

**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:

RMA Properties Ltd, COMPLAINANT (as represented by Colliers International Realty Advisors)

and

The City Of Calgary, RESPONDENT

before:

***F.W. Wesseling, PRESIDING OFFICER
A. Zindler, MEMBER
I. Fraser, 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: 200922672

LOCATION ADDRESS: 1816 Crowchild Trail NW

HEARING NUMBER: 61546

ASSESSMENT: \$38,000,000

This complaint was heard on 2nd day of August, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- *D. Porteous -- Agent, Colliers International Realty Advisors.*

Appeared on behalf of the Respondent:

- *D. Lidgren -- Assessor, City of Calgary*

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

No specific jurisdictional or procedural matters were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint

Property Description: Subject property is located along Crowchild Trail in NW Calgary in the area commonly known as "motel village". The property, Executive Place, contains 2 multi-tenanted buildings constructed in 2006. One Executive Place has eight stories while Two Executive Place has 4 stories. The City considers this a class A+ building and as such it is assessed at a typical office rental rate of \$25.00 per square foot. Total site area is 1.53 acres. The site is classified "Direct Control" District in the City of Calgary Land Use Bylaw.

Issues: The Complainant raised the following matter in Section 4 of the Assessment Complaint form: Assessment amount

Presentation of the Complainant and Respondent were limited to:

- Assessment overstated in relation to comparable properties.
- What is the appropriate market rental rate?

Complainant's Requested Value: On the assessment complaint form the Complainant requested the assessment be reduced to \$18,740,000. At the hearing the Complainant amended the requested assessment to \$32,300,000.

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

Complainant's position: The Complainant's requested assessment is based on 2 aspects. Firstly, it is proposed that the rental rate should be based on \$20.00 per square foot instead of the \$25.00 per square foot utilised by the City. The current tenant roster and lease information was presented which showed that the subject property achieves a maximum rent per square foot of \$30.00 and a minimum rent of \$18.00. The average rent rate achieved in the building is \$23.77 per square foot and the median rental rate is \$23.58 per square foot. It was indicated the buildings have been fully occupied. The subject site was further compared to Discovery Place, a similar, but older office building in the Brentwood area. This building was assessed by the City at \$20.00 per square foot.

The second item presented for the Board's consideration was a Market Value Appraisal prepared by CB Richard Ellis dated June 10, 2010. Excluding the parking the appraisal

determined that the market value of Executive Place based on leased fee is \$32,000,000.

Respondent's Position: The City outlined the basis for the typical lease rate used for valuation purposes of class "A+" office buildings. The City presented typical leases for both "A+" office building as well as "A2" buildings. The former having an average of \$25.38 while the later having an average of \$18.58 per square foot. The City further provided information on "A+" and "A" office building sales from July of 2008 to March 2010. The average for "A+" buildings is \$374.64 per square foot while for "A" buildings the average is \$229.88 per square foot (not time adjusted). The subject building is assessed at \$319.87 per square foot. The City indicated that equity comparable Discovery Place as presented by the Complainant is not similar enough to the subject property.

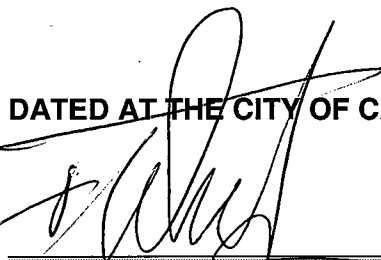
Rebuttal by Complainant: The complainant's focus in rebuttal was on the lease information presented by the City which included leases having a commencement date in 2008. The Complainant contends that 2008 was at the peak of the market which subsequently declined in 2009. In this regard the Complainant reworked the lease schedules excluding all 2008 leases resulting in revised weighted average lease rate for "A+" leases of \$21.53 per square foot and \$18.12 per square foot for "A2" leases. CARB 0660/2010-P was presented to show the decline of rental rates starting in the fourth quarter of 2008.

Board's Decision: Upon reviewing the verbal and written evidence provided by the parties, the Board considers that that the Respondent's evidence most relevant and that the Complainant's requested assessment was not supported by the data presented.

Reasons: The Board determined that the market lease and sales information presented by the Respondent as being more appropriate and compelling. The rent roll information for the subject site as determined by the Board, showed a current weighted average lease rate for the subject buildings combined of \$23.77 per square foot which supports the assessed rate. It was noted the buildings have been fully occupied while the City still applies the 5% vacancy rate. Having regard to Section 467 (3) of the Municipal Government Act, the Board found no alteration to the assessment was warranted.

The Board confirms the assessment at \$38,000,000.00.

DATED AT THE CITY OF CALGARY THIS 26th DAY OF AUGUST 2011.


F.W. Wesseling
Presiding Officer

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

Complainant: C1 Complainant's Brief as prepared by Colliers International. Valuation and Advisory Services.

C2 Rebuttal Evidence prepared by Colliers International

Respondent: R1 Assessment Brief prepared by City of Calgary Assessment

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 MGB Administrative Use Only

<i>Decision No. 61546</i>		<i>Roll No. 200922672</i>		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	office	Multi-Bldg Complex	Income Approach	Net market rental rates