

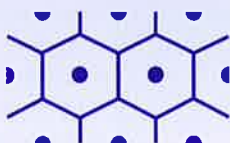
Turner Drake & Partners Ltd.

6182 North Street,  
Halifax, N.S.  
B3K 1P5  
Tel: (902) 429-1811

Suite 221, 12 Smythe Street,  
Saint John, N.B.  
E2L 5G5  
Tel: (506) 634-1811

Toll Free: (800) 567-3033  
Fax.: (902) 429-1891

E-Mail: [tdp@turnerdrake.com](mailto:tdp@turnerdrake.com)  
Internet: [www.turnerdrake.com](http://www.turnerdrake.com)



## **CHARLOTTETOWN: FERTILE GROUND ...**



TOURISM CHARLOTTETOWN - JAMES INGRAM

Photograph Courtesy of Tourism Charlottetown.

Princess Charlotte of Mecklenburg-Strelitz, the happily married wife of King George III, bore him fifteen children: Charlottetown, the city that bears her name, gave birth to a nation.

### **A State of Serenity**

Confederation Bridge, the umbilical cord tethering Prince Edward Island to the mainland, snakes across the Gulf of St. Lawrence. As visitors leave the New Brunswick shore behind and embark on their thirteen kilometre crossing, they are treated to the spectacle of the Island rising like Aphrodite from the sea ... a feast of love, beauty, pleasure and procreation (recommended but optional). The spirits of even the most jaded traveller cannot help but soar as the Island's red cliffs emerge, shimmering in the summer haze. Somehow, it always feels like coming home, wherever you live. Little wonder then that this oasis was coveted by the French,

Americans and British ... or that Charlottetown, its capital, sailed serenely through it all.

### **In the Beginning**

The Mi'kmaq credited the Great Spirit for placing this crescent shaped smudge of red clay on the blue waters of the Gulf. They named the island "Epekwit" ... "resting on the waves" ... later corrupted by the French to "Abegweit". In 1534 a passing Jacques Cartier casually renamed it "Ile Saint Jean", thus sewing the seeds for a tug of war that would later last for thirty years. French colonisation initially proceeded at a leisurely pace. Port La Joye, situated across the harbour from what is now Charlottetown, was not founded until 1720, when Michel Haché-Gallant ferried Acadian settlers from Louisbourg, Nova Scotia. After that, the pace quickened. In 1745 New Englanders captured the great Fortress of Louisbourg and an English detachment landed at Port La Joye. The French garrison fled, the settlement was raised, tempers flared, the French returned and chased the New Englanders away. A year later the latter returned, booted out the French and stationed themselves at Port La Joye. The French hurried down from Quebec and showed the New Englanders the

*(Continued on page 2)*

### **IN THIS ISSUE**

<b>Charlottetown: Fertile Ground .....</b>	<b>1</b>
<b>Nova Scotia: Property Privacy Concern.....</b>	<b>3</b>
<b>New Brunswick: Fine Tuning .....</b>	<b>5</b>
<b>Newfoundland: Assessment Increases Promised .5</b>	<b>5</b>
<b>At Last: A Decent Excuse! .....</b>	<b>6</b>

(Continued from page 1)

door. In 1748 the British, favouring curry over charlottes, traded the Fortress of Louisbourg for Madras ... much to the chagrin of the New Englanders. In 1755, many Acadians expelled by the British from Nova Scotia, decamped to the Island. In 1758 the British had a change of heart, recaptured the Fortress of Louisbourg and used it as a staging post for their siege of Quebec the following year. In 1763 the French ceded Prince Edward Island neé St. John's Island to the British. The following year Captain Samuel Holland was appointed Surveyor General for the area. He chose the site of Charlottetown and named it Charlotte Town in honour of King George's wife, the aforesaid procreating Princess of Mecklenburg-Strelitz. Unfortunately, in 1775, the Americans decided they wanted it instead and sent two armed schooners from Massachusetts to capture the attorney-general in Charlottetown. This storm in a teacup fizzled even as south of the border, it boiled; and from 1776 to 1783, during and after the American Revolutionary War, the Island welcomed Loyalist refugees. In 1798 St. John's Island was renamed Prince Edward Island, thus avoiding the type of confusion that has bedevilled the Cities of St. John's and Saint John for four centuries. Thankful that they would not have to change their letterhead yet again, and thinking the excitement over, Islanders setted down to grow potatoes.

