FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: PM Investments LLC
DOCKET NO.: 08-20690.001-I-1 through 08-20690.002-I-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are PM Investments LLC, the appellant, by attorney Edward M. Burke of Klafter & Burke, Chicago; and the Cook County Board of Review.

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds ***no change*** 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
08-20690.001-I-1	19-03-400-135-0000	8,626	1,957	$10,583
08-20690.002-I-1	19-03-400-165-0000	44,802	243,803	$288,605

Subject only to the State multiplier as applicable.

ANALYSIS

The subject matter of this appeal is comprised of two parcels improved with a single tenant, owner occupied industrial building of masonry exterior construction. The building is a one-story structure that was built in 1966. The subject property is classified a both a Class 5-93 property (Industrial building) and a Class 5-80 (Industrial minor improvement) under the Cook County Real Property Assessment Classification Ordinance (hereinafter Ordinance), which is to be assessed at 36% of fair cash value. The subject building has 38,639 square feet of building area. One parcel (19-03-400-165-0000) has 55,312 square feet of land area. The other parcel (19-03-400-135-0000) has 10,650 square feet of land area. The subject parcels are located in Lake Township, Cook County.

The appellant submitted evidence before the Property Tax Appeal Board claiming overvaluation as the basis of the appeal. In support of this argument, the appellant submitted a summary appraisal for only parcel 19-03-400-165-0000. The value, if any, associated with parcel 19-03-400-135-0000 was not included in the appraisal report. The appraisal was prepared and reviewed by two state licensed appraisers. The appraisal report conveys an estimated market value of $620,000 as of January 1 2006, using two of the three traditional approaches to value.

Under the income approach to value, five suggested rental comparables were utilized. The comparables were described as industrial buildings of unknown story height or proximate location in relation to the subject. The buildings are reported to range in size from 80,505 to 254,110 square feet of net rentable building area. However, rental comparables 4 and 5 were reported to have 70,000 and 126,312 square feet of leased area, respectively. Two comparables are single-tenant buildings while three comparables are multi-tenant buildings. Four rental comparables were built from 1942 to 1970 with comparable 2 renovated in 2000. The age of rental comparable 1 was not disclosed. Finished office areas of four comparables ranged from 1% to 4% of their total building area. One comparable did not have any finished office area. Clear ceiling heights varied within and from building to building, from 12 to 54 feet. The rental comparables had from 6 to 23 trucking docks and three comparables had two drive-in doors. Comparables 1 through 3 had asking gross rental rates of $3.15 or $3.25 per square foot of building area. Their expenses was estimated to be $1.50 per square foot of building area, resulting in net rental rates of $1.65 and $1.75 per square foot of building area, respectively. Comparables 4 and 5 were reported to have net asking rental rates of $2.50 and $2.75 per square foot of building, respectively.

The appraisers made qualitative adjustments to the comparables' per square foot asking rental rates for differences to the subject in size, location, ceiling clearance height, effective age, office area and the offering rates. After consideration of the adjustment process, the appraisers concluded the subject property had a projected rental rate of $2.00 per square foot of building area. Therefore, the subject's potential annual income was estimated to be $77,278. Vacancy was estimated to be 10% or $7,728, resulting in an effective annual income of $69,550. Carrying costs were estimated to be 10% or $6,955, resulting in a net operating income of $62,595. Using the band of investments method, the appraisers calculated a capitalization rate of 9.75% to be applied to the subject net operating income. As a result, the appraisers conclude a value under the income approach to value of $640,000, rounded.

Under the sales comparison approach to value, the appraisers utilized five suggested comparable sales. The comparables consist of single tenant, one-story or part one-story and part two-story industrial buildings of masonry exterior construction. The comparables were built from 1937 to 1958. The buildings range in size from 28,800 to 75,000 square feet of building area. The buildings are situated on sites ranging in size from 29,190 to 127,778 square feet of land area. Land to building ratios ranged from 1.01:1 to 2.81:1. The subject has a land to building ratio of 1.43:1. Ceiling heights ranged from 10 to 22 feet. Four buildings have from 1 to 5 trucking docks and all the comparables have from 2 to 6 drive-in overhead doors. The suggested comparables sold from February 2003 to August 2004 for sale prices ranging from $425,000 to $945,000 or from $12.23 to $16.48 per square foot of building area including land.

