BEFORE THE IDAHO BOARD OF TAX APPEALS

CF HIPPOLYTA NAMPA, LLC,	)	
	)	
Appellant,	)	APPEAL NO. 25-A-1028
	)	
v.	)	FINAL DECISION AND ORDER
	)	
CANYON COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

INDUSTRIAL PROPERTY APPEAL

This appeal is taken from a decision of the Canyon County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. 304810120. The appeal concerns the 2025 tax year.

This matter came on for hearing November 7, 2025, in Caldwell, Idaho, before Hearing Officer Travis VanLith. Attorney David Crapo appeared at hearing for Appellant. Canyon County Appraiser Michael Cowen represented Respondent.

Board Members Kenneth Nuhn and Doug Wallis join in issuing this decision.

The issue on appeal concerns the market value of an improved industrial property.

The decision of the Canyon County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is $27,515,130, and the improvements' value is $327,485,300, totaling $355,000,430. Appellant agrees with the assessed land value but contends the correct value of the improvements is $145,484,870, totaling $173,000,000.

The subject property is a 61.03 acre industrial parcel located north of Interstate 84 in Nampa, Idaho. The property is improved with a roughly 2,678,318[1] square foot four-story mega distribution warehouse facility constructed in 2020. The main floor of the facility is nearly 702,000 square feet in size with a 17' 6" clearance height. Approximately 66,000 square feet of the first floor is dedicated office space. The upper three (3) floors, each with nearly 660,000 square feet of space, have 9' 1" clearance heights.

The subject property was developed specifically to serve as a sortable fulfillment center for Amazon. The building, referred to as "Gen 10" facility, is a steel-framed structure with concrete tilt-up walls. The facility is designed to handle smaller packages generally less than twenty-five (25) pounds and not larger than a typical microwave. As Amazon's processes have grown and evolved in recent years, so too have the designs of the company's fulfillment centers. The "Gen 10" designation refers to a specific facility design, or model, and was the newest at the time subject was built. Since that time, the company has developed several newer generations, with Gen 14 representing the most recent.

Appellant began by highlighting some of the unique features of the subject fulfillment center. Of particular note was the 9' 1" clearance height of the upper three (3) floors of the facility, which is atypically low for an industrial warehouse building. Subject's upper floors are primarily used for Amazon's proprietary computerized and robotic processes. It was explained employees work around the perimeter of the upper three (3) floors and are separated from the robotic operations occurring in the middle of the floors

[1] Respondent's size estimate was calculated using external measurements. Appellant reported a smaller total size figure of 2,644,044 square feet, which was determined from the architectural plans using interior measurements.

by a chain link fence. Appellant noted the robotics areas, which consume nearly 85% of each upper floor, do not require climate control or bright lighting. As such, only the perimeters of the upper floors where employees work are equipped with HVAC and adequate lighting. Appellant characterized the robotics areas, which consume approximately 60% of the entire building, as unoccupiable space due to the poor lighting and lack of climate control. While Appellant did not regard subject as a special-use property in a traditional sense, Appellant did consider the interior configuration unique and suited specially for Amazon's operations and questioned whether another operator could make similar use of the building as it is currently designed and configured.

Appellant also shared some details regarding the permitting process with the City of Nampa. Appellant explained structural steel beams in an industrial building like subject are typically coated in fireproofing material. However, because the vibrations from Amazon's robotic operations cause fibers from a typical fireproofing material to "flake off" and interfere with the robots, Appellant engaged United Laboratories to develop steel beams that provide the necessary fire protection but without the exterior coating normally used.

Appellant further explained a special accommodation from the City of Nampa was necessary due to the low ceiling heights of the upper three (3) floors. The City's approval was conditioned on, among other things, that Amazon was the tenant and that the use of the property would not change. Specifically, the approval letter from the city stated, "any change from [Amazon's planned] use and their specific warehouse occupancy shall cause the building area to be reduced by two floors. The second and third floor plates and related structure shall be removed." In other words, should Amazon no longer operate

the subject facility, or the property be put to a different use, the second and third floors of the building must be removed.

Appellant contended subject's current assessed value does not adequately reflect the unique features of the facility. In support of a lower valuation, Appellant developed value estimates using the cost and income approaches. Appellant agreed with subject's assessed land value, so Appellant's cost model focused exclusively on the improvements. Employing the calculator method using Marshall Valuation Service (MVS) cost tables, Appellant evaluated subject as a Class C – Mega Distribution Warehouse. Appellant's cost model applied a Number of Stories adjustment because the subject facility exceeds three (3) stories, as well as a perimeter adjustment. Using the interior clearance height measurements, Appellant calculated an average story height of 13' 2" and applied the corresponding Story Height adjustment. Appellant's cost model applied local and current cost modifiers to calculate an adjusted base rate of $47.94 per square foot, or $126,752,146. After adding costs for HVAC, freight elevators, fire sprinklers, and a 5% entrepreneurial profit factor, a replacement cost of $147,517,506, or $55.79 per square foot, was determined for the building.

