



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:

***Quinco Financial Inc. (as represented by Linnell Taylor Assessment Strategies),
COMPLAINANT***

and

The City of Calgary, RESPONDENT

before:

***J. Krysa, PRESIDING OFFICER
D. Pollard, BOARD MEMBER
Y. Nesry, BOARD MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of the property assessment prepared by the Assessor of The City of Calgary and entered in the 2013 Assessment Roll as follows:

ROLL NUMBER:	090089905
LOCATION ADDRESS:	4608 Macleod Trail SW
FILE NUMBER:	72050
ASSESSMENT:	\$15,660,000

This complaint was heard on the 4th day of July, 2013, in Boardroom 10 of the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

D. Sheridan

Appeared on behalf of the Respondent:

M. Ryan

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

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

Property Description:

[2] The subject property is a 5.58 acre parcel of land located on the east side of Macleod Trail. The site is improved with a strip shopping centre development comprised of six, "B-" quality retail structures containing a total leasable area of 68,187 sq.ft. The development was constructed in 1986, and is known as Macleod Village.

Issues:

[3] The issue of the complaint was identified as follows:

What is the appropriate market rent rate applicable to the subject's commercial retail units (CRU), 1,001 to 2,500 sq.ft. in size?

Complainant's Requested Value(s):

[4] Requested assessment: **\$15,010,000**

Board's Decision:

[5] The assessment is **confirmed** at **\$15,660,000**.

Positions of the Parties:

Complainant's Position:

[6] The Complainant argues that the subject property is inferior to a typical retail property as it is an unanchored strip shopping centre positioned with a significant setback off the northbound, (a.m. workbound) lanes of Macleod Trail. The Complainant submits that the subject's achievable market rent rates for the stratum, "CRU 1,001 – 2,500 sq.ft." are affected by these characteristics and are \$4.00 per sq.ft. lower than the \$20.00 per sq.ft. "typical" market rent rates assigned to typical retail properties by the assessor.

[7] In support of the argument, the Complainant presented the subject's rent roll dated June 2012, and a summary of the subject's 2010 to 2013 leasing activity illustrating a range of recent lease rates from \$14.00 per sq.ft. to \$22.00 per sq.ft., and a median net rent rate of \$16.00 per sq.ft., as set out below:

Macleod Village Rent Roll As of June 2012
CRU 1,001 - 2,500 SF

Tenant	Space S/F	Start	Rent S/F	Annualized
5 Star Auto Glass	1,900	Apr-10	\$ 18.00	\$ 34,200
Cashco ADM Inc.	2,422	Feb-13	\$ 14.00	\$ 33,908
Bliss Nails	1,455	Mar-12	\$ 22.00	\$ 32,010
Calgary Universal Religious	2,422	Jan-10	\$ 14.00	\$ 33,908
Totals	8,199			\$ 134,026
Weighted Mean Net Rent			\$ 16.35	
Median Net Rent			\$ 16.00	

[8] The Complainant argues that the recent leasing activity in the subject reflects 8,199 sq.ft., or 67.71% of the subject's total available space in "CRU 1,001 – 2,500 sq.ft.", therefore is fully representative of the subject's achievable market rents.

Respondent's Position:

[9] The Respondent argues that the subject property is not inferior to a typical strip shopping centre, as this property type is typically not "anchored", therefore the typical market rent rates derived from an analysis of strip shopping centre leases would not reflect this attribute. The Respondent further argues that the subject does not suffer any significant access issues as it has three entrance points off Macleod Trail northbound, plus two entrance points off 46th Ave SW where southbound Macleod Trail traffic may gain access to the property. Additionally, the Respondent argues that the set back of the subject is not a negative factor as the subject has ample parking and remains clearly visible from Macleod Trail.

[10] In support of the market rent rates assigned to the subject properties, the Respondent provided the 2012 ARFI (assessment request for information) response for the subject property, detailing the recent leasing activity set out in the Complainant's evidence, plus an additional five year lease commencing in 2010, in respect of a 1,252 sq.ft. CRU at a rate of \$20.00 per sq.ft. The Respondent submits that the Complainant's lease example of a 2013 lease at a rate of \$14.00 per sq.ft. should be excluded from an analysis, as it is well past the valuation date of the assessment. Further, the Respondent submits that the Complainant's other lease of 2,422 sq.ft. is indicated to have a lease rate of \$16.00 per sq.ft. on the 2012 ARFI response, and not \$14.00 per sq.ft. as indicated in the Complainant's analysis.

