



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

APPELLANT: Ford Motor Company
DOCKET NO.: 07-26023.001-I-3 through 07-26023.005-I-3
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Ford Motor Company, the appellant(s), by attorneys Gregory J. Lafakis and Ellen Berkshire, of Verros, Lafakis & Berkshire, P.C. in Chicago; the Cook County Board of Review by Cook County Assistant State's Attorney John Coyne; and the intervenors, the Chicago Board of Education by attorney Cynthia B. Harris, Assistant General Counsel of the Chicago Board of Education in Chicago and South Cook County Mosquito Abatement District by attorney Elizabeth Shine Hermes of Odelson & Sterk, Ltd. in Evergreen Park.

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
07-26023.001-I-3	25-25-401-010-0000	13,448	268,526	\$281,974
07-26023.002-I-3	25-25-401-015-0000	41,759	194,213	\$235,972
07-26023.003-I-3	25-25-401-017-0000	5,198	3,196	\$8,394
07-26023.004-I-3	25-25-402-001-0000	398,271	6,330,246	\$6,728,517
07-26023.005-I-3	25-36-100-018-0000	98,489	90,090	\$188,579

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of five parcels of land totaling 95.415 acres improved with an extremely large, manufacturing industrial complex that contains a total of 2,599,463 square feet of building area and has a land to building ratio of 1.60:1. The appellant, through counsel, appeared before the Property Tax Appeal Board arguing that the fair market value of the subject is not accurately reflected in its assessed value.

In support of this argument, the appellant submitted a complete summary appraisal report with a valuation date of January 1, 2006. The appellant presented the testimony of the appraisal's author, Terrence P. McCormick with McCormick & Wagner, LLC., Chicago. Mr. McCormick testified he has been an appraiser since 1979 and has owned his own appraisal firm since 2000. He testified he is a state of Illinois certified general appraiser and holds the MAI designation from the Appraisal Institute. McCormick stated he has appraised over 1,000 industrial properties over his career and over 100 of those were large industrial or manufacturing plants. The Board accepted Mr. McCormick as an expert witness in the valuation of the subject and large industrial properties without objection from the remaining parties.

McCormick testified he inspected the interior and exterior of the subject on October 29 and December 19, 2002 and April 23, 2007. McCormick was shown *Appellant's Exhibit #2*, a copy of the appraisal he prepared with a valuation date of January 1, 2006 for \$15,600,000.

The witness described the subject property and its environs. McCormick testified the subject is located in an older industrial area with vacant land from former industrial properties that have been razed over time plus additional vacant land that has never been developed. McCormick testified he analyzed the assessor's data and the Sidwell maps to arrive at a land size of 95.4 acres.

McCormick described the improvements as extremely large, older, manufacturing building with construction starting in 1924 and additions added as needed. He opined that the average age of the entire complex was 48 years. McCormick stated that approximately 83% of the entire building area is contained within what the appraisal identifies as Building 1 with 2,170,000 square feet of building area and a weighted age of 54 years. He described Building 2 as containing 310,000 square feet of building area, built in 1994 with an addition in 2003, and having a weighted age of nine years. McCormick briefly described several auxiliary buildings and structures that contain a total of 94,000 square feet of building area and an elevated enclosed metal panel tube which contains approximately 27,000 square feet of building area and connects Building 1 to Building 2.

McCormick testified he included the subject's craneways in the valuation of they are classified as real estate and that the overhead cranes were excluded from the valuation as they are considered personal property. McCormick testified that the subject's highest and best use as improved is the continuation of its existing manufacturing use.

To estimate a total market value for the subject of \$15,600,000 as of January 1, 2006, McCormick employed two of the three approaches to value: the cost approach and the sales comparison approach to value. McCormick testified the subject property is owner-occupied and that properties that are the size of the

subject usually are not leased. He opined that the subject's size and design does not lend itself to multi-tenant use. McCormick testified that the omission of the income approach does not affect the estimate of value of the subject property.

The initial step under the cost approach was to estimate the value of the land at \$4,290,000, or \$45,000 per acre. In doing so, McCormick testified he considered five land sales and one offering. The five sales sold between August 2002 and August 2004. They ranged in size from 12.16 to 49.70 acres and in sale prices from \$9,130 to \$135,490 per acre.

