

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:

708193 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: 020092904

LOCATION ADDRESS: 3604 52 AV NW

FILE NUMBER: 73011

ASSESSMENT: \$7,780,000

This complaint was heard on 13th 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] The parties advised the Board of an agreement that the rental rates are reasonable and representative of market. Further the Board was requested to provide a written decision confirming the assessment.

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

Property Description:

[3] The subject property at 3604 52 AV NW is a 26,409 square foot (sq. ft.) building on 2.0 acres of land with a 1973 approximate year of construction (ayoc) assigned a B+ quality rating in the community of Brentwood with the Property Use: Commercial and Sub Property Use: CM0210 Retail – Shopping Centres – Strip. The subject property has 11,204 sq. ft. of CRU 0-1,000 sq. ft.; 3,740 sq. ft. of CRU 1,001-2,500 sq. ft., 2,504 sq. ft. of CRU 2,501-6,000 sq. ft., and 8,961 sq. ft. of office space.

[4] The assessment was prepared on the Income Approach with a capitalization rate (cap rate) of 6.75%; a market rental rate of \$25.00 per square foot (psf) for the CRU 0-1,000 sq. ft.; \$24.00 psf for the CRU 1,001-2,500 sq. ft.; \$23.00 psf for the CRU 2,501 – 6,000 sq. ft. and \$15.00 psf for the office.

Issues:

[5] Should the subject property assessed on the Income Approach with the assessed rental rates for the CRU 2,501-6,000 sq. ft. be reduced from \$23.00 psf to \$19.00 psf?

Complainant's Requested Value: \$7,640,000

Board's Decision:

[6] Based on the evidence and arguments presented the Board supports that the rental rate for the CRU 2,501-6,000 sq. ft. remain \$23.00 psf.

[7] The assessment is confirmed at \$7,780,000.

Position of the Parties

[8] 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.

[9] 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 comparable market leasing analysis.

[10] 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, the Assessment Request for Information (ARFI) and lease comparable analysis.

Issue – CRU Rental Rate

Complainant's Position:

[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 30 of Exhibit C1. The analysis presented lease details on a sample of 6 comparables which are all strip centres with the CM0210 property use, with B+ and B- quality rating and located in the NW quadrant. The analysis of the sample reported the leased area ranged from 2,822 to 5,119 sq. ft. and rental rate ranged from \$11.00 psf to \$24.00 psf. The mean and median rental rate for the 6 comparables was reported as \$19.00 psf. An analysis of the B+ comparables determined a mean rental rate of \$20.00 psf and a median rental rate of \$19.00 psf.

Respondent's Position:

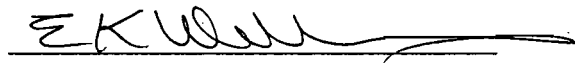
[12] CRU 2,501-6,000 sq. ft. - the Respondent reviewed the lease comparable table titled Lease Comparables on page 37 of Exhibit R1. The analysis presented lease details on a sample of 11 comparables which are all strip centres located in the NW quadrant. The analysis reported the leased area ranged from 2,678 to 4,982 sq. ft. and rental rate ranged from \$11.00 psf to \$30.00 psf. The analysis determined the mean rental rate as \$21.73 psf, the median as \$23.00 psf.

Board's Reasons for Decision:

[13] Based on the evidence presented, the Board determined that the Respondent's sample size was larger in respect of the number of comparables, which statically is more representative of the market. Generalizing from a large sample is more supportable than from a small sample.

[14] Based on the evidence and arguments presented, the Board supports the use of \$23.00 psf for the CRU 2,501-6,000 sq. ft. category.

DATED AT THE CITY OF CALGARY THIS 5th DAY OF November 2013.

A handwritten signature in black ink, appearing to read 'E K Williams', written over a horizontal line.

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	Rental Rate