



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

APPELLANT: Dakin Self Storage  
DOCKET NO.: 17-35773.001-I-3  
PARCEL NO.: 13-19-202-030-0000

The parties of record before the Property Tax Appeal Board are Dakin Self Storage, the appellant(s), by attorney Ronald Justin, of the Law Offices of Ronald Justin in Chicago; the Cook County Board of Review; the CBOE intervenor, by attorney Ares G. Dalianis of Franczek P.C. in Chicago.

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 **Cook** County Board of Review is warranted. The correct assessed valuation of the property is:

**LAND:** \$ 115,066  
**IMPR.:** \$ 872,056  
**TOTAL:** \$ 987,122

Subject only to the State multiplier as applicable.

**Statement of Jurisdiction**

The appellant timely filed the appeal from a decision of the Cook County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2017 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 an approximately 43,798 square foot, rectangular, corner parcel of land improved with three-story, masonry, commercial building. The building is used as a self-storage facility with 95,403 square feet of gross building area and a net rentable area of 69,425 square feet with 641 units. The gross square footage also includes 900 square feet of retail/office space. The owner operates a self-storage business known as Dakin Self-Storage that is managed by LifeStorage. It was constructed in 2012. The subject property is located in Jefferson Township, Cook County. The subject is classified as a class 5-97, special commercial structure/property, under the Cook County Real Property Assessment Classification Ordinance.

At the commencement of this hearing, the Board initially settled a procedural point. The Board sustained the objection of the appellant's attorney, Ronald Justin, to the consolidation of

Property Tax Appeal Board docket numbers 17-35773.001-I-3 and 18-35930.001-I-3 due to varying evidence in the two appeals.

Although the subject is a class 5-97 special commercial property, the appellant filed its appeal as Industrial and not Commercial. As there is no discerning difference between these appeal forms and level of classification, the Board did not require any scrivener's error correction.

During the presentation of opening statements, Mr. Justin requested that the subject's assessment be reduced to \$750,000 based on the appraisal submitted into evidence. Subsequently, the assistant state's attorney representing the Cook County Board of Review, Katherine Murphy, argued that the appellant's appraisal was legally insufficient as it did not include a sales comparison approach to value under *Cook County Board of Review v Property Tax Appeal Board*, 384 Ill.App.3d472 (2008) ("*Omni*"). As such, the subject's assessment should be confirmed by the Property Tax Appeal Board. Counsel for the intervenor, Ares Dalianis, reserved his opening statement for presentation in the intervenor's case-in-chief.

The appellant contends overvaluation as the basis of the appeal. In support of this argument, the appellant's pleadings included a copy of an appraisal report undertaken by Celeste Peoples of Chicago Commercial Appraisal Group (Appellant's Hearing Exhibit 1) estimating the subject property had a market value of \$3,000,000 as of January 1, 2017. The appraisal, while developing all three traditional approaches to value, only provided a value estimate for two approaches: the cost approach with a value estimate of \$3,175,000 and the income approach with a value estimate of \$2,880,000.

At hearing, the appellant's attorney called their only witness Celeste Peoples, a state certified general real estate appraiser. Ms. Peoples testified that she became a certified appraiser in 2003 or late 2002 and completed commercial appraisals for finance and assessment challenges. Mr. Justin did not offer Ms. Peoples as an expert witness in real estate valuation. Ms. Peoples testified that she performed an appraisal of the subject property but did not conclude a sales comparison approach to value because she, "was unable to obtain business value information that would apply to why that property sold for the price that it did." (See Hearing Transcript at page 10). Ms. Peoples further testified that she utilized actual income and expenses as well as market rents to develop and rely on an income approach to value. She also testified that she was unfamiliar with the *Omni* case. Ms. Peoples then testified that she concluded a value for the subject property under the income approach of \$2,880,000.

