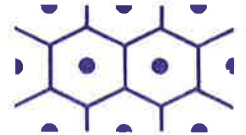


newsletter



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Update

Although we attempt to ensure that our 'Newsletter' mailing list is current, it's no easy task. Newsletter readers are a select group of individuals, upwardly mobile, and approximately one-third change their address each year. Anyway, not to put too fine a point on it, our readership is ever changing and so are we. Since we opened for business five years ago, we have expanded our range of real estate consulting services. Rather than hide our light under a bushel we've prepared a brochure outlining them. It's enclosed with this issue of Newsletter; we hope you find it useful.

Past Winter issues of Newsletter have been devoted to the residential property market. This issue is no exception and, in addition to our property market report, we are also including information on home security systems.

The Crime Wave that isn't ... or is ... or whatever!

If, like us, you live or work in Halifax, then you may not have been all that relieved by Mayor Wallace's assurance that a 19% increase in crime statistics doesn't constitute a crime wave. One of the most noticeable changes in real estate over the past five years, after the increased emphasis on energy consumption, has been the installation of security systems. We joined the growing ranks with the installation of a system in our building a few weeks ago. Within just 24 hours of its installation the detectors picked up the presence of an intruder and alerted Monarch Security's central station. They immediately dispatched Halifax City police. The latter, responding with an alacrity that was frankly impressive, were on the scene within 5 minutes of the original alert. Our congratulations to all concerned and our condolences to the intruder, our secretary, who accidentally set the system off as she opened up the building at the start of the day. We look forward to having her back again when she comes out next year. In the meantime the typing is rather building up

Home Security Firms (Burglar Alarms)

Our own building is a former dwelling and, like most dwellings, security is a nightmare. Although we had taken the precaution of deadbolting the doors, most burglars could have been in the building undetected, through one of the windows in under one minute (we watched C.T.V.'s National Crime Test too!). There are a number of security firms offering home security systems in the Halifax/Dartmouth area. Several have central station controls so that the alarm system will automatically notify the security firm, thus allowing them to alert the police. The three we approached, Amplitrol, Chubb and Monarch (Dictograph) all had residential packages tailored to the homeowner. All were very comparable in price and were very interested in quoting, even though they are normally thought of as catering to the commercial/industrial property market.

Types of Protection

Most security systems will deploy sensing devices to detect the burglar as he/she penetrates the outer and inner defences of the property.

Perimeter Protection is the first line of defence. It includes the windows, doors, skylights, vents, etc. All of these openings can be equipped with sensors such as the following:

Door/Window Contacts are fixed to the window or door to activate the alarm when the door/window is opened.

Screens of brittle wire are placed over the windows. As soon as the burglar breaks the wire, the alarm is activated.

Inertia Detectors fixed to the window/door pick up the vibrations of the attempted forced entry and activate the alarm.

Metallic Foil is fixed in thin strips to the surface of the window. When the foil is broken the entry is foiled (sorry!).

Area Protection is the second line of defence and guards the interior spaces of the building.

They comprise a variety of sophisticated sensing devices. Some of those listed below are more sophisticated (and expensive) than would be required for purely residential use:

Ultrasonic Detectors throw a cone of inaudible sound into the room. Any movement will disrupt the sound pattern and trigger the alarm. Ultrasonic detectors are very sensitive and may be triggered by movement from a hot air vent located near the sensor.

Infrared Detectors detect the body heat of the burglar.

Photoelectric Beams are invisible light beams transmitted across a strategic area. As the burglar breaks the beam it triggers the alarm.

Microwave Detectors are inaudible high frequency radio waves to detect movement. They can be beamed through partition walls.

Spot Protection is concentrated on particular high value items, eg: art, safes, etc. It is the final line of defence. It may employ any of the above sensors or, in the case of a safe, acoustic, vibration or heat detectors.

So ... the alarm goes off: what then?

Since vandalism usually appears to be a necessary concomitant of a burglary and can often cause greater loss than the objects actually stolen by the burglar, the security systems usually include a warning device. Since the device has to sound inside the building, it can be part of the control panel, or it may be mounted separately. It usually consists of a bell or horn and, possibly, a strobe light. Amplitrol include a strobe light with their small business package and say that it disorientates the intruder, as well as helping guide the police to the building.

