

## **Edmonton Composite Assessment Review Board**

**Citation: AEC International v The City of Edmonton, 2013 ECARB 01374**

**Assessment Roll Number:** 9954938

**Municipal Address:** 10151 31 Avenue NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**AEC International**

Complainant

and

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

Respondent

---

**DECISION OF**  
**George Zaharia, Presiding Officer**  
**Howard Worrell, Board Member**  
**Judy Shewchuk, Board Member**

---

### **Procedural Matters**

[1] When asked by the Presiding Officer, the parties did not object to the composition of the Board. In addition, the Board Members indicated no bias in the matter before them.

### **Preliminary Matters**

[2] There were no preliminary matters.

### **Background**

[3] The subject property is an industrial warehouse located at 10151 31 Avenue NW in the Parsons Industrial neighbourhood. There are two buildings on site. Building one, built in 1980, comprises 23,954 square feet of total main floor space that includes 7,270 square feet of main floor office space, and 7,168 square feet of upper area finished office space. Building two, built in 1980, comprises 12,030 square feet of total main floor space only. The two buildings are situated on a lot 259,150 square feet (5.95 acres) in size with site coverage of 14%.

[4] The subject property was valued on the direct sales approach resulting in a 2013 assessment of \$6,980,500 (\$161.77 per square foot, total building floor space).

### **Issue**

[5] Is the 2013 assessment of the subject property too high based on sales of similar properties?

## **Legislation**

[6] **The *Municipal Government Act*, RSA 2000, c M-26, reads:**

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] In support of his position that the 2013 assessment of the subject property is excessive, the Complainant presented a 15-page brief (Exhibit C-1). The Complainant argued that based on an analysis of sales of similar properties with low site coverage, as has the subject, the assessment of the subject property was too high.

[8] The Complainant argued that due to the fact that the subject property has limited access and has a negative shape, that the assessment should be reduced. He stated that his own sale comparables would sell for more than the subject due to better accessibility and visibility.

[9] The Complainant presented two sets of sale comparables in support of his position that the assessment of the subject exceeded its market value. The first set of comparables, that included eight sales of properties with significantly higher site coverage, were not utilized. Instead the Complainant relied on his second set of five sale comparables that had lower site coverage, as does the subject.

[10] The second set of comparables sold between October 14, 2009 and June 7, 2012 for time-adjusted sales prices ranging from \$102 to \$168 per square foot (considered an outlier), resulting in a median of \$113 per square foot. The building sizes of the comparables ranged from 21,000 to 38,913 square feet, compared to the size of the subject at 43,152 square feet. The site coverage of the comparables ranged from 13% to 20% compared to the subject's 14% site coverage (Exhibit C-1, page 8).

[11] The Complainant submitted a rebuttal, providing a reproduction of the Respondent's page 28, removing some columns and making adjustments to account for land size. Consequently, the “adjusted” time-adjusted sale prices of the Respondent's three sale comparables ranged from \$149 to \$206 per square foot rather than the original \$154 to \$262 per square foot. The time-adjusted sale prices of the Complainant's second set of five sale comparables minus the second

sale that was a government expropriation sale, ranged from \$113 to \$187 per square foot rather than the original \$102 to \$168 per square foot. (Exhibit C-2, page 2)

[12] In summation, the Complainant argued that two building properties (as is the subject) with an aggregate square footage the same as a single building, would trade in the same range as the single building property. He further argued that building construction starting in the 1990's was different from the construction prior to the 1990's, in that the ceiling heights went "through the roof".

[13] In conclusion, the Complainant requested that the 2013 assessment of the subject property be reduced from \$6,980,500 to \$4,876,000, based on a value of \$113 per square foot.

### **Position of the Respondent**

[14] The Respondent stated that the 2013 assessment of the subject was fair and equitable. To support his position, the Respondent presented a 64-page assessment brief (Exhibit R-1) that included the law and legislation brief.

[15] The Respondent submitted information addressing mass appraisal which is a methodology for valuing individual properties using typical values for groups of comparable properties. Factors found to affect value in the warehouse inventory in decreasing importance are: total main floor area, site coverage, effective age, building condition, location, main floor finished area, and upper floor finished area. The Respondent also addressed multiple building accounts, where each building is analyzed for its contributory value to the property. (Exhibit R-1, pages 8 to 15)

[16] The Respondent stated that there were higher costs to construct multiple buildings, and that multiple building properties traded differently from single building properties. He suggested that *income generated from smaller bay sizes, associated with smaller buildings, are typically higher than larger spaces* (Exhibit R-1, page 12).

