

Edmonton Composite Assessment Review Board

Citation: Colliers International Realty Advisors Inc v The City of Edmonton, 2013 ECARB 01533

Assessment Roll Number: 1076363

Municipal Address: 2704 YELLOWHEAD

TRAIL NE

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

Robert Mowbrey, Presiding Officer

Brian Carbol, Board Member

Brian Frost, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board. In addition, the Board advised the parties that the Board had no bias on this file.

Preliminary Matters

[2] Under a preliminary matter, the Respondent made a recommendation to the Board, reducing the 2013 assessment from \$3,053,500 to \$2,748,000, due to the subject property being a land locked parcel. The recommendation was not accepted by the Complainant and the hearing continued.

Background

[3] The subject property is a medium warehouse located at 2704 Yellowhead Trail NE, in the Clover Bar neighborhood. The subject property consists of seven bays within one building plus two additional buildings. The effective year of construction is 2011. Site coverage is 17%. The recommended 2013 assessment is \$2,748,000.

Issue(s)

[4] Is the 2013 assessment in excess of market value?

Legislation

[5] 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 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

[6] The Complainant filed this complaint on the basis that the recommended assessment of \$2,748,000 is in excess of market value. In support of this position, the Complainant presented a 38 page disclosure package marked as Exhibit C-1.

[7] The Complainant advised the Board of the 67.2% year over year increase in the assessment of the subject property. The Complainant advised the Board that a previous CARB decision had reduced the 2012 assessment from \$2,938,000 to \$1,826,000 and that the City had ignored this decision in restating a higher value of \$3,053,500 [Exhibit C-1 pages 3, 14 and 16-20].

[8] The Complainant provided the Board with photographs and maps of the subject property [Exhibit C-1 pages 5-8].

[9] The Complainant presented the Board with six sales that have been time adjusted, using the City of Edmonton’s time adjustment schedule, from the date of sale to the valuation date [Exhibit C-1 page 10]. The Complainant stated that all of the sales comparables were in close proximity to Yellowhead Trail. The time adjusted selling price per square foot of net leasable area ranged from \$91.03 to \$166.37 and averaged \$130.67. The site coverage ranged from 17% to 58% and averaged 32%. The six sales comparables ranged in size from 9,857 square feet to 18,201 square feet with an average of 12,810 square feet of net leasable area. The Complainant advised the Board that sales comparables numbers 3, 5 and 6 were the newest and therefore the best comparables.

[10] The Complainant advised the Board that the properties in the NE quadrant were less valuable than other locations [Exhibit C-1 page 13]. The Complainant stated that all the sales comparables were older than the subject property and therefore an upward adjustment would be necessary for comparison purposes.

[11] The Complainant further stated the subject property should be compared to the newest properties and the Complainant advised the Board that a \$180.00 per square foot proposed valuation should be placed on the subject property [Exhibit C-1 page 10]. This proposed valuation works out to \$2,177,000 (truncated).

[12] The Complainant advised the Board that the City of Edmonton utilizes the direct sales comparison approach for assessment of industrial properties. In addition, the Complainant utilized the income approach as a test to support the direct sales comparison assessment. Recent comparable leasing suggests the rate per square foot is \$8.38. The Complainant advised the Board that market rent for the subject property was \$11.00 per square foot, which is higher than the \$8.38 per square foot. The difference is the subject property is newer and commands a higher rental rate. Utilizing the \$11.00 rental rate and a capitalization rate of 6.25%, the market value of the subject property is \$2,032,000 and thus supports the Complainant's requested 2013 assessment of \$2,177,000 [Exhibit C-1 page 13].

[13] The capitalization rate of 6.25% was derived using third party documentation of Colliers International [Exhibit C-1 page 30].

[14] During cross examination, the Complainant stated that the two additional buildings were a shed and a garage and were part of the property of the owner, and, although the cost approach was utilized on the shed and garage, the Complainant stated the cost approach of the shed and garage was not critical. The Complainant did not know the size of the shed or the garage.

[15] Further, the Complainant stated the \$180.00 per square foot was utilized, due to the age of the sales comparables.

[16] During argument and summation, the Complainant stated the City abused the process to protocol and completely ignored the 2012 CARB decision and reiterated that the previous Board put greater weight on the Complainant's comparables.

[17] During argument and summation, the Complainant stated that the SE quadrant rents and sales reflect much higher values than rents and sales in the NE areas.

[18] The Complainant stated the City did not reference the fact that the subject property was only partly serviced and had no paved parking.

[19] The Complainant requested that the Board reduce the 2013 assessment from \$3,053,500 to \$2,177,000.

Position of the Respondent

[20] The Respondent defended the 2013 assessment by providing the Board with a 51 page disclosure package marked as Exhibit R-1.

