

ASSESSOR'S

EVIDENCE

Washoe County Board of Equalization
Appeal Summary Page - Secured Roll

Hearing # 18-0057
Hearing Date 2/14/2018
Tax Year 2018

APN: 024-055-53

Owner of Record: WAL-MART REAL ESTATE BUS TRUST

Property Address: 4855 KIETZKE LN

Property Type: MEGA WAREHOUSE DISCOUNT STORE 100%

Gross Building Area: 208,970

Year Built: 1998

Parcel Size: 17.33 Acre

Description / Location: The subject consists of a Walmart Supercenter in the Firecreek Crossing Shopping Center in the Meadowood Submarket.

2016/17 Taxable Value:	Land:	\$7,548,070
	Improvements:	\$9,576,614
	Total:	<u>\$17,124,684</u>
	Taxable Value / SF	\$81.95
Sales Comparison Approach:	Indicated Value	\$25,000,000
	Indicated Value / SF	\$120
Income Approach:	Indicated Value	\$25,700,000
	Indicated Value / SF	\$123
Current Obsolescence And/Or Building Adjustment:		\$0

Conclusions: The subject is a fully functioning building serving its highest and best use as designed by the owner. No under-utilization, functional obsolescence, or deferred maintenance was observed at the property. The sales comparison approach is reconciled to \$25,000,000 or \$120/SF and the income approach yields a value of \$25,700,000 or \$123/SF. Both approaches to value support the current taxable value, which does not exceed full cash value.

RECOMMENDATION: Uphold X Reduce



ASSESSOR'S EXHIBIT I
19 PAGES

WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

	TAXABLE VALUE	ASSESSED VALUE	TAXABLE
LAND:	\$7,548,070	\$2,641,825	\$/SF GBA
IMPROVEMENTS:	\$9,576,614	\$3,351,815	\$81.95
TOTAL:	\$17,124,684	\$5,993,639	

HEARING:	18-0057
DATE:	2/14/2018
TIME:	
TAX YEAR:	2018/2019

OWNER: WAL-MART REAL ESTATE BUS TRUST

TAXABLE
\$/SF Land
\$10.00

SUBJECT													
BLDG#	APN	Location (Occupancy)	Use %	Total GBA (GBA)	Construction Type Exterior Walls	QC	Finish Area	Age(WAY) Height	Land (SF) %Coverage Zoning	Sale Price Sale Date	Sale Price/GBA	EGI GIM OER	NOI OAR
1	024-055-53	4855 KIETZKE LN MEGA WAREHOUSE DISCOUNT STORE	100%	208,970 208,970	Masonry Concrete Block	C25	208,970	1998 20'	754,808 28% AC				

IMPROVED SALES													
IS-1	039-750-13	5150 MAE ANNE AVE Kohls	100% Discount Store	94,213	Concrete Block	2.0	94,213	1990 24	395,742 23% AC	\$9,350,000 9/12/2017	\$99.24	NA NA NNN	\$636,250 6.80%
IS-2	039-750-03,09,11	5110 MAE ANNE AVE Ridgeview Plaza	60% Box Str. 40% Line	173,877	Masonry	2.0	173,877	1989 23	736,224 24% AC	\$33,000,000 1/14/2016	\$189.79	NA NA NA	\$2,258,144 6.84%
IS-3	025-021-19,21	5017 S MCCARRAN BLVD Smithridge Plaza	56% Box Str. 44% Line	137,691	Wood STL Frame	2.0	137,691	1983 16	556,262 25% MUCC	\$22,300,000 8/31/2015	\$161.96	NA NA NA	\$1,393,750 6.25%

LAND SALES									
Sale #	APN	Location	Sale Date	Sale Price	Size(sf)	\$/sf	Tax/Unit	Zoning	Comments
LS-1	163-061-06	537 SOUTH MEADOWS PKWY	08/30/16	\$5,921,345	9.245	\$14.53	NA	PUD	SVL verified arms length sale. Property was not on the market, however the owner was accepting offers and decided to sell to the buying party since they had a fair market offer. The new buyers purchased the land to construct a Sprout's Farmers Market and retail center.
L2-2	040-900-06	KIETZKE LANE	10/26/15	\$8,023,752	12.28	\$15.00	NA	PUD	Parcels were valued as agriculture at time of sale. The buyer is Rancharrah who plans to develop the property with retail land use as part of the larger Rancharrah development. No special conditions to the sale.
LS-3	040-143-17,18	KIETZKE LANE	10/14/15	\$5,567,110	11.36	\$11.25	NA	PUD	Parcels were valued as agriculture at time of sale. The buyer is Rancharrah who plans to develop the property with retail land use as part of the larger Rancharrah development. No special conditions to the sale.
LS-4	015-220-08,09, 10,12,25,46,49,5 0,53,55,56,58,01 5-261-16-17	E PLUMB LANE	09/22/16	\$26,347,183	45.60	\$13.26	NA	MUSV/CC	No SVL. Costar indicates SP = \$26,923,683, minus \$576,500 for add'l H2O rights = \$26,347,183 cash equiv. Terms were 63% down, and a mortgage for the remaining 37%. Numerous media sources indicate buyer would not disclose SP however, the RGJ did quote buyer as stating that the asking price was \$30M+ and the DEC also confirms the above SP. Various sources have quoted the owner as stating the future use of the property will be ~1,200 residential units, 100K Sq. Ft. of retail and 70-80K Sq. Ft. of office, all to be initiated in 2017.

COMMENTS:
SEE ATTACHED COMMENTS SECTION

COMMENTS:

Improved Sales:

IS-1: Kohl's has nine years remaining on a 20-year lease. They have six 5-year options, with rent escalations every five years. This was part of a 1031 tax deferred exchange. Market financing on this transaction.

IS-2: Center Co-Anchored with Safeway and Kohl's. Other box retail tenants include Ross Dress For Less, and PetSmart. Center was 98.5% occupied at time of sale. No deferred maintenance reported.

IS-3: Box stores in center include: Steinmart, Big Lots, and Trader Joes. Occupancy was 82% at time of sale. Reported as arms-length transaction with buyer liking the upside potential for increasing rents. Buyer anticipated upgrades to facades, columns, mechanical systems, asphalt, and striping.

The comparable sale prices range from \$99.25/SF to \$189.79/SF. Although IS-2 and IS-3 are neighborhood shopping centers, over 50% of the GBA is occupied with box retail. Due to the existence of pad and inline spaces, IS-1 and IS-2 are considered high indicators of value. Most weight is given to IS-1, which is a single tenant, NNN property that was purchased by a regional investor. However, the subject's multi-use characteristics (i.e. grocery, pharmacy, garden & home center, vision center, hair salon, nail salon, juice shop, tire/lube center, bank branch, and Wendy's) are superior. As a result, IS-1 is considered a low indicator of value. Based on the comparable sales, a market value of \$120/SF is supported.

