



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 711/11

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 23, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8487803	9810 44 AVENUE NW	Plan: 7721481 Block: 7 Lot: 16	\$3,227,000	Annual New	2011

#### Before:

Dean Sanduga, Presiding Officer  
Dale Doan, Board Member  
George Zaharia, Board Member

**Board Officer:** Denis Beaudry

#### Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group

#### Persons Appearing on behalf of Respondent:

Will Osborne, Assessor, City of Edmonton

## **PROCEDURAL MATTERS**

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

## **PRELIMINARY MATTERS**

There were no preliminary matters.

## **BACKGROUND**

The subject property is a medium warehouse, located on an interior lot in the Papaschase Industrial Subdivision of the City of Edmonton. It was built in 1975 and is in average condition. The subject building is a combined main and second floor space of 38,198 square feet in size, and is located on a parcel of land 73,625 square feet in size resulting in a site coverage of 39%.

## **ISSUE(S)**

Is the 2011 assessment of the subject property at \$3,227,000 too high compared to similar properties?

## **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**

1. The Complainant submitted three sales comparables located in southeast Edmonton as is the subject. The three sales comparables sold between January 2, 2008 and June 2, 2010 for total floor space time adjusted sales prices ranging from \$72.22 to \$91.52 per square foot. The average time adjusted sales price of the three comparables was \$79.38 per square foot while the median was \$74.39 per square foot. All the comparables were in average condition as is the subject, and were similar in age, site coverage and total building area to the subject property (Exhibit C-1, page 8).

2. Although the Complainant stated that the three comparables provided were similar in age, the site coverage was within a tight range, the gross building area was similar, and all comparables had second floor space as the subject, “slight adjustments” should be applied in order to have an accurate comparison of the subject to the three comparables. In defense of a requested \$70 per square foot assessment, the Complainant argued that *attributes such as age, size, location, and site coverage should be considered* (Exhibit C-1, page 8).
3. The Complainant suggested that greater weight should be placed on sales that occurred closer to the valuation date, since a lot of properties value changes were happening in 2007 that may not be adequately reflected in the time adjustment factors supplied by the Respondent. In support of the statement that “*The adjustments indicate a downward trend in Industrial Warehouse property values for 2010*”, the Complainant submitted a time adjustment factor chart covering the period January, 2007 to July, 2010 (Exhibit C-1, page 13).
4. Based on the Complainant’s sales comparables, the Complainant requested the Board to apply an assessment of \$70.00 per square foot, and therefore reduce the 2011 assessment from the original \$3,227,000 to \$2,673,500.

#### **POSITION OF THE RESPONDENT**

1. The Respondent stated that “*Factors found to affect value in 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).
2. The Respondent submitted eight sales comparables located in southeast Edmonton as is the subject. The eight sales comparables sold between February 28, 2007 and January 2, 2009 for total floor space time adjusted sales prices ranging from \$88.63 to \$124.68 per square foot. All comparables were in average condition as is the subject, and were similar in age, site coverage and total building area to the subject property. Four of the eight sales comparables had second floor space as does the subject (Exhibit R-1, page 19).
3. To further support the original 2011 assessment, the Respondent submitted eight equity comparables, three of which are located in the Papaschase Industrial Neighborhood as is the subject, and the remaining five located in the neighboring Strathcona Industrial Park. The eight equity comparables ranged from \$84.90 to \$97.46 per square foot. All the comparables were in average condition as is the subject, and were similar in age, site coverage and total building area to the subject property. All of the eight equity comparables had second floor space as does the subject (Exhibit R-1, page 28).
4. The Respondent acknowledged that the subject property is not located on a major roadway, but is rather located on an interior lot at the head of a cul-de-sac (Exhibit R-1, page 13).

5. The Respondent requested the Board to confirm the 2011 assessment of the subject property at \$3,227,000.

## **DECISION**

The decision of the Board is to confirm the 2011 assessment of the subject property at \$3,227,000.

## **REASONS FOR THE DECISION**

1. The Board placed less weight on the Complainant's three sales comparables for several reasons:
  - 1) One of the three comparables was the same one used by the Respondent and with a time adjusted sales price of \$91.52 per square foot, this sales comparable actually supported the assessment of the subject property at \$84.48 per square foot.
  - 2) The notes provided by a third party for the other two sales comparables pose questions as to the comparability of the sales prices to the assessment of the subject.
    - In sale comparable number one with a time adjusted sale price of \$74.39 per square foot, it was stated that i) 3,914 square feet (more than 10% of the space) was vacant at the time of sale with the assumption in the income analysis that this space would be leased at market rate, ii) four of the main floor bays were leased at well below market, and iii) the property was acquired based on a future upside. Since it was not known when the leases expired, it would be sheer speculation as to what the sale price may have been if the building was rented out for market rents for all space, and the building was fully rented.
    - In sale comparable number two with a time adjusted sale price of \$72.22 per square foot, it was stated that the building was fully leased for one more year but that the tenant would be vacating when the lease expired. Again, it would be sheer speculation as to how the sale price would have been affected if there was not the factor of the building being completely vacated in one year from the date of the sale.
2. The Board placed more weight on the eight sales comparables provided by the Respondent which supported the 2011 assessment of the subject property at \$84.48 per square foot.
  - 1) The comparables are located in the same quadrant of the City, were the same in condition, and were similar in building size, age and site coverage.
  - 2) Four of the eight comparables had second floor space as does the subject. These properties sold for time adjusted sales prices ranging from \$88.63 to \$118.52 per

square foot, supporting the assessment of the subject property at \$84.48 per square foot.

- 3) The remaining four comparables without second floor space sold for time adjusted sales prices ranging from \$100.36 to \$124.68 per square foot, again supporting the assessment of the subject property, but also supporting the position that buildings without second floor space are more valuable.
  - 4) Comparable sales number four, six and eight that sold for \$100.62, \$88.63, and \$112.15 per square foot respectively, all sold for more than the \$84.48 assessment of the subject, supporting the factor that properties located on major roads usually have a value greater than those that are located on interior lots as is the subject. It is interesting to note that sales comparable number six sold for the lowest value of all the eight comparables although it is located on a major roadway. The comments provided by the third party state that the leases in place are below market, and that the vendor was “motivated”, suggesting that these factors can have a downward pressure on the sale price.
3. The Board accepted as further evidence the equity comparables provided by the Respondent as supporting the assessment of the subject property. Three of the comparables were located in the same industrial neighbourhood, and the remaining five comparables were located in an adjoining industrial neighbourhood. All the equity comparables were in average condition as is the subject, and were similar in age, site coverage and size. The 2011 assessments of these comparables, ranging from \$84.90 to \$97.46 per square foot, support the \$84.48 per square foot assessment of the subject property.
  4. The Board is persuaded that the 2011 assessment at \$3,227,000 is fair and equitable.

### **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 24<sup>th</sup> day of January, 2012, at the City of Edmonton, in the Province of Alberta.

---

Dean Sanduga, 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: PARAGON INVESTMENTS LTD