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TURNER DRAKE & PARTNERS
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Newsletter

Turner Drake & Partners Ltd.
6182 North Street,
Halifax, N.S., B3K 1P5
Tel: (902) 429-1811

St. John's, N.L.
Tel: (709) 722-1811

Charlottetown, P.E.
Tel: (902) 368 1811

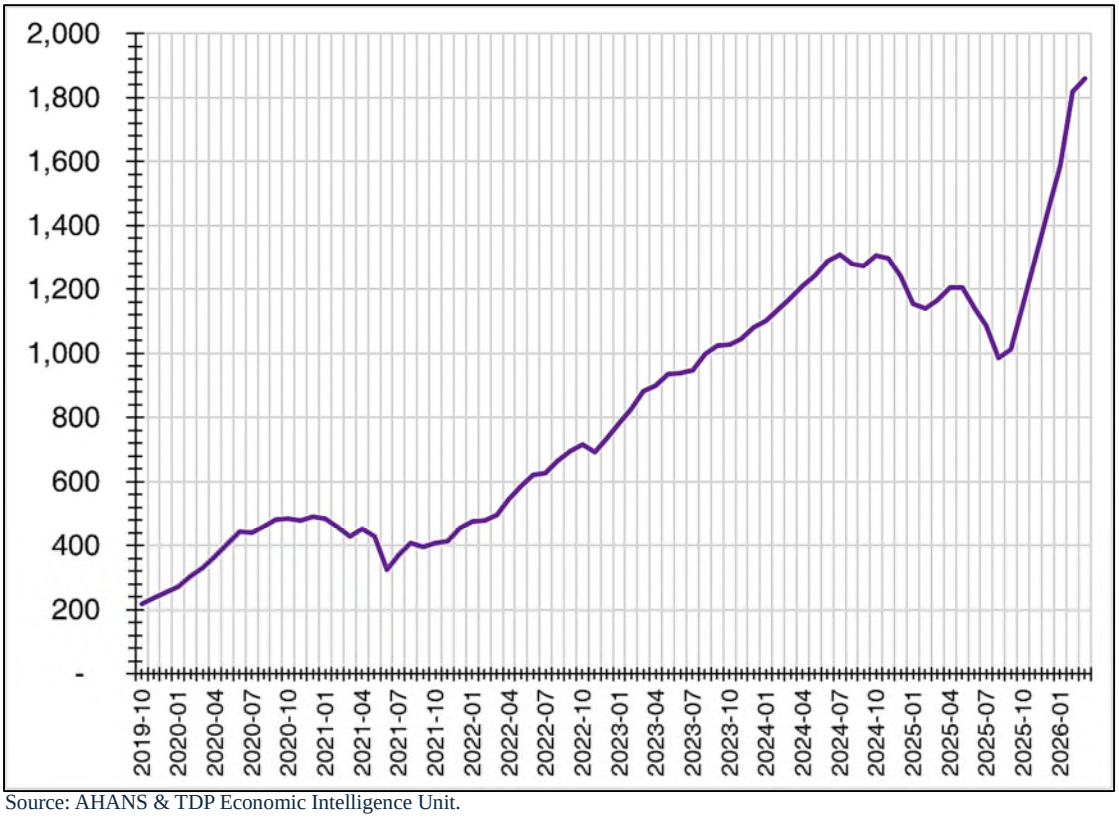
Moncton, N.B.
Tel: (506) 389-1811

Saint John, N.B.
Tel: (506) 634-1811

Toronto, ON.
Tel: (416) 504-1811

Toll Free: (800) 567-3033
Fax: (902) 429-1891
E-Mail: tdp@turnerdrake.com
Internet: www.turnerdrake.com

Chart 1: Homeless in HRM



Source: AHANS & TDP Economic Intelligence Unit.

To most it came as a bolt out of the blue. A homelessness crisis in Halifax Regional Municipality that exploded into public view as colonies of tents, tarpaulins and temporary structures emblematic of refugee camps elsewhere, sprouted in parks and along roadsides. To the recently unhoused, and a provincial government already struggling with the Covid pandemic and its aftermath, it was a body blow. When will this situation be resolved and what can be done to forestall or alleviate something similar elsewhere in Atlantic Canada? Apart from that sense of humanity, endemic to Canadians, why should you care? And why is a company, grounded in real estate economics and best known for its Property Tax and Valuation expertise, qualified to provide the answers? These questions are best answered in reverse order.

