



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

APPELLANT: Midwesco, Inc.
DOCKET NO.: 07-22232.001-I-1
PARCEL NO.: 10-29-105-008-0000

The parties of record before the Property Tax Appeal Board are Midwesco, Inc., the appellant(s), by attorney Mitchell L. Klein, of Schiller Klein PC in Chicago; and the Cook County Board of Review.

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: \$577,005
IMPR.: \$610,995
TOTAL: \$1,188,000

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a parcel of land improved with two 54-year old, one-story, industrial buildings containing a total of 106,492 square feet of building area. The appellant, via counsel, argued that the fair market value of the subject was not accurately reflected in its assessed value as the basis of the appeal.

In support of the market value argument, the appellant submitted an appraisal undertaken by Joseph A. Haritos of Urban Real Estate Research, Inc. The report does not provide Haritos' qualifications. Haritos was the appellant's only witness. Haritos testified he is a State of Illinois general certified appraiser and an associate member of the Appraisal Institute. He testified he has been an appraiser for six years and has appraised approximately 120 to 130 properties.

The appraisal indicated the subject has an estimated market value of \$3,300,000 as of January 1, 2007. The appraisal report utilized the three traditional approaches to value to estimate

the market value for the subject property. The appraisal finds the subject's highest and best use is its existing use as interim use.

Under the cost approach to value, Haritos analyzed the sale of five properties to arrive at an estimate of value for the land at \$5.50 per square foot or \$1,940,000, rounded. Haritos opined that land sale #2 and land sale #5 were the most similar to the subject and he testified he placed the subject between these two values. The replacement cost new was utilized to determine a cost for the improvement and added entrepreneurial incentive at 10% and soft costs at 3% for a total replacement cost new of \$9,482,241. Haritos testified the age/life method was used to depreciate the improvement by 85% for a value of \$1,422,336. He opined that the subject has significant functional obsolescence due to the many additions to the subject which created one-third of office space for an industrial building. The cost new, the depreciated site improvements estimated at \$75,800, and the land were added back in to estimate a value under the cost approach of \$3,440,000, rounded.

Under the income approach to value, Haritos testified he analyzed the rents of three properties to arrive at an estimated rental rate for the subject at \$3.75 per square foot of building area. Haritos testified it was difficult to find similar properties to the subject due to the subject's high level of functional obsolescence. He testified the rental comparables were larger in size, but that a smaller portion of those buildings were leased. The rental rate of \$3.75 per square foot of building area resulted in a potential net income (GPI) of \$399,345. Vacancy and collection loss were estimated at 10% for an effective gross income (EGI) of \$359,410. Expenses were estimated at 3% for management, 4% for leasing commissions, and \$.10 per square foot for reserves for replacements for a net operating income (NOI) estimate of \$323,603.

In determining the appropriate capitalization (CAP) rate, the appraiser utilized the band of investment and reviewed market surveys. He testified he estimated a CAP rate of 9.75% to estimate the market value for the subject under this approach at \$3,300,000, rounded.

Under the sales comparison approach, the appraiser analyzed the sales of three properties. Haritos described the comparables. The properties range in age from 46 to 56 years and in size from 79,800 to 107,851 square feet of building area. The comparables sold from September 2004 to June 2007 for prices ranging from \$2,098,000 to \$2,750,000 or from \$21.46 to \$32.03 per square foot of building area, including land. Haritos testified he made adjustments to each of the comparables for pertinent factors such as condition, amount of office space, land to building ratio, and age. Based on the similarities and differences of the comparables when compared to the subject, the appraiser estimated a value for the subject under the sales comparison approach of \$31.00 per square foot of building area or \$3,300,000, rounded.

In reconciling the three approaches to value, the appraisal gave greatest weight to the sales comparison approach. Haritos testified that second greatest weight was given to the cost approach, but the appraisal notes minimal weight was given to the cost approach to value to arrive at a final estimate of value for the subject as of January 1, 2007 of \$3,300,000.

Under cross-examination, Haritos acknowledged that there was a typographical error in listing the price per square foot for the sale #3. He testified he utilized the correct value when making his analysis.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's total assessment was \$1,286,746 yielding a market value of \$3,574,293 or \$33.56 per square foot of building area, including land, using the Cook County Real Property Classification Ordinance for Class 5b property of 36%. The board also submitted raw sales information on six properties suggested as comparable. The properties range in size from 37,000 to 124,947 square feet of building area and sold from April 2002 to May 2008 for prices ranging from \$2,098,000 to \$4,965,370 or from \$26.29 to \$57.24 per square foot of building area, including land. The board of review did not call any witnesses and rested on the evidence already submitted.

In rebuttal, the appellant submitted a letter asserting that the board of review's comparables #3, #4, and #5 received assessment reductions at the board of review which reduced the market value determination placed on these properties by the county.

Under cross examination, the board of review's representative, Chris Beck, acknowledged that some of the board of review's comparables received reductions in the assessments by the board of review. He opined that the subject's assessment is within the range of these reduced assessments.

After reviewing 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. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179 (2nd Dist. 2000). 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. 86 Ill.Admin.Code 1910.65(c). Having considered the evidence presented, the PTAB concludes that the appellant has met this burden and that a reduction is warranted.

In determining the fair market value of the subject property, the PTAB finds the best evidence to be the appellant's appraisal and testimony. The appellant's appraiser utilized the three traditional approaches to value in determining the subject's market value. The witness credibly testified to these approaches. The PTAB finds the appraisal and testimony to be persuasive for the appraiser: has experience in appraising; personally inspected the subject property and reviewed the property's history; and used similar properties in the sales comparison approach while providing sufficient detail regarding each sale as well as adjustments that were necessary. The PTAB gives little weight to the board of review's comparables as the information provided was raw sales data.

Therefore, the PTAB finds the subject had a market value of \$3,300,000 for the 2007 assessment year. Since the market value of this parcel has been established, the Cook County Real Property Classification Ordinance for Class 5b property of 36% will apply. In applying this level of assessment to the subject, the total assessed value is \$1,188,000 while the subject's current total assessed value is above this amount. Therefore, the PTAB finds that a reduction 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.



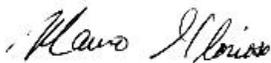
Chairman



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: November 30, 2012



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.