FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Aegis Palatine LLC
DOCKET NO.: 04-23904.001-C-3
PARCEL NO.: 02-24-106-006-0000

The parties of record before the Property Tax Appeal Board are Aegis Palatine LLC, the appellant(s), by attorneys Charles A. Powell and Patrick Doody of Chicago; the Cook County Board of Review by Cook County Assistant State's Attorney Ben Bilton; and Palatine C.C.S.D. #15, and Palatine Town. H.S.D. #211, the intervenors, by attorney Michael J. Hernandez of Franczek Radelet P.C. in Chicago.

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds ***a reduction*** in the assessment of the property as established by the **Cook** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND:	$588,711
IMPR.:	$1,311,289
TOTAL:	$1,900,000

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of 187,787 square foot parcel of land improved with a 33-year-old, 10-story, concrete constructed, multi-tenant office building containing 155,166 square feet of gross building area of which 136,603 square feet is rentable. The appellant argued that the fair market value of the subject is not accurately reflected in its assessed value.

PTAB/JBV

In support of this market value argument, the appellant submitted a complete, self-contained appraisal of the subject with an effective date of January 1, 2004 and an estimated market value of $4,945,000.

At hearing, the appellant's witness was the appraiser, Michael Kelly. Mr. Kelly testified that he is employed by Real Estate Analysis Corporation. He testified he has been working there for 31 years. Prior to that, he worked at the Cook County Assessor's Office. He indicated that he is a state-certified appraiser in Illinois, Indiana, Michigan and Iowa and holds the designation of a MAI from the Appraisal Institute. Mr. Kelly testified that he has appeared as an expert witness before in the court system, in front of assessment boards in several states including The Illinois Property Tax Appeal Board. Mr. Kelly testified he has appraised over a hundred properties similar to the subject. Kelly was admitted as an expert in the field of property valuation without objection of the remaining parties.

The appellant's appraisal gave an estimate of market value as of the effective date of January 1, 2004 of $4,945,000. Kelly testified that Alan Geerdes conducted a complete interior inspection while he has seen the exterior of the property on several occasions prior to his personal inspection on July 15, 2009. Kelly explained the process of an inspection. The appraisal identifies and fully describes the subject property's improvements.

Kelly testified that the subject property is located in the Northwest Corridor of the suburban office market of Chicago. He opined that the subject's location is the Palatine market and not the Schaumburg office market because as one exits Schaumburg the larger and better class of A-type buildings that attracts A tenants diminishes. He opined that the subject attracts more local market tenants than the larger, Class A-type tenants from around the Woodfield Shopping Center.

Kelly testified the subject is an 187,787 square foot parcel of land improved with a ten-story, multi-tenant office building built in 1971 which indicates an age of 33 years as of the date of valuation. He opined that the building would be classified by a rental broker as a B-type building due to its age. Kelly testified that the building contains approximately 155,000 square feet of building area, including the basement, and that the net rentable area is approximately 136,000 square feet and includes a portion of the basement. In addition, Kelly noted there is a drive-through lane on the side of the building for the first floor bank tenant. He also stated the site improvements are a paved parking lot that surrounds the building.

Kelly opined that the highest and best use of the subject as vacant was commercial use and that as improved, it highest and best use would be its current use as a multi-tenant office building. He testified that a typical life for a building like the subject is 60 and that the effective age of the subject was calculated to be 33 years which develops a remaining economic life of 27 years.

The appellant's appraiser developed the three traditional approaches to value in estimating the subject’s market value. The cost approach indicated a value of $4,945,000, rounded, while the income approach indicated a value of $4,945,000, rounded. The sales comparison approach indicated a value of $4,780,000, rounded. The appraiser concluded a market value of $4,945,000 for the subject property as of January 1, 2004.

The initial step under the cost approach was to estimate the value of the site at $1,390,000, or $7.40 per square foot. In doing so, Kelly testified he considered three land sales that ranged in sale prices from $6.94 to $7.46 per square foot. He testified he considered all the differences in the properties in estimating a land value.

