

Edmonton Composite Assessment Review Board

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of
Edmonton, 2012 ECARB 2220**

Assessment Roll Number: 8873499
Municipal Address: 8804 53 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

DECISION OF
Robert Mowbrey, Presiding Officer
Brian Frost, Board Member
Reg Pointe, Board Member

Preliminary Matters

[1] Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board. In addition, the Board members indicated that they had no bias on this file.

Background

[2] The subject property is a two building complex, classed medium warehouse, located at 8804 – 53 Avenue NW. The buildings have an effective year built of 1978. Building one contains 21,719 square feet (sf) including 1,500 sf of finished office and 1,500 sf of finished mezzanine. Building two contains 14,678 sf including 1,764 sf of finished main floor office space and 1,764 sf of finished mezzanine. The buildings are situated on 73,942 sf (1.697 acres) of land with 45% site coverage. The buildings are in average condition and the Direct Sales Comparison Approach is used in arriving at the assessment.

Issue

[3] Does the assessment reflect the market value of 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 acknowledged that the assessment was prepared using the Direct Comparison Approach in arriving at the assessed value of \$3,646,000.

[6] The Direct Comparison approach is based on the Principle of Substitution “which maintains that a prudent purchaser would not pay more for a property than what it would cost to purchase a suitable alternative property that exhibits similar physical characteristics, tenant agreements, location, etc. Within this approach, the property being reviewed is compared to properties that sold recently and considered to be relatively similar to the subject.”

[7] The Complainant indicated that portfolio transactions and post facto sales should not be considered in establishing the assessment. Single property sales between January 1, 2010 and July 1, 2011 are the best indication of value at the mandated valuation date of July 1, 2011.

[8] The Complainant presented four comparable sales (Exhibit C-1, page 10). Sale #1 at 3304 Parsons Road was in June 2010 and included a building with 38,373 sf. It was on a 1.83 acre lot and sold for \$75.57 per sf. Sale #2 at 4115 – 101 Street was in December 2010 and included a building with 44,994 sf. It was on a 2.57 acre lot and sold for \$86.87 per sf. Sale #3 at 8210 McIntyre Road was in January 2011 and included a building with 42,000 sf. It was on a 3.48 acre lot and sold for \$109.52 per sf. Sale #4 at 7603 McIntyre Road was in December 2010 and included a building with 40,000 sf. It was on a 3.66 acre lot and sold for \$110.62 per sf. The average net leasable area of the sales comparables was 41,342 sf, average lot size was 2.89 acres, while average price per sf was \$95.60.

[9] The Complainant provided a report summarizing Average Edmonton Industrial Sales by Zoning in support of adjustments relating to three of the four comparable sales being zoned IB as opposed to the fourth (as well as the subject's) inferior IM zoning.

[10] The Network transaction sheets were included in the appendices to support the transactions. While the comparable sales are in close proximity to the subject, adjustments need to be made to account for the total lot size, year of construction, zoning and building size. When taken into consideration the Complainant stated a concluding unit valuation of \$85.00 per sq ft is appropriate for the subject property. The result is the requested reduction in assessment to a total property value of \$3,093,500 (truncated).

Position of the Respondent

[11] The Respondent indicated that a mass appraisal methodology was used to value individual properties. This involves a process whereby properties are stratified into groups of comparable property, common property attributes are identified for the properties in each group and a uniform valuation model is calibrated for each group using market information incorporating the property attributes (R-1, page 4).

[12] The Respondent advised that sales occurring from January 2008 through 2011 were used in model development and testing. Sales are validated by conducting site inspections and interviews, and by reviewing title transfers, sales validation questionnaires, and four data collection sources. Factors found to affect value in the warehouse inventory were: the location of the property; the size of the lot; the age and condition of the buildings; the total area of the main floor (per building), and; amount of finished area on the main floor as well as developed upper area (per building) (R-1, page 7).

[13] The most common unit of comparison for industrial properties is value per square foot of building area. When comparing properties on this basis, it is imperative that the site coverage be a key factor in the comparison. Site coverage expresses the relationship between the main floor area of the building and the amount of land associated with it. Properties with a larger amount of land in relation to the building footprint will see a higher value per square foot, as each square foot has to account for the additional value attributable to the larger land area (R-1, page 8).

