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Newsletter

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Summer 2017 Atlantic Canada Edition **Vol. 2 No. 110 (ISSN. 1203-1410)**

HALIFAX MISSES THE BOAT

Image Credit: Turner Drake & Partners Ltd. (Photographed from the slopes of Citadel Hill)

Every year about 1.8 million tourists descend on Halifax intent on visiting its Citadel, harbour, and wealth of historic buildings redolent of a city so steeped in history. They may be disappointed: the magnificent harbour still exists as does The Citadel, albeit hemmed in now by modern structures, but the rich heritage of old buildings that gave the city its character is now largely gone. Most that remain have been trivialised, over powered and rendered impotent by the development boom that has blossomed over the past ten years. This rump too now faces extinction. Municipal greed and incompetence have accomplished what three centuries of war failed to achieve. Generations, as yet unborn, will question how the HRM (Halifax Regional Municipality) Council could have been so short sighted…to squander an asset that other cities on this continent rush to preserve because they can never be re-created. Halifax, funky old town, survived many world wars, but its enemy was within. It took centuries to create the city; just a decade to destroy it.

It would be tempting to point the finger at "greedy" developers but the reality is very different. Developers have to maximise the value of their properties to survive. Many do in fact attempt to preserve our built heritage though this often requires the input of public funds to mitigate the financial burden for what is, after all, an external social, rather than property specific, benefit. Heritage buildings are a cultural asset; the physical manifestation of our history, they speak to who we are, where we have been and how far we have come. History grounds society, gives it roots, a sense of belonging and ownership. Without history we are doomed to repeat our mistakes and to lack confidence in our future. Pride (and occasionally shame) of our past helps bind us together and shape the community in which we live. It frames who we have been and usually who we are today. To eradicate our history, by commission or omission, is cultural genocide. Heritage properties are not just "nice" tourist attractions, or unique environments in which to eat, drink, make merry and shop, they bear witness in a very physical sense to our roots. They benefit society at large because they are visible and frequently open to the public. By extension, the failure of the municipality and province to protect and nurture them speaks to a lack of pride in our past. Yet despite all of the evidence HRM Council still doesn't "get it". Instead of demonstrating leadership and accepting responsibility it prefers to pretend that its role is limited to that of referee between the two "protagonists", the developers (the "bad guys") and the heritage groups ("geriatric do gooders"). HRM's feeble response beyond the

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foregoing has been to establish the Barrington Street Heritage District….and then to promptly disavow responsibility for the high rise condominiums and rental apartments which make a mockery of it by protesting that they were grandfathered under the zoning by-law….rather than taking a leadership role and purchasing the air rights to obviate the necessity for their construction. Only recently have HRM hired a new heritage planner and indicated an interest in adding new conservation districts: a classic case of closing the door after the horse has bolted. Nor has the Provincial Government shown any interest in preserving our built heritage. They have allowed heritage properties they own, such as the Dennis Building opposite the Legislature, to fall into disrepair and have given municipalities very limited legislative tools (and virtually no financial support) to help preserve our built heritage. And only recently the Waterfront Development Corporation (WDC), a provincial body, refused to participate in monitoring heritage property impacted by the development of the Queen's Marque on the Halifax waterfront, advising the owners that this was their sole responsibility and to "sue the developer" if their property suffered damage…despite the fact that the construction was being undertaken on land owned by WDC.

