EDMONTON
Assessment Review Board

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NOTICE OF DECISION NO. 0098 213/12

Colliers International Realty Advisors Inc
3555- 10180 101 Street
Edmonton, AB T5J 3S4

The City of Edmonton
Assessment and Taxation Branch
600 Chancery Hall
3 Sir Winston Churchill Square
Edmonton AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from a hearing held on August 20, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
3127255	10025 106 StreetNW	Plan: NB Block: 5 Lot: 53 / Plan: NB Block: 5 Lot: 54 / Plan: NB Block: 5 Lot: 55 / Plan: NB Block: 5 Lot: 56	$31,393,500	Annual New	2012

This decision may be appealed to the Court of Queen's Bench on a question of law or jurisdiction, pursuant to Section 470(1) of the Municipal Government Act, RSA 2000, c M-26.

cc: DUNDEAL SUMMER 2011 COLLECTION (GP) INC

Edmonton Composite Assessment Review Board

Citation: Colliers International Realty Advisors Inc v The City of Edmonton, 2012 ECARB 2278

Assessment Roll Number: 3127255
Municipal Address: 10025 106 Street NW
Assessment Year: 2012
Assessment Type: Annual New

Between:

Colliers International Realty Advisors Inc

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Warren Garten, Presiding Officer
Lillian Lundgren, Board Member
Ron Funnell, Board Member

Preliminary Matters

[1] Upon questioning by the Presiding Officer, the parties indicated they had no objection to the composition of the Board. In addition, the Board members indicated that they had no bias in this matter.

Recommendation

[2] The Respondent made a recommendation to reduce the assessment from $31,393,500 to $30,391,500 based on reduced rental rates for some of the CRU space and a reallocation of CRU space to office space.

[3] The Complainant accepted the recommendation, in part, as it related to the reallocation of space and the reduced rental rates for the CRU space. However, the Complainant did not accept the recommendation for the CRU- restaurant space.

Background

[4] The subject property, known as the Baker Centre, is a highrise office building located at 10025 106 Street NW. The building is classified as a B High (BH) and is located in the Government (G) district. It has 111,383 square feet (sf) of office space and some commercial rental unit (CRU) space.

Issue(s)

[5] Should the Board accept the recommendation to reduce the subject property assessment which includes,

1. reallocation of space?

11. changes to CRU rental rates?

111. change to the CRU-restaurant rental rate?

Legislation

[6] The *Municipal Government Act* reads:

> *Municipal Government Act*, RSA 2000, c M-26
>
> s l(l)(n) "market value" means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;
>
> s 467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.
>
> s 467(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 procedures set out in the regulations, and

[7] c) the assessments of similar property or businesses in the same municipality.

Position of the Respondent

[8] At the outset of the hearing, the Respondent made a recommendation to the Board to reduce the assessment to $30,391,500. In answer to Board questions, the Respondent provided a detailed explanation for the recommendation.

[9] The Respondent stated that after the assessment notices were sent to property owners, the Respondent developed a new retail model that affected the value of highrise office buildings in the downtown area. There are several A class and B class buildings with commercial rental units (CRUs) in the downtown area of Edmonton. The Respondent conducted a review ofCRU rental rates and found that in some cases the rates in B class downtown buildings have been overstated, and in some cases the rates in A class downtown buildings have been understated.

[10] The new retail model shows that the rental rates for most B class CRU space should be decreased and the rental rates for A class CRU space should be increased. Therefore, the Respondent is making recommendations to either increase the assessment or decrease the assessment of the A class and B class properties that are under complaint.

[11] The subject building is classified as a B class building and, as indicated by the new retail model the CRU rental rates should be decreased. The Respondent recommended that the rental rate for CRUs <1000 square feet be reduced to $15.00/sf, CRUs 1,001 to 3,000 square feet be reduced to $14.00/sfand the CRU-restaurant be reduced to $15.00/sf. In support of the recommended rate changes, the Respondent presented rent comparables for the CRU spaces on page 24 of Exhibit R-1. The Respondent did not provide any rent comparables for the CRU-restaurant space.

[12] Included in the Respondent's recommendation is a slight correction to the sizes of the subject property which is agreed to by the Complainant.

[13] In conclusion, the Respondent requested the Board accept the recommendation to reduce the assessment to $30,391,500 based on the recommended size changes and CRU rate changes.

Position of the Complainant

[14] In response to the recommendation made by the Respondent, the Complainant stated that he is in partial agreement with the recommendation to reduce the assessment.

[15] The Complainant stated that the original complaint was launched based on size allocations, market rents and the capitalization rate. The Complainant challenged the net leasable area (NLA) for the office space, CRUs <1,000 sf, CRUs 1,001 to 3,000sf and CRUs 3,001 to 5,000 sf. The Complainant accepted the Respondent's recommended size changes.

[16] The Complainant also challenged the rental rates for the office space and the restaurant space. The Complainant did not challenge the rental rates for the CRUs <1,000 sf or the CRUs 1,001 to 3,000 sf. The Complainant accepted the recommended changes to the CRU rates and withdrew the issue of capitalization.

[17] With respect to the CRU-restaurant space, the Complainant did not accept the recommended rate of$15.00/sf. The Complainant requested a rental rate of$17.50 per square foot based on the actual lease. In support of the request, the Complainant provided a copy of the tenant roster showing a lease rate of$17.20 for Cafe 104 Inc. with a term from October 1, 2009 to September 30, 2019.

Interim Decision

The Board requests the Respondent to recalculate the assessment for the subject property based on the Respondent's revised Highrise Office Summary that appears on page 9 of Exhibit R-1, except for the CRU-restaurant rental rate. A rental rate of $17.50 per square foot is to be applied to the restaurant space.

Reasons for the Decision

[18] The Board accepts the Respondent's recommendation with respect to the size changes and CRU rental rates. The correction to various spaces in the subject property is agreed to by the parties. The Respondent provided a number of current lease comparables for CRU spaces that support the recommended rate changes which are agreed to by the Complainant.

[22] The Board accepts the Complainant's rental rate of $17.50 per square foot for the restaurant because it is supported with the actual lease of the restaurant and the Respondent did not provide any lease comparables for restaurant space.

[23] Once the assessment is recalculated, the Respondent is requested to exchange this information with the Complainant for review. If the parties agree on the calculation, the Board will finalize the assessment under complaint. It is not necessary to schedule a continuation of the hearing.

[24] Respondent's Disclosure September 27, 2012

[25] Complainant's Disclosure October 1, 2012

Heard commencing August 20, 2012.
Dated this 13th day of September, 2012, at the City of Edmonton, Alberta.

Warren Garten, Presiding Officer

Appearances:

Greg Jobagy, Colliers International Realty Advisors Inc
Stephen Cook, Colliers International Realty Advisors Inc
for the Complainant

Brennen Tipton, City of Edmonton
Cameron Ashmore, City of Edmonton
James Cummings, City of Edmonton
for the Respondent