

Gateway Program Surplus Property Fair Market Value Appraisal

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Washington State
Department of Transportation

This report is in response to the following proviso found in the 2023-2025 Biennial Transportation Budget, ESHB 1125, Section 214 (3):

The department shall determine the fair market value of the northern parcel of site 14 on the Puget Sound Gateway Program SR 509 Completion Project Surplus Property list, located immediately south of S. 216th Street and adjacent to the Barnes Creek Nature Trail in Des Moines, to be submitted to the transportation committees of the legislature by December 15, 2023, for an evaluation of possible next steps for use of the property that is in the public interest.

In response to the legislative direction, WSDOT is submitting the attached memo which summarizes the appraisal for site 14 on the Puget Sound Gateway Program surplus property list. The WSDOT updated appraisal was completed in September and is through the review process.

During WSDOT's work to complete the updated appraisal, the Puget Sound Gateway Program team was notified by the City of Des Moines about their efforts to rezone the WSDOT parcel and several other adjacent parcels. Des Moines held a final hearing for the rezoning on October 19th where the city council unanimously passed the rezoning. As of October 24th, the WSDOT parcel is rezoned as Residential Multi Family.

The Des Moines rezoning change to land use from a business park to residential multifamily zoning invalidates our appraisal and current valuation.

Please contact John White, Puget Sound Gateway Program Administrator, at WhiteJH@wsdot.wa.gov or 206-704-0703 if you have any questions or would like additional information.



Washington State Department of Transportation

MEMORADUM

TO: Director, Real Estate Services
 FROM: James Greenleaf, MAI, AI-GRS (Review Appraiser)
 DATE: October 14, 2023

Parcel No.: 1-17-02173
 Owner: WSDOT
 Federal Aid No.: N/A
 Project: Puget Sound Gateway SR 509 Completion
 Map Sheet: 4 and 5 of 11 Sheets
 Map Approval Date: December 1, 1969
 Date of last map revision: #4-December 14, 2011
 #5-June 8, 2018

This memorandum was prepared to provide a summary of appraisal information completed for WSDOT on the above referenced WSDOT parcel.

Subject Property Description

The parcel appraised contains a total 267,696-sf or 6.15 acres. The parcel is lightly treed and irregular in shape. Reportedly there are no sensitive areas that would hinder development. All utilities are available, and the site is zoned Business Park (B-P) by the City of Des Moines. Adjoining parcels on the north, east and south are zoned R-SE, while the parcel to the west is zoned RM-2400. The subject property is adequately and accurately described by the appraiser. The appraiser concludes the highest and best use as vacant is for development, with an industrial or warehouse use, due to zoning and flight noise. The highest and best use conclusion is reasonable.

The following appraisals have been made on subject property:

APPRAISER	DATE OF	BEFORE	AFTER	VALUE	APPRAISER'S ALLOCATION	
	VALUATION	VALUE	VALUE	DIFFERENCE	SURPLUS	OTHER
1. Darin Shedd, MAI	2/14/2022	\$9,369,000	\$0	\$9,369,000	\$9,369,000	\$0
2. Darin Shedd, MAI	8/10/2023	\$10,700,000	\$0	\$10,700,000	\$10,700,000	\$0

The initial appraisal report (#1) was dated April 8, 2022, with a valuation date of February 14, 2022, with a value of \$9,369,000. This report was prepared for WSDOT by Darin Shedd, MAI for surplus valuation. A second appraisal (#2), also prepared by Darin Shedd, MAI with a valuation date of August 10, 2023, with a value of \$10,700,000. The appraisal problem in both cases was to evaluate the value of a WSDOT owned parcel, totaling 267,696-sf (6.15 acres) for a possible surplus sale. The methodology used to value the subject is the *standalone* method, identified in the WSDOT R/W Manual, Chapter 4, as one of three permitted methodologies for valuing surplus properties. Both appraisals were found to be reliable and appropriate for use by WSDOT.

To value the subject property, the Sales Comparison Approach was used, which is appropriate for the subject property. The appraiser searched the subject’s market area for recent sales of similar land. The comparable sales presented have a range in the land sale price from \$27.79 to \$52.40/sf. All sold between August 2021 and July 2023. The comparables range in size from 1.12 to 17.08 acres and all have comparable zoning.

The comparables appear to be appropriate for estimating the value of the subject property. Adjustments are made for: sales conditions, market conditions, location, lot size, lot shape, topography, sensitive areas, and zoning. The overall sale selection and the adjustment process appears reasonable. The conclusion indicated a current value of \$40/sf, up from \$35/sf in 02/2022) for the subject’s site area of 267,696-sf for a **Standalone valuation of \$10,700,000** as of August 10, 2023. This conclusion is well supported by the data in the Sales Comparison Approach.