



ASSESSMENT REVIEW BOARD

Churchill Building
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NOTICE OF DECISION NO. 0098 456/11

ALTUS GROUP
17327 106A Avenue
EDMONTON, AB T5S 1M7

The City of Edmonton
Assessment and Taxation Branch
600 Chancery Hall
3 Sir Winston Churchill Square
Edmonton AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from a hearing held on December 5, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
3164886	11350 Jasper Avenue NW	Plan: NB Block: 13 Lot: 115, 116, 117 and 118	\$3,738,500	Annual New	2011

Before:

Ted Sadlowski, Presiding Officer
Dale Doan, Board Member
George Zaharia, Board Member

Board Officer: Jason Morris

Persons Appearing on behalf of Complainant:

John Trelford, Altus Group

Persons Appearing on behalf of Respondent:

Ning Zheng, Assessor, City of Edmonton

PRELIMINARY MATTERS

There were no preliminary matters raised with regard to this file.

PROCEDURAL MATTERS

The Board Members indicated that they had no bias with regard to the matter. The Parties indicated that they had no objection to the composition of the Board.

BACKGROUND

The subject property is a stand-alone bank built in 1985 and located in the Oliver Subdivision, with a municipal address of 11350 Jasper Avenue NW. The land size of the property is approximately 31,900 square feet, with an assessed building area of approximately 17,700 square feet. The 2011 assessment of the subject property is \$3,738,500.

ISSUE(S)

1. Are the applied rental rates excessive?
2. Is the capitalization rate too low?

LEGISLATION

Municipal Government Act, RSA 2000, c M-26

s 467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

s 467(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

- a) the valuation and other standards set out in the regulations,
- b) the procedures set out in the regulations, and
- c) the assessments of similar property or businesses in the same municipality.

POSITION OF THE COMPLAINANT

1. The Complainant provided nine lease rate comparables between January 1, 2007 and October 1, 2010 ranging from \$15.00 to \$28.53 per square foot. These lease rates resulted in a median of \$26.50 per square foot, with a request that \$27.50 be applied to the subject property (Exhibit C-1, page 17).
2. The Complainant provided nine lease rate assessment comparables for basement space indicating a value of \$1.50 per square foot, and requested that this lease rate be applied to the subject property (Exhibit C-1, page 18).
3. The position of the Complainant is that the 7.5% capitalization rate applied to the subject property is too low and should be raised to 8.5%. In support of this position, the

Complainant provided seven assessment capitalization rates for various types of property, one being a CRU Bank showing cap rates at 8.0% and 8.5%, with a request that the capitalization rate applied to the subject be 8.5% (Exhibit C-1, page 19).

4. The Complainant supplied a rebuttal, challenging the Respondent's main floor lease comparables, the capitalization rate, and provided additional bank rental rates (Exhibit C-2).
5. The Complainant requested the Board to reduce the 2011 assessment from \$3,738,500 to \$2,915,500 based on a main floor lease rate of \$27.50 per square foot, a basement lease rate of \$1.50 per square foot, and a capitalization rate of 8.5% (Exhibit C-1, page 13).

POSITION OF THE RESPONDENT

1. The Respondent provided four main floor lease rate comparables as at the valuation date ranging from \$30.00 to \$32.00 per square foot. These lease rates resulted in a median of \$31.73 per square foot, supporting the applied rate of \$30.00 to the subject property (Exhibit R-1, page 24).
2. The Respondent provided four lease rate assessment comparables for basement space indicating a value of \$4.50 per square foot, and requested that this lease rate be applied to the subject property (Exhibit R-1, page 24).
3. The Respondent provided four capitalization rate assessment comparables of stand-alone banks that showed a capitalization rate of 7.5% (Exhibit R-1, page 25).
4. The Respondent requested the Board to confirm the 2011 assessment at \$3,738,500.

DECISION

The decision of the Board is to confirm the 2011 assessment at \$3,738,500.

REASONS FOR THE DECISION

1. The Board placed less weight on the Complainant's lease rate comparables for a couple of reasons: First, one of the comparables is not a traditional bank, and is assessed as an office. Second, the majority of the comparables are located in neighbourhoods quite far from the subject.
2. The Board placed greater weight on the actual bank rents provided by the Respondent since all the comparables were banks as is the subject, three being Bank CRU space located in downtown Edmonton, reasonably close to the subject, and the fourth being a stand-alone bank. The resulting median lease rate of \$31.73 per square foot supported the \$30.00 rate applied to the subject.

3. The Board placed greater weight on the assessment lease rates for basement space that showed a rate of \$4.50 per square foot. The \$4.50 per square foot rate had been applied to bank properties as is the subject. The Board placed little weight on the assessed basement space rate of \$1.50 per square foot since none of the comparables were banks.
4. The Board placed less weight on the capitalization rate comparables provided by the Complainant since only one of the comparables was a bank, in this case a CRU bank, while the subject property is a stand-alone bank. The Board placed greater weight on the

Respondent's capitalization rate comparables because all the comparables were stand-alone banks.

5. The Board notes that from C-2, page 2, even with the reduction in the main floor lease rate for the second comparable, the median rent was \$30.73, supporting the \$30.00 main floor lease rate applied to the subject.
6. The Board placed less weight on the additional bank rate comparables shown by the Complainant in Exhibit C-2, page 3 since all rates shown are from CRU bank space while the subject is a stand-alone bank.
7. The Board is persuaded that the 2011 assessment at \$3,738,500 is fair and equitable.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 20th day of December, 2011, at the City of Edmonton, in the Province of Alberta.

Ted Sadlowski, Presiding Officer

This decision may be appealed to the Court of Queen's Bench on a question of law or jurisdiction, pursuant to Section 470(1) of the Municipal Government Act, RSA 2000, c M-26.

cc: CANADIAN WESTERN BANK.