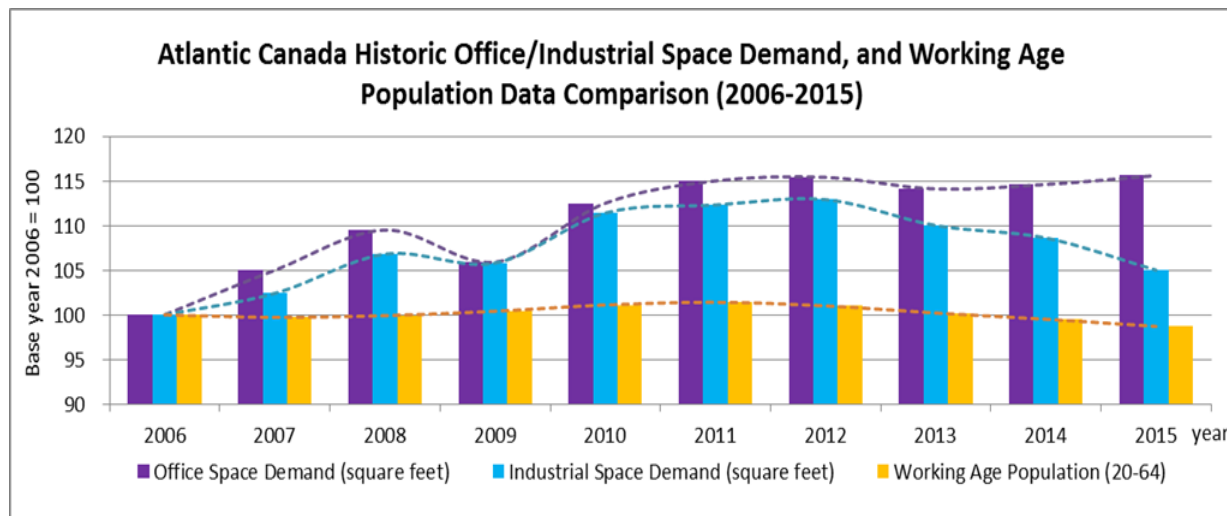


Two Thirds of Everything



Data Source: Turner Drake and Partners Ltd.

As Dr. David Foot observed in his seminal work “Boom Bust & Echo”, published in 1996, demographics explain two thirds of everything. Canada and the Atlantic Provinces in particular, are impacted like no other by the baby boomer generation. The latter are so large, just under one third of the country’s population, that they drive demand for real estate. As the baby boomers move through their life cycle, so they move property values. We are therefore in the unique position of being able to predict what will happen with property values by studying the BBs ... well, two thirds of what will happen anyway. The history of real estate ... and its future ... is intimately tied to this group. Which is why our Economic Intelligence Unit spends so much time looking at demographics.

Every twelve months our EIU measures the supply and demand for every office and industrial building available for rent, with an area of 5,000 ft.² or more, located in the six major centres of Atlantic Canada ... a total of 38 million ft.². They undertake a smaller survey during the intervening six months. It is the most comprehensive survey ever undertaken in the region and they have done it now for the past nine years. This is not a sample survey, broker’s opinion or guesstimate. It is a formal procedure employing a survey instrument specifically designed and tested for the purpose, which is then sent to the entire universe of properties. It costs approximately \$96,000 per year to conduct the surveys. Primary response rates vary between 81% and 100%. We use secondary sources to complete the remaining properties. A copy of the survey is available to everybody who participates in that section. This is a useful quality control mechanism: recipients are quick to point out inconsistencies. The results are recorded in a purpose designed database ... part of the family that comprises our CompuVal® information technology platform.

The graph above shows aggregate office and industrial demand in the Atlantic Provinces (St. John’s, HRM, Charlottetown, Moncton, Saint John, Fredericton) gleaned from our surveys. It also details the total Working Age Population (age 65 and over) in the region as measured by Statistics Canada for the 2006, 2011 and 2016 censuses (we have interpolated for the intervening years). In order to make a meaningful comparison between area and population we have reduced all of the metrics to 2006 Base = 100. Aggregate Working Age Population for Atlantic Canada peaked in 2011. We have entered a new era. Prior to 2012 any overbuilding would be absorbed by population growth: such is no longer the case. Post 2011 overbuilt space can only be rented by cannibalising tenants from other buildings. As demand falls because of our declining working age population the rate at which cannibalising occurs will increase. If new building supply exceeds the rate at which older space is taken out of service, property values will fall ... and so will the tax base ... and for an extended time period in locations such as the Halifax Central Business District. If you own property in this or similar locations our Property Tax Division can assist you. (Nova Scotia has changed the base date for the 2017 tax year from January 1st 2015 to January 1st 2016 so we should be able to remediate your assessed value this fall if the assessment authority goes ahead with its 2017 pre-roll).

🌐 For more information on our Economic Intelligence Unit, visit our corporate web site www.turnerdrake.com → Corporate Site → Economic Intelligence Unit. If you would like to keep up to date on your changing world visit www.turnerdrake.com → News & Research → TDP Trends.