



**DEPARTMENT OF  
NATURAL RESOURCES**

**OFFICE OF THE  
COMMISSIONER OF PUBLIC LANDS**  
1111 WASHINGTON ST SE  
MS 47001  
OLYMPIA, WA 98504-7001

December 1, 2023

The Honorable Bernard Dean  
Chief Clerk of the House  
338B Legislative Building  
Olympia, WA 98504

The Honorable Sarah Bannister  
Secretary of the Senate  
312 Legislative Building  
Olympia, WA 98504

Dear Chief Clerk Dean and Secretary Bannister:

Please accept the enclosed legislative report, submitted by the Department of Natural Resources, regarding the appraisal of the Washington National Guard Facility in Spokane, and the appraisal of Parcel Number 55161.9025 in Liberty Lake. The Legislature provided \$40,000 in funding from Section 3134 of the 2023-2025 Capital Budget (C 472, L 23) to conduct land appraisals of the two identified parcels and report the findings of those appraisals to the Legislature by December 1, 2023.

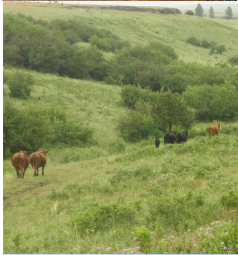
Should you have any questions, please contact me at 360-486-3469 or [Brian.Considine@dnr.wa.gov](mailto:Brian.Considine@dnr.wa.gov).

Sincerely,

Brian Considine  
Legislative Director  
Office of the Commissioner of Public Lands

Enclosure: Legislative Report – Land Appraisal of Washington National Guard Facility in Spokane  
Legislative Report – Land Appraisal of Parcel Number 55161.9025 in Liberty Lake

cc: Members of the Senate Ways and Means Committee  
Members of the House Capital Budget Committee  
Members of the 4th Legislative District  
Members of the 6th Legislative District  
Ruth Musgrave – Senior Policy Advisor, Natural Resources, Office of the Governor  
Jim Cahill – Senior Budget Assistant, Natural Resources, Office of Financial Management  
Lisa Borkowski – Budget Assistant, Natural Resources, Office of Financial Management



# Appraisal Report



## AN APPRAISAL OF

### Unimproved Commercially Zoned Land Southeast Corner of E Mission Avenue and N Kramer Parkway Liberty Lake, Spokane County, Washington

PREPARED BY  
Robert M. Greene, CRE, MAI, SRA, AI-GRS, Ph.D.  
Chief Appraiser  
Washington State Certified General Real Estate Appraiser  
Department of Natural Resources  
1111 Washington Street SE  
Olympia, WA 98504-7014

AT THE REQUEST OF  
Washington State Department of Natural Resources  
1111 Washington Street SE  
P.O. Box 47014  
Olympia, WA 98504-7014

Date of Valuation: October 31, 2023  
Date of Report: December 1, 2023



WASHINGTON STATE DEPARTMENT OF  
**NATURAL RESOURCES**



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**NATURAL RESOURCES**

**DEPARTMENT OF NATURAL RESOURCES**  
**STRATEGIC PLANNING DIVISION**  
**APPRAISAL OFFICE**  
1111 WASHINGTON ST SE  
OLYMPIA WA 98504-7014  
**360-902-1600**  
APPRAISALS@DNR.WA.GOV  
WWW.DNR.WA.GOV

December 1, 2023

Mr. Brian Considine  
Legislative Director  
Department of Natural Resources  
1111 Washington Street SE  
Olympia, Washington 98504

**SUBJECT:** Appraisal of Real Property  
Unimproved Commercially Zoned Land  
Southeast Corner of E Mission Avenue and N Kramer Parkway  
Liberty Lake, Spokane County, Washington  
DNR File No. 2023-026a

Dear Mr. Considine:

We are pleased to submit the accompanying appraisal of the above-referenced property. The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property as of October 31, 2023. The client for the assignment is the State of Washington Department of Natural Resources, and the intended use is for asset valuation purposes.

The appraisal is intended to conform with:

- The Uniform Standards of Professional Appraisal Practice (USPAP);
- The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations.

To report the assignments results, we use the appraisal report option of Standards Rule 2-2 of USPAP. Accordingly, this report contains summary discussions of the data, reasoning, and analyses that are used in the appraisal process; supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

The subject property is a trapezoidal-shaped parcel containing 32.11 acres (1,398,712 square feet) of land located at the southeast corner of E Mission Avenue and N Kramer Parkway. The site is located in a commercially zoned corridor within which significant commercial development has taken place in the last few years. The site has approximately 1,250 feet of frontage on E Mission Avenue and George Gee Road and approximately 1.250 feet of frontage on N Kramer Parkway. It



also has extensive frontage and visibility on Interstate 90 along its south perimeter, and it is located less than one-half mile from an I-90 interchange.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

<b>VALUE CONCLUSION</b>			
<b>Appraisal Premise</b>	<b>Interest Appraised</b>	<b>Date of Value</b>	<b>Value Conclusion</b>
Market Value	Fee Simple	October 31, 2023	<b>\$7,000,000</b>

<b>EXTRAORDINARY ASSUMPTIONS AND/OR HYPOTHETICAL CONDITIONS</b>	
The value conclusions are subject to the following extraordinary assumptions and/or hypothetical conditions, which may affect the assignment results.	
None.	

..

<b>Exposure Period</b>	
Exposure Period (Months)	6 - 12

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Robert M. Greene, CRE, MAI, SRA, AI-GRS, Ph.D.  
State of Washington Certified General Appraiser  
WA Certificate #1101792 (exp. 12/18/2023)



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## Summary of Salient Facts and Conclusions

SUMMARY OF SALIENT FACTS	
<b>Property Name</b>	Unimproved Commercially Zoned Land
Address	SE Corner of E Mission Avenue and N Kramer Parkway
City	Liberty Lake
County	Spokane
State	Washington
Property Type	Unimproved Commercial Zoned Land
Owner of Record	State of Washington Department of Natural Resources
Tax ID Number(s)	55161.9025
<b>Physical Data:</b>	
Gross Land Area	32.11 acres; 1,398,772 square feet
Zoning	C2, Freeway Commercial District
Flood Map Panel	53063C0615D
Flood Map Date	July 6, 2010
Flood Plain	Zone X, Area of Minimal Flood Hazard
<b>Highest and Best Use</b>	
As If Vacant	Commercial Development
As Improved	Not applicable
<b>Exposure Time</b>	6 - 12 months
<b>Date of Report</b>	December 1, 2023
<b>Property Interest Appraised</b>	Fee Simple Estate
<b>Market Value Indication</b>	
<b>Market Value</b>	<b>\$7,000,000</b>
<b>Date of Value</b>	<b>October 31, 2023</b>



## General Information

### Identification of Subject

The subject property is an unimproved parcel of land owned by the Washington Department of Natural Resources.

