

ASSESSOR'S

EVIDENCE

Washoe County Board of Equalization
Appeal Summary Page - Secured Roll

Hearing # 19-0033
Hearing Date 02/21/2019
Tax Year 2019

APN: 040-951-08

Owner of Record: RS EAGLE FEDERAL WAY LLC et al

Property Address: 5075 KIETZKE LN

Property Type: DISCOUNT WAREHOUSE STORE 67% MATERIAL STORAGE BUILDING 33%

Gross Building Area: 175,120

Year Built: 1999

Parcel Size: 14.91 Acre

Description / Location: The subject property is a Discount Warehouse Store that was built as a home improvement store and lumber yard. Its location, design and overall utility is still being capitalized upon by Lowe's. Please note that a much smaller local Home Depot was recently purchased by an investor on 4/26/18 for \$15,980,000.



2019/20 Taxable Value:	Land:	\$6,789,334
	Improvements:	\$8,292,700
	Total:	<u>\$15,082,034</u>
	Taxable Value / SF	\$86.12

Sales Comparison Approach:	Indicated Value	\$21,890,000
	Indicated Value / SF	\$125
Income Approach:	Indicated Value	\$22,240,240
	Indicated Value / SF	\$127

Conclusions: Taxable value does not exceed full cash value. Please refer to the analysis within for foundational support of this conclusion.

ASSESSOR'S EXHIBIT I
26 PAGES

WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

	TAXABLE VALUE	ASSESSED VALUE	TAXABLE	HEARING:	19-0033
LAND:	\$6,789,334	\$2,376,267	\$/SF GBA	DATE:	02/21/2019
IMPROVEMENTS:	\$8,292,700	\$2,902,445	\$86.12		
TOTAL:	\$15,082,034	\$5,278,712		TAX YEAR:	2019

OWNER: RS EAGLE FEDERAL WAY LLC et al

TAXABLE
\$/SF Land SEE LAND SALES
\$10.45

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	040-951-08	5075 KIETZKE LN MATERIAL STORAGE BUILDING DISCOUNT WAREHOUSE STORE	33% 67%	175,120 175,120	MASONRY BRNG CONC TILT-UP	C15		1999 27	649,697 27% PUD					
IMPROVED SALES														
IS-1	025-570-01	6590 S VIRGINIA ST DISCOUNT WAREHOUSE STORE HOME DEPOT	100%	102,832 102,832	MASONRY BRNG CONC TILT-UP	C15		1993 25	435,382 24% MUSV	\$15,980,000 04/26/2018	\$155 see note		\$933,660 5.84%	
IS-2	039-750-13	5150 MAE ANNE AVE DISCOUNT STORE KOHLS	100%	94,213 94,213	MASONRY BRNG CONCRETE BLK	C20		1990 24	395,743 24% AC	\$9,350,000 09/12/2017	\$99		\$636,250 6.80%	
IS-3	040-141-42 10, 12, 20, 22	6139 S VIRGINIA ST SUPERMARKET DISCOUNT STORE WHOLE FOODS & SIERRA TRADING POST	62% 38%	81,838 81,838	MASONRY BRNG CONCRETE BLK	C25		1993 24	240,016 34% AC	\$24,100,000 07/24/2017	\$294 see note		\$1,145,146 4.75%	
ADD'L INFO	ATTACHMENT B - Compilation of eight sales. Sales reflect Home Depot and Lowes properties from the Western Region. Sales date, price, \$/SF, NOI and Cap rate herein is the median reflected in the attached table.										MEDIANS =	\$14,700,477	\$128.00	5.93%
	MEDIAN SIZE = 127,400sf													

COMMENTS:

The subject property is a well maintained, fully functioning and performing Lowe's. The subject includes a drive-through lumber yard. The recent sale of a smaller and local Home Depot (IS-1) indicates that the taxable value does not exceed full cash value.

IS-1: Sale of a Home Depot property that is 20 years older; Sold with 100% occupancy at a 5.84% cap rate. Current rent noted at \$81,900/mth and/or \$0.80/sf/mth. The option for lease renewal is 8/31/24. A review of the rent found that excess rent may in fact exist. Discounting the excess rent and adjusting the sales price results in a ~\$1M reduction and/or equates to an adjusted market value of ~\$14,980,000 and/or \$146/sf. Please refer to Attachment "A" for additional information.

IS-2: Sale of a big box property with Kohl's as tenant; Property is a co-anchor with other big box retailers. Sold with 100% occupancy at a 6.8% cap rate. The lease has 8yrs. remaining. Five year options are available.

IS-3: Sale of a big box property w/Whole Food and Sierra Trading Post as tenants; Sold w/ 100% Occupancy at an est. 4.75% cap rate. Rent analysis not performed but strong rent is assumed. Sale is considered superior due to its large use as a supermarket which includes additional finish and partitioning. Based on the superiority, a 40% downward adjustment is being applied. This adjustment is based solely on the difference in costing the occupancy's in relation to the comparable and the subject. The result of the adjustment is \$177/sf.

ADDITIONAL INFORMATION: A review of sales within the western region of the US was compiled. Sales include properties with Home Depot and Lowe's as tenants. Please refer to Attachment "B" for additional information of each sale. The median was taken and added to the table above. The results of this compilation illustrate a median sales price of \$14,700,477 and/or \$128/sf. Based on this result, the compilation is added evidence illustrating, as an indicator of value, that taxable value does not exceed full cash value.

ADJUSTED SALES PRICES RANGE; \$100 to \$177/sf.
MARKET VALUE: Estimated at \$148/sf. for the retail store portion (117,770sf) and \$80/sf for the storage portion (57,350sf) - see Attachment E. This results in an overall value of \$22,017,960 and/or \$125/sf.
CONCLUSION = Taxable value does not exceed full cash value.

WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

LAND:	TAXABLE VALUE \$5,239,740	ASSESSED VALUE \$1,833,909	TAXABLE \$/SF Land \$10.45	HEARING: <u>19-0033</u>
				DATE: <u>02/21/2019</u>
				TAX YEAR: <u>2019</u>

OWNER: HOME DEPOT USA INC

LAND SALES										
Sale #	APN	Location	Sale Date	Sale Price	Size(ac)	Size(sf)	\$/sf	Zoning	Comments	
LS-1	040-900-19&20	DEL MONTE LN	05/03/2018	\$11,142,640	12.22	532,085	\$20	PUD	Monte Ln and Kietzke Ln is a part of the Rancharrah development project. One of the buyers is Tolles Development Co, a commercial real estate developer in the area. Offices, retail and restaurants are to be built as Village at Rancharrah per Reno Land Inc's master plan. The land price per SF in this sale is \$20.01.	
LS-2	163-061-06 (now 12&13)	537 & 597 SOUTH MEADOWS PKWY	08/30/16	\$5,921,345	9.24	402,526	\$15	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.	
LS-3	160-040-26	SOUTH MEADOWS PKWY	07/20/16	\$4,628,680	5.18	225,641	\$21	PUD	SVL verified arms length transaction. Property was not on the open market, however the seller was open to offers and accepted the buyer's market value offer. Property is going to be developed as a hotel.	
LS-4	037-412-03 037-422-06	LEGENDS - 1425 GEORGE FERRIS DR & 1370 BIG FISH DR	08/07/17	\$6,748,617	6.50	283,082	\$24	NUD	The sale was for 2 parcels totaling 283,082 sf. The buyer was Big Shopping Centers that is an equity investor that purchases a portion or all of the property from developers to free up cash for the developer to use for improvements or other projects. They bought an 80% interest in these 2 vacant parcels , and the total purchase was computed using the sales price.	
LS-5	400-040-15	1405 SKY MOUNTAIN	08/11/17	\$4,525,000	10.61	461,997	\$10	CC	Previously portion of APN 400-040-07 "The Great Western Marketplace" has been split into two parcels and was sold to two different parties. This lot is formerly the parking area.	

COMMENTS:

Land sales herein represent large parcels that are located at premier locations throughout Reno/Sparks. Attributes affiliated with these superior locations include high traffic counts and excellent visibility from major arterial roads. Sales range in value from \$10/sf to \$24/sf. Based on the subjects superior location and the comparable sales, the subjects taxable land value is below market value.

WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

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	TOTAL:	\$15,082,034	\$5,278,712		TAX YEAR: 2019

APN: 040-951-08
 OWNER: RS EAGLE FEDERAL WAY LLC et al

Income Approach					
Potential Gross Income	117,770 sq ft. @	\$0.65 /mo =	\$76,551		
	57,350 sq ft. @	\$0.45 /mo =	\$25,808		
	sq ft. @	/mo =	\$0		
			\$102,358		
	x 12 months =		12		
			\$1,228,296		
- Vacancy & Collection loss		0%	\$0		
= Effective Gross Income			\$1,228,296		
- Operating Expenses		5%	\$61,414.80		
=Net Operating Income			\$1,166,881		
Divided by Overall Capitalization Rate			5.25%		
			\$22,226,309		
			Rounded		\$127 /sf GBA

Subject Income Information: The building is leased and occupied by Lowe's and is comprised of 117,770sf of discount warehouse store and a drive through lumberyard at 57,350sf. Income information was neither attained nor provided. A inferior sale of a local Home Depot was recently purchased by an investor. The components of income that were affiliated with that sale was reviewed. In addition, an agreement with regards to the lease at the time of sale of the subject in 2005 sale was reviewed.

Potential Gross Income: The property is leased by Lowe's. Contract rent based on the lease agreement established in 2005 indicates a base rent of \$0.66 originally existed. With adjustments occurring in 2007 and 2012, and tied to CPI, it is estimated that current rent is maxed at \$0.81/sf. It's also important to note that a lease renewal is being negotiated this year, and that information has not been provided. A review of market rent was therefore required. Please refer to Attachments "B" and "C" for the market rent analysis. Results from local rental data indicates that market rent for the subject, with consideration for subjects premium location and building (a first generation build to suit), is \$0.65. Applying this rent to the subject's rentable store area and a discounted rent of \$0.45 to the warehouse portion (see Attachment F) reflects a PGI of \$1,228,296.

Effective Gross Income: The property has had zero to minimal vacancy since its construction. Moreover, vacancy for comparable big box properties at superior locations remains stable at 0%. Therefore, a 0% stabilized vacancy rate was utilized. The application results in a EGI that is equal to PGI.

Net Operating Income: The property is leased on a NNN basis by which the tenant is responsible for all expenses. However, management fees and the costs in relation to capital reserves and replacement should be, and is, herein considered. Expenses estimated at 5%. Estimated NOI is \$1,166,881.

Capitalization Rate Analysis: Properties reflecting strong real estate fundamentals in primary locations remain in high demand amongst institutional investors. The subject property is a sought after investment that has been well maintained with a national credit tenant, has had zero vacancy, and has a premium location. Therefore, the overall investment risk is considered low. The cap rate on the sale of the local Home Depot was 5.84%. However, given the lower rents that were used in this analysis in relation to the contract rent that exists, overall risk is reduced.

For a summary of cap rates in relation to big box retail, please refer to Attachments "B" & "D". Cap rates attained at the local level suggest a range of 4.75% to 6.8% with 5.84% as the median. Rates from the Western Region level indicated a range of 5% to 6.25% and a median of 5.93%. The cap rate used in this equation was 5.25% and again is reflective of the lower rents used within the equation and its and superior location.

Indicated Value Income Approach: \$22,226,309 and/or \$127/sf.

Conclusion: The taxable value of the subject does not exceed full cash value.

Situs & Keyline Description:
5075 KIETZKE LN RENO
PM 4010
LT B

Owner & Mailing Address:
RS EAGLE FEDERAL WAY LLC
PACIFIC WEST HOTELS INC
1000 LOWE'S BLVD
MOORESVILLE, NC 28115

WASHOE COUNTY APPRAISAL RECORD
2019

APN: 040-951-08

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Bld. 1-1



LOWES KIETZKE LN
Tax District: 1000

printed: 01/25/2019 ACTIVE

2984.17 OBGQ - 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	6,789,334	0	8,292,700	0	15,082,034	5,278,712	Building Value	6,656,734							
2018 FV	6,172,122	0	8,277,622	0	14,449,744	5,057,410	Extra Feature Value	1,635,966							
2017 FV	5,554,909	0	8,439,590	0	13,994,499	4,898,075	Land Value	6,789,334							
2016 FV	5,554,909	0	8,460,498	0	14,015,407	4,905,392	Taxable Value	15,082,034							
2015 FV	5,554,909	0	8,485,413	0	14,040,322	4,914,113	Exemption	0							
2014 FV	5,554,909	0	8,368,332	0	13,923,241	4,873,134	FLAGS			Reappraisal					
2013 FV	6,172,122	0	8,320,253	0	14,492,375	5,072,332	Type	Value							
2012 FV	6,172,122	0	7,781,942	0	13,954,064	4,883,923	Cap Code	NFM		NC / C	New Land	New Sketch			
2011 FV	6,172,122	0	7,992,304	0	14,164,426	4,957,549	Eligible for Form?	NO							
2010 FV	7,776,900	0	7,971,563	0	15,748,463	5,511,962	Low Cap Percentage	0		By:					
2009 FV	9,443,330	0	8,114,765	0	17,558,095	6,145,334	Parcel Map	4010						Date:	
2008 FV	8,719,050	0	8,262,446	0	16,981,496	5,943,523									

BUILDING DETAILS				BUILDING FEATURES AND ADJUSTMENTS				BUILDING SUB-AREAS				BUILDING COST SUMMARY	
Type	Code	Description	Category	Units	Code	Description	Yr Blt	Units	Cost New	Tot Lump Sum Adj			
COMM		Commercial/Industr	No of Stories	1	DRO	DO - No Value Drawn for Info		0			Sub Area-RCN	2,189,058	
391		Material Storage	Quality Class	1.5		Base Cost		57,350	757,594	% Incomplete	0		
C		MSNRY BRNG ~	Avg Wall Height/Floor	27		Exterior Walls		57,350	968,068	% Depreciation	30.00		
0		Commercial	Shape(M&S) 1= SQ 4= Very	2		Heating & Cooling		57,350	69,967	\$ Dep & Inc	656,717		
1999	1999	100	Sprinkler System Generic -	190200		Elevators		1	45,363	Obso/Other Adj.	0		
			Elevator Passenger -	1	GBA	Sprinklers		190,200	348,066	Sub Area DRC	1,532,341		
BUILDING CHARACTERISTICS						GBA - GROSS BUILDING AREA		57,350		Additive DRC	1,635,966		
Category	Code	Type	%										
Ext. Wall	818	CONC TILT-UP	100										
Heating Type	609	VENTILATION	100										
Base Rate Adjustment				Adj.									
Construction Modifiers				Adj.									
Gross Living/Building Area							57,350						
Perimeter							988						

#	Bld	Date	User ID	Activity Notes
1	0-0	11/20/2018	eladouceu	REXT BY JCT - 10/09/2018

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	CRBC	CONCRETE CURB 6", NO GUTTER	30	1-1	0	0	8000	13.59	1999		100	108,720	70.0	76,104		
2	DKLV	DOCK LEVELER	30	1-1	0	0	2	7,922.00	1999		100	15,844	70.0	11,091		
3	FWAS	FLATWORK ASPHALT	30	1-1	0	0	270000	1.92	2016		100	519,480	95.5	496,103		
4	FWBR	FLATWORK BRICK	30	1-1	0	0	1600	10.21	1999		100	16,331	70.0	11,432		
5	FWCO	FLATWORK CONCRETE	30	1-1	0	0	14000	4.55	1999		100	63,694	70.0	44,586		
6	GHS2	GREENHOUSE Q2	30	1-1	0	0	12173	63.27	1999		100	770,186	70.0	539,130		
7	PKLT	PARKING LOT LIGHTING	30	1-1	0	0	270000	0.65	1999		100	175,500	70.0	122,850		
8	SG2S	SIGNS - ILLUMINATED PLASTIC - TWO SIDES	30	1-1	0	0	240	193.79	1999		100	46,510	70.0	32,557		
9	TKW4	TRUCK WELL CONCRETE WITH RETAINING WALL	30	1-1	0	0	1680	18.76	1999		100	31,517	70.0	22,062		
10	VES1	VESTIBULES/ATRIUMS	30	1-1	0	0	1500	79.56	1999		100	119,340	70.0	83,538		
11	WLCB	WALL CONCRETE BLOCK	30	1-1	0	0	3900	15.68	1999		100	61,152	70.0	42,806		
12	WLCO	WALL CONCRETE	30	1-1	0	0	8964	20.94	1999		100	187,706	70.0	131,394		
13	YIMP	YARD IMPROVEMENTS	30	1-1	0	0	20	1,593.78	1999		100	31,876	70.0	22,313		

LAND VALUE		DOR Code	400	Neighborhood	2984.17 OBGQ - Commercial	Land Size		14.9150	Unit Type	AC	
#	Code	Description	Zone	Units	Unit Type	Sub Type	Unit Price	Influence 1 Code	Influence 2 %	Taxable Value	Land Notes
1	400	General Commercial: retail,	PUD	649,697.00	SF	1	11.00	ES	0.95	6,789,334	

