

Edmonton Composite Assessment Review Board

Citation: John C. Manning v The City of Edmonton, 2013 ECARB 01738

Assessment Roll Number: 10129272

Municipal Address: 5504 36 STREET NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

John C. Manning

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Harold Williams, Presiding Officer
James Wall, Board Member
Randy Townsend, Board Member

Procedural Matters

[1] The Board members stated that they had no bias in regard to this complaint nor was there any objection from the Respondent or Complainant as to the makeup of the Board.

Preliminary Matters

[2] There were no preliminary matters before the Board.

Background

[3] The subject property is a multi-tenant sales office/warehouse building built in 2008 in Average condition. Total floor area of the building is 73,518 sq. ft. (including 14,320 sq. ft. of main floor office plus 13,125 sq. ft. of finished mezzanine area). The current assessment per sq. ft. of floor space is at \$118.69 for a total assessment of \$8,726,000, assessed using the Direct Sales method of valuation. Site coverage is 42%. Parcel size is 3.32 acres (144,396 sq. ft.).

[4] The property is located in the Pylypow Industrial subdivision in southeast Edmonton (Study Area 18). The parcel is a corner lot fronting onto 56th Ave to the north and 36th Street to the east.

Issue(s)

Is the 2013 assessment of the subject property fair and equitable in comparison to similar properties?

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 provided the Board with eight sales comparables (Exhibit C-1, pg 1). Four of the comparables are located in west Edmonton in Study Area (SA) #17. The other four comparables are in SA #18. All comparables have been time-adjusted in accordance with the City of Edmonton’s time-adjustment chart (Exhibit C-1, pg 24). All sales information is from “The Network”, a third party data collection and analysis service.

[7] Five of the Complainant’s comparables are single building parcels, two have two buildings on site and one has four buildings. The Complainant stated that having multiple buildings on a parcel does not necessarily add extra value to an investor and, in the Complainant’s opinion, may, in some cases, actually be a detriment. Four of the comparables are in West Edmonton in SA 17.

[8] Time-adjusted sales prices (TASP) for the eight comparables range from a low of \$80.05 per sq. ft. to a high of \$120.75 per sq. ft. The subject property at \$118.69 per sq. ft. Seven of the comparables are lower than the subject.

[9] The Complainant places most weight on their sales #2, #3, #6 and #7. Based on the sales comparable information presented, it is the Complainant’s opinion that an appropriate assessment per sq. ft. for the subject property is \$95.00, for a total assessed valuation of \$6,984,000 (rounded).

[10] In summation, the Complainant is of the opinion that their sales, with the highest TASP being \$120.75 and the lowest at \$80.05 per sq. ft., clearly indicates that the subject assessment at \$118.69 per sq. ft. is too high and a more appropriate value should be \$95.00 per sq. ft. for a total assessed value of \$6,984,000.

[11] **Rebuttal** (Exhibit C-2) was submitted to the Board for consideration. The purpose of this evidence, in the Complainant's words, is to show that the Respondent's sales comparables all have TASP's much higher (except for Sale #1 at \$106.47 per sq. ft.) than the subject and yet the Respondent actually has all five of their comparables assessed at lower values than the subject. In addition, two of their five sales comparables are smaller than the subject, by as much as 53%. The Respondent's sale #5 is very comparable to the subject yet it is assessed at only \$110.50 per sq. ft. in comparison to the subject, which is assessed at \$118.69 per sq. ft. This, in the Complainant's opinion, clearly shows that the subject property is over assessed and a more realistic value would be \$95.00 per sq. ft.

Position of the Respondent

[12] The Respondent carried forward from roll #8873630 their "Mass Appraisal Brief" (exhibit R-1, pgs 4 – 14), "Assumed Long-Term Leases" brief (pgs 36 – 39) and their "Law and Legislation" brief (pgs 40 – 52).

[13] The Respondent presented to the Board a list of five sales comparables (Exhibit R-1, pg 22). Four of these sales are located in Northwest Edmonton in SA 17. Only one sale is located in the Southeast but it is in SA 12 because it is located on a major road (99 Street). The Respondent pointed out that there are very few sales of large warehouse properties (over 100,000 sq. ft.) and that is why they had to use sales from other areas of the City.

[14] Three of the sales comparables (#3, #4 and #5) were built between 2005 and 2008, in comparison to the subject built in 2008 and have sizes fairly similar to the subject (100,018, 118,800 and 74,801 sq. ft. respectively). Site coverage of these three sales is 42%, 34% and 39% respectively versus the subject at 42%.

