



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

APPELLANT: First Midwest Bank
DOCKET NO.: 12-01097.001-C-2 through 12-01097.002-C-2
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are First Midwest Bank, the appellant, by attorneys John P. Fitzgerald and Mary Kathleen Fitzgerald of Fitzgerald Law Group, P.C. in Burr Ridge; and the Kane County Board of Review.

Based on the facts and exhibits presented in this matter, the Property Tax Appeal Board hereby finds **A Reduction** in the assessment of the property as established by the **Kane** County Board of Review is warranted. The correct assessed valuation of the property is:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
12-01097.001-C-2	03-18-227-004	120,574	0	\$120,574
12-01097.002-C-2	03-18-227-005	120,574	67,340	\$187,914

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Kane County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2012 tax year. The Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of the appeal.

Findings of Fact

The subject property is improved with a one-story bank building containing a total building area of 6,493 square feet on a slab foundation. The building was constructed in 2004. The building has masonry with face brick exterior walls, reinforced concrete floors, double hung windows in the office area, two bathrooms, carpeting in the office area, vinyl tile in the customer service area and central air conditioning. The site has approximately 35,000 square feet of asphalt paved parking, 6 drive thru lanes and a 2,774 square foot canopy. The property has a 72,310 square foot site resulting in a land to building ratio of 11.14:1. The property is located at the northwest corner of Randall Road and Miller Road and the address is 2250 Randall Road, Carpentersville, Dundee Township, Kane County.

The appellant appeared before the Property Tax Appeal Board through counsel, Mary Kathleen Fitzgerald, contending overvaluation as the basis of the appeal.¹ In support of this argument the appellant submitted a narrative appraisal prepared by real estate appraiser Thomas Grogan of Sterling Valuation Real Estate Appraisers & Consultants, estimating the subject property had a market value of \$925,000 as of January 1, 2012.

Thomas Grogan was called as the appellant's witness. Grogan is a real estate appraiser and has been a professional real estate appraiser since 1991. The witness has been an Illinois Certified General Real Estate Appraiser since 1996 and also has had the MAI designation from the Appraisal Institute since 2004. Grogan has been employed as a real estate appraiser with Sterling Valuation since 2010. The witness testified that he has appraised commercial properties, industrial properties, office buildings and investment grade properties. The geographic area in which he works includes the Chicago area and the six-county surrounding area. He further indicated he has appraised properties in some other counties in the State of Illinois. Grogan testified he has appraised property for some bank financing, potential sale and potential purchase appraisals and for ad valorem tax appeal work. The witness testified he has appraised from 75 to 100 banks over the last 10 years. He agreed that it was fair to say that the bulk of the work that he does is of appraisals of bank buildings. Grogan was accepted as an expert without objection.

Grogan testified that his assignment was to estimate the market value of the fee simple estate of the property located at 2250 Randall Road, Carpentersville. He prepared a retrospective summary appraisal identified as Appellant's Exhibit #1. The witness testified the appraisal was prepared consistent with the Uniform Standards of Professional Appraisal Practice (USPAP) standards.

Grogan inspected the subject property on August 12, 2012 and the day before the hearing in preparation his testimony. The witness testified that in 2012 the interior of the building was inspected and explained he walked through the building taking photographs of the interior. At the time of inspection in 2012 the property was vacant and available for lease through US. Equities. The witness testified the brokers name was Yolanda Vale who informed him that at the time of the valuation date the property had been vacant for the previous two years and was on the market for lease at \$15.00 per square foot on gross basis, but there was no activity on the lease.

The appraiser also testified that the subject property was subsequently listed for sale for an initial listing price of \$2,200,000. The price was lowered to \$975,000 but has not sold. He explained the property has been listed for sale since 2013 and continues to be listed for rent.

In estimating the market value of the subject property the appraiser developed the cost approach to value, the income approach to value and the sales comparison approach to value.

¹ At the beginning of the hearing counsel requested the Property Tax Appeal Board take judicial notice of certain facts namely that for the 2013 tax year the assessor lowered the subject's assessment to \$396,999 reflecting a market value of \$1,191,116; for the 2014 tax year the assessor lowered the assessment to \$385,207 reflecting a market value of \$1,115,737; for the 2015 tax year the assessment went up to \$396,146 reflecting a market value of \$1,188,557; and in 2016 the Kane County Board of Review lowered the assessed valuation to \$345,511 reflecting a market value of \$1,036,757. The board of review had no objection to the appellant's motion to take judicial notice.

