

**COMPOSITE
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 (MGA).

between:

***Cascades Recovery Inc.*
(as represented by *Altus Group Limited*), COMPLAINANT**

and

The City Of Calgary, RESPONDENT

before:

**C. J. Griffin, Presiding Officer
B. Bickford, MEMBER
E. Reuther, MEMBER**

This is a complaint to the Composite Assessment Review Board (CARB) 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: 201264629

LOCATION ADDRESS: 10351 – 46th Street SE

HEARING NUMBER: 68206

ASSESSMENT: \$13,630,000.

This complaint was heard on 18th day of September, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- D. Mewha
- M. Robinson

Appeared on behalf of the Respondent:

- T. Luchak

Procedural Matters:

[1] As was agreed to by both parties to the Hearing, all evidence, argument, questions and answers pertaining to the Complainant's *Altus Income & Direct Sale Comparison Analysis* (Exhibit C-2) are carried forward from a preceding Hearing (CARB 1799-2012-P) and become applicable to this Hearing.

Property Description:

[2] The subject is, according to the Property Detail (Exhibit C-1 pg. 5), a 102,979 Sq. Ft., single tenant industrial warehouse facility that was constructed in 2009 and which is located in the East Shepard Industrial Park. The underlying site is reportedly 9.50 acres in size which includes 1.95 acres of what is referred to as excess/additional land. The property has been valued for assessment purposes on the basis of the Direct Comparison (Sales) Approach.

Issues:

[3] There are a number of interrelated issues outlined on the Assessment Review Board Complaint form; however, at the Hearing the Complainant reduced the issues to be considered by the CARB to:

1. The Income Approach to Value is a more reliable method of deriving an accurate indication as to the market value of the subject property and application of same warrants a reduction on the assessed value as does the proper application of the Direct Comparison (Sales) Approach.

Complainant's Requested Value: \$11,150,000. Revised at the Hearing (Exhibit C-1 pg. 17)

Party Positions:**Complainant's Position**

[4] The Complainant provided (Exhibit C-1 pg. 14) their *Direct Sales Comparison Analysis* which incorporates an analysis of four (4) sales of properties deemed to be similar to the subject. These sales were recorded between July 2009 and February 2011 and involve properties ranging in size from approximately 118,402 Sq. Ft. to 302,135 Sq. Ft. and all, with one exception, are multi tenanted properties. The respective site coverage range from 42% to 44% and the *year of construction* (YOC) varies between 1997 and 2009. The adjusted sales price/Sq. Ft. ranges from a low of \$96.61 to a high of \$111/Sq. Ft. and indicate an average (mean) of \$103.30/Sq. Ft. and a median of \$102.79/Sq. Ft. The Complainant's revised request equates to approximately \$108/Sq. Ft. inclusive of the revised extra land component of \$614,250.

[5] The Complainant further provides (Exhibit C-1 pg. 17) a lease comparable chart incorporating six (6) southeast located, single tenant lease examples from properties deemed comparable. The leased areas range from 54,151 Sq. Ft. to 137,360 Sq. Ft. and the indicated lease rates vary from \$6.00/Sq. Ft. to \$10.00/Sq. Ft. and indicate a median of \$8.00/Sq. Ft. which the Complainant has utilized in valuing the subject through application of the income approach.

[6] The Complainant introduced their *Altus Income & Direct Sales Comparison Analysis* which incorporates (Exhibit C-2 pg. 14) a capitalization rate study of new industrial buildings of 100,000 Sq. Ft. or over. The study involves four (4) sales recorded between July 2009 and March 2011. All of the sales have a site coverage ratio of 43% except one which has 44%. The buildings range in size from 118,402 Sq. Ft. to 302,135 Sq. Ft. Two methods have been used, a stabilized Net Operating Income (NOI) based analysis where the rents range from \$6.65/Sq. Ft. to \$10.24/Sq. Ft. and a common vacancy rate of 4% has been applied. This analysis derives a median capitalization rate of 7.66% and an *Assessment to Sales Ratio* (ASR) median of 1.02. The second method utilizes market rents from the time of sale that range from \$6.65/Sq. Ft. to \$9.75/Sq. Ft. and a 4% vacancy allowance. This second method indicates a median capitalization rate of 7.47% and an ASR median of 1.00. The sales utilized in this study are well documented and the details of each are provided within the Exhibit. The rents utilized in these analyses are well documented as is the applied vacancy allowance. These analyses form the basis for the Complainant's applied and requested capitalization rate of 7.5%.

Respondent's Position

[7] The Respondent, having reviewed his brief (Exhibit R-1) realized that same did not include any sales data and, in that the assessed value has been based upon application of the Direct Comparison (Sales) Approach, found himself in a position of *nolo contendere*.

Board's Decision:

[8] The assessment is **reduced** to: **\$11,150,000.**

Decision Reasons:

[9] The decision is based upon the fact that the Respondent provided no sales evidence for the CARB to consider.

DATED AT THE CITY OF CALGARY THIS 4th DAY OF Oct 2012.


C. J. Griffin,
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Income & Sales Analysis
3. C3	Complainant Rebuttal
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.*

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<i>Decision No. 1802-2012-P</i>		<i>Roll No. 201264629</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Industrial	Market Value	Sales Evidence	Equity