A competitor remarked that, like us, they did anything that made money. Sadly, that has never been the objective governing our growth. It has been a long journey. We started, in 1976, as a Valuation firm with the simple goal of being the benchmark by which others would be measured. Atlantic Canada was, and is, data deprived so we invested millions of dollars building CompuVal®, a family of intelligent databases that acquire, process, integrate and analyse data on the fly. Real estate education and training at street and university level were lacking so we designed our own mentored training program built around 27 in-house modules and the University of British Columbia's Bachelor of Business in Real Estate degree. We ticked the quality box by constructing a system which later morphed into documented procedures meeting the ISO 9001 Quality Control standard. Then, in 1990, the property market thoughtlessly collapsed, rendering Valuation advice as welcome as a vegetarian in a butcher's shop. The necessity to keep our landlord fed forced us into the Property Tax appeal field until the market recovered again. After that we kept adding products (Lasercad® Space Measurement, Counselling, Brokerage Sales & Leasing, Economic Intelligence research, Planning) which would further enhance the value of services we already provided to clients… and also keep profits at bay by ensuring that, as a well-diversified company, the parts that made money would be counter balanced by those that didn't. It was this journey that brought us to Housing Studies, and unfortunately following Covid, to the study of homelessness. Our Economic Intelligence Unit had built its expertise in supply and demand studies for

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apartments, shopping centres, offices, central business districts, industrial & retail parks… and ascertaining the impact of wind farms, quarries, landfills, aquaculture, electrical transmission lines, airports, sporting clubs and their venues on surrounding property… so they had the training, education and tools to measure housing demand. Our Planning Division had conducted housing studies coast to coast and so had the planning expertise and processes in place. And we had a personal interest, our overall activities in the property field were eye opening. As Neil Lovitt, the Vice President of our Planning Division is won't to remark, the gap between the housed and unhoused is much narrower than most of us realise. The sight of people living in makeshift conditions is uncomfortable, doubly so when they include somebody each of us knows.

The Affordable Housing Association of Nova Scotia generously supplied us with critical information (thank you!). Our Economic Intelligence Unit (EIU) took a deep dive into it and other relevant data.

Why Homelessness Persists

Much of the discussion around homelessness in the Halifax Regional Municipality follows a familiar pattern. The implicit message is that homelessness is largely the result of recent pressures in the market and that it increases when conditions worsen and should recede when they improve. Rising rents, insufficient income supports, population growth, and policy decisions are each presented as primary drivers.

The problem with this narrative is that it assumes the system resets. When we examine homelessness over time, what emerges is not a series of short-term fluctuations, but a system that keeps building on itself. The level observed today is not simply a function of current conditions, rather, it is heavily shaped by what came before.

Homelessness is best understood as a system with underlying momentum operating under constraint. How it is framed matters, because it changes both the interpretation of its drivers and the implications for policy. In this context, the "system" refers to the interaction between the housing market and households at risk of homelessness. Specifically, it refers to how individuals move into and out of homelessness given available housing, income supports, and broader economic conditions.

With the help of our partners at the Affordable Housing Association of Nova Scotia, we were able to assemble a consistent monthly dataset on homelessness in Halifax spanning from October 2019 through March 2026. This provides a rare opportunity to examine how homelessness has evolved over time using a continuous and relatively high-frequency series. Rather than focusing on individual points or short-term changes, the data allows us to step back and look at the broader time-series picture.

Using this dataset, we examined which factors are most consistently associated with changes in homelessness over time, while accounting for persistence in the series. We developed and tested a range of econometric models across multiple specifications, incorporating housing market conditions, income supports, labour market indicators, and policy variables. Each model was evaluated for statistical validity, including tests for underlying momentum, autocorrelation, and overall stability. The goal was not simply to fit the data, but to isolate relationships that are both empirically robust and economically meaningful.

The more masochist reader will delight in the detailed discussion of the data, model development, alternative specifications, and diagnostic testing in the Appendix to this article on our corporate web site www.turnerdrake.com/news-research/research > Homelessness in Halifax Regional Municipality.

The results point to a consistent set of relationships. Based on the preferred specification, homelessness in Halifax is primarily shaped by its own persistence, housing capacity, and broader economic pressures, with income supports playing a meaningful preventative role. These relationships are consistent across specifications and form the basis of the analysis that follows.

Active Homelessness in HRM

Before examining the drivers of homelessness, it is important to establish the scale of the change. Active homelessness in HRM increased from 220 individuals in October 2019 to 1,860 by March 2026 (Chart 1, Page 1). This represents a net increase of 1,640 people, or 745%. Put differently, active homelessness was more than eight times higher at the end of the period than at the beginning.

Homelessness first rose sharply through 2020, increasing from 220 in October 2019 to 491 in December 2020, a gain of 271 people, or 123%. This period overlapped with the first year of the COVID-19 pandemic, when emergency accommodation and public-health responses reshaped the homelessness system.

This was followed by a partial decline in early 2021. Active homelessness fell from 487 in January 2021 to 324 in June 2021, a decline of 163 people, or 33%. However, even at this low point, homelessness remained above its pre-pandemic level.

