

**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(4).

**between:**

***Assessment Advisory Group, COMPLAINANT***

**and**

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

**before:**

***Steven C Kashuba, PRESIDING OFFICER  
Ed Reuther, MEMBER  
Ron Roy, 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:

<b>ROLL NUMBER:</b>	<b>124188202</b>
<b>LOCATION ADDRESS:</b>	<b>9631 Macleod Trail SW</b>
<b>HEARING NUMBER:</b>	<b>58360</b>
<b>ASSESSMENT:</b>	<b>\$7,030,000</b>

This complaint was heard on the 5th day of July, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- Mr. T. Howell

Appeared on behalf of the Respondent:

- Mr. P. Grandbois

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

No procedural or jurisdictional issues identified.

**Property Description:**

The subject property, located at 9631 Macleod Trail SW, is a commercial development which consists of land and development. Constructed in 1997, the development consists of 30,111 square feet of retail space and 2.15 acres of assessable land. It is a stand-alone development wherein Indigo Books & Music Inc. leases some of its internal space to Starbucks. The 2010 assessment is \$7,030,000.

**Issues:**

1. Is the rental rate as applied by the Assessor correct?
2. Is the vacancy rate applied correctly?
3. Is the correct capitalization rate applied?

**Complainant's Requested Value:** \$5,930,000

**Board's Decision in Respect of Each Matter or Issue:**

1. Is the rental rate as applied by the Assessor correct?

The Complainant submitted four CRU Market Net Rental Rate *comparables* (1-C, pages 19 – 28) wherein the rental rates range from \$10 per square foot to \$24 per square foot for CRUs which range in total area from 9,710 square feet to 70,375 square feet. However, the board finds that these comparables reflect the absence of similarities to that of the subject property by virtue of their *area, finish, and less desirable locations in the City, and none of which were stand-alone buildings*. In particular, the board notes that the area of the subject property is 30,111 square feet while the comparables are considerably smaller.

As for the submission by the Respondent, the board finds that the net rental rate of \$20.00 per square foot as applied by the Assessor (1-R, page 14) is consistent with market rents for similar properties in the same sector of the City. This is supported by the 2009 Retail Market Reports (1-R, pages 43-44).

2. Is the vacancy rate applied correctly?

The board notes that the Complainant in their pro forma advanced the request to utilize a vacancy rate of 6% as opposed to 4%. In turn, this would have a direct impact upon the subject's Net Operating Income and, through capitalization, the assessment value. In part, the source of the Complainant's request comes from a study conducted by Richard Ellis (1-C, page 16) wherein a Percentage Vacant is advanced as being 5.8% *for the South Central portion of the City*. However, this figure is for small retail business activity and is not stratified for large stand-alone businesses as would be necessary in this case for the sake of comparability. Further, the Complainant relies upon their four comparables (1-C, pages 19 – 28) in defence of their request for an increase in the vacancy allowance; however, the board concludes that these comparables are in different segments of the City and, as a result, the element of comparability is lost.

Consequently, the board accepts that the vacancy rate of 4% (1-R, page 14) as applied by the Assessor is consistent with the vacancy rates as applied to similar properties in this particular segment of the City.

3. Is the correct capitalization rate applied?

The Complainant requests that the assessed value of the subject property should be taken at \$196 per square foot. However, no credible evidence was provided in support of this request. As for the Respondent, their sales comparables indicate values per square foot (1-R, page 115 – 128) ranging from \$255 to \$300 per square foot. In this regard, the board places considerable weight upon the sales comparables advanced by the Respondent.

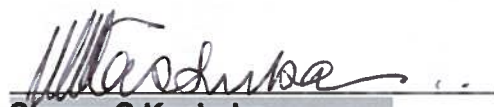
As for the request on the part of the Complainant for a capitalization rate of 8.25% as opposed to the City's use of 8.00%, the board finds that the Complainant did not provide any documentation in support of their request. On the other hand, the board places considerable weight upon the City's use of a capitalization rate of 8% which is fully supported through sales of properties in the same sector of the City.

In conclusion, the board finds that the evidence presented by the Complainant was not sufficiently persuasive so as to alter the assessment of the subject property. Further, the board finds that the capitalization rate of 8% as utilized by the Respondent in their support of the assessment (1-R, pages 14-15 and 19-20) is persuasive.

**Board's Decision:**

It is the decision of the board to confirm the assessment of the subject property for 2010 at \$7,030,000.

DATED AT THE CITY OF CALGARY THIS 16 DAY OF July 2010.

  
**Steven C Kashuba**  
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.*