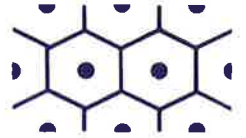


# Newsletter



Vol. 2, No. 32

Spring 1989

## Update

Our first Newsletter emerged from its egg in the Spring of 1978. A lot of water has passed over the weir in the intervening 11 years. We are older, bigger, perhaps a little wiser, but not as wealthy as we anticipated! Ah well, it's been fun...most of the time anyway. Looking back, one of the things that strikes us is the fact that many of you who utilized our professional expertise in those early days, are still our clients today. A tribute perhaps to your staying power?! The other fact, and this strikes us just as forcibly, is the number of you who still don't use our services. **Smarten up guys...we need you as much as you need us. We've built the better mousetrap, start beating a path to our door.**

Commencing this issue, we are expanding our circulation to 3,000 firms and individuals throughout Canada and Newfoundland. OK, OK, Canada's part of Newfoundland..we knew that...it was a joke for Pete's sake!

What with our new (potential) readership, and the fact that several hundred thousand firms still struggle along without us, we thought that we had better introduce the gang...

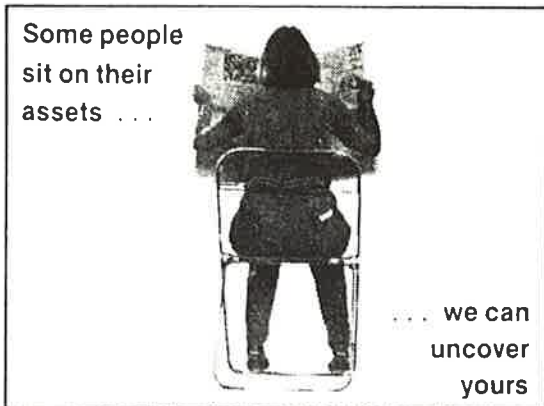
## Meet Your Asset Management Team...



...Well some of them. There is a limit to how many people you can get around a desk. (We were paying the photographer by the hour so we squeezed as many bodies into the photograph as possible).

Aren't they a fun group of people: talented too...it's important not to judge by looks alone. (You really bought that story about Hitler dying in his bunker without progeny? Take a close look at the guy in the back).

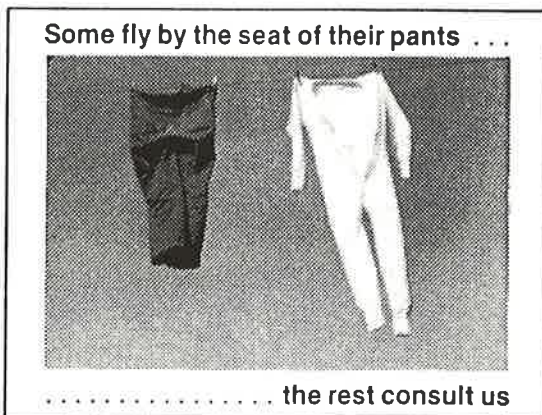
Asset Management (If you are already a Client, you can skip this bit!)



Why is it, that dedicated, sensible businessmen, and women, spend much of their lives worrying, working and managing their businesses, yet leave their most important asset, the real estate, to manage itself? Perhaps it is the fact that familiarity breeds contempt: the real estate is always there. Unlike other business assets or opportunities it does not require constant care to ensure its physical survival. True, the occasional roof leak demands attention once in a while but, other than that, it simply looks after itself. The accounts receivable, payable, bank loan or the firm's customers all have a voracious appetite for management time and expertise. Real estate on the other hand, is permanent,

immobile and reassuringly there every morning. Right? Right! But it is your real estate's very permanence that makes it vulnerable. **Although it does not continually clamour for attention, your property is a financial asset, and like any financial asset has to be managed properly...which is where we come in...**

Everybody is a Real Estate Expert (You can skip this too, if you are a Client!)



