

**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: 058168600

LOCATION ADDRESS: 1220 Kensington Rd. NW

HEARING NUMBER: 57247

ASSESSMENT: \$4,280,000

This complaint was heard on 26 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:

- *Dorian Thistle*

Property Description:

18,371 square foot 3 storey suburban office building constructed in 1973 sited on a 13,417 square foot parcel in the Kensington district of NW Calgary. The subject has 18 surface parking stalls supporting the mixed office/retail components of the building.

Issues:

1. Market Rental Rate at 19.00/square foot is excessive
2. Market CAP rate applied at 8.0 is too low

Complainant's Requested Value: \$ 3,770,000

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

1. **Market Rental Rate** –Subject is currently performing at a weighted mean of \$14.69/ft². Complainant produced 10 comparable properties demonstrating a median rental rate of \$15/ft² and requested a rate of \$17.00. The respondent provided 17 lease comparables demonstrating a median of \$21.00 /ft² supported by an industry rolling 5 quarter study of rental rate for Class B office buildings in NW Calgary that demonstrate a median of \$19 /ft² rental rate. Further support was offered in ARFI lease rate information for the comparable properties offered in evidence.

The Board gave greater weight to the Respondent's evidence and concluded that the appropriate rental rate for office space in the subject property should be applied at \$19.00 /ft²

2. **Market Cap Rate** – The complainant supported his request for 8.5% CAP rate by providing Colliers International reports for Calgary Class B Suburban Office building market demonstrating a Q2 – 2009 rate of 8.5-9.0%.

The Respondent provided the City of Calgary Assessment Department CAP Rate study derived from sales data in the Calgary Suburban market which demonstrated a median of


7.32%.

The Board was persuaded that the Respondent's market CAP rate evidence was more compelling and thus determined the appropriate CAP rate to apply to the subject would be 8.0%.

Board's Decision:

The assessment is confirmed at \$4,280,000

DATED AT THE CITY OF CALGARY THIS 23 DAY OF Aug 2010.

A handwritten signature in blue ink, appearing to be 'M. He', is written over a horizontal line.

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.*

CALGARY ASSESSMENT REVIEW BOARD **STATEMENT OF ISSUES HEARD**

The following identifies the issues from the Issue Statement about which evidence was given or argument was made at the hearing.

Roll Number / PID:	Hearing/File No.:	Roll Year:	Date of Hearing:
058168600	57247	2010	July 26, 2010

	Issues/Grounds of Complaint	Supporting Facts
1	Market rental rate – Office	Requested \$17.00 Assessed \$19.00 Complainant comps suggest 17.00 Respondent comps suggest 19.00
2	CAP Rate	Requested 8.5 Assessed 8.0 Complainant's 3 rd party published demonstrate 8.5-9.0 Respondent's study demonstrates 8.0
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Date July 26, 2010

Presiding Officer: J. Acker Signature 