

Edmonton Composite Assessment Review Board

Citation: Colliers International Realty Advisors Inc v The City of Edmonton, 2013 ECARB 01550

Assessment Roll Number: 1523067
Municipal Address: 11603 165 Street 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
Petra Hagemann, Presiding Officer
Brian Frost, Board Member
Lillian Lundgren, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer, the parties before the Board indicated no objection to the Board's composition. In addition, the Board Members indicated no bias with respect to this file.

Background

[2] The subject property is a medium warehouse constructed in 1979 and located in the Norwester Industrial neighborhood of North West Edmonton. The building is 53,851 square feet (sq ft), of which 15,049 sq ft is main floor office space. The lot size is 130,674 sq ft or 3.0 acres with site coverage of 41%. For the 2013 assessment, the subject has been valued by the direct sales approach resulting in a value of \$4,647,500 or \$86.30/sq ft.

Issues

[3] Is the 2013 assessment of the subject property too high based on the sale of the subject property?

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

[5] Is the 2013 assessment of the subject property fair and equitable based on assessments 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] The Complainant provided a 23 page brief, (Exhibit C-1), and a 32 page rebuttal, (Exhibit C-2), explaining that the 2013 assessment of the subject property at \$4,647,500 or \$86.30/sq ft was too high. The Complainant stated that the sale of the subject property, sales and assessments of similar properties indicated that a market value of \$70.00/sq ft should be applied to the subject, (Exhibit C-1, pages 7 & 8).

[8] In support of its position regarding sale of the subject property, the Complainant provided a copy of the Network document which confirmed that the sale of the subject took place on May 21, 2010, for a consideration of \$3,275,000, (Exhibit C-1, page 20).

[9] The Complainant provided a copy of a July 2011 CARB decision wherein it was concluded that the arms length sale of the subject property is the best indicator of value, (Exhibit C-1. Pages 16 – 19).

[10] The Complainant argued that the subject property is in excess of market value. In support of this position, the Complainant submitted four sale comparables of similar properties located in northwest Edmonton. The sales occurred between September 2010 and November 2011 with time adjusted sale prices ranging from \$51.98 to \$68.40/sq ft. The comparable properties ranged in size from 33,116 to 84,854 sq ft and were zoned IH, IM and IB. The year of

construction ranged from 1965 to 1978 and their site coverage ranged from 14% to 65% (Exhibit C-1, page 8). The average value of these three sale comparables was \$60.54/sq ft.

[11] The Complainant stated that after adjustments are made to the comparables for building size, zoning, age and site coverage, the indicated value of the subject property is \$70/sq ft.

[12] In critique of the Respondent's sale comparables, the Complainant noted that three of the building sizes were between two and seven times larger than the subject property. Sale #6 is located on a lot of 1,017,311 sq ft, considerably larger than the 130,674 sq ft lot of the subject. Further, the Complainant stated he was unable to find the Respondent's sale #5 when searching The Network.

[13] In support of their position that the assessment was not equitable, the Complainant submitted three assessments of similar properties located in northwest Edmonton. The properties reflected assessments ranging from \$64.27 to \$70.77/sq ft. These properties ranged in size from 54,970 to 84,854 sq ft and were zoned IB. The year of construction ranged from 1966 to 1976 and the site coverage ranged from 46% to 65% (Exhibit C-1, page 8). The average assessment of these three comparables was \$67.28/sq ft. The Complainant stated that based on the assessments of these comparable properties, the assessment of the subject should be reduced to \$70/sq ft.

[14] In rebuttal, (Exhibit C-2), the Complainant addressed the Respondent's sales comparables, noting that only three, #1, #4 and #6 of the Respondent's six comparable sales were similar in size to the subject property. Sale #6 was most comparable. Its assessment at \$70.95/sq ft supports the requested reduction.

[15] The Complainant also enclosed two board orders (Exhibit C-2, pages 18 - 31) that agreed that the sale of the subject property was the best indicator of value.

[16] Based on the May 2010 sale of the subject at \$3,275,000 and supported by the direct sales and equity comparisons which indicated an assessment of \$70/sq ft to be appropriate, the Complainant requested that the Board reduce the 2013 assessment of the subject property from \$4,647,500 to \$3,683,500, (\$67.51 per sq ft).

Position of the Respondent

[17] The Respondent submitted a 55 page brief, (Exhibit R-1), in support of the 2013 assessment of the subject property, at \$4,647,500.

