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Newsletter

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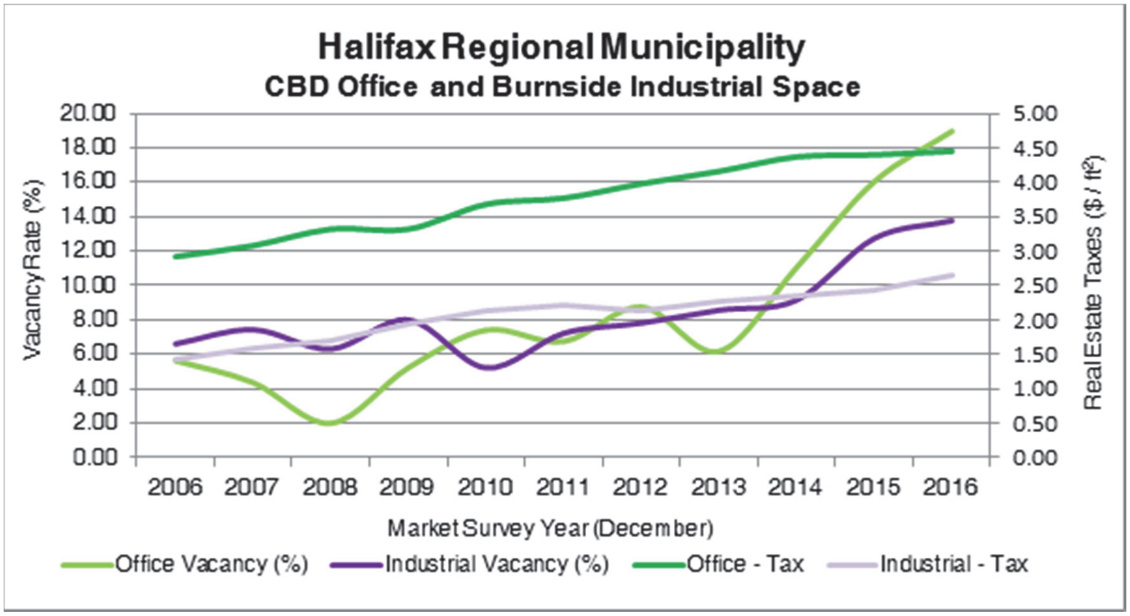
RISING TAXES meet MARKET MELTDOWN



Source: Turner Drake & Partners Ltd. Field Surveys 2006 to 2016

As office vacancy soars and market values fall in Halifax's Central Business District, HRM (Halifax Regional Municipality) continues to gouge landlords and tenants. Realty taxes per square foot continue to rise, forcing landlords already fighting to retain tenants, to absorb more of the municipality's overhead (over 60% of which is absorbed by overly generous compensation packages unaffordable in the private sector). George Orwell would have been proud, this is a classic case of Animal Farm. To add salt to the wound, the present situation is largely of HRM's own making. Their policies of promoting their own industrial parks for office development at the expense of the Halifax and Dartmouth CBDs, subsidising office construction, and coercing developers to add office space to a market already flooded with it, have helped create the present crisis. The tax load is crushing; as the property owners' financial assets deteriorate in value they have to meet the challenges of funding increased property taxes … while paying for them on their (expanding) vacant space. And this situation is going to get worse …much worse. When all of the office space currently under construction comes on stream later this year, office vacancy in the CBD will be close to 25%, a staggering figure unprecedented in the post war period anywhere in Atlantic Canada. Nor will this space be absorbed by new demand. Over the past 10 years office demand in Halifax CBD has *decreased* by an average of 17,676 ft.[2] per year … and that during a period in which the working age population was *increasing*. Unfortunately the latter peaked in 2016 so aggregate office demand in HRM will now contract more rapidly. The supply/demand equilibrium is attained at the 5% vacancy level and that will only be reached by taking space out of service through demolition, repurposing or abandonment. That will be a long and painful process lasting a decade or more. The situation is further exacerbated by the vast amount of construction currently underway in the downtown. Seven businesses have now sued the municipality and we have firsthand experience of tenants leaving the downtown because of "having to walk through pylons, construction, blocked sidewalks" and advising us that "just to try and get safely to my car has just become too exhausting and scary … by the time Friday comes, I can't wait to get out of the downtown". The mayor and council's indifference to the plight of businesses in the area has poured fuel on the fire. We have been no more successful; our own letters and telephone calls to the mayor and downtown councillor have also been ignored.