Using the Means Cost Manual and the Marshall Valuation Service, Kelly estimated the replacement cost new to be $16,900,000 or $108.92 per square foot of rentable area. In establishing a rate of depreciation, the appraisal describes the age-life method to arrive at physical depreciation from of 55% or $9,295,000. Kelly testified that he then reviewed the loss in value for the subject to establish functional economic obsolescence. He testified he looked at net income for properties like the subject as detailed in the income approach. The appraisal notes this rate of return at 18.2%. Kelly testified he then applied the rate of return to the subject's value, including land, to establish what the income would have to be. He testified he compared this to the stabilized net income for the subject and the deficient about is capitalized at the same rate of return to indicate the functional economic obsolescence at approximately $4,000,000. Kelly estimates total depreciation at $13,344,945 to arrive at the depreciated value of the improvements at $3,555,055. Adding the land value resulted in a final value estimate of value under the cost approach of $4,945,000, rounded.

Under the income approach, the appraiser reviewed the leases of the subject property and several leases from the surrounding office buildings in the area. Kelly testified about the length of the leases on the building and how that affects the stability of the income and risk to the purchaser. Kelly testified he reviewed the historical rents for units on the second through tenth floors of the subject which range from $15.95 to $18.59 per square foot. He testified he then applied a weighted average of $17.84 per square foot and that his final conclusion for market rent was estimated at $17.00 per square foot for these floors. Kelly testified he estimated a higher rental rate of $18.00 per square foot for the first floor as neighborhood-type office space located on the first floor as opposed to retail space. As to the basement space, Kelly testified he reviewed the rents of tenants in this space at $7.00 to $9.50 per square foot. He weighted the average of this second and third class space to estimate a rent of $9.00 per square foot. Kelly testified he estimated a total potential gross income of $2,301,000, rounded.
Kelly testified that he reviewed the typical vacancy rates of office buildings in the Northwest Corridor as well as the subject's historical vacancy and arrived at a vacancy and collection rate for the subject of 22%. As a result of this, the appraisal indicates a total effective office income of $1,795,314. Other stabilized income is included in the appraisal for a total effective gross income of $1,825,000, rounded.

For expenses, Kelly testified he reviewed the actual expenses for the subject as well as the industry standard and the mid range as reported in the 2003 Building Owners and Managers Association Study. The appraisal stabilizes expenses at $925,000 for a net operating income of $900,000.

In determining the appropriate capitalization (CAP) rate, Kelly testified he considered three methods. First, he testified, he extracted a CAP rate from the sales comparisons submitted under that approach. Kelly stated this method indicated overall rates of 9.9% to 11%. Kelly also considered the band of investment method which indicated a CAP rate of 8.8% for, as testified by

Kelly, an institutional, newer-type property. Kelly testified he also reviewed the CAP rates from Korpacz for institutional-quality buildings located in the Chicago market as of 2003 and that this CAP rate was 8.7%. He opined that these buildings were superior to the subject and that the suburban market usually has CAP rates that are one to one and one-half percentages higher versus the Chicago market. Kelly testified that after consideration of all the data, he selected a CAP rate of 9.5%. After adding in the effective tax rate of 8.7% an overall CAP rate of 18.2% was applied to the net operating income to estimate the market value for the subject under this approach at $4,945,000, rounded.

The final method developed was the sales comparison approach. Kelly testified that, under this approach, he examined four multi-tenant office buildings. The properties range in building size from 20,000 to 148,000 square feet of rentable area and sold from May 2002 to April 2004 for prices ranging from $925,000 to $10,050,000, or from $45.33 to $67.91 per square foot of rentable area, including land. The properties ranged in age from 21 to 27 years and in land to building ratio from 1.53:1 to 3.92:1. Kelly testified he estimated a stabilized income for these properties from $4.75 to $6.83 per square foot of rentable area and opined that the subject would fall on the low end of this range. Based on this and the other characteristics, Kelly testified he estimated the value of the subject at $35.00 per square foot of rentable area, including land. This yields a value for the subject property under the sales comparison approach at $4,780,000, rounded.

