

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01715

Assessment Roll Number: 1075506

Municipal Address: 9333 49 Street NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Larry Loven, Presiding Officer

Darryl Menzak, Board Member

Jasbeer Singh, Board Member

Procedural Matters

Upon questioning by the Presiding Officer, the parties indicated they had no objection to the composition of the Board. In addition, the Board members indicated they had no bias on this file.

Preliminary Matters

[1] There were no preliminary issues before the Board.

Background

[2] The subject property comprises of two single-tenant, medium warehouses with a total area of 49,997 square feet with 4,171 square feet of finished office space on the main floor and 4,438 square feet of finished office space on the upper mezzanine level. The subject property is located at 9333 – 49 Street NW in the Eastgate Business Park neighbourhood. Both buildings were built in 1977. One, with mezzanine office space, has a total main floor area of 18,561 square feet. The other building measures 26,998 square feet. Both buildings are in average condition. The 2013 assessment for the subject property, based on income approach, is \$4,806,500, and is under appeal.

Issue(s)

[3] Is the 2013 assessment of \$4,806,500 for the subject property in excess of market value?

Legislation

[4] **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

[5] The Complainant’s position was that the assessment of \$4,806,500 was in excess of market value. In support of this position, the Complainant presented a 23 page assessment brief (Exhibit C-1), testimonial evidence and argument.

[6] The Complainant provided a chart of eight sales comparables.

#	Address	Year Built	Site Cover %	Total Area	Sale Date	TASP /sq ft
1	3703 - 98 St	1978	27	39,400	Mar-08	\$ 78.75
2	3203/39 - 97 St	1979	33	39,774	Mar-08	\$ 89.72
3	9333 - 49 St	1978	44	50,250	Feb-09	\$ 78.89
4	10025 - 51 Ave	61/'75	25	79,615	May-10	\$103.11
5	3304 - Parsons	1979	39	38,373	Jun-10	\$ 85.42
6	4600 - 99 St	1977	43	97,743	Oct-10	\$113.47
7	4115 - 101 St	1978	40	44,994	Dec-10	\$ 94.61
8	4900 - 93 Ave	1977	35	64,149	Dec-10	\$ 90.19
Sub	9333 - 49 St	1977	44	49,997		\$ 96.14

[7] As evident from the above chart, these comparables were built between 1975 and 1979 with one building dating back to 1961, and range in site coverage from 25% to 44%. Building size ranged from 39,400 square feet to 97,743 square feet and the Time Adjusted Sale Prices (TASPs) per square foot from \$78.75 to \$113.47 (C-1, p. 2). The subject property is shown at the bottom of the table of the Complainant’s eight sale comparables.

[8] The Complainant requested that the Board place more weight on sales comparables #2, #3, #5, #7 and #8, as these showed more similarity with the subject property. Sale #3 is the sale of the subject property. (C-1, p. 2).

[9] The Complainant informed the Board that sales #4 and #6 were located on a major traffic artery and the sales price per square foot reflected the premium attributable to this distinguishing feature.

[10] In summation the Complainant highlighted the following:

- a. While the Respondent's submission to the Board (R-1, p. 25) states that multiple-building properties enjoy advantage over single-building properties; the market or the investors are quite indifferent about this since the larger buildings can be easily sub-divided to suit the user needs.
- b. The subject property was on one title and the rear building could not be sub-divided, from the front building, as it will not have the access.
- c. The Respondent's set of sales comparables, before the Board, did not appear to make any distinction between one-building or multiple-building properties.
- d. The Respondent's sale comparable #2, was part of a portfolio sale and the indicated sale price should not be relied upon for establishing market value.
- e. Both, the Respondent and the Complainant, had included the 2009 sale of the subject property; and this may, very well, provide the most reliable basis for the 2013 assessment.

[11] The Complainant emphasized that a CARB (*Altus Group v The City of Edmonton* [2012] ECARB 1020) had reduced the 2012 assessment value of the subject property to \$76.04 per square foot and requested the Board to reduce the 2013 assessment of the subject property to \$80.00 per square foot, for an assessment of \$3,999,500 (C-1, p. 2).

Position of the Respondent

[12] The Respondent presented a 44 page document (Exhibit R-1), that included an assessment brief and a Law & Legislation brief.

[13] The Respondent's assessment brief included a chart of six sales comparables in support of the subject assessment; and stated, all six of the sales comparables presented were similar to the subject property in location, condition, effective year built, building size and condition (R-1, p. 13).

