

VALUATION CASE STUDY NOT-FOR-PROFIT FINANCING

The Challenge

When a Nova Scotia Not-For-Profit set out to build a new facility to provide a wide range of programs, supports, and services for adults with intellectual and physical disabilities, they needed more than just an updated facility; they needed financing for their new building. The planned facility would house a variety of social enterprises, including a cafe and catering service, a thrift store, and several manufacturing programs including 3D printing, laser cutting, and custom embroidery operations. While the building was purpose-built for these initiatives, lenders needed reassurance that the property would represent sound mortgage security. Complicating matters further, the building was still under construction at the time of the valuation. With financing dependent on a credible valuation, the organization turned to Turner Drake for an independent assessment of market value.

Turner Drake's Approach

Valuing a property that does not yet fully exist requires both market insight and careful analysis. Our Valuation team began by reviewing architectural plans, construction progress, and site conditions during an on-site inspection. Because the building was expected to be completed shortly after the inspection date, the valuation considered the property's market value upon completion.

The team also needed to determine the property's Highest and Best Use. Although it was custom designed for a specific use, the building was a commercial structure located within a growing business park, and was adaptable for a variety of commercial users. We began the valuation process by employing the Direct Comparison Approach which necessitated researching recent sales of comparable commercial properties. Fortunately, our team has access CompuVal[®], a custom built, leading-edge technology platform which puts comparable sales at our fingertips. The Income Approach was not appropriate in this instance since the subject property did not constitute a typical investment asset, so Turner Drakes used the Cost Approach to add additional support to the valuation. Our team estimated the costs associated with building a similar structure under current market conditions and compared those with the construction costs provided by the client. Since the building represents new construction, this approach is considered reliable, and supportable without requiring subjective estimates of depreciation.

Winning Results

Drawing on our team's regional expertise and Turner Drake's proprietary CompuVal[®] family of intelligent databases, we delivered a well-supported valuation report to our client.

The report provided the lender with the confidence that the property represented appropriate security for first mortgage financing.

With reliable market evidence in hand, the project could move forward — helping create a purpose-built space where social enterprise and community impact can grow.

