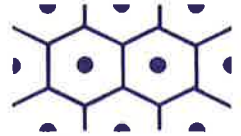


# *newsletter*



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## Compuval Database

The Nova Scotia Real Estate Association has now granted us permission to restart Compuval Database. In view of the quantity of sales data now involved, Database will be issued on a quarterly basis.

## Compuval Database "On Line"

If you have a computer terminal, Compuval Database is available 24 hours per day, 365 days a year, in your own office. You can also use the Compuval Appraisal System (CAS) to appraise property, select comparable sales, or carry out property analysis.

## Real Estate Listings "On Line"

We now have the capability to place M.L.S. or other listings "on line". A broker with his or her own terminal could carry out a computer search for a particular type of property and print out the result in his/her office. Thus, for example, a prospective purchaser requiring a split entry bungalow with 3 bedrooms and 1½ baths in the \$50,000/\$60,000 price range in Dartmouth could be appraised of the properties available, in seconds, in the broker's office. If there is sufficient support we would be glad to start such a service (Real Estate Board permitting of course). Interested brokers should contact Mike Turner (429-1811).

## Compuval Appraisal System "On Line"

Our computerized appraisal system, CAS, is now on line. Essentially, CAS comprises a software library which allows us to value certain types of property by the Income and Market Comparison Approaches. The latter programs interface with Compuval Database. CAS also includes a package of programs that carries out real estate analysis and supplementary functions.

1981 is a reassessment year and in anticipation of this we have CAS programs which value Apartment and Office Buildings. Both programs will calculate the operating expenses, capitalization rate, and value the property, given details of its size and gross income. The programs can, of course, be utilized for any type of appraisal and are not restricted to valuations for assessment purposes. CAS is also available to users who wish to access it on a time sharing basis, utilizing their own terminals.

## The Residential Scene

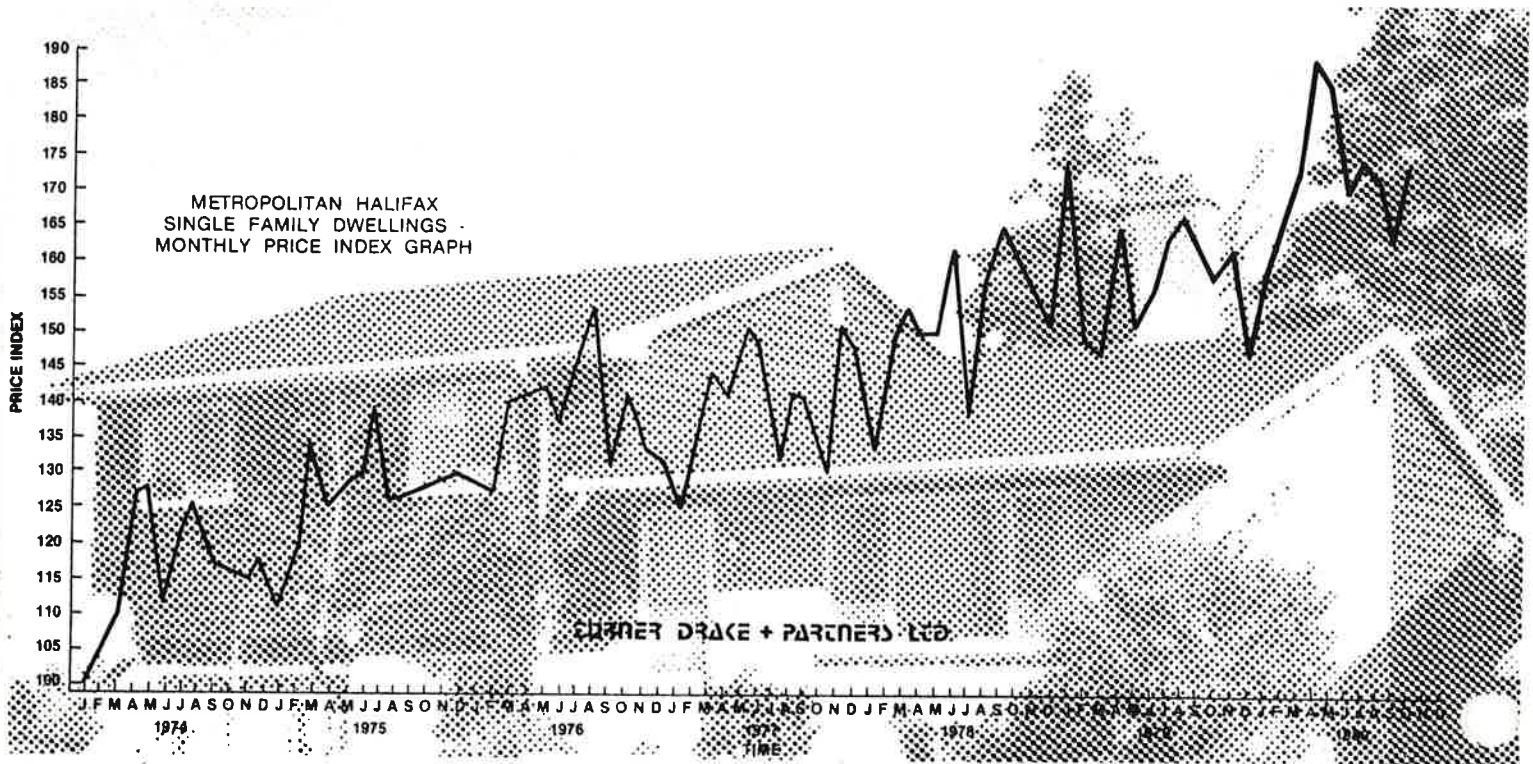
We have recently completed our annual study of single family dwelling sales in the Halifax/Dartmouth Metropolitan Area. In order to achieve as great a degree of uniformity as possible, our analysis is restricted to sales of single family homes, without basement apartments, located in Halifax/Dartmouth and environs, sold through the Halifax/Dartmouth Real Estate Board's Multiple Listing Service.

## Inter-Year Price Movements

Our study for 1980 only covered the first 10 months of the year, since the data for the remaining 2 months was not available at the time of going to print. The average sale price during this period was \$56,794. This is an increase of 8.03% over the same period in 1979. Price increases in each of the past six years, over the year earlier, have been as follows:

<u>Year</u>	<u>Increase</u>
1975	8.99%
1976	8.66%
1977	2.22%
1978	8.82%
1979	3.54%
1980	8.03%

Price increases over the past seven years are shown in the graph below:



#### The Residential Property Market in 1981

"Fools rush in where angels fear to tread". Our winter issues of the 1978 and 1979 Newsletters boldly forecast trends in mortgage rates, since they in turn affect property prices. We were 100% wrong each time which, if you think about it, is just as difficult as being 100% right. With that sort of record, we have nothing to lose, so here goes for 1981 .....

Residential property price rises are highly correlated with increases in salaries, since it is the quantum of the latter that determines the amount the mortgagee will extend in the way of a loan. Salaries in their turn are highly correlated with the inflation rate, as measured by the Consumer Price Index. Thus, residential property prices tend, in the long term, to rise in tandem with the inflation rate. We have had two years recently, 1977 and 1979, where property price increases have been well below the inflation rate. High interest rates, and a faltering economy, dampered down demand during those two years. We anticipate that this pent up demand will eventually 'explode', forcing prices up well above their 8% to 9% annual normal increase.

Property prices are still depressed and it is much cheaper to purchase existing stock rather than build new. Accordingly, building starts continue to be down, thus restricting supply. In this situation of inelastic supply and increasing demand we can anticipate a surge in house prices in the order of 15% to 20%. The governing factor in all of this is the cost of money. If mortgage rates, currently at 15% to 16%, fall to 12%/13% during the peak selling season (March onwards) we would expect to see the surge in prices mentioned earlier.

Have a happy, healthy and (if possible) prosperous New Year!