Today, as office vacancy rises and market values fall in Halifax's Central Business District, HRM 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 (about two thirds of which goes to pay salaries). Office vacancy will soar to a record 25% later this year; a sad tribute to two decades of neglect and mismanagement by HRM since it was created by the amalgamation of four municipal bodies in 1996. Realty taxes per square foot have risen by 60% over the past ten years, while net rents (out of which the property owner has to pay their mortgage) by just 12%. Office building owners face the perfect storm: as their financial assets deteriorate in value they have to meet the challenges of funding increased property taxes … while also paying for them on their (increasing) vacant space … out of declining rents on the space they have been able to lease. Nor is this a temporary situation in which their vacant space will be absorbed by expanding demand. Over the past ten years office demand in downtown Halifax has decreased by an average of 15,200 ft.² per year … 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 5% supply/demand equilibrium will only be reached by taking existing space out of service through demolition, repurposing or abandonment. This will take several decades. The present situation is largely of HRM's making. Their policies of promoting their "industrial" parks for office development at the expense of 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. Given that the Halifax CBD is a major property tax generator, these policies are now expected to be counterproductive. HRM has killed the goose that laid its golden egg. (HRM recently insisted that it has now abandoned its policy of promoting its industrial parks for office development thus attempting to wash its hands of lasting culpability; however the supply of land already allocated for office space renders this action meaningless). Any office building which is not yet appealing its property assessment should consider doing so: but this will not address the tax rate, and it is a combination of the two that will ultimately determine the owner's tax load. Last year HRM successfully prevailed upon the Province to amend its Charter to allow it to levy different commercial tax rates in different areas of the municipality. The amendments are not flexible enough to address the crisis in the CBD office market and its continued decline as the region's commercial centre. The municipality was advised of the danger in 2009 and chose to ignore it. They took the downtown for granted, treating it with comfortable contempt. It is now too late. The situation is dire for the older buildings, particularly the city's built heritage. Virtually every heritage office building outside the designated Barrington Street Heritage District will be swept away within the next decade, unable to survive this perfect storm of high taxes and vacancy.

Getting it Right: The Little City That Did

The Central Business District of Charlottetown and its environs were a depressing place in the early 1970s. The little development that had occurred downtown was uninspiring; cheaply built low rise office buildings and a retail sector waiting for the final curtain. Department stores Eatons, a national chain, and Holmans, a local enterprise, still survived but the writing was clearly on the wall. The area adjacent to the CBD, between it and the waterfront, was no better. Populated with low rise wood framed residential uses interspersed with the occasional stone warehouse and office structure, it exuded an air of genteel decay, slumbering in the summer sun like an old cat waiting for its final meal. The waterfront too was in terminal decline, transitioning to a waste land of decaying wharves, abandoned industrial sites and a tank farm. Business called us here, but little else …only one decent restaurant where you could enjoy a wine with your meal, so long as the window shutters were firmly closed to shield the evil sight from the street. Yet the area had good bones thanks to two visionary surveyors two centuries ago.

The settlement was named the capital of the fledgling province in 1765 after Princess Charlotte of Mecklenburg-Strelitz, the happily married wife of King George III. Captain Samuel Holland immediately set to work surveying the first five hundred lots fronting the harbour, encompassing the present downtown. In 1768 Charles Morris, a Nova Scotian surveyor, started to lay out the streets. His work was continued by Thomas Wright

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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 ft. wide to endow future generations with views of the harbour. Although later alterations allowed encroachments, reducing the width to 60 ft., and some lots were consolidated, the street pattern affords stately vistas framed by a canopy of mature oak, linden and elm trees. The Confederation Centre for the Performing Arts was opened in 1964 funded by a thirty cent per capita contribution from Canadians coast to coast but by 1970 this capital city was decidedly down at heel and its centre looked set to sleep its way into the next century. Today however, 1.5 million tourists visit Charlottetown each year, almost as many as Halifax. Where there was decline, there is revival. In summer the waterfront sparkles, vibrating with life, marinas have replaced decaying wharves; restaurants, coffee shops, pubs and retail stores the decrepit warehouses; the former Texaco tank farm now hosts outdoor concerts, a cruise ship terminal and rose gardens. The neighbourhood between the waterfront and the downtown now greets the future with confidence and pride: heritage and other buildings tastefully, colourfully and lovingly restored, flower lined streets under that wonderful hardwood canopy. The area flows seamlessly into the downtown, restored masonry warehouses now repurposed to accommodate restaurants, vibrant pubs, coffee shops, funky stores, taking advantage of the ambience that only heritage buildings exude. So what happened, how did this little capital of a tiny province turn it around?

