

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

between:

***Smart Technologies ULC, COMPLAINANT
(represented by Colliers International Realty Advisors)***

and

The City Of Calgary, RESPONDENT

before:

***F.W. Wesseling, PRESIDING OFFICER
A. Zindler, MEMBER
I. Fraser, 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: 037182508

LOCATION ADDRESS: 3636 Research Road NW

HEARING NUMBER: 61343

ASSESSMENT: \$58,520,000.00

This complaint was heard on 4th day of August, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- *D. Porteous -- Agent, Colliers International Realty Advisors.*

Appeared on behalf of the Respondent:

- *M. Lau -- Assessor, City of Calgary*

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

No specific jurisdictional or procedural matters were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint

Property Description: Subject property is known as the SMARTech building and is located in University Research Park in the community of Varsity. The building is owner occupied and was constructed in 2009. The building contains 204,874 square feet while the site contains 2.76 acres. The City considers this a class A+ building and as such it is assessed at a typical office rental rate of \$25.00 per square foot.

The site is classified "Special Purpose – University Research Park" in the City of Calgary Land Use Bylaw.

Issues: The Complainant raised the following matter in Section 4 of the Assessment Complaint form: Assessment amount

Presentation of the Complainant and Respondent were limited to:

- Assessment overstated in relation to comparable properties.
- What is the appropriate market rental rate?

Complainant's Requested Value: \$49,940,000.00

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

Complainant's position: The Complainant argued that all office space in the subject building should be assessed on the basis of \$21.00 per square foot market rental rate rather than the \$25.00 rate utilized by the City. In support of this position the Complainant presented data on 10 lease transactions that had occurred in similar buildings[page 23, Exhibit C-1]. These comparables were throughout the City with one building (2 leases) highlighted in NW Calgary. The lease rates ranged from \$15.00 to \$23.95 per square foot with the average being \$18.89 per square foot while the median rent is \$18.25 per square foot. It was noted five of the leases were post facto. The two leases in the analysis in the Northwest averaged at \$19.50 per square foot. No information could be provided to the Board as to how the requested rental rate of \$21.00 per square foot was determined.

Respondent's Position: The City outlined the basis for the typical market lease rate used for valuation purposes of class "A+" office buildings. The City presented typical leases for both "A+" office building as well as "A2" buildings. The former having an average of \$25.38 while the later having an average of \$18.58 per square foot. The City further provided information on "A+" and "A" office building sales from July of 2008 to March 2010. The average for "A+" buildings is \$374.64 per square foot (not time adjusted) while for "A" buildings the average is \$229.88 per square foot. The subject building is assessed at \$285.00 per square foot while the request by the Complainant is based on \$243.00 per square foot. It was further indicated that "A+" office buildings in Northwest Calgary sell for higher prices than those in the Northeast. The decision with regard to CARB 1331/2011-P was pointed to, for the Board's consideration, as a recent ruling on a similar complaint.

Board's Decision: : Upon reviewing the verbal and written evidence provided by the parties, the Board considers that the Respondent's evidence is more relevant and that the Complainant's requested assessment was not supported by the data presented.

Reasons: The Board determined that the market lease information presented by the Respondent as being more appropriate and compelling. The Board finds that there are no grounds for changing the assessment by altering the office rental rate from \$25.00 to \$21.00 per square foot without appropriate supporting market data that would provide the Board a background on how the \$21.00 per square foot requested, was determined. Having regard to Section 467 (3) of the Municipal Government Act, the Board found no alteration to the assessment was warranted.

The Board confirms the assessment at \$58,520,000.00.

DATED AT THE CITY OF CALGARY THIS 24th DAY OF August 2011.


F.W. Wesseling
Presiding Officer

APPENDIX "A"

DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

Complainant: C-1 Complainant's Brief as prepared by Colliers International. Valuation and Advisory Services.

C-2 Rebuttal Evidence prepared by Colliers International

Respondent: R-1 Assessment Brief prepared by City of Calgary Assessment

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.*

For MGB Administrative Use Only

<i>Decision No. 61343</i>		<i>Roll No. 037182508</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Office	Stand alone	Income Approach	Net market rental rates