It is also possible to have an exterior mounted audible alarm to alert the neighbours (the type of thing that failed miserably to alert anybody in the National Crime Test!). More effective than an external alarm is a device which transmits notification of the burglary to the security company's central station so that they can alert the police. There are two types of devices, both of which use telephone lines. The most secure (and expensive) utilizes a dedicated telephone line; a line devoted entirely to the alarm system. The cost varies with the distance from the security company's central station, since your telephone line rental is based on a 'mileage' charge. The other device uses a digital module which 'seizes' your normal telephone line and transmits the signal to the central station.

What do they cost?

Obviously the cost depends on the degree of sophistication of the system and whether you rent or buy.

If you rent, it should be possible to install a very effective system, with central station controls, for an initial capital cost of \$550 and an annual rent of \$320. If you purchase the system, the initial capital cost rises to \$1,200 and the annual rental falls to \$200.

The Residential Scene

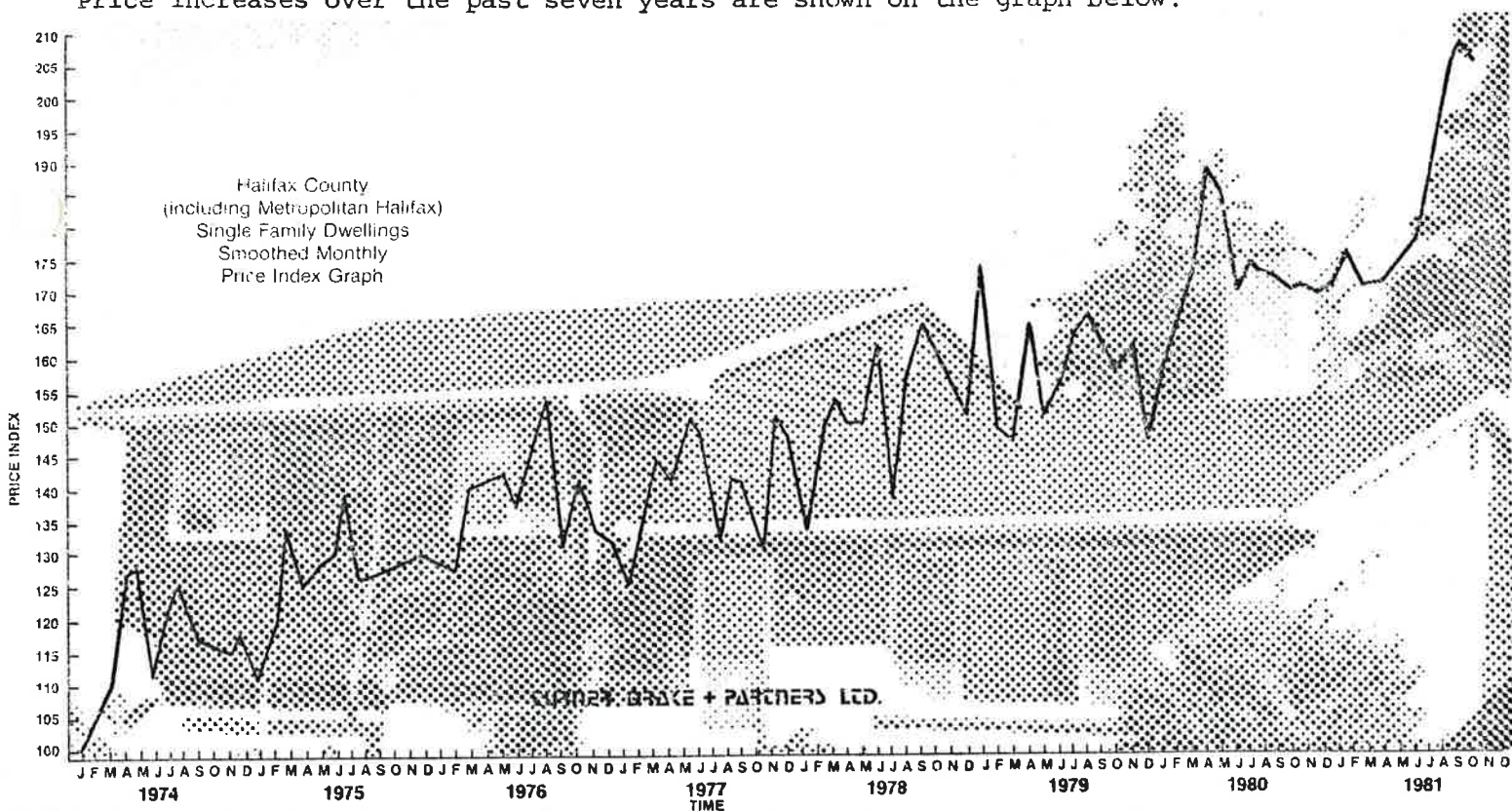
We have recently completed our annual study of single family dwellings. Since our residential database is now 'on line' we have broadened our study to include all of Halifax County, rather than restricting it just to the Halifax/Dartmouth area, as in previous years. In order to achieve as great a degree of uniformity as possible, our analysis is restricted to single family homes sold through the Halifax/Dartmouth Real Estate Board's Multiple Listing Service.

