

**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

***Shoppers Realty Inc. Proprietes Shoppers Inc.  
(as represented by AEC International), COMPLAINANT***

and

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

before

***L. Yakimchuk, PRESIDING OFFICER  
Y. Nesry, 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: 049012602**  
**LOCATION ADDRESS: 2255 29 St NE**  
**FILE NUMBER: 68450**  
**ASSESSMENT: \$34,930,000**

This complaint was heard on August 21, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- *J. Luong, AEC International*

Appeared on behalf of the Respondent:

- *J. Lepine, Calgary Assessment*

**Property Description:**

[1] The subject is assessed as a single-tenant 426,791 square foot (sf) industrial warehouse (owner-occupied) built in 2001 on 24.02 Acres (A) of land in NE Calgary. The assessed value of the property is \$34,934,704 (\$81.85/sf).

**Issues:**

[2] Are there enough sales of similar properties to assess the property using Multiple Regression Analysis (MRA)? Is the assessment of the subject property equitable with other properties?

**Complainant's Requested Value:** \$32,265,000

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

**Evidence and Arguments**

[3] The Complainant, J. Luong, on behalf of AEC International, argued that there are insufficient sales from which to establish market values of large industrial properties by means of multiple regression analysis. Of 136 Industrial Warehouse sale transactions between July 2009 and July 2011, 2 were for properties 250,000 sf or more in size and six were for single warehouse properties over 100,000 sf. There were no sales of single Industrial Warehouse properties over 400,000 sf.

[4] Mr. Luong went on to calculate an Income Approach value based on a capitalization rate derived from four sales of properties between 113,480 sf and 187,828 sf and built between 1966 and 1981. The unadjusted sales values were between \$64/sf and \$68/sf. Mr. Luong used a typical rent of \$5.50/sf and shortfall of \$2.18 derived from leases, and typical non-recoverable rate of 2% and vacancy rate of 4.50%. Using these numbers, he calculated a 7.57% capitalization rate which he adjusted to 7.0% because the subject building is newer than all of the comparable properties. The resulting Income Value was \$32,264,790.

[5] The Complainant also presented a list of seven comparable properties ranging in size from 214,822 sf to 755,804 sf (YOC: 1978 to 2008) to demonstrate that the subject property assessment is inequitable. The median assessed value of the properties was \$72/sf.

[6] The Respondent, J. Lepine, City of Calgary Assessor, pointed out that the SE of Calgary is assessed at a lower rate than the NE. As the subject property is in the NE, the equity comparables from the SE should be removed from the Complainant's equity list (C1, p17). The Complainant pointed out that it is difficult to find large warehouses that rent, so no NE leases were provided for the Income study. Mr. Lepine also argued that the Complainant provided no proof for an assertion that Warehouse lease rates decrease in value as the size of the warehouse increases. He asked if the Complainant knew what the bay sizes were in the comparable warehouses, but Mr. Luong did not know.

[7] Mr. Lepine informed the Board that the City has used three years of Sales for Industrial Warehouse Multiple Regression Analysis for the last two assessment years. He stated that this information was made available to agents and clients. For this reason, the Respondent's information included a list of six sales of properties comparable to the subject. These ranged in size from 111,501 sf to 301,930 sf, and in YOC from 1990 to 2007. The Time Adjusted Sales Price (TASP) for these properties had a median of \$94.50/sf. The Respondent suggested the most comparable property on the list was a year older, with a 301,930 sf single-tenant warehouse and 43.75% site coverage (subject: 40.55%). Its TASP was \$82.33/sf (subject: \$81.85).

[8] The Respondent also presented an Industrial Equity Chart which included four warehouses ranging from 153,214 sf to 356,288 sf. He suggested that one of the Complainant's sales examples (Roll 027125301) would also make a good addition to this list. With the fifth equity example, the median value on the Equity Chart was \$93.72.

[9] The Respondent presented a list of seven key characteristics which the City considered in Industrial Property assessment:

- 1) Building Type – IWS (single tenant), IWM (multiple tenant) IOBS (outbuilding, single tenant)
- 2) Net Rentable Area
- 3) Actual Year of Construction
- 4) Region/Location
- 5) Interior Finish Ratio
- 6) Site Coverage
- 7) Multiple Buildings

[10] Mr. Lepine stated that multiple-building warehouses are not aggregated and assessed as one building. He argued that some of the buildings in the Complainant's analysis were single parts of a multiple building assessment and would have a lower value than a similar building on its own land. He stated that these buildings should not be included among the subjects used for an Income Approach calculation for the subject building. The Respondent also argued that bay size would be an important consideration when comparing warehouses, as smaller bays tend to have higher rents/sf.

#### Board Findings

[11] The Board found that the Income Approach calculations presented by the Complainant used a combination of City typical rates and actual rates, which is contrary to the methods used for mass evaluation. Therefore, the Board did not accept the value calculated by this method.

[12] The Board decided that the Sales Approach was the best way to find Market Value if enough sales were available. The Sales presented by The City of Calgary supported the assessed value of the subject property.

[13] The Industrial Equity Chart provided by the Respondent contained properties that were generally smaller than the subject. The median value of the properties was \$93.72/sf which is higher than the subject assessment of \$81.85. Both the Equity and the Sales Approaches indicate that the assessment is within the range of other similar property assessments.

[14] The Board decided that the subject property assessment is supported by both the Equity and Sales comparisons presented at the Merit Hearing.

**Board's Decision:**

[15] The Board confirms the assessment at \$34,930,000.

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



**Lana Yakimchuk**  
**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. C2	Complainant Rebuttal
3. R2	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 MGB Administrative Use Only:**

Decision No. 0808-2012-P

Roll No. 092028703

<b>Subject</b>	<b>Type</b>	<b>Issue</b>	<b>Detail</b>	<b>Issue</b>
CARB	Industrial Warehouse	Single	Sales Approach	Income