



**FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD**

APPELLANT: Pancor Management, Inc.
DOCKET NO.: 06-01845.001-I-3
PARCEL NO.: 03-32-422-002

The parties of record before the Property Tax Appeal Board are Pancor Management, Inc., the appellant, by attorney Dennis M. Nolan of the Law Offices of Dennis M. Nolan, P.C., Bartlett; the DuPage County Board of Review.¹

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 DuPage County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$328,090
IMPR.: \$996,780
TOTAL: \$1,324,870

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property is improved with a one-story building of pre-cast concrete exterior construction with 69,731 square feet of building area. The building was constructed in 1998 and is used as an industrial warehouse. The building is designed for two separate users with 58,432 square feet or 87.6% of building area as industrial warehouse space and approximately 8,275 square feet or 11.9% of building area as office space. The north office area has 3,400 square feet of building area and the south office area has 4,875 square feet of building area. The industrial warehouse area has a clear ceiling height of 25 feet. The office area and 50% of the industrial warehouse area has central air conditioning. The subject building has two separate dock areas with the north dock area having four exterior dock spaces with four load levelers and the south dock area having four exterior dock spaces with two load levelers. The property has asphalt paved parking areas for 84 parking spaces. The subject property has a 135,767 square foot site resulting in a land to building ratio of 1.95:1. The property is located at 787-789 West Belden Avenue, Addison, Addison Township, DuPage County.

¹ The Property Tax Appeal Board conducted a consolidated hearing for the 2006, 2007 and 2008 tax years identified by Docket Nos. 06-01845.001I-3, 07-04190.001-I-2 and 08-04573.001-I-3.

The appellant appeared by counsel contending overvaluation as the basis of the appeal. In support of this argument the appellant submitted an appraisal prepared by Brian J. Duniec and Terrence M. O'Brien of Terrence O'Brien & Co. estimating the subject property had a market value of \$3,800,000 as of January 1, 2006.

The appellant called as its witness Brian J. Duniec. Duniec has been employed by Terrence O'Brien & Co. as a real estate appraiser for 35 years. Duniec is a State of Illinois General Certified Appraiser and is also a real estate broker licensed by the State of Illinois. Over the last 35 years he has primarily appraised commercial and industrial real estate. He estimated he has appraised over 1,000 industrial buildings over those 35 years. The witness further testified that he has appraised industrial warehouse buildings in DuPage County.

Duniec inspected the subject property on November 2, 2006. He described the building as containing 66,707 square feet of building area based on a survey of the subject property. The witness testified the township assessor indicated the subject building had 69,731 square feet, the building plans called for approximately 67,000 square feet and his measurements from the survey resulted in a calculation of 66,532 square feet of building area.

With respect to the land, the witness testified the survey indicated a land area of 135,767 square feet of land area. Duniec testified the assessor's records indicated the subject property had 141,134 square feet of land area. He further testified his calculations resulted in a land size of 135,768 square feet. Using these records and his calculation Duniec estimated the subject property had 135,767 square feet of land area.

The appraiser described the subject property as being seven years old as of January 1, 2006 and was in good condition at the time of inspection. The witness described the improvement as a typical building and in the general condition of a building of its age.

In estimating the market value of the subject property Duniec developed on the sales comparison approach to value using six sales located in Addison, Elmhurst, Hanover Park, Roselle and Carol Stream. The comparables were improved with one-story single tenant industrial warehouse buildings that ranged in size from 40,076 to 120,812 square feet of building area. The buildings ranged in age from 7 to 15 years old. These properties had ceiling heights ranging from 20 to 30 feet and five were described as having office space ranging from 5% to 14.4% of building area. These properties had sites ranging in size from 98,010 to 243,900 square feet resulting in land to building ratios from 1.83:1 to 4.27:1. The sales occurred from July 2004 to March 2006 for prices ranging from \$2,000,000 to \$6,100,000 or

from \$49.91 to \$57.78 per square foot of building area, including land.

