

Edmonton Composite Assessment Review Board

Citation: Colliers International Realty Advisors Inc v The City of Edmonton, 2013 ECARB 00662

Assessment Roll Number: 1523240
Municipal Address: 16903 118 Avenue NW
Assessment Year: 2013
Assessment Type: Annual New

Between:

Colliers International Realty Advisors Inc

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
George Zaharia, Presiding Officer
Lillian Lundgren, Board Member
Darryl Menzak, Board Member

Procedural Matters

[1] When asked by the Presiding Officer, the parties did not object to the composition of the Board. In addition, the Board Members indicated no bias in the matter before them.

Preliminary Matters

[2] There were no preliminary matters.

Background

[3] The subject property is a B Class Suburban Office building located at 16903 118 Avenue NW in the West Edmonton Area (WEA). The building comprises 13,600 square feet of office space and 22,500 square feet of commercial retail unit – other (CRU – Other) space for a total area of 36,100 square feet. The building was constructed in 1990 and is situated on a 2.98 acre parcel of land.

[4] The subject property was valued on the income approach resulting in a 2013 assessment of \$4,392,000.

Issue

[5] Should the 22,500 square feet of “CRU – Other” space be assessed as “Storage” space?

Legislation

[6] The *Municipal Government Act*, RSA 2000, c M-26, reads:

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 305(5) If a complaint has been made under section 460 or 488 about an assessed property, the assessor must not correct or change the assessment roll in respect of that property until a decision of an assessment review board or the Municipal Government Board, as the case may be, has been rendered or the complaint has been withdrawn.

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

[7] The Complainant filed this complaint on the basis that the “CRU – Other” space should be assessed as “Storage” space. The Complainant argued that the CRU – Other space is incorrectly classified because the space has been vacant and used as storage since 2000 due to the lack of a tenant. The Complainant provided a copy of an e-mail confirming that the vacant space has been used as storage since 2000. The Complainant asserted that this space within the subject property should be classified as Storage space and the associated rental rate must be applied.

[8] The Complainant submitted that the CRU – Other space would require major renovations and upgrades before it could be leased for retail use. The space has a wall height of approximately ten feet, which would limit its use as warehouse space. The Complainant provided several photographs of the CRU – Other space that showed t-bars in the ceiling and ceiling tiles, with some of the ceiling tiles missing. The photographs also show a concrete floor, some glass walls, numerous ceiling lights, various stored materials and an overhead door at the entrance to this area.

[9] The requested rate for the Storage space is \$4.00 per square foot based on the City of Edmonton’s assessed rental rate for storage space in B Class buildings. In support of this request, the Complainant submitted one lease comparable for Storage space in a B Class building located at 13140 St. Albert Trail that is assessed at \$4.00 per square foot.

[10] In answer to a question from the Respondent, the Complainant stated that there is no evidence that the building owner attempted to lease the vacant CRU – Other space.

[11] In summary, the Complainant requested the Board to reduce the 2013 assessment of the subject property to \$3,450,500.

Position of the Respondent

[12] The Respondent submitted that the space in question is properly classified as CRU – Other space. In fact, this space type includes warehouse space. To provide a clear understanding of the term, the Respondent referenced the 2013 Office – Suburban Assessment Brief which defines CRU – Other as “Warehouse, daycare or greenhouse space. This category also provides for miscellaneous uses not identified under a space types category”.

[13] The Respondent explained that the key difference between warehouse space and storage space is utility; ceiling height and accessibility by material handling equipment are important factors to consider. The space type “Storage” is used for unfinished storage space. True storage space is generally not accessible with material handling machinery and is located in less accessible areas of the building, for example, a basement. The subject CRU - Other space is located on the main level, has higher ceilings, and is accessed by man-doors as well as a large overhead door.

[14] The Respondent stated that the correct rental rate for warehouse space in B Class Suburban Office Buildings in this district is \$8.00 per square foot. In support of the \$8.00 rental rate, the Respondent presented a warehouse space equity chart showing five comparable B Class properties in the WEA district with a rate of \$8.00 per square foot applied to warehouse space.

[15] The Respondent stated that the Complainant’s assessment comparable located at 13140 St. Albert Trail was incorrectly assessed using a \$4.00 per square foot rental rate. The space is warehouse space that should have been updated to “CRU – Other” on the proforma with an \$8.00 per square foot rate. But for the fact that this comparable is under appeal, the City would have mailed an amended notice to correct the error under section 305 of the MGA.

[16] In summary, the Respondent requested the Board to confirm the assessment at \$4,392,000.

Decision

[17] The decision of the Board is to confirm the 2013 assessment of the subject property at \$4,392,000.

Reasons for the Decision

[18] The only issue of this complaint is whether the 22,500 square feet of “CRU – Other” space should be assessed as “Storage” space. Having weighed the evidence, the Board finds that the Complainant’s evidence and argument do not establish that the space in question should be assessed as Storage space.

[19] The Board agrees with the Complainant that the subject space is being used for the storage of materials as depicted in the photographs. However, the photographs also show that the space is on the main level and accessible for equipment that can handle materials within the

space, as well as, move materials in and out of the space. The Board finds that the space has many of the physical characteristics of a warehouse and is being utilized as warehouse space.

[20] The Board was persuaded by the definition provided by the Respondent of what CRU Other space is, which includes “warehouse” space. From the photographic evidence submitted by the Complainant, the Board agrees with the Respondent that the subject space in question is properly classified as “CRU Other”.

[21] The Board is persuaded that the 2013 assessment of the subject property at \$4,392,000 is fair and equitable.

Heard June 25, 2013.

Dated this 27th day of June, 2013, at the City of Edmonton, Alberta.


George Zaharia, Presiding Officer

Appearances:

Greg Jobagy, Colliers International Realty Advisors Inc
Stephen Cook, Colliers International Realty Advisors Inc
for the Complainant

James Cumming, City of Edmonton
Tania Smith, City of Edmonton
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.