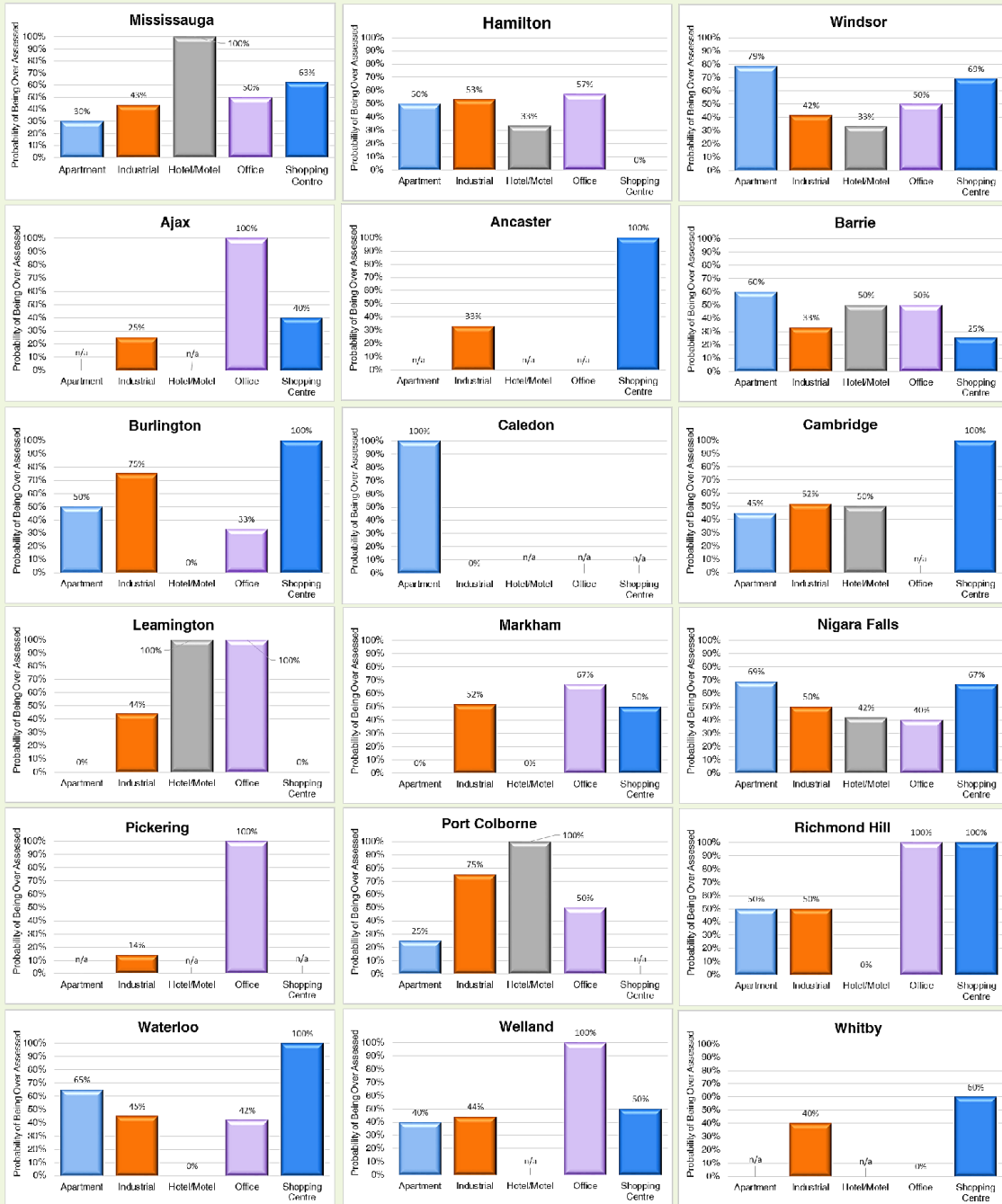# WESTERN ONTARIO ASSESSMENTS

The Municipal Property Assessment Corporation (MPAC), the government corporation responsible for assessing property in Ontario is required to comply with the Assessment Act when determining assessed values. The property assessment has to be based on its "current" value i.e. "the amount of money the fee simple interest, if unencumbered, would realise if sold at arm's length by a willing seller to a willing buyer". Ontario employs a four year assessment cycle so the "current" value actually refers to the "Valuation Date" adopted at the beginning of the cycle. Property has to be valued at its highest and best use unless the Minister decrees otherwise by the regulation. If a property has redevelopment potential therefore, this has to be reflected in the assessment unless the regulations state otherwise. For most properties, the assessment is based on the property's Market Value, in its highest and best use, as of the Valuation Date (1st January 2016 for the current cycle).

