



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

APPELLANT: The Borse Leased The Borse Leased Real Estate Trust
DOCKET NO.: 13-03695.001-C-3 through 13-03695.011-C-3
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are The Borse Leased The Borse Leased Real Estate Trust, the appellant, by attorney Brian P. Liston of the Law Offices of Liston & Tsantilis, P.C. in Chicago; the DuPage County Board of Review; and the Hinsdale Twp. H.S.D. #86, intervenor, by attorney John M. Izzo of Hauser Izzo, LLC in Flossmoor.

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:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
13-03695.001-C-3	09-26-203-001	58,320	0	\$58,320
13-03695.002-C-3	09-26-203-002	39,540	0	\$39,540
13-03695.003-C-3	09-26-203-003	39,540	0	\$39,540
13-03695.004-C-3	09-26-203-008	119,090	215,631	\$334,721
13-03695.005-C-3	09-26-203-009	45,380	0	\$45,380
13-03695.006-C-3	09-26-203-010	76,420	0	\$76,420
13-03695.007-C-3	09-26-203-011	149,300	36,866	\$186,166
13-03695.008-C-3	09-26-203-012	195,500	177,051	\$372,551
13-03695.009-C-3	09-26-203-013	206,010	0	\$206,010
13-03695.010-C-3	09-26-203-014	124,850	0	\$124,850
13-03695.011-C-3	09-26-203-015	103,010	0	\$103,010

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from decisions of the DuPage County Board of Review pursuant to section 16-160 of the

Property Tax Code (35 ILCS 200/16-160) challenging the assessments for the 2013 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 part one-story and part two-story masonry and metal industrial building with 136,019 square feet of building area. The structure was constructed in 1968 with five additions between 1970 and 1985. Features include ceiling heights between 17 and 38 feet with an average height of 20 feet. The parties dispute the condition of the subject building. The subject has a land-to-building ratio of 4.05:1. The property has a 550,306 square foot or 12.63-acre site and is located in Willowbrook, Downers Grove Township, DuPage County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted an appraisal which utilized both the sales comparison and income approaches to value in estimating the subject property had a market value of \$4,760,000 or \$35.00 per square foot of building area, including land, as of January 1, 2012.

The appellant's appraiser characterized the subject building as being in poor to very poor condition asserting the building has been marginally maintained. Pages 22 through 25 of the appraisal report address various conditions of the subject property along with photographs depicting the deficiencies. The subject at the time of inspection was 100% occupied by the Plastics Group. As to the land-to-building ratio, the appraiser noted this was slightly deceiving given that much of the surrounding land appeared to be unusable wetland/retention pond areas.

Under the income approach to value, four suggested rental comparables were utilized. The comparables were described as industrial buildings that range in size from 66,835 to 146,344 square feet of building area. The comparables were built from 1970 to 1980. Comparable #1 had a gross rental rate of \$4.00 and the remaining comparables had net rental rates of \$3.75 or \$3.95 per square foot of building area. After consideration of the adjustment process for concessions/listings and the subject's actual rental rate, the appraiser concluded the subject property had a projected rental rate of \$4.38 per square foot of building area. Therefore, the subject's potential annual income was estimated to be \$595,728. Vacancy was

estimated to be 10% or \$59,573, resulting in an effective annual income of \$536,155. Expenses for management, real estate taxes, insurance, reserves, repair/maintenance, commissions and miscellaneous totaled \$59,927 resulting in a net operating income of \$476,228. Using various methods to develop an overall rate, the appraiser calculated an overall capitalization rate of 10% to be applied to the subject net operating income. As a result, the appraiser concluded a value under the income approach of \$4,760,000, rounded.

The next approach to value developed was the sales comparison approach where the appraiser utilized five sales located in Lemont, Addison, Lisle and Downers Grove. The comparables consist of lots ranging in size from 230,868 to 432,986 square feet of land area which are improved with industrial structures that were built between 1961 and 1989, two of which were renovated in 1993 and 2011. The buildings range in size from 100,000 to 155,954 square feet of building area. The comparables feature land-to-building ratios ranging from 2.12:1 to 4.25:1. The properties sold from May 2009 to June 2012 for prices ranging from \$3,500,000 to \$5,100,000 or from \$23.72 to \$42.85 per square foot of building area including land. After making qualitative adjustments to the comparables as outlined on pages 62-64 of the report, the appraiser opined that the subject has a value of \$35.00 per square foot of building area or a market value under the sales comparison approach of \$4,760,000, rounded.

