

## **Edmonton Composite Assessment Review Board**

**Citation: Colliers International Realty Advisors Inc for Quinn Pumps Canada Ltd v The City of Edmonton, 2014 ECARB 00810**

**Assessment Roll Number:** 1037647  
**Municipal Address:** 3710 78 Avenue NW  
**Assessment Year:** 2014  
**Assessment Type:** Annual New  
**Assessment Amount:** \$10,726,500

Between:

**Colliers International Realty Advisors Inc for Quinn Pumps Canada Ltd**

Complainant

and

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

Respondent

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**DECISION OF**  
**Willard Hughes, Presiding Officer**  
**John Braim, Board Member**  
**Robert Kallir, Board Member**

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### **Procedural Matters**

[1] Upon questioning by the Presiding Officer the parties indicated they did not object to the Board's composition. In addition, the Board members stated they had no bias with respect to this file.

### **Preliminary Matters**

[2] There were no preliminary matters.

### **Background**

[3] The subject property comprises 2 buildings with effective year built dates of 1997 and 2005 the latter of which is a cost building. The subject property contains 7.56 acres and the total building size of the two buildings is 72,963 square feet (sq ft) of which the cost building comprises 1,300 sq ft. There is 12,545 sq ft of finished office space. The property is located at 3710 78 Avenue in south-east Edmonton. The effective year built of the main building is 1997 and is in average condition. The land is zoned IB-Industrial Business and has a site coverage ratio of 21%.

### **Issues**

[4] Has the subject property been fairly and equitably assessed?

### **Position of the Complainant**

[5] The Complainant presented evidence to the Board for its review and consideration to support his position that the assessment of the subject property should be reduced from \$10,726,500 to \$9,850,000.

[6] The Complainant provided a chart of 4 sales that had transacted between December 2010 and January 2013. All sales were located in the south-east district. One sale has a site coverage close to the 21% site coverage of the subject property with a building that is approximately 9,000 sq ft smaller than the building located on subject property and has an agricultural industrial (AGI) zoning. The other three comparables are somewhat similar to the subject other than their lot size and considerably larger site coverage. The Complainant stated that the unit rates emanating from the 4 sales ranged from \$123.62/ sq ft to \$153.88/ sq ft with an average of \$136.57/ sq ft.; an average site coverage of 32% and average building size of 52,259 sq ft. On the direct sales approach the Complainant stated that a fair assessment unit price for the subject property is \$135/sq ft which amounts to a total assessment of \$9,850,000 which indicates the current assessment is too high.

[7] The Complainant contended that the property owner is entitled to the lower of the market value or the equity value and provided a chart of four equity comparable properties located in close proximity to the subject property and stated that the unit rates emanating from the four comparables ranged from \$114.52/ sq ft to \$151.25/ sq ft with an average of \$126.56/ sq ft. an average site coverage of 32%, an average building size of 82,120 sq ft. and average effective year built of 1997. On the basis of his equity approach the Complainant stated that the assessment unit price for the subject property should be closer to \$135/sq ft which amounts to a total assessment of \$9,850,000 which indicates the current assessment is too high.

[8] The Complainant provided an Income Approach to value in support of the reduction request of the assessment for the subject property. A table of recent leasing activity was provided from comparable single tenant lease transactions. The lease rates ranged from \$5.25/ sq ft to \$9.75/ sq ft with an average of \$7.45/ sq ft from which a rate of \$8.50/ sq ft was applied to the subject property. Utilizing a vacancy rate of 2% and a structural allowance of 2% the net operating income of \$588,338 was capitalized at 6% into a value of \$9,805,632 which indicates the current assessment is too high. The capitalization rate of 6% is based on a market survey completed by Colliers International that Single Tenant Industrial Buildings in Edmonton have a capitalization rate between 5.75% and 6.75% and the chart for the sale of nine properties provided by the Complainant.

[9] Having utilized three approaches to value the Complainant concluded that the evidence presented supports a reduction to \$9,850,000 based on the Direct Sales approach and is supported by the Equity and Income approaches to value.

