



## ASSESSMENT REVIEW BOARD

Churchill Building  
10019 103 Avenue  
Edmonton AB T5J 0G9  
Phone: (780) 496-5026

### NOTICE OF DECISION NO. 0098 867/11

COLLIERS INTERNATIONAL REALTY  
ADVISORS INC  
1000-335 8TH AVE SW  
CALGARY, AB T2P 1C9

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 March 21, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8480550	4601 99 Street NW	Plan: 4187RS Block: 3 Lot: A	\$2,632,000	Annual New	2011

#### Before:

Warren Garten, Presiding Officer  
George Zaharia, Board Member  
Tony Slemko, Board Member

**Board Officer:** Jason Morris

#### Persons Appearing on behalf of Complainant:

Greg Jobagy, Colliers International  
Stephen Cook, Colliers International

#### Persons Appearing on behalf of Respondent:

Mary-Alice Nagy, Assessor, City of Edmonton  
Tanya Smith, Law Branch, City of Edmonton

## **PROCEDURAL MATTERS**

The parties indicated they had no objection to the composition of the Board. In addition, the Board members indicated they had no bias on this file.

## **PRELIMINARY MATTERS**

There were no preliminary matters.

## **BACKGROUND**

The subject property is a warehouse built in 1975, and is located at 4601 - 99 Street NW within the Papaschase Industrial Park of southeast Edmonton. The building has approximately 23,040 square feet of main floor space, and is situated on a lot zoned IM, 59,203 square feet (1.36 acres) in size, resulting in a 39% site coverage.

The subject property was assessed on the direct sales approach resulting in a 2011 assessment of \$2,632,000.

## **ISSUE(S)**

1. Is the 2011 assessment of the subject property at \$2,632,000 fair and equitable compared to sales of similar properties?
2. Is the 2011 assessment of the subject property at \$2,632,000 fair and equitable when using the income approach?

## **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**

1. The Complainant provided a recent assessment history of the subject property that showed a 10.7% decrease in the 2011 assessment compared to the 2010 assessment, arguing that there should be a further reduction in assessment based on sales of similar properties, confirmed by using the income approach (Exhibit C-1, pages 3 & 9).

2. To support his position that the 2011 assessment of the subject property was excessive, the Complainant provided four sales comparables of similar properties that sold between February 2009 and June 2010. These four industrial warehouses located in southeast Edmonton ranged in total building size from 14,066 to 50,250 square feet, and sold for between \$66.46 and \$75.62 per square foot. (Exhibit C-1, page 6)
3. Based on these sales comparables, the Complainant chose \$75.00 per square foot as a reasonable value instead of the \$114.24 per square foot assessment applied by the Respondent (Exhibit C-1, page 6).
4. Provided as a test, the Complainant offered a challenge to the assessment using the income approach. The Complainant submitted that existing lease rates in the subject are currently between \$5.55 and \$6.50 per square foot. Four comparable market rents were provided for properties of 28,552 to 262,880 square feet in size with rents that ranged from \$6.10 to \$7.75 per square foot. Based upon the actual rents in the subject and the comparable market rents, the Complainant chose a rent of \$6.75 per square foot to apply to the subject property, resulting in an assessment of \$77.82 per square foot. The value of the subject using the income approach would be \$1,792,933 (Exhibit C-1, pages 7 & 8).
5. The Complainant submitted a rebuttal document, marked as C-3, challenging the appropriateness of the Respondent's sales comparables. It was argued that five of the comparables were significantly smaller in building size than the subject which would result in a higher valuation per square foot. The Complainant also argued that zoning, and dated sales rendered the Respondent's sales comparables inappropriate. The Complainant also argued the Respondent's three equity comparables were zoned IB which is superior to the IM zoning of the subject (Exhibit C-3, page 3).
6. The Complainant provided a graph showing the trending of warehouse sales between January 2007 and the valuation date of July 1, 2010. The graph showed an upward trend in prices up to the beginning of 2008 and then falling until the beginning of 2010, thereafter increasing until valuation date. The Complainant plotted his sales on the graph as being close to the valuation date, while the Respondent's sales were dated sales and were plotted at both the low and high ends of the graph (Exhibit C-3, page 7).
7. Placing more weight on the income approach, the Complainant requested the Board to reduce the 2011 assessment from \$2,632,000 to \$1,800,000.