From mid-2021 onward, homelessness began rising again, reaching 738 by December 2022 and 1,309 by July 2024. This period coincided with rapid population growth, mainly due to immigration from other parts of Canada because of economic growth in HRM, rising rents, and an extremely tight rental market. In other words, the number of people at risk was growing while the housing system had limited capacity to absorb pressure.

The series then eased from 1,309 in July 2024 to 987 in August 2025, a decline of 322 people, or 25%. This decline coincided with some rental-market easing and expanded temporary or supportive housing responses. Still, homelessness remained more than four times higher than in October 2019.

The final months of the series show a sharp renewed increase. From August 2025 to March 2026, active homelessness rose from 987 to 1,860, an increase of 873 people, or 88%, in just seven months. This pushed homelessness to its highest observed level.

Overall, the pattern points to a system that does not reset. Declines occur, but they are partial and temporary. Each renewed increase begins from a higher base, leaving homelessness progressively more elevated over time. This descriptive pattern is consistent with the central finding of the model: homelessness in HRM behaves less like a short-term flow and more like a persistent stock operating under housing constraint.

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Persistence

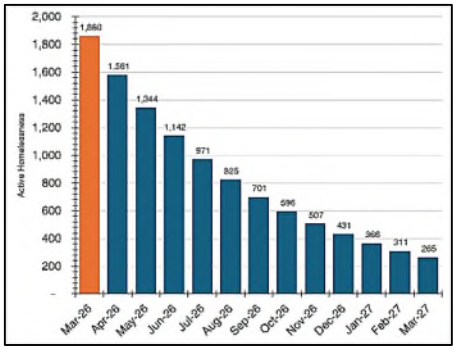
At first glance, homelessness appears to move in response to economic and housing conditions. There are periods of increase, stabilization, and occasional decline. But this view is not holistic enough. What matters is not just the direction of change in the level of homelessness, but the size of the force pushing those changes.

When we model homelessness dynamically, we see clearly that the past strongly determines the present. *Approximately 85% of the previous month's level carries forward into the next.* This represents a high degree of persistence. In practical terms, this means that homelessness behaves less like a flow and more like a stock.

A temporary increase does not dissipate; it accumulates. Each month builds on the last, and the system adjusts only gradually. Even when underlying conditions improve, the level remains elevated because it is anchored by its own history. This helps explain why homelessness can continue rising even as certain indicators stabilize.

The persistence in homelessness can also be illustrated by how slowly the system adjusts over time. As shown in Chart 2, even if no new individuals enter homelessness, a large share carries forward from one month to the next. The decline is gradual rather than immediate, with a significant portion remaining even after several months.

Chart 2: Persistence in Homelessness



Source: AHANS & TDP EIU

Note: This chart illustrative in nature, showing decline in homelessness assuming 85% of homelessness carries forward each month

Housing Capacity

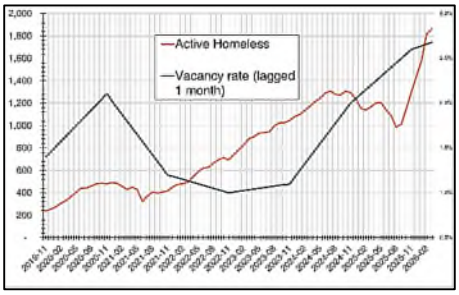
If persistence explains why homelessness accumulates, housing availability explains why it rises.

Across all model specifications, the vacancy rate, with a month's lag, emerges as the most important structural variable. The relationship is both statistically strong and economically meaningful. *A one percentage point increase in vacancy is associated with, approximately, a 5% reduction in homelessness, within the modelled period.*

As shown in the Chart 3, movements in vacancy rates tend to precede changes in homelessness, consistent with the lag structure in the model. Periods of tightening vacancy are followed by increases in homelessness, while improvements in availability take time to translate into declines.

To understand why, it is helpful to reframe the role of the housing market. Rather than being only a measure of housing supply, the vacancy rate is also an indicator of housing capacity.

Chart 3: Homelessness and Vacancy Rates, (lagged 1 month), Nov. 2019 to Mar. 2026



Source: AHANS, CMHC, Rentals.ca, & TDP EIU

When vacancy is low, the market has little flexibility. There are fewer units available, fewer alternatives for households under pressure, and limited ability to absorb shocks. Every sort of disruption, be it through job loss, illness, or rent increases, can lead to displacement. As vacancy increases, that capacity expands. Households have more options, transitions are easier, and fewer individuals are pushed into homelessness.

But not all vacant units are equally relevant. For households at risk of homelessness, what matters is the availability of units that are financially attainable and immediately accessible. In that sense, vacancy acts as a proxy for the availability of affordable housing at the margin; the segment of the market where displacement either occurs or is avoided. When vacancy is low, this segment can become functionally unavailable.

