

**CALGARY
ASSESSMENT REVIEW BOARD
REVISED 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), Revised Statutes of Alberta 2000 (the Act).

between:

***CB Richard Ellis Alberta Ltd, COMPLAINANT,
as represented by
Altus Group***

and

The City Of Calgary, RESPONDENT

before:

***Ted Helgeson, PRESIDING OFFICER
Yvette Nesry, MEMBER
Joe Massey, 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 2011 Assessment Roll as follows:

ROLL NUMBER: 175036920

LOCATION ADDRESS: 400 Crowfoot Crescent N.W.

HEARING NUMBER: 63384

ASSESSMENT: 22,990,000

This complaint was heard on the 27th day of June, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *D. Genereux*

Appeared on behalf of the Respondent:

- *Magan Lau*

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

No procedural or jurisdictional matters were raised.

Property Description:

The subject property is an office building located on the north side of Crowfoot Crescent N.W., in the Arbour Lake community. Constructed in 2001, the subject has 77 underground parking stalls, and a floor area of approximately 68,426 square feet, of which 23,228 square feet is retail space, and the rest office space. The subject has been assessed as an "A" class office building, with an assessment per square foot of \$336.

Issues:

1. Is the assessment of the subject property incorrect because the assessor used rents for office space that do not reflect market rents?
2. Is the assessment of the subject property fair and equitable in comparison with other, similar properties?
3. If the assessment of the subject property is not fair and equitable, what would be a fair and equitable assessment?

Complainant's Requested Value: \$20,200,000.

The Complainant's Position:

The assessment of the subject property is incorrect when compared to market leases of other comparable "A" class office buildings in the northwest. The Board agreed in decision 1227/2010P that the subject property should be assessed at a lower rate for the 2010 tax year. Ten leases in buildings comparable to the subject, i.e., the Foothills Professional Building at 1620 29th Street N.W., the Northland Professional Building at 4600 Crowchild Trail N.W., and the Crowfoot Business Centre at 600 Crowfoot Crescent N.W., show a median rent of \$20.50 per square foot, and a weighted average of \$20.25 per square foot. Accordingly, a rental rate in the range of \$20 per square foot is appropriate for the subject property. A reduction in the annual rental rate for office space, from \$25 per square foot to \$20 per square foot, is all that is

being requested. All other factors remain the same.

Furthermore, assessments of similar "A" class properties, i.e., the Alberta Research Council building at 3608 33rd Street N.W., the Agriculture Canada building at 3650 36th Street N.W., and Discovery Place, at 3553 31st Street N.W., show an average assessment of \$208 per square foot, and a median assessment of \$195 per square foot. These figures support an assessment for the subject property of \$200 per square foot. The assessment rate of the subject property should not exceed \$200 per square foot.

The Respondent's Position

The subject property is an "A+" quality suburban office. The three equity comparables the Complainant relies on to support an assessment rental rate of \$20 per square foot are "A2" class buildings. The subject property includes surface and covered parking, while the Complainant's comparables have only surface parking. The subject is assessed equitably (at a market rental rate of \$25 per square foot for office space) when compared to four other "A+" office buildings in the northwest that include covered parking, i.e., 600 Crowfoot Crescent NW, 120 Country Hills Landing N.W., 1816 Crowchild Trail N.W., and 3636 Research Road N.W.

Three of the leases submitted by the Complainant in support of a reduction in assessed rent have *ex post facto* commencement dates, i.e., commencement dates subsequent to the valuation date of July 1st, 2010. The rent analysis table below shows submarket area, building quality, year of construction (YOC), lease commencement date, leased area, and the lease rental rate for four leases in the subject property, and one in a comparable property. These leases indicate a median value for office space of \$24.00 per square foot, with a weighted mean of \$25.30 per square foot. This supports the assessed value of the subject property.

Address	Submarket Area	Quality	YOC	Lease Commencement Date	Lease Area (SF)	Lease Rental Rate
600 Crowfoot Cr NW	CF1	A+	2008	04/01/2010	4,737	\$24.00
400 Crowfoot Cr NW	CF1	A+	2001	01/01/2010	1,877	\$33.00
400 Crowfoot Cr NW	CF1	A+	2001	02/01/2010	800	\$35.00
400 Crowfoot Cr NW	CF1	A+	2001	10/01/2009	1,053	\$20.00
400 Crowfoot Cr NW	CF1	A+	2001	06/01/2010	1,974	\$20.00

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

None of the Complainant's equity comparables are A+ properties. They are "A-" properties, therefore *prima facie* not comparable to the subject, an A+ property. With reference to the three properties in the Complainant's rent analysis table, only one, the Crowfoot Business Centre at 600 Crowfoot Crescent NW, is an "A+" property. The Board accepted the Respondent's submission that 600 Crowfoot Crescent N.W., an A+ building very near the subject property, is the best comparable of all, and accordingly, the Board gave it due weight in deciding this complaint.

The Board noted that upon removing from the Respondent's rent analysis table the retail spaces which the Respondent admitted were entered in error, i.e., 1,877 square feet and 800 square feet, the weighted mean for the office space of the subject property and its best comparable became \$22.44 per square foot, and the average \$21.30 per square foot. Faced with this evidence, the Board concluded that, in all of the circumstances, a rental rate of \$22 per square foot was a fair and equitable rental rate for office space in the subject property.

Board's Decision:

It is the decision of the Board that, based on a rental rate of \$22 per square foot for office space, the assessment of the subject property be reduced to \$21,320,000.

DATED AT THE CITY OF CALGARY THIS 5 DAY OF August 2011.



Presiding Officer

Exhibits Submitted:

- C-1, Complainant's written argument.
- R-1, Respondent's Assessment brief.
- C-2, Complainant's rebuttal.

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.*