Situs & Keyline Description:
5075 KIETZKE LN RENO
PM 4010
LT B

Owner & Mailing Address:
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WASHOE COUNTY APPRAISAL RECORD 2019

APN: 040-951-08

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Bld. 1-2



LOWES KIETZKE LN
Tax District: 1000

printed: 01/25/2019 ACTIVE

2984.17 OBGQ - 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			
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2016 FV	5,554,909	0	8,460,498	0	14,015,407	4,905,392	Taxable Value	15,082,034					
2015 FV	5,554,909	0	8,485,413	0	14,040,322	4,914,113	Exemption	0					
2014 FV	5,554,909	0	8,368,332	0	13,923,241	4,873,134	FLAGS						
2013 FV	6,172,122	0	8,320,253	0	14,492,375	5,072,332	Type	Value					
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2010 FV	7,776,900	0	7,971,563	0	15,748,463	5,511,962	Low Cap Percentage	0					
2009 FV	9,443,330	0	8,114,765	0	17,558,095	6,145,334	Parcel Map	4010					
2008 FV	8,719,050	0	8,262,446	0	16,981,496	5,943,523							

BUILDING DETAILS				BUILDING FEATURES AND ADJUSTMENTS				BUILDING SUB-AREAS				BUILDING COST SUMMARY		
Type	Code	Description	Category	Units	Code	Description	Yr Blt	Units	Cost New	Tot Lump Sum Adj				
COMM	458	Commercial/Industr	No of Stories	3	GBA	GBA - GROSS BUILDING AREA		117,770			6,875,754			
C		Discount	Quality Class	1.5		Base Cost		117,770	3,607,295			% Incomplete	0	
0		MSNRY BRNG ~	Avg Wall Height/Floor	26		Exterior Walls		117,770	1,771,261			% Depreciation	30.00	
		Commercial	Mezzanine - Storage	11160		Heating & Cooling		117,770	1,048,153			\$ Dep & Inc	2,062,726	
			Mezzanine - Office	3920		Mezzanines		15,080	449,045			Obso/Other Adj.	0	
1999	1999	100	Shape(M&S) 1= SQ 4= Very	2	MD3	MEZ3 - DRO MEZZANINE OFFICE		0				Sub Area DRC	4,813,028	
					MD5	MEZ5 - DRO MEZZANINE STORAGE		0				Additive DRC	0	
BUILDING CHARACTERISTICS												Total DRC		4,813,028
Category	Code	Type	%									Override		
Ext. Wall	818	CONC TILT-UP	100									Cost Code		89502
Heating Type	611	PACKAGE UNIT	100									PROPERTY CHARACTERISTICS		
Base Rate Adjustment				Adj.								Water		Municipal
												Sewer		Municipal
												Street		Paved
Construction Modifiers				Adj.								BUILDING NOTES		
												Commercial Greenhouse Q2		
												(GST2)		
												040-951-08 Lowe's 5075 Kietzke Lane		
												Redrawn w/corrections 6/14/11 SE		
												27' Concrete Wall		

#	Bld	Date	User ID	Activity Notes

EXTRA FEATURES, ADDITIVES, AND ADJUSTMENTS																
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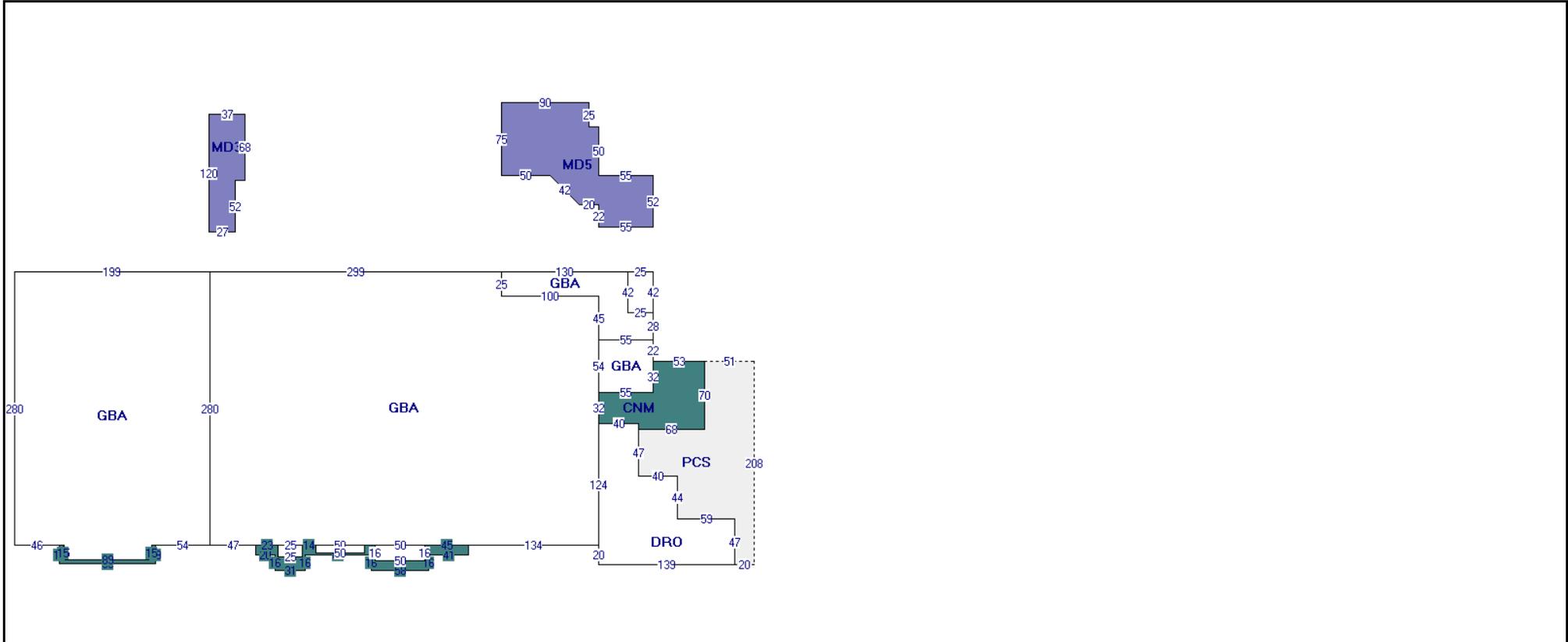
LAND VALUE	DOR Code	400	Neighborhood	2984.17	OBGQ - Commercial	Land Size	14.9150	Unit Type	AC				
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LOWES KIETZKE LN
 Tax District: 1000

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2984.17 OBGQ - Commercial



BUILDING PERMITS							
Date	Permit #	Description	Amount	Status	% Comp	Last Visit/Appr/Results	Notes
07/14/2016	BLD17-00286	PARKING	860,000	Compl	100	11/21/16 MAG Compl	
07/22/2015	BLD16-00607	FIRE	12,000	Compl	0	12/30/99	
07/21/2015	BLD16-00523	FIRE	12,000	Compl	0	12/30/99	
04/24/2006	LDP06-02474	FIRE	18,903	Compl	0	12/30/99	
12/30/2005	LDP05-07077	TENANT	1200000	Compl	0	12/30/99	
06/09/2005	LDP05-04750	REMODEL	3000	Compl	0	12/30/99	
02/02/2005	LDP04-10785	REMODEL	28000	Compl	0	12/30/99	

SALES/TRANSFER INFORMATION							
Grantor	Document	Date	LUC	Verif	Terms	Sales	Notes
LOWES HIW INC,	3182780	03/15/2005	400	3BO	2EXG	16,400,000	O.A.T. PER SELLER RE
LOWES HIW INC,	2859371	05/22/2003	400	3NTT			

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Card 3 of 3
 Bld. 1-3



LOWES KIETZKE LN
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2984.17 OBGQ - Commercial

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2016 FV	5,554,909	0	8,460,498	0	14,015,407	4,905,392	Taxable Value	15,082,034				
2015 FV	5,554,909	0	8,485,413	0	14,040,322	4,914,113	Exemption	0				
2014 FV	5,554,909	0	8,368,332	0	13,923,241	4,873,134	FLAGS		NC / C	New Land	New Sketch	
2013 FV	6,172,122	0	8,320,253	0	14,492,375	5,072,332	Type	Value				
2012 FV	6,172,122	0	7,781,942	0	13,954,064	4,883,923	Cap Code	NFM				
2011 FV	6,172,122	0	7,992,304	0	14,164,426	4,957,549	Eligible for Form?	NO				
2010 FV	7,776,900	0	7,971,563	0	15,748,463	5,511,962	Low Cap Percentage	0				
2009 FV	9,443,330	0	8,114,765	0	17,558,095	6,145,334	Parcel Map	4010				
2008 FV	8,719,050	0	8,262,446	0	16,981,496	5,943,523			By:	Date:		

