



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

I.G. Investment Management, Ltd.
(as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER
R. Cochrane, BOARD MEMBER
D. Morice, BOARD 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: 201276847

LOCATION ADDRESS: 140 Quarry Park Bv SE

FILE NUMBER: 73064

ASSESSMENT: \$38,060,000

This complaint was heard July 16, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *D. Chabot, Altus Group*

Appeared on behalf of the Respondent:

- *M. Ryan, City of Calgary Assessor*
- *L. Dunbar-Proctor, City of Calgary Assessor*

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

[1] The parties requested that Files 73064 and 72294 be heard concurrently as the evidence for both appeals is similar. The Board agreed to cross-reference the evidence. The documentation and written decisions will contain similar evidence and reasoning because of this request.

Property Description:

[2] The subject property has been assessed as a 100,477 square foot (sf) "A+" class suburban office on 4.64 acres (A) located in Quarry Park.

Issues:

[3] Is the assessed lease rate of this single-tenant office too high? Specifically, should the rate be lower to reflect the single-tenancy development?

Complainant's Requested Value: \$36,490,000.

Board's Decision:

[4] The Board confirms the assessment at \$38,060,000.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from the Municipal Government Act (MGA) RSA 2000 Section 460.1:

(2) Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).

For the purposes of this hearing, the CARB will consider MGA Section 293(1)

In preparing an assessment, the assessor must, in a fair and equitable manner,

- (a) apply the valuation and other standards set out in the regulations, and
- (b) follow the procedures set out in the regulations.

Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in MGA Section 293(1)(b). The CARB decision will be guided by MRAT Section 2, which states that

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.

and MRAT Section 4(1), which states that

The valuation standard for a parcel of land is

- (a) market value, or
- (b) if the parcel is used for farming operations, agricultural use value.

Position of the Parties

Complainant's Position:

[5] The Complainant, D. Chabot, argued that single tenant buildings are built for one tenant. They have no demising walls and no security entrances and would be expensive to revise into multi-tenant buildings.

[6] The Complainant showed a rental analysis (C1 p42&43) to show "A+" quality suburban office building leases that indicated that the greater the leased space, the lower the lease value per square foot.

Space (sf)	Lease Commencement	Lease Term (Years)	Lease Rate/sf
6,824	01/10/11	10	\$25.75
2,927	01/07/12	N/A	\$23.95
27,399	01/06/12	10	\$26.68
21,755	15/10/11	3	\$20.00

2013 Suburban "A+" Office Rental Analysis: Quarry Park

[7] The Complainant also provided a rental analysis based on City of Calgary lease data. In the analysis, the Complainant grouped leases into under 10,000 sf and over 10,000 sf for Quarry Park and for all other classes of suburban offices in all four quadrants of the City of Calgary. (C1 p53). She calculated the differences between the weighted averages of each group to demonstrate that in most cases and particular in Quarry Park and among SE "A"+ quality suburban offices the rent rate/sf is higher for properties under 10,000 sf than it is for properties over 10,000 sf. In some areas and for some classes, this was not true.

[8] The Complainant requested a reduction in lease rate from \$24.00/sf to \$23.00/sf.

Respondent's Position:

[9] M. Ryan, City of Calgary Assessor, presented an Assessment Request for Information (ARFI) showing that the subject property earns \$23.25/sf rent. He argued that this rate is within the parameters of the City Mass Assessment rate (\$24.00/sf).

[10] The Respondent argued that the evidence and tables provided by the Complainant were not conclusive of the hypothesis that the lease rate of a property decreases as the area of the property increases.

[11] The Respondent also presented an analysis which he said indicated that while rent rates may sometimes decrease with increasing rentable area, this was not consistently true.

[12] Finally, M. Ryan presented the post facto sale of Kanam 205 Quarry Park Boulevard Inc., a neighbouring single-tenant suburban office, for \$171,000,000 on May 13, 2013. The same property had previously sold in 2009 for \$140,000,000.

Board's Reasons for Decision:

[13] The Board considered the data presented by the Complainant and found that it did not show that the subject property did or would earn a lower rate/sf as a result of being a single tenant building, or as a result of its greater area.

[14] The Board considered the post facto sale of the single-tenant neighbouring property and the earlier sale in 2009 and concluded that the value of the property during the assessment period would have been within the range of those two values. The Board decided the market sales support the assessed value of the subject property.

[15] The Board confirms the 2012 assessment.

DATED AT THE CITY OF CALGARY THIS 1 DAY OF August 2013.



Lana Yakimchuk

Presiding Officer

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

NO.	ITEM
1. C1	Complainant 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.*

Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	Other	Vacant Land	Sales Approach	Land Value