PROPERTY IDENTIFICATION			
Assessor's Parcel Number	Location	Size (Acres)	
55161.9025	SWC E Mission and N Kramer Parkway	32.11	

### Current Ownership and Sales History

The owner of record is:

- Department of Natural Resources, State of Washington

To the best of our knowledge, no sale or transfer of ownership has occurred within the past ten years, and as of the effective date of this appraisal, the property is:

- Not subject to an agreement of sale or option to buy, nor is it listed for sale. It is, however, being considered as part of a proposed exchange with property adjoining the Spokane International Airport in the city of Spokane.

### Type of Value, Property Rights and Effective Date

- The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property as of the effective date of the appraisal. The appraisal is valid only as of the stated effective date.

### Definition of Value

- **Market value** is “the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.” *The Dictionary of Real Estate Appraisal*, 6th Edition, 2015, p. 141.

### Definition of Property Rights Appraised

**Fee simple estate** is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” (Source: *The Dictionary of Real Estate Appraisal*, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015, p. 90).



## Client, Intended User and Intended Use

The client is:

- Department of Natural Resources

The intended users are:

- The client;
- Washington State Legislature.

The intended use is:

- Asset valuation for possible use in a proposed exchange of properties.

The appraisal is not intended for any other use or user.

## Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- *Uniform Standards of Professional Appraisal Practice (USPAP)*;
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and
- Applicable state appraisal regulations.

## Prior Services

USPAP requires appraisers to disclose to the client any services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services.

- We have performed no other 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.

## Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below. On-site inspection of the property.

- No title report was provided to the appraiser. The appraisal assumes typical utility easements for a property of its type.
- Review and analysis of applicable regulations, including zoning and other applicable requirements of the jurisdictions in which the property lies.

- A survey of comparable sales, comparable listings for sale, comparable rentals if relevant to the assignment, review and analysis of income and expense history of the subject if relevant.
- Investigation, research, and analysis of the local market, including market trends and activity.

## Property Inspection

Robert M. Greene, CRE, MAI, SRA, AI-GRS, Ph.D., conducted an on-site inspection of the property on October 31, 2023.

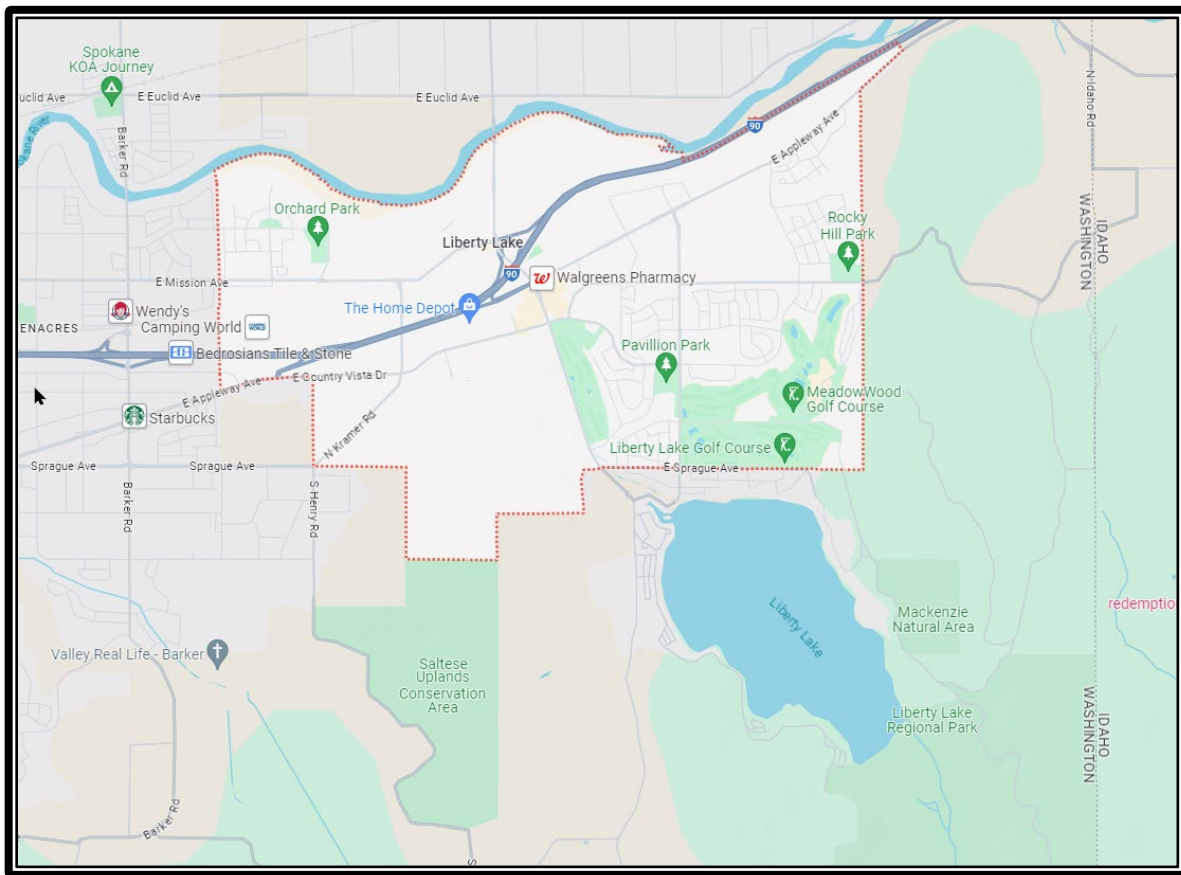
## Report Format

The report has been prepared under the appraisal report option of Standards Rule 2-2(b) of USPAP. As such, it contains summary discussions of the data, reasoning, and analyses that are used in the appraisal process, and supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

# Economic Analysis

## Area Description

The subject property is located in the city of Liberty Lake. The community is one of the fastest growing communities in Washington, increasing in population from 7,591 in 2010 to 12,003 in 2020. The city is bounded on the north by the Spokane River, on the south generally by Sprague Road (with an irregular southward extension to accommodate residential development); on the east by the north-south portion of N Rocky Hill Lane (and a line extending further south); and on the west by a north-south line between N Hodges Land and N Aladdin Lane.



