

Edmonton Composite Assessment Review Board

Citation: SREIT (West No. 1) Ltd. c/o CVG v The City of Edmonton, 2012 ECARB 1853

Assessment Roll Number: 9532888

Municipal Address: 5105 75 STREET 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 61,238 square foot (sf) office/warehouse building located at 5105 75 Street NW in the Roper Industrial neighborhood. The lot size is 7.991 acres (348,086sf) with 16% site coverage. The property is assessed at \$7,450,000 which includes a major roadway influence factor.

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 \$7,450,000 is incorrect.

[9] The Complainant argued that the following sales support a value lower than the current assessment. All of the sales have been time adjusted from the sale date to the valuation date of July 1, 2011 using the City of Edmonton factors.

Comp	Address	Sale Date	Age	Total Bldg Area/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	Jul 2009	1975	15,800	36%	\$107.16
#4	9111 41 Avenue NW	Mar 2010	1992	28,686	26%	\$124.37
#5	9719 63 Avenue NW	Jul 2010	1988	17,149	44%	\$104.96
#6	5820 96 Street NW	Aug 2010	1979	10,000	45%	\$100.00
#7	8803 58 Avenue NW	Sept 2010	1980	24,602	24%	\$121.94
#8	7603 McIntyre Rd NW	Dec 2010	2001	44,000	25%	\$100.57
#9	4115 101 Street NW	Dec 2010	1978	44,994	40%	\$86.67
#10	3333 68 Avenue NW	Jul 2009	1960	9,200	5%	\$96.36
#11	11543 154 Street NW	Jul 2010	1966	84,832	9%	\$48.86
Subject	5105 75 Street NW	N/A	1972	61,240	16%	\$121.65 (asmt)

[10] The Complainant stated that an analysis and comparison of these sales to the subject property indicated a value of \$100.00 per square foot for a total value of \$6,124,000. The Complainant identified the best sale comparables as #4, #7, #8, #9 and #11.

[11] The Complainant stated that many of the Respondent's sale comparables are superior to the subject property. For example, the Respondent's comparables #1, #3 and #5 are twenty-six years newer than the subject warehouse, which is a superior location. Comparable #3 is a property with two office buildings located across from South Edmonton Common. Sale #4 is not similar to the subject property because Lot 1A has three buildings and was marketed with six vacant lots.

[12] In summary, the Complainant requested the Board to reduce the assessment to \$6,124,000 based on \$100.00 per square foot.

Position of the Respondent

[13] The Respondent submitted that the subject assessment of \$7,450,000 is correct.

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

Comp	Address	Sale Date	Eff. Year Built	Total Bldg Area/sf	Site Cov	Sale Price/sf
#1	9330 45 Avenue NW	Sept 2009	1998	39,663	29%	\$136.93
#2	9204 37 Avenue NW	July 2008	1976	40,020	13%	\$142.24
#3	9651 25 Avenue NW	Sept 2009	1998/1997	40,427	20%	\$161.30
#4	7205 71 Street NW	Apr 2011	1975	55,654	13%	\$118.36
#5	5708 51 Avenue NW	June 2010	1998	62,887	8%	\$232.16
Subject	5105 75 Street NW					\$121.65 (asmt)

[15] The Respondent submitted that many of the Complainant's sale comparables should not be used. The Complainant's comparables #1 to #9 have significantly higher site coverage than the subject site coverage of 16%. Site coverage expresses the relationship between the main floor area of the building and the amount of land associated with it. Properties with a larger amount of land in relation to the building footprint will have a higher value per square foot, because each square foot has to account for the additional value attributable to the larger land area.

[16] The Respondent also made the following comments regarding the Complainant's sale comparables. Sale comparables #1, #2, #3, #8 and #9 had below market rents at the time of sale which may have had a negative effect on the sale prices. Comparable #5 required significant renovations. It was gutted and renovated immediately after sale.

[17] The Respondent stated that the Complainant's comparable #6 had plans to renovate as of the sale date. Comparable #7 was sold to an employee, no appraisal was done and it was not listed on the open market. Comparable #10 is a non- arms length sale. Further, it is inferior because it has rural servicing. Comparable #11 is not a good indicator of value for the subject property because the sale consisted of four properties and the sale price was based on a three year old option at reduced prices.

Decision

[18] The property assessment is confirmed at \$7,450,000.

Reasons for the Decision

[19] In determining whether the subject property assessment is correct, the Board reviewed the Complainant's evidence and argument and finds that there is insufficient market evidence to alter the assessment.

[20] The Board finds the Complainant's comparables #6 and #10 unacceptable because they are non-arms length sales. Comparables #1, #2, #3, #8 and #9 would require upward adjustments because the rental rates in each of these properties were well below market at the time of sale. Comparable #5 is not similar to the subject property because it required extensive repairs/renovations at the time of sale. Comparable #7 does not meet the definition of market value because it was not listed on the open market. Comparable #11 is not a good indicator of market value for the subject property because it is a portfolio sale and the sale price was based on a three year old purchase option at reduced prices.

[21] The Board also reviewed the Respondent's evidence and argument and finds that comparables #1, #3 and #5 are not similar because they are twenty six years newer than the subject property. The Respondent's sale comparables #2 and #4 are good comparables that are similar to the subject in age, total building area and site coverage. These comparables sold for time adjusted sale prices of \$142.24/sf and \$118.36/sf which supports the subject assessment of \$121.65/sf.

[22] Based on the above reasons, the Board confirms the subject property assessment at \$7,450,000.

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.