 | \$ | 19,927,258 | \$ 136,916 | 145 | 1,805 | 2306 | 3,195 |
| WILLAMETTE HEIG | West Richland | 5 | 3 | \$ | 2,262,569 | \$ 15,203 | 153 | 2,432 | 2980 | 2,926 |
| Sub-Total West Richland | | 280 | 54 | \$ | 107,817,786 | 664,903 | \$ 162.16 | 1,341 | 2,335 | 4,800 |
| TOTAL | | 4252 | 64 | \$ | 1,475,250,896 | 9,261,362 | \$ 159.29 | 1,040 | 2,215 | 5,443 |

Analysis – Sales Volumes and Average Size

As reflected in the table, the following trends can be discerned:

- *Combined Total Transactions* - A total of 4,252 sales were reported in MLS during the 66-month period, reflecting an average of about 65 sales per month. This would not include “for sale by owner” sales, or sales listed as “other” in the subdivision field that included a broker representation or new custom homes built on a specific lot by an owner.
- *Location* - Percentages of transaction and sales volumes by City are arrayed in the following table. Pasco is clearly the leader, followed by Kennewick, Richland and West Richland respectively:

| <p style="text-align: center;"><i>Table 5.3</i> Transaction Activity for the Tri-Cities Market January 2015 through June, 2020</p> | | | | |
|--|-----------|-------|----------|---------------|
| | Kennewick | Pasco | Richland | West Richland |
| Total Transaction Volume | 29.3% | 38.6% | 25.5% | 6.6% |
| Total Volume Dollars | 29.5% | 35.0% | 28.0% | 7.5% |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

- *Total SF Built* - About 9.2 million square feet of gross living area was added to inventory during the study period from this data.
- *Sales Volume* - Sales volume reflected a total amount of nearly \$1.5 Billion.
- *Average Size*
 - Pasco builds the smallest average home at 92% of the average;
 - Richland builds the largest average home at 106% of the average;
 - Kennewick is somewhat smaller than average
 - West Richland is much larger than average.
- *Sale Price PSF* - Average sale prices PSF increased from a low of \$121.07 to \$187.39 PSF during the study period, an overall increase of 54.7%, or an average increase of 0.83%/Month or 10% annually. Of course, some markets have moved upward more quickly, and others lagged more slowly, but the average is 10%. In Table 5.2, the total data does not really reflect the current pricing but rather an average over the 5-year period.
- *DOM* - Average days on the market (DOM) has ranged from a low of 51 to 74 days on the market, and average 64 DOM with no real discernible trend.
- *Size (SF)* - The average home square footage in 2015 was 2,349 SF and this increased slightly by 52 SF to 2,383 SF in 2016. However, the average size declined each year thereafter from 2,383 SF in 2017 to 2,124 SF in 2020, an overall decrease of 259 SF, or approximately 11%. This average is on track to continue the downward size in home constructed.
- *Basements* - Fewer than 3% (119 of the total transaction sales) of the volume studied included a basement. This is a more popular option with newer homes constructed on steep lots where the basement option is a walk-out, and the ceiling heights and finishes are identical to that found in the main level above grade space. In reality, it is more like an inverted 2-story. Differences in price PSF for the below grade space is more similar to that of a 2-story.
- *Style* - Approximately 10% were 2-story homes and the majority of those were attached townhouse style homes. The remaining 90% were ramblers, although there was a sprinkling of bonus rooms above.
- *Garage Space* - More than 68% had 3+ garage spaces while 32% included only 2 garage spaces.
- *Lot Size* - Of the total, 405 (9.5%) did not report a lot size. Of the remaining 3,877 representing about 90.5%, only 130 (130/3,877 = were larger than 10,000 SF; 3.3% had lot sizes less than 5,000 SF; while another 408 sales had lot sizes less than 6,500 SF; the majority of the homes on lots less than 6,500 SF were townhouse style.
- *Townhouse or Patio* - Only 232 homes (5.4%) of the total were designated “townhouse” or “Patio”; these will be discussed separately.
- *Current Pricing* - Statistics for 2020 year to date:
 - List prices are ranging from \$185.69 to \$200.68 PSF (including lot)
 - At the present rate, annualized volume is calculated in the amount of 942 total sales, which would be the highest volume during the period studied.
 - Pasco clearly continues to outrun the four cities with 28% of the overall transaction volume; but lags somewhat behind with only 22% of overall dollars.

To summarize, the typical new single-family product in this market:

- Is a Rambler (1-story) with a Great Room open floorplan for the public spaces
- Contains approximately 2,100 SF
- Includes a 3-car attached garage
- Does NOT include a basement
- Is on a much smaller lot than in previous years due to increasing land prices

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Individual Lot Pricing Strategy

Three different methodologies of lot pricing strategies were applied.

I. Current Listing Activity

Builders and buyers in the market looking for a lot are typically looking at the **total price of the lot**, rather than the price on a square foot basis. It is typically just as easy to build a 2,100 SF home on a 5,000 SF lot as it is on a 10,000 SF lot. The number of lot sales to consumers listed in MLS is virtually non-existent. Summarized in the following table are the current active listings for lots of 0.30 AC or less.

Table 5.4
Current Listing Activity
Tri-Cities, Washington

| MLS # | Status | Acres # | SF | Address | Class | Type | County | City | Subdiv | List Price | List Price PSF | Listing Date | DOM | Cum DOM |
|--------|--------|---------|--------|-----------------------|-------|------|----------|---------------|--------------------|-------------|----------------|--------------|------|---------|
| 245899 | Active | 0.29 | 12,632 | 5320 Hershey Ln | LD | RES | Benton | West Richland | CANDY MTN ESTS | \$79,900 | \$6.33 | 5/31/2020 | 60 | 156 |
| 245900 | Active | 0.29 | 12,632 | 5330 Hershey Ln | LD | RES | Benton | West Richland | CANDY MTN ESTS | \$79,900 | \$6.33 | 5/31/2020 | 60 | 156 |
| 215747 | Active | 0.28 | 12,197 | 5420 Hershey Ln | LD | RES | Benton | West Richland | CANDY MTN ESTS | \$90,000 | \$7.38 | 8/2/2016 | 1458 | 1458 |
| 244980 | Active | 0.24 | 10,454 | 7407 Cyan Dr. (Lot 9) | LD | RES | Franklin | Pasco | CHIAWANA PLACE | \$92,500 | \$8.85 | 4/18/2020 | 103 | 103 |
| 243889 | Active | 0.28 | 12,197 | Lot 3 Penny Lane | LD | RES | Benton | Richland | COB HILL | \$185,000 | \$15.17 | 2/27/2020 | 154 | 154 |
| 240460 | Active | 0.227 | 9,888 | 464 Agier Dr | LD | RES | Benton | Richland | CRESTED HILLS 8 | \$75,000 | \$7.58 | 9/8/2019 | 326 | 326 |
| 247328 | Active | 0.3 | 13,068 | 242 Rockwood Dr | LD | RES | Benton | Richland | HILLS WST4 | \$96,900 | \$7.42 | 7/27/2020 | 3 | 3 |
| 241173 | Active | 0.28 | 12,197 | IE LOT 211 PHASE VIII | LD | RES | Benton | Kennewick | INSPIRATION EST | \$100,900 | \$8.27 | 10/9/2019 | 295 | 295 |
| 247142 | Active | 0.29 | 12,632 | Lot 15 45th ave | LD | RES | Benton | West Richland | KINGVIEW ESTATES | \$116,900 | \$9.25 | 7/18/2020 | 12 | 12 |
| 246885 | Active | 0.2881 | 12,550 | Lot 9 Laurel CT | LD | RES | Benton | West Richland | KINGVIEW ESTATES | \$145,000 | \$11.55 | 7/8/2020 | 22 | 22 |
| 244387 | Active | 0.28 | 12,197 | 477 E 36th Ave | LD | RES | Benton | Kennewick | OTHER | \$99,900 | \$8.19 | 3/17/2020 | 135 | 135 |
| 246079 | Active | 0.23 | 10,019 | 3570 Bing St | LD | RES | Benton | West Richland | OTHER | \$120,000 | \$11.98 | 6/5/2020 | 55 | 55 |
| 246231 | Active | 0.23 | 10,019 | Lot 13 Bing St | LD | RES | Benton | West Richland | OTHER | \$150,000 | \$14.97 | 6/12/2020 | 48 | 48 |
| 246513 | Active | 0.24 | 10,454 | Lot 11 Bing St | LD | RES | Benton | West Richland | OTHER | \$150,000 | \$14.35 | 6/23/2020 | 37 | 37 |
| 246078 | Active | 0.23 | 10,019 | Lot 1 Bing St | LD | RES | Benton | West Richland | PANORAMA VISTA | \$120,000 | \$11.98 | 6/5/2020 | 55 | 192 |
| 245775 | Active | 0.23 | 10,019 | Lot 16 Bing St | LD | RES | Benton | West Richland | PANORAMA VISTA | \$130,000 | \$12.98 | 5/26/2020 | 65 | 65 |
| 246080 | Active | 0.24 | 10,454 | 3530 Bing St | LD | RES | Benton | West Richland | PANORAMA VISTA | \$130,000 | \$12.43 | 6/5/2020 | 55 | 55 |
| 246081 | Active | 0.23 | 10,019 | Lot 5 Bing St | LD | RES | Benton | West Richland | PANORAMA VISTA | \$130,000 | \$12.98 | 6/5/2020 | 55 | 93 |
| 246083 | Active | 0.23 | 10,019 | Lot 15 Bing St | LD | RES | Benton | West Richland | PANORAMA VISTA | \$130,000 | \$12.98 | 6/5/2020 | 55 | 192 |
| 245778 | Active | 0.29 | 12,632 | Lot 27 Nicholas Ln. | LD | RES | Benton | West Richland | PANORAMA VISTA | \$140,000 | \$11.08 | 5/26/2020 | 65 | 65 |
| 245779 | Active | 0.29 | 12,632 | Lot 28 Nicholas Ln. | LD | RES | Benton | West Richland | PANORAMA VISTA | \$140,000 | \$11.08 | 5/26/2020 | 65 | 65 |
| 246082 | Active | 0.23 | 10,019 | Lot 14 Bing St | LD | RES | Benton | West Richland | PANORAMA VISTA | \$140,000 | \$13.97 | 6/5/2020 | 55 | 192 |
| 245781 | Active | 0.3 | 13,068 | Lot 26 Nicholas Ln. | LD | RES | Benton | West Richland | PANORAMA VISTA | \$145,000 | \$11.10 | 5/26/2020 | 65 | 65 |
| 246583 | Active | 0.24 | 10,454 | 534 Summerview Lane | LD | RES | Benton | Richland | PLAT/ RICHLAND | \$145,000 | \$13.87 | 6/25/2020 | 35 | 35 |
| 243246 | Active | 0.26 | 11,326 | 1036 Sagebluff Lane | LD | RES | Benton | Richland | SUNDANCE ESTATES N | \$87,000 | \$7.68 | 1/29/2020 | 183 | 183 |
| 243245 | Active | 0.26 | 11,326 | 1022 Sagebluff Lane | LD | RES | Benton | Richland | SUNDANCE ESTATES N | \$92,000 | \$8.12 | 1/29/2020 | 183 | 183 |
| 243247 | Active | 0.29 | 12,632 | 1037 Sagebluff Lane | LD | RES | Benton | Richland | SUNDANCE ESTATES N | \$94,500 | \$7.48 | 1/29/2020 | 183 | 183 |
| 243248 | Active | 0.24 | 10,454 | 1025 Sagebluff Lane | LD | RES | Benton | Richland | SUNDANCE ESTATES N | \$94,500 | \$9.04 | 1/29/2020 | 183 | 183 |
| 243484 | Active | 0.29 | 12,632 | 1096 Kalamth Ct. | LD | RES | Benton | Richland | WHITE BLUFFS PH 6 | \$128,500 | \$10.17 | 2/8/2020 | 173 | 173 |
| | | | | | | | | | | \$3,428,400 | \$ | 10.36 | | |

The listing activity was compared with recent closed land sales activity in the market. Unfortunately, there have not been any sales that contained 5,000 SF of land area or less (0.115 AC), and so expanded the criteria to 0.30 AC.

Conclusion: The active list price for the 29 listings is averaging \$10.36/SF with the average lot size of 11,408 SF. However, these are smaller subdivisions developed by smaller builders rather than national homebuilders.

II. Finished Subdivision Lots in Bulk

Land developers often will develop a subdivision parcel and then sell finished lots (platted and improved with streets and utilities) in either a one-off transaction at a wholesale price or in bulk to a builder at a discounted wholesale price, who then builds the home and sells the final product to the consumer on a retail basis.

We looked at three of the most recent bulk single-family DETACHED land sales as summarized in the following table. It is noteworthy that the lots are all smaller than average, ranging from a low of just over 6,115 SF to a high of 7,994 SF.

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Conclusion: As indicated in the following table, three bulk lot sales which closed between March and May 2020 containing two to 16 lots were analyzed. Sales #1 and #2 averaging 6,115 to 7,994 SF sold for \$10.34 to \$11.45 PSF and from \$70,000 to \$82,625/lot. A third sale of just two lots containing 6,534 SF sold for a somewhat higher price at \$87,000/lot and \$13.31 PSF. This last sale provides an indication of the discount for the bulk sales compared to a single lot sale of 5% (comparing Sale #3 to Sale #1) and 20% (comparing Sale #3 to Sale #2) before making any adjustments. When the three sales are analyzed together, the 32 lots containing 226,584 SF sold for \$2,476,000, or \$77,375/lot and \$10.92 PSF.

Table 5.5
Bulk Lot Sales Summary
Tri-Cities, WA

| | Sale #1 | Sale #2 | Sale #3 |
|-----------------------|--------------------------------|----------------------------------|-----------------------------------|
| Subdivision | West Village Phase 4 | Clearwater Creek Phases 9 and 10 | The Village at Southridge Phase 2 |
| City | Richland | Kennewick | Kennewick |
| # Lots Purchased | 16 | 14 | 2 |
| Size Range (SF) | 6,392 to 10,800 SF | 5755 to 7095 SF | 6534 |
| Total SF | 127,912 | 85,604 | 13,068 |
| Average SF | 7,994 | 6,115 | 6,534 |
| Buyer | New Tradition Homes, Inc | Hayden Homes LLC | Landmark Homes |
| Seller | South Richland Communities LLC | Richland 132 LLC | Southridge Village LLC |
| Purchase Price \$ | 1,322,000 \$ | 980,000 \$ | 174,000 |
| Date of Sale | 5/28/2020 | 5/29/2020 | 6/4/2020 |
| Recorded | AFN 2020-017960 | AFN 2020-018122 | AFN 2020-018936 |
| Parent Parcel Tax ID | 132983000003021 | 101881000001016 | 117894100000035 and 044 |
| Sale Price Per Lot \$ | 82,625 \$ | 70,000 \$ | 87,000 |
| Sale Price PSF \$ | 10.34 \$ | 11.45 \$ | 13.31 |

We also spoke to the local representative for a national homebuilder who reports that their current average price for a 7,800 SF to 8,300 SF lot is about \$85,000 for the current phase, and this is moving up to \$95,000 for the next phase which is being graded. They report having more lot requests than they are able to provide.

III. Retail Package Price to Consumers

A good rule of thumb for a residential lot value typically ranges from 20% to 25% of the total retail package price of the completed home package. In this case, the average value of new construction in 2020 was \$187.39 PSF and the average size was 2,124 SF. This would indicate a final sale price of just under \$400,000, and 20% to 25% of that amount would indicate a range of \$80,000 to \$100,000. This supports the price being paid by the builder to the land developer and indicates that the majority of profit for the builder is in the construction of the home and not in the land. It is noteworthy that land prices are escalating at a remarkable rate.

Correlated Marketing Price Strategy – Single Family DETACHED Lots

Vista Field's SFR Detached Residential Component will contain lots averaging 5,000 SF which is slightly smaller than the typical lot being sold in today's market, but not markedly so. In my opinion, a 5,000 SF lot in Vista Field could be marketed to homebuilders for **\$85,000 to \$95,000/lot**, which is the equivalent to \$18 PSF. It falls within the range of sale prices per lot and is somewhat higher on a PSF basis which is due to the fact that the lot is slightly smaller. With that kind of an investment, the overall package price of a home to a consumer would likely range as follows:

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Vista Field Regional Town Center, Kennewick, WA

Projected Land Pricing Strategy – Single Family Detached
Projected Lot Pricing to Developers

| Lot Price To Pkg % | \$85,000 | \$95,000 |
|-----------------------|-----------|-----------|
| 20% | \$425,000 | \$475,000 |
| 25% | \$340,000 | \$380,000 |
| 30% | \$285,000 | \$315,000 |

Competitive Analysis

Differentiation in product has only changed slightly over the last twenty years.

- Lot sizes have gotten smaller due to rising land prices; reduced from 10,000+SF average to 7,000 to 8,500 SF today.
- Elevations have changed to a more contemporary design
- Interiors generally focus on open concept floorplans for the public areas; taller ceilings 9'+ are preferred as the price point increases to provide sense of volume; flex spaces rather than dedicated spaces since as an office vs a formal dining room
- Finishes depend on the price point and target market

Construction Types, Styles, Features and Finishes
For the Typical SFR Buyer
Tri-Cities, WA

| Buyer Type | Entry Level Buyer | Move-Up Buyer | Custom Home Buyer |
|--------------------------------------|--|---|--|
| Builder Type | Production Home | Production Home | Custom Home Builder |
| Price Point | \$225,000 to \$325,000 | \$325,000 to \$500,000 | \$500,000+ |
| Lot Size | 5,000 to 7,500 SF | 75,000 SF to 10,000 SF | 10,000 SF + |
| Home Size | 1,200 to 1,600 SF | 1,600 to 2,400 SF | 2,500 SF+ |
| Home Style | Limited ramblers; more 2-story | 90% ramblers, 10% 2-story | 90% ramblers, 10% 2-story |
| Type | 2-3BR, 1.5 to 2B | 3-4BR, 2.0 to 3.0 B | 4+BR, one bath per BR |
| Exterior Construction | T-111 Siding | Cement Board Siding | Stucco |
| Exterior Trim | Limited to None | Some | Abundant |
| Garages | 2CAG | 3CAG | 4CAG+ |
| Ceiling Heights | 8' Standard | 9' Standard | 10' Standard |
| Flooring | Builder grade vinyl laminate and some carpet | Upgraded engineered plank vinyl; premium grade carpeting; some hard tile surfaces | Mostly premium surfaces including ceramic and hardwood |
| Kitchen & Laundry Appliances | Entry level; no refrigerator | Upgraded package of S/S appliances; no refrigerator | Best quality S/S appliances; no refrigerator |
| Kitchen and bathroom vanity Counters | Laminate | Solid surfacing, granite etc. | Solid surfacing, quartz etc. |

These categories can obviously overlap to any degree; these are just the differences we note that make a difference in value from a marketing standpoint.

A list of top builders in the Tri-Cities is included in this section which defines their price points.

It was noted that today's average cost for new single family construction is running in the \$190 to \$210 PSF range including land.

Most new subdivisions of 10 or more lots today have some type of CC&Rs and/or a HOA if there are common elements that must be maintained over a lengthy timeframe, more strategic within city locations than in unincorporated areas. Costs can run from a nominal \$50/year to as high as \$150/MO. We have reviewed numerous examples of this and they tend to follow the same patterns of wanting aesthetic and architectural control to prevent unsightly or odorous elements to permeate the neighborhood.

Single Family ATTACHED Residential Component

Survey Methodology

A similar survey of the local PACMLS was conducted for new single-family **attached** residential home sales by year for the period 2015 through June 30, 2020 (66 Months). These units are sometimes designated as townhouse or patio units. Data points surveyed, analysis, and validation were identical to those for single family detached.

There have been very few sales in this category, although activity has picked up in the last couple of years as land prices have escalated. Five individual developments were discovered and surveyed as summarized in the following tables. Only 118 sales were discovered, which in terms of overall volume, represents less than 3% of total sales volume since 2015.

Table 5.6
Summary of Attached Townhome Sales
Tri-Cities, Washington

| Close Date | MLS # | Status | DOM | Address | Price | FinSQT | Sld | PreSqt | Style1 | Style2 | GarC | Subdiv |
|------------|--------|--------|-----|----------------------|-----------|-------------|----------|----------|-----------|--------|---------------------|--------|
| 12/31/2019 | 240079 | SLD | 57 | 2784 Gentle Court | \$283,970 | 1,341 | \$211.76 | 1 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 6/4/2020 | 243767 | SLD | 69 | 2724 Tranquil Court | \$292,408 | 1,341 | \$218.05 | 1 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 6/8/2020 | 243765 | SLD | 68 | 2712 Tranquil Court | \$291,675 | 1,341 | \$217.51 | 1 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 6/26/2020 | 243751 | SLD | 88 | 2752 Gentle Court | \$292,456 | 1,341 | \$218.09 | 1 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 6/26/2020 | 243752 | SLD | 0 | 2764 Gentle Court | \$292,782 | 1,341 | \$218.33 | 1 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 10/3/2019 | 237323 | SLD | 0 | 2748 Tranquil Court | \$282,400 | 1,346 | \$209.81 | 1 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 10/21/2019 | 241142 | SLD | 0 | 2736 Tranquil Court | \$279,900 | 1,346 | \$207.95 | 1 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 7/29/2020 | 237326 | SLD | 252 | 2776 Gentle Court | \$294,900 | 1,346 | \$219.09 | 1 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 4/13/2020 | 242282 | SLD | 97 | 2718 Westhaven Court | \$340,882 | 1,804 | \$188.96 | 1 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 6/5/2020 | 243818 | SLD | 91 | 2716 Serenity Court | \$339,742 | 1,804 | \$188.33 | 1 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 6/5/2020 | 243588 | SLD | 40 | 2717 Serenity Court | \$341,934 | 1,804 | \$189.54 | 1 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 7/24/2020 | 245833 | SLD | 27 | 3120 Carefree Loop | \$337,488 | 1,804 | \$187.08 | 1 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 12 | | | | | 66 | \$3,670,537 | 17,959 | \$204.38 | | | | |
| | | | | | | | | \$187.08 | | | | |
| | | | | | | | | \$219.09 | | | | |
| | | | | | | | | | | | | |
| 6/10/2020 | 247029 | SLD | 95 | 3135 Carefree Loop | \$366,250 | 2,301 | \$159.17 | 2 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 6/10/2020 | 247028 | SLD | 95 | 3132 Carefree Loop | \$366,250 | 2,301 | \$159.17 | 2 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 6/10/2020 | 247025 | SLD | 110 | 2729 Serenity Court | \$366,250 | 2,301 | \$159.17 | 2 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 6/10/2020 | 247027 | SLD | 95 | 2728 Serenity Court | \$366,250 | 2,301 | \$159.17 | 2 Story | Townhouse | Two | WESTHAVEN TOWNHOMES | |
| 4 | | | | | 99 | \$1,465,000 | 9,204 | \$159.17 | | | | |
| | | | | | | | | \$159.17 | | | | |
| | | | | | | | | \$159.17 | | | | |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 5.6
Summary of Attached Townhome Sales, Continued
Tri-Cities, Washington

| Close Date | MLS # | Status | DOM | Address | Price | FinSQFT | SldPrc | Sqft | Style1 | Style2 | Subdiv | Garage |
|------------|--------|--------|-----|------------------|-------------|---------|----------|------|--------|-----------|--------------|--------|
| 2/21/2020 | 239876 | SLD | 159 | 498 Bedrock Loop | \$291,900 | 1,720 | \$169.71 | 2 | Story | Townhouse | EAGLE POINTE | Two |
| 4/17/2020 | 244031 | SLD | 0 | 534 Bedrock Loop | \$291,500 | 1,720 | \$169.48 | 2 | Story | Townhouse | EAGLE POINTE | Three |
| 5/28/2020 | 245522 | SLD | 27 | 546 Bedrock Loop | \$291,900 | 1,720 | \$169.71 | 2 | Story | Townhouse | EAGLE POINTE | Two |
| 6/2/2020 | 239875 | SLD | 236 | 510 Bedrock Loop | \$294,900 | 1,720 | \$171.45 | 2 | Story | Townhouse | EAGLE POINTE | Two |
| 12/13/2019 | 239858 | SLD | 101 | 486 Bedrock Loop | \$309,900 | 1,815 | \$170.74 | 2 | Story | Townhouse | EAGLE POINTE | Three |
| 4/17/2020 | 243036 | SLD | 34 | 522 Bedrock Loop | \$309,900 | 1,815 | \$170.74 | 2 | Story | Townhouse | EAGLE POINTE | Three |
| 4/30/2020 | 243866 | SLD | 7 | 550 Bedrock Loop | \$312,500 | 1,815 | \$172.18 | 2 | Story | Townhouse | EAGLE POINTE | Three |
| 7 | | | 81 | | \$2,102,500 | 12,325 | \$170.59 | Avg | | | | |
| | | | | | | | \$169.48 | Min | | | | |
| | | | | | | | \$172.18 | Max | | | | |

| Close Date | MLS # | Status | DOM | Address | Price | FinSQFT | SldPrc | Sqft | YrBuilt | Style1 | Style2 | Subdiv | GarCap |
|------------|--------|--------|-----|---------------------|-------------|---------|----------|------|---------|--------|-----------|--------------|--------|
| 9/27/2019 | 231823 | SLD | 316 | 2745 Friesian Court | \$299,999 | 1,505 | \$199.33 | 2018 | 1 | Story | Townhouse | FRIESIAN EST | One |
| 7/11/2019 | 232615 | SLD | 246 | 2705 Friesian Court | \$302,499 | 1,505 | \$201.00 | 2018 | 1 | Story | Townhouse | FRIESIAN EST | One |
| 7/18/2019 | 232617 | SLD | 269 | 2735 Friesian Court | \$297,499 | 1,505 | \$197.67 | 2018 | 1 | Story | Townhouse | FRIESIAN EST | One |
| 10/23/2018 | 233425 | SLD | 0 | 2775 Friesian Loop | \$300,000 | 1,495 | \$200.67 | 2018 | 1 | Story | Townhouse | FRIESIAN EST | One |
| 9/30/2019 | 237240 | SLD | 0 | 2700 Friesian Court | \$302,499 | 1,505 | \$201.00 | 2019 | 1 | Story | Townhouse | FRIESIAN EST | One |
| 10/16/2019 | 237241 | SLD | 47 | 2710 Friesian Court | \$302,499 | 1,505 | \$201.00 | 2019 | 1 | Story | Townhouse | FRIESIAN EST | One |
| 6 | | | 146 | | \$1,804,995 | 9,020 | \$200.11 | Avg | | | | | |
| | | | | | | | \$197.67 | Min | | | | | |
| | | | | | | | \$201.00 | Max | | | | | |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 5.6
Summary of Attached Townhome Sales, Continued
Tri-Cities, Washington

| Close Date | MLS # | Status | DOM | Address | Price | SF | Sld | Prc | Sqft | Style1 | Style2 | Gar | Subdiv |
|------------|--------|--------|-----|---------------------|-------------|--------|-----|----------|------|---------|-----------|-----|--------------|
| 4/4/2013 | 188905 | SLD | 0 | 2786 W 30th Place | \$178,923 | 1,290 | | \$138.70 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 10/4/2013 | 189322 | SLD | 0 | 2746 W 30th Place | \$166,178 | 1,228 | | \$135.32 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 10/20/2013 | 190255 | SLD | 0 | 2754 W 30th Place | \$172,718 | 1,290 | | \$133.89 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 11/20/2013 | 193608 | SLD | 0 | 2751 W 30th Place | \$180,457 | 1,310 | | \$137.75 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 11/25/2013 | 192089 | SLD | 0 | 2759 W 30th Place | \$176,790 | 1,553 | | \$113.84 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 11/29/2013 | 189166 | SLD | 0 | 2767 W 30th Place | \$183,095 | 1,290 | | \$141.93 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 12/20/2013 | 191799 | SLD | 0 | 2742 W 30th Place | \$173,000 | 1,310 | | \$132.06 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 12/29/2013 | 191882 | SLD | 0 | 2743 W 30th Place | \$172,880 | 1,310 | | \$131.97 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 12/31/2013 | 191769 | SLD | 0 | 2719 W 30th Place | \$170,855 | 1,310 | | \$130.42 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 4/4/2014 | 191768 | SLD | 98 | 2778 W 30th Place | \$169,900 | 1,310 | | \$129.69 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 6/24/2014 | 195635 | SLD | 0 | 2848 S Dennis Place | \$198,643 | 1,310 | | \$151.64 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 8/5/2014 | 197360 | SLD | 0 | 3055 S Dennis Place | \$197,343 | 1,310 | | \$150.64 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 8/7/2014 | 197364 | SLD | 0 | 3031 S Dennis Place | \$185,181 | 1,310 | | \$141.36 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 8/8/2014 | 197365 | SLD | 0 | 3019 S Dennis Place | \$184,209 | 1,310 | | \$140.62 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 8/8/2014 | 197362 | SLD | 0 | 3043 S Dennis Place | \$207,879 | 1,310 | | \$158.69 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 8/25/2014 | 197366 | SLD | 0 | 2889 S Dennis Place | \$188,237 | 1,310 | | \$143.69 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 9/5/2014 | 197368 | SLD | 0 | 3054 S Dennis Place | \$183,474 | 1,310 | | \$140.06 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 9/26/2014 | 195636 | SLD | 0 | 2845 S Dennis Place | \$200,242 | 1,310 | | \$152.86 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 10/9/2014 | 198481 | SLD | 13 | 3018 S Dennis Place | \$203,794 | 1,310 | | \$155.57 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 10/17/2014 | 198468 | SLD | 0 | 2823 S Dennis Place | \$184,816 | 1,310 | | \$141.08 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 11/6/2014 | 197394 | SLD | 85 | 2867 S Dennis Place | \$186,066 | 1,310 | | \$142.04 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 12/1/2014 | 197395 | SLD | 71 | 2801 S Dennis Place | \$193,421 | 1,310 | | \$147.65 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 12/12/2014 | 201451 | SLD | 3 | 2757 S Dennis Place | \$202,021 | 1,310 | | \$154.21 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 1/22/2015 | 201413 | SLD | 0 | 2779 S Dennis Place | \$202,012 | 1,310 | | \$154.21 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 3/25/2015 | 200442 | SLD | 0 | 3067 S Dennis Place | \$186,004 | 1,310 | | \$141.99 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 4/20/2015 | 202511 | SLD | 0 | 3079 S Dennis Place | \$249,900 | 1,865 | | \$133.99 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 4/24/2015 | 202509 | SLD | 0 | 3066 S Dennis Place | \$241,975 | 1,782 | | \$135.79 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 6/9/2015 | 201490 | SLD | 194 | 2800 S Dennis Place | \$201,715 | 1,310 | | \$153.98 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 6/22/2015 | 201489 | SLD | 212 | 2832 S Dennis Place | \$192,000 | 1,310 | | \$146.56 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 11/23/2015 | 208531 | SLD | 30 | 2735 S Dennis Place | \$195,326 | 1,310 | | \$149.10 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 12/21/2015 | 201491 | SLD | 386 | 2713 S Dennis Place | \$189,234 | 1,310 | | \$144.45 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 12/22/2015 | 206204 | SLD | 165 | 2720 S Dennis Place | \$179,900 | 1,240 | | \$145.08 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 4/25/2016 | 206200 | SLD | 281 | 2768 S Dennis Place | \$179,900 | 1,240 | | \$145.08 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 6/3/2016 | 196967 | SLD | 667 | 2880 S Dennis Place | \$210,000 | 1,346 | | \$156.02 | | 1 Story | Townhouse | Two | VILLAS VERDE |
| 34 | | 65 | | | \$6,488,088 | 45,564 | | \$142.40 | | Avg | | | |
| 4/4/2013 | | | | | | 1,340 | | \$113.84 | | Min | | | |
| 6/3/2016 | | | | | | | | \$158.69 | | Max | | | |
| 10/20/2013 | 191881 | SLD | 0 | 2750 W 30th Place | \$195,623 | 2,080 | | \$94.05 | | 2 Story | Townhouse | Two | VILLAS VERDE |
| 5/23/2014 | 191884 | SLD | 7 | 2735 W 30th Place | \$203,161 | 2,080 | | \$97.67 | | 2 Story | Townhouse | Two | VILLAS VERDE |
| 7/3/2014 | 195678 | SLD | 0 | 2864 S Dennis Place | \$213,545 | 2,080 | | \$102.67 | | 2 Story | Townhouse | Two | VILLAS VERDE |
| 9/12/2014 | 197369 | SLD | 0 | 3042 S Dennis Place | \$203,142 | 2,080 | | \$97.66 | | 2 Story | Townhouse | Two | VILLAS VERDE |
| 3/16/2015 | 198479 | SLD | 204 | 2816 S Dennis Place | \$209,099 | 2,080 | | \$100.53 | | 2 Story | Townhouse | Two | VILLAS VERDE |
| 2/23/2016 | 206205 | SLD | 266 | 2752 S Dennis Place | \$193,000 | 2,080 | | \$92.79 | | 2 Story | Townhouse | Two | VILLAS VERDE |
| 3/25/2016 | 209961 | SLD | 104 | 2736 S Dennis Place | \$197,900 | 2,080 | | \$95.14 | | 2 Story | Townhouse | Two | VILLAS VERDE |
| 7 | | 83 | | | \$1,415,470 | 14,560 | | \$97.22 | | avg | | | |
| 10/20/2013 | | | | | | 2,080 | | \$92.79 | | Min | | | |
| 3/25/2016 | | | | | | | | \$102.67 | | Max | | | |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 5.6
Summary of Attached Townhome Sales, Continued
Tri-Cities, Washington

| Close Date | MLS # | Status | DOM | Address | Price | FinSQFT | SldPrsSqft | YrBuilt | Style1 | Style2 | GarCap | Subdiv |
|------------|--------|--------|-----|--------------------|-------------|---------|------------|---------|---------|-----------|--------|----------|
| 09/24/17 | 218244 | SLD | 171 | 1026 S Elma St | \$243,669 | 1,340 | \$181.84 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 08/31/17 | 218245 | SLD | 0 | 1002 S Elma St | \$208,580 | 1,340 | \$155.66 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 06/21/17 | 214126 | SLD | 232 | 7674 W 10th Place | \$235,770 | 1,340 | \$175.95 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 06/13/17 | 214266 | SLD | 0 | 7638 W 10th Place | \$212,313 | 1,340 | \$158.44 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 03/31/17 | 215600 | SLD | 0 | 7746 W 10th Place | \$228,527 | 1,340 | \$170.54 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 12/01/16 | 214092 | SLD | 10 | 1017 S Delaware St | \$219,108 | 1,340 | \$163.51 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 10/11/16 | 214088 | SLD | 0 | 1049 S Delaware | \$210,393 | 1,340 | \$157.01 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 06/30/18 | 217411 | SLD | 0 | 7692 W 10th Place | \$209,761 | 1,346 | \$155.84 | 2017 | 1 Story | Townhouse | Two | THE BLVD |
| 11/29/17 | 222561 | SLD | 0 | 1031 S Elma St | \$240,478 | 1,346 | \$178.66 | 2017 | 1 Story | Townhouse | Two | THE BLVD |
| 11/28/17 | 221288 | SLD | 0 | 7680 W 11th | \$234,849 | 1,346 | \$174.48 | 2017 | 1 Story | Townhouse | Two | THE BLVD |
| 09/15/17 | 218242 | SLD | 0 | 7728 W 10th Ave | \$226,597 | 1,346 | \$168.35 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 03/20/17 | 215686 | SLD | 0 | 7782 W 10th Place | \$240,124 | 1,346 | \$178.40 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 11/30/16 | 214089 | SLD | 0 | 1041 S Delaware St | \$227,288 | 1,346 | \$168.86 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 10/15/17 | 222100 | SLD | 78 | 1034 S Elma ST | \$315,469 | 1,804 | \$174.87 | 2017 | 1 Story | Townhouse | Two | THE BLVD |
| 09/20/17 | 218238 | SLD | 0 | 1046 S Delaware St | \$283,492 | 1,804 | \$157.15 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 08/09/17 | 218239 | SLD | 0 | 1022 S Delaware St | \$273,021 | 1,804 | \$151.34 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 05/24/17 | 217291 | SLD | 96 | 7620 W 10th Pl | \$261,632 | 1,804 | \$145.03 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 05/05/17 | 218243 | SLD | 0 | 1009 S Delaware St | \$279,213 | 1,804 | \$154.77 | 2017 | 1 Story | Townhouse | Two | THE BLVD |
| 03/24/17 | 219355 | SLD | 0 | 1080 S Delaware St | \$289,900 | 1,804 | \$160.70 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 01/26/17 | 218169 | SLD | 0 | 1089 S Delaware St | \$305,000 | 1,804 | \$169.07 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 12/30/16 | 214095 | SLD | 0 | 1060 S Delaware St | \$277,133 | 1,804 | \$153.62 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 12/20/16 | 218241 | SLD | 0 | 7719 W 10th Place | \$266,958 | 1,804 | \$147.98 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 12/15/16 | 215574 | SLD | 0 | 7675 W 10th Place | \$287,026 | 1,804 | \$159.11 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 08/05/16 | 214083 | SLD | 0 | 1073 S Delaware St | \$279,352 | 1,804 | \$154.85 | 2016 | 1 Story | Townhouse | Two | THE BLVD |
| 11/07/18 | 230440 | SLD | 87 | 7709 W 11th Ave | \$359,900 | 1,903 | \$189.12 | 2018 | 1 Story | Townhouse | Two | THE BLVD |
| 11/01/17 | 222997 | SLD | 0 | 7673 W 11th Ave | \$340,293 | 1,903 | \$178.82 | 2017 | 1 Story | Townhouse | Two | THE BLVD |
| 10/17/17 | 223890 | SLD | 0 | 7655 W 11th Ave | \$346,842 | 1,903 | \$182.26 | 2017 | 1 Story | Townhouse | Three | THE BLVD |
| 09/07/17 | 223013 | SLD | 0 | 7619 W 11th Ave | \$350,753 | 1,903 | \$184.32 | 2017 | 1 Story | Townhouse | Three | THE BLVD |
| 06/30/17 | 217736 | SLD | 0 | 7601 W 11th | \$297,366 | 1,903 | \$156.26 | 2017 | 1 Story | Townhouse | Three | THE BLVD |
| 03/30/18 | 228104 | SLD | 0 | 7691 W 11th Ave | \$351,022 | 1,904 | \$184.36 | 2018 | 1 Story | Townhouse | Two | THE BLVD |
| 30 | | | | | \$8,101,829 | 48,719 | \$166.30 | average | | | | |
| | | | | | | | \$145.03 | min | | | | |
| | | | | | | | \$189.12 | max | | | | |
| 06/14/19 | 235122 | SLD | 1 | 1038 S Delaware St | \$319,900 | 2,267 | \$141.11 | 2017 | 2 Story | Townhouse | Two | THE BLVD |
| 02/14/19 | 228875 | SLD | 265 | 1010 S Elma St | \$307,000 | 2,267 | \$135.42 | 2018 | 2 Story | Townhouse | Two | THE BLVD |
| 01/25/19 | 233344 | SLD | 83 | 1025 S Delaware St | \$299,000 | 2,267 | \$131.89 | 2017 | 2 Story | Townhouse | Two | THE BLVD |
| 06/11/18 | 222103 | SLD | 338 | 1042 S Elma St | \$319,900 | 2,267 | \$141.11 | 2017 | 2 Story | Townhouse | Two | THE BLVD |
| 05/18/18 | 223088 | SLD | 268 | 1050 S Elma St | \$317,200 | 2,267 | \$139.92 | 2017 | 2 Story | Townhouse | Two | THE BLVD |
| 05/11/18 | 229301 | SLD | 1 | 7694 W 11th ave | \$304,959 | 2,267 | \$134.52 | 2018 | 2 Story | Townhouse | Two | THE BLVD |
| 05/11/18 | 226723 | SLD | 74 | 1057 S Delaware St | \$309,900 | 2,267 | \$136.70 | 2017 | 2 Story | Townhouse | Two | THE BLVD |
| 12/31/17 | 225948 | SLD | 0 | 1047 S Elma St | \$308,448 | 2,267 | \$136.06 | 2017 | 2 Story | Townhouse | Two | THE BLVD |
| 12/12/17 | 220877 | SLD | 0 | 7700 W 11th Ave | \$297,559 | 2,237 | \$131.26 | 2017 | 2 Story | Townhouse | Two | THE BLVD |
| 10/15/17 | 218642 | SLD | 0 | 1018 S Elma St | \$260,147 | 2,267 | \$114.75 | 2017 | 2 Story | Townhouse | Two | THE BLVD |
| 09/29/17 | 218599 | SLD | 84 | 7710 W 10th Place | \$271,193 | 2,267 | \$119.63 | 2017 | 2 Story | Townhouse | Two | THE BLVD |
| 08/11/17 | 217738 | SLD | 0 | 1030 S Delaware | \$285,959 | 2,267 | \$126.14 | 2017 | 2 Story | Townhouse | Two | THE BLVD |
| 07/11/17 | 221846 | SLD | 36 | 7602 W 10th Pl | \$293,136 | 2,267 | \$129.31 | 2017 | 2 Story | Townhouse | Two | THE BLVD |
| 06/09/17 | 218204 | SLD | 106 | 7656 W 10th Place | \$252,807 | 2,267 | \$111.52 | 2017 | 2 Story | Townhouse | Two | THE BLVD |
| 03/27/17 | 218170 | SLD | 1 | 7764 W 10th Place | \$245,255 | 2,267 | \$108.18 | 2016 | 2 Story | Townhouse | Two | THE BLVD |
| 01/26/17 | 217737 | SLD | 0 | 7697 W 10th Pl | \$254,761 | 2,267 | \$112.38 | 2016 | 2 Story | Townhouse | Two | THE BLVD |
| 12/21/16 | 214090 | SLD | 98 | 1033 S Delaware | \$255,781 | 2,267 | \$112.83 | 2016 | 2 Story | Townhouse | Two | THE BLVD |
| 11/23/16 | 217090 | SLD | 15 | 1081 S Delaware St | \$271,900 | 2,267 | \$119.94 | 2016 | 2 Story | Townhouse | Two | THE BLVD |
| 01/27/17 | 216701 | SLD | 0 | 1072 S Delaware St | \$267,462 | 2,489 | \$107.46 | 2016 | 2 Story | Townhouse | Two | THE BLVD |
| 19 | | | | | \$5,442,267 | 43,265 | \$125.79 | average | | | | |
| | | | | | | | \$107.46 | min | | | | |
| | | | | | | | \$141.11 | max | | | | |

Table 5.7, Sort by Subdivision

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Summary of ATTACHED SFR Sales, January 2015 to June 2020
Tri-Cities, Washington

| | #1 | #2 | #3 | #4 | #5 | Weighted Average |
|------------------|--------------------------|-----------------------------|---------------------------------|--------------------------|-------------------------|------------------|
| Subdivision Name | Westhaven, West Richland | Red Mountain, West Richland | Friesian Estates, West Richland | The Boulevard, Kennewick | Villas Verde, Kennewick | |
| Date of Sales | Q3, 2019 to Q2, 2020 | Q4, 2019 to Q2, 2020 | Q4, 2018 to Q4, 2019 | Q3, 2016 to Q4, 2018 | Q2, 2013, Q2, 2016 | |
| Type | Rambler | | | | | |
| Garage(s) | Two | | One | Two | Two | |
| # of Sales | 12 | | 6 | 30 | 34 | 82 |
| Total SF Sold | 17,959 | | 9,020 | 48,719 | 45,564 | 121,322 |
| Total \$ Sold | \$3,670,537 | | \$1,804,995 | \$8,101,829 | \$6,488,088 | \$20,065,449 |
| DOM | 66 | | 146 | 22 | 65 | |
| Avg Size (SF) | 1,497 | | 1,503 | 1,623 | 1,340 | 1,480 |
| Min \$ PSF | \$187.08 | | \$197.67 | \$145.03 | \$113.84 | \$113.84 |
| Avg \$ PSF | \$204.38 | | \$200.11 | \$166.30 | \$142.40 | \$165.39 |
| Max \$ PSF | \$219.09 | | \$201.00 | \$189.12 | \$158.69 | \$219.09 |
| Type | Two-Story | | | | | |
| Garage(s) | Two | Two | | Two | Two | |
| # of Sales | 4 | 7 | | 19 | 7 | 37 |
| Total SF Sold | 9,204 | 12,325 | | 43,265 | 14,560 | 79,354 |
| Total \$ Sold | \$1,465,000 | \$2,102,500 | | \$5,442,267 | \$1,415,470 | \$10,425,237 |
| DOM | 99 | 81 | | 72 | 83 | |
| Avg Size (SF) | 2,301 | 1,760 | | 2,277 | 2,080 | 2,144 |
| Min \$ PSF | \$159.17 | \$169.48 | | \$107.46 | \$92.79 | \$92.79 |
| Avg \$ PSF | \$159.17 | \$170.59 | | \$125.79 | \$97.22 | \$131.37 |
| Max \$ PSF | \$159.17 | \$172.18 | | \$141.11 | \$102.67 | \$172.18 |

To summarize, the typical new single-family ATTACHED product in this market:

- Is a Rambler (1-story) with a Great Room open floorplan for the public spaces
- Contains approximately 1,480 SF
- Includes a 2-car attached garage
- Does NOT include a basement
- Is on a much smaller lot than in previous years due to increasing land prices

Individual Lot Marketing and Pricing Strategy

I. Current Listing Activity

There are currently no attached lots listed for sale.

II. Finished Subdivision Lots in Bulk

We looked at three of the most recent bulk single-family ATTACHED land sales as summarized in the following table. It is noteworthy that the lots are all smaller than average, ranging from a low of just over 6,115 SF to a high of 7,994 SF.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 5.8, Sort by Subdivision
Summary of ATTACHED SFR BULK LOT Sales, January 2015 to June 2020
Tri-Cities, Washington

| | Sale #1 | Sale #2 | Sale #3 |
|---------------------|-----------------------------|-----------------------------|---|
| Subdivision | Westhaven Townhomes | Westhaven Townhomes | Westhaven Townhomes |
| City | West Richland | West Richland | West Richland |
| # of Lots Purchased | 11 | 10 | 1 |
| Size Range (SF) | 2,640 to 5,689 | 2,640 to 5,233 | 2,640 to 2,640 |
| Total SF | 46,696 | 37,576 | 2,640 |
| Average SF | 4,245 | 3,757 | 2,640 |
| Buyer | Green Plan Construction LLC | Green Plan Construction LLC | Green Plan Construction LLC |
| Seller | Community Housing LLC | Community Housing LLC | Community Housing LLC |
| Purchase Price | \$605,000 | \$550,000 | \$55,000 |
| Date of Sale | 10/24/2019 | 07/16/2019 | 07/14/2020 |
| Recorded | 2019-033593 | 2019-019904 | 2020-025386 |
| Parcel ID | | | 108983080000022 |
| Sale Price Per Lot | \$55,000 | \$55,000 | \$55,000 |
| Sale Price Per SF | \$12.95 | \$14.63 | \$20.83 |
| Comments | | | Resold one week later to Grace Ann LLC for \$60,000 |

Conclusion: Unfortunately, only one of the five attached subdivisions surveyed were developed by a land development company which then sold finished lots to the builder. In the other four cases, the homebuilder was also the land developer.

As indicated in the previous table, three bulk lot sales which closed between July 2019 and July 2020 containing 1 to 11 lots were analyzed. All lots sales sold for \$55,000 per lot but ranged from \$12.95 to \$20.83 on a PSF basis. The average for the 22 sales was 3,950 SF and sold for \$13.92 PSF. Of note, the most recent lot sale was resold one week later for \$60,000. Thus, it is clear that this smaller lot size of approximately 3,950 SF is selling in the amount of \$55,000/lot, or approximately \$14.00 PSF. When compared to the lot price for attached housing, it is lower on a per lot basis than detached housing, but higher on a dollars PSF basis due to the smaller size.

III. Retail Package Price to Consumers

A retail lot price from 20% to 25% of the total retail package price of the completed home package was also calculated. In this case, the average value of new attached construction in 2020 was very similar to that of the detached SFR (\$187.39 PSF) at \$190 PSF and the average size was 1,698 SF. This would indicate a final sale price near \$325,000, and 20% to 25% of that amount would indicate a range of \$65,000 to \$80,000. This supports the price being paid by the builder to the land developer and indicates that the majority of profit for the builder is in the construction of the home and not in the land.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Correlated Marketing and Pricing Strategy – Single Family ATTACHED Lots

Vista Field's SFR Attached Residential Component will likely contain lots averaging 5,000 to 6,000 SF for development with two attached homes, which is slightly smaller than the typical lot being sold in today's market, but not markedly so. In my opinion, a 5,000 SF lot in Vista Field could be marketed to homebuilders for **\$100,000 to \$110,000/lot**, (\$50,000 to \$55,000/home) which is the equivalent to \$17 PSF, but if two homes are constructed, the value per home is much less. It falls within the range of sale prices per lot and is somewhat higher on a PSF basis which is due to the fact that the lot is slightly smaller. With that kind of an investment, the overall package price of a home to a consumer would likely range as follows:

| Lot Price To Pkg % | \$50,000 | \$55,000 |
|-----------------------|-----------|-----------|
| 20% | \$250,000 | \$275,000 |
| 25% | \$200,000 | \$220,000 |
| 30% | \$166,000 | \$183,000 |

Duplex Lots

In addition to the "attached" SFR townhome product discussed above, we are aware of one duplex style townhome developed by Greenplan Construction in central Kennewick known as Irving Square. A total of 22 duplex lots, or 44 2-story units were developed and sold over the 12-month period between 08/31/2018 and 09/13/2019. The land was acquired in June 2018 for a total of \$600,000 which reflects a unit price of \$13,636/DU and \$4.00 PSF (\$174,572/AC).

The list prices for the mostly identical units averaged \$395,000 for units averaging 1,287 SF, reflecting a sale price of \$140.32 PSF average. These were all 3BR, 3B, 1CAG 2-story units. DOM averages were deceiving as the units were listed long before they were completed and available. It does appear as if the owner is living in one unit and renting out the other in the majority of cases. These were not units immediately grabbed up by investors. Given that there was only one development during the study period, it is difficult to predict a trend other than the units sold readily as they became available at the list prices, given the limited amount of product in the market.

General Market Trend

Market appears strong but depth has not been tested

New Construction Feasible?

Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

Projected Land Pricing Strategy – Duplex Lots

Projected Lot Pricing to Developers

| Lot Price To Pkg % | \$50,000 | \$55,000 |
|-----------------------|-----------|-----------|
| 20% | \$250,000 | \$275,000 |
| 25% | \$200,000 | \$220,000 |
| 30% | \$166,000 | \$183,000 |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

MARKET STUDY
Residential Component - Apartments

Survey Methodology

The recent building boom in apartments began in 2013 when 994 units were completed. This firm has kept track of all apartment projects containing 20+ units constructed since 2013. The results beginning with 2014 are summarized as follows in Table 6.1.

Table 6.1
Summary of New Apartment Construction
2014 to 2020 YTD

| Project Name | Street # | Dir | Street Name | City | Owner | Year Built | NBRHD | GBA | # Units | SF/DU | Tax ID Conf'd | Land SF | Land AC |
|---------------------------------------|-----------|-----|--------------------------|-----------|-----------------------------------|-------------|--------------------------|---------|---------|-------|-------------------------------|----------------|----------------|
| Gramercy Apartments | 2112 | S | Rainier St | Kennewick | Sahota Janmeet | 2014 | Central | 14,594 | 12 | 1216 | 111894013418002 | 40,075 | 0.92 |
| Pine Tree Park | 2021 | | 19th Ave | Kennewick | Pine Tree Apts | 2015 | Central | 19,810 | 30 | 660 | 111894013507001, 002 | 110,207 | 2.53 |
| Hidden Meadows Apartments | 5809 | W | Clearwater | Kennewick | Great Western Partners LLC | 2015 | Central | 24,592 | 26 | 946 | 104892000005006 | 103,673 | 2.38 |
| Bellavista Apts II | 2101 | | Steptoe | Kennewick | Townfair Investors LLC | 2015 | Gage Blvd. / Keene Blvd. | 82,000 | 106 | 774 | 136981020010004 | 318,859 | 7.32 |
| Nueva Vista I | 386 | N | Union | Kennewick | Kennewick Housing Authority | 2017 | Central | 28,085 | 26 | 1080 | 134993013416009 | 105,415 | 2.42 |
| Badger Canyon Apts | 10251 | | Ridgeline Dr | Kennewick | Badger Canyon Apartments | 2016-17 | West | 168,000 | 168 | 1000 | 112883000002003 | 1,988,078 | 45.64 |
| Nueva Vista II | 334 | N | Union | Kennewick | Kennewick Housing Authority | 2018 | Central | 28,085 | 26 | 1080 | 134993013416006 | 68,825 | 1.58 |
| KENNEWICK TOTAL COMPLETE | | | | | | | | 365,166 | 394 | 927 | | 2,735,132 | 62.79 |
| Sunset Ridge Apts | 3887 | W | 7th Ave | Kennewick | Sunset Ridge 3887 LLC (former BMB | 2020 (U/C) | Central | 24,000 | 24 | 1000 | 103893013560002 | 81,457 | 1.87 |
| Badger Canyon Apts | 10251 | | Ridgeline Dr | Kennewick | Badger Canyon Apartments | 2018-20 | West | 474,000 | 474 | 1000 | 112883000002003 | 1,988,078 | 45.64 |
| The 19 on Canal | 19 | N | Auburn | Kennewick | Klein Griffith Properties Group | 2020 (Prop) | East | 60,000 | 33 | 1818 | 101891080000001, 002, 003 | 65,340 | 1.5 |
| KENNEWICK TOTAL U/C or PLANNED | | | | | | | | 558,000 | 531 | 1051 | | 2,134,876 | 49.01 |
| PASCO TOTAL COMPLETE | | | | | | | | 0 | | | | 0 | 0 |
| Columbia River Walk Apts I (60 Units) | 2120 | W | "A" St | Pasco | Zepgon Investments LLC | 2020 (U/C) | Central | 60,648 | 60 | 1011 | 119740017 | 367,211 | 8.43 |
| PASCO TOTAL U/C OR PLANNED | | | | | | | | 60,648 | 60 | 1011 | | 367,211 | 8.43 |
| Copper Mountain Apts (276 DU) | 2555 | | Bella Coola Ln | Richland | Nor Am Investments | 2019-20 | Southridge | 235,000 | 276 | 851 | 132983000003019 (Part) | Part of Larger | Part of Larger |
| Bella Vista | 2101 | | Steptoe | Richland | Townfair Investors LLC | 2015 | Gage | 106,000 | 106 | 1000 | 136981020010004 | 318,859 | 7.32 |
| 575 Apartments (90 units) | 575 | | Columbia Point Dr | Richland | 575 Apartments | 2017 | Columbia Point | 85,000 | 90 | 944 | 113983013202002 | 142,006 | 3.26 |
| Lofts @ Innovation Center (160 DU) | 2859 | | Pauling Dr | Richland | Innovation Center Lofts LLC | 2015 | North | 199,260 | 160 | 1245 | 123083013419002 | 184,694 | 4.24 |
| Commons @ Innv Ctr (105 DU) | 2894 | | Salk Ave | Richland | Innovation Center Lofts LLC | 2018 | North | 95,102 | 150 | 634 | 123083013487004 | 166,835 | 3.83 |
| Badger Mountain Ranch | 451 | | Westcliffe Blvd | Richland | Starboard Mtn Rnch DST WA | 2014 | South | 212,295 | 176 | 1206 | 127984000001031 | 650,786 | 14.94 |
| RICHLAND TOTAL COMPLETE | | | | | | | | 932,657 | 958 | 974 | | | |
| Willow Point Apartments (126 units) | 250 | | Battelle Blvd | Richland | Weyerhaeuser Apartments LLC | 2020 (U/C) | North | 126,000 | 126 | 1,000 | 114084013572001, 2,3,4 (Part) | 174240 | 4 |
| Park Place Apts (104 DU) | 650 | | George | Richland | 650 GWW LLC | 2019 (U/C) | North | 106,000 | 106 | 1,000 | 111984012586007 | 119354.4 | 2.74 |
| Horn Rapids Apts (288 Units) | 2645-2665 | | Washington Kingsgate Way | Richland | Lee Petty (LCR Construction) | 2020 (U/C) | North | 288,000 | 288 | 1,000 | 128082013611001 (Part) | 348,480 | 8 |
| Brelsford Vineyards Apts | 215 | | University Dr | Richland | Brelsford Vineyards Apts | 2019 (U/C) | North | 81,000 | 81 | 1,000 | 123084000003000 (Part) | ? | ? |
| RICHLAND TOTAL U/C OR PLANNED | | | | | | | | 601,000 | 601 | 1000 | | 642,074 | 14.74 |

In Table 6.1, those sizes shaded in green are estimated based on the actual unit count under construction and will be adjusted as they are completed so the numbers could change slightly for unit sizes and averages. Based on this survey, a total of 2,544 new units were added to the market beginning in 2014 (or are under construction) which reflects an average of 391 units added each year. And if the 994 units added in 2013 are added to the mix, the average increases somewhat. The following actually summarizes the data.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 6.2
Summary of Apartments Built
Tri-Cities, WA, 2014-2020 YTD

| City | SF | # DU | SF PDU |
|-----------------------------|-------------------------|---------------------|---------------------|
| Kennewick Complete | 365,166 | 394 | 927 |
| Kennewick U/C or Planned | <u>558,000</u> | <u>531</u> | <u>1,051</u> |
| Sub-Total | 923,166 | 925 | 1,978 |
| Pasco Complete | 0 | 0 | 0 |
| Pasco U/C or Planned | <u>60,648</u> | <u>60</u> | <u>1,011</u> |
| Sub-Total | 60,648 | 60 | 1,011 |
| Richland Complete | 932,657 | 958 | 974 |
| Richland U/C or Planned | <u>601,000</u> | <u>601</u> | <u>1,000</u> |
| Sub-Total | 1,533,657 | 1,559 | 1,974 |
| TOTAL COMPLETE | 1,297,823 | 1,352 | 960 |
| TOTAL U/C OR PLANNED | <u>1,219,648</u> | <u>1,192</u> | <u>1,023</u> |
| GRAND TOTAL | 2,517,471 | 2,544 | 990 |

Of the surveyed projects, there were seven smaller projects (30 units or less) containing in the aggregate 153 units; the remainder were in larger projects.

Rental Rates and Vacancy Rates

The University of Washington's Washington Center for Real Estate Research (WCRER) provides apartment market statistics for communities throughout the state of Washington. WCRER has become the largest apartment market researcher focusing on markets outside the 5-county Seattle area in Washington. It publishes data semi-annually.

Table 6.3
Vacancy Rates and Average Rents
Benton-Franklin County Apartments

| | Vacancy | Average Rental Rate | # Units Surveyed |
|--------------|----------------------|----------------------------|-------------------------|
| Spring, 2020 | 2.5% | \$1,022 | 10,930 |
| Fall, 2019 | 1.9% | \$1,000 | 10,918 |
| Spring, 2019 | 1.6% | \$983 | 08,847 |
| Fall, 2018 | 2.6% | \$954 | 10,501 |
| Spring, 2018 | 1.1% | \$834 | 1,263 |
| Fall, 2017 | 3.7%(B) 1.3% (F) | \$844(B) \$820 (F) | 9,935(B) 1,536 (F) |
| Spring, 2017 | 2.2% | \$861 | 7,084 |
| Fall, 2016 | 2.2% | \$861 | 7,311 |
| Spring, 2016 | 2.1% (B) 0.8% (F) | \$775 (B) \$744 (F) | 13,987 |
| Fall, 2015 | 2.6% (B) 1.9% (F) | \$824 (B) \$680 (F) | 13,987 |
| Spring, 2015 | 1.00% | \$785 | 13987 |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

During the study period, rental rates have risen from an average of \$785/MO to \$1,022/MO, a 30% increase, or 6%/year average for the five years of data. And vacancy rates have remained low despite the new additions to supply, average less than 3% for the most recent five years, which is one of the factors responsible for pushing up rental rates.

Land Sale Activity

We took a look at the land sales underlying each apartment complex and find that most are too old to be of much use. In many cases, the land was owned for a number of years before development began. Outlined in Table 6.4 are the 12 sales which have occurred during the study period, all for multi-family development, some for sale and some for rent.

Table 6.4

| Summary of Multi-Family Land Sales Tri-Cities, WA 2015 to 2020 YTD | | | | | | |
|--|-------------|--|--|--|--|---|
| | | Sale #1 | Sale #2 | Sale #3 | Sale #4 | Sale #5 |
| Project Name & Location | AVERAGES | Pasco Ranch, 10181 Burns Rd, Pasco | Pasco Ranch, 10315 Burns Rd, Pasco | Unnamed, NKA Bedford St and Midland Ln | Park Place Apts & Retail, 650 GW Way, Richland | Copper Mtn Apts, 2555 Bella Coola Ln, Richland |
| Tax Parcel ID | | 115180066 | 115180067 | 115430164, 165, 166, 167 | 1119840125860 07 | 1329830000030 18 |
| Sale Price | \$7,540,006 | \$678,268 | \$679,301 | \$896,464 | \$501,939 | \$1,532,158 |
| Sale Date | | 1/1/2020 | 1/13/2020 | 5/10/2019 | 3/4/2019 | 11/6/2018 |
| # Dwelling Units | 992 | 80 | 80 | 112 | 106 | 232 |
| Land Size AC | 50.55 | 6.57 | 6.58 | 6.86 | 2.74 | 12.52 |
| Land Size SF | 2,201,887 | 286,189 | 286,423 | 298,822 | 119,512 | 545,371 |
| Land SF / DU | 2,220 | 3,577 | 3,580 | 2,668 | 1,127 | 2,351 |
| Sale Price/AC | \$149,164 | \$103,237 | \$103,310 | \$130,680 | \$182,948 | \$122,377 |
| Sale Price/SF | \$3.42 | \$2.37 | \$2.37 | \$3.00 | \$4.20 | \$2.81 |
| Sale Price/DU | \$7,601 | \$8,478 | \$8,491 | \$8,004 | \$4,735 | \$6,604 |
| Buyer | | Big Sky Developers | Wapiti Investments LLC | Big Sky Developers | City of Richland | Copper Mtn Apts LLC |
| Seller | | Parvinder Kaur | Parvinder Kaur | Oslic Holdings | 650 GWW LLC | Nor Am Investment LLC |
| Recorded | | 2020-1907457 | 2020-1907456 | 2018-94407 | 2019-005287 | 2018-033199 |
| Conf'd | | Buyer | Buyer | Buyer | Seller | JOB; Public Records |
| Comments | | | | | Price neg'd in 2015; nderground parking; Price also included land for a 10,000 SF Strip Retail Center | Low Income Apartments |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

| Summary of Multi-Family Land Sales Tri-Cities, WA 2015 to 2020 YTD | | | | | | |
|--|-------------|---|---|---|---|--|
| | | Sale #6 | Sale #7 | Sale #8 | Sale #9 | Sale #10 |
| Project Name & Location | AVERAGES | Sunset Ridge Apts, 3887 W 7th Ave, Kennewick | Willow Pointe Apartments, 3150 Richardson Rd, Richland | The Commons @ Innovation Center, 2840-94 Salk Ave, Richland | Neuva Vista, 386 & 344 N Union, Kennewick | Evergreen Park Apts, 2021 W 19th Ave, Kennewick |
| Tax Parcel ID | | 1038930135620 02 | 1140840200010 00 | 1230830134870 04 | 1349930134160 09 and 006 | 1118940200580 02 |
| Sale Price | \$7,540,006 | \$155,000 | \$1,577,000 | \$835,316 | \$376,560 | \$308,000 |
| Sale Date | | 2/21/2018 | 5/15/2017 | 8/16/2016 | 8/24/2015 | 5/29/2015 |
| # Dwelling Units | 992 | 24 | 126 | 150 | 52 | 30 |
| Land Size AC | 50.55 | 1.87 | 4.37 | 3.83 | 4.00 | 1.22 |
| Land Size SF | 2,201,887 | 81,242 | 190,357 | 166,835 | 174,127 | 53,009 |
| Land SF / DU | 2,220 | 3,385 | 1,511 | 1,112 | 3,349 | 1,767 |
| Sale Price/AC | \$149,164 | \$83,107 | \$360,870 | \$218,098 | \$94,201 | \$253,098 |
| Sale Price/SF | \$3.42 | \$1.91 | \$8.28 | \$5.01 | \$2.16 | \$5.81 |
| Sale Price/DU | \$7,601 | \$6,458 | \$12,516 | \$5,569 | \$7,242 | \$10,267 |
| Buyer | | BMB Development | Weyerhaeuser Apts LLC | The Commons Apts | Kenn Housing Auth | Drake Real Estate LLC |
| Seller | | McDonough | TRE LLC | Innov Ctr TCRD | Weese | Wilson |
| Recorded | | 2018-005087 | 2017-013457 | 2016-024167 | 2015-003654 | 2015-015139 |
| Conf'd | | Contract | JOB; Public Recs | JOB; Public Recs | Buyer, JOB; Pub Recs | Contract |
| Comments | | Appraised | | | | Vintage Home On site was refurbished |

As reflected in the averages column, the average sale price for a parcel with 2,342 SF of land per dwelling unit equated to:

| Unit Price Indicators MultiFamily Land Sales | | | |
|---|------------------|----------|-----------|
| | Weighted Average | Minimum | Maximum |
| Avg Land SF Per Dwelling | 2,220 SF | 1,112 | 3,580 |
| Sale Price Per AC | \$149,164/AC | \$83,107 | \$253,098 |
| Sale Price Per SF | \$3.42/SF | \$1.91 | \$8.28 |
| Sale Price Per Unit | \$7,601/DU | \$4,735 | \$12,516 |

Summary

Land area per dwelling unit for the subject apartments are expected to be a fairly low given the urban nature of the project. The highest density projects included Park Place (1,127 SF/DU); Willow Pointe (1,512 SF/DU) and the Commons at Innovation Center (1,112 SF/DU). So, the indicated units can be summarized as follows:

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

| Summary of Multi-Family Land Sales Tri-Cities, WA 2015 to 2020 YTD | | | | |
|---|-----------|--|--|---|
| Project Name & Location | AVERAGES | Park Place Apts & Retail, 650 GW Way, Richland | Willow Pointe Apartments, 3150 Richardson Rd, Richland | The Commons @ Innovation Center, 2840-94 Salk Ave, Richland |
| # Dwelling Units | 992 | 106 | 126 | 150 |
| Land Size AC | 50.55 | 2.74 | 4.37 | 3.83 |
| Land Size SF | 2,201,887 | 119,512 | 190,357 | 166,835 |
| Land SF / DU | 2,220 | 1,127 | 1,511 | 1,112 |
| Sale Price/AC | \$149,164 | \$182,948 | \$360,870 | \$218,098 |
| Sale Price/SF | \$3.42 | \$4.20 | \$8.28 | \$5.01 |
| Sale Price/DU | \$7,601 | \$4,735 | \$12,516 | \$5,569 |

All of the indicators for Willow Pointe are much higher than for the other two, primarily because the site has a great river view and luxury units are planned in an upscale residential neighborhood of \$500,000 and up home prices. When compared to The Commons which is within the same neighborhood, which sold about 14 months earlier, a premium of 65% appears to be indicated due to the superior location.

Correlated Marketing and Pricing Strategy – Multi-Family Apartment Land

Vista Field's Residential Component will likely contain several smaller plots for development with "for rent" vs "for-sale" product. In my opinion, several smaller sites reflecting a density of 1,200 SF per unit suitable for, say 30 units, could be marketed to apartment developers for prices in the \$7.50 PSF. That density would likely not provide for any large-scale amenities such as a clubhouse or pool but would instead provide renters with a unit that felt more like home. Thus a 36,000 SF site could be listed for \$270,000.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

MARKET STUDY

Top Residential Builders in the Tri-Cities

The Local PACMLS was reviewed for statistics on the top builders for the period January 2018 to June 2020 with the results set out in the following tables for the top 20 builders. They were sorted by Total gross sales, total number of homes sold, total average sale price, and average sale price PSF. All builders reportedly have a strong reputation

Top 20 SFR Builders – Tri-Cities, WA

2018 to 2020 YTD

Sorted by Gross Sales / # of Homes Built

| Builder | Gross \$ | # Homes | Avg \$/Home | Gross SF | \$ PSF |
|------------------------------|---------------|---------|-------------|----------|----------|
| 1 Hayden Homes | \$135,599,983 | 439 | \$308,884 | 851,354 | \$159.28 |
| 2 Pro Made Construction, LLC | \$87,067,997 | 296 | \$294,149 | 489,483 | \$177.88 |
| 3 Landmark Homes | \$69,032,901 | 182 | \$379,302 | 403,266 | \$171.18 |
| 4 Viking Builders | \$60,091,128 | 177 | \$339,498 | 366,838 | \$163.81 |
| 5 Pahlisch Homes Inc | \$67,297,541 | 145 | \$464,121 | 356,244 | \$188.91 |
| 6 New Tradition Homes | \$51,006,014 | 124 | \$411,339 | 309,710 | \$164.69 |
| 7 P&R Construction, LLC | \$49,296,804 | 120 | \$410,807 | 256,134 | \$192.46 |
| 8 Titan Homes | \$36,110,831 | 82 | \$440,376 | 184,345 | \$195.89 |
| 9 Aho Construction 1, Inc | \$20,854,596 | 81 | \$257,464 | 159,757 | \$130.54 |
| 10 Hammerstrom Construction | \$39,302,654 | 73 | \$538,393 | 192,214 | \$204.47 |
| 11 Alderbrook Homes | \$29,953,882 | 62 | \$483,127 | 160,043 | \$187.16 |
| 12 Riverwood Homes WA LLC | \$24,772,644 | 56 | \$442,369 | 138,038 | \$179.46 |
| 13 Prodigy Homes | \$28,438,936 | 49 | \$580,386 | 137,608 | \$206.67 |
| 14 Sandhollow Homes | \$15,978,316 | 41 | \$389,715 | 83,608 | \$191.11 |
| 15 Inspiration Builders | \$15,286,306 | 37 | \$413,143 | 93,150 | \$164.10 |
| 16 Varsity Development LLC | \$13,191,311 | 36 | \$366,425 | 82,130 | \$160.62 |
| 17 Olin Homes, LLC | \$11,479,555 | 33 | \$347,865 | 70,091 | \$163.78 |
| 18 Tanninen Custom Homes Inc | \$12,120,065 | 33 | \$367,275 | 60,833 | \$199.24 |
| 19 Infinity By P&R | \$12,080,537 | 28 | \$431,448 | 60,081 | \$201.07 |
| 20 TMT Homes (NW) LLC | \$9,599,938 | 23 | \$417,389 | 53,203 | \$180.44 |

Top 20 SFR Builders – Tri-Cities, WA

2018 to 2020 YTD

Sorted by Average Home Price

| Builder | Gross \$ | # Homes | Avg \$/Home | Gross SF | \$ PSF |
|-------------------------------|--------------|---------|-------------|----------|----------|
| 1 StoneCrest Builders | \$10,466,868 | 18 | \$581,493 | 51,122 | \$204.74 |
| 2 Prodigy Homes | \$28,438,936 | 49 | \$580,386 | 137,608 | \$206.67 |
| 3 Don Pratt Construction | \$7,150,854 | 13 | \$550,066 | 35,342 | \$202.33 |
| 4 Hammerstrom Construction | \$39,302,654 | 73 | \$538,393 | 192,214 | \$204.47 |
| 5 Sawby Construction | \$9,324,031 | 19 | \$490,738 | 50,722 | \$183.83 |
| 6 Alderbrook Homes | \$29,953,882 | 62 | \$483,127 | 160,043 | \$187.16 |
| 7 Pahlisch Homes Inc | \$67,297,541 | 145 | \$464,121 | 356,244 | \$188.91 |
| 8 Muzzy Construction | \$8,940,550 | 20 | \$447,028 | 45,849 | \$195.00 |
| 9 Riverwood Homes WA LLC | \$24,772,644 | 56 | \$442,369 | 138,038 | \$179.46 |
| 10 Titan Homes | \$36,110,831 | 82 | \$440,376 | 184,345 | \$195.89 |
| 11 Infinity By P&R | \$12,080,537 | 28 | \$431,448 | 60,081 | \$201.07 |
| 12 TMT Homes (NW) LLC | \$9,599,938 | 23 | \$417,389 | 53,203 | \$180.44 |
| 13 Inspiration Builders | \$15,286,306 | 37 | \$413,143 | 93,150 | \$164.10 |
| 14 New Tradition Homes | \$51,006,014 | 124 | \$411,339 | 309,710 | \$164.69 |
| 15 P&R Construction, LLC | \$49,296,804 | 120 | \$410,807 | 256,134 | \$192.46 |
| 16 Brett Lott Homes | \$4,778,439 | 12 | \$398,203 | 25,538 | \$187.11 |
| 17 Sandhollow Homes | \$15,978,316 | 41 | \$389,715 | 83,608 | \$191.11 |
| 18 Pacific Coast Construction | \$5,709,853 | 15 | \$380,657 | 32,983 | \$173.12 |
| 19 Landmark Homes | \$69,032,901 | 182 | \$379,302 | 403,266 | \$171.18 |
| 20 Village at Southridge | \$8,091,881 | 22 | \$367,813 | 40,541 | \$199.60 |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Top 20 SFR Builders – Tri-Cities, WA
2018 to 2020 YTD
Sorted by Average Price PSF

| | Builder | Gross \$ | # Homes | Avg \$/Home | Gross SF | \$ PSF |
|----|----------------------------|-----------------|----------------|--------------------|-----------------|---------------|
| 1 | Prodigy Homes | \$28,438,936 | 49 | \$580,386 | 137,608 | \$206.67 |
| 2 | StoneCrest Builders | \$10,466,868 | 18 | \$581,493 | 51,122 | \$204.74 |
| 3 | Hammerstrom Construction | \$39,302,654 | 73 | \$538,393 | 192,214 | \$204.47 |
| 4 | Don Pratt Construction | \$7,150,854 | 13 | \$550,066 | 35,342 | \$202.33 |
| 5 | Infinity By P&R | \$12,080,537 | 28 | \$431,448 | 60,081 | \$201.07 |
| 6 | Village at Southridge | \$8,091,881 | 22 | \$367,813 | 40,541 | \$199.60 |
| 7 | Tanninen Custom Homes Inc | \$12,120,065 | 33 | \$367,275 | 60,833 | \$199.24 |
| 8 | Titan Homes | \$36,110,831 | 82 | \$440,376 | 184,345 | \$195.89 |
| 9 | Muzzy Construction | \$8,940,550 | 20 | \$447,028 | 45,849 | \$195.00 |
| 10 | P&R Construction, LLC | \$49,296,804 | 120 | \$410,807 | 256,134 | \$192.46 |
| 11 | Sandhollow Homes | \$15,978,316 | 41 | \$389,715 | 83,608 | \$191.11 |
| 12 | Pahlisch Homes Inc | \$67,297,541 | 145 | \$464,121 | 356,244 | \$188.91 |
| 13 | Alderbrook Homes | \$29,953,882 | 62 | \$483,127 | 160,043 | \$187.16 |
| 14 | Brett Lott Homes | \$4,778,439 | 12 | \$398,203 | 25,538 | \$187.11 |
| 15 | Sawby Construction | \$9,324,031 | 19 | \$490,738 | 50,722 | \$183.83 |
| 16 | TMT Homes (NW) LLC | \$9,599,938 | 23 | \$417,389 | 53,203 | \$180.44 |
| 17 | Riverwood Homes WA LLC | \$24,772,644 | 56 | \$442,369 | 138,038 | \$179.46 |
| 18 | Pro Made Construction, LLC | \$87,067,997 | 296 | \$294,149 | 489,483 | \$177.88 |
| 19 | JTN Construction LLC | \$3,729,695 | 13 | \$286,900 | 21,183 | \$176.07 |
| 20 | Pacific Coast Construction | \$5,709,853 | 15 | \$380,657 | 32,983 | \$173.12 |

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

ADDENDA

Engagement Letter
Appraiser's Qualifications
Appraiser's License
Appraiser's E&O Insurance

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

CONSULTANT/SERVICE AGREEMENT

THIS AGREEMENT is made on the 21st day of May, 2020, between the **Port of Kennewick** (hereinafter referred to as the "Port") and Sandollar, LLC (hereinafter referred to as the "Contractor") (collectively referred to as the "Parties"). The Parties, in consideration of the mutual promises contained herein, agree as follows:

ARTICLE 1. Purpose.

The purpose of this agreement is to establish potential sale price ranges for the variety of products for Vista Field Regional Town Center Phase 1.

ARTICLE 2. Scope of Work.

2.1. Relationship of the Parties. It is understood by both Parties that the Contractor is an independent contractor, and not an employee of the Port. The Port will not provide the Contractor with any fringe benefits, including but not limited to health insurance benefits, paid vacation, or any other employee benefit. The Contractor shall be solely responsible for any and all local, state, or federal withholding taxes, social security, or self-employment taxes, business or occupation taxes, or any other tax obligation which arises from compensation received pursuant to this Agreement.

2.2. Contractor Responsibilities. The Contractor will provide services, staff, equipment, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

As included in the CONTRACTOR'S Proposal dated May 20, 2020 attached hereto as Exhibit "A".

2.3. Standard of Care. The Contractor shall perform its work to conform to generally accepted professional standards. The Contractor shall be responsible for the professional quality, technical adequacy and accuracy, timely completion and coordination of all work conducted under this Agreement. The Contractor shall, without additional compensation, correct or revise any errors or omissions in such work. The Port's approval or acceptance of Contractor's work shall not relieve the Contractor of responsibility for the adequacy or accuracy thereof. The Contractor shall remain liable for damages and costs incurred by the Port arising from the Contractor's errors, omissions or negligent performance of services furnished under this Agreement.

ARTICLE 3. General Requirements.

3.1. Compliance With Codes and Regulations. The Contractor shall comply with all federal, state, and local laws, ordinances, and regulations, including standards for licensing, certifications, and operation of facilities and programs.

3.2. Progress Reports. At the Port's option, the Port may require the Contractor to provide a monthly (or other time increment depending upon length of project) progress report on

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MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

the various phases and the order of performance of the work in sufficient detail as deemed by the Port so that the progress of the work can easily be evaluated.

3.3. Port Materials. All Reports, Port materials, and other data furnished to the Contractor by the Port shall be returned no later than thirty (30) days after completion of the work.

3.4. Ownership of Work. The services to be performed by the contractor shall be deemed instruments of service for purposes of the copyright laws of the United States. The Port has ownership rights to the work products prepared by the Contractor in performing these services. The Contractor shall not be responsible for changes made in the work products by anyone other than the Contractor. The Contractor shall have free right to retain, copy and use any tangible materials or information produced but only for its own internal purposes. Use of documents or other materials prepared under this Agreement for promotional purposes shall require the Port's prior written consent. In the event this contract is for intellectual property such as artwork or system designs for software programs the Contractor will assign to the Port an irrevocable license to use and reuse for any lawful purpose the work products created by the Contractor in the course of performing these services.

3.5. Records and other Tangibles. Until the expiration of six years after the term of this Agreement, the Contractor agrees to maintain accurate records of all work done in providing services specified by the Agreement and to deliver such records to the Port upon termination of the Agreement or otherwise as requested by the Port.

3.6. Disclosure. All information developed by the Contractor and all information made available to the Contractor by the Port, and all analyses or opinions reached by the Contractor shall be confidential and shall not be disclosed by the Contractor without prior written consent of the Port, except as may be required by the Washington State Public Records Act.

3.7. Indemnification/Hold Harmless. With respect to claims other than professional liability claims, the Contractor agrees to defend, indemnify and hold harmless the Port, its appointed and elected officers and employees from and against any and all suits, claims, actions, losses, costs, penalties and damages of whatever kind and nature, including attorney fees and costs by reason of any and all claims and demands on it, its officers and employees, arising from the negligent acts, errors or omissions by the Contractor in the performance of the Contractor's services.

With respect to professional liability claims only, and not commercial general liability claims, the Contractor agrees to indemnify and hold harmless the Port, its appointed and elected officers and its employees from and against any and all suits, claims, actions, losses, costs, penalties and damages of whatever kind and nature, including attorney fees and costs by reason of any and all claims and demands on it, its officers and employees, arising from the negligent acts, errors or omissions by the Contractor in the performance of the Contractor's services.

ARTICLE 4. Term of Agreement.

Term of Agreement. The period of performance under this Agreement will be from May 21, 2020, or date of execution, whichever is later, through September 30, 2020.

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*MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA*

4.1. Cancellation. Either party may cancel this Agreement on 30 days' written notice to the other party, by certified mail, return receipt requested.

ARTICLE 5. Compensation and Payment.

5.1. Compensation for Services. The Contractor will be paid for the performance of all things necessary for or incidental to the performance of work as set forth in the Scope of work. Contractor's compensation for services rendered shall be based on the following rates or in accordance with the following terms:

By task order as set forth in Exhibit "B" not to exceed **\$12,500** during the term of this Agreement unless authorized in writing by the Port.

The Port will not reimburse the Contractor for any costs or expenses incurred by Contractor while undertaking work required by this Agreement.

5.2. Billing Procedures. The Port will pay Contractor upon receipt of properly completed and Port approved invoices, which shall be submitted to the Port not more often than monthly. The invoices shall describe and document to the Port's satisfaction a description of the work performed, the progress of the project, and fees. If expenses are invoices, provide a detailed breakdown of each type. Any single expense in the amount of \$25.00 or more must be accompanied by a receipt in order to receive reimbursement. Payment shall be considered timely if made by the Port within thirty (30) days after receipt of properly completed and Port approved invoices. Payment shall be sent to the address designated by the Contractor.

The Contractor shall send invoices to the Port's electronic invoice processing system at accountspayable@portofkennewick.org. If access to that system is desired by Contractor, it will be provided at the time the Agreement is signed by all parties. It provides them access to see the status of pending invoices. The Port reserves the right to change its invoice processing method at any time during the term of this Agreement.

The Port has timely financial reporting requirements. Therefore, the Contractor shall submit invoices for work performed no later than sixty (60) days from the date work is completed in order to ensure prompt payment. If Contractor fails to submit invoices within sixty (60) days from the date work is completed, the Port may charge an administrative fee of \$25 per day for each day the invoice is late or the Port may, in the Port's sole discretion, determine the work performed by the Contractor was donated to the Port due to the Contractor's failure to timely invoice the Port.

The Port may, at its sole discretion, terminate the Agreement or withhold payments claimed by the Contractor for services rendered if the Contractor fails to satisfactorily comply with any term or condition of this Agreement. No payment in advance or in anticipation of services or supplies to be provided under this Agreement shall be made by the Port.

5.3. Waiver of Claims. The acceptance of the final payment by the Contractor shall constitute a waiver of all claims, of whatever sort or nature, by the Contractor against the Port.

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MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

ARTICLE 6. Insurance.

The Contractor shall provide insurance coverage as set out in this section. The intent of the required insurance is to protect the Port should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the Contractor or its agents, while performing under the terms of this Agreement.

The Contractor shall provide insurance coverage that shall be maintained in full force and effect during the term of this Agreement, as follows:

A. Commercial General Liability Insurance Policy. Contractor shall provide a Commercial General Liability Insurance Policy, including contractual liability, in adequate quantify to protect against legal liability arising out of the activity/ies contemplated by this Agreement but not less than \$1,000,000 per occurrence, \$2,000,000 aggregate. Additionally, the Contractor is responsible for ensuring that, if any subcontract has been authorized by the Port, that any such subcontractor provides adequate insurance coverage for the activities arising out of the subcontract.

B. Automobile Liability. In the event that services delivered pursuant to this Agreement involve owned, unowned or hired vehicles by the Contractor, automobile liability insurance shall be required. The minimum limit for automobile liability is \$1,000,000 combined single limit per accident.

C. Professional Liability. For Agreements involving amounts of \$50,000 or more, certain professional Contractors shall be required to maintain professional liability insurance of not less than \$1,000,000 per claim and in the aggregate. Insurance shall have an effective date prior to the effective date of this Agreement and coverage shall remain in effect for the term of this Agreement plus three years. These professional contractors subject to this provision include but are not limited to Architectural and Engineering firms or consultant firms where potential construction of improvements exceeds \$500,000.

D. All policies shall be issued by a company having an A.M. Best rating of A:VI or better. Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, canceled or reduced in coverage or limits except after 45 days prior written notice has been given to the Port. Except for professional liability, the Port shall be named as an additional insurance on all policies. The Contractor shall submit to the Port within fifteen (15) days of the Agreement effective date a certificate of insurance that outlines the coverage and limits defined in this Section.

ARTICLE 7. General Provisions.

7.1. Time Is Of The Essence. All time limits stated in the agreement documents are of the essence to the agreement.

7.2. Commitments. The Contractor is not authorized to make any agreements or other commitments for or on behalf of the Port without the written consent of the Port.

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*MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA*

7.3. Severability. If any part, section or provision of this Agreement is adjudged to be invalid by a court of competent jurisdiction, such paragraph, section or provision shall be read out of this Agreement and shall not affect the validity of any remaining sections, parts, or provisions of this Agreement, nor give rise to any cause of action by either party against the other, and the remainder of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

7.4. Waiver. Any failure by the Port to enforce strict performance of any provision of the Agreement will not constitute a waiver of the Port's right to subsequently enforce such provision of any other provisions of the Agreement.

7.5. Assignment. Neither the Agreement nor any of the rights or obligations of the Contractor arising under the Agreement may be assigned or transferred, directly or indirectly, (including subcontracting) without the Port's prior written consent. The Port shall have sole discretion in determining if it will approve any such assignment or transfer. Subject to the foregoing, the Agreement will be binding upon, enforceable by, and inure to the benefit of, the Parties and their successors and assigns.

7.6. Counterparts. The Agreement may be signed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall be deemed one and the same document.

7.7. Disputes. If a dispute arises relating to this Agreement and cannot be settled through direct discussions, the Parties agree to endeavor to settle the dispute through a mediation firm acceptable to both Parties, the cost of which shall be divided equally. The Port reserves the right to join any dispute under this Agreement with any other claim in litigation or other dispute resolution forum, and the Contractor agrees to such joinder, so that all disputes related to the project may be consolidated and resolved in one forum. Venue for any litigation shall be the Benton County Superior Court of the State of Washington and the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees.

7.8. Entire Agreement. The Parties agree that this Agreement is the complete expression of the terms and conditions hereto, and any oral representations or understandings not incorporated herein are excluded. The Parties agree that any modification of this Agreement must be in writing and signed by both Parties.

7.9. Notices. Except as otherwise provided, any notice required under this Agreement shall be made by written notice and sent to the other party by first class mail, postage paid, at the addresses below, or to any agent designated in writing by either party. Notices shall be sent to the parties as follows:

Port of Kennewick
350 Clover Island Drive, Suite 200
Kennewick, WA 99336

Sandollar, LLC
2001 S. Washington St. Suite 104
Kennewick, WA 99337
Email: AppraisalGroupSEWA@gmail.com
Washington State UBI#603-398-584
EIN# 20-2910522

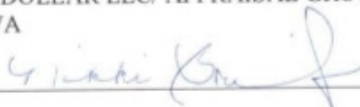
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MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date set forth above.

SANDOLLAR LLC/ APPRAISAL GROUP
SEWA

By: 

Printed Name: NIKKI GRIFFITH

Title: OWNER / MANA

Date: 5-20-2020

PORT OF KENNEWICK

By: Tana Bader

Inglimazen, CEO

Digitally signed by Tana Bader Inglima
DN: cn=Tana Bader Inglima, o=Port of
Kennewick, ou=
email=tana@portofkennewick.org, c=US
Date: 2020.05.21 17:03:42 -0700

Date: May 21, 2020

Approved as to form:

By: N/A

Lucinda J. Luke, Port Counsel/Date

Approved by CFO or Designee:

By: Nick Kooiker

Nick Kooiker, CFO

Attachments:

Exhibit A – Scope of Work

Exhibit B – Compensation Schedule

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MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 2001 S Washington St, Suite 104
 Kennewick, WA 99337

O: 509.628.9817
 E: AppraisalGroupSEWA@gmail.com
 W: AppraisalGroupSEWA.com



NIKKI GRIFFITH, MAI, CCIM
 Washington State Certified Appraiser

Gary E Chamberlin, Consultant
 Nathan Pratt, Appraiser
 Sonnia King, Research Assistant
 Dianne Hopkins, Research Assistant

AGREEMENT FOR PROFESSIONAL SERVICES

| PARTIES TO THE AGREEMENT | | |
|--------------------------|---|----------------------------------|
| Parties to the Agreement | CLIENT | APPRAISER |
| Contact Name | Amber Hanchette, Director, Real Estate & Operations | Nikki Griffith, MAI, CCIM |
| Company | Port of Kennewick | Sandollar Appraisal Group SEWA |
| Street Address | 350 N Clover Island Dr, #200 | 2001 S Washington St, Suite 104 |
| City/State/Zip | Kennewick, WA 99336 | Kennewick, WA 99337 |
| Phone | 509.586.1186 | 509.628.9817 |
| Email Address | Amber@PortOfKennewick.org | AppraisalGroupSEWA@gmail.com |
| Authorized Signature | | |
| Date Signed | | Wednesday, May 20, 2020 |

| BUSINESS TERMS OF ENGAGEMENT | |
|-----------------------------------|---|
| SERVICE TYPE | Consulting Services |
| REPORT TYPE | Consulting Report for the property described herein; to provide information requested by Client in Scope of Work section of this engagement |
| DELIVERY METHOD | Electronic PDF version delivered electronically via email; One Hard Copy to be delivered |
| DELIVERY DATE | On or before July 30, 2020 |
| PAYMENT TERMS | Balance is due and payable on delivery of PDF file. |
| FEE AND PROGRESS PAYMENT SCHEDULE | \$12,500 |

| SCOPE OF WORK DEVELOPMENT AGREEMENT | |
|-------------------------------------|---|
| Intended User(s) | Client only. Should any other person obtain a copy of the report; they shall be considered an unintended user. The appraiser's responsibility extends only to intended users identified at the time of engagement. The appraiser shall keep all matters related to the report and value confidential from any unintended users. |
| Intended Use(s) | Establish potential sale price ranges for the variety of product included in this engagement |
| Property Observation: | Appraiser will review maps and other exhibits prepared by the Client and physically view the site(s) |
| Property Access: | Client will provide contact if requested |

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Vista Field Regional Town Center, Kennewick, WA

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| SCOPE OF WORK DEVELOPMENT AGREEMENT, CONTINUED | |
|--|--|
| PROPERTY NAME/TYPE | Phase I Vista Field Regional Town Center |
| ADDRESS | Phase I of the approximately 103 AC former Vista Field Redevelopment Master Plan Project located at 6600 W W Deschutes Ave in the City of Kennewick and shown in the attached maps to be furnished by the Client |
| USE OF REPORT | To establish the potential list prices of various categories of land use |
| TAX PARCEL ID | To be Furnished by Client |
| OWNER | Port of Kennewick |
| LAND & IMPROVEMENTS | Vacant Land Available for Development |
| ZONING / CURRENT USE | UMU pursuant to current online GIS maps; subject to zoning change |
| VALUE TYPE | Prospective Market Value |
| EFFECTIVE DATE OF VALUE PERSPECTIVE | Completion of Proposed Improvements |
| REAL PROPERTY INTEREST TO VALUE | Fee Simple |
| UNUSUAL ASSIGNMENT CONDITIONS | None noted |
| APPROACHES TO VALUE TO BE USED | Sales Comparison Approach |
| INFORMATION TO BE PROVIDED BY CLIENT | All appropriate maps, exhibits and proposed uses for each project |
| REPORT PRODUCT | Narrative Report |
| AGREED UPON FEE | \$12,500 |

See Attached Preliminary Scope of Work Provided by Client

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Overall Purpose – To better understand the Tri-Cities real estate market, pre-COVID19 (Port not asking Appraisal Group SEWA to speculate on impacts {timing, product type demand, pricing, capital availability, etc.}), in order for port staff to recommend a pricing strategy to port commissioners for future land sales in Vista Field neighborhood of the City of Kennewick. The development will be urban in nature with shared parking, common areas and shovel ready parcels or lots. The port will be selling land in a variety of configurations: residential, multifamily, mixed use commercial, live/work, commercial.

Consultant Scope of Work:

v General conditions: residential and commercial for greater Tri-Cities (Richland, Pasco, Kennewick, West Richland). R=Residential, C=Commercial.

v LP Commentary: Trying to understand what is being offered, how that might be changing and how the different products have been received and the general trend or general answer is more important to know than a number to the second decimal point.

- R-Median home price trends last 3-5 years?
- R-Any trends away from the 2,500+sf home towards 1,500sf?
- R-Average time on the market?
- R-Emerging trend for duplexes... are there primarily rentals or is there a trend towards owner renting the other side to cover 60+% of the mortgage?
- R-Are there examples of apartments in less than the 5 acres mega-box model, possibly 16, 24, 36 units?
- R-What are the rents of the pending Crook/Lipus mixed use projects on Jadwin?

v Trying to understand market absorption, trends and potential glut of office, retail or service business space with the focus on the overall trend rather than any on statistic.

- o C-Annual average of Class A office space square footage constructed over the last 3-5 years?
- o C-Annual average Class A occupancy rates and lease ranges the last 3-5 years?
- o C-Annual average of Retail space square footage, excluding boxes over 10,000sf, constructed over the last 3-5 years?
- o C-Annual average Retail space occupancy rates and lease ranges the last 3-5 years?
- o C-Number of new hotels and rooms constructed over the last 3-5 years?
- o C-Annual average Hotel occupancy rates the last 3-5 years?
- o C-Is the regional hotel market saturated or is it a matter of superior location succeeding?

v Where are the new construction concentrations for residential, multifamily and commercial?

- C&R-Who/which projects/areas will be competing for Vista Field?
- What is the maturity of these locations?

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- What is the deviation, if any, at these locations for the recent {last 20 years} development patterns? {is the “competition” just more of the same development that has occurred in TC for the last 20+ years?}
- R-Badger Mt. South, Southridge, West Pasco?
- C-Queensgate, Southridge, Rd. 68?

v Competitive Analysis:

Top residential and commercial contractors/developers by volume, reputation, product type, shovel ready, etc.

- R-What is the lot price/value {not AV} in Badger Mt. South for an alley loaded 5,000sf lot?
- R-Is there an identifiable trend to smaller lots {possibly due to buyers having to choose between home sf and lot sf}?
- R-Is there a direct correlation between lot size and sale price (5,000sf lot is 50% less than 10,000sf lot?) or is the price more tied to the building footprint allowed and perceived desirability of the area/neighborhood?
- C-What are the per square foot price ranges for non-arterial commercial parcels under 5 acres in size?
- C-What were the sale prices and year for the parcels K.I.D. sold around Vista Field {medical offices, Chuck E Cheese}?
- C-What if any are the sale prices along Columbia Drive?

v Development Costs:

General inclusions an anything specific to Tri-Cities market.

- R-What are the annual per lot costs at Badger Mt. South, Columbia Point condos, Creekstone?
- CC&R's in use.

v Pricing for residential, commercial and multifamily:

- Multi-level breakdown: lots, parcels under 5 acres
- R-What is the market for higher density infill lots (you mention Brad Beauchamp had completed several projects)?
- Does the price include seller incentives (i.e., site prep)?

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Other Terms of Agreement

APPLICABLE REQUIREMENTS

- ☒ The Uniform Standards of Professional Appraisal Practice, Current Year Edition (as of date of inspection)
- ☒ The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute

WHEN APPRAISER'S OBLIGATIONS ARE COMPLETE

Appraiser's obligations pursuant to this Agreement are complete when the Appraisal Report in the form specified in this Agreement is delivered to Client pursuant to this Agreement. Appraiser agrees to be responsive to Client's legitimate inquiries regarding the contents of the report after delivery.

CONFIDENTIALITY

Appraiser shall not provide a copy of the written Appraisal Report to, or disclose the results of the appraisal prepared in accordance with this Agreement to, any party other than Client, unless Client authorizes, except as stipulated in the Confidentiality Section of the Ethics Rule of the Uniform Standards of Professional Appraisal Practice (USPAP).

USE OF EMPLOYEES OR INDEPENDENT CONTRACTORS

Appraiser may use employees or independent contractors at Appraiser's discretion to complete the assignment, unless otherwise agreed by the parties. Notwithstanding, Appraiser shall observe the property, sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement.

SERVICES NOT PROVIDED

The fees set forth in this Agreement apply to the appraisal services rendered by Appraiser as set forth in this Agreement. Unless otherwise specified herein, Appraiser's services for which the fees in this Agreement apply shall not include meetings with persons other than Client or Client's agents or professional advisors; Appraiser's deposition(s) or testimony before judicial, arbitration or administrative tribunals; or any preparation associated with such depositions or testimony. Any additional services performed by Appraiser not set forth in this Agreement will be performed on terms and conditions set forth in an amendment to this Agreement, or in a separate agreement.

TESTIMONY AT COURT OR OTHER PROCEEDINGS

Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery; sworn testimony in a judicial, arbitration or administrative proceeding; or attendance at any judicial, arbitration or administrative proceeding relating to this assignment.

CHANGES TO AGREEMENT

Any changes to the assignment as outlined in this Agreement shall necessitate an amendment to this Agreement and may constitute a new Assignment under USPAP. The identity of the Client, intended users, or intended use; the date of value; type of value; or property appraised cannot be changed without a new Agreement.

