

Edmonton Composite Assessment Review Board

Citation: Gregg Properties Co. Ltd. c/o CVG v The City of Edmonton, 2012 ECARB 1796

Assessment Roll Number: 8991804

Municipal Address: 9116 39 AVENUE NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

CVG Canadian Valuation Group, Agent for Gregg Properties Co. Ltd.

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Don Marchand, Presiding Officer

Darryl Menzak, Board Member

Judy Shewchuk, Board Member

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 an office/warehouse complex, located in the Strathcona Industrial Park area of Edmonton. The site area of the parcel is 2.59 acres. The assessment summary identifies 39,272 sq. ft. of building space with a year built of 2001 and site coverage of 35%.

Issue(s)

[4] Is the 2012 assessment of \$5,088,500 correct?

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 a 15 page evidence package marked exhibit C-1.

[10] The Complainant presented seven sales comparables ranging in time adjusted sale price (TASP) from \$86.67 to \$110.58, all well below the assessment of the subject at \$129.57 per square foot.

[11] The Complainant placed most weight on sale comparable #1 at 5725/33 – 92 Street, #3 at 7703/15 – 69 Avenue, #7 at 4115 – 101 Street, and especially #6 at 7603 McIntyre Road.

[12] The Complainant's comparables considered to provide most weight for the request are:

| Comp # | Address | Eff. Year | Site Cov. | Total Main | TASP per sq ft | Assmt. per sq ft |
|--------|------------------|-----------|-----------|------------|----------------|------------------|
| Subj. | 9116-39 ave | 2001 | 35 | 39,272 | | \$129.57 |
| 1 | 5725/33-92 St | 1971 | 37 | 15,002 | \$110.58 | |
| 3 | 7703/15-69 St | 1975 | 36 | 15,800 | \$107.16 | |
| 6 | 7603 McIntyre Rd | 2001 | 25 | 44,000 | \$100.57 | |
| 7 | 4115-101 St | 1978 | 40 | 44,994 | \$86.67 | |

[13] In response to questions from the Respondent and the CARB the Complainant conceded that an upward adjustment of approximately 20% was appropriate to the comparable at 5725/33 – 92 Street to account for the 30 year difference in age; however, the Complainant also stated that the age difference was offset by the size difference (15,002 square feet as compared with the subject at 39,272 square feet).

[14] In response to questions from the Respondent the Complainant agreed that four of his sales comparables sold with below market leases. While the Respondent was of the opinion that they sold at lower than expected rates, the Complainant was of the opinion that lower lease rates resulted in higher sale prices.

[15] The Complainant conceded that the percentage of office space is typically 10% - 15% and that the percentage in the subject is significantly higher.

[16] The Complainant further stated that the most relevant sales are the most recent sales. Since some of the Respondent's sales occurred in 2008 the Complainant submitted that the Complainant's sales comparables were the most relevant.

[17] The Complainant asked the CARB to reduce the assessment to \$100.00 per square foot for a total of \$3,925,000.

Position of the Respondent

[18] The Respondent submitted a 35 page assessment brief (exhibit R-1) and a 44 page law and legislation brief (exhibit R-2).

[19] The Respondent drew the CARB's and the Complainant's attention to the factors affecting value for the subject. The factors are: the location, the parcel size, the age, condition, and footprint of each building as well as the amount of main floor and upper area development, the upper space being at a lesser rate than the main.

[20] The Respondent presented six sales comparables ranging in TASP from \$124.36 to \$146.07, supporting the assessment of the subject at \$129.57 per square foot.

[21] The Respondent's sales comparables:

| # | Address | Eff Year | Site Cov. | Total Main | Office Finish | Mezz Finish | Total Area (incl. mezz.) | Off. % | TASP per sq ft |
|------|---------------|----------|-----------|------------|---------------|-------------|--------------------------|--------|----------------|
| Subj | 9116-39 ave | 2001 | 35 | 39,272 | 9,000 | | 39,271 | 22.9% | |
| | | | | | | | | | |
| 1 | 5880-56 ave | 2000 | 33 | 30,078 | 7,716 | | 30,078 | 25.7% | \$143.65 |
| 2 | 17404-111 ave | 2005 | 39 | 65,241 | 25,399 | 9,560 | 74,801 | 53.6% | \$139.31 |
| 3 | 9333-45 ave | 1982 | 29 | 22,411 | 3,119 | 3,119 | 25,530 | 27.8% | \$127.94 |
| 4 | 9330 -45 ave | 1998 | 29 | 38,302 | 9,612 | 1,361 | 39,663 | 28.6% | \$136.93 |
| 5 | 9111-41 ave | 1992 | 27 | 24,489 | 4,198 | 4,198 | 28,688 | 34.3% | \$124.36 |
| 6 | 6111-56 ave | 1998 | 34 | 23,958 | 4,706 | | 23,958 | 19.6% | \$146.07 |

[22] The Respondent stated that the Complainant's sale at 5725/33 – 92 Street was an interior lot due to the lack of access to 91 Street and is therefore not superior to the subject.

[23] The Respondent stated that the Complainant's sale comparable at 9719 – 63 Street required significant repairs and was, therefore, not comparable to the subject.

[24] The Respondent stated that the Complainant's sale comparable at 5820 – 96 Street was an inappropriate comparable since it was a non-arms length sale.

[25] In summary the Respondent stated that his sales comparable were more appropriate than the Complainant's and asked that the CARB confirm the assessment at \$129.57 per square foot for a total of \$5,088,500.

Decision

[26] The CARB confirms the 2012 assessment at \$5,088,500.

Reasons for the Decision

[27] The Board gives consideration to the Complainant's comparable #6 at 7603 McIntyre Road. This comparable is of the same size and of the same year built. The subject has 9,000 square feet of main floor office. This comparable sold at the end of 2010 for \$4,425,000. The amount of main floor office within the comparable #6 is not reported. Reported is 4,000 square feet of mezzanine space. The Network report for this comparable concluded a sale price per

square foot of \$110.62 based on the 40,000 square feet of main floor space. The Board is satisfied that this sale does require some upward adjustment to reflect the physical characteristics of the subject.

[28] The remaining Complainant's comparables are considerably older than the subject and the physical characteristic are not similar to the subject.

[29] The Respondent's comparables # 1 and #3 are also considered similar to the subject. They have indicated time adjusted per square foot sales prices of \$143.65 and \$136.93 respectively. These two comparable coupled with the Complaint's comparable #6 reasonably set the range for the subject's assessment.

[30] The Board accepts this evidence as support of the assessment at the rate of \$129.57 and therefore confirms the assessment.

Heard commencing October 23, 2012.

Dated this 22nd day of November, 2012, at the City of Edmonton, Alberta.

Don Marchand, Presiding Officer

Appearances:

Peter Smith, CVG
for the Complainant

Will Osborne, 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.