Industrial space in the Burnside Park, the largest in Atlantic Canada, is also hit by the perfect storm: increasing property taxes and vacancy rates. Property taxes per square foot increase year after year, through bad times as well as good. Vacancy has steadily increased from the base line 5% supply/demand equilibrium in 2010 to 13.8% by December 2016, with a major escalation post 2014. Over the past 10 years, industrial space demand in Burnside has

(Continued on page 2)

IN THIS ISSUE

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(Continued from page 1)
increased by an average of 49,242 $ft.^2$ per year. However it is likely to be lower in the future given that the working age population peaked in 2016 and is expected to decline rapidly as the Baby Boomers retire. (The leading edge of the Baby Boomers reached age 65 in 2012: the trailing edge will reach retirement age in 2031).The impact of the shrinking working age population will exacerbate the problem from 2016 going forward. A return to the 5% vacancy level supply/demand equilibrium will only be achieved by taking older buildings out of service over the next decade.

The foregoing will not elicit much sympathy from businesses located outside HRM. They have their own demons to confront. The demographics in Atlantic Canada are unique: there is no column of younger cohort supporting the Baby Boomers as they retire. The leading edge of the Baby Boomers reached age 65 five years' ago, and as they slide into retirement they have less disposable income. Worse, many are moving into the urban core, fueling demand for rental apartments, condominium units and extended care facilities. This is part of the reason for the construction boom in HRM. As the larger urban areas such as HRM denude the countryside, smaller municipalities are finding that the shrinking pool of property owners are no longer willing and able to share the tax load. Some municipalities are amalgamating and sharing resources.

Tax Relief

Residential assessments are "capped" in Nova Scotia until the property is sold. This shifts the tax burden to the young when they first marry and/or expand their family unit and buy homes, and to commercial property owners. Capping the residential assessments prevents equitable sharing of the property tax burden with the (primarily) older and wealthier residential property owners. The commercial tax (mill) rate is often 2.5 times the commercial rate and since residential owners vote, this inequity is unlikely to change. Until municipalities accept the fact that the world is changing, has changed, and adjust their spending and productivity to meet this reality, commercial property owners' tax burden will continue its inexorable climb. There is little evidence that the larger municipalities get the message. There were media reports recently of the reactions of two cities in neighbouring province New Brunswick. Service New Brunswick, the provincial assessment authority, announced that the deployment of new (to them) photographic technology had uncovered additional taxable assessable property in Moncton. The news was greeted with delight by the municipality: assessments had increased, ipso facto they had more money to spend! In Saint John however, the assessable tax base declined. The reaction from the municipality? You guessed it … the tax rate would have to increase. There was a similar reaction in St. John's Newfoundland last year: property owners suffering from post oil boom gloom were advised by the municipality that tax rates would increase. It is the lot apparently, of commercial property owners to pay increased taxes when things boom because they *can*…and to pay increased taxes when the economy turns sour because they *have to*…

The good news in Nova Scotia is that you can now take action to reduce your tax load because the appeal period for property assessments is with us once again. So turn off your phone, draw a strong cup of coffee and give us your undivided attention. This article could save you thousands (perhaps tens of thousands) of property tax dollars, year after year! You should have received your property's 2017 Assessment Notice by now. The provincial assessment authority PVSC (Provincial Valuation Services Corporation: Orwellian motto "A truly valued Nova Scotia"), will have mailed it to you (appropriately) on Friday 13th January. You have limited time to take action… the appeal period ends 31 days from the date of the Assessment Notice. Start by reading this article: it will help you decide whether you have grounds for an appeal.

Basis for Your Assessment

The legislated basis for your 2017 assessment is the market value of the fee simple interest in your property as of January 1st 2016 (*base date*), having regard to its physical condition on the date the assessment roll closed in December (*state date*). The two dates are important … what was the *physical condition* of your property on December 1st 2016 and what would it have been worth *in that condition* on January 1st 2016? The Assessment Act does not define "physical condition" but the term doesn't just refer to the state of the roof for example. A rental property with a large vacancy, an hotel or gasoline service station facing competition from new facilities nearby, a car dealer impacted by road works, and so on, all qualify in considering physical condition. Market value refers to your property's "current" use not its "highest and best use". If for example you own an industrial property which is now located in an area of highway commercial property, the assessed value should be based on its existing use as an industrial property … not its redevelopment value for commercial use. Assessors frequently appraise industrial property using a methodology called the Cost Approach. They add the land value to the depreciated value of the buildings. They use the land values prevailing in the neighbourhood. If the latter is a commercial area, an industrial property situated on commercial land is often erroneously assessed at the aggregate of its (commercial) land value and the physically depreciated industrial building cost.

