REPRESENTATIVES FOR PETITIONER:
Brent A. Auberry, Abraham M. Benson, David A. Suess, Benjamin A. Blair
Faegre Drinker Biddle & Reath, LLP

REPRESENTATIVE FOR RESPONDENT:
A. Robert Masters
Nemeth, Feeney, Masters & Campiti, P.C.

BEFORE THE INDIANA BOARD OF TAX REVIEW

KOHL'S INDIANA LP,	)	Petition Nos.: 71-002-18-1-4-00216-23
	)	71-002-19-1-4-00217-23
Petitioner,	)	71-002-20-1-4-00218-23
	)	71-002-21-1-4-00219-23
v.	)	71-002-22-1-4-00220-23
	)	
ST. JOSEPH COUNTY ASSESSOR,	)	Parcel No.: 71-09-30-351-001.000-002
	)	
Respondent.	)	County: St. Joseph
	)	
	)	Township: Centre
	)	
	)	Assessment Years: 2018-2022
	)	

FINAL DETERMINATION

The Indiana Board of Tax Review ("Board") having reviewed the facts and evidence, and having considered the issues, now finds, and concludes the following:

I. INTRODUCTION

1. In these assessment appeals of a big-box retail store, the parties offered competing value opinions from licensed appraisers: Laurence Allen for Kohl's Indiana, LP, and Michelle Farrington for the St. Joseph County Assessor. After weighing the evidence, we find that Allen's opinions are the most persuasive evidence of the property's true tax value, and

therefore, of its correct assessment, for each valuation date.

II. Procedural History

2. The St. Joseph County Assessor assessed the subject property at $5,954,000 for 2018-2020, $5,640,000 for 2021, and $6,042,400 for 2022. Kohl's appealed those assessments on August 29, 2018, June 4, 2019, June 2, 2020, June 2, 2021, and June 8, 2022, respectively. On December 22, 2022, the St. Joseph County Property Tax Assessment Board of Appeals ("PTABOA") issued determinations lowering the assessments to the following values:

Year	Land	Improvements	Total
2018	$1,663,600	$2,236,400	$3,900,000
2019	$1,663,600	$2,236,400	$3,900,000
2020	$1,663,600	$2,236,400	$3,900,000
2021	$1,653,500	$2,846,500	$4,500,000
2022	$1,653,500	$2,846,500	$4,500,000

3. Kohl's appealed all five determinations to us on February 1, 2023. Beginning on September 9, 2024, our designated administrative law judge, Erik Jones ("ALJ"), held a two-day hearing addressing the appeals. Neither he nor we inspected the property. Allen and Farrington testified under oath.

4. Kohl's submitted the following exhibits:

Exhibit P-1	Appraisal report prepared by Allen & Associates,
Exhibit P-2	Kohl's rightsize summary,
Exhibit P-3	Methodology, Sale Transaction Analysis, and Market Participant Survey, prepared by Situs RERC,
Exhibit P-4	"Jewel-Osco enters into agreement to purchase 19 Strack & Van Til stores from Central Grocers, Inc." web article,
Exhibit P-5	CoStar summary report for 1600 Pioneer Trail (Strack & Van Til),
Exhibit P-6	CoStar summary report for 210 W. Douglas Road (Aldi),
Exhibit P-7	"Hanley Investment Group arranges sale of newly renovated single-tenant Aldi in Northern Indiana for $3.8 million to California buyer" web article,
Exhibit P-8	CoStar summary report for 6425 Daniel Burham Drive (Bass Pro Shop),

Exhibit P-9	Excerpts from Marshall & Swift Valuation Service,
Exhibit P-10	Excerpts from THE APPRAISAL OF REAL ESTATE, Fifteenth Edition,
Exhibit P-11	St. Joseph County Assessor's answers to Kohl's Indiana LP's requests for admission, interrogatories, and requests for production of documents.

The Assessor submitted the following exhibit:

Exhibit A	Real property appraisal report, prepared by Michelle Farrington, dated June 21, 2024.

5. The record also includes the following: (1) all petitions, briefs, and other documents filed in these appeals, (2) all orders and notices issued by the Board or ALJ; and (3) the hearing transcript.

III. FINDINGS OF FACT

A. The Subject Property

6. The subject property is located at 1290 E. Ireland Road, in South Bend. It consists of a retail store and site improvements on a 9.08-acre site. It is one of the original anchor stores for a pedestrian shopping center known as Erskine Village. *Ex. P-1 at 1-2, 17-18; Tr. at 28, 30-32, 130, 230-31.*

7. Kohl's built the store in 2005. The ground floor is roughly 87,310 square feet. The store also has an additional 7,218 square feet of mezzanine storage space. *Ex. P-1 at 1-2, 17-18, 23-24; Ex. R-A at 17-18; Tr. at 34, 35, 233-34.*

8. South Bend and St. Joseph County are part of the South Bend-Mishawaka metropolitan statistical area ("South Bend MSA"). There are two main commercial trade areas in the St. Joseph County. The most desirable is the University Park Trade Area, located in the northeast part of the county. *Ex. P-1 at 10; Ex. A at 28-29; Tr. at 37, 228-29, 300.*

9. The second main trade area is the Erskine Trade Area, which serves the south sides of South Bend and Mishawaka as well as smaller communities from Marshall County. The trade area has two primary nodes on Ireland Road. One is at Michigan Street (US 31) and Ireland Road, and it contains several established retail stores, including a center known as Erskine Commons. Erskine Commons has larger retailers like Walmart and Lowe's, as well as an automobile dealership, strip centers, and restaurants. *Ex. A at 28-29; Tr. at 227-30.*

10. The other primary node for the Erskine Trade Area is the site of the former Scottsdale Mall at the corner of Ireland Road and Miami Street. Erskine Village, a shopping center with more than 500,000 square feet, sits at the southeast corner of that intersection. In addition to the subject Kohl's store, Erskine Village has a Target store and several mid-size retailers like Old Navy, Dress Barn, and TJ Maxx. It also includes several strip centers and restaurants. There is another somewhat older center called Erskine Plaza immediately west of Erskine Village that is anchored by a Martins grocery store. *Ex. P-1 at 14-15; Ex. A at 28-29; Tr. at 161-67, 231-33.*

11. The subject property has direct access from Miami Street as well as shared access via easements from Ireland Road. It is also bordered by U.S. 20 (St. Joseph Valley Parkway) to the south. The store is primarily visible from Miami Street. Its visibility from Ireland Road is partially obstructed by an outlot development. And the store is below the grade of U.S. 20, which reduces its visibility from that road as well. Depending on the source and the year, average daily traffic counts near the subject property on Miami Street and Ireland Road were as low as 12,783 and as high as 22,000. The traffic counts along U.S. 20 west of Miami Street were 39,330 in 2019 and 38,560 in 2022. *Ex. P-1 at 15, 17; Ex. A at 19; Tr. at 30-33.*

B. Expert Opinions

1. Allen's Appraisal

12. Kohl's offered an appraisal report from Allen. Allen is a certified general real estate appraiser in Indiana and several other states. He is also a licensed real estate broker in Michigan. He has been an appraiser for over 40 years, and he holds several professional designations, including the MAI from the Appraisal Institute. Allen has lectured on the valuation of real property for the business schools at the University of Michigan and Michigan State University. He has also published articles on real property valuation in the *Appraisal Journal*. *Ex. P-1 at 8-9, 182-83; Tr. at 16-20.*

13. During his 40 years in the profession, Allen has appraised many property types, including big-box stores, several of which were near South Bend. Over the five years preceding the hearing, he appraised approximately 50 to 100 retail stores like the subject property. As a broker, Allen has discussed with buyers and sellers the factors that big-box retailers consider important in selecting store locations, and he has been hired to locate sites for Walmart and Menards stores. Although there is no uniform definition of what constitutes a big-box store, Allen considers 50,000 square feet as the cut-off between big-box and junior-box stores. He believes that is a reasonable cut-off given, among other things, the results of a study from Situs RERC. That study, which examined sales of stores that were 30,000 square feet and larger from 2010 through early 2018, found that stores between 30,000 and 50,000 square feet sold for twice as much as stores with more than 50,000 square feet. *Ex. P-1 at 52, 96-98; Tr. at 18-24, 60, 163, 176-77.*

14. Allen researched the South Bend MSA. He determined that the MSA suffered from challenges due to automation and outsourcing but had overall slow, yet stable economic growth. He considered the subject property's neighborhood, which he defined as the area within a half-mile radius of the property, to be in the "stability stage" of its lifecycle. *Ex. P-1 at 10-16; Tr. at 37.*

15. Allen also described changes in the retail industry over the last ten years or so, including what some have termed the "retail apocalypse." He cited various sources that tracked chain-store closures from 2014 through 2021, showing what he described as a giant wave of closures beginning in 2016. Those closures included big-box stores, although much of the closure data in his report is not specific to big-box retailers. Allen attributed the apocalypse to the dramatic effect that the growth in e-commerce has had on every sector of the retail industry. And those challenges continued during and after the COVID-19 pandemic. *Ex. P-1 at 38-49; Tr. at 38-44.*

16. According to Allen, the retail apocalypse has had the greatest effect on malls and department stores. But it has affected big-box stores more than smaller retail properties. It has led to big-box retailers, including Kohl's, closing or downsizing their stores. Kohl's has also rightsized existing stores by leasing out portions of the stores and widening aisles to make them look full. Similarly, Kohl's stores have become a pick-up center for Amazon. And Kohl's no longer builds stores with mezzanines. According to Allen, the increased closures and decreased demand for larger big-box stores like the subject property have led to an oversupply of vacant stores and longer marketing times. *Ex. P-1 at 44-52; Ex. P-2; Tr. at 47-49.*

17. Allen determined the market value-in-use of the subject property's fee simple interest as of January 1 for each year under appeal, and he certified that his appraisal report complied with the Uniform Standards of Professional Appraisal Practice ("USPAP"). He considered and ultimately developed all three valuation approaches: the sales-comparison income-capitalization, and cost approaches. *Ex. P-1 at 4, 8-9, 50-51.*

a. Allen's sales-comparison analysis

18. For his sales-comparison analysis, Allen looked for sales of big-box stores that had more than 50,000 square feet and that sold for single-occupant retail use from 2015 to 2021. He did not limit his search to South Bend because most of the potential buyers are regional retailers who would be looking to buy properties throughout the Midwest.

Location was important to him. But he explained that locational differences would not affect prices as dramatically as the doubling of prices for stores below 50,000 square feet compared to those above that threshold. Nonetheless, he viewed all his search criteria as important. *Ex. P-1 at 52-53*; *Tr. at 63-64, 176-78.*

19. Allen, however, limited his search to sales of vacant, "fee simple" properties, meaning the properties were unencumbered and available to be leased, as opposed to sales of the "leased fee" interest, where the properties were sold subject to existing leases. Allen offered his opinion that leased and unleased big-box stores compete in different markets. He reasoned that investors who buy leased big-box stores are buying an income stream. Leased properties are in higher demand, and command correspondingly higher prices, because investors don't need to find a tenant and negotiate a lease before they start receiving that income stream. According to Allen, the price increment between sales of leased and unleased stores is attributable to the leases rather than to the real property. *Ex. P-1 at 52-53*; *Tr. at 54-56, 63-64.*

20. Consistent with his opinion of the meaning of "fee simple," Allen acknowledged that it might be possible to use leased-fee sales to value the fee-simple interest in a property, but he explained that he believed the sale prices would need to be significantly adjusted. He would need to consider (1) whether the leases were at market rent; (2) how much time was remaining on them, which could greatly affect the sale prices; and (3) how strong the guarantees on the leases were. *Tr. at 66-67.*

21. Allen ultimately identified eight comparable fee-simple sales: three from Michigan, two from Illinois, and one each from Indiana, Wisconsin, and Missouri. All the buildings were configured for single occupancy at the time of sale and were used for retail purposes both pre- and post-sale. Allen provided extensive information about the properties and their surrounding market areas:

Development Location	Subject	Sale 1 Target McHenry IL.	Sale 2 Lowe's Elgin, IL.	Sale 3 Super K Southgate MI	Sale 4 Kroger Indianapolis IN	Sale 5 Menards Portage MI	Sale 6 Kmart Cape Girardeau MO	Sale 7 Target Greenfield WI	Sale 8 Super Walmart Hartland Twp. MI
Sale Date		Aug-15	Apr-16	Jul-16	Sep-17	Mar-18	Dec-19	Jan-20	Jan-21
Bldg. Area	87,310	95,420	139,410	174,758	65,006	81,569	80,936	130,125	78,434
Year Built	2005	1994	2006	1998	2000	1988	1989	1970	2009
Land Size	9.08	9.02	12.76	15.69	7.67	12.76	5.55	12.94	10.92
LTB Ratio	4.53	4.12	3.99	3.91	5.14	6.81	2.99	4.33	6.06
Sale Price		$2,100,000	$5,300,000	$5,500,000	$2,600,000	$2,800,000	$2,500,000	$4,000,000	$2,425,000
Price/SF		$22.01	$38.02	$31.47	$40.00	$34.33	$30.89	$30.74	$30.92
Community Data									
5-mile radius									
Population	121,472	63,432	157,720	185,613	183,807	128,006	43,783	337,251	30,904
Households	50,076	24,872	53,389	77,186	70,871	52,451	17,916	134,439	11,064
Med HH Inc	$45,772	$72,536	$88,407	$56,333	$68,097	$52,561	$53,509	$51,400	$100,038
Avg. HH Spend	$37,702	$55,161	$65,272	$41,528	$51,159	$43,115	$44,159	$37,543	$66,353
Spending Power[1]	$1,887	$1,372	$3,172	$3,205	$3,626	$2,261	$791	$5,047	$734
Pop Δ 2010-2020	1.80%	-0.85%	5.20%	-0.63%	14.95%	5.44%	3.71%	-1.55%	10.16%
5-year projected Δ	-.29%	4.83%	-1.57%	-0.77%	2.81%	2.97%	1.27%	0.51%	4.23%
Sub Mkt. Eff. Ask Rent	$7.69	$13.68	$15.53	$10.94	$16.34	$13.40	$10.50	$14.58	$10.28
Traffic Count	30,574	23,400	36,900	54,515	49,879	13,443	41,204	30,800	98,848

Sale 8 involved a former Walmart Supercenter that Rural King bought in 2016. Rural King then subdivided the 186,763-square-foot building into two spaces and sold the smaller one (78,434 square feet) to an appliance store, which is the sale that Allen used. Kroger, the buyer from Sale 3, used only 140,000 square feet of the store and marketed the rest of the space for lease. The buyer from Sale 5 added roughly 27,000 square feet to the building to make it a Blain's Farm & Fleet store. *Ex. P-1 at 53-70; Tr. at 68-73, 182-88.*

22. The stores were all vacant and had been marketed for sale for periods ranging from roughly four months to more than four years. Sales 1, 7, and 8 were marketed for approximately one year or less, with Sale 1 having been marketed for only about four months. Sales 3 and 4 were marketed for close to two years, while Sales 2 and 5 were marketed for 48 and 30 months, respectively. It is unclear for how long Sale 8 was marketed. The Situs RERC study has a chart showing that the maximum price is achieved when properties are on the market for between one and three years. *Ex. P-1 at 53-70; Tr. at 179-88.*

[1] In millions.

23. Allen communicated with the brokers or parties involved in all the sales. He also visited each store to look at its characteristics and location. And he used all eight sales for each valuation date. *Tr. at 67, 76-77.*

24. After selecting comparable sales, Allen considered whether he needed to adjust the sale prices to account for relevant differences between the sales and the posited transaction for the subject property, as well as for differences in property characteristics. *Ex. P-1 at 71-84; Tr. at 74-98.*

25. He saw the need for two transactional adjustments. The first was for property rights conveyed. Sales 2, 4 and 8 sold with deed covenants restricting the properties from some future retail uses. Sale 2 sold with a restriction precluding the property from being used as a retailer like Lowe's, Home Depot, Menards, 84 Lumber, etc. for five years following the sale. But it expressly allowed the buyer's intended use as a Blain's Farm & Fleet Store, which sells many of the same products as Lowe's. Home Depot and Menards already had stores down the street, so they were unlikely to purchase the property. Sale 4 transferred with a restriction on grocery-store use for four years. Finally, Sale 8 had a restriction that had been created when the property previously sold to Rural King in 2016. The covenant prohibited the property from being used as a department store or discount store of more than 50,000 square feet for purposes of selling hard and soft goods in a retail operation like Walmart. The restriction was for 25 years. *Ex. P-1 at 57, 61, 69, 71-72; Tr. at 77-80, 181-82.*

26. The restrictions in Sales 2 and 4 were placed on the properties after the sale prices had been negotiated. In fact, the restriction from Sale 2 specifically listed the buyer's store as a permitted use, which is typical of deed restrictions on properties sold by Lowe's. Allen also looked at two national studies of big-box sales: the Situs RERC study and a study prepared by Brett Harrington of the International Appraisal Co., which examined sales of stores with over 90,000 square feet from 2011 through 2015. The Harrington study indicated that, on average, stores with deed restrictions sold for 6% less than unrestricted

stores, while the Situs RERC study showed no downward effect on sale prices for stores over 50,000 square feet. Allen concluded that the restrictions did not affect the prices for Sales 2 and 4. *Ex. P-1 at 71-72; Tr. at 77-80.*

27. That was not true for Sale 8, however. Unlike the other two deed restrictions, the covenant restricting the use of Sale 8 predated the sale, and the buyer would not have been able to alter the restriction to suit its needs. The broker from the sale felt there were enough buyers to get the maximum price and did not really think the restriction affected the sale price. But Allen still felt he should adjust the price downward, and he thought 5% was reasonable. *Ex. P-1 at 71-72; Tr. at 77-80, 188-91.*

28. To quantify adjustments for differences in market conditions, Allen looked at various sources to determine how those conditions had changed between the sale dates of his comparable properties and the valuation dates for his appraisal. The sources included national data from Real Capital Analytics as well as data from both the South Bend MSA and the MSAs of all his comparable sales. Based on his data, Allen estimated annual appreciation of 2% from year-end 2016 through year-end 2017, 3% for 2018-2019, 0% for 2020 during the COVID pandemic, and 5% for 2021. *Ex. P-1 at 72-80, P-7; Tr. at 81-85.*

29. After making his transactional adjustments, Allen turned to property characteristics. To help determine the effect that differences in building size have on sale prices, Allen did a matched-pair analysis involving the property from Sale 8. He compared the sale price from 2016, when the property had a 186,763-square-foot building, to the 2021 sale of a portion of the original property that now contained a 78,434-square-foot building. After adjusting for market conditions and property rights (5% for the existing deed restriction at the time of the second sale), he found a 20% difference in unit price. Allen also looked at the Situs RERC study, which disaggregated average and median sale prices based on building-size thresholds. He concluded that Sales 2, 3, and 7 required upward adjustments for their larger buildings. He did not believe an adjustment was necessary

for the other stores, which were closer to the subject store's size. But he also indicated that size differential was an even bigger factor in analyzing market rent, because there are many fewer potential tenants for larger stores. *Ex. P-1 at 80-81, 85-94; Tr. at 85-87.*

30. Because arterial attributes are important to buyers of big-box stores, Allen compared the properties in terms of access, visibility, and traffic counts. He concluded that two of the sales were inferior to the subject property and that the other six were superior. His adjustments ranged from -15% to 5%. *Ex. P-1 at 81-82; Tr. at 87-89.*

31. To compare other locational characteristics, Allen considered demographic data from both 5-mile and 10-mile radii around each property. He gave the greatest weight to the 5-mile data because that is what market participants look at. That data included population density and growth, household density, median household income, and average household spending power. Of those characteristics, Allen considers household spending power, which is household income multiplied by the number of households, to be the most important. He explained that spending power is very important to big-box-market participants because it shows the potential for retail sales. Allen adjusted the sale prices for the properties he viewed as having superior demographic characteristics (Sales 2-4, and 7) downward between 5% and 15% and the prices for the properties he viewed as having inferior characteristics (Sales 6 and 8) upward by 5%. *Ex. P-1 at 82-83; Tr. at 90-92.*

32. Allen also analyzed rent and vacancy levels in the real estate market where each property was located. To reflect differences in those characteristics, he used a submarket adjustment based on effective asking rent (average asking rent multiplied by the average occupancy rate) in the area surrounding each comparable sale. He concluded that all the comparable properties were in superior submarkets, and his adjustments ranged from -5% to -20%. *Ex. P-1 at 84; Tr. at 92-93.*

33. Finally, Allen adjusted the sale prices to account for differences in land-to-building ratios and the buildings' effective ages. He found that four of the properties had similar land-to-building ratios as the subject property, and he adjusted the other four between -15% and 10%. He quantified adjustments for differences in effective age at 1% per year difference. *Ex. P-1 at 84-94; Tr. at 93-95.*

34. The comparable properties bracketed the subject property for most of the elements of comparison, meaning that for those elements, the set of comparable properties included properties that were superior to the subject property as well as ones that were inferior to it. According to Allen, bracketing is ideal because it tells him that he has selected sales that cover the market. He felt comfortable using all eight sales for each year. The adjusted prices differed a little between his valuation dates, but they were all between $23.79/SF and $38.54/SF for ground-floor space. *Ex. P-1 at 85-94; Tr. at 73, 96-97.*

35. Allen looked at several things in reconciling the adjusted sale prices. He considered which sales were closest to the valuation date as well as which ones were most similar in several other elements of comparison. He also performed a qualitative analysis, in which he made the same transactional adjustments from his quantitative analysis and then qualitatively compared the properties in terms both of each property-related characteristic and of overall comparability. For each year, Allen concluded that the subject property would sell within the range of the average transactionally adjusted price for the six properties he rated as overall superior to the subject property and the average transactionally adjusted price for the two properties he rated as equivalent. *Ex. P-1 at 85-94; Tr. at 98, 104-05.*

36. He ultimately settled on unit values for the main-floor space that ranged from $32/SF to $35/SF for the five valuation dates. For the mezzanine area, he used the ratio of building costs for the mezzanine compared to the ground-floor space (32.2%), which he then applied to his concluded main-floor values. He settled on the following values under the sales-comparison approach:

Year	Main Floor	Mezzanine	Indicated Value
2018	$32/SF	$10.34/SF	$2,860,000
2019	$33/SF	$10.66/SF	$2,960,000
2020	$34/SF	$10.98/SF	$3,050,000
2021	$34/SF	$10.98/SF	$3,050,000
2022	$35/SF	$11.31/SF	$3,140,000

Ex. P-1 at 102-03; Tr. at 104-05.

37. Allen noted that his comparable sales were consistent with the range shown by the Situs RERC and Harrington studies for big-box stores with more than 50,000 square feet. He also examined nine additional sales across the Midwest, Missouri, Kansas, and Tennessee, which he believed confirmed his comparable properties were typical of that market. *Ex. P-1 at 95-98; Tr. at 99-103.*

b. Allen's income-capitalization analysis

38. Allen identified nine leases from which to derive market rent for the subject property (identified as Leases 12-14, 16-19, 21, and 22): five from Indiana, two from Michigan, and one each from Ohio and Kentucky:

	Subject	Lease 12	Lease 13	Lease 14	Lease 16	Lease 17
Tenant		At Home	At Home	Big R	Big Lots	At Home
Location		Bloomfield Hills MI	Merrillville IN	Elkhart IN	Hobart IN	N. Canton OH
Date		Sep-16	May-17	Jun-17	Nov-18	Jul-19
Bldg. Size	87,310	120,650	106,077	86,581	48,849	90,304
Yr. Built	2005	1993	1974	1990	1989	2009
Rent/sf		$5.60	$3.41	$2.75	$6.93[2]	$8.75
Population	121,472	159,591	100,811	81,890	85,370	114,075
Med. HH Income	$45,772	$73,974	$71,521	$55,987	$70,523	$67,484
Av. HH Spend.	$37,702	$74,703	$52,279	$45,820	$51,303	$54,820
Spend. Power[3]	$1,887	$4,713	$2,076	$1,413	$1,735	$2,670
Pop Δ 2010-20	1.80%	4.05%	2.54%	3.62%	5.45%	2.91%
2020-28 Δ		0.31%	2.63%	1.55%	3.65%	0%
Sub Mkt. Eff. Asking Rent	$7.69	$7.67	$11.38	$8.91	$11.47	$8.91
Traffic	30,574	52,898	44,569	48,955	30,162	37,311

[2] This is the rental rate Allen used in his adjustment grids. Earlier in his report he listed the rent as $3.41/SF. *Ex. A at 114, 133-37.*

[3] In millions.

	Lease 18	Lease 19	Lease 21	Lease 22
Tenant	Floor & Decor	Big E Super Store	Floor & Decor	Floor & Decor
Location	Shelby Twp. MI	Evansville IN	Greenwood IN	Lexington KY
Date	Sep-19	Jan-20	Dec-20	Feb-20
Bldg. Size	91,500	63,119	67,779	82,688
Yr. Built	2000	1967	2006	1979
Rent/sf	$6.25	$3.25	$5.00	$7.50
Population	252,634	110,393	171,444	210,361
Med. HH Income	$80,972	$44,025	$64,421	$58,827
Av. HH Spend.	$61,156	$39,624	$48,191	$56,910
Spend. Power	$6,123	$1,910	$3,191	$5,138
Pop Δ 2010-20	6.09%	-1.07%	15.49%	10.19%
2020-28 Δ	0.37%	129.71%	3.44%	2.19%
Sub Mkt. Eff. Asking Rent	$11.49	$9.83	$16.20	$14.81
Traffic	90,504	13,862	51,943	37,400

Ex. P-1 at 108-25, 133-37; Tr. at 111-12.

