



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

APPELLANT: Pancor Management, Inc.
DOCKET NO.: 08-04573.001-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 the Law Office of Dennis M. Nolan, P.C. in Bartlett; the DuPage County Board of Review; and the DuPage High School District No. 88, intervenor, by attorney Ares G. Dalianis of Franczek Radelet P.C., Chicago.^{1, 2}

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: \$345,970
IMPR.: \$978,900
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

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 appraisal and testimony presented by the appellant in the 2008 appeal was the same as in the 2006 and 2007 appeals plus an additional appraisal with an effective date of January 1, 2009 also prepared by Terrence M. O'Brien and Brian J. Duniec of Terrence O'Brien & Co.

² The intervenor failed to appear at the hearing and is found to be in default pursuant to section 1910.69(b) of the rules of the Property Tax Appeal Board. (86 Ill.Admin.Code 1910.69(b)).

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.

The appellant appeared by counsel contending overvaluation as the basis of the appeal. In support of this argument the appellant submitted two appraisals 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 and a market value of \$3,800,000 as of January 1, 2009.

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 as of January 1, 2006, 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.

In his analysis 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 as of January 1, 2006.

The witness further testified that he completed another appraisal of the subject property with an effective date of January 1, 2009, wherein he also estimated the subject property had a market value of \$3,800,000. In this report the appraiser developed only the sales comparison approach. The appraiser testified that the sales used in the 2009 appraisal were different than those used in the 2006 report.³

In estimating the market value of the subject property as of January 1, 2009, Duniec developed on the sales comparison approach to value using seven sales located in Glendale Heights, Carol Stream, Hanover Park and Addison. The comparables were improved with five one-story single tenant industrial warehouse buildings and two part one-story and part two-story or mezzanine industrial warehouse buildings that ranged in size from 55,650 to 110,000 square feet of building area. Comparable #6 was a multi-tenant building while the remaining comparables were single tenant buildings. The buildings ranged in age from 7 to 27 years old. These properties had ceiling heights ranging from 18 to 30 feet and four were described as having office space ranging from 5% to 14.4% of building area. These properties had sites ranging in size from 112,823 to 243,683 square feet resulting in land to building ratios from 1.88:1 to 2.87:1. The sales occurred from March 2006 to September 2009 for prices ranging from \$3,000,000 to \$6,300,000 or from \$43.85 to \$57.27 per square foot of building area, including land.

³ Comparable sale #4 in the 2009 appraisal was the same property as comparable sale #4 in the 2006 report. Comparable sale #5 in the 2009 appraisal was the same property as comparable sale #1 in the 2006 report.

In his analysis the appraiser analyzed the comparables and made adjustments for such factors as location, time, age, building size, ceiling height, number of tenants and land to building ratio. Within the report the appraiser explained that each of the comparables except comparable #6 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 of the single tenant comparables. 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 as of January 1, 2009.

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 up 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 \$1,668,870 was disclosed. The subject's assessment reflects a market value of \$5,016,140 or \$71.94 per square foot of building area, including land, using the 2008 three year average median level of assessments for DuPage County of 33.27%.

The board of review indicated on the "Notes on Appeal" that it wished to combine the 2007 and 2008 appeals because the evidence for both years was the same. The board of review, however, did not submit an additional copy of the evidence provided in the 2007 appeal with its 2008 filing. Nevertheless, due to the fact the 2007 and 2008 appeals were part of a consolidated hearing and there was no objection to the use of the evidence submitted by the board of review in the 2007 appeal, the Board will consider that evidence and testimony as summarized below.

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. Marack used information on 15 sales located in Bensenville, Wood Dale, Elmhurst, Itasca and Addison. The comparables were improved with one-story or part one-story and part two-story industrial buildings that ranged in size from 52,476 to 81,814 square feet of building area. The buildings were constructed from 1960 to 2000. These properties had building heights ranging from 16 to 32 feet, office space ranging from 2.19% to 42.40% of building area and land to building ratios ranging from 1.64:1 to 3.85:1. These properties sold from July 2005 to October 2007 for prices ranging from \$2,720,852 to \$6,600,000 or from \$51.85 to \$105.23 per square foot of building area, including land.

Marack indicated within the report he considered adjustments to the comparables for location, time, building size, number of units, land to building ratio, construction, age exterior office wall height and office area. He ultimately estimated the subject property had a market value of \$5,440,000 or approximately \$78.00 per square foot of building area, including land.