"You are excellent appraisers" is an accolade which makes us cringe with embarrassment. Not, we hasten to add, out of any sense of modesty. The description, complimentary though it may be, somewhat understates our role. We are something more than just a superior brand of "appraiser". Whilst all of our consultants have training in property valuation, their role is much broader than that and each has a much greater depth of expertise than simply "appraising". Which is why we have provided real estate counselling advice, including, we admit, appraisal, for the last 13 years to companies both large and small throughout Atlantic Canada.

All but one of our I.C.I. consultants joined the firm as a trainee. On completion of training as a real estate counsellor, each is required to choose at least one real estate "specialty" which is unique to that team member. This gives our counselling team a great deal of "depth", as well as "breadth" of knowledge. We also have the tools to do the job. Our computer facilities, real estate library and databases are unmatched in this region.

Put Us to Work



Call on our real estate counselling team to assist you in your asset management: we are trained problem solvers.

Assessment

Our **Assessment Specialist** will analyze your real estate and occupancy assessment, advise you if they are too high, negotiate the reduction with the Provincial Assessor and represent you at Appeal Court if necessary. On average we save clients \$10 in taxes for every \$1 in fees.

## Expropriation

Our **Expropriation Specialist** will advise you on the various heads of claim e.g. the value of the property expropriated, injurious affection, disturbance (temporary and permanent), special economic advantage, etc. He will not only quantify the loss, both to the property and the business, but will advise you on the propriety of each head of claim. He will assist and advise your lawyer in the negotiations, or undertake them himself, as appropriate. If necessary he will appear as an expert witness at the Court or Tribunal.

## Rental Properties

Our **Valuation Specialists** will advise you on the rental income, indicate whether it is above or below market and suggest ways in which the net operating income can be maximized. For example, it may be necessary to reposition your property in the market place in the case of a commercial property, or conduct negotiations with the rent review officer if it is a residential property.

Our **Valuation Specialists** will also analyze your property's operating expenses, compare them with similar properties and advise you where you can achieve cost savings, or where you can recoup operating costs from your tenants. Where appropriate they will advise you on how to better structure your leasing.

## Development Properties

Reduce the risk by commissioning our **Market Analyst Specialist** to conduct a supply and demand survey before you commit resources to the project. He will advise you on a competitive pricing structure, the optimum space mix, unit sizes, and the building features necessary to ensure that your development is a success.

## Buy/Sell Decisions

Our **Valuation Specialists** monitor the market place. They know whether the market is stable, or is going up or down. They will advise you of the most appropriate timing for disposing or acquiring property. Timing is often critical if you wish to acquire or dispose of a property. Supply/demand is cyclical. For example, you may wish to dispose of a surplus site in a downtown area. By withholding your property from the market for two years you may be able to time the sale to coincide with peak demand, rather than peak supply.

Our **Brokerage Specialists** too, are salaried professionals, not commission salespeople. They will advise you how best to dispose of your property using a well defined, structured marketing program. In fact we have devised a Listing Agreement which clearly delineates our contractual obligations to the vendor, rather than just the other way around.

If you wish to acquire property, we will investigate the land ownerships, value the property and negotiate its acquisition on your behalf.

