



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

APPELLANT: Steve Panzarella
DOCKET NO.: 11-01973.001-I-3
PARCEL NO.: 03-11-314-001

The parties of record before the Property Tax Appeal Board are Steve Panzarella, the appellant, by attorney Kelly J. Keeling of Klafter & Burke, in Chicago, and the DuPage 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 **DuPage** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$629,550
IMPR.: \$928,500
TOTAL: \$1,558,050

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property is improved with a one-story concrete tilt-up panel constructed, owner-occupied, warehouse/distribution facility containing 113,415 square feet of building area. The building consists of 9.6% office area, 19 foot and 24 foot clear ceiling heights along with 44 doors and a sprinkler fire protection system. The building was constructed in 1972 with a 54,612 square foot addition in 1990. The property has a 6.32-acre site and is located in Bensenville, Addison Township, DuPage County.

The appellant's appeal is based on overvaluation. In support of this argument the appellant submitted an appraisal estimating the subject property had a market value of \$4,700,000 as of March 15, 2011. The appraisal was prepared by Michael J. Maglocchi, a State of Illinois Certified General Real Estate Appraiser, who also has the MAI designation from the Appraisal Institute. In estimating the market value of the subject

property the appraiser developed the sales comparison and income capitalization approaches to value.

Under the income approach to value, five suggested rental comparables, each of which was currently listed, were utilized. The comparables were described as industrial buildings that range in size from 76,430 to 301,228 square feet of building area and range in available rental area from 76,430 to 174,178 square feet of building area. These rental comparables were built from 1963 to 1985. Features include from 5 to 20 dock doors, ceiling heights from 16 feet to 25 feet and office areas ranging from 4.5% to 10.8% of building area. These comparables had asking rental rates of \$2.99 to \$5.25 per square foot of building area, net, with rental #3 having a rate of \$3.95 per square foot of building area. After consideration of the adjustment process for the fact that all comparables reflected asking rental rates, for age/condition, for ceiling heights, office build out, dock door ratio and/or size, the appraiser concluded the subject property had a projected rental rate of \$3.75 per square foot of building area, triple net basis. Therefore, the subject's potential annual income was estimated to be \$425,306. Vacancy was estimated to be 7% and collection loss was estimated to be 2%. The appraiser then estimated an effective annual income of \$554,368. "CAM" expenses (common area maintenance) were projected to be \$45,366 in addition to a 1% management fee of \$5,544. Additionally, property insurance expense of \$9,073 was projected in addition to real estate taxes of \$123,907 resulting in a net operating income of \$370,478. Using the direct capitalization technique, the appraisers calculated an overall capitalization rate of 8% to be applied to the subject's net operating income. As a result, the appraiser concluded a value under the income approach of \$4,500,000, rounded.

Using the sales comparison approach the appraiser provided information on five comparable sales. Two of the comparables were located in DuPage County and three were located in Cook County. The comparables are described as masonry and/or masonry/metal panel buildings that range in size from 62,597 to 183,000 square feet of building area. The structures were constructed from 1965 to 1975. Four of the comparables have 4% to 17% office area; one comparable had no office build-out information. These buildings have ceiling heights from 20 to 24 feet. The comparables have from 3.03 to 6-acres of land area and land to building ratios ranging from 1.43:1 to 2.43:1. These five comparables sold from April 2009 to December 2010 for prices ranging from \$1,663,000 to \$6,595,500 or from \$26.57 to

\$48.32 per square foot of building area, including land. After making qualitative adjustments to the comparables for property rights/occupancy, expenditures after purchase, location, size, quality and appeal, age/condition, land to building ratios, access and visibility, ceiling heights, office percentage, dock door ratio and/or market conditions, the appraiser estimated the comparables had adjusted prices ranging from \$1,712,890 to \$6,833,382 or from \$27.36 to \$44.53 per square foot of building area, including land. Based on this data the appraiser estimated the subject had an estimated value under the sales comparison approach of \$41.00 per square foot of building area or \$4,700,000, rounded.

In reconciling the two approaches to value the appraiser gave most weight to the sales comparison approach to value and estimated the subject property had a market value of \$4,700,000 as of March 15, 2011. Based on this evidence, the appellant requested a reduction in the subject's assessment to reflect the appraised value at the statutory level of assessment of 33.33%.

The board of review submitted its "Board of Review Notes on Appeals" wherein the subject's total assessment of \$1,946,020 was disclosed. The subject's assessment reflects a market value of \$5,870,350, rounded, or \$51.76 per square foot of building area, including land, when applying the 2011 three year average median level of assessment for DuPage County of 33.15% as determined by the Illinois Department of Revenue.

