

**BOARD OF ASSESSMENT APPEALS,  
STATE OF COLORADO**  
1313 Sherman Street, Room 315  
Denver, Colorado 80203

**Docket No.: 58954**

Petitioner:

**ALTON WAY INVESTORS, LLC,**

v.

Respondent:

**ARAPAHOE COUNTY BOARD OF  
EQUALIZATION.**

**ORDER**

**THIS MATTER** was heard by the Board of Assessment Appeals on May 3, 2012, Gregg Near and MaryKay Kelley presiding. Petitioner was represented by Richard G. Olona, Esq. Respondent was represented by George Rosenberg, Esq. Petitioner is protesting the 2011 actual value of the subject property.

Subject property is described as follows:

**7306 South Alton Way, Centennial, Colorado  
Arapahoe County Schedule No. 2075-27-3-27-001**

The subject property is a 10,760 square foot office building built in 1980 on a 0.72 acre site. It was purchased by Petitioner in 2005 and owner occupied until May of 2009 when it was vacated. It remains vacant and available for purchase.

Respondent assigned a value of \$1,235,400.00 but is recommending a reduction to \$1,200,000.00. Petitioner is requesting a value of \$450,000.00.

Petitioner presented the following indicators of value:

Market:	\$516,480.00
Cost:	N/A
Income:	\$436,019.00

Petitioner presented a market approach with an indicated value of \$516,480.00. Petitioner's witness, Todd Stevens, identifying himself as a consulting appraiser, presented three comparable sales ranging in sale price from \$1,210,000.00 to \$1,650,000.00, in price per square foot from \$46.31 to \$93.28, and in size from 17,689 to 29,151 square feet. After adjustments were made, the sales ranged from \$46.31 to \$65.29 per square foot. Mr. Stevens reconciled to a value of \$48.00 per square foot.

Petitioner presented an income approach to derive a value of \$436,019.00 for the subject property. Mr. Stevens reviewed six leases, concluding to a rental rate of \$11.00 per square foot. He estimated a vacancy allowance of 20%, a management fee of 5%, an office expense of \$2.50 per square foot, and operating expenses of 10%. The net income was capitalized at 12.40% (9.50% plus 2.90% tax load).

Petitioner placed greater weight on the income approach and requested an assigned value of \$450,000.00.

Respondent presented the following indicators of value:

Market:	\$1,240,000.00
Cost:	N/A
Income:	\$1,087,000.00

Respondent presented a market approach with an indicated value of \$1,240,000.00. Respondent's witness, Michael Williams, Certified Residential Appraiser, presented four comparable sales ranging in sale price from \$525,000.00 to \$1,125,000.00 and in size from 4,692 to 9,840 square feet. Qualitative adjustments were made, the sales ranging from \$107.72.00 to \$122.71.00 per square foot. Mr. Williams reconciled to \$115.00 per square foot.

Respondent used the income approach to derive a value of \$1,087,000.00 for the subject property. Mr. Williams reviewed six leases, concluding to a rental rate of \$11.97 per square foot. He estimated a vacancy rate of 18%, expenses of 7%, and a capitalization rate of 8.5%.

Respondent placed primary weight on the market approach and secondary weight to the income approach, reconciling at \$1,200,000.00.

Sufficient probative evidence and testimony was presented to prove that the tax year 2011 valuation of the subject property was incorrect.

The Board gives little weight to the income approach. The subject property was purchased and used for owner occupancy. Its target buyer is likely a single-tenant or two-tenant purchaser rather than an investor focusing on multi-tenancy income.

The Board gives little weight to Petitioner's comparable sales. All are considerably larger multi-tenant properties that would attract a different buyer. Respondent's market approach is considered the best indicator of value.

Respondent's Sales 1 and 2 are given most weight due to their Alton Way location and because they share the same office park/industrial park mix as the subject; Sales 3 and 4 are both located in general office building surroundings. Sale 1 is given less weight due to its markedly smaller building size. Sale 2 is very similar in size and ceiling height (12 feet) with 90% office use per CoStar. It is considered the best indicator of value.

The Board concludes that the 2011 actual value of the subject property should be reduced to \$108.00 per square foot.

### **ORDER:**

The Board concludes that the 2011 actual value of the subject property should be reduced to \$1,162,080.00.

The Arapahoe County Assessor is directed to change his/her records accordingly.

### **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 Section 24-4-106(11), C.R.S. (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 Section 24-4-106(11), C.R.S. (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.

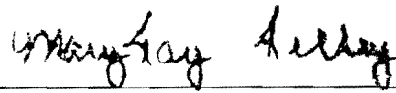
Section 39-8-108(2), C.R.S.

DATED and MAILED this 24th day of May, 2012.

**BOARD OF ASSESSMENT APPEALS**

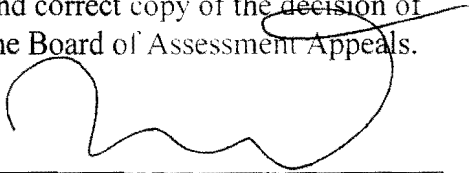


Gregg Near



MaryKay Kelley

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



Milla Crichton

