



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
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NOTICE OF DECISION NO. 0098 33/10

CANADIAN VALUATION GROUP LTD.
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THE CITY OF EDMONTON
ASSESSMENT AND TAXATION BRANCH
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EDMONTON, AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from hearings held on July 5-6, 2010 respecting an appeal on the 2010 Annual New Realty Assessment.

Roll Numbers 9964194	Municipal Address 7710 34 Street NW	Legal Description Plan 9826090 Block 24 Lot 2
Assessed Value \$7,006,500	Assessment Type Annual - New	Assessment Year 2010

Before:

Patricia Mowbrey, Presiding Officer
Ron Funnell, Board Member
Reg Pointe, Board Member

Persons Appearing: Complainant

Peter Smith, Agent

Persons Appearing: Respondent

Cherie Skolney, Assessor
Cameron Ashmore, Solicitor

PROCEDURAL MATTERS

Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

There were no preliminary issues raised by the parties and the Respondent did not have any recommendations for the properties under appeal. An oath was administered to all parties providing evidence.

ISSUES

Is the 2010 assessment fair and equitable?



LEGISLATION

The *Municipal Government Act*, R.S.A. 2000, c. M-26;

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

The Complainant's position is that the subject property's 2010 assessment is excessive when compared to sales of similar properties. The subject property is a multi-tenant warehouse building containing a total of 50,022 square feet built in 2002. The 2010 assessment equates to \$140.07 per square foot.

The Complainant stated the important factors affecting the value of an industrial property are primarily condition, location, and site coverage. The subject property has a less than typical site coverage of 25 percent; the condition is average.

Five sales comparables (exhibit C1, pg. 1) were provided by the Complainant who indicated comparable #3 is the most similar in location influences, but is substantially newer and larger. The remaining sales are larger than the subject property and also have higher site coverages with the exception of sale #4 which is similar in site coverage. The Complainant requested a value of \$120 per square foot or a requested reduction in the 2010 assessment to \$6,003,000.

The Complainant provided a colour photo of the subject property (C2) and rebuttal evidence (C3).

The Complainant submitted an income approach to value, (C1, pg. 2), using the sales comparables (C1, pg. 1) in the direct sales comparison approach. The Complainant selected a capitalization rate of 7.5%, which was derived from the range of 7.11% to 8.5% of the sales comparables. The 7.5% capitalization rate was first applied to the actual net operating income for a value of \$3,906,000. The 7.5% was applied to the net operating income of an estimated market rent for a value of \$6,003,000.

POSITION OF THE RESPONDENT

The Respondent indicated, for the purposes of the 2010 annual assessment, the sales comparison approach was employed since there was sufficient data to derive reliable value estimates.

Mass appraisal is used to derive typical values and sales occurring between January 2006 through June 2009 and in model development and testing (R1, pg. 7).

Exhibit R2 was submitted by the Respondent to reinforce the applicable legislative provisions relating to the 2010 assessment.

The Respondent submitted four comparable sales (R1, pg. 18) stating sales #1 and #4 are most comparable in age, all comparables are average in condition, and sales #2, #3, and #4 are most comparable in size, and #2 in site coverage. The time-adjusted sales prices range from \$135.61 to \$171.49 per square foot.

The Respondent submitted fourteen equity comparables (R1, pg. 23) indicating all the equity comparables are similar and support the 2010 assessment.

FINDINGS

The subject property is a multi-tenant warehouse building built in 2002. It contains 50,022 square feet on one level and is located in an industrial area at 7710 – 34 Street NW. The site coverage of the building is 25 percent.

DECISION

The decision of the Board is to confirm the 2010 assessment at \$7,006,500.

REASONS FOR THE DECISION

1. The Board considered the Respondent's sales comparables (R1, pg. 18) and placed greater weight on comparable sales #3 as it is most similar, of all the comparables, to the subject in location, condition, lot size, total building area and site coverage. The subject property's 2010 assessment of \$140.07 per square foot is at the low end of the comparables which range from \$135.61 to and \$171.49 per square foot.
2. The Board reviewed the Complainant's sales comparables (C1, pg.1) and placed little weight on the comparables, noting the Complainant's comparables were very diverse with the building sizes 2 to 7 times larger than the subject, the site coverage 3% – 16% higher, and 4 of the 5 were located in the NW industrial area.
3. The Board found the income approach to value was lacking in documentation and supporting evidence, and was not appropriate to use in valuing the subject property.
4. The Board finds the direct sales comparison approach to value is the most appropriate method to value the subject property.
5. The Board noted the Complainant's evidence (C3 p2) showed the 2010 assessment values per sq ft for the Respondents sales comparables (R1 P18), of which 3 of the 4 comparables support the subject property's 2010 assessment. Sales Comparable #3, given most weight by the Board, shows a 2010 assessment of \$144.71 per square foot and supports the subject property assessment at \$140.07 per square foot.
6. The Respondent's equity comparables (R1, pg. 23) are located in the SE industrial area. The Board placed greatest weight on equity comparables #5, #9 and #14, as they are most similar to the subject property in total building area, site coverage, lot size, condition, and are without mezzanine development. The assessment of the subject property of \$140.07 per square foot falls within the range of these equity comparables of \$126.29 to \$179.89 per square foot.
7. The Board finds the 2010 assessment of \$7,006,500 is fair and equitable.

Dated this ninth day of July 2010 A.D. at the City of Edmonton, in the Province of Alberta.

Presiding Officer

CC: MUNICIPAL GOVERNMENT BOARD

City of Edmonton, Law Branch

City of Edmonton, Assessment & Taxation Branch

Scott Hill Investment Inc.