

## **Edmonton Composite Assessment Review Board**

**Citation: CVG v The City of Edmonton, 2013 ECARB 01726**

**Assessment Roll Number:** 1037928

**Municipal Address:** 9651 25 AVENUE NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**CVG**

Complainant

and

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

Respondent

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### **DECISION OF**

**John Noonan, Presiding Officer**

**John Braim, Board Member**

**Pam Gill, Board Member**

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### **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.

### **Preliminary Matters**

[2] There were no preliminary matters.

### **Background**

[3] The subject property is a 23,243 square feet (sf.) single tenant office/warehouse with 15,242 sf. of main floor office space and 6,310 sf of mezzanine space. It was built in 1997 and covers 18% of a 83,743 sf. lot at 9651-25 Avenue in the Parsons Industrial neighbourhood. The 2013 assessment was prepared by the direct sales comparison approach in the amount of \$4,041,500. The Complainant requested the Board to reduce the assessment to \$3,017,000.

### **Issue(s)**

[4] Is the subject assessed correctly?

### **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 noted the current assessment equates to a value of \$187.53 per sf. Twelve sales comparables were presented, as well as their assessments per sf. where available. Attention was drawn to five of these comparables in particular. The sizes ranged from 28,686 sf. to 57,000 sf. and site coverages were 24%, 26%, 25%, 16% and 40%. Their time-adjusted sales prices ranged from \$120.75 per sf. to \$139.73 per sf.

[7] The assessments of the five selected comparables ranged from \$128.81 per sf. to \$174.32 per sf.

[8] The Complainant also provided the Board with the previous two CARB decisions from 2011 and 2012 that reduced the subject's assessment to \$146 per sf and \$165 per sf respectively.

[9] The Complainant concluded a value of \$140 per sf. for the subject was a fair estimate of the market value of the subject, and asked the assessment be reduced to \$3,017,000.

### **Position of the Respondent**

[10] The Respondent advised that the industrial inventory had been valued by the sales comparison approach, analyzing sales that occurred from January 2008 through June 2012. Factors found to affect value were: total main floor area (per building), site coverage, effective age, condition, location, and to a lesser extent, main floor finished area (office) and upper office area.

[11] In defense of the assessment, the Respondent presented five sales comparables, two of which were located in the same study area as the subject, Major Roadways South. Where appropriate, various attributes of these comparables were highlighted as being superior or inferior to the subject in terms of age, site coverage, or total building area. The comparables were selected for average to under-average site coverage, showing a range of 13% - 41% versus the subject's 18%. It was noted that two of the five were of older construction, 1964 and 1971, and one was newer at 2008; the five showed a range of building size from 12,009 sf. to 51,586 sf. Their time-adjusted sales prices ranged from \$184.16 to \$225.75 per sf. of total building area, compared to the subject's \$187.52 per sf.

[12] The Respondent critiqued the sales comparables presented by the Complainant, noting the following:

- i. Sale #1 was a duress sale
- ii. Sale #4 was a non arm's length transaction
- iii. Sale #8, was originally optioned to purchase on October 4, 2010

[13] Four equity comparables were presented: main floor areas ranged from 13,680 sf. to 22,879 sf. although three of the four had mezzanine office space that bolstered the total building areas to a range of 17,100 sf. to 23,035 sf; site coverage ranged from 18% to 27%, the assessments per sf. of total building area ranged from \$185.12 to \$200.81 and supported the subject's valuation at \$187.53 per sf.

### **Decision**

[14] The Board confirms the subject's 2013 assessment at \$4,041,500.

### **Reasons for the Decision**

[15] The Board was not persuaded by the Complainant's sales comparables. While four out of the five more heavily weighted sales were similar in age to the subject, they were not very comparable in terms of size and site coverage. Compared to the subject's 21,500 sf. of development, three of the comparables were in the approximate 29,000-32,000 sf. range and the remaining two were 40,000 and 57,000 sf. buildings. Four of the comparables had site coverages ranging from 24%-40%. Of the five best comparables advanced by the Complainant, the Board sees greatest similarity to the subject in the property at 9515 51 Avenue, a 29,492 sf. building covering 16% of a well-located lot on a major road. The Complainant's information referenced a May 2011 sale at \$3.5 million or \$124.50 per sf. time-adjusted. However, the Respondent presented evidence showing this property had sold again in June 2012 for \$4.85 million, the price apparently determined by appraisal. The Board finds the June 2012 sale price to be a better value indicator, given some questions raised about the earlier sale, a dated option agreement. The June 2012 transaction produced a per sf. value of \$164.45 and the property is assessed at \$174.32. The Board notes this 51 Avenue property is 25 years older than the subject, validating the subject's assessment at \$187.52.

[16] Although the Respondent's sales comparables showed values per sf. from \$184 to \$226, these comparables were mostly smaller than the subject and had closer to average site coverage. The closest comparable in size and site coverage was a 17,900 sf. property with 13% site coverage at 5815 99 Street. This property is considerably older than the subject, yet still showed a time-adjusted price of \$225.

[17] The Respondent's equity comparables, though four to nine years newer than the subject's 1997 construction, provided good support for the assessment of the subject at \$187.53 per sf. The Board observed these comparables had equal or higher site coverage than the subject, in a range of 18%-27% and this characteristic likely counter-balanced the age differences.

[18] In conclusion, the Board is satisfied that the subject is assessed both fairly and equitably. With respect to the CARB decisions of 2011 and 2012, it was pointed out that both decisions made note of a March 2010 sale at 9111 41 Avenue, a 28,686 sf. building with 26 % site

coverage, among other considerations. This panel determined that the June 2012 sale of the 51 Avenue property was especially convincing evidence given the similarity of site coverage and location on a major road.

**Dissenting Opinion**

[19] There was no dissenting opinion.

Heard November 13, 2013.

Dated this 10<sup>th</sup> day of December, 2013, at the City of Edmonton, Alberta.

A handwritten signature in dark ink, appearing to read 'J Noonan', written over a horizontal line.

John Noonan, Presiding Officer

**Appearances:**

Tom Janzen  
for the Complainant

Amy Cheuk, City of Edmonton Law Branch  
Marty Carpentier  
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.*