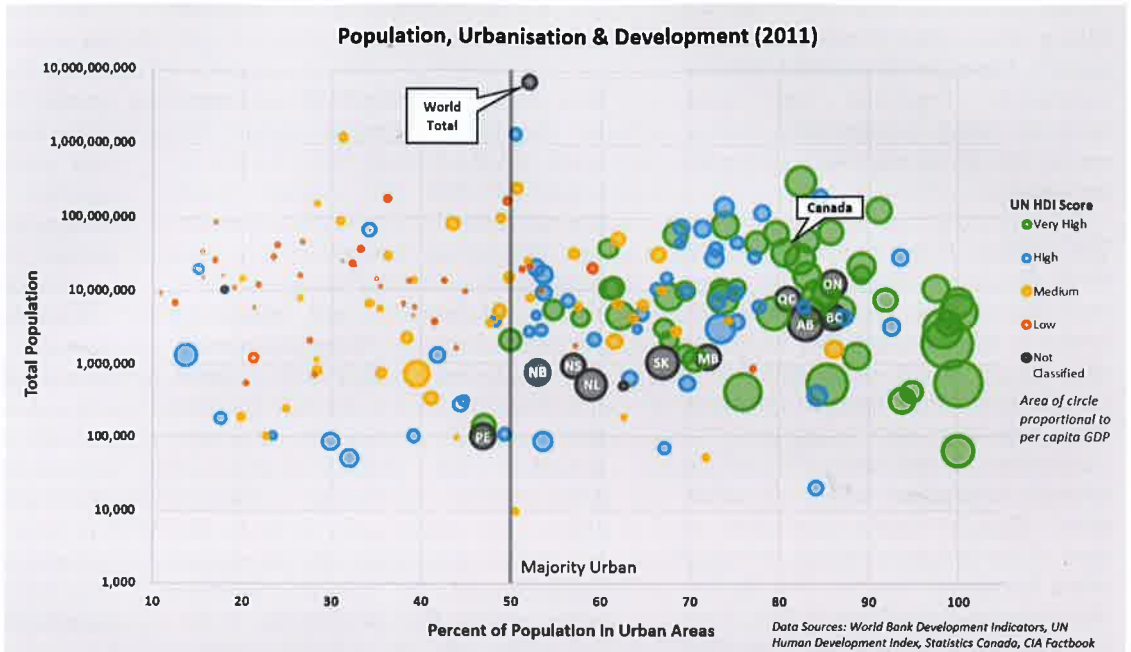


RURAL TO RICHES



Among the strongest barrier to growth identified by the Ivany Report is Nova Scotia's urban-rural dissonance. This is unfortunate because when it comes to the urbanisation rates of a population, the real divide exists in prosperity, not personality. As illustrated above across 190 nations and city-states, urbanisation is a strong determinant of economic progress as measured by per capita GDP, and more importantly, social development by more holistic measures such as the UN Human Development Index (UN HDI).

That clarion call has been echoing around for a few months now, and whether the mental jolt it produced simply dislodged old ideas or sparked the firing of new neurons, it seems everyone who's since written about the province has made sure to invoke it. This habit mirrors another that's persisted for the last few years in the world of urban planning. Basically, if you want to write about planning or development, proper etiquette requires you begin by pointing out that more than half the world's population now lives in urban areas. This observation comes from a 2007 UN Population Fund report which predicted that in the following year humanity would cross this 50% threshold for the first time in history (the UN has more recently determined that we are now a 54% urban species). Much like the Ivany

Report, since its release virtually everyone who's written something about cities has opened by making that reference to it. As this article seeks to examine both urbanisation and its role in our region, we have laboured to ensure its opening maintains convention on both counts.

