



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 446/11

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: |
|-------------|---------------------|----------------------|----------------|-----------------|------------------------|
| 1501006 | 11448 149 Street NW | Plan: RN51 Lot: 6 | \$7,532,000 | 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:

Susen Douglass, Assessor, City of Edmonton
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 11448-149th Street and consists of two medium warehouses constructed in 1974. The property totals 89,785 square feet and of that, 83,962 square feet is main floor and 5,823 square feet is upper office space. Warehouse building 1 is made up of 27,642 square feet of main floor space and 5,823 square feet of upper office space. Warehouse building 2 is made up of 48,180 square feet of main floor space. The property is in average condition and has 39% site coverage. The 2011 assessed value for the property is \$7,532,000 which equates to \$83.89 per square foot.

ISSUE

Is the subject property equitably assessed with similar properties and are the equity comparables similar?

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 \$7,532,000 is not equitably assessed in relation to other similar properties. In support of this position, the Complainant presented three equity comparables (C-1 page 8). The Complainant stated that all comparables were located on a major traffic artery in the northwest quadrant of the city similar to that of the subject. The ages range from 1973 thru to 1978 and the gross building areas range from 76,912 to 104,402 square feet with site coverage from 34% to 43%. The assessment price per square foot ranges from \$63.52 to \$69.56. The average of the 3 indicators is \$65.99 per square foot and the median is \$64.90 per square foot. The Complainant requested a 2011 assessment of \$5,835,500 based on \$65.00 per square foot.

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.

On page 29 of R-1, the Respondent provided an equity comparable chart. Equity comparables #1 and #2 have two buildings present. Equity comparables #3 thru #6 have three buildings present. Equity comparables #1 thru 3 are on major roadways. The ages range from 1969 through to 1985 and the total building areas range from 60,683 to 127,547 square feet with site coverage from 39% to 46%. The assessment price per square foot ranges from \$80.24 to \$99.41 versus the subject assessment of \$83.89 per square foot.

The Respondent advised the Board that the subject property receives a minus 10% adjustment for rear configuration of building 2 (R-1, pg. 16).

On page 21 of R-1, the Respondent provided a sales comparables chart. Six of the seven sales are on major arteries, three are located in the southeast quadrant of the city and the remainder located in the northwest quadrant. The ages range from 1962 through to 1979 and the total building areas range from 39,992 square feet to 89,785 square feet. Five of the seven sales have upper floor offices, the same as the subject property. Site coverage ranges from 34% to 46%. The time adjusted sale price per square foot (TASP) ranges from \$87.90 to \$113.34, which supports the subject property's assessment per square foot of \$83.89.

The Respondent advised the Board that sale #3 (11448 149 Street) is the sale of the subject property as at June 2007. The time adjusted selling price per total square foot on the valuation date is \$87.90 (July 1st, 2010).

Based on both sales and equity, the data supports the 2011 assessment and the Respondent asked the Board to confirm the assessment of \$7,532,000.

DECISION

The decision of the Board is to confirm the 2011 assessment of \$7,532,000 as fair and equitable.

REASONS FOR THE DECISION

The Board was persuaded by the sale of the subject property. The Board notes that Courts have held that the best indicator of market value is the sale of the subject property close to the valuation date. The time adjusted sale price (TASP) is \$87.90 per square foot versus the subject's assessment at \$83.89 per square foot.

The Board put little weight on the equity data put forth by the Complainant. All three indicators are not assessed as major traffic arteries and if they were, they would have an upward adjustment per square foot. It should be noted that for the 2012 assessment year equity comparable #2 will be assessed as a major artery as per the Respondent's comments. It is also noted that equity comparable #2 receives a minus 5% adjustment for site configuration (R-1 Pg. 30). Equity comparable #3 also has a 3,800 square foot fabric Quonset that is valued on a cost basis (R-1 Pg. 32 & 33).

The Complainant's position that their equity comparables should be considered as major roadways was not supported by any evidence and the onus is on Complainant to prove what a major artery is and what is not.

The Board is persuaded by the Respondent's sales comparables in particular sales #1, #2 and #4 that included two buildings indicating a sale price per square range from \$88.63 to \$113.34 above the assessed value of \$83.89 for the subject.

It should be noted that both parties agree that southeast industrial buildings sell for slightly more.

The Board was also persuaded by the equity comparables put forth by the Respondent. All comparables involved multi buildings and three were located on major roadways. The three comparables on major roadways indicate an assessment per square foot range from \$80.24 to \$99.41 per square foot. The subject assessment falls within this range.

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: CENTRE 149 INVESTMENTS LTD