As included in the written report, under the cost approach, Peoples found four vacant land sales that sold for prices ranging from \$1.63 to \$10.02 per square foot. After making adjustments, she valued the subject site, as vacant, at \$10.00 per square foot, or \$440,000, rounded.

Peoples then developed a replacement cost for the subject using data derived from the *Marshall Valuation Service (MVS)* cost estimating guide by Marshall & Swift. She valued the subject improvement at \$5,755,247, then depreciated the buildings by \$3,021,504, to arrive at a depreciated cost for the subject of \$2,733,743. After adding the land value estimate of \$440,000, Peoples determined the total value of the subject under the cost approach to be \$3,175,000, rounded.

Under the income approach, Peoples indicated that that owner provided a rent roll and 2014-2016 income and expense statements. The 645-unit facility was occupied by 587 tenants or 91% occupied (see page 61 of Appellant's Hearing Exhibit 1). She stated that the subject is a multi-story, climate-controlled building and can therefore command higher rents than typical outside storage units. Ms. Peoples analyzed five self-storage rental properties located in Chicago. The comparables rentals indicated a market rental rate of \$24 to \$375 per month on a gross basis

Peoples noted that the subject's 5x10/10x5, 10x10 and 10x15 units represent 75% of the total units with rents ranging from \$54 to \$171 per month, equating to \$8.97 to \$18.96 per-square-foot annually. Considering the subject's location, unit sizes, interior finish, climate/temperature and other relevant factors, she concluded the subject's current rental rates were within the range of the rental comparables, although some units may rent slightly higher or lower. Peoples concluded a stabilized market of an average of \$115 per unit per-month, or \$13.00 psf (rounded) of net rentable area. The concluded market rent is on a gross basis with the landlord responsible for all operating expenses.

The appraisal then estimated the potential gross income (PGI) at \$932,525. She estimated vacancy and collection loss (V&C) at 15.0%. Deducting V&C resulted in an effective gross income (EGI) of \$792,646 for the subject. The estimated expenses were deducted from the EGI resulting in a net operating income (NOI) of \$579,016 for the subject.

Peoples further deducted 29.07%, or \$230,439 for operating expenses and an additional 20% of EGI, or \$158,529, for business value. There is no explanation as to how Peoples arrived at this figure in her written report.

To estimate the capitalization rate, Peoples reviewed *PwC Real Estate Investor Survey*, Fourth Quarter 2016, Vol. 31, No. 4, published quarterly by PricewaterhouseCoopers LLP as well as the Band of Investment technique. She then estimated a capitalization rate of 9.0% for the subject property. Dividing the NOI by the appraiser's capitalization rate resulted in an indicated value for the subject of \$2,880,000, rounded under the income approach.

Ms. Peoples testified that she did not develop a conclusion of value for the subject property under the Sales Comparison approach. She provided three comparables sales located in Palatine, Elgin or Mt. Prospect that sold between January 2015 to October 2016. They ranged in size from 15,624 to 24,129 square feet of building area and in sale price per square foot from \$23.52 to \$33.34.

Ms. Peoples indicated that she was "unable to obtain the necessary detailed information for the comparable sales pertaining to the unique business characteristics of self-storage properties, as this information is not typically available. Without this important data, any adjustments made to the comparable sales would be impossible to support and would be highly arbitrary. Therefore, the sales comparison approach is not applicable to the subject and not included in the value conclusion." (See page 81 of Appellant's Hearing Exhibit 1).

On cross-examination by Mr. Dalianis, Ms. Peoples indicated that she physically inspected the subject property on September 1, 2017, and personally prepared the appraisal although it was

reviewed and approved by Gary T. Peterson, who holds an MAI designation and is president of Chicago Commercial Appraisal Group.

Ms. Peoples reiterated that she was not familiar with any case law cited in her appraisal, and specifically not familiar with the principles established by the Omni case. She also indicated that she had no specific knowledge of the circumstances surrounding the sales contained in her appraisal report and was unaware that the CoStar database had a mechanism for searching sales of self-storage properties.

