

NOTICE OF DECISION NO. 0098 84/12

CUSHMAN & WAKEFIELD LTD
1730 - 111 5 AVENUE SW
CALGARY, AB T2P 3Y6

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 June 25, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10064563	6031 66A Avenue NW	Plan: 0625512 Block: 11 Lot: 5	\$10,186,500	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: MT INVESTMENTS INC

Edmonton Composite Assessment Review Board

Citation: Cushman & Wakefield Ltd v The City of Edmonton, 2012 ECARB 1316

Assessment Roll Number: 10064563

Municipal Address: 6031 66A AVENUE NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

Cushman & Wakefield Ltd

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Peter Irwin, Presiding Officer
Lillian Lundgren, Board Member
Ron Funnell, Board Member

Preliminary Matters

[1] When asked by the Presiding Officer, the parties indicated no objection to the composition of the Board. In addition, the Board members indicated they had no bias in the matter before them.

Background

[2] The subject property is a 43,360 square foot (sf) transit warehouse located at 6031 66A Avenue NW in the Roper Industrial neighborhood. The warehouse was constructed in 2007 and is in average condition. The lot size is 473,918 sf with site coverage of 8.3%.

Issue(s)

[3] The issues are:

1. Is the subject property correctly assessed?
 - a) Should a shape adjustment be applied?
2. Is the subject property equitably assessed with similar properties?

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 subject assessment of \$10,186,500 is incorrect and inequitable.

[6] The Complainant argued that the property is incorrectly assessed based on an incorrect adjustment for the size, shape and location of the subject property. The Complainant described the subject property as a large 10.879 acre parcel with poor access. The Complainant also stated that the subject parcel does not have the same rectangular shape of a typical industrial parcel which could have an effect on value.

[7] The Complainant prepared an estimate of value for the subject property based on the cost approach. First, the Complainant selected an equity comparable located at 5903 66A Avenue NW as the basis for the land value. The comparable is an undeveloped parcel of land, adjacent to the subject, that is assessed \$544,152 per acre. In recognition of the size and shape of the subject, the Complainant adjusted this value downward to \$450,000 per acre. The Complainant applied \$450,000 per acre to the 10.879 acre site of the subject which resulted in a value of \$2,250,000 for the land component of the subject assessment.

[8] Second, the Complainant selected a property located at 5605A 70 Street NW that sold in May, 2011 for \$28,775,000 as the basis for the improvement value for the subject property. This comparable is an 8.11 acre site developed with a 141,638 sf multi-bay warehouse. The comparable is assessed \$107.15/sf for land and improvements, and the Complainant applied this value to the subject building area of 43,360 sf which resulted in a value of \$4,646,020 for the improvement component of the subject assessment.

[9] Based on the foregoing calculations, the Complainant's estimate of value for the subject property is \$6,896,020. The Complainant requested the Board to reduce the assessment to \$6,900,000.

Position Of The Respondent

[10] The Respondent submitted that the subject assessment of \$10,186,500 is correct and equitable. No adjustments have been made to the subject assessment for shape or access. The Respondent disagrees with the Complainant that the shape of the site restricts development. The Respondent stated that the subject property is developed with a transit warehouse that was constructed in 2007 and the site would allow for additional development. Access to the site is good.

[11] The Respondent is critical of the method used by the Complainant to estimate the value of the subject property because the land and improvement values used by the Complainant have not been adjusted for the differences that affect value.

[12] The Respondent defended the assessment with three sales comparables that sold for a time adjusted sale price of between \$232/sf and \$391/sf which supports the subject assessment of \$235/sf. The comparables are similar to the subject in age, site coverage and site area. The Respondent explained that there are very few similar sales in the same quadrant of the city; therefore, two comparables are located in the northwest quadrant.

Decision

[13] The property assessment is confirmed at \$10,186,500.

Reasons For The Decision

[14] In determining this matter, the Board first considered whether the subject property assessment should be adjusted for shape or access. The Board finds no evidence that the shape of the subject parcel has a detrimental effect on development because there exists a 43,360 square foot warehouse constructed in 2007 and there is an opportunity for additional development on this parcel. Further, the Complainant provided no evidence in support of his contention that the access has a negative effect on the value of the subject property.

[15] The Board reviewed the cost approach used by the Complainant and finds that the approach does not result in a reliable estimate of market value. The land value of \$450,000 chosen by the Complainant is an arbitrary value that is not supported by market evidence. The Board observes that if the estimated land value is incorrect, the total estimate of value is also incorrect. As a result, the Board places no weight on the estimate of value put forward by the Complainant.

[16] The Board finds the best indicators of value to be the three sales comparables put forth by the Respondent. The subject property assessment of \$235/sf falls within the range of these sales comparables.

[17] In conclusion, the Board confirms the assessment.

Heard commencing June 25, 2012.

Dated this 25th day of July, 2012, at the City of Edmonton, Alberta.

Peter Irwin, Presiding Officer

Appearances:

Jan Goresht

for the Complainant

Joel Schmaus

for the Respondent