

July 4, 2012

**NOTICE OF DECISION**  
**CARB 0302 - 02/2012**

Colliers International Realty Advisors Inc.  
3555 Manulife Place  
10180 – 101 Street  
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 June 19, 2012 regarding a complaint for:

Hearing #	Appellant/Owner	Property Description	Roll #	Assessed Value
C2012-9	Nottingham GP Ltd.	Plan 9722176 Block 216 Lot 2 664 Wye Road Nottingham Centre	7216002007	7,651,000

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act), and its Regulations.

**Before:**

Darryl Trueman, Presiding Officer  
Susan Paul, Board Member  
Tom Robert, Board Member

Board Officer: Maureen Shaw

**Persons Appearing: Complainant**

Stephen Cook, Colliers International  
Greg Jobagy, Colliers International

**Persons Appearing: Respondent**

Treena Malishewski, Assessment & Tax  
George Cosens, Assessment & Tax

**PRELIMINARY 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 is a retail development consisting of four buildings, which are of relatively new construction and contain 29,571 ft.<sup>2</sup> of leasable area, on a site 2.42 acres and located on Wye Road. There are a total of 14 bays which are demised for 12 tenants, representing site coverage of 28%.

## **ISSUES**

Has the assessor's use of the valuation parameters listed below resulted in an over assessment of the subject property?

Issue #1 What is the correct rent for the Great Canadian Dollar Store?

Issue #2 What is the correct rent for Tim Hortons?

Issue #3 What is the correct capitalization rate?

## **POSITION OF THE COMPLAINANT**

Issue #1 The Complainant advised the Board that the Great Canadian Dollar store signed its current lease in the subject property in 2011 (the valuation or assessment year) and that this was logically the best indication of lease rate value for this particular demised area. He went on to say that this tenant had impaired customer visibility due to its location behind one of the buildings on-site and that because of its size and resulting economies of scale it should not be placed at the higher end of the assessor's typical rent range.

Issue #2 The Complainant asserted that the Assessor had arbitrarily raised the applied rental rate for the Tim Horton's tenant from \$28, which was the contract rental rate, to \$30 a square foot. He contended that such an increase was unjustified having consideration for the absence of upward movement in rental rates in the area.

Issue #3 The Complainant asserts that there have been no sales in the Sherwood Park area in the relative assessment timeframe (2010 to 2011) which would suggest to the assessor that the capitalization rate should be reduced from 7.75%, as in the former year, to 7.5% which was used in the current assessment year. It was further pointed out that the owners of the subject property are being assessed on similar properties that they own on Baseline Road in Sherwood Park using a 7.75% capitalization rate. The Complainant presented five sales of properties in Sherwood Park which had transacted in 2008 and 2009 and which demonstrated capitalization rates ranging from 7.6% to 9.83%.. He said that this was the support needed for his request for a 7.75% capitalization rate to be used in the assessment of his property.

## **POSITION OF THE RESPONDENT**

Issue #1 The Respondent drew the Board's attention to the rent roll evidence supplied in R1 at page 21 which confirmed that the "Dollar Store" was in fact paying \$21 a square foot.

Issue #2 The assessor testified to the Board that throughout Sherwood Park Tim Hortons locations were all being assessed at the rate of \$30 a square foot and that in the interest of fairness and equity with other similar locations the subject property had been raised accordingly.

Issue #3 The Respondent supplied a list of 22 sales (two of which were also supplied by the complainant) which had occurred in the metropolitan Edmonton area and which he said supported their selection of the 7.5% capitalization rate.

## **DECISION**

The Complaint is denied and the assessment is confirmed at \$7,651,000.

### REASONS FOR THE DECISION

Issue #1 The Board accepted the the rent roll evidence supplied by the Respondent which confirmed that the "Dollar Store" was \$21 a square foot and that therefore a \$20 rate for assessment purposes was reasonable.

Issue #2 The Board noted that the Complainant has supplied no evidence with respect to market rent, other than the contract rent, for the Tim Horton's demised area. The Board was therefore able to determine that the rental rate used by the assessor was reasonable.

Issue #3 The Board understands the limited number of recent sales occurring within the boundaries of Sherwood Park and that therefore the use of capitalization rates from surrounding areas is reasonable. However, the most compelling evidence are the slightly dated sales in the area, as agreed to by both parties and they do not support an adjustment of .25% to the capitalization rate used by the assessor. The Board is therefore unable to decide that the rate should be adjusted from 7.5% to 7.75%.

Dated this 4th day of July, 2012 at Strathcona County, in the Province of Alberta.

  
\_\_\_\_\_  
Presiding Officer

1. Exhibit C1 Complainant Disclosure filed May 8, 2012
2. Exhibit R1 Respondents Disclosure filed June 4, 2012

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