FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Charles Latimer
DOCKET NO.: 20-28441.001-C-2
PARCEL NO.: 07-11-400-042-0000

The parties of record before the Property Tax Appeal Board are Charles Latimer, the appellant(s), by attorney Kevin P. Burke, of Smith Hemmesch Burke & Kaczynski in Chicago; the Cook County Board of Review; the Palatine Twn. H.S.D. # 211, and Schaumburg C.C.S.D. # 54, intervenors, by attorney Michael J. Hernandez of Franczek P.C. in Chicago.

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

LAND:	$231,650
IMPR.:	$55,850
TOTAL:	$287,500

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 2020 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, single-tenant industrial building of masonry construction containing 15,283 square feet of building area. The building was constructed in 1978. The subject is situated on 92,660 square feet of land in Schaumburg Township, Cook County. The subject is classified as a class 5-22 property under the Cook County Real Property Assessment Classification Ordinance.

The appellant, via counsel, appeared before the Property Tax Appeal Board arguing that the fair market value of the subject is not accurately reflected in its assessed value. The appellant requested an assessed value reduction to $287,500.

At the commencement of this hearing, the Board found that the 2019, 2020, and 2021 appeals involve common issues of law and fact, and consolidation of these appeals for hearing purposes did not prejudice the rights of the parties. Therefore, pursuant to Section 1910.78 of the rules of the Property Tax Appeal Board (86 Ill.Admin.Code 1910.78), the Board consolidated the above appeals solely for hearing purposes, while noting that distinct decisions would be rendered for each appeal year.

As to the overvaluation argument, the appellant's pleadings included a copy of a summary report of a complete appraisal undertaken by appraiser, Joseph M. Ryan of LaSalle Appraisal Group, Inc. and a copy of the subject's lease dated November 7, 2008. Ryan addressed two of the three of traditional approaches to value, while opining an estimated market value of $1,150,000 as of the effective date of January 1, 2019. The appraisal indicated Mr. Ryan is an Illinois certified general real estate appraiser with an MAI designation. This appraisal was identified for the record as "Appellant's Exhibit #1."

The appellant offered Ryan as an expert in real estate valuation without objection. Ryan testified he is an Illinois certified general appraiser and a designated MAI with the Appraisal Institute. Ryan testified that he previously worked at the Cook County Assessor's office and has 44 years' experience in the real estate appraisal industry or profession. He has also testified before the Property Tax Appeal Board. After voir dire, the Board accepted Mr. Ryan as an expert in the theory and practice of real estate appraisal, including industrial properties with no objection from an opposing party.

To estimate a total market value for the subject of $1,150,000 as of January 1, 2019, Ryan employed two of the three traditional approaches to value and placed most consideration on the sales comparison approach.

The purpose of the of the appraisal was to estimate the retrospective market value of the of the fee simple estate in the subject real property as of January 1, 2019. Ryan testified that he prepared, signed, and reviewed the appraisal. He described the subject property and its environs. The subject is a 40-year-old, industrial building of masonry construction with 14 foot ceiling heights, drive in doors, and contains just over 15,000 square feet of building area. The subject is in an industrial type park in Schaumburg, Illinois. The subject's highest and best use is its current use as an industrial garage building.

The first approach developed by the appraiser was the sale comparison approach to value. The appraisal analyzed five sale comparables. The five comparables ranged in age from 33 to 44 years old and in size from 10,238 to 22,780 square feet of building area. The sales occurred from August 2017 to July 2019 for prices ranging from $670,000 to $1,741,000 or from $68.45 to $77.64 per square foot of building area. The appraiser made downward adjustments for location regarding sale comparable #1; upward land-to building ratio adjustments for sale comparables #1, #2, #3, and #4; upward building size adjustments regarding sale comparables #1, #3, and #5; downward size adjustments regarding sale comparables #2 and #4; an age downward adjustment regarding sale comparable #1; an upward ceiling height adjustment regarding sale comparable #5; and an office space percentage downward adjustment regarding sale comparables #2, #3, and #4. The appraisal's market value under the sales comparison approach is $1,150,000.

At hearing, Ryan testified that his criteria for selecting sale comparables was first to attempt to find auto repair building similar to the subject's use, age, condition, and location. However, he did not use auto repair building sale comparables because those comparables within the subject's size range are typically national chain facilities and are generally leased fee sales guaranteed by credit worthy tenants. The appraiser testified that he utilized his CoStar subscription and talked with brokers, and buyers to find and confirm comparable sale data.

Regarding sale #5, Ryan confirmed the sale price of $1,400,000 per CoStar. However, the actual sale price was $1,430.000 or $71.25 per square foot of building area, including land, per the deed and PTAX form. This comparable was sold in July 2019; built in 1975; contains 20,070 square feet of building area; and located across the street from the subject.

