Property Tax Analysis

Update to Tax Impacts

* Figures include bylaw adjustments unless otherwise noted.
** Estimates are preliminary and subject to the finalization of the 2025 Assessment Roll.
*** Y/M = Yearly/Monthly
**** Bylaw adjustments includes Grants in Lieu of Taxes, annexed Rocky View and Foothills Taxes, and Supplementaries.

SCENARIO	Previously Approved Property Tax Budget for 2025			Recommended Adjustment to Property Tax Budget for 2025		
Budget Information	**Property Tax Revenue Amount**	**Total Revenue Increase Over 2024**	**Tax Increase to Existing Taxpayers Over 2024**	**Property Tax Revenue Amount**	**Total Revenue Increase Over 2024**	**Tax Increase to Existing Taxpayers Over 2024**
Total Property Tax Budget	$2,430,352,947	4.9%	3.6%	$2,451,214,345	5.8%	4.5%
Residential Property Tax Budget	$1,315,070,315	7.6%	5.5%	$1,326,333,934	8.6%	6.4%
Non-Residential Property Tax Budget	$1,115,282,631	1.8%	1.4%	$1,124,880,411	2.7%	2.2%

Tax Shift and Share Information

Tax Shift from 2024 to 2025	1% Shift and 0.1% Physical Growth without bylaw adjustments		1% Shift and 0.1% Physical Growth without bylaw adjustments	
2024 Tax Share (Res : Non-Res) & Tax Rate Ratio	53.2 : 46.8	4.37	53.2 : 46.8	4.37
2025 Tax Share (Res : Non-Res)	54.3 : 45.7		54.3 : 45.7	
2025 Residential Tax Rate	0.0038066		0.0038392	
2025 Non-Residential Tax Rate	0.0175620		0.0177131	
2025 Tax Rate Ratio	**4.61**		**4.61**	

Year-over-Year Impact to Typical Residential and Non-Residential Municipal Tax Bills

2024 Municipal Tax for Typical Residential Home ($610,000)	Y: $2,564 / M: $214	Y: $2,564 / M: $214
2025 Municipal Tax for Typical Residential Home ($700,000)	Y: $2,665 / M: $222	Y: $2,687 / M: $224
% Impact to a Typical Residential Tax Bill	**3.9%**	**4.8%**
2024 Municipal Tax for Typical Non-Residential Property ($5.27 million)	Y: $96,772 / M: $8,064	Y: $96,772 / M: $8,064
2025 Municipal Tax for Typical Non-Residential Property ($5.59 million)	Y: $98,100 / M: $8,175	Y: $98,944 / M: $8,245
% Impact to a Typical Non-Residential Tax Bill	**1.4%**	**2.2%**

