

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaints against the property assessments as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

***Sunridge Mall Holdings Inc., c/o Primaris Management Inc.
(as represented by Altus Group Ltd.), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

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

These are complaints to the Calgary Assessment Review Board in respect of property assessments prepared by the Assessor of The City of Calgary and entered in the 2011 Assessment Roll as follows:

ROLL NUMBERS:	049012008 049012107
LOCATION ADDRESSES:	3363 26 AV NE 3319 26 AV NE
HEARING NUMBERS:	61238 61239
ASSESSMENTS:	\$3,560,000 \$7,730,000

These complaints were heard on 12 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:

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

Appeared on behalf of the Respondent:

- *G. Good* *Assessor, City of Calgary*

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

The parties requested that the two properties be heard together since they are adjacent properties and the evidence and argument would be similar for both complaints. The Board agreed with the parties' request.

Property Descriptions:

The subject properties are junior big box (retail) properties known as the Petland and Future Shop in Sunridge. The Petland building is 16,103 sq. ft. and it is situated on a 1.55 acre parcel of land. The Future Shop building is 34,960 sq. ft., and it is situated on a 2.25 acre parcel of land. Both buildings were constructed in 1996 and were assessed based on a class B quality rating. The land designation for both properties is Commercial- Regional 3.

The properties were assessed based on the income approach to value with a market net rental rate of \$17.00 psf. It is the market net rental rate that is in dispute.

Issues:

1. Is the sale of the subject properties the best indication of market value?

Complainant's Requested Value: \$10,500,000 (for both properties)

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

1. Is the sale of the subject properties the best indication of market value?

The Complainant submitted that the subject properties are considered one site but with two different properties (Future Shop and Petland). The properties sold together in December 2009 for \$10,500,000 (Exhibit C1 page 36). That same purchaser also bought the adjacent Sunridge Shopping Centre Mall for \$242,500,000. The Complainant submitted the sale price is the best indicator of value.

Based on the sale of the subject properties, the Complainant requested that the assessed rental rate for the Future Shop be reduced from \$17.00 psf to \$15.00 psf, and the assessed rental rate for the Petland be confirmed at \$17.00 psf. These rates are also reflective of the 2008 lease rates at the time of sale which were \$13.70 psf (Future Shop) and \$17.30 psf (Petland) (Exhibit C1 page 35). The Complainant stated that the two properties had to be heard together based on

the sales transaction but was only seeking a reduction to the Future Shop's assessment.

The Complainant also submitted an analysis of 51 Junior Box Stores that are 20,000 to 50,000 sq. ft., similar to the subject properties as further support of his request. The lease rates, which commenced between November 1986 and October 2009, were \$9.10- \$24.00 psf and a median of \$15.00 psf (Exhibit C1 page 56).

The Respondent submitted that all Junior Big Box properties that ranged between 14,001- 50,000 sq. ft. were assessed in a similar and equitable manner at \$17.00 psf (Exhibit R1 pages 25 & 26). He submitted 62 equity comparables located throughout the City in support of the \$17.00 psf assessed rate.

The Respondent also provided 30 Junior Big Box lease comparables (14,001- 50,000 sq. ft.) with lease rates of \$13.50- \$24.00 psf and a median of \$17.05 psf in support of the assessed rate. These leases commenced between January 1, 2008 and October 1, 2010 for 5- 15 year terms (Exhibit R1 page 27). In addition, the Respondent presented an analysis of the Complainant's recent lease comparables for the period of January 1, 2008 to July 1, 2009 which also indicated a median of \$17.00 psf (Exhibit R1 page 28).

The Respondent submitted that if the sale of the subject properties was time adjusted, the value would be \$10,905,427, which is close to the current assessment value for the two properties at \$11,290,000 (Assessment to Sales Ratio of 1.04) (Exhibit R1 page 38).

The Board finds the recent sale of the subject properties is the best indicator of market value in this instance. At the time of sale, the Board notes the rent roll indicated current lease rates of \$13.70 psf (Future Shop) and \$17.30 psf (Petland). The Board placed little weight on the Respondent's time adjustment analysis as there was no evidence provided to support it. Based on the current assessments for the subject properties, the actual Assessment to Sales Ratio is 1.08 (\$11,290,000/ \$10,500,000).

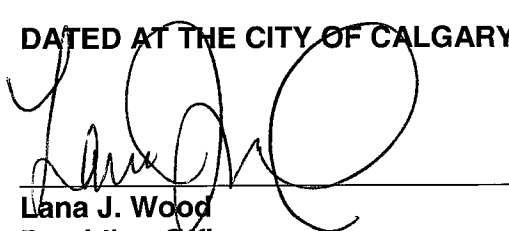
Board's Decision:

The decision of the Board is as follows:

The Board confirms the 2011 assessment for the property located at 3363 26 AV NE at \$3,560,000;

The Board reduces the 2011 assessment for the property located at 3319 26 AV NE from \$7,730,000 to \$6,940,000.

DATED AT THE CITY OF CALGARY THIS 24 DAY OF AUGUST 2011.



Lana J. Wood
Presiding Officer

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

EXHIBIT NO.	ITEM
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.*