

**PETITIONER'S  
EVIDENCE**

2/20/18

Washoe County Board of Equalization

**Re: 2018 BOE appeal of 037-030-71**  
1355 Scheels Drive, Sparks, NV

Dear Board Members:

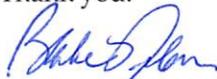
Although we had hoped to resolve our value differences informally with the assessor, so far we are too far apart to do so. For time and travel constraints, we are unable to appear before this hearing on 2/21/18, but we would appreciate a brief continuance to a later hearing date (likely 2/28/18). If this is not agreeable to you, we are providing our evidence in this written form. We respectfully ask that you accept the following written materials as our hearing evidence for today's hearing..

Included in the following pages is a brief informal valuation review of the above referenced Lowe's location located at 1355 Scheels Drive, in Sparks. The six page report briefly identifies the property, discusses the various differences between Big Box facilities, and includes brief summaries of cost, income, and market valuation approaches for the subject. The final page contains a consolidative summary of values and cites a requested value.

During our informal discussions with the assessor, we also provided several improved property and vacant land sales. In addition, we pointed out differences between the assessor's cost models for the Lowe's locations and those of Home Depot, revealing equities between the two.

Again - we would prefer to have our hearings continued to a later date, but please use the following as our evidence if this is not agreeable to you.

Thank you!

A handwritten signature in blue ink, appearing to read "Blake Nelon".

**Blake Nelon**

**PETITIONER'S EXHIBIT A**  
**7 PAGES**

**REAL PROPERTY TAX VALUATION PACKAGE**

**Large Big-Box Retail Stores**



**Property Name:** Lowe's Of Sparks - 3034  
**Address:** 1355 Scheels Dr  
**City, State:** Sparks, NV  
**County:** Washoe County  
**Total Accounts:** 1  
**Parcel Number(s):** 037-030-71  
0

# Why Do Home Improvement Stores Cost Less than Others?

**HOME DEPOT**



**LOWE'S**



**COSTCO**



**SAM'S CLUB**



**TARGET**



**WALMART**



## EXTRA FEATURES OF LARGE BIG BOX STORES

	Home Depot	Lowe's	Costco	Sam's Club	Target	Walmart
Vinyl Flooring	X	X	X	X	✓	✓
Drop Down Ceilings	X	X	X	X	✓	✓
Painted/Finished Walls	X	X	✓	✓	✓	✓
Restaurants	X	X	✓	✓	✓	✓
Deli	X	X	✓	✓	✓	✓
Meat Department	X	X	✓	✓	✓	✓
Bakery	X	X	✓	✓	✓	✓
Refrigerated Aisles	X	X	✓	✓	✓	✓
Pharmacy	X	X	✓	✓	✓	✓
Eye Center	X	X	✓	✓	✓	✓
Tire Shop	X	X	✓	✓	X	✓
Gas Pumps	X	X	✓	✓	X	✓
Garden Center	✓	✓	X	X	X	✓
<b>Overall Rank:</b>	<b>Low/Avg</b>	<b>LowAvg</b>	<b>Average</b>	<b>Average</b>	<b>Avg/High</b>	<b>Avg/High</b>

\*This analysis is based on the average store's finish out. Not all stores are built exactly the same.

## Cost Approach

Subject Property Construction Cost Details			
Property Type:	Big Box Retail	Exterior Walls:	Cheap block or tilt-up, light panelized roof
Occupancy Code:	458	Interior Design:	Unfinished, shell type, few partitions, concrete floor
Occupancy Type:	Warehouse Discount Store	Heating & Cooling:	Package A.C.
Construction Class:	C	Sprinklers:	Wet System
Year of Constructor	2012	Building Height:	24 Ft.
Effective Age:	6	Economic Life:	30 years
Building Area:	119,528	Quality Rank:	Low/Avg Cost