Ryan further testified that all the sale comparables sold between August 2017 and July 2019; ranged in size from 10,000 to 25,000 square feet of building area; ranged in age built from 1975 to 1989; and were in the same general marketplace.

After adjusting for differences between the subject and the comparables, Ryan estimated a value for the subject of $75.00 per square foot of building area, including land, which yielded a value for the subject property under the sales comparison approach of $1,150,000, rounded.

The next and last approach developed by the appraiser was the income approach. The appraisal analyzed four rental comparables obtained from CoStar. These properties ranged in size from 8,672 to 10,620 square feet of building and in net rent from $10.00 to $14.62 per square foot of building area, including land. Adjustments were made regarding land to building ratio, size, location, ceiling clearance, and age. The estimated adjusted gross rental range was between $9.70 to $13.50 per square foot. After considering the subject's characteristics and the comparisons made with the comparable rentals, the appraiser concluded an annual rate of $13.00 per square foot on a gross bases for the subject or $198,679 potential gross income. Deducting a 5% vacancy and collection loss reflected an effective gross income of $188,745. The appraisal stated that the Chicago Metro Industrial Market reflected vacancy rates of 7.14 percent during the 1st quarter of 2019 and the Northwest Cook Industrial Submarket vacancy rate was 5.80%. Therefore, he opined that the subject would be at 5% because it is an older industrial building in average condition. Subtracting expenses for administration, repairs and maintenance, utilities, insurance, property management and replacement reserves resulted in a net operating income of $171,934.

In developing the overall capitalization rate, the appraisal referred to market sources such as *Realtyrates.com Investor Survey* (1st Quarter 2019). Undertaking a band of investment analysis, Ryan stated that an appropriate capitalization rate for the subject property was 7.75% with a 7.50 % tax load for a loaded capitalization rate of 15.25%. Applying this rate to the net operating income resulted in a value estimate under the income approach for the subject property of $1,125,000 rounded.

At hearing, Ryan testified that the comparable rentals are on a net basis and freestanding. He confirmed that the subject has been leased since 2002. He testified that the four comparables are similar in location; were leased between August and December 2018; ranged in in adjusted rental rates between $10.00 and $14.53 per square foot; and ranged in size from 8,675 to 10,620 square feet of building area.

After making various adjustments Ryan testified that he estimated the subject's market net rent was $13.00 per square foot. As to vacancy and losses, Ryan used a 5% vacancy rate based on the overall Chicago industrial market vacancy rate of 7% during the first quarter of 2019 and a Northwest Cook industrial submarket vacancy rate of 5.8%. Operating figures were taken from the "2019 Experience Exchange Report for Suburban Chicago Warehouse and Manufacturing Building (<50,000)" published by BOMA. Per BOMA, Ryan estimated the following operating fees: a $0.10 per square foot administrative fee, $0.40 per square foot repairs and maintenance fee; $0.10 per square foot utilities fee; a $.0.05 per square foot insurance fee; $0.10 per square foot property manage fee; and a $0.35 per square foot replacement reserve. The total expenses on a per square foot basis were $1.10 per square foot. Based on the estimated potential income, vacancy and collection loss allowance for anticipated rent loss and all expenses to be paid by the owner, the appraiser concluded a net operating income of $171,934.

In determining the appropriate capitalization (CAP) rate, Ryan testified that he applied an overall rate of 7.75%. The CAP rate was based *Realtyreates.com Investor Survey,* which estimated cap rates from 5% to 13.5% and a band of investment technique of 7.91%. The estimated market value for the subject under income approach is $1,125,000.

In reconciling the two approaches, Ryan concluded a final estimate of value for the subject of $1,150,000 as of January 1, 2019.

Under cross-examination by Ms. Kelly Coakley on behalf of the board of review, Ryan confirmed that he did not complete a physical inspection of the subject per the appraisal's inspection date of September 23, 2019. On that date, the physical inspection was performed by Reed Canahan. He further testified that he did not receive a plat of survey, legal description, and title insurance policy from the appellant and believed that Reed Canahan took measurements that were not included in the appraisal. Ryan testified that he compared field measurements and public records to calculate measurements for the subject's size and square footage. Per Ryan, the subject's office space and ceiling height data were relied upon by an unnamed person on a physical inspection of the subject prior to the appraisal's inspection date.

Mr. Ryan confirmed that per the appraisal, the subject's 14-foot ceiling heights were inadequate based on other industrial buildings, notwithstanding that the subject at the time of inspection was fully rented and had a zero percent vacancy. Ryan defined "superadequacy" as an appraisal term that denotes something that is in excess of what is generally in the market or what is typically needed. The appraisal defined the subject's 29 overhead doors as "superadequacy" but did not make any upward adjustments because it has more rather than fewer doors. Ryan also confirmed that subject's lease did not include any tenant improvements or incentives and that all the operating costs are to be paid by the tenant.