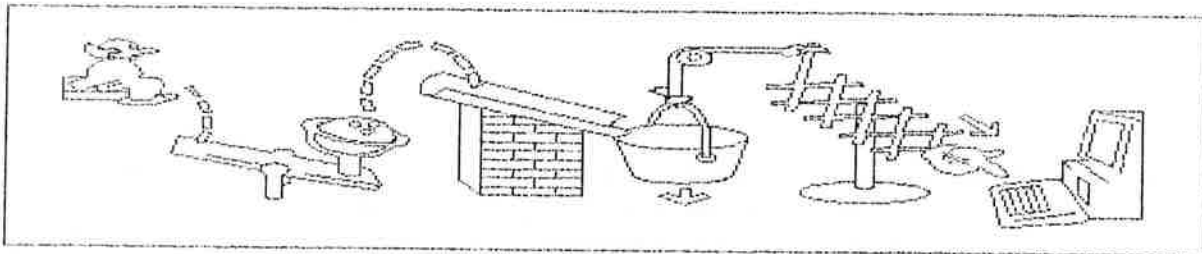
## Portfolio Analysis

Your property portfolio should be valued at least once, during each two year period: if only because it is good fiscal management to know the worth of your most valuable asset. **We recommend that your property be valued each year and have designed our Property Protection Plus program specifically for this purpose.** It provides for annual revaluations in a cost effective manner. In addition, it also ensures that you, (1) are not adversely affected by "down-zoning" without your knowledge, (2) are not over assessed for tax purposes, (3) have adequate fire insurance coverage.

# PROPERTY PROTECTION PLUS

## And Much Much More

It is not possible to list all of the ways in which we can assist you in your asset management without boring you to death. They are as varied as your properties. We are not interested in a "wham, bam, thank you Ma'am" relationship. We can best serve your property asset requirements on the basis of a continuing relationship and in fact 80% of our work is for our existing client base. We have made a major commitment, not only in personnel training, but also in resources. We have been utilizing computers for real estate counselling since 1978. We also use remote sensing (aerial photographs, satellite imagery as well as the more conventional information sources such as our real estate reference library, map library, resource, sales, rental and property databases...



## Turner Made Counsellor



Mike Turner, President of Turner Drake & Partners, was recently awarded the respected CRE (Counsellor of Real Estate) professional designation by the American Society of Real Estate Counselors. The award was announced at the Society's convention in San Francisco.

CRE designations are awarded individuals whose broad professional background and experience qualify them to advise on all types of land related problems. Only 764 individuals hold the CRE distinction throughout the United States, Canada, Japan, Australia and England: less than 50 of these are in Canada.



## ACOA - The Good News...

ABOUT THE  
ACOA  
Action Program



Canada 

...And the bad news. One of the effects of the Atlantic Canada Opportunities Agency grants program has been to erode the asset base of many manufacturing companies in the four provinces. Since grants of up to 50% of the capital cost of the buildings and equipment are available for a new facility, the effect has been to depreciate the value of existing facilities. Given the opportunity of acquiring a new, already erected, facility, purchasers are faced with the fact they can create the same facilities at half the cost with the assistance of a 50% ACOA grant. The latter consideration governs the price that they are willing to pay for the existing buildings.

## Turner Drake Commercial



Meet Bonnie Zinck, the newest member of our marketing team. Bonnie has been with our firm for three years and has now joined our real estate brokerage division. She is putting her organizational talents to work marketing investment, commercial and industrial properties.

Our consulting division provides valuation advice to the investment community in Canada and the U.S.A. on their properties throughout the Atlantic Region. We are therefore uniquely positioned to act in a brokerage capacity and invite you to put us to the test.

## Property Investors Club

**PROPERTY  
INVESTORS  
CLUB**

Printer problems notwithstanding we are now under way and have now sent details of two investment properties to P.I.C. members over the past couple of weeks. As we gather momentum we hope to submit a property each week.

If you invest, or would like to invest, in income producing real estate, worth in excess of \$0.5 million in the Halifax/Dartmouth area and would like to become a P.I.C. member, please call Bonnie (902-429-1811) for an application form. There is no membership fee nor will we contact you, other than by mail, if you tick the "privacy box" on the form.

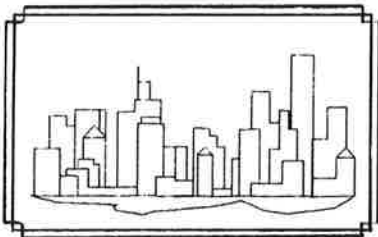
Fifty three (53) firms and individuals now belong to P.I.C. In aggregate they seek to acquire in excess of \$300 million of I.C.I. real estate here in Atlantic Canada. We are familiar with most of them. They are serious purchasers with the intent and financial ability to acquire substantial property. Most are seeking investment opportunities in the \$0.5 million to \$10 million range; though their requirements do range up to \$30 million. If you intend to sell your property and wish to expose it to P.I.C. please give Mike Turner, or Bonnie Zinck, a call (902-429-1811).