The first step under the cost approach was to estimate the value of the land using three land sales and three listings. The land comparables were located in Elgin, East Dundee, Sleepy Hollow, Carpentersville and Unincorporated Kane County. The comparables ranged in size from 42,689 to 225,205 square feet of land area. Comparables #1 through #3 sold from June 2010 to December 2010 for prices ranging from \$542,180 to \$950,000 or from \$8.16 to \$14.06 per square foot of land area. The active listings had been on the market from 489 to 2,129 days for prices ranging from \$1,102,626 to \$1,430,000 or from \$5.55 to \$14.97 per square foot of land area. The appraiser made adjustments to the comparables for such factors as being listings, location and land size. Grogan estimated the subject property had a land value of \$10.00 per square foot of land area or \$725,000, rounded.

Grogan testified he used CoStar, LoopNet and the Multiple Listing Service and verified the sales through public records and attempts to contact the buyer, seller or broker. Grogan testified that he was familiar with board of review comparable sale #4 and chose not to use it as a comparable because according to CoStar it was a non-arm's length transaction and was a deed in lieu of foreclosure.

The next step under the cost approach was to estimate the replacement cost new of the improvements using the Marshall & Swift Valuation Guide for a class C average bank building starting with a base cost of \$150.11 per square foot of building area. The base cost was adjusted by a local multiplier of 1.24 to arrive at an adjusted base cost of \$186.00 per square foot to arrive at a building cost of \$1,207,698. To this the appraiser added 5% or \$60,385 for indirect costs to arrive a cost of \$1,268,083. Grogan then estimated the entrepreneurial profit to be 5% or \$63,404, which was added to arrive at a total replacement cost new of \$1,331,487. From this the appraiser deducted 25% or \$332,872 for physical incurable depreciation using a 10-year effective age and a 40-year life expectancy.

Grogan next made a reduction for external obsolescence. He testified external obsolescence reflects the loss of income due to forces outside the building and explained that the way to measure this obsolescence is to capitalize the income loss that occurred because of the adverse market conditions. With respect to the adverse market conditions, Grogan testified that the bank market is changing in that banks are getting smaller and no one is using the typical branch bank as they once were because they are using the internet. The witness testified there is no need for record storage and people don't have to go to a teller but can scan their deposits and their checks into their telephones.

Grogan calculated external or economic obsolescence to be \$850,450 by determining the difference between the subject's stabilized income of \$73,853, based on current market rent, and the income required to support the physically depreciated value of the improvements and the land of \$141,889, which was calculated to be \$68,036. This difference was then capitalized at a rate of 8.0% to arrive at economic obsolescence of \$850,450. Making these deductions results in a depreciated cost new for the building of \$148,165. Adding the value of the site improvements of \$50,000 and the estimated land value of \$725,000 resulted in an indicated value under the cost approach of \$925,000, rounded.

The next approach to value developed by Grogan was the sales comparison approach to value. The appraiser testified that he took steps to find sales of similar types of property that sold in fee

simple with a similar location. The witness testified he relied on such companies as CoStar, LoopNet and the Multiple Listing Service (MLS) for the data sources and verified the information through the county or through the buyer, seller or broker when possible. Grogan typically wants to find fee-simple owner-occupied or vacant bank facilities that sold in Kane County but due to the lack of similar types of properties he also looked at properties with similar characteristics as the subject property. The comparable sales used in the appraisal were located in Kane County.

Grogan testified it is better to use owner-occupied sales as they would be similar to the subject property. He further testified a leased fee situation is typically based on the lease and not the real estate. He explained that if someone purchases a leased fee investment they would typically take a look at the strength of the tenant and not necessarily look at the real estate. A purchaser would be looking at the tenant, the term of the lease and the income.

The appraiser also testified that an REO (real estate owned) sale can be a good sale. The witness asserted that in a bank-owned sale the bank is not forced to sell the property and the bank can wait until it finds the price it wants, especially if they have the property marketed for an adequate amount of time.

