

**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 Ltd., COMPLAINANT***

**and**

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

**before:**

***R. Irwin, PRESIDING OFFICER***

***D. Morice, MEMBER***

***M. Peters, 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:

<b>ROLL NUMBER:</b>	<b>068 052 802</b>
<b>LOCATION ADDRESS:</b>	<b>444 5 AVE SW</b>
<b>HEARING NUMBER:</b>	<b>58492</b>
<b>ASSESSMENT:</b>	<b>\$46,430,000</b>

This complaint was heard on the 28 day of July, 2010 at the office of the Assessment Review Board located at 4<sup>th</sup> floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom # 5

**APPEARED:**

- G. Worsley
- D. Generaux

*(Altus Group Ltd., Complainant)*

and

- H. Neumann
- W. Krynski

*(City of Calgary Assessment, Respondent)*

**PROPERTY DESCRIPTION:**

The subject property is a 166,600 SF office building located in the submarket area known as NONRES DT1 at 444 5 Ave. SW Calgary. The subject has 161,585 SF. 6 Parking stalls and 2621 SF of retail(lower) and 2394 SF of retail (upper)  
The property is assessed at \$ \$46,430,000.

**ISSUES:**

- rental rate
- vacancy
- cap rate

**COMPLAINANT'S REQUESTED VALUE:**

\$30,700,000

**BOARD FINDINGS:**

Both parties request to carry forward all evidence presented in hearing # 58791

**Rental Rate:**

On the complaint form the complainant requests the subject properties assessed rate of \$26.00/SF be reduced to \$20.00. This was revised to a request for \$18.50/SF in the evidence and at the hearing. The complainant presented an "ALL "B" rent analysis chart that reflected an average of \$20.09/SF.

The respondent replied that the chart included post-fact data, early renewals with free rent incentives and also included data from different market areas. The respondent also presented a rental rate summary that identified rental rates for "B" Class property as of Q2 2009. Colliers reported \$24.00/SF, CBRE reported \$26.00/SF and ALTUS Insite reported a rate \$33.44 SF.

**Vacancy:**

On the complaint form the complainant requested the subjects vacancy rate be increased from 8% to 12%. This was revised to a request of 17% in the evidence and at the hearing.

The complainant outlined site specific issues indicating two tenants that were in default and they presented a March 25 2010 ARFI for the subject indicating a 22.85% vacancy. They also included a CRESA Partners vacancy study of 44 buildings that indicated a head lease vacancy of 7.56%.

The respondent noted the ARFI presented was post facto and they presented a 2009 ARFI for the subject that indicated a 7.7% vacancy.

It was noted by the board that there was no evidence offered that indicated why the vacancy has occurred or that the vacancy was chronic.

**CAP RATE;**

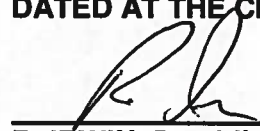
The complaint form indicated a request to increase the cap rate from 8% to 8.5%. Evidence was presented to indicate that the subject had a variety of risk factors that the board should consider regarding this issue. The complainant stated that historically the subject had a higher vacancy than the normal "B" class property and that the projected future economic shortcomings would impact the subject more than the normal "B" class properties.

The respondents noted that there are no valid sales in the Downtown Office category within the current valuation year. They presented an Altus Insite Q2 "B" class Capitalization Rate Summary that reported an overall capitalization rate range of 8.1% in Calgary.

**Board Decision**

After careful review of all the facts, evidence and argument presented during the hearing the board confirms the assessment at \$46,430,000

DATED AT THE CITY OF CALGARY THIS 1<sup>st</sup> DAY OF SEPTEMBER, 2010.

  
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**R. IRWIN, 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.*