

Vol. 2, No. 24

Spring 1987

Property Protection Plus

<h1>PROPERTY PROTECTION PLUS</h1>		
	<p><b>TURNER DRAKE + PARTNERS LTD.</b> real estate consultants and appraisers</p>	<p>6182 north street halifax, n.s. b3k 1p5 tel. (902) 429-1811</p> <p>We <u>value</u> your security</p>

Property Protection Plus is a relatively inexpensive method of obtaining annual property appraisals and is available to clients owning preferential properties.

When we set up in business over 10 years' ago, we decided to market our services primarily to the private sector. Nobody else in our field appeared to be doing so: it seemed that to survive in Atlantic Canada at least half of your business had to come from government. How-

ever, we reasoned that the private sector goals were well defined: they were looking for the highest quality product, in the fastest time, at the lowest price. They also wanted **consistent quality**; they wanted to know that they would get the same high quality advice no matter which person in the firm gave them that advice. The firm should be a team, each member subject to the same quality controls. Well it appears that we may have been right; our private sector work has increased each year as a proportion of our business, and we have enjoyed a growth rate of 32% per annum compound over the last 5 years (somewhat higher last year). Thanks....but we would like to tailor our services even more closely to your requirements.

Why Annual Appraisals?

We think that there is a demand for annual appraisals. Real estate is often the company or the individual's most important asset. Yet it is vulnerable and a busy owner/manager of a business doesn't have sufficient time to give asset management the attention it deserves. You think this is just a selling pitch.....? O.K., answer this! How quickly can you put your hands on your firm's bank balance, accounts payable, accounts receivable? Five minutes? Fifteen minutes? Thirty minutes? Not bad! Though you won't make the Guinness Book of Records. Oh, we see...not only are you fast but accurate too! Those figures are correct to the nearest \$100. Pretty good! Now what is your property worth? Well...to the nearest \$50,000,...\$100,000...\$200,000...\$1 million? Silly isn't it? You know your bank balance to the nearest penny, yet the net worth of your largest financial asset is a mystery...

...and what about vulnerability! Your property is an asset which requires constant fiscal management. Take "down-zoning" as an example. Many municipalities are constantly revising their zoning by-laws. The City of Halifax is notorious. Yet, despite the fact that the Peninsula North Planning Strategy has been six years in the making, many owners of commercial property on Robie Street only awoke to the fact that their properties were being downzoned when the plan went for final approval to City council on the 21st January. This is the sort of thing that we investigate when we research the appraisal and, if caught at an early enough stage, can be reversed or mitigated either by negotiations with the planning department or by a sale of the property.

Does your asset carry sufficient **fire insurance coverage**? Do you know what that coverage should be? Have you heard of that nasty little surprise called 'co-insurance'?

What about your assessment? Is it overassessed? If it is not overassessed, is it fairly assessed? Our review of the assessor's valuation has sometimes uncovered errors of valuation principle and computation amounting to \$0.5 million per property.

#### Preferential Property Status

Your property will qualify for preferential property status if we have undertaken an appraisal within the last 3 years, have a Master Appraisal Report on file and there have been no major changes since the appraisal. If you have purchased a property within that time frame, it is quite likely that we will have appraised it for the previous owner even if we haven't appraised it for you, so you should check with us. If the property was appraised by us more than 3 years ago, it will still be possible to bring it under our Property Protection Plus program provided the Master Appraisal Report is updated to reflect the current physical and fiscal state of the property.

#### Property Protection Plus Update

The annual update appraisal will be undertaken in accordance with Turner Drake's Standard Code of Practice and will include, for example, a reinspection of the property, review and analysis of any new leases, re-measuring any new tenant spaces, checking the assessment records, planning and zoning etc. This information will be used to update the information we have on file in the Master Appraisal Report.

You will receive a letter indicating the following:

- (1) **Market Value**
- (2) **Value for Fire Insurance Purposes**
- (3) **Advice on the Property Assessment** (i.e. whether overassessed or unfairly assessed).
- (4) **Professional Advice** (e.g. if there is a proposed zoning change; or if property values in the neighbourhood are expected to shift dramatically).

## The Cost

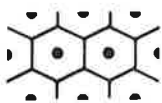
We were the first real estate consulting firm in Atlantic Canada to utilize computers. That was in 1978 and we have since progressively placed more and more property details on our computer. We have a fee scale available for most property types for annual updates under the Property Protection Plus program, but it is too extensive to publish in this Newsletter. We will be very glad to give you a quotation on your particular property. However, the following current Update Fees for the Halifax/Dartmouth metropolitan area may give you some indication:

Property Type	Size	PPP Update Fee	Property Type	Size	PPP Update Fee
Apartment	20 apts.	\$ 525	Industrial	5 000 ft.2	\$ 570
	50 apts.	\$ 745		20 000 ft.2	\$ 875
	100 apts.	\$1,140		40 000 ft.2	\$ 890
	200 apts.	\$1,895		80 000 ft.2	\$ 920
Commercial	2 000 ft.2 GFA	\$ 430	Office Buildings	<5 000 ft.2 GFA	\$ 570
	5 000 ft.2 GFA	\$ 640		10 000 ft.2 GFA	\$ 650
	10 000 ft.2 GFA	\$ 765		20 000 ft.2 GFA	\$ 775
	20 000 ft.2 GFA	\$ 985		50 000 ft.2 GFA	\$1,075
	40 000 ft.2 GFA	\$1,350		100 000 ft.2 GFA	\$1,330
Hotels/ Motels	30 rooms	\$ 800	Shopping Centres	<25 000ft.2 GFA	\$1,290
	60 rooms	\$1,125		50 000 ft.2 GFA	\$1,585
	120 rooms	\$1,575		100 000 ft.2 GFA	\$2,080
	200 rooms	\$1,975		200 000 ft.2 GFA	\$2,500
				300 000 ft.2 GFA	\$3,390

### Yet More About Assessment Appeals!

## Assessment Appeals

### Ask Us!



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In our last commercial Newsletter Volume 2, No. 23 we pointed out that you had a limited time period (21 days) in which to appeal your assessment in Nova Scotia. We suggested that you should appeal if you were in any doubt since you could always withdraw your appeal if it subsequently proved to be unjustified. We also introduced a mysterious stranger named 'Tom' who had defected from the Provincial Assessment Department to join us in the good fight. We were not intentionally keeping his name secret; it was a proofreading error (we normally blame this type of thing on the typist but since we have to get this apology typed too we couldn't swing that excuse this time!) Tom has since disclosed to us that his surname is 'Mills'...say "hi" next time you call with an assessment enquiry. Now that

that is settled let us proceed...there is some risk inherent in an appeal. The assessor can also apply for an increase to the assessment under appeal as can the Municipality. Some municipalities, such as the City of Halifax, alarmed at the erosion of their tax base because of appeals are becoming quite aggressive in pursuing increases in assessment. The last few months have seen the emergence of "assessment consultants" who often generate business by directly approaching the property owner/occupier suggesting that they appeal. We expect therefore that the municipalities will strike back and foresee a situation developing whereby they will take an increasingly aggressive stance in the appeal process.

If you have appealed you should lose no time in obtaining professional advice as to the advisability of proceeding with the appeal. If you wish us to act on your behalf please send us a letter, addressed to the municipal assessor, authorizing him/her to release your assessment records to us. We can then obtain a copy of those records under the Freedom of Information Act and Tom will run his eagle eye over them (at a cost of about \$110/property). We will then advise you whether to withdraw the appeal or whether to continue with it. In the latter case, we will advise you of the cost/benefit of proceeding with the appeal. If you own a property with a problem cash flow and so are constrained from proceeding because of cost, we are prepared to work on a 'contingency fee' basis.

Sow and Ye Shall Reep

<p><b>We've added a new word .....</b></p> <p style="text-align: center;">  </p> <p style="text-align: center;"><b>COMPUNAL™</b> computer assisted valuations</p> <p><b>.....to the English language</b></p>	
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In April 1978 we established Compuval, the first computerized real estate appraisal system in Atlantic Canada. Since that time we have developed it by writing, adapting & purchasing computer programs for use in our consultancy work. Programs which allow us to work out the optimum tenant mix in a shopping centre, develop cash flow projections, update property sales data, and generally keep our finger on the pulse of the market. However, a good discounted cash flow program capable of dealing with the infinite variety of leases one finds in a shopping centre or office building has always eluded us: that is until last year. We then tested a program called REEP (Real Estate Evaluation Program)...and sent it back with some suggested modifications. We now have the modified version up and running. In our opinion, it is the best

program of its type in North America. We cannot foresee a situation that REEP cannot handle (but we could be wrong!). It is tailor made for our Property Protection Plus program or for normal appraisal work. REEP is currently employed by developers such as Campeau Corporation and pension fund investors such as Confederation Life. We need the work to help pay for it so don't be bashful...

We have also installed REDAP (Real Estate Development Analysis Program). This program was developed for Campeau Corporation and has the capability of evaluating a proposed development project from the time of the initial land purchase, through demolition, servicing, construction and lease-up and ultimately to an operating entity. Don't develop without it (or us)!