A M E N D E D
FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Marshall Field's Distribution Center
DOCKET NO.: 07-24418.001-I-3 through 07-24418.021-I-3
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Marshall Field's Distribution Center, the appellant, by attorneys Gregory J. Lafakis and Ellen Berkshire, of Verros, Lafakis & Berkshire, P.C. in Chicago; and the Cook County Board of Review by assistant state's attorney Ben Bilton with the Cook County State's Attorneys Office in Chicago. The initial intervenor, Chicago Board of Education, was defaulted on August 19, 2010.

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:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
07-24418.001-I-3	13-26-123-001-0000	5,506	707	$6,213
07-24418.002-I-3	13-26-123-002-0000	5,535	711	$6,246
07-24418.003-I-3	13-27-228-001-0000	19,020	2,064	$21,084
07-24418.004-I-3	13-27-228-007-0000	88,110	142,544	$230,654
07-24418.005-I-3	13-27-228-008-0000	48,604	37,184	$85,788
07-24418.006-I-3	13-27-228-014-0000	681,271	726,623	$1,407,894
07-24418.007-I-3	13-27-228-015-0000	273,943	356,118	$630,061
07-24418.008-I-3	13-27-403-017-0000	35,539	8,522	$44,061
07-24418.009-I-3	13-27-403-028-0000	60,219	4,325	$64,544
07-24418.010-I-3	13-27-403-029-0000	36,061	2,297	$38,358
07-24418.011-I-3	13-27-404-010-0000	5,953	745	$6,698
07-24418.012-I-3	13-27-404-027-0000	5,646	780	$6,426
07-24418.013-I-3	13-27-404-028-0000	5,646	228	$5,874
07-24418.014-I-3	13-27-404-035-0000	5,906	810	$6,716
07-24418.015-I-3	13-27-404-036-0000	5,906	1,045	$6,951
07-24418.016-I-3	13-27-404-042-0000	17,010	2,344	$19,354
07-24418.017-I-3	13-27-404-044-0000	15,828	4,134	$19,962
07-24418.018-I-3	13-27-404-045-0000	77,089	216,092	$293,181
07-24418.019-I-3	13-27-404-046-0000	25,766	7,281	$33,047
07-24418.020-I-3	13-27-404-047-0000	11,340	1,562	$12,902
07-24418.021-I-3	13-27-404-052-0000	5,670	2,055	$7,725

PTAB/KPP

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of multiple land parcels containing 898,042 square feet improved with three structures. The main structure is a part one-story and part six-story, industrial warehouse complex of masonry construction built in stages from 1928 through 1991 with approximately 1,465,000 square feet of aggregate building area inclusive of 9,768 square feet of finished office area. The second building is a one-story, masonry and metal panel constructed industrial warehouse containing approximately 120,000 square feet of building area which was built in the early 1970's. The third building is a one-story, masonry, industrial garage containing approximately 15,000 square feet of building area which was built in the 1920's.

The Board found that the 2007 and 2008 appeals involve common issues of law and fact and a consolidation of the appeals for hearing purposes would not prejudice the rights of the parties. Therefore, without objections from the parties and pursuant to Section 1910.78 of the rules of the Property Tax Appeal Board (86 Ill.Admin.Code 1910.78), the Board consolidated the 2007 and 2008 property tax appeals for hearing purposes.

As to the basis of this appeal, the appellant argued that the fair market value of the subject is not accurately reflected in its assessed value.

As to the overvaluation argument, the appellant's pleadings included a copy of a summary appraisal undertaken by appraisers, Thomas Grogan and Joseph Ryan. Ryan testified that he holds the designations of State Certified General Real Estate Appraiser and Member of the Appraisal Institute (hereinafter MAI). He stated that he has been an appraiser since 1985, while previously employed with the Cook county assessor's office. Specifically, Ryan stated that he had appraised in excess of 4,000 industrial properties with several hundred properties being loft-type properties similar to the subject. In addition, he testified that he has conducted over 50 appraisals of properties which contained over 750,000 square feet of building area. Ryan was offered as an expert in the valuation of industrial properties as well as an expert in the valuation of real estate such as the subject without objection from the remaining party and was accepted as such an expert by the Board.

This appraisal, marked for identification as Appellant's Exhibit #1, was a summary appraisal addressing the sales comparison approach to value, while opining an estimated market value of $9,500,000 for the subject complex. Ryan stated that the purpose of his appraisal was to determine the market value of the unencumbered fee simple estate of the subject and that the effective date of his appraisal was January 1, 2006. He also indicated that 2006 was the first year of the subject's triennial reassessment period as established by the Cook County Assessor.

He described in detail the subject's site as containing three structures with a total of 1,582,000 square feet of building area sited on approximately 900,000 square feet of land. He testified that the facility is somewhat a relic in the fact that modern industrial buildings or modern distribution warehouse buildings aren't built like this anymore. He stated that the buildings are of average to fair condition and that originally these structures were built on the outskirts of the City of Chicago and next to a railroad line, which is where he stated industrial improvements were built. In addition, he stated that there are still industrial properties located along the rail line to the north and south of the subject property. Ryan opined that the subject is not very efficient under modern industrial standards because of its six-story design.

