

## **Edmonton Composite Assessment Review Board**

**Citation: SREIT (Nuquest Edmonton) Ltd. c/o CVG v The City of Edmonton, 2012  
ECARB 1744**

**Assessment Roll Number:** 8970055  
**Municipal Address:** 4150 101 STREET 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

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

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### **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 multi-tenant office/warehouse complex located at 4150 – 101 Street NW in the Strathcona Industrial Park. The subject is comprised of two buildings. Building #1 has a total area of 67,197 square feet (sf) and an effective year built of 1967. Building #2 has a total area of 63,079sf and an effective year built of 2004. The lot size is 8.51 acres (370,690sf) with site coverage of 34%. The property is assessed at \$12,900,500.

### **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 property assessment of \$12,900,500 is in excess of market value.

[9] The Complainant argued that sales of similar property support a value lower than the current assessment. In support of this position, the Complainant presented the following sale comparables. The comparables are time adjusted from the sale date to the valuation date of July 1, 2011 using the City of Edmonton time adjustment factors.

<b>Comp</b>	<b>Address</b>	<b>Sale Date</b>	<b>Age</b>	<b>Bldg Size/sf</b>	<b>Site Cov</b>	<b>Sale Price/sf</b>
#1	5725/33 92 Street NW	May 2009	1971	15,002	37%	\$110.58
#2	7216 76 Avenue NW	May 2009	1976	15,000	55%	\$91.36
#3	7703/15 69 Street NW	July 2009	1975	15,800	36%	\$107.16
#4	4101 84 Avenue NW	Feb 2010	1998	162,860	54%	\$80.68
#5	9719 63 Avenue NW	July 2010	1988	17,149	44%	\$104.96
#6	5820 96 Street NW	Aug 2010	1979	10,000	45%	\$100.00
#7	7603 McIntyre Rd NW	Dec 2010	2001	44,000	25%	\$100.57
#8	4115 101 Street NW	Dec 2010	1978	44,994	40%	\$86.67
#9	8045 Argyll Rd NW	Nov 2009	1960	27,083	33%	\$65.08
Subject	4150 101 Street NW	N/A	67/04	130,280	34%	\$99.02 (asmt)

Note: Sale comparables #7 and #8 were also used by the Respondent.

[10] With respect to building size, the Complainant argued that the total area (130,280sf) of the two 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.

[11] The Complainant presented a copy of Assessment Review Board decision No. 0098 729/11 respecting a decision to reduce the assessment to \$95.00/sf for the subject property. This decision was based on a sale that occurred in a subdivision very close to the subject property.

[12] In rebuttal to the Respondent's sale comparable #3 located at 4115 101 Street NW, the Complainant provided the following information. This property which is adjacent to the subject property is assessed at \$3,740,500 or \$83.33 per square foot, whereas, the subject is assessed at \$99.02 per square foot.

[13] The Complainant highlighted sales #4, #7, #8 and #9 as the best comparables and requested the Board to place the most weight on these sales. The Complainant stated that these sales indicate a value for the subject property of \$85.00/sf.

[14] In summary, the Complainant requested the Board to reduce the assessment to \$11,075,000 based on \$85.00 per square foot.

### **Position of the Respondent**

[15] The Respondent submitted that the assessment of \$12,900,000 is correct.

[16] The Respondent defended the subject assessment with ten sale comparables. Comparables #1 to #5 are similar to Building #1, and comparables #6 to #10 are similar to Building #2.

<b>Comp</b>	<b>Address</b>	<b>Sale Date</b>	<b>Effective Year Built</b>	<b>Total Bldg Area/sf</b>	<b>Site Cov</b>	<b>Sale Price/sf</b>
#1	10025 51 Avenue NW	May 2010	1961	89,449	28%	\$81.37
#2	4130 99 Street NW	July 2008	1968	34,967	35%	\$90.74
#3	4115 101 Street NW	Dec 2010	1969	44,887	40%	\$86.88
#4	4004 99 Street NW	Jan 2009	1974	38,859	45%	\$112.48
#5	8210 McIntyre Rd NW	Jan 2011	1974	41,991	28%	\$109.55
#6	9330 45 Avenue NW	Sept 2009	1998	39,663	29%	\$136.93
#7	5880 56 Avenue NW	Feb 2008	2000	30,078	33%	\$143.65
#8	7603 McIntyre Rd NW	Dec 2010	2001	42,501	25%	\$104.12
#9	18403 104 Avenue NW	Sept 2009	2004	72,877	34%	\$93.49
#10	17404 111 Avenue NW	June 2008	2005	74,801	39%	\$139.31
Subject	4150 101 Street NW	N/A	1967 2004	67,200 63,081	34%	\$99.02 (asmt)

Note: Sale comparables #3 and #8 were also used by the Complainant.

[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] Although equity is not an issue in this complaint, the Respondent presented an equity chart to show that all multi-building properties are assessed in the same manner. The assessment comparables range in assessment from \$102.01/sf to \$138.73/sf. The subject is assessed an average rate of \$99.02/sf for the two buildings.

[20] The Respondent commented on the Complainant's sale comparables #4, #8 and #9 as follows. Sale #4 sold at a time when the lease rates were considered to be 20% to 25% below market indicating an upside. Sale #4 also requires an upward adjustment for size and site coverage which overrides the newer age. Sale #8 has an effective year built of 1969, whereas, the Complainant showed an age of 1978. Sale #9 is not in the warehouse inventory. It is assessed as a special purpose building because it is a manufacturing laboratory. Further, the purchaser indicated that the property has contamination issues.

[21] In summary, the Respondent requested the Board to confirm the assessment at \$12,900,500 based on the sale comparables presented by the Respondent.

### **Decision**

[22] The property assessment is confirmed at \$12,900,500.

### **Reasons for the Decision**

[23] The Board reviewed the Complainant's evidence and argument and finds that the Complainant's sales comparables do not support the request for a reduction in the subject property assessment. The Complainant requested a reduction based primarily on sale comparables #4, #7, #8 and #9.

[24] The Board finds the Complainant sale #4 is not a reliable indication of market value for the subject property because it sold at a time when the lease rates were between 20% and 25% below market which may have had a negative effect on the sale price. Sales #7 and #8 also had below market rents at time of sale. Sale #9 is not a good comparable because it is a specialized former manufacturing facility that required extensive adaptation for an alternate use. Therefore, none of these comparables persuade the Board to alter the assessment.

[25] Respecting the Assessment Review Board decision to reduce the subject assessment in 2011, this Board has no knowledge of the evidence and argument presented at that hearing. In any case, the Board is not bound by previous decisions of the Assessment Review Board. The requested 2012 assessment is below the set 2011 assessment. In response to questioning the Board was advised that the subject's market place is remaining relatively stable or flat.

[26] The Complainant raised the matter of the assessment of the Respondent's sale #3 located at 4115 101 Street NW. The Board finds that this comparable is in an inferior location to the subject property and, therefore, it is reasonable that it is assessed less per square foot than the subject.

[27] The Board also reviewed the Respondent's evidence and argument and finds that the subject assessment of \$99.02/sf falls within the range of comparable sale prices.

[28] Accordingly, the assessment is confirmed.

Heard commencing October 30, 2012.

Dated this 29<sup>th</sup> day of November, 2012, at the City of Edmonton, Alberta.

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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.*