FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: BRHP II MF Investments LLC
DOCKET NO.: 24-00438.001-C-2
PARCEL NO.: 12-15-176-007

The parties of record before the Property Tax Appeal Board are BRHP II MF Investments LLC, the appellant, by attorney Dimitrios Trivizas, of Dimitrios P. Trivizas, Ltd. in Skokie; and the Kane County Board of Review.

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

LAND:	$156,366
IMPR.:	$243,594
TOTAL:	$399,960

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Kane County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2024 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 1-story multi-unit medical office building of masonry construction that contains approximately 9,960 square feet of gross building area on a poured, reinforced concrete foundation. The building was constructed in 1988 and is approximately 36 years old. The site has approximately 59,242 square feet of land area and a land-to-building ratio of 5.95:1. The subject property is located in Batavia, Geneva Township, Kane County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument, the appellant submitted an appraisal prepared by Peter Soukoulis, an Illinois Certified General Real Estate Appraiser estimating the subject property had a market value of $1,200,000 as of January 1, 2024.

Soukoulis described the subject property as a 3-unit medical office building that is approximately 83% leased and 17% vacant. Soukoulis noted that because the subject property is encumbered by a lease, it was necessary to describe the interest appraised as a “leased fee” rather than a “fee simple.” He further explained that in a leased fee interest, the market rent can potentially be greater than or less than the contract rent, both of which would not accurately reflect the market value of the subject property. Conversely, when the “fee simple” interest is valued, the presumption is that the property is available to be leased at marker rates which would more accurately reflect the market value of the subject property. Here, Soukoulis determined from analyzing market rents that the contract rent for the occupied spaces within the subject building are in line with market rent and, therefore, in this case “… the Fee Simple interest and the Leased Fee interest are considered equal.” Soukoulis indicated that the intended purpose of the appraisal is to determine market value of the subject property for ad valorem tax purposes and in use of loan origination as of January 1, 2024.

In his analysis, Soukoulis determined the highest and best use of the property as improved was a good quality Class C multi-tenant office building. In estimating the market value of the subject property, the income capitalization approach and the sales comparison approach were developed. Due to the current age and use of the subject property, the cost approach to value was considered, but not developed.

Under the sales comparison approach to value, the appraiser analyzed five comparable sales of office buildings located in St. Charles and Geneva. These properties were improved with 1-story, 2-story, or part 1-story and part 2-story single-tenant or multi-tenant office buildings ranging in size from 3,120 to 11,403 square feet of gross building area and having sites ranging from 7,841 to 82,328 square feet of land area. The buildings have land-to-building ratios ranging from .96:1 to 8.99:1 and were built from 1975 to 2007. The comparables sold from January 2022 to February 2023 for prices ranging from $260,000 to $1,100,000 or from $63.99 to $134.81 per square foot of gross building area, including land. The appraiser compared the comparables to the subject property and made adjustments for such items as condition, age, parking lot sizes, and land-to-building ratio. The appraiser estimated the subject property had an indicated value under the sales comparison approach of $1,145,000 or $114.96 per square foot of gross building area, including land.

The next approach to value developed was the income approach. Under this approach, the appraiser analyzed the market rent, recent leases and active listings of multi-tenant medical and other office buildings in the subject's general market area. The eight market lease/rental comparables were located in either St. Charles or Geneva. Analyzing the data from the rental comparables as well as the subject leases, Soukoulis estimated the subject's market rent to be $12.00 per square foot for the vacant space and $20.00 per square foot for the balance of the building on a triple net basis resulting in a potential gross income of $198,443.

From the potential gross income, the appraiser deducted 15% or $29,766 for vacancy and collection losses. The appraiser arrived at this number based on the subject property’s location, demand for these type of units in the neighborhood, types of potential tenants, and the average vacancy rate of 15.20% in the subject’s market area. Next, the appraiser deducted a total of $30,261 for operating expenses including janitorial services, management fees, supplies, reserves for replacements, repairs, advertising, professional fees, and miscellaneous fees and arrived at a net operating income of $138,416.

The next step in the income approach was to extract the capitalization rate. The band of investment method and published sources were used to estimate an overall capitalization rate of 10.30%. Capitalizing the net operating income of $138,416 resulted in an estimated value under the income capitalization approach of $1,345,000, rounded, or $135.04 per square foot of gross building area, including land.

In reconciling the two approaches to value, the primary emphasis was given to the sales comparison approach. While the income approach was considered a reliable indicator of value and was afforded ample consideration, the sales comparison approach was considered a more reliable indicator of value and afforded primary consideration since the subject's market is driven by owner users who go through a process like the sales comparison approach when making their purchasing decisions. The appraiser estimated the subject property had a market value of $1,200,000 or $120.48 per square foot of gross building area, land included, as of January 1, 2024.

