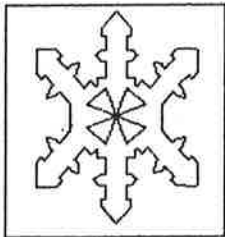


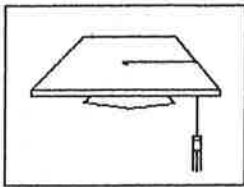
Vol. 2, No. 27

Winter 1987/88

Update

Brrrr, it's cold here in Atlantic Canada! Erecting an office building (or anything else for that matter) during the winter is not the smartest thing to do. Not that we planned it this way ... Still another couple of months and it should be finished ... look for the weather to turn positively balmy shortly, most of the exterior work is now complete!

Anyway, enough of that! We all have the gift of a brand new year, let's not waste any of it ...

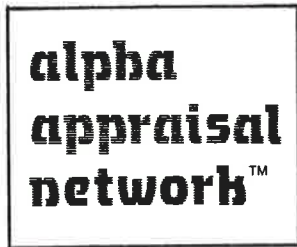
Appraising - High Quality, Low Fees

In truth the two tend to be mutually exclusive. So how can we reconcile the irreconcilable? We enclosed a copy of our Code of Practice for ICI Appraisals with our last Newsletter. We review appraisals from across the country and are confident that it is rarely equalled (we think that it should be universally adopted ... but that's another story). Over the past year, we've wrestled with the question of how we can reduce our fees without reducing our standards. One solution, we think, is to introduce new appraisal products which are more closely tailored to our client's requirements. We launched one such product, Property Protection Plus™ in the Spring of 1987 and now proffer our latest offering for your delight, edification and wallet ...

Certificate of Value

A Certificate of Value is designed for property owners who simply want to know what their property is worth. We have encountered a number of situations, eg. partners breaking up, balance sheet, etc. where the property owner wishes to have an independent opinion of value without the attendant paperwork of an appraisal report. We have therefore designed a simple 5 page Certificate of Value for that purpose. It will be prepared in accordance with our Code of Practice for I.C.I. Appraisals but the valuation particulars will be kept on file rather than being incorporated into a report. We estimate that a Certificate of Value should cost about 25% less than an Appraisal Report and about 45% less than a Master Appraisal.

We Value Atlantic Canada



We are pleased to announce the formation of the Alpha Appraisal Network TM, an organization of appraisal firms located throughout the Atlantic Provinces. Each member firm is independently owned and operated by professional real estate consultants.

More about Alpha Appraisal Network TM in forthcoming issues of Newsletter ...

Assessment Appeals



It's that time of year again. Those new property assessment notices will shortly be speeding through our mail system to thud on millions of desks throughout the nation. Do you open your assessment notice with trembling hand and quaking knees? Take heart, there is help at hand. First things first!

If you have appealed your 1987 assessment and have not yet received a satisfactory decision **do not forget to file an appeal for the 1988 assessment too.** If you fail to do so any reduction you obtain on your 1987 assessment will not flow through to the 1988 assessment too. If we are already handling your 1987 appeal, Tom Mills our assessment specialist will remind you. **If you wish us to handle your 1988 appeal, please name us as your agent on the notice of appeal.** Use the following wording as your grounds for

appeal "The assessment is excessive, unfair, not uniform with other assessments and any other grounds that may appear". If in doubt, appeal. You can always withdraw the appeal later. Alternatively, you can send us the assessment notice and we will file the appeal for you. Don't delay though, you only have a limited time in which to appeal (21 days in Nova Scotia).

We have been very successful with assessment appeals, so much so that the lawyer for the Nova Scotia Assessment Department has now objected to us representing clients before the Regional Assessment Appeal Court. Citing the Barristers and Solicitors Act, she argued that we were not lawyers and should not represent clients before the Court despite the fact that we, and some of the other appraisal firms in the area, have done so for the past 20 years or so without comment. She was unsuccessful! Congratulations Tom ... you are obviously doing a first class job!

If you own or occupy a property which is not utilized to its highest and best use, you should appeal your assessment. We can almost certainly get it reduced (in Nova Scotia anyway). You want an example? OK, suppose you have a tract of woodland on the periphery of an urban area which you are holding for speculative purposes. It will probably be assessed at its market value instead of its value for growing trees. In our opinion, the latter value is the correct basis for assessment purposes. The same principle applies in the case of a potential office site which is utilized on an interim basis as a parking lot.