The Urban-Rural Balance

Proportion of urban population is important because it gives high-level insight into the state of development. National statistical offices such as Statistics Canada, and supranational organisations like the World Bank track it as a means of understanding how economic development is improving, and by extension, things like public health and social progress. In fact, it appears rare for any state to reach per capita GDP levels of \$10,000 (Canada's is \$41,333) prior to reaching a 60% urbanised population. The link between increasing urbanisation and improvements in a host of vital societal characteristics is incredibly strong, "...no country in the industrial age has ever achieved significant economic growth without urbanisation" reads the UN report. Thus it is a big deal that the global population is majority urban.

It is important to note that in this context "urban area" is defined by population size and density. StatsCan considers an area to be urban if it has a population of at least 1,000 and a density of at least 400 people per square kilometre (a bit less than two-thirds of an acre per person). The definition does not inform us about the type of built environment the urban population inhabits;

(Continued on page 2)

| | |
|---------------------------------|---|
| IN THIS ISSUE | |
| Rural to Riches | 1 |
| Sunrise to Sunset? | 4 |
| In Toronto Too | 5 |
| Sex Please | 5 |
| Egg Head | 6 |
| Expropriation | 6 |

Turner Drake & Partners Ltd.
6182 North Street,
Halifax, N.S., B3K 1P5
Tel.: (902) 429-1811

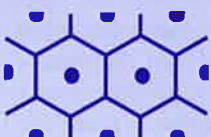
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Tel.: (506) 634-1811

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Tel.: (416) 504-1811

Toll Free: (800) 567-3033
Fax.: (902) 429-1891
E-Mail: tdp@turnerdrake.com
Internet: www.turnerdrake.com



(Continued from page 1)

dwellers of small towns, bedroom communities and inner core high-rises are all counted the same. The bar for “urban” is set very low, so we are not talking about city versus suburbs or country, but more the contrast between populations organised into even modestly sized communities, versus spread out in decentralised settlement patterns.

The crossing of this global threshold is being driven by developing countries, especially in Asia. We suspect the full impact of this milestone may be lost on most of us in the developed world. Canada for example has been a majority urban population since before the Great Depression. In fact, today 81% of our national population resides in urban areas. This is roughly equivalent to most of the developed world, including dense European countries like the UK (80%) or the Netherlands (84%). It’s a bit embarrassing considering how often our national identity is emblematised by the rugged frontiersman or the intrepid arctic explorer (a dilemma we imagine also shared by other “wilderness” countries such as Australia and Iceland, both of which are even more urbanised than us).

at 57%; higher than Haiti (53%), but lower than North Korea (60%). The story for Atlantic Canada is generally the same and no province has yet to best the performance of the Supreme Leader by this measure.

Now obviously quality of life outcomes are driven by numerous factors. No doubt that the average Nova Scotian is better off than the average North Korean. Urbanisation is an inseparable part of progress, but still only a part. Additionally, economic prosperity itself drives urbanisation; an urbanising population is both a means and a result of progress. However these considerations do not diminish the fact that increased urbanisation is a key ingredient of positive economic development. Continuing research affirms this relationship both in the economic histories of developed countries and the current transition underway in the developing world. According to the World Bank’s Commission on Growth and Development, at least 55% of the income variance between countries can be explained by urbanisation rates. The chart on the opening page illustrates this relationship superbly. Countries with more urban populations tend to be

illustrate the opportunity before us. Urbanisation produces twin economic benefits; significantly improved resource consumption efficiency, and enhanced economic productivity. The more urban our population, the cheaper and easier it is to provide high quality public services and infrastructure. Simultaneously, the more productive our economy, the better our general welfare. Society doesn’t just get more, it gets more for less. Even in countries with advanced, knowledge-based economies, the productivity bonus of centralised urban populations is still potent. This despite advances in communications technology that were supposed to make location irrelevant. Recently, research from economist Enrico Moretti estimate the economy of the United States (83%) still misses out on \$1.8 trillion annually due to the quantity of people who are priced out of highly productive urban areas by housing costs.