Appellant's cost model next considered an appropriate depreciation rate for the subject facility. Rather than rely on MVS depreciation schedules, Appellant instead used the straight-line depreciation method. Appellant explained MVS depreciation schedules reflect typical use of an industrial building, but the subject facility is a 24-hour operation so suffers higher wear-and-tear. As such, Appellant reasoned a straight-line depreciation methodology was more appropriate for the subject building. Using a forty-five (45) year economic life and an effective age of five (5) years, Appellant calculated an 11.11%

depreciation factor. Applying this to the base replacement cost yielded a depreciated replacement cost new estimate of $131,907,188, or $49.88 per square foot, for the building.

The cost model then added costs for yard improvements such as paving, concrete, and lighting. As these are considered short-lived items, a 33.3% depreciation factor was applied to cost-new estimates, resulting in a depreciated value of $7,125,981 for subject's yard improvements. After adding $27,515,130 for the underlying sixty-one (61) acre parcel, Appellant's cost model concluded a total property value of $166,548,299.

Before sharing details of its income model, Appellant explained it was difficult to determine an appropriate lease rate for the subject facility because it is the largest in the county by a wide margin. Appellant began by determining a lease rate for subject's ground floor which, given the 17' 6" clearance height, was noted to represent a typical industrial warehouse space. Appellant provided lease information on four (4) industrial properties in Canyon County and two (2) in neighboring Ada County. The leased areas ranged in size from roughly 54,000 to 140,000 square feet, with triple-net (NNN) lease rates varying from $6.60 to $9.00 per square foot. Appellant additionally provided information on a current listing for a 901,000 square foot logistics center located east of Boise. Appellant noted the property has been listed for nearly two (2) years with an asking rate of $9.00 per square foot, but it still sits vacant. Based on the local lease data, Appellant concluded a lease rate of $9.00 per square foot for subject's roughly 700,000 square foot ground floor.

For subject's upper three (3) floors, Appellant contended a lesser lease rate was appropriate. Appellant emphasized the low ceiling heights limit the legal and practical

uses of subject's upper floors. It was noted there is no truck access to the upper levels, so the facility is unable to support a multi-level loading dock operation, which further restricts its utility. In Appellant's experience, market participants are willing to pay roughly 20% of the market full lease rate for space with limited utility like subject's upper floors. Against this backdrop Appellant concluded a lease rate of $2.97 per square foot for subject's upper three (3) floors, or approximately one-third (1/3) the lease rate determined for the ground floor. After applying a 6% vacancy rate, Appellant's income model calculated an effective gross income of roughly $11,350,000. Appellant next applied a 2% management expense factor and 3% for replacement reserves, which yielded a net operating income of nearly $10,800,000.

To determine a capitalization rate for its income model, Appellant considered national, regional, and local capitalization rate data for industrial and warehouse properties published by several industry sources. Overall, capitalization rates varied from 5.5% to 9.63%, though Boise-specific rates ranged from 5.5% to 6.0%. In Appellant's view, the unique features associated with subject's upper floors and the atypically large size of the facility in the local marketplace add risk to the project; therefore, a higher capitalization rate was justified. Accordingly, Appellant's income model used a 6.0% capitalization rate and concluded a value of $179,683,700, or $68 per square foot, for the subject property.

In the final reconciliation of value indicators, Appellant afforded equal weight to the conclusions reached under both valuation models. Ultimately, Appellant reconciled to a final value conclusion of $173,000,000 for the subject property and petitioned subject's assessed value be reduced accordingly.

Respondent was critical of several aspects of Appellant's cost model. First, Respondent questioned why the calculator method was used instead of the segregated cost method. Respondent acknowledged the calculator method is generally reliable for an average or typical improvement, but the methodology includes no consideration for improvements with special or custom features. The segregated cost method, on the other hand, was noted to be better suited for more complex buildings because the methodology examines each component of the building, from site preparation to finish. In Respondent's opinion, the subject facility is a special-use property, as it was designed and configured specially to suit Amazon's operational needs, such as the lower ceiling heights of the upper floors.

