

Edmonton Composite Assessment Review Board

Citation: John C. Manning c/o v The City of Edmonton, 2012 ECARB 1747

Assessment Roll Number: 1522622

Municipal Address: 16602 114 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 multi tenant warehouse located at 16602 114 Avenue NW in the Norwester Industrial neighborhood. The improvement consists of a 61,081 square foot (sf) building with 530 sq ft of finished mezzanine and 8,650 sq ft of main floor office space. The lot size is 146,394 sq ft with site coverage of 41%. The subject property is assessed at \$4,329,500.

Issue(s)

[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 is incorrect.

[9] The Complainant argued that the following sales support a value lower than the current assessment. The sales comparables have been time adjusted using the City of Edmonton 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	16602 114 Avenue NW	1974	N/A	61,081	41%	\$70.88 (asmt)

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

[10] Based on an analysis and comparison of these sales to the subject property, the Complainant selected sales #2, #3, #4, #6 and #7 as the most similar in terms of physical characteristics and location. These comparables are close to the subject in age, building area and site coverage. Together, the sale comparables indicate a value of \$65.00/sf.

[11] The Complainant identified sale #2 as the best comparable because it is similar in age, building size and site coverage to the subject property. It is located in close proximity to the subject property. This property sold for a time adjusted sale price of \$59.85/sf. The Complainant requested the Board to place the most weight on this sale.

[12] The Complainant questioned the similarity of the Respondent's sale comparable #5 located at 18403 104 Avenue NW. The building is demised into seven bays and Lee Valley Tools occupies 20,488sf of the total building area of 72,577sf. This is a retail use; and therefore, it is superior to the subject multi-tenant office/warehouse building. Further, the building which was constructed in 2004 is much newer than the subject building.

[13] In summary, the Complainant requested the Board to reduce the subject assessment to \$65.00 per square foot for a total value of \$3,970,000.

Position of the Respondent

[14] The Respondent submitted that the subject assessment of \$4,329,500 is correct.

[15] In support of this position, the Respondent presented the following five sale comparables that have been time adjusted from the sale date to the valuation date of July 1, 2011.

Comp	Address	Sale Date	Effective Year Built	Total Bldg Area	Site Cov	Sale Price (sf)
#1	16295 132 Avenue NW	Jan 2008	1979	41,554	46%	\$79.40
#2	12930 148 Street NW	Sept 2010	1972	44,101	34%	\$95.24
#3	17407 106 Avenue NW	Feb 2011	1977	44,651	37%	\$79.51
#4	11771 167 Street NW	June 2009	1978	68,815	41%	\$79.10
#5	18403 104 Avenue NW	Sept 2009	2004	72,877	34%	\$93.49
Subject	16602 104 Avenue NW	N/A	1974	61,081	41%	\$70.88 (asmt)

Note: Sale comparable #3 was also used by the Complainant.

[16] The Respondent noted that the sale located at 17407 106 Avenue NW sold for \$79.51/sf based on a total building area of 44,651sf. The Complainant presented the sale price as \$76.68/sf based on an area of 46,294sf reported by The Network. The Respondent submitted that this sale supports the subject assessment when adjusted for the differences in attributes that affect value.

[17] The Respondent commented on the Complainant's sale comparables as follows. The Complainant's sale #2 sold at a time when two of the current lease rates were below market which may have had a downward influence on the sale price of \$59.85/sf. Sale #3 required roof repairs which would have had a negative influence on the sale price. Finally, sale #7 was sold by a vendor under financial duress. There existed long term vacancies and below market rents in this property which also may have had a negative influence on the sale price.

[18] In summary, the Respondent stated that the Complainant failed to prove that the assessment is incorrect; however, the Respondent's sale comparables support the current assessment. The Respondent requested the Board to confirm the assessment at \$4,329,500.

Decision

[19] The property assessment is confirmed at \$4,329,500.

Reasons for the Decision

[20] In deciding this matter, the Board reviewed the Complainant's evidence and argument and finds that sale comparables #2, #3 and #7 are not good indicators of market value for the subject property because each of them require upward adjustment. For example, sale #2 had below market rents at time of sale. Sale #3 required roof repairs. Sale #7 had long term vacancies, below market rents and was sold under financial duress.

[21] The sale comparable #6 located at 17407 106 Avenue NW that was used by both parties is a good comparable. It sold for \$79.51/sf which supports the current assessment of \$70.88/sf. As well, the Complainant's sale #4 is a good comparable because it is similar in age, size and site coverage. It requires small adjustment for the differences in attributes that affect value. It sold for \$61.67/sf which is less than the current assessment of \$70.88/sf. However, this one sale is not sufficient evidence to establish that the subject assessment is incorrect.

[22] The Board also reviewed the Respondent's evidence and argument and finds that the Respondent's sales #1, #2, #3 (used by both parties) and #4 are good comparables in that they are similar in age, location, building size and site coverage. The Board placed no weight on sale #5 which is a poor comparable because it is thirty years newer than the subject property.

[23] In conclusion, the Board confirms the assessment at \$4,329,500 for the above reasons.

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.