



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 442/11

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 16, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1553957	17205 107 Avenue NW	Plan: 7621205 Block: 6 Lot: 6 / 7	\$2,303,000	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:

Will Osborne, 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 located at 17205 107 Avenue. The subject property has a total building area of 19,919 square feet and was built in 1977. The site coverage of the subject property is 32% and the 2011 assessment is \$2,303,000.

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 \$2,303,000 is in excess of the market value. In support of this position, the Complainant presented six 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 1962 thru to 1980 and the gross building areas range from 11,705 to 24,539 square feet with site coverage from 27% to 52%. The sale price per square foot ranged from \$75.52 to \$120.64. The average of the sales is \$91.66 per square foot and the median is \$84.05 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 \$85.00 per square foot (Exhibit C-1 page 8).

The Complainant also provided four equity comparables (Exhibit C-1, page 9). The average assessment per square foot of leasable building area for the equity comparables is \$98.29 and the median is \$100.04.

The Complainant requested a 2011 assessment of \$1,693,000 based on \$85.00 per square foot as indicated by 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 eleven sales comparables to the Board detailing comparables similar in terms of age, site coverage, condition and total building area (Exhibit R-1 page 19). The comparable sales ranged from a time adjusted selling price per total building square foot of \$99.32 to \$180.19 per square foot, which supports the assessment of \$115.52 per square foot of total area.

The Respondent presented eight equity comparables similar to the subject property in terms of age, site coverage, condition total building area (Exhibit R-1 page 31). The equity comparables ranged from \$108.60 to \$128.64 assessment per square foot of total building area. The assessment per square foot of the subject property is \$115.62.

The Respondent challenged the Complainant's sale #5 (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- 1 pages 33-35).

The Respondent requested the Board to confirm the 2011 assessment of \$2,303,000.

DECISION

The decision of the Board is to confirm the 2011 assessment of \$2,303,000 as being fair and equitable.

REASONS FOR THE DECISION

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 Board notes the Complainant's sales comparables #'s 1 to 3 are in the northeast quadrant and considered slightly inferior as to location than the northwest

quadrant. The Board reviewed the Complainant's sale #5 and determined that one sale was a non-arms length sale. While there was no evidence to support a predetermined sale price, the sale did not meet the definition of a market value driven sale, such as open market, prudent seller, prudent purchaser and prudent terms. The comparable was never put on the open market and therefore did not meet the definition of a market driven sale. Comparables #'s 5 and 6 had no upper offices as did the subject property. Only one of the Complainant's comparables was on a major traffic artery, whereas most of the Respondent's comparables were on major traffic routes.

The Board was not overwhelmed with the Respondent's sales comparables. Only two comparables had upper offices and some comparables were more than 15 years older than the subject property. Some comparables were ten years newer than the subject property. Most of the sales comparables of the Respondent would require some adjustment for comparability purposes with the subject.

The Board reviewed both the Complainant's and Respondent's equity comparables and determined that the Respondent had the more compelling comparables. The Respondent's equity comparables were similar in terms of age, site coverage, condition and total building area. Six of the eight equity comparables had upper offices as did the subject property. Only two of the four Complainant's equity comparables had upper offices.

The Respondent's equity comparables had an average of \$120.92 assessment per square foot of total building area and a median of \$122.41 assessment per square foot of total building area.

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: WEST TWO ENTERPRISES LTD