



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 327/11

ALTUS GROUP
17327 106A Avenue
EDMONTON, AB T5S 1M7

The City of Edmonton
Assessment and Taxation Branch
600 Chancery Hall
3 Sir Winston Churchill Square
Edmonton AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from a hearing held on November 9, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1112259	12310 184 STREET NW	NE 17-53-25-4	\$51,595,000	Annual New	2011

Before:

Don Marchand, Presiding Officer
James Wall, Board Member
Tom Eapen, Board Member

Board Officer: Karin Lauderdale

Persons Appearing on behalf of Complainant:

Chris Buchanan, Agent, ALTUS Group

Persons Appearing on behalf of Respondent:

Stephen Leroux, Assessor, Assessment Branch, City of Edmonton
Cameron Ashmore, Lawyer, Law Branch, City of Edmonton

Will Osborne, Assessment Branch, City of Edmonton (Observing)
Luis Delgado, Assessment Branch, City of Edmonton (Observing)

PRELIMINARY MATTERS

No preliminary matters were raised by the Parties. Both Parties made an affirmation to tell the truth. No objection was raised as to the composition of the CARB panel and the members did not disclose a bias to the file.

At the outset of the hearing the CARB was advised that the only common issue that applies to the subject complaint is the one itemized as: 4. *the assessment of the subject property is in excess of its market value for assessment purposes* and that the remaining common issues itemized as numbers 1-3 and 5- 7 shown on the SCHEDULE OF ISSUES page will not be argued.

The Respondent advised the CARB that in the preparation for the hearing it was discovered that one of the four buildings in the subject complex remained assessed under “the costing methodology” as this one building was not 100% complete at year end 2009. This status was carried forward to the 2011 assessment in error. Had the oversight been observed in time, a corrected assessment in the amount of **\$56,563,000** would have been issued. For this hearing, the Respondent is not asking the CARB to increase the assessment.

BACKGROUND and PROPERTY DESCRIPTION

- The subject property is located in the Kinokamau Plains Area in the City of Edmonton’s northwest region.
- The site contains 1,700,643 square feet or 39.04 acres with an IC industrial zoning.
- There are 4 warehouse/office buildings on site constructed in 2007 – 2010 with a footprint of 703,810 sq. ft; the site coverage is 41%.
- The gross building area is 704,690 square feet.
- A 10% negative adjustment was applied to the two rear warehouses as they both lack front exposure to 184th Street.
- The Parties provided sales data within the period of January 2007 to July 2010 that were time adjusted as per a table provided to the CARB (exhibit C-1, page 12).
- The Direct Sales Comparison Approach is the valuation approach used by the Parties to argue against and support of the assessment.

The above background and property description facts were all agreed to by the Parties.

ISSUE(S)

Is the 2011 assessment of the subject property at \$51,595,000 correct?

LEGISLATION

The CARB in its deliberations gave consideration to:

Municipal Government Act, RSA 2000, c M-26

1(1) *In this Act,*

- (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;

289(2) *Each assessment must reflect*

- (a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and*
- (b) the valuation and other standards set out in the regulations for that property.*

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.*

- (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.*

Matters Relating to Assessment and Taxation Regulation (AR 220/2004)

2. *An assessment of property based on market value*

- (a) must be prepared using mass appraisal,*
- (b) must be an estimate of the value of the fee simple estate in the property, and*
- (c) must reflect typical market conditions for properties similar to that property*

POSITION OF THE COMPLAINANT

In support of an assessment request of \$45,804,850 the Complainant provided the CARB with the following market transactions:

Comp	Address	Sale Date	TASP	YOC	Site Coverage	LBA	TASP per SF of LBA
1	4103 84 ave	Feb. 2010	\$13,101,830	1998	54%	163,368	\$80.20
2*	10203 184 St,	Feb. 2009	\$14,253,000	1996	35%	168,575*	\$84.55
3	15423 131 ave	Jan. 2007	\$18,336,800	2005	56%	244,127	\$75.11
4	2103 64 ave	May 2009	\$17,641,920	2001	41%	261,535	\$67.46
5**	12810 170 St,	Apr 2010	\$27,748,000	2007	39%	399,767	\$69.41
					Requested Rate		\$65.00
Subj.	12310 184 St.			2008	41%	704,690	

