

ASSESSOR'S

EVIDENCE

Washoe County Board of Equalization
Appeal Summary Page - Secured Roll

Hearing # 19-0083
Hearing Date 2/21/19
Tax Year 2019

APN: 049-731-10
Owner of Record: GALENA JUNCTION SC LP
Property Address: 18144 WEDGE PKWY
Property Type: SUPERMARKET 100%
Gross Building Area: 61,554
Year Built: 1996
Parcel Size: 7.74 Acres
Description / Location: The subject is a Raley's supermarket which anchors the Galena Junction shopping center on the north side of the Mt. Rose Hwy., approx. half a mile west of I-580.

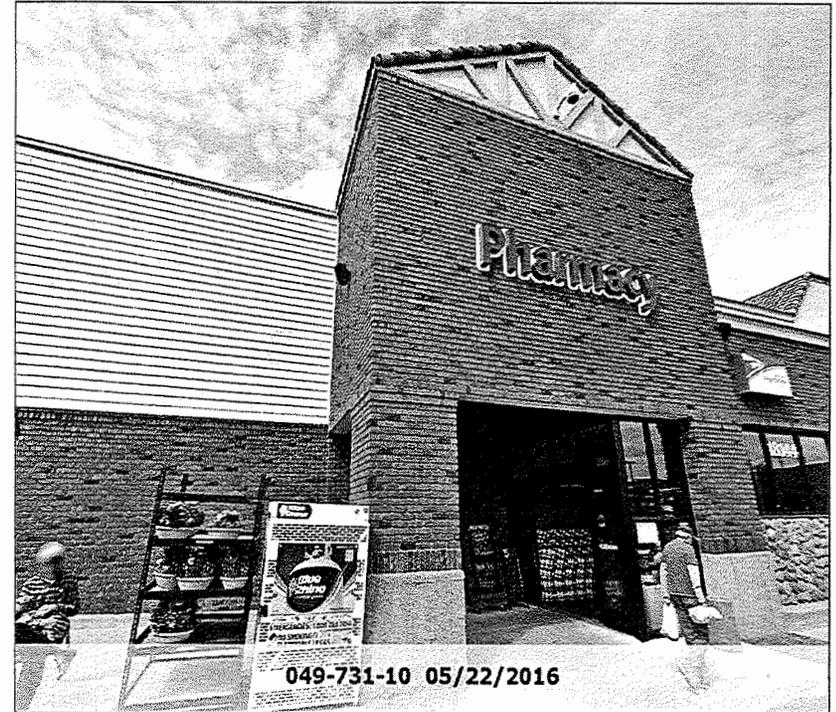
2019/20 Taxable Value:	Land:	\$3,118,628
	Improvements:	\$4,410,111
	Total:	\$7,528,739
	Taxable Value / SF	\$122.31

Sales Comparison Approach:	Indicated Value	\$8,620,000
	Indicated Value / SF	\$140

Income Approach:	Indicated Value	\$9,770,000
	Indicated Value / SF	\$159

Current Obsolescence And\Or Building Adjustment: \$0

Conclusions: Since both income and market approaches to value have strong data, a mid-point value between the two indicators is selected and a conservative cash value of \$145 per square foot (\$8.93M) is indicated. In conclusion, taxable value does not exceed full cash value.



ASSESSOR'S EXHIBIT I
19 PAGES

WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

	TAXABLE VALUE	ASSESSED VALUE	TAXABLE
LAND:	\$3,118,628	\$1,091,520	\$/SF GBA
IMPROVEMENTS:	\$4,410,111	\$1,543,539	\$122.31
TOTAL:	\$7,528,739	\$2,635,059	
			TAXABLE
			\$/SF Land
			\$9.25

HEARING:	19-0083
DATE:	2/21/19
TAX YEAR:	2019

OWNER: GALENA JUNCTION SC LP

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
Subject	049-731-10	18144 WEDGE PKWY SUPERMARKET	100%	61,554 61,554	MASONRY BRNG CONCRETE BLK	C20		1996 23	337,154 18% CC				

IMPROVED SALES													
1	043-030-34 +	8155 S. Virginia St.											
		Supermarket	62%	46,600		C20		1987	295,816	\$9,100,000	\$121		
		Community Shopping	31%	23,283					25%	04/07/2017			
		Restaurant	7%	5,474					MUSV				
2	040-141-42 +	6139 S. Virginia St.							351,722	\$24,100,000	\$294		
		Supermarket	38%	30,790		C2.25		1993	23%	07/14/2017			
		Discount Store	62%	51,048					AC				
3	021-281-08 +	3310 S. McCarran Blvd.						1985	405,761	\$16,350,000	\$160		
		Supermarket	35%	35,716		C20			25%	03/02/2018			
		Comm. Shop/Dis. Store	65%	66,601					AC				
4	048-520-024	1915 Douglas, Roseville, CA							235,224	\$9,900,000	\$148		
		Supermarket	100%	66,890		?		1991	28%	07/02/2018			
									PD-202				

LAND SALES									
Sale #	APN	Location	Sale Date	Sale Price	Size(SF)	\$ / SF	Tax/Unit	Zoning	Comments
1	163-112-04	9415 Double R Blvd.	05/31/17	\$1,149,500	104,544	\$11.00	\$8.50	PUD	A square parcel with level topography and commercial zoning. Good traffic exposure.
2	005-340-12	10290 N. McCarran Blvd.	09/11/18	\$1,450,000	105,089	\$13.80	\$7.02	AC	Irregular shape, no road frontage, in high volume commercial area.
3	163-061-06	537 South Meadows Pkw.	08/30/16	\$5,852,007	402,712	\$14.53	\$12.25	PUD	High traffic/visibility corner used for a Sprouts and other retail.

COMMENTS:
See "Discussion of Market Comparables"

Discussion of Market Comparables

With all comparables, the land coverage ratio is higher than that of the subject. This indicates that the subject had more land than is generally necessary for its grocery operations and the value of this excess land will cause the overall taxable value per square foot of gross building area to be somewhat higher than a similar comparable.

Sale #1: This 4-parcel shopping center comparable, located 1K' south of Longley Ln. and S. Virginia St. (the "Pink Scolari's") includes a 46,600 Sq. Ft. grocery store and the remaining GBA is mixed retail and restaurant. The center was 67% vacant at time of sale and the Scolari's grocery store had been vacant for two years. The total GBA is somewhat larger than the subject and the improvements are somewhat older but the quality class is the same. Given the high and prolonged vacancy of this comparable, a much higher subject value is indicated than the \$121 comparable value belies. **\$121 / Sq. Ft.**

Sale #2: This 5-parcel, shopping center comparable anchored by Whole Foods and Sierra Trading Post has many similarities to the subject; GBA, land size, age, and quality class are all very close to that of the subject. However, the grocery store portion of the parcel is half the size of the subject. The comparable's central location is somewhat superior to that of the subject however the overall price of this comparable—\$294 per Sq. Ft.—is believed to be a high indicator of value. **\$294 / Sq. Ft.**

Sale #3: This 5-parcel comparable on the SE corner of S. McCarran and Mira Loma Dr. is anchored by a Raley's grocery store, as is the subject. The supermarket portion of the comparable equals approximately half the square footage of the subject and only about one third of the total GBA of the comparable. Further, the sale includes a fast food restaurant which typically sell for much higher prices than other retail. The comparable has an inferior location and market demographic relative to that of the subject. **\$160 / Sq. Ft.**

Sale #4: This is the most similar comparable to the subject in most regards except location; it's situated in Roseville, CA. The comparable is a single parcel that hosts a Raley's grocery store in a diverse shopping center similar to that of the subject. The GBA and age are also similar and both comparable and subject are leased. Like the subject, the sale is of the grocery store and associated land only; no line shops or other assets are included. **\$148 / Sq. Ft.**

Discussion: Of the four comparables, sale #4 is clearly the best fit in all regards except location. However, as a result of differences in taxation, demographics, government regulations, business competition and regional property values that may be present in a distant venue, this sale is viewed as strong supporting evidence of market value rather than a direct comparable. Locally, there is no one, best comparable, as all comparables exhibit similarities as well as significant differences.

