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Update


Appraisals for all purposes

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Over the past 6 years we have expanded the scope of our consulting services. Some, like the project on the left, presented us with a special challenge but we understand that our client was satisfied. This particular real estate project, undertaken in Prince Edward Island, and was completed on schedule, without any government subsidy....

Although appraising continues to be our main tool we find that we are consulted on a range of real estate problems. Many of these are susceptible to solution by a broad range of operations research, statistical, and other techniques eg. stepwise multi-variate regression analysis, linear programming, decision trees, probability analysis, etc. Even what were, in the past, relatively simple problems, are sufficiently complex now to require solution by computer based methods. Take for example, the apparently simple problem of determining the number and type of apartments to

be built on a site in Halifax. As well as the constraints imposed by the various layers of planning controls (site size, setbacks, density, parking ratios, open space), there are C.M.H.C. subsidies to be considered, together with the problem of optimizing the apartment mix. Since intuitive methods, based in part on historical data, are no longer reliable, this type of problem can now only be solved by a computer. Part of our efforts this year have been concentrated on expanding our Computer Appraisal System so that it can provide solutions to this type of problem. More of this in future Newsletters.....

Residential Report

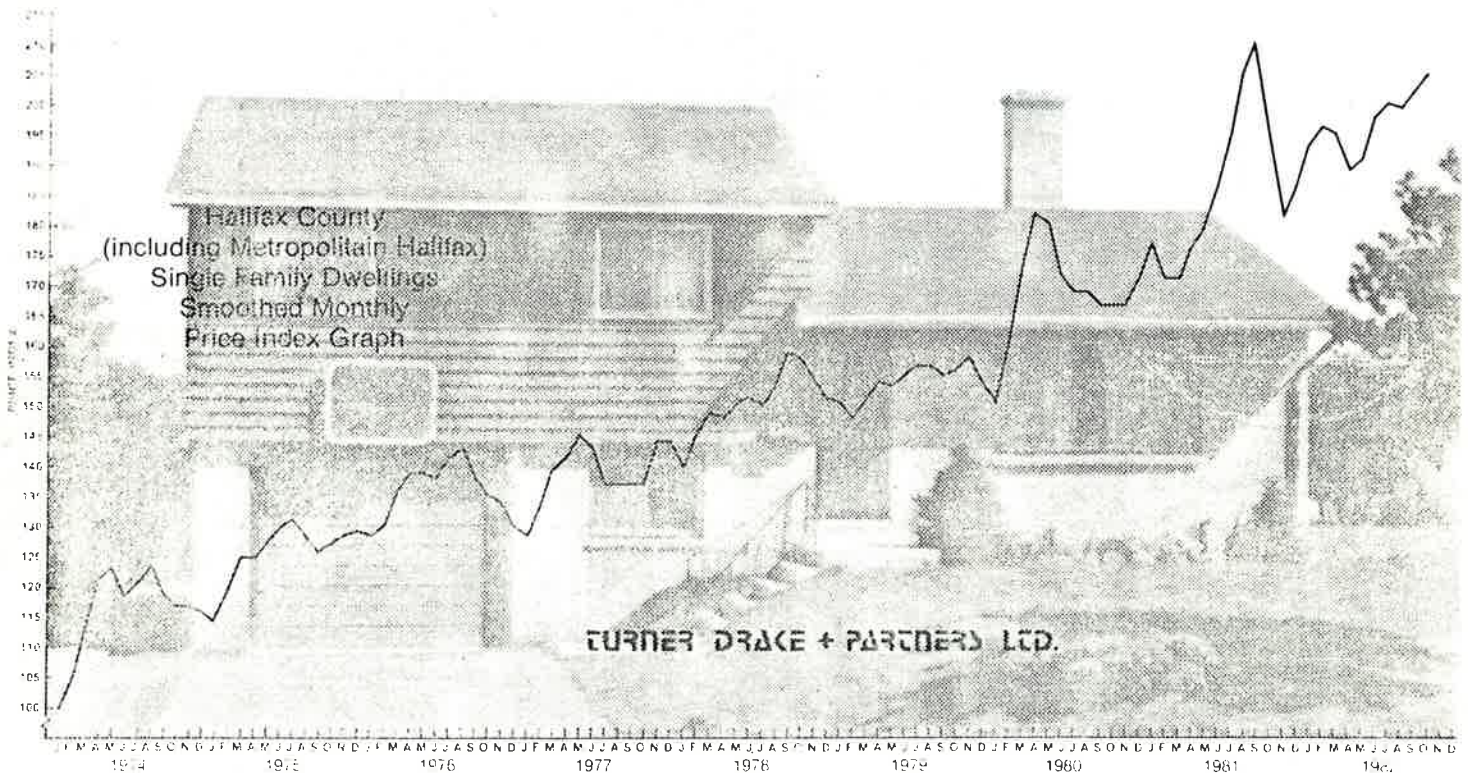
As in past years, we are devoting the majority of this Newsletter to a study of the residential market. Our annual study is based on the sale of single family homes in the County of Halifax, including the Halifax/Dartmouth metropolitan area. In order to achieve as great a degree of uniformity as possible, 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 1982 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 \$65,097. This is an increase of 4.30% over the same period in 1981. Price increases in each of the past eight years, over the year earlier, have been as follows:

<u>Year</u>	<u>Increases</u>
1975	8.29%
1976	8.02%
1977	2.15%
1978	8.16%
1979	2.54%
1980	9.52%
1981	10.84%
1982	4.30%

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



Residential Mortgage Rates in 1983

Each year at this time we look to the year ahead and predict what will happen to mortgage rates. We have a proud and unblemished record in this respect and we are glad to record that we were totally wrong again last year. Not that we can claim full credit for this. Our reading of the market is based, in part, on the prognostications of the major mortgage lenders. Nevertheless, credit where credit due (pardon the pun!) we've been 100% wrong in the past and that's a record that many cannot claim (and probably wouldn't want to?). Anyway bearing that in mind, here we go again.....

Conventional residential mortgages are now available at 12.5% for a one year term. Mortgage rates have historically been about 4% above the inflation rate. The latter is now down to 10%, on an annual basis, and is expected to fall to 8% and stabilize at that figure the years 1983 to 1985 inclusive according to the latest prediction by the Economic Council of Canada. Over this period therefore we would expect to see mortgage rates fluctuate in the region of 12%. Unemployment is expected to remain high and consumer confidence low.

We anticipate that the rate will fluctuate next year around the 12% level with an increase above this level in the Spring.

Other Events in 1983

We have prepared this summary of the year ahead, so confident are we of our prowess in predicting future events. A sort of mini Farmers Almanac on the state of the nation... read on dear reader, read on.....

.....an unemployed youth will riot in the streets of Ottawa. The Government will impose martial law and call it the Special Measures Act. All opposition politicians will be imprisoned, with the exception of chief Liberal fundraiser Joe Clark who will be allowed to get on with his job unheeded (by anyone). To direct attention from the situation the Liberals will announce a new Canadian flag. Supported by the N.D.P. the new design will feature Pacman rampant, gulping taxpayer's dollars. Ottawa will announce that all Canadians are now equal under the new Constitution...but that all civil servants and politicians are more equal than others. George Orwell will turn in his grave.

Oil prices will drop to \$20 a barrel. Premier Peckford will blame Ottawa; Minister Chrétien will blame everyone else.

A lobby group headed by John Turner will be organized to put the first Canadian into space. Pierre Trudeau will be unanimously nominated.

Since the ancestry of the island ponies is Spanish, Argentina will invade Sable Island, claiming inalienable rights to the island and its dependancies (including Canada). The navy will break down outside Halifax Harbour (again). The U.S.A. will loan them a liferaft and President Reagan will affirm his country's support of its ally in the face of aggression. U. S. Ambassador to the U.N., Jean Kirkpatrick will affirm otherwise.

Edmond Morris, Nova Scotia's mini Minister of Pomposity will discover the meaning of 'philistine' and write it on his shirt cuff so that he too can use it after Neptune Theatre's John Neville has departed.

The bridge on the Canso Causeway will jam in the 'open' position; Cape Breton will declare independence.....and Premier Buchanan will declare that Santa Claus is real after all.

And no doubt we'll be wrong again.

HAVE A GOOD NEW YEAR