



Office Properties Policy

Table of Contents

Purpose	2
Policy Statements.....	3
Office Property Requirements	4
Office Property Valuation Requirements	4
Office Property General Requirements.....	4
Office Property Occupancy Requirements	4
Office Property Adjustment Requirements	5
Resources	6
Definitions.....	6
Related Policies.....	6
References	6
Appendices.....	7
Appendix 1: Frequently Asked Questions.....	7
Appendix 2: Office Property Occupancy Standard	8

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Purpose

This Assessment Policy ensures that BC Assessment (BCA) consistently values, classifies, and codes all office properties.



Policy Statements

1. Office properties must be valued as per [Office Property Valuation Requirements](#).
2. Office rents, vacancy, expense, and capitalization rates must be reviewed annually.
3. Office properties with one or more significant non-office rental component(s) must use a separate model for each use.
4. Classification for office properties must be Class 06 – Business and Other, except for any area within an office building/complex used for non-office purpose (e.g., day care)
5. Market support must accompany any adjustment to the property model base rate or the property model level.
6. Office properties must received a direct information request annually.
7. Office property occupancies must be assigned as per [Office Properties Occupancy Requirements](#).
8. Office property adjustments must be coded as per [Office Properties Adjustment Requirements](#).



Office Property Requirements

Office Property Valuation Requirements

1. Office properties must be valued using a capitalized net operating income (NOI) except:
 - in areas where information to support an income valuation is not available; or
 - properties where the current use is not the highest and best use (HBU), in which case it should be valued according to the [Highest and Best Use Policy](#).
2. Office property land and improvement values must be apportioned using a building residual approach except:
 - in the case of an air space parcel;
 - for designated heritage properties; or
 - if the cost approach is used.
3. Office properties must use the reported gross leasable area (GLA) as the unit of measure.
4. Office models must have all model expenses combined into one general expense line.

Office Property General Requirements

1. Office rents, vacancy rates, expense rates, and capitalization rates must be reviewed annually.
2. Office properties with one or more significant non-office rental component(s) must use a separate model for each use.
3. Classification for office properties must be Class 06 – Business and Other, except for any area within an office building/complex used for non-office purpose (e.g., daycare).

Office Property Occupancy Requirements

1. Office improvement occupancies must be applied as per [Appendix 2: Office Property Occupancy Standard](#).
2. Multi-tenant buildings must not have an individual income record for each occupant except for those units that have a distinct use or rent grade.



Office Property Adjustment Requirements

1. Adjustments to office properties or models must be accompanied by explanatory notes and supporting market evidence as per the following table:

Adjustment Type	Requirement
Manual Adjustments	Any available evidence
Chattels, Furniture Fixtures & Equipment (FF&E), Tenant Improvements	Any available evidence
Model Adjustments	Market study
Size Adjustments	Market study



Resources

Definitions

- Refer to the [BC Assessment Glossary page](#) for term definitions.

Related Policies

- [Highest and Best Use Policy](#)
- [Industrial Properties Policy](#)
- [Industrial, Commercial, and Investment \(ICI\) Land Policy](#)
- [Industrial, Commercial, and Investment \(ICI\) Sales Policy](#)
- [Non-Realty Value Policy](#)

References

- [*Prescribed Classes of Property Regulation*, B.C. Reg. 438/81](#)



Appendices

Appendix 1: Frequently Asked Questions

1. How should reported area be treated for recording GLA units of measure?

First, determine the standard for space measurement in the competitive market set. For example, in some suburban or rural markets, most owners and property managers may report rentable area equivalent to NLA (essentially space occupied by the tenant, exclusive of common areas)

Second, review each property linked to a model to ensure that the standard for space measurement has been applied – this may require an adjustment to rentable area recorded for some properties. For example, if most buildings are reported on an NLA basis but several are reported on a GLA or other basis, it will be necessary to convert the non-NLA buildings to the NLA standard. This is a critical step since the economic rates applied to properties linked to the model will have been determined on the basis of the space standard for the model, in this example – NLA.

The rentable area for assessment purposes for all office properties will be recorded as GLA units of measure.

2. How should buildings, which are leased on a single tenant basis, be valued and recorded?

While property owners or managers of single tenant buildings may quote rentable areas on the basis of gross building area (GBA), the property will be valued as a conventional multi-tenanted property based on the space standard that applies to the applicable office model (e.g., GLA). This approach is necessary since BC Assessment (BCA) is not valuing the lessor or lessee's interest but the sum of all interests. Economic rates, vacancy, expenses, etc. will be applied to the building in the same fashion as all other properties in the model.

It will be necessary to apply an efficiency factor to the GBA reported space to determine the rentable area for assessment purpose.



Appendix 2: Office Property Occupancy Standard

Determination of office building occupancies according to class of building or space within a mixed-use property with similar amenities is subjective since buildings in each class will exhibit a number of the characteristics but not necessarily all. It will be important to ensure that the approach taken to determine the occupancy for office properties within regions is consistently applied for the competitive market set.

Occupancy code	Size	Age	Building Systems	Design and Materials
Class D Office	Average of 1 to 2 storeys	Any; typically older properties	No elevator HVAC and utilities do not meet modern standards.	Typically wood frame or concrete block construction Poor to average quality finishing. Limited or no entrance lobby or reception area.
Class C Office	Varies from 1 to 10 storeys Typical rentable area between 10,000 and 100,000 sqft	Any; typically older properties in urban centres	Elevator access, HVAC	Good quality design, common foyer area, tenant improvements are functional and are not often upgraded in older buildings.
Class B Office	Average of 15 floors and 110,000 sqft	Average year built of 1965	Mechanical, HVAC and utilities meet current tenant requirements	High quality design; more use of brick and concrete and less glass Tenant improvements are mid to high quality and are updated regularly.
Class A Office	Average of 25 floors and 275,000 sqft	Average year built of 1981	Mechanical, HVAC and utilities meet current and anticipated future tenant requirements (e.g., telecomm infrastructure)	High quality design and materials; extensive use of glass Tenant improvements are high quality and updated regularly. Older buildings remain competitive with newer product

