

ASSESSOR'S

EVIDENCE

Washoe County Board of Equalization
Appeal Summary Page - Secured Roll

Hearing # 23-0051
Hearing Date 2/15/2023
Tax Year 2023

APN: 025-372-02
Owner of Record: MACY'S NEVADA PROPERTIES CORP
Property Address: 5100 MEADOWOOD MALL CIR
Property Type: DEPARTMENT STORE 100%
Gross Building Area: 169,188
Year Built: 1978
Parcel Size: 13.57 AC
Description / Location: The subject property is the Macy's department store in Meadowood Mall, along S McCarran Blvd.



2023/2024 Taxable Value:	Land:	\$6,502,199
	Improvements:	\$3,342,428
	Total:	<u>\$9,844,627</u>
	Taxable Value / SF	\$58
	Current Obsolescence:	-\$5,402,156

Sales Comparison Approach:	Indicated Value:	\$14,380,980
	Indicated Value SF	\$85

Income Approach:	Indicated Value:	\$13,126,169
	Indicated Value SF	\$78

Alternative Income Approach Using Percentage Rent:	Indicated Value:	\$9,844,627
	Indicated Value SF:	\$58

Conclusions: The improved sales indicate a range of \$95.16 to \$217.94 and a value of \$85 per square foot. The income approach to value indicates a value of \$78 per square foot. Therefore, the taxable value of \$58 per square foot derived from the alternative income approach does not exceed full cash value.

RECOMMENDATION: Uphold **XX** Reduce

ASSESSOR'S EXHIBIT
21 PAGES

COMMERCIAL / INDUSTRIAL

	TAXABLE VALUE	ASSESSED VALUE	TAXABLE	HEARING: <u>23-0051</u>
LAND:	\$6,502,199	\$2,275,770	\$/SF GBA	DATE: <u>2/15/2023</u>
IMPROVEMENTS:	\$3,342,428	\$1,169,850	\$58.19	
TOTAL:	\$9,844,627	\$3,445,619		TAX YEAR: <u>2023</u>
			TAXABLE	
			\$/SF Land	
			\$11.00	

OWNER: MACY'S NEVADA PROPERTIES CORP

SUBJECT											
BLDG#	APN	Location (Occupancy)	Use %	Total GBA (GBA)	Construction Type Exterior Walls	QC	Age(WAY) Height	Land (AC) %Coverage Zoning	Sale Price Sale Date	Sale Price/GBA	NOI OAR
1	025-372-02	5100 MEADOWOOD MALL CIR DEPARTMENT STORE	100%	169,188 169,188	MASONRY BRNG BRICK WITH BLOCK BACK-UP	C25	1978 19	13.57 MU			
IMPROVED SALES											
IS-1	025-561-14	6895 SIERRA CENTER PKWY DISCOUNT STORE Need2Speed	100%	78,816	MASONRY BRNG CONCRETE, TILT-UP	C20	2002 21	6.94 MS	\$7,500,000 3/16/2022	\$95.16	
IS-2	025-022-02	5000 SMITHRIDGE DR DISCOUNT STORE Goodwill	100%	43,131	MASONRY BRNG CONCRETE BLOCK	C20	1984 17	3.71 MU	\$9,400,000 9/7/2021	\$217.94	5.95%
IS-3	039-750-13	5150 MAE ANNE AVE DISCOUNT STORE Kohl's	100%	94,213	MASONRY BRNG CONCRETE BLOCK	C20	1990 24	9.08 GC	9,525,000 2/5/2021	\$101.10	7.29%
IS-4	026-031-37 026-031-39	2990 NORTHTOWNE LN 2970 NORTHTOWNE LN DISCOUNT STORE PetCo and Office Depot	100%	30,116 14,351 44,467	MASONRY BRNG CONCRETE BLOCK	C15 C20	2000 17	2.64 1.07 GC	\$7,100,000 1/31/2020	\$159.67	
LAND SALES											
Sale #	APN	Location	Sale Date	Sale Price	Size(AC)	\$/SF	Zoning				
LS-1	163-072-01	9355 GATEWAY	3/18/2022	4,181,107	7.12	\$13.49	PD				
LS-2	163-240-16	SOUTH MEADOWS PKWY	9/30/2021	5,625,000	9.13	\$14.15	PD				
LS-3	044-300-22	S VIRGINIA ST	9/1/2021	\$14,735,926	15.92	\$21.25	MS				
LS-4	164-354-01	647 INNOVATION DR A	8/22/2019	\$16,708,928	22.20	\$17.28	IC				

COMMENTS:

IS-1: 025-561-14: Superior in age, but inferior in quality and access. Smaller in building size. Only 64% occupied at sale.

IS-2: 025-022-02: Superior in age, but inferior in quality. Smaller building size. The access is similar to the subject. 100% occupied at sale.

IS-3: 039-750-13: Superior in age, but inferior in quality. Smaller building size, however closest building size to the subject. Good access with three entrances, comparable to the subject. 100% occupied at sale.

IS-4: 026-031-37: 026-031-39: Multiparcel sale of two discount stores. Superior in age, but inferior in quality. Smaller building size. Good access with three entrances, comparable to the subject. 100% occupied at sale.

Summary: The improved sales range from \$95.16 to \$217.94/SF. The most similar sales in use and size are 6895 Sierra Center Pkwy and 5150 Mae Anne Ave. They are smaller and newer than the subject, therefore a downward adjustment is needed. Considering the adjustments, an \$85/SF is indicated, which supports the total taxable value of \$58/SF.

LS-1: 163-072-01: Inferior in location, shape, and topography. Smaller in size. Industrial use proposed.

LS-2: 163-240-16: Inferior in location and shape. Smaller in size. Boat and RV storage planned.

LS-3: 044-300-22: Level lot comparable to the subject. Superior in location due to 816' of S Virginia St frontage. Larger in size, by 2.35 acres. Plans for a new car dealership.

LS-4: 164-354-01: Similar in location, but superior access. Larger in size. It was improved to a hospital.

Summary: The land sales range from \$13.49 to \$21.25/SF and provides evidence that the subjects current land value of \$11/SF does not exceed market value.

WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

	TAXABLE VALUE	ASSESSED VALUE	TAXABLE
LAND:	\$6,502,199	\$2,275,770	\$/SF GBA
IMPROVEMENTS:	\$3,342,428	\$1,169,850	\$58.19
TOTAL:	\$9,844,627	\$3,445,619	

HEARING: 23-0051
DATE: 2/15/2023
TAX YEAR: 2023

APN: 025-372-02
OWNER: MACY'S NEVADA PROPERTIES CORP

TAXABLE
\$/SF Land
 \$11.00

Income Approach					
Potential Gross Income	169,188 sq ft. @	\$0.50 /mo =	\$84,594		
	sq ft. @	/mo =	\$0		
	sq ft. @	/mo =	\$0		
			<u>\$84,594</u>		
	12 months		<u>12</u>		
				\$1,015,128	
- Vacancy & Collection loss				2%	\$20,303
= Effective Gross Income					<u>\$994,825</u>
Operating Expenses				5%	<u>\$49,741.27</u>
= Net Operating Income					\$945,084
Divided by Overall Capitalization Rate				7.20%	\$13,126,169
					Rounded
					\$78 /sf GBA

Subject Income Information The subject property is a department store in the only indoor mall in Reno, NV. It is currently 100% occupied.

Potential Gross Income: The potential gross income is estimated at \$1,015,128 or 169,188 square feet at .50/MO/SF, based on the comparable rents as shown on Page 8.

Effective Gross Income: The subject is currently 100% occupied therefore a 2% vacancy rate is applied.

Net Operating Income: Expenses are not provided by the owner. A 5% expense is deemed appropriate for NNN lease type properties.

Capitalization Rate Analysis: A capitalization rate of 7.2% is used based on giving the most weight to the subject's sale. See the local and regional cap rate chart on page 8. It is the most similar type of property. A cap rate of 7.2% is deemed appropriate for the subject.

Indicated Value Income Approach: The result is an income approach to market value of \$13,126,169 or \$78/SF.

Discussion of Current Total Taxable Value (TTV)

025-372-02

Nevada Revised Statute, (N.R.S.) 361.227 requires the Assessor to establish the taxable value by determining the full cash value of the land and adding to that the replacement cost of improvements less appropriate depreciation. Based on the cost approach, the subject has a total taxable value of \$15,246,783 or \$90.12/SF.

NRS also requires that obsolescence be applied when the taxable value exceeds the full cash value. Since the subject is an anchor department store, full cash value is based on percentage rent which is a department store industry standard. After reviewing the full cash value, the subject's total taxable value was adjusted to \$9,844,627 or \$58.19/SF by applying \$5,402,156 of obsolescence.

During the annual reappraisal process in fall, the Assessor's office requests the store's sales data to be used as a basis for determining the total taxable value of the subject. Once the data is in hand, the methodology involves applying a percentage rent to the sales data to arrive at a modified projected gross income. Then, an appropriate projected expense and vacancy/collection loss rate is deducted and the remaining value is capitalized at a rate determined by reviewing market comparables to arrive at a total taxable value. The difference between the total taxable value derived from the cost approach and the alternative income approach is then applied as obsolescence to the taxable value derived from the cost approach.

The sales information submitted is marked as confidential, therefore the specific inputs used for the subject's valuation cannot be disclosed in a public forum.

WASHOE COUNTY APPRAISAL RECORD



APN: 025-372-02

2023

PAGE 1 of 1

ACTIVE

Roll YR

Code

%Comp

Situs 5100 MEADOWOOD MALL CIRRENO Database WASHOE NBHD OBGQ Appr DA Exemption AV|Exemption
 Owner MACY'S NEVADA PROPERTIES CORP Printed 2/1/2023 Commercial
 145 PROGRESS PL SPRINGDALE, OH 45246 Tax District 1000
 Property Name MACY`S

Reopen
 Reappraisal

Valuation History

Parcel Value Summary

Yr Roll	Taxable Land	New Land	Taxable Imps	New Imps	Total Taxable	Total Assessed	Primary Valuation	STANDARD	OBSO	<input type="checkbox"/> Change <input type="checkbox"/> No Change	
2023 VN	6,502,199		8,744,584		9,844,627	3,445,619	Land Value	6,502,199	NewLand		
2023 NR	6,502,199		8,744,584		9,844,627	3,445,619	Building Value	8,233,636		Initials/Date	
2022 FV	6,206,644		7,467,857		9,124,951	3,193,733	XFOB Value	510,948	Parcel Total		
2021 FV	5,615,536		7,640,943		8,100,721	2,835,252	Obsolescence	-5,402,156		New Const	<input type="checkbox"/> NC <input type="checkbox"/> C
2020 FV	5,615,536		7,966,655		10,125,902	3,544,066	Taxable Value	9,844,627	New Land		<input type="checkbox"/> New Sketch
2019 FV	5,024,427		7,787,608		9,923,384	3,473,184	Total Exemption			Remainder	
2018 FV	4,728,872		7,920,901		9,750,442	3,412,655					

Building Data

1-1	Code	Description	Adjustments & Modifiers	Name	Code/Units	Description	%	Name	Code/Units	Description	%
Type	COMM	Commercial/Industria	BUILDING LEVEL	ASC	1	Alternate Shape Code	100	EW	805	BRICK WITH BLOCK BACK-U	100
Occ	318	Department Store	Rate Adj	EL1C	1	Elevator Passenger - Commerc	100	HEAT	611	PACKAGE UNIT	100
Stry/Frm	C	MASONRY BEARING WALL	Lump Sum	EL2C	1	Elevator Freight W/Power Doo	100				
Quality	C25	Commercial 2.5 (Abov		MD3	7,168	Mezzanine - Office	100				
Year Built	1978		PARCEL LEVEL	SP1C	176,356	Sprinkler System Generic - C	100				
WAY	1978		Lump Sum -5402156	ST	2	No of Stories	100				
Remodel Yr			%Obso 0.0000	UT	1	Units	100				
% Comp	100	%DPR 67.5		WH	19	Avg Wall Height/Floor	100				

Sub Area							Extra Features													
Code	Description	Yr Built	DPR Yr	Units	Price Per Unit	RCN	#	Code	Description	QC	BLDG #	Units	\$/Unit	Yr Built	Roll Year	%Comp	RCN	DRC	Override Value	Notes
GBA	GROSS BUILDING A			169,188	149.74	25,334,265	1	CRBC	CONC CURB	30	1	500	17.78	1978		100	8,890	2,889		
MD3	DRO MEZZANINE O			7,168			2	DKLV	DOCK LEVEL	30	1	3	10,423.00	1978		100	31,269	10,162		
							3	FWAS	FW ASPHALT	30	1	400,000	2.95	1978		100	1,181,880	384,111		
							4	FWCO	FW CONCRET	30	1	2,028	7.44	1978		100	15,095	4,906		
							5	PKLT	PKG LOT LI	30	1	300,000	0.66	1978		100	198,000	64,350		
							6	TKW4	TK CON W/R	30	1	3,072	24.25	1978		100	74,496	24,211		
							7	YIMP	YARD IMPS	30	1	30	2,084.00	1978		100	62,520	20,319		
							8	SLEC	SOLAR ELEC	ENCN	1	1,624	0.00	2016	2017	100				