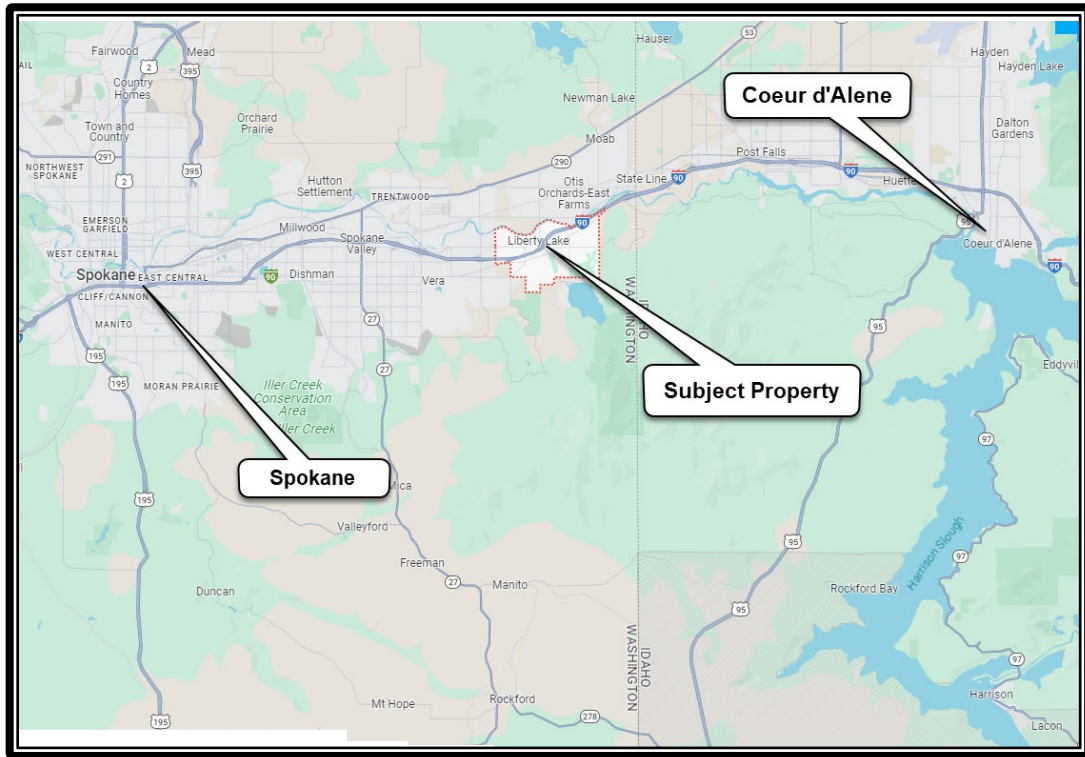
Liberty Lake, from which the town takes its name, is a 1.1-square-mile lake lying immediately south of the city limits. It is primarily a recreational lake, particularly fishing, with extensive residential development clustered around the northern half of the lake.

The city lies along the Interstate 90 highway, approximately 18 miles east of the city of Spokane and 17 miles west of the city of Coeur d'Alene in Idaho. The following table summarizes income data within five-mile and ten-mile radii.

		5-Mile Radius	10-Mile Radius	
	Median Household Income	\$79,258	\$72,203	
	Average Household Income	\$106,781	\$97,806	
	Per Capita Income	\$42,645	\$38,467	

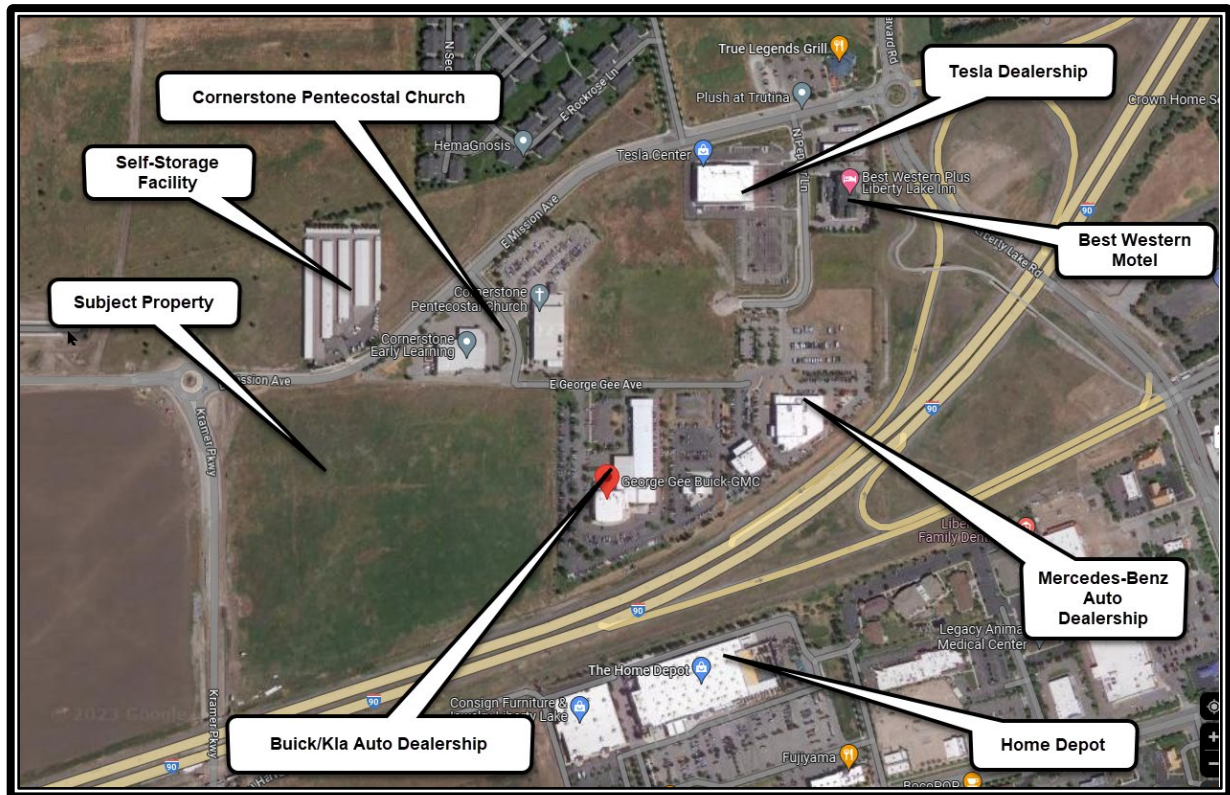
The city is considered a bedroom community serving Spokane and Coeur d'Alene.

