

## **Edmonton Composite Assessment Review Board**

**Citation: CVG v The City of Edmonton, 2013 ECARB 01741**

**Assessment Roll Number:** 10238311  
**Municipal Address:** 4003 53 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**  
**Harold Williams, Presiding Officer**  
**James Wall, Board Member**  
**Randy Townsend, Board Member**

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### **Procedural Matters**

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

### **Background**

[2] The subject property, a multi tenant industrial/office complex, is located in Pylypow Industrial, in the City's Study Area (SA) 18, Southeast quadrant of the City of Edmonton. The improvement has a total gross building area of 187,129 square feet including 16,154 square feet of main floor office and 2135 square feet of mezzanine area. The building was constructed in 2009 and is located at 4003-53 Avenue NW. The site size of 10.27 acres and the site coverage ratio of 41%. The subject property's 2013 assessment is \$19,566,000.

### **Issue**

[3] Is the 2013 assessment of \$19,566,000 or \$104.56 per square foot of total area fair and equitable when considering the sales of comparable properties?

## **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.

### **[5] The *Matters Relating to Assessment and Taxation Regulation*, Alta Reg 220/2004, reads:**

s 2 An assessment of property based on market value

(a) must be prepared using mass appraisal,

(b) must be an estimate of the value of the fee simple estate in the property, and

(c) must reflect typical market conditions for properties similar to that property.

s 3 Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.

## **Position of the Complainant**

[6] The Complainant provided the Board with a 21 page submission (exhibit C-1) in support of their position.

[7] The Complainant stated that the subject property's 2013 assessment was in excess of its market value based on an analysis of sales of similar industrial properties.

[8] The Complainant provided the Board with seven sales comparables (exhibit C-1, pages 8-18) with a Time Adjusted Sale Price (TASP) range of \$74.95 to \$90.47 per square foot of gross floor area. The 2013 assessments of these properties ranged from a low of \$65.46 per square foot to a high of \$79.36 per square foot. The Complainant's sales/equity comparables were constructed between 1977 and 2007. The subject improvement was constructed in 2009. Site coverage ratios of the Complainant's sales comparables range 30% to 54%, the subject property's site coverage ratio is 41%

[9] The Complainant provided the Board with a commentary on each sale. After an analysis of the sales comparables, the Complainant placed the greatest weight on comparables #1, #2, #4 and #5.

(a) #1 - 2103 64th Avenue - improved with a single story industrial building with a total floor area of 259,981 square feet. Constructed in 2001. Sold May 2009 at a Time Adjusted Sale Price (TASP) of \$74.95 per square foot; site coverage of 41%, 2013 assessment was \$75.50 per square foot.

(b) #2 - 4101/25-84th Avenue - improved with a single story industrial building with a gross floor area of 162,860 square feet. Constructed in 1998. Sold February 2010 at a TASP of \$90.47 per square foot; site coverage of 54%, 2013 assessment was not available.

(c) #4 - 17915-118 Avenue - improved with a single story, industrial building with an overall area of 137,062 square feet. Constructed in 1977. Sold March 2011 at a TASP of \$87.09 per square foot; site coverage of 46%, 2013 assessment of \$65.46 per square foot.

(d) #6 - 16304-117 Avenue - improved with two industrial buildings with a combined floor area of 110,952 square feet. Constructed in 1977. Sold April 2011 at a TASP of \$86.08 per square foot; site coverage of 43%, 2013 assessment of \$79.36 per square foot.

[10] The Complainant's evidence included a copy of the Industrial Monthly Time Adjustment Factors (Exhibit C-1, page 21) used by the City in time adjusting sale prices of comparables where required. The Complainant stated that their TASP's were based on these factors.

[11] Based on an analysis and comparison of the comparables, the Complainant requested the Board reduce the 2013 assessment of the subject property to \$15,905,500 or \$85 per square foot.

[12] When the Complainant was questioned by the Board as to how reliable it is to compare industrial warehouses approximately 32 years older than the subject, the Complainant responded that he thought there was very little difference as ceiling heights etc. were comparable.