Grogan developed the sales comparison approach using six comparable sales located in Elgin, Carpentersville, Hampshire, Batavia, North Aurora and Dundee. Comparable sale #1 was improved one-story masonry constructed bank/office building containing 7,740 square feet of above grade building area constructed in 1994 with a full finished basement and 6 drive through lanes. Grogan testified this property had been on the market for approximately two years and is located about four miles south of the subject property. Comparable sale #2 is improved with a one-story masonry constructed commercial building containing 9,000 square feet built in 2006 and being used as a daycare facility. This comparable was listed on the market for approximately one year and is located approximately two miles east of the subject property. Comparable sale #3 is a one-story, bank/office building with 2,800 square feet of building area, constructed in 2005, with a full finished basement, two drive through lanes and a 762 square foot canopy. This comparable had been on the market approximately two years and is located approximately 10 miles west of the subject property. Comparable sale #4 is a one-story, masonry constructed, commercial building with 4,776 square feet of building area built in 2004. Comparable #4 was on the market for approximately one year and is located approximately 18 miles south of the subject property in Kane County. Comparable sale #5 is improved with a two-story, masonry constructed bank/office building with 6,246 square feet of above ground living area and a 3,123 square foot finished basement that was built in 2001. Grogan testified that he could not find how long this property was on the market. The witness testified that this property was not on the market but according to PTAX records the sale was classified as a market value transaction. This property is located approximately 22 miles south of the subject property. Comparable sale #6 was improved with a one-story, masonry constructed office building with 5,040 square feet of building area. Grogan testified this property had been on the market approximately 5 months and was located 4 miles east of the subject property. He further testified that he could not determine the age of this property. The comparables had land to building ratios ranging from 5.57:1 to 19.08:1. The sales occurred from July 2011 to July 2012 for prices ranging from \$325,000 to \$1,313,000 or from \$83.98 to \$210.21 per square foot of above grade building area. The appraiser gave slight upward adjustments to comparables #1, #4 and #6 for

their slightly inferior locations; downward adjustments were given comparables #3, #4 and #6 for their smaller building sizes, while comparables #1 and #2 received upward adjustments for their larger building sizes; comparable #1 received an upward adjustments for its age; and downward adjustments to comparables #1 and #6 for their larger land to building ratios while comparable #2 received an upward adjustment for its lower land to building ratio. The appraiser estimated the subject property had a market value of \$140.00 per square foot of building, land included, for an indicated value under the sales comparison approach of \$910,000.

The final approach to value developed by the appraiser was the income approach to value. The appraiser testified the subject property has been listed for lease for \$15.00 per square foot on a gross lease basis. Grogan testified that from a tenant's perspective, a gross lease is preferable to a net lease. The appraiser testified he considered the subject's rental listing. In estimating the market rent Grogan also considered five rental comparables with comparable #1 having a lease that commenced in September 2008 while the remaining comparables were current listings or were available in 2012. The rental comparables were located in Kane County cities of St. Charles, Algonquin, East Dundee, Geneva and Carpentersville. The rentals ranged in size from 610 to 16,246 square feet and were located in buildings constructed from 1952 to 2007. These properties had rentals ranging from \$11.50 per square foot on a gross basis to \$18.00 per square foot on a net basis. The witness testified in this market for this type of property he typically found net leases. The report indicated the appraiser made an upward adjustment to comparable #1 as the lease commenced in 2008 and downward adjustments for the comparables that were listings. The report further indicated minimal adjustments were made for location; comparables #3, #4 and #5 had upward adjustments for age; and downward adjustments were made to all the comparables for their smaller sizes since they can be subdivided. The appraiser arrived at an estimate of market rent of \$13.00 per square foot on a net basis resulting in a potential gross income of \$84,409.

Grogan testified that CB Richard Ellis, 1st Quarter 2012 was relied upon to estimate vacancy and collection loss. He testified that vacancy rates for the Northwest Suburban Office were at an overall rate of 25.8%. He indicated in the report that typically, single-tenant properties would not have significant vacancy losses and estimated the subject property would have a vacancy and collection loss of 7.5% or \$6,331, which when deducted from the potential gross income results in an effective gross income of \$78,078.

