

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

Revised

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:

Safeway Holdings (Alberta) Ltd. (as represented by Linnell Taylor Assessment Strategies), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***T. Hudson, PRESIDING OFFICER
Y. Nesry, MEMBER
D. Cochrane, 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 2011 Assessment Roll as follows:

ROLL NUMBER: 116003401

LOCATION ADDRESS: 3816 64 AV SE

HEARING NUMBER: 60797

ASSESSMENT: \$2,860,000

This complaint was heard on the 19th day of July, 2011 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:

- *J. Mayer*

Appeared on behalf of the Respondent:

- *I. Baigent*

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

There were no procedural or jurisdictional matters raised by the parties.

Property Description:

The subject property is a single tenant (IWS) warehouse/office building constructed in 1980, with 18,222 square feet of assessable area, and 27% office finish. The land parcel is 2.71 acres with site coverage of 15.44%, located in the Foothills industrial area. The property is assessed based on the direct sales comparison approach to value at \$2,860,000 or \$157 per square foot (psf).

Issues:

The Complainant identified that the current assessment of the subject exceeds market value and is not equitable with similar properties as the issue.

Complainant's Requested Value: \$2,040,000, or \$111psf.

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

What is the Best Estimate of Market/Equity Value for the Subject Property?

The Board finds that the best estimate of market value for the subject property is \$2,860,000.

The Complainant presented two estimates of market value for the subject property.

The first estimate based on capitalized income was \$2,040,000(rounded) or \$111psf. The estimate was calculated based on a lease rate of \$9psf, vacancy of 5%, operating cost of \$3psf, and a cap rate of 7.50%.

The Respondent suggested that the first estimate be given little weight because some of the valuation factors utilized were based on subjective considerations and third party reports which can be misleading. **The Board concurs with this suggestion.**

The second estimate based on direct sales comparison was \$2,000,000(rounded) or \$110psf. This estimate was based on the 2010 sale of four warehouse/office properties located in the Foothills industrial area. The Complainant adjusted the unit values of the sale prices of these properties, based on office finish and site coverage; in an effort to increase the level of comparability with the subject. The chart of the sales and the adjustments is located on page 12 of Exhibit C1.

The Respondent countered with the sale of six warehouse/office properties, all located in the Foothills industrial area. Two of the sales occurred in 2010, two in 2009, and two in 2008. The median time adjusted unit value of these sales was \$202psf. The chart of these sales is located on page 17 of Exhibit R1.

An additional chart of seventeen sales shown on page 18 of Exhibit R1, are stratified by low site coverage, and year of construction(similar to the subject), indicates a median time adjusted unit value of \$242psf. These properties sold in the period from 2007 to 2010 and most are located in southeast industrial areas.

Another chart of twelve sales shown on page 19 of Exhibit R1, stratified by low site coverage and assessable area similar to the subject, indicates a median time adjusted unit value of \$198psf. These properties sold in the period from 2007 to 2010 and are located in central and southeast industrial areas.

A final chart on page 21 of Exhibit R1, examines three of the four sales submitted by the Complainant. These properties all have much smaller land parcels, and much greater site coverage than the subject property. In short, the properties are not comparable to the subject and the median unit sale value of \$129psf., illustrates this fact. The fourth sale was characterized as a lease-back transaction by the Respondent and excluded from the analysis, without objection from the Complainant.

Given the evidence, the Board finds no compelling reason to reduce the assessment.

Board's Decision: The assessment is confirmed at \$2,860,000.

DATED AT THE CITY OF CALGARY THIS 19 DAY OF August 2011.



T. B. Hudson
Presiding Officer

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

NO.	ITEM
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.*