



## **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:**

**909507 Alberta Ltd.**  
**(as represented by Altus Group Limited), COMPLAINANT**

**and**

**The City Of Calgary, RESPONDENT**

**before:**

**C. J. Griffin, PRESIDING OFFICER**  
**J. Mathias, BOARD MEMBER**  
**J. Lam, BOARD MEMBER**

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

<b>ROLL NUMBER(S):</b>	<b>129180600</b>
<b>LOCATION ADDRESS:</b>	<b>10655 Southport Rd. SW</b>
<b>FILE NUMBER:</b>	<b>72979</b>
<b>ASSESSMENT:</b>	<b>\$71,540,000.</b>

This complaint was heard on the 1<sup>st</sup> day of October, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, in Boardroom 4.

Appeared on behalf of the Complainant:

- M. Cameron

Appeared on behalf of the Respondent:

- M. Ryan

**Board's Decision in Respect of Preliminary and/or Procedural Matters:**

There were no Preliminary or Procedural Matters brought forward by either party to the complaint..

**Property Description:**

[1] According to the Property Assessment Summary Report (Exhibit C-1 pg. 25), the subject property is an 'A2' Classified, combination high-rise & low-rise suburban office building containing a total assessed office area of 276,384 Sq. Ft. as well as 164 underground parking stalls. The building, which was constructed in 1978 (low-rise) and 1981 (high-rise), is a modern structure located in the Southwood area of southwest Calgary.

**Issue(s):**

[2] While the Complainant's Assessment Review Board Complaint form indicates several issues to be resolved, at the Hearing the Complainant reduced the issues to a single matter, that being:

The assessed vacancy rate at 5.00% is too low and it should be raised to 17.50% to better reflect market value and to recognise the abnormal vacancy being experienced by the property.

**Current Assessment(s):**

[3] \$ 71,540,000.

**Complainant's Requested Value:**

[4] \$ 55,180,000.

**Board's Decision:**

[5] The assessment is **confirmed** at:  
\$ 71,540,000.

**Position of the Parties****Complainant's Position:**

[6] The Complainant provided (Exhibit C-1 pg. 30) a chart showing the vacancy rate for the subject property as follows: July '11 @ 15.65%, July '12 @ 19.44% and Dec. '12 @ 22.80%. This chart also indicates the average vacancy over the past 2.5 years to be 19.30% and 17.55% during the last valuation year. This was then followed by (Exhibit C-1 pgs. 31 – 48) a copy of a marketing brochure, as prepared by Colliers International, offering space for lease at a rate of \$22/Sq. Ft. Additionally, the Complainant provided (Exhibit C-1 pgs. 49 – 83) copies of various rent rolls for the property which indicates the vacancy to be 53,314 Sq. Ft. equating to 19.44% as at July 1, 2012. The Complainant also provided (Exhibit C-1 pgs. 86 – 89) a copy of a CARB decision from 2010 that deals with a somewhat similar situation in a building located at 5920 MacLeod Trail SW. Based upon this information the Complainant requests the CARB to reduce the current assessed value by applying a vacancy rate of 17.5%.

**Respondent's Position:**

[7] The Respondent introduced (Exhibit R-1 pg. 23) their *Corrected 2013 Suburban Office Vacancy Study: Southwest CS0302 (Suburban Office) 'A' Quality* which provides a synopsis of the vacancy being experienced by 16 properties, including the subject. This study concludes a 4.47% vacancy rate which, the Respondent contends, supports the assessed rate of 5%. The Respondent also pointed out to the CARB that the asking lease rate in the subject property (Exhibit C-1 pg. 32) indicated in the marketing brochure is \$22/Sq. Ft. and this is \$4 greater than the assessed office rental rate of \$18/Sq. Ft. The Respondent suggested that perhaps the abnormal vacancy stems from the higher than market asking lease rate.

**Complainant's Rebuttal**

[8] The Complainant introduced a brief Rebuttal (Exhibit C-2) that highlighted the fact that the Respondent had miscalculated the vacancy rate in the subject property and that by correcting same the overall indicated vacancy rate would be 6.06%. The corrected vacancy indication for the subject property, at 53,314 Sq. Ft. stems from information reported in the 2012 *Assessment Request for Information (ARFI)* submitted by the property owners or their agents. The Complainant also provided a copy of an additional CARB Decision (#2122/2012-P) which deals with a similar situation with a property located at 4600 Crowchild Trail NW.

**Board's Decision Reasons:**

[9] The Complainant provided evidence of site specific vacancy, which does stand out as being atypically large. The vacancy in this 2 building complex, as at July 2011, July 2012 and December 2012, was indicated to range from 15.65% to 22.80%. Over this same period of time the vacancy has shown an increasing trend; however, no plausible explanation was provided. There were no recent rent rolls to establish whether the vacancy rate remains high or if it has been reduced as a result of recent leasing activity, so the CARB is unable to determine if the vacancy has been long term and could be considered to be chronic.

[10] The Board notes an unexplained discrepancy between two charts in the Complainant's Rebuttal (Exhibit C-2 pgs. 3 & 4). One of the charts was noted as being Respondent's "*Corrected 2013 Suburban Office Vacancy Study: Southwest CS0302 A Quality*". The other chart was the Complainant's 'Corrected' version of the same chart. In the Respondent's chart one property indicates a total rentable space of 99,918 Sq. Ft. with 2,865 Sq. Ft. (2.87%) indicated as being vacant. This same property in the Complainant's 'Corrected' chart shows the vacancy to be 28,865 Sq. Ft. (28.89%). No explanation or factual support was provided to dispute the vacancy as reported in the Respondent's chart. As a result the Board is left to presume that the Complainant's chart contained a typographical error.

[11] The Respondent acknowledged that their study incorrectly showed the total rentable area and vacant space in the subject property as that information was based upon data from only one of the two buildings involved. This oversight was corrected on the Complainant's chart (Exhibit C-2 pg. 4). With this correction there is a total vacancy of 127,206 Sq. Ft. from a total of 2,529,002 Sq. Ft. contained in 15 southwest located 'A' quality Suburban Office Buildings which equates to approximately 5%. It should be noted that this study includes the subject buildings. This 5% is supportive of the assessed typical vacancy rate of 5%. Accordingly, the assessed value is **confirmed**.

DATED AT THE CITY OF CALGARY THIS 24<sup>th</sup> DAY OF October 2013.

  
C.J. Griffin,  
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 Rebuttal
3. 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 MGB Administrative Use Only**

Municipality: Calgary	Decision No. 72979/P-2013	Roll No:	<b>129180600</b>
<b><u>Property Type</u></b>	<b><u>Property Sub-Type</u></b>	<b><u>Issue</u></b>	<b><u>Sub-Issue</u></b>
Office	Suburban Office	M.V.	Vacancy Rate