

**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, Revised Statutes of Alberta 2000 (the Act).

Between

***Dundeal Canada (GP) Inc., (as represented by Colliers International Realty Advisors Inc.),
COMPLAINANT***

And

The City Of Calgary, RESPONDENT

Before:

***M. Chilibeck, PRESIDING OFFICER
R. Deschaine, MEMBER
A. Wong, 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 2012 Assessment Roll as follows:

ROLL NUMBER: 067169508

LOCATION ADDRESS: 1414 – 8 ST SW

HEARING NUMBER: 65949

ASSESSMENT: \$10,810,000

[1] This complaint was heard by the Composite Assessment Review Board on 20th day of July, 2012 in Boardroom 11 on Floor Number 3 at the office of the Assessment Review Board located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- T. Howell

Appeared on behalf of the Respondent:

- L. Wong

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

[2] Neither party raised any objections to a member of the Board hearing the subject complaint.

[3] There were no preliminary matters raised by either party.

Property Description:

[4] The subject property is a 58,748 square foot, six storey, office building situated on the southwest corner of 8th Street and 14th Avenue located in the Beltline district in the Southwest (SW) quadrant of the City of Calgary. It is known as the Mount Royal Place Office Building. The property is categorized to be in Non-residential Zone (NRZ) of Beltline 4 (BL4) for assessment purposes.

Issues:

[5] The Complainant identified the matter of an assessment amount on the Assessment Review Board Complaint and attached a list outlining several reasons for the complaint. At the hearing the Complainant identified the issues as follows:

1. The market net rental rate should be decreased to \$11 (from \$13) per square foot of building area.
2. The capitalization rate should be increased to 8.25% (from 7.75%).

Complainant's Requested Value: \$8,890,000

Board's Findings in Respect of Each Issue:

1. Net Rental Rate

[6] The subject property is assessed on the capitalized income method with a net rental rate of \$13 per square foot of building area and a capitalization rate of 7.75%.

[7] The Complainant argued the rental rate should be \$11 per square foot as supported by the eight recent leases (January, 2010 to July 2011) from within the subject building which range from \$10 to \$14 per square foot.

[8] The Respondent disclosed the 2012 Beltline Office B Class Rent Study with a median of \$13 per square foot in support of the assessed rate.

[9] The rent roll shows the rates to range from \$10 to \$30 per square foot. The Board finds that some of the newer leases, commencing July, 2011, are at \$13 and \$14 per square foot and this supports the assessed rate of \$13 per square foot. The Complainant did not provide any comparable rent rates of other similar office buildings.

2. Capitalization Rate

[10] The Complainant provided two sale comparables in support of the requested capitalization rate (cap rate) of 8.25%. The Board finds these comparables are not sufficiently similar to the subject to infer a capitalization rate for the subject. The cap rate for these comparables was determined by the Complainant on the rent rate of \$18 per square foot of building area versus the subject that is assessed at \$13 per square foot. Even though the two comparables are similar to each other in size and class, the Board finds the difference in the rent rate between the comparables and the subject shows that the comparables are significantly superior to the subject. Also, the indicated cap rate for the comparables at 7.82 % and 8.28% indicates an average at 8.05%. The Complainant had no explanation why 8.25% was chosen.

Board's Decision:

[11] The Board confirms the assessment at \$10,810,000.

DATED AT THE CITY OF CALGARY THIS 10th DAY OF Aug 2012.



M. Chilibeck
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD**

NO.	ITEM
1. C1	Complainant's Disclosure
2. C2	Complainant's Disclosure
3. R1	Respondent's Disclosure

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.*

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Decision No. 046-1124-2012P			Roll No. 067169508	
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Office	High Rise	Income Approach	-Capitalization Rate -rental rate