

**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: 048074009**  
**LOCATION ADDRESS: 2255- 22 ST NE**  
**FILE NUMBER: 68051**  
**ASSESSMENT: \$8,050,000 ( \$132/SF)**

This complaint was heard on Thursday, the 30<sup>th</sup> 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, Assessors for the City of Calgary

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

- [1] There were no issues of jurisdiction or procedure raised by the parties when asked.

**Property Description:**

- [2] The subject property consists of a single industrial warehouse, comprising a total net rentable area of 61,032 SF located in the north east area of the South Airways district on a 5.76 acre parcel of land with 24.31% site coverage. The present use of the subject is as a SEARS warehouse and parts and product repair depot.

**Issues:**

- [3] [a] Whether the assessment on the subject property is too high based on:
- [i] income approach to value
  - [ii] sales comparisons,
  - [iii] equity, and,
  - [iv] the cost approach to value.

**Complainant's Requested Value:**

- [4] \$6,250,000 (\$103/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 putting before the Board (with the compliance of the Respondent) a calculation sheet marked as Exhibit C-3 which addresses calculations for Building Area Adjustment (to be used only on this file). The Complainant also indicates that the subject did sell in 2008.

[7] They argue that the Respondent's assessment at \$132/SF is inequitable based on the Income Approach to Value. They note a rental rate of \$9.72/SF, a 5.00% vacancy rate, a cap rate of 7.00%, and a NOI of \$563,500, backing the figures out to suggest that the rent rate would have to be \$11.37/SF to achieve an actual value of \$132/SF. They note that the subject actual rental rate is \$6.50/SF.

[8] Using the \$6.50 actual rental rate, and the same vacancy and cap rate, they arrive at a value of \$103/SF.

[9] The Complainant commenting on Sales Ratio Information ( C1 page 17) notes that the IAAO standard for Co-efficient of Dispersion figures for industrial properties be no higher than 15% in large urban areas. The Provincial standard is 20%. The overall assessments here meet neither of these requirements, but the Complainant goes on to say that "Ratio statistics cannot be used to judge the level of appraisal of an individual parcel". The Board queries why this information was even mentioned if it should not be used.

[10] The Complainant goes on to comment on the cost method of valuing the subject property, noting a total value of \$7,680,000 truncated and an indicated value of \$125/SF.

[11] Overall, the Complainant suggests relying on either the Income or the Cost Approach in determining the value of the subject. The Complainant acknowledges that they saw only the outside of the subject property.

[12] In summary, the Complainant says this is an odd situation, because usually the sale price is the best indicator of price. However, here the value of the subject has been diminished because the rent has been re-negotiated, and consequently lowered. When the subject building was purchased in 2008, there were 3 years left on the lease at \$10.50/SF. Sears ( the tenant ) renegotiated the lease at \$6.50/SF.

[13] They complete their argument by stating that no prospective buyer would pay more for a property than it would cost to build.

#### **The Respondent's Position:**

[14] The Respondent initiates their argument by suggesting that one sale does not make a market. They also suggest that one of the Complainant's sales comparables was a portfolio sale. They carry on, providing a list of the 7 "key factors" used in an assessment

[15] They also provide a chart of sales comparables, with some larger and some smaller properties than the subject. As well, in their chart of equity comparables, all are smaller than the subject.

#### **Board's Decision:**

[16] The question that the Board is left with is: what is the typical income for this property? The argument put forward by the Complainant fails as they did not use typical inputs.

[17] The Respondent's 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 their 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.

[18] The Respondent presented both sales ( C1 page 24) and equity (C1 page 26) comparables which in the mind of the Board were simply closer to the subject property's qualities. The income figures provided support the assessment, though the Respondent does not provide a response to the Complainant's IAV.

[19] The Board believes the Complainant has not called any compelling or substantial evidence demonstrating that a change is indicated. In other words, the onus which is on the Complainant to show that the subject assessment is not correct, has not been met.

(20) Based on all of the foregoing, the Board herewith confirms the subject assessment as originally set out in the amount of: \$8,050,000.

DATED AT THE CITY OF CALGARY THIS 1<sup>st</sup> DAY OF NOVEMBER, 2012.

  
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R. Glenn  
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 Disclosure
3. C3	Complainant Adjustment Disclosure
4. 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.

*For MGB Administrative Use Only*

Decision No.1611-2012-P      Roll No.048074009				
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Industrial Warehouse	Equity	Sales Approach	Market Value