

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>GLOBE LLC</p> <p>v.</p> <p>Respondent:</p> <p>BOULDER COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 47516</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on June 22, 2007, Sondra W. Mercier and Lyle D. Hansen presiding. Petitioner was represented by Clifton Hypsher, Esq. Respondent was represented by Michael A. Koertje, Esq. Petitioner is protesting the 2006 actual value of the subject property.

PROPERTY DESCRIPTION:

The subject property is described as follows:

**1032 South 88th Street, Louisville, Colorado
(Boulder County Schedule No. R0127995)**

The subject property is a two-story medical office building built in 1998 on a 10,329 square foot site. The building has 4,795 improved square feet and is designed to accommodate a single medical office tenant. There is an unfinished basement of 914 square feet utilized for storage only. There are approximately 25 on-site paved parking spaces along with two covered carport spaces. Respondent assigned an actual value of \$833,300.00 to the subject property for tax year 2006.

Petitioner is requesting an actual value of \$712,500.00. Respondent presented a value of \$839,900.00. The parties presented the following indicators of value:

	<u>Petitioner</u>	<u>Respondent</u>
Market Approach	\$713,000.00	\$839,000.00
Cost Approach	\$776,415.00	\$852,418.00
Income Approach	\$712,000.00	\$854,000.00

Market Approach

Petitioner utilized four comparable sales ranging in sales price from \$105.06 to \$150.00 per square foot and in size from 4,682 to 11,000 square feet. After adjustments, Petitioner's sales ranged from \$128.18 to \$159.00 per square foot. Petitioner relied upon Comparable Sales 1 and 3 and concluded a value of \$148.69 per square foot.

Respondent utilized five comparable sales ranging in sales price from \$128.05 to \$236.14 per square foot and in size from 4,808 to 15,784 square feet. After adjustments, Respondent's sales ranged from \$131.51 to \$238.50 per square foot. Respondent relied upon Comparable Sales 1 and 4 and concluded a value of \$175.00 per square foot.

Cost Approach

Petitioner utilized three comparable site sales ranging in sales price from \$10.00 to \$23.80 per square foot and in size from 18,694 to 63,453 square feet. After adjustments, Petitioner's sales ranged from \$15.40 to \$26.19 per square foot. Petitioner adjusted the sales price for Comparable Sales 2 and 3 by 50% to reflect larger site area. Petitioner concluded to a land value of \$25.00 per square foot or \$258,225.00. Petitioner offered no analysis as to the land value conclusion. The Board placed primary reliability upon Comparable Sale 1 because of nearby location and no adjustments to the sale price were required.

Petitioner did not identify the source for the estimate of cost new for the improvements. Petitioner concluded to a replacement cost new estimate of \$575,767.00 and deducted \$57,577.00 for accrued depreciation. Petitioner concluded to an indicated value of \$776,415.00 by the cost approach.

Respondent relied on four comparable site sales ranging in sales price from \$15.37 to \$26.17 per square foot and in size from 18,694 to 50,420 square feet. After adjustments, the sales ranged from \$17.68 to \$29.47 per square foot. Respondent placed primary reliability upon Comparable Sale 1 at \$25.19 per square foot because of comparable location and no adjustments were necessary. Respondent concluded a land value estimate for the subject property of \$25.00 per square foot or \$258,200.00. The Board agreed with Respondent's land value analysis and with the concluded value indication of \$25.00 per square foot.

Respondent utilized the Marshall and Swift Valuation Service for the estimate of cost new for the improvements. Respondent concluded to a replacement cost new estimate of \$660,243.00

including \$36,000.00 for depreciated site improvements. Respondent deducted \$66,025.00 for accrued depreciation and concluded to an indicated value of \$852,418.00 by the cost approach.

Income Approach

Petitioner's income approach was based on a \$16.50 per square foot absolute net rental rate, 5% for vacancy allowance, 5% for management fee, and 5% for reserve for replacement to arrive at an annual net income of \$67,645.00. The annual net income was capitalized at a rate of 9.50% to conclude to an indicated value of \$712,000.00.

Respondent's income approach was based on a \$16.50 per square foot absolute net rental rate, a 10% vacancy and collection loss rate, and 10% for expenses to arrive at an annual net income of \$64,085.00. Respondent applied a 7.5% capitalization rate to conclude to an indicated value of \$854,000.00.

Conclusions

Petitioner presented sufficient probative evidence and testimony to prove the 2006 actual value of the subject property was incorrect. Since the subject property is income producing, the Board finds the income approach to provide a more reliable indication of value for the subject property.

Both the Petitioner and Respondent concluded an absolute net rental rate of \$16.50 per square foot and operating expenses at 10% of effective gross income.

Petitioner concluded a vacancy rate of 5% and Respondent concluded a vacancy rate of 10%. Petitioner provided minimal support for the vacancy rate conclusion while the Respondent cited a Boulder County Assessor vacancy survey for support of the 10% vacancy rate. The Board placed greater reliability upon the Respondent's vacancy rate conclusion of 10%.

Petitioner provided minimal support for an overall capitalization rate conclusion of 9.50%. Respondent extracted overall capitalization rates from four professional office and medical office building sales in Boulder County. The overall capitalization rate range for these four comparable sales was 5.34% to 7.84%. Of the four capitalization rate comparables, Comparable 3 was a multi-tenant medical office building. Respondent concluded an overall capitalization rate range of 7.0% to 7.5%. Respondent provided additional overall capitalization rate analysis by utilizing Petitioner's four comparable sales and applying market rents to each sale, concluding to an overall capitalization rate range of 7.1% to 8.5%. The Board placed greater reliability upon Respondent's capitalization rate Comparable 3 and concludes to an overall capitalization rate of 7.84%.

The Board accepts Respondent's net income of \$64,085.00 using a \$16.50 per square foot absolute net rental rate, a 10% vacancy rate, and 10% for operating expenses. Using a 7.84% overall capitalization rate the Board concludes to a value indication of \$817,000.00.

The Board concludes that the 2006 actual value of the subject property should be reduced to \$817,000.00.

ORDER:

Respondent is ordered to reduce the 2006 actual value of the subject property to \$817,000.00.

The Boulder County Assessor is directed to change his records accordingly.

APPEAL:

Petitioner may petition the Court of Appeals for judicial review within 45 days from the date of this decision.

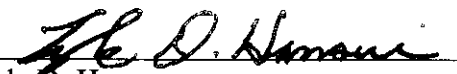
If Respondent alleges procedural errors or errors of law by this Board, Respondent may petition the Court of Appeals for judicial review within 30 days from the date of this decision.

DATED and MAILED this 22nd day of August 2007.

BOARD OF ASSESSMENT APPEALS



Sondra W. Mercier

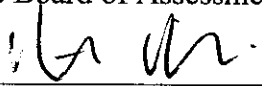


Lyle D. Hansen

This decision was put on the record

 AUG 21 2007

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



Heather Heinlein

