

Edmonton Composite Assessment Review Board

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of
Edmonton, 2012 ECARB 2323**

Assessment Roll Number: 9965520
Municipal Address: 17020 118 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 large warehouse with additional outbuildings located at 17020-118 Avenue. The improvements have an effective year built of 1989 and are comprised of six buildings, one with 32,725 square feet (sf) of main floor space and 3,594 sf of mezzanine space for a total building area of 36,319 sf and five other buildings, ranging from 160 to 1039 sf each. The site is 6.34 acres resulting in site coverage of 12%. The 2012 assessment is \$6,199,000.

Issue

[3] Is the 2012 Assessment excessive in relation to market value?

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 assessment of \$6,199,000 is in excess of market value. In support of this position, the Complainant submitted a 29-page evidence package marked as Exhibit C-1.

[6] The Complainant asked that the parties strike the evidence under the heading “Improvements” in Exhibit C-1, page 3 as they were incorrectly entered.

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

[8] The Complainant advised the Board about assessment and valuation and how the subject property was evaluated by the Complainant. From the Complainant’s evidence package regarding the valuation methodology utilized by the Complainant, “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, tenancy, location, etc. Within this approach, the property being reviewed is compared to properties that have sold recently and considered to be relatively similar to the subject.” (Exhibit C-1 page 7).

[9] The Complainant presented five sales comparables to the Board, all of which sold within 18 months of the valuation date. The sales comparables were all warehouses which ranged in size from 29,201 sf to 41,349 sf, and with sites ranging from 1.50 to 3.36 acres. The price per sf ranged from \$61.67 to \$96.31. The Complainant stated the three best comparables in terms of age, zoning and size were the first three, which reflected a price per sf range of \$87.40 to \$96.31. These three comparable sales were considered recent so no time-adjustment factors were warranted however sales 1 & 2 were zoned IM and IH, both considered inferior to the subject

property's IB zoning. The average selling price per square foot of the five sales based on total building area was \$81.23. The Complainant stated that with emphasis on the first three sales and adjustment for variances in zoning and age, the subject property should reflect a unit value of \$85.00 per sf or \$3,756,500.

[10] To account for the wide variance in land size between the subject's 6.34 acres and the comparables' average 2.50 acres, the Complainant provided three land sales which concluded that land similar to the subject sold recently for \$521,441 per acre. The Complainant stated that the subject parcel was 3.84 acres larger than the average size of the comparables, and thereby concluded that the additional land would add \$2,002,000 of value to the subject assessment.

[11] Accordingly, the Complainant requested that the subject assessment should be reduced to the sum of the value based on the unit value and the excess land value, or \$5,758,500.

Position of the Respondent

[12] The Respondent presented the Board with a 44-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.

[13] The Respondent explained to the Board that the subject assessment and similar assessments were prepared using the Direct Sales Comparison assessment methodology for value for the 36,319 sf main building. The five small buildings on the site, regarded as secondary storage facilities, were assessed utilizing the cost approach and included in the end value. The Respondent advised the Board that the City was mandated to use mass appraisal for assessment purposes.

[14] The Respondent advised the Board that for the 2012 annual assessment the sales comparison approach was employed. This was because there was ample data from which to derive reliable value estimates and only a portion of the inventory was traded on its ability to generate income. A large percentage of industrial property in Edmonton is owner-occupied, and as such has no income attributable to it.

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

[16] To support the City of Edmonton's assessment of the subject property, the Respondent provided the Board with eight sales comparables. The sales comparables ranged in effective year built from 1964 to 2007 as compared to the subject's 1994. The total building areas of the sales comparables ranged from 16,799 sf to 68,460 sf as compared to the subject's 39,544 sf. The site coverage ranged from 7% to 21% as compared to the subject's 12%. All the sales comparables were, like the subject, in average condition. The time-adjusted selling price per square foot, based on total building area, ranged from \$161.30 to \$297.92 (Exhibit R-1, page 25).

[17] In critique of the Complainant's comparables, the Respondent provided in its Exhibit R-1, page 37, a summation of the Complainant's comparable properties and individual comments relating to their relevance and validity. The Respondent stated that the Complainant's sale 1 was not fully serviced, with 32% site coverage versus the subject's 12%. Sale 2 was substantially older with 37% site coverage. Sale 3's effective age was in question. Sale 4 required nearly

\$200,000 in roof repairs, a cost unaccounted for in the analysis and reflected 45% site coverage. Sales 1 – 4 were vacant at the time of sale. Sale 5 was as well substantially older than the subject and it exhibited 31% site coverage.

[18] The Respondent advised the Board the subject property and other similar properties were assessed under the direct sales assessment methodology. The subject property was built in 1992, is in average condition, and has a site coverage ratio of 12%.

[19] The Respondent asked the Board to confirm the 2012 assessment of \$6,199,000.

Decision

[20] The decision of the Board is to confirm the 2012 assessment of \$6,199,000.

Reasons for the Decision

[21] The Board reviewed the Complainant's evidence and the methodology in accounting for the excess land component evident in the subject. The Board was satisfied that the Complainant's sales comparables were all in the same market area as the subject and relatively comparable in building size. The Board noted that the subject parcel was substantially larger than the comparable sales as presented by the Complainant and that the Complainant made an effort to compensate; however, it wondered if the Complainant's method of accounting for the value inherent in the lower site coverage may be flawed. The Board was not satisfied that excess land within a developed parcel should be valued as if an undeveloped whole parcel. Further, the Board questioned the Complainant's practice of averaging a range of comparable's land size, regardless of site coverage, to determine a basis for arriving at the amount of land considered excess as it did not seem to recognize utility, shape and access.

[22] The Board considered the Respondent's critique of the Complainant's sales comparables as summarized in the preceding paragraph 17, particularly that the Complainant's sale 1 was not fully serviced, with 32% site coverage versus the subject's 12%; sale 2 was substantially older , (1977 vs. 1994 for the subject), with 37% site coverage; sale 3's effective age was in question; sale 4 required nearly \$200,000 in roof repairs, a cost unaccounted for in the analysis and reflected 45% site coverage, and; sales 1 – 4 were vacant at the time of sale. Sale 5 was as well substantially older than the subject and it exhibited 31% site coverage.

[23] The Board reviewed the Respondent's comparable sales and noted that all eight comparable sales exhibited site coverage similar to the subject's 12%. The Board as well noted the Respondent's position that site coverage is a key issue in valuation for assessment purposes.

[24] The Board was not swayed by the Complainant's critique that the Respondent's sales failed to indicate that adjustments had been made for the location of five of the comparables that were located in the south east industrial zone as compared to the subject property's north west location.

[25] The Board noted the Complainant's statement that five of the Respondent's sales were dated beyond 2 years of the valuation date however the Board was satisfied that The City of

Edmonton time adjustment tables, in their consistency and universal use, fairly compensated for this time factor.

[26] The Board agreed with the Complainant's statement that the Respondent's sale 3 was a much newer building, but the Board also acknowledged the Respondent's position that it was very similar in site coverage, location and sale date.

[27] 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

[28] There was no dissenting opinion.

Heard commencing November 5, 2012.

Dated this 28th day of November, 2012, at the City of Edmonton, Alberta.

Robert Mowbrey, Presiding Officer

Appearances:

Greg Jobagy
Stephen Cook
for the Complainant

Will Osborne
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.