

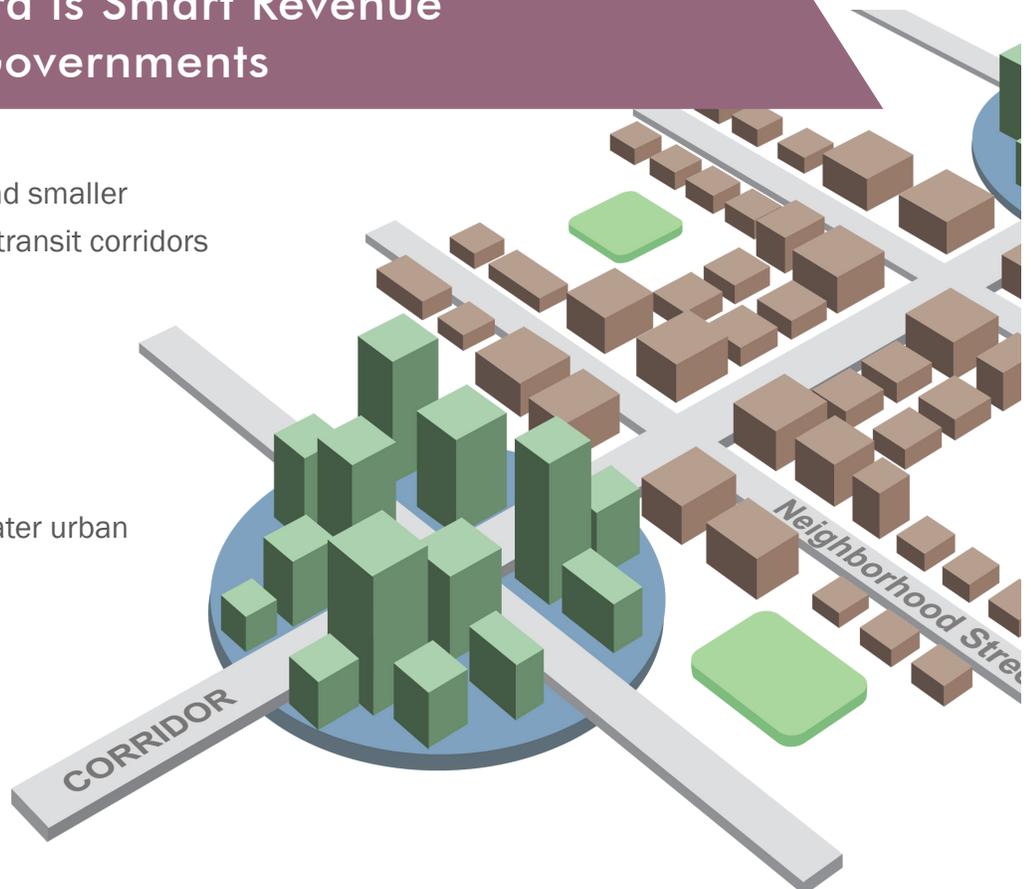
VALUING DOWNTOWNS AND CLOSE-IN CORRIDORS



In Lacey, Olympia, and Tumwater, local governments are seizing the opportunity to strengthen their tax base in centers, districts, and close-in corridors by conducting planning efforts that will identify opportunities and barriers to achieving new development in these areas.

Upward not Outward is Smart Revenue Strategy for Local Governments

Focusing growth in city centers and smaller commercial districts along major transit corridors is usually a better bet for cash-strapped cities than traditional urban sprawl, according to a review of city commercial property values and taxable retail sales in the Lacey-Olympia-Tumwater urban areas of Thurston County.



Property Taxes

Olympia’s downtown has more than two-and-a-half times the assessed value of a typical suburban retail shopping center according to a look at land economics on a per-acre basis. The results are not surprising, as multi-story buildings, especially those with structured parking, are more common in Olympia’s downtown than other areas of the region, and such buildings use land more efficiently than single-story suburban-style offices and retail buildings with adjacent parking.

Perhaps what is surprising is that smaller urban centers, such as Tumwater’s Town Center and

Olympia’s downtown has more than **two-and-a-half times** the assessed value of a typical suburban retail shopping center.

Lacey’s Woodland District — as well as centers of activity in close-in corridors such as Harrison Avenue and 4th Avenue, State Avenue, Capitol Way and Capitol Boulevard — have, on average, more than one-and-a-half times the assessed value of a typical suburban retail shopping center, again on a per-acre basis.

