

VALUATIONS OF SPECIAL PURPOSE SPORTS FACILITIES AND THE COST APPROACH

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Valuations of Special Purpose Sports Facilities and the Cost Approach

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Speakers

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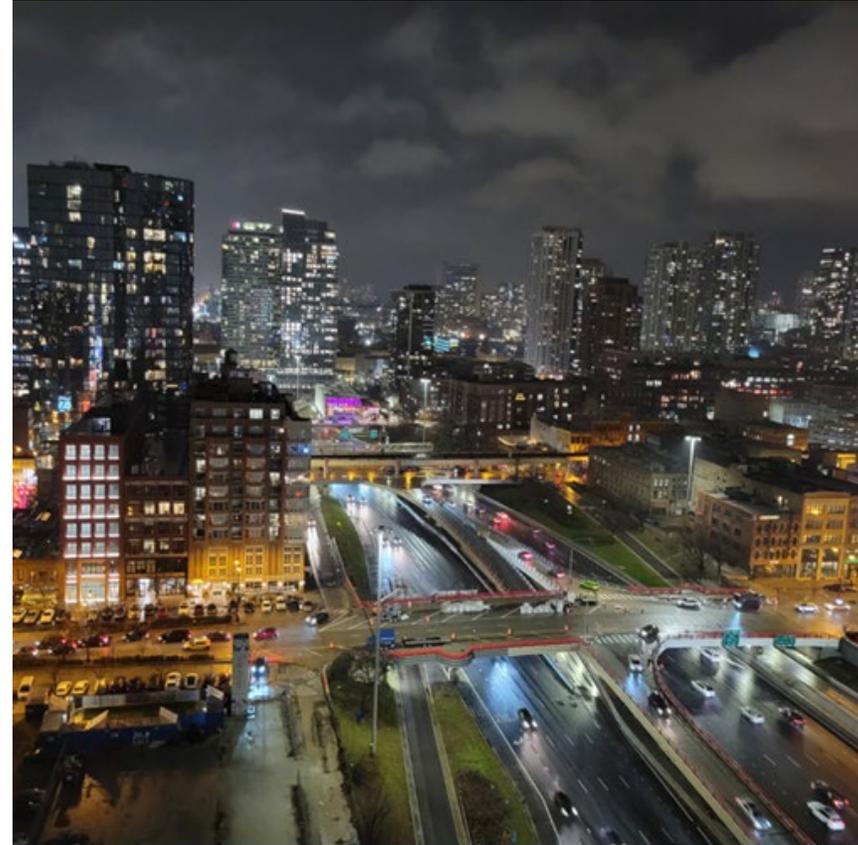


ShineBright
A 60TH CELEBRATION

STATE CONFERENCE

Agenda

- Quick Tour – some notable sports facilities in Cook County
- Valuation and the Cost Approach
- Wrigley Field Valuation
- Break for Wrigley Sports Facts!
- United Center Valuation
- Sports Stadium Statutes
- Questions



Soldier Field – current home of the Bears & the Fire



1410 Special Olympics Drive, Chicago

- Near South Side of Chicago
- Also hosts international soccer games, concerts, and other large events
- Seating Capacity: 61,500
- Originally built in 1924
- Renovated 2002
- Owned by the Chicago Park District and is property tax exempt

Arlington Park – maybe the future home of the Bears?



Northwest Highway, Arlington Heights

- Northwestern Suburban Cook County
- Proposed domed stadium and mixed-use entertainment district
- The Bears change their minds on future location almost weekly...
- Currently this site is vacant land and is assessed as vacant land
- Privately owned and assessable