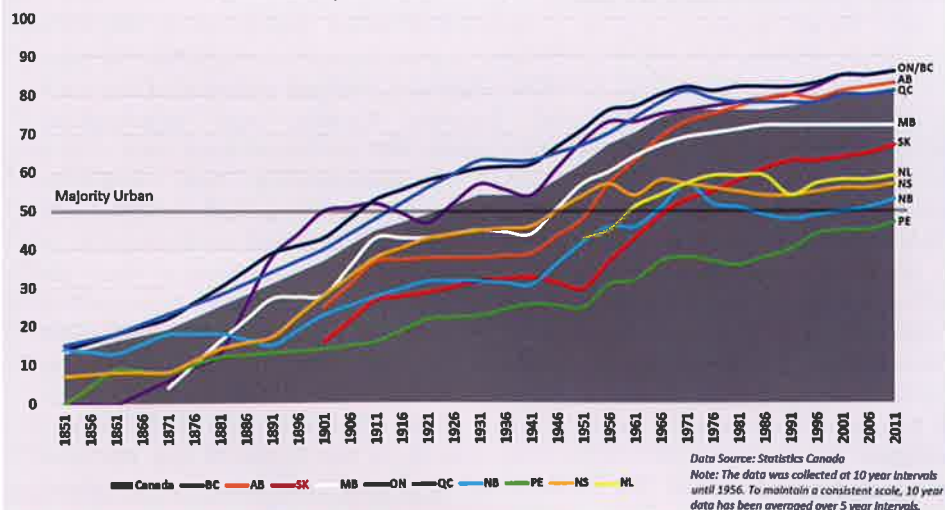
Yet, we have something of a neurosis when it comes to the topic. The Ivany Report specifically highlights ideological conflicts that fall along the urban-rural “fault line” as a barrier to positive unified action. More locally, Halifax’s recent Regional Plan 5-Year Review Process offered numerous examples of conflict arising from the perception of one population group benefitting at the cost of the other. This is the debate we are familiar with; one that confuses support for urbanisation with passing judgement on individuals, and one that is grounded in how the built environment evolves as populations urbanise.

Make no mistake, the form and location of development is a critical and more nuanced discussion. Here in our Planning Division, we aim to facilitate it by bringing an eye for market analysis and urban economics to the table. Recognising that development demand is a limited resource, it is incumbent on us to optimise its collective advantages. Our approach is to conduct a Cost Benefit Analysis to quantify the impact of a plan or proposal, illustrating the opportunity costs and enabling a fuller discussion of the merits.

However, for now the point is that before getting into the weeds, we can surely agree with the premise that there is much to gain from a basic shift in our

(Continued on page 3)

Provincial Population in Urban Areas 1851-2011 (% of Total)



Though Canada is a highly urbanised country, it is also large and diverse; national averages tend to conceal substantial regional variations. Nova Scotia for example started out heavily rural like the rest of the country, but urbanised at a slower pace, reaching a majority decades later around the end of WWII. However, while the country as a whole continued to trend upward, Nova Scotia stayed roughly where it was. The 2011 Census puts its urban population

more prosperous; per capita GDP is higher, they perform better on the UN’s Human Development Index. Notice the association is less clear between prosperity and total population. When it comes to human capital, it’s not what you’ve got, but how you use it that counts.

Our Urban Opportunity

By saying this, we are trying to

(Continued from page 2)

urban-rural balance. At the very low end, achieving a minimum total population of 1,000 people and a density of at least 400 people per square kilometre (“urban” as defined at the beginning of this article) should be relatively easy and uncontroversial.

