



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

APPELLANT: CVS Pharmacies
DOCKET NO.: 06-25091.001-C-1
PARCEL NO.: 20-29-431-036-0000

The parties of record before the Property Tax Appeal Board are CVS Pharmacies, the appellant, by attorney Jason T. Shilson of O'Keefe Lyons & Hynes, LLC, in 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:

LAND: \$58,824
IMPR.: \$257,479
TOTAL: \$316,303

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 41,280 square foot corner site improved with a 7-year-old one-story single-tenant commercial building containing 13,873 square feet of building area. The structure is of concrete block construction with a wet sprinkler system, central air conditioning and a drive-up window unit. The site has approximately 25,000 square feet of asphalt paving. The property is classified as a class 5-17 building under the Cook County Real Property Assessment Classification Ordinance (hereinafter "Ordinance") and is to be assessed at 38% of market value. The subject is located in Chicago, Lake Township, Cook County.

The appellant, through legal counsel, submitted to the Property Tax Appeal Board a Commercial Appeal petition marking the bases of the appeal in Section 2d as 'assessment equity,' 'recent appraisal' and 'contention of law.' However, appellant failed to submit any evidence to demonstrate a lack of uniformity or a legal brief outlining points of law showing the subject's assessment was incorrect. (86 Ill.Admin.Code Sec. 1910.65(b) & (d)).

In support of the overvaluation claim, the appellant submitted an appraisal report prepared by Carlos Mendoza, Michael Kelly and William Townsley of Real Estate Analysis Corporation (REAC) estimating a fair market value for the subject property of \$700,000 as of January 1, 2006, using all three traditional approaches to value. The purpose of the appraisal was as a basis for appeal of the *ad valorem* assessment of the subject property.

On page 6, as to the sales history of the subject property, the appraisers report "Albertson's purchased the site on March 16, 1999 from the Public Building Commission for \$200,000 or \$4.85 per square foot of land. The subject store was constructed and opened on December 30, 1999."

The first approach developed by the appellant's appraisers was the cost approach. The initial step was to estimate the value of the land as if vacant. The appraisers identified seven land sales located in Chicago. The proximity of these comparables to the subject was not stated in the report. The comparables ranged in size from 9,375 to 34,263 square feet of land area. The sales occurred from February 2001 to August 2005 for prices ranging from \$105,000 to \$400,000 or from \$7.22 to \$14.83 per square foot of land area. After considering differences between the subject and the land sale comparables, the appraisers indicated the subject's unit price would fall below land sale #3, the lowest of the superior sales at \$8.52 per square foot of land area, and near land sale #6, the most similar sale of \$7.22 per square foot of land area. Based on this analysis, the appraisers estimated the subject had a land value of \$7.25 per square foot of land area or \$300,000, rounded.

Next, the appraisers utilized replacement cost new to estimate the cost new of the improvements of \$1,249,236 plus asphalt paving costs of \$80,000 for a total cost estimate of \$1,329,236. Using the market abstraction method to estimate depreciation from all causes, the appraisers utilized the sales contained in the sales comparison approach to value by extracting the land value for each comparable to arrive at a residual improvement value which was then deducted from the replacement cost new to arrive at total depreciation. The total accrued depreciation was then divided by the cost new to arrive at the total percentage depreciation, which was then divided by age to arrive at an annual rate of depreciation. The comparable sales #1 through #5 had average annual rates of depreciation ranging from 1.2% to 5.4% and total depreciation rates ranging from 69.2% to 95.6%. From this analysis, the appraisers estimated the subject suffered from 9% annual physical depreciation multiplied by the age of the subject of 7 years for physical and functional depreciation of 63% or \$837,419. Deducting depreciation from the replacement cost new and adding the land value resulted in an estimated value of \$790,000, rounded, under the cost approach.

The next approach to value was the income capitalization approach. The first step under this approach was to estimate the

subject's market rent by reviewing leases of retail stores. Comparables were located in Chicago, Chicago Heights, Homewood and Melrose Park. The comparables range in leased square footage from 3,464 to 73,349 square feet of building area and range in actual age from 4 to 42 years old. Each was said to be in overall average condition and to have land-to-building ratios ranging from 1.65:1 to 4.37:1. The subject has a land-to-building ratio of 2.98:1. These five comparables had net rental rates ranging from \$4.13 to \$13.18 per square foot of building area. The appraisers analyzed the comparables for differences in date of lease, location, size, age, condition, and land-to-building ratio in order to conclude that the subject would have a market rent between \$5.57 and \$6.84 per square foot. Based on this analysis the appraisers estimated the subject would have a market rent if vacant and available for lease of \$6.00 per square foot of gross building area, resulting in a total net rent of \$83,238.

The appraisers consulted *CB Richard Ellis-Chicago Market Index Brief-Retail Market 4th Quarter 2005* which indicated total vacancy rates of "Big Box" retail in the Chicago and suburban market areas. On page 77, the appraisers report that in the 4th quarter of 2005 the South Suburbs had a vacancy rate of 18% and the City South had a vacancy rate of 4.2%. The study further indicated a total vacancy rate of 7.2% in the 1st quarter of 2005 in the Chicago and suburban areas. Based on this analysis the appraisers estimated the subject would have a 10% allowance for management fee, vacancy and collection loss resulting in an effective net income of \$74,914.