So this is the first test you should apply. If your property's market value is less than its assessed value, it is over assessed. Bear in mind that only the realty is assessable. If you have an automotive dealership, fast food outlet, motel, or any type of property that derives part of its value from the "branding", this portion should not be assessed. This can really change the water on the beans. You have to step back and consider what your property would be worth without the benefit of its "flag". Since it is usually a condition of the franchise that the property have certain amenities or visual features, its value without the flag is usually substantially less. It is the latter that is assessable.

Properties that are over 15 years old, and/or were constructed in phases, are frequently over assessed since there may be deficiencies due to poor yard configuration, restricted circulation around the building, inadequate loading, poor road access, ceiling heights which no longer meet modern storage requirements, interior circulation that is functionally obsolete… If the building would no

(Continued on page 3)

(Continued from page 2)
longer be built today in its existing configuration it is almost certainly over-assessed since the assessor will not have calculated the functional obsolescence correctly … if at all.

A similar situation applies as well with properties that are modern but have experienced an adverse change in economic conditions. A modern hotel that now finds itself competing with other hospitality facilities erected since it was built. An apartment building attempting to compete in a market flooded with competing properties. A printing press building now feeling the impact of falling sales as the internet bites into the market for newsprint advertising, or kindle replaces paperbacks.

However there is a second and more important test (we never promised this would be easy). Many provincial Assessment Acts also mandate the principle of "uniformity" i.e. that like properties should carry the same tax burden. This principle is meant to prevent assessment authorities under-assessing property relative to its market value, thus depriving taxpayers of their right of appeal. Of course it would not matter if all properties were under-assessed by the same percentage amount, but such is not the case. Fortunately the Nova Scotia Assessment Act expressly requires that the provincial assessment authority PVSC, assess property in a *uniform* manner i.e. ensure that similar properties bear comparable assessments. Case law however has determined that this is best achieved by calculating the "General Level of Assessment" within the municipality, by property category (commercial or residential). This can only be done by totalling all of the 2017 assessments, for those properties whose sales occurred between 1st July 2015 and 30th June 2016, and comparing that total with the aggregate of their sale prices. In other words, if commercial properties in the municipality are assessed at an average of 80% of their market value, any assessment which exceeds 80% of its market value on January 1st 2016, is over assessed. In the past, the sales data necessary to calculate the general level of assessment was only available to PVSC …and they cooked the books. Now however, sales data is publicly available; however, its format and accessibility is fairly limited. PVSC usually insist that their General Level of Assessment is 95% to 100%. This is rubbish: if your local PVSC office maintains that it is higher than 90%, smile politely and acknowledge that you too believe in the Easter Bunny. We suggest you base your calculations on 80% and file an appeal if the assessed value of your commercial, industrial or investment property > 80% x Market Value (@ 1st January 2016). Exclude the HST from the market value. (We have built an information technology platform CompuVal®, and have populated it with sales, assessment and rental information. It allows us to compare aggregate Market Values with assessments to give us a broad indication of the true General Level of Assessment. The quantity of sales data varies by municipality since we gather it from multiple sources, so we have built capability into CompuVal® to run a variety of analyses comparing your property with others in its peer group. It will allow us to curb PVSC's appetite for creative accounting, if such still exists.)

The two rules can be combined into the following: If your Realty Assessment is > [(Market Value *in existing use* as of January 1st 2016) × (General Level of Assessment)], your property is over-assessed.

Lies, Damned Lies, & Statistics

Shortly after the Assessment Notices were put in the mail, PVSC went into damage control attempting to head off appeals by trumpeting that the *average* 2017 property assessment increase was only about 2% province wide. An *average* is best illustrated by the man with one leg in a block of ice and the other in a bucket of boiling water… on *average* he is very comfortable. The new assessments have been loaded into our CompuVal® Knowledge Base. We have run the analyses and are shocked at the results:

Apartments are facing large increases in certain areas despite stagnant rents, rising operating costs and vacancy. One in three owners has been hit with a 10% plus increase.