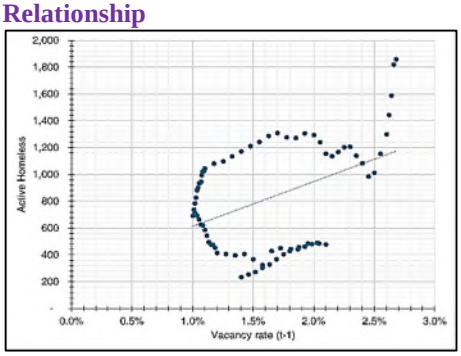
This is why vacancy matters so consistently in the model. It captures not just supply, but the functional availability of affordable housing within the system. Homelessness is not only a function of how much housing is built, but whether enough of that housing is accessible to those at risk.

The dynamics of this relationship become clearer when viewed differently. Rather than forming a single downward-sloping line, the relationship traces a loop over time as shown in Chart 4. The same vacancy rate is associated with very different levels of homelessness depending on when it is observed.

Changes in vacancy do not translate into immediate changes in homelessness. Instead, they work through the system with a lag, while existing levels are carried forward by strong underlying momentum. As a result, homelessness adjusts gradually, moving along a path rather than jumping to a new equilibrium.

In other words, the relationship is path-dependent. What matters is not just where vacancy is, but how it has been changing. The system retains memory. That is why the same market conditions can produce very different outcomes, and why improvements in housing availability, while effective, do not generate immediate reversals in homelessness.

Chart 4: Homelessness and Vacancy: A Lagged and Path-Dependent Relationship



Source: AHANS, CMHC, Rentals.ca, & TDP EIU

Income Supports as a Preventative Measure

Using sickness benefit recipients i.e. those unemployed due to sickness, our model finds that *an increase of 1,000 recipients is associated with roughly a 1.9% reduction in homelessness, with the effect appearing after a lag.*

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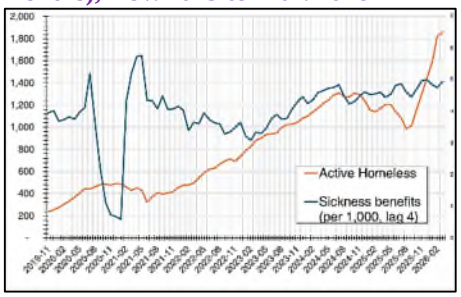
Unlike housing capacity, which affects the system with a month's lag, income supports operate more gradually over a four-month period. They stabilize households before displacement occurs, reducing the number of individuals entering homelessness. In other words, they influence the flow into the system, not the stock already within it.

In a system characterized by high persistence, reducing inflows is necessary but not sufficient to reduce overall levels. Even if fewer people enter homelessness, the existing population remains, and declines occur only slowly.

Income supports are therefore best understood as a preventative mechanism; they mitigate risks, but do not rapidly reverse existing conditions.

Chart 5: Homelessness and Sickness Benefits Recipients (per 1000, lagged 4 months), Nov. 2019 to Mar. 2026



Source: AHANS and Statistics Canada

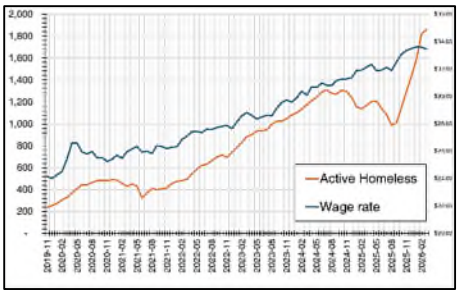
The Cost of Economic Growth

One of the more counterintuitive findings in the analysis is the role of wages. *Higher wages are associated with higher levels of homelessness.*

This is not because rising incomes make households worse off. Rather, wages act as a proxy for broader economic conditions. When wages increase, it typically reflects stronger labour markets, increased employment, and in the context of Halifax, greater in-migration. These dynamics increase demand for housing.

If supply does not expand at the same pace, that demand translates into tighter vacancy and increased pressure at the lower end of the market. The result is a system in which economic growth, while beneficial overall, can contribute to rising homelessness when housing constraints are binding. In our study, wages are capturing demand pressure, not affordability improvements.

Chart 6: Homelessness and Wage Rate, Nov. 2019 to Mar. 2026



Source: AHANS and Statistics Canada

What Falls Away Under Closer Examination

A range of additional variables were tested, including unemployment, population growth, housing starts, rent inflation, and new home prices. Many of these are commonly cited as key drivers of homelessness.

Individually, they appear relevant. But once persistence and housing availability are accounted for, their independent effects largely disappear. This does not mean they are unimportant. Rather, it suggests that their influence is indirect. They operate through broader economic and housing market dynamics rather than exerting a separate, identifiable effect on homelessness.