AREA MAP



## Surrounding Area Analysis

### SURROUNDING AREA MAP



### LOCATION

Nearby development has been strongly influenced by the nearby I-90 interchange with Liberty Lake Road. Interchange access is desirable for businesses drawing traffic from a broader geographic area. For example, a big box retailer like Home Depot benefits more from interchange proximity than a neighborhood tavern or haircut salon that have a smaller geographic reach. This explains the presence of the nearby Home Depot, automobile dealerships, and Best Western Motel. Fast food restaurants catering to both neighborhood and highway pass-through traffic also benefit from interchange locations. To a lesser extent, interchange proximity can also help draw people to, for example, a mini-storage facility or church. These uses can be found in the subject's interchange district.

The center of the district is, as expected, at and immediately adjacent to the interchange. This corresponds with the highest concentration of developed sites, including motels and restaurants.

The subject sits just beyond this core, and neighboring land uses become a bit more diverse (including a mini-storage and church). Sites without direct access or exposure to Interstate 90 are more likely to include non-commercial uses. The subject is a hybrid site that benefits from highway frontage and exposure, but with more indirect access than the core interchange

parcels. This makes the site best adapted to destination-oriented highway uses where only semi-direct access combined with good visibility is sufficient (like an RV dealership or big box retail).

The above discussion is intended to indicate the type of buyer that might be interested in acquiring the subject under an open-market listing.

### **ACCESS AND LINKAGES**

Primary highway access to the area is via Interstate 90 with direct access to an interchange approximately a half mile east of the subject property. Another interchange, with less convenient access from surface roads, is less than two miles to the west.

### **LAND USE**

The area is commercial in character and is less than fifty percent developed. Moreover, it appears that the area is in the early stages of intensive commercial development, and a handful of properties in the immediate vicinity are being actively marketed.

### **OUTLOOK AND CONCLUSIONS**

Neighborhoods typically develop through four stages: growth; stability; decline; and revitalization. The area is in the growth stage of its life cycle, and we anticipate that property values will rise in the near future.



## Property Analysis

### Land Description and Analysis

The following table summarizes salient features of the subject site.

LAND SUMMARY		
Land Area	32.11 acres	
Source of Land Area	Assessment Records	
Access	Estimated 1250 feet of frontage on E Mission Avenue and E George Gee Avenue on the north; and estimated 1250 feet of frontage on Kramer Parkway on the west.	
Shape	Trapezoidal	
Topography	Mostly Level	
Drainage	Appeared adequate and assumed adequate	
Environmental Hazrds	None known	
Ground Stability	Appeared adequate and assumed adequate	
FLOOD INSURANCE INFORMATION		
Flood Area Panel Number	5306C0615D	
Date	Tuesday, July 6, 2010	
Zone	X	
Description	Not in a flood hazard area	
Insurance required?	No	
ZONING INFORMATION		
Zoning Jurisdiction	City of Liberty Lake	
Zoning Designation	C2	
Description	Freeway Commercial District	
Permitted Uses (not a complete list)	Church/religious institutions; hospital; large-scale retail (limited); automobile, manufactured home, recreational vehicle, trailer & boat sales; child day care; community center/hall/club; parks & recreation; participant & spectator sports facilities; commercial laundry & dry cleaning; general retail, grocery store; personal care services; restaurant, cafe deli or ice cream parlor; sports bar; tavern/pub/liquor store; and more.	
Legally Conforming?	Currently Unimproved	
UTILITIES		
		Provider
Electricity		Yes
Water		Yes
Sewer		Yes
Natural Gas		Yes

### EASEMENTS, ENCROACHMENTS AND RESTRICTIONS

A title report has not been provided to the appraiser. I have assumed typical easements such as utility easements. Such easements would typically not have an adverse effect upon value for properties of this type.

### CONCLUSION OF LAND ANALYSIS

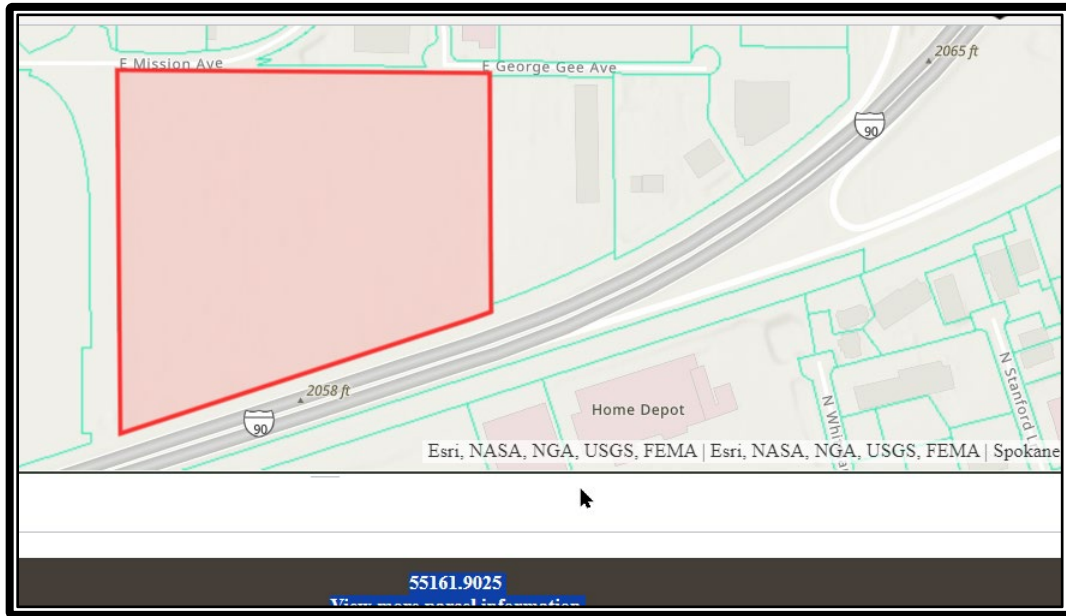
Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. There are no other known restrictions on development except those noted in the analysis.