BUILDING DETAILS				BUILDING FEATURES AND ADJUSTMENTS				BUILDING SUB-AREAS				BUILDING COST SUMMARY	
Type	Code	Description	Category	Units	Code	Description	Yr Blt	Units	Cost New	Tot Lump Sum Adj			
Type	MISC	Miscellaneous			CNM	CANOPY METAL		6,072	242,819	Sub Area-RCN	444,807		
Occupancy	600	Miscellaneous			CNW	CANOPY WOOD		2,104	70,694	% Incomplete	0		
Story/Frame	0	NONE			PCS	PORCH CONCRETE SLAB		19,139	131,294	% Depreciation	30.00		
Quality	20	Fair								\$ Dep & Inc	133,442		
Year Built	WAY	%Comp	Year of Addn/Remodel							Obso/Other Adj.	0		
1999	1999	100								Sub Area DRC	311,365		
BUILDING CHARACTERISTICS										Additive DRC	0		
Category	Code	Type	%							Total DRC	311,365		
										Override			
										Cost Code	89502		
PROPERTY CHARACTERISTICS													
										Water	Municipal		
										Sewer	Municipal		
										Street	Paved		
BUILDING NOTES													
										Gross Living/Building Area	0		
										Perimeter	0		

#	Bld	Date	User ID	Activity Notes

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

LAND VALUE	DOR Code	400	Neighborhood	2984.17	OBGQ - Commercial	Land Size	14.9150	Unit Type	AC
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#	Code	Description	Zone	Units	Unit Type	Sub Type	Unit Price	Influence 1 Code	Influence 1 %	Influence 2 Code	Influence 2 %	Taxable Value	Land Notes

ATTACHMENT A

Home Depot Property Rights Adjustment

Contract Rent: \$81,900/monthly

Market Rent: \$66,841/monthly ($\$0.65/\text{SF} * 102,832$)

\$15,059/monthly difference between contract and market

$\$15,059 * 12 = \$180,708$ yearly difference

\$180,708

Time Calculation

Acquired: 4/26/2018

Lease Expires: 8/31/2024

2,319 total days at above Market Rent

$2,319 / 365 = 6.35$ years; Or 6 years, 4 months, and 6 days at above Market Rent

Discount Calculation

<u>Year</u>	<u>Difference</u>	Safe Rate 4% (Year)
1	\$180,708	
2	\$180,708	
3	\$180,708	
4	\$180,708	
5	\$180,708	
6	\$180,708	
6 to 6.35	\$76,394	

Net Present Value \$1,005,349.23

Rounded \$1,005,000

ATTACHMENT B

WESTERN REGIONAL FREESTANDING RETAIL SALES - Fully Occupied																
Sale #	Tenant	State	City	Parcel #	Coverage Ratio	Building Size	Age	Sale Date	Sales Price	\$/SF	Cap Rate	Est. Annual Net Income	Est. Annual Rent	Est. Rent/Mth	Lease Type	Years Left
													5% est. exp applied			
1	Home Depot	NM	Farmington	38172	0.29	129,924	2001	04/25/2018	\$9,100,000	\$70	6.20%	\$564,200	\$5	\$0.38	NNN	8
2	Lowe's	CA	Clovis	498-032-38S	0.32	164,351	2003	10/01/2018	\$12,409,500	\$76	5.56%	\$689,968	\$4	\$0.37	NNN	10
3	Home Depot	AZ	Phoenix	166-14-040	0.27	107,724	1999	09/29/2017	\$11,763,000	\$109	6.22%	\$731,659	\$7	\$0.60	NNN	3
4	Lowe's	WA	Mt. Vernon	P26247 & 49	0.45	137,472	1993	04/04/2018	\$16,991,453	\$124	5.85%	\$994,000	\$8	\$0.63	NNN	10
5	Hardware	WA	Puyallup	Multi	0.31	86,355	1951	09/06/2018	\$11,400,100	\$132	6.25%	\$712,506	\$9	\$0.72	NNN	18
6	Home Depot	CA	Stanton	131-401-13	0.39	107,000	1986	06/28/2018	\$22,558,000	\$211	5.37%	\$1,211,365	\$12	\$0.99	NNN	7+
7	Home Depot	NV	Las Vegas	138-34-717-007	0.24	105,275	1993	01/05/2017	\$23,100,000	\$219	6.00%	\$1,386,000	\$14	\$1.15	NNN	7
8	Lowe's	CA	Torrance	7357-027-030	0.23	127,400	1999	11/13/2017	\$47,500,000	\$373	5.00%	\$2,375,000	\$20	\$1.64	NNN	10
MEDIAN					0.30	117,562	1996	04/14/2018	\$14,700,477	\$128	5.93%	\$862,829	\$8	\$0.68	-	-
<p>The table illustrates that Home Depots throughout the Western Region of the US are considered valuable properties. The value for similar properties in Reno Nevada, a central point within that Western Region, coincidentally falls within the central portion of these illustrated values.</p>																

ATTACHMENT C

Box Store Rent Survey								
#	Location APN	Description	Sq Feet/ Year Built	Lease Date/ Term	Base Rent/SF	ADJ	Lease Type	Comments
Market Rents								
1	Undisclosed (Sparks Neighborhood Shopping Center inside McCarran Loop)	Retail Store	15,000-20,000 1980	9/2018 10 Year	\$0.62	\$0.68	NNN	Significant capital improvements were completed by owner prior to occupancy; tenant responsible for interior improvements; 10% rent escalation after 5 years; Five (5) options; Tenant received 4 months free rent
2	Undisclosed (Sparks Neighborhood Shopping Center inside McCarran Loop)	Retail Store	35,000-40,000 1980	9/2018 10 Year	\$0.42	\$0.46	NNN	Significant capital improvements were completed by owner prior to occupancy; tenant responsible for interior improvements and store front; 10% rent escalation after 5 years; Five (5) options; Tenant received 3 months free rent
3	1350 Disc Drive, Suite A 035-263-09	Big Lots	32,285 1996	08/01/2018 10 Year	\$0.50	\$0.55	NNN	Landlord contributed ~\$900,000 in tenant improvements. Rent is flat except for one 10% escalation after 5 years
4	125-165 Disc Drive, Ste. DM-2 510-083-09	Marshall's Home Goods	40,149 2006	9/2016 5 Year	\$0.63	\$0.69	NNN	Landlord responsible for tenant improvements; 2% escalations
5	Undisclosed (Spanish Springs Community Shopping Center)	Retail Store	20,000-25,000	09/01/2018 10 Year	\$0.69 <i>*note</i>	\$0.69	NNN <i>*note</i>	Landlord provided \$7.00/SF tenant improvement allowance and 5 months free rent; Options exist at end of term; Rent is MG @ \$0.74. <i>*rent adjusted downward \$0.15/SF to reflect NNN.</i>
6	2863 Northtowne Lane 026-182-38	Former Wal-Mart Teleperformance tenant (Call Center)	42,780 1994	11/2015 6 Year	\$0.79	\$0.79	NNN	Tenant paid for improvements; rent escalations exist; options exist to extend lease agreement to 12 years; tenant responsible for parking lot maintenance
7	2863 Northtowne Lane, Unit C 026-182-38	Former Wal-Mart Planet Fitness tenant	18,526 1994	11/2015 NA	\$0.75	\$0.75	NNN	Tenant paid for improvements; Improvements will include gym and spa
					Market Rent Median:	\$0.63	-	<i>Reflects rents at neighborhood shopping centers. Upward adjustments for the regional power centers should be considered.</i>
					ADJUSTED MEDIAN	-	\$0.69	<i>Subject is located at a regional power center and is a built to suit first generation building. Upward adjustment of 10% applied to rents at neighborhood shopping centers. Adjustment also supported by The Boulder Group Q4 "Big Box Report" Investment grade vs. non-investment grade stats.</i>
					RENT USED	\$0.65		
ADDITIONAL INFORMATION								
#	Location APN	Description	Sq Feet/ Year Built	Lease Date/ Term	Base Rent/SF	ADJ	Lease Type	Comments
	6590 S. Virginia St 025-570-01	Home Depot	102,832 1993	1993 30 Year	\$0.80	N/A	NNN	Contract rent affixed to the recent Home Depot sale. The existence of excess rent was reviewed in this analysis. Lease option in 2024.
	1030 W. Sunset (Henderson) 178-03-610-011	Home Depot	102,370 1992	2016 unknown	\$1.14	N/A	NNN	Property is located in Henderson NV. Lease renewed and negotiated in 2016.

