

**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:**

***Vista Group Inc.***  
***(as represented by Colliers International Realty Advisors Inc.), COMPLAINANT***

**and**

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

**before:**

***J. Krysa, PRESIDING OFFICER***  
***J. Kerrison, MEMBER***  
***T. Usselman, 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 2011 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>101030997</b>
<b>LOCATION ADDRESS:</b>	<b>222 58 Ave SW</b>
<b>HEARING NUMBER:</b>	<b>61337</b>
<b>ASSESSMENT (AS AMENDED):</b>	<b>\$8,790,000</b>

The complaint was heard on September 29, 2011, in Boardroom 8 at the office of the Assessment Review Board, located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- M. Uhryn

Appeared on behalf of the Respondent:

- A. Jerome

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

There were no procedural or jurisdictional matters raised by either party during the course of the hearing.

**Property Description:**

The subject property is a 17,824 sq.ft. (square foot) parcel of land, improved with a 45,446 sq.ft. six storey, "A-" quality suburban office structure, constructed in 1981. The improvement includes 36 enclosed parking stalls.

**Issues:**

The Complainant raised the following matter in section 4 of the complaint form:

3. an assessment

The Complainant set out six grounds for the complaint in section 5 of the complaint form with a requested assessment of \$6,240,000; however, at the hearing only the following issues were before the Board:

Issue 1. The stratification of the property as a Class A- office is incorrect; the property is a Class B or C office, and should be assessed with the following coefficients:

- Office Net Market Rent \$ 15.00 per sq.ft. (B); or \$12.00 per sq.ft. (C)
- Capitalization Rate 8.75 %

Issue 2. Equity: Comparable suburban office buildings have been assessed as "B" or "C" quality offices with corresponding "B" or "C" typical coefficients.

**Complainant's Requested Value:**

The Complainant requested a (taxable) assessment of \$4,936,000. This request was revised to \$6,280,000 during the course of the hearing. [C1, pp.78-79]

**Board's Decision in Respect of the Issues:**

**Issue 1.** The stratification of the property as a Class A- office is incorrect; the property is a Class B or C office, and should be assessed with the following coefficients:

- Office Net Market Rent \$ 15.00 per sq.ft. (B); or \$12.00 per sq.ft. (C)
- Capitalization Rate 8.75 %

The Complainant argued that the subject's existing and recent contract rents in place as at the valuation date, demonstrate that the assessed coefficient of \$18.00 per sq.ft. is excessive, and the subject's corresponding "A-" classification is inappropriate. In support of the argument, the Complainant provided a copy of the ARFI (Assessment Request For Information) form returned by the property owner and a corresponding lease summary exhibiting a median rent rate of \$13.00 per sq.ft., and a median rent rate of \$12.00 per sq.ft. from recent 2009 and 2010 leasing activity in the subject property. [C1, pp.20-29]

The Complainant further provided a summary of ten recent office premise leases exhibiting rent rates ranging from \$6.00 to \$15.00 per sq.ft., and a median rent rate of \$12.50 per sq.ft. Although the assessor's quality stratifications of the properties were indicated to be A2, B and C, the Complainant argued the properties were similar and comparable to the subject, and the leasing activity would be equivalent to the subject. Photographs of the comparable buildings were provided. [C1, pp.31-40]

In support of the \$18.00 per sq.ft. net rent coefficient and the corresponding Class A-stratification, the Respondent provided a summary of thirteen recent leases of premises located in Class A- stratified buildings, exhibiting rent rates ranging from \$13.00 to \$20.00 per sq.ft., and a median rent rate of \$18.00 per sq.ft. Two of the leased premises are located in the subject property and exhibit rent rates of \$13.00 and \$16.50 per sq.ft. Photographs of the comparable buildings were provided. [R1, pp.28-30]

In rebuttal to the Complainant's lease examples, the Respondent provided additional recent lease examples at \$12.50 and \$15.00 per sq.ft. derived from the Class B building at 5824 2 St SW; and lease examples at \$6.00 and \$10.00 per sq.ft. from the Class C building at 6001 1A St SW. The Respondent further provided twenty two additional lease examples from the Class A+/A2 property located at 10333 Southport Road SW, exhibiting rent rates ranging from \$16.50 to \$26.00 per sq.ft. and submitted that she was unable to locate the Complainant's \$13.50 per sq.ft. lease example within that property. [R1, pp.42-43]

The Complainant did not provide rebuttal evidence in support of the \$13.50 per sq.ft. lease within 10333 Southport Road SW.

### **Decision: Issue 1**

The Board finds that the subject property is a Class B office, and is properly assessed with typical Class B office coefficients as follows:

- Office Net Market Rent \$ 15.00 per sq.ft.
- Capitalization Rate 8.75 %

The Board was persuaded by the Complainant's evidence of recent leasing activity in the subject property, and in the Class B properties that appear to be similar to the subject. The Board was also persuaded by the March 2010, \$15.00 per sq.ft. lease evidence from the property adjacent to the subject, located at 5824 2 St SW.

The Board did not find the Respondent's properties to be as comparable to the subject property, as they all appear to be low rise office structures, whereas the subject is a high rise office.

Notwithstanding the above, the Board finds the recent lease evidence from within the subject property to be the most compelling evidence of the subject's probable classification. The Board notes that the subject's rent rates of \$13.00 and \$16.50 per sq.ft. are the lowest rates exhibited in the Respondent's sample of Class A- leases, indicating that the subject may not belong in the same stratum. Further, considering that the \$16.50 per sq.ft. lease is not of typical office space, but rather, a main floor space occupied by "My Little Bistro", the remaining \$13.00 per sq.ft. lease is compelling evidence that the subject does not belong in the same stratum as the other Class A- properties listed on page 28 of R1, and exhibiting rent rates in the \$17.00 to \$20.00 per sq.ft. range.

**Issue 2.** Equity: Comparable suburban office buildings have been assessed as "B" or "C" quality offices with corresponding "B" or "C" typical coefficients.

The Complainant argued that the subject is inequitably assessed in relation to similar and comparable properties that have been stratified as "B" quality office properties, and are assessed with typical Class "B" coefficients.

The Respondent failed to provide evidence in regard to the Complainant's issue of equity.

**Decision: Issue 2**

In light of the Board's decision in respect of Issue 1 above, the issue of equity with other Class B office buildings is resolved.

The Board therefore makes no further findings in this regard.

**Decision:**

The (taxable) assessment is **revised** from: \$8,790,000 to: **\$6,280,000.**

DATED AT THE CITY OF CALGARY THIS

13<sup>th</sup>

DAY OF DECEMBER, 2011.

  
\_\_\_\_\_  
J. Krysa,  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant's Submission
2. R1	Respondent's Submission

*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 ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Office	High Rise	Income Approach	Market Rent Capitalization Rate