

**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

Dundee Canada (GP) Inc.
(as represented by Colliers International Realty Advisors Inc.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER
J. Lam, 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: 067055608

LOCATION ADDRESS: 734 7 Av SW

FILE NUMBER: 65954

ASSESSMENT: \$36,120,000

This complaint was heard on September 4, 2012 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- C. Hartley, Colliers International Realty Advisors Inc.
- A. Farley, Colliers International Realty Advisors Inc.

Appeared on behalf of the Respondent:

- A. Czechowskyj, City of Calgary Assessor

Property Description:

[1] The subject property is a 241,748 square foot (sf) Class “B” office building on the west side of Calgary’s downtown area (DT2). It is assessed at \$36,120,000 (\$149.44/sf).

Issues:

[2] Is the assessed rent rate correct at \$14/sf?

Complainant’s Requested Value: \$33,500,000

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

Evidence and Arguments

[3] The Complainant, Colliers International Realty Advisors Inc., represented by C. Hartley and A. Farley, argued that \$14/sf was not representative of the market rental rate for the subject property. \$13/sf was recommended as a more accurate rate.

[4] The Complainants presented a list of 18 sample leases from the DT2 area with a weighted rent rate mean of \$13.76/sf. Further, they presented a list of equity comparables with a weighted rent rate mean of \$13.35/sf.

[5] The Complainants also presented a list of sales of downtown “B” office properties from 2006 to 2008 which sold for a median value of \$314.88/sf, thereby demonstrating a capitalization (cap) rate of 8.35%. The Complainants stated that the current cap rate of 7.5% is reasonable.

[6] The Respondent, A. Czechowskyj, presented a collection of Assessment Requests for Information (ARFIs) for leases and a list of Downtown Office “B” Class Rent Equity Comparables (R1 p.44,45) to support the \$14/sf rental rate used by the City in its assessments of “B” office buildings. The Respondent also argued that the leases presented by the Complainant (C1 p10) was a small sample less representative of the whole than the City list, but did have a weighted mean of \$13.76/sf, closer to the \$14 rate used by the City than to the \$13/sf rate requested.

[7] Mr. Czechowskyj also presented a list of sales (July 2010 to August 2011) of "B", "B-" and "C" downtown office buildings with sale prices ranging from \$162/sf to \$391/sf (R1 p82).

[8] The Complainants suggested that the list of comparables (C1 p11) which they presented was an accurate representation of the subject building. They argued that the weighted mean of the leases presented by the Respondent was skewed by the University Centre, which rents for \$24/sf and that this building should be excluded from the calculations because it is an outlier.

[9] The Complainants also stated that some of the sales presented by the Respondent were not good examples of sales, and that the sale of the subject property (2007) was part of a portfolio transaction.

Board Findings

[10] The Board found that the lease evidence presented by the Complainant was selective but was more supportive of the current assessment than of the requested change. The current assessment is also supported by the City data. The rent rates in the Equity argument (R1 p44, 45) have a median of \$14.00/sf. If the outliers from the top and bottom of the list are removed, that median remains consistent.

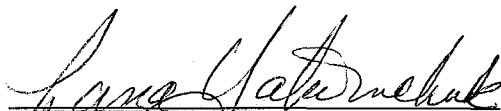
[11] The sales presented to the Board by both parties supported the current assessed value. These sales were not definitive of the value, but indicated that similar properties were selling at a value well above the assessed value of the subject.

[12] For these reasons, the Board supports the current assessment.

Board's Decision:

[13] The Board confirms the assessed value of \$36,120,000.

DATED AT THE CITY OF CALGARY THIS 5th DAY OF October 2012.



Lana Yakimchuk
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. 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 MGB Administrative Use Only:

Decision No. 1730-2012-P

Roll No. 067055608

Subject	Type	Issue	Detail	Issue
CARB	Downtown Office	Single	Income Approach	Rent Rate