Upon further questioning by Mr. Dalianis, Ms. Peoples could not recall several pertinent factors contained in her report including that the appellant acquired the subject land for \$2,000,000 five years prior to the valuation date; that historical occupancy rates for the self-storage industry were rising from 2000 to 2016; and any details whatsoever regarding the land sales she utilized in her report.

Continuing with cross-examination, Mr. Dalianis confirmed with Ms. Peoples that she described sales of self-storage properties as, “very complex financial and legal transactions.” (See Appellant’s Hearing Exhibit 1 at page 80). She further testified that that is why she was unable to develop a sales comparison approach. Upon furthering questioning, however, Ms. Peoples testified that although she did not engage a business value expert or other professional to calculate the business value in the income approach, she was able to conclude a market value for the subject property under the income approach to value. Ms. Peoples was unable to elaborate on the basis of her business value deduction.

Continuing with cross-examination, Mr. Dalianis attempted to enter into evidence an article authored by the International Association of Assessing Officials (IAAO) dealing with the issue of business value of self-storage facilities. Upon objection by the appellant’s attorney, the objection was sustained by the Administrative Law Judge (“ALJ”), however, the ALJ allowed Mr. Dalianis to summarize the article in order to impeach the witness’s credibility.

Upon questioning the sales used in Ms. Peoples’ report, she indicated to Mr. Dalianis that her three sales were not bulk sales although that was what was indicated on page 80 of her appraisal report. After stating that most weight was given to her income approach to value and very little weight was given to the cost approach in her reconciliation to value, Mr. Dalianis concluded his cross-examination.

On re-direct, Mr. Justin questioned Ms. Peoples on the subject’s immediate environs, where the subject’s signage was located, and whether there were other self-storage facilities within a mile of the subject property. Ms. Peoples could not provide definitive answers to these questions.

The appellant also submitted a vacancy affidavit indicating the subject experienced a 31.5% level of vacancy in 2017 with three black and white photographs of empty storage units.

The board of review’s representative rested on their written submission. The appellant’s attorney waived cross-examination.

In a written submission, the board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$987,122. The subject's assessment reflects a market value of \$3,948,488 or \$41.39 per square foot of building area, using 95,403 square feet, when applying the 25% level of assessment for class 5-97, special commercial property under the Cook County Real Property Assessment Classification Ordinance.

In support of its contention of the correct assessment, the board of review submitted unadjusted descriptive and sales data on five suggested sale comparables. The properties were located in either Chicago, Elk Grove Village, or Des Plaines and contained improvements identified as "industrial warehouse," "industrial manufacturing," or "industrial/cold storage" facilities. They ranged in improvement size from 38,000 to 42,367 square feet of building area. The properties sold from January 2014 to June 2017 for prices that ranged from \$99.05 to \$161.68 per square foot. The printouts reflect that sale #2 had no brokers involved in the transaction, sale #3 was sold for land value, and sale #4 was a sale leaseback.

In support of intervention, Mr. Dalianis presented his case-in-chief in the form of seven suggested sale comparables. He argued that his comparables were all sales of self-storage facilities which demonstrated there is a market for this type of property as is consistent with the holding in *Omni*. The appellant's attorney waived cross-examination.

The intervenor's written submission consisted of seven suggested recent sale comparables. The properties were all self-storage facilities located in Chicago, Des Plaines, Berwyn, or River Grove. They were all one-year-old facilities and ranged in improvement size from 51,975 to 120,000 square feet of building area. The properties sold from March 2015 to October 2016 for prices that ranged from \$76.72 to \$158.36 per square foot. Sales #1, #2, #3, and #6 did not list any broker involvement, sales #2 and #3 were part of a combined multi-property sale, and sale #6 was part of a certificate-of-occupancy deal.

