



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:

MORGUARD INDUSTRIAL PROPERTIES (1) INC.
(as represented by AEC Property Tax Solutions), COMPLAINANT

and

The City of Calgary, RESPONDENT

before:

Earl K. Williams, PRESIDING OFFICER
A. Huskinson, MEMBER
A. Zindler, 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 2013 Assessment Roll as follows:

ROLL NUMBER: 094218708

LOCATION ADDRESS: 5060 43 ST SE

FILE NUMBER: 72170

ASSESSMENT: \$9,360,000

This complaint was heard on 23rd day of September, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- C. Hall Agent, AEC Property Tax Solutions

Appeared on behalf of the Respondent:

- E. Wu Assessor, The City of Calgary

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

- [1] No Procedural or Jurisdictional Matters were raised by the parties.

Property Description:

[2] The subject property at 5060 43 St SE comprised of 1 building which is a 70,217 square foot (sq. ft.) warehouse on 4.04 acres of land with a 1999 approximate year of construction (AYOC), with IWM (Industrial warehouse 3 or more units) building type classification and an Industrial General (I-G) Land Use in the Community of Eastfield.

[3] The assessment was prepared on the Sales Comparison Approach with an assessed rate of \$133.32 per square foot (psf).

Issues:

[4] Should the subject property be assessed on the Sales Comparison Approach with the assessed rate reduced from \$133.32 psf to \$119.00 psf?

Complainant's Requested Value: \$8,360,000

Board's Decision:

[5] Based on the evidence and argument presented the Board confirms the assessed rate of \$133.30 psf in the determination of the assessment:

[6] The assessment is confirmed at \$9,360,000.

Position of the Parties

[7] The Complainant and Respondent presented a range of evidence consisting of relevant and less relevant evidence. In the interests of brevity, the Board will restrict its comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[8] The Complainant's evidence package included a Summary of Testimonial Evidence, a map identifying the location of the property, photographs of the exterior of the subject property, the City of Calgary 2013 Property Assessment Notice, and the Industrial Assessment Explanation Supplement. In support of the requested assessed rate the Complainant submitted a table providing details on sales comparables including supporting exterior photographs of selected comparables, the RealNet documentation, a listing of 2013 industrial sales and the table of 2013 Non-Residential Industrial Land Rates.

[9] The Respondent's evidence package included a Summary of Testimonial Evidence, City of Calgary 2013 Property Assessment Notice, the City of Calgary 2013 Industrial Assessment Explanation Supplement, photographs of the exterior of the subject property, and excerpts from applicable legislation. In support of the assessed rate the Respondent provided an analysis of sales and equity comparables.

Complainant's Position:

[10] The Complainant presented details on 4 industrial sales comparables for IWS building type (Industrial warehouse 2 or less units) with I-G Land Use in the SE quadrant with a building footprint in the range of 50,000 to 60,850 sq. ft. and AYOC from 1996 to 2004 in a table on page 7 of Exhibit C1. The sale dates for the 4 transactions were in the period April 25, 2011 and October 2011 and the median time adjusted sale price was \$132.59 psf and the median 2013 assessment was \$127.10 psf.

[11] The Complainant identified the sale comparable located at 4410 46 AV SE as the best comparable of the 4 transactions. This RealNet Industrial Transaction Summary (page A-3 and A-4 of the Appendix of Exhibit C1) provided details on this July 2011 transaction. The Time Adjusted Sale Price (TASP) is \$112.55 psf.

[12] The following table presents details of the subject and this property:

	5060 43 ST SE (Subject)	4410 46 AV SE
Number of Buildings	1	1
Type	IWM	IWS
Total Area (sq. ft.)	70,217	60,700
Land Area (acres)	4.04	2.63
Site Coverage (percentage)	40%	49%
AYOC	1999	1999
Percentage Finished	26%	14%
Assessment psf	\$133.30	\$120.59

The Complainant argued the major difference between the two properties is the site coverage; the subject is 40% of a 4.04 acre land area and the comparable is 49% of 2.63 acre land area. This difference in site coverage is interpreted by the Complainant as a stronger indicator that the subject has excess land which must be recognized in the determination of the assessment.

[13] If the site coverage for the subject was 49% rather than 40% there is an additional 34,227 sq. ft. (0.786 acres) of land that must be accounted for in the determination of the value of the subject. Based on the land value table (page A-11 of the Appendix of Exhibit C1) the SE I-G rate of \$585,000 per acre the 0.786 acres of additional land has a value of \$459,660 which

must be included in the determination of the assessment.

[14] In summary based on the TASP of \$112.55 psf, the net rentable area of the subject plus the additional land the determination of the assessed value is rounded to \$8,360,000 which is \$119.00 psf.

Respondent's Position:

[15] In response to the Complainant's sales comparables the Respondent noted that the TASP for the sample of 4 transactions is \$132.59 supports the \$133.32 psf assessment rate for the subject property.

[16] The Respondent presented (page 18 of Exhibit R1) 3 industrial sales comparables with a assessable building area in the range of 42,504 to 60,700 sq. ft. with transaction dates in the period June 29, 2011 to January 31, 2012. The median TASP was \$134.77 psf. The sample included one property from the NE quadrant and 2 properties from the SE quadrant.

[17] As further support the Respondent presented on (page 20 of Exhibit R1) an analysis of equity 4 comparables all in the SE quadrant, with the I-G land use and building type of either IWS or IWM. The following table presented the subject compared to the range for the comparables on a number of parameters.

	5060 43 ST SE (Subject)	Comparables
Number of Buildings	1	4
Building Type	IW M	1 IW M and 3 IW S
Land Use	I-G	I-G
Total Area (sq. ft.)	70,217	64,350 – 82,600
Land Area (acres)	4.04	3.90 – 5.0
Site Coverage (percentage)	39.52%	31.99% to 39.66%
AYOC	1999	1997 – 2006
Percentage Finished	26%	6% - 37%
Assessment Range psf	n/a	\$122.45 – \$148.11
Assessment psf	\$133.30	Median \$132.39

[18] The Respondent argued that the analysis of sales and equity comparables supports the assessment rate of \$133.32 psf.

Board's Reasons for Decision:

[19] The Complainant argued that based on a comparison with the sale transaction at 4410 46 Av SE the subject property had extra land which must be recognized in the determination of the assessment. The Board noted that 2013 Industrial Assessment Explanation reports there is no extra land associated with the subject property. Further the Complainant's methodology related to the determination of the amount of extra land and the value of the land was based on a number of assumptions and a unique calculation approach.

[20] A review of the RealNet transaction summary for the sale transaction at 4410 46 Av SE determined that the transaction was a sale lease back which may have an effect on the sale price result in a sale price that is above market resulting in a higher value.

[21] The Board's review of the Respondent's equity comparables determined that the sample of 4 properties compared favourably with the subject on Land Use, Total Building Area, Land Area, Site Coverage and AYOC. The median assessment rate for the sample was \$132.39 psf.

[22] Based on the evidence and arguments presented the Board confirms the assessment rate of \$133.30 psf.

DATED AT THE CITY OF CALGARY THIS 27 DAY OF November 2013.

A handwritten signature in black ink, appearing to read 'Earl K. Williams', written over a horizontal line.

Earl K. Williams

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
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.*

FOR ADMINISTRATIVE USE

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Warehouse	Multi-Tenant	Sales Approach	Equity Comparables