Gross Bldg Area 176,356 Perimeter 1,246 Sub Area RCN 25,334,265

Building Notes	Building Cost Summary
	Building RCN 25,334,265
	Depreciation 17,100,629
	Building DRC 8,233,636
	Extra Feature DRC 510,948
	Building Obso
Building Name	Total DRC 8,744,584
MACY`S	Override Value

Land Value: 1 Lines Total												Land Data		Property Characteristics	
Code	Description	Zoning	Units	Type	Unit Price	Adj 1	%-	Adj 2	%-	Taxable Land	Note	Land Size-Sf	Water	Municipal	
400	General Commercial: reta	MU	591,109	SF4	11.00					6,502,199		591,109	Water	Municipal	
												13,570	Sewer	Municipal	
												400	Street	Paved	
													SPC		
												CAGC			

This information is for use by the WASHOE COUNTY Assessor for assessment purposes only.

Prepared by: Diana Arias, Appraiser

Reviewed by: Jane Tung, Senior Appraiser 5 of 21

WASHOE COUNTY APPRAISAL RECORD

APN: **025-372-02**

Owner **MACY'S NEVADA PROPERTIES CORP**
 Keyline Description **MEADOWOOD REGIONAL RETAIL DEVELOPMENT LOT 2**

NBHD **OBGQ Commercial**

Appr **DA**



Activity Information						
Date	User ID	Activity Notes				
9/28/2022	DA	Re-appraisal Review				
3/25/2019	JCT	Permit Review				
3/25/2019	JCT	Aerial Review				
Sales/Transfer Information						
Grantor	Doc #	Date	LUC	Price	Verif	
	475767	7/14/1977		460,110		
Permit Information						
Date	Permit	Description	Amount	Status	% Comp	
8/29/2019	BLD19-09787	REMODEL. ADDING COFFEE BAR		N	100%	
7/17/2019	BLD20-00388	DEMO; DEMO OF INTERIOR TO		N	100%	
12/17/2018	SGN19-00027	SIGN; INSTALL (1) SET HALO		C	100%	
6/19/2018	BLD18-08588	REMODEL; TENANT IMPROVEMEN		C	100%	
6/28/2017	BLD17-08732	FIRE ALARM SYSTEM; INSTALL		C	100%	

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Reviewed by: Jane Tung, Senior Appraiser
6 of 21

25-372-02

MACY'S
WOMEN'S STORE

45

TRUCK
LOADING
DOCK

3 Windows

56

Shipping
Receiving



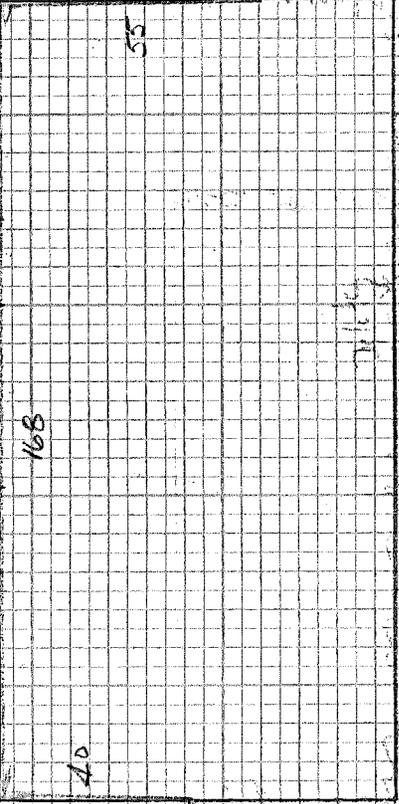
15'

Sidewalk & Planter

274

18 40

36



40

168

55

25

168



C.H. TRUCK

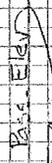
154

184

42

CASE

15'



REST
ROOM

287

Sidewalk & Planter

1"=40'

42 15

38



Mall Entrance

Rent Survey

#	Location APN	Description	Sq Feet/ Year Built	Lease Date/ Term	Base Rent/SF	Lease Type	Comments
Market Rents							
1	6895 Sierra Center Pkwy 025-561-14	Recreation Facility	50,400 2002	2013/10 years with renewal options	\$0.55	FS (Gross)	Effective Rent per Costar and sale brochure.
2	Meadowood Submarket Undisclosed	Recreation Facility	> 40,000 SF < 2000	11/19 10 years	\$1.62	NNN	Per 2019 rent roll.
3	Meadowood Submarket Undisclosed	Department Store	>100,000 SF < 2000	n/a	\$0.84		Per owner info.
4	Meadowood Submarket Undisclosed	Discount Store	> 40,000 SF < 2000	n/a	\$0.49		Per owner info. (.49/SF plus .16 CAM)
5	Northwest Reno Submarket Undisclosed	Discount Store	>75,000 SF < 2000	5 years remain six 5 year extension option	\$0.62		
6	8650 Boomtown 038-881-08	Retail- Cabela's	127,616 2007	22 years	\$1.55	NNN	Estimated rent from NOI.
7	3400 Kietzke Ln	Retail- Furniture Discounters	51,096 1977	2/1/2021 12 years	\$0.61	NNN	
8	3300 Kietzke Ln 020-051-06	Retail Ashley Furniture	47,362/ 1998	07/2019	\$0.81		
9	3300 Kietzke Ln 020-051-06	Retail Sportsmans Warehouse	56,755/ 1998	4/2019	\$0.83		
10	Meadowood Submarket Undisclosed	Retail Store	> 40,000 SF < 2000	2/2019 10 years	\$0.99	NNN *Note	Based on 2020 rent roll. * rent adjusted downward by \$0.05/SF to match NNN
11	Reno, NV	Discount Store	>75,000 1996	2008	\$0.67	NNN	Based on tenant info. Contract rent from 15 years. Currently at .67/SF NNN.

MEDIAN

\$0.81

AVERAGE

\$0.87

RENT USED

\$0.50

For the subject, a lower rent was used because the subject has a larger footprint than the other comps and has occupied the space for a long time. To be conservative, the rent of .50/SF was selected, since leases for buildings over 150,000 SF buildings are very limited.