The appraiser analyzed the comparables and made adjustments for such factors as location, time, age, building size, ceiling height and land to building ratio. He further explained that each of the comparables is a single tenant building while the subject has been designed for two users. He stated that all things being equal a multi-tenant building will sell for more than a single tenant building requiring upward adjustments for each comparable. After considering these factors and the adjustments, the appraiser estimated the subject property had a market value of \$57.00 per square foot of building area, including land, for a total market value of \$3,800,000.

The witness further testified that in valuing real estate he does not typically consider real estate investment trust (REIT) transactions. He indicated these transactions in many instances are not indicative of market value but investment value. He was of the opinion that when a REIT is used as a comparable it is not an arm's length transaction because the REITS offer a stock option as opposed to the actual real estate.

Under cross-examination Mr. Duniec testified he inspected the subject property and the estimated size for both the land and improvement was based on the surveys, which appeared correct. He explained that he did not actually physically measure the building. He further explained the subject property is being used as a single-tenant building but is designed for two tenants. He testified he adjusted all the single tenant comparable sales upward because the subject could be used by two tenants as multi-tenant buildings will normally sale for more. He further testified that as of January 1, 2006, the property was vacant and was in the process of being fixed for a new tenant. He further acknowledged that the subject building was 50% air conditioned but he was not aware of any of the comparables being air conditioned.

The witness testified he performed an exterior inspection of each of the comparable sales and verified the sales with various assessors' offices. He further explained he used qualitative adjustments for the comparable sales but they are not depicted on the grid analysis.

Under re-direct the witness testified the subject building has always been used as a single-tenant building.

Based on this evidence the appellant requested the subject's assessment be reduced to reflect a market value of \$3,800,000.

The board of review submitted its "Board of Review Notes on Appeal" wherein the final assessment of the subject property totaling \$1,582,640 was disclosed. The subject's assessment reflects a market value of \$4,765,553 or \$68.34 per square foot

of building area, including land, using the 2006 three year average median level of assessments for DuPage County of 33.21%.

In support of the assessment the board of review called as its witness Frank Marack, Jr., Chief Deputy Assessor for Addison Township. Marack testified that he has been employed by the assessor's office for 33 plus years. Marack has the Certified Illinois Assessing Official (CIAO) designation.

Marack, referencing a copy of the subject's property record card submitted in the 2007 appeal, testified the subject's land size was corrected to reflect 135,763 square feet of land area. He testified the 2006 assessment of the subject property was reduced to correct the land size. With respect to the building area Marack testified he personally measured the building. He testified the subject's property record card contains the sketch of the building and the actual numbers that were inputted to the Apex drawing software to arrive at 69,731 square feet of building area. These numbers were based on his field measurements.

Marack testified he estimated the market value of the property using the sales comparison approach. For the 2006 appeal Marack submitted information on 10 sales located in Elmhurst, Itasca, Bensenville, Wood Dale and Lombard. The comparables were improved with one-story industrial buildings that ranged in size from 43,327 to 75,232 square feet of building area. The buildings were constructed from 1969 to 2001. These properties had building heights ranging from 20 to 30 feet, office space ranging from 3.73% to 32.08% of building area and land to building ratios ranging from 1.55:1 to 2.56:1. These properties sold from December 2003 to June 2006 for prices ranging from \$2,750,000 to \$6,600,000 or from \$56.34 to \$103.38 per square foot of building area, including land.

Marack testified that in making adjustments to the comparables for building size, land to building ratio, construction, age, story height and finished area he estimated a price of \$69.00 per square foot of building area, including land, for a total value of \$4,800,000, rounded.

Under cross-examination Marack testified that Apex is a commercial sketch program that allows you to put in the dimensions and it calculates the square footage of the building. He did not know the inner workings of Apex.

With respect to the 2007 quadrennial reassessment for Addison Township, Marack explained that all sales for the prior three years are reviewed and the median values are applied to properties to determine value. He testified that for 2007 he used the mass appraisal system to arrive at the original value for the subject but he did not use the mass appraisal system in to arrive at his estimate of value contained in the report submitted for the 2007 tax year.

