

# PROPERTY TAX CASE STUDY FIGHTING FIRES

## Our Client's Challenge

Our client owned a six storey office building in Moncton, built in 1974. The property was extensively renovated in 2006. In November 2008 however, the building was damaged by fire. Repairs were complete by January 19<sup>th</sup> 2009 and the tenants moved back into the building. The New Brunswick Assessment Act requires that all property be assessed at its market value on its "base date", January 1<sup>st</sup> of the assessment year. Our client felt that the 2009 assessment was excessive and turned to Turner Drake for help. André Pouliot of our Property Tax Division took on the assignment.

## Turner Drake's Approach

This six storey reinforced concrete office building was utilised as a professional arts building. It was built by a non-profit group as an improvement to the hospital facilities in 1974. The 64,000 ft.<sup>2</sup> building had an elevator, air-conditioning but no sprinkler system; and had been renovated in 2006. Parking facilities were limited, restricting the building use to specialists. Unfortunately in November 2008, the building was damaged by fire and the property was vacated until repairs were concluded. Those repairs were completed on January 19<sup>th</sup> 2009 and tenants started to return. Our Economic Intelligence Unit (EIU) surveys every office building with a net leasable area of 10,000 ft.<sup>2</sup> or greater, that is available for rent in all six major urban areas in Atlantic Canada. The semi-annual surveys capture rental, vacancy, real estate tax and operating expense data on 370 buildings containing twenty million square feet. It is the most comprehensive survey ever undertaken in the region and has been conducted continuously since June 2006. We survey 51 office buildings in the Greater Moncton area with a total leasable area in excess of 2.6 million square feet. The information is stored in our Compuval™ family of intelligent databases that "talk" to each other and analyse data "on the fly". It gives us access to a vast amount of information not available to Service New Brunswick (SNB), the provincial assessment authority. Knowing more about the office market than SNB, gives us a compelling negotiating advantage.

## Winning Results

Using our market knowledge we were able to negotiate a reduction in the 2009 assessed value with Service New Brunswick on the grounds that the market value had been impaired by the fire. Since the latter had occurred in 2008, SNB also agreed to pro-rate the impaired assessed value based on the length of the fire damage that year. In aggregate we were able to save the property owner \$28,524 in property taxes.

