



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 882/11

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:
9562745	3849 76 Avenue NW	Plan: 7821234 Block: 6 Lot: 4	\$2,564,000	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 comprising two buildings built in 1978 and 1997, and is located at 3849 – 76 Avenue NW within the Weir Industrial neighborhood of southeast Edmonton. The first building built in 1978 has approximately 9,500 square feet of main floor space, while the second building built in 1997 has approximately 3,000 square feet of main floor space. The improvements are situated on a lot zoned IM, 62,324 square feet (1.43 acres) in size, resulting in a 20% site coverage.

The subject property was assessed on the direct sales approach resulting in a 2011 assessment of \$2,564,000.

## **ISSUE(S)**

Is the 2011 assessment of the subject property at \$2,564,000 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 23.2% increase in the 2011 assessment compared to the 2010 assessment, arguing that there is no justification based on sales of similar properties for such an increase (Exhibit C-1, pages 3 and 10).
2. To support his position that the 2011 assessment of the subject property is excessive, the Complainant provided three charts of sales comparables. The first chart included eight

sales comparables of industrial warehouses located in southeast Edmonton with a building size range from 10,000 to 25,000 square feet. The second chart included five sales comparables of industrial warehouses located in southeast Edmonton situated on lots of under one acre (43,560 square feet). The third chart included nine sales comparables of industrial warehouses located in southeast Edmonton with a building size range from 8,347 to 23,650 square feet, situated on lots from 0.86 to 4.33 acres in size. The Complainant chose to rely upon chart number three since the subject property at 12,500 square feet of main floor space fell within the range of the comparable buildings between 8,347 and 23,650 square feet (Exhibit C-1, pages 7 & 8).

3. The nine sales from chart number three occurred between May 21, 2009 and August 17, 2010 at values between \$103.26 and \$192.31 per square foot. The average of these sales was \$145.28 per square foot while the median was \$139.73 per square foot (Exhibit C-1, page 8).
4. Based on these sales comparables, and adjusting for factors such as age, size, site coverage, etc., the Complainant chose \$140.00 per square foot as a reasonable value instead of the \$205.12 per square foot assessment applied by the Respondent (Exhibit C-1, pages 6 & 9).
5. The Complainant submitted a rebuttal document, marked as C-2, challenging the appropriateness of the Respondent's sales comparables. It was argued that some of the 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 lot size, site coverage, zoning, and dated sales rendered the Respondent's sales comparables inappropriate (Exhibit C-2, page 3). The Complainant withdrew concerns about the Respondent's sales comparables number five to seven in that these comparables were withdrawn by the Respondent.
6. In argument, the Complainant stated that land zoned IB was more valuable than land zoned IM because more could be done on IB zoned land which is usually located on major roads for greater visibility.
7. The Complainant requested the Board to reduce the 2011 assessment from \$2,564,000 to \$1,750,000.

### **POSITION OF THE RESPONDENT**

1. Although the disclosure document marked as R-1 requested confirmation of the 2011 assessment at \$2,564,000, at the commencement of presenting the evidence, the Respondent recommended that the 2011 assessment be reduced to \$2,205,000 (\$176.40 per square foot).
2. The Respondent requested a disclosure document marked R-2 be disregarded.
3. The Respondent provided seven sales comparables, all located in southeast Edmonton that occurred between January 16, 2007 and March 10, 2010. Due to the very low site coverage of sales comparables five to seven, the Respondent asked the Board to disregard

these three comparables. Of the remaining four comparables, the time-adjusted sale prices ranged between \$143.01 and \$177.58 per square foot, compared to the recommended reduced assessment of \$176.40 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.

4. The Respondent requested the Board to accept the recommendation to reduce the 2011 assessment from \$2,564,000 to \$2,205,000.

## **DECISION**

The decision of the Board is to reduce the 2011 assessment of the subject property from the original assessment of \$2,564,000, and from the recommended reduced assessment proposed by the Respondent of \$2,205,000, to \$2,000,000.

Roll Number	Original Assessment	New Assessment
9562745	\$2,564,000	\$2,000,000

## **REASONS FOR THE DECISION**

1. The Board placed considerable weight on the Complainant's sales comparables number two through six for the following reasons: 1) the recommended reduced assessment at \$176.40 per square foot fell within the range of the sales comparables that went from \$132.32 to \$192.31 per square foot, 2) four of the five sales occurred within three months of the valuation date, basically needing no time-adjustments, 3) the subject with a lot size of 1.43 acres fell within the range of 0.86 to 2.06 acres of the sales comparables, and 4) the subject's building size of 12,500 square feet fell within the range of the comparables of 11,250 to 23,650 square feet.
2. The Board placed considerable weight on the Respondent's sales comparables number one through four for the following reasons: 1) the recommended reduced assessment at \$176.40 per square foot fell within the range of the comparables that went from \$143.01 to \$177.58 per square foot, 2) the lot size of the subject at 62,324 square feet fell within the range of the comparables from 24,865 to 70,183 square feet, 3) the building size of the subject at 12,500 square feet is slightly larger than the range of the comparables from 8,006 to 11,216 square feet, and 4) the age of the subject at 1978 for the larger building and 1997 for the smaller building is reasonable compared to the ages of the comparables that go from 1967 to 1979.
3. Upon review of both sets of sales comparables, it was observed that the recommended assessment of \$176.40 per square foot fell at the top end of both ranges, and in the case of the Respondent's comparables, was virtually at the top end. Upon further review of all the sales comparables under consideration, both Complainant's and Respondent's, the overall average was \$160.25 per square foot and the median was \$157.99 per square foot.

4. In consideration of the resulting average and median of all the sales the Board placed weight on, a rate of \$160.00 per square foot was considered to be fair and equitable, resulting in a reduced assessed value of \$2,000,000.
5. The Board placed little weight on the Complainant's argument that IB zoned land would be more valuable than IM land in absence of any demonstrable proof.
6. The Board placed little weight on the Complainant's concern of a 23.2% year by year percentage increase. The Board was persuaded by 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."*
7. The Board is persuaded that a reduced 2011 assessment of \$2,000,000 of the subject property 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: BAKER HUGHES CANADA COMPANY