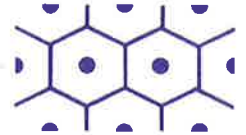


newsletter



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Update

It is easy to become sated with the oil boom. It embellishes the pages of every newspaper. Easy to become cynical too; like the upturn in the economy, it is always just around the corner. You could go round the bend waiting for it (sorry!) Yet slowly, almost imperceptibly, something is happening, something concrete that is; not just the hackneyed outpourings as tired and shopworn as the politicians who utter them.

Like a pot that never appears to boil, then, first reluctantly, and then with ever increasing vigour, releases its bubbles to the surface, the oil boom too is coming to Halifax/Dartmouth. Part of it has been here for a while: the Mobil Oil Offshore Base at Woodside in Dartmouth; then their 4ha. pipeline storage yard behind the Moirs Chocolate factory, nearby. Of latter months the new Shell Offshore Base at National Harbour Board's Richmond Terminals near the MacKay Bridge. The reports that another operator has petitioned Halifax County Council to expropriate land from Texaco (Canada) Ltd. at Eastern Passage following the latter's lofty refusal to sell. These are perhaps the most public twitchings and stirrings of the oil boom.

In Dartmouth's Burnside Industrial Park there is other concrete (literally) evidence. Propelled in part perhaps by Tom Rath, Dartmouth's energetic industrial promotions officer, there is considerable building activity. A quick survey of existing buildings discloses a goodly number of tenants whose nomenclature indicates an association with the oil patch.

The pot has started to boil, soon it should be steaming.

Commercial Comment


The young lady on the left modestly wishes to remain anonymous.

There is a serious side to our advertisement, however. We can never quite understand why entrepreneurs know their company's bank balance to the nearest penny, yet conduct their affairs in blissful ignorance of what is often their most valuable asset, the firm's real estate. Their reluctance may be due to a misconception that a real estate appraisal is a transitory thing. A costly item that is produced for one purpose only, be it for assessment appeal, financing, company takeover, etc. and then ceases to have any value.

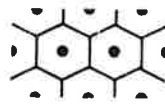
Real Estate Appraisals are Expensive

They are indeed! Consider a recent case that we experienced. A property owner with 4 substantial commercial properties shopped around for the cheapest appraisal. He was successful but had to divide the work between two firms. Unhappily we weren't one of them. Presumably the appraisals

**Some people
sit on their
assets ...**



**... we can
uncover
yours**



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were adequate for his purpose since we didn't hear from him for another 18 months. He then asked us to reappraise all four properties and hopefully supplied us with his appraisal reports requesting that we 'update' them. Unfortunately we were unable to do so since the appraisal reports were lacking in the data necessary to render them 'updateable'.

His appraisal reports had no residual value. They were good for one purpose, at one point in time. They were in fact a very expensive "one off" job. *In our opinion an appraisal report should have a residual value of between 50% and 60% of the original cost.* To meet this requirement a report should be *updateable, portable, adaptable.*

Report Standards

Although several of the appraisal institutes do lay down guidelines as to the minimum report content these are, in our humble opinion, totally inadequate. There is no standard appraisal format either.

When our firm started we sought some sort of nationally recognized standard that would be flexible enough to accommodate all types of property and also allow us to introduce new valuation techniques as they evolved. We also wanted a format which would allow us to standardize our methodology so that we could achieve a smooth and practiced work flow right through from the initial inspection of the property to the final valuation. After all, if diverse processes by companies such as Ford, building automobiles, and McDonalds, building hamburgers, could be accommodated, why not appraising! We theorized that by doing so we could spend the client's money where it was required, appraising the property, while at the same time providing sufficient supporting information to ensure the report would meet our requirements of updateability, portability and adaptability. We think we have achieved this goal. 60% of the time we spend on each appraisal report is dedicated to actually appraising the property. The other 40% is devoted to travelling to the property, inspecting it, gathering data (zoning, planning, assessment, other property sales, etc.)

The report standard we adopted was that designed by Public Works Canada (Realty Services).

Updateability

Any report should be designed so that it can be updated regularly. Many property owners require a bi-annual updating. Our reports are "modular" so that we can discard the outdated sections and replace them with updated material. The appraisal sections are designed so that they can be updated, by our computer where possible.

Portability

A report which is undertaken, for example, for financing purposes, should be acceptable by a number of institutions so that the client is not tied to a particular financial company. This may occur if he commissions the latter to undertake the report for him.

Adaptability

Although an appraisal report may be undertaken, for example, for an assessment appeal, it should be adaptable so then it can be converted for another purpose eg. mortgage financing. For example, we may have undertaken the initial appraisal report on a company's assets for financing purposes. A year later we may find we are adapting it for use in an assessment appeal.

Our Millionaires Club

Following the 1981 reassessment we have undertaken numerous assessment appeals. Contrary to popular opinion we have not found the typical assessor to be a tyrant, insensitive to reasoned argument. Most of our cases have been settled by negotiation rather than by court action. Several have resulted in reductions in assessment in excess of a million dollars each. Ah.....would that we charged by the result.....