

BROKERAGE (SALES) CASE STUDY

MINIMISE RISK: MAXIMISE VALUE

Dunoon Holding Ltd.'s Challenge

The Executors of this Estate faced a multi-faceted challenge. They were obliged to satisfy themselves, and the Beneficiaries, that these two parcels of land were sold for the highest price; some of the Beneficiaries had expressed an interest in purchasing one of the properties; and the Halifax Regional Municipality was in the midst of a comprehensive Municipal Development Plan Review which had shaken the confidence of the development community. The properties comprised two physically divorced parcels; a 19 acre serviced block of land ripe for immediate development, and a 93 acre lakefront property with little foreseeable development potential.

NAI Turner Drake's Approach

NAI Turner Drake's Valuation Division was retained to value both properties. They advised that the on-going Municipal Development Plan Review had created considerable market turbulence, and a dearth of current sales data on which to base their valuations, because landowners were "sitting tight" awaiting the results of the Review, expected at an undetermined point in the "near" future. They nonetheless were able to establish "probable" values but cautioned that these had to be tested on the anvil of the marketplace, in an environment which provided some pricing guidance to prospective purchasers, but which also encouraged them to compete with each other. NAI Turner Drake's Brokerage Division determined that this could best be achieved by a quasi-tender approach in which offers would be invited in excess of published minimum prices by an offer closing date. In order to take as much risk out of the transaction for the purchaser as possible, to encourage them to tender their best bid, NAI Turner Drake's Brokerage Division carefully prepared a comprehensive Master Sales Prospectus detailing the physical, fiscal and legal attributes of the property. They then exposed the properties to the general market using a target list of prospective purchasers drawn from their extensive database, signage on the properties, and wide exposure to the brokerage community. After extensive consultations and discussions over a two month period, a formal assignment was executed. Within 25 days of authorising the Listing Agreement, NAI Turner Drake was able to present Dunoon Holdings Ltd. with thirteen bona fide offers.

Winning Results

NAI Turner Drake was able to generate thirteen offers for the two properties, several in excess of the minimum price threshold. The interested Beneficiaries were able to participate in the bidding process. The method achieved the highest value and did so in a manner which was open and transparent. The Executors and Beneficiaries could be confident that both parcels were sold at the highest price despite the uncertainty engendered by the Municipal Development Plan Review.

