

# PROPERTY TAX CASE STUDY SUCCESS BREEDS HIGHER TAXES!

## The Client's Challenge

Our client had worked hard at leasing up his new office building in Dieppe, New Brunswick and eventually succeeded. Service New Brunswick (SNB), the provincial assessment authority, promptly rewarded his efforts by increasing the property's Realty Tax Assessment by 22.5%! He turned to Turner Drake for help.

## Turner Drake's Approach

The New Brunswick Assessment Act mandates that the basis for the Realty Assessment is the property's market value on 1st January of the assessment year. The assessment should therefore remain unchanged unless the property's market value increases or decreases. Our client had constructed this 10,400 ft.<sup>2</sup> office building in 2005 but faced a soft rental market. Service New Brunswick assessed the property at \$1,453,600 in 2006, but dropped the assessment slightly to \$1,404,200 in 2007 presumably because they recognised that it was a "renter's market". The owner persisted in his leasing efforts and was eventually successful in leasing the property ... at which point SNB pumped the assessment up to \$1,720,000 for the 2008 assessment year. We suspected that this 22.5% increase in the assessment reflected the owner's leasing efforts and opened negotiations with Service New Brunswick.

## Winning Results

We were able to negotiate a 20% reduction in the Realty Assessment down to \$1,372,200 ... and save our client \$16,076 per annum in property taxes.