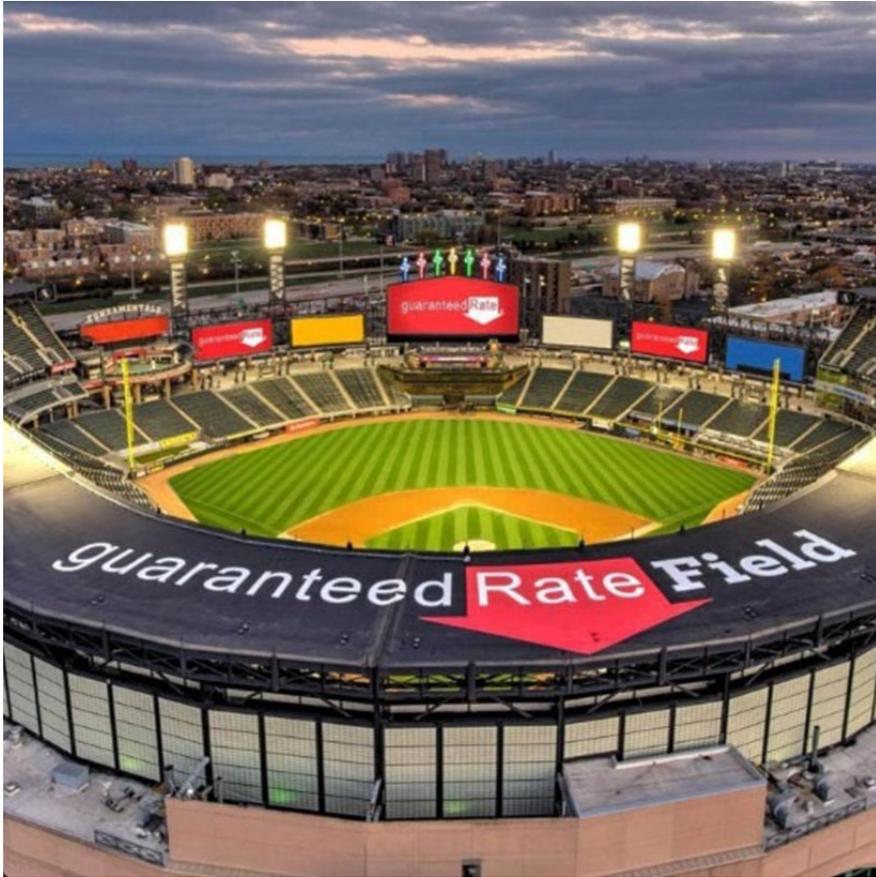
Wrigley Field – home of the Cubs



1060 W. Addison Street, Chicago

- North Side of Chicago
- Also hosts concerts and other large events
- Seating capacity: 41,649
- Built in 1914
- Renovated 1937, 1988, 2014-2019
- Privately owned and assessable

Rate Field – home of the White Sox



333 W. 35th Street, Chicago

- South Side of Chicago
- Also hosts concerts and other large events
- Seating Capacity: 40,615
- Built in 1989
- Original Comiskey Park built in 1910
- Owned by the Illinois Sports Facilities Authority and is property tax exempt

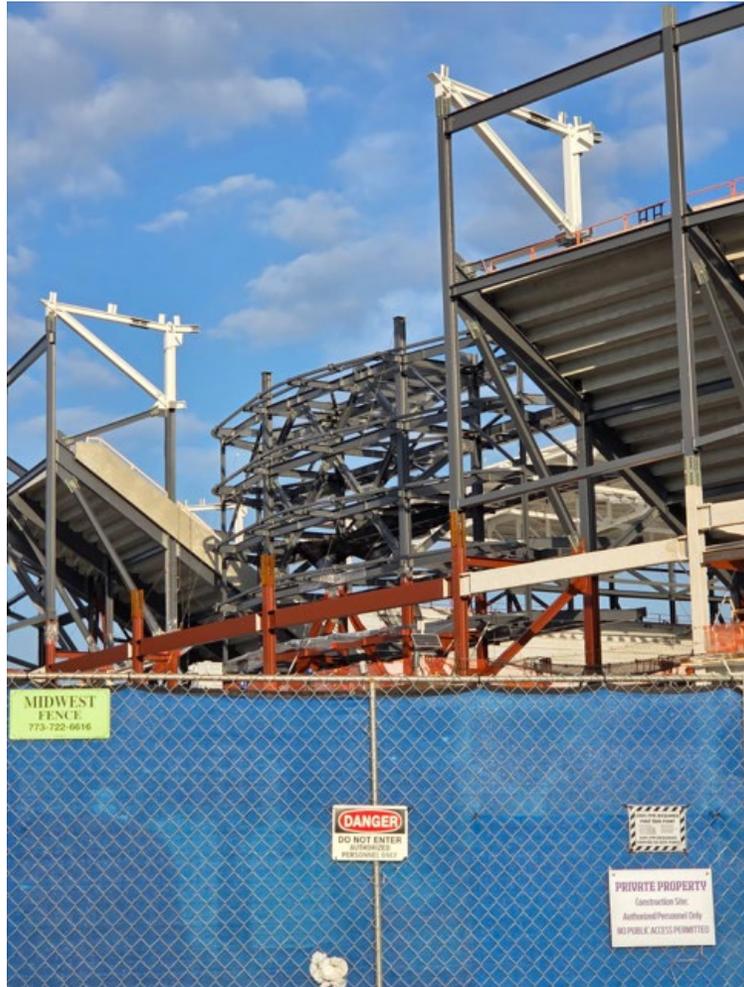
United Center – home of the Blackhawks & the Bulls



1901 W. Madison Street, Chicago

- Near West Side of Chicago
- AKA “Madhouse on Madison”
- Also hosts concerts and other large events
- Seating Capacity: 20,917 (Bulls), 19,717 (Hawks), and 23,500 (concerts & events)
- Built 1992-1994
- Renovated 2009-2010, 2014
- Privately owned and assessable

B1G Under Construction – home of the Wildcats



1501 Central Street, Evanston

- This is a cool site because you can see the stadium being built
- Will also host concerts and other events
- Seating Capacity: 35,000
- Expected Completion 2026
- Prior Stadium 1926-2024
- Owned by Northwestern University and is property tax exempt

Uniformity Requirement

Illinois Constitution Article IX, Section 4

(a) Except as otherwise provided in this Section, **taxes upon real property shall be levied uniformly by valuation** ascertained as the General Assembly shall provide by law.

(b) Subject to such limitations as the General Assembly may hereafter prescribe by law, counties with a population of more than 200,000 may classify or continue to classify real property for purposes of taxation. Any such classification shall be reasonable and **assessments shall be uniform within each class**. The level of assessment or rate of tax of the highest class in a county shall not exceed two and one-half times the level of assessment or rate of tax of the lowest class in that county....

Fair Market Value Requirement

35 ILCS 200/1-50

Fair Cash Value. The amount for which a property can be sold in the due course of business and trade, not under duress, between a willing buyer and a willing seller.

35 ILCS 200/1-55

33 1/3%. One third of the fair cash value of property, as determined by the Department's sales ratio studies for the 3 most recent years preceding the assessment year, adjusted to account for any changes in assessment levels implemented since the data for the studies were collected.