CAP Rate Analysis

Local Sales

#	APN	Description	Sq Feet/ Year Built	Sale Date	Sales Price	OAR
1	038-881-08	Warehouse Showroom Store: Cabela's	131,591/2007	10/21/2021	\$38,957,622	6.10%
2	025-022-02	Discount Store: Goodwill	43,131/1984	9/7/2021	\$9,400,000	5.95%
3	039-750-13	Discount Store: Kohl's	94,213/1990	2/5/2021	\$9,525,000	7.29% * Most weight

Big Box Western Sales- Fully Occupied

Sale#	Tenant	State	City	Parcel#	Building Size	Yr Built	Sale Date	Sales Price	\$/SF	Cap Rate
1	JCPenney	AZ	Lake Havasu C	120-54-011	105,422	2008	12/1/2021	3,860,000	36.61	7.76%
2	Office Max	NV	Elko	001-660-077	24,626	1998	12/1/2021	3,000,000	121.82	7.00%
3	JCPenney	CA	Carson	7381-024-036	200,697	1974	9/30/2021	19,000,000	94.67	6.34%
4	Kohl's	NV	Elko	001-660-144	40,553	1991(2020)	4/9/2021	5,407,000	133.33	6.50%
5	Kohl's	CA	Pleasant Hill	148-031-010-9	101,195	2005	1/13/2021	36,700,000	362.67	7.73%
6	Kohl's	AZ	Glendale	200-49-802A	88,219	2003	12/7/2020	11,600,000	131.49	7.20%
Average					93,452				146.77	7.09%
Median					94,707				126.66	7.10%

Average National Cap Rates

#	Source	Average	Market	Term
1	PWC Real Estate Investor	7.23	National Regional Mall	Q4 2021
2	The Boulder Group	6.25 (Asking)	National Big Box	Q4 2021
3	CBRE	7.01	National Retail Centers	Q3 2021

Source	Cap	Market	Year
CoStar	7.2%	Meadowood Retail	2022

MACY'S COMPARATIVE SUMMARY
PARCEL: 025-372-02
Hearing 23-0051

In an attempt to simplify the issues that exists in relation to this appeal, a side by side comparison of the both appellants analysis and our analysis has been provided. Please refer to the comparison below for details regarding each mythology as used in the overall review of this property. In addition, please note that the subject property is a department store that is an anchor to the only indoor mall in Northern Nevada. 100% occupied as of today.

INCOME APPROACH

ITEMIZATION	APPELLANT	WASHOE	DIFFERENCE
Analysis:	Income variables are not supported in the analysis provided by appellant.	Income variables used are supported	It's important to use market variables which stem from comparable local properties in the income analysis. Our analysis provides local data, while the appellant provides national data.
RENT/ POTENTIAL GROSS INCOME (PGI)	\$4.50/sf/yr.; \$0.375/sf/mo.	\$6.00/sf/yr.; \$0.50/sf/mo.	Appellant provided gross sales based lease rates without gross sales information, therefore the average of these lease rates may be misleading. Our lease rate analysis is gathered from local rents, while the appellant used information from several Western states.
VACANCY/ EFFECTIVE GROSS INCOME (EGI)	5%	2%	Vacancy for the subject has been at zero for substantial amount of time. Additionally, vacancy for big box retail at superior locations was also found to be at or near zero.
EXPENSES/ NET OPERATING INCOME (NOI)	2%	5%	A typical lease structure on a property such as the subject would be based on a triple net (NNN). The 2-5% range is reasonable.
CAP RATE	8.50%	7.20%	Appellant provided average national cap rates from several real estate sources and not cap rates from specific sales in the Reno/Sparks area or close proximity. Cap rate used by the Assessor's office is supported throughout the analysis and is reflective of local comparable properties.

MACY'S COMPARATIVE SUMMARY

PARCEL: 025-372-02

Hearing 23-0051

ALTERNATIVE INCOME APPROACH- MARKET RENT PERCENTAGE

<i>ITEMIZATION</i>	<i>APPELLANT</i>	<i>WASHOE</i>	<i>DIFFERENCE</i>
Analysis:	Income variables are not supported in the analysis provided by appellant.	Income variables used are supported	It's important to use most recent market variables which stem from comparable local properties in the income analysis. Our analysis provides recent local data, while the appellant provides national data.
RENT/ POTENTIAL GROSS INCOME (PGI)	CONFIDENTIAL	CONFIDENTIAL	Rent used by the Assessor's office is 0.27% higher than the appellant. Rent used by the Assessor's office is based on store's sales data provided by the subject, but cannot be disclosed in a public forum due to the confidential nature of the information.
VACANCY/ EFFECTIVE GROSS INCOME (EGI)	5%	2%	Vacancy for the subject has been at zero for substantial amount of time. Additionally, vacancy for big box retail at superior locations was also found to be at or near zero.
EXPENSES/ NET OPERATING INCOME (NOI)	2%	5%	A typical lease structure on a property such as the subject would be based on a triple net (NNN). The 2-5% range is reasonable.
CAP RATE	8.50%	7.20%	Appellant provided average national cap rates from several real estate sources and not cap rates from specific sales in the Reno/Sparks area or close proximity. Cap rate used by the Assessor's office is supported throughout the analysis and is reflective of local comparable properties.

