

## Edmonton Composite Assessment Review Board

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of Edmonton, 2012 ECARB 2221**

**Assessment Roll Number:** 8885196  
**Municipal Address:** 5921 87A 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**  
**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 medium sized warehouse located at 5921 87A Street NW. The building has an effective year built of 1981 and contains 19,633 square feet (sf) of main floor space with 4,261 sf of finished office space. An additional 1,453 sf of finished upper area gives the building a total area of 21,086 sf. The building is located on 54,139 sf of land with 36% site coverage. The building is in average condition and the Direct Sales Comparison Approach is used in arriving at the assessment.

### **Issue(s)**

[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 \$2,339,500.

[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 exhibits similar physical characteristics, tenant agreements, location, etc. Within this approach, the property being reviewed is compared to properties that sold recently and are considered to be 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 8). Sale #1 at 8135 Wagner Road was in July 2010 and included a building with 15,972 sq. ft. It was on a .98 acre lot, with 37% site coverage and sold for \$75.13 per sq. ft. Sale #2 at 9719 63 Ave was in July 2010 and included a building with 17,149 sq. ft. It was on a 0.89 acre lot, with 44% site coverage and sold for \$104.96 per sq. ft. Sale #3 at 9405 58 Ave was in September 2010 and included a building with 12,724 sq. ft. It was on a 1.29 acre lot, with 23% site coverage and sold for \$73.88 per sq. ft. Sale #4 at 3304 Parsons Rd was in June 2010 and included a building with 38,373 sq. ft. It was on a 1.83 acre lot, with 48% site coverage and sold for \$75.57 per sq. ft. Sales of these similar properties produced the following averages. The average net leasable area of the sales comparables was, 21,055 sq. ft., average lot size was 1.25 acres, while average price per sq. ft. was \$82.39.

[9] 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 \$90.00 per sq. ft. is appropriate for the subject property. Accordingly, the Complainant requested a reduction of the assessment to \$1,897,500 (truncated).

### **Position of the Respondent**

[10] 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).

[11] 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).

[12] 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).

[13] The Respondent presented six sales comparables in support of the assessment. Sale #1 at 5725 91 St NW was on May 21, 2009 with a 14,868 sq. ft. building for a time adjusted sale price of \$1,658,933. It had a 37% site coverage and sold for a time adjusted price of \$111.58 per sq. ft. Sale #2 at 7705 69 Street NW was on July 21, 2009 with a 14,969 sq. ft. building for an adjusted sale price of \$1,693,125. It had 34% site coverage and sold for an adjusted sale price of \$113.11. Sale #3 at 3120 93 ST NW was on June 30, 2010 with a 17,802 sq. ft. building for an adjusted sale price of \$2,300,000. It had a 36% site coverage and sold for an adjusted sale price of \$129.20 per sq. ft. Sale #4 at 7324 76 Ave NW was on April 27, 2011 with a 15,089 sq. ft. 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 sq. ft. Sale #5 at 5803 90 Street NW was on September 30, 2008 with a 14,483 sq. ft. building for an adjusted sale price of \$1,877,600. It had 33% site coverage and sold for an adjusted sale price of \$129.64 per sq. ft. Sale #6 at 9333 37 Ave NW was on August 29, 2008 with a 19,903 sq. ft. building for an adjusted sale price of \$2,808,000. It had 30% site coverage and sold for a time adjusted sale price of \$141.09 per sq. ft. (R-1, page 22).

[14] The subject property has a 21,086 sq. ft. building and is assessed at \$2,339,500. It has 36% site coverage and is assessed at \$110.95 per sq. ft., well within the range of the sales comparables.

[15] The Respondent entered as evidence a report by Bourgeois & Company (R-3) indicating that the sale at 9405 -58 Ave NW (C-1, page 8) did not feature a heating system.

[16] The Respondent also entered as evidence a report by the Network (R-4), with notes thereon by the assessor indicating that the sale at 9719 63 Ave (C-1, page 8), formerly used by Wedding World, needed significant renovations due to water damage and mould on 30% to 40% of the exterior walls.

### **Decision**

[17] The decision of the Board is to confirm the 2012 assessment of \$2,339,500.

### **Reasons for the Decision**

[18] 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.

[19] The Board was persuaded by the Respondent's sale comparables numbers 1 to 6, in average condition, similar age, similar building and lot size and located reasonably close to the subject. These sales took place at an adjusted sale price per sq. ft. ranging from \$111.58 to \$141.09 supporting the subject assessment at \$110.95

[20] The Board placed less weight on the Complainant's comparable #2 which lacked a heating system, #3 which had water damage and mould on 30% to 40% of the exterior walls and #1 and #4 which had lease rates well below market.

[21] 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**

[22] There was no dissenting opinion.

Heard commencing November 6, 2012.

Dated this 30<sup>th</sup> 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.*