## Atlantic Canada Offshore



Over the past month we have been approached by three groups purported all interested in investing money from Hong Kong and other parts of the Far East here in Atlantic Canada. Does this presage enormous offshore investment? Are Halifax, Saint John, St. John's, et al to be transformed into mini Torontos or Vancouvers? Probably not, but there is every indication that offshore monies will flow into this region: **investment real estate here is underpriced.** Offshore money, largely from Europe and the Middle East, has filtered into the region over the past 10 years and has found a home in the rental residential and office markets. However, it has hardly "flooded in" and its impact has been muted. Offshore investment in other parts of Canada has made more of an impact here: the increased competition has forced down yields to the point where it is advantageous for Canadian investors to seek opportunities in this region. Although the Halifax/Dartmouth Metropolitan area has a population base of only 300,000, it is buffered from economic vicissitude by virtue of its status as a regional centre. It is also the educational centre (5 universities) and the east coast base for the navy. Yet prime downtown real estate in Halifax still trades at an overall yield of 9% to 10% on an equivalent "all cash" basis. Contrast that with yields of 6% to 7% in other larger, but not necessarily more stable, rental markets in the country and Halifax looks like something of a "buy". Just for fun we thought we'd take a look at equivalent "all cash" yields on the international scene: U.S.A. (Major Cities 6.5% to 7.0%), U.K. (Major Cities 4.75% to 5.5%), France (Paris < 4.5%), Spain (Madrid 6.0% to 7.0%), Australia (Brisbane and Perth 6% to 6.75%, Sydney > 4.5%), Singapore (3.5% to 4.0%), Japan (Major Cities 2.0% to 4.0%), Cape Breton (25% to 30%...just kidding).

## Commercial Comment



Our Fall 1988 Newsletter commented that there was a fair! strong demand for investment property in the Halifax/Dartmouth metropolitan area. That demand continued through the last quarter of the year. We estimate that approximately \$50 million of I.C.I. property was sold during the last four months of 1989. The most notable acquisitions were MD Realty Ltd.'s purchase of the industrial and office portion of Marathon Realty's portfolio and the Spatz family purchase of the Sunnyside Mall at Bedford. The Sunnyside Mall is to be renovated and extended.

At the present time demand appears to have softened somewhat, although it is difficult to gauge its strength because there is a lack of good quality product available. A sub-market that is weak, is that for multi-tenanted industrial buildings: unless they are in high exposure locations. We have analysed several properties in the \$1.0 to \$2.5 million range. Logically they should find a ready market with investors in their mid-fifties who are seeking investments offering good security with excellent upside potential in 5 to 10 years' time. Going in yields are low (7% annual equity divided rate) but they provide good security and strong growth potential. Over a 10 year holding period they should provide equity yield rates (I.R.R.) of 17% per annum with a "cash on cash" return in the last year of the holding period of 23% per annum.

The Town of Bedford continues to be a growth area. Its traditional commercial heart has been at the intersection of Highways #2 and #7 at Sunnyside. Traffic from Dartmouth and Halifax funnels through this intersection on its way to and from the dormitory suburb of Lower Sackville, and also the Annapolis Valley. However the Bedford Waterfront Development Corporation is now going to pour rock (and money) into the Bedford Basin to create a new town centre strategically located around the Town of Bedford/County of Halifax Sewage Treatment plant. The choice of location may cause some bemusement to those unfortunates who do not live here. However, our area has more than its share of scenic beauty; sewage treatment plants on the other hand have a rarity value...rather like water in the desert...