PHOTOGRAPH OF THE SUBJECT

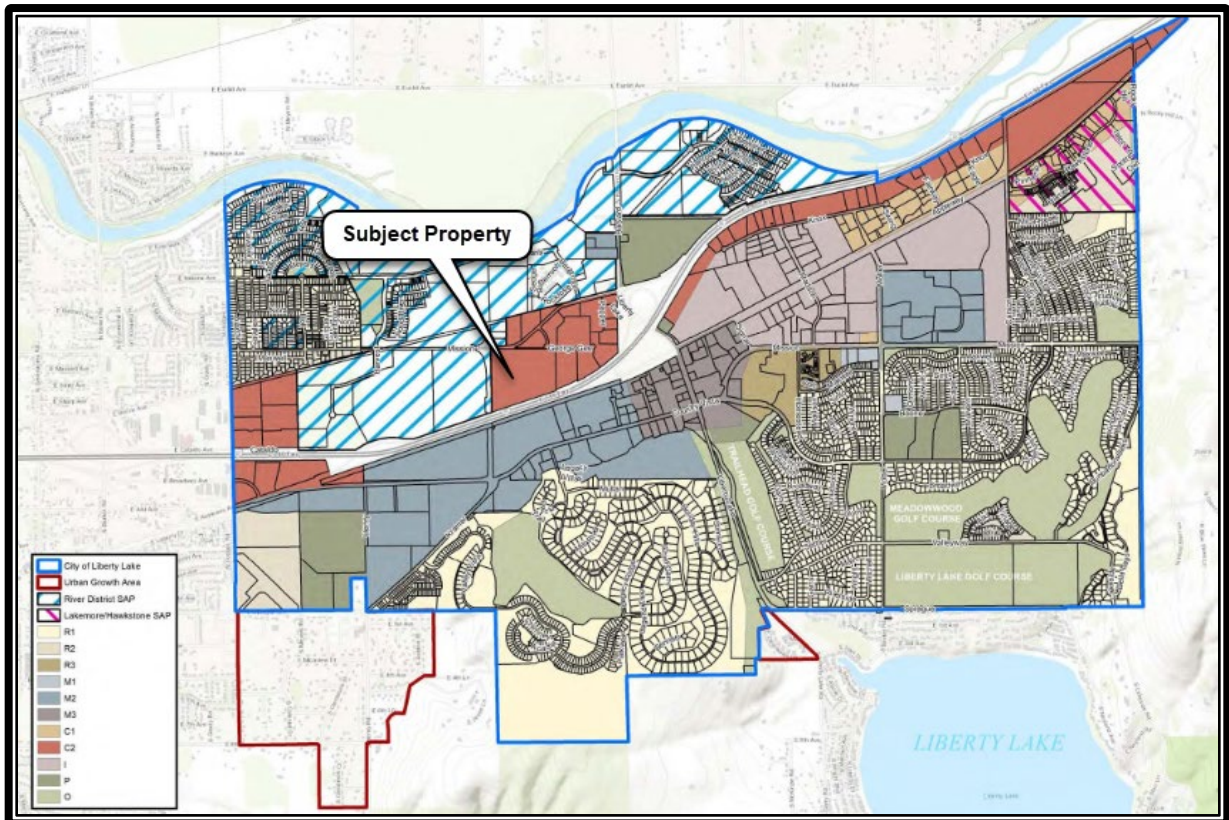


View of the Subject Looking Southeast from the NW Corner of Mission and Kramer

TAX MAP



ZONING MAP





AERIAL VIEW OF THE SUBJECT



## Real Estate Tax Analysis

Real estate assessment for tax purposes in Washington is administered by the counties, and real property is appraised and assessed at market value. The following table summarizes the Spokane County Assessor's opinion of market value and the current taxes on the property.

REAL ESTATE ASSESSMENT AND TAXATION INFORMATION							
	Tax ID	Land	Improvements	Total AV	Tax Rate	Taxes	
	55161.9025	\$4,545,810	\$0	\$4,545,810	0.913%	Not taxed	

## Highest and Best Use Analysis

The highest and best use of the property is defined as “the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.” (*The Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute, 2010.)

### As If Vacant

#### Physically Possible

The subject property is a large unimproved site located at the southeast corner of E Mission Avenue and N Kemper Parkway:

- Size: 32.11 acres; 1,398,712 square feet
- Shape: Trapezoid
- Topography: Level
- Utilities: All utilities available to the site
- Site improvements; Generally flat and level
- Access: possible access from public right of way on E Mission Avenue and E George Gee Avenue on the north perimeter; and Kramer Parkway on the west perimeter.

The subject property appears physically suitable for a wide variety of uses and developments.

#### Legally Permissible

Restrictions on the physically possible uses can be both public, such as zoning and other statutory requirements, and/or private, such as deed restrictions or subdivision restrictions.

- The property is zoned C2, Freeway Commercial District, by the City of Liberty Lake. Permitted uses include, but are not limited to: large-scale retail (limited); automobile, manufactured home, recreational vehicle, trailer & boat sales; participant & spectator sports facilities; commercial laundry & dry cleaning; general retail, grocery store; personal care services; restaurant, cafe deli or ice cream parlor; sports bar; tavern/pub/liquor store; and more.

#### Financially Feasible

Based upon the physically possible and the legally permissible uses and restrictions cited above, and also in consideration of the pattern of surrounding development, we estimate that the potentially feasible uses of the subject include the following:

- A wide variety of commercial development, particularly including retail uses.

**Maximally Productive**

Based upon the pattern of surrounding development and other considerations, we estimate that the maximally profitable of the cited feasible uses is retail development.

**Conclusion**

The highest and best use of the subject property as though vacant is retail development.

**As Improved**

- The subject site is currently unimproved and a highest and best use analysis as improved is not applicable.

**MOST PROBABLE BUYER**

Taking into account the size and characteristics of the property, the likely buyer is a regional or national developer or owner-user.



## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are sales comparison approach, the income capitalization approach, and the cost approach,

### The Three Approaches to Value

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

- *The subject property is an unimproved site, and there are several sales of comparable unimproved sites suitable for analysis. Therefore, the sales comparison approach is considered applicable and was utilized.*

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

- *However, the subject is an unimproved site that does not generate, and is not likely to generate, rental income. Therefore, the income capitalization approach is not considered applicable. (A ground lease is a potential use, but there were no known ground leases in the vicinity for comparison.)*

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

- *However, the subject property is an unimproved site, and the cost approach is not considered applicable.*

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

APPROACHES TO VALUE			
	<b>Approach to Value</b>	<b>Applicable</b>	<b>Utilized</b>
	Sales Comparison Approach	Applicable	Utilized
	Income Capitalization Approach	Not Applicable	Not Utilized
	Cost Approach	Not Applicable	Not Utilized

## Land Value (Sales Comparison)

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply this approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

For this analysis, we use the following units of comparison as the appropriate units of comparison because market participants typically compare sale prices and property values on this basis.

- price per gross square foot of land area.

