

**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:

L. Lundgren, PRESIDING OFFICER

J. Rankin, MEMBER

S. Rourke, 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:	201181732
LOCATION ADDRESS:	58 Aero Dr NE
HEARING NUMBER:	59269
ASSESSMENT:	\$11,190,000

This complaint was heard on the 15th day of Nov, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *D. Chabot* *Agent, Altus Group Ltd*

Appeared on behalf of the Respondent:

- *K. Buckry* *Assessor, City of Calgary*

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

There were no procedural or jurisdictional matters.

Property Description:

The subject property is a 6.52 acre parcel of land improved with a multi tenant warehouse that has 138,812 square feet of rentable space. The subject parcel forms part of the Calgary Airport land and is leased from the Calgary Airport Authority (CAA).

All of the airport land properties, including the subject, are assessed on the income approach to value using a vacancy rate of 5.25%.

Issues:

1. What is the correct vacancy rate to value the subject property for assessment purposes?
2. What is the correct rental rate for the subject property?

The only issues that the Complainant brought forward in the hearing before the Composite Assessment Review Board (CARB) are those referred to above, therefore the CARB has not addressed any of the other issues initially raised by the Complainant on the complaint form.

Complainant's Requested Value: \$ 6,200,000

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

1. What is the correct vacancy rate to value the subject property for assessment purposes?

The Complainant requested that a vacancy rate of 25% be used to calculate the assessment because the subject property suffers from chronic vacancy. The subject improvement was constructed in 2007 and since the first quarter of 2007, the building has been approximately 75% vacant. The only tenant in the building is Bell Helicopter which has leased 38,351 square feet.

The Complainant submitted that the properties located on CAA land have experienced high vacancy rates as opposed to the industrial properties located in other industrial areas. In support of this statement, the Complainant submitted an Airport Vacancy study using nineteen airport properties with a total area of 2,347,071 square feet having an average vacancy rate of 14.34% as of July 1st, 2009. The actual vacancy rate of the subject is 73%, and the Complainant requested that a vacancy rate of 25% be applied to the subject for assessment purposes.

The Complainant submitted a decision, ARB 0832/2010-P, that deals with the issue of chronic vacancy in a shopping centre. As of the valuation date, the shopping centre had an actual vacancy rate of 28.79% for more than three years. The Board applied a 25% vacancy rate in that instance.

The Respondent agreed with the Complainant's position that there is a problem renting space in this building, however, the Respondent stated that there are no locational or physical reasons for the problem.

The Board finds that the subject suffers from an abnormally high vacancy rate that has persisted since early in 2007, and in recognition of the vacancy problem, the Board will apply a 25% vacancy rate to value the subject property.

2. What is the correct rental rate for the subject property?

The Complainant requested that a rental rate of \$6.00psf be applied to the vacant space in recognition of the vacancy problem. The \$6.00psf rental rate is derived from a Space for Lease sheet published by Barnicke. The listing is not dated, but the Complainant believes it was a 2008 listing. The building remains approximately 75% vacant.

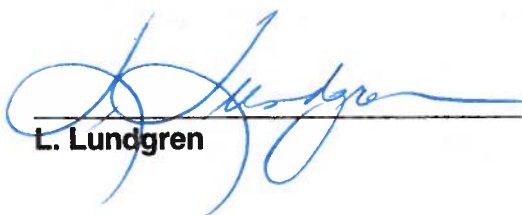
The Respondent pointed out that Bell Helicopter rents space in the building for \$12.32psf and the Respondent does not support a reduction in the rental rate for the vacant space.

The Board finds that the correct method of valuing the subject property is to apply a typical rental rate of \$8.00psf to the entire building, and a vacancy allowance of 25% in recognition of the abnormal vacancy. This results in a revised assessment of \$7,910,000.

Board's Decision:

The complaint is allowed and the property assessment is reduced to \$7,910,000.

DATED AT THE CITY OF CALGARY THIS 8 DAY OF December 2010.


L. Lundgren

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.*