

**NOTICE OF DECISION      NO. 0098 17/12**

Mark A Godbout,  
MKO Development Corporation  
2728 Yellowhead Trail, NE  
Edmonton, AB T6S 1C2

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 May 23, 2012, respecting a complaint for:

<b>Roll Number</b>	<b>Municipal Address</b>	<b>Legal Description</b>	<b>Assessed Value</b>	<b>Assessment Type</b>	<b>Assessment Notice for:</b>
1076363	2704 Yellowhead Trail NE	Plan: 3483KS Lot: A	\$2,938,000	Annual New	2012

**Before:**

Peter Irwin, Presiding Officer  
Taras Luciw, Board Member  
Tom Eapen, Board Member

**Board Officer:**

Rhoda Lemphers

**Persons Appearing on behalf of Complainant:**

Stephen Cook, Associate VP, Realty Tax Services, Colliers International  
Greg Jobagy, Associate, Realty Tax Services, Colliers International

**Persons Appearing on behalf of Respondent:**

Joel Schmaus, Assessor, City of Edmonton  
Mary-Alice Nagy, Assessor, City of Edmonton

## **PRELIMINARY MATTERS**

[1] Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

[2] The Respondent advised the Board that they have put forward a recommendation for a reduction in the assessment to \$2,893,500.

## **BACKGROUND**

[3] The subject property is a 12,096 square foot (sf) industrial warehouse that is demised into seven bays and is situated on a 1.593 acre site. It was constructed in 2011 and is located at 2704 Yellowhead Trail, NE, on the northeastern outskirts of Edmonton. Two older sheds located on the site are used for storage only.

## **ISSUE**

[4] Is the assessment of the subject property too high?

## **LEGISLATION**

### ***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 submitted a 57-page written disclosure (Exhibit C-1) as well as a 24-page rebuttal (Exhibit C-2).

[6] The evidence included five sales comparables of similarly-sized properties (C-1, page 10), two of which were zoned Industrial Medium (IM) and three of which were zoned Industrial Business (IB), which the Complainant described as being superior to IM (as is the subject). The sales occurred between January 1, 2010 and July 1, 2011, and their prices ranged from \$82.73 to \$138.25 averaging \$113.83 per sf. The two properties with older buildings sold for \$82.73 and \$101.45 per sf while the two newer buildings sold for \$138.25 and \$131.33 per sf. From the sales

of the newer properties, the Complainant settled on a value of \$135.00 per sf, which comes out to \$1,633,000 for the subject.

[7] The Complainant's comparable buildings were all older than the subject, with the oldest one constructed in 1970 and the newest one in 2002. For this reason the Complainant presented an adjusted unit value to reflect the superior building of the subject. All comparable properties were located in close proximity to the Yellowhead Trail.

[8] The building sizes of the comparable sales ranged from 9,857 sf to 18,201 sf while the lot sizes ranged from .39 acres to 2.48 acres, averaging 1.12 acres. This average is .47 acres smaller than the subject property which, the Complainant submitted, required an adjustment for the additional land value for the subject. The Complainant also included three comparable land sales from northeast Edmonton that took place between January 2010 and April 2011 (C-1, page 11). The price averaged \$409,864 per acre which equated to \$192,636 for the subject's .47 acres of excess land. By combining this excess land value with the building value of \$1,633,000, a final value of \$1,826,000 was concluded.

[9] The Complainant acknowledged that properties like the subject are assessed by the direct comparison approach, but to further support a reduction in the subject's assessment, an income approach valuation was also provided (C-1, page 13). It concluded a market value of \$1,882,000 based on actual rent of \$11.00 per sf from the subject.

[10] In rebuttal, the Complainant challenged the Respondent's sale comparables and identified their locations in the extreme west side of the city (C-2, pages 11 to 24). The Complainant noted that the most westerly comparable property that he provided was nearer to the subject than the Respondent's most easterly property (C-2, page 12). Comparisons between the comparable properties and the subject were detailed and described as not being comparable due to their construction and size.

[11] The Complainant requested a reduction in the 2012 assessment to \$1,826,000.

## **POSITION OF THE RESPONDENT**

[12] The Respondent submitted written evidence in the form of an assessment brief, containing 32 pages, entered as exhibit R-1. A Property Assessment Law and Legislation document containing 44 pages was also submitted and entered as exhibit R-2.

[13] The Respondent referred to the Direct Sales Detail Report on page 16 of R-1 and advised the Board that the description of the two storage buildings on the subject site were reclassified to "cost buildings" and their assessment was reduced to \$30,000. This change reduced the assessment to the recommended \$2,893,500.

[14] Five time-adjusted sale comparables of warehouse properties were provided in support of the assessment (R-1, page 17). The buildings had an effective year built from 2004 to 2010 and all were described as being in average condition. The comparable building sizes ranged from 4,980 sf to 12,000 sf (main floor only), with lot sizes that ranged from 19,224 sf to 61,301 sf. Their time adjusted sale prices ranged from \$191.96 per sf to \$240.16 per sf. The properties were located in the Winterburn Industrial Park, Armstrong Industrial and Edmiston Industrial areas in west Edmonton.

[15] The Respondent stated that the subject's location, low site coverage and the fact that it is a new building make it a highly marketable property. Based on these factors, the Respondent requested that the Board confirm the recommended adjusted assessment in the amount of \$2,893,500.

## **DECISION**

[16] The decision of the Board is to reduce the assessment to \$1,826,000.

Roll Number	Original Assessment	New Assessment
1076363	\$2,938,000	\$1,826,000

## **REASONS FOR THE DECISION**

[17] The Board considered the evidence presented by the parties and placed greater weight on the Complainant's sale comparables.

[18] The Board found that, although they are older than the Respondent's comparables, the Complainant's comparable properties are better located, as they are on and near the Yellowhead Trail corridor. The buildings are more similar in size and function to warehouses and their sale prices represent market values for like properties. Of note is the fact that the two comparables provided by the Complainant located nearest the subject sold for the lowest prices at \$82.73 and \$101.45 per sf. The remaining three comparables, located in the northwest quadrant, sold for \$115.37, \$131.33, and \$138.25 per sf.

[19] The Complainant's adjustment to achieve a per square foot unit value for the subject to account for the building being newer (\$1,633,000) and the further adjustment for excess land value (\$192,636) concluded a total value of \$1,826,000. The Board found this to be a reasonable and acceptable calculation.

[20] The Board was not persuaded by the Respondent's sale comparables as they are all located in industrial parks in the far west area of the city. Comparable number one in Winterburn, in addition, had two buildings on its site. Comparable three was the only one that was similar in building and lot size, but it reflected superior finish with extensive glazing across the front of the building and it also provides paved parking. Comparables four and five are substantially smaller with 5,208 and 4,980 sf, are of pre-cast and concrete block construction with some glazing, each is one half of a duplex unit and also provide paved parking. The Board concluded that these properties are less comparable to the subject building's metal siding construction and unpaved parking lot.

## **DISSENTING OPINION AND REASONS**

[21] There was no dissenting opinion.

Dated this 20<sup>th</sup> day of June, 2012, at the City of Edmonton, in the Province of Alberta.

---

Peter Irwin, Presiding Officer

---

*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: COLLIERS INTERNATIONAL REALTY ADVISORS INC  
MKO DEVELOPMENT CORPORATION