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Press Release

2017 ASSESSMENTS- THE TROUBLE WITH AVERAGES

On Friday the 13th, the municipally owned PVSC (Property Valuation Services Corporation) mailed out its 2017 Assessment Notices to property owners in Nova Scotia, ushering in yet another year of property tax increases for most owners of commercial property in the province. PVSC then rushed into damage control, attempting to head off appeals by trumpeting that the *average* property increase was only about 2% province wide. Reassured? You shouldn't be! That is the firm opinion of Giselle Kakamousias, Vice President Property Tax, Turner Drake & Partners Ltd., a real estate consulting firm dedicated to reducing their clients' property tax burden.

2017 is the year PVSC changed its valuation base date and rolled two years' assessment increases into one. An *average* is best illustrated by a man with one leg in a block of ice and the other in a bucket of boiling water...on *average* he is very comfortable, laughs Ms. Kakamousias. Her analysis shows substantial variation roiling under the PVSC's seemingly innocuous average increase. **Apartment** properties bore the brunt of PVSC's wrath: a third of all owners face increases of 10% or more. The **hospitality** industry has enjoyed a modest rebound in business over recent years: one in four owners have been rewarded by assessment increases of 10% or more. **Office** properties reeling from soaring vacancy rates, and the construction zone that is Halifax's downtown, face assessment *increases* instead of the substantial *decreases* they should have expected. One in six **retail** properties has seen their assessment increase by 50% or more in the last five years: many face further increases in 2017 despite the onslaught of on-line shopping and a changing retail landscape. **Industrial** property assessments actually saw an average decrease, albeit a derisory 1.8%. It should have been much higher, insists Kakamousias, pointing out that rents are stagnant and vacancy rates are at record levels, having increased by 50% to 70% in the Burnside Industrial Park, the region's largest business park.

PVSC will argue that they are just the messenger, their assessments are based on Market Value: as values rise, so do assessments. But this begs the question of why values don't fall as vacancy rates rise, says Kakamousias. In fact, the situation is doubly distressing now that the Business Occupancy Tax has been rolled into the Realty Tax, since the property owner has to pay full taxes on all of the vacant space too.

The onus falls on the property owner to minimise their exposure by ensuring their assessments are not excessive, Kakamousias counsels. Since commercial property owners often pay three times as much tax as their residential counterparts they should aggressively pursue an assessment appeal whenever the opportunity presents itself. They have until February 13th to do so.

Turner Drake & Partners Ltd., a "home grown" Nova Scotia company, has provided real estate property advice for over forty years. From their offices in Halifax, St. John's, Charlottetown, Saint John and Toronto they service clients owning property across Canada.