ATTACHMENT D

CAP RATES			
SOURCE	MIN %	MAX %	MEDIAN %
Local Sales Data (See Sales IS-1 to IS-3)	4.75	6.8	5.84
Regional Home Improvement Sales (See Attachment B)	5	6.25	5.93
USED	5.25%		
<p>REASONING: The recent sale of the local Home Depot sold at a Cap Rate of 5.84%. The subject had a contract rent that was found to have excess rent. Applying a market rent that is less than contract rent represents less risk to the investor, thus the cap rate (a portion of which is risk of the investment) was adjusted downward slightly.</p>			

ATTACHMENT E

WAREHOUSE SALES

20k sf to 60k sf

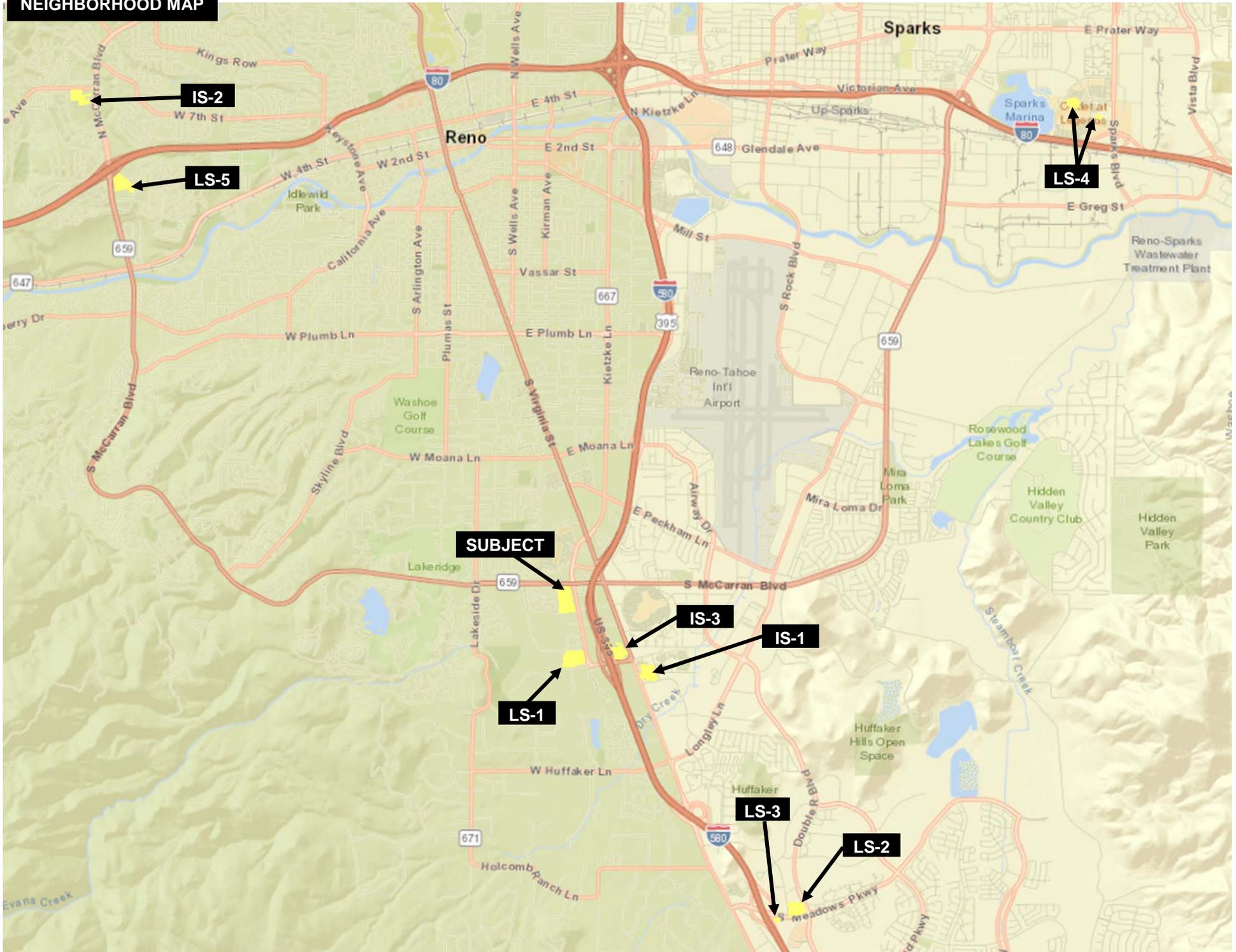
APN	Location	Use %	GBA	CNST TYPE	QC	Age(WAY) Height	Land (SF) %Coverage Zoning	Sale Price Sale Date	Price/GBA	EGI GIM OER	NOI OAR	Notes
WS-1 530-470-11	85 ISIDOR CT STORAGE WAREHOUSE	100%	19,200 19,200	MASONRY BRNG CONC TILT-UP	C15	2005 20	66,890 29% I	\$1,725,000 11/01/2017	\$90			The property was fully leased and was a resale from 2016 for double the price it sold in 2016.
WS-2 082-600-07	1005 STANDARD ST STORAGE WAREHOUSE	100%	58,630 58,630	MASONRY BRNG CONC TILT-UP	C10	1980 17	119,485 49% IC	\$3,950,000 04/06/2018	\$67			58,285 SF Industrial warehouse on 2.74 AC lot. \$67.37/SF. This property was 100% leased out at time of sale. Buyer states \$279,000 PGI
WS-3 090-052-08	12085 MOYA BLVD STORAGE WAREHOUSE	100%	50,446 50,446	MASONRY BRNG CONC TILT-UP	C15	2005 24	137,214 37% I	\$3,450,000 08/22/2017	\$68	\$210,349 5.0%	\$199,832 5.79%	Scheduled 2018 PGI of \$221,420 (\$0.37/SF/month) on a NNN lease with scheduled rent increases near inflation. Long-term tenant, High Quality Organics, appears to be on three-year options, which presents some risk. After
WS-4 013-321-41	1150 MATLEY LN STORAGE WAREHOUSE	100%	39,750 39,750	MASONRY BRNG CONC TILT-UP	C15	1971 22	86,684 46% IC	\$3,528,000 09/15/2017	\$89			Svl Recieved. Listed for over 66 months. Purchased in conjunction with 013-272-03 but was a seperate transaction. Cash sale and purchased for investment. Cap rate not reported but property was occupied.

ATTACHMENT F

**WAREHOUSE RENTS
(20,000 TO 80,000)**

Parcel	Building Address	Location	Class	Building Area	Available Area	Annual Asking	Monthly Asking
012-355-18	5360 Capital Ct	Airport	B	307,207	72,500	\$4.68	\$0.39
021-461-26	4815 Longley Ln	Airport	B	38,250	38,250	\$6.60	\$0.55
090-141-07	6995 Resource Dr	Airport	B	161,000	80,500	\$4.68	\$0.39
012-281-01	490 S Rock Blvd	Airport	B	62,000	62,000	\$4.80	\$0.40
240-021-09	1185 S Rock Blvd	Airport	B	103,366	52,972	\$6.60	\$0.55
163-020-07	1150 Trademark Dr	South	B	193,788	56,800	\$5.40	\$0.45
MEDIAN					59,400	\$5.10	\$0.43

