

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01742

Assessment Roll Number: 10093826

Municipal Address: 4424 55 AVENUE NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

CVG

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 single-tenant sales-office/warehouse building built in 2010 in Average condition. Total floor area of the building is 59,998 sq. ft. (including 9,600 sq. ft. of main floor office space). The current assessment per sq. ft. of floor space is at \$143.96 for a total assessment of \$8,637,500, assessed using the Direct Sales method of valuation. Site coverage is 38%. Parcel size is 3.593 acres.

[4] The property is located in the Pylypow Industrial subdivision in Southeast Edmonton (Study Area 18). The parcel is an inside lot fronting onto 55 Ave.

Issue(s)

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

Legislation

[6] 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

[7] 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.

[8] 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.

[9] 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 \$143.96 per sq. ft.

[10] The Complainant places most weight on their sales #2, #4, #5 and #8. 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 \$120.00, for a total assessed valuation of \$7,199,500 (rounded).

[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 higher (except for Sale #4 at \$140.09 per sq. ft.) than the subject and yet the Respondent actually has two of their comparables assessed at lower values than the subject. In addition, two of their four sales comparables are smaller than the subject, by as much as 50% smaller. The Respondent’s sale #3 is the closest comparable to the subject yet it is assessed at

only \$110.50 per sq. ft. in comparison to the subject which is assessed at \$143.96 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 \$120.00 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 35 – 38) and their "Law and Legislation" brief (pgs 39 – 51).

[13] The Respondent asked to have pages 30 and 31 struck from the evidence as these two pages should not have been included in the evidence.

[14] The Respondent provided the Board with four sales comparables (Exhibit R-1, pg 22). Two of the comparables are in SA 18, the same as the subject, and two are in SA 17 in Northwest Edmonton. Both parties agreed that SA 18 is superior to SA 17.

[15] The Respondent's sale #1, in SA 18, has an effective age of 2000 (subject 2010), site coverage of 33% (subject at 38%) and size of 30,078 sq. ft. (subject has 59,998 sq. ft). TASP is \$158.18 per sq. ft.

[16] Sale #2, also in SA 18, has an effective age of 1998, twelve years older than the subject, site coverage is 29% and size is 39,663 sq. ft. TASP is \$152.00 per sq. ft.

[17] Sale #3 is in SA 17, has an effective age of 2005, site coverage is 39% and size is 74,801 sq. ft. TASP is 151.57 per sq. ft.

[18] Sale #4 is in SA 17, has an effective age of 2007, site coverage is 34% and size is 118,800 sq. ft. (98% larger than the subject). TASP is 140.09 per sq. ft.

[19] Both sales #3 and #4 would require upward adjustments due to location and sale #4 would require an upward adjustment due to size in comparison to the subject. Sales #1 and #2 would require upward adjustments for age but downward adjustments for site coverage and size.

[20] The Respondent also provided the Board with five "equity comparables" (Exhibit R-1, pg 27). These comparables are all in SA 18 and in the same neighborhood as the subject. Sizes of the comparables range from 46,000 sq. ft. to 74,398 sq. ft. All have finished office space comparable to the subject. Site coverage's range from 31% to 39%. Assessments range from \$136.20 to \$153.01 per sq. ft. (subject is \$143.96 per sq. ft.).

[21] The Respondent stated that the sales comparables used by the Complainant all have many adjustments required. Once these adjustments are properly made it will be seen that the subject assessment is well within acceptable ranges. In the Respondent's opinion the Complainant has failed to meet the onus required of the Complainant for the Board to alter the assessment.

[22] Based on the evidence presented, the Respondent asked the Board to confirm the assessment, at \$8,637,500, as being fair and equitable.

Decision

[23] The 2013 assessment of the subject property is confirmed at \$8,637,500.

Reasons for the Decision

[24] In the opinion of the Complainant, age is less of a factor with regards to industrial warehouses than utility. 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 is not a significant factor. It is noted by the Board that ages of five of the Complainant's comparables are 32 to 59 years older than the subject. Only three comparables were built in 2001 or later. 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 significant factor to be considered and as a result, the Board places less weight on the Complainant's sales #1, #3, #5, #6, and #7 as there is no adjustment made for age in the Complainant's TASP for these properties.

[25] The Complainant's sale #2 is 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 little weight on this sale due to these factors.

[26] The Complainant's sale #4 is in close proximity to the subject and was built in 2001 (subject built 2010) but it is smaller (40,000 sq. ft. versus the subject at 59,998 sq. ft.) and site coverage is quite different (25% for the comparable and 38% for the subject.

[27] 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.

[28] 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.

[29] However, the Board did have some concern with the Respondent's four sales comparables as well. Only two of the four sales are in SA 18. The Respondent's sales #1 and #2 are 10 and 12 years older than the subject and they are 50% and 34%, respectively, smaller than the subject. In the Board's opinion, as mentioned above, age and size does play a significant factor when trying to value industrial buildings. Therefore, less weight was placed on these two sales comparables for the Respondent.

[30] The Board placed most weight, overall, on the Respondent's sales #3 and #4, even though they are in a different SA. This requires an upward adjustment to the TASP to equate to the subject's superior location. The Board did find that the effective ages of each of these comparable properties are within 5 years of the subject (2005 and 2007 respectively) and therefore, not a significant factor for adjustment. Total floor areas of the comparables (74,801 and 118,800 sq. ft. respectively) are considered inferior to the subject (larger size, lower cost per sq. ft.) and would require upward adjustments. Site coverage of these comparables (39% and 34% respectively) is close enough as to not be much of a consideration. The TASP's for these two properties of \$151.57 and \$140.09 per sq. ft. respectively, tend to support the subject assessment at \$143.96 per sq. ft. After thorough review of the evidence presented to the Board,

the Board members are in agreement that these two sales best support the assessment of the subject.

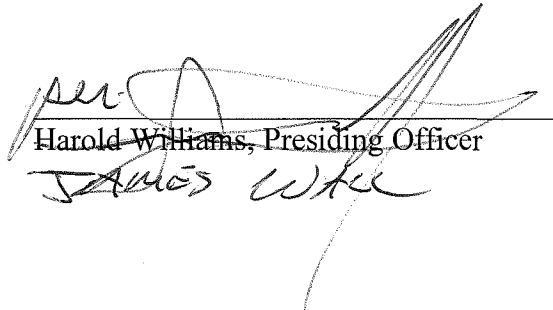
[31] The Board also placed some weight on the Respondent's "equity comparables" (Exhibit R-1, pg 27) since, in the Board's opinion, these comparables equated very well with the subject, in particular with regards to size, age and location. The fact that all of these equity comparables are within 5% of the subject is compelling evidence indicating that there is equity amongst similar properties.

Dissenting Opinion

[32] There was no dissenting opinion.

Heard commencing October 25, 2013.

Dated this 14th day of November, 2013, at the City of Edmonton, Alberta.



Harold Williams, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Marty Carpentier
Tanya Smith
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.