Cook County Real Property Assessment Classification Ordinance, Sec. 74-62

Market value means that value, estimated as the price it would bring at a fair voluntary sale.

Illinois Case Law

Real property in Illinois must be assessed at its **fair cash value**, which can only be estimated absent any compulsion on either party. Illinois law requires that all real property be valued at its fair cash value, **estimated at the price it would bring at a fair voluntary sale** where the owner is ready, willing, and able to sell but not compelled to do so, and the buyer is likewise ready, willing, and able to buy, but is not forced to do so. Bd. of Educ. of Meridian Cmty. Unit Sch. Dist. No. 223 v. Ill. Prop. Tax Appeal Bd., 2011 IL App (2d) 100068, ¶ 36 (citing Chrysler Corp. v. Ill. Prop. Tax Appeal Bd., 69 Ill.App.3d 207, 211 (2d Dist. 1979)).

“Fair cash value” is synonymous with fair market value, and an **arm’s-length sales transaction is the best evidence thereof**. Walsh v. Property Tax Appeal Board, 181 Ill. 2d 228, 230 (1998). But the same case also **prohibits “sales chasing.”**

In the absence of market value established by a contemporaneous arm’s-length sale, the **sales-comparison approach is the preferred method** and should be used when market data is available. Cook County Board of Review v. Property Tax Appeal Board (Omni), 384 Ill. App. 3d 472 (2008).

Valuation Methodology

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

Illinois Case Law

In the absence of reliable market sale data, the income approach may be used. Bd. Of Educ. v. Ill. Prop. Tax Appeal Bd. 2011 IL App (2d) 100068.

The income approach is used when the property is most valuable as a rental property. Chrysler Corp. v. State Property Tax Appeal Board, 69 Ill.App.3d 207, 211 (1979).

The Illinois Supreme Court has held that the assessor must consider income data when the data is available or is readily ascertainable. **Historic or current income from the subject property should be used** whenever possible in the income approach. Bd. Of Educ. v. Ill. Prop. Tax Appeal Bd. 2011 IL App (2d) 100068.

However, **it is the market value of the lease**, rather than the income actually derived, which reflects the value of the property. Springfield Marine Bank v. Property Tax Appeal Bd. 44 Ill.2d 428, 431 (1970).

Valuation Methodology: Focus on the Cost Approach



In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

COST APPROACH

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there are few sales or leases of comparable properties.

Illinois Case Law and the Cost Approach

Illinois Courts have upheld an assessor's **use of the cost approach for special use properties** for which there is no market for sale. In re Application of Collector of Cook County (Collector of Cook County v. Illinois Bell Telephone Co.), 161 Ill.App.3d 860, 877 (1987); Residential Real Estate Co. v. Property Tax Appeal Board, 188 Ill.App.3d 232, 246 (1989).

When the basis of the assessment solely relies on reproduction cost less depreciation, the **assessor has a duty to explain their cost methodology and to demonstrate a relationship between their cost approach valuation and the property's fair market value.** People ex rel. Rhodes v. Turk, 391 Ill. 424, 426 (1945).

The cost approach, when correctly applied, does not violate the uniformity provision of the Illinois Constitution. However, this approach should be given great weight only when there is no actual or potential market for the property in question. In re Application of County Collector of Pike County, Illinois (People ex rel. Capps v. Carpenter), 133 Ill.App.3d 142, 146 (1985); Chrysler Corp. v. State Property Tax Appeal Board, 69 Ill.App.3d 207, 214 (1979).

Wrigley Field Valuation

Wrigley History, Nostalgia, and Mystique



- From William Sianis' curse on the Cubs in Game 4 of the 1945 world Series, fast forward 71 years to the 2016 World Series champs, Chicago's Wrigley Field is a historic landmark. From 1982, Harry Caray was the announcer for the Cubs and immortalized the seventh inning stretch with his rendition of Take Me Out To The Ball Game
- Wrigley Field acts as venue for major concerts including Billy Joel, Pink, Guns & Roses, and The Foo Fighters
- It also served as a backdrop for major films including: The Blues Brothers, The Natural, Ferris Bueller's Day Off, a League of Their Own and Rookie of the Year
- **It's value to Chicago – Priceless!**

Land Valuation & Uniformity

- 449,611 SF site in one of Chicago's most densely populated areas, with few blocks of vacant commercial land sites
- Used CoStar and Cook County Recordings information to find commercial land sales or redevelopment parcels within a three-mile radius
- **Resulting land value estimate at \$90.00 per SF**

Property Address	City	Sale Date	Sale Price	\$/SF Land	Land SF	Zoning
2719 W Fullerton	Chicago	5/18/2022	\$774,500	75.48	10,261	B2-3
2355 N Washtenaw Ave	Chicago	12/12/2023	\$775,000	100.00	7,750	B2-3
3100 N Kedzie Ave	Chicago	6/9/2023	\$500,000	56.61	8,832	C1-1
2042 W Irving Park Rd	Chicago	6/28/2022	\$985,000	126.09	7,812	B1-1
1744-1754 W Addison St	Chicago	5/17/2022	\$3,400,000	218.48	15,562	B3-3
3327-3331 N Lincoln Ave	Chicago	4/1/2022	\$1,950,000	272.73	7,150	B1-2
3817-3819 N Ashland Ave	Chicago	10/22/2021	\$2,800,000	198.40	14,113	B3-2
3914-3930 N Lincoln Ave	Chicago	7/30/2021	\$4,000,000	162.75	24,578	B1-2
1332-1336 W North Ave /1612 Ada St	Chicago	6/25/2021	\$3,000,000	206.23	14,547	M2-3
2551-2609 W Carmen Ave	Chicago	3/30/2021	\$5,000,000	73.53	68,000	C
4757 N Sheridan Rd	Chicago	2/18/2021	\$1,241,555	53.20	23,337	B3-3
		MIN	\$ 500,000	\$ 53.20		
		MAX	\$ 5,000,000	\$ 272.73		
		AVERAGE	\$ 2,220,550	\$ 140.32		
		MEDIAN	\$ 1,950,000	\$ 126.09		