Sale #1 has a diverse retail mix as opposed to the subject's single occupancy profile, however, the majority of the comparable's occupancy is grocery store and with a prolonged, 67% vacancy rate, the comparable's \$121 / SF sale price solidly supports a subject value higher than its current TTV of \$122 per square foot.

Sale #2 has many similarities to the subject but its anomalously high value relative to every other comparable makes it a very high indicator of value.

Sale #3 also has a diverse mix of retail occupancies and it's located in an inferior neighborhood with inferior demographics, however it—like the subject—is anchored by a Raley's grocery store.

With all data considered, a value of **\$140 per Sq. Ft. or \$8.62M** is indicated by the market comparison approach.

WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

	TAXABLE VALUE	ASSESSED VALUE
LAND:	\$3,118,628	\$1,091,520
IMPROVEMENTS:	\$4,410,111	\$1,543,539
TOTAL:	\$7,528,739	\$2,635,059

TAXABLE
\$/SF GBA
\$122.31

HEARING: 19-0083
DATE: _____

TAX YEAR: 2019

APN: 049-731-10
OWNER: GALENA JUNCTION SC LP

TAXABLE
\$/SF Land
\$9.25

Income Approach

Potential Gross Income	61,554 Sq. Ft. @	\$1.00 / Mo	\$61,554
	Sq. Ft. @	/ Mo	\$0
	Sq. Ft. @	/ Mo	\$0
			\$61,554
	x 12 months =		<u>12</u>
			\$738,648
- Vacancy & Collection Loss		2.50%	\$18,466
= Effective Gross Income			\$720,182
- Operating Expenses		5.00%	\$36,009.09
= Net Operating Income			\$684,173
Divided by Overall Capitalization Rate		7.00%	\$9,773,896

Rounded \$159 /sf GBA

Subject Income Information:	
Potential Gross Income:	See "Discussion of Income Approach"
Effective Gross Income:	
Net Operating Income:	
Capitalization Rate Analysis:	
Indicated Value Income Approach:	
Comments:	

Discussion of Income Approach

PGI: A recent grocery store rent survey indicates rental rates ranging from \$.67 to \$1.39 per square foot per month.

<u>Grocery Store Rent Survey</u>								
#	APN	Location	Description	Yr. Built	GBA	Lease Term (YRS)	Lease Initiation Date	Base Rent/SF
1	035-263-09	1350 Disc Drive, Suite A	Grocery Outlet	1996	20,416	10	2017	\$0.75
2	510-083-09	125-165 Disc Drive	Sprouts	2006	30,000	5	2016	\$1.17
3	024-055-33	4819 Kietzke Lane	Natural Grocers	1996	31,850	10	2014	\$0.67
4	528-321-06	2389 Wingfield Hills Road	Wingfield Raley's	2008	58,299	25	2008	\$1.39
5	049-731-10	18144 Wedge Parkway	Galena Raley's	1996	61,554	25	1996	\$0.89
6	021-281-12	3310 S McCarran Blvd.	Mira Loma Raley's	1985	36,000	20	2005	\$1.00
<u>Notes</u>								
1	NNN. Landlord contributed ~\$600,000 in TIs. Rent is flat except for one 10% escalation after 5 years.							
2	NNN. Landlord responsible for TIs; 2% escalations.							
3	NNN. Landlord contributed ~\$17/SF in TIs; 2% rent escalations.							
4	NNN. An older lease. 5 year options.							
5	NNN. An older lease of the subject. Current lease has 3+ years left; tenant has three 5-year options; percentage rent equals 1% of gross receipts greater than \$30 million.							
6	NNN. An older lease. Former Scolari's now occupied by Raley's; owner hopes to renegotiate lease at next renewal.							

All of the rates were associated with NNN leases but with widely varying terms, initiation dates, years remaining, GBAs, escalations, and landlord obligations for tenant improvements. Of the six entities surveyed, three were Raley's grocery stores, including the subject. The subject lease, however, commenced in 1996 with no provision for rent escalation and its \$.89 base rent + a percentage rent is not considered a strong indicator of current rates. The \$1 per square foot, Mira Loma Raley's lease was signed by Scolari's grocery store in 2005 and later assumed by Raley's. This store is in an inferior location to that of the subject and the lease rate is now 14 years old. The \$1.39 per square foot, Wingfield

Springs Raley's lease was initiated in 2008. With all data considered and the most emphasis placed on the Raley's leases, a rental rate of \$1.10 per square foot is indicated. However, given the national trend towards increasing vacancy in retail properties (Locally, there are 25 retail spaces with GBAs greater than 20K Sq. Ft., totaling 1.63+M Sq. Ft., currently available for lease) a more conservative **rate of \$1.00 per square foot** is concluded.

Vacancy & Collection Loss: Commencement of the subject's lease occurred over 22 years ago and given its market demographics and geographic position as the first major grocery shopping opportunity for a large number of people, the tenant will undoubtedly continue to occupy this space. The other two Raley's leases were signed 11 and 14 years ago. Given the strength of the tenant, the longevity of the leases and the continuing growth of the local population, a **vacancy and collection loss rate of 2.5%** is indicated.

Operating Expenses: Most large grocery facilities are leased on a NNN basis so expenses to an owner are very minimal. A **5% expense rate** is indicated.

CAP Rate: 2018 CAP rates for retail shopping centers with GBAs between 33K and 112K Sq. Ft. range from 6.50% to 7.85%. For freestanding retail facilities with GBAs between 82K and 103K Sq. Ft., 2017-18 CAP rates range from 5.00% to 6.90%. A review of the five, current, retail listings with stated CAP rates being offered for sale in the Reno-Sparks area with GBAs between 33K and 81K Sq. Ft, indicates a range of 6.56% to 9.25%, however, the 9.25% property is in a greatly inferior neighborhood and has experienced chronically high vacancy rates. Removing this listing leaves a range of 6.56% to 7.75%. Of all the CAP rate data available, these four (see below) are the most relevant to the subject and an overall **CAP rate of 7.00%** is indicated.

