



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 494/11

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:
1536408	15826 112 Avenue NW	Plan: 987KS Block: 5 Lot: 5	\$3,070,000	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:

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 a medium warehouse located at 15826 112 Avenue NW. The subject property has a total building area of 29,398 square feet and an effective year built of 1987. The site coverage is 34% and the assessment is \$3,070,000.

## **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 \$3,070,000 is in excess of market value. 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 (July 1<sup>st</sup>, 2010) (Exhibit C-1 page 8). The Complainant stated that due to the attributes of the subject property such as age, size, condition, and site coverage of the subject property, it has been determined that the indicated value for the subject property is \$80.00 per square foot. The Complainant advised the Board that sale number one is an obvious outlier (11603 165 Street NW).

The Complainant presented six equity comparables to the Board detailing age, size, condition, effective year built, and site coverage (Exhibit C-1 page 9). The equity comparables ranged from \$77.77 to \$98.33 assessment per square foot of total building area. The Complainant advised the Board that based on the equity, that \$90.00 per square foot is fair and equitable.

The Complainant challenged the Respondent on a few issues:

1. The age for the sales comparables of the Respondent was not particularly close (One of the comparables was 15 years newer than the subject and one comparable was 20 years older than the subject).
2. The Complainant was critical of the Winterburn sale as it was not in close proximity to the subject property and the property was built to support a huge crane.
3. Three of the Respondent's sales had upper mezzanine office, whereas the subject property had no upper office.
4. The Complainant noted that the Respondent's sale number two (12819 144 Street) was purchased by a long term tenant and thus could be highly motivated.

Based on direct sales and backed by the equity analysis, the Complainant is requesting an assessment value of \$2,351,500

### **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. The comparables ranged from \$90.34 to \$177.74 time adjustment per total building square footage (Exhibit R-1 page 16).

The Respondent presented eight equity comparables to the Board (Exhibit R-1 page 23). The equity comparables had no upper finished office or mezzanine. The comparables were similar in terms of age, site coverage, and total building area.

The Respondent challenged the Complainant on a number of issues:

1. All of the Complainant's equity comparables had upper offices except one, whereas the subject property had no upper office.
2. The Complainant's number four sale at 16295 132 Avenue is not fully serviced and is in a slightly poorer location than the subject property. In addition, the lease rate in place is below market.
3. The Complainant's number five equity comparable consists of two buildings and there is no space breakdown, making the comparability to the subject property difficult (Exhibit C-1 page 33).

4. The Complainant's sale number three (10646 178 Street) has a site configuration that makes it difficult for large trucks to maneuver and access the shops.

## **DECISION**

The decision of the Board is to confirm the 2011 assessment of \$3,070,000 as fair and equitable.

## **REASONS FOR THE DECISION**

The Board was persuaded by the Respondent's equity comparables. The Board eliminated equity comparables numbers 2, 5, and 6 as the site coverage was much lower than the subject property. The remaining five equity comparables were similar in age, site coverage and total building area. The median of the five equity comparables was \$101.18 assessment per square foot and median site coverage of 39%. To bring the equity comparables in line would require a downward adjustment in the site coverage, which would translate into a higher assessment per total square footage. This supports the assessment.

The Board was persuaded by the Respondent's sales comparables. The Board eliminated sales numbers 1, 3, and 4 as they had upper offices, whereas the subject property had no upper offices. The average of the three sales is \$132 price per square foot and the median price per square foot is \$117, which supports the assessment.

The Board put little weight on the Complainant's equity charts as five out of the six comparables had upper offices and the subject property had no upper offices. Upper offices tend to skew the price per square foot downward and a upward adjustment would be necessary to the price per square foot for the total leasable building area for comparability with the subject property.

The Board placed little weight on the Complainant's sales comparables. Sale number one is an obvious outlier and sale number two is in a different location. Sale number three has a site configuration issue, which makes it difficult for trucks to access the property.

The Board believed the Complainant did not provide enough evidence necessary for the Board to form an opinion as to the incorrectness of the assessment.

## **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 15<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: Gregg Properties Co. Ltd.