



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:

CWA Holdings Ltd. (as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

M. Axworthy, PRESIDING OFFICER

H. Ang, BOARD MEMBER

A. Wong, 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 2014 Assessment Roll as follows:

ROLL NUMBER: 101012201

LOCATION ADDRESS: 6128 Centre ST SE

FILE NUMBER: 74718

ASSESSMENT: \$6,830,000

This complaint was heard on 21 day of July, 2014 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:

- *M. Cameron, Agent*

Appeared on behalf of the Respondent:

- *R. Sidikou, Assessor*
- *S. Turner, Assessor*

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

- [1] No procedural or jurisdictional matters were raised.

Property Description:

[2] The subject property is developed with a 20,980 square foot (SF) freestanding Big Box building (Subproperty use code of CM206 Retail-Freestanding Big Box) containing 17,966 SF of 14,001 SF to 40,000 SF retail space and 3,014 SF of non-retail mezzanine space. It has an assessable land area of 41,869 SF and is located in the community of Manchester Industrial. The subject was constructed in 2001 and is classified as "A" quality. It is assessed using the Income Approach to value.

Issues:

[3] While a number of issues were identified on the Complaint Form, the following issues were argued at the hearing:

- a) The property is incorrectly classified as "A" quality.
- b) The assessed retail rate is too high and should be reduced from \$25.00 per SF to \$15.00 per SF.

Complainant's Requested Value: \$4,120,000

Board's Decision:

- [4] The Board reduced the assessment to \$4,120,000.

Legislative Authority, Requirements and Considerations:

[5] Under the Act Section 460.1(2) and 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

460.1 (1)(a).

[6] The Board reviewed the evidence provided and will limit its comments to the relevant facts pertaining to this case and materials which led to the decision.

Issue: Should the quality rating of the subject be reduced from "A" to "B" quality and the assessed rental rate adjusted accordingly from \$27.00 per SF to \$15.00 per SF?

Position of the Parties

Complainant's Position:

[7] The Complainant stated that the assessment on the subject property had increased from \$3,830,000 in 2013 to \$6,830,000 in 2014, a year-over-year increase of 78%.

[8] The Complainant referred to The City of Calgary's (The City) 2014 Big Box (14,001-40,000 SF analysis [C1 p.24] and stated that the subject, Coast Wholesale Appliances, was incorrectly assessed as "A" quality and should be reduced to a "B" quality. In support of its argument, the Complainant provided a location map and photos of the subject [C1, pp. 16, 17] and described the subject as a "showroom" type of retail building with a bay door that allowed for the loading and unloading of large goods.

[9] The Complainant stated that the subject's position on Centre ST SE, south of 61 AV is in an area characterized by a mix of freestanding retail and industrial properties which lacked the locational advantages of other Big Box retail that were typically located in shopping centres with a higher volume of traffic and a better retail mix.

[10] The Complainant stated that the "A" quality Big Box retail included in The City's 2014 lease analysis [C1, p. 24] were primarily large drug stores that have little in common with the subject, a wholesale appliance store, and are generally of a higher quality of finish and in better locations such as Community and Neighbourhood Shopping Centres.

[11] The Complainant argued that the subject was more comparable to the types of Big Box stores included in the "B" quality analysis such as Jacques Home Furniture and Lazy Boy Furniture which are located in a area similar to the subject, 11 ST SE and Railway ST SE, near Deerfoot Meadows Shopping Centre, where there is a mix of industrial and retail properties.

[12] In support of its argument, the Complainant provided Property Assessment Summary reports for the "A" and "B" quality Big Box properties included in The City's analysis [C1, pp. 28-50 and photos and Property Assessment Summary reports for a number of "B" quality equity comparables selected by the Complainant [C1, p. 51-72]. The Complainant also noted that many of these "B" quality equity comparables were in superior locations than the subject.

[13] The Complainant stated that Coast Wholesale Appliances signed a lease renewal for \$14.65 per SF on June 23, 2010, six months prior to the analysis period used by the Respondent in its study [C1, p.26].

[14] In response to the appraisal of the subject provided by the Respondent [R1, p. 32], the Complainant stated that it was a Leased Fee market value, not fee simple as required by legislation and was also lower than fee simple assessed value assigned to the subject.

Respondent's position:

[15] The Respondent stated that the subject is a high quality, freestanding Big Box building constructed in 2001 and located on a busy retail section of Centre ST SE. In support of its argument, the Respondent provided photographs of the interior and exterior of the building [R1, pp. 14-24] and argued that there was no difference between the subject and other "A" quality Big Box properties included in its list of equity comparables which included Big Box stores such as Best Buy and Home Outfitters that were similar to the subject [R1, p. 42].

[16] The Respondent stated that location, Year-of-construction (YOC), renovations and rents achieved were factors that were taken into account in the assignment of quality ratings for retail properties.

[17] The Respondent provided a 2014 Big Box 14,001-40,000 "A" Quality Lease Analysis with seven properties with a Median lease rate of \$25.00 per SF [R1, p. 40].

[18] The Respondent took issue with the Complainant's assertion that if buildings are located in shopping centres they command higher rents, noting that Camper's Village at 7208 Macleod TR SE is a freestanding building and has a higher rental rate at \$17.00 per SF than the Brick Plaza at 9639 Macleod Tr. SW at \$13.00 per SF.

[19] The Respondent provide a copy of an appraisal of the subject property with an opinion of value dated July 8, 2013 in the amount of \$5,020,000 noting that this value is greater than the Complainant's requested assessed value of \$4,120,000.

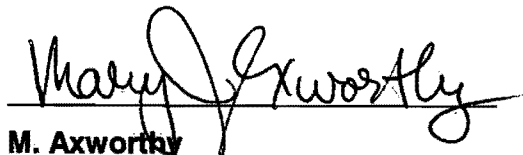
Board's Reasons for Decision:

[20] The Board finds that the subject is more correctly classified as a "B" quality Retail-Freestanding Big Box of 14,001 to 40,000 SF.

[21] The subject is located in a mixed industrial and retail area (Manchester Industrial) which is more similar in character to the 11 ST SE and Railway ST SE district north of Deerfoot Meadows. The Retail- Freestanding Big Box stores in that area are all classified as "B" quality and are of a similar finish to the subject as demonstrated in the photographs.

[22] The quality rating for the subject is reduced from "A" to a "B" quality and the assessed rental rate is correspondingly reduced from \$27.00 to \$15.00 per SF.

DATED AT THE CITY OF CALGARY THIS 13 DAY OF August 2014.



M. Axworthy

Presiding Officer

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

NO.	ITEM
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 Administrative Use Only

Municipal Government Board use only: Decision Identifier Codes				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Big Box	Quality rating	