



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

APPELLANT: Chicagoland Commercial Real Estate
DOCKET NO.: 07-30534.001-C-1
PARCEL NO.: 03-08-100-041-0000

The parties of record before the Property Tax Appeal Board are Chicagoland Commercial Real Estate, the appellant(s), by attorney Larry C. Jurgens, of Sanchez, Daniels & Hoffman 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: \$130,286
IMPR: \$424,514
TOTAL: \$554,800

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 76,191 square foot parcel of land improved with a 23-year old, one-story, masonry, multi-tenant, commercial building containing 23,998 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 Patrick Kelly of Kelly Appraisal Consultants, Inc. Kelly was the appellant's only witness. Kelly testified he has been an appraiser for 30 years, is licensed in Illinois, and holds the MAI designation from the Appraisal Institute. He testified he performs approximately 150 appraisals per year most of which are commercial and industrial properties located in Cook County. He testified he has appeared before courts and tribunal as an expert witness including before the Illinois Property Tax Appeal Board. Mr. Kelly was accepted as an expert in property valuation without objection from the board of review.

The appraisal indicated the subject has an estimated market value of \$1,460,000 as of January 1, 2007. The appraisal report utilized the income and sales comparison approaches to value to estimate the market value for the subject property. Kelly described the subject property and testified that the classification as a Class C property is determined by the age of the property, the condition and the rent that the property could achieve. Kelly testified he inspected the property and determined it to be well maintained. The appraisal finds the subject's highest and best use is its current use.

The cost approach was omitted within the appraisal. Kelly testified that the cost approach was considered, but not utilized given the scarcity of land sales, the age of the property, and the subjectiveness of the depreciation. Therefore, the appraisal opines this approach would not be applicable to the subject property.

Under the income approach to value, the appraiser analyzed the rents of five properties and a review of the subject's rental history to arrive at an estimate of rental rate for the subject at \$16.52 per square foot of building area. This resulted in a potential net income (GPI) of \$396,447. Vacancy and collection loss was estimated at 10% of GPI and \$20,000 in additional income was also estimated for an effective gross income (EGI) of \$376,802. Expenses were estimated at \$128,869. Therefore, the net operating income (NOI) was estimated at \$247,933.

In determining the appropriate capitalization (CAP) rate, McCormick testified he utilized the band of investment technique as well as reviewed three market driven surveys. Kelly testified he estimated a CAP rate of 8.5% and applied a loaded CAP rate of 17.01% to the NOI to estimate the market value for the subject under this approach at \$1,460,000, rounded.

Under the sales comparison approach, the appraiser analyzed the sales of five properties. The properties range in effective age from 20 to 25 years and in size from 16,215 to 54,870 square feet of net rentable area. The comparables sold from July 2004 to January 2007 for prices ranging from \$44.98 to \$65.69 per square foot of net rentable area, including land. Kelly testified that these sales were all Class C properties located with the same area as the subject. Kelly testified he made adjustments to each of the comparables for pertinent factors such as market conditions, size, land to building ratios, and age. Based on the similarities and differences of the comparables when compared to the subject, Kelly testified he estimated a value for the subject under the sales comparison approach of \$60.00 per square foot of building area or \$1,440,000, rounded.

Kelly testified he did not include other sales within his report because of the age of the sale, highest and best use of the property, and/or classification of the property.

As to the sale of the subject, Kelly testified the subject sold in May 2005, but that this was not an arm's length transaction. He testified there was a relationship between the buyer and the seller to this transaction and the property was not listed on the open market.

In reconciling the two approaches to value, Kelly testified he gave primary weight to the income approach and secondary weight to the sales comparison approach to value to arrive at a final estimate of value for the subject as of January 1, 2007 of \$1,460,000.

Under cross-examination, Kelly testified that one sale does not make a market and that there were few adjustments made to the comparables for both a tight unadjusted range and an adjusted range. Kelly testified that the actual rent is important, but that rental comparables are just as important to show if the actual rent is supported. Kelly acknowledged that he used a lower rental rate than the actual rent and higher expenses than the actual expenses for the subject property.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's total assessment was \$637,742 yielding a market value of \$1,678,268 or \$69.93 per square foot of building area, including land, using the Cook County Real Property Classification Ordinance for Class 5a property of 38%. The board also submitted raw sales information on five properties suggested as comparable. The properties range in size from 20,240 to 30,000 square feet of building area and sold from July 2001 to October 2008 for prices ranging from \$1,655,000 to \$6,010,000 or from \$80.89 to \$200.33 per square foot of building area, including land. In addition, the board of review included a copy of the warranty deed for the sale of the subject in May 2005. The board of review did not call any witnesses and rested on the evidence already submitted.

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, 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 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 income and sales comparison approaches to value in determining the subject's market value. The witness credibly testified that the cost approach would not be appropriate for the subject property. 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 \$1,460,000 for the 2007 assessment year. Since the market value of this parcel has been established, the Cook County Real Property Classification Ordinance for Class 5a property of 38% will apply. In applying this level of assessment to the subject, the total assessed value is \$554,800 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.

Ronald 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: November 30, 2012

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.