



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

APPELLANT: GVSS, LLC & CORFU Foods Inc.  
DOCKET NO.: 12-04920.001-C-2  
PARCEL NO.: 03-11-202-036

The parties of record before the Property Tax Appeal Board are GVSS, LLC & CORFU Foods Inc., the appellants, by attorney George N. Reveliotis of Reveliotis Law, P.C. in Park Ridge, 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:** \$181,190  
**IMPR:** \$201,990  
**TOTAL:** \$383,180

Subject only to the State multiplier as applicable.

**Statement of Jurisdiction**

The appellants timely filed the appeal from a 2011 decision of the Property Tax Appeal Board pursuant to section 16-185 of the Property Tax Code (35 ILCS 200/16-185) in order to challenge 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 consists of a one-story masonry constructed warehouse/distribution facility with 35,445 square feet of building area. The subject is a two tenant building that is partially occupied by the owner. The building was constructed in 1976. The property has a ceiling height ranging from 16 to 24 feet, four overhead doors with four loading docks and approximately 4,500 square feet or 12.7% of building area as office space. The property has an 88,239 square foot site resulting in a land to building ratio of 2.49:1. The property is located in Bensenville, Addison Township, DuPage County.

The appellants are challenging the assessment for the 2012 tax year on the basis of overvaluation. In support of this argument the appellants submitted a narrative appraisal prepared by Shawn Schneider and Susan Z. Ulman of Zimmerman Real Estate Group, Ltd. Both Schneider and Ulman are State of Illinois Certified General Real Estate Appraisers. The appraisers estimated the subject property had a market value of \$1,150,000 as of January 1, 2011.

The purpose of the appraisal was to estimate the market value of the subject property. The interest valued was the fee simple estate. The intended use of the report was to assist the client in connection with the estimate of market value of the subject property in order to arrive at an equitable assessed valuation for purposes of real estate taxation. The appraisers determined the highest and best use of the property as vacant was for an industrial type building in conformance with applicable zoning, building codes and consistent with surrounding land uses. The highest and best use as improved was for the continued use as an industrial type facility. The report indicated the date of latest inspection was November 11, 2011. In estimating the market value of the subject property the three traditional approaches to value were used.

The initial step under the cost approach to value was to estimate the value of the land using four land sales located in Naperville, Addison, Roselle and Downers Grove. The land comparables ranged in size from 25,003 to 139,514 square feet of land area. These properties sold from June 2009 to September 2011 for prices ranging from \$127,000 to \$875,000 or from \$5.08 to \$7.10 per square foot of land area. The appraisers estimated the subject property had a land value of \$4.50 per square foot of land area or \$395,000, rounded.

The Marshall & Swift *Marshall Valuation Service (MVS)* was used to estimate the replacement cost new of the improvements. The appraisal indicated the building was modeled as an average quality, light industrial building (Section 14), of class C construction, with a base cost of \$43.03 per square foot. The base cost was adjusted by height and size refinements as well as current and local multipliers resulting in a base cost of \$47.85 per square foot. The building value was calculated to be \$1,696,043. The appraisers added \$85,000 for the depreciated site improvements and determined no entrepreneurial profit was attainable due to the recessionary environment. The total replacement cost was estimated to be \$1,781,043.

The appraisers stated within the report that the subject property had an effective age of 35 years and suffered from approximately 40% in physical deterioration. The appraisers also concluded the subject suffered from no functional obsolescence but from 15% external obsolescence due to the recessionary environment. The appraisers deducted depreciation in the amount of \$979,574 resulting in a depreciated cost of \$801,469. To this the

appraisers added the estimated land value of \$395,000 to arrive at an indicated value under the cost approach of \$1,195,000.<sup>1</sup>

The next approach to value developed by the appraisers was the income capitalization approach. The appraisers estimated market rent using five rental comparables located in Addison that were leased for \$4.94 to \$7.17 per square foot on a net basis. The appraisal listed four additional properties located in Itasca, Addison and Bensenville with rents ranging from \$2.75 to \$5.38 per square foot on a net basis. The report also had twelve additional properties that were available for lease located in Addison, Bensenville and Itasca with asking rents ranging from \$3.50 to \$6.75 per square foot of building area. The report also contained a table from CB Richard Ellis for the 4th quarter of 2010 reporting availability rates, vacancy rates, absorption and average asking lease rates in the west suburbs ranging from \$3.25 to \$5.25 per square foot of building area. The appraisers estimated the subject's market rent to be \$4.75 per square foot of building area on a net basis resulting in a potential gross income of \$168,364.

In estimating the vacancy and collection loss the appraisers cited the CB Richard Ellis statistics that the west suburbs had a vacancy rate of 8.3% and the overall Chicago industrial market had a vacancy rate of 10.3%. They also cited Colliers International statistics that vacancy rates for warehouse and factory space increased to 11.8% from 11.6% in the first quarter of 2011. The appraisers further stated in the report that net absorption plunged since the first quarter of 2010. Based on this analysis the appraisers estimated a vacancy rate of 9% with a 1% collection loss for a total deduction of \$16,836 resulting in an effective gross income of \$151,528.

The appraisers explained in the report that since the income estimate was based on a net lease, the expenses incurred by the lessor would be a nominal management fee, leasing expenses and reserves for replacement. The appraisers estimated management expenses of 5% of effective gross income, lease expenses of 3.8% of effective gross income, operating expenses for the vacant space of \$2.50 per square foot or \$8,861, legal and accounting expenses of \$7,500 and reserves for replacements of \$.35 per square foot. The appraisers deducted total expenses from the effective gross income to arrive at a net income of \$109,427.<sup>2</sup>

In estimating the capitalization rate the appraisers used the band of investment method and reviewed national indices for real estate investments to arrive at a 9.5% overall capitalization rate. The appraisers also added a modified effective tax rate of .2409% to arrive at a loaded capitalization rate of 9.741%.