CANCELLATION

Client may cancel this Agreement at any time prior to Appraiser's delivery of the Appraisal Report upon written notification to Appraiser. Client shall pay Appraiser for work completed on assignment prior to Appraiser's receipt of written cancellation notice, unless otherwise agreed upon by Appraiser and Client in writing.

GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by the law of the state in which Appraiser's office as specified in this Agreement is located, exclusive of that state's choice of law rules. The parties agree that any legal proceeding brought by either party to interpret or enforce this Agreement, or to enforce an arbitration award entered pursuant to this Agreement, shall be brought in a state or federal court having jurisdiction over the location of Appraiser's office as specified in this Agreement, and the parties hereby waive any objections to the personal jurisdiction of said court.

APPRAISER INDEPENDENCE

Appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount. Appraiser cannot guarantee the outcome of the assignment in advance. Appraiser cannot ensure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective of Client or others or advance any particular cause. Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.

NOTICES

Any notice or request required or permitted to be given to any party shall be given in writing and shall be delivered to the receiving party by: a) registered or certified mail, postage prepaid; (b) overnight courier, such as Federal Express, United Parcel Service or equivalent; or (c) hand delivery. The address for delivery of any notice shall be the address for the party as specified in this Agreement or at such other address as party may designate by written notice to the other party in conformance with this paragraph. Unless otherwise specified herein, notice shall be effective the date it is postmarked or given to a third party for delivery to the receiving party, whether or not the receiving party signs for or accepts delivery of such notice.

NO THIRD-PARTY BENEFICIARIES

Nothing in this Agreement shall create a contractual relationship between Appraiser or Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any person or entity a third party beneficiary of this Agreement, including, but not limited to, any third parties identified herein.

MEDIATION & ARBITRATION

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In the event of a dispute concerning the subject matter of this Agreement, the parties shall in good faith attempt to resolve such dispute by negotiation between the parties' principals, or, if such negotiation is unsuccessful, by mediation conducted by a third-party mediator. If such mediation results in an impasse, the parties shall submit their dispute to binding arbitration. Such mediation or, if necessary, binding arbitration shall be conducted pursuant to the mediation procedures or the commercial arbitration rules of the American Arbitration Association. Any arbitration shall be conducted in the city in which Appraiser's office as specified herein is located. The parties shall share equally the costs of any mediation. In the event of binding arbitration, the arbitrators shall, in addition to any relief appropriate to be awarded to the prevailing party, enter an award in favor of the prevailing party for that party's costs of the arbitration, including the party's reasonable attorneys' fees and arbitration expenses incurred in prosecuting or defending the arbitration proceeding. Subject to the right of the prevailing party to recover its share of the costs of the arbitration services pursuant to the arbitrator's award, the costs of the arbitration services shall be borne equally by the parties. If the prevailing party seeks judicial confirmation of any arbitration award entered pursuant to this Agreement, the court shall, in addition to any other appropriate relief, enter an award to the prevailing party in such confirmation proceeding for its reasonable attorneys' fees and litigation expenses incurred in confirming or successfully opposing the confirmation of such an award.

SPECIAL OR CONSEQUENTIAL DAMAGES

Neither party shall under any circumstances be liable to the other party for special, exemplary, punitive or consequential damages, including, without limitation, loss of profits or damages proximately caused by loss of use of any property, whether arising from either party's negligence, breach of the Agreement or otherwise, whether or not a party was advised, or knew, of the possibility of such damages, or such possibility was foreseeable by that party. In no event shall Appraiser be liable to Client for any amounts that exceed the fees and costs paid by Client to Appraiser pursuant to this Agreement.

ASSIGNMENT

Neither party may assign this Agreement to a third party without the express written consent of the other party, which the non-assigning party may withhold in its sole discretion. In the event this Agreement is assigned by mutual consent of the parties, it shall become binding on the assigning party's permitted assigns.

SEVERABILITY

In the event any provision of this Agreement shall be determined to be void or unenforceable by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement and all such other provisions shall remain in full force and effect.

CLIENT'S DUTY TO INDEMNIFY APPRAISER

Client agrees to defend, indemnify and hold harmless Appraiser from any damages, losses or expenses, including attorneys' fees and litigation expenses at trial or on appeal, arising from allegations asserted against Appraiser by any third party that if proven to be true would constitute a breach by Client of any of Client's obligations, representations or warranties made in this Agreement, or any violation by Client of any federal, state or local law, ordinance or regulation, or common law (a "Claim"). In the event of a Claim, Appraiser shall promptly notify Client of such Claim, and shall cooperate with Client in the defense or settlement of any Claim. Client shall have the right to select legal counsel to defend any Claim, provided that Appraiser shall have the right to engage independent counsel at Appraiser's expense to monitor the defense or settlement of any Claim. Client shall have the right to settle any Claim, provided that Appraiser shall have the right to approve any settlement that results in any modification of Appraiser's rights under this Agreement, which approval will not be unreasonably withheld, delayed or conditioned.

CLIENT'S REPRESENTATIONS AND WARRANTIES

Client represents and warrants to Appraiser that (1) Client has all right, power and authority to enter into this Agreement; (2) Client's duties and obligations under this Agreement do not conflict with any other duties or obligations assumed by Client under any agreement between Client and any other party; and (3) Client has not engaged Appraiser, nor will Client use Appraiser's Appraisal Report, for any purposes that violate any federal, state or local law, regulation or ordinance or common law.

EXTENT OF AGREEMENT

This Agreement represents the entire and integrated agreement between the Client and Appraiser and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both Client and Appraiser. This Agreement includes the following Appendices, which are incorporated into, and made a part of this Agreement:

Appendix A: General Assumptions and Limiting Conditions
 Appendix B: Certification

EXPIRATION OF AGREEMENT

This Agreement is valid only if signed by both Appraiser and Client within seven (7) days of the Date of Agreement specified.

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Appendix A: THE REPORT WILL CONTAIN THE FOLLOWING

"GENERAL ASSUMPTIONS AND LIMITING CONDITIONS"

Unless otherwise stated, this appraisal report is made expressly subject to, and limited by the following conditions and stipulations:

1. This appraisal report is prepared for the sole and exclusive use of the client. It is not to be relied upon by any third parties for any purpose, whatsoever.
2. Legal descriptions furnished the appraiser are correct. No responsibility is assumed for legal descriptions or for matters including legal or title considerations.
3. Any sketches in this report are included to assist the reader in visualizing the property. The appraiser has not made a survey of the property, and assumes no responsibility for the legal description provided.
4. Title to the property is good and marketable, insurable, free and clear of liens; and, unless otherwise mentioned in this report, is appraised as if owned in fee simple title without encumbrances.
5. Unless otherwise stated, the market value estimate rendered herein applies to real estate and real property only. It does not include any additional value created by personal property, trade fixtures, or the "going concern value" of the business.
6. The appraiser is not responsible for the accuracy of opinions or information furnished by others contained within this report, nor is he responsible for the reliability of government data utilized herein. The appraiser has made a reasonable attempt to consider all available governmental regulations and restrictions, but assumes no responsibility for future conditions which are not readily available or were public knowledge at the time the appraisal was made.
7. The appraiser assumes neither liability nor responsibility for the effect of events that might concern the value of the subject property subsequent to the date of appraisal.
8. Disclosure of the contents of this appraisal report is governed by the By-Laws & Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus or registration without the prior written consent of the appraiser.
9. Compensation for appraisal services is dependent only upon delivery of this report, and is not contingent upon the value of the estimate, the reporting of a predetermined value or direction in value that favors the cause of the client, the occurrence of a subsequent event, or the attainment of a stipulated result.
10. Testimony or attendance in court is not required by reason of this appraisal unless arrangements are previously made. Any court testimony will be at an additional charge.
11. Reasonable inspection has been made and assumption is made that there are no hidden or unapparent conditions of the subject property, subsoil, or structures that would render it more or less valuable. I assume no responsibility for such conditions, or for arranging the studies that might be required to discover such factors. Unless otherwise stated, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials nor is he qualified to detect such substances. The presence of hazardous materials may affect the value of the property. Therefore, the value estimate is predicated on the absence of such hazardous materials. If the potential for such materials exists, the client is urged to retain an expert in this field.
12. Unless specifically stated in the body of this report, the analyses, opinions, and conclusions were developed, and this report prepared in accordance with the standards and reporting requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, FIRREA.
13. Responsible ownership and competent management are assumed.
14. Information furnished by the property owner, agent, or management is correct and complete.
15. The right to correct arithmetic errors inadvertently committed is reserved.
16. Market value as expressed herein assumes all cash or its equivalent being paid to the seller.
17. This appraisal report sets forth all the limiting conditions (imposed by the terms of my assignment) affecting the analyses, opinions, and conclusions contained in this report.
18. I am familiar with the appraisal of this type of property and familiar with the locale in which the subject is located. I believe I have sufficient education and experience to appraise the subject property. Consequently, I found no need to take special measures to conform to the "Competency Provision" of the USPAP.

The appraiser reserves the right to amend and add any other limiting conditions specific to the subject property, based upon the physical inspection, investigation, and preparation of the appraisal report.

MARKET STUDY & ANALYSIS
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Appendix B: THE REPORT WILL CONTAIN THE FOLLOWING

CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- I have / have not previously provided appraisal services or any other services in connection with this property.
- Please refer to the Appraiser's Qualifications included in the Addenda for specific information regarding the appraiser's background and experience. Appraiser has previously appraised this property type and is capable of competently completing this assignment.
- 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
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

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Statement of Qualifications for
Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

| | | |
|-----------|---------------------------------------|---|
| May, 1988 | St. Louis University St. Louis, MO | Graduated Cum Laude; Major in Business Management with Minor in Communications |
|-----------|---------------------------------------|---|

PROFESSIONAL EXPERIENCE

| | | |
|-------------|--|---|
| 2014 - Now |  Sandollar LLC Appraisal Group SEWA | <i>Owner/Principal</i> Private practice firm specializing in <i>appraisal, appraisal review and consulting</i> for all types of commercial and residential real property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gay Chamberlin, MAI, Owner, now retired). |
| 2004 - Now |  Sandollar Realty Advisors Tri-CHIES (Kennewick, Pasco & Richland), WA | <i>Owner/Principal</i> Private practice specializing in <i>commercial real estate brokerage</i> (sales and leasing) for office, industrial, retail property including short sale and REO property, and <i>education, curriculum development, and regulatory compliance</i> for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona, relocated to Washington State in mid 2007. |
| 1991 - 2004 | Bank One Corporation (now JPMorgan Chase), Phoenix, AZ. | <i>SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG)</i> Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5 th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of: <ul style="list-style-type: none"> • Bank policies for Board of Director action in response to a changing regulatory environment; • Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually; • Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually; • Internet (for 3rd party vendor use) and intranet (for internal bank use); • Appraisal management tracking database software; • Company wide training program for all bankers, underwriters, credit administration staff, etc.; and • Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including right-sizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana) |
| 1990 - 1991 | RTC (Western Savings & Loan), Phoenix, AZ. | <i>VP, Chief Appraiser Real Estate Appraisal Department</i> Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist, in charge of institutions. |

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| | | |
|-------------|---|---|
| 1988 – 1998 | Sandollar Realty Advisors Corp. St. Louis, MO Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues. | <i>Principal, Senior Appraiser & Broker</i> |
| 1984 – 1988 | Buckles & Associates St. Louis, MO Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties. | <i>VP, Senior Commercial Appraiser</i> |

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization)** - MAI Designee qualified/licensed to appraise all varieties of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – President (2017-18) and Member of the local Columbia Basin Chapter
- **Appraisal Institute** – Candidate for Appraisal Review Designation

Licensed Washington State Real Estate Broker (9128)

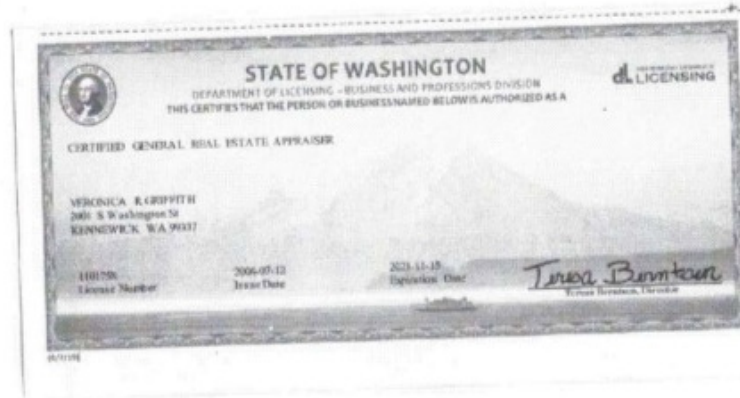
- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR) holding SFR Designation** (Short Sale & Foreclosure Resource)
- **Member of the Tri-Cities Association of Realtors (TCAR); and Yakima County Association of Realtors**
- **Member of Commercial Broker's Association (CBA) of Washington State**

OTHER

- **Commissioner, Kennewick Housing Authority (KHA), Kennewick, WA** – Assist in promoting and maintaining affordable housing for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for new seminar entitled *Appraisal Engagement and Review for Bankers*, launched Spring, 2018 to replace earlier seminar launched in 2016.
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2 day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Real Estate Fundamentals* (REF, 1-day seminar);
 3. *Intermediate Real Estate Lending* (IREL, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Advanced Cash Flow and Valuation for Commercial Real Estate* (ACFVCRE, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. *Real Estate Lending Academics* (RELA, 3-day class);
 8. Curriculum developer for several new products including RELA, UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.

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Exhibit B

The Port shall pay consultant for services as follows:

Not-To-Exceed Sum: A total of \$12,500.00

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Statement of Qualifications for

Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

| | | |
|-----------|---------------------------------------|---|
| May, 1988 | St. Louis University St. Louis, MO | Graduated Cum Laude; Major in Business Management with Minor in Communications |
|-----------|---------------------------------------|---|

PROFESSIONAL EXPERIENCE

| | | |
|------------|--------------------------------------|-----------------|
| 2014 - Now | Sandollar LLC Appraisal Group SEWA | Owner/Principal |
|------------|--------------------------------------|-----------------|



Private practice firm specializing in *appraisal, appraisal review and consulting* for all types of commercial and residential real property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

| | | |
|------------|---|-----------------|
| 2004 - Now | Sandollar Realty Advisors Tri-Cities (Kennewick, Pasco & Richland), WA | Owner/Principal |
|------------|---|-----------------|



Private practice specializing in **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and **education, curriculum development, and regulatory compliance** for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

| | | |
|-------------|--|--|
| 1991 - 2004 | Bank One Corporation (now JPMorgan Chase), Phoenix, AZ | SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG) |
|-------------|--|--|

Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45± full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

| | | |
|-------------|--|---|
| 1990 - 1991 | RTC (Western Savings & Loan), Phoenix, AZ | VP, Chief Appraiser Real Estate Appraisal Department |
|-------------|--|---|

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

| | | |
|-------------|---|---|
| 1988 – 1990 | Sandollar Realty Advisors Corp. St. Louis, MO Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues. | <i>Principal, Senior Appraiser & Broker</i> |
| 1984 – 1988 | Buckles & Associates St. Louis, MO Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties. | <i>VP, Senior Commercial Appraiser</i> |

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all varieties of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – President (2017-18) and Member of the local Columbia Basin Chapter
- **Appraisal Institute** – Candidate for Appraisal Review Designation


Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR) holding SFR Designation** (Short Sale & Foreclosure Resource)
- **Member of the Tri-Cities Association of Realtors (TCAR); and Yakima County Association of Realtors**
- **Member of Commercial Broker's Association (CBA)** of Washington State

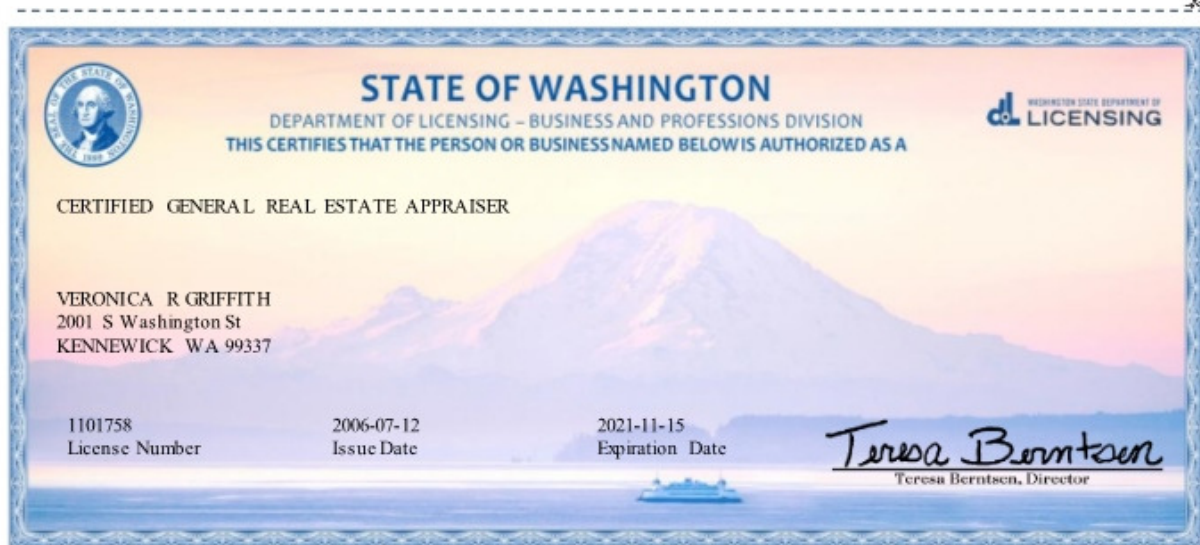
OTHER

- **Commissioner, Kennewick Housing Authority (KHA)**, Kennewick, WA – Assist in promoting and maintaining affordable housing for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for new seminar entitled *Appraisal Engagement and Review for Bankers*, launched Spring, 2018 to replace earlier seminar launched in 2016.
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2 day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Real Estate Fundamentals* (REF, 1-day seminar);
 3. *Intermediate Real Estate Lending* (IREL, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Advanced Cash Flow and Valuation for Commercial Real Estate* (ACFVCRE, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. *Real Estate Lending Academy* (RELA, 3-day class);
 8. Curriculum developer for several new products including RELA; UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

 State of Washington
DEPARTMENT OF LICENSING
 APPRAISER PROGRAM
 PO Box 9021
 Olympia, WA 98507-9021

VERONICA R GRIFFITH
 2001 S Washington St
 KENNEWICK WA 99337



(R/7/19)

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

THIS IS A CLAIMS MADE INSURANCE POLICY.

THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD. ALL CLAIMS MUST BE REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR WITHIN SIXTY (60) DAYS AFTER THE END OF THE POLICY PERIOD.

Insurance is afforded by the company indicated below: (A capital stock corporation)

☒ Great American Assurance Company

Note: The Insurance Company selected above shall herein be referred to as the **Company**.

Policy Number: **RAB3873294-20**

Renewal of: **RAB3873294-19**

Program Administrator: **Herbert H. Landy Insurance Agency Inc.
 100 River Ridge Drive, Suite 301
 Norwood, MA 02062**

Item 1. **Named Insured:** **Sandollar LLC dba Sandollar Realty Advisors; dba Appraisal Group SEWA**

Item 2. **Address:** **2001 S Washington St**

City, State, Zip Code: **Kennewick, WA 99337**

Attn:

Item 3. **Policy Period:** From **08/22/2020** To **08/22/2021**
(Month, Day, Year) (Month, Day, Year)

(Both dates at 12:01 a.m. Standard Time at the address of the **Named Insured** as stated in Item 2.)

Item 4. **Limits of Liability:** **(inclusive of claim expenses):**

- A. \$ 1,000,000 Limit of Liability - Each Claim**
- B. \$ 1,000,000 Limit of Liability - Policy Aggregate**
- C. \$ 500,000 Limit of Liability - Fair Housing Claims**
- D. \$ 500,000 Limit of Liability - Fungi Claims**

Item 5. **Deductible:** **(inclusive of Claim Expense): \$ 5,000 Each Claim**

Item 6. **Premium:** \$ **1,046.00**

Item 7. **Retroactive Date** (if applicable): **12/31/2018**

Item 8. **Forms, Notices and Endorsements attached:**

D43100 (08/19) D43300 WA (03/15)
D43425 (05/13) D43444 (03/17) D43447 (06/17)
D43448 (06/17) D43432 (05/13) D43416 (05/13) IL7324 (08/12)


 Authorized Representative

D43101 (03/15)

Page 1 of 1

Port of Kennewick

Columbia Gardens Urban Wine & Artisan Village Design Standards



DRAFT September 10, 2021

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PART 1 – INTRODUCTION

1.1 – Background

These design standards were completed in support of the 2021 Port of Kennewick Historic Waterfront Master Plan and to supplement the City of Kennewick's zone-based Urban Mixed-Use Design Standards. Columbia Gardens is an approximately 5.4-acre site between Columbia Drive and Duffy's Pond, and halfway between the Cable Bridge and Clover Island Drive. The property is primed for continued development as an urban wine and artisan village. Consistent with community goals, these standards will ensure new development on the site is high-quality and creates enjoyable places for employees to work and for customers to visit.

1.2 – Applicability

- A. These standards apply to all new commercial and production buildings in the Columbia Gardens area defined in Figure 1.2 below.
- B. Individual design criteria may also have more specific applicability statements.
- C. Relationship to the 2021 Historic Waterfront Master Plan: This document implements key design policies from the master plan.
- D. Relationship to Kennewick Municipal Code. These standards were drafted to supplement the existing Urban Mixed-Use Design Standards in Chapter 18.80 of the Kennewick Municipal Code. They provide a greater level of detail and cover design issues not addressed in the code.

Figure 1.2
Columbia Gardens area and Historic Waterfront District context.



1.3 – Intent of the Standards

Thoughtful urban design is a critical strategy for realizing the vision and goals of Columbia Gardens. To that end, these standards are intended to:

- A. Provide a high standard for site planning and building of commercial and light industrial development consistent with the goals and policies of the 2021 Historic Waterfront Master Plan.
- B. Provide clear objectives for the planning and design of individual developments.

1.4 – Interpretation

The word “must” is intended to be a mandate. Where the word “should” or “encouraged” is used, it is intended to be a recommendation.

1.5 – Departures

All available departure opportunities for standards are noted within each standard by the capitalized term DEPARTURES. Such departures are voluntary and must only be approved if they meet the intent of individual standard.

1.6 – Definitions

Introduction. All words used in these design standards carry their customary meanings, except for those defined below.

“Articulation” means the giving of emphasis to architectural elements (like windows, balconies, entries, etc.) that create a complementary pattern or rhythm, dividing large buildings into smaller identifiable pieces. See section 3.1 for articulation provisions.

“Articulation interval” means the measure of articulation, the distance before architectural elements repeat. See section 3.1 for articulation provisions.

“Blank wall” means a ground floor wall or portion of a ground floor wall as described in section 3.5 that does not include a transparent window or door.

“Building frontage” refers to the “façade” or street-facing elevation of a building. For buildings not adjacent to a street, it refers to the building elevation(s) that features the primary entrance to the uses within the building. Depending on the context the term is used in, it may also refer to the uses within the building. For example, a “storefront” is a type of building frontage.

“Façade” means the entire street wall of a building extending from the grade of the building to the top of the parapet or eaves and the entire width of the building elevation. For buildings not adjacent to a street, the façade refers to the building elevation containing the main entrance or entrances to the building.

“Internal pathway” refers to any pedestrian path or walkway internal to a development. This includes sidewalks along private streets.

“KMC” means Kennewick Municipal Code.

“Modulation” means stepping forward or backwards a portion of the façade as a means to articulate or add visual interest to the façade.

“Roofline” means the highest edge of the roof or the top of a parapet, whichever establishes the top line of the structure when viewed in a horizontal plane.

“Streetscape” means the space between the buildings on either side of a street that defines its character. The elements of a streetscape include building façades, landscaping (trees, yards, bushes, plantings, etc.), sidewalks, street paving, street furniture (benches, kiosks, trash receptacles, fountains, etc.), signs, awnings, and street lighting.

“Vertical building modulation” means a stepping back or projecting forward vertical walls of a building face, within specified intervals of building width and depth, as a means of breaking up the apparent bulk of a structure's continuous exterior walls. Vertical building modulation may be used to meet façade articulation provisions in Standards 3.1.A.

“Weather protection” means a permanent horizontal structure above pedestrian areas such as sidewalks and building entries that protects pedestrians from inclement weather.

PART 2 – SITE PLANNING STANDARDS

2.1 – Frontage Standards

Intent


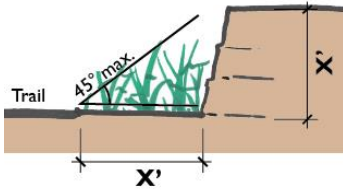
- To enhance the pedestrian environment and recreational opportunities.
- To promote good visibility between buildings and trails for security for pedestrians and to create a more welcoming and interesting trail and commercial environment.

Relation to Zoning Standards

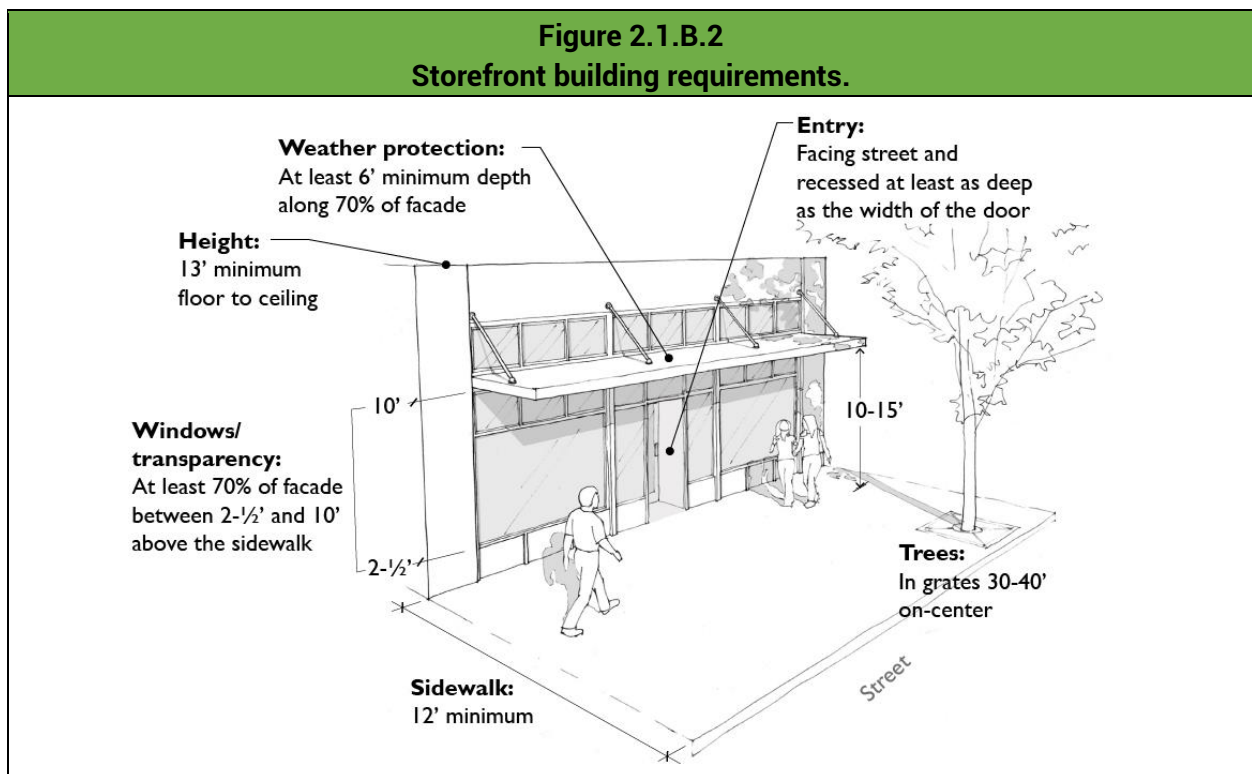
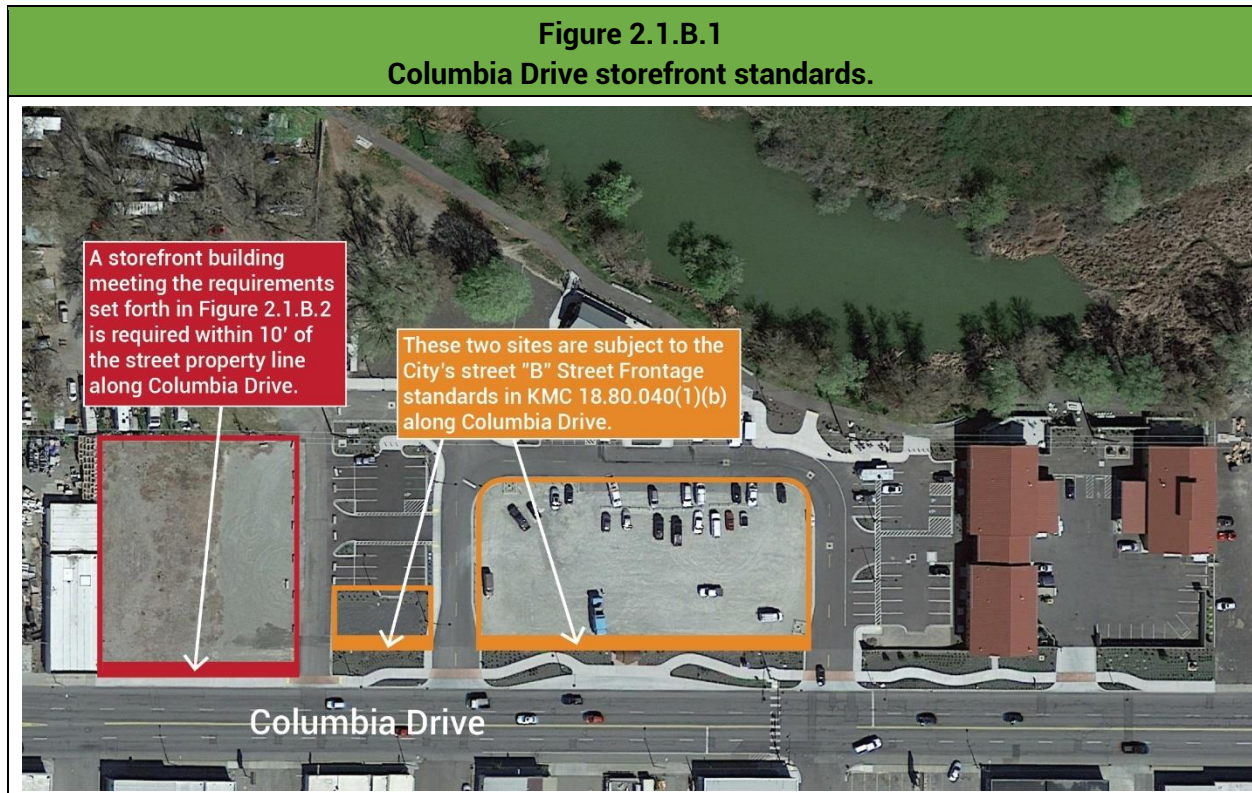
These provisions go beyond the street frontage design standards in KMC 18.80.040(1).

Design Criteria

A. Duffy's Pond Trail frontage standards. All development on sites adjacent to the trail must comply with the standards in Table 2.1.A below:

| Figure 2.1.A Duffy's Pond Trail frontage standards. | | |
|--|---|---|
| Element | Standards | Examples and Notes |
| Building placement | Buildings must be setback 10-30' from the trail edge, except greater setbacks are allowed when the setback area complies with the plaza provisions in Standard 2.4. |  |
| Setback use | Landscaping, decks, plazas and patios, dining areas, playgrounds, and other similar uses are encouraged within the trail setback area. New vehicular parking, service, and trash storage areas are prohibited in the setback area. | |
| Fences & retaining walls | Height limits for opaque fences & retaining walls use a 1:1 ratio for their setback from the edge of the trail (for every 1' of setback distance, the maximum height is increased 1'). Deck railings must be at least 60% transparent. |  |
| Building use | The ground floor of buildings adjacent to trails must have a customer-oriented use, such as but not limited to restaurant, tasting room cafe, retail, art gallery, childcare, artisan manufacturing, entertainment use, or service use. | Office, and industrial uses are prohibited. Residential uses are allowed fronting the trail in the Willows and Cable Greens, but not within Columbia Gardens. |
| Building entrances | At least one customer building entry visible and accessible from the trail is required for non-residential uses. | |
| Façade transparency | At least 25% of the building façade facing a trail must be transparent. | |

B. Columbia Drive block frontage standards. Figures 2.1.B.1-2 set forth block frontage requirements and options.



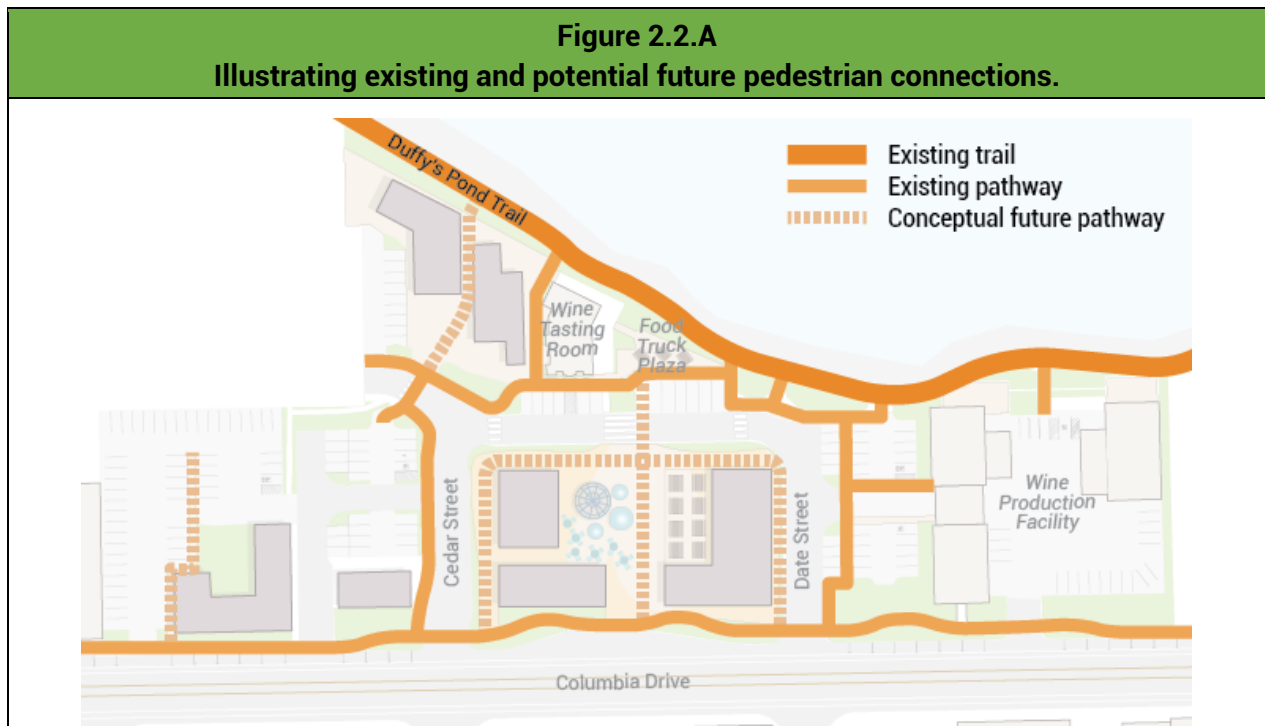
2.2 – Pedestrian Circulation

Intent

To improve the pedestrian and bicycling environment by making it easier, safer, and more comfortable to walk or ride among residences, to businesses, to the trail and street sidewalk, to transit stops, through parking lots, to adjacent properties, and connections throughout the city.

Design Criteria

- A. General pedestrian connectivity.** Developments must provide an integrated and connected pedestrian circulation network that encourages walking. Required connections include:
1. Shared and individual entrances to streets, trails and recreational areas, parking areas, and other pedestrian amenities.
 2. Between on-site buildings.
 3. To internal pedestrian circulation networks on adjacent sites, when desirable and feasible.
 4. Safe and attractive connections to and from street corners.



- B. Pedestrian facility design.** The following are minimum dimensions. Larger dimensions may be appropriate for high-volume facilities and for facilities located adjacent to high-activity land uses.
1. Primary pathways (direct connections to public streets): Eight feet wide paving.
 2. Secondary pathways (no direct connection to public streets and internal site connections between buildings): Five feet wide paving.

2.3 - Landscaping

Intent

- To assist in creating a distinctive design character for the area.
- To promote well conceived and attractive landscaping that reinforces the architectural and site planning concepts in response to site conditions and context.
- To promote plant materials that are native or compatible to the local shrub-steppe landscape.

Relation to Zoning Standards

These provisions go beyond the landscaping standards in KMC Chapter 18.21.

Design Criteria

A. General landscaping standards.

1. Landscaped areas must consist of grade level or elevated planting beds featuring a mix of trees, shrubs, ornamental grasses, groundcover, and other vegetation. Landscaped area may not consist only of rocks or gravel.
2. Landscaping materials must include species native to the region or hardy, waterwise, and noninvasive species appropriate in the climatic conditions of the Tri-Cities region (decorative annuals and/or perennials in strategic locations are an exception). Generally acceptable plant materials must be those identified as hardy in Zone 7a as described in the United States Department of Agriculture's Plant Hardiness Zone Map.
3. Installation standards.
 - a. The combination of trees, shrubs, and ornamental grasses must be designed to cover at least 70-percent of the landscaped areas within three years of planting. Exceptions may be made for landscaping around production buildings to comply with applicable health regulations.
 - b. Shrubs, except for ornamental grasses, must be a minimum of one-gallon size at the time of planting. Shrubs and hedges adjacent to walkways and trails must be limited to 42-inches in height at maturity to maintain visibility (exceptions may be made for landscaping adjacent to blank walls).
 - c. Groundcovers must be planted and spaced to result in total coverage of the required landscape area within three years, specifically either four-inch pots at 18 inches on center or one-gallon or greater sized containers at 24 inches on center.
 - d. Mature tree and shrub height and size must be accounted for in the siting and design of landscaped areas.
4. Water conservation design. Water conservation may be achieved by a combination of any of the following techniques:
 - a. Group plants into areas of similar water need.
 - b. Locate plants based on solar orientation, exposure and drainage patterns.
 - c. Amend soil based on existing conditions.

B. Irrigation standards. It is required to irrigate landscaping using a spray irrigation system.

- C. Trail corridor and plaza landscaping and design.** Landscaping edging the trail and plaza spaces should be designed to help frame the trail and plaza spaces, soften building and retaining walls, and create a memorable and distinctive design character while maintaining good visibility for safety purposes. This includes a combination of trees, shrubs, ornamental grasses, perennials, and ground covers that comply with the provisions in Standards 2.3.A-B above.

Figure 2.3
Appropriate landscaping examples.



2.4 – Plazas

Intent

- To provide plaza spaces that attract visitors to commercial areas.
- To enhance the development character and attractiveness of development.

Design Criteria

Where provided, plaza spaces must meet the following criteria in Standards 2.4.A-B.

A. Required plaza features.

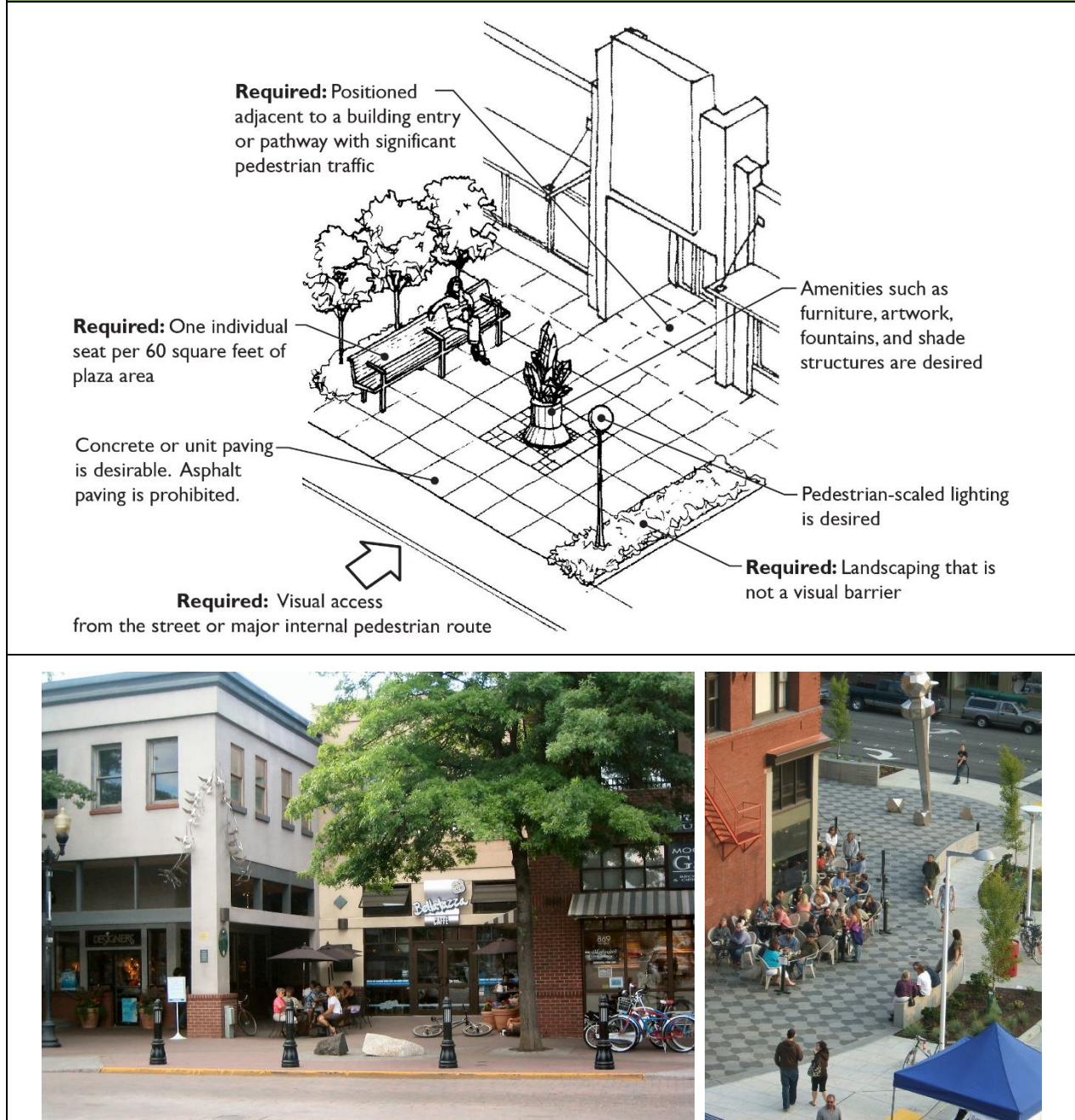
1. The space must abut a public sidewalk or other major internal pedestrian route and be designed to function as a focal point and gathering spot.
2. The space must be ADA compliant and generally level with the adjacent sidewalk or internal pedestrian route. Steps, ramps, and grade changes may be acceptable, provided the outdoor space is designed to be visually and physically accessible from the adjacent sidewalk or internal pedestrian route and the space meets all other standards herein.
3. The space must feature no dimension less than 15 feet in order to provide functional leisure or recreational activity.
4. The space must be framed on at least one side by buildings that are oriented towards the space (via entries and generous façade transparency).
5. Paved walking surfaces of either concrete or approved unit paving are required. Form-in-place pervious concrete paving is allowed. Gravel surface areas may be allowed for special seating areas.
6. Pedestrian amenities must be integrated into the space. Examples include, but are not limited to, site furniture, artwork, drinking fountains, shade structures kiosks, or other similar features that complement the space and encourage use of the space by a variety of users.
7. At least one individual seat per 60-square feet of plaza area or open space is required. At least 50-percent of the required seating must be built-in seating elements, while moveable seating may be used for the remaining percentage. Two feet of seating area on a bench or ledge at least 16-inches deep at an appropriate seating height qualifies as an individual seat. Reductions of up to 50-percent will be allowed for the integration of specialized open spaces that meet the intent of these standards.
8. Landscaping components that add visual interest and do not act as a visual barrier must be integrated. Such components can include, but are not limited to, trees, planting beds, raised planters, and/or potted plants.

B. Prohibited plaza features.

1. Large expanses of uninterrupted paving or paving without pattern.
2. Asphalt paving.
3. Unscreened service and utility areas or venting of mechanical systems.
4. Adjacent chain-link fences.

5. Adjacent "blank walls" without "blank wall treatment" (see Standard 3.5).
6. Outdoor storage.

Figure 2.4.A
Plaza requirements and examples.



2.5 – Service Areas & Utilities

Intent

- To promote thoughtful design of service elements that's integrated into the project's design and mitigates the impacts of those elements on on-site uses and activities and uses abutting the site.
- To provide adequate, durable, well-maintained, and accessible service and equipment areas.

Relation to Zoning Standards

These provisions go beyond the standards in KMC 18.80.040(3)(d) and (4)(k-l).

Design Criteria

- A. Location of ground-level service areas and mechanical equipment.** Ground-level building service areas and mechanical equipment includes loading docks, trash collection and compactors, dumpster areas, storage tanks, electrical panels, HVAC equipment, and other utility equipment should be located inside buildings. If any such elements are outside the building at ground level, the following location standards apply:
 1. Service areas must be located for convenient service access while avoiding negative visual, auditory, olfactory, or physical impacts on the streetscape environment and adjacent properties.
 2. Service areas for multiple users or tenants must be co-located or consolidated to the extent practical.
 3. Exterior loading areas for commercial and production uses must not be located within 20 feet of residential uses.
- B. Screening of ground-level service areas and mechanical equipment.** Where screening of ground level service areas is required, the following applies:
 1. Structural enclosures must be constructed of masonry, heavy-gauge metal, heavy timber, or other decay-resistant material that is also used with the architecture of the main building. Alternative materials other than those used for the main building are permitted if the finishes are similar in color and texture, or if the proposed enclosure materials are more durable than those for the main structure. The walls must be sufficient to provide full screening from the affected roadway, pedestrian areas, or adjacent use, but must be no greater than seven feet tall. The enclosure may use overlapping walls as a screening method.
 2. Gates must be made of heavy-gauge, sight-obscuring material.
 3. The service area must be paved.
 4. The sides and rear of service enclosures must be screened with landscaping at least five feet wide in locations visible from the street, parking lots, and pathways to soften views of the screening element and add visual interest. Plants must be arranged with a minimum of 50 percent coverage at time of installation and be able to grow to fully screen or shield the equipment within three years.

DEPARTURES to the above provisions will be considered provided the enclosure and landscaping treatment meet the intent of the standards and add visual interest to site users.

Figure 2.5.A
Acceptable trash screening enclosures.



Both examples use durable and attractive enclosures with trees and shrubs to soften views of the enclosures from the side.

- C. Utility meters, electrical conduit, and other service utility apparatus.** These elements must be located and/or designed to minimize their visibility to the public. Project designers are strongly encouraged to coordinate with applicable service providers early in the design process to determine the best approach in meeting these standards. If such elements are mounted in a location visible from the street, pedestrian pathway, plaza, or trail, they must be screened with vegetation and/or integrated into the building's architecture.

Figure 2.5.B
Acceptable and unacceptable utility meter location and screening examples.



Place utility meters in less visible locations. The left examples is successfully tucked away in a less visible location and screened by vegetation. The right image is poorly executed and would not be permitted in such a visible location; such meters must be coordinated and better integrated with the architecture of the building.

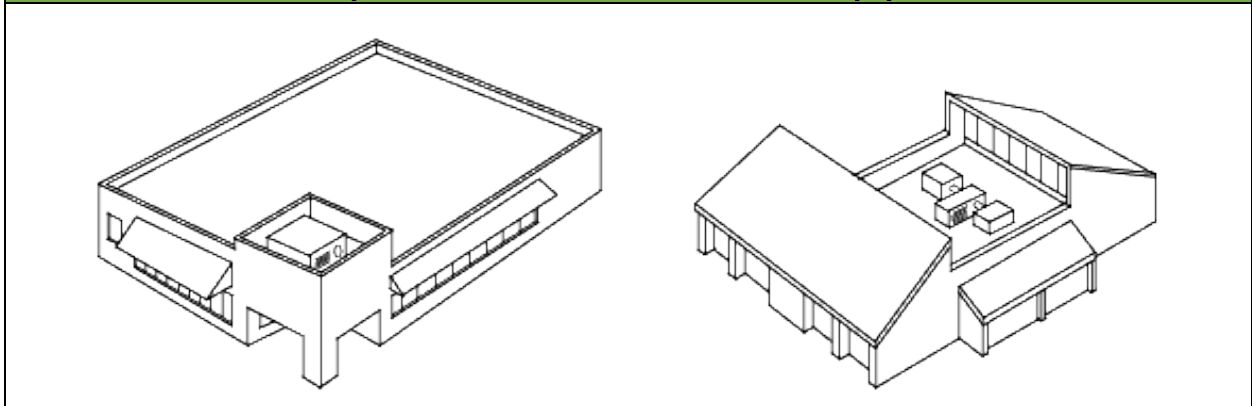
D. Roof-mounted equipment.

1. All rooftop equipment, including air conditioners, heaters, vents, and similar equipment must be fully screened from public view at the ground level. Screening must be located so as not to interfere with operation of the equipment.

Exception: Roof-mounted wind turbines, solar energy and photovoltaic systems, and rainwater reuse systems do not require screening.

2. Solar photovoltaic panels must be integrated into the surface of the roof and not expose an independent structure. Panels must be inclined at the same pitch as the roof plane.
3. For other rooftop equipment, all screening devices must be well integrated into the architectural design through such elements as parapet walls, false roofs, roof wells, clerestories, or equipment rooms. Screening walls or unit-mounted screening is allowed but less desirable. The screening materials must be as high as the equipment being screened.
4. The screening materials must be of material requiring minimal maintenance. Wood must not be used for screens or enclosures. Louvered designs are acceptable if consistent with building design style. Perforated metal is not permitted.
5. Noise producing mechanical equipment such as fans, heat pumps, etc. must be located and/or shielded to minimize sounds and reduce impacts to adjacent residential uses.

Figure 2.5.C
Examples of how to screen roof-mounted equipment.



PART 3 – BUILDING DESIGN STANDARDS

3.1 – Building Massing & Articulation

Intent

- To employ façade articulation techniques that reduce the perceived scale of large buildings and add visual interest from all observable scales.

Relation to Zoning Standards

This Standard provides further guidance on meeting the building massing and building entry standards in KMC 18.80.040(4)(d) and (h).

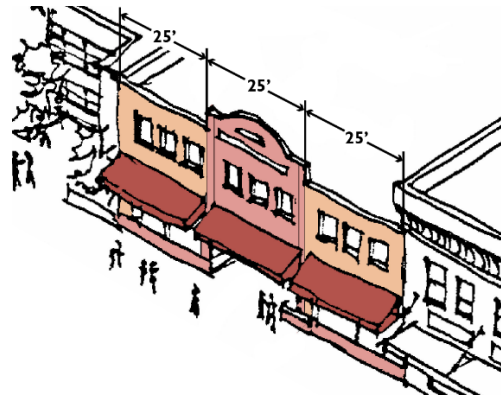
Design Criteria

- A. Façade articulation.** Buildings must include articulation features to create a human-scaled pattern. For building façades facing trails, plazas, and containing primary building entrances, at least three articulation features must be employed at intervals no greater than 25 feet. For all production buildings and any other building façades facing parking areas and public streets, at least three articulation features must be employed at intervals no greater than 50 feet.

Articulation features include:

1. Window patterns and/or entries.
2. Use of weather protection features.
3. Use of vertical piers/columns.
4. Change in roofline with a difference in height, slope or pitch, direction, or shape (such as towers and dormers).
5. Change in building material or siding style.
6. Vertical elements such as a trellis with plants, green wall, or art element.
7. Providing vertical building modulation of at least 12-inches in depth if tied to a change in roofline [see Standard (4) above] or a change in building material, siding style, or color.
8. Other design techniques that effectively break up the massing of structures, add visual interest, and effectively reinforce a pattern of small storefronts compatible with the building's surrounding context.

Figure 3.1.A
Articulation examples.



The left image, a commercial building, uses window patterns, weather protection elements, and roofline modulation. The right image, a production building, uses changes in materials, window patterns, and roofline changes to articulate the façade. The lower image illustrates how a multitenant retail building can successfully be articulated (windows, materials, weather protection, vertical building modulation, and roofline changes).



3.2 – Building Details

Intent

- To encourage the incorporation of design details and small scale elements into building façades that are attractive at a pedestrian scale.

Relation to Zoning Standards

These provisions go beyond the building details standards in KMC 18.80.040(4)(h).

Design Criteria

A. Façade details. The ground floor of all commercial and production buildings must be enhanced with appropriate details. This standard applies to building façades facing public streets and building elevations facing parks, trails, and containing primary building entrances.

1. Commercial buildings must employ at least one detail element from each the three categories in Standard 3.2.B for each façade articulation interval (see Standard 3.1.A).
2. Production buildings must employ at least one detail element from two of the three categories in Standard 3.2.B for each façade articulation interval (see Standard 3.1.A).

For example, a commercial building with 90-feet of trail frontage with a façade articulated at 25-feet intervals will need to employ a façade detail from each of the three categories below for all four façade segments.

For example, a production building with 150-feet of street frontage with a façade articulated at 50-feet intervals will need to employ a façade detail from two of the three categories below for all three façade segments.

B. Façade detail categories.

1. Window and/or entry treatment:

- a. Display windows divided into a grid of multiple panes.
- b. Transom windows.
- c. Roll-up windows/doors.
- d. Other distinctive window treatment that meets the intent of the standards.
- e. Recessed entry.
- f. Decorative door.
- g. Other decorative or specially designed entry treatment that meets the intent of the standards.

Figure 3.2.A
Examples of decorative or specially designed windows and entries.



A = operable storefront window. B = transom windows. C = operable window with decorative details. D = decorative window shades. E = decorative door. F = recessed entry.

2. Building element, façade attachment, or façade detail:

- a. Custom-designed weather protection element such as a steel canopy, cloth awning, or retractable awning.
- b. Decorative building-mounted light fixtures.
- c. Bay windows, trellises, towers, and similar elements.
- d. Decorative, custom hanging sign(s).
- e. Other details or elements that meet the intent of these standards.



3. Decorative material and artistic elements:

- a. Decorative building materials/use of building materials. Examples include decorative use of brick, tile, or stonework.
- b. Artwork on building, such as a mural or bas-relief sculpture.
- c. Decorative kick-plate, pilaster, base panel, or another similar feature.
- d. Hand-crafted material, such as special wrought iron or carved wood.
- e. Other details that meet the intent of the standards.

Figure 3.2.C
Examples of decorative surface materials.



A = decorative brick/design. B = decorative tile-work and column pattern. C = decorative medallion. D = decorative mosaic tile work. E = decorative bulkhead. F = decorative materials and design.

3.3 – Window Design

Intent

- To integrate window design that adds depth, richness, and visual interest to the façade.

Relation to Zoning Standards

These provisions go beyond the window design standards in KMC 18.80.040(4)(g).

Design Criteria

- A. All windows must employ designs that add depth and richness to the building façade. At least one of the following features must be included to meet this requirement:
 1. Recess windows at least two-inches from the façade.
 2. Incorporate window trim (at least three-inches wide) around windows.
 3. Incorporate other design treatments that add depth, richness, and visual interest to the façade.
- B. Highly reflective glass must not be used on more than 10-percent of a building façade or other building elevations facing trails and containing primary building entrances.

Figure 3.3
Acceptable and unacceptable window design examples.



The windows in Images A-C are recessed by at least two-inches from the façade. Images D and E feature a reveal/recess of less than two-inches, but the contrasting frames and mullions effectively add a sense of depth and richness to the façade. The treatment in Image F does not effectively meet the design criteria.

3.4 – Materials and Color

Intent

- To encourage the use of durable, high quality, and urban building materials that minimize maintenance cost and provide visual interest from all observable vantage points.
- To promote the use of a distinctive mix of materials that helps to articulate façades and lends a sense of depth and richness to the buildings.
- To place the highest priority in the quality and detailing of materials on the first floor at the pedestrian scale.

Relation to Zoning Standards

These provisions go beyond the building material standards in KMC 18.80.040(4)(b).

Design Criteria

If a development includes concrete block, metal siding, exterior insulation and finish system (EIFS), or cementitious wall board paneling/siding on a building exterior, the conditions set forth in Standards 3.4.A-D below apply. These materials are not required and the use of other exterior materials is encouraged. Standard 3.4.E provides guidance on exterior building colors.

A. Concrete block (also known as concrete masonry unit or CMU).

Concrete block must not be used as the primary exterior material and must be integrated with other acceptable materials. It may be used as a contrasting accent material or the primary material when it employs a mixture of colors and/or textures or employs a combination of design details to articulate the building and add visual interest.

Figure 3.4.A
Acceptable concrete block use/design.



Left: Effective use colored concrete block with trim elements that complements other materials. Right: Colored concrete block with a mix of smooth and textured finish that is well- integrated with other materials.

B. Metal siding.

Metal siding may be used on all building elevations provided it complies with the following standards:

1. It must feature visible corner molding and trim.
2. Metal siding must be factory finished, with a matte, non-reflective surface.
3. Walls with more than 50 percent metal siding must feature a roof overhang above the wall.

DEPARTURES will be considered provided the material's integration and overall façade composition meets the intent of the standards.

Figure 3.4.B
Acceptable metal siding examples.



Left: A metal wall with roof overhang is acceptable; the lighting and wall opening framing also help improve the façade composition. Right: A good departure example without a roof overhang, but the short length of the walls, amount of window openings, and color/pattern changes create an acceptable design that meets the intent of the standards.

C. Exterior Insulation and Finish System (EIFS).

EIFS may be used when it complies with the following:

1. EIFS must not be used on the ground floor of building elevations. Concrete, masonry, or other highly durable material(s) must be used for the subject ground level building elevations to provide a durable surface where damage is most likely.
2. EIFS must not be the primary cladding material on upper floors and must be integrated with other acceptable materials.
3. EIFS must feature a smooth or sand finish only.
4. EIFS must be trimmed in wood, masonry, or other material and must be sheltered from weather by roof overhangs or other methods.

DEPARTURES will be considered provided the material's integration and overall façade composition meets the intent of the standards.

Figure 3.4.C
Acceptable and unacceptable EIFS examples.



D. Cementitious wall board paneling/siding.

Cementitious wall board paneling/siding may be used provided it meets the following provisions:

1. Cement board paneling/siding may be the dominant exterior material but must be integrated with other acceptable materials (specifically, up to 70-percent of non-window exterior materials may be cement board paneling/siding). Where cement board paneling/siding is the dominant siding material, the design must integrate a mix of colors and/or textures that are articulated consistent with windows, balconies, and modulated building surfaces and are balanced with façade details that add visual interest from the ground level and adjacent buildings.

DEPARTURES will be considered provided the material's integration and overall façade composition meets the intent of the standards.

Figure 3.4.D**Acceptable cementitious wall board paneling/siding examples.****E. Building color.**

1. A variety of colors are encouraged for building facades, trim elements, and roofs.
2. Fluorescent and neon colors may be used sparingly except for accents.
3. Heavy use of grays and whites should be avoided.

Figure 3.4.E**Acceptable examples of vibrant building colors.**

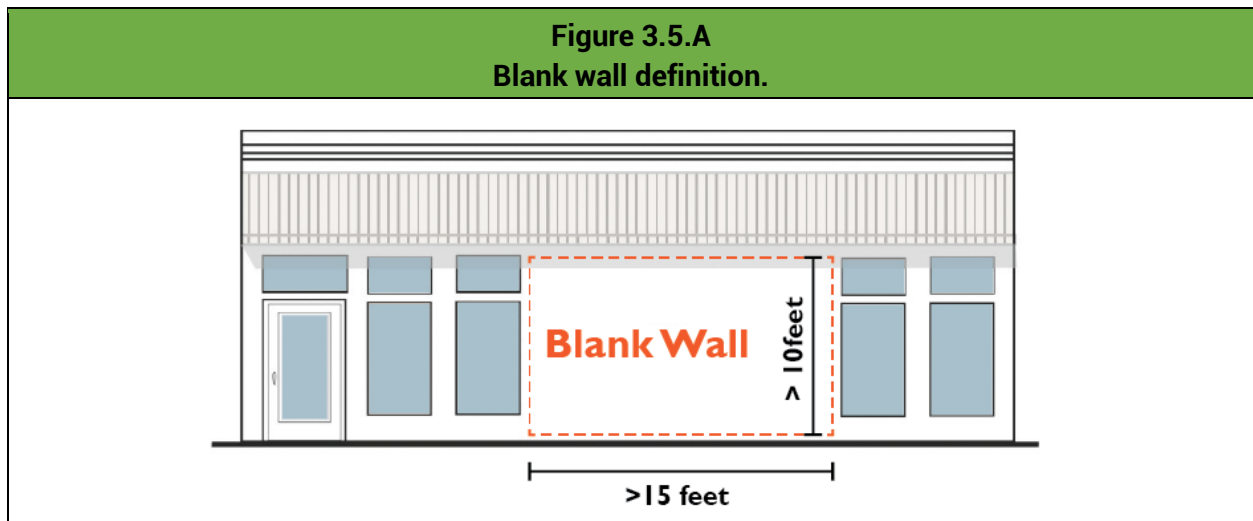
3.5 – Blank Wall Treatment

Intent

- To avoid untreated blank walls.
- To retain and enhance the pedestrian-oriented character of streetscapes.

Design Criteria

- A. Blank wall definition.** A wall (including building façades and retaining walls) is considered a blank wall if it does not include a transparent window or door and has the following dimensions: Over 10 feet in height and a horizontal length greater than 15 feet.



- B. Blank wall treatment standards.** Untreated blank walls adjacent to a public street, plazas, trail, pedestrian pathway, or customer parking lot are prohibited. Methods to treat blank walls on multi-family buildings can include:
1. Landscape planting bed at least five-feet wide, or a raised planter bed at least two-feet high and three-feet wide, in front of the wall. Planting materials must be sufficient to obscure or screen at least 60-percent of the wall's surface within three years.
 2. Installing a vertical trellis in front of the wall with climbing vines or plant materials.
 3. Installing an artistic mural as approved by the Director.
 4. Special building detailing that adds visual interest at a pedestrian scale. Such detailing must use a variety of surfaces; monotonous designs will not meet the intent of the standards.

For large visible blank walls, a variety of treatments may be required to meet the intent of the standards.

DEPARTURES will be considered provided the entire façade composition meets the intent of the standards for the context of the wall (e.g., walls along pathway corridors connecting parking areas to building entries might be granted more flexibility than street facades).

Figure 3.5.B
Blank wall treatment examples.



Market Study & Analysis Report

HISTORIC WATERFRONT DISTRICT

Kennewick, Washington 99336



*Aerial View Looking north at the Historic Waterfront District
towards the Columbia River*

Date of the Report

July 25, 2021

Prepared for

Port of Kennewick
Ms Amber Hanchette

Prepared by

Nikki Griffith, MAI, CCIM
Sandollar LLC | Appraisal Group SEWA
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Internal File Number SEWA #2021-260

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Veronica R. Griffith, MAI, CCIM
 Washington State Certified General Appraiser

Gary E Chamberlin, MAI (Retired), Consultant
 Nathan Pratt, Appraiser
 Sonnia King, Appraiser
 David Hall, Research Associate
 Dianne Hopkins, Research Associate
 Carol Robyler, Research Associate

July 25, 2021

Port of Kennewick
 350 N Clover Island Dr #200
 Kennewick, WA 99336

Attention: Ms Amber Hanchette, Director of Real Estate

Internal File Number: *SEWA #2021-260*

Re: Market Study & Analysis, Historic Waterfront District, Kennewick, Benton County,
 Washington 99336

Dear Ms Hanchette:

In accordance with your authorization, I have conducted the market research and analysis necessary to form an opinion of the probable marketing and pricing strategy for a variety of land parcels to be allocated for different types of uses in the subject property as above referenced. A copy of your authorization as well as the scope of work definition is included in the Addenda of the report.

In 2020, this firm prepared a similar market study for the Port of Kennewick's project known as Vista Field in Kennewick, WA. Much of the information contained in that report was used as the basis for this report, although it was all updated through the end of June 2021.

The Overall Purpose from your authorization is described here:

Overall Purpose – “To better understand the Tri-Cities real estate market in order for port staff to recommend a pricing strategy to port commissioners for future land sales in the Columbia Gardens neighborhood of the City of Kennewick. The development will be urban in nature with shared parking, common areas and shovel ready parcels or lots. The port will be selling land in a variety of configurations: residential, multifamily, mixed use commercial.”

The parcels being valued are summarized in the table below.

**Summary of Properties Appraised
Historic Waterfront District
As of June 30, 2021**

| Summary of Properties Appraised Waterfront District As of June 30, 2021 | | | | | | | | | |
|---|------------------------|-------------------|--------|-----------|--------------|---------|--------|---|---|
| Parcel Desig | Parcel # | Street | Zoning | Parcel SF | Parcel AC | Agg SF | Agg AC | Value | Assumptions |
| A - Willows | 13190303000 | 5 E Columbia Dr | UMU | 285,318 | 6.55 | 285,318 | 6.55 | Value #1 - Waterfront | Assume 110,215 SF is Waterfront; and 135,330 SF is Interior; 7,500 SF reserved from the VMCT*; balance is roadways ALREADY INSTALLED; assume utilities are at or near property line |
| | Value #2 - Interior | | | | | | | Assume 110,215 SF is Waterfront; and 135,330 SF is Interior; 7,500 SF reserved from the VMCT; balance is roadways ALREADY INSTALLED; assume utilities are at or near property line | |
| | Value #3 - Interior | | | | | | | Assume 110,215 SF is Waterfront; and 135,330 SF is Interior; 7,500 SF reserved from the VMCT; balance is roadways INSTALLED BY BUYER; assume utilities are at or near property line | |
| B - Cable Greens | 13190303010 | 551 E Columbia Dr | UMU | 110,642 | 2.54 | 139,239 | 3.20 | Value #4 | As Is; Assume shared parking |
| | 8000 | | | | | | | NKA E Columbia | 7003 |
| Columbia Gardens Commercial Parcels | | | | | | | | | |
| Parcel #1 | 13190303010 | 227 E Columbia | UMU | 22,215 | 0.51 | 31,798 | 0.7300 | Value #5 | As Is; Assume shared parking |
| Parcel #2 | 13190303010 | 309 E Columbia | | 9,583 | 0.22 | | | Value #6 | As Is; Assume shared parking |
| Parcel #3 | 13190303002 | 209 E Columbia Dr | UMU | 37,026 | 0.85 | 41,382 | 0.95 | Value #7 | As Is; Assume shared parking |
| Parcel #4 | 13190303001 | 215 E Columbia Dr | UMU | 4,356 | 0.1 | | | Value #8 | As Is; Assume shared parking |
| Parcel #5 | 13190303001 | 320 E Columbia | UMU | 42,253 | 0.97 | 42,253 | 0.97 | Value #9 | As Is; Assume shared parking |
| Parcel #6 | 3003 | Gardens Way | | | | | | Value #10 | Assume demised into two equal parcels with shared parking |
| Combined Totals | | | | | | 539,990 | 12.40 | | |

*VMCT= Veterans Memorial Christmas Tree

The Market Study & Analysis Report that follows is communicated in a **Restricted Appraisal Report** format which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice for a **Restricted Appraisal Report**¹. Accordingly, the report includes only a summary of the data and analysis

¹ **Restricted Appraisal Report** – When the intended users include parties other than the client, an Appraisal Report must be provided. When the intended users do not include parties other than the client, a Restricted Appraisal

with additional information retained in the appraiser's file. Veronica R Griffith, MAI, CCIM observed the property and prepared this report.

NOTE: The reader is cautioned that the use of this **Restricted Appraisal Report** is limited only to the client and that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly by other readers without a review of additional information contained in the appraiser's work file.

The following report is divided into several sections including the following:

- I. Executive Summary
- II. Historical Property Overview and Redevelopment Plans
- III. Regional and Neighborhood Overview
- IV. Market Study & Analysis – Existing and Projected *Demand* Analysis
 - a. Population and Demographics Characteristics
 - b. Labor Force Characteristics
- V. Market Trends Analysis Supply Analysis
 - a. Commercial (Office and Retail) Segment Supply Analysis
 - b. Residential Segment Supply Analysis
 - i. Single Family Detached – For Sale
 - ii. Multi-Family Attached (both For Rent and For Sale)

ASSIGNMENT CONDITIONS

Please pay particular attention to the Extraordinary Assumptions and Hypothetical Conditions listed below. The value estimate in this appraisal could be different without these assumptions.

Extraordinary Assumptions & Limiting Conditions²

- See Individual Reports

Hypothetical Conditions³

- See Individual Reports

Report may be provided. The essential difference between these two options is the content and level of information provided. The appropriate reporting option and the level of information necessary in the report are dependent on the intended use and the intended users. The report content and level of information requirements set forth in this Standard are minimums for each type of report. (Uniform Standards of Professional Appraisal Practice, 2018-19 Edition, page 20)

² **Extraordinary Assumption** is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

³ **Hypothetical Condition** is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for purpose of analysis.

CHALLENGES AND OPPORTUNITIES ANALYSIS

- The Historic Waterfront District contains a variety of both vacant and improved parcels in either private ownership or Port of Kennewick ownership. The Port has acquired parcels in this area and re-developed over the last decade or more as they are made available for sale. At the present time, the commercial parcels located within the Columbia Gardens Wine and Artisan Village are contiguous, but the residential parcels known as the Cable Greens and the Willows are separated from the Village by several land parcels improved with vintage commercial buildings in private ownership. It could take another decade to acquire the remaining parcels in the district, which can hamper development opportunities.
- The location of several of the parcels with frontage along the Duffy's Pond shoreline (a 10-acre retention basin immediately south of the Columbia River controlled by the City of Kennewick under a master lease with the Army Corps of Engineers) on the northern boundary, along the north side of E Columbia Drive as the southern boundary; sandwiched between Gum St (SR Hwy 397) on the east and Clover Island Dr/Washington St on the west, is considered unique with no really comparable property in the entire Tri-Cities area. The neighborhood is surrounded by vintage residential and industrial property and a short distance from the vintage CBD of downtown Kennewick.
- The improved parcels' improvements, if any, range in age from vintage (developed in the early years of the preceding century as the downtown CBD grew) to nearly new (recent Port development).
- The availability of data for this assignment is considered only poor to fair due to the fact that similarly zoned parcels are virtually non-existent in the City of Kennewick given that it is a new designation very different from other zoning designations, and thus estimates were extracted from data with similar uses and densities. A lack of data can affect the reliability of the report.

Given the above facts, the likely pricing strategies projected herein are considered reasonably well supported and are summarized as follows:

| Summary of Properties and Value Estimates | | | | | | | | |
|---|---|--------------------------------------|----------------------------|----------------------------|-----------------------|-----------------------|---------------------------------|--|
| Designation | Residential Parcel A | Residential Parcel B | Commercial Parcel #1 | Commercial Parcel #2 | Commercial Parcel #3 | Commercial Parcel #4 | Commercial Parcel #5/6 Combined | Commercial Parcel #5/6 As Individual |
| Name / Address | Willows, 5 E Columbia Dr | Cable Greens, 551 E Columbia Dr | 227 E Columbia Gardens Way | 309 E Columbia Gardens Way | 209 E Columbia Dr | 215 E Columbia Dr | 320 E Columbia Dr | 320 E Columbia Dr |
| PID | 131903030001003 | 131903030108000; and 131903030107003 | 131903030106009 | 131903030106008 | 131903030025000 | 131903030011003 | 131903030013003 | 131903030013003 |
| SIZE (AC) | 6.55 | 3.20 | 0.51 | 0.22 | 0.85 | 0.10 | 0.97 | 0.97 |
| SIZE (SF) | 285,318 | 139,239 | 22,215 | 9,583 | 37,026 | 4,356 | 42,253 | 42,253 |
| Assignment Conditions | Yes | No | Yes | Yes | Yes | Yes | No | Yes |
| | Excl VMCT; assume specific waterfront and interior SF; raw and roadways installed | As Is | Assume shared parking | Assume shared parking | Assume shared parking | Assume shared parking | As Is | Assume subdivided into two equal parcels |
| Value Type | Market Value | Market Value | Market Value | Market Value | Market Value | Market Value | Market Value | Market Value |
| | As Is | As Is | As Is | As Is | As Is | As Is | As Is | As Is |
| Effective Date | 06/30/2021 | 06/30/2021 | 06/30/2021 | 06/30/2021 | 06/30/2021 | 06/30/2021 | 06/30/2021 | 06/30/2021 |
| Perspective | Current | Current | Current | Current | Current | Current | Current | Current |
| Value Estimate Per Unit of Comparison | \$12,750 to \$16,575 per dwelling unit | \$12,000 per dwelling unit | \$10 PSF | \$10.50 PSF | \$10.00 PSF | \$12.00 PSF | \$10.00 PSF | \$10.00 pSF |
| Value Estimate | \$2,055,000 | \$840,000 | \$225,000 | \$100,000 | \$370,000 | \$50,000 | \$425,000 | \$210,000 each or \$420,000 |

I appreciate the opportunity to provide this service. Please call me with any questions. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addenda.

Sincerely,
Sandollar LLC | Appraisal Group SEWA

A handwritten signature in black ink, appearing to read "Veronica R Griffith". The signature is fluid and cursive, with a long horizontal stroke at the end.

Veronica R Griffith, MAI, CCIM
Certified General Appraiser
Washington #1101758

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Certification of Appraisal

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have previously conducted appraisal services related to two of the subject parcels for this client in January 2019, which falls within the three-year period immediately preceding acceptance of this assignment. The previous engagements covered the parcels described as the “Willows” parcel and the “Cable Green” parcel.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results. Furthermore, my engagement was not conditioned upon the appraisal producing a specific value, a value within a given range or the approval of a loan.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Veronica R Griffith has personally inspected the subject property.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Veronica R Griffith has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.



Veronica R Griffith, MAI, CCIM
Certified General Appraiser
Washington #1101758

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

EXECUTIVE SUMMARY of CONCLUSIONS

*HISTORIC WATERFRONT DISTRICT PROJECT
Port of Kennewick*



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

I. Executive Summary of Market Study

NEW DEVELOPMENT IN THE TRI-CITIES

This market study builds upon and updates a market study conducted for the client, the Port of Kennewick, by this firm in mid-2020 of its project known as Vista Field. There are no independent market studies available which summarize the *current inventory* of commercial space in the Tri-Cities market. Thus, a study was conducted of all the NEW space constructed since 2014 to visualize amount of new space being built, absorption of that space, rental rates, etc. The following table provides a summary of all new construction⁴ from January 2014 to June 2021, a 7.5-year period to gain insights into the construction of new space by type.

| New Construction Summary (Square Feet) | | | | | |
|--|------------------|------------------|------------------|-------------------|---------------|
| Tri-Cities, Washington | | | | | |
| For the Period January 2014 to June 30, 2021 | | | | | |
| | Kennewick | Pasco | Richland | Combined | |
| Office | 359,592 | 137,269 | 185,794 | 682,655 | |
| Retail | 353,648 | 330,684 | 340,953 | 1,025,285 | |
| Industrial | 322,581 | 2,068,389 | 1,141,315 | 3,532,285 | |
| Apartments | 389,166 | 0 | 1,143,507 | 1,532,673 | |
| Hotels | 206,201 | 160,804 | 271,093 | 638,098 | |
| Self Storage | 217,926 | 300,082 | 78,930 | 596,938 | |
| Civic/Healthcare | 1,110,505 | 596,711 | 874,951 | 2,582,167 | |
| Sub-Total Complete | 2,959,619 | 3,593,939 | 4,036,543 | 10,590,101 | |
| One Year Ago | 2,894,645 | 3,571,727 | 3,760,506 | 10,226,878 | |
| Office | 112,175 | 55,281 | 0 | 167,456 | |
| Retail | 43,980 | 25,243 | 47,522 | 116,745 | |
| Industrial | 24,000 | 215,116 | 308,324 | 547,440 | |
| Apartments | 740,174 | 205,066 | 735,085 | 1,680,325 | |
| Hotels | 0 | 0 | 0 | 0 | |
| Self Storage | 246,602 | 127,647 | 20,000 | 394,249 | |
| Civic/Healthcare | 485,313 | 110,000 | 170,500 | 765,813 | |
| Sub-Total U/C or Planned | 1,652,244 | 738,353 | 1,281,431 | 3,672,028 | |
| One Year Ago | 1,406,829 | 223,795 | 1,042,772 | 2,673,396 | |
| Office | 471,767 | 192,550 | 185,794 | 850,111 | 6.0% |
| Retail | 397,628 | 355,927 | 388,475 | 1,142,030 | 8.0% |
| Industrial | 346,581 | 2,283,505 | 1,449,639 | 4,079,725 | 28.6% |
| Apartments | 1,129,340 | 205,066 | 1,878,592 | 3,212,998 | 22.5% |
| Hotels | 206,201 | 160,804 | 271,093 | 638,098 | 4.5% |
| Self Storage | 464,528 | 427,729 | 98,930 | 991,187 | 6.9% |
| Civic/Healthcare | 1,595,818 | 706,711 | 1,045,451 | 3,347,980 | 23.5% |
| Sub-Total U/C or Planned | 4,611,863 | 4,332,292 | 5,317,974 | 14,262,129 | 100.0% |
| One Year Ago | 4,301,474 | 3,795,522 | 4,803,278 | 12,900,274 | |
| | 32.3% | 30.4% | 37.3% | 100.0% | |

Figures in red reflect the totals of this annual summary from one year ago from the original market study for Vista Field.

⁴ New Construction was limited to projects with a construction cost of \$500,000 and more to eliminate very small projects

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

It is clear that the amount of new construction has continued unabated, as the current total of all completed and under construction projects reflects an 10.5% increase over the prior 2020 combined total.⁵

Commercial space development (office and retail) in the Tri-Cities occurs somewhat different from larger metropolitan areas for the following reasons:

- First, the line between pure office and retail users is often blurred in the Tri-Cities with many office users electing to go into more visible retail spaces, primarily because the cost and rental structures are not very different.
- Secondly, a large portion of the newly completed commercial space (estimate 75%) was developed for a specific owner/user rather than an investor for lease to tenants.
- Thirdly, there is a blurring of uses within buildings. For example, an owner may elect to build a home for its business that includes office space, retail showroom space and manufacturing/assembly/warehouse space in varying degrees. While the space suits the owner to a “T”, when the time comes to sell, it is possible that the Owner’s configuration has limited appeal in the overall market.
- And lastly, most of the new construction occurs in suburban sectors of the market rather than urban.

The following pages summarize the individual market segments.

⁵ Totals include five former hotel properties which are being converted to micro apartment units. Not included in the totals herein are the announcement of two new industrial distribution centers, each to contain more than one million square feet which are planned near Sacajawea State Park being developed by The Ryan Companies of Bellevue, Project Oyster and Project Pearl. The projects will be developed on either side of South Road 40 in east Pasco. It is rumored that one of the projects will be a fulfillment center for Amazon Inc. City of Pasco has already issued permits for excavation and foundation work. Project Oyster will contain 1,080,500 SF on 162 acres while Project Pearl will be slightly smaller at 1,049,760 SF on a 104-acre site. The announcement came after this survey was completed.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial (Office, Retail, Big Box, Hotel) Development Segment

Office Development

No source of data is available in terms of *existing* office supply. Surveyed all **NEW** construction for a 7.5 Year study period through June 30, 2021, summarized as follows:

| | |
|-----------------------------------|---|
| Current Available Space: | 40,071 SF (51,499 SF in June 2020); positive absorption |
| Rental Rate Range: | \$18 to \$25 PSF (similar in June 2020); rents trending upward |
| Avg Rental Rate: | \$20.95 (\$19.05/SF NNN in June 2020); rents up 5.3% |
| SF U/C: | 167,456 SF (102,239 SF in June 2020); up 63%; 1.5 Yr supply |
| Current Occupancy Rates: | 90% (93% in June 2020); down 3% |
| Average Absorption Rates: | 91,021 SF (156,708+ SF/Yr) – down 42% |
| General Market Trend | Market remains strong in both the owner/occupancy and in the “for lease” category but reaching possible saturation; 167,456 SF under construction/planned which represents a 25% increase in new product over the 682,655 SF already completed. |
| New Construction Feasible? | Specific target markets only |

Summary of Office Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to June 30, 2021

| Location | | # Projects | Complete | # Projects | UC / Planned | # Projects | Combined | % |
|-----------------|--------------------|------------|----------------|------------|----------------|------------|----------------|---------------|
| Kennewick | Central | 3 | 47,340 | 1 | 6,400 | 4 | 53,740 | 6.3% |
| " | East | 1 | 13,489 | 0 | - | 1 | 13,489 | 1.6% |
| " | Gage Blvd | 7 | 64,455 | 0 | - | 7 | 64,455 | 7.6% |
| " | Hwy 395 S | 9 | 70,507 | 2 | 23,000 | 11 | 93,507 | 11.0% |
| " | Vista / CC Mall | 13 | 137,154 | 2 | 61,000 | 15 | 198,154 | 23.3% |
| " | W Clwtr | 4 | 26,647 | 1 | 21,775 | 5 | 48,422 | 5.7% |
| " | Sub-Total | 37 | 359,592 | 6 | 112,175 | 43 | 471,767 | 55.5% |
| Richland | Central | 5 | 62,347 | 0 | - | 5 | 62,347 | 7.3% |
| " | South | 5 | 106,681 | 0 | - | 5 | 106,681 | 12.5% |
| " | Queensgate | 1 | 8,426 | 0 | - | 1 | 8,426 | 1.0% |
| " | West | 1 | 8,340 | 0 | - | 1 | 8,340 | 1.0% |
| " | Sub-Total | 12 | 185,794 | 0 | - | 12 | 185,794 | 21.9% |
| Pasco | West | 7 | 137,269 | 3 | 55,281 | 10 | 192,550 | 22.6% |
| | Sub-Total | 7 | 137,269 | 3 | 55,281 | 10 | 192,550 | 22.6% |
| Combined | Grand Total | 56 | 682,655 | 9 | 167,456 | 65 | 850,111 | 100.0% |

| | | | | | | |
|---------------------|---------------|----------------|------------|---------------|------------|----------------|
| One Year Ago | 56 | 682,655 | 4 | 16,850 | 59 | 750,055 |
| | Avg SF | 12,190 | Avg | 18,606 | Avg | 13,079 |
| | Avg/Yr | 91,021 | | | | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Retail Development

No source of data is available in terms of existing supply. Surveyed all **NEW** construction for a 7.5 Year study period through June 30, 2021, summarized as follows:

| | |
|-----------------------------------|---|
| Current Available Space: | 19,951 SF (17,318 SF in June 2020); up 15% |
| Rental Rate Range: | \$12 to \$24 (\$16 to \$26 PSF in June 2020); down |
| Average Rental Rate: | \$17.67 NNN (\$20.32/SF NNN in June 2020); down |
| SF Under Construction: | 116,745 SF (102,393 SF in June 2020); up |
| Current Occupancy Rates: | 98% estimated; (98.3% in June 2020); similar |
| Absorption Rates: | 157,736 SF (152,000 SF in June 2020); up 4% |
| General Market Trend | Market is strong in both the owner/occupancy and in the “for lease” category, but reaching saturation; 116,745 SF under construction which represents a 11% increase over current |
| New Construction Feasible? | Specific target markets only |

Summary of Retail Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to June 30, 2021

| Location | | # Projects | Complete | # Projects | Under Constr / | # Projects | Combined | % |
|---------------------|-----------------------|---------------|------------------|------------|----------------|------------|------------------|-------|
| Kennewick | East | 3 | 10,548 | 0 | - | 3 | 10,548 | |
| " | Central | 4 | 21,302 | 1 | 4,080 | 5 | 25,382 | |
| " | Gage Blvd | 3 | 23,186 | 0 | - | 3 | 23,186 | |
| " | US 395 | 14 | 147,930 | 1 | 6,900 | 15 | 154,830 | |
| " | South Vista / CC Mall | 8 | 113,254 | 1 | 22,000 | 9 | 135,254 | |
| " | W Clrwtr | 4 | 37,428 | 2 | 11,000 | 6 | 48,428 | |
| " | Sub-Total | 36 | 353,648 | 5 | 43,980 | 41 | 397,628 | 34.8% |
| Richland | North | 11 | 79,551 | 1 | 32,000 | 12 | 111,551 | |
| " | Queensgate | 19 | 232,685 | 2 | 7,500 | 21 | 240,185 | |
| " | Central | 0 | - | 1 | 5,500 | 1 | 5,500 | |
| " | West/WR | 6 | 28,717 | 1 | 2,522 | 7 | 31,239 | |
| " | Sub-Total | 36 | 340,953 | 5 | 47,522 | 41 | 388,475 | 34.0% |
| Pasco | West | 19 | 256,966 | 2 | 25,243 | 21 | 282,209 | |
| " | All Other | 8 | 73,718 | 0 | - | 8 | 73,718 | |
| | Sub-Total | 27 | 330,684 | 2 | 25,243 | 29 | 355,927 | 31.2% |
| Combined | Grand Total | 99 | 1,025,285 | 12 | 116,745 | 111 | 1,142,030 | |
| One Year Ago | | 95 | 1,018,599 | 10 | 73,081 | 105 | 1,091,680 | |
| | | Avg SF | 10,356 | Avg | 9,729 | Avg | 10,289 | |
| | | Avg/Yr | 157,736 | | | | | |

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Niche Commercial Market - Big Box Development Space

In looking at the retail product available, no big box space has been constructed other than the Dick's Sporting Goods shown below; the following big box spaces are currently being marketed and not included in the previous numbers. Brokers in this segment report that this segment is experiencing higher vacancy than in the past due to increasing closures and uncertainty in the retail industry. In any event, about 112,940 SF of big box space was released in 2019, not counting the Dick's Sporting Goods. In 2020 there was net absorption of 17,819 SF.

**Summary of BIG BOX Space Available For Lease
Tri-Cities, WA
As of 06/30/2021**

| <u>MLS #</u> | <u>Former Tenant</u> | <u>Address</u> | <u>City</u> | <u>Space Available</u> | <u>Rental Rate</u> | <u>Year Built</u> |
|--------------|---------------------------|-------------------------|---------------------|------------------------|--------------------|-------------------|
| 217990 | Former Hastings | 1425 G W Way | Richland | 10,400 | \$12 | 1974 |
| 251569 | Former Country Buffet | 6821 W Canal Dr | Kennewick | 10,786 | \$17 | 1994 |
| Loopnet | Former Sleep Country | 908 N Colorado Ste A | Kennewick | 33,456 | \$9 | 1996 |
| Loopnet | Former Office Max | 908 N Colorado Ste B | Kennewick | 7,184 | \$9 | 1996 |
| 254058 | Former Toys R Us | 821 N Columbia Ctr Blvd | Kennewick | 38,000 | Unk | 1970 |
| 243986 | Former Ashley's Furniture | 1340 Tapteal Dr | Kennewick | 12,410 | \$11 | 2007 |
| Loopnet | Former Albertson's | 1320 Lee Blvd | Richland | 41,316 | \$10 | 1961 |
| | | | | 153,552 | \$9 to \$17 | |
| | | | One Year Ago | 171,371 | avg | |

The following stores were recently released after being vacated.

- **Goodwill Industries** completed a new store on Columbia Center Boulevard and vacated 22,940 SF at 2801 W Kennewick in mid-September 2019 when the new store opened. **Harbor Freight** almost immediately signed a new lease for the former Goodwill store; they opened in November 2019 in the new location expanding their presence in the Tri-Cities. Their lease was for a 10-year term, 16,054 SF at the rate of \$9 PSF NNN with a 10% escalation at the 5-year mark beginning in November 2019.
- The former **Shopko** space containing about 90,000 SF was vacated in May 2019, but almost immediately re-leased to **At Home**, a no-frills home décor retailer that opened in September 2019. It is reported that the store underwent a \$2.6 Million remodel to get the property ready for the new tenant. At Home space was leased for a 10-year term at the rate of \$10 PSF NNN, commencing in September 2019.
- **Dicks Sporting Goods** removed the former theatre at the Columbia Center Mall and opened its new store containing an estimated 45,000 SF in September 2019 in time for the holiday shopping season.
- **908 N Colorado, Suite C** – previously occupied by Sports Authority was just released in January 2021 to a charitable enterprise for use as a large thrift store supporting veterans. It had been vacant for more than five years. The lease was at a rate of \$8.75 PSF, NNN, with 3 months of free rent, and a 7-year term.

In June 2020, there was 171,371 SF listed. The current amount of 153,552 SF reflects a net positive absorption of 17,819 SF; thus, there has been a net absorption of 10.4%.

The following stores are vacant but not listed:

- **JCPenney** filed for bankruptcy protection in May 2020, and it is possible that the store at the Columbia Center Mall containing approximately 160,000 SF will be closed permanently. However, Simon Properties (owner of the mall) has announced it will purchase all of JCPenney assets so that it can control redevelopment.
- The **Sears Store** at the Columbia Center Mall containing an estimated 160,000 SF has been vacated since March 2019, but it has not yet been listed for lease and the availability of that space is questionable. Reportedly, Simon, the mall's owner, sees the Sears location as turnaround opportunities.
- **ToysRUs** filed bankruptcy and vacated its store in mid-2018 in and left a 38,000 SF store at the perimeter of the Columbia Center Mall.

That is a total of 358,000 SF at the mall which is not accounted for in the earlier statistics table because it is not listed yet. Thus, the combined vacant big box style retail space in the Tri-Cities is calculated at about 522,342 SF.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Hotel Development

According to the Tri-Cities Herald, the base inventory of hotel rooms in the Tri-Cities as of 2014 totaled 3,358 rooms. A survey was conducted of all **NEW** hotel rooms constructed since that time. A total of 1,059 rooms (31.5% increase) has been added to the base inventory, bringing the total to 4,417 rooms.

Total New Hotel Construction

Tri-Cities, WA

January 2014 to June 2021

| Type | Project Name | Street # | Dir | Street Name | City | Owner | Year Built | GBA | NBRHD | Subtotal NBRHD | # Units |
|--|-----------------------------|----------|-----|-----------------------|-----------|------------------------------------|------------|----------------|----------------|----------------|---------|
| Hospitality | Comfort Suites | 3703 | | Plaza Way | Kennewick | South Ridge Investments | 2020 | 62,314 | Southridge | | 94 |
| Hospitality | Hampton Inn Kennewick | 3715 | | Plaza Way | Kennewick | Hampton Inn | 2020 | 49,696 | Southridge | | 121 |
| Hospitality | Springhill Suites | 7408 | W | Grandridge Blvd | Kennewick | A-1 Kennewick LLC | 2015 | 94,191 | Vista Field | | 122 |
| KENNEWICK TOTAL COMPLETE | | | | | | | | 206,201 | | | 337 |
| Hospitality | Courtyard by Marriott | 2101 | W | Argent Rd | Pasco | A-1 Hospitality Properties | 2020 | 59,525 | North Central | | 99 |
| Hospitality | Hampton Inn Pasco | 6826 | | Burden Blvd | Pasco | Ron/Tracey Asmus | 2016 | 72,685 | Road 68 | | 120 |
| Hospitality | My Place Hotel | 6830 | | Rodeo Dr | Pasco | Pasco My Place LLC | 2014 | 28,594 | Road 68 | | 64 |
| PASCO TOTAL COMPLETE | | | | | | | | 160,804 | | | 283 |
| Hospitality | Home2 Suites | 2861 | | Lincoln Landing | Richland | Western States Lodging, Dev & Mgmt | 2017 | 66,380 | Queensgate | | 120 |
| Hospitality | Homewood Suites | 1060 | N | George Washington Way | Richland | Vandervort Hospitality | 2014 | 92,955 | Columbia Point | | 115 |
| Hospitality | The Lodge at Columbia Point | 530 | | Columbia Point Dr | Richland | The Lodge at Columbia Point | 2017 | 62,773 | Columbia Point | | 82 |
| Hospitality | WoodSpring Suites | 1370 | | Tapteal Dr | Richland | Richland Hotel Holdings LLC | 2020 | 48,985 | Spaulding | | 122 |
| RICHLAND TOTAL COMPLETE | | | | | | | | 271,093 | | | 439 |
| Tri-Cities Total Complete | | | | | | | | 638,098 | | | 1059 |
| Tri-Cities Total Under Construction | | | | | | | | - | | | 0 |
| Tri-Cities Total Supply | | | | | | | | 638,098 | | | 1059 |

| City | # Projects | Total Rooms |
|--------------------|-----------------------|--------------|
| Kennewick | 3 | 337 |
| Pasco | 3 | 283 |
| Richland/WRichland | 4 | 439 |
| Sub-Totals | 10 | 1,059 |
| | Base Inventory | <u>3,358</u> |
| | Combined Total | 4,417 |

Average Daily Room Rate:

N/A

Estimated Occupancy

50%, borderline feasible

Feasibility of New Construction

Very doubtful; a 31% increase in supply was added in only six years; market needs time to catch up

There has been **no real change** in the number of hotel rooms during the last year, although estimated occupancy and ADRs have dropped substantially due to limited travel occurring during the pandemic. Many properties closed completely and are now only beginning to re-open. **A recent trend involves an apartment developer buying five hotels in Richland for conversion to micro rental units. Please see apartment construction discussion.**

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Industrial Development Segment Summary

Industrial Office/Warehouse Development

No source of data is available in terms of existing supply. Surveyed all **NEW** construction for a 7.5 Year study period through June 30, 2021, summarized as follows:

| | |
|-----------------------------------|---|
| Current Available Space: | 67,400 SF |
| Rental Rate Range: | \$8.00 to \$13.00 |
| Avg Rental Rate: | \$9.60 |
| SF U/C: | 547,440 SF or about a one-year supply |
| Current Occupancy Rates: | 95+ % |
| Average Absorption Rates: | 543,428 SF/Yr |
| General Market Trend | Market remains strong in both the owner/occupancy and in the “for lease” category; very little on the horizon in the way of new development compared to prior years |
| New Construction Feasible? | Yes, all markets |

Summary of Industrial Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to June 30, 2021

| Location | | # Projects | Complete | # Projects | Under Constr / Planned | # Projects | Combined | % |
|-----------------|--------------------|------------|------------------|------------|------------------------|------------|------------------|--------|
| Kennewick | East | 2 | 19,030 | 0 | - | 2 | 19,030 | 0.9% |
| " | Hwy 395 S | 3 | 24,010 | 0 | - | 3 | 24,010 | 2.8% |
| " | Mall / Vista | 4 | 118,800 | 1 | 24,000 | 5 | 142,800 | 2.1% |
| " | West | 11 | 160,741 | 0 | - | 11 | 160,741 | 13.8% |
| " | Southridge | 0 | - | 0 | - | 0 | - | 14.2% |
| " | W Clwrtr | 0 | - | 0 | - | 0 | - | 3.7% |
| " | Sub-Total | 20 | 322,581 | 1 | 24,000 | 21 | 346,581 | 37.6% |
| Richland | North | 18 | 1,044,246 | 16 | 308,324 | 34 | 1,352,570 | 10.0% |
| " | South | 2 | 97,069 | 0 | - | 2 | 97,069 | 0.4% |
| " | | 0 | - | 0 | - | 0 | - | 20.8% |
| " | | 0 | - | 0 | - | 0 | - | 1.7% |
| " | Sub-Total | 20 | 1,141,315 | 16 | 308,324 | 36 | 1,449,639 | 32.9% |
| Pasco | King City | 27 | 1,764,949 | 9 | 215,116 | 36 | 1,980,065 | 22.9% |
| " | North Central | 16 | 303,440 | 0 | - | 0 | 303,440 | 6.6% |
| | Sub-Total | 0 | 2,068,389 | 9 | 215,116 | 9 | 2,283,505 | 29.5% |
| Combined | Grand Total | 40 | 3,532,285 | 26 | 547,440 | 66 | 4,079,725 | 100.0% |

Avg SF 88,307 Avg 21,055 Avg 61,814

Avg/Yr 543,428

This segment was not included in the survey one year ago.

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Historic Waterfront District, Kennewick, WA*

Self-Storage Development Segment

Self-Storage Development

No source of data is available in terms of existing supply. Surveyed all **NEW** construction for a 7.5 Year study period through June 30, 2021, summarized as follows:

| | |
|-----------------------------------|---|
| SF U/C: | 394,249 SF |
| Current Occupancy Rates: | 85+ % (Estimated) |
| Average Absorption Rates: | 543,428 SF/Yr |
| General Market Trend | Market may have reached saturation because; total supply has now exceeded 10 SF Per capita and previously had been about 7-8 SF per capita; may cannibalize existing projects |
| New Construction Feasible? | No |

**Summary of Self-Storage Projects
For the Period January 2014 to June 30, 2021**

| Location | # Project | Complete | # Projects | U/C / Planned | # Projects | Combined | % |
|-----------------|----------------------|-----------------|-----------------------|--------------------------|-------------------|-----------------|---------------|
| Kennewick | 6 | 217,926 | 8 | 246,602 | 14 | 464,528 | 46.9% |
| Richland/Wrich | 3 | 78,930 | 1 | 20,000 | 4 | 98,930 | 10.0% |
| Pasco | 4 | 300,082 | 3 | 127,647 | 7 | 427,729 | 43.2% |
| TOTALS | 13 | 596,938 | 12 | 394,249 | 25 | 991,187 | 100.0% |

This segment was not included in the survey one year ago.

