



**ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

CARB - 0203-0006/2012

IN THE MATTER OF A COMPLAINT filed with the City of Lethbridge Composite Assessment Review Board (CARB) pursuant to Part 11 of the *Municipal Government Act* being Chapter M-26 of the Revised Statutes of Alberta 2000 (Act).

BETWEEN:

Colliers International Realty Advisors Inc. /Christopher Hartley – on behalf of 66527 BC Ltd.,
Complainant

- a n d -

City of Lethbridge - Respondent

BEFORE:

Members:

Tom Hudson, Presiding Officer

Shelley Schmidt, Member

Wayne Stewart, Member

A hearing was held on Friday, June 15, 2012 in the City of Lethbridge in the Province of Alberta to consider complaints about the assessment of the following property tax roll number:

Roll No./ Property Identifier	Assessed Value	Owner
4-2-140-4005-0001 4005 14 Avenue North	\$1,389,000	665217 BC Ltd

Appeared on behalf of the Complainant:

- Troy Howell, Colliers International Realty Advisors Inc.

Appeared on behalf of the Respondent:

- Verle Blazek, Assessor, City of Lethbridge

PART A: BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT

The subject property is a 3.46 acre parcel, improved in 2000, with a one-storey owner occupied trucking facility, containing a gross building area of 9,800 square feet (sf.). The subject has low site coverage (i.e. 15%); and therefore the assessment includes \$410,980 for excess land. The income is valued at \$977,914, based on the capitalized income approach to assessment value. Total current assessment is \$1,389,000 (rounded). The requested assessment is \$1,250,000 (rounded).



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PART B: PROCEDURAL or JURISDICTIONAL MATTERS

The CARB derives its authority to make this decision under Part 11 of the Act. No specific jurisdictional or procedural issues were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint, as outlined below.

PART C: ISSUES

The CARB considered the complaint form together with the representations and materials presented by the parties.

Issue 1: Should the rental rate be reduced from \$8.75 to \$8.00 per square foot (psf.)?

Issue 2: Should the capitalization rate be increased from 7.75 to 8.25%?

ISSUE 1: Rental Rate

The complainant submitted the rental rates for three industrial properties, with rentable areas of less than 10,000 sf. (page 16 of Exhibit C1). Two of the properties were multi-tenanted, and the complainant argued that the third property, a single tenant warehouse listed for lease at \$8.00 psf., was the best comparable.

The respondent submitted the 2012 actual lease rates of several industrial properties in Lethbridge (page 6 of Exhibit R1). The evidence shows that lease rates for the properties similar in building size and use to the subject average more than \$8.00 psf.

Decision: Issue 1

In view of the above considerations, the CARB finds that the current assessed rental rate of \$8.75 is typical for properties similar to the subject property.

ISSUE 2: Capitalization (Cap) Rate

The complainant submitted property sale information from three industrial properties (pages 18 to 21 Exhibit C1), in support of their requested Cap rate of 8.25%. The complainant argued that there was very limited sales activity in the Lethbridge industrial market during the valuation period. The submitted sales demonstrated an average stabilized cap rate of 8.83%.

The respondent submitted sale information from six properties (page 9 of exhibit R1) that demonstrated an average cap rate of 7.24%

In addition, the respondent provided an analysis of sale values per square foot for industrial properties with low site coverage (page 10 of Exhibit R1), similar to the subject. The analysis demonstrated an average sale price of \$143.52 psf. The average sale price demonstrates equity with the assessed value of the subject at \$141.73 psf.



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Decision Issue 2:

The CARB finds that the sales submitted by the complainant are not similar to the subject property with respect to year of construction, building size and site coverage. There was no compelling evidence to increase the assessed cap rate of 7.75%.

PART D: FINAL DISPOSITION OF COMPLAINT

The complaint is denied and the assessment is confirmed as follows.

Roll No./Property Identifier	Value as set by the CARB	Owner
4-2-140-4005-0001 4005 14 Avenue North	\$1,389,000	665217 BC Ltd

It is so ordered.

Dated at the City of Lethbridge in the Province of Alberta, this 13th day of July, 2012.

Wayne Stewart, ARB Member
Signed on behalf of - Tom Hudson, Presiding Officer



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APPENDIX "A"

DOCUMENTS RECEIVED AND CONSIDERED BY THE CARB

NO. ITEM

1. C1 Complainant Disclosure
2. R1 Respondent Disclosure

APPENDIX 'B'

ORAL REPRESENTATIONS

PERSON APPEARING CAPACITY

1. Troy Howell, Agent, Colliers International for the Complainant
2. Verle Blazek, Assessor, City of Lethbridge for the Respondent

CARB - 0203-0006/2012 Roll # 4-2-140-4005-0001 (For MGB Office Only)

Subject	Type	Sub-type	Issue	Sub-issue
CARB	Industrial	Owner Occupied	Income Approach	Rent Rate / Cap Rate