



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 435/11

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 17, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
2219400	14315 128 Avenue NW	Plan: 3674NY Block: 1 Lot: 9	\$2,773,500	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:

Susen Douglass, 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 single owner-occupied medium warehouse located at 14315 128<sup>th</sup> Avenue NW. The subject property has two buildings on site with a total building area of 26,642 square feet. The site coverage is 37%.

## **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 \$2,773,500 is in excess of the market value. In support of this position, the Complainant presented four 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 sales range from 1961 through to 1980 and the gross building areas range from 15,483 to 44,100 square feet with site coverage from 34% to 46%. The time adjusted selling price per leasable building area per square foot ranged from \$66.30 to \$89.22. The average of the four sales is \$75.44 per square foot and the median is \$73.12 per square foot. The Complainant stated that due to the attributes of the subject property such as age, size, location and site coverage, it has been determined that the indicated value of the subject property is \$75.00 per square foot (Exhibit C-1 page 8).

The Complainant also provided seven equity comparables (Exhibit C-1, page 9). The average assessment per square foot of leasable building area for the equity comparables is \$94.86 and the median is \$97.45.

The Complainant requested a 2011 assessment of \$1,998,000 based on the direct sales approach.

## **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 six sales comparables to the Board detailing comparables similar in terms of age, site coverage, condition and total building area (Exhibit R-1 page 20). The comparable sales ranged from a time adjusted selling price per total building square foot of \$101.65 to \$157.98 per square foot, which supports the assessment of \$115.52 per square foot of total area.

The Respondent presented ten equity comparables to the Board detailing comparables similar to the subject property in terms of location, age, site coverage and total building area. All of the comparables were in the same neighborhood as the subject property.

The Respondent challenged the Complainant's sale #2 (14215 120 Avenue) stating the purchaser had a leasehold interest in the property. The purchaser had predetermined conditions in the lease to purchase the property at set terms sometime in the future. While the comparable could be a valid sale, the comparable does not meet the definition of a market driven sale, being listed on the open market, prudent seller, prudent purchaser and prudent terms (Exhibit R- 1page 28).

In addition, the Respondent advised the Board that the Complainant's sale #3 was post facto and as such, the Board should place little weight on this sale.

The Respondent advised the Board that a number of equity comparables of the Complainant's were within the 5% tolerance limits (Exhibit C-1 page 20).

The Respondent advised the Board that the Complainant had not met the onus and therefore the Board should confirm the 2011 assessment.

The Respondent requested the Board to confirm the 2011 assessment of \$2,773,500.

## **DECISION**

Roll Number	Original Assessment	New Assessment
2219400	\$2,773,500	\$2,377,000

The Board has amended the 2011 assessment of \$2,773,500 to a new assessment of \$2,377,000.

## **REASONS FOR THE DECISION**

The Board reviewed both the Complainant's and the Respondent's sales comparables and determined the best comparables were those comparables that were not on major traffic arteries as those comparables on major traffic arteries commanded a higher purchase price per square foot. Therefore, the Board chose the Complainant's #'s, 1, 3 and 4 along with the Respondent's #1 and 3. The rest of the comparables were on a major traffic artery and the Complainant's #2 did not meet the Board's definition of a market driven sale. The average of the five combined comparables of the Complainant and the Respondent produced a time adjusted selling price per square foot of total space of \$94.50 and a median of \$89.22.

The Board therefore chose the median of \$89.22 as the measurement of value and produced a value of \$2,377,000.

The Board notes the Respondent's equity comparables only had the first four comparables on a major traffic artery and the first four did not have any upper offices similar to the subject property. Three of the seven Complainant's comparables had upper offices. Since the direct sales approach is the preferred method of valuation for the warehouse inventory, the Board did not rely on the equity comparables as they were fraught with inconsistencies.

Dated this 13<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: BECKER PORTFOLIO MANAGEMENT LTD