

Edmonton Composite Assessment Review Board

Citation: Colliers International Realty Advisors Inc v The City of Edmonton, 2013 ECARB 01553

Assessment Roll Number: 1610492
Municipal Address: 15730 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

Petra Hagemann, Presiding Officer

Brian Frost, Board Member

Lillian Lundgren, Board Member

Procedural Matters

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

Background

[2] The subject property is a warehouse property located at 15730 118 Avenue NW in the Hawin Park Estate Industrial neighborhood. The 178,143 square foot (sf) lot is improved with three buildings. Building #1 has a total area of 10,616 sq ft with an effective year built of 1976. Building #3 has a total area of 17,554 sf with an effective year built of 2012. The site coverage based on these two buildings is 14%. The assessment is \$7,122,500.

[3] Note: Building #2 has an area of 3000 sf and is assessed on the cost approach.

Issue

[4] Is the subject property assessment correct?

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 2013 assessment of \$7,122,500 (\$252.84/sf) for the subject property is incorrect.

[7] The Complainant explained that there is a lack of industrial properties in the northwest quadrant with low site coverage similar to the subject; therefore, comparable properties throughout the city of Edmonton were examined. The Complainant selected five single property transactions that occurred between January 1, 2010 and July 1, 2012 as comparables (Exhibit C-1 page 7). Four of the five comparables are located in the northwest quadrant of the city and one is located in the southeast quadrant.

[8] The five comparables have low site coverage ranging from 8% to 12% compared with the subject site coverage of 14%. The building sizes of the comparables range from 4,000 sf to 12,460 sf, and are comparable to the building sizes of the subject property.

[9] The sale comparables have a year of construction ranging from 1992 to 2011, and the Complainant argued that the sale comparables are similar in age to building #3 which has an effective year built of 2012. The comparables are older than building #1 which has an effective year built of 1976. (It is noted that building #2 is a small shed assessed on the cost approach, and therefore, not included in this analysis.)

[10] The Complainant stated that the average sale price of the five comparables is \$223.86/sf. Given that the site coverage of the comparables is, on average, 9% as opposed to the 14% site coverage for the subject property, a downward adjustment to the average sale price of the comparables must be made. A further adjustment should be made for the differences in building sizes between the comparable properties and the subject property.

[11] The Complainant concluded that a unit value of \$215/sq ft is appropriate and reasonable based on the above adjustments. As a result, the Complainant requested the Board to reduce the assessment to \$6,056,500.

Rebuttal

[12] The Complainant questioned the building area shown on the Respondent's sale comparable located at 16718 121 Avenue. In Exhibit R-1 page 21, a building area of 10,220 sq ft is shown, however, in a previous appeal the City showed an area of 22,559 sq ft.

Position of the Respondent

[13] The Respondent submitted that the subject property assessment of \$7,122,500 is correct.

[14] The Respondent stated that the subject property has three buildings consisting of two industrial warehouses assessed on the sales comparison approach and one shed assessed on the cost approach. For multiple building accounts, such as the subject, each building is analyzed for its contributory value to the property. A single assessment has been produced that represents the aggregate market value of each building for the property.

[15] The Respondent defended the subject assessment of \$252/sf with six sale comparables that have a range of time adjusted sale prices from \$193/sf to \$425/sf. Five of the comparables are located in the northwest quadrant of the city and one is located in the southeast quadrant. Both parties used the sale comparable located at 22303 112 Avenue that sold for \$266/sf.

[16] Building #1 has a total area of 10,616 sf and an effective year built of 1976. Building #3 has a total area of 17,554 sf and an effective year built of 2012. The Respondent's comparables have buildings that range in size from 10,220 sf to 62,887 sf, and the effective year built for the buildings ranges from 1973 to 2007. The lot sizes range from 129,730 sf to 825,659 sf and the site coverage is from 5% to 21%.

[17] The Respondent provided the following comments on the Complainant's five sale comparables. Sales #1, #3 and #4 are located in Winterburn which is an inferior location to the subject property. Sale #2 is a non arms length sale, because the purchaser, Diamond Truck Rentals is a division of Diamond International. Sale #5 is not supported by any other documents. If provided, third party documents may provide important information.

Surrebuttal

[18] In response to the Complaint's concern regarding the building size of the comparable at 16718 121 Avenue, the Respondent stated that the building had an area of 10,220 sq ft at the time of sale. Subsequent to the sale date, the building was enlarged to 22,559 sq ft. The Respondent presented Exhibit R-2 which included a copy of the Account Detail Report dated June 2009 that shows an area of 10,220 sq ft, and a copy of the Detail Report dated September 2013 that shows an area of 22,559 sq ft.

Decision

[19] The property assessment is confirmed at \$7,122,500.

Reasons for the Decision

[20] In determining this matter, the Board reviewed the Complainant's evidence and argument and finds that the Complainant failed to provide sufficient evidence to support the request for a reduction in the assessment.

[21] The Complainant's sale #2 located at 11811 152 Street is not a reliable indication of market value for the subject property because the transaction is between corporate affiliates. Sales such as this may reflect a favorable price to one of the parties, or alternatively, may reflect income tax or other considerations.

[22] Age is an important factor in establishing the value of a property and the Complainant did not provide any comparables that are similar in age to building #1 which was constructed in 1976. The comparables have a year of construction ranging from 1992 to 2011, and therefore, have little comparative value.


[23] Finally, there is no market evidence to support the arbitrary adjustments made by the Complainant to justify the requested value of \$215/sq ft.

[24] The Board placed more weight on the Respondent's sale comparables because they were more similar to the subject property than the Complainant's comparables. The time adjusted sale prices of these properties support the subject assessment. The Board notes that the sale comparable located at 22203 112 Avenue used by both parties, supports the assessment.

[25] Accordingly, the assessment is confirmed.

Heard September 9, 2013.

Dated this 23rd day of September, 2013, at the City of Edmonton, Alberta.


Petra Hagemann, Presiding Officer

Appearances:

Stephen Cook
for the Complainant

Luis Delgado, Assessor
Scott Hyde, 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.