In support of the subject's assessment, the board of review submitted a "report" which includes a Summary of Salient Facts concerning the subject parcel, a copy of the property record card for the subject, a Parcel History Report from the township assessor, a schematic drawing, an aerial photograph and a page entitled "Market Approach to Value" followed by documentation of five industrial sales, a spreadsheet of those sales and a grid with qualitative adjustments for each of the five comparables. The "report" is unsigned and undated, but depicts an "indicated value via market approach" for the subject of \$52.00 per square foot of building area or a rounded market value of \$5,900,000.

Board of review comparable #2 is the same property as appellant's appraisal comparable #2, but the appellant's appraiser reported a June 2010 sale for \$3,277,000 and the board of review reported a January 2011 sale for \$4,400,000. The parties also presented another common comparable, appellant's appraiser comparable #5 is the same property as board of review comparable #4, although the parties differ in building size,

they both agree on date of sale and sale price for this property in April 2009 for \$5,750,000.

Based upon the board of review's spreadsheet within the report, the five comparable sales are improved with either one-story or part one-story and part two-story industrial buildings of masonry, tilt-up or masonry and metal exterior construction that range in size from 81,455 to 119,966 square feet of living area. The dwellings were constructed from 1970 to 1995 with one having been renovated or added to in 1982. Features of the comparables include ceiling heights ranging from 21 to 40 feet. The comparables have from 2.42% to 10.54% office area and either 1 or 5 units. The comparables have sites ranging in size from 3.7 to 5.1-acres of land area. The comparables have land to building ratios ranging from 1.85:1 to 2.08:1 whereas the subject has a land to building ratio of 2.43:1. The comparables sold from January 2008 to August 2011 for prices ranging from \$3,735,000 to \$5,800,000 or from \$45.85 to \$55.79 per square foot of building area, including land. As to comparable #3 it was reported the sale was "in lieu of foreclosure."

The preparer of the data then made qualitative (+/-) adjustments to the comparables as depicted on a chart which resulted in adjusted sales prices ranging from \$46.90 to \$61.37 per square foot of building area, including land. Based upon these sales and an analysis of the data, the preparer of the data concluded "that \$52.00 per square foot is a fair and equitable unit value" for the subject property.

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 Board further finds a reduction in the subject's assessment is warranted.

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); 86 Ill.Admin.Code §1910.63(e). 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 appellant met this burden of proof and a reduction in the subject's assessment is warranted.

The Board finds the best evidence of market value to be the appraisal of the subject property submitted by the appellant. The appellant's appraiser developed the sales comparison and income capitalization approaches to value and gave most weight to the sales comparison approach. The sales utilized by the appraiser were similar to the subject in size, style, exterior construction, features, age and/or land area with adjustments made for differences. These properties also sold proximate in time to the assessment date at issue. The appraised value for the subject property of \$4,700,000 is below the market value reflected by the assessment of \$5,870,350, rounded.

In summary, less weight was given to the comparable sales presented by the board of review. The Property Tax Appeal Board recognizes that the parties presented two common comparable properties. In the absence of any rebuttal evidence from either party, there was no explanation in the record why the appellant's appraisal comparable #2 which sold in June 2010 for \$3,277,000 and re-sold approximately six months later in January 2011 for \$4,400,000 as reported by the board of review. In the absence of any explanation for this substantial increase in market value in a six month period, the Board has given reduced weight to board of review comparable #2. Additionally, the Board recognizes that appellant's comparable #5 was presented as a 119,000 square foot building in the appraisal report whereas the board of review represented this building as containing 103,056 square feet of building area, although the parties both agreed the property sold in April 2009 for \$5,750,000. The Board gave reduced weight to board of review comparable #3 as the sale in August 2011 was asserted to have occurred in lieu of foreclosure, however, there was no additional information in the record as to exposure time and/or the arm's-length nature of the sale transaction. The Board has also given reduced weight to board of review comparable #5 as the sale occurred least proximate to the assessment date at issue of January 1, 2011.

Based on this record and the determination that the appraisal represents the best evidence of the subject's estimated market value, the Board finds the subject property had a market value of \$4,700,000 as of January 1, 2011. Since market value has been determined the 2011 three year average median level of assessment for DuPage County of 33.15% shall apply. (86 Ill.Admin.Code §1910.50(c)(1)).

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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.

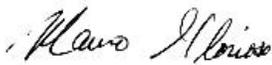


Chairman



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: April 18, 2014



Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

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

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

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

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