

Edmonton Composite Assessment Review Board

**Citation: Colliers International Realty Advisors Inc. v The City of Edmonton, 2013
ECARB 01538**

Assessment Roll Number: 8873499
Municipal Address: 8804 53 Avenue NW
Assessment Year: 2013
Assessment Type: Annual New

Between:

Colliers International Realty Advisors Inc.

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Lynn Patrick, Presiding Officer
Brian Carbol, Board Member
Brian Frost, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer, the parties indicated that they had no objection to the composition of the Board. In addition, the Board members each indicated they had no bias in respect to this matter.

Preliminary Matters

[2] There were no preliminary matters raised by the parties.

Background

[3] The subject property is a two building commercial property, the larger of which is 21,719.3 square feet and the smaller of which is 14,677.8 square feet for a total of 36,397 square feet (rounded), situated upon a 1.697 acre parcel located in the McIntyre Industrial neighborhood at 8804 53 Avenue NW. The assessment was done on the basis of site coverage of 45%, effective age of 1978/1980 and average condition. The assessment approach is direct sales comparison resulting in an assessment of \$4,000,500 or \$109.91 per square foot.

Issue

[4] Is the assessment of the subject property too high in relation to market value?

Legislation

[5] 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

[6] The Complainant submitted that the assessment of the subject exceeds the market value of the property and provided three direct sales comparables in support of the submission as set forth in Exhibit C-1. All three comparables are in proximity to the subject being in the south east quadrant of the City. The other characteristics contended by the Complainant to establish similarity to the subject are age, zoning, net leasable area, lot size, and site coverage. The time-adjusted sale price per square foot of the three comparables produces an average of \$100.37 per square foot. However, the Complainant seeks a unit valuation of \$90.00 per square foot.

[7] The sales of the comparables took place between June 02, 2010 and December 23, 2010 and received time adjusted sale prices per square foot ranging from \$85.76 to \$120.75. The year of construction ranges from 1969 to 2001. The size ranges from 38,373 square feet to 44,994 square feet and the lot sizes range from 1.83 acres to 3.66 acres resulting in a range of site coverage of 25% to 48%. The zoning of two of the lots is IB and the third is IM, the same as the subject. The Complainant contends that the two best comparables are the first two in the chart on page 10 of Exhibit C-1 located at 3304 Parsons Road and 4115 101 Street which yield time adjusted prices per square foot of \$85.76 and \$94.61 and form the basis for the requested valuation of \$90.00 per square foot. The remaining characteristic is that the comparables are single building properties and the subject is a two building property. Notwithstanding that difference the Complainant contends that its comparables are superior to the subject.

[8] In summary the Complainant argued that the Respondent's comparables were invalid sales. Sale number one involved a vendor-take-back mortgage and is considerably smaller than the subject. Sales two and three were multiple property portfolio sales and both were much larger than the subject as noted from the sales data sheets from “The Network” contained in the Respondents evidence.

Position of the Respondent

[9] The Respondent submitted a fifty-seven page brief (Exhibit R-1), in support of its assessment. The Respondent drew attention to the mass appraisal portion of the brief noting that, in respect to the warehouse inventory, the factors affecting the value are, in descending importance, main floor area, site coverage, age, condition, location and finish. The methodology for multiple building sites involves analyzing each building and producing a single assessment of the aggregate market value. The assessment detail on page 20 of Exhibit R-1 reflects the assessment of each of the two buildings on the subject site aggregated to produce one assessment.

[10] In support of the assessment the Respondent provided three sales comparables, all being multiple building sales. The main floor areas of the comparables are 18,534, 59,655 and 63,093 square feet respectively compared to the subject which is 33,133 square feet. The site coverage of the comparables is 35%, 44% and 36% compared to the subject which is 45%. The effective age range of the comparables is 1975/77, to 1979 compared to the subject which is 1978/80. The condition of all the comparables and the subject is average and they are all located in the south east quadrant to the City of Edmonton.

[11] The Respondent contends that single building properties are not valid comparables to multiple building properties and notes the analysis of the comparables of the Complainant and the Respondent set out in the chart on page 32 of Exhibit R-1. The time-adjusted sale prices of the two building properties are higher than those of the Complainant with the exception of sale number three of the Complainant. The Respondent suggests that the age of that property is the reason for the higher price. The Respondent further submits that there are other factors such as cost and size of rental units that may influence the higher market value of multiple building properties and refers the Board to the mass appraisal portion of Exhibit R-1 at page 8.

Decision

[12] The assessment is reduced to \$3,552,500.

Reasons for the Decision

[13] The Board finds that the difference in market value between single and multiple building properties as contended by the Respondent is not supported by the evidence of the Respondent. The comparable sales submitted by the Respondent each raised questions about their validity based upon comments in the industry information sheets supplied by the Respondent for each of its comparable sales. Sales of property portfolios such as occurred with respect to comparables two and three of the Respondent bring about the question of the assignment of values to the properties making up the portfolio as contrasted to the typical arms length sales between motivated sellers and buyers. Sales comparable number one of the Respondent is reported to involve unusual financing by way of a vendor-take-back mortgage which raises a question about whether it becomes an incentive to reach a higher sale price. Moreover the Board finds that the sale number three in the Complainants' evidence, being a single building property, was at a higher price than any of the multi-building comparables offered by the Respondent.

[14] The Board notes that, although the Complainants' request for a unit value of \$90 per square foot is based on an approximate average of the first two of its sales comparables, the inclusion of the third comparable is considered to be appropriate. Since it is notable in respect to the multi-building consideration, the Board finds it ought to be considered in the calculation of an average unit value which is \$97.60 per square foot and which then provides an assessed value of the subject of \$3,552,356.88 rounded to \$3,552,500.

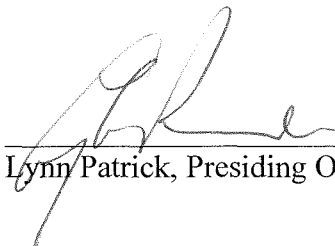
[15] The Board notes that although the Complainants' comparables are not strongly similar to the subject they are not invalid sales and thus are given preference over the Respondents' sales comparables because those sales do raise questions about validity to the extent that they are given less weight than those of the Complainant.

Dissenting Opinion

[16] No dissenting opinion.

Heard commencing August 22, 2013.

Dated this 20th day of September, 2013, at the City of Edmonton, Alberta.



Lynn Patrick, Presiding Officer

Appearances:

Stephen Cook, Colliers International
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.