The appraiser next estimated expenses using investor surveys such as BOMA (Business Owners and Management Association) and the First Quarter 2012 edition of the Korpacz Real Estate Survey. Grogan estimated insurance expenses to be \$.15 per square foot of net rentable area or \$974; a management fee of \$.30 per square foot of net rentable above grade area or \$1,952; and replacement reserves of \$.20 per square foot of above grade area or \$1,299. Making these deductions resulted in a net operating income of \$73,853.

The final step under the income approach was to estimate the capitalization rate. Grogan testified that he relied upon Korpacz and RealtyRates to determine a direct capitalization rate of 8.00%. Using the band of investment technique, the appraiser estimated a capitalization rate of 8.93%. Placing more emphasis on the direct capitalization technique, the appraiser arrived at a capitalization rate of 8%. Dividing the net operating income by the 8% capitalization rate resulted in an estimated value under the income approach of \$925,000.

In reconciling the three approaches to value the appraiser gave least weight to the cost approach, primary consideration to the sales comparison approach and secondary consideration to the income approach. The appraiser arrived at a reconciled estimate of market value of \$925,000 as of January 1, 2012.

Under cross examination Grogan testified that he has appraised 75 to 100 branch bank facilities but did not know how many were performed prior to 2012. The witness also testified that the primary appraiser for the subject property was John Setina. Grogan testified he was the review appraiser but also helped with the report.

Grogan also explained that he chose to use non-bank sales in the sales comparison approach because they used sales of local commercial property, which share similar characteristics, so as not to go out too far geographically and to stay within Kane County. In estimating exposure time, the appraiser listed four bank sales at page 14 of the report, two of which were used in the sales comparison approach to value as sales #1 and #3. Grogan testified that he did not use the sales at 3340 West Main Street, St. Charles and 2853 Kirk Road, Aurora as these were leased fees. He agreed that he was not precluded from using leased fee properties.

Grogan further testified that the subject property was listed for sale after the report was completed and indicated it was listed for sale in 2013. The appraiser further testified the subject property is located in a commercial area with some vacancy which was not excessive. The witness testified that a typical buyer of a bank branch would be another bank. He also stated the type of property he was appraising was a bank facility but he called it an office facility. The witness indicated that his firm typically classify bank branches that are retail oriented as office space.

The appraiser described the subject property as being in good to average condition for its age. He testified there were not apparent repairs needed or significant renovations required. Grogan testified that there still is some general wear and tear for an 8-year-old building. He could not, however, identify any specific components that suffered from incurable physical depreciation. He also testified that the downside with his method of calculating external obsolescence is that you do rely on some parts of an income approach.

With respect to comparable sale #6, the appraiser indicated this property was similar to the subject in size and land-to-building ratio. The appraiser described comparable sale #6 as an office building while the subject property is a retail banking building with office use. Grogan indicated this comparable has no drive-through, it does not have the amenities that a bank has and it does not have the quality of construction the subject has. He agreed this comparable was inferior to the subject property.

The witness used comparable sale #4 as it has the same physical characteristics as the subject property. Grogan indicated that this comparable was used as a restaurant, a use different than the subject's use. Grogan agreed that using the properties in his report that were identified as banks but were leased fees would be better sales than comparable sales #4 and #6. Of the sales used, Grogan gave greatest weight to sale #5, which sold for approximately \$210 per square foot of

above grade building area. The witness also indicated that the area around comparable sale #5 did not seem that built-up when he drove by this property.

The appraiser made no adjustments to the comparable sales for drive-through and indicated there was no value to the drive-through on the subject property. He was of the opinion that drive-throughs are not as important as they use to be.

With respect to REOs, Grogan was of the opinion these are arm's length transactions and not necessarily distressed. Grogan's sales #1, #3 and #4 were identified in the report as REOs. Grogan also believed sale #2 was at market and was not aware that it was a "short sale." Grogan testified he spoke with the seller for comparable #2 and indicated it was privately listed for sale but not actively marketed. He also testified he would not be surprised if the purchaser was a tenant. He further agreed that if a tenant did purchase the property the price might be lower. Grogan testified he has the CoStar sheet for this property and it does not show the transaction as being a short sale. Grogan also asserted there could have been an adjustment for location for comparable sale #3 located in Hampshire. Grogan agreed he made no adjustments to the comparables for drive-through, no adjustments for REOs, no adjustments for "short sales", and no adjustment for a restaurant use to a bank use.