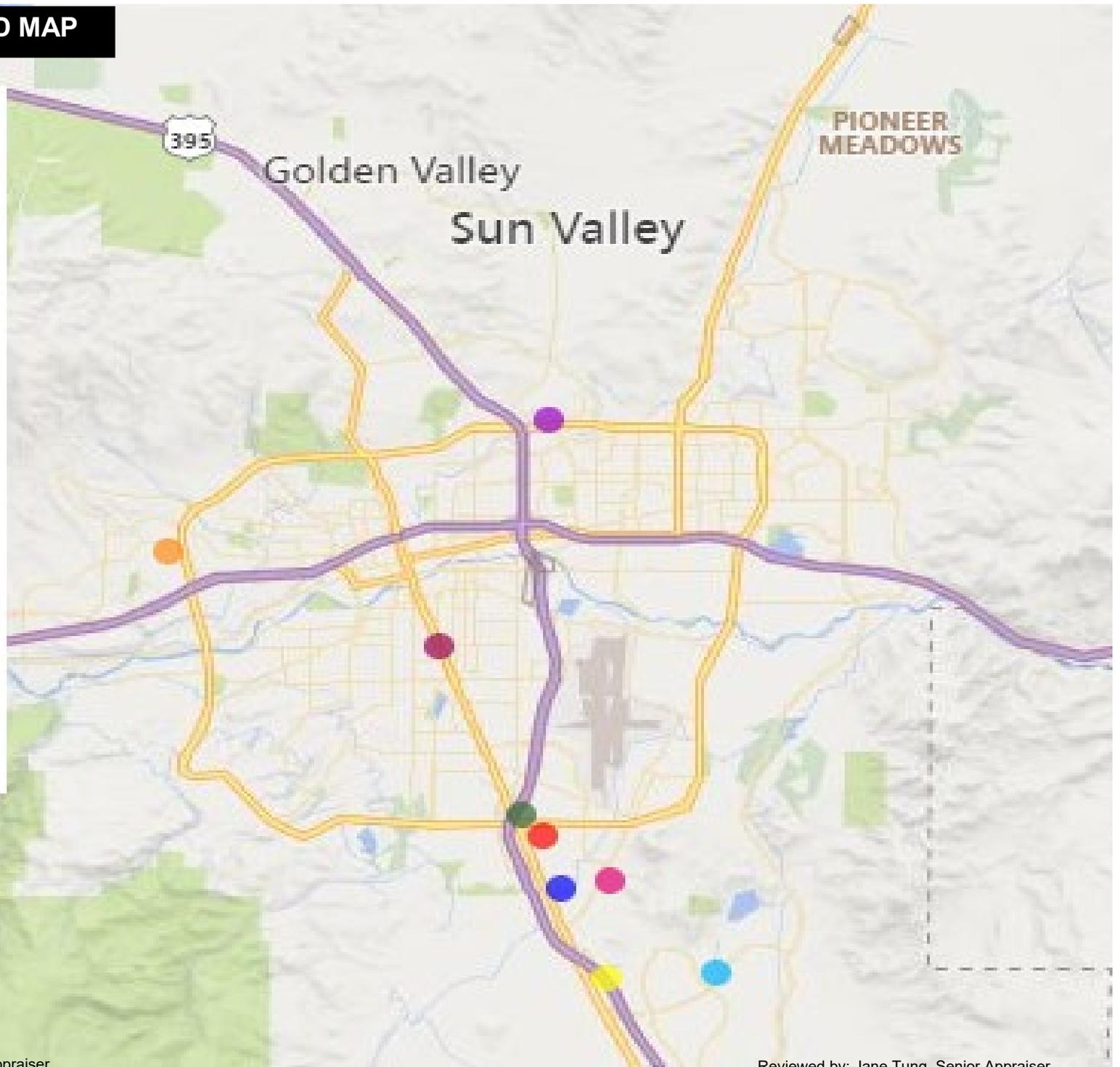
APPELLANT'S COMPARABLE SALES

The appellant provided a list of anchor department store sales that occurred from 2018-2022 throughout the nation. Most of these sales were sold as **vacant/closed** stores, therefore they are not comparable to an occupied property. We value properties based on their current use, therefore the properties that were provided by the appellant are not comparable to the subject, which is 100% operating and has been since 1979.

