

## **Edmonton Composite Assessment Review Board**

**Citation: Trail South GP Ltd as represented by Colliers International Realty Advisors Inc  
v The City of Edmonton, 2014 ECARB 00503**

**Assessment Roll Number:** 10022575  
**Municipal Address:** 10377 51 Avenue NW  
**Assessment Year:** 2014  
**Assessment Type:** Annual New  
**Assessment Amount:** \$6,988,000

Between:

**Trail South GP Ltd as represented by Colliers International Realty Advisors Inc**  
Complainant  
and

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

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**DECISION OF**  
**Harold Williams, Presiding Officer**  
**John Braim, Board Member**  
**Lillian Lundgren, Board Member**

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### **Procedural Matters**

[1] When asked by the Presiding Officer, the parties did not object to the composition of the Board. The Board members stated that they have no bias in this matter.

### **Preliminary Matters**

[2] After the Complainant made his presentation, the Respondent requested a brief adjournment to review the calculation of the assessment for the subject property. The Respondent explained that the review may result in a recommendation to reduce the assessment. The Complainant agreed to the request for adjournment.

[3] Following the adjournment, the Respondent made a recommendation to reduce the assessment from \$6,988,000 to \$6,409,000.

### **Background**

[4] The subject property is a retail plaza located at 10377 51 Avenue NW in the neighborhood of Empire Park. The 3.3773 acre site is developed with five buildings that have a total area of 29,100 square foot (sf):

- Building #1 was constructed in 1989/1998 as a quality 04 building. It has a restaurant and three Commercial Retail Units (CRUs).

- Building #2 was constructed in 1989 as a quality 06 building. It is used as a liquor store.
- Building #3 was constructed in 1989 as a quality 04 building. It is used as a restaurant.
- Building #4 was constructed in 1989 as a quality 06 building. It has two CRU spaces.
- Building #5 was constructed in 2006 as a quality 05 building and is assessed in Good condition. It has three CRU spaces.

[5] The subject property is assessed at \$6,988,000 based on the income approach to value.

### **Issue**

[6] Should the Board accept the Respondent's recommendation to reduce the subject assessment from \$6,988,000 to \$6,409,000?

### **Position of the Complainant**

[7] The Complainant filed this complaint on the basis that the subject property assessment of \$6,988,000 is incorrect.

[8] The Complainant explained that the plaza has no major anchor tenant. As well, the tenants in the rear of the property have minimal exposure to 51 Avenue because of the trees and the placement of the structures on the site. Only three tenants (Money Mart, Insight Medical Imaging and Sobeys Liquor store) have exposure without the use of pylon signage.

[9] The Complainant stated that in the subject property, there is significant variation in the lease rates applied within the Commercial Retail Unit Medium, 1,001 – 3,000 sf (CRUMED) and Commercial Retail Unit Maximum, 3,001 – 5,000 sf (CRUMAX) spaces. Although the structures do not have the same year of construction, there should not a significant difference in the assessed rentals rates. The landlord would be unable to obtain such different rates from tenants within the same development.

[10] The Complainant argued that the lease rates applied to the CRU spaces in buildings #1, #2, #4 and #5 do not reflect the current market rates. In support of this position, the Complainant presented a list of comparable retail leases for CRUMED space that have an average rate of \$14.86/sf. The subject property CRUMED spaces are assessed between \$18.75/sf and \$24.00/sf. The Complainant requested \$17.00/sf for the CRUMED spaces.

[11] The Complainant also presented a list of comparable retail leases for CRUMAX/Commercial Retail Unit Mega, 5,001 – 10,000 sf (CRUMEG) spaces that have an average rate of \$14.18/sf. The subject CRUMAX/CRUMEG spaces are assessed between \$16.25/sf and \$21.00/sf. The Complainant requested \$15.00/sf for the CRUMAX space, \$14.00/sf for the CRUMEG space and \$18.00/sf for the liquor store.

[12] The Complainant presented a list of comparable sales that transacted between September 2011 and November 2013 that are similar in size and age. The comparables sold for an average time adjusted sale price of \$173.23 compared with the subject assessment of \$240.14/sf.

[13] In summary, the Complainant requested the Board to reduce the assessment to \$6,036,500.

[14] At this point in the hearing, the Respondent requested the adjournment as outlined in the preliminary matters section of this decision.

[15] When the hearing convened and the Respondent explained the reasons for the recommendation, the Complainant accepted the Respondent's recommendation to reduce the assessment to \$6,409,000.

### **Position of the Respondent**

[16] Following the adjournment, the Respondent made a recommendation to reduce the subject assessment from \$6,988,000 to \$6,409,000.

[17] The recommendation is as a result of the following changes to the subject property detail report marked Exhibit R-2:

- Building #2 - liquor store rent changed from \$21.75/sf to \$19.00/sf and the quality of the building changed from 06 to 04,
- Building #4 - CRUMED rent changed from \$19.00/sf to \$16.75/sf, CRUMEG rent changed from \$15.25/sf to \$13.25/sf and the quality of the building changed from 06 to 04, and
- Building #5 – the quality of the building changed from 05 to 04 and the condition of the building changed from Good to Average.

[18] In summary, the Respondent stated that with the above changes, the subject property assessment is correct. The Respondent requested the Board to accept the recommendation.

### **Decision**

[19] The recommendation is accepted by the Board and the property assessment is reduced from \$6,988,000 to \$6,409,000.

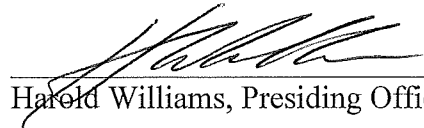
### **Reasons for the Decision**

[20] The Board understands that the recommended assessment change is as a result of the Respondent's recommended changes to building quality which in turn affects assessed rental rates.

[21] The Board accepts the Respondent's recommendation to reduce the subject property assessment to \$6,409,000. The Board notes that the Complainant is in agreement with the Respondent's recommendation.

Heard June 27, 2014

Dated this 14<sup>th</sup> day of July, 2014, at the City of Edmonton, Alberta.

  
Harold Williams, Presiding Officer

**Appearances:**

James Phelan  
Stephen Cook  
for the Complainant

Alana Hempel  
Tracy Ryan  
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.*

## Appendix

### Legislation

**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.

### Exhibits

Complainant’s Brief, C1 – 38 Pages

Respondent’s Brief, R1 – 77 Pages

Respondent’s Revised Proforma, R2 – 3 Pages