Grogan explained that under a net lease the tenant pays for a majority of the operating expenses. He testified, however, the owner would still pay for some insurance. He also testified that the tenant does not necessarily pay for the management fee in a net lease.

Grogan testified the subject property was on the market for lease for a gross rent of \$15.00 per square foot in 2012. He also testified it was still on the market for \$15.00 per square foot on a gross basis. He also explained that a gross rent is typically higher than a net lease because under a gross lease the landlord is responsible for the operating expenses, therefore, the landlord would charge a higher rent to recover the operating expenses. With respect to the rentals, Grogan testified he used some office rents as well as rents in bank facilities. His rental comparables #1, #3 and #5 were banks or former banks while comparables #2 and #5 are office leases.

The appraiser testified at the time he inspected the subject property in August 2012, the facility was vacant and had been vacant for two years. He also testified the building was vacant today, which indicated to him there is no demand for this size of bank property.

The appraiser also agreed that the age-life method of determining depreciation includes all forms of depreciation.

Based on this evidence the appellant requested the subject's assessment be reduced to reflect a market value of \$925,000, consistent with the appraised value.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$432,979. The subject's assessment reflects a market value of \$1,298,288 or \$199.95 per square foot of building area, land included, when using the 2012 three-year average median level of assessment for Kane County of 33.35% as determined by the Illinois Department of Revenue.

Appearing before the Property Tax Appeal Board on behalf of the board of review were Michael E. Madziarek, member of the board of review, and Mike Bielak, Dundee Township Assessor. Bielak was called as a witness on behalf of the board of review.

In support of the assessment Bielak identified three bank sales and a land sale located across the street from the subject property that was subsequently improved with a new bank. Bielak was of the opinion that comparable sale #3 was most similar to the subject property. This comparable was improved with a one-story building with 4,335 square feet of building area constructed in 2006, which was used as a bank. The comparable had a 43,124 square foot site resulting in a land to building ratio of 9.94:1 and is located along Route 31 in Carpentersville. The property sold in August 2010 for a price of \$2,930,429 or \$675.99 per square foot of building area, including land. The township assessor testified this comparable is located approximately 3 miles from the subject property. He explained the comparable is located along State Route 31, a north-south corridor, that is inferior Randall Road. Bielak also testified the subject property is located at a corner location at a signalized intersection. The witness was of the opinion that a corner location has more value than an interior location and a signalized corner also has more value than a corner location with no signal. Bielak testified that comparable sale #3 did not have a signalized intersection and was not on a corner.

Bielak also testified that he considers bank branches as office properties rather than retail properties.

The data provided by the board of review disclosed that comparable sale #1 was improved with a 3,216 square foot building constructed in 2009 and was used as a bank. This property has a 30,928 square foot site and is located in Crystal Lake. This property sold in April 2011 for a price of \$2,675,700 or \$832.00 per square foot of building area, including land. The document provided by the board of review described the property as having a tenant and the conditions as "Investment Triple Net."

The data provided by the board of review disclosed that comparable sale #2 was improved with a 4,800 square foot building constructed in 2008 and was used as a bank. The property has an 87,120 square foot site and is located in Crystal Lake. The property sold in January 2012 for a price of \$3,200,000 or \$666.67 per square foot of building area, including land. The document provided by the board of review described the property as having a tenant and the conditions as "Ground Lease (Leasehold), Investment Triple Net."

Comparable sale #4 was a land sale located across the street from the subject property with 60,250 square feet of land area that sold in May 2012 for a price of \$1,300,000 or \$21.58 per square foot of land area. This parcel was subsequently improved with a branch bank.

The township assessor testified the subject building is a high-quality, stand-alone bank building with a brick exterior, a high amount of fenestration on the property and several roof pitches and valleys. The witness agreed that construction costs on this type of property would be quite high. Bielak did not think this type of quality would generally be present in an office building. He also testified that in the marketplace basement area is considered inferior to 1st level space and 2nd floor space is typically inferior to 1st floor space.