APN	Location	Type	GBA	Sale Date	Sale Price	\$/ SF Sale Price	Indicated CAP	Notes
041-243-09, 10, & 11	4780 thru 4798 CAUGHLIN PKWY	Line 48% Grocery 43%, Free stand 5%, Bank 3%	111,716	08/29/2018	\$18,000,000	\$161	7.85%	Has a Raley's grocery store.
021-281-02, 08, 12, 13, & 14;	3310 S MCCARRAN BLVD (Mira Loma)	Anchor store (54%) & line shop (46%)	102,317	03/02/2018	\$16,350,000	\$160	7.03%	Has a Raley's grocery store.
040-141-10, 12, 20, 22, 42	6139 S. Virginia St.	Power Center	81,838	07/14/2017	\$24,100,000	\$294	5.00%	Whole Foods and Sierra Trading Post.
039-750-13	5150 MAE ANNE AVE	Discount Store	94,213	09/12/2017	\$9,350,000	\$99	6.90%	Kohl's Department Store

Discussion: Using the above inputs, a **market value of \$9.77M or \$159 / per square foot** is indicated. Interestingly, using the inputs submitted by the appellant (PGI, vacancy and collection, expenses)—which are not believed to be an accurate representation of the current market—but with a small adjustment to the CAP rate to 7.3%, the current TTV is supported.

Situs & Keyline Description:
18144 WEDGE PKWY RENO
GALENA JUNCTION
LOT 9

Owner & Mailing Address:
GALENA JUNCTION SC LP
3333 NEW HYDE PARK RD STE 100 PMB
NEW HYDE PARK, NY 11042

WASHOE COUNTY APPRAISAL RECORD 2019

APN: 049-731-10

Card 1 of 1
Bld. 1-1

GALENA JUNCTION
Tax District: 1000

printed: 02/07/2019 ACTIVE

3929.17 EABQ - Mt. Rose Commercial



VALUATION HISTORY								PARCEL VALUE SUMMARY		Database	Roll Year	Prior % Complete	% Complete
Roll Year	Taxable Land	Land New	Taxable Improvements	Improvement New	Total Taxable	Total Assessed	Primary Valuation	Building Level Cost	PROD				
2019 NR	3,118,628	0	4,410,111	0	7,528,739	2,635,059	Building Value	3,919,277					
2018 FV	2,865,767	0	4,415,789	0	7,281,556	2,548,545	Extra Feature Value	490,834					
2017 FV	2,528,618	0	4,471,676	0	7,000,294	2,450,103	Land Value	3,118,628					
2016 FV	2,360,043	0	4,595,972	0	6,956,015	2,434,605	Taxable Value	7,528,739					
2015 FV	2,360,043	0	4,594,125	0	6,954,168	2,433,959	Exemption	0					
2014 FV	2,360,043	0	4,567,639	0	6,927,682	2,424,689	FLAGS						
2013 FV	2,360,043	0	4,534,767	0	6,894,810	2,413,183	Type	Value					
2012 FV	2,360,043	0	4,619,204	0	6,979,247	2,442,736	Cap Code	NFM					
2011 FV	2,360,043	0	4,345,398	0	6,705,441	2,346,904	Eligible for Form?	NO					
2010 FV	2,022,900	0	4,293,872	0	6,316,772	2,210,870	Low Cap Percentage	0					
2009 FV	2,292,620	0	4,395,375	0	6,687,995	2,340,798	Parcel Map	0					
2008 FV	3,371,500	0	4,467,688	0	7,839,188	2,743,716							

BUILDING DETAILS				BUILDING FEATURES AND ADJUSTMENTS				BUILDING SUB-AREAS				BUILDING COST SUMMARY	
Code	Description	Category	Units	Code	Description	Yr Blt	Units	Cost New	Tot Lump Sum Adj				
COMM	Commercial/Industr	Units	1	GBA	GBA - GROSS BUILDING AREA		61,554			Sub Area-RCN	5,983,629		
446	Supermarket	No of Stories	1		Base Cost		61,554	3,957,307		% Incomplete	0		
C	MSNRY BRNG ~	Quality Class	2		Exterior Walls		61,554	1,122,622		% Depreciation	34.50		
0	Commercial	Avg Wall Height/Floor	23		Heating & Cooling		61,554	531,211		\$ Dep & Inc	2,064,352		
		Alternate Shape Code	1		Sprinklers		65,847	184,372		Obso/Other Adj.	0		
1996	1996	100			Mezzanines.		3,717	188,117		Sub Area DRC	3,919,277		
					Mezzanines - Office		3717			Additive DRC	490,834		
					Sprinkler System Generic -		65847			Total DRC	4,410,111		
										Override			
										Cost Code	89502		
										PROPERTY CHARACTERISTICS			
										Water	Municipal		
										Sewer	Municipal		
										Street	Paved		
										BUILDING NOTES			
										Gross Living/Building Area 61,554			
										Perimeter 1,006			

#	Bld	Date	User ID	Activity Notes
1	0-0	12/03/2018	smartell	REXT BY KJ - 09/25/2018

EXTRA FEATURES, ADDITIVES, AND ADJUSTMENTS																
#	Code	Description	Quality	Bld #	Length	Width	Units	Unit Price	Year Built	Roll Year	% Comp	RCN	% Good	DRC	Override Value	Notes
1	CNW	CANOPY WOOD	30	1-1	0	0	576	36.69	1996		100	21,133	65.5	13,842		
2	CRBC	CONCRETE CURB 6", NO GUTTER	30	1-1	0	0	1000	13.59	1996		100	13,590	65.5	8,901		
3	FWAS	FLATWORK ASPHALT	30	1-1	0	0	250000	1.92	1996		100	481,000	65.5	315,055		
4	FWCO	FLATWORK CONCRETE	30	1-1	0	0	2628	5.33	1996		100	13,994	65.5	9,166		
5	PKLT	PARKING LOT LIGHTING	30	1-1	0	0	200000	0.65	1996		100	130,000	65.5	85,150		
6	SG6S	SIGNS - REAL PROPERTY BRICK	30	1-1	0	0	80	41.72	1996		100	3,338	65.5	2,186		
7	STR4	STAIRS STEEL (Make note in sketch)	30	1-1	0	0	1	2,838.00	1996		100	2,838	65.5	1,859		
8	TKW4	TRUCK WELL CONCRETE WITH RETAINING WALL	30	1-1	0	0	3600	18.76	1996		100	67,536	65.5	44,236		
9	YIMP	YARD IMPROVEMENTS	30	1-1	0	0	10	1,593.78	1996		100	15,938	65.5	10,439		

LAND VALUE	DOR Code	400	Neighborhood	3929.17 EABQ - Mt. Rose Commercial	Land Size	7.7400	Unit Type	AC				
#	Code	Description	Zone	Units	Unit Type	Sub Type	Unit Price	Influence 1 Code	Influence 2 Code	%	Taxable Value	Land Notes
1	400	General Commercial: retail,	CC	337,149.00	SF	1	9.25				3,118,628	

