



## ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL  
1 SIR WINSTON CHURCHILL SQUARE  
EDMONTON, ALBERTA T5J 2R7  
(780) 496-5026 FAX (780) 496-8199

July 16, 2010

### NOTICE OF DECISION NO. 0098 62/10

AEC International  
112-1212 1<sup>st</sup> St. SE  
Calgary, Alberta  
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 Assessment Review Board (ARB) from a hearing held on July 12, 2010 respecting an appeal on the 2010 Annual New Realty Assessment.

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Year
8704710	9355-62 <sup>nd</sup> Ave.	Plan: 6228HW Block: 5 Lot: 6	\$3,490,500	Annual New	2010
8704744	9335-62 <sup>nd</sup> Ave.	Plan: 4524TR Block: 5 Lot: 6C	\$1,736,500	Annual New	2010
8704751	9329-62 <sup>nd</sup> Ave.	Plan: 4524TR Block: 5 Lot: 6D	\$2,029,000	Annual New	2010

#### Before:

Tom Robert, Presiding Officer  
John Braim, Board Member  
Thomas Eapen, Board Member

#### Persons Appearing: Complainant

Cameron Hall, AEC

#### Persons Appearing: Respondent

Stephen Leroux, Assessor, City of Edmonton  
Steve Lutes, Lawyer, City of Edmonton

#### PRELIMINARY MATTERS

Neither party raised any preliminary issues.

#### BACKGROUND

The three subject properties are located on 62<sup>nd</sup> Avenue and approximately 93<sup>rd</sup> St. (9355, 9335, 9329) and were assessed using the sales comparables method.

The three subject properties are side-by-side warehouse properties. The property at 9355-62<sup>nd</sup> Ave. is a 32,530 sq. ft. building, built in 1974 with a 32% site coverage ratio.

The property at 9335-62<sup>nd</sup> Ave. is a 12,984 sq. ft. building, built in 1967 with a 33% site coverage ratio.



The property at 9329-62<sup>nd</sup> Ave. is a 15,010 sq. ft. building, built in 1987 with a 38% site coverage ratio.

### **ISSUE(S)**

Is the assessment of the subject property equitably assessed with similar property and according to market value as prescribed by s. 467(3) of the Municipal Government Act?

### **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**

#### **Income Approach**

The Complainant put forward evidence that the three properties recently leased as follows:

Address:	<b><u>9355 – 62<sup>nd</sup> Ave.</u></b>	<b><u>9335-62<sup>nd</sup> Ave.</u></b>	<b><u>9329-62<sup>nd</sup> Ave.</u></b>
Lease Term:	5 years	5 years	5 years
Lease Type:	Triple Net	Triple Net	Triple Net
Date of Signing:	January 1, 2008	July 1, 2008	April 1, 2009
Size:	32,500 sq. ft.	16,080 sq. ft.	14,760 sq. ft.
\$ per sq. ft.	\$8.00	\$7.50	\$7.65

The Complainant put forward twelve sales comparables, in arriving at an appropriate cap rate. The twelve sales indicate a cap rate range of 6.11% to 8.51%. Older/smaller property sales comparables were also put forward (seven sales) which indicate caps ranging from 5.76% to 8.97%.

The Complainant plotted the data against time. The Complainant concludes that 8% is an appropriate cap rate at July 1, 2009.

The Complainant adjusted the cap rate to 9% to consider age, obsolete configuration, low height and poor location. The income approach to value is based on actual rents @ 9% cap rate. The requested values are as follows:

<b><u>9355 – 62<sup>nd</sup> Ave.</u></b>	<b><u>9335-62<sup>nd</sup> Ave.</u></b>	<b><u>9329-62<sup>nd</sup> Ave.</u></b>
\$2,610,000	\$1,210,000	\$1,130,000

#### **Comparable Sales Approach**

The only sale put forward by the Complainant at \$76/ sq. ft. sold January 8, 2008. Adjusted to land size this indicates a value of \$86/ sq. ft. which yielded the following totals:

<b><u>9355 – 62<sup>nd</sup> Ave.</u></b>	<b><u>9335-62<sup>nd</sup> Ave.</u></b>	<b><u>9329-62<sup>nd</sup> Ave.</u></b>
\$2,800,000	\$1,335,000	\$1,280,000

### **Cost Approach**

The Complainant estimated the three properties based on the Marshall & Swift Cost Manual. Land value was based on an adjusted sales base. The indicated values via the cost approach were as follows:

<b><u>9355 – 62<sup>nd</sup> Ave.</u></b>	<b><u>9335-62<sup>nd</sup> Ave.</u></b>	<b><u>9329-62<sup>nd</sup> Ave.</u></b>
\$2,055,000	\$930,000	\$1,120,000

### **POSITION OF THE RESPONDENT**

The Respondent calculated the subject properties based on the direct sales comparison method.

The sales comparables put forward in support of the assessment for 9355-62<sup>nd</sup> Ave. range from \$91.97/ sq. ft. to \$157.92 /sq. ft. The indicated sale at 4004-99 St. demonstrates the best comparable with similar attributes to the subject at \$114.29/ sq. ft. which was sold January 2, 2009.

The sales comparables put forward in support of the assessment for 9335-62<sup>nd</sup> Ave. range from \$103.55/ sq. ft. to \$182.60/ sq. ft. The indicated sales at 9915-74<sup>th</sup> Ave. at \$173.79 and 6025-99<sup>th</sup> St. at \$170.77/ sq. ft. demonstrates the best comparables with similar attributes.

The sales comparables put forward in support of the assessment for 9329-62<sup>nd</sup> Ave. range from \$128.55/ sq. ft. to \$178.66 / sq. ft. The indicated sales at 5803-90<sup>th</sup> St. at \$129.63/ sq. ft. and 91429-35<sup>th</sup> Ave. at \$159.16 / sq. ft. demonstrates the best comparables with similar attributes.

### **DECISION**

The Board confirms the assessments of the subject properties 9355 – 62 Avenue at \$3,490,500; 9335 – 62 Avenue at \$1,736,500 and 9329 – 62 Avenue at \$2,029,000.

### **REASONS FOR THE DECISION**

The Board was of the opinion that the direct comparison approach presented by the Respondent in each of these properties best represents a typical acceptable range in values for the three subject properties.

The income approach lacks sufficient typical rent data in support of this method. Further insufficient evidence was provided in support of adjustments to typical cap rate schedules.

The Board was of the opinion that the cost approach to value as put forward was a weaker approach.

Dated this 16th day of July, 2010 at the City of Edmonton, in the Province of Alberta.

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Presiding Officer

CC: Municipal Government Board,

CC: DAVID LAVEN, SAUL KOSCHITZKY, HENRY KOSCHITZKY,