The township assessor testified that the location of appellant's appraisal comparable sale #2 at 112 Tay River Drive, Carpentersville, Illinois, was in an inferior location within a residential subdivision. The witness explained this property does not even have frontage on a secondary arterial road. Bielak explained this property sits behind a retail center located on Huntley Road and cannot be seen because of the building in front of it.

With respect to appellant's appraisal comparable sale #6, Bielak testified he inspected this property prior to its sale and it was in fair to poor condition, with a musty odor and a bull-pen type atmosphere. He estimated this building was built in the 1960s and was far inferior to the subject property. The witness testified the quality of construction for this building was below average, a basic box. He indicated the comparable had little build-out inside while the subject property has high-finished floors and high fenestration. Bielak further testified the comparable was located in a TIF district, which is developed because of some economic decline and they are trying to bring new growth to the area. He indicated this comparable could be located in a depressed area while the subject property is located in a new, vibrant retail-type corridor.

Under cross-examination Bielak testified in searching for comparable sales he looked for bank facilities using CoStar and would have seen the CoStar printouts on the comparables. Bielak agreed that sale #1 was approximately half the size of the subject property. He further noted that the conditions noted on CoStar that this was an "investment triple net" indicated it primarily sold for the lease intact. The comparable was located in Crystal Lake, McHenry County.

Bielak testified comparable sale #2 had 4,800 square feet of building area and the subject was bigger. The conditions on CoStar indicates the condition were ground lease, leasehold, investment triple net. He explained a ground lease is basically a lease for the land from an owner to the tenant.

Bielak testified that he placed most weight on comparable sale #3 because it was closest in proximity to the subject property. He testified this comparable had 4,335 square feet of building area and was smaller than the subject building. The witness testified that he had seen CoStar on this property. He was questioned about comments on CoStar saying this was part of a portfolio sale of 308 properties that sold for a total of \$3.172 billion. When shown the document Bielak testified he did not recall seeing that comment. He indicated that if this property sold as part of a bulk transaction it would not have been an arm's length transaction. The witness did not recall who the buyer and seller of this property was.²

With respect to sale #4, Bielak testified he did not know anything about the seller or the purchaser. The witness did provide copies of the PTAX-203 Illinois Real Estate Transfer Declaration and the PTAX-203-A Illinois Real Estate Transfer Declaration Supplement Form A associated with this sale.

² At the hearing the township assessor was questioned about whether comparable sale #3 was the subject matter of an appeal before the Property Tax Appeal Board under Docket No. 11-01810. The Property Tax Appeal Board takes notice that the decision issued for Docket No. 11-01810 referenced three parcel numbers, 03-17-153-002, 03-17-153-008 and 030170153-009, which differ from the parcel number associated with comparable sale #3 which is 03-220151-013.

Bielak agreed that with respect to comparable sale #3, even though it sold for \$2,930,429, the property is assessed as having a market value of \$1,134,404.

The board of review requested the subject's assessment be sustained.

Conclusion of Law

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. 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 appropriate.

The appellant presented a narrative appraisal using the three traditional approaches to value as well as the supporting testimony of the appraiser, Thomas Grogan, who arrived at an estimated market value of \$925,000 as of the assessment date at issue. The board of review presented the testimony of the township assessor, Mike Bielak, who identified three improved sales and one land sale in support of the assessment. After reviewing the record and considering the testimony of the witnesses, the Board finds the best evidence of market value to be presented by the appellant.

The appraiser developed the cost approach to value using land sales and listings to arrive at an estimated land value of \$10.00 per square foot of land area. The appraiser also developed the replacement cost new of the building improvement, starting with an adjusted base cost of \$186.00 per square foot of building area. The appraiser added components for indirect costs and entrepreneurial profit and subsequently made deductions for various forms of depreciation. The appraiser arrived at an estimated value of \$925,000 under the cost approach to value. The board of presented only one unadjusted land sale and did not present any calculations of the replacement cost new or the depreciation to be assigned to the subject improvement to refute the appellant's appraiser's cost approach to value.