In reconciling the various approaches, Kelly testified he gave minimal weight to the cost approach and more weight on the sales approach, but that maximum weight was placed on income approach. After reconciliation, the appraisal estimated the value for the subject property as of January 1, 2004 to be $4,945,000.

Under cross-examination, Kelly testified that one of the land sales in the cost approach was a lot in Lake County. He also testified he did not make an adjustment for the location of land sale #2, but he did make an adjustment for location for sale #3.

In clarifying the functional and economic obsolescence of the subject, Kelly confirmed he subtracted the subject's stabilized net income from the market required net income. He further acknowledged this stabilized net income is a figure arrived at from the operating statements in the income analysis. Kelly agreed that the smaller the stabilized net income the larger the functional obsolescence.

As to the income approach, Kelly acknowledged he looked at the leases in a Rolling Meadows complex that consisted of a limited service building so that the tenants are responsible for cleaning expenses, gas and electricity. He testified he adjusted those rents to reflect gross rent for a full service building. Kelly acknowledged that the appraisal did not provide comparable leases from other buildings that were leased on a gross rent basis. He testified the reason for this was because there were a sufficient number of new leases on the subject property.

Kelly acknowledged that the summary of the subject's leases in the appraisal does not include the calculations for the escalation rates of the rent nor does the appraisal provide the base rent to determine the calculations. He also acknowledged that of the listed leases, one tenant occupies over 50% of the rentable area in the list. The subject property contains 136,603 square feet of rentable area; the list of leases covers 33,061 square feet of rentable area; and one tenant from this list occupies 16,856 square feet.

Kelly acknowledged the subject had a vacancy of 8% in 2001, 8.9% in 2002 and 15.3% in 2003 and that he utilized a vacancy rate of 22% based on several factors. Kelly was asked several questions concerning expenses and the fact that the subject's expenses were significantly less than the expenses as stabilized in the appraisal. He was also asked several questions concerning the exclusion of real estate taxes in the net operating income. Kelly confirmed the figures of the income with the inclusion of the real estate taxes for 2001, 2002 and 2003. Kelly testified this would be for estimating the leased fee estate.

As to the sales comparison approach, Kelly acknowledged the descriptive information for sales #1 and #2 in the appraisal. He testified that in 2003, the year prior to the sale, sale #1 was 65% vacant and sale #2 was 100% vacant. He also confirmed the descriptive and sales information for sales #3 and #4. Kelly acknowledged that for sales #1, #2 and #4 he estimated a net income for these properties and that the only sale with an actual leased fee data was sale #3.

The appraisal estimates a value under the sales comparison approach of $35.00 per square foot of rentable area, including land. Kelly acknowledged this value is $10.00 below the range established by the sales comparables.

Again, Kelly testified he put the most emphasis on the income approach to value. He also acknowledged that he did not include the rent roll in the appraisal and that the subject's lease information in the appraisal covers only 33,061 square feet of rentable area.

In re-direct, Kelly testified that he relied more on the income approach because, for one reason, there are not many ten-story office buildings in the far northwest market. He opined that he building is unusual for the local market. He testified that another reason is because there was better data in the income approach.

Kelly testified that the vacancy rates for the subject are consistent with the market in relation to the events of September 11, 2001. He testified that when vacancy rates are high, there is more competition in the market and rents start to decline. He opined that it was common knowledge in 2004 among brokers and tenants that vacancy rates were high. Kelly testified that there is a higher risk for turnover and higher turnover rates for older type-B buildings than for a typical type-A building.

The board of review submitted "Board of Review-Notes on Appeal" that reflect the subject's total assessment of $2,517,591 yielding a market value of $6,625,239 or $48.50 per square foot of rentable area, including land, using the Cook County Real Property Classification Ordinance for Class 5A property of 38%. In support of this market value, the notes included a retrospective appraisal. The appraiser, Jeffrey M. Hortsch, utilized the income and sales comparison approaches to value to estimate the value of the subject property at $8,545,000 as of January 1, 2004. As a result of its analysis, the board requested confirmation of the subject's assessments. At the hearing, the board of review did not call any witnesses and rested its case upon its written evidence submissions.

