



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 453/11

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 16, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1553700	17511 107 Avenue NW	Plan: 7621205 Block: 6 Lot: 1	\$2,738,500	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:

Susen Douglass, Assessor, City of Edmonton  
Will Osborne, 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 located at 17511-107 Avenue, Edmonton, consists of a single warehouse building constructed in 1980 totaling 20,295 square feet with 4,920 square feet as upper office space for a total building area of 25,215 square feet. The property is in average condition and has 32% site coverage. The 2011 assessed value for the subject property is \$2,738,500 which equates to \$108.60 per square foot.

## **ISSUE**

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**

The Complainant filed this complaint on the basis that the subject assessment of \$2,738,500 is in excess of the market value. In support of this position, the Complainant presented three 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 sales are all located in the northwest quadrant of the city. Their ages range from 1978 through to 1980 and the gross building areas range from 15,483 to 24,774 square feet with site coverage from 27% to 50%. The sale price per square foot ranged from \$76.75 to \$80.86. The average of the sales is \$79.01 per square foot and the median is \$79.42 per square foot. The Complainant stated that due to the attributes of the subject property such as age, size, location and site coverage, it has been determined that the indicated value of the subject property is \$80.00 per square foot (Exhibit C-1 page 8).

The Complainant also provided 7 equity comparables (C-1, Pgs. 22 - 34). The Complainant stated that the best comparables were comparables #1 and #2 because they were approximately five blocks from the subject property.

The Complainant requested a 2011 assessment of \$2,017,000 based on \$80.00 per square foot as indicated by the direct sales approach.

## **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 eleven sales comparables to the Board detailing comparables similar in terms of age, site coverage, condition and total building area (Exhibit R-1 page 18). The comparable sales ranged from a time adjusted selling price per total building square foot of \$99.32 to \$180.19 per square foot, which supports the assessment of \$108.60 per square foot.

The Respondent presented eight equity comparables similar to the subject property in terms of age, site coverage, condition and total building area (Exhibit R-1 page 30). Six of the eight comparables had some upper offices, as does the subject property. The comparables ranged from an assessment per total building square foot of \$113.55 to \$128.64.

The Respondent challenged the Complainant's number two sale, stating the sale was non-arms length. The tenant had a clause in the lease agreement to purchase the property in due course. (Exhibit R-1 pages 32-34) (14215 120 Avenue).

The Respondent challenged the Complainant's number one sale, which indicated the purchaser plans on extensive renovations. In addition, the sales sheet from a third party source states that the site configuration makes it difficult for large trucks to access the shop. (R-1 page 31 and C-1 page 13) (10646 178 Street).

The Respondent requested the Board to confirm the 2011 assessment of \$2,738,500.

## **DECISION**

The decision of the Board is to confirm the 2011 assessment of \$2,738,500 as fair and equitable.

## **REASONS FOR THE DECISION**

The Board reviewed the Complainant's sales and determined that one sale was a non-arms length sale. While there was no evidence to support a predetermined sale price, the sale did not meet the definition of a market value driven sale, such as open market, prudent seller, prudent purchaser

and prudent terms. The comparable was never put on the open market and therefore did not meet the definition of a market driven sale. One other sale had extensive renovations planned and difficult access to the shop for large trucks, thus making it difficult for comparable purposes. With issues with two of the sales, there was not enough evidence for the Board to form an opinion as to incorrectness of the assessment.

The Board was persuaded by the Respondent's equity comparables. The comparables were similar in terms of age, site coverage, office mezzanine and size of total building. The equity comparables supported the assessment of \$108.60 per square foot.

The Board was persuaded by the Respondent's eleven sales comparables. Most of the comparables were on a major traffic artery as was the subject property. Comparable #3 (12250 142 Street) was rated as in fair condition and would have an upward adjustment for comparison with the subject property. The Board was advised that properties rated as good were treated the same as properties rated as average. All of the comparables were in the western quadrant.

The Board placed little weight on the Complainant's equity comparables as there was no space breakdown, which made the assessment per square foot meaningless.

### **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 14<sup>th</sup> day of December, 2011, at the City of Edmonton, in the Province of Alberta.

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Robert Mowbrey, Presiding Officer

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*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.*

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cc: J .K. MCKENZIE HOLDINGS LTD.