

**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***

***A. Blake, MEMBER***

***K. Farn, 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>757118708</b>
<b>LOCATION ADDRESS:</b>	<b>85 SHAWVILLE BV SE</b>
<b>HEARING NUMBER:</b>	<b>59868</b>
<b>ASSESSMENT:</b>	<b>\$23,230,000</b>

This complaint was heard on the 30th 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. M. Byrne

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

None, The merit hearing proceeded.

**Property Description:**

The subject property is a 7.73 acre parcel located in the Shawnessy community in SE Calgary, within what is commonly referred to as the Shawnessy Power Centre. The site contains 3 multi tenant buildings and 3 single tenant buildings that were constructed in 1999 and are considered to be of B+ and B- quality. There is a total of 86,226 sq. ft. of Rentable Area.

**Issues:**

The Assessment Review Board Complaint form contained 16 Grounds For Appeal. At the outset of the hearing, the Complainant advised that there were only two outstanding issues, namely: The assessed rates are neither fair nor equitable and the allocation of fast food pad site restaurant is incorrect.

**Complainant's Requested Value:** \$21,650,000

**Board's Decision in Respect of Each Matter or Issue:****Issue** Allocation of fast food pad site restaurant

The Complainant submitted Evidence Submission labelled C-1.

The Complainant advised that the original Rentable Areas had been reallocated by reducing the Restaurant Fast Food Sub Component from 4,418 sq. ft. to 3,087 sq. ft. and adding 1,331 sq. ft. to the CRU 1000 < 2500 Sub Component. The total area remained unchanged.

**Issue** Rent rate Major Tenants

The Complainant requested the Net Market Rent rate be reduced from \$16.00 to \$15.00 / sq. ft.

The Complainant, at page 49, provided Altus Group Box Store Leasing Summary which contains 44 leases with lease start dates ranging from January 1, 1997 to August 1, 2009. He noted the median lease rate was \$15.00 / sq. ft. and the average lease rate was \$15.27 / sq. ft. More specifically, he noted the average lease rate, of those leases numbered 2 thru 8, that were entered into during the assessment year was 15.05 / sq. ft.

The Complainant advised that the Rent Rate for CRU 20,000 – 70,000 SQ. FT. within CARB 2137/2010-P had been reduced to \$15.00 / sq. ft.

The Respondent submitted Assessment Brief labelled R-1.

The Respondent, at page 22, provided 2 lease comparables from the same Power Centre with rates of \$16.25 and \$20.00 / sq. ft. and 1 lease comparable from South Trail with a lease rate of \$15.00 / sq. ft. It was noted the Lease Year was 2009 in all cases.

The Respondent, at page 23, provided the 2010 Business Assessment Comparable Report

which showed the subject and 2 comparables had Net Annual Rental Values (NARV) of \$16.00.

The Board finds the evidence from the Complainant to be more compelling. The Net Market Rent rate for the Major Tenants Sub Component is reduced to \$15.00 / sq. ft.

**Issue** Rent rate CRU 1000 < 2500

The Complainant requested the Net Market Rent rate be reduced from \$28.00 to \$25.00 / sq. ft.

The Complainant, at page 453, provided 14 lease comparables from within the same Power Centre with a median lease rate of \$24.50 / sq ft.

The Respondent, at page 25, provided 3 lease comparables, from different locations in the SE, with lease rates of \$27.00, \$30.00 and \$34.72 / sq. ft.

The Respondent, at page 26, provided 3 Business Assessment equity comparables with NARVs of \$28.00.

The Board finds the lease comparables from the Complainant, from within the same Power Centre, to be more compelling. The Net Market Rent rate for the CRU 1000 < 2500 Sub Component is reduced to \$25.00 / sq. ft.

**Issue** Rent rate CRU 2500 < 6000

The Complainant requested the Net Market Rent rate be reduced from \$26.00 to \$24.00 / sq. ft.

The Complainant, on page 453, provided 6 lease comparables from within the same Power Centre with a median lease rate of \$23.75 / sq. ft.

The Respondent, at page 28, provided 2 lease comparables from South Trail with lease rates of \$23.61 and \$25.00 / sq. ft. and 1 lease from the same Power Centre with a lease rate of \$24.00 / sq. ft.

The Respondent, at page 29, provided 3 equity comparables with NARVs of \$26.00.

The Board finds the lease comparables from both parties support the requested rent rate of \$24.00 / sq. ft. The Net Market Rent rate for CRU 2500 < 6000 Sub Component is reduced to \$24.00 / sq. ft.

**Issue** Rent rate CRU > 6000

The Complainant requested the Net Market Rent rate be reduced from \$21.00 to \$19.00 / sq. ft.

The Complainant, at page 454, provided 3 leases (dated 99, 00 and 02) with rent rates of \$17.25, \$17.00 and \$18.00 / sq. ft.

The Complainant, at page 463 and 464, provided 12 equity comparables with NARVs of \$19.00.

The Respondent, at page 31, provided 2 recent leases from south Trail with rent rates of \$22.00 and \$31.00 / sq. ft.

The Respondent, at page 32, provided 3 equity comparables from within the same Power Centre with NARVs of 21.00.

The Board finds the evidence from the Respondent supports the applied rate of \$21.00/ sq. ft.

**Board's Decision:**

Substituting the reduced rent rates into the Income Approach Valuation and redistributing the areas as agreed, yields a Potential Gross Income (PGI) of \$1,730,336. Utilizing the same parameters for Major Vacancy (1.0%), CRU Vacancy (2.0%), Non Recoverable Allowance (1.0%) and Vacant Space shortfall (\$9.00 / sq. ft.) yields a Net Operating Income of \$1,671,537 which when capitalized at 7.5% yields a market value of \$22,287,160.

The 2010 assessment is reduced to \$22,280,000.

DATED AT THE CITY OF CALGARY THIS 6<sup>th</sup> DAY OF DECEMBER 2010.



**B. Horrocks**  
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.*