Property & Retail Tax Revenue for Cities Olympia-Lacey-Tumwater Urban Areas

Area	Commercial Assessed Property Taxes per Acre (2013)	Taxable Retail Sales per Acre (2013)	Acres	Total
Olympia Downtown	\$9,402	\$15,292	121	\$24,695
Center-District-Close-in Corridor	\$5,764	\$7,666	280	\$13,429
Other Corridor	\$3,371	\$7,513	516	\$10,884
Regional Shopping Center	\$3,655	\$19,336	441	\$22,992

Note: Acres include developed commercial and industrial properties (excluding government-owned). May include unincorporated islands within cities. Property tax estimated based on average city levy (plus fire district for Lacey to be comparable to Olympia and Tumwater as they have municipal fire districts.) Average city levy — 2.95 per \$1,000 assessed value. Average taxable retail sale revenue to cities (1%).

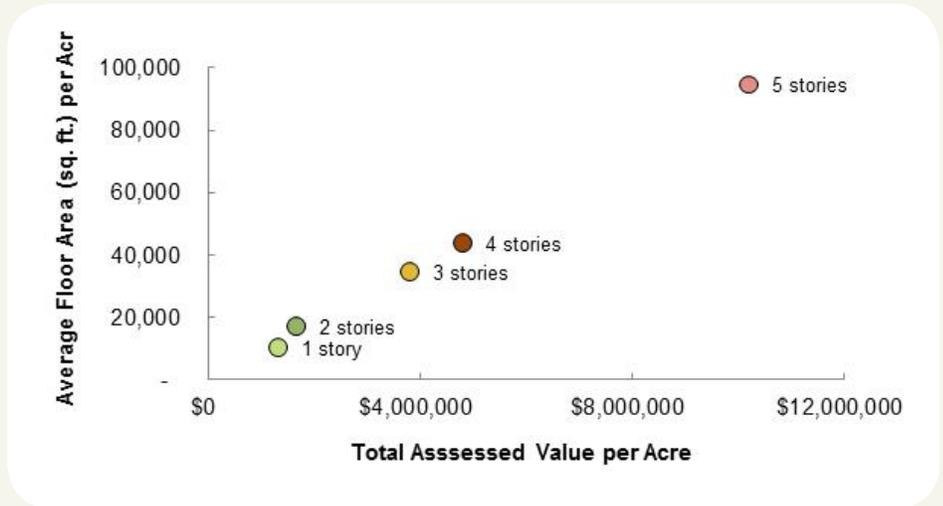
Source: TRPC data program; Thurston County Assessor’s Office; Washington Department of Revenue.

The Huffington Post, November, 5, 2014
Target Is Closing As Many Stores As It Opened Last Year

The company is also facing trouble as big-box retailers lose ground with shoppers to smaller stores and e-commerce sites. In response, Target began testing smaller,

urban express stores and beefed up its digital team in July.

Number of Stories of Commercial Buildings related to Assessed Value and Total Floor Area per Acre

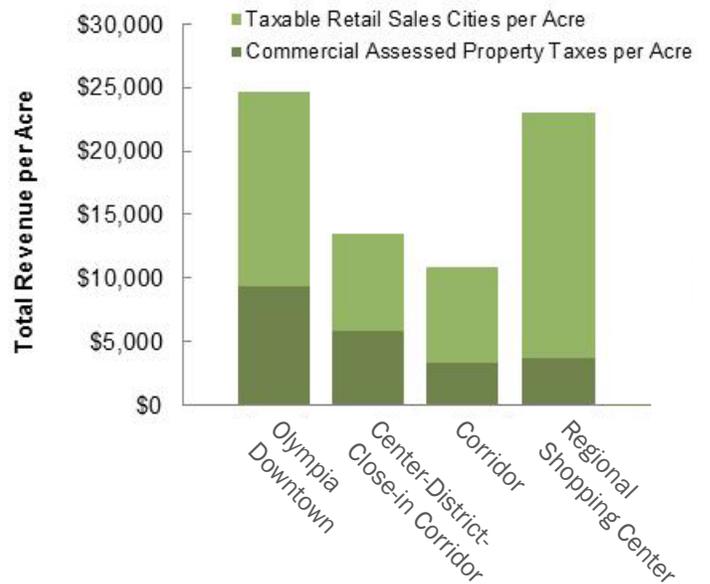


Source: Olympia - Lacey - Tumwater Commercial Building Inventory, 2013, TRPC.

Retail Taxes

Olympia's downtown also fares well with taxable retail sales – almost holding pace with the big-box heavy suburban shopping malls – and producing almost double the revenue per acre than other centers and corridors. It is important to note that the analysis is for total acres of private commercial and industrial land, not just land containing retail stores.

