

Former Wayne Golf Course Highest & Best Use Analysis

**Final Report w/ Impact
January 13, 2020**



This feasibility study was made possible, in part, by a Port of Seattle Economic Development Grant.



Purpose of the Study

Hunden Strategic Partners (HSP) was engaged by the City of Bothell (Client or City) to determine the highest & best use for four key acres at the former Wayne Golf Course in the Bothell, Washington (Project).

The City of Bothell envisions the creation of a destination amenity with a public use component to be developed on the site. The development must complement and activate the remainder of the property, while not encumbering any of the natural assets. Additional site restrictions prohibit commercial, industrial and manufacturing uses.

As part of the study, HSP is conducting a market analysis for restaurant and retail, hospitality, meetings market, entertainment and adult beverage experiences. The analysis is to determine which, if any, of these uses is feasible via private development based on a comparison of potential rental revenues and the cost to construct of each use. Then, HSP will create a recommended program of the uses that produce that greatest feasibility.

The findings shown herein present the market analysis and recommendations.

Table of Contents

- ❖ Executive Summary
- ❖ Chapter 1: Situational Analysis
- ❖ Chapter 2: Economic, Demographic & Tourism Analysis
- ❖ Chapter 3: Retail & Restaurant Market Analysis
- ❖ Chapter 4: Hotel Market Analysis
- ❖ Chapter 5: Meetings & Event Market Analysis
- ❖ Chapter 6: Entertainment Market Analysis
- ❖ Chapter 7: Adult Beverage Market Analysis
- ❖ Chapter 8: Spa & Wellness Market Analysis
- ❖ Chapter 9: Recommendations; Case Studies
- ❖ Chapter 10: Demand and Financial Projections
- ❖ Chapter 11: Economic, Employment and Fiscal Impact Analysis

Executive Summary



Realities

A number of realities and conditions exist that may impact the overall feasibility of the project on the Wayne Golf Course.

- **The location is slightly removed and not surrounded by any commerce clusters.** The former Wayne Golf Course is located nearly one mile from Downtown Bothell, just slightly out of the range of walkability and downtown foot traffic.
- **The location offers sufficient access for motorists and trail users.** Situated off of State Route 522, the site draws a steady flow of vehicle traffic year round. The Sammamish River Trail and the Burke Gilman Trail pass through the site which adds access for residents and visitors by bike or by foot. While removed from the restaurant and retail cluster in Downtown Bothell by roughly three miles, the location still has potential due to the draw of the natural assets.
- **Population over the last five years is growing very quickly, but Bothell has maintained its unique image and charm.** Bothell has undergone a significant transformation in the downtown area in recent years, with redevelopments that have activated a central destination district but has kept the “charm” of a smaller community.
- **Project restrictions.** HSP understands that the site does not allow for residential, manufacturing or other industrial uses, office and/or storage uses or any other uses that restrict public access.
- **The site has sentimental value for many Bothell residents.** It is important to maintain the history of the community (keeping the name “Wayne” in the ultimate development, etc.) and to preserve the natural surroundings.



Headlines

- **Demand and likely success for additional destination hotel experiences in Bothell.** Interviews with industry professionals and local stakeholders yield favorable market indicators that an additional boutique hotel with meeting space and a beverage attraction would be viable.
- **There is little room in the market for an additional dedicated entertainment venue.** Limitations of the site, as well as proximity to the Seattle market, indicate that a performance venue would not be feasible at the Project site.
- A **distillery or brewery** would add to the destination appeal and viability of the project, especially on the Trail. Access to the trail has had a positive impact on the breweries in Woodinville.
- **The market is missing a larger banquet/ballroom space for larger events.** HSP recommends this element to induce more demand and tourism to Bothell.
- **Bothell's downtown development, as well as the demographic data collected, has proven that there is a healthy market for retail and restaurants.** The key to drawing visitors to the project site will require a product that offers a unique and comprehensive experience.
- **Compelling, unique projects are typically harder to finance.** Generally, the more compelling/unique a project is the more expensive it is, which typically reduces financial feasibility, or makes lenders nervous due to lack of comparable projects. The City will likely need to provide some upfront incentive/inducement to attract the type of developer and development desired.
- **Location of the site remains a challenge, but wellness vibe provides synergy.** As the site is not easily walkable from the downtown cluster, the development must be able to survive as a standalone entity that is largely unsupported by surrounding amenities. However, its location on the Trail should be positive, especially for food and beverage offerings.



Recommendations

Based on the analysis to date, HSP recommends the following:

- A 80+ room boutique hotel should serve as the anchor development.
- The development should include flexible meeting space, including a 7,500-SF Ballroom to accommodate up to 500 for a banquet. The ballroom should be divisible for multiple simultaneous smaller events (the typically wedding reception needs 150 – 300 seats).
- At least 3-4 breakout meeting rooms for conferences and meetings. The ballroom divisibility will also help with breakouts.
- An indoor/outdoor food venue to take advantage of the surroundings and seasons.
- A wellness focus and potential spa with at least 5 treatment rooms.
- Onsite brewery or distillery. HSP believes a distillery will help differentiate the project.

Bothell Destination Development Recommendations

Boutique Resort-Style Hotel	80 - 90 Rooms	Capacity*
Ballroom	7,500 SF	500
Meeting Rooms	2,400 SF	200
Bar/Speakeasy	1,000 SF	67
Indoor/Outdoor Restaurant	5,000 SF	200

Brewery/Distillery and Restaurant 6,000 SF 120

Estimated Cost: \$32 - \$40 million

Estimated Gap: \$3 - \$8 million

* Banquet Capacity for Ballroom; Classroom for Meeting Rooms

Estimated Seating at Food & Beverage Outlets

Source: Hunden Strategic Partners



Recommendations

Additionally, HSP recommends the following:

- On-site farming or gardening for use at the restaurant, as residents and visitors prefer locally sourced products.
- HSP does not recommend any entertainment venue model, but does suggest atmospheric entertainment in the on-site food and beverage venues.
- HSP assumed the brewery/distillery entity would be a separate leased element, but could be part of the larger hotel business plan as well.
- Trail usage should factor into the spa programming, as it will appeal to wellness focused consumers.
- These recommendations will require some upfront public support, but will also result in the most compelling destination development and a long-term asset that will generate revenue for the park system.

Net New Visitors and Room Nights								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Total
New Daytrippers	107,180	138,793	149,468	150,963	150,963	150,963	150,963	2,961,807
New Overnights	26,795	30,843	33,215	33,547	33,547	33,547	33,547	661,157
New Room Nights	19,366	22,008	23,547	23,783	23,783	23,783	23,783	469,228

Source: Hunden Strategic Partners

Net New Visitors & Room Nights

The Project is expected to attract nearly 3 million daytrippers, 661,000 overnights and 469,000 room nights during the first 20 years of operations.

This equates to approximately 150,000 daytrippers, 34,000 overnights and 24,000 room nights per year after the Project stabilizes.

Summary of 20-Year Impacts

The Project is expected to generate nearly \$900 million in net new spending, \$281 million in net new earnings and 372 new full-time equivalent jobs at peak.

Fiscal impact is expected to be approximately \$18 million from sales, hotel tax and property taxes.

Construction impact is also expected to total \$9.3 million between spending on materials and labor, as well as support 80 job-years.

The expected fiscal impact outweighs the projected level of public funding needed to incentivize the private sector to develop the Project.

Summary of 20-Year Impacts	
Net New Spending	(millions)
Direct	\$517
Indirect	\$174
Induced	\$207
Total	\$897
Net New Earnings	(millions)
From Direct	\$164
From Indirect	\$55
From Induced	\$63
Total	\$281
Net New FTE Jobs	Actual
From Direct	214
From Indirect	72
From Induced	86
Total	372
Net New Taxes Collected	(millions)
Hotel/Motel Tax - Bothell (1%)*	\$1.43
Sales Tax - Bothell (3.5%)*	\$14.92
Property Tax - Bothell**	\$1.62
Total	\$17.97
Construction Impact	(millions)
New Materials Spending	\$5.0
New Labor Spending	\$4.3
Job-Years, Actual	80
* Assessed on lodging spending	
** Private improvements only	
Source: Hunden Strategic Partners	

Thank You



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Hunden Strategic Partners is a full service real estate development advisory practice specializing in destination assets.

With professionals in Chicago, San Diego, Indianapolis and Minneapolis, HSP provides a variety of services for all stages of destination development in:

- Real Estate Market & Financial Feasibility
- Economic, Fiscal & Employment Impact Analysis (Cost/Benefit)
- Organizational Development
- Public Incentive Analysis
- Economic and Tourism Policy/Legislation Consulting
- Research & Statistical Analysis
- Developer Solicitation & Selection

The firm and its principal have performed more than 700 studies over the past 20 years, with more than \$4.5 billion in built, successful projects.

Chapter 1: Situational Analysis

Project Overview

The City of Bothell has engaged HSP to conduct a highest and best use analysis for former Wayne Golf Course. The 89-acre site is city-owned, and includes four unencumbered developable acres that will be the focus of this analysis.

The City's goal is to develop a destination amenity on the site that will complement the surrounding area and generate economic impact for Bothell.

HSP's findings and recommendations will also be used to inform a future Parks and Recreation master plan.

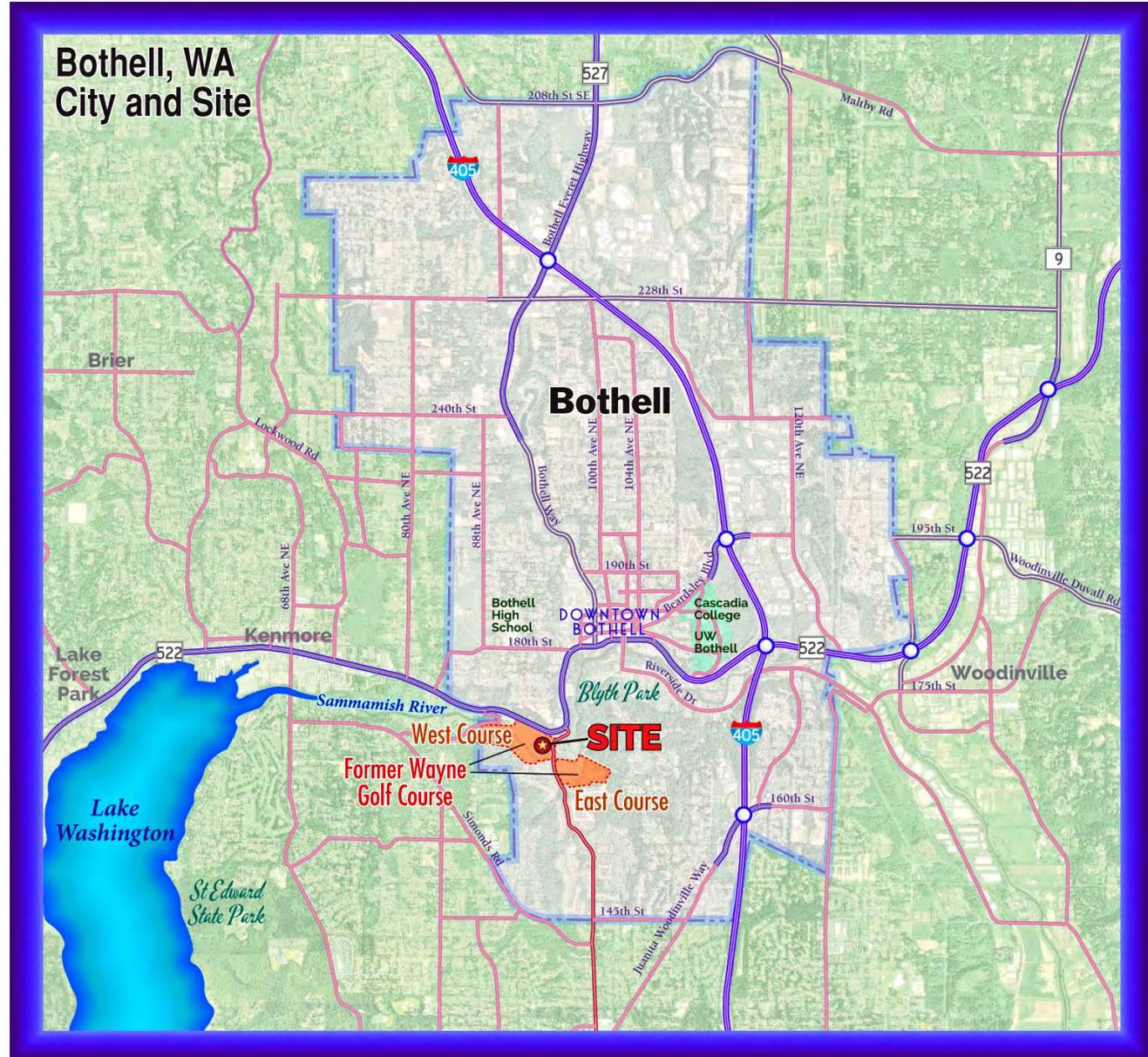


Bothell Area Map

The adjacent map illustrates the City of Bothell and the location of the Project site.

The City of Bothell spans two counties, the majority in King County and a portion in Snohomish County. The City is bordered by the cities of Kenmore and Woodinville, and by Lake Washington.

Located along SR522, the Project site is less than ten minutes from Downtown Bothell.

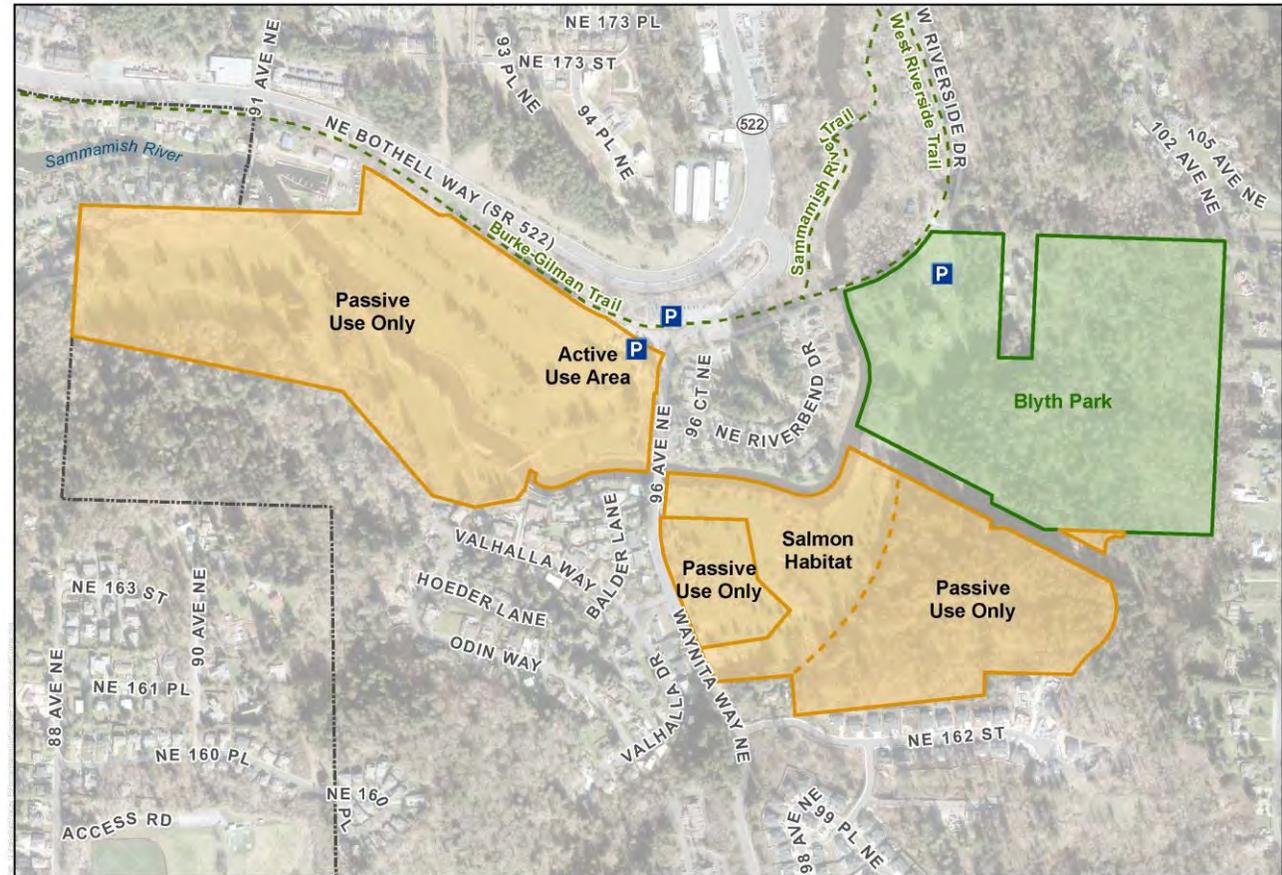


Site Overview

The adjacent map illustrates the site, and highlights areas that are restricted to passive uses.

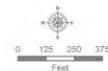
The four-acre Project site is zoned for active use, and is accessible by the Sammamish River and the Burke Gilman Trails.

King County reports that 537,384 users accessed the Sammamish River Trail in 2017. The Burke Gilman Trail is estimated to be used by approximately 3,000 people on weekdays, and 4,000 on weekend days.



Former Wayne Golf Course

-  Former Wayne Golf Course
-  Blyth Park
-  Parking
-  Trails
-  Bothell City Limit



The City of Bothell delivers this data (map) in an AS-IS condition. GIS data (maps) are produced by the City of Bothell for internal purposes. No representation or guarantee is made concerning the accuracy, currency, or completeness of the information provided.
Date: 11/2019





Community Feedback

HSP conducted interviews with several stakeholder groups in the City of Bothell, including elected leaders, executive leadership, community organizations and other interested community members to solicit input and feedback about the Project. Highlights from these interviews include:

- Feedback highlighted the emotional attachment that the community feels for the site, and the surrounding natural assets. The development must not hinder the natural beauty of the site, or limit public use.
- The City expressed the need for revenue generation, as the City cannot support an option that operates at a significant loss.
- Maintaining the community's history, like keeping "Wayne" in the new name, is important to residents. Historical landmarks are an alternative to acknowledge the history of the site.
- While no masterplan has been developed yet, the purpose of the HSP study is to show what options exist and to demonstrate the costs associated with those options before starting to undertake the steps that are necessary for a masterplan.

Chapter 2: Economic, Demographic & Tourism Analysis



How do Economic, Demographic and Tourism Impact Various Project Types?

Every element of a community has some impact, either directly or indirectly, on the attractiveness and potential for a new destination asset.

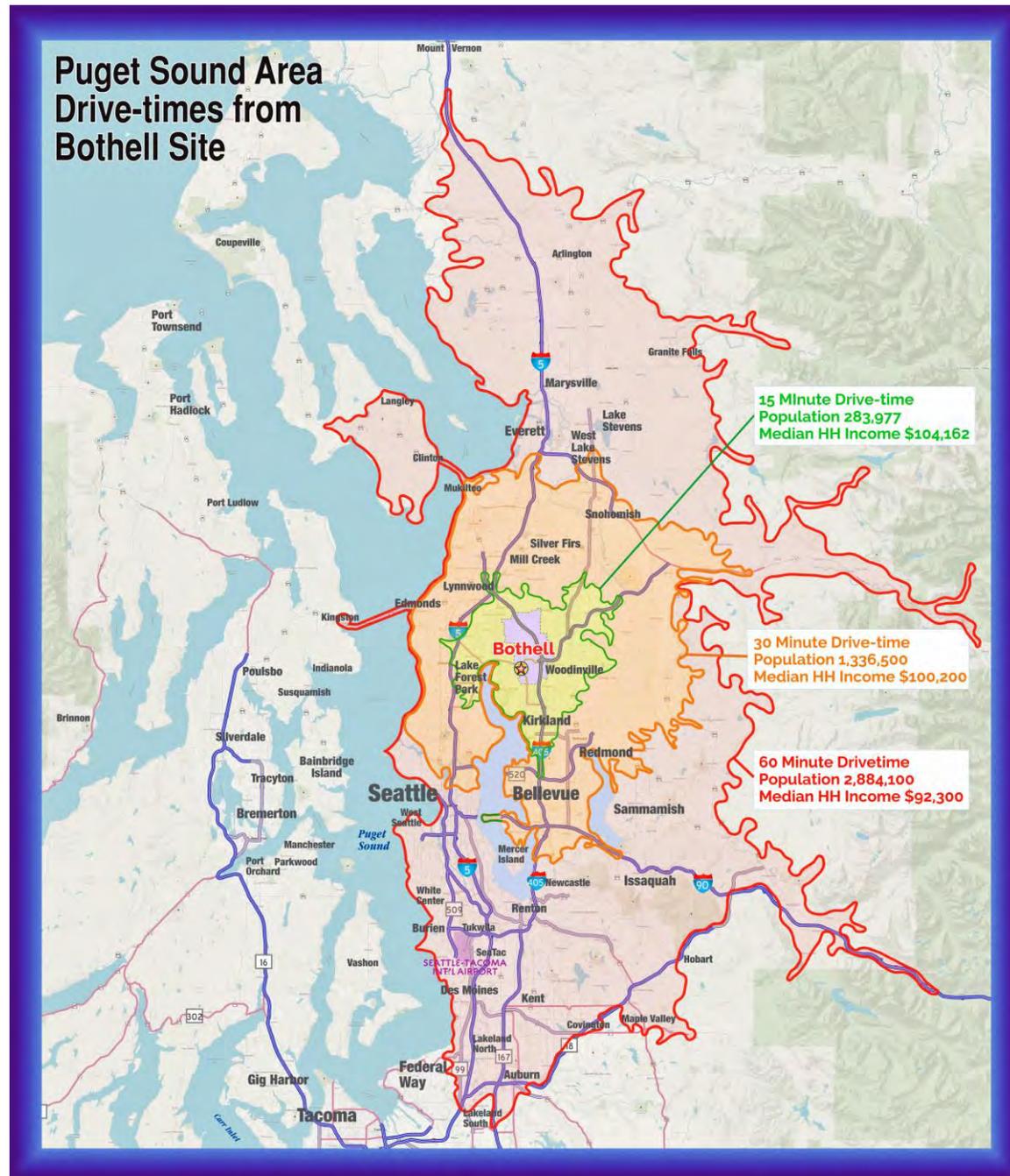
- **Retail/Restaurant** is highly influenced by the median household income (HHI) and, therefore, employment in an area. There is also an important relationship between the cost of living in an area (housing, etc) and median HHI as it points to what level of discretionary income is available for residents to spend on dining and non-essential retail goods.
- **Hotels** rely heavily on tourism (leisure) and corporate visitation to a given area in order to fill rooms throughout the week. Typically, the presence of more and larger corporations in an area will drive weekday occupancy and leisure travelers will be more common during the weekends, though some overlap is to be expected.
- **Meeting facilities** have a similar relationship to an area as hotels, though the local population is more likely to utilize meeting space than to stay in a hotel, so the presence of local associations and corporations will drive some demand to meeting facilities.
- **Entertainment facilities** typically rely on a large local and regional population (depending on size and nature of facility) and the spending power thereof. Demographics of residents (age, spending behaviors, etc) will also affect the programming and potential success on an entertainment facility.

The important of a strong local economy cannot be overstated, but certain economic and demographic realities are more important to different types of real estate development.

Demographic Analysis

Regional Drive-Times

For any tourism-based project, the regional population and spending power is critical. While median household incomes decrease as the radius increases from Bothell, the median is still above \$90,000 within a one-hour drive. This is a favorable indicator of discretionary income, and a favorable indicator of the community's ability to support the potential development.



Population and Growth Rates

	Population				Percent Change
	2000	2010	2019	2024 Estimate	2010 - 2019
United States	281,421,906	308,745,538	332,417,793	345,487,602	7.7%
State of Washington	5,894,121	6,724,540	7,608,571	8,120,093	13.1%
Seattle Metropolitan Area	3,043,878	3,439,809	3,962,957	4,261,478	15.2%
King County	1,737,303	1,931,249	2,236,075	2,409,428	15.8%
Snohomish County	606,024	713,335	823,512	886,548	15.4%
City of Bothell	34,038	39,856	48,420	53,007	21.5%
City Pop. As % of County	5.6%	5.6%	5.9%	6.0%	--

Source: U.S. Census Bureau

Population

Population in the metro area has increased at a rate faster than the U.S. as a whole, as well as the State of Washington. The greatest growth in population over the period was seen in the City of Bothell, with nearly three times the growth of the national average. Bothell is located in both Snohomish County and King County and is growing at a rate above both.



Tapestry Segments – City of Bothell

ESRI, a market analysis company, has identified 67 “Tapestry” segments, which are categorizations based on income, household type, spending behaviors and other demographic information. These segments provide context on the population in a given area.

Below are Bothell’s top three ESRI Tapestry segments.

- **Enterprising Professionals – 35.5% of Households.** This segment is younger with almost half of households are married couples, and 29% are single person households. Over half hold a bachelor’s degree or higher. They buy brand names, stay youthful, exercise, eat healthy and work long hours in front of a computer. Residents live in condos, town homes, or apartments and about half own and half rent their property.
- **Retirement Communities – 12.1% of Households.** This segment is said to be health conscious, frugal and pay close attention to finances. They live in older apartment buildings and single-family homes with a spouse or alone. This segment enjoys cooking but may prefer to dine out.
- **In Style – 10.0% of Households.** This segment is said to be highly responsible, mobile, educated and embrace an urban lifestyle. This group are the city dwellers of large metropolitan areas. This segment is attentive to price and includes newly married couples with no children or who are single who live alone. This segment supports the arts, theater, concerts and museums.

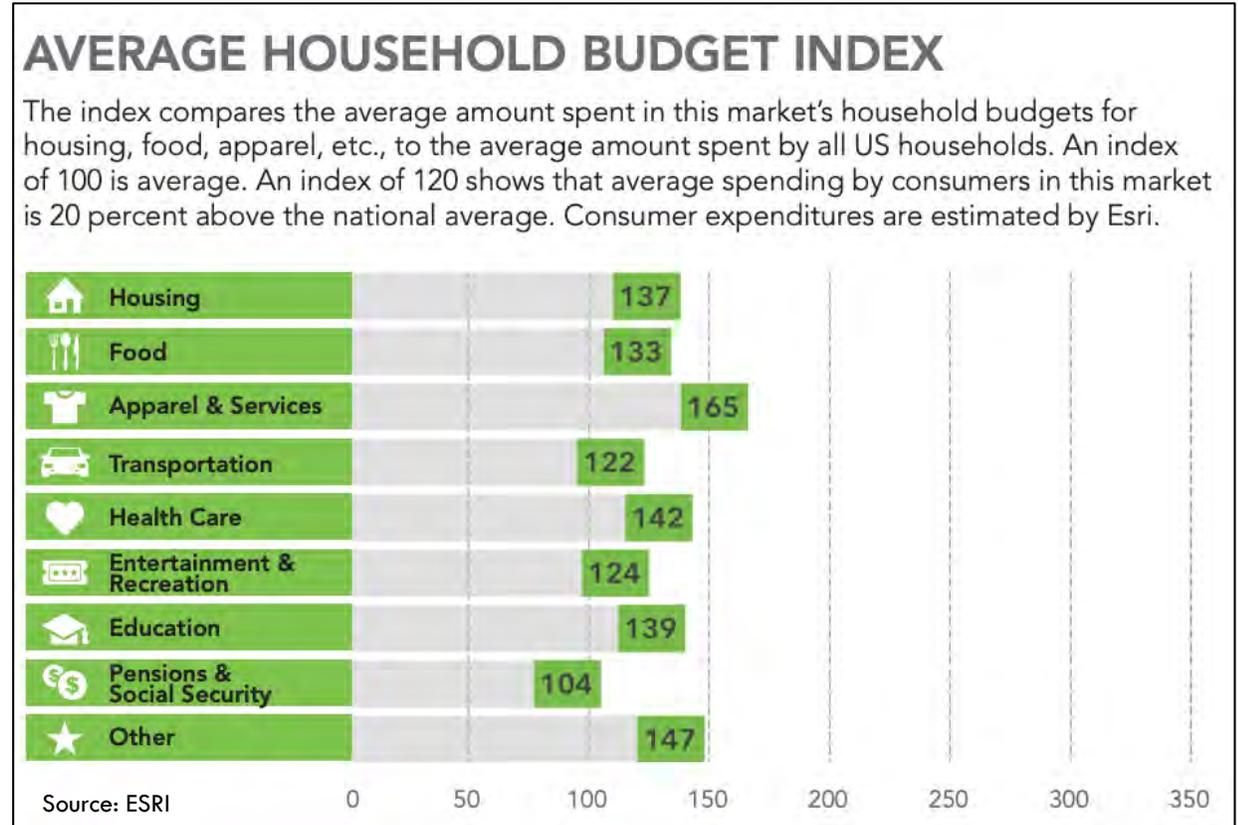


Enterprising Professionals

Enterprising Professionals (EP) is the largest ESRI segment found in the City of Bothell. This segment is the youngest of the three that reside in Bothell. Most of these consumers spend more than the national average on housing costs, food, health care, entertainment and recreation, education and transportation. Residents live in multi-units or single-family homes.

