

**BOARD OF ASSESSMENT APPEALS,
STATE OF COLORADO**

1313 Sherman Street, Room 315
Denver, Colorado 80203

**Docket Nos.:
45445 & 46895**

Petitioner:

CORPORATE EXPRESS REAL ESTATE, INC,

v.

Respondent:

**BROOMFIELD COUNTY BOARD OF
EQUALIZATION.**

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on September 5, 2007, Sondra W. Mercier, James R. Meurer, and MaryKay Kelley presiding. Petitioner was represented by Leslie A. Fields, Esq. Respondent was represented by Tami Yellico, Esq. Petitioner is protesting the 2005 and 2006 actual values of the subject property.

Dockets 45445 and 46895 were consolidated for this hearing.

PROPERTY DESCRIPTION:

Subject property is described as follows:

**1 Environmental Way, Broomfield, Colorado
(Broomfield County Schedule No. R1120494)**

The subject property was built in 1996 on 17.60 acres in the Interlocken Business Park. It has 149,000 gross square feet, 123,200 net rentable square feet above grade, 10,000 finished square feet in the 25,823 square foot basement, two parking decks with 333 spaces, and 278 open parking spaces. It was built by and for Petitioner, who retains ownership and occupancy, and it serves as Petitioner's corporate headquarters as a furniture and business supply company with approximately 500 employees.

A four-story atrium with glass walls and ceiling houses the central entry. Four octagonal office towers open to the atrium and are interconnected. First floor rooms in various towers include

a 200-person auditorium, 14 conference rooms, an employee cafeteria, copy center, mail room, and human resources department. Levels two, three, and four of the towers include private offices and cubicles with movable partitions. Basement finish includes conference rooms, a computer training center, and locker rooms. Heat and air conditioning are controlled by a central system, and each of the four towers has a central electrical system for lighting.

Respondent assigned a value of \$18,616,330.00 for tax years 2005 and 2006. Petitioner is requesting values of \$13,500,000.00 for each tax year.

Petitioner and Respondent presented the following approaches to value the subject. Neither party relied on the cost approach. Petitioner relied on the market approach, and Respondent relied on the market and income approaches to value.

	Petitioner	Respondent
Market	\$13,500,000.00	\$20,300,000.00
Cost	\$14,325,000.00	\$27,735,710.00
Income	\$13,690,000.00	\$19,800,000.00

Petitioner’s witness cited the definition of market value as, “[T]he most probable price which a property should bring in a competitive and open market . . .” He argued that the most reasonable and probable use is multi-tenant occupancy due to a scarcity of single-tenant purchasers. His income approach’s rental rate and expenses were derived from multi-occupant comparables. All six comparable sales in his market approach were purchased for multi-tenant use.

Respondent’s witness valued the subject property as it existed on the assessment date, as owner occupied, and contended that Petitioner’s valuation based on availability for purchase is hypothetical and not reasonable. In his income approach, revenue was based on the Ross Midyear 2004 Office Report for Class A offices, and expenses reflected single occupancy buildings. Three of the four comparable sales in the market approach were occupied by single tenants.

The Board finds that reasonable future use is current use and that valuation for multi-tenant occupancy is highly speculative. No evidence or testimony was presented to suggest that the owner plans to place the property on the open market. In *Board of Assessment Appeals v. Colorado Arlberg Club*, 762 P.2d 146, 153 (Colo. 1988), the Colorado Supreme Court held that “reasonable future use is relevant to a property’s current market value for tax assessment purposes.” The Court also held that “speculative future uses cannot be considered in determining present market values.” *Id.* at 154.

The Board finds that Respondent’s premise of current use was more convincing and supported by case law. Respondent presented sufficient probative evidence and testimony to prove that the tax year 2005 and 2006 valuations of the subject property were correct.

ORDER:

The petition is denied.

APPEAL:

If the decision of the Board is against Petitioner, Petitioner may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of Colorado Revised Statutes ("CRS") section 24-4-106(11) (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered).

If the decision of the Board is against Respondent, Respondent, upon the recommendation of the Board that it either is a matter of statewide concern or has resulted in a significant decrease in the total valuation of the Respondent county, may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of CRS section 24-4-106(11) (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered).

In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

If the Board does not recommend its decision to be a matter of statewide concern or to have resulted in a significant decrease in the total valuation of the respondent county, Respondent may petition the Court of Appeals for judicial review of such questions within thirty days of such decision.

Colo. Rev. Stat. § 39-8-108(2) (2007).

DATED and MAILED this 20th day of October 2007.

BOARD OF ASSESSMENT APPEALS

Sondra W. Mercier

Sondra W. Mercier

This decision was put on the record

OCT 19 2007

James R. Meurer
James R. Meurer

I hereby certify that this is a true and correct copy of the decision of the Board of Assessment Appeals

MaryKay Kelley
MaryKay Kelley

Heather Heinlein
Heather Heinlein