Land Sales:

The subject parcel is located in the Fieldcreek Shopping Center in the Meadowood Submarket. In addition to the strong demographics of West Reno, the subject is in one of the main regional shopping areas of Reno/Sparks. Meadowood Mall is less a mile to the east and major arterial routes such as South McCarran Boulevard, South Virginia Street, and Interstate 580 are in close proximity to the subject. The McCarran On/Off ramp with Interstate 580 is less than a quarter of a mile to the southeast. The subject shares the center with a Sam's Club, Babies R' Us, and Michael's. The subject enjoys excellent access from Redfield Parkway and Kietzke Lane. Overall, this is considered a prime retail location. The comparable land sales share many of the subject's locational characteristics and retail/commercial land use. Their sale prices range from \$11.25/SF to \$15.00/SF. The subject's taxable land value of \$10.00/SF is supported by the comparable land sales.

WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

	TAXABLE VALUE	ASSESSED VALUE
LAND:	\$7,548,070	\$2,641,825
IMPROVEMENTS:	\$9,576,614	\$3,351,815
TOTAL:	\$17,124,684	\$5,993,639

TAXABLE	HEARING: 18-0057
\$/SF GBA	DATE: 02/14/18
\$81.95	TIME:
	TAX YEAR: 2018/19

APN: 024-055-53

OWNER: WAL-MART REAL ESTATE BUS TRUST

TAXABLE
\$/SF Land
\$10.00

Income Approach

Potential Gross Income	208,970 sq ft. @	\$0.70 /mo =	\$146,279
	sq ft. @	/mo =	\$0
	sq ft. @	/mo =	\$0
			\$146,279
	x 12 months =		12
			\$1,755,348
- Vacancy & Collection loss		0%	\$0
= Effective Gross Income			\$1,755,348
- Operating Expenses		5%	\$87,767.40
=Net Operating Income			\$1,667,581
Divided by Overall Capitalization Rate		6.50%	\$25,655,086
		Rounded	\$123 /sf GBA

Subject Income Information: The subject is a Wal-Mart Supercenter located in the Meadowood Submarket. The petitioner did not provide any information regarding store performance or gross sales.

Potential Gross Income: A survey of Box Store rents in Washoe County was conducted to estimate the PGI for the subject property(See Attached). The rents seen in the survey range from \$0.63/SF to \$1.17/SF on a triple net basis. The median and average rent of the comparables is \$0.75/SF and \$0.79/SF with grocery store use being at the high end of the range and department store use at the low end of the range. The subject's construction provides for multiple uses that include: grocery store; pharmacy; garden & home center; eye glass center; nail salon; hair salon; juice shop; tire/lube shop; bank branch; and a Wendy's. While the subject use would warrant a rent at the top end of the range, a downward adjustment for size is necessary. Based on the subject's multi-use construction, age, size, and location, a market rent of \$0.70/SF is supported.

Effective Gross Income: Although most Wal-Mart stores are owner occupied, triple net lease structures are standard when Wal-Mart is the tenant. For high performing, well located stores, a lease term of at least 10 years with multiple options is common. Wal-Mart is a well-capitalized, credit tenant and would be considered a low risk to default on leasing terms. As a result, a vacancy/credit loss deduction is not necessary.

Net Operating Income: The owner of a building leased by Wal-Mart would have minimal expenses. A 5% deduction for operation expenses is made to account for miscellaneous expenses incurred by the owner.

Capitalization Rate Analysis: Box retail and shopping center capitalization rates for Washoe County are provided in the Retail Capitalization Chart (See Attached). Capitalization rates for retail property sales range from 6.25% to 6.84% with a median of 6.69% and average of 6.62%. Similar to the subject, the Kohl's store is a single-tenant building. It is leased on a triple net basis with minimal owner expenses. However, the subject's multi-use construction is superior to the comp's department store use. It is anticipated that rent at the subject would higher than the Kohl's, and the credit risk associated with Wal-Mart would also be lower. Although not used in the Sales Comparison analysis, further evidence of cap rates for big box sales with credit tenants is also provided on the chart. The sales consist of two Home Depot sales in Las Vegas that traded at 6.00% and 6.04% cap rates. Based on the market data, a cap rate of 6.5% for the subject property is supported.

Indicated Value Income Approach: The value indicated by the income approach is \$25,655,086 or \$123/SF.

Comments: As of the lien date, the subject is a fully functioning building serving its highest and best use as designed by the owner. No under-utilization, functional obsolescence, or deferred maintenance was observed at the property. The leased fee interest at market rates is equivalent to the fee simple value.

WASHOE COUNTY APPRAISAL RECORD

2018

APN: 024-055-53

FIRECREEK CROSSING

Tax District: 1000

printed: 02/06/2018

ACTIVE

1211.17

AIDQ - Commercial



BUILDING PERMITS

Date	Permit #	Description	Amount	Status	% Comp	Last Visit/Appr/Results	Notes
09/06/2017	BLD18-00499	REMODEL;	50,000	Compl	100	11/09/17 LLL Compl	Assigned To PP
08/08/2017	BLD17-01999	LOCKERS;	10,000	Assgn	0	09/06/17 TAO Assgn	
09/02/2015	BLD15-04470	REMD REP	300,000	Compl	100	03/23/16 GS Compl	
08/11/2015	BLD16-01129	REROOF	487,739	Compl	100	02/11/16 WJ Compl	NVC
08/10/2015	SGN16-00131	SIGN	12000	Compl	100	04/15/16 TAO Compl	NVC
06/19/2015	BLD15-07447	FIRE	36550	Compl	100	08/04/15 GS Compl	NVC
06/08/2015	BLD15-07124	PALLET	7000	Compl	100	04/15/16 TAO Compl	

SALES/TRANSFER INFORMATION

Grantor	Document	Date	LUC	Verif	Terms	Sales	Notes
WAL-MART STORES INC,	3142098	12/13/2004	400	3BGG			
WAL-MART STORES INC,	2928144	09/24/2003	400	4BV			
WAL-MART STORES INC,	2898304	08/01/2003	180	4BV			

#	Bld	Date	User ID	Activity Notes
2	1-1	07/31/2017	srsco	LAND OK
3	0-0	02/28/2017	srsco	CBOE BOARD YEAR 2017, PROTEST YEAR 2017/18-UPHELD
4	0-0	02/23/2017	lzimm	UPDATE CBE DECISION
5	0-0	02/07/2017	lzimm	rescheduled CBE hearing
6	0-0	01/31/2017	mjach	CBE HEARING NOTICE
7	0-0	01/25/2017	sjack	Entering Date Scheduled
8	0-0	10/26/2016	rlope	REXT BY GS - 10/25/2016
9	0-0	11/06/2015	idiez	TAG FROM 1005 TO 1000 TMUGWB NOW SPECIAL ASSESSMENT
10	0-0	08/23/2015	idiez	ROLLING PERMITS TO NEW YEAR

This information is for use by the Washoe County Assessor for assessment purposes only.

