

**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:**

***Dundee Flex Properties Inc. (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:

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**ROLL NUMBER: 049016108**

**LOCATION ADDRESS: 3030 SUNRIDGE WY NE**

**HEARING NUMBER: 61425**

**ASSESSMENT: \$5,020,000**

This complaint was heard on the 7<sup>th</sup> 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:

- T. Neal

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

No procedural or jurisdictional matters were raised.

**Property Description:**

The subject property is a 26,894 square foot, A- quality, single storey suburban office building located in the Sunridge district of NE Calgary. The subject improvement, constructed in 2000, provides flex office space to the marketplace. The subject property is assessed using the Income Approach to Valuation with a \$18 per square foot rental rate, 12% vacancy, \$12.50 per square foot operating cost, 2% non-recoverable and a capitalization rate of 7.50%.

**Issues:**

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

Specifically, is the assessed rental rate too high?

**Complainant's Requested Value:**

\$3,630,000

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

The Complainant provided six leases within the subject building that indicated rental rates between \$13.50 and \$20 per square foot. The Complainant argued that the most recent lease, commencing November 1, 2010 at \$13.50 per square foot, was the most reliable indicator of market rents at the valuation date and supported the requested assessment value.

In addition, the Complainant provided a table of eight lease comparables taken from leases within A+, A2 and A- quality buildings situated in NE Calgary that indicated a range of \$13.50-\$19.50 per square foot. The Complainant argued that if higher quality properties were commanding \$18 per square foot rents, then inferior properties would certainly receive rents significantly lower, again, supporting the requested rent rate of \$13.50 per square foot.

The Respondent provided a table of five equity comparables for A- and A2 properties located in NE Calgary assessed at \$18 per square foot. In addition, the Respondent provided a table of seven lease comparables for NE properties that indicated a range of \$16-\$21 per square foot, a mean of \$17.71 per square foot and a weighted mean of \$20.42 per square foot. The Respondent argued that the lease comparables supported the assessed rate of \$18 per square foot which had been applied equitably to like properties.

The Complainant argued in rebuttal, that the Respondent's lease comparable analysis was skewed by two leases that were not indicative of the marketplace. The lease at 3030 2 AVE SE is a renewal lease that has been in place for many years and the building located at 233 MAYLAND PL NE is an office condominium building that is assessed by the City using a different valuation methodology, Direct Sales.

The Board finds the Complainant's best subject lease at \$13.50 per square foot to be four months post facto and, therefore, provides it less weight than leases within the valuation period. The Board notes that the assessed rate of the subject property falls within the range of the remaining subject leases.

The Board also finds the Complainant's best lease comparable to be the property located at 4311 12 ST NE which, like the subject, is a single storey, flex office structure. The lease rate provided from this comparable is \$18 per square foot.

The Board agrees that the Respondent lease comparable located at 3030 2 AVE SE is an unreliable indicator of market rents given its single tenant status since 1977. Even so, the remaining six leases provide a mean of \$17.16 per square foot, reasonably supportive of the \$18 per square foot assessment rate. The Board accepts the lease at 233 MAYLAND PL NE as no evidence is provided that indicates the space within this building would lease any differently than non-condo properties on the marketplace.

In summary, the Board finds the relevant evidence before it more supportive of an assessment rate of \$18 per square foot than the requested rate of \$13.50 per square foot.

**Board's Decision:**

The assessment is confirmed at \$5,020,000.

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

  
**C. McEwen**  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
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.*