- **Median Age: 35.3**
- **Median Household Income: \$86,600**

Implications: The median HHI earns more than one and half times that of the national median income. It is the largest segment in the City of Bothell. Convenience is paramount to this group – shop at Amazon and are heavy users of new technology and services utilized through apps. When marketing the new Project to this group, bare in mind that while these folks are price conscious, they value experiences and leisure activities and are willing to spend on entertainment or special experiences like fine dining or a brewery or distillery.



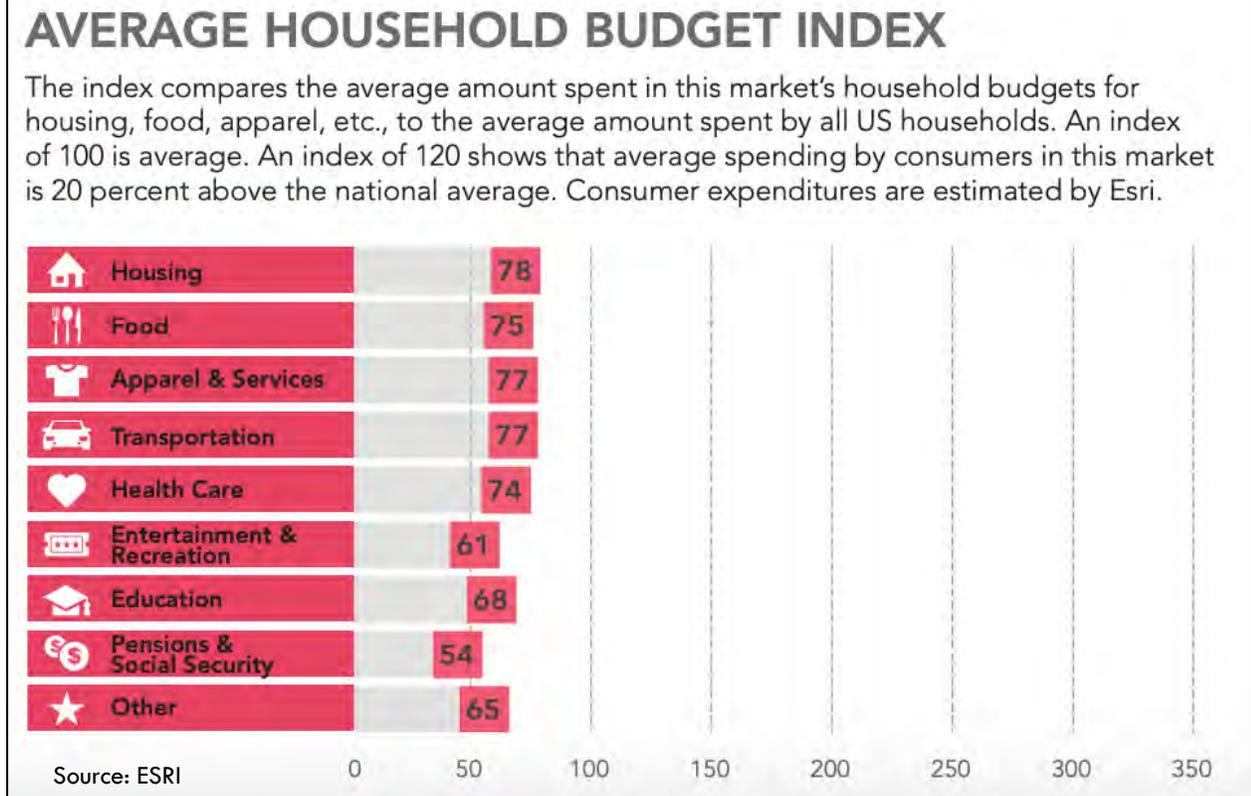


Retirement Communities

Retirement Communities (RC) is the second largest segment that makes up the city's Households according to ESRI. This segment is said to shop at diverse, large retail chains like Sears, Family Dollar, Target and Walmart. They live in multi-units or single-family homes. This segment is very price conscious as the household budget graph reflects. Renters occupy about 55% of all residential housing supply.

- **Median Age: 53.9**
- **Median Household Income \$40,800**

Implications: Unlike the Enterprising Professionals market segment, Retirement Communities are reserved, interested in activities like playing cards or reading books, and like to travel but only for a purpose like seeing sights or places for the first time. These members consume goods and services well-below the national average in categories like housing, food, apparel and education. As the City of Bothell diversifies in retail and entertainment options, in order to attract this market segment, the novelty of the attraction along with its use should complement these users' lifestyle to attract repeat business.





In Style - Bothell

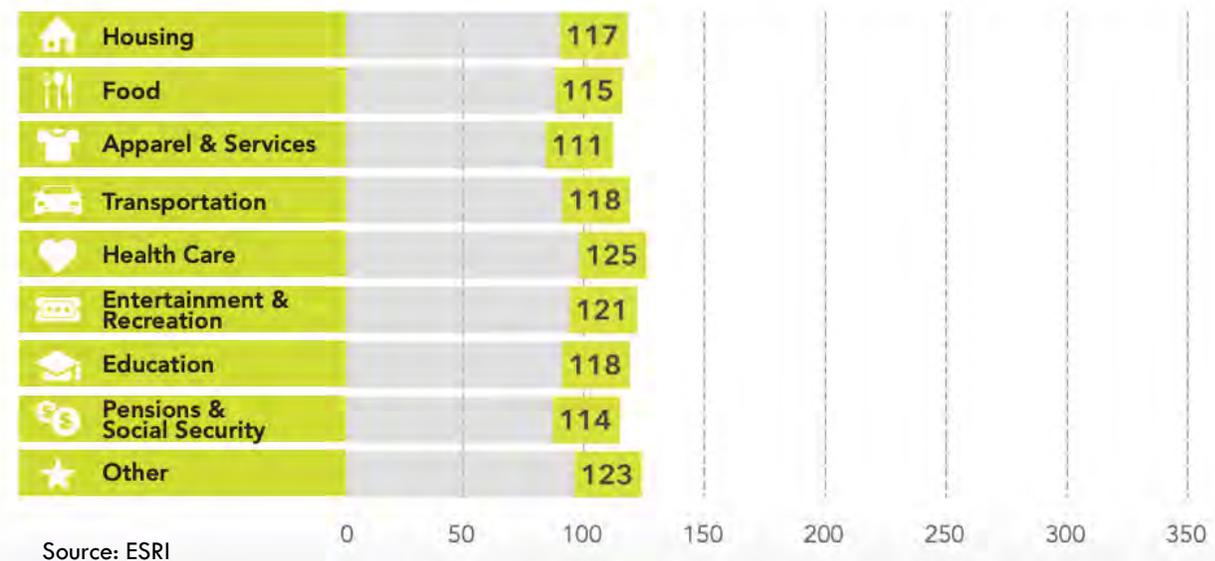
In Style is the third largest segment that makes up the city's Households according to ESRI. This segment is said to be highly mobile and educated. They are gainfully employed as this segment's employment rate is near the national rate of 3.6 percent. Two-thirds of these consumers are owners of single-family homes. These users are also generous supporters of charities and causes. They are acutely tuned into the arts, theater and museums.

- **Median Age: 42.0**
- **Median Household Income \$67,000**

Implications: Similar to the Enterprising Professionals, In Style consumers skew above the national average in consumption and spending habits on housing, food, apparel, transportation, health care, entertainment and recreation and education along with investment opportunities. This segment is a complement to EP and any marketing efforts could attract either users from these groups. This user group would fit the demographic for a brewery, high-end restaurant, or something with high entertainment value.

AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



Economic Analysis

King County Employment by Industry

Employment in King County is highly diverse with three industries shown that represent more than ten percent of the economy's employment, respectively. The largest sectors for employment are Professional, Scientific and Technical Services, Retail Trade, and Health Care and Social Assistance.

Communities with diverse employment scattered among many industries are more resilient in the face of economic downturns.

Industry	Employment	Percent of Total
Total employment (number of jobs)	1,757,626	100.0%
By industry		
Wage and salary employment	1,434,587	81.6%
Proprietors employment	323,039	18.4%
Farm proprietors employment	1,583	0.5%
Nonfarm proprietors employment	321,456	99.5%
By industry		
Farm employment	2,643	0.2%
Nonfarm employment	1,754,983	99.8%
Private nonfarm employment	1,568,404	89.2%
Professional, scientific, and technical services	183,694	10.5%
Retail trade	171,586	9.8%
Health care and social assistance	171,414	9.8%
Accommodation and food services	122,099	6.9%
Manufacturing	109,491	6.2%
Information	109,286	6.2%
Construction	89,320	5.1%
Administrative and support and waste management and remediation services	89,060	5.1%
Real estate and rental and leasing	88,190	5.0%
Other services (except government and government enterprises)	81,969	4.7%
Transportation and warehousing	76,347	4.3%
Finance and insurance	74,735	4.3%
Wholesale trade	70,962	4.0%
Arts, entertainment, and recreation	49,217	2.8%
Educational services	38,932	2.2%
Management of companies and enterprises	34,507	2.0%
Forestry, fishing, and related activities	2,917	0.2%
Mining, quarrying, and oil and gas extraction	2,818	0.2%
Utilities	1,860	0.1%
Government and government enterprises	186,579	10.6%
Federal civilian	20,327	1.2%
Military	7,305	0.4%
State and local	158,947	9.0%
State government	57,961	3.3%
Local government	100,986	5.7%

Snohomish County Employment by Industry

Total employment in Snohomish County at the end of 2017 was roughly 392,313 employees.

Employment in Snohomish County is slightly more centralized than King County but remains diverse with three industries shown representing more than ten percent of the economy's employment, as well. Manufacturing generates the largest concentration of employment in Snohomish County.

Snohomish County Employment by Industry - 2017		
Industry	Employment	Percent of Total
Total employment (number of jobs)	392,313	100.0%
By Industry		
Wage and salary employment	307,517	78.4%
Proprietors employment	84,796	21.6%
Nonfarm proprietors employment	83,556	98.5%
Farm proprietors employment	1,240	1.5%
By industry		
Farm employment	2,129	0.5%
Nonfarm employment	390,184	99.5%
Private nonfarm employment	344,361	87.8%
Manufacturing	61,800	15.8%
Retail trade	44,415	12.9%
Health care and social assistance	38,063	11.1%
Construction	31,619	9.2%
Accommodation and food services	25,065	7.3%
Professional, scientific, and technical services	23,346	6.8%
Administrative and support and waste management and remediation services	21,038	6.1%
Other services	20,697	6.0%
Finance and insurance	16,978	4.9%
Real estate and rental and leasing	16,739	4.9%
Transportation and warehousing	10,367	3.0%
Wholesale trade	10,064	2.9%
Arts, entertainment, and recreation	8,101	2.4%
Information	6,886	2.0%
Educational services	5,324	1.5%
Management of companies and enterprises	1,733	0.5%
Forestry, fishing, and related activities	1,191	0.3%
Mining, quarrying, and oil and gas extraction	766	0.2%
Utilities	169	0.0%
Government and government enterprises	45,823	11.7%
Federal civilian	2,131	0.5%
Military	6,193	1.6%
State and local	37,499	9.6%
State government	5,540	1.4%
Local government	31,959	8.1%

Largest Employers in the Snohomish County

Industries

- Aerospace
- School districts
- Retail trade
- Health Care and Social Assistance

Companies/Agencies

- Boeing
- Federal Government
- Providence Regional Medical Center
- Albertsons/Safeway
- Fluke Corporation
- Washington State Government

Top 20 Snohomish County Employers

Company/Agency	Business Line	Public/Private	Total (2017*)
The Boeing Company	Aircraft manufacturing	Private	34,500
Providence Regional Medical Center	Medical services	Private	4,775
The Tulalip Tribes	Gaming, real estate, gov't services	Public	3,200
Naval Station Everett	U.S. Navy Base	Public	2,987
Washington State Gov't	State government	Public	2,950
Snohomish County Government	County government	Public	2,617
Edmonds School District	School district	Public	2,605
Premera Blue Cross	Health insurer	Private	2,600
Walmart (8 locations)	Retail	Private	2,312
The Everett Clinic	Health care	Private	2,255
Everett School District	School district	Public	2,195
Philips Healthcare	Ultrasound technology	Private	2,000
U.S. Federal Government	Government	Public	2,000
Swedish Medical Center	Health care	Private	1,850
Mukilteo School District	School district	Public	1,755
Edmonds Community College	Higher education	Public	1,516
Albertsons/Safeway (21 locations)	Retail - grocery	Private	1,500
Fred Meyer/QFC (18 locations)	Retail - grocery	Private	1,350
Marysville School District	School district	Public	1,341
Fluke Corp. (Fortive)	Electronic test & measurement	Private	1,200

* = Starting in 2015, the total numbers indicate combined number of full-time, part-time employees.

Source: Economic Alliance Snohomish County

Top King County Employers

King County benefits from a mix of public and private entities providing a strong economic backbone across a diverse mix of industries. Most of King County's highest employers are private sector companies. The Boeing Company, Microsoft and Amazon round out the top three major private employers.

The three public entities include Joint Base Lewis-McChord, the University of Washington and the King County government.

Top 10 King County Employers			
Company/Agency	Industries	Public/Private	Total (2018)
The Boeing Company	Aircraft manufacturing	Private	80,000
Joint Base Lewis-McChord	Military	Public	56,000
Microsoft	Software/Technology	Private	42,000
University of Washington	Education	Public	25,000
Amazon	Online Retail & Technology	Private	25,000
Providence Health & Services	Health Care	Private	20,000
Walmart	Retail	Private	20,000
Fred Meyer	Grocery Stores	Private	15,000
King County Government	Government	Public	13,000
Weyerhaeuser	Logging	Private	10,000

Source: Trip Savvy

Top Bothell Employers

Bothell is home to several companies, the largest is Philips Ultrasound, which employees nearly 2,000 employees.

Like most of the major employers in King and Snohomish County, Bothell's top employers are mainly found in the private sector.

Puget Sound Energy, the only public sector entity, is the City's third largest employer. Bothell's labor force is 24,495 employees.

Top Bothell Employers			
Company/Agency	Industries	Public/Private	Total (2018)
Philips	R&D/Manufacturing	Private	1,625
Seattle Genetics	Science/Technology	Private	924
Puget Sound Energy	Utility	Public	529
Fujifilm Sonosite Inc	R&D/Manufacturing (mobile ultrasound)	Private	488
Molina Healthcare of Washington Inc	Insurance	Private	450
T-Mobile West LLC	Telecommunications	Private	400
Boston Scientific	R&D/Manufacturing (vascular)	Private	300
Celgene	Biopharmaceutical	Private	300
Philips Electrical North American Corp	Electronics	Private	172

Source: City of Bothell

Income, Spending and Other Demographic Data

Category	United States	Washington	King County	Snohomish County
Homeownership rate, 2013-2017	63.8%	62.7%	57.4%	66.6%
Median value of owner-occupied housing units, 2013-2017	\$193,500	\$286,800	\$446,600	\$338,400
Persons per household, 2013-2017	2.63	2.55	2.45	2.68
Median household income, 2013-2017	\$57,652	\$66,174	\$83,571	\$78,020
Persons below poverty level, percent, 2013-2017	12.3%	11.0%	9.3%	7.3%
Total employment, 2016	126,752,238	2,685,355	1,167,201	251,289
Total employment percent change, 2015-2016	2.1%	3.2%	3.0%	1.5%
Retail sales per capita, 2012	\$13,443	\$17,243	\$30,685	\$12,456

Source: US Census Bureau

Income Data

King County is home to the corporate offices of several household name brands like Starbucks, Amazon, Microsoft and Boeing. As employment and success from these companies has grown, so has wealth in area resulting in higher median house values and incomes. Snohomish County benefits from the region's success.

Access Analysis

Paine Field

Location: Snohomish County

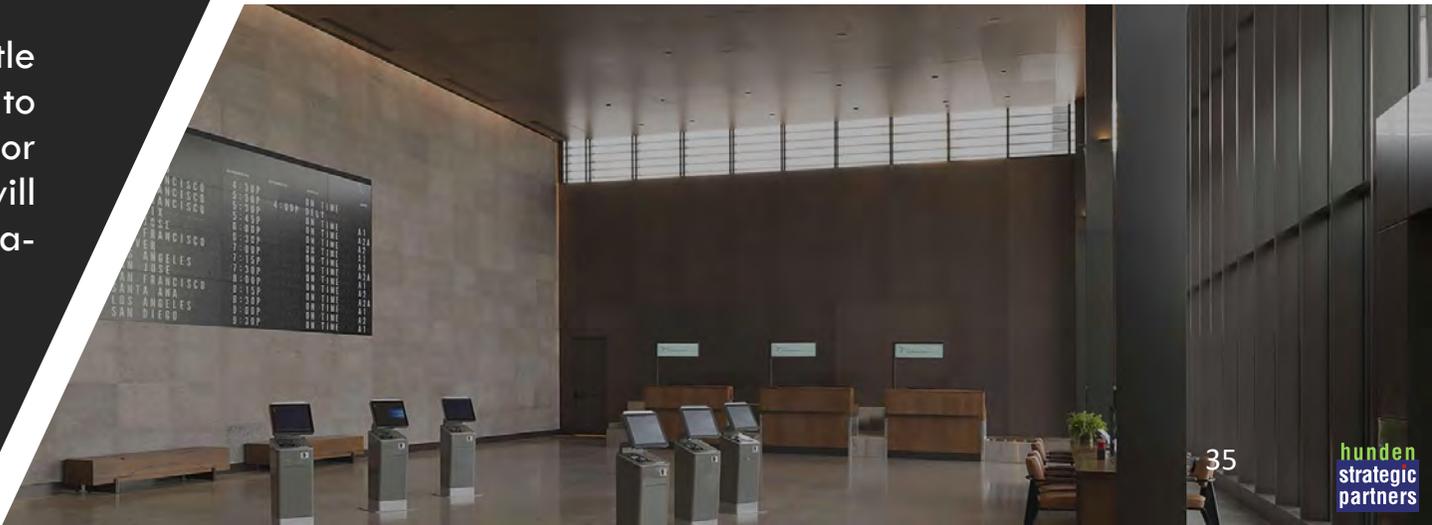
Open: February 2019

Description:

Paine Field is the first new commercial airport in the US in years. Paine Field will offer better travel options for travelers north of the Seattle Metro, since Sea-Tac is not convenient to this region of Washington. Paine Field will drive economic development and support tourism, business and other economic factors.

Paine Field is roughly 30 miles north of Downtown Seattle and roughly 30 miles north of Sea-Tac. West Coast flights to Las Vegas, Denver, Portland, Los Angeles, and other major West Coast cities will be the primary attraction and will provide customers in the Seattle area an alternative to Sea-Tac.

Proximity to Project Site: 7.4 miles

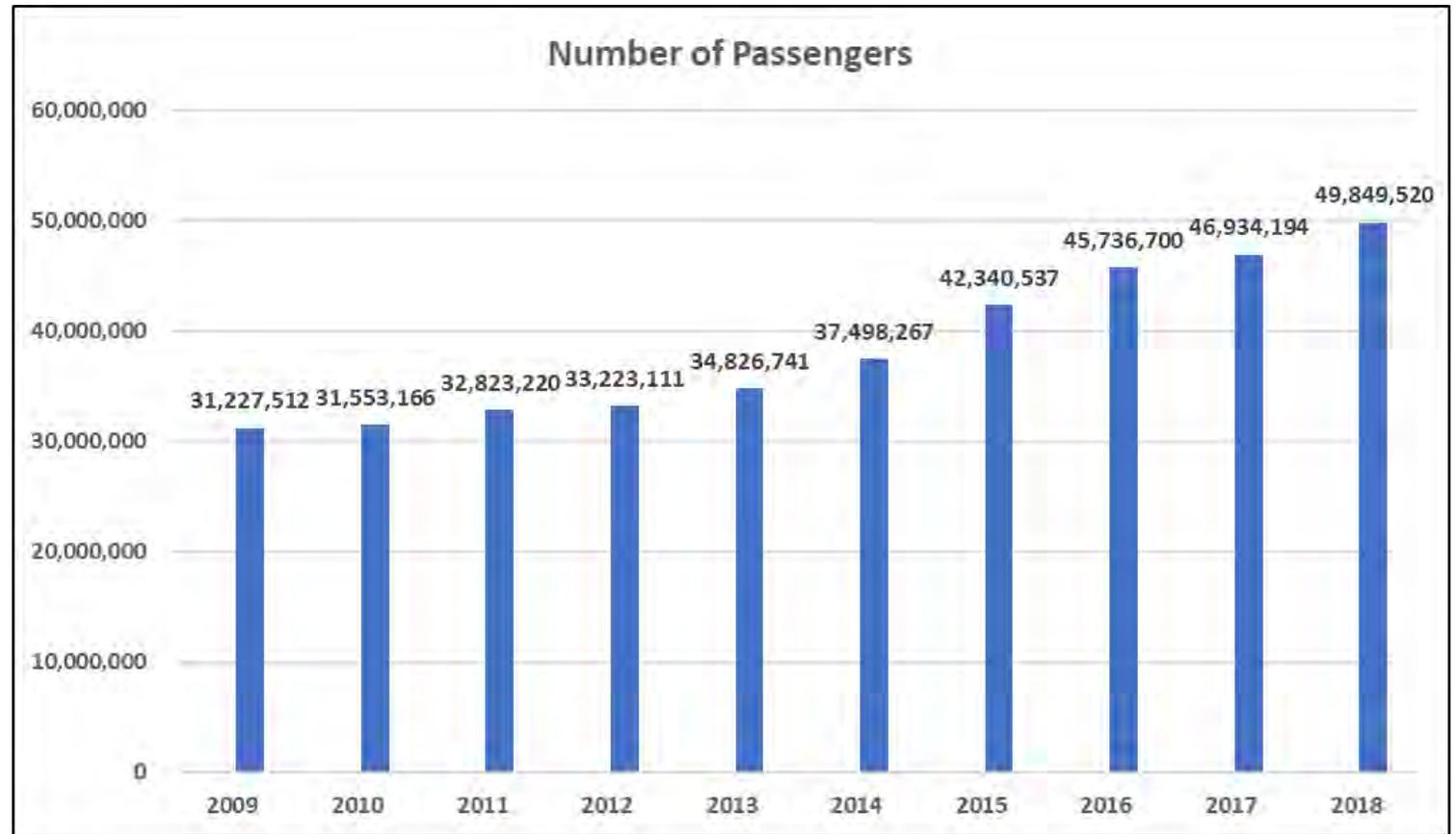


Sea-Tac Annual Passengers

Seattle-Tacoma International Airport (SEA) serves the Bothell area and is a 40-minute trip down I-405 from the Project.

Trends show that the number of annual passengers using SEA over the last ten years has steadily increased. The greatest year-over-year increase occurred between 2014 and 2015. In 2019 Sea-Tac is projecting to handle more than 50 million passengers. Increased access via air, rail and road will all help the Project succeed.

Sea-Tac decided to expand in July 2019 because of their rapid growth. Sea-Tac has become the 8th busiest airport in the US and one of the fastest growing, experiencing a 43% increase in traffic in the last 5 years. This \$650-million expansion is bringing a new 255,000-square foot terminal that will be home to Alaska Airlines.



Source: Bureau of Transportation Statistics

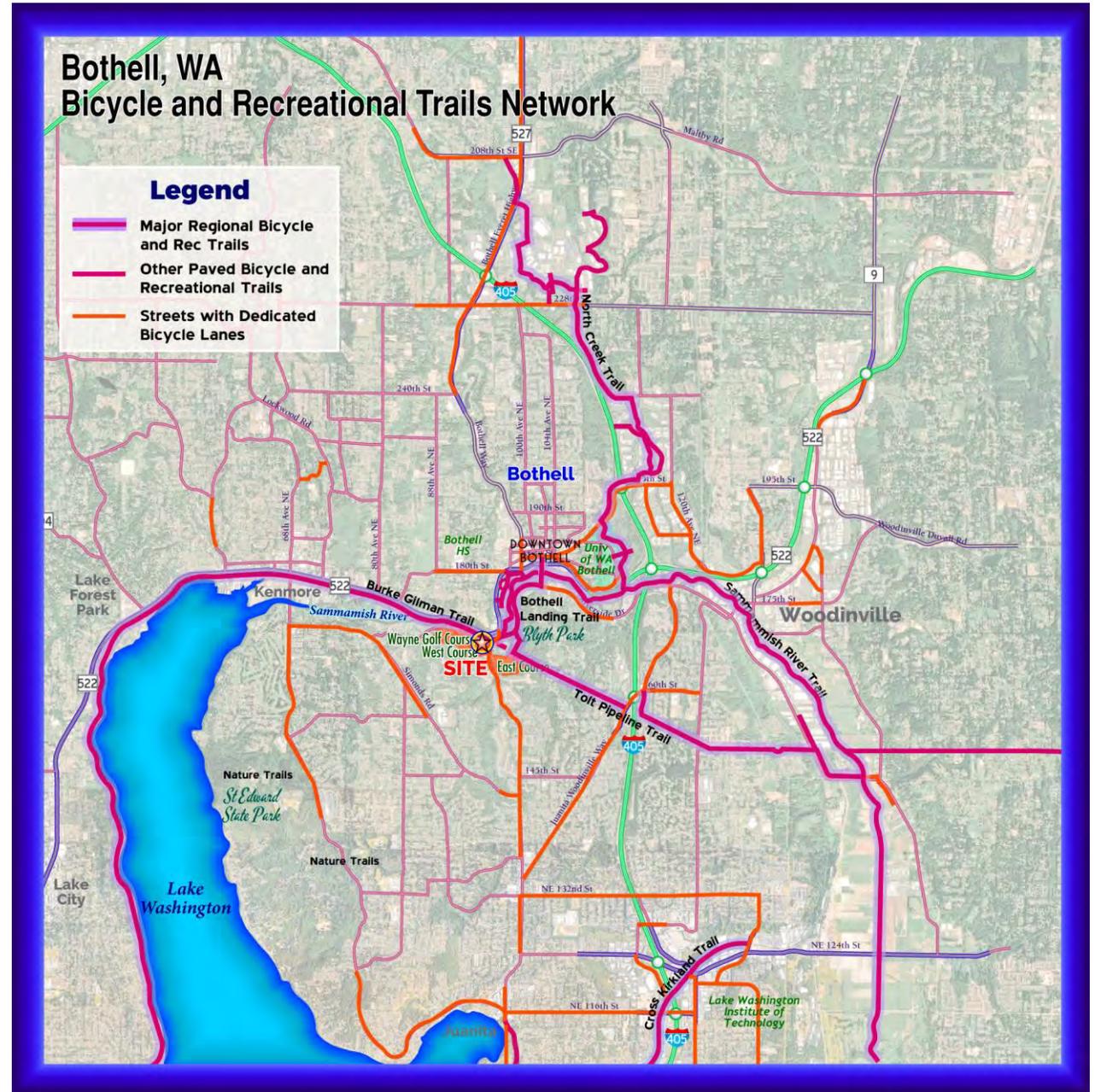
Trail Volume and Patterns

There are two trails that pass by the Project site, Sammamish River Trail and the Burke Gilman Trail.

In 2017, the Sammamish Trail counted 537,384 users in Woodinville and 572,896 in Redmond.

Average weekend day in September 2018 counted 2,012 in Woodinville and 2,137 in Redmond.

