

**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 a Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER:	049018401
LOCATION ADDRESS:	2928 SUNRIDGE WY NE
HEARING NUMBER:	57426
ASSESSMENT:	\$6,600,000

This complaint was heard on the 13th day of September, 2010 at the office of the Assessment Review Board located at the 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- S. Meiklejohn Colliers International, Complainant

Appeared on behalf of the Respondent:

- M. Lau Assessor, City of Calgary
- J. young Assessor, City of Calgary

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

There were no 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.

Property Description:

The subject property consists of a multiple tenanted industrial warehouse with a rentable building area of 57,110 square feet. The site area is 4.13 acres and the site coverage is 31.77%. The subject property is located in the NE quadrant and was constructed in the year 2003. The subject property is assessed at \$6,600,000.

Issues:

1. What is the market value of the subject property?
2. The physical condition and attributes have not been properly reflected in the subject property's assessed value.

Complainant's Requested Value:

The Complainant's requested value is \$5,130,000.

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

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

Time adjustments

The Complainant argued that the City uses a "Multiple Regression Model" to examine market sales, and while this is an accepted methodology, the City's results are incorrect because their time adjustment factors are wrong. The Complainant argued that a preferred and endorsed (*Alberta*

Municipal Affairs) methodology is "Average-Unit Value Analysis". Therefore, in analysis of the City's 156 market sales of industrial properties, and using this methodology, the Complainant argued that after exhaustive analysis, a correct time-adjustment factor is a negative 0.0126% per month for the last 18 months. The City over 36 months used 2.75% for the first 12 months, 0% for the next 12 months and a negative 0.5% per month for the current 12 months.

Therefore, after further exhaustive analysis of the 156 market sales using the 0.0126% per month time adjustment – the Complainant's only adjustment, the Complainant further refined the data and summarized the 62 sales that occurred during the last 18 months. (Exhibit C-1 pages 42-44). The 62 sales were then stratified according to size. The Complainant provided 5 most similar industrial warehouse sales that were between 50,001 to 100,000 square feet. The Complainant used 2 comparables in the NE quadrant, the same as the subject property and three more comparables in the SE quadrant. Applying Colliers time adjustment methodology, the average mean for the 5 comparables is \$81.70 selling price per square foot and the median selling price per square foot is \$80.63. (Exhibit C-1 page 27).

The Complainant stated there is something wrong with the City's time adjustment model and some appear to be out of whack. In addition, the Complainant stated the City did not provide any evidence as to how they did their time adjustments. The Complainant stated their time adjustment model covered 18 months and not the 36 months that the City uses.

To support this argument, the Complainant cited 2 Municipal Government Board (MGB) decisions from March 2010 and July 2009 where the assessments were reduced based on the principle that the City's time-adjustments were flawed. The Complainant advised the Board that a previous MGB decision was to reduce the subject properties assessment from \$6,900,000 to \$6,168,000.

The Respondent argued that in comparing market sales, proper appraisal and assessment technique requires one to make many adjustments to each property analyzed in order to make accurate comparisons. He argued that time-adjustments alone are insufficient. One must examine and adjust for level of site coverage; building age; level of finish; site area; and so on. To fail to do so renders the comparison invalid. The Respondent argued that the Complainant has considered only time adjustments and therefore his analysis of values is flawed and unreliable.

The Respondent clarified that while the "Average-Unit Value Analysis" methodology used by the Complainant is a valid methodology, he has applied it incorrectly. The Respondent argued that this methodology requires that properties being compared must be closely similar in most individual characteristics in order to achieve a valid result. The Respondent argued that contrary to proper application of this methodology, the Complainant has used properties of various sizes, types, site coverage, finish, age, etc. in his analysis, - properties which are not similar, and having only adjusted for time, he argued therefore that the Complainant's conclusions are seriously flawed. The Respondent provided evidence to the Board that showed a line graph of median SPPSF with time, a line graph of median area with time, a line graph of average area with time and a line graph of average age with time. The graphs showed a much different picture than the Complainant's charts when you add additional variables. (Exhibit R-1 pages 40-44).

The Respondent provided industrial equity comparables for the Board. The comparables were similar in terms of region, land use, year of construction and rentable area. The median assessment of \$120 per square foot of the comparables supports the assessment. (Exhibit R-1 page 38).

The Respondent provided industrial sales comparables for the Board. Both parties had agreed to remove 1435 40 Ave NE from their respective evidence packages. When this comparable was

removed, the time adjustment selling price per square foot is the median is \$127.

In examining the evidence and arguments of both parties on this matter, the Board finds the Respondent's arguments and evidence most compelling. The Board was persuaded by the Respondents equity comparables and industrial sales comparables to the subject property. The equity comparables produced a median of \$120 PSF and the sales comparables produced a median of \$127 PSF which supports the assessment.

The Complainant failed to provide any materials whatsoever to support his contention that the evidence/arguments provided to the MGB in the referenced appeals, were identical to that being presented to this Board today. The Board accepts that more than just time adjustments are required to properly compare properties using the Complainant's preferred and accepted "Average-Unit Value Analysis" methodology.

The Board is satisfied that the Complainant's arguments and evidence regarding this issue appear to be unreliable.

On balance, the Board accepts the position of the Respondent in this appeal and considers that the Complainant has failed to convince the Board that the assessment is not fair, equitable nor correct.

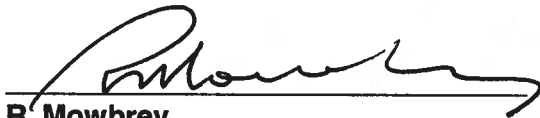
2. The physical condition and attributes have not been properly reflected in the subject property's assessed value.

The Board notes that neither the Complainant nor the Respondent gave evidence or spoke regarding this matter. The Board therefore, did not deliberate on this matter.

Board's Decision:

The assessment is confirmed at \$6,600,000.

DATED AT THE CITY OF CALGARY THIS 8 DAY OF October 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 (114 pages)

C-2 Complainant's rebuttal evidence (121)

R-1 Respondent's evidence (47 pages)