MARSHALL & SWIFT COST VALUATION	
Occupancy Type:	Warehouse Discount Store
Construction Class:	C
Quality Rank:	Low/Avg Cost
Section/Page:	13 / 28
Cost Updated As Of:	May-16
Date of Valuation:	<u>January 1, 2018</u>
<b>Base Costs</b>	
Base Cost Per SF:	\$44.13
Sprinkler System:	\$2.02
<b>Factor Adjustments</b>	
Height Adj ( 24Ft. )	1.255
Current Cost Mult:	1.000
Local Cost Mult:	1.070
<b>Replacement Cost New:</b>	<b>\$61.97</b>

Description	Area	Base Adj.	Base Cost	Year Built	RCN	DEPR	PHYS	FUNC	Adjusted Value	\$/SF
Main Area	119,528	100%	\$61.97	2012	\$7,406,650	89%	10%	20%	\$4,369,923	
Parking Lot	229,500	2%	\$1.24	2012	\$284,423	89%	10%	20%	\$167,810	
Canopy	5,464	20%	\$12.39	2012	\$67,716	89%	10%	20%	\$39,953	
Garden Center	9,240	25%	\$15.49	2012	\$143,141	89%	10%	20%	\$84,453	
Extra Features	-	-	-	-	\$275,000	89%	10%	20%	\$162,250	
Total Bldg. Less Dep:									Bldg: \$4,824,389	\$40.36
Estimated Land Value:									Land: \$2,947,357	\$6.75
<b>TOTAL VALUE:</b>									<b>Total: \$7,771,746</b>	<b>\$65.02</b>

## Income Capitalization Approach

Property Information					
<b>Property Name:</b>	Lowe's Of Sparks	<b>Property Type:</b>	Big Box Retail		
<b>Address:</b>	1355 Scheels Dr	<b>Specific Type:</b>	Warehouse Discount Store		
<b>City, State:</b>	Sparks, NV	<b>Class:</b>	C		
<b>County:</b>	Washoe County	<b>Rank:</b>	Low/Avg Cost		
<b>Year Built:</b>	2012	<b>Building Area:</b>	119,528		
Estimated Income					
<b>Description</b>	<b>Area</b>	<b>Rate</b>			
Big Box Retail	119,528	\$6.50	Potential Gross Income	\$	776,932
		( 10% )	Vacancy Loss	\$	77,693
			<b>Effective Gross Income:</b>	<b>\$</b>	<b>699,239</b>
Estimated Expenses					
		<b>Rate</b>			
Per Square Foot		12%	Estimated Expenses	\$	83,909
Management Fee		3%	Estimated Management	\$	20,977
<b>Total Expenses</b>		<b>15%</b>	<b>Net Operating Income:</b>	<b>\$</b>	<b>594,353</b>
Value Capitalization					
		<b>Rate</b>			
Cap Rate		8.25%	Net Operating Income	\$	594,353
Eff. Tax Rate		0.00%	Cap Rate		8.25%
<b>Total Cap Rate</b>		<b>8.25%</b>	Total Value	\$	7,204,279
			Excess Land	\$	-
			<b>Final Value:</b>	<b>\$</b>	<b>7,200,000</b>
			<b>Final \$/SF:</b>	<b>\$</b>	<b>60.24</b>

## Sales Comparison Approach

List of Comparable Sales						
Sale	Property Name	Address	City, State	County	Sale Date	Sale Price
1	Sports Authority	4811-4813 Kietzke Ln	Reno, NV	Washoe	11/13/2016	\$11,925,470
2	Kohl's	5150 Mae Anne Ave	Reno, NV	Washoe	09/12/2017	\$9,350,000
3	Lowe's	2450 Oddie Blvd	Sparks, NV	Washoe	01/29/2016	\$6,510,000
4	Target	505 E Prater Way	Sparks, NV	Washoe	02/16/2016	\$6,561,948
5	Kmart	2125-2285 Oddie Blvd	Sparks, NV	Washoe	02/28/2017	\$11,272,964