[17] The Respondent acknowledged that the subject property had one access point, but stated that the subject was an industrial property with good truck access, and was near a major road.

[18] The Respondent submitted sales of three comparables that occurred between July 17, 2008 and June 14, 2010. The properties sold for time-adjusted sales prices ranging from \$154.30 to \$262.41 per square foot for total building floor space, with the subject's \$161.77 per square foot assessment falling at the lower end of this range. The comparables were reasonably similar to the subject as follows: the three comparables had two buildings as does the subject; the age of the subject built in 1980 is the same age as one of the comparables, and older than two of the comparables, both built in 1998; the 14% site coverage of the subject fell within the range of the comparables from 8% to 20%; and the subject's total building floor space at 43,152 square feet fell within the range of the comparables from 40,020 to 62,887 square feet. (Exhibit R-1, page 28)

[19] The Respondent provided a review of the Complainant's two sets of sales comparables. Since the Complainant had advised that he was placing his emphasis on the second set of sales comparables, the Respondent's review will be limited to that group of sales. It was the Respondent's position that due to building count, age, and lot size, all the comparables would require an upward adjustment to the time-adjusted sale prices that ranged from \$100.46 to \$167.89 per square foot. (Exhibit R-1, page 28)

[20] In summation, the Respondent argued that if the Complainant wanted specific information about the details of the assessment, he could have made a MGA s.299 application. This was in response to the Complainant's inquiry as to why there were no individual building values for the two buildings on the subject property.

[21] In conclusion, the Respondent requested that the Board confirm the 2013 assessment of the subject property at \$6,980,500.

### **Decision**

[22] The decision of the Board is to reduce the 2013 assessment of the subject property from \$6,980,500 to \$5,825,500 based on a value of \$135 per square foot.

### **Reasons for the Decision**

[23] In support of his sales/equity comparables, the Complainant submitted aerial photographs of the properties, rather than detailed reports usually provided by third party sources. These third party reports include zoning, site size and site coverage ratio, building size, sale terms, description of the improvement(s), and a commentary of matters that may affect the value of the property. The aerial photographs lacked detailed information, were not instructive, and therefore of minimal value to the Board. However, the Respondent did include in his evidentiary package, third party information, as well as City generated information, about the Complainant's comparables, so the Board did receive the necessary information to make an informed decision.

[24] The Board placed more weight on the evidence and argument put forward by the Complainant for the following reasons:

- a) The ages and site coverage of the sales comparables were tighter to the subject.
- b) To address the concerns of the Respondent as to site coverage and the cost of land, the Complainant provided a review of his own sales comparables resulting in adjusted time-adjusted sale prices that averaged \$134.75 per square foot, suggesting that the \$161.77 assessment of the subject property was too high. The Respondent did not refute the Complainant's review of all of the comparables.
- c) The Board concurred with the Complainant that the subject did have inferior visibility compared to the Respondent's sales comparables, as well as the Complainant's comparables.

[25] By applying the "adjusted" time-adjusted sale price determined by the Complainant after making adjustments for land size, the Board determined that a fair and equitable assessment of the subject property would be \$5,825,500 based on a value of \$135 per square foot.

[26] The Board placed less weight on the evidence provided by the Respondent for the following reasons:

- a) Two of the three comparables were eighteen years newer than the subject.
- b) The Respondent's sale comparable no. 2 has a lot size more than three times the size of the subject, and has main floor space only, requiring a significant downward adjustment.

- c) The Respondent's sales comparables had much superior visibility with access, in two cases, to major roads. In contrast, the subject backs onto a railroad and has no visibility from 99<sup>th</sup> street, the closest major road.


[27] The Board was persuaded that a reduced 2013 assessment of the subject property at \$5,825,500 was fair and equitable.

**Dissenting Opinion**

[28] There was no dissenting opinion.

Heard September 23, 2013.

Dated this 23<sup>rd</sup> day of October, 2013, at the City of Edmonton, Alberta.



George Zaharia, Presiding Officer

**Appearances:**

John Smiley  
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.*