39. All the leases were for retail use. None were renegotiations or products of sale-leaseback transactions. Despite the subject property being built-to-suit, Allen used only leases for existing buildings rather than ones that were built to suit the tenant. Allen acknowledged through a table included in his appraisal that build-to-suit leases, which he excluded from his analysis, have rent approximately 34% higher than the rent for the comparables he chose. Because existing buildings without build-to-suit leases are most often sold to owner-users rather than to investors, there is not a lot of leasing activity for them. *Ex. P-1 at 105-25; Tr. at 108-09.*

40. Several of Allen's leases were for buildings that were smaller and older than the subject building. He believed that smaller buildings rent at higher rates than the subject property could achieve. That was offset to varying degrees by the age of the buildings, although Allen explained that age is not as significant to lease rates as it is to sale prices, because tenants are not responsible for a majority of building components. In any case, he used leases as small as 48,849 square feet and as large as 120,650 square feet because he wanted to bracket the subject property. *Ex. P-1 at 105-25; Tr. at 109-10.*

41. All the leases except Lease 16 were on a triple-net basis, meaning the tenant was responsible for either paying directly, or reimbursing the landlord for, insurance, real estate taxes, and common area maintenance ("CAM"), which Allen described as the cost of maintaining the parking lot and lighting. Lease 16 was a modified gross lease. One lease (Lease 18) had a tenant-improvement allowance of $4.61/SF. Although Allen suspected Lease 17 also might have had a tenant-improvement allowance, he was unable to confirm it. Lease 22 had a six-month rent concession from the landlord. *Ex. P-1 at 105, 108-25; Tr. at 114, 120.*

42. Allen adjusted the lease rates along many of the same lines as he adjusted his comparable sales. Also, because only Lease 18 had a confirmed tenant improvement allowance, he assumed the subject property would rent without such an allowance or rent concessions. He therefore adjusted Lease 18 by -$.46 to account for its tenant-improvement allowance. He similarly adjusted Lease 22 by -5% to account for its rent concession. *Ex. P-1 at 108-37; Tr. at 113-15.*

43. For each year, Allen gave the greatest weight to the five Indiana leases as well as to the leases that were the most proximate to the valuation date, with the caveat that the second group included Lease 17 for the last four valuation dates, and as explained above, he could not confirm whether it included a tenant-improvement allowance. He settled on the following rent levels for the subject property:

Year	Range	Indicated Rate
2018	$2.78/SF - $7.67/SF	$4.25/SF
2019	$2.88/SF - $7.95/SF	$4.35/SF
2020	$2.98/SF - $8.23/SF	$4.50/SF
2021	$2.99/SF - $8.28/SF	$4.50/SF
2022	$3.17/SF - $8.73/SF	$4.75/SF

To account for the mezzanine area, Allen reduced his market rental rate by the same 32.2% factor he used in his sales-comparison approach. *Ex. P-1 at 133-37; Tr. at 114-17.*

44. Because Allen was positing a triple-net expense structure, he also added tenant reimbursements for CAM and insurance. He did not include real estate taxes as a

reimbursable expense, however, explaining that he accounted for those taxes in the loaded capitalization rate that he applied to the property's net operating income ("NOI"). *Ex. P-1 at 138-39; Tr. at 119-22.*

45. Allen added the rent and reimbursable operating expenses to arrive at potential gross income ("PGI") for the property. He then determined effective gross income ("EGI") by subtracting 5% of PGI to account for vacancy and credit loss, which he explained is an allowance that investors make to anticipate things like bankruptcy or tenant turnover at the end of a lease. *Ex. P-1 at 138; Tr. at 117-19.*

46. To support his estimated vacancy allowance, Allen cited data from CoStar for all types of retail properties in South Bend and throughout Indiana. But he explained that when offered for lease, big-box properties like the subject property typically remain on the market longer than other retail-property types, although their leases normally run for five or 10 years. He therefore chose a vacancy rate of 5%. That was a little higher than the CoStar data, which generally ran between 3% and 4% for the relevant period. *Ex. P-1 at 138; Tr. at 117-19.*

47. To determine NOI, Allen needed to subtract operating expenses from his estimated EGI. In addition to the CAM and insurance expenses, he subtracted a management fee and reserves for periodic capital improvements, such as structural repairs and renovations necessary to re-position the property in the market. He based his estimate for reserves on data from the *PwC Real Estate Investment Survey*, which addressed reserves required by several different investor types. *Ex. P-1 at 139-40; Tr. at 120-21.*

48. Allen next turned his attention to estimating an appropriate capitalization rate. He considered three basic methods: using bands of investment to build a rate, extracting rates from five sales of big-box stores throughout Indiana, and examining data from investment surveys. For his band-of-investment analysis, Allen used data for free-

standing retail stores from *Realtyrates.com*. The big-box stores he selected for his market extraction ranged from 56,565 to 195,715 square feet. Ex. *P-1 at 140-44*.

49. In examining investment surveys, Allen used the data from each survey that he believed was most appropriate to the subject property. In some cases, that meant data for power centers. In others, it was data for net-leased properties or freestanding retail properties. One survey, the *Boulder Group Net Lease Big Box Report*, dealt only with big-box properties and categorized its data by the number of years remaining on leases. Several of the surveys were national in scope. But in Allen's experience, capitalization rates in the Midwest are generally higher than the national average because the investment market considers the Midwest riskier. *Ex. P-1 at 140-44*; *Tr. 122-25.*

50. Based on his analyses using all three methods, Allen settled on overall capitalization rates of 8.5% for 2018, 2021, and 2022; 8.25% for 2019; and 8.0% for 2020. While the standard income approach capitalizes stabilized income, Allen held a theory, based on his understanding of "fee simple" meaning vacant, that the subject property should be considered a "value-add" investment, meaning that it would need to be leased up through the buyer's entrepreneurial efforts. Consequently, he believed he needed to account for additional risk because the buyer would not know the identity of the tenant, the lease terms, or what holding costs it would incur. One of the surveys Allen used, CBRE, previously published data for value-add rates. The last value-add data it published was from the second half of 2019, and it reflected a premium of 100 to 150 basis points for value-add properties. *Ex. P-1 at 143-44*; *Tr. at 125-27, 202-04.*

51. Allen loaded his capitalization rates to reflect unreimbursed property taxes an owner would pay during periods of vacancy, which is a generally accepted methodology within the appraisal profession. To calculate the load, he multiplied the effective tax rate by his 5% estimate for vacancy and credit loss. *Ex. P-1 at 145; Tr. at 127-28.*

52. But Allen was not ultimately valuing the property at stabilized occupancy. Once again, based on his theory of "fee simple" meaning vacant, he therefore believed he needed to account for costs associated with bringing the property to stabilized occupancy. Those included holding costs, which consist of the lost return to the investor and lost reimbursement for expenses during the lease-up period. CoStar reported that the average months on market for retail space over 50,000 square feet was ± 14 months and the average vacancy was ± 17 months. Allen estimated the lease-up period for the subject property at nine months. His stabilization costs also included a leasing commission for a broker to find a tenant, which based on interviews with brokers, he estimated at 6% of annual base rental income over the first five years of the lease term. *Ex. P-1 at 145-46; Tr. at 128-29, 203-04.*

53. After all his calculations, Allen arrived at the following values under the income approach:

	2018	2019	2020	2021	2022
PGI	$485,748	$497,855	$514,539	$517,874	$543,719
Vacancy & Credit Loss	($24,287)	($24,893)	($25,727)	($25,894)	($27,186)
EGI	$461,461	$472,963	$488,812	$491,980	$516,333
CAM	($87,310)	($89,929)	($92,627)	($95,406)	($98,268)
Ins.	($17,462)	($17,986)	($18,525)	($19,081)	($19,654)
Mgmt. Fee	($13,844)	($14,189)	($14,664)	($14,759)	($15,496)
Repl. Res.	($21,828)	($21,828)	($21,828)	($21,828)	($21,828)
NOI	$321,017	$329,031	$341,168	$340,906	$361,287
Cap Rate	÷8.66938%	÷8.40000%	÷8.16999%	÷8.67002%	÷8.66999%
Capitalized NOI	$3,702,886	$3,917,036	$4,175,865	$3,932,009	$4,167,104
Leasing Comm.	($111,320)	($113,940)	($117,869)	($117,869)	($124,417)
Holding Costs	($356,880)	($365,785)	($378,036)	($380,537)	($399,483)
Value (Rounded)	$3,230,000	$3,440,000	$3,680,000	$3,430,000	$3,640,000

Ex. P-1 at 140, 146-47.

c. Allen's analysis under the cost approach

54. For his cost-approach analyses, Allen began by determining the subject site's value. He looked for sites that were bought for similar retail development as the subject property. He identified five sales and adjusted their sale prices along many of the same lines as his

improved sales. He arrived at the following values for the subject land:

Year	Range (Price/Acre)	Average	Concluded Value
2018	$92,273 - $290,549	$176,561	$1,780,000
2019	$95,042 - $299,265	$181,857	$1,880,000
2020	$97,893 - $308,243	$187,313	$1,980,000
2021	$97,893 - $308,243	$187,313	$1,980,000
2022	$100,830 - $317,490	$192,932	$2,040,000

Ex. P-1 at 149-59; Tr. at 130-33.

55. Next, Allen looked to Marshall Valuation Service ("MVS") to estimate the improvements' replacement cost. He found that the store best fits the category of an average-quality Class-C discount store. Kohl's stores, including the subject store, don't have a lot of partitioning. Stores with more partitioning would have a higher cost. Allen has always used the average category when appraising Kohl's stores. He reviewed actual construction costs for some newly built Kohl's stores, and they lined up with the costs from MVS's category for an average-quality store. Also, he also thought that because he was looking at replacement cost, finishes like flooring and lighting do not add much value because most users will change those things after they buy the store—though it is unclear why a potential buyer's motivations, rather than an owner-builder's motivations, could have any effect on estimating the subject property's replacement costs in the cost approach. *Ex. P-1 at 160; Tr. at 134, 192-94.*

56. Allen adjusted MVS' unit base cost to account for various factors, such as the subject store's sprinkler system. He also used MVS to estimate replacement costs for the property's site improvements. He added soft costs related to managing the construction project that are not included in MVS' cost tables, including the leasing commissions he estimated in his analysis under the income-capitalization approach. *Ex. P-1 at 160-63; Tr. at 135-36.*

57. Allen then considered three elements of depreciation: physical depreciation, functional obsolescence, and external obsolescence. Physical depreciation is a loss in value due to the wear and tear on improvements; functional obsolescence is a loss in value due to the

layout, design, or other characteristics within the boundaries of the property; and external obsolescence is a loss in value due to factors outside the property's boundaries. *Ex. P-1 at 163-65; Tr. at 136-37.*

58. Allen used the age-life method to quantify the physical depreciation affecting the building. He estimated the store's effective age as being the same as its actual age for each valuation date. And MVS indicated a useful life of 35 years for average Class-C discount stores. Dividing the effective age for each date by the building's useful life produced depreciation factors ranging from 34.3% (2018) to 45.7% (2022) of replacement cost. Allen performed a similar age-life analysis for the site improvements. *Ex. P-1 at 163-64; Tr. at 136-39.*

59. Based on his experience in the market, Allen concluded that the property suffered from both functional and external obsolescence. Big-box stores sell for less than their physically depreciated cost because they are large stores that are specifically designed for one user, and buyers typically will either have to make significant changes to adapt the space to their own retail needs or be forced to use features different from what they want. And there is less demand for big-box stores of the subject property's size. Indeed, the store was oversized for Kohl's, which no longer needed the mezzanine or other storage areas. As a result of the decreased demand, many non-retailers or quasi retailers have been buying big-box stores for medical or storage uses, car dealerships, distribution centers, union training centers, or even manufacturing facilities. *Ex. P-1 at 164-65; Tr. at 141-43, 156, 159.*

60. Allen used two market-based methods to quantify obsolescence: (1) he capitalized the property's income loss caused by obsolescence (deficient income), and (2) he extracted obsolescence from the market through his sales-comparison analysis. According to Allen, both methods are accepted in the appraisal profession. *Ex. P-1 at 165-69; Tr. at 144-47.*

