

## **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:

***BCIMC REALTY CORPORATION***  
***(as represented by Altus Group Ltd.), COMPLAINANT***

and

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

before:

***Earl K Williams, PRESIDING OFFICER***  
***J Mathias, 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: 415075902**

**LOCATION ADDRESS: 500 COUNTRY HILLS BV NE**

**FILE NUMBER: 72650**

**ASSESSMENT: \$49,520,000**

This complaint was heard on 9<sup>th</sup> day of July, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- B Neeson Agent, Altus Group Ltd

Appeared on behalf of the Respondent:

- G Good Assessor, The City of Calgary
- N Sunderji Assessor, The City of Calgary

**Procedural or Jurisdictional Matters:**

[1] The parties identified to the Board that the issue of the assessed capitalization rate (cap rate) applies to the subject property (File #72650). Further the parties advised that they have agreed the evidence and arguments on the cap rate issue to be presented in respect of the hearing on the subject property will be the same as presented on File #72411 for Property Roll #175036409 and requested that the evidence and arguments be carried forward to the subject property. It was accepted that the Board's findings and decision regarding the cap rate issue would therefore, be common to the subject property. The Board found this to be an appropriate approach to the matters at hand.

[2] The parties identified to the Board that the evidence and arguments to be presented in respect of the hearing on the matter of the rental rate for the supermarket space for the subject property will be the same as presented in respect of File #72414 for Property Roll #016203309 and requested that the evidence and arguments be carried forward to the subject property. It was accepted that the Board's findings and decision regarding the rental rate issue would therefore be common to the subject property. The Board found this to be an appropriate approach to the matters at hand.

[3] No additional Procedural or Jurisdictional Matters were raised by the parties.

**Property Description:**

[4] The subject property at 500 Country Hills NE is a 130,141 square foot (sq ft) retail centre on 14.38 acres of land with a 1999 approximate year of construction (yoc) assigned a B quality rating in the community of Arbour Lake with the Property Use: Commercial and Sub Property Use: CM1403 Retail – Shopping Centre – Power. The subject is in the Power Shopping Centre known as Country Hills Village. The subject property includes a 36,645 sq. ft. supermarket, 1,435 sq. ft. of mezzanine, a 4,779 sq. ft. bank, a 9,033 fast food restaurant and 78,249 sq. ft. of Commercial Retail Units of varying sizes.

[5] The assessment was prepared on the income approach valuation with a capitalization rate (cap rate) of 6.25% and a supermarket rental rate of \$18.00 per square foot (psf).

**Issues:**

[6] Should the assessed cap rate be increased from 6.25% to 6.75% to better reflect market conditions?

[7] Is the assessed rental rate for the supermarket in excess of market and should it be reduced from \$18.00 psf to \$15.50 psf?

**Complainant's Requested Value: \$44,520,000**

**Board's Decision:**

[8] Based on the evidence and arguments presented the Board confirms the cap rate of 6.25% and the supermarket rental rate of \$18.00 in the determination of the assessment.

[9] The assessment is confirmed at \$49,520,000.

**Position of the Parties**

[10] 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.

[11] 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 City of Calgary 2013 Property Assessment Detail Report, the City of Calgary Non-Residential Properties – Income Approach Valuation work sheet. In support of the Rental Rate the evidence included the Altus Group Grocery Leasing analysis, a market analysis of leases for comparable properties and supporting documentation for the comparables. In support of the cap rate issue the Complainant submitted an Altus Group study titled Power Centre Retail 2013 Capitalization Rate Analysis & Argument (Altus Cap Rate Study), an analysis of a number of comparable properties, excerpts from applicable legislation, excerpts of technical information related to capitalization rate methodology, excerpts from the City of Calgary Capitalization Rate Approach, excerpts from the Alberta Assessor's Association Valuation Guide related to the method to determine the market rental rate and the Capitalization Rate calculation as well as a number of Assessment Review Board and Municipal Government Board decisions in support of their position.

[12] The Respondent's evidence package included a Summary of Testimonial Evidence, a map identifying the location of the property, the 2013 Property Assessment Notice, the Assessment Explanation Summary, and a rental rate analysis of supermarkets including supporting documentation for the comparables. In regards to the matter of the cap rate the Respondent's evidence included a response to the Complainant's Cap Rate Study, relevant information related to the calculation of cap rates, an analysis of the cap rates for comparable properties as well as a number of Assessment Review Board and Municipal Government Board decisions in support of their position.

