

MULTI-RESIDENTIAL MODEL SUMMARY – Updated March 10, 2021 2021 REVALUATION

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

Effective Date of Valuation – January 1, 2019

RENTAL RATES

The rental rates were stratified by Property Type and Suite Type by using the median rate:

Suite Type	Townhouse	4-Plex	Low Rise	High Rise
Bachelor	N/A	N/A	\$600	\$609
1 Bedroom	\$725	\$700	\$700	\$785
2 Bedroom	\$950	\$800	\$817	\$920
3+ Bedroom	\$1,000	\$940	\$817	\$995

VACANCY

Vacancy was separated by property types and the following table shows the results:

Property Type	Vacancy Rate
Townhouse	3.30%
Four-Plex	6.15%
Low Rise	10.41%
High Rise	12.07%

OVERALL EFFECTIVE GROSS INCOME MULTIPLIERS

The effective gross multiplier was separated: Before 1980 and 1980 & After.

EGIM	EGIM Rate
Before 1980	9.06
1980 and After	9.64

ASSESSMENT TO SALES RATIO SUMMARY RESULTS

Ratio Statistics for Assessment/Adjusted Price	
Number of Sales	21
Median ASR	1.00
Coefficient of Dispersion	15.84%

*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.

MULTI-RESIDENTIAL MODEL

Identification of Model

The Multi-Residential model is an income model that values all the multi-residential properties in the City of Prince Albert. Multi-residential properties include non-condominium properties with four or more self-contained units.

The income approach, sometimes referred as the rental income approach, is based on the theory that the value of the property is based on the present worth of anticipated income. Estimating the value of an income-producing multi-residential property for assessment purposes is done by using the Effective Gross Income Multiplier (EGIM) method of capitalization. An EGIM expresses the relationship between a property's income before expenses and its value. The effective gross income (EGI) is calculated using the potential gross income of the property (i.e. the rents), minus an allowance for vacancy. The sale price of a property that has sold, divided by the property's EGI, will determine the EGIM.

$$\text{Sale Price} / \text{EGI} = \text{EGIM}$$

Once the multipliers have been determined, they are applied to the multi-residential properties to estimate value.

$$\text{Value} = \text{Income (EGI)} \times \text{Rate (EGIM)}$$

Property Type Descriptions

The multi-residential properties in Prince Albert can be grouped into four distinct building types.

Townhouse – buildings can be either one or two story units with a common wall between the units, all floors occupied by the resident. These may have a basement. Each unit has private entrances and are either in a row or back to back.

Four Plex – multi-residential building divided into four family living units, with a common wall between the units and separate entry. There are two units on main floor and two units in lower level (i.e. basement).

Low-Rise Apartment – buildings less than 3 stories and consisting of four or more rental units. These buildings either have a common entrance or entrances to the building, with access to the units from an interior hallway (apartment style), or without common entrance to the building with individual access to the units (garden style).

High-Rise Apartment – buildings with 3 stories or more and consisting of four or more rentable units. There is a common entrance or entrances to the buildings, units are accessed from an interior hallway.

Data and Analysis

The city requested copies of 2015, 2016, 2017 and 2018 rent rolls for all multi-residential properties. The rental data for the development of the mass appraisal rent model came from 2018 returned rental rates.

A total of 1,018 multi-residential 2018 rents were analyzed. The rent model stratification determined property type and suite type to be the major factors in determining the predicted rents. Other factors such as floor location, quality and neighbourhood location were also tested to determine if significant in the rental rates. These were not found to have an effect on the rental rates when tested.

Suite Type	Townhouse Property Count
Bachelor	N/A
1 Bedroom	4
2 Bedroom	187
3+ Bedroom	12

Suite Type	Four-Plex Property Count
Bachelor	N/A
1 Bedroom	17
2 Bedroom	41
3+ Bedroom	22

Suite Type	Low Rise Property Count
Bachelor	35
1 Bedroom	175
2 Bedroom	267
3+ Bedroom	34

Suite Type	High Rise Property Count
Bachelor	8
1 Bedroom	74
2 Bedroom	129
3+ Bedroom	13

Vacancy

The vacancy was estimated from the 2018 returned forms and indicated an adjustment by property type of 3.30% for townhouse; 6.15% for fourplex; 10.41% for low-rise; and 12.07% for high rise.

Gross Income Multiplier

Gross income multipliers were estimated by dividing the predicted 2019 effective gross income generated from the rent model by adjusted sale prices. The 21 sales used in the analysis occurred between January 1, 2014 and December 31, 2018. The sales were verified by mailing questionnaires. The sales were reviewed to determine if a time adjustment was required to reflect the market as of the base date of January 1, 2019. The sales showed no difference based on sale date and was rejected from the model. The sales were also tested by quality and neighbourhood location. Both were rejected from the model. The significant determination was by year built. A stratification by year built was determined for properties with a year built before 1980 and for properties with a year built after 1980.

The effective gross income multiplier analysis involved 21 sales. For details on the multi-residential sales, please request a sales list from the Assessment Division at assessment@citypa.com or by calling 306-953-4320 ext. 2 for Assessment. There may be a charge for requested sales information.