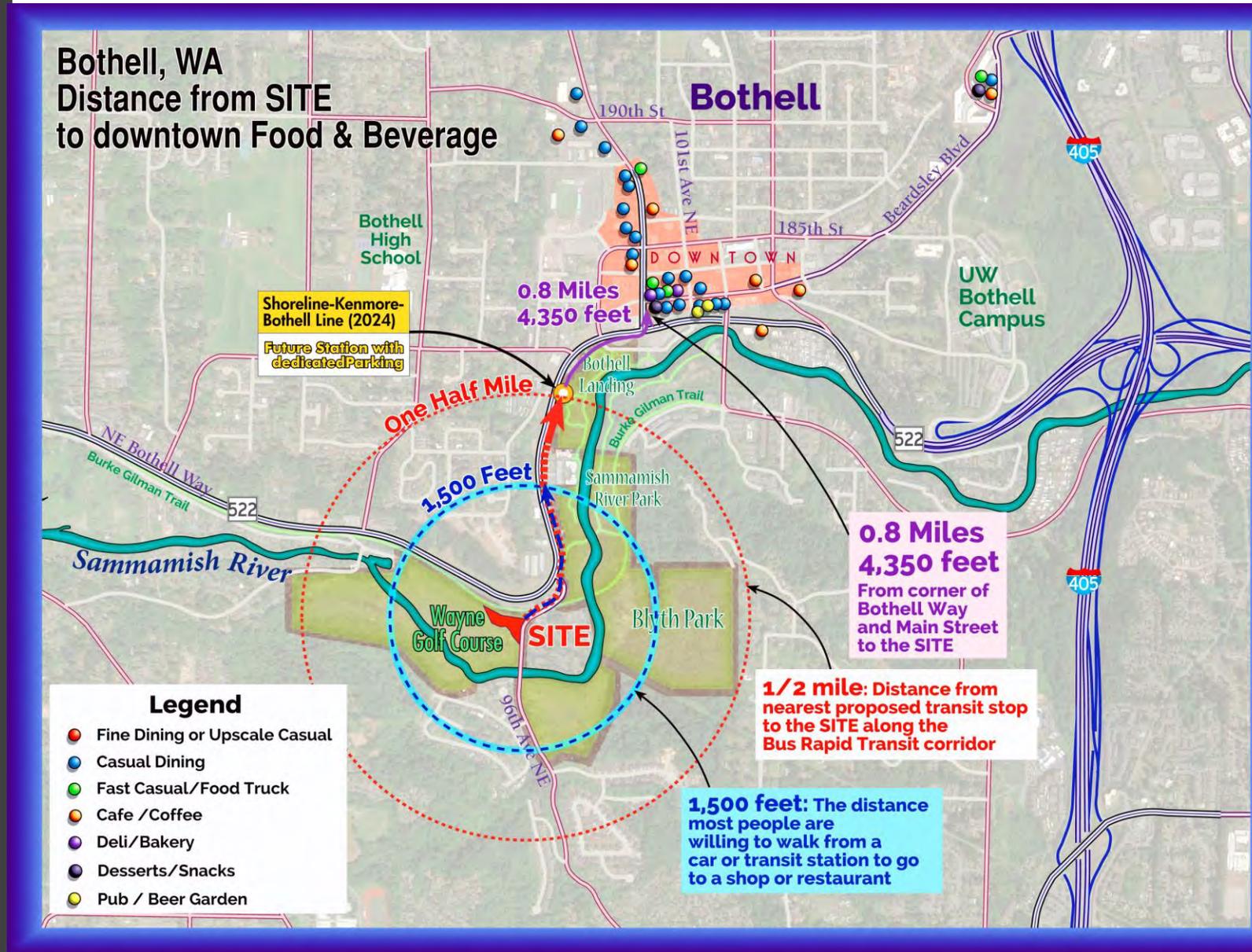
Seasonal usage of the trails peak in the Spring and Summer months, and any potential development would benefit from capturing these trail users.



Walkability

The map on the right show few possibilities for walkable paths from the Project site to food and beverage located across the City, in particular toward Downtown Bothell where most of the development is centered. This indicates that the development will have to be able to survive on its own without the support of surrounding amenities.

This presents some challenges, as walkability offers a range of benefits, including basic mobility, resident cost savings seen through efficient land use and connectivity to commerce within a city.



Tourism Analysis



Downtown Bothell

The City of Bothell is experiencing rapid growth, and has made efforts over the past decade to revitalize the downtown area and induce tourism and economic development.

What was once a quiet downtown Main Street is alive with restaurants, retail, housing and new development. Despite a devastating fire in 2016 that damaged over twenty Main Street businesses, the City has pushed forward and continues to strive for growth and modernization while staying true to the charm and essence of the Bothell experience.

The City of Bothell has invested more than \$150 million in capital projects for the downtown redevelopment, resulting in more than \$800 million in private investment.

The following slide provides an overview of the City of Bothell Downtown Revitalization Plan.



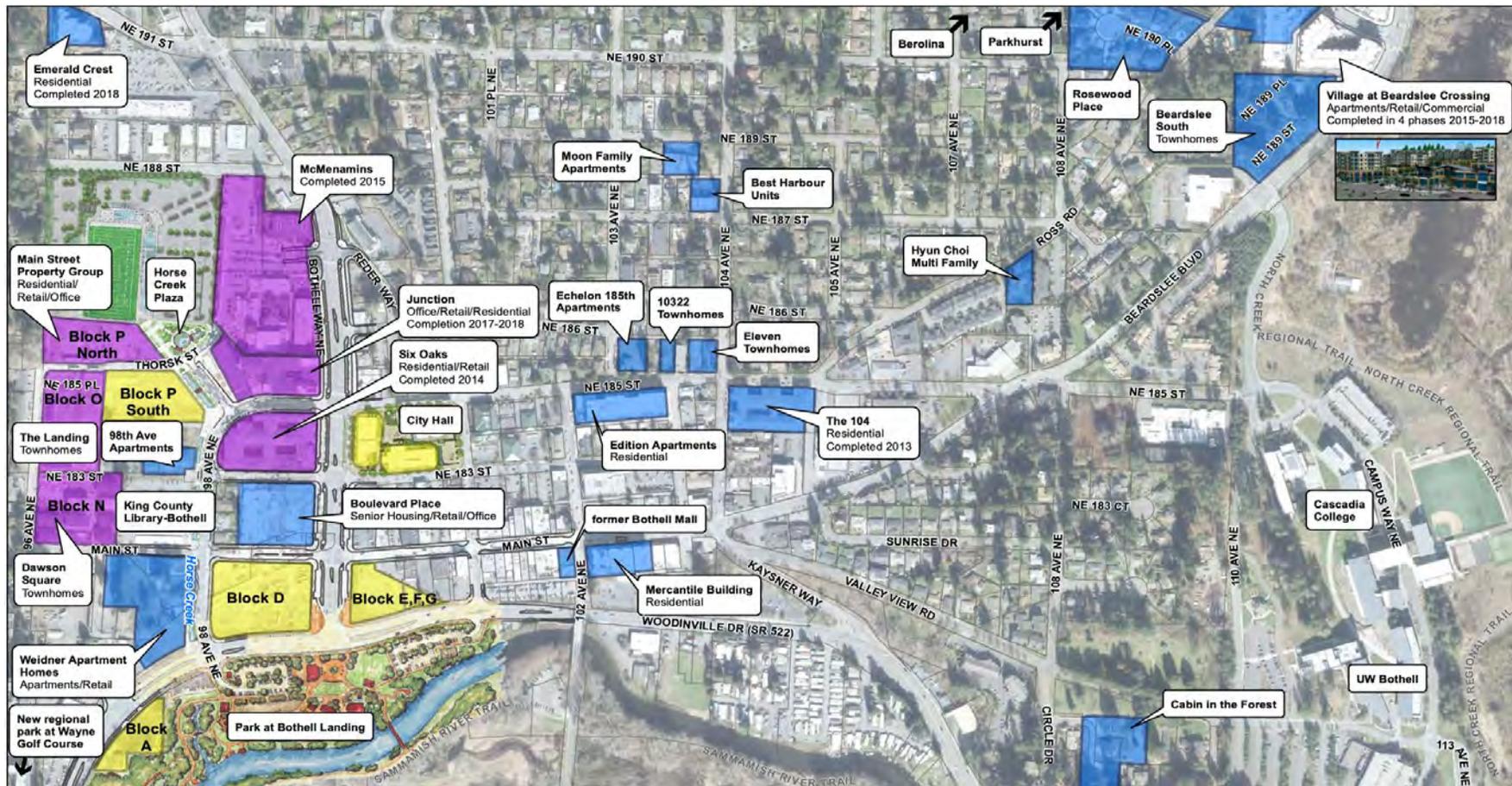


Downtown Bothell Fire Effect on Market

On July 22nd, 2016, a major fire broke out at the Mercantile Building (18104 102nd Avenue NE) at the east end of the city's historic Main Street, about halfway between downtown and the University of Washington-Bothell campus, according to the Seattle Times.

The effects on the community were vast. The City of Bothell was in the midst of a \$150-million redevelopment program which began in 2010. This revitalization effort included \$47 million for the City Hall building and \$26 million for the historic Anderson School building located within walking distance of City Hall.

Local real estate experts in the area observed that the fire brought the community together in support of the efforts to improve Downtown Bothell. Lease rates did not dramatically drop, in fact, they remained steady. Other than the relocation of the smaller tenants in the building that was destroyed, there was minimal impact to the market. Occupancy rates, supply and demand were unaffected by the event.



City of Bothell Downtown Revitalization Plan

Since the launch of the Downtown Revitalization Plan in 2006, the City has sold nearly one million square feet of land for development.

As a result of over \$150 million in public investments by the City, new retail, offices and housing have been created in the downtown district.

The image above displays some of the projects of the Downtown Revitalization Plan.

Area Attractions

The Bothell area has a number of attractions and activities that serve residents and visitors. The majority of these local attractions are located within 5 to 10 miles of the Project site.

The table to the right details some of the area's top attractions. The following slides profile a number of the top attractions in the Bothell area.

Bothell Attractions	
Attraction	Type
Bothell Historical Museum	Cultural / Museum
Hindu Temple & Cultural Center	Cultural / Museum
Northshore Performing Arts Center	Entertainment / Arts
UW Bothell Campus Art Walk & Wetlands Walk	Entertainment / Arts
McMenamins Anderson School	Entertainment / Lodging
Downtown Bothell	Retail / Restaurant District
Saint Edwards State Park	Nature / Recreation
Former Wayne Golf Course & Surrounding Parks/Trails	Nature / Recreation
Woodinville Wine Country	Wineries / Vineyards

Source: Tripadvisor

University of Washington–Bothell Campus

The University of Washington-Bothell (UW-Bothell) is located about two mile east from the Former Wayne Golf Course and about one mile from City Hall.

There are 55 undergraduate and graduate-level programs available with flexible day and evening classes for non-traditional students. A total of 5,989 students were enrolled in the 2018-2019 school year. 5,411 were undergraduates and 578 were graduates.

Snohomish and King County are the top counties where students reside. 84 percent of all students come from these two counties which show its strength as a regional option to higher education.



University of Washington Bothell Campus

UW-Bothell plans to redevelop the current Husky Village campus housing into “Beardslee Commons” that could include retail, housing and support academic activities along Beardslee Boulevard. This development is not anticipated to affect the proposed project, as it will primarily serve the student body.



Cascadia College

Cascadia College, founded in 1994, is located on a shared campus with University of Washington-Bothell.

Cascadia College is a public community college that offers two-year degrees for transfer to universities, a Bachelor of Applied Science in Sustainable Practices, certificate programs, basic education, ESL for adults, and a broad range of non-credit courses and professional training.

Total enrollment in the Fall of 2017 was 3,873 students. The student profile is unique in that the median student age is 19, which is the youngest in the state. 71 percent of the student body enroll with the intent to transfer to a four-year program, which is the highest in the state. Additionally, 41 percent of the student body also work while enrolled in classes, which is also the highest in the state, too.

Cascadia College is one of the providers of meeting space in the Bothell area, which will be discussed in a later chapter.



Bothell Area Attractions

Bothell Cultural Museum – Located just south of downtown Bothell, the Museum consists of the Beckstrom Cabin, the schoolhouse and the main museum in the Hannah House.

Hindu Temple & Cultural Center – The Temple opened in 2002 and offers a place for worship, festivals, and community events.

UW Bothell Campus Art Walk & Wetlands Walk – The campus offers both indoor and outdoor art installations, stonework, sculptures, murals and more. The campus also offers a restored large wetland. Both combine to offer visitors an immersive experience.



Bothell Area Attractions

Northshore Performing Arts Center – The 600-seat state-of-the-art theater is housed on the campus of Bothell High School and is host to live performance by artists from around the world.

Woodinville Wine Country – Nestled in the Sammamish River Valley, Woodinville Wine Country is home to over 100 wineries and tasting rooms representing every appellation in Washington.

Saint Edwards State Park – The park is a 316-acre park that was once a Catholic seminary and is now home to a series of trails for hikers and bicyclists. The park surrounds the Saint Thomas Center which houses Bastyr University.



McMenamins Anderson School

Built in 1931 as Bothell Junior High, the art-deco style Anderson School is on 5.41 acres and has been transformed into a one of a kind destination. It is located in downtown Bothell and was renovated as part of the overall Downtown Revitalization Plan.

The property offers a 72-room hotel, small bars, a brewery, a movie theater, a swimming pool and five different event spaces that accommodate groups of 10 to 600 guests. The facility also hosts live musical acts, pub night talks and events such as Oktoberfest and Washington Cider Week.



Chapter 3: Retail & Restaurant Market Analysis

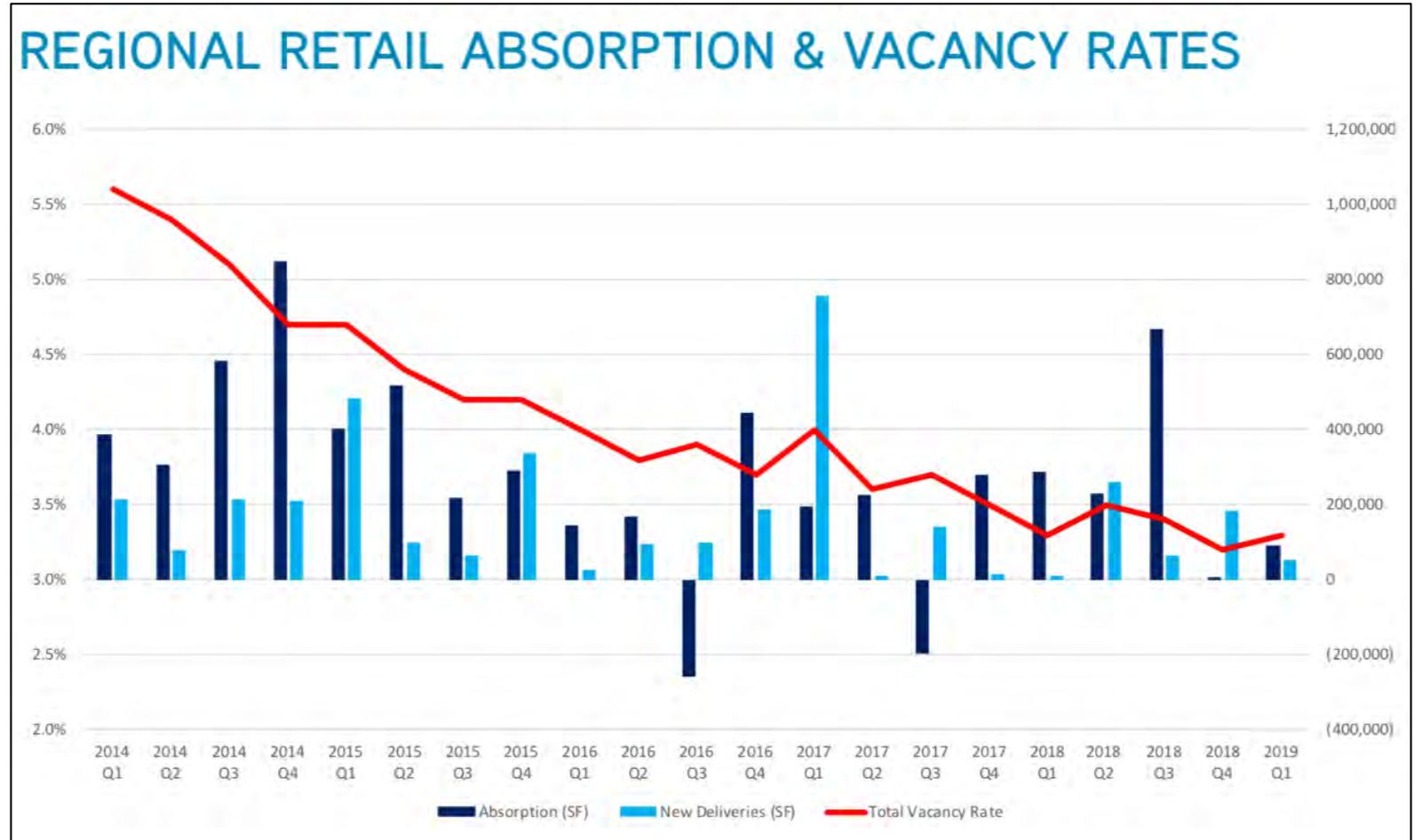
Retail Analysis

Seattle Region Retail Performance

As retail and restaurant uses are permitted at the Project site, HSP looked into the regional and local trends in performance of these uses. This section starts at the regional level and hones in on the local area most relevant to the Project.

Taking a 5-year historical perspective, Colliers International has shown that vacancy rates have fallen for retail space in the Seattle region by more than 2 percentage points from approximately 5.6% in Q1 2014 to 3.3% in Q1 2019.

As will be shown on the following slide, rental rates have increased as vacancies have fallen, suggesting that the strength of the market has increased in recent years in the Seattle region.

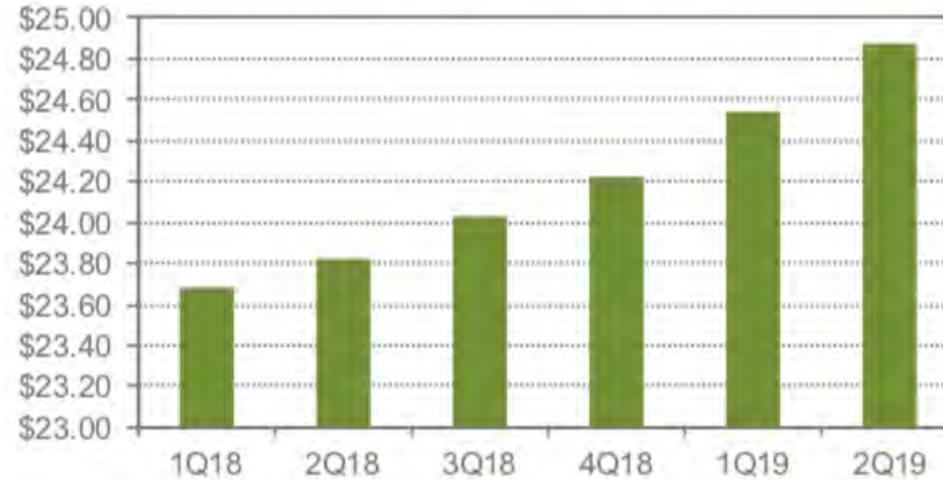


Puget Sound Retail Performance

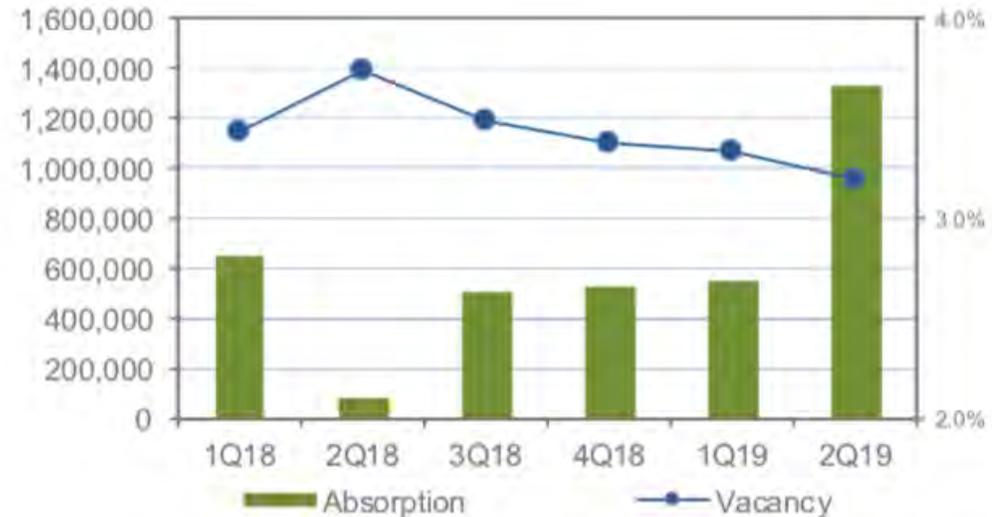
Data collected by NAI for Q2 2019 retail performance in the Puget Sound region shows that rates have been growing quickly in the past 5 quarters. Asking annual rental rates averaged approximately \$23.70 per SF in Q1 2018 and have jumped more than \$2 per SF to more than \$24.80 as of Q2 2019.

What is potentially even more encouraging is the decrease of vacancy by approximately 0.25% during the same period and the increase in absorption. Q2 2019 showed absorption of more than 1.3 million SF, which is approximately double that of any other quarter shown.

AVERAGE ASKING RATES



VACANCY VS. ABSORPTION



Bothell Area Retail Space for Lease

Property	Address	Location	Available SF	Spaces	Rental Rate (Low)	Rental Rate (High)	Lease Type
Thrasher's Corner Shopping Center	20619 Bothell Everett Hwy	Thrasher's Corner	4,630	2	\$39.00	\$39.00	NNN
Lakeside at Canyon Park Shopping Center	24040 Bothell Everett Hwy	Canyon Park	6,702	4	--	--	--
North Creek Retail - Relet	11511 NE 195th St	North Creek	2,000	1	\$15.50	\$21.00	NNN
Round Table Pizza	17600 140th Ave NE	Woodinville	3,500	1	\$28.00	\$45.00	NNN
Alderwood Towne Center	3105-3305 Alderwood Mall Blvd	Woodinville	9,441	3	\$22.00	\$25.00	NNN
Average			5,255	2	\$26.13	\$32.50	NNN

Source: Loopnet.com, Leibsohn & Company, WCCR, other brokerage firms

Retail Space for Lease

HSP identified five properties that have listings for available retail spaces in the Bothell area. The average NNN rental rates in the area range between \$26 per SF and \$32.50. Most of these spaces are approximately 2,500 SF within grocery-anchored shopping centers.

While this is only a small sample of retail space rental rates in Bothell, it shows landlord expectations of market rates for their property.

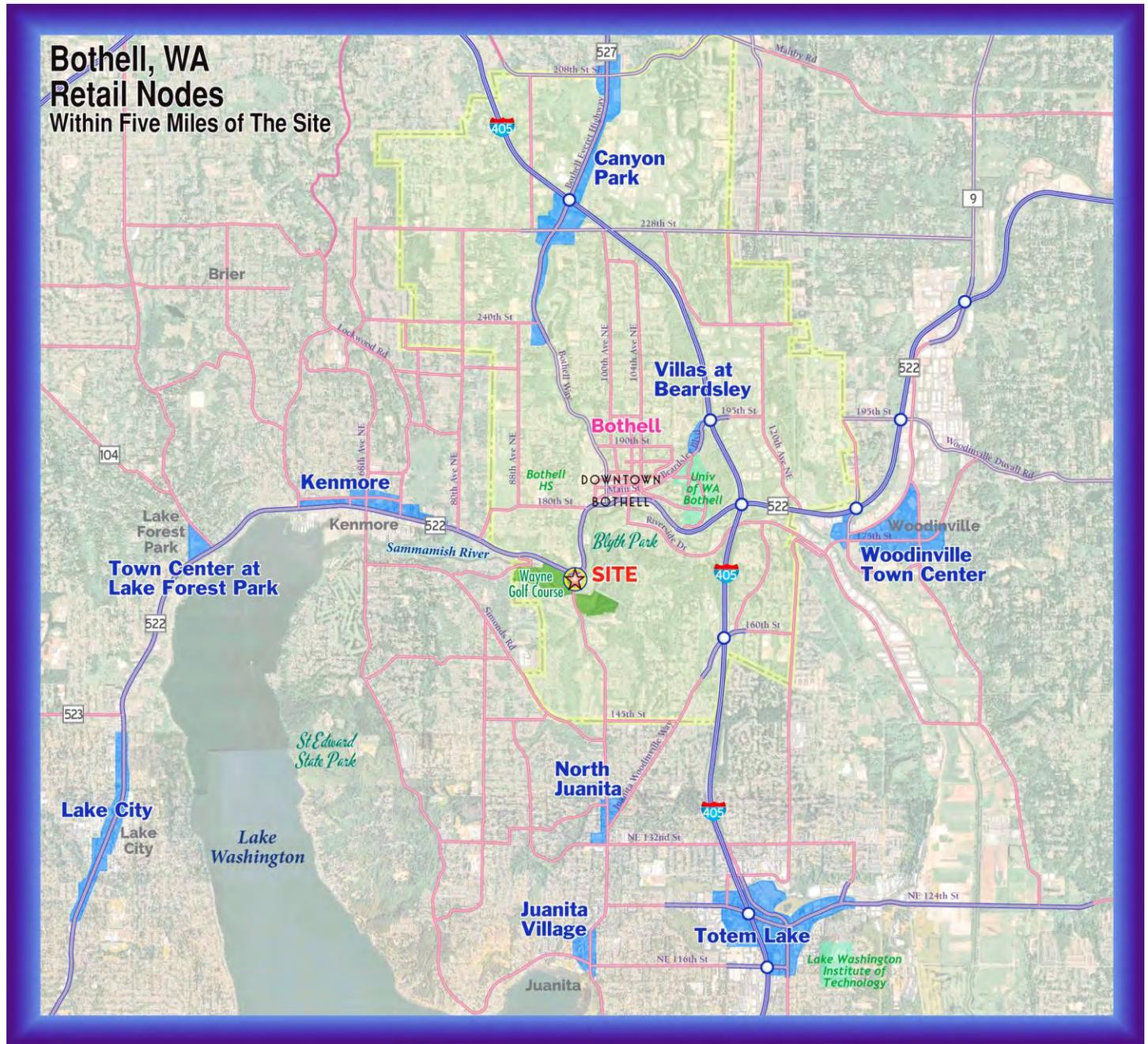
Local Retail Nodes

The local retail nodes are within approximately five miles of the Project site in Bothell.

Each of the nodes shown on the map to the right has a mixture of retail and restaurant options.

Downtown Bothell is the most compelling node of those shown with a thriving community of local operators in an urban, walkable setting.

Most of the other nodes are more suburban in nature with shopping centers and outlets surrounded by surface parking tenanted by regional and national operators. These nodes also vary considerably in size from just a handful of shops and restaurants to 100.



Local Retail Nodes

There are nine retail and restaurant nodes within approximately five miles of Bothell. Three of these nodes are located within Bothell: Downtown Bothell, Canyon Park and Thrashers Corner.

There is a stark contrast between Downtown Bothell and the other retail/restaurant nodes. The food and beverage scene in Downtown Bothell is established, walkable and unique. The majority of restaurants in Downtown Bothell are local concepts, while virtually all of the other retail and restaurant nodes are more suburban and anchored by regional and national chains, including those within Bothell.

Bothell Area Retail Nodes			
Node	Miles from Site	Estimated # of	
		Stores / Restaurants	Anchors
Downtown Bothell	1	32	--
Kenmore	1.9	35	Safeway, Rite Aid, Dollar Tree
North Juanita	2.1	17	Safeway, Rite Aid
Juanita Village	3.3	31	Walgreens, Columbia Athletic Clubs
Town Center at Lake Forest Park	3.4	37	Rite Aid, Planet Fitness
Woodinville Town Center	3.7	100	Target, Dollar Tree, T.J. Maxx, PetSmart
Canyon Ranch	3.9	64	QFC, LA Fitness
Totem Lake	4.4	50	Trader Joe's, LA Fitness, Fred Meyer
Thrashers Corner	5.3	27	Safeway, Walgreens, Fred Meyer

Source: Various sources

Canyon Park & Thrasher's Corner

Description: Canyon Park and Thrashers Corner are two suburban-style retail and restaurant nodes that are located near each other on the northern side of I-405. These shopping centers serve a variety of single family housing, offices and industrial buildings in the area. The majority of tenants in the shopping centers there are regional and national chains. These centers are anchored mostly by grocery and drug store concepts, which are surrounded by either casual dining or quick service restaurants on outlots and in strip centers.

As with the balance of Bothell, the performance has been trending upward strongly in Canyon Park. The two grocery-anchored centers were renting in the mid-\$20s per SF (NNN) just two years ago. Now, these centers have tenants paying mid-\$30s per SF (NNN) and upward. These centers have also remained well-occupied during this period of rapid rental rate growth.

