

**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:

***Stockman Centre Nominee Company
(as represented by Colliers International Realty Advisors Inc), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***B. Horrocks, PRESIDING OFFICER
D. Cochrane, MEMBER
J. Massey, 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 2012 Assessment Roll as follows:

ROLL NUMBER:	048040893
LOCATION ADDRESS:	2116 27 AV NE
HEARING NUMBER:	66268
ASSESSMENT:	\$5,260,000

This complaint was heard on the 27th day of August, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2

Appeared on behalf of the Complainant:

- Mr. J. Havrilchak (Colliers International Realty Advisors Inc)

Appeared on behalf of the Respondent:

- Mr. G. Good (City of Calgary)

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

- [1] There were no concerns with the Board as constituted.
- [2] There were no preliminary matters. The merit hearing proceeded.
- [3] A document titled Rebuttal submission was withdrawn by the Complainant.

Property Description:

[4] The subject property is a low rise suburban office building located in the South Airways business district in NE Calgary that was constructed in 1979. The building contains 65,093 square feet (SF) of rentable area and is assessed as a B quality, utilizing the Income approach to value.

Issues:

[5] The Assessment Review Board Complaint Form contained nine Grounds for the Complaint. At the outset of the hearing the Complainant advised there were two outstanding issues, namely: Market net rental rate and chronic vacancy.

Complainant's Requested Value: \$3,800,000 (Complaint Form)
\$3,640,000 (Hearing)

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

Issue: What is the market net rental rate for assessment purposes?

[6] The Complainant's Disclosure is labelled C-1.

[7] The Complainant submitted the assessed market net rental rate is \$11.00/SF whereas the median of recent leases in the building is \$9.00/SF. The Complainant, at page 15, provided the rent roll for the subject. The leases signed in 2011 contain rents ranging from \$9.00 to \$13.00/SF and the leases signed in 2010 contain rents ranging from \$9.00 to \$12.00/SF.

[8] The Respondent's Disclosure is labelled R-1.

[9] The Respondent, at page 27, provided a table titled Lease Comparables located in South Airways which included 11 leases in the subject and an additional 25 leases in the area which had commencement dates in 2010 and 2011, noting the median rental rate is \$11.21/SF.

[10] The Board finds the assessed rental rate of \$11.00/SF is well supported by the Respondent's evidence.

Issue: Should the vacancy rate be increased to 20% because of chronic vacancy?

[11] The Complainant, at page 12, provided an email that contained data described as "headlease vacancy of Stockman Centre." The average vacancy rate, calculated from the data, was 0% for 2009, 19% for 2010 and 28% for 2011. The vacancy rate on the valuation date was calculated to be 34%.


[12] The Respondent, at page 16, provided a chart titled 2012 City of Calgary Northeast Suburban Office Vacancy Analysis which contained vacancy information from 78 properties including the subject, noting the mean vacancy rate was 10.65% in support of the assessed vacancy rate of 11%. The Respondent noted the subject was reported as having a vacancy rate of 17.88% which would not be considered atypical.

[13] The Board finds that the subject is currently experiencing higher than typical vacancy rates which started in 2010. However, the condition has not persisted long enough to conclude that it is chronic and worthy of an increase in the assessed vacancy allowance of 11%.

Board's Decision:

[14] The 2012 assessment is confirmed at \$5,260,000.

DATED AT THE CITY OF CALGARY THIS 11th DAY OF Sept 2012.


B. Horrocks
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent 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.*

For Administrative Use

Subject	Property type	Property Sub-type	Issue	Sub-issue
CARB	Office	Low rise	Income Approach	Vacancy and rent rate