A lot of the credit has to go to the efforts of the Charlottetown Area Development Corporation (CADC), a crown corporation created in 1974 to kick start revitalisation of the downtown, the waterfront and the area in between. In our experience, CADC has been a rarity, a publicly created body that actually fulfilled its mandate, changed things for the better and acted as a catalyst for the area within which it worked. Its initial thrust was to restore heritage buildings and to demonstrate the impact this would have on the immediate neighbourhood. One of their first projects, in 1976, was the restoration, in conjunction with the owner the Heritage Canada Foundation, of three Georgian brick buildings on Great George Street where Lieutenant-Governor Edmund Fanning's residence once stood.

Also that year CADC completed the restoration of a string of historic buildings on Water Street. We were fortunate to visit the buildings during and after restoration and were blown away at their transformation. Both projects demonstrated to the community and other property owners the benefit of restoration rather than demolition and were instrumental in initiating similar private sector endeavours.

The year following, CADC completed streetscape projects on Great George and Water Street moving wiring below ground, installing historic street lighting, new curbs, sidewalks and street paving. Great George Street would go on to be declared a heritage street and is now one of the most heavily pedestrian trafficked streets in the City. (Later, private entrepreneurs purchased a row of Georgian buildings, including an hotel, and restored them to create The Inns on Great George, a boutique hotel. It opened in 1996, is unique and well worth the stay).

CADC continued the momentum with a major development on the waterfront in the late 1970s early 1980s: Harbourside is a multi-use complex comprising 91 rental apartments and 104,000 ft2 of commercial space built over an underground parking garage and incorporates, around its periphery, restored brick heritage buildings used as offices and a pub. This project kick started redevelopment of the waterfront and CADC have since continued that process restoring masonry buildings and erecting new retail and office space and in 2013, a convention centre. CADC has had a major impact on the waterfront, the adjoining neighbourhood and the Central Business District. Initially their efforts spurred a revitalisation too of the downtown by providing multi-level parking and in 1981, the creation of the Confederation Court Mall which took advantage of the inner core of four retail blocks and tied into the Holmans Department Store. That initiative has now been mitigated by the growth of suburban shopping and big box centres which have taken their toll on city centre retail.

Charlottetown has cleverly married the restoration of its heritage buildings with new structures which are in scale with and complementary to them in order to revitalise and repurpose its waterfront and downtown. Sitting where once stood a tank farm, breathing in the heady aroma of the roses, seeing the light dance and sparkle on the harbour while the restored heritage buildings soak up the sun, watching cruise ship passengers disembark and look

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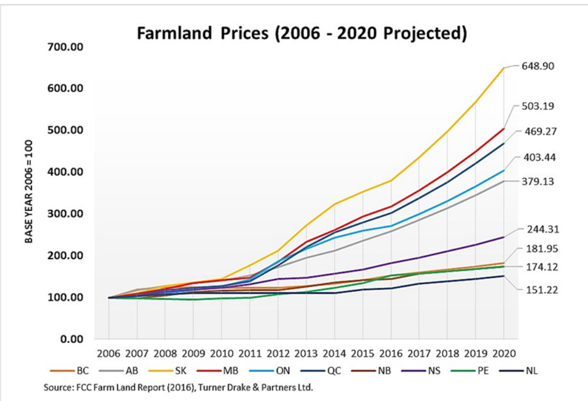
appreciatively around….this is a city whose boat has come in.

Mike Turner is Chairman of Turner Drake & Partners Ltd. An Atlantic Canadian by choice, he likes heritage buildings (and dogs), thinks both have a lot to offer, believes we have a lot to learn from them, and is convinced the world would be a less interesting place without them. He can be reached at 1-800-567-3033 Ext. 312 or by email mturner@turnerdrake.com.