NEIGHBORHOOD MAP

Legend

- Subject
- IS-1
- IS-2
- IS-3
- IS-4
- LS-1
- LS-2
- LS-3
- LS-4



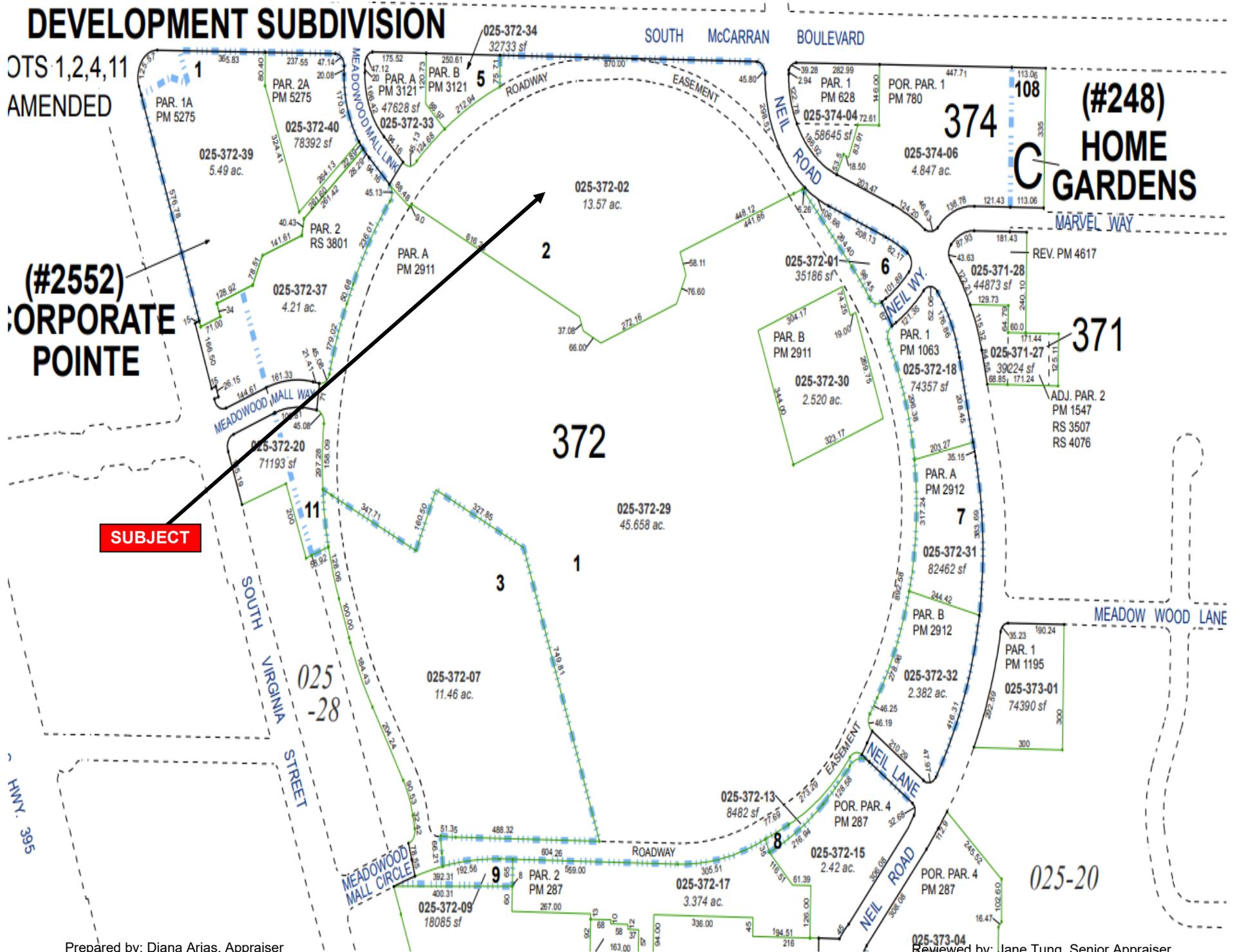
DEVELOPMENT SUBDIVISION

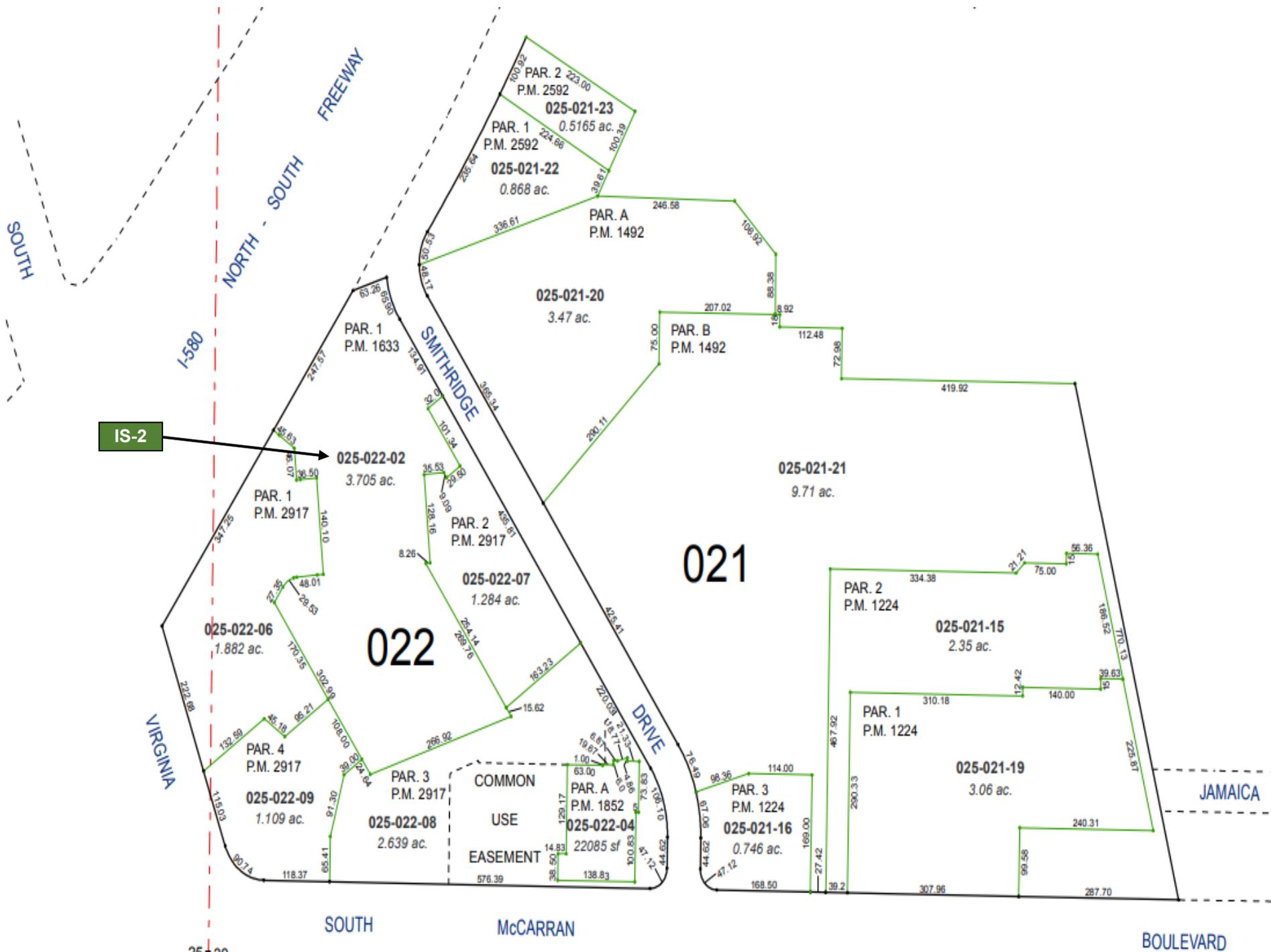
OTS 1,2,4,11
AMENDED

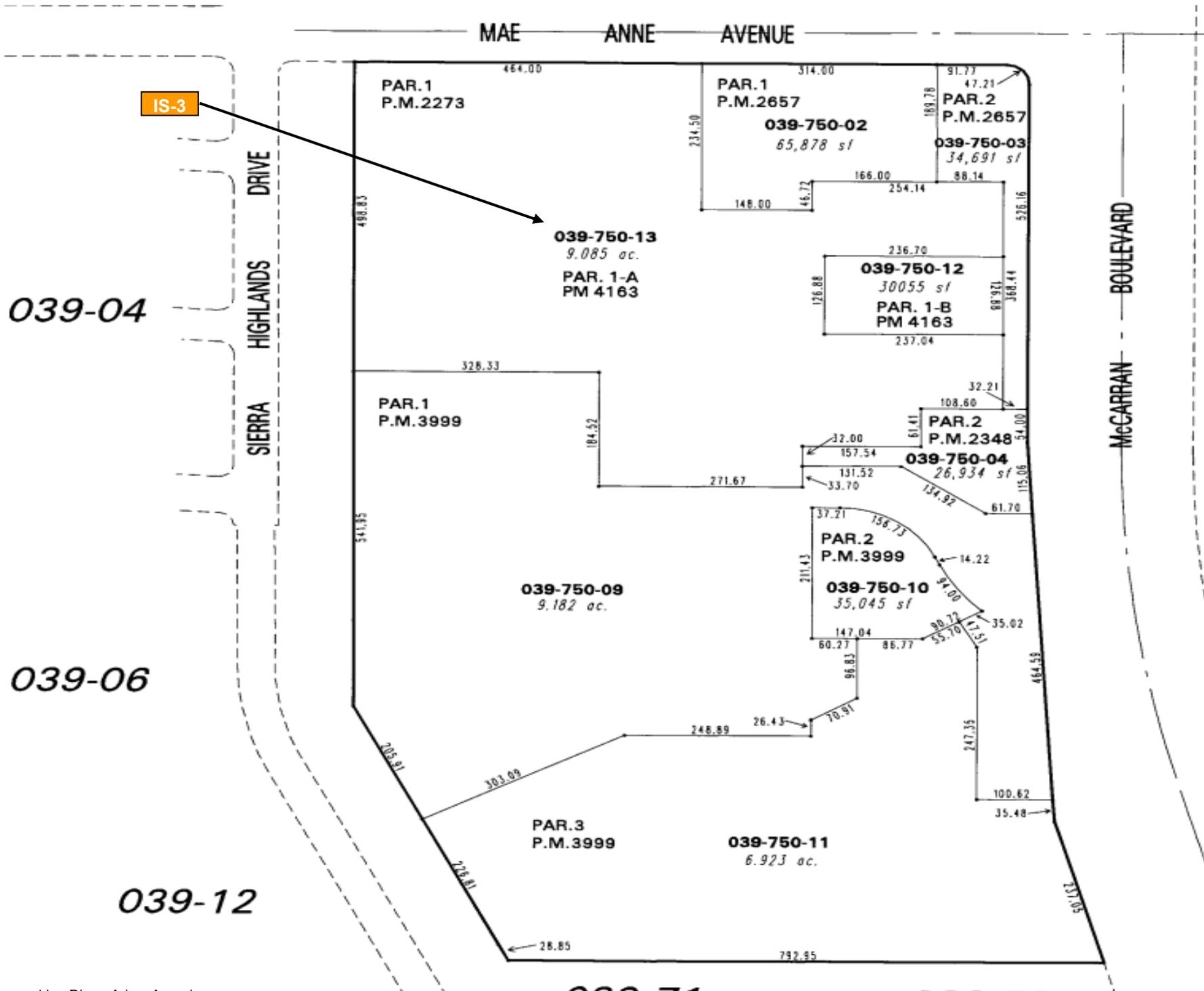
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CORPORATE
POINTE

