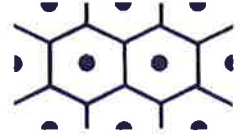


# newsletter



Vol. 2, No. 30

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## Update

Wasn't it a terrific summer! Now it is over we are back at it, sleeves rolled up, shoulders to the wheel, noses to the grindstone, our appraisers appraising, consultants consulting and brokers brokering. If you are not yet part of the excitement, just pick up the telephone and dial our number.

## TURNER DRAKE COMMERCIAL .....

### Property Investors Club

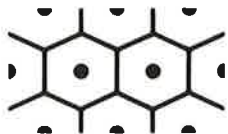


**PROPERTY  
INVESTORS  
CLUB**

### **Real Estate Investors**

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Phone 429-1811 for your free membership application.



**TURNER DRAKE  
+ PARTNERS LTD.**

real estate consultants, brokers  
and appraisers

6182 north street  
halifax, n.s. b3k 1p5  
tel. (902) 429-1811

We value our  
reputation, everyday

Do you invest in income producing real estate? Are you interested in entering the fray? If the answer to either question is "yes" we invite you to join our Property Investors Club. P.I.C. keeps you informed of investment properties in excess of \$0.5 million in the Halifax/Dartmouth area, as they come onto the market.

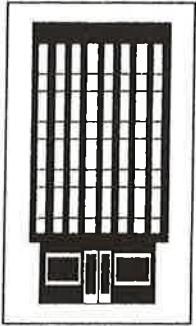
We have provided professional consulting and appraisal services to the real estate community in Atlantic Canada since 1976. We currently analyze, appraise and offer consulting advice on over \$200 million of real estate each year. We are now bringing that professional expertise to the brokerage of I.C.I. real estate.

We analyze real estate investment opportunities and present them to P.I.C. members on an ongoing basis. There is no membership fee nor will we contact you other than by mail if you tick the "privacy box" on the application form. Call Landon or Mike at 429-1811 and we will drop your application form in the mail.

### Commercial Comment

There is a fairly strong demand for investment properties in the Halifax/Dartmouth metropolitan area with between \$30 and \$40 million worth of property under agreement of purchase and sale at the present time. However the majority of these properties

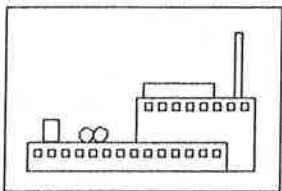
comprise a single portfolio transaction. A portion of this demand can be attributed to the continued influx of foreign investors into, eg. the Toronto market. They have pushed down yields forcing Canadian pension, life and mutual funds to search farther afield for "acceptable" returns. Many of these funds are already motivated to invest in the Atlantic Provinces because of their desire to match their geographical investment base with the source of their contributions.



**The Office Building Sales Market** appears to be reasonably strong despite the fact that the present office space surplus will continue for the next three years. Due to the lack of available product most sales have occurred in areas peripheral to the Halifax C.B.D., though on the Halifax Peninsula. Sales of three buildings totalling 254,000 ft.<sup>2</sup> are under agreement of purchase and sale at the present time. One major (114,000 ft.<sup>2</sup>) office building did sell during the year from a national to a regional company.

After the Provincial election, the government followed through with its promise to go to tender for its space requirements. The first tender, for approximately 5,400 ft.<sup>2</sup>, closed recently. Trizec were the successful bidder at \$18.60/ft.<sup>2</sup> gross for part of the 10th floor of the Centennial Building. The latter is a 13 year old Class A building in the Halifax C.B.D. This change of policy by the Provincial Government should attract national investors back into the market. Hitherto it has been desirable to have a local partner if one wished to lease space to the Provincial Government.

Demand for small office buildings (<10,000 ft.<sup>2</sup>) with retail units on the ground floor, suitable for renovation, is strong from firms seeking to occupy a large part of the space.



**The Industrial Building Sales Market** is "spotty". There is a surplus of warehouse/ industrial space in Halifax and Dartmouth. The leasing market is soft and rents have fallen over the past 18 months. Burnside Industrial Park, and its companion development, the contiguous City of Lakes Industrial Park continue to be the favoured locations. The latter is the newer park. The two parks are developments of the City of Dartmouth.

Burnside Industrial Park blossomed partly as the result of the efforts of Tom Rath, the City's energetic Director of Economic Development. There is every indication that he will have similar success with the City of Lakes Industrial Park. Road links are good and will get better as Akerley Boulevard, one of the main spine roads, is extended to connect to Highway 118, the route to Halifax International Airport and points north.

Demand is soft for buildings in the \$1.0 million to \$2.0 million range in secondary locations. Since the rental market is soft, investors are wary of 5 to 10 year time horizons and focus almost exclusively on their anticipated "going in" yield. Even buildings with good, 5 year lease covenants do not find a ready market and usually have to be packaged as part of a balanced portfolio. **Consequently there are some "good buys" available.**

There is a fair demand for multi-tenanted buildings in the \$3.0 million range with good "retail" exposure to major traffic routes. Naturally vacancy is a concern to purchasers. "Sale and lease backs" to prime tenants with the probability of a trouble free 10 year lease, find a market.