Source: CoStar/CCRD/CCAO - 3 mile radius

Marshall & Swift/CoreLogic Cost Estimates:

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RECREATIONAL FACILITIES

GRANDSTANDS AND BLEACHERS

The following are typical cost ranges of grandstands and bleachers. The ranges do not represent the lowest or highest costs that might be found in each structure. Structures built by governmental bodies have tended to be at the high end of the cost range. Costs include stairs, ramps, handicap platforms and press boxes commensurate with type and quality, as well as designers' fees.

TYPE	PER SQUARE FOOT (Horizontal Projection)	PER SEAT
Gymnasium bleachers, steel frame, wood benches, telescoping, manual operation:		
under 600 seats	52.00 - 63.50	137.00 - 198.00
over 600 seats	48.25 - 58.50	122.00 - 167.00
add for power operation	13.30 - 16.05	34.00 - 48.75
Portable bleachers, steel frame, metal, fiberglass or wood benches, erected:		
up to 800 seats	26.25 - 30.00	72.50 - 103.00
over 800 seats	24.60 - 27.25	64.00 - 93.00
Permanent bleachers, wood frame and benches:		
up to 1,000 seats	33.25 - 39.50	99.00 - 131.00
1,000 to 2,000 seats	30.25 - 38.00	87.50 - 122.00
over 2,000 seats	28.75 - 34.75	82.00 - 111.00
Grandstand bleachers, open steel frame, metal, fiberglass or wood benches, school or fairground type:		
up to 1,000 seats	52.00 - 97.50	152.00 - 324.00
1,000 to 5,000 seats	50.00 - 94.50	144.00 - 310.00
over 5,000 seats	46.75 - 89.00	131.00 - 295.00

Artificially made ice rinks are in rinks, refrigerant fluids and freaz affect refrigeration needs. See 7.5%, curing rinks, deduct 45% Refrigeration piping systems ma
1. Laid on bare earth.
2. On bare earth with a concrete
3. On a concrete slab with a cur
4. In a formed concrete slab.

Basic mechanical equipment, p; hockey rink;
(85' x 200')

Smaller rinks tend to be more e
Stage-size rinks, etc.

Additive costs, per square foot
Excavation
Subsoil heating
Rand floor

CLUBHOUSES (311)

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	HEAT	COST		
						Sq. M.	Cu. Ft.	Sq. Ft.
C	Excellent	Face brick, glass panels, stone	Plaster, terrazzo, tile pavers, hardwood, carpet, stage	Tiled restrooms, full kitchen, special lighting	Warm and cool air (zoned)	2906.25	27.00	270.00
	Good	Face brick, concrete or metal panels, ornamentation	Plaster or drywall, carpet, hardwood, small stage, vinyl composition	Tiled restrooms, good kitchen, adequate lighting/plumbing	Heat pump system	2131.25	19.80	198.00
	Average	Brick, block, concrete panels, some trim	Plaster or drywall, acoustic tile, vinyl composition, concrete slab	Adequate lighting/plumbing, average restrooms/kitchen	Forced air	1528.47	14.20	142.00
	Low cost	Brick, block, tilt-up, no trim	Painted walls, concrete floor	Minimum lighting/plumbing	Wall furnace	1076.39	10.00	100.00
D	Excellent	Stone or brick veneer, metal and glass panels	Plaster, terrazzo, tile pavers, hardwood, carpet, stage	Tiled restrooms, full kitchen, special lighting	Warm and cool air (zoned)	2894.73	26.80	268.00
	Good	Brick veneer, good stucco or siding, ornamentation	Plaster or drywall, carpet, hardwood, vinyl composition, small stage	Tiled restrooms, good kitchen, adequate lighting/plumbing	Heat pump system	2088.20	19.40	194.00
	Average	Brick veneer, stucco or siding, tile trim	Plaster or drywall, acoustic tile, vinyl composition, concrete slab	Adequate lighting/plumbing, average restrooms/kitchen	Forced air	1474.85	13.70	137.00
	Low cost	Stucco or siding, very plain	Drywall, concrete slab	Minimum lighting/plumbing	Wall furnace	1022.57	9.50	95.00
D/POLE	Low cost	Metal skin on pole frame and truss, some exterior finish	Few partitions, concrete slab, part ceiling	Minimum electric/plumbing	Electric wall heaters	914.93	8.50	85.00
S	Excellent	Insulated sandwich panels, good fenestration and ornamentation	Drywall, terrazzo, tile pavers, hardwood, carpet, stage	Tiled restrooms, full kitchen, special lighting	Warm and cool air (zoned)	2540.28	23.00	230.00
	Good	Insulated sandwich panels, some trim	Drywall, carpet and vinyl composition, small stage	Adequate lighting/plumbing, good kitchen and restrooms	Heat pump system	1862.15	17.30	173.00
	Average	Insulated sandwich panels, pre-engineered frame	Gypsum or plywood, acoustic tile, vinyl composition	Adequate lighting/plumbing, average restrooms/kitchen	Forced air	1323.96	12.30	123.00
	Low cost	Metal skin on pre-engineered frame, some exterior finish	Few partitions, concrete slab, part ceiling	Minimum electric/plumbing	Electric wall heaters	920.31	8.55	85.50

