NCCAR
NORTHERN COLORADO COMMERCIAL ASSOCIATION OF REALTORS

JUNE 1, 2025

BOB OVERBECK

Larimer County Assessor
200 W. Oak Street, 2nd Floor
Fort Collins, CO 80521

Mr. Overbeck,

On behalf of the Northern Colorado Commercial Association of Realtors (NCCAR), we are writing to formally express significant concerns regarding the recent property reassessments conducted across Larimer County in the 2025 cycle. These concerns are shared widely by our membership, their clients, and many tenants, which represents a substantial cross-section of the commercial real estate community in Northern Colorado.

We have observed many commercial property owners who have received reassessed valuations reflecting increases of 60% to over 200%. These adjustments are not only dramatic, but in many cases, appear to lack alignment with current market realities. Such increases create undue financial pressure on property owners and tenants alike, particularly in a time of persistent economic uncertainty, higher interest rates, and increasing inflationary pressure from rising insurance rates, utility rates, and overall higher operating expenses. All these factors put downward pressure on valuations and moreover create substantial financial challenges for business owners who own or lease property in Larimer County.

Our members have reviewed the valuation methodologies being exercised and found several critical inconsistencies:

Cap Rates Misaligned with Market Conditions: The capitalization rates used by your office in many cases are significantly lower than what market participants are observing, creating inflated valuations. Across a range of product types, brokers are consistently seeing cap rates that are 100 to 200 basis points higher than those applied in the assessor's valuations, considering most properties are purchased using debt financing with a cap rate spread over

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borrowing rates. For example, Terrydale Capital, who provides specialized financing for commercial investment properties, in June 2024, reported a quoted average rate of 8.21% for multifamily, 8.52% for industrial, 8.13% for retail and 8.76% for office (Terrydale Capital, June 28, 2024). These discrepancies fail to reflect the risk premium currently required by investors due to elevated borrowing costs (which reduce purchasing power), and broader economic trends.

Lack of Transparency in Market Rent Assumptions: We respectfully question how your office is defining and sourcing "market rent" figures used in the recent valuations and would like clarity if those are net rents (excluding operating expenses), gross rents or modified gross rents. More specifically, they seem to overlook critical factors that contribute to effective rents such as tenant improvement concessions, rent abatement, lease incentives, elevated vacancy, and the softening of demand during the reassessment period. We urge your office to clarify what data sources and methodologies are being used to derive market rent assumptions and to consider incorporating appropriate, transaction-level insights from local market participants.

Valuation Methods Lack Local Market Insight: While we understand and appreciate that your office must operate within the framework of the state's assessment guidelines, we encourage a more robust integration of real-time, local market data provided by commercial brokers who are actively engaged in transactions across Larimer County. These professionals offer vital on-the-ground insight into pricing trends, investor sentiment, vacancy, and income potential that should inform any equitable valuation process. We seek clarification on whether comparables are based on localized data or countywide averages by asset class. While broader data may be necessary when local comps are limited, several valuations appear inconsistent with localized market trends.

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Time Adjustment Models Lack Clarity: The commercial time adjustment tables provided seem to be arbitrary relative to commercial properties. We request you provide clarification on how those are formulated and what data sets are used for time adjustments. Furthermore, the Sale Study Period of 60 months is not typical in commercial appraisals, and the coupling of these data points, without regard to current market conditions can significantly impact valuations incorrectly.

Valuation Consistency and Documentation: We have observed that some properties appear to be assessed at uniform rates, which often cite the higher end of comp sets available, for example, a blanket $200/SF valuation for industrial condominiums, without sufficient differentiation based on actual comparable sales. In several cases, this approach seems to diverge from your office's stated commitment to individually appraising each property. We request more detail on how comps are selected and weighted. As examples, see the enclosed for two Larimer County Real Property Protests that were completed at the end of May 2025.

These inconsistencies are misaligned with Colorado Revised Statute 39-1-104, which requires that valuation methods reflect actual market trends and changes over the assessment period. We strongly urge your office to review and revise its methodology to better reflect current economic conditions and to engage in open dialogue with the commercial real estate community. NCCAR and its members stand ready to provide data, expertise, and context to assist in this process. It is in everyone's interest—particularly as we seek to maintain a healthy, vibrant commercial sector and small business economy—that property valuations are fair, accurate and consistently reflect current market conditions.

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We understand your office is in the midst of a demanding assessment season; however, we respectfully request all county appraisers and appeal personnel to consider reasonable adjustments where inconsistencies exist. These valuations will have long-term implications for property owners, tenants and our local business community.

We request a meeting with your office to discuss these concerns further and identify actionable solutions. Please contact Sarah Grosball (sarah@nccar.com), NCCAR's Association Executive, to schedule a conversation with our board. Thank you for your prompt attention to this matter.