[21] The Respondent advised the Board that the subject property was part of the 2013 industrial study area group number 20 [Exhibit R-1 page 46] and was located in the Clover Bar area [Exhibit C-1 page 48].

[22] The Respondent advised the Board the factors that affect value in the warehouse inventory are as follows: total main floor area (per building), site coverage, effective age (per

building), condition (per building), location of the property, main floor finished area, as well as upper finished area (per building) [Exhibit R-1 page 42].

[23] The Respondent provided photos and a map showing the subject property [Exhibit R-1 pages 4-8] and noted the Province owns the land south of the subject property.

[24] The Respondent presented the Board with the detailed assessment sheet, noting the two smaller buildings were assessed on the cost approach and the larger building was assessed on the direct sales comparison approach. In addition, the site coverage was 17% [Exhibit R-1 page 9].

[25] To support the City of Edmonton's assessment of \$2,748,000 or \$227 per square foot, the Respondent presented a chart of six sales comparables. The sales comparables ranged in effective year built from 1980 to 2001. The total building areas of the sales comparables ranged from 7,196 square feet to 15,300 square feet. The time adjusted selling price per square foot of main floor space ranged from \$168 to \$241 [Exhibit R-1 page 20].

[26] In addition, the Respondent presented eight equity comparable assessments to the Board [Exhibit R-1 page 27]. The equity comparables ranged from 1998 to 2011 for the effective year built and the total building area ranged from 10,256 square feet to 13,945 square feet. The assessment per square foot of total building area ranged from \$173 to \$262. The site coverage ranged from 15% to 26%.

[27] Under questioning by the Complainant, the Respondent advised the Board that all the sales comparables were in the same market group (20) and in the same class, but only one sales comparable was in the NE quadrant, the same as the subject property.

[28] Under questioning by the Complainant, the Respondent advised the Board that all the sales comparables had paved parking and although the sales were time adjusted, the sales were generally beyond three years.

[29] The Respondent agreed that the finished office area on the main floor is valued higher than the warehouse space.

[30] The Respondent advised the Board that the garage and shed were assessed on the cost approach.

[31] The Respondent agreed that only two equity assessment comparables were in the NE quadrant. In addition, # 4 (3003 121 Ave) and # 5 (2703 121 Ave) were under appeal.

[32] The Board commented on the 60% plus increase in the year over year increase in assessment and the Respondent stated the City was against the reduction in the previous year.

[33] In summary, the Respondent stated that all comparables were in group 20. In addition, there is one shared comparable with the Complainant and the Respondent's sales chart supports the assessment. Therefore, the Respondent requests the Board to confirm the recommended assessment of \$2,748,000.

Decision

[34] The decision of the Board is to reduce the 2013 recommended assessment of \$2,748,000 to \$2,177,000.

Reasons for the Decision

[35] The Board reviewed both the Complainant's and the Respondent's oral and written testimony and put more weight on the Complainant's evidence.

[36] The Board agreed that, although the Complainant's sales comparables were older than the Respondent's sales comparables, the Complainant's sales comparables were better located and in proximity to Yellowhead Trail.

[37] The Board notes that the three most recent sales by the Complainant: #3 (11848-152 St.), #5 (12021 -32 St.), and #6 (12261-163 St.), all have time adjusted selling prices per square foot of \$133.77, \$166.37 and \$153.93, which supports the Complainant's requested value of \$180 per square foot. The Board found this to be a reasonable and acceptable calculation.

[38] The Board was not persuaded by the Respondent's sales comparables. The Respondent only had one sale comparable that was located in the NE quadrant, the same as the subject property. Third party documentation showed that properties in the NE quadrant were valued lower than properties in the SE quadrant. In addition, the Respondent did not adjust for the paved parking lot with the Respondent's sales comparables.

[39] The Board was persuaded by the common sale comparable utilized by both the Complainant and the Respondent [12021 32 St.], which, at \$168 per square foot, supports the Complainant's requested \$180 assessment per square foot.

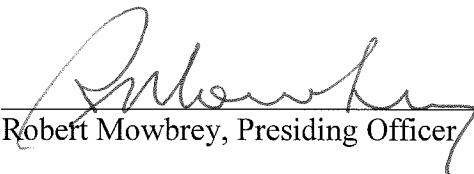
[40] The Board notes the income valuation assessment methodology test performed by the Complainant supports the assessment. The Complainant utilized the actual rental rates achieved by the owner and the capitalization rate provided by third party documentation. This test shows the reasonableness of the Complainant's assertion that the 2013 assessment is incorrect.

Dissenting Opinion

[41] There was no dissenting opinion.

Heard commencing August 1, 2013.

Dated this 20th day of August, 2013, at the City of Edmonton, Alberta.


Robert Mowbrey, Presiding Officer

Appearances:

Stephen Cook

for the Complainant

Luis Delgado, Assessor

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.