61. To capitalize deficient income, Allen first determined feasibility NOI, i.e. the NOI that would be necessary to support the property's cost. To do so, he multiplied the improvements' replacement cost new plus land by the loaded capitalization rate from his analysis under the income-capitalization approach. He then subtracted his estimated NOI for the property (as determined in his income-capitalization analysis) from the feasibility NOI to determine deficient income, which he capitalized using that same rate to arrive at stabilized depreciation. From that stabilized depreciation, Allen subtracted his estimated physical depreciation, which left him with incurable obsolescence. He then added his estimated leasing commission and holding costs, which he characterized collectively as curable obsolescence, to arrive at total obsolescence for each year. *Ex. P-1 at 165-66; Tr. at 144-46.*

62. For his second method, Allen estimated total depreciation by subtracting his concluded value for the subject property under the sales-comparison approach from his estimate of replacement cost new of the improvements plus land. He then subtracted his estimated physical depreciation to arrive at total obsolescence. *Ex. P-1 at 166-67; Tr. at 146-47.*

63. Allen relied on both methods in settling on an obsolescence estimate for each year. His estimates ranged from a high of 48% of replacement cost new (or 38% of replacement cost new plus land) for 2018 to a low of 38% (and 31%) for 2022. *Ex. P-1 at 164-68; Tr. at 147.*

64. After accounting for all costs and depreciation, Allen arrived at the following values under the cost approach:

	2018	**2019**	**2020**	**2021**	**2022**
Bldg. Cost	$5,860,067	$6,065,185	$6,140,527	$6,577,487	$7,443,083
Site Imp. Cost	$809,407	$793,645	$811,642	$869,273	$1,134,726
Total Cost	$6,669,474	$6,858,830	$6,952,169	$7,446,760	$8,577,810
Bldg. Dep.	($2,009,166)	($2,252,783)	($2,456,211)	($2,818,923)	($3,402,552)
Site Imp. Dep.	($377,723)	($423,777)	($486,985)	($579,515)	($832,133)
Obsolescence	($3,015,242)	($2,864,114)	($2,623,993)	($2,786,520)	($2,991,522)
Depreciated Cost	$1,267,343	$1,318,656	$1,384,980	$1,261,802	$1,351,602
Land Value	$1,780,000	$1,880,000	$1,980,000	$1,980,000	$2,040,000
Rounded Value	$3,050,000	$3,200,000	$3,360,000	$3,240,000	$3,390,000

Ex. P-1 at 169-70.

d. Allen's reconciled values

65. In his final reconciliation, Allen considered his conclusions under the sales-comparison approach to be the primary indicator of value. He found that there were an adequate number of sales, and he was able to adjust the sale prices. He also explained that the sales-comparison approach is the approach on which most buyers rely. Although he found that the income approach yielded a reliable value indication, he did not give it as much weight, explaining that when big-box properties are bought to lease, they are more often divided into multi-tenant spaces. This was premised on Allen's theory that the fee-simple interest in the property cannot be sold directly based on the income approach, because the property would first need to be leased. Allen gave the least weight to his conclusions under the cost approach because the improvements suffer from substantial obsolescence, which is difficult to estimate without extracting it from the other two valuation approaches. And market participants generally do not use that approach when buying existing buildings like the subject property. *Ex. P-1 at 50, 171; Tr. at 149-50.*

66. Ultimately, Allen settled on the following valuation opinions:

Year	Cost	Sales	Income	Reconciled Value
2018	$3,050,000	$2,860,000	$3,230,000	$2,970,000
2019	$3,200,000	$2,960,000	$3,440,000	$3,100,000
2020	$3,360,000	$3,050,000	$3,680,000	$3,240,000
2021	$3,240,000	$3,050,000	$3,430,000	$3,160,000
2022	$3,390,000	$3,140,000	$3,640,000	$3,290,000

Ex. P-1 at 171.

67. As explained in more detail below, we find Allen's valuation opinion for each year to be both credible and the most persuasive evidence of the property's true tax value. Allen is a well-qualified appraiser with vast experience as an expert witness giving testimony valuing big-box properties for taxpayers in property tax appeals. He certified that he complied with USPAP, and the Assessor has not established that Allen failed to follow

generally accepted appraisal principles. He generally relied on comparable properties that were former big box properties. And he supported his adjustments to his comparable sales and leases with relevant market data.

2. Farrington's Appraisal

68. The Assessor offered an appraisal report from Farrington. Farrington has a bachelor's degree from Indiana University at South Bend. She is an Indiana certified general appraiser with over 35 years of experience. She attempted to qualify as an MAI, but she did not pass the required comprehensive exam on the income module. Unlike Allen, she has not authored any articles or other publications on appraisal. *Ex. A, addendum*; *Tr. at 225, 314-15.*

69. Farrington focuses her practice largely in St. Joseph, Elkhart, and Marshall counties. She has appraised a broad range of real estate types, including retail shopping centers. In the five years leading up to the hearing, she had appraised only two big-box retail properties. She agreed that the typical size threshold for a big-box store is 50,000 square feet, although she added that in the local market, anything over 20,000 to 30,000 square feet is considered "medium to big box." *Ex. A at addendum; Tr. at 218-19, 312-13.*

70. Like Allen, Farrington estimated the retrospective value of the fee simple interest in the subject property for January 1 of each assessment year. She also certified that she performed her appraisal in conformity with USPAP. *Ex. A at 2-4, 6*; *Tr. at 231-32.*

71. In examining the national real estate market, Farrington focused on data from the *PwC Real Estate Investor Survey* for the national power-center market, the category from the International Council of Shopping Centers she believes best describes Erskine Village. Power centers, however, typically range between 250,000 and 600,000 square feet and have multiple tenants. Farrington acknowledged that they have different physical characteristics, risk levels, and utility than single-user retail properties, like the subject property. She further acknowledged that capitalization rates for power centers might be

quite different than those for big-box stores like the subject property. Despite those differences, Farrington used the PwC national power-center data for multiple purposes, including the following:

- To support her market-conditions adjustments;
- To estimate vacancy and credit loss,
- To estimate replacement reserves,
- To estimate a management fee,
- To support an overall capitalization rate, and
- To trend her concluded rent for 2018 to the subsequent valuation dates;.

Ex. A at 24-28, 67-68, 80-81; Tr. at 323-26, 330, 339-40, 408-09.

72. Farrington described challenges to the power-center market largely mirroring those that Allen described as affecting the big-box and retail markets in general, such as increasing online retail sales, market-rent declines, and rising interest rates, all of which were exacerbated by the COVID pandemic. And she agreed that reduced demand for big-box space has put downward pressure on the value and rental rates for those stores. While the power-center market showed small decreases in capitalization rates leading up to the pandemic, Farrington noted that the portion of the *PwC Real Estate Investor Survey* addressing the national power-center market used data mostly from larger markets to which the South Bend MSA does not readily compare. According to Farrington, smaller markets and those in the Midwest tend to have capitalization rates between 50 and 100 basis points higher than those reflected by the PwC data. *Ex. A 24-28; Tr. at 303.*

a. Farrington's cost-approach analysis

73. To determine the subject land's value, Farrington selected sales of four sites from South Bend, Mishawaka, and Granger. One of the sites (Sale 1) was bisected by a road. Farrington adjusted its sale price by 30% to account for that fact, although she acknowledged that she had no market support for that adjustment in her appraisal. The buyer from Sale 2 developed the site into an indoor gun range, which Farrington admitted was not a retail use, although she believed the site was suitable for retail. Sale 3 was

bought by a carwash developer in January 2023, after all the valuation dates at issue. *Ex. A at 32-38; Tr. at 244-50, 414-16.*

74. After adjusting the sale prices, she arrived at the following values for the subject site:

Year	Reconciled Unit Value	Indicated Value
2018	$188,000/acre	$1,710,000
2019	$205,000/acre	$1,860,000
2020	$219,000/acre	$1,990,000
2021	$234,000/acre	$2,210,000
2018	$250,000/acre	$2,270,000

Ex. A at 33-38; Tr. at 247-51.

75. Farrington looked at data from the Marshall & Swift Commercial Cost Guide[4] to estimate the improvements' replacement cost. Like Allen, she believed that the Class-C discount store model best reflected the subject store. *Ex. A at 44.*

76. Unlike Allen, however, Farrington classified the building as a "good" quality store. She believed that the store resembled Marshall & Swift's description of a good quality discount store in terms of its exterior walls, its interior finish, and its lighting, plumbing, and mechanical elements, although she believed it had an inferior HVAC system. Aside from choosing a different quality rating, Farrington proceeded much as Allen did in estimating replacement costs for both the building and site improvements. And like Allen, she did not include any entrepreneurial incentive. But she departed from Allen's approach in that she did not add additional soft costs or a leasing commission. Farrington then used Marshall & Swift's depreciation tables to estimate the building's incurable physical depreciation for each year. In addition, she included curable physical depreciation based on her estimate for replacing some of the building's carpeting. She also estimated physical depreciation for the site improvements. *Ex. A at 44-50;.Tr. at 252-57, 438.*

[4] The record is unclear how, if at all, the Marshall & Swift guide differs from the MVS cost data that Allen used.

77. While Farrington noted that the improvements likely suffered from some incurable functional obsolescence stemming from the market's preference for online sales and smaller brick-and-mortar stores, she thought it was best to measure that obsolescence together with external obsolescence. Given the worsening economic conditions over the valuation dates—such as slowing rent increases, as well as slight increases in vacancy loss, marketing times, exposure times, and capitalization rates—she found that the property suffered from economic obsolescence. And she believed that such obsolescence was related to the same factors that caused functional obsolescence in the property. *Ex. A at 47-48; Tr. at 259-61, 432-34.*

78. To quantify that obsolescence, Farrington first determined the building's market value. She did so by apportioning the NOI from her analysis under the income-capitalization approach between the land, building, and site improvements. To isolate the rent necessary to provide a return to the land, she applied a yield rate derived from national composite PwC survey data. She applied the same yield rate to the physically depreciated cost of the site improvements. Farrington then subtracted those two required returns to get the NOI required for a return on the building, which she capitalized using the loaded overall rate from her analysis under the income approach. She subtracted the resulting value from the building's replacement cost new to arrive at total depreciation for the building. To isolate obsolescence, she then subtracted her estimated physical depreciation. *Ex. A at 47-51; Tr. at 261-62, 434-37.*

79. Farrington acknowledged that PwC's yield-rate data was not specific to any single type of commercial property and that investors in different types of commercial property expect different returns. She also admitted that PwC did not provide information about investors' expectations for returns on land, and that vacant land is generally considered less risky than improved land. She could not cite any appraisal text or treatise saying her methodology for calculating obsolescence was generally accepted. *Tr. at 427-28, 434-37.*

80. After applying all depreciation, Farrington arrived at the following values under the cost approach:

	2018	2019	2020	2021	2022
Bldg. Cost	$7,140,000	$7,420,000	$7,430,000	$7,820,000	$9,040,000
Curable Phys. Dep.	($436,550)	($436,550)	($436,550)	($436,550)	($436,550)
Incurable. Phys. Dep	($1,072,552)	($1,257,021)	($1,398,690)	($1,624,359)	($2,064,828)
Obsolescence	($2,343,970)	($2,407,063)	($2,430,304)	($2,854,642)	($3,620,248)
Dep. Bldg. Value	$3,286,928	$3,319,366	$3,164,456	$2,904,449	$2,918,374
Dep. Site Imp. Cost	$98,263	$102,179	$102,333	$107,685	$124,449
Site Value	$1,710,000	$1,860,000	$1,990,000	$2,120,000	$2,270,000
Rounded Value	$5,100,000	$5,280,000	$5,260,000	$5,130,000	$5,310,000

Ex. A at 54-56.

b. Farrington's sales-comparison analysis

81. For her sales-comparison analysis, Farrington looked for sales from dates prior to or just after the valuation dates involving single-occupant retail properties that were comparable to the subject property in terms of location, size, construction type/quality, and age/condition. In her view, use and location were probably the top factors. She looked for sales from similar-sized Midwestern markets. As for size, she explained that finding buildings of the subject building's size was challenging because they are not traded. Her experience in prior appraisals had indicated that big-box sales in the 80,000-square-foot range involved distressed sales of stores that Walmart had vacated and then built new stores nearby. But she acknowledged that a retail space's vacancy does not necessarily mean it is in a bad location or that it lacks any utility to retail users. In any case, while she believed reasonable size adjustments could be gleaned from the market, that would not be true for buildings with less than 20,000 square feet or that were considerably larger than the subject building. *Ex. A at 56-58; Tr. at 265-69, 285-86, 327-28.*

82. According to Farrington, it did not make sense to consider sales of distressed properties, which she believed included big-box retail stores with extended vacancies that have been available for several years. But she did not offer any hard-and-fast rule on how many years of vacancy she would consider as disqualifying. *Ex. A at 57; Tr. at 343-44.*

83. To locate comparable sales, Farrington consulted other appraisers and brokers. She also subscribes to a data service called CREXI, and she looked at sales disclosure forms and deeds. She ultimately identified four Indiana sales: two from Fort Wayne and one each from Mishawaka and Valparaiso:

Details	**Sale 1**	**Sale 2**	**Sale 3**	**Sale 4**
Development	HH Gregg	Strack Van Til	Harley Davidson	Gander Mountain
Location	Mishawaka IN	Valparaiso, IN	Fort Wayne, IN	Ft. Wayne, IN
Property Rights	Leased Fee	Fee Simple	Leased Fee	Fee Simple
Sale Date	Sep.-16	Oct-17	May-16	Sep.-19
Bldg. Area (SF)	41,467	59,958	51,822	31,169
Year Built (Remodeled)	1987 (2008)	1972	1994	2002 (2018)
Land Size (Acre)	3.76	6.05	8.42	4.82
LTB Ratio	3.95	4.40	7.08	6.74
Sale Price	$2,400,000	$3,700,000	$3,445,000	$3,660,000
Sale Price/SF	$57.88	$61.71	$66.48	$117.42

Farrington did not use all four sales for every valuation date. Instead, she used Sales 1-3 for the 2018 and 2019 valuation dates and all four sales for the last three valuation dates. *Ex. A at 58-63, 70-75; Tr. at 269-79.*

84. Farrington did not inspect any of the comparable properties. Nor did she verify the terms of the sales with the parties or brokers involved, although she did review sales disclosure statements, which are signed by the parties under the penalties of perjury. *Tr. at 270, 349-61.*

85. The building from Sale 3 was demised into two spaces. Approximately 1/3 of the building's total area was an open space used as a banquet center, which Farrington agreed is not similar to big-box retail use. The other space was used as a Harley Davidson shop. Farrington did not know whether it was an auto dealership, which she agreed would not be a big-box retail use. *Ex. A at 61; Tr. at 358-61.*

86. Farrington's appraisal report indicates that the property from Sale 2 sold twice for the same price: first in August 2017 as part of a bankruptcy proceeding and again in October 2017. She used the second sale in her report. According to Farrington, the property was vacant between the two sales and was subsequently occupied by a Strack & Van Til

grocery store. But a May 16, 2017, press release indicates that Jewel-Osco had negotiated an asset purchase agreement as the initial "stalking horse bidder," ahead of a court-supervised auction scheduled for June 2, 2017. The agreement covered a portfolio of 19 Strack & Van Til stores, including the store from Sale 2, and certain other assets. The press release indicates that Jewel-Osco did not intend to close any of the locations and that it intended to extend employment offers to substantially all the stores' employees. When asked whether that meant the store was leased, rather than vacant, at the time of sale, Farrington responded that her notes indicated the property was vacant. *Ex. A at 60; Ex. P-4; Tr. at 274-75, 354-58.*

87. Sale 4 is a former Gander Mountain store. It was vacant at the time of sale, but Farrington did not know how long it was on the market before being sold. *Ex. A at 62; Tr. at 278-79, 361-62.*

88. Farrington described Sale 3 as a leased-fee sale, although she was not sure if the lease was put in place immediately prior to the sale or after the sale. She did not know the terms of the lease, and she had no market evidence that the rent was at market level. Sale 1 was leased to HH Gregg at the time of the sale, with the lease set to expire in 2018, although the tenant had four five-year renewal options. The property had been listed for sale at $3,640,000 in 2015 when it had three years remaining on the lease. In 2017, after the September 2016 sale, HH Gregg filed a bankruptcy petition and did not renew the lease. Farrington got her information about the sale from a broker with Cressy Commercial, a major firm in the area. Although he may not have been the broker for the sale, she trusted he would know what was going on. *Ex. A at 59, 61; Tr. at 273-76, 352-53, 359-61.*

89. Farrington acknowledged that when using a leased-fee sale, an appraiser must know whether the rent and other lease terms are representative of the market. And she agreed that any portion of rent that is above market level represents intangible value. But she did not have any broker-supplied information to show whether the rent from Sale 3 was

at market level. Instead, she assumed it was market rent because the tenant likely would not pay more than any other tenant. *Tr. at 321-22, 370-71.*

90. After choosing her sales, Farrington considered several categories of adjustments. She first considered adjusting for differences in property rights conveyed for the two leased-fee sales. She acknowledged that from an investor's perspective, vacant properties entail more risk than properties with long-term leases in place, and that there is an economic benefit to having such a lease in place. *Ex. A at 63, 67; Tr. at 269, 337-39, 352-53, 363, 371-72.*

91. She adjusted Sale 1 because HH Gregg did not renew its lease. To quantify her adjustment, Farrington did two discounted-cash-flow analyses. In the first analysis, she assumed a continuation of HH Gregg's lease, which yielded a rounded value of $2,290,000. Her second analysis assumed excess vacancy from April 2017 when HH Gregg vacated the property, until September 2018, when she projected a new tenant would be in place, and it yielded a value of $3,580,000. That 36% difference was close to the 34% difference between the property's asking price and sale price, which she attributed solely to the "market expectation" that HH Gregg was going to vacate the premises. Farrington, however, acknowledged that she did not confirm with the parties how, if at all, the HH Gregg lease affected the sale price. She adjusted the sale price upward by 35%. When she appraised the subject store in 2017, however, local brokers had indicated to her the range for adjusting a leased-fee sale to a fee-simple price was *negative* 20% to 30%. *Ex. A at 63-67, 71-75; Ex. P-4; Tr. at 279-80, 351-53, 364-70.*

92. Because Farrington assumed that Sale 3's lease was for market rent, she concluded no property rights adjustment was necessary. *Ex. A at 63, 67; Tr. at 269.*

93. Farrington next adjusted all her comparable properties' sale prices to account for differences in market conditions between the sale dates and each valuation date at issue. Based on the PwC survey of the national power center market, she found that the average

six-year value change was -3.35% annually, or -0.28% per month. *Ex. A at 67-68; Tr. at 279-80, 354-57, 368.*

94. Turning to differences in property characteristics, Farrington decided no adjustment was necessary for differences in land-to-building ratios. She also considered the buildings as all being of generally similar construction and quality as the subject store. Sale 2, however, is a grocery store, which has higher construction costs. She therefore made a -29% adjustment to that sale based on the difference in Marshall & Swift's costs for discount stores and grocery stores. *Ex. A at 68-69, 71-75; Tr. at 283-84.*

95. Moving on to differences in building size, Farrington pointed to a "definite downward trendline" between size and unit price. To isolate the effect of size on price, she relied on two sets of paired-sales from Indiana. In each pair, the larger building was between 62,261 and 78,260 square feet, while the smaller building was between 17,913 and 31,169 square feet. Farrington did not adjust for differences in any other element of comparison, saying that the buildings were similar in terms of location, construction type/use, and age. Based on those paired sales, she concluded that smaller buildings sold for 5% to 23% more per square foot than larger buildings. She adjusted the prices for Sales 1-3 by -10% and Sale 4 by -20%. *Ex. A at 69-75; Tr. at 285.*

96. Some of the sales from Farrington's paired-sales analysis were leased-fee sales for which she did not know the lease terms. One sale was part of a portfolio transaction, and Farrington acknowledged that portfolio sales tend to have lower risk and corresponding capitalization rates than transactions for individual properties. Portfolio sales also involve different types of buyers, and they have allocated sale prices that may not reflect the value of any individual property. For those reasons, Farrington agreed it is probably not appropriate to use portfolio transactions. And data from CoStar indicates that the sale with the 17,913-square-foot building was for an Aldi ground lease. The price Farrington used for that sale ($3,145,000) differs from the sale price of $3,795,000 reported both by CoStar and by a press release from the seller's broker. *Exs. P-6, P-7; Tr at 336, 385-92.*

97. Turning to age and condition, all the buildings were older than the subject store. The buildings from Sales 1-3 were built in the middle-to-late 1990s, and Farrington believed their additional depreciation would equate to minimal costs to cure or remodel. She therefore adjusted their sale prices upward by $5/SF. The store from Sale 4, however, was built in the 1970s, although it was remodeled in 2018. Farrington adjusted its sale price upward by $15/SF. *Ex. A at 70-75.*

98. As for locational differences, Farrington testified that she was familiar with the comparable properties' locations. But aside from reporting the traffic count near Sale 4, describing the location of another sale as being near an interstate exchange, and discussing the presence of other retail uses near two of the properties, Farrington did not include any location-related data in her appraisal report. Yet she agreed that market participants consider myriad other factors in determining the strength of a retail location. Those factors include visibility, access, population, household income, spending power, and prevailing rents in the area. *Ex. A at 59-62, 68, 71-75; Tr. at 380-83, 419-20.*

99. Farrington ultimately made -5% adjustments to Sales 1 and 4 to account for what she characterized as their superior locations in the University Park Trade Area (Sale 1) and in a high-traffic area of Fort Wayne with a concentration of other retail uses (Sale 4). She acknowledged that her adjustments were subjective. *Ex. A at 68, 71-75; Tr. at 383.*

100. After making her adjustments, Farrington settled on the following values for the subject property:

Year	Unit Value	Rounded Value
2018	$62/SF	$5,370,000
2019	$60/SF	$5,200,000
2020	$60/SF	$5,230,000
2021	$58/SF	$5,040,000
2022	$56/SF	$4,910,000

Ex. A at 76; Tr. at 287.

c. Farrington's income-capitalization analysis

101. To develop her income-capitalization analysis, Farrington chose seven leased properties. All seven properties were from the South Bend MSA and were leased on a triple net basis:

	Lease 1	Lease 2	Lease 3	Lease 4	Lease 5	Lease 6	Lease 7
Tenant	Martin's Supermarket	Waypoint Arcade	St. Claire's Butcher	Four Winds Casino	Pet Smart	TJ Maxx	Fresh Thyme Grocery
Location	South Bend	Mishawaka	South Bend	South Bend	South Bend	South Bend	Mishawaka
Lease Date	Apr-19	Oct-19	Dec-20	Sep't-22	March-16	Nov-16	Aug-15
Renewal	Yes	No	No	No	Yes	Yes	No
Bldg. Area (SF)	75,457	15,000	15,000	28,000	20,087	28,000	29,619
Year Built	1965	1991	2002	2005	2005	2005	1989
Rate/SF	$6.33	$6.23	$5.79	$5.25	$12.00	$8.50	$8.77

Ex. A at 76-78; Tr. at 290.

102. Lease 7 was in the University Park Trade area, while Leases 2 and 3 were on the fringe of that trade area. Leases 4-6 were in Erskine Village, and Lease 1 was across the street in Erskine Plaza. Most of the spaces were leased to retail stores, but Lease 2 was occupied by a gaming center, and Lease 4 was occupied by a casino for use as a training center, which Farrington acknowledged is not a retail use. *Ex. A at 76-78; Tr. at 290-300, 406-08.*

103. Two of Farrington's comparable leases were for spaces of only 15,000 square feet, and a third was barely more than 20,000 square feet. She acknowledged that retail buildings with less than 20,000 square feet have different markets for potential buyers than the market for buildings like the subject property. They require more significant adjustment and may not be as comparable to the subject property. *Ex. A at 57, 76-77; Tr. at 344-45.*

104. For the three leases that were renewals (Leases 1, 5, and 6), Farrington acknowledged that the properties would not have been available on the market. She also acknowledged that she did not know how the renewal rental rates were determined. *Ex. A at 77-78; Tr. at 290-91, 397.*

105. Farrington excluded from Lease 3's rent amounts related to new equipment and a remodel for the tenant. Similarly, she excluded from Lease 7's rent a tenant build-out allowance. For the rest of the leases, she assumed there was no tenant improvement allowance, although she did not confirm her assumption with brokers for those transactions. *Ex. A at 77; Tr. at 404-06.*

106. Having identified her set of comparable leases, Farrington next considered adjusting their rental rates based on differences in property characteristics. She rated each property as superior, comparable, or inferior to the subject property in terms of location, age, construction quality, and size, and she assigned a percentage adjustment where she determined a property was inferior or superior. The adjustments for the first three characteristics were within the following ranges: -10% to 10% (location); 5% to 20%, (age); -20% to 10% (construction quality). Farrington did not explain how she quantified those adjustments, and she acknowledged that she did not rely on any objective data in her quantifications. *Ex. A at 77, 79; Tr. at 300-02, 406-07.*

107. To account for differences in building size, Farrington adjusted Leases 2-7, all of which were for buildings under 30,000 square feet, by a flat rate of -30%. A commercial broker with the Bradley Company had recently told her that larger big-box retail space in the market might lease from $3/SF to $6/SF on a triple-net basis. Farrington concluded that current asking rent for space between 15,000 and 30,000 square feet in Erskine Village, which was $8/SF, implied a discount range of 25% to 40% for big-box space. But on cross-examination, she acknowledged that asking rates are different from actual rates. And she agreed that comparing the low end of the broker's range for big-box leases ($3/SF) with the $8 asking price for smaller Erskine Village space indicated a discount of 62.5%. Based on her discussion with the broker, however, she believed such a discount would be highly unlikely. *Ex. A at 77, 79; Tr. at 399-403.*

108. The adjusted rates ranged from $3.47/SF to $8.40/SF, with an average of $5.45/SF and a median of $5.92/SF. Farrington characterized the $8.40/SF rate as an outlier. When that was excluded, the average was $4.96/SF and the median was $5.15/SF. Farrington gave a lot of weight to the three leases from Erskine Village and settled on rent of $5.25/SF for the January 1, 2018, valuation date. In arriving at that number, she did not adjust any of the leases, which were executed over a five -year period from August 2015 to December 2020, to account for differences in market conditions between the lease dates and the valuation date. But she used the PwC national power-center data to trend her January 1, 2018, rent to higher rents for each succeeding valuation date, ending with rent of $5.46/SF for the January 1, 2022, valuation date. She did not have any market data to indicate that retail rents in the area were increasing, and the broker from Bradley Company had told her rents for big-box properties in the local market had been declining over the years. *Ex. A at 77, 79-80, 82-86*; *Tr. at 302, 399, 408-09.*

109. Unlike Allen, Farrington did not include reimbursement for insurance or CAM in computing PGI. Like Allen, however, she deducted vacancy and collection loss to arrive at EGI. Based on the PwC data for national power centers, which she tempered with her knowledge of the local market, Farrington estimated vacancy loss at 7.5% for the first two valuation dates and 8.5% for the last three dates. *Ex. A at 80-86; Tr. at 409-10.*

110. Turning to operating expenses, Farrington deducted the landlord's insurance expense during vacancy. Like Allen, she estimated a 3% management fee. Because she believed that those fees are typically passed through to tenants as part of CAM, however, she only deducted the portion of that fee attributable to vacancy. For replacement reserves, she relied on PwC's national power-center data. *Ex. A at 80-86.*

111. For her capitalization rate, Farrington again relied on PwC's survey data for the national power-center market, which showed average first-quarter rates ranging from 6.45% to 6.68% for the years spanning the valuation dates. As explained above, however, she has determined that rates for smaller markets in the Midwest are generally 50 to 100 basis

points higher than rates shown by national data. That is true both over time and for all property types. Indeed, Farrington extracted rates from five Midwestern sales, which ranged from 6.74% to 9.23% and averaged 7.73%. She therefore settled on a rate for each year that was 100 basis points higher than the PwC survey rate. Like Allen, she then loaded those overall rates with the portion of the effective tax rate corresponding to her estimated vacancy rates. *Ex. A at 26-27, 81; Tr. at 303-05, 411.*

112. Applying her loaded capitalization rates to the property's NOI for each year, Farrington reached the following value conclusions:

	2018	2019	2020	2021	2022
PGI	$458,378	$466,995	$474,000	$474,000	$476,370
Vacancy & Collection Loss	($34,378)	($35,025)	($40,290)	($40,290)	($40,491)
EGI	$423,999	$431,970	$433,710	$433,710	$435,878
Insurance	($1,348)	($1,386)	($1,615)	($1,657)	($1,703)
Repl. Res.	($24,010)	($24,010)	($30,559)	($30,559)	($30,559)
Management Fee	($932)	($998)	($1,180)	($1,180)	($1,111)
NOI	$397,709	$405,576	$400,357	$400,315	$402,505
Cap Rate	7.91%	7.79%	7.74%	7.97%	7.75%
Value (Rounded)	$5,030,000	$5,210,000	$5,170,000	$5,020,000	$5,200,000

Ex. A at 82-87.

d. Reconciliation

113. In her reconciliation, Farrington observed that the values derived from the three approaches were generally similar. She gave the most weight to her conclusions under the sales-comparison approach. She characterized that approach as "fairly reliable" because it is based on the behavior of market participants, although she recognized that there were fewer sales during the pandemic years as well as fewer sales of buildings over 50,000 square feet. She found that the other two approaches provided additional support. As with the sales-comparison approach, Farrington pointed to the lack of leases for buildings over 50,000 square feet as a weakness under the income approach. And she acknowledged that the cost approach is less reliable for older buildings because there is more obsolescence in those buildings. Indeed, she generally doesn't develop the cost approach when appraising big-box retail properties, except when the stores are newly built. *Ex. A at 87-88; Tr. at 309-11, 422, 439-40.*

114. Farrington concluded the following values for the subject property, which in each instance was the same value as what she concluded under the sales-comparison approach:

Year	Cost	Sales	Income	Reconciled Value
2018	$5,100,000	$5,370,000	$5,030,000	$5,370,000
2019	$5,280,000	$5,200,000	$5,210,000	$5,200,000
2020	$5,260,000	$5,230,000	$5,170,000	$5,230,000
2021	$5,130,000	$5,040,000	$5,020,000	$5,040,000
2022	$5,310,000	$4,910,000	$5,200,000	$4,910,000

Ex. A at 87-88; Tr. at 440.

115. As explained in more detail below, we find Farrington's valuation opinions credible, albeit less persuasive than Allen's opinions. Farrington is a qualified expert, and she certified that she complied with USPAP. She used generally accepted valuation approaches, although she did not go to the same lengths to investigate and vet her underlying data as Allen did.

IV. Conclusions of Law and Analysis

A. Burden of proof

116. These appeals span several years during which different statutory regimes governed the burden of proof in assessment appeals. *See* I.C. § 6-1.1-15-17.2 (repealed by 2022 Ind. Acts 174, § 32 effective on passage); I.C. § 6-1.1-15-20.[5] Both statutes remove the normal presumption that an assessment is correct and shift the burden of proof to the assessor in cases where the assessment under appeal represents an increase of more than 5% over the prior year's assessment, as last corrected by an assessing official, stipulated

[5] The first statute applies to appeals that were filed before its March 21, 2022, repeal, and that remained pending after the repeal, while the second applies to appeals filed after March 21, 2022. *Elkhart Cty. Ass'r v. Lexington Sq., LLC*, 219 N.E.3d 236, 244 (Ind. Tax Ct. 2023); I.C. § 6-1.1-15-20(h). In *Crandall v. Bartholomew Cty. Ass'r*, 246 N.E.3d 350 (Ind. Tax Ct. 2024) the Tax Court seems to have assumed, but did not explicitly hold, that the filing date with the Board, rather than the initial filing with the PTABOA, determines which statute applies. In contrast, *Orange Cty. Ass'r v. Stout*, 996 N.E.2d 871, 873 (Ind. Tax Ct. 2013) held that a prior burden-shifting statute was intended to apply the same burden of proof throughout the entire appeal process. Based on *Stout* and the plain language of I.C. § 6-1.1-15-20, we apply I.C. § 6-1.1-15-17.2 to appeals that were initially filed with the PTABOA prior to March 21, 2022, and I.C. § 6-1.1-15-20 to appeals filed with the PTABOA after that date.

to or settled by the taxpayer and the assessing official, or determined by a reviewing authority. I.C. § 6-1.1-15-17.2 (a)-(b); I.C. § 6-1.1-15-20(a)-(b), (f). And where there is a failure of proof, both statutes require the assessment to revert to the level last determined for the prior year. I.C. § 6-1.1-15-17.2(b); I.C. § 6-1.1-15-20(f). Under the first statute, as interpreted in precedent, the value must revert if the assessor's probative evidence fails to "exactly and precisely" match the challenged assessment, and the taxpayer fails to make a prima facie case. I.C. § 6-1.1-15- 17.2(b); *Southlake Ind., LLC v. Lake Cty. Ass'r ("Southlake II")*, 174 N.E.3d 177, 179-80 (Ind. 2021); *Southlake Ind. LLC v. Lake Cty. Ass'r ("Southlake III")*, 181 N.E.3d 484, 489 (Ind. Tax Ct. 2021). Under the second statute, the reversion is triggered when, under the totality of the evidence, the record is insufficient to establish the property's true tax value. I.C. § 6-1.1-15-20(f).

117. The subject property's assessment did not increase by more than 5% between 2017 and 2018. And the parties made only cursory references to either burden-shifting statute: Kohl's pointed out that the assessment increased by more than 5% between 2020 and 2021, which it claimed might create a "potential burden shift issue,"[6] and the Assessor indicated that the PTABOA determinations "enjoy a presumption of correctness." *Tr. at 12-13*. They did not otherwise present or analyze their cases under the burden-shifting statutes. And based on our evaluation of the evidence, we need not offer a detailed analysis under those statutes either. We conclude that Allen's valuation opinions, as proffered by Kohl's, are probative of the property's true tax value, and therefore of its correct assessment, for each year. We further conclude that Allen's opinions are more persuasive than Farrington's opinions. Those conclusions lead to the same result under either statute: the assessments must be reduced to the amounts reflected in Allen's appraisal.

[6] While the percentage increase between 2017 and 2018 addresses the burden of proof for Kohl's 2018 appeal, it does not address later years. Nor does the fact that, as things currently stand, the assessment increased by more than 5% between 2020 and 2021 necessarily matter. The burden-shifting provisions of both statutes are triggered where there is an increase of more than 5% over the prior year's assessment as last determined by a reviewing authority, in this case, the Board. So our determination for 2018 affects the analysis for 2019, and so on.

B. Both parties offered expert opinions that sufficed to make a prima facie showing of the property's true tax value.

118. Our role is to determine the subject property's true tax value. True tax value does not mean fair market value. I.C. § 6-1.1-31-6(c). Nor does it mean the value of the property to the user. I.C. § 6-1.1-31-6(e). Subject to these somewhat tautological directives, the Legislature relies on the Indiana Department of Local Government Finance ("DLGF") to define true tax value. I.C. § 6-1.1-31-6(f). In its 2021 Real Property Assessment Manual, the DLGF defines true tax value as "the market value-in-use of a property for its current use, as reflected by the utility received by the owner or by a similar user, from the property." 2021 REAL PROPERTY ASSESSMENT MANUAL at 2. The Manual offers further guidance, defining "market value-in-use," "value-in-use," and "use value," as being synonymous. MANUAL at 6, 8. But it also states that where properties are regularly exchanged for their current use, market value-in-use contains a value-in-exchange component. MANUAL at 2; *see also, Millenium Real Estate Inv., LLC v. Benton Cty. Ass'r*, 979 N.E.2d 192, 196 (Ind. Tax Ct. 2012) ("[W]hen a property's current use is consistent with its highest and best use, and there are regular exchanges within its market so that ask and offer prices converge, a property's market value-in-use will equal its market value because the sales price fully captures the property's utility.")

119. Thus, true tax value is something other than purely market value or value-in-use. Given mandates from the Indiana Supreme Court and Legislature, the DLGF created a valuation standard that relies heavily on what it terms as objectively verifiable data from the market, but that still maintains the notion of property wealth gained through utility and therefore recognizes situations where true tax value will differ from market value.

120. Historically, the Tax Court has interpreted what constitutes a property's current use or a similar user broadly. For example, it reversed our determination rejecting an appraiser's sales-comparison analysis where the appraiser relied on sales to "secondary users" like Big Lots or Hobby Lobby to value a Meijer store. *Meijer Stores Ltd. P'ship v. Smith,* 926

N.E.2d 1134, 1136-37 (Ind. Tax Ct. 2010). We had reasoned that those secondary users were not truly comparable to Meijer. The Tax Court rejected our view that comparable users were instead entities like Lowe's or Walmart that built their own stores using their specific marketing schemes and layouts, and explained that an appraiser need only locate sales "'of comparable *properties*'" and adjust their selling prices. *Id.* at 1137 (emphasis in original) (quoting 2002 REAL PROPERTY ASSESSMENT MANUAL at 13). The Court held that it was therefore improper to discount the appraiser's sales-comparison analysis on grounds that he used sales to secondary users instead of sales to entities like Walmart. *Id.*

121. These well-worn guideposts for determining true tax value may be in flux. As recently announced in *Majestic Props., LLC v. Tippecanoe Cty. Ass'r,* applying the "regulation" requires an analysis of the "utility received" by the owner. *Majestic Props., LLC v. Tippecanoe Cty. Ass'r,* 241 N.E.3d 642, 645 (Ind. Tax Ct. 2024). It may be too broad to define a use as simply residential, because a landlord and a homeowner might derive different utility. *Id.* Applied here, defining the use as "retail" may similarly be too broad because a first-generation, build to suit owner or tenant derives much more utility from a big box than buyers on the secondary market.

122. Allen avoids considering the value of a big box store to a first-generation user through what is known as the "dark box" theory. Under this appraisal perspective, the appraiser adopts a stilted[7] definition of "fee simple" that requires the presumption that the owner of

[7] Appraisers who have adopted the "dark box" theory believe that a property subject to a lease is not held in "fee simple." A "fee simple estate" simply distinguishes it "from a fee-tail or from any variety of conditional estates" that would limit an owner's "unconditional power of disposition." Black' Law Dictionary 4th Ed. (1951). Appraisal theory has adopted the same basic definition and distinguishes between "fee simple estate" and "fee simple conditional." The Dictionary of Real Estate Appraisal 7th Ed. (2021). Likewise, both disciplines have similar definitions for "leasehold estate," referring to the tenant's interest in a property. But another term has been adopted by appraisers, "leased fee interest," which refers to the "ownership interest held by the lessor" as being a right to rents and reversion at the end of the lease. The Dictionary of Real Estate Appraisal 7th Ed. (2021). But this merely describes a landlord's general contractual rights under a lease. This definition of "leased fee interest" does not suggest a landlord loses the unconditional right to sell the property by leasing it. The right to lease is one of the bundle of property rights enjoyed by a fee simple owner. Moreover, the presence of a lease does not typically impair an owner's "marketable title," a related concept, as leased properties are frequently marketed and sold. In fact, in investment properties, like an apartment building or a strip mall, the property's value typically depends on having low vacancy and tenants paying market rents.

the big box store is selling a vacant, unleased (dark) building. And that presumption causes Allen to exclude evidence of "build-to suit" comparable leases and leased-fee comparable sales. In doing so, Allen's evidence reflects the type of second-generation "distressed" properties that Farrington rejected: the long vacancies and second-generation sale prices commonly reflected when a Walmart closes one store and builds a new one nearby.

123. The dispute here reflects this very tension. Under Allen's appraisal, we conclude that the value of the property to a secondary user is 3,290,000, and of that value, $2,040,000 is for the land and $1,250,000 is attributable to the building. However, before depreciation, it would cost $8,577,810 to replace the building alone. This simply illustrates that the utility of a built-to-suit big box to the first-generation user is substantially higher than the utility it would hold for a second-generation user. Under *Majestic*, the question would be whether first-and second-generation users occupy two discrete classes, as measured by utility.

124. However, the Indiana Tax Court has previously declared that "any dark box controversy is illusory in Indiana." *Meijer Stores Ltd. P'ship v. Boone Cty. Assessor*, 162 N.E.3d 26, 33 (Ind. Tax Ct. 2020). The Tax Court reasoned that its repeated holdings that "the use of vacant property comparables can be appropriate" has settled the issue. Until a more decisive precedent is issued by the Tax Court, we will hew closely to the well-established body of law in valuing big-box stores.

125. As a threshold issue, we must determine whether the parties have made a prima facie showing of the subject property's true tax value. *Wigwam Holdings, LLC v. Madison Cty. Ass'r*, 125 N.E.3d 7, 12 (Ind. Tax Ct. 2019) (holding that the Board's "statutory duty as the finder of fact," is to review "the probative value" of the evidence); *see also Madison Cty. Ass'r v. Sedd Realty*, 125 N.E.3d 676, 680 (Ind. Ct. App. 2019). There are two prongs for making that showing: (1) a party must offer objectively verifiable, market-based evidence, and (2) the valuation must comport with generally accepted appraisal principles. *See, e.g., Piotrowski v. Shelby Cty. Ass'r,* 177 N.E.3d 127, 132 (Ind. Tax Ct.

2021) (citing *Eckerling v. Wayne Twp. Ass'r*, 841 N.E.2d 674, 677-78 (Ind. Tax Ct. 2006); *Grabbe v. Duff*, 1 N.E.3d 226, 229 (Ind. Tax Ct. 2013).

126. The first prong may be satisfied with "relevant market data[,]" including "data compiled in accordance with generally accepted appraisal principles." *Howard Cty. Ass'r v. Kokomo Mall*, 14 N.E.3d 895, 899 (Ind. Tax Ct. 2014); 2021 REAL PROPERTY ASSESSMENT MANUAL at 2-3. As for the second prong, valuation evidence is considered consistent with "generally accepted appraisal principles" if it conforms to practices "recognized in the appraisal community as authoritative." *Meijer Stores v. Boone Cty. Ass'r*, 162 N.E.3d 26, 32 (Ind. Tax Ct. 2020) (citing 50 IAC 30-2-4).

127. A USPAP-compliant appraisal normally will satisfy both prongs. Indeed, the Tax Court has long held that such appraisals are one of the most effective methods for rebutting an assessment's presumption of correctness. *E.g. Meijer Stores,* 926 N.E.2d at 1139. An appraisal, however, is not reliable if it substantially departs from the standards and assumptions underlying Indiana's assessment guidelines. Likewise, an appraiser's valuation opinion "must be based upon facts." *Marion Cty. Ass'r v. Wash. Square Mall*, 46 N.E.3d 1, 12 (Ind. Tax Ct. 2015).

128. Here, the parties offered valuation opinions from qualified licensed experts who certified that they completed their appraisal reports and formed their valuation opinions in conformity with USPAP. Both experts applied the cost, sales-comparison, and income-capitalization approaches to value, which are generally accepted methodologies in the appraisal profession. In doing so, they broadly relied on market data, and they used their professional expertise in analyzing that data to reach their opinions of value. The two experts also generally complied with the standards and assumptions underlying Indiana's true tax value system. They both estimated the market value-in-use of the fee-simple interest in the subject property. We expressly find that, in the absence of a competing appraisal, either Allen's or Farrington's expert opinion would be sufficient on its own to establish the true tax value of the subject property by a preponderance of the evidence.

129. We therefore find that both appraisers' valuation opinions suffice to prima facie establish the subject property's true tax value for each year at issue.

C. Based on the totality of the evidence, we find that Allen's valuation opinions are the most persuasive evidence of the property's true tax value for each year.

130. Because we have competing probative valuation opinions, we must weigh those opinions to determine what the preponderance of the evidence shows is the property's true tax value. I.C. 6-1.1-15-4(j).

131. We find Allen's valuation opinion for each year to be the most persuasive evidence of the property's value. He is the most qualified and experienced appraiser having frequently offered valuations for taxpayers in assessment disputes. He has additional experience as a broker working with first-generation big-box retailers to locate sites for new stores, however, since his appraisal focuses solely on the market for vacant existing stores, it is not particularly relevant here. It is also notable that Allen is an MAI, a significant designation of expertise from the Appraisal Institute. *See Blue Marlin Dev., LLC v. Branch Banking & Trust Co.*, 690 S.E.2d 252, 254 n. 2 (Ga. Ct. App. 2010) (explaining that the MAI designation represents the "top two percent of the appraisal profession."). Farrington, by contrast, was unsuccessful in seeking the MAI designation.

132. Our weighing of the credibility of the experts comes down to our confidence in the breadth, relevance, and accuracy of the data underlying Allen's valuation opinions. Allen was much more diligent in his research, visited the sites of his comparables, and confirmed the details surrounding the transactions. Farrington did not, and important details that impacted the reliability of her data were effectively challenged on cross-examination Allen also looked at a broader array of sources to identify potentially comparable sales and leases of big-box properties for use in his analyses under the sales-comparison and income-capitalization approaches than Farrington did. That was especially true with respect to leases, where Farrington reviewed only seven leases from

her files.

133. Indeed, Allen's more robust research and more careful vetting of data contributed to him choosing sales and leases that were better substitutes for the subject property than Farrington. And unlike Farrington, Allen largely supported his adjustments to his comparable sales and leases by pointing to relevant market data.

134. With those general observations in mind, we turn to a more detailed analysis of each appraiser's valuation opinions.

1. Allen's conclusions under the sales-comparison and income-capitalization approaches are generally reliable, and he did not give much weight to his conclusions under the cost approach.

135. We begin with Allen. As already discussed, Allen's valuation opinions are generally reliable. He based his conclusions under the sales-comparison and income-capitalization approaches mostly on properties of similar size and retail use as the subject property, and he largely supported his adjustments to their sale prices and lease rates. Allen also largely supported his other judgments in applying the income-capitalization approach. While his conclusions under the cost approach rely too heavily on data developed under the other two approaches to offer a reliable independent value indication, he ultimately placed little weight on his conclusions under the cost approach in forming his valuation opinions.

a. In his sales-comparison analyses, Allen generally used similar properties and supported his adjustments to their sale prices.

136. For his sales-comparison analyses, Allen relied on eight sales of large single-user properties that were devoted to retail use both pre- and post-sale. And except for Sale 3, they remained as single-user properties after sale. Even then, the buyer from Sale 3 devoted the lion's share of the property to large-format retail use. In any case, the Assessor did not criticize Allen's use of that sale on grounds that it was converted to multi-tenant use.

137. Instead, the Assessor criticized Allen's choice of comparable sales primarily along two fronts: (1) that none of the sales were from the South Bend MSA or nearby markets, with only one being from Indiana, and (2) that the properties were all vacant before being sold, in several cases for more than two years.

138. The Assessor's first criticism does not trouble us much. All else being equal, sales of properties from comparable locations within the South Bend MSA would have been ideal substitutes for the subject property. But all else was not equal. Allen did not find any sales from that area that met his other criteria. While Farrington used one sale from the South Bend MSA (Sale 1), it involved a store that was only 41,467 square feet. That is well below the 50,000-sqaure-foot threshold that Allen supported with data from the Situs RERC study, and less than half the size of the subject property.

139. Given the lack of Indiana sales that met his selection criteria, Allen reasonably expanded his search to nearby states. Indeed, we credit his testimony that the market for the subject property includes regional retailers who would look for properties throughout the Midwest. And Allen examined the relevant demographic and submarket data for each location from which he drew his comparable sales. Under those circumstances, we give little weight to the Assessor's criticism of Allen's decision to look at a wider geographic area in searching for comparable sales.

140. As for the Assessor's other primary complaint, he does not take issue with Allen's use of vacant sales per se. His own expert used sales of properties she believed were vacant. And the Indiana Tax Court has held that because property taxes apply only to real property and not to intangible business value, investment value, or contractual rights, "the use of vacant comparables can be appropriate." *Meijer Stores,* 162 N.E.3d at 33 (citing *Switzerland Cty. Ass'r v. Belterra Resort Indiana, LLC*, 101 N.E.3d 895, 905 (Ind. Tax Ct. 2018) and *Stinson v. Trimas Fasteners, Inc.* 923 N.E.2d 496, 501 (Ind. Tax Ct. 2010)).

141. Instead, the Assessor largely points to the length of the vacancies. He characterizes the properties as shuttered stores that sat dormant for years in areas with high vacancy and declining population that do not reflect economic conditions in the South Bend MSA. He argues that they are not comparable to the subject property, which has been occupied since it was built and is in a retail market with an occupancy rate of almost 98%.

142. We agree that an appraiser should select comparables with similar market conditions to the subject property. But we find the Assessor's criticism in this case mostly unsupported. As for the Assessor's criticism that Allen used sales from trade areas with declining populations, five of Allen's eight sales were from areas where the population grew between 2010 and 2020. The comparable properties' trade areas similarly bracketed the projected population decline for the subject property's trade area from 2020 to 2025.

143. Long vacancies appear to be endemic to any big box store closure, and the Assessor has not shown a vacancy would be shorter in South Bend. And while the comparable property with the longest vacancy and marketing time (Sale 2) was from an area with declining population, so was the property with the shortest marketing time (Sale 1). The other two properties that were from areas with declining populations were marketed for less than two years (Sale 3) and 11 months (Sale 7), respectively. And the Situs RERC survey indicated that the maximum price for a big-box property is achieved when the property is marketed for between one and three years.

144. Similarly, although several of the submarkets for Allen's comparable sales had vacancy rates between 4% and 5.2%, as compared to the 2.1% rate for the subject property's submarket, all the comparable submarkets had higher effective asking rent, which reflected strong supply-and-demand characteristics.

145. Thus, we are mostly unconvinced that those vacancies were attributable to differences in locational characteristics or utility that would make the properties inappropriate to use as substitutes for the subject property. That said, Sales 6 and 8 were from much less populous areas with significantly lower spending power than the subject property's market area. We therefore have some doubts about the comparability of those two sales as substitutes for the subject property.

