

Edmonton Composite Assessment Review Board

**Citation: SREIT (Nuguest Edmonton) Ltd. c/o CVG v The City of Edmonton, 2012
ECARB 1730**

Assessment Roll Number: 1523315
Municipal Address: 16411 118 AVENUE NW
Assessment Year: 2012
Assessment Type: Annual New

Between:

CVG Canadian Valuation Group, Agent

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Don Marchand, Presiding Officer
John Braim, Board Member
Lillian Lundgren, Board Member

Preliminary Matters

[1] Upon questioning by the Presiding Officer, the parties indicated that they had no objection to the Board. In addition, the Board members indicated that they had no conflict of interest in this matter.

Background

[2] The subject property is a warehouse located at 16411 118 Avenue NW in the Norwester Industrial neighborhood. It is comprised of three buildings with an effective year built of 1979. Bldg #1 has a total area of 15,956 square feet (sf), Bldg #2 has a total area of 55,056 sf and Bldg #3 has a total area of 15,784 sf. The lot size is 194,719 sf with site coverage of 44%. The property is assessed at \$8,276,500.

Issue

[3] Is the subject property assessment correct?

Legislation

[4] The Board's jurisdiction is within the ***Municipal Government Act, RSA 2000, c M-26*** [MGA]:

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.

[5] The Board gave consideration to the requirements of an assessment, contained in the MGA:

289(2) Each assessment must reflect

a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and

b) the valuation and other standards set out in the regulations for that property.

[6] The valuation standard is set out within the ***Matters Relating to Assessment and Taxation Regulation, Alta. Reg. 220/2004*** [MRAT]:

s 2 An assessment of property based on market value

a) must be prepared using mass appraisal,

b) must be an estimate of the value of the fee simple estate in the property, and

c) must reflect typical market conditions for properties similar to that property

[7] Market value is defined within the MGA as

s 1(1)(n) "market value" means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

Position of the Complainant

[8] The Complainant filed this complaint on the basis that the subject assessment of \$8,276,500 is incorrect.

[9] The Complainant argued that the following sale comparables support a value lower than the current assessment. The sale comparables are time adjusted using the City of Edmonton time adjustment factors.

Comp	Address	Age	Sale Date	Bldg Size/sf	Site Cov	Sale Price/sf
#1	11504 170 Street NW	1981	Aug 2009	69,209	52%	\$70.10
#2	11603 165 Street NW	1979	May 2010	54,555	42%	\$59.85
#3	14730 115A Avenue NW	1961	July 2010	29,201	45%	\$73.58
#4	14635 121A Avenue NW	1965	Oct 2010	41,349	33%	\$61.67
#5	13007 149 Street NW	1971	Dec 2010	25,200	50%	\$73.41
#6	17407 106 Avenue NW	1977	Feb 2011	46,294	37%	\$76.68
#7	14308 118 Avenue NW	1967	Apr 2011	22,323	38%	\$60.48
Subject	16411 118 Avenue NW	1979	N/A	86,800	44%	\$95.35(Asmt)

Note: Sale comparable #6 located at 17407 106 Avenue NW was also used by the Respondent.

[10] The Complainant identified sales #1, #2, #3, #5 and #6 as the best comparable sales based on their physical and location characteristics. The comparables are similar to the subject property in age and site coverage.

[11] With respect to building size, the Complainant argued that the total area (86,800 sf) of the three subject buildings should be compared to single buildings of the same size because they cannot be marketed separately. The Complainant noted that both parties used comparables that are single building sales.

[12] The Complainant also questioned the Respondent's sale comparables as support for the assessment because it is impossible to know how much value is attributed to each of the buildings.

[13] The Complainant requested the Board to place the most weight on sales #1, #2, #3, #5 and #6 which support a value of \$75.00 per square foot.

[14] In summary, the Complainant requested the Board to reduce the assessment to \$6,510,000 based on \$75.00 per square foot.