VALUATION DIVISION

Farmland



Farmland prices in Canada have increased by an average of 218% over the past 10 years according to the latest data published by Farm Credit Canada (FCC). British Columbia and the four Atlantic Provinces were the laggards, skewing the data downwards. There is now plenty of anecdotal data indicating that farmers are moving to the Atlantic Region from other parts of Canada because high land prices are curtailing their expansion opportunities in the province in which they currently farm. Migration from Ontario to Prince Edward Island appears to be the most pronounced trend. We are also aware of purchasers acquiring farms for investment: the properties are then leased on a fixed rental and/or crop share basis to tenant farmers. Can we expect farmland values in this Region to mirror the increases in the other provinces as a result of this increased demand? We decided to find out. First though, a caveat. FCC's estimates of farmland prices are based on their *appraised* values of benchmark properties, rather than an analysis of raw sales data. The appraisals themselves are based on the sales of comparable properties and thus are a surrogate for market value. The methodology provides consistency which would otherwise be lacking in the absence of repeat sales of similar properties year over year. This is particularly germane to the Atlantic Region because sales data is difficult, expensive or impossible to obtain from the Provincial governments, often the sole source of the information. Prince Edward Island in particular is the hermit kingdom when it comes to government control of information. The main advocate for its refusal to share information with its citizens appears to be the provincial Assessment Department, a.k.a. the Department of Finance: presumably they are terrified that taxpayers will launch a flood of appeals if they are given access to the sales data on which their property assessments are based. (Service New Brunswick had a similar policy until it was taken to task by the provincial ombudsman who pointed out that its behaviour ran counter to accepted democratic norms). In 2016 [Newsletter Vol. 2 No. 104] we were able to compare FCC's figures with hard sales data and determined that they accurately reflected the trend in price increases, albeit with something of a lag. They may therefore understate the trend slightly across the country.

In order to determine if the rise in farmland values in provinces outside the Atlantic Region would result in an increase here, we employed stepwise Multiple Regression Analysis (MRA) to determine the strength of the relationship. For example: does a price increase in Ontario portend an increase in farmland values in Prince Edward Island; how much of the latter is due to the former; how much will prices increase in PEI as a result of an increase in Ontario prices? MRA does not definitively establish *cause* but it does allow us to measure the *relationship*. (MRA was the technique used by Service New Brunswick to such disastrous effect with their 2017 re-assessment [Newsletter Vol. 2 No. 109] but that is another story). We found that the relationship was strong but the provinces differ in terms of their "influence" on farmland values in the Atlantic Region. For example: an increase in farmland values in Alberta "explains" 98% of the change in Nova Scotia values, while the changes in farmland values in Saskatchewan, Manitoba and Quebec "explain" 97% of the change in New Brunswick prices. 96% of the changing PEI values are influenced by British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec whilst Newfoundland has British Columbia, Alberta and Ontario to thank for 95% of its good fortune. So it does look as though increases in farmland values outside this region are influencing their rise in Atlantic Canada, either because farmers are moving here and/or investors are adding to market demand. So how much of the increase is due to owner occupier farmers versus investors or non-farmers? Cognizant that this question is keeping you awake at night we deployed resources to find out.

We compared farm incomes (excluding depreciation) as reported by Statistics Canada with the increases in farmland value in every province. 80% or more of the change in farmland values can be explained by changes in farm income in Alberta, Ontario, Saskatchewan and New Brunswick. There was little or no relationship between farm income and land values in the remaining provinces. This suggests that the increase in farmland values in New Brunswick is being influenced by farm income, as well as from demand pressure from outside the region. Not so in Prince Edward Island, Nova Scotia and Newfoundland; there is no relationship between increases in farm income and farmland values in those provinces. Prices increases are being driven by farmers new to the region with income expectations coloured by their experience elsewhere…or by

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investors. Anecdotally that sounds like a credible explanation for Prince Edward Island and Nova Scotia: but probably not for Newfoundland. We also regressed the farmland values against provincial GDP to measure how much demand pressure may be occurring from non-farmers located in each province. The data shows that they do not significantly influence farmland values in New Brunswick or Newfoundland but may be a source of demand in Nova Scotia and Prince Edward Island.