146. More compelling, the Assessor took issue with the fact that three of Allen's comparable properties had restrictive covenants in their deeds, with the covenant from Sale 8 prohibiting the property from being used in the same manner as the subject property. We agree with the Assessor that Sale 8, which had a 25-year restriction on department and discount store uses, should not have been used as a comparable sale. Allen's 5% adjustment is wholly insufficient to ameliorate concerns regarding its reliability. Allen compounded this error by using Sale 8 in a paired sales analysis to estimate adjustments applied for the rest of his comparables. This error substantially detracts from Allen's credibility in general and weakens his valuation under the sales comparison approach.

147. We are less troubled by Allen's use of the other two sales with deed restrictions (Sales 2 and 4). Those covenants were less restrictive and lasted for only five and four years, respectively. So the restrictions would have had a more muted effect on the buyers' ability to subsequently market the properties if, and when, they chose to do so. And Allen confirmed with the brokers and sellers that the restrictions were negotiated after the sale prices had been established.

148. In sum, we find that the Assessor has failed to persuade us that Allen's sales-comparison analysis should be considered less persuasive than Farrington's. Allen mostly chose similar comparables for the subject property, and he largely supported his adjustments to their sale prices to arrive at credible value conclusions.

b. Allen's conclusions under the income-capitalization approach were generally reliable.

149. Turning to the income-capitalization approach, we find that Allen once again reached reliable value conclusions. He chose leases for properties that were similar properties to the subject property, and he largely supported his adjustments to their rents. He similarly supported the other components of his analyses, including his estimates of operating expenses, and of vacancy and capitalization rates. We do not share Allen's conclusion that Indiana law or appraisal theory required Allen to omit from consideration built-to-suit leases, but his selections were nonetheless well within an appraiser's purview.

150. Once again, the Assessor criticizes Allen's selection of leases on grounds that the properties were too distant from the South Bend MSA to be comparable. As with his comparable sales, however, Allen investigated the demographics, access and exposure, and submarkets for the properties from which he drew his comparable leases to ensure that they shared sufficiently similar locational characteristics as the subject property and that he could adjust for any relevant differences.

151. The Assessor argues otherwise, pointing to the fact that the average asking rent for the subject property's submarket hovered around $10.00/SF between 2013 and 2021. By contrast, none of Allen's comparable leases approached that level, and he settled on rents between $4.25/SF and $4.75/SF for the subject property. The Assessor, however, misinterprets the point of that data. It shows rent levels and vacancy rates for all retail properties within the submarkets—not rent levels for big-box properties. The data is skewed by smaller properties, which both experts agree command comparatively higher per-unit rental rates. Indeed, while the Assessor's own expert, Farrington, used leases exclusively from the South Bend MSA, only one met or exceeded $10.00/SF, with the others mostly falling well below that threshold. And that was true even though she relied on leases for stores as small as 15,000 square feet.

c. Although Allen's conclusions under the cost approach were not a reliable independent indicator of the subject property's value, he did not give them much weight.

152. We give little weight to Allen's conclusions under the cost approach. But our hesitancy has nothing to do with Allen's view on the existence of obsolescence in the retail market generally or the big-box market specifically. Indeed, Farrington echoed many of Allen's general concerns. Nor are we troubled by Allen's choice of MVS' model for an average-quality discount store instead of the model for a good-quality store that Farrington chose. Either choice was supportable. In any case, had Allen used the good-quality model, the increased replacement cost would have led him to calculate more obsolescence.

153. Instead, it is Allen's methodology for quantifying obsolescence that we find problematic. His methodology was so dependent on his data and analyses under the other two valuation approaches that it renders his conclusions under the cost approach largely useless as an independent indicator of the subject property's value. Indeed, Allen himself gave little weight to his conclusions under the cost approach in reaching his final valuation opinion for each year.

2. Farrington's valuation opinions are less reliable than Allen's.

154. While Farrington's valuation opinions are minimally probative, they are less reliable than Allen's opinions and accordingly less persuasive.

a. In her sales-comparison analyses, Farrington chose poorer substitutes for the subject property than Allen, and she did less to support her adjustments to their sale prices.

155. Overall, the sales Farrington chose for her sales-comparison analyses were less similar to the subject property than the sales Allen used.

156. Two of Farrington's sales (Sales 1 and 4) involved buildings that were less than 50,000 square feet, which she acknowledged is the typical size threshold for determining what qualifies as a big-box store. While she claimed the local market recognizes a lower

threshold for a "medium to big box," the subject store hardly qualifies as that. And Sale 3, which was barely over the 50,000-square-foot threshold, was leased to two tenants, one of which, a banquet center, Farrington did not consider to be a big-box use. We therefore have significant doubts about whether those properties would compete for the same types of buyers as the subject property.

157. Sale 1 also sold with a lease in place. Sale 3 apparently did as well, although Farrington did not know whether that lease was put in place before or after the sale. Farrington acknowledged the importance of knowing whether a lease reflects market terms when using a leased-fee sale in a fee-simple appraisal. She also acknowledged that she did not know whether the leases from Sales 1 and 3 contained market terms. She instead simply assumed they did, reasoning that it was unlikely the tenants would have paid more than other tenants in the market. It may be unlikely that companies like HH Gregg or Harley Davidson would be snookered into above market leases, but that general supposition is not a substitute for market analysis. On the other hand, Kohl's did not offer any evidence to negate Farrington's assumption either.

158. Farrington characterized Sale 2 as involving a vacant store. We know the store was occupied as a Strack & Van Til grocery as of May 2017 and then sold twice, once out of bankruptcy in August 2017 and again in October 2017 for the same price. Although Farrington's notes indicated the store was vacant, she acknowledged that it was occupied as a Strack & Van Til grocery after the sale. We find it unlikely, although not impossible, that Strack & Van Til occupied the store in May, vacated it sometime between then and the October sale, and then subsequently re-occupied it. At a minimum, that merits some explanation before giving the sale significant weight. So too does the fact that the property sold less than two months apart for the same price. That is particularly true given that the first sale was from a bankruptcy proceeding. There is no rule precluding the use of bankruptcy sales as evidence of a property's market value-in-use. But the nature of such sales at least raises the possibility that the seller was atypically motivated.

159. Farrington's adjustments to her comparable properties' sale prices were also less persuasive than Allen's adjustments. Both appraisers relied on their experience in (1) deciding whether adjustments were merited, and if so (2) quantifying those adjustments. But Allen largely relied on objective data to support his decisions. Farrington, by contrast, pointed to little objective data. For example, she offered little support for her conclusion that two of her comparable properties were from similar locations as the subject property and therefore required no adjustment for that element. She likewise offered little support for adjustments to the other two properties. Unlike Allen, Farrington didn't analyze data relevant to the desirability of a location for retail use, such as trade-area demographics. Nor, in most instances, did she report traffic counts along the arteries providing exposure to potential customers.

160. While Farrington did offer some objective evidence to support her adjustments for size differences between the subject building and the buildings from several of her comparable sales, we agree with Kohl's that the paired-sale analysis on which she primarily relied was seriously flawed. When used properly, a paired-data analysis isolates the effect of an independent variable—in this case building size—on a dependent variable, such as price. To isolate the independent variable's effect, however, the appraiser must negate the potential effect of any other relevant elements of comparison. She can do so either by choosing properties that are so similar in those other respects that any differences are unlikely to have affected the sale prices, or by adjusting the sale prices to account for differences in those elements. Yet Farrington adjusted for only one difference: market conditions. She merely asserted, without any support, that the properties were otherwise similar in terms of building age, construction type, use, and location.

161. Farrington also acknowledged that some of the transactions from her paired-sale analysis were leased-fee sales for which she did not know the lease terms. One was part of a portfolio sale, and Farrington herself explained why it is not appropriate to use portfolio

sales. Finally, she used the incorrect price for another sale. All those things give us grave doubts about the reliability of Farrington's size adjustments.

162. As explained above, we are already concerned about whether the large size disparities between the subject store and several of Farrington's comparable stores make those properties too dissimilar to serve as substitutes for the subject property. Our questions about the reliability of Farrington's adjustments to adequately account for the effect of those size disparities only magnify those concerns.

163. In regard to Sale 1, she attributed the difference between the property's asking price and its sale price solely to anticipation that HH Gregg would not renew its lease. She then adjusted the sale price *upward* by 35%. This adjustment is entirely unsupported in fact or theory.

164. In sum, Farrington chose less similar comparables for the subject property than Allen, and her adjustments to their sale prices were less credible. We therefore find her conclusions under the sales-comparison approach less persuasive than Allen's.

b. In her analysis under the income-capitalization approach, Farrington relied on leases for properties that were poorer substitutes for the subject property than the leases on which Allen relied, and she offered less support for her adjustments to their rental rates.

165. Turning to Farrington's analyses under the income-capitalization approach, her comparable leases were even less similar to the subject property than her comparable sales. Six of her seven leases involved stores that were less than 30,000 square feet, with two being only 15,000 square feet. Farrington herself admitted that stores under 20,000 square feet do not seem as comparable to the subject store. This factor alone makes her approach less persuasive than Allen's analysis.

166. Leases 1, 5, and 6 were renewals. It is not necessarily inappropriate for appraisers to use renewed or renegotiated leases in estimating market rent. But they should use those

leases with caution. The parties may have atypical motivations. *See Archway Mktg. Servs. v. County of Hennepin,* 882 N.W.2d 890, 897 (Minn. 2016) (quoting THE APPRAISAL INSTITUTE, THE APPRAISAL OF REAL ESTATE 466 (14th ed.) ("'[L]ease renewals or extensions negotiated with existing tenants should be used with caution' because existing tenants may be willing to pay higher rents to avoid relocating or may be offered lower rents to avoid vacancies[.]"). On the other hand, to find leases for comparable older big box properties, it may be necessary to look to lease renewals.

167. Farrington's adjustments to the rent from her comparable leases suffered from similar shortcomings as her adjustments under the sales-comparison approach. Once again, she pointed to little objective data to support her adjustments.

168. Thus, because Farrington chose less similar properties than Allen and did less to support her adjustments to their lease rates, we find her conclusions under the income-capitalization approach less persuasive than Allen's conclusions.

c. Given the shortcomings in Farrington's obsolescence quantification, we give little or no weight to her conclusions under the cost approach.

169. Just as we have no qualms with Allen's choice of the model for an average quality store, we take no issue with Farrington's decision to use the model for a good quality discount store. In any case, had Farrington used the model for an average store, the lower replacement cost would have led her to calculate less obsolescence. So her choice of model did not greatly affect her valuation opinions.

170. But we do find merit in Kohl's' criticism of how Farrington quantified obsolescence. Farrington herself could not confirm which, if any, editions of *The Appraisal of Real Estate* supported her methodology. And as part of her complex procedure for isolating the building's fully depreciated value, she used yield rates from a national PwC survey that was not specific to retail properties. Also, like Allen, Farrington relied heavily on her estimated NOI when quantifying the subject building's obsolescence. So all the

shortcomings we discussed regarding her NOI estimates similarly affect the reliability of her obsolescence quantifications.

171. We understand that obsolescence, which Allen and Farrington agree was present in the big-box retail market, can be difficult to measure. That difficulty can limit the usefulness of the cost approach as a primary measure of value for properties like the subject property, particularly where there is sufficient reliable data on which to develop an opinion under the other two approaches. Indeed, both experts agree that participants in the big-box market typically disfavor the cost approach, and Farrington often does not develop it when appraising big-box properties. We therefore give Farrington's conclusions under the cost approach little or no weight.

V. Conclusion

172. After weighing the evidence, we find that Allen's probative value opinions are the most persuasive evidence of the property's true tax value, and consequently of its correct assessment, for each valuation date. We therefore find for Kohl's and order the assessments changed as follows:

Assessment Date	Assessment
January 1, 2018	$2,970,000
January 1, 2019	$3,100,000
January 1, 2020	$3,240,000
January 1, 2021	$3,160,000
January 1, 2022	$3,290,000

DATE: SEPT. 22, 2025

Chairman, Indiana Board of Tax Review

Commissioner, Indiana Board of Tax Review

Commissioner, Indiana Board of Tax Review

- APPEAL RIGHTS -

You may petition for judicial review of this final determination under the provisions of Indiana Code § 6-1.1-15-5 and the Indiana Tax Court's rules. To initiate a proceeding for judicial review you must take the action required not later than forty-five (45) days of the date of this notice. The Indiana Code is available on the Internet at <http://www.in.gov/legislative/ic/code>. The Indiana Tax Court's rules are available at<http://www.in.gov/judiciary/rules/tax/index.html>.

Kohls Indiana LP

Petition Number	Parcel Number
71-002-18-1-4-00216-23	71-09-30-351-001.000-002
71-002-19-1-4-00217-23	71-09-30-351-001.000-002
71-002-20-1-4-00218-23	71-09-30-351-001.000-002
71-002-21-1-4-00219-23	71-09-30-351-001.000-002
71-002-22-1-4-00220-23	71-09-30-351-001.000-002