More concerning to Respondent, however, was Appellant's classification of subject as a Class C facility. Respondent noted the subject building was steel frame construction with concrete tilt-up walls, which is indicative of a Class A improvement. Respondent also highlighted subject's actual building plans which report the construction type as I-A. Further, Respondent shared the MVS description of a Class A structure, which specifically includes Type I construction. By contrast, MVS describes a Class C structure as, "[T]ype III (noncombustible wall), Standard Code Type V and ISO Classes 2 and 4, and those Class 5 and 6 buildings which have load-bearing walls without interior framing and of low-rise (3 stories or less) design." Respondent contended the subject building satisfies none of the criteria in the Class C description. Respondent stressed subject's building plans show the construction type is I-A, the concrete tilt-up walls are not load-bearing, and the building is taller than three (3) stories. In Respondent's view, subject is undoubtedly a Class A building.

In support of its value position, Respondent developed valuation models using all three (3) appraisal approaches. The first was a segregated cost model, which began with an analysis of subject's land value. Respondent analyzed five (5) vacant industrial land sales, including the 2019 purchase of the subject parcel for $24,854,023, or $9.35 per square foot. The other sales, involving parcels between 14.14 and 22.07 acres in size, transpired in 2022 and 2024. Sale prices ranged from $6,200,000 to $10,500,000, or from $10.07 to $15.67 per square foot. Respondent concluded a value of $26,600,000, or $10 per square foot for subject's 61.03 acres.

Respondent next evaluated subject's improvements using MVS cost tables and depreciation schedules. Respondent considered the subject facility a Class A industrial warehouse. Respondent valued each major component of the building and calculated a replacement cost new estimate of $362,300,000. Based on a 55-year economic life for the building and an effective age of four (4) years, a 1% depreciation rate was indicated by MVS. The result was a depreciated cost of $356,677,000 for the building. To this Respondent added $11,475,000 for the depreciated cost of the yard improvements, yielding a total improvement value of $370,150,200. After adding the $26,600,000 land value determined above, plus a 5% developer's entrepreneurial factor, Respondent concluded a total value of $416,600,000 for the subject property.

As the subject facility was constructed just a few years ago, Respondent also offered an historical trended cost approach model using the property's actual development costs. A total development cost of $284,003,266 was reported as of May 2021, of which $259,149,243 was the cost of the improvements and $24,854,023 was the land acquisition price. Through a conversation with the developer of the subject property,

Respondent learned roughly $12,000,000 to $15,000,000 was budgeted for costs related to expediting construction of the facility. Based on this, Respondent removed $14,000,000 from the cost of the improvements, then applied a MVS local market multiplier to bring the construction costs current to the January 1, 2025, lien date. After a 1% depreciation factor, Respondent determined a value of $352,885,500 for subject's improvements. Lastly, Respondent added $26,600,000 for the value of the land and applied a 5% developer's entrepreneurial profit factor to calculate a total current value of $399,500,000 for the property.

For its sales comparison approach, Respondent analyzed three (3) sales of other Amazon fulfillment centers, two (2) located in the United States and one (1) in Canada. The facilities, constructed between 2020 and 2025, varied in size from 2,400,000 to 2,710,966 square feet. Sale prices ranged from roughly $326,000,000 to $436,000,000, or from $123 to $164 per square foot. Respondent additionally shared information on twenty-six (26) local and regional warehouse sales and listings. The warehouses in the data set ranged in size from 67,500 to 823,606 square feet, and sale prices varied from $12,975,000 to $260,000,000, or from $121 to $598 per square foot. Based on the sales data, Respondent's sales model concluded a value of $415,000,000, or $156 per square foot, for the subject property.

Respondent's income approach first sought to develop a lease rate for the subject property through an analysis of lease data obtained from several sources. Respondent relayed details of a conversation with a leading local industrial developer who indicated lease rates for warehouse space in excess of 100,000 square feet was roughly $9 per square foot. Local third-party broker survey data suggested lease rates from $11.64 to

$13.08 per square foot, with an average of $12 per square foot. Respondent additionally shared lease rate[2] information concerning twenty-six (26) local and regional warehouse properties that have sold since 2022 or are actively listed for sale. Based on the various indicators, Respondent concluded a lease rate of $9 per square foot for the subject property, or a potential gross income of roughly $24,000,000. After applying a 7% vacancy rate, a 1% management expense rate, and 2% for replacement reserves, Respondent calculated a net operating income of approximately $21,745,000.

