



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
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NOTICE OF DECISION NO. 0098 770/11

Altus Group Ltd
17327 - 106A Avenue NW
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 23, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
3200854	10557 108 Street NW	Plan: B4 Block: 7 Lot: 163 / Plan: B4 Block: 7 Lot: 164	\$1,131,500	Annual New	2011

Before:

Steven Kashuba, Presiding Officer
James Wall, Board Member
Petra Hagemann, Board Member

Board Officer: Tannis Lewis

Persons Appearing on behalf of Complainant:

Chris Buchanan, Senior Consultant, Altus Group Ltd

Persons Appearing on behalf of Respondent:

Melissa Zayac, Assessor, City of Edmonton
Stephen Leroux, Assessor, City of Edmonton

PROCEDURAL MATTERS

1. The Board Members indicated that they had no bias with regard to this file. The parties indicated that they had no objection to the composition of the Board.

PRELIMINARY MATTERS

2. No preliminary matters were raised.

BACKGROUND

3. The subject property is a medium warehouse located at 10557 - 108 Street in the Central McDougall neighborhood. Constructed in 1968, the subject has a building area of 9,396 square feet and is located on an area of 14,155 square feet. The subject is zoned DC1 and was valued by the direct sales approach.

ISSUE(S)

4. Is the assessment of the subject property in excess of its market value?

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

5. The Complainant presented the Board with a 42 page assessment brief (Exhibit C-1) challenging the correctness of the assessment. The brief included photos and maps of the subject, four sales comparable properties (Exhibit C-1, page 8), four equity comparables (Exhibit C-1, page 9), and Network data sheets providing details for these comparables.
6. The sales comparables are similar to the subject in location, age, site coverage, site area and main floor space. The sales of these comparable properties occurred from June, 2007 to September, 2009 and were time-adjusted based on the time adjustment factors used by the City. They range in time-adjusted sales prices for leasable building area from \$88.64 per square foot to \$132.59 per square foot. The median time-adjusted sales price for the leasable areas is \$102.12 per square foot indicating that the assessment of the subject property at \$120.42 per square foot may be excessive.

7. The four equity comparables (Exhibit C-1, page 9) are similar to the subject in age, site coverage, site area, and main floor space. They range in assessment of leasable building area from \$93.19 per square foot to \$121.08 per square foot with a median of \$105.01 per square foot, compared to the assessment of the subject of \$120.42 per square foot.
8. The Complainant requests the Board to reduce the 2011 assessment to \$105.00 per square foot for a total assessment of \$986,500.

POSITION OF THE RESPONDENT

9. The Respondent provided the Board with an assessment brief (Exhibit R-1) which outlined the mass appraisal process and how it is applied to commercial/industrial warehouse properties which are evaluated on the sales comparison approach. Maps, photos, and a detail property report were included for the Board's information.
10. The subject property's detail report indicates a total main floor area of 9,396 square feet with no finished mezzanine space.
11. The Respondent submitted five comparable sales to suggest the assessment of the subject to be correct. These sales are similar to the subject in location, condition, site coverage and leasable building area. These properties were sold from January, 2007 to December, 2009 and were time-adjusted to the valuation date of July 1, 2010. The time-adjusted sales prices range from \$114.94 per square foot to \$158.65 per square foot, indicating the assessment of the subject at \$120.42 per square foot to be reasonable.
12. To further support the assessment of the subject, the Respondent included four equity comparables in their report. These properties are located in close proximity to the subject, are similar in site coverage, age, and size. The assessments range from \$114.85 per square foot to \$134.87 per square foot, indicating that the assessment of the subject at \$120.42 per square foot to be fair and equitable.
13. The Respondent referred the Board to Exhibit R-1, page 28, the assessment detail report for the Complainant's sales comparable #1 showing that, in fact, there is no finished mezzanine area, contrary to the 4,280 square feet shown on page 8 of Exhibit C-1 in the Complainant's brief. This would change the time-adjusted sales price of the total assessable area from \$88.64 per square foot to \$116.95 per square foot.
14. The Respondent referred the Board to the Complainant's sales comparable #3 in the assessment detail report (Exhibit R-1, page 26) and noted that the property is in "*fair*" condition and, therefore, not comparable to the subject property which is in *average* condition.
15. In reviewing the Complainant's equity comparables, the Respondent indicated to the Board (Exhibit R-1, page 27) that the property located at 10306 - 112 Street was assessed as a retail improvement rather than industrial space and therefore not comparable to the subject. Further to this, the assessment for the total space is \$113.16 per square foot as per the assessment detail report and not \$110.29 per square foot as presented by the Complainant.

