



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
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NOTICE OF DECISION NO. 0098 764/11

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 25, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1075506	9333 49 STREET NW	Plan: 7622073 Block: 4 Lot: 9	\$4,947,000	Annual New	2011

Before:

Larry Loven, Presiding Officer
John Braim, Board Member
Tom Eapen, Board Member

Board Officer: Jason Morris

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group

Persons Appearing on behalf of Respondent:

Susen Douglass, Assessor, City of Edmonton

PRELIMINARY MATTERS

1. The parties indicated that they had no objection to the composition of the CARB. The CARB members indicated that they had no bias with regard to the subject property.

BACKGROUND

2. The subject property comprises an industrial warehouse facility containing two warehouse buildings located in the Eastgate Business Park which forms part of the South East Industrial area. The two buildings were constructed in 1977 and according to city records, have a combined gross area of 49,999 square feet. One of the buildings contains a gross area of 23,000 square feet which comprises 15,000 square feet of warehouse space and 3,562 square feet of office space on the main floor and 4,438 square feet of finished mezzanine area on the second floor level. The second building contains a gross area of 26,999 square feet of purely warehouse space.
3. The both subject buildings are multi-tenant, rated as being in average condition, and located on a single parcel of land containing 103,949 square feet (2.386 acres) with a site coverage ratio of 44%. The subject land is zoned Industrial Business ("IB") District and is considered to be an inner lot with no exposure to a major traffic artery.

ISSUE(S)

4. Is the subject property assessed in excess of its market value?
5. Has the subject been equitably assessed?

LEGISLATION

6. *Municipal Government Act, RSA 2000, c M-26*
7. 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.
8. 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

9. The Complainant filed this complaint on the basis that the subject property has been assessed in excess of its market value. In support of this position the Complainant stated that the subject property had sold in February 2009 for the sum of \$3,800,000 which is

both less than the 2011 assessment and the best indicator of the market value of the property at the date of sale. The Complainant adjusted the sale price of the subject property, in accordance with the city's time adjustment chart to the valuation day, to a value of \$3,610,760.

10. In support of this argument the Complainant, provided a chart (Exhibit C-1, p. 8) plus supporting data, containing five sales of similar multi-tenant properties, including the subject property, all located in the south-east industrial district on interior locations. The comparable sales took place between February 2007 and June 2010 and were time adjusted to the valuation day. The sold properties range in characteristics as follows: in age from 1972 to 1980; in size from 31,505 square feet to 72,629 square feet; and, in site coverage ratio from 36% to 52%. All the comparable sales had finished upper level space. The time adjusted sale prices ranged from \$70.01 per square foot to \$118.52 per square foot with an average of \$85.33 per square foot and a median of \$74.39 per square foot. Based on this analysis, the Complainant requested a rate of \$75.00 per square foot be applied to the subject property to determine the for the assessment value, versus the current assessed rate of \$98.95 per square foot.
11. Three of the comparable sale properties were single building developments whereas one, plus the subject, was a double building project. With respect to unit prices and the economies of scale, the Complainant argued that the number of buildings was not a factor in the purchase price as a potential owner would be interested in the total building area available on the one parcel as opposed to higher per square foot prices usually paid for smaller buildings. In support of this argument, the Complainant provided two 2010 assessment review board decisions (ARB 0540/2010-P and ARB 0756/2010-P) relating respectively to a multiple building developments located on a single parcel of land, similar to the subject property. The Complainant outlined the relevant paragraphs in the two decisions relating to the principals and findings involved (Exhibit C-1, p. 38-39, 50).
12. In addition, the Complainant provided an equity comparable chart (Exhibit C-1, p. 9), with supporting data, containing similar multi-tenant properties, all located in the southeast industrial district and on interior locations. One of the equity comparables was a double building development whereas the other three were all single building development.
13. These comparable equity properties ranged in age from 1976 to 1982 and contained buildings ranging in size from 42,806 square feet to 54,067 square feet and having site coverage ratios ranging from 40% to 43%. The assessments for these comparables ranged from \$84.90 per square foot to \$90.67 per square foot with an average of \$88.82 per square foot and a median of \$89.85 per square foot. Based on this analysis, the Complainant requested that a rate of \$90.00 per square foot be applied to the subject property.
14. In response to questions regarding the location of one of the comparables (Parsons Road), though not a major traffic artery, was on a busier thoroughfare being an extension of 99th Street, as opposed to the interior location of the subject property. The Complainant confirmed that this would in effect support a lower unit value for the subject property.
15. The Complainant provided a rebuttal document with maps (Exhibit C-2, p. 3-5) indicating that three of the Respondent's four sales comparables were in superior

locations to the subject property as they were located on busier traffic arteries such as Argyll Road, 51st Avenue and 99th Street and would therefore require a downward adjustment to make them comparable to the subject property. The net effect of this would be a range of values lower than that presented by the Respondent.

16. The Complainant's rebuttal document also addressed a potential error in the Complainant's model relating to the economies of scale stating that an adjustment to compensate for the economies of scale was absent in dealing with the subject property. Furthermore, this error was demonstrated in relation to other CARB appeals (Exhibit C-2, pp. 12-30).

