

# Real estate values in B.C. up \$80 billion

New construction drives increase as assessed total reaches \$660 billion

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British Columbia's booming real estate market pushed the collective value of the province's property higher by \$80 billion last year to \$660 billion, an increase of 14 per cent over 2004, the B.C. Assessment Authority reported Tuesday.

About \$12 billion of the increase reflects the value of new construction added to property rolls in the year, such as the 30,000 new homes the Canada Mortgage and Housing Corp. estimates were built in 2005, as well as new commercial and industrial properties.

The majority, however, represents a \$68-billion increase in the value of existing properties within B.C.'s improving economy.

"What's a highlight is that everywhere, with the exception of a very few communities in central B.C., everything was on the rise this year, in terms of assessment," said John Barry, manager of community relations for BC Assessment. "The real estate market is primarily what's driving [assessment increases]."

He said a combination of factors helped push the assessed value of properties, but low interest rates that prompted people to buy real estate was a major influence.

Barry cautioned that assessments lag behind real estate markets by about six months, because they are based on land values as of July 1, 2005.

While some homeowners might be happy to have the paper value of their homes increase, the result could also be an additional tax hit, depending on how much the assessment increases.

Municipalities use property assessments to calculate property taxes and Richard Taylor, executive director of the Union of B.C. Municipalities, said homeowners whose assessments increase by more than the average for their community can expect to have their taxes rise.

"Some will pay less taxes," he said, "if the geography of [a homeowner's] community is such that assessments in their neighbourhood didn't go up as much as the average."

David Baxter, director of the Urban Futures Institute, a demographic and economic forecasting firm, said simple economics are driving the increase in assessments.

People's incomes are rising, mortgage interest rates are remaining low, so values are increasing as buyers capitalize on the convergence of those two factors.

"We shouldn't be surprised," Baxter said. "We have a good assessment system that attempts to capture the actual value of real property assets, and real property assets have been rising very strongly everywhere in North America."

That was also true in B.C. Barry said most of the province's major urban areas had increased assessments.

In Vancouver, the average assessed value of a single family home rose 12.51 per cent to \$654,611; in West Vancouver the increase was 15.42 per cent to \$1.1 million.

Property assessments also increased by substantial amounts outside Vancouver. Kamloops' average assessment on a single-family home rose 21.84 per cent to \$214,027. In Kelowna, the single family home value jumped 15.53 per cent to \$338,541.

Prince George had a 16.35-per-cent gain in the assessment of an average single family home to \$141,568.

Jason Grant, B.C. Assessment's area assessor for the Vancouver - Sea to Sky region, said assessment increases of 15 to 20 per cent were common through Vancouver and across the North Shore.

"It has been widely reported that it was a hot year in real estate, for Vancouver especially, and assessments are simply reflecting that," Grant said.

Barry said that outside Vancouver, recreational-type properties such as waterfront homes and resort developments experienced some more substantial gains.

The assessment for the resort town of Invermere, for instance, rose 27.2 per cent to almost \$593 million.

Fernie's total assessment spiked about 28 per cent to \$748 million, and Rossland's collective value increase almost 29 per cent to \$374 million.

"There has been a lot of investment in the Kootenays [with] some out-of-province buyers driving it a little bit," Barry said.

Baxter said the influence of Alberta purchasers is very strong in the Kootenays.

The Urban Futures Institute conducted a study on where property tax notices from Kootenay communities were being sent, and discovered that in the ski-resort town of Invermere, about 40 per cent went to addresses in Alberta.

B.C. Assessment assessed about 1.75 million properties for the 2006 assessment roll, compared with 1.73 million assessed for the 2005 roll.

## FREQUENTLY ASKED QUESTIONS:

### WHAT IS A PROPERTY ASSESSMENT?

An assessment is an estimate of how much your property is worth. The assessment is based on "market value" -- meaning the price the property could have been sold for on July 1, 2005.

### HOW ARE ASSESSMENTS CALCULATED?

BC Assessment, a provincial Crown corporation, has a staff of appraisers that estimates property values each year. The values are affected by the overall real estate market in each region, but also the quality of each property including its size, age and any add-ons such as a garage or sundeck.

### MY ASSESSMENT WENT UP 15 PER CENT THIS YEAR. DOES THAT MEAN MY PROPERTY TAX WILL INCREASE BY THAT MUCH, TOO?

Probably not. Municipalities usually adjust their tax rates to reflect changes in property values, so that tax revenues do not rise or fall because of assessment changes. If your property's value rose about the same as everyone else in your city, you're probably fine. But if your property increased in value much faster than everyone else -- because, say, you live in a really hot neighbourhood -- you'll probably see a bump in your property taxes.

### HOW CAN I FIND OUT THE ASSESSMENT FOR MY HOME -- OR MY NEIGHBOURS?

If you own a home, you were mailed a copy of your assessment by BC Assessment on Dec. 31. But if you don't want to wait, you can check your assessment online right now for free. Just go to BC Assessment's main website at [www.bcasessment.bc.ca](http://www.bcasessment.bc.ca), then click on Assessment by Address and type in your street address. The site allows you to check the assessed value of any home in the province -- so can find out how much your neighbours' houses are worth. But hurry -- the free online service is only available until March 15.

### WHAT IF I DON'T AGREE WITH MY ASSESSMENT?

If you disagree with your assessment, you can ask BC Assessment to review its decision. If BC Assessment agrees with you, it will recommend changes on your behalf to a Property Assessment Review Panel -- an independent body appointed by the province. If BC Assessment disagrees with you, you can ask the panel to look at the matter yourself. This request for review must be received by BC Assessment no later than Jan. 31. You

can find out more about review panels online at <http://srmwww.gov.bc.ca/clrg/parp/>.  
Only about one per cent of property owners request a review each year.

Source: Chad Skelton

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