If you are the occupier, rather than the owner of a property you will be subject to Business Occupancy Tax in certain of the Atlantic Provinces. If B.O. is getting you down, you might find it useful to talk to us.

Specialist on the Spot

TURNER DRAKE COMMERCIAL



The slow progress of our building expansion has had a concomitant effect on the start of our I.C.I. brokerage operation. However it is now officially launched under the personal direction of himself.

Mike Turner has been a licensed broker in the Province of Nova Scotia since 1979. He is an Accredited Appraiser of the Appraisal Institute of Canada, a Fellow of the Royal Institution of Chartered Surveyors and a Member of the American Appraisal Institute. He holds a Master of Science degree in real estate and has 26 year's experience as a real estate consultant, 16 of which have been in the Atlantic Provinces. He is the firm's specialist on investment properties and utilizes state of the art computer models to manipulate and project cash flows and rates of return on shopping centres, hotel, apartment and industrial buildings. As well as being President of Turner Drake, he is an Associate Professor at Saint Mary's University, Halifax where he teaches real estate appraisal and finance to aspiring Reichmanns.

The Grand Plan

Mike tells us that his favorite place for contemplating his navel is the bath. (Not an elegant sight). He has one of those jazzy molded fibreglass units with a shelf for the wine, all carefully enclosed in four soundproofed walls. (He has numerous noisy offspring). After a lengthy session (there are other bathrooms so his family was not unduly inconvenienced) he emerged, wrinkled but clean, shouting "Eureka". (As all you Greek scholars know "Eureka" means "I have found it"). This is the grand plan conceived in those tepid waters ...

The thrust of our brokerage operation will be to work for the purchaser rather than the vendor. We will, of course, be glad to represent vendors too. However purchasers are "on their own" in Atlantic Canada so we intend to service them as their agent. In reality this is a trend which is already evident in certain areas of the country. It appears to be travelling from west to east and we freely acknowledge the friendly advice afforded us by firms such as Larken Real Estate Ltd. of Calgary on the subject.

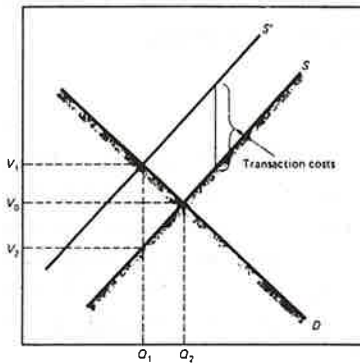
A Purchaser's Perspective



Good quality real estate is in short supply. Worse still sorting the chaff from the corn is both time consuming and expensive. We believe that we are in a unique position to assist. We have a strong team of real estate professionals with access to resources and data carefully accumulated during our 11 years in business. Each year we offer consulting and appraisal advice on I.C.I. real estate worth well in excess of \$150 million. Our professional practice covers all four Atlantic Provinces. This is how these resources and all this expertise can be harnessed by you as a potential purchaser:

- (1) We will assist you in identifying the types of real estate that best fits:
 - (a) Your financial objectives. Some investors are risk tolerant, others risk averse. This dictates the type of property and the portfolio mix. The liquidity of the investor too has an obvious impact on the type and size of the investment.
 - (b) Your lifestyle objectives. Some investors prefer to involve themselves in management, others do not. The "prestige" value of a property is more important to some purchasers than others.
- (2) We will screen out those investments that do not fit your investment objectives and search out those that do.
- (3) We will analyze the properties and make recommendations with respect to value and suitability. We will assist you in negotiating a satisfactory purchase price.

So ... What Does it Cost?



Ardent Newsletter readers will recall that we dealt with this matter in a most convincing manner (Vol. 2, No. 21) proving without a shadow of doubt that the less price elastic the supply (i.e. the scarcer the real estate) the smaller the portion of the commission that will be "paid" by the purchaser (remember the supply/demand graph on the left). Alas there are still doubting Thomas's (and probably others too) so we have structured our agency agreement so that the vendor is "seen" to be paying the commission even though we act for the purchaser. Alternatively, we can enter into an agreement whereby the purchaser pays us direct. **Either way you will not bear a greater part of the commission than if you purchased the property yourself from a broker.**

So ... What are You Waiting For?

Leap (oh dear) to it. Give Mike Turner a call 429-1811 and let's get cracking!

Residential Report

The stock market was not alone in having its "ups and downs" in 1987. The residential market too had its share of woes. This is the picture for 1987 and our projections for 1988:

