

**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***

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: 091005603**

**LOCATION ADDRESS: 4124 – 9 Street SW**

**HEARING NUMBER: 59911**

**ASSESSMENT: \$10,010,000**

This complaint was heard on 6th 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:

- *C. Van Staden*

Appeared on behalf of the Respondent:

- *J. Young*

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

At the outset of the hearing the Complainant submitted that they were prepared to argue two elements of the complaint:

1. The vacancy rate, and
2. The assessment per square foot of the storage space.

In this regard, the board notes that the Complainant discussed these two issues with the Respondent through which an agreement was reached for presentation to the board as follows:

1. The Respondent agreed to increase the vacancy rate in their pro-forma from 6% to 9.5%, and
2. The Complainant agreed to accept the same rate of \$18 pre square foot for the storage space as is applied to the office space.

The reasons through which the parties agreed to a position upon these two preliminary matters are presented within the merits of the complaint, as follows.

**Property Description:**

Located at 4124 – 9 Street SE in the Highfield subdivision, the subject is zoned as I-G, Industrial General. The office rentable space consists of 36,936 square feet while the storage space consists of 10,040 square feet. The current assessment is \$10,010,000.

**Issues:**

1. The vacancy rate of 6% used by the City in its pro-forma is too low, and
2. The market net rental rate of \$18 per square foot used by the City in its analysis is the same as the rate used for the Office space and should be reduced.

**Complainant's Requested Value:** \$8,190,000.

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

**Issue #1, the vacancy rate**

**Position of Complainant**

The Complainant submitted that the vacancy rate of 6% used by the City neither reflects the vacancy rate of the subject property nor the vacancy rates of similar industrial warehouses in the same sector of the City. In support of their position, the Complainant presented a Study of Suburban Office Vacancy Rates for the South for 37 commercial properties wherein the average vacancy rate is 11.83% (1-C). To further support their request for an upward adjustment to the vacancy rate, the Complainant cited an Avison Young Study which reported, for the second quarter of 2009, that *the vacancy rates are expected to rise for at least the next 18 months and absorption of office space is anticipated to be negative this year. With citywide office vacancy being at 9.3% including sublease space the market is significantly different than it was 16 to 24 months ago.* Avison Young goes on to say that *the vacancy rate for the Suburban South is 9.3% (11.9% including sublease space), up from 7.0% (10.1% including sublease space) at the end of the first quarter 2009 and 3.2% (3.9% including sublease space) one year ago.*

According to the Complainant, these statistics were echoed by a CB Richard Ellis Report which stated that *the Calgary suburban office market continue to be affected by the tail end recovery where the overall suburban office vacancy rate in the third quarter of 2009 is at 14.0%, up from 12.4% in the second quarter of 2009.*

In particular, the Complainant submitted evidence that in previous CARB hearings, similar properties in the same quadrant of the City were granted a vacancy rate of 9.5% (2-C).

Having regard for the vacancy rate within the subject property, as supported by independent reports and a study of the vacancy rates in South Calgary, the Complainant requested that a vacancy rate of 10% be applied to office space.

**Position of Respondent**

In support of a vacancy rate of 6%, the Respondent submitted a copy of the Assessment Request for Information Form which was submitted to the Respondent and which reflected a vacancy rate of nil. As well, the Respondent submitted a 2010 City of Calgary Southeast Suburban Office Vacancy Study of 143 properties which reflected, on average, a vacancy rate of 6.16% and a mean vacancy rate of 5.98%.

**Board findings and decision as regards vacancy rate**

The board places considerable weight upon the submission of the Complainant by virtue of the vacancy rate comparables of similar properties in the same quadrant of the City as supported by independent reports of Avison Young and Colliers International. As for the submission by the Respondent, the board places little weight upon their evidence as related to vacancy rates in that the nil vacancy rate as reported by the Complainant for the assessment year is not reflective of the vacancy rates of similar commercial properties in same sector of the City.

Finally, it is noted that the issue of vacancy rates did come up as a Preliminary Matter within this hearing and that both parties agreed that a fair and correct vacancy rate to be applied to the subject property should be 9.5%. Based upon the agreement of the parties, the board does apply a vacancy rate of 9.5%.

**Issue #2, application of rental rate to storage space****Position of Complainant**

It is the position of the Complainant that the City's application of a rental rate of \$18 per square foot for 10,040 square feet of storage space is excess of the subject property's capacity to garner this rate. They submitted that a rate of \$8.50 per square foot is more appropriate.

Notwithstanding the position of the Complainant for a request to reduce the assessment of the storage space, they elected to accept the rate of \$18 per square foot in light of the Respondent's agreement to a vacancy rate of 9.5% through which an application of this rate to a pro-forma would have the effect of reducing the assessment for 2010 to \$9,400,000. (See Preliminary Matter, above)

**Position of Respondent**

In defence of the application of a rate of \$18 per square foot for the storage space, the Respondent submitted that the Complainant failed to prove through pictorials and/or blueprints of the subject property that 10,040 is storage space that deserves a reduction.

**Findings and decision of board as regards storage space**

The board accepts that agreement of the parties that the application of a lease rate of \$18 per square foot for the current year is acceptable. (See Preliminary Matter, above)

**Board's Decision:**

It is the decision of the board to reduce the assessment of the subject property for 2010 from \$10,010,000 to \$9,400,000.

**Reasons:**

The board notes that the two issues of the vacancy rate and the application of a rental rate to the storage space were the subject of the Preliminary Matters, as noted above, to which the parties agreed as follows:

1. That the vacancy rate of 6% applied by the Respondent in their pro-forma to compute the assessment for the current year should be increased to 9.5% through which the current assessment would be reduced, and
2. That the storage space of 10,040 square feet should be valued at the same rate of \$18 per square foot as applied to the office space.

DATED AT THE CITY OF CALGARY THIS 24 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.*