

Edmonton Composite Assessment Review Board

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of
Edmonton, 2012 ECARB 2327**

Assessment Roll Number: 3171352
Municipal Address: 10604 105 AVENUE 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 warehouse located at 10604 - 105 Avenue. The building has an effective year built of 1974 and comprises 30,949 square feet (sf) of main floor space, (25,184 sf of warehouse, 4,300 sf of office and 5,765 sf of finished mezzanine space). The site is 1.09 acres in size resulting in site coverage of 53%. The 2012 assessment is \$2,859,500.

Issue

[3] Is the 2012 Assessment excessive in relation to market value?

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 assessment of \$2,859,500 is in excess of market value. In support of this position, the Complainant submitted a 22-page evidence package marked as Exhibit C-1.

[6] The Complainant provided the Board with property details, maps and photographs of the subject property (Exhibit C-1, pages 4 - 6). The Complainant noted the subject property had minimal excess land.

[7] The Complainant advised the Board about assessment and valuation and how the subject property was evaluated by the Complainant. From the Complainant’s evidence package regarding the valuation methodology utilized by the Complainant, “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, tenancy, location, etc. Within this approach, the property being reviewed is compared to properties that have sold recently and considered to be relatively similar to the subject.” (Exhibit C-1 page 7).

[8] The Complainant presented five sales comparables to the Board, all of which sold within 18 months of the valuation date. The sales comparables were all warehouses which ranged in size from 29,201 sf to 41,349 sf, and with sites ranging from 1.50 to 3.36 acres. The price per sf ranged from \$61.67 to \$96.31. The average selling price per square foot of the five sales based on total building area was \$76.65. The Complainant stated that with adjustment for variances in zoning, lot size and age, the subject property should reflect a unit value of \$85.00 per sf or \$2,630,500.

[9] In support of the effect of zoning on value, the Complainant provided a report (Exhibit C-1, page 14) which indicated average sale price per sf of properties zoned IB, IM and IH. The report also charted the number of sales, average building and lot size, average site coverage and average sale price per sf for each zoning category.

[10] Accordingly, the Complainant requested that the subject assessment be reduced to \$2,630,500.

Position of the Respondent

[11] The Respondent presented the Board with a 37-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.

[12] The Respondent explained to the Board that the subject assessment and similar assessments were prepared using the Direct Sales Comparison assessment methodology for value for the 30,948 sf building. The Respondent advised the Board that the City was mandated to use mass appraisal for assessment purposes.

[13] The Respondent advised the Board that for the 2012 annual assessment the sales comparison approach was employed. This was because there was ample data from which to derive reliable value estimates and only a portion of the inventory was traded on its ability to generate income. A large percentage of industrial property in Edmonton is owner-occupied, and as such has no income attributable to it.

[14] The Respondent provided the Board with photographs and maps detailing the subject property (Exhibit R-1, pages 4-6).

[15] To support the City of Edmonton's assessment of the subject property, the Respondent provided the Board with four sales comparables. The sales comparables ranged in effective year built from 1971 to 1977 as compared to the subject's 1974. The total building areas of the sales comparables ranged from 13,330 sf to 35,380 sf as compared to the subject's 30,949 sf. The site coverage ranged from 43% to 79% as compared to the subject's 53%. All the sales comparables were, like the subject, in average condition. The time-adjusted selling price per square foot, based on total building area, ranged from \$91.38 to \$117.92 (Exhibit R-1, page 16).

[16] In critique of the Complainant's comparables, the Respondent provided in its Exhibit R-1, page 16, a summation of the Complainant's comparable properties and individual comments relating to their relevance and validity. The Respondent stated that the Complainant's sale 1 exhibited 19% site coverage versus the subject's 53%; sale 2 required nearly \$200,000 in roof repairs as well as office renovations, costs unaccounted for in the analysis and reflected 45% site coverage, and; sale 5 was substantially older than the subject, leased at below market rates at the time of sale and it exhibited 31% site coverage. The Respondent further stated the first four of the five sales were vacant at the time of purchase and concluded that all of these issues discredited the Complainant's comparables.

[17] The Respondent advised the Board the subject property and other similar properties were assessed using the direct sales assessment methodology. The subject property was built in 1974, is in average condition, and has a site coverage ratio of 53%.

[18] The Respondent asked the Board to confirm the 2012 assessment of \$2,859,500.

Decision

[19] The decision of the Board is to reduce the 2012 assessment of \$2,859,500 to \$2,630,500.

Reasons for the Decision

[20] The Board considered the Respondent's critique of the Complainant's sales comparables as summarized in the preceding paragraph 17, particularly that the Complainant's sale 1 exhibited 19% site coverage versus the subject's 53%; sale 2 required nearly \$200,000 in roof repairs as well as office renovations, costs unaccounted for in the analysis and reflected 45% site coverage, and; sale 5 was substantially older than the subject, leased at below market rates at the time of sale and it exhibited 31% site coverage.

[21] The Board considered the Respondent's position that vacancy within comparable sales was a negative aspect which would reduce the sales price per sf in most cases. The Board however heard that 2/3 of industrial properties in Edmonton were owner occupied and it was persuaded by the Complainant's argument that vacancy could well be seen as an advantage rather than a disadvantage in the sale of a property.

[22] The Board noted that the Complainant's comparable sale 2, even when adjusted for the additional cost associated with the renovation and roof repair, supported the requested reduction.

[23] The Board in its analysis of the comparable sales noted that the best comparables when considering age, condition, location, site coverage and size were the Respondent's sales 3 (\$91.38 per sf) and 4 (\$93.27 per sf) and the Complainant's sales 2 (\$73.10 per sf, adjusted to include re-roofing cost) and 3 (\$73.41 per sf). These four comparables reflected an average of \$82.79 per sf and a weighted average of \$83.51 per sf.

[24] The Board noted the 2012 assessment was \$92.39 per sf. The Board further noted the reduced assessment as requested by the Complainant was \$85.00 per sf, 8% less than the 2012 assessment.

[25] 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, particularly when reviewed in concert with the Respondent's most relevant evidence, sufficient and compelling enough to enable the Board to form an opinion as to the incorrectness of the assessment.

Dissenting Opinion

[26] There was no dissenting opinion.

Heard commencing November 5, 2012.

Dated this 28th day of November, 2012, at the City of Edmonton, Alberta.

Robert Mowbrey, Presiding Officer

Appearances:

Greg Jobagy

Stephen Cook

for the Complainant

Joel Schmaus

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.