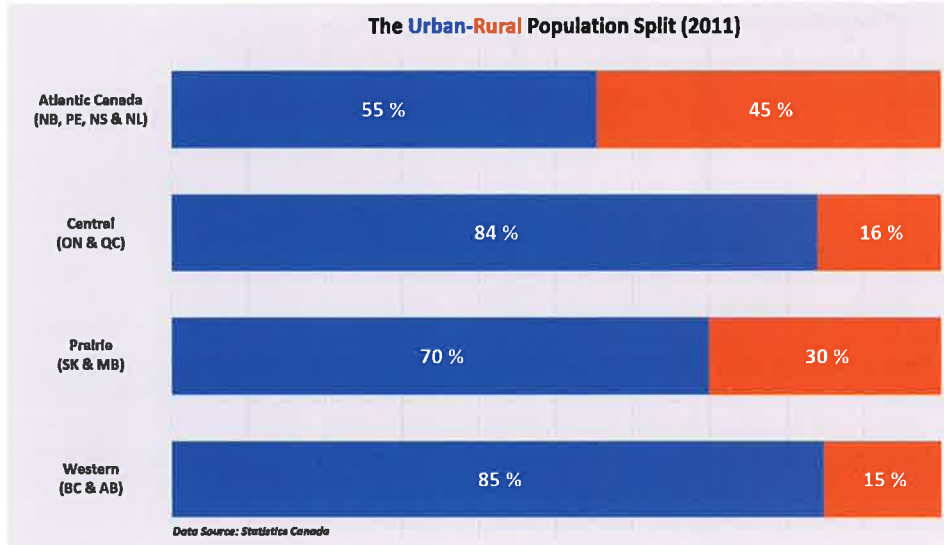
Looking at our standing relative to the rest of the country, we ought to recognise that Atlantic Canada has plenty of room to make these easy gains. Even dramatic changes do not threaten to eradicate rural lifestyles for those who choose them. As a whole, Atlantic Canadians are a 55% urban population. If that share were to increase by half again, we would still have a heavier rural population split than present day British Columbia, Alberta and Ontario; provinces that continue to maintain a strong rural tradition.

difficulties identified by the Ivany Report are generally applicable to the whole of the Atlantic region. So regardless of where you live in Atlantic Canada, you should be concerned with our current urban-rural balance. Adopting a vision for the region that is more urban is important if we are going to mount a serious attempt at meeting those economic and demographic challenges. It should be something we can all agree on because:

Supporting urbanisation isn’t about choosing one segment of the population over the other; it’s about choosing prosperity over stagnation. We lag most of the country (and the developed world) in achieving a broad concentration of our population, and as a result we collectively miss out on the efficiency and productivity benefits that come with it.

areas as compared to urban. If we fail to effect change, the current shift in urban-rural balance will continue, though driven by the comparatively faster decline of rural population.

If urbanisation is going to continue either way, let’s make it happen for the right reasons, and make the most of it while we’re at it. This is not to suggest a government mandated relocation program as our golden ticket. Urbanisation is an emergent process, at least outside North Korea, it needs to pull people into it. Public intervention should consist of investment and policies that support urbanisation, not force it, and seek to optimise its benefits. At the very least, it should be diligent to avoid parochial responses that seek to hinder or misappropriate it. Writing in response to the Ivany Report, Don Mills’ August Op-Ed in Halifax’s Chronicle Herald was right on the mark when it suggested concentrating support around eight hub communities across Nova Scotia. Focusing policy and investment strategically around urban areas amplifies the return on our effort. There is a great deal more we can do, but even engaging at this basic level will pay dividends: improved efficiency in service delivery, higher quality infrastructure at lower costs, increased economic productivity, reduced land use conflict with agricultural, natural resource, and renewable energy development. Strengthened urban communities reduce our fiscal challenges and improve our economic competitiveness. In turn, they support stable, vigorous rural communities. Embracing that goal should not be a polarising idea.



We should also recognise that our own perception of urbanisation’s value is muted. Even with our much lamented economic performance, we have been shielded from the full brunt of our economic reality by the equalisation we receive from the larger and more urbanised population in the rest of the country. We stand to benefit from urbanising, but it is difficult to build consensus around the idea because we exaggerate what we risk to lose, and underestimate what we stand to gain.

Conclusion

We know from the research of our Economic Intelligence Unit, and from our experience working throughout Atlantic Canada for the past four decades, that the conditions and

If we totally ignore urbanisation, but are still successful in promoting economic development, it’s essentially guaranteed to happen anyway. This is borne out in the history of developed countries like our own, and in currently developing countries the world over. The economic forces we hope to fuel our prosperity will require and stimulate urbanisation.

