

**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(4).

between:

**Altus Group Ltd., *COMPLAINANT***

and

**The City Of Calgary, *RESPONDENT***

before:

**J. Noonan, *PRESIDING OFFICER***

**D. Cochrane, *MEMBER***

**D. Morice, *MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>LOCATION ADDRESS:</b>	<b>HEARING NUMBER:</b>	<b>ASSESSMENT:</b>
112143201	6712 Fisher St SE	59922	\$9,810,000
156118804	279 Midpark Way SE	56454	\$5,920,000
112144308	7220 Fisher St SE	59925	\$22,100,000
112142500	6940 Fisher Rd SE	59921	\$9,250,000

This complaint was heard on the 13<sup>th</sup> day of July, 2010 at the office of the Assessment Review Board located at the 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- D. Chabot, Sr. Consultant, Altus Group

Appeared on behalf of the Respondent:

- A. Jerome, *Assessor Intern, The City of Calgary*

### **Property Description:**

The subject properties are suburban office buildings in southeast Calgary. These four complaints were heard as a group, all having the identical issue, the vacancy allowance used in the capitalized income approach to value.

### **Issues:**

Should the vacancy allowance for south-eastern suburban offices be increased from 6% to 9.5%?

### **Board's Findings in Respect of Each Matter or Issue:**

The Complainant referred to the City's Southeast Office Vacancy Study and pointed out to the Board examples of incorrect data, the exclusion of some office space that was assessed on roll numbers incorporating other development, and the inclusion of some office space that was atypical. The most substantial problem was the exclusion of some 104,000 sq.ft. of vacant space from an improvement of 108,000 sq.ft. at 1220 59 Ave SE. Including that space and making modest corrections to the City data, but not excluding those spaces the Complainant thought atypical, the conclusion was a vacancy rate of some 9.25%. The Complainant introduced vacancy estimates from Avison Young, Colliers and CBRE, all showing higher rates in the Q2-Q3 2009 period. Also introduced were 2 recent ARB decisions reached on very similar evidence to that presented here, both concluding a 9.5% vacancy rate for southeast offices.

The Respondent defended the Vacancy Study which was developed from ARFI information for 92 buildings with a total of 3,953,735 sq. ft., of which 243,359 sq. ft. was reported vacant, or 6.16%. Eight properties totalling some 300,000 sq. ft. had been excluded as ARFIs for those properties had not been returned or were incomplete. It would be wrong to selectively include data from just one of the missing eight, as the numbers would be distorted. The Respondent observed that the third party vacancy estimates included space available for sub-lease, and so were high estimates.

The CARB heard that even excluding the sub-lease areas from the third party estimates, the resulting figures were much closer to the requested 9.5% than the City's 6%. The block of vacant space at the 59 Ave property should be considered, despite the absence of an ARFI, as this significant vacant space would impact the localized market. Accordingly, this panel concurs with the decisions reached by two previous panels and sets the vacancy allowance for the

subject properties at 9.5%.

**Board Decisions on the Issues:**

The Board reduces the assessments of the subjects as follows:

ROLL NUMBER:	LOCATION ADDRESS:	HEARING NUMBER:	ASSESSMENT:
112143201	6712 Fisher St SE	59922	\$9,020,000
156118804	279 Midpark Way SE	56454	\$5,540,000
112144308	7220 Fisher St SE	59925	\$20,550,000
112142500	6940 Fisher Rd SE	59921	\$8,600,000

DATED AT THE CITY OF CALGARY THIS 21<sup>st</sup> DAY OF July 2010.

  
J. Noonan  
Presiding Officer

JN/kc

*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.*