



Terrane Metals Mount Milligan mine, top, had the third highest industrial assessment in B.C., while CFB Esquimalt, bottom, was second.

Top 20 industrial properties in the B.C. 2016 assessments

Rio Tinto Alcan Aluminum Smelter	579,181,000
CFB Esquimalt	350,294,000
Terrane Metals Corp. Mount Milligan Mine	210,033,200
Teck Resources Ltd. Trail Operations	157,980,000
Imperial Metals Corp. Red Chris Mine	129,900,500
Catalyst Paper Corp. Crofton Division	124,522,700
Catalyst Paper Corp. Powell River Division	117,931,400
Teck Resources Ltd. Highland Valley Copper Operations	100,094,400
Howe Sound Pulp & Paper	96,609,000
Global Container Terminals Deltaport Terminal	87,141,300
Nanaimo Forest Products Ltd. Harmac Pulp Mill	85,540,100
Petro Canada Sub Station	82,518,000
Canfor Corp. Northwood Pulp Mill	81,634,200
Westshore Terminals Ltd.	81,214,000
DP World Vancouver Container Terminal	80,580,600
Dormtar Kamloops Pulp Mill	80,350,000
Seaspan Vancouver Shipyards	79,870,700
Catalyst Paper Corp. Port Alberni Division	77,207,800
Lafarge Canada Inc. Richmond Cement Plant	76,912,600
Kinder Morgan Canada Inc. Vancouver Wharves	74,113,000

REAL ESTATE

Industrial property assessments rise at a relatively slow pace

Unlike skyrocketing residential market, valuations are less volatile

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British Columbia's most valuable industrial property — Rio Tinto Alcan's Kitimat aluminum smelter — saw its 2016 property assessment rise to \$579 million, up four per cent from a year ago, which was in keeping with most large-scale business properties across the province.

While skyrocketing residential assessments across Metro Vancouver sparked a weeklong discussion across the city, the province's industrial property class, dominated by pulp mills, port terminals and mine sites, generally experienced more sedate shifts in their assessed values.

After the massive Kitimat smelter, Canadian Forces Base Esquimalt (\$350.3 million), Terrane Metals Corp.'s Mount Milligan Mine northwest of Prince George (\$210 million) and Teck Resources Ltd.'s Trail lead-and-zinc smelter (\$158 million) top the list of B.C.'s most valuable industrial properties.

With restrictions on use, relatively consistent operations and fewer transactions, the industrial property classes experience less volatility in their assessments than the more-active residential real estate market.

"You will find a very consistent change in value from one year to the next," when it comes to major industrial properties, said Craig Barnsley at BC Assessment. "That is because those properties do not trade on market value."

Instead, BC Assessment assesses the properties based on industry-specific manuals to guide their valuations, said Barnsley, manager of major industrial assessment for the Crown corporation.



Rio Tinto Alcan's aluminum smelter in Kitimat saw its 2016 property assessment rise to \$579 million, up four per cent from a year ago.

Major industrial plants, such as the Rio Tinto Alcan smelter or Catalyst Paper Corp.'s pulp-and-paper mill in Port Alberni, are often the biggest taxpayers in B.C.'s small towns, which makes consistency important for both companies and municipalities.

In a relative sense, property taxes aren't a major expense for industrial plants, according to a 2012 report prepared for the Union of B.C. Municipalities.

However, levels of taxation become more important during times of economic downturn and declining profitability when companies make decisions on where to reinvest, said the UBCM report, written by the firm Davies Transportation Consulting Inc.

Barnsley said the purpose of the manuals, which were installed in 1987, was to introduce stability in assessments.

Instead of using more typical economic models to set market values for the improvements on industrial properties, B.C.'s appraisers rely on replacement costs for the buildings and foundations to set their assessments.

"We get a smattering of appeals from one year to the next," Barnsley said of B.C.'s industrial taxpayers. "For the most part, those are registered (by the tax-paying companies) simply to confirm the inventory (of building improvements) we have on the (property) roll."

That is not to say there haven't been any significant changes in industrial assessments.

Westshore Terminals' coal loading facility at Roberts Bank and marine-industry firm Seaspan Shipyards in North Vancouver, for instance, were outliers, which saw 22 per cent and 21 per cent increases respectively in their 2016 property assessments.

Both properties, numbered 14 and 17 on a Top 20 list of B.C.'s most valuable properties, saw major construction projects unfold, which is something likely to increase the value, and therefore assessment, of anyone's property.

Some properties on the list saw declining values, such as Paper Excellence's Howe Sound Pulp and Paper facility, which fell in

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assessment value by 18 per cent to \$96.7 million after permanently shutting down half of its operations.

Even the most valuable light-industrial properties in B.C., which are swayed more by market changes, saw far less dramatic changes than Metro Vancouver's residential assessments, averaging six per cent across a Top-20 list of commercial sites.

There is an outlier at the top of the light-industry list also. The former Canada Post central sorting centre in downtown Vancouver still shows up in the category even though the facility has been closed and moved, and the building sold to the B.C. Investment Management Corp. pension fund for mixed-use commercial redevelopment.

The Canada Post building, which sold for \$130 million in 2013, was assessed at \$148 million for the 2016 property roll, a one-per-cent increase from 2015.

Otherwise, what has become known as the logistics sector — facilities for freight forwarding, repacking containers, warehousing and cold storage — dominated the Top 20.

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