

Edmonton Composite Assessment Review Board

**Citation: SREIT (Nuguest Edmonton) Ltd. c/o CVG v The City of Edmonton, 2012
ECARB 1848**

Assessment Roll Number: 9552993
Municipal Address: 4504 81 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
Lillian Lundgren, Board Member
John Braim, 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/office complex located at 4504 81 Avenue NW in the Morris Industrial neighborhood. The property is comprised of three buildings that have an effective year built of 1976. Building #1 has a total area of 23,075 square feet (sf), Building #2 has a total area of 23,998sf, and Building #3 has a total area of 30,608sf. The lot size is 4.05 acres (176,420sf) with site coverage of 43%. The property is assessed at \$7,309,000.

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 assessment of \$7,309,000 is incorrect.

[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 eight sale comparables. The comparables have been time adjusted from the sale date to the valuation date of July 1, 2011 using the City of Edmonton time adjustment factors.

Comp	Address	Sale Date	Age	Bldg Size/sf	Site Cov	Sale Price/sf
#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
Subject	4504 81 Avenue NW	N/A	1976	77,683	43%	\$94.09 (asmt)

Note: Sale comparables #1, #2, #3, #7 and #8 are also used by the Respondent.

[10] The Complainant stated that sale comparables #4, #7 and #8 are the most similar to the subject in terms of physical and location characteristics. These sales indicate a value of \$85.00 per square foot for the subject property.

[11] With respect to building size, the Complainant argued that the total area (77,683sf) of the three subject buildings should be compared to single buildings of the same size because they cannot be marketed separately. All of the sale comparables are single building properties, and the Complainant noted that the Respondent also used some single building properties as comparables.

[12] In summary, the Complainant requested the Board to reduce the assessment to \$6,600,000 based on \$85.00 per square foot.

Position of the Respondent

[13] The Respondent submitted that the subject assessment of \$7,309,000 is correct.

[14] In support of this position, the Respondent presented the following sale comparables.

Comp	Address	Sale Date	Eff. Year Built	Total Bldg Area/sf	Site Cov	Sale Price/sf
#1	5725 92 Street NW	May 2009	1976	14,868	37%	\$111.58
#2	7705 69 Street NW	July 2009	1975	14,969	34%	\$113.11
#3	7216 76 Avenue NW	May 2009	1976	15,039	54%	\$91.13
#4	7324 76 Avenue NW	Apr 2011	1976	15,089	37%	\$122.27
#5	3120 93 Street NW	June 2010	1986	17,802	36%	\$129.20
#6	5704 92 Street NW	July 2008	1972	23,880	46%	\$97.70
#7	3704 93 Street NW	Jan 2008	1980	31,506	42%	\$81.45
#8	8210 McIntyre Rd NW	Jan 2011	1974	41,991	28%	\$109.55
#9	7603 McIntyre Rd NW	Dec 2010	2001	42,501	25%	\$104.12
#10	4115 101 Street NW	Dec 2010	1969	44,887	40%	\$86.88
Subject	4504 81 Avenue NW	N/A	1976	23,075 23,999 30,609	43%	\$94.09 (asmt)

Note: Sale comparables #1, #2, #3, #9 and #10 were also used by the Complainant.

[15] The Respondent stated that the sale price of \$104.12/sf for comparable #9 is based on 42,501sf, whereas, the Complainant used \$100.57/sf based on 44,000sf reported by The Network.

[16] 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.

[17] 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.

[18] Although equity is not an issue, the Respondent presented an equity chart to show that all multi-building properties are assessed in the same manner. The assessment comparables each

have two buildings and are assessed ranging from \$94.02/sf to \$104.38/sf compared with the subject assessment of \$94.09/sf.

[19] The Respondent commented on the Complainant's sale comparables #4, #7 and #8 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. Finally, the average sale price for comparables #4, #7 and #8 is \$89.30/sf which is within 5% of the current assessment of \$94.09/sf.

[20] In summary, the Respondent requested the Board to confirm the assessment at \$7,309,000.

Decision

[21] The subject property assessment is confirmed at \$7,309,000.

Reasons for the Decision

[22] In determining whether the subject property assessment is correct, the Board first reviewed the Complainant's evidence.

[23] The Board finds that there is insufficient evidence to support the requested reduction. The Complainant requested that the subject property assessment be reduced to \$85.00 per square foot based primarily on sales #4, #7 and #8. The Complainant's sale #4 is not a good indicator of value for the subject property because it sold at a time when the lease rates were 20% to 25% below market which may have had a negative influence on the sale price. As well, sale #4 is not comparable because the building area of 162,860sf is significantly larger than any of the subject buildings, and larger buildings tend to sell for less per square foot all things equal.

[24] With respect to the Complainant's sale #7, located at 7603 McIntyre Rd NW, the Board notes that both parties presented this sale as a comparable. However, it is twenty- five years newer than the subject and the Board places little weight on it because of the difference in age.

[25] With regard to the Complainant's sale #8, located at 4115 101 Street NW, the Board notes that both parties also used this sale. The Board finds that this sale is a good comparable and requires minor adjustments for age, site coverage and building size. The sale may also require an upward adjustment because the lease rates were below market on the sale date. This property sold for a time adjusted sale price of \$86.88 per square foot, and if adjusted for the difference in attributes that affect value, it supports the subject assessment of \$94.09 per square foot.

[26] The Board also reviewed the Respondent's sale comparables and finds that, except for sale #9, the sale comparables are similar in location, age and total building area. The sale prices range from \$81.45/sf to \$129.20/sf. The subject assessment of \$94.09/sf falls within the range of sale prices.

[27] Given that the Board placed the most weight on the Respondent's sale comparables, the assessment of \$7,309,000 is confirmed.

Heard commencing October 30, 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.