It is already happening, has been for the last few decades, and will likely continue in the event that we fail to achieve meaningful economic progress. In Atlantic Canada, most rural communities are struggling with continuing demographic and economic decay. No place has been left completely untouched by these forces, but they are far more intractable in rural

📍 Neil Lovitt heads up our Planning Division. If you’re interested in how a Cost Benefit Analysis can enrich your next planning exercise, give him a call at (902) 429-1811 ext. 349 (HRM) or 1-800-567-3033 ext. 349 toll free.

For information on how you can profit from Cost Benefit Analysis and the other services offered by our Planning Division, visit our web site www.turnerdrake.com → Planning (Video) and → Corporate Site → Products → Planning

(Continued from page 3)

Sunrise ... or Sunset?



Our article on the Ivany Report (Newsletter Summer 2014 Vol. 2 No. 99) evoked responses that deftly demonstrate the schism between the public and private sector attitudes to change identified by the Report. The private sector response expressed despair at the difficulty of achieving change in a region where civil servants comprise the dominant voting block ... and at provincial party politics characterised by petty politicking. The public sector view was somewhat different; HRM Councillor Beverly Miller took us to task in the following email:

"I am a great fan of Turner Drake's assessments of the real estate market which so often present new, 'against the tide' opinions and information. However, I was very disappointed in your article on the Ivany report. I had pledged not to read another tedious analysis/article, etc. because they all said the same thing. However, I thought that Turner Drake might have an interesting and fresh point of view. How disappointing to find the same old, same old, Chamber of Commerce cut taxes, cut services, privatize, etc. with no assessment of the human consequences. I think the electorate firmly rejected that in the last Provincial election ... the Conservatives had nothing but the 'cut taxes' mantra. The electorate was smart enough to ask/think the next question, "What services will you cut?"

I think if the Wheeler Commission showed us anything it is simply how completely fed up the citizens are with the 'jobs at any cost' idea that had cost us millions and how deep is the distrust of large corporations and the lack of strong government controls. We need, for example, to start with that perception ... not dis the people who justifiably can point to the excesses and abuses. We need some better, collaborative thinking. Beverly Miller"

Well ...

The suggestions we presented to the problems identified in the Ivany Report were based on solutions applied by countries such as the United Kingdom, Ireland, New Zealand and elsewhere to economic collapse. We don't recall them articulated in a similar way by any Chamber of Commerce. However the author professes some personal experience with them,

having close relatives in the United States, United Kingdom and New Zealand. While the "cure" resulted in painful adjustments to the dysfunctional parts of the economy, the end result was successful because it transferred decision making from the civil service and the politicians to the consumer. That after all is what democracy is about.

Take education as an example. Surely parents are the best arbiters of their children's educational needs. Children in the United States have the choice of going to a state school ... or of choosing a taxpayer funded Chartered School with a curriculum that best fits their talents. By contrast children in Atlantic Canada have no such choice. The U.S. schools are "rated" by subject so parents can make an informed choice. The author has grandchildren in both jurisdictions: no such opportunity is afforded his grandchildren here. The contrast in schooling is stark. 19,000 Nova Scotians responded to the Ministers Panel on Education (Myra Freeman Report) published on October 30th 2014: 50% expressed dissatisfaction with the system. Public sector unions have already stated their opposition to any changes which, for example, sacrifice their members' seniority on the altar of our children's (or grandchildren's) educational aspirations.

Privatization affords choice and competition drives down cost. The author's wife had to have a hip replacement and was placed on a two year waiting list in Nova Scotia ... her brother in the United Kingdom faced a similar disability but was guaranteed an operation within six months. If the National Health Service could not accommodate him within that time he was assured of a place at a private clinic as part of his national health care insurance coverage. No such choice exists in Atlantic Canada ... patients have to suffer excruciating pain and exit the work force ... or attempt to get private health care in the United States or elsewhere. Indeed this type of private health care is prohibited by law in Canada outside of Quebec, for Canadians ... yet there is no shortage of surgeons in HRM and it is provided at publicly funded facilities (for a fee) to foreign patients elsewhere in Canada. The private sector has already demonstrated that it can provide surgical services at substantially lower cost than the public sector in HRM, yet is prevented from expanding the provision of those services even within the publicly funded health care system.