### Charlottetown: Giving Birth



Charlotte Town was blessed with visionary planners. The settlement was named the capital of the fledgeling province in 1765 and Captain Samuel Holland set to work surveying the first five hundred lots fronting the harbour, encompassing the present downtown. In 1768 Charles Morris started to lay out the streets. His work was continued by another surveyor, Thomas Wright,

whose 1771 plan detailed the 500 lots adjacent to the harbour, complete with a central square for public buildings and four large green squares. Wright thus bequeathed the city core a garden ambience; its signature feature today. He also decided that streets stretching to the water should be 100 feet wide, presumably to endow future generations with vistas of their harbour. This area is now designated as a heritage preservation area. This grand vision of Charlotte Town as being more than just a small capital city of a tiny province, continued to echo through the centuries that followed. In 1793 Governor Fanning set aside land for the administration of government fronting the harbour on the western extremity of the small settlement, and in 1835 a grand mansion, Government House, was constructed on part of the land. Today this gracious building, in its spectacular setting, is the official residence of the Lieutenant Governor. The surrounding farm, Fanning Bank, was subsequently designated a municipal park and renamed Victoria Park in honour of Queen Victoria. In 1847, another gracious edifice, Province House, was completed and is still used to house the provincial legislature. Charlottetown it appears, always had a sense of its own destiny. Its place in history was secured in September 1864 when representatives of Nova Scotia, New Brunswick and what is now Ontario and Quebec, sailed into the harbour to discuss the creation of a country. Unfortunately there was a circus performing in the City so attention was focused there instead. Since there was nobody available on the public wharf to receive the late arrivals, Ontario and Quebec, the Prince Edward Island representative William Henry Pope, gamely rowed out to meet them himself. Charlottetown cast its spell and seven days later Canada was created. The delegations returned home to their respective provinces, never to agree on anything together again.

### A City Reborn

In 1976, when our company first started providing real estate consulting services in Charlottetown, the city core was decidedly down at heel. The waterfront was a wasteland of decaying wharves, abandoned industrial sites and a tank farm. The adjacent retail centre still boasted two department stores, Eatons and Holmans, but was wilting under

competition from suburban retail development. The Confederation Centre for the Performing Arts had been opened in 1964 funded by a thirty cent per capita contribution from Canadians coast to coast, but the Central Business District looked set to sleep its way into genteel decline. In 1974 however the Charlottetown Area Development Corporation (CADC), a crown corporation, was created to kick start development. They started to assemble land on the waterfront with the objective of creating a land base large enough to support a major multi-use complex comprising 91 rental apartments and 104,000 ft.<sup>2</sup> of commercial space built over a parking garage and incorporating, around its periphery, restored heritage buildings. The development also incorporated a marina, the province's Supreme and Provincial Courts. We provided valuation advice on the completed project. CADC's mandate was to go boldly where no developer, private or government, had gone before. This, their initial project "Harbourside", was completed in the late 1970s and early 1980s: it triggered the revival of the surrounding area. CADC continued with their efforts along the waterfront, acquiring property and encouraging its development. In 1989 they completed Peake's Wharf, a tourist waterfront orientated project incorporating seasonal retail, restaurants, a bar, marine slip and a 150 berth full service marina. Peake's Wharf is adjacent to Confederation Landing Park (also developed by CADC), the site of the former Texaco tank farm (we valued the property when it was being acquired in 1992). During the summer the Park is a profusion of rose blossom and hosts outdoor concerts for acts such as Nickelback. In 2001, CADC in partnership with two private sector businesses, and the Capital Commission, completed the restoration of the former Canadian National Car Shop, situated close to the waterfront, and converted it into Founders Hall, the site of an exhibit celebrating confederation. They are currently working to extend the public use of the waterfront with the Eastern Gateway project and early in 2011 acquired the former Imperial Oil tank farm site. It is being remediated and will be developed as a large concert and events site. Eastern Gateway, when completed, will anchor the downtown area between two

(Continued on page 3)



(Continued from page 2)

parks, Victoria Park to the west and the Eastern Gateway in the east.