In support of the intervenors' position, the intervenor submitted a complete, summary appraisal of the subject with an effective date of January 1, 2004 and an estimated market value of $7,100,000. The appraiser is William Enright. Mr. Enright was the intervenors' first witness in this appeal. Mr. Enright testified that he works for Appraisal Associates as a principal or appraiser for over 21 years and also holds the designation of MAI. Enright also stated he is a certified appraiser in Illinois and Indiana, holds a real estate broker's license in Illinois, and is a certified public accountant. He stated he has performed over 2,000 appraisals over the course of his career. Enright testified he has been an expert witness in circuit court and before the Cook County Board of Review and the Illinois Property Tax Appeal Board. Enright was admitted as an expert in the field of property valuation without objection of the remaining parties.

Enright testified he performed an exterior and cursory interior inspection of the subject's on December 6, 2006. Enright opined that the subject property's highest and best use would be continuation of its present use. In addition, Enright developed the three traditional approaches to value in estimating the subject’s market value. The cost approach indicated a value of $8,000,000, rounded, while the income approach indicated a value of $7,100,000, rounded. The sales comparison approach indicated a value of $7,100,000, rounded. The appraiser concluded a market value of $7,100,000 for the subject property as of January 1, 2004.

The first method developed was the cost approach. The initial step under the cost approach was to estimate the value of the land. Enright testified he reviewed five land sales. The properties sold from October 2002 to December 2003 for prices ranging from $7.22 to $23.21 per square foot. Enright testified that the sales are located in Palatine and nearby communities. After adjustments, Enright estimated the subject land at $9.30 per square foot or $1,750,000.

Using the Marshall Valuation Cost Manual, Enright estimated the replacement cost new to be $19,938,831. Enright testified this value was determined by using a cost manual for an average Class B office building with adjustments for sprinklers and the drive-up facility on the west elevation. Enright testified that depreciation was estimated by using the age-life method. He stated the subject property was 33 years old at the time of valuation, but that the effective age was estimated at 35 years and he estimated the typical economic life of the subject to be 50 years; thereby, physical depreciation was estimated at 70%.

Enright testified he did not make any deductions for functional or external obsolescence. This resulted in a depreciated cost of the building improvements of $5,981,649, while the depreciated cost of other site improvements was estimated at $250,000. Adding the land value resulted in a final value estimate of market value for the subject of $ $8,000,000, rounded.

Under the income approach, Enright testified he reviewed the rental data for the leases listed in the appellant's appraisal as well as comparable rental properties. Enright testified that a review of the leases show the upper floor office space rents ranged from $15.95 to $19.01 per square foot of rentable area with a weighted average of $17.34 per square foot. Enright testified he removed the lease concerning the large square footage from consideration and developed an average rental rate of $17.87 per square foot of rentable area. He testified he also reviewed the average asking rental rates as of January 1, 2004 as listed in CoStar Comps Service; the figure was $19.55 per square foot of rentable area.

Enright then testified he reviewed the rental data on leases for four tenants located on the first floor of the subject. The appraisal lists these rents from $18.50 to $21.27 per square foot of rentable area. The appraisal also lists the rental rates for two leases of tenants located in the lower level at $8.40 and $9.49 per square foot of rentable area.

Enright testified he reviewed the information concerning recent leases of nine properties located in the subject market area which range in rental rates from $17.50 to $25.18 per square foot of rentable area. Enright concluded three rental rates for the subject property: $18.00 per square foot for the upper floors; $20.00 per square foot for the first floor commercial space; and $9.00 per square foot for the lower level space for a potential gross rental income of $2,447,092. He also testified that he stabilized income from other sources at $25,000.

Enright stated he estimated vacancy and collection at 15%. He testified he reviewed the subject's expenses as well as operating expenses for 13 properties located in the subject's market and stabilized operating expenses at $6.00 per square foot. He opined that leasing expenses should not be included in the operating expenses because this was a capital expenditure. Enright testified he concluded non-reimbursable expenses at

$50,000. After calculations, the appraisal estimated the net operating income (NOI) at $1,235,410.