NEIGHBORHOOD MAP



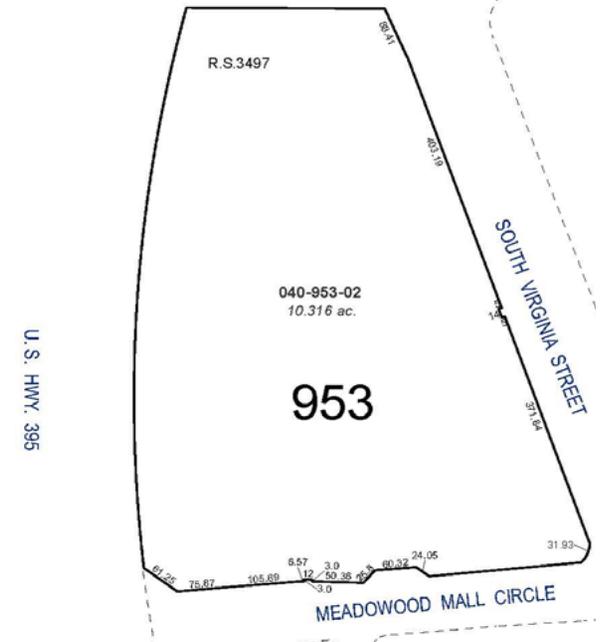
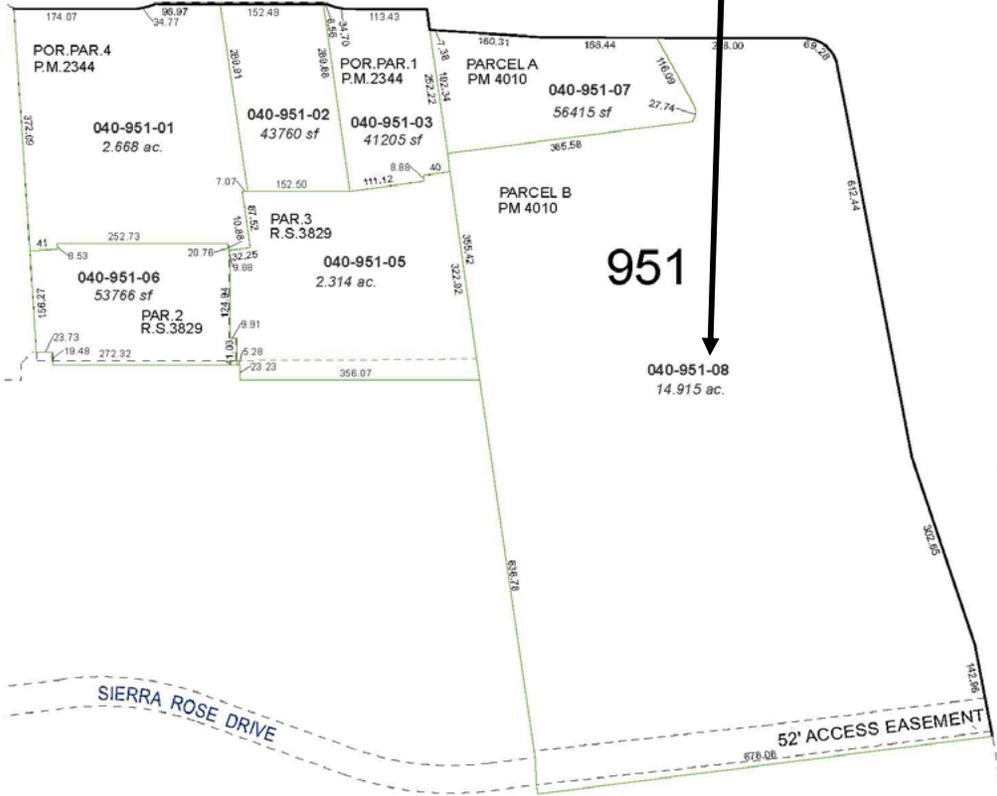
BOOK 24

PORTION OF SECTION 36
T19N - R19E
PORTION OF SECTION 31
T19N - R20E

KIETZKE LANE

SOUTH McCARRAN BLVD.

SUBJECT



039-05

039-05

MAE ANNE AVENUE

351.36



SIERRA HIGHLANDS DRIVE

MCCARRAN BOULEVARD

IS-2

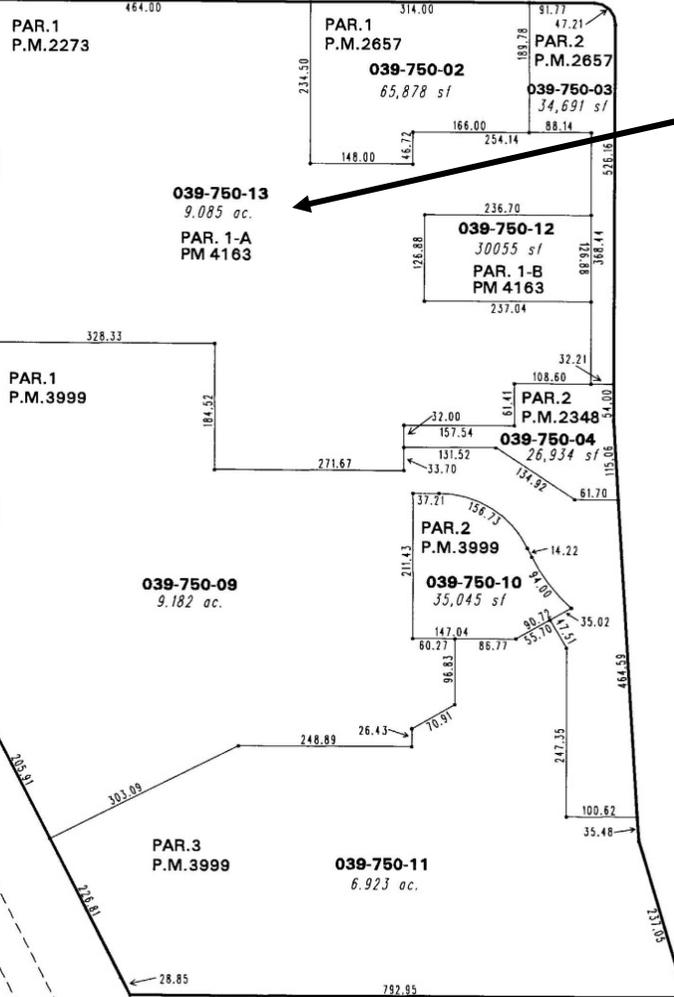
**PORTION NE 1/4 OF SECTION 8
T19N - R19E**