For example, population growth increases demand, but its impact is ultimately reflected in vacancy. Similarly, housing starts affect supply, but their effect depends on whether they meaningfully alter market balance.

The Rent Cap

Rent regulation is often positioned as a central driver of housing outcomes, including homelessness. Yet there is little agreement on how, or even whether, it improves those outcomes. The data provides a more nuanced view.

In the baseline model, *the rent cap appears to be associated with a modest reduction in homelessness. At first glance, this suggests a measurable policy effect. However, this result does not hold under closer examination.*

When a general time trend is introduced, the estimated effect becomes statistically insignificant. This points to a key limitation in the data. The rent cap was implemented early in the sample period and remains in place for most of the timeframe, effectively dividing the data into a short "pre-period" and a much longer "post-period." As a result, the rent cap variable is closely aligned with time itself.

In the baseline specification, it captures not only any potential effect of the policy, but also broader structural changes that occurred after 2020, including shifts in housing demand, economic conditions, and political changes. Once these broader time dynamics are explicitly accounted for, the independent contribution of the rent cap disappears. This suggests that the initial result reflects differences between periods rather than a clearly identified causal effect of rent regulation.

Model Performance

Our main model closely tracks observed homelessness over time and reproduces past levels with a high degree of accuracy. As shown in Chart 7, the fitted values move almost in tandem with the observed series, capturing not only the overall upward trend, but also the smaller fluctuations along the way. This includes the early rise through 2020, the dip in mid-2021, and the steady increase that follows through 2022 and 2023.

Importantly, the model also captures key turning points. The plateau observed in late 2024 and early 2025, followed by a decline into mid-2025, is reflected in the predicted values. Likewise, the sharp increase toward the end of the sample period is mirrored closely. While there are small deviations, particularly during more volatile periods, the model consistently follows the direction and magnitude of change. This indicates that it is not simply fitting a long-term trend, but is responsive to shifts in underlying conditions.

The model captures the core dynamics of homelessness in Halifax. It reflects both the gradual build-up driven by underlying momentum and the shorter-term movements associated with changes in housing availability and economic conditions. As a result, it provides a reliable representation of how homelessness evolves over time and a credible basis for interpreting the relationships identified in the analysis.

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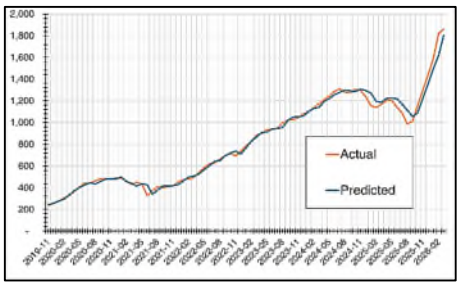
Chart 7: Actual Homelessness and Predicted Homelessness, Nov. 2019 to Mar. 2026



Source: AHANS & TDP EIU

Implications

Homelessness in Halifax is not primarily driven by short-term shocks or isolated policy interventions. It is the outcome of a persistent system operating within a constrained housing environment.

Persistence ensures that increases accumulate over time. Housing availability determines the system's capacity to absorb pressure. Economic conditions shape the level of that pressure. Income supports play a supporting role by reducing entry into the system, but they do not fundamentally alter its structure. These findings have several practical implications.

- First, timing is crucial. Because of persistence, delays in response allow the system to build. Once elevated, homelessness declines only gradually. *In plain language: it is tough to eliminate homelessness once it has taken hold.*

- Second, housing availability is key. Even modest increases in vacancy have large effects on homelessness, suggesting that supply conditions are a critical lever. *But housing must be available at prices people can afford, especially rental stock since it is an expense, rather than an investment, for the renter.*

- Third, preventative measures are effective but limited. Income supports reduce inflows, but do not quickly reduce the existing stock. *Or to put it another way, income support helps reduce the number entering homelessness but has limited impact on reducing the numbers of those already unhoused.*

- Fourth, economic growth must be matched by housing supply. If growth outpaces supply, increased demand translates into increased pressure. *It is comforting, but illusionary, to assume that homelessness will decline as the economy improves because the latter encourages in-migration which in turn increases demand.*

- Finally, policy effects are difficult to isolate in a short time series. Apparent impacts may reflect broader structural changes rather than direct causal relationships. *We were not able to measure the impact of the rent* cap *for example, because the time period over which it had not been in force was too short.*

- *Every city is different. We can* extract *causes of homelessness from this study of HRM but they cannot be extrapolated in the same way for other communities (sorry!).*

The most important insight from the analysis is not tied to any single variable. Homelessness in Halifax is not simply rising or falling in response to current conditions. It is being shaped by a system that carries forward its own history, operating within the constraints of a tight housing market. Until those constraints change in a meaningful way, the system is unlikely to adjust quickly. More than any individual factor, this explains why homelessness has proven so difficult to reverse.

