

Guidelines for using the Income/Expense Form (Tax Year 2026)

Please provide the income and expense data from 2023-2025 for your income-based Board of Review Appeal. The Board of Review requests that all gross income and operating expenses attributable to the operation of the rental property under appeal be provided in the attached form. Please remember the income approach is most applicable when appraising income-producing properties leased by a third party or multiple third parties. The income approach is most likely not an appropriate valuation approach for single-family residential, duplex, single-tenant, owner-occupied commercial or industrial and special-purpose properties. ***The form has two pages and the Board of Review asks that you provide the information requested on both pages.***

Vacancy

The estimated vacancy rate of the property is not to be included in the income/expense section of the form since your gross income already includes the vacancy and collection allowance. However, the estimated or actual vacancy for 2023 through 2025 is requested and can be entered on the top right corner of the form.

Rents

If using rental amounts, please provide sources used in determining rental amounts.

Operating Expenses

Allowable variable expenses include Utilities, Garbage, Administrative and General, Management, Advertising, Cleaning, Repairs and Maintenance (excluding Replacement Reserves), Painting/Decorating, Snow Removal, Grounds Maintenance, and Security while allowable fixed expenses include Real Property Insurance and Replacement Reserves. **Real estate taxes are also not deducted here and the overall capitalization includes a load factor, which will be discussed below.**

Depreciation and mortgage interest expense are accounting expenses, and are not allowable expenses in the operation of rental property when estimating market value. Please do not add these expenses in the expense section of the form.

Loaded Overall Capitalization Rate

When estimating the market value for ad valorem tax purposes, real estate taxes are typically not deducted as an expense line item. Since the net income does not include the deduction for real estate taxes, the overall capitalization rate must be increased or loaded by 33.33% of the estimated tax rate in the jurisdiction of the property.

Because the tax rate is applied to property's assessment, which is 33.33% of the property's market value, the tax rate must be multiplied by .3333 and then added to the market overall capitalization rate to arrive at the appropriate loaded capitalization rate.

As an example, let's assume a property is located in an area that has a 6% tax rate. One would multiply 6% times .33333 which equals a tax load of 2%. Let's also assume that the appropriate market overall capitalization rate is 9%. The loaded overall capitalization rate would be calculated as follows:

$$9\% + 2\% = 11\%$$

The net income is then divided by .11 or 11% to arrive at the market value of the subject property.

If you need help or have any questions please call our office at (847)-377-2100 or email boardofreview@lakecountyil.gov.

2023-25 Income/Expense for the Appeal of Income-Producing Property

Property Name:

Address:

PIN:

	2025	2024	2023	Average	Estimated Annual Vacancy	2025	2024	2023
Gross Income (Rental & Other Income)								
Reimbursable Exp. (CAM if applicable)								
Total Income								

Operating Expenses**Variable Expenses**

Utilities (Water, sewer, electr., & gas)

Garbage

Administrative and general
Management

Advertising

Cleaning / Bld. Maintenance

Repairs and Maintenance

Painting/decorating

Snow Removal

Grounds Maintenance

Security

Fixed Expenses

Insurance (Real Property / Building)

Replacement Reserves
(Not capital improvements)

Total Expenses

Net Operating Income

Overall Capitalization Rate

Plus Tax Load (.3333 x Tax Rate)

Loaded Overall Capitalization Rate

Market Value via the Income Approach

Rounded

**Suggested Overall Cap Rate Range for
4 & 5 Star Properties:**

Apartments	4.50 to 5.75%
Shopping Centers	
- Regional	7.00 to 8.25%
- Strip	6.00 to 8.00%
Office Buildings	8.00 to 9.50%
Industrial Buildings	
- Office / Warehouse/ Flex Mfg.	6.00 to 7.00%
300,000 sq.ft.- Dist./ Warehouse	6.00 to 7.50%
Hotels - Limited Service	8.00 to 9.00%

**Suggested Overall Cap Rate Range for
3 Star Properties:**

Apartments	6.00 to 7.50%
Shopping Centers	
- Regional	7.25 to 8.50%
- Strip	7.50 to 9.00%
Office Buildings	9.00 to 10.00%
Industrial Buildings	
- Office / Warehouse/ Flex Mfg.	6.75 to 7.75%
Hotels - Limited Service	8.50 to 9.50%

**Suggested Overall Cap Rate Range for
1 & 2 Star Properties:**

Apartments	6.50 to 8.50%
Shopping Centers	
- Strip	7.50 to 9.00%
Office Buildings	9.50 to 10.50%
Industrial Buildings	
- Office / Warehouse/ Flex Mfg.	7.75 to 9.75%
Hotels - Limited Service	9.50 to 10.50%
Fast Food All Classes	5.25 to 6.00%

Multi-Family Property Detail

# Of Units	Types of Units	Size of Unit	Rental Amount	PGI
	Studio			
	1 BR			
	2 BR			
	3 BR			

Total**Commercial and Industrial (actual or estimated) Property Detail**

# Of Units	Size of Units	Annual Rental Rate	PGI

Total**Gross Building Area****Net Rentable Area**