



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

APPELLANT: Jayron Investments, Inc.
DOCKET NO.: 13-04772.001-I-1
PARCEL NO.: 03-02-105-001

The parties of record before the Property Tax Appeal Board are Jayron Investments, Inc., the appellant, by attorney Michael Elliott of Elliott & Associates, P.C. in Des Plaines; and the DuPage County Board of Review.

Based on the facts and exhibits presented in this matter, the Property Tax Appeal Board hereby finds **No Change** 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: \$93,640
IMPR.: \$159,240
TOTAL: \$252,880

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from an administrative decision of the Property Tax Appeal Board pursuant to section 16-185 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment 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 is improved with a one-story, masonry constructed single tenant industrial building with 11,504 square feet of building area. The building was constructed in 1989. The building contains approximately 21% office build out, 14 feet ceiling clearance, one truck-level dock and one drive-in door. The property has a poured concrete slab foundation, a rooftop HVAC package for the office, ceiling mounted gas fired blowers in the warehouse, four restrooms and is wet sprinklered throughout. The subject site has approximately 8,200 square feet of asphalt and concrete paving. The property has a 32,670 square foot site and is located in Bensenville, Addison Township, DuPage County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted an appraisal estimating the subject property had a market value of \$675,000

as of January 1, 2011, an appraisal report update estimating the subject property had a market value of \$675,000 as of January 1, 2012, and information on three comparable sales.

The three comparable sales provided by the appellant were improved with one story industrial buildings that ranged in size from 6,240 to 12,150 square feet of building area. The buildings were constructed from 1963 to 1980. The buildings have from 1,050 to 1,360 square feet of office space or office space ranging from 10.2% to 21.8% of total building area. The comparables have sites ranging in size from 19,120 to 23,310 square feet of land area resulting in land to building ratios ranging from 1.88:1 to 3.06:1. The subject property has a land to building ratio ranging from 2.84:1 and 2,392 square feet of office space which accounts for 20.8% of building area. The comparables sold from July 2013 to April 2014 for prices ranging from \$367,700 to \$550,000 or from \$41.26 to \$58.93 per square foot of building area, including land.

The narrative appraisal provided by the appellant was prepared by David M. Rogers, a certified general real estate appraiser, and Edward V. Kling, a certified general real estate appraiser, of Real Valuation Group (RVG). The purpose of the appraisal was to estimate the market value of the subject property as of January 1, 2011. The property rights appraised were the fee simple estate. The highest and best use of the property as vacant was determined to be to hold the property for future industrial development. The highest and best use of the property as improved was the existing use and improvements. In estimating the market value of the subject property the appraisers developed the income approach to value and the sales comparison approach to value.

The appraisers used five comparable sales located in Addison, Elmhurst and Bensenville, Illinois in developing the sales comparison approach to value. The comparable sales were improved with four one-story single tenant buildings and one two-story two tenant buildings that ranged in size from 12,324 to 19,005 square feet of building area. The buildings ranged in age from 25 to 38 years old. The buildings had from 12 to 18 feet of ceiling clearance, office space ranging from 13% to 36% of building area, sites ranging in size from 29,621 to 68,150 square feet of land area and land to building ratios ranging from 1.78:1 to 3.64:1. The sales occurred from April 2009 to December 2010 for prices ranging from \$37.62 to \$71.27 per square foot of building area, including land. The appraisal also contained four listings ranging in size from 11,500 to 35,770 square feet of building area and were constructed from 1961 to 1978. These properties had list prices ranging from \$400,000 to \$2,325,000 or from \$34.78 to \$76.60 per square foot of building area, including land. Using this data the appraisers arrived at an estimated value of \$60.00 per square foot of building area, including land, or \$690,000 rounded.

In developing the income approach to value the appraisers used five rental comparables and two listings to estimate the subject's market rent. Each of the comparables was located in a multi-tenant building. The rental comparables ranged in size from 2,000 to 15,000 square feet. Comparables #1 through #5 had rents ranging from \$5.05 to \$15.30 per square foot on a gross or modified gross basis. The two listings had asking rents of \$5.95 per square foot and \$9.95 per square foot on a modified gross basis. The appraisers estimated the subject property had a market rent of \$8.00 per square foot on a gross basis resulting in a potential net income of \$92,032. Vacancy and collection loss was estimated to be 8% of potential gross income or \$7,363 and after deduction resulted in an effective gross income of \$84,669. Expenses totaling

\$14,286 for management, insurance, reserves, legal and accounting were deducted to arrive at an estimated net income of \$70,383.