The results also suggest that policy needs to distinguish between measures that reduce inflows into homelessness and measures that increase exits from homelessness. Income supports may help with the former, while housing availability is more directly related to the latter.

It goes without saying that readers of our Newsletter are a select group so if you want a detailed discussion of the methodology, model development, and diagnostics, you can find it in the Appendix to this article on our corporate web site at www.turnerdrake.com/news-research/research > Homelessness in Halifax Regional Municipality.

Neil Lovitt, the Vice President of our Planning Division is the person to contact if you would like more information on Housing Studies. His team has conducted studies on both coasts and many places in-between. He can be reached by email at nlovitt@turnerdrake.com or 1-800-567-3033 Ext. 349. Our Planning Division works closely with our Economic Intelligence Unit to provide unique data-based solutions, utilising real estate economics to inform planning approaches. Visit our web site at https://www.turnerdrake.com/services/planning-urban-rural/ for a detailed look at the services the Division provides.

Our Economic Intelligence Unit (EIU) is staffed by economists and Geographic Information Specialists (GIS). They undertake primary and secondary research to provide clients with practical real estate solutions to problems they face in today's rapidly changing world (market surveys, site selection, trade area analysis, supply and demand analysis, demographic reports, impact and economic analysis). For more information on these and other analyses, contact Jigme Choerab, Manager, Economic Intelligence Unit, by email at jchoerab@turnerdrake.com or 1-800-567-3033 Ext. 323. Visit our web site at https://www.turnerdrake.com/services/economic-intelligence/ for a detailed look at the services EIU provides.

Saint John Office

Graeme Watt MFin, BBA, CIP 1

We are pleased to announce the appointment of Graeme Watt as the Manager of our Saint John office. Graeme holds a Master of Finance degree from Saint Mary's University (2022), a Bachelor of Business Administration degree from Saint

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Francis Xavier University (2020), and is a Certified Treasury Professional (2024). Prior to joining Turner Drake, Graeme worked in treasury and financial advisory roles, where he led system integrations, developed treasury models, and supported investment pitches across public and private markets.

During his graduate studies, Graeme served as a Research Assistant to a Canada Research Chair in Finance and as a Teaching Assistant in the Master of Finance program for several years. His academic research focused on impacts of Climate-Related Financial Disclosures on corporate financial performance, contributing to the emerging field of sustainability-focused investment analysis. He also held leadership roles including President of the Saint Mary's Investment Society, Team Principal for the CFA Ethics Challenge, and served on the hiring committee for the Director of the Master of Finance program at SMU.

Outside of work, Graeme is an avid fisherman and has considerable experience in ice hockey as a referee and public address announcer with local, national and international organizations. His blend of financial expertise, leadership, and communication skills supports his work in commercial real estate consulting. Talk to him, he may disclose his favourite fishing holes… then again, perhaps not!

🌎 *Our Saint John office is located in the restored heritage Red Rose Tea building, Suite 221, 12 Smythe Street, Uptown (Downtown) Saint John. Graeme can be reached at 506-634-1811 Ext. 338 or by email at gwatt@turnerdrake.com. Visit our web site at https://www.turnerdrake.com/services/ for a detailed look at the services (Property Tax appeals, Valuation, Lasercad® space measurement, Counselling, Planning, Economic Intelligence) we have available.*

Tulip Time

Professional driver: Do not try this at home.

The Prince Edward Island's tulip fields are in bloom. It must be Spring! Late May to early June, tulips ignore the biting winds blowing off the Gulf of St. Lawrence and greet the sun in multi-coloured splendor. Vanco Farms Ltd. has its roots in the Netherlands and its production fields, where bulbs are grown for market, stretch to the horizon but must be admired from the roadside. However, Belfast Tulips has offered a u-pick since 2020, using bulbs supplied by Vanco, and is well worth a visit. Its 2026 planting now extends to 4.5 acres and is a spectacular sight… albeit a little chilly if windy. Mother Nature did tease us with one 30°**C** day a couple of weeks ago persuading wild cherry to burst into bloom and tourists to start arriving on the Island but then changed her mind and plunged back to low double digits.

🌎 *Our Charlottetown office is located in the city's historic downtown district at Suite 11, 109 Richmond Street. Visit our web site at https://www.turnerdrake.com/services/ for a detailed look at the services (Property Tax appeals, Valuation, Lasercad® space measurement, Counselling, Planning, Economic Intelligence, Brokerage) we have available or contact our Charlottetown Office Manager, Colin Rennie, at 902-368-1811 Ext. 337 or by email at crennie@turnerdrake.com.*

Egg Head Award

Andrew Scanlan Dickie
B. Comm, M.Plan, LPP, MCIP, DULE

Colin Rennie
B.A.Adv.Dip GIS, DULE

Congratulations to Andrew Scanlan Dickie and Colin Rennie on each being awarded the Diploma in Urban Land Economics (DULE) by the University of British Columbia!

