

**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:

Altus Group Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

L. Wood, PRESIDING OFFICER

I. Zacharopoulos, MEMBER

D. Steele, 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: 090078700

LOCATION ADDRESS: 536 42 AVENUE SE

HEARING NUMBER: 59297

ASSESSMENT: \$10,380,000

This complaint was heard on 5th day of October, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- Ms. C. Van Staden

Appeared on behalf of the Respondent:

- Mr. J. Young

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

There were no procedural or jurisdictional matters raised by the parties during the hearing.

Property Description:

The subject property is comprised of four multi tenant warehouses situated on a 4.72 acre site in North Manchester. The buildings, constructed in 1971, have rentable building areas of 5,864-30,200 sq ft (for a total of 86,735 sq ft) and finish of 26%- 100%. The land use designation is I-G, Industrial General. The site coverage ratio is 40.47%. The four buildings were assessed between \$113- \$204 psf for an average \$119 psf.

Issues: (as indicated on the complaint form)

1. The characteristics & physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non-recoverables and capitalization rates; indicating an assessment market value of \$84 psf.
2. The aggregate assessment per square foot applied to the subject property does not reflect market value for assessment purposes when using the direct sales comparison approach and should be \$85 psf.
3. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$85 psf.

Complainant's Requested Value: \$7,340,000

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

The Board notes that there were several statements on the appendix to the complaint form; however, it will only address those issues that were raised at the hearing. The values, as indicated on the complaint form, may have changed at the time of hearing.

1. **The characteristics & physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non-recoverables and capitalization rates; indicating an assessment market value of \$84 psf.**

The Complainant submitted that the income approach is the preferred method of valuation for the subject property as the City failed to capture the fall of the market in the 2010 assessments. She stated the subject property would have to achieve a rental rate of \$10.08 psf with an 8% capitalization rate and 5% vacancy rate in order to be assessed at \$10,380,000 (Exhibit C1 pages 20 & 21).

She submitted 15 lease comparables based on two properties with rentable building areas between 50,000- 125,000 sq ft located in Manchester and Burbank (Exhibit C1 page 20). The Complainant presented leased areas of 3,000- 16,916 sq ft and lease rates of \$7.50- \$12.00 psf in support of a median lease rate of \$9.00 psf. Based on the median lease rate, the Complainant requested that the assessment for the subject property be reduced to \$9,269,000 (Exhibit C1 page 21).

The Board is not persuaded that the income approach is the preferred method of valuation in this instance. The Complainant did not provide any lease data for the subject property to indicate what the subject property was generating in rents in order to establish comparability to the rent analysis that she presented to warrant a reduction.

2. The aggregate assessment per square foot applied to the subject property does not reflect market value for assessment purposes when using the direct sales comparison approach and should be \$85 psf.

The Complainant submitted four sales comparables that ranged from \$83- \$147 psf (time adjusted) in support of her request that the subject property should be assessed at \$100 psf (Exhibit C1 page 23). The sales comparables are comprised of both single and multi tenant warehouses, built in 1971-1998, with net rentable areas of 77,351- 92,023 sq ft and site coverage of 36.41%- 51.18%. The sales comparables are located in the NE, SE and Central quadrants.

The Respondent presented two sales comparables of multi tenant warehouses in support of the assessment, one of which was the sale of the subject property (Exhibit R1 page 80). The subject property sold in September 2007 for \$10,550,000 and was time adjusted to \$9,934,121 or \$115 psf. The second comparable, located in South Manchester, has a net rentable building area of 91,064 sq ft, built in 1971, and has site coverage of 35.83%. It has a time adjusted sale price of \$147 psf. The Respondent submitted that the median of \$131 psf, based on these two sales, supports the assessment at \$119 psf. The Respondent acknowledged that the Board has relied on the sale of a subject property as the best indicator of value in the past; however, in this instance, the time adjusted sale price is within 4% of the assessment and therefore the assessment should be confirmed at \$10,380,000.

In reviewing the sales comparables provided by both parties, the Board placed the most weight on the time adjusted sale price of the subject property which the Board finds is the best indication of its market value and reduces the assessment accordingly.

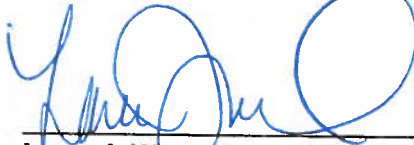
3. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$85 psf.

Both parties presented several equity comparables for the Board's consideration (Exhibit C1 page 23; Exhibit R1 page 80). However, in this instance, the Board placed the most weight on the sale of the subject property and therefore did not make a finding on the parties' equity comparables.

Board's Decision:

The decision of the Board is to reduce the 2010 assessment for the subject property from \$10,380,000 to \$9,930,000 (truncated).

DATED AT THE CITY OF CALGARY THIS 23 DAY OF NOVEMBER 2010.



Lana J. Wood
Presiding Officer

APPENDIX A**DOCUMENTS RECEIVED AND CONSIDERED BY THE ASSESSMENT REVIEW BOARD:**

NO.	ITEM
Exhibit C1	Evidence Submission of the Complainant
Exhibit C2	Altus Binder
Exhibit C3	Assessment Review Board decisions & legislation excerpts
Exhibit R1	City of Calgary's Assessment Brief

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.*