

**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:

**1141634 Alberta LTD. (as represented by Colliers International Realty Advisors INC.),
COMPLAINANT**

and

The City Of Calgary, RESPONDENT

before:

**K. D. Kelly, PRESIDING OFFICER
K. Coolidge, MEMBER
J. Rankin, 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:

ROLL NUMBER:	137037602
LOCATION ADDRESS:	4404 – 116 AV SE
HEARING NUMBER:	65767
ASSESSMENT:	\$2,100,000

This complaint was heard on 8th day of August, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *Mr. T. Howell – Colliers International Realty Advisors Inc.*

Appeared on behalf of the Respondent:

- *Mr. J. W. Ehler - Assessor – City of Calgary*

REGARDING BREVITY:

[1] The Composite Assessment Review Board (CARB) reviewed all the evidence submitted by both parties. The extensive nature of the submissions dictated that in some instances certain evidence was found to be more relevant than others. The CARB will restrict its comments to the items it found to be most relevant.

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

[2] None.

Property Description:

[3] The subject is a 10,750 square foot (SF) 2004 single-tenant industrial warehouse on 0.88 acres (Ac.) of land in the Southbend (2) portion of East Shepard industrial park. The subject has 10,750 SF of assessable space, 27% finish, 28.05% site coverage, and is valued at \$195.54 per SF (which includes a 5% premium for a corner lot influence) for an assessment of \$2,100,000.

[4] **Issue:**

What is the correct market value of the subject based on the sales comparison approach?

[5] **Complainant's Requested Value:** \$1,950,000.

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

[6] The Complainant provided his Brief C-1 and offered a matrix of four unadjusted sales of industrial properties – all in East Shepard industrial park. He provided RealNet sheets for a fifth property sale of two industrial condominium units at 10555 – 48 ST SE, but did not include this sale in his matrix. He argued these properties were comparable to the subject and reflected lower per SF values than the \$195.54 per SF value used to assess the subject.

[7] The Complainant's first property comparable located at 12001 – 44 ST SE, sold in June 2010 at \$180.90 per SF. His second two-property comparable at 142 – 146, 10615 – 48 ST SE sold in May 2010 for \$180.89 per SF. His third comparable at 10447 – 50 ST SE, sold in May 2010 for \$171.45 per SF. And his fourth comparable at 5005 – 77 AV SE sold in January 2011 for \$192.80 per SF.

[8] The Complainant argued that based on the median value of the four sales, \$181.00 per SF is a more correct value to be applied to the subject for assessment purposes and would produce a value of \$1,945,750, or \$1,950,000 (rounded).

[9] The Complainant provided exterior building, and air photos of the subject, as well as the RealNet transaction sheets for all four of the market sales use in his matrix. He also provided a map outlining the location of the subject in the industrial area, noting it is a corner lot property.

[10] The Complainant posed that this "best" comparable was the 12001 – 44 ST SE site because the individual characteristics of this property reasonably match those of his other three comparables, and the subject. He requested that on the basis of the \$181 per SF value of this "best" property comparable, that the assessment for the subject be reduced to \$1,950,000.

[11] The Respondent argued that the Complainant's market sales comparables cannot be compared to the subject because they have not been adjusted in any manner whatsoever, contrary to accepted appraisal practice. He noted that while the sales occurred in 2010, and early 2011, none of them have been adjusted for time.

[12] In addition, the Respondent argued that the separate and individual site characteristics of the Complainant's comparables are remarkably dissimilar to the subject in terms of key valuation factors such as building area; land size; site coverage, and in one case, year of construction (age). Therefore, he argued, because they have not been adjusted for any of these differential factors, they cannot be accurately compared to each other or the subject according to prudent and accepted appraisal practice.

[13] The Respondent noted that the sites at 12001 – 44 ST SE and 10447 – 50 ST SE are about 50% larger than the subject in building area, and because no adjustments have been made by the Complainant for this differential, there is no apparent consideration given for "diminishing returns".

[14] The Respondent argued that both the 142 – 146, 10615 – 48 ST SE, and the 10555 – 48 ST SE properties are not at all comparable to the subject because they are individual condominium units in a condominium complex of many such units. He noted that these two properties are completely unlike the subject - a single-tenant industrial warehouse.

[15] The Respondent argued that with respect to the City's list of four industrial property market sales, its computerized assessment model has calculated and applied the required adjustments to his four property comparables – and all others, but the Complainant has not accounted for or made any adjustments to his property comparables whatsoever. Therefore, he argued, the Complainant's property comparables are unreliable as indicators of value for the subject.

[16] The Respondent provided a matrix containing four fully-adjusted property sales comparables. He argued that the individual site characteristics of parcel size; finish; site coverage; and assessable building area closely match each other and the subject. He clarified that the subject is assessed at approximately \$186.23 per SF but receives a 5% premium for a corner lot influence for a total indicated value of \$195.54 per SF. He noted that his four comparable properties exhibited individual sale values ranging from \$165.98 to \$190.98 per SF. He argued that the \$186.23 per SF value fits well within this range.

[17] The Respondent provided a second matrix containing five assessment equity comparables – all IWS, single-tenant, SE Calgary sites which he argued support the assessment of the subject. He noted the individual characteristics of each site and compared them to the subject. He noted that all of these assessments had been adjusted by the City's model and that they compared favourably to each other and the subject. He argued that the assessments range from \$185.56 per SF to \$206.84 per SF and the subject's corner lot value at \$195.54 per SF also fits nicely into this range.

[18] The Respondent requested that the assessment be confirmed.

Board Findings

[19] The Board finds that contrary to accepted appraisal practice, the Complainant's four market sales comparables have not been adjusted for time, or for differing property characteristics such as level of finish and site coverage, and thus the Board considers them to be unreliable as indicators of alternate value for the subject.

[20] The Board finds that the Complainant's sale comparable at 142 – 146, 10615 – 48 ST SE is not comparable to the subject because it is identified in the evidence before the Board as two units in a multi-unit condominium property, whereas the subject is a single-tenant industrial building.

[21] The Board finds that the Complainant's RealNet sale comparable at 10555 – 48 ST SE, is not comparable to the subject because it is identified in the evidence before the Board as two units in a multi-unit condominium property, whereas the subject is a single-tenant industrial building.

[22] The Board finds that the Respondent's four market sales comparables have been fully adjusted for time and for differences in site characteristics according to accepted appraisal practice, and display individual site characteristics (i.e. building size; site coverage; building age; etc) which more closely match each other and the subject. This evidence supports the assessment.

[23] The Board finds that the Respondent's four market sales comparables, display individual market values ranging from \$165.98 to \$190.98 per SF, and that when the 5% premium for the subject's corner lot influence is excluded, the subject fits well within this range at \$186.23 per SF. This evidence supports the assessment.

[24] The Board finds that the Respondent's five assessment equity comparables display individual assessed values ranging from \$185.56 per SF to \$206.84 per SF and the subject's corner lot value at \$195.54 per SF also fits within this range. This evidence supports the assessment.

[25] The Board finds that the Complainant supplied insufficient information to demonstrate that the assessment of the subject is incorrect and/or inequitable.

Board's Decision:

[26] The assessment is confirmed at \$2,100,000.

DATED AT THE CITY OF CALGARY THIS 4 DAY OF SEPTEMBER 2012.


K. D. Kelly
Presiding Officer

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

NO.	ITEM
1. C-1	Complainant Disclosure
2. R-1	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*

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Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	industrial	Single-tenant	Market value	Market sale comparables