Respondent's capitalization rate analysis included consideration of recent sales and data published by third party brokers. The sales concerned warehouse properties located in the western region of the U.S. The warehouses varied in size from 67,500 to 823,606 square feet, with sale prices from $12,975,000 to $260,000,000. Indicated capitalization rates varied from 3.21% to 6.10%, with an average rate of 4.68%. Local broker data suggested capitalization rates between 5.50% and 6.10%. Respondent's income model utilized a 5.30% capitalization rate, which yielded a value conclusion of $410,300,000 for the subject property.

In reconciling the different value indicators, Respondent gave "very little weight" to the sales comparison approach because there are few sales of special use properties like subject to develop a reliable comparative sales model. Respondent likewise placed little emphasis on the income approach because, while there was an adequate pool of lease data, none of the warehouses in the data set approached the roughly 2,600,000 square foot size of the subject facility. Instead, Respondent emphasized its segregated cost and historical trended cost models. Respondent explained because it had possession of

[2] Actual lease rates were not reported. Instead, Respondent estimated lease rates using sale prices and known capitalization rates.

subject's actual building plans, there was sufficient information to develop a detailed segregated cost approach. And because the subject facility was constructed just a few years ago, Respondent also regarded the historical trended cost approach a reliable indicator of the property's current market value. Ultimately, Respondent reconciled to a value of $408,000,000 for the subject property, and requested the Board increase the assessment accordingly.

In further support of its value conclusion, Respondent pointed to other recent appraisals of the subject property. Though only a couple of the full appraisal reports[3] were entered into the record, Respondent shared the value conclusions reached in the others. The first appraisal from February 2020 concluded a value of $350,000,000 in its leased fee income approach.

The leased fee income model in a December 1, 2020, appraisal determined a value of $409,400,000. Respondent noted this was the same value reported to potential investors in Appellant's July 2021 Bond Issuer report.

An appraisal dated December 1, 2021, concluded a value of $418,200,000, again using a lease fee income model. This same value was reported in Appellant's August 2022 Bond Issuer report.

Respondent also cited its prior appraisal of the subject property in 2023, which concluded a total value of $400,000,000.

Lastly, was a retrospective appraisal report from August 2025 which estimated subject's market value at $403,000,000 as of January 1, 2023, and $412,000,000 as of

[3] Respondent provided a full copy of a retrospective appraisal report from August 2025 that estimated subject's market value as of January 1, 2023, and as of January 1, 2024. Appellant provided a full copy of a prospective appraisal performed in February 2020 with a December 1, 2020, effective date of valuation.

January 1, 2024. Respondent noted all the value estimates since 2020 have been relatively consistent at around $400,000,000, with the exception of Appellant's value claim in 2023 of $140,000,000 and its current value claim of $173,000,000, both of which Respondent regarded as unrealistic estimates of subject's value in the marketplace.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of market value in fee simple interest or, as applicable, a property's exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence submitted by the parties, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2025, in this case. Market value is always estimated as of a precise point in time. Idaho Code § 63-201 provides the following definition,

> "Market value" means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Market value is estimated according to recognized appraisal methods and techniques. The three (3) approaches for determining market value include the sales comparison approach, the cost approach, and the income approach. *Merris v. Ada Cnty*., 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Though the parties' efforts to develop value estimates using multiple appraisal approaches were appreciated, the Board found the cost approach the most appropriate methodology in this instance. The subject facility is not a typical industrial warehouse

property, particularly within the local marketplace. To begin, at roughly 2,600,000 square feet in size, the subject facility is nearly triple the size of the next largest warehouse-type property in the county. Not only is the subject facility atypically large, but by both parties' accounts, the interior is specifically configured to accommodate Amazon's proprietary robotic operations, starting with the 9' 1" ceiling heights of the upper three (3) floors and the specially developed structural steel beams from United Laboratories.

Whether the subject facility meets the dictionary definition of a special use property, it is certainly unique enough in the local marketplace to warrant consideration as special or custom. It is generally well-accepted that for special or rare property types, the cost approach is best suited to produce a credible estimate of the value of the real estate. The sales comparison and income approaches are often considered less reliable for special-use type properties because there are typically few comparable properties in the market, and even fewer sales or leases of such properties. Subject's unique place in the market was evidenced by the parties' sales comparison and income approaches. Indeed, the largest lease comparable in Appellant's income model was 140,000 square feet, which is about 5% of subject's size. Respondent's data set included larger warehouse properties, but the largest was still less than one-third (1/3) subject's size at roughly 823,000 square feet. With no data for properties approaching subject's size, determining an appropriate lease rate is rather speculative. For these reasons, the Board was not persuaded the parties' sales comparison and/or income approach models represented the best indicators of subject's market value.