16. In reference to the Complainant's equity comparable #3, located at 10523 - 108 Street, the Respondent advised the Board that the total main floor area has been incorrectly stated by the Complainant as 11,587 square feet when in fact it is 11,367 square feet (Exhibit R-1, page 29). The correct assessment is therefore \$123.43 per square foot, which supports the assessment of the subject at \$120.42 per square foot.
17. The Respondent concluded that their sales and equity comparables indicate that the assessment of the subject is correct, fair and equitable, and requests that the Board confirm the 2011 assessment at \$1,131,500.

DECISION

18. **It is the decision of the Board to confirm the assessment of the subject property for 2011 at \$1,131,500.**

REASONS FOR THE DECISION

19. The Board examined the sales comparables provided by the Complainant and found them to be weak for the following reasons:
 - 19.1. Since the subject had no mezzanine space, using time-adjusted sales price per square foot for total leasable space (including mezzanine space) is unrealistic. In this regard the Board notes that the Complainant's sale comparable #1 has no finished mezzanine area. This results in the time-adjusted sale price of this property to increase from \$88.64 per square foot to \$116.95 per square foot, which is more in line with the assessment of the subject property.
 - 19.2. Both the average and median time-adjusted sales price for main floor space at \$122.65 per square foot and \$121.77 per square foot support the assessment of the subject property.
 - 19.3. Sales comparable #3, which the Complainant indicated is one of their best comparables, is in fair condition compared to the other comparables which are all in average condition.
20. The Board placed little weight on the Complainant's equity comparables (Exhibit C-1, page 9) for the following reasons:
 - 20.1. The first property located on 10306 - 112 Street is assessed as retail rather than industrial warehouse space. This brings into question the element of comparability.
 - 20.2. Comparables #3 and #4 at \$121.08 per square foot and \$129.79 per square foot support the assessment of the subject.
21. The Board considered the Respondent's sales comparables (Exhibit R-1, page 18) and found them to be compelling for the following reasons:
 - 21.1. Properties are in close proximity to the subject, are similar in site coverage, condition, size and age.

- 21.2. Comparables #1, 2 and 5 are somewhat smaller than the subject and have a time-adjusted sales price of \$137.83 per square foot, \$151.20 per square foot and \$158.65 per square foot respectively. Due, in part to the economies of scale, the higher time-adjusted sales prices reflect the smaller sized properties.
- 21.3. The properties (#3 & #4) are somewhat larger than the subject and their time-adjusted sales prices are \$114.94 per square foot and \$117.57 per square foot, again reflecting the economies of scale.
- 21.4. The average of the five sales comparables is \$136.04 per square foot, supporting the assessment of the subject.
22. The Board is persuaded by the Respondent's four equity comparables (Exhibit R-1, page 25). All of these are located in close proximity to the subject, and are similar in size, condition and site coverage. Their assessments range from \$114.85 per square foot to \$123.43 per square foot, indicating that the assessment of the subject is fair and equitable.
23. The Board accepts the Respondent's evidence and argument and confirms the 2011 assessment of the subject property.

DISSENTING OPINION AND REASONS

There was no dissenting opinion and reasons.

Dated this 16th day of February, 2012, at the City of Edmonton, in the Province of Alberta.

Steven Kashuba, 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: DUNET INVESTMENTS LTD