

**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

**6336 – 114<sup>th</sup> Avenue Portfolio 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: 200537371**

**LOCATION ADDRESS: 6336 114 Av SE**

**FILE NUMBER: 68445**

**ASSESSMENT: \$83,910,000**

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] This single tenant Industrial Warehouse property has two buildings, one assessed at 972,242 square feet (sf) and one at 1,522 sf. The buildings were constructed in 2000 on 79.74 Acres (A) and 6.6 A of extra Industrial property in SE Calgary. The property was assessed at \$83,910,000 (\$86.31/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:** \$73,500,106

**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 an average 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 Approach value for the property was \$73,500,106.

[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] 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 five sales of properties comparable to the subject. These ranged in size from 139,193 sf to 301,930 sf, and in YOC from 1998 to 2008. The Time Adjusted Sales Price (TASP) for these properties had a median of \$91.05/sf (subject assessment: \$86.29).

[7] The Respondent also presented an Industrial Equity Chart which included five warehouses ranging from 201,415 sf to 343,200 sf. The median value on the Equity Chart was \$83.66.

[8] 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

[9] 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 Complainant also argued that bay size would be an important consideration when comparing warehouses, as smaller bays tend to have higher rents/sf.

#### Board Findings

[10] 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.

[11] The Board decided that the Sales Approach was the best way to find Market Value if enough sales were available. The assessed value of the property is lower than the median and within the range of the values of the comparable sales properties. The Sales presented by The City of Calgary supported the assessed value of the subject property.

[12] The Industrial Equity Chart provided by the Respondent contained properties that were generally smaller than the subject. The median value of the properties was \$83.66/sf. The assessed value of the subject property at \$86.31 fits into the range of these comparable property assessments. The assessment of \$86.31 also includes a small building and 6.6 A of extra land, which would increase its value above the median, further supporting the assessment.

[13] The Board decided that the assessed value was the best value for this property presented at the hearing.

**Board's Decision:**

[14] The Board confirms the assessment at \$83,910,000.

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

A handwritten signature in black ink, appearing to read "Lana Yakimchuk", written over a horizontal line.

**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