#	Address	Loc. Grp.	Year Built	Site Cover %	Total Main Flr	Upper Finish	Total Area	Cond.	Sale Date	TASP / sq ft
1	4704 - 97 St	18	1979	44	59,655	0	59,655	Avg	Aug-11	\$101
2	9503 - 42 Ave	18	1978	36	63,093	0	63,093	Avg	Apr-12	\$113
3	4115 - 101 Sr	18	1969	40	44,887	0	44,887	Avg	Dec-10	\$ 95
4	8210 McIntyre	18	1974	28	41,991	0	41,991	Avg	Jan-11	\$119
5	9333 - 49 St	18	1977	44	45,561	4,438	49,999	Avg	Feb-09	\$ 79
6	7205 - 71 St	18	1975	13	55,654	0	55,654	Avg	Apr-11	\$125
Sub	9333 - 49 St	18	1977	44	45,561	4,438	49,999	Avg		\$96.13

[14] The Respondent stated that many of the Complainant's sale comparables needed to be adjusted in more than one dimension, to provide basis for a true comparison with the subject property. The Respondent further argued that:

- a. The sale of the subject property was a good sale but should not be relied upon exclusively.
- b. Factors affecting the value of multiple-building accounts highlighted the reasons supporting the Respondent's assessment methodology for such properties (R-1, p. 25).
- c. Sales comparables #1 and #2 were two-building properties having similar location, site coverage, age and condition. Even without the upward adjustment for 20% larger building size, these comparables supported the assessment of the subject property.
- d. Sales comparable #3 was very similar to the subject property, except for being eight years older; however, its sale price supported the assessment even without the upward adjustment for its age differential.

[15] In summation, the Respondent stated that: the Complainant's sales comparable #6 was a 'retail' property and not comparable to the subject property; and, sales comparable #8 had structural and plumbing issues, and being in 'fair' condition, was not comparable.

[16] The Respondent requested that the Board confirm the 2013 assessment of the subject property at \$4,806,500.

Decision

[17] The decision of the Board is to reduce the 2013 assessment of the subject property to \$3,999,500.

Reasons for the Decision

[18] The Board notes the Factors Affecting Value in the warehouse inventory for assessment purposes (R-1, p. 8), which are: total main floor area, site coverage, effective age, condition, location of the property, main floor finished area, and upper finished area.

[19] The Board notes that main floor area is based on the exterior measurements of the building, and also notes that economies of scale dictate that larger buildings trade for a lower unit of comparison than smaller buildings.

[20] The Board agrees that location, for mass appraisal purposes, places industrial properties in groupings for comparability based on neighbourhood boundaries, major roadways or level of servicing. The two groupings included in the parties' comparables are Industrial Group 12, the second highest in desirability, and Industrial Group 18, the fourth highest in desirability. The Board acknowledges that the subject property is in Industrial Group 18.

[21] The Board's review of the sales comparable presented by the Complainant (C-1, p. 1) takes into consideration the Complainant request that the Board place more weight on the sales comparables with the most similar physical condition, sales #2, #3, #5, #7 and #8 to the subject property. The Board finds the following:

- a. The Network report indicates sales comparable #2 involved a motivated vendor. The Board is unable to establish the impact of this, if any, on the reported sale price. In any case, the sale price does not provide a reliable reference point to establish whether or not, the subject assessment is incorrect.
- b. Sales comparable #3 is the sale of the subject property. Although somewhat dated, it is a valid sale and with appropriate time adjustments, the sale price can be relied upon.
- c. At nearly two-thirds the size of the subject property main floor area sales comparable #5 is located in a different industrial group, and the Board was not provided with any information to establish the adjustments required to normalize its comparability to the subject property.
- d. Sales comparable #7 is also presented as the Respondent's sales comparable. The Board finds that this comparable is very similar to the subject property except for its age; being eight years older. However, its sale price supported the assessment of the subject property even without the upward adjustment for its age differential.
- e. Sales comparable #8 is listed in 'fair' condition, and in this regard inferior to the subject property. This property was also shown to have extensive structural issues at the time of its sale, and no independent third-party information was provided to support this sale.

[22] The Board's review of the sales comparables presented by the Respondent (R-1, p. 22) finds, as follows:

- a. Sales comparables #4 and #6 have considerably lower site coverage than the subject property. In the absence of any information as to what appropriate value should be

placed to reconcile the differences in site coverage, the Board is unable to rely on the sale prices to establish the market valuation for the subject property.

- b. Sales comparables #3 and #5 are the same as the Complainant's sales comparables #7 and #3; while one supports the subject assessment, the other suggests a reduction.
- c. Sales comparables #1 and #2 are two-building properties having similar location, site coverage, age and condition to the subject property. For sales comparable #1, the building size is 20% larger and for sales comparable #2, the site coverage is 18% lower, the building size is 26% larger. The sales prices for both these comparables support the assessment.

[23] The Board finds that the Complainant's comparables #3 and #7 combined with the Respondent's comparables #1 and #2 provide the most reliable set of four sales out of all the comparables presented by the two parties. The analysis of these comparables indicates that three out of the four selected comparables support the assessment of the subject property; the only one that does not, is the sale of the subject property.


[24] Jurisprudence has established that the sale of the subject is a very persuasive determinant in establishing value. Although the sale of the subject property occurred more than four years ago, in February 2009, it is supported by several similarly dated sales and the fact that both party's cite this sale. The Board concludes that the sale of the subject property, with the necessary time adjustments, is the best indicator of the value for the 2013 assessment of the same property.

Dissenting Opinion

[25] There was no dissenting opinion.

Heard commencing October 17, 2013.

Dated this 15th day of November, 2013, at the City of Edmonton, Alberta.


Larry Loven, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Jason Baldwin
Scott Hyde
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.