WASHOE COUNTY APPRAISAL RECORD

2018

APN: 024-055-53

FIRECREEK CROSSING

Tax District: 1000

printed: 02/06/2018

ACTIVE



1211.17

AIDQ - Commercial

BUILDING PERMITS

Date	Permit #	Description	Amount	Status	% Comp	Last Visit/Appr/Results	Notes
09/06/2017	BLD18-00499	REMODEL;	50,000	Compl	100	11/09/17 LLL Compl	
08/08/2017	BLD17-01999	LOCKERS;	10,000	Assgn	0	09/06/17 TAO Assgn	Assigned To PP
09/02/2015	BLD15-04470	REMD REP	300,000	Compl	100	03/23/16 GS Compl	
08/11/2015	BLD16-01129	REROOF	487,739	Compl	100	02/11/16 WJ Compl	NVC
08/10/2015	SGN16-00131	SIGN	12000	Compl	100	04/15/16 TAO Compl	NVC
06/19/2015	BLD15-07447	FIRE	36550	Compl	100	08/04/15 GS Compl	
06/08/2015	BLD15-07124	PALLET	7000	Compl	100	04/15/16 TAO Compl	NVC

SALES/TRANSFER INFORMATION

Grantor	Document	Date	LUC	Verif	Terms	Sales	Notes
WAL-MART STORES INC,	3142098	12/13/2004	400	3BGG			
WAL-MART STORES INC,	2928144	09/24/2003	400	4BV			
WAL-MART STORES INC,	2898304	08/01/2003	180	4BV			

#	Bld	Date	User ID	Activity Notes

Box Store Rent Survey

#	Location APN	Description	Sq Feet/ Year Built	Lease Date/ Term	Base Rent/SF	NNN / CAM Fee	Comments
	125-165 Disc Drive, Ste. DM-1 510-083-09	Sprouts	30,000 2006	9/2016 5 Year	\$1.17	NNN \$0.24	Landlord responsible for Tis; 2% escalations
	125-165 Disc Drive, Ste. DM-2 510-083-09	Marshall's	40,149 2006	9/2016 5 Year	\$0.63	NNN \$0.24	Landlord responsible for Tis; 2% escalations
	2863 Northtowne Lane 026-182-38	Former Wal-Mart Teleperformance tenant (Call Center)	42,780 1994	11/2015 6 Year	\$0.79	NNN None	Tenant paid for Tis; rent escalations exist; options exist to extend lease agreement to 12 years; tenant responsible for parking lot maintenance
	2863 Northtowne Lane, Unit C 026-182-38	Former Wal-Mart Planet Fitness tenant	18,526 1994	11/2015 NA	\$0.75	NNN NA	Tenant paid for Tis; Improvements will include gym and spa
	4819 Kietzke Lane 024-055-33	Natural Grocerers	31,850 1996	2/2014 10 Year	\$0.67	NNN NA	Landlord contributed ~\$17/SF in Tis; 2% rent escalations

