

## **Edmonton Composite Assessment Review Board**

**Citation: SREIT (West No. 1) Ltd. c/o CVG v The City of Edmonton, 2012 ECARB 1748**

**Assessment Roll Number:** 8976979

**Municipal Address:** 9503 42 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

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### **DECISION OF**

**Don Marchand, Presiding Officer**

**Darryl Menzak, Board Member**

**Judy Shewchuk, Board Member**

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### **Preliminary Matters**

[1] Each of the Board members indicated that they had no bias with respect to this complaint, as well; both parties indicated that they had no objection to the composition of the panel.

[2] Each of the parties was sworn in prior to giving evidence.

### **Background**

[3] The subject property is two multi-tenant office/warehouse buildings, located in the Strathcona Industrial Park area of Edmonton. Building #1 has 29,018 square feet with 10,389 square feet of main floor finished office space. Building #2 has 34,072 square feet with 11,014 square feet of main floor finished office space. The assessment summary identifies a total of 63,092 sq. ft. of building space with a year built of 1978 for both buildings and total site coverage of 36 per cent. The site area of the parcel is 4.052 acres.

### **Issue(s)**

[4] Is the 2012 assessment of \$6,585,500 fair and equitable?

## **Legislation**

[5] 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.

[6] 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.

[7] 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

[8] 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**

[9] The Complainant submitted an evidence package of 17 pages marked exhibit C-1.

[10] The Complainant presented five sales comparables ranging in time adjusted sale price (TASP) from \$72.07 to \$102.31 per square foot which in the opinion of the Complainant supports the request for a reduction in the assessment.

[11] The Complainant felt that the two sales which were not located on a main roadway, similar to the subject, were the best indicators of value. They sold for a TASP of \$72.07 and \$86.67 per square foot.

[12] The Complainant's comparables:

#	Address	Eff Year	SC	Total Main	TASP	Assmt.	TASP per sq ft	Assmt per sq ft
S	9503-42 ave	1978	36	63,092		\$6,585,500		\$104.38
1*	9333-49 st	1978	44	50,250	\$3,800,000	\$3,802,000	<b>\$72.07</b>	\$75.66
2	10025-51 ave	1961/75	28	79,615	\$7,300,000	\$7,377,500	\$91.41	\$92.66
3	4600-99 st	1974	43	97,743	\$9,300,000	\$9,315,000	\$102.31	\$95.30
4*	4115-101 st	1978	40	44,994	\$3,900,000	\$3,740,000	<b>\$86.67</b>	\$83.13
5	4900-93 ave	1977	35	64,149	\$5,300,000	\$6,456,000	\$82.62	\$100.64

[13] In response to the Respondent's questions regarding the size differences between the comparables and the subject, the Complainant stated that some adjustment would be required for economies of scale but also stated that the adjustment would not be significant.

[14] The Complainant felt the same way about the differences in site coverage and the effect it would have on the TASP. Any adjustments made to make them comparable to the subject would be small.

[15] The Complainant was not aware that the subject had sold recently, 9 months post facto. In summary the Complainant stated that no weight should be placed on the sale of the subject.

[16] The Complainant's rebuttal showed that assessments for the Respondent's sales comparables ranged from \$76.04 to \$125.78 per square foot.

[17] The Complainant requested a rate of \$80 per square foot for a total assessment of \$5,047,000.

### **Position of the Respondent**

[18] The Respondent submitted an evidence package containing 37 pages marked R-1.

[19] The Respondent indicated to the Board that the model used to calculate an assessment treats each building separately for valuation purposes.

[20] The Respondent provided 9 sales comparables with TASP from \$71.23 to \$144.14 per square foot. The best indicators were identified as Comparables #6 to #9 with rates from \$90.74 to \$144.14 per square foot. Each comparable has one building on site. They ranged in size from 24,489 to 89,449 square feet with site coverage ranges of 22 to 52%.

[21] The Respondent's best sales comparables with their 2012 assessments:

#	Address	Eff Year	SC.	Total Main	Off. %	TASP	TASP/ sq ft	Assmt/ sq ft
S	9503-42 Ave	1978	36	63,092				\$104.38
6	4130-99 St	1968	35	34,967	16.4	\$3,172,880	\$90.74	\$102.21
7	4004-99 St	1974	45	38,859	6.6	\$4,370,920	\$112.48	\$93.70
8	9111-41 Ave	1992	27	24,489	34.3	\$3,567,600	\$124.36	\$125.78
9	4810-93 St	1974	25	27,750	63.6	\$4,000,000	\$144.14	\$124.18

[22] The Respondent provided sale information regarding the subject property indicating it sold for \$7,100,000 in April of 2012. The supporting documentation indicates a sale price of \$112.29 per square foot.

[23] In response to the Complainant's questions, the Respondent indicated that some of the comparables had multiple buildings and that some were on main roads. The Respondent also indicated that one of the sales was a property that contained a laboratory which the Complainant felt could be worth more.

[24] The surrebuttal presented by the Respondent indicated the assessment sales ratios for the sales comparables and the median for the group of properties which he felt met the required standard.

## **Decision**

[25] The CARB confirms the 2012 assessment.

## **Reasons for the Decision**

[26] The Board acknowledges that the sale of the subject is past the 2012 assessment valuation date, however it can and does provide the Board with a valuation trend that may be taking place in the market place and therefore cannot be ignored.

[27] The subject's two buildings exist with 1/3 of their space having office finish. The Complainant has given no allowance to the comparables considered as most similar, relative to their office finish relationships.

[28] The Complainant's sales comparable #5 was shown to be in fair condition at the time of sale and would require an upward adjustment of its \$100.64 per square foot assessment to reflect this characteristic relative to the subject. Therefore it would support the assessment of the subject at \$104.38.

Heard commencing October 26, 2012.

Dated this 28<sup>th</sup> day of November, 2012, at the City of Edmonton, Alberta.

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Don Marchand, Presiding Officer

**Appearances:**

CVG, Tom Janzen  
for the Complainant

Luis Delgado, Assessor  
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.*