The hospitality industry generally enjoyed a modest rebound during 2014 and 2015. PVSC has rewarded one in four owners with assessment increases of 10% or more.

Office property assessments have *increased* by an average of 2%. This is bizarre, particularly in HRM … we anticipated major *decreases* in assessment, well in excess of 10%. Halifax downtown is flooded with office space, vacancies are at record levels, rents are falling, property taxes and utilities are rising. PVSC's office is no longer in Halifax CBD… they too migrated to Burnside business park. Perhaps they need to experience the construction zone that is the downtown today and see what is going on with the vacant buildings. Even the business parks are feeling the strain, especially the older office buildings.

Industrial property assessments showed an average 2% decrease. Really? Even in growth areas such as HRM's industrial parks, vacancy rates have soared since 2014 to a record 13.8%. Over the past 10 years net absolute rents have only increased by 1.8% annually, and this is an *average;* it is influenced by the higher rents achieved for new buildings. Materials handling, technology, heating costs, competition from green buildings, et al, render many older industrial buildings obsolete.

Retail assessments show an *average* increase of 3%. Many retail properties are over-assessed, the result of overzealous treatment by PVSC in the recent past. One in six retail properties have had assessment increases of 50% or more in the last 5 years. Perhaps PVSC have yet to discover Amazon and Ebay, or understand the impact of online shopping on the bricks and mortar retail sector.

The Next Step

If you have any doubt as to whether your property is over-assessed, you should file an appeal. We suggest you use the following or similar wording: *"The assessment is excessive, unfair, not uniform with other assessments and any other grounds that may appear. Praise the Lord and pass the ammunition".*

There is some risk in filing an appeal if your property is under-assessed because PVSC missed the fact that you have doubled the size of your building, or have other deficient information on your property in their files. You can reduce this risk by accessing their web site at www.pvsc.ca. Enter your

(Continued on page 4)

(Continued from page 3)

Assessment Account Number and PIN Code (both are shown on your 2017 Property Assessment Notice). The next screen may require you to enter the provided validation code before the gory details of PVSC's information is revealed. The information provided will be very sketchy and is almost certainly wrong. It is a frightening indictment of the crudity of PVSC's assessment process. If PVSC assessed the property using the Income Approach they should have used the information you supplied to them in an Income and Expense Questionnaire… or maybe not. In any event, it is unlikely that the calculations, if they are provided, will make much sense. We strongly advise that you do not utilise the information for any purpose (such as fire insurance) …or even discuss it in polite company. Simply use it to verify that your building and land size are approximately correct.

Alternatively you can call our Nova Scotia Tax Team, Giselle Kakamousias, Mark Turner, Greg Kerry, Matt Smith, at 902-429-1811 (HRM) or 1-800-567-3033 (toll free). They will be pleased to help and may be able to determine whether you have valid grounds for appeal by asking a few questions about your property and its assessment, and by comparing it with information on comparable properties in our sales and assessment databases. Do not hesitate to request information on the cost of our conducting the appeal for you. Our fees can be structured so that we or you, bear the risk (your choice). This is a genuine offer, we do not file frivolous appeals. We get tax savings with virtually all of the appeals we handle because the assessors recognise that we have valid reasons for appealing the assessment. Sometimes of course there is insufficient information or time available to formulate an opinion. Under these circumstances we will file a protective appeal and then later withdraw it if it becomes apparent that it is not warranted.

Taxing Times Ontario

Collingwood, Ontario
($53,833/annum in tax savings)

If you own property in Ontario you should by now have received your property's 2016 Assessment Update notice. The provincial assessment authority MPAC, will have mailed it to you last October (it's probably in the pile of papers in your in tray). It's now time to take it seriously, the appeal period ends on February 15th. You no longer have the luxury of procrastinating further: it is time to take action if you wish to enjoy tax savings for the next four years. Start by reading this article: it will help you decide whether to appeal.