GALENA JUNCTION
 Tax District: 1000

printed: 02/07/2019 ACTIVE



3929.17 EABQ - Mt. Rose Commercial



BUILDING PERMITS

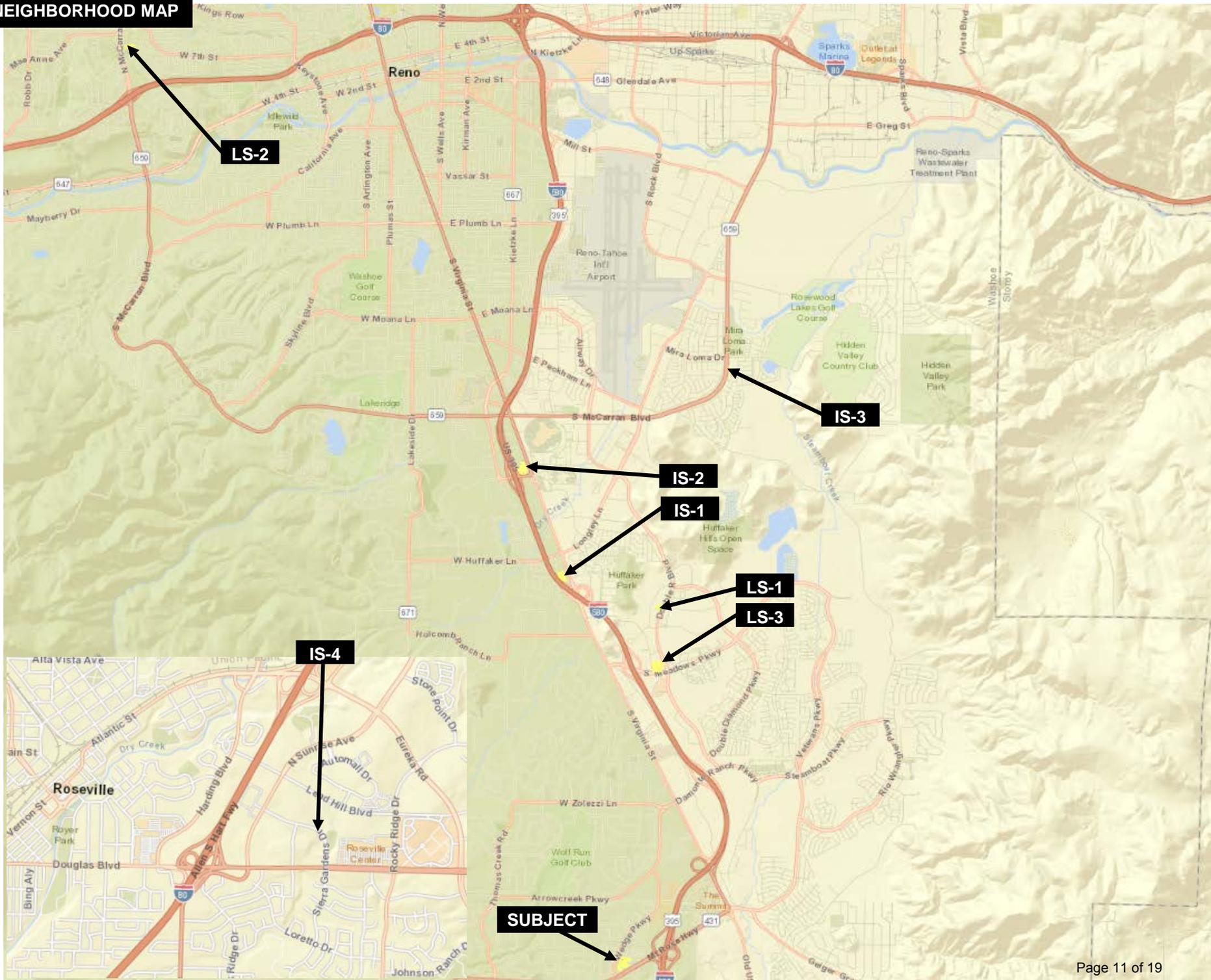
Date	Permit #	Description	Amount	Status	% Comp	Last Visit/Appr/Results	Notes
11/07/2018	BLD19-03031	REMODEL;	35,000	Assgn	0	01/31/19 KJ Assgn	Assigned Based On
10/04/2018	SGN19-02412	SIGN; MFG	2,730	Assgn	0	11/06/18 EB Assgn	Assigned To PP
02/16/2016	BLD16-05531	TENANT	15,400	Compl	100	06/07/16 PJK Compl	
01/08/2016	BLD16-04901	REMODEL	8,000	Compl	100	06/07/16 PJK Compl	
06/03/2015	SGN15-07298	SIGN	5000	Compl	100	04/15/16 TAO Compl	NVC
05/27/2014	BLD14-06466	FIRE	3000	Compl	0	07/17/17 TAO Assgn	Assigned To PP
05/05/2014	BLD14-05908	REROOF	263721	Compl	100	06/23/14 SLC Compl	

SALES/TRANSFER INFORMATION

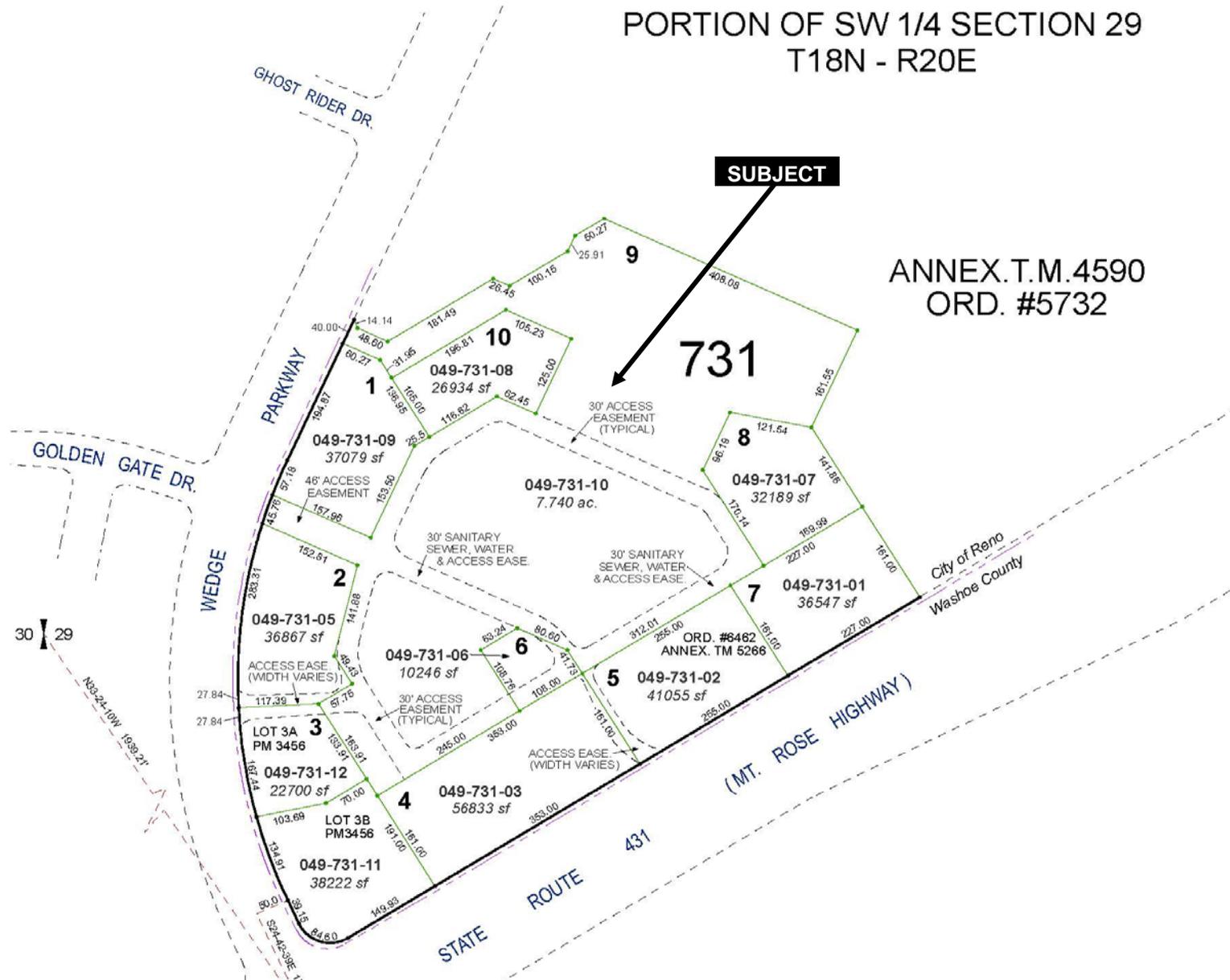
Grantor	Document	Date	LUC	Verif	Terms	Sales	Notes
GALENA JUNCTION LLC,	3541448	06/07/2007	400	2MD	4DEC	32,093,834	TITLE ONLY FILE-ALTA
GALENA JUNCTION LLC,	3333191	01/06/2006	400	3NTT			
GALENA JUNCTION LLC,	ORDINANC	10/17/2005	400	3NTT			
	1934922	10/19/1995	140	1GCR		1,825,000	

