

Edmonton Composite Assessment Review Board

**Citation: The Great-West Life Assurance Company c/o CVG v The City of Edmonton,
2012 ECARB 2207**

Assessment Roll Number: 10093159
Municipal Address: 6703 68 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
Darryl Menzak, Board Member
Judy Shewchuk, Board Member

Preliminary Matters

[1] Ms. Shewchuk noted that she had heard a complaint with respect to this property last year; however, she did not feel that she would be biased this year. Neither party objected to her participation in the CARB or to the participation of the other members. Neither of the other two CARB members had any bias toward this file.

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

[3] The Parties indicated that the evidence presented respecting this complaint was very similar to roll 8991804 (citation: 2012 ECARB 1796). Accordingly, they advised that a large percentage of the evidence would be carried forward to this hearing.

Background

[4] The subject property is a three building office/warehouse complex located in the Davies Industrial area of Edmonton. Two of the three buildings have exposure and access directly to 68th Avenue. The third building receives a ten per cent allowance to its building assessment for its lack of exposure and access.

[5] The site area of the parcel is 35.133 acres with site coverage of 36 per cent. The assessment summary identifies each building as built in 2007. Building 1 contains 145,195 square feet (sq. ft.) with 19,218 sq. ft. of main floor office space. Building 2 contains 124,956 sq. ft. with 20,003 sq. ft. of main floor office space. Building 3 contains 287,366 sq. ft. with 25,128

sq. ft. of main floor office space and 5,085 sq. ft. of upper finish mezzanine space. The three building footprint area is 562,602 sq. ft.

Issue(s)

[6] Is the 2012 assessment of \$53,350,350 correct?

Legislation

[7] 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.

[8] 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.

[9] 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

[10] 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

[11] The Complainant submitted a 25-page evidence package marked exhibit C-1.

[12] The Complainant was requesting an assessment based on an indicated time adjusted sales price (TASP) per square foot garnered from the sales of properties that are similar to the combined size of the subject's 3-building complex. Six sales comparables and one equity comparable were provided to the CARB.

[13] The Complainant presented the following comparables:

	Address	Effective Year built	Sale date	Site cov.	Bldg size	Sale price /sq. ft.	TASP/ sq. ft.	Assessment /sq. ft.
1	10203-184 St.	1996	Feb '09	35%	168,520	\$89.01	\$84.84	n/a
2	2103-64 Ave.	2001	May '09	41%	251,959	73.03	70.23	\$68.40
3	12810-170 St.	2008	Apr '10	30%	399,767	78.88	78.41	73.29
4	4101-84 Ave.	1998	Feb '10	54%	162,860	81.66	80.68	76.67
5	7612-17 St.	95/07	Jul '10	39%	130,944	113.02	113.02	90.53
6	3650/3850-98 St.	1968	Aug '11	41%	260,916	82.40	82.40	n/a
7	16918-114 Ave.	1977	Equity comp.	48%	378,728	n/a	n/a	50.53
	Subject 6703-68 Ave	2007		36%	562,660			\$94.81

[14] The Complainant stated that due to the large size of the subject he was compelled to select sales comparables from both the northwest and southeast quadrants of the city.

[15] The Complainant explained that the subject is a unique property because of its size and poor access to the buildings.

[16] The Complainant drew attention to the fact that his comparables #1, #3, #4, and #5 are situated on busy roads.

[17] The Complainant asked the CARB to place least weight on his comparable #5 as it appeared to be a manufacturing facility and therefore not comparable to a warehouse.

[18] The Complainant pointed out that last year the CARB reduced the assessment of the subject from \$51,707,000 to \$47,159,000. The Complainant did not understand why the 2012 assessment was significantly higher than the CARB reduction and higher even than the initial assessment for 2011.

[19] The Complainant asked the CARB to reduce the 2012 assessment to \$80 per sq. ft. for a total of \$45,012,800.

Position of the Respondent

[20] The Respondent submitted a 31-page assessment brief marked exhibit R-1 and a 44-page law and legislation brief marked exhibit R-2.

[21] 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.

[22] The Respondent also advised that the industrial accounts with multiple buildings had assessments prepared on the basis of each building's modeled value using the aggregate site coverage for the entire parcel. In this case the three buildings were valued separately and the overall assessment rate per square foot is a blended rate.