Position of the Respondent

[15] The Respondent submitted that the assessment of \$8,276,500 is correct. The assessment represents the total value of the lot improved with three separate buildings.

[16] In support of the current assessment, the Respondent presented eight sale comparables. The first three comparables are similar in size to the two smaller subject buildings and the last five comparables are similar in size to the largest subject building.

Comp	Address	Sale Date	Eff. Year Built	Total Bldg Area	Site Cov	Sale Price/sf
#1	11430 142 Street NW	Aug 2009	1963	11,172	41%	\$130.29
#2	12819 144 Street NW	Jan 2008	1974	15,576	56%	\$92.09
#3	16821 107 Avenue NW	Jan 2010	1987	19,893	39%	\$158.46
#4	11565 149 Street NW	Apr 2011	1971	35,380	43%	\$93.27
#5	16295 132 Avenue NW	Jan 2008	1979	41,554	46%	\$79.40
#6	12930 148 Street NW	Sept 2010	1972	44,101	34%	\$95.24
#7	17407 106 Avenue NW	Feb 2011	1977	44,651	37%	\$79.51
#8	11771 167 Street NW	Jun 2009	1978	68,815	41%	\$79.10
Subject	16411 118 Avenue NW	N/A	1979	15,956 55,056 15,784	44%	\$95.35 (asmt)

[17] The Respondent explained that industrial accounts which consist of multiple buildings have been valued according to the same mass appraisal model as single building accounts. In doing this, each building has been analyzed for its contributory value to the property. For such accounts, a single assessment has been produced that represents the aggregate market value of that particular property.

[18] The Respondent stated that there are a number of reasons for this methodology; for example, cost of construction, size and interior finish, decreased investment risks, improved site configuration and the potential for subdivision.

[19] The Respondent stated that the Complainant's sale comparables are not good comparables. For example, the Complainant's sale #1 has a total area of 69,209sf that includes 13,734sf of mezzanine space which would tend to reduce the average sale price per square foot. Sale #2 had below market rents at the time of sale. Sale #3 required renovations to the office space (6023sf) at time of sale. Sale #7 was sold under financial duress.

[20] In summary, the Respondent requested the Board to confirm the assessment at \$8,276,500.

Decision

[21] The property assessment is confirmed at \$8,276,500.

Reasons for the Decision

[22] In reviewing this matter, the Board finds that the Complainant's sale comparables do not support the requested reduction in the subject assessment. The Complaint requested the Board to reduce the assessment to \$75.00 per square foot based on sales #1, #2, #3, #5 and #6.

[23] The Complainant's sale comparables #1, #2, #3 and #6 each require upward adjustment. The Complainant's sale #1 has a total area of 69,209sf that includes 13,734 sf of mezzanine space which would tend to reduce the average sale price per square foot. Sale #2 had below market rents at the time of sale. Sale #3 required renovations to the office space (6023sf) at time of sale which may have had a downward influence on the sale price. Sale #6 sold for \$79.51/sf based on 44,651 sf which is higher than sale price of \$76.68/sf calculated by the Complainant.

[24] The Board also reviewed the Respondent's sale comparables. The Board finds that sale comparables #1, #2 and #3 are similar to the smaller subject buildings, and that comparables #4, #5, #6, #7 and #8 are similar to the largest subject building. Without knowing how much value each of the three subject buildings contributed to the total assessment, the Board does not find the information particularly helpful. The Board appreciates that the total assessment is under complaint; however, there is insufficient evidence presented by the Respondent to establish that the subject assessment is correct.

[25] Owing to the fact that the onus is on the Complainant to prove that the assessment is incorrect, the assessment is confirmed at \$8,276,500.

Heard commencing October 29, 2012.

Dated this 29th day of November, 2012, at the City of Edmonton, Alberta.

Don Marchand, Presiding Officer

Appearances:

Peter Smith, CVG
for the Complainant

Mary-Alice Nagy, Assessor
Tanya Smith, Legal Counsel
for the Respondent

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.