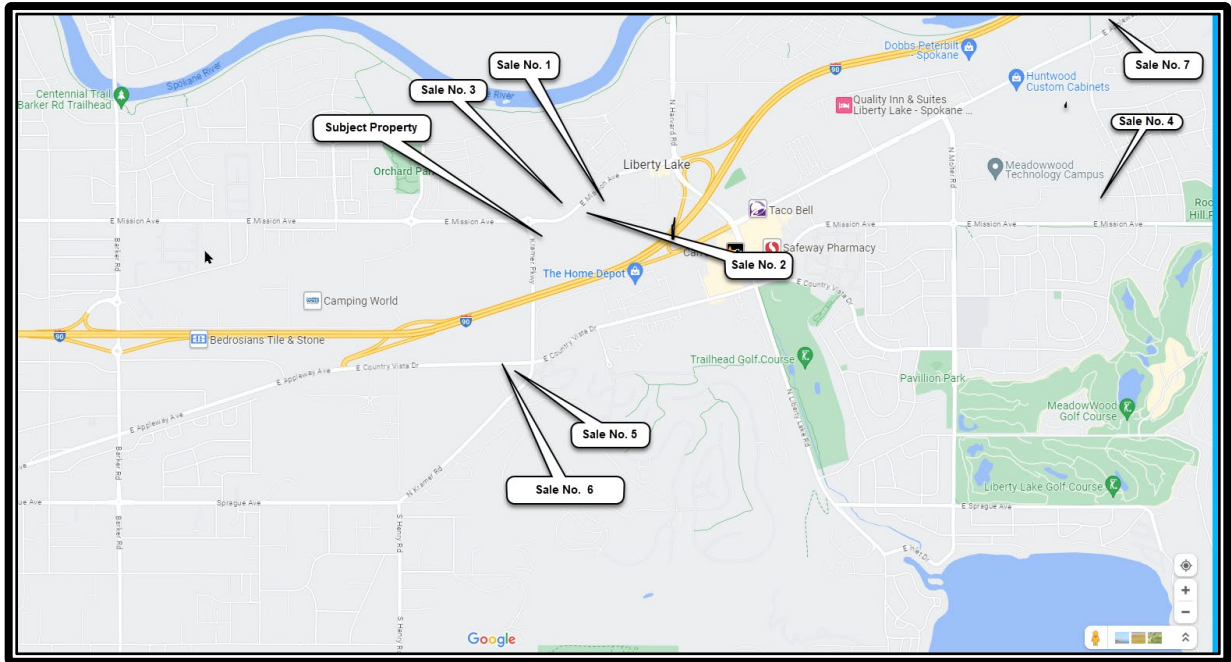
The most relevant sales are summarized in the following table. More complete descriptions of the sales are maintained in the appraiser's file.

SUMMARY OF COMPARABLE LAND SALES							
No.	Name/Address	Sale Date	Effective Sale Price	Size (Square Feet)	Zoning	\$/SF	
1	Commercial Land E Mission Avenue Liberty Spokane Washington Grantee: Entregear Seattle, LLC	Aug-23	\$5,650,000	492,228	C-2	\$11.48	
	<b>Comments:</b>	This property is located very near the subject property with frontage on E Mission Avenue on the north and E George Gee Avenue on the south. It adjoins Cornerstone Church on the west and a Tesla dealership on the east. As of the current date it is still undeveloped.					
2	Commercial Land 1622 N Cornerstone Way Liberty Lake Spokane Washington Grantor: Bargain Hut Grantee: Cornerstone Spokane Valley's Apostolic Church	Sep-20	\$2,700,000	169,013	C-2	\$15.98	
	<b>Comments:</b>	This transaction was an assemblage purchase by the Cornerstone Church, which added to their adjacent campus. It is a level but irregularly shaped site with frontage on E Mission Avenue and E George Gee Avenue. The George Gee frontage is directly across the street from the NE corner of the subject property. This site is also significantly smaller than the subject. The site was improved with a Bargain Hut facility that the church has adapted and altered for their purposes.					
3	Commercial Land E Mission Avenue E of the intersection with E George Gee Avenue Liberty Lake Spokane Washington Grantee: Leland Mark, LLC	Nov-23	\$2,477,000	225,205	C-2	\$11.00	
	<b>Comments:</b>	This is a very recent sale, and the information, including unit price and date of closing were provided by the broker. It is a triangular site, which reduces its utility somewhat. It is located on the north side of E Mission Avenue just east of its intersection with E George Gee Avenue. It was reportedly sold to truck servicing and dealership entity.					

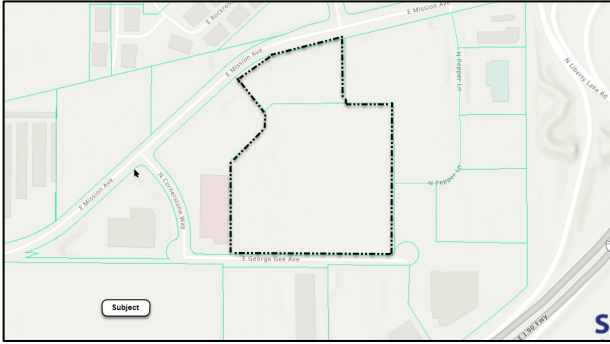
5	Commercial Land	Dec-22	\$5,131,504	241,750	M-2	\$21.23	
	SWC E Apple Way & Kramer Parkway						
	City						
	County						
	Washington						
	Grantee: NVI Liberty Lake, LLC						
	<b>Comments:</b>	This property is also located in a newly developed business park, and the M-2 zoning permits offices, restaurants, taverns and possibly apartments. The surrounding area is largely undeveloped. There is a nearby newer high schools. This property is significantly smaller than the subject.					
6	SEC Henry Road & E Appleway	Sep-22	\$4,151,843	681,278	M-2	\$6.09	
	Spokane						
	Seattle						
	King						
	Comments:	This property is also located in M-2 zoning with similar permitted uses and surrounding development as Sale #5.					
7	Commercial Land	Oct-21	\$6,250,000	1,721,927	C-2	\$3.63	
	Between I-90 and Appleway Avenue & N Village Way						
	Liberty Lake						
	Spokane						
	Washington						
	Grantor:						
	Grantee:						
	<b>Comments:</b>	This property has the same zoning as the subject property. Adjacent uses include some industrial development to the east and west; single and multifamily residential to the south.					
	SUBJECT	Current		1,398,712	C-2		
	NWC E Mission Ave., & Kramer Parkway						
	Liberty Lake						
	Spokane						
	Washington						
	Grantor:						
	Grantee:						
	<b>Comments:</b>	The subject property is a large trapezoidally shaped site located on the SEC of Kramer Parkway and E Mission Avenue, with additional frontage on E George Gee Avenue. It is near an Interstate 90 interchange, providing excellent visibility and convenient access from the nearby interchange.					