This is no mean feat! It took a lot of effort. Both already have post graduate qualifications and neither are members of our valuation team. Andrew is a professional planner and Manager of our Planning Division. Colin is a Geographic Information Systems (GIS) specialist in our Economic Intelligence Unit. Their DULE provides education and insight into real estate economics and property valuation and further informs their respective roles in planning and GIS. It is part of our focus to provide advice to clients that, while discipline based, also recognises the broader objective of maximising property value or minimising adverse impact. For example, municipal planning is usually governed by political considerations rather than real estate economics. Industrial land zoning is frequently based on the municipality's desire to attract business (and jobs) without consideration as to whether the demand exists for this type of use. This is not a zero-sum game. Servicing an area for industrial use for which there is no demand, is a misallocation of public resources and may eliminate the opportunity to provide the land base for uses that are in demand. Municipalities generate most of their revenue from real estate taxes and are often the second largest stakeholder in private property (after the mortgagee). They have a vested interest in maximising property value but rarely, if ever, consider it in making planning decisions. Public input is key but should be informed by economic considerations (we think). Private sector clients too, often fall into the same trap basing their planning and architectural decisions on assumptions about demand which may no longer be current. And sometimes their decisions may address short term objectives but overlook proposed changes in municipal planning strategy which, if not forestalled, will adversely impact their property value in the longer term.

🌎 *Andrew Scanlon Dickie can be reached at 902-429-1811 Ext. 343 or by email ascanlandickie@turnerdrake.com. Colin Rennie can be found at 902-429-1811 Ext. 337 or by email crennie@turnerdrake.com.*

Valuation Division

Jaret Collins, BBA, CPA

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We are pleased to welcome Jaret Collins to our real estate Valuation Division. He is the second Chartered Professional Accountant (CPA) on our property valuation team (fellow CPA, Darren Scott joined us in 2022). Jaret holds a Bachelor of Business Administration from St. Francis Xavier University and earned his Chartered Professional Accountant (CPA) designation in 2022. He is currently enrolled in the Real Estate Division at the University of British Columbia, working towards the AACI designation.

Jaret brings a diverse background spanning public accounting, institutional real estate, and operational leadership. He has experience in property accounting with a publicly traded national real estate investment trust, as well as senior financial and operational roles within a residential real estate organization, where he served as Controller.

His experience provides a strong foundation in financial analysis, asset-level performance evaluation, and real estate operations, supporting his work in the valuation of a wide range of property types for financing, acquisition, and advisory assignments.

Our Valuation Division undertakes assignments Canada wide with a particular focus on Atlantic Canada. We are headquartered here and sadly, over the past 50 years, have invested millions of dollars to better serve our clients in this Region. Our Valuation team are masochists: instead of focusing on a limited set of property types they value the full spectrum (see Case Studies at www.turnerdrake.org for the gory details) and have built databases and designed software to make this possible (CompuVal®, our proprietary platform of intelligent databases acquires, processes, integrates and analyses data for multiple property types). Atlantic Canada is the most data deprived region in the country but without data a valuation opinion is just a guess. Jarit Collins can be reached at 902-429-1811 Ext. 347 or by email at jcollins@turnerdrake.com.

New Brunswick Tax Changes

Photo Credit: BigStock Photo

The past decade has not been a happy period for property taxpayers in the province. Missteps by Service New Brunswick (SNB), the provincial assessment authority, in rolling out the use of aerial imaging technology as a substitute for on-site inspections, and multiple regression analysis (MRA) for calculating property values (and hence their assessments) engendered considerable angst and rage by the unfortunate property owners facing increased assessments. The debacle contributed to a loss in confidence in the assessment process, a scepticism further fueled by New Brunswick Auditor General Kim MacPherson's searing report, released in November 2017, which criticised the lack of testing and quality control. More recently, the rapid increase in residential property values on which assessments are based, further raised tensions because some municipalities treated the increased assessments as a windfall, rather than reduce their tax rate by the commensurate amount. As part of its 2024 election platform the provincial government committed to overhaul the property tax system and placed a one-year freeze on assessment values for 2026. A property's real estate tax burden is computed by multiplying its Assessment by the Tax (mill) Rate. A commercial property's Assessment, broadly speaking, is based on its Market Value on January 1st of the preceding year. After a public consultation process the provincial government has just announced the changes it intends to implement for 2027. The Act Respecting Property Tax was tabled for first reading on May 27th 2026 and focuses, in the main, on the Tax (mill) Rate. In summary:

(1) The appeal period has been increased from 21 to 30 days.

