

**Order of the Thurston County
Board of Equalization**

Property Owner: NICKEL PROPERTIES & INVESTMENTS LLC

Parcel Number(s): 99700701400

Assessment Year: 2016

Petition Number: 16-0581

Having considered the evidence presented by the parties in this appeal, the Board hereby:

☐ sustains ☒ overrules the determination of the assessor.

Assessor's True and Fair Value

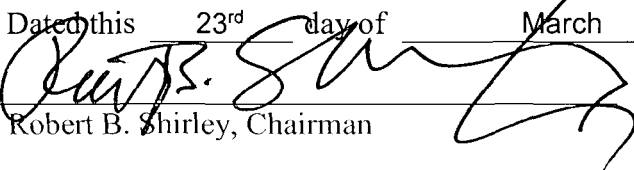
<input checked="" type="checkbox"/> Land	\$ 0
<input checked="" type="checkbox"/> Improvements	\$ 2,348,500
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
TOTAL:	\$ 2,348,500

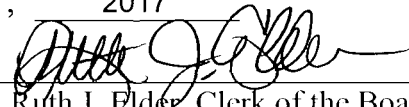
BOE True and Fair Value Determination

<input checked="" type="checkbox"/> Land	\$ 0
<input checked="" type="checkbox"/> Improvements	\$ 1,990,000
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
TOTAL:	\$ 1,990,000

This decision is based on our finding that: The Board overrules the Assessor's determination of value based on the testimony and evidence presented. The Board relies, in a measure, on its previous review of the subject property. The Petitioner did not participate in the hearing to offer testimony. The subject property is a warehouse located on land owned by the Port of Olympia. The Petitioner purchased the subject building for \$1,750,000 on May 29, 2015. The Petitioner submitted an appraisal and an appraisal review. The Assessor provided a market-adjusted cost approach, a sales comparison approach, and an income analysis in support of the current assessed value. The Assessor's representative testified that: the warehouse market has been very strong for the past couple of years with low vacancy rates, largely in response to the marijuana industry; the Petitioner's appraisal uses a low rental rate based on listings and older rental rates from 2011, was done to support the Petitioners' purchase, and includes a 26-year reversionary analysis, which is typical for buildings on leased land; the appraisal's discounted cash flow requires making assumptions, and 26 years involves making a lot of assumptions; the previous owner of the building, Harbor Wholesale, assigned the land lease to the Petitioner, and the Assessor does not have a copy of the land lease; the advantage of a land lease is that the owner does not need to finance the land; since the Port of Olympia's mission involves encouraging economic development and businesses, there is not a large risk that the Port of Olympia will not renew the land lease; the previous owner of the subject property was carrying two mortgages and was motivated to sell the subject property; and even though the previous owner had vacated the subject property, the company was still responsible for the mortgage and the land lease costs. The Assessor's representative testified about the recent sale of Parcel Numbers 58610000100 and 58610000300, two warehouses of 76,000 and 40,000 square feet to marijuana producers who were tenants of the buildings. She stated that these warehouses sold for \$5,000,000, or \$46 per square foot, which represents the largest warehouse sale in some time. The Board finds that there is limited market appeal for this type of warehouse on leased land. The Board finds the Petitioner's purchase price and the fee appraisal to be compelling evidence, and adjusts these to the January 1, 2016, assessment date. The Board concludes that the Petitioners provided clear, cogent, and convincing evidence sufficient to overcome the Assessor's presumption of correctness and to warrant a reduction in the valuation.

Dated this 23rd day of March, 2017


Robert B. Shirley, Chairman


Ruth J. Elder, Clerk of the Board

NOTICE

This order can be appealed to the State Board of Tax Appeals by filing a notice of appeal with them at PO Box 40915, Olympia, WA 98504-0915 or at their website at bta.state.wa.us/appeal/forms.htm within thirty days of the date of mailing of this order. The Notice of Appeal form is available from either your county assessor or the State Board.

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