

PETITIONER'S EVIDENCE

REAL PROPERTY TAX VALUATION PACKAGE

Large Big-Box Retail Stores



Property Name: Home Depot
Address: 5125 Summit Ridge Ct,
City, State: Reno, NV
Jurisdiction: Washoe County
Account Number(s): 21201008

Valuation Date As Of: January 1, 2019

Why Are All Large Big-Box Retail Stores Different?

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 | ✓ |
| Overall Rank: | Low/Avg | Low/Avg | Average | Average | Avg/High | Avg/High |

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

Cost Approach

| MARSHALL VALUATION SERVICE COST SCHEDULE | | | |
|---|---|---------------------------------|---------------|
| Primary Building: | Big Box Retail | Wall Height: | 22 Ft. |
| Effective Age: | 20 Years | Number of Buildings: | 1 |
| Condition: | Low | Gross Building Area: | 105,810 SF |
| Exterior Wall: | Cheap block or tilt-up, light panelized roof, no glass storefront | Net Leasable Area: | 105,810 SF |
| Building Components | | Warehouse Discount Stores (458) | |
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| Cost Updated As Of | | May, 2018 | |
| Date of Valuation | | January 1, 2019 | |
| Construction Quality | | Low | |
| Class | | C | |
| Component Sq. Ft. | | 105,810 | |
| Base Cost Per Square Foot | | \$40.25 | |
| Square Foot Multipliers | | | |
| Sprinklers | | \$1.98 | |
| Heating/Cooling | | \$5.35 | |
| Subtotal | | \$47.58 | |
| Construction Multipliers | | | |
| Height Multiplier | | 1.213 | |
| Area / Perimeter Multiplier | | 0.795 | |
| Current Cost Multiplier | | 1.020 | |
| Local Multiplier | | 1.090 | |
| Final Base Cost Per Square Foot | | \$51.01 | |
| Base Building Cost | | \$5,397,710 | |
| Site Improvements | | Rate | SF |
| Parking Area | | \$1.79 | 317,660 |
| Canopy Area | | \$10.20 | 12,512 |
| Other Area | | \$7.65 | 4,300 |
| Extra Site Improvements | | | \$100,000 |
| Total Building & Site Imp. Costs (Rounded) | | \$6,225,440 | |
| COST APPROACH CONCLUSION | | | |
| Total Replacement Cost New | | \$6,225,440 | |
| Accrued Depreciation | | | |
| Physical Depreciation | | -53% | (\$3,299,483) |
| Functional Obsolescence | | 0% | \$0 |
| Economic Obsolescence | | 0% | \$0 |
| Total Accrued Depreciation | | (\$3,299,483) | |
| Depreciated Replacement Cost | | \$2,925,957 | |
| Estimated Land Value | | \$4,666,144 | |
| Indicated As Is Value | | \$7,592,101 | |
| Indicated As Is Value (Rounded) | | \$7,590,000 | |
| Value Per SF | | \$71.73 | |

* Cost Approach is using cost data straight out of Marshall & Swift Cost Valuation book and all data is updated to the current date of valuation

Income Capitalization Approach

| INCOME PRO FORMA | | | | |
|----------------------------------|----------------------|---------------|------------------------|--------------|
| Account: | 21201008 | Year Built: | 1999 | |
| County: | Washoe County | Land Acres: | 13 AC | |
| Address: | 5125 Summit Ridge Ct | Gross Area: | 105,810 SF | |
| Property Type: | Big Box Retail | Net Leasable: | 105,810 SF | |
| | <u>Area</u> | <u>Rate</u> | <u>Total Value</u> | <u>\$/sf</u> |
| Gross Potential Income | 105,810 | \$6.00 | \$ 634,860 | 6.00 |
| Other Income 1 | | | \$ - | 0.00 |
| Other Income 2 | | | \$ - | 0.00 |
| Total Income | | | \$ 634,860 | 6.00 |
| <i>Less</i> | | | | |
| Vacancy | | 10.0% | \$ 63,486 | 0.60 |
| Credit Loss | | | \$ - | 0.00 |
| Effective Gross Income | | | \$ 571,374 | 5.40 |
| <i>Less</i> | | | | |
| Operating Expenses | | 15.0% | \$ 85,706 | 0.81 |
| Reserves | | | \$ - | 0.00 |
| Net Operating Income | | | \$ 485,668 | 4.59 |
| Market Capitalization Rate | | 8.25% | | |
| Effective Tax Rate | | 0.00% | | |
| Overall Capitalization Rate | | <u>8.25%</u> | | |
| Stabilized Value | | | \$ 5,886,884 | 55.64 |
| <i>Less: Excess Land</i> | | | \$ - | |
| 2019 Market Value Rounded | | | \$ 5,890,000 or | 55.67 |

*The Income Approach is based off available lease comps and contains both current asking rates and confirmed lease rates.

