

## **Edmonton Composite Assessment Review Board**

**Citation: Gregg Properties Co. Ltd. c/o CVG v The City of Edmonton, 2012 ECARB 1805**

**Assessment Roll Number:** 10167183

**Municipal Address:** 18507 104 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**

**John Braim, Board Member**

**Lillian Lundgren, Board Member**

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### **Preliminary Matters**

- [1] When asked by the Presiding Officer, the parties indicated no objection to the composition of the Board. The Board members indicated that they had no bias in the matter before them.

### **Background**

- [2] The subject property comprises a multi-bay industrial office-warehouse property located in the north-west industrial district of Sunwapta. The building was constructed in 2007 and extends to a gross main floor area of 118,796 sq ft including 26,191 sq ft of office accommodation, plus an additional 4,950 sq ft of finished mezzanine offices for a total building area of 123,750 sq ft. It is located on 8.10 acres of IM zoned land resulting in a site coverage ratio (SCR) of 33.6%. The current assessment was produced by the Direct Sales Comparison Approach to value and equates to a unit rate of \$100.54/ sq ft of total building area, or \$104.73/ sq ft of the main floor area.

### **Issue(s)**

- [3] Is the assessment of the subject property at \$12,441,500 correct?
- [4] Is the assessment of the subject property equitable with other similar properties in the area?

## **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 filed this complaint on the basis that the subject property had been assessed at a rate higher than market value and that the assessed rate was also higher than the assessed rate of comparable properties in the area.
- [10] The Complainant provided the Board with a chart of seven sales of single and multi-tenant warehouse properties located in the north-west quadrant of the city that had sold between 2009 and 2011. The comparable sales ranged in age from 1977 to 1996; in size from 65,760 sq ft to 168,520 sq ft and had site coverage ratios (SCR) that ranged from 31% to 46%. The sales were all time adjusted to valuation day and produced sales values that ranged from \$68.36 per sq ft to \$86.70 per sq ft which is less, to substantially less, than the assessed rate. The Complainant also supplied current assessment rates for four of these same seven sales that ranged from \$59.31 per sq ft to \$79.04 per sq ft which demonstrates that similar properties were being assessed at rates lower than the assessed rate of the subject property.
- [11] In concluding his initial presentation the Complainant informed the Board that sale #2, #4 and #7 were the strongest indicators from the seven supplied as they were most similar in terms of location, size, SCR and physical characteristics. The time adjusted sale price per square foot for sale #2 is \$84.84, for sale #4 is 68.36 and for sale #7 is 76.31 respectively. With most weight placed on these three sales but also having regard to the other four sales a reduction in the assessed rate to \$85.00/ sq ft would be reasonable.
- [12] In response to questions about his knowledge of the sale of the subject property in November 2009, the Complainant stated that he did not recall its sale, but having been provided with the sale information by the Respondent, stated that the sale price appeared to be out of line with the general market at the time.
- [13] With respect to his second comparable sale which was older and larger than the subject the Complainant stated that size was not a big factor for properties over 100,000 sq ft and in this case only a negligible upward adjustment was required for the size differential. With reference to the age factor the Complainant stated that was more significant but would only make a minor upward adjustment.
- [14] In response to questioning as to how a unit rate of \$85.00/ sq ft had been concluded from a range of \$68.36/ sq ft to \$84.84, the complainant stated that additional adjustments were required to his time adjusted sale prices to compensate for the differences in SCR, age and size when comparing each sale to the subject. For example a lower SCR would result in a higher unit rate than a higher SCR and a downward adjustment would have to be made to the unit rate; a smaller property would require a downward adjustment to the rate when comparing it to a larger building as the economies of scale came into play; conversely an older building would require an upward adjustment to the rate when comparing it to a newer building.
- [15] The Respondent requested a revised assessment to \$10,518,500.

### **Position of the Respondent**

- [16] In support of the assessment the Respondent provided information on the sale of three properties including the sale of the subject in 2009. The sales were all located in the north-west industrial; were of similar age and SCR as the subject and produced a range in value that supports the current assessment. Two of the sales were considerably smaller than the subject and would require a downward pressure on the respective sale prices of \$93.49/ sq ft and \$139.31/ sq ft respectively. In addition the sale of the subject itself is at \$125.70/ sq ft. This, the Respondent stated gives support to the assessment.
- [17] As additional support for the assessed value the Respondent also provided the Board with an equity chart of eight properties that were reasonably similar in age and condition as the subject. The gross main floor area of the equity comparable ranged from 80,754 sq ft to 123,750 sq ft each with main floor offices and six of the eight also had mezzanine offices. The SCRs ranged from 23% to 42% and the assessed values equated to unit rates ranging from \$95.65/ sq ft to \$122.16/ sq ft. The Respondent stated that these equity comparables support the assessment.
- [18] The Respondent also referenced the Complainant's first sale comparable at 14510 - 124 Ave and informed the Board that the sale had included a 5040 sq ft storage shed which would have a much lesser value than the warehouse. The effect of this was to dilute the value on a per square foot basis and as such the Respondent would not consider this sale to be a good comparable for the subject.
- [19] In summary the Respondent requested that the assessment be confirmed.

### **Decision**

- [20] The 2012 assessment is confirmed at \$12,441,500.

### **Reasons for the Decision**

- [21] With reference to the market value issue the Board places more weight on the Respondent's evidence as it included two comparable sales that were similar in location, age, condition and SCR as the subject. They were both smaller in size, which exerts a downward pressure on the sale price. No adjustment factors were supplied to enable the Board to make such an adjustment but the average value still supports the current assessment.
- [22] The sale of the subject property effective November 2009 also supports the assessment. The subject property sold in November 2007 for \$15,250,500 which translates into \$14,932,800 when time adjusted to valuation day. The time adjustment factors utilized by the Respondent were not disputed by the Complainant and had been provided as such to the Board in the Complainant's brief. The unit rate from this time adjusted sale price equates to \$125.70/ sq ft which is in excess of the current assessment of the subject property.

- [23] Additionally, the amount of office space in the subject has increased since the date of sale from 7,160 sq ft to 26,192 as of valuation day. This would normally put upward pressure on the valuation rate.
- [24] The Board gives a little weight on the Complainant sale #2, they were all substantially older buildings and two were post facto sales. With respect to the sale #2 at 10203 – 184 Street the building is 11 years older than the subject. In addition, it is larger than the subject and no adjustment factors were placed before the Board to enable them to make meaningful adjustments to compensate for these differences.
- [25] With respect to the equity issue the Board was also persuaded by the equity support. The Respondent included eight sales of similar aged properties that were all in the same condition as the subject. The Board noted the varying proportions of office and finished mezzanine space but concluded overall that the eight comparables were meaningful indicators of the equity issue. The comparables produced a range in value from \$95.65 to \$122.16/ sq ft which supports the subject assessment of \$100.54/ sq ft.
- [26] The Board placed little weight on the equity argument of the Complainant as again the sales were all substantially older than the subject property and only four assessments were supplied from the seven comparables. The assessment details for three comparables the Complainant place most weight on were not in evidence.

Heard commencing October 31, 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:**

Tom Janzen  
for the Complainant

Cam Ashmore  
Mary-Alice Nagy  
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.*