CALCULATOR METHOD

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SPRINKLERS

Use the ground level. Use the for more detailed costs, for

Sprinkler costs include all costs for the system and supply lines, but not tanks, towers, or high-pressure pumps. The square foot costs listed are based on the total area of sprinkler system installation on a single main connection including its prorated share of contractor overhead and profit and architects' fees. For a more specific cost, see Section 41 or 53. For double sprinkler systems with heads both above and below a ceiling, use sprinklered area and 1.6 times the listed cost. Small intricate installations (i.e., Group Care Homes) may run twice the averages as shown. Sprinklers should not be modified for size or shape. For square meter cost, multiply square foot cost by 10.764.

	GOOD	EXCL.
00	90000.00	106000.00
00	276000.00	348000.00
00	148000.00	170000.00
00	123000.00	141000.00
00	85500.00	113000.00
00	154000.00	194000.00
00	147000.00	160000.00
00	256000.00	279000.00
00	282000.00	300000.00
00	278000.00	361000.00

COVERAGE Square Feet	WET SYSTEMS				DRY SYSTEMS			
	LOW	AVG.	GOOD	EXCL.	LOW	AVG.	GOOD	EXCL.
1,500	5.75	6.84	8.14	9.68	7.48	8.89	10.55	12.55
3,000	5.16	6.12	7.25	8.59	6.66	7.90	9.36	11.10
5,000	4.78	5.64	6.65	7.84	6.12	7.22	8.52	10.05
10,000	4.30	5.05	5.92	6.95	5.47	6.41	7.52	8.82
15,000	4.05	4.73	5.53	6.47	5.12	5.99	7.00	8.19

CALCULATOR METHOD

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BASEMENTS - OFFICE BUILDINGS

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	HEAT	COST		
						Sq. M.	Cu. Ft.	Sq. Ft.
A-B	Office	Plaster interior	Average office finish, acoustic tile, vinyl composition	Adequate office lighting and plumbing	Warm and cool air (zoned)	1894.45	14.66	176.00
	Parking	Unfinished interior	Concrete with hardener, lines and strips, small service area	Exposed lighting, drains	Ventilation	957.99	7.41	89.00
	Unfinished storage	Painted interior	Unfinished storage and utility, few partitions	Minimum lighting, drains	Space heaters	882.64	6.83	82.00
CDS	Office	Plaster or drywall interior	Average office finish, acoustic tile, vinyl composition	Typical office lighting and plumbing	Forced air	1205.56	9.33	112.00
	Parking	Unfinished interior	Finished ceiling, concrete floor with hardener	Exposed lighting, adequate drains	Ventilation	629.69	4.87	58.50
	Unfinished storage	Painted interior	Unfinished storage and utility, few partitions	Minimum lighting, drains	None	522.05	4.04	48.50

*For fire-resistant Type I basements, with concrete slab separation under Class C, D or S units, add 8.54 per square foot (91.92 per square meter). Where utilized as courtyard deck on topside, add

Cost Approach Template

VALUATION SERVICE COST SCHEDULE								
Primary Building Type:	Retail	Height per Story:						Varies
Effective Age:	30 YRS	Number of Buildings:						
Condition:	Excellent	Number of Stories:	41,649					
Economic Life	50 YRS		Stadium (Seats)	Field	Clubhouse	Food/Prep	Basement	Total
Exterior Wall:	Brick/limestone	Gross Building Area:	228,018	110,000	17,212	11,982	73,708	440,920 SF
MVS Sec/Page			67/4	67/7	11/30	13/15	15/19	Varies
Quality/Bldg. Class			Major League	Baseball Field	C/Good	C/Good	C/50-50 finish	C
Building Component			Stadium	National League	Clubhouse	Rest/Cafeteria	Basement	Total Stadium
Base building/SF			228,018 SF	110,000 SF	17,212 SF	11,982 SF	73,708 SF	440,920 SF
Base Plus Adjusted Costs								
Square Foot Refinements								
Base Building Costs			\$1,347.09	\$20.65	\$198.00	\$216.00	\$80.25	\$1,861.99
Sprinklers			\$0.00	\$0.00	\$5.27	\$5.09	\$3.91	\$14.27
Subtotal			\$1,347.09	\$20.65	\$203.27	\$221.09	\$84.16	\$1,876.26
Height and Size Refinements								
Number of Stories Multiplier			1.000	1.000	1.000	1.000	1.000	1.000
Height per Story Multiplier			1.000	1.000	1.000	1.000	1.000	1.000
Floor Area Multiplier			1.000	1.000	1.000	1.000	1.000	1.000
Subtotal			\$1,347.09	\$20.65	\$203.27	\$221.09	\$84.16	\$1,876.26
Cost Multipliers								
Current Cost Multiplier			1.10	1.10	0.97	1.06	1.06	1.06
Local Multiplier			1.22	1.22	1.22	1.22	1.22	1.22
Final Square Foot Cost			\$1,807.80	\$27.71	\$240.55	\$285.91	\$108.84	\$977.15
Base Component Cost			\$412,210,565	\$3,048,353	\$4,140,342	\$3,425,817	\$8,022,063	\$430,847,139
Base Building Cost	(via Marshall Valuation Service cost data)		\$412,210,565	\$3,048,353	\$4,140,342	\$3,425,817	\$8,022,063	\$430,847,139
Additions								
Signage, Landscaping & Misc. Site Improvements (not included above)								\$3,000,000
Parking/Walks (not included above)								\$6,000,000
Direct Building Cost								\$439,847,139
Indirect Costs	15.0% of Direct Building Cost							\$65,977,071
Direct and Indirect Building Cost								\$505,824,210
Rounded								\$505,824,000
Compiled by CCAO								

