



**AltusGroup**

# Canadian Property Tax Rate Benchmark Report

# 2017



Supporting Industry Partner



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# About our Report

Over the last 14 years, we have benchmarked and analyzed property tax rates of major urban centres across Canada to identify the ratios of tax rates between commercial and residential properties.

As the main source of revenue for Canadian municipalities, property tax is collected and used to fund services such as road repair, education, recreational programs and public transit. Both residents and business owners pay property taxes, but the rate they pay varies depending on if the property type is commercial or residential – taxing authorities set these rates at their discretion.

The issue and subsequent argument that arises is the perceived fairness of the different property tax rates paid between commercial and residential taxpayers, and who should proportionally fund more, or less for municipal services – businesses or residents.

The findings of this report are used by Altus Group and REALPAC to create dialogue with taxing authorities about tax fairness, influence public policy and promote a healthy business environment for the real estate sector.

## “What’s fair?”

### The case for lower commercial property tax rates

High commercial property taxes place a greater weight on businesses to contribute an unequitable share of municipal budgets. While every homeowner would appreciate paying less property tax, it is important to balance the burden paid by businesses in each city. Lower commercial property taxes help make cities more competitive, promote job growth and investment, and subsequently generate more stable and sustainable revenue.

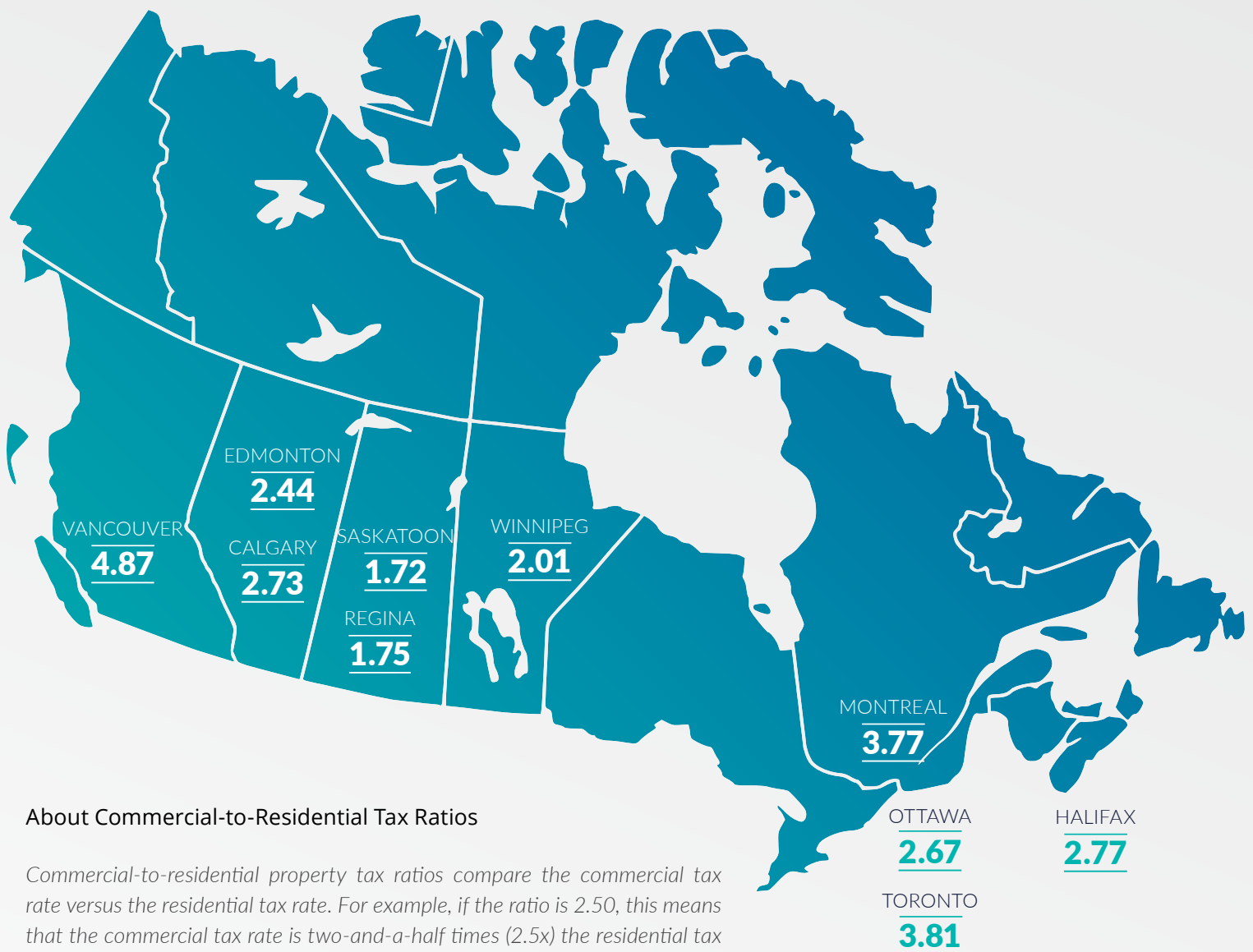
“A city’s property tax rate is directly linked to its competitiveness. High commercial property tax rates send business and economic development elsewhere, and work at cross purposes with infrastructure investments, particularly transit. Further efforts should be made in all cities to bring commercial property taxes down to more reasonable levels.”