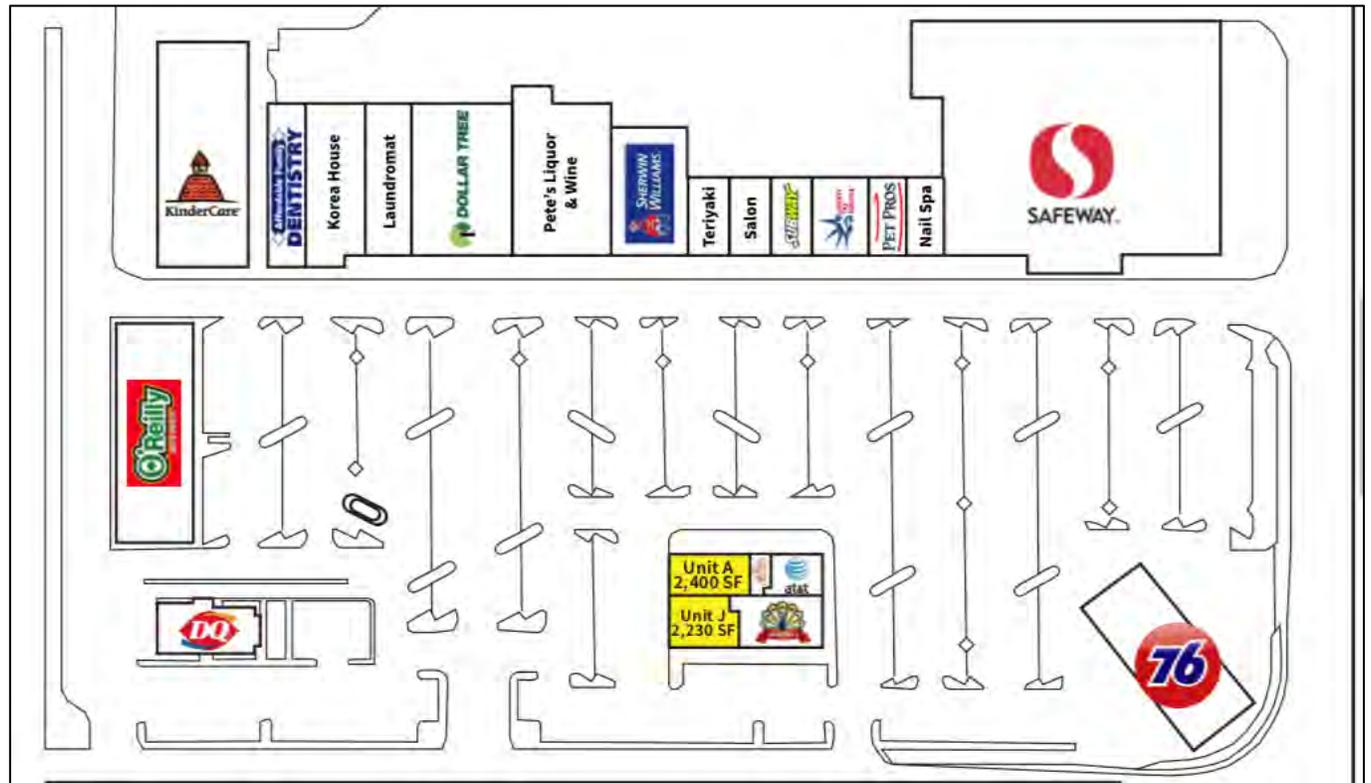
Proximity to Project Site: 4 miles



Thrasher's Corner Shopping Center

Thrasher's Corner Shopping Center currently has two retail spaces in an outlot building available. Both of these spaces are listed at an asking rental rate of \$39 per SF (NNN). Further detail is provided that the NNN expenses are estimated at \$4.78 per SF.

Thrasher's Corner Shopping Center has 21 of its 23 available spaces occupied. The two vacancies mentioned above represent less than 5% of the gross leasable space.





Downtown Bothell – Overview

Downtown Bothell is the most compelling retail and restaurant node in the area. As the downtown has been built out over the past decade, the fabric of local operators has strengthened and the performance of commercial real estate downtown has increased dramatically.

First round restaurant tenants of new projects (opened since 2015) are estimated to have paid on average in the upper \$30s per SF (NNN) in rental rates. As second and third generation tenants have moved into the area, the average rate has reached the low to mid-\$40s per SF (NNN).

There are older buildings owned by long-term local landlords downtown that have below market rents and significant deferred maintenance. Many renovation and redevelopment opportunities are expected to come to market in the next 10 years. NNN rental rates are higher for the newer buildings, and so are the passthrough charges, especially for property tax. CAM, taxes and insurance expenses are estimated at \$4.50 per SF for the older buildings, while comparable new buildings may have 50% higher expenses.

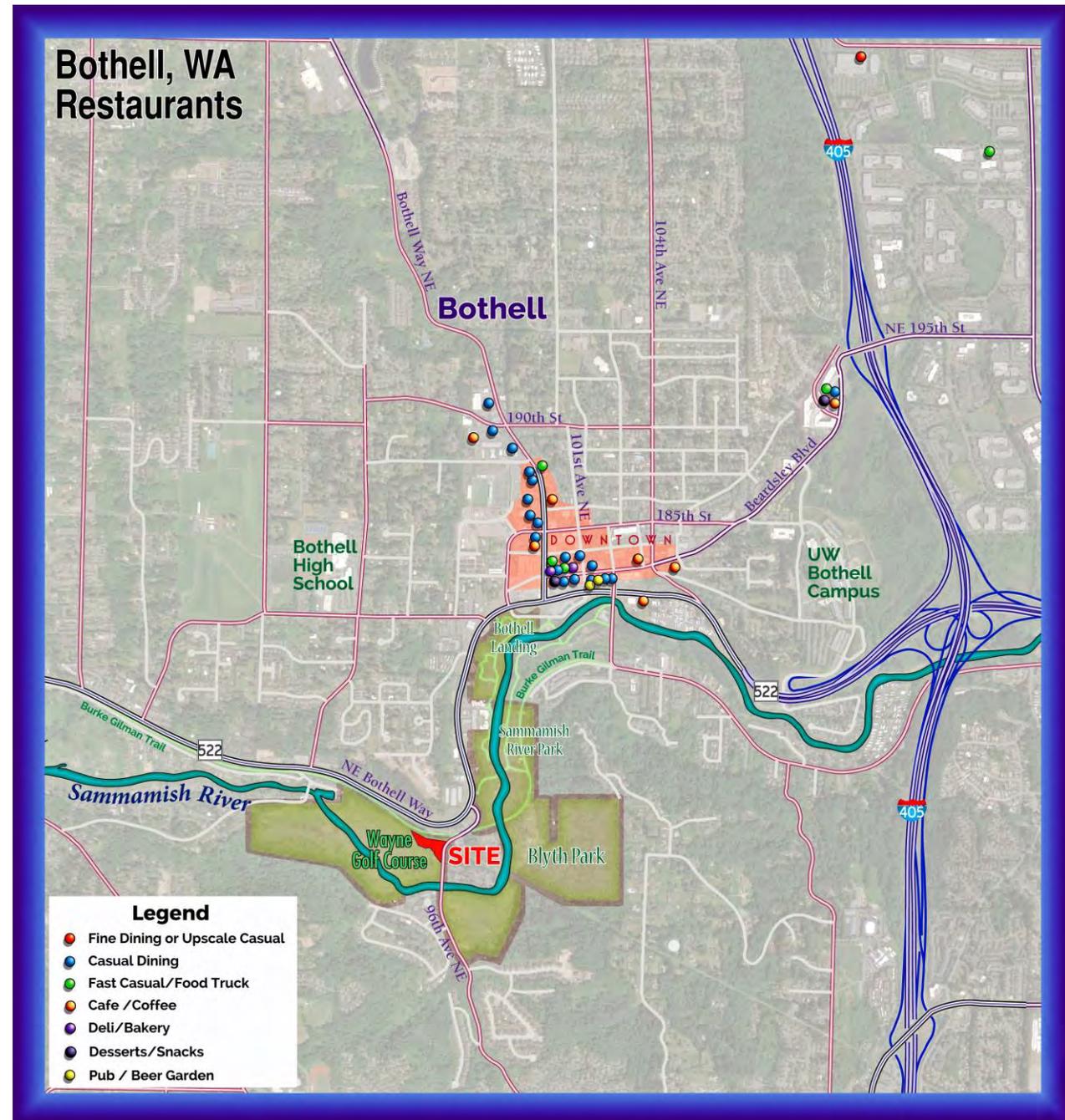
Overall, brokers see many great opportunities for retail/restaurant space in the near future in Downtown Bothell. For this site, however, there will need to be a compelling reason to go, such as a destination restaurant or brewery/distillery or event space. Not having the surrounding critical mass of other options is a challenge, yet also an opportunity, for the Wayne site.

Restaurant Analysis

Bothell Restaurants

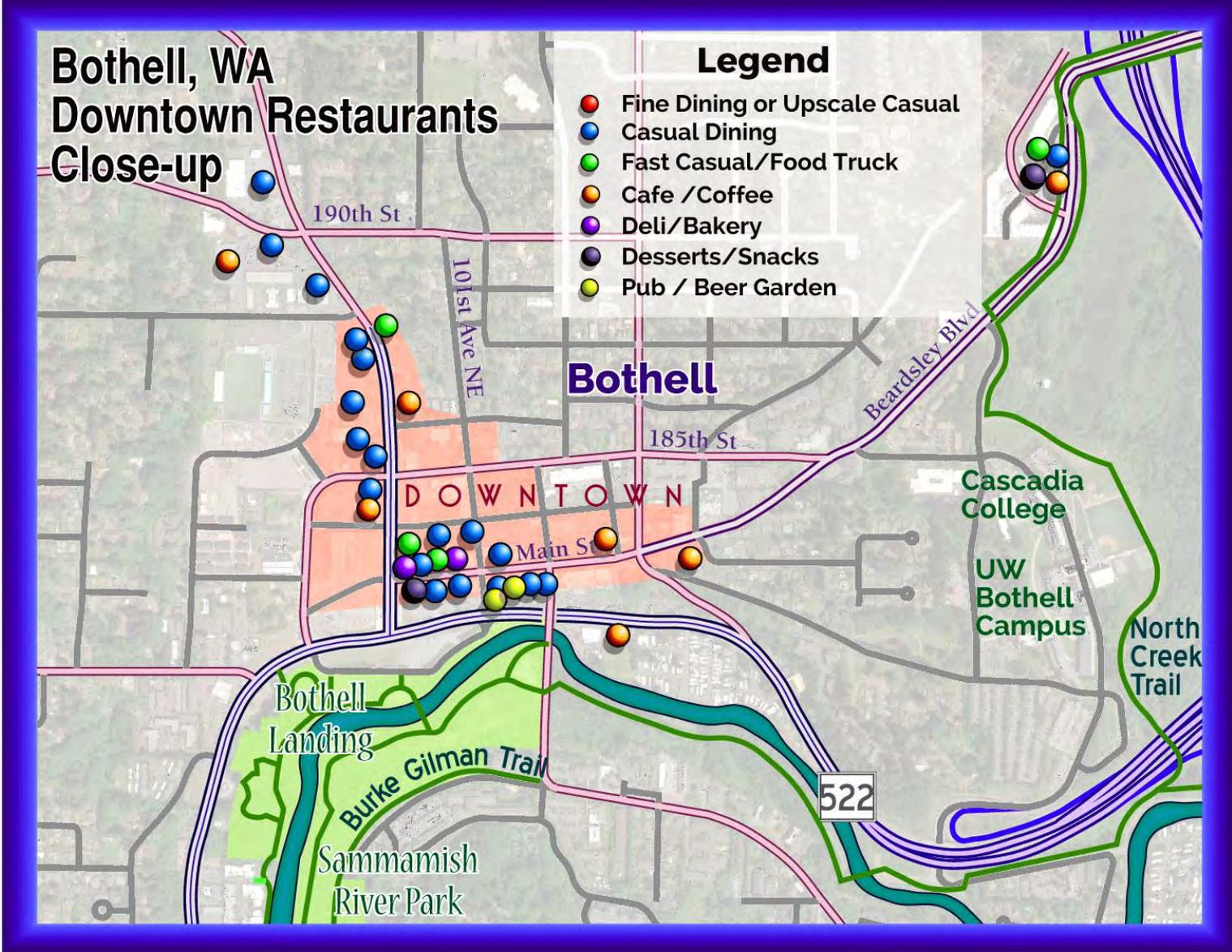
This map shows the nearby and relevant supply of restaurants for the Project.

The majority of restaurants are located downtown along Bothell Way NE and/or Beardslee Blvd. There is also a small cluster at the Villas at Beardslee, which is a new mixed-use development.



Bothell Restaurants

The majority of downtown restaurants are focused on casual dining. There are no fine dining establishments, and only two dedicated pubs or beer gardens.



Bothell Restaurants

There are 32 restaurants located in downtown Bothell with a few more located at the Villas at Beardslee and in the North Creek area. Other restaurants in Canyon Park are not listed here, but have been discussed generally in this section.

Overall, the Bothell restaurant market is characterized by locally operated casual dining concepts in a low to mid-range price point (\$10-\$30 per plate).

As shown, there is only one restaurant, Russell's Restaurant & Loft, which has an estimated per plate price point greater than \$30.

There is a gap in the market for higher quality, more expensive options.

Bothell Restaurant Supply						
Name	Miles from Site	Location	Yelp Rating (Stars/5)	Price Point (\$/4)	Type	Cuisine
Northern Espresso	0.7	Downtown	4.5	\$	Drive-Through	Coffee, Tea
The Hop and Hound	0.9	Downtown	4.5	\$	Beer Garden	Beer, Wine
The Cottage	1	Downtown	4	\$\$	Casual Dining	American
Amaro Bistro	1	Downtown	4	\$\$	Casual Dining	Italian, Pizza
Stack 571 Burger & Whiskey Bar	1	Downtown	4	\$\$	Casual Dining	Burgers, American
Revolve True Food & Wine	1	Downtown	3.5	\$\$	Casual Dining	American
Julio's	1	Downtown	4	\$\$	Casual Dining	Mexican
Alexa's Café	1	Downtown	3.5	\$\$	Casual Dining	American
The Three Lions Pub	1	Downtown	3.5	\$\$	Public House	British
Ranch Drive-In	1	Downtown	3.5	\$\$	QSR / Casual	Burgers, American
Gallo De Oro	1	Downtown	3	\$\$	Casual Dining	Mexican
Hillcrest Bakery	1	Downtown	4	\$	Bakery	Pastries
Social Grounds Coffee & Tea	1	Downtown	4	\$	Café	Coffee, Sandwiches
Teriyaki Best	1	Downtown	3.5	\$	Casual Dining	Japanese
Sushi Zone	1	Downtown	3.5	\$\$	Casual Dining	Sushi
Countryside Donut House	1	Downtown	4	\$	Bakery	Donuts, Pastries
Baskin Robbins	1	Downtown	3.5	\$	Specialty	Ice Cream
La Bella Bean Espresso	1	Downtown	4	\$	Drive-Through	Coffee, Tea
The Bine Beer & Food	1.1	Downtown	4.5	\$\$	Casual Dining	Tapas
McMenamins North Shore Lagoon	1.1	Downtown	3.5	\$\$	Casual Dining	Asian Fusion
Zulu's Board Game Café	1.1	Downtown	4.5	\$	Café	American
Hana Sushi	1.1	Downtown	4	\$\$	Casual Dining	Sushi, Japanese
Pen Thai	1.1	Downtown	3.5	\$\$	Casual Dining	Thai
Caffe Ladro	1.2	Downtown	4	\$\$	Café	Coffee, Baked Goods
Ambakity Cocina Mexican	1.2	Downtown	4.5	\$	Food Truck	Mexican
Poquitos Bothell	1.3	Downtown	3	\$\$	Casual Dining	Mexican
McMenamins Tavern on the Square	1.3	Downtown	3	\$\$	Casual Dining	American
Sparta's Pizza & Spaghetti House	1.3	Downtown	3.5	\$\$	Casual Dining	Italian, Pizza
Bento Teriyaki	1.3	Downtown	4	\$	Casual Dining	Japanese
Starbucks	1.3	Downtown	--	\$\$	Quick Service	Coffee, Baked Goods
Pasion Tequila	1.3	Downtown	4	\$\$	Casual Dining	Mexican
The Den Coffee Shop	1.4	Downtown	3.5	\$	Café	Coffee, Breakfast
Beardslee Public House	2.3	Villas at Beardslee	3.5	\$\$	Brewpub	American, Pizza
Potbelly Sandwich Shop	2.3	Villas at Beardslee	3.5	\$	Fast Casual	Sandwiches, Salad
Starbucks	2.3	Villas at Beardslee	3.5	\$\$	Quick Service	Coffee, Baked Goods
Sushi Chinoise	2.3	Villas at Beardslee	4	\$\$	Casual Dining	Sushi, Asian Fusion
Menchie's	2.3	Villas at Beardslee	3.5	\$	Specialty	Frozen Yogurt
Lori's Deli & Espresso	3.9	North Creek	4	\$	Delicatessen	Coffee, Sandwiches
Russell's Restaurant & Loft	4.6	North Creek	4	\$\$\$	Fine Dining	Steakhouse

Source: Various sources

McMenamin's Anderson School

Location: Downtown Bothell

McMenamin's is located in the downtown area and will be profiled in greater detail in later chapters but in terms of restaurants, it offers, among others:

- *Anderson School Theater Bar* – located as a lounge to the movie theater, for quick drinks and casual food
- *North Shore Lagoon* – located adjacent to the pool, tiki bar with light fare
- *Principal's Office* – bar featuring craft beers
- *Tavern on the Square* – Northwest style café open for breakfast, lunch and dinner. Features seafood, homemade desserts and cocktails.
- *The Market* – retail store featuring signature food and drinks for takeaway



The Bine Beer & Food

Location: Downtown Bothell

Opened: 2017

The Bine is a beer-focused casual dining concept located in downtown Bothell. The restaurant can seat up to 79 patrons.

The menu features 27 different craft beers, and American fare. Entrees that range from \$13 to \$15. The Bine is open seven days a week, for lunch and dinner.



Beardslee Public House

Location: Downtown Bothell

Beardslee Public House is a mid-range upscale restaurant with an on-site 10-barrel brewery. The restaurant has a casual dining room, bar seating and a seasonal patio. The restaurant is open seven days a week for lunch and dinner, and serves a weekend brunch.

The menu, designed by local celebrity chef John Howie, focuses on locally sourced, homemade dishes that range in price from \$15 to \$36. The restaurant pays homage to the history of Bothell with a logging industry theme, and have named many of the beers after classic timber and logging terms, and historic Bothell residents.



Amaro Bistro

Location: Downtown Bothell

Amaro Bistro is a fine dining establishment that specializes in Italian food, and is the top rated restaurant in Bothell according to Trip Advisor.

Like many restaurants in Bothell and the surrounding region, priority is placed on fresh ingredients and local sources. The menu feature traditional Italian dishes that range from \$13 to \$38. A full wine and cocktail list is also available.

Amaro Bistro is open seven days a week for lunch and dinner, and serves a weekend brunch.



Russell's

Location: Bothell

Russell's, the second ranked restaurant in the Bothell area according to Trip Advisor, is a fine dining restaurant that is located in the barn of a former dairy farm.

As is the trend in the Pacific Northwest and in other Bothell restaurants profiled, the focus is on fresh, seasonal and local ingredients. The concept is helmed by a local celebrity chef, and the prices reflect this, making it one of the more expensive dining options in Bothell. The restaurant is open for lunch and dinner, with entrees ranging from \$24 to \$51 a plate.

Russell's features a full wine list, and leverages the proximity to Woodinville to host wine events including the Winemaker Dinner Series.





Retail & Restaurant Feedback & Implications

HSP spoke with multiple brokers who are familiar with Bothell and gathered feedback regarding the trends in the market, current retail and restaurant space performance, and an assessment of the Project site at the former Wayne Golf Course.

Trends in the Market

- Improved levels of employment and income are driving real estate values upward in all sectors, including single-family residential and commercial uses. Home prices are increasing and so are rental rates for retail and restaurant spaces in Bothell and the greater region.
- Typically, in any given area of Bothell, restaurants outperform retail spaces in their ability to generate sales and, therefore, the restaurants's ability to pay higher rental rates. The highest rental rates are mostly supported by restaurant tenants.
- The restaurant market in Bothell is compelling due to its local flair, though lacks upscale and destination-type concepts.

Current Market Performance

- As mentioned previously, retail rates have increased significantly during the last five years. Rates have increased from mid-\$20s NNN per SF to \$30 +/- NNN per SF in Canyon Park and nearby areas, while some spaces downtown have increased from the upper \$30s NNN per SF to the low- to mid-\$40s NNN. Absorption has also been strong in recent years.



Retail & Restaurant Feedback & Implications

Regarding the potential Project site, brokers stated:

- Overall, the site is considered to be more conducive to destination-type restaurant concepts and less so for convenience-type or other retail concepts. Based on traffic patterns along 96th Ave NE, the viability of the latter would be significantly diminished.
- Due to the mentioned lack of upscale concepts in Bothell, something along the lines of a steakhouse or other upscale unique dining experience is believed to be potentially successful at the site.
- Based on the success of similar concepts in Woodinville and other neighboring communities, a winery, brewery or distillery with an attached restaurant is believed to be a compelling concept for the site. This kind of concept would fall into the destination-type category mentioned above and likely pull visitors from the greater region beyond the local residents of Bothell.
- Consumers in the Pacific Northwest expect locally sourced, fresh and organic ingredients and the trends in farm to table restaurants reflect this demand.

Chapter 4: Hotel Market Analysis

Bothell Lodging Summary

There are 11 hotels offering more than 1,000 guest rooms in Bothell and the surrounding area. Bothell offers a mix of hotels in the economy, midscale, upper midscale, upscale and luxury classes.

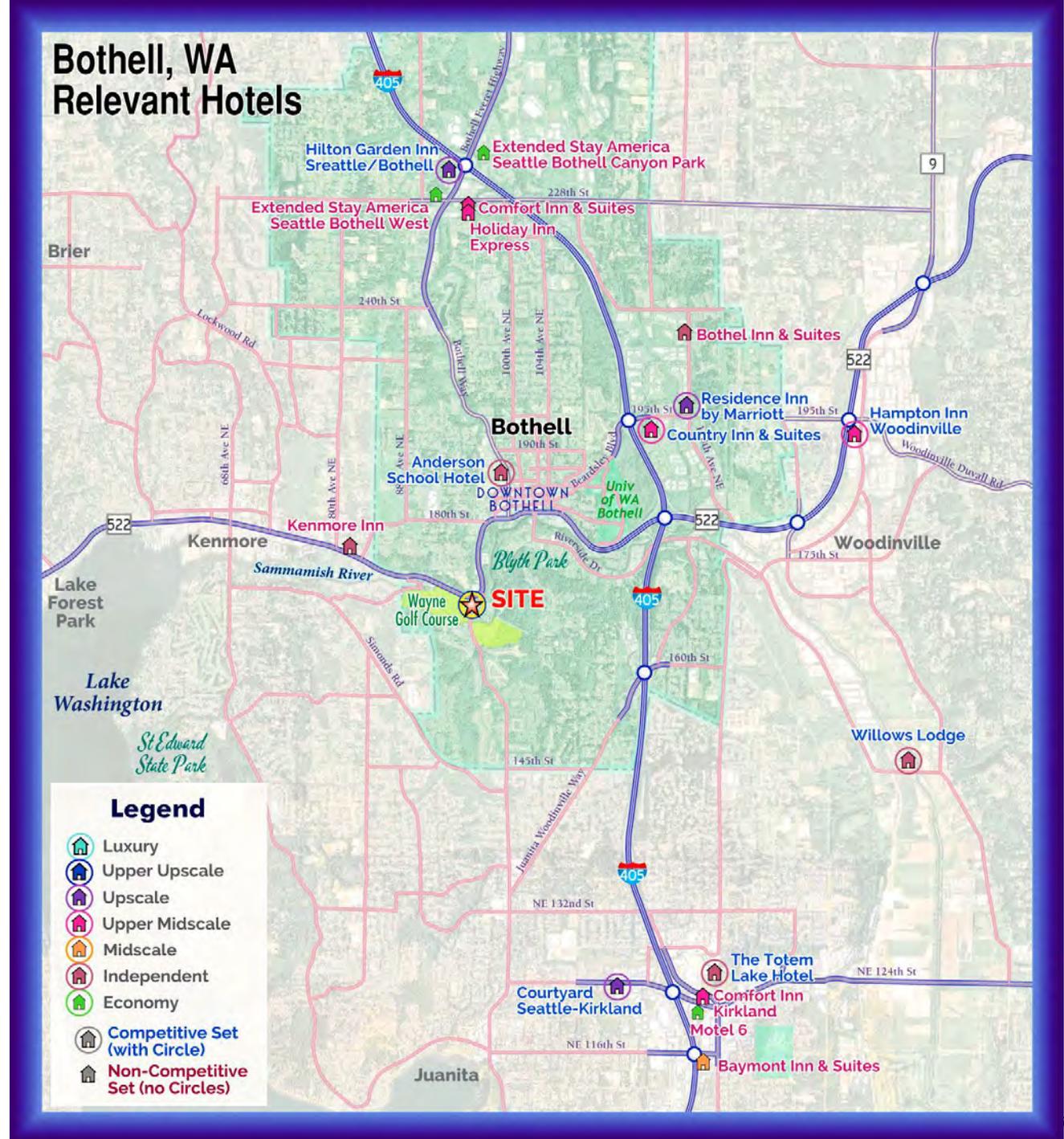
More than half of the Bothell hotel market is considered to be either upscale or upper midscale classes, with seven hotels and more than 700 rooms in these categories.

Class	Properties	Rooms	Rooms / Property	Year Built	Avg Years Open
Luxury Class	1	84	84	Sep-00	19
Upper Upscale Class	--	--	--	--	--
Upscale Class	3	320	107	Dec-05	14
Upper Midscale Class	4	408	102	Jan-01	19
Midscale Class	1	84	84	Oct-99	20
Economy Class	3	248	83	Feb-00	20
Total / Average	11	1,060	96	Jan-97	23

Source: Smith Travel Research

Bothell Hotel Market

Most hotels in the local market in and around Bothell are located along I-405 and SR 522. The largest clusters of hotels are in the northern part of Bothell and Totem Lake. There is only one hotel in downtown Bothell.



Bothell Competitive Hotel Set

The competitive set is made up of mostly branded, upscale and upper midscale hotels with between 100 and 150 rooms each. There are also three independent properties of varying quality and price point, including the McMenamin's Anderson School Hotel, Totem Lake Hotel and Willows Lodge.

Totem Lake does not report to Smith Travel Research, so none of its performance is included the remainder of this section. It is also considered to be a lower-rated hotel compared with most others, so is mostly present due to its location and independent nature.