McCormick testified he used the Marshall Valuation Service to estimate the reproduction cost new of all the real estate at \$189,864,605. In establishing a rate of depreciation, McCormick testified he analyzed seven sales of properties included in the sales comparison approach. He testified he estimated the subject property's depreciation at 94% to arrive at the depreciated value of the improvements at \$11,391,876. Adding the land value resulted in a final value estimate of \$15,700,000, rounded.

To estimate a value for the subject through the sales comparison approach, McCormick testified he analyzed seven sales. McCormick testified these sales were all owner-occupied properties with the transfer of a fee simple interest. He testified that six of the properties were manufacturing-type properties with sale #3 being a warehouse building. He further testified that all the properties except sale #6 had rail access and adequate access to the interstate highway system.

The comparables range in size from 366,300 to 2,197,775 square feet of building area and in land to building ratio from 1.42:1 to 9.15:1. The comparables sold from January 2003 to December 2005 for adjusted prices ranging from \$1,500,000 to \$14,000,000, or from \$.23 to \$9.04 per square foot of building area, including land. McCormick testified he confirmed the terms and conditions of the sales through individuals involved in the sales. He testified he made adjustments to each sale for building size, location, date of sale, land to building ratio, age, clear ceiling heights, and percentage of office space. He then described the sales and his adjustments.

McCormick testified size has a great impact on marketability of properties and the size of the subject limits the number of owners that can utilize that amount of space. He further testified he used comparables outside the subject's immediate location because of the size of the subject and opined that the market area for the subject would be the entire Midwest region of the country. He opined that there is an extremely limited market for large industrial properties like the subject as indicated by the low unit prices that these properties command on the market.

McCormick testified that, after all adjustments, he concluded a value for subject of \$6.00 per square foot of building area,

including land, which reflects an estimated market value under the sales comparison approach of \$15,600,000, rounded.

When reconciling the two approaches to value, McCormick testified considerable emphasis was placed on the sales comparison approach to value while the cost approach was considered, but given less weight. He opined the cost approach is less reliable on an older property like the subject. The final value estimate of value for the subject property as of January 1, 2006 is \$15,600,000.

McCormick testified that there were no changes in the subject property or market conditions for the subject that would significantly alter this opinion of value as of January 1, 2007 or January 1, 2008.

Under cross examination by the City of Chicago, McCormick confirmed the subject is located in the Chicago metropolitan area which has a population size that provides the area with a labor pool that is diverse in skill, talent, education, and expertise. He acknowledged that the Chicago metro area has public transportation and six interstate highway systems which make it a major hub for transportation.

McCormick testified the appraisal includes a description of the area surrounding the subject property and that he did not provide a detailed description of the entire Chicago metro market in the appraisal. He confirmed the subject has rail service. He acknowledged that the appellant uses the rail lines to deliver material and supplies to the subject and to ship out product from the subject. He also acknowledged the subject is on the Calumet River which is a transportation waterway. McCormick gave a brief description of the Chicago Manufacturing Campus located near the subject.

As to the sales used by McCormick, he confirmed that size is one of the most important characteristics in identifying comparables. McCormick then testified that the comparables are smaller than the subject. He agreed that the comparables are not located within the Chicago metro area with the exception of comparable #1 and that these properties do not have the same transportation opportunities as the subject. He testified he identified the six comparables outside the Chicago metro area as inferior to the subject in location.

McCormick agreed that comparable #6 is newer than the subject and was purchased by an investor. He testified the property remained vacant after its purchase and was then resold in 2008 for \$16,750,000.

McCormick confirmed the appraisal indicates that there were other sales of industrial properties in the general area of the subject; they were not included in the appraisal due to their substantially smaller and more marketable size. He testified that one of the comparables is one-fifth the size of the subject, but

stated that the properties he did not include were smaller than the properties he did use as comparables.

As to the cost approach, McCormick acknowledged the land value increased from his 2003 appraisal. In reviewing his land sales, McCormick confirmed that he used a per acre price figure and that converting this to a per square foot figure would have the comparables prices range from \$.21 to \$3.00 per square foot, approximately.

McCormick was questioned in regards to the use of his reproduction cost for the comparables in his depreciation analysis. McCormick competently answered the questions in regards to the range of those values. McCormick acknowledged the 94% depreciation rate he used for the subject was for all depreciation and he did not break out how much was allocated to physical depreciation. He further testified that the physical deterioration could be different for each building, but that the property was well maintained and in average physical condition.