Michael Brooks, CEO, REALPAC.



## 2017 Commercial-to-Residential Tax Ratios of Major Urban Centres Across Canada

The map below shows the 10 cities surveyed and their respective commercial-to-residential ratios. In 8 out of 10 municipalities across Canada, commercial tax rates are at least double those of residential tax rates.



### About Commercial-to-Residential Tax Ratios

Commercial-to-residential property tax ratios compare the commercial tax rate versus the residential tax rate. For example, if the ratio is 2.50, this means that the commercial tax rate is two-and-a-half times (2.5x) the residential tax rate. Therefore, a commercial property valued at \$1 million dollars would incur property taxes 2.5x times higher than an equally valued residential property.



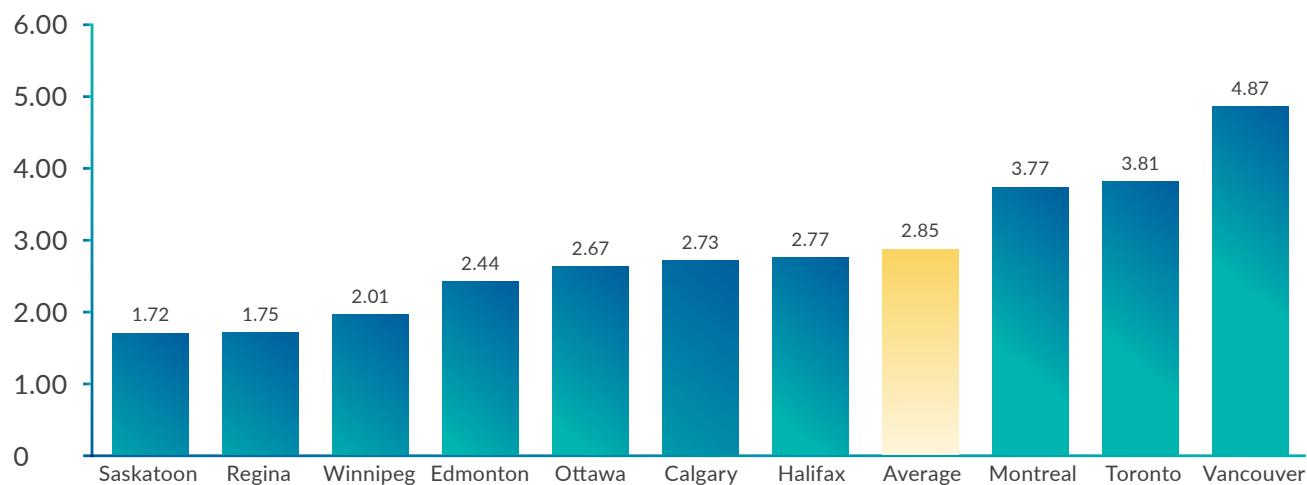
# 2017 Survey Highlights

## 2017 Commercial-to-Residential Tax Rate Ratios

Vancouver, Toronto and Montreal continue to post the highest commercial-to-residential ratios of the 10 cities in the study. Of the municipalities surveyed in 2017, Vancouver is the only city to post a commercial-to-residential tax ratio in excess of 4:1. Vancouver saw the largest bump in its ratio, increasing to 4.87 in 2017 from 4.38 in 2016. Toronto's ratio decreased very slightly, by less than 1%, to 3.81. Montreal remained above average but experienced a small reduction from its 2016 ratio due to dropping commercial rates while residential rates remained relatively flat.