[13] Both parties placed numerous technical, professional and academic excerpts before the

Board in support of their position. This Board finds that any specific passage or quote (i.e. excerpt) from a larger document may not capture the true intent of document and is, therefore, seen by the Board as incomplete material and may be given limited weight.

[14] As noted above, both parties placed a number of Assessment Review Board and Municipal Government Board decisions before this Board in support of their position. These decisions were made in respect of issues and evidence that may however be dissimilar to that before this Board.

## Issue – Rental Rate

### Complainant's Position:

[15] The Complainant advised the Board that when establishing the assessment rental rate the City of Calgary categorizes supermarkets on a City wide basis as A, B or C. Within each group, supermarkets exhibit a range of leased area, ayoc and a variety of locations throughout all quadrants in the City. The following table presents particulars on the three categories.

Category	Lease Rental Rate 3 yr. Median	Comments
A	\$18.00 psf	Prime/good location – newer or renovated store
B	\$15.00 psf	Average
C	\$10.00 psf	Less/least desirable location, generally older store

[16] In support of the request for a rental rate of \$15.50 psf the Complainant reviewed the table Grocery Leasing Analysis 'A=Prime/Good Location – Newer or Renovated Stores on page 7 of Exhibit C-4. The table presented lease details on 7 supermarkets considered as comparables. The supporting documentation for the comparables included exterior photographs, maps of the centre, tenant rent roll, City of Calgary Property Summary Reports, correspondence from landlords, completed City of Calgary Annual Request for Information (ARFI), relevant pages from lease documents are detailed in Exhibit C-4.

[17] The Complainant subsequently amended the Grocery Leasing Analysis 'A=Prime/Good Location – Newer or Renovated Stores in Exhibit C5 to include 100 Anderson Road SE. The amended table of 8 comparables is presented on page 13 of Exhibit C5.

[18] The following table presents the lease details for the 8 comparables. The column identified by the # symbol was inserted by the Board to facilitate reference to comparables in this decision.

#	Tenant	Municipal Address Shopping Centre	Area (sq. ft.)	Rental Rate (\$psf)	Lease year	Term
1	Canada Safeway	3625 Shaganappi Trail NW Market Mall	43,026	\$8.40	2011	10
2	Canada Safeway	70 Shawville Blvd SE Shawnessy Village	51,978	\$10.47	2011	10
3	Calgary Co-op	1221 Canyon Meadows Dr SE Deer Valley Marketplace	55,130	\$15.00	2011	20
4	Calgary Safeway	100 Anderson Rd SE SouthCentre Mall	76,326	\$15.00	2011	5

5	Calgary Co-op	163 Quarry Park Blvd SE The Market at Quarry Park	45,358	\$26.45	2010	20
6	Sobeys Capital	356 Cranston Rd SE Cranston Market	41,334	\$19.00	2009	20
7	Calgary Safeway	1600 85 St SW Aspen Landing	53,916	\$16.72	2009	25
8	Calgary Safeway	9737 MacLeod Trail SW Southland Crossing	44,293	\$13.50	2009	5
Median			48,668	\$15.00		
Mean			51,420	\$15.57		
Weighted Mean				\$15.47		

[19] The Complainant argued that the weighted mean rental rate of \$15.47 psf for the 8 comparables presented in paragraph [18] supports the requested rental rate. Further, the Complainant noted that the table above included 5, specifically comparables #1, 4, 5, 6 and 7 of the Respondent's Category A comparables.

[20] In summary the analysis presented in paragraph [18] reports a median rental rate of \$15.00 psf and a weighted mean rental rate of \$15.47 psf. The best comparable to the subject, 100 Anderson RD SE, which is used by both the Complainant and the Respondent in their analysis, has a rental rate of \$15.00 psf which supports the requested rental rate of \$15.50 psf.

### Respondent's Position:

[21] The Respondent argued that 5 of the Complainant's 8 comparables presented in paragraph [17] were incorrect as identified in the table on page 101 of Exhibit R1. Specifically, two were stated to be non-current leases, one had a rate correction, another was included in the study already and the quality classification of one comparable was incorrect. The Respondent's supporting documentation is presented on pages 102 to 124 of Exhibit R-1.