[18] The Respondent submitted seven comparable sales (Exhibit R-1, pg 11) including the sale of the subject, all located in northwest Edmonton. These sales occurred between April 2010 and June 2012, with time-adjusted prices ranging from \$79.35 to \$106.47/sq ft and site coverage ranging from 34% to 46%. The Respondent added that the sale of the subject property was time-adjusted to \$68 per sq ft. The Comparables ranged in size from 44,101 to 399,987 sq ft. The Respondent explained that the sale of the 399,987 sq ft building was included to show that while economies of scale suggest the price for such a large property would be much less on a sq ft basis, it in fact shows the subject property assessment to be if nothing else, too low as it is.

[19] In critique of the Complainant's sale comparables, the Respondent pointed out that while comparable in land size, the building sizes were in one case about 10,000 sq ft smaller and in the

other two cases, 15,000 and 20,000 sq ft larger than the subject property, hence skewing site coverage ratios.

[20] The Respondent further added that the Complainant's sale #1 was a multi parcel purchase of two roll numbers including 5 buildings with a combined assessment of \$5,920,500. The sale price of \$1,539,731 for this comparable is not a reasonable reflection of market value. The second sale was negotiated at a reduced price due to required roof repairs of \$850,000. The fourth sale, while valid, was deemed to have occurred at the low end of the market.

[21] In support of equity, the Respondent submitted six assessments of similar properties located in northwest Edmonton. Their assessments ranged from \$85 to \$87/sq ft. The comparable properties ranged in size from 38,369 to 65,398 sq ft and were all in neighborhood group 17. The year of construction of the comparables ranged from 1971 to 1983 and their site coverage ranged from 36% to 45% (Exhibit C-1, page 8).

[22] The Respondent pointed out that the ranges for the equity comparables were in all instances very tight and were conclusive evidence that the assessment of the subject property is fair and equitable.

[23] In conclusion the Respondent asked that the Board confirm the 2013 assessment for the subject property at \$4,647,500.

Decision

[24] The 2013 assessment is confirmed at \$4,647,500, (86.30/sq ft).

Reasons for the Decision

[25] The Board reviewed the Complainant's sales comparables. The first sale was non arms length. The second sale was suspect as there was a confirmed \$850,000 roof repair that influenced the purchase price. The Complainant's third sale appeared to be the best comparable yet the building was 20,000 sq ft larger resulting in a 57% site coverage as compared to the subject's 41% site coverage. The fourth sale was 15 years older than the subject, was 10,000 sq ft smaller and had only 31% site coverage. The Board determined that the Complainant's sale comparables did not provide satisfactory support to a reduction in the assessment.

[26] The Board was persuaded by the Respondent's sale comparables. While there were some building and land size variances, site coverage was similar and their time adjusted sale prices supported the assessment of the subject.

[27] The Board considered the Complainant's equity comparables, all of which were larger than the subject, exhibited greater site coverage, and in one case was a two building property that was significantly larger than the subject property. The Board placed little weight on this evidence.

[28] The Board was persuaded by the Respondent's equity comparables which were similar to the subject in location, age, site coverage, lot size and building size. Their assessments support the 2013 assessment of the subject.

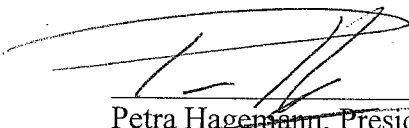
[29] Finally, the Board turned its consideration to the May 2010 sale of the subject property. The Board is mindful of the decisions relating to the significance of the sale of the subject property. The Board notes that the Queen's Bench decision states that generally speaking, the recent sale price is the most realistic and reliable. However in this case the Board does not accept the sale of the subject property as the best indication of market value. The subject property sold three years prior to valuation date for \$68/sq ft which falls well below the range of the Respondent's sale comparables. Furthermore, the Network report noted current lease rates were below market, inferring the sale price may have been negatively affected. There was no evidence of validation of the sale details. Although the Board recognizes that the sale of the subject is evidence of market value, it was not convinced that this sale was the strongest and best indicator of the market value of the subject property.

Dissenting Opinion

[30] There was no dissenting opinion.

Heard commencing September 9, 2013.

Dated this 23rd day of September, 2013, at the City of Edmonton, Alberta.



Petra Hagemann, Presiding Officer

Appearances:

Stephen Cook
for the Complainant

Luis Delgado, Assessor
Scott Hyde, Assessor
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.