

**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:

***Airstate Ltd.(as represented by Colliers International Realty Advisors Inc.),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***T Golden PRESIDING OFFICER
R Roy MEMBER
G Milne 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:	071107106
LOCATION ADDRESS:	525 28 ST SE
FILE NUMBER:	66082
ASSESSMENT:	\$12,490,000.00

This complaint was heard on 21 day of September, 2012 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:

- A. Farley

Appeared on behalf of the Respondent:

- E. Borisenko

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

[1] There were no procedural matters.

Property Description:

[2] The subject property has two buildings, commonly called the Radisson Centre of "B" class on the same roll number both built in 1981. The rentable area is 90,550 square feet (sq ft) in the two structures. One structure is a strip mall and the second is a 3 story office building on 4.5 acres. Although the subject contains offices in one building and retail in the other building the entire area is assessed as office. The assessment was conducted on the income approach

Issues:

[3] 1. Is the rental rate of \$13.00 sq ft the appropriate rental rate to use in the income approach?

Complainant's Requested Value: \$9,300,000.00

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

[4] 1) The rental rate of \$13.00 per sq ft is the appropriate rental rate to use in the income approach.

[5] With respect to the rental rate the Complainant argued that this particular complex was unable to achieve the typical rental rates used by the Respondent. This is demonstrated by a review of the new leases signed in the subject property. An August 8, 2011 Assessment Request for Information form (ARFI) shows 6 new leases in the assessment period. In particular the Complainant pointed to five new leases in the ARFI to demonstrate that the offices are unable to attract a \$13.00 per sq ft rental rate. A new lease shown at \$19.00 per sq ft was questioned as no notation regarding the new lease rate was made on the rent roll as appears on the other new leases. Of the 5 leases to consider the rates are between \$12.00 per sq ft and

\$9.00 per sq ft. leading to the requested rental rate of \$10.00.

[6] The Respondent described the various factors that were used in the income approach including a table of 12 comparable office buildings with new leases. All the buildings are B class structures constructed between 1978 and 1981. Rental rates on these buildings were between \$12.00 per sq ft and \$18.00 per sq ft. The Median value was \$14.00 per sq ft and a weighted mean of \$13.88 per sq ft leading to the rental rate of \$13.00 per sq ft.

[7] The Board placed little weight on the rent roll argument from the Complainant because of two reasons. Firstly the board noted that 4 of the 5 new leases used appeared to be for retail uses and may be unrepresentative of office rental rates. The Complainant wanted the board to ignore the \$19.00 lease but there is no indication that the number on the ARFI is in error. Using all 6 leases yields an average rental rate of \$11.83 per sq ft. giving less support to the requested \$10.00 per sq ft rate.

[8] The Board was reluctant to accept that the market value of the property would be based on only new leases ignoring the income generated by existing leases. A potential purchaser would analyse all leases in the complex. The Board agrees in this case the Respondent's analysis of typical rental rates of similar buildings is more representative of market value.

Board's Decision:

[9] The assessment is confirmed at \$12,490,000.00

DATED AT THE CITY OF CALGARY THIS 5 DAY OF November 2012.



Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C2	Complainant Rebuttal

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.*

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	office	High rise	Income Approach	Market rent, vacancy