

## Property Assessments, the Appraisal of Real Estate and how it relates to MARKET VALUE

***It is important to note that In British Columbia, property assessments reflect market values effective July 1 of the preceding year.***

- The annual assessment process is often confusing for many property owners.
- Typically there is a difference between the property value assessment on the assessment notice and the current market value as determined by a REALTOR®.

This difference is a result of two factors:

- **FACTOR #1:** BC Assessment uses a *mass appraisal system*.
- This information is typically obtained from MLS sales, NOT by visiting the properties in question.
- Property value is calculated by evaluating (MLS) prices for homes sold in each neighborhood or for units in a strata complex
- This information is applied on a mass basis to arrive at an assessed value
  
- **FACTOR #2: TIME**
- A 2010 assessment notice is BCA's estimate of a property's market value as of July 1, 2009.
- A REALTOR®'s market value reflects the current state of the market, *not the market six months ago*.

### **CONCLUSION:**

"Market value assessment" is widely considered to be the *fairest system* for distributing the *property tax burden*. As the real estate market can change very quickly, depending on an historical assessment (July assessment for next year's tax purposes) to be an accurate indicator of market value can be erroneous.

### **DEFINITIONS:**

*Market Value:* "The price expected if a reasonable amount of time is allowed to find a purchaser and if both seller and prospective buyer are fully informed."

*Assessed Value:* "The most probable price that an unencumbered property would sell for on the open market on July 1 of the preceding year."