In determining the appropriate CAP rate, Enright reviewed Korpacz Real Estate Survey, first quarter, 2004, wherein rates for suburban office buildings ranged from 7% to 12% with an average rate of 9.34%. In addition, Enright testified that he also considered actual capitalization rates developed from recent sales of similar buildings to the subject. He testified he divided the net operating income by the sale price to develop the direct market extraction method. Enright testified he concluded a CAP rate of 9% and that he loaded this cap rate by the tax load factor of 8.4% for a total CAP rate of 17.4%. NOI was then capitalized by this rate to reflect a market value estimate under the income approach of $7,100,000, rounded, for the subject.

Enright testified that he then worked backwards from the estimate of value developed by applying the capitalization rate to arrive at a NOI of $639,000. He then divided that by the net rentable area to arrive at a NOI after real estate taxes of $4.68 per square foot of rentable area. Enright then developed the resulting taxes based on the estimate of value under the income approach. He stated the by applying the assessment ratio and equalization factor to the tax rate results in estimated real estate taxes of $4.37 per square foot.

The final method developed was the sales comparison approach. Under this approach, Enright utilized five suggested sales comparables. These buildings are described as one to eight story buildings, with two properties being one story, multiple buildings, between the ages of 17 and 27 years. Enright testified he considered several factors in developing comparability. He opined that vacancy was a very important factor and stated the vacancy level for each suggested comparable.

The properties ranged in size from 46,761 to 160,133 square feet of rentable area. They sold from February 2002 to March 2003 for prices ranging from $3,660,000 to $10,550,000 or from $65.88 to $119.92 per square foot of rentable area.

Enright testified that after making adjustments for application of the elements of comparison and the analysis of the income-generating potential of the property as compared to similar properties, he determined a value for the subject between $50.00 and $55.00 per square foot of rentable area. The appraisal estimates a value under this approach of $7,100,000, rounded.

In reconciling the various approaches, Enright testified the cost approach is not really meaningful in this analysis due to the inherent limitations of attempting to estimate depreciation. He gave primary consideration to the income capitalization approach because investors or buyers of this type of property are more concerned about the income-generating potential of the property. He testified the sales comparison approach was also considered. Enright's testimony indicated a final market value estimate of $7,100,000 as of January 1, 2004.

Upon cross-examination, Enright testified that market rates were generally flat between 2001 and 2004. He stated the information he had concerning the subject's leases and operating statements were what was provided in Michael Kelly's appraisal.

Enright testified he confirmed the sales in the sales comparison approach to value through CoStar and information contained in public records, but that he did not speak with any party to the transactions. He testified that all, but one comparable are located within the subject's Schaumburg submarket. He agreed that the Schaumburg market includes Woodfield Mall and the surrounding areas.

In response to vacancy questions, Enright testified that the vacancy rate in the subject's area at the time of valuation, when subleased space was included was 17.2%. He could not answer a question in regards to how this vacancy would affect the rental rates. He acknowledged he concluded a 15% vacancy rate under his income approach and did not include anything for collection loss.

As to land sale #3, Enright acknowledged that he adjusted this sale downward by roughly 60%.

In regards to the rental comparables, Enright testified he considered all the recent leases detailed in his report, but that he did not rely on any to estimate a rental rate for the subject. He acknowledged that a three year lease is at the lower end of length of leases in the Schaumburg office submarket. He opined that a typical lease in the market would be between three and ten years. Enright acknowledged that smaller tenants tend to enter into smaller leases. He stated that a credit-worthy tenant would be more desirable as a lease. Enright agreed that the actual income for the subject property was decreasing from 2001 to 2003.

Enright acknowledged that all the comparables used in the sales comparison approach were superior to the subject overall. Enright was asked questions in regards to the two sales comparables closest in size to the subject property and the development of a CAP rate for the subject. In response, he testified that the CAP rate for the subject was below the CAP rate for these two superior comparables because, in the case of comparable #2, the CAP rate was based on stabilized income and, for comparable #4, the vacancy rate was 85%. Enright stated that CAP rates were declining rapidly between early 2002 and the date of value.

