

# StreetWise

Observations on the Greater Vancouver Commercial Real Estate Investment Market by Sam Emam

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## Fair Assessments Mean Fair Tax Bills

It's a new year, and we hope it brings you peace, good health and success in your real estate dealings, whether you're buying or selling. The beginning of the year brings the release of the annual tax roll by the BC Assessment Authority. This year's roll includes 2,114,885 properties with an assessed value of more than \$2 trillion. Industrial, commercial and investment (ICI) properties make up just 7% of the roll, and have an aggregate value of approximately \$377 billion.

While the properties with the most expensive assessments grab the headlines, the value of your assessment is about more than bragging rights. It has serious practical considerations, because municipalities use the roll to set tax rates. An accurate roll will mean a more accurate tax bill for you.

Here's how it works. Property taxes fund the majority of municipal budgets in Canada, with the tax burden split among the various property classes. Residential properties, for example, might fund 65% of the budget while non-residential properties fund the remainder. Residential properties typically outnumber commercial properties, and have a higher value, meaning their tax rate is less. ICI properties are fewer in number and typically pay a higher rate than residential properties to make up their share of the tax burden. This means equal shifts in value between the two types of properties affect commercial properties to a greater degree.

Wise owners will typically review their assessment notices and seek the advice of a tax consultant to ensure that the valuation is correct, and accurately reflects local market conditions as of the valuation date of July 1 of the preceding year. Approximately 1.2% of property

owners appeal their assessments, a process that must be initiated by January 31 each year.

The short window for filing an appeal means property owners must act quickly! The good news is that experienced tax consultants typically anticipate the valuations, and are able to provide solid guidance to owners who feel an assessment may be incorrect. They're dedicated to reviewing the assessments and pursuing appeals so that property owners pay an appropriate amount of tax. This can result in savings worth tens of thousands of dollars, which makes good business sense and leaves owners with more money to invest in their properties, businesses and the economy.

Given the number of variables that can influence a valuation, having the right expertise on your side is critical when it comes to analyzing an assessment and filing an appeal. Valuations have become more complex in recent years, making BC Assessment's rationale for assessments difficult to understand and, in turn, difficult to appeal successfully.

If you have questions regarding your assessment notice, and especially if you feel it's incorrect, talk to us. We can put you in touch with experienced property tax consultants who will be happy to answer your questions and help you determine whether an appeal is worthwhile. Our team wants to support your success as a property owner at every stage of the ownership experience, from buying to disposition.

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*For more information, let's connect!*

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