

NEC FAIRMONT LLC	*	IN THE
V.	*	MARYLAND TAX COURT
SUPERVISOR OF	*	24-RP-MO-0146
ASSESSMENTS FOR	*	&
MONTGOMERY COUNTY	*	24-RP-MO-0697
*****	*****	*****

MEMORANDUM AND ORDER

The Petitioner has come to this Court seeking a reduction of the property tax assessments for the years 2023 and 2024. The Property Tax Assessment Appeals Board (“PTAAB”) set the 2023 value at \$43,194,100, reversing the Supervisor of Assessments and affirmed the Supervisor of Assessments for 2024 (\$36,990,300). The subject property is located at 7735 Old Georgetown Road, Bethesda, Maryland, and it is an office building built in 1964, with major renovations having taken place in 1997. This commercial building includes retail space. The property includes at least 120,000 rentable square feet across twelve floors, with an attached four-level parking garage. The total site is 22,574 square feet. The Petitioner presented evidence of the value of the subject property by way of an appraisal report prepared by James Caminis, MAI of Lipman Frizzell & Mitchell LLC. Mr. Caminis was the Petitioner’s sole witness. He was stipulated by Respondent as an expert. Mr. Caminis’ expert opinion of the subject property’s market value of January 1, 2023, is \$17,300,000 and his expert opinion of the subject property’s market value of January 1, 2024, is \$13,800,000. The Respondent believes that the values of the property are \$22,963,458 as of January 1, 2023, and \$20,571,000 as of January 1, 2024, as Terri Liu, the commercial assessor reported and testified.

The Court holds that the Petitioner met its burden of proof, but will set the full cash value of the property as follows:

As of January 1, 2023:	\$20,247,347
As of January 1, 2024:	\$17,050,041.

Mr. Caminis used two main approaches to value (income and market) to come to a value of the subject property for each levy year. He utilized the market approach to corroborate the income approach, which he testified that for a building such as the subject is the most accurate approach to value. As such, Mr. Caminis used a capitalized income approach taking stabilized deductions. The Petitioner's net operating income ("NOI") was stipulated by the Respondent for both years. For 2023, that NOI was \$2,766,638 and for 2024, the NOI was \$2,670,582. Further, there is no disagreement between the parties as to the proper method of valuing the subject property. The income approach is the most accurate for this property.¹

The remaining contentions were the capitalization rate and the stabilization costs. Mr. Caminis testified that the capitalization rates used by the Respondent were too low, and indicated the capitalization rate that should be used is 12.5% (i.e., 13.6642% loaded with the tax rate) and 14.5% (i.e., 15.6632% loaded with the tax rate) for the 2023 and 2024 levy years, respectively. The Court agrees, taking into account the rate analysis sections of the reports and testimony of Mr. Caminis as convincing and persuasive.

¹ The essential formula to value the subject property is to take the NOI and divide it by the loaded capitalization rate. The NOI can be explained as the difference between the Effective Gross Income and Total Operating Expenses. As mentioned above, the Petitioner's NOI was stipulated by the Respondent for both levy years.

As for stabilization costs, the Court agrees with the Respondent; stabilization costs need not be taken into account after determining the value from the quotient of the NOI divided by the loaded capitalization rate. Those costs have already been deducted from the income. Ms. Liu, stated as much, calling those “double counting.” Stabilization costs are already accounted in the selection of an appropriate market-derived capitalization rate and are attributed in some operating expenses; they should not be separately itemized as distinct costs and subtracted “below the line.”

The Court concludes that the Petitioner met the burden of proof to modify the assessed values of the property. Accordingly, it is this 18th day of September 2025, by the Maryland Tax Court ORDERED that the assessments appealed in the above-captioned case are REVERSED and the full cash values shall be set at \$20,247,347 for 2023 and \$17,050,041 for 2024.

CC: Olufisayo Oketunji, Esq.

Vincent Guida, Jr., Esq.

Katrina Wiggins, Administrator

CERTIFIED TRUE COPY
TEST: Andrew Berg, Clerk

NOTICE: You have the right to appeal from the above Order to the Circuit Court of any County or Baltimore City, wherein the property or subject of the assessment may be situated. The Petition for Judicial Review **MUST** be filed in the proper Court within thirty (30) days from the date of the above Order of the Maryland Tax Court. Please refer to Rule 7-200 et seq. of the Maryland Rules of Court, which can be found in most public libraries.