[22] The Respondent reviewed the City of Calgary Assessment table titled "2013 Supermarket Rental Rate Analysis Revised" (page 140 Exhibit R1), which was also presented by the Complainant, as support for the assessment rental rate for the A, B and C categories of supermarkets. The following table presents the relevant information for the A and B categories:

### 2013 Supermarket Rental Rate Analysis Revised (City Calgary Assessment)

Address	Lease Area (sq. ft.)	Lease Rental Rate	Lease Commencement Date Year/Month	Term
<b>Category A - \$18.00</b>				
3625 Shaganappi Trail NW	43,026	\$8.40	2011/07	10
163 Quarry Park Blvd SE	45,358	\$26.45	2009/11	20
356 Cranston Rd SE	41,334	\$19.00	2009/10	20
374 Aspen Glen Ld SW	53,916	\$18.50	2009/09	25
100 Anderson Rd SE	76,326	\$15.00	2011/03	5
<b>3 yr. Median</b>		<b>\$18.50</b>		
<b>Category B - \$15.00</b>				
1221 Canyon Meadows DR SE	55,130	\$15.00	2011/09	10
2717 Sunridge WY NE	20,000	\$17.00	2011/03	10

8388 18 St SE	34,969	\$14.50	2011/12	5
8120 Beddington BV NW	54,792	\$13.50	2010/11	5
<b>3yr Median</b>		<b>\$14.75</b>		

[23] As further support for the assessed rental rates the Respondent presented on pages 141 and 142 of Exhibit R-1 a table titled Supermarket Equity Comparables for the A, B and C Quality. In respect of the A quality there were 30 comparables with ayoc from 1958 to 2012 and ranging in area from 18,479 sq. ft. to 72,944 sq. ft. The 20 B quality comparables reported ayoc from 1962 to 2006 and ranging in area from 19,698 sq. ft. to 68,429 sq. ft.

[24] In summary, the Respondent argued that the lease inaccuracies in the Complainant's comparables compromised the analysis supporting the requested \$15.50 psf rental rate. Further the Respondent's lease analysis of category comparables and the profile of the equity comparables support the \$18.00 psf assessment rental rate.

#### **Complainant's Rebuttal:**

[25] In response to the Respondent's position, in paragraph [21], that 5 of the Complainant's comparables reported details which were incorrect, the Complainant addressed each of the identified inaccuracies:

- 1) 70 Shawville BV SE (comparable 2 in the paragraph [18] table): particulars on the comparable were provided on pages 12 to 17 of Exhibit C-4, page 17 identified that the lease commenced February 2011 for a term of 5 years to January 2016 at the rental rate of \$10.47 psf.
- 2) 1221 Canyon Meadows Dr SE (comparable 3 in the paragraph [18] table): the Complainant argued that this Community Shopping Centre has undergone a partial demolition, restructure of portions of the property as well as the construction of new commercial pads. A review of pages 18 to 25 of Exhibit C-4 determined that the quality rating changed from a C in 2011 to an A- in 2012. However, in respect of the supermarket, photos on page 20 and 23 of Exhibit C4 support the completion of exterior renovations related to signage and construction of part of one an exterior wall. No evidence was provided to support renovations of the interior of the supermarket.
- 3) 100 Anderson Rd SE (comparable 4 in the paragraph [18] table): used by both the Complainant and the Respondent; further the tenant roll on page 123 of Exhibit R-1 supports the rental rate of \$15.00 psf.
- 4) 1600 85 St SW (comparable 7 in the paragraph [18] table): a review of the details on pages 33 and 34 of Exhibit C-4 determined that the \$16.72 psf rental rate lease is an average based on 48,730 sq. ft. at \$18.50 psf and 5,186 sq. ft. at \$0.00 (no rent).
- 5) 9737 MacLeod Trail SW (comparable 8 in the paragraph [18] table): the tenant rent roll on page 46 of Exhibit C-4 reports the lease term as May 1989 to May 2014 at an annual rate of \$13.50 psf.

Further supporting documentation for the Complainant's response is presented on pages 15 –

60 of Exhibit C5.

[26] The Complainant argued that the lease details of the 8 comparables presented in paragraph [18] are accurate and supported. The analysis of the lease particulars supports the requested rental rate of \$15.00 psf for the subject property.

**Board's Reasons for Decision:**

[27] The Board determined that the Complainant's rebuttal (Exhibit C5) provided documentation which supported their 8 comparables and effectively addressed the inaccuracies identified by the Respondent in paragraph [22].

