

**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

K. Coolidge, MEMBER

E. Reuther, 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:	079002200
LOCATION ADDRESS:	255 17 Avenue SW
HEARING NUMBER:	57251
ASSESSMENT:	\$11,860,000

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:

- *Darren McCord/Corinne Keough*

Property Description:

The subject is a five storey office building completed in 1980 located on the southeast corner of the intersection of 17 Avenue SW and 2 Street SW. A multi-tenant primarily office building with 48,881 NRA sq ft of which 5,241 is retail space, this property has 82 underground parking stalls.

Issues:

1. Is the correct retail space rental rate applied in the income calculation?
2. Is the correct CAP rate applied in the income calculation?

Complainant's Requested Value: \$10,380,000

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

1. What is the correct retail space rental rate?

The subject property rent roll demonstrates a performance of \$21.25 /ft². Two comparables were offered indicating a \$16 /ft² rate and a renegotiated \$20 /ft² rate (from original lease of \$30 /ft²) From these two comparables the complainant requested a \$19.00 /ft² market rent rate be applied.

The respondent provided 5 assessment comparables in the Beltline market area demonstrating a \$26.00 /ft² rate applied regardless of size of the retail spaces. An additional 5 lease comparables of Beltline properties demonstrated a range in rates from \$27 – 35.00 /ft² in areas ranging from 1,230 to 6,336 square feet – again showing no appreciable pattern of increase/decrease according to size.

The board was not persuaded that the assessor's values were incorrect or inequitable and therefore accepted the assessor's \$26.00 /ft² rate as being representative of typical market rent in the Beltline area.

2. What is the correct CAP rate ?

The complainant offered the Colliers International 2009 Capitalization Rate Report for the Calgary Suburban Office Market which indicated a CAP rate of 8.5-9.0% range for the entire Calgary Suburban market of class B office buildings. Additionally, the complainant reviewed 5 recent sales which demonstrated cap rates from 7.4 to 9.85% with a median of 7.9%. He argued that with the tightening market, a CAP rate of 8.5% should apply to the subject.

The respondent provided the City of Calgary 2010 Beltline Capitalization Study which indicated a 7.5% CAP rate for Class B Office buildings in the Beltline market area. He also analyzed 5 sales indicating a cap rate range of 5.94 to 7.52%.

The Board found the respondent's evidence to support the applied CAP rate of 7.5% to be appropriate.

Board's Decision:

The assessment on the subject property is confirmed at \$11,860,000.

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.*