It is fallacious to equate cutting costs with cutting services ... the two are not synonymous. *We are very confident, for example, that our company could assume the duties of HRM's real estate department and deliver far superior service at cost savings of at least 25%. We have a better trained and motivated staff, backed by deep resources. We have to constantly innovate to reduce costs and deliver better services. We are not the exception: we have strong competitors to keep us on our toes. We are sure that they would be delighted to respond to tenders for outsourcing most functions undertaken by HRM. Experience elsewhere has proved that contracting out of public services is extremely beneficial to taxpayers and consumers provided it is*

(Continued on page 5)

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executed competently. As for cutting jobs ... the jobs would not disappear, they would still be done, albeit by the private sector. Why is a public sector employee more important than their compatriot in the private sector? True, the jobs would be done more efficiently and the therefore with less labour. But the burden of that inefficiency is currently born by taxpayers (in the guise of higher property taxes) and consumers (in the form of inferior service) and that of itself kills jobs in the private sector.

Competition ... real competition is the only effective regulator. Government controls do not work ... if they did the USSR would still exist and be the world's dominant economic power. Competition forces change: without it bureaucracy becomes inward looking and scholoritic, terrified of change and killing innovation because it views anything initiated elsewhere as a threat to its own existence. If we continue on our present path we are doomed to unremitting decline and eventual bankruptcy. If we unleash the creative power of the private sector we can turn that around, but it is going to be tough, we should have done so thirty years ago. It is not the rich who will suffer, they have alternatives. Even companies such as Turner Drake have options ... we are opening offices elsewhere. It is the poor sod in the street and the old who are being shafted. The human consequences will be dire. Forget about collaborative thinking ... give change a chance! As the Ivany Report demonstrated, it is our only option.

of commercial real estate every year: everything from airports to asphalt plants, ports to pulp mills, shipyards to shopping centres, university campuses to ... well you get the idea. Rick has an innate business sense, great sense of humour and the capacity to rise cheerfully to every challenge. He is a veteran scuba diver equally at home below the ice in Nova Scotia, in Mexico's caves or on Australia's Great Barrier Reef.

Greg Kerry joined us in 2011 after graduating with a Bachelor of Commerce degree, including three minors, from Mount Allison University, Sackville, New Brunswick. He is currently enrolled in the University of British Columbia's Diploma in Urban Land Economics (DULE) course with graduation anticipated this Christmas, and their Bachelor of Business in Real Estate (BBRE) degree. Greg is a Candidate member of the Appraisal Institute of Canada and will gain accreditation (AACI) in late 2016/early 2017. Greg was formerly Manager of our Lasercad™ Division and has extensive experiencing supervising office, industrial, retail and residential space measurement. He is currently a Manager in our Property Tax Division conducting tax abatement assignments there, and undertaking property valuations for our Valuation Division. Greg has also worked on expropriation assignments for major infrastructure projects in our Counselling Division.

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ONTARIO

In Toronto Too



Rick Escott
B.E.S. MRICS AACI



Greg Kerry
B. Comm.

We are pleased to announce the appointment of Richard Escott as Vice President Ontario, and Gregory Kerry as Manager Toronto office.

Rick Escott, a native of Ontario, joined Turner Drake as a trainee in 1981. He was awarded a Bachelor of Environmental Studies (BEDS) degree from the University of Waterloo in 1976. He is an accredited appraiser (AACI) member of the Appraisal Institute of Canada having gained his accreditation (Urban Option) in 1985 and the Rural Option in 1988. He was admitted into the Royal Institution of Chartered Surveyors (MRICS) in 2011. Rick is a principal of Turner Drake and Vice President of our Valuation Division which gives advice on about \$1 billion worth

ECONOMIC INTELLIGENCE UNIT

Sex Please!



