

Edmonton Composite Assessment Review Board

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of
Edmonton, 2012 ECARB 2328**

Assessment Roll Number: 1544253
Municipal Address: 16936 110 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 located at 16936 - 110 Avenue NW. The building has an effective year built of 1977 and comprises 44,900 square feet (sf) of main floor space including 5,300 sf of main floor office and 5,300 sf of finished mezzanine. The site is 1.95 acres resulting in site coverage of 47%. The 2012 assessment is \$3,589,500.

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 \$3,589,500 is in excess of market value. In support of this position, the Complainant submitted a 29-page evidence package marked as Exhibit C-1 and a 5-page rebuttal marked as Exhibit C-2.

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

[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 four sales comparables to the Board, all of which sold within 18 months of the valuation date, (Exhibit C-1, page 10). The sales comparables were all warehouses which ranged in size from 29,201 sf to 41,349 sf, and with sites ranging from 1.15 to 2.87 acres. The price per sf ranged from \$60.48 to \$73.41. The Complainant stated the comparables were all similar with the exception of age. The comparable sales were considered recent so no time-adjustment factors were warranted; however, sales 3 & 4 were zoned IB and considered superior to the subject property’s IM zoning. The average selling price per square foot of the four sales based on total building area was \$65.59. The Complainant stated that with

adjustment for variances in zoning and age, the subject property should reflect a unit value of \$70.00 per sf or \$3,143,000.

[9] The Complainant presented a Network report indicating average sales prices of industrial properties by zone (Exhibit C-1, page 17).

[10] In rebuttal, (Exhibit C-2) the Complainant provided evidence to the effect that the purchaser of the comparable entered in evidence as sale 4 in Exhibit C-1, page 10, confirmed that his purchase of the property in his opinion was representative of market value for the subject property.

[11] Accordingly, the Complainant requested that the subject assessment be reduced to the sum of the value based on the unit value and the excess land value, or \$3,143,000.

Position of the Respondent

[12] The Respondent presented the Board with a 28-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 44,900 sf building. 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 12 - 13).

[16] To support the City of Edmonton's assessment of the subject property, the Respondent provided the Board with five sales comparables. The sales comparables ranged in effective year built from 1971 to 1980 as compared to the subject's 1977. The total building areas of the sales comparables ranged from 30,752 sf to 44,651 sf as compared to the subject's 44,900 sf. The site coverage ranged from 31 to 46% as compared to the subject's 47%. 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 \$79.40 to \$95.24 (Exhibit R-1, page 22).

[17] In critique of the Complainant's comparables, the Respondent noted the Complainant's Sale 1 as being significantly older than the subject. Sale 2 was noted as being inferior as to quality (inasmuch as \$200,000 of roof repairs were required) and it was vacant at the time of sale. Sale 3 was noted as being inferior as to quality and vacant at the time of sale. Sale 4 was noted to be a sale where the vendor was under financial duress due to high vacancy and sub-market lease rates.

[18] The Respondent asked the Board to confirm the 2012 assessment of \$3,589,500.

Decision

[19] The decision of the Board is to confirm the 2012 assessment of \$3,589,500.

Reasons for the Decision

[20] The Board considered the evidence as put forward by the Respondent. Its comparable sales closely approximated the sale date, age, condition, and building size of the subject. The site coverage was generally less for the comparables suggesting they might be considered to carry more value than the subject. The range in values of \$79.40 to 95.24 per sf is greater than the subject's \$79.95 per sf.

[21] The Board was not swayed by the evidence as put forward by the Complainant. The Board heard that the Complainant's comparables were all older than the subject, some significantly. The buildings were all smaller than the subject, some by 50% and there was question as to condition of one and terms of sale were in question on another. Additionally, the Board noted there was no evidence to support the Complainant arriving at a figure of \$70.00 per sf for the requested reduction.

[22] 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, particularly when reviewed in concert with the Respondent's most relevant evidence, neither sufficient nor compelling enough to enable the Board to form an opinion as to the incorrectness of the assessment.

Dissenting Opinion

[23] There was no dissenting opinion.

Heard commencing November 8, 2012.

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

Robert Mowbrey, Presiding Officer

Appearances:

Greg Jobagy
for the Complainant

Mary-Alice Nagy
Suzanne Magdiak
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.