

Edmonton Composite Assessment Review Board

Citation: CP Reit Alberta Properties as represented by Altus Group v The City of Edmonton, 2014 ECARB 01075

Assessment Roll Number: 3877271
Municipal Address: 4950 137 Avenue NW
Assessment Year: 2014
Assessment Type: Annual New
Assessment Amount: \$28,998,000

Between:

CP Reit Alberta Properties as represented by Altus Group

complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Patricia Mowbrey, Presiding Officer

Judy Shewchuck, Board Member

Robert Kallir, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer the parties indicated they did not object to the Board's composition. In addition, the Board members stated they had no bias with respect to this file.

Background

[2] The subject property is a Power Centre, named Superstore East, located in northeast Edmonton at 50th Street and 137th Avenue. It contains a Superstore supermarket, Superstore liquor store, Superstore gas station and a Red Robin restaurant. It was built in 1994 and is classed as average. The 2014 Assessment of \$28,998,000 was calculated using the income approach, as follows:

a. Anchor Tenant 1 (Superstore)	139,685 sf	\$11.00psf
b. CRU (Superstore Liquor store)	6,690 sf	\$18.00psf
c. CRU (Red Robin Restaurant)	7,257sf	\$26.00psf
d. CRU (Superstore Gas station)	8,448sf	\$1.00psf

[3] The City of Edmonton defines a Power Centre as a large centre, anchored by one or more anchors, having a format where tenants have exterior exposure and access.

Issues

[4] Is the assessment of the subject property's liquor store, CRU space 5,001 to 10,000 sq ft, correct, fair and equitable?

Position of the Complainant

[5] The Complainant presented evidence and argument and stated the liquor store lease rate of \$18/sq ft was too high for CRU 5001 to 10,000 sq ft space within the subject power centre and requested the lease rate be reduced to \$14/sq ft for a requested 2014 assessment of \$28,604,500.

[6] The Complainant provided 6 lease rate comparables for CRU space 5,001 to 10,000 sq ft in various areas of the City. The properties ranged in age from 1981 to 2002, lease start dates were June 2009 to August 2013, with lease rates per sq ft from \$13 to \$14.

[7] The Complainant indicated that comparable #6 was the closest to the subject as it is located at 13715 Manning Drive NW, and was the best lease rate comparable of 5,000 sq ft and a lease start date of December 2011 at \$13.50/sq ft, which supported the requested lease rate of \$14/sq ft for the subject.

[8] The Complainant also provided 4 assessment rate comparables for CRU space 5,001 to 10,000 sq ft in various areas of the City. The comparable properties ranged in age from 1991 to 2011, and assessment rates ranged from \$14/sq ft to \$17/sq ft with a median rate of \$14.13.

[9] The Complainant indicated that comparable #2 was the best assessment comparable as it was very similar to the subject. It was a Superstore liquor store of similar size, age, construction and finish. It was located at 12350 – 137 Avenue NW, was 6,690 sq ft, was built in 1998 and had an assessment rate of \$14/sq ft which supported the requested assessment rate of \$14/sq ft for the subject.

Position of the Respondent

[10] The Respondent presented evidence and argument to support the subject assessment of \$18/sq ft for CRU space 5,001 to 10,000 sq ft within the subject power centre and the 2014 assessment of \$29,998,000.

[11] The Respondent stated that for assessment purposes, legislation requires the use of mass appraisal and therefore stratification into groups. Shopping Centres are categorized into general groups of Property Types of which the Neighborhood Centres, Power Centres and Box Retail are some. The spaces within each property type are stratified into space types showing similarities and all assessment rates are based on typical.

[12] The Respondent reviewed the Complainant's lease rate comparables and pointed out that comparables #2, #3 and #6 were in the Retail valuation group, not the Shopping Centre valuation group. Comparables #1, #4 and #5 were in different study areas from the subject property. Comparable #6, identified by the Complainant as the best comparable, also suffered location inferiority as it was located on one major artery, whereas, the subject was located on the corner of two major roadways.

[13] The Respondent reviewed the Complainant's assessment rate comparables and noted that comparable #1 was not located in a Power Centre as is the subject, comparables #2 and #3 are located in different study areas, and comparable #4 is in the Retail valuation group and does not have multiple anchors within the centre. The Respondent also noted that comparable #2, identified by the Complainant as the best assessment comparable, was located on one major roadway, and was inferior to the subject as the subject has a corner location on 2 major roadways.

[14] The Respondent provided 8 lease rate comparables of CRU space 5,001 to 10,000 sq ft, four from within the subject study area of shopping centres, East 1, and four from a reasonably close study area of shopping centres, North 3. The lease rate range for the subject study area was from \$18.50/sq ft to \$26.50/sq ft. The effective date of leases ranged from July 2010 to January 2013, and property age that ranged from 1996 to 2010. The lease rates from the study area North 3 ranged from \$18/sq ft to \$24/sq ft with effective lease dates from April 2010 to September 2012, and property age of 1976 to 1989. The median lease rate of the 2 study areas was \$20.21 which the Respondent stated supported the assessment rate for the subject of \$18/sq ft.

[15] The Respondent provided 4 assessment equity comparables, 2 within the subject study area, East 1, of CRU space 5,001 to 10,000 sq ft both with an assessment rate of \$18/sq ft. The 2 assessment comparables in the subject study area, North 3, of CRU space 5,001 to 10,000 sq ft have an assessment rate of \$21/sq ft. The Respondent stated that these rates demonstrate support for the subject assessment of \$18/sq ft for the 5,001 to 10,000 sq ft CRU space and the total subject 2014 assessment of \$28,998,000.

Decision

[16] The Decision of the Board is to confirm the 2014 assessment for the subject property of \$28,998,000.

Reasons for the Decision

[17] The Board reviewed and considered the evidence and argument presented by the Complainant and the Respondent.

[18] The Board finds the subject is located on a highly visible corner and is easily accessible from two major roadways, 50th Street and 137th Avenue, and is superior in location to the Complainant's lease rate and assessment rate comparables.

[19] The Board finds that the Complainant's lease rate and assessment rate comparables, for CRU 5,001 to 10,000 sq ft space, are dissimilar to the subject as they are in different study areas, are different types of properties, and are inferior in location.

[20] The Board places greater weight on the Respondent's 4 lease rate comparables, CRU 5,001 to 10,000 sq ft, within the same study area as the subject, noting the assessment rates are somewhat higher with an average lease rate of \$21.46/sq ft, which supports the assessment rate of the subject.

[21] The Board places greatest weight on the Respondent's 2 assessment rate comparables, CRU 5,001 to 10,000 sq ft, which are in the same study area as the subject, with an assessment rate of \$18/sq ft. These comparables support the subject assessment rate of \$18/sq ft.


[22] The Board finds the 2014 assessment rate of the subject liquor store, CRU space 5,001 to 10,000 sq ft of \$18/sq ft is correct, fair and equitable.

Dissenting Opinion

[23] There is no dissenting opinion.

Heard August 11, 2014.

Dated this 10th day of September, 2014, at the City of Edmonton, Alberta.


Patricia Mowbrey, Presiding Officer

Appearances:

Jordan Nichol
for the Complainant

Ryan Heit
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.

Appendix

Legislation

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.

Exhibits

C1 – Complainant’s Disclosure – 37 pages

R1 – Respondent’s Disclosure – 58 pages