As to the highest and best use analysis, Ryan testified that as improved the highest and best use was its current use as an industrial building, while as vacant, the highest and best use would be for industrial development. Moreover, he testified that he researched the sales history of the subject property and noted a sale in July of 2004. This sale related to the purchase of the entire Marshall Field's chain from the seller, Target Corporation, to the buyer, May Company. Therefore, Ryan testified that an allocation of book value was made on this subject property of $13,400,000 based upon conversations with parties to the sale. He concluded that the realty value was an allocated price for the subject based upon a portion of the larger transaction, which was the purchase of the entire Marshall Field's chain and not truly reflective of market value.

Ryan testified at length that he considered all three approaches to value, but that properties of the size and age of the subject are typically valued based upon the sales comparison approach to value because the value is focused on by market participants. Moreover, his appraisal stated that the income approach was less reliable because this type of subject property is an older, owner-occupied property that would most likely not be leased. The sales comparison approach indicated a value of $9,500,000, rounded.

Under the sales comparison approach to value, Ryan's appraisal stated that due to the lack of large, single-tenant industrial sales that he expanded the comparables search to include sales of large, multi-tenant industrial sales as well as smaller, single-tenant industrial sales and adjusted accordingly. Ryan utilized five suggested comparables that are one-story or multi-story, masonry, industrial complexes composed of one or two buildings.

Ryan's properties sold from June, 2003, through January, 2006, for prices that ranged from $5.76 to $15.38 per square foot of building area including land, before adjustments. The improvements were built from 1911 to the 1960s. They ranged in ceiling heights from 10 to 35 feet and in building size from 255,187 to 900,000 square feet of building area. The properties'

contained land-to-building ratios that ranged from 0.68:1 to 2.40:1 and in land size from 236,836 to 2,547,481 square feet. Moreover, the appraisal provided details regarding the number of overhead doors, truck docks, and sprinkler systems. The appraisal indicated that sales #4 and #5 were multi-tenant locations, while sale #2 was converted to multi-tenant use after its sale.

As to sale #1, Ryan testified that this sale was built in the 1940s and had a good deal of comparability in design materials to the subject which was built from 1920s to the 1950s. Overall, he testified that sales #2 and #4 were comparable in building sizes which were each built prior to or during World War II as was the subject. As to all of the improved sales, Ryan testified thoroughly, explaining the comparability and adjustments applicable to each sale property, while confirming that the details of each sale were verified using available sale documents and at least one principal party to the sale. After making adjustments, he considered a unit value of $6.00 per square foot of building area to be appropriate for the subject resulting in a market value of $9,500,000, rounded. Further, he testified that there would no change in valuation of the subject property from January 1, 2006, to January 1, 2008.

Under cross-examination, Ryan stated that the subject property was located within a tax increment financing district.

The board of review timely submitted "Board of Review Notes on Appeal" wherein the subject's final assessment of $4,296,064 was disclosed indicating a market value of $13,858,271 applying the ordinance level of assessment at 36% for class 5b property and the ordinance level of assessment at 16% for class 6b property as designated by Cook County Real Property Assessment Classification Ordinance for the 2007 and 2008 tax years.

At hearing, the appellant did not move to Strike the board of review's evidence as hearsay due to the absence of preparer's testimony and opportunity for cross-examination, but requested that the Board accord this evidence diminished weight due to the absence of a witness.

In support of the subject's market value, raw sales data was submitted for 5 properties. The properties are designated as industrial/warehouse, industrial/manufacturing, or Class C Flex locations. The data from the CoStar Comps service sheets reflect that the research was licensed to the assessor's office, but failed to indicate that there was any verification of the information or sources of data. The properties sold in an unadjusted range from $5.76 to $28.50 per square foot of building area and range in building size from 117,515 to 500,000 square feet of building area. In addition, the printouts indicated that sales #1 through #3 were part of a multi-property sales transaction.

Moreover, the board of review's memorandum stated that the data was not intended to be an appraisal or an estimate of value and should not be construed as such. The memorandum indicated that the information provided therein had been collected from various sources that were assumed to be factual and reliable; however, it further indicated that the writer hereto had not verified the information or sources and did not warrant its accuracy. As a result of its analysis, the board requested confirmation of the subject's assessment.

After considering the arguments, hearing the testimony, and reviewing 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, 331Ill.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 Board concludes that the appellant has met this burden and that a reduction is warranted.

The Board finds the best evidence of the subject's market value to be the appellant's appraisal, which utilized one of the three traditional approaches to value in developing the subject's market value. The Board also finds the appraisal to be persuasive for the appraisers: have experience in appraising and assessing property; personally inspected the subject property; estimated a highest and best use for the property; and utilized market data in undertaking the sales comparison approach to value, while making adjustments to the comparables where necessary.

In contrast, the Board finds that the board of review submitted raw, unadjusted sales data, while not warranting the accuracy or reliability of this data. Moreover, the board of review failed to present the preparer of the evidence for testimony and cross-examination concerning his/her qualifications, the methodology regarding data used therein, and his/her conclusions.

Therefore, the Board finds that the subject property contained a market value of $9,500,000 as of the assessment date at issue. Since the market value of the subject has been established, the appropriate Cook County Ordinance level of assessment will be applied. Therefore, the Board 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: January 24, 2014

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.