McCormick testified he did not utilize an entrepreneurial profit in the cost approach because the subject is a large, single-user manufacturing building and the market does not call for this extra cost for this type of building. He testified that soft costs are already included within the costs for each component.

Under cross-examination by the board of review, McCormick was shown *Board of Review's Exhibit #2*, a copy of the special warranty deed for improved sale #1. He acknowledged the information on this document is the same information he utilized in the appraisal. McCormick was then shown *Board of Review's Exhibit #3*, a copy of a special warranty deed for a subsequent sale of a portion of sale #1 and *Board of Review's Exhibit #4*, a copy of a special warranty deed for a subsequent sale of another portion of sale #1. McCormick testified he did use these subsequent sales of portions of the property in valuing the subject.

Under cross-examination by the Chicago Board of Education, McCormick confirmed that he used local sales for the land sales. He testified he used land sales that all had the same highest and best use as the subject property. He acknowledged he did not use square footage as a unit of measurement, but used acreage. He opined that larger tracts of land use a price per acre. He further stated that for smaller sites, which are common in the City of Chicago, a common unit of comparison is a price per square foot. He acknowledged that the land sales are all smaller than the subject.

On redirect, McCormick testified he considered the labor pool and other amenities related to the subject property's location when valuing the subject. He opined that there is no market data to show values decrease for these large properties the further away they are from Chicago. He opined this is also true in regards to population and labor force. McCormick testified that for a

smaller town, the type of transportation needed would not be the same as the City of Chicago; if it's adequate for the small town and adequate for the city, they are comparable, but the scale is different.

McCormick testified that for large land sales, properties tend to be marketed by brokers on a per acre basis whereas with improved sales, the price advertised is typically a price per square foot of building area, including land.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's total assessment of \$22,224,104 was disclosed. This assessment reflects a fair market value of \$64,313,199 or \$24.2748 per square foot of building area, land included, when the various Cook County Real Property Assessment Classification Ordinance level of assessments that are allocated to the subject's parcels.

In support of this market value, the notes included raw sales information on four properties suggested as comparable to the subject. These properties range in size from 1,001,200 to 2,877,165 square feet of building area. They sold between December 2004 and April 2007 for prices ranging from \$19,100,000 to \$68,596,000 or from \$17.36 to \$33.41 per square foot of building area, including land.

At the hearing, the board of review did not call any witnesses and rested its case upon its written evidence submissions. As a result of its analysis, the board requested confirmation of the subject's assessments.

In support of the intervenor, Chicago Board of Education's position, the board of education submitted a summary appraisal of the subject prepared by Brian F. Aronson with Aronson and Associates, Chicago. The appraisal has a valuation date of January 1, 2006 and a value estimate of \$42,900,000. The intervenor presented the testimony of Mr. Aronson. The parties stipulated that Mr. Aronson's is an expert in industrial property valuation for ad valorem tax purposes and he was accepted as such by the Board.

Aronson was shown *Board of Education Exhibit #1*, a copy of the appraisal he prepared with a valuation date of January 1, 2006 for \$42,900,000. He testified he inspected the interior and exterior of the subject on August 27, 2008.

Aronson testified the subject's highest and best use as vacant would be to remain vacant for future industrial development and highest and best use as improved is its existing industrial structure.

The witness described the geographic area surrounding the subject property. He testified to the extensive industrial area surrounding the subject and the benefits to the subject. Aronson testified that there are three distinct components to the subject

and described them as the main parcel, the west parcel which contains the body side building, and the south parcel which is utilized as parking. Aronson then described the improvements located on the property. He testified he used the total building square footage from the main plant, the body side building, the passageways, and the auxiliary buildings to value the subject.

To estimate a total market value for the subject, Aronson employed two of the three approaches to value: the cost approach and the sales comparison approach to value. Aronson testified that as an owner-occupied building and based on the subject's layout and design, the income approach was not germane to valuing the subject.

Under the cost approach, Aronson testified the first step is to value the land. He testified he analyzed seven land sales to estimate the value of the land at \$8,105,000, or \$1.95 per square foot. Aronson described each sale. The seven sales sold between February 2000 and December 2003. They ranged in size from 239,580 to 6,969,600 square feet and in sale prices from \$.74 to \$3.33 per square foot. Aronson opined that in the Chicago industrial market, the relevant unit of measurement for land is square foot and not acre.

