



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 652/11

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 January 9, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9547720	4602 90A Avenue NW	Plan: 3597NY Block: 2 Lot: 8 / 7/ 6	\$5,632,000	Annual New	2011

Before:

Robert Mowbrey, Presiding Officer
Brian Hetherington, Board Member
Tom Eapen, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group Ltd

Persons Appearing on behalf of Respondent:

Joel Schmaus, Assessor, City of Edmonton

PRELIMINARY MATTERS

1. Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

BACKGROUND

2. The subject property is a single medium warehouse located at 4602 90 A Avenue NW. The subject property was constructed in 1978 and has a total building area of 70,862 square feet. The site coverage of the subject property is 41% and the 2011 assessment is \$5,632,000.

ISSUE

3. 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

4. The Complainant filed this complaint on the basis that the subject property assessment is in excess of the market value. In support of this position, 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 (Exhibit C-1 page 8). The sales comparables ranged in age from 1972 to 1979 and the leasable building area ranged from 38,868 to 72,629 square feet with site coverage ranging from 36 to 52%. The time adjusted selling price per square foot for the total building leasable building area ranged from \$70.01 to \$124.69. The average of the four sales is \$85.32 per square foot and the median of the four sales is \$73.30 per square foot. The Complainant stated that due to the attributes of the subject such as age, size, location and site coverage of the subject property, it has been determined that the indicated value for the subject property is \$70.00 per square foot.
5. The Complainant presented a rebuttal brief (Exhibit C-2, page 2) stating that the Respondent's sale comparable numbers 1, 2, 4 and 5 were all superior to the subject property and not comparable to the subject property. Four of the five sales were on a major arterial roadway, whereas the subject property is in an interior location.

6. Based on the direct sales approach the Complainant requested a 2011 assessment of \$4,731,500 based on \$70.00 per square foot.

POSITION OF THE RESPONDENT

7. 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.
8. Sales were validated by conducting site inspections and interviews, and by reviewing title transfers, sales validation questionnaires, and four data collection sources.
9. 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.
10. 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.
11. Site coverage expresses the relationship between the main floor area of the building and the amount of land associated with it. Properties with a larger amount of land in relation to the building footprint will see a higher value per square foot, as each square foot has to account for the additional value attributable to the larger land area.
12. The Respondent presented five sales comparables similar to the subject property in terms of age, condition, site coverage and total building area.
13. The sales comparables ranged in age from 1961 to 1978 and the site coverage ranged from 28 to 42%. The total building area ranged in size from 40,400 to 89,449 square feet. The time adjusted selling price per square foot of total building area ranged from \$81.12 to \$124.68 (Exhibit R-1, page 19).
14. The Respondent advised the Board that sale #4 and sale #5 were the same property and the sales comparables were somewhat older than the subject property.
15. In addition, the Respondent presented six equity comparables to the Board that were similar in terms of age, condition, site coverage and size (Exhibit R-1, page 25). The assessment per square of total area ranged from \$78.66 to \$85.06, which generally supports the assessment per square foot of \$79.48.
16. The Respondent challenged the Complainant's sales comparables with the following comments (Exhibit R-1, page 18);
 - i. Sale #1 (5705 103 A Street) has an inferior site coverage and one of the buildings is based on cost and would sell for a lower price than the other buildings on site;

- ii. Sale #2 (3304 Parsons Road) has four of the main floor bays leased on rates that are well below market and the fully leased mezzanine also leases below market rates;
- iii. Sale #3 (9333 49 Street) has a tenant that is vacating within one year;
- iv. Sale #4 (9304 60 Avenue) has a superior site coverage, size and finished upper mezzanine.

DECISION

17. The decision of the Board is to confirm the 2011 assessment of \$5,632,000 as being fair and equitable.

REASONS FOR THE DECISION

18. The Board was persuaded by the Respondent's equity comparables in that the comparables were similar to the subject property in terms of age, condition, site coverage and assessment per square foot of total area. All of the equity comparables had upper finished area, as did the subject property. The median assessment per square foot of total area of \$81.60 for the equity comparables supports the assessment of \$79.48 psf.
19. The Board was not persuaded by the Complainant's sales comparables. The sales comparables had a number of issues that made the comparability to the subject property most difficult. Such issues included, but not limited to, below market lease rates, buildings assessed on the cost approach, incorrect effective age of building, inferior site coverage and a vacating tenant.
20. The Board was not persuaded by the Respondent's sales comparables and put little weight on the sales comparables in the Board's decision. Four of the five comparables were on major arterial roadways, whereas the subject property was on an interior location. Only one of the five comparables had upper office finish, similar to the subject property. One of the sales comparables had buildings based on cost.
21. Under argument, the Respondent admitted that the sales comparables needed some adjustment for comparison to the subject property.
22. Jurisprudence has established the onus of showing an assessment is incorrect rests with the Complainant. The Board is 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

23. There were no dissenting opinions.

Dated this 24th day of January, 2012, 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: Sreit (Quest Capilano) Ltd