The legislated basis for your 2017 assessment is the current value (effectively market value) of the fee simple interest in your property as of January 1st 2016. It is intended to represent what the property is worth on that date, in its current condition. The term "condition" does not only refer to the specific physical condition of the property. A rental property with a large vacancy, an hotel or gasoline service station now facing competition from new facilities nearby, a car dealer impacted by road works, and so on, all qualify in considering condition. The Assessment Act also provides that June 30th is the "classification date": the type of use to which your property is being put on that date will determine its "classification", the tax rate that will be applied to the assessed value….and hence your tax bill. Current value refers to your property's "highest and best" use not its "existing use". If, for example, you own an industrial property which is now located in an area of highway commercial property, the assessed value will be based on its redevelopment value for commercial use … not its value for industrial use … provided that the value of the land for commercial use exceeds the value of the land and buildings for industrial use. Assessors frequently appraise industrial property using a methodology called the Cost Approach. They add the land value to the depreciated value of the buildings. They use the land values prevailing in the neighbourhood. If the latter is a commercial area, an industrial property situated on commercial land is often erroneously assessed at the aggregate of its (commercial) land value and the depreciated industrial building cost. To complicate matters further the Minister does have the power to make regulations providing that property should be assessed only on its *current use* not its *highest and best use*.

However there is a second and more important test (we never promised this would be easy). Many provincial Assessment Acts also mandate the principle of "uniformity" i.e. that like properties should carry the same tax burden. This principle is meant to prevent assessment authorities' under-assessing property relative to its market value, thus depriving taxpayers of their right of appeal. Although the Assessment Act does not expressly require MPAC to assess property in a *uniform* manner i.e. ensure that similar properties bear comparable assessments, the Act implicitly contemplates that such should be the case. Paragraph 44(3) requires the Assessment Review Board to "*have reference to the value at which similar lands in the vicinity are assessed and adjust the assessment of the land to make it equitable with that of similar lands in the vicinity if such an adjustment would result in a reduction of the assessment of the land.*" The word "land" includes the buildings erected on it. So, even if your property is assessed at less than its current (market) value you would will still have grounds to get

(Continued on page 5)

(Continued from page 4)

the assessment reduced provided that it carries a higher assessment than comparable properties.

If you think your property is over-assessed you should file your appeal (technically a "Request for Reconsideration") by February 15th using 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 you prefer, we will be glad to file the Request for Reconsideration for you.

If, before you do anything, you would like our (free) advice on whether you should appeal, don't hesitate to call our Ontario Manager, Rick Escott at 416-504-1811 (GTA) or 1-800-567-3033 (toll free). Using basic property information provided by yourself, and with the help of our CompuVal® IT platform, we can often determine whether you have valid grounds for appeal. We do not recommend filing frivolous appeals; most of us hate paying taxes, especially when they are squandered on worthless projects or unmotivated municipal employees, but an appeal will not solve those problems. We get tax savings with virtually all of the appeals we handle because the assessors recognise that we have valid reasons for appealing the assessment. Sometimes of course there is insufficient information or time available to formulate an opinion. Under these circumstances we will file a protective appeal and then later withdraw it if it becomes apparent that it is not warranted.

Taxing Times New Brunswick

Manufacturing Facility, Northern New Brunswick ($27,938/annum in tax savings)

If you own property in New Brunswick and are drained mentally and financially by taxes, relief is at hand. On March 1st Service New Brunswick, the provincial assessment authority, will mail your Year 2017 Assessment Notice. You will have thirty days in which to appeal. We anticipate that apartment buildings are going to feel the burden of a re-assessment. We understand that Service New Brunswick have experimented with multiple regression analysis (MRA), a statistical technique much favoured by those who live in ivory towers, to calculate the assessments of apartment buildings. We are very familiar with MRA, we have used it for forty years as an investigative tool to help calibrate Stage One of our proprietary accelerated valuation model (AVM). It is a great way to brighten up dark winter days. We look forward to doing battle with SNB.

Our New Brunswick tax team, Andre Pouliot and Chris Jobe are available to handle your property tax appeal. They can be reached at 506-634-1811 (Saint John) or 1-800-567-3033 (toll free). If you have any questions about your assessment or would like some (free) guidance on whether you should appeal, give them a call.

PLANNING DIVISION

Finding Solutions in a Bottle

Recently our Brokerage Division closed a deal that will see a mid-century bank building transition from a hair salon to Halifax's first cidery – a business dedicated to the production and enjoyment of hard ciders. It is the city's newest addition to the burgeoning craft beverage industry, and by our count, the fifth such business within short walking distance of our head office. Thanks to double digit year-over-year growth in the industry, such businesses have been setting up shop throughout our region, but we have good reason to believe that we at Turner Drake are working in the very nexus of Beer Oriented Development.