Ryan did not develop a cost approach due to subject's age and inaccuracies in estimating depreciation. He typically does a cost approach only on newer industrial complexes but has done cost approaches on industrial complexes in his 40 years as an appraiser. The appraiser did not confirm that the only type of property that typically would not include the cost approach is a special-use property.

Regarding the sales comparison approach, Ryan opined that if a 2019 sale comparable sold in 2022 it would not change the sale comparable price for the 2020 and 2021 tax years. For example, sale comparable #1 sold on March 14, 2022, for $1,850,000 which is higher than the appraisal's sale price of $1,500,000. He would not adjust the sale comparables per the subsequent sale. Ryan testified that subsequent sales of the comparables were not reviewed because they would "have nothing to do with" his testimony.

Ryan testified that his comparables did not include sales of auto building and repair shops because those possible comparables were leased fee sales and not just because they were franchises. Ryan could not find any fee simple auto building and repair comparables. Ryan's earlier hearing testimony was read by the court reporter regarding auto sale comparables. Regarding adjusting for leased fee versus non- leased fee interest or franchised or not franchised, Ryan testified he could make adjustments if he had the leases. In this case, he did not have the leases nor did he contact any people to support CoStar data. Ryan confirmed that the subject's net rent is $18,575 or $14.58 per square foot net and there is a turnkey lease with real estate and equipment per the tenant. Ryan defined turnkey as meaning that business equipment was in place at time of lease. Ryan also confirmed that the subject's net rent included the equipment and real estate and that a copy of the lease was not included in the appraisal. However, a copy of the lease was attached as part of the appellant's brief and Ryan testified that he reviewed the lease. The lease included two five-year options, a base rent of $17,000, and a triple net lease including tenant obligations for payment of real estate taxes and insurance. Ryan testified that the tenant confirmed the monthly lease amount of $18,575. Ryan confirmed that operating expenses include real estate and insurance from calculating the net rent. Ryan testified that the rental comparables included gross leases and appraised based on market rent.

Ryan testified that he was retained by the appellant, Charles Latimer, and he has done work for Gerber Collision. Gerber Collision owned properties that were included as appraisal comparables. Mr. Ryan was paid $2,500 for the appraisal and charged $350.00 an hour for hearing testimony. Mr. Ryan confirmed he has been a licensed appraiser since 1993 and has been investigated and reprimanded by the State of Illinois Department of Professional Regulations for failing to meet the minimum standards of the Uniform Standards of Professional Appraisal Practice in June 2015 and ordered to pay a fine of $2,500 and complete a 15 hour national USPAP course.

Under cross examination by the intervenor's counsel, Mr. Hernandez, Ryan described the subject and its environs. He testified that the subject contains 12% office space. He confirmed that sale comparable #1 sold for $1,500,000 with a listing price of $1,625,000, contains 2% office space, and was listed on the market for 208 days.

Regarding sale comparable #2, Ryan confirmed that it is a one-story industrial automobile repair shop building that sold for $840,000, originally listed for $796,000, contains 20% office space, was listed for 444 days, and included $125,000 of deferred maintenance costs.

Sale #3 sold for $1,741,000 and was listed for 235 days at $1,850,000.

Sale #4 was listed on the market for 358 days.

Sale #5 is located across the street was listed on the market for 141 days, and contains 7% office space with an asking price that was reduced from $1,488,000 to $1,4330,000.

Ryan confirmed that he utilized qualitative adjustments to analyze the sale comparables.

Regarding the income approach, Ryan confirmed that the four rental comparables ranged from $10 to $14.62 per square foot of building area. He concluded a $13.00 rental rate per square foot of building area was appropriate for the subject.

Rental #1 was on the market for 85 months; was vacant and partially leased during the 85 months.

Rental #2 is a multi-tenant industrial building and was listed for 7 months.

Rental #3 had a rental price of $14.53 per square foot.

Ryan also confirmed that he utilized a 5% vacancy and a 7.75% cap rate.

Under redirect, Mr. Ryan estimated a 12-month exposure time for the subject and confirmed that sale transactions consisted of negotiations. People typically ask in excess of what the property is worth in attempts to negotiate a price that reflects the market. Ryan defined “superadequacy” as a determination that a property has a feature that is greater than what is normally accepted in the market. The subject’s “superadequacy” trait is its number of doors. Ryan testified that “superadequacy” does not equate a higher value for the subject. Ryan further testified that a subject’s component contributes value to a certain point, which is determined by the market. After that point the capital invested may not get the same return as invested. The highest return is for property that conforms to the demand of the market. Ryan confirmed the size of the subject as 15,483 square feet of building area. Under the income approach, the appraiser relied on market rent versus contract rent. Ryan defined market and contract rent per page 66 of the appraisal. He confirmed that when property is subject to a lease with rental rates below and above the market, market rent is used to estimate the fee simple value of the property.