Looking for young, single, Asian ladies ... what about rich Caucasian men of a certain age? You must be a fashion retailer ... whatever your business or real estate venture we can provide you with a customised demographic profile for your catchment area.


Demographic Reports provide a simple, quick method for evaluating a specific site, or to short-list potential sites, that are being considered for a particular venture. By harnessing the power of a Geographic Information System (GIS), we are able to provide demographic data that is location specific, rather than relying on

(Continued on page 6)

information disseminated at a broader municipal level. This allows for comparison between potential sites, or between existing sites and proposed new sites.

Demographic Reports offer an inexpensive option for clients who want to perform their own analysis of sites, but haven't got the time or the resources to pull together the data themselves, or to weed through all of the data that they don't need in order to view what really matters. Quick and customisable, Demographic Reports are tailored to your proposed project or business: you get only the data you need, specifically for the sites you are considering, in an easy to navigate format.

You can order Demographic Reports through our web site www.turnerdrake.com → Corporate Site → Contact Us. Prices start at \$250 for the Base Report and increment by \$25 for each additional location or specialised report (Age & Sex, Household & Dwellings, Languages and Origins). They include past (2009 to 2014) and projected (to 2024) trends. You can view a sample Base Report at www.turnerdrake.com → Corporate Site → Products → Economic Intelligence Unit → Demographic Reports ... click the link for "sample demographic report". (We didn't promise it would be easy, but it is free).

 Our Economic Intelligence Unit provides a practical research service to businesses and owners of real estate. It conducts Market Surveys, Site Selection, Trade Area Analysis, Supply & Demand Analysis and Demographic Reports, utilising Geographic Information Systems (GIS) technology. EIU lives at www.turnerdrake.com → Corporate Site → Products → Economic Intelligence Unit and may be viewed in hard copy format at our Halifax office.

EGG HEAD



Neil Lovitt
B.C.D., Dip. GIS &
Urban Planning

The pressure is on! They join us with at least one undergraduate degree under their belt and we welcome that initiative by pitching them into our seven year training program, part of which is the University of British Columbia's Bachelor of Business in Real Estate (BBRE) degree. We now have sixteen hardy souls in that program: peer pressure is high, they regularly top the charts in UBC's degree countrywide. It is with great pleasure therefore that we congratulate Neil Lovitt, the Manager of our Planning Division and a newly minted entry to the BBRE program, on gaining top marks Canada wide in UBC's Micro Foundations in Real Estate Economics course.

Well done Neil!

EXPROPRIATION

New Brunswick Now




© Big Stock

Expropriation, the seizure of private property by the state, or a private firm acting with its authority, has always been regarded with concern by our justice system. The courts have repeatedly ruled that the expropriated party should, so far as monetarily possible, be returned to the same position after expropriation as existed prior to the event. They recognise too that the property owner should be given the benefit of the doubt since securing a fair and equitable settlement is an unequal battle: a David and Goliath contest. The expropriating authority can afford the best professional advice and governs the pace of negotiations, sometimes stringing them out for years during which time the property owner may cave in under the financial or mental pressure, fail in health or die. On occasion it is a sickening and disgusting spectacle, a betrayal of the governing principles of the enabling Act by indifferent civil servants with a comfortable contempt for the general public. If the matter is eventually adjudicated by the Court to the benefit of the property, owner, the acquiring authority may challenge the professional

costs incurred by the owner as a last resort to regain some advantage ... presumably to deter firms from providing this type of professional assistance in future cases. During the 1990s authorities such as the Province of Nova Scotia, Halifax Regional Municipality (HRM) and the Village of Lawrencetown refused to pay professional fees incurred by our clients, even though they were mandated by the Expropriation Act, under the pretext that our fees were "unreasonable". A procession of cases proceeded to the Supreme Court of Nova Scotia and the Court of Appeal until the latter, tired of repeatedly ruling otherwise, sharply warned HRM to stop wasting their time and the public purse. There the matter ceased ... not so in New Brunswick it appears.

