

## **Edmonton Composite Assessment Review Board**

**Citation: Colliers International Realty Advisors Inc. v The City of Edmonton, 2012  
ECARB 2235**

**Assessment Roll Number:** 10005497

**Municipal Address:**

**Assessment Year:** 2012

**Assessment Type:** Annual New

Between:

**Colliers International Realty Advisors Inc.**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

---

### **DECISION OF**

**Peter Irwin, Presiding Officer**

**George Zaharia, Board Member**

**Howard Worrell, Board Member**

---

### **Preliminary Matters**

[1] At the outset of the hearing, the parties indicated that they had no objection to the composition of the Board. The Board members indicated that they had no bias with respect to this complaint.

[2] There were no preliminary matters.

### **Background**

[3] The subject property is a medium warehouse type of property located in the Yellowhead Corridor East neighbourhood of northeast Edmonton. There are two buildings on the site, each in average condition. Building 1, built in 1966, is 26,369 square feet in size, of which 2,070 square feet is main floor office space, and 2,070 square feet is finished mezzanine area. Building 2, built in 1958, is 6,805 square feet in size, with no main floor office or finished mezzanine area. Building 2 is a cost building but the \$74.96 per square foot value is applied to the total combined space of 33,176 square feet. The lot size is 120,921 square feet (2.8 acres) with site coverage of 20% (based on the area of Building 1 only). The subject is zoned IM.

[4] For the 2012 assessment, the subject has been valued by the direct sales approach resulting in a value of \$2,487,000 or \$74.96 per square foot.

### **Issue**

[5] Is the 2012 assessment of the subject property too high based on sales of similar properties?

## **Legislation**

[6] The Municipal Government Act reads:

### ***Municipal Government Act, RSA 2000, c M-26***

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;

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.

## **Position of the Complainant**

[7] The Complainant provided a 24-page brief marked as exhibit C-1, arguing that the 2012 assessment of the subject property, at \$2,487,000 or \$74.96 per square foot, was too high. His position was that sales of similar properties indicated that a value of \$60.00 per square foot should be applied to the subject (Exhibit C-1, page 8).

[8] In support of this position, the Complainant submitted five sales comparables of similar properties, four located in northwest Edmonton and one in northeast Edmonton. The sales occurred between April 2010 and April 2011, with prices ranging from \$46.49 to \$66.78 per square foot. The comparable properties ranged in size from 17,309 to 41,349 square feet and were zoned IM, IB, and IH. The year of construction of the comparables ranged from 1961 to 1978 and the site coverage ranged from 14% to 58% (Exhibit C-1, page 8). The average value of these five sales comparables was \$59.79 per square foot.

[9] The Complainant stated that the most comparable property was sale # 5, which was located directly across the street from the subject and sold in April 2010 for \$63.55 per square foot. However, since the building size of this comparable is approximately 50% of the building size of the subject, then, based on the principle of economies of scale, the unit value of the subject should be lower than the unit sale price of the comparable (Exhibit C-1, page 8).

[10] The Complainant submitted a bar graph entitled “Edmonton Industrial Sales by Quadrant” showing the average sale per square foot for the four quadrants of the city. This was based on Gettel Network reports of sales that occurred between January 1, 2010 and July 1, 2011. There were 109 sales in the northwest with an average sale price of \$157.54 per square foot; 17 sales in the northeast with an average sale price of \$115.71 per square foot; 128 sales in

the southeast with an average sale price of \$180.60 per square foot, and five sales in the southwest with an average sale price of \$120.91 per square foot (Exhibit C-1, page 16). The Complainant argued that “location” within the four quadrants of the City was a very important factor in establishing the value of a property.

[11] The Complainant submitted a 21-page rebuttal document challenging the appropriateness of the Respondent’s six sales comparables. The Complainant raised concerns that included dated sales, location, building size, zoning, and age (Exhibit C-2, pages 8 and 9).

