



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 411/11

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:
10096665	18910 111 Avenue NW	Plan: 0323225 Block: 1 Lot: 8 / 9	\$10,611,500	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 18910 111 Avenue NW. The subject property has an effective age built of 2007 and a total building area of 113,550 square feet. The site coverage is 40% and the property is assessed at \$10,611,500.

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 assessment of \$10,611,500 is in excess of 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. 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 \$82.00 per square foot.

Based on the direct sales approach, the Complainant requested an assessment of \$9,311,000.

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 to the Board detailing comparables similar to the subject property in terms of age, location, site coverage and total building area (Exhibit R-1 page 14). The comparable sales ranged from \$84.55 to \$147.66 per time adjusted selling price per total building square foot.

Although equity was not an issue, the Respondent presented eight equity comparables similar to the subject property in terms of age, site coverage, condition and total building area. (Exhibit R-1 page 19). Comparable number six was the subject property, so number six was eliminated from the equity chart. The comparables ranged from an assessment per total building square foot of \$93.03 to \$113.44, which supports the assessment.

The Respondent advised the Board that the Complainant's sale number one (12810 170 Street) had two bays of 100,000 square feet that were of metal construction making it difficult to compare to the subject property.

The Respondent advised the Board that the Complainant's sales #3 and #5 had high site coverages, which both would need an upward adjustment for comparability with the subject property. (Exhibit C-1 page 8, 3 and 5).

The Respondent requested the Board to confirm the assessment of \$10,611,500.

DECISION

The decision of the Board is to confirm the 2011 assessment of \$10,611,500 as being fair and equitable.

REASONS FOR THE DECISION

The Board found the Respondent's equity comparables to be very persuasive. The ranges of the equity comparables were similar in terms of age, condition, site coverage and size and the average assessment per square foot of \$98.85 supports the assessment.

The Board reviewed the Complainant's sales comparables and the Respondent's sales comparables and found the Respondent's sales comparables to be more compelling than the Complainant's sales comparables. The Complainant's sales comparables had one sale with a large portion of metal construction and two sales with high site coverages.

The Board was satisfied that the Complainant did not provide sufficient and compelling evidence to form an opinion as to the incorrectness of the assessment.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

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

Robert Mowbrey, 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: 18910-111th Avenue (ARI) Ltd.