

July 21, 2011

**NOTICE OF DECISION
CARB 0302 - 20/2011**

Altus Group Ltd.
17327 – 106A Avenue
Edmonton, AB
T5S 1M7
crystal.chase @altusgroup.com

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 21, 2011 regarding a complaint for:

Hearing #	Appellant/Owner	Property Description	Roll #	Assessed Value
C2011-25	Loblaw Properties West Inc.	Lot J, Plan 8822289 SW 2-53-23-W4 100, 410 Baseline Road Real Canadian Superstore	8000027404	20,100,000

Before:

Tom Robert, Presiding Officer
Susan Paul, Board Member
Ryan Bosch, Board Member

Persons Appearing: Complainant

Stephen Cook, Altus Group
Walid Melhem, Altus Group

Persons Appearing: Respondent

George Cosens, Manager, Assessment
Brian Gettel, Gettel Appraisals Ltd. (witness)

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, known as Sherwood Park Superstore, is located at 100, 410 Baseline Road. The land consists of 11.94 acres (520,106 ft²) The improvements consist of a grocery store, liquor store and gas bar kiosk of 136,299 ft².

ISSUE

What is the typical capitalization rate for the subject property for the assessment period as of July 1, 2010?

POSITION OF THE COMPLAINANT

The Complainant argued that capitalization rates should be developed from sales comparables within the same municipality. The Complainant presented five sales comparables within Sherwood Park, similar to the subject property sales dates 2008/2009.

The capitalization rates range from 7.60 to 9.83% with an indicated average rate of 8.64% and a requested capitalization rate of 8.50%.

The Complainant further argues that if Edmonton comparable sales used in developing capitalization rates in Sherwood Park are used, then all sales of similar properties must be included in the analysis. It was noted that the four City of Edmonton capitalization rates comparables used by the Respondent in developing his 7.75% capitalization rate, range from 8 to 8.5% for assessment purposes by the City of Edmonton Assessment Department.

The Complainant indicated that they had removed two of the Sherwood Park sales as they were part of a portfolio sales transaction. It is the Complainant's opinion that multiple property sales without detailed analysis may be suspect.

POSITION OF THE RESPONDENT

The Respondent provided nine sales comparables in development of the 7.75% capitalization rate. Two of these same sales comparables were used by the Complainant. Due to the limited number of sales in Sherwood Park, the assessor included several Edmonton Metropolitan Region sales that occurred within 6 months prior to the valuation date of July 1, 2010. The average of the nine sales indicated a 7.54% average and a 7.50% medium capitalization rate.

The Respondent indicated through expert witness (Mr. Brian Gettel) that the capitalization rates applied are correct and consistent throughout Sherwood Park. Gettel Appraisals Ltd. prepared short narrative appraisals on 8 properties for assessment review purposes that support these findings.

Mr. Gettel concluded that sales utilized by the Respondent were realistic indicators of market capitalization rates for properties under analysis. Mr. Gettel indicated that two of the sales selected by the Complainant to be anomalies which clearly yielded rates well beyond what would be considered within a typical range for good quality retail projects.

DECISION

The decision of the Board is to confirm the capitalization rate at 7.75%.

REASONS FOR THE DECISION

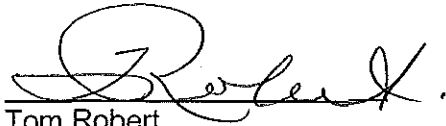
The Board is of the view, as are both parties, that the best comparables are those within the same municipality. In regard to the subject, there is insufficient similar sales comparables to establish a typical capitalization rate within Sherwood Park.

The Complainant put forward five comparables, two of which indicate capitalization rates much higher than is typical within the metropolitan area as well as other Sherwood Park sales. The remaining sales of 7.79 (actual), 7.60 and 8.03% appear to fall within the range of comparables put forward by both parties.

The Respondent presented nine sales within Sherwood Park as well as surrounding municipalities indicating a typical capitalization rate of 7.50%. The Board is persuaded by the three Complainant sales as well as the Respondent's nine sales, that the typical capitalization is best represented by the 7.75% established by the Respondent.

The Assessment of the subject property (roll 800027404) is confirmed at \$20,100,000

Dated this 21st day of July, 2011 at Strathcona County, in the Province of Alberta.



Tom Robert
Presiding Officer

Documents Received and Considered by the Board

1. Exhibit 1-C Complainant Disclosure filed May 6, 2011
2. Exhibit 2-R Respondents Disclosure filed June 6, 2011
3. Exhibit 3-C Complainant Rebuttal filed June 10, 2011

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