[11] The Respondent also provided four additional leases of "B-" quality properties located at 7004, 7400 and 7500 Macleod Trail SE, exhibiting a range of lease rates from \$18.00 to \$27.00 per sq.ft., and an analysis of these leases combined with those in the subject property in support of the assessed market rent rate of \$20.00 per sq.ft.

Lease Comparables: 1,001 - 2,500 Sq.Ft.

Address	Leased Area	Start Date	Lease Rate
*4608 Macleod Trail SW	1,900	Apr-10	\$ 18.00
*4608 Macleod Trail SW	2,422	Jan-10	\$ 16.00
*4608 Macleod Trail SW	1,455	Mar-12	\$ 22.00
*4608 Macleod Trail SW	2,422	Apr-10	\$ 20.00
7500 Macleod Trail SW	1,471	Jun-12	\$ 27.00
7400 Macleod Trail SW	1,921	May-12	\$ 18.00
7004 Macleod Trail SW	2,235	Jan-11	\$ 19.56
7400 Macleod Trail SW	1,250	Jun-10	\$ 25.00
Average			\$ 20.70
Median Net Rent			\$ 19.78

*Subject Property Leases

[12] In rebuttal, the Complainant argues that the Respondent's additional lease comparables are superior to the subject property as they are located 30 blocks south of the subject in a different market area (MT4) than the subject (MT2). The Complainant further argues that the comparables are located within a "restaurant row" district of Macleod Trail; a high-profile, high rent environment south of Chinook Centre Mall.

[13] In response, the Respondent submits that the comparables are located off the northbound lanes of Macleod Trail similar to the subject, and maintains that examples of recent strip shopping centre leasing activity are difficult to find.

Legislative Authority:

[14] Decisions of assessment review board

467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

(2) An assessment review board must dismiss a complaint that was not made within the proper time or that does not comply with section 460(7).

(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

- (a)** the valuation and other standards set out in the regulations,
- (b)** the procedures set out in the regulations, and
- (c)** the assessments of similar property or businesses in the same municipality.

Matters Relating to Assessment and Taxation Regulation, AR 220/2004

- 2** An assessment of property based on market value
 - (a)** must be prepared using mass appraisal,
 - (b)** must be an estimate of the value of the fee simple estate in the property, and
 - (c)** must reflect typical market conditions for properties similar to that property.

Board's Reasons for the Decision:

[15] The Board finds that the assessed market rent rate of \$20.00 per sq.ft. is appropriate for the subject properties. The Board was persuaded by recent leasing activity from within the subject property submitted by both parties.

[16] With respect to the subject's leases in evidence, the Board agrees with the Respondent that the February 2013 lease of 2,422 sq.ft. is irrelevant as it commenced at least seven months after the valuation date, and there was no evidence to suggest the rate was negotiated near the valuation date. Accordingly, the Board applied little weight to this lease example.

[17] The Board also applied little weight to the subject's January 2010 lease of 2,422 sq.ft., as the evidence before the Board is inconclusive as to the precise lease rate; \$16.00 per sq.ft. in the ARFI response, and \$14.00 per sq.ft. in the rent roll. The Board also notes that the ARFI indicates that this lease included 4 months of free rent which the Board finds is atypical as there was no evidence of any other leases including a similar incentive.

[18] A summary of the subject's remaining leases are set out below:

Macleod Village ARFI CRU 1,001 - 2,500 SF

Tenant	Lease Area	Start Date	Lease Rate
5 Star Auto Glass	1,900	Apr-10	\$ 18.00
Cashco ADM Inc.	2,422	Feb-13	
Bliss Nails	1,455	Mar-12	\$ 22.00
Calgary Universal Religious	2,422	Jan-10	
Vogue Uniforms by Faye	1,252	Apr-10	\$ 20.00
Average Net Rent			\$ 20.00
Median Net Rent			\$ 20.00

[19] The Board applied little weight to the Respondent's lease comparables located in market area MT4 as there was no evidence to demonstrate that the subject is capable of attaining lease rates in the \$25.00 and \$27.00 per sq.ft. range evident from the MT4 comparables.

DATED AT THE CITY OF CALGARY THIS 13 DAY OF AUGUST, 2013.


J. Krysa
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Submissions
2. C1a	Photographs
2. R1	Respondent's Submissions
3. C2	Complainant's Rebuttal Submissions
4. C2a	Photographs

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	Retail	Shopping Centre - Strip	Market Rent	