[23] The Respondent presented the following sales comparables:

	Address	Reg	Sale date	Site cov.	Eff. year built	Main flr area	Main floor off. area	Upper off. area	Total Bldg. area	TASP /sq. ft.
1	18403-104 Ave	W	Sep 17/09	34%	2004	72,397	16,216	480	72,877	\$93.49
2	17404-111 Ave	W	Jun 16/08	39%	2005	65,241	25,399	9,560	74,801	139.31
3	18507-104 Ave	W	Nov 4/09	34%	2007	118,800	7,160	-	118,800	125.70
4	7612-17 St	SE	Jul 29/10	39%	1995/07/08	132,720	4,600	-	132,720	111.51
5	5605-70 St	SE	May 18/11	34%	2008	118,438	23,200	23,200	141,638	203.16
6	8103 Roper Rd	SE	Apr 19/10	34%	2001	289,464	81,897	1,820	291,285	138.72
	Subject 6703-68 Ave			36%	2007	562,660				\$94.83

[24] The Respondent stated that his comparables #1 and #3 may not be strong comparables due to the 9% and 16.67% vacancy rates at sale date. As for comparable #5, a premium was paid for this property due to the long term government lease in place at sale date.

[25] The Respondent also presented the following equity comparables:

	Address	Site cov.	# of bldg	Eff. Year built	Main flr. area	Main flr. off. area	Upper off. area	Total bldg. area	Assm't / sq. ft.
1	7028-56 Ave	40	1	2005	102,000	11,466	-	102,000	\$105.96
2	5723-67 Ave	39	1	2005	125,141	22,015	-	125,141	103.59
3	4848-92 Ave	31	1	1998	128,934	5,184	1,200	130,134	98.12
4	5605-70 St	34	1	2008	118,438	23,200	23,200	141,638	107.15
5	5219-47 St	70	1	2006	141,027	15,376	11,029	152,056	96.13
6	5204-42 St	46	1	2008	170,931	11,983	2,112	173,043	94.70
7	4003-53 Ave	41	1	2009	185,000	12,884	2,135	187,135	100.22
8	7003-56 Ave	27	1	2003	181,775	28,578	5,456	187,231	105.29
9	5103-68 Ave	34	3	2008	244,800	13,820	4,800	249,600	123.65
10	9704-12 Ave	39	2	2007	321,429	27,409	4,270	325,699	99.49
11	4703-68 Ave	36	7	1976/81	614,332	80,515	4,685	619,017	92.52
	Subject 6703-68 Ave	36	3	2007 2007 2007	145,195 124,956 287,366 557,517	19,218 20,003 25,128 64,349	5,085 5,085	145,195 124,956 292,451 562,602	94.83

[26] In response to the Complainant's question, the Respondent stated that every year properties are assessed independently of previous years' assessments but that the increase in the 2012 assessment is attributable to the Respondent now valuing main floor office space.

[27] The Respondent criticized the Complainant's sales comparables for a variety of reasons including below market lease rates, percentage of vacancy, location, repairs required, and age of property.

Decision

[28] The subject's 2012 assessment is revised to \$50,000,000.

Reasons for the Decision

[29] The Complainant's request is considerably below the assessment set in 2011 which is contrary to the Complaint's evidence; that the current sales would indicate a year over year

stable or level market. This is also supported in the time adjustments used by the Municipality. The factor to June 2011 is 1.0 or no change.

[30] The subject is made up of three buildings of 2007 vintage; totaling 562,660 square feet. The Complainant's comparable #1 which sold for \$15,000,000 has three buildings of 1996 vintage, 30% of the subject in size and has a total area of 168,520 square feet.

[31] The Complainant comparable #2 and #3 and the Respondent's comparables #4 and #6 encompass the subject's largest building with an indicated value range of \$70.23 to 136.72. The Board gives more weight to the Complainant's comparables.

[32] The Respondent's comparables #1, #2, and #3 coupled with the equity comparables are reasonable indicators for the two remaining subject buildings. Blending the larger building with the two smaller buildings results in an assessment rate less than the current overall assessment rate of \$94 .83 per square foot.

[33] The CARB heard that the main floor office space and a reduced rate for upper finished mezzanine space were introduced to the model for warehousing in 2012. The CARB was advised that the subject would have experienced a slight increase as a result of these added components in the 2012.

[34] The CARB gives some consideration to the previous year's decision, the revised modeling parameters and the sales evidence of the Complainant. The assessment is reduced from \$53,350,500 to \$50,000,000.

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.