Median: \$0.75

Average: \$0.80

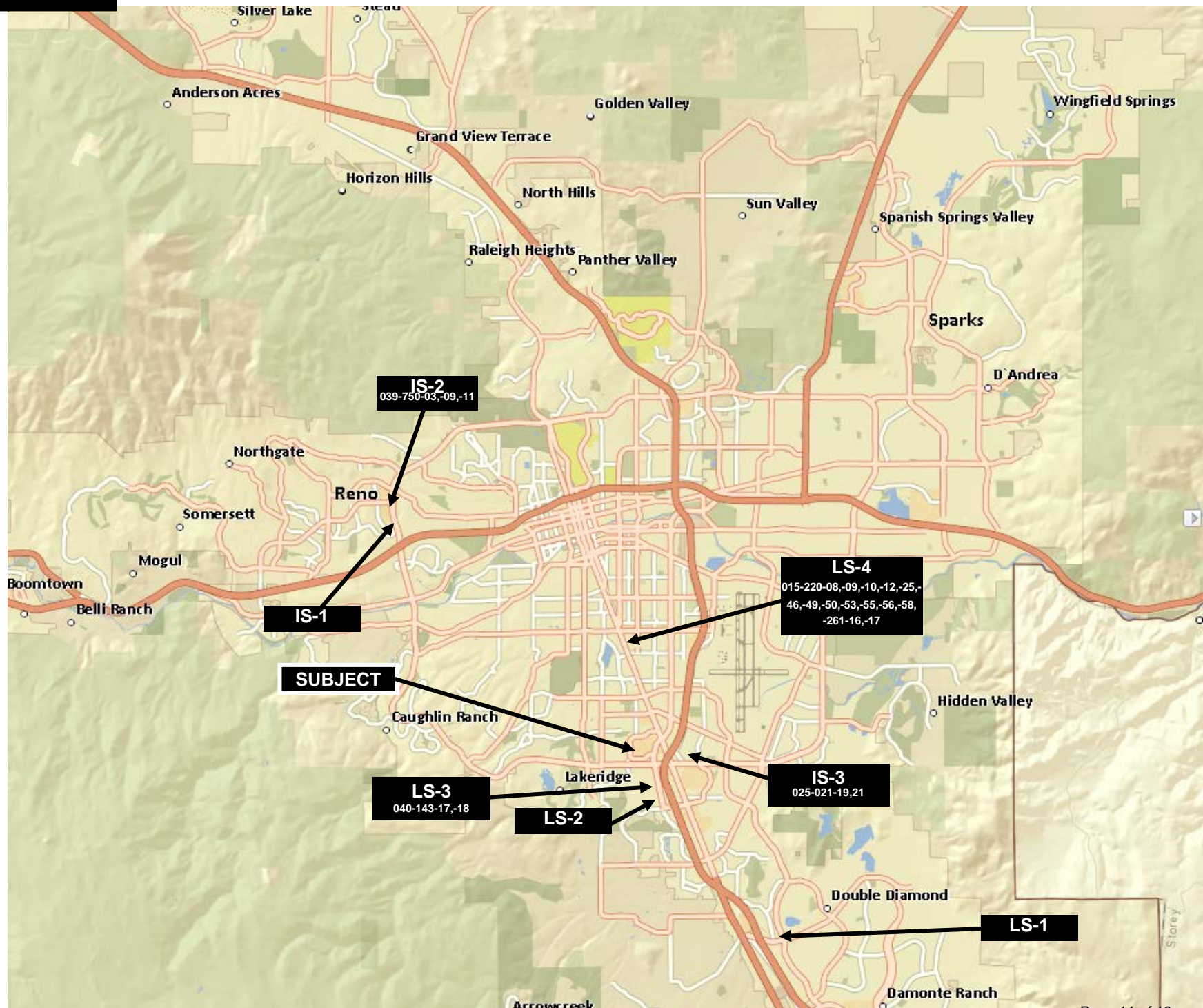
RETAIL CAPITALIZATION RATE CHART

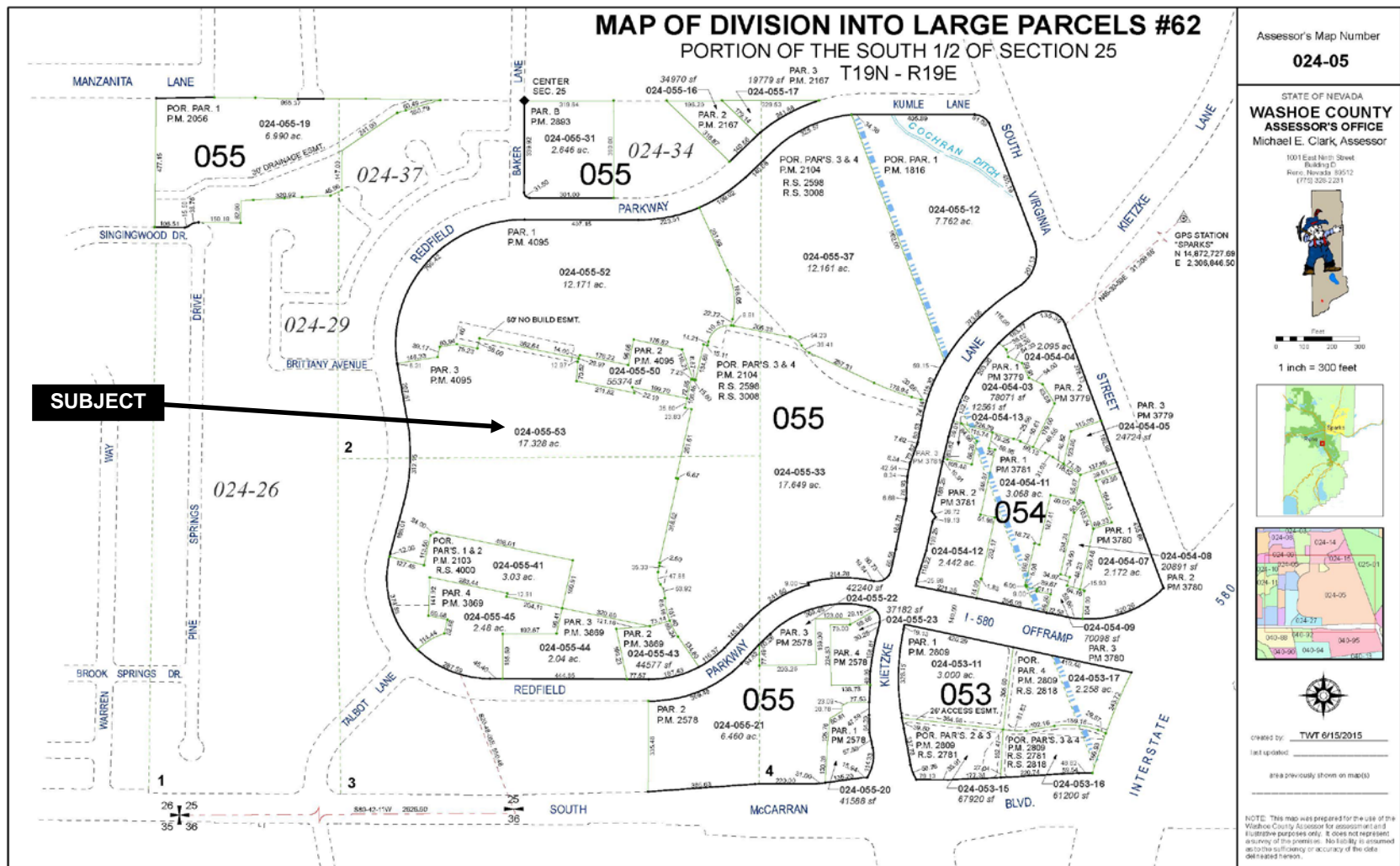
APN NBC	Location	Use %	Total Finish Area	Year Built	Land (SF) %Coverage Zoning	Sale Price Sale Date	NOI OAR	Notes
039-750-13 BCAQ	5150 Mae Anne Ave. Kohl's	100% Discount Store	94,213	1990	395,742 23% AC	\$9,350,000 9/12/2017	\$636,250 6.80%	Kohl's has nine years remaining on a 20-year lease. They have six 5-year options, with rent escalations every five years. This was part of a 1031 tax deferred exchange. Market financing on this transaction.
039-750-03, 09, 11 BCAQ	5110 Mae Anne Ave. Ridgeview Plaza	60% Box 40% Line	173,877	1989	736,224 24% AC	\$33,000,000 1/14/2016	\$2,258,144 6.84%	Center Co-Anchored with Safeway and Kohl's. Other box retail tenants include Ross Dress For Less, and PetSmart. Center was 98.5% occupied at time of sale. No deferred maintenance reported.
025-021-19, 21 ADAQ	5017 S. McCarran Blvd. Smithridge Plaza	56% Box 44% Line	137,691	1983	556,262 25% MUCC	\$22,300,000 8/31/2015	\$1,393,750 6.25%	Box stores in center include: Steinmart, Big Lots, and Trader Joes. Occupancy was 82% at time of sale. Reported as arms-length transaction with buyer liking the upside potential for increasing rents. Buyer anticipated upgrades to facades, columns, mechanical systems, asphalt, and striping.
025-012- 21,22 NAAQ	4000 Kietzke Lane Crossroads Center	100% Neigh Shp. Center	57,355	1976	216,760 26% MUCC	\$8,500,000 8/18/2015	\$558,450 6.57%	Non-Anchored neighborhood shopping center that was 93.3% occupied at time of sale. Transaction was part of 1031 exchange for buyer.
Big Box Sales with Credit Tenants in Las Vegas								
138-34-717- 015	861 S. Rainbow Blvd. Home Depot	100% Discount Store	105,275	1993	436,907 24% C-1	\$23,100,000 01/05/17	\$1,386,000 6.00%	Located just north of the West Charleston Blvd. and South Rainbow Blvd. intersection in West Las Vegas. Long term, net leased property to credit tenant.
178-03-610- 011	1030 W. Sunset Rd. Home Depot	100% Discount Store	102,370	1992	383,763 27% CC	\$23,162,717 06/10/16	\$1,400,000 6.04% (pro forma)	Located just west of U.S Highway 95 in Henderson. Tenant signed 10 year extension prior to sale which resulted in pro forma cap rate of 6.04%