### **POSITION OF THE RESPONDENT**

1. The Respondent stated that industrial properties are valued using the direct sales approach of mass appraisal since *a large percentage of industrial property in Edmonton is owner-occupied, and as such has no income attributable to it*. The Respondent advised that sales occurring from January 2007 through June 2010 were used in developing and testing the model. As well, factors found to affect value in the warehouse inventory were: location, lot size, age and condition of the building, the total area of main floor, developed second floor and mezzanine space (Exhibit R-1, pages 6 & 7).

2. The Respondent provided seven sales comparables, all located in southeast Edmonton that occurred between February 5, 2007 and January 2, 2009, for time-adjusted sale prices that ranged between \$112.15 and \$159.59 per square foot, compared to assessment of \$114.24 per square foot of the subject property. The comparables were the same in condition, and similar to the subject in age, land and building size, and site coverage (Exhibit R-1, page 23). It was the position of the Respondent that the comparables reflected fairness and equity.
3. The Respondent provided three equity comparables, all located in southeast Edmonton that were assessed between \$114.72 and \$116.36 per square foot, compared to assessment of \$114.24 per square foot of the subject property. The comparables were the same in condition, and similar to the subject in age, land and building size, and site coverage (Exhibit R-1, page 29).
4. The Respondent has not found that there is any difference in value between IM and IB zoned land.
5. The Respondent requested the Board to confirm the 2011 assessment of subject property at \$2,632,000.

## **DECISION**

The decision of the Board is to confirm the 2011 assessment of the subject property at \$2,632,000.

## **REASONS FOR THE DECISION**

1. The Board placed little weight on the sales comparables provided by the Complainant for the following reasons:
  - a. There were no supporting network documents detailing the sales. The document marked R-2 are maps and exterior pictures of three of the four sales comparables submitted by the Complainant, and were of no instructive value to the Board.
  - b. The sale prices were not time-adjusted.
  - c. There was no indication of lot size, site coverage, condition, and age. The “qualitative” comparability shown by the Complainant provided no guidance as to the “quantitative” adjustments required to make the comparables similar to the subject.
2. The Board placed little weight on the income approach to value presented by the Complainant. There was absolutely no supporting evidence as to the market rents provided, and if the rents were timely. Additionally, all similar warehouse properties to the subject had been valued using the direct sales approach.
3. The Board placed greater weight on the Respondent’s sales comparables for the following reasons:

- a. There were supporting network documents detailing all seven sales.
  - b. All of the seven sales comparables were located in southeast Edmonton, as is the subject. The 1975 year built of the subject fell within the range of the comparables that were built between 1970 and 1980; the subject and the comparables were all in average condition; and the subject at 23,040 square feet in size fell within the range of the comparables of between 18,000 and 38,859 square feet. The assessment of the subject property at \$114.24 per square foot fell within the range of the time-adjusted sale prices of \$112.15 to \$159.59 per square foot. The site coverage of the subject at 39% fell within the range of the comparables from 34% to 55%.
4. The Board also placed more weight on the Respondent's equity comparables which, assessed at \$114.72 to \$116.36 per square foot, supported the assessment of the subject property at \$114.24 per square foot. All three equity comparables were located in southeast Edmonton, the same as the subject. The 1975 year built of the subject was slightly newer than the comparables that were built between 1971 and 1974; the subject and the comparables were all in average condition; the subject at 23,040 square feet in building size fell within the range of the comparables of between 23,040 and 25,355 square feet; and the site coverage of the subject at 39% was slightly higher than the range of the comparables of between 32% and 36%.
  5. The Board was not presented with any evidence that would support the Complainant's position that land zoned IB was superior to land zoned IM.
  6. The Board is persuaded that the 2011 assessment of the subject property at \$2,632,000 is fair and equitable.

### **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 13<sup>th</sup> day of April, 2012, at the City of Edmonton, in the Province of Alberta.

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Warren Garten, Presiding Officer

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*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.*

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cc: GE CANADA REAL ESTATE EQUITY HOLDING COMPANY / SOCIETE DE PORTEFEUILLE IMMOBIL