

**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:**

***The Manufacturers Life Insurance Company (as represented by Colliers International Realty Advisors), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***Board Chair, J. Zezulka  
Board Member 1, M. Peters  
Board Member 2, J. Massey***

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: 067049098**

**LOCATION ADDRESS: 736 - 6 Avenue S.W.**

**HEARING NUMBER: 61126**

**ASSESSMENT: 26,060,000.00**

This complaint was heard on 19 day of September, 2011 at the office of the Assessment Review Board located at Floor Number Three, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom Eight.

Appeared on behalf of the Complainant:

- *C. Hartley*

Appeared on behalf of the Respondent:

- *D. Grandbois*

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

There were no procedural or jurisdictional matters to be dealt with.

**Property Description:**

The subject consists of the Canada Life building, which is a class B office building located in zone DT2, being the westerly portion of the downtown core. The building area is 191,687 s.f. of which 183,772 s.f. is office, 45,856s.f. is retail space, and 2,109 s.f. is storage. There are 92 parking stalls.

**Issues:**

The premises are currently assessed using the income approach. The rent applied by the City is \$14.00 per s.f. for the office area, and \$21.00 for the retail area. The parking is included at \$400.00 per month for 49 parking stalls. The assessed vacancy rate is 13.0 per cent for the office and retail area, and 2.0 per cent for the parking. The capitalization rate applied is 9.00 per cent. The current assessment calculates to \$135.95 per s.f. of building area.

The Complainant does not dispute the valuation method. Nor does the Complainant take issue with the building classification. Following are the issues as presented .

1. The office rent ought to be \$13.00 per s.f.
2. The retail rental rate should be \$15.00 per s.f.

There are no other issues.

**Complainant's Requested Value:** \$24,080,000.00

**Evidence**

The Board notes that the assessment has decreased from \$55,150,000 in 2010 to the current level in 2011.

The Complainant submitted nine office leases from within the subject property. Actual rents range from \$11.00 to \$18.00 per s.f. Six of the nine are post facto. The Complainant also submitted 25 office lease comparables. Rents range from \$11.00 to \$18.00 per s.f. The median calculates to \$13.00 per s.f. All except one of the comparables is located in DT2, an area held by both parties to be locationally inferior to DT1. All except seven have commencement dates after July 31, 2010. The seven prior to the effective date of valuation reflect a median rent of

\$14.00 per s.f.

The Complainant also submitted two retail leases from the subject building, and three comparable leases. Of the five leases, four had commencement dates in 2006 and 2007. The single current lease with a commencement date of April, 2010 reflected a rent of \$15.00 per s.f.

The Respondent submitted a Class B rental analysis containing 47 lease examples. Lease start dates were all in 2009, or 2010. The median of the 2010 leases was \$13.00. The mean was \$14.28, and the weighted mean of all of the 2010 leases was \$14.53 per s.f. Third party reports place the Q2 2010 office rents between \$12.00 and \$16.76 per s.f.

The Respondent also submitted portions of the Space Commitment Chart for the subject. Of note is the fact that one of the retail leases shown in the Complainant's evidence at \$12.51 per s.f. is confirmed by the Chart. However, another area leased by the same tenant has a rent of \$20.00 per s.f., until November 30, 2012. That lease has a May 1, 2010 commencement date.

### **Board's Decision**

The Board finds that the evidence brought forward by both parties is equally convincing. Based on the evidence, there appears little doubt that office rent levels have continued to decrease with the passage of time. However, at the July 1, 2010 effective date of assessment, the Respondent could not have reasonably foreseen the downward trends that have continued in the marketplace. And, even if the Respondent could have looked into the future, he was not bound to react to it. The Complainant failed to adequately discredit the Respondent's evidence so as to cast doubt on its validity. In the Board's opinion, the Complainant did not meet the onus required to convince the Board that a change in the assessment is required or justified.

The Board also accepts that the fairest and most reasonable assessment comes from an income approach wherein the inputs are "typical" for each entire class of property. For 2011 assessments, the Respondent applies a \$21.00 per s.f. retail rate for all class B buildings in DT2. In the opinion of the Board, the evidence submitted is insufficient to prompt a change of an input for an entire class of property.

The assessment is confirmed at \$26,060,000.

DATED AT THE CITY OF CALGARY THIS 7<sup>th</sup> DAY OF October, 2011.

  
Jerry Zezulka  
Presiding Officer

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

1. C1 Complainant Submission of Evidence,
2. C2 Complainant , Non-Residential Properties – Income Approach Valuation
3. R1 City of Calgary Assessment Brief

*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. 1499/2011 - P			Roll No. 016202202	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	3. Office	High Rise	Income approach	Lease Rates,