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Residential For Sale DETACHED Segment

SFR Detached Housing Trends – A study period of 7.5 years, January 2014 to June 30, 2021 (4,252 transactions, reflecting sales of \$1.5 Billion in subdivisions listed in MLS reveals that:

Table 5.3
Transaction Activity for the Tri-Cities Market
January 2014 through June, 2021

| | Kennewick | Pasco | Richland | West Richland |
|-------------------------|-----------|-------|----------|------------------|
| # of Subdivisions | 30 | 26 | 26 | 10 |
| % of Total Transactions | 30.5% | 35.5% | 25.4% | 8.6% |
| % of Total Volume | 29.4% | 32.6% | 28.4% | 9.6% |

- *Price:* Prices have risen increasing prices of an average of 10% per year every year; trend expected to continue
- *DOM:* Days on the market has averaged 67 days and is declining
- *Size:* Average Size (SF) has declined from 2,224 SF in 2014 to 2,166SF in 2021 YTD, an overall decrease of 58 SF or approximately 3%; and is expected to continue to decline
- *Style:* 90% rambler; 10% 2-story (majority is attached); no change expected
- *Garage Capacity:* 68%, 3CAG increasing demand; 32%, 2CAG declining demand
- *Basement:* Fewer than 3% had a basement; predominantly custom homes only
- *Lot Size:* Declining; only 3% were on lots \leq 5,000 SF; majority were >6,500-8500 SF
- *Current Pricing:* Sold prices are averaging \$210 PSF (including lot) in 2021; trending up
- *Type:* 95% of the total during the study period were detached; no change expected

General Market Trend

Market is strong and moving upward

New Construction Feasible?

Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

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Residential For Sale ATTACHED Townhouse Segment

SFR Attached Housing Trends – This style of housing has only begun to gain in popularity. A focus on projects developed since 2018 to present was conducted. A study period of 3.5 years, January 2018 to June 2021 (399 transactions) reveals that:

- # of Subdivisions – There were only 18 active attached product subdivisions developed since 2018; 10 are currently active; increasing activity for this segment
- *Price*: Prices have also risen increasing prices of an average of 10% per year every year
- *DOM*: Days on the market has averaged 39 days and is declining
- *Size*: Average Size (SF) has declined from a high of 1,725 SF in 2018 to the current size of 1,482 SF.
- *Style*: 31% rambler; 69% 2-story; no change expected
- *Garage Capacity*: 98%, 2CAG and increasing demand; 2%, 1CAG, declining demand
- *Basement*: None historically, currently one subdivision offers finished basements
- *Lot Size*: Static; average lot size $\leq 5,000$ SF
- *Current Pricing*: Most recent sales are averaging \$221 PSF, nearly identical with detached product.
- *Type*: 5.4% of the total during the study period were attached

General Market Trend Market is strong and moving upward

New Construction Feasible? Yes, Very Feasible; less than a 2-month supply; lot size is not as critical as home and amenities

Residential For Sale DETACHED – DUPLEX Segment

In addition to the “attached” SFR townhome product discussed above, we are aware of one duplex style townhome developed by Greenplan Construction in central Kennewick known as Irving Square. A total of 22 duplex lots, or 44 units were developed and sold over the 12-month sell-out period between 08/31/2018 and 09/13/2019. The list prices for the mostly identical units averaged \$395,000 for units averaging 1,287 SF, reflecting a sale price of \$140.32 PSF average. These were all 3BR, 2B, 1CAG 2-story units. DOM averages were deceiving as the units were listed long before they were completed and available. It does appear as if the owner is living in one unit and renting out the other in the majority of cases. These were not units immediately grabbed up by investors. Given that there was only one development during the study period, it is difficult to predict a trend other than the units sold readily as they became available at the list prices, given the limited amount of product in the market.

General Market Trend Market appears strong but depth has not been tested

New Construction Feasible? Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

*MARKET STUDY & ANALYSIS
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Residential For Rent ATTACHED Segment

| New Apartment Units Constructed (Projects/Units) | | | | | |
|--|----------------|----------------|---|------------|-------------------|
| Tri-Cities, WA | | | | | |
| January 2014 to June 30, 2021 | | | | | |
| | Kennewick | Pasco | Richland | W Richland | Combined |
| # Projects / # Units Completed Since 2014 | (8) 418 | 0 | (9) 1,165 | 0 | (17) 1,583 |
| # Projects / # Units U/C or Planned Combined | (7) <u>915</u> | (4) <u>374</u> | (7) <u>892</u> | <u>0</u> | (18) <u>2,181</u> |
| | (15) 1,333 | (4) 374 | (16) 2,057 | 0 | (35) 3,764 |
| | | | Total Added in 2013 | | <u>994</u> |
| | | | Grand Total New Construction SINCE 2013 | | 4,758 |

Of the total of 35 projects developed, under construction or planned, only nine contained 30 units or less and represented less than 10% of all units developed. The majority of those projects contained 2- and 3-bedroom garden and/or townhouse style units. Five projects are former motel properties which have been purchased for renovation to micro units. Several other projects were announced but details not yet available:

1. Three aging motel properties have been acquired and two more is under contract to be purchased by an Oregon developer, Fortify Holdings for conversion to micro apartments which will remove a total of 684 rooms from the current hotel inventory including:
 - a. *Best Western Plus*, a 6-story hotel at 1515 George Washington Way and containing 197 rooms was shut down over the weekend with representatives confirming that Fortify is the new owner. This property was built in 1974 but closed in 2013 for a massive renovation and had just re-opened in November 2019 with a grand re-opening.
 - b. *Rodeway Inn*, 1520 N Oregon Ave in Pasco is also closed and it is not clear when it shut down and has a total of 106 rooms to be converted.
 - c. *Quality Inn*, 7901 W Quinault Ave, Kennewick near the Columbia Center Mall has 124 rooms to be converted.
 - d. *Loyalty Inn*, 1825 W Lewis St in Pasco, is in escrow and has a total of 160 rooms to be converted.
 - e. *Days Inn*, 615 Jadwin Blvd, Richland, has 97 rooms to be converted.
2. 1100-1200 Jadwin – Two multi-story office buildings (50,000 SF and 110,000 SF respectively) were purchased by partners Crook/Lipus; 1100 Jadwin is to be renovated as first class office space at a cost of \$5 Million and began in August 2020; followed by redevelopment of the other 7-story building with luxury apartment units. No final plans have been announced for this urban style project; however, it is now listed for sale.

| | |
|------------------------------------|---|
| Current Occupancy Level: | 99.5% overall market, stable |
| Current Average Rent Level: | \$1,022 overall market |
| General Market Trend | Market is strong and moving upward |
| New Construction Feasible? | Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities |

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MARKET STUDY REPORT & ANALYSIS

HISTORIC WATERFRONT DISTRICT, Kennewick, WA



*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

II. Historical Overview & Redevelopment Plan



Figure 6. Port-owned property in Kennewick's historic waterfront district

The subject parcels are located within what is today referred to as the Historic Waterfront District located in the northern portion of the City of Kennewick. This district includes Clover Island on the north end (segmented into Clover Island east, central and west); a marina and Duffy's Pond in the central portion; and properties with frontage along Duffy's Pond and/or E Columbia Drive on the southern end (or one lot back as in the case of The Willows and

Cable Greens parcels). The parcels to be studied are located in the southern portion of this Historic Waterfront District and are identified on the accompanying map as "The Willows" along the western end, portions of "Columbia Gardens" in the central portion, and "Cable Greens" along the eastern end.

A copy of the most recent and final draft of the masterplan (May 24, 2021) was downloaded from the client's website and reviewed as part of this engagement. Rather than paraphrasing the pertinent parts, below are summaries of both historical use and projected use outcomes as discussed within the plan. The entire Masterplan document is therefore incorporated herein by reference.

Historic Waterfront District – Brief Masterplan History

"Originally part of a natural sedimentary island system used by Native American tribes and early settlers, early commercial use of Clover Island included a barge building site. Subsequently, a portion of the originally 53-acre island was used as fill material to create a smaller footprint remaining above the slack water created by the completion of McNary Dam in 1954. Additional fill was added to the island's east end in the 1960s. Today Clover Island is 16 acres in size.

A constructed levee enclosed part of the original shoreline adjacent to Clover Island and created the retention basin known as Duffy's Pond.

Today, greater Kennewick has transitioned from an industrial focus to a residential community. Just one mile south of Clover Island, historic downtown Kennewick is a center for retail activities, with the auto-oriented commercial and industrial Columbia Drive corridor and the railroad in between. This plan seeks to unite Clover Island and the adjacent inland area as the Historic Waterfront District and support the region's unique history, character, and evolution" (Source: Port of Kennewick Historic Waterfront District Master Plan, draft 05.24.2021)".

The Port of Kennewick created the Clover Island Master Plan in 2005; much work has been done in the interim as guided by the original plan including:

- Improved the marina and boat launch.

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- Developed two small mixed-use office, retail and community buildings with the Clover Island Yacht Club and Port as anchor tenants.
- Completed western shoreline restoration and with Army Corps of Engineers support, is in the process of restoring the northern shoreline.
- Added a signature gateway, completed public space enhancements (utilities, sidewalks, lighting) to the central roadway to enhance non-motorized usage, and installed much of the waterfront esplanade.
- Added the iconic lighthouse attraction and plaza.
- Installed art and landscaping highlighting local history and culture throughout the island.

While much progress has been accomplished under the initial 2005 master plan, the final draft of the new proposed Master Plan takes the project through the next levels.

“Though many improvements have been made, it has yet to yield the private mixed-use investment envisioned by the 2005 master plan. As a result, the Port recognized that integrating the surrounding area into a cohesive district will be critical to leverage their investments on Clover Island, improve the vitality and economic performance of the surrounding area, and better connect this unique waterfront district to downtown Kennewick. In response the Port purchased and began improving properties along Columbia Drive, and initiated this new master plan which intends to:

- Unify the area between Columbia Drive and Clover Island as the historic waterfront district.
- Convey a community-driven vision and desired amenities, connections, and development.
- Develop a strategy to create a thriving area for residents and visitors.
- Prioritize the next 15-20 years of investment to help realize the greater district vision.”

Project Orientation

This plan is intended to convey a community-driven vision and guide development for Clover Island and Port Owned properties within the historic waterfront district.

Clover Island

The Port owns most of Clover Island aside from the U.S. Coast Guard's Aids to Navigation Team Kennewick station (Coast Guard Station). The three sections of Clover Island are currently used in the following manner.

- Clover Island West includes the Clover Island Yacht Club and marina, the lighthouse plaza, a boat launch and open gravel parking area, and the Clover Island Riverwalk.
- Clover Island Central includes the Port offices, Ice Harbor Brewery and Cedars restaurants, and a pocket park known as The Gathering Place.
- Clover Island East includes the Coast Guard station, Clover Island Inn, and a temporary event space used to host a summer concert series.

Columbia Drive – Subject Properties Being Appraised

The Port-owned parcels along Columbia Drive are grouped into three properties:

- The Willows is primarily undeveloped open space that includes the Veterans Memorial Christmas Tree
- Columbia Gardens Urban Wine & Artisan Village includes wineries, tasting rooms, and a food truck plaza and vacant parcels
- Cable Greens consists primarily of undeveloped open space.

Source: Port of Kennewick Historic Waterfront District Master Plan, draft 05.24.2021

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Zoning

In accordance with the Port of Kennewick's planned redevelopment of both the Historic Waterfront District and Vista Field (another Port of Kennewick project), the City of Kennewick created a new zoning designation, Urban Mixed Use (UMU) which allows mixing of a variety of uses, both horizontally and vertically.

Market Study & Market Analysis Process Undertaken

Market study and analysis is the foundation of economic decision making. Fundamental to real estate market analysis then is the relative balance of supply and demand.

"Market Study" is defined as a macroeconomic analysis that examines the general market conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends.⁶

"Market Analysis"

1. The identification and study of the market for a particular economic good or service; and / or
2. A study of market conditions for a specific type of property. (USPAP, 2002 ed)

*"A market analysis seeks to identify the highest and best use of property in terms of market support (demand), timing of demand (absorption) and market participants needs and desires (probable buyers and users)...Supply and demand considerations direct the collection of data required to develop a perspective on the economic environment that affects the property. Such an economic overview includes a description of the general economy and analysis of economic patterns, trends and cycles...."*⁷

Thus, the following report will delve into these areas in order to provide the framework within which to estimate the probable marketing and pricing strategies for the subject land parcels in the Historic Waterfront District.

⁶ *The Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute

⁷ *Market Research in Real Estate Appraisals*, Appraisal Institute, 1994, pg 7

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III. Regional and Neighborhood Overview

Regional Demographic Data

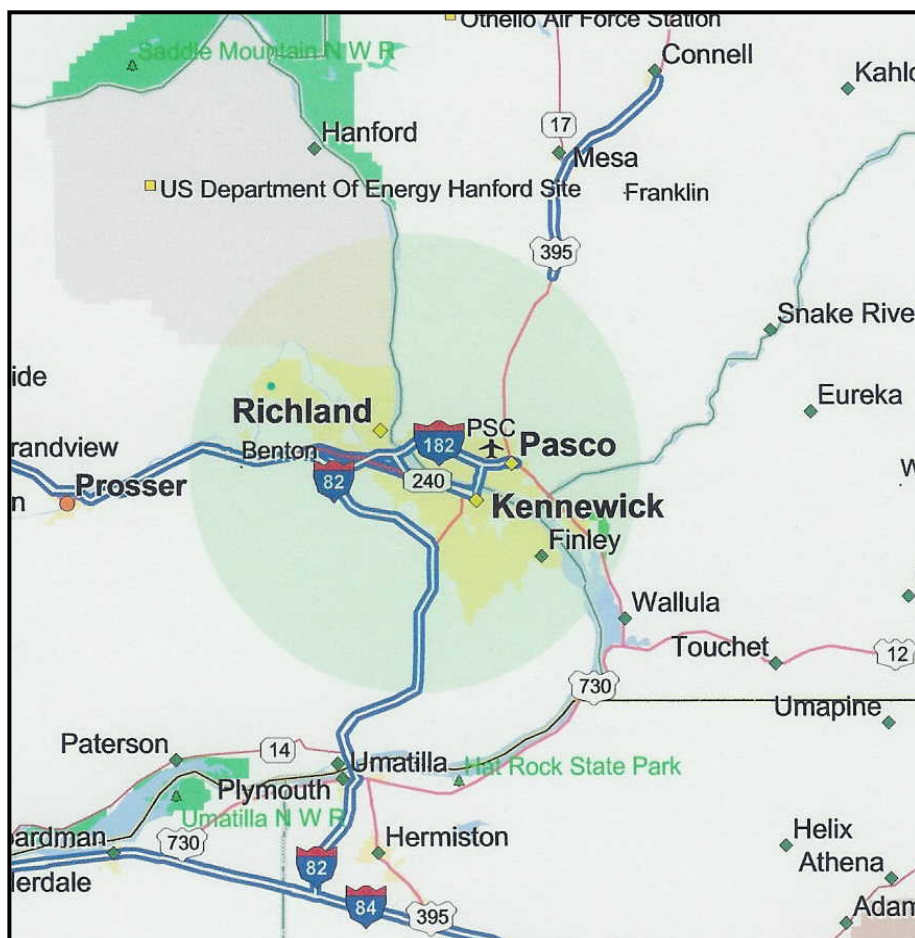
Updated Quarterly, Most Recent Update Q2 (June 30), 2021

Location

The Tri-Cities Metropolitan Statistical Area (MSA) is in south central / southeastern Washington State at the confluence of the Columbia, Snake, and Yakima Rivers in the heart of Washington State's wine country. The rivers provide the region with abundant irrigation, energy and recreational opportunities.

The Tri-Cities MSA is comprised of **two counties, Benton and Franklin Counties**, which combined occupy a total land area of 2,945 square miles. Benton County occupies a total land area of 1,700 square miles, varying in topography from level, irrigated farmland to the rolling hills of the Rattlesnake Mountain and Horse Heaven Hills.

Franklin County occupies a total land area of 1,242.1 square miles. It is predominately agricultural: about 40% of the land is irrigated, 31% is dry-land wheat, 26% is grazing land, and 3% is town and suburban areas. Population density is equivalent to 103 persons per sq. mi. in Benton County and 62.3 persons per sq. mi. in Franklin County.



History

The region was settled in the late 1800s by cattle and horse ranchers, primarily along the Columbia River, which allowed product to get to market. Farming included corn, wheat, alfalfa, potatoes, and fruit, especially apples. Dry-land farming was also successful, but in the 1890's, the first of the

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region's irrigation canals were built and expansion occurred in orchards, vineyards, farming and ranching. Farming expanded and supports the region today.

The region is probably best known today for the U.S. Department of Energy's (DOE) development of the Hanford Site in 1943 as part of the Manhattan Project, the location of the United States' first B Reactor, the first full scale plutonium production facility used in the first nuclear bombs. The project ultimately expanded to include nine nuclear reactors and five large plutonium processing complexes. However, early cleanup procedures were largely inadequate, and cleanup of toxic waste became a driving factor in the economy over the next several decades, along with diversification in scientific research and nuclear energy. The site is now mostly decommissioned but ongoing cleanup will be an economic driver for many years to come.

Climate

The region benefits from a location in the semi-arid high desert river basin, and within the rain shadow of the Cascade, Blue, Wallowa and Rocky Mountains. There is very nominal annual precipitation of less than 8" per year and an average high/low/average temperature of 65.5 / 43.7 / 54.6.

| Climate Kennewick - Washington | | | | | | | °C °F |
|--------------------------------|------|------|------|------|------|------|---------|
| | Jan | Feb | Mar | Apr | May | Jun | |
| Average high in °F: | 42 | 48 | 58 | 66 | 74 | 82 | |
| Average low in °F: | 29 | 31 | 36 | 42 | 49 | 56 | |
| Av. precipitation in inch: | 1.06 | 0.79 | 0.75 | 0.55 | 0.63 | 0.51 | |
| Days with precipitation: | - | - | - | - | - | - | |
| Hours of sunshine: | - | - | - | - | - | - | |
| Average snowfall in inch: | 1 | 0 | 0 | 0 | 0 | 0 | |
| | Jul | Aug | Sep | Oct | Nov | Dec | |
| Average high in °F: | 90 | 89 | 80 | 66 | 51 | 40 | |
| Average low in °F: | 62 | 61 | 52 | 42 | 35 | 29 | |
| Av. precipitation in inch: | 0.24 | 0.2 | 0.31 | 0.59 | 0.98 | 1.14 | |
| Days with precipitation: | - | - | - | - | - | - | |
| Hours of sunshine: | - | - | - | - | - | - | |
| Average snowfall in inch: | 0 | 0 | 0 | 0 | 0 | 0 | |

Source: USClimatedata.com

This temperate climate and the lengthy growing season is especially beneficial for agricultural related industries and Washington State in general and Benton and Franklin Counties in particular are top producers in many areas of agricultural activity in the United States. Food processing has become a larger and larger part of the economy over the last decade. The area is also within the heart of the Columbia Valley AVA, and there are now over 300 wineries and tasting rooms in the area. The

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climate as well as the location in proximity to the Columbia, Yakima, and Snake Rivers, also provide many recreational opportunities for the region.

Towns and Cities

Benton County's largest cities are Richland and Kennewick. Smaller outlying areas of the county include West Richland, Benton City, Finley, Kiona, Prosser (County Seat), Paterson, and Plymouth.

- Kennewick was incorporated in 1904. Now the largest population of the Tri-Cities, it is supported primarily by light industrial service and retail trade.
- Richland was incorporated in 1910. In 1943, the U.S. Government selected the area to site the Manhattan Project to produce plutonium for nuclear weapons. It was transferred from federal control in 1958 and became a chartered First-Class city. Clean-up of the Hanford Site is one of the major economic drivers today.

Franklin County's largest city is Pasco (County Seat). Smaller, outlying cities within the county include Connell, Kahlotus, Basin City, Eltopia, and Mesa.

- Pasco was the first city that early settlers developed and incorporated in 1891. Acknowledged for its strong agricultural and industrial base, Pasco has grown into one of the region's largest food processing and agricultural centers. Today it is the 3rd fastest growing areas in the state.

Population Trends

The following chart depicts population trends reported by Washington State for the area since the last census. The Tri-Cities has experienced a nearly 50% increase in absolute numbers of citizens since 2000, indicating that it is in the midst of both a population and economic boom. It is currently listed at 308,800 persons in the final count, updated in April 2021.

The SMSA grew by 55,460 persons between 2010 and 2021, an increase of 22%, or 2% per year over the 11-year period (2021 population also grew an average of 2% over 2020 population). Projections are that an additional 112,000 more persons are estimated to live here in 20 years based on the Benton-Franklin Council of Government's Transition 2040 plan.

The 2020 estimate surpassed 300,000 for the first time; this threshold is a harbinger of many national businesses beginning to look at the area as a site for new locations.

| Population Trends for the Tri-Cities, WA MSA | | | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Area | 2010 | 2011* | 2012* | 2013* | 2014* | 2015* | 2016* | 2017* | 2018* | 2019* | 2020 | 2021* |
| MSA | 253,340 | 258,400 | 262,500 | 268,200 | 273,100 | 275,740 | 279,170 | 283,830 | 289,960 | 296,480 | 302,460 | 308,800 |
| Benton County | 175,177 | 177,900 | 180,000 | 183,400 | 186,500 | 188,590 | 190,500 | 193,500 | 197,420 | 201,800 | 205,700 | 209,300 |
| Kennewick | 73,917 | 74,665 | 75,160 | 76,410 | 77,700 | 78,290 | 79,120 | 80,280 | 81,850 | 83,670 | 84,960 | 85,940 |
| Richland | 48,058 | 49,090 | 49,890 | 51,150 | 52,090 | 53,080 | 53,410 | 54,150 | 55,320 | 56,850 | 58,550 | 59,570 |
| West Richland | 11,811 | 12,200 | 12,570 | 13,080 | 13,620 | 13,960 | 14,340 | 14,660 | 15,320 | 15,340 | 15,710 | 16,710 |
| Franklin County | 78,163 | 80,500 | 82,500 | 84,800 | 86,600 | 87,150 | 88,670 | 90,330 | 92,540 | 94,680 | 96,760 | 99,500 |
| Pasco | 59,781 | 61,000 | 62,670 | 65,600 | 67,770 | 68,240 | 70,560 | 71,680 | 73,590 | 75,290 | 77,100 | 79,580 |

Source: WA State Office of Financial Management, April 1, 2021 Used for Allocation of Selected State Revenue

*Based on Estimates from 2010 US Census as determined in April every year

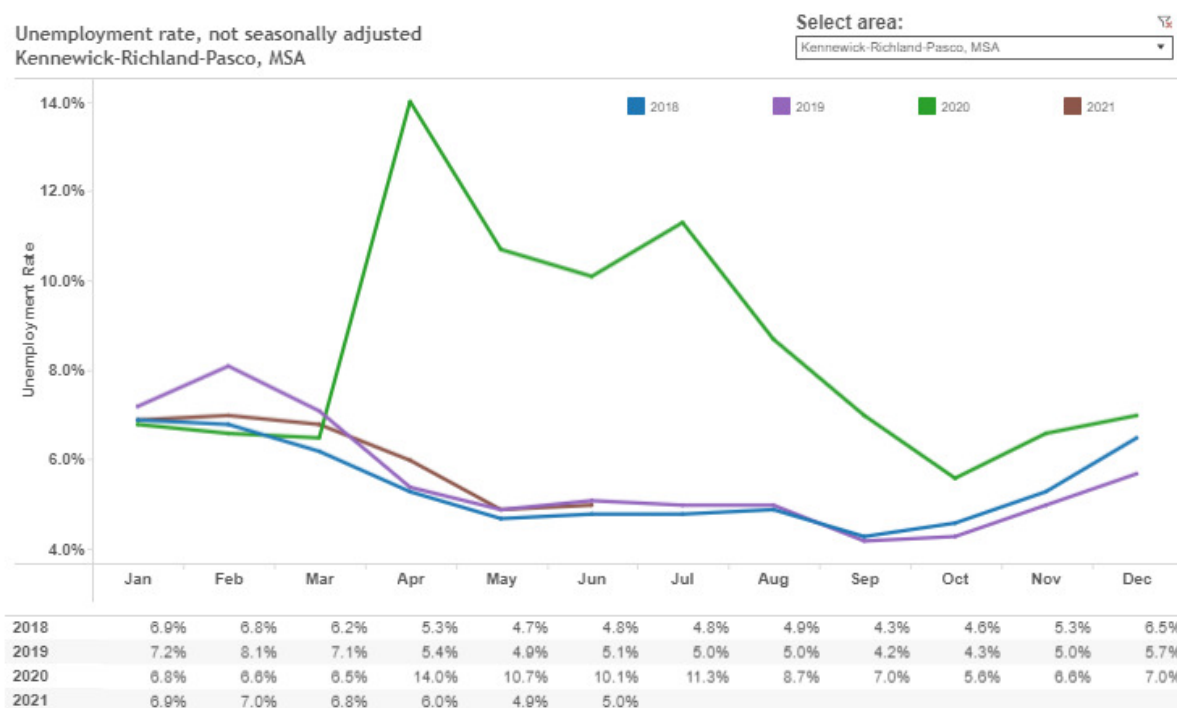
<https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/april-1-official-population-estimates>

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Labor Force and Employment

One of the major reasons for population growth is the strong economy with abundant job opportunities. The region possesses a well-educated and professional work force; in fact, the Tri-Cities holds one of the #10 spots in the nation for the number of PhDs in its work force as a result of the scientific research carried out at Hanford by many of the sub-contractors. Benton County's labor force also includes a high percentage of high-end managerial and professional specialty occupations. Due to its large agricultural base, Franklin County's work force is a high concentration of farming and fabrication occupations.

The most recent not seasonally adjusted *monthly* data from the U.S. Bureau of Labor Statistics is for April 2021 published in May 2021 and suggests a preliminary local jobless rate of 6.7%. The following chart shows the unemployment rate, not seasonally adjusted for the period 2017 through April 2021. Clearly the ongoing global Covid-19 pandemic resulted in a spike in unemployment during the spring, which gradually came back down to present levels, which is now near typical averages for this region.



Employment and unemployment, not seasonally adjusted
 Kennewick-Richland-Pasco, MSA

| | 2021 | | 2020 | | 2019 | | 2018 | |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| | June | May | June | May | June | May | June | May |
| Civilian Labor Force | 155,893 | 148,848 | 149,193 | 147,353 | 151,897 | 145,993 | 148,165 | 141,351 |
| Employment | 148,110 | 141,495 | 134,067 | 131,561 | 144,199 | 138,902 | 140,979 | 134,746 |
| Unemployment | 7,783 | 7,353 | 15,126 | 15,792 | 7,698 | 7,091 | 7,186 | 6,605 |
| Unemployment Rate | 5.0% | 4.9% | 10.1% | 10.7% | 5.1% | 4.9% | 4.8% | 4.7% |

Source: WA State Employment Security Department as of June 2021
<https://esd.wa.gov/labormarketinfo/labor-area-summaries>

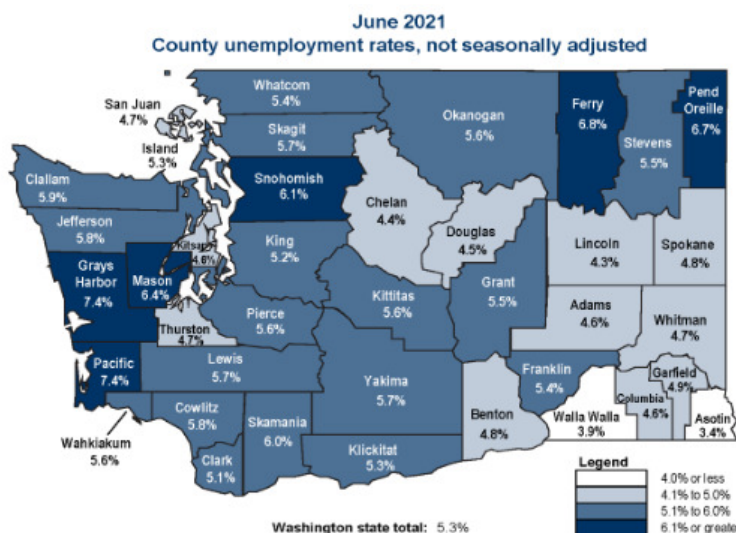
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Annual unemployment rates for Kennewick-Richland-Pasco MSA from 2007 to 2020 are reported in the following chart. Labor force growth has increased strongly, and unemployment rates have clearly declined since 2007. This chart then compares current data with other counties and the state of Washington.

Labor Force Statistics: Benton and Franklin Counties

| Year | Labor Force | Total Employment | Unemployment | Unemployment Rate |
|------|-------------|------------------|--------------|-------------------|
| 2007 | 117,700 | 111,510 | 6,190 | 5.3% |
| 2008 | 122,530 | 115,840 | 6,690 | 5.5% |
| 2009 | 128,690 | 119,010 | 9,680 | 7.5% |
| 2010 | 133,980 | 123,570 | 10,410 | 7.8% |
| 2011 | 135,060 | 124,350 | 10,710 | 7.9% |
| 2012 | 134,410 | 122,560 | 11,850 | 8.8% |
| 2013 | 131,930 | 120,600 | 11,330 | 8.6% |
| 2014 | 127,200 | 115,600 | 11,600 | 7.2% |
| 2015 | 130,078 | 122,279 | 7,799 | 6.0% |
| 2016 | 134,094 | 125,188 | 8,905 | 6.6% |
| 2017 | 138,257 | 130,347 | 7,883 | 5.7% |
| 2018 | 147,925 | 140,914 | 7,011 | 4.7% |
| 2019 | 147,420 | 138,665 | 8,755 | 5.9% |
| 2020 | 140,928 | 131,134 | 9,764 | 6.9% |

Source: Labor Area Summaries, Washington State Employment Security Department, Labor Market and Economic Analysis Branch, not seasonally adjusted (January 2021)



Source: WA State Department of Labor Security, June 2021 published July 2021
<https://esd.wa.gov/labormarketinfo/monthly-employment-report>

It is noteworthy that employment was adversely affected by the global Covid-19 Pandemic beginning in the spring of 2020 and continuing through to the present time. However, unemployment rates are trending down again as more employers and employees return to the market.

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Top 10 Benton County Industries in 2019

| Rank | Industry | Percent of total jobs |
|------|-------------------------------------|-----------------------|
| 1 | Healthcare and social assistance | 14.7% |
| 2 | Government | 13.2% |
| 3 | Administrative and waste services | 11.4% |
| 4 | Retail trade | 10.6% |
| 5 | Professional and technical services | 9.7% |
| 6 | Accommodation and food services | 8.6% |
| 7 | Construction | 8.2% |
| 8 | Agriculture | 6.8% |
| 9 | Manufacturing | 4.9% |
| 10 | Finance and insurance | 2.2% |

<https://esd.wa.gov/labormarketinfo/county-profiles/benton>

Top 10 industries in Franklin County in 2019

| Rank | Industry | Percent of total jobs |
|------|-----------------------------------|-----------------------|
| 1 | Government | 19.0% |
| 2 | Agriculture | 18.6% |
| 3 | Manufacturing | 10.8% |
| 4 | Retail trade | 9.6% |
| 5 | Healthcare and social assistance | 8.6% |
| 6 | Construction | 6.4% |
| 7 | Accommodation and food services | 6.0% |
| 8 | Wholesale trade | 5.5% |
| 9 | Transportation and warehousing | 3.9% |
| 10 | Administrative and waste services | 3.2% |

Source: Employment Security Department, QCEW

<https://esd.wa.gov/labormarketinfo/county-profiles/franklin>

The following table lists a few of the major employers (800 or more employees) in the MSA.

| Company | Industry | Employees |
|--|------------------------------------|-----------|
| Battelle/Pacific Northwest National Laboratory | Research & Development | 4,500 |
| Kadlec Regional Medical Center | Health Services | 3,532 |
| Lamb Weston | Food Processing | 3,000 |
| Bechtel National | Engineering & Construction | 2,943 |
| Kennewick School District | Education | 2,336 |
| Washington River Protection Solutions | Environmental Remediation Services | 2,129 |
| Pasco School District | Education | 2,015 |
| Mission Support Alliance, LLC | Support Services, Hanford/DOE Site | 1,902 |
| CH2M | Environmental Remediation | 1,682 |
| Richland School District | Education | 1,500 |
| Tyson Foods | Food Processing | 1,300 |
| Trios Health | Health Services | 1,268 |
| Energy Northwest | Utilities | 1,100 |
| First Fruits | Food Processing | 920 |
| Lourdes Health Network | Health Services | 804 |

Congressional funding for the clean-up of the Hanford Site in North Richland through the Department of Energy (DOE) has been the primary economic and employment driver for many years. Annual budgets will continue to play a major role in economic growth. The following table outlines Hanford's budget allocations for fiscal years 2012-2020. Data for FY 2021 is not yet available although a recent

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article in the Tri-City Herald (December 22, 2020) showed that both the House and Senate approved \$2.5+ billion, which needed to be signed by President Trump.

| Hanford Budget Allocation of EM Cleanup Funding (\$ in Thousands) | | | | | | | | | |
|---|----------------|---------------|---------------|---------------|---------------|-----------|-----------|-----------|-----------|
| | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY2017 | FY2018 | FY 2019 | FY 2020 |
| | Post Sequester | | | | | | | | |
| Richland Operations | 1,021,824,000 | 943,327,000 | 1,012,620,000 | 941,000,000 | 990,653 | 916,176 | 947,422 | 954,097 | 718,098 |
| Office of River Protection | 1,181,800,000 | 1,097,441,000 | 1,210,216,000 | 1,212,000,000 | 1,414,000,000 | 1,496,965 | 1,552,000 | 1,573,000 | 1,392,460 |
| Total | 2,203,624,000 | 2,040,768,000 | 2,222,836,000 | 2,153,000,000 | 1,414,990,653 | 2,299,965 | 2,499,422 | 2,527,097 | 2,110,558 |
| Source: The Hanford Site, Budget Overview for FY 2020: FY 2021 Budget Public Priorities | | | | | | | | | |

Source: The Hanford Site, Budget Overview for FY 2020; FY 2021 Budget Public Priorities

The 2020 budget request was \$718,098 for the Richland Operations and \$1,392,460 for the Office of River Protection. Presidential requested funding for FY 2020 is a combined amount of \$2,110,558, which is a significant 20% decrease over 2019. However, President Trump signed 12 annual appropriation bills for fiscal 2020 into law after approval of the appropriations bill with the Hanford budget. The budget tops \$2.5 Billion, actually increasing spending by about \$90 Million. This bodes well for continued clean-up activity for the foreseeable future, although the 2021 budget has not yet been approved.

TRIDEC (The Tri-City Development Council) has been working to help diversify the employment base away from the Hanford economy since the mid-1990s, and these efforts are paying off in a big way. More important industries today include food processing which spins off agriculture; and the region has become most important for healthcare. Logistics and transportation on water, highways, and rail have contributed in large part as well.

Income

According to the most recent Washington State Median Household Income Estimates by the Office of Financial Management, the projected 2015-2018 and projected 2019 median household income statistics for the Tri-City were:

| Median Household Income Estimates by County, 2010 to 2019 | | | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | *2019 | 2020 |
| Washington State | \$ 54,888 | \$ 55,500 | \$ 56,444 | \$ 57,554 | \$ 60,153 | \$ 63,439 | \$ 65,500 | \$ 69,288 | \$ 73,294 | \$ 76,840 | \$ 81,686 |
| % Change | | 1.1% | 1.7% | 2.0% | 4.5% | 5.5% | 3.2% | 5.8% | 11.9% | 10.9% | 11.4% |
| Benton County | \$ 60,070 | \$ 60,608 | \$ 62,739 | \$ 63,062 | \$ 63,157 | \$ 62,071 | \$ 62,282 | \$ 63,502 | \$ 64,745 | \$ 71,479 | \$ 75,233 |
| % Change | | 0.9% | 3.5% | 0.5% | 0.2% | -1.7% | 0.3% | 2.0% | 4.0% | 12.6% | 16.2% |
| Franklin County | \$ 53,355 | \$ 53,644 | \$ 56,221 | \$ 57,196 | \$ 58,538 | \$ 57,664 | \$ 58,854 | \$ 63,345 | \$ 68,179 | \$ 65,712 | \$ 69,072 |
| % Change | | 0.5% | 4.8% | 1.7% | 2.3% | -1.5% | 2.1% | 7.6% | 15.8% | 3.7% | 1.3% |

Last updated May 13, 2021

Source: <https://ofm.wa.gov/washington-data-research/economy-and-labor-force/median-household-income-estimates>

**Preliminary*

Franklin County had an astonishing jump in just two years of nearly \$10,000 in median household income as new residential construction drew a large number of upper income workers to the region. While it exceeded Benton County in 2018, the reverse was true for 2019 and 2020. The median income is considered high when compared to Washington State because there are so many high-income earners in the Seattle area which dominates the state statistics.

Education - Primary and Secondary Levels

Increased population in the MSA has resulted in overcrowding in most K-12 schools and many schools built in the middle of the previous century were seriously outdated needing replacement. In

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attempt to ease the overcrowding situation, all districts passed school bond issues in the last several years, and over the last five years, 33 new schools have been built or are under construction totaling a stunning 2,356,806 SF:

Summary of New School Construction

Tri-Cities, WA

2014-2021

| | KSD | PSD | RSD | Combined |
|---------------------|---------------------|--------------------|---------------------|-----------------------|
| Complete SF (#) | 596,618 (11) | 494,299 (7) | 622,164 (8) | 1,713,081 (26) |
| Under Constr SF (#) | 403,225 (4) | 110,000 (1) | 130,500 (2) | 643,725 (7) |
| Total | 999,843 (15) | 604,299 (8) | 752,664 (10) | 2,356,806 (33) |
| % of Total | 42.4% | 25.6% | 32.0% | |

The following depicts enrollment for the MSA school districts between 2012 and the present projection.

| School District K-12 Enrollments | | | | |
|---|-----------------|------------------|--------------|--------------|
| School Year | Richland | Kennewick | Pasco | Total |
| 2012-2013 | 11,848 | 16,427 | 15,625 | 43,900 |
| 2013-2014 | 11,950 | 17,703 | 16,612 | 46,265 |
| 2014-2015 | 12,419 | 17,737 | 17,230 | 47,386 |
| 2015-2016 | 12,986 | 18,043 | 17,790 | 48,819 |
| 2016-2017 | 13,552 | 18,172 | 17,882 | 49,606 |
| 2017-2018 | 13,908 | 18,583 | 18,284 | 50,775 |
| 2018-2019 | 14,210 | 19,197 | 18,783 | 52,190 |
| 2020-2021 | 13,796 | 18,541 | 18,265 | 50,602 |
| Num. Chg. | 2,362 | 2,770 | 3,158 | 8,290 |
| % Change | 19.9% | 16.9% | 20.2% | 18.9% |

Office of Superintendent of Public Instruction, October, 2020

Enrollment at the secondary level is clearly increasing, providing evidence of population increases. There is no indication as yet how the current pandemic will affect school enrollments.

Education - University and College Levels

Washington State University (WSU) headquartered in Pullman, WA expanded to a satellite campus here in the late 1980's, and this campus in North Richland not far from the Hanford Site attracts a large and growing student body from all over the state. WSU Tri-Cities has both undergraduate and graduate studies. A new student housing project was completed during 2018 to serve the growing student body.

Columbia Basin College (CBC) offers Associates of Arts degrees, but recently became an accredited 4-year college. From approximately 2006 to 2009, CBC underwent a \$45 million renovation to update classrooms, labs and faculty offices. A new classroom building was completed (August 2016) and a 120-unit student housing project broke ground in October 2016

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and was completed in time for opening for the Fall, 2017 semester to serve this institution's growing student body.

Current enrollment figures are summarized as follows:

| Year/Term | WSU Tri-Cities | CBC |
|-------------|----------------|--------|
| 2020 (Fall) | 1,937 | 11,368 |

Transportation

The Tri-Cities is one of an extremely few population centers in the entire Pacific Northwest region that has all forms of transportation access. These provide superior linkages and access to and from the area and include:

- *Air Service* - Several public and private airports and heliports serve the region, the largest of which is the Tri-Cities Airport in Pasco. A \$42 Million expansion project including a new terminal, baggage handling system and runway was completed in January 2017; total passenger traffic in 2018 set a new record at 395,084 boardings. Total 2019 boardings were 438,123 passengers, a whopping 10.9% increase over 2018; but of course, travel has been impacted by the pandemic during 2020 in a significant way with a significant decline to 188,859 travelers, picking up again in 2021; PSC is the eight-busiest small airport on the continent.

Airport Statistics April 2021

| Enplanements | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | % Change |
|--------------|---------|---------|---------|---------|---------|----------|-----------|
| January | 28,741 | 27,794 | 27,803 | 32,613 | 34,004 | 18,890 | -53% |
| February | 25,917 | 25,220 | 24,732 | 28,628 | 30,277 | 15,713 | -48% |
| March | 29,866 | 31,719 | 30,971 | 36,686 | 14,964 | 21,884 | 46% |
| April | 28,985 | 28,539 | 30,277 | 32,743 | 1,756 | 25,716 | 1364% |
| May | 30,999 | 31,702 | 31,934 | 35,973 | 4,671 | 30,447 | 552% |
| June | 34,981 | 35,785 | 35,518 | 39,711 | 9,181 | 35,491 | 287% |
| July | 34,306 | 36,168 | 37,321 | 41,085 | 13,738 | | |
| August | 33,110 | 32,262 | 36,026 | 39,092 | 14,730 | | |
| September | 29,596 | 30,677 | 32,587 | 35,332 | 13,686 | | |
| October | 31,630 | 31,553 | 33,501 | 38,579 | 17,217 | | |
| November | 32,530 | 31,379 | 36,276 | 37,278 | 16,371 | | |
| December | 34,948 | 33,109 | 38,138 | 40,403 | 18,364 | | |
| Year to Date | 375,758 | 376,481 | 395,084 | 438,123 | 188,959 | 145,1471 | 53% (YTD) |

Source: <https://www.flytricity.com/grow/airport-statistics>

- *Highway Service* - The Tri-Cities has become a transportation hub for the entire Eastern Washington State area east of the Cascade Mountains. It is strategically located and benefits from a highway system in place that provides rapid interstate and state route access to a variety of points. The major cities of Seattle, Spokane and Portland are all less than 3.5 hours away.

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- I-82, running through the Tri-Cities, is a 143.58-mile interstate highway extending from I-90 in Ellensburg, Washington southeastwardly to I-84 near Umatilla, Oregon.
- I-182 is an east-west auxiliary interstate highway traveling around the City of Kennewick and passing through the cities of Richland and Pasco.
- U.S. 395 is a major U.S. highway which includes a long overlap with I-90. The southern piece, from I-82 near the Tri-Cities to I-90 near Ritzville, is a high speed four-lane divided highway.
- State Route 240 begins at the southern end of the Blue Bridge in central Kennewick as an offshoot of U.S. Route 395.
- *Bus Service* - Mass public transit is operated locally across 17 routes by the Ben Franklin Transit system. Serving the cities of Kennewick, Pasco, and Richland, several routes also extend as far as Prosser, Benton City and West Richland. Most routes run six days a week. A Dial-A-Ride is also offered for the physically disabled.
- *Rail Service* - The Tri-City MSA is the only metropolitan manufacturing area between the Cascade and Rocky Mountains to offer main line rail freight service to both Burlington Northern and Union Pacific Railroads. Amtrak also has a stop on its system in Pasco.
- *Water* - The Columbia-Snake River system is one of the most modern interlinked transportation networks in the world. This commercial waterway extends 465 miles from the Pacific Ocean into the North American continent moving an increasingly large quantity of goods through the region.

Government

The incorporated municipalities of Kennewick, Richland, and Pasco each have the Council-Manager form of government. West Richland and smaller outlying areas within the counties have retained the Mayor-Council form of government.

Community Healthcare Services

The Tri-Cities is a regional health care center currently served by two major national hospital groups, numerous outpatient facilities, and private practices. Area residents are presented with a wide array of health care services provided by:

1. *Kadlec Regional Medical Center in Richland*, (owned by Providence Health & Services since 2014) most recently opened a new NICU in April 2015; opened a new 600-car parking garage August 1, 2016; and completed a 4-story addition in December 2016.
2. RCCH Healthcare Partners owns two major facilities in the Tri-Cities that were previously operated independently.
 - *Our Lady of Lourdes in Pasco*, which signed an agreement with RCCH in July 2017 to be acquired and which agreement closed in August 2018;
 - *Trios Hospital in Kennewick*, which had operated out of a vintage hospital near the original downtown CBD, and opened a second, new facility in the Southridge area during July 2014. However, Trios declared bankruptcy in mid-2017. Staff lay-offs occurred, and it was acquired by RCCH as well in August 2018. Currently, a new Birthing Center is under construction at the new location as a 4th floor is added. It is anticipated that the vintage hospital will be closed once the birthing center is closed.

RCCH HealthCare Partners officially merged with LifePoint Health on November 16, 2018, shortly after the acquisition of Lourdes Hospital and Trios Hospital closed in late summer. It is

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unknown at this point what impact the merger will have on the healthcare system in the Tri-Cities although they will be officially operating as one united company under the LifePoint Health name. Thus, as part of the LifePoint network, the two local hospitals are now connected to an even stronger network of community hospitals, regional health systems, physician practices, outpatient centers and post-acute facilities that span 30 states.

Both hospitals had been expanding community services as well both prior to and since their respective mergers, opening both emergency and non-emergency clinics in the 2014-2019 timeframe. With the recent mergers, the three hospital networks have been reduced to two networks. The status of the federal Affordable Care Act is uncertain, and its impact on the Tri-Cities' health care delivery system is uncertain as well.

Port Districts

The Tri-Cities is home to three separate Port Districts based along the Columbia River. The main mission for a port district is to provide and support sound economic growth opportunities which foster new jobs, business and industry.

- *Port of Kennewick* – Current ongoing major projects include the Redevelopment of the former Vista Field Airport, Columbia Gardens, Clover Island, the Willows, Cable Greens and the Oak Street Industrial Park. (Source: PortofKennewick.org/projects/)
- *Port of Pasco* – Current ongoing major projects include the Tri-Cities Airport, Tri-Cities Airport Business Center, the Marine Terminal, Osprey Pointe, Foster Wells Business Park, the Pasco Processing Center, the Tri-Cities Airport East Side Industrial Park; the Multi-Modal Rail/Barge Terminal; the Big Pasco Industrial Center (Source: Portofpasco.org/our-properties/development-areas)
- *Port of Benton* – Richland Airport, Richland Airport Business Park, Prosser Airport, Prosser Airport Business Park, Richland Business Park, North Horn Rapids, Transload Facility, barge slip and high dock, the Southern Connection short rail network; the Richland Innovation Center, Technology & Business Campus, Technology Enterprise Center and the Benton City Development Buildings; the Crow Butte Park, Prosser Wine & Food Park, USS Triton Sail Park, Vintner's Village, the Walter Clore Wine and Culinary Center, etc. (Source: Portofbenton.com/our-properties-facilities/)

Conclusion

The Tri-City market is a mid-sized and rapidly growing, somewhat isolated market, but with excellent linkages to other areas via a strong transportation network including air, rail, water and truck. By all indications, the economic base has been well diversified in the last decade from its previous reliance on the government funding of the Hanford project. After crossing the 300,000-person threshold in population in 2020, the area becomes attractive to a higher level of national firms seeking to diversify. Population is increasing steadily, the demographic characteristics of the population are well educated and diverse, incomes are increasing, unemployment rates are being reduced (pre-pandemic), and investment in the area is increasing.

A more robust analysis of each market segment is included in the appropriate section of this report.

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Immediate Neighborhood



*Looking South through the Historic Waterfront District from the Columbia River
from the northern edge of Clover Island into the southern boundary of E Columbia Dr*

Social, economic, governmental, and environmental forces all influence properties and the neighborhoods in which they are located. A neighborhood includes a group of complementary land uses and usually a related grouping of inhabitants, buildings, or business enterprises⁸.

The Historic Waterfront District is located along the southern shoreline of the Columbia River between the Ed Hendler Bridge carrying US 397 (Cable Bridge) on the east and the Blue Bridge on the West carrying US 395 in the northeastern part of the City of Kennewick, Benton County, Washington State.

For purposes of this report, the neighborhood boundaries are best described as follows:

| | |
|--------------|---|
| North | Columbia River - the largest river in the Pacific Northwest region of North America, flowing mostly in a westerly direction towards the Pacific Ocean at Kennewick. |
| South | 10 th Ave, a major east/west traffic corridor traveling through Kennewick |
| East | US Highway 395 - a major U.S. north/south route through the western United States, traversing California, Nevada, Oregon and Washington |
| West | S.R. Highway 397 - provides access to cities to both the north and south and forms the eastern boundary line of the original Kennewick downtown neighborhood. |

⁸ *The Appraisal of Real Estate*, Appraisal Institute, page 164.

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The City of Kennewick was founded on the southern bank of the Columbia River; the river forms most of the boundary between Washington and Oregon to the south and provides water transportation and recreational opportunities.

Subject lies approximately one mile north and east of the original downtown central business district separated by the industrial neighborhood which grew along both sides of the railroad and the Columbia Drive Corridor. As a result of growth to the west since the 1960's, the City of Kennewick and the Port of Benton have worked to re-develop the area, it is now referred to as the Historic Downtown District which lies south of the river between SR 395 on the east and Fruitland Ave on the west. It is just south of the Columbia Drive corridor which parallels the river.



The central business district originally developed within the area immediately south of the BNSF railway right of way that runs parallel to Canal Avenue (marked RR and industrial development on the map). The area abutting to the north of the railway right of way took on the character of industrial development as it was oriented to the railway.

The business district expanded during the 1950's and ultimately included the area along Columbia Drive to the north of the industrial district which is now referred to as the Columbia Drive corridor; and to the south along 10th Avenue; between U.S. 397/Gum Street on the east, and Fruitland on the west, with Washington St. serving as a north/south dividing line. The majority of *retail* commerce takes place in a corridor defined by Canal Avenue on the north, Washington St. on the east, 1st Avenue on the south and Fruitland on the west. Many buildings are 2-story, with retail on the street level and apartments above (marked as Downtown CBD).

Downtown Kennewick developed during the early 1900s and continued as a viable central business district through the early to mid-1960s. From then on, businesses began a westward migration as the population grew, crossing U.S. Highway 395 and continuing west on to Clearwater Avenue, a major commercial artery. Around 1980, the growth along Clearwater Avenue reached Columbia Center Boulevard, a major north/south artery, about 7-8 miles west of the downtown Kennewick area. From the intersection of Clearwater and Columbia Center Boulevard, development traveled north along Columbia Center Boulevard to U.S. Highway 240, about three miles north.

With exception of institutional redevelopment, i.e., Trios Women & Children's Hospital (formerly Kennewick General Hospital), City Hall and related agencies, and Kennewick High School, very little private development has taken place in recent years in the vicinity of the subject downtown area other than that completed by the Port of Kennewick in the Historic Waterfront District.

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Trios Hospital filed bankruptcy several years ago and its assets were acquired by another hospital network. The old hospital still currently houses the Birthing Center, but a new Birthing Center is under construction at the new hospital site at a cost of \$24 Million. Once complete, the old hospital will close permanently, perhaps be sold to a new user. A plan is being considered that would convert the hospital into a rehab center for the Tri-Cities, as nothing currently exists for that specific use. A number of the smaller private physician's offices zoned for medical use only surrounding the former hospital were recently acquired, were re-zoned to permit professional office and retail use and are in process of re-development and are now being offered for sale.

The original Kennewick High School opened in 1951 is currently being replaced at a cost of \$110 Million with a new modern 2-story building containing 292,600 SF on a campus that will be open in time for the August 2021 start of the school year. The new building will include a science wing, dining commons and will connect to the existing gym and a remodeled auditorium. It is designed to hold up to 2,000 students.

Original commercial buildings in the Historic Downtown District have had some updating as tenants and ownerships have changed. For the most part, residential housing is now classed as entry level based on the income levels of the population in the neighborhood and average sale price, used either as rental housing by investors, or occupied by individuals and families at the entry income levels.

The City, the Port of Kennewick, individuals, business and property owners and volunteers work with the Historic Downtown Kennewick Partnership to achieve the shared vision for the downtown area with the goal to "create an inviting downtown by preserving historic buildings, encouraging more public art, building maintenance, and enhance the pedestrian safe and clean environment." Building on downtown Kennewick's reputation as one of the few "old" areas in the Tri-Cities, buildings are slowly being properly restored, preserving their historic relevance while achieving more useful functionality. Public art adds to the comfortable pedestrian friendly environment.

An emphasis is also being placed on improving the north/south linkages from Washington St to the "Historic Downtown CBD" to the subject "Historic Waterfront District" along E Columbia Drive, the centerpiece of the riverfront development to the neighborhood north of Columbia Drive (the northern boundary of the subject neighborhood) to take advantage of the proximity to the river. Clover Island is a small island in the Columbia River located between the Blue Bridge on the west and the Cable Bridge on the east, about 700' wide, and has a land area of about 16 acres; it anchors the Historic Waterfront District on the north end. Clover Island is home to the Yacht Club, a Lighthouse (the first built in the U.S. since 1962); a vintage 4-story hotel, the Cedars Restaurant, the Ice Harbor Brewing Company along with Port of Kennewick offices, and the U.S. Coast Guard armory. Currently roadway and sidewalk improvements are under construction along Washington Street between the two districts and are expected to be completed by the end of summer 2021.

Columbia Drive, formerly known as Avenue "C", is the main east-west arterial in the northern portion of the defined neighborhood, which also acts as the southern boundary of the Historic Waterfront District and the northern boundary of the industrial district. During the 1950s and 1960s, Columbia Drive was known as "Auto Row", the main location for both new and used Tri-City auto

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dealers. Beginning in the mid-1970s, auto dealers sought newer neighborhoods, which included the Columbia Center area, Clearwater Avenue, the Highlands, and the Pasco Auto Mall. Since that time, Columbia Drive has experienced declining property values with little capital improvement made to existing properties. Today, the majority of buildings west of Washington St are occupied by used car retailers, parts dealers, and automotive repair facilities.

Situated on the north side of Columbia Drive, stretching east to west from the Blue Bridge on the west to the Cable Bridge on the east, and towards Clover Island and the Columbia River on the north, is an older residential neighborhood referred to as Columbia Gardens. The Port of Kennewick and the City are in the midst of the re-development of a joint project including completion of the first and second phases of The Columbia Gardens Urban Wine & Artisan Village, a wine oriented urban revival project between the Cable Bridge and Washington Street (the subject of this market study). This included the purchase of several vacant buildings and a mobile home park. The project is described as follows in a recent news release.

“Located on nearly six acres adjacent to Clover Island and the Columbia River in historic downtown Kennewick, the Port of Kennewick and City of Kennewick created the Columbia Gardens Urban Wine and Artisan Village to transform a long-neglected waterfront into a pedestrian-friendly regional waterfront gathering place.”

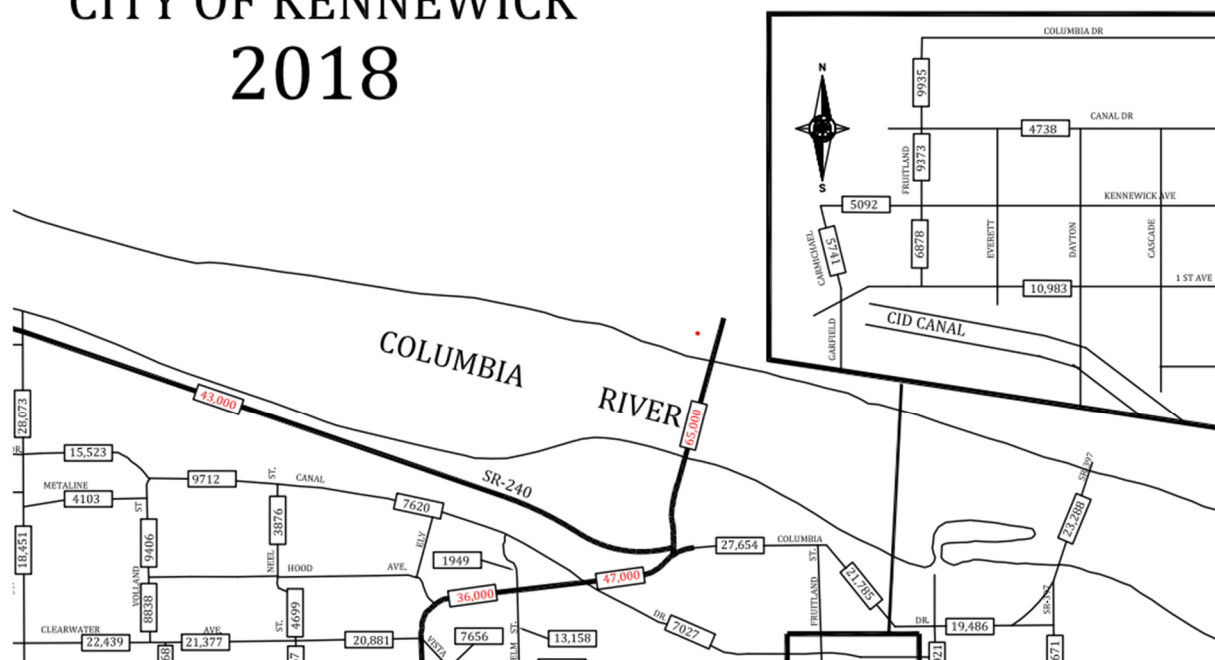
The city built a paved public walking trail, new sidewalks, accent lighting, decorative streetlights, a transit bus stop pullout and a new wastewater system to provide winery waste-water treatment for up to 50,000 cases per year. The port acquired the land, cleared the industrial buildings and built the first wine production and tasting rooms which are now home to several boutique production wineries with tasting rooms and patios overlooking the waterfront.”

In anticipation of the opening of the redevelopment, several of the older buildings located across from it on the south side of Columbia Drive were acquired, renovated and are now occupied or available for lease. For many years, remaining retail and office buildings along Columbia Drive have been at the low end of the market, experiencing rents on average from \$3.00 to \$7.00 per square foot. Most buildings are of a retail nature and constructed in the mid-1950s and early 1960s. Typical tenants include sales, service and repair of automotive, motorcycle, boat, recreational vehicles, etc. Tenants also include auto parts stores, tire stores, second-hand stores, carpet wholesalers, etc. Development along Columbia Drive remains and will likely continue to remain as affordable property.

The most recent traffic counts (2018) along W Columbia Drive indicate average daily trips of 19,486 between Washington Street and Fruitland Street (a slight decline from the 2016 count of 20,238 trips), increasing to 27,654 daily trips (compared to 25,271 vehicle trips in 2016) between Fruitland Street and State Route 395 to the west. Traffic counts have been fairly stable over the last ten years. The majority of this traffic is deemed commuter traffic, not retail or point of destination retail. Public transportation is available at intervals along West Columbia Drive, as well as North Washington Street.

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TRAFFIC VOLUME MAP CITY OF KENNEWICK 2018



Other renovation and new commercial development projects within the past decade along Columbia Drive west of Washington Street includes the expansion and renovation for the Apollo Sheet Metal and Apollo Inc. headquarters located at 1207 W. Columbia Drive. In 2009, a 11,196 square foot building was completed at 503 W. Columbia Drive for Poland and Sons, located on Columbia Drive. A portion comprising 4,944 square feet was listed for rent for several years, before leasing up. Additional newer development includes the Overturf Volkswagen Dealership located to the northwest of the subject, at 1016 W. Columbia Drive. Situated on over three acres, the 18,286 square foot dealership was constructed in 2005, and a Dutch Brothers Coffee opened at the intersection of Columbia Drive and Washington Street in 2013. A Bush Car Wash constructed in 2014 was recently sold to a regional car wash company along with all the other Bush Car Wash facilities in the Tri-Cities.

About 21± acres, including a former 78-space mobile home park along with numerous older homes in need of attention in the northeast quadrant of Columbia Drive and U.S. Hwy. 395 was acquired in 2013 from the Jsernig family for about \$3.1 Million for new commercial re-development. It is one of the most visible properties in the Tri-Cities, with a traffic count of nearly 55,000 cars daily. Plans announced included a new hotel, retail and residential. The acquisition required the relocation of numerous residents, and it got a lot of media attention. Although the tenants were relocated, and the area has been cleared, development plans have never been finalized. The partnership, DH Land LLC, initially consisted of majority owner Steve West and minority owners Corey Bitton of Pasco and Jim Bullis of Kennewick. The most recent activity included a 2018 application to the City of Kennewick for a re-zoning of the portion of the property facing Columbia Drive to Urban Mixed Use. County records show that BW Land owns 22 parcels covering 30 mostly contiguous acres.

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Summarized in the charts below are those sales (first chart) and current listings (second chart) located in the neighborhood vicinity of the subject property.

Summary of Recent Improved Sales Activity
Downtown Kennewick, WA
Through June 30, 2021

| | Sale #1 | Sale #2 | Sale #3 | Sale #4 | Sale #5 | Sale #6 | Sale #7 |
|-------------------------|------------------------|---------------------------|----------------------------|-------------------|---------------------------|--------------------|----------------|
| MLS Reference | #235283 | #243578 | #247740 | #232159 | #243580 | #245698 | #235620 |
| Listing Date | 01/21/2019 | 02/13/2020 | 07/17/2020 | 08/18/2018 | 01/31/2020 | 05/21/2020 | 01/15/2019 |
| DOM | 259 | 42 | 66 | 690 | 28 | 28 | 801 |
| Name / Use | Former Used Car Dealer | Former Retail Shop | Former Columbia Christian | Former C-store | Former Furniture Showroom | Former Retail Whse | Former Mfg |
| Location | 4 E Columbia Dr | 116 W 1 st Ave | 1607 W 1 st Ave | 202 E Columbia Dr | 605 N Gum St | 1107 W Columbia Dr | 10 E Bruneau |
| Land SF | 22,215 SF | 1,000 SF | 32,765 SF | 20,909 SF | 23,086 SF | 73,180 SF | 316,700 SF |
| Building SF | 5,128 SF | 1,000 SF | 2,805 SF | 7,000 SF | 8,000 SF | 8,000 SF | 126,000 SF |
| Year Built | 1945 | 1950 | 1972 | 1950 | 1979 | 1995 | 1953 |
| List Price \$ | \$295,000 | \$125,000 | \$374,000 | \$485,000 | \$649,000 | \$800,000 | \$4,150,000 |
| LP PSF Bldg | \$57 | \$125 | \$133 | \$69 | \$81 | \$100 | \$32.93 |
| LP PSF Land | \$13.27 | \$125 | \$11.41 | \$23 | \$28.11 | \$10.93 | \$13.10 |
| Sale Date | 12/13/2019 | 04/17/2020 | 09/29/2020 | 04/06/2021 | 07/17/2020 | 08/31/2020 | 06/07/2021 |
| Sale Price \$ | \$250,000 | \$105,000 | \$350,000 | \$420,000 | \$595,000 | \$800,000 | \$2,715,000 |
| Sale \$ PSF Bldg | \$48.75 | \$105 | \$125 | \$60 | \$74.37 | \$100 | \$21.54 |
| Sale \$ PSF Land | \$11.25 | \$105 | \$10.68 | \$20.00 | \$25.77 | \$10.93 | \$8.57 |

Summary of Recent Listing Activity
Downtown Kennewick, WA
As of June 30, 2021

| | Listing #1 | Listing #2 | Listing #3 | Listing #4 | Listing #5 | Listing #6 | Listing #7 |
|---------------|-------------------|--------------------|------------------------|-----------------------------|----------------------|------------------------------------|---------------------|
| MLS Reference | #254778 | #239702 | #247148 | #254591 | #249000 | #249198 | #254539 |
| Listing Date | 07/02/2021 | 08/12/2019 | 07/18/2020 | 06/24/2021 | 09/28/2020 | 10/03/2020 | 06/22/2021 |
| DOM | 10 | 702 | 361 | 20 | 287 | 284 | 22 |
| Name | RFP Plastics | Former Bank Branch | Former Used Car Dealer | Former Carmine's Restaurant | Office Bldg Reno | Retail Building | Pallis Pool & Patio |
| Location | 908 W Canal Dr | 2 E Kennewick Ave | 229 M Benton St | 525 W 1 st Ave | 1611 W Kennewick Ave | 704 W Columbia Dr / 711 N Garfield | 201 N Fruitland |
| Land SF | 17,424 SF | 16,117 SF | 10,323 SF | 6,970 SF | 18,730 SF | 11,325 SF | 66,211 SF |
| Building SF | 2,400 SF | 2,144 SF | 1,956 SF | 2,083 SF | 2,508 SF | 2,400 SF | 2,880 SF |
| Year Built | 1000 SF SFR | 2002 / 1930 | 1985 | 1950 | 1977/2020 | 1945 | 1955 |
| List Price \$ | \$375,000 | \$324,900 | \$385,000 | \$389,900 | \$399,000 | \$425,000 | \$750,000 |
| LP PSF Bldg | \$110 | \$151 | \$197 | \$187 | \$159 | \$178 | \$260 |
| LP PSF Land | \$21.52 | \$20.15 | \$37.29 | \$55.94 | \$21.30 | \$37.52 | \$11.32 |
| Status | Pending | Active | Active | Active | Active | Active | Pending |

Demographic Analysis

The following demographic characteristics of the area surrounding the subject is summarized as follows:

| DEMOGRAPHIC ANALYSIS – 500 E Columbia Dr, Kennewick | | | | |
|---|--------|--------|----------|----------|
| 1 Mile Radius | | | | |
| | 2000 | 2010 | 2020 | 2025 |
| Population | 5,258 | 5,589 | 6,008 | 6,261 |
| Housing Units | 2,162 | 2,130 | 2,255 | 2,336 |
| Median HH Income | | | \$38,691 | \$42,559 |
| | | | | |
| 3 Mile Radius | | | | |
| | 2000 | 2010 | 2020 | 2025 |
| Population | 65,289 | 75,027 | 82,932 | 87,784 |
| Housing Units | 23,762 | 25,544 | 27,583 | 29,063 |
| Median HH Income | | | \$48,462 | \$51,145 |
| | | | | |

Source: ESRI

The density of the population within a 1- and 3-mile radius supports the predominance of densely populated residential neighborhoods observed surrounding the subject's immediate neighborhood. The population has remained mostly stable since 2000, growing less than 200 housing units during that time in the 1-mile radius, and less than 2,000 housing units in the 3-mile radius.



Median income in the 1-mile ring surrounding the subject is \$38,691 and within a 3-mile range is \$42,559. These falls significantly below the median income of Benton County. The 2020 projected median income for Benton County is \$75,233 and \$69,072 for Franklin County, both below the State of Washington of average \$81,686 estimate. The demographic data indicates that within a one-mile radius, 60.5% of the housing units are renter occupied. Within a three-mile radius, 39.5% are renter occupied, increasing to 43.2% in the one-mile radius. The data suggests a significant number of rental units in the immediate neighborhood and that the median income ranges are at the low end of the entry level.

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There is some gentrification and new development occurring in the older neighborhoods on infill sites. The current housing shortage has created a boom in buying vintage housing and fixing them up. There are also several smaller infill new home subdivision projects being constructed.

| Name | Location | Price Range | Type | Comments |
|-------------------------|--|------------------------|---|---|
| Cedar Village Townhomes | SEC E 10 th Ave and S Cedar St | \$225,000-250,000± | 52-lot Semi-Detached TH Development entry level | Two phases began 2019; 2021 completion |
| Beverly Meadows | S/S 15 th Ave between S Cedar St and S Gum St | \$300,000 | 60-lot Detached SFR entry level | Two phases began 2016; 2018 completion |
| TBD | 2109 S Washington St | TBD | Proposed 18-Lot detached SFR subdivision | Plan submitted to COK for approval Recently |
| TBD | N/S E 27 th Ave | TBD | Reportedly 40-lot subdivision | acquired 10.18 AC for subdivision Recently |
| TBD | SWC E 19 th Ave and S Gum St | TBD | Reportedly 40-lot subdivision | acquired 9.43 AC for subdivision |
| Short Plat #3585 | S/S E 27 th Ave, West of Gum | \$450,000 to \$500,000 | 4-lot subdivision (1-ac avg) | Completed in 2020 |
| Towers Estates | W/S Gum St, south of E 31 st Ct | \$325,000 to \$400,000 | 14-lot subdivision (8,500 SF avg) | Completed in 2020 |
| Highlandview Heights | N/S E 36 th Ave east of S Gum St | \$350,000 to \$450,000 | 45-lot subdivision | Completed in 2021 |
| Lauria Meadows | W/S Vancouver north of 27 th | \$350,000 to \$400,000 | 53-lot subdivision | Completed in 2020-21 |
| Vancouver Meadows | W/S Vancouver north of 27 th | \$300,000 to \$400,000 | 19-lot subdivision | Completed in 2020 |
| Short Plat #3624 | SWC S Olympia and W 36 th Ave | \$350,000 to \$400,000 | 7-lot subdivision | Completed in 2020 |

There are a few other higher end subdivisions further south of 27th Ave that were not included here such as Inspiration Estates and Sunrise Estates which is selling homes in the \$600,000 range.

All utilities are available to the subject neighborhood. They include city water, sewer, underground electrical (provided by Benton County PUD). The HUD identified flood zone does not appear to include the subject property.

*MARKET STUDY & ANALYSIS
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Summary

The prognosis for the subject's general neighborhood along Columbia Drive is continued stability to upward trend with the Port of Kennewick's and the City of Kennewick's long-term investment in the area. A study of the neighborhood and the trend of development did not indicate any adverse conditions or projects planned for the neighborhood that would negatively impact the subject's market value or marketability. Overall stability and desirability of the neighborhood is considered fair compared to other markets in the Tri-Cities due to the near proximity of the light industrial and entry level residential neighborhoods north of Columbia Dr.

Major and community arterials are in average to good condition, having been recently re-surfaced. The neighborhood does not appear to experience any adverse conditions from environmental factors, such as noise, air pollution, or other potential adversities affecting market value of the subject property.

The neighborhood has shown only modest growth throughout the 1990's and there are only rare undeveloped parcels in the neighborhoods. Traffic patterns are well established on the major arterials. No adverse conditions arising from the neighborhood were noted. The area should remain a viable community for many years to come. Given the history of the neighborhood and the lack of growth trends noted in the area analysis, it is our opinion the outlook for the neighborhood is for limited growth in the near term paralleling the nation and metropolitan economies.

Conclusion

Neighborhood inspection did not reveal adverse conditions resulting from existing streets, signalization or future planned projects that would negatively impact the subject's market value or marketability. The neighborhood is served by all city utilities and the Ben Franklin bus system. This neighborhood is positioned for potential growth.

The only question remaining is market acceptance for the Port's and City's efforts at redevelopment.

IV. Market Study & Analysis - DEMAND

Market Trends Analysis - General Updated Quarterly, Most Recent Update Q2 (June) 2021

Introduction

Assisting with estimating the highest and best use of real property, a study of general market characteristics and trends was conducted for the Tri-City market in which the subject competes.

Major market segments (i.e., office, retail, industrial, residential) generally move through cycles, although segments do not typically move in lockstep with one another. Since there are no major real estate brokerage or other companies that provide this service, it becomes incumbent on the analyst to do primary research to remain abreast of changes occurring in the market as they occur, especially when a change in zoning to an alternative use is being explored.

Emerging Trends in Real Estate® 2021

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No projection of future trends can be done without reference to the impact of Covid-19 during the most recent year. Emerging Trends in Real Estate for 2021 published by PWC / ULI Real Estate Investor Survey indicates that “(T)he eruption and rapid spread of COVID-19 in early 2020 and continuing through October 2020 and assuredly beyond was one of the most drastic shocks that the vast majority of the globe will ever live through. More so than any

other catastrophe or world war, the novel coronavirus affected and continues to affect virtually every person in every country in the world. With a global infected population close to 35 million and a death count exceeding 1 million as of early October, the magnitude of suffering is immense...the COVID-19 pandemic appears poised to affect almost all aspects of our lives, including the use of real estate, for many decades.” Some of this is due to some segments of real estate being singled out as potential spreading locations for the novel coronavirus and have been at times and in some states either shut down and/or have had restrictions imposed.

COVID-19's Impact on Key Trends

Accelerated by COVID-19

- Work from home
- Move to Sun Belt states
- Suburban migration
- Public open space
- Retail sector transformation
- Importance of redundant supply chains
- Proptech shift to WFH and building safety
- Municipal/state fiscal issues
- Safety/health concerns in buildings
- Affordable housing crisis
- Concerns about racial equity
- Federal deficit
- Bikes and scooters

Stopped or slowed by COVID-19 (for now)

- Appeal of CBDs/density
- In-person conferences and meetings
- Experiential retail
- Leisure travel/tourism
- Business travel
- Mass transit use
- Apartment amenity wars
- Tourist-oriented retail
- Live entertainment
- University towns
- Student housing
- Global supply chains

Some of the biggest impacts of the COVID-19 pandemic are included in the list here. It is noteworthy that WFH (work from home) tops the list as this has been around for a number of years, but only on an experimental basis. This now seems to be fully embedded in our changing culture, primarily due to the availability of technology that has permitted companies and their staff to adapt. “...The forced shutdown of many offices due to COVID-19 has dramatically changed views about pros and cons of working from home or some other remote location. The extensive use of Zoom, WebEx, and other online meeting

platforms has shown that many office-using businesses can communicate effectively and be productive in a virtual environment”.

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At this point in the cycle, it is premature to state definitively whether or how much of an impact on real estate the virus has had in the Tri-Cities market. In fact, each segment must be looked at individually, i.e., residential (for sale and for rent), office, retail, industrial and special purpose. A search was conducted in the local MLS for the number and value of closed real estate transaction activity in the office, retail and industrial sector for the period January through June, 2020 and again for the same period in 2021 to get a feel for any major shifts. The data is summarized in the following table.

| Summary of Commercial Transaction Activity Tri-Cities, Washington For the 1-Year Period, 07/01/2020 to 06/30/2021 | | | | |
|---|---------------|--------------|---------------|---------------|
| Element | Office | Retail | Industrial | Combined |
| # Transactions | 21 | 12 | 9 | 42 |
| List Price High | \$ 4,595,000 | \$ 1,600,000 | \$ 4,150,000 | \$ 10,345,000 |
| Sold Price High | \$ 4,550,000 | \$ 1,475,000 | \$ 2,715,000 | \$ 8,740,000 |
| List Price Low | \$ 99,000 | \$ 280,000 | \$ 215,000 | \$ 594,000 |
| Sold Price Low | \$ 83,000 | \$ 280,000 | \$ 165,000 | \$ 528,000 |
| List Price Avg | \$ 962,876 | \$ 627,991 | \$ 1,289,208 | \$ 2,880,075 |
| Sold Price Avg | \$ 910,435 | \$ 582,916 | \$ 1,050,555 | \$ 2,543,906 |
| List Price Median | \$ 435,000 | \$ 516,500 | \$ 1,093,873 | \$ 2,045,373 |
| Sold Price Median | \$ 415,000 | \$ 496,500 | \$ 925,000 | \$ 1,836,500 |
| Total List Price | \$ 20,220,400 | \$ 7,535,900 | \$ 11,602,873 | \$ 39,359,173 |
| Total Sold Price | \$ 19,119,141 | \$ 6,995,000 | \$ 9,455,000 | \$ 35,569,141 |

| Summary of Commercial Transaction Activity Tri-Cities, Washington For the 1-Year Period, 07/01/2019 to 06/30/2020 | | | | |
|---|---------------|---------------|--------------|---------------|
| Element | Office | Retail | Industrial | Combined |
| # Transactions | 19 | 14 | 4 | 37 |
| List Price High | \$ 3,500,000 | \$ 4,695,000 | \$ 1,600,000 | \$ 9,795,000 |
| Sold Price High | \$ 3,300,000 | \$ 4,275,000 | \$ 1,600,000 | \$ 9,175,000 |
| List Price Low | \$ 169,500 | \$ 125,000 | \$ 739,900 | \$ 1,034,400 |
| Sold Price Low | \$ 100,000 | \$ 105,000 | \$ 775,000 | \$ 980,000 |
| List Price Avg | \$ 1,262,604 | \$ 1,121,642 | \$ 984,725 | \$ 3,368,971 |
| Sold Price Avg | \$ 1,180,774 | \$ 1,035,928 | \$ 1,031,250 | \$ 3,247,952 |
| List Price Median | \$ 850,000 | \$ 572,000 | \$ 799,500 | \$ 2,221,500 |
| Sold Price Median | \$ 865,000 | \$ 535,000 | \$ 875,000 | \$ 2,275,000 |
| Total List Price | \$ 23,989,490 | \$ 15,703,000 | \$ 3,938,900 | \$ 43,631,390 |
| Total Sold Price | \$ 22,434,715 | \$ 14,503,000 | \$ 4,125,000 | \$ 41,062,715 |

In reviewing the data, there were 37 total transactions in the one-year period ending June 30, 2020, with a combined transaction value of \$41,062,715. For the same period ending June 30, 2021, the total number of transactions increased to 42 while the total dollar volume of activity declined somewhat to \$35,569,141. Thus, drawing any specific conclusions about the impact of the Covid 19 pandemic on the commercial real estate market is speculative at best.

DEMAND ANALYSIS

For purpose of this analysis, the first demographic researched was that of demand generators and existing supply of commercial and residential development in response to demand for the majority of the Tri-Cities market of Pasco, Kennewick and Richland. Those trends are then compared with the subject neighborhood.

Demand Generator - Changes in the Population Base

A summary of current market trends for different market segments of the Tri-Cities is found in the pages to follow, including commercial (office and retail), industrial, and residential, both single and multi-family.

Demand for real estate in general is created by changes in the population and the labor force in the study area. Employment generated in the Tri-Cities in general is greatly affected by primarily three factors:

1. The first factor is the demand generated through the U.S. Department of Energy (DOE)

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and related contractors including Pacific Northwest National Laboratory (PNNL) and others in connection with research and clean-up associated with the Manhattan Project at the Hanford Site. The Hanford Site is the location of the first plutonium production in the United States for the production of the atomic bomb. Any other Hanford site contractor can create demand for additional office buildings and services catering to the employees. Forecasting this demand is difficult, if not impossible, at best because of the volatility of the DOE's annual budgeting and funding through Congress. This budget has been stable for several years; in fact, it was announced in December 2019 that a new contract had been awarded by the US DOE in the amount of \$4 Billion to Hanford Mission Integration Solutions of Richland, WA to replace the expiring contract of Mission Support Alliance owned by the same firm. And while, more recently, the recent White House Budget submitted to Congress for approval made significant cuts in the budget, the final budget was actually higher than the previous year.

2. Second, increasing demand is evident as a result of the expanding agricultural activities in the region. The Tri-Cities enjoys one of the longest growing seasons anywhere in the United States. This is coupled with a high desert climate (10" or less of annual rainfall) which is ideal for growing many agricultural crops. But the pièce de résistance is the fact that the Columbia Basin Project (CBP) in Central Washington is the irrigation and hydroelectric network that the Grand Coulee Dam (completed in 1942) makes possible. It is the largest water reclamation project in the United States, supplying irrigation water to over 670,000 acres of the 1,100,000-acre project area. Water pumped from the Columbia River is carried over 331 miles of main canals, stored in a number of reservoirs, then fed into the 1,339 miles of lateral irrigation canals. Currently it is estimated that about 3.0 million acre-feet or 2.3% of the average river flow, is diverted into the CBP. Its hydroelectric capacity provided the electric demanded by the Hanford nuclear reservation during World War II. Washington leads the nation in production of raspberries, hops, spearmint, peas, apples, grapes and sweet cherries. It is the #2 producer of potatoes and #5 in wheat. It is also the second-largest producer of premium wine in the country with a number of designated viticulture areas.
3. The area is seeing widespread in migration from residents of California, Oregon and Idaho and especially from Seattle and Portland as remote working employees look for more affordable housing and cost of living as well as a more desirable place to live.
4. Finally, increasing demand is evident as the number of retirees attracted to the area relocate. The baby boomer generation has begun this process and is looking for an affordable place to retire with a good climate, good amenities and good quality regional medical care. The Tri-Cities offers these options.

The total metropolitan area population grew from 191,822 to 253,340 between 2000 and 2010, an increase of 30%, or 3% per year based on the 2010 census. As reported in the Regional Trends section of this report, recent population growth statistics can be summarized as follows:

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| Population Trends for the Tri-Cities, WA MSA | | | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Area | 2010 | 2011* | 2012* | 2013* | 2014* | 2015* | 2016* | 2017* | 2018* | 2019* | 2020 | 2021* |
| MSA | 253,340 | 258,400 | 262,500 | 268,200 | 273,100 | 275,740 | 279,170 | 283,830 | 289,960 | 296,480 | 302,460 | 308,800 |
| Benton County | 175,177 | 177,900 | 180,000 | 183,400 | 186,500 | 188,590 | 190,500 | 193,500 | 197,420 | 201,800 | 205,700 | 209,300 |
| Kennewick | 73,917 | 74,665 | 75,160 | 76,410 | 77,700 | 78,290 | 79,120 | 80,280 | 81,850 | 83,670 | 84,960 | 85,940 |
| Richland | 48,058 | 49,090 | 49,890 | 51,150 | 52,090 | 53,080 | 53,410 | 54,150 | 55,320 | 56,850 | 58,550 | 59,570 |
| West Richland | 11,811 | 12,200 | 12,570 | 13,080 | 13,620 | 13,960 | 14,340 | 14,660 | 15,320 | 15,340 | 15,710 | 16,710 |
| Franklin County | 78,163 | 80,500 | 82,500 | 84,800 | 86,600 | 87,150 | 88,670 | 90,330 | 92,540 | 94,680 | 96,760 | 99,500 |
| Pasco | 59,781 | 61,000 | 62,670 | 65,600 | 67,770 | 68,240 | 70,560 | 71,680 | 73,590 | 75,290 | 77,100 | 79,580 |
| Source: WA State Office of Financial Management, April 1, 2021 Used for Allocation of Selected State Revenue | | | | | | | | | | | | |
| *Based on Estimates from 2010 US Census as determined in April every year | | | | | | | | | | | | |

Based on a review of this data, it is clear that the Tri-Cities region is growing steadily. The City of Pasco segment of the Tri-Cities is actually the third fastest growing city in the state, and the airport is the 8th busiest small airport in the country (pre-covid). The nine-year growth rate projections between 2010 and 2019 is 17.02%, or 2% annually. While the percentage may be declining, the absolute numbers are not that different as the numbers grow larger. For the first time, the Tri-Cities crossed the 300,000-person benchmark, a threshold which allows a number of national companies to begin looking to this market. Several national companies have already announced plans to seek space here.

Demand Summary – Population Trends: It is calculated that 35,700 persons were added during the 8-year study period (2014 to 2021), or an average of 4,462 persons per year. According to statistics reviewed from ESRI for the 2-county area, the average household size is 2.85 persons, indicating that demand was approximately 12,526 new housing units that would be required to accommodate the growth. Owner occupied housing makes up 65% of the total requirement (8,142 homes) and renters make up the remainder (4,384 apartments).

Demand Generator – Changes in Employment

As previously indicated, the labor force of the Tri-Cities area is comprised of agricultural, service and Hanford related industries. The Washington State Office of Employment Security publishes labor force statistics for the Benton County and Franklin County areas. A review of the statistics shows the fluctuation of the annual average resident civilian labor force and employment levels in the Benton and Franklin Counties for years 2016 through December 2020, the most recent 5-year data available. The average annual unemployment rates, which averaged about 7.7% during 2016, were averaging 6.6%, a rate which will dip during the spring and summer months until harvest, before rising slightly again. The rate for 2020 was 6.9% (during the pandemic), not much different, even though the labor force was significantly larger than in 2016/2017 but a decline from 2018/2019 due to the pandemic. At the current time (June 2021) the rate is 5%, up from 4.9% in May 2021.

Demand Summary – Employment Trends: Given the historical growth in the number of employed persons in the Tri-Cities area coupled with the reduction in the unemployment rate, it is reasonable to assume that employment growth will continue, yet at a somewhat slower rate than in the past once the pandemic has passed.

Demand Generators - Tri-Cities Market for Retail Trends

Annual retail sales are shown in the accompanying table for both Benton and Franklin counties as

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well as the respective major cities.

Over the five-year period from 2015-2019, the average annual growth in retail sales in Kennewick's average annual growth was 4.18%, which is slightly higher from the earlier period. Richland has continued to grow in sales from a lower total in 2015, to a rise of 6.99%/yr for the last five years. Pasco's retail sales incurred a marked decrease in 2010, but sales increased 40.85% over the last five years, an astonishing 7.31%, although the majority of that growth occurred in the City of Pasco.

Demand Summary – Retail Sales Trends

Retail trends show strong increases, a trend which could be expected to continue for the foreseeable future. However, with the advent of online shopping, and the damage it is doing to bricks and mortar stores, caution is necessary in projecting future sales.

TAXABLE RETAIL SALES

(000)

Benton & Franklin Counties, WA

| Year | Benton County | Kennewick | Richland | Franklin County | Pasco |
|-----------------------------|----------------------|------------------|-----------------|------------------------|--------------|
| 2005 | \$2,226,436 | \$1,277,295 | \$686,414 | \$862,138 | \$781,597 |
| 2006 | \$2,303,245 | \$1,303,810 | \$748,888 | \$929,718 | \$811,293 |
| 2007 | \$2,574,398 | \$1,432,031 | \$811,768 | \$1,057,004 | \$856,422 |
| 2008 | \$2,601,911 | \$1,442,198 | \$802,685 | \$1,052,102 | \$877,529 |
| 2009 | \$1,918,416 | \$1,445,410 | \$812,779 | \$1,038,744 | \$884,080 |
| 2010 | \$2,731,890 | \$1,478,874 | \$873,190 | \$964,585 | \$825,267 |
| 2011 | \$2,959,959 | \$1,558,341 | \$954,851 | \$1,007,226 | \$839,174 |
| 2012 | \$2,937,656 | \$1,634,408 | \$903,715 | \$1,037,096 | \$861,063 |
| 2013 | \$3,189,855 | \$1,723,129 | \$989,622 | \$1,110,257 | \$933,301 |
| 2014 | \$3,284,582 | \$1,768,985 | \$1,041,224 | \$1,196,017 | \$1,016,795 |
| 2015 | \$3,612,773 | \$1,930,747 | \$1,129,471 | \$1,315,962 | \$1,125,061 |
| 2016 | \$3,789,869 | \$2,002,185 | \$1,207,961 | \$1,428,477 | \$1,250,472 |
| 2017 | \$3,905,643 | \$2,024,430 | \$1,259,515 | \$1,534,638 | \$1,333,597 |
| 2018 | \$4,166,740 | \$2,185,588 | \$1,329,492 | \$1,655,850 | \$1,432,202 |
| 2019 | \$4,633,618 | \$2,334,519 | \$1,523,948 | \$1,765,835 | \$1,536,180 |
| 2020 | \$4,674,787 | \$2,344,190 | \$1,479,476 | \$1,956,401 | \$1,687,498 |
| Year Over Year % | 0.88% | 0.41% | -3.01% | 9.74% | 8.97% |
| 5-Yr Avg Growth | 18.93% | 14.59% | 18.35% | 26.98% | 25.90% |
| | 3.79% | 2.92% | 3.67% | 5.40% | 5.18% |

<https://dor.wa.gov/about/statistics-reports/quarterly-business-reviews>

Quarter 1/2021 data delayed due to pandemic; last checked 07/15/2021

SUMMARY – Market Demand

It is clear that the population, employment and retail sales trends are all growing at a strong and steady pace. This trend is expected to continue well into the foreseeable future barring any unforeseen events at the national, regional and local level that would have an adverse impact on the Tri-Cities. These are positive characteristics that bode well for development. Even in 2020, year of COVID, all reporting municipalities showed positive growth, and the 5-year growth rate ranged from a low of just under 3% per year to a high of 5.4% per year.

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SUPPLY ANALYSIS

SUPPLY - Introduction

Commercial space development (office and retail) in the Tri-Cities occurs somewhat different from larger metropolitan areas for the following reasons:

- First, the line between pure office and retail users is often blurred in the Tri-Cities with many office users electing to go into more visible retail spaces, primarily because the cost and rental structures are not very different. Thus, the office segment could be undercounted, but probably not to a great degree. And even if undercounted in the office segment, it is accounted for in the retail segment.
- Secondly, a large portion of the newly completed commercial space was developed for a specific owner/user rather than an investor for lease to tenants. Some owners build something larger than they need and either expect to grow into the space at some point while leasing it in the interim; others expect the rental received from excess space will assist with the mortgage payment and generate profit in the form of appreciation at the end of the investment.
- Thirdly, there is a blurring of uses within buildings. For example, an owner may elect to build a home for its business that includes office space, retail showroom space and manufacturing/assembly/warehouse space in varying degrees. While the space suits the owner to a “T”, when the time comes to sell, it is possible that the Owner’s configuration has limited appeal in the overall market. We see the same phenomenon in custom home construction frequently.
- And last, the majority of new construction occurs in suburban sectors of the market rather than urban.

The following pages summarize the total combined as well as individual market segments.

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New Construction Summary (Square Feet)
 Tri-Cities, Washington
 For the Period January 2014 to June 30, 2021

| | Kennewick | Pasco | Richland | Combined | |
|---------------------------------|------------------|------------------|------------------|-------------------|---------------|
| Office | 359,592 | 137,269 | 185,794 | 682,655 | |
| Retail | 353,648 | 330,684 | 340,953 | 1,025,285 | |
| Industrial | 322,581 | 2,068,389 | 1,141,315 | 3,532,285 | |
| Apartments | 389,166 | 0 | 1,143,507 | 1,532,673 | |
| Hotels | 206,201 | 160,804 | 271,093 | 638,098 | |
| Self Storage | 217,926 | 300,082 | 78,930 | 596,938 | |
| Civic/Healthcare | 1,110,505 | 596,711 | 874,951 | 2,582,167 | |
| Sub-Total Complete | 2,959,619 | 3,593,939 | 4,036,543 | 10,590,101 | |
| One Year Ago | 2,894,645 | 3,571,727 | 3760,506 | 10,226,878 | |
| Office | 112,175 | 55,281 | 0 | 167,456 | |
| Retail | 43,980 | 25,243 | 47,522 | 116,745 | |
| Industrial | 24,000 | 215,116 | 308,324 | 547,440 | |
| Apartments | 660,293 | 108,648 | 623,220 | 1,392,161 | |
| Hotels | 0 | 0 | 0 | 0 | |
| Self Storage | 246,602 | 127,647 | 20,000 | 394,249 | |
| Civic/Healthcare | 485,313 | 110,000 | 170,500 | 765,813 | |
| Sub-Total U/C or Planned | 1,572,363 | 641,935 | 1,169,566 | 3,383,864 | |
| One Year Ago | 1,406,829 | 223,795 | 1,042,772 | 2,673,396 | |
| Office | 471,767 | 192,550 | 185,794 | 850,111 | 6.1% |
| Retail | 397,628 | 355,927 | 388,475 | 1,142,030 | 8.2% |
| Industrial | 346,581 | 2,283,505 | 1,449,639 | 4,079,725 | 29.2% |
| Apartments | 1,049,459 | 108,648 | 1,766,727 | 2,924,834 | 20.9% |
| Hotels | 206,201 | 160,804 | 271,093 | 638,098 | 4.6% |
| Self Storage | 464,528 | 427,729 | 98,930 | 991,187 | 7.1% |
| Civic/Healthcare | 1,595,818 | 706,711 | 1,045,451 | 3,347,980 | 24.0% |
| Sub-Total U/C or Planned | 4,531,982 | 4,235,874 | 5,206,109 | 13,973,965 | 100.0% |
| One Year Ago | 4,301,474 | 3,795,522 | 4,803,278 | 12,900,274 | |
| | 32.4% | 30.3% | 37.3% | 100.0% | |

Figures in red reflect the totals of this annual summary from one year ago. It is clear that the amount of new construction has continued unabated, as the current total of all completed and under construction projects reflects a 6.7% increase over the prior 2020 combined total.

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Market Study

Office (Professional and Medical) Segment Supply

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A. Market Study – Office (Professional and Medical) Segment Supply

Introduction - Existing Development / Standing Inventory

Unfortunately, given the small size of this market, there are no statistics available from any source which give any indication of the total existing supply of space in this market to use as a baseline. As a result, no statistical data is available on the total supply of space, occupancy, rent levels or absorption. Further, no office development is contemplated for the Historic Waterfront District. Nonetheless, to give a rounded picture of all development going on in the Tri-Cities, this segment has been studied.

New Development

In order to document this portion of the study, a survey was conducted of all new **OFFICE** buildings completed from 2014 to June 2021, a period of 7.5 years, both professional office building (POB) and medical office building (MOB) space. This survey covered the entire Tri-Cities metropolitan area including the Cities of Kennewick and Richland in Benton County and the City of Pasco in Franklin County. Data for the survey was compiled from our proprietary database, public sources such as the local Journal of Business and Tri-City Herald as well as from the public records of the city planning and county assessor's offices. Each new entry was confirmed as to size (gross building square footage) and year of completion with the Assessor's records and then assigned a neighborhood designation to determine where the growth was occurring. Data was surveyed for both professional office and medical office space and included both owner/user space as well as lease space. The results are summarized in the *Table 4.1* accompanying this section.

There has been NO new professional or medical office space constructed in the subject neighborhood in more than a decade which could be indicative of a lack of demand for office space here, but more likely reflects the lack of land available for development.

The City of Kennewick benefits from the combined draws of the Columbia Center Mall and Vista Field neighborhoods, where about 31% of all new office space was developed in the last 7.5 years; that amount is greater in volume than the total space developed in either Richland or Pasco. This is a trend that is expected to continue until all land in that segment is absorbed. A total of 65 projects were researched that were complete or under construction, and the average size was just about 13,079 SF per project. When the total space developed was divided by 7.5 years, an average of about 91,021 SF of space was delivered to the market each year during the study period, although there were certainly ups and downs over the years.

Occupancy Levels

As previously discussed, the majority of new space was constructed by owners for their own use, with only about 27% of the space developed in the last 7.5 years put into the market for lease. We surveyed those newer spaces and found that most new space leased up readily. Current office listings in the local Tri-Cities Association of Realtors PACMLS show that there are currently 14 active listings as summarized in *Table 4.2* here. The Washington State Commercial Broker's Association (CBA) MLS was also surveyed and a few of the listings were repeated there.

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Table 4.1
Summary of Office Construction in the Tri-Cities (Square Feet)
For the Period January 2014 to June 30, 2021

| Location | | # Projects | Complete | # Projects | UC / Planned | # Projects | Combined | % |
|-----------------|--------------------|------------|----------------|------------|----------------|------------|----------------|---------------|
| Kennewick | Central | 3 | 47,340 | 1 | 6,400 | 4 | 53,740 | 6.3% |
| " | East | 1 | 13,489 | 0 | - | 1 | 13,489 | 1.6% |
| " | Gage Blvd | 7 | 64,455 | 0 | - | 7 | 64,455 | 7.6% |
| " | Hwy 395 S | 9 | 70,507 | 2 | 23,000 | 11 | 93,507 | 11.0% |
| " | Vista / CC Mall | 13 | 137,154 | 2 | 61,000 | 15 | 198,154 | 23.3% |
| " | W Clrwtr | 4 | 26,647 | 1 | 21,775 | 5 | 48,422 | 5.7% |
| " | Sub-Total | 37 | 359,592 | 6 | 112,175 | 43 | 471,767 | 55.5% |
| Richland | Central | 5 | 62,347 | 0 | - | 5 | 62,347 | 7.3% |
| " | South | 5 | 106,681 | 0 | - | 5 | 106,681 | 12.5% |
| " | Queensgate | 1 | 8,426 | 0 | - | 1 | 8,426 | 1.0% |
| " | West | 1 | 8,340 | 0 | - | 1 | 8,340 | 1.0% |
| " | Sub-Total | 12 | 185,794 | 0 | - | 12 | 185,794 | 21.9% |
| Pasco | West | 7 | 137,269 | 3 | 55,281 | 10 | 192,550 | 22.6% |
| | Sub-Total | 7 | 137,269 | 3 | 55,281 | 10 | 192,550 | 22.6% |
| Combined | Grand Total | 56 | 682,655 | 9 | 167,456 | 65 | 850,111 | 100.0% |

One Year Ago 56 682,655 4 16,850 59 750,055

Avg SF 12,190 Avg 18,606 Avg 13,079

Avg/Yr 91,021

Table 4.2
Inventory of New Office Space Available Constructed since 2014
As of June 30, 2021




| MLS # | CBA # | Status | Asset Class | County | Address | City | Year Built | SF Avail | List \$ PSF | \$/Yr | \$/Mo |
|--------|--------|--------|-------------|----------|-------------------------------|---------------|------------|---------------------|---------------|----------------|-----------|
| 235508 | 608699 | ACT | Office | Benton | 1363 Columbia Park Trail | Richland | 2018 | 5,314 | \$20 | \$106,280 | \$8,857 |
| 251609 | 636018 | ACT | Office | Benton | 30 N Louisiana | Kennewick | U/C | 20000 | \$20 | \$400,000 | \$33,333 |
| 233838 | 627889 | ACT | Office | Benton | 3200 Duportail - Suite 3 | Richland | 2019 | 1,351 | \$24 | \$32,424 | \$2,702 |
| 233839 | 627890 | ACT | Office | Benton | 3200 Duportail - Suite 4/5/6 | Richland | 2019 | 4,213 | \$24 | \$101,112 | \$8,426 |
| 248945 | 585361 | ACT | Office | Benton | 5401 Ridgeline Drive | Kennewick | 2017 | 8,000 | \$20 | \$160,000 | \$13,333 |
| 231009 | | ACT | Office | Benton | 5453 Ridgeline Drive, Ste 160 | Kennewick | 2015 | 1,103 | \$20 | \$22,060 | \$1,838 |
| 218829 | 593855 | ACT | Office | Franklin | 5804 Road 90 | Pasco | 2017 | 6,000 | \$20 | \$120,000 | \$10,000 |
| 251260 | | ACT | Office | Benton | 585 Stevens Drive Suite 589 | Richland | 2018 | 1,680 | \$18 | \$30,240 | \$2,520 |
| 251380 | | ACT | Office | Benton | 595 Stevens | Richland | 2018 | 1,100 | \$18 | \$19,800 | \$1,650 |
| 231322 | 600173 | ACT | Office | Benton | 8101 W Grandridge Boulevard | Kennewick | 2019 | 3,835 | \$25 | \$95,875 | \$7,990 |
| 212381 | | ACT | Office | Benton | 8901 W Tucannon Ave | Kennewick | 2016 | 2,500 | \$19 | \$47,500 | \$3,958 |
| | 620113 | ACT | Office | Franklin | 9425 Sandifur Pkwy | Pasco | 2020 | 1,477 | \$21 | \$31,017 | \$2,585 |
| 251775 | | ACT | Office | Benton | 9501 W Clearwater Ave. | Kennewick | 2018 | 3,500 | \$21 | \$73,500 | \$6,125 |
| | 637306 | ACT | Office | Benton | 10379 W Clearwater | Kennewick | 2019 | 1,700 | \$18 | \$30,600 | \$2,550 |
| 252626 | | ACT | Office | Benton | TBD Paradise Way | West Richland | 2021 | 2,000 | \$26 | \$52,000 | \$4,333 |
| | | | | | | | | 63,773 | \$20.74 | \$1,322,408 | \$110,201 |
| | | | | | | | | One Year Ago | 51,499 | \$19.05 | |

There has been a slight uptick in the amount of newer space available for lease, but a similar uptick in the list price as well.