#	Bld	Date	User ID	Activity Notes
2	0-0	11/21/2017	kmhun	REXT BY KMJ - 07/24/2017
3	0-0	10/22/2016	rlope	REXT BY PJK - 09/21/2016
4	0-0	11/06/2015	idiez	TAG FROM 1005 TO 1000 TMUGWB NOW SPECIAL ASSESSMENT
5	0-0	08/23/2015	idiez	ROLLING PERMITS TO NEW YEAR
6	0-0	05/13/2015	idiez	TAG UPDATE DUE TO STMGIDDISSOLVING
7	1-1	10/09/2013	sclem	REXT EABQ IMPROVEMENT LINE DONE 10/09/2013 BY REVIEWED-NO CHGS ON IMP
8	1-1	09/24/2012	sclem	REXT EABQ IMPROVEMENT LINE DONE 09/24/2012 BY REVIEWED-NO CHGS ON IMP
9	1-1	02/29/2012	mluns	BOE 2012/2013 - BOE UPHELD ASSESSOR VALUES
10	1-1	07/28/2011	canac	REXT EABQ IMPROVEMENT LINE DONE 11/07/2011 BY WJ, LAND LINE DONE

NEIGHBORHOOD MAP



(#3178)
GALENA JUNCTION
 (A COMMERCIAL SUBDIVISION)
 PORTION OF SW 1/4 SECTION 29
 T18N - R20E



SUBJECT

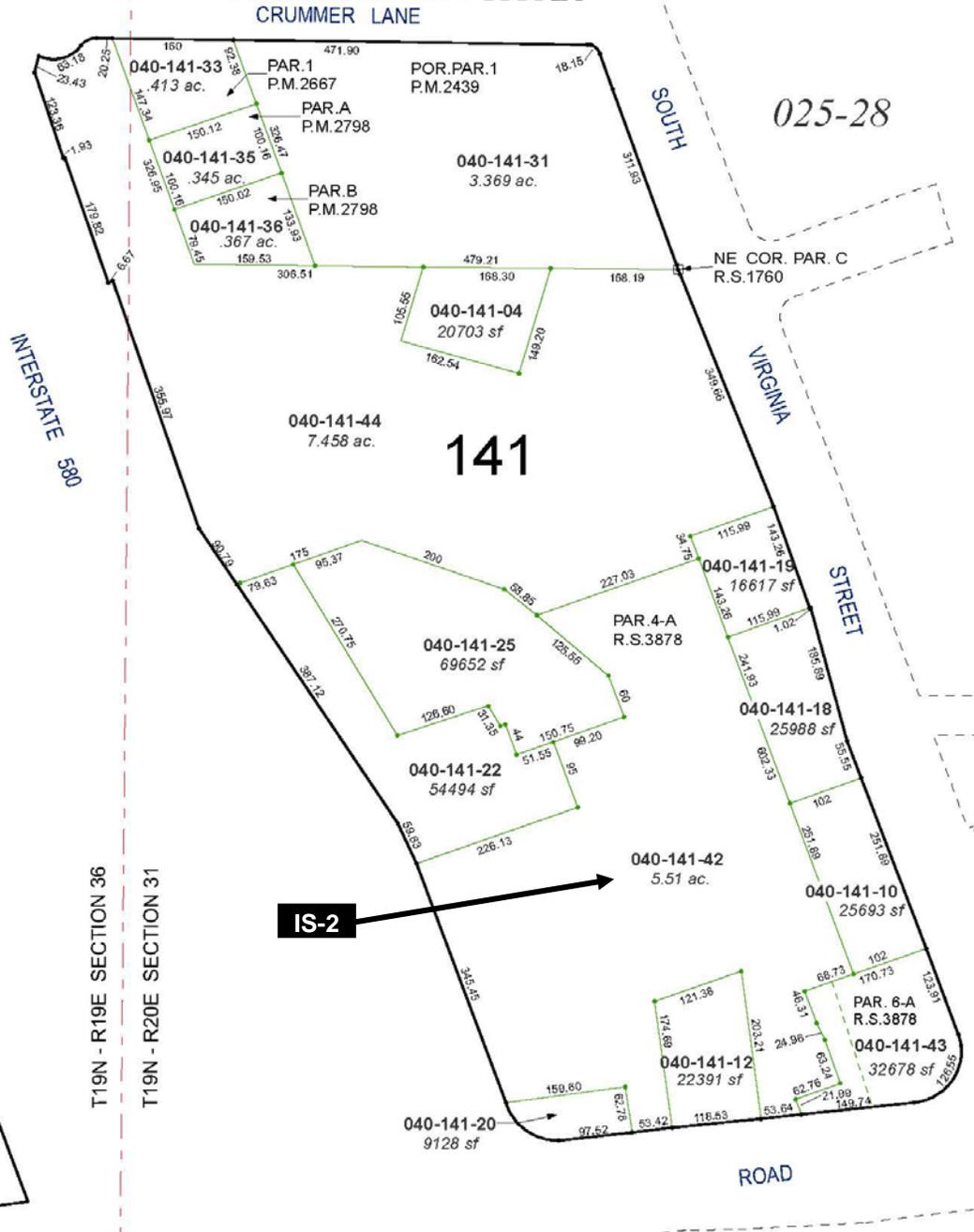
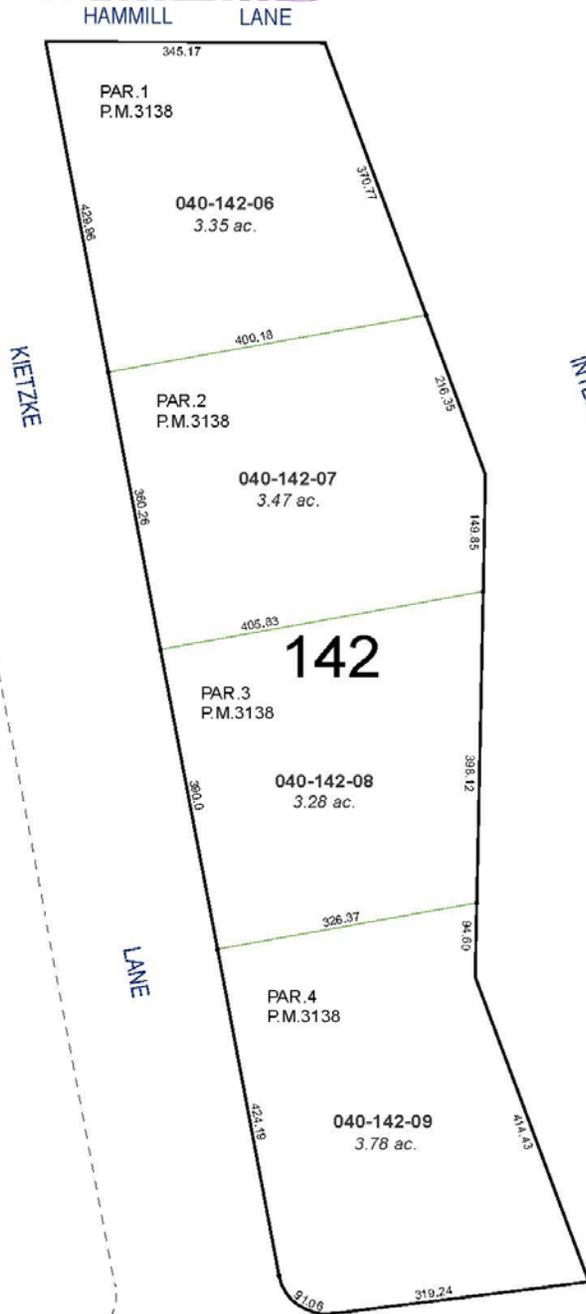
731

