

NOTICE OF DECISION NO. 0098 108/12

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 July 24, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1263003	14920 87 AVENUE NW	Plan: 4337KS Block: 1 Lot: A	\$4,026,500	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: MCDONALD'S RESTAURANTS OF CANADA LIMITED

Edmonton Composite Assessment Review Board

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of
Edmonton, ECARB 2012-000384**

Assessment Roll Number: 1263003
Municipal Address: 14920 87 AVENUE 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
Lynn Patrick, Presiding Officer
Brian Carbol, Board Member
John Braim, Board Member

Preliminary Matters

[1] When asked by the Presiding Officer, the parties did not object to the composition of the Board. In addition, the Board members indicated no bias in the matter before them.

Background

[2] The subject property is located at 14920 87 Avenue NW. It is a multi-tenant retail plaza containing a total of 17,900 square feet and was built in 1968. The lot comprises 59,409 square feet and is located in the Jasper Park neighborhood. The office component of this property is a total of 9,500 square feet.

Issue(s)

[3] Is the 2012 assessment of the office component of the subject property correct?

Legislation

[4] The Municipal Government Act reads:

Municipal Government Act, RSA 2000, c M-26

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

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

Position Of The Complainant

[5] The Complainant filed this complaint on the basis that the 2012 assessment of the subject property exceeded its market value. The Complainant stated the subject property had been assessed on the income approach to value and in particular the rental rate applied to the office portion (9,500 square feet) was in excess of the market rent. There was no dispute as to the approach to value, the balance of the rental rates or the capitalization rate applied to the net operating income.

[6] The Complainant provided the Board with a chart of rental comparisons for office space in the west end of the city where the subject is located. There were seven comparable rental rates derived from four buildings known as Plaza West, Points West, Sterling Business Centre and Westgate Business Park. The comparable spaces ranged in size from 1,791 square feet to 12,500 square feet with the subject having 9,500 square feet. The lease dates ranged from October 2010 to June 2011 and the rental rates were all \$14.00/ square feet except for one comparable of 3,566 square feet at \$14.50/ square feet. (C-1, p.7).

[7] In rebuttal the Complainant provided a copy of the Respondent's equity rents and argued they were all Plaza properties as opposed to the subject that is a neighbourhood commercial property (C2, p.6).

[8] The Complainant provided information to the Board and argued that equity comparable #1 was smaller than the subject and was 23 years newer which would result in a lower assessment for the subject. Equity comparable #2 was smaller and 16 years newer than the subject. Equity #3 was also much smaller and much newer (by 21 years) than the subject. Similar comments applied to equity comparable #4 which was built in 1983 and was only 4,292 square feet in size. In addition it was located in the south west district across the river, some 45 blocks from the subject property.

[9] In summary argument the Complainant argued that the seven leases provided were actual leases close to valuation day. He stated the city had erred in the age of the subject and as such their own evidence supported his request for an office lease rate of \$14.00/ square feet.

Position Of The Respondent

[10] In support of the 2012 assessment of the subject property at \$4,026,500 the Respondent presented in evidence a document with actual lease values for the subject property at \$21 and \$22/ square foot (R-1, p. 33); a chart of *Comparable Equity Rents for Retail Properties* (R-1, p. 34); a chart of *Asking Leases for West End Suburban Offices from Colliers* (R-1 p.49) and a chart

comparing the actual rents of the subject property to *Actual Rents for Suburban Office Spaces* for four properties(R-1, p. 50).

[11] The Respondent agreed with the Complainant that the year built for the subject property is 1968 as opposed to 1986 as indicated in the Respondent's evidence.

[12] The Respondent included a chart with five *Comparable Equity Rents* (R-1, p. 34). Four of these are located in the West End of the City of Edmonton as is the subject. The other is in south-central Edmonton. The comparables range in size from 1,581 square feet to 6,383 square feet with the subject being 9,500 square feet. The comparables year built range is from 1979 to 1991 with the subject being built in 1968. The value of the leases/square foot ranges from \$15.00 to \$22.25 which, in the opinion of the Respondent, supports the assessment at \$15.00/square foot.

[13] The chart of *Asking Leases for West End Suburban Offices from Colliers* (R-1, p. 49) included four properties from West End Edmonton built from 1977 to 1980. Three of the properties lease for \$15.00 per square foot while one of these leases for \$16.00 per square foot. These properties range in size from 1,465 to 40,000 square feet in size. The Respondent argued that this chart shows that the market place supports lease rates of \$15.00 - \$16.00/square foot.

[14] In the chart of *Actual Rents for Suburban Office Spaces* (R-1, p. 50), the Respondent included three properties from the West End and one from Calgary Trail. Actual rents for these comparables ranged from \$16.00 to \$25.00 compared to the subject at \$21.00 and \$22.00. The Respondent pointed out that comparable #4 at \$16.00/square foot is in same market area as the subject and therefore supports the assessment.

[15] In summation, the Respondent noted that the Complainant was asking for only a 3% reduction and asked that the Board be mindful of Board decisions that have deemed assessments within a range of 5% (+/-) of the assessment are correct.

Decision

It is the decision of the Board to confirm the 2012 assessment of the subject property at \$4,026,500.

Reasons For The Decision

[16] The evidence tendered by the Complainant lacked detail due to confidentiality considerations on the proximity to the subject property as well as on matters such as exposure, use, quality, condition and location thus preventing a thorough consideration of the Complainant's contention that the appropriate office rental rate applicable is \$14.00/square foot rather than the rate of \$15.00/square foot used in the assessment.

[17] The comparables of the Complainant also included a range of sizes from 1,791 square feet to 12,500 square feet with none of the properties being close to the approximate size of the subject property.

[18] The Board gave more weight, thus more consideration, to the evidence of the Respondent.

[19] The comparables of the Respondent indicate that rates begin at \$15.00/square foot and that actual values for the comparables cited range upward to the \$22.00 to \$25.00 values per square foot including the subject property at \$21.00 and \$22.00/square foot. Comparable #2 of the equity rents is deemed the best comparable.

[20] The Complainant did not convince the Board that a marginal reduction of the unit rate of 3% was warranted. Previous decisions reflect that revisions in the rate in the 5% and upward range are more likely to reflect an incorrect assessment.(i.e. John Yuen vs City of Edmonton - CARB 9987054, 2010 and Altus vs City of Edmonton-MGB DC 11407) (R-1 p. 67).

Dissenting Opinion

[21] There was no dissenting opinion.

Heard commencing July 24, 2012.

Dated this 31st day of July, 2012, at the City of Edmonton, Alberta.

Lynn Patrick, Presiding Officer

Appearances:

Stephen Cook, Colliers International Realty Advisors Inc.
for the Complainant

Gail Rookes, Assessor, City of Edmonton
Ryan Heit, Assessor, City of Edmonton
for the Respondent