



## **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:**

***Artis Centre 70 Ltd.***  
***(as represented by Fairtax Realty Advocates Inc.), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***J. Dawson, PRESIDING OFFICER***  
***K. B. Bickford, BOARD MEMBER***  
***T. Livermore, BOARD MEMBER***

This is a complaint to the Composite Assessment Review Board [the 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:

<b>ROLL NUMBER:</b>	<b>111102505</b>
<b>LOCATION ADDRESS:</b>	<b>555 69 AV SW</b>
<b>FILE NUMBER:</b>	<b>74734</b>
<b>ASSESSMENT:</b>	<b>\$24,760,000</b>

This complaint was heard on the 16th day of July, 2014 at the office of the Calgary Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- S. Storey Agent, Fairtax Realty Advocates Inc.

Appeared on behalf of the Respondent:

- M. Ryan Assessor, The City of Calgary
- K. Mulenga Assessor, The City of Calgary

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

- [1] There are no preliminary, procedural, or jurisdictional issues.

**Property Description:**

[2] The subject property is a 'B' quality grade suburban office built in 1977 with 132,329 square feet of assessable space, and 228 enclosed parking stalls on a 1.79 acre parcel with a Commercial Corridor 3 [C-COR3] Land Use Designation [LUD]. Located in the southwest community of Kingsland at the corner of 70 Avenue SW and Macleod Trail, it has a Non-Residential Zone [NRZ] of MT3.

[3] The subject is assessed using the Income Approach to Value with 116,928 square feet of office space and 15,400 square feet of office retail space.

**Issues:**

[4] Two related issues are before the Board; the office rental rate, and the office retail rental rate. The Complainant wants both to be lowered to the same value – asking for a \$3 reduction in the office retail rental rate and a \$2 reduction in the office rental rate.

**Complainant's Requested Value: \$20,020,000**

**Board's Decision:**

[5] The Board corrected the office retail rental rate – lowering it by \$1. The resultant Income Approach to Value calculation, leaving all other parameters unchanged, found a truncated assessment of \$24,560,000.

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

[6] The Complainant argued the market rent for the subject is \$14 per square foot for the entire building. In past assessments the office retail and office rates were the same rate. For the current assessment, there is an additional \$1 per square foot assigned to the office retail space.

[7] The Complainant disclosed subject information including; photographs, 'Property Assessment Detail Report', 'Non-Residential Properties – Income Approach Valuation' for 2013 and 2014, and the rent roll (C1 pp. 1-6, 10-14, and 17-35).

[8] The Complainant provided a rental rate study of the six leases signed within the subject property in 2013. The Complainant found an average (mean) of \$15.10 per square foot and indicated that the subject is 10.2% vacant. The Complainant re-reported the same six leases factoring in tenant inducements finding a net effective average (mean) of \$12.41 per square foot (C1 p. 37-38).

[9] The Complainant included third party reports to confirm the rental rates being requested (C1 pp. 39-60).

**Respondent's Position:**

[10] The Respondent argued that the analyses for the subject indicate the assessed rates are correct with office rental rates found to have a weighted mean of \$16.50 per square foot with an assessment of \$16 per square foot and the office retail space found to have a weighted mean of \$18.42 per square foot with an assessment of \$17 per square foot.

[11] The Respondent disclosed details pertaining to the subject property, including; the '2014 Property Assessment Notice', the 'Non-Residential Properties – Income Approach Valuation', the 'Property Assessment Summary Report', photographs, and leasing advertisement (R1 pp. 8-36).

[12] The Respondent rebutted the rental rate study within the subject with a study showing eight leases signed during the valuation period and six leases signed after the valuation date supporting the assessed rates (R1 p. 38).

[13] The Respondent presented the 'Assessment Request for Information' [ARFI] for the subject property as back up to the rental rate study (R1 pp. 39-56).

[14] The Respondent provided the '2014 Suburban Office Rental Analysis: B Quality SE' finding a mean of \$15.80 per square foot, and median of \$16 per square foot and a weighted mean of \$16.50 per square foot, resulting in an assessed rate of \$16 per square foot (R1 p. 61).

[15] The Respondent provided the '2014 Suburban Office B Retail Rental Analysis: SW and SE' finding a mean of \$20.67 per square foot, and median of \$17 per square foot and a weighted mean of \$18.42 per square foot, resulting in an assessed rate of \$17 per square foot for the subject. A map of one comparable property in relation to the subject is also provided (R1 pp. 62-63).

**Board's Reasons for Decision:**

[16] The Board considered the evidence of both parties and found the office rental rate at \$16 per square foot to be fair and equitable as assessed and supported by leasing activity within the subject.

[17] The Board found the retail study conducted by the Respondent to be limited in data with only three lease and with one lease skewing the mean, and to some degree the weighted mean. Therefore, the Board removed the lease and found a mean of \$16 per square foot, a median of \$16 per square foot and a weighted mean of \$16 per square foot. Leasing activity within the subject confirmed the result showing no premium rental rate for the retail space over the office space.

DATED AT THE CITY OF CALGARY THIS 11 DAY OF August 2014.

  
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**Jeffrey Dawson**  
**Presiding Officer**

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

<b>NO.</b>	<b>ITEM</b>
1. C1 – 60 pages	Complainant Disclosure
2. R1 – 136 pages	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.*

<b>Municipal Government Board use only: Decision Identifier Codes</b>				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Office	High Rise	Income Approach	Net Market Rent