

**CALGARY
COMPOSITE 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:

L.R. Loven, PRESIDING OFFICER

D. Cochrane, MEMBER

E. Reuther, MEMBER

This is a complaint to the Calgary Combined 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: 067092403

LOCATION ADDRESS: 707 10 Avenue S.W.

HEARING NUMBER: 58257

ASSESSMENT: 9,450,000

This complaint was heard on the 29th day of September, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- B. Ryan, representing Altus Group Limited, on behalf of Degi Citadel West General Partner Ltd.

Appeared on behalf of the Respondent:

- D. McCord, representing the City of Calgary

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

Both the Respondent and the Complainant confirmed to the Board that they had no procedural or jurisdictional matters to be raised.

This matter was originally scheduled to heard on October 4th, 2010, and was brought forward at the request of the Complainant and the Respondent.

Property Description:

The subject property consists of a 47,086 square foot 3 storey commercial office building known as the 707 Building, originally constructed in 1977, and renovated in 2004, located in the Beltline Community, on a 45,544 square foot parcel of land. The assessment is \$9,450,000.

Issues:

1. The rent rate is unfair and inequitable.

Complainant's Requested Value: \$8,620,000

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

Issue 1: Rent Rate

The Complainant submitted a rent roll for the subject property annual rates from \$7.75 (stepping up to \$8.25 and \$8.75) to \$18.00 per square foot.

The Complainant provided a table of five equity comparables showing a mean and median of \$15.00 per square foot office rate and \$20.00 per square foot retail rate for four Class "B-" buildings versus the subject at \$17.00 and \$22.00 per square foot for office and retail, respectively. The comparables varied in office space from 20, 385 to 72,207 square feet of offices space, zero to 8,076 square feet of retail space, and year of construction form 1912/2006 to 1999, versus he subject at 23,924 square feet of office space, 1,238 square feet of retail space, and year construction of 1912/2001.

The Complainant submitted a 2010 Income Approach Valuation for a property located at 738 11 Avenue SW (BL3 submarket area), showing an office space net market rent rate of \$15.00 per square foot, and a 2009 Income Approach Valuation for the same property showing a office space net market rent rate of \$21.00 per square foot.

The Complainant submitted a 2010 Income Approach Valuation for a property located at 625 11 Avenue SW (BL3 submarket area), showing an office space net market rent rate of \$13.00 per square foot.

The Complaint provided a table containing 26 leases in the Beltline giving an average and median start date of July, 2009 and July 16, 2009, respectively; an average and median rental area of 27,567 and 1,960 square feet, respectively; an average and median term of 5 years; an average and median rental rate of \$16.45 and \$16.00 per square foot, respectively; and, a weighted rental rate of \$15.70 per square foot, with a coefficient of dispersion of 0.12.

The Complainant submitted a 2010 Income Approach Valuation for a property located at 132 11 Avenue SE (BL2 submarket area), showing an office space net market rent rate of \$15.00 per square foot.

The Respondent submitted an analysis of the Complainant's leases, showing thirteen of the leases starting from January 1, 2009 to July 1, 2009 and a mean and median of \$17.90 and \$17.00 per square foot respectively, and a weighted average of \$16.92 per square foot; six leases starting in the same time frame in BL3 only had a mean and median of \$17.28 and \$6.60 per square foot respectively and a weighted average of \$16.82 per square foot, and a weighted average of \$16.82 per square foot; and , three leases for the subject property, also starting in the same time frame, have a mean and median of \$17.73 and \$17.20 per square foot respectively, and a weighted average of \$16.97 per square foot.

The Respondent submitted a table containing six BL2, 3 and 4 office leases showing an assessed office rent rate of \$17.00 per square foot and a mean and median for the period from July 1, 2088 to July 1, 2009 of \$17.88 and \$17.00 per square foot, and a mean and median for May 1, 2009 of \$17.00 per square foot and a weighted average of \$16.74 per square foot.

Based on its consideration of the above evidence and argument the Board finds that the comaparables provided by the Complainant were for Class "B-" buildings at \$15.00 per square foot for office space; whereas the subject property is a Class "B" building assessed at \$17.00 per square foot for office space. The Board notes that because the parking for the subject property is surface parking it is not included in the assessment.

Summary:

The only issues argued by the Complainant were the class of the subject building.

The valuation method applied in this instance was the Income Approach. The use of this approach to value is contextually allowed in the legislation. The Complainant did not argue that this approach was inappropriate.


The Board finds that the equity comparables presented by the Respondent support the assessed rate of office space of \$17.00 per square foot.

The Board further finds that the most recent non post facto leases and the rent roll for the subject property support the assessed office rent rate of \$17.00 per square foot.

Board's Decision:

For the reasons set forth above, the assessment of the subject property is hereby confirmed as follows: \$9,450,000.

DATED AT THE CITY OF CALGARY THIS 1 DAY OF NOVEMBER 2010.


L.R. LOVEN

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.*