

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460(4).

between:

Colliers International Realty Advisors, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

R. Mowbrey, PRESIDING OFFICER

P. Pask, MEMBER

K. Kelly, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 049015506

LOCATION ADDRESS: 2175 29 ST NE

HEARING NUMBER: 57341

ASSESSMENT: \$6,510,000

This complaint was heard on the 13th day of September, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 04.

Appeared on behalf of the Complainant:

- D. Porteous

Appeared on behalf of the Respondent:

- J. Young
- M. Lau

Board's Decision in Respect of Procedural or Jurisdictional Matters:

Upon questioning by the Presiding Officer, the parties present indicated they had no objection to the composition of the Board. In addition, the Board indicated they had no bias on this file.

After the Complainant gave evidence to the Board, the Respondent raised the issue of onus. The Respondent argued that the Complainant had not met the onus and the Board should rule on the issue. The Board recessed, deliberated and rendered a decision to the parties. The Board decided to continue the hearing and decide on the issue at hand after all the evidence was presented.

Property Description:

The subject property is a multi-tenanted industrial warehouse located in the Sunridge industrial area, NE Calgary. The net rentable area is 59,126 square feet, with a 23% office finish and constructed in the year 2000. The site coverage is 38.96% and the site area is 3.48 acres. The subject property is assessed at \$6,510,000.

Issues:

1. What is the market value of the subject property?

Complainant's Requested Value:

\$5,440,000

Board's Decision in Respect of Each Matter or Issue:

1. What is the market value of the assessed property?

The Complainant gave evidence to the Board showing that market value on the subject property should be based on the income approach, as the subject property has a vacancy rate of 18%. The Complainant provided a pro forma, with a \$12 rental rate, an 18% vacancy rate, unrecovered op costs of \$12 and a capitalization rate of 8% to produce an assessment of \$5,439,912 at \$93.54 PSF.(Exhibit C-1 page 4) The Complainant produced the rent roll and chose \$12 PSF as an

appropriate rental rate. (Exhibit C-1 page 9). The 8% cap rate used by the Complainant was derived from the typical 8% cap rate used by the City in its income valuation, of a suburban office building on 2886 Sunridge WY NE. (Exhibit C-1 pages 11-12). The Complainant requested a revised assessment of \$5,440,000.

The Respondent provided 4 sales comparables to the Board to support the direct sales approach of market value for the subject property. (Exhibit R-1 page 16). One of the main reasons for this is that this type of property is often owner-occupied and the income approach cannot be relied upon. The chart showed 4 sales of industrial warehouses in the NE quadrant that were similar to the subject property in terms of year built, net rentable area, and site coverage. This produced both a mean and median of \$150 PSF, which supports the assessment. The Respondent advised the Board that the Complainant's only comparable was a suburban office building that was not really comparable to an industrial warehouse. The Respondent indicated that the onus had not been met by the Complainant and the Board should confirm the assessment as fair and equitable.

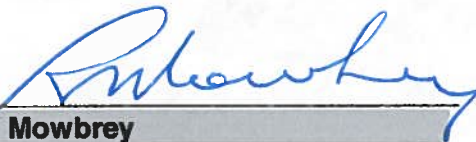
In consideration, on balance of the evidence, the Board was persuaded by the Respondent's sales comparison approach to market value of the subject property. The Board considered that the Respondent's market and equity comparables support the assessment.

The Board was not persuaded by the Complainant's evidence regarding income approach as there was insufficient evidence available to persuade the Board that the inputs to the income calculation were properly supported. The Board considered that the rent roll was site specific, so not typical, lacking in detail and therefore unreliable. The Board gave the Complainant an opportunity to explain the vacancy issue of 18% and determine if the vacancy was chronic and the reasons therefore. The Complainant was unable to explain the reasons for the vacancy, being much higher in this economic zone compared to other similar properties. The Board noted the Complainant used the cap rate of an suburban office building, which is not comparable to an industrial warehouse.

Board's Decision:

The assessment of the subject property is confirmed at \$6,510,000.

DATED AT THE CITY OF CALGARY THIS 27 DAY OF September 2010.



R. Mowbrey
Presiding Officer

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*

Exhibits

C-1 Complainant's evidence 12 pages.

R-1 Respondent's evidence 23 pages.