



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
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NOTICE OF DECISION NO. 0098 881/11

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:
10042206	16230 118 Avenue NW	Plan: 0525693 Block: 4 Lot: 14	\$5,217,500	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 1993, and is located at 16230 - 118 Avenue NW within the Hawkin Park Estate Industrial neighborhood of west Edmonton. The building has approximately 34,172 square feet of main floor space. The improvements are situated on a lot zoned IB, 191,590 square feet (4.4 acres) in size, resulting in an 18% site coverage.

The subject property was assessed on the direct sales approach resulting in a 2011 assessment of \$5,217,500.

ISSUE(S)

Is the 2011 assessment of the subject property at \$5,217,500 fair and equitable compared to sales of similar properties?

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 9.1% increase in the 2011 assessment compared to the 2010 assessment, arguing that upon review of the assessment parameters used by the Respondent, the subject's property assessment is too high (Exhibit C-1, pages 3 and 6).
2. To support his position that the 2011 assessment of the subject property was excessive, the Complainant provided five sales comparables of similar properties with warehouses sized from 12,997 to 65,760 square feet located in northwest Edmonton. These sales occurred between August 9, 2008 and January 9, 2009, and sold in the range of \$74.64 to

\$112.87 per square foot, resulting in an average of \$94.38, and a median of \$92.32 per square foot (Exhibit C-1, page 7). These values are lower than the assessment of the subject property at \$152.68 per square foot.

3. Based on these sales comparables, and adjusting for factors such as age, size, site coverage, etc., the Complainant chose \$120.00 per square foot as a reasonable value instead of the \$152.68 per square foot assessment applied by the Respondent, to arrive at a value of \$4,100,500 (Exhibit C-1, pages 8).
4. 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 all of the sales comparables were smaller in size, which would result in these properties having a higher value per square foot. The Complainant also argued that the age, location, and dated sales rendered the Respondent's sales comparables inappropriate. The Complainant argued that the age and the size of the improvements of the equity comparables made them inappropriate. He argued that the subject building built in 1993 was older than all the comparables that were built between 1997 and 2004. He stated that all the comparables were smaller in size compared to the subject, making these comparables inappropriate since the result would be a higher value per square foot (Exhibit C-2, pages 3).
5. The Complainant requested the Board to reduce the 2011 assessment from \$5,217,500 to \$4,100,500.

POSITION OF THE RESPONDENT

1. The Respondent provided four sales comparables, of which three were located in southeast Edmonton, and the fourth was located in west Edmonton (Winterburn area), that occurred between July 3, 2007 and September 1, 2009. The comparables were built between 1993 and 2007, were all in average condition, and ranged in total building size between 27,800 and 40,427 square feet. The time-adjusted sale prices ranged between \$159.00 and \$177.74 per square foot, compared to the assessment of \$152.68 per square foot of the subject property (Exhibit R-1, page 24). It was the position of the Respondent that the comparables reflected fairness and equity.
2. The Respondent questioned the comparability of two of the Complainant's sales: sale number three involved "related corporate entities" (Exhibit R-1, page 30), and in sale number four, the purchaser leased the property for four years prior to sale, and the lease had a condition to purchase (Exhibit R-1, page 31).
3. The Respondent provided five equity comparables, all located in west Edmonton, the same as the subject. The comparables were built between 1997 and 2004, were all in average condition, ranged in building size between 22,174 and 29,496 square feet, and had site coverage of 13% to 20%. The assessments ranged between \$147.74 and \$158.32 per square foot resulting in an average of \$152.85 per square foot, compared to the assessment of \$152.68 per square foot of the subject property (Exhibit R-1, page 29).
4. The Respondent requested the Board to confirm the 2011 assessment at \$5,217,500.

DECISION

The decision of the Board is to confirm the 2011 assessment of the subject property at \$5,217,500.

REASONS FOR THE DECISION

1. The Board placed less weight on the sales comparables provided by the Complainant for the following reasons:
 - a. The sale prices were not time-adjusted even though the sales dates ranged from as much as two years to one and one-half years in advance of the valuation date of July 1, 2010
 - b. Sales comparable number two had rural servicing.
 - c. The site coverages for four of five sales comparables, at 31% to 37%, were significantly greater than the 18% site coverage of the subject, requiring a significant upwards adjustment to the shown sales prices.
 - d. The sales comparables were dissimilar in age, site and building size, and site coverage compared to the subject property.
2. The Board placed greater weight on the Respondent's sales comparables for the following reasons:
 - a. Although three of the four sales comparables were located in southeast Edmonton, while the subject is located in west Edmonton, the age, building size, and site coverage are more similar to the subject. The 1993 year built of the subject was at the low end, but fell within the range of the comparables that were built between 1993 and 2007; the subject and the comparables were all in average condition; and the subject at 34,172 square feet in size fell within the range of the comparables of between 27,800 and 40,427 square feet.
 - b. The assessment of the subject property at \$152.68 per square foot fell below the range of the time-adjusted sale prices of \$159.00 to \$177.74 per square foot.
 - c. Sales comparables numbers one, two and four with site coverages at 20 to 22%, were slightly higher than the site coverage of the subject at 18%, and sale comparable number three with a site coverage of 33% would require an upward adjustment in its time-adjusted sale price of \$159.01 to account for a 15% higher site coverage.
3. The Board also placed more weight on the Respondent's equity comparables which, assessed at \$147.74 to \$158.32 per square foot, supported the assessment of the subject property at \$152.68 per square foot. All five equity comparables were located in west Edmonton, the same as the subject. The 1993 year built of the subject fell below the range of the year built of the comparables of between 1997 and 2004; the subject and the comparables were all in average condition; the subject at 34,172 square feet in building size was somewhat larger

than the comparables of between 22,174 and 29,496 square feet; and the site coverage of the subject at 18% fell within the range of the comparables of between 13% and 20%.

4. The Board is persuaded that the 2011 assessment of the subject property at \$5,217,500 is fair and equitable.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 18th day of April, 2012, at the City of Edmonton, in the Province of Alberta.

Warren Garten, 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: FORT GARRY INDUSTRIES LTD