



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
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NOTICE OF DECISION NO. 0098 884/11

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:
9562778	3819 76 Avenue NW	Plan: 7821234 Block: 6 Lot: 5	\$2,202,500	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:

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 1978, and is located at 3819 – 76 Avenue NW within the Weir Industrial neighborhood of southeast Edmonton. The building has approximately 13,500 square feet of main floor space, and is situated on a lot zoned IM. The subject is 72,334 square feet (1.66 acres) in size and has 19% site coverage.

The subject property was assessed on the direct sales approach resulting in a 2011 assessment of \$2,202,500.

ISSUE(S)

Is the 2011 assessment of the subject property at \$2,202,500 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 an 8.7% 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 4 and 11).
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 two since the subject property at 13,500 square feet of main floor space fell within the range of the comparable building sizes of between 10,062 and 23,596 square feet (Exhibit C-1, pages 8 & 9).

3. The five sales from chart number two occurred between July 21, 2009 and August 31, 2010 at values between \$71.09 and \$139.13 per square foot. The average of these sales was \$113.97 per square foot while the median was \$116.55 per square foot (Exhibit C-1, page 9).
4. 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 \$163.15 per square foot assessment applied by the Respondent (Exhibit C-1, pages 7 & 10).
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, pages 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 \$2,202,500 to \$1,620,000, revised to \$1,890,000 based on a \$140.00 per square foot value.

POSITION OF THE RESPONDENT

1. 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 assessment of \$163.15 per square foot of the subject property (Exhibit R-1, page 22). It was the position of the Respondent that the comparables reflected fairness and equity.
2. The Respondent requested the Board to confirm the 2011 assessment at \$2,205,000.

DECISION

The decision of the Board is to reduce the 2011 assessment from \$2,202,500 to \$2,160,000.

Roll Number	Original Assessment	New Assessment
9562778	\$2,202,500	\$2,160,000

REASONS FOR THE DECISION

1. The Board placed little weight on the Complainant's request to utilize chart number two based on the Complainant's contention that the subject with 13,500 square feet of main floor space was better reflected by this chart. In fact, the difference from the low to the high square footage of this chart was 13,534 square feet, while the difference in chart number three at 12,400 square feet was a tighter range. The Board therefore placed considerable weight on chart number three (Exhibit C-1, page 9).
2. From chart number three, the Board placed considerable weight on the Complainant's sales comparables number two through six for the following reasons: 1) the assessment at \$163.15 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 1.66 acres fell within the range from 0.86 to 2.06 acres of the sales comparables, and 4) the subject's building size of 13,500 square feet fell within the range of the comparables from 11,250 to 23,650 square feet.
3. The Board placed considerable weight on the Respondent's sales comparables number one through four for the following reasons: 1) the assessment at \$163.15 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 72,334 square feet fell a bit above the range of the comparables from 24,865 to 70,183 square feet, 3) the building size of the subject at 13,500 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 fell within the range of the ages of the comparables that go from 1967 to 1979.
4. Upon 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.
5. 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 \$2,160,000.
6. 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.
7. The Board placed little weight on the Complainant's concern of an 8.7% 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.”

8. The Board is persuaded that a reduced 2011 assessment of \$2,160,000 of the subject property is fair and equitable.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 13th 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: BAKER HUGHES CANADA COMPANY