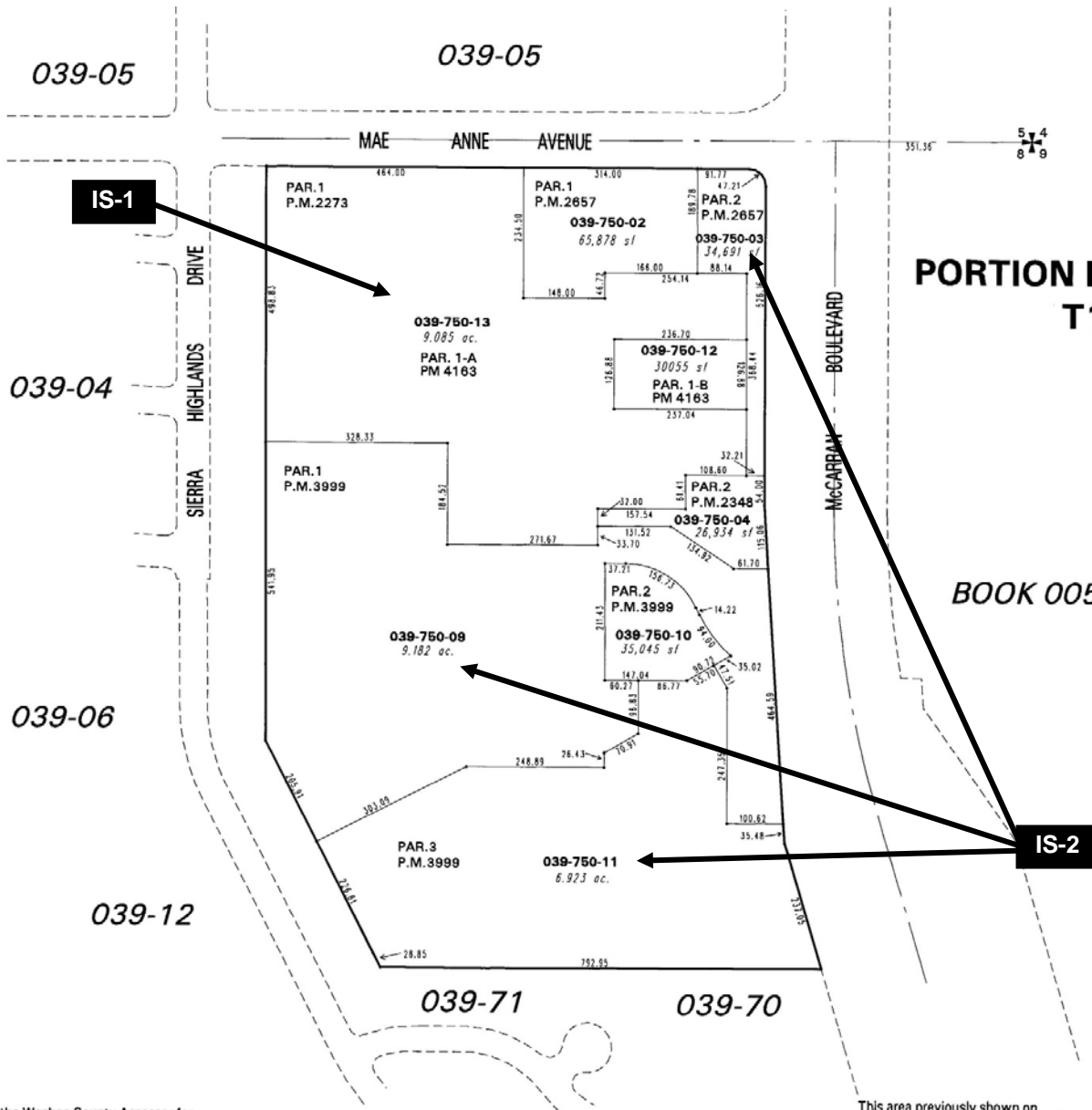
Median (Washoe): 6.69%

Average (Washoe): 6.62%

NEIGHBORHOOD MAP







**PORTION NE 1/4 OF SECTION 8
T19N - R19E**

BOOK 005



1" = 200'



NOTE: This map is prepared for the use of the Washoe County Assessor for assessment and illustrative purposes only. It does not represent a survey of the premises. No liability is assumed as to the sufficiency or the accuracy of the data delineated hereon.

Office of Washoe County Assessor, Nevada - Robert W. McGowan

This area previously shown on _____

NOTE: Areas of parcels which are less than 2 acres are shown in square feet.