[15] Sale #1 and #2 are less similar to the subject in age and size but after adjustment, in the Respondent's opinion, still indicate that the assessment of the subject reflects a reasonable value.

[16] The Respondent also provide the Board with six "equity comparables" (Exhibit R-1, pg 28) to show that the subject property is being equitably assessed. Assessments of these comparables range from \$114.45 to \$124.74 per sq. ft. (subject is \$118.69 per sq. ft.) The equity comparables have effective year built ranging from 2003 to 2010. Sizes range from a low of 76,237 to a high of 105,797 sq. ft. (subject 73,518 sq. ft.).

Decision

[17] The 2013 assessment of the subject property is confirmed at \$8,726,000.

Reasons for the Decision

[18] In the opinion of the Complainant, age is less of a factor than utility, particularly with regards to industrial warehouses. Since the wall heights of some of the Complainant's comparables are over 20 feet high utility is comparable to modern warehouses and therefore, age should not be a major factor in the Complainant's opinion. The Board does not agree with the Complainant on this issue. It is noted by the Board that ages of five of the Complainant's comparables are 21 to 47 years older than the subject. Only one comparable (sale #2) is within two years of the subject and two are seven years older. In the Respondent's "Factors Affecting Value" (Exhibit R-1, pg 8 – 10) it is noted that 'age' is a significant factor (#3 of 13 factors identified) when determining value of a property. The Board is in agreement with the

Respondent that age is a fairly significant factor to be considered since design and structural components can greatly affect the price a purchaser is willing to pay. As a result the Board places less weight on the Complainant's sales #1, #3, #5, #6, and #7 as there has been no adjustment made for age in the TASP for these properties.

[19] The Complainant's sale #2 was a multi-parcel sale (two separate parcels purchased) and according to the details as described (Exhibit C-1, pg 10), the sale "entails a 50% interest acquisition. As a result the Board places no weight on this sale comparable due to these factors.

[20] The Complainant's sale #4 is in close proximity to the subject and was built in 2001 (subject built 2008) but it is smaller (40,000 sq. ft. versus the subject at 73,518 sq. ft.) and site coverage is quite different (25% for the comparable and 42% for the subject. Both of these factors will have significant impact on the TASP when properly applied. As it is, the TASP without any adjustment is at \$120.75 per sq. ft., which tends to support the current assessment.

[21] Sale #8 has been confirmed by the Respondent to be a non-arms length (NAL) sale and therefore, should not be used in the analysis.

[22] In conclusion, the Board is of the opinion that it can place little weight on the Complainant's comparables to indicate an assessment for the subject property.

[23] The Board did have some concern with the Respondent's five sales comparables, as well. Four of the five sales are in SA 17 (Northwest Edmonton) and one (sale #2) is in SA 12, which means that it is on a major roadway. The Respondent's sales #1 and #2 are 33 and 31 years older than the subject. As mentioned above, in the Board's opinion, age does play a significant factor when trying to value industrial buildings. Therefore, less weight was placed on these two sales comparables of the Respondent's.

[24] The Board placed most weight, overall, on the Respondent's sales #3, #4 and #5, even though they are in a different SA (17). The Board did find that the effective age for each of these comparable properties is reasonably close to the subject (2008, 2007 and 2005 respectively). Total floor areas of the comparables (100,018, 118,800 and 74,801 sq. ft. respectively). Sales #3 and #4 would have to have some adjustment for size but sale #5 is considered reasonably close to the subject. This is considered to be important in the Board's decision. Site coverage of the three comparables (42%, 34% and 39% respectively) is also considered important. The TASP's for the three properties are \$134.14, \$140.09 and \$151.57 per sq. ft., all much higher than the subject at \$118.69 per sq. ft. After thorough review of the evidence presented to the Board, the Board members are in agreement that these three sales support the assessment of the subject at \$8,726,000.

[25] The Board also placed weight on the Respondent's "equity comparables" (Exhibit R-1, pg 28) since, in the Board's opinion, these comparables equated very well with the subject, in particular with regards to size, age and site coverage. These comparables clearly show that there is equity amongst similar property assessments.

Dissenting Opinion

[26] There was no dissenting opinion.

Heard commencing October 24, 2013.

Dated this _____ day of _____, 2013, at the City of Edmonton, Alberta.


Harold Williams, Presiding Officer

Appearances:

Tom Janzen

for the Complainant

Marty Carpentier, Assessor

Tanya Smith, Legal Counsel

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.