



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
Phone: (780) 496-5026

NOTICE OF DECISION NO. 0098 878/11

Colliers International Realty Advisors Inc
1000-335 8th Ave SW
Calgary, AB T2P 1C9

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 March 19, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1106061	15305 128 Avenue NW	Plan:3340RS Block: B Lot: 3	\$11,426,000	Annual New	2011

Before:

Warren Garten, Presiding Officer
George Zaharia, Board Member
Tony Slemko, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Greg Jobagy, Colliers International Realty Advisors Inc
Stephen Cook, Colliers International Realty Advisors Inc

Persons Appearing on behalf of Respondent:

Marty Carpentier, Assessor, City of Edmonton
Steve Lutes, Barrister & Solicitor, City of Edmonton

PRELIMINARY MATTERS

Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board Members indicated no bias with respect to this file.

No other preliminary matters were brought forward before the Board

BACKGROUND

The subject property is an industrial property comprised of a single building totaling 184,497 square feet. The property is located in north-west Edmonton in Mistatim Industrial Park on 12.54 acres and was constructed in 1977. The property is currently assessed with an effective year built of 1977.

ISSUE(S)

There are two issues regarding this complaint:

1. The first issue pertains to the size of the building being used by the City of Edmonton for assessment purposes.
2. The second issue is the market value of the property based on the income approach to value.

LEGISLATION

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.

464(1) Assessment review boards are not bound by the rules of evidence or any other law applicable to court proceedings and have power to determine the admissibility, relevance and weight of any evidence.

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

1. The Complainant requested a change to the total building area (C-1 pg. 4) from 184,497 square feet to 178,143 square feet. This was based on the rent roll of the subject.

2. When questioned by the Respondent and the Board, it was determined that the building had not been re-measured and the full rent roll was not available for consideration
3. The Complainant explained that he could not find any comparable sales of warehouses over 100,000 square feet in the west end of Edmonton within the time period of July 1, 2008 and December 31, 2010. As a result he would use the income approach to value in place of the direct comparison approach to value.
4. The Complainant provided a partial rent roster (C-1 pg. 7) of the subject which represented 70% of the building with rental rates of \$4.75 and \$4.30 per square foot.
5. The Complainant further provided a list (C-1 pg. 8) of 4 leases in comparable properties. The leases ranged in value from \$5.50 to \$8.50 per square foot. Upon questioning, these could not be verified.
6. The Complainant used a rate of \$4.50 per square foot in his income approach model. The Complainant further used a vacancy rate of 5.19% in his income approach model and a capitalization (cap) rate of 8.75%.
7. When questioned as to where the 5.19% vacancy was derived, the Complainant could not determine the source of the vacancy number.
8. The Complainant provided a total of 4 comparable sales (C-1 pg. 9) to support the requested cap rate. The cap rates ranged from 7.11% to 8.85%.
9. Upon questioning, sales number 1 was used in common by both the Complainant and Respondent, with a time adjusted selling price of \$68.93.
10. The Complainant requested a revised assessment of \$8,590,000 (C-1 pg. 10) based on the income approach to value and a reduced size of the building area.

POSITION OF THE RESPONDENT

1. The Respondent provided a list of 5 comparable sales (R-1 pg. 23) in their evidence packages with sales dated from January 30, 2007 to February 2, 2010.
2. The time adjusted selling prices provided in the list of comparable sales ranged from \$68.93 to \$125.32.
3. Comparable number one was determined to be common with both the Complainant and Respondent.
4. The Respondent further provided a list of seven equity comparable sales (R-1 pg. 30) which averaged \$63.48 per square foot in support of the current assessment on the property.

DECISION

The CARB finds that:

1. The Building square footage will remain as per the assessment at 184,497 square feet.
2. The Income method of value will not be considered based on the evidence before the Board.

The Board's decision is to confirm the 2011 assessment at \$11,426,000.

REASONS FOR THE DECISION

1. There was no evidence provided to the Board to substantiate a reduction in the size of the building.
2. The income method of value could not be determined with the evidence before the Board since there was no evidence as to the market rent of the subject, no evidence as to the vacancy rate used and no clear evidence as to the cap rate in the marketplace for a building of this nature.
3. The Board determined that the Direct Sales Comparison approach to value appeared to be the best overall approach in this case.
4. The Respondents comparable sale number 1 and the Complainants comparable sale number 1 were both in common and the Board applied the most weight to this sale at \$68.93 per square foot which supports the City's use of \$61.93 used in the assessment calculation.
5. The Respondents equity comparable list further supports the assessed value of the property.

DISSENTING OPINION AND REASONS

There were no dissenting opinions regarding this decision

Dated this 13th day of April, 2012, at the City of Edmonton, in the Province of Alberta.

Warren Garten, Presiding Officer

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: CONTINENTAL SAXON HOLDINGS LIMITED