So what does it add up to? The increase in farmland values in New Brunswick is being driven by existing farmers in the province and demand from farmers and or investors from outside the region. Non-farmers in the province have no measurable impact on value increases. Increases in Prince Edward Island and Nova Scotia farmland values are driven by demand from farmers and or investors from outside the region and non-farmers in the province. Demand from farmers in the province, whilst important, has no measurable impact on value increases. Newfoundland is something of a mystery: increases in farmland values are not being driven by farmers, or non-farmers, already located in the province but are strongly correlated with price movements in British Columbia, Alberta and Ontario.

Fools rush in where angels fear to tread! We have used the regression equations, and the assumption that farmland in the *non-Atlantic* provinces will increase at the same average compound rate as the past ten years, to project the 2017-2020 farmland prices shown in the graph. The indicated percentage price increase to 2020, over 2016, is as follows: New Brunswick 20%, Nova Scotia 34%, Prince Edward Island 14%, Newfoundland 24%. We suspect that these projected price increases will prove to be too low for Prince Edward Island, farmland prices there are already a bargain.

Our Valuation Division has established a specialised Farm Valuation Unit. It has compiled a database of farm sales, developed farm specific valuation software, sourced soil survey, forest inventory and Canada Land Inventory map layers and integrated them with high resolution satellite and three dimensional aerial photography to offer farmers in the Atlantic Region access to appraisal services for succession planning, estate freezes, sale, purchase, financing ...a 15% discount on valuation services is available to members of the Nova Scotia Federation of Agriculture in Nova Scotia & Prince Edward Island and the Agricultural Alliance of New Brunswick. For more information call James Stevens at 1-800-567-3033 Ext. 346 or email him at jstevens@turnerdrake.com.

EGG HEAD AWARD

James Stephens
B.Sc. (Hons). Adv. Dip. GIS DULE

James joined Turner Drake in 2013 directly upon graduation with an Advanced Diploma in Geographic Information Systems (GIS) for Business from the Centre of Geographic Sciences (COGS), Lawrencetown, Nova Scotia. He also holds a Bachelor of Sciences (Honours) in Environmental Sciences degree from the University of Guelph. James was granted a Diploma in Urban Land Economics by the University of British Columbia in 2016 and is currently enrolled in their Bachelor of Business in Real Estate degree. He has completed many of the courses and consistently achieves 'A' grades, having recently received the top marks countrywide in Assessment Administration: he is thus the recipient of this month's egg head award! James lives in our Economic Intelligence Unit and is part of their Geographic Information Systems team. He was an integral part of our team providing GIS and negotiation services for a large infrastructure project the location of which must remain top secret (it ran through Cape Breton, under the ocean, up the west coast of Newfoundland to somewhere in Labrador…more than that we cannot reveal). He is currently working with our Valuation Division. James is also a member of our Farm Valuation Unit, a project to offer farmers in the Atlantic Region access to high grade valuation advice at a reasonable cost.

You can congratulate James and find out what he knows about farms by emailing him at jstephens@turnerdrake.com or by calling him (but only after his second java of the day) at 1-800-567-3033 Ext. 346.

PROPERTY TAX DVISION

Sticking it to Tenants

Apartment renters usually fall into one of three groups, the young, old, and blue collar: often the more income deprived sections of the population, yet they bear more than their equitable share of property taxes. True, the property taxes are "hidden" because they are included in the rent but that only disguises the fact that the tenant pays them. How do governments penalise residential renters, to what degree and why?