Ryan confirmed the commencement date of the subject’s lease was 2008 with an initial term lease of five years. Since Gerber Collision was occupying the subject in 2019, the lease option was exercised. The lease option amount is greater than the rental amounts stated in the lease due to rental increases.

Under re-cross examination, Ryan did not concur that an increase in the subject’s rental rates would dictate an increase in sale price.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the subject's total assessment was $483,097. This assessment reflects a fair market value of $1,932,388 when the Cook County Real Property Assessment Classification Ordinance level of assessments of 25% for Class 5-22 industrial property is applied.

In support of this market value, the board of review submitted sales information on five properties suggested as comparable to the subject. The board of review's evidence was marked "Exhibit #2." These properties range in size from 87,464 to 33,000 square feet of building area. They sold between August 2019 to November 2019 for prices ranging from $18,000,000 to $443,930, 052 or from $131 to $154 per square foot of building area, including land.

At the hearing, the board of review did not call any witnesses and rested its case upon its documentary evidence submissions. As a result of its analysis, the board requested confirmation of the subject's assessment.

In support of their position, the intervenors submitted sales information on three properties suggested as comparable to the subject. The board of review's evidence was marked "Exhibit #3." These properties range in size from 16,490 to 28,000 square feet of building area. They sold between September 2020 to December 2020 for prices ranging from $2,954,000 to $4,936,000 or from $111.51 to $181.54 per square foot of building area, including land.

At the hearing, the intervenor did not call any witnesses, confirmed the authenticity of the comparables, and rested its case upon its documentary evidence submissions. As a result of its analysis, the intervenor requested confirmation of the subject's assessment.

In rebuttal, the appellant's attorney stated that the board of review and the intervenor's evidence contain limited, unverified, and unsupported raw sale data and distinguished the sale comparbles based on sale date, location and sale data. The attorney stated that the appraisal's size conforms with the subject's property record card and the assessor's data.

Intervenor's comparable #1: differed in location, sale conditions, age, and land area.

Intervenor's comparable #2: differed in location, age., and zoning. The evidence included subsequent sale dates with differing sale prices and was a leased fee interest transaction with triple net lease.

Intervenor's comparable #3: The sale conditions included differing subsequent sale dates and sale prices and was a leased fee interest transaction with a triple net lease.

The appellant distinguished the board of review's comparables based on size and location.

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.

In determining the fair market value of the subject property, the Board examined the appellant's appraisal report and testimony, as well as the board of review and the intervenor's submissions.

The Board finds that neither the board of review nor the intervenor called expert witnesses to testify about their qualifications, identify their work, testify about the contents of the evidence, and their conclusions or be cross-examined by the appellant. The Board gives the memorandum and raw sales evidence from the board of review and intervenor less weight when they were not substantiated by an expert witness who could be subject to cross-examination and whose demeanor could be observed and evaluated.

The Board finds the best evidence of market value to be the appraisal submitted by the appellant and the testimony provided by the appraiser, Joseph Ryan, estimating a market value of $1,150,000 as of January 1, 2019. The appraisal followed standard appraisal techniques and was supported by market data. The Board finds the appraisal to be persuasive because the appraiser has experience in appraising and assessing property, estimated a highest and best use for the property, and utilized market data in undertaking the two approaches to value while making adjustments to the comparables where necessary. In the income approach to value, the appraiser provided four rental comparables to support the estimate of market rent, net income, and capitalization rate. The board of review did not submit any rental comparables to challenge the market rent, vacancy and collection loss or expenses and to calculate the net income and capitalization rates. In the sale comparison approach, the appraiser analyzed five sale comparables and adjusted the sales for land-to-building ratio, land size, ceiling heights, and office space. In contrast, the board of review and intervenor submitted raw unadjusted comparable sales. The board of review and the intervenor's evidence did not include any automobile repair buildings similar to the subject, confirming the appraiser's testimony regarding criteria, availability, and selection of comparables per the appraisal. The Board finds that the sales comparison approach developed by the appraiser was well supported and more credible than the unverified raw sales data submitted by the board of review and the intervenor.

After considering the evidence and testimony, the Board finds the best evidence of market value in this record was the appraisal submitted by the appellant. The Board finds the subject property had a market value of $1,150,000 as of the assessment date at issue. Since market value has been established, the 2020 level of assessment of 25.00% for Class 5 property under the Cook County Real Property Assessment Classification Ordinance shall apply.

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:

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: February 18, 2025

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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