

**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-26.1, Section 460(4).

between:

Colliers International Realty Advisors, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

R. Reimer, PRESIDING OFFICER

J. Kerrison, MEMBER

D. Pollard, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 037180205

LOCATION ADDRESS: 3553 31 St NW

HEARING NUMBER: 57926

ASSESSMENT: \$40,350,000

This complaint was heard on 28th day of July, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *David Porteous, Colliers International Realty Advisors, Agent*

Appeared on behalf of the Respondent:

- *Roy Fegan, Assessor*

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

There was no objection to the composition of the Assessment Review Board (ARB). There were no other procedural or jurisdictional matters raised.

Property Description:

The subject property is an office building located on the University of Calgary campus. The building zoning is S-URP – Special Purpose University Research Park. The building contains 123,719 sq. ft. of office space and 261 sq. ft. of retail space. The building was originally constructed in 1989 with an addition constructed in 2001.

Issues:

The Complainant had checked boxes 1 through 7 of section 4 on the Assessment Review Board Complaint Form. It had previously been determined that the Complainant had only provided sufficient information under section 5 of the Assessment Review Board Complaint Form for complaint number 3, an assessment amount. Accordingly, the ARB will only address that issue.

Complainant's Requested Value:

On the Assessment Review Board Complaint Form, the Complainant requested a value of \$10,090,000. The Complainants evidence submission identified a requested office lease rate of \$21/sq. ft., resulting in a value of \$29,710,000.

Position of the Parties:

The Complainant's position was that the age and aesthetics of the subject property do not warrant an A+ classification. He argued that, for the purpose of assessment, the building had been lumped in with newer and better buildings and, that had resulted in a rental rate of \$28/sq. ft. for office space being applied. He stated that the subject property was not attaining rental rates of \$28/sq. ft.

The Complainant submitted a chart with 15 market lease comparables, with start dates between June 1, 2006 and October 1, 2009. The range is \$17 to \$23.50/sq. ft, with an average lease rate for the 15 properties of \$20.47/sq. ft. The Complainant stated that, in his opinion, the best comparisons were the 7 most recent leases, with start dates ranging from January 1, 2008 to October 1, 2009. Those 7 showed a range of \$17 to \$23/sq. ft, with an average lease rate of \$19.57/sq. ft. Removing the post facto lease dated October 1, 2009 increases the lease rate for the remaining 6 properties to \$20/sq. ft.

The Respondent indicated that the classification of a building is somewhat subjective. It was his position, however, that the subject property is correctly classified as an A+ building and should be assessed accordingly.

The Respondent provided 2 charts with lease rates. The first contained 11 leases with dates ranging from June, 2008 to January, 2009. The range of these leases was \$21 to \$30/sq. ft., with an average of \$26.95/sq. ft. This chart included 3 leases within the subject property. These ranged from \$21 to \$26/sq. ft., with an average of \$23/sq. ft.

The second chart provided by the Respondent contained 22 leases with dates ranging from July, 2007 to January, 2009. The range of these leases was \$21 to \$33/sq. ft., with an average of \$26.73/sq. ft. This chart included 5 leases within the subject property. These ranged from \$21 to \$26/sq. ft., with an average of \$23.20/sq. ft. The Respondent contended that the inclusion of the older leases had reduced the average lease rate, indicating that the market had risen, since the more recent leases had a higher average lease rate.

The Respondent contended that the majority of the Complainant's comparables were built prior to 1989, and less desirable than the subject property. The Complainant countered that the majority of the Respondent's comparables were newer and more desirable buildings than the subject property.

Board's Decision:

The ARB finds that, due primarily to its age, the subject building would be at the lower end of A+ buildings. The ARB finds that the best evidence presented before it was the actual lease rates for the subject property, as provided by the Respondent. The most recent leases indicate a range of \$21 - \$26/sq. ft., with an average of \$23/sq. ft.

The ARB therefore orders that the lease rate for office space be reduced to \$23/sq. ft., resulting in the following valuation.

Office Space	123,719 sq. ft.	X \$23 =	\$2,845,537
Retail Space	261 sq. ft.	X \$30 =	\$7,830
Potential Gross Income			\$2,853,367
Vacancy Allowance	6%	-	\$171,202
Effective Gross Income			\$2,682,165
Vacancy Space Shortfall	\$12.50	-	\$92,985
Non-recoverables	2%	-	\$53,643
Net Operating Income			\$2,535,537
Capitalization Rate	7.5%		
Capitalized Value			\$33,807,160
Total related value			- \$1,050,000
Assessed Value			\$32,757,160
Rounded			\$32,750,000

DATED AT THE CITY OF CALGARY THIS 5th DAY OF August 2010.



R. Reimer
Presiding Officer

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.*