Property & Retail Tax Revenues



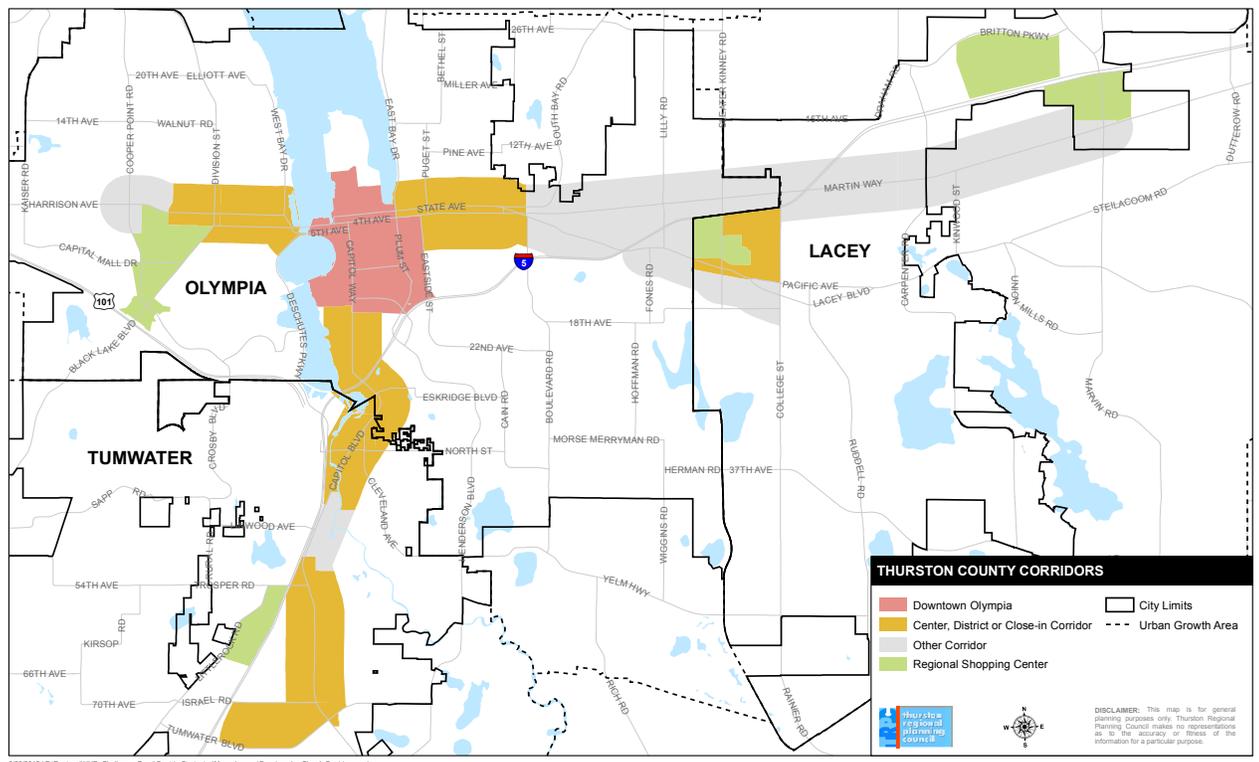
Strengthening our Local Tax Base

This is important because assessed values are used for property taxes, and property taxes make up about 25-30 percent of Lacey, Olympia, and Tumwater's combined tax revenue; retail sales and use taxes make up a further 33-37 percent.

In Lacey, Olympia, and Tumwater, local governments are seizing this opportunity to strengthen their tax

base in centers, districts, and close-in corridors by conducting a series of planning efforts to identify opportunities and barriers to achieving new development in these areas. These studies are timely, as national trends point to the era of big-box suburban stores fading and consumers turning to e-commerce and smaller, specialized and convenient shopping opportunities.

Thurston County Centers and Corridors



The Huffington Post, July 30, 2014

Wall Street Analysts Predict The Slow Demise Of Walmart And Target

The end of the big-box store era may soon be upon us. That's the message of a research note published by Goldman Sachs analysts cutting their investment rating on shares of Walmart. Shoppers are increasingly turning to the web or to smaller, more conveniently located stores, cutting into the market share of big-box retailers like Walmart and Target, the analysts wrote. Both Walmart and Target also toying with the idea of getting smaller, experimenting with mini-stores that aim to lure urban shoppers looking for convenience.

The Olympian, February 16, 2014

Revival afoot in the Woodland District

A Kirkland real estate development company has paid \$6.6 million for seven office buildings in the Woodland Square Loop area of Lacey. MJR closed on its acquisition last year about the time the city of Lacey, with input from the public and a steering committee comprised of key community members, released its long-term strategic plan for the entire Woodland District, another step in trying to build a true downtown, or a "destination activity center, with services, goods and cultural activities, Lacey Community Development Director Rick Walk said.