ANNEX. T.M. 4590
 ORD. #5732

Washoe County
Reno City Limits

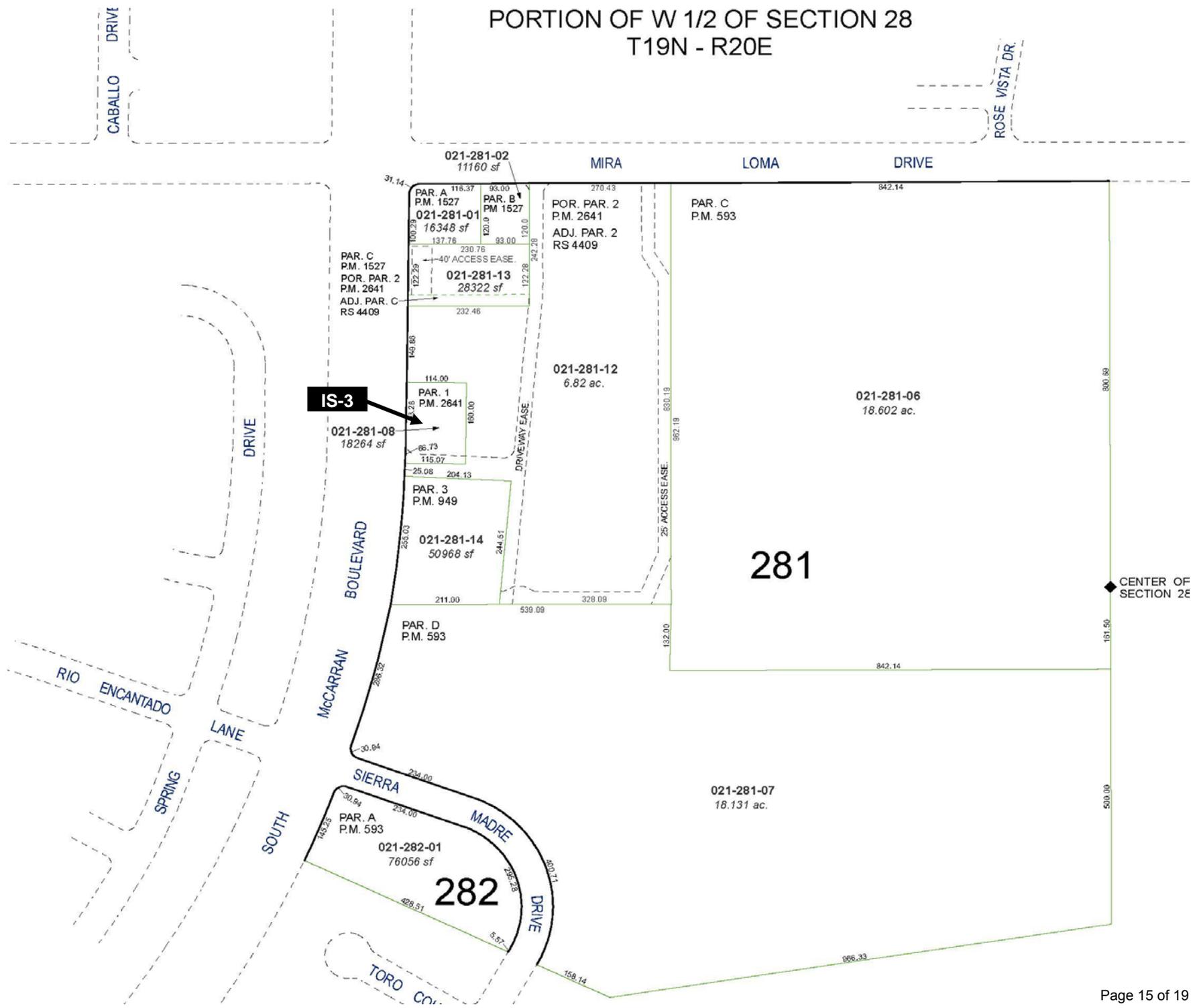
PORTION OF SECTION 36
T19N - R19E

PORTION OF W 1/2 SECTION 31
T19N - R20E



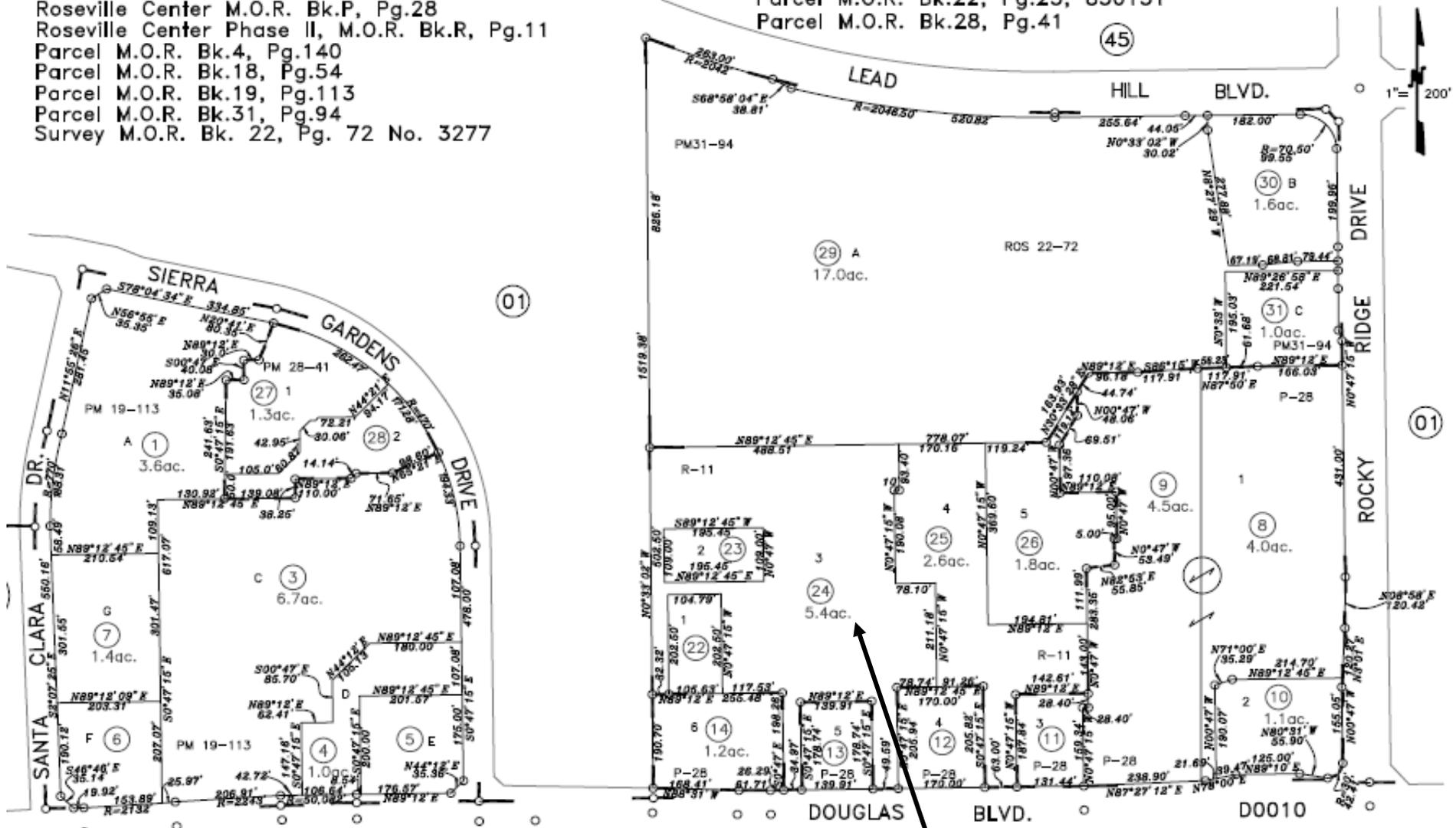
IS-2

PORTION OF W 1/2 OF SECTION 28
T19N - R20E



Parcel M.O.R. Bk.22, Pg.23, 850131
Parcel M.O.R. Bk.28, Pg.41

Roseville Center M.O.R. Bk.P, Pg.28
Roseville Center Phase II, M.O.R. Bk.R, Pg.11
Parcel M.O.R. Bk.4, Pg.140
Parcel M.O.R. Bk.18, Pg.54
Parcel M.O.R. Bk.19, Pg.113
Parcel M.O.R. Bk.31, Pg.94
Survey M.O.R. Bk. 22, Pg. 72 No. 3277