Sincerely, on behalf of the

NCCAR BOARD OF DIRECTORS

Rico Devlin
2025 Board President
rico@lcrealestategroup.com | (970) 413-1182

Jamie Globelnik
2025 Board Vice President
jamiek@realtec.com | (970) 310-4811

Copy to: 2025 NCCAR Members

Parcel 9515251003 Area 2

Larimer County Real Property Protest

Submitted: May 22, 2025 at 10:57:00am
From: Nick Galluzzo, nick@lcrealestategroup.com

Phone: 7202974203

Property Info

Owner Name: 2327 W 8TH LLC
Parcel Number: 9515251003
Schedule Number: R1528432

Property Address
2327 W 8TH ST A3
LOVELAND, 80537

Total Value: $327,900

Reason for Protesting: Overvalued - Property is 2 condo units combined. Property was purchased for $480,000 ($240,00 per unit) on 4/28/2025 based on a 2025 proforma of $12/SF NNN on a 8.0% cap rate ($480k value). The 2025 proforma was based off of Seller's existing lease in place of $4k/mo Gross Lease. See attached valuation based on this income approach. Additionally, see sales comp data demonstrating roughly $150-160/SF sales comps. Note that these units have 2400 SF (1200 each) of usable floor space and 800SF (400 each) of mezzanine storage and building system equipment). So mezzanine storage should not be counted as "full" SF in valuation, rather half. For Example, 2400SF x $160/SF = $384,000 800SF x $80/SF = $64,000. $384,000 $64,000 = $448,000 Total Value

Owner Estimate: $240,000

This Parcel

Parcel Num.	Sale Date	Sale Price	*Time Adj Sale Price	Address	Style	Sq. Ft.	Bsmnt. Sq. Ft.	Bsmnt. Fin. Sq. Ft.	Garage Sq. Ft.	Lot Size	Year Built	Subdiv.	2025 Value
9515251003	04/28/2025	480,000	N/A	2327 W 8TH ST A3	Loft - Industrial	1640				0.12	1997	2670	$327,900

If you would like to send additional support information please send to:
protests@co.larimer.co.us or mail to:

Larimer County Assessor
200 W Oak St
PO Box 860
Fort Collins, CO 80522

Please note in your communication that this is additional information to be included with an **existing** protest. To be considered with the existing protest, any additional information must be received by the Assessor's office on or before June 9, 2025. Notices of Determination (NOD) will be mailed on August 15th, 2025 and will also be available online via the Property Search page.

Parcel 9523426007 Area 2

Larimer County Real Property Protest

Submitted: May 26, 2025 at 11:40:23am
From: Nathan Klein, nathan@lcrealestategroup.com

Phone: 9702222473

Property Info

Owner Name: SERIES 4 WRJBS LLC
Parcel Number: 9523426007
Schedule Number: R1594355

Property Address
1351 S GARFIELD AVE S7
LOVELAND, 80537

Total Value: $385,500

Reason for Protesting: Overvalued - This property is overvalued using both the comparable sale and income approaches to value. Using income - this property is subject to a long term lease with a local locksmith, but has ALWAYS leased for 20-30% lower than many comps due to its functional limitation of not having an overhead garage door to access the warehouse. Given that, the in please lease at $10/s.f. triple net is an appropriate market lease rate as of the assessment date. Using an 8% cap rate which is arguably aggressive given the market interest rates of 6.5-7% for small industrial investment condos, this results in an indicated income approach to value of $125/s.f. or $206,000. There is one direct comp that sold in the same complex (located next doors down with same frontage and visibility to the street and also lacking an overhead garage door) and within the assessment window that must be considered - this was the sale of Unit 1339 and 1343 which total 3,030 rentable s.f. including the office mezzanine. These units sold on March 14, 2024 for $390,000 $128.71/s.f. which is in-line with the income approach above when considering that both the comp and subject property face the same limitations with their warehouse functionality. Additional comp sales in the area that have relevance to further support that the suggested valuation is substantially over market include 131 12th Street SW (one block north), sold for $165/s.f. on 12/15/23 - this unit has superior quality office finish and full HVAC in the warehouse, 211 12th SW (one block north and 1/2 block west) sold on 1/17/24 for $178/s.f. - this unit is an artist loft with superior finishes and full HVAC in the WH, and 1363-1367 S. Garfield - which sold after the assessment window on 1/31/25 for $145.66/s.f. but demonstrates that the trend both in the market and in the same exact complex is that values have declined from the prior assessment, not increased. In this case, the value is clear and easy to support both from an income and comparable sale located immediately next door with similar functional challenges which limits its upside valuation. We appreciate your consideration of these clear considerations.

Owner Estimate: $214,240

This Parcel

Parcel Num.	Sale Date	Sale Price	*Time Adj Sale Price	Address	Style	Sq. Ft.	Bsmnt. Sq. Ft.	Bsmnt. Fin. Sq. Ft.	Garage Sq. Ft.	Lot Size	Year Built	Subdiv.	2025 Value
9523426007	07/07/2006	319,000	N/A	1351 S GARFIELD AVE S7	Loft - Industrial	1648				0.11	1999	2693	$385,500

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