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22 Dundas Street, Dartmouth
Nova Scotia
(Nova Scotia Assessment Appeal Tribunal Decision: $13,000/annum in tax savings)

If you own a home in Nova Scotia your assessment will be frozen ("capped") until you sell or build on to it. The process was implemented in 2005 as a political knee jerk reaction to increasing residential assessments, which in turn were the outcome of inflating property values. Canada was one of only three countries in the industrialised world to miss out on the housing boom in the 1990s: we were too busy paying for our past excesses….fiscal restraint was the order of the day. However once the new century dawned, personal incomes took off and with them house and waterfront land prices. Since property assessments are based on market value (at that time with a two year delay) they too started to rise. Reacting to complaints from some home owners, especially those located along the province's much sought after South Shore, the government moved to "cap" assessment increases on residential property (single family homes and apartment buildings with no more than three units) and taxable resource property (i.e. woodland) so long as half of the interest therein (or more) is owned by a provincial resident. Initially the capped increase was applied to the 2001 Base Year (the date at which the assessment purported to equal market value) at 15% then 10%, per year but this was later changed to tie it to the inflation rate (as measured by the Consumer Price Index). All other property, including rental apartments, were excluded from the capping, and every year bear an increasing share of the tax load. Thus home owners, such as the author, can contentedly watch as his share of the tax burden is increasingly off loaded onto the young, the old and the blue collar. The more valuable the home, the greater the tax transfer. Trump that!

Unfortunately New Brunswick has gone one better in its discrimination against apartment renters: there, they are doubly blessed. The Province implemented capping in 2011 for residential assessments, other than apartment buildings, but allowed an increase of 10% per annum. However they insist that the apartments shoulder the provincial tax rate *in addition to the municipal rate.* (Residential home owners only pay the municipal portion of the tax bill). Data compiled by the New Brunswick Apartment Owners Association shows that renters located in the main cities (Saint John, Moncton, Fredericton) pay between 65% to 81% more than homes with the same assessed value. On average, apartment renters in New Brunswick pay 92% more in property taxes than tenants in similarly assessed apartments in the Region's remaining provinces. The comparison is starkly illustrated by the following table showing the number of months' rent required to pay the property taxes:

City	Average Annual Property Tax	Average Monthly Gross Rent	# Months' Rent to Pay Property Taxes
St. John's	$ 446	$790	0.6
Halifax	$ 960	$894	1.1
Charlottetown	$ 941	$872	1.1
Saint John	$1,424	$749	1.9
Fredericton	$1,856	$849	2.2
Moncton	$2,037	$804	2.5

Source: New Brunswick Apartment Owners Association

Prince Edward Island instituted assessment capping in 2010 for residential properties which are owner occupied at the lower of the provincial Consumer Price Index (CPI), or five per cent per annum, whichever is the lower...unless the CPI signals deflation, in which event it is capped at zero. Since rental apartments are excluded, the unfortunate tenants effectively subsidise home owners (including condominium apartment owner occupiers).

Newfoundland has not implemented capping of owner occupied residential property.

Quo Vadis?

The municipalities are opposed to capping and have conducted several studies since it was introduced to demonstrate that it makes a bad system worse by distorting the ad valorem principle of property taxation. They are correct. It is also true that the proportion of the property tax levied on rental apartments which is actually born by the tenant is a function of the price elasticity of demand…where apartments available for rent are in short supply the tenant pays for most, if not all, of the tax burden…but where the reverse is the case the landlord absorbs the property tax (in the short run). Capping was introduced by the provinces in response to sharp assessment increases in owner occupied residential property, which in turn reflected a similar movement in market values. However the increase in assessments should not, of themselves, have resulted in a similar increase in property taxes; the latter are a function of municipal spending. If assessments increase by 100% the tax rate should fall by 50% provided the municipality does not increase its spending. Unfortunately there appears to be a widely held view amongst municipalities that increased assessments expand their revenue generation capacity and confer a licence to spend more money. Municipal budgets should be based on their requirements, not their perceived ability to soak taxpayers. The provinces have attempted to rein in municipal spending by capping and in so doing have rendered the taxation system less equitable. Capping should be removed but it is egregious for the municipalities to rail against it because it limits their spending capacity: it is the failure of the municipalities to impose fiscal discipline that is the root cause of the problem. Unfortunately removing the capping will render provincial politicians unpopular unless it is balanced by municipal fiscal restraint…so we could be stuck with it for a long time. Since the property taxes are "hidden" in the rent, action by tenants to persuade their MLAs to take action is unlikely. It therefore falls to the various Apartment Owners Associations to successfully lobby for rental apartments to be treated in the same manner as single family homes. In the interim a successful assessment appeal may be the only way to afford relief.