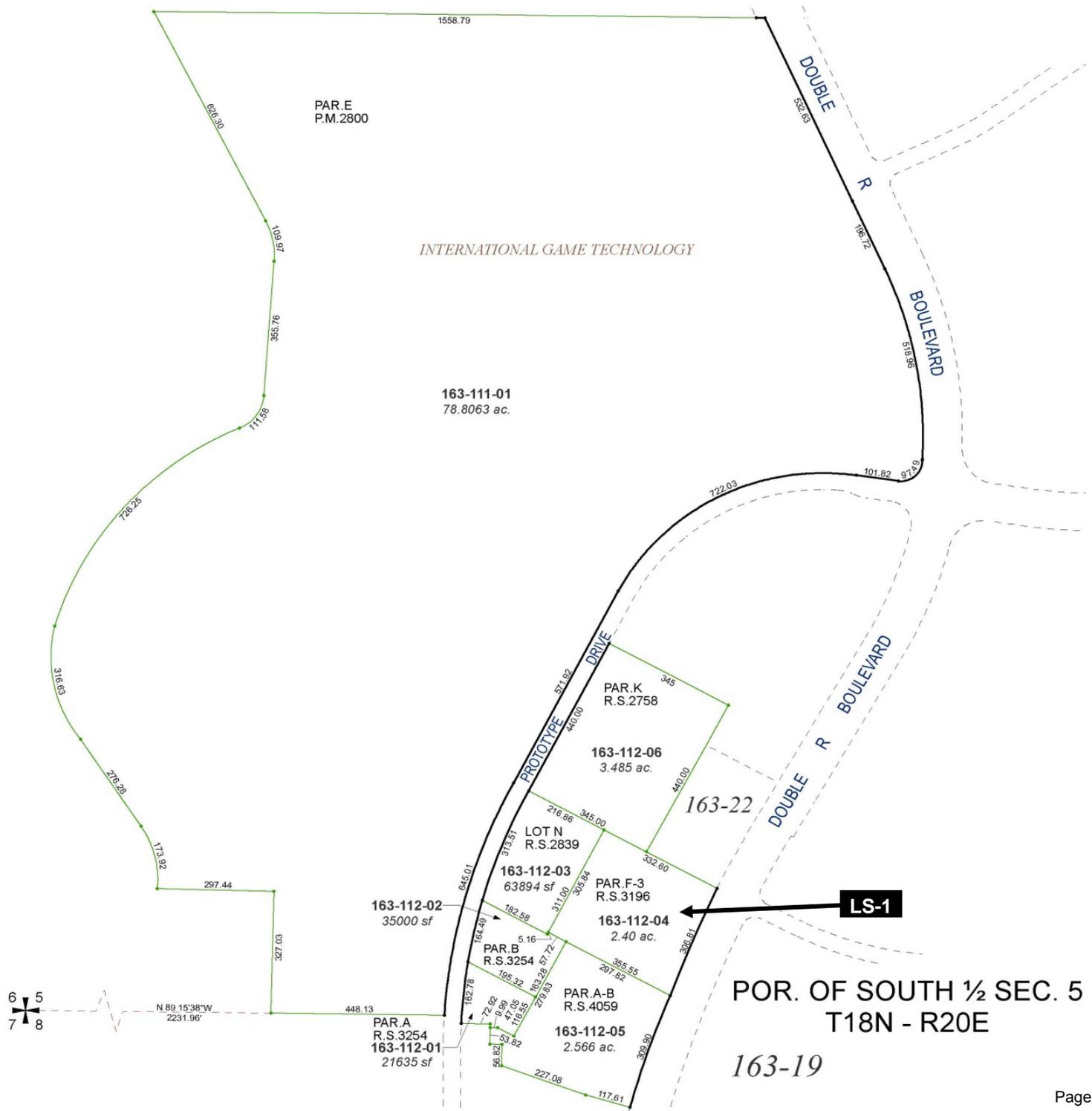


NOTE

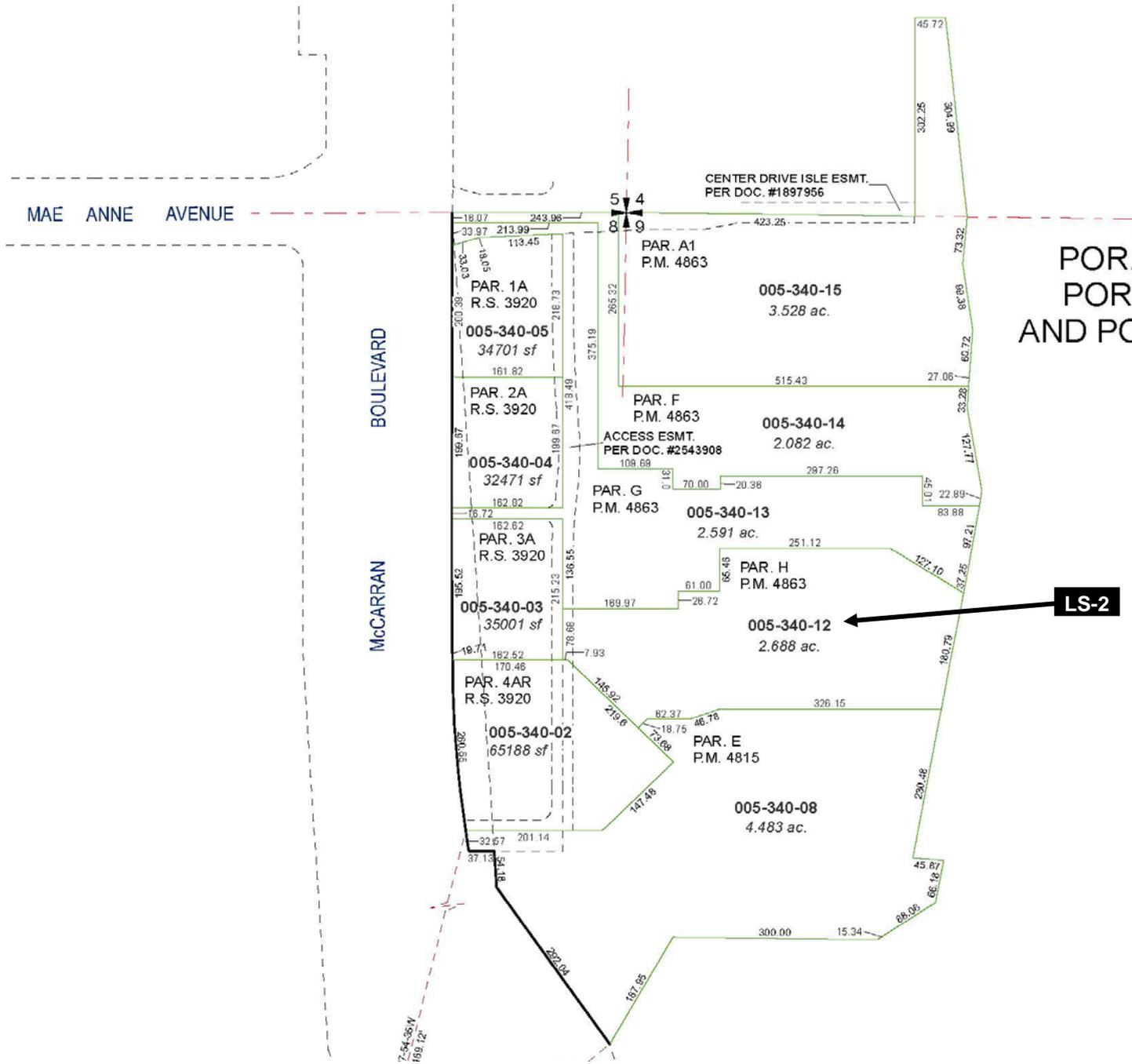
NOTE
This map was prepared for assessment purposes only, and is not intended to illustrate legal building

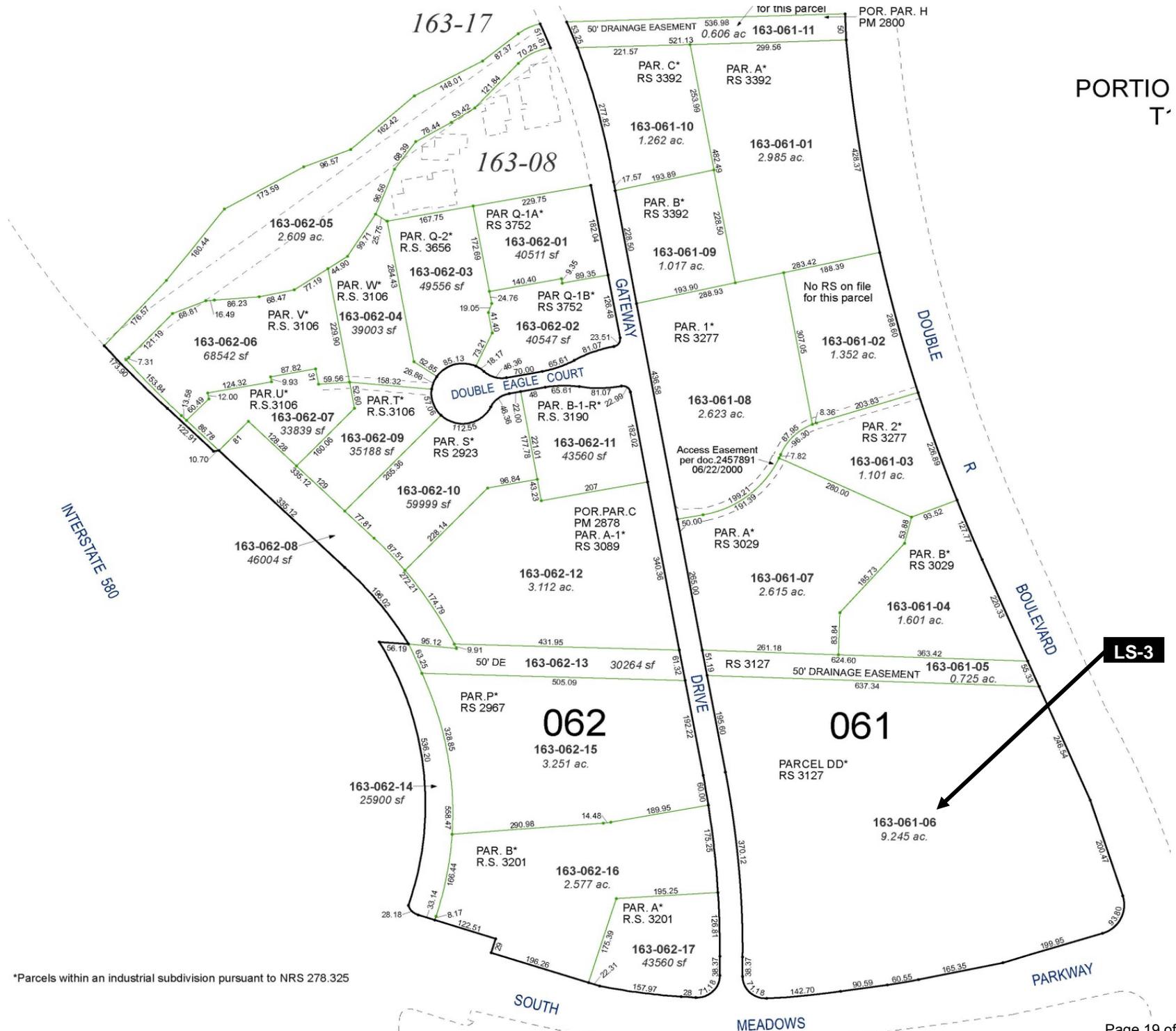
Assessor's Map Bk.48 Pg.52
County of Placer, Calif.

IS-4



POR. SW 1/4 SECTION 4
POR. NE 1/4 SECTION 8
AND POR. NW 1/4 SECTION 9
T19N - R19E





PORTIO
T'

LS-3

*Parcels within an industrial subdivision pursuant to NRS 278.325