

**CALGARY  
ASSESSMENT REVIEW BOARD  
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26.1, Section 460(4).

**between:**

***Altus Group Ltd, COMPLAINANT***

**and**

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

**before:**

***Earl K Williams, PRESIDING OFFICER***

***Ray Deschaine, MEMBER***

***Jim Rankin, MEMBER***

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

**ROLL NUMBER: 063143804**

**LOCATION ADDRESS: 555 Strathcona BV SW**

**HEARING NUMBER: 59940**

**ASSESSMENT: \$18,790,000**

This complaint was heard on 13 day of July, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- A Izard

Appeared on behalf of the Respondent:

- R Ford

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

No Preliminary, Procedural or Jurisdictional Matters

**Property Description:**

The property is a 74,489 sq ft Retail Shopping Centre (classified as a CM0203 Neighbour Shopping Centre) on 7.66 acres. The centre is known as the Strathcona Shopping Centre with the CRU space anchored by a Sobeys Supermarket. The 9,961 square feet of office space is located in a free standing building on the property.

**Issues:**

Rental Rate – the assessed rental rates (expressed as a per square foot psf) applied to the CRU be:

Grocery Store Anchor	be \$13 reduced from \$15
Office	be \$18 reduced from \$20

Vacancy Rate – the vacancy rate for assessment be increased as follows:

Major	from 1% to 4%
CRU	from 2% to 10%
Office	from 2% to 6%

**Complainant's Requested Value: \$16,470,000**

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

**Rental Rate:**

Complainant and Respondent presented a wide range of evidence consisting of relevant and less relevant evidence in respect of the rental rates for the Grocery Store Anchor and the office. Anchor

On page 65 and 66 of the evidence package the Complainant presented an analysis of the stratification of all Grocery Stores (Categories A, B and C) with a focus on the comparables in category B which are assigned a \$13.00 psf rental rate. This category is comprised of leased premises and owner occupied premises, the complainant analyzed the 15 leased premises comparables and reported a median rental rate of \$13.00 per square foot (psf) and a weighted average of \$11.75 psf. The subject property is assigned to the A category which with a rental rate of \$15.00 psf. The complainant argued that on a size and location basis the subject belonged in the B category and assigned a \$13.00 psf rental rate.

Respondent presented a listing and analysis of the A,B, and C categories of Grocery Stores and argues for the subject being classified as at a \$15.00 psf rental rate. Additionally the Respondent presented the ARFI's for a number of properties in support of the \$15.00 psf rental rate.

#### Office

The Complainant presented 13 Retail Office Equity Comparables which had a median rental rate of \$18.00 psf and a weighted average of \$17.83 psf. An analysis of the 6 comparables with an area in the range of 7,326 square feet (sq ft) to 9,961 sq ft reported the median rental rate to be \$18.00 psf.

Respondent presented a Retail Office Assessment Comparable Report comprised of one tenant in the subject property and 5 tenants located in 2 properties. The comparable tenants leased areas ranged from 812 to 2,000 square feet and reported a Net Annual Rental rate (NARV) of \$20.00.

#### Board Decision

Based on the evidence presented the Board found for the Complainant and concluded the rental rates are as follows:

- Anchor: a rental rate of \$13.00 psf.
- Office: a rental rate to \$18.00 psf.

#### Vacancy Rate

Complainant and Respondent presented a wide range of evidence on the matter of vacancy rates consisting of relevant and less relevant

The Complainant presented the following evidence:

- Anchors – a brief profile of over 20 grocery stores and retail anchors located across Calgary and of varying square footage which had been assigned a vacancy of 4%
- CRU – an undated table with the vacancy rates for Community and Neighbourhood Shopping Centres with a weighted average of 10.62%.
- Office Space – 4 equity comparables all of which had been assigned a vacancy rate of 6%.

Respondent in support of the vacancy used in the assessment presented:

- Assessment Request for Information (ARFI) for Shopping Centres with Grocery Stores in the A Category assigned a \$15.00 psf rental rate
- a Community/Neighbourhood Centre Vacancy Study which presented the 2009 Assessment Request For Information (ARFI) Vacancy rates; the vacancy reports prepared by the major commercial real estate firms for Neighbourhood Centres by quadrant of the City as well as the City of Calgary's own Vacancy study.


The evidence was presented in support of the use of vacancy rates of Anchor – 1%, CRU space and office space 2%.

#### Board Decision

Based on the evidence presented the Board supported the use of the Respondents vacancy rate for the property.

**Board's Decision:** Assessment Revised to \$17,940,000

DATED AT THE CITY OF CALGARY THIS 12 DAY OF August 2010.

  
**Earl K Williams**  
**Presiding Officer**

*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.*