### **Position of the Respondent**

[10] The Respondent presented evidence to the Board for its review and consideration and stated that comparable properties set out by the City in its disclosure package provided the necessary evidence to confirm the assessment of the subject property at \$10,726,500.

[11] For the purposes of the 2014 annual assessment, the Direct Comparison approach (also referred to as the Sales Comparison approach) was employed. There is ample data from which to derive reliable value estimates and only a portion of the inventory is traded based on its ability to

generate income. A majority of industrial property in Edmonton is owner-occupied and as such has no income attributable to it.

[12] The Respondent provided a Direct Sales Approach chart as the subject property had been assessed by that method. The chart provided set out six sales three of which were located in the same industrial grouping as the subject property. These three comparables had smaller lot sizes in two cases and larger in one case; one was not located in the immediate vicinity of the subject property and their site coverage ranged from 8% to 41%. The other three comparables are located in different industrial grouping than the subject and are not located in the immediate geographical vicinity of the subject property. The six sales were time adjusted to valuation day and produced rates ranging from \$128.00/ sq ft to \$304/ sq ft with the subject property being assessed at \$147.01/ sq ft.

[13] The Respondent also provided a graph of the Complainant's sales setting out that there are errors in certain of the Complainants information relating to its comparables number two and four.

[14] The Respondent provided a chart of six equity comparables to support their position that the assessment was equitable with other properties. All of the comparables are in the same industrial group, are in average condition and were somewhat comparable in terms of age, site coverage ratios and areas of office development. The property located at 5710 Roper Road was used as a comparable by both the Complainant and the Respondent.

[15] The Respondent provided a chart of the Complainant's equity comparables indicating adjustments are necessary to three of the four comparables.

### **Decision**

[16] The decision of the Board is to confirm the assessment of \$10,726,500.

### **Reasons for the Decision**

[17] The sale comparables provided by the Complainant were lacking in sufficient attributes being utilized for comparable purposes as to allow the Board to place much weight on these comparables. While all sales were located in the south-east district, only one sale has site coverage close to the 21% of the subject property although the building located on this comparable is approximately 9,000 sq ft smaller than the building located on subject and has an agricultural industrial (AGI) zoning. While the other three comparables have some similarity to the subject property their lot size and considerably larger site coverage detrimentally affect their comparability.

[18] The sale comparables provided by the Respondent were lacking in sufficient attributes being utilized for comparable purposes as to allow the Board to place much weight on these comparables. Only three of the six sales provided by the Respondent were located in the same industrial grouping as the subject property but they had smaller lot sizes in two cases and larger in one case and one was not located in the immediate vicinity of the subject property. Further, the site coverage ranged from 8% to 41%. The other three of the six comparables are located in different industrial grouping than the subject and are not located in the immediate vicinity of the subject property.

[19] The equity comparables of the Complainant other than the property located at 5710 Roper Road were lacking in sufficient attributes being utilized for comparable purposes as to allow the Board to place much weight on these comparables.

[20] The six equity comparables provided by the Respondent support its position that the assessment was equitable with other properties as they are in the same industrial group, are in average condition and are comparable in certain aspects to the subject property in terms of age, site coverage ratios and areas of office development. The property located at 5710 Roper Road was used as a comparable by both the Complainant and the Respondent, and at \$151.00 sq ft supports the assessment.

[21] The Board places little weight on the Complainant's Income Approach as the Board finds the Direct Sales Approach is the generally accepted method for industrial properties in Edmonton due to the high proportion of owner user properties.

[22] The onus of proving the incorrectness of an assessment is on the Complainant. The Complainant did not provide sufficient evidence to prove the incorrectness of the assessment.


[23] The assessment of \$10,726,500 is fair and equitable.

### **Dissenting Opinion**

[24] There is no dissenting opinion.

Heard July 9, 2014.

Dated this 5<sup>th</sup> day of August, 2014, at the City of Edmonton, Alberta.

  
Willard Hughes, Presiding Officer

### **Appearances:**

James Phelan, Colliers International  
Stephen Cook, Colliers International  
for the Complainant

Katrina Rossol, Assessor  
Luis Delgado, Assessor  
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

C-1 Complainant’s Submission

R-1 Respondent’s Submission