

**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:

**CONCERT REAL ESTATE CORPORATION,
(as represented by Altus Group),
COMPLAINANT**

and

**THE CITY OF CALGARY,
RESPONDENT**

before:

**R. Glenn, PRESIDING OFFICER
A. Zindler, MEMBER
J. Joseph, 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: 048073902

LOCATION ADDRESS: 2305 – 22 ST NE

FILE NUMBER: 68055

ASSESSMENT: \$8,120,000 (\$98/SF)

This complaint was heard on Wednesday and Thursday, the 29th and 30th day of August, 2012 at the offices of the Assessment Review Board located on Floor Number 4, at 1212 – 31 Avenue NE, in Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- C. Van Staden, Agent for Altus Group

Appeared on behalf of the Respondent:

- G. Bell, Assessor for the City of Calgary

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

[1] There was an objection regarding the Respondent's summary of testimonial evidence not previously disclosed which had previously been decided by the Board. The parties agreed to abide by the Board's previous decision.

Property Description:

[2] The subject property consists of a single industrial warehouse, comprising a total net rentable area of 82,982 SF located in the northeast area of the South Airways district on a 3.72 acre parcel of land with 51.22% site coverage. The present use of the subject is as a STAPLES warehouse as of the effective date.

Issues:

- [3] [a] Whether the assessment on the subject property is too high based on:
- [i] sales comparisons,
 - [ii] equity.

Complainant's Requested Value:

- [4] \$6,880,000 (\$83/SF)

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

The Complainant's Position:

[5] The Complainant starts by asking that their argument and evidence from a previous file (CARB # 1603-2012-P) be applied to this and subsequent files in this series of matters because of the similarity of the properties. The Respondent did not object and so the Board confirmed that would be done and that evidence would be carried forward.

[6] The Complainant initiates their argument by indicating that the subject property did sell in 2008. That sale was one of two sales of properties newer than 1990 and in the size range of 50,000SF to 100,000SF. They go on to say that the time adjusted sale price of the subject property is the best indicator of value.

[7] They continue, providing a number of equity comparables and two sales comparables. They note that the two sales (one of which was the subject) were both from a portfolio sale. They note the time adjusted sale price is 18% lower than the 2012 assessed value.

[8] They proceed with an argument based on the Respondent's assessment expressed in an Income Approach to Value at an assessed rate of \$98/SF. They note a rental rate of \$7.21/SF, a 5.00% vacancy rate, a cap rate of 7.00%, and a NOI of \$568,400, backing the figures out to suggest an actual value of \$98/SF.

[9] Using the \$6.63 actual rental rate, and the same vacancy and cap rate, etc., they arrive at a value of \$90/SF.

[10] The Complainant acknowledges that they saw only the outside of the subject. In fact there was no inside inspection by either party.

[11] In summary, the Complainant says the Respondent has used its two sales comparable sales as proper comparables (see chart at Exhibit C-2, page 84) seemingly as valid arms length transactions. So, the Complainant takes the position that they can also rely on the Respondent's sales comparables.

[12] They complete their argument by saying that all of the Respondent's comparables must be adjusted to bring them into line with the subject. They allege the subject is the best comparable of all, because it actually sold. They say the Income Approach brings it to the high end of the range.

The Respondent's Position:

[13] The Respondent initiates their argument by suggesting that one sale does not make a market. This is an often repeated argument. The Respondents also counter that for the Complainant's comparables to be acceptable, there are an excessive number of adjustments that need to be made. The Board should not be prepared to make all of the required adjustments.

[14] They also provide a chart of sales comparables, with some much larger and some much smaller properties than the subject. As well, they provide two equity comparables, both larger than the subject.

Board's Decision:

[15] The question that the Board is left with is: what is the market value of this property? The time adjusted sale price of the subject would be more persuasive if it was not from a portfolio sale.

[16] The Respondent's seven sales comparables support the assessment. On balance, the Respondent's argument and evidence carries the day. The comparables relied on by the Respondent, in spite of some shortcomings, are better evidence of the value of the subject property. In addition, some of the Complainant's own evidence supports the assessment. Even though some of the Complainant's comparables have the initial appearance of supporting their

position, when closely examined, they do not really do so.

[17] The Respondent presented both sales and equity comparables which in the mind of the Board were simply closer to the subject property's qualities.

[18] The Board believes the Complainant has not called any compelling or substantial evidence demonstrating that a change is indicated.

(19) Based on all of the foregoing, the Board herewith confirms the subject assessment as originally set out in the amount of: \$8,120,000.

DATED AT THE CITY OF CALGARY THIS 23rd DAY OF OCTOBER, 2012.



R. Glenn
Presiding Officer

APPENDIX "A"

DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal Disclosure
3. 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.

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<i>Decision No.1610-2012-P Roll No.048073902</i>				
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Industrial Warehouse	Equity	Sales Approach	Market Value