With the help of financing from CADC, the private sector started to respond in the 1970s with the development of Confederation Court Mall, a shopping centre located in the Central Business District, carved out of the interior of a city block and anchored by, and accessible from, the surrounding retail properties, including the Holmans Department store. However this, and CADC's other efforts, have not been successful in stemming the flow of retail business draining away to suburban malls. The Holmans Department Store went through several retail iterations, before being restored and converted by the Homburg Group into a boutique hotel, The Holman Grand Hotel. It opened last year and CADC are currently struggling to expand parking nearby to fulfill their parking commitment to the development.

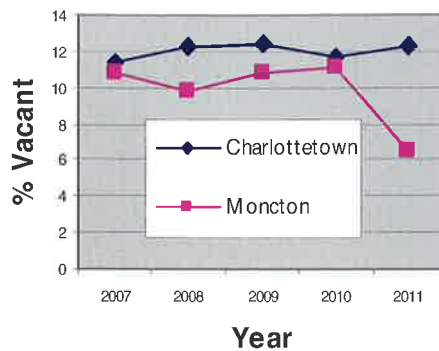
Over the past four decades, Charlottetown has cleverly managed the transformation of its downtown area into a vital and funky environment by capitalising on its wealth of heritage buildings, located in a park like setting, the latter a bequest from its original planners two centuries earlier. An important element in that transformation, has been judicious development by CADC, which has triggered the revitalisation of the area by the private sector in a manner that has retained the charm of the old City. It is an impressive accomplishment. Early development in the heart of the CBD by the private sector was bland and boring: the type of office development that owes nothing to its geographic and historic context. How did, what is essentially a government body, successfully fulfil its role as an instrument of change? We asked them. This is their explanation. *They have few employees so bureaucracy cannot take root ... and they are willing and anxious to partner with the private sector. Because they have a government patina they can access public funds, effectively acting as a conduit for monies that would otherwise be denied a private developer, however worthy the objective.*

**Financial Fundamentals**

Our Economic Intelligence Unit surveys

every office building ( $\geq 5,000$  ft.<sup>2</sup>) available for rent in each of the six major urban areas in Atlantic Canada. We have undertaken this project for the Federal Government since 2006. We now survey 394 office buildings with an aggregate floor area of 21.6 million square feet. It continues to be the most comprehensive survey conducted in the region. Each survey engages five of our professional staff over a six week period. We could not complete it without the assistance of many who are reading this Newsletter. Many thanks! We last surveyed Charlottetown in December 2011 ... so how is the city faring? We have compared it with Moncton, its nearest rival.

**Vacancy Rate (December)**



The office market in Charlottetown continues to struggle even as Moncton continues to improve. The vacancy rates tell the tale: Charlottetown with 12.28% of its office space vacant is well above the 5% vacancy indicative of a market in equilibrium. Whilst the current vacancy is not yet into "critical" territory, the office market is soft. Moncton by comparison has reduced its office vacancy from 10.86% in December 2007 to 6.52% in December 2011. (It stood at 7.84% in June 2012).

Year	Household Income/Unemployment			
	Charlottetown (CMA)		Moncton (CMA)	
	Average Hse. Income	Unempl. Rate (%)	Average Hse. Income	Unempl. Rate (%)
2012	\$72,355	8.83%	\$75,717	5.26%
2011	\$74,014	9.24%	\$72,093	4.96%
2010	\$68,025	8.16%	\$68,819	4.75%
2009	\$65,679	7.69%	\$67,494	3.85%
2008	\$64,742	8.46%	\$63,925	4.89%
2007	\$61,569	8.40%	\$62,762	5.77%
2006	\$56,751	8.88%	\$58,729	5.80%
2005	\$54,779	8.67%	\$57,374	6.59%
2004	\$53,803	7.79%	\$57,413	6.80%
2003	\$48,836	10.20%	\$53,691	6.81%
2002	\$47,463	10.21%	\$52,613	7.03%

Source: Financial Post Survey of Markets

Charlottetown, indeed Prince Edward

Island as a whole, is wealthier and it shows. Properties are better maintained on the Island than the mainland. A major impetus was the opening of the Confederation Bridge on May 31<sup>st</sup> 1997 which finally ended visitors' reliance on the ferry system. The growth in household income has continued since then. Over the past ten years Average Household Income in Charlottetown has grown by 52% in current dollars, versus 44% in Moncton. Unemployment at 8.83% still leads Moncton's 5.26%.