Using the band of investment technique the appraisers arrived at a capitalization rate of 8.94%. The appraisers also developed an overall rate of 8.31% using a debt coverage ratio analysis. The appraisers also referenced market reported capitalization rates stating that first tier industrial properties rates ranged from 8.5% to 8.9% while second tier properties were reported at 9.5%. The appraisers also stated within the report that another investor survey reported rates ranging from 6.0% to 12.0% with an average of 7.98%. The appraisers estimated the subject had a capitalization rate of 8.5% and added 2.410% for a tax load to arrive at an overall capitalization rate of 10.91%. Dividing the net income by the capitalization rate resulted in an estimated market value under the income approach of \$650,000.

In reconciling the two approaches to value the appraisers gave emphasis to both the sales comparison approach to value and the income approach to value to arrive at an estimated market value of \$675,000 as of January 1, 2011.

In the appraisal update the appraisers concluded the value of the subject property had not substantially changed from the original report and concluded the subject property had a market value of \$675,000 as of January 1, 2012. The update did not include any additional comparable sales or income data.

Based on this evidence the appellant requested the subject's assessment be reduced to \$224,978 to reflect the appraised value.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$252,880. The subject's assessment reflects a market value of \$758,944 or \$65.97 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.

In support of its contention of the correct assessment the board of review submitted a list of nine comparable sales prepared by the Addison Township Assessor Office. The sales were located in Elk Grove, Wood Dale, Addison, Bensenville and Villa Park. The comparables were described as being improved with one-story, single unit buildings that ranged in size from 9,564 to 15,088 square feet of building area. The buildings were constructed from 1968 to 2001. These properties were described as having building heights ranging from 16 to 24 feet with offices ranging in size from 5.30% to 25.15% of building area. These properties had land to building ratios ranging from 2.23:1 to 3.63:1. The sales occurred from January 2009 to April 2012 for prices ranging from \$665,000 to \$1,256,320 or from \$69.53 to \$101.27 per square foot of building area, land included. Using these sales the assessor's office arrived at an estimated market value for the subject property of \$945,000 or \$82.15 per square foot of building area.

In rebuttal the appellant asserts the data provided by the board of review were raw/unconfirmed sales. The appellant also argued that all of the comparables have superior ceiling clearance heights than the subject property. The appellant further contends that board of review sale #5 had a high sales price due in part to its age, being constructed in 2001.

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 did not meet this burden of proof and a reduction in the subject's assessment is not warranted.

The Board gave little weight to the conclusion of value contained in the appraisal submitted by the appellant with an effective date of January 1, 2011, which was two years prior to the assessment date at issue. The sales used by the appraisers occurred in 2009 and 2010, approximately two and three years prior to the assessment date. The Board finds these sales are somewhat dated with respect to the assessment date at issue. Similarly, the rental comparables contained in the appraisal had lease dates from 2009 to early 2011. The Board finds these rental comparables, which were used to estimate the subject's market rent, are somewhat dated with reference to the assessment date at issue. Furthermore, the appraisal update provided by the appellant contained no additional data, which would lend support to the appellant's appraisers' conclusion that the value of the subject property had not substantially changed from January 1, 2011 to January 1, 2012. For these reasons the Board finds the conclusion of value contained in the appellant's appraisal and appraisal update are to be given little weight. The record contains no estimate of value for the subject property set forth by the appellant's appraisers for the assessment date at issue.

The record also contains twelve comparable sales submitted by the parties to support their respective positions. The Board gives less weight to sales # 1, #2, #3, #6, #7, #8 and #9 provided by the board of review that occurred in 2009 and 2010 as these transactions did not occur proximate in time to the assessment date. The Board gives less weight to appellant's sales #2 and #3 as these comparable sales were constructed in 1963 and 1964, and are significantly older than the subject building. The three remaining comparable sales, appellant's sale #1 and board of review sales #4 and #5 were improved with one-story buildings ranging in size from 6,240 to 11,356 square feet of building area. These buildings were constructed in 1980, 1989 and 2001, respectively. These comparables had building heights ranging from 17 to 24 feet and office areas ranging from 21.8% to 25.15% of building area. These properties also had land to building ratios ranging from 2.42:1 to 3.06:1. The sales occurred from October 2011 to April 2014 for prices ranging from \$367,700 to \$1,150,000 or from \$58.93 to \$101.27 per square foot of building area, including land. Board of review sale #4 appears to be most similar with respect to size, age, building height, office area and land to building ratio. This property sold in April 2012 for a price of \$895,000 or \$82.30 per square foot of building area, including land. The subject's assessment reflects a market value of \$758,944 or \$65.97 per square foot of living area, including land, which is within the range established by the best comparable sales in the record and well supported by the best sale in the record. Based on this evidence the Board finds a reduction in the subject's assessment is not justified.

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



Acting 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: _____

February 24, 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 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.