BOOK 005

039-04

039-06

039-12



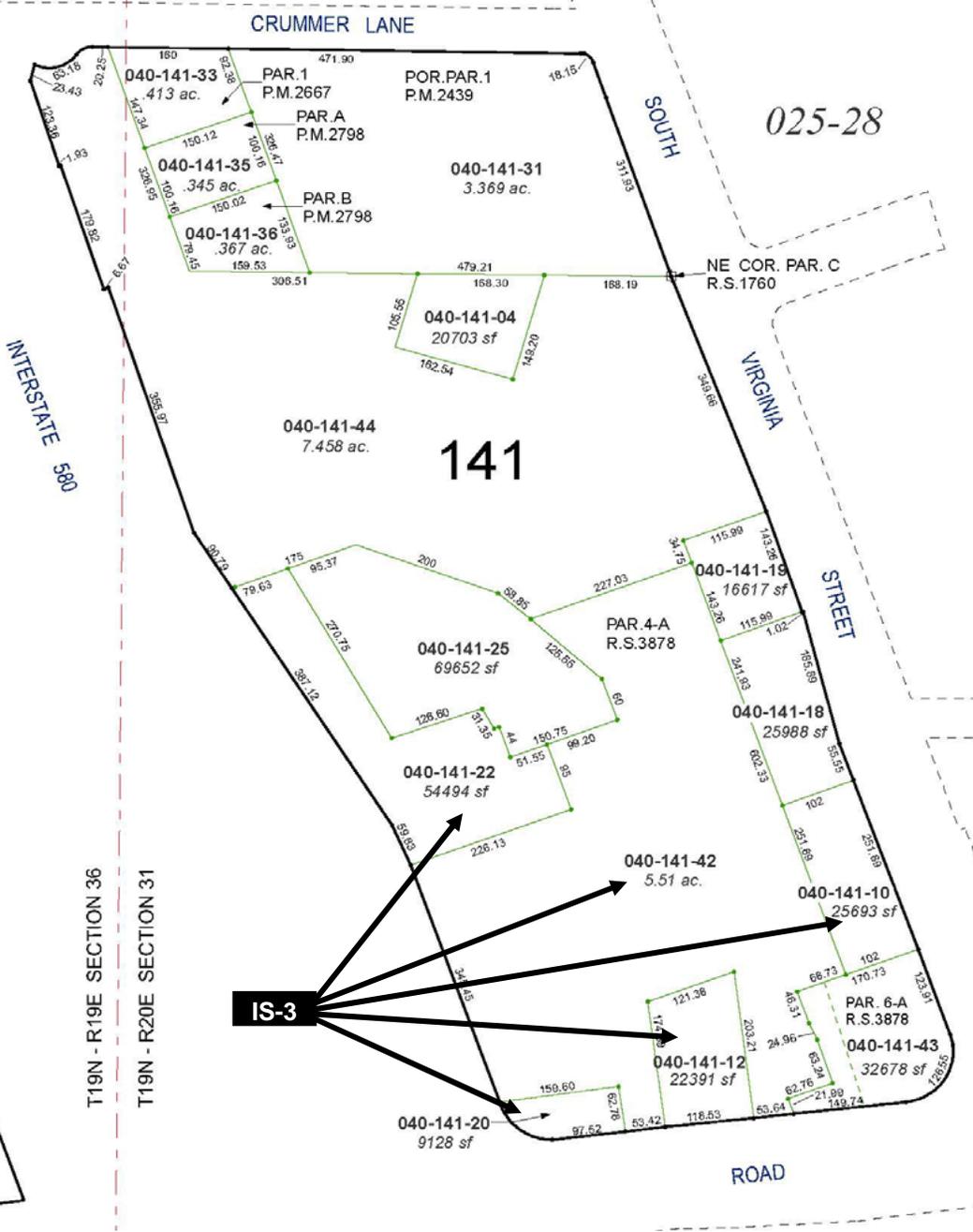
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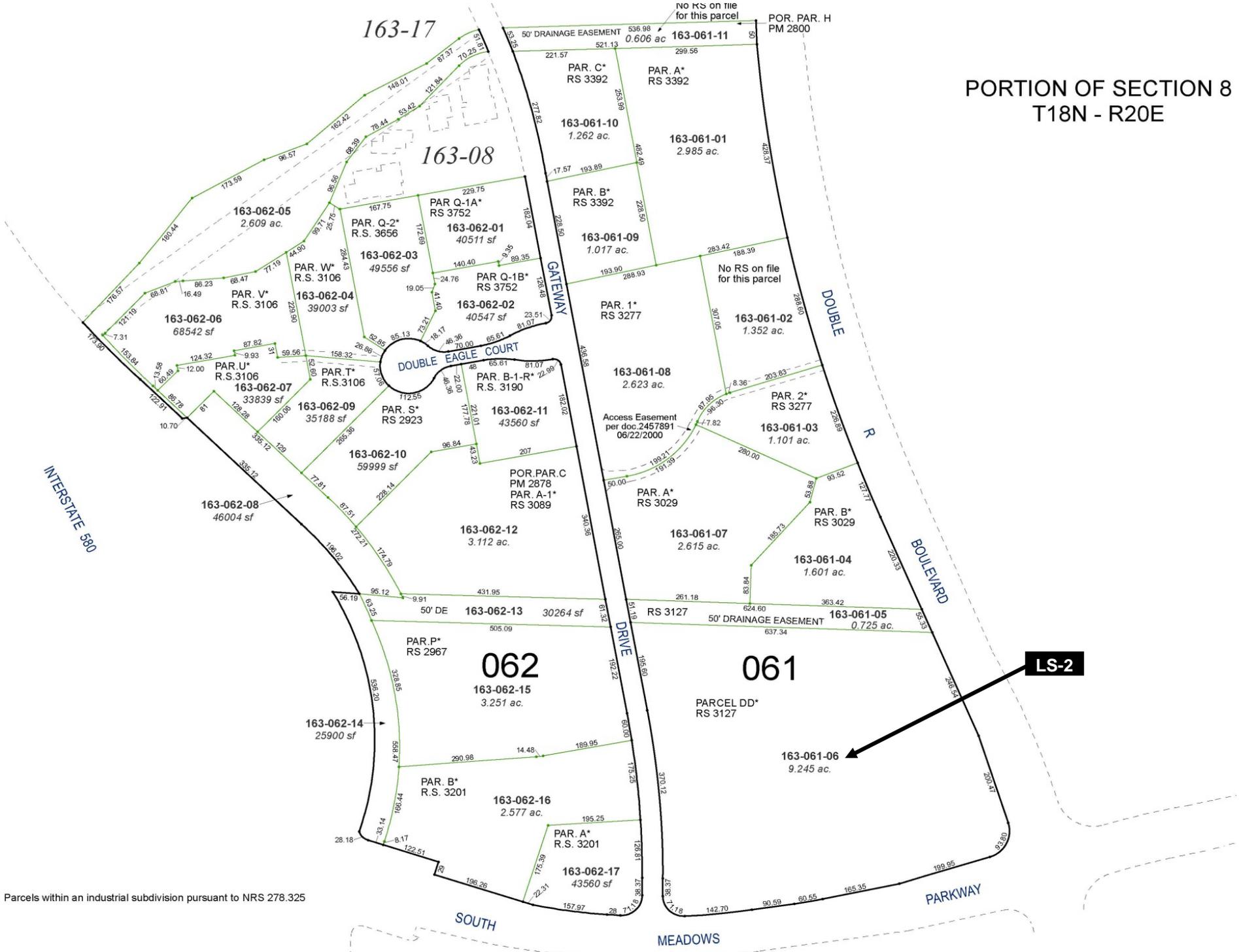
PORTION OF SECTION 36
T19N - R19E