[28] An examination of the lease details of the Complainant's 8 comparables presented in paragraph [18] determined:

- 1) The lease rental rates ranged from \$8.40 psf to \$26.45 psf; a Median of \$15.00 psf, a Mean of \$15.57 psf and a Weighted Mean of \$15.47psf.
- 2) The leased areas ranged from 41,334 sq. ft. to 76,326 sq. ft.; a mean of 51,420 sq. ft. and a median of 48,668 sq. ft.
- 3) Four (4) of the comparables reported a lease commencement year of 2011. The mean leased area was 56,615 sq. ft. and rental rates which ranged from \$8.40 psf to 15.00 psf with a weighted mean of \$12.71 psf.

[29] The Complainant argued that 100 Anderson Rd SE as a favorable comparison for the subject. However an examination of the leased area determined that the comparison is not supported on the basis of leased area. The subject's area of 36,645 sq. ft. is 39,681 sq. ft. smaller than 100 Anderson Rd which reports a leased area of 76,326 sq. ft.

[30] A further examination of the subject property's leased area of 36,645 sq. ft. to the Complainant's comparables presented in paragraph [18] and the findings presented in paragraph [28] determined that the area of the subject is less than the median of 48,668 sq. ft. and lower than the 41,334 sq. ft. which is the minimum of the range for the comparables.

[31] The subject property which is located in a Power Centre, reports an ayoc of 1999 and a leased area of 36,645 sq. ft. compares more favorably with the Respondents Category A properties presented in paragraph [23] than with the Complainant's comparables presented in paragraph [18].

[32] Based on the evidence and arguments presented the Board confirms the Rental Rate of \$18.00 psf in the determination of the assessment.

**Issue – Capitalization Rate**

**Complainant's Position:**

[33] The Complainant argued that the Capitalization Rate ("Cap Rate") of 6.25% applied to the 2013 assessment of Power Shopping Centres within the City of Calgary is low and not reflective of both market conditions as of the designated valuation date of July 2012, or reflective of the valid market transactions during the 30 month period of January 2010 to June 30 2012 prior to the valuation date. Based on the Complainant's methodology to calculate cap rate and a comprehensive analysis of valid market transactions, the cap rate should be 6.75%.

[34] The Complainant reviewed with the Board pages 19 and 20 of Exhibit C-1 which outlined the two methodologies (Capitalization Rate Methodology) for the determination of a cap rate.

[35] The method to determine the market rental rates which is the basis for the calculation of the Net Operating Income (NOI) is the fundamental difference between the two methodologies which are referred to as:

[36] Method I – used by the City of Calgary Assessment Business Unit which determines the Net Operating Income using the lease and income information reported by the annual Request for Assessment Information (ARFI).

[37] Method II – used by the Complainant which determines the valuation date market rent as prescribed by the Alberta Assessor's Association Valuation Guide (AAAVG) and Principles of Assessment I for Assessment Review Board Members and the Municipal Government Board Members.

[38] Page 20 of C-1 outlined the in further detail the Complainant's approach to determine the market rental rate which is presented below.

*Determining Market Rents as of the Valuation Date*

*Base Rent*

*To establish the market value of a shopping center property the income calculation must be based upon the appropriate market rents for the leasable areas. To determine the current market rent for each tenant, the following guidelines are provided (in order of descending importance):*

- 1. For most tenants the best source of market rent information is the rent roll. Using these rent rolls, the best evidence of "market" rents are (in order of descending importance):*
  - Actual leases signed on or around the valuation date.*
  - Actual leases within the first three years of their term as of the valuation date.*
  - Current rents for similar types of stores in the same shopping centre.*
  - Older leases with active overage rent or step-up clauses.*
- 2. As a secondary source of rent information, and as a check on the rents derived from the actual rent rolls, the rental rates can be compared to the rents established for similar types of stores in similar shopping centers. This information is reported in Schedule I.*

[39] The cap rate for Power Shopping Centres was based on 3 transactions in Power Shopping Centres during the 30 month period from January 2010 to July 2012. The transactions are all located in the Crowfoot Crossing Centre. The profile of each of the 3 transactions is presented in the following table and was accepted as accurate by both parties.