The average commercial-to-residential tax ratio for all municipalities surveyed was 2.85.

### // 2017 Commercial-to-Residential Tax Rate Ratios



Halifax, Calgary and Ottawa sit just below the average with ratios of 2.77, 2.73 and 2.67, respectively. Edmonton posted a commercial-to-residential tax ratio of 2.44 and Winnipeg of 2.01. Winnipeg's business tax, which commercial owners consider to be a subset of the property tax, would push the City's ratio closer to the average. Between 2016 and 2017, Regina and Saskatoon saw the largest decrease in commercial ratios of the cities surveyed, dropping 21.61% and 13.50%, respectively. These two cities continue to post the lowest overall commercial-to-residential ratios approximating 1.70 and are the only two cities with ratios below 2:1. This decrease is partially driven by an update in the assessment base for the 2017 tax year to more current values.



# Year-Over-Year Commercial and Residential Tax Rate Activity

City	COMMERCIAL/RESIDENTIAL RATIO				COMMERCIAL				RESIDENTIAL			
	2016	2017	\$ Change	% Change	2016	2017	\$ Change	% Change	2016	2017	\$ Change	% Change
Vancouver	4.38	4.87	0.49	11.23%	\$ 13.86	\$ 12.44	\$ (1.42)	-10.23%	\$ 3.17	\$ 2.55	\$ (0.61)	-19.29%
Edmonton	2.39	2.44	0.05	2.10%	\$ 19.13	\$ 20.76	\$ 1.63	8.54%	\$ 8.00	\$ 8.51	\$ 0.50	6.31%
Calgary	2.58	2.73	0.15	5.76%	\$ 15.93	\$ 17.74	\$ 1.81	11.36%	\$ 6.17	\$ 6.50	\$ 0.33	5.30%
Saskatoon	1.99	1.72	(0.27)	-13.50%	\$ 18.45	\$ 14.57	\$ (3.88)	-21.05%	\$ 9.29	\$ 8.48	\$ (0.81)	-8.73%
Regina	2.23	1.75	(0.48)	-21.61%	\$ 22.30	\$ 16.16	\$ (6.15)	-27.56%	\$ 10.01	\$ 9.25	\$ (0.76)	-7.59%
Winnipeg	2.05	2.01	(0.04)	-1.95%	\$ 24.09	\$ 24.36	\$ 0.27	1.12%	\$ 11.78	\$ 12.15	\$ 0.37	3.12%
Toronto	3.84	3.81	(0.03)	-0.73%	\$ 26.40	\$ 25.20	\$ (1.20)	-4.53%	\$ 6.88	\$ 6.62	\$ (0.26)	-3.83%
Ottawa	2.72	2.67	(0.05)	-1.84%	\$ 28.63	\$ 28.52	\$ (0.11)	-0.38%	\$ 10.52	\$ 10.68	\$ 0.16	1.48%
Montreal	3.82	3.77	(0.05)	-1.21%	\$ 37.75	\$ 37.23	\$ (0.52)	-1.38%	\$ 9.89	\$ 9.88	\$ (0.02)	-0.16%
Halifax	2.72	2.77	0.05	1.66%	\$ 32.91	\$ 33.18	\$ 0.27	0.82%	\$ 12.08	\$ 11.98	\$ (0.10)	-0.83%
Average	2.87	2.85	(0.02)	-2.01%	\$ 23.95	\$ 23.02	\$ (0.93)	-4.33%	\$ 8.78	\$ 8.66	\$ (0.12)	-2.42%

Figures in this chart are calculated by multiplying the tax rate by 1000 to give the taxes paid per \$1,000 of assessment.