The appellant called Mr. Terrence McCormick as a rebuttal witness. McCormick testified that he is a co-owner of a real estate appraisal firm. He indicated that he is an Illinois state-certified appraiser and he carries the MAI designation. He indicated he has been working as an appraiser since 1979 and has concentrated is practice in mostly commercial-industrial properties in Illinois. He stated he has appeared before Cook County Circuit Court, the Property Tax Appeal Board and the Chicago Zoning Board of Appeals as an expert witness. McCormick testified he has reviewed approximately 15 appraisals. McCormick was admitted as an expert in review appraisals without objection of the remaining parties.

McCormick testified he reviewed the Enright appraisal to check its thoroughness, analyze the sales that were used in the sales comparison approach and cost approach, and check on the rental data used. He stated he did not inspect the subject property or any of the comparable sales used, but that he is familiar with the area in which the subject is situated.

McCormick opined that the conclusions reached in the appraisal were contrary to the market evidence within the report. McCormick testified that some of the sales, both land sales and improved sales, used in the report were not exposed to the open market.

As to the sales comparison approach, McCormick testified sale #3 was not exposed to the open market and that the property was part of a 1031 exchange. He further stated this property had the highest unit value of the five sales used by Enright and the lowest CAP rate.

McCormick testified that, for sale #2, the sale used by Enright was the 2003 sale for $10,550,000, but that it sold prior, in 2001, for $15,300,000. He was not aware of any reason for the difference in the selling prices from one year to the next.

In regards to the land sales under the cost approach, McCormick testified that sales #1 and #5 were not exposed to the open market.

McCormick stated that the cost approach only utilized the age-life method of depreciation. He opined that this was not tested by the market and that a reader or reviewer could not figure out why that number was selected over a different number.

McCormick opined that, because Enright's highest and best use as vacant analysis concludes the best use to be a hotel, motel, restaurant or related use and not an office building there is some form of economic obsolescence on the subject property. McCormick noted, however, that the Enright appraisal states there is no external obsolescence present.

In regards to the income approach, McCormick testified that of the nine rental comparables utilized, all but two received some type of rental concession, such as free rent, tenant buildout, or both. In addition, he stated the terms of the comparable leases were longer than the 14 leases that were actually at the subject property, that were in the report. McCormick opined that the shorter leases for the subject property results in a possibility of higher turnover. In addition, he opined that rent concessions are found in a soft or softening market.

McCormick opined that the CAP rate selected is contrary to the market evidence found in the appraisal. He noted the CAP rates of the five sale properties ranged from 7.13% to 10.09% and that the lowest rate of 7.13% was sale #3 which was a 1031 exchange. He testified that when this property is excluded, the range of overall rates is between 8.5% and 10%. He stated the appraisal concluded a CAP rate of 9%. McCormick testified that the appraisal's data notes the sales comparables used were deemed superior to the subject based upon the unit value selected. And the net income projected. McCormick testified the 9% falls below the average indicated by the Korpacz Real Estate Survey.

As to the sales comparison approach, McCormick testified the sales comparables were younger than the subject and that the value selected by the appraiser was approximately 25% to 130% lower than the sale properties unit price. He noted all sales properties were considered superior to the subject.

McCormick testified that he net income and gross income for the subject property was declining and opined that if this was decreasing, the value of the property would be decreasing as well.

At the conclusion of his testimony, McCormick opined that the final conclusions of value and the values considered by all three approaches were not supported by the market data found within the appraisal report.

Under cross examination, McCormick testified that it is not necessary to have a complete rent roll to review an appraisal, but the more information the better. His review noted that the subject was not performing as well as the comparables. In response to a question regarding the need to have a full rent roll to examine this issue, McCormick testified that the operating statement would show the net income and that is enough. He acknowledged he would rather have a rent roll than not.