The craft beverage industry is booming throughout the continent evidently. However, BOD is distinguished by integrating the production element the brewery, with the social gathering element of a retail/food service business, wrapping it all in a locally authentic brand identity and plunking it in a neighbourhood. The term itself was apparently coined in the weary rust-belt city of Buffalo where a pattern of revitalisation lead by the craft brewing industry has been observed in neighbourhoods otherwise dogged by the Midwest's manufacturing decline and hard hit by the Great Financial Crisis.

Back in our corner of North America, we can certainly attest to the healthy "third place" function of Beer Oriented Development. That is to say, in addition to the production itself many businesses serve as a nexus for community development outside of the home and workplace. They are small enough operations to revitalise defunct or underused properties without the timeline and complexity of a larger scale land assembly. The size and design of the retail operation

(Continued on page 6)

(Continued from page 5)
creates an enjoyable atmosphere and promotes interaction between customers (who are often neighbours). Where these activities are able to spill outside onto a patio or sidewalk café, they further add to the vitality and liveliness of the entire street. With seemingly endless groups of engineering school buddies (it's always engineers) keen to start their own venture, why do some areas see a flourish of BOD while others simply get an increase in breweries?

The Broken Window Fallacy

There's a classic economic parable that goes something like this: a baker's shop window is broken and he hires a glazer to repair it. Passersby observe the glazer at work and remark the economic activity stimulated by the broken window. Meanwhile, the baker having spent his money on the window now postpones his plan to purchase a larger oven and increase production. In this way, the passersby are mistaken about the benefit of a broken window because they consider only what they see, and not what they can't see. That is, they do not consider the opportunity cost; the lost benefits that would have been generated by things that were prevented, often without conscious purpose, from ever happening in the first place.

We don't often think about opportunity cost in planning. We like to have the initiative; there are no problems that can't be fixed through the application of more regulation or different policy. In this mindset, it is sometimes easy to lose sight of the fact that many (perhaps even most) good things tend to happen on their own if we leave the space for them. Nevertheless, Halifax, like many Atlantic Canadian cities, does benefit from not having gone too far off the deep end when it comes to land use regulation… at least compared to standard practices west of our region. Consider the present (if outgoing) land use bylaw for the Halifax Peninsula area where residential land use is governed by 6 zones. Contrast that with London, Ontario, a city of comparable population and municipal budget, where no less than 17 zones are needed just to regulate single detached housing! Clearly one approach provides more "regulatory space" than the other.

Six of One Ain't Always a Half Dozen.

London, like Halifax, is a university town with no shortage of thirsty students or courageous engineering buddies. Like Halifax, it has its own litany of recently launched microbreweries. And finally, like Halifax, London did not, and does not, specifically target or promote Beer Oriented Development. What London does have is its hyper specific approach to coding land use which classifies microbreweries as "Food, Tobacco, and Beverage Processing Industries" and among the 20+ flavours of commercial zoning, relegates such uses to the "General Industrial" areas of the city. In Halifax, some microbrewers also set up shop in the industrial areas, depending on their business model. However, Beer Oriented Development is mostly occurring under the General Business zone which allows – to paraphrase – basically any business that doesn't create problems in the area.

The shocking result? All of London's new microbreweries are segregated into soulless industrial parks. Sure, they've got a quality product, backed by the same witty, self-aware marketing, and most even have attached tasting rooms and offer brewery tours, but to access any of it you've got to drive out past electrical suppliers and find their docking bay among the other distributers and warehouses. So while both city economies are benefiting from growth in the craft beverage industry, only Halifax is gaining the additional benefits of neighbourhood revitalisation and contributions to a lively pedestrian atmosphere. These are not just intangible perks for urban hipsters. There is a hard dollar cost to London in terms of lost economic spinoffs and unrealised gains in property value, but that cost is the new oven that is hidden behind a broken window.

The Future is Delicious

Beer Oriented Development is just a microcosm of a larger dynamic. No one was anticipating an explosion of craft brewing or the potential of BOD when the zoning codes were written twenty years ago, just as the codes we write today do not address a future rise of distributed manufacturing, or an explosion of artificial intelligence. In truth, it'd be foolish if they did. In dealing with an ultimately unknowable future, it is basic human nature to play it safe; control what is knowable, and regulate the unexpected out of existence. The costs of this approach are easy to ignore because we are never fully aware of paying them. Yet, as Beer Oriented Development clearly demonstrates, there is a benefit, indeed a competitive advantage, to the city that sets itself up to embrace the unknowable future and capitalise on the unexpected.

