

Edmonton Composite Assessment Review Board

Citation: 186th Street Edmonton Investments Inc. and Mil Industrial II GP Inc., as represented by Avison Young v The City of Edmonton, 2014 ECARB 01029

Assessment Roll Number: 9980965

Municipal Address: 1091 8 184 Street NW

Assessment Year: 2014

Assessment Type: Annual Revised

Assessment Amount: \$10,648,000

Between:

**186th Street Edmonton Investments Inc. and Mil Industrial II GP Inc.,
as represented by Avison Young**

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Petra Hagemann, Presiding Officer

Jack Jones, Board Member

Martha Miller, Board Member

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.

Background

[2] The subject property is a medium warehouse and storage garage of 66,440 and 100 square feet (sq ft), respectively. Located in the White Industrial neighbourhood of Edmonton, the subject was constructed in 2000, is in average condition and contains 6,080 sq ft of main floor office space and 6,080 sq ft of upper office space. The subject has site coverage of 18% and a total lot size of 334,834 sq ft.

Issues

[3] Is the 2014 assessment of the subject property at \$10,648,000 fair and equitable?

Position of the Complainant

[4] The Complainant presented evidence and argument for the Board's review and consideration.

[5] In support of a requested reduction of the 2014 assessment of the subject property from \$160.80 to \$117.00/sq ft the Complainant presented four equity comparables. These comparables ranged in building size from 38,246 to 92,611 sq ft, in lot size from 115,017 to 191,812 sq ft and in site coverage from 26 to 48%. The 2014 unit assessments of these four comparables ranged from \$103.61 to \$129.60/sq ft with a median unit assessment of \$117.00/sq ft.

[6] In rebuttal the Complainant noted that the excess land associated with the subject property provided no additional utility to the subject property as the unimproved area is either required for use as parking, a truck turning radius or included in a large sloped berm area that would be prohibitively difficult and expensive to develop.

[7] The Complainant also noted that the Respondent's equity comparable #6, which is comparable to the subject property with respect to building size, lot size, site coverage and office component, supports a reduction to the 2014 assessment of the subject property.

[8] In summary the Complainant requested the 2014 assessment of the subject property be reduced from \$10,648,000 to \$7,773,000 (from \$160.80 to \$117.00/sq ft).

Position of the Respondent

[9] The Respondent presented evidence and argument for the Board's review and consideration.

[10] The Respondent outlined the mass appraisal methodology applied in assessing warehouse properties such as the subject and noted in particular the factors affecting value which in order of significance are: main floor area, site coverage, effective age, industrial group location, condition, main floor finished area and upper finished area.

[11] In support of the 2014 unit assessment of the subject property at \$160.80 per square foot the Respondent presented eight equity comparables which ranged in unit assessed value from \$121.80 to \$140.70 per square foot and provided unit adjustments for the variance in lot size from the subject property which ranged from \$4.00 to \$51.00 per square foot to account for the excess land in the subject property.

[12] The Respondent used nine land sales to determine a unit land value of \$680,000 per acre which was applied in the unit land adjustments noted above.

[13] The Respondent outlined the 2014 Industrial Study Area Groupings within the City of Edmonton and in particular noted the variance in value between group #2 (the subject grouping) and group #17 which range in value between 9 and 12 % (with group #2 being the higher valued grouping). All of the comparables presented by both parties were either from group #2 or group #17.

[14] The Respondent also presented an analysis of the Complainant's four equity comparables which were adjusted for site coverage, building size and market area. When these adjustments were applied to the Complainant's comparables the adjusted assessments ranged from \$141.00 to \$169.00 per square foot.

[15] The Respondent noted that the Complainant had not presented any evidence with respect to future development restrictions on the subject property that would indicate the excess land could not be developed in some fashion.

[16] In summary the Respondent requested the 2014 assessment of the subject property be confirmed at \$10,648,000.

Decision

[17] The decision of the Board is to confirm the 2014 assessment of the subject property at \$10,648,000.

Reasons for the Decision

[18] The Board reviewed the equity comparables provided by the Complainant and found them to be similar to the subject in age, condition and main floor office space. The building sizes of the warehouses range from 38,245 to 92,611 sq ft compared to the subject of 60,138 sq ft. The lot sizes were much smaller than the subject ranging from 117,099 to 191,813 sq; the subject sits on a 334,834 sq ft parcel of land.

[19] The Board understands that it is highly improbable to find properties that are similar to the subject in all areas. Both parties presented equity comparables in neighbourhood group 2 (major roadways Northwest) where the subject is located and neighbourhood group 17 (core Northwest) which is slightly inferior to the subject. The Board accepts that minor adjustments would need to be made for the locational differences and for the fact that the Respondent's third comparable is ten years newer than the subject.

[20] The Board finds that the excess land within the subject property (site coverage of 18% compared to the average site coverage of approximately 33%) is significant and adds value to the subject property. The Board was not presented with evidence other than photographs as to why this excess land located along the western boundary of the subject could not be developed. The Board is of the opinion that the sloped area could accommodate an additional building without hampering the truck access to the existing building. The Board understands that costs would be associated with another building, however no evidence was provided as to additional cost due to the slope.

[21] The Board reviewed the Respondent's land sales and is satisfied that the average time adjusted sale price of \$668,000 per acre is a reasonable value to attribute to excess land.

[22] The Board analyzed the methodology used by the Respondent to adjust their comparables to 18% site coverage similar to the subject. By adding the new value per square foot for this excess land to the assessment per sq ft of main floor area of their comparables, the revised

amounts range from \$151.82 to \$186.73/sq ft with an average of \$175/sq ft and a median of \$178.5/sq ft. By applying this same methodology to the comparables provided by the Complainant, the revised amounts range from \$141 to \$169/sq ft with an average of \$160.30 and a median of \$165.54/sq ft.

[23] When adjustments for excess land value, age of building and market area are applied to all equity comparables provided by both parties, the unit values support the unit assessment of the subject.


[24] The Board finds the 2014 assessment of the subject property at \$10,648,000 to be fair and equitable.

Dissenting Opinion

[25] There was no dissenting opinion.

Heard July 25, 2014.

Dated this 5th day of August, 2014, at the City of Edmonton, Alberta.



Petra Hagemann, Presiding Officer

Appearances:

Brendan Peacock, Avison Young

Chris Hartley, Avison Young
for the Complainant

Luis Delgado, Assessor, City of Edmonton
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 Disclosure – 29 pages

R-1 – Respondent Disclosure – 57 pages

C-2 – Complainant Rebuttal – 7 pages