The appellant's appraiser also developed the sales comparison approach to value using six sales of comparable properties to arrive at an estimated value under this method of \$140.00 per square foot of building area, or \$910,000. The Board recognizes that there were some issues with the comparable sales that Grogan selected in that comparable sale #2 was being used as a day care facility, comparable sale #4 was being used as a restaurant, and comparable #6 was an inferior office building. Nevertheless, Grogan attempted to make adjustments to the comparable sales he used to account for differences from the subject property. His estimated value of \$140.00 per square foot of building area was above all but one comparable sale on a square foot basis, which would seem to account for the differences in use, condition and quality of construction of the subject facility in relation to the comparables that he selected.

The board of review provided three, unadjusted bank sales. Board of review comparable #1 sold for a price of \$832.00 per square foot of building area, which seems to represent more than the value of the real estate when considering Grogan's estimated replacement cost new of the building component for the subject property of \$186.00 per square foot. Additionally, the

CoStar data sheet provided by the board of review disclosed this comparable sale was a "investment triple net", which Bielak indicated meant that this the property sold for the lease intact. Similarly, board of review sale #2 sold for \$666.67 per square foot of building area, including land, which again seems to represent more than the value of the real estate when considering Grogan's estimated replacement cost new of the building component for the subject property of \$186.00 per square foot. The CoStar data sheet for this property also indicated there was a ground lease and the property was an investment triple net, calling into question whether the purchase price was reflective of the value of the real estate. Board of review sale #3 sold for \$675.99 per square foot of building area, which seems to represent more than the value of the real estate when the replacement cost to build a new branch bank similar to the subject building was estimated to be \$186.00 per square foot of building area. Furthermore, there was an issue as to whether this property sold as part of a portfolio of 308 other properties, which calls into question the arm's length nature of the transaction and whether the allocated purchase price was reflective of the fair cash value of the real estate.

Considering the sales comparison approach to value developed by Grogan and the sales presented by the board of review, the Board gives more weight to Grogan's analysis.

Grogan also developed an income approach to value in which he arrived at a market value estimate of \$925,000. The appraiser began with an estimated market rent of \$13.00 per square foot of building area, on a net basis. The Board finds this estimate is well supported given the fact the subject building has been on the market for approximately 7 years with an asking rent of \$15.00 per square foot on a gross basis. Considering that the asking rent would need to be adjusted downward and the gross rent would likewise need to be adjusted downward to convert the rent to a net basis, Grogan's market rent estimate of \$13.00 per square foot of building area, net, is appropriate. The board of review presented no rental comparables to challenge Grogan's estimate of market rent. The Board further finds that Grogan's estimate of vacancy and collection loss, expenses and the capitalization rate were supported with data in the report. The board of review did not present any data to challenge the vacancy and collection loss, expenses or the capitalization rate used by Grogan in the development of the income approach to value.

The Board further finds the fact the subject property has been vacant and available for lease since approximately 2010, and the property has been actively marketed since 2013 and has not yet sold, indicates the lack of demand for this type of property in the subject's area, further supporting the appellant's argument that the subject property is overvalued for assessment purposes.

In conclusion, the Property Tax Appeal Board finds the subject property had a market value of \$925,000 as of January 1, 2012. Since market value has been established the 2012 three-year average median level of assessments for Kane County of 33.35% as determined by the Illinois Department of Revenue shall apply. (86 Ill.Admin.Code §1910.50(c)(1)).

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. Pursuant to Section 1910.50(b) of the rules of the Property Tax Appeal Board (86 Ill.Admin.Code §1910.50(b)) the proceeding before the Property Tax Appeal Board is terminated when the decision is rendered. The Property Tax Appeal Board does not require any motion or request for reconsideration.



Chairman



Member



Acting Member



Member



Member

DISSENTING: _____

CERTIFICATION

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: September 22, 2017



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 or years of the same general assessment period, as provided in Sections 9-125 through 9-225, 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 such subsequent year or years 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 OR YEARS. A separate petition and evidence must be filed for each of the remaining years of the general assessment period.

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.

PARTIES OF RECORD

AGENCY

State of Illinois
Property Tax Appeal Board
William G. Stratton Building, Room 402
401 South Spring Street
Springfield, IL 62706-4001

APPELLANT

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COUNTY

Kane County Board of Review
Kane County Government Center
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Geneva, IL 60134