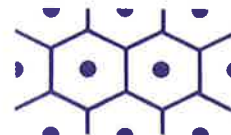

newsletter



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Update

This year our 15 appraisers will process about one third of all industrial, commercial, investment, appraisals (by fee) and one in five of all residential appraisals (by volume) undertaken by appraisal firms based in Halifax. This represents about \$200 million of I.C.I. real estate alone: quite a responsibility!

When we commenced business 10 years' ago, we were determined to set a standard of excellence against which others would be judged, not just in the Atlantic Provinces, but from shining sea to shining sea. Rather ambitious you might think...but what the hell...there's no point in aiming to be second best. As part of this strategy we have concentrated on four things: research, resources, training and quality control. During the next issues of Newsletter we will show how you can benefit from this strategy by tapping our expertise in specific areas of interest to you (if you read Newsletter just for the fun of it, you are allowed to skip the heavy bits!).

We are in Demand...

...and Supply. During the early 1970's every major development in the region was preceded by a Supply/Demand study, perhaps because the financial institutions required them. In those heady days experts from Chicago, New York, Montreal and Toronto came, saw and conquered. They surveyed, measured, polled...and left. Their reports came flooding back predicting a successful this or that. Some were right, some wrong, some very wrong. Perhaps because of the rose coloured spectacle nature of some of these reports, supply and demand surveys appeared to go out of fashion. Today many developments are undertaken, and major buildings purchased, on little more than a wing and a prayer. Sure they are appraised...but in many instances the appraisals are worthless since they are predicated on there being a demand for the space...a demand which may not exist. Since there is an excess of virtually every type of space, apartment, office, industrial, condominium and retail, in many areas of the region, we often find it necessary to undertake a supply/demand survey before we can carry out the appraisal. Many developers, financial institutions, property owners and purchasers too are coming to the conclusion that praying is just not enough...they want to know what is going on.

Specialists on the Spot



Lee Weatherby is our frontline man. Chartered Surveyor, accredited appraiser, father of two and soccer player, Lee has undertaken numerous surveys over the past three years. He has focused on the merits of rental apartments versus condominiums for an international developer; a pricing/marketing strategy for a project that was complete and in difficulty, for a national company; and the mix, size, quality and pricing of a proposed apartment complex for a local entrepreneur. He

has recently completed a comprehensive study of the condominium market in Halifax and Bedford for a national trust company, which concluded with a list of the characteristics necessary for a successful development, so that our client would have a set of decision rules to apply to any proposal submitted to them for financing.

Much of his work however has been for small developers. These have ranged from 14 luxury townhouses on Halifax's fashionable North West Arm, to 21 condominium apartments in Bridgewater, a town with a population of 6,617½ on Nova Scotia's south shore. Even a development of 7 townhouses, in a not so fashionable area of Halifax, has fallen under his scrutiny.



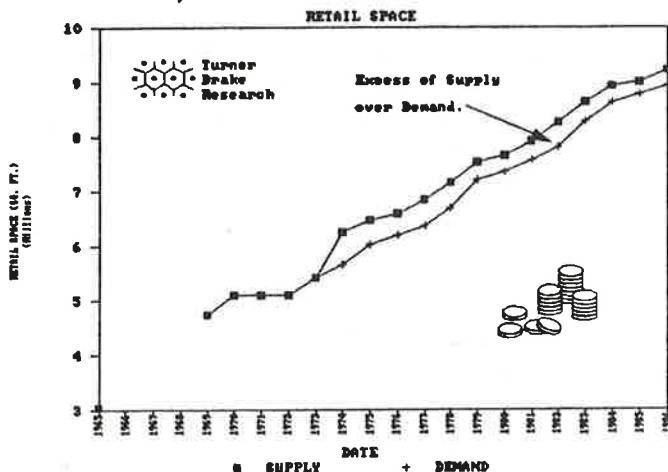
Most of our surveys are conducted on an empirical basis. We identify comparable projects, successful and unsuccessful, interview the developer, review the pricing structure, analyse the physical components and the purchaser/renter profile. We then use extrapolations of past trends, modified of course by our view of the future, to predict demand. We research future supply by interviewing major developers and the municipal development officers. However in many cases,

we do not have enough developments in the locality to predict demand. This is particularly true of retail projects; and of apartment, industrial, office and hotel developments outside the major metropolitan centres of Halifax, Saint John, St. Johns, Charlottetown, etc. In these instances it is necessary to blend our real estate expertise with economic base analysis. We have to identify how the demographics of the locality match our perceived renter/purchaser profile, to establish the degree of effective demand. We have therefore retained the services of economist Tim O'Neill. Tim has been at Saint Mary's University since 1976 and is currently Associate Professor, Department of Economics. He received his B.A. degree from St. Francis Xavier University, Antigonish, N.S., his M.A. from U.B.C. and his Ph.D. from Duke University.

