

**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:**

***B. Horrocks, PRESIDING OFFICER***

***J. O'Hearn, MEMBER***

***D Pollard, MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of a 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>200768638</b>
<b>LOCATION ADDRESS:</b>	<b>11882 SARCEE TR NW</b>
<b>HEARING NUMBER:</b>	<b>59158</b>
<b>ASSESSMENT:</b>	<b>\$36,120,000</b>

This complaint was heard on the 17th day of November, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1

Appeared on behalf of the Complainant:

- Mr. K. Fong (Altus Group Ltd.)

Appeared on behalf of the Respondent:

- Ms. S. Turner

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

None. The merit hearing proceeded.

**Property Description:**

The subject property is a 9.98 acre parcel located in the Sherwood community in NW Calgary, within what is commonly referred to as the Beacon Hill Power Centre. The site contains 3 multi tenant retail buildings with the Brick and Future Shop as anchor tenants. The buildings were constructed in 2008 and are considered to be of B+ quality. The buildings contain a total of 118,080 sq. ft. of rentable area.

**Issues:**

The Assessment Review Board Complaint form contained 7 Grounds for Appeal, but at the outset of the hearing the Complainant advised that there were only 2 outstanding issues, namely:

1. The rental rate applied to the big box (20,000 – 70,000 sq.ft.) is neither fair nor equitable – a rate of \$15.00 /sq. ft. should be applied.
2. The rental rate applied to CRU 2,501 – 6000 sq.ft. are neither fair nor equitable – a rate of \$24.00 / sq. ft. should be applied.

**Complainant's Requested Value:** \$28,430,000

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

**Issue** Rent Rate CRU 2501 – 6000 SQ. FT.

The Complainant submitted Evidence Submission labelled C-1 and requested a change in the applied rental rate from \$29.00 to \$24.00 / sq. ft.

The Complainant, at page 25, provided the Lease Summary which contained 11 leases with 9 rental rates at \$30.00, 1 rental rate at \$31.00 and 1 rental rate at \$31.50 / sq. ft. respectively.

The Complainant, at page 448, provided 6 Equity Comparables, from within the same Power Centre, with assessed rents for Business of \$27.00 / sq. ft. and 3 Equity Comparables from the Country Hills Power Centre with assessed rents for property of \$24.00 / sq. ft. and argued the subject should be treated equitably with the Country Hills Power Centre.

The Respondent, at page 14, provided the same 11 leases from the subject plus an additional 8 leases from the same Power Centre. The combined leases had a median rental rate of \$30.00 / sq. ft. The respondent argued that they would not go outside the subject Power Centre for additional data if they believed their sample was of sufficient size to describe the market.

The Board finds the leases from within the subject, with a median lease rate of \$30.00 / sq. ft to be supportive of the \$29.00 / sq. ft. assessed rate.

**Issue** Rent Rate CRU 20,000 – 70,000 SQ. FT.

The Complainant requested a change in the applied rental rate from \$20.00 to \$15.00 / sq. ft.

The Complainant, at page 25, provided the Lease Summary which contained the two big box retailers in the subject. The lease rates were \$23.00 and \$20.00 / sq. ft. respectively.

The Complainant, at page 44, provided the Altus Group Box Store Leasing Summary which contains 44 lease comparables from throughout the City with a median lease rate of \$15.00 / sq. ft. The leases ranged from 1997 to 2009.

The Respondent, at page 15, provided the same 2 leases from within the subject plus an additional 4 comparable leases from within the same Power Centre. The 6 leases combined have a median rental rate of \$20.00 / sq. ft. The Board calculated the average rental rate to be \$16.88 / sq. ft.

The respondent, at pages 19 and 21, provided 2 equity comparables from within the same Power Centre with assessed rental rates of \$20.00 / sq. ft..

The Board finds the lease comparables provided from throughout the City more compelling than the 2 leases from within the Power Centre.

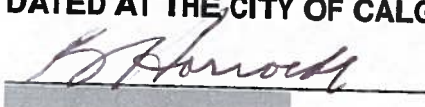
The Board notes that the 44 lease comparables are somewhat dated (all the way back to January 1997) and chose to review the most current leases (#2 thru #8) from within the base year (July 1, 2008 to June 30, 2009) and concluded that a rate of \$15.00 / sq. ft. reflects the market value for this size of space.

**Board's Decision:**

Substituting the new rate of \$15.00 / sq. ft. for the CRU 20,000 – 70,000 space into the Income Approach and retaining the same vacancy rates (1 & 2%), Operating costs of \$9.00 / sq. ft. and Non Recovery (1%) yields a Net Operating Income (NOI) of \$2,365,692 which when capitalized at 7.5% yields a property value of \$31,542,560.

The 2010 assessment is reduced to \$31,540,000.

DATED AT THE CITY OF CALGARY THIS 25<sup>th</sup> DAY OF November 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.*