

**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, Section 460(4).

between:

AEC INTERNATIONAL, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

R.Mowbrey, PRESIDING OFFICER

J. Rankin, MEMBER

S.Rourke, MEMBER

These are three complaints 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 NUMBERS: 201511359, 201511342, and 201511334

LOCATION ADDRESSES: 1300, 1200 and 1100 12175 40 ST SE

HEARING NUMBERS: 58633, 58634 and 58635

ASSESSMENTS: \$1,210,000, \$1,100,000 and \$1,100,000

These complaints were heard on the 17th day of August, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- J. Luong

Appeared on behalf of the Respondent:

- R. Ford

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

Upon questioning by the Presiding Officer, the parties indicated they had no objection to the composition of the Board. In addition, the Board indicated they had no bias on this file. The parties advised the Board that they wished to hear the 3 Complaints under one hearing. The file numbers being 58,633, 58,634 and 58,635.

During the Complainant's rebuttal, the Respondent argued the Complainant was introducing new evidence. The new evidence was sales that had not been disclosed previously. The Board called a recess, determined the issue and rendered a decision back to the parties. The decision of the Board was that the evidence was new and would therefore be disallowed.

Property Description:

The subject property is a suburban condominium office building, located on 40 Street SE, just off Barlow Trail SE. It was built in 2006, and comprised of block construction with relative glazing applied to the exterior. The building comprises 3 stories above grade with one story per roll number. The total leasable square footage is 3,819 square feet on the main floor and second floor, and 4,202 square feet on the third floor.

Issues:

What is the market value of the subject property?

Complainant's Requested Value:

\$819,390, \$744,705 and \$744,705

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

1. What is the market value of the subject property?

The Complainant advised the Board that they looked at the direct comparison, income approach and equity comparables for office properties in establishing the property values.

The Complainant stated the property should not be valued at \$290 PSF; but should be valued at \$195 PSF. The Complainant did not consider the income approach as valid as there were not

enough lease comparables. Altus Insight showed 6 suburban leases for 5 quarters. The size of the leases, as well as geographic dispersion also makes extrapolating lease rates to the subject property most difficult. The Complainant noted to the Board the asking lease rate of the subject property is \$14.90 PSF. With 5% for vacancy and slippage, and divided by an 8% cap rate yields a \$176 PSF, which the Complainant admitted was difficult to extract market data from, as the asking rates have not been fulfilled.

The Complainant surveyed the market and found 5 office buildings located in suburban Calgary, where the subject property is located. The Complainant stated the 5 sales were not ideal, but the 5 sales are the best available in the market place. The Complainant chose this method as the preferred method due to the higher correlation of the sales to the subject property versus the other 2 methods. The chart (page 17) of the Complainant's show the average sale price of \$195 PSF, the median of \$195, and the best comparable of \$195 PSF. The Complainant advised the Board that the chart included post facto sales, due to the small number of sales and the sales on the chart had not been time adjusted as the market was flat during the base year and the market has not improved since July 1, 2009.

The Complainant provided the Board a sales comparable summary (page 20) giving the ASR on 5 of the sales.

The Complainant concluded that the market value of the subject property should be \$195 PSF for a rounded market value of \$2,300,000 for the 3 properties.

The Respondent provided the Board evidence (page 11) detailing a number of condo sales that are all in the SE quadrant of the City and all in the same market area as the subject property. The sales were time adjusted to July 1st. 2009. The Respondent noted that there was an error on page 11, whereby the first 2 sales were sold together and the total price was \$973,178 and the selling price PSF would approximate \$290.

The Respondent further demonstrated (page 12) the commercial condo equity compared to the subject property and the PSF rate was \$280 to \$290 PSF.

The Respondent made the point that the 3 properties were individually titled and can be sold separately, whereas the Complainant only provided office\ retail buildings.

The Board did not find either the Complainant or the Respondent's evidence to be very compelling. The comparables by the Complainant were not office condos and some were not in the same quadrant as the subject property. The Respondent gave sales comparables that mixed both office and retail in the comparables.


The Board notes the Complainant had insufficient evidence to persuade the Board to alter the assessment.

Board's Decision:

The assessments of the subject property are confirmed at \$1,210,000, \$1,100,000 and

\$1,100,000

DATED AT THE CITY OF CALGARY THIS 31st DAY OF August 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.*