

# COMMERCIAL MODEL SUMMARY

## REVALUATION 2021

Appraisal Cycle Date – January 1, 2021 to December 31, 2024

Effective Date of Valuation – January 1, 2019

### Model Specification

The commercial market adjustment factor (MAF) analysis determined properties required to be stratified by property type and location.

**Automotive** – this applies to automobile/implement dealerships and automotive service centers that are designed for repair parts sales and service and will have showroom-sales area.

**Carehomes** – this applies to commercial designed personal carehomes. These buildings have consist of one or two bedroom suites with washroom facilities, common area dining areas, lounges, craft and game areas, beauty parlor and therapy rooms commensurate with the quality.

**Hotel** – this applies to all hotel and motel properties. These buildings are designed with multiple sleeping units and contains a lobby area. May have meetings rooms, banquet and dining areas and a lounge facility.

**North Industrial Warehouse** – this applies to all warehouse properties located in the North Industrial area. This includes industrial buildings designed for manufacturing, warehouses designed primarily for storage, transit warehouses and distribution warehouses.

**Office** – this applies to all office designed buildings. These buildings are designed for general occupancy, including administrative government and corporate uses, and are normally subdivided into relatively small units. This includes banks and medical office properties.

**Restaurant** – this applies to all free standing restaurant properties. They are constructed for the purpose of preparation and sale of food and/or beverage, and includes bars and taverns.

**Retail** – this applies to all retail type properties. This would include markets, discount stores, drugstores, warehouse showroom stores, salons, laundromats, neighbourhood shopping centers and malls.

**Warehouse** - this applies to all warehouse properties except for the North Industrial area. This includes industrial buildings designed for manufacturing, warehouses designed primarily for storage, transit warehouses and distribution warehouses.

**Miscellaneous** – this applies to all miscellaneous properties. This includes primarily schools and churches. This will also include individual properties that are special purpose such as properties containing only tanks and the water and sewage treatment plant.

Each property type was further reviewed and analyzed to determine what other variables were a factor. The only other variable that could be determined was location.

**Downtown** – this area is defined for commercial properties located on the east side of 2<sup>nd</sup> Avenue West from River Street to 15<sup>th</sup> Street W. All properties along the north side of 15<sup>th</sup> Street West to 1<sup>st</sup> Avenue E. And all commercial properties on both sides of 1<sup>st</sup> Avenue E to River Street. All commercial properties within this boundary are located in the downtown area and have a downtown MAF applied based on their property type.

**Outside of Downtown** – this is all other commercial properties located outside the downtown boundary area.

Other variables such as year built, building size, condition, site size and other locations were reviewed and determined to not be significant in the modelling.

# COMMERCIAL MODEL

## Identification of Model

Commercial properties include a wide variety of retail, shopping centres, restaurants, office, warehouse, automotive and hotels/motels.

Commercial properties are valued using the Cost Approach method. This method estimates the replacement cost of the building using Marshall Valuation Service, less depreciation, adding land values based on market information. Then relating the resulting building and land values to average selling prices as of the base date using comparable property sales information. This approach is most useful when there are few comparable sales.

$$\text{REPLACEMENT COST NEW} - \text{DEPRECIATION} \times \text{MARKET ADJUSTMENT FACTOR} = \text{COMMERCIAL BUILDING ASSESSMENT}$$

$$\text{ASSESSED VALUE} = \text{COMMERCIAL BUILDING ASSESSMENT} + \text{LAND VALUE}$$

## Data and Analysis

A total of 59 commercial sales analyzed from January 1, 2014 to December 31, 2018. The following are the statistical results based on the development of the model.

<b>Ration Statistics for Assessment/Adjusted Price</b>	
Number of Sales	59
Median ASR	1.00
Coefficient of Dispersion	35.452%

\*Median ASR – the ratio of the assessed value to the sale price (or adjusted sale price) of a property or group of properties.

\*\*Coefficient of Dispersion (COD) – most common measure of appraisal uniformity. This is the average deviation of a group of numbers from the median expressed as a percentage of the median.