

## **Edmonton Composite Assessment Review Board**

**Citation: Baramy Investments Ltd. (Altus Group) v The City of Edmonton, 2013 ECARB 01680**

**Assessment Roll Number:** 8638462

**Municipal Address:** 8630 Coronet Road NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**Baramy Investments Ltd. (Altus Group)**

Complainant

and

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

Respondent

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### **DECISION OF**

**Shannon Boyer, Presiding Officer**

**Darryl Menzak, Board Member**

**Mary Sheldon, Board Member**

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### **Procedural Matters**

[1] The parties to the hearing had no objection to the composition of the Board. The members of the Board did not report any bias or conflict of interest with respect to this matter.

### **Preliminary Matters**

[2] The Respondent requested that comments and submissions with respect to mass appraisal and the industrial warehouse inventory brief be carried forward, as far as relevant, from roll #1066380 to this file.

### **Background**

[3] The subject is a medium warehouse, constructed in 1975 and located in the Coronet Industrial subdivision of Edmonton as part of industrial group 12. There are two buildings on site. The total leasable main floor area for the two buildings combined is 49,902 square feet. The total area of the main floor office area for the two buildings combined is 21,482 square feet. (Building #1 has an area of 28,783 square feet, of which 15,091 square feet is main floor office. Building #2 has an area of 21,119 square feet, of which 6,390 square feet is main floor office.). There is no upper floor area in either building. The site coverage of the subject is 34.8%. The subject is assessed using the direct sales methodology and the 2013 assessment is \$6,197,000. The assessment includes a 10% negative rear building adjustment for building #2.

### Issue(s)

[4] The Complainant had attached a schedule of numerous issues to the complaint form filed. However, at the merit hearing, only one issue remained to be decided by the Board:

- Is the 2013 assessment of the subject appropriate when market data of the sales of comparable properties is considered?

### 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 presented an assessment brief, Exhibit C-1, in support of the position that the 2013 assessment of the subject is excessive.

[7] The Complainant submitted that the total building area of the two buildings on the subject is approximately 49,902 square feet and that a prospective purchaser would look at the totality of area of the two buildings combined. In this regard, the Complainant stated that the comparables to be presented were of large, single building warehouses with areas similar to the total building area of the subject.

[8] The Complainant presented a chart of the sales of four properties which, in the opinion of the Complainant, are similar to the subject. The range of year built for the properties is from 1968 to 1979 while the subject was constructed in 1975. Site coverage of the comparables ranges from 35% to 45% while the site coverage of the subject is 35%. Main floor office space for the comparables ranges from 2,583 square feet to 22,537 square feet while the combined main floor office space of the two buildings on site is approximately 21,500 square feet. All comparables are located in the same industrial group 12 as the subject. The time adjusted sale prices per square foot of leasable building area of the comparables range from \$84.33 to \$122.88 with an average time adjusted sale price per square foot of \$98.83 and a median of \$94.05.

[9] The Complainant argued that this evidence demonstrated that the assessment per square foot of the subject at \$124.18 is too high and that a value of \$95 per square foot would be appropriate.

[10] In response to questioning, the Complainant noted that third party documents stated that the leases for comparable #2 were well below market rates and that the sale price for comparable #4 had included an expense for roof repair. The Complainant also noted in response to questioning that comparable #1 involved three buildings plus another building in "fair" condition.

[11] The Complainant repeated that all the comparables presented were in the same industrial grouping as the subject and demonstrated that a value of \$95 per square foot would be appropriate for the subject.

[12] The Complainant requested that the Board reduce the 2013 assessment of the subject to \$4,740,500.

### **Position of the Respondent**

[13] In support of the position that the 2013 assessment of the subject is correct, the Respondent provided an assessment brief, Exhibit R-1.

[14] The Respondent drew the attention of the Board to the factors affecting value in the warehouse inventory (Exhibit R-1, page 8). The Respondent advised that those factors are, in descending order of importance, main floor area, site coverage, effective age, condition, location, main floor finished area as well as upper finished area.

[15] With respect to accounts involving multiple buildings on one roll number, the Respondent advised the Board that, while there is only one assessment for the account, each component is analyzed separately and the aggregate market value of the buildings is factored into the assessment.

[16] The Respondent stated further that with respect to two building properties, the value of two smaller buildings is generally higher than the value of one large building.

[17] The Respondent stated that the subject is located in industrial group 12, which is the major road south grouping, and that this is the second most desirable industrial location. The Respondent advised that building #1 on the subject fronts Argyll Road while building #2 has no access to that road. Accordingly, a 10% negative adjustment is applied to that building #2 for lack of access to the major road.

[18] The Respondent provided the Board with a chart of the sales of four properties which, in the opinion of the Respondent, are similar to the subject (Exhibit R-1, page 21). The Respondent advised that the first two comparables are two building accounts while the last two are single building accounts. The Respondent advised that the buildings on the single building comparables are approximately the size of an individual building on the subject. The Respondent also noted that the value per square foot of the single building comparables would be at the higher end of the range.