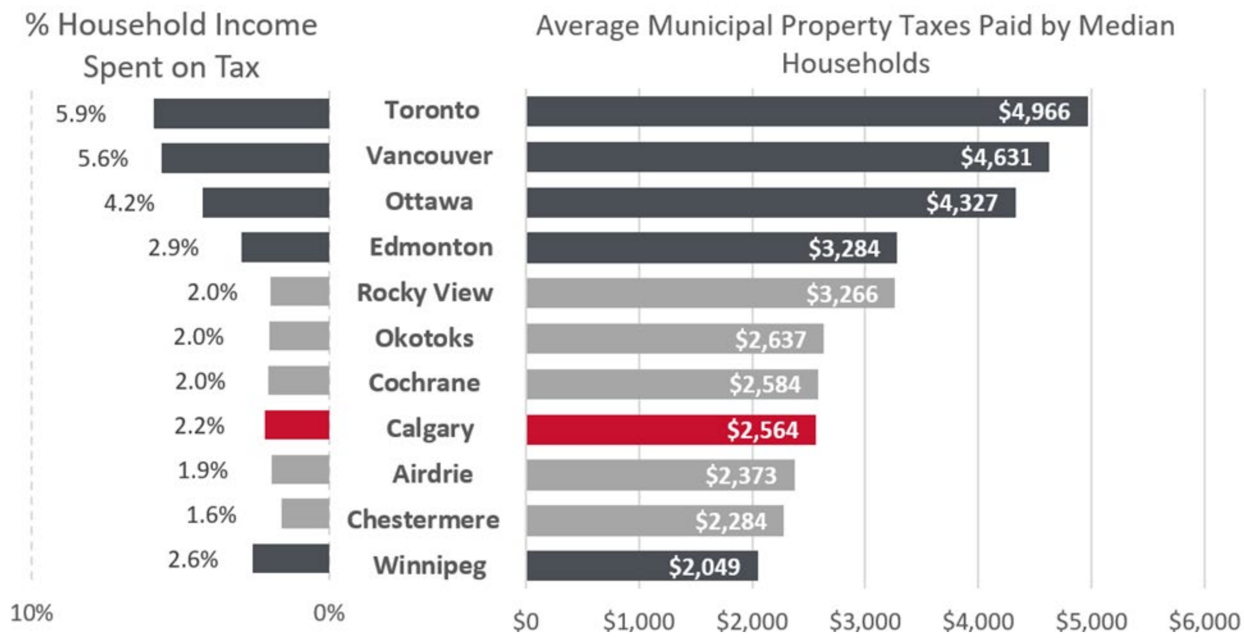
Benchmarking Overview

Over a five-year average, Calgary's tax increases/decreases have remained the lowest among national comparators. With the recommended 4.5% increase in 2025, Calgary's new five-year average from 2021-2025 will be 2.89%, remaining low.

In 2024, Calgary remains among the most affordable cities in Canada for residential property tax. Among regional comparators such as Rocky View County, household incomes tend to be higher, as the County provides fewer services than cities and individuals must take on the financial responsibility. As such, despite higher property taxes, it constitutes less of a household's income.

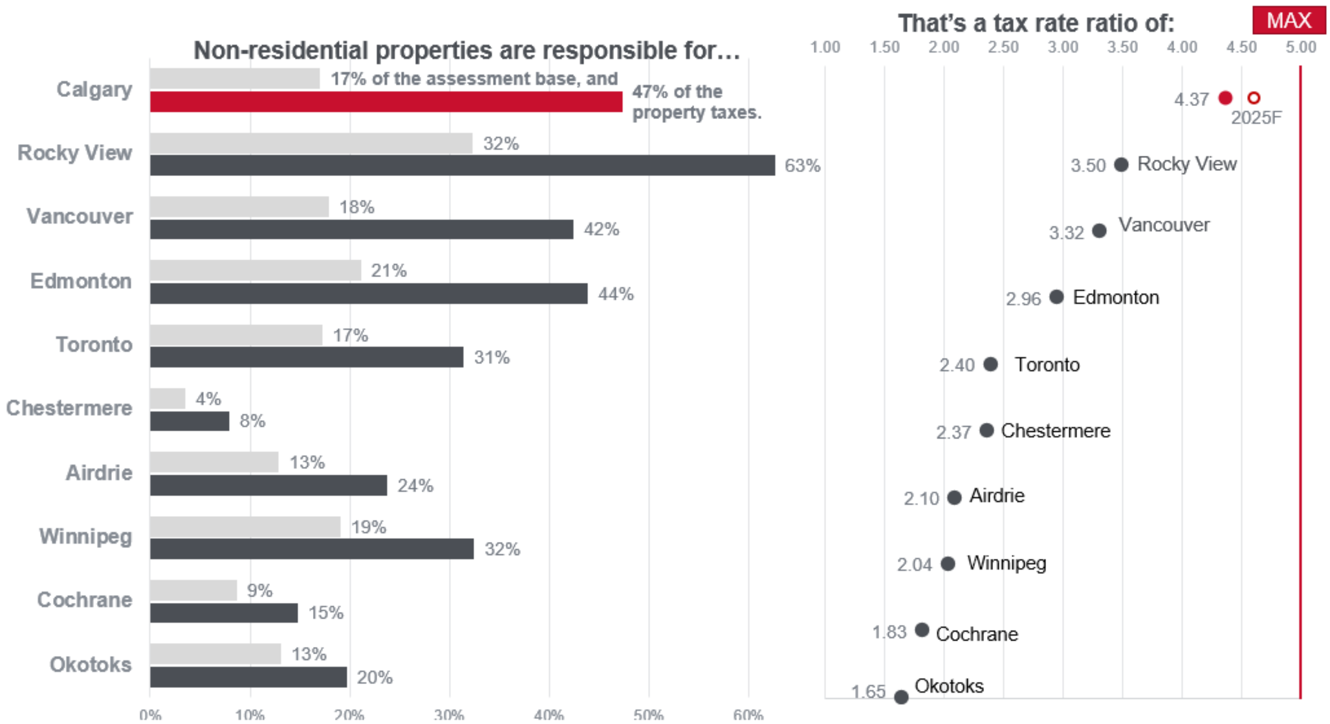
Other national municipalities, including Toronto, Vancouver, Ottawa, and Edmonton have higher average property taxes due to both high property values and/or high tax rates, which result in high average taxes per household and higher percent of income spent on property tax.