Property  
Tax  
Rate

X



Property  
Assessment  
Value

=

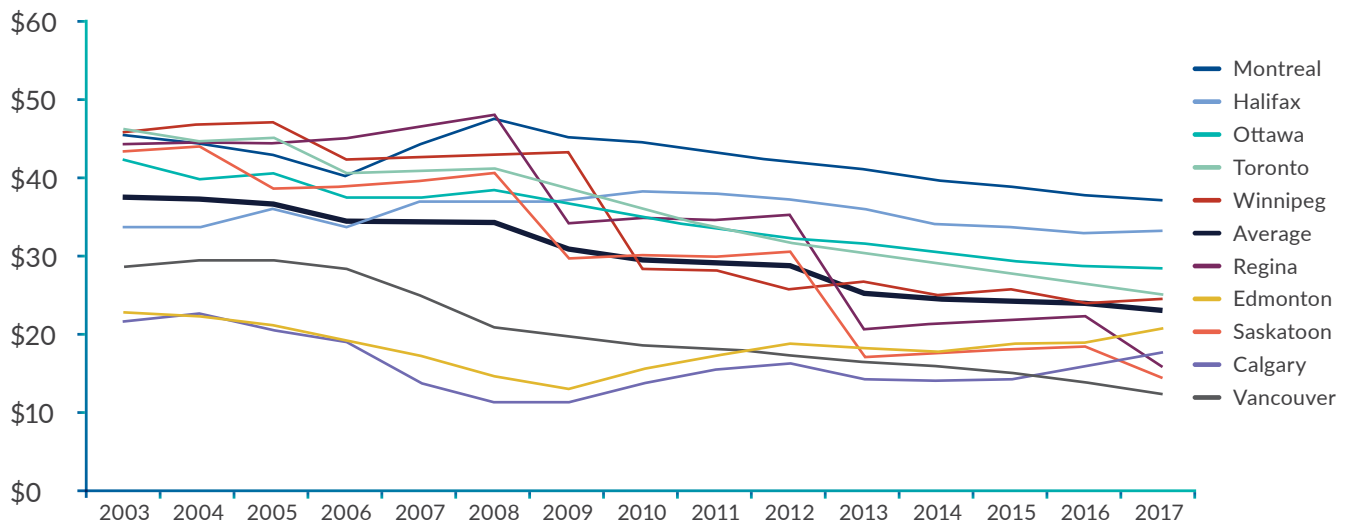


Total  
Property  
Taxes

# Commercial Rates

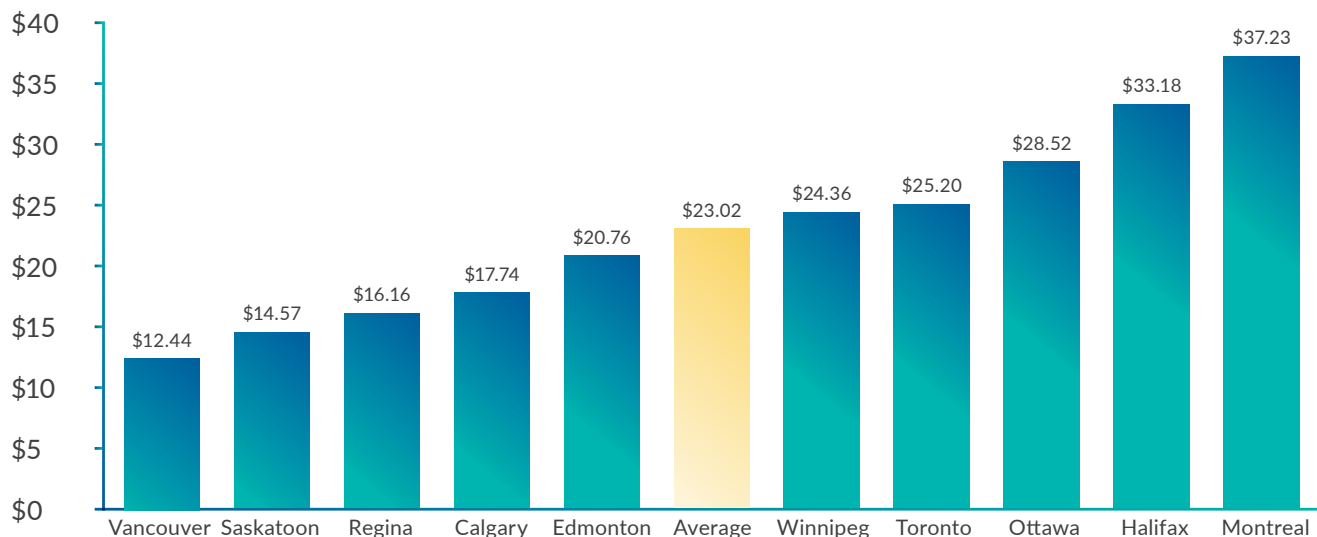
On average, the ongoing trend of decreasing commercial tax rates continued. This partially reflects the growing assessment tax bases of municipalities. Although Montreal, Halifax and Ottawa had minimal tax rate changes from 2016 to 2017, they continue to have the highest estimated commercial taxes per \$1,000 of assessment for the fifth consecutive year. Calgary saw the largest increase in commercial tax of 11.36% in 2017. Edmonton posted a notable hike in commercial rates of 8.54%. Winnipeg and Halifax saw minor increases of 1.12% and 0.82%, respectively.