With respect to Marack's sale #6 in the appeal for the 2006 tax year further identified by property index number (PIN) 03-10-106-023, Marack testified he was aware this was a five unit industrial building. Marack further testified that he used the transfer declaration to verify sale #6 and was not informed this was a portfolio sale that included four properties in the transaction. Marack also testified he was aware his comparable sale #9 further identified by PIN 03-26-207-035 was a five unit building. Marack also noted this building had a 30 foot exterior building height and stated all things being equal a property with a greater ceiling height would sell for more. Marack also testified that the transfer declaration he used did not indicate sale #10 was part of a portfolio sale for \$300 million as part of a REIT.

Marack also agreed that his report for the 2006 tax year did not show the adjustments he considered but had the raw data. Marack also testified his records indicated the subject property had 11,228 square feet of office area.

Based on this evidence, the board of review requested confirmation of the subject's assessment.

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 the appeal. The Board further finds the evidence in the record supports a reduction to the subject's assessment.

The appellant contends the market value of the subject property is not accurately reflected in its assessed valuation. When market value is the basis of the appeal the value of the property must be proved by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002). Proof of market value may consist of an appraisal of the subject property, a recent sale, comparable sales or construction costs. (86 Ill.Admin.Code §1910.65(c)). The Board finds the evidence in the record supports a reduction in the subject's assessment.

For the 2006 tax year the subject property had a total assessment of \$1,582,640 reflecting a market value of \$4,765,553 or \$68.34 per square foot of building area, including land, when using the 2006 three year average median level of assessments for DuPage County of 33.21%. The appellant submitted an appraisal estimating the subject property had a market value of \$57.00 per square foot of building area, including land, for a total market value of \$3,800,000. The board of review submitted a report prepared by the Chief Deputy Assessor of Addison Township estimating the property had a market value of \$69.00 per square foot of building area, including land, for a total value of \$4,800,000, rounded.

The initial issue for the Property Tax Appeal Board is to determine the size of the subject building. The appellant's

appraiser estimated the building had 66,707 square feet of building area based on a survey of the subject building. Marack testified he personally measured the building and submitted a copy of the subject's property record card containing a sketch of the building. He explained the actual numbers were based on his field measurements and were inputted to the Apex drawing software to arrive at 69,731 square feet of building area. The Board finds that Marack's testimony with respect to arriving at a building size of 69,731 square feet is most credible in this record. Therefore, the Board finds the subject property had 69,731 square feet of building area. The Board finds that the appellant's appraiser and Marack differed on the subject's office area. The Board finds neither party presented any specific diagrams to depict the area of the subject building that was devoted to office use. Nevertheless, the Board finds the difference in office area size between the two witnesses is not critical in arriving at the correct assessed valuation of the subject property. The Board finds the parties were in near agreement with respect to the subject's land size.

The Board finds both Mr. Duniec and Mr. Marack relied on comparable sales to support their respective estimates of market value. After considering the testimony of the witnesses and reviewing the data, the Board finds those sales used by Mr. Duniec and sales #1, #4, #5, and #6 presented by Mr. Marack should be given most weight. The remaining sales used by Mr. Marack were given less weight due to such factors as date of sale, age and office space. The Board also gave less weight to Marack's sale #10 due to the fact this appears to be an outlier with a unit value of \$103.38 per square foot of building area, including land.²

The Board finds the best sales submitted by the parties had unit prices ranging from \$49.91 to \$62.98 per square foot of building area, including land. The subject's assessment reflects a unit value of \$68.34 per square foot of building area, including land, which is above the best sales in this record. After considering these sales and the testimony of the witnesses, the Board finds that Mr. Duniec's conclusion that the subject property had an estimated market value of \$57.00 per square foot of building area is supported. Therefore, the Board finds the subject's assessment should be reduced to reflect a building size of 69,731 square feet valued at \$57.00 per square foot of building area, including land, to reflect a value of \$3,975,000, rounded.

² There was also a question as to whether this sale was part of a portfolio transaction which may also explain the relatively high unit price.

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.

Donald R. Cuit

Chairman

K. L. Fern

Member

Frank A. Huff

Member

Mario Morris

Member

J. R.

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: February 22, 2013

Allen Castrovillari

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.