Developers....

...Market Survey

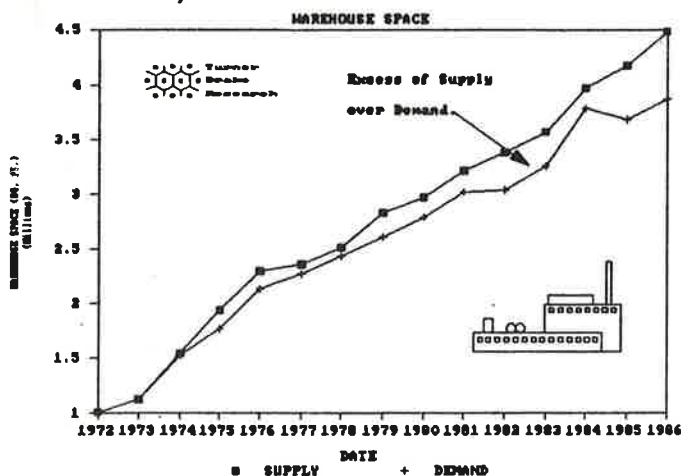
HALIFAX/DARTMOUTH METROPOLITAN AREA



As you are only too aware, there is an oversupply of many types of space, whether it be apartments (condo or rental), office, hotel, industrial, retail, etc. in many parts of the region. Your biggest challenge is to identify opportunities...to locate those market pockets that are undersupplied. We don't pretend to be able to do that for you. The market is too large and fragmented...and when we do know where opportunities exist, our knowledge has been gained working on specific projects for clients and naturally confidentiality prevents us from making that information available. If however, you have identified what you perceive to be an opportunity and want a confidential, dispassionate and unbiased view of that sub-

market as a sounding board for your own research and 'gut' feel, our market survey will provide it. It could save you belly ache later on. It will provide you with a wealth of information including:

HALIFAX/DARTMOUTH METROPOLITAN AREA



(1) All pertinent information relating to existing, current and proposed developments including pricing/rental structure, the market absorption rates recorded to date, scheduled completion dates, sizes and mix of rental units.

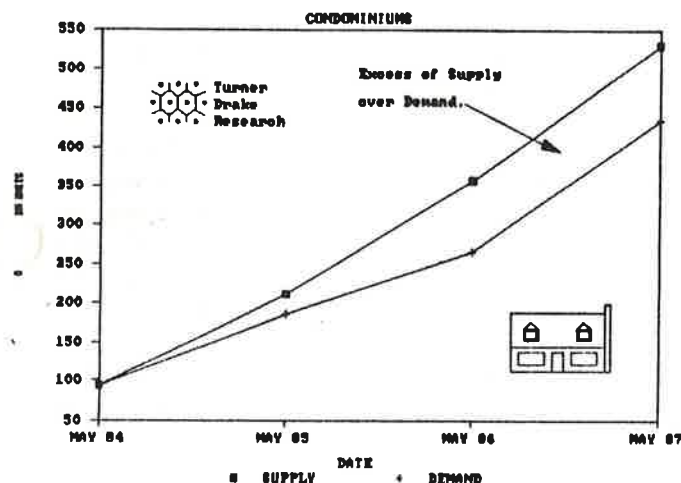
(2) Our conclusion of your sub-market - whether it is in a state of excess supply, excess demand or equilibrium and whether the situation is likely to change based on information at hand.

Our market survey often reveals the positive and negative features of other developments so that you can benefit by strengthening your own development.

If our survey confirms your opinion, it should also strengthen your hand and expedite your negotiations for financing. (If it doesn't, you are requested to refrain from shooting the messenger).

...REDAP

We have also installed REDAP (Real Estate Development Analysis Program) as part of our CompuvalTM appraisal system. REDAP was developed for Campeau Corporation by Christopher Claymore and has the capability of evaluating a proposed development from the time of initial land purchase, through demolition (if any), servicing, construction and lease-up...