Aronson testified he used the Marshall Valuation Service to estimate the replacement cost new of all the real estate at \$247,020,461. In establishing a rate of depreciation, Aronson testified he analyzed five sales of properties included in the sales comparison approach. He testified he considered the weighted age of the main building components, the layout and design for each principal improvement and their utility, factors external to the subject, demand for these types of improvements, and analyzed each sale property. Aronson estimated the subject property's depreciation at 86% for a depreciated value of the improvements of \$34,582,864. Site improvements were estimated at \$1,400,000. Adding the land value resulted in a final value estimate of \$44,090,000, rounded.

As to the sales comparison approach, Aronson opined that it is extremely important to consider sales from the local marketplace. He testified he analyzed five sales. Aronson testified he looked to location, the date of sale, size, physical condition, layout and design, property rights conveyed, condition of sale and physical characteristics in comparing the sales to the subject.

Aronson testified to each sale comparable. He testified sale #1 was a multi-building, multi-tenant, industrial facility and was a leased fee sale. He noted this property was 40% vacant at the time of sale and this could have impacted the sale price. Sale #2 was demised for multi-tenant usage at the time of sale. He testified that several factors influenced the price for this sale, including the leased fee transfer; however, the property was only 5% occupied and this had a detrimental impact on the price paid. Aronson testified sale #3 was predominantly owner-occupied at the time of sale and that half the property was

leased back to the seller after the sale. He testified sale #4 was a leased fee transfer, but sold subsequently in 2007 with only 15% of the building leased on a month-to month basis. Sale #5, Aronson testified, was a leased fee transfer and after the sale was demised for multi-tenant occupancy.

The comparables range in size from 650,000 to 2,877,165 square feet of building area and in land to building ratio from 1.12:1 to 4.00:1. The comparables sold from November 2003 to October 2005 for prices ranging from \$6,500,000 to \$68,596,000, or from \$7.54 to \$23.84 per square foot of building area, including land. Aronson opined the subject's value would fall in the middle to upper end of the range and he chose an overall value of \$16.50 per square foot of building area, including land. In arriving at this value, he testified he analyzed the elements of comparison. He concluded a value for the subject property under the sales comparison approach of \$42,900,000.

In reconciling the two approaches to value, Aronson testified he considered the strengths and weaknesses of each approach, but most importantly considered the market and determined the market considers the sales comparison approach for this type of property. He gave this approach more weight in concluding a final value estimate of value for the subject property as of January 1, 2006 is \$42,900,000.

The board of education then attempted to question Aronson in regards to *Board of Education's Exhibit #2*, a copy of a map of the sales comparables used in the appellant's appraisal. This exhibit was not presented to the appellant's witness, Terrence McCormick at the appropriate time, during cross examination. However, McCormick was questioned extensively in cross examination on the location of the comparables he utilized. The Board denied the board of education's request to submit this map into evidence through this unrelated witness. This map was taken into evidence for purposes of an offer of proof on appeal only and will not be relied upon by the Board.

Aronson testified that there would be no substantial change in value for the subject property from January 1, 2006 to January 1, 2007.

On cross-examination, Aronson opined that one prospective buyer would be an owner-user, but that a buyer could convert the subject to multi-tenant occupancy. He testified this use would still be industrial. He opined that the subject's large building size diminishes its market appeal. He acknowledged that the main building and the body side building could be sold separately. He testified he did not include any analysis of the costs incurred for this separation. He testified he believed each building had separate utilities. He opined there would be no impact on the land to building ratio if the parcels were separate.

Aronson acknowledged that many of the sales comparables he used are multi-tenant properties. He agreed that the subject has

functional layout and design deficiencies and suffers from external obsolescence. He acknowledged the main building has a cut up plant configuration.

As to the land comparables, Aronson could not recall when land sale #6 actually sold as two different dates were noted in the appraisal. He acknowledged that three, possibly four, sales took place in 2000. Aronson acknowledged that many of the land sales were significantly smaller than the subject. He testified he considered the subject's land as three different parcels based on their physical layout and design and separate parcel identification numbers.