## // Commercial Property Taxes Per \$1,000 of Assessment



Meanwhile Regina, Saskatoon and Vancouver saw substantial decreases in commercial rates of 27.56%, 21.05% and 10.23%, respectively. Toronto also continued its decreasing trend with commercial rates coming down by 4.53%. For the second year in a row, Vancouver remains the city with the lowest commercial tax rate.

## // 2017 Commercial Property Taxes Per \$1,000 of Assessment

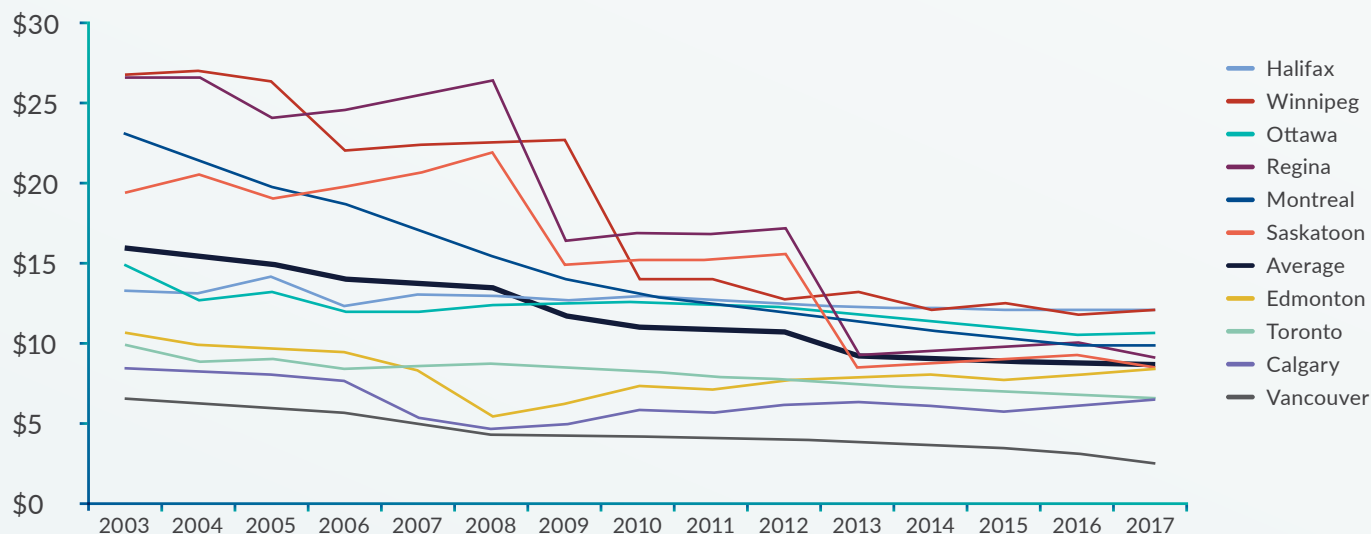




# Residential Rates

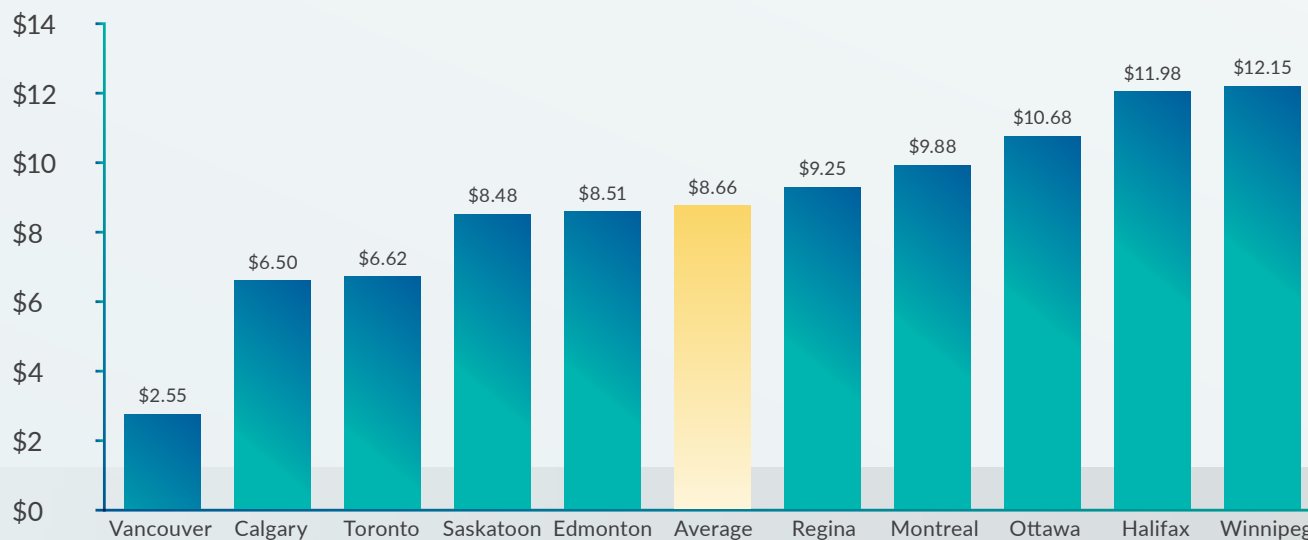
Large tax bases and highly assessed property values allowed Toronto to decrease residential tax rates for the ninth consecutive year, while Vancouver experienced a reduction for more than fourteen consecutive years. In 2017, Winnipeg, Halifax and Ottawa posted the highest rates per \$1,000 of assessment for the fifth year in a row. Between 2016 and 2017, Edmonton and Calgary experienced the highest escalation of the cities surveyed with increases of 6.31% and 5.30%, respectively. Winnipeg and Ottawa were the only other cities to see an increase in residential rates. Rates in Montreal remain relatively stable.

