

## **Edmonton Composite Assessment Review Board**

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of  
Edmonton, 2012 ECARB 2332**

**Assessment Roll Number:** 8480550  
**Municipal Address:** 4601 99 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 advised the parties that they had no bias on this file.

### **Background**

[2] The subject property is a medium warehouse located at 4601 99 Street. The building was constructed in 1975 and has site coverage of 39%. The subject property has a total building area of 23,039 square feet and the building is assessed in average condition. The 2012 assessment is \$2,680,000.

### **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 \$2,680,000 is in excess of market value. In support of this position, the Complainant submitted a 21-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, 6 and 11).

[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 four 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 12,724 square feet to a high of 38,373 sf and the site coverage ranged from a low of 23% to a high of 48%. By incorporating this time frame, there is 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 second sale was zoned IM, the same as the subject property. Two of the four sales were zoned IM and the fourth sale was zoned IH (Exhibit C-1, page 10).

[9] The Complainant advised the Board that the selling price per square foot of total building area ranged from a low of \$73.13 to a high of \$104.96 (Exhibit C-1, page 10).

[10] The Complainant advised the Board that the adjustments needed to be made are for age, total size, zoning and building size. Therefore, the Complainant concluded a unit value of \$90.00

per square foot is appropriate for the subject property. The resulting total is \$2,073,500 truncated (Exhibit C-1, page 10).

[11] During cross-examination by the Complainant regarding the Respondent's evidence, the Respondent disclosed that no adjustments had been made to the Respondent's sale comparables regarding land size and age.

[12] During argument and summation, the Complainant advised the Board it had presented sales from the Southeast quadrant and chosen sales that were similar in building size, site coverage and lot size to the subject property.

[13] With the Complainant having the last word, the Complainant stated the Respondent had five out of the seven sale comparables with larger land parcels than the subject property. In addition, the Respondent's sale comparables were dated and five of the seven sale comparables of the Respondent had significantly lower site coverages.

[14] The Complainant requested the Board to reduce the 2012 assessment to \$2,073,500.

### **Position of the Respondent**

[15] The Respondent presented the Board with a 41-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 37).

[17] The Respondent said that 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 37).

[18] The Respondent added that 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 38).

[19] The Respondent provided the Board with maps and photographs detailing the subject property (Exhibit R-1, pages 5-18).

[20] To support the City of Edmonton's assessment of the subject property, the Respondent provided the Board with seven sales comparables. The seven sales comparables ranged in age from 1972 to 1992. The total building area ranged in size from 19,903 square feet to 41,991 square feet. The site coverage ranged from 25% to 46% and all of the comparables were in average condition. Sale#6 (4004 99 Street) was on a major arterial road, the same as the subject property. The other six sale comparables were not on a major arterial road. The time-adjusted

selling price per square foot of total building area ranged from a low of \$97.70 to a high of \$144.14 (Exhibit R-1 page 20).

[21] The Respondent brought the Board's attention to the Complainant's sale #2 (9719 63 Avenue) stating the sale comparable was vacant at time of sale and upon inspection, the property was completely gutted and undergoing interior and exterior renovations. In addition, there had been extensive water damage and had mould on 30 to 40% of the exterior walls. The Respondent notes that upon inspections and conversation with the owner, the property was sold as in "fair" condition (Exhibit R-1, pages 28-29).

[22] Regarding sale #3 (9405 58 Avenue) of the Complainant, the Respondent stated the property was vacant at the time of sale and did not feature a heating system at the time of sale (Exhibit R-1, pages 30-31).

[23] The Respondent commented on the Complainant's sale #2 (3304 Parsons Road), noting that four of the main floor bays were leased at rates below market, and the mezzanine is also leased at rates below market. The space was acquired based on a future upside.

[24] During argument and summation, the noted that two of the four sale comparables of the Complainant have leases below market rates and only two sale comparables are on a major arterial road. In addition, two sale comparables have condition issues.

[25] The Respondent requests the Board to confirm the 2012 assessment of \$2,680,000.

### **Decision**

[26] The decision of the Board is to confirm the 2012 assessment of \$2,680,000.

### **Reasons for the Decision**

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

[28] The Board was persuaded by the Respondent's sales comparable chart which indicates the median time-adjusted selling price per square foot of total area of \$124.36 supports the assessment.

[29] The Board is further persuaded by the Respondent's comments detailing the Complainant's sale comparable issues. Only two out of the four were on a major arterial road as is the subject property. Two sale comparables of the Complainant had leases that were below market and two had condition issues. The number of issues regarding the Complainant's sale comparables made comparability to the subject property most difficult.

[30] The Board is not concerned with the fact that some of the comparables of both the Complainant and Respondent have vacancy issues at the time of sale. As has been pointed out by

both parties, the industrial warehouse inventory is purchased by owner-occupiers of two-thirds of the warehouse market. Therefore, two-thirds of the industrial warehouse market intends to move in after purchase and become an owner-occupier.

### **Dissenting Opinion**

[31] 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.

---

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.*