

A M E R I C A N P R O P E R T Y  
T A X C O U N S E L



*The National Affiliation  
of Property Tax Attorneys*

American Property Tax  
Counsel (APTC) Seminar

October 9 – 10, 2009

Biltmore Resort & Spa  
Phoenix, AZ

# A ROADMAP TO CHALLENGING INFLATED ASSESSMENTS

# Welcome

Dear Seminar Guest:

On behalf of the member law firms of American Property Tax Counsel (APTC), I am pleased to welcome you to the 15<sup>th</sup> annual APTC real estate valuation seminar.

This year our seminar will focus on the problems incurred in confronting largely inflated assessed values in a depression-like economy.

Our Friday presentations will analyze and evaluate the extent of the recession and its effect on real estate values. We will review various types of market data and examine how it can be used to challenge assessments. We will also focus on appraisal principles that need to be re-examined in light of these challenging times.

On Saturday, we will have a panel discussion conducted by APTC members where they will discuss successful strategies for challenging assessments during down economic times. Finally, we will examine a current survey of cap rates derived from both public and private markets.

In keeping with tradition and the nature of our organization, we have invited only a select group of real estate executives to ensure an environment that is most conducive to interactive education. We hope that you will be involved in questioning and discussing the ideas that will be presented.

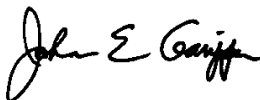
APTC is the affiliation of the leading independent property tax law firms in the United States and Canada. Our affiliation was created to service the property tax requirements of real estate owners with geographically diverse portfolios. APTC offers the unique benefit of experienced local representation coupled with centralized communication on the status of all tax payments, assessment reviews and appeals.

Each APTC member firm is committed to providing the highest level of legal representation and service to its clients on all property taxation matters. From its inception, APTC members have emphasized continuing education and in-depth understanding of their clients' business needs.

We have a scheduled format of individual speakers and panels, but these are intended only as a starting point. We look forward to sharing ideas with all of you. The success of this seminar depends upon your participation.

We hope that you enjoy and learn from this event.

AMERICAN PROPERTY TAX COUNSEL



John E. Garippa  
President



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#### 2009 Seminar Chairpersons

**Linda Terrill - Neill, Terrill & Embree, Leawood, KS**  
**Raymond Gray - Popp, Gray & Hutcheson, L.L.P., Austin, TX**  
**James P. Regan - Fisk Kart Katz and Regan, Ltd., Chicago, IL**



# Seminar Agenda

## Friday, October 9, 2009

7:30 am to 8:00 am	Continental Breakfast
8:00 am to 8:15 am	<b>Welcome and Introduction:</b> John E. Garippa, President, American Property Tax Counsel; Garippa, Lotz & Giannuario; Montclair, NJ
<b>Session 1</b> 8:15 am to 9:15 am	<b>Markets and the Economy: Working Through the Great Recession</b> Presenter: Thomas R. Maxwell, MBA; Chicago, IL Moderator: James P. Regan; Fisk Kart Katz and Regan, Ltd.; Chicago, IL
<b>Session 2</b> 9:15 am to 10:15 am	<b>Valuation Methodologies for Distressed Real Estate Markets</b> Presenter: <b>Peter F. Korpacz</b> ; Korpacz Realty Advisors; Mount Airy, MD Moderator: David G. Saliba; Saliba & Saliba; Boston, MA
10:15 am to 10:30 am	Break
<b>Session 3</b> 10:30 am to 11:30 am	<b>Appraisal Principles and Perspectives for Measuring Market Decline</b> Presenter: <b>David C. Lennhoff</b> ; PGH Consulting LLC; Rockville, MD Moderator: Andrew H. Raines; Evans Petree PC; Memphis, TN
11:45 am	Lunch at <b>Aztec Room</b> , Biltmore Resort
6:30 pm	Dinner at <b>Cottage Court</b> , Biltmore Resort – Resort Casual Attire

## Saturday, October 10, 2009

7:30 am to 8:00 am	Continental Breakfast
<b>Session 4</b> 8:00 am to 9:00 am	<b>Panel: Winning Tactics for Retail, Office, Hotel and Centrally Assessed Properties</b> Presenters: <b>Linda Terrill</b> ; Neill, Terrill & Embree; Leawood, KS <b>David L. Canary</b> ; Garvey Schubert Barer; Portland, OR <b>Mark S. Hutcheson</b> ; Popp, Gray & Hutcheson, LLP; Austin, TX <b>Joel R. Marcus</b> ; Marcus & Pollack LLP; New York City, NY
9:00 am to 9:15 am	Break
<b>Session 5</b> 9:15 am to 10:15 am	<b>Annual Cap Rate Survey: Trends in Public and Private Commercial Real Estate Markets</b> Presenters: <b>Ron M. Donohue</b> ; Hoyt Advisory Services; North Palm Beach, FL <b>Jeffrey D. Fisher</b> ; Indiana University School of Business; Bloomington, IN Moderator: Raymond Gray; Popp, Gray & Hutcheson, LLP; Austin, TX
10:15 am to 10:30 am	<b>Closing Remarks</b>
10:30 am	Lunch – Pick up box lunch
6:30 pm 7: 00 pm	Cocktails at <b>Grand Canyon Room</b> , Biltmore Resort Dinner at <b>Grand Canyon Room</b> , Biltmore Resort – Jacket Required

# Time and Cycles in the Valuation Process

James P. Regan, Esq.

Our Seminar, as always, centers on Value in Exchange and thus our emphasis is on sales or the paucity of sales, CAP Rates and strategies which demonstrate a property's actual market value.

Time is also a very important factor in our current market. Assessors are quick to rely on so-called "recent sales". Depending on the jurisdiction, they are very comfortable looking at sales going back three to five years. The rest of the world knows that a sale that took place before mid-2008 will not reflect the current market. Apart from the fact that one sale does not a market make, current foreclosures, short sales and listings may more accurately provide a picture of today's market.

In various forms, there is a perspective and an expectation that real estate appreciates and that any value decline is a blip in a never ending value surge.

In the assessment process, time is as essential as value. Value, at a certain single point of time, becomes the basis for every assessment. Whether re-assessment is done on an annual basis or on a quadrennial basis, ultimately value at a single point of time must be determined.

The real estate industry has recognized the "time factor" in the real estate market. The real estate market measures its time in cycles. This is different from the effects of wear and tear and obsolescence on a particular property. Cycles explain value at a particular time and they should be utilized in our presentations to the assessing authorities.

As part of its third-quarter *Korpacz Real Estate Investor Survey*, PricewaterhouseCoopers LLP has included its new Value Cycles Forecast. The forecast is based on current and historic data from Torto Wheaton Research and REIS and it asserts that commercial real estate values still have further to fall.

In the last big recession for commercial real estate of the early 90's, the peak to trough cycle took about two years and brought values down about 40%. This time, values peaked in mid-2008 and in just one year fell 25% to 30%. According to the forecast, values are poised to fall further and remain at recessionary levels through 2011. Improvement will begin in 2012.

We include the Cycles Forecast in our Seminar Booklet as an additional tool in the Complaint Process. You will note it is divided into Regional and Metropolitan Statistical Areas within each region.