## // Residential Property Taxes Per \$1,000 of Assessment



In 2017 Calgary and Edmonton had higher property tax rates for both commercial and residential. This rise in Alberta tax rates can be attributed primarily to each municipality attempting to offset the reduced property assessments in response to the softness in the market. Both commercial and residential rates have come down notably in Saskatoon, Regina and Vancouver.

## // 2017 Residential Property Taxes Per \$1,000 of Assessment



# 2003–2017 Trend Analysis

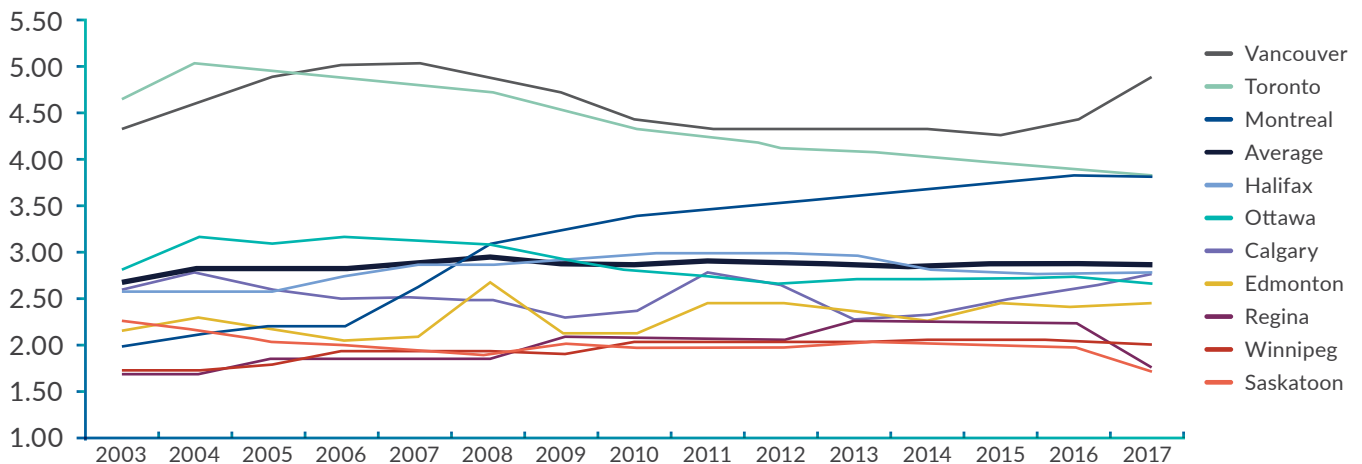
## Commercial-to-Residential Tax Ratios

Toronto's ratio has trended downwards for thirteen years demonstrating the City's commitment to reducing commercial property tax ratios in order to improve the business climate and increase competitiveness over the long term. In 2005, Toronto put in place a target ratio of 2.50 by 2020. This said, the City recently pushed the target back from 2020 to 2023 and commercial rates will have to come down more if Toronto is to meet this goal ratio.

