

# Order of the Thurston County Board of Equalization

Property Owner: LOWE'S HIW INC.

Parcel Number(s): 11817131902

Assessment Year: 2018

Petition Number: 18-0285

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 Determination

<input checked="" type="checkbox"/> Land	\$ 7,703,100
<input checked="" type="checkbox"/> Improvements	\$ 11,240,100
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
<b>TOTAL:</b>	<b>\$ 18,943,200</b>

## BOE True and Fair Value Determination

<input checked="" type="checkbox"/> Land	\$ 7,703,100
<input checked="" type="checkbox"/> Improvements	\$ 11,240,100
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
<b>TOTAL:</b>	<b>\$ 18,943,200</b>

This decision is based on our finding that: The Board sustains the Assessor's determination of value based on the testimony and evidence presented.

The Petitioner was represented by Jennifer Rogers of Altus Group. Ms. Rogers stated that the Petitioner requested a total value of \$14,750,000, and does not dispute the Assessor's land value. The Petitioner's Representative provided a cost approach, an income approach, and a sales comparison approach in support of the requested value. Ms. Rogers reviewed the sale of the Lowe's in Mount Vernon, Skagit County, which sold for \$16,991,453 in April 2018. Ms. Rogers explained that this was a sale-leaseback to a national investment grade tenant, resulting in acceptable income and low long-term risk for the buyer, and that the derived capitalization rate of 5.85 percent must be adjusted for this fact. On rebuttal, Ms. Rogers agreed that the April 2018 sale of the Mount Vernon Lowe's was not a traditional sale-leaseback, but the sale benefitted from the original sale-leaseback and favorable terms.

The Assessor was represented by Teresa Hoyer, Commercial Appraiser, who provided a written Response including a market-adjusted cost approach, a sales comparison approach, and an income approach in support of the current assessed value. The Assessor's Representative clarified that the Petitioner's sale of the Lowe's in Mount Vernon is not a sale-leaseback transaction, since Lowe's was not the owner at the time of the sale. Regarding the sale of the Mount Vernon Lowe's, Ms. Hoyer testified that: after speaking with the Skagit County Assessor's Office, she determined that this was a valid market sale; the lease rate indicates that this is a market lease; and there was no known duress involved. Ms. Hoyer further testified that: the Petitioner's cost approach does not include entrepreneurial profit over and above development overhead; the Petitioner's capitalization rate is significantly above West Coast averages; the Assessor's capitalization rate is supported with sales; and the Petitioner's cost approach is incomplete, with no support for the expense information. Ms. Hoyer reviewed the Petitioner's comparable sales information, noting that: the former Kmart in Lacey and the former Target in Federal Way were allocated sales, since the entire shopping center was purchased; and the sale of Shopko in Kennewick included the requirement to maintain 800 feet of roadway.

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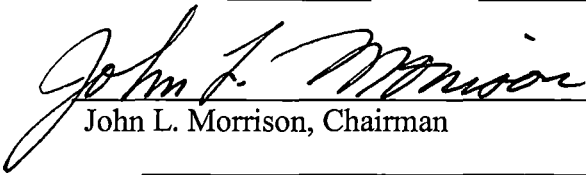
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The Board does not find the analysis provided by the Petitioner's Representative to be convincing. The Board concludes that the Petitioner did not provide clear, cogent, and convincing evidence sufficient to overcome the Assessor's presumption of correctness and to warrant a reduction in the valuation.

Dated this 30<sup>th</sup> day of January, 2019

  
John L. Morrison, 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](http://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.

To ask about the availability of this publication in an alternate format for the visually impaired, please call 1-800-647-7706. Teletype (TTY) users use the Washington Relay Service by calling 711. For tax assistance, call (360) 534-1400.

**Distribution:** • Assessor • Petitioner • BOE File

REV 64 0058 (6/9/14)

**SHIPPED MAR 01 2019**

# Order of the Thurston County Board of Equalization

Property Owner: LOWE'S HIW INC

Parcel Number(s): 58040000100

Assessment Year: 2018

Petition Number: 18-0286

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 Determination

<input checked="" type="checkbox"/> Land	\$ 3,957,900
<input checked="" type="checkbox"/> Improvements	\$ 10,182,000
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
<b>TOTAL:</b>	<b>\$ 14,139,900</b>

## BOE True and Fair Value Determination

<input checked="" type="checkbox"/> Land	\$ 3,957,900
<input checked="" type="checkbox"/> Improvements	\$ 10,182,000
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
<b>TOTAL:</b>	<b>\$ 14,139,900</b>

This decision is based on our finding that: The Board sustains the Assessor's determination of value based on the testimony and evidence presented.

The Petitioner was represented by Jennifer Rogers of Altus Group. Ms. Rogers stated that the Petitioner is requesting a total value of \$12,750,000, and that they accept the Assessor's land value of \$3,957,900. The Petitioner's Representative provided a cost approach, an income approach, and a sales comparison approach in support of the requested value. Ms. Rogers reviewed the sale of the Lowe's in Mount Vernon, Skagit County, which sold for \$16,991,453 in April 2018. Ms. Rogers explained that this was a sale-leaseback to a national investment grade tenant, resulting in acceptable income and low long-term risk for the buyer, and that the derived capitalization rate of 5.85 percent must be adjusted for this fact. On rebuttal, Ms. Rogers agreed that the April 2018 sale of the Mount Vernon Lowe's was not a traditional sale-leaseback, but the sale benefitted from the original sale-leaseback and favorable terms.

The Assessor was represented by Teresa Hoyer, Commercial Appraiser, who provided a written Response including a market-adjusted cost approach, a sales comparison approach, and an income approach in support of the current assessed value. The Assessor's Representative clarified that the Petitioner's sale in Mount Vernon is not a sale-leaseback transaction, since Lowe's was not the owner at the time of the sale. Regarding the sale of the Mount Vernon Lowe's, Ms. Hoyer testified that: after speaking with the Skagit County Assessor's Office, she determined that this was a valid market sale; the lease rate indicates that this is a market lease; and there was no known duress involved. Ms. Hoyer further testified that: the Petitioner's cost approach does not include entrepreneurial profit over and above development overhead; the Petitioner's capitalization rate is significantly above West Coast averages; the Assessor's capitalization rate is supported with sales; and the Petitioner's cost approach is incomplete, with no support for the expense information. Ms. Hoyer reviewed the Petitioner's comparable sales information, noting that: the former Kmart in Lacey and the former Target in Federal Way were allocated sales, since the entire shopping center was purchased; and the sale of Shopko in Kennewick included the requirement to maintain 800 feet of roadway. Ms. Hoyer explained that the assessed value is established using a cost approach, and an income approach is used as a check on the cost approach when there is an appeal.

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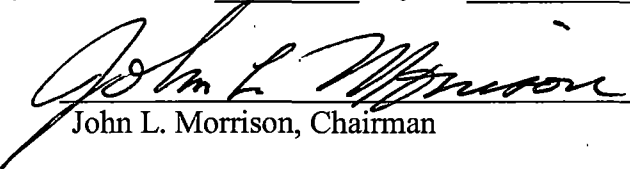
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The Board does not find the analysis provided by the Petitioner's Representative to be convincing. The Board concludes that the Petitioner did not provide clear, cogent, and convincing evidence sufficient to overcome the Assessor's presumption of correctness and to warrant a reduction in the valuation.

Dated this 30<sup>th</sup> day of January, 2019

  
John L. Morrison, Chairman

  
Ruth J. Elder, Clerk of the Board

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**Distribution:** • Assessor • Petitioner • BOE File

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