[12] The Complainant provided a chart entitled “Edmonton Industrial Sales by Zoning” based on sales reported by the Gettel Network that occurred between January 1, 2010 and July 1, 2011. The bar graph was as a result of 88 IB zoned properties with an average sale price of \$178.65 per square foot, 154 IM zoned properties with an average sale price of \$159.60 per square foot, and 14 IH zoned properties that sold for an average sale price of \$121.21 per square foot (Exhibit C-2, page 13).

[13] The Complainant stated that his sales comparables were more current, having occurred between April 2010 and April 2011. This was important since the sales prices needed no or minimal time-adjustments. In the rebuttal document, the Complainant included a decision of a Composite Assessment Review Board dated September 2<sup>3rd</sup>, 2010, which stated “*The Board places less weight on the sales comparables provided by both the Complainant and the Respondent as they date back to 2006 and 2007 and required significant time adjustment*” (Exhibit C-2, page 19).

[14] In conclusion, the Complainant requested the Board reduce the 2012 assessment of the subject property from \$2,487,000 to \$1,991,000 based on \$60.00 per square foot.

### **Position of the Respondent**

[15] The Respondent submitted a 34-page brief marked as Exhibit R-1 arguing that the original \$2,487,000 assessment of the subject property was fair and equitable. The Respondent also submitted a 44-page Law and Legislation brief.

[16] In support of the position that the assessment was fair and equitable, the Respondent submitted six sales comparables, all in northwest Edmonton. The sales occurred between January 4, 2008 and April 18, 2011, with time-adjusted prices ranging from \$79.40 to \$176.59 per square foot, resulting in an average of \$102.99 per square foot. This supported the \$76.96 per square foot assessment of the subject property. The comparables’ improvements ranged in size from 18,915 to 44,101 square feet. Site coverage of the subject, at 20%, fell within the comparables’ range of 10% to 45% (Exhibit R-1, page 18).

[17] The Respondent highlighted mass appraisal information included in Exhibit R-1 that supported the direct sales comparison approach. Excerpts from two real estate publications were read (Exhibit R-1, page 6).

- i. *“When sufficient valid sales are available, this approach tends to be the preferred valuation method.” IAAO, Standard on Mass Appraisal of Real Property, Chicago, Illinois, 2002, section 4.3.*
- ii. *“The Direct Comparison approach is applicable to all types of real property interests when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market. For property types that are bought and sold regularly, the direct comparison approach often provides a supportable indication of market value. When data are available, this is the most straightforward and simple way to explain and support a value opinion.” Appraisal Institute of Canada, The Appraisal of Real Estate, Second Canadian Edition, Vancouver, British Columbia, 2002, page 17.3.*

[18] The Respondent stated that sales occurring from January 2008 through June 2011 were utilized in model development and testing. Factors that affected value in the warehouse inventory were location, lot size, age and condition of the building, main floor space, and the amount of finished main floor space as well as developed upper area (Exhibit R-1, page 7).

[19] The Respondent stated that there were few low site coverage properties selling which necessitated using sales comparables from other quadrants of the City.

[20] The Respondent stated that a 10% downward industrial adjustment had been applied to the subject since it had historically been grouped with superior properties (Exhibit R-1, page 17).

[21] The Respondent offered criticisms of two of the Complainant’s sales comparables:

- i. Sale # 3, located at 15715 – 121A Avenue NW, was not a market value transaction. It was a multiple parcel purchase that included one property with four warehouse buildings and another property with one warehouse building. The sale price of \$1,539,731 was not close to the combined assessment of these properties of \$5,920,500 (Exhibit R-1, pages 25 and 26).
- ii. Sale # 4, located at 14308 – 118 Avenue NW, was sold by a seller under financial duress. The Respondent submitted that conversations had taken place with both the vendor and purchaser with the suggestion that the seller was under duress. That particular property had long term vacancies and below-market rents (Exhibit R-1, page 27).

[22] In conclusion, the Respondent requested the Board to confirm the 2012 assessment of the subject property at \$2,487,000.

### **Decision**

[23] The decision of the Board is to confirm the 2012 assessment of the subject property at \$2,487,000.

