

SNB – Property Assessment Services.

Communiqué – February 8, 2021

Hotels, Motels, Resorts, Inns, B&Bs and Lodges

Property Assessment Services is mandated to assess all property in the province at its real and true (market) value as of January 1 of the year for which the assessment is made. Similar to all other property assessment jurisdictions across North America, Property Assessment Services utilizes mass appraisal methodology to determine the real and true (market) value of all real property, in part due to the large volume of properties being assessed at any given time, but also to ensure equity and fairness. It is important to note that Property Assessment Services is responsible for the valuation of real property as defined by the *Assessment Act* and not the business entity.

Although assessment values are linked to property tax levies, **the undermentioned adjustments are not to be recognized as a tax break**, but rather a reflection of the fluctuation in the supply and demand of commercial real estate, from which property assessment valuations are derived.

It is clear the lockdown and other restrictions imposed to limit the spread of COVID-19 have had a major adverse impact on the market value of a number of property types in New Brunswick, across Canada and around the world. Growing awareness of the virus in the early months of 2020 caused a substantial impact to people, businesses and properties.

In May 2020, the Property Assessment Services' Valuation Team worked with the International Property Tax Institute (IPTI) to determine the impact of the pandemic crisis on property assessment values. IPTI released their research study report in August 2020 which suggested that the following property types had been the most impacted by the COVID-19 pandemic:

Hotels, Motels and Resorts (incl. Inns, operational B&Bs and Lodges)

Shopping Centers

Restaurants

Office Buildings

Airports

Approximately 1,850 potentially impacted property accounts were held from receiving their 2021 Property Assessment notice in October to allow for a three-month review of the impact of COVID-19 on property values prior to the January 1 deadline.



During the three-month review, Property Assessment Services sent Requests for Information to owners of hotels, motels, inns, bed and breakfasts and lodges. The information collected was key in identifying changes to their operations as well as other pertinent factors that are related to the valuation of real property.

Each account was independently analyzed and its value reassessed based on several factors including property composition, utilization and the degree to which it was impacted by the COVID-19 pandemic.

Property Types	Hotels, Motels, Resorts, Inns, B&B and Lodges
Percentage range of assessment value adjustments	From 0% (not applicable) to -25%

These property owners received their 2021 Property Assessment notice on January 27, 2021 and will have until **February 26, 2021**, to request a further review should they believe their 2021 Real Property Assessment value exceeds the real and true (market) value.

Property Assessment Services will continue to monitor the impact of the COVID-19 pandemic for future assessment years.

Please note: If you own a hotel, motel, inn, operational B & B or lodge and received your 2021 Property Assessment Notice in October and had not requested a review of the assessment during the legislated 30-day period, we recommend that you contact your local assessment office. Also, you may contact us should you have any other questions and/or require further clarification on how your assessment value was derived.

