

**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:**

***Loblaw Properties West Inc.,  
(as represented by Altus Group Ltd.), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***L. Wood, PRESIDING OFFICER  
I. Fraser, MEMBER  
R. Cochrane, 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:

<b>ROLL NUMBER:</b>	<b>048027403</b>
<b>LOCATION ADDRESS:</b>	<b>2928 23 ST NE</b>
<b>HEARING NUMBER:</b>	<b>64689</b>
<b>ASSESSMENT:</b>	<b>\$11,080,000</b>

This complaint was heard on 11 day of July, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- *Mr. K. Fong* *Agent, Altus Group Ltd.*

Appeared on behalf of the Respondent:

- *Mr. D. Zhao* *Assessor, City of Calgary*

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

There were no procedural or jurisdictional matters raised by the parties during the hearing.

**Property Description:**

The subject property is known as the Real Canadian Wholesale Club located on Barlow Trail NE. The building is 51,725 sq. ft. and is situated on 294,510 sq. ft. of land (6.76 acres). The building was assessed based on 50,000 sq. ft. as Junior Big Box space (14,001- 50,000 sq. ft.) and 1,725 sq. ft. was assessed as Non-Retail Mezzanine space. It was constructed in 1996 and was assessed with a B class quality rating. The land designation is Commercial Regional 1.

The subject property was assessed based on the income approach to value at a market net rental rate of \$17.00 psf for the Junior Big Box space. It is that assessed rental rate which is the subject of this complaint.

**Issues:**

1. The subject property should be assessed based on a grocery store assessed rental rate of \$9.00 psf.

**Complainant's Requested Value:** \$5,850,000

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

1. The subject property should be assessed based on a grocery store assessed rental rate of \$9.00 psf.

The Complainant submitted that the subject property should not be assessed as a Junior Big Box store but as a grocery store. The Complainant submitted the assessment had increased significantly (92.7%) since 2010. There were no physical or operational changes to the property since it was constructed in 1996.

The Complainant submitted that there is a range for grocery store space: \$9.00 psf for lower end; \$13 psf for standard; and \$17.00 psf for power centres. He presented several equity comparables to illustrate the differences. He suggested the subject property with its lower end finish would be more similar to the super market space in the Village Square Shopping Centre and Franklin Mall (Exhibit C1 pages 33 & 34).

The Complainant also suggested that there is a substantial amount of vacancy in the NE quadrant which would also have an effect on rental rates. He suggested the most likely tenant for the subject property would be a grocery store.

The Complainant submitted the economic conditions are not as rosy as one might expect and there is substantial inventory on the market which is being leased at low rates. He provided a sublease for the property located at 3475 Sunridge Way NE (51,658 sq. ft.) dated June 30, 2010 which reflected rates escalating from \$4.50 psf to \$6.50 psf during a five year term (Exhibit C1 pages 41- 51). The Complainant also submitted a listing for retail space at 3320 20 Avenue NE (34,118 sq. ft.) that was advertised at \$7.00 psf although he acknowledged that A & B Sound has since leased that space for \$18.00 psf (Exhibit C1 pages 53- 56).

The Complainant also submitted the business assessment for the subject property indicating the business assessment is \$10.00 psf as opposed to the property assessment at \$17.00 psf (Exhibit C1 page 32).

The Respondent submitted it is the space that the City is assessing, not the occupant. He submitted 30 Junior Big Box lease comparables (14,001- 50,000 sq. ft.) with lease rates between \$13.50- \$24.00 psf and a median of \$17.05 psf in support of the assessed rate. These leases commenced in January 1, 2008 to October 1, 2010 with 5- 15 year terms (Exhibit R1 page 20).

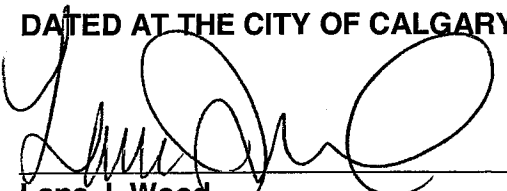
The Respondent submitted all Junior Big Box properties that ranged between 14,001- 50,000 sq. ft. were assessed in a similar and equitable manner as the subject property at \$17.00 psf (Exhibit R1 pages 21 & 22). He submitted 62 equity comparables located throughout the City in support of the \$17.00 psf assessed rate.

Based on the lack of market evidence, the Board was not convinced to reduce the assessed rental rate from \$17.00 psf to \$9.00 psf for the subject property. The Board placed little weight on the sublease as well as the listings that the Complainant provided as they are not indicative of market lease rates. The Board noted both parties agreed it is the space that is assessable, not the tenant, and therefore any tenant could occupy this space. The Board also noted that neither party provided any sales evidence in this case. Based on the Respondent's lease comparables, the Board finds the subject property's assessment is supported (Exhibit R1 page 20).

**Board's Decision:**

The decision of the Board is to confirm the 2011 assessment for the subject property at \$11,080,000.

**DATED AT THE CITY OF CALGARY THIS 18 DAY OF AUGUST 2011.**



Lana J. Wood  
Presiding Officer

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

<b>EXHIBIT NO.</b>	<b>ITEM</b>
1. C1	Complainant's Disclosure
2. C2	Complainant's Rebuttal
3. 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.*