Civic Address	Property Name*	Registration Date	Assessable Area	AYOC**	Quality
95 Crowfoot Cr NW	HSBC Bank	12/13/2010	7,256 sq. ft.	1997	B
20/60 Crowfoot Cr NW	Crowfoot - The Village	4/30/2012	60,612 sq. ft.	1985	B
140 Crowfoot Cr NW	Crowfoot Corner	5/28/2012	51,048 sq. ft.	1981-1991	B

\*Property Name: the name by which the property is known and identified on maps of the Crowfoot Crossing Centre

\*\*AYOC: approximate year of construction

[40] Complainant's Exhibit C-2 titled "Power Centre Retail 2013 Capitalization Rate Analysis & Argument detailed the argument, supporting analysis and documentation for the 6.75% cap rate. Pages 2 – 94 of C-2 presented the Capitalization Rate Method I used by the City of Calgary and based on assessed income from the year of sale.

[41] The Complainant argued that the rental rate to determine the net operating income must be reflective of market at the valuation date. Pages 95 – 169 of C-2 outlines the methodology and comparables the Complainant used to determine the typical market rent rate for each of the transactions. In respect of each transaction the Complainant's position is summarized below:

- HSBC Bank: based on data presented in the Complainant determined that the use of either a \$37.50 or \$40.00 psf rental rate is reflective of market and not the \$32.00 psf rental rate used by the Respondent
- Crowfoot Village – based on the March 2012 Rent Roll for the subject and market data the Complainant calculated a typical market rental rate structure that is reflective of the Village's tenant stratification which should be the basis of the calculation of the Net Income. (C-2 page 156-159)
- Crowfoot Corner – based on the June 2012 Rent Roll for the subject and market data the Complainant calculated a typical market rental rate structure that is reflective of the Village's tenant stratification which should be the basis of the calculation of the Net Income. (C-2 page 165-167)

[42] Based on the typical market rental rates the Complainant calculated the capitalization rate and presented the findings in the following table:

**2013 Altus Power Centre Capitalization Rate Summary – Method II**

Civic Address Property Name	Registration Date	Sale Price	Assessable Area	NOI	CAP. RATE
95 Crowfoot Cr NW HSBC Bank	12/13/2010	\$2,638,000	7,256 sq. ft.	\$208,612	7.91%
20/60 Crowfoot Cr NW Crowfoot - The Village	4/30/2012	\$31,250,000	60,612 sq. ft.	\$2,107,266	6.74%
140 Crowfoot Cr NW Crowfoot Corner	5/28/2012	\$35,500,000	51,048sq ft.	1.892,009	5.33%

Legend: NOI = Net Operating Income; CAP. RATE = Capitalization Rate

Mean 6.66%  
Median 6.74%

[43] Based on the evidence presented which uses the typical market rent to calculate the NOI the Complainant argued that the cap rate of 6.75% is supported.

**Respondent's Position:**

[44] The Respondent argued that the Capitalization Rate ("Cap Rate") of 6.25% applied to the 2012 assessment of Power Shopping Centres within the City of Calgary is reflective of market conditions as of the designated valuation date and as of the transaction date which is the basis on which a cap rate should be determined.

[45] The Respondent provided evidence in R-1 that supported the rental rates used to calculate the NOI for the 3 transactions. In respect of each transaction the Respondent's position is summarized below:

- 1) HSBC Bank: Page 39 of R-1 presented the 2011 Historical Bank Lease Analysis for Crowfoot Power Centre which reported 3 comparables with a median and a mean of \$31.50 psf.
- 2) Crowfoot - The Village and Crowfoot Corner: the Respondent presented an analysis of the ARFI for the property which support the calculation of the NOI based on the property rental rates.

[46] The Respondent argued that the rental rates are reflective of the property and the market as of the transaction date. Further, this approach to determine market rental rates is consistent with the Respondent's methodology.

[47] As further support for the cap rates the Respondent reviewed Page 89 – 93 of R-1 which are extracts from research reports on capitalization rates prepared by CBRE and Altus Insite. The reports show that the overall capitalization rates for 2012 power centres are in the range of 5.5% to 6.0%.

[48] The following table is a summary of the key data in the table titled 2103 Power Centre Capitalization Rate Summary on page 100 of Exhibit R-1 which presents the Respondent's determination of the NOI and the cap rate.

