MIXED USE COST APPROACH ASSESSMENT MODEL

City of
Saskatoon

MIXED USE COST APPROACH ASSESSMENT MODEL

Model Identification

The Mixed Use Model is a cost model that values Mixed Use with Commercial properties.

The Mixed Use Model is a city-wide model in application.

There are several Assessment Office Neighborhoods [AO NBHDs] located throughout the city. These are combined into a single city-wide Market Area.
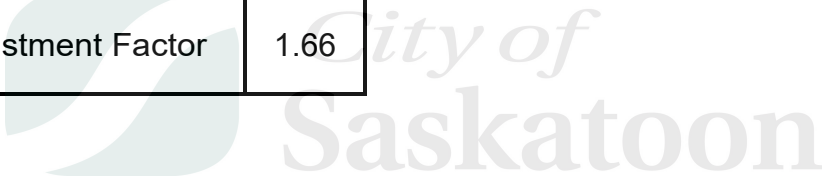
Revaluation Cycle – January 1, 2025 to December 31, 2028

Effective Date of Valuation – January 1, 2023

Date of Report – January 1, 2025

Market Adjustment Factor

Market Adjustment Factor	1.66

Ratio Study

Number of Sales	12
Median Assessment to Sale Price Ratio (ASR)	0.99
Coefficient of Dispersion (COD)	31%

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Scope of Data and Analysis

Valuation Approach

The valuation methodology employed for mixed use with commercial properties is the cost approach. This is due to the following reasons:

- In general, these properties are a declining stock, being that they are generally older, smaller in size and located on arterial and/or older scattered commercial neighbourhoods
- In many cases, the commercial and residential component is owner occupied
- Typically, there are limited sales
- The commercial uses are varied, but they all have at least one residential self-contained unit on the property
- Many of the residential units can vary widely, such as there may be up to three self-contained units, or a one unit dwelling attached to the commercial component.

The market-adjusted depreciated cost approach method is the chosen method to value these property types. This method of assessing property involves valuing the land based on sales of similar land parcels and adding the market adjusted depreciated replacement cost of the improvements to the land value. Improvements (buildings and other structures) have their replacement cost estimated using the 2022 Marshall and Swift Cost Manual. The replacement cost differs with the type of structure, quality, size, height, etc. Buildings that are not new have depreciation deducted. The amount of depreciation is influenced by the normal life span of the specific building type and each individual building's age and condition. The depreciated cost of the improvements is then added to the value of the land to determine the overall value of the property.

Sales

Each valid sale is analyzed then market groups are defined, and a market adjustment factor is determined for each market segment.

There was a total of twelve mixed use sales that occurred between 2019 and 2022 that were used in the mixed-use analysis. These sales were grouped into a single market area representing mixed use properties city-wide. The sales for the 2025 revaluation cycle required a time adjustment of 0.36% adjustment per month that was applied to the sale prices.

The median market adjustment factory analysis involved twelve sales and are detailed in the following table.

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Roll	Address	Sale Month	Sale Year	AO NBHD	Time Adj Adjusted Sale Price	Land Value	RCNLD	BLDG Residual	Sale MAF
464927900	1702 Ave C N	12	2019	30028	205,913	295,132	66,288	-89,219	-1.35
495016000	481 2nd Ave N	6	2019	30004	554,908	391,190	102,796	163,718	1.59
484901240	413 33rd St W	2	2021	30005	312,077	194,717	96,334	117,360	1.22
484901400	403 33rd St W	7	2021	30005	596,624	194,551	211,631	402,073	1.90
525042690	1804 Broadway Ave	2	2021	30110	1,002,330	1,084,357	335,012	-82,027	-0.24
484901150	417 33rd St W	1	2022	30005	636,596	194,816	92,851	441,780	4.76
484901240	413 33rd St W	1	2022	30005	313,080	194,717	96,334	118,363	1.23
504833410	504 Ave L S	11	2022	30029	614,392	93,561	463,120	520,831	1.12
504907950	325 21st St W	5	2022	30030	746,097	115,028	365,072	631,069	1.73
504920050	320 Ave C S	7	2022	30030	459,810	169,595	132,209	290,215	2.20
514814590	632 Ave N S	3	2022	30029	702,456	139,907	212,440	562,549	2.65
515008940	706 Broadway Ave	5	2022	30101	1,028,070	392,292	130,801	635,778	4.86

Ratio Study

In mass appraisal, the most effective means of evaluating the accuracy of appraisals is a ratio study. A ratio study compares the appraised values produced by the valuation models to arm's length sale transactions in the marketplace.

The legislated statistical requirement affecting the assessment of special purpose properties in Saskatchewan is for the median ratio of a city-wide assessment-to-sale ratio study to be within the range of 0.95 to 1.05.

The median assessment-to-sale ratio and Coefficient of Dispersion for this Special Purpose Model is provided below:

Number of Sales	12
Median Assessment to Sale Price Ratio (ASR)	0.99
Coefficient of Dispersion (COD)	31%

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