In estimating the replacement cost for the improvements, Aronson testified he used the Marshall Valuation book to arrive at a base cost for the building components and the appraisal reflects the refinements as required to arrive at an estimated cost new. He confirmed he used the market-extraction method to develop the depreciation rate. He testified that if the comparables used for the market extraction method are deemed by someone not to be comparable then there could be a problem with the depreciation rate. He acknowledged he estimated a cost new for the comparables sales from \$60.00 to \$65.00 per square foot of building area. Aronson agreed it was difficult to measure depreciation for an older, owner-occupied industrial complex that was built in stages.

As to the sales comparables, Aronson acknowledged sale #1 consisted of two multi-tenant industrial buildings and was a leased fee transfer. He testified the property was 40% vacant at the time of sale and was part of the analysis. He acknowledged that sale #2 was also a multi-tenant, industrial property. Aronson testified he did not know the lease terms at the time of sale, but that the building was only 5% occupied. He opined that this sale was not the closest sale to a fee simple sale because any property that is 1% leased is a leased fee transfer. Aronson testified sale #3 was a leased fee sale and he did not know the terms of the lease. He confirmed that 50% of the property was leased back to the seller. Aronson referenced two sales for sale #4. He acknowledged the 2003 sale was a leased fee sale and the 2007 sale would technically be a leased fee sale because 15% of the building was leased on a month-to-month basis. He opined that redeveloping industrial properties to multi-tenant use was not speculative because it was being done in the market and sale #4 was an example of this. Aronson acknowledged that sale #5 was also a leased fee sale purchased by an investor. He testified he did not know the terms of the lease for this property.

Aronson testified he was unable to find any fee simple sales in the Chicago area. He would not make a statement as to whether sale-leaseback properties are usually exposed for a reasonable time on the open market. He acknowledged that in some instances a sale-leaseback transaction can represent a financing alternative to raise capital and use assets as a financing tool.

Aronson testified he considered selling the body side building separately. He opined that whether this would allow the building to have direct rail service is irrelevant because the rail spur is located between the body side building and the main building.

On redirect, Aronson testified that the biggest factor used in gathering land sale comparables was analyzing local market data. He confirmed he took the sales dates into account in adjusting for value for the land comparables.

As to the improved sales, Aronson testified he considered the occupancy and information available regarding income, if it was available when analyzing the leased fee property rights. He testified he considered the real estate taxation for the sales located outside of Cook County when deriving a value for the subject. Aronson testified he was not aware of any significant changes in the property that would affect the value of the property as of January 1, 2008.

Aronson opined that for a sale-leaseback purchase, it would be fiscally inappropriate for the buyer to decide to pay more for a property than what it would be worth on the open market and the considerations for whatever the sale-leaseback information would be.

In rebuttal, the appellant called Mr. Gary Battuello. The intervenors and the board of review objected to any Battuello testimony outside the parameters of his written appraisal review for Aronson. Upon due consideration of the parties' positions, the Board denied the motion. However, the Board notes the objecting parties' standing objection. Moreover, the Board ordered appellant's counsel to confine any questions in regards to Aronson's testimony to only those statements which varied from his written appraisal.

Mr. Battuello testified he is the managing partner in a commercial real estate appraisal firm in Minnesota. He stated he is a certified general appraiser in Minnesota, Wisconsin and Illinois and holds the MAI designation from the Appraisal Institute. He admitted he was not licensed in Illinois at the time of his review. Mr. Battuello then testified that prior to the change in Illinois law, non-licensed appraisers were allowed to review work for non-federally related transactions. Battuello testified he has been an appraiser for 30 years. He testified he has appraised extremely large commercial and industrial properties with over 90 appraisals of industrial properties over 1,000,000 in square feet. He noted 20 of those properties would be manufacturing properties. Battuello testified he appraised two automobile assembly plants. He testified he has conducted appraisal reviews on between 50 and 60 appraisals with five or six of those being large industrial properties. Battuello testified he has appeared as an expert at the Illinois Property Tax Appeal Board. He stated he has published articles in property valuation publications. The Board admitted Mr. Battuello as an expert in the field of property valuation of extremely large

commercial and industrial facilities, the valuation of extremely large, single-user manufacturing facilities, and as a review appraiser without objection from the remaining parties.

Battuello opined that the outstanding characteristics of the subject are its size and its use as an industrial building. He testified the property is located in an industrial neighborhood, has good highway connectivity, rail access and, to a lesser degree, has water access.

