

**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:

***London Life Insurance Company (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: 071135305

LOCATION ADDRESS: 325 25 ST SE

HEARING NUMBER: 64161

ASSESSMENT: \$42,240,000

This complaint was heard on the 8th 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:

There were no procedural or preliminary matters raised.

Property Description:

The subject property is a 167,840 square foot suburban office located in the Meridian district of NE Calgary. The subject, constructed in 2002, is classified A+ for assessment purposes and is assessed using the Income Approach to Value.

Issues:

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

Specifically, is the assessed rental rate correct?

Complainant's Requested Value:

\$37,380,000

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

The Complainant accepted the classification of the subject building as A+ but argued that the typical rate of \$21 per square foot assessed the subject, is higher than the market rate. In support, the Complainant provided a chart of five A+ NE comparables indicating a range of rent rates from \$13.50-\$19.50 per square foot. The Complainant provided photographs of the lease comparables and argued that the evidence supported an assessed rental rate of \$18 per square foot.

The Respondent provided the subject Assessment Request for Information (ARFI) indicating a range of lease rates from \$16.50-\$27 per square foot. The Respondent also provided a chart of ten A+ NE lease comparables indicating a range of lease rates from \$13.50-\$36 per square foot, a mean of \$21.83 per square foot and a weighted mean of \$23.55 per square foot. Photographic evidence of the NE comparables was provided to confirm the similarity of the subject building and the comparables. The Respondent also provided the RealNet transaction summary for the sale of the A+ property located at 2535 3 AVE SE (the Golder Building),

adjacent to the subject property. The Respondent pointed out that the Golder Building had sold close to the valuation date on March 2, 2010 for \$316 per square foot and that the subject has been assessed at \$251 per square foot. The Respondent also provided two ARFIs from the Golder Building that indicated rates of \$19.50-\$21 per square foot within the valuation period. Additionally, the Respondent provided a third party summary published by Altus InSite that indicated the estimated lease asking rate for Class A space in NE Calgary to be \$22.75 per square foot during the second quarter of 2010.

In rebuttal, the Complainant challenged the Respondent's chart of NE lease comparables and provided evidence that two leases for Public Works & Government Services Canada were incorrectly reported at \$35 and \$36 per square foot. The correct rate is \$24 per square foot.

The Board accepts \$21 per square foot as the typical rate for A+ suburban office as the Complainant has not provided sufficient evidence to challenge it. The Complainant's lease comparables are not given much weight as they are either post facto (2), involve a one-year lease or the lease of an entire building. The subject lease at \$19.50 per square foot is midway between the assessed rate of \$21 per square foot and the requested rate of \$18 per square foot, and is not accepted by the Board as firm support for a reduction in assessed rate.

Finally, the Board accepts the sale of the Golder Building at \$316 per square foot very supportive of the subject assessment at \$252 per square foot.

Board's Decision:

The assessment is confirmed at \$42,240,000.

DATED AT THE CITY OF CALGARY THIS 28 DAY OF July 2011.

C. McEwen

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.*