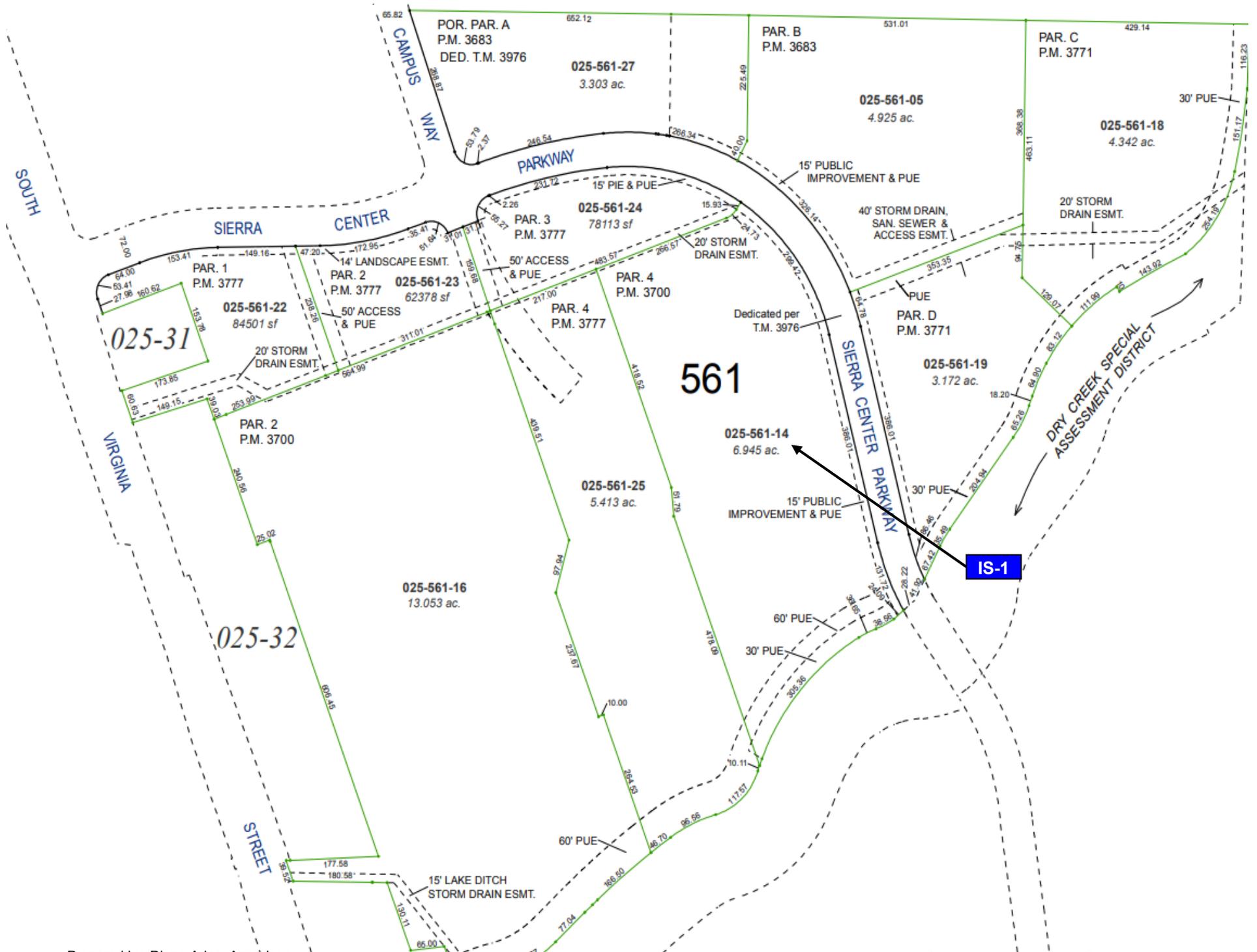
(#248)
HOME
GARDENS

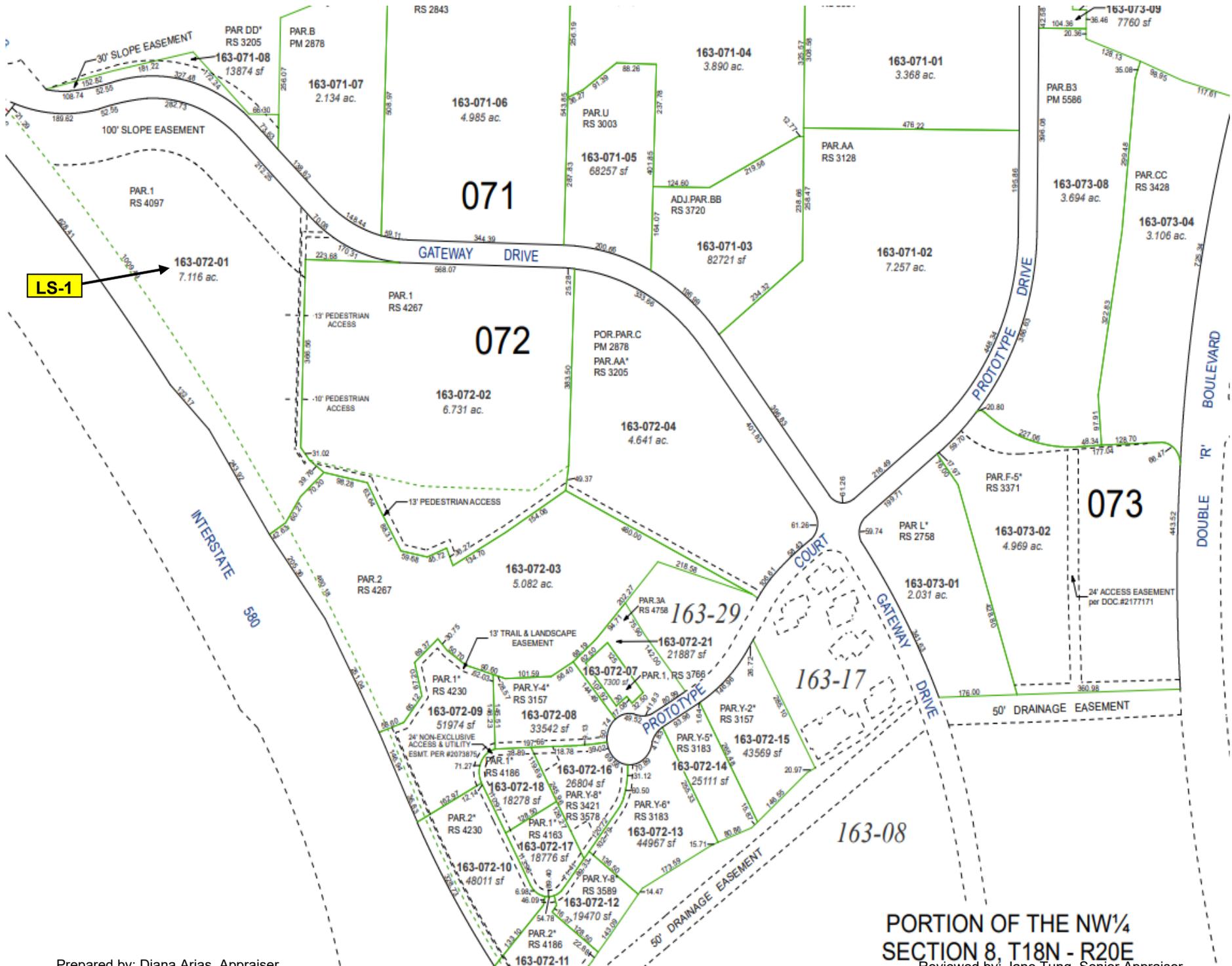
SUBJECT







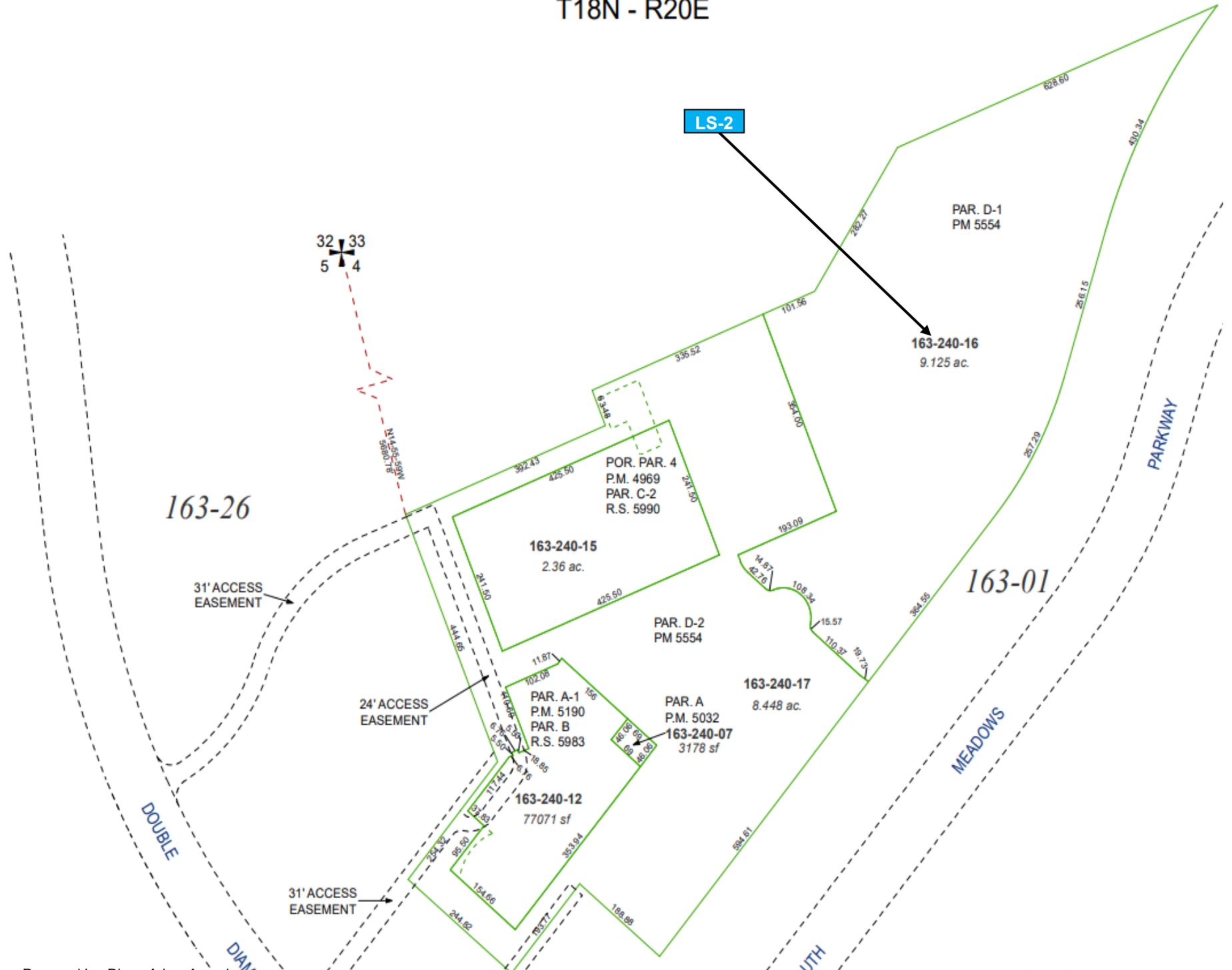




LS-1

PORTION OF THE NW¼ SECTION 8, T18N - R20E

T18N - R20E



LS-2

163-240-16
9.125 ac.

163-26

163-01

31' ACCESS
EASEMENT

24' ACCESS
EASEMENT

31' ACCESS
EASEMENT

DOUBLE
DIAM

MEADOWS
PARKWAY

SOUTH

**PORTIONS OF SE ¼ S
SW ¼ SECTION 8 & N ¼
T18N - R20E**