Battuello testified he inspected the exterior of the subject in summer 2012. He opined that the subject would need major modifications to facilitate multi-tenancy. He testified that the report he reviewed did not discuss the costs to convert the subject to multi-tenancy.

Battuello agreed that the locational attributes enhance the value of the property. He opined that a property that has similar amenities would also have its value enhanced.

In reviewing Aronson's appraisal, Battuello was shown *Appellant's Exhibit #4*, a copy of his appraisal review report. Battuello opined that the highest and best use as improved analysis was not complete because it did not include whether that use would be single-tenant or multi-user.

Battuello agreed that an income approach was not needed to estimate the subject's market value, but testified the Aronson appraisal did not explain why the income approach was not utilized.

Battuello confirmed sale #1 is a multi-tenant property. He testified it was much smaller than the subject. He testified sale #2 is a third of the size of the subject and is an older industrial facility, similar to the age of the subject's main building. He indicated this property was also multi-tenant.

Battuello agreed sale #3 was a complex transaction. He testified the property was purchased in its entirety from Caterpillar with Caterpillar leasing about half of the building and leasing back the other half. He testified sale #3 was a short-term, sale-leaseback while sale #5 was also a sale-leaseback.

Battuello testified that Aronson uses two sale dates for sale #3: the first one in December 2003 when the property was sold and half the building was leased back to the seller, Caterpillar, and the second sale which involved 100% of the leased fee base. Battuello opined that Aronson combined these two sales into one, but reported the sale price at the second sale. Battuello testified that the Aronson appraisal indicates a large amount of personal property allocated to the sale price and that this was not evidenced in the two real estate transfer declarations.

Battuello noted that all of Aronson's sales comparables had leased fee or multi-tenant influences. He opined that leased fees

were difficult to use for direct comparison to fee simple assignments. He also opined that 100% leased sales typically sell for a higher amount than a fee simple sale and that sales #4 and #5 were fully leased at the time of sale. Battuello opined that because Aronson used narrative to describe the differences in the properties, it is very difficult to take the data and reach the same valuation conclusion that Aronson did. Battuello testified he found Aronson's conclusions under the sales comparison approach were not reasonable or reliable and that the data used was not adequate or relevant.

As to the replacement cost new, Battuello testified that Aronson develop the replacement cost new in three different components with an average base cost of \$92.00. He opined that there was not a lot of detail in showing what the adjustments were.

Battuello testified the depreciation is estimated in the aggregate and then reduced to an annual basis. He opined that this was inaccurate in that obsolescence is not a function of time, but physical depreciation is. He testified that in this instance, where the subject suffers from substantial obsolescence, he would not agree with the reduction of that overall amount to an annual amount. Battuello also testified that the comparables used in the market extraction had lower replacement costs than the subject; he opined that this means either the method was not done correctly or the sales are not physically comparable to the subject. He opined that all these things created a lower depreciation.

On cross-examination by the Board of Education, Battuello confirmed that the income approach to value was not suitable for valuing the subject property.

As to the replacement cost new used by Aronson, Battuello reiterated that Aronson identified the base cost employed and the adjusted cost, but does not present the adjustment process.

Battuello testified that leased fee multi-tenant facilities are not directly comparable to fee simple appraised interests. He testified that it is possible to adjust these sales to obtain relative data to the fee simple interest appraised.

Battuello confirmed he inspected the subject after the appraisal reviews were completed. He testified this inspection involved driving around the subject property to see as much as possible from the roadway and exited his vehicle on the west parcel and walked around a little.

Battuello agreed he criticized the Aronson report because the report uses a generic conclusion that the industrial use should continue in the highest and best use analysis. He acknowledged that the report, in a different section, identifies and describes the subject's current use.

As to Aronson's improved sales, Battuello testified that a sale-leaseback is not an arm's-length transaction. He further testified that a leased-fee sale could be an arm's-length sale in that market. He acknowledged that a leased-fee sale and a sale-leaseback do not necessarily mean that they are not reflective of the market. Battuello acknowledged that Aronson acknowledged the leased fee or multi-tenant influence of each comparable that had that characteristic. He acknowledged the report indicates adjustments were made for the inferior property rights conveyed for sales #1 and #2. He agreed that quantitative adjustments are difficult for the complex nature of the subject.

As to Aronson's depreciation rate, Battuello testified that for properties that exhibit large amounts of obsolescence an annual level of depreciation is inappropriate.

