

## **Edmonton Composite Assessment Review Board**

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of  
Edmonton, ECARB 2012-002041**

**Assessment Roll Number:** 1523240  
**Municipal Address:** 16903 118 AVENUE NW  
**Assessment Year:** 2012  
**Assessment Type:** Annual New

Between:

**COLLIERS INTERNATIONAL REALTY ADVISORS INC**

Complainant

and

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

Respondent

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**DECISION OF**  
**Dean Sanduga, Presiding Officer**  
**Brian Carbol, Board Member**  
**John Braim, Board Member**

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### **Preliminary Matters**

[1] The parties indicated they had no objection to the composition of the panel and the Board members indicated that they had no bias with regard to the matter.

### **Background**

[2] The subject property is an office building constructed in 1980 and has been renovated to a 1990 effective age of construction. The subject has 13,600 square feet of office space and 22,500 square feet of CRU – Other space that is utilized as storage area. The lot size is 2.98 acres and has a site coverage ratio of 27.8%. It is zoned IB and the building is classified as sub class B.

### **Issue(s)**

[3] Is the 2012 assessment of the storage area, referenced as CRU –Other fair when compared with other storage rates applied by the city?

### **Legislation**

[4] The Municipal Government Act reads:

*Municipal Government Act, RSA 2000, c M-26*

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**

[5] The Complainant provided a 29-page brief (C-1) to show that the subject property’s 2012 assessment of the CRU-Other storage space at \$6.00 per square foot is excessive, resulting in an assessment of \$3,464,000, which is in excess of market value.

[6] The Complainant argued that a review of the assessment rates of similar properties indicated a storage assessment value of \$4.00 per square foot, and that the rate of \$4.00 per square foot would be more appropriate for the subject CRU - Other storage portion of the subject property.

[7] The Complainant submitted recent photos of the subject storage facilities (C-1, pages 6 - 10) noting that the CRU-Other space has been utilized as storage for the past 12 years. In support of this argument, the Complainant submitted three 2012 High Rise Office comparables indicating that the Respondent had assessment rates of \$4.00 per square foot applied to the storage areas (C-1, pages 23 - 25).

[8] The Complainant advised the Board that he is in agreement with the rental value of \$13.00 per square foot assessed on the office portion of the subject property.

[9] The Complainant requested the assessment rate on the 22,500 square feet CRU- Other storage portion of the subject property be reduced from \$6.00 per square foot to \$4.00 per square foot, resulting in a total 2012 assessment of the subject property at \$3,159,500 (C-1, pages 15 and 16).

[10] The Complainant also provided a chart of comparable sales in support of the request to reduce the assessment of the subject property. The four comparable sales took place between December 2010 and July 2011 and sold in a range between \$60.48 per sq ft and \$87.40 per sq ft with an average of \$72.02 per sq ft which is less than the assessed rate. The Complainant stated that the Respondent had asserted no time adjustments were required for this period and consequently none had been made (C-1 page 15).

### **Position of the Respondent**

[11] The Respondent provided a 109-page assessment brief (Exhibit R-1) arguing the current CRU assessment at the rate of \$6.00 per square foot is fair and equitable when considering the quality of the storage area and its location.

[12] The Respondent advised the Board that the area assessed as CRU-Other storage is former office space that is now utilized as indoor storage. The area is an integral component of the business operation.

[13] The Respondent stated that the current assessment of the CRU- other at \$6.00 per square foot is less than one half the former office use at \$13.00 per square foot, and as such, is very reasonable valuation for the warehouse use of the subject property.

[14] The Respondent also critiqued the Complainant's comparable properties as they are not similar to the subject. He referred the Board to the storage facilities in the Baker Centre, the EPCOR Building and the Bank of Montreal Building and stated the storage spaces are usually located in the basement, and are not accessible by material handling machinery like the subject property. Basement spaces generally have poor lighting and access. In addition they are all located in the downtown area and have no similarity to the subject property. The Respondent further stated that the fourth comparable is located in the basement of a 27 year old fast food restaurant that is only accessible via the upper business premises (R-1 page 24).

[15] In rebutting the sales comparables of the Complainant, the Respondent argued against the Complainant's request for a reduction in the storage area rate stating that the subject property was built in 1980 and had been renovated to an effective age of 1990. The Respondent further stated that the rear portion of the subject property had been retrofitted to warehouse space that complemented the owner's chemical distribution depot operation on the adjoining parcel, to the east of the subject. The rental rates assigned to the subject property are representative of the use being made of the subject property (R-1 page 34).

[16] Also in rebuttal, the Respondent argued that the Complainant's comparable sales were all substantially older than the subject property and required adjusting upwards. Further upward adjustments were also required to cover differences in size and also site coverage ratios and condition.

### **Decision**

The decision of the Board is to confirm the 2012 assessment of the subject at \$3,464,000 based on a CRU- Other storage assessment of \$6.00 per square foot.

### **Reasons for the Decision**

[17] The Board finds that the storage portion of the subject property had been specifically converted from office use to warehouse or storage use. This was evident from photographs depicting the perimeter windows, interior wall finishing, ceiling finishes and exterior landscaping.

[19] The Board places little weight on the Complainant's storage comparables as they are not similar to the subject in location, age and actual use

[20] The Board placed more weight on the Respondent's position that the current assessment of the CRU – Other space at \$6.00 per square foot is less than one half the former office use at \$13.00 per square foot, and as such, is very reasonable valuation for the CRU-Other storage use of the subject property.

[21] The Board is of the opinion that the highest and best use of the subject CRU is office use and the subject was originally developed for office use. The Board is convinced that the subject's CRU-Other space is currently used as storage facility; however, based on its quality, the Board finds a \$6.00 per square foot lease rate is fair.

[22] The Board noted that this appeal is limited to the assessment rates per square foot on the CRU-Other storage portion of the subject and that there is no disagreement on the rental assessment of the office portion of the subject; therefore, no consideration was required on the office portion of the subject.

[21] **Dissenting Opinion**

There was no dissenting opinion

Heard commencing October 3, 2012.

Dated this 23<sup>rd</sup> day of October, 2012, at the City of Edmonton, Alberta.

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Dean Sanduga, Presiding Officer

**Appearances:**

Greg Jobagy  
for the Complainant

John Ball  
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.*