

## **Edmonton Composite Assessment Review Board**

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of  
Edmonton, 2012 ECARB 2305**

**Assessment Roll Number:** 3806445  
**Municipal Address:** 11203 120 STREET NW  
**Assessment Year:** 2012  
**Assessment Type:** Annual New

Between:

**COLLIERS INTERNATIONAL REALTY ADVISORS INC**

Complainant

and

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

Respondent

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**DECISION OF**  
**Robert Mowbrey, Presiding Officer**  
**Brian Frost, Board Member**  
**Reg Pointe, Board Member**

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### **Preliminary Matters**

[1] Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board. In addition, the Board members indicated they had no bias with this file.

### **Background**

[2] The subject property is a medium warehouse located at 11203 120 Street NW. The subject property has a total building area of 35,183 square feet. The site coverage of the subject property is 75% and it is in average condition. The 2012 assessment is \$2,036,000.

### **Issue(s)**

[3] What is the market value of the subject property?

### **Legislation**

[4] 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**

[5] The Complainant filed this complaint on the basis that the subject property assessment of \$2,036,000 is in excess of market value. In support of this position, the Complainant submitted a 20-page evidence package marked as Exhibit C-1.

[6] The Complainant provided the Board with a map and photographs of the subject property (Exhibit C-1 pages 4, 5).

[7] The Complainant advised the Board about assessment and valuation and how the subject property was evaluated by the Complainant. The Complainant indicated that real estate Owner – Operators purchase the majority of industrial warehouse buildings in Western Canada. Such owners are most concerned with its particular physical and locational characteristics, rather than the property’s income generation. This suggests that the Direct Comparison Approach is a relevant valuation technique for the subject property. However, to further support a reduced assessment, the Complainant also presented an income approach to value. The overall income capitalization method is the Income Approach, utilized due to its dominant usage by investors for properties similar to the subject. The Income approach is sometimes referenced as a secondary measure of value for industrial warehouse buildings. It is therefore utilized as a supporting method in valuation, as it is a good test for market value.

[8] The Complainant presented three sales comparables to the Board that were within approximately 18 months of valuation. The sales comparables were all medium warehouses which ranged in size from 29,201 to 41,349 sf. By incorporating the time frame there was no necessity for time-adjustments as the City of Edmonton’s City Assessor’s chart shows that from June 2010, there is 0.0 % adjustment. The first sale is zoned IH and the second and third sale are zoned IM, as is the subject property (Exhibit C-1, page 9).

[9] The Complainant advised the Board that the Complainant’s sales comparables ranged from a low of \$46.50 per square foot to a high of \$66.78 per square foot of total building area. The average selling price per square foot of total building area is \$58.32. The average lot size (acres) for the three comparables is 3.24 acres and the subject property is 1.07 acres. Since the average lot size is 2.17 acres more than the actual lot size of the subject property, the lesser lot size must be accounted for (Exhibit C-1, page 9).

[10] The Complainant stated the deemed effect of the subject's lot size being smaller than that of the comparables was a reduction in the average price per square foot from \$58.30 to \$50.00 per square foot, or \$1,759,000 (truncated).

[11] The Complainant presented the Board with three land sales to the Board. The land sales had an average price per acre of \$521,441 and an average lot size of 4.74 acres. By adding the average size of the three comparables to the subject property, these results show a total building value of \$1,759,000 (truncated). Each of the sales is within close proximity to the subject property and has a similar year construction. The adjustments that need to be made will account for the total lot size, zoning and building size (Exhibit C-1, page 9).

[12] During argument and summation, the Complainant stated its sales comparables were similar in terms of location and age. In addition, the Complainant stated the subject property's high site coverage was not typical and the Complainant had made adjustments for this issue.

[13] With the Complainant having the last word, the Complainant advised the Board that the land sale (12504 148 Avenue) could have the zoning changed. The Complainant further argued the Respondent's sale comparables would have to be adjusted due to the subject property's high site coverage.

[14] The Complainant requested the Board to reduce the 2012 assessment to \$1,759,000.

#### **Position of the Respondent**

[15] The Respondent presented the Board with a 38-page assessment brief marked as Exhibit R-1. In addition, the Respondent presented the Board with a 44-page law and legislation package marked as Exhibit R-2.

