

**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 Limited, COMPLAINANT***

**and**

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

**before:**

***Steven C. Kashuba, PRESIDING OFFICER***

***R. Deschaine, MEMBER***

***R. Cochrane, 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:

**ROLL NUMBER: 071131619**

**LOCATION ADDRESS: 2840 – 2 Avenue SE**

**HEARING NUMBER: 57495**

**ASSESSMENT: \$12,490,000**

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

Appeared on behalf of the Complainant:

- *D. Chabot and C. Van Staden*

Appeared on behalf of the Respondent:

- *C. Neal*

**Board's Decision in Respect of Procedural or Jurisdictional Matters:** None presented.

**Property Description:**

The subject property, located at 2840 – 2 Avenue SE, is predominantly an office-warehouse building in which 19,416 square feet is considered to be warehouse space while 42,431 square feet is office space. Located in the Community of Meridian on 2.29 acres of land, the land use designation is Industrial – Business. The current assessment is \$12,490,000.

**Issues:**

1. The rental rate applied to the warehouse space is too high.

**Complainant's Requested Value:** \$10,240,000

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

**Issue #1: The rental rate applied to the warehouse space is too high**

**Position of Complainant**

The Complainant submitted that the Respondent applied the same rental rate to the 19,416 square feet of warehouse space of \$18 as they did to the 42,431 square feet of office space. In place of the \$18 per square foot application to the warehouse space, the Complainant requested a rate of \$8.25 per square foot. By applying this rental rate to the subject's income stream, the Complainant requested an assessment of \$10,244,000.

In support of their request for a reduction in the assessment amount, the Complainant presented the previous year's pro-forma used by the Respondent wherein the 19,416 square feet of space was considered to be Office Storage Space, to which was applied a rental rate of \$6 per square foot. This, in the view of the Complainant, is supported by the photographs which clearly show that the area in question is warehouse storage space.

To further support their request, the Complainant presented a comparable equity located at 10774 – 42 Street SE wherein the lease rate, with a start date of November 1, 2006 is \$16.93 per square foot. It is their submission that this lease rate is attempting to capture the input costs of modifications put into place for the tenant. In addition, they presented the basic rental details for four comparables in which the start dates are dated in 2007 and 2008 and the lease rates range from \$8.00 per square foot to \$8.50 per square foot (Exhibit 1-C, page 55).

**Position of Respondent**

In support of the assessment the Respondent presented several photographs depicting the exterior of the subject property as well as the interior. It is the position of the Respondent that the fit and finish of the office space is relatively high while the finish of the warehouse space is standard.

In the Assessment Request for Information, the Complainant submitted that the total rentable area is 61,847 square feet with no vacant area. The Annual Gross Rent is shown to be \$19.52 per square foot and the average base rent at \$16.93 per square foot.

As for equity comparables, the Respondent presented four equity comparables in the same quadrant of the City, all of which are assessed at \$18 per square foot. In addition, the Respondent presented four lease comparables, two of which are located in NE Calgary and two in SE Calgary. Ranging from a low of \$14.24 per square foot to \$25.00 per square foot, the average of the leases is \$18.27.

**Decision of board as regards Issue #1**

The board places considerable weight upon the testimony of the Complainant that approximately 70% of the available space is allocated to office space while 30% is warehouse space. In this regard, the board is satisfied that the rental rates for office space should not be the same as the rental rate for warehouse space due to the disparity in the costs of finish and eventual use. Further, the board accepts the Complainant's argument that the overall lease rate of \$16.93 reflects some of the input costs to modify the interior of the building to suit the one occupant and that a lease rate of \$8.50 per square foot for the warehouse space is correct while, on the other hand, the lease rate for the office space, as presented in the Respondent's pro-forma, is acceptable.

As for the Respondent's evidence, the board places little weight upon their equity comparables in that these lack any detail upon which the board might apply the rate to the subject property. In examining the Respondent's office rental rate comparables, the board accepts that a rate of \$18 per square foot does support the market office lease rate for the subject property.

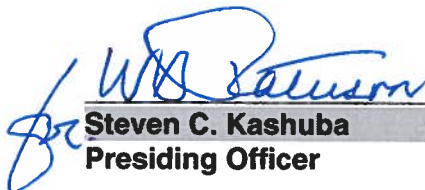
**Board's Decision:**

It is the decision of the board to reduce the assessment of the subject property for 2010 from \$12,490,000 to \$10,244,000.

**Reasons:**

The board accepts the argument of the Complainant that the rental rate for office space should not be the same as it is for warehouse space. In this case, it is clear from the photographs presented that the warehouse space is not finished to the same quality as is the office space and requires an adjustment.

DATED AT THE CITY OF CALGARY THIS 25 DAY OF August 2010.



Steven C. Kashuba  
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.*