**This comparable is common to both parties and is comprised of 3 buildings on three separate parcels sold as a unit - (Bldg A 51,210 sq. ft., Bldg B 74,910 sq. ft., Bldg C 42,400 sq. ft.).*

*** This comparable is common to both parties.*

Upon review of the comparables provided, the Complainant requested that the CARB consider a rate of **\$65.00** per square foot as the indicted valuation rate for the subject. This, the Complainant argues, will give consideration to the factors of “economies of scale” and “barrier to entry” features that exist within the subject. The size or scale of the complex demands a lower per unit price and lessens the number of prospective buyers.

POSITION OF THE RESPONDENT

The Respondent provided the CARB with the following comparables:

Comp	Address	Sale Date	TASP	YOC	Site Coverage	LBA	TASP per SF of LBA
1	17404 111 ave	Jun 2008	\$11,044,963	2005	39%	74,801	\$147.66
2*	10235 184 St,	Feb. 2009	\$14,253,000	1996	35%	168,575	\$84.55
3	18403 104 ave	Sept 2009	\$6,792,800	2004	34%	72,877	\$93.21
4	18507 104 ave	Nov 2009	\$14,888,575	2007	34%	118,800	\$125.32
5	8103 Roper rd	Apr 2010	\$40,650,000	2001	34%	291,285	\$138.30
6**	12810 170 St,	Apr 2010	\$31,252,424	2007	39%	399,987	\$78.13
Subj.	12310 184 St.			2008	41%	704,690	
					Assessment Rate		\$73.22

*Same comparable as the complainant.

** Same comparable as the complainant except the purchase price is confirmed at the higher amount.

The Respondent provided the CARB with a written brief on the “Application of the Mass Appraisal Process” with an explanation of their sales comparison model. Sales from January 2007 through to June 2010 were used in the development and testing of the assessment. Value estimates were calculated using multiple regression analysis which replicated the forces of supply and demand in the market place. All the sales were verified.

Factors found to affect value in the warehouse inventory were: the location of the property, the size of the lot, the age and condition of the buildings, the total area of the main floor, developed second floor and mezzanine area. The most common unit of comparison for industrial properties is value per *square foot of building area*. When comparing properties on this basis, it is imperative that the site coverage be a key factor in the comparison.

The Respondent submits that the better comparables relative to the subject are comparables #2, #3, and # 6 at \$84.55, \$93.21, and \$78.13 per square foot respectively and requested that the assessment at \$73.22 per square foot be confirmed.

DECISION

The assessment is confirmed.

FINDINGS AND REASONS

The CARB accepts the verified sales data relative to the comparable provided by both parties at 12810 - 170 Street. The unit of comparison rate concluded at \$78.13/sf. for this transaction supports the assessment. Correcting this rate within the Complainant’s data would result in the average increasing from \$75.83/sf. to \$77.58/sf. and the median increase from \$75.11/sf. to \$78.13/sf.

The CARB is not convinced that “the economies of scale” argument is supported within the sales data indicated by comparable #2; which both parties presented as being relative to the subject. The forces of

supply demand in the market place would suggest the buyer and seller were satisfied that parcels as a unit was equivalent to the combined values of three separate parcels.

The subject consist of 4 buildings ranging in size from 138,600 to 194,880 square feet and the sales data provided to the CARB indicate unit of comparison rates greater than the rate requested by the Complainant.

The Complainant failed to provide sufficient and compelling evidence to convince the CARB that the assessment is incorrect.

Dated this 24th day of November, 2011, at the City of Edmonton, in the Province of Alberta.

Don Marchand, Presiding Officer

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.

cc: BCIMC REALTY CORPORATION

For MGB Administrative Use Only

<i>Decision No.</i>		<i>Roll No. 1112259 (Edmonton)</i>		
<u><i>Appeal Type</i></u>	<u><i>Property Type</i></u>	<u><i>Sub Property Type</i></u>	<u><i>Issue</i></u>	<u><i>Sub - Issue</i></u>
CARB	Warehouse	Warehouse Single Tenant	Sales comparison approach	Land & improvement Comparables