

**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. Mowbrey, PRESIDING OFFICER

R. Deschaine, MEMBER

P. Grace, 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: 175216902

LOCATION ADDRESS: 600 CROWFOOT CR NW

HEARING NUMBER: 59204

ASSESSMENT: \$42,000,000

This complaint was heard on the 4th day of October, 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:

- D. Genereux

Appeared on behalf of the Respondent:

- K. Moore

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

There were no procedural or jurisdictional matters identified.

Upon questioning by the Presiding Officer, the parties present indicated they had no objection to the composition of the Board. In addition, the Board indicated they had no bias on this file.

Preliminary Issue:

The Respondent brought a preliminary issue to the Board. The Respondent stated the Complainant's rebuttal evidence was duplicating evidence and introducing new evidence. The Complainant stated that the evidence was in direct rebuttal to the Respondent's evidence. The Board recessed, deliberated and rendered a decision. The decision of the Board was to allow the rebuttal evidence.

Property Description:

The subject property is a four story multi-tenant suburban office located in the Arbour Lake district. The net rentable area is 113,385 square feet. The suburban office was built in 2008 and has a quality A+ rating. The property is assessed at \$42,000,000.

Issues:

1. Should the assessed vacancy rate be increased from 6% to 12% on the subject property?
2. Should the assessed rental rate be reduced from \$28 per square foot to \$22 per square foot?
3. Should the sale of the subject property influence the market value?

Complainant's Requested Value:

The Complainant's requested value is \$31,650,000.

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

1. Should the assessed vacancy rate be increased from 6% to 12% on the subject property?

The Complainant advised the Board the subject property has consistently experienced an annual 12% vacancy since it was constructed two years ago. (Exhibit C-1 page 51). The Complainant advised the Board there is a trend toward increased vacant space in existing buildings as there is a considerable amount of space recently built and under construction which will be completed in the near future. (Exhibit C-1 page 46).

The Respondent provided a chart to the Board regarding a Northwest Suburban Office Vacancy Study that showed 63 suburban offices were analysed. The study showed the mean vacancy was 3.61% and the median vacancy was 0.0%. The City has an assessed vacancy rate of 6% for the northwest area of the City. (Exhibit R-1 page 40). Although the chart is post facto, the Respondent provided information to the Board as of June 11, 2010. The chart comprised 42 select properties largely in the northwest zone. Including the subject property's vacancy rate of 9.14%, the median of the 42 properties is 0.42% and the mean of the 42 properties is 5.78%. The Respondent asked the Complainant regarding the subject properties vacancy rate and the Complainant stated the vacancy rate was site specific. The Complainant was asked if there was any further evidence regarding the vacancy rate for the subject property and the Complainant advised the Board there was no further evidence regarding the vacancy rate of the subject property.

Respecting the issue of the vacancy allowance, the Board was persuaded by the Respondent's vacancy chart in the northwest quadrant. The Respondent's vacancy rate study shows a vacancy rate of 3.61%. Accordingly, the Board finds the vacancy rate of 6% to prepare the assessment is confirmed.

2. Should the assessed rental rate be reduced from \$28 per square foot to \$22 per square foot?

The Complainant provided a chart to the Board showing 12 comparable suburban office buildings with the subject property. The comparables showed a median of \$22 per square foot. (Exhibit C-1 page 47). In addition, the Complainant provided the Board with a comparable that has a market net rental rate of \$22 per square foot. (Exhibit C-1 page 64).

The Respondent provided an A+ class suburban office study to the Board. The leases were signed in June 2008 to January 2009. The median lease rate was \$28 per square foot and the mean was \$26.95 per square foot. The Respondent advised the Board that two of the leases signed were in the subject property. The signed leases were for \$29 and \$30 per square foot. (Exhibit R-1 page 34).

The Respondent provided the Board with two years of assessment requests for information prepared by the owner. The information prepared by the owner showed the rental rates being achieved were higher than the assessed rental rate.

The Board was persuaded by the Respondent's evidence showing the owner had sent the City the assessment request for information, whereby the rental rates being achieved were higher than the assessed rental rate. (Exhibit R-1 pages 24-26 and 29-33).

The Board notes the Complainant did not provide any rent roll as part of the Complainant's evidence package. The only rental rate information for the subject property was in the Respondent's evidence package.

The Board believes the best evidence regarding rental rates was provided by the Respondent and the Board confirms the assessed rental rate at \$28 per square foot.

3. Should the sale of the subject property influence the market value?

The Complainant provided the Board with rebuttal evidence that stated the owner was a motivated purchaser as the owner had neighbouring properties to the subject property and this would make for a total package than would assist the Complainant's parking issue. The Complainant provided evidence that stated the owner paid more than the typical market price, because of internal influences and therefore should not be penalized for this strategy. (Exhibit C-2 page 10-15).

The Respondent notes the sale of the subject property occurred in July 2008. The sale was for \$49,675,000 and was considered an arm's length sale. The assessed value of the subject property was for \$42,000,000 one year later. (Exhibit R-1 page 37).


The Board was influenced by the sale of the subject property and considers the sale to be arm's length. The Board notes the current assessment of \$42,000,000 is 15% lower from the sale price in July 2008.

The Complainant did not provide sufficient or compelling evidence to show that the assessment should be altered.

Board's Decision:

The decision of the Board is to confirm the assessment of \$42,000,000.

DATED AT THE CITY OF CALGARY THIS 12th DAY OF OCTOBER 2010.


R. Mowbrey
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.*

Exhibits:

C-1 Complainant's evidence (109pages).

C-2 Complainant's rebuttal evidence (37 pages).

R-1 Respondent's evidence (79 pages).