Municipal residential property tax as a percentage of household income and average taxes paid, 2024



The below figure illustrates that in Calgary, non-residential properties making up 17% of the assessment base shouldered 47% of the municipal property tax responsibility in 2024, with a corresponding 4.37 ratio. In 2025, the non-residential assessment base will decrease to a 15% share of the total assessment base and will make up 46% of the municipal property tax responsibility.

Other municipalities' assessments shares are relatively closer to their tax shares, in part contributing to their lower ratios. In 2023, Council directed a 1% tax shift for three years from non-residential to residential. If Council had not directed the tax shift, the 2024 tax rate ratio would have been 4.59 and the 2025 tax rate ratio would have been 4.96, on the cusp of the legislated maximum of 5.



The Maximum Tax Rate Ratio

The *Municipal Government Act* (MGA) section 358.1 sets out a legislated maximum tax rate ratio in which the highest non-residential tax rate can be no more than five times the lowest residential rate. Calgary's tax rate ratio in 2024 is 4.37, which means that for the same assessed value, non-residential properties pay 4.37 times more tax than residential properties. Calgary's tax rate ratio is the highest among national and regional comparator municipalities, followed by Rocky View County at 3.50.

Council would not be able to pass an enforceable tax rate bylaw where the tax rates would result in a tax rate ratio that surpasses the limit of 5. As Calgary approaches the legislated maximum of 5, Council's options become more constrained and may require a more substantial tax shift.

Preliminary Roll Information

2025 Preliminary Assessment - Overall

Note that these are preliminary values and are subject to change

- Retail property values remain stable, demonstrating vitality and strength year-over-year. Continued investments and sales over the past year have attracted new businesses. Vacant spaces are filling quickly despite the departure of some major retailers from the Canadian marketplace.
- Office market values in Calgary's downtown are rising, showing resilience after years of declining assessments. There is notable demand for higher-quality spaces, driving down vacancy rates and increasing rental rates. Vacancy rates are decreasing due to ongoing office space conversions. The Downtown Development Incentive Program has stimulated sales activity and conversion projects, helping to address the office space oversupply and diversify property use.
- The industrial market continues to be strong, driven by sustained demand for large-format distribution warehouses, resulting in higher market value assessments. Availability remains tight, especially for large-format industrial spaces, which keeps the marketplace competitive. Medium to small warehouses and industrial condominiums are experiencing moderate gains, with sales activity expected to remain robust.
- Single residential property values continue to rise due to population growth driving demand for homes. The relative affordability of housing in Calgary, compared to larger markets such as Vancouver or Toronto is a key factor attracting interprovincial migrants.

- Residential condominiums are continuing to perform well, with buyers favouring them over higher-priced single residential and townhouse properties. The demand for more affordable options is pushing up prices in the condominium market.
- Multi-residential property values continue to rise, with demand driven by higher net migration. The overall population increase in Calgary has led to rising rents and low vacancy rates. This has heightened the desirability of this property type within Calgary's marketplace.

Understanding Typical vs. Median vs. Average

What is the overall assessment increase/decrease?

The overall assessment increase/decrease indicates the year-over-year change in assessment value and is not an average or median. It is calculated by comparing the upcoming year's estimated assessment base to the previous year's. This assessment base includes all property values within a classification (e.g., residential) and is based on market value information, such as sales data and operating costs. It also considers factors like new properties and adjustments. Importantly, the percentage increase in the assessment base is **not** your anticipated tax increase.

What is the difference between Typical, Median, or Average assessment value?

Assessment professionals often present typical, median, or average values for comparison. The median is the middle value, while the mean is the arithmetic average. However, extremely high or low values can skew these measures.

Different property characteristics affect assessed values. For instance, two similar warehouses may differ in value due to their age, site coverage and location. While the mean and median help describe data, the typical value is chosen to represent the most common property in an assessment subclass. The typical value is intended to reflect the most common property and it may not align with the average and median.

Why are the illustrative examples year-over-year changes not the same as the overall shift?

The illustrative example shows the typical assessment value for each of the different property types and subclasses. These typical values may not represent the median or average for their respective assessment bases. On the other hand, the overall assessment base increase will include all of the properties in the assessment inventory.