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New Projects


Shown here and in the following pages in no particular order are photographs and some details of the larger projects constructed during the timeframe studied for tenant occupancy rather than for owner occupancy, although some projects are in fact a blend of both.

| | | |
|---|---|--|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB Union Park I 4504 W 26 th Kennewick U.S. Hwy 395 S 109894012836004 SGC Development 10,276 2015 38,332 3.73 Details; Gretl Crawford Union Park; two buildings quasi office/retail |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB Road 90 Office Bldg 5804 Road 90 Pasco West Pasco 115392022 Vitruvius 33,936 2017 131,116 3.86 N/A The largest building constructed during the study period |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB/MOB Wellness Center 7403 W Arrowhead Kennewick Mall / Vista '1299305000040035 Arrowhead Property Management 2,500 2017 21,780 8.7 Chiropractor Owned; rents out part The smallest building constructed during the study period |

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| | | |
|---|---|--|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB First American Title Bldg 8109 W Grandridge Blvd Kennewick Mall / Vista 131994013034005 Olson Family Group LLC 7,671 2019 86,684 11.3 First American Title, Churchill Mortgage Dual Tenancy; building was sold shortly after completion and occupancy |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB Mustang Signs Building 10379 W Clearwater Kennewick Clearwater West 101883BP2877001 W W Real Estate LLC 11,000 SF 2019 65,340 5.94 Mustang Signs, Owner 6,000 SF; Rents out the remainder |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | MOB/POB Smile Surfers Kid Dentistry; Tri-City Orthodontics 3200 Duportail Richland Queensgate 121982000002009 In Slide Out, LLC 8,426 2019 69,696 8.27 Owner Occupant 2 nd floor \$5.3M Cost; Multi-tenant (6 suites) on the ground level floor of the building |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB Ticor Title Building 8101 W Grandridge Kennewick Vista / Mall 131994013034008 GR 1, LLC (Tippett Co) 19,600 2019 86,684 4.42 Ticor (6,047 SF) Title, Clifton (10,000 SF) Allen; 3,700 SF Available \$5.4M reported costs |

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| | | |
|---|-----------------------|--|
|  | Type | POB |
| | Name | Copiers NW |
| | Address | 7035 W Clearwater Ave |
| | City | Kennewick |
| | Neighborhood | Central |
| | Tax ID | 105892BP4711001 |
| | Owner | Base Properties IV, LLC |
| | GBA | 11,000 |
| | Year Built | 2018 |
| | Land Size (SF) | 29,185 |
| | Land / Bldg % | 2.65 |
| | Major Tenant | Copiers NW, Owner |
| | Comments | BluZebra Technologies, Johnson & Johnson Law, other tenants; \$1.3M Cost |

| | | |
|---|-----------------------|--|
|  | Type | POB/Retail |
| | Name | Southridge Office |
| | Address | 5453 Ridgeline Dr |
| | City | Kennewick |
| | Neighborhood | US Hwy 395 |
| | Tax ID | 116893BP4450009 |
| | Owner | CIBB LLC |
| | GBA | 9,125 |
| | Year Built | 2016 |
| | Land Size (SF) | 41,627 |
| | Land / Bldg % | 4.56 |
| | Major Tenant | Wildland Brandcraft, Knutzen Engineering, V Boutique, Copper Top Tap House, BlankSpace |
| | Comments | |

| | | |
|---|-----------------------|---|
|  | Type | POB/Retail |
| | Name | 2459 S Union St |
| | Address | 2459 S Union Pl |
| | City | Kennewick |
| | Neighborhood | US Hwy 395 |
| | Tax ID | 110893040000130 |
| | Owner | PIK Properties, LLC |
| | GBA | 9,285 |
| | Year Built | 2018 |
| | Land Size (SF) | 49,222 |
| | Land / Bldg % | 5.30 |
| | Major Tenant | Europa, Canyon View Eye Care, Swift Therapy |
| | Comments | |

| | | |
|---|-----------------------|--|
|  | Type | POB/MOB |
| | Name | Yakima Farm Workers Clinic |
| | Address | 2555 Quillan Pl |
| | City | Kennewick |
| | Neighborhood | US Hwy 395 |
| | Tax ID | 110893BP4894001 |
| | Owner | Mighty Eighth LLC |
| | GBA | 3,944 |
| | Year Built | 2015 |
| | Land Size (SF) | 28,314 |
| | Land / Bldg % | 7.18 |
| | Major Tenant | Developed by Harvey Insurance and sold |
| | Comments | Dual tenant building; sold to YFWC |

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| | | |
|---|---|---|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB 4123 W 24 th Ave 4123 W 24 th Ave Kennewick U.S. Hwy 395 S 110893BP4485005 Loren Sharp 6,000 2015 43,560 7.26 Reliant was prior tenant Currently available for sale or lease |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB/MOB Southridge Office 5401 Ridgeline Dr Kennewick U. S. Hwy 395 S 116893BP4450010 CIBB LLC 8,000 2017 42,688 5.34 Rendering only; No picture of building available. |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB 4253 W 24 th Ave 4253 W 24 th Ave Kennewick US Hwy 395 110983BP4485001 Loren Sharp 6,496 2018 47,916 7.38 Currently for sale or for lease Developed at cost of \$1.3M incl. land |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | MOB Kennewick Dental 9501 W Clearwater Kennewick W Clearwater 101884000003000 Amon Hills LLC 7,500 2018 65,340 8.71 Kennewick Dental |

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| | | |
|---|---|--|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB 8305 W Quinault 8305 W Quinault Kennewick Vista / Mall 131992013356002 Jubee Properties 8,876 2017 34,773 3.92 Almond Orthodontics |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | MOB/POB Tri-Cities Endodontist 1363 Columbia Park Trail Richland Spaulding Bs Park 130991000006002 ADSG, LLC 19,507 (Incls 9,754 W/O Bsmt) 2018 89,734 52.78 Tri-Cities Endodontist No BC Tax ID available |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB/MOB Prodigy Homes 2055 N Steptoe St Kennewick Vista / Mall 125984000012006 Wilkinson 3,591 2020 14,810 4.12 Prodigy Homes |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB Two Cannon Condominiums 8901 W Tucannon Ave Kennewick Vista/Mall 131992000014001 WSIC 22,262 2016 125,453 5.64 Inland Medical Evaluations Individual condominium units for sale of various sizes and configurations |

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| | | |
|--|---|--|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB 8804 W Victoria 8804 W Victoria Kennewick Vista/Mall 130993012921001 Tight Line Ventures 4,000 2018 37,026 9.26 The Lash Studio, Moonshot Brewing |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB 1618 Terminal Dr 1618 Terminal Dr Richland West Richland 103982013525002 HJBT Properties 3,696 2018 37,026 10.02 Gayle Rew Construction |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | MOB Physical Therapy /Mid Columbia 2620 S Williams Pl Kennewick US Hwy 395 109894012836002 RKSC LLC 5,500 2016 42,688 7.76 Three Rivers PT Mid Columbia owns the building and leases the remainder |

As reflected in Table 4.2, currently there is **63,773 SF** of space available and the listing rental rates range from \$14 to \$25 PSF, with a weighted average of **\$20.74/SF NNN**. Given that 682,655 SF of space completed over the last 7.5 years, this would equate to about a **9.3%** vacancy rate currently (slightly higher than last year's 7.5% vacancy rate in new space) as this space is leasing up which indicates likely average absorption. And it is worth remembering that some of these spaces are more traditionally considered retail locations. It is also noteworthy that this new space is often leasing at the expense of older space. There is currently 167,400 SF of space under construction in nine projects, which is about a 2.25-year supply at the current rate of absorption. Thus, there could be an overbuilt situation in the office market.

Rent Levels

Rental rates for those investment buildings (vs owner/user buildings which are not traditionally leased) were also reviewed, through both listings and actual lease transactions over the last 7.5 years. Competing projects in the market were surveyed and listing agents were interviewed for their recent lease rates and what the rental included as well as their current listings. Table 4.3

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illustrates a representative sample of the data researched. Data has been confirmed but specific data must remain confidential. Note the rising trend in the market in earlier transactions to the current time.

Table 4.3
New Office Space Constructed Between 2014 and 2021
Sample Recent Lease Summary

| | #1 | #2 | #3 | #4 | #5 | #6 | #7 | #8 | #9 | #10 | | | |
|-----------------|-------------------------|---------------|-------------|----------------|-----------|-----------|------------|----------------|----------------|----------------|----------------|-----------|--------------|
| LA | S Howell | J Wade | T Sternfeld | S Howell | J Wade | J Wade | J Wade | DFritch | J Goffard | J Goffard | J Goffard | J Wade | H Huston |
| Type | POB | POB | POB | POB | POB | POB | POB | POBOB | POB | POB | POB | POB | POB |
| Neighborhood | West | West Richland | Gage Blvd | U.S. Hwy 395 S | Gage Blvd | Gage Blvd | Gage Blvd | U.S. Hwy 395 S | U.S. Hwy 395 S | U.S. Hwy 395 S | U.S. Hwy 395 S | West | Vista / Mall |
| City | Pasco | W Richland | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Pasco | Richland |
| Year Built | 2018 | 2018 | 2020 | 2018 | 2019 | 2019 | 2019 | 2017 | 2015 | 2015 | 2015 | 2017 | 2017 |
| GBA | 4,134 | 7,000 | 3,591 | 1,048 | 10,856 | 10,856 | 10,856 | 8000 | 10,276 | 10,276 | 10,276 | 33,936 | 2,500 |
| Lease Begins | 6/1/2021 signed; TTs | 04/01/21 | 02/01/21 | 01/01/21 | 08/11/20 | 01/01/20 | 01/01/20 | 10/1/2020 | 07/01/20 | 07/01/20 | 06/29/20 | 05/01/20 | 11/01/19 |
| Lease Expires | 05/31/26 | 03/31/26 | ? | 12/31/24 | 08/10/25 | 12/31/29 | 12/31/24 | ? | ? | ? | ? | ? | ? |
| SF Leased/Avail | 1,650 | 3,251 | 1,647 | 1,048 | 3,098 | 2,190 | 4,310 | 1964 | 1,500 | 1,500 | 1,500 | 1,500 | 1,404 |
| Annual Rental | \$ 36,300 | \$ 44,701 | \$ 32,274 | \$ 18,348 | \$ 85,195 | \$ 46,888 | \$ 120,676 | \$ 39,280 | | | | \$ 36,000 | |
| List or Initial | | | | | | | | | | | | | |
| Rent PSF | \$ 22.00 | \$ 13.75 | \$ 19.60 | \$ 17.51 | \$ 27.50 | \$ 21.41 | \$ 28.00 | \$ 20 | \$ 17.00 | \$ 17.00 | \$ 17.40 | \$ 24.00 | \$ 14.50 |
| Tenant NNNs | \$ 4.50 | \$ 4.00 | | \$ 4.75 | \$ 5.00 | \$ 5.00 | | \$ 5.00 | \$ 4.00 | \$ 4.00 | \$ 4.00 | \$ 5.00 | MG |

| | #11 | #12 | #13 | #14 | #15 | #16 | #17 | #18 | #19 | #20 | #21 |
|-----------------|----------------------|----------------------|------------|----------------------|----------------------|--------------|---------------------------|---------------------------|-----------|---------------------------|-----------|
| LA | R Ellsworth | R Ellsworth | S Howell | K Shaffer | K Shaffer | G Stack | D Maldonado | D Maldonado | J Wade | S Howell | J Wade |
| Type | POB | POB | POB | POB | POB | POB | POB / MOB | POB / MOB | POB | POB | POB |
| Neighborhood | Vista / Mall | W Clearwater | Queensgate | Vista / Mall | Vista / Mall | Central | U.S. Hwy 395 S | U.S. Hwy 395 S | West | U.S. Hwy 395 S | West |
| City | Kennewick | Kennewick | Richland | Kennewick | Kennewick | Kennewick | Kennewick | Kennewick | Pasco | Kennewick | Pasco |
| Year Built | 2019 | 2019 | 2019 | 2019 | 2019 | 2018 | 2016 | 2016 | 2017 | 2018 | 2017 |
| GBA | 7,671 | 11,000 | 8,426 | 19,600 | 19,600 | 11,000 | 9,125 | 9,125 | 33,936 | ? | 33,936 |
| Lease Begins | 07/01/19 | 06/01/19 | 05/01/19 | 05/01/19 | 05/01/19 | 04/01/19 | 02/01/19 | 02/01/19 | 05/01/18 | 04/01/18 | 02/01/18 |
| Lease Expires | ?? | ?? | 11/30/25 | ?? | ?? | ? | ? | ? | ? | ? | ? |
| SF Leased/Avail | 2,004 | 5,632 | 2,862 | 9,600 | 6,000 | 1,960 | 1,184 | 1,103 | 2,120 | 1,048 | 2,920 |
| Annual Rental | \$ 38,076 | | \$ 34,344 | | | | | | \$ 31,800 | | \$ 36,048 |
| List or Initial | | | | | | | | | | | |
| Rent PSF | \$ 19.00 | \$ 16.00 | \$ 22.00 | \$ 24.00 | \$ 24.50 | \$ 19.00 | \$ 19.00 | \$ 19.00 | \$ 15.00 | \$ 17.50 | \$ 12.35 |
| Tenant NNNs | \$ 5.00 | Yes | \$ 5.00 | \$ 5.82 | \$ 5.82 | Incl | Yes | \$ 5.00 | \$ 4.50 | \$ 4.50 | ?? |
| Location | Columbia Center Mall | Clearwater Extension | Queensgate | Columbia Center Mall | Columbia Center Mall | W Clearwater | Southridge / Union & 27th | Southridge / Union & 27th | Road 90 | Southridge / Union & 27th | Road 90 |

In analyzing the office rental comparables, the **rent PSF** is generally considered to be most indicative unit of comparison of the appropriate rent levels for each of the respective projects. The above data provides a range of **\$12.35 to \$24.50 PSF NNN**.

Lease transactions can be written on a gross, modified gross or net lease basis, defined as follows:

1. **Gross or Full-Service lease** – Tenant pays a base rental rate; landlord pays all operating expenses including utilities (note, in-suite janitorial may be negotiated);
2. **Modified Gross Lease** – Tenant pays a base rental rate and separately metered or pro rata share of utilities; landlord pays all other operating expenses;
3. **Net Lease** – Tenant pays a base rental rate and utilities; AND then typically also reimburses the landlord a prorata share of (a) taxes, (b) insurance, and (c) repairs and maintenance, etc. The landlord typically only pays a management fee and funds a replacement reserve. Net leases could be further subdivided as follows:
 - a. **“N” or Single Net** – Tenant pays only one of the (a), (b) and (c) above.
 - b. **“NN” or Double Net** – Tenant pays two of the (a), (b) and (c) above.

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c. **“NNN” or Triple Net** – Tenant pays all of the operating expenses.

Since an apples comparison must be made, net leases can be converted to an indication of a modified gross lease rental and vice versa through adding or subtracting the various expense elements before completing the comparison. Today, most new space is rented on a NNN basis, thus the cost of the NNNs must be added to the base rental rate to derive a true picture of the tenant’s cost.

It should be noted that the term “market rental” is influenced by many factors, including:

- the credit strength of the prospective tenant (risk), i.e., such as an established tenant vs. a new business (publicly rated companies vs. private could also play a role);
- Type of lease, i.e., renewals generally are favored by the landlord vs. a new tenant;
- Term of the lease, i.e., longer terms provide more stability for the landlord’s cash flow than short terms;
- Concessions paid by the landlord – such as free rent or an increase in the tenant finish;
- Expense Sharing, i.e., whether the tenant shares in landlord’s operating expenses (i.e., taxes, insurance, maintenance, and repairs) and utilities, etc.

New Tenant Finishes

New office building space rental rates are typically quoted as a base rental rate on an NNN basis and usually includes a certain tenant finish allowance. Different developers utilize different styles of leasing, for example one might quote space on a “cold grey shell” basis while others quote a “warm vanilla shell”, so it is important for a prospective tenant or analyst to understand what is included. Table 4.4 illustrates the major differences.

Development Costs

All developers and owners today are complaining about rapidly rising costs, which are creating havoc with planning new projects, even those in the midst of construction, where shortages of labor and materials result in rising costs in addition to the cost of land. The most prominent increase is in the lumber market, where increases have added \$16,000 to \$20,000 to the cost of a new home during the last 90 days. Most professional office buildings today are running in the neighborhood of \$225 to \$350 PSF to construct, including land. Medical office buildings are higher.

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Table 4.4
What is included in the Quoted Rental Rate??

| Shell Type | Cold Grey | Warm Grey | Cold Vanilla | Warm Vanilla | TI Allowance |
|-------------|---|-----------------------------------|--|--------------------|-------------------------------------|
| Floors | Unfinished Concrete (sometimes dirt) | | Unfinished Concrete | | Flooring finish selection |
| Walls | Bare Demising Stud Walls | | Perimeter Demising Drywall | | Paint Color Wall and Trim selection |
| Ceilings | Open to Roof Deck | | 2x4 acoustical tile in suspended grid or drywall | | Included |
| Lighting | None | | 2x4 fluorescent fixtures | | Included |
| Plumbing | None | | 2-fixture restroom, Minimum | | Standard units, finishes selected |
| Electrical | None | | Hooked up | | Minimum required |
| Sprinkler | None | | None | | Negotiable |
| Water/Sewer | Connection Avail | | Connection Avail | | Connected |
| HVAC | No Unit or ductwork distribution | Unit but no ductwork distribution | No Unit or Ductwork distribution | Unit and Duct work | Included |
| Advantages | Allows more flexibility in design and custom finishes | | Offers faster move-in with typical standard finishes | | |

Medical Office Building Inventory

Medical office building (MOB) space is generally considered a sub-set of professional office building (POB) space and is considered by most real estate professionals to be a special purpose type of property. This is due to the higher degree of interior partitioning, plumbing, electrical and higher quality of interior finishes that is usually associated with medical/dental office as compared to professional office. The expense of finish is often similar to that of a restaurant, which is another type of special purpose retail property. The value is inherently reliant on the supply and demand for this type of space compared with the supply and demand for professional office space.

MOB space is also generally considered owner/user space given the special purpose nature of the space when created. New space generally leases for a higher rental rate than POB space given the higher degree and quality of finishes typically found. If a tenant lease expires on 1st generation MOB space, it can be challenging to find another tenant that can use the space as it is and when vacated can take many months or years to release. Even when re-leased, the new tenant may require significant changes to the space.

Of the approximately 682,655 SF of new space completed, we estimate that approximately 125,000 to 150,000 SF or approximately 20% is MOB space and virtually all owner/user space. Demand for both types of space today appears to be fairly static as there is very limited inventory currently listed for sale or lease. As assets age, any initial differences in value between the two is often virtually indistinguishable.

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Summary – Market Office Rental Rate Projection

In arriving at a market rental rate conclusion, the following parameters were set in surveying and researching the market.

| <u>Item</u> | <u>Assumption</u> |
|--------------------|--|
| Size of Space | 1,000 to 2,500 sq. ft. |
| Term of Lease | Assume 36 to 60 Months |
| Type of Space | POB/MOB |
| Condition of Space | New; Leased on a warm “vanilla shell” basis; LL builds out |
| Condition of Space | New, Class A POB (MOB transactions were also surveyed) |
| Type of Lease | NNN Lease <ul style="list-style-type: none"> • Tenant Pays Base Rent, in-suite janitorial, separately metered utilities; and its prorata share other expenses of building ownership |
| Annual Escalations | 2.5% |
| Effective Date | 3 rd Quarter, 2021 |
| Estimated Rate | POB - \$18.00 to \$20.00 PSF + NNNs estimated at \$5.00 to \$6.00 PSF MOB - \$25.00 to \$30.00 PSF + NNNs estimated at \$6.00 to \$6.50 PSF |

Feasibility of Construction of New Office Space

The feasibility of construction of new space in any market is determined by supply and demand. Demand is influenced by cost of construction including land, profit motives, rental and expense rates, and necessary rates of return to attract capital. In general, feasibility can be questionable if the value of an asset is less than the cost to construct or acquire a similar asset.

Costs for new office construction in the Tri-Cities market are rising dramatically, and our sources report, and our experience supports that in many cases, the cost can be higher than the final value of the property. This can be an indication that the project is not necessarily financially feasible when land, materials and labor costs increase. One broker reported that for the last two years, he thought “cost increases were on a tear” and in our view, there is no sign of any abatement.

In the case of owner/occupant projects, profit motives are often secondary and do not drive the decision to build. With less reliance on profit, and especially in cases where land has been acquired at an earlier time and today is worth significantly more than paid for, owners go ahead with construction, usually because there is nothing available in the market at the time for sale or lease that suits their needs.

There have been no sales of *newer* office buildings since September, 2020. It is not a common occurrence in this market that developers build to sell a project upon completion, rather they are typically building for their own portfolio. We did find three that sold shortly after construction was complete and tenants had taken occupancy which are summarized as follows.

New Office Building Sale – The first-class office, 1-story stucco condominium building at 2459 S Union Pl containing 3,689 SF in the Union Park neighborhood adjacent to U.S. Hwy 395 in Kennewick which was built in 2017 sold for \$735,684 in September 2020 or the equivalent of \$199 PSF.

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New Office Building Sale – The first-class office, 1-story masonry building at 4123 W 24th Ave un the Union Park neighborhood adjacent to U.S. Hwy 395 which was built in 2016 sold for \$1,500,000 (\$240 PSF) in September 2020. The listing was withdrawn from MLS, but the listing agent was knowledgeable about the sale.

New Office Building Sale - The 1-story office building at 8109 W Grandridge, containing 7,468 SF occupied by First American Title and a local mortgage company sold on October 10, 2019, for \$1,900,000 about one year after tenants took occupancy. The land had been purchased in May of 2017 for \$262,000 or \$8.00 PSF but only contained 29,102 SF reflecting a land to building ratio of only 3.89:1, although office land to building ratios are typically lower than for retail. The land cost represents only 13.8% of the overall sale price which is very low, a more typical expected rate would range from 20% to 30% of the sale price. The sale price reflected a sale price of **\$254 PSF** and an overall rate of **7%** based on income at the time of sale. Rental rates in effect at the time of sale averaged about **\$20 PSF NNN** which is very near the average list price of space available today.

**Summary of Newer Office Building Sales
Tri-Cities, WA
For the period July 1, 2019 to June 30, 2021**

| Element | Sale #1 | Sale #2 | Sale #3 |
|----------------|-------------------------------|-------------------------------------|--------------------------------|
| Name | N/A | N/A | 1st American Title |
| Address | 2459 S Union Pl | 4123 W 24th Ave | 8109 W Grandridge |
| City | Kennewick | Kennewick | Kennewick |
| Land Size (SF) | | | |
| Bldg Size (SF) | 3689 | 6250 | 7468 |
| Year Built | 2017 | 2016 | 2019 |
| Date of Sale | Sep-20 | Sep-20 | Oct-19 |
| Sale Price | \$735,684 | \$1,500,000 | \$1,900,000 |
| \$ PSF | \$199.43 | \$240.00 | \$254.42 |
| Buyer | PW Tri-Cities, LLC | Shape Executive Center Kennewick | Olson Family Group LLC |
| Seller | PIK Properties LLC (Pratt) | Loren Sharp | David & Linda Benchel et al |
| Recorded | 2020-035818 | 2020-037468 | 2019-031346 |

Pending Office Building Sale – The Chicago Title building at 9001 W Tucannon is in escrow with an August 25, 2021, closing scheduled. The 2-story building contains 10,856 SF of GBA of which 9,598 SF is rentable area. The list price of \$4,595,000 was only discounted about 11% to \$4,545,000 which reflects an astonishing adjusted price of \$473.54 PSF. The building is fully occupied and was completed in 2019. The sale is part of a 1031 Exchange which can often command premium prices due to short term closings necessary.

Summary – Feasibility of New Construction

Given the nature of strong demand over the last 7.5-year study period, it is clear that new space coming into the market is leasing readily with no major issues concerning occupancy or rental rates. Nonetheless, there is a significant amount of new office space under construction which represents about a 2-year supply based on current levels of absorption. Costs are rising which is expected to hinder new development feasibility if the trend continues. However, provided a continued upward trend in population and employment, additional office construction would be required.

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Development Costs

Development costs for medical office space is significantly higher than for new professional office space primarily resulting from increased partitioning, wiring and plumbing as well as a higher degree of expensive finishes. We have found most new MOB spaces today running in the neighborhood of \$325 to \$375 PSF including land.

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Market Study
Retail Segment Supply

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B. Market Study – Retail Segment

Introduction - Existing Development

Unfortunately, given the small size of this market, there are no statistics available from any source which give any indication of the total existing supply of space in this market to use as a baseline. As a result, no statistical data is available on the total supply of space, occupancy, rent levels or absorption.

New Development

In order to document this portion of the study, a survey was conducted of all new **RETAIL** buildings completed from 2014 to June 2021, a period of 7.5 years. As with the office survey, this survey covered the entire Tri-Cities metropolitan area including the Cities of Kennewick and Richland in Benton County and the City of Pasco in Franklin County. Data for the survey was again compiled from our proprietary database, public sources such as the local Journal of Business and Tri-City Herald as well as from the public records of the city planning and county assessor's offices. Each new entry was similarly confirmed as to size (gross building square footage) and year of completion with the Assessor's records and then assigned a neighborhood designation to determine where the growth was occurring. Data was surveyed for all newer retail space. The results are summarized in the Table 4.5 accompanying this section.

Again, it is clear the City of Kennewick benefits from the combined draws of the Columbia Center Mall and Vista Field neighborhoods, where about 27% of all new retail space was developed in the last 7-1/2 years; that amount is greater in volume than the total space developed in either Richland or Pasco. This is a trend that is expected to continue until all land in that segment is absorbed.

A total of 111 projects were researched that were complete (99 projects, 1,025,285 SF) or under construction (12 projects, 116,745 SF), and the average size of those completed was just about 10,356 SF per project. When the total combined space developed was divided by 7.5 years, an average of about 157,736 SF of space was delivered to the market each year during the study period, although there were certainly ups and downs over the years.

Occupancy Levels

As is the case with office space, the majority of new retail space was also constructed by owners for their own use, with only about 25% of the space developed in the last 6.5 years put into the market for lease. We surveyed those spaces and found that most new retail space leased up well. Current retail listings in the local Tri-Cities PACMLS show that there are currently only eight active listings as summarized in *Table 4.6* here. The CBA MLS was also surveyed but none of the listings were repeated there.

Currently there is **16,417 SF** of newer space available, and the list rental rate is averaging **\$17.93/SF NNN, down from the last year**. If there was 1,025,285 SF of space completed over the last 7.5 years, this would equate to about a **1.6%** vacancy rate currently (completed space) as this space is leasing up which indicates likely above average absorption. It is noteworthy that this new space is often leasing at the expense of older space. There is currently 116,745 SF of space

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under construction in 12 projects, which is less than a one-year supply at the current absorption rates.

Table 4.5

Summary of Retail Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to June 30, 2021

| | Location | # Projects | Complete | # Projects | Under Constr / | # Projects | Combined | % |
|-----------------|-----------------------------|------------|------------------|------------|-------------------|---------------|------------------|--------------|
| Kennewick | East | 3 | 10,548 | 0 | - | 3 | 10,548 | 0.9% |
| " | Central | 4 | 21,302 | 1 | 4,080 | 5 | 25,382 | 2.2% |
| " | Gage Blvd | 3 | 23,186 | 0 | - | 3 | 23,186 | 2.0% |
| " | US 395 | 14 | 147,930 | 1 | 6,900 | 15 | 154,830 | 13.6% |
| " | South Vista / CC Mall | 8 | 113,254 | 1 | 22,000 | 9 | 135,254 | 11.8% |
| " | W Clwtr | 4 | 37,428 | 2 | 11,000 | 6 | 48,428 | 4.2% |
| " | Sub-Total | 36 | 353,648 | 5 | 43,980 | 41 | 397,628 | 34.8% |
| Richland | North | 11 | 79,551 | 1 | 32,000 | 12 | 111,551 | 9.8% |
| " | Queensgate | 19 | 232,685 | 2 | 7,500 | 21 | 240,185 | 21.0% |
| " | Central | 0 | - | 1 | 5,500 | 1 | 5,500 | 0.5% |
| " | West/WR | 6 | 28,717 | 1 | 2,522 | 7 | 31,239 | 2.7% |
| " | Sub-Total | 36 | 340,953 | 5 | 47,522 | 41 | 388,475 | 34.0% |
| Pasco | West | 19 | 256,966 | 2 | 25,243 | 21 | 282,209 | 24.7% |
| " | All Other | 8 | 73,718 | 0 | - | 8 | 73,718 | 6.5% |
| | Sub-Total | 27 | 330,684 | 2 | 25,243 | 29 | 355,927 | 31.2% |
| Combined | Grand Total | 99 | 1,025,285 | 12 | 116,745 | 111 | 1,142,030 | |
| | One Year Ago | 95 | 1,018,599 | 10 | 73,081 | 105 | 1,091,680 | |
| | Avg SF | | 10,356 | Avg | 9,729 | Avg | 10,289 | |
| | Avg/Yr | | 157,736 | | | | | |

Table 4.6

Inventory of Retail Space Available
As of June 30, 2021

| MLS # | Status | Asset Class | County | Address | City | Year Built | Retail SQF | Sale Price | NNNs |
|--------|--------|-------------|----------|-----------------------------|-----------|------------|------------|------------|------|
| 251624 | ACT | Retail | Benton | 1745 George Washington Way | Richland | 2021 | 4,800 | \$12 | NNNs |
| 239246 | ACT | Retail | Franklin | 00 Sandifur Parkway | Pasco | 2019 | 1,986 | \$24 | NNNs |
| 247850 | ACT | Retail | Franklin | 4845 Broadmoor Blvd | Pasco | 2019 | 1,451 | \$24 | NNNs |
| 248148 | ACT | Retail | Franklin | 7425 Sandifur Pkway | Pasco | 2019 | 2,000 | \$26 | NNNs |
| 251383 | ACT | Retail | Benton | 585 Stevens Drive Suite 589 | Richland | 2018 | 1,680 | \$18 | NNNs |
| 222038 | ACT | Retail | Benton | 845 N COLUMBIA CENTER BL | Kennewick | 2018 | 4,500 | \$16 | NNNs |
| | | | | | | | 16,417 | \$17.93 | |

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New Projects


Shown here and in the following pages in no particular order are photographs and some details of the larger projects constructed during the timeframe studied for tenant occupancy rather than for owner occupancy, although some projects are in fact a blend of both.

| | | |
|---|---|---|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Unanchored Broadmoor Plaza 4845 Broadmoor Blvd Pasco Pasco West 115470029 CLC Properties LLC 8,440 SF 2019 68,825 8.15 Numerica, Firehouse Subs Still have two bays available |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Anchored Sandifur Crossing 7425 Sandifur Parkway Pasco Pasco West 116030017 Hogback Sandifur LLC 5,242 2019 33,936 6.478 Jamba, Porter's Real BBQ Still have two bays available |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Unanchored Homewood Suites Strip Center 1080 George Wash Way Richland Richland Central 111981013323001 Vandervort 11,026 2019 76,230 6.91 Porter's BBQ Several bays available |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Anchored Sandifur Crossing 5802 N Road 68 Pasco Pasco West 116030014 Henry Friedman (formerly Hogback) 6042 2018 28,980 4.79 Kabob House, Spectrum Friedman purchased 7/14/2020 |

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| | | |
|---|---|--|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Unanchored GESA Plaza 4824 Broadmoor Blvd Pasco Pasco West 115210025 Real Property Acquisitions 7,294 2019 87,120 11.94 Therapeutic Assoc P/T, Gesa |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Unanchored Chapel Hill Self Storage 6615 Chapel Hill Blvd Pasco Pasco West 117420159 Self-Storage at Chapel Hill, LLC 13,546 2018 287,324 Part of Larger Parcel The Coffee Crush Just beginning to lease |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Anchored Yokes Plaza 472 to 484 Keene Rd Richland South Richland 126982013402003 Kyung Sik Chang 7,434 2015 37,026 5.0 Badger Mt Dental, H&R Block, Hair Salon, Birds Unlimited Three Hinge sold to Change 10/29/2019 |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Anchored Lowe's Outlot Columbia Ctr Towers Bldg B 1022 N Col Ctr Blvd Kennewick Mall/Vista 131991000026000 LFIC LLC 5,495 2013 12,823 2.33 Porter's BBQ; Level Up Barcade Part of a 2-building project |

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| | | |
|---|---|---|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | POB Plaza at Canyon Lakes 2909 S Quillan Pl Kennewick USHwy 395 S 115892BP5274001 FC4 LLC 24,792 2015 148,104 SF 5.97 H&R Block Building was begun in 2009 but owner went bankrupt and project sat for over 5 years before re-started |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Retail/Anchored Lowe's Anchor Columbia Ctr Towers Bldg A 924 N Col Ctr Blvd Kennewick Mall/Vista 131994010447001 Columbia Ctr Partners LLC 12,463 2014 23,882 1.91 Proof Gastropub, Sound Audiology, Massage LFIC LLC sold property 5/7/2019 |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Unanchored Zintel Commercial 3801 S Zintel Way Kennewick US Hwy 395 116894050000002 AMA Land and Cattle Co, LLC 3,674 2015 59,677 16.24 (Part of larger) HPR Enter, Cozumel Mex, Dental Boulder Heights sold property 7/30/2019 |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant | Strip/Unanchored Union Park, Bldg 2 4528 W 26 th Ave Kennewick US Hwy 395 109894012836003 2 Dawgs, LLC 6,735 2015 40,041 5.94 Dental, Sylvan |

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| | | |
|---|---|--|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Unanchored Southridge Towers 4898 W Hildebrand Kennewick US Hwy 395 116891BP4410002 Jabez Enterprises LLC 7,991 + 1,279 = 9,270 2015 59,677 6.43 Numerica, Hops N Drops, Roasters Coffee Roasters Coffee is in a 1,279 SF standalone bldg. on this parcel Taggstrick1 LLC sold property 12/26/2019 |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Anchored Home Depot Plaza 2841 Duportail Richland Queensgate 121981013388001 Aion LLC 5,113 2014 24,763 4.84 H&R Block, MyFroYo, Red Wing 100% occupied |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Unanchored 8804 W Victoria Kennewick Mall/Vista 130993012921006 Tight Line Ventures 3,360 2018 46,609 13.87 The Lash, Brewery Another parcel available for a second building |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant | Strip/Anchored Columbia Center Mall 1659 N Columbia Center Blvd Kennewick Mall/Vista 130994BP5266002 Hogback Columbia Center LLC 7,363 2020 51,400 6.98:1 Mod Pizza, Starbucks, Jersey Mike's |

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| | | |
|---|---|--|
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant | Strip/Unanchored Total Remodel of Existing plus Addn 5011 W Clearwater Ave Kennewick Central Kennewick 104891010533002 R&S Prop Mgmt, LLC 10,552 2020 (Prop) 15,472 TBD TBD |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments | Strip/Anchored Sandifur Crossing 7425 Sandifur Parkway Pasco Pasco West 116030018 Hogback Sandifur LLC 8,500 2019 Pad N/A TBD Active MLS 239246 |
|  | Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant | Retail/Office Proposed 9425 Sandifur Parkway Pasco West Pasco 115442010 Boom Boom Prop, LLC 11,220 2020 35,284 3.11 TBD |
|  | Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant | Union Park Bldg #1 4505 W 26 th Ave Kennewick US Hwy 395 109894012836004 SGC Development LLC 10,276 2015 38,497 3.74 Gretl Crawford / Details |

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| | | |
|---|-----------------------|------------------|
|  | Type | Strip/unanchored |
| | Name | Stevens Plaza |
| | Address | 585 Stevens Dr |
| | City | Richland |
| | Neighborhood | Central Richland |
| | Tax ID | 111983020403005 |
| | Owner | Grigsby Property |
| | GBA | 12,600 |
| | Year Built | 2018 |
| | Land Size (SF) | 48,351 |
| | Land / Bldg % | 3.83 |
| | Major Tenant | |
| | Comments | |

Rent Levels

Rental rates for those investment buildings (vs owner/user buildings which are not traditionally leased) were also reviewed, through both listings and actual lease transactions over the last 6.5 years. Competing projects in the market were surveyed and listing agents were interviewed for their recent lease rates and what the rental included as well as their current listings. *Table 4.7* illustrates the data researched. Data has been confirmed but specific data must remain confidential. It is noted that there has only been two new lease transactions recorded in the local MLS.

Table 4.7
New Retail Space Constructed Between 2014 and 2021
Sample Recent Lease Summary

| | #1 | #2 | #3 | #4 | #5 | #6 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Type | Strip, Unanchored | Strip, Unanchored | Strip, Unanchored | Strip, Unanchored | Strip, Unanchored | Strip, Unanchored |
| City | W Richland | W Richland | W Richland | W Richland | W Richland | Pasco |
| Year Built | 2021 (U/C) | 2021 (U/C) | 2021 (U/C) | 2021 (U/C) | 2021 (U/C) | 2021 (U/C) |
| Bldg GBA | 11,792 | 11,792 | 11,792 | 11,792 | 11,792 | 13,106 |
| # Tenants | 4 | 4 | 4 | 4 | 4 | 4 |
| Lease Begins | 01/01/22 | 01/01/22 | 01/01/22 | 01/01/22 | 01/01/22 | Available |
| Lease Expires | | | | | | |
| SF Leased | 2150 | 1468 | 3300 | 3830 | 1081 | 1477 |
| Annual Rental | \$ 55,900 | \$ 41,104 | \$ 85,800 | \$ 99,580 | \$ 30,268 | |
| List or Initial Rent PSF | \$ 26.00 | \$ 28.00 | \$ 26.00 | \$ 26.00 | \$ 28.00 | 17.50 - \$20 |
| Tenant NNNs | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | 6.50 |

| | #7 | #8 | #9 | #10 | #11 | #12 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Type | Strip, Unanchored | Strip, Unanchored | Strip, Unanchored | Strip, Unanchored | Strip, Unanchored | Strip, Unanchored |
| City | Pasco | Kennewick | Kennewick | Kennewick | Pasco | Kennewick |
| Year Built | 2019 | 2017 | 2018 | 2020 | 2019 | 2016 |
| Bldg GBA | 8,332 | 8,000 | 9,075 | 3,591 | 8,424 | 6,735 |
| # Tenants | 4 | 5 | 5 | 2 | 4 | 3 |
| Lease Begins | Available | | 12/01/2021 | 7/1/2021 | 06/01/21 | 10/01/20 |
| Lease Expires | | | | | | |
| SF Leased | | | 1048 | 1,647 | 1,398 | 1,720 |
| Annual Rental | | \$ | 18,348 | \$ 36,234 | \$ 29,708 | |
| List or Initial Rent PSF | \$ 24.00 | \$ | 17.51 | \$ 22.00 | \$ 21.25 | |
| Tenant NNNs | \$ 5.00 | | ? \$ | \$ 5.00 | \$ 5.00 | |

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| | #13 | #14 | #15 | #16 |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
| Type | Strip, Unanchored | Strip, Unanchored | Strip, Unanchored | Strip, Unanchored |
| City | Richland | Pasco | Pasco | Pasco |
| Year Built | 2019 | 2019 | 2020 | 2019 |
| Bldg GBA | 11,026 | 5,944 | 5,242 | 7,253 |
| # Tenants | 5 | 2 | 2 | 3 |
| Lease Begins | 08/01/20 | 05/01/20 | 11/01/20 | 01/01/20 |
| Lease Expires | 07/31/25 | 04/30/20 | 10/31/25 | 03/31/28 |
| SF Leased | 3,300 | 4,000 | 1,800 | 1,972 |
| Annual Rental | \$ 99,000 | \$ 119,004 | \$ 48,600 | \$ 47,328 |
| List or Initial Rent PSF | \$ 30.00 | \$ 29.75 | \$ 29.00 | \$ 24.00 |
| Tenant NNNs | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 4.50 |

In analyzing the retail rental comparables, the **rent PSF** is generally considered to be most indicative unit of comparison of the appropriate rent levels for each of the respective projects. The above data provides a range of \$16.00 to \$30.00 PSF NNN, nearly overlapping the office rental rates except at the higher end.

As with office space, lease transactions can be written on a gross, modified gross or net lease basis, defined as follows:

Gross or Full-Service lease – Tenant pays a base rental rate; landlord pays all operating expenses including utilities (note, in-suite janitorial may be negotiated);

Modified Gross Lease – Tenant pays a base rental rate and separately metered or pro rata share of utilities; landlord pays all other operating expenses;

Net Lease – Tenant pays a base rental rate and utilities; AND then typically also reimburses the landlord a prorata share of (a) taxes, (b) insurance, and (c) repairs and maintenance, etc. The landlord typically only pays a management fee and funds a replacement reserve. Net leases could be further subdivided as follows:

- d. **“N” or Single Net** – Tenant pays only one of the (a), (b) and (c) above.
- e. **“NN” or Double Net** – Tenant pays two of the (a), (b) and (c) above.
- f. **“NNN” or Triple Net** – Tenant pays all of the operating expenses.

Since an apples comparison must be made, net leases can be converted to an indication of a modified gross lease rental and vice versa through adding or subtracting the various expense elements before completing the comparison. Today, most new space is rented on a NNN basis, thus the cost of the NNNs must be added to the base rental rate to derive a true picture of the tenant’s cost.

It should be noted that the term “market rental” is influenced by many factors, including:

- the credit strength of the prospective tenant (risk), i.e., such as an established tenant vs. a new business (publicly rated companies vs. private could also play a role);
- Type of lease, i.e., renewals generally are favored by the landlord vs. a new tenant;
- Term of the lease, i.e., longer terms provide more stability for the landlord’s cash flow than short terms;
- Concessions paid by the landlord – such as free rent or an increase in the tenant finish;
- Expense Sharing, i.e., whether the tenant shares in landlord’s operating expenses (i.e., taxes, insurance, maintenance, and repairs) and utilities, etc.

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Anchored Projects vs Unanchored Projects

The location in a larger development project where there is a national credit anchor tenant such as at the Columbia Center Mall, or a Home Depot, Lowe's Center or grocery store anchored center typically commands a higher rent than that of an unanchored center. This will of course be affected also by location; higher traffic count locations will generally correlate to a higher rental rate, even in an unanchored center.

New Tenant Finishes

New office building space rental rates are typically quoted as a base rental rate on an NNN basis and usually includes a certain tenant finish allowance. Different developers utilize different styles of leasing, for example one might quote space on a "cold grey shell" basis while others quote a "warm vanilla shell", so it is important for a prospective tenant or analyst to understand what is included. Table 1.4 illustrates the major differences.

Table 4.8

What is included in the Quoted Rental Rate??

| Shell Type | Cold Grey | Warm Grey | Cold Vanilla | Warm Vanilla | TI Allowance |
|-------------|---|-----------------------------------|--|--------------------|-------------------------------------|
| Floors | Unfinished Concrete (sometimes dirt) | | Unfinished Concrete | | Flooring finish selection |
| Walls | Bare Demising Stud Walls | | Perimeter Demising Drywall | | Paint Color Wall and Trim selection |
| Ceilings | Open to Roof Deck | | 2x4 acoustical tile in suspended grid or drywall | | Included |
| Lighting | None | | 2x4 fluorescent fixtures | | Included |
| Plumbing | None | | 2-fixture restroom, Minimum | | Standard units, finishes selected |
| Electrical | None | | Hooked up | | Minimum required |
| Sprinkler | None | | None | | Negotiable |
| Water/Sewer | Connection Avail | | Connection Avail | | Connected |
| HVAC | No Unit or ductwork distribution | Unit but no ductwork distribution | No Unit or Ductwork distribution | Unit and Duct work | Included |
| Advantages | Allows more flexibility in design and custom finishes | | Offers faster move-in with typical standard finishes | | |

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Summary - Market Retail Rental Rate Projection

In arriving at a market rental rate conclusion, the following parameters were set in surveying and researching the market.

| <u>Item</u> | <u>Assumption</u> |
|--------------------|--|
| Size of Space | 1,000 to 2,500 sq. ft. |
| Term of Lease | Assume 36 to 60 Months |
| Type of Space | POB/MOB |
| Condition of Space | New; Leased on a warm “vanilla shell” basis |
| Condition of Space | New, Class A |
| Type of Lease | NNN Lease |
| | <ul style="list-style-type: none"> Tenant Pays Base Rent, in-suite janitorial, separately metered utilities; and its prorata share other expenses of building ownership |
| Annual Escalations | 2.5% |
| Effective Date | 3rd Quarter, 2021 |
| Estimated Rate | Anchored - \$25.00 to \$30.00 PSF + NNNs estimated at \$5.00 to \$6.00 PSF Unanchored - \$18.00 to \$25.00 PSF + NNNs estimated at \$4.00 to \$5.50 PSF |

Feasibility of Construction of New Retail Space

The feasibility of construction of new space in any market is determined by supply and demand. Demand is influenced by cost of construction including land, profit motives, rental and expense rates, and necessary rates of return to attract capital. In general, feasibility can be questionable if the value of an asset is less than the cost to construct or acquire a similar asset.

Development Costs

Similar to office building construction costs, retail construction costs are also experiencing rapidly increasing prices for material and labor in addition to land. Today’s costs for an unanchored strip center on a secondary location can easily run \$200 PSF, increasing for better locations and higher tenant finishes for tenants such as restaurants compared with retail tenants.

Costs for new retail construction in the Tri-Cities market are rising, and our sources report that in many cases, the cost can be higher than the final value of the property. This can be an indication that the project is not necessarily financially feasible. It is a function of land, materials and labor increases. One broker reported that for the last two years, he thought “cost increases were on a tear”. Lumber prices alone have soared 50% this year (2021).

And, again, as in the case of owner/occupant projects, where the Owner occupies a portion and leases out the remainder, profit motives are often secondary and do not drive the decision to build. With less reliance on profit, and especially in cases where land has been acquired at an earlier time and today is worth significantly more than paid for, owners go ahead with construction, usually because there is nothing available in the market at the time for sale or lease that suits their needs.

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It is not a common occurrence in this market that developers sell a project upon completion, rather they are typically building for their own portfolio.

The following newer retail strip centers have sold in the last two years and are summarized as follows.

| Summary of Newer Retail Building Sales Tri-Cities, WA For the period July 1, 2019 to June 30, 2021 | | | | | |
|---|------------------------|----------------------|------------------------|----------------------------------|---------------------------------|
| Element | Sale #1 | Sale #2 | Sale #3 | Sale #4 | Sale #5 |
| Center Name | N/A | Sandifur Crossing | Sandifur Crossing | Yoke's | N/A |
| Name | Verizon | Porters BBQ | Spectrum & Kabob House | Yokes Center Retail Strip | Zintel Way Bldg #1 |
| Address | 106 Keene Rd | 7425 Sandifur Pkwy | 5802 Road 68 | 472-484 Keene Rd | 3801 S Zintel Way |
| City | Richland | Pasco | Pasco | Richland | Kennewick |
| Land Size (SF) | 30,187 SF | 33,977 | 28,980 SF | 37,026 | 59,677 |
| Bldg Size (SF) | 3,133 SF | 5,242 | 6,042 | 7,434 | 9,167 |
| Year Built | 2014 | 2019 | 2019 | 2015 | 2015 |
| Date of Sale | 02/12/2021 | 10/02/2020 | 07/14/2020 | 10/31/2019 | 07/31/2019 |
| Sale Price | \$1,200,000 | \$2,137,500 | \$2,600,000 | \$2,534,000 | \$2,275,000 |
| \$ PSF | \$383.02 | \$407.76 | \$433.33 | \$340.87 | \$248.17 |
| Buyer | Kimmet Properties, LLC | Amaza Investment LLC | Henry Friedman | Kyung Sik Change & Mi Jung Chang | AMA Land and Cattle Company LLC |
| Seller | JPAM, LLC | Hogback Sandifur LLC | Hogback Sandifur LLC | Three Hinge, LLC | Boulder Heights, LLC |
| Recorded | 2021-007319 | 2019-22479 | 2019-17060 | 2019-034196 | 2019-021757 |

The upward price trend is very apparent in reviewing the \$PSF over the two-year period.

Summary – Feasibility of New Construction

Given the nature of strong demand over the last 7.5-year study period, it is clear that new space coming into the market is leasing readily with no major issues concerning occupancy or rental rates. Costs are rising faster than values in some cases which is expected to hinder new development feasibility if the trend continues. Nonetheless, if it is assumed that continued population and employment growth occurs, demand for new retail space will continue.

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Summary – Commercial (Office and Retail) Development

Table 4.9
Commercial (Office and Retail) Summary

| Type | Office Space | Retail Space | Combined |
|------------------------|--|---------------------|--------------------|
| SF Completed | 682,655 | 1,025,285 | 1,707,940 |
| SF U/C or Planned | 167,456 | 116,745 | 284,201 |
| Combined Totals | 850,111 | 1,142,030 | 1,992,141 |
| Current Rental Rates | \$14 to \$25 (POB) \$20 to \$30 (MOB) | \$15 - \$30 | \$14 to \$30 |
| Weighted Average | \$20.74 | \$17.93 | \$17.93 to \$20.74 |
| Current Available SF | 63,773 | 16,417 | 80,190 |
| Current Vacancy Levels | 9.3% | 1.6% | 4.6% |

Table 4.9 above summarizes the findings of this study of the Tri-Cities commercial market for projects constructed during the most recent 7.5-year period. There is not a particularly significant difference between average rental rates and the combined vacancy levels between office and retail space and it is noted that most of the higher end rates of office space are for medical space, while most of the higher end of retail rents are for restaurants in anchored centers.

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COMMERCIAL LAND SALES FOR DEVELOPMENT STUDY

Land Prices

Lastly, we looked at land prices being paid by developers to build new commercial (both office and retail) space. We focused our efforts using the following parameters:

- Location – Subject Neighborhood or similar 2nd tier neighborhoods outside of the major commercial markets surrounding for example the Columbia Center Mall
- Transaction date – Last three years
- Zoning – UMU - Commercial permitting office and or retail development

Data in the immediate neighborhood was considered virtually non-existent because of several factors. First, the neighborhood is fully developed, with only redevelopment occurring or infill development. Secondly, of the five sales discovered, only three of the parcels sold have the same zoning as the subject which will be discussed below. Lastly, demand cannot really be measured easily with no new projects having been constructed other than those within the Kennewick Historic Waterfront District.

Neighborhood Sales

Here is a summary of the most recent sales in the vicinity of the subject.

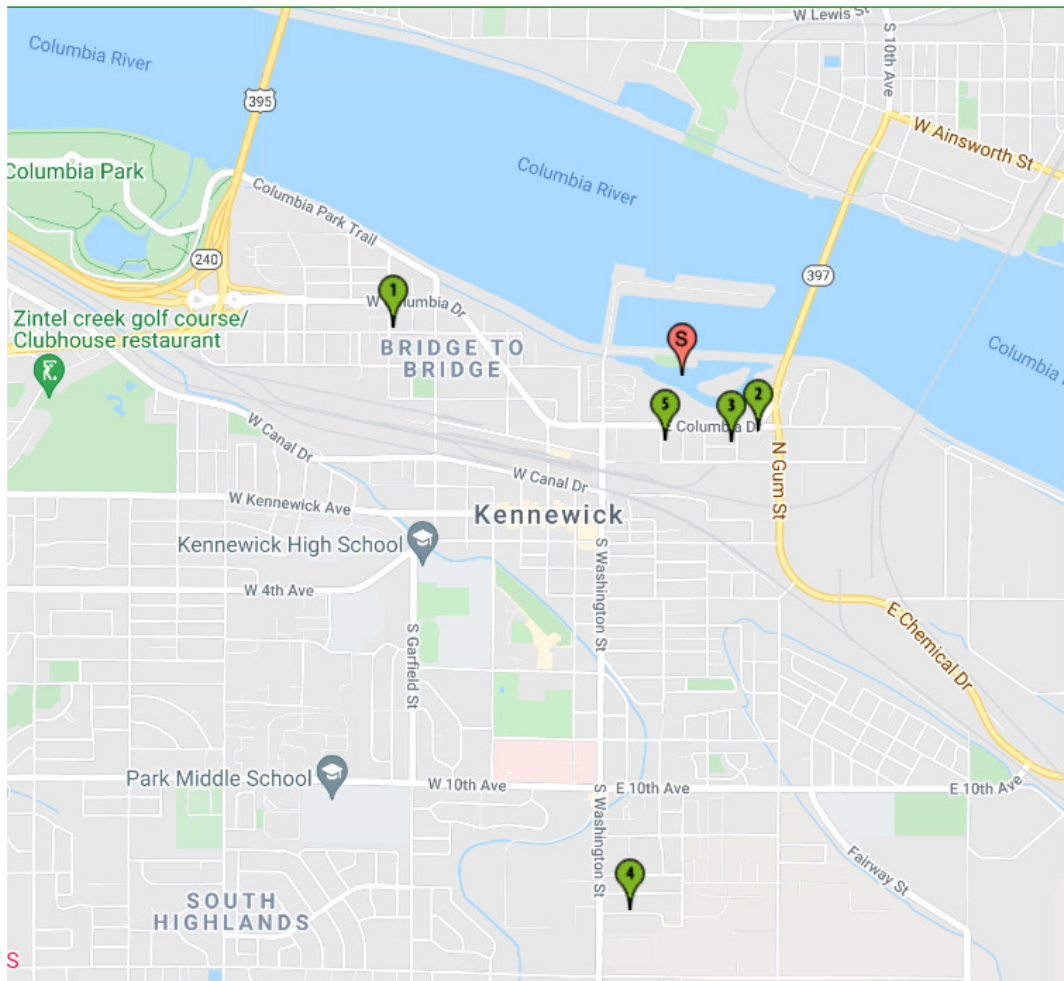
The first item for 604 N Hartford at the northeast corner of N Hartford and W Grand Ronde sold six months ago for \$5.76 PSF and would also be considered an interior lot with poor to fair frontage and visibility, three lots south of W Columbia Dr and west of Washington St.

The second item for the only parcel fronting on E Columbia Dr occurred in July 2019, two years ago for \$3.34 PSF. As mentioned earlier if this is updated by 8% for changing market conditions, the indicated probable sale price today could be \$3.90 PSF. Of interest, the seller had acquired the property about 3 years earlier for the same exact price indicating that there had been no real appreciation in this neighborhood during that time.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

**Downtown Kennewick
 Summary of Land Sales
 As of June 30, 2021**

| | # | Dir | Street | Orig Lot # | Legal Description | PID | Size (AC) | Size (SF) | Sale Date | Sale Price | \$ PSF | Seller | Buyer | Recorded | Zoning | Comments |
|---|------|-----|--------|-------------|-------------------|-----------------|-----------|-----------|-----------|------------|---------|----------------------|------------------------------|-------------|--------|-------------|
| 1 | 7528 | 604 | N | Hartford St | Glasgow Add | 136994060000002 | 0.20 | 8,686 | 12/07/20 | \$ 50,000 | \$ 5.76 | Russell Living Trust | Patricia Suarez | 2020-050613 | CAR | MLS #249542 |
| 2 | 6362 | 512 | E | Columbia Dr | Lengthy Legal | 106802BP4670001 | 0.76 | 32,914 | 07/01/19 | \$ 110,000 | \$ 3.34 | Vergara, Filiberto | Vargaz, Jaime | 2019-018709 | UMU | |
| | 6362 | 512 | E | Columbia Dr | Lengthy Legal | 106802BP4670001 | 0.76 | 32,914 | 04/21/16 | \$ 110,000 | \$ 3.34 | Bill Lampson | Vergara, Filiberto | 2019-018709 | UMU | |
| 3 | 7240 | 421 | E | Bruneau | Lengthy Legal | 106802020004012 | 0.19 | 8,398 | 03/12/20 | \$ 45,000 | \$ 5.36 | Brad Beauchamp | Titechko, Vitaliy | 2020-008785 | UMU | |
| 4 | 7529 | NKA | E | 16th Ave | SP 1404, Lot 2 | 107802011404002 | 0.45 | 19,602 | 04/20/21 | \$ 75,000 | \$ 3.83 | Golden Contractors | Columbia Cottages | 2021-018819 | CN | MLS #236191 |
| 5 | 6893 | 218 | N | Beech St | Lengthy Legal | 106802020002009 | 0.40 | 17,258 | 10/17/18 | \$ 65,000 | \$ 3.77 | Johnson et al | Wekeh Enterprises | 2018-031093 | UMU | |
| | 6893 | 218 | N | Beech St | Lengthy Legal | 106802020002009 | 0.40 | 17,258 | 08/05/19 | \$ 117,000 | \$ 6.78 | Wekeh Enterprises | Kittson LLC (Adj Prop Owner) | 2018-031093 | UMU | |



*MARKET STUDY & ANALYSIS
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The third item in March 2020 or 15 months ago for a small parcel located at 421 E Bruno Place. This parcel would be considered an interior parcel with poor to below average frontage or visibility, one lot south of E Columbia Drive, and one street west of U.S. Hwy 397. A local developer purchased the property containing .1928 AC (8,398 SF) for \$45,000, or the equivalent of \$5.35 PSF.

The fourth item on 16th Ave is the most recent sale and would be considered an interior lot price with poor to below average visibility at \$3.83 PSF one lot east of Washington St. It is out of the strictly waterfront neighborhood, farther south. While it is zoned for commercial use, it is possible that the buyer plans a residential use for the property given the buyer's name, "Columbia Cottages". The listing agent was unclear as to what the buyer's development plans were and this sale was ultimately discarded from further consideration.

The fifth item sale occurred for the property at 218 N Beech St, which contains 0.3962 AC or 17,258 SF. The property sold in August 2019 for \$117,000 or \$6.77 PSF. It had previously sold in October 2018 for \$65,000 or \$3.76 PSF. This land flip provides insight into increasing land sale activity in the neighborhood. Development plans could not be confirmed but it was purchased by an adjacent property owner, who likely paid a premium for the property compared to another buyer.

Items 2, 3 and 5 have UMU zoning designation while the remainder have the commercial zoning designation which would permit the same type of commercial development; however, there does not seem to be any significant differential in pricing, because items 1-2 sold for \$3.83 to \$5.76 PSF, and the remaining items sold for between \$3.34 and \$5.36 (excluding the re-sale to the adjacent property owner). All of the parcels are under one acre; the only one with frontage along E Columbia Drive is the 2nd sale from 2019 at \$3.34 PSF. If that sale were updated for changing market conditions by say 8% per year for two years, today's equivalent of that sale price would increase to \$3.90 PSF.

Small Commercial Subdivisions

Next, since the subject in essence represents a small subdivision of a larger parcel, several similar 2nd tier subdivisions were studied.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Bonnie Jean Plaza

The first subdivision studied is arrayed in Table 3.1 below with a subdivision map following.

The original large land parcel was acquired November 9, 2007 by Harold S Cox, who later conveyed the property to Bonnie Jean Plaza LLC which then created the subdivision in 2010. Details on the original cost of acquisition and development (infrastructure) are unknown and the short plat was filed in September, 2010. However, details of each of the lot sales are known and have been confirmed as reflected in the table.

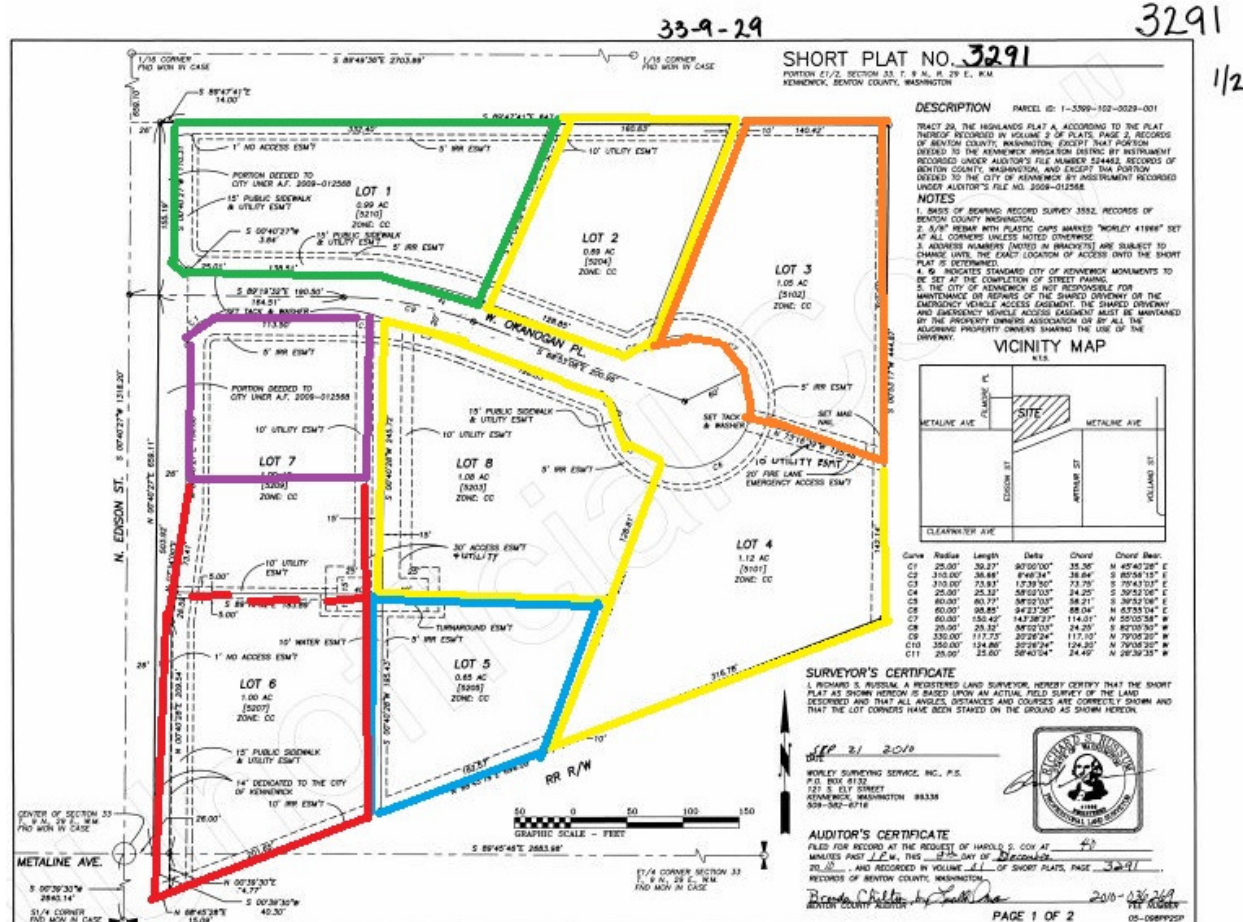
It should be noted that from the date of the first sale, it took about five years for a complete sell-out of the subdivision, and even at that, an investor purchased the three remaining lots in bulk, rather than selling to an owner user who would develop the property.

Table 3.1

Bonnie Jean Plaza
 Summary of Land Sales
 As of June 30, 2021

| As of June 30, 2021 | | | | | | | | | | | | | | | | |
|---------------------|------------------|-----|-------------|------------|-------------------|-----------------|-----------|-----------|-----------|------------|---------|-----------------------|------------------------------|-------------|--------|----------------------------|
| | # | Dir | Street | Orig Lot # | Legal Description | PID | Size (AC) | Size (SF) | Sale Date | Sale Price | \$ PSF | Seller | Buyer | Recorded | Zoning | Comments |
| 1 | 5204, 5101, 5203 | W | Okanogan Pl | 2, 4, 8 | SP 3291 | 133991013291002 | 2.89 | 125,888 | 10/07/20 | \$ 690,000 | \$ 5.48 | Bonnie Jean Plaza LLC | TTB Invest (Tim Bush) | 2020-039107 | CC | Bulk Sale of Interior Lots |
| 2 | 5205 | W | Okanogan Pl | 5 | SP 3291 | 133991013291005 | 0.65 | 28,314 | 02/20/20 | \$ 170,000 | \$ 6.00 | Bonnie Jean Plaza LLC | Guizar | 2020-005960 | CC | Interior Lot |
| 3 | 5102 | W | Okanogan Pl | 3 | SP 3291 | 133991013291003 | 1.05 | 45,738 | 12/28/18 | \$ 274,000 | \$ 5.99 | Bonnie Jean Plaza LLC | Strengthpak | 2018-037888 | CC | Interior Lot |
| 4 | 5210 | W | Okanogan Pl | 1 | SP 3291 | 133991013291001 | 0.97 | 42,253 | 01/06/17 | \$ 310,000 | \$ 7.34 | Bonnie Jean Plaza LLC | Tran, Tracy, JSI Cons Inc. | 2015-029454 | CC | Interior Lot |
| 5 | 5207 | W | Okanogan Pl | 6 | SP 3291 | 133991013291006 | 1.40 | 60,984 | 09/30/15 | \$ 350,280 | \$ 5.74 | Bonnie Jean Plaza LLC | Bush Living Trust (Tim Bush) | 2015-029455 | CC | Fronts on Edison |
| 6 | 5209 | W | Okanogan Pl | 7 | SP 3291 | 133991013291010 | 0.60 | 26,136 | 09/30/15 | \$ 250,000 | \$ 9.57 | Bonnie Jean Plaza LLC | MGSC LLC (Mike Scott) | 2015-029454 | CC | Fronts on Edison |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA



The first two sales occurred simultaneously in the fall of 2015 five years after the subdivision was created and were for the two one-acre parcels with frontage on Edison, essentially the best lots.

- Lot 7 was reduced in size from 1.0 acre to .60-AC and sold to Bruchi's where a restaurant was constructed;
- Lot 6 was increased from one acre to 1.4 acres; a portion was leased to Roaster's Coffee and the balance was used to develop a Bush Car Wash. The controlling entity was a local developer, Tim Bush.
- The smaller parcel sold for \$9.57 PSF;
- The larger parcel sold for \$5.74 PSF and was then split for development purposes into two parcels.

This provides an indication of a premium paid for frontage along a well travelled arterial, as well as the premium paid for a smaller parcel when compared to a similarly located larger parcel.

Lot 1 was the next parcel sold in January 2017 for an approximate one-acre interior parcel at \$7.34 PSF with some frontage to Edison St on its western property line. The buyer then split this lot into three smaller parcels but at this point in time, no further development has occurred. Market conditions during the approximate 18 months were not improving as rapidly as they are now, and so this is a good barometer of an interior parcel price at that time with some frontage on Edison.

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Historic Waterfront District, Kennewick, WA

In December, 2018, about 23 months later, another parcel, Lot 8 containing just over one acre, sold for \$5.99 PSF. The lower sale price is attributed to the fact that it was at the back of the subdivision along a culdesac with a very small amount of frontage on a public ROW and none on Edison St.

Then two sales occurred in 2020, one in February and one in October. The earliest one for Lot 5 sold for \$6.00 PSF while the larger sale comprised all of the three remaining lots 2, 4 and 8 sold for \$5.48 PSF. This is a good indication of the discount paid for a bulk value of three lots, or considering a larger parcel overall. Lots 4 and 8 are contiguous and could likely be further subdivided if the buyer wished to. Lot 2 is across the street between Lot 1 and Lot 3.

To summarize, lots with frontage along Edison St sold for a premium compared to interior lots; smaller lots sold for a premium compared to larger lots; a bulk sale discount was taken on the last sale of the remaining three lots.

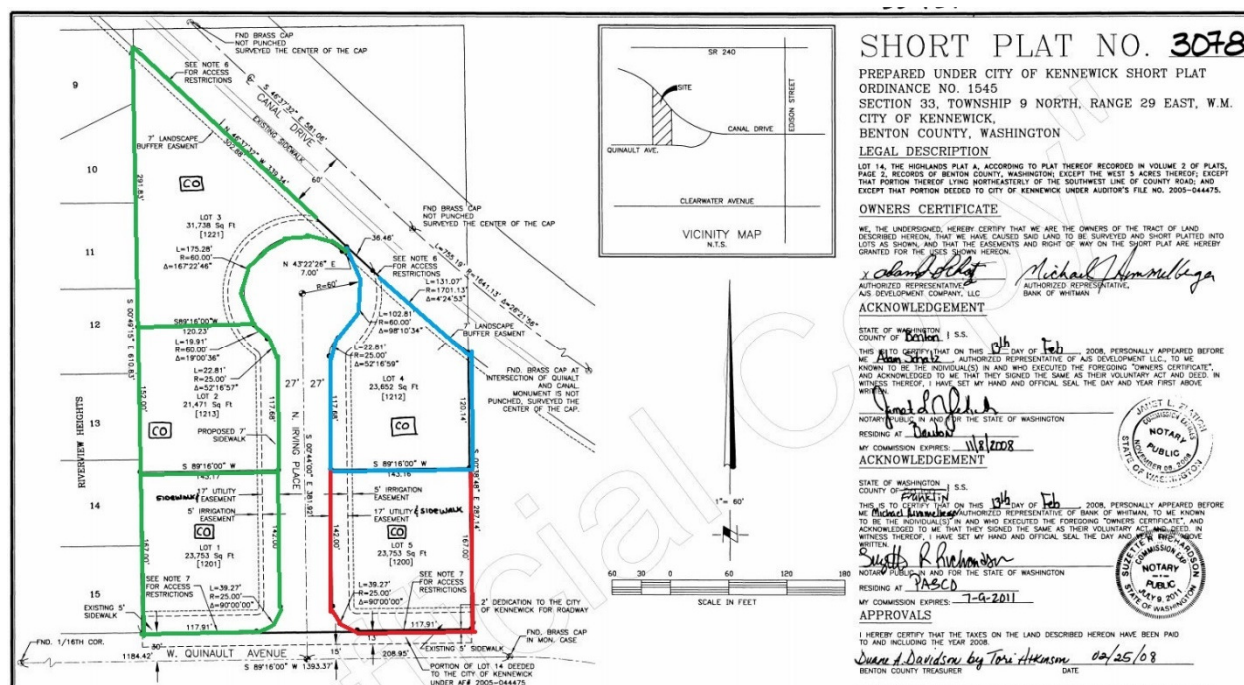
MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Irving Place

The next small 2nd tier subdivision studied involved the 5-lot subdivision along both sides of Irving Place and bounded by Canal Drive on the north and W Quinault Ave on the south just east of Edison St about one-half mile north of the Bonnie Jean Plaza discussed above. The subdivision was platted in February 2008. The five lot sales are summarized as follows *but also compared with the sale at 5610 W Quinault which was adjacent to the east and contained one acre and sold for \$6.92 PSF.*

Irving Place
Summary of Land Sales
As of June 30, 2021

| # | Dir | Street | Orig Lot # | Legal Description | PID | Size (AC) | Size (SF) | Sale Date | Sale Price | \$ PSF | Seller | Buyer Recorded | Zoning | Comments |
|---|------|--------|------------|-------------------|---------------------------|-----------|-----------|-----------|------------|----------|-------------------------------|---------------------------|-------------|--------------------------------|
| 3 | 1201 | N | Irving Pl | 5 SP 3078 | 133992013078005 | 0.55 | 23,753 | 05/18/21 | \$ 130,571 | \$ 5.50 | Adam J Schatz | Michael, Daniel & Heather | 2021-024591 | CC Single Lot Sale |
| 2 | 1221 | N | Irving Pl | 1,2,3 SP 3078 | 133992013078001, 002, 003 | 1.82 | 79,143 | 4/15/2021 | \$ 440,130 | \$ 5.56 | Adam J Schatz | Lot's Btr Built Homes Inc | 2021-019394 | CC Bulk Lot Sale |
| 4 | 5610 | W | Quinault | Adjacent SP 3078 | 133992020015003 | 1.00 | 43,368 | 01/17/20 | \$ 300,000 | \$ 6.92 | Tri-City Union Gospel Mission | BRK LLP | 2020-001550 | CC Single Lot Sale |
| 1 | 1213 | N | Irving Pl | 4 SP 3078 | 133992013078004 | 0.49 | 21,471 | 02/25/08 | \$ 215,000 | \$ 10.01 | AJS Dev Co (A Schatz) | Native Dirt, LLC | 2008-004928 | CC Model Built On Site in 2013 |



Lot 4 was developed with a model home and the remaining lots were undeveloped for a number of years. In April and May 2021, the remaining lots sold. All of the contiguous lots along the western alignment of the cul-de-sac sold to one buyer (who indicated during confirmation that two of the lots will likely be downzoned and developed with single family homes while the lot at the corner would be used for a commercial building. The single lot on the other side sold to a single buyer. There was virtually no significant measurable difference between the larger lot sale and the smaller lot sale.

Interestingly, the owner, Adam J Schatz, may have had some stronger motivation to sell given that the lots had been sitting for years compared to the adjacent lot on the east side of Irving Place which sold as a single lot.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

U.S. 395 / 27th Ave

Next, sales in a similar 2nd tier business and retail park neighborhood bounded by U.S. Hwy 395 on the east, 27th Ave on the south, and Union on the west were also investigated for comparison purposes. There had been no sales activity since 2018, but a new sale just occurred in May 2021. Two of the sales back up to U.S. Hwy 395, but virtually no premium is attributable to those parcels when compared with the interior parcel sales. The sales reflect a much tighter range from \$6.09 to \$8.02 with the exception of one outlier at \$4.18, but it was the second largest parcel sold and no development plans have yet been announced so it may have been an investor waiting for prices to rise. The other outlier is the most recent sale at 4305 W 27th Pl, at almost \$8.98 PSF and shows the increasing price trend in the market during the intervening 32 months, although some thought must be given to the fact that sale #2 was a much larger parcel. Those eight sales are summarized in the following table.

| U.S. 395 & 27th Ave Summary of Land Sales As of June 30, 2021 | | | | | | | | | | | | | | | |
|---|------|------------------------|--------|------------|---------------------------|--------------------------|-----------|-----------|-----------|--------------|---------|-------------------------|--------------------------------|-------------|----|
| | # | Dir | Street | Orig Lot # | Legal Descr | PID | Size (AC) | Size (SF) | Sale Date | Sale Price | \$ PSF | Seller | Buyer Recorded | Zoning | |
| 1 | 7532 | 4305 | W | 27th Pl | Lot 2 BSP 5238 | 110893BP5238002 | 0.92 | 40,075 | 05/10/21 | \$ 360,000 | \$ 8.98 | MD Land LLC | TTB Investments LLC | 2021-025648 | CC |
| 2 | 6889 | 4000 | W | 24th | Lot 1 BSP 5067 | 110893BP4431001 | 4.00 | 174,240 | 10/11/18 | \$ 1,061,200 | \$ 6.09 | Glen Clifford | Kennewick Memory Care LLC | 2018-030308 | CC |
| 3 | 6887 | 2431 | S | Quilkan Pl | Ptn Lot 2, BSP 4431 | 110893BP5067003 | 1.45 | 63,162 | 10/03/18 | \$ 392,400 | \$ 6.21 | Willowbrook Assoc LLC | Total Care Dental PLLC | 2018-029421 | CC |
| 4 | 4144 | 2404 | S | Quilkan | Ptn Lot 2.s, SP 1872 | 110893BP3842001 | 1.11 | 48,569 | 09/26/18 | \$ 305,940 | \$ 6.30 | J Hardy, S Murray | Bombing Range Investments | 2018-028838 | CC |
| 5 | 6694 | NKA | S | Union Pl | Lot 3 SP 3335 | 110893013335003 | 2.07 | 90,169 | 01/16/18 | \$ 700,000 | \$ 7.76 | Cynergy Enterprises LLC | MD Land LLC | 2018-001418 | CN |
| 6 | 4200 | 4302 | W | 27th Pl | Lot 2 SP 3031 | 110893013031002 | 0.83 | 36,155 | 08/30/17 | \$ 290,000 | \$ 8.02 | Kennewick Investments | Southridge Investments | 2017-024751 | CC |
| 7 | 6531 | 4112, 4136, 4160, 4184 | W | 24th Ave | Lots 1, 2, 3, 4, BSP 4771 | 110893BP4771001, 2, 3, 4 | 3.43 | 149,580 | 06/12/17 | \$ 625,000 | \$ 4.18 | BFO Properties LLC | AP Properties LLC | 2017-015737 | CC |
| 8 | 6142 | 2459 | S | Union Pl | Lot 4, BSP 4431 | 110893BP4431004 | 1.14 | 49,599 | 06/27/16 | \$ 319,943 | \$ 6.45 | Willowbrook Assoc LLC | PIK Properties LLC (Don Pratt) | 16-K03549 | CC |

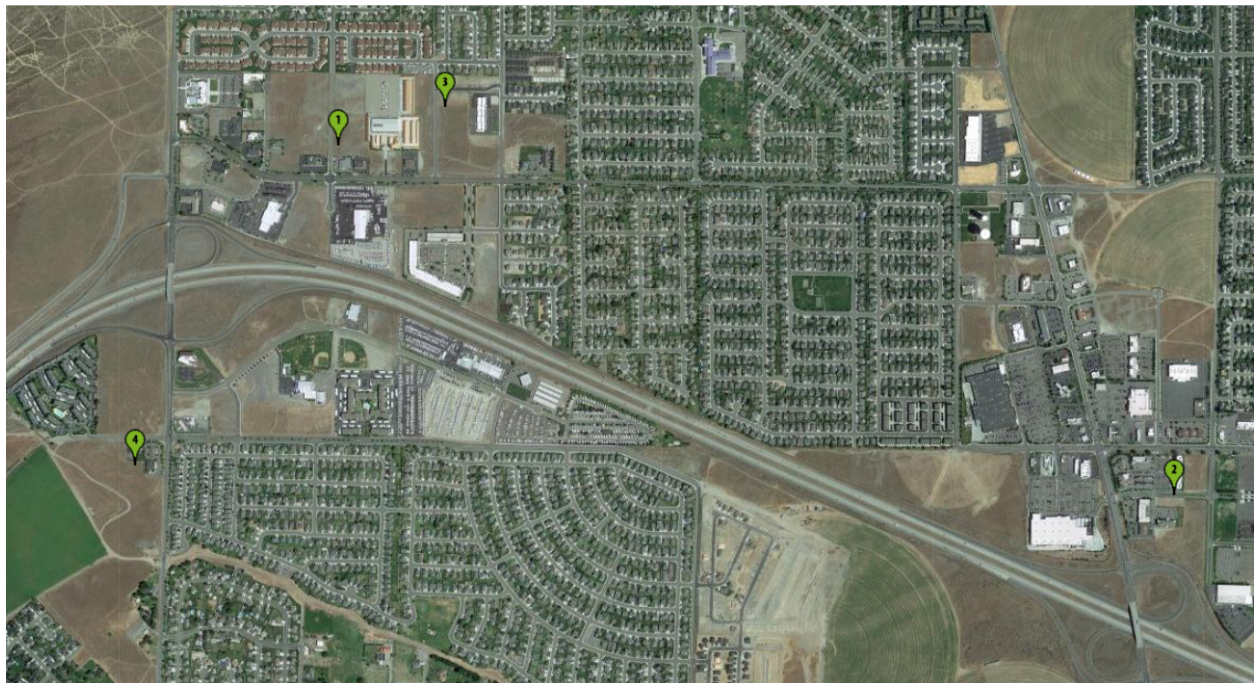


Road 68 Corridor, Pasco

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

There were several recent 2nd tier interior sales in the Road 68 corridor in 2021 that we reviewed.

| Pasco - Road 68 Summary of Land Sales As of June 30, 2021 | | | | | | | | | | | | | | | |
|---|------|--------|------------|---------------------|-----------|-----------|-----------|-----------|------------|---------|---------------------|-----------------------|-------------|--------|------------------------------|
| # | Dir | Street | Orig Lot # | Legal Descr | PID | Size (AC) | Size (SF) | Sale Date | Sale Price | \$ PSF | Seller | Buyer | Recorded | Zoning | Comments |
| 1 | 7511 | 57xx | | Lot 12, BSP 2002-05 | 115430172 | 1.32 | 57,499 | 05/03/21 | \$ 247,350 | \$ 4.30 | Kenneth Ilder et al | LFRE Dev | 193832 | C-1 | Interior, future development |
| 2 | 7513 | 6902 | | Lot 1, BSP 2014-02 | 117490111 | 0.68 | 29,781 | 04/04/21 | \$ 150,000 | \$ 5.04 | Pasco My Place LLC | Rodeo Dr LLC | 1935846 | C-1 | Interior, future development |
| 3 | 7512 | 57xx | | Lot 22 Cokes Est | 115392068 | 1.91 | 83,200 | 03/01/21 | \$ 320,000 | \$ 3.85 | Pritchard, Bruce | LFRE Dev | SWD-1933355 | C-1 | Interior, future development |
| 4 | 7492 | xxx | | Lot 1, BSP 2008-04 | 118170457 | 0.72 | 31,378 | 03/01/21 | \$ 222,600 | \$ 7.09 | Community 1st Bank | Loretta Johnson et al | SWD-1932422 | C-1 | Interior, future development |



All four sales were interior sites although it could be argued that sale #4 behind Community 1st Bank has much better visibility than the other three and has better access to the freeway. If that sale is discarded, the others form a tighter range of \$3.85 to \$5.04 PSF.

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Historic Waterfront District, Kennewick, WA

Southridge Area

Finally, we looked at recent sales in the Southridge area which comprises a variety of business and retail uses. The most recent sale in March 2021 was compared with the sales #3 and #4 of similar size in 2018 and 2019, and an increasing value trend can be discerned. The next most recent sale #2 was quite a bit larger with very limited visibility and on the other side of the interchange and sold for quite a discount compared to Sale #1.

| Southridge Neighborhood Summary of Land Sales As of June 30, 2021 | | | | | | | | | | | | | | | |
|---|------|------|--------|------------|-----------------|------------------|-----------|-----------|-----------|--------------|----------|-------------------------|------------------------|-------------|-----------------------------|
| | # | Dir | Street | Orig Lot # | Legal Descr | PID | Size (AC) | Size (SF) | Sale Date | Sale Price | \$ PSF | Seller | Buyer Recorded | Zoning | Comments |
| 1 | 4182 | 3631 | | | Lot 2, SP 3040 | 116-891013040002 | 0.97 | 42,166 | 03/15/21 | \$ 744,000 | \$ 17.64 | Craig Eerkes | Hogback Southridge LLC | 2021-012459 | CC Strip Center |
| 2 | 4026 | 3611 | S | Zintel | Lot 2, BSP 3984 | 116894BP3894002 | 2.11 | 91,912 | 08/31/20 | \$ 657,000 | \$ 7.15 | Hamilton Cellars | ZEB LLC (Ron Asmus) | 2020-032935 | CC Z-Canyon Office Building |
| 3 | 4426 | 4810 | W | Hildebrand | Lot 2, BSP 4383 | 116891BP4383002 | 1.00 | 43,560 | 04/08/19 | \$ 550,000 | \$ 12.63 | Craig Eerkes | HF Pasco LLC | 2019-008479 | CC Dugout Bar & Grill |
| 4 | 6737 | 4842 | W | Hildebrand | Lengthy Legal | 116891BP4997002 | 1.50 | 65,340 | 04/08/19 | \$ 914,760 | \$ 14.00 | 39536 Properties LLC | STCU | 2018-007437 | CC STCU Hdqtrs |
| 5 | 3894 | 3703 | | | Lot 4, SP 3040 | 116-891013040004 | 1.90 | 82,633 | 07/08/16 | \$ 1,100,000 | \$ 13.31 | Integrity Investors LLC | Southridge Inv LLC | 2016-019829 | CC Comfort Suites |
| 6 | 5886 | 3601 | | | Lot 4, SP 3040 | 116-891013040004 | 1.90 | 82,633 | 07/08/16 | \$ 1,100,000 | \$ 13.31 | Integrity Investors LLC | Southridge Inv LLC | 2016-019829 | CC Numerica |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Adjustment Analysis to Sales

Market Conditions Adjustment - (Change in Value Resulting from Passage of Time) - For purposes of determining any market conditions adjustment, the best indicators of a change in value is often the sale and then a later re-sale of the same property with no changes to the property during the interim. Care must be taken to verify the terms and conditions of the sale and re-sale. It is often the case that the property is undervalued by the first seller for some reason, perhaps stronger than usual motivation (for example, a death of the owner or divorce of parties), or lack of knowledge about market conditions. Here are sale and resales for two of the comps previously cited in downtown Kennewick which clearly fall into the first category of either unusual motivation or seller that was not knowledgeable, followed by another recent land sale that was cited in the Southridge group followed by an improved property sale:

Downtown Kennewick Sale
NKA E 16th Avenue

| Item # | 4A | 4B | Difference |
|----------------|------------|-----------|---|
| Size (AC) | .45 | .45 | |
| Size (SF) | 19,602 SF | 19,602 SF | |
| Date of Sale | 12/18/2017 | 04/20/21 | 40 MO |
| Sale Price PSF | \$1.28 | \$3.83 | The difference in value is 200% over the 40-month period, likely first seller was not knowledgeable |

Downtown Kennewick Sale
218 N Beech St

| Item # | 4A | 4B | Difference |
|----------------|------------|-----------|--|
| Size (AC) | .40 | .40 | |
| Size (SF) | 17,258 SF | 17,258 SF | |
| Date of Sale | 10/17/2018 | 08/05/19 | 40 MO |
| Sale Price PSF | \$3.77 | \$6.78 | The difference in value is 80% over the 10-month period, likely first seller was not knowledgeable |

Southridge Sale
4810 W Hildebrand Blvd

| Item # | 4A | 4B | Difference |
|----------------|------------|------------|--|
| Size (AC) | 1.00 | 1.00 | |
| Size (SF) | 43,560 SF | 43,560 SF | |
| Date of Sale | 10/17/2013 | 04/08/2019 | 66 MO |
| Sale Price PSF | \$9.00 | \$12.63 | The difference in value is 40% over the 66-month period, or .61% per MO and 7.33% per year |

- *Sale & ReSale #1* – The REMAX Headquarters which just closed in June 2021, was acquired in September 2015 for \$1,650,000 and then the buyer spent \$500,000 in new tenant finishes bringing the total investment to \$2,150,000. The property just sold for \$3,100,000 and the increase over the intervening 69 months was calculated in the amount of 44%, or .65% per month or 7.68%/yr.

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

For purposes of this analysis, it will be assumed that small parcels of vacant land are currently improving at the rate of 6% per year.

Competitive Location Analysis

The 32-acre Kennewick Historic Waterfront District (KHWD) Master plan, adopted in June 2021 “creates a cohesive vision for integrating Clover Island, Columbia Gardens Wine & Artisan Village, the Willows and Cable Greens as one unified amenity district”.

There is no other mixed-use development *under construction* along the waterfront anywhere in the Tri-Cities that would compete with subject, or with which to compare and estimate demand and resulting pricing. Rather it is more of an “if we build it, they will come” project. Three projects, one complete and two proposed, were reviewed.

- **Columbia Point** - Development of Columbia Point which began in the late 1990’s in central Richland is now nearly complete and has been very successful. The last piece involved a luxury apartment project that was completed in 2017 and the last two pieces have recently gone under contract for apartment development. Columbia Point is a much larger project in scope and includes a golf course, marina, number of privately owned office buildings, restaurants, apartments, and residential attached housing. In fact, the success of Columbia Pointe bodes well for the future success of the KHWD project.
- **Columbia Point South** is an 80 city-owned acre project in Richland located just south of I-182 near the confluence of the Columbia and Yakima Rivers. It re-zoned the property as “urban recreational” in its new comprehensive plan in the fall of 2018. The Port of Benton was considering signing on as a development partner and commissioned a study from ECONorthwest for development possibilities. However, there is another faction that wants to see the site preserved to protect the environment and Native American heritage sites. No further development plans have been announced.
- **Osprey Pointe** - The Port of Pasco has teamed with JMS Tri-Cities in designing Osprey Pointe, a new 55-acre master planned, sustainable urban community along the northern levee free shoreline of the Columbia River, just east of the Cable Bridge offering exceptional views of the river. The business park will offer 20 building site with capacity for over 700,000 square feet of new space in either two-story or three-story buildings. The Port developed an office building to house their headquarters several years ago and the masterplan shows development on both sides of their existing building. As shown on the Port’s website, there are plans for “over 600 residential units available in a variety of options, as well as commercial opportunities, restaurants, a public marketplace for local vendors, enhanced waterfront access, concert venues and public amenities.” However, no timeline or cost has been announced.

About 70% to 80% of new commercial construction in the Tri-Cities historically has been for owner-occupancy, with only 20% to 30% built for investors who lease out space to tenants. The main driver for this today is the low interest rates which make owning and building equity as affordable as renting. This trend should continue so long as interest rates remain low. Depth of the market is unknown at the point. There are virtually no single site parcels available in subject’s Market Area of the Historic Wharf District outside of those owned by the port.

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

While there are not really comparable similar “districts” currently being planned other than Osprey Pointe discussed above, there are four new single project multi-family residential developments occurring near or along the waterfront all over the Tri-Cities. These new projects are getting premium rental rates for their premium waterfront locations. Of course, it can be difficult to extract the amount of the premium for the waterfront, but when rental rates for new projects in other locations are compared with rental rates at waterfront projects, it is clear that there is a particular tenant class that would enjoy living on the water and has the discretionary income to do so.

- There is currently one brand new luxury apartment project under construction across the river from subject along the northern shoreline of the Columbia River in Pasco known as ***Columbia River Walk Apartments*** that will contain 288 units upon completion. The first building is complete with the next buildings under construction. Lease-up commenced and units are being rented as completed. Rental rates for 1-, 2- and 3-bedroom units range from \$999 to \$1,699 for units ranging from 820 to 1,250 SF. However, this is a single project, not part of a cohesive neighborhood.
- Ground was broken last year in July 2020 on the ***Tides at Willow Pointe***, a brand new 126-unit luxury apartment project along the riverfront in north Richland, WA near the Hanford Site. The \$6 Million project contains a mix of 1- and 2-bedroom units ranging in size from 689 to 911 SF, and the first units are expected to be made available shortly.
- The ***Park Place Apartments*** was completed in 2021 adjacent to Howard Amon Park in central Richland with views and access to both the park and the Columbia Riverfront. This is a \$20 Million project with high end amenities. Rentals begin at \$1,250 for a 1-bedroom unit and 2-bedroom units rent for \$1,700 to \$2,000. The project is reportedly full and units were leased as soon as they became available.
- Ground was broken in January 2021 for another new complex in the Richland Wye area along Columbia Park Trail between the river and Sr 240. The \$3.5 Million first phase of ***Vertissee Apartments*** will include two 12-unit apartment buildings with one-bedroom units on the first floor and loft style 2-bedroom 2-bath units on the upper floors at rents ranging from \$1,250 to \$1,700 per month. The owner ultimately “would like to develop buildings with commercial spaces on the lower level and residential units above to take advantage of the river view”. Based on the land size acquired, we calculate that approximately 48 units could ultimately be developed.

Development Costs

All persons contacted in connection with this and other recent assignments state that costs are going through the roof for land, materials and labor. It is very difficult to put pricing together for any proposal because increases are occurring so quickly. There is definitely a shortage in all categories.

The success of these projects bodes well for the residential components of the subject project, i.e., the Willows and Cable Greens project sites.

Size Adjustment –In terms of size, the sales range from tiny to fairly large which can result in a different highest and best use. In reviewing the sales in the different subdivisions, there were several pairs to choose from. Here is a pair analysis from the Bonnie Jean Plaza subdivision compared with a pair analysis from Irving Place.

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Historic Waterfront District, Kennewick, WA

Bonnie Jean Plaza Paired Sale Analysis

| Item # | Sale #1 | Sale #2 | Difference |
|----------------|--------------------------------|--------------------|-------------------|
| Location | 5204, 5101, 5203 W Okanogan | 5205 W Okanogan | Same subdivision |
| Size (AC) | 2.89 | 0.65 | 2.24 AC |
| Size (SF) | 125,888 SF | 28,314 SF | 97,574 SF |
| Date of Sale | 10/07/20 | 02/20/20 | Within 6 MO |
| Sale Price PSF | \$5.48 | \$6.00 | 10% difference |

Irving Place Paired Sale Analysis

| Item # | Sale #1 | Sale #2 | Difference |
|----------------|------------------|------------------|-------------------------|
| Location | 1201 N Irving Pl | 1221 N Irving Pl | Same subdivision |
| Size (AC) | 0.55 | 1.82 | 2.24 AC |
| Size (SF) | 23,753 SF | 79,143 SF | 97,574 SF |
| Date of Sale | 05/18/21 | 04/15/2021 | Within one MO |
| Sale Price PSF | \$5.50 | \$5.56 | Virtually no difference |

Another pair was located in the office and retail district that has grown up in the northwest quadrant of Union Blvd and 27th Ave in Kennewick. Two adjacent parcels sold in the same month and are paired as follows:

| Item # | Sale #11 | Sale #12 | Difference |
|----------------|-----------------------------|-------------------|-------------------|
| Location | 4000 W 24 th Ave | 2431 S Quillan Pl | Adjacent |
| Size (AC) | 4.0 AC | 1.45 AC | 2.55 AC |
| Size (SF) | 174,240 SF | 63,162 SF | 111,078 SF |
| Date of Sale | 10/2018 | 10/2018 | Same Month/Yr |
| Sale Price PSF | \$6.21 | \$6.09 | 2% difference |

So while economic theory posits that demand for a smaller number of units is typically higher than for a larger number of units, in many cases, there is not necessarily a premium for smaller sites when compared to larger ones due to the limited number of larger parcels available and increasing demand.

Zoning Adjustment - Subject lots are zoned UMU and only three sales with UMU zoning were discovered. UMU zoning permits a broad variety of development approved on a case-by-case basis. For purposes of this analysis, commercially zoned parcels are considered similar to the UMU zoning given the limited number of sales of UMU land sales available. No adjustment for zoning is warranted.

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Shared Parking / Pad Site Considerations

The subject sites will have two other attributes which are different from the sales available:

1. The sites will be “pad” sites in configuration, meaning that the buyer owns the land underneath the improvements, but parking is shared in common with other owners with ownership retained by the Seller.
2. As a result of their “pad” configuration, they will be quite smaller than the average of the sites reviewed above.

A pad site or outparcel is a freestanding parcel of commercial real estate located in front of a larger shopping center or strip mall and typically ranges from 10,000 to 75,000 SF. Some are ground leased to a tenant, and some are sold outright. They typically include cross easement agreements for access and parking across adjacent shopping center land. They benefit from the draw of the major anchor tenant and therefore, are typically quite a bit more expensive than non-pad sites.

Thus, several recent “pad site” sales that have transpired in other neighborhoods have been reviewed. These are shopping center pad sites for the most part.