At the hearing Marack testified the assessor's office did not change the assessment of the subject property for the 2008 tax year but a township equalization factor of 1.076 was applied by the County (Supervisor of Assessments) and that was why there was no report prepared for 2008.

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 the 15 sales used in the appeals for the 2007 and 2008 tax years Marack testified all were located within Addison Township, two were located within the city of Addison.

Marack stated his sale #2 sold in October 2007 and he made no adjustment for time because he did not believe there was a whole lot of change in the market from January 1 to October 2007. He further agreed sale #2 had a land to building ratio of 3.85:1, higher than the subject's land to building ratio, which was highly likely to result price more per square foot. With respect to sale #2, Marack was not aware the transaction was a REIT purchase, nor was he aware the property was on the market zero days and he was not aware the sale was an unsolicited offer. Marack also acknowledged his sale #4 had 43.40% of building area as office space, resulting in a downward adjustment. Marack also testified he was aware this comparable had four units. Marack further testified he was not aware that his comparable #6 was an estate liquidation sale. Marack acknowledge sale #7 had a higher land to building ratio than the subject and he did not think that this being a part one-story and part two-story building had a whole lot of impact on value. Marack testified he was aware his sale #8, which was also his sale #10 in the 2006 report, was a three-unit building, and he was not aware this was a portfolio sale. Marack's sale #11 was the same property he used in 2006 report as sale #6, which had five units in the building. He further stated he was not aware that this was purchased by a REIT with an allocated price for four properties. Marack testified he was aware his sale #12 was a 20-unit building. He further did not know if the transfer declaration revealed this sale as being by a private buyer REIT. With respect to sale #15, Marack was not aware this property was part of a portfolio sale of nine properties for \$35,198,000. He was also not aware this property was on the market for 30 days.

Marack testified he would use a REIT sale so long as it was considered an arm's length transaction. Marack further explained that in selecting the sales he did not go beyond reviewing the real estate transfer declarations because there wasn't anything to indicate the sales were other than arm's length transactions.

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 2008 tax year the subject property had a total assessment of \$1,668,870 reflecting a market value of \$5,016,140 or \$71.94 per square foot of building area, including land, using the 2008 three year average median level of assessments for DuPage County of 33.27%. The appellant submitted two appraisals with estimates of market value as of January 1, 2006 and January 1, 2009. In each report 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 board of review submitted a report prepared by the Chief Deputy Assessor of Addison Township estimating the property had a market value of \$78.00 per square foot of building area, including land, for a total value of \$5,440,000, 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 sales #1, #4, #5 and #6 used by Mr. Duniec in the 2006 appraisal, all the sales used by Mr. Duniec in the 2009 report except sales #2 and #6, and sales #6, #11 and #15 presented by Mr. Marack should be given most weight. Sales #2 and #3 used by the appellant's appraiser in the 2006 report occurred in 2004 and were given less weight due to date of sale. Sale #2 used by Duniec in the 2009 report was significantly older than the subject and was a part one and two-story building. Sale #6 used by Duniec in the 2009 appraisal occurred in September 2009, 21 months after the assessment date at issue, and is given less weight to the date of sale. The remaining sales used by Mr. Marack were given less weight due to such factors as age, office space and style being composed of part one and part two story buildings. The Board also gave less weight to Marack's sales #2 and #8 due to the fact these appears to be outliers with a unit prices of \$105.23 and \$103.38 per square foot of building area, including land.⁴

The Board finds the best sales submitted by the parties had unit prices ranging from \$52.74 to \$78.13 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 all but one of the best sales in this record. The record disclosed that 9 of these sales had unit prices ranging from \$52.74 to \$64.47 per square foot of building area, including land, each of which is below the value reflected by the subject's assessment.⁵ The Board further finds that the remaining sale for \$78.13 per square foot of building area, including land, was slightly superior to the subject in age, in exterior building height, office area and land to building ratio. Furthermore, there was a question as to whether this property sold as part of a portfolio transaction involving nine properties for \$35,198,000. Thus, the Board finds a significant downward adjustment to this comparable is warranted. 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.

⁴ There were also a question as to whether sale #2 was exposed on the market and whether sale #8 was part of a portfolio transaction which may also explain the relatively high unit prices.

⁵ The Board recognizes that comparable sale #4 in the Duniec's 2009 appraisal is the same property as comparable sale #4 in his 2006 report and that comparable sale #5 in Duniec's 2009 appraisal is the same property as comparable sale #1 in his 2006 report.

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

Marko M. Louie

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.