Bothell Competitive Set Hotels						
Property	Miles from Site	Rooms	Chain	Opened	Years Open	
Anderson School Hotel	1.4	72	Upscale	Oct 2015	4	
Country Inn & Suites Seattle - Bothell	2.3	166	Upper Midscale	Jul 1989	30	
Residence Inn Seattle Northeast Bothell	2.6	120	Upscale	May 1991	28	
Holiday Inn Express Bothell	3.3	79	Upper Midscale	Jan 2002	18	
Comfort Inn & Suites Bothell Seattle North	3.4	61	Upper Midscale	Sep 1995	24	
Courtyard Seattle Kirkland	3.7	150	Upscale Class	Aug 2006	13	
Hilton Garden Inn Seattle Bothell	3.8	128	Upscale	Oct 2010	9	
Hampton Inn Seattle Woodinville	4	102	Upper Midscale	Dec 2016	3	
Totem Lake Hotel	4.2	59	Upscale	Feb 1991	29	
Willows Lodge	5.1	84	Luxury	Sep 2000	19	
Total/Average		1,021		Jan 2002	18	

Source: Smith Travel Research

Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels

Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occ.	% Change	ADR	% Change	RevPar	% Change
2013	707	258,055	--	171,797	--	66.6	--	\$142.60	--	\$94.93	--
2014	707	258,055	0.0%	180,569	5.1%	70.0	5.1%	\$152.40	6.9%	\$106.64	12.3%
2015	725	264,679	2.6%	190,159	5.3%	71.8	2.7%	\$165.13	8.4%	\$118.64	11.2%
2016	788	287,497	8.6%	203,469	7.0%	70.8	-1.5%	\$166.50	0.8%	\$117.84	-0.7%
2017	881	321,565	11.8%	217,340	6.8%	67.6	-4.5%	\$170.26	2.3%	\$115.07	-2.3%
2018	881	321,565	0.0%	218,041	0.3%	67.8	0.3%	\$170.83	0.3%	\$115.83	0.7%
2019 (July)	881	186,772	0.0%	130,652	3.0%	70.0	3.0%	\$171.41	1.7%	\$119.90	4.8%
CAGR* (2013-2018)	4.9%	4.9%	--	5.4%	--	0.4%	--	4.0%	--	4.4%	--

*Compound Annual Growth Rate

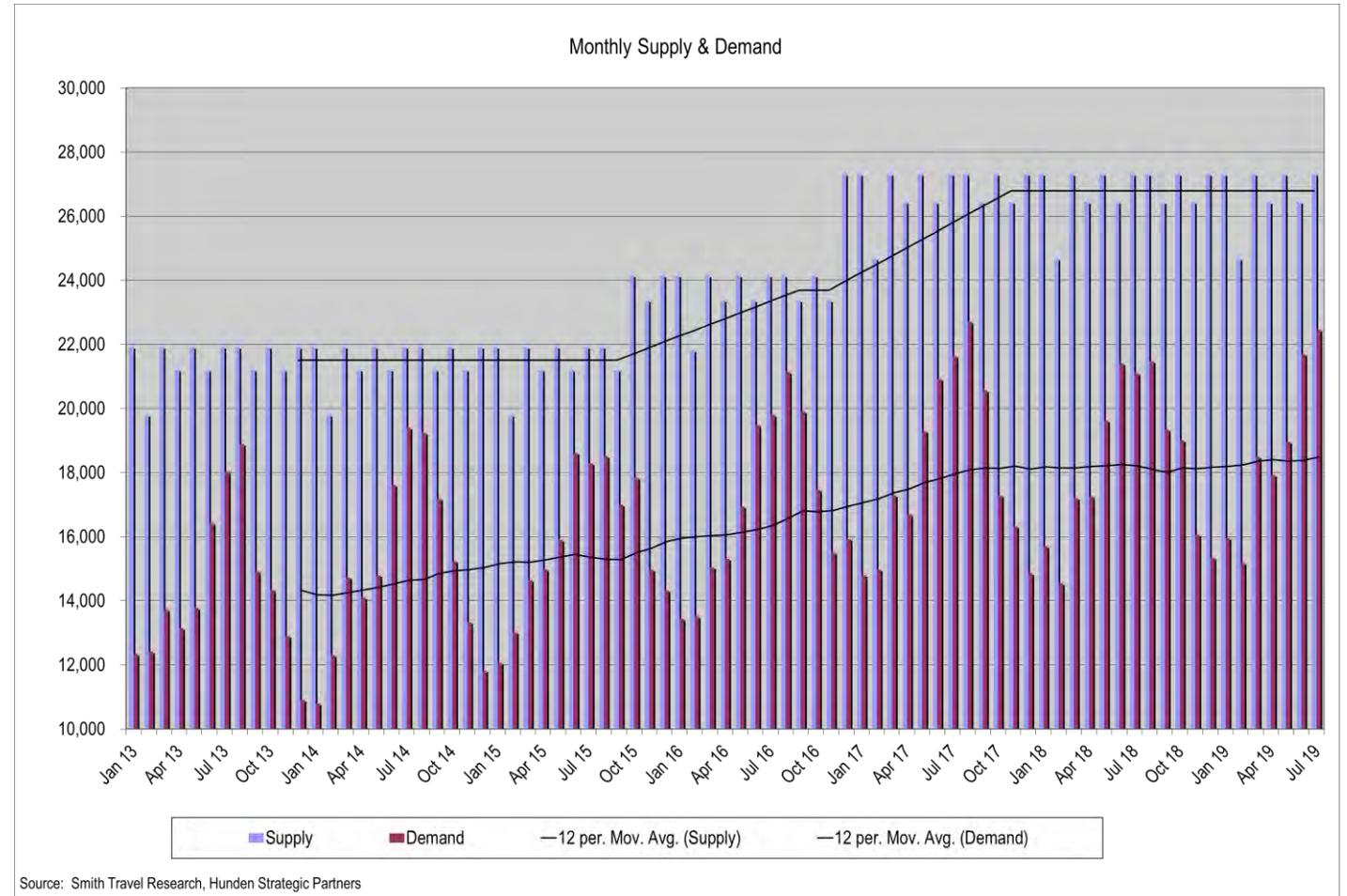
Source: Smith Travel Research, Hunden Strategic Partners

Competitive Hotel Performance

Demand has been strong and has absorbed continual supply growth. While occupancy has been down while the market absorbs new supply, HSP expects occupancy to rebound to the 69 percent level soon. Average daily rate (ADR) has increased from \$143 to \$171 over the period, outpacing inflation.

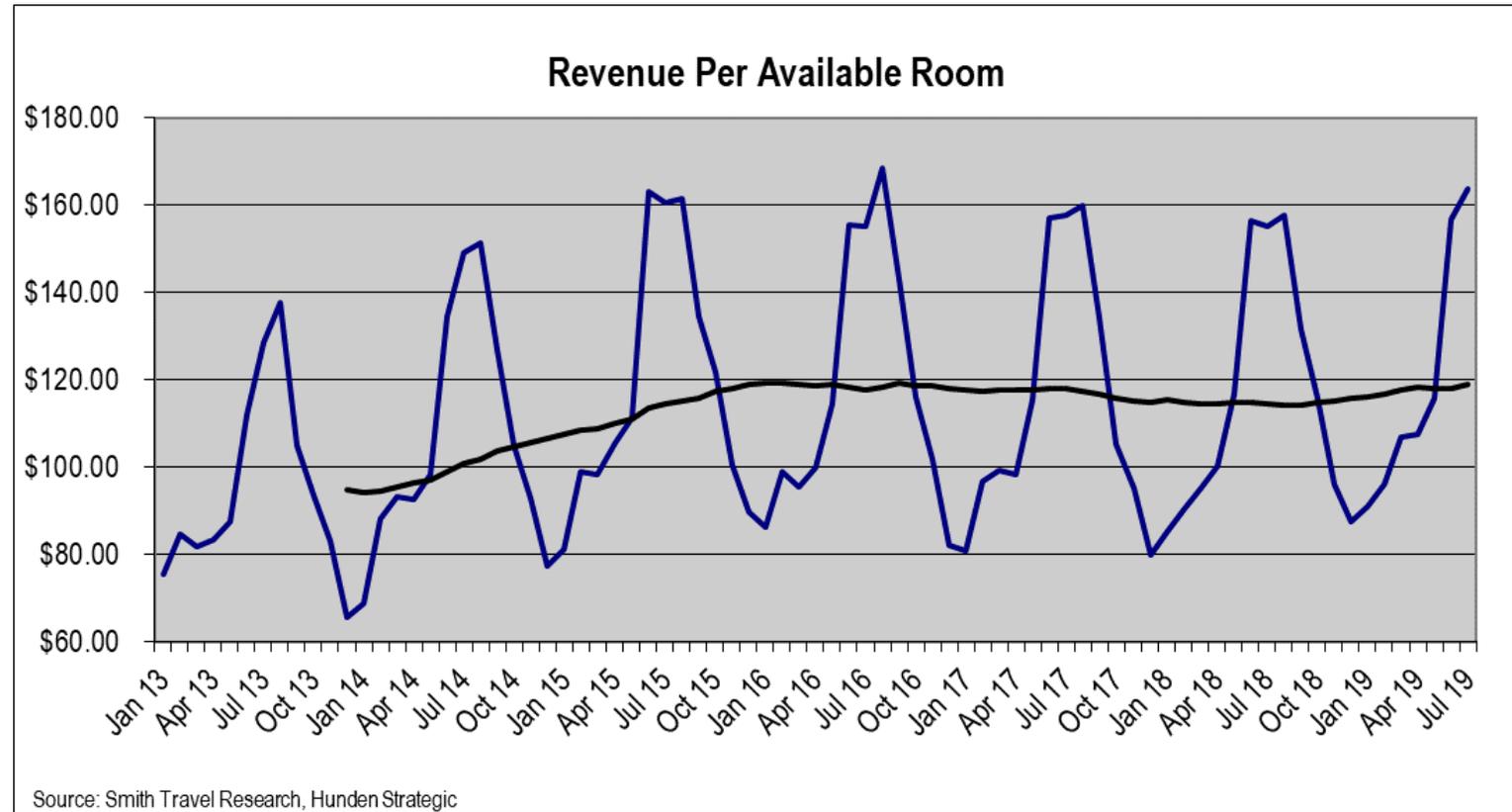
Supply & Demand Hotel Room Nights

Overall, trends between demand and supply have remained consistent with slight increases in demand following the opening of new hotels in 2015 and 2016.



Revenue per Available Room

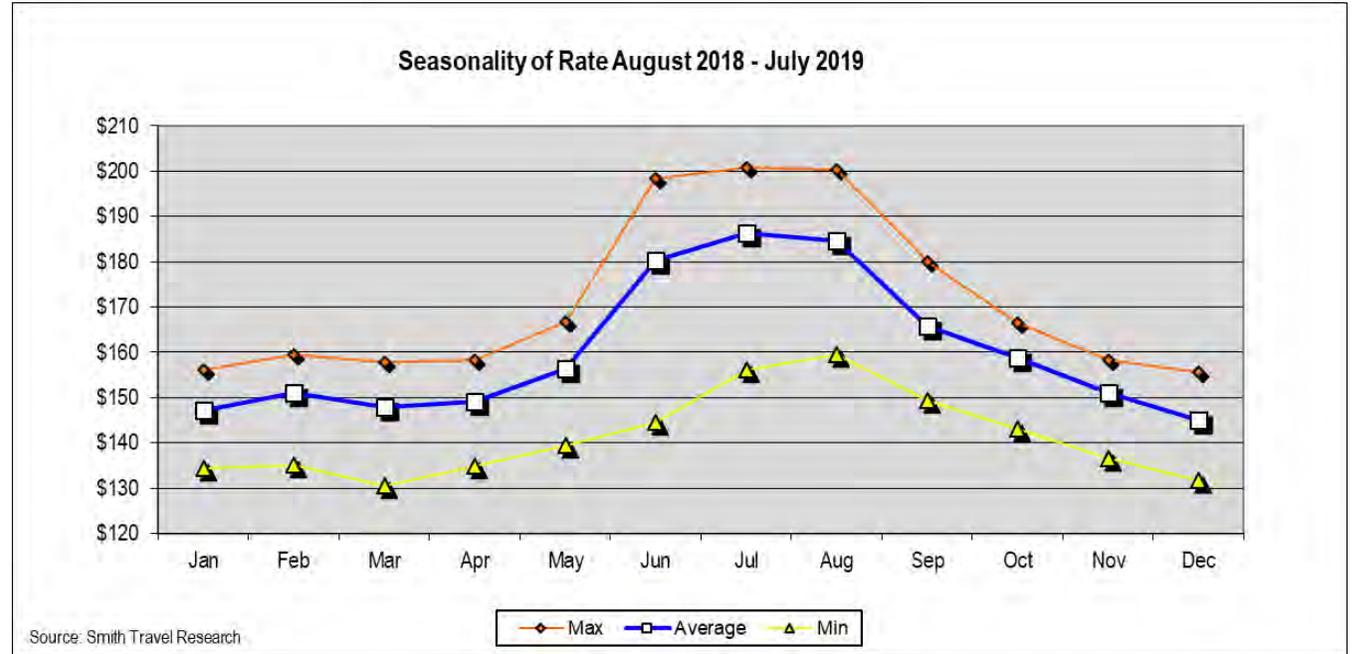
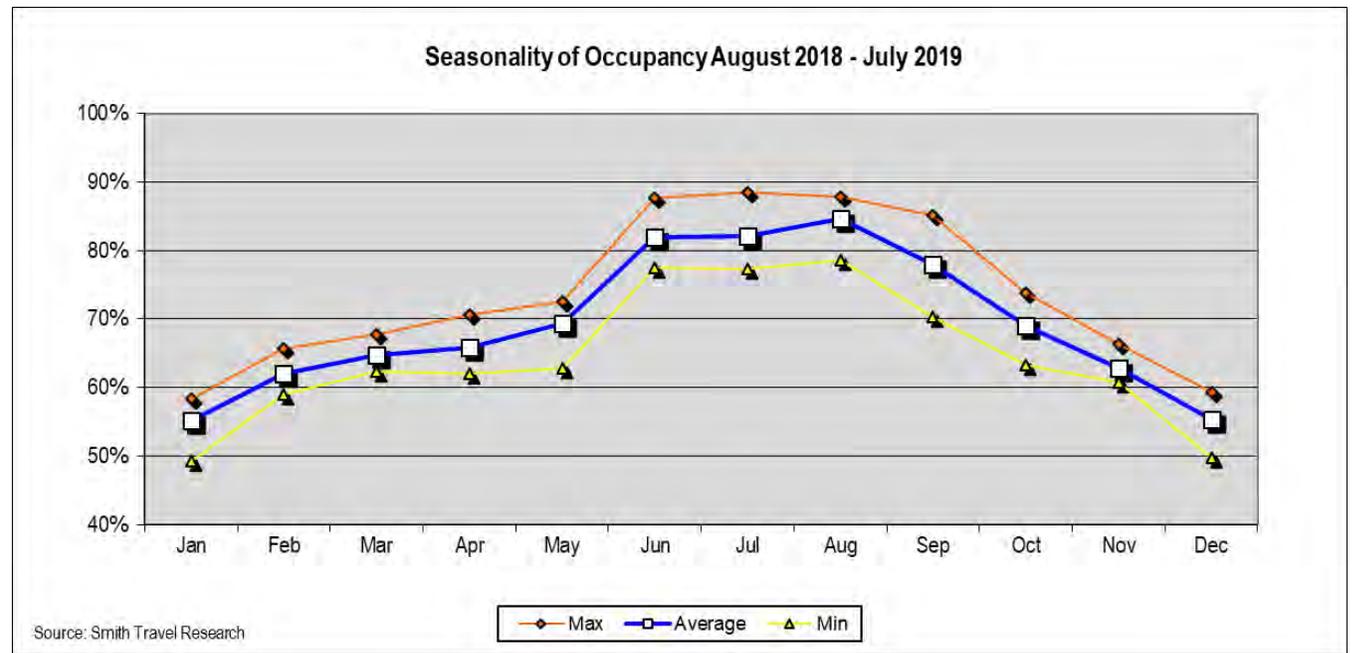
The trend line shows that RevPAR, which is the product of occupancy and rate, has recorded a \$25 increase since 2014. This is a positive indicator for future hotel development opportunity.



Seasonality – Occupancy and ADR

The adjacent tables detail the seasonal performance of the competitive hotel set over the last six years. As shown, Bothell area hotels experienced greater demand in the summer months than the rest of the year. The lowest occupancy period of the annual calendar is the winter months, which is to be expected.

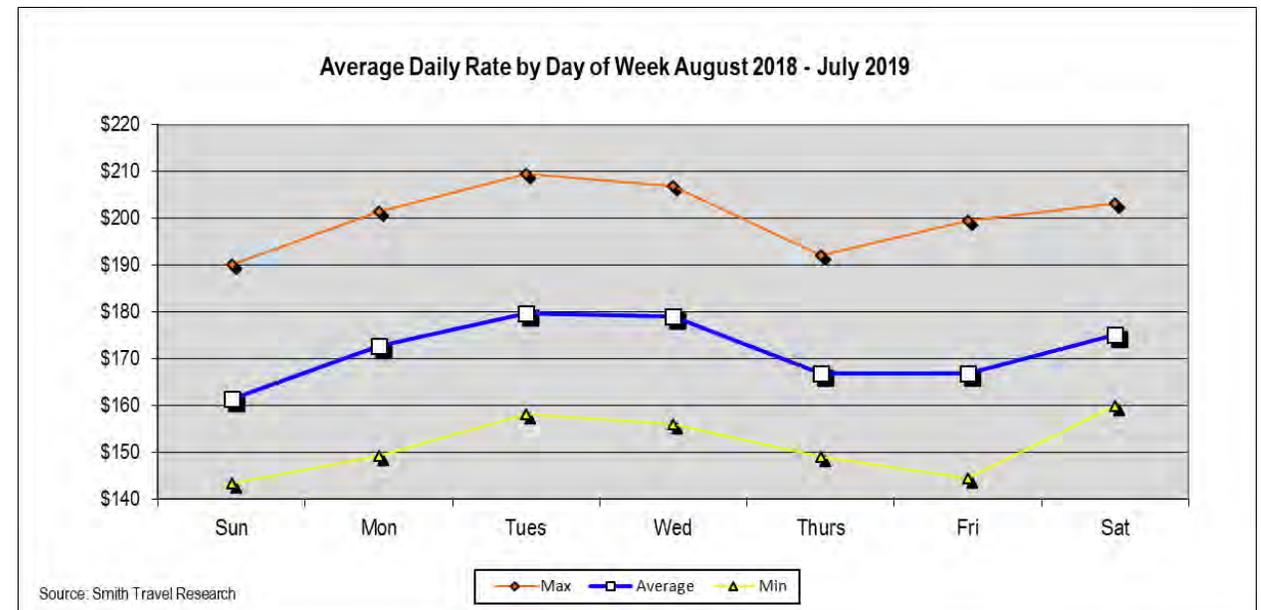
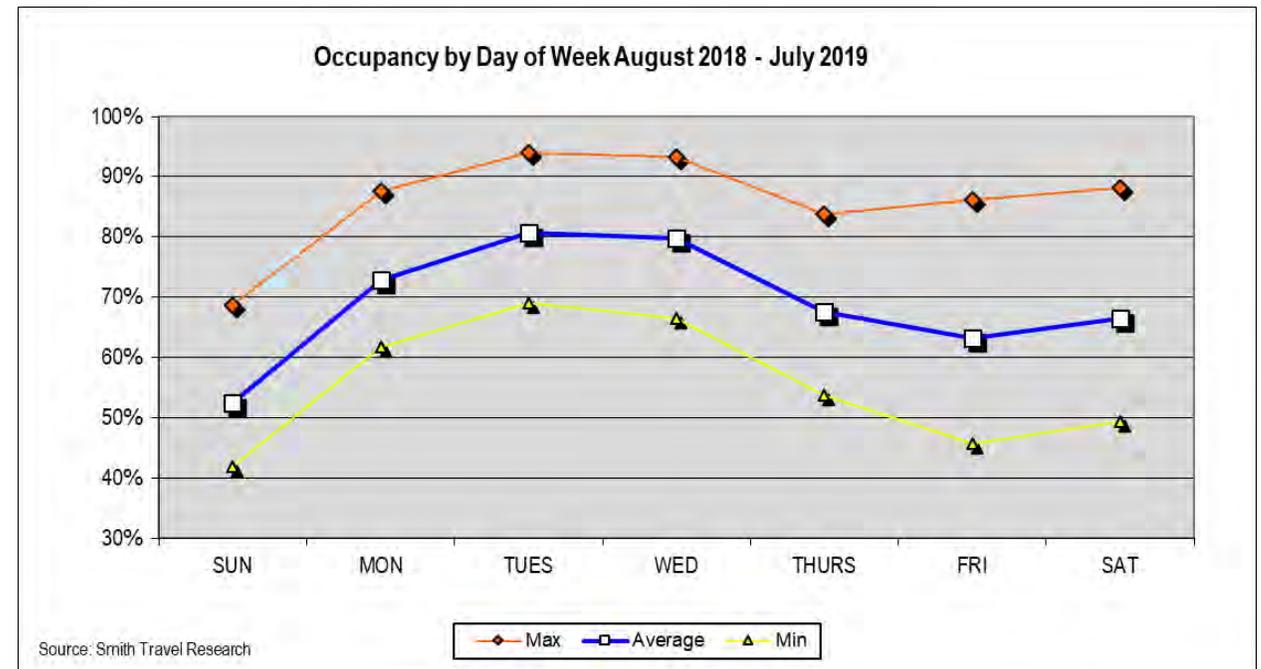
Rate generally mirrors occupancy (shown in the chart below), demonstrating that local hotel options are appropriately compressing rates when demand is highest. Leisure guests drive rates upward during the summer.



Day of Week – Occupancy and ADR

The adjacent figures show the day of week performance of the competitive hotel set from August 2018 through July 2019.

Higher occupancy during the week versus the weekend indicates that corporate demand is greater than leisure demand in general. Still, weekend rates are similar to weekday rates, while occupancy is nearly 15 percentage points less on the weekend. Despite this lower occupancy, rates are still very strong on weekends, suggesting that there is a solid market for upscale lodging on the weekends.

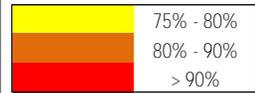


Heat Charts

The adjacent heat charts summarize the day of week by month performance of the hotel market over the last calendar year.

Occupancy peaks in the summer months, exceeding 80% in June and July throughout most of the week. Hotel occupancy also surpassed 80% eight months out of the year during Tuesdays and Wednesdays. As previously mentioned, room nights demand is greater midweek compared to weekends, as evidence by the Tuesday and Wednesday performance throughout the year.

As shown in the table below, average daily rate experiences less variation throughout the year outside of the summer months.



Occupancy Percent by Day of Week by Month - August 2018 - July 2019

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Aug - 18	62.0%	79.4%	84.9%	83.6%	76.3%	79.1%	84.3%	78.6%
Sep - 18	56.7%	70.9%	80.2%	83.8%	73.0%	73.6%	77.2%	73.2%
Oct - 18	48.0%	72.0%	80.7%	80.2%	73.3%	63.3%	63.5%	69.6%
Nov - 18	41.8%	62.0%	71.9%	74.9%	62.9%	55.8%	56.8%	60.8%
Dec - 18	42.7%	61.8%	70.1%	66.5%	53.7%	47.9%	53.3%	56.2%
Jan - 19	45.7%	70.6%	69.1%	69.3%	54.8%	45.6%	49.3%	58.4%
Feb - 19	46.3%	68.0%	79.5%	76.8%	59.0%	48.6%	52.6%	61.5%
Mar - 19	50.0%	78.1%	87.3%	84.1%	65.3%	56.0%	62.1%	67.7%
Apr - 19	48.8%	75.0%	82.5%	77.5%	62.5%	60.9%	61.9%	67.8%
May - 19	54.9%	68.5%	81.1%	82.0%	65.8%	63.0%	69.7%	69.4%
Jun - 19	63.5%	87.7%	94.0%	93.3%	83.8%	78.3%	79.3%	82.1%
Jul - 19	68.7%	80.9%	86.1%	84.3%	80.2%	86.2%	88.1%	82.2%
Average	52.5%	72.9%	80.5%	79.7%	67.3%	63.2%	66.6%	

Sources: Smith Travel Research



ADR by Day of Week by Month - August 2018 - July 2019

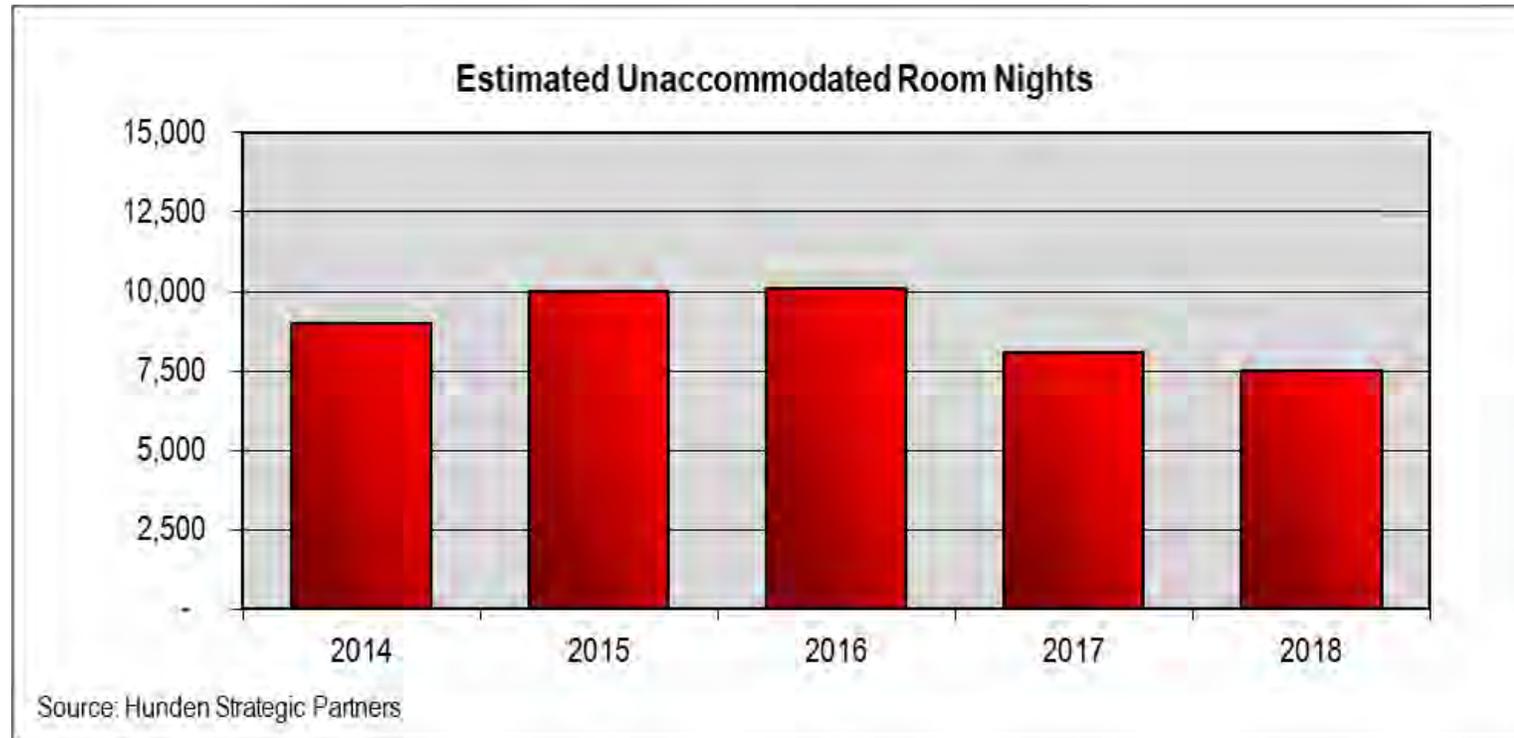
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Aug - 18	190.05	201.46	209.41	206.93	190.49	198.69	203.19	200.42
Sep - 18	174.01	184.17	186.66	187.44	177.29	172.98	177.14	180.07
Oct - 18	154.01	164.40	173.53	173.48	164.91	156.05	166.79	166.24
Nov - 18	153.25	158.57	166.04	163.98	153.71	150.40	160.30	158.28
Dec - 18	145.87	161.07	158.19	155.92	149.97	151.63	161.19	155.57
Jan - 19	145.80	153.04	162.58	159.17	148.95	151.04	167.15	156.02
Feb - 19	143.26	149.16	165.09	165.53	154.20	149.52	160.07	156.45
Mar - 19	145.07	160.75	167.08	167.53	152.77	144.52	159.95	157.75
Apr - 19	144.73	158.59	169.11	166.27	150.25	145.84	161.63	158.38
May - 19	156.47	169.03	178.81	175.85	157.44	157.01	167.05	166.73
Jun - 19	170.46	197.70	204.85	202.49	188.51	182.59	186.27	190.99
Jul - 19	186.95	200.18	204.15	203.24	192.16	199.55	202.27	199.13
Average	161.35	172.76	179.75	179.12	166.94	166.74	175.12	

Sources: Smith Travel Research

Unaccommodated Room Nights

Based on the existing occupancy levels, HSP estimates that there were 7,500 unaccommodated room nights in the Bothell market in 2018, which represents a 25-percent reduction since 2016.

This change suggests that the Hampton Inn Seattle Woodinville brought the market closer to equilibrium, though there is still room in the market for growth.



McMenamin's Anderson School

Location: Downtown Bothell

Opened: 2015

McMenamin's is central to the identity of the City of Bothell. The upscale, boutique hotel has 72 guestrooms total, each named after significant historical figures from Bothell.

Amenities include multiple on-site food and beverage options, an outdoor pool, and pet-friendly suites. Prices are mid-range, with the average daily rate estimated to be between \$150 and \$187.

Proximity to Project Site: 1.5 miles



Willow's Lodge Resort

Location: Woodinville

Opened: 2000

Willow's Lodge is a luxury, resort destination located on five-acres near the Sammamish River in Woodinville. There are 84 hotel rooms, which feature stone finished fireplaces along with two-person soaking tubs.

Amenities include two on-site fine dining restaurants, a lobby bar, and an on-site luxury spa. Prices are on the high-end, with the average daily rate estimated at \$319.

Willow's Lodge offers a variety of reception, banquet and meeting space. Its largest room is 1,955 square-feet with about 5,000 total functional square-feet.