Drawn by	CFB 4/30/2003
Revised	PK 4/24/04

A/C INFO 0.1.2 WINDOWS 3000 5.0

025-02

1001 East Ninth Street
Building D
Reno, Nevada 89512
(775) 328-2231



1 inch = 200 feet

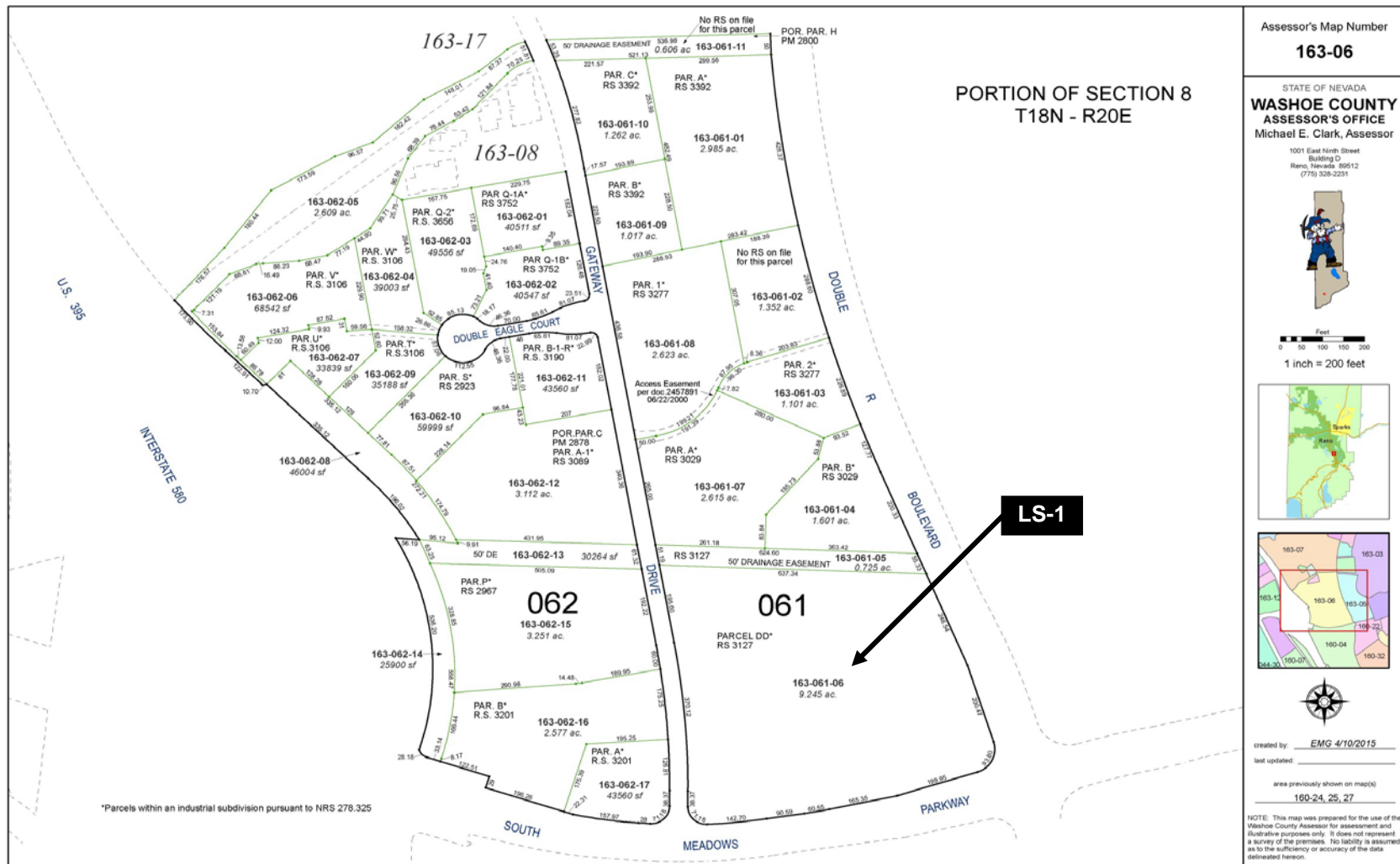


created by: TWT 7/14/2015

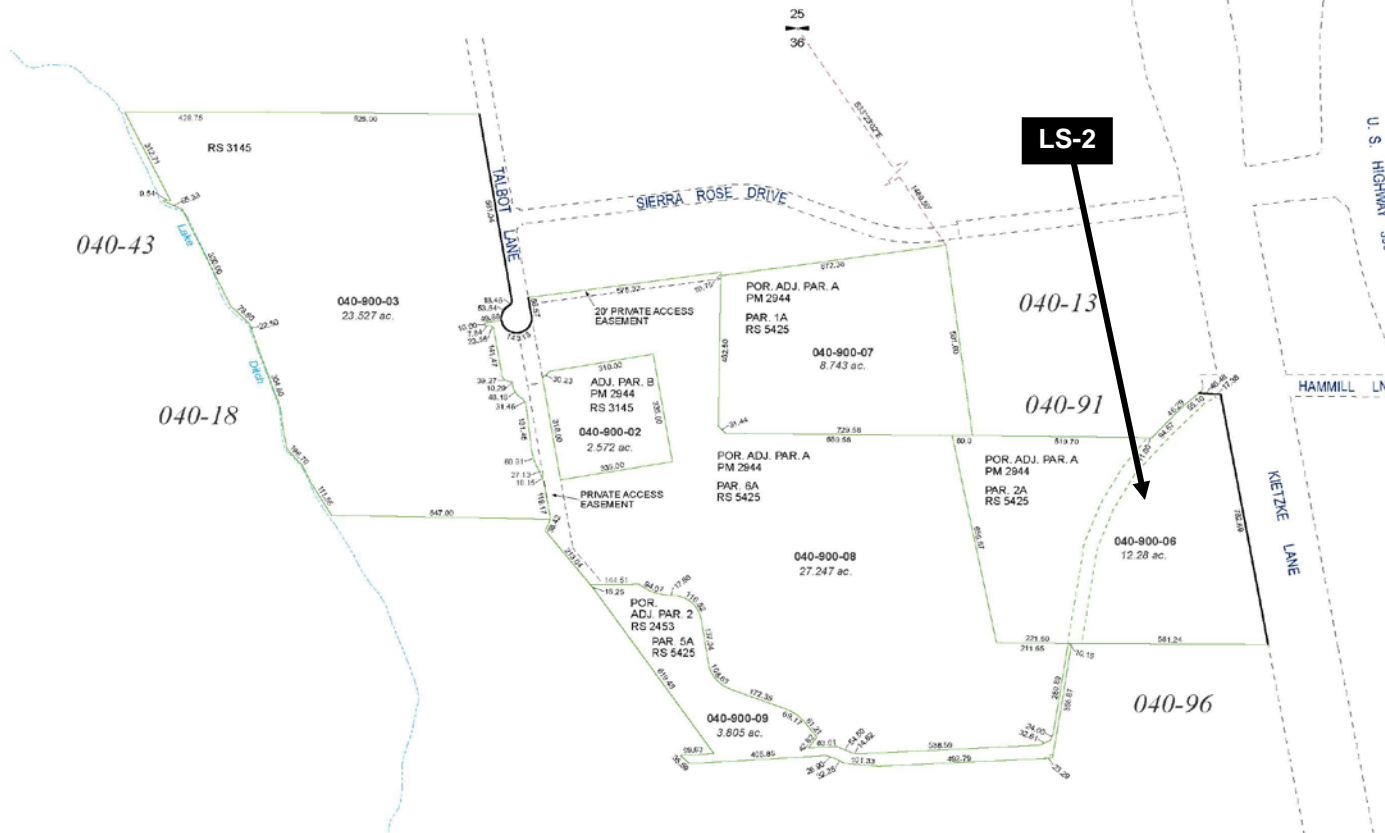
last updated _____

are a previously shown on map(s)

NOTE: This map was prepared for the use of the Washoe County Assessor for assessment and illustrative purposes only. It does not represent a survey of the premises. No liability is assumed as to the sufficiency or accuracy of the data delineated herein.



