

# Market Trends for Commercial Properties in Ontario

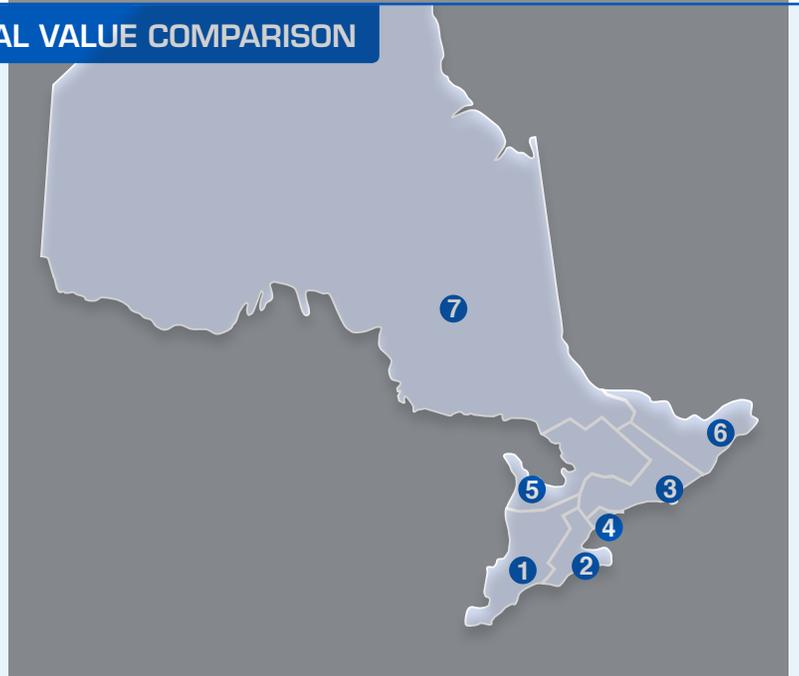
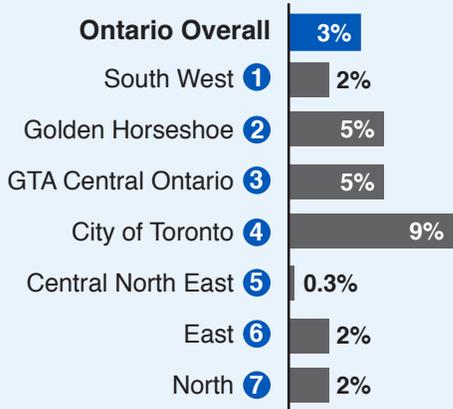
This year, MPAC is updating the property assessments for every commercial property in Ontario.

3%	:	104,911	:	\$157 billion	:	January 1, 2016
Per year typical increase of overall commercial values in Ontario since 2012.	:	Number of commercial properties in Ontario.	:	Combined total value of commercial properties in Ontario.	:	Legislated valuation date in Ontario for 2017-2020 property tax years.

## COMMERCIAL VALUE COMPARISON



### Overall Commercial Average assessment change for 2016-2017



## 2016 COMMERCIAL VALUES EXPLAINED

1

### Retail development in an expanding housing market

Retail development remains strong in areas with growing residential communities to support the demand for retail services from new residents.

2

### Capitalization rates and office buildings

Capitalization rates continue to compress in most parts of Ontario. New supply continues to be added in several major markets, including Toronto, Richmond Hill, Mississauga and Oakville.

3

### Ottawa faces decline in office building values

Ottawa continues to see a decline in rents and an increase in vacancy as the federal government continues to relinquish office space back to the market.

4

### Big box vs. standard retail properties

Province-wide, big box properties are experiencing marginally lower increases in assessment when compared to standard retail properties due to the limited utility beyond their existing use and limited market demand within this sector.

5

### Commercial in the Northwest

The main urban centres of Thunder Bay, Kenora, Dryden and Fort Frances are experiencing the most consistent assessment increases in the region. Affordable housing market conditions along with stability in the mining and forestry sectors have contributed to steady market conditions in the commercial sector.

6

### Commercial in the Northeast

Northeastern Ontario is seeing the lowest average change in commercial properties in the region. Increases to small retail properties are tempered in part due to the continued development of big box centres in these communities which have drawn consumers from traditional retail markets. Office building and large shopping centre values have outperformed small retail as sectors and investors outside of Northern Ontario see value in investing in the North due to low interest rates.

### For the 2016 update, MPAC has...

- Consulted with Business Improvement Area associations, property owners, major tenants.
- Reviewed Fair Market Rents against market data submitted by property owners.
- Reviewed three years of sales data to establish accurate values.

### Assessing Commercial Properties

- Commercial properties have a broad range of uses including small retail, food service, shopping centres or big box centres, office buildings or other general commercial uses.
- MPAC uses one of three recognized approaches to establish an assessed value: the direct comparison approach, the income approach or the cost approach.
- The approach is chosen based on the property's current use and how frequently similar types of properties are bought and sold on the open market.

To learn more about your assessment, the relationship between property assessment and taxation and more visit [aboutmyproperty.ca](http://aboutmyproperty.ca).



Your Property.  
Our Assessment.  
Know More About It.