

**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, Revised Statutes of Alberta 2000 (the Act).

between:

702088 Alberta Ltd. (as represented by Altus Group Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***L. Wood, PRESIDING OFFICER
R. Deschaine, MEMBER
K. Farn, MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2011 Assessment Roll as follows:

ROLL NUMBER:	200273464
LOCATION ADDRESS:	1440 AVIATION PA NE
HEARING NUMBER:	63443
ASSESSMENT:	\$4,530,000

This complaint was heard on 24 day of October, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *Ms. D. Chabot* *Agent, Altus Group Ltd.*

Appeared on behalf of the Respondent:

- *Mr. K. Buckry* *Assessor, City of Calgary*

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 a multi tenant industrial warehouse located at the Calgary International Airport. It is a two storey building, comprised of 39,008 sq. ft. and was constructed in 2002. The building is situated on 2.72 acres of land and has a site coverage ratio of 28.7%.

The subject property was assessed based on the Income Approach to value.

Issues:

1. The subject property is not equitably assessed when compared to other newer industrial buildings at the airport.

Complainant's Requested Value: \$3,850,000

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

1. The subject property is not equitably assessed when compared to other newer industrial buildings at the airport.

The Complainant submitted the assessed rental rate for the subject property should be reduced from \$9.75 psf to \$8.25 psf (Exhibit C1 page 12). She presented 5 equity comparables of industrial warehouse buildings located at the airport which are assessed at \$8.25 psf in support of her request (Exhibit C1 page 14). She noted the comparables are multi tenant warehouses, except for one.

The Respondent submitted this is the only "flex" warehouse at the airport. The term "flex space" is defined as a commercial building that is designed to allow for a variety of office, retail and/or industrial uses and as such, is quite versatile (Exhibit R1 page 12). He pointed to the photographs of the subject property which shows it is a two storey building with a lot of windows (Exhibit R1 pages 9 - 11). He argued that it is not similar to the mega- warehouses put forward by the Complainant. He stated it trades in the market and rents differently than a typical warehouse. In passing, he noted the usage for the subject property was described as Industrial Condo on the Assessment Summary Report which is not accurate (Exhibit R1 page 13).

The Respondent submitted the subject property is achieving an average of \$11.98 psf which supports the assessed rate of \$9.25 psf (Exhibit R1 page 14 & 15). The Rent Roll indicates there are 4 tenants that are leasing areas from 5,695 sq. ft. – 18,005 sq. ft. Two of the older leases which commenced in 2003 and 2004 indicate rates of \$7.25 psf and \$8.50 psf. The two recent leases which commenced in 2008 reflect lease rates of \$12.50 psf and \$16.00 psf.

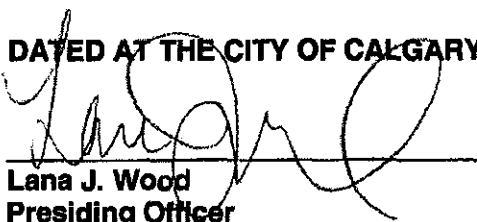
Moreover he submitted two sales comparables of flex buildings in support of the subject property's overall assessed rate of \$116 psf (Exhibit R1 pages 16 – 20). The first flex building was 16,500 sq. ft. and it sold in April 2010 for \$3,150,000 or \$191 psf. The second flex building was 22, 746 sq. ft. and it sold in August 2007 for \$5,000,000 or \$184 psf.

The Board finds the Complainant's equity comparables were not similar to the subject property in order to warrant a change in the assessed rental rate. The Complainant's five equity comparables were significantly larger (138,812 sq. ft. – 305,918 sq. ft.) than the subject property (39,008 sq. ft.). Typically, rents for smaller buildings tend to be higher on average than rents for larger buildings. The Board notes the rent roll indicates the subject property is achieving a blended rate \$12.00 psf, and the more recent leases, signed in 2008, reflect lease rates of \$15.50 psf and \$16.00 psf. This is substantially higher than the current assessed rate of \$9.75 psf. The Board also noted the Complainant did not address the concept of a "flex building" such as the subject property and this type property was notably absent from her equity analysis.

Board's Decision:

The decision of the Board is to confirm the 2011 assessment for the subject property at \$4,530,000.

DATED AT THE CITY OF CALGARY THIS 2nd DAY OF DECEMBER 2011.


Lana J. Wood
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

EXHIBIT NO.	ITEM
1. C1	Complainant's Submission
2. R1	Respondent's Submission

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.*

FOR ADMINISTRATIVE USE

SUBJECT	PROPERTY TYPE	PROPERTY SUB - TYPE	ISSUE	SUB - ISSUE
CARB	Warehouse	Warehouse Multi Tenant	Income Approach	Net Market Rent/ Lease Rates