Table 3.2 Summary of Recent “Pad Site” Sales
Tri-Cities, WA

Comparison of “PAD” Site Sales With Non-PAD Site Sales

| Property ID | 4182 | 7381 | 7156 | 6975 | 6891 | 6933 | Average |
|----------------|-------------------------|------------------------|-----------------------------|----------------------|-----------------------------|----------------------|-----------|
| Property Use | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | |
| Location | 3631 Plaza Way | 2831 Duportail | 1659 N CoL Ctr. Blvd | 4501 Road 68 | 1273 Aaron Dr | 5702 N Road 68 | |
| City | Kennewick | West Richland | Kennewick | Pasco | Richland | Pasco | |
| Land Acres | 0.968 | 0.5997 | 1.18023 | 0.930 | 0.530 | 0.665 | 0.8123 |
| Land SF | 42,166 | 26,123 | 51,411 | 40,511 | 23,108 | 28,987 | 35,384 |
| Buyer | Hogback Southridge, LLC | Hogback Queensgate LLC | Hogback Columbia Center LLC | Pasco One, LLC | Zenitram Properties III LLC | PK Villard LLC | |
| Seller | Craig Eerkes | Business Trust | JC Penney Properties, Inc. | Terry and Susan Moss | Timothy & Kathryn Bush | Hogback Sandifur LLC | |
| Recorded | 2021-012459 | 2020-031263 | 2019-041011 | 2019-1891202 | 2019-016172 | SWD-1888608 | |
| Document | SWD | SWD | SWD | SWD | SWD | SWD | |
| TAX ID | 116891013040002 | 121981013220002 | 130994BP5266002 | 117490130 | 114983BP3867007 | 116030016 | |
| Sale Price | \$744,000 | \$790,000 | \$1,100,000 | \$800,000 | \$570,000 | \$796,000 | \$800,000 |
| Sale Date | 03-15-2021 | 08-24-2020 | 12-20-2019 | 02-26-2019 | 06-12-2019 | 12-13-2018 | |
| Sale Price PSF | \$17.64 | \$30.24 | \$21.40 | \$19.75 | \$24.67 | \$27.46 | \$22.61 |

| Property ID | 7212 | 7465 | 7393 | 7492 | 3528 | 6984 | Average |
|----------------|-----------------------|--------------------|------------------------|-----------------------|-----------------------|-------------------------|-----------|
| Property Use | Commercial | Commercial | Commercial | Commercial | Commercial | PAD SITE | |
| Location | 10799 Ridgeline Dr | Paradise & Bombing | NKA N Steptoe North of | SWC Chapel Hill & | 1501 Bombing Range Rd | NKA Skaget | |
| City | Kennewick | Range | Gage | Broadmoor | West Richland | Kennewick | |
| Land Acres | 1.3775 | 1.5 | 0.863 | 0.72034 | 1.8458 | 0.6978 | 1.1684 |
| Land SF | 60,004 | 65,370 | 37,823 | 31,378 | 80,403 | 30,396 | 50,896 |
| Buyer | CMC Properties LLC | Croskey Ventures | Jennifer LaCoste | Loretta Johnson et al | Circle K Stores | CIMCO Properties LLC | |
| Seller | JPE Irev Interv Trust | GESA Credit Union | Jacobs RR LLC | Community 1st Bank | West Richland Group | Ilderful Korean BBQ Inc | |
| Recorded | 2020-003489 | 2021-003299 | SWD 2020-033824 | SWD-1932422 | SWD 2020-013815 | 2020-011355 | |
| Document | Statutory Warranty | Statutory Warranty | Statutory Warranty | Statutory Warranty | Statutory Warranty | SWD | |
| TAX ID | | 106984020237001 | 130993000010000 | | 106984020215003 | 132991020001011 | |
| Sale Price | \$434,617 | \$475,000 | \$495,000 | \$222,600 | \$790,036 | \$288,400 | \$465,776 |
| Sale Date | 01-30-2020 | 01-21-2021 | 09-04-2020 | 02-19-2021 | 4/24/2020 | 04-20-2020 | |
| Sale Price PSF | \$7.24 | \$7.27 | \$13.09 | \$7.09 | \$10.93 | \$9.49 | \$9.15 |

It becomes fairly obvious when comparing “pad site” sales with non-pad site sales that the price PSF is nearly double and almost triple the unit price for these small sites compared to non-pad site sales ranging from approximately \$20 to \$30 PSF with an average of just about \$25 PSF. A good part of the premium can obviously be attributable to the draw but some of the premium is also due to its smaller size because the buyer has the advantage of access and overflow parking across adjacent parcels just as if their own site were larger.

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**V. Market Study & Analysis – SUPPLY –
RESIDENTIAL FOR SALE AND FOR RENT**

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

VI. Market Study & Analysis – SUPPLY – RESIDENTIAL FOR SALE

Single Family DETACHED Residential Component

Survey Methodology

A survey of the local PACMLS was conducted for new single-family detached residential home sales by year for the period 2014 through June 30, 2021 (7.5 Years). Data points surveyed included:

1. County (Benton and Franklin)
2. City (Kennewick, Pasco, Richland, and West Richland) (Note: Prosser, Benton City excluded)
3. Date Sold
4. Subdivision >10 lots (Multiple phases combined)
5. Owner/Developer
6. Address
7. Year Built
8. Size (SF) Finished
9. MLS #
10. Year Built
11. Newly Complete/Under Construction
12. 1 Story vs 2-story
13. With and Without a Basement
14. Garage Capacity
15. Lot Size (AC)

Nearly 6800 data points were returned in 92 subdivisions. A great number of them did not have a specific subdivision listed, or were part of a “short plat”, or had less than 10 lots, and so those have been listed in the “other” subdivision category. This is assumed to be the majority of all new construction although there are situations where builders who sell directly to consumers without a broker involved, and thus, no listing in MLS or individuals purchase a lot and then contract to have a home built.

Validation

Similar data was requested from both the Benton County and Franklin County Assessor’s offices and two local title companies in order that an audit could be conducted of the PACMLS data. Random audits were conducted and verified that the data in MLS was accurate for the most part.

Analysis

The data was exported to Excel for analysis. It was sorted by County, then City and then Subdivision Name, then by Closing Date which permitted analysis on an annual basis so that trends from year to year could be discerned. A summary of the final results is shown in the two tables here. Table 5.1 shows the total sales **by City by year**, while Table 5.2 shows the total sales **by City by subdivision**. A copy of the complete survey is retained in our files. There are some slight

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differences in the totals between the two tables which is not consequential. It had to do with the way the data was sorted and analyzed before and after deleting subdivisions of less than 10 lots.

Table 5.1 – Sort by City
Summary of NEW CONSTRUCTION SFR Sales, January 2014 to June 30, 2021
Tri-Cities, Washington

| | Kennewick | Richland | West Richland | Pasco | GRAND TOTAL |
|-----------------------------|----------------|----------------|----------------|----------------|-------------------------|
| 2021 YTD # Sold | 122 | 160 | 81 | 277 | 640 |
| Total Sales | \$ 58,553,610 | \$ 80,098,280 | \$ 38,700,331 | \$ 111,865,810 | \$ 289,218,031 |
| Total SF | 269,902 | 370,807 | 187,977 | 557,552 | 1,386,238 |
| Avg SF/Sale | 2,212 | 2,318 | 2,321 | 2,013 | 2,166 |
| Avg \$/Home | \$ 479,948 | \$ 500,614 | \$ 477,782 | \$ 403,848 | \$ 451,903 |
| Avg \$ PSF | \$ 217 | \$ 216 | \$ 206 | \$ 201 | \$ 210 |
| DOM | 84 | 76 | 53 | 47 | 65 |
| 2020 # Sold | 325 | 347 | 81 | 375 | 1128 |
| Total Sales | \$ 128,823,882 | \$ 153,869,716 | \$ 38,700,331 | \$ 136,000,259 | \$ 457,394,188 |
| Total SF | 679,419 | 777,731 | 187,977 | 728,293 | 2,373,420 |
| Avg SF/Sale | 2,091 | 2,241 | 2,321 | 1,942 | 2,104 |
| Avg \$/Home | \$ 396,381 | \$ 443,429 | \$ 477,782 | \$ 362,667 | \$ 405,491 |
| Avg \$ PSF | \$ 190 | \$ 198 | \$ 206 | \$ 187 | \$ 195 |
| Avg DOM | 91 | 91 | 56 | 76 | 79 |
| 2019 # Sold | 263 | 257 | 51 | 415 | 986 |
| Total Sales | \$ 103,553,902 | \$ 103,969,010 | \$ 23,921,565 | \$ 147,588,782 | \$ 379,033,259 |
| Total SF | 595,193 | 565,020 | 131,547 | 857,740 | 2,149,500 |
| Avg SF/Sale | 2,263 | 2,199 | 2,579 | 2,067 | 2,180 |
| Avg \$/Home | \$ 393,741 | \$ 404,549 | \$ 469,050 | \$ 355,636 | \$ 384,415 |
| Avg \$ PSF | \$ 174 | \$ 184 | \$ 182 | \$ 172 | \$ 178 |
| Avg DOM | 79 | 63 | 100 | 62 | 76 |
| 2018 # Sold | 246 | 228 | 46 | 335 | 855 |
| Total Sales | \$ 98,899,081 | \$ 87,799,755 | \$ 20,629,902 | \$ 120,204,208 | \$ 327,532,946 |
| Total SF | 597,330 | 513,528 | 116,643 | 750,475 | 1,977,976 |
| Avg SF/Sale | 2,428 | 2,252 | 2,536 | 2,240 | 2,313 |
| Avg \$/Home | \$ 402,029 | \$ 385,087 | \$ 448,476 | \$ 358,819 | \$ 383,079 |
| Avg \$ PSF | \$ 166 | \$ 171 | \$ 177 | \$ 160 | \$ 168 |
| Avg DOM | 96 | 61 | 75 | 75 | 77 |
| 2017 # Sold | 250 | 215 | 80 | 379 | 924 |
| Total Sales | \$ 84,216,277 | \$ 81,587,536 | \$ 30,823,282 | \$ 113,606,083 | \$ 310,233,178 |
| Total SF | 551,664 | 494,677 | 206,078 | 784,787 | 2,037,206 |
| Avg SF/Sale | 2,207 | 2,301 | 2,576 | 2,071 | 2,205 |
| Avg \$/Home | \$ 336,865 | \$ 379,477 | \$ 385,291 | \$ 299,752 | \$ 335,750 |
| Avg \$ PSF | \$ 153 | \$ 165 | \$ 150 | \$ 145 | \$ 153 |
| Avg DOM | 53 | 54 | 35 | 55 | 49 |
| 2016 # Sold | 300 | 192 | 90 | 263 | 845 |
| Total Sales | \$ 91,906,007 | \$ 70,821,866 | \$ 31,034,807 | \$ 76,004,823 | \$ 269,767,503 |
| Total SF | 640,705 | 462,128 | 228,330 | 585,859 | 1,917,022 |
| Avg SF/Sale | 2,136 | 2,407 | 2,537 | 2,228 | 2,269 |
| Avg \$/Home | \$ 306,353 | \$ 368,864 | \$ 344,831 | \$ 288,992 | \$ 319,251 |
| Avg \$ PSF | \$ 143 | \$ 153 | \$ 136 | \$ 130 | \$ 141 |
| Avg DOM | 125 | 76 | 33 | 58 | 73 |
| 2015 # Sold | 313 | 147 | 82 | 201 | 743 |
| Total Sales | \$ 84,110,239 | \$ 55,670,034 | \$ 26,688,063 | \$ 50,970,872 | \$ 217,439,208 |
| Total SF | 643,943 | 372,715 | 207,591 | 416,152 | 1,640,401 |
| Avg SF/Sale | 2,057 | 2,535 | 2,532 | 2,070 | 2,208 |
| Avg \$/Home | \$ 268,723 | \$ 378,708 | \$ 325,464 | \$ 253,586 | \$ 292,650 |
| Avg \$ PSF | \$ 131 | \$ 149 | \$ 129 | \$ 122 | \$ 133 |
| Avg DOM | 118 | 84 | 62 | 55 | 80 |
| 2014 # Sold | 239 | 165 | 68 | 149 | 621 |
| Total Sales | \$ 64,358,615 | \$ 56,650,214 | \$ 20,253,273 | \$ 35,018,910 | \$ 176,281,012 |
| Total SF | 505,792 | 407,315 | 162,219 | 305,668 | 1,380,994 |
| Avg SF/Sale | 2,116 | 2,469 | 2,386 | 2,051 | 2,224 |
| Avg \$/Home | \$ 269,283 | \$ 343,335 | \$ 297,842 | \$ 235,026 | \$ 283,866 |
| Avg \$ PSF | \$ 127 | \$ 139 | \$ 125 | \$ 115 | \$ 126 |
| Avg DOM | 162 | 98 | 93 | 56 | 102 |
| TOTAL Total # Subdiv | 30 | 26 | 10 | 26 | 92 |
| Total Homes Sold | 2058 | 1711 | 579 | 2394 | 6742 |
| Total Sales | \$ 714,421,613 | \$ 690,466,431 | \$ 233,080,539 | \$ 791,259,747 | \$ 2,429,228,330 |
| Total SF | 4,483,948 | 3,963,921 | 1,430,281 | 4,986,526 | 14,864,676 |
| Avg SF/Sale | 2,179 | 2,317 | 2,470 | 2,083 | 2,205 |
| Avg \$/Home | \$ 347,144 | \$ 403,546 | \$ 402,557 | \$ 330,518 | \$ 360,313 |
| Avg Sale PSF | \$ 159 | \$ 174 | \$ 163 | \$ 159 | \$ 163 |
| Avg DOM | 90 | 61 | 58 | 59 | 67 |
| % of Transactions | 30.5% | 25.4% | 8.6% | 35.5% | |
| % Of Volume | 29.4% | 28.4% | 9.6% | 32.6% | |

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Historic Waterfront District, Kennewick, WA

Table 5.2 – Sort by Subdivision
 Summary of NEW CONSTRUCTION SFR Sales, January 2014 to June 30, 2021
 Tri-Cities, Washington
Kennewick, WA

| County | City | Subdivision | Total # Sold | 2014-2021 Total Sales | 2014-2021 Total SF | 2014-2021 Avg DOM | 2014-2021 Avg \$ PSF | 2014-2021 Avg SF |
|-----------------------------|-----------|-----------------------------|-----------------|--------------------------|-----------------------|----------------------|-------------------------|---------------------|
| Benton | Kennewick | APPLE VALLEY | 142 | \$ 54,074,290 | 295,281 | 39 | \$183.13 | 2,079 |
| Benton | Kennewick | BRIDGEWATER PARK | 114 | \$ 20,298,719 | 173,856 | 50 | \$116.76 | 1,525 |
| Benton | Kennewick | CANYON LK | 13 | \$ 5,595,194 | 37,677 | 195 | \$148.50 | 2,898 |
| Benton | Kennewick | CANYON RANCH | 127 | \$ 41,781,280 | 293,885 | 80 | \$142.17 | 2,314 |
| Benton | Kennewick | CANYON VIEW ESTATES | 40 | \$ 9,610,161 | 72,611 | 42 | \$132.35 | 1,815 |
| Benton | Kennewick | CHERRY CREEK | 55 | \$ 18,998,341 | 114,712 | 68 | \$165.62 | 2,086 |
| Benton | Kennewick | CHERRY CREEK ESTATES | 45 | \$ 13,562,991 | 99,415 | 136 | \$136.43 | 2,209 |
| Benton | Kennewick | CHERRY GLEN | 30 | \$ 5,565,794 | 46,110 | 10 | \$120.71 | 1,537 |
| Benton | Kennewick | COTTONWOOD ESTATES | 15 | \$ 5,629,595 | 41,197 | 43 | \$136.65 | 2,746 |
| Benton | Kennewick | DOVE RIDGE | 56 | \$ 18,114,241 | 95,426 | 5 | \$189.83 | 1,704 |
| Benton | Kennewick | FOUNTAIN | 48 | \$ 12,920,245 | 98,063 | 115 | \$131.75 | 2,043 |
| Benton | Kennewick | HANSEN PARK | 30 | \$ 12,095,140 | 88,023 | 104 | \$137.41 | 2,934 |
| Benton | Kennewick | HTS @ HIGHLAND RANCH | 31 | \$ 7,152,693 | 61,116 | 82 | \$117.03 | 1,971 |
| Benton | Kennewick | HIDDEN HILLS | 16 | \$ 8,397,404 | 47,943 | 60 | \$175.15 | 2,996 |
| Benton | Kennewick | HIGHLAND TERRACE | 16 | \$ 3,423,734 | 24,030 | 19 | \$142.48 | 1,502 |
| Benton | Kennewick | INSPIRATION EST | 61 | \$ 27,548,569 | 168,675 | 135 | \$163.32 | 2,765 |
| Benton | Kennewick | OLYMPIA ESTATES | 36 | \$ 10,833,873 | 65,689 | 43 | \$164.93 | 1,825 |
| Benton | Kennewick | OTHER | 406 | \$ 126,865,590 | 781,628 | 61 | \$162.31 | 1,925 |
| Benton | Kennewick | RIDGELINE ESTATES | 35 | \$ 11,678,816 | 82,001 | 166 | \$142.42 | 2,343 |
| Benton | Kennewick | ROYAL ANNE ESTATE | 12 | \$ 2,723,523 | 23,652 | 151 | \$115.15 | 1,971 |
| Benton | Kennewick | SAGECREST | 81 | \$ 25,385,933 | 173,202 | 107 | \$146.57 | 2,138 |
| Benton | Kennewick | SOUTHCLIFFE | 28 | \$ 16,016,160 | 81,549 | 236 | \$196.40 | 2,912 |
| Benton | Kennewick | SOUTHRIDGE | 235 | \$ 83,282,878 | 516,121 | 84 | \$161.36 | 2,196 |
| Benton | Kennewick | STEEPLECHASE | 8 | \$ 5,580,028 | 21,810 | 66 | \$255.85 | 2,726 |
| Benton | Kennewick | SUMMIT VIEW | 151 | \$ 69,000,704 | 411,707 | 117 | \$167.60 | 2,727 |
| Benton | Kennewick | SUNRISE RIDGE | 9 | \$ 5,060,200 | 27,728 | 89 | \$182.49 | 3,081 |
| Benton | Kennewick | THE HEIGHTS AT CANYON LAKES | 23 | \$ 10,401,557 | 64,673 | 147 | \$160.83 | 2,812 |
| Benton | Kennewick | THE RIDGE AT HANSEN PARK | 59 | \$ 27,409,233 | 146,770 | 59 | \$186.75 | 2,488 |
| Benton | Kennewick | THE RIDGE AT REATA WEST | 99 | \$ 42,011,274 | 266,029 | 145 | \$157.92 | 2,687 |
| Benton | Kennewick | THE VILLAGE AT SOUTHRIDGE | 37 | \$ 13,403,458 | 63,368 | 65 | \$211.52 | 1,713 |
| Sub-Total: Kennewick | | | 30 | \$ 714,421,618 | 4,483,947 | 91 | \$159.33 | 2,179 |
| | | | 32.6% | 30.5% | 29.4% | 30.2% | | |

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Historic Waterfront District, Kennewick, WA

Table 5.2 – Sort by Subdivision
Summary of NEW CONSTRUCTION SFR Sales, January 2014 to June 30, 2021
Tri-Cities, Washington
Richland, WA

| County | City | Subdivision | Total # Sold | 2014-2021 Total Sales | 2014-2021 Total SF | 2014-2021 Avg DOM | 2014-2021 Avg \$ PSF | 2014-2021 Avg SF |
|----------------------------|----------|------------------------------|-----------------|--------------------------|-----------------------|----------------------|-------------------------|---------------------|
| Benton | Richland | BADGER MNT | 39 | \$ 14,199,032 | 90,096 | 20 | \$157.60 | 2,310 |
| Benton | Richland | BADGER MOUNTAIN VILLAGE | 17 | \$ 6,149,424 | 33,614 | 57 | \$182.94 | 1,977 |
| Benton | Richland | BRANTINGHAM HEIGHTS | 45 | \$ 16,215,266 | 113,833 | 73 | \$142.45 | 2,530 |
| Benton | Richland | BROOKSHIRE EST | 16 | \$ 5,982,886 | 45,293 | 62 | \$132.09 | 2,831 |
| Benton | Richland | NOTTAGES AT CLEARWATER CREEK | 128 | \$ 41,244,519 | 219,290 | 28 | \$188.08 | 1,713 |
| Benton | Richland | FALCON CREST | 18 | \$ 11,878,340 | 49,534 | 128 | \$239.80 | 2,752 |
| Benton | Richland | GOOSERIDGE ESTATES | 11 | \$ 6,076,105 | 24,659 | 19 | \$246.41 | 2,242 |
| Benton | Richland | HERITAGE | 3 | \$ 1,234,500 | 8,108 | 2 | \$152.26 | 2,703 |
| Benton | Richland | HIDDEN HILLS | 7 | \$ 2,874,404 | 20,853 | 36 | \$137.84 | 2,979 |
| Benton | Richland | HORN RAPIDS | 377 | \$ 140,576,713 | 815,456 | 78 | \$172.39 | 2,163 |
| Benton | Richland | JOLIANNIA HEIGHTS | 33 | \$ 21,483,529 | 93,755 | 66 | \$229.15 | 2,841 |
| Benton | Richland | LEXINGTON HEIGHTS | 23 | \$ 9,743,526 | 67,992 | 75 | \$143.30 | 2,956 |
| Benton | Richland | OTHER | 152 | \$ 57,717,723 | 348,892 | 120 | \$165.43 | 2,295 |
| Benton | Richland | RANCHO DEL REY | 12 | \$ 4,423,116 | 26,497 | 38 | \$166.93 | 2,208 |
| Benton | Richland | REATA RIDGE | 17 | \$ 7,098,405 | 52,627 | 57 | \$134.88 | 3,096 |
| Benton | Richland | RESERVE AT CLEARWATER CREEK | 150 | \$ 45,565,029 | 296,986 | 55 | \$153.42 | 1,980 |
| Benton | Richland | SKYLINE MEADOWS | 18 | \$ 8,327,169 | 51,469 | 44 | \$161.79 | 2,859 |
| Benton | Richland | SUNDANCE ESTATES NORTH | 19 | \$ 8,592,532 | 40,489 | 134 | \$212.22 | 2,131 |
| Benton | Richland | SUNDANCE RIDGE | 5 | \$ 1,906,740 | 13,086 | 2 | \$145.71 | 2,617 |
| Benton | Richland | THE HEIGHTS AT MEADOW SPRING | 32 | \$ 13,609,606 | 84,786 | 134 | \$160.52 | 2,650 |
| Benton | Richland | WEST VILLAGE | 178 | \$ 74,682,904 | 393,069 | 76 | \$190.00 | 2,208 |
| Benton | Richland | WEST VINEYARD ESTATES | 78 | \$ 26,764,972 | 170,779 | 150 | \$156.72 | 2,189 |
| Benton | Richland | WESTCLIFFE | 108 | \$ 64,832,520 | 336,306 | 112 | \$192.78 | 3,114 |
| Benton | Richland | WESTCLIFFE HEIGHTS | 59 | \$ 34,300,936 | 156,211 | 97 | \$219.58 | 2,648 |
| Benton | Richland | WHITE BLUFFS | 140 | \$ 52,707,421 | 339,394 | 95 | \$155.30 | 2,424 |
| Benton | Richland | WILLOWBROOK | 26 | \$ 12,279,114 | 70,847 | 102 | \$173.32 | 2,725 |
| Sub-Total: Richland | | | 26 | \$ 690,466,431 | 3,963,921 | 72 | \$200.42 | 2,317 |
| | | | 28.3% | 24.5% | 28.4% | 26.6% | | |

Table 5.2 – Sort by Subdivision
Summary of NEW CONSTRUCTION SFR Sales, January 2014 to June 30, 2021
Tri-Cities, Washington
West Richland, WA

| County | City | Subdivision | Total # Sold | 2014-2021 Total Sales | 2014-2021 Total SF | 2014-2021 Avg DOM | 2014-2021 Avg \$ PSF | 2014-2021 Avg SF |
|---------------------------------|---------------|-------------------|-----------------|--------------------------|-----------------------|----------------------|-------------------------|---------------------|
| Benton | West Richland | BELMONT HEIGHTS | 84 | \$ 35,524,649 | 182,493 | 65 | \$194.66 | 2,173 |
| Benton | West Richland | COLLINS RIDGE | 25 | \$ 8,151,843 | 66,382 | 93 | \$122.80 | 2,655 |
| Benton | West Richland | HAZELWOOD HEIGHTS | 30 | \$ 12,338,969 | 70,066 | 32 | \$176.10 | 2,336 |
| Benton | West Richland | OTHER | 156 | \$ 59,361,060 | 416,008 | 71 | \$142.69 | 2,667 |
| Benton | West Richland | PANORAMA VISTA | 13 | \$ 7,185,337 | 33,350 | 50 | \$215.45 | 2,565 |
| Benton | West Richland | PARADISE ESTATES | 19 | \$ 6,017,258 | 49,141 | 41 | \$122.45 | 2,586 |
| Benton | West Richland | SAGEWOOD ESTATES | 28 | \$ 13,190,509 | 57,784 | 29 | \$228.27 | 2,064 |
| Benton | West Richland | SUNSET HEIGHTS | 79 | \$ 40,273,673 | 202,167 | 80 | \$199.21 | 2,559 |
| Benton | West Richland | SUNSET RIDGE | 80 | \$ 28,462,864 | 192,974 | 68 | \$147.50 | 2,412 |
| Benton | West Richland | WESTWOOD ESTATES | 70 | \$ 22,574,377 | 159,916 | 48 | \$141.16 | 2,285 |
| Sub-Total: West Richland | | | 10 | \$ 233,080,539 | 1,430,281 | 58 | \$222.15 | 2,449 |
| | | | 10.9% | 8.4% | 9.6% | 9.6% | | |

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Table 5.2 – Sort by Subdivision
 Summary of NEW CONSTRUCTION SFR Sales, January 2014 to June 30, 2021
 Tri-Cities, Washington
Pasco, WA

| County | City | Subdivision | Total # Sold | 2014-2021 Total Sales | 2014-2021 Total SF | 2014-2021 Avg DOM | 2014-2021 Avg \$ PSF | 2014-2021 Avg SF |
|-------------------------|-------|---------------------|-----------------|--------------------------|-----------------------|----------------------|-------------------------|---------------------|
| Franklin | Pasco | ARCHER ESTATES | 103 | \$ 44,829,623 | 275,156 | 46 | \$162.92 | 2,671 |
| Franklin | Pasco | BROADMOOR EST | 8 | \$ 1,768,637 | 15,098 | 42 | \$117.14 | 1,887 |
| Franklin | Pasco | BROADMOOR TERRACE | 73 | \$ 23,619,191 | 156,180 | 99 | \$151.23 | 2,139 |
| Franklin | Pasco | BURN'S ESTATES | 8 | \$ 4,873,750 | 19,676 | 134 | \$247.70 | 2,460 |
| Franklin | Pasco | CHAPEL HILL | 82 | \$ 17,617,037 | 142,565 | 80 | \$123.57 | 1,739 |
| Franklin | Pasco | CHIAWANA PLACE | 43 | \$ 17,804,029 | 89,243 | 135 | \$199.50 | 2,075 |
| Franklin | Pasco | COLUMBIA TERRACE | 97 | \$ 36,595,238 | 210,179 | 89 | \$174.11 | 2,167 |
| Franklin | Pasco | DESERT SAGE | 24 | \$ 10,722,465 | 57,661 | 21 | \$185.96 | 2,403 |
| Franklin | Pasco | EAGLE CREST ESTATES | 21 | \$ 14,440,188 | 68,187 | 105 | \$211.77 | 3,247 |
| Franklin | Pasco | FIRST PLACE | 145 | \$ 43,219,875 | 317,004 | 135 | \$136.34 | 2,186 |
| Franklin | Pasco | IRIS MEADOWS | 31 | \$ 11,181,466 | 77,218 | 17 | \$144.80 | 2,491 |
| Franklin | Pasco | LINDA LOVIISA | 33 | \$ 7,795,790 | 69,690 | 84 | \$111.86 | 2,112 |
| Franklin | Pasco | MADISON PARK | 330 | \$ 98,311,913 | 747,327 | 43 | \$131.55 | 2,265 |
| Franklin | Pasco | MAJESTIA PLACE | 43 | \$ 11,432,954 | 76,496 | 39 | \$149.46 | 1,779 |
| Franklin | Pasco | NORTH RIDGE PAR | 59 | \$ 20,317,697 | 116,185 | 13 | \$174.87 | 1,969 |
| Franklin | Pasco | OTHER | 266 | \$ 98,031,374 | 599,258 | 52 | \$163.59 | 2,253 |
| Franklin | Pasco | RIVERHAWK ESTATES | 262 | \$ 77,349,053 | 460,660 | 24 | \$167.91 | 1,758 |
| Franklin | Pasco | RIVERHAWK POINTE | 138 | \$ 45,017,748 | 231,411 | 7 | \$194.54 | 1,677 |
| Franklin | Pasco | SORANO HEIGHTS | 109 | \$ 38,901,116 | 196,041 | 6 | \$198.43 | 1,799 |
| Franklin | Pasco | SPENCER ESTATES | 161 | \$ 81,472,222 | 421,804 | 75 | \$193.15 | 2,620 |
| Franklin | Pasco | STEELE CORNERS | 11 | \$ 4,515,814 | 25,797 | 109 | \$175.05 | 2,345 |
| Franklin | Pasco | SUNRISE ESTATES | 34 | \$ 5,758,491 | 45,109 | 7 | \$127.66 | 1,327 |
| Franklin | Pasco | THREE RIVERS WEST | 176 | \$ 43,293,798 | 346,085 | 18 | \$125.10 | 1,966 |
| Franklin | Pasco | TIERRA VIDA | 96 | \$ 14,889,226 | 127,956 | 23 | \$116.36 | 1,333 |
| Franklin | Pasco | VALENCIA ESTATES | 16 | \$ 6,271,123 | 35,003 | 87 | \$179.16 | 2,188 |
| Franklin | Pasco | VOLTERRA ESTATES | 25 | \$ 11,229,929 | 59,537 | 34 | \$188.62 | 2,381 |
| Sub-Total: Pasco | | | 26 | \$ 791,259,747 | 4,986,526 | 59 | \$158.68 | 2,083 |
| | | | 28.3% | 34.2% | 32.6% | 33.5% | | |

Table 5.2 – Sort by Subdivision
 Summary of NEW CONSTRUCTION SFR Sales, January 2014 to June 30, 2021
 Tri-Cities, Washington
Total Tri-Cities

| County | City | Subdivision | Total # Sold | 2014-2021 Total Sales | 2014-2021 Total SF | 2014-2021 Avg DOM | 2014-2021 Avg \$ PSF | 2014-2021 Avg SF Min SF | Max SF |
|--------------------------------|------|-------------|-----------------|--------------------------|-----------------------|----------------------|-------------------------|----------------------------|--------------|
| GRAND TOTAL: Tri-Cities | | | 92 | \$ 2,429,228,335 | 14,864,675 | 70 | \$185.14 | 2,257 | 3,247 |

Analysis – Sales Volumes and Average Size

As reflected in the table, the following trends can be discerned:

- *Combined Total Transactions* - A total of 6,742 sales were reported in MLS during the 7.5-year (90 month) period, reflecting an average of about 75 sales per month. This would not include “for sale by owner” sales but should pick up those sales outside of incorporated areas.
- *Location* - Percentages of transaction and sales volumes by City are arrayed in the following table. Pasco is clearly the leader, followed by Kennewick, Richland and West Richland respectively:

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Table 5.3
 Transaction Activity for the Tri-Cities Market
 January 2014 through June 30, 2021

| | Kennewick | Pasco | Richland | West Richland |
|--------------------------|-----------|-------|----------|------------------|
| Total Transaction Volume | 30.5% | 35.5% | 25.4% | 8.6% |
| Total Volume Dollars | 29.4% | 32.6% | 28.4% | 9.6% |

- *Total SF Built* - About 14.865 million square feet of gross living area was added to inventory during the study period from this data, which equates to about 165,000 SF/MO or 75 homes based on the average SF of homes.
- *Sales Volume* - Sales volume reflected a total amount of nearly \$2.5 Billion.
- *Average Size*
 - Pasco builds the smallest average home at 94.5% of the average;
 - Richland builds the largest average home at 105% of the average;
 - Kennewick is very nearly average at 98.9%.
 - West Richland is much larger at 111% of average.
- *Average Sale Price/Home* – This element ranged from an average of \$330,518 to \$403,546 overall; in 2021 it is ranging from \$403,848 to \$500,614 for the first half of the year.
- *Sale Price PSF* - Average sale prices PSF increased from a low of \$126 to \$210 PSF for the first half of 2021 during the study period, an overall increase of 68%, or an average increase of 0.75%/month or 9% annually. Of course, some markets have moved upward more quickly, and others lagged more slowly, but the average is 9%. And the increases have been significantly higher in the last two years than in the first two.
- *DOM* – While average DOM is 70, currently, DOM is running 65. It has been trending downward for the entire study period.
- *Size (SF)* – Between 2015 to 2018, size has fluctuated between a low of 2,205 to 2,313 SF but beginning in 2019 and continuing to the present time, the size has been decreasing. As of the first half of 2021, the average size of 2,166 SF represents a decline of 147 SF, or 6% overall.

Average Size (SF) of New Home Constructed

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------|-------|-------|-------|-------|-------|-------|-------|
| 2,224 | 2,208 | 2,269 | 2,205 | 2,313 | 2,180 | 2,104 | 2,166 |

- *Basements* - Fewer than 3% of the volume studied included a basement. This is a more popular option with newer homes constructed on steep lots where the basement option is a walk-out, and the ceiling heights and finishes are identical to that found in the main level above grade space. In reality, it is more like an inverted 2-story. Differences in price PSF for the below grade space is more similar to that of a 2-story.
- *Style* - Approximately 10% were 2-story homes and the majority of those were attached townhouse style homes. The remaining 90% were ramblers, although there was a sprinkling of ramblers with bonus rooms above.
- *Garage Space* - More than 68% had 3+ garage spaces while 32% included only 2 garage spaces.
- *Townhouse or Patio* - These will be discussed separately below.
- *Current Pricing* - Statistics for 2021 year to date:
 - List prices are ranging from \$201 to \$217 PSF (including lot)
 - At the present rate, annualized volume is calculated in the amount of 1290 total sales, which would be the highest volume during the period studied.

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- Pasco clearly continues to outrun the four cities with 35.5% of the overall transaction volume; but lags somewhat behind with only 32.6% of overall dollars.

To summarize, the typical new single-family product in this market:

- Is a Rambler (1-story) with a Great Room open floorplan for the public spaces
- Contains approximately 2,100 SF
- Includes a 3-car attached garage
- Does NOT include a basement
- Is on a much smaller lot than in previous years due to increasing land prices

Individual Lot Pricing Strategy

If for example, the parcels designated Willows and/or Cable Greens were to be considered for residential development, three different methodologies of lot pricing strategies could be applied.

I. Current Listing Activity

Builders and buyers in the market looking for a lot are typically looking at the **total price of the lot**, rather than the price on a square foot basis. It is typically just as easy to build a 2,100 SF home on a 5,000 SF lot as it is on a 10,000 SF lot. The number of lot sales to consumers listed in MLS is virtually non-existent. Summarized in the following table are the current active listings for lots of 0.30 AC or less.

*Table 5.4
Current Listing Activity
Tri-Cities, Washington*

| MLS # | Status | Acres # | SF | Address | Class | Type | City | Subdiv | Asking Price | Listing Date | DOM | CDOM |
|--------|--------|---------|--------|-------------------------|-------|------|---------------|-----------------------|--------------|--------------|-----|------|
| 253880 | Active | 0.227 | 9,888 | 464 Agier Dr | LD | RES | Richland | CRESTED HILLS 8 | \$75,000 | 5/21/2021 | 58 | 58 |
| 243246 | Active | 0.26 | 11,326 | 1036 Sagebluff Lane | LD | RES | Richland | UNDANCE ESTATES NORTH | \$90,500 | 1/29/2020 | 513 | 513 |
| 243247 | Active | 0.29 | 12,632 | 1037 Sagebluff Lane | LD | RES | Richland | UNDANCE ESTATES NORTH | \$96,500 | 1/29/2020 | 553 | 553 |
| 243248 | Active | 0.24 | 10,454 | 1025 Sagebluff Lane | LD | RES | Richland | UNDANCE ESTATES NORTH | \$96,500 | 1/29/2020 | 553 | 553 |
| 252569 | Active | 0.28 | 12,197 | 477 E 36th Ave | LD | RES | Kennewick | OTHER | \$99,000 | 3/25/2021 | 132 | 132 |
| 254244 | Active | 0.29 | 12,632 | Lot 2 W Margaret Court | LD | RES | Pasco | OTHER | \$110,000 | 6/9/2021 | 49 | 49 |
| 254245 | Active | 0.29 | 12,632 | Lot 3 W Margaret Court | LD | RES | Pasco | OTHER | \$110,000 | 6/9/2021 | 55 | 55 |
| 254246 | Active | 0.3 | 13,068 | Lot 7 W Margaret Court | LD | RES | Pasco | OTHER | \$110,000 | 6/9/2021 | 55 | 55 |
| 254272 | Active | 0.28 | 12,197 | Lot 6 W Margaret Court | LD | RES | Pasco | OTHER | \$110,000 | 6/10/2021 | 55 | 55 |
| 253272 | Active | 0.27 | 11,761 | 4131 S Kingwood Street | LD | RES | Kennewick | KINGWOOD ESTATES | \$127,500 | 4/27/2021 | 99 | 99 |
| 253273 | Active | 0.27 | 11,761 | 4119 S Kingwood Street | LD | RES | Kennewick | KINGWOOD ESTATES | \$127,500 | 4/27/2021 | 99 | 99 |
| 249659 | Active | 0.23 | 10,019 | Lot 7 Bing St | LD | RES | West Richland | PANORAMA VISTA | \$145,000 | 10/26/2020 | 282 | 282 |
| 252595 | Active | 0.29 | 12,632 | 456 Agier Drive | LD | RES | Richland | SHORT PLAT | \$150,000 | 3/26/2021 | 131 | 131 |
| 254145 | Active | 0.25 | 10,890 | 424 Piper St | LD | RES | Richland | WILLOWBROOK 2 | \$165,000 | 6/4/2021 | 61 | 61 |
| 253096 | Active | 0.28 | 12,197 | 1566 Penny Lane (Lot 3) | LD | RES | Richland | COB HILL | \$185,000 | 4/19/2021 | 107 | 107 |
| | | | | | | | | | \$1,797,500 | | | |
| | | | | | | | | | \$10.20 | | | |

One year ago, there were 29 lots available averaging 11,408 SF in size (0.26 AC) and reflecting an average price of \$10.36 PSF. Prices have remained relatively static but inventory has come way down with only 15 lots currently available.

The listing activity was compared with recent closed land sales activity in the market. Unfortunately, there have not been any sales that contained 5,000 SF of land area or less (0.115 AC), and so expanded the criteria to 0.30 AC.

Conclusion: The active list price for the 15 listings is averaging \$10.20/SF with the average lot size of 11,752 SF. However, these are smaller subdivisions developed by smaller builders rather than national homebuilders.

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II. Finished Subdivision Lots in Bulk

Multiple bulk lot sales are very rare these days. Several ongoing subdivisions were checked for activity and it is very infrequent for a builder to acquire more than one to three lots in a transaction.

In this market, land developers will buy a large raw land tract, develop a subdivision parcel and then sell finished lots (platted and improved with streets and utilities) in either a one-off transaction at a wholesale price or in bulk to a builder at a discounted wholesale price, who then builds the home and sells the final product to the consumer on a retail basis.

The West Village Phase 5 subdivision in Richland and Goose Ridge Estates are both ongoing developments, were randomly checked for recent sales activity as summarized in the following table.

Table 5.5A
As of 06/30/2021
Bulk Lot Sales Summary
Tru-Cities, WA

| | Sale #1 | Sale #2 | Sale #3 | Sale #4 | Sale #5 | Sale #6 |
|----------------------|--|----------------------|------------------------------|-----------------------|---------------------|---------------------|
| Subdivision | West Village Ph 5 | West Village Ph 5 | West Village Ph 5 | Goose Ridge Estates | Goose Ridge Estates | Goose Ridge Estates |
| City | Richland | Richland | Richland | Ph 1 | Ph 1 | Ph 1 |
| | 1, 6, 7, 8, 9, 10, 14, 15, 16, 17, 23, 28, 29, 30, 41, 42, 43, | | | Richland | Richland | Richland |
| Lots Purchased | 44 | 11, 35, 56 | 85-88; 111-114 | 44, 46, 54 | 49, 52, 72 | 23, 24, 26, 53, 65 |
| # Lots Purchased | 18 | 3 | 8 | 3 | 3 | 5 |
| Total SF | 161,552 | 26,093 | 44,737 | 33,000 | 18,975 | 69,155 |
| Average SF | 8975 | 8698 | 5592 | 11000 | 6325 | 13831 |
| Buyer | New Tradition Homes, Inc. | Clark Family Inv LLC | Lott's Better Built Homes | Riverwood Homes WA | JMS Construction | Juanita Cottages LC |
| | South Richland | South Richland | South Richland | Monson Dev | Monson Dev | Monson Dev |
| Seller | Communities, LLC | Communities LLC | Communities LLC | Washington LLC | Washington LLC | Washington LLC |
| Purchase Price | \$ 1,688,900 | \$ 302,222 | \$ 576,679 | \$ 398,500 | \$ 363,500 | \$ 670,000 |
| Date of Sale | 3/11/2021 | 3/11/2021 | 1/29/2021 | 1/15/2021 | 1/19/2021 | 1/28/2021 |
| Recorded | 2021-011905 | 2021-011316 | 2021-004796 | | | |
| Parent Parcel Tax ID | 132983000003023 | 132983000003023 | 132983000003023 | 132981020000044, | 132981020000049, | 132981020000023, |
| Sale Price Per Lot | \$ 93,828 | \$ 100,741 | \$ 72,085 | 046, 054 | 052, 072 | 024, 026, 053, 065 |
| Sale Price PSF | \$ 10.45 | \$ 11.58 | \$ 12.89 | \$ 132,833 | \$ 121,167 | \$ 134,000 |
| | | | | \$ 12.08 | \$ 19.16 | \$ 9.69 |

New Tradition Homes acquired 18 lots in West Village Ph 5 averaging 8,975 SF for \$93,828/lot average or \$10.45 PSF. This transaction was compared with another sale the same date by the same seller to Clark Family in which only three lots were acquired in the same subdivision, very similar in size. The sale price was \$100,741/lot average or \$11.58 PSF. This comparison reflects a discount of only about 7% for the bulk sale buyer. Interestingly, when these two sales were compared with another sale in this subdivision about one month earlier, the lot sizes were significantly smaller at only 5,592 SF average, and the price PSF increased to \$12.89. This reflects a premium paid for the smaller lot of 11% compared to the larger lots.

Three recent sales to three different builders in Goose Ridge Estates, Phase 1 were also reviewed with varying lot sizes and each purchase comprising three to five lots. The purchase price here ranged from \$121,167 to \$134,000 per lot, although the smaller lots sold for nearly as much as the larger lots.

One year ago, a similar search returned the following results.

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Table 5.5B
As of 06/30/2020
Bulk Lot Sales Summary
Tri-Cities, WA

| | Sale #1 | Sale #2 | Sale #3 |
|-----------------------|--------------------------------|----------------------------------|-----------------------------------|
| Subdivision | West Village Phase 4 | Clearwater Creek Phases 9 and 10 | The Village at Southridge Phase 2 |
| City | Richland | Kennewick | Kennewick |
| # Lots Purchased | 16 | 14 | 2 |
| Size Range (SF) | 6,392 to 10,800 SF | 5755 to 7095 SF | 6534 |
| Total SF | 127,912 | 85,604 | 13,068 |
| Average SF | 7,994 | 6,115 | 6,534 |
| Buyer | New Tradition Homes, Inc | Hayden Homes LLC | Landmark Homes |
| Seller | South Richland Communities LLC | Richland 132 LLC | Southridge Village LLC |
| Purchase Price \$ | 1,322,000 | \$ 980,000 | \$ 174,000 |
| Date of Sale | 5/28/2020 | 5/29/2020 | 6/4/2020 |
| Recorded | AFN 2020-017960 | AFN 2020-018122 | AFN 2020-018936 |
| Parent Parcel Tax ID | 132983000003021 | 101881000001016 | 117894100000035 and 044 |
| Sale Price Per Lot \$ | 82,625 | \$ 70,000 | \$ 87,000 |
| Sale Price PSF \$ | 10.34 | \$ 11.45 | \$ 13.31 |

It is noteworthy that the lots are all smaller than average, ranging from a low of just over 6,115 SF to a high of 7,994 SF. The prices paid bracket and support the prices paid for smaller lots today

Conclusion: Small lots today are still selling for between \$10.34 and \$13.31 which would equate to \$51,700 to \$66,500 for a 5,000 SF lot, say \$65,000. A local representative for a national homebuilder reports that one year ago their current average price for a 7,800 SF to 8,300 SF lot was about \$85,000 for the current phase, but this was moving up to \$95,000 for the next phase which is now under way, an increase of about 12%. They report having more lot requests than they are able to provide. This was confirmed by looking at sale prices in Phase 5 compared with sales last year in Phase 4. If this is applied to the stabilized smaller lot price of \$65,000, today's price would average \$72,500 or \$14.50 PSF.

III. Retail Package Price to Consumers

A good rule of thumb for a residential lot value typically ranges from 20% to 25% of the total retail package price of the completed home package. In this case, the average value of new construction in 2020 was \$188 PSF and the average size was 2,124 SF. This would indicate a final sale price of just under \$400,000, and 20% to 25% of that amount would indicate a range of \$80,000 to \$100,000.

In 2021, year to date, average sale prices have increased to \$210 PSF for an average 2,166 SF home. This would equate to an average home price of about \$450,000. Assuming the previously cited range, lot prices would range from \$90,000 to \$112,500, which is right about where sales are currently running. This supports the price being paid by the builder to the land developer and indicates that the majority of profit for the builder is in the construction of the home and not in the land. It is noteworthy that land prices are escalating over the last 7 years at a remarkable rate.

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Single Family ATTACHED Residential Component

Survey Methodology

A similar survey of the local PACMLS was conducted for new single-family **attached** residential home sales by year for the period 2014 through June 30, 2021 (90 Months). These units are sometimes designated as townhouse, condo or patio units. Data points surveyed, analysis, and validation were identical to those for single family detached. There were only a grand total of 399 sales representing only a miniscule part of the market overall although activity has picked up in the last three years as land prices have escalated. Table 5.6A details total activity and averages since 2014, and table 5.6B shows data for 2019 through 2021 YTD for comparison purposes which contains 68% of all activity while only 32% of activity occurred in the preceding five years

Table 5.6A
 Summary of Attached Townhome Sales
 Tri-Cities, Washington
 2014 to June 30, 2021

| County | City | Subdivision | Total # Sold | Total Sales | Total SF | Avg DOM |
|--------------------------------|---------------|---------------------------|-----------------|----------------------|----------------|-----------|
| Benton | Kennewick | CANYON LK | 6 | \$1,463,500 | 10,591 | 5 |
| Benton | Kennewick | CEDAR VILLAGE | 43 | \$10,044,097 | 70,561 | 25 |
| Benton | Kennewick | THE BOULEVARD | 36 | \$1,815,461 | 12,317 | 37 |
| Benton | Kennewick | MIDTOWN VILLAGE | 18 | \$9,226,411 | 26,991 | 11 |
| Benton | Kennewick | THE HIGHLANDS | 4 | \$595,790 | 5,705 | 0 |
| Benton | Kennewick | THE VILLAGE AT SOUTHRIDGE | 2 | \$567,100 | 2,708 | 8 |
| Benton | Kennewick | VILLAS VERDE | 24 | \$4,718,910 | 39,163 | 79 |
| Sub-Total: Kennewick | | | 133 | \$28,431,269 | 168,036 | 24 |
| | | | | \$169 | 1,263 | |
| Franklin | Pasco | CHAPEL HILL | 42 | \$10,792,177 | 63,734 | 23 |
| Franklin | Pasco | CHAPEL RIDGE | 28 | \$6,808,844 | 36,092 | 7 |
| Franklin | Pasco | MEDITERRAN VILL | 12 | \$2,938,115 | 21,245 | 90 |
| Franklin | Pasco | FERRARA TERRACE | 8 | \$2,424,700 | 14,386 | 24 |
| Franklin | Pasco | URBAN FLATS | 42 | \$9,192,442 | 47,680 | 27 |
| Sub-Total: Pasco | | | 132 | \$32,156,278 | 183,137 | 34 |
| | | | | \$176 | 1,387 | |
| Benton | Richland | HORN RAPIDS | 51 | \$13,956,933 | 94,046 | 59 |
| Benton | Richland | COLUMBIA POINT | 5 | \$2,139,700 | 11,558 | 13 |
| Benton | Richland | WILLOWPOINTE | 22 | \$8,053,936 | 42,659 | 81 |
| Sub-Total: Richland | | | 78 | \$24,150,569 | 148,263 | 51 |
| | | | | \$163 | 1,901 | |
| Benton | West Richland | EAGLE POINTE | 22 | \$6,911,397 | 42,756 | 23 |
| Benton | West Richland | FRIESIAN ESTATES | 6 | \$1,804,995 | 9,020 | 22 |
| Benton | West Richland | WESTHAVEN TOWNHOMES | 28 | \$9,182,391 | 46,979 | 23 |
| Sub-Total West Richland | | | 56 | \$17,898,783 | 98,755 | 22 |
| | | | | \$181 | 1,763 | |
| Grand Total | | | 399 | \$102,636,899 | 598,191 | 33 |
| | | | | \$172 | 1,499 | |

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Table 5.6B
 Summary of Attached Townhome Sales
 Tri-Cities, Washington
 2019 to June 30, 2021

| County | City | Subdivision | 2021 # Sold | 2021 Sales | 2021 SF | 2021 DOM | 2020 # Sold | 2020 Sales | 2020 SF | 2020 DOM | 2019 # Sold | 2019 Sales | 2019 SF | 2019 DOM |
|--------------------------------|---------------|---------------------------|----------------|---------------------|----------------|-----------|----------------|---------------------|----------------|------------|----------------|---------------------|----------------|-----------|
| Benton | Kennewick | CANYON LK | 0 | \$0 | 0 | 0 | 0 | \$0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Benton | Kennewick | CEDAR VILLAGE | 9 | \$2,178,230 | 14771 | 16 | 20 | \$4,668,170 | 32836 | 28 | 12 | 2,741,232 | 19660 | 60 |
| Benton | Kennewick | THE BOULEVARD | 0 | \$0 | 0 | 0 | 0 | \$0 | 0 | 0 | 3 | 925,900 | 6801 | 160 |
| Benton | Kennewick | MIDTOWN VILLAGE | 12 | \$7,707,511 | 17993 | 53 | 6 | \$1,518,900 | 8998 | 36 | 0 | 0 | 0 | 0 |
| Benton | Kennewick | THE HIGHLANDS | 0 | \$0 | 0 | 0 | 0 | \$0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Benton | Kennewick | THE VILLAGE AT SOUTHRIDGE | 2 | \$567,100 | 2708 | 62 | 0 | \$0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Benton | Kennewick | VILLAS VERDE | 0 | \$0 | 0 | 0 | 0 | \$0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total: Kennewick | | | 23 | \$10,452,841 | 35472 | 19 | 26 | \$6,187,070 | 41834 | 9 | 15 | \$3,667,132 | 26461 | 32 |
| | | | | \$295 | | | | \$148 | | | | \$139 | | |
| Franklin | Pasco | CHAPEL HILL | 5 | \$1,314,500 | 7961 | 29 | 27 | \$6,901,400 | 39613 | 49 | 10 | 2,576,277 | 16160 | 103 |
| Franklin | Pasco | CHAPEL RIDGE | 4 | \$1,004,600 | 5156 | 0 | 14 | \$3,437,300 | 18046 | 29 | 10 | 2,366,944 | 12890 | 28 |
| Franklin | Pasco | MEDITERRAN VILL | 0 | \$0 | 0 | 0 | 0 | \$0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Franklin | Pasco | FERRARA TERRACE | 0 | \$0 | 0 | 0 | 0 | \$0 | 0 | 0 | 4 | 1,250,350 | 7520 | 161 |
| Franklin | Pasco | URBAN FLATS | 28 | \$6,235,519 | 32415 | 30 | 14 | \$2,956,923 | 15265 | 185 | 0 | 0 | 0 | 0 |
| Sub-Total: Pasco | | | 37 | \$8,554,619 | 45532 | 12 | 55 | \$13,295,623 | 72924 | 53 | 24 | \$6,193,571 | 36570 | 58 |
| | | | | \$188 | | | | \$182 | | | | \$169 | | |
| Benton | Richland | HORN RAPIDS | 1 | \$364,000 | 1895 | 115 | 13 | \$4,465,340 | 25383 | 57 | 3 | 994,150 | 5685 | 18 |
| Benton | Richland | COLUMBIA POINT | 5 | \$2,139,700 | 11558 | 104 | 0 | \$0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Benton | Richland | WILLOWPOINTE | 0 | \$0 | 0 | 0 | 7 | \$3,331,936 | 16223 | 259 | 8 | 2,456,600 | 14288 | 229 |
| Sub-Total: Richland | | | 6 | \$2,503,700 | 13453 | 73 | 20 | \$7,797,276 | 41606 | 105 | 11 | \$3,450,750 | 19973 | 82 |
| | | | | \$186 | | | | \$187 | | | | \$173 | | |
| Benton | West Richland | EAGLE POINTE | 4 | \$1,275,050 | 7826 | 63 | 15 | \$4,683,150 | 29014 | 77 | 3 | 953,197 | 5916 | 42 |
| Benton | West Richland | FRIESIAN ESTATES | 0 | \$0 | 0 | 0 | 0 | \$0 | 0 | 0 | 5 | 1,504,995 | 7525 | 176 |
| Benton | West Richland | WESTHAVEN TOWNHOMES | 6 | \$2,113,146 | 10366 | 95 | 19 | \$6,222,975 | 32580 | 66 | 3 | 846,270 | 4033 | 19 |
| Sub-Total West Richland | | | 10 | \$3,388,196 | 18192 | 53 | 34 | \$10,906,125 | 61594 | 48 | 11 | \$3,304,462 | 17474 | 79 |
| | | | | \$186 | | | | \$177 | | | | \$189 | | |
| Grand Total | | | 76 | \$24,899,356 | 112,649 | 39 | 135 | \$38,186,094 | 217,958 | 54 | 61 | \$16,615,915 | 100,478 | 63 |
| | | | | \$221 | 1,482 | | | \$175 | 1,615 | | | \$165 | 1,647 | |

Since attached product did not really become a factor until 2019, most emphasis was placed on this timeline.

To summarize, the typical new single-family ATTACHED product in this market:

- Is a Rambler (1-story) with a Great Room open floorplan for the public spaces
- Contains approximately 1,480 SF
- Includes a 2-car attached garage
- Does NOT include a basement
- Is on a much smaller lot than in previous years due to increasing land prices

If for example, the Cable Greens and/or Willows parcels were considered for single family attached development, three methods of estimating their probable sale price could be as follows.

I. Current Listing Activity

There are currently no attached lots listed for sale.

II. Finished Subdivision Lots in Bulk

There have been no bulk lot sales from land developer to builders in the last year, but only single or 2-lot sales where no real discount was apparent as reflected in Table 5.8.

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Table 5.8, Sort by Subdivision
Summary of RECENT ATTACHED SFR BULK LOT Sales, July 2020 to June 30, 2021
Tri-Cities, Washington

| | Sale #1 | Sale #2 | Sale #3 | Sale #4 |
|--------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Subdivision | Westhaven Townhomes | Midtown Village | Midtown Village | Westhaven Townhomes |
| City | West Richland | Kennewick | Kennewick | West Richland |
| # of Lots | 2 | 1 | 3 | 1 |
| Lot Numbers | Lot 30, 31 | Lot 6 | Lots 13, 14, 15 | 22 |
| Size Range (SF) | 4,155 to 4,608 | 1,896 | 2,678 to 5,133 | 2,640 |
| Total SF | 8,763 | 1,896 | 10,573 | 2,640 |
| Average SF | 4,381 | 1,896 | 3,524 | 2,640 |
| Buyer | Green Plan Construction LLC | Green Plan Construction LLC | Green Plan Construction LLC | Green Plan Construction LLC |
| Seller | Community Housing LLC | AR Holdings | AR Holdings | AR Holdings |
| Purchase Price | \$110,000 | \$50,000 | \$150,000 | \$55,000 |
| Date of Sale | 10/05/2020 | 01/28/2021 | 06/29/2021 | 07/07/2020 |
| Recorded | 2020-038775 | 2021-004913 | 2021-032033 | 2020-024190 |
| Sale Price Per Lot | \$55,000 | \$50,000 | \$50,000 | \$55,000 |
| Sale Price Per SF | \$12.55 | \$26.37 | \$14.18 | \$20.83 |
| Comments | | | | |

Conclusion: Unfortunately, only two of the five attached subdivisions surveyed were developed by a land development company which then sold finished lots to the builder. In the other four cases, the homebuilder was also the land developer.

All lot sales sold for \$50,000 to \$55,000 per lot but ranged from \$12.55 to \$26.37 on a PSF basis. Thus, it is clear that lot prices for attached housing is fairly tight, although the size of the lot can vary somewhat

III. Retail Package Price to Consumers

A retail lot price from 20% to 25% of the total retail package price of the completed home package was also calculated. In this case, the average value of new attached construction in year-to-date 2021 is nearly identical to that of SFR housing

Detached SFR average pricing was compared to attached housing prices today as summarized below.

| Element | SFR Detached | SFR Attached |
|--------------------|--------------|--------------|
| 2021 YTD Avg SF | 2,166 | 1,482 |
| 2021 YTD Avg SP | \$451,903 | \$327,623 |
| 2021 YTD Avg \$PSF | \$210 | \$221 |

Assuming a final sale price near \$325,000, and 20% to 25% of that amount would indicate a range of \$65,000 to \$80,000. This is slightly higher than the price being paid by the builder to the land developer and indicates that the majority of profit for the builder is in the construction of the home and not in the land.

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MARKET STUDY
Residential Component - Apartments

Survey Methodology

The recent building boom in apartments began in 2013 when 994 units were completed. This firm has kept track of all apartment projects containing 20+ units constructed since 2013. The results beginning with 2014 (the start of the study period) are summarized as follows in Table 6.1.

Table 6.1
Summary of New Apartment Construction
2014 to June 30, 2021

| Type | Project Name | Street # | Dir | Street Name | City | Owner | Year Built | NBRHD | GBA | # Units | SF/DU | Tax ID Conf'd | Land SF | Land AC |
|--|--|-----------|-----|---------------------------------|------------|------------------------------------|---------------|--------------------------|-----------|---------|-------|-------------------------------------|----------------|----------------|
| Apts | Gramercy Apartments | 2112 | S | Rainier St | Kennewick | Sahota Janmeet | 2014 | Central | 14,594 | 12 | 1216 | 111894013418002 | 40,075 | 0.92 |
| Apts | Pine Tree Park | 2021 | | 19th Ave | Kennewick | Pine Tree Apts | 2015 | Central | 19,810 | 30 | 660 | 111894013507001, 002 | 110,207 | 2.53 |
| Apts | Hidden Meadows Apartments | 5809 | W | Clearwater | Kennewick | Great Western Partners LLC | 2015 | Central | 24,592 | 26 | 946 | 104892000005006 | 103,673 | 2.38 |
| Apts | Bellavista Apts II | 2101 | | Septoe | Kennewick | Townfair Investors LLC | 2015 | Gage Blvd. / Keene Blvd. | 82,000 | 106 | 774 | 136981020010004 | 318,859 | 7.32 |
| Apts | Nueva Vista I | 386 | N | Union | Kennewick | Kennewick Housing Authority | 2017 | Central | 28,085 | 26 | 1080 | 134993013416009 | 105,415 | 2.42 |
| Apts | Sunset Ridge Apts | 3887 | W | 7th Ave | Kennewick | Sunset Ridge 3887 LLC (former BMB) | 2020 | Central | 24,000 | 24 | 1000 | 103893013560002 | 81,457 | 1.87 |
| Apts | Badger Canyon Apts | 10251 | | Ridgeline Dr | Kennewick | Badger Canyon Apartments | 2016-17 | West | 168,000 | 168 | 1000 | 112883000002003 | 1,988,078 | 45.64 |
| Apts | Nueva Vista II | 334 | N | Union | Kennewick | Kennewick Housing Authority | 2018 | Central | 28,085 | 26 | 1080 | 134993013416006 | 68,825 | 1.58 |
| 7 KENNEWICK TO TAL COMPLETE | | | | | | | | | 389,166 | 418 | 931 | | 2,816,590 | 64.66 |
| Apts | 3120 W 4th Ave | 3120 | W | 4th Ave | Kennewick | Smile-A-Mile Painting (Jason Zook) | 2021 (U/C) | Central | 25,800 | 26 | 992 | 103891010233003 | 41,569 | 0.9543 |
| Apts | Quality Inn Motel | 790 | W | Quinault Ave | Kennewick | Fortify Holdings | 2021 (Reno) | Central | 64,881 | 110 | 590 | 131991000018002 | 118,483 | 2.72 |
| Apts | Quinault Village Apts Phase I | 5927 | W | Quinault Ave | Kennewick | 257 Unit | 2021 (Prop) | Central | 55,359 | 127 | 436 | 133992020024001, 2, 5, 6 | 359,213 | 8.2464 |
| Apts | Quinault Village Apts Phase II | 5927 | W | Quinault Ave | Kennewick | 257 Unit | 2021 (Prop) | Central | 45,134 | 130 | 347 | 133992020024001, 2, 5, 6 | Inc | Inc |
| Apts | Badger Canyon Apts | 10251 | | Ridgeline Dr | Kennewick | Badger Canyon Apartments | 2018-20 (U/C) | West | 474,000 | 474 | 1000 | 112883000002003 | 1,988,078 | 45.64 |
| Apts | 3113 W 7th Ave Apts | 3113 | W | 7th Ave | Kennewick | AMS Real Estate Inv LLC | 2021 (Prop) | Central | 15,000 | 15 | 1000 | 103894020051001 | 47,916 | 1.1 |
| Apts / Retail | The 19 on Canal | 19 | W | Canal | Kennewick | Klein Griffith Properties Group | 2021 (U/C) | East | 60,000 | 33 | 1818 | 101891080000001, 002, 003, 004, 005 | 65,340 | 1.5 |
| 4 KENNEWICK TO TAL U/C OR PLANNED | | | | | | | | | 740,174 | 915 | 808.9 | | 2,620,600 | 60.1607 |
| PASCO TOTAL COMPLETE | | | | | | | | | 0 | | | | 0 | 0 |
| Apts | Columbia River Walk Apts I (60 Units) | 2120 | W | "A" St | Pasco | Zepgon Investments LLC | 2021 | Central | 60,648 | 60 | 1011 | 119740017 | 367,211 | 8.43 |
| Apts | Roadway Inn | 1520 | N | Oregon | Pasco | Fortify Holdings | 2021 (Reno) | Central | 28,500 | 106 | 268.9 | 113481144 | 80,515 | 1.85 |
| Apts | Loyalty Inn | 1825 | W | Lewis St | Pasco | Fortify Holdings | 2021 (Reno) | Central | 67,918 | 160 | 424 | 112230018, 019 | 111,051 | 2.55 |
| Apts | Columbia River Walk Apts II (48 Units) | 2120 | W | "A" St | Pasco | Zepgon Investments LLC | 2020 (U/C) | Central | 48,000 | 48 | 1000 | 119740017 | 367,211 | 8.43 |
| 1 PASCO TO TAL U/C OR PLANNED | | | | | | | | | 205,066 | 374 | 548.3 | | 367,211 | 8.43 |
| Apts | Copper Mountain Apts (276 DU) | 2555 | | Bella Coola Ln | Richland | Nor Am Investments | 2019-20 | Southridge | 235,000 | 276 | 851 | 132983000003019 (Part) | Part of Larger | Part of Larger |
| Apts | Bella Vista | 2101 | | Septoe | Richland | Townfair Investors LLC | 2015 | Gage | 106,000 | 106 | 1000 | 136981020010004 | 318,859 | 7.32 |
| Apts | 575 Apartments (90 units) | 575 | | Columbia Point Dr | Richland | 575 Apartments | 2017 | Columbia Point | 85,000 | 90 | 944 | 113983013202002 | 142,006 | 3.26 |
| Apts | Lofts @ Innovation Center (160 DU) | 2859 | | Pauling Dr | Richland | Innovation Center Lofts LLC | 2015 | North | 199,260 | 160 | 1245 | 123083013419002 | 184,694 | 4.24 |
| Apts | Rosencrans Apt Homes | 4500 | | Rosencrans | W Richland | Hickman, Ira | 2016 | West | 23,850 | 20 | 1,193 | 108982013459002, 3, 4, 5, 6 | 80,887 | 1.8569 |
| Apts | Park Place Apts (104 DU) | 650 | | George Washington University Dr | Richland | 650 GWW LLC | 2021 | North | 106,000 | 106 | 1,000 | 111984012586007 | 119,354 | 2.74 |
| Apts | Merlot @ Brelsford Vineyards Apts Commons @ Inn Ctr (105 DU) | 215 | | Westcliffe Blvd | Richland | Brelsford Vineyards Apts | 2020 | North | 81,000 | 81 | 1,000 | 123084000003000 (Part) | ? | ? |
| Apts | Badger Mountain Ranch | 451 | | Westcliffe Blvd | Richland | Innovation Center Lofts LLC | 2018 | North | 95,102 | 150 | 634 | 123083013487004 | 166,835 | 3.83 |
| Apts | | | | | Richland | Starboard Mtn Ranch DST WA | 2014 | South | 212,295 | 176 | 1206 | 127984000001031 | 650,786 | 14.94 |
| 6 RICHLAND TOTAL COMPLETE | | | | | | | | | 1,143,507 | 1,165 | 982 | | | |
| Apts | Willow Pointe Apartments (126 units) | 250 | | Battelle Blvd | Richland | Weyerhaeuser Apartments LLC | 2020 (U/C) | North | 126,000 | 126 | 1,000 | 114084013572001, 2, 3, 4 (Part) | 174,240 | 4 |
| Apts | Days Inn | 615 | | Jadwin Blvd | Richland | Fortify Holdings | 2021 (Reno) | North | 25,220 | 97 | 260 | 111983020561009 | 110,207 | 2.53 |
| Apts | Best Western Plus | 1515 | | George Washington | Richland | Fortify Holdings | 2021 (Reno) | North | 111,865 | 197 | 568 | 102983020732045 | 246,114 | 5.65 |
| Apts | Cedar & Sage | 345 | | George Washington | Richland | Cedar & Sage | 2021 (Prop) | North | 130,000 | 130 | 1,000 | 114981012516001 + 2 more | 196,020 | 4.5 |
| Apts | Cedar & Sage | 425 | | Bradley Blvd | Richland | Cedar & Sage | 2021 (Prop) | North | 30,000 | 30 | 1,000 | 1.14981E+14 | 65,340 | 1.5 |
| Apts | Vertisse Apartments Ph I | 1156 | | Columbia Pk Trail | Richland | Lionell Singleton | 2021 (U/C) | South | 24,000 | 24 | 1,000 | 130992000010000, a3 | 87,120 | 2 |
| Apts | The Vicinity at Horn Rapids | 2645-2665 | | Kingsgate Way | Richland | Lee Petty (LCR Construction) | 2020 (U/C) | North | 288,000 | 288 | 1,000 | 128082013611001 (Part) | 348,480 | 8 |
| 4 RICHLAND TO TAL U/C OR PLANNED | | | | | | | | | 735,085 | 892 | 824.1 | | 1,227,521 | 28.18 |

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Based on this survey, a total of 3,764 new units are complete, under construction or planned beginning in 2014 which reflects an average of 500± units added each year.

If the 994 units added in late 2013 are added to the mix, the average increases somewhat. Of the surveyed projects, there were nine smaller projects (30 units or less) containing in the aggregate 228 units; the remainder were in larger projects.

A new trend is emerging; an Oregon developer, Fortify Holdings, has purchased or is in escrow to purchase a total of 726 hotel room units in five projects throughout the Tri-Cities for conversion to micro apartments.

- a. *Best Western Plus*, a 6-story hotel at 1515 George Washington Way and containing 197 rooms was shut down over the weekend with representatives confirming that Fortify is the new owner. This property was built in 1974 but closed in 2013 for a massive renovation and had just re-opened in November 2019 with a grand re-opening.
- b. *Rodeway Inn*, 1520 N Oregon Ave in Pasco is also closed and it is not clear when it shut down.
- c. *Days Inn*, 615 Jadwin, Richland is closed and has 97 rooms
- d. *Quality Inn*, 7901 W Quinault Ave, Kennewick near the Columbia Center Mall has 124 rooms
- e. *Loyalty Inn*, 1825 W Lewis St, Pasco, WA is in escrow and contains 160 units.

Table 6.2
Summary of Apartments Built
Tri-Cities, WA, 2014 to June 30, 2021

| City | SF | # DU | SF PDU |
|-----------------------------|-------------------------|---------------------|-------------------|
| Kennewick Complete | 389,166 | 418 | 931 |
| Kennewick U/C or Planned | <u>740,174</u> | <u>915</u> | <u>809</u> |
| Sub-Total | 1,129,340 | 1,333 | 1,740 |
| Pasco Complete | 0 | 0 | 0 |
| Pasco U/C or Planned | <u>205,066</u> | <u>374</u> | <u>548</u> |
| Sub-Total | 205,066 | 374 | 548 |
| Richland Complete | 1,143,507 | 1,165 | 982 |
| Richland U/C or Planned | <u>735,085</u> | <u>892</u> | <u>824</u> |
| Sub-Total | 1,878,592 | 2,057 | 1,806 |
| TOTAL COMPLETE | 1,532,673 | 1,583 | 968 |
| TOTAL U/C OR PLANNED | <u>1,680,325</u> | <u>2,181</u> | <u>770</u> |
| Sub-Total | 3,212,998 | 3,764 | 854 |
| 2013 Total Completed | | 994 | |
| GRAND TOTAL | | 4,758 | |

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Rental Rates and Vacancy Rates

The University of Washington's Washington Center for Real Estate Research (WCRER) provides apartment market statistics for communities throughout the state of Washington. WCRER has become the largest apartment market researcher focusing on markets outside the 5-county Seattle area in Washington. It publishes data semi-annually.

During the study period, rental rates have risen from an average of \$785/MO to \$1,140/MO, a 45% increase, or 6%/year average for the 7.5 years of data. And vacancy rates have remained low despite the new additions to supply, average less than 3% for the most recent five years, which is one of the factors responsible for pushing up rental rates and most astonishing, vacancy rates are under 1% as of the spring, 2021 survey. Interestingly, rental rates have increased faster in the last three years than in earlier years.

A summary of the rates are included in the following table.

Table 6.3
Vacancy Rates and Average Rents
Benton-Franklin County Apartments

| | Vacancy | Average Rental Rate | # Units Surveyed | Avg Unit Size (SF) |
|--------------|----------------|----------------------------|-------------------------|---------------------------|
| Spring, 2021 | 0.9% | \$1,140 / \$1.25 | 9,730 | 910 |
| Fall, 2020 | 1.3% | \$1,115 / \$1.23 | 10,240 | 910 |
| Spring, 2020 | 2.5% | \$1,022 / \$1.21 | 10,930 | 844 |
| Fall, 2019 | 1.9% | \$1,000 / \$1.18 | 10,918 | 844 |
| Spring, 2019 | 1.6% | \$983 / \$1.16 | 10,847 | 844 |
| Fall, 2018 | 1.6% | \$983 / \$1.16 | 10,847 | 844 |
| Spring, 2018 | 1.1% | \$834 / \$1.00 | 1,263 | 833 |
| Fall, 2017 | 3.7% | \$844 / \$1.00 | 8,399 | 848 |
| Spring, 2017 | 2.2% | \$861 / \$1.03 | 7,084 | 833 |
| Fall, 2016 | 2.3% | \$878 / \$1.06 | 6,355 | 830 |
| Spring, 2016 | 2.1% (B) | \$775 (B) / \$0.94 | 5,259 | 819 |
| | 0.8% (F) | \$744 (F) / \$0.87 | 841 | 853 |
| Fall, 2015 | 2.6% (B) | \$824 (B) / \$0.96 | 5,206 | 850 |
| | 1.9% (F) | \$680 (F) / \$0.75 | 872 | 906 |
| Spring, 2015 | 1.8% (B) | \$785 (B) / \$0.95 | 5,569 | 833 |
| | 0.8% (F) | \$800 (F) / \$0.96 | 612 | 825 |

Land Sale Activity

We took a look at the land sales underlying each apartment complex and find that most larger parcel sales are too old to be of much use. In many cases, the land was owned for a number of years before development began. Outlined in Table 6.4 are the various sales which have occurred during the study period, all for multi-family development. Most were for apartment (for rent) development, while the balance were for sale (townhouse style development). Sale #8 was discarded from further consideration due to dissimilarities compared to the others.

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| Summary of Multi-Family Land Sales Tri-Cities, WA 2018 to 2021 (June 30) | | | | | | | | | | | | |
|--|--------------|-----------------------------------|-------------------------|--|--|--|--------------------------------|--|--|---|--|---------------------------------|
| Project Name & Location | AVERAGES | Pending | Pending | Sale #1 | Sale #2 | Sale #3 | Sale #4 | Sale #5 | Sale #6 | Sale #7 | Sale #8 | Discarded |
| | | Site A TBD, 425-455 Bradley | Site B TBD, 470 Bradley | Proposed Apts, 3113 W 7th Ave, Kennewick | Proposed Apts, 3120 W 4th Ave, Kennewick | Vertisee Apts, 1156 Columbia Pk Tr, Richland | Proposed TH Development | Park Place Apts & Retail, 650 GW Way, Richland | Midtown Village, S Quillan Pl / W 7th Ave, Kennewick | Irving Square, 5700-36 & 5701-35 W Albany Pl, Kennewick | Sunset Ridge Apts, 3887 W 7th Ave, Kennewick | The Nine, 9 Canal Dr, Kennewick |
| Type | | Apts | Apts | Apts | Apts | Apts | Row TH | Apts + Retail | Duplex TH | Duplex TH | Apt | Apt |
| Tax Parcel ID | | 1149810125 16001, 002, 005, +2 | 1149810128 01001 | 1038940200510 01 | 1038910102330 03 | 1309920000090 00, plus 2 more | 1369930400280 03 | 1119840125860 07 | 1038930200420 05 | 1048920000030 00 | 1038930135620 02 | 1018910800000 01, 2, 3, 4, 5 |
| Sale Price | \$14,368,187 | | | \$300,000 | \$402,000 | \$775,000 | \$383,600 | \$501,939 | \$287,123 | \$600,000 | \$155,000 | \$755,458 |
| Sale Date | | Pending, 09/21 | Pending, 09/21 | 7/13/2020 | 12/11/2019 | Assembly, 02/2016 thru 12/31/2019 | 5/28/2019 | 3/4/2019 | 8/17/2018 | 6/28/2018 | 2/21/2018 | 2018-2019 |
| # Dwelling Units | 489 | 130 | 30 | 15 | 26 | 48 | 36 | 106 | 30 | 44 | 24 | 28 |
| Land Size AC | 23.47 | 4.56 | 1.08 | 1.10 | 0.95 | 2.76 | 2.04 | 2.74 | 2.93 | 3.44 | 1.87 | 0.68 |
| Land Size SF | 1,022,334 | 198,726 | 47,084 | 47,916 | 41,569 | 120,256 | 88,862 | 119,512 | 127,452 | 149,715 | 81,242 | 29,430 |
| Land SF / DU | 2,091 | 1,529 | 1,569 | 3,194 | 1,599 | 2,505 | 2,468 | 1,127 | 4,248 | 3,403 | 3,385 | 1,051 |
| Sale Price/AC | \$212,672 | TBD | TBD | \$272,727 | \$421,254 | \$280,736 | \$188,039 | \$182,948 | \$97,994 | \$174,572 | \$83,107 | \$1,118,170 |
| Sale Price/SF | \$4.88 | TBD | TBD | \$6.26 | \$9.67 | \$6.44 | \$4.32 | \$4.20 | \$2.25 | \$4.01 | \$1.91 | \$25.67 |
| Sale Price/DU | \$12,083 | TBD | TBD | \$20,000 | \$15,462 | \$16,146 | \$10,656 | \$4,735 | \$9,571 | \$13,636 | \$6,458 | \$26,981 |
| Buyer | | Sage Properties | Sage Properties | Steve Buckingham Solo 401K et al | Jason Zook | Lionell Singleton | PMI Inc (Padilla Construction) | City of Richland | AR Holdings | Green Plan Constr | BMB Development | Klein Griffith Properties |
| Seller | | Lucky Properties | Lucky Properties | Cray Trustees Vern L et al | David & Sheryl Katcher | Baughm, Bissell, Munley | Rundbaug, Vincent C & Jamie | 650 GWW LLC | Douglas D & Debra L Murri | Jaya Holdings LLC | McDonough | Assemblage |
| Recorded | | TBD | TBD | 2020-025771 | 2019-039514 | 2016-005423; 2016-010843; 2019-039830 | 2019-014120 | 2019-005287 | 2018-023260 | 2018-018926 | 2018-005087 | Various |
| Conf'd | | TBD | TBD | Public Recs | Public Recs | Public Recs | Public Recs | Seller | Public Recs | Listing Agent | Contract | Contract |

As reflected in the averages column, the average sale price for a parcel with an average of 2,091 SF of land per dwelling unit equated to:

| Unit Price Indicators MultiFamily Land Sales | | | |
|---|------------------|----------|-----------|
| | Weighted Average | Minimum | Maximum |
| Avg Land SF Per Dwelling | 2,061 SF | 1,127 | 4,248 |
| Sale Price Per AC | \$212,672/AC | \$83,107 | \$421,254 |
| Sale Price Per SF | \$4.88/SF | \$1.91 | \$9.67 |
| Sale Price Per Unit | \$12,083/DU | \$4,735 | \$20,000 |

Two larger parcels comprising about 6+ acres total in the Columbia Point area are reportedly under contract to Cedar & Sage, the developers of the Willow Pointe Apartments, a riverfront project nearing completion in North Richland. According to published reports, a total of 160 units would be developed on two nearby sites as follows (Source: Tri-Cities Herald, August 2, 2021):

- *Site A (no river frontage):* 425-455 Bradley, 345 GW Way, and NKA Bradley, Richland – 4.56 AC (198,726 SF) will be developed for 130 units reflecting a density of 28 DU/Acre or an average of 1,528 SF/DU. The price was not disclosed but the site is assessed at \$1.9 Million which is nearly \$14,615/unit, or \$9.56 PSF of land area.
- *Site B (River frontage):* 470 Bradley – 1.08 acres (47,084 SF) will be developed for 30 units reflecting a density of 28 DU/Acre or an average of 1,569 SF/DU. The site was listed at \$950,000 on Realtor.com and is assessed at \$611,510. The assessed value is \$611,510 or \$20,383/DU.

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Both of these sales are meaningful as one has actual river frontage and one does not; however, the one with frontage is much smaller than the one that does not have frontage and any adjustment tends to be offsetting.

Three smaller project land sales were reviewed:

- *Item #2* - The 1.1-acre parcel currently improved with three SFRs (that will be removed) at 3113 W 7th Ave was acquired one year ago by Steve Buckingham and several investors for re-development with 15 units. The \$300,000 sale price equates to \$20,000 per dwelling unit (\$6.26 PSF) for a site with an average of nearly 3,194 SF of land per DU.
- *Item #3* - The property at 3120 W 4th Ave consisting of 41,569 SF was acquired by Smile-A-Mile (Jason Zook) about 18 months ago on 12/11/2019 for \$402,000, or \$9.67 PSF. The existing home was demolished at an estimated cost of \$10,000, which would bring the total investment in the land to \$9.91 PSF, which is very similar to the price being paid for SFR lots. A building for 26 units is currently under construction. The sale price is equivalent to \$15,846/dwelling unit.
- Lionell Singleton assembled four adjacent parcels beginning in 2016 in the vicinity of 1156 Columbia Park Trail near the Columbia Riverfront and is currently under construction with Phase I of the Vertisee Apartments, a 24-unit project. A summary of the assemblage is shown below.

**Vertisee Apartments
Land Sale Assemblage**

| | Parcel #1 | Parcel #2/#3 | Parcel #4 |
|--------------|-------------------|--|-------------------------|
| Address | Und'd | 1156 Columbia Park Trail | 1256 Montana |
| Tax ID | 13099200009000 | 130992000001000 and 130992020002012 | 130992020002013 |
| Size (AC) | 0.73999 | 1.20 <u>0.1836</u> 1.3836 | 0.4132 |
| Size (SF) | 32,234 | 52,272 <u>8,000</u> 60,272 | 18,000 |
| Zoning | WF, COR | WF, COR | WF, COR |
| MLS # | 205390 | Private | Private |
| Seller | Jim Baugh | Bissell, Larry G | Munley, John T & Brenda |
| Buyer | Lionell Singleton | Lionell Singleton | Lionell Singleton |
| Date of Sale | 02/29/2016 | 04/21/2016 | 12/13/2019 |
| Sale Price | \$140,000 | \$352,500 | \$282,500 |
| Recorded | 16K00950 | 2016-010843 | 2019-039830 |
| DOM | 265 | | |
| \$ PSF | \$4.34 | \$5.85 | \$15.69 |

The total investment (before demolition) was \$775,000 for 58,234 SF reflecting \$13.08 PSF average (the total number of units planned is unknown as there are future phases scheduled for both additional units and some commercial space; however, if a density of about 2,400 to 3,000 SF of land per dwelling unit is assumed, a total of 48 units could be built bringing the price to \$165,145 per dwelling unit). The rising price trend can be clearly seen between the 2016 and 2019 sales, a period of about 42 months. Parcel #1 was an interior parcel without frontage on a public right of way and when compared to Sale # 2/3 which did, a premium of about 35% can be attributable to the frontage. The last sale is much smaller and could reflect a premium attributable to an adjacent property owner and/or premium for a smaller parcel compared with a larger parcel, but in any event is indicative of rising prices.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Comparison to Subject

Density of development (# of units per acre) is expected to be high as land area per dwelling unit for the subject apartments are expected to be a fairly low given the urban nature of the project.

The pending sales are more similar in location, i.e., closer to the river, and reflect a higher density (lower SF of land per dwelling unit). While the sale price is not yet confirmed because they are in escrow and have not yet closed, it is expected to be at the high end of the range.

Based on the data analyzed, if the following averages were applied in valuing the subject property the following values could be calculated.

| Unit Price Indicators MultiFamily Land Sales | | | |
|---|--------------|---------------------------------------|--|
| | Average | Willows 285,318 SF (6.55 Acres) | Cable Greens, 139,239 SF (3.20 AC) |
| Avg Land SF Per Dwelling | 2,000 SF | 142 units | 69 |
| Sale Price Per AC | \$225,000/AC | \$1,473,750 | \$720,000 |
| Sale Price Per SF | \$5.00/SF | \$1,426,590 | \$696,195 |
| Sale Price Per Unit | \$13,000/DU | \$1,846,000 | \$897,000 |
| Average | 142 | \$1,582,113 | \$771,065 |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

MARKET STUDY

Top Residential Builders in the Tri-Cities

The Local PACMLS was reviewed for statistics on the top builders for the period January 2018 to June 30, 2021, with the results set out in the following tables for the top 25 builders. They were sorted in the following tables by A. Total Gross Sales; B. Total Number of Homes Sold; C. Total Average Sale Price; and D. Average Sale Price PSF. All builders reportedly have a strong reputation.

Top 25 SFR Builders – Tri-Cities, WA

January 2018 to June 30, 2021

A. Sorted by Gross Sales / # of Homes Built

| | Owner | # Sold | Gross Sales | Gross SF | Avg SF | PSF Avg | Avg \$/Home |
|----|-------------------------------|---------------|--------------------|-----------------|---------------|----------------|--------------------|
| 1 | Hayden Homes | 599 | \$ 191,703,406 | 1,137,978 | 1,900 | \$ 168 | \$ 320,039 |
| 2 | Pro Made Construction, LLC | 469 | \$ 153,651,448 | 799,475 | 1,705 | \$ 192 | \$ 327,615 |
| 3 | Pahlisch Homes | 198 | \$ 93,773,138 | 481,176 | 2,430 | \$ 195 | \$ 473,602 |
| 4 | P & R Construction | 214 | \$ 93,306,411 | 456,753 | 2,134 | \$ 204 | \$ 436,011 |
| 5 | Landmark | 216 | \$ 81,238,311 | 455,574 | 2,109 | \$ 178 | \$ 376,103 |
| 6 | Viking Builders | 237 | \$ 80,471,519 | 483,675 | 2,041 | \$ 166 | \$ 339,542 |
| 7 | New Tradition Homes | 174 | \$ 73,746,695 | 436,225 | 2,507 | \$ 169 | \$ 423,832 |
| 8 | Hammersstrom Const Inc | 99 | \$ 55,568,557 | 260,535 | 2,632 | \$ 213 | \$ 561,299 |
| 9 | Titan Homes | 94 | \$ 41,326,174 | 206,467 | 2,196 | \$ 200 | \$ 439,640 |
| 10 | Prodigy Homes | 61 | \$ 37,173,258 | 170,548 | 2,796 | \$ 218 | \$ 609,398 |
| 11 | Riverwood Homes | 68 | \$ 32,551,265 | 172,387 | 2,535 | \$ 189 | \$ 478,695 |
| 12 | Alderbrook Homes | 49 | \$ 25,035,907 | 121,267 | 2,475 | \$ 206 | \$ 510,937 |
| 13 | Sandhollow Homes | 61 | \$ 24,379,245 | 121,755 | 1,996 | \$ 200 | \$ 399,660 |
| 14 | Inspiration Builders | 46 | \$ 19,029,685 | 113,008 | 2,457 | \$ 168 | \$ 413,689 |
| 15 | Tanninen Custom Homes | 50 | \$ 18,624,005 | 90,810 | 1,816 | \$ 205 | \$ 372,480 |
| 16 | Olin Homes, LLC | 37 | \$ 12,940,227 | 77,527 | 2,095 | \$ 167 | \$ 349,736 |
| 17 | StoneCrest Builders | 19 | \$ 10,027,998 | 50,310 | 2,648 | \$ 199 | \$ 527,789 |
| 18 | Varsity Development | 25 | \$ 9,947,804 | 61,687 | 2,467 | \$ 161 | \$ 397,912 |
| 19 | TMT Homes (NW) LLC | 22 | \$ 9,921,763 | 49,976 | 2,272 | \$ 199 | \$ 450,989 |
| 20 | Brett Lott Homes | 17 | \$ 8,073,618 | 40,723 | 2,395 | \$ 198 | \$ 474,919 |
| 21 | Jennis Sawby Construction LLC | 11 | \$ 6,410,291 | 29,076 | 2,643 | \$ 220 | \$ 582,754 |
| 22 | Monogram Homes | 16 | \$ 5,775,370 | 28,211 | 1,763 | \$ 205 | \$ 360,961 |
| 23 | Ambience Homes | 16 | \$ 4,889,178 | 26,203 | 1,638 | \$ 187 | \$ 305,574 |
| 24 | Don Pratt Construction | 8 | \$ 4,497,366 | 21,128 | 2,641 | \$ 213 | \$ 562,171 |
| 25 | Septan Homes LLC | 9 | \$ 3,665,010 | 21,938 | 2,438 | \$ 167 | \$ 407,223 |
| | | 2,815 | \$ 1,097,727,649 | 5,914,412 | 2,101 | \$ 186 | \$ 389,957 |

The total quantity and gross sales numbers differs somewhat due to the fact that this year the “other” categories were included besides named subdivisions; and increasing production and pricing. It is also interesting to note that over the years the placement changes as builders come and go. For example, Hayden Homes and Pro Made Construction remain in 1st and 2nd place respectively, but Pahlisch Homes moved up from 5th and P&R moved up from 7th while Landmark dropped from 3rd and Viking dropped to 6th. It is also interesting to view the average home price and the price PSF which separates the more typical subdivision home from its custom home counterparts.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Top 25 SFR Builders – Tri-Cities, WA
January 2018 to June 30, 2021

B. Sorted by Total # of Homes Sold

| | Owner | # Sold | Gross Sales | Gross SF | Avg SF | PSF Avg | Avg \$/Home |
|----|-------------------------------|--------|------------------|-----------|--------|---------|-------------|
| 1 | Hayden Homes | 599 | \$ 191,703,406 | 1,137,978 | 1,900 | \$ 168 | \$ 320,039 |
| 2 | Pro Made Construction, LLC | 469 | \$ 153,651,448 | 799,475 | 1,705 | \$ 192 | \$ 327,615 |
| 3 | Viking Builders | 237 | \$ 80,471,519 | 483,675 | 2,041 | \$ 166 | \$ 339,542 |
| 4 | Landmark | 216 | \$ 81,238,311 | 455,574 | 2,109 | \$ 178 | \$ 376,103 |
| 5 | P & R Construction | 214 | \$ 93,306,411 | 456,753 | 2,134 | \$ 204 | \$ 436,011 |
| 6 | Pahilisch Homes | 198 | \$ 93,773,138 | 481,176 | 2,430 | \$ 195 | \$ 473,602 |
| 7 | New Tradition Homes | 174 | \$ 73,746,695 | 436,225 | 2,507 | \$ 169 | \$ 423,832 |
| 8 | Hammersrtrom Const Inc | 99 | \$ 55,568,557 | 260,535 | 2,632 | \$ 213 | \$ 561,299 |
| 9 | Titan Homes | 94 | \$ 41,326,174 | 206,467 | 2,196 | \$ 200 | \$ 439,640 |
| 10 | Riverwood Homes | 68 | \$ 32,551,265 | 172,387 | 2,535 | \$ 189 | \$ 478,695 |
| 11 | Sandhollow Homes | 61 | \$ 24,379,245 | 121,755 | 1,996 | \$ 200 | \$ 399,660 |
| 12 | Prodigy Homes | 61 | \$ 37,173,258 | 170,548 | 2,796 | \$ 218 | \$ 609,398 |
| 13 | Tanninen Custom Homes | 50 | \$ 18,624,005 | 90,810 | 1,816 | \$ 205 | \$ 372,480 |
| 14 | Alderbrook Homes | 49 | \$ 25,035,907 | 121,267 | 2,475 | \$ 206 | \$ 510,937 |
| 15 | Inspiration Builders | 46 | \$ 19,029,685 | 113,008 | 2,457 | \$ 168 | \$ 413,689 |
| 16 | Olin Homes, LLC | 37 | \$ 12,940,227 | 77,527 | 2,095 | \$ 167 | \$ 349,736 |
| 17 | Varsity Developement | 25 | \$ 9,947,804 | 61,687 | 2,467 | \$ 161 | \$ 397,912 |
| 18 | TMT Homes (NW) LLC | 22 | \$ 9,921,763 | 49,976 | 2,272 | \$ 199 | \$ 450,989 |
| 19 | StoneCrest Builders | 19 | \$ 10,027,998 | 50,310 | 2,648 | \$ 199 | \$ 527,789 |
| 20 | Brett Lott Homes | 17 | \$ 8,073,618 | 40,723 | 2,395 | \$ 198 | \$ 474,919 |
| 21 | Monogram Homes | 16 | \$ 5,775,370 | 28,211 | 1,763 | \$ 205 | \$ 360,961 |
| 22 | Ambience Homes | 16 | \$ 4,889,178 | 26,203 | 1,638 | \$ 187 | \$ 305,574 |
| 23 | Jennis Sawby Construction LLC | 11 | \$ 6,410,291 | 29,076 | 2,643 | \$ 220 | \$ 582,754 |
| 24 | Septan Homes LLC | 9 | \$ 3,665,010 | 21,938 | 2,438 | \$ 167 | \$ 407,223 |
| 25 | Don Pratt Construction | 8 | \$ 4,497,366 | 21,128 | 2,641 | \$ 213 | \$ 562,171 |
| | | 2,815 | \$ 1,097,727,649 | 5,914,412 | 2,101 | \$ 186 | \$ 389,957 |

Top 25 SFR Builders – Tri-Cities, WA
January 2018 to June 30, 2021

C. Sorted by Average Sale Price

| | Owner | # Sold | Gross Sales | Gross SF | Avg SF | PSF Avg | Avg \$/Home |
|----|-------------------------------|--------|------------------|-----------|--------|---------|-------------|
| 1 | Prodigy Homes | 61 | \$ 37,173,258 | 170,548 | 2,796 | \$ 218 | \$ 609,398 |
| 2 | Jennis Sawby Construction LLC | 11 | \$ 6,410,291 | 29,076 | 2,643 | \$ 220 | \$ 582,754 |
| 3 | Don Pratt Construction | 8 | \$ 4,497,366 | 21,128 | 2,641 | \$ 213 | \$ 562,171 |
| 4 | Hammersrtrom Const Inc | 99 | \$ 55,568,557 | 260,535 | 2,632 | \$ 213 | \$ 561,299 |
| 5 | StoneCrest Builders | 19 | \$ 10,027,998 | 50,310 | 2,648 | \$ 199 | \$ 527,789 |
| 6 | Alderbrook Homes | 49 | \$ 25,035,907 | 121,267 | 2,475 | \$ 206 | \$ 510,937 |
| 7 | Riverwood Homes | 68 | \$ 32,551,265 | 172,387 | 2,535 | \$ 189 | \$ 478,695 |
| 8 | Brett Lott Homes | 17 | \$ 8,073,618 | 40,723 | 2,395 | \$ 198 | \$ 474,919 |
| 9 | Pahilisch Homes | 198 | \$ 93,773,138 | 481,176 | 2,430 | \$ 195 | \$ 473,602 |
| 10 | TMT Homes (NW) LLC | 22 | \$ 9,921,763 | 49,976 | 2,272 | \$ 199 | \$ 450,989 |
| 11 | Titan Homes | 94 | \$ 41,326,174 | 206,467 | 2,196 | \$ 200 | \$ 439,640 |
| 12 | P & R Construction | 214 | \$ 93,306,411 | 456,753 | 2,134 | \$ 204 | \$ 436,011 |
| 13 | New Tradition Homes | 174 | \$ 73,746,695 | 436,225 | 2,507 | \$ 169 | \$ 423,832 |
| 14 | Inspiration Builders | 46 | \$ 19,029,685 | 113,008 | 2,457 | \$ 168 | \$ 413,689 |
| 15 | Septan Homes LLC | 9 | \$ 3,665,010 | 21,938 | 2,438 | \$ 167 | \$ 407,223 |
| 16 | Sandhollow Homes | 61 | \$ 24,379,245 | 121,755 | 1,996 | \$ 200 | \$ 399,660 |
| 17 | Varsity Developement | 25 | \$ 9,947,804 | 61,687 | 2,467 | \$ 161 | \$ 397,912 |
| 18 | Landmark | 216 | \$ 81,238,311 | 455,574 | 2,109 | \$ 178 | \$ 376,103 |
| 19 | Tanninen Custom Homes | 50 | \$ 18,624,005 | 90,810 | 1,816 | \$ 205 | \$ 372,480 |
| 20 | Monogram Homes | 16 | \$ 5,775,370 | 28,211 | 1,763 | \$ 205 | \$ 360,961 |
| 21 | Olin Homes, LLC | 37 | \$ 12,940,227 | 77,527 | 2,095 | \$ 167 | \$ 349,736 |
| 22 | Viking Builders | 237 | \$ 80,471,519 | 483,675 | 2,041 | \$ 166 | \$ 339,542 |
| 23 | Pro Made Construction, LLC | 469 | \$ 153,651,448 | 799,475 | 1,705 | \$ 192 | \$ 327,615 |
| 24 | Hayden Homes | 599 | \$ 191,703,406 | 1,137,978 | 1,900 | \$ 168 | \$ 320,039 |
| 25 | Ambience Homes | 16 | \$ 4,889,178 | 26,203 | 1,638 | \$ 187 | \$ 305,574 |
| | | 2,815 | \$ 1,097,727,649 | 5,914,412 | 2,101 | \$ 186 | \$ 389,957 |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Top 25 SFR Builders – Tri-Cities, WA
January 2018 to June 30, 2021

D. Sorted by Average \$ PSF

| | Owner | # Sold | Gross Sales | Gross SF | Avg SF | PSF Avg | Avg \$/Home |
|----|-------------------------------|---------------|--------------------|-----------------|---------------|----------------|--------------------|
| 2 | Dennis Sawby Construction LLC | 11 | \$ 6,410,291 | 29,076 | 2,643 | \$ 220 | \$ 582,754 |
| 1 | Prodigy Homes | 61 | \$ 37,173,258 | 170,548 | 2,796 | \$ 218 | \$ 609,398 |
| 4 | Hammersstrom Const Inc | 99 | \$ 55,568,557 | 260,535 | 2,632 | \$ 213 | \$ 561,299 |
| 3 | Don Pratt Construction | 8 | \$ 4,497,366 | 21,128 | 2,641 | \$ 213 | \$ 562,171 |
| 6 | Alderbrook Homes | 49 | \$ 25,035,907 | 121,267 | 2,475 | \$ 206 | \$ 510,937 |
| 19 | Tanninen Custom Homes | 50 | \$ 18,624,005 | 90,810 | 1,816 | \$ 205 | \$ 372,480 |
| 20 | Monogram Homes | 16 | \$ 5,775,370 | 28,211 | 1,763 | \$ 205 | \$ 360,961 |
| 12 | P & R Construction | 214 | \$ 93,306,411 | 456,753 | 2,134 | \$ 204 | \$ 436,011 |
| 16 | Sandhollow Homes | 61 | \$ 24,379,245 | 121,755 | 1,996 | \$ 200 | \$ 399,660 |
| 11 | Titan Homes | 94 | \$ 41,326,174 | 206,467 | 2,196 | \$ 200 | \$ 439,640 |
| 5 | StoneCrest Builders | 19 | \$ 10,027,998 | 50,310 | 2,648 | \$ 199 | \$ 527,789 |
| 10 | TMT Homes (NW) LLC | 22 | \$ 9,921,763 | 49,976 | 2,272 | \$ 199 | \$ 450,989 |
| 8 | Brett Lott Homes | 17 | \$ 8,073,618 | 40,723 | 2,395 | \$ 198 | \$ 474,919 |
| 9 | Pahilisch Homes | 198 | \$ 93,773,138 | 481,176 | 2,430 | \$ 195 | \$ 473,602 |
| 23 | Pro Made Construction, LLC | 469 | \$ 153,651,448 | 799,475 | 1,705 | \$ 192 | \$ 327,615 |
| 7 | Riverwood Homes | 68 | \$ 32,551,265 | 172,387 | 2,535 | \$ 189 | \$ 478,695 |
| 25 | Ambience Homes | 16 | \$ 4,889,178 | 26,203 | 1,638 | \$ 187 | \$ 305,574 |
| 18 | Landmark | 216 | \$ 81,238,311 | 455,574 | 2,109 | \$ 178 | \$ 376,103 |
| 13 | New Tradition Homes | 174 | \$ 73,746,695 | 436,225 | 2,507 | \$ 169 | \$ 423,832 |
| 24 | Hayden Homes | 599 | \$ 191,703,406 | 1,137,978 | 1,900 | \$ 168 | \$ 320,039 |
| 14 | Inspiration Builders | 46 | \$ 19,029,685 | 113,008 | 2,457 | \$ 168 | \$ 413,689 |
| 15 | Septan Homes LLC | 9 | \$ 3,665,010 | 21,938 | 2,438 | \$ 167 | \$ 407,223 |
| 21 | Olin Homes, LLC | 37 | \$ 12,940,227 | 77,527 | 2,095 | \$ 167 | \$ 349,736 |
| 22 | Viking Builders | 237 | \$ 80,471,519 | 483,675 | 2,041 | \$ 166 | \$ 339,542 |
| 17 | Varsity Developement | 25 | \$ 9,947,804 | 61,687 | 2,467 | \$ 161 | \$ 397,912 |
| | | 2,815 | \$ 1,097,727,649 | 5,914,412 | 2,101 | \$ 186 | \$ 389,957 |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

The following parcels are being valued herein.

| Summary of Properties Appraised Waterfront District As of June 30, 2021 | | | | | | | | | |
|---|-------------|-------------------|--------|-----------|--------------|---------|--------|-----------|--|
| Parcel Desig | Parcel # | Street | Zoning | Parcel SF | Parcel AC | Agg SF | Agg AC | Value | Assumptions |
| A - Willows | 13190303000 | | | | | | | | Assume 110,215 SF is Waterfront; and 135,330 SF is Interior; 7,500 SF reserved from the VMCT; balance is roadways ALREADY INSTALLED; assume utilities are at or near property line |
| | 1003 | 5 E Columbia Dr | UMU | 285,318 | 6.55 | 285,318 | 6.55 | | Assume 110,215 SF is Waterfront; and 135,330 SF is Interior; 7,500 SF reserved from the VMCT; balance is roadways ALREADY INSTALLED; assume utilities are at or near property line |
| | | | | | | | | | Assume 110,215 SF is Waterfront; and 135,330 SF is Interior; 7,500 SF reserved from the VMCT; balance is roadways INSTALLED BY BUYER; assume utilities are at or near property line |
| B - Cable Greens | 13190303010 | | | | | | | | |
| | 8000 | 551 E Columbia Dr | UMU | 110,642 | 2.54 | | | Value #4 | As Is; Assume shared parking |
| | 13190303010 | | | | | | | | |
| | 7003 | NKA E Columbia Dr | UMU | 28,597 | 0.6565 | 139,239 | 3.20 | | |
| Commercial Parcels | | | | | | | | | |
| Parcel #1 | 13190303010 | 227 E Columbia | | 22,215 | 0.51 | | | Value #5 | As Is; Assume shared parking |
| | 6009 | Gardens Way | UMU | | | 31,798 | 0.7300 | | |
| Parcel #2 | 13190303010 | 309 E Columbia | | 9,583 | 0.22 | | | Value #6 | As Is; Assume shared parking |
| | 6008 | Gardens Way | UMU | | | | | | |
| Parcel #3 | 13190303002 | | | 37,026 | 0.85 | | | Value #7 | As Is; Assume shared parking |
| | 5000 | 209 E Columbia Dr | UMU | | | 41,382 | 0.95 | | |
| Parcel #4 | 13190303001 | | | 4,356 | 0.1 | | | Value #8 | As Is; Assume shared parking |
| | 1003 | 215 E Columbia Dr | UMU | | | | | | |
| Parcel #5 | 13190303001 | 320 E Columbia | | 42,253 | 0.97 | 42,253 | 0.97 | Value #9 | As Is; Assume shared parking |
| Parcel #6 | 3003 | Gardens Way | UMU | | | | | Value #10 | Assume demised into two equal parcels with shared parking |
| Combined Totals | | | | | | 539,990 | 12.40 | | |

Included in the following sections are individual appraisal reports summarizing the analysis using the data compiled in this market analysis.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA


INDIVIDUAL APPRAISAL REPORTS

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Residential Parcel A
The Willows Parcel
Kennewick, WA

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | | |
|--|---|---|----------------------------|-------------------------------------|
|  <p>Form 120.05*</p> | Client File #: A. Willows | | Appraisal File #: 2021-260 | |
| | Appraisal Report · Land | | | |
| | Appraisal Company: Sandollar LLC Appraisal Group SEWA | | | |
| | Address: 2001 S Washington St, Kennewick, WA 99337 | | | |
| Phone: 509.628.9817 | | Fax: N/A | | Website: www.AppraisalGroupSEWA.com |
| Appraiser: Veronica R Griffith, MAI, CCIM | | | | |
| Co-Appraiser: Sonnia Renee King | | | | |
| AI Membership (if any): <input type="checkbox"/> SRA <input checked="" type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS | | AI Membership (if any): <input type="checkbox"/> SRA <input type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS | | |
| AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate | | AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate | | |
| Other Professional Affiliation: CCIM Designee | | | | |
| Email: appraisalgroupsewa@gmail.com | | | | |
| E-mail: appraisalgroupsewa@gmail.com | | | | |
| Client: Port Of Kennewick | | | | |
| Contact: Amber Hanchette, Director of Real Estate | | | | |
| Address: 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |
| Phone: 509.586.1186 | | Fax: N/A | | Email: Amber@PortofKennewick.org |
| SUBJECT PROPERTY IDENTIFICATION | | | | |
| Address: 5 E Columbia Dr | | | | |
| City: Kennewick | | County: Benton | State: WA | ZIP: 99336 |
| Legal Description: Section 31 Township 9 Range 30 Quarter SW; ALL THAT PORTION OF TRACT 4, REPLAT OF COLUMBIA GARDEN LYING BETWEEN THE NORTHERLY EXTENSION OF THE EAST AND WEST LINE OF LOT 5 OF SAID PLAT; EXCEPT (see full legal description in the addenda) | | | | |
| Tax Parcel #: 131903030001003 | | RE Taxes: 0 | | Tax Year: 2021 |
| Use of the Real Estate As of the Date of Value: Vacant Land | | | | |
| Use of the Real Estate Reflected in the Appraisal: Multi-Family Residential and Mixed Use Commercial | | | | |
| Opinion of highest and best use (if required): Multi-Family Residential, for sale or for rent, immediate development timeline | | | | |
| SUBJECT PROPERTY HISTORY | | | | |
| Owner of Record: Port of Kennewick | | | | |
| Description and analysis of sales within 3 years (minimum) prior to effective date of value: There have been no sales recorded of the property during the preceding three years. | | | | |
| Description and analysis of agreements of sale (contracts), listing, and options: N/A | | | | |
| RECONCILIATIONS AND CONCLUSIONS | | | | |
| Indication of Value by Sales Comparison Approach | | \$ See Reconciliation of Multiple Values in Comment Addenda | | |
| Indication of Value by Cost Approach | | \$ N/A | | |
| Indication of Value by Income Approach | | \$ N/A | | |
| Final Reconciliation of the Methods and Approaches to Value: Only the Sales Comparison Approach to value was utilized to estimate the value of the subject property. | | | | |
| Opinion of Value as of: 6/30/2021 | | \$ See Reconciliation | | |
| Exposure Time: Less than One Year | | | | |
| The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page. | | | | |

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-120.05 Appraisal Report - Land © Appraisal Institute 2017, All Rights Reserved

June 2017

Page 1 of 28

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|--------------------------------------|-------------------|------------|
| Client: | Port Of Kennewick | Client File #: | A. Willows |
| Subject Property: | 5 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

ASSIGNMENT PARAMETERS

Intended User(s): Client Only; no other intended users were identified at the time of engagement

Intended Use: Estimate the Market Value of the property As Is for a potential sale

The report is not intended by the appraiser for any other use by any other user.

