

**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:**

***930439 Alberta Ltd. (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>049016009</b>
<b>LOCATION ADDRESS:</b>	<b>3320 SUNRIDGE WY NE</b>
<b>HEARING NUMBER:</b>	<b>63975</b>
<b>ASSESSMENT:</b>	<b>\$13,490,000</b>

This complaint was heard on 14 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 Sear's Home Centre in Sunridge. The building is 53,170 sq. ft. and is situated on 195,108 sq. ft. of land (4.48 acres). The assessment reflects various areas within the subject building: 43,078 sq. ft. was assessed as Junior Big Box space (14,001- 50,000 sq. ft.); a total of 2,277 sq. ft was assessed as Retail (1,001- 2,500 sq. ft.); and a total of 15,159 sq. ft. was assessed as Retail (2,501- 6,000 sq. ft.). It was constructed in 2002 and was assessed with a class B- quality rating. The land designation is Commercial Regional 3.

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 rental rate which is the subject of this complaint.

**Issues:**

1. The assessed rental rate for the subject property should be reduced from \$17.00 psf to \$15.00 psf.

**Complainant's Requested Value:** \$12,600,000

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

1. The assessed rental rate for the subject property should be reduced from \$17.00 psf to \$15.00 psf.

The Complainant submitted that the market net rental rate for the subject property should be reduced from \$17.00 psf to \$15.00 psf. This reduced rate would also be supported in the recent sale of the subject property for \$12,600,000 which occurred on January 19, 2011 (Exhibit C1 page 28).

The Complainant suggested that there is a substantial amount of vacancy in the NE quadrant which would also have an effect on rental rates. 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 dated June 30, 2010 which reflected rates escalating from \$4.50 psf to \$6.50 psf during a five year term for the property located at 3475 Sunridge Way NE (51,658 sq. ft.)(Exhibit C1 pages 117- 187). 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 189- 192).

He provided examples of lease comparables that were generating lease rates of \$14.49 psf and \$13.75 psf for smaller retail spaces (23,923 sq. ft. and 16,344 sq. ft.) in Sunridge Corner (Exhibit C1 page 175).

The Complainant submitted an analysis of 51 Junior Box Stores that are 20,000 to 50,000 sq. ft. similar to the subject properties to further support his request (Exhibit C1 page 193). The lease rates range between \$9.10 to \$24.00 psf for a median of \$15.00 psf for the period of November 1986 to October 2009.

The Respondent submitted that all Junior Big Box properties that are between 14,001- 50,000 sq. ft. were assessed in a similar and equitable manner at \$17.00 psf (Exhibit R1 pages 49 & 50). 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 in January 1, 2008 to October 1, 2010 for 5- 15 year terms (Exhibit R1 page 51). 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 52).

The Board finds the Complainant failed to present sufficient evidence to warrant a change in the assessed rental rate from \$17.00 psf to \$15.00 psf in this instance. The sale of the subject property in January 2011 was a post facto sale and as such the Board placed little weight on it. The Board noted that its sales documents state that the rents at the time of sale were substantially below market, averaging \$13.98 psf. The Board also noted that no rent roll was submitted 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. Based on the Respondent's lease comparables, the Board finds the assessment for the subject property is supported (Exhibit R1 page 51).

**Board's Decision:**

The decision of the Board is to confirm the 2011 assessment for the subject property at \$13,490,000.

**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>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.*