For more information on property tax appeals visit our web site www.turnerdrake.com → Corporate Site → Property Tax → Tax Appeals or call our tax team Andre Pouliot (New Brunswick), Giselle Kakamousias (Nova Scotia), Mark Turner (Newfoundland and Prince Edward Island) at 1-800-567-3033 (toll free) or 902-429-1811 (in HRM).

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Featured Properties:

For Sale: Mixed-Use Commercial with Parking Lot

ADDRESS	880 Prince St. & 11 Havelock St.
CITY	Truro, NS
BUILDING SF	12,024 sf
LOT SIZES	4,000 sf & 5,000 sf

ZONING	Downtown Commercial (C1)
ASKING PRICE	$469,000
PRICE/SF	$39/sf
CONTACT	MICHAEL MCCURDY, x350
	ASHLEY URQUHART, x340

For Lease: Office Space – Multiple Configurations Available

ADDRESS	54 Harley Umphrey Drive
CITY	Liverpool, NS
BUILDING sf	11,928 sf
LOT SIZE	5.50 acres

ZONING	Light Industrial (M-1)
OTHER	2,810 sf minimum demise
ASKING PRICE	$10.00 psf + cleaning & electricity
CONTACT	ASHLEY URQUHART, x340
	MICHAEL MCCURDY, x350

We have solutions to your real estate problems:

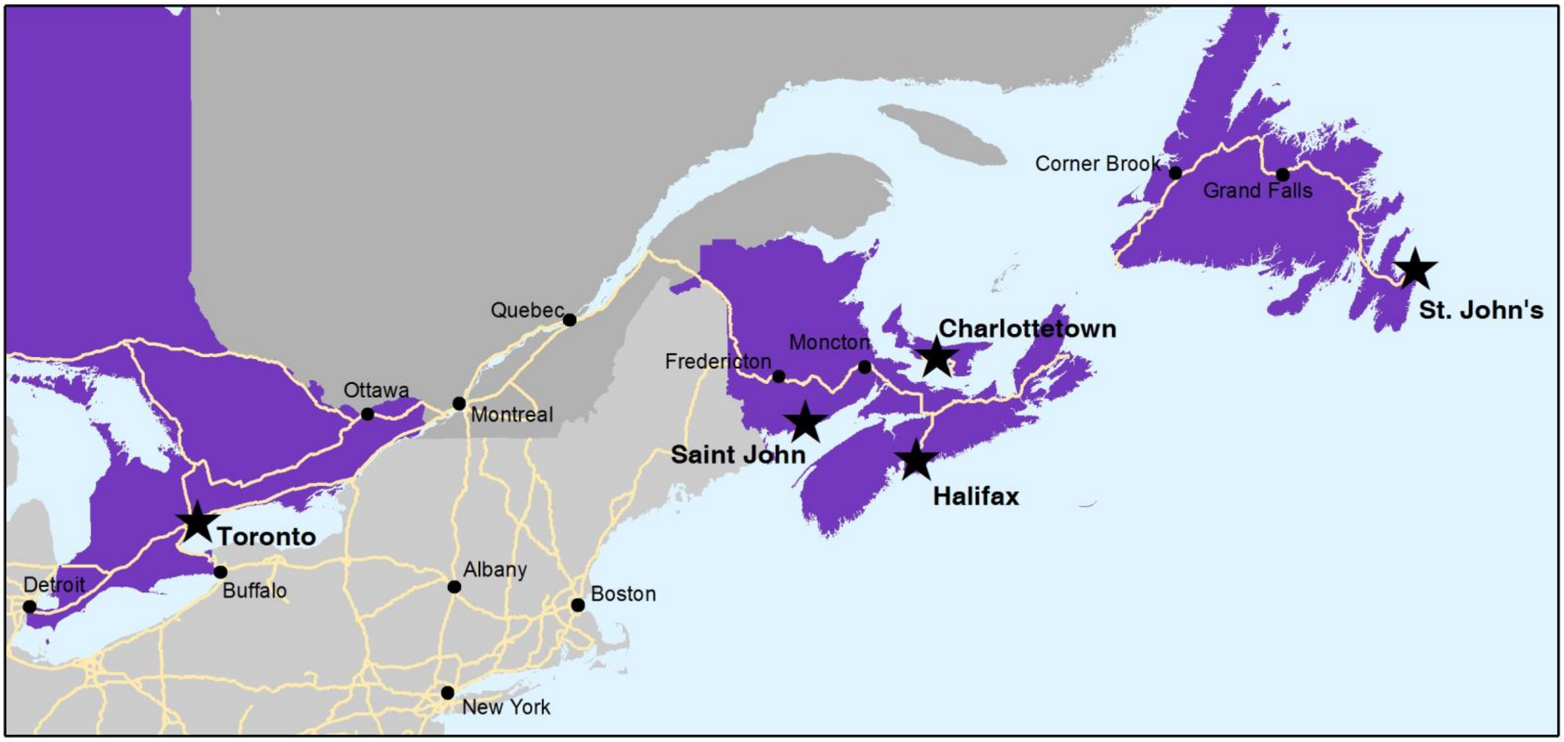
Challenge: Our client owned a metal fabrication shop in the heart of one of Halifax Regional Municipality's industrial parks. They wanted to expand and had purchased larger facilities in close proximity. They wanted to sell their old property and apply the proceeds to their new building. They had received a few offers to purchase their existing property. Unfortunately none of those offers were acceptable, so they turned to Turner Drake for assistance.

