



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:

CERTUS DEVELOPMENTS INC.
(as represented by Altus Group Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Earl K. Williams, PRESIDING OFFICER
A. Huskinson, MEMBER
A. Maciag, 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 2013 Assessment Roll as follows:

ROLL NUMBER: 057206708

LOCATION ADDRESS: 919 Centre ST NW

FILE NUMBER: 72369

ASSESSMENT: \$2,590,000

This complaint was heard on 13th day of August, 2013 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:

- K. Fong Agent, Altus Group Ltd
- D. Main Agent, Altus Group Ltd

Appeared on behalf of the Respondent:

- T. Johnson Assessor, The City of Calgary

Procedural or Jurisdictional Matters:

[1] No Procedural or Jurisdictional Matters were raised by the parties.

Property Description:

[2] The subject property at 919 Centre ST NW is a 10,367 square foot (sq. ft.) retail strip on 0.39 acre of land with a 1975 approximate year of construction (ayoc) assigned an A- quality rating in the community of Crescent Heights with the Property Use: Commercial and Sub Property Use: CM0210 Retail – Shopping Centres – Strip. The subject property has 1,716 sq. ft. of CRU 0-1,000 sq. ft.; 4,651 sq. ft. of CRU 1,001-2,500 sq. ft. and 4,000 sq. ft. of storage.

[3] The assessment was prepared on the Income Approach with a capitalization rate (cap rate) of 6.75%; a market rental rate of \$29.00 per square foot (psf) for the CRU 0-1,000 sq. ft.; \$28.00 psf for the CRU 1,001-2,500 sq. ft. and \$2.00 psf for the storage space.

Issues:

[4] Should the subject property assessed on the Income Approach with the assessed rental rates for the CRU 0-1,000 sq. ft. be reduced from \$29.00 psf to \$26.00 psf and for the CRU 1,001-2,500 sq. ft. be reduced from \$28.00 psf to \$27.00 psf?

Complainant's Requested Value: \$2,520,000

Board's Decision:

[5] Based on the evidence and arguments presented the Board supports the rental rate for the CRU 0-1,000 sq. ft. be reduced to \$26.00 psf and the rental rate for CRU 1,001-2,500 sq. ft. be confirmed at \$28.00 psf.

[6] The revised assessment is \$2,520,000.

Position of the Parties

[7] The Complainant and Respondent presented a wide range of evidence consisting of relevant and less relevant evidence. In the interests of brevity, the Board will restrict its

comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[8] The Complainant's evidence package included a Summary of Testimonial Evidence, photographs of the exterior of the subject property, the Property Assessment Notice, the City of Calgary 2013 Property Assessment Summary Report, the City of Calgary Non-Residential Properties – Income Approach Valuation work sheet, and comparable market leasing analysis.

[9] The Respondent's evidence package included a Summary of Testimonial Evidence, a map identifying the location of the property, photographs of the exterior of the subject property, the Property Assessment Notice, the City of Calgary Non-Residential Properties – Income Approach Valuation work sheet, the Assessment Request for Information (ARFI) and lease comparable analysis.

Issue – CRU Rental Rate

Complainant's Position:

[10] The Complainant advised the Board that in the preparation of their evidence it was decided that consideration must be given to comparables in close proximity to the subject and the availability of onsite parking. The subject has the limitation on parking to 20 stalls.

[11] CRU 0-1,000 sq. ft. – in support of the requested rental rate the Complainant reviewed the table titled 2013 CRU Rental Rate Analysis on page 21 of Exhibit C1. The analysis presented lease details on a sample of 12 comparables which are all strip centres with the CM0210 property use, with A- and B+ quality rating and located in the NW and NE quadrant. The analysis of the sample reported the leased area ranged from 610 to 1,000 sq. ft. and rental rates ranged from \$20.00 psf to \$29.00 psf. The mean rental rate was \$24.57 and median rental rate was reported as \$25.00 psf. An analysis of the A- quality determined a mean and median rental rate of \$26.00 psf.

[12] CRU 1,001-2,500 sq. ft. – in support of the requested rental rate the Complainant reviewed the table titled 2013 CRU Rental Rate Analysis on page 22 of Exhibit C1. The analysis presented lease details on a sample of 6 comparables which are all strip centres with the CM0210 property use, with A- quality rating and located in the NW-NE quadrant. The analysis of the sample reported the leased area ranged from 1,100 to 2,500 sq. ft. and rental rates ranged from \$24.50 psf to \$32.00 psf. The mean rental rate was \$27.25 and median rental rate was reported as \$27.00 psf.

Respondent's Position:

[13] CRU 0-1,000 sq. ft. – in support of the requested rental rate the Complainant reviewed the table titled Lease Comparables on page 30 of Exhibit R1. The analysis presented lease details on a sample of 7 A- quality comparables located in the NW quadrant. The analysis of the sample reported the leased area ranged from 610 to 915 sq. ft. and rental rate ranged from \$26.00 psf to \$37.35 psf. The median rental rate was reported as \$29.00 psf.

[14] CRU 1,001-2,500 sq. ft. – in support of the requested rental rate the Complainant reviewed the table titled Lease comparables on page 31 of Exhibit R1. The analysis presented lease details on a sample of 15 A- comparables in the NW quadrant. The analysis of the sample reported the leased area ranged from 1,014 to 2,190 sq. ft. and rental rate ranged from \$19.00 psf to \$34.00 psf. The median rental rate was reported as \$28.00 psf.

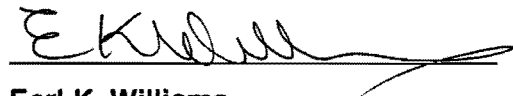
Board's Reasons for Decision:

[15] A review of the samples used by both parties in their analysis of the market determined that comparables were selected from areas of the NW quadrant that are not in close proximity to the subject and may not reflect the profile of the subject especially in respect in of availability of parking. In the review of the evidence the Board considered the comparables which are in close proximity to the subject and would face some of the same challenges such as parking.

[16] CRU 1,001-2,500 sq. ft. – Respondent's sample contained 5 comparables which are in close proximity to the subject property and the median rental rate is \$28.00 psf.

[17] Based on the evidence and arguments presented the Board supports the use of \$26.00 psf for the CRU 0-1,000 sq. ft. and \$28.00 psf for the CRU 1,001-2,500 sq. ft.

DATED AT THE CITY OF CALGARY THIS 5th DAY OF November 2013.



Earl K. Williams
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure Subject Property Disclosure
2. R1	Respondent Disclosure

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 ADMINISTRATIVE USE

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	RETAIL	Shopping Centres-Strip	Income Approach	Lease Rate