[13] In answer to questions from the Respondent, the Complainant agreed that:

(a) Four of the Complainant's seven comparables were located in the Northwest quadrant of the city, whereas the subject is located in the Southeast quadrant.

(b) Site coverages exhibited by all of the Complainant's comparables, except for #1, #3 and #6, were higher than the subject's.

(c) Comparable sales #2 and #5 have some areas rented at rates below market and Network documents (exhibit C1, page 10), exhibited a comment that rents were between 20% and 25% lower than market.

(d) No adjustment had been made to Complainant's comparable #7 to reflect roof problems.

- (e) Complainant's sale #3 represented the sale of a property with considerable excess land which was valued separately from the improved portion.
- (f) All of the Complainant's seven comparables represent properties which are older (1977-2007 versus 2009) than the subject property.

### **Position of the Respondent**

[14] The Respondent provided the Board with a 43 page submission (exhibit R-1) which contained information on mass appraisal, maps showing Study Area (SA) groupings of industrial property in three quadrants of the city, policy on "Assumed Long-Term Leases" and information on Assessment to Sales Ratios (ASR). In addition, the Respondent provided charts of sales and equity comparables and a Law and Legislation brief.

[15] The information on mass appraisal included the normal three approaches to value and highlighted "Factors Affecting Value". In order of importance these factors were, area of building (including methodology in assessing multi-building accounts), site coverage, effective age, condition of building, location, main floor finished areas and lastly upper finished areas (mezzanine). The Respondent suggested these were the factors (in this order) which affect the assessed value of the subject property.

[16] The Respondent suggested to the Board that difficulties were encountered in locating sales of industrial properties in the size range of the subject (187,129 square feet).

[17] The Respondent provided the Board with a chart of three sales comparables (Exhibit R-1, page 22), all located in the Northwest quadrant of the city. These comparables suggest TASP's of \$134.14, \$140.09 and \$151.57 per square foot of main floor area respectively. The sales comparables ranged in effective year built from 2005 to 2008 (the subject was constructed in 2009). The comparables sold between June 2008 and July 2011. The comparables were relatively large in size, 100,018, 118,000 and 74,801 square feet respectively.

(a) Sale #1- 12959- 156 Street improved with a single story industrial building with a total gross area of 100,018 square feet. Constructed in 2008. Sold July 2011 at a TASP of \$134.14 per square foot; site coverage of 42%.

(b) Sale #2-18507- 104th Avenue-improved with a single story industrial building with a total area of 118,800 square feet. Constructed in 2007. Sold November 2009 at a TASP of \$140.09 per square foot; site coverage of 34%.

(c) Sale #3- 17404-111th Avenue improved with a single story industrial structure with a gross area of 74,801 square feet. Constructed in 2005. Sold in June 2008 at a TASP of \$151.57 per square foot; site coverage of 39%.

[18] The Respondent stressed to the Board, that the TASP's of their sales comparables were all considerably higher than the 2013 assessment of the subject property at \$104.56 per square foot. The Respondent also stated that in terms of comparability, adjustments are required for improvement size and location.

[19] The Respondent provided the Board with four equity comparables (Exhibit C-1, page 26), all located in the Southeast quadrant of the City, the same as the subject. These equity comparables were all in average condition, as is the subject and their effective year built were 2003, 2008, 2005 and 2008 respectively. Building sizes ranged from 125,137 square feet to 187,225 square feet (compared to the subject property at 187,129 square feet), site coverages ranged from 27% to 46% (compared to the subject at 41%) and the 2013 assessments ranged from \$101.37 per square foot to \$136.93 per square foot of overall building area (compared to the subject at \$104.56 per square foot).

[20] The Respondent stressed that all buildings of the equity comparables were substantial in size. Site coverages were in the range of the subject property's 41% and that they support the subject property's 2013 assessment at \$104.56 per square foot. In addition the Respondent stated that there is generally a substantial difference in the value of a property depending upon its age and subsequent modern design, appeal etc. as is the case with the subject property (for photographic evidence see Exhibit R1, pages 15 and 16).