On redirect, Battuello testified that there is a market for the subject.

As to Aronson's sales comparables, Battuello opined that he did not make market supported adjustments to the leased fee and multi-tenant sales. He testified the general procedure is to identify the lease and other lease terms for the leased fee comparables as well as the market information as to rent, vacancy, and expenses. He further testified that you need lease information to use this type of process. Battuello testified that the lease terms are needed to determine if the lease would influence the sale price either negatively or positively and then adjustments can be made one way or the other.

Battuello opined that size is the outstanding characteristic of this property and most extremely large buildings. He opined that Aronson identified the smaller sizes of the sales comparables, but did not identify adjustments for size in the narrative.

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. 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 satisfied this burden and that a reduction is warranted.

In determining the fair market value of the subject property for tax year 2007, the Board examined the appellant's and intervenor's appraisal reports and testimony, the board of

review's submission, and the appellant's rebuttal documentation and testimony.

The Board finds the board of review did not present or called a witness to testify about their qualifications, identify their work, and testify about the contents of the evidence. In addition, the evidence submitted by the board of review is raw sales data without adjustments and contains a statement that the information is collected from many sources and the data has not been verified nor does the board of review warrant its accuracy. For these reasons, the Property Tax Appeal Board gives the evidence from the board of review no weight.

In reviewing the remaining evidence and testimony, the Board finds that the parties' appraisers agreed on several issues: that the subject is an extremely large, single-user, owner-occupied, industrial property; the highest and best use as improved is the subject's continued industrial use; the income approach was not useful in estimating the subject's market value; and that the comparables sales approach should be given the most weight.

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 Board will give this approach the most weight.

In reviewing the appraisers' sales comparison approaches, the Board finds one of the main differences in the appellant's sales comparables and the intervenor's sales comparables are the differences in property rights conveyed and the location of the comparables. The appellant's comparables are all fee simple transactions located within the Midwest, while the intervenor's comparables are all located in the Chicago metropolitan area or on the outskirts thereof and are leased-fee transfers. The Board finds the most important characteristics of the subject are its property rights, its highest and best use, and its size and location. The Board finds the intervenor's argument that the subject's location in the City of Chicago makes any other locations outside of the Chicago metropolitan area inadequate and that adjustments could not be made to sufficiently estimate the value for the subject are unpersuasive. The intervenor's argument that there is an insufficient skilled labor force and transportation networks outside of the Chicago area flawed. The Board finds the fact that there is industrial property located throughout the Midwest establishes that these basic infrastructures exist, in varying degrees, in areas outside of Chicago.

Furthermore, the Board finds that the intervenor's appraiser failed to provide market data in regards to the leases for his sale comparables. All five comparables were leased-fee transactions and the appraiser did not have all the information

regarding the leases in place to show that the sale prices were not negatively or positively influenced by the leases. . Aronson made downward adjustments to sales #1 through #3 for inferior property rights and sales #4 and #5 were adjusted upward for superior property rights; his only explanation for these adjustments was that adjustments were made to reflect if the properties were fully leased or partially leased. The Board finds the only comparable submitted by the intervenor where the lease fee interest of the property minimally impacted the sale was the appraiser's sale #2 which was only 5% leased at the time of sale. Therefore, the Board will give weight to this sale.

As to McCormick's sales comparables, the Board finds that sales #1 and #2 are significantly smaller than the subject and adjustments needed for size with these comparables would be significant. The Board further finds that, for this reason, these properties are given less weight.

The remaining sales, which includes intervenor's #2, were given significant weight by the Board. These properties range: in size from 852,000 to 1,547,917 square feet of building area; in land to building ratio from 1.92:1 to 9.15:1, and in age from 8 to 62 years. These properties sold from January 2003 to November 2005 for prices ranging from \$0.23 to \$9.04 per square foot of building area, including land. The subject property's 2006 assessed value equates to a market value of \$24.74 per square foot of building area, including land which is above the unadjusted range of comparables. After considering all the evidence including the experts' testimony and submitted documentation as well as the adjustments necessary, the Board finds that the subject's 2007 market value is \$22,095,436.

As a result of this analysis, the Board 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.

Donald R. Cuit

Chairman

[Signature]

Member

[Signature]

Member

[Signature]

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: May 24, 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.