The appraisers made qualitative adjustments to the comparables' per square foot sale prices for differences to the subject in market condition, building size, land to building ratio, percentage of office space, ceiling height, and effective age. Based on the adjustment process, the appraisers concluded the subject property had a fair market value of $16.00 per square foot of building area including land or $620,000, rounded, as of January 1, 2006.

Page 9 of the appraisal report also indicates the subject sold on March 30, 2006, for $1,280,000. The appraisers disclosed the buyer (appellant) was expanding and willing to pay a premium for the building that met their requirements. The appraisers indicate the buyers (appellant) purchased the goodwill, ongoing business concern and inventory of the property. As a result, the appraisers opined the sale was not reflective of market value. The appraisal report did not contain any supporting documentation regarding the subject's sale such as a sales contract, Real Estate Transfer Declaration or settlement statement.

Under reconciliation, the appraisers placed primary emphasis weight on the sales comparison approach with secondary emphasis on the income approach to value. Therefore, the appraisers concluded the subject property had an estimated market value of $620,000 as of January 1, 2006.

Based on this evidence, the appellant requested a reduction in the subject's assessment.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject parcels' total assessment of $299,188 was disclosed. The subject's total assessment reflects an estimated market value of $831,078 or $21.51 per square foot of building area including land using the Ordinance level of assessment for Class 5B property of 36%.

In response to the appeal, the board of review argued the appraisal submitted by the appellant valued only one of the two parcels that make up the subject property. The appraisal report did not include parcel number 19-03-400-135-0000, which has 10,650 square feet of land area with minor improvements. The board of review also noted the subject property sold in March 2006 for $1,280,000 or $33.31 per square foot of building area including land. The board of review argued simply because the purchaser wished to expand their business does not mean they will overpay for a property especially in an active real estate market. The board of review argued the appraisers also stated that significant good will and inventory was involved in the purchase, but did not estimate of value or include a bill of sale disclosing the value for significant good will and inventory. Additionally, the board of review supplied the subject's Real

Estate Transfer Declaration (PTAX-203) that indicates no personal property was transferred and the net consideration for "real property" was $1,280,000.

In support of the subject's assessment, the board of review submitted property characteristic sheets and a limited market analysis of four suggested comparable sales. Comparable 4 sold twice. A location map depicting the comparables' proximate location in relation to the subject was also submitted. The map shows the comparables are located within 5 miles of the subject. One comparable is located in very close proximity to the subject. The comparables consist of single-tenant or multi-tenant, one-story or part one-story and part two-story industrial buildings of masonry exterior construction. Three comparables were built from 1908 to 1950. The age of one comparable was not disclosed. The buildings range in size from 36,000 to 40,000 square feet of building area. The buildings are situated on sites ranging in size from 30,636 to 60,113 square feet of land area. Three comparables have 3 to 6 trucking docks. Two comparables contain from 1 or 3 drive-in overhead doors. Two comparables have office space of 1,500 and 3,500 square feet, respectively. The comparables sold from September 2003 to December 2007 for prices ranging from $580,000 to $2,100,000 or from $15.67 to $55.03 per square foot of building area including land.

Based on this evidence, the board of review requested confirmation of the subject's assessment.

After reviewing the record and considering the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of this appeal. The Property Tax Appeal Board further finds no reduction in the subject property’s assessment is warranted.

The appellant argued the subject property was overvalued. When market value is the basis of the appeal, the value must be proved by a preponderance of the evidence. Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179, 183, 728 N.E.2d 1256 (2^{nd} Dist. 2000). The Board finds the appellant failed to meet this burden of proof.

The appellant submitted an appraisal report estimating the subject property had a fair market value of $620,000 as of January 1, 2006. The board of review submitted five comparable sales to support its assessed valuation of the subject property.

