



**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:**

**HIGHWOOD PROJECTS INC.**  
**(as represented by Altus Group Ltd.), COMPLAINANT**

**and**

**The City Of Calgary, RESPONDENT**

**before:**

**Earl K. Williams, PRESIDING OFFICER**  
**A. Huskinson, MEMBER**  
**A. Maciag, 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 2013 Assessment Roll as follows:

**ROLL NUMBER: 050105907**

**LOCATION ADDRESS: 3735 Rundlehorn DR NE**

**FILE NUMBER: 71448**

**ASSESSMENT: \$5,500,000**

This complaint was heard on 12<sup>th</sup> day of August, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- K. Fong Agent, Altus Group Ltd
- D. Main Agent, Altus Group Ltd

Appeared on behalf of the Respondent:

- E. D'Altorio Assessor, The City of Calgary
- N. Sunderji Assessor, The City of Calgary
- T. Johnson Assessor, The City of Calgary (Observing)

**Procedural or Jurisdictional Matters:**

- [1] No Procedural or Jurisdictional Matters were raised by the parties.

**Property Description:**

[2] The subject property at 3735 Rundlehorn DR NE is a 18,913 square foot (sq. ft.) building on 1.41 acres of land with a 1974/1976 approximate year of construction (ayoc) assigned a A-quality rating in the community of Rundle with the Property Use: Commercial and Sub Property Use: CM0210 Retail – Shopping Centres – Strip. The space profile of the subject property is 3,427 sq. ft. of CRU<0-1,000 sq. ft.; 8,816 sq. ft. of CRU 1,001-2,500 sq. ft., 4,825 sq. ft. of CRU 2,501-6,000 sq. ft. and 1,845 sq. ft. of office.

[3] The assessment was prepared on the Income Approach Valuation with a capitalization rate (cap rate) of 6.75%; a market rental rate of \$27.00 per square foot (psf) for the CRU 0-1,000 sq. ft.; \$25.00 psf for the CRU 1,001 – 2,500 sq. ft. and \$24.00 psf CRU 2,501-6,000 sq. ft. and \$12.00 psf for the office space.

**Issues:**

[4] Should the subject property assessed on the Income Approach with the assessed rental rate for CRU 0-1,000 sq. ft. be reduced from \$27.00 psf to \$26.00 psf and for the CRU 2,501-6,000 sq. ft. be reduced from \$24.00 psf to \$22.00 psf?

**Complainant's Requested Value: \$5,330,000**

**Board's Decision:**

[5] Based on the evidence and arguments presented the Board supports that the rental rate for the CRU 0-1,000 sq. ft. be reduced from \$27.00 psf to \$26.00 psf and for the CRU 2,501-6,000 sq. ft. be reduced from \$24.00 psf to \$22.00 psf.

[6] The assessment is reduced to \$5,330,000.

### **Position of the Parties**

[7] The Complainant and Respondent presented a wide range of evidence consisting of relevant and less relevant evidence. In the interests of brevity, the Board will restrict its comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[8] The Complainant's evidence package included a Summary of Testimonial Evidence, a map identifying the location of the property, photographs of the exterior of the subject property, the Property Assessment Notice, the City of Calgary 2013 Property Assessment Summary Report, the City of Calgary Non-Residential Properties – Income Approach Valuation work sheet, and lease comparables.

[9] The Respondent's evidence package included a Summary of Testimonial Evidence, a map identifying the location of the property, photographs of the exterior of the subject property, the Property Assessment Notice, the City of Calgary Non-Residential Properties – Income Approach Valuation work sheet and lease comparables.

### **Issue – CRU Rental Rate**

#### **Complainant's Position:**

[10] CRU 0-1,000 sq. ft. – in support of the requested rental rate the Complainant reviewed the table titled 2013 CRU Rental Rate Analysis on page 23 of Exhibit C1. The analysis presented lease details on 4 comparables (2 from the subject property) which are all strip centres with the CM0210 property use, A- quality and in the same quadrant as the subject property. The analysis of the 4 comparables reported the leased area ranged from 708 to 937 sq. ft. and rental rates ranged from \$15.00 psf to \$26.00 psf. The mean rental rate was reported as \$21.00 psf and median rental rate as \$21.50 psf.

[11] CRU 2,501-6,000 sq. ft. – in support of the requested rental rate the Complainant reviewed the table titled 2013 CRU Rental Rate Analysis on page 25 of Exhibit C1. The analysis presented lease details on 4 comparables which are all strip centres with the CM0210 property use, A- quality and in the same quadrant as the subject property. The analysis of the 4 comparables reported the leased area ranged from 2,500 to 4,116 sq. ft. and rental rate ranged from \$16.00 psf to \$24.50 psf. The mean rental rate was reported as \$19.13 psf and median rental rate as \$18.00 psf.

[12] In summary the Complainant argued that the analysis outlined above supports the requested reduction.

#### **Respondent's Position:**

[13] CRU 0-1,000 sq. ft. - the Respondent reviewed the lease comparable table titled Lease Comparables A- 0-1,000 sq. ft. on page 15 of Exhibit R1. The analysis presented lease details on 9 comparables. The analysis reported the leased area ranged from 708 to 940 sq. ft. and rental rate ranged from \$15.00 psf to \$28.50 psf. The mean rental rate was reported as \$23.50 psf and median rental rate as \$26.00 psf.

[14] CRU 2,501-6,000 sq. ft. – the Respondent reviewed the lease comparable table titled Lease Comparables 2,501-6,000 sq. ft. on page 16 of Exhibit R1. The analysis presented lease details on 9 comparables. The analysis of the reported leased area ranged from 2,637 to 4,825 sq. ft. and rental rate ranged from \$18.00 psf to \$28.00 psf. The mean rental rate was reported as \$22.28 psf and median rental rate as \$22.00 psf.

**Board's Reasons for Decision:**

[15] The analysis presented by the Respondent was based on a sample of 9 comparables whereas the Complainant used a sample of 4 comparables. As a larger sample is typically more representative of the market, the Board based on the Respondent's analysis determined that:

- 1) CRU 0-1,000 sq. ft. - analysis reported a median rental rate of \$26.00 psf.
- 2) CRU 2,501-6,000 sq. ft. - analysis reported a median rental rate of \$22.00 psf.

[16] Based on the evidence and arguments presented, the Board supports as representative of the market the \$26.00 psf rental rate for the CRU 0-1,000 sq. ft. and \$22.00 psf for the CRU 2,501-6,000 sq. ft.

DATED AT THE CITY OF CALGARY THIS 5<sup>th</sup> DAY OF November 2013.



**Earl K. Williams**  
**Presiding Officer**

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure Subject Property Disclosure
2. R1	Respondent Disclosure

*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**

<b>Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	RETAIL	Strip	Income Approach	Lease Rate