**The rents have not been adjusted for this specific market and the current building's size and condition.

Sales Comparison Approach

| List of Comparable Sales | | | | | | |
|--------------------------|---------------|----------------------|-------------|--------|------------|--------------|
| Sale | Property Name | Address | City, State | County | Sale Date | Sale Price |
| 1 | Lowe's | 2450 Oddie Blvd | Sparks, NV | Washoe | 01/29/2016 | \$6,510,000 |
| 2 | Target | 505 E Prater Way | Sparks, NV | Washoe | 02/16/2016 | \$6,561,948 |
| 3 | Former Kmart | 4855 Summit Ridge Dr | Reno, NV | Washoe | 08/11/2017 | \$4,525,000 |
| 4 | Kmart | 2125-2285 Oddie Blvd | Sparks, NV | Washoe | 02/28/2017 | \$11,272,964 |
| 5 | Dollar Tree | 2424 Oddie Blvd | Reno, NV | Washoe | 05/29/2015 | \$4,100,000 |

| Sale Adjustments to Equal Subject Property | | | | | | | | | | | |
|--|--------------------|--------------|--------------------|--------------|--------------------|--------------|---------------------|--------------|--------------------|--------------|----------------|
| | Sale 1 | | Sale 2 | | Sale 3 | | Sale 4 | | Sale 5 | | Average |
| Property Name: | Lowe's | | Target | | Former Kmart | | Kmart | | Dollar Tree | | |
| Acres | 12.09 | | 9.18 | | 19.54 | | 11.67 | | 5.09 | | 11.51 |
| Bldg. SF | 177,809 | | 105,705 | | 166,318 | | 145,029 | | 73,414 | | 133,655 |
| Year Built | 1998 | | 1990 | | 1996 | | 1988 | | 2008 | | 1996 |
| Sale Info: | | | | | | | | | | | |
| Sale Date | 01/29/2016 | | 02/16/2016 | | 08/11/2017 | | 02/28/2017 | | 05/29/2015 | | |
| Sale Price | \$6,510,000 | | \$6,561,948 | | \$4,525,000 | | \$11,272,964 | | \$4,100,000 | | |
| Sale \$/SF | \$36.61 | | \$62.08 | | \$27.21 | | \$77.73 | | \$55.85 | | \$51.89 |
| Adjustments: | % Adj | \$/SF | % Adj | \$/SF | % Adj | \$/SF | % Adj | \$/SF | % Adj | \$/SF | % Adj |
| Size | 5% | \$1.83 | 0% | \$0.00 | 5% | \$1.36 | 5% | \$3.89 | -5% | -\$2.79 | 2% |
| Location | 0% | \$0.00 | 0% | \$0.00 | 0% | \$0.00 | 0% | \$0.00 | 0% | \$0.00 | 0% |
| Condition | 0% | \$0.00 | 0% | \$0.00 | 0% | \$0.00 | 5% | \$3.89 | -5% | -\$2.79 | 0% |
| Total Adj: | 5% | \$1.83 | 0% | \$0.00 | 5% | \$1.36 | 10% | \$7.77 | -10% | -\$5.58 | 2% |
| Adj Sale Price: | \$6,835,500 | | \$6,561,948 | | \$4,751,250 | | \$12,400,260 | | \$3,690,000 | | |
| Avg Sale \$/SF: | \$38.44 | | \$62.08 | | \$28.57 | | \$85.50 | | \$50.26 | | \$52.97 |

| Summary of Sales Comparison Approach | | |
|--------------------------------------|------------------------|------------------------------|
| <u>Subject's Area</u> | <u>Avg Sale \$/SF:</u> | <u>Total Indicated Value</u> |
| 105,810 | \$52.93 | \$5,600,000 |

Summary of Values

| Summary of Values | | | |
|--------------------------------------|------------------------|---------------------------|-----------------------|
| CURRENT AND PRIOR YEAR VALUES | | <i>Total</i> | <i>Per SF</i> |
| 2019 Proposed Value (County) | | \$10,044,219 | \$94.93 |
| INDICATED MARKET VALUES | | <i>Total</i> | <i>Per SF</i> |
| Cost Approach | | \$7,592,101 | \$71.75 |
| Sales Comparison Approach | | \$5,600,000 | \$52.93 |
| Income Capitalization Approach | | \$5,890,000 | \$55.67 |
| MEDIAN MARKET VALUE | | \$5,745,000 | \$54.30 |
| CONCLUDED MARKET VALUE | | | |
| Valuation Method Selected | Date of Value | 2019 Total Value | Per SF |
| MEDIAN MARKET VALUE | January 1, 2019 | \$5,745,000 | \$54.30 |
| INDICATED VALUE (ROUNDED) | January 1, 2019 | <u>\$7,590,000</u> | <u>\$71.73</u> |