The Property Tax Appeal Board gave little weight to the appraisal report and final value conclusion that was submitted by the appellant. First, the board finds the effective valuation date of the appraisal report was January 1, 2006, two years prior to the subject's January 1, 2008, assessment date. The sales used in the report occurred in 2003 and 2004, which are not considered reliable indicators of market value as of the January 1, 2008, assessment date at issue in this appeal. Second, the Board finds the appraisal report failed to value the whole property under appeal. The appraisal submitted by the appellant did not include parcel 19-03-400-135-0000, which has 10,650 square feet of land area with minor improvements. In National City Bank Of Michigan/Illinois v. Illinois Property Tax Appeal Board, Ill.App.3d 1038 (3rd Dist.2002), the Court held the Property Tax Appeal Board was amply justified in giving little weight to an appraisal since it valued only part of the property. Furthermore, the court did not find any error by the Property Tax Appeal Board in rejecting a "piecemeal approach" by which the petitioner sought to challenge only the valuation of only a portion of the entire property.

The Board finds the appraisal value conclusion to be unpersuasive and not credible. The Board finds the rental comparables used under the income approach to value are dissimilar when compared to the subject. All the rental comparables are considerably larger in building size when compared to the subject. Three suggested comparables are multi-tenant buildings, unlike the subject's single tenant owner occupied use. The Board finds the per square foot gross and adjusted net rental rates quoted by the appraisers were not sourced and were asking or offering rates rather than actual market rental rates. In addition, the report contained market evidence to support the $1.50 per square foot expense amount deducted from rental comparables 1 through 3. There is no credible evidence demonstrating the asking rates are reflective of market rent. The proximate locations of the rental comparables in relation to the subject were not disclosed, which further detract from the weight of this approach to value. Finally, the report contained no market evidence to support the 10% vacancy rate and or 10% "carrying costs" in calculating the subject's net annual income.

With respect to the sales comparison approach to value, the Board finds comparables 1, 2 and 3 are dissimilar in size when compared to the subject, whereas the board of review submitted comparables that are more similar in size to the subject. The Board also gave less weight to comparable 4 due to its dissimilar part one-story and part two-story design when compared to the subject's one-story design. The photograph of comparable 5 depicts a dilapidated structure. In comparing both parties' sales comparables, the board finds it to be highly problematic that the appellant's appraiser failed to consider a very similar comparable sale located closest in proximity to the subject property.

Finally, the board finds it problematic that the appellant's appraisers indicated the subject property sold for $1,280,000 on March 6, 2006, but did not give the transaction any consideration in the final value conclusion. The appraisers disclosed the buyer (appellant) was expanding and willing to pay a premium for the building that met their requirements. The appraisers indicate the buyer (appellant) purchased the goodwill, ongoing business concern and inventory of the property. However, the Board finds the appellant's appraisers did not produce the sales contract to support their conclusions or for this Board's review.

The appraisal report did not estimate a value or include a bill of sale disclosing the value for significant good will and inventory. Additionally, the board of review supplied the subject's Real Estate Transfer Declaration (PTAX-203) that indicates no personal property was transferred and the net consideration for "real property" was $1,280,000. As argued by the board of review, simply because the purchaser wished to expand a business, does not mean they will overpay for a property especially in an active real estate market with a willing knowledgeable buyer and seller not acting under duress. The Board finds all of these factors severely undermine the credibility of appraisers' final value conclusion.

The Board gave less weight to board of review comparables 1, 2 and the 2005 sale of comparable 4. These comparables sold in 2003 or 2005, which are less indicative of fair market value as of the subject's January 1, 2008, assessment date. In addition, comparable 1 is a dissimilar part one-story and part two-story building unlike the subject. The age of comparable 2 was not disclosed, which detracts for weight for this comparable.

The Board finds comparable sales 3 and the 2007 sale of comparable 4 submitted by the board of review are more reliable indicators of the subject's fair market value. These industrial properties had varying degrees of similarity when compared to the subject in age, size, story height and location. These comparables sold in November and December of 2007 for prices of $1,200,000 and $1,525,000 or $30.00 to $39.69 per square foot of building area including land. The subject parcels' total assessment reflects an estimated market value of $831,078 or $21.51 per square foot of building area including land using the Ordinance level of assessment for Class 5B property of 36%. The subject's assessment reflects a market value considerably less than the most credible similar comparable sales contained in this record. After considering adjustments to the comparables for differences when compared to the subject, the Board finds the subject's assessed valuation is supported and no reduction is warranted.

Based on this analysis, the Property Tax Appeal Board finds the appellant failed to demonstrate the subject property was overvalued by a preponderance of the evidence and no 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.

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: February 24, 2012

Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board’s decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.