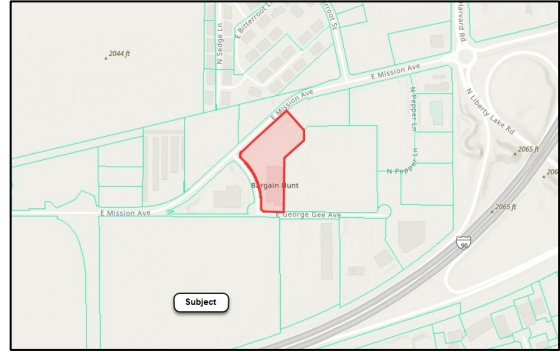
COMPARABLE LAND SALES MAP



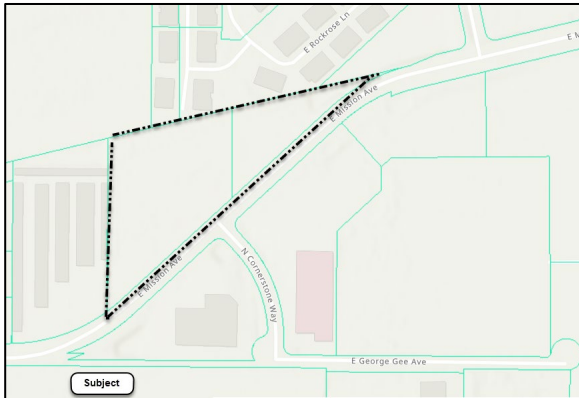




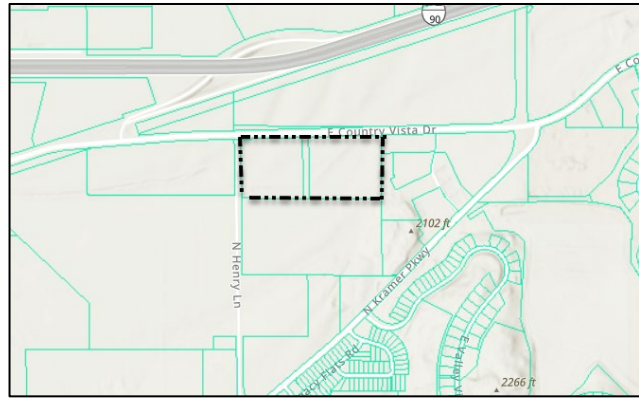
Sale 1



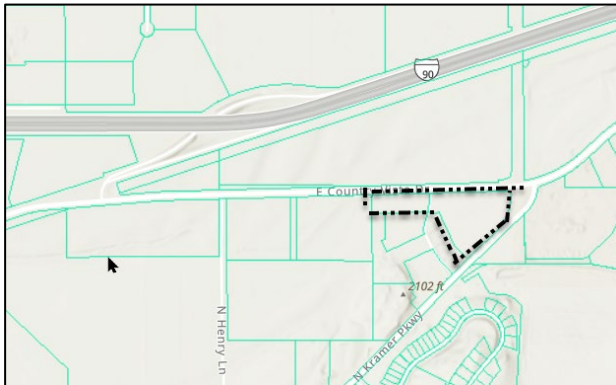
Sale 2



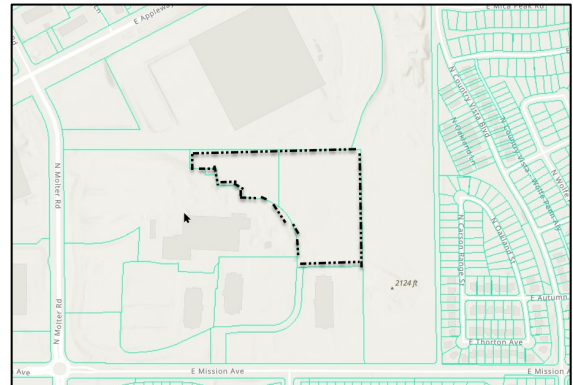
Sale 3



Sale 4



Sale 5



Sale 6



Sale 7

## Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors.

<b>ADJUSTMENT FACTORS</b>	
<b>Transaction Adjustments</b>	
Effective Sale Price	Accounts for atypical economics of a transaction, such as demolition cost, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis. In the case of timber, this adjustment could account for the value of merchantable timber.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale, related parties transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate. Sometimes referred to as the "time adjustment."
<b>Property Adjustments</b>	
Location	Market or submarket area influences on sale price; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts (if applicable).
Size	Inverse relationship that often exists between parcel size and unit value; sometimes called size regression.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.

The following paragraphs summarize the adjustments we make to each sale.

**Land Sale No. 1** is the recent sale of an irregularly shaped parcel a short distance east of the subject property. The irregular shape is somewhat inferior to the subject's shape, but the parcel is much smaller, and the unit price should be adjusted downward for comparison with the subject.

**Land Sale No. 2** is the assemblage purchase of a site adjoining the Cornerstone Church in the immediate area of the subject. The site was improved a building that the church has adapted and remodeled for its purposes. The unit price of this sale should be adjusted downward to account for the existing improvements and its significantly smaller size than the subject property's size.

**Land Sale No. 3** is the very recent sale of a triangular parcel located on the north side of E Mission Avenue, very near the subject property. The sale was described and verified by the

listing broker, although documents have not yet been posted; all information is per the broker. The site is inferior in shape to the subject property, but it is significantly smaller, and the unit price should be adjusted downward accordingly for comparison with the subject.

**Land Sale No. 4** is the sale of a rectangular parcel located in a newly developed business park with M-2 zoning, which has some shared characteristics with the subject's C-2 zoning, but which is more restrictive than C-2 zoning. Its unit price should be adjusted upward accordingly, but the property is significantly smaller than the subject, indicating a downward adjustment for comparison with the subject.

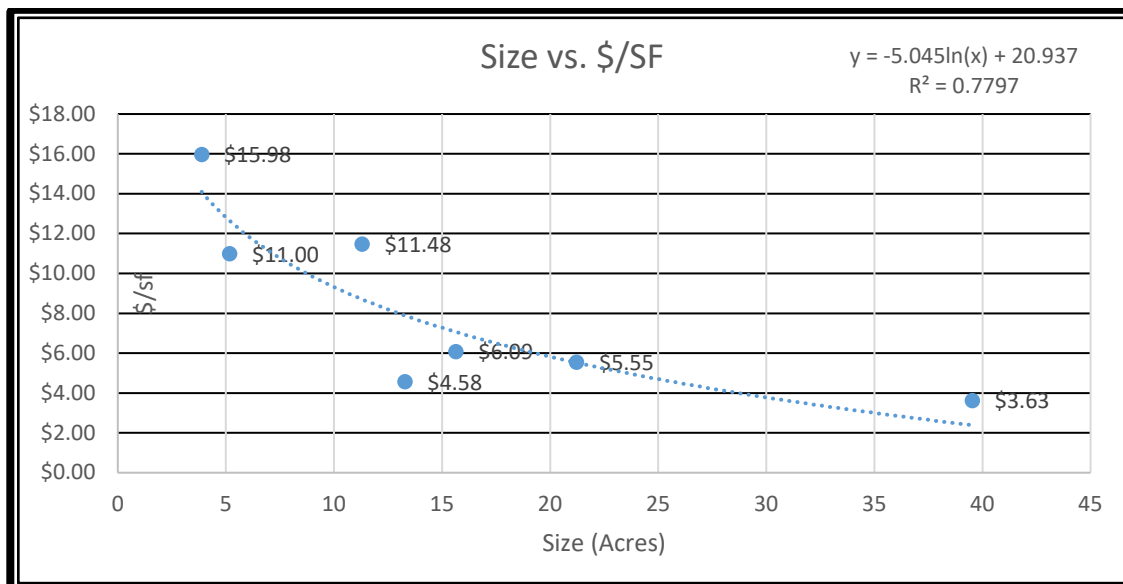
**Land Sale No. 5** is also zoned in an area of M-2 zoning, indicating an upward adjustment, and its smaller size indicates a downward adjustment.