[16] The Respondent explained to the Board that the subject assessment and similar assessments were prepared using the direct comparison assessment methodology. The Respondent stated that sales occurring from January 2008 through June 2011 were used in the model development and testing. (Exhibit R-1 page 8).

[17] Factors found to affect value in the warehouse inventory were: the location of the property; the size of the lot; the age and condition of the buildings; the total area of the main floor (per building), and; the amount of finished area on the main floor as well as the developed upper area (per building) (Exhibit R-1, page 8).

[18] The most common unit of comparison for industrial properties is value per square foot of building area. When comparing properties on this basis, it is imperative that the site coverage be a key factor in the comparison. Properties with a larger amount of land in relation to the building footprint display a higher value per square foot, to account for the additional land value attributable to each unit of the building size (Exhibit R-1, page 9).

[19] The Respondent is legislatively obligated to use mass appraisal methodology for valuing individual properties. The Respondent employed the sales comparison approach for the 2012 annual assessment of all warehouse properties in Edmonton. The Respondent informed the Board that a large percentage of industrial property in Edmonton was owner occupied and had no income attributable to it, making the sales comparison a more reliable approach in this market place (R-1, page 7).

[20] The Respondent provided the Board with photographs and maps detailing the subject property (Exhibit R-1, pages 13-20).

[21] To support the City of Edmonton's assessment of the subject property, the Respondent provided the Board with five sales comparables. The sales comparables ranged in age from 1961 to 1980. The Total building area ranged in size from 29,412 square feet to 47,209 sf. The site coverage ranged from a low of 19% to a high of 46% and all sales comparables were in average condition. The time adjusted selling price per square foot, based on total building area, ranged from \$66.30 to \$95.12 (Exhibit R-1, page 23).

[22] During the Respondent's cross-examination of the Complainant's evidence, the Complainant disclosed it determined that all sales were valid it placed some reliance on the third party documents.

[23] The Respondent advised the Board that the Respondent's sale#3 (14730 115A Avenue) is common to both parties.

[24] The Respondent brought the Board's attention to the Complainant's sale comparable #1 (15715-121A Avenue) detailing the sale is not a market transaction as it had a purchase option that was completed a number of years ago (Exhibit R-1, page 29-32).

[25] The Respondent advised the Board that the Complainant's sale #2 (14635 121 A Avenue) would need a positive adjustment due to a larger building and the economies of scale, and a negative adjustment due to a larger lot. The Respondent notes the subject property is already assessed a lower value per square foot than this sale and as such, this sale supports the assessment (Exhibit R-1, page 29).

[26] The Respondent advised the Board that the Complainant's sale#3 (14730 115A Avenue) is common to both parties and supports the assessment (Exhibit R-1, page 29).

[27] The Respondent advised the Board that the Complainant's land sale #1 (12504 148 Avenue) is zoned R7, which is for apartment buildings and as such, this land sale should not be used to compare with IM or IB zoning (Exhibit R-1, pages 33-34).

[28] During argument and summation, the Respondent advised the Board that there were only two sales comparables and two land sales available to the Complainant to utilize. One cannot determine typical selling price per square foot of total building area with two sales comparables.

[29] The Respondent requested the Board to confirm the 2012 assessment of \$2,036,000.

### **Decision**

[30] The decision is to confirm the 2012 assessment of \$2,036,000.

### **Reasons for the Decision**

[31] The Board reviewed the Complainant's evidence and oral testimony and the Respondent's evidence and oral testimony and found the Respondent's evidence and oral testimony to be more compelling.

[32] The Board was somewhat persuaded by the Respondent's sales comparables in that the median selling price per square foot of total building area at \$89.41 exceeded the \$57.87 per square foot of the subject assessment.

[33] The Board notes that the common sale to both parties (14730 115A Avenue) at \$66.30 time-adjusted selling price per square foot of total building area supports the assessment.

[34] With the Complainant having only two sales comparables and only two land sales comparables left, the Board is of the opinion that the evidence presented by the Complainant was not sufficient enough to alter the assessment.

### **Dissenting Opinion**

[35] There was no dissenting opinion.

Heard commencing November 7, 2012.

Dated this 30<sup>th</sup> day of November, 2012, at the City of Edmonton, Alberta.

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Robert Mowbrey, Presiding Officer

### **Appearances:**

Greg Jobagy

Stephen Cook

for the Complainant

Luis Delgado, Assessor

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.*