Type of Value: Market Value As Is Effective Date of Value: 04/19/2021

Interest Appraised: ☒ Fee Simple ☐ Leasehold ☐ Other

Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) The client has requested multiple values including "Market Value As Is", and that the property be valued under a proposed breakdown of the subject property into two parts, i.e., a portion of the subject tax parcel which fronts along the southern alignment of Duffy's Pond, a retention basin south of the Columbia River (frontage); while the balance of the site has no frontage (interior). Thus, it is a hypothetical condition that the property is allocated as requested for purposes of this valuation.

Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.) Based on the assumption that the POK will offer the subject land for multi-family development of apartment style rentals with water views as well as townhome and garden units without water views; also that the UMU zoning does not dictate density; for this analysis the appraiser has used several newly built multi-family developments and found an average of 2,000 SF per unit. Using this on the subject site would allow for 142 units. The value could be different if this assumption were not used.

This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).

SCOPE OF WORK

Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.

| Scope of Subject Property Inspection/Data Sources Utilized | Approaches to Value Developed |
|---|--|
| Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: 06/30/2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Appraiser's proprietary database, MLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public records | Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: 06/30/2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Appraiser's proprietary database, MLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public record | Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| | Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |

Additional Scope of Work Comments: The client requested several different valuation scenarios (less 7,500 SF reserved for VMCT):
 Market value of the site (245,545 SF) "as is" and assuming it is allocated between waterfront and interior parcels by the client as follows:
 -- Market value of the subject waterfront property (110,215 SF) value PSF, assuming roads and utilities are installed by developer:
 -- Market value of the subject interior property (135,330 SF) value PSF, assuming roads and utilities are installed by developer:
 The values are discussed in the Reconciliation in the Comment Addendum included within the report.

Significant Real Property Appraisal Assistance: ☐ None ☒ Disclose Name(s) and contribution:
 Sonnia King, a licensee appraiser, assisted with the inspection, photography, initial research regarding subject property and potential land sales, confirmation of such data, and preliminary analysis. The final value conclusions however, were those of Veronica R Griffith, MAI, CCIM.

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|--------------------------------------|-------------------|------------|
| Client: | Port Of Kennewick | Client File #: | A. Willows |
| Subject Property: | 5 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| MARKET AREA ANALYSIS | | | | | | | | | | | |
|---|--|--|--|---|--|---|--|--|--|---|--|
| Location | | Built Up | | Growth | | Supply & Demand | | Value Trend | | Typical Marketing Time | |
| <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural | | <input type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input checked="" type="checkbox"/> Over 75% | | <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow | | <input checked="" type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input type="checkbox"/> Over Supply | | <input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Decreasing | | <input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months | |
| Neighborhood Single Family Profile | | | | Neighborhood Land Use | | | | Neighborhood Name : Historic Waterfront District in East Kennewick | | | |
| Price | | Age | | 1 Family | | Commercial | | PUD | | Condo | |
| 200K | | Low | | 1 | | 85 % | | 8 % | | HOA: \$ / | |
| 500K | | High | | 100 | | 2 % | | 2 % | | | |
| 250-300K | | Predominant | | 45 | | 3 % | | 5 % | | Amenities: | |
| <p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick in conjunction with the City of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River, Clover Island and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users. This project is designed to mix urban living and commercial business together with an increase of pedestrian traffic throughout the downtown area.</p> | | | | | | | | | | | |
| SITE ANALYSIS | | | | | | | | | | | |
| Dimensions: See Plat Map | | | | | | Area: 285,318 | | | | | |
| View: View of Duffy's Pond/ Clover Island and Columbia River | | | | | | Shape: Irregular | | | | | |
| Drainage: Appears Adequate | | | | | | Utility: Mult-Family Development | | | | | |
| Site Similarity/Conformity to Neighborhood | | | | | | | | | | | |
| Size: | | | | View: | | | | Zoning: UMU- Urban Mixed Use which is very permissive | | | |
| <input type="checkbox"/> Smaller than Typical <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Larger Than Typical | | | | <input checked="" type="checkbox"/> Favorable <input type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable | | | | <input type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal | | | |
| | | | | | | | | Convenants, Condition & Restrictions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input type="checkbox"/> No Ground Rent \$ 0 / 0 | | | |
| Utilities | | | | | | | | | | | |
| Electric | | <input checked="" type="checkbox"/> Public | | <input type="checkbox"/> Other | | Assume to the site | | Street | | <input checked="" type="checkbox"/> Public | |
| Gas | | <input type="checkbox"/> Public | | <input type="checkbox"/> Other | | | | Alley | | <input type="checkbox"/> Public | |
| Water | | <input checked="" type="checkbox"/> Public | | <input type="checkbox"/> Other | | Assume to the site | | Sidewalk | | <input checked="" type="checkbox"/> Public | |
| Sewer | | <input checked="" type="checkbox"/> Public | | <input type="checkbox"/> Other | | Assume to the site | | Street Lights | | <input checked="" type="checkbox"/> Public | |
| | | | | | | | | | | <input type="checkbox"/> Private | |
| | | | | | | | | | | <input type="checkbox"/> Private | |
| | | | | | | | | | | <input type="checkbox"/> Private | |
| | | | | | | | | | | <input type="checkbox"/> Private | |
| <p>Site description and characteristics: The site benefits from frontage to the north along the southern alignment of Duffy's Pond, a retention basin just south of the Columbia River managed by the City of Kennewick with the US Army Corps of Engineers. Adjacent to the west and east are vintage mobile home parks while development to the east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place. The site is mostly irregular, level and heavily treed. Previously the site was improved with a vintage mobile home park; all the former improvements have been removed although as shown on the aerial it is still possible to see the former roadways. A portion of the site (7,500 SF) is being reserved for the Veteran's Memorial Christmas Tree (VMCT) and thus this is excluded from value here, although the land area is used for calculation of density purposes.</p> | | | | | | | | | | | |
| HIGHEST AND BEST USE ANALYSIS | | | | | | | | | | | |
| <input type="checkbox"/> Present Use | | <input checked="" type="checkbox"/> Proposed Use | | <input type="checkbox"/> Other | | | | | | | |
| <p>Summary of highest and best use analysis: This is a larger parcel that would lend itself to subdivision for a variety of potential uses, but demand today is highest for residential development, either for sale or for rent depending on the buyer's perspective (i.e., long term vs short term investment). Residential land available for development is in exceedingly short supply; new apartments are being leased as soon as completed with rents rising; and new attached housing units are sold as soon as completed with prices rising. As previously stated, the site benefits from frontage along Duffy's Pond, for which a premium is attributable. Based on a market analysis, a project with an average density of 2,000 SF of land area per dwelling unit is considered financially feasible and the most financially feasible use from among others. There is no other legally permissible and physically possible use that would maximize the value of the site.</p> | | | | | | | | | | | |

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|--------------------------------------|-------------------|------------|
| Client: | Port Of Kennewick | Client File #: | A. Willows |
| Subject Property: | 5 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

SITE VALUATION

Site Valuation Methodology

- ☒ **Sales Comparison Approach:** A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.
- ☐ **Market Extraction:** A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.
- ☐ **Alternative Method:** (Describe methodology and rationale)

Site Valuation

| ITEM | SUBJECT | COMPARISON 1 | | COMPARISON 2 | | COMPARISON 3 | |
|------------------------------|--|---------------------------------------|----------------|---------------------------------------|------------------|---|------------------|
| Address | 5 E Columbia Dr Kennewick, WA 99336 | 3113 W 7th Ave Kennewick, WA | | 3120 W 4th Ave Kennewick, WA 99336 | | 1156 Columbia Park Trail Richland, WA, 99352 | |
| Proximity to Subject | | 2.37 miles W | | 2.35 miles W | | 6.00 miles W | |
| Data Source/ Verification | | TCH, Public Records Public Records | | Public Records Public Records | | Public Records Public Records | |
| Sales Price | \$ | \$ 300,000.00 | | \$ 402,000.00 | | \$ 775,000.00 | |
| Price/ Sq. Ft | \$ 0.00 | \$ 6.26 | | \$ 9.67 | | \$ 7.01 | |
| Sale Date | Current | 07/13/2020 | +0.62 | 12/11/2019 | +0.97 | 12/31/2019 | +0.70 |
| Location | Ben; Urban Mix | Average | Inferior | N;Res | Inferior | B; Urban Mix | Similar |
| Site Size | 285,318 | 47,916 | Minus | 41,569 | Minus | 110,506 | Similar |
| Site View | Ben; Waterfront | Average | Inferior | N;Res | Inferior | Ben; Water View | Similar |
| Site Improvements | None | 3 SFRs | Plus | SFR Demolished | Plus | None | Similar |
| Zoning | Urban Mixed Use | Res, Medium | Plus | RH; high dens | Plus | WF, Waterfrnt | Similar |
| Utilities | To the Site | To the Site | Similar | At the Street | Similar | At Street | Similar |
| # Units:SFLand/DU | 142 / 2000 SF | 15 / 3,194 SF | Inferior | 26 / 1,598 SF | Superior | 48 est / 2,506 SF | Inferior |
| Sale Price / DU | | \$20,000 | High Indicator | \$15,461 | Medium Indicator | \$16,000 Est | Medium Indicator |
| Comments | | | | | | Ph I U/C | |
| Net Adjustment | | X + - | \$ 0.62 | X + X - | \$ 0.97 | X + X - | \$ 0.70 |
| Indicated Value | | Net Adj. 10% | | Net Adj. 10% | | Net Adj. 10% | |
| | | Gross Adj. 10% | \$ 6.88 | Gross Adj. 10% | \$ 10.64 | Gross Adj. 10% | \$ 7.71 |
| Prior Transfer History | No sales within prior 3 yrs | No sales within prior 3 years | | No sales within prior 3 years | | No sales within prior 3 years | |

Site Valuation Comments: See Comment Addendum

Site Valuation Reconciliation: See Comment Addendum

Opinion of Site Value

\$ See Comment Addendum

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 EXTRA SITES 4-5-6

| | | | |
|-------------------|--------------------------------------|-------------------|------------|
| Client: | Port Of Kennewick | Client File #: | A. Willows |
| Subject Property: | 5 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

SITE EVALUATION**Site Valuation Methodology**

- ☒ **Sales Comparison Approach:** A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.
- ☐ **Market Extraction:** A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.
- ☐ **Alternative Method:** (Describe methodology and rationale)

Site Valuation

| ITEM | SUBJECT | COMPARISON 4 | COMPARISON 5 | COMPARISON 6 |
|---|--|--|---|---|
| Address | 5 E Columbia Dr Kennewick, WA 99336 | 650 George Wash. Way Richland, WA 99352 | S Quillan Pl / W 7th Ave Kennewick, WA 99336 | 5700-36 & 5701-35 W Albany Kennewick, WA |
| Proximity to Subject | | 8.58 miles W | 3.43 miles SW | 3.69 miles W |
| Data Source/ Verification | | Public Records Public Records | TCH / Public Records Public Records | TCH / Public Records Public Records |
| Sales Price | \$ | \$ 501,939.00 | \$ 287,123.00 | \$ 600,000.00 |
| Price/ Sq. Ft | \$ 0.00 | \$ 4.20 | \$ 2.25 | \$ 4.01 |
| Sale Date | | 3/4/2019 | 08/17/2018 | 06/28/2018 |
| | | +0.84 | +0.45 | +0.80 |
| Location | Ben; Urban Mix | Ben; Urban Mix | Average | Inferior |
| Site Size | 285,318 | 119,512 | 127,452 | 149,715 |
| Site View | Ben; Waterfront | Ben; Water View | Average | Inferior |
| Site Improvements | None | None | None | None |
| | | Very Inferior | Similar | Similar |
| Zoning | Urban Mixed Use | CBD CtrBusDist | Res, Med | Res, Med |
| Utilities | To the Site | At the Street | To the Site | To the Site |
| # Units:SFLand/DU | 142 / 2000 SF | 106 / 1,127 SF | 30 / 4,248 | 44 / 3,403 |
| Sale Price / DU | | \$4,735 | \$9,571 | \$13,636 |
| | | Low Indicator | Low Indicator | Medium Indicator |
| Comments | | | | |
| Net Adjustment | | X + - \$ 0.84 | X + - \$ 0.45 | X + - \$ 0.80 |
| Indicated Value | | Net Adj. 20% Gross Adj. 20% \$ 5.04 | Net Adj. 20% Gross Adj. 20% \$ 2.70 | Net Adj. 20% Gross Adj. 20% \$ 4.81 |
| Prior Transfer History | No sales within prior 3 years | No sales within prior 3 years | No sales within prior 3 years | No sales within prior 3 years |
| Site Valuation Comments: See Comment Addendum | | | | |
| Site Valuation Reconciliation: See Comment Addendum | | | | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 EXTRA SITES 7-8-9

| | | | |
|-------------------|--------------------------------------|-------------------|------------|
| Client: | Port Of Kennewick | Client File #: | A. Willows |
| Subject Property: | 5 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| SITE EVALUATION | | | | | | | | | |
|---|--|--|---------------|--------------------|---------|---------------|----|---------------|------|
| Site Valuation Methodology | | | | | | | | | |
| <input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available. | | | | | | | | | |
| <input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property. | | | | | | | | | |
| <input type="checkbox"/> Alternative Method: (Describe methodology and rationale) | | | | | | | | | |
| Site Valuation | | | | | | | | | |
| ITEM | SUBJECT | COMPARISON 7 | | COMPARISON 8 | | COMPARISON 9 | | | |
| Address | 5 E Columbia Dr Kennewick, WA 99336 | 19 W Canal Kennewick, WA 99336 | | | | | | | |
| Proximity to Subject | | 0.22 miles S | | | | | | | |
| Data Source/ Verification | | MLS; Public Recs; Retrospect Public Records | | | | | | | |
| Sales Price | \$ | | \$ 755,458.00 | | \$ | | \$ | | |
| Price/ Sq. Ft | \$ 0.00 | | \$ 25.67 | | \$ | | \$ | | |
| Sale Date | | 02/18 to 08/19 | | | | | | | |
| Location | Ben; Urban Mix | CBD | | Similar | | | | | |
| Site Size | 285,318 | 29,430 | | Very Different | | | | | |
| Site View | Ben; Waterfront | CBD | | Inferior | | | | | |
| Site Improvements | None | To be Demolished | | Inferior | | | | | |
| Zoning | Urban Mixed Use | CBD | | Inferior | | | | | |
| Utilities | To the Site | To the Site | | Similar | | | | | |
| # Units:SFLand/DU | 142 / 2000 SF | 28 DU / 1051 SF | | Superior | | | | | |
| Sale Price / DU | | \$13,636 | | Moderate Indicator | | | | | |
| Comments | | | | | | | | | |
| | | Assemblage | | | | | | | |
| Net Adjustment | | X | + | - | \$ 2.50 | X | + | - | \$ 0 |
| Indicated Value | | Net Adj. 10% | | Net Adj. 0% | | Net Adj. 0% | | Net Adj. 0% | |
| | | Gross Adj. 10% | | Gross Adj. 0% | | Gross Adj. 0% | | Gross Adj. 0% | |
| Prior Transfer History | No sales recorded in last 3 years | No sales in prior 3 years | | | | | | | |
| Site Valuation Comments: See Comment Addendum | | | | | | | | | |
| | | | | | | | | | |
| Site Valuation Reconciliation: See Comment Addendum | | | | | | | | | |

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Subject is considered very unique in that it is a 6.55-acre site with frontage along the eastern right of way of Clover Island Drive on its western boundary which can provide excellent access, and frontage along the southern alignment of Duffy's Pond, a retention basin between subject and Clover Island and the adjacent Columbia River. It is actually shovel ready for development and appropriately zoned for a variety of development prospects. The site's previous use as a trailer park is still evident from review of an aerial and (although the improvements have been removed) and there are additional vintage trailer parks to the east and west across Clover Island Dr.

The location within a vintage neighborhood which is slowly being re-developed can be perceived as somewhat challenging, but the following was considered.

- Directly across the river in the vintage City of Pasco along the northern alignment of the Columbia River is a brand-new project known as the River Walk Apartments. Phase I is complete and the next buildings are currently under construction. The units are reportedly leasing as quickly as they are finished, and while it has frontage along the river, that project is similarly impacted by aging industrial development along WA Street and similar vintage and entry level residential housing around the perimeter.
- A similar phenomenon can be found when reviewing Sale #3 which will have some river-view units. Its unit price of \$16,146 per dwelling unit would need to be factored upward to account that the parcels were assembled over time.
- The projected prices of the pending sales are reported between \$15,000 and \$20,000 for a site location that would be considered superior.
- Rental rates are at the high end for newly completed riverfront units when compared to non-riverfront units.

Thus, the location is not considered a negative, but neutral factor.

Demand for residential housing in this market is at the highest point in history with rising rental rates and the lowest vacancy rates for rental units; and given the lack of available land, developers are now starting to look at attached "for sale" housing as being a more affordable alternative to first time homebuyers.

Given the parcel zoning, physical characteristics and size, the highest and best use was determined to be residential use, either construction of for sale townhouse style units, or construction of rental units, depending on the buyer's investment criteria. Both markets today are extremely strong, with no shovel ready sites available for development. Most development today requires a re-zoning and creation of the appropriate infrastructure.

The seven sales of land presented range from one to three acres, smaller than subject (there were larger sales, but it was believed that they were too stale). The small size of recent sale transactions reflects the lack of larger parcels in the market today and in the market's view today, the larger size likely is worth a premium rather than a discount. Density varies from 1,127 to 3,403 SF with one outlier at 4,248 SF of land area per dwelling unit or 12 to 38 units per acre with an average of 2,061 sf per dwelling unit (or 21 units per acre).

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Prices were reviewed based on three common units of comparison, i.e., sale price per dwelling unit, sale price per SF of land area, and sale price per acre and the ranges and averages are summarized in the table accompanying this section of the report. The most meaningful unit of comparison was considered density, or the number of dwelling units that can be developed per acre.

**Average Unit Price Indicators
MultiFamily Land Sales**

| | Average |
|--|--------------|
| Avg Land SF Per Dwelling | 2,000 SF |
| Sale Price Per AC | \$225,000/AC |
| Sale Price Per SF | \$5.00/SF |
| Sale Price Per Unit | \$13,000/DU |
| Subject Potential Buildable Dwelling Units at 2,000 SF Per Dwelling Unit | 142 |

The two pending sales in Richland, a superior location, are reportedly in escrow for amounts that would be equivalent to \$15,000 to \$20,000 per dwelling unit while the average reflected in the table is \$13,000 per unit. Their density will be high at 1,529 SF of land area per dwelling unit, or 28 units per acre with a 33% premium attributable to the waterfront parcel.

Another measurement of premium attributable to waterfront units can be found in differences in rents themselves for completed units comparing those with a water view and those without. Rental rates are typically about 10% to 15% higher for the better views.

Sale #1 is the most recent sale (about one year ago) and its location is very similar to that of Sale #2 and Sale #5, #6 and #7, none of which benefit from any proximity to the river. An upward adjustment would be required for that feature. And while 15 units are currently being developed for Sale #1, there might be an opportunity to do another smaller building which would affect the density and sale price per dwelling unit.

Sale #3 is also considered fairly similar to subject despite its smaller size as it is in a vintage neighborhood with access to the Columbia River, and the assembled price is calculated at \$16,146 per dwelling unit. Only the first 24 units are under construction and the number of units in Phase II has not been announced, although it is assumed to be similar bringing the total to 48 units (this is how the density was calculated).

Sale #4, The Park Place Apartments, was finally discarded from further consideration; the project included both the apartments and 10,000 SF of commercial space and an elevated midrise structure was constructed with underground parking. The site was actually a "pit" that would have required fill at considerable expense had a use permitting use of the below ground space for a parking garage not been found.

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Sales #5 and #6 were included even though they were for attached “for sale” housing. The two sites sold within two months of each other and were very similar in size, but densities were quite different, and displayed the highest amount of land area per dwelling unit.

Sale #7, for The Sunset Ridge Apartments in February of 2018 was included to illustrate the rising price trend when compared with Sales #1 and #2 in the same neighborhood 18 and 24 months later.

Summary

After consideration of all the data, most emphasis has been placed on the sale price per dwelling unit as this was felt to be the most appropriate unit of comparison.

Sale #3 at \$16,146 per dwelling unit is the most similar in terms of location within a vintage neighborhood with similar proximity to the river; however, the demographics are superior. The pending sales at Columbia Point are also considered in the final reconciliation along with the somewhat stale sale #3 on Columbia Park Trail. An average price of \$15,000 per dwelling unit has been reconciled. However, some of the land can be considered waterfront while the balance of the property is interior.

Valuation Request

The client has specified that the valuation should consider the following scenarios. It is assumed that the density will equate to 2,000 SF of land area per dwelling unit. On this basis it can be concluded that a combined total of 142 units could be developed ($283,318 / 2,000 = 142$ (RD) based on the GROSS land area of the site.

Assumptions: Assume a total area of 110,215 SF (45%) is waterfront and 135,330 SF (55%) is interior for a total of 245,545 SF net of roadways ($283,318 - 245,545 = 37,743$ SF attributable to roadways). Thus, 64 units would be waterfront and 78 units would be interior units.

Value #1 / #2 – Assuming Developer/Buyer installs infrastructure (site is as is),

- What is the waterfront property value (64 units)?
- What is the interior property value (78 units)?

Value #3 / #4 – Assuming Seller installs infrastructure

- What is the waterfront property value (64 units)?
- What is the interior property value (78 units)?

Values #1 and #2

This is the market value “as is”. It was previously found that with regard to the pending sales in Richland’s Columbia Pointe, the frontage piece, based on assessed values, was worth about a 33% premium when compared to the parcel across Bradley Blvd. lacking frontage. This appraiser has also appraised many custom home sites on river frontage sites compared to interior sites and found that a 25% to 40% premium was typical. For purposes of this analysis, a 30% premium will be considered between the waterfront and interior parcels.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

The value of the interior parcel has been calculated at \$12,750 while the value of the waterfront units has been calculated as \$16,575. On this basis, the following values can be calculated.

| | | |
|----------------------------------|--------------|-----------------------|
| 64 units of waterfront site | @ \$16,575 = | \$1,060,000 |
| <u>78 units of interior site</u> | @ \$12,750 = | <u>\$ 994,500</u> |
| 142 units combined | @ \$14,468 = | \$2,054,500 |
| | | \$2,055,000 (Rounded) |

Values #3 and #4

The cost to install the infrastructure has not been provided by the Client and is beyond the scope of this assignment to accurately calculate. Marshall Swift Valuation Service is a national cost index and was consulted for this portion of this assignment but found the choices were too wide ranging in terms of type of construction to provide much assistance.

If the Client has an estimate of the cost to improve the site with roadways to it specifications, this cost could be grossed up to add an entrepreneurial profit of say 15% to 20% and added to the Market Value As Is above.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|-------------------|-------------------|------------|
| Client: | Port Of Kennewick | Client File #: | A. Willows |
| Subject Property: | 5 E Columbia Dr | Appraisal File #: | 2021-260 |

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below)

☐ Alternate Value Definition (attached)

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

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

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-900.05 Certification, Assumptions and Limiting Conditions © Appraisal Institute 2017, All Rights Reserved

June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|-------------------|-------------------|------------|
| Client: | Port Of Kennewick | Client File #: | A. Willows |
| Subject Property: | 5 E Columbia Dr | Appraisal File #: | 2021-260 |

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☒ None ☐ Name(s) Sonnia R King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

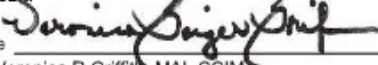
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

Report Date

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature

Name Sonnica Renee King

Report Date

Trainee ☒ Licensed ☐ Certified Residential ☐ Certified General ☐

License # 1101758 State WA

Expiration Date 11/15/2021

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-900.05 Certification, Assumptions and Limiting Conditions © Appraisal Institute 2017, All Rights Reserved

June 2017

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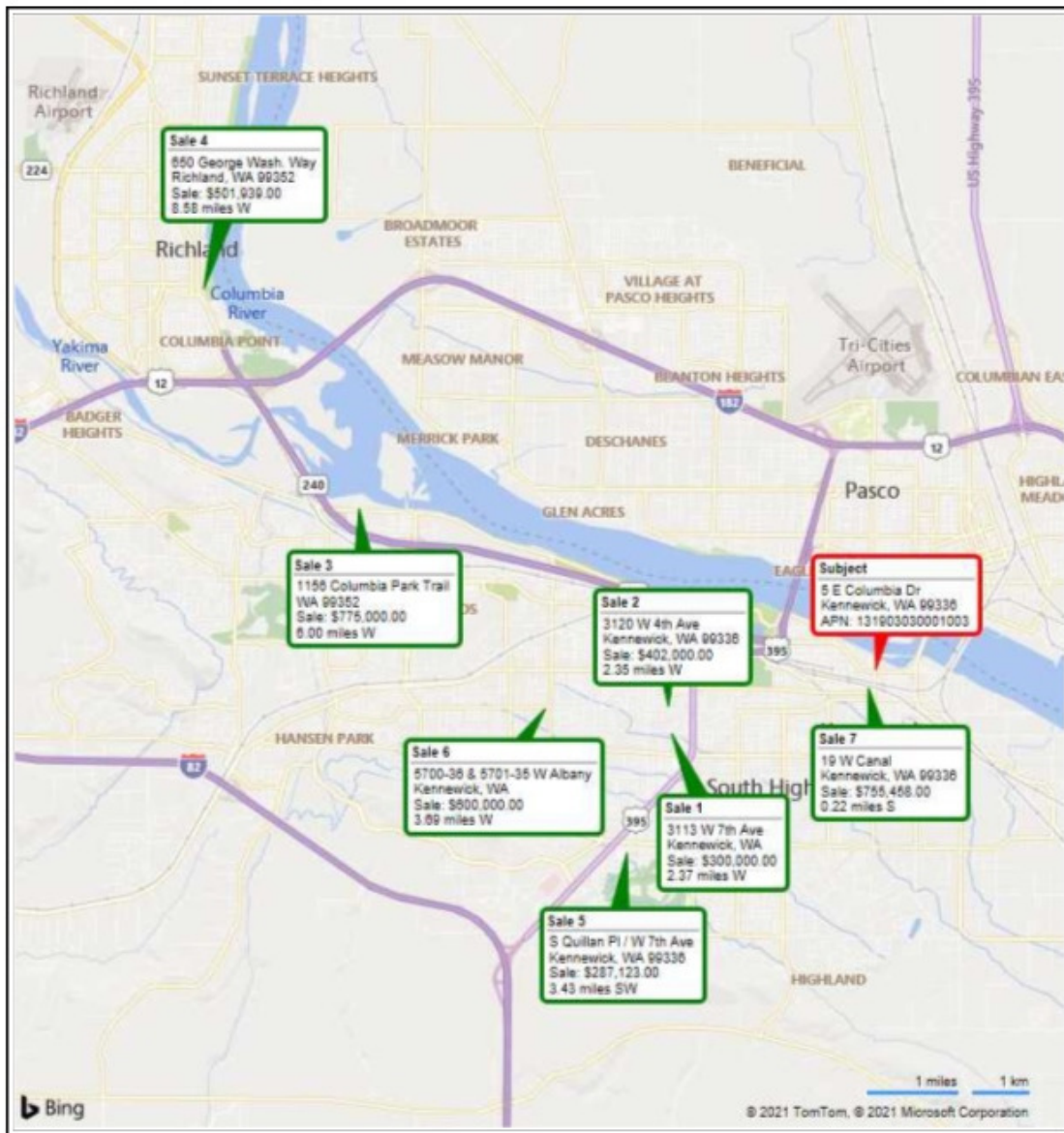
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Subject & Comparables

File No. 2021-260
Case No. A. Willows

| | | | | | | | |
|------------------|-------------------|--------|---------|---|----|----------|-------|
| Borrower | N/A | | | | | | |
| Property Address | 5 E Columbia Dr | | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Lender/Client | Port Of Kennewick | | Address | 350 N Clover Island Dr #200 , Kennewick, WA | | | 99336 |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. A. Willows

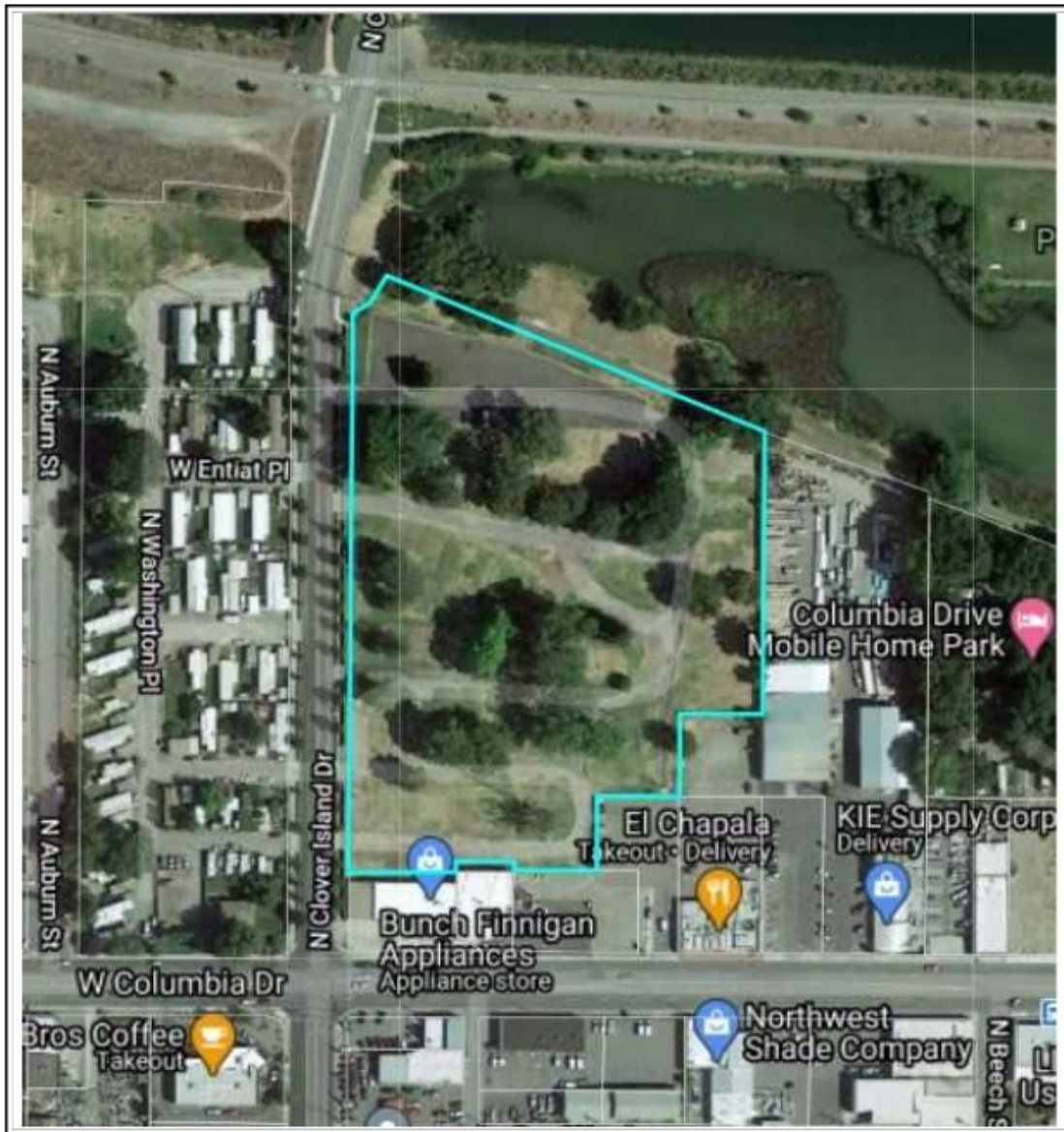
| | | | | | |
|----------------------------------|---------------|---|----------------|--|--|
| Owner Port of Kennewick | | | | | |
| Property Address 5 E Columbia Dr | | | | | |
| City Kennewick | County Benton | State WA | Zip Code 99336 | | |
| Client Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Assessor's Aerial (Source: County Assessor) File No. 2021-260
Case No. A. Willows

| | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 5 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Street (Source: STDB)

File No. 2021-260
Case No. A. Willows

| | | | | | | |
|------------------|-------------------|---|--------|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 5 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Aerial (Source: Google Maps)

File No. 2021-260
Case No. A. Willows

| | | | | | | |
|------------------|-------------------|---|--------|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 5 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | | |



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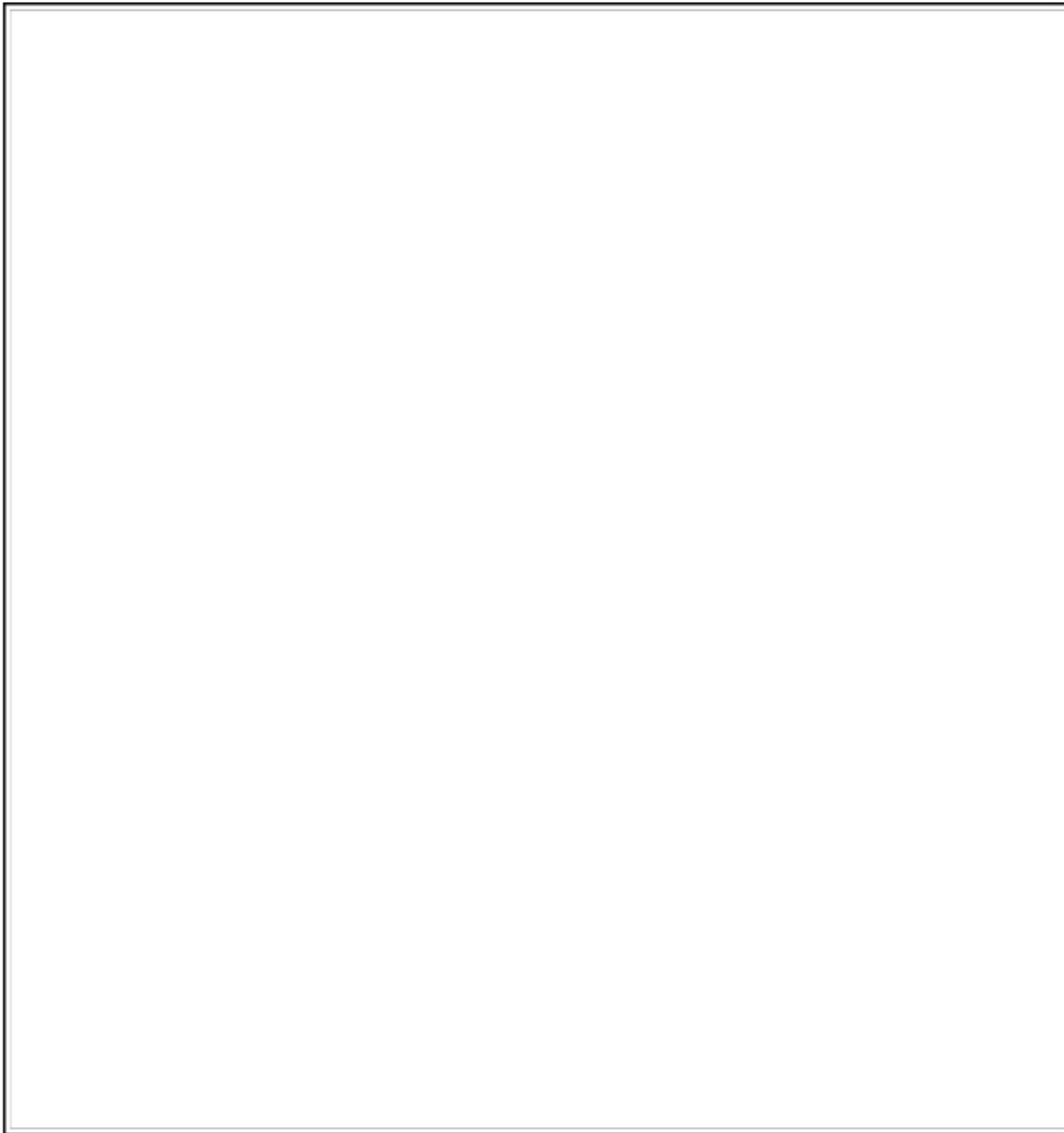
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Flood (Source: Riskmeter)

File No. 2021-260
Case No. A. Willows

| | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 5 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | |



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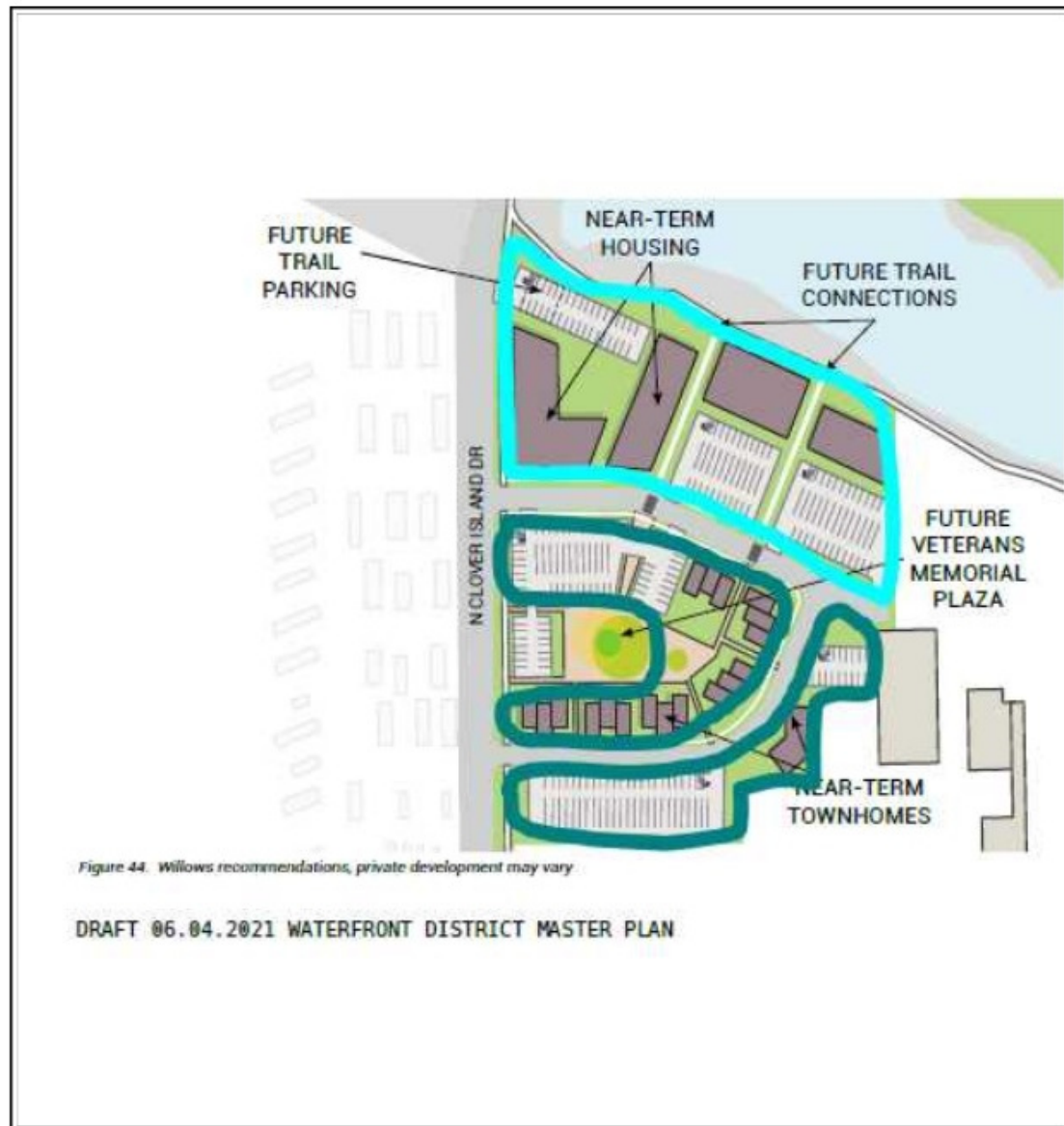
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Flood Certificate

File No. 2021-260
Case No. A. Willows

| | | | | | | |
|------------------|-------------------|---|--------|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 5 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | | |



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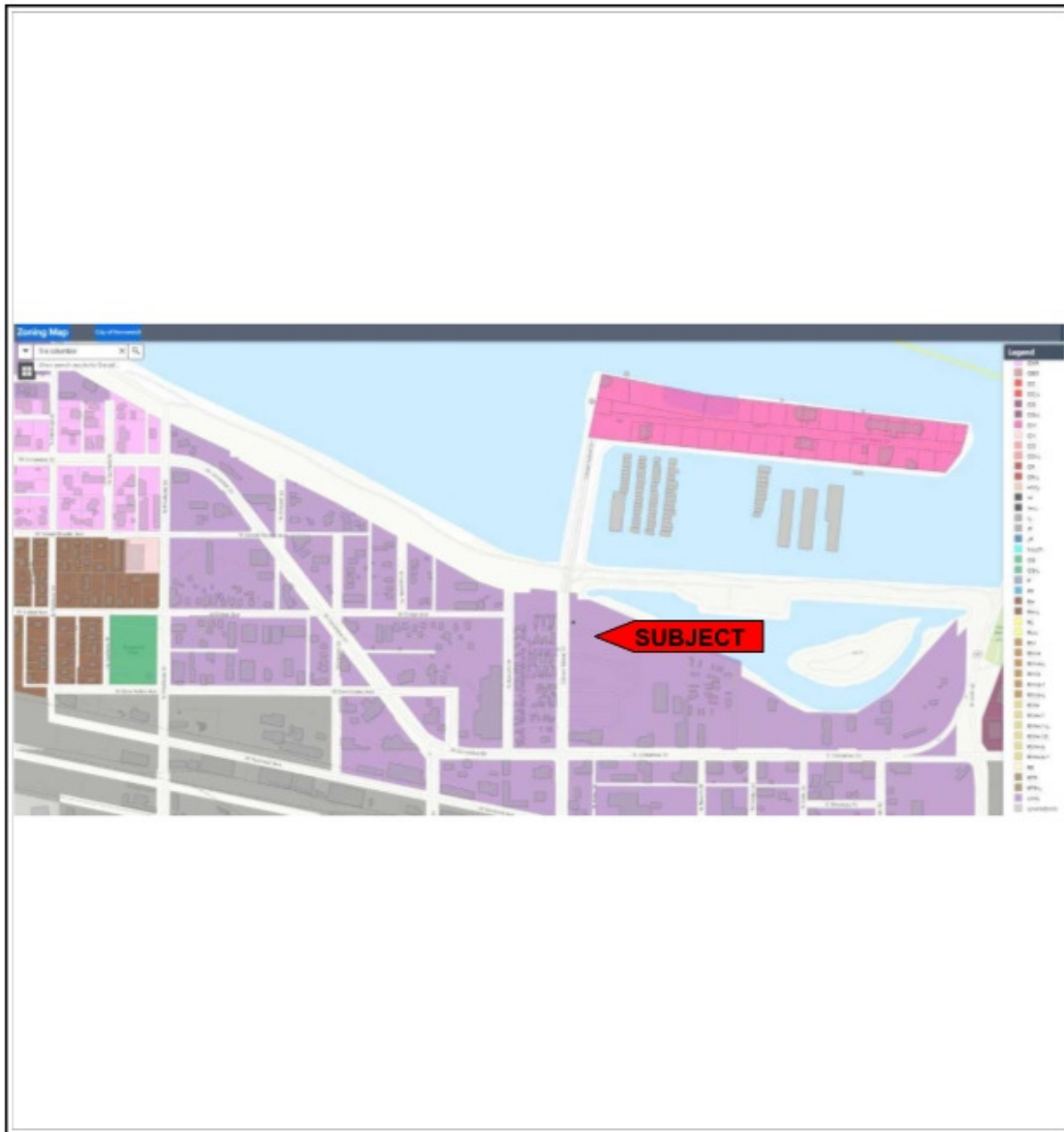
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Zoning Map (Source: City or County Records)

File No. 2021-260
Case No. A. Willows

| | | | | | | |
|------------------|-------------------|---|--------|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 5 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Legal Description - Page 2

File No. 2021-260
Case No. A. Willows

| | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 5 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | |

Benton County Property Search

Property Search Results > 280098 PORT OF KENNEWICK for Year 2021 - 2022

Property

| Account | Abbreviated Legal Description: |
|---------------------|--|
| Property ID: 280098 | <p>Section 31 Township 9 Range 30 Quarter 590; ALL THAT PORTION OF TRACT 4, REPLAT OF COLUMBIA GARDEN LYING BETWEEN THE NORTHERLY EXTENSION OF THE EAST AND WEST LINE OF LOT 5 OF SAID PLAT, EXCEPT THE SOUTH 100 FEET THEREOF AND EXCEPT PORTION CONVEYED TO U.S.A. FOR MCNARY DAM PURPOSES, AND THOSE PORTIONS OF LOTS 1, 2 AND 3, AND TRACTS 3 AND 4, ALL IN REPLAT OF COLUMBIA GARDENS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 2 OF PLATS, PAGE 92, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS: PARCEL 1 - LOT 1, EXCEPTING THEREFROM THE SOUTHERLY 95 FEET THEREOF; PARCEL 2 - LOT 2, EXCEPTING THEREFROM: THAT PORTION OF THE SOUTHERLY 95 FEET OF SAID LOT 2, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF LOT 2; THENCE NORTHERLY ALONG THE WESTERLY BOUNDARY LINE OF LOT 2, A DISTANCE OF 95 FEET; THENCE EASTERLY AND PARALLEL WITH THE SOUTHERLY BOUNDARY LINE OF LOT 2, A DISTANCE OF 30 FEET; THENCE SOUTHERLY AND PARALLEL WITH SAID WESTERLY BOUNDARY LINE, A DISTANCE OF 78 FEET; THENCE SOUTHEASTERLY 37 FEET, MORE OR LESS, TO A POINT ON SAID SOUTHERLY BOUNDARY LINE WHICH IS DISTANT THEREOF 60 FEET FROM SAID SOUTHWEST CORNER OF LOT 2; THENCE WESTERLY ALONG SAID SOUTHERLY BOUNDARY LINE A DISTANCE OF 60 FEET TO THE POINT OF BEGINNING. THAT PORTION OF THE SOUTHERLY 110 FEET OF SAID LOT 2, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF LOT 2; THENCE NORTHERLY ALONG THE EASTERLY BOUNDARY LINE OF LOT 2, A DISTANCE OF 110 FEET; THENCE WESTERLY AND PARALLEL WITH THE SOUTHERLY BOUNDARY LINE OF LOT 2, A DISTANCE OF 70 FEET; THENCE SOUTHERLY AND PARALLEL WITH SAID EASTERLY BOUNDARY LINE, A DISTANCE OF 89 FEET; THENCE SOUTHEASTERLY 37 FEET, MORE OR LESS, TO A POINT ON SAID SOUTHERLY BOUNDARY LINE WHICH IS DISTANT THEREOF 40 FEET FROM SAID SOUTHEAST CORNER OF LOT 2; THENCE EASTERLY ALONG SAID SOUTHERLY BOUNDARY LINE, A DISTANCE OF 40 FEET TO THE POINT OF BEGINNING. PARCEL 3 - LOT 3, EXCEPTING THEREFROM THE SOUTHERLY 110 FEET THEREOF; PARCEL 4 - TRACT 3 AND THAT PORTION OF TRACT 4 LYING WESTERLY OF THE NORTHERLY PRODUCTION OF THE EASTERLY BOUNDARY LINE OF LOT 4 OF SAID REPLAT OF COLUMBIA GARDENS. EXCEPTING THEREFROM THOSE PORTIONS OF TRACT 3 AND 4 CONVEYED BY STANDARD OIL COMPANY OF CALIFORNIA TO THE UNITED STATES OF AMERICA BY DEED DATED MAY 8, 1952 AND RECORDED JULY 7, 1952 IN BOOK 110 OF DEEDS, AT PAGE 669, RECORDS OF SAID COUNTY; QCD, AF #2004-006182 (2/25/04). Re-record to correct legal of AF #2002-042622.</p> |

| | | | |
|-----------------------------|-----------------|-------------------|--------|
| Parcel # / Geo ID: | 131903030001003 | Agent Code: | |
| Type: | Real | Land Use Code | 15 |
| Tax Area: | K1 - K1 | DFL | N |
| Open Space: | N | Remodel Property: | N |
| Historic Property: | N | | |
| Multi-Family Redevelopment: | N | | |
| Township: | 09 | Section: | 31 |
| Range: | 30 | Legal Acres: | 6.5500 |

| | | | |
|------------------|--|------------|--|
| Location | | Map | |
| Address: | 5 E COLUMBIA DR KENNEWICK, WA 99336 | Map No: | |
| Neighborhood: | Middlebelt | Map ID: | |
| Neighborhood CD: | 620420 | | |

| | | | |
|------------------|---|------------------|-----------------|
| Owner | | Owner ID: | |
| Name: | PORT OF KENNEWICK | Owner ID: | 126941 |
| Mailing Address: | 101 CLOVER ISLAND DR KENNEWICK, WA 99336 | % Ownership: | 100.0000000000% |

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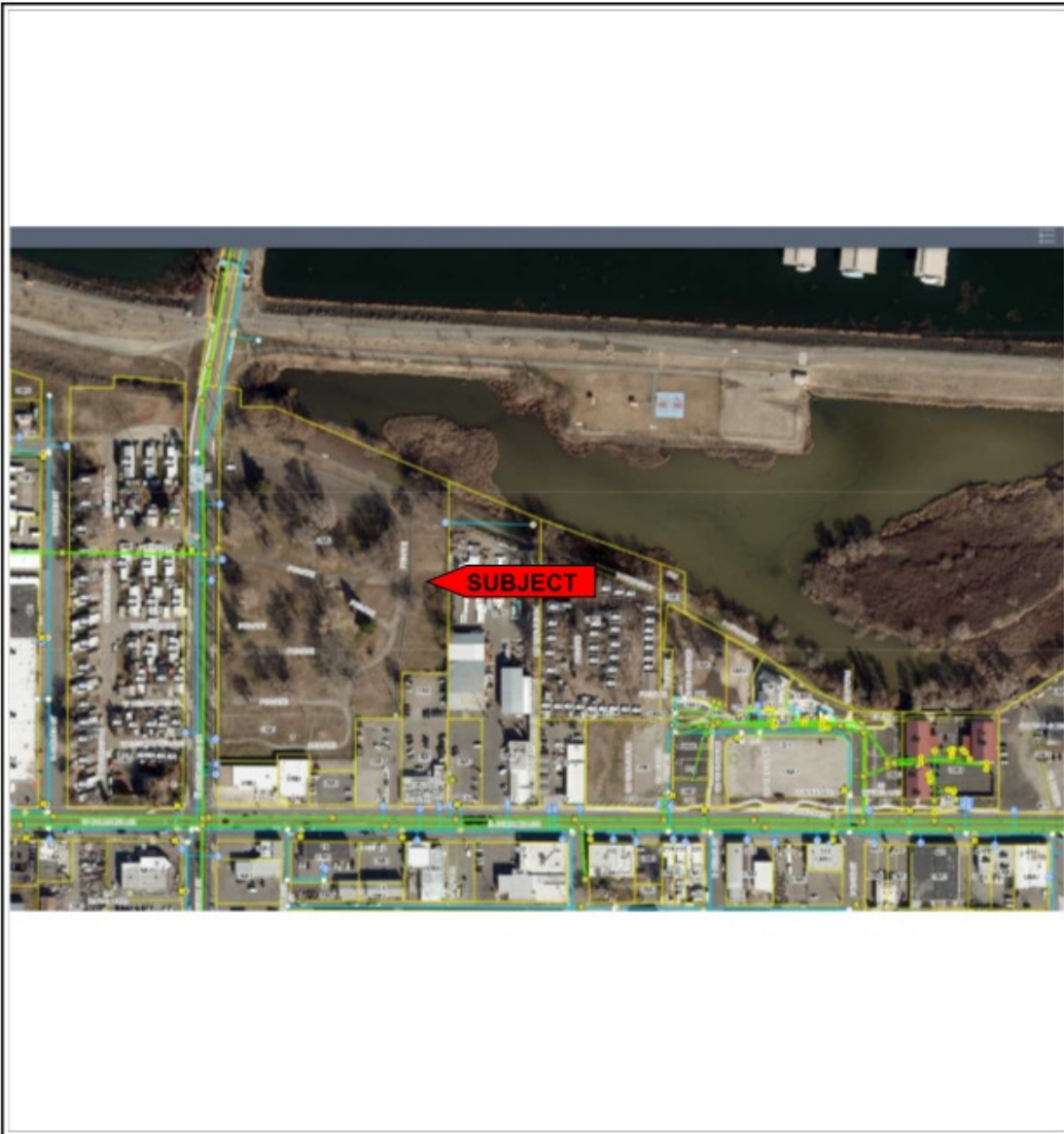
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Plat Map (Source: County Records)

File No. 2021-260
Case No. A. Willows

| | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 5 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Statement of Qualifications for
Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

| | | |
|------------------|---|--|
| May, 1988 | St. Louis University St. Louis, MO | Graduated Cum Laude; Major in Business Management with Minor in Communications |
|------------------|---|--|

PROFESSIONAL EXPERIENCE

| | | |
|---|--|--|
| 2014 - Now | Sandollar LLC Appraisal Group SEWA | Owner/Principal |
|  | Private practice firm specializing in <i>appraisal, appraisal review and consulting</i> for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired). | |
| 2004 - 2014 | Sandollar Realty Advisors Tri-Cities (Kennewick, Pasco & Richland), WA | Owner/Principal |
|  | Private practice specializing in (1) <i>appraisal, appraisal review and litigation support</i> for all types of commercial real estate property for a variety of institutional and attorney clients; (2) commercial real estate brokerage (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) <i>education, curriculum development, and regulatory compliance</i> for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007. | |
| 1991 – 2004 | Bank One Corporation (now JPMorgan Chase), Phoenix, AZ | SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG) |
| | <p>Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45± full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:</p> <ul style="list-style-type: none"> • Bank policies for Board of Director action in response to a changing regulatory environment; • Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually; • Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually; • Internet (for 3rd party vendor use) and intranet (for internal bank use); • Appraisal management tracking database software; • Company wide training program for all bankers, underwriters, credit administration staff, etc.; and • Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana). | |
| 1990 - 1991 | RTC (Western Savings & Loan), Phoenix, AZ | VP, Chief Appraiser Real Estate Appraisal Department |
| | Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions. | |

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

| | | |
|--------------------|---|--|
| 1988 – 1990 | Sandollar Realty Advisors Corp. St. Louis, MO | <i>Principal, Senior Appraiser & Broker</i> |
| | Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues. | |
| 1984 – 1988 | Buckles & Associates St. Louis, MO | <i>VP, Senior Commercial Appraiser</i> |
| | Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties. | |

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State *Certified General Real Estate Appraiser* (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State *Real Estate Broker* (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2021-260
Case No. A. Willows

| | | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------|-------|
| Borrower | N/A | | | | | | |
| Property Address | 5 E Columbia Dr | | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

E&O Insurance

File No. 2021-260

Case No. A. Willows

Borrower N/A

Property Address 5 E Columbia Dr

City Kennewick

County

Benton

State WA

Zip Code

99336

Lender/Client Port Of Kennewick

Address 350 N Clover Island Dr #200, Kennewick, WA 99336



DECLARATIONS
for
**REAL ESTATE PROFESSIONAL
ERRORS & OMISSIONS INSURANCE POLICY**

THIS IS A CLAIMS MADE INSURANCE POLICY.

THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD. ALL CLAIMS MUST BE REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR WITHIN SIXTY (60) DAYS AFTER THE END OF THE POLICY PERIOD.

Insurance is afforded by the company indicated below: (A capital stock corporation)

☒ Great American Assurance Company

Note: The Insurance Company selected above shall herein be referred to as the Company.

Policy Number: **RAB3873294-19**

Renewal of: **RAB3873294-18**

Program Administrator: **Herbert H. Landy Insurance Agency Inc.**
100 River Ridge Drive, Suite 301
Norwood, MA 02062

Item 1. Named Insured: **Sandollar LLC dba Sandollar Realty Advisors; dba Appraisal Group SEWA**

Item 2. Address: **2001 S Washington St**

City, State, Zip Code: **Kennewick, WA 99337**

Attn:

Item 3. Policy Period: From 08/22/2019 To 08/22/2020
 (Month, Day, Year) (Month, Day, Year)
 (Both dates at 12:01 a.m. Standard Time at the address of the Named Insured as stated in Item 2.)

Item 4. Limits of Liability: (inclusive of claim expenses):
 A. \$ 1,000,000 Limit of Liability - Each Claim
 B. \$ 1,000,000 Limit of Liability - Policy Aggregate
 C. \$ 500,000 Limit of Liability - Fair Housing Claims
 D. \$ 500,000 Limit of Liability - Fungi Claims

Item 5. Deductible: (Inclusive of Claim Expense): **\$ 5,000 Each Claim**

Item 6. Premium: **\$ 1,144.00**

Item 7. Retroactive Date (if applicable): **12/31/2018**

Item 8. Forms, Notices and Endorsements attached:

D43100 (03/15) D43390 WA (03/15)
D43444 (03/17) D43447 (06/17) D43448 (06/17)
D43432 (05/13) D43416 (05/13) D43425 (05/13) IL7324 (08/12)

Rey A. Nguyen
 Authorized Representative

D43100 (03/15)

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Supervisor Certificate

File No. 2021-260

Case No. A. Willows

Borrower N/A

Property Address 5 E Columbia Dr

City Kennewick

County

Benton

State WA

Zip Code

99336

Lender/Client Port Of Kennewick

Address 350 N Clover Island Dr #200 , Kennewick, WA 99336

Certificate of Completion

This is to certify that
 Veronica R Griffith - 1101758

has successfully completed the course

Supervisor-Trainee Course for Washington

for 4.00 hours of continuing education for recertification in the state of
 Washington.

Approval Number: AP3300

Given at: <http://www.mckissock.com>

Date: 5/14/2015

Richard D. McKissock

Richard D. McKissock
 Education Director
 100% Education by McKissock

AQB Certified USPAP Instructor: Dan Bradley, #10328

McKissock • P.O. Box 1673 • Warren • Pennsylvania • 16365 • 814-723-6979

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser Trainee License

File No. 2021-260
Case No. A. Willows

| | | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------|-------|
| Borrower | N/A | | | | | | |
| Property Address | 5 E Columbia Dr | | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | | |




MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Residential Parcel B

**Cable Greens Parcel
Kennewick, WA**

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | | |
|--|---|---|----------------------------|-------------------------------------|
|  <p>Form 120.05*</p> | Client File #: B. Cable Greens | | Appraisal File #: 2021-260 | |
| | Appraisal Report · Land | | | |
| | Appraisal Company: Sandollar LLC Appraisal Group SEWA | | | |
| | Address: 2001 S Washington St, Kennewick, WA 99337 | | | |
| Phone: 509.628.9817 | | Fax: N/A | | Website: www.AppraisalGroupSEWA.com |
| Appraiser: Veronica R Griffith, MAI, CCIM | | | | |
| Co-Appraiser: Sonnia Renee King | | | | |
| AI Membership (if any): <input type="checkbox"/> SRA <input checked="" type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS | | AI Membership (if any): <input type="checkbox"/> SRA <input type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS | | |
| AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate | | AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate | | |
| Other Professional Affiliation: CCIM Designee | | | | |
| Email: appraisalgroupsewa@gmail.com | | | | |
| E-mail: appraisalgroupsewa@gmail.com | | | | |
| Client: Port Of Kennewick | | | | |
| Contact: Amber Hanchette, Director of Real Estate | | | | |
| Address: 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |
| Phone: 509.586.1186 | | Fax: N/A | | Email: Amber@PortofKennewick.org |
| SUBJECT PROPERTY IDENTIFICATION | | | | |
| Address: 551 E Columbia Dr | | | | |
| City: Kennewick | | County: Benton | State: WA | ZIP: 99336 |
| Legal Description: REPLAT OF COLUMBIA GARDENS TRACT 8, EXCEPT THE PORTION OF SAID TRACT 8 LYING NORTH OF A LINE THAT INTERSECTS THE NORTHERLY PRODUCTION OF THE WEST LINE OF LOT 20, IN SAID PLAT, A DISTANCE OF 150.00 FEET FROM THE NORTHWEST CORNER OF SAID LOT 20 AND INTERSECTS THE EAST LINE OF SAID TRACT 8 A DISTANCE OF 589.00 FEET FROM THE SOUTHEAST CORNER OF SAID TRACT 8. (See Legal Description in Addenda) | | | | |
| Tax Parcel #: 131903030108000; and 131903030107003 | | RE Taxes: 0 | | Tax Year: 2021 |
| Use of the Real Estate As of the Date of Value: Vacant Land | | | | |
| Use of the Real Estate Reflected in the Appraisal: Multi-Family Residential and Mixed Use Commercial | | | | |
| Opinion of highest and best use (if required): Multi-Family Residential, for sale or for rent, immediate development timeline | | | | |
| SUBJECT PROPERTY HISTORY | | | | |
| Owner of Record: Port of Kennewick | | | | |
| Description and analysis of sales within 3 years (minimum) prior to effective date of value: There have been no sales recorded of the property during the preceding three years. | | | | |
| Description and analysis of agreements of sale (contracts), listing, and options: N/A | | | | |
| RECONCILIATIONS AND CONCLUSIONS | | | | |
| Indication of Value by Sales Comparison Approach | | \$ 840,000 | | |
| Indication of Value by Cost Approach | | \$ N/A | | |
| Indication of Value by Income Approach | | \$ N/A | | |
| Final Reconciliation of the Methods and Approaches to Value: Only the Sales Comparison Approach to value was utilized to estimate the value of the subject property. | | | | |
| Opinion of Value as of: 6/30/2021 | | \$ 840,000 | | |
| Exposure Time: Less than One Year | | | | |
| The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page. | | | | |

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|--|-------------------|-----------------|
| Client: | Port Of Kennewick | Client File #: | B. Cable Greens |
| Subject Property: | 551 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

ASSIGNMENT PARAMETERS

| | |
|---|-------------------------------------|
| Intended User(s): Client Only; no other intended users were identified at the time of engagement | |
| Intended Use: Estimate the Market Value of the property As Is for a potential sale | |
| The report is not intended by the appraiser for any other use by any other user. | |
| Type of Value: Market Value As Is | Effective Date of Value: 04/19/2021 |
| Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other | |
| Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) The client has requested a value assume shared parking. | |
| Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.) Based on the assumption that the POK will offer the subject land for multi-family development of apartment style rentals water views; also that the UMU zoning does not dictate density; for this analysis the appraiser has used several newly built multi-family developments and found an average density of 22 units per acre (2,000 SF of land per unit). Using this on the subject site would allow for 70 units (rounded). The value could be different if this assumption were not used. | |
| This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP). | |

SCOPE OF WORK

| | |
|---|--|
| Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report. | |
| Scope of Subject Property Inspection/Data Sources Utilized | Approaches to Value Developed |
| Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: 06/30/2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Appraiser's proprietary database, MLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public records | Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: 06/30/2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Appraiser's proprietary database, MLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public record | Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| | Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| Additional Scope of Work Comments: The Client has requested the value assume shared parking. | |
| Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnika King, a licensee appraiser, assisted with the inspection, photography, initial research regarding subject property and potential land sales, confirmation of such data, and preliminary analysis. The final value conclusions however, were those of Veronica R Griffith, MAI, CCIM. | |

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|--|-------------------|-----------------|
| Client: | Port Of Kennewick | Client File #: | B. Cable Greens |
| Subject Property: | 551 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| MARKET AREA ANALYSIS | | | | | | | | | | | |
|--|--|--|--|---|--|---|--|--|--|---|--|
| Location | | Built Up | | Growth | | Supply & Demand | | Value Trend | | Typical Marketing Time | |
| <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural | | <input type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input checked="" type="checkbox"/> Over 75% | | <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow | | <input checked="" type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input type="checkbox"/> Over Supply | | <input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Decreasing | | <input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months | |
| Neighborhood Single Family Profile | | | | Neighborhood Land Use | | | | Neighborhood Name : Historic Waterfront District in East Kennewick | | | |
| Price | | Age | | 1 Family | | Commercial | | PUD | | Condo | |
| 200K | | Low | | 1 | | 85 % | | 8 % | | HOA: \$ / | |
| 500K | | High | | 100 | | 2 % | | 2 % | | Amenities: | |
| 250-300K | | Predominant | | 45 | | 3 % | | INDUST 5 % | | | |
| <p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick in conjunction with the City of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River, Clover Island and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area to the north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users. This project is designed to mix urban living and commercial business together with an increase of pedestrian traffic throughout the downtown area.</p> | | | | | | | | | | | |
| SITE ANALYSIS | | | | | | | | | | | |
| Dimensions: See Plat Map | | | | | | Area: 139,239 (two separate tax parcels) | | | | | |
| View: Average | | | | | | Shape: Irregular | | | | | |
| Drainage: Appears Adequate | | | | | | Utility: Mult-Family Development | | | | | |
| Site Similarity/Conformity to Neighborhood | | | | | | | | | | | |
| Size: | | | | View: | | | | Zoning: UMU- Urban Mixed Use which is very permissive | | | |
| <input type="checkbox"/> Smaller than Typical <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Larger Than Typical | | | | <input type="checkbox"/> Favorable <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable | | | | <input type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal | | | |
| | | | | | | | | Convenants, Condition & Restrictions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input type="checkbox"/> No Ground Rent \$ 0 / 0 | | | |
| Utilities | | | | | | | | | | | |
| Electric | | <input checked="" type="checkbox"/> Public | | <input type="checkbox"/> Other | | Assume to the site | | Street | | <input checked="" type="checkbox"/> Public | |
| Gas | | <input type="checkbox"/> Public | | <input type="checkbox"/> Other | | | | Alley | | <input type="checkbox"/> Public | |
| Water | | <input checked="" type="checkbox"/> Public | | <input type="checkbox"/> Other | | Assume to the site | | Sidewalk | | <input checked="" type="checkbox"/> Public | |
| Sewer | | <input checked="" type="checkbox"/> Public | | <input type="checkbox"/> Other | | Assume to the site | | Street Lights | | <input checked="" type="checkbox"/> Public | |
| | | | | | | | | | | <input type="checkbox"/> Private | |
| | | | | | | | | | | <input type="checkbox"/> Private | |
| | | | | | | | | | | <input type="checkbox"/> Private | |
| <p>Site description and characteristics: The site consisting of two contiguous tax parcels fronts the western right of way alignment of N Gum St (S.R. 397) as it comes off the Ed Hendler Cable Bridge and there is one turn into the site from N Gum St. Adjacent to the west and south are vintage commercial buildings while development beyond includes new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place. East across N Gum St is the international headquarters for Lampson Cranes, the Tri-Cities Water Follies and a new location for Fastenal Delivery. The site is nearly triangular, level and heavily treed. Previously the site was improved with a miniature golf course; all the former improvements have been removed although as shown on the aerial it is still possible to see some remnants. The site's northern boundary adjoins the southern shoreline of Duffy's Pond, but this does not appear to command a premium at this location.</p> | | | | | | | | | | | |
| HIGHEST AND BEST USE ANALYSIS | | | | | | | | | | | |
| <input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other | | | | | | | | | | | |
| <p>Summary of highest and best use analysis: This is a larger parcel that would lend itself to subdivision for a variety of potential uses, but demand today is highest for residential development, either for sale or for rent depending on the buyer's perspective (i.e., long term vs short term investment). Residential land available for development is in exceedingly short supply; new apartments are being leased as soon as completed with rents rising; and new attached housing units are sold as soon as completed with prices rising. Based on a market analysis, a project with an average density of 2,000 SF of land area per dwelling unit is considered financially feasible and the most financially feasible use from among others. There is no other legally permissible and physically possible use that would maximize the value of the site.</p> | | | | | | | | | | | |

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|--|-------------------|-----------------|
| Client: | Port Of Kennewick | Client File #: | B. Cable Greens |
| Subject Property: | 551 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| SITE VALUATION | | | | | | | |
|--|--|---------------------------------------|----------------|---------------------------------------|--------------------|---|--------------------|
| Site Valuation Methodology | | | | | | | |
| <input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available. | | | | | | | |
| <input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property. | | | | | | | |
| <input type="checkbox"/> Alternative Method: (Describe methodology and rationale) | | | | | | | |
| Site Valuation | | | | | | | |
| ITEM | SUBJECT | COMPARISON 1 | | COMPARISON 2 | | COMPARISON 3 | |
| Address | 551 E Columbia Dr Kennewick, WA 99336 | 3113 W 7th Ave Kennewick, WA | | 3120 W 4th Ave Kennewick, WA 99336 | | 1156 Columbia Park Trail Richland, WA, 99352 | |
| Proximity to Subject | | 2.37 miles W | | 2.35 miles W | | 6.00 miles W | |
| Data Source/ Verification | | TCH, Public Records Public Records | | Public Records Public Records | | Public Records Public Records | |
| Sales Price | \$ | | \$ 300,000.00 | | \$ 402,000.00 | | \$ 775,000.00 |
| Price/ Sq. Ft | \$ 0 | | \$ 6.26 | | \$ 9.67 | | \$ 7.01 |
| Sale Date | Current | 07/13/2020 | +0.62 | 12/11/2019 | +0.97 | 12/31/2019 | +0.70 |
| Location | Ben; Urban Mix | Average | Inferior | N;Res | Inferior | B; Urban Mix | Similar |
| Site Size | 139,239 (two separate tax parcels) | 47,916 | Minus | 41,569 | Minus | 110,506 | Similar |
| Site View | Average | Average | Similar | N;Res | Similar | Ben; Water View | Inferior |
| Site Improvements | None | 3 SFRs | Plus | SFR Demolished | Plus | None | Similar |
| Zoning | Urban Mixed Use | Res, Medium | Plus | RH; high dens | Plus | WF, Waterfrnt | Similar |
| Utilities | To the Site | To the Site | Similar | At the Street | Similar | At Street | Similar |
| # Units:SFLand/DU | 70 / 2000 SF | 15 / 3,194 SF | Inferior | 26 / 1,598 SF | Superior | 48 est / 2,506 SF | Inferior |
| Sale Price / DU | | \$20,000 | High Indicator | \$15,461 | Moderate Indicator | \$16,000 Est | Moderate Indicator |
| Comments | | | | | | Ph I U/C | |
| Net Adjustment | | X + - | \$ 0.62 | X + X - | \$ 0.97 | X + X - | \$ 0.70 |
| Indicated Value | | Net Adj. 10% | | Net Adj. 10% | | Net Adj. 10% | |
| | | Gross Adj. 10% | \$ 6.88 | Gross Adj. 10% | \$ 10.64 | Gross Adj. 10% | \$ 7.71 |
| Prior Transfer History | No sales within prior 3 yrs | No sales within prior 3 years | | No sales within prior 3 years | | No sales within prior 3 years | |
| Site Valuation Comments: See Comment Addendum | | | | | | | |
| Site Valuation Reconciliation: See Comment Addendum | | | | | | | |
| Opinion of Site Value | | | | \$ 840,000 | | | |

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 EXTRA SITES 4-5-6

| | | | |
|-------------------|--|-------------------|-----------------|
| Client: | Port Of Kennewick | Client File #: | B. Cable Greens |
| Subject Property: | 551 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| SITE EVALUATION | | | | | | | |
|---|--|--|---------------|--|---------------|--|--------------------|
| Site Valuation Methodology | | | | | | | |
| <input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available. | | | | | | | |
| <input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property. | | | | | | | |
| <input type="checkbox"/> Alternative Method: (Describe methodology and rationale) | | | | | | | |
| Site Valuation | | | | | | | |
| ITEM | SUBJECT | COMPARISON 4 | | COMPARISON 5 | | COMPARISON 6 | |
| Address | 551 E Columbia Dr Kennewick, WA 99336 | 650 George Wash. Way Richland, WA 99352 | | S Quillan Pl / W 7th Ave Kennewick, WA 99336 | | 5700-36 & 5701-35 W Albany Kennewick, WA | |
| Proximity to Subject | | 8.58 miles W | | 3.43 miles SW | | 3.69 miles W | |
| Data Source/ Verification | | Public Records Public Records | | TCH / Public Records Public Records | | TCH / Public Records Public Records | |
| Sales Price | \$ | | \$ 501,939.00 | | \$ 287,123.00 | | \$ 600,000.00 |
| Price/ Sq. Ft | \$ 0.00 | | \$ 4.20 | | \$ 2.25 | | \$ 4.01 |
| Sale Date | | 3/4/2019 | +0.84 | 08/17/2018 | +0.45 | 06/28/2018 | +0.80 |
| Location | Ben; Urban Mix | Ben; Urban Mix | Similar | Average | Inferior | Average | Inferior |
| Site Size | 139,239 (two separate tax parcels) | 119,512 | Similar | 127,452 | Similar | 149,715 | Similar |
| Site View | Average | Ben; Water View | Inferior | Average | Similar | Average | Similar |
| Site Improvements | None | None | Very Inferior | None | Similar | None | Similar |
| Zoning | Urban Mixed Use | CBD CtrBusDist | Similar | Res, Med | Inferior | Res, Med | Inferior |
| Utilities | To the Site | At the Street | Similar | To the Site | Similar | To the Site | Similar |
| # Units:SFLand/DU | 70 / 2000 SF | 106 / 1,127 SF | Superior | 30 / 4,248 | Inferior | 44 / 3,403 | Inferior |
| Sale Price / DU | | \$4,735 | Low Indicator | \$9,571 | Low Indicator | \$13,636 | Moderate Indicator |
| Comments | | | | | | | |
| Net Adjustment | | <input checked="" type="checkbox"/> + <input type="checkbox"/> - | \$ 0.84 | <input checked="" type="checkbox"/> + <input type="checkbox"/> - | \$ 0.45 | <input checked="" type="checkbox"/> + <input type="checkbox"/> - | \$ 0.80 |
| Indicated Value | | Net Adj. 20% | | Net Adj. 20% | | Net Adj. 20% | |
| | | Gross Adj. 20% | \$ 5.04 | Gross Adj. 20% | \$ 2.70 | Gross Adj. 20% | \$ 4.81 |
| Prior Transfer History | No sales within prior 3 years | No sales within prior 3 years | | No sales within prior 3 years | | No sales within prior 3 years | |
| Site Valuation Comments: See Comment Addendum | | | | | | | |
| | | | | | | | |
| Site Valuation Reconciliation: See Comment Addendum | | | | | | | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 EXTRA SITES 7-8-9

| | | | |
|-------------------|--|-------------------|-----------------|
| Client: | Port Of Kennewick | Client File #: | B. Cable Greens |
| Subject Property: | 551 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| SITE EVALUATION | | | | | | | | | |
|---|--|--|---------------|--------------------|---------|---------------|----|---------------|------|
| Site Valuation Methodology | | | | | | | | | |
| <input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available. | | | | | | | | | |
| <input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property. | | | | | | | | | |
| <input type="checkbox"/> Alternative Method: (Describe methodology and rationale) | | | | | | | | | |
| Site Valuation | | | | | | | | | |
| ITEM | SUBJECT | COMPARISON 7 | | COMPARISON 8 | | COMPARISON 9 | | | |
| Address | 551 E Columbia Dr Kennewick, WA 99336 | 19 W Canal Kennewick, WA 99336 | | | | | | | |
| Proximity to Subject | | 0.22 miles S | | | | | | | |
| Data Source/ Verification | | MLS; Public Recs; Retrospect Public Records | | | | | | | |
| Sales Price | \$ | | \$ 755,458.00 | | \$ | | \$ | | |
| Price/ Sq. Ft | \$ 0.00 | | \$ 25.67 | | \$ | | \$ | | |
| Sale Date | | 02/18 to 08/19 | | | | | | | |
| Location | Ben; Urban Mix | CBD | | Similar | | | | | |
| Site Size | 139,239 (two separate tax parcels) | 29,430 | | Very Different | | | | | |
| Site View | Average | CBD | | Average | | | | | |
| Site Improvements | None | To be Demolished | | Inferior | | | | | |
| Zoning | Urban Mixed Use | CBD | | Inferior | | | | | |
| Utilities | To the Site | To the Site | | Similar | | | | | |
| # Units:SFLand/DU | 70 / 2000 SF | 28 DU / 1051 SF | | Superior | | | | | |
| Sale Price / DU | | \$13,636 | | Moderate Indicator | | | | | |
| Comments | | Assemblage | | | | | | | |
| Net Adjustment | | X | + | - | \$ 2.50 | X | + | - | \$ 0 |
| Indicated Value | | Net Adj. 10% | | Net Adj. 0% | | Net Adj. 0% | | Net Adj. 0% | |
| | | Gross Adj. 10% | | Gross Adj. 0% | | Gross Adj. 0% | | Gross Adj. 0% | |
| Prior Transfer History | No sales recorded in last 3 years | No sales in prior 3 years | | | | | | | |
| Site Valuation Comments: See Comment Addendum | | | | | | | | | |
| Site Valuation Reconciliation: See Comment Addendum | | | | | | | | | |

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Subject is considered very unique in that it is a 3.2-acre site with frontage along the western right of way of N Gun Street (S.R. 397) as it comes off the Ed Hendler Cable Bridge (there is an overhead power line along this eastern boundary). The northern property line abuts an asphalt paved walking trail along the Columbia River and a marshy area that is part of Duffy's Pond. The site is actually shovel ready for development and appropriately zoned for a variety of development prospects. The site's previous use as a miniature golf course is not readily seen from review of an aerial and (although the improvements have been removed).

The location within a vintage neighborhood which is slowly being re-developed can be perceived as somewhat challenging, but the following was considered.

- Directly across the river in the vintage City of Pasco along the northern alignment of the Columbia River is a brand-new project known as the River Walk Apartments. Phase I is complete and the next two buildings are currently under construction. The units are reportedly leasing as quickly as they are finished, and while it has frontage along the river, that project is similarly impacted by aging industrial development along WA Street and similar vintage and entry level residential housing around the perimeter.
- A similar neighborhood can be found when reviewing Sale #3 which will have some river-view units. Its unit price of \$16,146 per dwelling unit would need to be factored upward to account that the parcels were assembled over time but offset somewhat by a higher demographic.
- The projected prices of the pending sales are reported between \$15,000 and \$20,000 for a site location that would be considered superior.
- Rental rates are at the high end for newly completed riverfront units when compared to non-riverfront units.

The location is considered a neutral factor. Demand for residential housing in the Tri-Cities market is at the highest point in history with rising rental rates and the lowest vacancy rates for rental units; and given the lack of available land, developers are now starting to look at attached "for sale" housing as being a more affordable alternative to first time homebuyers.

Given the parcel zoning, physical characteristics and size, the highest and best use was determined to be residential use, either construction of for sale townhouse style units, or construction of rental units, depending on the buyer's investment criteria. Both markets today are extremely strong, with virtually no shovel ready sites available for development. Most development today requires a re-zoning and creation of the appropriate infrastructure.

The seven sales of land presented range from one to three acres, smaller than subject (there were larger sales, but it was believed that they were too stale). The small size of recent sale transactions reflects the lack of larger parcels in the market today and in the market's view today, the larger size likely is worth a premium rather than a discount. Density varies from 1,127 to 3,403 SF with one outlier at 4,248 SF of land area per dwelling unit or 12 to 38 units per acre with an average of 2,061 sf per dwelling unit (or 21 units per acre).

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Prices were reviewed based on three common units of comparison, i.e., sale price per dwelling unit, sale price per SF of land area, and sale price per acre and the ranges and averages are summarized in the table accompanying this section of the report. The most meaningful unit of comparison was considered density, or the number of dwelling units that can be developed per acre.

Average Unit Price Indicators
MultiFamily Land Sales

| | Average |
|--|--------------|
| Avg Land SF Per Dwelling | 2,000 SF |
| Sale Price Per AC | \$225,000/AC |
| Sale Price Per SF | \$5.00/SF |
| Sale Price Per Unit | \$13,000/DU |
| Subject Potential Buildable Dwelling Units at 2,000 SF Per Dwelling Unit | 70 |

The two pending sales in Richland, a superior location, are reportedly in escrow for amounts that would be equivalent to \$15,000 to \$20,000 per dwelling unit while the average reflected in the table is \$13,000 per unit. Their density will be high at 1,529 SF of land area per dwelling unit, or 28 units per acre with a 33% premium attributable to the waterfront parcel based on its assessed value (the sale prices are not yet available until it closes)

Sale #1 is the most recent sale (about one year ago) and its location is very similar to that of Sale #2 and Sale #5, #6 and #7, none of which benefit from any proximity to the river. An upward adjustment could be required for that feature. And while 15 units are currently being developed for Sale #1, there might be an opportunity to do another smaller building which would affect the density and sale price per dwelling unit.

Sale #3 is also considered fairly similar to subject despite its smaller size as it is in a vintage neighborhood with access to the Columbia River, and the assembled price is calculated at \$16,146 per dwelling unit. Only the first 24 units are under construction and the number of units in Phase II has not been announced, although it is assumed to be similar bringing the total to 48 units (this is how the density was calculated).

Sale #4, The Park Place Apartments, was finally discarded from further consideration; the project included both the apartments and 10,000 SF of commercial space and an elevated midrise structure was constructed with underground parking. The site was actually a “pit” that would have required fill at considerable expense had a use permitting use of the below ground space for a parking garage not been found.

Sales #5 and #6 were included even though they were for attached “for sale” housing. The two sites sold within two months of each other and were very similar in size, but densities were quite different, and displayed the highest amount of land area per dwelling unit.

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Sale #7, for The Sunset Ridge Apartments in February of 2018 was included to illustrate the rising price trend when compared with Sales #1 and #2 in the same neighborhood 18 and 24 months later.

Summary

After consideration of all the data, most emphasis has been placed on the sale price per dwelling unit as this was felt to be the most appropriate unit of comparison.

Sale #3 at \$16,146 per dwelling unit is the most similar in terms of location within a vintage neighborhood with similar proximity to the river; however, the demographics are superior. The pending sales at Columbia Point are also considered in the final reconciliation along with the somewhat stale sale #3 on Columbia Park Trail. An average price of \$12,000 per dwelling unit has been reconciled.