Inter-Year Price Movements

Our study for 1981 covered only 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 the period was \$62,412. This is an increase of 11.21% over the same period in 1980. Price increases in each of the past seven years, over the year earlier, have been as follows:

<u>Year</u>	<u>Increase</u>
1975	8.29%
1976	8.02%
1977	2.15%
1978	8.16%
1979	2.54%
1980	9.52%
1981	11.21%

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



So you want to know what your house is worth!

Each quarter we publish a hardcopy version of Compuval Database, our 'on line' residential database. It now contains details of 5,000 sales in Halifax County, including the Halifax and Dartmouth metropolitan areas. Each sale is analyzed and 22 pieces of information are printed by our computer (110,000 pieces of sales information in all), and dispatched to subscribers.

CAS, our computerized appraisal system also calculates a Residential Price Index (R.P.I.) as part of that service. The R.P.I. can be used to update sale prices to current value levels.

If you bought your property after December 1973, simply multiply your purchase price by the R.P.I. for the month/year in which it was purchased. The product is the current *ball park* value. (Remember to add to that figure the current value of any improvements, eg: rec. rooms, etc. you have built during your ownership). The R.P.I. is based on the average price increase. If you live in high value growth areas, such as Colby Village or the South End of Halifax Peninsula, the property value produced by the R.P.I. may be too low.

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
January	2.0534	1.8176	1.6143	1.6134	1.4779	1.3658	1.3657	1.1688
February	1.9686	1.7416	1.5914	1.5539	1.4307	1.3943	1.2963	1.2024
March	1.8283	1.6377	1.5279	1.4892	1.3875	1.3715	1.1929	1.2035
April	1.6935	1.6265	1.4877	1.4564	1.3995	1.3392	1.1344	1.1773
May	1.6827	1.6291	1.4889	1.4231	1.3822	1.3505	1.1511	1.1570
June	1.7478	1.5837	1.4978	1.4492	1.3609	1.3388	1.2051	1.1101
July	1.7172	1.5670	1.4577	1.5113	1.3771	1.3207	1.2230	1.0599
August	1.6856	1.6163	1.4451	1.5063	1.3504	1.3203	1.2213	1.0088
September	1.7333	1.6476	1.5044	1.5135	1.3051	1.3362	1.2366	0.9832
October	1.7680	1.6319	1.5297	1.5149	1.3104	1.3294	1.2402	1.0000
November	1.7678	1.6168	1.5450	1.4409	1.3444	1.3094	1.2409	
December	1.7889	1.6000	1.5950	1.4360	1.3588	1.3458	1.2006	

The Residential Property Market in 1982

Our Winter 1980 issue (Vol. 1, No. 12½) pointed out that 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. We pointed out that property price increases in 1977 and 1979 had been well below the inflation rate and predicted a surge in house prices in the order of 15% to 20% if mortgage rates fell from their then high levels of 15%/16% to 12%/13%. Well ... the rest as they say ... is history.

We are still of the opinion that there will be a 15% to 20% surge in house prices when mortgage rates moderate. However, mortgage rates have historically been 4% above the inflation rate. Our current inflation rate is 12%, indicating a 16% base for first mortgage rates versus the current 17.25%/17.5%. Any decrease in mortgage rates, therefore, depends ultimately on the government's success in reducing the rate of inflation. Given the present lack of leadership by the Federal and Provincial Governments it is apparent that the private sector is again going to bear the brunt of the effort to reduce inflation. If there is indeed a life hereafter, George Orwell must be splitting his sides with laughter. Perhaps his novel 'Animal Farm' was a parody of western democracy, rather than of eastern communist regimes. Will the taxpayers of this country eventually form their own 'Solidarity' union to force insensitive governments to pay more than their 4 yearly lip service to the electorate? Probably not; as the staid Globe & Mail was embittered to comment recently, "all power corrupts, absolute power corrupts absolutely", a sad commentary indeed" on our political system.

So when will mortgage rates moderate? We haven't a clue. They might fall to 16% this year, but if they do, we think it will be a momentary pause before they start their upward climb again. (Then again, we've been wrong before!).

HAVE A GOOD NEW YEAR!