

**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), Revised Statutes of Alberta 2000 (the Act).

**between:**

***Colliers International Realty Consultants, COMPLAINANT***

**and**

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

**before:**

***T. Hudson, PRESIDING OFFICER***

***B. Jerchel, MEMBER***

***R. Deschaine, 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 2011 Assessment Roll as follows:

**ROLL NUMBER: 067169508**

**LOCATION ADDRESS: 1414 8<sup>th</sup> Street SW**

**HEARING NUMBER: 60489**

**ASSESSMENT: \$15,630,000**

This complaint was heard on 28<sup>th</sup> day of March, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- S. Meiklejohn

Appeared on behalf of the Respondent:

- D. Lidgren

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

None identified by the Parties.

**Property Description:**

The subject property, known as "Mount Royal Place", is a six(6) storey office tower located in the Beltline district of southwest Calgary and constructed in 1979. There is a total of 57,155 square feet of net rentable office space and a total of 98 parking stalls; 51 located in a single level underground parkade, and 47 on a surface lot. The original property assessment only included a total of 4 parking stalls. The Amended Assessment, which includes the corrected parking provisions is \$15,630,000, or approximately \$274 per square foot. The Complainant requested a reduction to \$11,010,000 or \$193 per square foot.

**Issues:**

The Amended Assessment was prepared using the capitalized income approach to value and the following issues were in dispute.

1. **What is the correct rental rate to be applied to the net rentable office space in the subject building?**
2. **What is the correct rental rate to be applied to the 47 surface parking stalls?**
3. **What is the correct capitalization rate to be applied to the net operating income?**

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

**Issue #1**

The Complainant argued that due to the inferior location and quality of the subject Building, it should not be considered typical in the Beltline. The typical rental rate of \$20 per square foot used in the Amended Assessment should be reduced to \$16, more in line with what was being actually achieved overall by the by the property in 2009 as evidenced by the rent roll.( ie \$15.33 per square foot, per Exhibit C1 pages 25 and 26). The

Respondent countered with extensive evidence illustrating that typical rental rates for office space very similar to the subject throughout the Beltline area all exceed \$20 per square foot regardless of location and/or "quality" ( Exhibit R1 pages 29-45).

**The CARB accepts that the correct rental rate to be applied to the net rental office space in the subject building is \$20 per square foot.**

**Issue #2**

The Complainant argued that the correct rental rate for surface parking stalls is \$125 per stall. The assessed rate of \$175 per stall should be reduced by including the same expense allowance (ie 25%), provided for underground parking. The Respondent noted that only underground stalls qualify for an expense discount in the Beltline, and that expenses for surface parking should be included within the operating expense for the building. Allowing a reduced rate for the surface parking on the subject would be inequitable.

**The CARB accepts that the correct rental rate to be applied to the surface parking serving the subject property is \$175 per stall.**

**Issue #3**


The Complainant argued that given the inferior location and quality of the subject building and in recognition of the higher risk associated with the investment, the capitalization rate applied to net operating income should be adjusted to 8.5% from the 7.5% used in the Amended Assessment. However, the Complainant submitted no market evidence in support of the adjustment. The Respondent submitted two sales in support of the assessed cap rate and focused particularly on the sale at 933 17<sup>th</sup> Avenue SW . The property is comparable to the subject and sold on April 15, 2009 for \$14,500,000 with a reported cap rate of 7.52%. The sale price reflects a value of some \$294 per square foot, which compares favourably to the assessed value of the subject property of \$273 per square foot.

**The CARB accepts that the correct capitalization rate to be applied to the net operating income of the subject property is 7.5%.**

**Board's Decision:**

**The CARB confirms the amended assessment of \$15,630,000.**

DATED AT THE CITY OF CALGARY THIS 5 DAY OF APRIL 2011.

*for*   
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**Mr. T. Hudson**  
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.*