POSITION OF THE RESPONDENT

17. The Respondent advised the CARB the subject property had been assessed for taxation purposes using the mass appraisal process as required by the appropriate legislation. In particular, for the 2011 Annual Assessment the sales comparison approach was employed. The Respondent provided a chart (Exhibit R-1, p. 20), and supporting data, of similar multi-tenant warehouse properties that had sold in a time frame ranging from February 2007 to January 2009 and were time adjusted to the valuation day. These sales comparables were all located in the south-east industrial district and were all in average condition like the subject property. These sales comparables comprised one triple building project, one double building project and two single building projects. The buildings ranged in age from 1973 to 1978, in size from 38,859 square feet to 76,233 square feet, and had site coverage ratios that ranged from 36% to 45%. The time adjusted sale prices ranged from a unit rate of \$109.39 per square foot to \$124.68 per square foot, and the subject is assessed at a rate of \$98.95 per square foot, which falls within this range.
18. The Respondent also supplied an equity comparable chart (Exhibit R-1, p. 21) listing eight industrial properties located in the south-east industrial district that were built between 1971 and 1979. Each comparable property contained two buildings that were in average condition, like the subject. The total building sizes ranged from 40,799 sq ft to 59,655 square feet and the site coverage ratios ranged from 35% to 44%. The assessments of these equity comparables ranged from a low of \$97.76 per square foot to a high of \$118.25 per square foot with the subject falling within this range. On the basis of this information, the Respondent requested that the CARB confirm the 2011 assessment at \$98.85 per square foot.

DECISION

19. It is the decision of the CARB is to reduce the 2011 assessment of the subject property from \$4,947,000 to \$3,610,500.

REASONS FOR THE DECISION

20. Firstly, based on the CARB's consideration of the sales comparables provided by the Complainant and the Respondent as summarized in the table below, the CARB finds that the range of the characteristics provided by the Complainant is more similar to the subject property than those provided by the Respondent. The Board further notes that the

	Complainant (Min.)	Complainant (Max.)	Subject (Total)	Subject (Bldg 1)	Subject (Bldg 2)	Respondent (Min)	Respondent (Max.)
Area (Total)	31,506	66,371	49,997	23,000	26,997	40,400	76,233
Main Floor (Office)	0	14,623	4,171	---	---	2,583	17,330
Main Floor (Warehouse)	---	---	41,340	15,000	26,340	---	---
Mezzanine (Finished)	3,832	7,533	4,458	4,458	0	0	17,330
Year of Construction	1972	1980	1977	---	---	1974	1978
Site Coverage (%)	36	52	44	---	---	36	45
# Bldg.	1	2	2	---	---	1	3
TASP (\$ per Sq.Ft)	70.01	118.52	96.94 (98.95)¹	---	---	109.39	124.68

location of the Respondent's sales comparables may have contributed to their sales value. In other words, as the assessed value per square foot of the subject property is less than the range of the time adjusted per square foot sales values for the sales comparables provided by the Respondent, the CARB is persuaded that the comparables provided by the Respondent may lack in similarity of location to the subject property with respect to a major arterial roadway. The Board is inclined to place somewhat more weight on the Complainant's sales comparables that appear to indicate that the value of the subject property may be less than the assessed value.

21. Secondly, based on the CARB's consideration of the equity comparables provided by the Complainant and the Respondent as summarized in the table below, the CARB finds that the range of the characteristics provided by the Complainant is somewhat more similar to the subject property than those provided by the Respondent. The comparables provided

	Complainant (Min.)	Complainant (Max.)	Subject	Respondent (Min)	Respondent (Max.)
Location	4 - SE		SE	8 - SE	
Area (Total)	46,126	53,707	49,997	40,799	59,655
Main Floor (Total)	39,179	51,661	45,559	40,799	59,665
Year of Construction	1976	1981	1977	1974	1978
Site Coverage (%)	40	43	44	35	44
# Bldg.	---	---	2	2	2
Assessment (\$/Sq.Ft)	84.90	90.67	98.94	97.96	118.25

¹ (C-1, p.8)

by the Complainant appear to support an equity assessment of \$90.00 per square foot, whereas the equity comparables provided by the Respondent appear to support the assessed value of \$98.94 per square foot of total building area. These arguments appear to be fairly well balanced.

22. Thirdly, the CARB considered the strength of the sale of the subject property. The CARB accepts that the sale of the subject property was not disputed by the Respondent, and found no reason not to accept that the time adjusted sale price of the subject property was not a valid indication of the value of the subject property at the valuation date.

23. In summary based on its consideration of the above evidence and agreements, the CARB places the greatest weight on the sale of the subject property as the best indicator of market value; and therefore finds that the time adjusted sales price of the subject property to be \$3,610,500 (C-1, p. 7, para. 15) [or \$3,800,000 (on February 26, 2009) x 0.9502 (C-1, p.13)] or \$72.21 per square foot.

DISSENTING OPINION AND REASONS

None noted.

Dated this 9th day of February, 2012, at the City of Edmonton, in the Province of Alberta.

Larry Loven, 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: CANADIAN PROPERTY HOLDINGS INC