

**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:

CVG Canadian Valuation Group Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***J.P. Acker, PRESIDING OFFICER
E. Reuther, MEMBER
K. Coolidge, 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:	101029692
LOCATION ADDRESS:	5819 2 Street SW
HEARING NUMBER:	57234
ASSESSMENT:	\$3,910,000

This complaint was heard on 27 day of July, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12 .

Appeared on behalf of the Complainant:

- J. David Sheridan

Appeared on behalf of the Respondent:

- *Tania Woo*

Property Description:

The subject property is a 1981 three storey Class B suburban office building in average condition located in the Manchester area of Southwest Calgary. It is situated on a 15,632 sq ft site and the building size is 22,386 sq ft.

Issues:

1. What is the correct rental rate to be applied in the income calculation?
2. What is the correct vacancy allowance to be applied in the income calculation?

Complainant's Requested Value: \$3,350,000

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

1. What is the correct rental rate?

The complainant provided the rent roll of the subject indicating that it is achieving \$15.68 /ft² but that the primary tenant occupying 56% of the property will have its lease expire January 31, 2010. 11 comparable properties were offered demonstrating a median rent of \$14.50 /ft² which supports the complainant's request for a \$15.00 rent rate to be applied in the income calculation.

The respondent provided 27 lease comparables with 8 of them being in the same market area – all of which demonstrate a median rental rate of 16.00. In the subject's sub market, the 8 comparables demonstrate a median of \$16.50 /ft² .

The Board found the respondent's evidence more compelling in support of the \$16.00 /ft² rate and the current performance of the subject at \$15.68 further supported this finding. Accordingly, the board accepts the applied \$16.00 /ft² rate as appropriate for the subject.

2. What is the correct vacancy allowance to be applied to the subject?

The complainant demonstrated that the subject, although fully leased at valuation date; would suffer significant vacancy resulting from the primary tenant's lease expiry and imminent departure. He provided a number of published studies indicating an increasing suburban office vacancy rate through the entire 2009 year. Accordingly, the complainant requested a 10% vacancy allowance to apply.

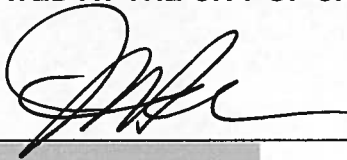
The respondent provided the 2010 City of Calgary Suburban Office Vacancy Study which demonstrated a mean vacancy rate of 5.98% across 92 properties studied. The 6% vacancy rate applied to the subject is equitably applied to all suburban office buildings in the city's mass appraisal income approach model.

The Board found the City of Calgary's evidence more compelling than that of the Complainant. The future vacancy issues that may arise for the subject are irrelevant to the assessment under appeal and therefore the Board determines that the 6% vacancy rate applied is appropriate for the subject property.

Board's Decision:

The assessment on the subject property is confirmed at \$3,910,000

DATED AT THE CITY OF CALGARY THIS 5th DAY OF Aug, 2010.



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.*