

PROPERTY TAX CASE STUDY SHOPPING FOR SAVINGS

The Client's Challenge

Our client a retailer, faced intense competition from very aggressive competitors. Its very competent and dedicated in house staff had worked hard over the years to minimise their property tax burden, aggressively pursuing appeals when they thought their property assessments were too high. Determined to leave no stone unturned, they decided to enlist the aid of an outside consultant to see if they were leaving money on the table. They turned to Turner Drake for help.

Turner Drake's Approach

Our Property Tax Division immediately contacted Service New Brunswick, the provincial assessment authority, requesting that they provide copies of their calculations on each of the 31 properties. We then inspected each property in detail.

Although the assessment records were available, Service New Brunswick would not provide information on comparable properties. The Assessment Act mandates market value as the basis for the realty assessment. However property sales are not public knowledge in the Province: they are known to the assessment authority, but the latter will not disclose them. In order to level this particular playing field we have carefully compiled a database containing 39,000 commercial transactions, throughout the Atlantic Region. These sales have been acquired from clients, competitors, brokers, property owners ... and other less salubrious sources, over the past thirty years. This data is cross referenced with our assessment, photographic, mapping, satellite and rental databases, using geo-coding, in our leading edge IT platform, Compuval™. It allows us to compare assessments in the peer group, on a cross sectional and longitudinal (time series) basis; to compare assessments with sale prices; and even to compare rental and operating costs by building size, age and other physical characteristics. Property locations can also be compared, using our Geographic Information System to undertake Trade Area Analysis (utilizing demographic, income and expenditure, and psychographic data from Statistics Canada).

We utilised our on site inspections to identify errors in the Service New Brunswick calculations. Building costs were verified, or challenged, using the same costing software as the assessment authority. Satellite and aerial photography, was used, in conjunction with the legal descriptions, to identify site boundaries, easements, topographical constraints, circulation and accessibility concerns.

Winning Results

We were able to negotiate a reduction in the aggregate assessment by a further 10%, thus yielding additional tax savings of \$389,000/annum for our client.

