

Edmonton Composite Assessment Review Board

**Citation: COLLIERS INTERNATIONAL REALTY ADVISORS INC v The City of
Edmonton, ECARB 2012-002050**

Assessment Roll Number: 3045622
Municipal Address: 10116 150 STREET 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
Dale Doan, Board Member
Petra Hagemann, Board Member

Preliminary Matters

[1] Upon questioning by the Presiding Officer, the parties indicated they had no objection to the composition of the Board. Each of the Board Members declared that they had no bias on this matter.

Background

[2] The subject property is a retail space built in 1978, located in the Canora neighborhood of west Edmonton. The subject property is a one storey retail building with approximately 37,521 square feet of space, situated on a lot 108,554 square feet (2.492 acres) in size, resulting in 36% site coverage. The 2012 assessment is \$7,763,500.

Issue(s)

[3] Is the assessment of the subject property in excess of its 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 property assessment of \$7,763,500 was inequitable and in excess of market value. In support of this position, the Complainant presented a 19-page evidence package to the Board (Exhibit C-1).

[6] The Complainant advised the Board of the assessment summary and indicated the subject property had increased 21.8% year over year (Exhibit C-1 page 3). In addition, the Complainant stated that \$6,607,500 is a more equitable assessment.

[7] The Complainant advised the Board regarding the leasing activity within the subject property. Giant Tiger was leased at \$9.50 per square foot (psf) and Shoppers Drug Mart was leased at \$24.00 psf, for an average of \$16.75 psf. In addition, the Complainant stated that a sizeable portion of the site was going to be allocated to the transportation corridor along Stony Plain Road. The Complainant stated this would affect the market value of the subject property and therefore, the City usually recognizes this and reduces the assessment by 10-35% depending on the restrictions in place. (Exhibit C-1 page 8).

[8] The Complainant produced an income approach based on the estimated rental rate of \$17.00 psf, and a 10% reduction due to the transportation corridor effect on the subject property, giving a truncated requested market value of \$6,607,500. The Complainant notes this is still 4% greater than the 2011 assessment (Exhibit C-1 page 10).

[9] The Complainant produced drawings showing where the proposed transportation corridor was being developed (Exhibit C-1 page 12-13).

[10] The Complainant produced a previous CARB decision that had a similar issue with the subject property (Exhibit C-1 page 14-16).

[11] During argument and summation, the Complainant advised the Board that \$17.00 psf is fairer and the proposed restrictive transportation corridor should be taken into consideration.

[12] Therefore the Complainant requested the Board to reduce the 2012 assessment from \$7,763,500 to \$6,607,500, based on a \$17.00 psf rental rate and a 10% reduction due to the negative impact of the proposed transportation corridor.

Position of the Respondent

[13] The Respondent defended the City's position in presenting a 111-page evidence package which include the assessment details and the law and legislation details. The evidence package to the Board was marked as Exhibit R-1.

[14] The Respondent produced pictures and maps regarding the subject property (Exhibit R-1 pages 4-7).

[15] The Respondent showed the Board how the 2012 assessment was arrived at. By using \$18.00 psf for the main floor area, \$9.00 psf for the upper area, and a 5% vacancy and an 8% capitalization rate, the figures produced an assessment value of \$7,763,500 (Exhibit R-1 page 8).

[16] The Respondent showed the Board a valuation on the subject property using actual rents for the tenants keeping the other variables the same as on the assessment valuation. The valuation arrived at \$7,642,810 using actual rents and the Respondent notes that this figure approximates the assessed valuation of \$7,763,500 (Exhibit R-1 page 22).

[17] The Respondent showed a three comparable equity assessment chart to the Board. The Respondent advised the Board that 14915 Stony Plain Road was the best comparable to the subject property. The assessed rental rate per square foot was \$18.00 and the year of construction was 1991.

[18] The Respondent advised the Board that the subject property had been sold in March 2010 for a total of \$8,400,000. The Respondent advised the Board that the City considers the sale of the subject property a valid sale as evidenced by the following pages (Exhibit R-1 pages 29-48).

[19] The Respondent advised the Board regarding the listing on the subject property for \$8,500,000 (Exhibit R-1 page 49-50).

[20] The Respondent produced two third party sources detailing the sale of the subject property for \$8,400,000 (Exhibit R-1 51-52).

[21] During summation, the Respondent requested the Board to confirm the 2012 assessment of \$7,763,500, based on the sale of the subject property and the equity support.

Decision

[22] The decision of the Board is to confirm the 2012 assessment of \$7,763,500.

Reasons for the Decision

[23] The Board is of the opinion the best indicator of market value of a property is the sale of the subject property itself. Section 1. (1)(n) of the *Municipal Government Act*, defines "market value" as: the amount that a property, as defined in section 284(1)(r), might be expected to realize if it sold on the open market by a willing seller to a willing buyer. The Board notes the listing regarding the subject property, which supports the assessment.

[24] The Board placed little weight on the Complainant's assertion regarding the City's future transportation corridor along Stony Plain Road and how it would diminish the value of the subject property. The Board must ascertain what is happening at valuation date and or the condition date and not value property on what might or might not happen in the future.

[25] The Board was persuaded by the Respondent's pro-forma income statement utilizing the actual rents achieved by the subject property. The value achieved with this method approximated the 2012 assessment of the subject property.

[26] The Board put some weight on the Respondent's 2012 equity assessment comparables; especially the property located at 14915 Stony Plain Road. This comparable was approximately 20 years older than the subject property and still had an assessed rental rate of \$18.00 psf.

Dissenting Opinion

[27] There was no dissenting opinion.

Heard commencing September 24, 2012.

Dated this 3rd day of October, 2012, at the City of Edmonton, Alberta.

Robert Mowbrey, Presiding Officer

Appearances:

Greg Jobagy, Colliers International Realty Advisors Inc.

Stephen Cook, Colliers International Realty Advisors Inc.

for the Complainant

Ryan Heit, Assessor

for the Respondent