

**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:**

**Royop Properties Corporation  
(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: 415035518**

**LOCATION ADDRESS: 388 Country Hills Blvd. NE**

**HEARING NUMBER: 67801**

**ASSESSMENT: \$54,010,000.**

This complaint was heard on 16<sup>th</sup> 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.

**Property Description:**

[2] According to the *Property Assessment Public Report* (Exhibit C-1 pg. 10) the subject property is 'B' and 'B+' quality 10 building development totalling 213,282 Sq. Ft. This Power Centre development incorporates a 72,053 Sq. Ft. Big Box (Canadian Tire) store, an 85,423 Sq. Ft. Theatre, 16,821 Sq. Ft. of Mezzanine space, *Commercial Rental Unit* (CRU) component of 15,282 Sq. Ft., a retail bank of 7,779 Sq. Ft., a full service restaurant of 12,152 Sq. Ft., a fast food restaurant with 3,771 Sq. Ft. and a car wash attributed with 1 Sq. Ft. The entire development was constructed in 1999 and the underlying site is reportedly 20.00 acres in size. The property is categorized as being a CM1403 Retail – Shopping Centre – Power. The property has been valued, for assessment purposes, through application of the Income Approach with the following inputs:

Theatre	85,423 Sq. Ft.	@ \$22.00/Sq. Ft.
Big Box Retail	72,053 Sq. Ft.	@ \$12.50/Sq. Ft.
Non-Retail Mezzanine	16,821 Sq. Ft.	@ \$ 2.00/Sq. Ft.
CRU 0 – 1,000 Sq. Ft.	730 Sq. Ft.	@ \$34.00/Sq. Ft.
CRU 1,000 – 2,500 Sq. Ft.	5,269 Sq. Ft.	@ \$32.00/Sq. Ft.
CRU 2,501 – 6,000 Sq. Ft.	9,283 Sq. Ft.	@ \$22.00/Sq. Ft.
Retail Bank	7,779 Sq. Ft.	@ \$33.00/Sq. Ft.
Restaurant Full Service	12,152 Sq. Ft.	@ \$33.00/Sq. Ft.
Restaurant Fast Food	3,771 Sq. Ft.	@ \$33.00/Sq. Ft.
Car Wash	1 Sq. Ft.	@ \$35,000/Yr.
Vacancy	Theatre	1.00%
	Big Box	1.00%
	Non-Retail Mezz.	1.00%
	CRU Space	2.00%
	Restaurants	2.00%
	Bank	2.00%
	Car Wash	2.00%
Operating Cost		@ \$ 8.00/Sq. Ft.
Non Recoverables		1.00%
Capitalization Rate		7.25%

**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 issue to be considered by the CARB to:

1. 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:** \$50,520,000. (Exhibit C-1 pg. 25)

**Party Positions:**

**Complainant's Position:**

[4] In terms of the capitalization rate evidence and argument, the reader is referred to CARB Decision 2022-2012-P for the Complainant's position.

**Respondent's Position**

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

**Board's Decision:**

[6] The assessment is **confirmed** at: **\$54,010,000.**

**Decision Reasons:**

[7] The single 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."*

[8] In consideration of the foregoing, the assessment is confirmed.

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

  
C. J. Griffin  
Presiding Officer

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

Decision No. 2036-2012-P		Roll No. 415035518		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Retail- Power Centre	Market Value	Capitalization Rate	Sales Analysis