Valuation Estimate

In valuing the property, it is assumed that the density will equate to 2,000 SF of land area per dwelling unit. On this basis it can be concluded that a combined total of 70 units could be developed ($139,239 / 2,000 = 70$ (RD) based on the GROSS land area of the site. Therefore,

70 Dwelling Units @ \$12,000/Unit = \$840,000
Market Value As Is As of June 30, 2021

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|-------------------|-------------------|-----------------|
| Client: | Port Of Kennewick | Client File #: | B. Cable Greens |
| Subject Property: | 551 E Columbia Dr | Appraisal File #: | 2021-260 |

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below)

☐ Alternate Value Definition (attached)

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

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

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|-------------------|-------------------|-----------------|
| Client: | Port Of Kennewick | Client File #: | B. Cable Greens |
| Subject Property: | 551 E Columbia Dr | Appraisal File #: | 2021-260 |

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia R King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

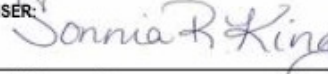
Report Date

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature 

Name Sonnica Renee King

Report Date

Trainee ☒ Licensed ☐ Certified Residential ☐ Certified General ☐

License # 1101758 State WA

Expiration Date 11/15/2021

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June 2017

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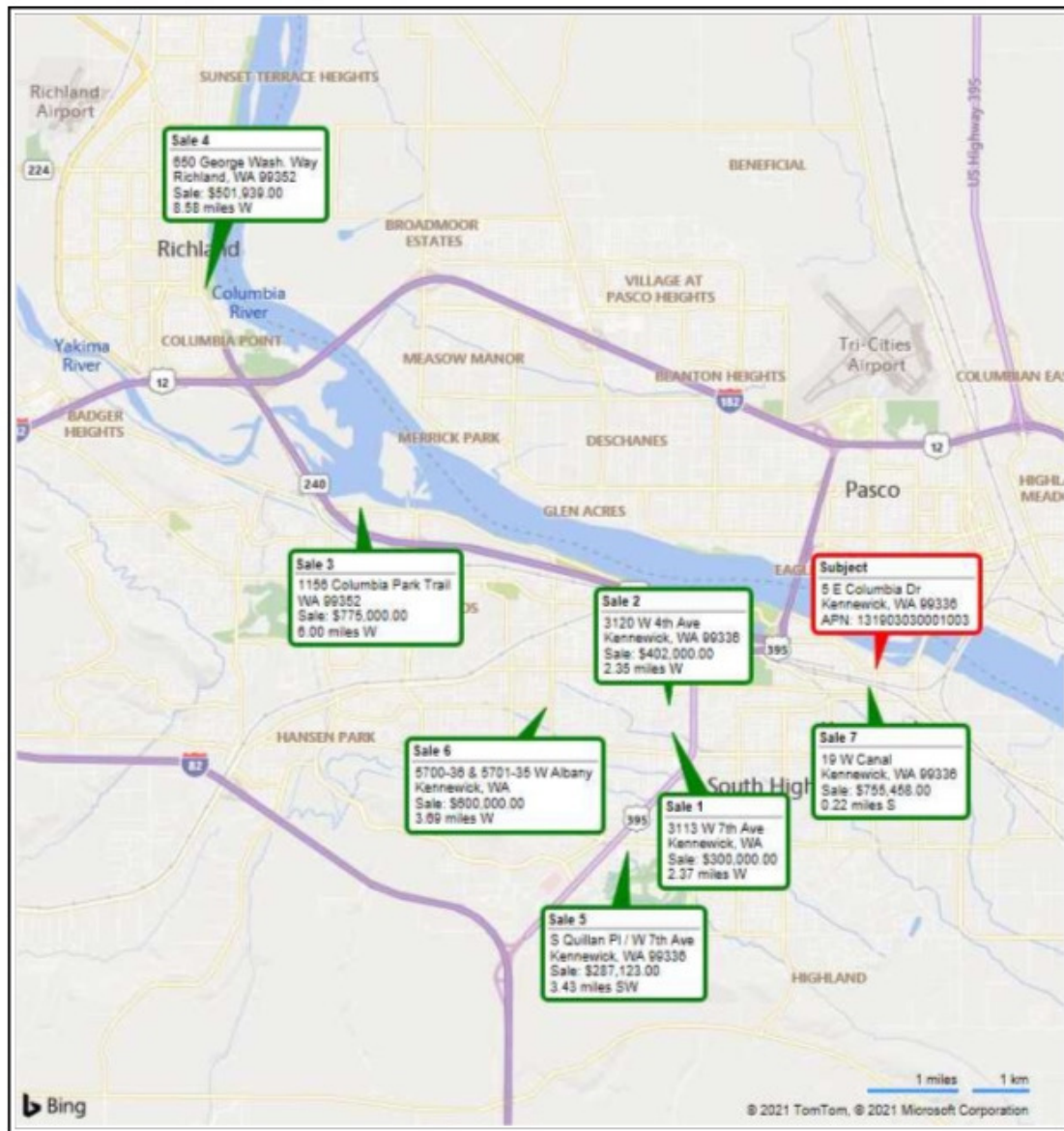
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Subject & Comparables

File No. 2021-260
Case No. B. Cable Greens

| | | | | | |
|------------------|-------------------|---------|---|----------|-------|
| Borrower | N/A | | | | |
| Property Address | 551 E Columbia Dr | | | | |
| City | Kennewick | County | Benton | State | WA |
| | | | | Zip Code | 99336 |
| Lender/Client | Port Of Kennewick | Address | 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. B. Cable Greens

| | | | | | |
|--|---------------|----------|----------------|--|--|
| Owner Port of Kennewick | | | | | |
| Property Address 551 E Columbia Dr | | | | | |
| City Kennewick | County Benton | State WA | Zip Code 99336 | | |
| Client Port Of Kennewick Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Assessor's Aerial (Source: County Assessor) File No. 2021-260
Case No. B. Cable Greens

| | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 551 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. B. Cable Greens

| | | | | |
|-------------------------|---|--------|--------|-------------------------|
| Owner Port of Kennewick | | | | |
| Property Address | 551 E Columbia Dr | | | |
| City | Kennewick | County | Benton | State WA Zip Code 99336 |
| Client | Port Of Kennewick Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Street (Source: STDB)

File No. 2021-260
Case No. B. Cable Greens

| | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 551 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Aerial (Source: Google Maps)

File No. 2021-260
Case No. B. Cable Greens

| | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 551 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | |



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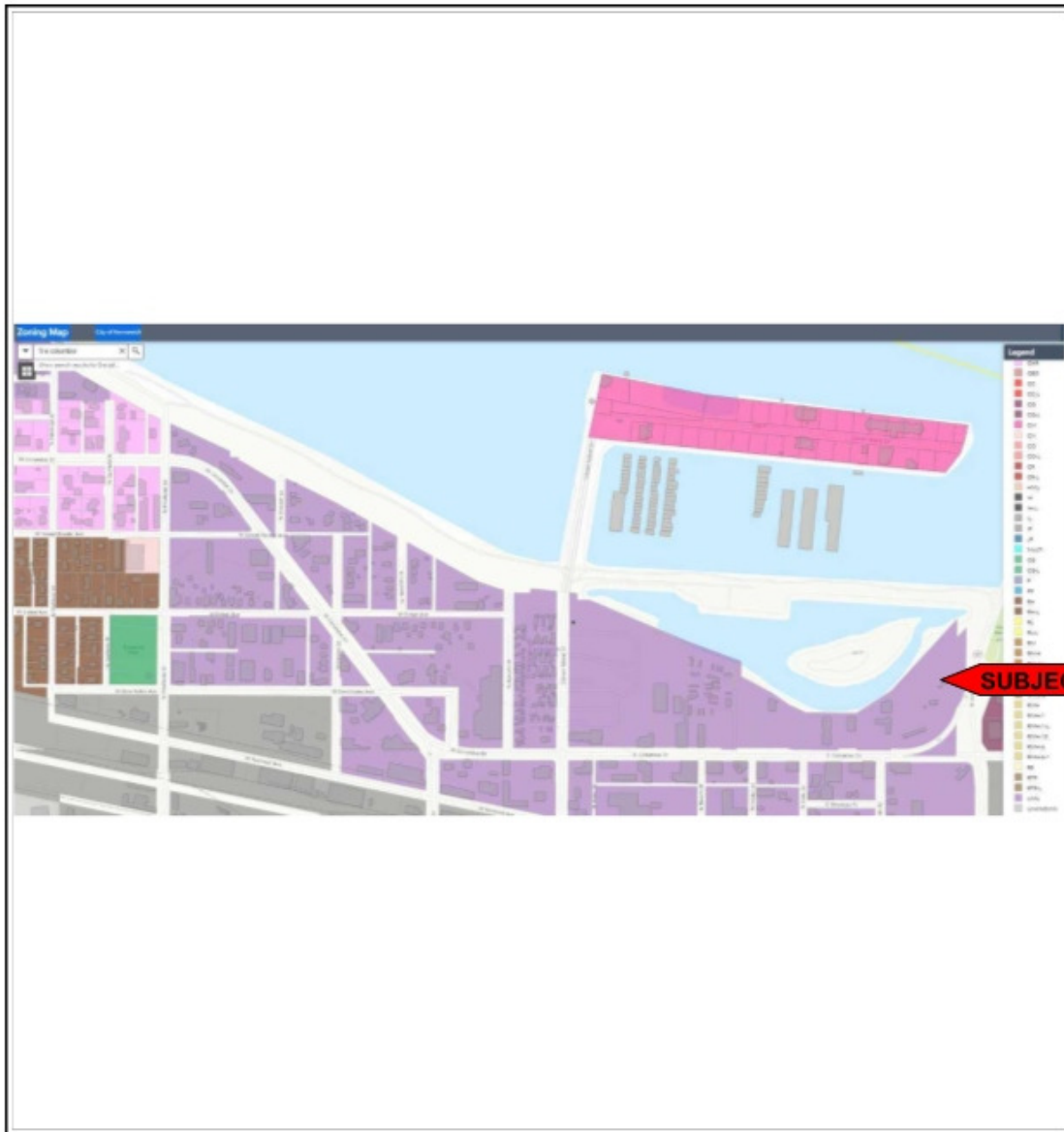
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Zoning Map (Source: City or County Records)

File No. 2021-260
Case No. B. Cable Greens

| | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 551 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Legal Description - Page 2

File No. 2021-260
Case No. B. Cable Greens

| | | | | | | |
|------------------|-------------------|--------|---------|---|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 551 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | | Address | 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | |

Benton County Property Search

Property Search Results > 59608 PORT OF KENNEWICK for Year 2021 - 2022

Search Results

Property

| | | | |
|-------------------|-----------------|-------------------------------|--|
| Account | 59608 | Abbreviated Legal Description | REPLAT OF COLUMBIA GARDENS TRACT B, EXCEPT THE PORTION OF SAID TRACT B LYING NORTH OF A LINE THAT INTERSECTS THE NORTHERLY PRODUCTION OF THE WEST LINE OF LOT 20, IN SAID PLAT, A DISTANCE OF 436.00 FEET FROM THE NORTHWEST CORNER OF SAID LOT 20 AND INTERSECTS THE EAST LINE OF SAID TRACT B A DISTANCE OF 584.00 FEET FROM THE SOUTHEAST CORNER OF SAID TRACT B. |
| Property ID | 531701001249500 | Agent Code | |
| Parcel # / Sub ID | | | |
| Type | Res | | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

File No. 2021-260
Case No. B. Cable Greens

| | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 551 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | |

[Property Search](#) | [Sales Search](#) | [Map Search](#) | [Help](#)

Property Search Results > 59607 PORT OF KENNEWICK for Year 2021 - 2022

[Home](#) | [Map](#) | [Map Tools](#)

Property

| | | | | | | |
|--------------------|---|--|--|-------------------------------|--|--|
| Account# | 59607 | | | Associated Legal Description: | REPLAT OF COLUMBIA GRADING PORTION OF TRACT 7, NORTH OF LOTS 20 AND 21, LESS ONE RIGHT OF WAY EASE, SUBJECT TO FULL EASEMENT OVER THE SOUTH 22.30 FEET, SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD 1/1/196. | |
| Property ID: | 59607 | | | Agent Code: | | |
| Parcel # / Sec ID: | 22300000117000 | | | Land Use Code: | 59 | |
| Type: | R1 - R1 | | | Residential Property: | N | |
| Use Code: | R1 | | | Residential Property: | N | |
| County: | WA | | | Section: | 01 | |
| Township: | 05 | | | Legal Acres: | 0.4540 | |
| Location: | UNDETERMINED | | | Mapset: | | |
| Neighborhood: | KIDDER | | | Map ID: | | |
| Neighborhood ID: | 52003 | | | | | |
| Owner: | PORT OF KENNEWICK | | | Owner ID: | 12044 | |
| Mailing Address: | 351 CLOVER ISLAND DR KENNEWICK, WA 99336 | | | % Ownership: | 100.0000000000% | |
| | | | | Directions: | 01 | |

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Plat Map (Source: County Records)

File No. 2021-260
Case No. B. Cable Greens

| | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 551 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Statement of Qualifications for
Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

| | | |
|------------------|---|--|
| May, 1988 | St. Louis University St. Louis, MO | Graduated Cum Laude; Major in Business Management with Minor in Communications |
|------------------|---|--|

PROFESSIONAL EXPERIENCE

| | | |
|---|--|---|
| 2014 - Now | Sandollar LLC Appraisal Group SEWA | <i>Owner/Principal</i> |
|  | Private practice firm specializing in appraisal, appraisal review and consulting for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired). | |
| 2004 - 2014 | Sandollar Realty Advisors Tri-Cities (Kennewick, Pasco & Richland), WA | <i>Owner/Principal</i> |
|  | Private practice specializing in (1) appraisal, appraisal review and litigation support for all types of commercial real estate property for a variety of institutional and attorney clients; (2) commercial real estate brokerage (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) education, curriculum development, and regulatory compliance for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007. | |
| 1991 – 2004 | Bank One Corporation (now JPMorgan Chase), Phoenix, AZ | <i>SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG)</i> |
| | Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5 th largest U.S.) bank including direction of 45± full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of: | |
| | <ul style="list-style-type: none"> • Bank policies for Board of Director action in response to a changing regulatory environment; • Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually; • Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually; • Internet (for 3rd party vendor use) and intranet (for internal bank use); • Appraisal management tracking database software; • Company wide training program for all bankers, underwriters, credit administration staff, etc.; and • Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana). | |
| 1990 - 1991 | RTC (Western Savings & Loan), Phoenix, AZ | <i>VP, Chief Appraiser Real Estate Appraisal Department</i> |
| | Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions. | |

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

| | | |
|--------------------|---|--|
| 1988 – 1990 | Sandollar Realty Advisors Corp. St. Louis, MO Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues. | <i>Principal, Senior Appraiser & Broker</i> |
| 1984 – 1988 | Buckles & Associates St. Louis, MO Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties. | <i>VP, Senior Commercial Appraiser</i> |

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State *Certified General Real Estate Appraiser* (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State *Real Estate Broker* (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2021-260
Case No. B. Cable Greens

| | | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------|-------|
| Borrower | N/A | | | | | | |
| Property Address | 551 E Columbia Dr | | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

E&O Insurance

File No. 2021-260

Case No. B. Cable Greens

Borrower N/A

Property Address 551 E Columbia Dr

City Kennewick

County

Benton

State WA

Zip Code

99336

Lender/Client Port Of Kennewick

Address 350 N Clover Island Dr #200, Kennewick, WA 99336



DECLARATIONS
for
REAL ESTATE PROFESSIONAL
ERRORS & OMISSIONS INSURANCE POLICY

THIS IS A CLAIMS MADE INSURANCE POLICY.

THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD. ALL CLAIMS MUST BE REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR WITHIN SIXTY (60) DAYS AFTER THE END OF THE POLICY PERIOD.

Insurance is afforded by the company indicated below: (A capital stock corporation)

☒ Great American Assurance Company

Note: The Insurance Company selected above shall herein be referred to as the **Company**.

Policy Number: **RAB3873294-19**

Renewal of: **RAB3873294-18**

Program Administrator: **Herbert H. Landy Insurance Agency Inc.**
100 River Ridge Drive, Suite 301
Norwood, MA 02062

Item 1. **Named Insured:** **Sandollar LLC dba Sandollar Realty Advisors; dba Appraisal Group SEWA**

Item 2. **Address:** **2001 S Washington St**

City, State, Zip Code: Kennewick, WA 99337

Attn:

Item 3. **Policy Period:** From 08/22/2019 To 08/22/2020
(Month, Day, Year) (Month, Day, Year)
(Both dates at 12:01 a.m. Standard Time at the address of the Named Insured as stated in Item 2.)

Item 4. **Limits of Liability:** (inclusive of claim expenses):
A. \$ 1,000,000 Limit of Liability - Each Claim
B. \$ 1,000,000 Limit of Liability - Policy Aggregate
C. \$ 500,000 Limit of Liability - Fair Housing Claims
D. \$ 500,000 Limit of Liability - Fungi Claims

Item 5. **Deductible:** (Inclusive of Claim Expense): **\$ 5,000 Each Claim**

Item 6. **Premium:** **\$ 1,144.00**

Item 7. **Retroactive Date** (if applicable): **12/31/2018**

Item 8. **Forms, Notices and Endorsements attached:**

D43100 (03/15) D43390 WA (03/15)
D43444 (03/17) D43447 (06/17) D43448 (06/17)
D43432 (05/13) D43416 (05/13) D43425 (05/13) IL7324 (08/12)

Rey A. Nguyen
 Authorized Representative

D43100 (03/15)

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Supervisor Certificate

File No. 2021-260
 Case No. B. Cable Greens

Borrower N/A

Property Address 551 E Columbia Dr

City Kennewick

County

Benton

State WA

Zip Code

99336

Lender/Client Port Of Kennewick

Address 350 N Clover Island Dr #200 , Kennewick, WA 99336

Certificate of Completion

This is to certify that
 Veronica R Griffith - 1101758

has successfully completed the course

Supervisor-Trainee Course for Washington

for 4.00 hours of continuing education for recertification in the state of
 Washington.

Approval Number: AP3300

Given at: <http://www.mckissock.com>

Date: 5/14/2015



Richard D. McKissock
 Education Director
 100% Education by McKissock

AQB Certified USPAP Instructor: Dan Bradley, #10328

McKissock • P.O. Box 1673 • Warren • Pennsylvania • 16365 • 814-723-6979

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser Trainee License

File No. 2021-260
Case No. B. Cable Greens

| | | | | | | | |
|------------------|-------------------|--------|---|-------|----|----------|-------|
| Borrower | N/A | | | | | | |
| Property Address | 551 E Columbia Dr | | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Lender/Client | Port Of Kennewick | | Address 350 N Clover Island Dr #200 , Kennewick, WA 99336 | | | | |




MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial Parcel #1

**227 E Columbia Gardens Way
Kennewick, WA**

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | | | | | | | |
|---|---|--|---|---|---------------------------------|-------------------------------------|-------------------------|--|--|
|  AI Reports® Form 120.05* | Client File #: | | Parcel #1 | | Appraisal File #: | | 2021-260 | | |
| | Appraisal Report · Land | | | | | | | | |
| | Appraisal Company: Sandollar LLC Appraisal Group SEWA | | | | | | | | |
| | Address: 2001 S Washington St, Kennewick, WA 99337 | | | | | | | | |
| Phone: 509.628.9817 | | | | Fax: | | Website: www.appraisalgroupsewa.com | | | |
| Appraiser: Veronica R Griffith, MAI, CCIM | | | | | | | | Co-Appraiser: | |
| AI Membership (if any): | | <input type="checkbox"/> SRA | <input checked="" type="checkbox"/> MAI | <input type="checkbox"/> SRPA | <input type="checkbox"/> AI-GRS | <input type="checkbox"/> AI-RRS | AI Membership (if any): | | |
| AI Affiliation (if any): | | <input type="checkbox"/> Candidate for Designation | | <input type="checkbox"/> Practicing Affiliate | | AI Affiliation (if any): | | <input type="checkbox"/> Candidate for Designation | |
| Other Professional Affiliation: CCIM Designee | | | | Other Professional Affiliation: | | | | | |
| Email: appraisalgroupsewa@gmail.com | | | | E-mail: | | | | | |
| Client: Port of Kennewick | | | | Contact: Amber Hanchette, Director of Real Estate | | | | | |
| Address: 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | | | | | | |
| Phone: 509.586.1186 | | Fax: N/A | | Email: Amber@PortofKennewick.org | | | | | |
| SUBJECT PROPERTY IDENTIFICATION | | | | | | | | | |
| Address: 227 E Columbia Gardens Way | | | | | | | | | |
| City: Kennewick | | County: Benton | | State: WA | | ZIP: 99336 | | | |
| Legal Description: A portion of Tract 6, RePlat of Columbia Gardens | | | | | | | | | |
| Tax Parcel #: 131903030106009 | | | | RE Taxes: 0 | | Tax Year: 2021 | | | |
| Use of the Real Estate As of the Date of Value: Vacant Land | | | | | | | | | |
| Use of the Real Estate Reflected in the Appraisal: Vacant Land Available for Commercial Development | | | | | | | | | |
| Opinion of highest and best use (if required): Commercial Development | | | | | | | | | |
| SUBJECT PROPERTY HISTORY | | | | | | | | | |
| Owner of Record: Port of Kennewick | | | | | | | | | |
| Description and analysis of sales within 3 years (minimum) prior to effective date of value: No sales of the property have been recorded in the 3 years preceding the effective date of valuation. | | | | | | | | | |
| Description and analysis of agreements of sale (contracts), listing, and options: N/A | | | | | | | | | |
| RECONCILIATIONS AND CONCLUSIONS | | | | | | | | | |
| Indication of Value by Sales Comparison Approach | | | | \$ 225,000 | | | | | |
| Indication of Value by Cost Approach | | | | \$ N/A | | | | | |
| Indication of Value by Income Approach | | | | \$ N/A | | | | | |
| Final Reconciliation of the Methods and Approaches to Value: Only the sales comparison approach to value was applied. The value was reasonably well supported by several recent sales in the neighborhood or competing neighborhoods. Adjustments were considered minor, i.e., less than 20% gross net adjustments. | | | | | | | | | |
| Opinion of Value as of: June 30, 2021 | | | | \$ 225,000 | | | | | |
| Exposure Time: Less than one year | | | | | | | | | |
| The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page. | | | | | | | | | |

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-120.05 Appraisal Report - Land © Appraisal Institute 2017, All Rights Reserved

June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #1 |
| Subject Property: | 227 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| ASSIGNMENT PARAMETERS | |
|--|--|
| Intended User(s): Client, Port of Kennewick, only | |
| Intended Use: Establish a market value for possible sale of the property | |
| The report is not intended by the appraiser for any other use by any other user. | |
| Type of Value: Market Value | Effective Date of Value: June 30, 2021 |
| Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other | |
| Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land. | |
| Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.) | |
| This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP). | |
| SCOPE OF WORK | |
| Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report. | |
| Scope of Subject Property Inspection/Data Sources Utilized Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. | Approaches to Value Developed Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| Additional Scope of Work Comments: N/A | |
| Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia Renee King, a licensed trainee assigned to me, assisted with observation and photography of the subject property, initial search for comparable data, and initial drafting of the report. All final selection of data, adjustments to the data, and final reconciliation of value are those of Veronica R Griffith, MAI, CCIM. | |

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-120.05 Appraisal Report - Land © Appraisal Institute 2017, All Rights Reserved

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #1 |
| Subject Property: | 227 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| MARKET AREA ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|--|--|-----|------|------|----------|-------------|--|----|--|--|----------|------|------------|-----|-------|-----|--------|-----|-------------|-----|--|--|--|
| Location <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural | Built Up <input type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input checked="" type="checkbox"/> Over 75% | Growth <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Slow | Supply & Demand <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply | Value Trend <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing | Typical Marketing Time <input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months | | | | | | | | | | | | | | | | | | | | | | |
| Neighborhood Single Family Profile <table style="width: 100%;"> <tr> <td>Price</td> <td>Age</td> </tr> <tr> <td>200K</td> <td>Low</td> </tr> <tr> <td>500K</td> <td>High</td> </tr> <tr> <td>250-300K</td> <td>Predominant</td> </tr> <tr> <td></td> <td>45</td> </tr> </table> | | | Price | Age | 200K | Low | 500K | High | 250-300K | Predominant | | 45 | Neighborhood Land Use <table style="width: 100%;"> <tr> <td>1 Family</td> <td>85 %</td> <td>Commercial</td> <td>8 %</td> </tr> <tr> <td>Condo</td> <td>2 %</td> <td>Vacant</td> <td>2 %</td> </tr> <tr> <td>Multifamily</td> <td>3 %</td> <td></td> <td></td> </tr> </table> | | 1 Family | 85 % | Commercial | 8 % | Condo | 2 % | Vacant | 2 % | Multifamily | 3 % | | | Neighborhood Name : Historic Waterfront District PUD <input checked="" type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ / Amenities: Sites are "pad" type sites which benefit from shared off-site parking. |
| Price | Age | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200K | Low | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 500K | High | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 250-300K | Predominant | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 45 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 Family | 85 % | Commercial | 8 % | | | | | | | | | | | | | | | | | | | | | | | | |
| Condo | 2 % | Vacant | 2 % | | | | | | | | | | | | | | | | | | | | | | | | |
| Multifamily | 3 % | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SITE ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dimensions: Irregular | | | Area: 22,216 | | | | | | | | | | | | | | | | | | | | | | | | |
| View: Commercial | | | Shape: Mostly rectangular | | | | | | | | | | | | | | | | | | | | | | | | |
| Drainage: Appears Adequate | | | Utility: Average | | | | | | | | | | | | | | | | | | | | | | | | |
| Site Similarity/Conformity to Neighborhood Size: <input type="checkbox"/> Smaller than Typical <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Larger Than Typical View: <input type="checkbox"/> Favorable <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable | | | Zoning/Deed Restriction Zoning: UMU, which permits a variety of development types <input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal Convenants, Condition & Restrictions <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ground Rent \$ / | | | | | | | | | | | | | | | | | | | | | | | | |
| Utilities Electric <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____ Gas <input type="checkbox"/> Public <input type="checkbox"/> Other _____ Water <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____ Sewer <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____ | | | Off Site Improvements Street <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ Alley <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ Sidewalk <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ Street Lights <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Site description and characteristics: The site is located within the Historic Waterfront District in an area defined as Columbia Gardens and benefits from a small amount of frontage to the north along the southern alignment of Duffy's Pond, a retention basin just south of the Columbia River. Adjacent to the west is a vintage mobile home park while development to the immediate east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HIGHEST AND BEST USE ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Summary of highest and best use analysis: The legally permissible uses under the UMU, Urban Mixed Use zoning designation include a broad range of commercial and residential developments. This is a newer zoning designation designed to encourage re-development of older neighborhoods. Thus, physically possible uses are limited mostly by size. Financially productive uses would include any use commercial use permitted under the UMU designation; this would also be the maximally productive use. Thus, the highest and best use of the site is for commercial development that conforms to the UMU development standards which would be cohesive with surrounding development in the Columbia Gardens neighborhood portion of the Historic Waterfront District.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #1 |
| Subject Property: | 227 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

SITE VALUATION

Site Valuation Methodology

- ☒ **Sales Comparison Approach:** A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.
- ☐ **Market Extraction:** A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.
- ☐ **Alternative Method:** (Describe methodology and rationale)

Site Valuation

| ITEM | SUBJECT | COMPARISON 1 | COMPARISON 2 | COMPARISON 3 |
|------------------------------|---|--|--|--|
| Address | 227 E Columbia Gardens Way Kennewick, WA 99336 | 1200 N Irving Pl Kennewick, WA | 1201, 1213, 1221 N Irving Pl Kennewick, WA | 604 N Hartford Kennewick, WA |
| Proximity to Subject | | 4.11 miles W | 4.15 miles W | 0.78 miles W |
| Data Source/ Verification | | Retrospect; Public Recs Public Recs; Seller | Retrospect; Public Recs Public Recs; Seller | MLS #249542; Pub Recs MLS #249542; Pub Recs |
| Sales Price | \$ | \$ 130,571 | \$ 440,130 | \$ 50,000 |
| Price/ PSF | \$ 0 | \$ 5.50 | \$ 5.72 | \$ 5.77 |
| Sale Date | N/A | 05/18/2021 | 04/15/2021 | 12/07/2020 |
| Location | Interior, Pond Front | Int, no pond | Int, no pond | Int, no pond |
| Site Size | 22,216 | 23,753 | 76,962 | 8,668 |
| Site View | Commercial | Commercial | Commercial | Residential |
| Site Improvements | N/A | N/A | N/A | N/A |
| Zoning | UMU | CO | CO | UMU |
| Access | Public ROW | Public ROW | Public ROW | Public ROW |
| Shape/Utility/Corner | Average | Average | Average | Average/Corner |
| Utilities | Available | Available | Available | Available |
| Shared Parking | Yes | No | No | No |
| Net Adjustment | | X + - \$ 3.30 | X + - \$ 4.00 | X + - \$ 3.46 |
| Indicated Value | | Net Adj. 60% Gross Adj. 60% \$ 8.80 | Net Adj. 70% Gross Adj. 70% \$ 9.72 | Net Adj. 60% Gross Adj. 80% \$ 9.23 |
| Prior Transfer History | None within last 3 yrs | No sales in prior 3 years | No sales in prior 3 years | No sales in prior 3 years |

Site Valuation Comments: Besides typical adjustments (10% to 30%), subject benefits from having offsite shared parking with reciprocal easements, similar to that found in a shopping center, where a "pad" site with cross easement agreements for parking, ingress and egress control. There are only two recent sales of "pad" sites available for review, and thus, it was necessary to review older "pad" sites with older non-pad sites to get an idea of the premium paid for the "pad sites" (See excel spreadsheet included herein). The six pad site sales ranged from 23,108 SF to 51,411 SF with an average of 35,584 SF and ranged from \$17.64 to \$30.24 PSF with an average of \$22.61 PSF. The non-pad sites ranged from 37,823 to 80,403 SF with an average of 50,896 SF and ranged in price from \$7.24 to \$13.09 PSF with an average of \$9.15 PSF. The pad sites sold for an average premium of nearly 150% compared to the non-pad sites which accounts for the differences in reciprocal parking, access and egress supporting the need for an adjustment in superior neighborhoods that are experiencing strong growth with strong demographics. A 50% adjustment is considered reasonable.

Site Valuation Reconciliation: After adjustment the sales range from \$8.57 to \$11.51 PSF with a weighted average of approximately \$10.00 PSF. Adjustments are large and could be considered excessive by some, but none of the sales benefit from shared parking as a "pad site" in a cohesive development for which a substantial 50% adjustment was warranted; and none of the sites benefit from frontage along Duffy's Pond. An analysis of pad sites versus non pad sites indicated that on average, a pad site commanded a 150% premium compared to non-pad sites. The three sales in subject's neighborhood are older and surrounded by residential improvements while subject is part of a cohesive new development within the Historic Waterfront District. A value of \$10 PSF was concluded and when multiplied by the site area of 22,216 SF, a value of \$222,160, rounded to \$225,000.

Opinion of Site Value

\$ 225,000

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 4-5-6

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #1 |
| Subject Property: | 227 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

SITE EVALUATION

Site Valuation Methodology

- ☒ **Sales Comparison Approach:** A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.
- ☐ **Market Extraction:** A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.
- ☐ **Alternative Method:** (Describe methodology and rationale)

Site Valuation

| ITEM | SUBJECT | COMPARISON 4 | | COMPARISON 5 | | COMPARISON 6 | |
|------------------------------|---|--|-----------|--|------------|--|------------|
| Address | 227 E Columbia Gardens Way Kennewick, WA 99336 | 421 E Bruneau Pl Kennewick, WA | | 5610 W Quinault Kennewick, | | 218 N Beech St Kennewick, WA | |
| Proximity to Subject | | 0.18 miles SE | | 4.08 miles W | | 0.13 miles S | |
| Data Source/ Verification | | Retrospect; Pub Recs Retrospect; Seller | | Retrospect; Public Recs Public Recs; Seller | | Retrospect; Pub Recs Retrospect; Pub Recs | |
| Sales Price | | \$ | \$ 45,000 | \$ | \$ 300,000 | \$ | \$ 117,000 |
| Price/ PSF | \$ 0.00 | \$ 5.36 | | \$ 6.92 | | \$ 6.78 | |
| Sale Date | | 03/13/2020 | | 01/17/2020 | | 08/08/2019 | |
| Location | Interior, Pond Front | Int, no pond | +53 | Frontage, no Pond | 0.00 | Int, no pond | +67 |
| Site Size | 22,216 | 8,398 | -0.53 | 43,368 | | 17,258 | |
| Site View | Commercial | Residential | +0.53 | Commercial | | Residential | +0.67 |
| Site Improvements | N/A | N/A | | N/A | | N/A | |
| Zoning | UMU | UMU | | CO | | UMU | |
| Access | Public ROW | Public ROW | | Public ROW | | Public ROW | |
| Shape/Utility/Corner | Average | Corner | | Average | | Corner | |
| Utilities | Available | Available | | Available | | Available | |
| Shared Parking | Yes | No | +2.68 | No | +3.46 | No | +3.39 |
| Net Adjustment | | X + - | \$ 3.21 | X + - | \$ 3.46 | X + - | \$ 4.73 |
| Indicated Value | | Net Adj. 60% | | Net Adj. 50% | | Net Adj. 70% | |
| | | Gross Adj. 80% | \$ 8.57 | Gross Adj. 50% | \$ 10.38 | Gross Adj. 70% | \$ 11.51 |
| Prior Transfer History | No sales in prior 3 years | No sales in prior 3 years | | No sales in prior 3 years | | No sales in prior 3 years | |

Site Valuation Comments: See prior page comments

Site Valuation Reconciliation: See prior page comments

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Pad Site Sale Comparison with Non-Pad Site Sales

File No. 2021-260
Case No. Parcel #1

Borrower

Property Address 227 E Columbia Gardens Way

| | | | | | | | |
|------|-----------|--------|--------|-------|----|----------|-------|
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
|------|-----------|--------|--------|-------|----|----------|-------|

| | | | |
|---------------|-------------------|---------|--|
| Lender/Client | Port of Kennewick | Address | 350 N Clover Island Dr #200, Kennewick, WA 99336 |
|---------------|-------------------|---------|--|

| Comparison of "PAD" Site Sales With Non-PAD Site Sales | | | | | | | | | |
|--|-------------------------|--------------------------|-----------------------------|--|-------------------------------------|-------------------------|---------|--|-----------|
| Property ID | 4182 | 7381 | 7156 | 6973 | 6881 | 6933 | Average | | |
| Property Use | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | | | |
| Location | 3631 Plaza Way | 2621 Daguerre | 1609 N Col. Ch. Blvd | 4291 Road 08 | 1273 Aaron Dr | 5702 N Road 08 | | | |
| City | Kernewick | West Richland | Kernewick | Pasco | Richland | Pasco | | | |
| Land Acres | 0.908 | 0.597 | 1.1823 | 0.950 | 0.550 | 0.603 | | | 0.8123 |
| Land SF | 42,168 | 26,125 | 51,411 | 40,511 | 25,108 | 28,887 | | | 31,384 |
| Buyer | Hagback Southridge, LLC | Hagback Quintero LLC | Hagback Columbia Center LLC | Pasco One, LLC Zenith Properties III LLC | PK Vland LLC | | | | |
| Seller | Craig Eckels | Wal-Mart Real Estate | JC Penney Properties, Inc. | Terry and Susan Moss | Tinsdley & Kathryn Bush | Hagback Sundell LLC | | | |
| Recorded | 2021-01-24-59 | 2020-03-12-83 | 2019-04-01-11 | 2019-08-10-20 | 2019-01-01-72 | SWD-1888688 | | | |
| Document | SWD | SWD | SWD | SWD | SWD | SWD | | | |
| TAX ID | 1168701245002 | 12194101321002 | 1399648P356902 | 117490130 | 114963BP358707 | 116620016 | | | |
| Sale Price | \$74,000 | \$700,000 | \$1,100,000 | \$800,000 | \$750,000 | \$796,000 | | | \$800,000 |
| Sale Date | 05-15-2021 | 08-24-2020 | 12-26-2019 | 02-26-2019 | 06-12-2019 | 12-13-2018 | | | |
| Sale Price PSF | \$17.64 | \$58.24 | \$21.40 | \$19.73 | \$24.67 | \$27.46 | | | \$23.61 |
| Property ID | 7212 | 7465 | 7393 | 7492 | 3528 | 6984 | Average | | |
| Property Use | Commercial | Commercial | Commercial | Commercial | Commercial | PAD SITE | | | |
| Location | 10799 Ridgepine Dr | Paradise & Bonning Range | NKA N Staples North of Gage | SWC Chagel Hill & Broadmoor | 1501 Bonning Range Rd West Richland | NKA Shagot Kernewick | | | |
| City | Kernewick | West Richland | Kernewick | Pasco | West Richland | Kernewick | | | |
| Land Acres | 1.3773 | 1.5 | 0.163 | 0.72034 | 1.8458 | 0.6978 | | | 1.1484 |
| Land SF | 60,004 | 65,570 | 37,123 | 31,378 | 80,405 | 36,396 | | | 50,896 |
| Buyer | CMAC Properties LLC | Crosby Ventures | Jennifer LaCrosse | Laurita Johnson et al | Craig K. Stevens | CMACD Properties LLC | | | |
| Seller | JPE Iron-Steel Trust | GES4 Cooks Union | Isobel R2 LLC | Community 1st Bank | West Richland Group | Idelford Korean BSO Inc | | | |
| Recorded | 2020-03-04-89 | 2021-09-29-90 | SWD 2020-03-03-24 | SWD-1932423 | SWD 2020-01-31-15 | 2020-01-13-55 | | | |
| Document | Statutory Warranty | Statutory Warranty | Statutory Warranty | Statutory Warranty | Statutory Warranty | SWD | | | |
| TAX ID | 5454,617 | \$475,000 | 13959500010000 | \$222,650 | \$799,505 | 13299123001011 | | | \$465,776 |
| Sale Price | \$454,617 | \$475,000 | \$405,000 | \$222,650 | \$799,505 | \$238,400 | | | |
| Sale Date | 01-10-2020 | 01-21-2021 | 09-04-2020 | 02-19-2021 | 4-24-2020 | 04-30-2020 | | | \$9.15 |
| Sale Price PSF | \$7.24 | \$7.27 | \$11.09 | \$7.09 | \$19.95 | \$9.49 | | | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|----------------------------|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #1 |
| Subject Property: | 227 E Columbia Gardens Way | Appraisal File #: | 2021-260 |

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below)

☐ Alternate Value Definition (attached)

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

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

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|----------------------------|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #1 |
| Subject Property: | 227 E Columbia Gardens Way | Appraisal File #: | 2021-260 |

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia Renee King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property Inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

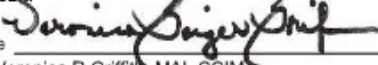
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not complied with the continuing education requirements of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

Report Date 06/30/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature _____

Name _____

Report Date _____

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # _____ State _____

Expiration Date _____

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

APPRAISAL COMPLIANCEFile No. 2021-260
Case No. Parcel #1

| | | | |
|---|--|--|--|
| Owner <u>Port of Kennewick</u> | | Unit No. _____ | |
| Address <u>227 E Columbia Gardens Way</u> | | City <u>Kennewick</u> County <u>Benton</u> State <u>WA</u> Zip Code <u>99336</u> | |
| Client <u>Port of Kennewick</u> | | | |

APPRAISAL AND REPORT IDENTIFICATION

This Appraisal Report is one of the following types:

☒ **Appraisal Report** This report was prepared in accordance with the requirements of the Appraisal Report option of USPAP Standards Rule 2-2(a).

☐ **Restricted Appraisal Report** This report was prepared in accordance with the requirements of the Restricted Appraisal Report option of USPAP Standards Rule 2-2(b). The intended user of this report is limited to the identified client. This is a Restricted Appraisal Report and the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without the additional information in the appraiser's workfile.

ADDITIONAL CERTIFICATIONS

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- Unless otherwise indicated, I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to parties involved.
- I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
- This appraisal report was prepared in accordance with the requirements of Title XI of FIRREA and any implementing regulations.

PRIOR SERVICES

- ☒ I have **NOT** performed services, as an appraiser or in another capacity, regarding the property that is the subject of the report within the three-year period immediately preceding acceptance of this assignment.
- ☐ I **HAVE** performed services, as an appraiser or in another capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Those services are described in the comments below.

PROPERTY INSPECTION

- ☒ I **HAVE** made a personal inspection of the property that is the subject of this report.
- ☐ I **have NOT** made a personal inspection of the property that is the subject of this report.

APPRAISAL ASSISTANCE

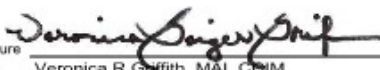
Unless otherwise noted, no one provided significant real property appraisal assistance to the person signing this certification. If anyone did provide significant assistance, they are hereby identified along with a summary of the extent of the assistance provided in the report.

Sonnica Renee King, a licensed trainee assigned to me assisted with the observation, photography, initial research for comparable data and initial drafting of the report. The final data regarding the attributes of the subject, the final selection of comparable data and adjustment analysis applied and final value conclusion are those of Veronica R Griffith, MAI, CCIM.

ADDITIONAL COMMENTSAdditional USPAP related issues requiring disclosure and/or any state mandated requirements: See Assignment Conditions**MARKETING TIME AND EXPOSURE TIME FOR THE SUBJECT PROPERTY**

- ☒ A reasonable marketing time for the subject property is 365 day(s) utilizing market conditions pertinent to the appraisal assignment.
- ☒ A reasonable exposure time for the subject property is 365 day(s).

APPRAISER**SUPERVISORY APPRAISER (ONLY IF REQUIRED)**

Signature 
 Name Veronica R Griffith, MAI, CCIM
 Date of Signature 06/30/2021
 State Certification # 1101758
 or State License # _____
 State WA
 Expiration Date of Certification or License 11/15/2021
 Effective Date of Appraisal June 30, 2021

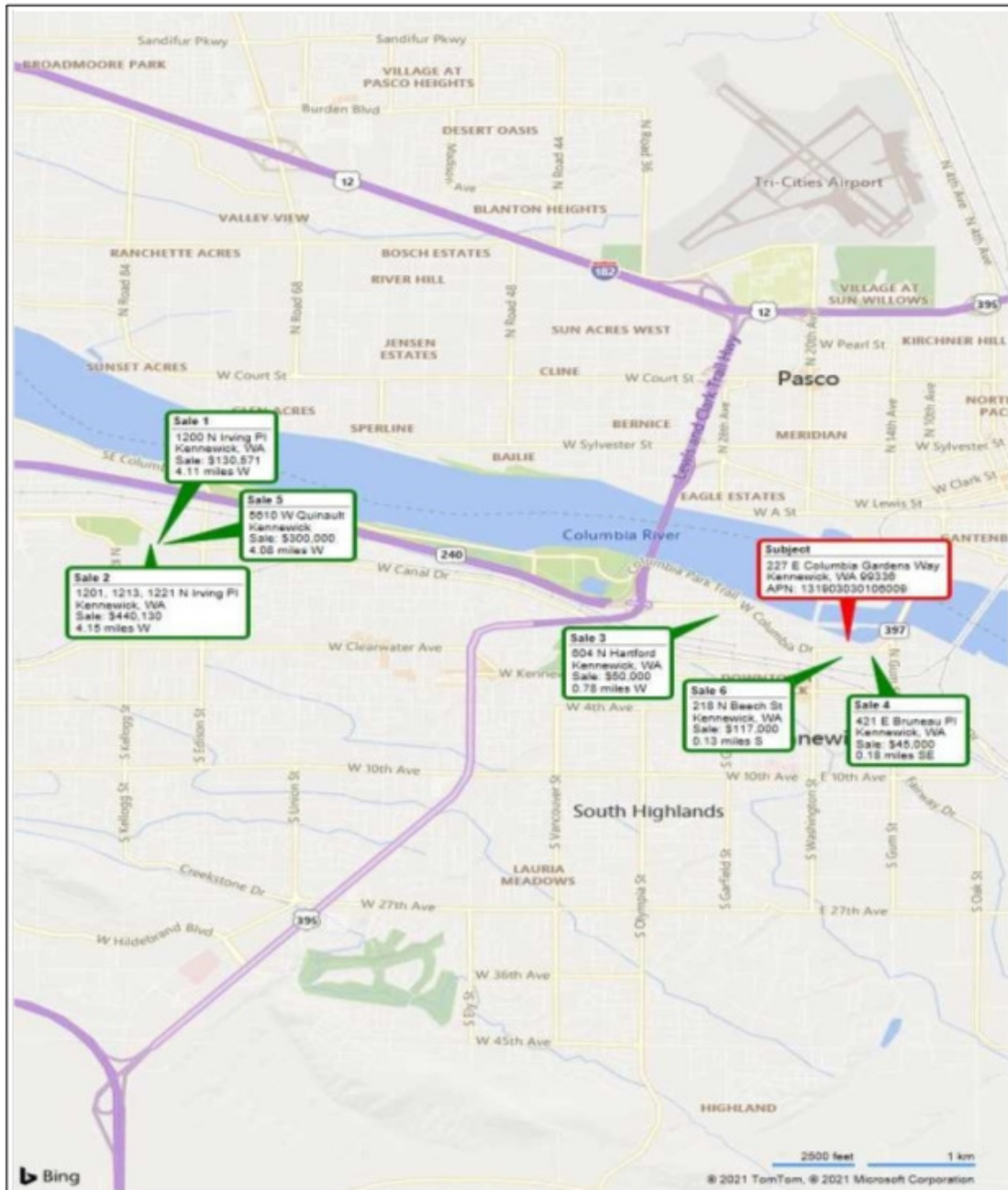
Signature _____
 Name _____
 Date of Signature _____
 State Certification # _____
 or State License # _____
 State _____
 Expiration Date of Certification or License _____
 Supervisory Appraiser Inspection of Subject Property:
☐ Did Not ☐ Exterior Only from street ☐ Interior and Exterior

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #1

| | | | | | | |
|--|--------|--------|-------|----|----------|-------|
| Owner Port of Kennewick | | | | | | |
| Property Address 227 E Columbia Gardens Way | | | | | | |
| City Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Client Port of Kennewick | | | | | | |
| Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | | | |



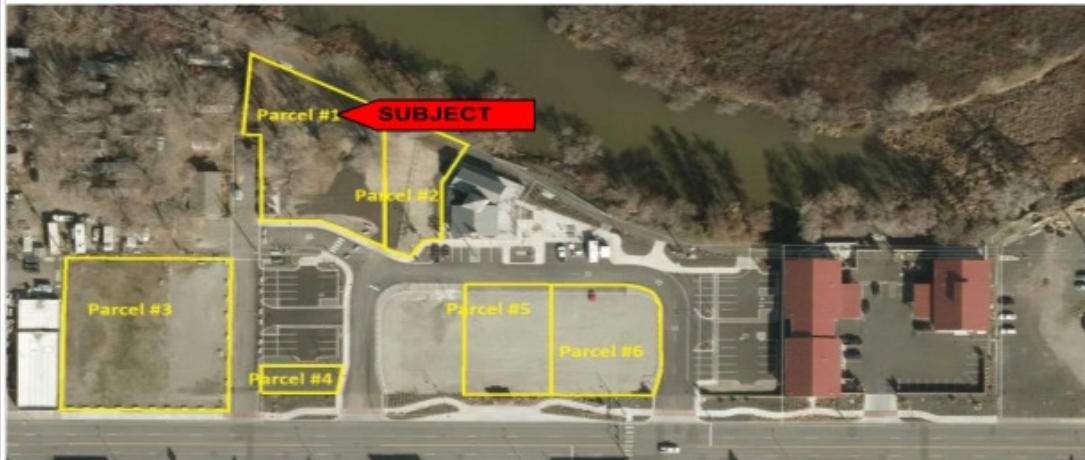
MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #1

Borrower

| | | | | | |
|------------------|--|--------|--------|----------|-------|
| Property Address | 227 E Columbia Gardens Way | | | | |
| City | Kennewick | County | Benton | State | WA |
| | | | | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | | | |
| | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
PLAT MAP

File No. 2021-260
Case No. Parcel #1

| | | | | | |
|---|--------|--|-------|----|----------------|
| Owner Port of Kennewick | | | | | |
| Property Address 227 E Columbia Gardens Way | | | | | |
| City Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel #1

| | | | | | | |
|------------------|----------------------------|--------|--|-------|----|----------------|
| Borrower | | | | | | |
| Property Address | 227 E Columbia Gardens Way | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Statement of Qualifications

File No. 2021-260
Case No. Parcel #1**Borrower**

Property Address 227 E Columbia Gardens Way

City Kennewick

County

Benton

State WA

Zip Code

99336

Lender/Client Port of Kennewick

Address 350 N Clover Island Dr #200, Kennewick, WA 99336

Statement of Qualifications for**Veronica R. (Nikki) Griffith, MAI, CCIM****EDUCATION**

May, 1988

St. Louis University
St. Louis, MOGraduated Cum Laude; Major in Business Management
with Minor in Communications**PROFESSIONAL EXPERIENCE**

2014 - Now

Sandollar LLC | Appraisal Group
SEWA**Owner/Principal**Private practice firm specializing in *appraisal, appraisal review and consulting* for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

2004 - 2014

Sandollar Realty Advisors
Tri-Cities (Kennewick, Pasco & Richland), WA**Owner/Principal**Private practice specializing in (1) *appraisal, appraisal review and litigation support* for all types of commercial real estate property for a variety of institutional and attorney clients; (2) **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) *education, curriculum development, and regulatory compliance* for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

1991 - 2004

Bank One Corporation (now
JPMorgan Chase), Phoenix, AZ**SVP, Chief Appraiser, National Manager**
Real Estate Appraisal Group (REAG)Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

1990 - 1991

RTC (Western Savings & Loan),
Phoenix, AZ**VP, Chief Appraiser**
Real Estate Appraisal Department

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Statement of Qualifications

File No. 2021-260
Case No. Parcel #1**Borrower**

Property Address 227 E Columbia Gardens Way

City Kennewick

County Benton

State WA

Zip Code 99336

Parcel #1

Lender/Client Port of Kennewick

Address 350 N Clover Island Dr #200, Kennewick, WA 99336

1988 – 1990**Sandollar Realty Advisors Corp.
St. Louis, MO*****Principal, Senior Appraiser & Broker***

Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.

1984 – 1988**Buckles & Associates
St. Louis, MO*****VP, Senior Commercial Appraiser***

Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 Appraiser's License

File No. 2021-260
 Case No. Parcel #1

| | | | | | |
|------------------|--|--------|--------|----------|-------|
| Borrower | | | | | |
| Property Address | 227 E Columbia Gardens Way | | | | |
| City | Kennewick | County | Benton | State | WA |
| | | | | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | | | |
| | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |




MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial Parcel #2

**309 E Columbia Gardens Way
Kennewick, WA**

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | | | | | | |
|--|---|--|---|---|---------------------------------|-------------------------------------|-------------------------|--|
|  <p>Form 120.05*</p> | Client File #: | | Parcel #2 | | Appraisal File #: | | 2021-260 | |
| | Appraisal Report · Land | | | | | | | |
| | Appraisal Company: Sandollar LLC Appraisal Group SEWA | | | | | | | |
| | Address: 2001 S Washington St, Kennewick, WA 99337 | | | | | | | |
| Phone: 509.628.9817 | | | Fax: | | | Website: www.appraisalgroupsewa.com | | |
| Appraiser: Veronica R Griffith, MAI, CCIM | | | | Co-Appraiser: | | | | |
| AI Membership (if any): | | <input type="checkbox"/> SRA | <input checked="" type="checkbox"/> MAI | <input type="checkbox"/> SRPA | <input type="checkbox"/> AI-GRS | <input type="checkbox"/> AI-RRS | AI Membership (if any): | |
| AI Affiliation (if any): | | <input type="checkbox"/> Candidate for Designation | | <input type="checkbox"/> Practicing Affiliate | | AI Affiliation (if any): | | |
| Other Professional Affiliation: CCIM Designee | | | | Other Professional Affiliation: | | | | |
| Email: appraisalgroupsewa@gmail.com | | | | E-mail: | | | | |
| Client: Port of Kennewick | | | | Contact: Amber Hanchette, Director of Real Estate | | | | |
| Address: 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | | | | | |
| Phone: 509.586.1186 | | Fax: N/A | | Email: Amber@PortofKennewick.org | | | | |
| SUBJECT PROPERTY IDENTIFICATION | | | | | | | | |
| Address: 309 E Columbia Gardens Way | | | | | | | | |
| City: Kennewick | | County: Benton | | State: WA | | ZIP: 99336 | | |
| Legal Description: A portion of Tract 6, RePlat of Columbia Gardens...situated in Government Lots 3 and 4 | | | | | | | | |
| Tax Parcel #: 131903030106008 | | | | RE Taxes: 0 | | Tax Year: 2021 | | |
| Use of the Real Estate As of the Date of Value: Vacant Land | | | | | | | | |
| Use of the Real Estate Reflected in the Appraisal: Vacant Land Available for Commercial Development | | | | | | | | |
| Opinion of highest and best use (if required): Commercial Development | | | | | | | | |
| SUBJECT PROPERTY HISTORY | | | | | | | | |
| Owner of Record: Port of Kennewick | | | | | | | | |
| Description and analysis of sales within 3 years (minimum) prior to effective date of value: No sales of the property have been recorded in the 3 years preceding the effective date of valuation. | | | | | | | | |
| Description and analysis of agreements of sale (contracts), listing, and options: N/A | | | | | | | | |
| RECONCILIATIONS AND CONCLUSIONS | | | | | | | | |
| Indication of Value by Sales Comparison Approach | | | | \$ 100,000 | | | | |
| Indication of Value by Cost Approach | | | | \$ N/A | | | | |
| Indication of Value by Income Approach | | | | \$ N/A | | | | |
| Final Reconciliation of the Methods and Approaches to Value: Only the sales comparison approach to value was applied. The value was reasonably well supported by several recent sales in the neighborhood or competing neighborhoods. Adjustments were considered minor, i.e., less than 20% gross net adjustments with the exception of the adjustment for the "pad site" status, which was well supported. | | | | | | | | |
| Opinion of Value as of: June 30, 2021 | | | | \$ 100,000 | | | | |
| Exposure Time: Less than one year | | | | | | | | |
| The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page. | | | | | | | | |

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #2 |
| Subject Property: | 309 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

ASSIGNMENT PARAMETERS

Intended User(s): Client, Port of Kennewick only

Intended Use: Establish a market value for possible sale of the property

The report is not intended by the appraiser for any other use by any other user.

Type of Value: Market Value Effective Date of Value: June 30, 2021

Interest Appraised: ☒ Fee Simple ☐ Leasehold ☐ Other

Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land.

Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.)

This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).

SCOPE OF WORK

Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.

| Scope of Subject Property Inspection/Data Sources Utilized | Approaches to Value Developed |
|--|--|
| Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. | Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. | Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| | Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |

Additional Scope of Work Comments: N/A

Significant Real Property Appraisal Assistance: ☐ None ☒ Disclose Name(s) and contribution:
 Sonnia Renee King, a licensed trainee assigned to me, assisted with observation and photography of the subject property, initial search for comparable data, and initial drafting of the report. All final selection of subject and comparable data, adjustments and analysis of the data and final reconciliation of value are those of Veronica R Griffith, MAI, CCIM

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-120.05 Appraisal Report - Land © Appraisal Institute 2017, All Rights Reserved

June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #2 |
| Subject Property: | 309 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| MARKET AREA ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|---|---|--|------|------|----------|-------------|--|--|----------|------|------------|-----|-------|-----|--------|-----|-------------|-----|--|--|--|--|
| Location <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural | Built Up <input type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input checked="" type="checkbox"/> Over 75% | Growth <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Slow | Supply & Demand <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply | Value Trend <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing | Typical Marketing Time <input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months | | | | | | | | | | | | | | | | | | | | |
| Neighborhood Single Family Profile <table style="width: 100%;"> <tr> <td>Price</td> <td>Age</td> </tr> <tr> <td>200K</td> <td>Low</td> </tr> <tr> <td>500K</td> <td>High</td> </tr> <tr> <td>250-300K</td> <td>Predominant</td> </tr> </table> | | Price | Age | 200K | Low | 500K | High | 250-300K | Predominant | Neighborhood Land Use <table style="width: 100%;"> <tr> <td>1 Family</td> <td>85 %</td> <td>Commercial</td> <td>8 %</td> </tr> <tr> <td>Condo</td> <td>2 %</td> <td>Vacant</td> <td>2 %</td> </tr> <tr> <td>Multifamily</td> <td>3 %</td> <td></td> <td></td> </tr> </table> | | 1 Family | 85 % | Commercial | 8 % | Condo | 2 % | Vacant | 2 % | Multifamily | 3 % | | | Neighborhood Name : Historic Waterfront District PUD <input checked="" type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ / Amenities: Sites are "pad" type sites which benefit from shared off-site parking. | |
| Price | Age | | | | | | | | | | | | | | | | | | | | | | | | |
| 200K | Low | | | | | | | | | | | | | | | | | | | | | | | | |
| 500K | High | | | | | | | | | | | | | | | | | | | | | | | | |
| 250-300K | Predominant | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 Family | 85 % | Commercial | 8 % | | | | | | | | | | | | | | | | | | | | | | |
| Condo | 2 % | Vacant | 2 % | | | | | | | | | | | | | | | | | | | | | | |
| Multifamily | 3 % | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| SITE ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dimensions: Irregular | | Area: 9,583 | | | | | | | | | | | | | | | | | | | | | | | |
| View: Commercial | | Shape: Irregular | | | | | | | | | | | | | | | | | | | | | | | |
| Drainage: Appears Adequate | | Utility: Fair to Average | | | | | | | | | | | | | | | | | | | | | | | |
| Site Similarity/Conformity to Neighborhood Size: <input checked="" type="checkbox"/> Smaller than Typical <input type="checkbox"/> Typical <input type="checkbox"/> Larger Than Typical | | View: <input type="checkbox"/> Favorable <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable | | Zoning/Deed Restriction Zoning: UMU, which permits a variety of development types <input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal | | | | | | | | | | | | | | | | | | | | | |
| Utilities Electric <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other Gas <input type="checkbox"/> Public <input type="checkbox"/> Other Water <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other Sewer <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other | | Off Site Improvements Street <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Alley <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Sidewalk <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Street Lights <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Site description and characteristics: The site is located within the Historic Waterfront District in an area defined as Columbia Gardens and benefits from a small amount of frontage to the north along the southern alignment of Duffy's Pond, a retention basin just south of the Columbia River. Adjacent to the west is a vintage mobile home park while development to the immediate east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| HIGHEST AND BEST USE ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Summary of highest and best use analysis: The legally permissible uses under the UMU, Urban Mixed Use zoning designation include a broad range of commercial and residential developments. This is a newer zoning designation designed to encourage re-development of older neighborhoods. Thus, physically possible uses are limited mostly by size. Financially productive uses would include any use commercial use permitted under the UMU designation; this would also be the maximally productive use. Thus, the highest and best use of the site is for commercial development that conforms to the UMU development standards which would be cohesive with surrounding development in the Columbia Gardens neighborhood portion of the Historic Waterfront District.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #2 |
| Subject Property: | 309 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

SITE VALUATION

Site Valuation Methodology

- ☒ **Sales Comparison Approach:** A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.
- ☐ **Market Extraction:** A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.
- ☐ **Alternative Method:** (Describe methodology and rationale)

Site Valuation

| ITEM | SUBJECT | COMPARISON 1 | COMPARISON 2 | COMPARISON 3 |
|------------------------------|---|--|--|--|
| Address | 309 E Columbia Gardens Way Kennewick, WA 99336 | 1200 N Irving Pl Kennewick, WA | 1201, 1213, 1221 N Irving Pl Kennewick, WA | 604 N Hartford Kennewick, WA |
| Proximity to Subject | | 4.13 miles W | 4.16 miles W | 0.80 miles W |
| Data Source/ Verification | | Retrospect; Public Recs Public Recs; Seller | Retrospect; Public Recs Public Recs; Seller | MLS #249542; Pub Recs MLS #249542; Pub Recs |
| Sales Price | \$ | \$ 130,571 | \$ 440,130 | \$ 50,000 |
| Price/ PSF | \$ 0 | \$ 5.50 | \$ 5.72 | \$ 5.77 |
| Sale Date | N/A | 05/18/2021 | 04/15/2021 | 12/07/2020 |
| Location | Interior, Pond Front | Int, no pond | Int, no pond | Int, no pond |
| Site Size | 9,583 | 23,753 | 76,962 | 8,668 |
| Site View | Commercial | Commercial | Commercial | Residential |
| Site Improvements | N/A | N/A | N/A | N/A |
| Zoning | UMU | CO | CO | UMU |
| Access | Public ROW | Public ROW | Public ROW | Public ROW |
| Shape/Utility/Corner | Average | Average | Average | Average/Corner |
| Utilities | Available | Available | Available | Available |
| Shared Parking | Yes | No | No | No |
| Net Adjustment | | X + - \$ 3.85 | X + - \$ 4.57 | X + - \$ 3.75 |
| Indicated Value | | Net Adj. 70% Gross Adj. 70% \$ 9.35 | Net Adj. 80% Gross Adj. 80% \$ 10.29 | Net Adj. 65% Gross Adj. 65% \$ 9.52 |
| Prior Transfer History | None within last 3 yrs | None within last 3 yrs | None within last 3 yrs | None within last 3 yrs |

Site Valuation Comments: Besides typical adjustments (10% to 30%), subject benefits from having offsite shared parking with reciprocal easements, similar to that found in a shopping center, where a "pad" site with cross easement agreements for parking, ingress and egress control. There are only two recent sales of "pad" sites available for review, and thus, it was necessary to review older "pad" sites with older non-pad sites to get an idea of the premium paid for the "pad sites" (See excel spreadsheet included herein). The six pad site sales ranged from 23,108 SF to 51,411 SF with an average of 35,584 SF and ranged from \$17.64 to \$30.24 PSF with an average of \$22.61 PSF. The non-pad sites ranged from 37,823 to 80,403 SF with an average of 50,896 SF and ranged in price from \$7.24 to \$13.09 PSF with an average of \$9.15 PSF. The pad sites sold for an average premium of nearly 150% compared to the non-pad sites which accounts for the differences in reciprocal parking, access and egress supporting the need for an adjustment in superior neighborhoods that are experiencing strong growth with strong demographics. A 50% adjustment is considered reasonable.

Site Valuation Reconciliation: After adjustment the sales range from \$8.84 to \$11.76 PSF with a weighted average of approximately \$10.00 PSF. Adjustments are large and could be considered excessive by some, but none of the sales benefit from shared parking as a "pad site" in a cohesive development for which a 50% adjustment was made; and none of the sites benefit from frontage along Duffy's Pond. An analysis of pad sites versus non pad sites indicated that on average, a pad site commanded a 150% premium compared to non-pad sites. The three sales in subject's neighborhood are older and surrounded by residential improvements while subject is part of a cohesive new development within the Historic Waterfront District. A value of near the higher end of the range due to small size of \$10.50 PSF was concluded and when multiplied by the site area of 9,583 SF, a value of \$100,621, rounded to \$100,000.

Opinion of Site Value

\$ 100,000

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 4-5-6

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #2 |
| Subject Property: | 309 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

SITE EVALUATION

Site Valuation Methodology

- ☒ **Sales Comparison Approach:** A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.
- ☐ **Market Extraction:** A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.
- ☐ **Alternative Method:** (Describe methodology and rationale)

Site Valuation

| ITEM | | SUBJECT | | COMPARISON 4 | | COMPARISON 5 | | COMPARISON 6 | |
|------------------------------|--|---|--|--|--|--|--|--|--|
| Address | | 309 E Columbia Gardens Way Kennewick, WA 99336 | | 421 E Bruneau Pl Kennewick, WA | | 5610 W Quinault Kennewick, | | 218 N Beech St Kennewick, WA | |
| Proximity to Subject | | | | 0.16 miles SE | | 4.09 miles W | | 0.13 miles S | |
| Data Source/ Verification | | | | Retrospect; Pub Recs Retrospect; Seller | | Retrospect; Public Recs Public Recs; Seller | | Retrospect; Pub Recs Retrospect; Pub Recs | |
| Sales Price | | | | \$ 45,000 | | \$ 300,000 | | \$ 117,000 | |
| Price/ PSF | | \$ 0.00 | | \$ 5.36 | | \$ 6.92 | | \$ 6.78 | |
| Sale Date | | 03/13/2020 | | 01/17/2020 | | 08/08/2019 | | | |
| Location | | Interior, Pond Front | | Int, no pond +0.53 | | Frontage, no Pond 0.00 | | Int, no pond +0.67 | |
| Site Size | | 9,583 | | 8,398 0.00 | | 43,368 +1.38 | | 17,258 +.34 | |
| Site View | | Commercial | | Residential +0.27 | | Commercial | | Residential +0.34 | |
| Site Improvements | | N/A | | N/A | | N/A | | N/A | |
| Zoning | | UMU | | UMU | | CO | | UMU | |
| Access | | Public ROW | | Public ROW | | Public ROW | | Public ROW | |
| Shape/Utility/Corner | | Average | | Corner | | Average | | Corner | |
| Utilities | | Available | | Available | | Available | | Available | |
| Shared Parking | | Yes | | No +2.68 | | No +3.46 | | No +3.39 | |
| Net Adjustment | | | | X + - \$ 3.48 | | X + - \$ 4.84 | | X + - \$ 4.74 | |
| Indicated Value | | | | Net Adj. 65% Gross Adj. 65% \$ 8.84 | | Net Adj. 70% Gross Adj. 70% \$ 11.76 | | Net Adj. 70% Gross Adj. 70% \$ 11.52 | |
| Prior Transfer History | | None within last 3 yrs | | None within last 3 yrs | | None within last 3 yrs | | None within last 3 yrs | |

Site Valuation Comments: See prior page comments

Site Valuation Reconciliation: See prior page comments

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Pad Site Sale Comparison with Non-Pad Site Sales

File No. 2021-260
Case No. Parcel #2

Borrower

Property Address 309 E Columbia Gardens Way

| | | | | | | | |
|------|-----------|--------|--------|-------|----|----------|-------|
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
|------|-----------|--------|--------|-------|----|----------|-------|

| | | | |
|---------------|-------------------|---------|--|
| Lender/Client | Port of Kennewick | Address | 350 N Clover Island Dr #200, Kennewick, WA 99336 |
|---------------|-------------------|---------|--|

| Comparison of "PAD" Site Sales With Non-PAD Site Sales | | | | | | | | | |
|--|-------------------------|--------------------------|-----------------------------|-----------------------------|---------------------------|-------------------------|-----------|--|--|
| Property ID | 4182 | 7381 | 7156 | 6973 | 6881 | 6933 | Average | | |
| Property Use | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | | | |
| Location | 3631 Plaza Way | 2811 Dogwood | 1659 N Col. Cr. Blvd | 4201 Road 08 | 1273 Aaron Dr | 5702 N Road 08 | | | |
| City | Kernersville | West Richland | Kernersville | Prasco | Richland | Prasco | | | |
| Land Acres | 0.968 | 0.597 | 1.18223 | 0.950 | 0.350 | 0.660 | 0.8123 | | |
| Land SF | 42,166 | 26,123 | 51,411 | 40,511 | 23,100 | 28,887 | 31,384 | | |
| Buyer | Hogback Southridge, LLC | Hogback Queensgate LLC | Hogback Columbia Center LLC | Prasco One, LLC | Zenith Properties III LLC | PK Village LLC | | | |
| Seller | Coig Eckles | Wal-Mart Real Estate | JC Penney Properties, Inc. | Terry and Susan Moss | Timothy & Kathryn Bush | Hogback Sundair LLC | | | |
| Recorded | 2021-01-24-59 | 2020-03-12-63 | 2019-04-10-11 | 2019-10-01-20 | 2019-01-01-72 | SWD-1888688 | | | |
| Document | SWD | SWD | SWD | SWD | SWD | SWD | | | |
| TAX ID | 11689701340002 | 1219481013210002 | 1369948P2366002 | 117480136 | 114948BP2687007 | 116632016 | | | |
| Sale Price | \$744,000 | \$790,000 | \$1,100,000 | \$800,000 | \$170,000 | \$794,000 | \$800,000 | | |
| Sale Date | 05-15-2021 | 08-24-2020 | 12-26-2019 | 02-26-2019 | 06-12-2019 | 12-13-2018 | | | |
| Sale Price PSF | \$17.64 | \$20.24 | \$21.40 | \$19.73 | \$24.67 | \$27.46 | \$23.61 | | |
| Property ID | 7212 | 7465 | 7393 | 7492 | 3528 | 6984 | Average | | |
| Property Use | Commercial | Commercial | Commercial | Commercial | Commercial | PAD SITE | | | |
| Location | 10799 Ridgeline Dr | Pandora & Eastburg Range | NELAN Stages North of Gage | SWC Chagel Hill & Broadmoor | 1501 Bombing Range Rd | NKA Skagot | | | |
| City | Kernersville | West Richland | Kernersville | Prasco | West Richland | Kernersville | | | |
| Land Acres | 1.3773 | 1.5 | 0.863 | 0.72034 | 1.8416 | 0.6978 | 1.1484 | | |
| Land SF | 60,004 | 62,570 | 37,823 | 31,378 | 80,405 | 30,396 | 50,896 | | |
| Buyer | CME Properties LLC | Coskey Ventures | Jennifer LaCasse | Loraine Johnson et al | Carla K. Stevens | CDACO Properties LLC | | | |
| Seller | JPE Iron Iron Trust | GESA Credit Union | Isabelle RR LLC | Community 1st Bank | West Richland Group | Idelford Korean BBQ Inc | | | |
| Recorded | 2020-03-14-89 | 2021-09-23-90 | SWD-2020-03-25-24 | SWD-1993-422 | SWD-2020-01-28-15 | 2020-01-15-55 | | | |
| Document | Statutory Warranty | Statutory Warranty | Statutory Warranty | Statutory Warranty | Statutory Warranty | SWD | | | |
| TAX ID | 5454,617 | 5475,000 | 13695800010000 | 4427,000 | 879036 | 13299120001011 | \$465,776 | | |
| Sale Price | \$454,617 | \$475,000 | \$427,000 | \$222,600 | \$79,036 | \$284,400 | | | |
| Sale Date | 01-30-2020 | 01-31-2021 | 09-04-2020 | 02-19-2021 | 4-24-2020 | 04-30-2020 | \$9.15 | | |
| Sale Price PSF | \$7.24 | \$7.27 | \$11.09 | \$7.09 | \$19.95 | \$9.49 | | | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|----------------------------|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #2 |
| Subject Property: | 309 E Columbia Gardens Way | Appraisal File #: | 2021-260 |

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below)

☐ Alternate Value Definition (attached)

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

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

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|----------------------------|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #2 |
| Subject Property: | 309 E Columbia Gardens Way | Appraisal File #: | 2021-260 |

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia Renee King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

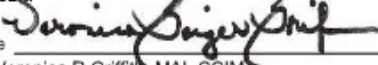
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the program of continuing education for the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

Report Date 06/30/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature _____

Name _____

Report Date _____

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # _____ State _____

Expiration Date _____

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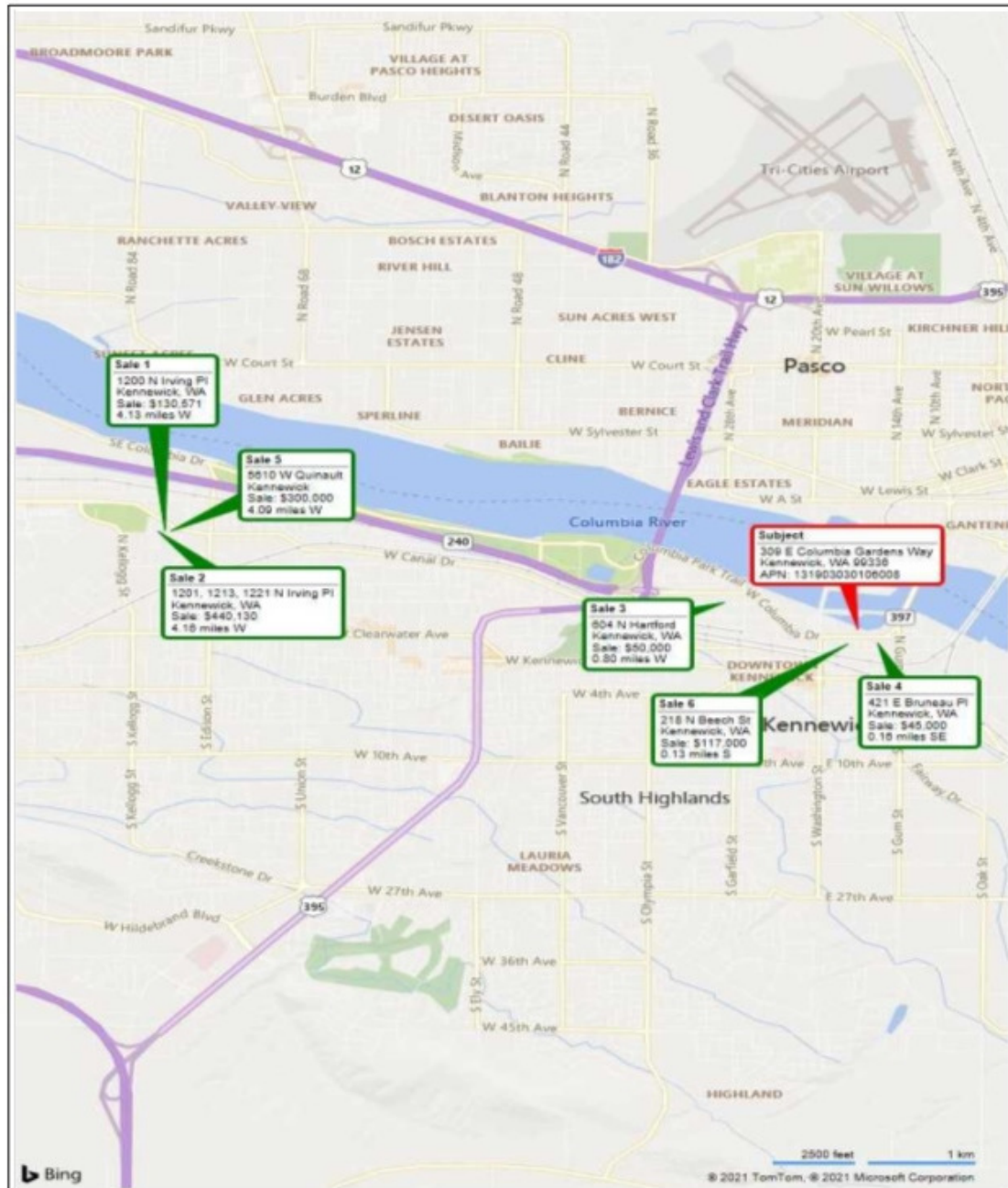
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #2

| | | | | | | |
|---|--|--|--|----------|--|----------------|
| Owner Port of Kennewick | | | | | | |
| Property Address 309 E Columbia Gardens Way | | | | | | |
| City Kennewick | | County Benton | | State WA | | Zip Code 99336 |
| Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #2

Borrower

| | | | | | |
|------------------|----------------------------|--------|--|----------|-------|
| Property Address | 309 E Columbia Gardens Way | | | | |
| City | Kennewick | County | Benton | State | WA |
| | | | | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
PLAT MAP

File No. 2021-260
Case No. Parcel #2

| | | | | | |
|------------------|----------------------------|--|--------|-------|----|
| Owner | Port of Kennewick | | | | |
| Property Address | 309 E Columbia Gardens Way | | | | |
| City | Kennewick | County | Benton | State | WA |
| Zip Code | 99336 | | | | |
| Client | Port of Kennewick | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel #2

| | | | | | | |
|------------------|----------------------------|--------|--|-------|----|----------------|
| Borrower | | | | | | |
| Property Address | 309 E Columbia Gardens Way | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | |



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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260
Case No. Parcel #2**Borrower**

Property Address 309 E Columbia Gardens Way

City Kennewick

County Benton

State WA

Zip Code 99336

Lender/Client Port of Kennewick

Address 350 N Clover Island Dr #200, Kennewick, WA 99336

Statement of Qualifications for**Veronica R. (Nikki) Griffith, MAI, CCIM****EDUCATION**

May, 1988

**St. Louis University
St. Louis, MO**Graduated Cum Laude; Major in Business Management
with Minor in Communications**PROFESSIONAL EXPERIENCE**

2014 - Now

**Sandollar LLC | Appraisal Group
SEWA****Owner/Principal**Private practice firm specializing in *appraisal, appraisal review and consulting* for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

2004 - 2014

**Sandollar Realty Advisors
Tri-Cities (Kennewick, Pasco & Richland), WA****Owner/Principal**Private practice specializing in (1) *appraisal, appraisal review and litigation support* for all types of commercial real estate property for a variety of institutional and attorney clients; (2) **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) *education, curriculum development, and regulatory compliance* for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

1991 - 2004

**Bank One Corporation (now
JPMorgan Chase), Phoenix, AZ****SVP, Chief Appraiser, National Manager
Real Estate Appraisal Group (REAG)**Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

1990 - 1991

**RTC (Western Savings & Loan),
Phoenix, AZ****VP, Chief Appraiser
Real Estate Appraisal Department**

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Statement of Qualifications

File No. 2021-260
 Case No. Parcel #2

Borrower

| | | | | | |
|---|-------------------|--|--------|-------|----|
| Property Address 309 E Columbia Gardens Way | | | | | |
| City | Kennewick | County | Benton | State | WA |
| Zip Code | 99336 | | | | |
| Lender/Client | Port of Kennewick | | | | |
| Address | | 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | |

1988 – 1990 **Sandollar Realty Advisors Corp.** **Principal, Senior Appraiser & Broker**
St. Louis, MO
 Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.

1984 – 1988 **Buckles & Associates** **VP, Senior Commercial Appraiser**
St. Louis, MO
 Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 Appraiser's License

File No. 2021-260
 Case No. Parcel #2

| | | | | | |
|------------------|--|--------|--------|----------|-------|
| Borrower | | | | | |
| Property Address | 309 E Columbia Gardens Way | | | | |
| City | Kennewick | County | Benton | State | WA |
| | | | | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | | | |
| | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |




MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial Parcel #3

**209 E Columbia Dr
Kennewick, WA**

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | | | | | | | | | | | |
|---|---|--|---|---|---------------------------------|-------------------------------------|-------------------------|--|------------------------------|---|-------------------------------|---------------------------------|---------------------------------|
|  AI Reports® Form 120.05* | Client File #: | | Parcel #3 | | Appraisal File #: | | 2021-260 | | | | | | |
| | Appraisal Report · Land | | | | | | | | | | | | |
| | Appraisal Company: Sandollar LLC Appraisal Group SEWA | | | | | | | | | | | | |
| | Address: 2001 S Washington St, Kennewick, WA 99337 | | | | | | | | | | | | |
| Phone: 509.628.9817 | | | Fax: | | | Website: www.appraisalgroupsewa.com | | | | | | | |
| Appraiser: Veronica R Griffith, MAI, CCIM | | | | | | | | Co-Appraiser: | | | | | |
| AI Membership (if any): | | <input type="checkbox"/> SRA | <input checked="" type="checkbox"/> MAI | <input type="checkbox"/> SRPA | <input type="checkbox"/> AI-GRS | <input type="checkbox"/> AI-RRS | AI Membership (if any): | | <input type="checkbox"/> SRA | <input type="checkbox"/> MAI | <input type="checkbox"/> SRPA | <input type="checkbox"/> AI-GRS | <input type="checkbox"/> AI-RRS |
| AI Affiliation (if any): | | <input type="checkbox"/> Candidate for Designation | | <input type="checkbox"/> Practicing Affiliate | | AI Affiliation (if any): | | <input type="checkbox"/> Candidate for Designation | | <input type="checkbox"/> Practicing Affiliate | | | |
| Other Professional Affiliation: CCIM Designee | | | | | | | | Other Professional Affiliation: | | | | | |
| Email: appraisalgroupsewa@gmail.com | | | | | | | | E-mail: | | | | | |
| Client: Port of Kennewick | | | | | | | | Contact: Amber Hanchette, Director of Real Estate | | | | | |
| Address: 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | | | | | | | | | | |
| Phone: 509.586.1186 | | Fax: N/A | | Email: Amber@PortofKennewick.org | | | | | | | | | |
| SUBJECT PROPERTY IDENTIFICATION | | | | | | | | | | | | | |
| Address: 209 E Columbia Dr. | | | | | | | | | | | | | |
| City: Kennewick | | County: Benton | | State: WA | | ZIP: 99336 | | | | | | | |
| Legal Description: A portion of Lots 9 and 10, RePlat of Columbia Gardens | | | | | | | | | | | | | |
| Tax Parcel #: 131903030025000 | | | | RE Taxes: 0 | | | | Tax Year: 2021 | | | | | |
| Use of the Real Estate As of the Date of Value: Vacant Land | | | | | | | | | | | | | |
| Use of the Real Estate Reflected in the Appraisal: Vacant Land Available for Commercial Development | | | | | | | | | | | | | |
| Opinion of highest and best use (if required): Commercial Development | | | | | | | | | | | | | |
| SUBJECT PROPERTY HISTORY | | | | | | | | | | | | | |
| Owner of Record: Port of Kennewick | | | | | | | | | | | | | |
| Description and analysis of sales within 3 years (minimum) prior to effective date of value: No sales of the property have been recorded in the 3 years preceding the effective date of valuation. | | | | | | | | | | | | | |
| Description and analysis of agreements of sale (contracts), listing, and options: N/A | | | | | | | | | | | | | |
| RECONCILIATIONS AND CONCLUSIONS | | | | | | | | | | | | | |
| Indication of Value by Sales Comparison Approach | | | | | | \$ 370,000 | | | | | | | |
| Indication of Value by Cost Approach | | | | | | \$ N/A | | | | | | | |
| Indication of Value by Income Approach | | | | | | \$ N/A | | | | | | | |
| Final Reconciliation of the Methods and Approaches to Value: Only the sales comparison approach to value was applied. The value was reasonably well supported by several recent sales in the neighborhood or competing neighborhoods. Adjustments were considered minor, i.e., less than 20% gross net adjustments. | | | | | | | | | | | | | |
| Opinion of Value as of: June 30, 2021 | | | | | | \$ 370,000 | | | | | | | |
| Exposure Time: Less than one year | | | | | | | | | | | | | |
| The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page. | | | | | | | | | | | | | |

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #3 |
| Subject Property: | 209 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

ASSIGNMENT PARAMETERS

Intended User(s): Client, Port of Kennewick, only

Intended Use: Establish a market value for possible sale of the property

The report is not intended by the appraiser for any other use by any other user.

Type of Value: Market Value Effective Date of Value: June 30, 2021

Interest Appraised: ☒ Fee Simple ☐ Leasehold ☐ Other

Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) **NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land.**

Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.)

This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).

SCOPE OF WORK

Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.

| Scope of Subject Property Inspection/Data Sources Utilized | Approaches to Value Developed |
|--|--|
| Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. | Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. | Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| | Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |

Additional Scope of Work Comments: N/A

Significant Real Property Appraisal Assistance: ☐ None ☒ Disclose Name(s) and contribution:
 Sonnia Renee King, a licensed trainee assigned to me, assisted with observation and photography of the subject property, initial search for comparable data, and initial drafting of the report. All final selection of data, adjustments to the data, and final reconciliation of value are those of Veronica R Griffith, MAI, CCIM.

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #3 |
| Subject Property: | 209 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| MARKET AREA ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|--|--|-----|------|------|----------|-------------|--|--|----------|------|------------|-----|-------|-----|--------|-----|-------------|-----|--|--|--|
| Location <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural | Built Up <input type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input checked="" type="checkbox"/> Over 75% | Growth <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Slow | Supply & Demand <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply | Value Trend <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing | Typical Marketing Time <input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months | | | | | | | | | | | | | | | | | | | | |
| Neighborhood Single Family Profile <table style="width: 100%;"> <tr> <td>Price</td> <td>Age</td> </tr> <tr> <td>200K</td> <td>Low</td> </tr> <tr> <td>500K</td> <td>High</td> </tr> <tr> <td>250-300K</td> <td>Predominant</td> </tr> </table> | | | Price | Age | 200K | Low | 500K | High | 250-300K | Predominant | Neighborhood Land Use <table style="width: 100%;"> <tr> <td>1 Family</td> <td>85 %</td> <td>Commercial</td> <td>8 %</td> </tr> <tr> <td>Condo</td> <td>2 %</td> <td>Vacant</td> <td>2 %</td> </tr> <tr> <td>Multifamily</td> <td>3 %</td> <td></td> <td></td> </tr> </table> | | 1 Family | 85 % | Commercial | 8 % | Condo | 2 % | Vacant | 2 % | Multifamily | 3 % | | | Neighborhood Name : Historic Waterfront District PUD <input checked="" type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ / Amenities: Sites are "pad" type sites which benefit from shared off-site parking. |
| Price | Age | | | | | | | | | | | | | | | | | | | | | | | | |
| 200K | Low | | | | | | | | | | | | | | | | | | | | | | | | |
| 500K | High | | | | | | | | | | | | | | | | | | | | | | | | |
| 250-300K | Predominant | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 Family | 85 % | Commercial | 8 % | | | | | | | | | | | | | | | | | | | | | | |
| Condo | 2 % | Vacant | 2 % | | | | | | | | | | | | | | | | | | | | | | |
| Multifamily | 3 % | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| SITE ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dimensions: Irregular | | | Area: 22,216 | | | | | | | | | | | | | | | | | | | | | | |
| View: Commercial | | | Shape: Mostly rectangular | | | | | | | | | | | | | | | | | | | | | | |
| Drainage: Appears Adequate | | | Utility: Average | | | | | | | | | | | | | | | | | | | | | | |
| Site Similarity/Conformity to Neighborhood Size: <input type="checkbox"/> Smaller than Typical <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Larger Than Typical View: <input type="checkbox"/> Favorable <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable | | | Zoning/Deed Restriction Zoning: UMU, which permits a variety of development types <input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal Convenants, Condition & Restrictions <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ground Rent \$ / | | | | | | | | | | | | | | | | | | | | | | |
| Utilities Electric <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____ Gas <input type="checkbox"/> Public <input type="checkbox"/> Other _____ Water <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____ Sewer <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____ | | | Off Site Improvements Street <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ Alley <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ Sidewalk <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ Street Lights <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ | | | | | | | | | | | | | | | | | | | | | | |
| <p>Site description and characteristics: The site is located within the Historic Waterfront District in an area defined as Columbia Gardens and benefits from a small amount of frontage to the north along the southern alignment of Duffy's Pond, a retention basin just south of the Columbia River. Adjacent to the west is a vintage mobile home park while development to the immediate east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| HIGHEST AND BEST USE ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Summary of highest and best use analysis: The legally permissible uses under the UMU, Urban Mixed Use zoning designation include a broad range of commercial and residential developments. This is a newer zoning designation designed to encourage re-development of older neighborhoods. Thus, physically possible uses are limited mostly by size. Financially productive uses would include any use commercial use permitted under the UMU designation; this would also be the maximally productive use. Thus, the highest and best use of the site is for commercial development that conforms to the UMU development standards which would be cohesive with surrounding development in the Columbia Gardens neighborhood portion of the Historic Waterfront District.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #3 |
| Subject Property: | 209 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| SITE VALUATION | | | | | | | | | | |
|---|---|--|------------|--|-------------------|--|-----------|---|---|---|
| Site Valuation Methodology | | | | | | | | | | |
| <input checked="" type="checkbox"/> | | Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available. | | | | | | | | |
| <input type="checkbox"/> | | Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property. | | | | | | | | |
| <input checked="" type="checkbox"/> | | Alternative Method: (Describe methodology and rationale) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land. | | | | | | | | |
| Site Valuation | | | | | | | | | | |
| ITEM | SUBJECT | COMPARISON 1 | | COMPARISON 2 | | COMPARISON 3 | | | | |
| Address | 209 E Columbia Dr. Kennewick, WA 99336 | 1200 N Irving Pl Kennewick, WA | | 1201, 1213, 1221 N Irving Pl Kennewick, WA | | 604 N Hartford Kennewick, WA | | | | |
| Proximity to Subject | | 4.09 miles W | | 4.13 miles W | | 0.77 miles W | | | | |
| Data Source/ Verification | | Retrospect; Public Recs Public Recs; Seller | | Retrospect; Public Recs Public Recs; Seller | | MLS #249542; Pub Recs MLS #249542; Pub Recs | | | | |
| Sales Price | \$ | | \$ 130,571 | | \$ 440,130 | | \$ 50,000 | | | |
| Price/ PSF | \$ 0 | | \$ 5.50 | | \$ 5.72 | | \$ 5.77 | | | |
| Sale Date | N/A | 05/18/2021 | | 04/15/2021 | | 12/07/2020 | | | | |
| Location | Frontage | Interior | | Interior | | Interior | | | | |
| Site Size | 22,216 | 23,753 | | 76,962 | | 8,668 | | | | |
| Site View | Commercial | Commercial | | Commercial | | Residential | | | | |
| Site Improvements | N/A | N/A | | N/A | | N/A | | | | |
| Zoning | UMU | CO | | CO | | UMU | | | | |
| Access | Public ROW | Public ROW | | Public ROW | | Public ROW | | | | |
| Shape/Utility/Corner | Average | Average | | Average | | Average/Corner | | | | |
| Utilities | Available | Available | | Available | | Available | | | | |
| Shared Parking | Yes | No | | No | | No | | | | |
| Net Adjustment | | X | + | - | X | + | - | X | + | - |
| | | | | | | | | | | |
| Indicated Value | | Net Adj. 60% Gross Adj. 60% \$ 8.80 | | Net Adj. 60% Gross Adj. 60% \$ 9.15 | | Net Adj. 60% Gross Adj. 80% \$ 9.23 | | | | |
| Prior Transfer History | None within last 3 years | None within last 3 years | | None within last 3 years | | None within last 3 years | | | | |
| <p>Site Valuation Comments: Besides typical adjustments (10% to 30%), subject benefits from having offsite shared parking with reciprocal easements, similar to that found in a shopping center, where a "pad" site with cross easement agreements for parking, ingress and egress control. There are only two recent sales of "pad" sites available for review, and thus, it was necessary to review older "pad" sites with older non-pad sites to get an idea of the premium paid for the "pad sites" (See excel spreadsheet included herein). The six pad site sales ranged from 23,108 SF to 51,411 SF with an average of 35,584 SF and ranged from \$17.64 to \$30.24 PSF with an average of \$22.61 PSF. The non-pad sites ranged from 37,823 to 80,403 SF with an average of 50,896 SF and ranged in price from \$7.24 to \$13.09 PSF with an average of \$9.15 PSF. The pad sites sold for an average premium of nearly 150% compared to the non-pad sites which accounts for the differences in reciprocal parking, access and egress supporting the need for an adjustment in superior neighborhoods that are experiencing strong growth with strong demographics. A 50% adjustment is considered reasonable.</p> <p>Site Valuation Reconciliation: After adjustment the sales range from \$8.58 to \$11.19 PSF with a weighted average of approximately \$9.55 PSF. Adjustments are large and could be considered excessive by some, but none of the sales benefit from shared parking as a "pad site" in a cohesive development for which a 50% adjustment was made; and subject has frontage along E Columbia Dr which is a well-traveled arterial. An analysis of pad sites versus non pad sites indicated that on average, a pad site commanded a 150% premium compared to non-pad sites. The three sales in subject's neighborhood are older and surrounded by residential improvements while subject is part of a cohesive new development within the Historic Waterfront District. A value of \$10 PSF was concluded and when multiplied by the site area of 37,026 SF, a value of \$370,026, rounded to \$370,000.</p> | | | | | | | | | | |
| Opinion of Site Value | | | | | \$ 370,000 | | | | | |

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-120.05 Appraisal Report - Land © Appraisal Institute 2017, All Rights Reserved

June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 4-5-6

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #3 |
| Subject Property: | 209 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

SITE EVALUATION

Site Valuation Methodology

- ☒ **Sales Comparison Approach:** A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.
- ☐ **Market Extraction:** A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.
- ☒ **Alternative Method:** (Describe methodology and rationale)

Site Valuation

| ITEM | SUBJECT | COMPARISON 4 | | COMPARISON 5 | | COMPARISON 6 | |
|------------------------------|---|---|-----------|---|------------|---|------------|
| Address | 209 E Columbia Dr. Kennewick, WA 99336 | 421 E Bruneau Pl Kennewick, WA | | 5610 W Quinault Kennewick, | | 218 N Beech St Kennewick, WA | |
| Proximity to Subject | | 0.18 miles E | | 4.06 miles W | | 0.08 miles S | |
| Data Source/ Verification | | Retrospect; Pub Recs Retrospect; Seller | | Retrospect; Public Recs Public Recs; Seller | | Retrospect; Pub Recs Retrospect; Pub Recs | |
| Sales Price | | \$ | \$ 45,000 | | \$ 300,000 | | \$ 117,000 |
| Price/ PSF | \$ 0.00 | | \$ 5.36 | | \$ 6.92 | | \$ 6.78 |
| Sale Date | | 03/13/2020 | | 01/17/2020 | | 08/08/2019 | |
| Location | Frontage | Interior | +0.54 | Frontage | 0.00 | Interior | +0.68 |
| Site Size | 22,216 | 8,398 | - .54 | 43,368 | 0.00 | 17,258 | - .34 |
| Site View | Commercial | Residential | +0.54 | Commercial | 0.00 | Residential | +0.68 |
| Site Improvements | N/A | N/A | | N/A | | N/A | |
| Zoning | UMU | UMU | | CO | | UMU | |
| Access | Public ROW | Public ROW | | Public ROW | | Public ROW | |
| Shape/Utility/Corner | Average | Corner | | Average | | Corner | |
| Utilities | Available | Available | | Available | | Available | |
| Shared Parking | Yes | No | | No | | No | |
| Net Adjustment | | <input type="checkbox"/> + <input type="checkbox"/> - | \$ 3.22 | <input type="checkbox"/> + <input type="checkbox"/> - | \$ 3.46 | <input type="checkbox"/> + <input type="checkbox"/> - | \$ 4.41 |
| Indicated Value | | Net Adj. 60% | | Net Adj. 50% | | Net Adj. 65% | |
| | | Gross Adj. 80% | \$ 8.58 | Gross Adj. 50% | \$ 10.38 | Gross Adj. 75% | \$ 11.19 |
| Prior Transfer History | No sales in prior 3 years | None within last 3 years | | None within last 3 years | | None within last 3 years | |

Site Valuation Comments: See prior page comments

Site Valuation Reconciliation: See prior page comments

File No. 2021-260
Case No. Parcel #3

| | | | | | | | |
|------------------|--------------------|--------|--|-------|----|----------|-------|
| Property Address | 209 E Columbia Dr. | | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |

| Comparison of "PAD" Site Sales With Non-PAD Site Sales | | | | | | | | | |
|--|-------------------|---------------------|--------------------------|-------------------|------------------------|----------------|---------|--|--|
| Property ID | 4182 | 7381 | 7156 | 6973 | 6891 | 6933 | Average | | |
| Property Use | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | | | |
| Location | 4651 Plaza Way | 2151 Dogwood | 1659 N Col Cir Blvd | 4201 Road 08 | 1273 Aaron Dr | 5702 N Road 08 | | | |
| City | Kernewick | West Richland | Kernewick | Kernewick | Richland | Peace | | | |
| Land Acres | 0.968 | 0.597 | 1.1823 | 0.959 | 0.930 | 0.663 | 0.8125 | | |
| Land SF | 42,166 | 26,125 | 51,411 | 40,511 | 23,108 | 28,987 | 35,384 | | |
| <p>Buyer Hagback Southbridge, LLC Hagback Queensgate LLC Hagback Columbia Center</p> <p>Seller Craig Endres Wad Mart Real Estate</p> <p>Recorded 2021-01-25/9 2020-01-28/3 2019-04-01/11 2019-09-20/3 2019-01-01/2 2019-01-01/2 2019-01-01/2</p> <p>Document SWD SWD SWD SWD SWD SWD SWD</p> <p>TAX ID 11689101303002 121981013220002 1209848P246902 117188158 114813B2487307 116820016</p> <p>Sale Price \$744,000 \$790,000 \$1,108,000 \$800,000 \$570,000 \$796,000</p> <p>Sale Date 05-11-2021 08-24-2020 11-28-2019 02-28-2019 06-11-2019 12-11-2018</p> <p>Sale Price PSF \$17.84 \$20.24 \$21.40 \$19.73 \$24.49 \$27.46</p> | | | | | | | | | |
| Property ID | 7212 | 7465 | 7393 | 7492 | 3238 | 6984 | Average | | |
| Property Use | Commercial | Commercial | Commercial | Commercial | Commercial | PAD SITE | | | |
| Location | 10789 Edgeline Dr | Paradise & Baseline | NKAN N Stephens North of | SWC Chapel Hill & | 1501 Boonberg Range Rd | NKA Stager | | | |
| City | Kernewick | West Richland | Gage | Broadmoor | West Richland | Kernewick | | | |
| Land Acres | 1.3779 | 1.5 | 0.863 | 0.72054 | 1.6498 | 0.4978 | 1.1664 | | |
| Land SF | 60,004 | 65,370 | 37,123 | 31,218 | 80,403 | 30,396 | 50,966 | | |
| <p>Buyer CMC Properties LLC Caudley Ventures Jennifer LeCote</p> <p>Seller JFE Inv't Inter Trust GBS4 Credit Union Jacobs ES LLC</p> <p>Recorded 2020-03-04/9 2021-03-25/9 2020-03-25/9 2020-03-25/9 2020-03-25/9 2020-03-25/9</p> <p>Document Statutory Warranty Statutory Warranty Statutory Warranty Statutory Warranty Statutory Warranty Statutory Warranty</p> <p>TAX ID \$434,617 10688403027001 13095300010000 14957,000</p> <p>Sale Price \$434,617 \$475,000 \$495,000 \$222,600</p> <p>Sale Date 01-10-2020 01-31-2021 09-04-2020 02-19-2021</p> <p>Sale Price PSF \$7.24 \$7.27 \$13.09 \$7.09</p> | | | | | | | | | |
| Property ID | 7212 | 7465 | 7393 | 7492 | 3238 | 6984 | Average | | |
| Property Use | Commercial | Commercial | Commercial | Commercial | Commercial | PAD SITE | | | |
| Location | 10789 Edgeline Dr | Paradise & Baseline | NKAN N Stephens North of | SWC Chapel Hill & | 1501 Boonberg Range Rd | NKA Stager | | | |
| City | Kernewick | West Richland | Gage | Broadmoor | West Richland | Kernewick | | | |
| Land Acres | 1.3779 | 1.5 | 0.863 | 0.72054 | 1.6498 | 0.4978 | 1.1664 | | |
| Land SF | 60,004 | 65,370 | 37,123 | 31,218 | 80,403 | 30,396 | 50,966 | | |
| <p>Buyer CMC Properties LLC Caudley Ventures Jennifer LeCote</p> <p>Seller JFE Inv't Inter Trust GBS4 Credit Union Jacobs ES LLC</p> <p>Recorded 2020-03-04/9 2021-03-25/9 2020-03-25/9 2020-03-25/9 2020-03-25/9 2020-03-25/9</p> <p>Document Statutory Warranty Statutory Warranty Statutory Warranty Statutory Warranty Statutory Warranty Statutory Warranty</p> <p>TAX ID \$434,617 10688403027001 13095300010000 14957,000</p> <p>Sale Price \$434,617 \$475,000 \$495,000 \$222,600</p> <p>Sale Date 01-10-2020 01-31-2021 09-04-2020 02-19-2021</p> <p>Sale Price PSF \$7.24 \$7.27 \$13.09 \$7.09</p> | | | | | | | | | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|--------------------|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #3 |
| Subject Property: | 209 E Columbia Dr. | Appraisal File #: | 2021-260 |

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below)

☐ Alternate Value Definition (attached)

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

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

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|--------------------|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #3 |
| Subject Property: | 209 E Columbia Dr. | Appraisal File #: | 2021-260 |

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☒ None ☐ Name(s)

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property Inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:


- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R. Griffith, MAI, CCIM

Report Date 06/30/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature _____

Name _____

Report Date _____

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # _____ State _____

Expiration Date _____

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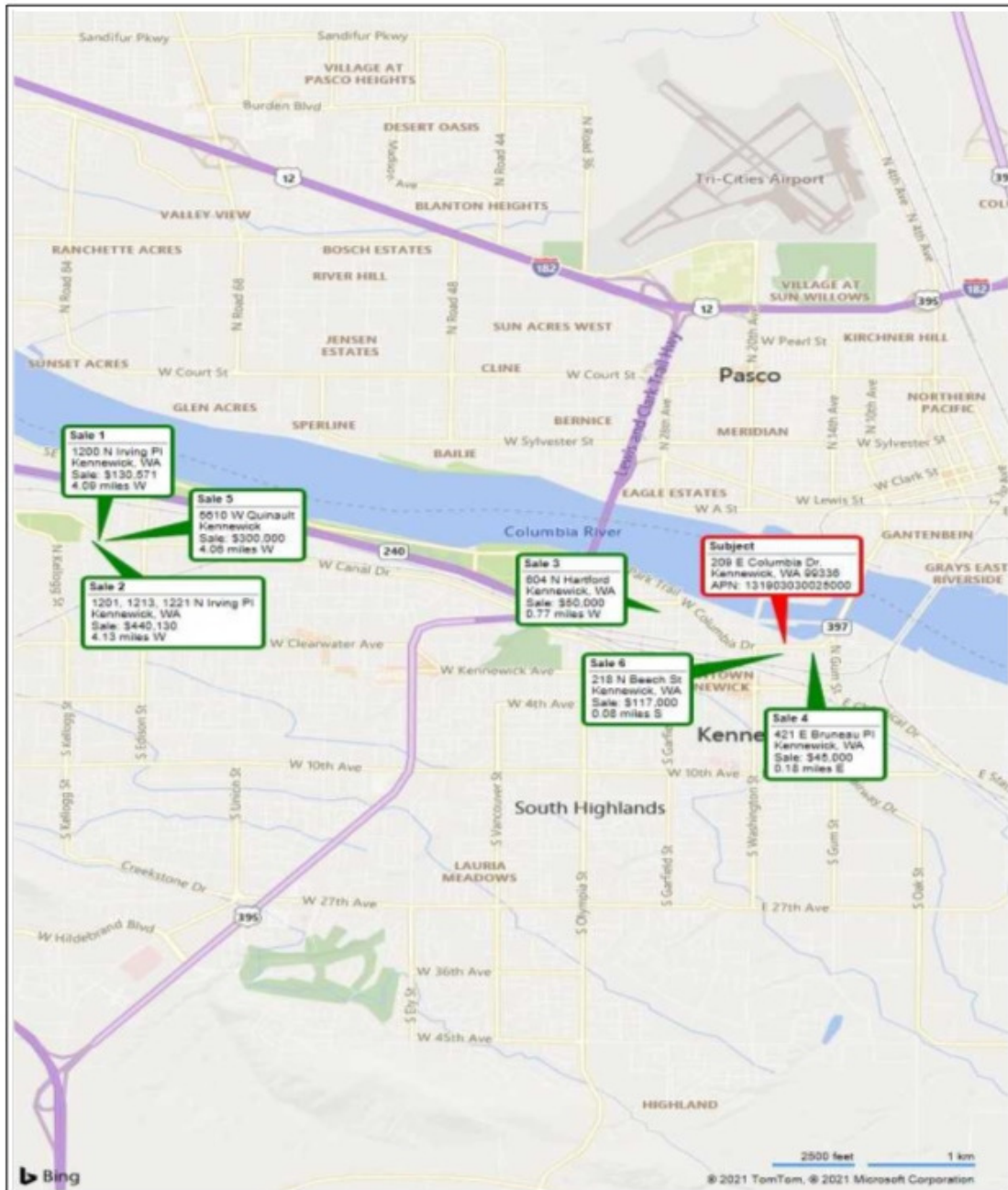
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #3

| | | | | | | |
|-------------------------------------|--------|--|-------|----|----------|-------|
| Owner Port of Kennewick | | | | | | |
| Property Address 209 E Columbia Dr. | | | | | | |
| City Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #3

Borrower

| | | | | | |
|------------------|--|--------|--------|----------|-------|
| Property Address | 209 E Columbia Dr. | | | | |
| City | Kennewick | County | Benton | State | WA |
| | | | | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | | | |
| | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
PLAT MAP

File No. 2021-260
Case No. Parcel #3

| | | | | | |
|-------------------------------------|--------|--|-------|----|----------------|
| Owner Port of Kennewick | | | | | |
| Property Address 209 E Columbia Dr. | | | | | |
| City Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel #3

| | | | | | | |
|------------------|--------------------|--------|---------|--|----|----------------|
| Borrower | | | | | | |
| Property Address | 209 E Columbia Dr. | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port of Kennewick | | Address | 350 N Clover Island Dr #200, Kennewick, WA 99336 | | |



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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260
Case No. Parcel #3**Borrower**

Property Address 209 E Columbia Dr.