Year	Investment (Building Permits)		
	Six Cities Total (CMA)	Charlottetown (CMA)	Moncton (CMA)
2010	\$ 2,437,066,000	\$200,508,000	\$ 269,451,000
2009	\$ 2,087,622,000	\$141,371,000	\$ 320,271,000
2008	\$ 2,150,969,000	\$177,304,000	\$ 276,281,000
2007	\$ 1,822,796,000	\$138,734,000	\$ 275,109,000
2006	\$ 2,006,553,000	\$168,473,000	\$ 264,358,000
Total	\$10,505,806,000	\$826,390,000	\$1,405,470,000

Source: Financial Post Survey of Markets

Over the past five years Charlottetown's CMA has captured 8% of the total investment in the CMAs of the six major urban areas in Atlantic Canada. The total average annual investment per capita over the past five years in Charlottetown is \$2,694 versus \$2,112 in Moncton. Little wonder then that Charlottetown looks so good: its population has hardly grown, so the investment is largely directed to improving or replacing the existing building inventory. (Charlottetown's 2010 population was 61,941: Moncton stood at 137,314).

**NOVA SCOTIA**

**Property Privacy Concern**



© Big Stock Photo

Property assessment in all four Atlantic Provinces is based on the property's "Market Value" i.e. the price it would command, if it were sold. Since the assessment authority has access to sales information, equity demands that the property owner have access to the same

(Continued on page 4)

(Continued from page 3)

data. On February 28<sup>th</sup> 2008 the New Brunswick provincial Ombudsman issued a report entitled "Residential Property Assessment Appeal Process in New Brunswick: Levelling the Playing Field" in which he lambasted the assessment authority, Service New Brunswick, for *"the lack of transparency surrounding the property assessment appeal process, the arbitrary powers of property assessors using methods that are complex, and legislative provisions and policies that offer little in the way of evidence disclosure."* To its credit Service New Brunswick responded by making sales information public on a free web site. Prince Edward Island quietly started to disclose sales information, albeit on its paid web service, and in a less easily accessible format. Newfoundland continued to make sales information available. Service Nova Scotia did nothing ... and the provincial assessment authority, the Property Valuation Services Corporation responded with similar lack of alacrity. We therefore wrote, on September 18<sup>th</sup> 2009, to the Premier, The Honourable Darrel Dexter, tactfully suggesting that the province shed its cloak of secrecy and embrace the Twenty First Century. Ms. Ramona Jennex, Minister, Service Nova Scotia, responded on the Premier's behalf that *"currently, property sales information is not considered public due to the provisions in Section 26 of the Freedom of Information and Protection of Privacy Act that restrict the use of information collected by the government to the purposes for which it is collected"*. She promised to ask her staff to investigate what needed to be done to make the sales information public. We responded pointing out that every other province in the country made the information public. Six months later, having heard nothing further, we again wrote to Ms. Jennex instancing a recent approach from a property owner who wanted an inflated appraisal for financing based on "flipping" the property to create a phoney, inflated, sale price between related companies, and suggesting that publicly available sales information could prevent this type of fraud. Ms. Jennex responded suggesting that our concern was motivated by the benefits that would accrue *"to businesses in this province ... particularly for a business such as yours"*. Oh dear! She also re-iterated her concerns about privacy and assured us that *"your request is receiving active, careful consideration and we will keep you advised of our decision on this matter"*.

Almost two years passed: having heard nothing further we again wrote to the Premier, The Honourable Darrel Dexter, again advancing the view that public disclosure of property sales information would (1) level the playing field for property owners wishing to appeal their assessments, (2) reduce mortgage fraud, (3) benefit the economy by promoting more accurate appraisals. In response, we received a polite letter from Ms. Jennex's successor, John MacDonnell, Minister of Service Nova Scotia, assuring us that *"this issue is undergoing active consideration by this department in consultation with the Property Valuation Services Corporation, Nova Scotia Utility and Review Board, and the Department of Justice"*.

Then the RCMP laid charges in what was described as "the largest fraud case in the Province's history" involving 60 homes in Yarmouth, 200 tenants dispossessed, and a \$6.0 million black eye for Nova Scotia.

