

**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:**

***Altus Group Ltd., COMPLAINANT***

**and**

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

**before:**

***R. Irwin, PRESIDING OFFICER***

***D. Morice, MEMBER***

***M. Peters, 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 2010 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>068 106 293</b>
<b>LOCATION ADDRESS:</b>	<b>150 9 AVE SW</b>
<b>HEARING NUMBER:</b>	<b>57895</b>
<b>ASSESSMENT:</b>	<b>\$106,480,000</b>

This complaint was heard on the 28<sup>th</sup> day of July, 2010 at the office of the Assessment Review Board located at 4<sup>th</sup> floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom # 5

**APPEARED:**

- G Kerslake. *(Altus Group Ltd., Complainant)*
- B. Dell Solicitor, Wilson Laycraft Barristers and Solicitors

and

- H. Neumann *(City of Calgary Assessment, Respondent)*
- W. Krynski

**PROPERTY DESCRIPTION:**

The subject property is a 376,283 sq. ft., 30 storey office building located at 150 9 Ave SW, Calgary. There is 375,841 sq. ft. of office space, 442 sq. ft. of retail and 50 parking stalls. The property is assessed at \$106,480,000.

**ISSUES:**

- rental rate
- vacancy
- cap rate

**COMPLAINANT'S REQUESTED VALUE:**

\$84,371,000

**BOARD FINDINGS:**

**RENTAL RATE**

The complainant requested a reduction in the rental rate from \$26.00 to \$21.00. There was a "B+" CLASS RENTAL ANALYSIS chart entered as evidence that reports a \$23.20 lease rate and a "B" CLASS RENTAL ANALYSIS chart that concluded an \$18.21 average.

The respondent replied that if the post-facto leases, gross leases, and different market zone properties were removed the average lease rate is \$29.19.

**VACANCY**

The complainant reported that when the subject property's sole tenant relocates to their new

location the entire building will be vacant.

The respondent countered that this future vacancy may not occur until 2011-2013 and that this is considerably post-facto. The respondent also presented an Apr 19 2009 Assessment Request for Information for the subject property that indicated 0% vacancy.

#### CAP RATE

The complainant requested an increase in the cap rate from 8% to 8.5%. They noted that the subject has a higher risk regarding return on investment as it is slightly removed from the downtown core, lacks access to the +15 pedway and has future economic issues to contend with that make it a less than attractive investment opportunity. The complainant included an "A" Class "Sales Derivation of Capitalization Rate from Market Sales" chart which stated that the Plains Midstream Plaza sale of Oct 1 2007 had an indicated cap rate of 7.69%. The chart also included the Gulf Canada Dec 18 2007 sale with a cap rate 8.03%, and the Feb 15 2010 sale of 903 8<sup>th</sup> Ave depicting a cap rate of 8.27%-8.94%.

The respondent noted that 903 8<sup>th</sup> Ave was post-facto, the chart was of a different class of buildings than the subject and the respondent offered a 2009 Q2 B Class Altus Insite report that cited an overall Capitalization Rate Range of 8.1%.

#### Board's Decision:

According to the *Municipal Government Act* Section 467(1)(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 procedure set out in the regulations, and
- c) the assessments of similar property or businesses in the same municipality

After carefully reviewing all evidence and argument presented during the hearing the board confirms the assessment at \$106,480,000.

DATED AT THE CITY OF CALGARY THIS 3 DAY OF SEPTEMBER, 2010.

  
R. IRWIN, 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.*