



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 578/11

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:
9947146	11010 178 Street NW	SW 9-53-25-4	\$55,627,500	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:

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 is a large warehouse located at 11010 178 Street NW. The subject property has a total building area of 744,329 square feet and effective years built of 1999, 2000, 2004 and 2007. The site coverage is 49% and the assessment is \$55,627,500.

ISSUE(S)

What is the market value of the subject property?

What is the correct measurement 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 \$55,627,500 is in excess of market value. In support of this position, the Complainant presented five 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 Complainant advised the Board that one of the most salient features of real estate is the tendency for the price per square foot of land or building space to decrease as the net square footage in a transaction increases. This is known as the economies of scale. Conversely, the price per square foot tends to rise as the property size decreases. The Complainant advised the Board that due to attributes such as age, location, and site coverage of the subject property, it has been determined that the indicated value for the subject property is \$65.00 per square foot (Exhibit C-1 page 9).

The Complainant presented five equity comparables to the Board detailing age, site coverage, year of construction and assessment per square foot of leasable building area as being similar to the subject property. The equity comparables ranged from \$64.36 to \$74.82 per square foot of leasable building area (Exhibit C-1 page 10).

The Complainant advised the Board that the subject property's rent roll was found on pages 16 and 17 in C-1.

The Complainant advised the Board regarding the measurements of the subject property's buildings. The Complainant disagreed with the Respondent's measurements and produced documents providing revised measurements to the subject property's buildings.

The Complainant challenged the Respondent's sale comparable number five (8130 Roper Road) stating the comparable was not similar to the subject property.

On the basis of the direct sales methodology and backed up by equity comparables, the Complainant requested a value of \$48,092,500.

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 to the Board detailing comparables similar to the subject property in terms of effective year built, condition and total building size. The comparable sales ranged from \$77.41 to \$138.30 time adjusted selling price per square foot of total building area. The sales comparables support the \$75.52 per square foot assessment (Exhibit R-1 page 20).

The Respondent presented ten equity comparables to the Board. The comparables ranged from \$73.07 to \$81.30 assessment per square foot. The average assessment per square foot is \$76.32 which supports the assessment of \$75.52.

The Respondent advised the Board that the City of Edmonton uses the gross building area to assess industrial warehouses cannot assess the subject property in a different manner than the rest of the inventory of industrial warehouses in the Edmonton area.

The Respondent requested the Board to confirm the corrected assessment of \$55,470, 959.

DECISION

1. The decision of the Board is to revise the 2011 assessment to \$55,471,000.
2. The decision of the Board is to confirm the correctness of the measurements of the buildings for the subject property with the City of Edmonton.

REASONS FOR THE DECISION

The Board was persuaded by the four sales that were common to both parties.

Account	Address	TASP/sqf of total
1. 10005949	15423 131 Avenue	\$77.41
2. 3941457	10235 184 Street	\$84.55
3. 9551227	4103 84 Avenue	\$81.27
4. 1112861	12810 170 Street	\$78.13

The average for the four common direct sales comparables that both parties used for their analysis is \$80.34 per square foot, which supports the assessment of \$75.52 per square foot. The Board notes there are some minor discrepancies between the Complainant and the Respondent's time adjusted selling price per square foot of total area. The Board accepted the Respondent's figures.

The Board does not consider disputes involving incorrect measurement of buildings to be within the purview or authority of the Composite Assessment Review Board.

The Board believes that any dispute involving incorrect measurement of buildings should be resolved directly with the City of Edmonton's assessment department.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 15th 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: HOOPP REALTY INC/LES IMMEUBLES HOOPP INC