**Land Sale No. 6** is also zoned in an area of M-2 zoning, indicating an upward adjustment, and its smaller size indicates a downward adjustment.

**Land Sale No. 7** is a larger parcel than the subject and indicates a lower unit price accordingly. It is also located further from the nearest Interstate 90 interchange, and the unit price should be adjusted upward for that factor as well.

## Land Value Indication

The largest factor in the different unit prices indicated by the sales is their size: larger parcels sold for a lower unit price (dollars per square foot) than smaller parcels. The following graph shows the correlation between size and unit price for the seven comparable sales.



The dotted trend line is a logarithmic calculation, and the coefficient of correlation (or  $R^2$ ) is 0.78, indicating that 78 percent of the variation in unit prices is accounted for by the sizes of the comparable sales. The remaining 22 percent, therefore, is attributable to other factors,

including date of sale, access, visibility, shape, topography, location, zoning, and other possible factors. Without consideration of those other factors, the indicated unit value of the subject property's 32.11 acres would be slightly less than \$4.00 per square foot.

However, the subject property is superior to the comparable sales in almost every respect: it's location at the intersection of two streets (three, if George Gee Avenue is included), it's shape, which permits a wide variety of development, its flat and level topography, and its visibility from Interstate 90.

The subject contains 1,398,712 square feet of land area. After consideration of time, location, zoning, visibility, access, and other factors affecting value, I estimate the value of the subject to lie between \$4.50 and \$5.50 per square foot of land, indicating a range of values from \$6,294,204 to \$7,692,916. A value near the midpoint between the low and high values is considered to best reflect market value of the subject, or **\$7,000,000**.

## Reconciliation and Conclusion of Value

The value indicated by our analyses is as follows

VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Fee Simple	October 31, 2023	\$7,000,000

EXTRAORDINARY ASSUMPTIONS AND/OR HYPOTHETICAL CONDITIONS	
The value conclusions are subject to the following extraordinary assumptions and/or hypothetical conditions, which may affect the assignment results.	
None.	

Our estimate of exposure period is as follows:

Exposure Period	
Exposure Period (Months)	6 - 12

## Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no other 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.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal practice as well as applicable state appraisal regulations.
9. 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.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Robert M. Greene, CRE, MAI, SRA, AI-GRS, Ph.D., made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this certification. Research assistance was provide by Mr. John Wooden, MAI.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Robert M. Greene, CRE, MAI, SRA, AI-GRS, Ph.D., has completed the continuing education program of the Appraisal Institute.

A handwritten signature in black ink, appearing to read "Robert M. Greene". The signature is written in a cursive style with a long horizontal flourish at the end.

Robert M. Greene, CRE, MAI, SRA, AI-GRS, Ph.D.  
Washington Certified General Appraiser  
WA Certificate # 1101792 (exp. 12/18/2023)



## Assumptions and Limiting Conditions

This appraisal is based on the following assumptions, except as otherwise noted in the report.

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
5. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal is subject to the following limiting conditions, except as otherwise noted in the report.

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.

8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.
9. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.
10. Information, estimates, and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
11. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
12. The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
13. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
14. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
15. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
16. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
17. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental

- condition of the subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
18. The person signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
  19. The appraiser is not a building or environmental inspector. We do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
  20. The intended use of the appraisal is stated in the General Information section of the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
  21. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The undersigned is not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.

**Addendum A**  
**APPRAISER QUALIFICATIONS**

## Experience

Robert M. Greene, CRE, MAI, SRA, AI-GRS, Ph.D., is the Chief Appraiser for the State of Washington Department of Natural Resources. Prior to his present position, Mr. Greene was the President of G&A Valuation, Inc., in Portland, Oregon; Director of Litigation Support Services for IRR—Portland; Director of the Real Estate Advisory Group for the Chicago office of Stout, Risius, Ross, Inc.; and an appraiser in the offices of MaRous and Company, a suburban Chicago appraisal firm specializing in litigation-oriented appraisal. From 1983 to 1996, he owned and operated Robert M. Greene and Associates, a real estate appraisal firm in Kalamazoo, Michigan, that specialized in single-family residential appraisal.

Mr. Greene has experience appraising a wide variety of properties, including industrial, retail, office, service, and multifamily residential property. He has special expertise in eminent domain, including full and partial takings. He has appraised in several states and in Europe. He serves on the national Comprehensive Examination Panel and the University Relations Panel of the Appraisal Institute. He has also served as an adjunct professor at Portland State University Center for Real Estate and the Pamplin School of Business at the University of Portland, and he was the 2012 President of the Greater Oregon Chapter of the Appraisal Institute. He has served on the faculty of the annual Oregon Eminent Domain Seminar in 2009, 2012, and 2013. His scholarly article “Market Conditions Adjustments for Residential Development Land in a Declining Market” appeared in the Winter 2012 issue *The Appraisal Journal*, and his article “Determining Value in a Depressed Market” appeared in *The Daily Journal of Commerce*, July 17, 2012; he is also featured and quoted in *Valuation: Insights and Perspectives for Real Estate Appraisers*, First Quarter 2013. He is a member of the review panel of *The Appraisal Journal*, the leading scholarly publication for real estate valuation professionals. In 2013 he was awarded the Swango Award for “the best article published in *The Appraisal Journal* during the previous year on residential, general, or technology-related topics or for original research of benefit to real estate analysts and valuers.”

## Licenses

Washington, Certified General, 1101792, expires December 2023

## Education

Ph.D., University of Kansas

B.A., Kalamazoo College

## Additional Certifications

Valuation of the Components of a Business Enterprise, Appraisal Institute

Valuation of Conservation Easements, Appraisal Institute