



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 876/11

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:
9983307	9451 49 Street NW	Plan: 0020034 Block: 4 Lot: 4A	\$4,714,500	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:

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 1977, and is located at 9451 – 49 Street NW within the Eastgate Business Park of southeast Edmonton. The building has approximately 48,372 square feet of total floor space, and is situated on a lot zoned IM, 148,456 square feet (3.4 acres) in size, resulting in a 33% site coverage.

The subject property was assessed on the direct sales approach resulting in a 2011 assessment of \$4,714,500.

## **ISSUE(S)**

1. Is the 2011 assessment of the subject property at \$4,714,500 fair and equitable compared to sales of similar properties?
2. Is the 2011 assessment of the subject property at \$4,714,500 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 17.1% increase in the 2011 assessment compared to the 2010 assessment, arguing that there is no justification based on sales of similar properties, confirmed by comparables using the income approach, for such an increase (Exhibit C-1, pages 3 & 13).

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 January 2008 and June 2010. These four industrial warehouses located in southeast Edmonton ranged in total building size from 31,704 to 104,250 square feet, and sold for between \$66.77 and \$110.15 per square foot (Exhibit C-1, page 7).
3. Based on these sales comparables, the Complainant chose \$85.00 per square foot as a reasonable value instead of the \$97.46 per square foot assessment applied by the Respondent (Exhibit C-1, page 7).
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 \$6.50 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 \$3,757,212 (Exhibit C-1, pages 8 & 9).
5. The Complainant used an equity argument to challenge the assessment of the subject property. The adjacent property, owned by the same company, is of the same age, is 57,888 square feet in building size, and has a site coverage of 46%, but is assessed at \$79.48 per square foot compared to the \$97.46 per square foot assessment of the subject property (Exhibit C-1, page 10).
6. The Complainant submitted a rebuttal document, marked as C-3, challenging the appropriateness of the Respondent's sales comparables. It was argued that all six 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, dated sales, and being located on major arterial roadways rendered the Respondent's sales comparables inappropriate. The Complainant also argued that six of the seven equity comparables were smaller in building size than the subject which would result in a higher assessment per square foot. (Exhibit C-3, page 3).
7. The Complainant argued that land zoned IB and IH is superior to land zoned IM (Exhibit C-3, page 3).
8. 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 the valuation date. The Complainant plotted his sales on the graph that were at both the low and high ends of the graph, as are the Respondent's sales, but the graph showed that his sales are closer to the valuation date than are some of the Respondent's (Exhibit C-3, page 7).
9. Placing more weight on the direct sales and equity approach, the Complainant requested the Board to reduce the 2011 assessment from \$4,714,500 to \$3,862,500, altered to \$4,111,000 based on \$85.00 per square foot.

## **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 5 & 6).
2. The Respondent provided six sales comparables, all located in southeast Edmonton that occurred between February 28, 2007 and January 2, 2009, for time-adjusted sale prices that ranged between \$91.52 and \$124.68 per square foot, compared to assessment of \$97.46 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 22). It was the position of the Respondent that the comparables reflected fairness and equity.
3. The Respondent pointed out that the Respondent's sales comparable number three was the same as the Complainant's sales comparable number three, but there was a discrepancy in the building size; the Respondent used a total building size of 31,506 square feet while the Complainant used a total building size of 31,704 square feet. This resulted in different sale prices per square foot, with the Respondent showing a time-adjusted sale price of \$91.52 per square foot and the Complainant showing a sale price of \$88.32 per square foot.
4. The Respondent provided seven equity comparables, all located in southeast Edmonton that were assessed between \$95.26 and \$99.02 per square foot, compared to assessment of \$97.46 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).
5. The Respondent stated that each year's assessment is unique. The Respondent disregarded the Complainant's 17.1% year by year percentage increase by directing the Board to Exhibit R-2, section X, page 33, wherein it is stated that "*....respective Boards have held that each year's assessment is independent of previous assessments, and the mere fact of a large percentage increase without more evidence, is not enough information to draw the conclusion that an assessment is too high.*"
6. The Respondent has not found that there is any difference in value between IM and IB or IH zoned land.
7. The Respondent advised that the adjacent property that the Complainant used as an equity comparable is given a 5% downward adjustment to account for the fact that it is used by trucks to access the subject property.
8. The Respondent requested the Board to confirm the 2011 assessment of subject property at \$4,714,500.

## **DECISION**

The decision of the Board is to confirm the 2011 assessment of the subject property at \$4,714,500.

## **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 network documents of other properties not used for this complaint.
  - 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 little weight on the Complainant’s equity argument. The site coverage of the adjacent property is 46% compared to the site coverage of the subject at 33% necessitating a downward adjustment of the comparable’s assessment. As well, the adjacent property has been given a 5% downward adjustment since trucks must use it to access the subject property.
4. The Board placed greater weight on the Respondent’s sales comparables for the following reasons:
  - a. There were supporting network documents detailing all six sales.
  - b. All of the six sales comparables were located in southeast Edmonton, as is the subject. The 1977 year built of the subject fell within the range of the comparables that were built between 1968 and 1980; the subject and the comparables were all in average condition; and the subject at 48,372 square feet in size was higher than the range of the comparables of between 30,614 and 40,400 square feet. The assessment of the subject property at \$97.46 per square foot fell within the range of the time-adjusted sale prices of \$91.52 to \$124.68 per square foot. The site coverage of the subject at 33% fell within the range of the comparables from 22% to 45%.
5. The Board also placed more weight on the Respondent’s equity comparables which, assessed at \$95.26 to \$99.02 per square foot, supported the assessment of the subject property at \$97.46 per square foot. All seven equity comparables were located in southeast Edmonton, the same as the subject. The 1977 year built of the subject fell within the range of the year

built of the comparables of between 1973 and 1980; the subject and the comparables were all in average condition; the subject at 48,372 square feet in building size fell within the range of the comparables of between 28,161 and 49,999 square feet; and the site coverage of the subject at 33% fell within the range of the comparables of between 32% to 53%.

6. The Board was not presented with any evidence that would support the Complainant's position that land zoned IB or IH was superior to land zoned IM.
7. The Board is persuaded that the 2011 assessment of the subject property at \$4,714,500 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