(2) The province will set the Residential Tax Rate for each municipality based on the prior year's Tax Rate reduced by the proportionate increase in municipal property assessment base multiplied by a Local Government Cost Index (LGCI). The LGCI is meant to reflect the realities local governments face as opposed to just applying the Consumer Price Index. It is made up of four equal components: 25% population growth, 25% Consumer Price Index, 25% Non-residential Building Cost Index, 25% New Brunswick salaries and wages. It is subject to a minimum increase of 0% and a maximum of 5%. The objective is to limit property tax increases to the LGCI. Each municipality will have the ability to raise their Tax Rate above the calculated rate but they must publish and defend the increase on property tax bills sent to their taxpayers rather than hide behind increases in the municipal assessment. It is an interesting approach designed to pressure municipalities to keep tax bills lower. It is reminiscent of similar legislation introduced in 2010 referred to as the Property Tax Accountability Mechanism where the Province provided municipalities with a similarly calculated revenue neutral tax rate and gave them the option to opt out of the calculated rate provided municipal council voted to do so publicly. Most did and the changes were scrapped in 2012

(3) The non-residential and heavy industrial Tax Rates are currently based on a multiple (1.4 to 1.7) of the Residential Tax Rate. This multiple range will change to 1.0 to 2.0. Based on past experience we anticipate that most municipalities will utilise the high end of the range.

(4) The provincial government also intends to provide a new heavy industry transfer grant to eligible municipalities to help cover the additional cost of servicing those properties. They will decide how it is to be implemented and establish regulations in 2027.

Andre Pouliot, our VP Property Tax New Brunswick was involved in the public consultations and is intimately familiar with the Provincial Government's proposed legislation. For more information contact him at 506-389-1811 Ext. 321 or by email at apouliot@turnerdrake.com.

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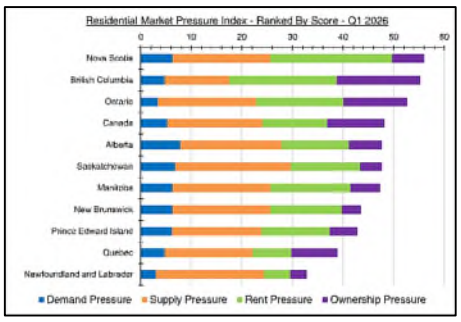
Residential Market Pressure Index



Source: TDP Economic Intelligence Unit and Statistics Canada

The most recent update to the RMPI shows that residential market pressure remains elevated in Canada, but is increasingly concentrated in a small number of provinces. For Quarter 1, 2026, Nova Scotia records the highest RMPI score in the country at 56.0, followed by British Columbia at 55.2 and Ontario at 52.7. These three provinces are the only jurisdictions in the high-pressure range. Canada overall, along with every other province, falls within the moderate-pressure range.

Nova Scotia is at the top of the ranking. While the province does not record the highest ownership pressure, it has by far *the highest rent pressure score in the country at 24.1.* This suggests that Nova Scotia's housing stress is being driven primarily by rental-market conditions rather than ownership pressure alone. In this respect, Nova Scotia stands apart from British Columbia and Ontario, where pressure is more broadly distributed across rent, ownership, demand, and supply conditions.

British Columbia remains under high pressure with an RMPI score of 55.2. Its profile reflects a combination of elevated rent pressure and the highest ownership pressure among the provinces, at 16.5. Ontario follows closely with an RMPI score of 52.7, driven by relatively high supply pressure, rent pressure, and ownership pressure.

Nationally, Canada records an RMPI score of 48.1, placing it in the upper end of the moderate-pressure range. This indicates that housing stress remains firmly present across the country, even though the national index is below the high-pressure threshold. Alberta and Saskatchewan both record scores of 47.7, followed closely by Manitoba at 47.2. These Prairie provinces sit near the national level, with relatively high supply pressure but more moderate rent and ownership pressure compared with the highest-pressure provinces.

Elsewhere in Atlantic Canada, conditions remain less acute than in Nova Scotia. New Brunswick records an RMPI score of 43.5, while Prince Edward Island sits at 42.8. Newfoundland and Labrador continue to stand apart with the lowest RMPI score in the country at 32.8, supported by the lowest rent pressure score among the provinces. Quebec records a score of 38.9, reflecting comparatively modest rent pressure despite continued supply and ownership challenges.

Note RMPI thresholds: 0 to 25; Low Pressure: 26 to 50; Moderate Pressure: 51 to 75; High Pressure: Above 75; Very High / Extreme Pressure.

Thank You!

Photo Credit: Turner Drake

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