

PROPERTY TAX CASE STUDY CLOSING TIME

The Client's Challenge

The Chaleur Centre was dying; once the home of Walmart, Sobeys, Kent Building Supplies and a vibrant mix of smaller retailers, it had been abandoned by its anchors. They sought greener pastures along St. Anne Street and St. Peter Avenue, Bathurst's expanding retail neighbourhood. The Centre's owner, the largest operator of shopping centres in Canada, recognised the benefit of enlisting the aid of property tax consultants with local roots. They turned to Turner Drake for help in reducing their tax load.

Turner Drake's Approach

Realty assessments in New Brunswick are based on the property's current market value. Uniquely in Canada, property sales are not public knowledge in the Maritime Provinces. Service New Brunswick, the provincial assessment authority, is party to the information but refuses to disclose it, or any other details of comparable property, utilised to calculate the realty assessment. We therefore started in 1976, to collect and analyse property transactions. Today our Compuval™ databases contain information on 175,000 transactions culled from our clients, brokers, vendors, purchasers and other, less salubrious, sources. These "intelligent" database analyse the information, running cash flows on investment type properties such as the Chaleur Centre to calculate the overall capitalisation rate, cash on cash return, and the leveraged and unleveraged internal rates of return. They "talk" to our Assessment Database ... which in turn was able to analyse the Chaleur Centre's own assessment and compare it with the Centre's peer group on a unit assessment and time series basis. Knowledge is power and the availability of high grade information gives us the negotiating advantage when dealing with a provincial assessment authority, such as Service New Brunswick, which has access to every sale in the province.

Winning Results

Despite the fact that the Chaleur Centre was assessed at only \$10/ft.² our Property Tax Division was able to reduce the realty assessment by a further 28%, yielding additional tax savings of \$21,000/annum.