In 2017, Montreal ended its 10-year trend of increasing commercial-to-residential tax ratios. This is reflective of the new tri-annual roll which increased the assessment base and contributed to a greater reduction in the commercial tax rate compared to the residential tax rate.

Vancouver continued to increase its ratio despite a growing assessment base while in similar circumstances, Saskatoon and Regina managed to reduce their ratios.

### // Commercial-to-Residential Tax Rate Ratios 2003-2017



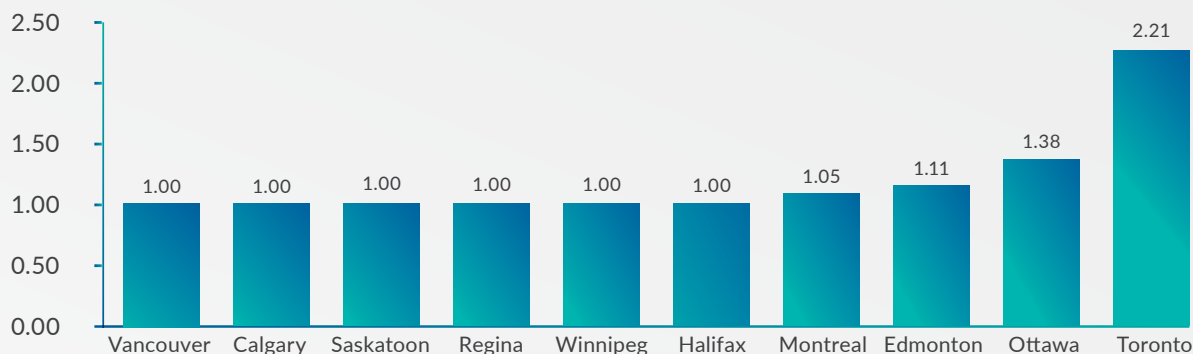
# Spotlight: Multi-Residential Tax Ratios

A look at tax ratios on multi-residential properties shows that renters are being taxed equally to homeowners in most of Canada, with Montreal and Edmonton placing slightly higher burdens on renters with ratios of 1.05 and 1.11 respectively. Meanwhile, Ontario cities are showing ratios that are significantly higher with Ottawa at 1.38 and Toronto leading the pack at 2.21.

## // 2017 Property Tax Rates Per \$1,000 of Assessment: Multi-Residential vs. Residential

CITY	MULTI-RESIDENTIAL TAX RATE	RESIDENTIAL TAX RATE	MULTI-RES TO RESIDENTIAL TAX RATIO
Vancouver	2.55	2.55	1.00
Calgary	6.50	6.50	1.00
Saskatoon	8.48	8.48	1.00
Regina	9.25	9.25	1.00
Winnipeg	12.15	12.15	1.00
Halifax	11.98	11.98	1.00
Montreal	10.34	9.88	1.05
Edmonton	9.41	8.51	1.11
Ottawa	14.70	10.68	1.38
Toronto	14.63	6.62	2.21

*Tax ratios on multi-residential properties compare the multi-residential property tax rate to the residential property tax rate. Although the classification of multi-residential properties varies by tax jurisdiction, broadly speaking this class includes the bulk of the rental housing market excluding condominiums.*



## // 2017 Ontario Property Tax Rates: Breakdown

PROPERTY TYPE	TORONTO			OTTAWA		
	CITY TAX RATE %	EDUCATION TAX RATE %	TOTAL TAX RATE %	CITY TAX RATE %	EDUCATION TAX RATE %	TOTAL TAX RATE %
Residential	0.48%	0.18%	0.66%	0.89%	0.18%	1.07%
New Multi-Residential	0.48%	0.18%	0.66%	0.89%	0.18%	1.07%
Multi-Residential	1.28%	0.18%	1.46%	1.29%	0.18%	1.47%
New Multi-Residential to Residential Ratio	1.00	1.00	1.00	1.00	1.00	1.00
Multi-Residential to Residential Ratio	2.66	1.00	2.21	1.45	1.00	1.38

Toronto's ratio of 2.21 appears even more disproportionate when the City portion of the tax rate (2.66) is isolated from the Education portion of the tax rate (1.0) set by the Province. Similarly, Ottawa's ratio for the City portion of the tax rate comes in at 1.45.