POR. OF SECTION 36, T19N - R19E

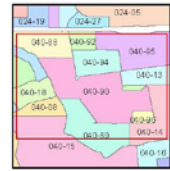


Assessor's Map Number
040-90

STATE OF NEVADA
WASHOE COUNTY
ASSESSOR'S OFFICE
Joshua G. Wilson, Assessor
1001 East North Street
Building D
Reno, Nevada 89512
(775) 328-2251



1 inch = 300 feet



created by: **KSB 6/07/12**
last updated: _____
area previously shown on maps:
040-08

NOTE: This map was prepared for the use of the Washoe County Assessor for assessment and illustrative purposes only. It does not represent a survey of the premises. No liability is assumed as to the sufficiency or accuracy of the data disseminated herein.

PORTION OF SECTION 36
T19N - R19E

PORTION OF W ½ SECTION 31
T19N - R20E

Assessor's Map Number

040-14

STATE OF NEVADA
WASHOE COUNTY
ASSESSOR'S OFFICE
Joshua G. Wilson, Assessor

1001 East North Street
Building D
Reno, Nevada 89512
(775) 325-2231



Feet
0 50 100 150 200
1 inch = 200 feet

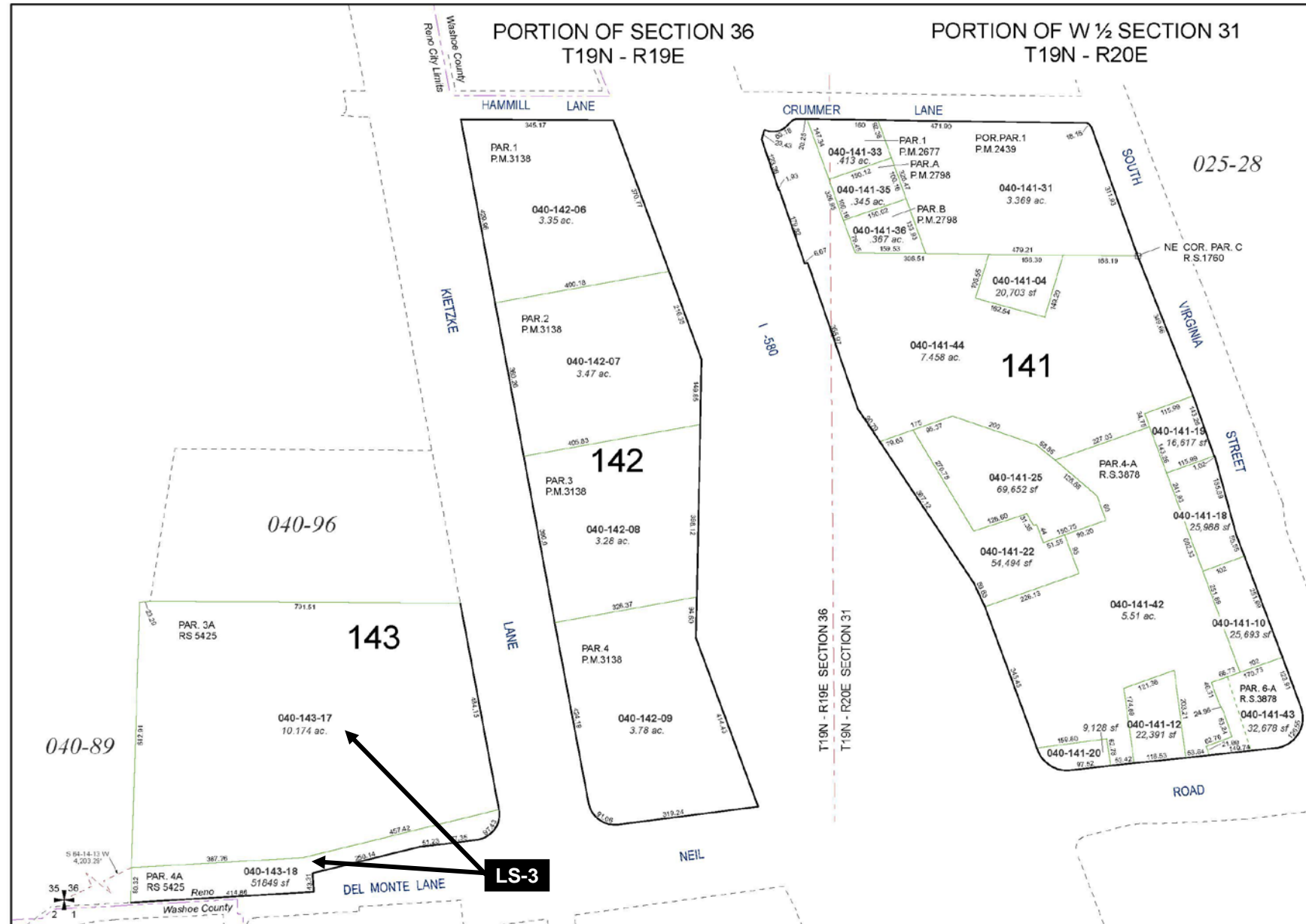


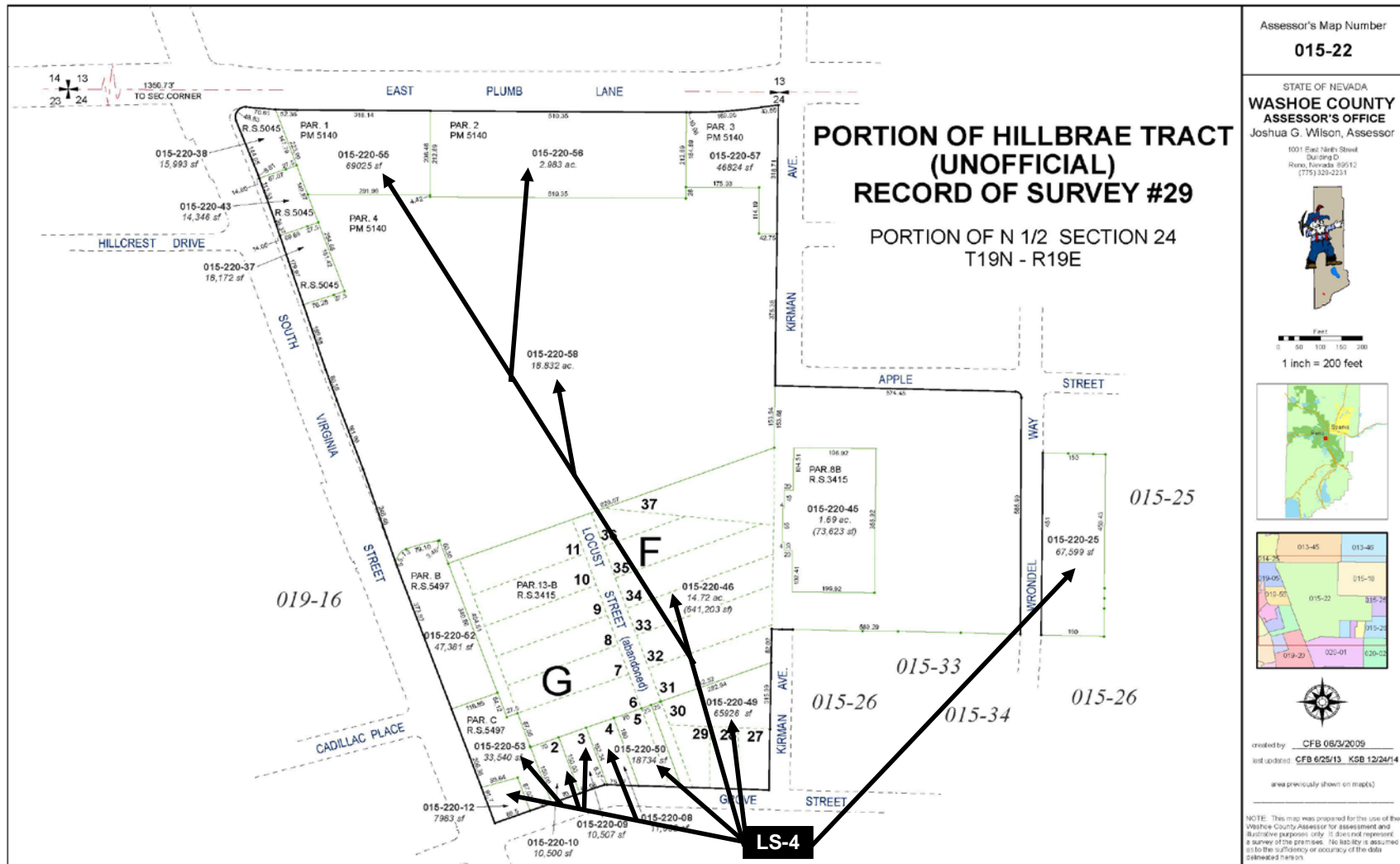
created by: CFB 02/16/2010

last updated: KSB 8/07/12

