

Case Study

Consulting Assignment

CAPITALIZATION RATE STUDY

Prepared for the Saskatchewan Assessment Management Agency (SAMA)

PROJECT DESCRIPTION

In January 2008, to aid it in the preparation of market value assessments for 2009, Saskatchewan Assessment Management Agency (SAMA) engaged the services of Stevenson Advisors Ltd. to carry out a study of capitalization rates for specific property types within SAMA's Client Municipalities. Specifically, SAMA required that the study address Regional and Community Shopping Malls and Hotel and Motel properties.

SAMA required that the study addressed the following categories of ICI properties:

Retail – Shopping Malls

- Regional Malls
- Community Malls
- Hotels and motels

Chain and Independent Hotels/Motels

- City Hotels
- City Motels
- Rural Hotels
- Rural Motels

THE ANALYSIS

The objectives of the analysis included the following tasks:

- 1) Development of a methodology to be used in the determination of capitalization rates for the appropriate property types identified.
- 2) Investigation of comparable transactions from 2004-2006 for the specified property types, in order to determine appropriate ranges of capitalization rates applicable to the various classes of properties.
- 3) Determination of appropriate benchmark ranges for capitalization rates applicable to the classes of properties identified.
- 4) Presentation of a logical and concise set of conclusions that address the client's stated requirements

TIME FRAME AND CONTACTS

This project was commissioned by the Saskatchewan Assessment Management Agency and completed in March 2008.