In reconciliation, the appraiser gave primary consideration to the income approach to value in arriving at an opinion of value. Based on this evidence, the appellant requested a reduction in the subject's total assessment to reflect the appraised value.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject parcels of \$2,277,150. The subject's total assessment reflects a market value of \$6,834,184 or \$50.24 per square foot of building area, land included, when using the 2013 three year average median level of assessment for DuPage County of 33.32% as determined by the Illinois Department of Revenue.

The intervening taxing district adopted the evidence submitted by the board of review in this matter by letter dated November 5, 2014.

In rebuttal, the board of review submitted an undated and unsigned memorandum outlining criticisms of the appellant's

appraisal report and outlining sales comparables gathered by the township assessor. The memorandum characterizes the subject as being in average condition. There are no photographs or substantive evidence to support the condition assertion by the board of review and no indication of who inspected the subject property or when that inspection occurred.

As to the appraisal sales, the author of the memorandum questions the accuracy of the building size, ceiling height and/or land size data as compared to the assessor's records. The appraisal sale #1 sold in lieu of foreclosure and was 100% vacant at the time of sale; appraisal sale #2 was an REO and was 66% vacant at the time of sale; appraisal sale #3 was 100% vacant for 22 months prior to the sale; this is also a self-storage facility which purportedly is not comparable to the subject; and appraisal sale #4 was 100% vacant for six months prior to its sale. Appraisal sale #5 occurred between related individuals/corporate affiliates and should not be deemed to be an arm's-length transaction. The author of the memorandum also disagreed with the appellant's appraiser's land adjustments

In support of its contention of the correct assessment the board of review submitted a spreadsheet, numerous Co-Star comp sheets and the memorandum with summary information on five comparable sales. As described the comparables are located in Itsaca, Carol Stream and Aurora. The comparables consist of lots ranging in size from 238,576 to 733,115 square feet of land area which are improved with industrial structures that were built between 1979 and 1999. The buildings range in size from 117,880 to 171,575 square feet of building area. The comparables feature land-to-building ratios ranging from 2.06:1 to 4.51:1. The properties sold from December 2011 to December 2012 for prices ranging from \$4,000,000 to \$8,250,000 or from \$33.93 to \$53.99 per square foot of building area including land. In the memorandum, the board of review summarized that these five sales present an average sale price of \$35.11 per square foot of building area, including land.

The author of the memorandum opined that an inadequate adjustment was made for the variances in land sizes, the sales were distressed (foreclosure, REO, vacant) or between related parties, but this fact was not addressed in the appraisal report. The memorandum also disputed the validity of the income approach in the appraisal noting that real estate taxes were taken as an expense, the memorandum questioned the chosen capitalization rate and the memorandum further opines that the value of eight vacant land parcels which comprise the subject

should have been added to arrive at the subject's value under the income approach. The author of the memorandum also opines that most industrial buildings are owner-occupied and normally the sales comparison approach is the primary approach to developing market value for an industrial type building.

Based on the foregoing evidence and argument, the board of review requested confirmation of the subject's assessment.

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 warranted.

The Board finds the best evidence of market value to be the appraisal submitted by the appellant which primarily relied upon the income approach to value for a subject building that was 100% leased at the time of the appraisal report. The appraiser also analyzed market rentals along with the subject's own rental rate and arrived at an opinion of the subject's market value under the income approach. The income approach was the primary focus of the subject's market value. While the Board agrees that typically real estate taxes are not taken as an expense, but instead are calculated into the capitalization rate to arrive at a loaded capitalization rate, the Board does not find this slight discrepancy to be sufficient to overcome the overall logical nature of the appellant's appraisal.

The Property Tax Appeal Board has given reduced weight to the comparable sales presented by the board of review as the data consists of raw unadjusted comparable sales which do not overcome the subject property's condition as identified in the appellant's appraisal report along with a well-supported and analyzed appraisal.

The subject's assessment reflects a market value of \$6,834,184 or \$50.24 per square foot of building area, including land, which is above the appraised value. The Board finds the subject property is overvalued and a reduction in the subject's

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assessment commensurate with the appellant's request 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

K. L. Ferr

Member

JR

Member

Mark Albino

Member

Jerry White

Acting 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: September 18, 2015

A. Portol

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.