



## ASSESSMENT REVIEW BOARD

Churchill Building  
10019 103 Avenue  
Edmonton AB T5J 0G9  
Phone: (780) 496-5026

### NOTICE OF DECISION NO. 0098 409/11

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 15, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9994009	11204 184 Street NW	Plan: 0125651 Lot: 8	\$12,164,500	Annual New	2011

#### Before:

Robert Mowbrey, Presiding Officer  
Dale Doan, Board Member  
Lillian Lundgren, Board Member

#### Board Officer:

Annet Adetunji

#### Persons Appearing on behalf of Complainant:

Chris Buchanan, Altus Group Ltd

#### Persons Appearing on behalf of Respondent:

Bonnie Lantz, Assessor, City of Edmonton  
Stephen Leroux, Assessor, City of Edmonton

## **PROCEDURAL MATTERS**

Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board. In addition, the Board advised the parties that the Board had no bias on this file.

## **BACKGROUND**

The subject property is a large warehouse located at 11204 184 Street NW. The subject property was constructed in 2001 and has a total building area of 149,625 square feet. The site coverage of the subject property is 37% and the 2011 assessment is \$12,164,500.

## **ISSUE**

What is the market value of the subject property?

## **LEGISLATION**

### ***Municipal Government Act, RSA 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 filed this complaint on the basis that the subject property assessment of \$12,164,500 is in excess of the market value. In support of this position, the Complainant presented five sales that have been time adjusted using the City of Edmonton's time adjustment schedule from the date of sale to the valuation date of July 1<sup>st</sup>, 2010. The sales comparables ranged from a low of \$67.46 to a high of \$84.55 in terms of time adjustment selling price per square foot of leasable building area.

The Complainant advised the Board that one of the most salient features of real estate is the tendency for the price per square foot of land or building space to decrease as the net square footage in a transaction increases. This is known as the economies of scale. Conversely, the price per square foot tends to rise as the property size decreases.

The Complainant advised the Board that due to attributes such as age, location, and site coverage of the subject property, it has been determined that the indicated value for the subject property is \$75.00 per square foot.

The Complainant presented five equity comparables detailing similar properties to the subject property. The average of the five equity comparables was \$75.19 assessment per square foot of leasable building area and the median was \$76.43 assessment per square foot of leasable building

area, whereas the subject property has an assessment of \$81.30 per square foot of leasable building area. The Complainant selected larger comparables that were similar in size to the subject property. The Complainant stated to the Board that due to the attributes such as size, location and site coverage of the subject property, it has been determined that the indicated equitable value of the subject property is \$76.50 psf.

The Complainant challenged the Respondent by stating that two of the Respondent's sales comparables were one-half the size of the subject property. (Exhibit R-1 page 14 #'s 1 and 3).

Based on direct sales and backed by equity, the Complainant requested an assessment value of \$11,221,500.

### **POSITION OF THE RESPONDENT**

The Respondent advised the Board regarding the mass appraisal process that the City of Edmonton utilizes for their warehouse inventory. The Respondent utilizes the direct sales methodology and sales occurring from January 2007 through June 2010 were used in the model development and testing.

Sales were validated by conducting site inspections and interviews, and by reviewing title transfers, sales validation questionnaires, and four data collection sources.

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 building, the total area of the main floor, developed second floor and mezzanine area.

The most common unit of comparison for industrial purposes 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 presented four sales comparables to the Board detailing comparables similar to the subject property in terms of age and condition (Exhibit R-1 page 14). The comparables were similar in terms of age, site coverage and condition. The four sales comparables ranged from a low of \$84.55 to \$147.66 for time adjusted selling price per square foot of total building area.

The Respondent presented five equity comparables to the Board detailing comparables similar to the subject property in terms of age, condition and site coverage. The comparables were somewhat smaller than the subject property, but still averaged over 115,000 square feet compared to the subject property's 150,000 square feet. The average assessment per square foot of the total building area was \$88.00 which supports the assessment.

The Respondent challenged the Complainant's equity analysis, whereby the Complainant did not break out the net space for the equity comparables. The Respondent advised the Board that four out of five comparables had upper offices, which would skew the results (Exhibit R-1 pages 21-23).

The Respondent requested the Board to confirm the 2011 assessment of \$12,164,500.

## **DECISION**

The Board confirms the 2011 assessment of \$12,164,500 as fair and equitable.

## **REASONS FOR THE DECISION**

The Board was persuaded by the Respondent's sale comparable number two and the Complainant's comparable number two as they were common to both parties, and the common sale supported the assessment (10235 184 Street).

In addition, the Board found the sales comparables of the Respondents to be more compelling than the sales comparables of the Complainants.

The Board was persuaded by the Respondent's five equity comparables that were very similar to the subject property in terms of age, condition, and effective year built. The average of the five equity comparables was \$88.00 psf, which supports the assessment.

## **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 14<sup>th</sup> day of December, 2011, at the City of Edmonton, in the Province of Alberta.

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Robert Mowbrey, Presiding Officer

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*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.*

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cc: Canadian Property Holdings (Alberta) Inc.