The final step under the income approach was to estimate the capitalization rate to be applied to the subject's net income. Using the band of investment method resulted in a capitalization rate of 7%. The appraisers also consulted *Korpacz Real Estate Investor Survey, FourthQuarter 2005* which indicated the overall rate for institutional-grade national power centers was 5.5% to 9%, with an average of 7.42%. The overall rate for institutional-grade national strip centers was 6.0% to 9%, with an average of 7.42%. Abstracting an overall rate from the sales contained in the sales comparison approach resulted in estimated overall capitalization rates ranging from 10.4% to 10.5%. The appraisers considered the subject's overall capitalization rate would be 10%. Capitalizing the subject's estimated net income of \$74,914 by 10% resulted in an estimated value under the income approach of \$750,000, rounded.

The final approach to value developed was the sales comparison approach. The appraisers utilized five sales composed of commercial buildings located in Chicago ranging in age from 16 to 70 years old and ranging in size from 5,000 to 18,000 square feet of building area. The comparables had land to building ratios ranging from 1.01:1 to 4.54:1. The sales occurred from March 2001 to January 2004 for prices ranging from \$142,500 to \$620,000 or from \$23.75 to \$45.00 per square foot of building area. The appraisers considered adjustments to the comparables for

differences to the subject in date of sale, location, size, age, overall condition and land-to-building ratio. The appraisers determined that all five sales comparables were inferior to the subject. The appraisers ultimately estimated the subject property had an estimated market value under the sales comparison approach of \$50.00 per square foot of building area, including land, resulting in a total estimated market value of \$695,000.

In reconciling the three value conclusions, moderate consideration was given to the cost and income approaches. The appraisers placed maximum emphasis on the sales comparison approach to arrive at a final estimated value for the subject of \$700,000 or \$50.46 per square foot of building area including land.

Based on this evidence, the appellant requested a reduction in the subject's total assessment to \$266,000 to reflect the appraised value conclusion at the 38% level of assessment.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of \$316,303 was disclosed. The subject's total assessment reflects an estimated market value of \$832,376 or \$60.00 per square foot of building area including land using the Ordinance level of assessment for Class 5A property of 38%.

In support of the subject's estimated market value as reflected by its assessment, the board of review submitted a memorandum addressing sales history of the subject. The board of review reported a November 2006 Special Warranty Deed for \$3,355,683 with transfer stamps "incorrectly" reflecting the true sales price of the property. A sales price of \$3,355,683 as shown on the PTAX-203 Real Estate Transfer Declaration in March 2007 which was supported by a mortgage reportedly for \$3,251,085. In addition, the board of review reported that CoStar sales sheets indicate the subject sold twice in June 2006 for \$3,300,000 and November 2006 for \$3,356,000. The board of review further noted that the appellant's appraisers addressed the land purchase of the subject in March 1999, but did not address these subsequent transactions.

Next, the board of review presented 10 comparable sales located within a 5-mile radius of the subject. The comparables consist of nine properties improved with retail "drug store" buildings that range in size from 8,800 to 18,976 square feet of building area. The parcels range in size from 11,761 to 58,196 square feet of land area. The buildings range in age from 1 and 56 years old. Seven of the comparables reportedly had parking spaces ranging from 27 to 159 spaces. The sales occurred from November 2001 to March 2008 for prices ranging from \$852,000 to \$7,070,000 or from \$71.00 to \$477.06 per square foot of building area including land. Based on this evidence, the board of review requested confirmation of the subject's assessment.

Based on this evidence, the board of review requested confirmation of the subject property'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 is overvalued. When market value is the basis of the appeal, the value 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). The Board finds the appellant has not overcome this burden.

In this appeal, the appellant submitted an appraisal report estimating a fair market value for the subject property of \$700,000 or \$50.46 per square foot of building area including land as of January 1, 2006. The board of review submitted ten suggested comparable sales to support its assessed valuation of the subject property.

Initially, the Property Tax Appeal Board gave little weight to the appraisal report and final value conclusion that was submitted by the appellant. The Board finds the appraisal value conclusion to be unpersuasive and not credible. The Board finds all the comparable sales presented in the appraisal are dissimilar in age and four are dissimilar in building size when compared to the subject. Finally, the board finds it problematic that recent sales data concerning the subject property was not considered or discussed in the appellant's appraisal. The Board finds all of these factors severely undermine the credibility of appraisers' final value conclusion.

The board of review submitted ten suggested comparable sales for consideration. The Board finds that only sales #1 through #5 were similar in age to the subject building. Only comparables #1, #2 and #4 sold proximate in time to the subject's assessment date at issue of January 1, 2006. These three sales range in size from 12,154 to 14,820 square feet of building area and range in age from 1 to 8 years old. These properties sold for prices ranging from \$4,050,000 to \$7,070,000 or from \$333.22 to \$477.06 per square foot of building area including land. The subject's assessment reflects an estimated market value of \$832,376 or \$60.00 per square foot of building area including land using the Ordinance level of assessment for Class 5A property of 38% is less than these most similar sales comparables presented by the board of review. 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.



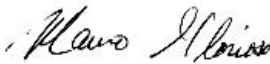
Chairman



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: March 23, 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.