We wrote to the Honourable John MacDonnell, drawing his attention to the fraud case and expressing our surprise that he was consulting with the Property Valuation Services Corporation (PVSC) since they did not represent property owners ... indeed the latter were currently in the untenable position of challenging property assessments imposed on them by PVSC ... without the benefit of the very sales data upon which those assessments were based.

Mr. MacDonnell replied that (1) he was aware of the fraud and (2) it was the view of his Department that consultation with the PVSC on the issue was appropriate.

In May 2012, MacDonnell introduced legislation to make it possible to make sales information public without violating the privacy legislation.

Shortly thereafter, just as we were again writing to The Honourable John to ascertain how, when and if, the sales information was going to be made available without charge to the general public ... *we were astonished to discover that PVSC was happily selling the sales information to an Ontario corporation MPAC ... and had been doing so since 2009 ... during the very same period that the Ministers of Service Nova Scotia, Ms. Jennex and Mr. MacDonnell, had been insisting that it could not be made available to Nova Scotians because of "privacy concerns"!* MPAC advertises the availability of the Nova Scotia data in their online brochure [http://www.propertyline.ca/pages\\_english/pdf/AVM\\_Brochure.pdf](http://www.propertyline.ca/pages_english/pdf/AVM_Brochure.pdf). According to Tim Bousquet of Halifax's The Coast magazine, who broke the story, the data is sold to Bay Street financial institutions, such as the banks.

It appears that the Minister of Service Nova Scotia was unaware that PVSC were selling the data even though he was in discussions with them, and his Deputy Minister sits on PVSC's Board. It appears too that PVSC may be selling not just the sales information supplied to them by Service Nova Scotia *but also details of the physical characteristics of each property which they collect during their inspection for assessment purposes; a flagrant violation of the privacy legislation.*

Under Section 19 and 20 of the Assessment Act commercial property owners are forced, under the penalty of losing their right of appeal (Section 23), to supply income and expense information on their properties to PVSC. In addition PVSC frequently insist that commercial property owners provide copies of any appraisals conducted on their property. All of the foregoing is highly confidential and the obligation for

(Continued on page 5)

il  
on  
en  
nt  
ns  
ss  
to  
ne  
nt  
yn  
rt  
le  
ne  
ge  
se  
al  
of  
ig  
ts  
s.  
a  
id  
ed  
ed  
go  
or  
is,  
as  
ly  
ne  
ed  
it,  
ts  
ed  
nt  
ig  
tr,  
ce  
to  
so  
ne  
ne  
in  
a  
ts  
as  
in  
or  
al  
on  
ar  
it,  
ne  
ig  
ly  
ne  
is  
ed  
e.  
ll  
to  
3)



(Continued from page 4)

PVSC to treat it as such is legislated by the Act. We have therefore again written to The Honourable John asking that he confirm PVSC is not selling, sharing or providing this data to third parties and to outline the auditing procedures employed by Service Nova Scotia to ensure that such is the case. We will keep you posted.

---

## NEW BRUNSWICK

### Geographic Fine Tuning

Vice President  
New Brunswick



André Pouliot  
B.Comm., MRICS, AACI

Manager  
Saint John



Daniel Slipp  
B.Comm.

We are currently organised in service specific teams: Property Tax, Valuation, Counselling, Lasercad™ Space Measurement, Economic Intelligence, Brokerage (Sales and Leasing). Each team member has to complete our six year training program to ensure that everybody has the same skill set. This team orientation is very efficient. In our April 2012 ISO 9001:2008 survey 96% of clients rated us “good” or “excellent” in terms of value for money (2% rated us “average”; 2% rated us “poor” ... we are working on that). We also work from a single location, Halifax, because we believe there is synergy in having such a broad skill set available in one location: knowledge is readily accessible and creative ideas flow freely. It also enables us to construct, program and implement innovative software solutions in days rather than years. It appears to work: in our April survey, 98% of clients rated us as “good” or “excellent” in terms of how we fulfilled our mandate (2% rated us as “average”). We are aware however that some potential clients may be concerned that we lack “on the ground” knowledge. In order to address this issue we are also organising our company on geographic lines.