City Kennewick County Benton State WA Zip Code 99336

Lender/Client Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336

Statement of Qualifications for**Veronica R. (Nikki) Griffith, MAI, CCIM****EDUCATION**

May, 1988 **St. Louis University** Graduated Cum Laude; Major in Business Management
St. Louis, MO with Minor in Communications

PROFESSIONAL EXPERIENCE

2014 - Now **Sandollar LLC | Appraisal Group** **Owner/Principal**
SEWA



Private practice firm specializing in *appraisal, appraisal review and consulting* for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

2004 - 2014 **Sandollar Realty Advisors** **Owner/Principal**
Tri-Cities (Kennewick, Pasco & Richland), **WA**



Private practice specializing in (1) *appraisal, appraisal review and litigation support* for all types of commercial real estate property for a variety of institutional and attorney clients; (2) **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) *education, curriculum development, and regulatory compliance* for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

1991 - 2004 **Bank One Corporation (now** **SVP, Chief Appraiser, National Manager**
JPMorgan Chase), Phoenix, AZ **Real Estate Appraisal Group (REAG)**

Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

1990 - 1991 **RTC (Western Savings & Loan),** **VP, Chief Appraiser**
Phoenix, AZ **Real Estate Appraisal Department**

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Statement of Qualifications

File No. 2021-260

Case No. Parcel #3

Borrower

Property Address 209 E Columbia Dr.

City Kennewick County Benton State WA Zip Code 99336

Lender/Client Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336

- 1988 – 1990** **Sandollar Realty Advisors Corp.** **Principal, Senior Appraiser & Broker**
St. Louis, MO
 Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.
- 1984 – 1988** **Buckles & Associates** **VP, Senior Commercial Appraiser**
St. Louis, MO
 Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 Appraiser's License

File No. 2021-260
 Case No. Parcel #3

| | | | | | | |
|------------------|--------------------|--------|--|-------|----|----------------|
| Borrower | | | | | | |
| Property Address | 209 E Columbia Dr. | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | |




MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial Parcel #4

**215 E Columbia Dr
Kennewick, WA**

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | | | | | | | | | | | |
|---|---|--|---|---|---------------------------------|-------------------------------------|-------------------------|--|------------------------------|---|-------------------------------|---------------------------------|---------------------------------|
|  AI Reports® Form 120.05* | Client File #: | | Parcel #4 | | Appraisal File #: | | 2021-260 | | | | | | |
| | Appraisal Report · Land | | | | | | | | | | | | |
| | Appraisal Company: Sandollar LLC Appraisal Group SEWA | | | | | | | | | | | | |
| | Address: 2001 S Washington St, Kennewick, WA 99337 | | | | | | | | | | | | |
| Phone: 509.628.9817 | | | Fax: | | | Website: www.appraisalgroupsewa.com | | | | | | | |
| Appraiser: Veronica R Griffith, MAI, CCIM | | | | | | | | Co-Appraiser: | | | | | |
| AI Membership (if any): | | <input type="checkbox"/> SRA | <input checked="" type="checkbox"/> MAI | <input type="checkbox"/> SRPA | <input type="checkbox"/> AI-GRS | <input type="checkbox"/> AI-RRS | AI Membership (if any): | | <input type="checkbox"/> SRA | <input type="checkbox"/> MAI | <input type="checkbox"/> SRPA | <input type="checkbox"/> AI-GRS | <input type="checkbox"/> AI-RRS |
| AI Affiliation (if any): | | <input type="checkbox"/> Candidate for Designation | | <input type="checkbox"/> Practicing Affiliate | | AI Affiliation (if any): | | <input type="checkbox"/> Candidate for Designation | | <input type="checkbox"/> Practicing Affiliate | | | |
| Other Professional Affiliation: CCIM Designee | | | | | | | | Other Professional Affiliation: | | | | | |
| Email: appraisalgroupsewa@gmail.com | | | | | | | | E-mail: | | | | | |
| Client: Port of Kennewick | | | | | | | | Contact: Amber Hanchette, Director of Real Estate | | | | | |
| Address: 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | | | | | | | | | | |
| Phone: 509.586.1186 | | Fax: N/A | | Email: Amber@PortofKennewick.org | | | | | | | | | |
| SUBJECT PROPERTY IDENTIFICATION | | | | | | | | | | | | | |
| Address: 215 E Columbia Dr | | | | | | | | | | | | | |
| City: Kennewick | | | | County: Benton | | | | State: WA | | | | ZIP: 99336 | |
| Legal Description: A portion of Lots 10 and 11, RePlat of Columbia Gardens | | | | | | | | | | | | | |
| Tax Parcel #: 131903030011003 | | | | | | RE Taxes: 0 | | | | Tax Year: 2021 | | | |
| Use of the Real Estate As of the Date of Value: Vacant Land | | | | | | | | | | | | | |
| Use of the Real Estate Reflected in the Appraisal: Vacant Land Available for Commercial Development | | | | | | | | | | | | | |
| Opinion of highest and best use (if required): Commercial Development | | | | | | | | | | | | | |
| SUBJECT PROPERTY HISTORY | | | | | | | | | | | | | |
| Owner of Record: Port of Kennewick | | | | | | | | | | | | | |
| Description and analysis of sales within 3 years (minimum) prior to effective date of value: No sales of the property have been recorded in the 3 years preceding the effective date of valuation. | | | | | | | | | | | | | |
| Description and analysis of agreements of sale (contracts), listing, and options: N/A | | | | | | | | | | | | | |
| RECONCILIATIONS AND CONCLUSIONS | | | | | | | | | | | | | |
| Indication of Value by Sales Comparison Approach | | | | | | \$ 50,000 | | | | | | | |
| Indication of Value by Cost Approach | | | | | | \$ N/A | | | | | | | |
| Indication of Value by Income Approach | | | | | | \$ N/A | | | | | | | |
| Final Reconciliation of the Methods and Approaches to Value: Only the sales comparison approach to value was applied. The value was reasonably well supported by several recent sales in the neighborhood or competing neighborhoods. Adjustments were considered minor, i.e., less than 20% gross net adjustments. | | | | | | | | | | | | | |
| Opinion of Value as of: June 30, 2021 | | | | | | \$ 50,000 | | | | | | | |
| Exposure Time: Less than one year | | | | | | | | | | | | | |
| The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page. | | | | | | | | | | | | | |

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|--|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #4 |
| Subject Property: | 215 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

ASSIGNMENT PARAMETERS

Intended User(s): Client, Port of Kennewick, only

Intended Use: Establish a market value for possible sale of the property

The report is not intended by the appraiser for any other use by any other user.

Type of Value: Market Value Effective Date of Value: June 30, 2021

Interest Appraised: ☒ Fee Simple ☐ Leasehold ☐ Other

Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) **NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land.**

Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.)

This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).

SCOPE OF WORK

Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.

| Scope of Subject Property Inspection/Data Sources Utilized | Approaches to Value Developed |
|--|--|
| Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. | Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. | Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| | Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |

Additional Scope of Work Comments: N/A

Significant Real Property Appraisal Assistance: ☐ None ☒ Disclose Name(s) and contribution:
 Sonnia Renee King, a licensed trainee assigned to me, assisted with observation and photography of the subject property, initial search for comparable data, and initial drafting of the report. All final selection of data, adjustments to the data, and final reconciliation of value are those of Veronica R Griffith, MAI, CCIM.

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #4 |
| Subject Property: | 227 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| MARKET AREA ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|--|--|-----|------|------|----------|-------------|--|----|--|--|--|----------|------|------------|-----|-------|-----|--------|-----|-------------|-----|--|--|
| Location <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural | Built Up <input type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input checked="" type="checkbox"/> Over 75% | Growth <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Slow | Supply & Demand <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply | Value Trend <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing | Typical Marketing Time <input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months | | | | | | | | | | | | | | | | | | | | | | |
| Neighborhood Single Family Profile <table style="width: 100%;"> <tr> <td>Price</td> <td>Age</td> </tr> <tr> <td>200K</td> <td>Low</td> </tr> <tr> <td>500K</td> <td>High</td> </tr> <tr> <td>250-300K</td> <td>Predominant</td> </tr> <tr> <td></td> <td>45</td> </tr> </table> | | | Price | Age | 200K | Low | 500K | High | 250-300K | Predominant | | 45 | Neighborhood Land Use <table style="width: 100%;"> <tr> <td>1 Family</td> <td>85 %</td> <td>Commercial</td> <td>8 %</td> </tr> <tr> <td>Condo</td> <td>2 %</td> <td>Vacant</td> <td>2 %</td> </tr> <tr> <td>Multifamily</td> <td>3 %</td> <td></td> <td></td> </tr> </table> | | | 1 Family | 85 % | Commercial | 8 % | Condo | 2 % | Vacant | 2 % | Multifamily | 3 % | | |
| Price | Age | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200K | Low | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 500K | High | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 250-300K | Predominant | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 45 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 Family | 85 % | Commercial | 8 % | | | | | | | | | | | | | | | | | | | | | | | | |
| Condo | 2 % | Vacant | 2 % | | | | | | | | | | | | | | | | | | | | | | | | |
| Multifamily | 3 % | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Neighborhood Name : Historic Waterfront District PUD <input checked="" type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ / Amenities: Sites are "pad" type sites which benefit from shared off-site parking. | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SITE ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dimensions: Irregular | | | Area: 4,356 | | | | | | | | | | | | | | | | | | | | | | | | |
| View: Commercial | | | Shape: Mostly rectangular | | | | | | | | | | | | | | | | | | | | | | | | |
| Drainage: Appears Adequate | | | Utility: Average | | | | | | | | | | | | | | | | | | | | | | | | |
| Site Similarity/Conformity to Neighborhood Size: <input type="checkbox"/> Smaller than Typical <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Larger Than Typical View: <input type="checkbox"/> Favorable <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable | | | Zoning/Deed Restriction Zoning: UMU, which permits a variety of development types <input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal Convenants, Condition & Restrictions <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ground Rent \$ / | | | | | | | | | | | | | | | | | | | | | | | | |
| Utilities Electric <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other Gas <input type="checkbox"/> Public <input type="checkbox"/> Other Water <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other Sewer <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other | | | Off Site Improvements Street <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Alley <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Sidewalk <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Street Lights <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Site description and characteristics: The site is located within the Historic Waterfront District in an area defined as Columbia Gardens. Adjacent to the west is a vintage mobile home park while development to the immediate east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HIGHEST AND BEST USE ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Summary of highest and best use analysis: The legally permissible uses under the UMU, Urban Mixed Use zoning designation include a broad range of commercial and residential developments. This is a newer zoning designation designed to encourage re-development of older neighborhoods. Thus, physically possible uses are limited mostly by size. Financially productive uses would include any use commercial use permitted under the UMU designation; this would also be the maximally productive use. Thus, the highest and best use of the site is for commercial development that conforms to the UMU development standards which would be cohesive with surrounding development in the Columbia Gardens neighborhood portion of the Historic Waterfront District.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|--|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #4 |
| Subject Property: | 215 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| SITE VALUATION | | | | | | | | | |
|---|--|--|------------|--|------------|--|-----------|--|--|
| Site Valuation Methodology | | | | | | | | | |
| <input checked="" type="checkbox"/> | | Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available. | | | | | | | |
| <input type="checkbox"/> | | Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property. | | | | | | | |
| <input checked="" type="checkbox"/> | | Alternative Method: (Describe methodology and rationale) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land. | | | | | | | |
| Site Valuation | | | | | | | | | |
| ITEM | SUBJECT | COMPARISON 1 | | COMPARISON 2 | | COMPARISON 3 | | | |
| Address | 215 E Columbia Dr Kennewick, WA 99336 | 1200 N Irving Pl Kennewick, WA | | 1201, 1213, 1221 N Irving Pl Kennewick, WA | | 604 N Hartford Kennewick, WA | | | |
| Proximity to Subject | | 4.12 miles W | | 4.15 miles W | | 0.80 miles W | | | |
| Data Source/ Verification | | Retrospect; Public Recs Public Recs; Seller | | Retrospect; Public Recs Public Recs; Seller | | MLS #249542; Pub Recs MLS #249542; Pub Recs | | | |
| Sales Price | \$ | | \$ 130,571 | | \$ 440,130 | | \$ 50,000 | | |
| Price/ PSF | \$ 0 | | \$ 5.50 | | \$ 5.72 | | \$ 5.77 | | |
| Sale Date | N/A | 05/18/2021 | | 04/15/2021 | | 12/07/2020 | | | |
| Location | Frontage | Interior | | Interior | | Interior | | | |
| Site Size | 4,356 | 23,753 | | 76,962 | | 8,668 | | | |
| Site View | Commercial | Commercial | | Commercial | | Residential | | | |
| Site Improvements | N/A | N/A | | N/A | | N/A | | | |
| Zoning | UMU | CO | | CO | | UMU | | | |
| Access | Public ROW | Public ROW | | Public ROW | | Public ROW | | | |
| Shape/Utility/Corner | Average | Average | | Average | | Average/Corner | | | |
| Utilities | Available | Available | | Available | | Available | | | |
| Shared Parking | Yes | No | | No | | No | | | |
| Net Adjustment | | X + - \$ 3.85 | | X + - \$ 4.58 | | X + - \$ 4.05 | | | |
| Indicated Value | | Net Adj. 70% Gross Adj. 70% \$ 9.35 | | Net Adj. 80% Gross Adj. 80% \$ 10.30 | | Net Adj. 70% Gross Adj. 70% \$ 9.82 | | | |
| Prior Transfer History | None within last 3 years | None within last 3 years | | None within last 3 years | | None within last 3 years | | | |
| <p>Site Valuation Comments: Besides typical adjustments (10% to 30%), subject benefits from having offsite shared parking with reciprocal easements, similar to that found in a shopping center, where a "pad" site with cross easement agreements for parking, ingress and egress control. There are only two recent sales of "pad" sites available for review, and thus, it was necessary to review older "pad" sites with older non-pad sites to get an idea of the premium paid for the "pad sites" (See excel spreadsheet included herein). The six pad site sales ranged from 23,108 SF to 51,411 SF with an average of 35,584 SF and ranged from \$17.64 to \$30.24 PSF with an average of \$22.61 PSF. The non-pad sites ranged from 37,823 to 80,403 SF with an average of 50,896 SF and ranged in price from \$7.24 to \$13.09 PSF with an average of \$9.15 PSF. The pad sites sold for an average premium of nearly 150% compared to the non-pad sites which accounts for the differences in reciprocal parking, access and egress supporting the need for an adjustment in superior neighborhoods that are experiencing strong growth with strong demographics. A 50% adjustment is considered reasonable.</p> <p>Site Valuation Reconciliation: After adjustment the sales range from \$9.11 to \$12.19 PSF with a weighted average of approximately \$10.42 PSF. Adjustments are large and could be considered excessive by some, but none of the sales benefit from shared parking as a "pad site" in a cohesive development for which a 50% adjustment was made. An analysis of pad sites versus non pad sites indicated that on average, a pad site commanded a 150% premium compared to non-pad sites. The three sales in subject's neighborhood are older and surrounded by residential improvements while subject is part of a cohesive new development within the Historic Waterfront District. A value at the upper end of the range due to its small size of \$12 PSF was concluded and when multiplied by the site area of 4,356 SF, a value of \$52,272, rounded to \$50,000.</p> | | | | | | | | | |
| Opinion of Site Value | | | | \$ 50,000 | | | | | |

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 4-5-6

| | | | |
|-------------------|--|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #4 |
| Subject Property: | 215 E Columbia Dr, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

SITE EVALUATION

Site Valuation Methodology

- ☒ **Sales Comparison Approach:** A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.
- ☐ **Market Extraction:** A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.
- ☒ **Alternative Method:** (Describe methodology and rationale)

Site Valuation

| ITEM | SUBJECT | COMPARISON 4 | | COMPARISON 5 | | COMPARISON 6 | |
|------------------------------|--|--|-----------|--|------------|--|------------|
| Address | 215 E Columbia Dr Kennewick, WA 99336 | 421 E Bruneau Pl Kennewick, WA | | 5610 W Quinault Kennewick, | | 218 N Beech St Kennewick, WA | |
| Proximity to Subject | | 0.15 miles E | | 4.08 miles W | | 0.07 miles S | |
| Data Source/ Verification | | Retrospect; Pub Recs Retrospect; Seller | | Retrospect; Public Recs Public Recs; Seller | | Retrospect; Pub Recs Retrospect; Pub Recs | |
| Sales Price | | \$ | \$ 45,000 | \$ | \$ 300,000 | \$ | \$ 117,000 |
| Price/ PSF | \$ 0.00 | \$ 5.36 | \$ 6.92 | \$ 6.92 | \$ 6.78 | \$ 6.78 | \$ 6.78 |
| Sale Date | | 03/13/2020 | | 01/17/2020 | | 08/08/2019 | |
| Location | Frontage | Interior | +0.53 | Frontage | 0.00 | Interior | +0.67 |
| Site Size | 4,356 | 8,398 | 0.00 | 43,368 | +1.38 | 17,258 | +0.67 |
| Site View | Commercial | Residential | +0.54 | Commercial | 0.00 | Residential | +0.68 |
| Site Improvements | N/A | N/A | | N/A | | N/A | |
| Zoning | UMU | UMU | | CO | | UMU | |
| Access | Public ROW | Public ROW | | Public ROW | | Public ROW | |
| Shape/Utility/Corner | Average | Corner | | Average | | Corner | |
| Utilities | Available | Available | | Available | | Available | |
| Shared Parking | Yes | No | +2.68 | No | +3.46 | No | +3.39 |
| Net Adjustment | | X + - | \$ 3.75 | X + - | \$ 4.84 | X + - | \$ 5.41 |
| Indicated Value | | Net Adj. 70% Gross Adj. 70% | \$ 9.11 | Net Adj. 70% Gross Adj. 70% | \$ 11.76 | Net Adj. 80% Gross Adj. 80% | \$ 12.19 |
| Prior Transfer History | No sales in prior 3 years | None within last 3 years | | None within last 3 years | | None within last 3 years | |

Site Valuation Comments: See prior page comments

Site Valuation Reconciliation: See prior page comments

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Pad Site Sale Comparison with Non-Pad Site Sales

File No. 2021-260
Case No. Parcel #4

Borrower

| | | | | | | | |
|------------------|-------------------|--------|--|-------|----|----------|-------|
| Property Address | 215 E Columbia Dr | | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |

| Comparison of "PAD" Site Sales With Non-PAD Site Sales | | | | | | | | | |
|--|-------------------------|-------------------------|-----------------------------|--|------------------------------------|-------------------------|---------|--|-----------|
| Property ID | 4182 | 7381 | 7156 | 6973 | 6881 | 6933 | Average | | |
| Property Use | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | | | |
| Location | 3631 Plaza Way | 2621 Daigorsal | 1609 N Col. Ctr. Blvd | 4281 Road 08 | 1273 Alston Dr | 5702 N Road 08 | | | |
| City | Kernerswick | West Richland | Kernerswick | Pasco | Richland | Pasco | | | |
| Land Acres | 0.908 | 0.597 | 1.1823 | 0.950 | 0.550 | 0.603 | | | 0.8123 |
| Land SF | 42,168 | 26,125 | 51,411 | 40,511 | 25,108 | 28,887 | | | 31,384 |
| Buyer | Hagback Southridge, LLC | Hagback Quentegrato LLC | Hagback Columbia Center | Pasco One, LLC Zenithum Properties III LLC | PK Vland LLC | | | | |
| Seller | Craig Eckhaus | Wal-Mart Real Estate | JC Penney Properties, Inc. | Terry and Susan Moss | Tinsdley & Kathryn Bush | Hagback Sundair LLC | | | |
| Recorded | 2021-01-24-59 | 2020-03-12-83 | 2019-04-01-11 | 2019-08-12-02 | 2019-01-01-72 | SWD-1888608 | | | |
| Document | SWD | SWD | SWD | SWD | SWD | SWD | | | |
| TAX ID | 1168701245002 | 12194101321002 | 1398648P356602 | 117480130 | 1149638P358707 | 116820016 | | | |
| Sale Price | \$744,000 | \$700,000 | \$1,100,000 | \$800,000 | \$750,000 | \$794,000 | | | \$800,000 |
| Sale Date | 05-15-2021 | 08-24-2020 | 12-26-2019 | 02-26-2019 | 06-12-2019 | 12-13-2018 | | | |
| Sale Price PSF | \$17.64 | \$58.24 | \$21.40 | \$18.75 | \$24.67 | \$27.46 | | | \$23.61 |
| Property ID | 7212 | 7465 | 7393 | 7492 | 3528 | 6984 | Average | | |
| Property Use | Commercial | Commercial | Commercial | Commercial | Commercial | PAD SITE | | | |
| Location | 10799 Ridgepine Dr | Paradise & Bonhag Range | NKA N Staples North of Gage | SWC Chagel Hill & Broadmoor | 1501 Bonhag Range Rd West Richland | NKA Shagot Kernerswick | | | |
| City | Kernerswick | West Richland | Kernerswick | Pasco | West Richland | Kernerswick | | | |
| Land Acres | 1.3773 | 1.5 | 0.163 | 0.72034 | 1.8458 | 0.6978 | | | 1.1484 |
| Land SF | 60,004 | 65,570 | 37,123 | 31,378 | 80,405 | 36,396 | | | 50,896 |
| Buyer | CMAC Properties LLC | Crosby Ventures | Jennifer LaCrosse | Laurina Johnson et al | Craig K. Stevens | CMACD Properties LLC | | | |
| Seller | JPE Iron-Steel Trust | GESA Cooks Union | Isobel R2 LLC | Community 1st Bank | West Richland Group | Idelford Korean BSO Inc | | | |
| Recorded | 2020-03-04-89 | 2021-09-29-90 | SWD 2020-03-03-24 | SWD-1932423 | SWD 2020-01-31-15 | 2020-01-13-55 | | | |
| Document | Statutory Warranty | Statutory Warranty | Statutory Warranty | Statutory Warranty | Statutory Warranty | SWD | | | |
| TAX ID | \$454,617 | \$475,000 | \$405,000 | \$222,650 | \$798,500 | 13299123001011 | | | \$465,776 |
| Sale Price | \$454,617 | \$475,000 | \$405,000 | \$222,650 | \$798,500 | \$238,400 | | | |
| Sale Date | 01-10-2020 | 01-21-2021 | 06-04-2020 | 02-19-2021 | 4-24-2020 | 04-30-2020 | | | \$9.15 |
| Sale Price PSF | \$7.24 | \$7.27 | \$11.09 | \$7.09 | \$19.95 | \$9.49 | | | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|-------------------|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #4 |
| Subject Property: | 215 E Columbia Dr | Appraisal File #: | 2021-260 |

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below) ☐ Alternate Value Definition (attached)

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

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

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-900.05 Certification, Assumptions and Limiting Conditions © Appraisal Institute 2017, All Rights Reserved

June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|-------------------|-------------------|-----------|
| Client: | Port of Kennewick | Client File #: | Parcel #4 |
| Subject Property: | 215 E Columbia Dr | Appraisal File #: | 2021-260 |

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia Renee King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

Report Date 06/30/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature _____

Name _____

Report Date _____

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # _____ State _____

Expiration Date _____

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-900.05 Certification, Assumptions and Limiting Conditions © Appraisal Institute 2017, All Rights Reserved

June 2017

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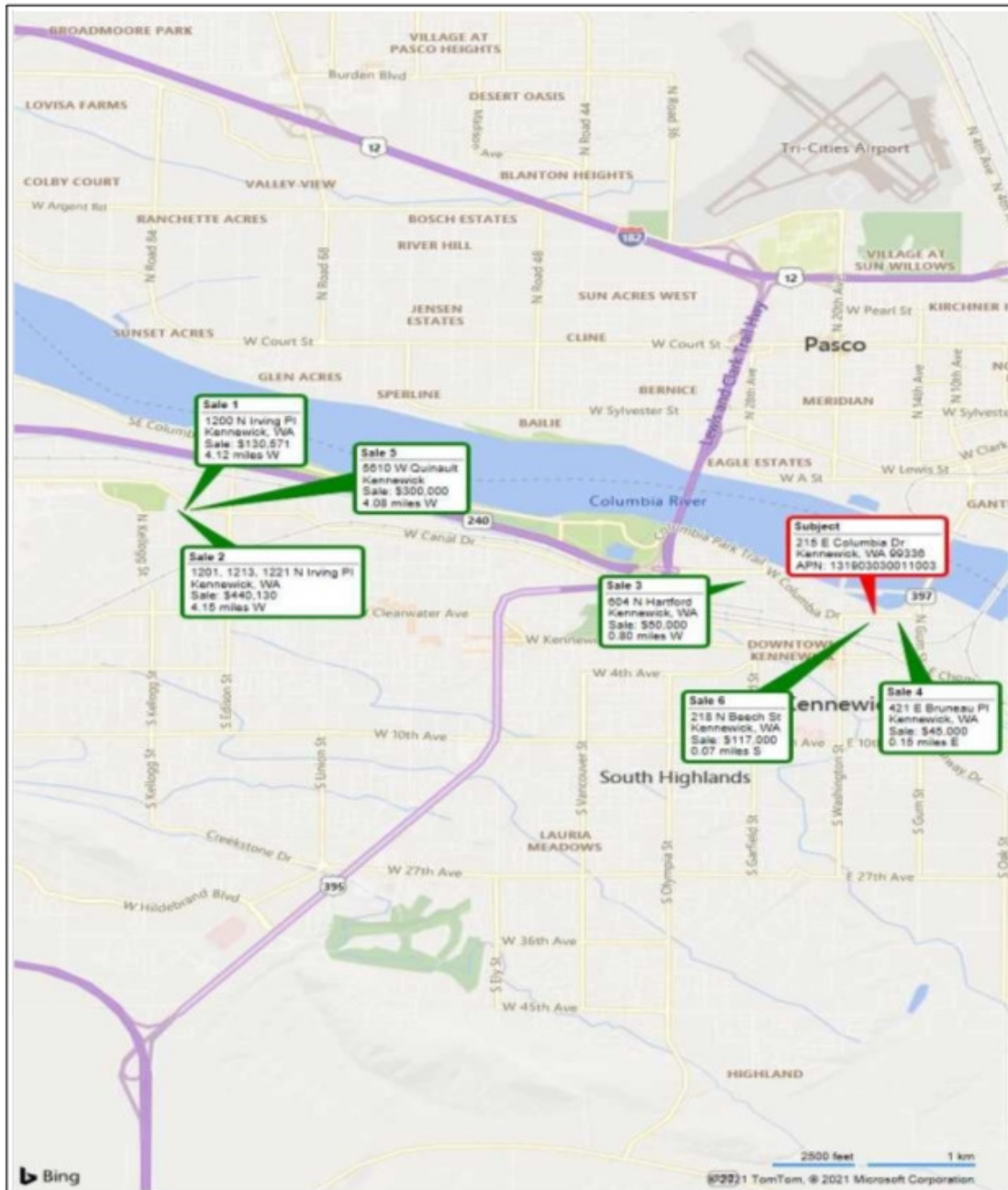
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #4

| | | | | | | |
|------------------------------------|--------|--|-------|----|----------|-------|
| Owner Port of Kennewick | | | | | | |
| Property Address 215 E Columbia Dr | | | | | | |
| City Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #4

| | | | | | |
|------------------|--|--------|--------|----------|-------|
| Borrower | | | | | |
| Property Address | 215 E Columbia Dr | | | | |
| City | Kennewick | County | Benton | State | WA |
| | | | | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | | | |
| | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
PLAT MAP

File No. 2021-260
Case No. Parcel #4

| | | | | | |
|------------------------------------|--------|--|-------|----|----------------|
| Owner Port of Kennewick | | | | | |
| Property Address 215 E Columbia Dr | | | | | |
| City Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel #4

| | | | | | | |
|------------------|-------------------|--------|--|-------|----|----------------|
| Borrower | | | | | | |
| Property Address | 215 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Statement of Qualifications

File No. 2021-260
Case No. Parcel #4**Borrower**

Property Address 215 E Columbia Dr

City Kennewick

County

Benton

State WA

Zip Code

99336

Lender/Client Port of Kennewick

Address 350 N Clover Island Dr #200, Kennewick, WA 99336

Statement of Qualifications for**Veronica R. (Nikki) Griffith, MAI, CCIM****EDUCATION**

May, 1988

St. Louis University
St. Louis, MOGraduated Cum Laude; Major in Business Management
with Minor in Communications**PROFESSIONAL EXPERIENCE**

2014 - Now

Sandollar LLC | Appraisal Group
SEWA**Owner/Principal**Private practice firm specializing in **appraisal, appraisal review and consulting** for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

2004 - 2014

Sandollar Realty Advisors
Tri-Cities (Kennewick, Pasco & Richland), WA**Owner/Principal**Private practice specializing in (1) **appraisal, appraisal review and litigation support** for all types of commercial real estate property for a variety of institutional and attorney clients; (2) **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) **education, curriculum development, and regulatory compliance** for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

1991 - 2004

Bank One Corporation (now
JPMorgan Chase), Phoenix, AZ**SVP, Chief Appraiser, National Manager**
Real Estate Appraisal Group (REAG)Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

1990 - 1991

RTC (Western Savings & Loan),
Phoenix, AZ**VP, Chief Appraiser**
Real Estate Appraisal Department

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Statement of Qualifications

File No. 2021-260
 Case No. Parcel #4

Borrower

| | | | | |
|------------------------------------|---------------|--|----------------|--|
| Property Address 215 E Columbia Dr | | | | |
| City Kennewick | County Benton | State WA | Zip Code 99336 | |
| Lender/Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | |

1988 – 1990 **Sandollar Realty Advisors Corp.** **Principal, Senior Appraiser & Broker**
St. Louis, MO
 Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.

1984 – 1988 **Buckles & Associates** **VP, Senior Commercial Appraiser**
St. Louis, MO
 Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 Appraiser's License

File No. 2021-260
 Case No. Parcel #4

| | | | | | | |
|------------------|-------------------|--------|---------|--|----|----------------|
| Borrower | | | | | | |
| Property Address | 215 E Columbia Dr | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Lender/Client | Port of Kennewick | | Address | 350 N Clover Island Dr #200, Kennewick, WA 99336 | | |




MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial Parcel #5 and #6
Valued as a Single Parcel

320 E Columbia Gardens Way
Kennewick, WA

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | | |
|--|---|---|----------------------------|-------------------------------------|
|  AI Reports® Form 120.05* | Client File #: Parcel 5,6,Comb'd | | Appraisal File #: 2021-260 | |
| | Appraisal Report · Land | | | |
| | Appraisal Company: Sandollar LLC Appraisal Group SEWA | | | |
| | Address: 2001 S Washington St, Kennewick, WA 99337 | | | |
| Phone: 509.628.9817 | | Fax: | | Website: www.appraisalgroupsewa.com |
| Appraiser: Veronica R Griffith, MAI, CCIM | | | | |
| AI Membership (if any): <input type="checkbox"/> SRA <input checked="" type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS | | Co-Appraiser: | | |
| AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate | | AI Membership (if any): <input type="checkbox"/> SRA <input type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS | | |
| Other Professional Affiliation: CCIM Designee | | AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate | | |
| Email: appraisalgroupsewa@gmail.com | | Other Professional Affiliation: | | |
| Client: Port of Kennewick | | E-mail: | | |
| Address: 350 N Clover Island Dr #200, Kennewick, WA 99336 | | Contact: Amber Hanchette, Director of Real Estate | | |
| Phone: 509.586.1186 | | Fax: N/A | | Email: Amber@PortofKennewick.org |
| SUBJECT PROPERTY IDENTIFICATION | | | | |
| Address: 320 E Columbia Gardens Way | | | | |
| City: Kennewick | County: Benton | State: WA | ZIP: 99336 | |
| Legal Description: A portion of Lots 12, 13 and 14, RePlat of Columbia Gardens | | | | |
| Tax Parcel #: 131903030013003 | | RE Taxes: 0 | | Tax Year: 2021 |
| Use of the Real Estate As of the Date of Value: Vacant Land | | | | |
| Use of the Real Estate Reflected in the Appraisal: Vacant Land Available for Commercial Development AS A SINGLE PARCEL | | | | |
| Opinion of highest and best use (if required): Commercial Development | | | | |
| SUBJECT PROPERTY HISTORY | | | | |
| Owner of Record: Port of Kennewick | | | | |
| Description and analysis of sales within 3 years (minimum) prior to effective date of value: No sales of the property have been recorded in the 3 years preceding the effective date of valuation. | | | | |
| Description and analysis of agreements of sale (contracts), listing, and options: N/A | | | | |
| RECONCILIATIONS AND CONCLUSIONS | | | | |
| Indication of Value by Sales Comparison Approach | | \$ 425,000 | | |
| Indication of Value by Cost Approach | | \$ N/A | | |
| Indication of Value by Income Approach | | \$ N/A | | |
| Final Reconciliation of the Methods and Approaches to Value: Two contiguous sites shown on the included plan (Parcels #5 and #6) are being valued and the property is appraised as a single parcel. Only the sales comparison approach to value was applied. The value was reasonably well supported by several recent sales in the neighborhood or competing neighborhoods. Adjustments were considered minor, i.e., less than 20% gross net adjustments excluding the adjustment for the "pad site" status analysis, which was well supported. | | | | |
| Opinion of Value as of: June 30, 2021 | | \$ 425,000 | | |
| Exposure Time: Less than one year | | | | |
| The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page. | | | | |

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-------------------|
| Client: | Port of Kennewick | Client File #: | Parcel 5,6,Comb'd |
| Subject Property: | 320 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

ASSIGNMENT PARAMETERS

Intended User(s): Client, Port of Kennewick, only

Intended Use: Establish a market value for possible sale of the property

The report is not intended by the appraiser for any other use by any other user.

Type of Value: Market Value Effective Date of Value: June 30, 2021

Interest Appraised: ☒ Fee Simple ☐ Leasehold ☐ Other

Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) **NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land.**

Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.)

This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).

SCOPE OF WORK

Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.

| Scope of Subject Property Inspection/Data Sources Utilized | Approaches to Value Developed |
|--|--|
| Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. | Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. | Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| | Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |

Additional Scope of Work Comments: N/A

Significant Real Property Appraisal Assistance: ☐ None ☒ Disclose Name(s) and contribution:
 Sonnia Renee King, a licensed trainee assigned to me, assisted with observation and photography of the subject property, initial search for comparable data, and initial drafting of the report. All final selection of data, adjustments to the data, and final reconciliation of value are those of Veronica R Griffith, MAI, CCIM.

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-------------------|
| Client: | Port of Kennewick | Client File #: | Parcel 5,6,Comb'd |
| Subject Property: | 227 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| MARKET AREA ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|--|--|------|-----|---|------|------|-----|----------|-------------|----|--|--|----------|------|------------|-----|-------|-----|--------|-----|-------------|-----|--|--|--|
| Location <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural | Built Up <input type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input checked="" type="checkbox"/> Over 75% | Growth <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Slow | Supply & Demand <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply | Value Trend <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing | Typical Marketing Time <input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months | | | | | | | | | | | | | | | | | | | | | | | | |
| Neighborhood Single Family Profile <table style="width: 100%;"> <tr> <td>Price</td> <td>Age</td> <td></td> </tr> <tr> <td>200K</td> <td>Low</td> <td>0</td> </tr> <tr> <td>500K</td> <td>High</td> <td>100</td> </tr> <tr> <td>250-300K</td> <td>Predominant</td> <td>45</td> </tr> </table> | | | Price | Age | | 200K | Low | 0 | 500K | High | 100 | 250-300K | Predominant | 45 | Neighborhood Land Use <table style="width: 100%;"> <tr> <td>1 Family</td> <td>85 %</td> <td>Commercial</td> <td>8 %</td> </tr> <tr> <td>Condo</td> <td>2 %</td> <td>Vacant</td> <td>2 %</td> </tr> <tr> <td>Multifamily</td> <td>3 %</td> <td></td> <td></td> </tr> </table> | | 1 Family | 85 % | Commercial | 8 % | Condo | 2 % | Vacant | 2 % | Multifamily | 3 % | | | Neighborhood Name : Historic Waterfront District PUD <input checked="" type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ / Amenities: Sites are "pad" type sites which benefit from shared off-site parking. |
| Price | Age | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200K | Low | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 500K | High | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 250-300K | Predominant | 45 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 Family | 85 % | Commercial | 8 % | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Condo | 2 % | Vacant | 2 % | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Multifamily | 3 % | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SITE ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dimensions: Irregular | | | Area: 42,253 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| View: Commercial | | | Shape: Mostly rectangular | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Drainage: Appears Adequate | | | Utility: Average | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Site Similarity/Conformity to Neighborhood Size: <input type="checkbox"/> Smaller than Typical <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Larger Than Typical View: <input type="checkbox"/> Favorable <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable | | | Zoning/Deed Restriction Zoning: UMU, which permits a variety of development types <input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal Convenants, Condition & Restrictions <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ground Rent \$ / | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Utilities Electric <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____ Gas <input type="checkbox"/> Public <input type="checkbox"/> Other _____ Water <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____ Sewer <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____ | | | Off Site Improvements Street <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ Alley <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ Sidewalk <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ Street Lights <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Site description and characteristics: The site is located within the Historic Waterfront District in an area defined as Columbia Gardens and benefits from a small amount of frontage to the north along the southern alignment of Duffy's Pond, a retention basin just south of the Columbia River. Adjacent to the west is a vintage mobile home park while development to the immediate east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HIGHEST AND BEST USE ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Summary of highest and best use analysis: The legally permissible uses under the UMU, Urban Mixed Use zoning designation include a broad range of commercial and residential developments. This is a newer zoning designation designed to encourage re-development of older neighborhoods. Thus, physically possible uses are limited mostly by size. Financially productive uses would include any use commercial use permitted under the UMU designation; this would also be the maximally productive use. Thus, the highest and best use of the site is for commercial development that conforms to the UMU development standards which would be cohesive with surrounding development in the Columbia Gardens neighborhood portion of the Historic Waterfront District.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-------------------|
| Client: | Port of Kennewick | Client File #: | Parcel 5,6,Comb'd |
| Subject Property: | 320 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| SITE VALUATION | | | | | | |
|---|--|--|------------|--|------------|--|
| Site Valuation Methodology | | | | | | |
| <input checked="" type="checkbox"/> | Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available. | | | | | |
| <input type="checkbox"/> | Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property. | | | | | |
| <input type="checkbox"/> | Alternative Method: (Describe methodology and rationale) | | | | | |
| Site Valuation | | | | | | |
| ITEM | SUBJECT | COMPARISON 1 | | COMPARISON 2 | | COMPARISON 3 |
| Address | 320 E Columbia Gardens Way Kennewick, WA 99336 | 1200 N Irving Pl Kennewick, WA | | 1201, 1213, 1221 N Irving Pl Kennewick, WA | | 604 N Hartford Kennewick, WA |
| Proximity to Subject | | 4.14 miles W | | 4.18 miles W | | 0.82 miles W |
| Data Source/ Verification | | Retrospect; Public Recs Public Recs; Seller | | Retrospect; Public Recs Public Recs; Seller | | MLS #249542; Pub Recs MLS #249542; Pub Recs |
| Sales Price | \$ | | \$ 130,571 | | \$ 440,130 | \$ 50,000 |
| Price/ PSF | \$ 0 | | \$ 5.50 | | \$ 5.72 | \$ 5.77 |
| Sale Date | N/A | 05/18/2021 | | 04/15/2021 | | 12/07/2020 |
| Location | Frontage | Interior | | Interior | | Interior |
| Site Size | 42,253 | 23,753 | | 76,962 | | 8,668 |
| Site View | Commercial | Commercial | | Commercial | | Residential |
| Site Improvements | N/A | N/A | | N/A | | N/A |
| Zoning | UMU | CO | | CO | | UMU |
| Access | Public ROW | Public ROW | | Public ROW | | Public ROW |
| Shape/Utility/Corner | Average | Average | | Average | | Average/Corner |
| Utilities | Available | Available | | Available | | Available |
| Shared Parking | Yes | No | | No | | No |
| Net Adjustment | | X + - \$ 3.85 | | X + - \$ 3.98 | | X + - \$ 3.46 |
| Indicated Value | | Net Adj. 70% Gross Adj. 70% \$ 9.35 | | Net Adj. 70% Gross Adj. 70% \$ 9.70 | | Net Adj. 60% Gross Adj. 80% \$ 9.23 |
| Prior Transfer History | None within last 3 yrs | No sales in prior 3 years | | No sales in prior 3 years | | No sales in prior 3 years |
| <p>Site Valuation Comments: Besides typical adjustments (10% to 30%), subject benefits from having offsite shared parking with reciprocal easements, similar to that found in a shopping center, where a "pad" site with cross easement agreements for parking, ingress and egress control. There are only two recent sales of "pad" sites available for review, and thus, it was necessary to review older "pad" sites with older non-pad sites to get an idea of the premium paid for the "pad sites" (See excel spreadsheet included herein). The six pad site sales ranged from 23,108 SF to 51,411 SF with an average of 35,584 SF and ranged from \$17.64 to \$30.24 PSF with an average of \$22.61 PSF. The non-pad sites ranged from 37,823 to 80,403 SF with an average of 50,896 SF and ranged in price from \$7.24 to \$13.09 PSF with an average of \$9.15 PSF. The pad sites sold for an average premium of nearly 150% compared to the non-pad sites which accounts for the differences in reciprocal parking, access and egress supporting the need for an adjustment in superior neighborhoods that are experiencing strong growth with strong demographics. A 50% adjustment is considered reasonable.</p> <p>Site Valuation Reconciliation: This is a single parcel and the client requests two values; first as a single parcel, and second, as subdivided into two similar sized parcels. This report values the property (Parcel #5 and #6 on the map) as a single parcel. See separate report for second requested value. After adjustment the sales range from \$8.57 to \$11.07 PSF with a weighted average of approximately \$9.80 PSF. Adjustments are large and could be considered excessive by some, but none of the sales benefit from shared parking as a "pad site" in a cohesive development for which a 50% adjustment was made. An analysis of pad sites versus non pad sites indicated that on average, a pad site commanded a 150% premium compared to non-pad sites. The three sales in subject's neighborhood are older and surrounded by residential improvements while subject is part of a cohesive new development within the Historic Waterfront District. A value of \$10 PSF was concluded and when multiplied by the site area of 42,253 SF, a value of \$422,530, rounded to \$425,000.</p> | | | | | | |
| Opinion of Site Value | | | | \$ 425,000 | | |

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 EXTRA SITES 4-5-6

| | | | |
|-------------------|---|-------------------|-------------------|
| Client: | Port of Kennewick | Client File #: | Parcel 5,6,Comb'd |
| Subject Property: | 320 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| SITE EVALUATION | | | | | | | | | |
|---|---|--|-----------|--|------------|--|------------|--|--|
| Site Valuation Methodology | | | | | | | | | |
| <input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available. | | | | | | | | | |
| <input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property. | | | | | | | | | |
| <input type="checkbox"/> Alternative Method: (Describe methodology and rationale) | | | | | | | | | |
| Site Valuation | | | | | | | | | |
| ITEM | SUBJECT | COMPARISON 4 | | COMPARISON 5 | | COMPARISON 6 | | | |
| Address | 320 E Columbia Gardens Way Kennewick, WA 99336 | 421 E Bruneau Pl Kennewick, WA | | 5610 W Quinault Kennewick, | | 218 N Beech St Kennewick, WA | | | |
| Proximity to Subject | | 0.12 miles E | | 4.11 miles W | | 0.07 miles SW | | | |
| Data Source/ Verification | | Retrospect; Pub Recs Retrospect; Seller | | Retrospect; Public Recs Public Recs; Seller | | Retrospect; Pub Recs Retrospect; Pub Recs | | | |
| Sales Price | \$ | | \$ 45,000 | | \$ 300,000 | | \$ 117,000 | | |
| Price/ PSF | \$ 0.00 | | \$ 5.36 | | \$ 6.92 | | \$ 6.78 | | |
| Sale Date | | 03/13/2020 | | 01/17/2020 | | 08/08/2019 | | | |
| Location | Frontage | Interior | | Frontage | | Interior | | | |
| Site Size | 42,253 | 8,398 | | 43,368 | | 17,258 | | | |
| Site View | Commercial | Residential | | Commercial | | Residential | | | |
| Site Improvements | N/A | N/A | | N/A | | N/A | | | |
| Zoning | UMU | UMU | | CO | | UMU | | | |
| Access | Public ROW | Public ROW | | Public ROW | | Public ROW | | | |
| Shape/Utility/Corner | Average | Corner | | Average | | Corner | | | |
| Utilities | Available | Available | | Available | | Available | | | |
| Shared Parking | Yes | No | | No | | No | | | |
| Net Adjustment | | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 3.21 | | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 4.15 | | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 4.06 | | | |
| Indicated Value | | Net Adj. 60% Gross Adj. 80% \$ 8.57 | | Net Adj. 60% Gross Adj. 60% \$ 11.07 | | Net Adj. 60% Gross Adj. 80% \$ 10.84 | | | |
| Prior Transfer History | No sales in prior 3 years | No sales in prior 3 years | | No sales in prior 3 years | | No sales in prior 3 years | | | |
| Site Valuation Comments: See prior page comments | | | | | | | | | |
| Site Valuation Reconciliation: See prior page comments | | | | | | | | | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Pad Site Sale Comparison with Non-Pad Site Sales

File No. 2021-260
Case No. Parcel 5,6,Comb'd

Borrower

Property Address 320 E Columbia Gardens Way

| | | | | | | | |
|------|-----------|--------|--------|-------|----|----------|-------|
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
|------|-----------|--------|--------|-------|----|----------|-------|

| | | | |
|---------------|-------------------|---------|--|
| Lender/Client | Port of Kennewick | Address | 350 N Clover Island Dr #200, Kennewick, WA 99336 |
|---------------|-------------------|---------|--|

| Comparison of "PAD" Site Sales With Non-PAD Site Sales | | | | | | | | | |
|--|-------------------------|------------------------|-----------------------------|-----------------------------|---------------------------|-------------------------|-----------|--|--|
| Property ID | 4182 | 7381 | 7156 | 6973 | 6881 | 6933 | Average | | |
| Property Use | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | | | |
| Location | 3631 Plaza Way | 2811 Dogwood | 1659 N Col. Cr. Blvd | 4201 Road 08 | 1273 Aaron Dr | 5702 N Road 08 | | | |
| City | Kernersville | West Richland | Kernersville | Prasco | Richland | Prasco | | | |
| Land Acres | 0.968 | 0.597 | 1.18223 | 0.950 | 0.350 | 0.660 | 0.8123 | | |
| Land SF | 42,166 | 26,123 | 51,411 | 40,511 | 23,100 | 28,887 | 31,384 | | |
| Buyer | Hogback Southridge, LLC | Hogback Queensgate LLC | Hogback Columbia Center LLC | Prasco One, LLC | Zenith Properties III LLC | PK Vland LLC | | | |
| Seller | Coig Eckles | Wal-Mart Real Estate | JC Penney Properties, Inc. | Terry and Susan Moss | Timothy & Kathryn Bush | Hogback Sundair LLC | | | |
| Recorded | 2021-01-24-59 | 2020-03-12-63 | 2019-04-10-11 | 2019-10-01-20 | 2019-01-01-72 | SWD-1888688 | | | |
| Document | SWD | SWD | SWD | SWD | SWD | SWD | | | |
| TAX ID | 11689701340002 | 1219481013210002 | 1369048P2366002 | 117480130 | 114948BP2687007 | 116620016 | | | |
| Sale Price | \$744,000 | \$790,000 | \$1,100,000 | \$800,000 | \$170,000 | \$794,000 | \$800,000 | | |
| Sale Date | 05-15-2021 | 08-24-2020 | 12-26-2019 | 02-26-2019 | 06-12-2019 | 12-13-2018 | | | |
| Sale Price PSF | \$17.64 | \$20.24 | \$21.40 | \$19.73 | \$24.67 | \$27.46 | \$23.61 | | |
| Property ID | 7212 | 7465 | 7393 | 7492 | 3528 | 6984 | Average | | |
| Property Use | Commercial | Commercial | Commercial | Commercial | Commercial | PAD SITE | | | |
| Location | 10799 Ridgeline Dr | Pandora & Eastburg | NELAN Stages North of Gage | SWC Chagel Hill & Broadmoor | 1501 Bombing Range Rd | NKA Skagot | | | |
| City | Kernersville | West Richland | Kernersville | Prasco | West Richland | Kernersville | | | |
| Land Acres | 1.3773 | 1.5 | 0.863 | 0.72034 | 1.8458 | 0.6978 | 1.1484 | | |
| Land SF | 60,004 | 62,570 | 37,823 | 31,378 | 80,405 | 30,396 | 50,896 | | |
| Buyer | CME Properties LLC | Coskey Ventures | Jennifer LaCasse | Loraine Johnson et al | Carla K. Stevens | CDACO Properties LLC | | | |
| Seller | JPE Iron-Idem Trust | GESA Credit Union | Isabelle RR LLC | Community 1st Bank | West Richland Group | Idelford Korean BBQ Inc | | | |
| Document | 2020-03-14-89 | 2021-09-23-90 | SWD-2020-03-25-24 | SWD-19-03-22 | SWD-2020-01-28-15 | 2020-01-15-25 | | | |
| TAX ID | 108894020371001 | Statutory Warranty | Statutory Warranty | Statutory Warranty | Statutory Warranty | SWD | | | |
| Sale Price | \$434,617 | \$475,000 | \$467,000 | \$222,600 | \$790,000 | \$384,400 | \$465,776 | | |
| Sale Date | 01-30-2020 | 01-31-2021 | 09-04-2020 | 02-19-2021 | 4-24-2020 | 04-30-2020 | | | |
| Sale Price PSF | \$7.24 | \$7.27 | \$11.09 | \$7.08 | \$19.95 | \$9.49 | \$9.15 | | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|----------------------------|-------------------|-------------------|
| Client: | Port of Kennewick | Client File #: | Parcel 5,6,Comb'd |
| Subject Property: | 320 E Columbia Gardens Way | Appraisal File #: | 2021-260 |

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below)

☐ Alternate Value Definition (attached)

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

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

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|----------------------------|-------------------|-------------------|
| Client: | Port of Kennewick | Client File #: | Parcel 5,6,Comb'd |
| Subject Property: | 320 E Columbia Gardens Way | Appraisal File #: | 2021-260 |

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☒ None ☐ Name(s)

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property inspected by Co-Appraiser ☐ Yes ☐ No

- Services provided, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

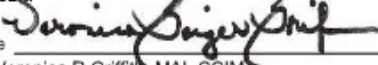
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R. Griffith, MAI, CCIM

Report Date 06/30/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature _____

Name _____

Report Date _____

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # _____ State _____

Expiration Date _____

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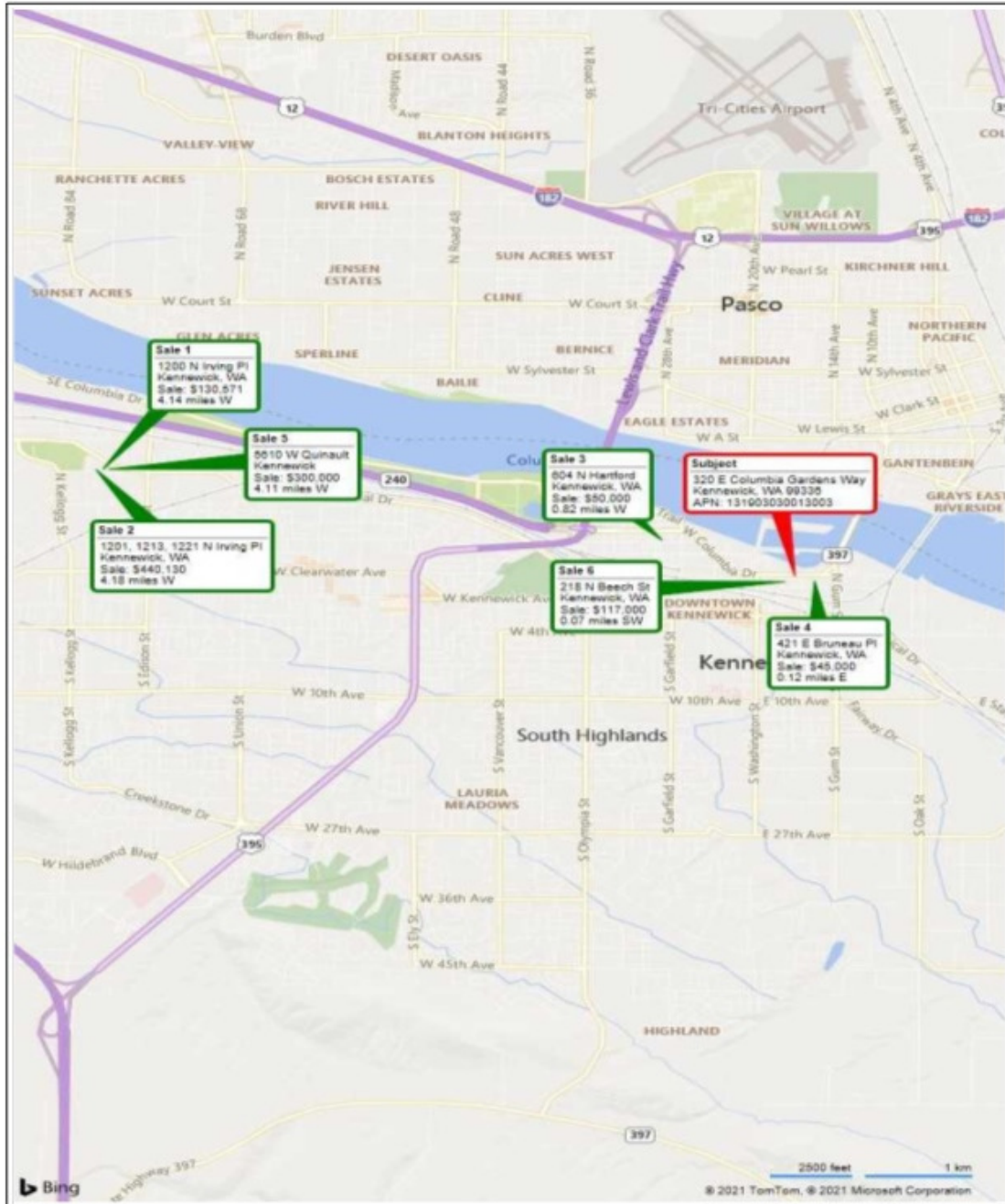
MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel 5,6,Comb'd

Borrower

| | | | | | |
|------------------|--|--------|--------|----------|-------|
| Property Address | 320 E Columbia Gardens Way | | | | |
| City | Kennewick | County | Benton | State | WA |
| | | | | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | | | |
| | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |

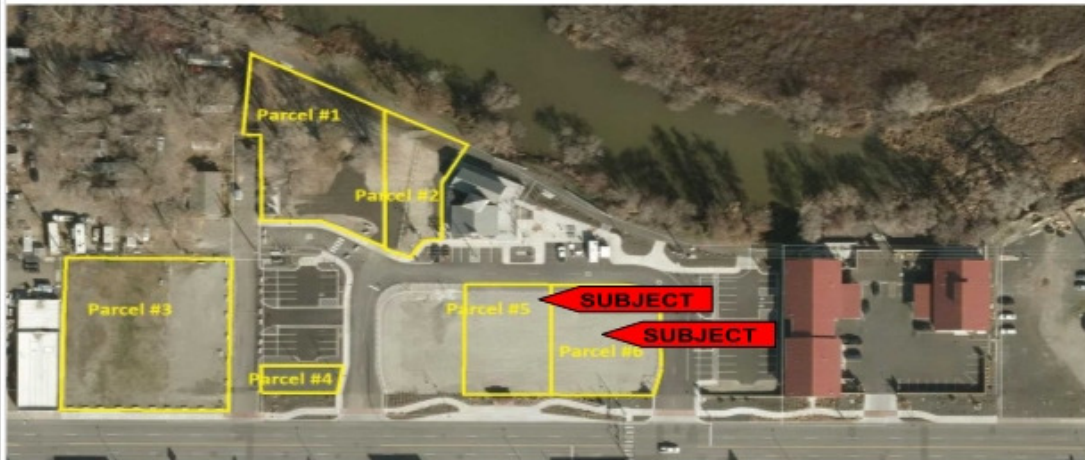


MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel 5,6,Comb'd

| | | | | | | | |
|------------------|----------------------------|--------|---------|-------|----|----------|--|
| Borrower | | | | | | | |
| Property Address | 320 E Columbia Gardens Way | | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | Address | | | | 350 N Clover Island Dr #200, Kennewick, WA 99336 |



Produced by ClickFORMS Software 800-622-8727

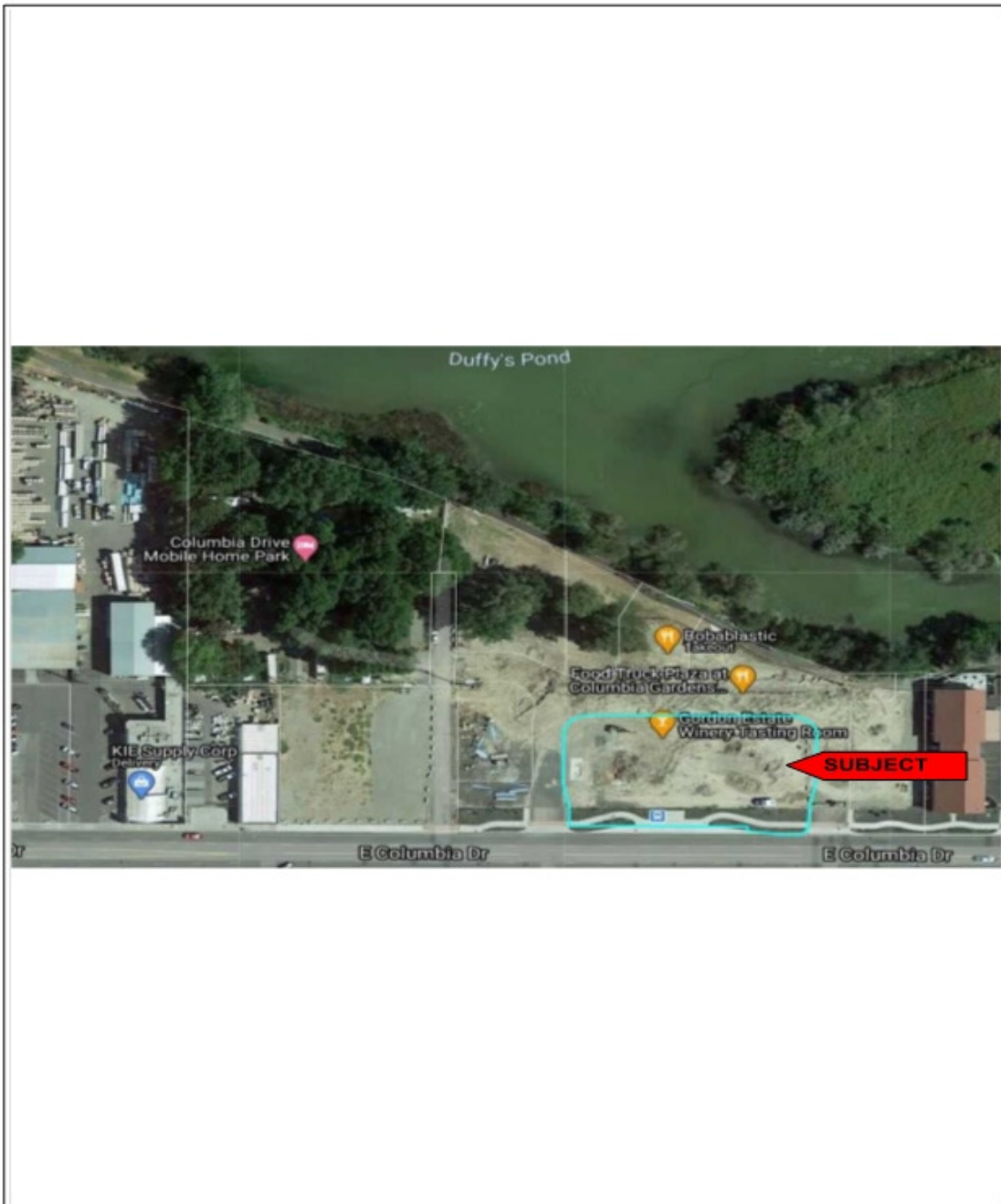
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
PLAT MAP

File No. 2021-260
Case No. Parcel 5,6,Comb'd

| | | | | | |
|---|--------|--|-------|----|----------------|
| Owner Port of Kennewick | | | | | |
| Property Address 320 E Columbia Gardens Way | | | | | |
| City Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel 5,6,Comb'd

| | | | | | | | |
|------------------|----------------------------|--------|---------|-------|----|----------|--|
| Borrower | | | | | | | |
| Property Address | 320 E Columbia Gardens Way | | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | Address | | | | 350 N Clover Island Dr #200, Kennewick, WA 99336 |



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Statement of Qualifications

File No. 2021-260
Case No. Parcel 5,6,Comb'd

Borrower

| | | | | |
|---|---------------|--|----------------|--|
| Property Address 320 E Columbia Gardens Way | | | | |
| City Kennewick | County Benton | State WA | Zip Code 99336 | |
| Lender/Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | |



Statement of Qualifications for

Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

| | | |
|------------------|---|--|
| May, 1988 | St. Louis University St. Louis, MO | Graduated Cum Laude; Major in Business Management with Minor in Communications |
|------------------|---|--|

PROFESSIONAL EXPERIENCE

| | | |
|--|--|--|
| 2014 - Now | Sandollar LLC Appraisal Group SEWA | Owner/Principal |
|  | Private practice firm specializing in appraisal, appraisal review and consulting for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired). | |
| 2004 - 2014 | Sandollar Realty Advisors Tri-Cities (Kennewick, Pasco & Richland), WA | Owner/Principal |
|  | Private practice specializing in (1) appraisal, appraisal review and litigation support for all types of commercial real estate property for a variety of institutional and attorney clients; (2) commercial real estate brokerage (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) education, curriculum development, and regulatory compliance for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007. | |
| 1991 - 2004 | Bank One Corporation (now JPMorgan Chase), Phoenix, AZ | SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG) |
| | <p>Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:</p> <ul style="list-style-type: none"> • Bank policies for Board of Director action in response to a changing regulatory environment; • Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually; • Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually; • Internet (for 3rd party vendor use) and intranet (for internal bank use); • Appraisal management tracking database software; • Company wide training program for all bankers, underwriters, credit administration staff, etc.; and • Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana). | |
| 1990 - 1991 | RTC (Western Savings & Loan), Phoenix, AZ | VP, Chief Appraiser Real Estate Appraisal Department |
| | Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions. | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Statement of Qualifications

File No. 2021-260
 Case No. Parcel 5,6,Comb'd

Borrower

| | | | | |
|---|---------------|--|----------------|--|
| Property Address 320 E Columbia Gardens Way | | | | |
| City Kennewick | County Benton | State WA | Zip Code 99336 | |
| Lender/Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | |

1988 – 1990 **Sandollar Realty Advisors Corp.** **Principal, Senior Appraiser & Broker**
St. Louis, MO
 Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.

1984 – 1988 **Buckles & Associates** **VP, Senior Commercial Appraiser**
St. Louis, MO
 Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 Appraiser's License

File No. 2021-260
 Case No. Parcel 5,6,Comb'd

| | | | | | |
|------------------|----------------------------|--------|--|----------|-------|
| Borrower | | | | | |
| Property Address | 320 E Columbia Gardens Way | | | | |
| City | Kennewick | County | Benton | State | WA |
| | | | | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | |



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial Parcel #5 and #6
Valued as Separate Parcels (One Tax Parcel)

227 E Columbia Gardens Way
Kennewick, WA

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | | |
|---|---|---|----------------------------|-------------------------------------|
|  AI Reports® Form 120.05* | Client File #: Parcel #5,6,Separate | | Appraisal File #: 2021-260 | |
| | Appraisal Report · Land | | | |
| | Appraisal Company: Sandollar LLC Appraisal Group SEWA | | | |
| | Address: 2001 S Washington St, Kennewick, WA 99337 | | | |
| Phone: 509.628.9817 | | Fax: | | Website: www.appraisalgroupsewa.com |
| Appraiser: Veronica R Griffith, MAI, CCIM | | | | |
| AI Membership (if any): <input type="checkbox"/> SRA <input checked="" type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS | | Co-Appraiser: | | |
| AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate | | AI Membership (if any): <input type="checkbox"/> SRA <input type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS | | |
| Other Professional Affiliation: CCIM Designee | | AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate | | |
| Email: appraisalgroupsewa@gmail.com | | Other Professional Affiliation: | | |
| Client: Port of Kennewick | | E-mail: | | |
| Address: 350 N Clover Island Dr #200, Kennewick, WA 99336 | | Contact: Amber Hanchette, Director of Real Estate | | |
| Phone: 509.586.1186 | | Fax: N/A | | Email: Amber@PortofKennewick.org |
| SUBJECT PROPERTY IDENTIFICATION | | | | |
| Address: 320 E Columbia Gardens Way | | | | |
| City: Kennewick | County: Benton | State: WA | ZIP: 99336 | |
| Legal Description: A portion of Lots 12, 13 and 14, RePlat of Columbia Gardens | | | | |
| Tax Parcel #: 131903030013003 | | RE Taxes: 0 | | Tax Year: 2021 |
| Use of the Real Estate As of the Date of Value: Vacant Land | | | | |
| Use of the Real Estate Reflected in the Appraisal: Vacant Land Available for Commercial Development AS TWO SEPARATE SIMILARLY SIZED PARCELS | | | | |
| Opinion of highest and best use (if required): Commercial Development | | | | |
| SUBJECT PROPERTY HISTORY | | | | |
| Owner of Record: Port of Kennewick | | | | |
| Description and analysis of sales within 3 years (minimum) prior to effective date of value: No sales of the property have been recorded in the 3 years preceding the effective date of valuation. | | | | |
| Description and analysis of agreements of sale (contracts), listing, and options: N/A | | | | |
| RECONCILIATIONS AND CONCLUSIONS | | | | |
| Indication of Value by Sales Comparison Approach | | \$ 210,000 EACH | | |
| Indication of Value by Cost Approach | | \$ N/A | | |
| Indication of Value by Income Approach | | \$ N/A | | |
| Final Reconciliation of the Methods and Approaches to Value: Two contiguous sites shown on the included plan (Parcels #5 and #6) which are a single tax parcel are being valued and the property is appraised as if subdivided into two similarly sized parcels. Only the sales comparison approach to value was applied. The value was reasonably well supported by several recent sales in the neighborhood or competing neighborhoods. Adjustments were considered minor, i.e., less than 20% gross net adjustments excluding the adjustment for the "pad site" status analysis, which was well supported. | | | | |
| Opinion of Value as of: June 30, 2021 | | \$ 210,000 EACH | | |
| Exposure Time: Less than one year | | | | |
| The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page. | | | | |

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------------------|
| Client: | Port of Kennewick | Client File #: | Parcel #5.6, Separate |
| Subject Property: | 320 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| ASSIGNMENT PARAMETERS | |
|---|--|
| Intended User(s): Client, Port of Kennewick, only | |
| Intended Use: Establish a market value for possible sale of the property | |
| The report is not intended by the appraiser for any other use by any other user. | |
| Type of Value: Market Value | Effective Date of Value: June 30, 2021 |
| Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other | |
| Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land. NOTE: Subject is a single tax parcel but is assumed subdivided into two similar sized parcels for purposes of valuation. | |
| Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.) | |
| This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP). | |
| SCOPE OF WORK | |
| Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report. | |
| Scope of Subject Property Inspection/Data Sources Utilized Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. | Approaches to Value Developed Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis |
| Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. | |
| Additional Scope of Work Comments: N/A | |
| Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia Renee King, a licensed trainee assigned to me, assisted with observation and photography of the subject property, initial search for comparable data, and initial drafting of the report. All final selection of data, adjustments to the data, and final reconciliation of value are those of Veronica R Griffith, MAI, CCIM. | |

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------------------|
| Client: | Port of Kennewick | Client File #: | Parcel #5.6, Separate |
| Subject Property: | 227 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| MARKET AREA ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|--|--|-----|------|------|----------|-------------|--|----|--|--|--|----------|------|------------|-----|-------|-----|--------|-----|-------------|-----|--|--|
| Location <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural | Built Up <input type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input checked="" type="checkbox"/> Over 75% | Growth <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Slow | Supply & Demand <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply | Value Trend <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing | Typical Marketing Time <input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months | | | | | | | | | | | | | | | | | | | | | | |
| Neighborhood Single Family Profile <table style="width: 100%;"> <tr> <td>Price</td> <td>Age</td> </tr> <tr> <td>200K</td> <td>Low</td> </tr> <tr> <td>500K</td> <td>High</td> </tr> <tr> <td>250-300K</td> <td>Predominant</td> </tr> <tr> <td></td> <td>45</td> </tr> </table> | | | Price | Age | 200K | Low | 500K | High | 250-300K | Predominant | | 45 | Neighborhood Land Use <table style="width: 100%;"> <tr> <td>1 Family</td> <td>85 %</td> <td>Commercial</td> <td>8 %</td> </tr> <tr> <td>Condo</td> <td>2 %</td> <td>Vacant</td> <td>2 %</td> </tr> <tr> <td>Multifamily</td> <td>3 %</td> <td></td> <td></td> </tr> </table> | | | 1 Family | 85 % | Commercial | 8 % | Condo | 2 % | Vacant | 2 % | Multifamily | 3 % | | |
| Price | Age | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200K | Low | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 500K | High | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 250-300K | Predominant | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 45 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 Family | 85 % | Commercial | 8 % | | | | | | | | | | | | | | | | | | | | | | | | |
| Condo | 2 % | Vacant | 2 % | | | | | | | | | | | | | | | | | | | | | | | | |
| Multifamily | 3 % | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Neighborhood Name : Historic Waterfront District PUD <input checked="" type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ / Amenities: Sites are "pad" type sites which benefit from shared off-site parking. | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SITE ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dimensions: Irregular | | | Area: 21,126 each | | | | | | | | | | | | | | | | | | | | | | | | |
| View: Commercial | | | Shape: Mostly rectangular | | | | | | | | | | | | | | | | | | | | | | | | |
| Drainage: Appears Adequate | | | Utility: Average | | | | | | | | | | | | | | | | | | | | | | | | |
| Site Similarity/Conformity to Neighborhood Size: <input type="checkbox"/> Smaller than Typical <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Larger Than Typical View: <input type="checkbox"/> Favorable <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable | | | Zoning/Deed Restriction Zoning: UMU, which permits a variety of development types <input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal Convenants, Condition & Restrictions <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ground Rent \$ / | | | | | | | | | | | | | | | | | | | | | | | | |
| Utilities Electric <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other Gas <input type="checkbox"/> Public <input type="checkbox"/> Other Water <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other Sewer <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other | | | Off Site Improvements Street <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Alley <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Sidewalk <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Street Lights <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Site description and characteristics: The site is located within the Historic Waterfront District in an area defined as Columbia Gardens. Adjacent to the west is a vintage mobile home park while development to the immediate east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HIGHEST AND BEST USE ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Summary of highest and best use analysis: The legally permissible uses under the UMU, Urban Mixed Use zoning designation include a broad range of commercial and residential developments. This is a newer zoning designation designed to encourage re-development of older neighborhoods. Thus, physically possible uses are limited mostly by size. Financially productive uses would include any use commercial use permitted under the UMU designation; this would also be the maximally productive use. Thus, the highest and best use of the site is for commercial development that conforms to the UMU development standards which would be cohesive with surrounding development in the Columbia Gardens neighborhood portion of the Historic Waterfront District.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|---|-------------------|-----------------------|
| Client: | Port of Kennewick | Client File #: | Parcel #5.6, Separate |
| Subject Property: | 320 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| SITE VALUATION | | | | | | | | | |
|--|---|--|------------|--|------------|--|-----------|--|--|
| Site Valuation Methodology | | | | | | | | | |
| <input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available. | | | | | | | | | |
| <input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property. | | | | | | | | | |
| <input type="checkbox"/> Alternative Method: (Describe methodology and rationale) | | | | | | | | | |
| Site Valuation | | | | | | | | | |
| ITEM | SUBJECT | COMPARISON 1 | | COMPARISON 2 | | COMPARISON 3 | | | |
| Address | 320 E Columbia Gardens Way Kennewick, WA 99336 | 1200 N Irving Pl Kennewick, WA | | 1201, 1213, 1221 N Irving Pl Kennewick, WA | | 604 N Hartford Kennewick, WA | | | |
| Proximity to Subject | | 4.14 miles W | | 4.18 miles W | | 0.82 miles W | | | |
| Data Source/ Verification | | Retrospect; Public Recs Public Recs; Seller | | Retrospect; Public Recs Public Recs; Seller | | MLS #249542; Pub Recs MLS #249542; Pub Recs | | | |
| Sales Price | \$ | | \$ 130,571 | | \$ 440,130 | | \$ 50,000 | | |
| Price/ PSF | \$ 0 | | \$ 5.50 | | \$ 5.72 | | \$ 5.77 | | |
| Sale Date | N/A | 05/18/2021 | | 04/15/2021 | | 12/07/2020 | | | |
| Location | Frontage | Interior | | Interior | | Interior | | | |
| Site Size | 21,126 each | 23,753 | | 76,962 | | 8,668 | | | |
| Site View | Commercial | Commercial | | Commercial | | Residential | | | |
| Site Improvements | N/A | N/A | | N/A | | N/A | | | |
| Zoning | UMU | CO | | CO | | UMU | | | |
| Access | Public ROW | Public ROW | | Public ROW | | Public ROW | | | |
| Shape/Utility/Corner | Average | Average | | Average | | Average/Corner | | | |
| Utilities | Available | Available | | Available | | Available | | | |
| Shared Parking | Yes | No | | No | | No | | | |
| Net Adjustment | | X + - \$ 3.85 | | X + - \$ 4.55 | | X + - \$ 3.46 | | | |
| Indicated Value | | Net Adj. 70% Gross Adj. 70% \$ 9.35 | | Net Adj. 80% Gross Adj. 80% \$ 10.27 | | Net Adj. 60% Gross Adj. 80% \$ 9.23 | | | |
| Prior Transfer History | None within last 3 yrs | No sales in prior 3 years | | No sales in prior 3 years | | No sales in prior 3 years | | | |
| <p>Site Valuation Comments: Besides typical adjustments (10% to 30%), subject benefits from having offsite shared parking with reciprocal easements, similar to that found in a shopping center, where a "pad" site with cross easement agreements for parking, ingress and egress control. There are only two recent sales of "pad" sites available for review, and thus, it was necessary to review older "pad" sites with older non-pad sites to get an idea of the premium paid for the "pad sites" (See excel spreadsheet included herein). The six pad site sales ranged from 23,108 SF to 51,411 SF with an average of 35,584 SF and ranged from \$17.64 to \$30.24 PSF with an average of \$22.61 PSF. The non-pad sites ranged from 37,823 to 80,403 SF with an average of 50,896 SF and ranged in price from \$7.24 to \$13.09 PSF with an average of \$9.15 PSF. The pad sites sold for an average premium of nearly 150% compared to the non-pad sites which accounts for the differences in reciprocal parking, access and egress supporting the need for an adjustment in superior neighborhoods that are experiencing strong growth with strong demographics. A 50% adjustment is considered reasonable.</p> <p>Site Valuation Reconciliation: This is a single parcel and the client requests valuation as two similar sized parcels. This report values the property (Parcel #5 and #6) as a single parcel. See separate report for valuation as a single parcel. After adjustment the sales range from \$8.57 to \$11.07 PSF with a weighted average of approximately \$9.80 PSF. Adjustments are large and could be considered excessive by some, but none of the sales benefit from shared parking as a "pad site" in a cohesive development for which a 50% adjustment was made. An analysis of pad sites versus non pad sites indicated that on average, a pad site commanded a 150% premium compared to non-pad sites. The three sales in subject's neighborhood are older and surrounded by residential improvements while subject is part of a cohesive new development within the Historic Waterfront District. A value of \$10 PSF was concluded and when multiplied by the site area of 21,126 SF, a value of \$210,126, rounded to \$210,000 for EACH PARCEL.</p> | | | | | | | | | |
| Opinion of Site Value | | | | \$ 210,000 EACH | | | | | |

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 EXTRA SITES 4-5-6

| | | | |
|-------------------|---|-------------------|----------------------|
| Client: | Port of Kennewick | Client File #: | Parcel #5,6,Separate |
| Subject Property: | 320 E Columbia Gardens Way, Kennewick, WA 99336 | Appraisal File #: | 2021-260 |

| SITE EVALUATION | | | | | | | | | |
|---|---|--|-----------|--|------------|--|------------|--|--|
| Site Valuation Methodology | | | | | | | | | |
| <input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available. | | | | | | | | | |
| <input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property. | | | | | | | | | |
| <input type="checkbox"/> Alternative Method: (Describe methodology and rationale) | | | | | | | | | |
| Site Valuation | | | | | | | | | |
| ITEM | SUBJECT | COMPARISON 4 | | COMPARISON 5 | | COMPARISON 6 | | | |
| Address | 320 E Columbia Gardens Way Kennewick, WA 99336 | 421 E Bruneau Pl Kennewick, WA | | 5610 W Quinault Kennewick, | | 218 N Beech St Kennewick, WA | | | |
| Proximity to Subject | | 0.12 miles E | | 4.11 miles W | | 0.07 miles SW | | | |
| Data Source/ Verification | | Retrospect; Pub Recs Retrospect; Seller | | Retrospect; Public Recs Public Recs; Seller | | Retrospect; Pub Recs Retrospect; Pub Recs | | | |
| Sales Price | \$ | | \$ 45,000 | | \$ 300,000 | | \$ 117,000 | | |
| Price/ PSF | \$ 0.00 | | \$ 5.36 | | \$ 6.92 | | \$ 6.78 | | |
| Sale Date | | 03/13/2020 | | 01/17/2020 | | 08/08/2019 | | | |
| Location | Frontage | Interior | | Frontage | | Interior | | | |
| Site Size | 21,126 each | 8,398 | | 43,368 | | 17,258 | | | |
| Site View | Commercial | Residential | | Commercial | | Residential | | | |
| Site Improvements | N/A | N/A | | N/A | | N/A | | | |
| Zoning | UMU | UMU | | CO | | UMU | | | |
| Access | Public ROW | Public ROW | | Public ROW | | Public ROW | | | |
| Shape/Utility/Corner | Average | Corner | | Average | | Corner | | | |
| Utilities | Available | Available | | Available | | Available | | | |
| Shared Parking | Yes | No | | No | | No | | | |
| Net Adjustment | | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 3.21 | | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 4.15 | | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 4.06 | | | |
| Indicated Value | | Net Adj. 60% Gross Adj. 80% \$ 8.57 | | Net Adj. 60% Gross Adj. 60% \$ 11.07 | | Net Adj. 60% Gross Adj. 80% \$ 10.84 | | | |
| Prior Transfer History | No sales in prior 3 years | No sales in prior 3 years | | No sales in prior 3 years | | No sales in prior 3 years | | | |
| Site Valuation Comments: See prior page comments | | | | | | | | | |
| | | | | | | | | | |
| Site Valuation Reconciliation: See prior page comments | | | | | | | | | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Pad Site Sale Comparison with Non-Pad Site Sales

File No. 2021-260
Case No. Parcel #5,6,Separate

Borrower

| | | | | | | | |
|------------------|----------------------------|--------|--|-------|----|----------|-------|
| Property Address | 320 E Columbia Gardens Way | | | | | | |
| City | Kennewick | County | Benton | State | WA | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |

| Comparison of "PAD" Site Sales With Non-PAD Site Sales | | | | | | | | | |
|--|-------------------------|------------------------|-----------------------------|--|-------------------------|-------------------------|---------|--|-------------|
| Property ID | 4182 | 7381 | 7156 | 6973 | 6881 | 6933 | Average | | |
| Property Use | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | PAD SITE | | | |
| Location | 3631 Plaza Way | 2621 Daigorsal | 1609 N Col. Ctr. Blvd | 4291 Road 08 | 1273 Alston Dr | 5702 N Road 08 | | | |
| City | Kernewick | West Richland | Kernewick | Pasco | Richland | Pasco | | | |
| Land Acres | 0.908 | 0.597 | 1.1823 | 0.950 | 0.550 | 0.603 | | | 0.8123 |
| Land SF | 42,168 | 26,125 | 51,411 | 40,511 | 25,108 | 28,887 | | | 31,384 |
| Buyer | Hagback Southridge, LLC | Hagback Quenestogo LLC | Hagback Columbia Center LLC | Pasco One, LLC Zenithum Properties III LLC | PK Vland LLC | | | | |
| Seller | Craig Eckhaus | Wal-Mart Real Estate | JC Penney Properties, Inc. | Terry and Susan Moss | Tinsdley & Kathryn Bush | Hagback Sundair LLC | | | |
| Recorded | 2021-01-24-59 | 2020-03-12-83 | 2019-04-01-11 | 2019-08-12-02 | 2019-04-01-72 | SWD-1888608 | | | |
| Document | SWD | SWD | SWD | SWD | SWD | SWD | | | |
| TAX ID | 1168701245002 | 12194101321002 | 1399448P356902 | 117490130 | 114943BP358707 | 116820016 | | | |
| Sale Price | \$74,000 | \$700,000 | \$1,100,000 | \$800,000 | \$750,000 | \$794,000 | | | \$800,000 |
| Sale Date | 05-15-2021 | 08-24-2020 | 12-26-2019 | 02-26-2019 | 06-12-2019 | 12-13-2018 | | | |
| Sale Price PSF | \$17.64 | \$58.24 | \$11.40 | \$19.73 | \$24.67 | \$27.46 | | | \$23.61 |
| Property ID | 7212 | 7465 | 7393 | 7492 | 3528 | 6984 | Average | | |
| Property Use | Commercial | Commercial | Commercial | Commercial | Commercial | PAD SITE | | | |
| Location | 10799 Ridgepine Dr | Paradise & Bonthong | NKA N Staples North of | SWC Chagel Hill & | 1501 Bonthong Range Rd | NKA Shagot | | | |
| City | Kernewick | West Richland | Gage | Broadmoor | West Richland | Kernewick | | | |
| Land Acres | 1.3773 | 1.5 | 0.163 | 0.72034 | 1.8458 | 0.6978 | | | 1.1484 |
| Land SF | 60,004 | 65,570 | 37,123 | 31,378 | 80,405 | 36,396 | | | 50,896 |
| Buyer | CMAC Properties LLC | Crosby Ventures | Jennifer LaCrosse | Laurina Johnson et al | Craig K. Stevens | CMACD Properties LLC | | | |
| Seller | JPE Iron-Steel Trust | GES4 Cooks Union | Isobell R2 LLC | Community 1st Bank | West Richland Group | Idelford Korean BSO Inc | | | |
| Recorded | 2020-03-04-89 | 2021-09-29-90 | SWD 2020-03-03-24 | SWD-1932423 | SWD 2020-03-31-15 | 2020-01-13-55 | | | |
| Document | Statutory Warranty | Statutory Warranty | Statutory Warranty | Statutory Warranty | Statutory Warranty | SWD | | | |
| TAX ID | \$434,617 | \$475,000 | \$405,000 | \$222,650 | \$79,936 | 13299123001011 | | | \$465,776 |
| Sale Price | \$1,163,000 | \$1,163,000 | \$1,163,000 | \$1,163,000 | \$1,163,000 | \$1,163,000 | | | \$1,163,000 |
| Sale Date | 01-16-2020 | 01-21-2021 | 06-04-2020 | 02-19-2021 | 4-24-2020 | 04-30-2020 | | | \$9.15 |
| Sale Price PSF | \$7.24 | \$7.27 | \$11.09 | \$7.09 | \$19.95 | \$9.49 | | | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

| | | | |
|-------------------|----------------------------|-------------------|-----------------------|
| Client: | Port of Kennewick | Client File #: | Parcel #5.6, Separate |
| Subject Property: | 320 E Columbia Gardens Way | Appraisal File #: | 2021-260 |

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below)

☐ Alternate Value Definition (attached)

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

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

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

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|-------------------|----------------------------|-------------------|-----------------------|
| Client: | Port of Kennewick | Client File #: | Parcel #5.6, Separate |
| Subject Property: | 320 E Columbia Gardens Way | Appraisal File #: | 2021-260 |

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia Renee King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property Inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R. Griffith, MAI, CCIM

Report Date 06/30/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature _____

Name _____

Report Date _____

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # _____ State _____

Expiration Date _____

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-900.05 Certification, Assumptions and Limiting Conditions © Appraisal Institute 2017, All Rights Reserved

June 2017

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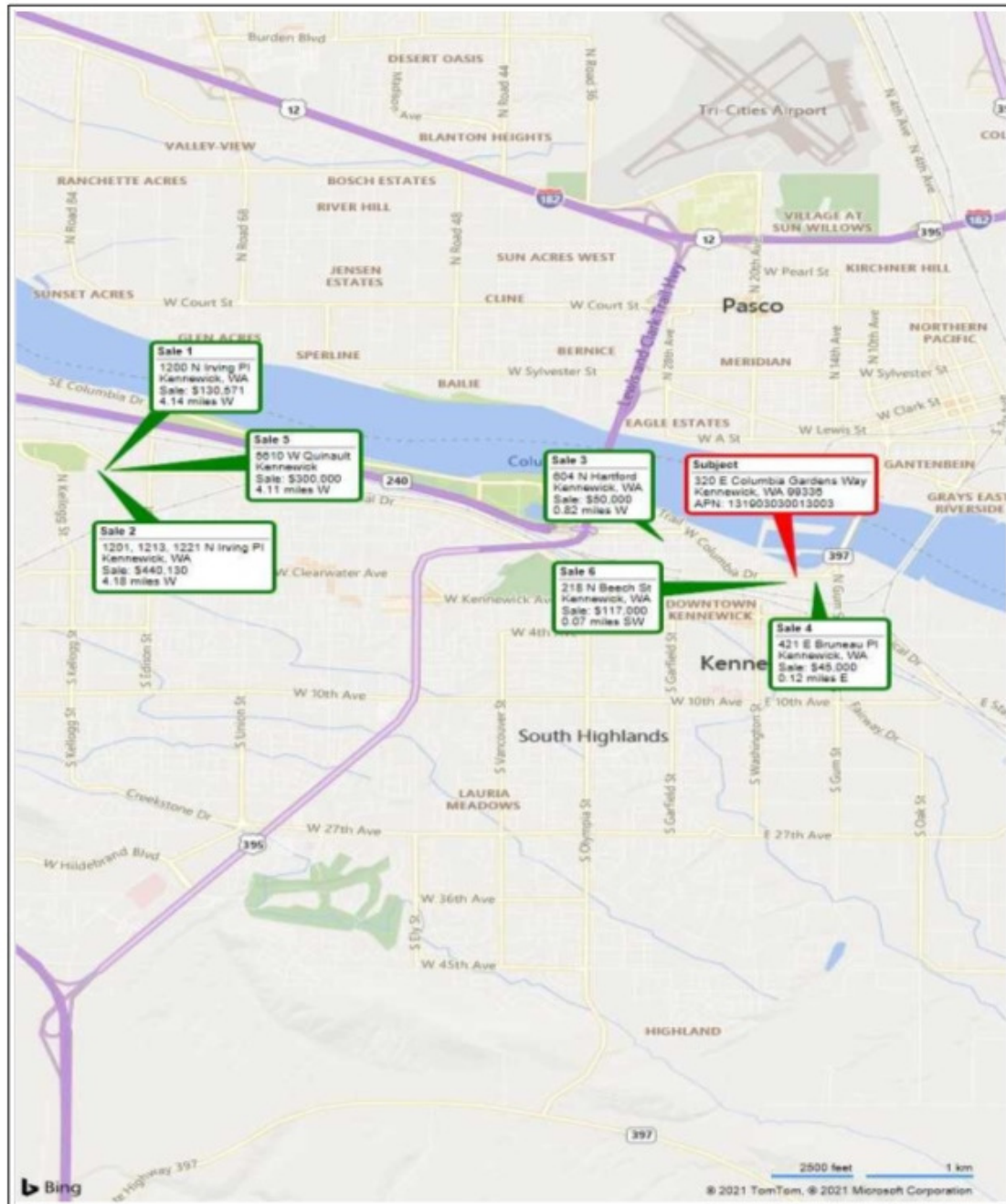
MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #5,6, Separate

Borrower

| | | | | | |
|------------------|--|--------|--------|----------|-------|
| Property Address | 320 E Columbia Gardens Way | | | | |
| City | Kennewick | County | Benton | State | WA |
| | | | | Zip Code | 99336 |
| Lender/Client | Port of Kennewick | | | | |
| | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | | |

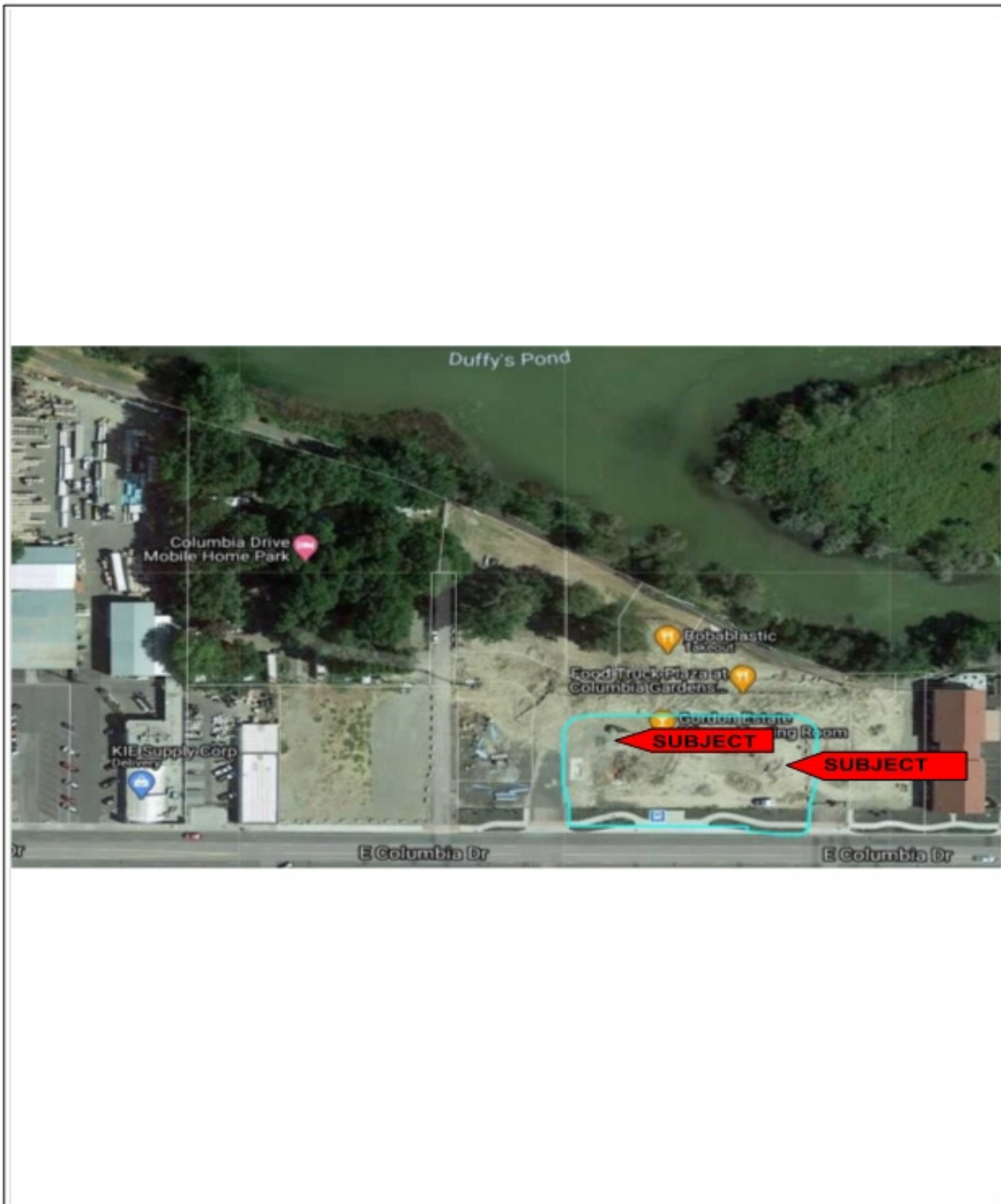


MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
PLAT MAP

File No. 2021-260
Case No. Parcel #5,6, Separate

| | | | | | |
|---|--------|--|-------|----|----------------|
| Owner Port of Kennewick | | | | | |
| Property Address 320 E Columbia Gardens Way | | | | | |
| City Kennewick | County | Benton | State | WA | Zip Code 99336 |
| Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | | |



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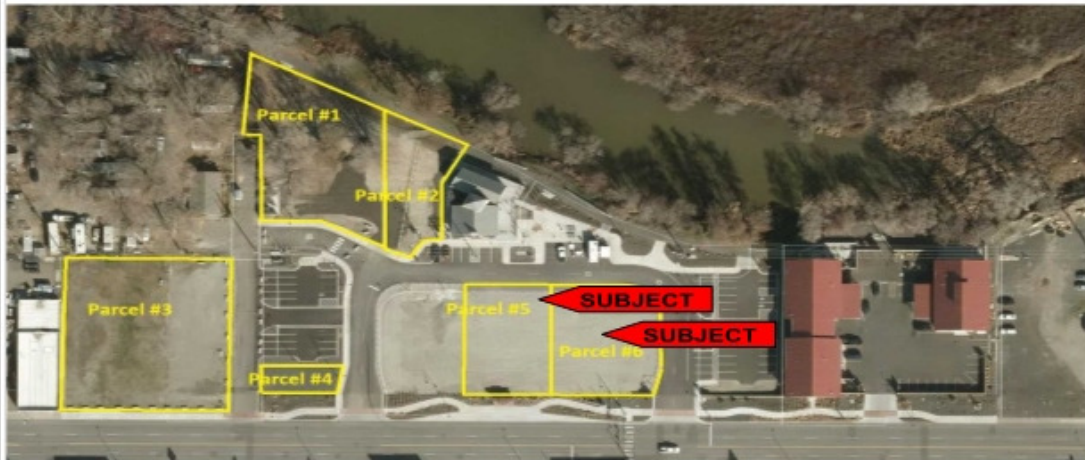
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel #5,6, Separate

| | | | | | | | |
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260
Case No. Parcel #5,6,Separate

Borrower

| | | | | |
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| Lender/Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | |



Statement of Qualifications for

Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

| | | |
|------------------|---|--|
| May, 1988 | St. Louis University St. Louis, MO | Graduated Cum Laude; Major in Business Management with Minor in Communications |
|------------------|---|--|

PROFESSIONAL EXPERIENCE

| | | |
|--|--|--|
| 2014 - Now | Sandollar LLC Appraisal Group SEWA | Owner/Principal |
|  | Private practice firm specializing in appraisal, appraisal review and consulting for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired). | |
| 2004 - 2014 | Sandollar Realty Advisors Tri-Cities (Kennewick, Pasco & Richland), WA | Owner/Principal |
|  | Private practice specializing in (1) appraisal, appraisal review and litigation support for all types of commercial real estate property for a variety of institutional and attorney clients; (2) commercial real estate brokerage (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) education, curriculum development, and regulatory compliance for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007. | |
| 1991 - 2004 | Bank One Corporation (now JPMorgan Chase), Phoenix, AZ | SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG) |
| | <p>Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:</p> <ul style="list-style-type: none"> • Bank policies for Board of Director action in response to a changing regulatory environment; • Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually; • Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually; • Internet (for 3rd party vendor use) and intranet (for internal bank use); • Appraisal management tracking database software; • Company wide training program for all bankers, underwriters, credit administration staff, etc.; and • Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana). | |
| 1990 - 1991 | RTC (Western Savings & Loan), Phoenix, AZ | VP, Chief Appraiser Real Estate Appraisal Department |
| | Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions. | |

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Statement of Qualifications

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Borrower

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| Lender/Client Port of Kennewick | | Address 350 N Clover Island Dr #200, Kennewick, WA 99336 | | |

1988 – 1990 **Sandollar Realty Advisors Corp.** **Principal, Senior Appraiser & Broker**
St. Louis, MO
 Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.

1984 – 1988 **Buckles & Associates** **VP, Senior Commercial Appraiser**
St. Louis, MO
 Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 Appraiser's License

File No. 2021-260
 Case No. Parcel #5,6,Separate

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

ADDENDA

Engagement Letter
Appraiser's Qualifications
Appraiser's License
Appraiser's E&O Insurance

Memorandum

To: Commission
From: Tim Arntzen, POK CEO
Date: September 14, 2021
Re: Real Estate Letter of Intent (LOI)

In conjunction with the agenda item related to potential real estate purchase, here is a summary of a "Letter of Intent" (LOI) with the Retter and Company firm. As you recall, it is my intention, with explicit commission approval, to enter into an agreement to associate with Mr. Retter for his assistance in the potential future acquisition of strategic real estate.

In summary, the LOI would authorize Mr. Retter to act as the Buyer's Agent for the Port in its acquisition of strategic real estate identified by the Port. In the case of a closing, the Port would owe Mr. Retter's firm a flat fee of \$15,000 regardless of the actual sales price of the property acquired by the Port. Mr. Retter would assist in negotiations and agreements up to the closing.

I have had Ms. Luke review the LOI and she finds it in appropriate form. Please offer any comments you may have, and if you direct, I will sign the LOI.

Thank you.