[19] The Respondent noted that none of the four sales comparables presented are in the same industrial grouping as the subject but are in inferior locations. The Respondent also noted that two of the comparables are superior in age and two are somewhat superior in site coverage. However, the Respondent argued that the time adjusted sale price per square foot of main floor space of the comparables ranges from \$113 to \$141 and that, with upward adjustments for location, this supports the assessment per square foot of the subject at \$124.

[20] In response to questioning, the Respondent stated that comparable #1 was not a portfolio sale and that while comparable #2 was part of a portfolio sale, the sale of the comparable was on a separate transfer document with an assigned value.

[21] The Respondent also recharted the sales comparables presented by the Complainant and noted the inferior ages, site coverage and sizes of some of the comparables. In particular, the Respondent pointed out that the first sales comparable presented by the Complainant consisted of three office buildings and a multi tenant office building with plumbing and foundation issues and a designated condition of "fair". In the opinion of the Respondent, this comparable is of little assistance in establishing value for the subject.

[22] In addition, the Respondent noted that the building sizes of the Complainant's comparables #2, #3 and #4 are larger when compared with the sizes of the separate buildings on the subject and that this would have a downward effect on the value per square foot.

[23] The Respondent requested that the Board confirm the 2013 assessment of the subject at \$6,197,000.

### **Rebuttal**

[24] The Complainant provided a rebuttal document, Exhibit C-2, subsequent to the Respondent's presentation.

[25] The Complainant advised the Board that none of the comparables presented by the Respondent were in the same superior industrial location grouping as the subject. The Complainant also advised that the effective age of the comparable #1 presented by the Respondent was almost thirty years newer than the subject and thus, not comparable.

[26] The Complainant stated that comparables #1 and #2 presented by the Respondent were both a part of portfolio sales and should not be considered. The Complainant presented an excerpt from The Standard on Verification and Adjustment of Sales – 2010 which cautioned that multiple-parcel sales required special consideration prior to being used for valuation purposes.

[27] The Complainant repeated the request that the Board reduce the 2013 assessment of the subject to \$4,740,500.

## **Decision**

[28] The decision of the Board is to confirm the 2013 assessment of the subject at \$6,197,000.

## **Reasons for the Decision**

[29] The Board notes that it is the responsibility of the Complainant to provide sufficient compelling evidence to allow the Board to doubt the correctness of the assessment.

[30] With respect to the evidence provided by the Complainant, the Board notes that comparable #1 is of little assistance in establishing value for the subject since it included several buildings, some in a state of poor repair and in "fair" condition while the subject is in average condition.

[31] The Board notes that the remaining three comparables presented by the Complainant are located in the same industrial grouping as the subject. However, one of those remaining comparables, #3, has a time adjusted sale price per square foot which supports the assessment of the subject even though it is inferior to the subject in terms of site coverage and main floor and main floor office area. If an upward adjustment was made to this comparable to account for these differences, the result might well be a time adjusted sale price per square foot greater than the assessment per square foot of the subject.

[32] Of the remaining two comparables presented by the Complainant, both are dissimilar to the subject in terms of main floor area and office main area as well as age in the case of comparable #4. The Board is mindful of the submission of the Respondent that a prime factor affecting value in the warehouse inventory is the main floor area. In addition, the Board heard evidence that the Complainant's sales comparable #2 was subject to below market leases and that sales comparable #4 had roof repair issues. Both of these factors may have had a downward effect on the purchase price. In the opinion of the Board, these comparables are of little assistance in establishing value for the subject.

[33] In reviewing the sales comparables presented by the Respondent, the Board notes that none are located in the same industrial group 12 as the subject. All are located in inferior industrial groupings and would require an upward adjustment to make them comparable to the subject in terms of this characteristic. Despite the fact that these comparables are inferior to the subject in this respect, the range of time adjusted sale prices per square foot are still within range of the assessment of the subject.

[34] The Board accepts the evidence of the Respondent that, while its comparable #2 was part of a portfolio sale, this comparable was transferred under a separate transfer for a designated value and is therefore a valid sale.

[35] The Board concludes that the Complainant did not discharge its responsibility of providing sufficient compelling evidence to allow the Board to change the assessment of the subject.

[36] In the alternative, if the evidence provided by the Complainant was sufficient to raise a doubt as to the correctness of the assessment and shift the burden of proof to the Respondent, it

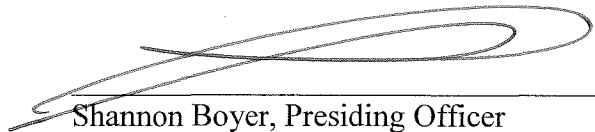
is the opinion of the Board that the Respondent successfully defended the 2013 assessment of the subject.

**Dissenting Opinion**

[37] There was no dissenting opinion.

Heard commencing October 9, 2013.

Dated this 29<sup>th</sup> day of October, 2013, at the City of Edmonton, Alberta.

  
Shannon Boyer, Presiding Officer

**Appearances:**

Adam Greenough  
for the Complainant

Suzanne Magdiak  
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.*