

**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: 031018591

LOCATION ADDRESS: 3520 29 ST NE

HEARING NUMBER: 57511

ASSESSMENT: \$7,020,000

This complaint was heard on the 14th 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:

Neither party raised any 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 members indicated they had no bias on this file.

Prior to the close of the hearing, both parties agreed to remove comparable 1435 40 AV NE from their evidence packages as the information provided made it unclear whether the sale and size data was for 1 or 2 buildings.

Property Description:

The subject property is a multi-tenanted industrial warehouse located in the Horizon industrial area, NE Calgary. The subject property has a net rentable area of 64,628 square feet, a 43% finish, a site coverage of 38.52% and was constructed in 1998. The subject property is situated on 3.02 acres of land. The property is assessed at \$7,020,000.

Issues:

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

Complainant's Requested Value:

\$5,780,000

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

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

The Complainant provided evidence to the Board on both the income and direct sales approach for market value on the subject property. Because of a 19% vacancy on the subject property, the Complainant believes the income approach is a more appropriate method for valuing the subject property than a sales comparison approach. However, the Complainant did provide both

approaches. The Complainant used a \$12 rental rate, a 19% vacancy rate, a \$12.50 PSF unrecovered op cost rate and a cap rate of 8% to produce a revised assessment of \$5,780,000 and an assessment PSF of \$89.38. (Exhibit C-1 page 4). The Complainant provided a rent roll of the subject property to the Board, (Exhibit C-1 page 10), and determined an appropriate rate should be \$12 PSF. The cap rate of 8% was derived from the City's data base on 2886 Sunridge WY NE. The Complainant provided 4 sales comparables with the subject property as evidence to support the direct sales comparison approach. The Complainant stated the unadjusted mean was \$101 PSF. The Complainant further stated that the comparable at 2305 22 ST. NE is the best comparable. The Complainant used the City's time adjustment table and stated there was no need to make further adjustments to said comparables, as any further difference would be insignificant as to size, site coverage and finish. This was in response to the Respondent's inquiry. After reviewing the questionable sale at 1435 40 AV NE, the remaining 3 sales comparables produced a mean of \$99 PSF and a median of \$100 PSF. (Exhibit C-1 page 11). The Complainant requested a revised assessment of \$5,780,000 based on the income approach.

The Respondent provided 5 direct sales comparables as evidence to the Board. The sales were similar in terms of size, region, building type and site coverage to the subject property. The 4 sales (one removed in agreement by both parties), produced a mean of \$128.75 PSF and a median of \$125.50 PSF, which supports the assessment. (Exhibit R-1 page 18). The Respondent stated to the Board that the Complainant's sales comparables were not really comparable as there were too many adjustments to be made, to make them comparable. The Respondent further advised the Board that the Complainant used the cap rate from a suburban office building in the income approach and the suburban office building is quite different from an industrial warehouse.

The Board was persuaded by the Respondent's sales comparables that showed a mean of \$128.75 PSF and a median of \$125.50 PSF, which support the assessment.


The Board notes that no adjustments, besides time, were made to the Complainant's comparables. In addition, the Complainant did not provide sufficient evidence to support the vacancy rate, the cap rate or the rental rate regarding the income approach.

The Board was not persuaded that sufficient and compelling reasons were given to adjust the assessment.

Board's Decision:

The assessment of the subject property is confirmed at \$7,020,000

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 17 pages.

R-1 Respondent's evidence 29 pages.