### **Reasons for the Decision**

[24] The Board acknowledges that the Complainant provided sales comparables which are all within one and one-half years of the valuation date. However, the Board places less weight on the Complainant’s sales comparables because of the site coverage that varies significantly

from the subject's. The Board is also concerned about the actual per unit cost of one of the Complainant's comparables, sale # 3. In the Complainant's disclosure brief, the Network reported the building to be 33,116 square feet in size, while in the Respondent's disclosure brief, Bourgeois and Company reported the building size to be 27,520 square feet.

[25] The Complainant stated that his sales comparable #5 was the best comparable since it was located across the street from the subject property and suggested that the subject's assessment should be adjusted downward as it was almost twice the size of the comparable. However, the Complainant did not acknowledge that the land size of the subject was 2.8 acres while the land size of the comparable was only 0.7 acres. There was no explanation by the Complainant as to how the value of the extra 2.1 acres would be captured.

[26] The Board considered the Complainant's concerns with the Respondent's sales comparables due to dated sales, location, age, and building size:

- i. Regarding dated sales, the Board agrees with the Complainant that sales close to the valuation date would be preferable. However, the Board acknowledges the direction provided in *The Appraisal of Real Estate, Second Canadian Edition*, which states "*An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perception of the market over time*". Further, although the Complainant raised time-adjustments as a concern on this file, the practice of time-adjusting sales prices has been accepted by both Complainants and Respondents in the assessment complaint process.
- ii. Regarding location and the various quadrants of the City, the Board acknowledges the Respondent's position that properties in the southeast typically sell for more than properties in the northwest. However, both parties used, in the main, sales comparables from the northwest quadrant, with the Complainant using one comparable in the same quadrant, that being across the street from the subject.
- iii. Regarding the Complainant's concern that the Respondent's sale # 6 building size is 57% of the subject, the Board notes that the Complainant's sales comparable # 5 (considered the best comparable) is only 52% of the building size of the subject.
- iv. With regards to zoning, both the Complainant and Respondent submitted a comparable zoned IB.
- v. The Complainant raised the concern that the Respondent's sales comparable # 5 was constructed in 1972 as opposed to the subject's 1958/66. However, the Board notes that the Complainant's sales comparable # 3 was built in 1978.

[27] The Board places little weight on the Complainant's reference to a previous CARB decision that spoke to dated sales for two reasons:

- i. this Board is not bound by a previous CARB decision; and
- ii. time adjustments to the sale prices of comparable properties is an accepted practice in the assessment complaint process.

[28] Recognizing the Complainant's 'location' argument, the Board places greater weight on the Complainant's sales comparable # 5 since it was located across the street from the subject and was close in age. However, with a 2.1 acre difference in size, the Board accepts the Respondent's assessment of the subject at \$74.96 per square foot, \$11.41 per square foot more than the comparable, as an attempt to capture the value of the extra 2.1 acres of land.

[29] The Board accepts the Respondent's position that its sales comparable # 3, located at 14440 123 Avenue NW, is the best comparable. At an age of 1967, it is very close in age to the 1958/66 age of the subject, has nearly the same site coverage at 19% compared to the subject's 20%, and, with a building size of 32,695 square feet, is very close to the subject's 33,176 square feet building size. The time-adjusted sale price of \$89.41 per square foot is higher than the \$74.96 per square foot assessment of the subject, possibly reflecting the acknowledged higher value of properties in the northwest compared to the northeast.

[30] The Board is satisfied that the Respondent adhered to the directions provided in *The Appraisal of Real Estate, Second Canadian Edition* with regards to different approaches to value and time adjustments.

[31] The Board is persuaded that the 2012 assessment of the subject property at \$2,487,000 is fair and equitable.

### **Dissenting Opinion**

[32] There was no dissenting opinion.

Heard November 14, 2012.

Dated this December 6, 2012, at the City of Edmonton, Alberta.

---

Peter Irwin, Presiding Officer

### **Appearances:**

Greg Jobagy  
Stephen Cook  
for the Complainant

Suzanne Magdiak  
Tanya Smith  
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.*