area previously shown on map(s)

NOTE: This map was prepared for the use of the Washoe County Assessor for assessment and illustrative purposes only. It does not represent a survey of the premises. No liability is assumed as to the sufficiency or accuracy of the data delineated hereon.

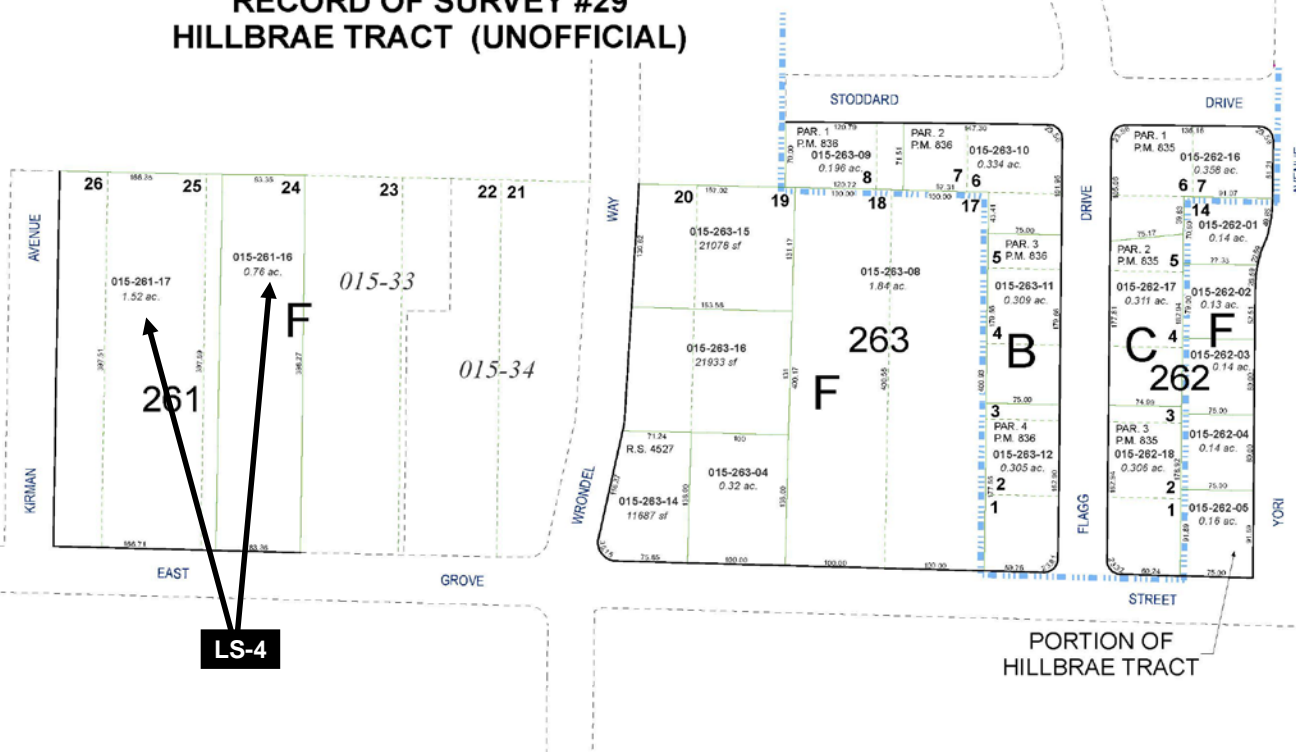




**RECORD OF SURVEY #29
HILLBRAE TRACT (UNOFFICIAL)**

PORTION OF THE NE 1/4 OF SECTION 24
T19N - R19E

**(#814)
GOLDEN TERRACE
SUBDIVISION**



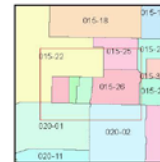
Assessor's Map Number
015-26

STATE OF NEVADA
**WASHOE COUNTY
ASSESSOR'S OFFICE**
Joshua G. Wilson, Assessor

1001 East North Street
Building C
Reno, Nevada 89512
(775) 828-2231



1 inch = 100 feet



created by: TWY 3/5/2014
last updated: _____
area previously shown on map(s): _____

NOTE: This map was prepared for the use of the Washoe County Assessor for assessment and illustrative purposes only. It does not represent a survey of the premises. No liability is assumed as to the sufficiency or accuracy of the data delineated herein.