Civic Address Property Name	Registration Date	Sale Price	Assessable Area	NOI	CAP. RATE
95 Crowfoot Cr NW HSBC Bank	12/13/2010	\$2,638,000	7,256 sq. ft.	\$167,560	6.35%
20/60 Crowfoot Cr NW Crowfoot - The Village	4/30/2012	\$31,250,000	60,612 sq. ft.	\$2,118,208	6.78%
140 Crowfoot Cr NW Crowfoot Corner	5/28/2012	\$35,500,000	51,048sq ft.	\$1,820,286	5.13%

Mean 6.09%

Median 6.35%

[49] In summary, the Respondent argued that the NOI is based on market rental rates and the method to calculate the cap rate is reflective of accepted practice using the mean and median support the application of a 6.25% cap rate.

**Board's Reasons for Decision:**

[50] Based on a review of the evidence presented, the Board prepared the following table which presents the NOI and cap rates as calculated by the parties.

Civic Address Property Name	Registration Date	Sale Price	Assessable Area	Respondent		Complainant	
				NOI	CAP. RATE	NOI	CAP. RATE
95 Crowfoot Cr NW HSBC Bank	12/13/2010	\$2,638,000	7,256 sq. ft.	\$167,560	6.35%	\$208,612	7.91%
20/60 Crowfoot Cr NW Crowfoot - The Village	4/30/2012	\$31,250,000	60,612 sq. ft.	\$2,118,208	6.78%	\$2,107,266	6.74%
140 Crowfoot Cr NW Crowfoot Corner	5/28/2012	\$35,500,000	51,048sq ft.	\$1,820,286	5.13%	\$1,892,009	5.33%
				Mean	6.09%		6.66%
				Median	6.35%		6.74%

[51] The parties differed in the approach to determine the market rental rate which is the input to the calculation of the NOI. The difference in the determination of the market rent has the most impact on the NOI for 95 Crowfoot Cr NW which increases the cap rate by 1.56% compared to a .04% and a .20% increase in the cap rate for the other 2 transactions.

[52] An examination of the transactions determined the following:

- 1) from a statistical perspective a sample of 3 transaction is a small sample;
- 2) the 3 transactions have a total area of 118,916 sq. ft.;
- 3) 95 Crowfoot Cr NW is 7,256 sq. ft. which is 6.1% of the total sq. ft. and was a December 2010 transaction;
- 4) 20/60 and 140 Crowfoot Cr transactions represent 111,660 sq. ft. (93.9% of the total sq. ft.), were April and May 2012 transactions and were purchased by the same party;
- 5) 20/60 and 140 Crowfoot Cr transactions are within 3 months of the July 1 2012 valuation date and are more reflective of the current market;
- 6) 20/60 and 140 Crowfoot Cr transactions potentially could be considered as one transaction and would be reflective of a market transaction in a Power Centre; and
- 7) both the Complainant and the Respondent used the mean and the median as measures of central tendency for a sample of 3 transactions.

[53] From a statistical perspective, sample size is an important consideration and will have an effect on the mean and the median by artificially inflating or deflating the calculated value. The calculation of a mean gives equal weight or importance to each data point in a sample.

[54] A statistically more appropriate method would be to use the weighted average.

[55] The Board is of the view that since the transaction for 95 Crowfoot Cr has an area of only 7,256 sq. ft. and was a 2010 transaction it is less reflective of the market than the two 2012 transactions which represent 93.9% of the combined area. This difference in area needs to be reflected in the calculation of the cap rate for the sample of 3 transactions.

[56] To adjust for the sample size and to be reflective of the contribution of each transaction

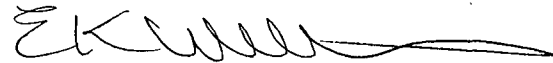
the Board calculated the weighted average of the 3 cap rates. Based on the methodologies argued by the parties the weighted average cap rates are:

Complainant: 6.14%

Respondent: 6.05%

[57] Based on the evidence and arguments presented, the calculation of a weighted average supports the application of a cap rate of 6.25% in the determination of the assessment.

DATED AT THE CITY OF CALGARY THIS 28 DAY OF October 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
2. C2	Complainant Disclosure
3. C3	Complainant Disclosure
4. C4	Complainant Disclosure
	Grocery Leasing
5. C5	Complainant Disclosure Rebuttal
6. R1	Respondent Disclosure

**NOTE APPENDICES DIFFERENT FOR THIS ONE**

*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	POWER CENTRE	INCOME APPROACH	CAPITALIZATION RATE