Sale Adjustments to Equal Subject Property											
	Sale 1		Sale 2		Sale 3		Sale 4		Sale 5		Average
Property Name:	Sports Authority		Kohl's		Lowe's		Target		Kmart		
Acres	69.15		9.09		12.09		9.18		11.67		22.24
Bldg. SF	89,024		94,500		177,809		105,705		145,029		122,413
Year Built	1996		2007		-		1990		1988		1995
Sale Info:											
Sale Date	11/13/2016		09/12/2017		01/29/2016		02/16/2016		02/28/2017		
Sale Price	<b>\$11,925,470</b>		<b>\$9,350,000</b>		<b>\$6,510,000</b>		<b>\$6,561,948</b>		<b>\$11,272,964</b>		
Sale \$/SF	\$133.96		\$98.94		\$36.61		\$62.08		\$77.73		\$81.86
Adjustments:	<u>% Adj</u>	<u>\$/SF</u>	<u>% Adj</u>	<u>\$/SF</u>	<u>% Adj</u>	<u>\$/SF</u>	<u>% Adj</u>	<u>\$/SF</u>	<u>% Adj</u>	<u>\$/SF</u>	<u>% Adj</u>
Size	10%	\$13.40	5%	\$4.95	0%	\$0.00	5%	\$3.10	0%	\$0.00	4%
Location	5%	\$6.70	5%	\$4.95	0%	\$0.00	-10%	-\$6.21	10%	\$7.77	2%
Condition	15%	\$20.09	10%	\$9.89	-10%	-\$3.66	15%	\$9.31	15%	\$11.66	9%
<b>Total Adj:</b>	<b>30%</b>	<b>\$40.19</b>	<b>20%</b>	<b>\$19.79</b>	<b>-10%</b>	<b>-\$3.66</b>	<b>10%</b>	<b>\$6.21</b>	<b>25%</b>	<b>\$19.43</b>	<b>15%</b>
Adj Sale Price:	<b>\$8,347,829</b>		<b>\$7,480,000</b>		<b>\$7,161,000</b>		<b>\$5,905,753</b>		<b>\$8,454,723</b>		
Avg Sale \$/SF:	<b>\$93.77</b>		<b>\$79.15</b>		<b>\$40.27</b>		<b>\$55.87</b>		<b>\$58.30</b>		<b>\$65.47</b>

Summary of Sales Comparison Approach		
Subject's Area	Avg Sale \$/SF:	Total Indicated Value
119,528	\$65.51	<b>\$7,830,000</b>

## Summary of Values

Final Summary Of All Indicated Market Values				
	Land Value	Imp. Value	Market Value	\$/SF
Cost Approach:	\$2,947,357	\$4,824,389	\$7,771,746	\$65.02
Income Approach:	-	-	\$7,200,000	\$60.24
Sales Approach:	-	-	\$7,830,000	\$65.51

Current Notice Value:	\$5,239,740	\$9,030,701	\$14,270,441	\$119.39
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Indicated Value Of Subject Property				
	Land Value	Imp. Value	Market Value	\$/SF
<b>Requested Value:</b>	\$2,947,357	\$4,824,389	\$7,771,746	\$65.02

After reviewing the current notice value that the appraisal district has suggested for this property, our market analysis indicates a lower value. The current market value is too high and does NOT accurately support this high of a value in this particular market. Using the three approaches to value real property, we have come up with a cost approach, income approach, and a sales approach, all indicating a lower overall value. Large Big Box Retail stores must be valued fair and equal each reappraisal year. These buildings are unique compared to most of your typical retail buildings and therefore adjustments must be made based on their large size, minimal finish-out, and specific use.

In order to have the most accurate data possible, we have conducted research on **Large Big-Box Stores** specifically. According to our research, we are requesting that the value be **lowered** to our **requested value**. We have spent many hours collecting data & research on a variety of Large Big-Box store Sales, Leases, and Current Construction Costs. The data we have provided is property specific and does not include the typical errors due to mass appraising.