Though both parties developed cost models based primarily on MVS data, the respective methodologies were different. Appellant used the calculator method, whereas

Respondent employed the segregated cost method. While both are recognized methodologies, the segregated cost method is more thorough because each relevant component of the building is individually examined and valued. As noted by Respondent, the calculator method is best suited for a typical or average building within a particular improvement category and performs less well for a building with unique features.

Though the parties utilized different cost approach methodologies, the most significant difference between the respective cost models was in the classification of the subject building. Appellant evaluated subject as a mega warehouse, which under the calculator method in MVS is described as a large storage-distribution facility ". . . typically over 200,000 sq. ft., where interior build-out is only 1% - 5%." At more than 2,600,000 square feet, the subject facility certainly meets the size parameters of a mega warehouse. The problem, however, is the MVS cost table for mega warehouses in the calculator method includes only Class C and Class S building types, whereas subject is Class A. According to MVS, buildings in the Class A classification are "[U]niform, Basic and Standard Building Code construction, Types I and II (noncombustible) . . . ." Subject's own building plans report Type I-A construction, so it is a Class A facility.

It is also worth noting the subject facility does not fit within the MVS description of Class C buildings. MVS describes a Class C building as Type III or Type V construction, and ". . . those Class 5 and 6 buildings which have load-bearing walls without interior framing and of low-rise (3-stories or less) design." The subject facility satisfies none of these criteria. Subject is Type I-A construction, the concrete tilt-up walls are not load-bearing, and the building is more than three (3) stories.

Appellant pointed out MVS states, "[t]he primary feature of a Class A buildings is the fireproofed, protected structural steel frame . . ." and stressed subject's steel beams are not coated in fireproofing material. As such, Appellant reasoned subject was not a Class A facility. While subject's beams may not be coated in a traditional material, Appellant testified United Laboratories developed a special design to allow the steel beams to still provide fire protection but without any exterior coating that could flake off and interfere with the robotic operations. Stated simply, the steel beams comprising subject's frame are not standard or typical, which Appellant's cost model fails to recognize.

While the above-noted issues with Appellant's cost model gave rise to questions concerning the reliability of the analysis, the value conclusion was not credible on its face, in the Board's view. Appellant's cost model concluded a total value of approximately $166,500,000. However, the total reported development costs in 2021 were roughly 70% higher, at $284,000,000. The gap is even wider when focusing on just the improvements, with Appellant concluding a figure of roughly $139,000,000, whereas the actual construction costs were 86% higher, at nearly $260,000,000. It is difficult for the Board to accept that more than 40% of the subject property's value has been lost in the four (4) years since the facility was constructed.

Appellant stressed the newer generation facilities operate at higher efficiency and was adamant the Gen 10 facility design would not be used for future fulfillment centers, thereby suggesting obsolescence in the subject facility. It is not surprising to learn newer generation facilities are more efficient, but that does not render the subject facility obsolete or unfit to operate as a fulfillment center. Indeed, Appellant's own cost approach

did not include any adjustments for obsolescence. While Amazon may have moved on from the Gen 10 model, the subject facility was designed and intended to serve as a sortable fulfillment center, a role it continues to play today. This is the actual and functional use of the subject property which, pursuant to Idaho Code § 63-208, ". . . shall be a major consideration when determining market value for assessment purposes."

It was also not lost on the Board that recent sales of other Amazon fulfillment centers do not support the precipitous loss of value suggested by Appellant's analysis. Two (2) such sales occurred in 2022 for prices of roughly $326,000,000 and $436,000,000, and one (1) transpired in October 2024 for approximately $394,000,000. This latter sale was reported as a tenant (Amazon) purchase from the developer prior to completion of the facility in 2025. According to Respondent, each of these three (3) facilities sold in excess of their respective total original development costs (land and improvements). So, rather than the rapid decline in value indicated by Appellant's valuation models, the market instead suggests some level of appreciation in value for these fulfillment center properties.

Idaho Code § 63-511 places the burden on Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Given the record in this matter, the Board did not find the burden of proof satisfied. Appellant's cost approach was fundamentally flawed where it valued subject as a Class C facility instead of Class A. On the whole, Respondent's segregated cost model was well received by the Board, but most persuasive in this particular instance was Respondent's historical trended cost approach analysis. The subject facility is only four (4) years old, and because the building includes special features designed and customized to accommodate Amazon's specific needs,

trending the actual development costs forward produces a reasonable estimate of the property's current market value free of any intangible value that could potentially influence the results of a sales comparison or income approach analysis. And where subject's current assessed value is less than the value conclusions reached in both of Respondent's cost models, the Board did not find support for a lower valuation.

The decision of the Canyon County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Canyon County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 5th day of March, 2026.