

Edmonton Composite Assessment Review Board

Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of Edmonton, ECARB 2012-002342

Assessment Roll Number: 3118528
Municipal Address: 2841 109 STREET 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

DECISION OF

Dean Sanduga, Presiding Officer

Brian Carbol, Board Member

John Braim, Board Member

Preliminary Matters

[1] Upon questioning by the Presiding Officer, the parties indicated that they had no objection to the composition of the Board, and the Board members indicated no bias with regard to the matter.

Background

[2] The subject property is a two storey building known as Heritage Professional Building. The property was constructed in 1992 and is located in the Southside Area. The subject property has a total assessed area of 17,532 square feet on a lot size of 1,193 with site coverage of 33.7%.acres The subject is zoned DC2 and the 2012 assessment is \$3,520,500

Issue(s)

[3] What is the appropriate rental rate for the subject property?

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 17-page brief (C-1) to show that the subject property's 2012 rental rate assessment of \$16.50 per square foot or \$3,520,500 is in excess of market value, and a 9-page document rebutting the Respondent's evidence to the Board (Exhibit C-2).

[6] The Complainant argued that a review of market lease rates of similar properties indicated a lease rate value of \$13.66 per square foot and that \$14.00 per square foot would be more appropriate for the subject property. In support of this argument, the Complainant submitted three recent office lease comparables dated from January 2011 to July 2011 that showed an average lease rate of \$13.66 per square foot (C-1, page 8).

Property	YOC	NLA (sq. ft.)	Start date	Term years	Rate (sq. ft.)
Sprucewood Business park	1990	11,303	July 2011	5	\$12.00
Weber Centre	1990	1,500	February 2011	5	\$15.00
Springwood Court	1991	2,381	January 2011	1	\$14.00
Average					\$13.66

[7] The Complainant stated that the comparable office lease rates indicate that the subject's current lease rate is fair and equitable.

[8] The Weber Centre which is a superior 121,000 square feet with only 1,500 square feet office building lease supports the requested rental rate for the subject of \$14.00 per square foot.

[9] The Complainant advised that each of the comparable properties are located next to major roadways and business districts within South Edmonton, while the subject is located in a residential neighborhood with few amenities nearby. The Comparable properties offer their tenants conveniences outside of the workplace which is seen as beneficial to the tenants.

[10] In response to the evidence supplied by the Respondent, the Complainant provided a rebuttal document (C-2). The Complainant advised the Board that the subject property is a two storey Suburban office building and is not comparable to the Respondent's high-rise buildings included in the assessment chart (R-1 page 23).

[11] In order to attempt to isolate the most similar properties, the Complainant indicated one to four storeys (low-rise) building leases in the chart submitted (C-2 page 4). The Complainant also pointed out to the Board that the Respondent did not provide the comparable's addresses, therefore the Complainant is unable to confirm if the list include high-rise spaces on the lower floors.

[12] The Complainant requested a reduction of the 2012 rental rates to \$14.00 per square foot or an assessed value of \$2,950,500.

Position of the Respondent

[13] The Respondent presented a 105-page assessment brief (Exhibit R-1) to the Board. The assessment brief included the subject rent roll (R-1, page 17), City of Edmonton Suburban south side area "A" rents (R-1, page 23), and equity comparables (R-1, page 25) in support of the subject's 2012 assessment of \$3,520,500.

[14] The subject's rent roll showed the subject lease rate ranging from \$15.00 to \$19.00 per square foot, and the Respondent also noted the newest lease (January 2010) was leased at \$15.00 per square foot.

[15] The Respondent presented the Board with a chart of Suburban South Side Area class "A" rents showing time adjusted rent of \$11.64 to \$21.00 per square foot. The average of the last 6 months on these leases is \$16.40 per square foot (R-1 page 23).

[16] The Respondent also provided a 2012 Suburban Valuation Rates chart indicating a lease rate of \$16.50 per square foot on class "A" properties located in the South Side area, similar to the subject (R-1 page 24).

[17] The Respondent further submitted to the Board an equity comparable chart with 29 "A" class office buildings located in the South Side Area to indicate the lease area rate of \$16.50 was applied to each of the buildings and reflected fairness and equity (R-1 page 25).

[18] In rebuttal, the Respondent provided evidence that the Spruce Woods lease comparable submitted by the Complainant is not comparable to the subject, as part of the lease is warehouse storage and the comparable shows as industrial property, whereas the subject is used as office space.

[19] The Respondent stated that the Complainant's Springwood Court lease is inferior to the subject noting the building is a "B" class, as well as being demised into larger premises without the same level of finish as the subject.

Decision

[20] The decision of the Board is to confirm the 2012 assessment for the subject property of \$3,520,500.

Reasons for the Decision

[21] The Board reviewed and considered the evidence presented by the Complainant and Respondent.

[22] The Board noted the Complainant presented three lease comparables that are not similar to the subject in terms of sub class, location and quality. One lease comparable is a “B” class building demised into larger premises without the level of fit and finish and is inferior to the subject. One lease is a warehouse storage property.

[23] The Board therefore placed less weight on the Complainant’s lease comparables.

[24] The Board places greater weight on the Respondent’s rent roll on the subject and the 2012 Suburban valuation rates. These indicate a lease rate of \$16.50 per square foot on class “A” properties located in the South Side area and which are similar to the subject.

[25] The Board was also persuaded by the Respondent’s equity comparable chart with 29 “A” class office buildings located in the South Side Area, indicating that a lease area rate of \$16.50 was applied to each of the buildings, which reflected fairness and equity.

[26] The Board finds the 2012 assessment of \$3,520,500 for the subject is correct, fair and equitable.

Dissenting Opinion

[27] There was no dissenting opinion

Heard commencing October 3, 2012.

Dated this 23rd day of October, 2012, at the City of Edmonton, Alberta.

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.