



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION No. 0098 414/11

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 29, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8887770	6025 - 86 Street NW	Plan: 3680RS Blk: 17 Lot: 6A	\$10,976,000	Annual New	2011

Before:

D. H. Marchand, Presiding Officer
Judy Shewchuk, Board Member
Ron Funnell, Board Member

Board Officer: Segun Kaffo

Persons Appearing on behalf of Complainant:

Walid Melhem, Agent, Altus Group

Persons Appearing on behalf of Respondent:

Susen Douglass, Assessor, City of Edmonton

PRELIMINARY MATTERS

No preliminary matters were raised by the Parties. Both Parties made an affirmation to tell the truth. No objection was raised as to the composition of the CARB panel. In addition, the Board members indicated no bias with respect to this file.

BACKGROUND and PROPERTY DESCRIPTION

The CARB was advised that the only common issue that applies to the subject complaint is the one itemized as number 4 - *the assessment of the subject property is in excess of its market value for assessment purposes*. The remaining common issues itemized as numbers 1-3 and 5- 8 shown on the SCHEDULE OF ISSUES (exhibit C-1, page 3) will not be argued.

- The subject property is located in the Davies Industrial subdivision at the intersection of 86th street and Wagner Road in the southeast region of the City of Edmonton.
- The site contains 305,265 square feet (7.00 acres) with an IB industrial zoning.
- There are two large multi-tenanted sales/warehouse/office buildings on site with a gross building area of 150,108 square feet. The leasable area totals 128,334 square feet; the difference is associated with mezzanine space used for storage. The complex was built in 1972/1974.
- The site coverage is 39%.
- The Direct Sales Comparison Approach is the valuation approach used in the preparation of the assessment.
- The parties provided sales data within the period of January, 2007 to July, 2010 that were time adjusted as per a table provided to the CARB (exhibit C-1, page 14). The time adjustment factors used are not in dispute.
- The unit of comparison is a per square foot rate based on the leasable building area (LBA) according to the Complainant and the main floor plus mezzanine/upper finished area according to the Respondent.

The above background and property description facts were all agreed to by the parties.

ISSUE

Is the 2011 assessment of the subject property at \$10,976,000 correct?

LEGISLATION

The CARB in its deliberations gave consideration to:

Municipal Government Act, RSA 2000, c M-26

1(1) *In this Act,*

- (n) “market value” means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

289(2) *Each assessment must reflect*

- (a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and*
- (b) the valuation and other standards set out in the regulations for that property.*

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.*

Matters Relating to Assessment and Taxation Regulation (AR 220/2004)

s 2 *An assessment of property based on market value*

- (a) must be prepared using mass appraisal,*
- (b) must be an estimate of the value of the fee simple estate in the property, and*
- (c) must reflect typical market conditions for properties similar to that property*

POSITION OF THE COMPLAINANT

The Complainant provided the CARB with the following market transactions:

Comp	Address	Sale Date	TASP	YOC	Site Coverage	LBA	TASP per SF of LBA
1	12810 - 170 St.	April 2010	\$27,748,000	2007	39%	399,767	\$69.41
*2	2103 - 64 Ave.	May 2009	\$17,641,920	2001	41%	261,535	\$67.46
3	15423 - 131 Ave.	Jan. 2007	\$18,336,800	2005	56%	244,123	\$75.11
**4	10203 - 184 St.	Feb. 2009	\$14,253,000	1996	35%	168,575*	\$84.55
*5	4103 - 84 Ave .	Feb. 2010	\$13,101,830	1998	54%	163,368	\$80.20
					Requested Rate		\$75.00
Subj.	6025 - 86 St.			1973	39%	128,334	
					Assessment rate		\$85.53

* *Thess comparables are common to both parties.*

** *This comparable is comprised of three separate parcels sold as a unit - (Bldg A at 51,210 sq. ft.; Bldg B at 74,910 sq. ft.; Bldg C at 42,400 sq. ft.).*

The Complainant requested that the CARB consider a rate of **\$75.00** per square foot as the indicated valuation rate for the subject. The complainant submits that consideration must be

given to the “economies of scale” factor and the “barrier to entry” feature that exist within the subject. It is the Complainant’s position that the size or scale of the complex demands a lower per unit price. The number of prospective buyers is also reduced. The Complainant argues that the attributes of the subject such as age, size, location, and site coverage of the subject property were also considered in the determination of the request.

Complainant requested an assessment of **\$9,625,000** based on the rate of \$75.00 per square foot.

POSITION OF THE RESPONDENT

The Respondent provided the CARB with a written brief on the “Application of the Mass Appraisal Process” with an explanation of their sales comparison model. The CARB’s attention was drawn to the paragraph that states:

“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 buildings, the total area of the main floor, developed second floor and mezzanine area.” (exhibit R-1, page 7).

The Respondent provided the CARB with 6 sales comparables. Two are common to the Complainant. The time adjusted sales prices of useable area for the 6 transactions are in the range of \$69.89 to \$146.69 per square foot. The subject is assessed at a rate of \$85.53 per square foot.

The Respondent submitted that the best comparable was the sale at 4103 – 84 Avenue with a time adjusted sale price of \$81.27. It is in the same region as the subject. It consists of two buildings on a single site like the subject. It is slightly larger than the subject and is newer (1998 versus the subject at 1972). The Respondent submitted that since the comparable is newer and slightly, larger upward pressure is being placed on the time adjusted sale price of \$81.27.

In addition to the 6 sales comparables the Respondent provided the CARB with 10 equity comparables. Three of the comparables are properties with more than one building on site. They have similar site coverage, are built in the same construction era, and are close to the same size. The assessments are \$87.03, \$87.40 and \$98.88. The Respondent submits that these rates support the subject’s assessment of \$85.53.

The Respondent requested the assessment be confirmed at \$85.53 per square foot for a total assessment of \$10,976,000.

FINDINGS

- The sales comparables provided in common are given weight, with the most weight to be given to the comparable sale at 4103 – 84 Avenue.
- The comparable sale at 4103 – 84 Avenue is newer and slightly larger in size.

REASONS FOR THE DECISION

The CARB gives consideration to both parties’ comparables and gives most weight to those comparables that both parties have identified as having the most similar significant factors. The parties’ sales comparable at 4103 – 84 Avenue with an assessment of \$81.27 is considered to provide reasonable support to the subject’s assessment at the rate of \$85.53 per square foot. The second comparable common to both parties is for a property with one

building that is twice the size of the subject and is given very little weight as a reasonable comparable.

The CARB is not persuaded to reduce the assessment to the requested \$75.00 per square foot.

DECISION

The assessment is confirmed at \$10,976,000.

Dated this 15th day of December, 2011, at the City of Edmonton, in the Province of Alberta.

Don Marchand, 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: ABLE INDUSTRIAL PROPERTIES INC

For MGB Administrative Use Only: *From D.H. Marchand*

<i>Decision No.</i>		<i>Roll No. 8887770 Edmonton</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Property Sub type</i></u>	<u><i>Issue</i></u>	<u><i>Sub Issue</i></u>
CARB	Warehouse	Warehouse Multi tenant	Direct sales approach	Land & Improvement Comparables