2024 CCAO Valuation of Wrigley: \$270,000,000

COST APPROACH CONCLUSION				
Primary Building Type:	Retail			
Effective Age:	30 YRS			
Condition:	Excellent			
Exterior Wall:	Brick/limestone	Gross Building Area:		440,920 SF
Direct and Indirect Building Cost				\$505,824,000
Entrepreneurial Profit	15.0% of Total Building Cost			\$75,873,600
Replacement Cost New				\$581,697,600
Accrued Depreciation				
Unfinished Shell Space			\$0	
Incurable Physical Deterioration	60.0% of Replacement Cost New less		(\$349,018,560)	
Functional Obsolescence			\$0	
External Obsolescence			\$0	
Total Accrued Depreciation	60.0% of Replacement Cost New		(\$349,018,560)	(\$349,018,560)
Contributory Value of FF&E				\$0
Depreciated Replacement Cost				\$232,679,040
Land Value		SF Land	PSF	
		449,611	\$90.00	\$40,464,990
Indicated Stabilized Value				\$273,144,030
Rounded				\$270,000,000
Deferred Maintenance				\$0
Lease-Up Discount				\$0
Indicated As Is Value				\$270,000,000
Rounded				\$270,000,000
Value Per SF				\$612.36
Compiled by CCAO				

Board of Review Hearing: Assessor's Motion for Opportunity to be Heard

BOR Appeal Rule 12

- Should the Assessor opt to participate in a requested hearing, the Assessor shall serve on the Board and all parties Notice of Motion for the Opportunity to Be Heard, the substance of which must be in substantial compliance with the form established by the Chief Clerk.
- The Assessor must serve this Notice of Motion and Motion on the Board and all parties not more than seven days after the close of the evidence submission deadline.
- The Board will accept service via email.

BOR Appeal Rule 14

- Should the Assessor opt to participate in a hearing, the Assessor and opposing party must, not less than seven days before the hearing date, exchange a copy of all documents submitted to the Board. The Assessor and opposing party shall, with this copy of all documents, serve a Notice of Filing, the substance of which must be in substantial compliance with the form established by the Chief Clerk.

BOR Hearing Results: Wrigley Field



- Assessor evidence: valuation by Cost Approach
- Taxpayer evidence: Appraisal, which included the Cost Approach
- Particular Bones of Contention: the inclusion of the DraftKings Sportsbook and the stadium basement
- **Result?** The Board of Review adopted the Assessor's replacement cost new and land valuation. However, the Board was more persuaded by the taxpayer's depreciation calculations
- The overall result was a 31% reduction in valuation for the property

BREAK FOR SPORTS FACTS WITH MIKE PIPER

We may not have Jimmy the Greek, the infamous sports commentator and Las Vegas bookmaker.... We have someone better: Mike Piper the Chief Valuations Officer for the Cook County Assessor's Office and sports aficionado from Philly.



The 71-year dry spell at Wrigley...

- 1984 Cubs lost to San Diego Padres in National League Championship Series
 - 1986 Bill Buckner, then with Red Sox, was wearing a Cubs batting glove allows Mets to score winning run-in 10th inning of Game 6 of the World Series
 - 1989 Cubs won 93 games and faced Giants in NL Champion Series best of seven and lost
 - 1998 Thanks to Sammy Sosa, Cubs won wildcard after winning tie breaker only to be swept in National League Division Series by the Braves
 - 2001 Cubs let wildcard race, finishing up 88-74 behind Astros and Cardinals
 - 2003 Steve Bartman debacle in eighth inning of Game 6 of NLCS sealed fate for the Cubs vs. the Marlins
 - 2004 Cubs led wildcard race until September, but Injuries and inconsistent play resulted in Astro's winning wild card
 - 2005 The Chicago White Sox won the World Series!
 - 2007 Cubs did not win a postseason game in any west coast city
 - 2008 Sadly, history repeated itself, Cub lost NLDS to the Dodgers
- Then....

Cubs Win 2016!



United Center Valuation



Becoming Bigger & Better Than Ever?

