

**COMPOSITE
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 (MGA).

between:

**580932 Alberta Ltd. (as represented by Altus Group Limited)
COMPLAINANT**

and

The City Of Calgary, RESPONDENT

before:

**C. J. Griffin, Presiding Officer
J. Rankin, MEMBER
P. Pask, MEMBER**

This is a complaint to the Composite Assessment Review Board (CARB) 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: 175036409

LOCATION ADDRESS: 7414 Crowfoot Rd. NW

HEARING NUMBER: 67176

ASSESSMENT: \$5,550,000.

This complaint was heard on 16th day of October, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- B. Neeson (Altus Group Limited)

Appeared on behalf of the Respondent:

- S. Turner

Procedural Matters:

[1] It was agreed, by both parties, that the capitalization rate argument and evidence of both parties be carried forward from a previous Hearing by this same panel of the CARB earlier this week. Accordingly the CARB will refer the reader to CARB Decision 2022-2012-P for all matters in this Hearing dealing with the capitalization rate argument and/or evidence.

Preliminary Matter(s):

[2] The Respondent brought forward a recommendation to reduce the assessed value of the subject property to \$5,110,000. This recommendation is based upon reducing the office rental rate to \$15/Sq. Ft. as requested by the Complainant (Issue #1). The Respondent acknowledged that the evidence of the Complainant, in terms of the office rent, was convincing and resulted in the recommendation.

Issues:

[3] While there are a number of interconnected issues listed on the Assessment Review Board Complaint form, at the Hearing the Complainant reduced the issues to be considered by the CARB to:

1. The assessed office rental rate of \$23/Sq. Ft. is too high and would be a more accurate reflection of market rent at \$15/Sq. Ft.
2. The 7.25% capitalization rate utilized by the Assessor to estimate the assessed value of the subject property, and all 2012 assessments of Power Centres in Calgary, is excessively low and is not representative of market conditions as at the Date of Value. A more realistic capitalization rate of 7.75% is warranted for the valuation of Power Centres, including the subject property.

Complainant's Requested Value: \$4,780,000. (Exhibit Altus C-1 pg. 39)

Party Positions:

Complainant's Position:

[4] In terms of the first issue, office rental rate, the Complainant accepts the reduction offered by the Respondent; however, the Complainant continues with issue #2.

[5] In terms of the second issue, the capitalization rate, the reader is referred to CARB Decision 2022-2012-P for the Complainant's position.

Respondent's Position:

[6] The Respondent's position is presented in detail in CARB Decision # 2022-2012-P.

Board's Decision:

[7] The assessment is **reduced** to: **\$5,110,000.**

Decision Reasons:

[8] The assessed value of the subject property is reduced in accordance with the recommendation of the Assessor/Respondent in recognition of an office rental rate of \$15/Sq. Ft.

[9] The second issue for the CARB to consider in this case is that of the assessed capitalization rate. As outlined in CARB Decision 2022-2012-P, both parties have analyzed two of the same sales and they have both arrived at the same conclusion regarding same; however, the Respondent has analyzed a third sale not considered by the Complainant and it is the analysis of this third property which, combined with the other two, provides support for the 7.25% capitalization rate as assessed. The Complainant explained to the CARB that they did not analyze this third sale as they were of the judgment that it was not a good comparable as it involves the sale of a relatively small, free standing bank and as such is not representative of a Power Centre property sale. The CARB does not accept this position of the Complainant. The property is clearly located within the Crowfoot Power Centre and it constitutes, in the judgment of the CARB, a valid sale for consideration in a capitalization rate analysis of Power Centre properties. In this regard the Board concurs with the findings of other CARBs that have dealt with this same issue and that position is best explained in CARB Decision 1882-2012-P:

"The Board concurs with the Respondent that a Power Centre is not any one single building, but rather the sum of its components, an amalgam of large and/or small buildings acting in concert to attract business to a definable area. Therefore, to exclude any one component strictly on the basis of its size relative to the other components, is erroneous."

[10] In consideration of the foregoing, the assessment is reduced to: \$5,110,000.

DATED AT THE CITY OF CALGARY THIS 7th DAY OF November 2012.


C. J. Griffin,
Presiding Officer

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

Decision No. 2024-2012-P		Roll No. 175036409		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Retail- Power Centre	Market Value	Capitalization Rate	Office Rent