McCormick acknowledged that he concluded Enright's estimate of land value and the replacement cost new estimate was reasonably supported. He also agreed the rent conclusions for the first and lower floors and the estimate of expenses were reasonable. McCormick acknowledged that Enright made downward adjustments to the sales and rental comparables.

In response to a question in regards to the downward trend of CAP rates, McCormick testified that markets suffered for some time after September 11, 2001. He acknowledged that the CAP rates started to go down later.

On re-direct McCormick reiterated his opinion that the final conclusion of value is not reasonable. He opined that the downward adjustments made in the rent and sale comparables were insufficient. He opined that in the sales comparison approach it is always better to have some sales that are better, some sales that are inferior and some sales that are similar to the property being valued.

After hearing the testimony and considering the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of this appeal.

When overvaluation is claimed the appellant has the burden of proving the value of the property by a preponderance of the evidence. *Property Tax Appeal Board Rule* 1910.63(e). Proof of market value may consist of an appraisal, a recent arm's length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. *Property Tax Appeal Board Rule* 1910.65(c).

Having considered the evidence presented, the PTAB concludes that the appellant has satisfied this burden and that a reduction is warranted.

In determining the fair market value of the subject property for the 2004 tax year, the PTAB closely examined the parties' two appraisal reports. The PTAB accords little weight to the board of review's evidence for the report lacked the preparer's testimony to explain the methodology used therein.

That having been said, the PTAB then looks to the remaining evidence that comprises the Kelly appraisal and testimony submitted by the appellant; the Enright appraisal and testimony submitted by the intervenors; and the testimony of the review appraiser, McCormick.

The courts have stated that where there is credible evidence of comparable sales, these sales are to be given significant weight as evidence of market value. Chrysler Corp. v. Illinois Property Tax Appeal Board, 69 Ill.App.3d 207 (2nd Dist. 1979); Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9 (5th Dist. 1989). Therefore, the PTAB will give primary weight to the sales comparison approaches within the appraisals.

In totality, the parties' experts submitted eight suggested sales comparables. The PTAB notes that the board of review's sales comparable #1 is a sales comparable in both the appellant's and the intervenors' appraisals and the board of review's sales comparable #2 is a sales comparable in the intervenors' appraisal. In Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9, the Court held that of the three primary methods of evaluating property for purposes of real estate taxes, the preferred method is the sales comparison approach. Thus, the PTAB finds that the best evidence of value is the market data submitted by the parties under this approach to value. Intervenors' sales #3 was accorded little weight due to the fact this property was never offered on the open market, but was part the upleg of a 1031 exchange.

The remaining sales were given weight by the PTAB. These seven properties had a sales range of $45.33 to $91.74 per square foot of rentable area, including land. The PTAB finds credible Kelly's testimony that the markets closer to Woodfield Mall and O'Hare Airport have much larger, better class, A-type buildings that attract more Class A-type tenants and buyers. Kelly further testified that the location of the subject is in a market that attracts more local tenants and buyers. The PTAB finds this persuasive and gives significant weight to Kelly's testimony that the values per square foot are going to be higher than in these areas. Therefore, the PTAB gives diminished weight to appellant's comparable #3 and intervenors' comparables #2, #4 and #5 as these properties are located within the Woodfield Mall market or O'Hare market. The remaining sales comparables create a sale range from $45.33 to $78.27 per square foot of rentable area, including land.

The subject property's current assessment yields a market value of $48.50 which is within the unadjusted range of these comparables. However, The PTAB gives significant weight to the testimony of both appraisers that the sales comparables used in their respective appraisals were superior to the subject and downward adjustments to all the comparables were needed.

After considering all the evidence, including the experts' testimony and submitted documentation, as well as the adjustments and differences for characteristics in the appellant's and the intervenors' suggested comparables, the PTAB finds that the subject's current 2004 assessment is not supported by the properties contained in this record.

As a result of this analysis, the PTAB finds that the evidence and testimony has demonstrated that the subject property was overvalued and that a reduction in the subject's assessment is warranted.

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.

Chairman

Member

Member

Member

Member

DISSENTING:

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: December 23, 2009

Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board's decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.