- Chicago Bulls, NBA Champions
1991, 1992, 1993, 1996, 1997, 1998
- Chicago Blackhawks, Stanley Cup
1934, 1938, 1961, 2010, 2013, 2015
- The United Center acts as a venue for major concerts including: U2, Rolling Stones, Madonna, and Prince
- The Reinsdorf and Wirtz families are proposing a \$7B mega development

Land Valuation & Uniformity

- 1,849,760 SF site, located in Chicago's Near West Side
- The median for the land sales was \$70.80/SF
- The median sales price for land purchased by United Center ownership was \$151.03/SF
- However, the CCAO used a very conservative land valuation of \$50.00/SF in its assessment for uniformity purposes with the neighboring parcels

CCAO LAND SALES USED FOR UNIFORMITY - UNITED CENTER					
Property Address		Sale Date	Sale Price	\$/SF Land	Land SF
2550 W Harrison St	Chicago	5/5/2020	\$ 630,000	\$ 10.96	57,499
2610 W Wilcox St	Chicago	6/30/2020	\$ 170,000	\$ 12.10	14,044
2545 W Fulton St	Chicago	5/28/2021	\$ 2,500,000	\$ 24.74	101,059
2123-2143 W Madison St	Chicago	10/29/2019	\$ 3,100,000	\$ 44.37	69,865
2300-2304 W Jackson Blvd	Chicago	2/21/2019	\$ 425,000	\$ 54.11	7,854
2300 W Madison St	Chicago	5/26/2021	\$ 1,230,000	\$ 64.39	19,101
2334 W Adams St	Chicago	1/15/2020	\$ 800,000	\$ 65.59	12,197
2409 W Grand Ave	Chicago	10/26/2022	\$ 795,000	\$ 70.74	11,238
604 S Western Ave	Chicago	2/6/2020	\$ 350,000	\$ 70.85	4,940
2154 W Lake St	Chicago	8/19/2019	\$ 1,300,000	\$ 75.17	17,293
1814-1858 W Lake St	Chicago	5/31/2022	\$ 4,500,000	\$ 75.82	59,353
128 S Paulina	Chicago	4/10/2019	\$ 3,800,000	\$ 93.06	40,833
2401-2405 W Warren Blvd	Chicago	3/8/2023	\$ 172,000	\$ 115.44	1,490
2424 W Grand Ave	Chicago	6/30/2021	\$ 3,350,000	\$ 118.32	28,314
1801-1809 W Grand Ave	Chicago	3/6/2020	\$ 1,590,000	\$ 174.48	9,113
1616-1654 W Madison St	Chicago	12/13/2023	\$ 12,000,000	\$ 252.74	47,480
		MIN	\$ 170,000	\$ 10.96	1,490
		MAX	\$ 12,000,000	\$ 252.74	101,059
		AVERAGE	\$ 2,294,500	\$ 82.68	31,355
		MEDIAN	\$ 1,265,000	\$ 70.80	18,197

Source: CoStar

* Exclusive of United Center and Blackhawk assemblage

UNITED CENTER AND BLACKHAWKS LAND SALES AROUND UNITED CENTER					
Property Address		Sale Date	Sale Price	\$/SF Land	Land SF
1643 W Warren Blvd*		8/11/2022	\$ 1,833,500	\$ 81.05	22,623
1653 W Warren Blvd		8/11/2022	\$ 1,833,500	\$ 80.95	22,651
1727 W Adams St		7/20/2023	\$ 17,248,000	\$ 293.87	58,693
2033 W Madison St		8/17/2022	\$ 2,500,000	\$ 151.03	16,553
301-339 S Damen Ave		10/16/2023	Non Disclosed	N/A	315,119

Source: CoStar

*CoStar reported sale at \$5.5 million but recorder's office recorded \$1.8 M for each sale

Why Taxpayer Appeals are Encouraged by the CCAO

Initial Valuation	SF	Post Appeal Value	SF
Arena	926,184	Arena	793,439
Ice Rink	1,700	Ice Rink	17,000
Basketball Court	4,700	Basketball Court	4,700
Arena semi - finished basement	230,084	Arena semi - finished basement	175,274
Office	146,998	Office	141,243
Office Basement	30,583	Office Basement	29,416
Atrium	17,624	Atrium	17,624
Depreciation	50%	Depreciation	50%
Class/Quality	A/Good	Class/Quality	A/Average
Estimated Value	\$500,000,000	Estimated Value	\$370,000,000

The Power of Corrected Characteristics

- Original valuation was based on 1,351,473 SF and a Class/Quality rating of “Good”
- Taxpayer submitted an appraisal showing evidence that the rating was “Average” plus detailed floor plans
- The CCAO corrected the SF and adopted the “Average” rating, based on a review of taxpayer’s evidence

