

Montreal's Commercial Property Taxes Reach New High

Written by Australian Business

Tax survey shows other Canadian cities lowering realty taxes to encourage growth, while Montreal goes in the opposite direction

TORONTO, Oct. 21, 2013 /CNW/ - Montreal's commercial tax rates continued to increase with startling speed in 2013, soaring for the second year in a row past Canada's two other highest-rate cities, Vancouver and Toronto. This was part of the "encouraging and alarming" results revealed in the *2013 Property Tax Rate Analysis* produced by Altus Group for The Real Property Association of Canada (REALpac), released today.

Despite Montreal, Toronto and Vancouver posting the highest commercial-to-residential tax ratios, all in excess of 4:1, Toronto continued its slow but steady downward trend for the tenth consecutive year. Vancouver's slight increase was attributed to reductions in its residential taxes that outpaced those of its commercial rate.

REALpac has long advocated for a commercial-to-residential ratio of about 2:1, which the association maintains is needed to support healthy economic growth, and could be achieved through gradual reductions. Toronto, in particular, has been on a "watch list" for many years for having excessively high commercial tax rates that are out of balance with residential taxes, acting as a deterrent to downtown business and job growth and commercial real estate

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investment. Now,

Montreal is at the top of the list.

Montreal's commercial-to-residential ratio increased by 2.7% year over year, reaching a new high-water mark of 4.40 in 2013, compared to Vancouver at 4.35 and Toronto at 4.07.

"For the first time, Montreal has vaulted past Vancouver and Toronto and has the highest commercial-to-residential tax ratio in

Canada

," said

Carolyn Lane

, VP, Membership, Marketing & Communications, REALpac.

The survey cites Calgary and Edmonton as making the most significant year-over-year improvements to their ratios, at 14% and 5% decreases, respectively.

Toronto

,

Halifax

and

Winnipeg

saw decreases between 1% and 2.2%. This enabled

Halifax

and

Winnipeg

to keep their ratios well below the national average of just over 3:1 among the municipalities surveyed.

Ottawa

was subject to a slight increase of 1.8% compared to 2012, but still kept its ratio below the average. Still, the survey points to continued concerns about high realty tax rates in

Vancouver

,

Toronto

and especially

Montreal

.

"The sustainability of our urban centres is vitally important. High realty taxes are a barrier to business growth and deter investment in downtown office, hotel, apartment, and retail property

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development. With so many shifts taking place in our global economy, Canadian cities need to be seen as competitive with other markets in the U.S. and around the world," added Lane.

On an absolute tax basis, Calgary, Vancouver, Edmonton and Winnipeg have the lowest estimated property taxes per

\$1,000

of commercial assessment, while

Toronto

,
Ottawa

,
Montreal

and

Halifax

have the highest. On the residential assessment side,

Vancouver

,
Calgary

,
Edmonton

and

Toronto

have the lowest property taxes per

\$1,000

of residential assessment, while

Winnipeg

,
Ottawa

,
Montreal

and

Halifax

have the highest.

While most cities in Canada have moved to decrease commercial tax rates in the last ten years, the survey notes that residential tax rates have declined at an even faster rate.

The *2013 Property Tax Rate Analysis* may be downloaded from the REALpac website at <http://www.realpac.ca/?page=PropertyTaxReport>

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About the Real Property Association of Canada

REALpac is Canada's premier industry association for investment real property leaders. Our mission is to collectively influence public policy, to educate government and the public, and to ensure stable and beneficial real estate capital and property markets in Canada

REALpac members currently own in excess of \$150 Billion CAD in real estate assets located in the major centres across Canada. Members include real estate investment trusts, publicly traded and large private companies, banks, brokerages, crown corporations, investment dealers, life companies, lenders, and pension funds. For more information, please visit us at www.realpac.ca

About Altus Group

Altus Group is a leading provider of independent commercial real estate consulting and advisory services, software and data solutions. We operate five interrelated Business Units, bringing together years of experience and a broad range of expertise into one comprehensive platform: Research, Valuation and Advisory; ARGUS Software; Property Tax Consulting; Cost Consulting and Project Management and Geomatics. Our suite of services and software enables clients to analyze, gain insight and recognize value on their real estate investments.

Altus Group has over 1,800 employees in multiple offices around the world, including Canada, the United States, the United Kingdom

, Australia and Asia Pacific

. Altus Group's clients include financial institutions, private and public investment funds,

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