PORTION OF W 1/2 SECTION 31
T19N - R20E

Washoe County
Reno City Limits

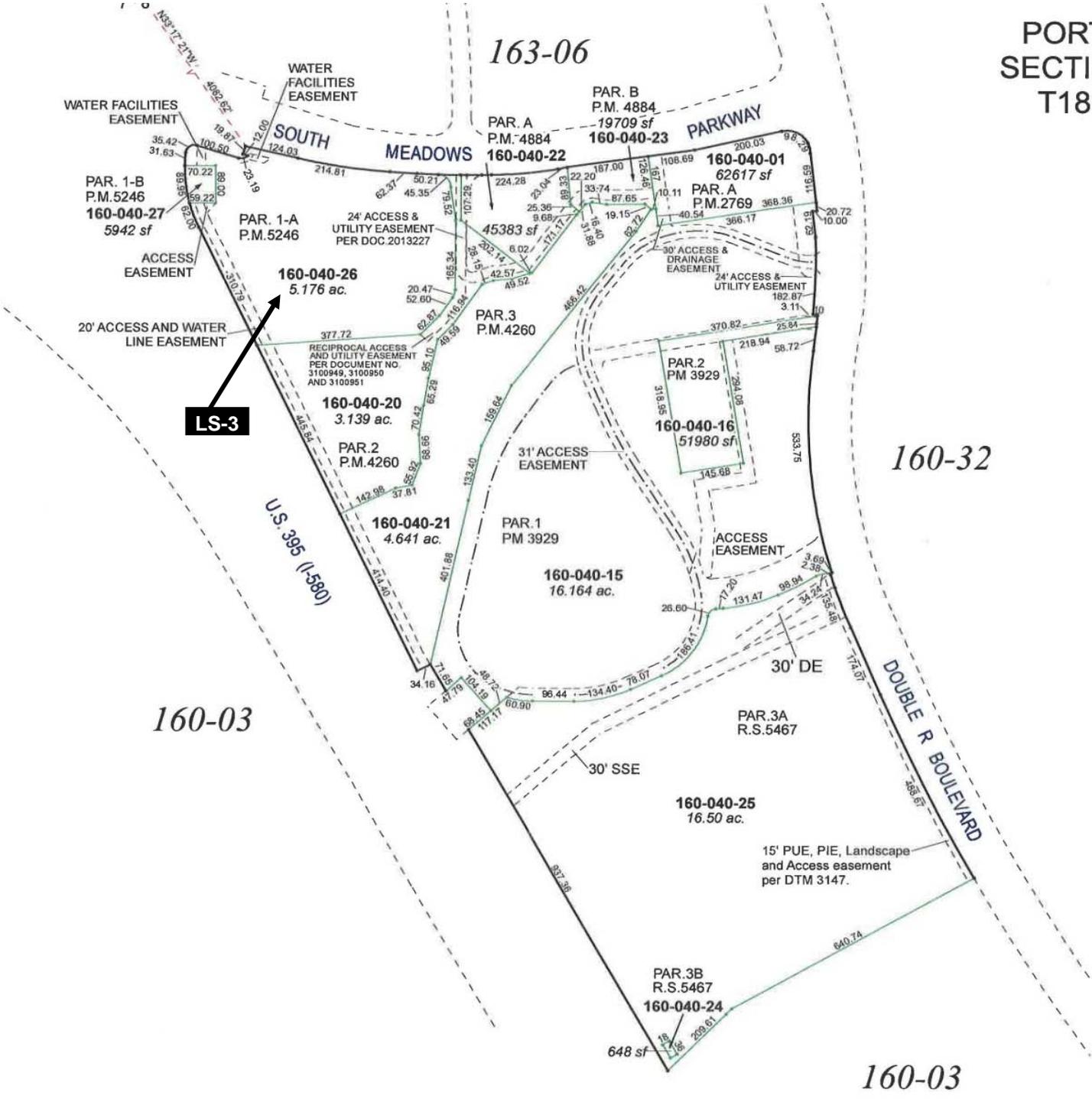


PORTION OF SECTION 8
T18N - R20E



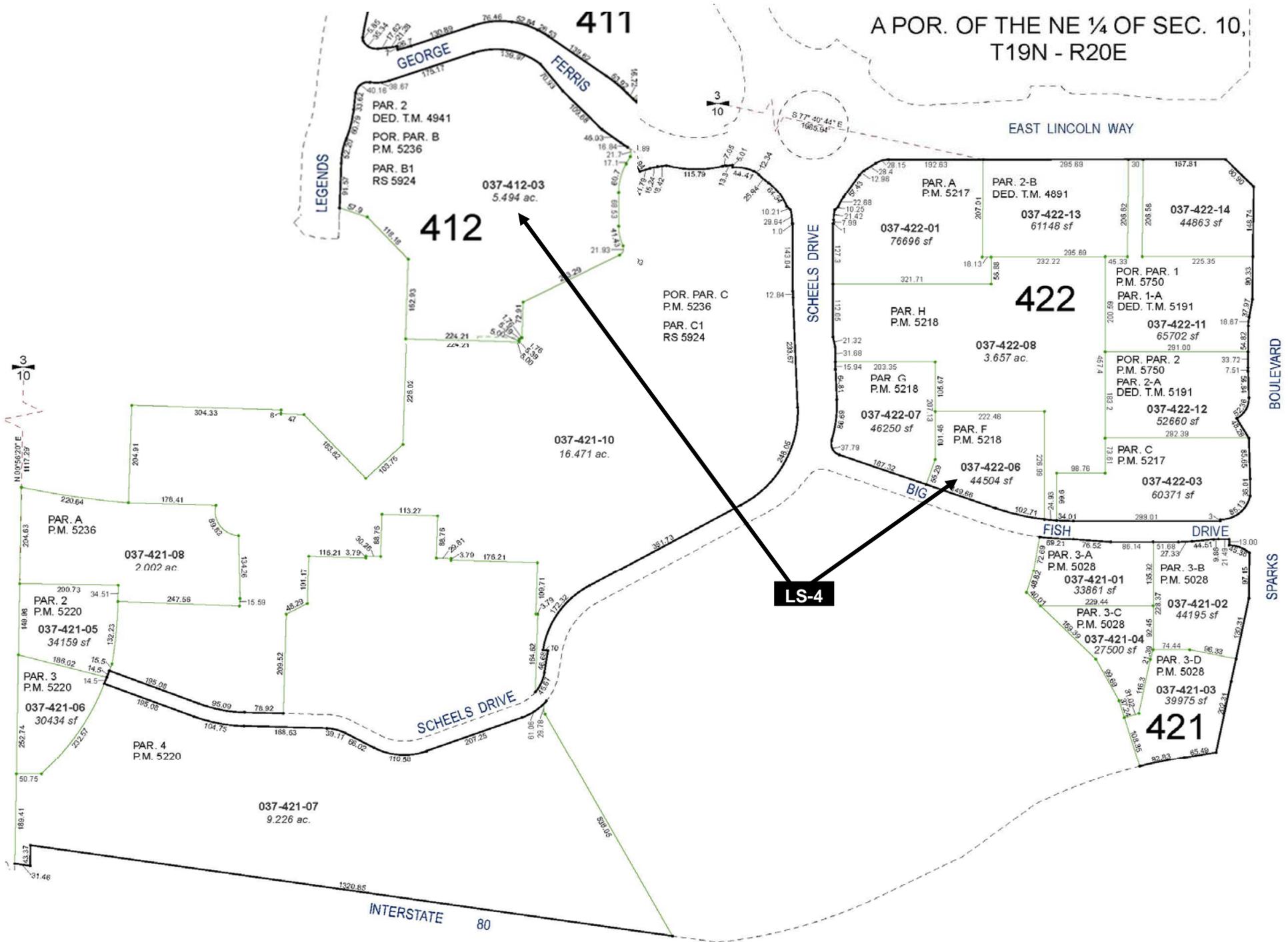
Parcels within an industrial subdivision pursuant to NRS 278.325

PORTIONS OF
SECTIONS 8 & 17
T18N - R20E



LS-3

A POR. OF THE NE ¼ OF SEC. 10,
T19N - R20E



LEGENDS

411

412

EAST LINCOLN WAY

SCHEELS DRIVE

422

BIG

FISH DRIVE

BOULEVARD

SPARKS

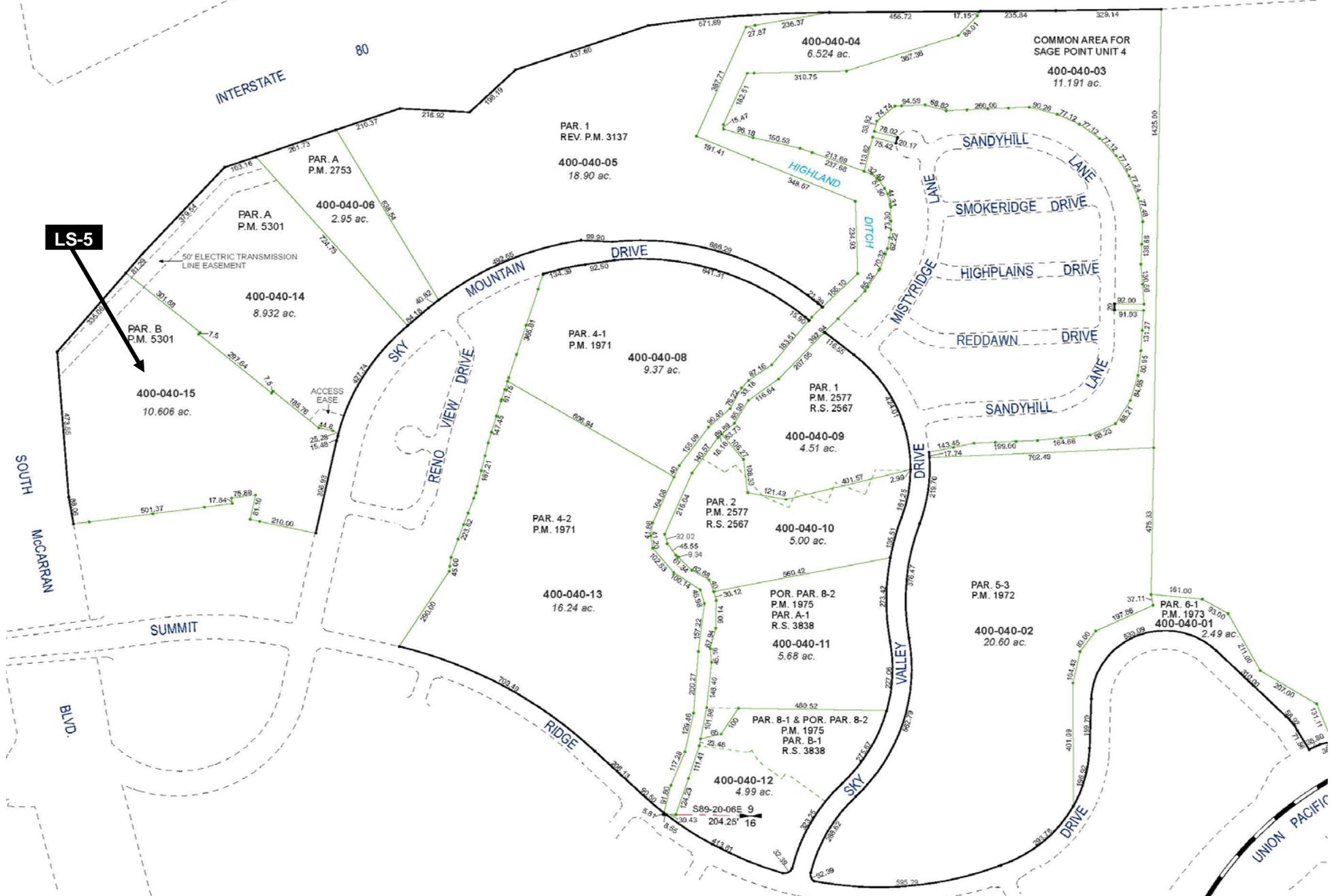
SCHEELS DRIVE

INTERSTATE 80

LS-4

421

PORTIONS OF SOUTH 1/2 OF SEC. 9 & NORTH 1/2 OF SEC. 16, T19N - R19E



LS-5