André Pouliot is now assuming responsibility for New Brunswick. He joined us in 1999 after graduating from Saint Mary’s University with a Bachelor of Commerce degree. André holds a Diploma in Urban Land Economics from the University of British Columbia, and professional designations from the Royal Institution of Chartered Surveyors and the Appraisal Institute of Canada. He is fluent in French and English. André continues to be the Manager of our Property Tax Division but will split his time between the Saint John (tel. 634-1811) and Halifax (tel. 429-1811) offices and can be reached at either location. He will be

responsible for managing and developing relationships with new and existing clients in all parts of New Brunswick.

Dan Slipp is appointed as Manager, Saint John office, and will focus on the city and its surrounding area. Dan too will split his time between Saint John (tel. 634-1811) and Halifax (tel. 429-1811) and can be reached at either location. He is a native of Woodstock and joined us in 2009 after graduating with a Bachelor of Commerce, major in finance, degree from Saint Mary’s University. Dan has completed our six year education and training program at an expedited rate and expects to graduate next January with a Bachelor of Business in Real Estate (BBRE) degree from the University of British Columbia. He has experience in our Valuation, Counselling, Economic Intelligence, Property Tax and Lasercad™ Space Measurement, Divisions. Dan has completed assignments on a variety of commercial, industrial and investment properties across New Brunswick. The full resources of our IT platform are available in Saint John and Dan will call on the firm’s specialist teams as he requires them.

---

## NEWFOUNDLAND & LABRADOR

### Property Assessment Increases Promised



© Big Stock Photo

It’s tax time! Properties are re-assessed every three years in Newfoundland & Labrador. We understand that the Year 2013 Assessment Notices will be mailed to every property owner and commercial tenant in October. (The City of St. John’s had intended to mail out their Notices in September, but they now inform us that this will be delayed until the following month). The purported basis of your assessment is your property’s Market Value on January 1<sup>st</sup> 2011, but having regard to its current physical condition. Given the large increase in property values since the last re-assessment (January 1<sup>st</sup> 2008) in many parts of the Province, expect a similar increase in your property assessment. If your property is assessed at *less* than its January 1<sup>st</sup> 2011 market value, it may *still* be over-assessed because the Assessment Act mandates that your property has to be assessed in a uniform manner. So if, for example, other properties in the municipality

(Continued on page 6)

(Continued from page 5)

are assessed at 90% of their market value, you have grounds for appeal if your property's assessment exceeds this percentage of its market value. Unfortunately municipalities such as St. John's, have refused in the past to publish the assessments online until the appeal period has expired. (It could be worse, they used to publish their Assessment Notices over Christmas, in the hope, we suspect, that they would be overlooked during the festive season).

We will mail a set of decision rules to help determine whether you should appeal. In the interim, if you have any questions, please do not hesitate to call our Newfoundland Tax Team Leader Rick Escott toll free at 1-800-567-3033 (this is *not* a call centre).

Our challenge was to take this ...



And transform it into this ...



To create this ...



So we had to give up producing this! QED

**AT LAST: A DECENT EXCUSE!**

We have a truly appalling record when it comes to producing our Newsletter on schedule. Our timing mirrors that of the Sears catalogue. Technically due each quarter, our Winter issue struggles into the world sometime between Spring and Summer. The Spring issue generally emerges to greet the Fall foliage and the Summer edition happily welcomes the snowfalls of Winter. Then the whole damn cycle starts all over again. The last twelve months have been totally barren ... but finally, finally, we have a decent excuse ... we have been busy! In February last year, tired of sharing each others laps, we decided to solve our space problem by acquiring an adjacent property. We anticipated little difficulty in obtaining municipal approval to replace the existing building with an aesthetically pleasing structure. After all, it complied with the zoning by-law and the building code. It also incorporated a 163 ft. long, 3 ft. wide planter, located at the rear of the sidewalk, to discourage the current epidemic of graffiti and vandalism ... and provide a splash of colour at a busy intersection. How wrong we were! The discussions with Halifax Regional Municipality's (HRM) staff stretched over *six months* ... on matters that ranged from the trivial to the banal. HRM is a dysfunctional organisation with a decision adverse culture, where the compulsion to avoid responsibility caps commonsense, and the spectre of having to do *anything* engenders the type of fear generally reserved for the bubonic plague.