

Business Assessment Methodology

Assessment of Business Premises

Business assessments are prepared in accordance with the *Municipal Government*.

The purpose of business assessments is to reflect the value of each business operating in the municipality. It is not to reflect a specific type of business, the profitability of a business or one contract lease, but to reflect the typical rental value of the space used in connection with a business so that the Business Improvement Area taxation is fairly and uniformly distributed among all taxable businesses.

The business assessment represents:

- The typical net annual rental value of the premises (space) occupied or used in connection with a business as of the July 1st valuation date in the “assessment year”, under typical market conditions.

Valuation Determination

To estimate the typical net annual rental value of various types of business premises, The City of Calgary collects and maintains information about the commercial and industrial rental market. Formal information requests are mailed to property owners and property managers, where applicable, every year.

Assessors analyze actual net rents paid for various types of premises and different market areas. From this analysis, the typical net annual rental value is established. Factors used in establishing the net annual rental value include those recognized by the business rental market such as space type, the location, etc.

The business assessment is calculated by multiplying the area of the premises used in connection with the business (leased area) by the typical net annual rental rate for the type of premises and market area.