Based on this evidence, the appellant requested the subject's assessment be reduced to $399,960 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 $525,177. The subject's assessment reflects a market value of $1,575,689 or $158.20 per square foot of gross building area, land included, when using the statutory level of assessment of 33.33%.[1]

In support of its contention of the correct assessment, the board of review submitted a narrative from the township assessor relating to the appellant's appraisal. The board of review through the township assessor argued that the appellant's appraisal refers to the sale of the subject property in February 2021 for a price of $2,050,000 which is significantly higher than the appraised value. The narrative also critiques the appraiser's comparable sales and calls into question the appraiser's adjustments, apparent discrepancy in contract rent, and the appraisal of a "leased fee value" rather than a "fee simple" interest. The board of review also adopted and reiterated a list of 16 argumentative points previously made by the township assessor at the hearing before the board of review. The relevant arguments made are that there is no market support for the adjustments that the appraiser made to the comparables; the appraiser utilized questionable contract rent rates and unsupported conclusion; the appraiser's capitalization rate of 10% is based on market survey and band of investment rather than actual "cap rate sales," and is excessive for a medical office property; and the township assessor's income approach and the sales comparison approach to value is better supported.

[1] Procedural rule Sec. 1910.50(c)(1) provides that in all counties other than Cook, the three-year county wide assessment level as certified by the Department of Revenue will be considered. 86 Ill.Admin.Code Sec. 1910.50(c)(1). Prior to the drafting of this decision, the Department of Revenue has yet to publish figures for tax year 2024.

The board of review also submitted a grid analysis containing information on five comparable sales located from 0 to 19 miles from the subject property. Comparable sale #1 was the sale of the subject property in February 2021 for a price of $2,050,000. The comparables have sites ranging from 8,712 to 115,769 that are improved with 1-story office buildings ranging in size from 3,120 to 15,000 square feet of gross building area and ranging in age from 21 to 42 years old. The comparables have land-to-building ratios ranging from 2.79:1 to 8.69:1. The comparables sold from February 2021 to November 2022 for prices ranging from $260,000 to $3,350,000 or from $83.33 to $253.27 per square foot of gross building area, land included.

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

In rebuttal, the appellant's counsel argued that the board of review and the township assessor agreed that there has been a decline in the subject's market value since its February 2021 sale as evidenced by their willingness to lower the subject 2024 assessment. Furthermore, counsel argued that the board of review did not consider any adjustments to their comparable sales which were substantially different from the subject in key characteristics and location. Next, counsel contended that the appraiser clearly explained in his report the difference between the "fee simple" interest versus the "leased fee" interest appraised.

As to the arguments raised by the township assessor and adopted by the board of review, appellant's counsel noted that on pages 107 to 109 of the appraisal, the appraiser explained the comparison of contract rent to the market rent. As to the capitalization rate, the appraiser extracted the capitalization rate from actual sales, the subject's market cap rates, and the band of investment technique. Moreover, the capitalization rate utilized by the township assessor is based on sales of properties located from 9.4 to 42.8 miles from the subject. Lastly, as to the comparable sales, the appraiser made appropriate adjustments to the comparable properties for differences from the subject in condition, age, parking, and land-to-building ratios.

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 estimating the subject property had a market value of $1,200,000 or $120.48 per square foot of gross building area, including land, as of January 1, 2024. The subject's assessment reflects a market value of $1,575,689 or $158.20 per square foot of gross building area, land included, which is above the appraised value.

The appraiser developed two approaches to value to support the market value conclusion. With respect to the sales comparison approach to value, the appraiser utilized more recent sales of similar properties as the subject than the sales submitted by the board of review. The appraiser also made reasonable adjustments to the comparables for differences from the subject in condition, age, parking, and land-to-building ratio. In contrast, the board of review provided raw (unadjusted) sales of five properties. Comparables #1 (which is the sale of the subject property) and #2 both sold in 2021 which is more remote in time to the January 1, 2024 assessment date at issue and, thus, less likely to be reflective of the subject's market value as of said lien date. The board of review comparable #3 is located 19 miles from the subject when comparables much closer in proximity to the subject were available. The board of review comparables #4 and #5 have significantly smaller building areas relative to the subject. Additionally, board of review comparable #4 appears to be an outlier given its significantly lower sale price relative to the remaining comparables in this record. For these reasons, the Board gave less weight to the comparable sales submitted by the board of review. Based on this record, the Board finds the sales comparison approach developed by the appraiser was better supported and more credible than the raw sales provided by the board of review.

In the income approach to value, the appraiser provided rental comparables and market rent data and analyzed it to support the estimate of market rent. The Board finds that the appraiser utilized two methods to estimate the capitalization rate to be applied to the net operating income. The Board finds the board of review's challenge to the appraiser's use of contract rent and the method of extracting the capitalization rate unpersuasive. Finally, in his reconciliation, the appraiser noted that the income approach to value was secondary to the sales comparison approach to value which was given primary consideration. Therefore, based on this record, the Board finds the board of review did not refute or rebut the estimate of value under the income or the sales comparison approaches developed by the appellant's appraiser.

In summary, after considering the evidence and arguments by both parties, the Board finds the best evidence of market value in this record was presented by the appellant. Based on this record the Board finds the subject property had a market value of $1,200,000 or $120.48 per square foot of gross building area, including land, as of January 1, 2024. Since market value has been determined, the statutory level of assessment of 33.33% shall apply. (86 Ill.Admin.Code §1910.50(c)(1)).

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: December 23, 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.

PARTIES OF RECORD

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