

VALUATION CASE STUDY MAKING SUN SHINE

Sun Life's Challenge

Sun Life were the reluctant owners of Alderney Gate, Dartmouth's flagship office building. Conceived as a landmark building in 1990 to kick-start development in the downtown, it had been developed as a public-private partnership between the City of Dartmouth (now Halifax Regional Municipality) and local developer Maplehurst Properties Ltd. under a land lease and partial leaseback arrangement. Alas the timing was unfortunate; early leasing efforts were crippled by the onset of the deepest and most prolonged real estate recession to hit the region since the Second World War. The developer had to transfer ownership to the mortgagee, Sun Life's predecessor Mutual Life. The new owner's challenge was to minimise their operating expenses until the market improved to the point where they could liquidate their asset and recover their investment. They turned to Turner Drake for advice.

Turner Drake's Approach

Turner Drake provides ongoing, long term support to property owners and managers. Their involvement with a property often spans several ownerships and economic cycles, making them an invaluable resource for successive managers. They are a reliable constant in a rapidly changing and fast paced world which demands versatility and values durability.

Turner Drake's involvement with this property extended back to 1988 when they valued the site, the then Little Nashville Cabaret, for its acquisition by the City of Dartmouth. As the Alderney Gate project progressed, developer Maplehurst Properties Ltd. sought Turner Drake's assistance to negotiate relief on the property's huge tax burden. Following the transfer of ownership, Mutual Life sought Turner Drake's assistance in an on-going property tax battle which culminated in a fiercely fought hearing before the provincial Public Utility and Review Board. Turner Drake provided the expert testimony and Mutual Life emerged victorious with multi-year tax savings in the order of \$300,000.

As the years rolled by and Mutual Life transmogrified into Clarica Life and finally Sun Life, Turner Drake continued to perform assessment reviews and conduct negotiations to ensure the property tax load was kept to an absolute minimum. They also carried out periodic valuations for asset management purposes, providing strategic advice and cash flow modelling so the owners could monitor the progress of their asset as the property market recovered. Almost fifteen years after their assumption of ownership, with the building fully leased and the property investment market on fire, it was time to sell. Sun Life entered into negotiations with their major tenant, the Halifax Regional Municipality, and asked Turner Drake to provide the valuation needed to satisfy the terms of the option agreement.

Winning Results

A sale was consummated with HRM; Sun Life recovered its investment and the building is now host to a variety of government departments.