Our Role

What can you build on your property? The answer to this is determined by interpreting the local planning policy and regulation. However these are living documents, and project timelines are often measured in years. Thus, it is essential to not only look at the present-day context, but peer into the future for additional opportunities. This is precisely why all our Planning Policy and Regulatory Review reports contain a Long-term Outlook section.

For a recent client, this feature paid dividends. For their property, the desired outcome would have required multiple amendments and the negotiation of a Development Agreement under present requirements; an expensive and risky process overall. However, by casting a wider gaze in our investigation, we identified an opportunity to pursue the same goals through a larger policy update the municipality was preparing to make. While this didn't save our client any time, it lowered the risk, and greatly reduced the cost.

We're finding our Planning Division lends vital assistance to our other areas of operation, improving the detail and delivery time of Valuation, Counselling, Economic Intelligence, Property Tax and Brokerage assignments. More importantly, it creates value for our clients, aiding with development projects big and small.

Whether you're musing about options or working towards a clear goal, ask Neil Lovitt, our Planning Division Manager, how we can help: 1 (902) 429-1811 (HRM), 1 (800) 567-3033 (toll free), or nlovitt@turnerdrake.com

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Featured Properties:

For Sale

ADDRESS	20 Neptune Cres.	ASKING PRICE	$704,500
CITY	Woodside, NS	PRICE/SF	$148.32
BUILDING SIZE	4,750 sf	CONTACT	ASHLEY URQUHART, x340
ZONING	Light Industrial (I1)		MICHAEL MCCURDY, x350

For Sublease

ADDRESS	250 Baker Dr.	RENT	$3,000 per month
CITY	Dartmouth, NS	ADDITIONAL	Interior Cleaning
SUITE SIZE	1,643 sf	CONTACT	ASHLEY URQUHART, x340
PARKING	Ample, free onsite		MICHAEL MCCURDY, x350

We have solutions to your real estate problems:

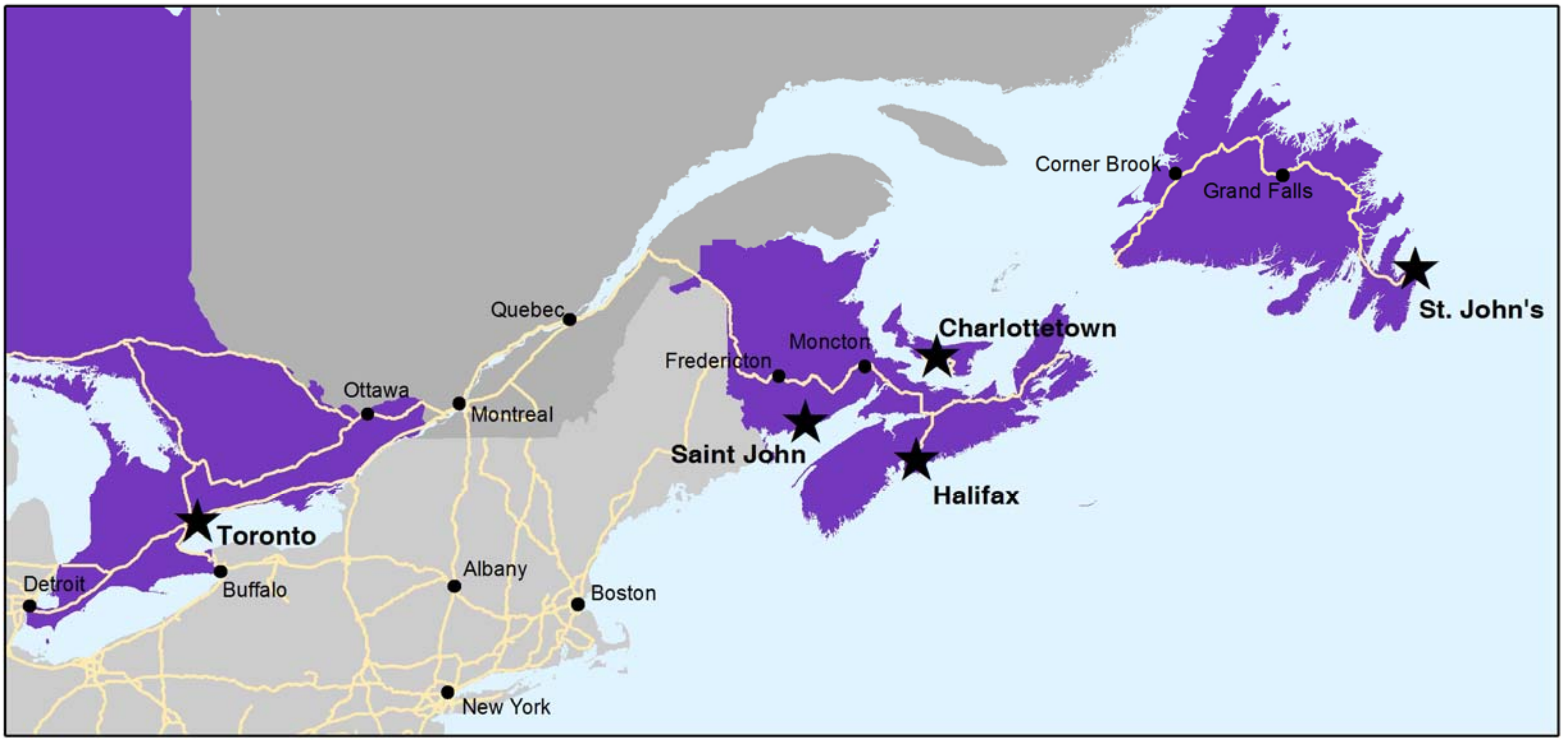
Challenge: This office building was located in a less desirable neighbourhood. The main floor of the building had been renovated but the second floor was in need of tender loving care. The owner turned to Turner Drake for assistance in selling the property.

