

NOTICE OF DECISION NO. 0098 138/12

COLLIERS INTERNATIONAL REALTY
ADVISORS INC
3555 - 10180 101 STREET
EDMONTON, AB T5J 3S4

The City of Edmonton

Assessment and Taxation Branch
600 Chancery Hall
3 Sir Winston Churchill Square
Edmonton AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from a hearing held on July 23, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9958190		Plan: 9020932 Unit: 779	\$4,884,500	Annual New	2012

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.

cc: CAPITAL CENTRE NOMINEE COMPANY

Edmonton Composite Assessment Review Board

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of
Edmonton, ECARB 2012-002126**

Assessment Roll Number: 9958190

Municipal Address:

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
Lynn Patrick, Presiding Officer
Brian Carbol, Board Member
John Braim, Board Member

Preliminary Matters

[1] When asked by the Presiding Officer, the parties did not object to the composition of the Board. In addition, the Board members indicated no bias in the matter before them.

Background

[2] The subject property is a condominium unit found on the second floor of Capital Place, which is a high-rise apartment zoned EZ (Enterprise Zone). The building is assessed as a quality 7 office building and was built in 1981. The condominium is an upper unit and is 38,485 square feet in size.

Issue(s)

[3] Is the classification of the subject property as an office building correct?

[4] Is the 2012 assessment of the subject property correct?

Legislation

[5] The Municipal Government Act reads:

Municipal Government Act, RSA 2000, c M-26

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

[6] The Complainant filed this complaint on the basis that the 2012 assessment of the subject property exceeded its market value. In particular the Complainant stated the subject property was atypical in that there was no evidence that could be considered as being a good comparable to the subject property. The Complainant stated that the building type was assessed as an Office Condominium and the actual use was for offices located on the second floor.

[7] The Complainant provided the Board with four sales of single property transactions of offices that had sold between January 2010 and June 2011. The four properties ranged in age from 1968 to 1983 and in size from 30,511 sq ft to 44,446 sq ft compared to the subject at 38,485 sq ft. The sale prices ranged from \$104.88/ sq ft to 116.57/ sq ft and produced an average sale price of \$111.71/ sq ft whereas the subject had been assessed at \$126.92/ sq ft.

[8] The Complainant stated that sale #4 at 17220 Stony Plain Road was the best indicator of value for the subject as it was in similar condition to the subject property and was in a similar location as it had a similar traffic exposure. The Complainant argued that this comparable property was superior to the subject in that it consisted of both main and second floor office space and the sale price of \$116.57/ sq ft must be discounted as the subject property does not include main floor office space.

[9] In rebuttal the Complainant reproduced the Respondent's five sale comparables to indicate they were not good comparables as they were all retail office/condos substantially smaller in size than the subject and there was no evidence to indicate how economies of scale could be applied to these five sales to compare them to the subject.

[10] The Complainant also stated that the Respondent's sale #3 and #4 were substantially newer and were also not located in the downtown area. The Complainant indicated that although the Respondent's sale #5 was the most comparable to the subject due to the type, condition and sale details the subject is over 38 times larger and a unit value adjustment could not be made.

[11] In conclusion, the Complainant requested the Board to reduce the assessment to \$110.00/ sq ft based on the evidence, argument and rebuttal provided. This would result in an assessment of \$4,233,500.

Position Of The Respondent

[12] In support of the assessment, the Respondent presented five sales comparables of retail/condominium properties. Two are located in the Downtown District; two in the Westmount

District within the same building; and one in the Central McDougall District of the City of Edmonton.

[13] The comparables ranged in year built from 1954 to 2003. The subject property was built in 1981. They ranged in size from 470 square feet to 1,110 square feet with an average size of 858 square feet compared to the subject property which is 38,485 square feet.

[14] The time adjusted sale price for the comparables ranged from \$193.91/square foot to \$430.77/ square foot for an average of \$299.85/square foot compared to the 2012 assessment of the subject property at \$126.92/square foot.

[15] In support of the argument to confirm the 2012 assessment at \$4,884,500 (\$126.92/square foot), the Respondent also entered into evidence a recent CARB decision for two retail/office condos in the same building as the subject property.

Decision

[16] The classification of the subject property as an office building is the correct category.

[17] After considering the evidence and arguments of the two parties, the CARB confirms the 2012 assessment \$4,884,500.

Reasons For The Decision

[18] The subject property is legally registered as a condominium unit and exists in a building that contains commercial retail condominiums of much smaller size. The assessment of the subject shows that it is, however, considered an office building, apparently out of respect for its very large size, and thus it received a much different approach than those retail condo units in the building on the main floor. The size, configuration and location of the space on the second floor of the building made the subject much more akin to a substantial office facility and thus correctly treated as such as opposed to being treated as a commercial retail condo unit.

[19] The Board was not persuaded by the evidence of the Complainant wherein four comparable sales were provided (Exhibit C-1, pages 9 - 15). The Complainant had stated at the outset of the hearing that the subject property was atypical and there were no good comparable sales. The Board finds that they were all reasonably comparable in terms of overall size. The first two sales are in suburban locations and although the first comparable was located on a busy arterial road the building was an automotive dealership comprising showroom, service bays, etc. The second comparable was a single storey retail shopping centre. The Board was unable to link these to the subject property in terms of type, style, use and location and gave them no consideration.

[20] The two remaining comparables were also in suburban locations. The third comparable was described as the best comparable and comprised a two storey office building of similar age with virtually unlimited parking (136 stalls). The Board agrees that the sale of this property is the most comparable to the subject in terms of age, size and use but finds there was no means of linking the main floor space with the second floor space of the subject. No evidence was provided regarding the value attributable to the parking (\$20,000+/- had been suggested by the Complainant – C-2, page 11). Furthermore the Board had no information to enable them to link the suburban location of this property with the subject.

[21] The fourth sale appeared to be a converted industrial building in an industrial location and again the Board was unable to compare this with the subject in terms of location, main floor vs. second floor, parking or traffic exposure.

[22] The evidence tendered by the Respondent in support of the assessment, however, is a number of sales of main floor retail condo units. The average sale price per square foot of those units is \$299.85 which grossly exceeds the assessed value of the subject at \$126.92. This is much greater than the assessment and cannot be said to be relevant to the assessment of the subject as an office building. No evidence was provided to enable the Board to connect these comparables which were small main floor retail units with the subject property which is a very large second floor office unit.

[23] Given the very large disparity in these values the CARB was unable to place any weight on the comparables tendered by the Respondent and therefore gave them no consideration.

[24] The CARB agrees that the Complainant's third comparable sale is the closest comparable to the subject but placed little weight on it due to the reasons noted above. Furthermore the CARB were not convinced that one sale, even if meaningful, would be sufficient to sway them to change the assessment as they were of the opinion that one sale does not necessarily represent the marketplace.

[25] In the final analysis, in the absence of sufficient good comparable evidence from either party, the CARB confirms the assessment, as noted above.

Dissenting Opinion

[26] There were no dissenting opinions.

Heard commencing July 23, 2012.

Dated this 8th day of August, 2012, at the City of Edmonton, Alberta.

Lynn Patrick, Presiding Officer

Appearances:

Stephen Cook, Colliers International Realty Advisors Inc.
for the Complainant

Chris Rumsey, Assessor, City of Edmonton
for the Respondent