

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>SUNRISE REAL ESTATE SERVICES COLORADO LLC,</p> <p>v.</p> <p>Respondent:</p> <p>DOUGLAS COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 60334</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on January 14, 2013, MaryKay Kelley and Brooke B. Leer presiding. Petitioner was represented by Richard G. Olona, Esq. Respondent was represented by Robert D. Clark, Esq. Petitioner is protesting the 2011 actual value of the subject property.

Subject property is described as follows:

**6208 East County Line Road, Highlands Ranch, Colorado
Douglas County Schedule Number: R0471557**

The subject property was built in 1988 as a claims office for State Farm Insurance. In 2005, the current tenant, Sonic-Lone Tree Cadillac, Inc., leased the building as a single tenant, for a 10-year lease. In 2006, the building was retrofitted as a collision repair center for Don Massey Collision Center. The subject building is a steel and masonry facility with brick exterior walls. The ceiling height in the repair area is 14 feet. The exterior office area has fixed storefront windows. The building is 14,300 square feet and sits on approximately 2.0 acres of land. The property is described as 90% repair center and 10% office.

Petitioner presented the following indicators of value:

Cost:	N/A
Market:	\$1,215,500
Income:	\$1,032,460

Petitioner is requesting an actual value of \$1,000,000 for the subject property for tax year 2011. Respondent assigned a value of \$2,867,944 for the subject property for tax year 2011 but is recommending a reduction to \$2,400,000 based on the appraisal submitted as Respondent's Exhibit A.

Petitioner presented two comparable sales ranging in sale price from \$182.86 to \$169.74 per square foot. The sales were in close proximity to the subject but both required significant downward adjustments, -40% for Sale 1 and -55% for Sale 2. The buildings were considered free-standing retail. Sale 1 sold in June 2010 and Sale 2 in January 2010. After adjustments were made, the sales ranged from \$109.72 to \$76.38 per square foot. The Board finds Petitioner's economic adjustments were not well supported.

The rents applied in Petitioner's Income Approach are located in close proximity to the subject, but the majority are strip center retail locations that are not comparable to a free-standing auto repair center. Rents 1 and 3 were more comparable as Rent 1 has a dent repair tenant and Rent 2 is a building where an auto body repair operation could be conducted with adaptations. The rents from these two comparables range from \$10.50 to \$12.50 per square foot. The subject property being used as a single tenant facility and also having a larger space than the comparables presented, would likely yield a value towards the lower end of the range for Rents 1 and 3 or \$11 per square foot. The Board found that Petitioner's market rent applied at \$8.00 was not supported by the two better comparables. Petitioner's expenses applied for vacancy, management and expenses were similar to those applied in the Douglas County Assessor's appraisal report.

Respondent presented the following indicators of value:

Cost:	N/A
Market:	\$2,500,000
Income:	\$2,300,000

Using the Sales Comparison Approach, Respondent presented four comparable sales ranging in sale price from \$113.66 to \$236.74 per square foot. Three of the sales were significantly smaller than the subject property at 5,280 (Sale 4), 5,499 (Sale 1) and 5,712 (Sale 3) square feet. Sale 2 was 11,468 square feet. Smaller sales 1, 3 and 4 were built as tire facilities and Sale 2 as an automotive repair facility. Sales 1 and 4 are difficult to use because they are both part of shopping centers and are considered quick in-and-out special automotive uses that require good visibility and good traffic patterns. They are significantly smaller than the subject as well.

Sale 2 is not close to the subject but has a similar use as an automotive repair shop. It sold for \$135.16 per square foot. This is the best sale to compare to the subject due to its use as an auto repair shop. It sold in 2008, however, and requires an adjustment for different economic factors as of the valuation date. The subject is in a better area than this sale, which also requires an adjustment for location. The property was also not exposed on the open market, as the tenant bought the building. This is a difficult direct comparison, primarily because the property was not

exposed to the open market and the tenant may have had more of an incentive to purchase the property; this information was not disclosed at the hearing.

Respondent used the Income Approach to derive a market rent of \$17.00 per square foot, triple net, for the subject property. The value derived from applying this market rent is \$2,300,000 or \$160.84 per square foot. The rent comparables used were from smaller, specialty auto related users, specializing in tire sales/installation, and brake/ muffler sales and installation. These users are all smaller than the subject property and were built with specific guidelines for their business operations and have different traffic patterns and access than auto repair facilities. The subject property is primarily an open bay facility that is much larger and less specialized than the facilities used for rent comparables in Respondent's report.

The Board finds that the income approach is the best indicator of value for the subject property. The Board applied the following parameters in estimating a fee simple estate, market value: market rent at \$11, and a vacancy rate of 8%, which is in between Petitioner's and Respondent's rates; operating expenses, including management fees, were applied at 8%, which is in between both parties' rates; the capitalization rate applied to the single tenant, auto repair facility in a traditionally retail use area was 9%, which is Respondent's conclusion. The market value derived from using these variables is \$1,479,000, rounded, or \$103.43 per square foot.

The Board concludes that the 2011 actual value of the subject property should be reduced to \$1,479,000.

ORDER

Respondent is ordered to reduce the 2011 actual value of the subject property to \$1,479,000.

The Douglas 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 February 21st day of February, 2013.

BOARD OF ASSESSMENT APPEALS

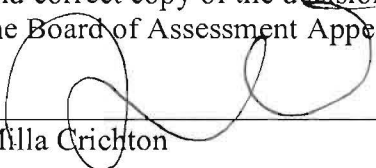


Mary Kay Kelley



Brooke B. Leer

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



Milla Crichton

