



Committee of the Whole

Ryan Hembree

Council Initiated:

Yes

No

ECAF: 2025-0362

Motion: 25-070

Type:

- Contract
- Board Appt.
- Code Amendment
- Budget Action
- Other

Requested Handling:

- Normal
- Expedite
- Urgent

Fund Source:

- General Fund
- Other
- N/A

Executive Rec:

- Approve
- Do Not Approve
- N/A

Approved as to

Form:

- Yes
- No
- N/A

Subject: Airport lease and rental rates and to allow for the increase in lease rates from previously authorized rates as per newly appraised value.

Scope: Motion 25-070 establishes lease and rental rates to be charged by Snohomish County Airport at Paine Field.

Duration: For the duration of signed lease and rental agreements.

Fiscal Impact: Current Year Multi-Year N/A

Authority Granted: Snohomish County Code Chapter 2.10.010(12) provides that the County Executive has authority to approve leases at the Snohomish County Airport at rates established by the County Council.

Background: Under federal, state, and local law, the Airport is required to collect fair market value for its rental properties. Completed appraisals of Airport property are used by the Airport to determine fair market rental rates for land and buildings until the next appraisal. Leases used for Airport property include provision for adjustment to fair market value every 3-5 years.

The prior market appraisal of Airport property was completed in 2022 and the rates were approved by Council via Motion 22-0717 on August 31, 2022. CBRE, Inc.. An updated appraisal has recently been completed for the Airport properties, both aviation and non-aviation land, along with a category of improvements for Airport owned buildings, including hangar/warehouse and office space.

The new and updated lease rates that have been proposed in Motion 25-070 are based upon the recent appraisal of certain Airport properties and prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) by CBRE, Inc., to calculate fair market value rates for the Airport in compliance with federal and state laws.

These rate increases will result in fair and competitive leasing of airport property.

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CBRE Valuation & Advisory Services

CONCLUDED LAND RENTAL RATES			
Land Category	Effective Land Value/sf	Rate of Return	Indicated Rate/sq.ft./yr
Aviation Land			
Aviation - Small (< ~10-15 ac.)	\$18.70	8.00%	\$1.496
Aviation - Large (> ~14-15 ac.)	\$14.45	8.00%	\$1.156
Non-Aviation Land			
Industrial/Business Park - Small (< ~10-15 ac.)	\$19.80	8.00%	\$1.584
Industrial/Business Park - Large (> ~14-15 ac.)	\$15.30	8.00%	\$1.224
Business Park - Eastside (< ~10-15 ac.)	\$19.80	8.00%	\$1.584
Business Park - Eastside (> ~14-15 ac.)	\$15.30	8.00%	\$1.224
Eastside Commercial	\$18.00-\$23.40	8.00%	\$1.440-\$1.872
Westside (Speedway) Commercial	\$19.80-\$25.20	8.00%	\$1.584-\$2.016
Northwest Commercial	\$23.40	8.00%	\$1.872
Compiled by CBRE			

The improved property rental ranges are summarized as follows:

IMPROVED RENTAL RANGE SUMMARY			
Category of Improvement		Rate Range (\$/SF/Mo.)	Defining Characteristics
<i>Hangar/Warehouse</i>			
	Basic	\$0.55 - \$0.70	Older space; low ceiling height; basic utility service; minimal or no heat
	Average	\$0.71 - \$0.95	Generally 15-40 year age; average ceiling height (14'-18'); average industrial power; average space heat
	Premium	\$0.96 - \$1.25	Newer buildings; higher ceiling height; average or manufacturing; good power; good quality heat
<i>Office</i>			
	Basic	\$1.15 - \$1.40	Older space; minimal partitioning; basic utility service; minimal heat; dropped ceiling possible
	Average	\$1.41 - \$1.75	Generally 15-40 year age; average #of partitions; average utilities/restrooms; average heat, AC; dropped ceilings
	Premium	\$1.76 - \$2.25	Newer buildings; better partitions; good utilities/restrooms; heat/AC; good quality carpet and finish
		<u>\$/Unit/Mo.</u>	
<i>Typical Base T-Hangar Rates</i>		\$450.00	

1. Rates assume typical land to building ratios and include concluded base ground rent.

2. Rates are NNN.

3. Rates for new construction/new airport acquisitions will also consider return on actual costs in addition to market rent data.

Lease rates established by CBRE were sent via appraisal letter dated December, 31, 2024 by Murray Brackett, MAI.

Request: Consideration of Motion 25-070 in COW on February 12, 2025.