Turner Drake's Approach: Our Brokerage Division utilises a "managed" process governed by a quality system registered to the international ISO 2001 Quality Standard. As part of that process we undertook a thorough inspection of the property to capture and record its physical, fiscal and legal attributes, utilising a structured approach honed over four decades of valuing and marketing real estate. (Buyers discount for risk, so in order to appeal to the broadest pool of purchasers and eliminate uncertainty, we comprehensively capture and document all of the factual data). Our Lasercad® space measurement team carefully measured all of the space, and produced accurate plans suitable for leasing as well as sale purposes, using our Computer Aided Design system. Our Brokerage Team then went to work creating marketing materials and erecting a sign on the site. Our Brokerage Team also created a co-broker network with the other commercial brokers, to provide maximum marketing exposure in addition to our own database of potential purchasers. Company policy prohibits us from holding listings "close to our chest", so we have designed a sales/leasing commission structure designed to be "broker neutral" i.e. we get the same fee whether we sell the property ourselves or with the aid of another broker. In industry parlance, we do not "double end" commissions. Our brokerage team is salaried so our focus is on getting the best result for the client. As soon as our marketing materials were prepared, we commenced our marketing thrust.

Winning results: We received several offers to purchase the property, none of which were acceptable to the purchaser. We advised them to be patient and continued with our marketing efforts. Eventually we were approached by one of our co-broker network partners acting on behalf of an international company interested in the property, but whose mandate prevented them from purchasing it. They offered to lease it at a substantial premium over market rent. The owner was able to retain ownership of the property, further increasing their equity position, while securing a generous cash flow from a triple A tenant, for a substantial lease term.

TURNER DRAKE & PARTNERS LTD.

Local Presence: A Regional Outlook



Your Brokerage Solutions Team

Ashley Urquhart
Sales & Leasing

Michael McCurdy
Sales & Leasing

Verna Turner
Sales & Leasing

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Purchaser Representation
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Trade Area Analysis
Supply & Demand Analysis
Demographic Studies

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Regulatory Review
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