

**COMPOSITE ASSESSMENT REVIEW BOARD
NOTICE OF DECISION****CARB 0302-01/2013**

July 19, 2013

Colliers International
3555 Manulife Place
10180 – 101 Street NW
Edmonton, AB T5J 3S4

Strathcona County
Assessment and Taxation
2001 Sherwood Drive
Sherwood Park, AB T8A 3W7

This is a decision of the Composite Assessment Review Board from a hearing held on Monday, June 24, 2013 regarding a complaint for:

Hearing #	Owner	Property Description	Roll #	Assessed Value
C2013-2	Nottingham GP Ltd.	Lot 2, Block 216, Plan 9722176 SE 26-52-23-W4 110, 664 Wye Road (Nottingham Centre)	7216002007	\$8,261,000 REVISED 7,976,500

Before:

Rick McDonald, Presiding Officer
Barry Massing, Board Member
Tom Robert, Board Member

Board Officer: Maureen Shaw

Persons Appearing: Complainant
Stephen Cook, Colliers International

Persons Appearing: Respondent
Treena Malishewski, Assessment & Tax
Jeff McKinnon, Manager, Assessment & Tax

PROCEDURAL MATTERS

There were no objections to the composition of the Board or the process to be followed as outlined by the Presiding Officer.

BACKGROUND

The subject property consists of four retail buildings with 16 rental units totalling 29,571 square feet located on a lot size of 105,415 square feet buildings covering 28% of lot. The subject property is located adjacent to a community grocery store situated in the Nottingham Shopping Centre with total assessment provided of \$8,261,000.



The parties agree that the income approach is the best method in arriving at value for the subject property and agree all factors within this method are appropriate other than the capitalization rate.

ISSUE

What is the typical market capitalization rate for the subject property and is it assessed fair and equitable with similar properties within the area of the subject property?

POSITION OF THE COMPLAINANT

The Complainant presented his submission, Exhibit C-1, and argued that the capitalization rate used by the Assessor to establish the 2013 assessment was neither correct nor fair and equitable. An increase in capitalization rate from 7% to 7.5% is requested with a total proposed valuation for the subject property at \$7,710,000.

The Complainant presented six (6) sales transactions occurring between 2008 and 2010, with an average capitalization rate of 8.54%. All of these sales were located within Sherwood Park and were not adjusted for time or location. The Complainant further submitted the best indicators of value are within the area of the subject property. For comparison purposes the complainant put forward five (5) equity assessment capitalization rates ranging from 7.25% to 7.50%. Four (4) of the five (5) equity comparators indicated a 7.25% capitalization rate.

POSITION OF THE RESPONDENT

The Respondent presented their submission, Exhibit R-1, identifying six (6) direct sales for comparison indicating an average capitalization rate of 6.88%. Five (5) of the six (6) sales were located in the City of Edmonton. One sale was located in Sherwood Park, and indicated a capitalization rate of 6.14%.

The Respondent provided an analysis of the Complainant's five (5) equity comparators indicating issues such as limited exposure to arterial traffic, age and physical attributes not similar to the subject property. The Respondent did not provide any equity assessment comparators. The Respondent further argued that the subject property is heavily influenced by a shadow or adjacent anchor business, being a community grocery store.

DECISION

The decision of the Board is to amend the capitalization rate provided by the respondent in the calculation of the 2013 assessment from 7% to 7.25%. This will reduce the current assessment from \$8,261,000 to 7,976,500.



REASONS FOR THE DECISION

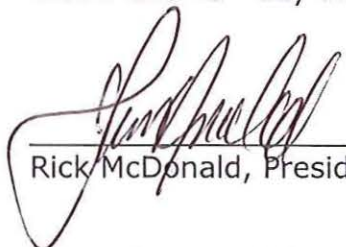
The Board analyzed the direct sales provided by the Complainant and were not sufficiently convinced that the age of the sales represent appropriate capitalization rates for the 2013 assessment.

The Board considered the direct sales comparisons presented by the Respondent and found five (5) of the six (6) sales were not within the area of the subject property nor do they appear to have been adjusted for location, and therefore the Board placed minimal weight to the Respondent's comparisons.

Based on the analysis of both parties' direct sales comparisons the Board found that it was unable to find sufficient comparability due to time, location and physical attributes.

The Board reviewed the assessment equity argument presented by the Complainant. The Respondent presented no evidence in support of their argument to reject the equity assessment on the basis of exposure, age, or location within Sherwood Park. The Board found that the most compelling evidence indicated a capitalization rate of 7.25% based on four (4) of the (5) equity comparisons presented by the Complainant.

Dated this 19th day of July, 2013 at Strathcona County, in the Province of Alberta.


Rick McDonald, Presiding Officer

1. Exhibit C-1 Complainant Disclosure filed May 15, 2013
2. Exhibit R-1 Respondents Disclosure filed June 10, 2013

Section 470(1) of the Municipal Government Act, RSA 2000, c.M-26 provides you the right to appeal this decision to the Court of Queens Bench on a question of law or jurisdiction. You must make your appeal within 30 days after you receive this notice of decision.

Copy to: Municipal Government Board