

Staff Report for 2024 State Board of Equalization

File No.: 2024-REPORT-WARD-MINOT-DAKOTA SQUARE MALL CMBS, LLC

Prepared By: PROPERTY TAX DIVISION

County or City: CITY OF MINOT

Appellant: DAKOTA SQUARE MALL CMBS, LLC

Type of Appeal: COMMERCIAL VALUE

Appeal Issue: Dakota Square Mall CMBS, LLC, represented by Daniel Willaert of DMA, Inc., is appealing the property value of \$56,100,000 on parcel number MI35.677.000.0110, located at 2400 10th Street SW, Minot, ND.

Analysis: Ward County Board of Equalization approved a 2024 true and full value of \$56,100,000. Dakota Square Mall CMBS, LLC, through their representatives Daniel Willaert and Melanie Brennan, are requesting a true and full value of \$20,200,000.

Property Tax Division staff visited with Mr. Willaert and Ms. Brennan on Thursday, August 29th. Staff also visited with Minot City Assessor, Ryan Kamrowski, on Thursday, September 12th. Discussion was had regarding the property characteristics, current sales, and submitted income information.

Consideration was given to the three approaches to value. The three approaches were included, and weighted, in the final determination of value due to the nature of the property.

The income approach was considered for this appeal. Property Tax Division staff reviewed all three different versions of income and analysis information that were submitted by the appellant at the different levels of equalization. A capitalization rate of 10.16% was utilized following research and calculation based on four reputable, online sources. A vacancy rate of 9.52% was utilized following research and calculation based on the rent information submitted by the appellant, and information found on the appellant's website. The income approach determined a true and full value of \$54,699,537, which is lower than the County's true and full value of \$56,100,000.

The cost approach was considered for this appeal. The cost approach was calculated based on Marshall & Swift © Valuation Service manual. This approach was based on several factors including characteristics of the property, price per square foot costs, local and regional multipliers, and depreciation. The cost approach indicates a true and full value of \$72,982,700, which is higher than the County's true and full value of \$56,100,000.

The sales approach was considered for this appeal. Current, comparable sales information was used from the City of Minot, the City of Bismarck, and the City of Fargo. Additional current, comparable sales information of "Regional Malls" located in Minnesota was also considered. Comparable sales located in Minot indicate an average sales price of \$175.65 per square foot. Comparable sales located in North Dakota indicate an average sales price of \$130.17 per square foot. All comparable sales reviewed indicate an average sales price of \$112.74 per square foot. The subject property is current assessed at \$98.59 per square foot. The current, comparable sales information indicates a true and full value of \$64,155,935 which is higher than the County's true and full value of \$56,100,000.

After analyzing the three approaches to value, a weighted average was used to determine the final true and full value of \$65,367,361, which is higher than the County's true and full value of \$56,100,000.

Property Tax Division staff reviewed the City of Minot's determined value of \$60,840,000 as well as the recording of the Ward County Board of Equalization meeting. Staff determined that the main reason the value was decreased from \$60,840,000 to \$56,100,000 was due to a sale that occurred in Stearns County, Minnesota on April 26, 2024. North Dakota Century Code § 57-02-11(1) defines the assessment date as February 1 each year. Due to the timing of this sale, it was determined that this sale was not an appropriate indicator of value for tax year 2024.

The Property Tax Division staff's determined true and full value of \$65,367,361 is 16.52% higher than the County's true and full value of \$56,100,000 and 7.44% higher than the City of Minot's original true and full value of \$60,840,000. Property Tax Division staff recommends the City of Minot's determined true and full value \$60,840,000 is the most appropriate true and full value for the appealed property.

Summary: The City of Minot Board of Equalization approved a 2024 true and full value of \$60,840,000 and the Ward County Board of Equalization approved a 2024 true and full value of \$56,100,000. The Ward County Board of Equalization decreased the value based on a sale that occurred on April 26, 2024, which occurred after the assessment date and is not an appropriate sale for the determination of the 2024 value of the subject property. The three approaches to value indicate a true and full value of \$65,367,361 which is higher than the city and county approved values. During the investigation, Property Tax Division staff reviewed all three different versions of the income and analysis information submitted by the appellant at the different levels of equalization. The analysis completed by Property Tax Division staff indicates that if Ward County had reaffirmed the City of Minot's value, the difference in value between the City of Minot and Property Tax Division staff is attributable to the fluctuation in opinions on how the market is viewed and would not warrant a change.

Proposal for Review: No action required.