In order to determine what types of properties are likely to be over-assessed for the current four year cycle (2017, 2018, 2019, 2020) we have grouped them into five property types: Apartments, Industrial, Hotel/Motel, Office, Shopping Centre. We have utilised the following methodology to calculate the probability that a property is overassessed. For each municipality in Western Ontario (including the majority of metro Toronto) we calculated the Assessment: Sale Price ratio (ASP) for all properties, other than residences, that had sold within twelve months of January 1st 2016 (the Valuation Date for the current cycle). We then cleaned the data by discarding outliers that were due to data entry errors. We used the median as our measure of central tendency. (The median is a positional indicator, the middle number in the array of ASPs). We calculated the "overall" median ASP for all properties in each municipality. The "overall" municipal median ASP is the benchmark: individual properties with ASP ratios above this figure are over-assessed, those below it are under-assessed. By counting the number of properties that were over-assessed and expressing them as a percentage of the total in each property type group we determine the probability of them being over-assessed. The results for all of the municipalities we analysed are shown in the graphs below.

Ontario: Probability of Over Assessed Properties by Type

Mississauga — Apartment 30%, Industrial 43%, Hotel/Motel 100%, Office 50%, Shopping Centre 63%

Hamilton — Apartment 50%, Industrial 53%, Hotel/Motel 33%, Office 57%, Shopping Centre 0%

Windsor — Apartment 79%, Industrial 42%, Hotel/Motel 33%, Office 50%, Shopping Centre 69%

Ajax — Apartment n/a, Industrial 25%, Hotel/Motel n/a, Office 100%, Shopping Centre 40%

Ancaster — Apartment n/a, Industrial 33%, Hotel/Motel n/a, Office n/a, Shopping Centre 100%

Barrie — Apartment 60%, Industrial 34%, Hotel/Motel 50%, Office 50%, Shopping Centre 25%

Burlington — Apartment 50%, Industrial 75%, Hotel/Motel 0%, Office 33%, Shopping Centre 100%

Caledon — Apartment 100%, Industrial 0%, Hotel/Motel n/a, Office n/a, Shopping Centre n/a

Cambridge — Apartment 45%, Industrial 52%, Hotel/Motel 50%, Office n/a, Shopping Centre 100%

Leamington — Apartment 0%, Industrial 44%, Hotel/Motel 100%, Office 100%, Shopping Centre 0%

Markham — Apartment 0%, Industrial 52%, Hotel/Motel 0%, Office 67%, Shopping Centre 50%

Nigara Falls — Apartment 69%, Industrial 50%, Hotel/Motel 42%, Office 40%, Shopping Centre 67%

Pickering — Apartment n/a, Industrial 14%, Hotel/Motel n/a, Office 100%, Shopping Centre n/a

Port Colborne — Apartment 25%, Industrial 75%, Hotel/Motel 100%, Office 50%, Shopping Centre n/a

Richmond Hill — Apartment 50%, Industrial 50%, Hotel/Motel 0%, Office 100%, Shopping Centre 100%

Waterloo — Apartment 65%, Industrial 45%, Hotel/Motel 0%, Office 42%, Shopping Centre 100%

Welland — Apartment 40%, Industrial 44%, Hotel/Motel n/a, Office 100%, Shopping Centre 50%

Whitby — Apartment n/a, Industrial 40%, Hotel/Motel n/a, Office 0%, Shopping Centre 60%

Ontario: Probability of Over Assessed Properties by Type

East York — Apartment 60%, Industrial 0%, Hotel/Motel n/a, Office 60%, Shopping Centre 0%

York — Apartment 22%, Industrial 64%, Hotel/Motel 0%, Office 53%, Shopping Centre 50%

Etobicoke — Apartment 57%, Industrial 49%, Hotel/Motel 11%, Office 93%, Shopping Centre 0%

North York — Apartment 37%, Industrial 86%, Hotel/Motel 0%, Office 76%, Shopping Centre 0%

Scarborough — Apartment 55%, Industrial 33%, Hotel/Motel n/a, Office 43%, Shopping Centre 52%

Toronto — Apartment 50%, Industrial 53%, Hotel/Motel 33%, Office 48%, Shopping Centre 38%

Sarnia — Apartment 50%, Industrial 64%, Hotel/Motel 100%, Office 0%, Shopping Centre 33%

London — Apartment 42%, Industrial 36%, Hotel/Motel 43%, Office 33%, Shopping Centre 56%

Oakville — Apartment 33%, Industrial 65%, Hotel/Motel n/a, Office 80%, Shopping Centre 50%

Brampton — Apartment 0%, Industrial 52%, Hotel/Motel 50%, Office 40%, Shopping Centre 50%

Brantford — Apartment 25%, Industrial 47%, Hotel/Motel 50%, Office 60%, Shopping Centre 40%

St. Catharines — Apartment 60%, Industrial 65%, Hotel/Motel 50%, Office 14%, Shopping Centre 86%

Oshawa — Apartment 62%, Industrial 0%, Hotel/Motel 0%, Office 100%, Shopping Centre 33%

Kitchener — Apartment 54%, Industrial 31%, Hotel/Motel n/a, Office 67%, Shopping Centre 40%

Woodstock — Apartment 100%, Industrial 67%, Hotel/Motel 50%, Office 0%, Shopping Centre 50%

Tecumesh — Apartment 0%, Industrial 91%, Hotel/Motel n/a, Office 0%, Shopping Centre n/a

Chatham-Kent — Apartment 87%, Industrial 67%, Hotel/Motel 50%, Office n/a, Shopping Centre 50%