



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 880/11

Colliers International Realty Advisors Inc.  
1000-335 8TH Avenue 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 20, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1072842	2110 70 Avenue NW	Plan: 7620267 Block: 2 Lot: 4	\$3,830,000	Annual New	2011

#### Before:

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

**Board Officer:** Segun Kaffo

#### Persons Appearing on behalf of Complainant:

Stephen Cook, Colliers International

#### Persons Appearing on behalf of Respondent:

Marty Carpentier, Assessor, City of Edmonton  
Steve Lutes, 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 1982, and is located at 2110 - 70 Avenue NW within the Southeast (Annexed) Industrial neighborhood of southeast Edmonton. The building has approximately 30,824 square feet of main floor space. The improvements are situated on a lot zoned IM, 181,701 square feet in size, resulting in a 17% site coverage.

The subject property was assessed on the direct sales approach resulting in a 2011 assessment of \$3,830,000.

## **ISSUE(S)**

Is the 2011 assessment of the subject property at \$3,830,000 fair and equitable compared to sales of similar properties, and compared to other properties 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 5.3% decrease in the 2011 assessment compared to the 2010 assessment, however, arguing that in consideration of the income approach, the subject's property assessment is too high (Exhibit C-1, pages 3 and 9).
2. To support his position that the 2011 assessment of the subject property was excessive, the Complainant provided two charts using 1) direct sales comparables, and 2) the income approach.

- i. The first chart included four sales comparables of industrial warehouses located in southeast Edmonton with buildings that ranged in size from 14,066 to 50,250 square feet. These sales occurred between February, 2009 and June, 2010 and sold in the range of \$66.46 to \$75.62 per square foot. The assessment of the subject property at \$124.25 per square foot is unreasonable (Exhibit C-1, page 6).
  - ii. The second chart included four lease comparables of industrial warehouses, two located in southeast Edmonton and two located in northeast Edmonton. The warehouses ranged from 28,552 to 262,880 square feet in size, and were leased from \$6.10 to \$7.75 per square foot (Exhibit C-1, page 7). Based upon actual and market rents for comparable properties, the Complainant's position was that the rent applied to the subject property should be \$6.75 per square foot resulting in a value of \$2,398,600 or \$77.82 per square foot (Exhibit C-1, pages 7 & 8).
3. The Complainant submitted a rebuttal document, marked as C-2, challenging the appropriateness of the Respondent's sales and equity comparables. It was argued that some of the sales comparables were smaller in size, so that based on "economies of scale", these properties would have a larger value per square foot. The Complainant also argued that zoning and dated sales rendered the Respondent's sales comparables inappropriate. The Complainant argued that the zoning and the size of the improvements of the equity comparables made them inappropriate. He stated that the two City comparables that were zoned IB made them superior to the subject, and that all the comparables were smaller in size compared to the subject, making these comparables inappropriate (Exhibit C-2, pages 3).
4. In the rebuttal, the Complainant stated that land zoned IB and IH is superior to land zoned IM.
5. The Complainant requested the Board to reduce the 2011 assessment from \$3,830,000 to \$2,500,000.

### **POSITION OF THE RESPONDENT**

1. The Respondent provided six sales comparables, of which five were located in southeast Edmonton, and the sixth was located in west Edmonton, that occurred between February 1, 2007 and March 13, 2009. The comparables were built between 1964 and 1982, were all in average condition, and ranged in size between 21,831 and 40,400 square feet. The time-adjusted sale prices ranged between \$122.63 and \$168.08 per square foot, compared to the assessment of \$124.25 per square foot of the subject property (Exhibit R-1, page 23). It was the position of the Respondent that the comparables reflected fairness and equity.
2. The Respondent argued that not every property zoned IB has a business on it, disputing the Complainant's position that IB and IH zoned land is superior to IM zoned land.
3. The Respondent questioned the comparability of two of the Complainant's sales: sale number three was reported to have a contaminated site (Exhibit R-1, page 32), and sale number four was not an "arms length" sale (Exhibit R-1, page 31).

4. The Respondent provided five equity comparables, all located in southeast Edmonton, the same as the subject. The comparables were built between 1978 and 1983, were all in average condition, ranged in building size between 21,600 and 27,750 square feet, and had site coverage of 13% to 36%. The assessments ranged between \$118.77 and \$134.79 per square foot resulting in an average of \$128.39 per square foot, compared to the assessment of \$124.25 per square foot of the subject property (Exhibit R-1, page 30).
5. The Respondent requested the Board to confirm the 2011 assessment at \$3,830,000.

## **DECISION**

The decision of the Board is to confirm the 2011 assessment of the subject property at \$3,830,000.

## **REASONS FOR THE DECISION**

1. The Board placed less weight on the sales comparables provided by the Complainant for the following reasons:
  - a. There was no supporting network document for sale number two detailing the sale.
  - b. The sale prices were not time-adjusted.
  - c. Sales comparable number three had a contamination issue on site which could have a negative impact on value.
  - d. Sales comparable number four was considered a “non-arms length” sale since the vendor and the purchasing company have the same director.
  - e. The site coverages for the three sales comparables with documentation, at 32.3% to 48.1%, were significantly greater than the 17% site coverage of the subject, requiring a significant upwards adjustment to the shown sales prices.
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 five of the six sales.
  - b. Five of the six sales comparables were located in southeast Edmonton, as is the subject. The 1982 year built of the subject was at the high end, but fell within the range of the comparables that were built between 1964 and 1982; the subject and the comparables were all in average condition; and the subject at 30,824 square feet in size fell within the range of the comparables of between 21,831 and 40,400 square feet. The assessment of the subject property at \$124.25 per square foot fell at the

lower end of the range of the time-adjusted sale prices of \$122.63 to \$168.08 per square foot.

- c. Sales comparables numbers four, five and six, with site coverages at 13 to 20%, encompassing the site coverage of the subject at 17%, all had higher time-adjusted sales prices from \$132.15 to \$168.08 per square foot than the other three sales comparables supporting the argument that properties with lower site coverages tend to sell for more per square foot.
4. The Board also placed more weight on the Respondent's equity comparables which, assessments at \$118.77 to \$134.79 per square foot, supported the assessment of the subject property at \$124.25 per square foot. All five equity comparables were located in southeast Edmonton, the same as the subject. The 1982 year built of the subject fell within the range of the year built of the comparables of between 1978 and 1983; the subject and the comparables were all in average condition; the subject at 30,824 square feet in building size was somewhat larger than the comparables of between 21,600 and 27,750 square feet; and the site coverage of the subject at 17% was lower than the range of the comparables of between 21% to 30%. The assessments ranged between \$118.77 and \$134.79 per square foot resulting in an average of \$128.39 per square foot, supporting the assessment of the subject property at \$124.25 per square foot.
5. 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.
6. The Board is persuaded that the 2011 assessment of the subject property at \$3,830,000 is fair and equitable.

### **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 18<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: BAKER HUGHES CANADA COMPANY