

**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:

T. Hudson, PRESIDING OFFICER

D. Cochrane, MEMBER

D. Julien, 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 2010 Assessment Roll as follows:

ROLL NUMBER: 033030123

LOCATION ADDRESS: 1135 – 45 Ave. NE

HEARING NUMBER: 57481

ASSESSMENT: \$2,110,000

This complaint was heard on the 24th day of August, 2010 at the office of the Assessment Review Board located at 4th floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom #4.

Appeared on behalf of the Complainant: Mr. Dave Porteous
Representative, Colliers International Realty Advisors

Appeared on behalf of the Respondent: Mr. Marcus Berzins
Representative, The City of Calgary

PROPERTY DESCRIPTION:

The subject property is a multi-tenanted industrial building located at 1135 – 45 Ave. NE in the North East industrial region. The building has 21,600 sq. ft. of net rentable area and 14% office finish. The site area is 1.26 acres with site coverage of 39.28%. The current assessment is based on \$97 per square foot (PSF) of net rentable area, or \$2,110,000 rounded. The requested assessment is based on a capitalized income approach yielding a total of \$1,425,600 or \$66 per square foot.

ISSUES/GROUNDS FOR COMPLAINT:

The Complaint form submitted by the Complainant listed numerous issues; however, the central concern is that the current assessment amount does not reflect market value or equity with the assessments of similar property.

POSITION OF THE COMPLAINANT ON THE ISSUES:

The Complainant submitted an income pro forma for the subject property based on a \$6 per square foot rental rate, a 9.5% vacancy rate, 2% non-recoverable allowance and an 8% Cap Rate. The support for the rental rate is two (2) leases from 2009 in adjacent buildings for 8,192 sq. ft. at \$6.00 PSF and 11,570 sq. ft. at \$5.00 PSF. The bay size for the subject is 2,700 sq. ft. with 2007 leases from \$7.00 to \$10.00 PSF. The Complainant further advised that actual vacancy in the building is 50% and the Cap Rate is typical for buildings such as the subject. The pro forma produced a market value assessment of \$1,425,600 or \$66 PSF. The Complainant suggested that their proposed assessment reflects the downward trend in market conditions in effect on the July 1, 2009 valuation date.

The Complainant also submitted four (4) sales transactions of comparable properties from 2008 and 2009 with sales prices per square foot ranging from a low of \$80.96 PSF for a much larger building to a high of \$124.59 PSF for a building roughly twice the size of the subject. However, the assessments of the same properties are less than the sale price from 2% to 34%.

The Complainant focused on the sale price and assessment of one of the comparable properties located at 4826 – 11 St. SE. The property, which is almost twice the size of the subject, sold in February of 2009 for \$98.48 per square foot and is assessed in 2010 at \$89.14

PSF. In the view of the Complainant that fact supports the request to reduce the assessment of the subject property.

RESPONDENT'S POSTION ON THE ISSUES:

The Respondent submitted five sales transactions from 2006 and 2007 with a range of time adjusted sale prices for reasonably comparable buildings from \$95 PSF to \$173 PSF. Several (i.e. seven) equity comparables were presented with a tight range of assessments from \$95 to \$108 PSF. The Respondent pointed out that the sales comparables submitted by the Complainant also support the assessment and that market evidence shows that the smaller the building the higher the sales prices and assessment per square foot. The market evidence also demonstrates that the requested assessment based on the income approach pro forma submitted by the Complainant at \$66 PSF does not achieve an assessment reflecting market value or equity.

BOARD FINDING ON THE ISSUES:

The current assessment is a reasonable estimate of the market value of the subject property, and also appears to reflect an equitable assessment as compared to similar buildings in the same region.

DECISION:

The assessment is confirmed at \$2,110,000.

DATED AT THE CITY OF CALGARY THIS 27 DAY OF August, 2010.



T. HUDSON
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.*