

NOTICE OF DECISION NO. 0098 160/12

Altus Group
780-10180 101 ST NW
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 9, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9988209	8103 ROPER ROAD NW	Plan: 0121618 Block: 10 Lot: 8	\$43,742,000	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: CONCERT REAL ESTATE CORPORATION

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, ECARB 2012-000593

Assessment Roll Number: 9988209

Municipal Address: 8103 ROPER ROAD NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

Altus Group

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Dean Sanduga, Presiding Officer

Jasbeer Singh, Board Member

Mary Sheldon, Board Member

Preliminary Matters

[1] At the outset of the hearing, the parties indicated that they had no objection to the composition of the Board. In addition, the members of the Board indicated no bias with respect to this matter.

[2] Evidence, argument and submissions are carried forward where relevant to this file from roll number 3941457.

Background

[3] The subject property is a large warehouse constructed in 2001 and located in the McIntyre Industrial subdivision of the City of Edmonton. The building area is 291,285 square feet and the site area is 862,603 square feet. The site coverage is 34%. The subject is zoned DC2 with an effective zoning of IB. There are eleven mixed use buildings on site.

Issue(s)

[4] Is the 2012 assessment of the subject correct, fair and equitable?

Legislation

[5] The Municipal Government Act reads:

Municipal Government Act, RSA 2000, c M-26

s 1(1)(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

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

Position of the Complainant

[6] The Complainant argued that the current assessment of the subject was excessive. The Complainant submitted that the subject was a mixed use property and should be valued as a mix of retail and industrial portions.

[7] The Complainant advised the Board that a portion of the subject was made up of bank pads, restaurants and CRU of 1,000-3,000 square feet commercial space. In the opinion of the Complainant, this retail portion should be valued using the income approach. In that regard, the Complainant provided the Board with a retail income approach market *proforma* (C-1, page 13).

[8] That *proforma* used market rents, typical vacancy allowances and shortfalls, structural allowances and a 7.5% capitalization rate. These figures were obtained from retail assessment comparables provided by the Complainant (C-1, pages 24-25). Using those figures, the Complainant advised the Board that the value for the retail portion of the subject was \$7,740,790 (C-1, page 13).

[9] The Complainant then advised that the remaining portion of the subject was comprised of laboratory space. The Complainant presented the Board with a chart of laboratory vs. warehouse sales (C-1, page 14). The Complainant submitted to the Board that this chart showed that laboratory space sold for 30% higher in the market place than warehouses of similar size, age, location and site coverage (C-1, page 14). The Complainant also presented excerpts from a Marshall and Swift manual to show that a laboratory would cost 50% more to build than other warehouse types (C-1, page 17).

[10] The Complainant then presented a chart of sales of properties similar to the warehouse portion of the subject (C-1, page 18). The time adjusted value per square foot of these comparables ranged from \$67.66 to \$84.81 with a median value of \$79.40 per square foot. When a 30% upward adjustment is applied to this value to reflect the fact that this is laboratory space, a value of \$104.03 is reached for the laboratory/warehouse space. That value would translate into a total value of \$28,193,000 for the laboratory/warehouse space.

[11] The Complainant submitted to the Board that when that value of \$28,193,000 for the laboratory/warehouse space is added to the value of \$7,740,790 for the retail portion, the total value for the subject would be \$35,933,500.

[12] The Complainant also advised the Board that the subject property sold on April 19, 2010 for \$40,650,000 or a time adjusted value of \$40,406,000 (C-1, page 18 and page 53). The Complainant also advised that the purchase price paid for the subject was over the asking price.

Position of the Respondent

[13] The Respondent argued that the 2012 assessment of the subject was correct, fair and equitable. He pointed out the factors affecting value in the warehouse inventory (R-1, page 7). He advised the Board that a DC zoning is open to any effective zoning and in this case the effective zoning was IB. He submitted further that any use of a building on the site was a permitted use under the effective zoning of IB.

[14] The Respondent also presented the account detail report for the subject (R-1, page 18). That account detail report indicated that buildings #4, #7 and #8 had been given a negative 10% rear building adjustment for lack of access and exposure to major roadways (R-1, page 20).

[15] The Respondent provided a chart of eleven sales comparables. The range of time adjusted sale price per square foot for the comparables was from \$141.09 to \$231.09 while the assessment per square foot of the subject was \$150.17 (R-1, page 24). Comparable #12 is the sale of the subject in 2010 time adjusted to a value of \$138.72 per square foot. The Respondent stated that this evidence supported the assessment of the subject.

[16] During questioning, the Respondent indicated to the Board that the comparables were smaller in size and had significant office components, whereas only one building on the subject property had upper office space. The Respondent also advised the Board that when there are multiple buildings on site each building is valued separately, and then added together to form the total value for the parcel. The Respondent noted further that the comparables #1 and #11 were sold with only one direct sales building present on site, whereas the subject had multiple buildings on site.

[17] The Respondent submitted to the Board that the excerpt from the *Standard on Mass Appraisal* presented by the Complainant in the rebuttal document was incomplete. The complete excerpt would indicate that the direct sales approach is also an equally valid approach to valuation.

[18] The Respondent presented to the Board, for information purposes only, a summary of office space in the subject (R-1, pages 39-46). The Respondent advised the Board that an actual inspection of the subject had revealed considerably larger finished office spaces that had not been included in the 2012 assessment. This additional furnished office space could have increased the assessment. However, the Respondent advised that an increase was not being sought.

[19] The Respondent requested that the Board confirm the assessment of the subject at \$43,742,000.

Complainant's rebuttal

[20] The Complainant presented a rebuttal document for the consideration of the Board after the Respondent's presentation (C-2). In that document, the Complainant pointed out that many of the comparable sales presented by the Respondent were significantly smaller than the subject and therefore of little assistance in establishing value for the subject.

[21] As well, the Complainant submitted in the rebuttal an excerpt from the *Standard on Mass Appraisal of Real Property*. The Complainant submitted to the Board that this confirmed that the income approach was the most appropriate method to apply when valuing commercial and industrial property if sufficient income data was available (C-2, page 6).

[22] The Complainant requested that the Board reduce the assessment of the subject to \$35,993,500, the combined value of the retail and industrial portions as calculated above.

Decision

[23] The decision of the Board is to reduce the 2012 assessment of the subject to \$40,406,000.

Reasons for the Decision

[24] The Board does not accept the argument of the Complainant that the retail portion of the subject ought to be valued using the income approach and that the warehouse portion ought to be valued using the direct sales approach. The Board heard evidence that the subject has an IB effective zoning and that all the uses of the buildings on the site are permitted uses. As well, the Board accepts that others properties of this type are valued using the direct sales approach and, for the sake of consistency, that approach ought to be used for the subject.

[25] The Board notes jurisprudence that the sale of a property at or near the valuation date is the best indicator of value. In this case, the subject was sold in April, 2010 for a time adjusted value of \$40,406,000. The Board heard evidence that this was a valid sale and therefore, the Board is of the opinion that this sale of the subject is the most relevant in establishing market value.

[26] The Board is of the opinion that a value of \$40,406,000 for the subject is correct, fair and equitable.

Dissenting Opinion

[27] There was no dissenting opinion.

Heard commencing August 9, 2012.

Dated this 29th day of August, 2012, at the City of Edmonton, Alberta.

Dean Sanduga, Presiding Officer

Appearances:

Walid Melhem
for the Complainant

Will Osborne
for the Respondent