

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

between:

Shaw Cablesystems Ltd. (as represented by Colliers International Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***C. McEwen, PRESIDING OFFICER
J. Mathias, MEMBER
S. Rourke, 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: 200798478

LOCATION ADDRESS: 2421 37 AV NE

HEARING NUMBER: 63002

ASSESSMENT: \$21,190,000

This complaint was heard on the 5th day of July, 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:

- C. Hartley
- A. Farley

Appeared on behalf of the Respondent:

- G. Good

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

There were no procedural or preliminary matters raised.

Property Description:

The subject property is the Meridian Corporate Park in NE Calgary, a suburban office complex comprised of three cantilevered buildings of approximately 37,000 square feet each, 113,370 square feet in total. The buildings were constructed in 1978 and are rated as A2 quality for assessment purposes.

Issues:

Is the subject property assessment higher than market value and, therefore, inequitable to comparable properties?

Specifically, is the subject property incorrectly classified and, therefore, has the incorrect rent rate and cap rate been applied for assessment purposes?

Complainant's Requested Value:

\$11,460,000

Board's Findings and Reasons in Respect of Each Matter or Issue:

The Complainant provided a table indicating the total inventory of A2 and B suburban office buildings in NE Calgary. The Complainant argued that the subject property was a more comfortable fit with the B inventory based on age, size, location, parking type and amenity criteria. The Complainant provided photographs of seven A2 properties and argued that the A2 classification of suburban offices contained a 'hodge podge' of building types including contemporary office buildings with exposure to DEERFOOT TRAIL, the Aero Space Museum (a converted hangar) and small medical offices. The Complainant argued that the characteristics of the subject bore little resemblance to these properties. The Complainant provided a table of six equity comparables, located in NE Calgary, classified as B properties and assessed at \$12 per square foot. The Complainant also provided photographs of the equity comparables and argued that the characteristics of each building aligned very closely with those of the subject. The Complainant also provided an Assessment Summary Report for each equity comparable

indicating that each property was assessed using a rent rate of \$12 per square foot and a cap rate of 8.75%. The Complainant provided a lease comparable table indicating five, class B suburban office buildings with rent rates ranging from \$12.00-\$13.25 per square foot. Photographic evidence of each lease comparable was provided to indicate the similarity of these buildings to the subject property.

The Respondent provided a Lease Comparable table containing seven A quality properties. The lease rates provided a range of \$16-\$21 per square foot, a mean of \$17.71 per square foot and an assessed rate of \$18 per square foot. In addition, the Complainant provided a photograph of each lease comparable. The Respondent also provided a table containing four NE equity comparables assessed at \$18 per square foot and a lease comparable table that provided twenty-five B quality buildings indicating a median lease of \$12 per square foot. The Respondent argued that a building's classification is driven by the earning power of the building and usually supported by the building's leases.

In rebuttal, the Complainant provided photographs of seven of the Respondent's B quality buildings and argued that the physical characteristics of the subject bore a much closer resemblance to the B buildings than to those buildings classified as A.

The Board finds the subject property to be misclassified as an A suburban office building. The Complainant provides overwhelming evidence regarding the age, location, amenities and parking type of the subject to convince the Board that the subject belongs more comfortably with the B comparable properties presented. The photographic evidence strongly supports this decision. The Board finds no subject leasing before it to support the A classification.

Based upon the evidence provided by both parties, the Board accepts a rental rate of \$12 per square foot and a cap rate of 8.75% as typical rates for B suburban office space.

Board's Decision:

The assessment is reduced to \$11,460,000.

DATED AT THE CITY OF CALGARY THIS 27 DAY OF July 2011.


C. McEwen
Presiding Officer

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

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