On July 15th 2004, the Province in the guise of the New Brunswick Department of Transportation expropriated part of a farm owned by L.E. McConnell Farms Ltd. near Woodstock, for the construction of the Trans Canada Highway. The new road severed the farm in two and rendered it unviable for nuclear seed production. Operations ceased in 2005. We had been retained by the legal firm of Crocco Hunter in 2003 to assess the compensable loss. The NB DOT made a derisory offer of compensation which was rejected. The matter proceeded to court on January 24th 2011 and was settled by the Province four days into the trial, when their case collapsed, at "almost three times as much as the initial all-inclusive offer of \$110,000" according to the judge, Madame Justice Paulette C. Garnett. It was agreed that costs would be taxed and paid by the Province. The latter promptly claimed that our fees were unreasonable and refused to pay them. The matter was again adjudicated by Madame Justice Garnett on October 24th 2011. She rendered her decision on January 22nd 2013, ruling that our expenses and time billed were reasonable, but rolled back our hourly rates to our original involvement in 2004 because we had not informed our client they had increased. Madame Justice Garnett also awarded us our court costs and interest at 6% from the date of the hearing.

 Expropriation court decisions are available on our web site www.turnerdrake.com → Corporate Site → Products → Counselling → Expropriation ... click the link for "expropriation case law"

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Featured Properties: For Sale



Office Building with Development Potential

| | | | |
|-------------|--------------------|----------------|---|
| ADDRESS | 5450 Cornwallis St | CEILING HEIGHT | N/A |
| CITY | Halifax, NS | LEASE RATE | N/A |
| BUILDING sf | 12,359 sf | SALE PRICE | \$2,100,000 |
| LOT SIZE sf | 7,399 sf | CONTACT | RUSS ALLEN, x329 ASHLEY URQUHART, x340 |

For Lease



NEW! Commercial

| | | | |
|--------------|-------------------|----------------|---|
| ADDRESS | 42 Otter Lake Crt | CEILING HEIGHT | 16 ft |
| CITY | Halifax, NS | NET LEASE RATE | \$14.00 psf |
| BUILDING sf | 14,500 sf | OPERATING EXP | \$8.00 psf |
| AVAILABLE sf | 14,500 sf | CONTACT | ASHLEY URQUHART, x340 RUSS ALLEN, x329 |

We have solutions to your real estate problems:

The Challenge: a husband and wife team of investors took enormous pride in the construction, day to day management and leasing of their properties. "Hands on operators", they had spent 15 years meticulously honing their management system to a level of excellence that allowed them to extract superior returns from their properties. However they had been bitten by the travel bug and wanted to dispose of a 35 unit Dartmouth apartment building, so they would have more time to travel to exotic places. They were willing to share the secrets of their management system with the new owner provided they could realise a price which would compensate them for their hard work, as well as the real estate. They turned to NAI Turner Drake for advice.

NAI Turner Drake's Approach: We realised that marketing would be a challenge. Although the property was located in a park like setting with many small homely touches for the mostly female tenants, the building contained only one bedroom apartments. The market preferred a mixture of one and two bedroom units. In addition the asking price per unit, a measure commonly used by purchasers, was higher than that so far achieved in Dartmouth reflecting as it did, the superior management. NAI Turner Drake called upon the resources of its Lasercad™ Space Measurement Division to prepare plans and a physical description of the property. They deployed their Valuation Division to analyse the operating statements and prepare a well documented income and expense pro-forma based on the existing management system. It demonstrated the exemplary and innovative management practices which had allowed the property to outperform the market in terms of occupancy levels, rental rates and operating costs. NAI Turner Drake then prepared a comprehensive Master Sales Prospectus detailing the physical, fiscal and legal attributes of the property.

Winning results: NAI Turner Drake were able to secure two offers very close to the asking price within two weeks of commencing their marketing program.