Proximity to site: 5.1 miles



The Lodge at St. Edward

Location: Kenmore
Opening: 2020
Cost: \$50 million (construction)

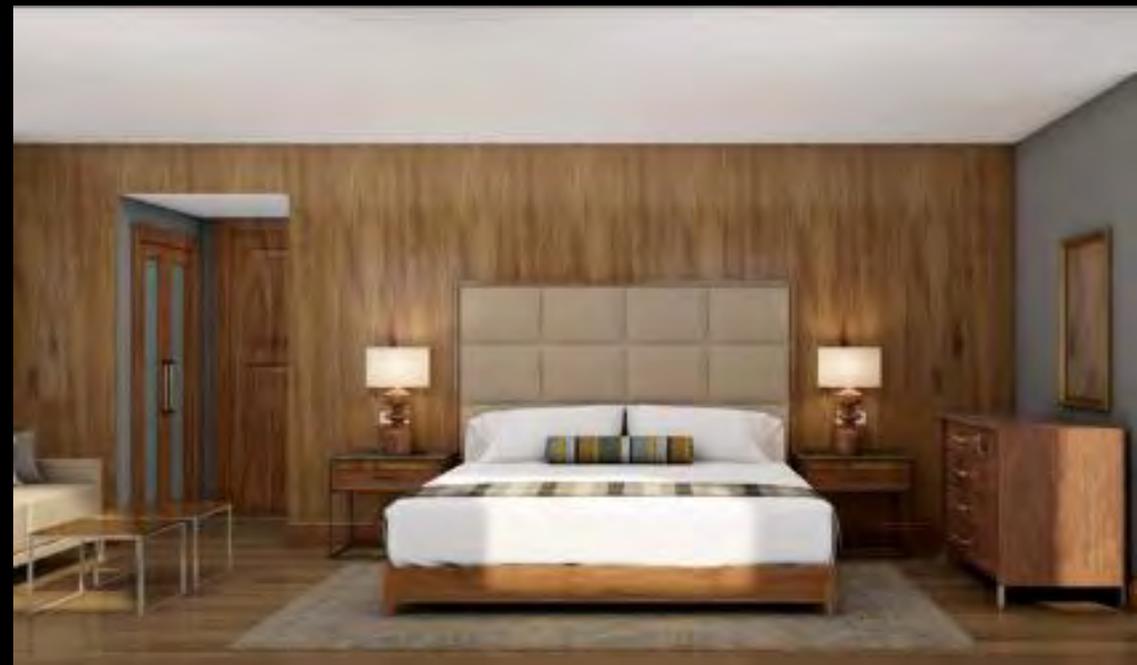
The Lodge at St. Edwards is a boutique hotel concept currently under development. It is the result of a public-private partnership with Daniels Real Estate and the City of Kenmore to preserve and redesign the historic lodge.

The Lodge will have 70 guest rooms, 12 of which will be suites. Amenities will include an on-site spa, a locally focused food and beverage concept, and outdoor spaces.

Meeting space is expected to total 8,000 square feet, including eight meeting rooms and a ballroom.

Rates are not determined, but HSP estimates that the average daily rate will be comparable to or greater than the Willow's Lodge Resort. The cost per room is more than \$700,000, which implies the need to support \$700/night rates. As such rates are unlikely, the incentives provided to the developer will reduce the rate needed to be sustainable.

Proximity to Project Site: 3.5 miles



Select-Service Hotels

Though not the focus of this analysis, Bothell has a supply of select-service hospitality products in addition to the more unique, boutique hotels in the area.

These include the Hilton Garden Inn (128 rooms); the Country Inn and Suites (166 rooms); and the Hampton Inn & Suites by Radisson (102 rooms)

The Hilton Garden Inn and the Country Inn and Suites both have meeting and event space, which will be discussed in the following chapter.

Proximity to Project Site: 2 to 5 miles





Hotel Feedback & Implications

- **There is an appetite for additional boutique hotels like McMenamin's.** Management at McMenamin's believe there is room in the market for an additional boutique hospitality product. Meeting space is recommended, as McMenamin's currently cannot keep up with demand for meetings and events.
- **The market could support additional room keys.** With the market at an average annual occupancy rate of nearly 70 percent across the comp set of hotels, the market shows that it could absorb another hotel and maintain a profitable performance. The average daily rate for the Anderson School is between \$150 to \$187 depending on the season and about \$250 on the weekends. Over the last three years there has been an increase in supply of hotel rooms in response to the increasing demand. Rates have increased despite the new supply.
- **McMenamin's is seen as the leader in boutique, unique hotels and is a magnet destination in Bothell.** Creating a complement to this concept would add to the supply of destination attractions and complement the Bothell "charm." A boutique, high-end, luxury hotel with amenities like a spa and wellness business, or other luxury staples could do well for weekend trippers. Residents of Bothell choose to stay an evening at the McMenamin's Anderson School simply due to the activities, vibe and opportunities for food, beverage and entertainment.
- **Additional boutique hotels are coming down the pipeline.** The Lodge at St. Edward is scheduled to open in 2020, and may provide additional competition to any new boutique hotel developed in Bothell. Care should be taken to diversify amenities and target markets.

Chapter 5: Meetings & Event Market Analysis

Bothell Area Non-Hotel Meeting Space Supply

Name	Location	Type of Space	Distance from Site	Banquet Capacity	Total Space (SF)	Ballroom (SF)	Meeting Space (SF)	Total Rooms
Mobius Hall at Cascadia College	Bothell	University	1.6	276	4,140	4,140	--	1
Beardslee Public House & Brewery	Bothell	Restaurant & Bar	1.8	400	6,000	--	--	1
Bothell Rental Hall	Bothell	Banquet & Wedding Hall	2.2	160	2,400	2,400	--	1
Inglewood Golf Club	Kenmore	Banquet & Wedding Hall	2.4	206	5,078	3,094	--	2
Russell's Restaurant & Loft	Bothell	Restaurant & Bar	3	267	4,000	4,000	--	1
Novelty Hill	Woodinville	Winery/Brewery	4.2	116	4,985	1,740	3,045	4
Chateau Ste Michelle	Woodinville	Banquet & Wedding Hall	4.6	235	4,928	3,528	1,400	3
Hollywood Schoolhouse	Woodinville	Banquet & Wedding Hall	4.8	220	3,300	3,300	--	1
Freemont Abbey Arts Center	Seattle	Banquet & Wedding Hall	13.6	267	4,480	4,000	480	4
Average				239	4,368	2,911	547	2

Source: Various sources

Non-Hotel Meeting Supply

Relevant area event venues average less than 3,900 square feet in total space and a capacity of 235 guests in a banquet setting. The largest group that may be accommodated is 400 at the Beardslee Public House & Brewery. While the Beardslee Public House will be available for event rentals, HSP does not consider restaurant spaces to be fully competitive with purpose-built meeting spaces.

Bothell Area Hotel Meeting Space Supply

Name	Location	Distance from Site	Rooms	Largest Room Banquet	Total Space (SF)	Largest Room (SF)
McMenamins-Anderson Schod	Bothell	1.5	72	287	6,000	4,300
Country Inn & Suites	Bothell	2.4	166	107	1,828	1,600
The Lodge at St. Edward	Kenmore	3.5	82	140	8,472	2,100
Hilton Garden Inn	Bothell	3.6	128	140	4,000	2,100
Willows Lodge Resort	Woodinville	4.5	84	130	5,000	1,955
Baymont Inn Seattle Kirkland	Kirkland	4.6	104	104	1,915	1,555
Embassy Suites Seattle North Lynnwood	Lynnwood	7.1	240	360	6,900	5,400
Average			125	181	4,874	2,716

Source: Various sources

Hotel Meeting Supply

The largest space in the local market is actually located in Lynnwood at the Embassy Suites. The Embassy Suites' ballroom is able to accommodate 360 people for a banquet, which is the second largest group able to be hosted in a single room in the market. The other spaces in local hotels can typically host less than 150 for a banquet.



McMenamin's Anderson School

Location: Downtown Bothell

Event Space:

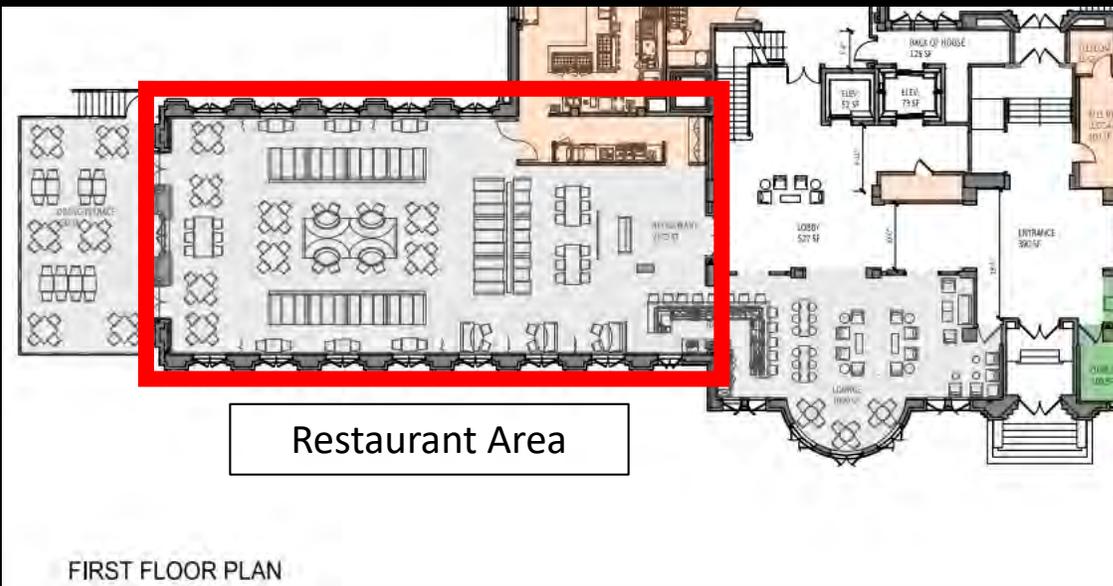
- 6,000 square feet
- Banquet Capacity: 287 guests

Description:

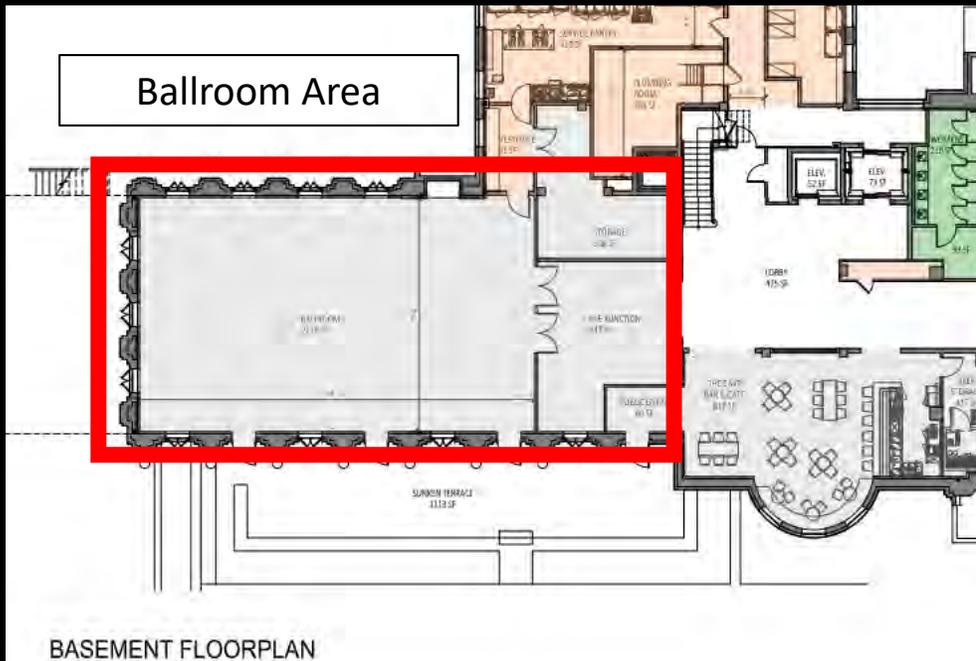
The facility offers 5 unique meeting spaces that serve groups of 10 to 287 and provide catering services. McMenamin's offers both indoor and outdoor event spaces and hosts small concerts, weddings, banquets and meetings.

Proximity to Project Site: 1.5 miles





FIRST FLOOR PLAN



BASEMENT FLOORPLAN

The Lodge at Saint Edwards

Location: Kenmore

Event Space:

- Meeting: 6,354 square feet
- Capacity (per room): 30-80 guests
- Ballroom: 2,118 square feet
- Banquet Capacity: 140

Description:

The Lodge will have eight meeting rooms and a 2,100-square foot ballroom. Meetings rooms are spaced out across the basement and first floors. The Ballroom, the largest room in the hotel, is planned to host weddings, corporate events as well as other formal functions. The restaurant is planned to be 2,673 square-feet, which may also be used to host events.

Proximity to Project Site: 3.5 miles

Russell's Restaurant & Loft

Location: North of Downtown Bothell

Event Space:

- 4,000 square feet
- Capacity: 165

Description:

Russell's Restaurant & Loft is a renovated barn. This 4,000-square foot converted barn serves lunch and dinner and even offers their own cookbook. Russell's specializes around wedding ceremonies, but will hold a variety of other receptions. "The Loft" can hold up to 200 guests for a cocktail reception and 165 guests for a seated dinner.

Proximity to Project Site: 4.6 miles



Hilton Garden Inn

Location: North of Downtown Bothell

Event Space:

- 4,000 square feet
- Capacity: 140 guests

Description:

The event space at The Hilton Garden Inn is very versatile and can be used for business meetings or social events. The spaces can be used as one large function space or up to 10 breakout/meeting spaces. On-site catering is provided and WIFI is provided.

Proximity to Project Site: 3.8 miles



Willow's Lodge Resort

Location: Woodinville

Opened: 2014

Event Space:

- 5,000 total square feet
- Largest Room: 1,955 square feet
- Largest Room Capacity: 130 guests

Description:

Willow's Lodge offers a variety of reception, banquet and meeting space. A total of seven rooms for meeting and special event space offers several "right" size and options for small and large needs.

The Sammamish Room is recommended for weddings and intimate gatherings. Seating 192 it is the largest of the rooms. The Gilman Room fits 40. The smallest option is The Burke Room which holds up to 10.





Chateau Ste Michelle

Location: Woodinville

Open: 1976: Currently open

Event Space:

- 3,528 square feet (ballroom space)
- 7,182 square feet (meeting space)
- Capacity: 235 guests

Description:

Surrounded by 105 wooded acres, Chateau Ste Michelle is a winery/estate where visitors can tour, indulge in wine tastings, food-wine pairings, and hear live music during summer concerts. The Chateau has intimate dining rooms to large banquet rooms. The total event space totals to 10,710 square-feet. Options on the property range in size from 1,000 to roughly 5,800 square feet. These spaces range in capacity from 40 (seated) to 200 (seated).





Fremont Abbey Arts Center

Location: Seattle, WA

Event Space:

- Capacity: 267

Description:

Originally built in 1914 as a Lutheran Church, Fremont Abbey is a multi-use/multi-room venue that may accommodate up to 350 people for events that include nonprofit galas, private weddings, receptions, parties, meetings, workshops, classes and more. The facility also offers a small fireside meeting room, dressing rooms, and a full commercial kitchen. Proceeds from private rentals support local music through the Fremont Abbey Arts Center non-profit organization.





Meetings Market Feedback & Implications

- **The largest spaces in the market are offered by non-hotel facilities.** A few restaurant, wineries and other spaces offer the largest meeting/event spaces in the market. Beardslee Public House has the largest banquet space, which is able to host 400. The restaurants, etc. that are offering the largest meeting spaces in the market are only considered partially competitive with dedicated meeting spaces due to limited availability and often non-optimal layouts and amenities when compared to hotel and purpose-built meeting spaces. Other than the Embassy Suites Lynnwood and McMenamins Anderson School, hotels in the Bothell area do not offer spaces large enough to accommodate 150 for a seated banquet.
- **Competitive Hotels with meeting space believe the Project would be a great location for an event facility.** Other boutique hotels in the area believe that having meeting space, particularly combined with a hotel, would be great for the Bothell area. The Project is seen as an opportunity to heighten the ceiling of the market in terms of largest group able to be accommodated. The largest existing spaces in the market are able to host between 350 and 400 for a banquet. In order to be an impactful addition to the market, a new ballroom should be able to seat 500 and would also need supplemental meeting space.

Chapter 5: Entertainment Market Analysis

Bothell Competitive Venue Summary (2016 - 2018)

Venue	Location	Capacity	# of Events	Avg. Occupancy	Average Ticket Price
Nectar Lounge	Seattle	475	549	97%	\$17.52
Tractor Tavern	Seattle	400	691	84%	\$15.62
The Triple Door	Seattle	300	667	106%	\$25.64
Columbia City Theater	Seattle	300	79	60%	\$16.95
Sunset Tavern	Seattle	200	547	77%	\$11.26
Tony V's Garage	Everett	150	--	--	--
The Royal Room	Seattle	140	--	--	--
Average	--	281	507	85%	\$17.40

Source: Pollstar

Entertainment Venue Supply

The table above details the competitive supply for live music entertainment venues under 500 seats in the Bothell area. The majority of these venues have an average ticket price of less than \$18 and sold an average of 85% of available tickets. While the Columbia City Theater had less than 100 events during the period, the other venues hosted between 540 and 700 events.

Nectar Lounge

Location: Seattle, Washington

Opened in 2004 in the Fremont Neighborhood, Nectar Lounge is Seattle's largest indoor/outdoor live music venue. The facility offers a covered outdoor patio, mezzanine, three full-service bars, craft cocktails and a wide range of musical acts.

Nectar Lounge Event Summary (2016 - 2018)

Year	# of Events	Average Attendance	Average Occupancy %	Average Ticket Price
2018	176	495	104%	\$19.68
2017	182	449	95%	\$16.95
2016	191	441	93%	\$15.70
Average	183	463	97%	\$17.52

Source: Pollstar



The Tractor Tavern

Location: Seattle, Washington

The Tractor is a bar and live music venue with an Americana theme. The venue hosts a wide selection of live local and national alt-country, rockabilly, old-time, folk, blues, and bluegrass bands in town. Square dancing is hosted once a month as additional programming.

Tractor Tavern Event Summary (2016 - 2018)

Year	# of Events	Average Attendance	Average Occupancy %	Average Ticket Price
2018	223	385	96%	\$16.00
2017	236	392	98%	\$17.36
2016	232	293	73%	\$14.51
Average	230	335	84%	\$15.62

Source: Pollstar



The Triple Door

Location: Seattle, Washington

The Historic Mann building houses The Triple Door. The facility was originally a vaudeville house that opened in 1926. In 2002, renovation began and the ornate qualities of the old theatre, such as the original stage proscenium and ceiling fixtures, were kept to create a state of the art space for a new generation of music. The facility hosts live acts and can be rented for private events.

The Triple Door Event Summary (2016 - 2018)

Year	# of Events	Average Attendance	Average Occupancy %	Average Ticket Price
2018	214	295	98%	\$26.43
2017	220	332	111%	\$27.04
2016	233	326	109%	\$23.56
Average	222	318	106%	\$25.64

Source: Pollstar



Columbia City Theater

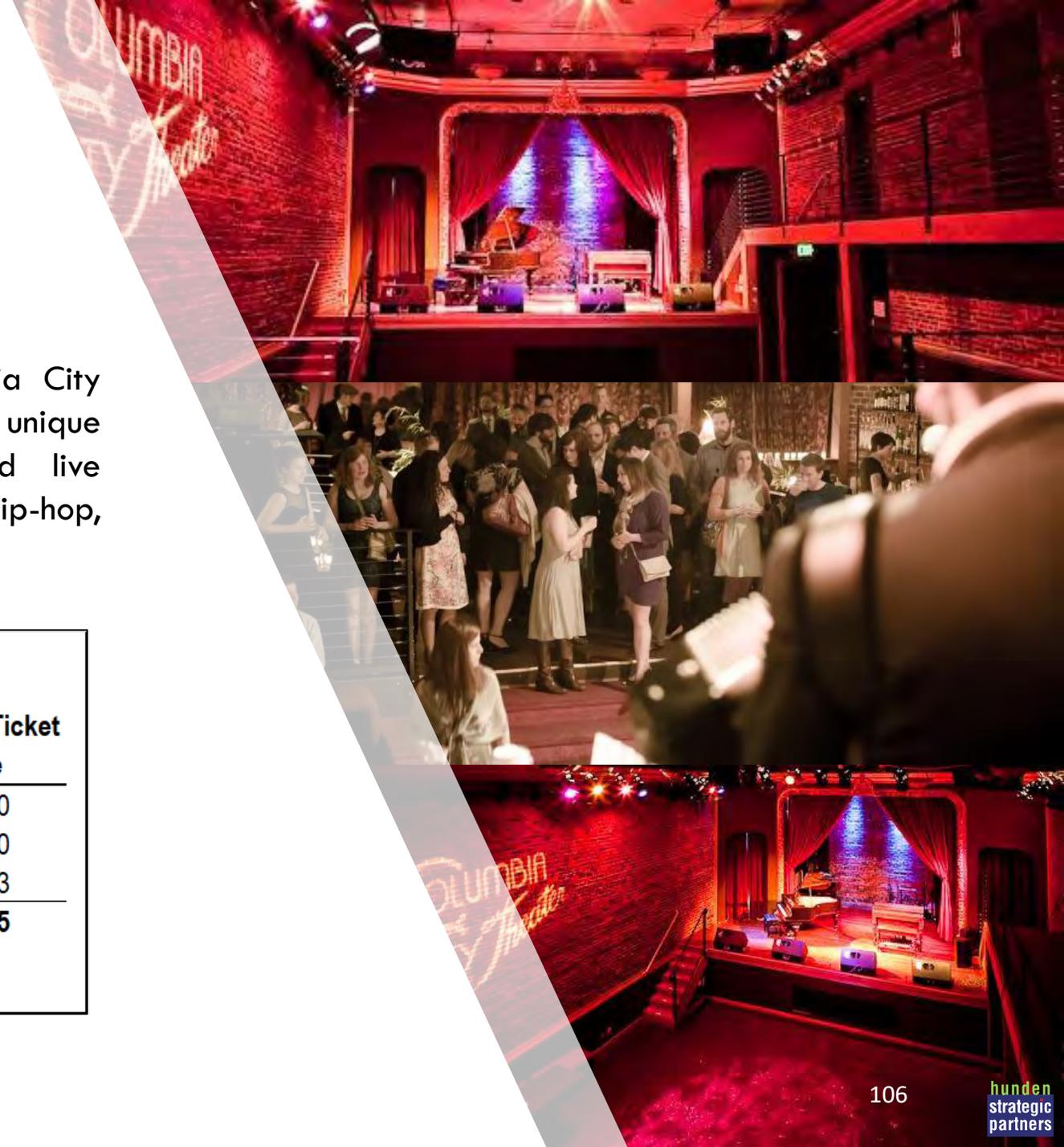
Location: Seattle, Washington

Located in the Columbia City neighborhood, Columbia City Theater's classic brick, wood and red velvet create a unique space for receptions, private events, parties and live entertainment. Live music focuses on folk, rock, hip-hop, burlesque, electronic and jazz.

Columbia City Event Summary (2016 - 2018)

Year	# of Events	Average Attendance	Average Occupancy %	Average Ticket Price
2018	29	172	57%	\$16.40
2017	17	242	81%	\$18.00
2016	33	158	53%	\$17.33
Average	26	179	60%	\$16.95

Source: Pollstar



The Sunset

Location: Seattle, Washington

Located in the Old Town Ballard district of Seattle, the Sunset Tavern is home to live music ranging from rock to punk to alternative music and more. The front bar area is named “Betty’s Room” where beverages and a photo booth offer patrons a place to relax before and after shows.

Columbia City Event Summary (2016 - 2018)

Year	# of Events	Average Attendance	Average Occupancy %	Average Ticket Price
2018	148	144	72%	\$10.00
2017	273	176	88%	\$10.40
2016	126	147	73%	\$11.75
Average	182	153	77%	\$11.26

Source: Pollstar



The Royal Room

Location: Seattle, Washington

Seating Capacity: 150

Stage Specs: 12.5 feet by 19.5 feet

Located in the Columbia City neighborhood in Seattle, the Royal Room offers live music seven nights per week, a restaurant that offers dinner and drinks, and space that is available for rentals for private events. With permanent backline, recording and video, a grand piano and a generous stage, the venue was designed with musicians and artists in mind and allows patrons of all ages to enjoy a wide variety of music, comedy shows, community events, and collaborative artistic events.



Tony V's Garage Saloon & Eatery

Location: Everett, Washington

Capacity: 70

Located in downtown Everett, a little over a block away from Angel of the Winds Arena, Tony V's is a small-stage live music venue that also offers happy hour food and drinks. Live entertainment ranges from stand-up comedy to indie and more.





Entertainment Feedback

- **There are several niche, small venues that can attract high profile acts in the Bothell area.** Chateau Ste. Michele is a winery that has a venue for 4,300 seats. The music series is seasonal; the winery puts on a summer concert series that plays from August through September and averages 4,597 tickets sold annually. The venue earns an average gross per show of \$244,893 and an average capacity of 95% tickets sold. Ticket prices on average are priced higher than most venues suggesting a reputable brand for music and a loyal consumer base for this venue. Top-tier acts still book their shows in Seattle.
- **Ticketed events in the Bothell area are priced much lower than in the Seattle and other metro areas.** While national, top-tier acts head to Seattle to play in big stadiums, the Bothell music scene offers smaller, more affordable options for acts that are not as prolific but still hold enough brand recognition to draw sizable demand. The average ticket price ranges between \$15 to \$25 regardless of genre. T
- **Successful music venues need ambience.** Substituting a meeting space or a large conference room to transform into a musical venue would lack the experience most concert goers seek. It would feel like a “big box” or bland experience according to a few promoters and encourage that if the idea is to include music as an enterprise, the commitment should be full-throated.
- **Costs can be high.** Promoters stated that production budgets alone could range between \$12,000-\$15,000 to rent the necessary equipment, staff and infrastructure required. Larger acts could charge up to \$10,000 per show.
- **A purpose built entertainment venue in Bothell is likely not feasible.** Bothell would have a difficult time competing with the Seattle and even Woodinville markets for live entertainment, and the site’s proximity to residential areas makes the feasibility of such a venue even less likely. Instead, the focus should be on low-cost atmospheric entertainment.

Chapter 7: Adult Beverage Market Analysis

Adult Beverage Experiences

Throughout of the State of Washington and concentrated in the King County and Snohomish County region, adult beverage experiences are driving tourism and providing local residents with leisure opportunities.

Wineries, breweries and distillers are tourism staples and account for a notable share of the tourism traffic in and around Bothell, and could provide an attractive experience for any future development.



Breweries

The brewery distribution in the region is concentrated in two main areas: Seattle and the Bothell-Woodinville area. In Woodinville, brewery experiences are paired with recreational activities, live concerts, and fine-dining.

Beer tourism is on the rise, and relative to wine tourism, is a new trend that has gained popularity over the last five years.

Regional Breweries - Supply List (6 miles)

Names	Distance (Miles)	Location
Nine Yards Brewing	1.5	Kenmore
Cairn Brewing	1.5	Kenmore
192 Brewing	1.6	Kenmore
McMenamins Anderson School	2.1	Bothell
Beardslee Public House	3.2	Bothell
Crucible Brewing	4.7	Woodinville
Sumerian Brewing Co.	5.7	Woodinville
Locust Brewing Co.	5.7	Woodinville
Metier Brewing Co.	5.7	Woodinville
20 Corners Brewing	5.9	Woodinville
Bosk Brew Works	5.9	Woodinville
Triplehorn Brewing	6	Woodinville

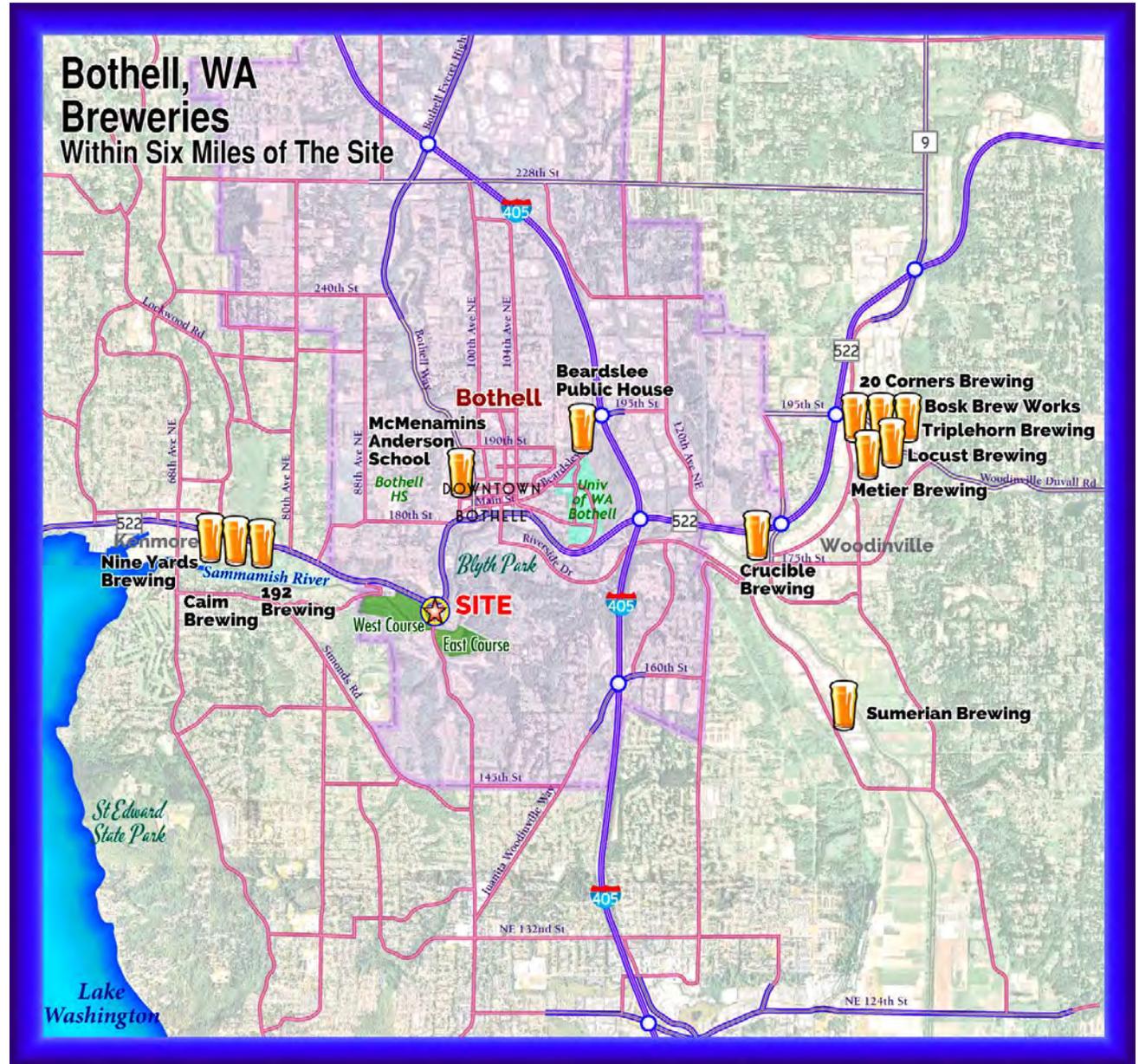
Source: Washington Beer

Breweries

The Seattle-Tacoma market is ranked as the number three destination on Travelocity's Beer Tourism Index.