Cost Approach Template

MARSHALL VALUATION SERVICE COST SCHEDULE - APPEAL											
Primary Building Type:	Arena / Office	Height per Story:	Varies							Varies	
Effective Age:	25 YRS	Number of Buildings:	2		* - not included in GBA but specialized unit costs						
Condition:	Average / Good	Number of Stories:	Various								
Economic Life:	50 YRS			Arena	Arena - Rink*	Arena - Court*	Arena Bsmt	Office	Office Bsmt	Atrium	Total
Exterior Wall:	Concrete Panels/Steel/Glass	Gross Building Area:	793,439	17,000	4,700	175,274	141,243	29,416	17,624	1,156,996 SF	
MVS Sec/Page			16/14	16/20	18/25	16/14	15/17	15/19	15/18	Various	
Bldg. Class/Quality			A/Avg	A/Good	A/Good	A/Semi Finished	A/Good	A/Unfinished	A/Good	A/Various	
Building Component			Arena	NHL Rink	NBA Court	Basement	Office	Basement	Atrium	Total Bldg Improvements	
Base Building/SF			793,439 SF	17,000 SF	4,700 SF	175,274 SF	141,243 SF	29,416 SF	17,624 SF	1,156,996 SF	
Base Plus Adjusted Costs											
Square Foot Refinements											
Base Building Costs			\$267.00	\$277.00	\$290.00	\$131.00	\$321.60	\$82.00	\$458.00	\$256.52	
Sprinklers			\$2.87	\$0.00	\$0.00	\$3.32	\$4.03	\$4.31	\$5.64	\$3.16	
Subtotal			\$269.87	\$277.00	\$290.00	\$134.32	\$325.63	\$86.31	\$463.64	\$259.68	
Height and Size Refinements											
Number of Stories Multiplier			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Height per Story Multiplier			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Floor Area Multiplier			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Subtotal			\$269.87	\$277.00	\$290.00	\$134.32	\$325.63	\$86.31	\$463.64	\$259.68	
Cost Multipliers											
Current Cost Multiplier			1.10	1.26	1.33	1.10	1.17	1.17	1.17	1.19	
Local Multiplier			1.22	1.22	1.22	1.22	1.22	1.22	1.22	1.22	
Final Square Foot Cost			\$362.17	\$425.80	\$470.55	\$180.26	\$464.80	\$123.20	\$661.80	\$353.79	
Base Component Cost			\$287,356,264	\$7,238,675	\$2,211,604	\$31,594,443	\$65,650,348	\$3,624,019	\$11,663,559	\$409,338,911	
Base Building Cost	(Via Marshall Valuation Service cost data)		\$287,356,264	\$7,238,675	\$2,211,604	\$31,594,443	\$65,650,348	\$3,624,019	\$11,663,559	\$409,338,911	
Additions											
Signage, Landscaping & Misc. Site Improvements (not included above)										\$1,000,000	
Parking/Walks (not included above)										\$10,000,000	
Direct Building Cost										\$420,338,911	
Indirect Costs	15.0% of Direct Building Cost									\$63,050,837	
Direct and Indirect Building Cost										\$483,389,747	
Rounded										\$483,390,000	
Compiled by CCAO											

2024 CCAO Valuation of the United Center: \$370,000,000

COST APPROACH CONCLUSION - APPEAL			
Primary Building Type:	Arena / Office		
Effective Age:	25 YRS		
Condition:	Average / Good		
Exterior Wall:	Concrete Panels/Steel/Glass		Gross Building Area: 1,156,998 SF
Direct and Indirect Building Cost			\$483,390,000
Entrepreneurial Profit	15.0% of Total Building Cost		\$72,508,500
Replacement Cost New			\$555,898,500
Accrued Depreciation			
Unfinished Shell Space			\$0
Incurable Physical Deterioration	50.0% of Replacement Cost New less Curable Physical Deterioration		(\$277,949,250)
Functional Obsolescence			\$0
External Obsolescence			\$0
Total Accrued Depreciation	50.0% of Replacement Cost New		(\$277,949,250)
Contributory Value of FF&E			\$0
Depreciated Replacement Cost			\$277,949,250
Land Value	SF Land	PSF	
	1,849,760	\$50.00	\$92,488,000
Indicated Stabilized Value			\$370,437,250
Rounded			\$370,000,000
Deferred Maintenance			\$0
Lease-Up Discount			\$0
Indicated As Is Value			\$370,000,000
Rounded			\$370,000,000
Value Per SF			\$320
Compiled by CCAO			

BOR Hearing Results: United Center



- Assessor evidence: valuation by Cost Approach
- Taxpayer evidence: Two appraisals, which included the Cost Approach
- Particular Bones of Contention: Land Valuation & Personal v Real Property (basketball court & ice rink)
- **Result?** The Board of Review was more persuaded by the taxpayer's cost analysis and depreciation calculations. However, the Board generally adopted the Assessor's land valuation.
- The overall result was a 40% reduction in valuation for the property

Why not use “Sports Stadium Property” from the Property Tax Code?

35 ILCS 200/10-205 Sports Stadium Property

For purposes of the property tax laws of this State, qualified property in municipalities with more than 2,000,000 inhabitants shall be classified and valued as set forth in Sections 10-210 through 10-220 during the period beginning July 1, 1989, and ending with the year 22 years after the base year.

35 ILCS 200/10-210 Definitions

For purposes of Sections 10-205, 10-215, and 10-220:

- (a) “Base year” means the first tax year after the tax year in which construction of the new stadium is completed.
- (b) “Tax year” means the calendar year for which assessed value is determined as of January 1 of that calendar year.
- (c) “Base period” means the calendar year immediately preceding the tax year.

35 ILCS 200/10-215 Qualified Property

Qualified property means:

- (a) A **new stadium** having a **seating capacity in excess of 18,000 and less than 28,000** which is **constructed primarily for the purpose of holding professional sports and amusement events** and **construction of which is commenced after July 1, 1989....**

Wrigley Field & 10-205 et seq.



Seating Capacity

41,649



Why Built?

Sports!



When Built?

1914



Does it Apply?

No

Wrigley Field is simply too large and was built too long ago for the “Sports Stadium Property” statute to apply. Therefore, the CCAO used the Cost Approach.

United Center & 10-205 et seq.



Seating Capacity

23,500



Why Built?

Sports &
Events



When Built?

1992-1994



Does it Apply?

No

The United Center would seem to qualify, as its seating capacity is between 18,000 – 28,000, and it was built after 1989. However, more than 22 years have passed since its base year 1995. Therefore, the CCAO used the cost approach.

Questions?

One minute.
Big **impact**.
Complete the **session
feedback** form.