[14] The Respondent presented six sales comparables in support of the assessment, (R-1, pg. 26). All sale prices were time adjusted. Sale #1 at 4004 – 99 Street was on January 2, 2009 with a 38,859 sf building for \$4,370,920. It had 45% site coverage and sold for \$112.48 per sf. Sale #2 at 9333 – 45 Avenue NW was on July 10, 2008 with a 25,530 sf building for a sale price of \$3,266,200. It had 29% site coverage and sold for an adjusted sale price of \$127.94 per sf. Sale #3 at 9333 – 37 Avenue NW was on August 29, 2008 with a 19,598 sf building for an adjusted sale price of \$2,293,100. It had 30% site coverage and sold for an adjusted sale price of \$141.09 per sf. Sale #4 at 5803 – 90 Street NW was on Sept 30, 2008 with a 14,483 sf building for an adjusted sale price \$1,877,600. It had 33% site coverage and sold for an adjusted sale price of \$129.64 per sf. Sale #5 at 7324 – 76 Avenue NW was on April 27, 2011 with a 15,089 sf building for an adjusted sale price of \$1,845,000. It had 37% site coverage and sold for an adjusted sale price of \$122.27 per sf. Sale #6 at 3120 – 93 Street NW was on June 30, 2010 with a 17,802 sf building for an adjusted sale price of \$2,300,000. It had 45% site coverage and sold for an adjusted sale price of \$129.20 per sf.

[15] The Respondent presented four equity comparables, all of which consisted of two separate buildings, in support of the assessment, (R-1, pg. 33). Comparable #1 at 5708 – 94A Street NW was assessed at \$3,640,500 with 36,000 sf of buildings. It had 42% site coverage and reflected an assessment of \$101.13 per sf. Comparable #2 at 9620 – 60 Avenue NW was

assessed at \$3,484,000 with 34,571 sf of buildings. It had 40% site coverage and reflected an assessment of \$100.81 per sf. Comparable #3 at 4243 – 76 Avenue NW was assessed at \$3,494,000 with 332,931 sf of buildings. It had 44% site coverage and reflected an assessment of \$106.10 per sf. Comparable #4 at 7207 – 76 Avenue NW was assessed at 3,114,000 with 29,271 sf of buildings. It had 38% site coverage and reflected an assessment of \$106.38 per sf.

[16] The subject property has two buildings of 21,719 and 14,678 sf and is assessed at \$3,646,000. It has 45% site coverage and is assessed at \$100.17 per sf, below the range of the sales and equity comparables.

[17] The Respondent indicated that three of the Complainant's four sales were, according to Network documents, leased at sub market rates at the time of sale. The Respondent further argued that the Complainant's comparable sales lacked documented back up for adjustments.

[18] The Respondent on page 34 of exhibit R-1 referenced some reasons for valuing multi-building accounts similarly to single building accounts using the same mass appraisal model, and then analyzing each building for its contributory value to the property. These include greater cost of construction, possible wide variance in finish between different buildings on the same account, decreased investment risk may be associated with them and site configuration may be enhanced.

Decision

[19] The decision of the Board is to confirm the 2012 assessment of \$3,646,000.

Reasons for the Decision

[20] The Board reviewed both the Complainant's evidence and testimony and the Respondent's evidence and testimony and found the Respondent's evidence and testimony to be more compelling.

[21] The Board was satisfied that the subject property with two buildings on site should more correctly be compared with sales comparables of similar circumstance. The Board noted that the Respondent's equity comparables followed suit. The Board further noted the Respondent's position that sales of properties with building sizes more relative to each of the buildings on the subject property as opposed to the Complainant's position that the two smaller buildings relate better to properties containing one building of a size comparable to the combined sizes of the subject's two buildings. The Board considered both approaches flawed as they failed to recognize utility as it related to positioning of the buildings on the site as well as the location of the property relative to access and visibility.

[22] The Board was swayed by the Respondent's methodology regarding multi-building accounts and was in the end satisfied that multi building properties are most fairly and equitably compared to similar multi-building properties.

[23] Jurisprudence has established that the onus of showing an assessment is incorrect rests with the Complainant. The Board finds that the Complainant's evidence was neither sufficient

nor compelling enough to enable the Board to form an opinion as to the incorrectness of the assessment.

Dissenting Opinion

[24] There was no dissenting opinion.

Heard commencing November 6, 2012.

Dated this 30th day of November, 2012, at the City of Edmonton, Alberta.

Robert Mowbrey, Presiding Officer

Appearances:

Greg Jobagy
Stephen Cook
for the Complainant

Marty Carpentier
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.