

IN THE MATTER OF A COMPLAINT filed with the Town of Okotoks Assessment Review Board pursuant to the *Municipal Government Act (MGA)*, Revised Statutes of Alberta 2000, Chapter M-26, Section 460.

BETWEEN:

Crombie OSR Property Holdings Limited - Complainant

- and -

Town of Okotoks - Respondent

BEFORE:

B. Horrocks, Presiding Officer

R. Pohl, Board Member

A. Ulloa, Board Member

This is a complaint to the Town of Okotoks Composite Assessment Review Board (CARB) with respect to a property assessment prepared by the Assessor of the Town of Okotoks as follows:

Roll Number	Address	Assessment
0038100	610 Big Rock Lane	\$12,867,000

This complaint was heard on the 16th day of June 2025 via video conference.

Appearing on behalf of the Complainant:

- B. Santillo, MNP LLP

Appearing on behalf of the Respondent:

- C. Van Staden, Assessor

Attending for the Assessment Review Board:

- O. Kanevskyi, Clerk

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Procedural or Jurisdictional Matters

- [1] There were no concerns with the panel as constituted.
- [2] The Complainant has visited the site while the Respondent has not.
- [3] The parties have discussed the file but were unable to resolve their differences.
- [4] The Respondent requested that pages 10 to 15 of R-1 be struck.

Property Description

- [5] The subject property is 3.85-acre parcel of land located in the Westridge community in Okotoks, Alberta. The parcel is improved with a 42,213 square foot (sf) grocery store which was constructed in 1998.
- [6] The subject property is assessed using the Income Approach to Value wherein the net operating income (NOI) of \$696,124 is capitalized at the rate of 6.25% to determine the market value for assessment purposes of \$12,867,000, truncated.

Issue(s)

- [7] An assessment amount was identified on the Assessment Review Board Complaint form as the matter that applies to the complaint. At the outset of the hearing, the Complainant advised that the outstanding issue was the rental rate applied in the Income Approach to Value. More specifically:
 - (a) Should the typical net market rental rate to be used in the Income Approach to Value to determine the market value for assessment purposes be \$18.25 per square foot (psf) or \$21.00 psf, as assessed?

Complainant's Requested Value

- [8] \$11,580,000 on the Complaint Form revised to \$11,137,000 at the hearing.

Board's Decision

- [9] For reasons outlined herein, the 2025 assessment is reduced to \$11,137,000.

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Complainant's Position

- [10] The Complainant submitted that comparable properties within the Town of Okotoks are not achieving rental rates of \$21.00 psf. Further, two of the four grocery stores are leased by related parties. Finally, similar properties in comparable municipalities are assessed at rental rates in a range of \$11.00 psf to \$17.00 psf.
- [11] The Complainant provided maps and photographs to assist in describing the subject property and its location. The current tenant is Fresh Co. The finish in the interior of the building is rudimentary.
- [12] The Complaint provided a table to assist in describing the four major grocery stores in Okotoks that would be considered similar to the subject in terms of size and tenancy type. Only Safeway and Sobeys are not owner occupied.
- [13] Safeway is brand new, has superior finish to the subject and would likely command a higher rent in the market than the subject Fresh Co. All Fresh Co locations are built out with very basic interiors, as they are considered to be a discount grocery store similar to No Frills.
- [14] Sobeys has not been upgraded and is most comparable to the subject Fresh Co in exterior and interior finishes.
- [15] The Complainant provided a redacted copy of the rent roll for the Sobeys grocery store noting there was a twenty-year lease with a rental rate of \$17.25 psf which expired on February 29, 2024.
- [16] The Complainant provided redacted copies of the Sobeys rent rolls noting there was a twenty-year lease which expired on February 29, 2024. The lease rate was \$17.25 psf. Further the lease was renewed for a five-year term at the rate of \$18.25 psf. The Complainant requested the rate of \$18.25 psf be applied to the subject property assessment.
- [17] The Complainant provided copies of assessment notices from a number of comparable municipalities in Alberta noting that the assessed rental rates for grocery stores are considerably lower than in Okotoks.

Respondent's Position

- [18] The Respondent submitted the subject property was formerly occupied by Safeway. The building has been updated with a fresh façade and other renovations to accommodate the Fresh Co grocery store. On December 31, 2024, the subject property was fully owner occupied. The subject is being assessed at the rate of \$21.00 psf, the same as all other

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grocery stores in Okotoks.

- [19] The Respondent provided a copy of the Affidavit of Transfer from the sale of the subject in 2019 noting the value of the subject property was \$11,661,001.71.

Complainant's Rebuttal Position

- [20] The Complainant submitted the relationship between the owner and the current tenant is that Crombie REIT purchased 68 Safeway locations throughout western Canada, and to finance the acquisition, it engaged in a sale-leaseback transaction with the tenant. The subject property is owner occupied.
- [21] The Complainant submitted the Respondent has not provided any study to demonstrate which similar space types were used in their rental rate study.
- [22] The Complainant submitted the Respondent has failed to provide any evidence to suggest that the current rental rate is supported in the market.
- [23] The Complainant is requesting a rental rate of \$18.25 psf based on a recent rental rate of a comparable Grocery store.

Board's Findings of Fact and Reasons for Decision

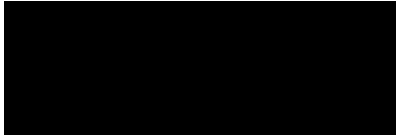
- [24] The Board finds the only evidence of market value is the lease renewal for Sobeys at \$18.25 psf. Sobeys and the subject property Fresh Co are very comparable. The rental rate to be applied in the Income Approach to Value is \$18.25 psf.
- [25] The Board gave no weight to the Respondents survey of grocery rental rates in other municipalities as it would contravene s 467(3) of the *Act*.
- [26] Applying the rental rate of \$18.25 psf in the Income Approach to Value while retaining the other variables results in a market value for assessment purposes of \$11,137,000.

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Conclusion

[27] The 2025 assessment of the subject property is reduced to \$11,137,000.

Dated at the Town of Okotoks in the Province of Alberta this 30th day of June 2025.



B. Horrocks
Presiding Officer

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APPENDIX "A" DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

NO.	ITEM
C-1	Complainant's Disclosure (78 pages)
R-1	Respondent's Disclosure (80 pages)
C-2	Complainant's Rebuttal (8 pages)

LEGISLATION

MGA, RSA 2000, c M-26

s 1(1)(n) "market value" means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

s 467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

s 467(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

- (a) the valuation and other standards set out in the regulations,*
- (b) the procedures set out in the regulations, and*
- (c) the assessments of similar property or businesses in the same municipality.*

An application for Judicial Review may be made to the Court of King's Bench with respect to a decision of an assessment review board.

An application for Judicial Review must be filed with the Court of King's Bench and served not more than 60 days after the date of the decision, and notice of the application must be given to

- (a) the assessment review board*
- (b) the Complainant, other than an applicant for the judicial review*
- (c) an assessed person who is directly affected by the decision, other than the Complainant,*
- (d) the municipality, and*
- (e) the Minister.*