Property Protection Plus - It's Like Money in the Bank

**PROPERTY  
PROTECTION  
PLUS**

It has always struck us as strange that otherwise competent businessmen (and women) often have no clear idea of the value of their most important asset. They can quickly ascertain their bank balance, accounts receivable and payable, loan liability and have a pretty good idea of the value of their inventory; yet they have no clear idea of the value of their real estate. Worst still they

don't know if it is increasing or falling in value, whether they are paying too much in real estate taxes, whether it is threatened by downzoning or even if it is properly insured. All too often we witness companies desperately scrambling to establish the value of their real estate assets only after being forced to do so because of the exigencies of a particular situation. This often occurs because the company is experiencing sudden financial difficulty in its day to day operations or is faced with a take-over bid. In these circumstances they are usually too late because there is insufficient time available to complete the appraisal.

Property Protection Plus is a relatively inexpensive method of obtaining annual property appraisals and is available to clients owning preferential properties. It is issued in the form of an Update letter and is available to clients whose properties have been previously appraised by us and on which we have prepared a Master Appraisal Report. Your PPP Update Letter provides you with the market value, fire insurance value, information on pending zoning changes and our opinion as to whether your property is overassessed. Phone Bonnie 429-1811 for our explanatory brochure "Code of Practice for I.C.I. Appraisals".

Assessment Appeals



Tom Mills, AACI

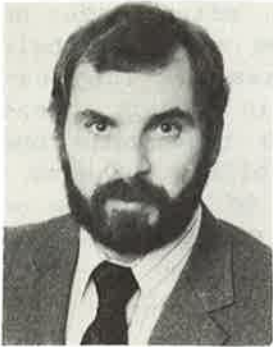
Congratulations to Tom Mills, our assessment "specialist on the spot" for attaining his accreditation (AACI) with the Appraisal Institute of Canada.

Tom reminds you that it will shortly be "that time of year again". Do not wait until the assessment notice drops on your mat in January. Now is the time to get us to review your assessment. If we do it now and find you are underassessed, we won't tell! However if you wait until your notice arrives in January you will have to appeal because you only have 21 days in which to do so. At that time, if the assessor finds you are underassessed before we do then, horror of horrors, your assessment might actually go up!

If your property is located in Nova Scotia please be careful in complying with the Assessor's request for income and expense information next year. All properties in that province will be reassessed in 1990 based on their value as at 1st January 1989. The Assessor's requests for income and expense information refer to the calendar year 1988. It is a common error to submit 1988 expenses and 1989 income, thus guaranteeing that your property will be overassessed! Please call us if you have problems. Please note too that you should appeal both the Business Occupancy and Realty Assessments if you wish to appeal your Business Occupancy Assessment in 1989.

Phone Bonnie at 429-1811 for our free Assessment Appeals brochure.

### Agricultural Appraisals



Rick Escott AACI\*2

Congratulations to Rick Escott, our agricultural "specialist on the spot" for attaining his agricultural accreditation (AACI) with the Appraisal Institute of Canada. Rick has been an accredited appraiser (AACI) for a number of years but now has double accreditation being qualified in both the urban and rural sections.

Rick doesn't spend all of his time scraping manure from his boots. Although his agricultural practice does cover farm, orchard, woodlot, hog, chicken and other livestock and cash crop operations, he is also involved in appraisals of "down stream" operations, such as food mills, meat packing, juice and fruit processing plants. Machinery and equipment forms a major portion of the value of the fixed assets and we are usually requested to include these in the appraisal. Machinery and equipment tends to become obsolete through technological advances rather than physical deterioration. Maintenance and replacement of the components usually ensure that the machinery performs adequately though it can be economically obsolete (rather on the lines of the ancient axe with the two new heads and three new handles!). As a consequence it is necessary to sub-contract the machinery and equipment appraisal to a production engineer who works in that particular industry and is able to assess the production line in the light of current technology. For this reason we have established an inventory of specialists for each particular industry and we work closely with them during the appraisal assignment.

### Expropriation



Of course some of Rick's work involves properties of a fairly minor nature, such as the acquisition of portions of property for road widening. In the latter circumstances the compensation may only involve sums of \$500 or \$1,000. However it is not unusual for the initial offer by the acquiring authority to the property owner, to be low! We have been involved in numerous cases where the final settlement is two or three times the original offer. The tragedy is that often times the property owner feels unable to press his case because he thinks he cannot afford proper legal and appraisal advice. In fact the Expropriation Act attempts to avoid this very situation by requiring the acquiring authority to pay the appraisal and legal costs incurred in ascertaining a claim for compensation. There is a quirk in the Nova Scotia Expropriation Act which requires that these costs be paid as long as the case has not been set down for a hearing before the Expropriations Board. Thus the statutory authority is obliged to pay the reasonable appraisal and legal fees incurred before the matter is set down for a hearing before the Expropriation Compensation Board, whilst appraisal and legal fees incurred after the matter is set down for a hearing depend on the success of the expropriated party's claim before the Board. The optimum game plan therefore is to refuse to negotiate until after expropriation, then immediately get appraisal and legal advice before any negotiations take place. Phone Bonnie at 429-1811 and ask for our free brochure "Beware of Strangers Bearing Gifts" for an explanation of the Expropriation Act.