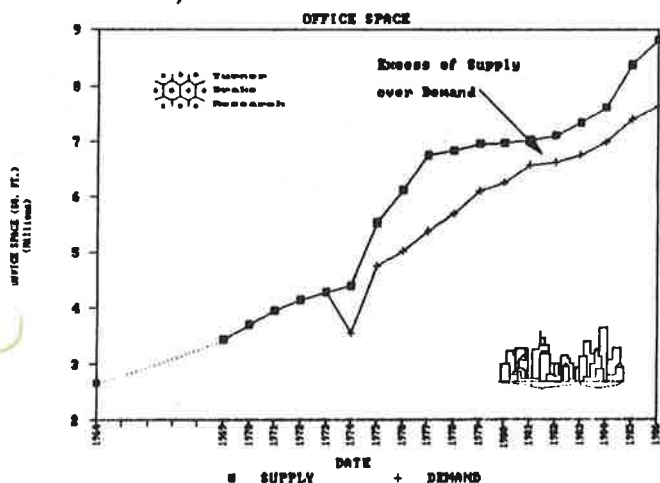


...and REEP

the Real Estate Evaluation Program from the same software source which allows us to value your finished product.

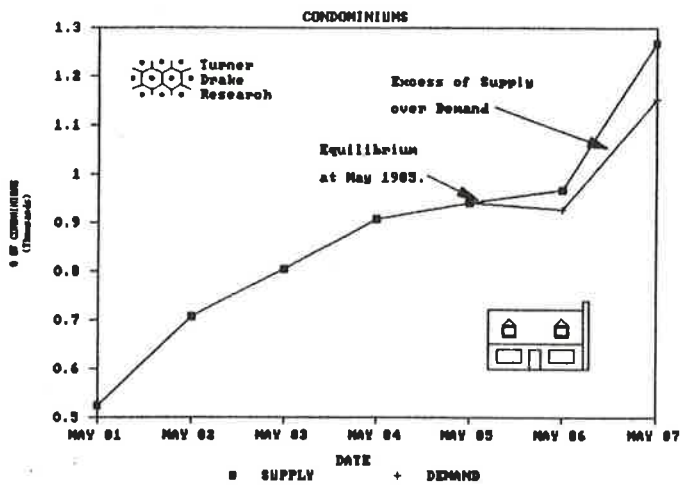
Vendors/Purchasers

HALIFAX/DARTMOUTH METROPOLITAN AREA



...Market Survey

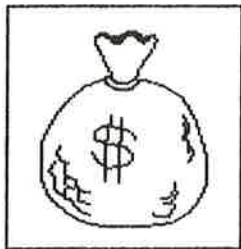
Our market survey will give you an excellent "handle on the market" whether your property is in Halifax, Charlottetown, Saint John, Saint Johns, or points in between. Since there is an oversupply of many types of space you should know the supply/demand situation for the particular sub-market in which your building is competing. Even if your building



COMPUVAL TM

We can also incorporate the information from the market survey into one of our computer models (REEP, REVA, VALUCOMP) and provide you with a "view of the future" using a 10 year cash flow projection, as well as the market value of your property.

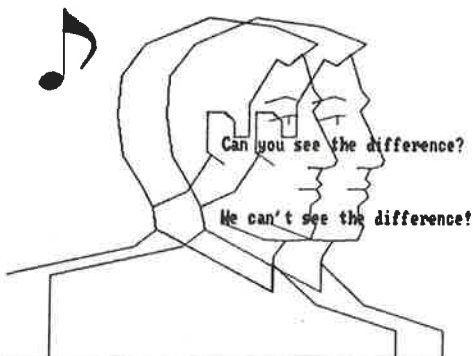
Assessment Appeals



If you were paying attention to our last Newsletter, you will know that our specialist on Assessment matters is Tom Mills. If you weren't paying attention, do so now please...we won't tell you again, not today anyway. So far this year Tom has saved our clients \$38,325/ year; a total saving of \$114,975 over the three year period before the next reassessment. That represents a return of 10:1 i.e. for every \$1 in fees we have saved our clients \$10. Not a bad investment! If you haven't talked to Tom yet, please smarten up and do so without delay. Our lines are open...we await your call....

If you own a property in the south end of Halifax Peninsula, chances are that you are overassessed. Tom has random sampled the assessments in that area and compared them with their sale prices. **68% were overassessed!**

I 'ears Yer an I Spits!



Are you tired too of provincial governments bemoaning the lack of a "free enterprise" economy in Atlantic Canada? Perhaps the fault lies close at home. It appears to us that the private sector continually finds itself in competition with a similar service (neither free nor enterprising!) offered by the provincial government.

It doesn't appear to matter which political stripe of party is in power...their politics are indistinguishable. Whilst the rest of the world privatizes ... Atlantic Canada governmentizes. We are reminded of the television advertisement ... you know the one ... the

identical twins in immaculate white shirts posing the question to each other "can you see the difference? No I can't see the difference!" Neither can we...