

Edmonton Composite Assessment Review Board

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of
Edmonton, 2012 ECARB 2293**

Assessment Roll Number: 1040906
Municipal Address: 9333 45 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 medium warehouse located at 9333 45 Avenue NW. The building was constructed in 1985. The subject property has main floor space of 22,012 square feet and a finished mezzanine of 3,119 square feet for a total building area of 25,131 square feet. The site coverage is 28% and the subject property is in average condition. The 2012 assessment is \$2,983,500.

Issue(s)

[3] What is 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 filed this complaint on the basis that the subject property assessment of \$2,983,500 is in excess of market value. In support of this position, the Complainant submitted a 23-page evidence package marked as Exhibit C-1.

[6] The Complainant provided the Board with a map and photographs of the subject property (Exhibit C-1, pages 4-7 and 12).

[7] The Complainant advised the Board about assessment and valuation and how the subject property was evaluated by the Complainant. The Complainant indicated that real estate Owner – Operators purchase the majority of industrial warehouse buildings in Western Canada. Such owners are most concerned with its particular physical and locational characteristics, rather than the property’s income generation. This suggests that the Direct Comparison Approach is a relevant valuation technique for the subject property. However, to further support a reduced assessment, the Complainant also presented an income approach to value. The overall income capitalization method is the Income Approach, utilized due to its dominant usage by investors for properties similar to the subject. The Income approach is sometimes referenced as a secondary measure of value for industrial warehouse buildings. It is therefore utilized as a supporting method in valuation, as it is a good test for market value.

[8] The Complainant presented three sales comparables to the Board that were approximately within 18 months of valuation. The sales comparables were all medium warehouses which ranged in size from 12,724 to 38,373 sf and the site coverage ranged from a low of 23% to a high of 48%. By incorporating this time frame, there was no necessity for time-adjustments as the City of Edmonton’s City Assessor’s chart shows that from June 2010, there is 0.0 % adjustment. The first sale and the third sale are zoned IB, as is the subject property. The second sale comparable is zoned IH.

[9] The Complainant advised the Board that the Complainant's sales comparables ranged from a low of \$75.88 per square foot of total building area to a high of \$75.57 price per square foot of total building area. The average selling price per square foot of total building area is \$74.86 (Exhibit C-1, page 11).

[10] During argument and summary, the Complainant stated that the Complainant's three sales are similar to the subject property and support a reduction in the 2012 assessment.

[11] With the Complainant having the last word, the Complainant stated the Respondent's sale comparables are in different quadrants and two of the Respondent's sale comparables have significant office areas, which make the comparability factor difficult.

[12] The Complainant requested the Board to reduce the 2012 assessment to \$2,387,500.

Position of the Respondent

[13] The Respondent presented the Board with a 47-page assessment brief marked as Exhibit R-1. In addition, the Respondent presented the Board with a 44-page law and legislation package marked as Exhibit R-2.

[14] The Respondent explained to the Board that the subject assessment and similar assessments were prepared using the direct comparison assessment methodology. The Respondent stated that sales occurring from January 2008 through June 2011 were used in the model development and testing (Exhibit R-1 page 43).

[15] The Respondent stated that 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; the amount of finished area on the main floor as well as the developed upper area (per building) (Exhibit R-1, page 43).

[16] The Respondent notes 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. Properties with a larger amount of land in relation to the building footprint display a higher value per square foot, to account for the additional land value attributable to each unit of the building size (Exhibit R-1, page 44).

[17] The Respondent stated it is legislatively obligated to use mass appraisal methodology for valuing individual properties. The Respondent employed the sales comparison approach for the 2012 annual assessment of all warehouse properties in Edmonton. The Respondent informed the Board that a large percentage of industrial property in Edmonton was owner occupied and had no income attributable to it, making the sales comparison a more reliable approach in this market place (R-1, page 42).

[18] The Respondent provided the Board with maps and photographs detailing the subject property (Exhibit R-1, pages 5-9).

[19] To support the City of Edmonton's assessment of the subject property, the Respondent provided the Board with seven sales comparables that were time-adjusted from the sale date to the valuation date. The sales comparables ranged in size from 19,903 square feet to 41,991

square feet. The site coverage ranged from a low of 25% to a high of 46%. Six of the seven sales comparables were not on a major road, the same as the subject property. The time-adjusted selling price per square foot of total building area ranged from a low of \$97.70 to a high of \$144.14 (Exhibit R-1, page 11).

[20] The Respondent advised the Board that the subject property did sell in July 2008 for \$3,500,000 and the time adjusted selling price as of the valuation date was \$3,266,200 (Exhibit R-1, pages 11 and 14).

[21] The Respondent provided the Board with three Board decisions: ECARB 2012-001070; ECARB 2012-000593 and ECARB 2012-000855 that all indicated the best indicator of market value was the sale of the subject property itself.

[22] Regarding the Complainant's sale #2 (9405 58 Avenue), the Respondent stated the property was vacant and did not feature a heating system at the time of sale (Exhibit R-1, pages 19-21).

[23] During argument and summation, the Respondent noted that all three of the Complainant's sales have issues, which make the comparability difficult.

[24] The Respondent noted the subject property did sell and the time-adjusted selling price was higher than the 2012 assessment; however, the Respondent is not seeking an increase from the 2012 assessment to the selling price.

[25] The Respondent requests the Board to confirm the 2012 assessment of \$2,983,500.

Decision

[26] The decision of the Board is to confirm the 2012 assessment of \$2,983,500.

Reasons for the Decision

[27] The Board is persuaded by the sale of the subject property, and as established by the various CARB decisions presented, is of the opinion that the best indicator of market value is the sale of the subject property itself. The subject property sold in July 2008 and was time adjusted from the date of sale to the valuation date. The Board notes the time-adjusted selling price of the subject property at the valuation date is more than the 2012 assessment.

[28] The Board was somewhat persuaded by the Respondent's sales comparables. The median time-adjusted selling price per square foot of total building area is \$124.36, which supports the 2012 assessment of \$118.71.

[29] The Board put little weight on the Complainant's sales comparables as they had a number of issues, which made the comparability most difficult.

Dissenting Opinion

[30] There was no dissenting opinion.

Heard commencing November 7, 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

Luis Delgado, Assessor

Mary-Alice Nagy

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.