

**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:

***Telsec Property Corporation, and
Dallas Development Corporation Inc., COMPLAINANTS
(as represented by Altus Group Limited)***

and

The City of Calgary, RESPONDENT

before:

***J. Dawson, PRESIDING OFFICER
M. Grace, MEMBER
J. Mathias, MEMBER***

This is a complaint to the Calgary Composite Assessment Review Board (CARB) 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:	130150105
LOCATION ADDRESS:	9950 MacLeod Trail SE
HEARING NUMBER:	63875
ASSESSMENT:	\$ 12,500,000

This complaint was heard on the 18th day of November, 2011 at the office of the Assessment Review Board (ARB) located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- B. Neeson Agent, Altus Group Limited

Appeared on behalf of the Respondent:

- I. McDermott Assessor, City of Calgary

Board's Decision in Respect of Preliminary, Procedural and Jurisdictional Matters:

No preliminary, procedural or jurisdictional matters were raised.

Property Description:

The subject is classified as non-residential with retail – neighbourhood shopping centre use and a Commercial – Corridor 3 (CC-3) Land Use Designation (LUD). The site located at 9950 MacLeod Trail SE is 4.46 acres with three buildings built between 1973 and 2011 of an 'A-' and 'B' quality. The three buildings combine for a total of 55,295 square feet of assessable area:

Sub Component	Area (square feet)	Market Rental Rate	Vacancy	Operating Costs	Non Recoverables
CRU 2501-6000 ft ²	7,909	\$21.00	8.00%	\$7.00	1.00%
CRU 6001-14000 ft ²	32,550	\$19.00	8.00%	\$7.00	1.00%
Jr. Big Box 14001-50 k ft ²	14,836	\$17.00	1.00%	\$7.00	1.00%
TOTAL	55,295				

The Respondent utilized a 7.50% capitalization rate (cap. rate) to derive an assessment of \$12,500,000.

Issues:

The Complainant identified two matters on the complaint form:

- Matter 3 - assessment amount
- Matter 4 - assessment class

Upon review the Complainant confirmed the single matter of assessment amount remains in question with the following questions to be answered by the Board:

- Issue 1 - **What is the correct market rental rate for Jr. Big Box on the subject site?**

Issue 2 - **What is the correct market rental rate for retail 6,001 to 14,000 square feet on the subject site?**

Complainant's Requested Value: \$ 9,500,000 (complaint form)
\$ 9,150,000 (alternative 1)
\$ 10,340,000 (alternative 2)

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

What is the correct market rental rate for Jr. Big Box on the subject site?

The Board finds the correct market rental rate for Jr. Big Box on the subject site is \$17.00 per square foot.

The Complainant requested a change in the market rental rate for Jr. Big Box stores located on the subject parcel from \$17.00 per square foot to \$14.00 per square foot.

The Complainant feels that there is sufficient market data within the subject's vicinity to stratify the MacLeod Trail area separately. The analysis of the Respondent's lease comparables for Jr. Big Box stores (C1 page 26) indicates that the median is \$13.50 per square foot versus the Respondent's median of \$17.00 per square foot when utilizing all lease comparables.

The Respondent indicated that the citywide stratification produced a more typical reflection of the market value. The Respondent argued that taking a lease sample from one area creates too small of a sample and does not treat all Jr. Big Box stores equitably.

The Board, in this case, finds that the methodology employed by the Respondent is equitable and consistent. The Board finds there is not sufficient lease data within the MacLeod Trail area (as presented by the Complainant) to establish a market rental rate for Jr. Big Box stores.

What is the correct market rental rate for retail 6,001 to 14,000 square feet on the subject site?

The Board finds the correct market rental rate for retail 6,001 to 14,000 square feet on the subject site is \$19.00 per square foot.

The Complainant requested a change in the market rental rate for 6,001 to 14,000 square foot commercial retail units located on the subject parcel from \$19.00 per square foot to \$12.00 per square foot or alternatively \$15.00 per square foot.

The Complainant feels that there is sufficient market data within the subject's vicinity to stratify the MacLeod Trail area separately. The analysis of the Respondent's lease comparables for 6,001 to 14,000 square foot commercial retail units (C1 page 26) indicates that the median is \$11.90 per square foot during the base year and \$15.00 per square foot for all data versus the Respondent's median of \$19.00 per square foot when utilizing all lease comparables.

The Respondent indicated that the citywide stratification produced a more typical reflection of

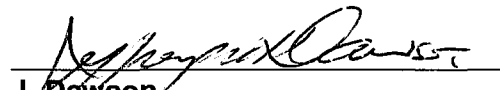
the market value. The Respondent argued that taking a lease sample from one area creates too small of a sample and does not treat all similar commercial retail units equitably.

The Board, in this case, finds that the methodology employed by the Respondent is equitable and consistent. The Board finds there is not sufficient lease data within the MacLeod Trail area (as presented by the Complainant) to support a revision to the market rental rate for 6,001 to 14,000 square foot commercial retail.

Board's Decision:

After considering all the evidence and argument before the Board it is determined that the subject assessment is confirmed at a value of \$12,500,000.

DATED AT THE CITY OF CALGARY THIS 21st DAY OF December 2011.


J. Dawson
Presiding Officer

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

NO.	ITEM
1.	C1a Complainant Disclosure – part 1
2.	C1b Complainant Disclosure – part 2
3.	R1a Respondent Disclosure – part 1
4.	R1b Respondent Disclosure – part 2
5.	C2 Rebuttal Disclosure – Capitalization Rate
6.	C3 Rebuttal Disclosure – 3 rd Party Reports
7.	C4 Rebuttal Disclosure – excerpts of Respondent disclosure for hearing 60984

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.*

Municipal Government Board use only: Decision Identifier Codes				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Power Centre	Income Approach	Cap. Rate
				Rental Rate