

**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-26.1, Section 460(4).

between:

Colliers Int'l Realty Advisors, *COMPLAINANT*

and

The City Of Calgary, RESPONDENT

before:

J. Noonan, *PRESIDING OFFICER*

A. Wong, *MEMBER*

C. McEwen, *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:	200563484
LOCATION ADDRESS:	11133 40 St. SE
HEARING NUMBER:	58732
ASSESSMENT:	\$45,760,000.

This complaint was heard on the 19th day of August, 2010 at the office of the Assessment Review Board located at the 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- C. Hartley, VP Valuation, Colliers Int'l. Realty Advisors

Appeared on behalf of the Respondent:

- J. Young, Assessor, *The City of Calgary*

Property Description:

The subject is located at 11133 40 St SE, Calgary. It is a 2007-built two bldg industrial warehouse totalling 500,234 sq.ft. on 23.4 acres or 1,018,868 sq.ft. for 49% site coverage. The assessed value is \$45,760,000.

Issues:

The Complainant had noted 16 grounds for complaint on the complaint form, but advised that evidence to be presented addressed two broad issues:

- 1. Has the subject been equitably assessed in comparison to other large warehouses in the SE sector?**
- 2. Is the subject assessment greater than market value?**

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

1. Equitable Assessment

The Complainant introduced 9 equity comparables, all industrial warehouse properties greater than 200,000 sq.ft. in the SE sector with site coverage ranging from 49% to 65%. Two were built in 1990-1991, two in 1996-1997, and the remaining five from 2000-2005. Assessments of these comparables ranged from \$65.67 - \$82.36 per sq.ft, and the median value was \$75.15. In consideration of its size, it was argued that the subject ought to be reduced to an assessment of \$70 per sq.ft. or \$35,010,000.

The Respondent's 7 equity comparables ranged in assessed value from \$83-\$112 per sq.ft with 4 properties tightly grouped in the \$89-\$92 range as compared to the subject's \$91 per sq.ft. The Respondent observed that there was no significant difference in value attributable to location for these large warehouses whether they were in SE or NE sectors. Rather, the assessment model found site coverage and age more important. As well, the law of diminishing returns (economy of scale) was not found to be operative beyond 100,000 sq.ft. of development, and the bulk of an improvement's depreciation occurred in the first 20 years, also recognized in the model.

The Composite Assessment Review Board (CARB) found support for the subject's valuation in the comparables advanced by the Respondent. There appeared to be a strong correlation between improvement age and per sq.ft. value in the Complainant's comparables, though the Respondent cautioned that site coverage was also a strong influence. On examination of all the equity comparables presented, the CARB could not conclude the subject was inequitably assessed.

2. Market Value

Although the predominant focus of the hearing was the question of equity, the Complainant also noted an August 2009 sale of 4100 Westwinds in the NE sector. This sale of a 302,000 sq.ft warehouse sited on 15.84 acres established a value of \$85 per sq.ft., which in the opinion of the Complainant would determine a maximum value for the subject, given its larger size. The CARB took note of this sale, despite the Respondent's view of its irrelevance due to the post facto sale date. However, the Board noted the subject site was some 7 1/2 acres larger, and the warehouse close to 200,000 sq.ft. larger. The Board was not satisfied that the subject assessment at \$91 per sq.ft., \$6 more than this comparable sale, was necessarily incorrect simply because the subject is a larger property. Evidence had been presented that economy of scale was not operative beyond 100,000 sq.ft. of development, and that assertion was not shown to be wrong.

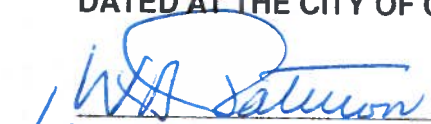
The Board also heard that a 50% interest in the subject sold in November 2007 for \$23.5 million, implying a \$47 million value for full interest. The CARB tested the assessment by applying the City's -1/2% per month time adjustment for the July 2008 – 2009 period and found an approximate value of \$44.2 million, a figure some 3.4% below the current assessment. The Board found this the best evidence of market value, in preference to simply applying a per sq.ft. value from a smaller property whose characteristics, positive and negative, were no doubt weighed by the parties to that transaction.

The sale of a subject property close to the valuation date is the best indicator of market value, a principle established in the courts and embraced by the ARB. Here, the sale of a partial interest occurred some 17 or 18 months prior to valuation date, and those months encompassed some well documented turbulence in financial markets, more so in jurisdictions other than our own. Nevertheless, the comparable sale at \$85 per sq.ft. is within 7% of the subject's valuation. Had the subject been assessed in excess of market value, as argued by the Complainant, the CARB would have expected this variance to be substantially larger.

Board Decisions on the Issues:

The Board confirms the assessment of \$45,760,000.

DATED AT THE CITY OF CALGARY THIS 15 DAY OF September 2010.


J. Noonan
Presiding Officer

JN/sd

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.*