### **Conclusion of Law**

When overvaluation is claimed, the appellant has the burden of proving the value of the property by a preponderance of the evidence. *Cook Cnty. Bd. of Review v. Prop. Tax Appeal Bd.*, 339 Ill. App. 3d 529, 545 (1st Dist. 2002); *National City Bank of Michigan/Illinois v. Prop. Tax Appeal Bd.*, 331 Ill. App. 3d 1038, 1042 (3d Dist. 2002) (citing *Winnebago Cnty. Bd. of Review v. Prop. Tax Appeal Bd.*, 313 Ill. App. 3d 179 (2d Dist. 2000)); 86 Ill. Admin. Code § 1910.63(e). Proof of market value may consist of an appraisal, a recent arm's length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. *Calumet Transfer, LLC v. Prop. Tax Appeal Bd.*, 401 Ill. App. 3d 652, 655 (1st Dist. 2010); 86 Ill. Admin. Code § 1910.65(c). Having considered the evidence presented, the Board finds that the evidence indicates a reduction is not warranted.

The Board finds the appellant's appraisal is insufficient as a matter of law, pursuant to *Cook County Board of Review v. Property Tax Appeal Board*, 384 Ill. App.3d 472(2008) ("*Omni*"), as the appraisal failed to use the appropriate valuation methodology in determining the estimated market value by omitting the sales comparison approach to value.

Peoples testified that she considered, but did not use, the sales comparison approach as she could not accurately develop and deduct business value from her sales. However, Peoples was able to develop a value for business value under her income approach to value. The Board finds Ms. Peoples testimony to be unreliable and uncredible. She was unable to definitively answer basic questions regarding the subject property, its environs, or her appraisal methodology. The Board finds from the written appraisal and testimony that the subject buildings are simply used for storage.

The courts have defined special use to mean "whether the property is in fact so unique as to not be salable, not what factors might or might not make it so unique". *Chrysler Corp. v Illinois Property Tax Appeal Board*, 69 Ill.App.3d 207, 212 (2nd Dist. 1979). The record contains five sales of industrial buildings used for manufacturing and storage presented by the board of review, three sales of self-storage facilities presented by the appraiser, and seven sales of self-storage facilities presented by the intervenor. Furthermore, the witnesses provided no testimony that would support the "uniqueness" of the subject property. Accordingly, the Board finds that the subject property is not so unique as to not be salable.

The courts have stated that where there is credible evidence of comparables sales, these sales are to be given significant weight as evidence of market value. In *Chrysler* the Court further held that significant relevance should not be placed on the cost approach or the income approach especially when there is market data available. *Id.* Moreover, in *Willow Hill Grain, Inc. v. Property Tax Appeal Board*, 187 Ill.App.3d 9, 14 (5th Dist. 1989), the Court held that of the three primary methods of evaluating property for purposes of real estate taxes, the preferred method is the sales comparison approach (citing *Chrysler*, 69 Ill.App.3d at 211.)

Therefore, the Board will place significant weight on the sale comparables submitted into the record. In totality, the parties submitted 16 suggested raw sale comparable properties. The Board finds the best sale comparables contained in the record to be comparables #4, #5 and #7 presented by the intervenor. These comparables were all self-storage facilities located in the Chicagoland market area and sold between March 2015 and October 2016 for \$76.72 to \$146.19 per square foot of building area, including land. After considering adjustments to the comparables for pertinent factors such as location, date of sale and building size, the subject's current market value of \$41.38 per square foot, including land, is well-below that indicated by the best sale comparables contained in the record.

Having considered the evidence and testimony presented, the Board finds that the appellant has not met its burden of proving by a preponderance of the evidence that the subject property is overvalued. Therefore, the Property Tax Appeal Board finds the subject's assessment as established by the board of review is correct and an assessment reduction 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. Pursuant to Section 1910.50(d) of the rules of the Property Tax Appeal Board (86 Ill.Admin.Code §1910.50(d)) 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



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:

May 16, 2023



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.



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