[21] The Respondent pointed out to the Board that the Burden of Proof (Exhibit R1, pages 36 and 37) lies with the Complainant.

[22] The Respondent requested that the Board confirm the 2013 assessment of the subject property at \$19,566,000.

### **Rebuttal**

[23] Exhibit C-2 contained information on the 2013 assessments of the Respondent's three sales comparables. The Complainant argued that these sales showed TASP's of \$134.14, \$140.09 and \$151.57 per square foot respectively, compared to their assessments which were substantially lower at \$100.72, \$110.32 and \$110.50 per square foot respectively. The Complainant suggested that an analysis of the Respondent's sales found that although supportive of the subject property's assessment at \$104.56 per square foot, they questioned the reliability of the assessment based on the comparison of sale prices to their 2013 assessments.

### **Decision**

[24] The Board's decision is to confirm the 2013 assessment of the subject property at \$19,566,000.

### **Reasons for the Decision**

[25] The Board reviewed all evidence and argument put forward by both parties. The Board was not persuaded by either party's sales comparables as representing good indicators of value for the subject property and was of the opinion that all required substantial adjustments (the Complainant's upward and the Respondent's downward). In considering the Complainant's sales #1 - #7 inclusive, the Board finds some of the overall sizes, nearly all the ages, except sales #1,

#2 and #3 and site coverage ratios offered by the majority would be difficult to correctly adjust to the subject property.

[26] The Board accepts the argument of the Respondent, which brings the reliability of the Complainant's sales into question. The Board does not place weight on Complainant's sales #2, #5 and #7 as they represent purchases with an upside due either to below market rent levels, or in the case of #7, roof problems. The Complainant's sale #3, with substantial excess land involved in the transaction, would be very difficult to adjust to the subject. Sales #4 - #7 inclusive are all considerably older than the subject (i.e. 31 and 32 years) which makes them unreliable indicators of value for the subject. Therefore, it is the Board's opinion that only Complainant's sale #1, with a TASP of \$74.95 per square foot, may represent a credible indicator of value for the subject. However, the Board notes that this property's location in the extreme east end of the city and is inferior to location of the subject. In addition photographic evidence suggests that the improvement on this property is substantially inferior in building type to the subject property.

[27] Considering the Respondent's sales, it is noted that the site coverage ratios are in line with the subject's site coverage of 41 %. However, the Board finds that all Respondent comparables require substantial downward adjustments to compare them to the subject. Therefore, the Board finds that only the Respondent's sale #1 with a TASP of \$134.14 per square foot may be a reliable indicator of value for the subject property.

[28] The Board had difficulty finding definitive information from either party that showed a clear comparative value for the subject property

[29] The Board finds that the Respondent's equity comparables offer support for the subject property's 2013 assessment. All of these comparables are located in the same study area as the subject, effective ages and site coverage, with the exception of equity #1 are similar and the improvement sizes can be effectively compared to the subject.

[30] The Board in its deliberations places particular emphasis on the importance of age and type of improvement as stated by the Respondent. Based on a review of photographic evidence the Board finds the subject to be of modern design and configuration and that the evidence and argument provided by the Respondent is more helpful to the Board in this appeal than that provided by the Complainant.

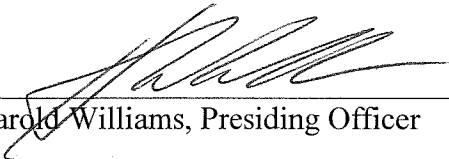
[31] Therefore, the Board relied on data and argument, particularly on equity as presented by the Respondent, which the Board finds supports the fairness and equity of the subject's 2013 assessment.

### **Dissenting Opinion**

[32] There was no dissenting opinion.

Heard commencing October 25, 2013.

Dated this 12<sup>th</sup> day of November, 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.*