

**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:

***Canadian Property Holdings (Alberta) Inc. (as represented by Altus Group Limited),  
COMPLAINANT***

and

***The City Of Calgary, RESPONDENT***

before:

***B. Horrocks, PRESIDING OFFICER***

***H. Ang, MEMBER***

***D. Morice, 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 2012 Assessment Roll as follows:

|                          |                      |
|--------------------------|----------------------|
| <b>ROLL NUMBER:</b>      | <b>200787885</b>     |
| <b>LOCATION ADDRESS:</b> | <b>5667 69 AV SE</b> |
| <b>HEARING NUMBER:</b>   | <b>68384</b>         |
| <b>ASSESSMENT:</b>       | <b>\$13,440,000</b>  |

This complaint was heard on the 25th day of July, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- Mr. D. Mewha (Altus Group Limited)

Appeared on behalf of the Respondent:

- Mr. J. Lepine (City of Calgary)

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

- [1] There were no concerns with the Board as constituted.
- [2] There were no preliminary matters. The merit hearing proceeded.
- [3] It was agreed by the parties that all evidence and argument with respect to the Income approach to value contained in C-2 and C-3 from Hearing #67722 would be carried forward to this hearing.

**Property Description:**

- [4] The subject property is a 6.46 acre parcel located in the Starfield Industrial Park in SE Calgary. The site is improved with a 168,964 square foot (SF) single bay warehouse (IWS) that was constructed in 2007, has 0% finish, 60.05% site coverage and an assessable building area of 168,964 SF. The subject is assessed at the rate of \$79.59/SF using the Sales comparison approach to value.

**Issues:**

- [5] The Assessment Review Board Complaint Form contained 11 Grounds for complaint. At the outset of the hearing the Complainant advised there was only one outstanding issue, namely: "The assessment of the subject is in excess of its market value for assessment purposes."

**Complainant's Requested Value:** \$12,600,000 (Complaint Form)  
\$11,895,066 (Hearing)

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

**Issue:** What is the market value for assessment purposes?

- [6] The Complainant's Disclosure is labelled C-2. (Hearing # 67722)
- [7] The Complainant submitted they have selected the Income approach to value because there is insufficient sales data to make direct sales comparisons. The Complainant, on page 5, noted there are only 12 sales in the period July 2008 to June 2011 in the 100,000 to 249,999 SF size range and of those 12 sales there were 8 that were invalid for various reasons, leaving only 4 for further analysis for its Cap Rate Study. The Respondent did not challenge the validity of those remaining 4 sales.
- [8] The Complainant, at page 13, provided a table from third party sources titled Reported City Wide Vacancy Rates – Q2 2011, noting the city wide vacancy rates for Q2, 2011, ranged from 3.5% to 7.0% with an average of 4.6%. The Complainant selected a vacancy rate of 4.0% to be applied consistently in their Cap Rate Study.
- [9] The Complainant, at page 14, provided a table titled Capitalization Rate Study (Over 100,000 sqft, New Construction) which contained the 4 remaining sales (validated by the City), noting the stabilized Cap Rate ranged from 6.18% to 7.86% with a median of 7.66%.

[10] The Complainant, at page 15, provided a table titled Cap Rate Leases/Rent Roll Verification and concluded the market rents within the 4 sales ranged from \$6.65 to \$9.75/SF, which yield market lease Cap Rates ranging from 6.92% to 7.95% and a median of 7.47%.

[11] The Complainant concludes the stabilized Cap Rate and market rent Cap Rate support a Cap Rate of 7.50% to be used in their Income approach to value. The Respondent noted the Cap Rates were derived using rental rates that ranged from \$6.65 to \$10.25/SF.

[12] The Complainant's Disclosure is labelled C-1.

[13] The Complainant, at page 9, provided the Tenant Rent Roll for the subject noting the base rent is \$6.45/SF.

[14] The Complainant, at page 19, prepared an Income approach to value using the parameters of \$6.45/SF rent rate, 4% vacancy and 7.5% cap rate to arrive at a market value of \$13,949,668. However, the Complainant submitted that a rent rate of \$5.50/SF is the market rent, as determined from the median of the 7 Leasing Comparables on Page 20 and when that rate is applied in the Income approach, using the same parameters for vacancy and cap rate, the resultant market value is \$11,895,066, in support of the requested assessment.

[15] The Respondent's Disclosure is labelled R-1.

[16] The Respondent, at page 12, provided the RealNet report for the sale of the subject on December 7, 2007 for the sum of \$16,012,203 or \$95/SF.

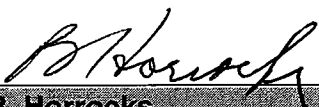
[17] The Respondent, at page 16, provided a chart titled Industrial Sales Chart which contained 4 sales with time adjusted sale prices per SF (TASP/SF) ranging from \$85.85 to \$123.46, noting the subject is assessed at the rate of \$79.59/SF, below the range.

[18] The Board finds that the assessment is well supported by the Respondent's sales comparables.

**Board's Decision:**

[19] The 2012 assessment is confirmed at \$13,440,000.

DATED AT THE CITY OF CALGARY THIS 28 DAY OF August 2012.

  
B. Horrocks  
Presiding Officer

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

| <b>NO.</b> | <b>ITEM</b>            |
|------------|------------------------|
| 1. C1      | Complainant Disclosure |
| 2. R1      | Respondent Disclosure  |

*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**

| <b>Subject</b> | <b>Property type</b> | <b>Property Sub-type</b> | <b>Issue</b>   | <b>Sub-issue</b> |
|----------------|----------------------|--------------------------|----------------|------------------|
| CARB           | Warehouse            | Single bay               | Sales Approach | Market value     |