On a basic level, beer tourism can simply mean going out of one's way to visit a local brewery when traveling for work or pleasure, but many people now plan a vacation to a city or region known for its beer and incorporate brewery visits into their travels.

The trend also extends beyond destinations widely known for beer, and therefore to those beyond the typical craft beer demographic, which skews slightly younger than the average tourist.



Distilleries

Like much of the brewery supply, most of the distilleries in the area are located in Woodinville.

The Bothell-Woodinville area is an established market with proof of concept that distilleries are in demand. Woodinville currently offers a greater supply of distilleries than Bothell, due to the momentum generated from existing wine tourism.

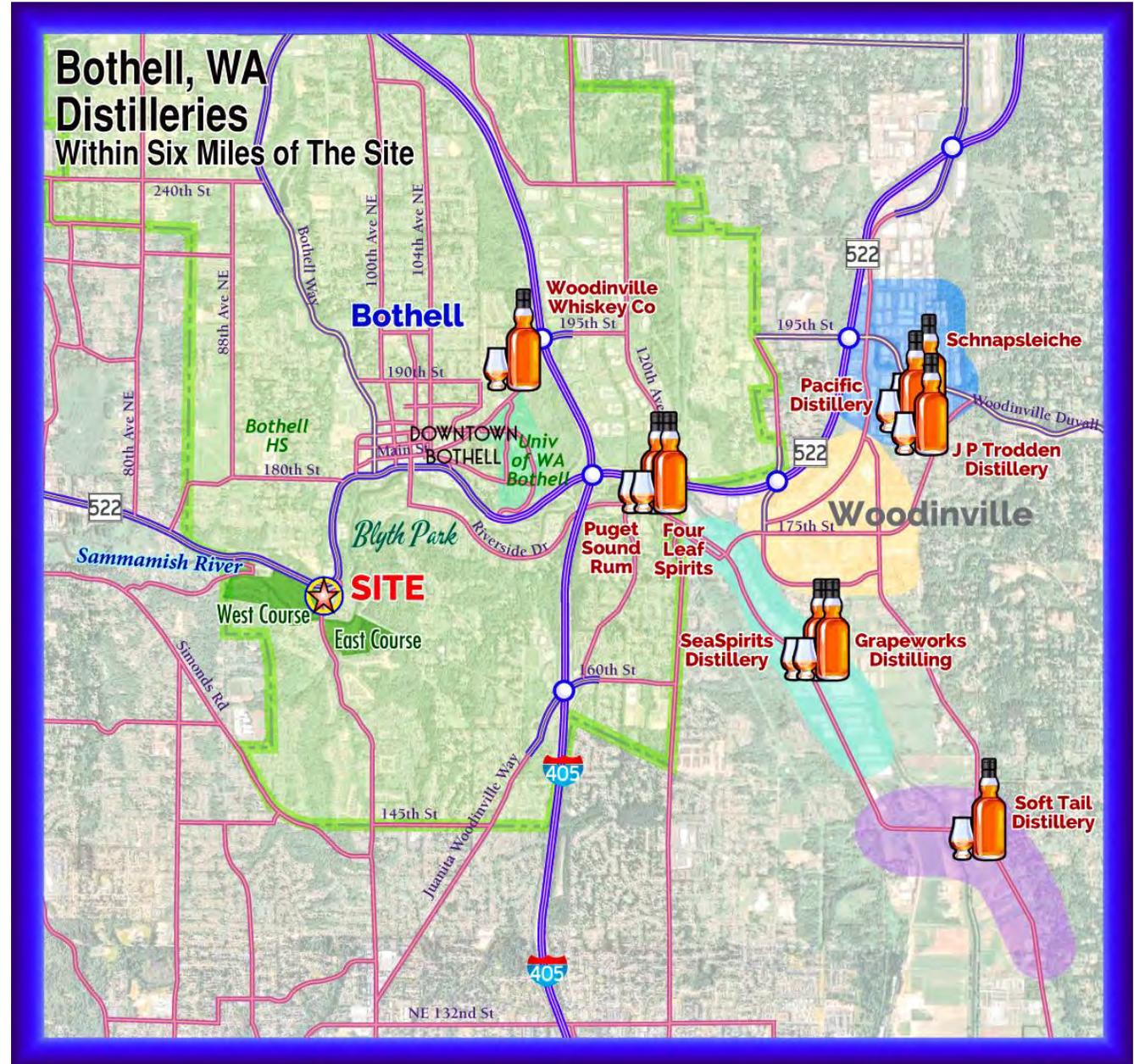
Regional Distilleries - Supply List (6 mile radius)

Names	Distance (Miles)	Location
Wildwood Spirits & Co.	3.2	Bothell
Puget Sound Rum	4.2	Woodinville
Four Leaf Spirits	4.2	Woodinville
SeaSpirits Distillery	5.2	Woodinville
Grapeworks Distilling	5.2	Woodinville
Pacific Distillery	5.7	Woodinville
Schnapsleiche	5.8	Woodinville
J.P. Trodden Distillery	5.8	Woodinville
Soft Tail Distillery	6.0	Woodinville
Woodinville Whiskey Co.	6.0	Woodinville

Source: American Distilling Institute

Distilleries

Craft distillery tourism is on the rise, though spirits movement still lags behind local wine or beer. This is due in part to the fact that it is still illegal to distill at home, which means honing the hobby before going pro is a major challenge. As a result, fewer start-ups are entering the market.



Wineries

Bothell does not have any wineries available to the public, and just a few wine retailers. However, Woodinville has more than 100 wineries, which gives it significant pull for tourists.

The table to the right reflects the density of the wine supply located in Woodinville – the competition – should Bothell decide to invest in bringing a winery to market.

Most of the wineries are located either in the Hollywood District or Warehouse District of Woodinville.

Regional Wineries - Supply List

District Name	Number of Wineries	Distance (Miles)	Location
Downtown District	0	5	Woodinville
Hollywood District	43	6	Woodinville
Warehouse District	57	6.1	Woodinville
West Valley	7	7.1	Woodinville
Average	27	6.1	
Total	107	--	

Source: Visit Seattle

Cairn Brewing

Location: Kenmore

Description:

Cairn Brewing designed to have a “woody” theme and has rotating beers on tap and a food truck schedule to keep a variety of food. Friends and families gather around long tables for flights and tastings.

The Burke Gilman Trail runs adjacent to Cairn Brewing, and the brewery is one of a few young companies that have begun to take advantage of trail users and cyclists who may stop off for a visit during a long ride.

Proximity to Project Site: 1.5 miles



Nine Yards Brewing

Location: Kenmore

Description:

Another addition to Kenmore's booming brewery scene, Nine Yards Brewing is located adjacent to the Burke Gilman Trail.

Nine Yards features an all-age taproom, which is located in a large, warehouse space that offers table seating. Vintage skee-ball and pinball machines add to the atmosphere that attracts young couples and active trail users.

Proximity to Project Site: 1.5 miles



192 Brewing

Location: Kenmore

Description:

The third relatively new brewery located off of the Burke Gilman Trail is 192 Brewing. The Lake Trail Taproom offers 18 different beers, and an outdoor patio garden offers additional seating.

Like Nine Yards, both spaces are all ages and dog-friendly, which reflects a larger trend in breweries to cater to young parents and families who might not otherwise frequent a traditional bar setting. It also allows for unplanned visits from trail users who happen upon the venue.

192 Brewing serves pub fare and regularly hosts Open Mic Nights and Trivia Nights as additional programming.

Proximity to Project Site: 1.5 miles



Woodinville Whiskey Co.

Location: Woodinville

Description:

Woodinville Whiskey Co. is a destination distillery that has an on-site tasting room open daily, as well as weekend distillery tours.

The distillery is focused on small batch spirits, and has been awarded “Craft Whiskey of the Year” and “Craft Rye Whiskey of the Year” two years in a row by the American Distilling Institute.

Proximity to Project Site: 6 miles



Wildwood Distillery Co.

Location: Bothell

Description:

Bothell's first distillery, which opened in 2015, is located under the Beardslee Public House. The Wildwood Distillery includes a small tasting room and wide-open windows to the distillery.

Taking advantage of the area's preference for local sources, Wildwood Spirits Co. blends 'farm to table' and 'vineyard to bottle' to create distillates in a unique & distinctive 'farm to distillery' fashion.

Proximity to Project Site: 1.5 miles



Four Leaf Spirits

Location: Woodinville

Description:

Four Leaf Spirits is a micro-distillery in Woodinville that is focused on producing sugar cane based rums and liqueurs using Pacific Northwest sourced ingredients.

The distillery has an on-site tasting room open to the public every Thursday through Sunday.

Proximity to Project Site: 1.5 miles



Patterson Cellars

Location: Woodinville

Description:

Patterson Cellars was founded in the year 2000 and now produces over 19,000 cases of wine each year in the Warehouse Winery District of Woodinville. The owners opened a second tasting room in Woodinville's Hollywood Hill Winery District in 2012.

Both locations offer tours and tastings, as well as a Wine Club.

Proximity to Project Site: 6.1 miles



Pondera Winery

Location: Woodinville

Description:

Pondera Winery is a family owned, boutique winery located in the Warehouse Winery District of Woodinville. Winemaker, The winery was officially launched with the Pondera brand in early 2005, and specializes in the production of high quality, well balanced red varietals and Bordeaux style blends. The grapes are sourced from six adjacent vineyards. Each wine is very limited and the entire production is currently 3000 cases annually.

On-site tasting room and tours are available to the public Wednesday through Saturday.

Proximity to Project Site: 6.1 miles



Obelisco Estate

Location: Woodinville

Description:

Obelisco Estate is a small 30 acre vineyard located on the southwest slope of Red Mountain. The winery officially launched in 2013, though the wine had been being produced since 2007 on a smaller scale. Though the winery does not have a public tasting room, it regularly hosts live music and entertainment events at on-site venues, as well as private dinners.

Proximity to Project Site: 6.1 miles





Adult Beverage Feedback & Implications

Breweries

- **Access to the trail has a large impact on small breweries.** Management of Kenmore breweries estimate anywhere from 50 to 90 percent of their business is cyclists from the Burke-Gilman during the spring and summer when the sun is out. During the cooler and wetter times of year it drops substantially. In order to better serve this target patron group, Nine Yards installed an indoor bike rack and lockers for its patrons.
- **All ages taprooms and dog-friendly spaces increase access for young families.** Most breweries profiled recognized that the craft beer market is largely made up of young professionals and their new families. Catering specifically to these groups by making establishments family friendly is an important aspect of the craft beer culture.
- **Successful breweries need additional programming.** Trivia nights, music, and games all provide added value to brewery customers and enhance the experience.
- **Microbreweries are more successful when clustered.** The City of Kenmore recognized that the Burke-Gilman was a major arterial for commuter traffic, and has used breweries as one method to tap into this traffic as a source of revenue. The Kenmore cluster is comprised of destination breweries – places where people will have to come to purchase the beer – and said that having multiple breweries in the area only makes it more of a destination.
- **Destination breweries are gaining popularity.** While a majority of craft breweries do not have the funds or even the desire to build a hotel or expand to “destination” proportions, many mid-sized breweries around the country are opening up their own concept hotels. Upcoming developments from Dogfish Brewing and Stone Brewing are coming to market soon.
- **Some brewery destinations are being planned by cities themselves.** The City of Madras, Oregon recently released a request for proposals from breweries interested in developing a destination development in their downtown revitalization district, and other cities are following suit.



Adult Beverage Feedback & Implications

Distilleries

- **Trend in distilleries still lags wine and beer.** The national spirits movement still lags behind local wine or beer. This is due in part to the fact that it is still illegal to distill at home, which means honing the hobby before going pro is a major challenge. As a result, fewer start-ups are entering the market.
- **Distilleries in Woodinville are benefitting from synergy with wineries.** Though opening Woodinville Whiskey Co. in the middle of a wine destination seemed risky to some, the wine tourists have embraced the distillery as part of what industry professionals refer to as the “grape-and-grain” tour.

Wineries

- **Woodinville dominates the market for wineries.** Home to over 100 wineries, Woodinville has a dense and saturated wine scene that would be difficult to compete with.
- **Capturing users from the trail is less important than for breweries, but efforts are still being made.** Woodinville tourism efforts have begun to market to cyclists along the Sammamish River Trail and the Burke-Gilman to capture a younger and more active demographic. While wineries are not as popular among trail users as the breweries are, outdoor events like summer concerts in the vineyards are helping to increase visitation among trail users.

Chapter 8: Spa & Wellness Market Analysis

Spa & Wellness Experiences

Though HSP does not recommend a standalone spa or wellness product for the Project site, one could be added as an amenity to the recommended boutique hotel product. Programming should cater to trail users as well as hotel guests.

In order to better understand the opportunity, HSP analyzed the current spa and wellness supply within a ten-mile radius from the Former Wayne Golf Course.



Local Spa Supply Overview

The local supply of spa and wellness establishments primarily consists of a range of full service spas and gyms. The adjacent table shows the local supply sorted by distance from the site.

The following slides profile local destination spa assets that may serve as competition to any developed project.

Bothell Local Spa, Wellness and Fitness Supply		
Name	Distance from Site (miles)	Notes
City Spa	1.3	Massage
Strength University	3.1	Gym
Progressive Performance	3.4	Fitness Training
Orangetheory Fitness	3.5	Fitness Training
24 Hour Fitness	3.7	Fitness Training
InSpa	3.8	Full Service Spa
Bobo Spa	3.9	Massage
Serenity Bliss Hollistic Spa	4.2	Full Service Spa
Oasis Spa & Salon	4.5	Full Service Spa
Kingsgate Foot Spa	4.5	Massage
LA Fitness	4.6	Gym
Sophia Spa	4.8	Full Service Spa
The Spa at Willows Lodge	5.1	Full Service Spa
Bayside Nail & Spa	5.6	Nails, Waxing, Facials
Mountain Sun Massage & Skin Care	6.2	Full Service Spa
Oriental Retreat Spa	6.9	Massage
425 Fitness	7.9	Gym
Janet Marie Skin Care	7.9	Skin Care, Day Spa
James Alan Salon & Spa	8.1	Nails, Waxing, Facials
Xtra Fitness	8.2	Fitness Training
The Armory	8.3	Gym
Amai Day Spa	8.3	Full Service Spa
Fit 4 Life	8.5	Fitness Training
Sugared	8.7	Waxing
Olympus Spa	8.8	Full Service Spa
Zen Massage Spa	9.1	Massage
Treat Yourself Day Spa	9.2	Massage
Spa Ten20	9.5	Nails
Still Spa at Woodmark	9.7	Full Service Spa
Gene Juarez Salons & Spas	10	Full Service Spa
Q Sauna & Spa	10	Full Service Spa

Source: ESRI, DataVU, Yelp



The Spa at Willow's Lodge

Location: Woodinville

Opened: September 2000

Annual revenue: \$482,394

Treatment rooms: 6

Services: Individual and couples massages, waxing and nail services, salt rubs, sports recovery massage, ancient healing Lomi massage, facials, and a private pool.

The Spa at Willow's Lodge is designed to incorporate all elements of a destination spa. A relaxation room with a fireplace, premium chairs and couches for luxury seating are a few of the items featured. The spa uses locally harvested ingredients like lavender and honey during massages and offers a range of massage services for the most experienced patron to those who seek lighter treatments. Tile walls and private, individual rooms are a focal point with 13 experienced employees on staff. The spa caters to both hotel guests and the public.

Distance from site: 5.1 miles





Olympus Spa

Location: Lynnwood

Opened: 2004

Annual revenue: \$2,4040,898

Treatment rooms: 8 heated rooms; at least 10 massage rooms

Services: Korean and other body scrubs, personal injury massages, prenatal massages, body wraps, mud wraps, seaweed detox wraps, foot massages, facials and nail care services.

Olympus Spa is a women's only spa. The 15,000 square-foot building sees 100 to 200 women a day (average). The spa has 55 employees on staff. Olympus offers premium spa services that cater to the female audience such as prenatal massages as well as brow and other waxing needs. Olympus Spa brands itself as a spa that incorporates Eastern medicinal techniques with Western relaxation techniques. There is a private pool available as well.

Distance from site: 8.8 miles





Still Spa at Woodmark

Location: Kirkland

Opened: 1989; 2019 renovated

Treatment rooms: 7

Services: Full body and targeted massages, body detox wraps, facial treatments, waxing and nail and hands and feet massage services.

Located within the Woodmark Hotel, the Still Spa caters to guests as well as the general public. Built in 1989 and renovated in 2019, the hotel has 9,000 square feet of meeting space in addition to the luxury spa services in the luxury hotel. The Still Spa is known for some of the best views in the area and is a top wedding destination.

Distance from site: 9.7 miles





Feedback

HSP conducted research to assess demand and consumer behavior of spa and wellness patrons. This research helps to inform and to determine potential feasibility.

- **Ideally, 50 percent of the spa demand is driven from the local community.** This will help keep a spa occupied during the day and during slow periods of tourism.
- **Spas should not be developed as “loss leaders.”** They are too expensive to build and to manage. Spas should be developed to fill hotel rooms, increase ADR (average daily rate) and increase the average spend per guest. A spa is not a community asset. Spas should function as an additional means to increase a hotel’s return.
- **Do not need to go overboard on treatment rooms.** Rooms may only be utilized 30 percent of the time during business hours. The optimal number of beds is 5 to 15, as any fewer cannot generate enough revenue.
- **Average spa treatment is about \$125 and product purchases may add \$5 to the total.** Most consumers have a fixed budget when it comes to spa services. Few will opt for year-round memberships, which might be a feature in a product line, but often are not the primary source of products purchased.
- **Ongoing expenses vs. contractor model.** Training takes time, preparation and if done, will lead to a profitable return on investment. What is also true is that these investments require capital and time. Training requires more of an investment and if demand is insufficient, the expenses could quickly outweigh the reward.

Chapter 9: Recommendations & Case Studies



Realities

A number of realities and conditions exist that may impact the overall feasibility of the project on the Wayne Golf Course.

- **The location is slightly removed and not surrounded by any commerce clusters.** The former Wayne Golf Course is located nearly one mile from Downtown Bothell, just slightly out of the range of walkability and downtown foot traffic.
- **The location offers sufficient access for motorists and trail users.** Situated off of State Route 522, the site draws a steady flow of vehicle traffic year round. The Sammamish River Trail and the Burke Gilman Trail pass through the site which adds access for residents and visitors by bike or by foot. While removed from the restaurant and retail cluster in Downtown Bothell by roughly three miles, the location still has potential due to the draw of the natural assets.
- **Population over the last five years is growing very quickly, but Bothell has maintained its unique image and charm.** Bothell has undergone a significant transformation in the downtown area in recent years, with redevelopments that have activated a central destination district but has kept the “charm” of a smaller community.
- **Project restrictions.** HSP understands that the site does not allow for residential, manufacturing or other industrial uses, office and/or storage uses or any other uses that restrict public access.
- **The site has sentimental value for many Bothell residents.** It is important to maintain the history of the community (keeping the name “Wayne” in the ultimate development, etc.) and to preserve the natural surroundings.



Headlines

- **Demand and likely success for additional destination hotel experiences in Bothell.** Interviews with industry professionals and local stakeholders yield favorable market indicators that an additional boutique hotel with meeting space and a beverage attraction would be viable.
- **There is little room in the market for an additional dedicated entertainment venue.** Limitations of the site, as well as proximity to the Seattle market, indicate that a performance venue would not be feasible at the Project site.
- A **distillery or brewery** would add to the destination appeal and viability of the project, especially on the Trail.
- **The market is missing a larger banquet/ballroom space for larger events.** HSP recommends this element to induce more demand and tourism to Bothell.
- **Bothell's downtown development, as well as the demographic data collected, has proven that there is a healthy market for retail and restaurants.** The key to drawing visitors to the project site will require a product that offers a unique and comprehensive experience.
- **Compelling, unique projects are typically harder to finance.** Generally, the more compelling/unique a project is the more expensive it is, which typically reduces financial feasibility, or makes lenders nervous due to lack of comparable projects. The City will likely need to provide some upfront incentive/inducement to attract the type of developer and development desired.
- **Location of the site remains a challenge, but wellness vibe provides synergy.** As the site is not easily walkable from the downtown cluster, the development must be able to survive as a standalone entity that is largely unsupported by surrounding amenities. However, its location on the Trail should be positive, especially for food and beverage offerings.



Recommendations

Based on the analysis to date, HSP recommends the following:

- A 80+ room boutique hotel should serve as the anchor development.
- The development should include flexible meeting space, including a 7,500-SF Ballroom to accommodate up to 500 for a banquet. The ballroom should be divisible for multiple simultaneous smaller events (the typically wedding reception needs 150 – 300 seats).
- At least 3-4 breakout meeting rooms for conferences and meetings. The ballroom divisibility will also help with breakouts.
- An indoor/outdoor food venue to take advantage of the surroundings and seasons.
- A wellness focus and potential spa with at least 5 treatment rooms.
- Onsite brewery or distillery. HSP believes a distillery will help differentiate the project.

Bothell Destination Development Recommendations

Boutique Resort-Style Hotel	80 - 90 Rooms	Capacity*
Ballroom	7,500 SF	500
Meeting Rooms	2,400 SF	200
Bar/Speakeasy	1,000 SF	67
Indoor/Outdoor Restaurant	5,000 SF	200

Brewery/Distillery and Restaurant 6,000 SF 120

Estimated Cost: \$32 - \$40 million

Estimated Gap: \$3 - \$8 million

* Banquet Capacity for Ballroom; Classroom for Meeting Rooms

Estimated Seating at Food & Beverage Outlets

Source: Hunden Strategic Partners



Recommendations

Additionally, HSP recommends the following:

- On-site farming or gardening for use at the restaurant, as residents and visitors prefer locally sourced products.
- HSP does not recommend any entertainment venue model, but does suggest atmospheric entertainment in the on-site food and beverage venues.
- HSP assumed the brewery/distillery entity would be a separate leased element, but could be part of the larger hotel business plan as well.
- Trail usage should factor into the spa programming, as it will appeal to wellness focused consumers.
- These recommendations will require some upfront public support, but will also result in the most compelling destination development and a long-term asset that will generate revenue for the park system.

Case Studies

National Case Studies

The following case studies are examples of national comparable developments that have had success in integrating a lodging product with a larger “experience” to create a compelling destination.



The Journeyman

Location: Three Oaks, Michigan

The Journeyman is an excellent example of a experiential mixed-use development.

Adult Beverage Experience: The anchor of the development is the Journeyman Distillery, which features handcrafted, artisan spirits made from local, organic ingredients.

Food & Beverage: The on-site restaurant, Staymaker, is a full-service, family-friendly, 165 seat restaurant that utilizes local ingredients whenever possible.

Meeting Space: The development regularly hosts weddings and functions, and has four different event venues that range in capacity from 100 to 500.

Active/Outdoor Offerings: Behind the distillery is Welter's Folly, a 30,000 square foot putting green that features 18-holes and provide an active outlet for guests.

Lodging: The Flat at Journeyman is an industrial loft apartment that can accommodate up to 14 adults. The Farmhouse is a three bedroom house that accommodates up to 8. The Bunk House, their next lodging product, will be coming down the pipeline later this year.



The Doghouse

Location: Columbus, Ohio

The Doghouse is an example of a experiential mixed-use development that is brewery focused.

Adult Beverage Experience: The anchor of the development is the Doghouse Brewery, which features craft beers and sour ales.

Food & Beverage: The Doghouse does not feature an on-site restaurant, but does have a Marketplace for takeaway food.

Meeting Space: Doghouse offers various spaces for use as meeting or event venues, including a sensory and training room, observation deck, lounge, and BrewDog Beer Museum.

Other Offerings: The BrewDog Beer Museum is a 6,000 square foot interactive Craft Beer Museum on-site at The Doghouse. Rotating exhibits focus on the history of craft beer across the country.

Lodging: The Doghouse hotel features 32 rooms including 8 deluxe suites. Half of these rooms are dog-friendly, and all are beer themed.



Blackberry Farm

Location: Walland, Tennessee

Blackberry Farm is a concept-driven resort in the Smoky Mountains which features a mix of uses.

Adult Beverage Experience: Blackberry Farm Brewery offers “farm to table” brews ranging from table beers to Belgian inspired beers.

Food & Beverage: The property features three on-site restaurants, open for three meals a day. All restaurant concepts feature local ingredients and focus on foraging trends.

Events & Entertainment: Blackberry Farm regularly hosts wellness retreats, workshops and ticketed events like concerts.

Active/Outdoor Offerings: Outdoor activities offered including Farm tours, fishing, horseback riding, hiking, paddle sports, archery, and more.

Lodging: Accommodations range from private rooms and suites to cottages and private homes. Average daily pricing reflects that of a luxury resort.



Dogfish Inn

Location: Lewes, Delaware

Dogfish Inn is an example of a destination development undertaken by a mid-sized brewery as part of the new lodging trend in the industry.

Adult Beverage Experience: On-site brewing and a tasting room are featured on-site, including unique twists like outdoor fermenters. The outdoor tasting room also features a large-scale interactive art installation called “The TreeHouse”. In addition to the brewery, there is an on-site Distillery which specializes in gin and other clear spirits.

Food & Beverage: The property features three on-site restaurants, including Dogfish Head Brewings & Eats; Chesapeake & Maine; and light fare at the Tasting Room.

Active/Outdoor Offerings: The Inn offers complimentary bikes for guests, as well as bocce courts and bonfire pits in the outdoor courtyard.

Lodging: The Inn offers 16 modern rooms plus a Cottage Sweet for up to four people.



Chapter 10: Demand and Financial Projections

80-Room Boutique Hotel

Competitive Set Hotels Estimated Occupancy, Rate & Market Segmentation for 2018

Hotel	Rooms	Occupancy	Avg. Daily		RevPAR Yield	Market Segmentation		
			Rate	RevPAR		Corp. Transient	Group	Leisure
Anderson School Hotel	72	77%	\$187	\$144	124%	42%	18%	40%
Country Inn & Suites Seattle - Bothell	166	65%	\$150	\$98	84%	38%	9%	53%
Residence Inn Seattle Northeast Bothell	120	70%	\$166	\$116	100%	39%	6%	55%
Courtyard Seattle Kirkland	150	66%	\$177	\$117	101%	53%	17%	30%
Hilton Garden Inn Seattle Bothell	128	65%	\$171	\$111	96%	55%	13%	32%
Hampton Inn Seattle Woodinville	102	72%	\$172	\$124	107%	57%	12%	31%
Totem Lake Hotel	59	56%	\$121	\$67	58%	30%	16%	54%
Willows Lodge	84	73%	\$215	\$157	136%	28%	30%	42%
Total/Weighted Averages	881	67.8%	\$170.83	\$116	100%	44%	14%	42%

Source: Hunden Strategic Partners

Competitive Set Estimated Performance

HSP has estimated the 2018 performance of the competitive set of hotels that will compete with the recommended Boutique Hotel once constructed. The estimates are based upon conversations with various hotel managers and other stakeholders in Bothell.

The competitive set had an ADR of nearly \$171 and nearly 68% occupancy during 2018.