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<sup>1</sup> It appears the appraisal overstated depreciation by approximate \$46,750 due to the fact the appraisers included in the calculation a 55% deduction to the already depreciated value of the site improvements.

<sup>2</sup> The income approach summary on page 70 of the appraisal is incorrect. The numbers quoted reflect the appraisal narrative from pages 68 and 69 of the report.

Capitalizing the net income resulted in an estimated value under the income approach of \$1,125,000.

The final approach to value developed by the appraisers was the sales comparison approach. The appraisers identified five comparable sales improved with one-story industrial buildings which ranged in size from 18,904 to 45,220 square feet of building area. The comparables were located in Addison, Bensenville, Elmhurst and Downers Grove. Comparable sales #1 and #3 were multi-tenant buildings while the remaining comparables were single tenant buildings. The buildings were constructed from 1960 to 1974. These properties had sites ranging in size from 33,232 to 171,626 square feet of land area resulting in land to building ratios ranging from 1.75:1 to 3.80:1. The sales occurred from August 2009 to March 2011 for prices ranging from \$652,015 to \$1,100,000 or from \$19.20 to \$37.62 per square foot of building area, including land. The appraisers made adjustments to the comparables to account for property rights conveyed, terms and conditions of sale, market conditions, location, age, building size, land to building ratio and functional utility/condition. Based on this analysis the appraisers estimated the subject property had an indicated value of \$32.50 per square foot of building area, including land, for a total value of \$1,150,000.

In reconciling the three approaches to value the appraisers gave most weight to the sales comparison approach, secondary weight to the income approach and less weight to the cost approach. The appraisers estimated the subject property had a market value of \$1,150,000 as of January 1, 2011. Based on this evidence the appellant requested the subject's assessment be reduced to \$383,330.

The board of review submitted its "Board of Review Notes on Appeal" wherein its final assessment of the subject property totaling \$570,170 was disclosed. The subject's assessment reflects a market value of \$1,711,194 or \$48.28 per square foot of building area, including land, when using the 2012 three year average median level of assessments for DuPage County of 33.32%.

In support of its contention of the correct assessment of the subject property the board of review presented a report that included information on six comparable sales. The comparables were improved with five, one-story buildings and one, part one-story part two-story building that ranged in size from 33,630 to 56,419 square feet of building area. The comparables were constructed from 1967 to 1980 and were located in Bensenville, Addison, Wood Dale and Elmhurst. These properties had buildings of masonry construction with building heights ranging from 18 to 26 feet. These properties had land to building ratios ranging from 1.60:1 to 3.32:1. These properties also had office space ranging from 7.98% to 33.48% of building area. The sales occurred from August 2012 to December 2013 for prices ranging from \$1,470,000 to \$2,725,000 or from \$43.71 to \$53.20 per square foot of building area, land included. The report contained

adjustments to the comparables to arrive at adjusted prices ranging from \$42.92 to \$59.58 per square foot of building area, including land. Based on this data the board of review was of the opinion the subject had an indicated value of \$48.00 per square foot of building area, including land, for a total value of \$1,700,000. Nevertheless, the board of review requested confirmation of the subject's present assessment.

In written rebuttal, the appellant objected to the evidence presented by the board of review as it was not prepared by a disinterested third party and was instead biased with self-serving adjustments as contrasted with the appellant's appraisal evidence. The board of review's submission fails to include substantive descriptions of the comparable properties and no data is provided to ascertain whether the sales are arm's length transactions. Location of properties in relation to the subject has not been presented with the evidence, the data presented has not been verified and/or the sale dates "are not within the parameters of the lien date for the tax year in question."

#### **Conclusion of Law**

The appellants contend 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 appellants met this burden of proof and a reduction in the subject's assessment is warranted.

The Board finds the best evidence of market value in this record to be the appraisal of the subject property submitted by the appellants. The appellants' appraisers developed the three approaches to value and ultimately gave most weight to the sales comparison approach. In reviewing the appraisal, the Board finds the three approaches to value developed by the appraisers were logical and well supported with market data. The appraisers estimated the subject property had a market value of \$1,150,000 as of January 1, 2011, which is less than the market value reflected by the subject's assessment.

The board of review did provide information on six comparable sales, however, its value conclusion using these sales was not validated or checked through the use of the cost approach and income approach to value as was done in the appellants' appraisal. Furthermore, the Board finds that one of the comparables differed from the subject building in style, one was newer than the subject building and two were older and larger than the subject building. Four comparables had significantly more percentage of office area than the subject property.

In addition, the Property Tax Appeal Board finds the board of review did not present any evidence to contest the estimates of

value developed by the appellants' appraisers using the cost approach to value and the income approach to value nor did it counter the final reconciled value conclusion.

In conclusion the Property Tax Appeal Board finds a reduction in the subject's assessment is justified to reflect the appraised value.

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.

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Chairman



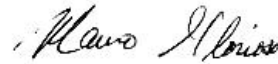
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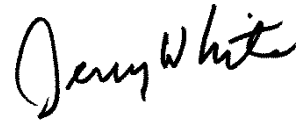
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DISSENTING: \_\_\_\_\_

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: November 20, 2015



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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.