Turner Drake's Approach: The assignment looked like a routine sales listing so our Brokerage Division kicked our marketing program into gear. They undertook a detailed inspection of the site and building, reviewed all of the leases, and compiled details of the property's physical, fiscal and legal attributes into our standard marketing package. They identified and contacted potential purchasers in their extensive Prospect Database. In order to give the property maximum exposure, they established a co-broker network comprising all of the commercial brokers in the Halifax Regional Municipality, and circulated details of the property to them. (We have a unique sales commission structure: we earn the same fee whether we sell the property ourselves or in co-operation with another broker. There is no incentive therefore for us to "double end" the commission; our focus is on selling the property for the best price, in the shortest time, rather than attempting to restrict the sale to our own clients. We are fairly unique too in that we practice "common law" rather than "designated" brokerage. This is an important distinction… in Nova Scotia, brokerages are legally required to choose one or the other… a brokerage cannot be both. In order to avoid conflict of interest we have made it company policy to represent only the vendor (in the case of a sale) or the purchaser (in the case of a purchase) … but not both on the same transaction.)

A purchaser was located, the appropriate Agreement of Purchase and Sale consummated: then it was discovered that the property had been contaminated by activity on a contiguous property… the remediation process was likely to be lengthy, the adjacent owner non-communicative… and so it proved. During the lengthy remediation both office tenants on the second floor declined to renew their leases, leaving the entire floor vacant. Vendor and purchaser communicated via their lawyers. A bleak winter beckoned!

Winning results: Our Brokerage Division sat down with the vendor, the purchaser and their broker, and crafted a solution whereby the purchaser leased the entire property during the remediation period, renovated and then occupied the second floor, finally completing the sale when the Department of Environment issued their report confirming that the site was remediated.

Local Presence: A Regional Outlook



Your Brokerage Solutions Team

Ashley Urquhart
Sales & Leasing

Michael McCurdy
Sales & Leasing

Verna Turner
Sales & Leasing

List of Services

Brokerage
- Vendor Representation
- Purchaser Representation
- Landlord Representation
- Tenant Representation

Counselling
- Feasibility Studies
- Expropriation
- Mediation & Arbitration
- Infrastructure Acquisition

Lasercad® Space Measurement
- Space Certification
- “As built” Plans

Economic Intelligence
- Market Surveys
- Site Selection
- Trade Area Analysis
- Supply & Demand Analysis
- Demographic Studies

Development Planning
- Regulatory Review
- Development Analysis
- Development Approval

Property Tax
- Assessment Audits
- Negotiation
- Appeal Board
- PAMS ® Property Tax Manager

Valuation
- Reserve Fund Studies
- Commercial
- Industrial
- Investment
- Development
- Rural
- PAMS® Property Portfolio Manager

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