Estimated Competitive Set Segmentation	
Corporate Transient Group	44%
Leisure	42%
Total	100%

Source: Hunden Strategic Partners

Competitive Set Segmentation

Based on the same conversations mentioned on the previous slide, HSP has estimated the segmentation of the Bothell hotel market. Nearly 45% is corporate, another 42% is generated by leisure demand.

Estimated Competitive Set Demand Growth by Segment

Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2018	96,445	—	30,980	—	90,616	—	218,041	—	321,565	—	881	67.8%
2019	104,643	0.0%	33,613	0.0%	98,318	0.0%	236,574	8.5%	362,871	12.8%	994	65.2%
2020	106,736	2.0%	34,285	2.0%	100,285	2.0%	241,306	2.0%	362,871	0.0%	994	66.5%
2021	108,871	2.0%	34,457	0.5%	101,789	1.5%	245,116	1.6%	362,871	0.0%	994	67.5%
2022	111,048	2.0%	37,558	9.0%	107,896	6.0%	256,502	4.6%	392,071	8.0%	1,074	65.4%
2023	112,714	1.5%	39,436	5.0%	112,212	4.0%	264,362	3.1%	392,071	0.0%	1,074	67.4%
2024	113,841	1.0%	40,224	2.0%	114,456	2.0%	268,522	1.6%	392,071	0.0%	1,074	68.5%
2025	114,979	1.0%	40,627	1.0%	115,601	1.0%	271,207	1.0%	392,071	0.0%	1,074	69.2%
2026	114,979	0.0%	40,627	0.0%	115,601	0.0%	271,207	0.0%	392,071	0.0%	1,074	69.2%
2027	114,979	0.0%	40,627	0.0%	115,601	0.0%	271,207	0.0%	392,071	0.0%	1,074	69.2%
2028	114,979	0.0%	40,627	0.0%	115,601	0.0%	271,207	0.0%	392,071	0.0%	1,074	69.2%
2029	114,979	0.0%	40,627	0.0%	115,601	0.0%	271,207	0.0%	392,071	0.0%	1,074	69.2%
2030	114,979	0.0%	40,627	0.0%	115,601	0.0%	271,207	0.0%	392,071	0.0%	1,074	69.2%
2031	114,979	0.0%	40,627	0.0%	115,601	0.0%	271,207	0.0%	392,071	0.0%	1,074	69.2%

Source: Hunden Strategic Partners

Competitive Set Demand Growth

Demand growth for the competitive set is expected to grow from 218,000 room nights in 2018 to 271,000 in 2025, which is when the Boutique Hotel is expected to stabilize. Supply of hotel room nights is expected to jump from 322,000 to 392,000 during the same period.

Due to the additional supply and the time expected for the market to absorb these room nights, occupancy is expected to decrease from 67.8% in 2018 to 65.4% the year the Hotel opens before rebounding to 69% in 2025.

Estimated Market Penetration - 80-Room Boutique Hotel						
Year	Corporate			Total Penetration	Projected Set Occupancy	Subject Occupancy
	Transient	Group	Leisure			
2022	85%	125%	110%	101%	65%	66%
2023	87%	145%	125%	112%	67%	75%
2024	89%	150%	135%	118%	68%	81%
2025	89%	150%	135%	118%	69%	81%
2026	89%	150%	135%	118%	69%	81%
2027	89%	150%	135%	118%	69%	81%
2028	89%	150%	135%	118%	69%	81%
2029	89%	150%	135%	118%	69%	81%
2030	89%	150%	135%	118%	69%	81%
2031	89%	150%	135%	118%	69%	81%

Source: Hunden Strategic Partners

Boutique Hotel Market Penetration

The Boutique Hotel is projected to outperform the competitive set by 50% in group segmentation and 35% in leisure segmentation, while capturing 89% of the market's corporate segmentation. On an occupancy basis, the Boutique Hotel is expected to outperform the competitive set by 18% with a rate of 81% starting in 2024, while the competitive set is expected to support occupancy of 69%.

Projected Demand for Proposed 80-Room Boutique Hotel									
Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Occupancy
2022	7,030	–	3,496	–	8,839	–	19,366	–	66%
2023	7,303	3.9%	4,259	21.8%	10,446	18.2%	22,008	13.6%	75%
2024	7,546	3.3%	4,494	5.5%	11,508	10.2%	23,547	7.0%	81%
2025	7,621	1.0%	4,539	1.0%	11,623	1.0%	23,783	1.0%	81%
2026	7,621	0.0%	4,539	0.0%	11,623	0.0%	23,783	0.0%	81%
2027	7,621	0.0%	4,539	0.0%	11,623	0.0%	23,783	0.0%	81%
2028	7,621	0.0%	4,539	0.0%	11,623	0.0%	23,783	0.0%	81%
2029	7,621	0.0%	4,539	0.0%	11,623	0.0%	23,783	0.0%	81%
2030	7,621	0.0%	4,539	0.0%	11,623	0.0%	23,783	0.0%	81%
2031	7,621	0.0%	4,539	0.0%	11,623	0.0%	23,783	0.0%	81%

Source: Hunden Strategic Partners

Boutique Hotel Demand

HSP projects that the Boutique Hotel will sell nearly 24,000 room nights each year upon stabilization, which implies an occupancy rate of 81%.

Nearly half of these room nights are expected to come from leisure travelers, while nearly one-third are expected to come from corporate transient guests.

**Projected Hotel
Stabilized Demand Mix vs. Comp Set**

Segment	Hotel at Stabilization	Comp Set
Corporate	32%	42%
Group	19%	15%
Leisure	49%	43%
Total	100%	100%

Source: Hunden Strategic Partners

Boutique Hotel Segmentation Mix

The Boutique Hotel is expected to have approximately 49% of its room nights generated by leisure travelers, while 32% comes from corporate. The competitive set's demand is projected to be more evenly distributed between corporate and leisure guests, while group demand will be similar to the Boutique Hotel's.

Boutique Hotel ADR

HSP projects that the Boutique Hotel will begin at \$246 ADR and increase to more than \$298 by 2031. These rates indicate a penetration of the market of 131%, meaning the Boutique Hotel will generate rates 31% higher than the competitive set.

Average Daily Room Rate Projections - 80-Room Boutique Hotel

Year	Comp. Set ADR	Annual Increase	Hotel Rate Penetration	Projected Hotel Rate	Annual Increase
2013	\$143	8.4%	--	--	--
2014	\$152	0.8%	--	--	--
2015	\$165	2.3%	--	--	--
2016	\$167	0.3%	--	--	--
2017	\$170	2.0%	--	--	--
2018	\$171	2.2%	--	--	--
2019	\$175	2.2%	--	--	--
2020	\$178	2.2%	--	--	--
2021	\$182	2.2%	--	--	--
2022	\$186	2.2%	132%	\$246	--
2023	\$190	2.2%	131%	\$250	1.8%
2024	\$195	2.2%	131%	\$256	2.3%
2025	\$199	2.2%	131%	\$261	2.2%
2026	\$203	2.2%	131%	\$267	2.2%
2027	\$208	2.2%	131%	\$273	2.2%
2028	\$212	2.2%	131%	\$279	2.2%
2029	\$217	2.2%	131%	\$285	2.2%
2030	\$222	2.2%	131%	\$291	2.2%
2031	\$227	2.2%	131%	\$298	2.2%

Source: Hunden Strategic Partners

Boutique Hotel Performance Summary

The Boutique Hotel is expected to increase its performance during the 10-year period shown from \$163 of revenue per available room (RevPAR) to \$243.

Performance Projections				
Year	Average Daily Rate	Occupancy	Revenue per Available Room	Annual Increase
Year 1	\$246	66%	\$163	–
Year 2	\$250	75%	\$188	15.7%
Year 3	\$256	81%	\$206	9.4%
Year 4	\$261	81%	\$213	3.2%
Year 5	\$267	81%	\$218	2.2%
Year 6	\$273	81%	\$222	2.2%
Year 7	\$279	81%	\$227	2.2%
Year 8	\$285	81%	\$232	2.2%
Year 9	\$291	81%	\$237	2.2%
Year 10	\$298	81%	\$243	2.2%

Source: Hunden Strategic Partners

Boutique Hotel Food & Beverage Assumptions

The Boutique Hotel is expected to produce food and beverage revenue through catering, a bar/speakeasy and an indoor/outdoor restaurant, which is separate from the brewery/distillery.

Altogether, these hotel-operated food and beverage services/outlets would be housed in nearly 16,000 SF of space, producing more than \$4 million in revenue in Year 1, which represents an average of more than \$250 per square foot in revenue.

Assumptions for Food, Beverage & Catering

Use	Capacity	SF	Revenue per SF	Revenue
Ballroom (Divisible)	500	7,500	\$250	\$ 1,875,000
Meeting Rooms	200	2,400	\$125	\$ 300,000
Bar/Speakeasy	56	1,000	\$400	\$ 400,000
Indoor/Outdoor Restaurant	333	5,000	\$300	\$ 1,500,000
		15,900	\$256	\$ 4,075,000

Source: Hunden Strategic Partners

Brewery/Distillery Demand and Financial Projections							
Projections	Base Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10
Gross Square Footage	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Occupancy %	100%	100%	100%	100%	100%	100%	100%
Occupied Space	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Rental Rate	\$ 30.00	\$ 30.00	\$ 30.75	\$ 31.52	\$ 32.31	\$ 33.11	\$ 36.56
Gross Rent	\$ 180,000	\$ 180,000	\$ 184,500	\$ 189,113	\$ 193,840	\$ 198,686	\$ 219,366
Expense % (Assumed)	5%	5%	5%	5%	5%	5%	5%
Expenses	\$ 9,000	\$ 9,000	\$ 9,225	\$ 9,456	\$ 9,692	\$ 9,934	\$ 10,968
Net Operating Income	\$ 171,000	\$ 171,000	\$ 175,275	\$ 179,657	\$ 184,148	\$ 188,752	\$ 208,397
Sales Per Square Foot	\$ 300	\$ 300	\$ 308	\$ 315	\$ 323	\$ 331	\$ 366
Total Sales	\$ 1,800,000	\$ 1,800,000	\$ 1,845,000	\$ 1,891,125	\$ 1,938,403	\$ 1,986,863	\$ 2,193,658
Value per SF (10% Cap Rate)	\$ 285.00	\$ 285.00	\$ 292.13	\$ 299.43	\$ 306.91	\$ 314.59	\$ 347.33
Market Value	\$ 1,710,000	\$ 1,710,000	\$ 1,752,750	\$ 1,796,569	\$ 1,841,483	\$ 1,887,520	\$ 2,083,975

Source: Hunden Strategic Partners

Boutique Hotel Brewery/Distillery Assumptions

Based upon rental rates in Bothell, the Brewery/Distillery is expected to pay \$30 per SF (NNN) in Year 1, increasing to nearly \$36 per SF in Year 10. With 6,000 SF, the Brewery/Distillery is expected to produce between \$180,000 and \$220,000 in rent per year. Sales at the Brewery/Distillery are expected to increase from \$300 to \$366 per SF.

Expenses are projected at 5% of gross rent, which is approximately \$10,000 on average per year during the period shown. Netting out these expenses, the Project is expected to capture NOI from the lease of the space of up to nearly \$210,000 in Year 10.

Boutique Hotel Pro Forma

The Boutique Hotel is expected to generate \$9.8 million in revenue in Year 1, with this figure increasing to nearly \$14 million in Year 10. Room revenue is expected to be approximately 50% of total revenue with the hotel's food and beverage services (catering, restaurant) accounting for an additional 40% of revenue. Additionally, the experiential restaurant (brewery/distillery) is expected to generate between \$180,000 and \$220,000 per year in lease revenue each year.

Departmental expenses, including from rooms, hotel food & beverage services, other expenses and expenses related to the brewery/distillery lease are expected to be \$4 million in Year 1 and \$5.3 million in Year 10.

The bottom line shows a profit of nearly \$2.2 million in Year 1, increasing to nearly \$4.5 million by Year 10. These profits represent an operating profit margin of approximately 22% to 32% per year.

Projection of Income & Expense (in \$000, inflated) - 80-Room Boutique Hotel

	Year 1				Year 2		Year 3		Year 4		Year 5		Year 10
	\$	%	PAR	POR	\$	%	\$	%	\$	%	\$	%	
Room Count	80				80		80		80		80		80
Available Room Nights	29,200				29,200		29,200		29,200		29,200		29,200
Occupancy Rates	66%				75%		81%		81%		81%		81%
Occupied Room Nights	19,366				22,008		23,547		23,783		23,783		23,783
Average Daily Rate	\$246				\$250		\$256		\$261		\$267		\$298
RevPAR	\$163				\$188		\$206		\$213		\$218		\$243
Percent of Change from Prior Year	--				15.7%		9.4%		3.2%		2.2%		2.2%
REVENUE													
Rooms	\$4,758	48.7%	\$59,475	\$246	\$5,503	51.1%	\$6,021	52.4%	\$6,215	52.4%	\$6,352	53.1%	\$7,082
Hotel Food and Beverage/Catering	4,075	41.7%	\$50,938	\$210	4,197	39.0%	4,323	37.6%	4,453	37.6%	4,586	38.4%	5,317
Other Operated Departments	476	4.9%	\$5,947	\$25	550	5.1%	602	5.2%	622	5.2%	635	5.3%	708
Rentals and Other Income	285	2.9%	\$3,568	\$15	330	3.1%	361	3.1%	373	3.1%	381	3.2%	493
Lease Income	180	1.8%	\$2,250	\$9	185	1.7%	189	1.6%	194	1.6%	199	1.7%	219
Total Revenue	\$9,774	100.0%	\$122,178	\$505	\$10,765	100.0%	\$11,497	100.0%	\$11,856	100.0%	\$11,955	100.0%	\$13,819
DEPARTMENTAL EXPENSES													
Rooms	\$1,232	25.9%	\$15,404	\$64	\$1,315	23.9%	\$1,385	23.0%	\$1,429	23.0%	\$1,461	23.0%	\$1,629
Hotel Food and Beverage	2,730	67.0%	\$34,128	\$141	2,770	66.0%	2,853	66.0%	2,894	65.0%	2,981	65.0%	3,456
Other Operated Departments	100	21.0%	\$1,249	\$5	110	20.0%	120	20.0%	124	20.0%	127	20.0%	142
Rentals and Other Expense	17	6.0%	\$214	\$1	17	5.0%	18	5.0%	19	5.0%	19	5.0%	25
Lease Expense	9	5.0%	\$113	\$0	9	5.0%	9	5.0%	10	5.0%	10	5.0%	11
Total Departmental Expenses	\$4,089	41.8%	\$51,108	\$211	\$4,212	39.1%	\$4,377	38.1%	\$4,467	37.7%	\$4,588	38.4%	\$5,251
Gross Operating Income	\$5,686	58.2%	\$71,070	\$294	\$6,553	60.9%	\$7,120	61.9%	\$7,389	62.3%	\$7,366	61.6%	\$8,568
UNDISTRIBUTED OPERATING EXPENSES													
Administrative and General	\$811	8.3%	\$10,141	\$42	\$786	7.3%	\$724	6.3%	\$747	6.3%	\$753	6.3%	\$871
Marketing	\$704	7.2%	\$8,797	\$36	\$667	6.2%	\$598	5.2%	\$617	5.2%	\$622	5.2%	\$719
Utility Costs	\$577	5.9%	\$7,209	\$30	\$528	4.9%	\$448	3.9%	\$462	3.9%	\$466	3.9%	\$539
Property Operations and Maintenance	\$567	5.8%	\$7,086	\$29	\$517	4.8%	\$437	3.8%	\$451	3.8%	\$454	3.8%	\$525
Total Undistributed Expenses	\$2,659	27.2%	\$33,232	\$137	\$2,498	23.2%	\$2,207	19.2%	\$2,276	19.2%	\$2,295	19.2%	\$2,653
Gross Operating Profit	\$3,027	31.0%	\$37,838	\$156	\$4,056	37.7%	\$4,913	42.7%	\$5,113	43.1%	\$5,071	42.4%	\$5,915
Franchise Fees	\$0	0.0%	\$0	\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
FIXED EXPENSES													
Property Taxes	\$140	1.4%	\$1,750	\$7	280	2.6%	288	2.5%	297	2.5%	306	2.6%	355
Insurance	108	1.1%	\$1,344	\$6	108	1.0%	103	0.9%	107	0.9%	108	0.9%	124
Management Fee	342	3.5%	\$4,276	\$18	377	3.5%	402	3.5%	415	3.5%	418	3.5%	484
Reserve for Replacement	\$195	2.0%	\$2,444	\$10	\$215	2.0%	\$345	3.0%	\$415	3.5%	\$418	3.5%	\$484
Total Fixed Expenses	\$785	8.0%	\$9,814	\$41	\$980	9.1%	\$1,139	9.9%	\$1,234	10.4%	\$1,250	10.5%	\$1,446
Cash Flow from Operations	\$2,242	22.9%	\$28,024	\$116	\$3,076	28.6%	\$3,774	32.8%	\$3,879	32.7%	\$3,821	32.0%	\$4,469

Boutique Hotel ROI

The Boutique Hotel is expected to cost \$36 million.

Based on the assumptions in this model, the NOI would be able to support developer equity of \$9.1 million and an additional \$24 million in private debt.

This leaves a funding gap of \$2.9 million for the development of the Boutique Hotel & Brewery/Distillery, which will need to be subsidized by public funds.

ROI and Financial Structure Assumptions - 80-Room Boutique Hotel & Brewery/Distillery

	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$0	\$0	\$2,242	\$3,076	\$3,774	\$3,879	\$3,821	\$3,951	\$4,038	\$4,126	\$4,216	\$4,469
Interest and Debt Reserve W/D	\$465	\$1,395	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Payment	\$465	\$1,395	\$2,242	\$3,076	\$3,774	\$3,879	\$3,821	\$3,951	\$4,038	\$4,126	\$4,216	\$4,469
Net Income to Repay Equity	(\$465)	(\$1,395)	(\$2,200)	(\$2,200)	(\$2,200)	(\$2,054)	(\$2,054)	(\$2,054)	(\$2,054)	(\$2,054)	(\$2,054)	(\$2,054)
Princ. Amount***	\$6,000	\$18,000	\$24,000	\$23,660	\$23,293	\$22,900	\$22,563	\$22,201	\$21,812	\$21,393	\$20,943	\$20,460
Interest	\$465	\$1,395	\$1,860	\$1,834	\$1,805	\$1,718	\$1,692	\$1,665	\$1,636	\$1,604	\$1,571	\$1,534
Less Payment	(\$465)	(\$1,395)	(\$2,200)	(\$2,200)	(\$2,200)	(\$2,054)	(\$2,054)	(\$2,054)	(\$2,054)	(\$2,054)	(\$2,054)	(\$2,054)
Loan Balance	\$6,000	\$18,000	\$23,660	\$23,293	\$22,897	\$22,563	\$22,201	\$21,812	\$21,393	\$20,943	\$20,460	\$19,940
Assumptions												
Loan Amount (\$000's)	\$24,000											
Amortization Period (Years)	25											
Loan Interest Rate	7.75%											
Annual Debt Service Payment (\$000's)	(\$2,200)											
Equity:												
Developer's Equity (\$000's)	\$9,100	25%										
Private Debt	\$24,000	67%										
Total Supportable Private Financing	\$33,100	92%	\$414,000	per room								
Gap/Subsidy/Grants	\$2,900	8%	\$36,000	per room								
Project Amount (\$000's)	\$36,000	100%	\$450,000	per room								
Debt (Private) Coverage Ratio			1.02	1.40	1.71	1.89	1.86	1.92	1.97	2.01	2.05	2.18
Return on Private Equity*			0.5%	9.6%	17.3%	20.1%	19.4%	20.8%	21.8%	22.8%	23.8%	26.5%
Return on Assets**			6.2%	8.5%	10.5%	10.8%	10.6%	11.0%	11.2%	11.5%	11.7%	12.4%

*On developer's equity only.

**On project cost.

***Assumes 50% draw in Construction Year 1; 75% average during Construction Year 2

Source: Hunden Strategic Partners

Hotel Value Analysis (000s) - 80-Room Boutique Hotel

Calendar Year	<i>Construction</i>		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
	Constr. Yr1	Constr. Yr2												
Net Cash Flow	\$0	\$0	\$2,242	\$3,076	\$3,774	\$3,879	\$3,821	\$3,951	\$4,038	\$4,126	\$4,216	\$4,469		
												2031 Net Cash Flow	\$4,469	
													Terminal Cap Rate	9.25%
													2030 Residual Value	\$48,308
													Less Closing Costs (2.5%)	\$1,208
													Net Reversion Proceeds	\$47,101
Cash Flow to Investor	\$0	\$0	\$2,242	\$3,076	\$3,774	\$3,879	\$3,821	\$3,951	\$4,038	\$4,126	\$4,216	\$51,569		
Present Value	\$0	\$0	\$1,664	\$2,068	\$2,297	\$2,138	\$1,906	\$1,785	\$1,652	\$1,528	\$1,414	\$1,357		
Cash on Cash Return	0.0%	0.0%	6.4%	8.7%	10.7%	11.0%	10.8%	11.2%	11.5%	11.7%	12.0%	146.3%		
Discount Rate	10.4%													
Number of Rooms	80													
Present Value Summary	\$000s													
PV Residual	\$17,445													
PV Income Stream	\$17,808													
Present Value	\$35,254													
Present Value Per Room (\$)	\$440,670													

Boutique Hotel Value

Based on the cash flows expected for the Boutique Hotel & Brewery/Distillery and other assumptions shown in the table above, the present value of the Project is estimated at \$440,000 per room. The expected cost of the Project is \$450,000 per room, leaving a gap of nearly \$10,000 per room that is not economical for the private sector to support.

Chapter 11: Economic, Employment and Fiscal Impact Analysis

Net New Visitors and Room Nights								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Total
New Daytrippers	107,180	138,793	149,468	150,963	150,963	150,963	150,963	2,961,807
New Overnights	26,795	30,843	33,215	33,547	33,547	33,547	33,547	661,157
New Room Nights	19,366	22,008	23,547	23,783	23,783	23,783	23,783	469,228

Source: Hunden Strategic Partners

Net New Visitors & Room Nights

The Project is expected to attract nearly 3 million daytrippers, 661,000 overnights and 469,000 room nights during the first 20 years of operations.

This equates to approximately 150,000 daytrippers, 34,000 overnights and 24,000 room nights per year after the Project stabilizes.

Direct Net New/Recaptured Spending (000s)								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Total
Food & Beverage	\$6,784	\$8,726	\$9,603	\$9,913	\$10,131	\$11,295	\$14,041	\$226,819
Lodging	\$4,758	\$5,503	\$6,021	\$6,215	\$6,352	\$7,082	\$8,814	\$142,803
Retail	\$1,375	\$1,761	\$1,938	\$2,000	\$2,044	\$2,279	\$2,833	\$45,774
Transportation	\$839	\$1,074	\$1,182	\$1,220	\$1,247	\$1,390	\$1,728	\$27,917
Other	\$2,200	\$2,816	\$3,099	\$3,199	\$3,270	\$3,646	\$4,532	\$73,215
Total	\$15,956	\$19,879	\$21,844	\$22,547	\$23,043	\$25,692	\$31,948	\$516,528

Source: Hunden Strategic Partners

Direct Net New & Recaptured Spending

Direct net new, including recaptured spending, falls into five categories: food & beverage, lodging, retail, transportation and other. The total for these categories during the 20-year period shown is nearly \$516 million. \$227 million of this total is expected to come from food & beverage spending, while lodging is expected to generate approximately \$143 million during the period.

Direct, Indirect & Induced Net New Spending (000s)								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Total
Direct	\$15,956	\$19,879	\$21,844	\$22,547	\$23,043	\$25,692	\$31,948	\$516,528
Indirect	\$5,360	\$6,686	\$7,347	\$7,584	\$7,751	\$8,642	\$10,746	\$173,735
Induced	\$6,385	\$7,964	\$8,751	\$9,033	\$9,232	\$10,293	\$12,800	\$206,933
Total	\$27,701	\$34,529	\$37,943	\$39,165	\$40,027	\$44,628	\$55,494	\$897,196

Source: Hunden Strategic Partners

Direct, Indirect & Induced Net New Spending

All three levels of spending are expected to combine for nearly \$900 million during the Project's first 20 years. As mentioned on the previous slide, \$516 million of spending will come directly from net new visitation, while indirect and induced spending are projected to produce \$174 million and \$207 million, respectively.

Net New Earnings & FTE Jobs from Direct, Indirect & Induced Spending (000s)								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Total
From Direct	\$5,050	\$6,304	\$6,927	\$7,150	\$7,308	\$8,148	\$10,131	\$163,792
From Indirect	\$1,697	\$2,111	\$2,320	\$2,395	\$2,447	\$2,729	\$3,393	\$54,862
From Induced	\$1,932	\$2,409	\$2,647	\$2,732	\$2,792	\$3,113	\$3,871	\$62,584
Total	\$8,678	\$10,824	\$11,894	\$12,277	\$12,547	\$13,989	\$17,396	\$281,238
Net New FTE Jobs								Average
From Direct	160	197	212	214	214	214	214	210
From Indirect	54	66	71	72	72	72	72	71
From Induced	65	79	85	86	86	86	86	85
Total	279	342	368	372	372	372	372	366

Source: Hunden Strategic Partners

Net New Earnings & Net New Jobs

Jobs will be created from the direct, indirect and induced spending. Spending is expected to produce net new earnings of \$281 million during the period shown. \$163 million is projected to be the result of direct spending related to the Project.

Net new jobs are expected to be created directly on the Project's site, as well as direct, indirect and induced jobs from earnings offsite. During the 20-year period, the Project is expected to support an average of 366 full-time equivalent jobs.

Construction Impact	
	Impact
Direct Materials Spending	\$ 2,880,000
Indirect Spending	\$ 810,000
Induced Spending	\$ 1,280,000
Total	\$ 4,970,000
Direct Labor Spending	\$ 4,320,000
Employment (Job Years)	80

Source: Hunden Strategic Partners

Construction Impact

Based on estimated construction costs of \$36 million from industry metrics, construction impact is expected to total nearly \$5 million for materials spending, \$4.3 million for labor spending and support 80 construction job-years in Bothell.

Fiscal Impact - Tax Impacts from Net New Spending (000s)								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Total
Hotel/Motel Tax - Bothell (1%)*	\$48	\$55	\$60	\$62	\$64	\$71	\$88	\$1,428
Sales Tax - Bothell (3.5%)*	\$833	\$560	\$615	\$634	\$648	\$723	\$899	\$14,920
Property Tax - Bothell**	\$65	\$67	\$68	\$70	\$71	\$80	\$99	\$1,621
Total	\$946	\$682	\$743	\$766	\$783	\$873	\$1,086	\$17,969

* Assessed on lodging spending
** Private improvements only
Source: Hunden Strategic Partners

Fiscal Impact

HSP estimated the taxes that would be collected by the City of Bothell due to the spending related to the Project. Total fiscal impact on the City is projected at approximately \$18 million between sales tax, hotel tax and property taxes.

Local sales taxes are expected to produce the vast majority (83%) of fiscal impact from activity and spending due to the Project.

Summary of 20-Year Impacts

The Project is expected to generate nearly \$900 million in net new spending, \$281 million in net new earnings and 372 new full-time equivalent jobs at peak.

Fiscal impact is expected to be approximately \$18 million from sales, hotel tax and property taxes.

Construction impact is also expected to total \$9.3 million between spending on materials and labor, as well as support 80 job-years.

The expected fiscal impact outweighs the projected level of public funding needed to incentivize the private sector to develop the Project.

Summary of 20-Year Impacts	
Net New Spending	(millions)
Direct	\$517
Indirect	\$174
Induced	\$207
Total	\$897
Net New Earnings	(millions)
From Direct	\$164
From Indirect	\$55
From Induced	\$63
Total	\$281
Net New FTE Jobs	Actual
From Direct	214
From Indirect	72
From Induced	86
Total	372
Net New Taxes Collected	(millions)
Hotel/Motel Tax - Bothell (1%)*	\$1.43
Sales Tax - Bothell (3.5%)*	\$14.92
Property Tax - Bothell**	\$1.62
Total	\$17.97
Construction Impact	(millions)
New Materials Spending	\$5.0
New Labor Spending	\$4.3
Job-Years, Actual	80
* Assessed on lodging spending	
** Private improvements only	
Source: Hunden Strategic Partners	

Thank You



For further information about Hunden Strategic Partners,
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Hunden Strategic Partners is a full service real estate development advisory practice specializing in destination assets.

With professionals in Chicago, San Diego, Indianapolis and Minneapolis, HSP provides a variety of services for all stages of destination development in:

- Real Estate Market & Financial Feasibility
- Economic, Fiscal & Employment Impact Analysis (Cost/Benefit)
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