

**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

***Stepper Centre 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: 445110109

LOCATION ADDRESS: 120 – COUNTRY HILLS LD NW

HEARING NUMBER: 66212

ASSESSMENT: \$6,490,000

[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 suburban, class A, low-rise, office building (two storeys) with 22,166 square feet of office space and 5,745 square feet of storage space (total of 27,911 square feet) constructed in 2006. It is situated on 2.08 acres of land located at Country Hills Landing in Northwest (NW) Calgary. The subject is known as the Stepper Centre.

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 reduced to \$20 per square foot of office area (from \$21).
2. The capitalization rate should be increased to 7.25% (from 7%).

Complainant's Requested Value: \$5,970,000

Board's Findings in Respect of Each Issue:

[6] The subject property is valued using the capitalized income method. The assessment (at \$232 per square foot of building area) is determined by applying a net rent of \$21 per square foot on the above grade office area and a capitalization rate (cap rate) of 7%.

1. Rental Rate

[7] The Complainant disclosed the December, 2010 sale of an adjacent property at 110 Country Hills Landing for \$6,375,577 (at \$231 per square foot) and the April, 2010 sale of 150 Country Hills Landing (at \$191 per square foot) and asserted these sales indicate the subject is over assessed. Eight lease rate comparables were provided by the Complainant to "illustrate how we derive at a reduction".

[8] The Board is not persuaded to reduce the subject assessment according to the sale prices because the sale of 110 Country Hills Landing is part of a three property portfolio sale and the Complainant did not provide any information that would provide an understanding how the sale price was determined or allocated. The portfolio sale is for property in three different locations in Canada and this leads the Board to question the sale price for 110 Country Hills Landing; The Board considers the subject sale to be a non-arms transaction and therefore believes the sale price is not reliable.

[9] The Board finds the Sale of 150 Country Hills Landing not sufficiently similar to the subject; it is an industrial building with 50% office finish. The Alberta Data Search information for 150 Country Hills Landing identifies the building use as office/warehouse.

[10] The rental rates for the lease comparables range from \$13 to \$21 per square foot with a median of \$20 per square foot and the lease commencement dates range from January, 2010 to February, 2011. One comparable is from the subject building (rate of \$20 and start date of July, 2010), three comparables are from Harvest Hills, three comparables from Airport Corporate Centre and one from Deerport Centre.

[11] Except for the Harvest Hills comparables (which are close to the subject), the Board finds the Complainant's lease comparables to be in a different area and significantly superior to the subject (according to the Respondent); they are located in Northeast (NE) Calgary; Airport Corporate Centre (at the Calgary International airport) and Deerport Centre (east of Deerfoot Trail and north of 64 Avenue). The Harvest Hills comparables range in rate from \$19.50 to \$21 per square foot which the Board finds support the assessed rate of \$21.

[12] The Complainant did not provide the rent roll for the subject to support the rent rate of \$20. The onus of proof is on the party alleging a fact (the rental rate of \$20); here the complainant has not provided evidence to tip the balance of probabilities in the Complainant's favour.

2. Capitalization Rate

[13] The Complainant provided two sale comparables in support of the requested cap rate of 7.25%. The Board placed no weight on these sales because one sale (110 Country Hills Landing) is part of a three building office portfolio in Toronto, Mississauga and Calgary and the other sale (150 Country Hills Landing) is an industrial warehouse with office finish. Also, the Complainant provided no analysis of the sales to show how the sales support a cap rate of 7.25%

[14] The Complainant did not provide any information on the portfolio sale that would provide an understanding as to how the sale price for each property in the portfolio was determined or allocated. The portfolio sale is for property in three different locations in Canada and this leads the Board to question the sale price for 110 Country Hills Landing because the Board was not provided with any market information for each location. The Board believes the sale price of the subject is not reliable.

[15] The Alberta Data Search information for 150 Country Hills Landing identifies the building use as office/warehouse and the Real Net information identifies the tenancy sub-type as flex office. The Board finds this supports the Respondent's assertion that it is not an office building but an industrial building with office finish (building area of 16,500 square feet with 7,500 square feet of office improvements).

Board's Decision:

[16] The Board confirms the assessment at \$6,490,000.

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. 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. 046-1126-2012P			Roll No. 445110109	
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Office	Low Rise	Income Approach	-Rent Rate -Cap Rate