



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 47/11

AEC International Inc.
#112, 1212 1st Street SE
Calgary, AB T2G 2H8

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 July 12, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10038502	18604 111 Avenue NW	Plan: 0524864 Block: 2 Lot: 6	\$43,858,000	Annual New	2011

Before:

Larry Loven, Presiding Officer
Reg Pointe, Board Member
Taras Luciw, Board Member

Board Officer: Kristen Hagg

Persons Appearing on behalf of Complainant:

Jason Luong, AEC International Inc.

Persons Appearing on behalf of Respondent:

Mary-Alice Nagy, City of Edmonton
Stephen Leroux, City of Edmonton
Luis Delgado, City of Edmonton

PRELIMINARY MATTERS

There were no preliminary matters raised at the hearing.

BACKGROUND

The subject property is contains three industrial warehouses totaling 586,143 square feet, located at 18604 – 111 Avenue, Edmonton, Alberta, constructed in 2003-2006, with a site coverage of 47%.

ISSUE(S)

Is the 2011 assessment of the subject property at \$43,858,000 fair and equitable?

LEGISLATION

The Municipal Government Act, R.S.A. 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 submitted written evidence in the form of an Appeal Brief (C-1) comprising 33 pages, which included equity comparables supporting the Complainant's value conclusion.

The Complainant described the subject property as a large, multi-tenanted warehouse, comprising 3 buildings containing 211,200, 143,374, and 231,570 square feet, for a total of 586,144 square feet. One building was constructed in 2003, the other two in 2006, and they are situated on a 28.397 acre site which equates to site coverage of 47%.

The evidence included 7 equity comparables of larger industrial warehouse properties that range from 159,662 to 751,739 square feet (C-1, page 9). The assessments of the 7 comparables range between \$64.34 and \$75.11 per square foot, with an average of \$71.70 per square foot. The comparable properties were described as being "good" and "very good" comparables as they are similar to the subject and are all located in close proximity to the subject property.

The Complainant placed greatest emphasis on comparables #2, #4 and #5. Comparables #2 and #4 are across the street from the subject and are very similar in age, having been built in 2003 and 2007. They are smaller than the subject property, #2 with 292,105 square feet and #4 with 218,949 square feet; this would suggest a higher assessment per square foot due to economies of scale, yet they are assessed at \$64.34 and \$71.01 per square foot, compared to the subject property at \$75 per square foot. Comparable # 4 is newer than the subject, which would also suggest a higher assessment. Comparable #5 is more similar in size with 395,055 square feet and it is assessed at \$72.11 per square foot. Considering the foregoing, the Complainant concluded that an assessment of \$68 per square foot, or \$39,858,000, for the subject property would be equitable (C-1, page 18).

The Complainant submitted that the 2011 assessment of \$75 per square foot, based on a direct sales approach, is unfair and inequitable. A reduction to \$39,858,000 was requested.

POSITION OF THE RESPONDENT

The Respondent did not believe the Board should reduce the assessment as the requested reduction by the Complainant was less than 5%. In a number of instances (R-2, page 16) the Municipal Government Board and Assessment Review Board ruled that it would not alter an assessment if the requested change to the assessment is within 5%.

The assessment at \$43,858,000 for 586,143 square feet of area is \$74.82 per square foot.

The equity comparables put forward by the Complainant have a median value of \$72.11 per square foot (C-1, page 9). This is only 3.8% lower than the assessment and does not meet the 5% criteria.

Also, comparable #2, assessed at \$64.36 per square foot (C-1, page 9), has only one building while the subject property has three buildings. It would cost less to build only one building, on a square foot basis, compared to three. Comparable #2 is also older and smaller than the subject and therefore not a good comparable.

The Respondent submitted that the \$68.00 per square foot value requested by the Complainant is not supported by the evidence and therefore should be rejected.

In addition, the Respondent presented another equity comparable (comparable #8, R-1, page 26). It is assessed at \$76.54 per square foot and supports the subject property assessment at \$74.82 per square foot.

DECISION

It is the decision of the Board to confirm the final assessment of the subject property at \$43,858,000.

REASONS FOR THE DECISION

Factor	Complainant (C) Min	Complainant (C) Max	Subject	Respondent (R) Min	Respondent (R) Max
Location	7-W		W	8-W	
Site Coverage	45%	51%	47%	45%	51%
Year Built	-1/+4 (2007)	+12/-1 (1999/2007)	2003/06	2007 (+12/-1)	1996/98 (+5/+10)
Condition	NA	NA	AVG	AVG	AVG
Building Size (Sq.Ft)	159,662	751,739	586,144(C)/586,143(R)	155,610	751,739
Assessment (per Sq.Ft)	\$64.34	\$75.11	\$75(C)/\$74.82(R)	\$64.36	\$76.54

Based on the Board's consideration of the seven equity comparables provided by the Complainant versus the eight equity comparables provided by the Respondent summarized in the table above, the Board finds that the characteristics of the Respondent's equity comparables more closely match the characteristics of the subject property, therefore the Board gives greater weight to the equity comparables provided by the Respondent.

The Board finds that the same comparable located at 11010 – 178 Street was given by both the Complainant and the Respondent; it consists of multiple warehouse buildings of similar size, age, and site coverage as the subject property, and is located in the West end. This comparable was assessed at \$74 per square foot and supports the assessed rate of the subject property at \$74.82 per square foot.

For the above reasons, the Board finds that there is insufficient evidence to support a reduction in the assessed value of the subject property to \$68 per square foot or \$39,858,000, and confirms the final assessment for 2011 of \$43,858,000.

DISSENTING OPINION AND REASONS

None.

Dated this 19th day of July, 2011, at the City of Edmonton, in the Province of Alberta.

Larry Loven, 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, R.S.A. 2000, c.M-26.

cc: CITY WEST EQUITIES INC