

Edmonton Composite Assessment Review Board

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of
Edmonton, 2012 ECARB 2326**

Assessment Roll Number: 9983307
Municipal Address: 9451 49 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

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

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 that they had no bias on this file.

Background

[2] The subject property is a medium sized warehouse located at 9451 49 Street NW. The building has an effective year built of 1971 and contains a total of 48,370 square feet (sf) of main floor space which includes 5,334 sf of finished office space. The building is located on 3.408 acres (148,452 sq ft) of land with 33% site coverage.

Issue(s)

[3] Does the assessment reflect 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 acknowledged that the assessment was prepared using the Direct Comparison Approach in arriving at the assessed value of \$4,588,000.

[6] The Direct Comparison approach is based on the Principle of Substitution “which maintains that a prudent purchaser would not pay more for a property than what it would cost to purchase a suitable alternative property that exhibits similar physical characteristics, tenant agreements, location, etc. Within this approach, the property being reviewed is compared to properties that sold recently and considered to be relatively similar to the subject.”

[7] The Complainant indicated that portfolio transactions and post facto sales should not be considered in establishing the assessment. Single property sales between January 1, 2010 and July 1, 2011 are the best indication of value at the mandated valuation date of July 1, 2011.

[8] The Complainant presented three comparable sales (Exhibit C-1, page 10). Comparable #1 at 3304 Parsons Road was sold in June 2010 for \$75.57 per sq ft. and included a building with 38,373 sq. ft. on a 1.83 acre lot. Comparable #2 at 4115 101 St was sold in December 2010 for \$86.68 per sq ft. and included a building with 44,994 sq ft. on a 2.57 acre lot. Comparable #3 at 7603 McIntyre Road was sold in December 2010 for \$110.62 per sq ft. and included a building with 40,000 sq ft. on a 3.66 acre lot. The average net leasable area of the sales comparables was 41,122 sq. ft., average lot size was 2.69 acres, while average price per sq. ft. was \$90.96.

[9] The Network transaction sheets were included in the appendices to support the transactions. While the comparable sales are in close proximity to the subject, adjustments need to be made to account for the total lot size, year of construction, zoning and building size. When taken into consideration, a concluding unit valuation of \$85.00 per sq. ft. is appropriate for the subject property. The Complainant stated the result is a total property value of \$4,111,000 (truncated).

Position of the Respondent

[10] The Respondent indicated that a mass appraisal methodology was used to value individual properties. This involves a process whereby properties are stratified into groups of comparable property, common property attributes are identified for the properties in each group and a uniform valuation model is calibrated for each group using market information incorporating the property attributes (R-1, page 4).

[11] The Respondent advised that sales occurring from January 2008 through 2011 were used in model development and testing. Sales are validated by conducting site inspections and interviews, and by reviewing title transfers, sales validation questionnaires, and four data collection sources. 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; amount of finished area on the main floor as well as developed upper area (per building) (R-1, page 7).

[12] 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. 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 see a higher value per square foot, as each square foot has to account for the additional value attributable to the larger land area (R-1, page 8).

[13] The Respondent presented six sales comparables in support of the assessment. Sale #1 at 8210 McIntyre Road NW sold on January 4, 2011 with a 41,991 sq ft building for a time adjusted sale price of \$4,600,000. It had a 28% site coverage and sold for a time adjusted price of \$109.55 per sq. ft. Sale #2 at 5704 92 Street NW sold on July 30, 2008 with a 23,880 sq. ft. building for an adjusted sale price of \$2,333,000. It had 46% site coverage and sold for a time adjusted price of \$97.70. Sale #3 at 4004 99 St NW sold on January 2, 2009 with a 38,859 sq. ft. building for an adjusted sale price of \$4,370,920. It had a 45% site coverage and sold for a time adjusted price of \$112.48 per sq. ft. Sale #4 at 12930 148 St NW sold on September 22, 2010 with a 44,101 sq ft building for an adjusted sale price of \$4,200,000. It had 34% site coverage and sold for a time adjusted price of \$95.24 per sq. ft. Sale #5 at 16440 130 Ave NW sold on January 19, 2011 with a 30,752 sq. ft. building for an adjusted sale price of \$2,925,000. It had 31% site coverage and sold for a time adjusted price of \$95.12 per sq. ft. Sale #6 at 9333 45 Avenue sold on July 10, 2008 with a 25,530 sq. ft. building for a time adjusted sale price of \$3,266,200. It had 29% site coverage and sold for a time adjusted price of \$127.94 (R-1, page 22).

[14] The subject property has a 48,370 sq. ft. building and is assessed at \$4,588,000. It has 33% site coverage and is assessed at \$94.85 per sq ft, well within the range of the sales comparables.

[15] The Respondent pointed out that the Complainant's sale #1 had a 15% higher site coverage than the subject, sale #2 was vacant at sale date, and sale #3 was 24 years newer than the subject.

Decision

[16] The decision of the Board is to confirm the 2012 assessment of \$4,588,000.

Reasons for the Decision

[17] The Board reviewed evidence and testimony of both the Complainant and the Respondent and found the Respondent's evidence and testimony to be more compelling.

[18] The Board was satisfied that the subject property with site coverage of 33% would best be compared with sales comparables having site coverage close to that of the subject. The Respondent presented four sales comparables with site coverage within 5% of the subject.

[19] The Board was not convinced by the Complainant's comparables that site coverage differences were adequately adjusted nor was age of comparables sufficiently considered.

[20] The Board was persuaded by the Respondent's sale comparables numbers 1,4,5,6, with site coverage of 28%, 34%, 31% and 29% respectively. These sales took place at an adjusted sale price per sq. ft. ranging from \$95.12 to \$127.94 supporting the subject assessment at \$94.85.

[21] Jurisprudence has established that the onus of showing an assessment is incorrect rests with the Complainant. The Board finds that the Complainant's evidence was neither sufficient nor compelling enough to enable the Board to form an opinion as to the incorrectness of the assessment.

Dissenting Opinion

[22] There was no dissenting opinion.

Heard commencing November 6, 2012.

Dated this 30th day of November, 2012, at the City of Edmonton, Alberta.

Robert Mowbrey, Presiding Officer

Appearances:

Greg Jobagy

Stephen Cook

for the Complainant

Marty Carpentier

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.