### Toronto's Tax Rate Ratio Goal

In 2005, a City of Toronto report "*Enhancing Toronto's Business Climate – It's Everybody's Business*" set targets to reduce the City's portion of the ratio from 3.75 to 3.0 by 2015 and down to 2.5 by 2020.

In 2017, Ontario entered a new reassessment cycle and properties were assessed based on their market value as of January 1, 2016. With this new reassessment cycle, multi-residential property assessed values increased by 52.2% on average in Toronto, compared to residential properties which saw an average increase of 28.4%. This led the Province to announce a freeze on multi-residential property taxes for the 2017 tax year in order to curb a further shift of the tax burden onto this property class, and allow time for the Province to evaluate how to reduce the ratio toward 1.0, to fall in line with the rest of Canada.

As a result of the freeze, the City also pushed back its targeted 2.5 ratio from 2020 to 2023, unless the Province acts more quickly to level the field between residential and multi-residential tax rates by legislating a ratio of 1.0.

### Ontario's Distinction between New and Old

Provincial legislation in Ontario allows cities to establish a separate tax class and set lower tax ratios for new multi-residential buildings. This helps stimulate the development of rental housing, as well as provides the flexibility to eliminate the historic inequity between multi-residential and residential tax rates. Currently, the cities of Toronto and Ottawa have a tax ratio of 1.0 for "new" multi-residential buildings, typically buildings built after 1998. From a tax ratio perspective, newer multi-residential buildings in Toronto and Ottawa are taxed similar to buildings in Vancouver, Calgary and Winnipeg with a ratio of 1.0, yet older buildings continue to be taxed at much higher ratios. The higher levels of taxation on older multi-residential buildings makes it more challenging for landlords to direct funds to needed repairs, maintenance and building infrastructure upgrades.



# Notes

The property tax rates in this report are comprised of the general provincial, municipal and education portions as posted by the cities surveyed, including provincial assessment value percentages:

- Montreal 2017 – CGTSIM Municipal School Tax, (Comité de gestion de la taxe scolaire de l'île de Montréal)
- Saskatoon and Regina 2017 – Saskatchewan Residential Provincial Percentage (taxes are calculated based on 80% of a residential property's value)

Business levies, tax assistance programs and other considerations are not reflected in the rate calculations, including but not limited to:

- Municipal business improvement areas
- Calgary and Winnipeg 2017 – Municipal business occupancy taxes
- Manitoba 2017 – Manitoba's Provincial Education Property Tax Credit (EPTC)
- Winnipeg frontage taxes (charged separately and apart from property taxes; applies to residential and commercial properties)
  - Based on a property fronting on a street that contains a sewer main or water main (2017 - \$5.45 per frontage foot)

## Source Data

Source data was retrieved from the municipal websites below:

### Vancouver

<http://vancouver.ca/home-property-development/tax-rates.aspx>

### Winnipeg

<http://www.winnipegassessment.com/AsmtTax/English/Property/TaxRates.stm>

### Calgary

<http://www.calgary.ca/CFOD/Finance/Pages/Property-Tax/tax-bill-and-tax-rate-calculation/current-property-tax-rates.aspx?redirect=/ca/fs/pages/property-tax/>

### Toronto

[http://www.toronto.ca/taxes/property\\_tax/tax\\_rates.htm](http://www.toronto.ca/taxes/property_tax/tax_rates.htm)

### Edmonton

[https://www.edmonton.ca/residential\\_neighbourhoods/property\\_tax\\_assessment/tax-rates.aspx](https://www.edmonton.ca/residential_neighbourhoods/property_tax_assessment/tax-rates.aspx)

### Ottawa

<http://ottawa.ca/cgi-bin/tax/tax.pl?lang=en>

### Saskatoon

<https://www.saskatoon.ca/services-residents/property-tax-assessments/tax-rates-mill-rates>

### Montreal

[http://ville.montreal.qc.ca/portal/page?\\_pageid=44,14111603&\\_dad=portal&\\_schema=PORTAL](http://ville.montreal.qc.ca/portal/page?_pageid=44,14111603&_dad=portal&_schema=PORTAL)

### Regina

<http://www.regina.ca/residents/assessment/property-tax-deadlines/regina-tax-policies/mill-rate-factors/>

### Halifax

<https://www.halifax.ca/home-property/property-taxes/tax-rates>



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