

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:

1089632 ALBERTA LTD.
(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: 200420644

LOCATION ADDRESS: 728 Northmount DR NW

FILE NUMBER: 73003

ASSESSMENT: \$12,310,000

This complaint was heard on 12th 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:

- T. Johnson Assessor, The City of Calgary

Procedural or Jurisdictional Matters:

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

Property Description:

[2] The subject property at 728 Northmount DR NW is comprised of two buildings with a total area of 33,802 square foot (sq. ft.) on 2.17 acres of land with a 1958/1959 approximate year of construction (ayoc) assigned a A- quality rating in the community of Rosemont with the Property Use: Commercial and Sub Property Use: CM0210 Retail – Shopping Centres – Strip. The subject property has 2,662 sq. ft. of CRU 0-1,000 sq. ft.; 5,646 sq. ft. of CRU 1,001-2,500 sq. ft. and 13,451 sq. ft. of CRU 2,501-6,000 sq. ft.; a bank leasing 10,548 sq. ft. and 1,495 sq. ft. of storage space.

[3] The assessment was prepared on the Income Approach with a capitalization rate (cap rate) of 6.75%; a market rental rate of \$29.00 per square foot (psf) for the CRU 0-1,000 sq. ft.; \$28.00 psf for the CRU 1,001-2,500 sq. ft.; \$27.00 psf CRU 2,501-6,000 sq. ft.; \$27.00 psf for the bank and \$2.00 psf for the storage 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 \$29.00 psf to \$28.00 psf and the rental rate for CRU 2,501-6,000 sq. ft. reduced from \$27.00 psf to \$24.00 psf?

Complainant's Requested Value: \$11,050,000

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 to \$28.00 psf and for the CRU 2,501-6,000 sq. ft. reduced to \$24.00 psf.

[6] The assessment is reduced to \$11,710,000.

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 Detail Report, the City of Calgary Non-Residential Properties – Income Approach Valuation work sheet, and comparables market leasing analysis.

[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 2013 Property Assessment Detail Report, 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 20 of Exhibit C1. The analysis presented lease details on 18 comparables which are all strip centres with the CM0210 property use, in the same market area NW3 as the subject property with quality ratings of B, B+ and A-. The analysis of the comparables reported the leased area ranged from 380 to 966 sq. ft. and rental rate ranged from \$23.00 psf to \$27.00 psf. The mean rental rate was reported as \$24.50 psf and median rental rate as \$24.00 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 22 of Exhibit C1. The analysis presented lease details on a sample of 10 comparables which are all strip centres with the CM0210 property use, with quality ratings of B-, B+ and A-. The analysis of the comparables reported the leased area ranged from 2,882 to 5,119 sq. ft. and rental rate ranged from \$11.00 psf to \$24.00 psf. The mean rental rate for the 10 comparables was reported as \$20.88 psf and median rental rate as \$22.92 psf. The sample included 4 comparables with an A- quality rating the same as the subject property; the mean for this subsample was \$23.71 psf and \$24.00 psf.

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

Respondent's Position:

[13] CRU 0-1,000 sq. ft. - the Respondent reviewed the lease comparable table titled Lease Comparables 0-1,000 sq. ft. on page 20 of Exhibit R1. The analysis presented lease details on 12 comparables. The analysis reported the leased area ranged from 530 to 915 sq. ft. and rental rate ranged from \$18.50 psf to \$37.35 psf. The mean rental rate was reported as \$28.07

psf and median rental rate as \$28.00 psf.

[14] CRU 2,501-6,000 sq. ft. – the Respondent reviewed the Respondent reviewed the lease comparable table titled Lease Comparables 2,501-6,000 sq. ft. on page 22 of Exhibit R1. The analysis presented lease details on a sample of 8 comparables which upon further review was reduced to 7 as one comparable was repeated. The analysis reported the leased area ranged from 2,646 to 3,346 sq. ft. and rental rate ranged from \$18.00 psf to \$35.00 psf. The mean rental rate was reported as \$25.26 psf and median rental rate as \$24.00 psf.

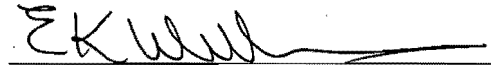
Board's Reasons for Decision:

[15] CRU 0-1,000 sq. ft. - the analysis of the Respondent's 12 comparables reported a median rental rate of \$28.00 psf.

[16] CRU 2,501-6,000 sq. ft. - the analysis of the Respondent's 7 comparables reported a median rental rate of \$24.00 psf.

[17] Based on the evidence and arguments presented the Board supports as representative of the market the \$28.00 psf rental rate for the CRU 0-1,000 sq. ft. and \$24.00 psf for the CRU 2,501-6,000 sq. ft.

DATED AT THE CITY OF CALGARY THIS 7th DAY OF November 2013.



Earl K. Williams
Presiding Officer

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

NO.	ITEM
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

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	RETAIL	Shopping Centres-Strip	Income Approach	Lease Rate