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Registration to ISO 9001

N e w s l e t t e r

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Keep Calm and Carry On.

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Photo Credit: Bigstock Photo Sergey Nivens

No, this article was not inspired by the idiot who drove his car through the front doors of our Halifax office building, though that incident may be a good metaphor for these trying times. We have navigated many shoals during the past fifty years but rarely have the waters been so choppy for Canadian business. It is a long-held hope of ours that the Almighty has reserved a special place in heaven for those who run businesses.... what other reason could there be for engaging in that occupation? Predicting the future, an essential strategy for any business if they are not to be blindsided, has never been so challenging. In the recent past the protocol was relatively simple: take stock of your present position, identify emerging trends, deploy SWOT analysis, trim your sails accordingly and venture forth into the future with a fair degree of confidence. The most difficult part, identifying emerging trends that would impact your enterprise, was more a function of perspiration than inspiration... an exercise in assembling information, then discarding the background noise in order to parse out the direction determined by the data... plus of course a modicum of thought, fueled by a glass or two to build confidence. Now however, the winds change hourly, directed by a megalomaniac in Washington

with the attention span of a gnat, and his confidant in Moscow equally deluded, each with a penchant for blowing things up. As a result, Canada is re-arming itself against both. Add in the rise of China with its global ambitions as a superpower. We must have really upset the gods! Throw in global warming, the continuing impact of the Internet, "always on" Social Media, "always available" mobile phones and email, information technology advancing at warp speed, Artificial Intelligence (AI) validating HAL 9000, the sentient supercomputer that appeared so far-fetched in the 1968 film "2001: A Space Odyssey"... we really do live in interesting times. Never have we witnessed so much change, in such a short period of time, with so much impact.

So, what is to be done... apart from adopting a dog, the universal panacea for restoring some sanity to the world? Well, we think we can help, a little... perhaps a lot. Over the past half century, we have carefully assembled a group of professionals with complementary skills, the whole of which are greater than the sum of their parts, to assist you navigate your second most valuable material asset, real estate, through this rapidly changing world. Our objective is not simply to offer a wide range of real estate services (Valuation, Property Tax, Planning, Space Measurement, Counselling, Brokerage, Economic Intelligence) but do so in a manner that ensures nothing falls between the cracks. So, for example, our planning advice is provided by Planners educated in real estate economics (a heretical concept); valuation advice is delivered by

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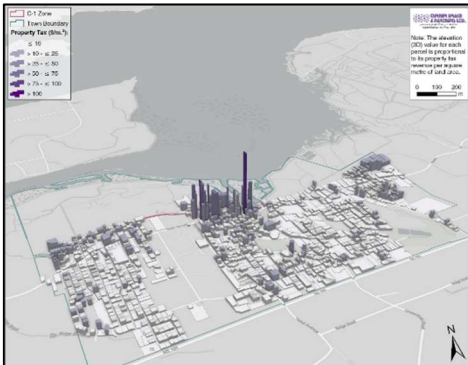
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Valuation professionals whose training also included early tenure in our Lasercad® Space Measurement Division; property tax appeal services are given by Property Tax professionals with similarly broad training and education. Our Economic Intelligence Unit, staffed by trained economists and Geographic Information Systems (GIS) specialists with additional training and education in real estate valuation, conduct primary research on supply and demand for most property types: housing, industrial, office, retail, university facilities, movie theatres, parking lots, hotels and motels; and valuation impact studies due to demographic change, aquaculture farming, landfills, quarries, casinos, wind farms, hockey teams (really!)... Working with our Planning Division they have established themselves as the private sector "go to" source on housing, coast to coast to coast. They bring a perspective, based on in-depth research and hard data, to many of the challenges you face as a property owner and enrich the other types of advice, valuation, property tax, planning, disposal or acquisition, we provide to help you maximise value or minimise the risk of ownership in this rapidly changing world. Hopefully this Newsletter helps you make sense of it all and perhaps lightens your burden a little.

Economic Intelligence Unit

Are you using this technology yet? If not, Why not?



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We can replicate this for any municipal jurisdiction in Atlantic Canada (though some places in Newfoundland do suffer from a dearth of useable data). If you want to know which areas of your municipality are financially viable, give us a shout. We can even tie-in data related to servicing costs; this would show which development patterns (and land uses) are acting as a net drain on municipal resources, and which areas are subsidizing the rest of the town.

2) Historical Subdivision Land Sales

Analysis: A couple years ago, we had a unique request from a public sector entity: calculate the uplift or premium that stems from the sale of buildable lots subdivided out of a larger development parcel in the Halifax Regional Municipality (HRM). While that request was relatively straight-forward, the parameters were not:

- a) The bulk development sites had to be at least ten acres in size when they were sold, and located in the HRM's urban service boundary (an area that generally lacks large swaths of undeveloped acreage);
- b) The initial bulk development sites were limited to those sold within the prior ten-year period, where at least one development lot was subdivided and sold;
- c) The subsequent development lots were sold as vacant, buildable sites for residential purposes.

The resulting dataset was to be used to support complex adjustments for Property in Lieu of Taxes (PILT) calculations. Fortunately, we had access to over a decade of historical property data and sales records because we subscribe to a monthly update of Nova Scotia's Property Records Database (NSPRD), including spatial data for past versions of the provincial property boundary file.

After an intensive and iterative process, we built a spatial analysis workflow that captured property features pre-subdivision, and linked those with the parcels that were subdivided out of them (and vice-versa), and integrated property attributes that the client needed for their own research (sale price & date, vendor & purchaser, property size, usage, etc.).

In order to automate the process for future assignments we built a custom, internal GIS tool that takes the monthly update from the NSPRD and continues to build-out this data dynamically, linking sales and spatial property data to zoning, industrial parks, etc. As a result, we have spatial data for almost all property sales in Nova Scotia since 2010, with the details for each parcel at its sale-date (i.e., pre-subdivision, boundary changes, etc.). We can replicate this process for other provinces.

- 3) **Land Agency GIS Support:** Our firm regularly undertakes land agency on behalf of governments, utility companies, and the private sector, and we have worked on some of the region's biggest infrastructure projects; power line corridors, access easements, highway twinning, etc. With this comes an implicit need for what is (unfortunately) becoming something of a lost art: quality cartography and map visualizations that clearly communicate a basic premise.

Land owners need to know how their properties are going to be impacted and what parts of their sites are within the acquisition area. Land agents need an easy and clear way to communicate this to the impacted parties. The acquiring authority is often working across hundreds of sites, covering thousands of acres, in multiple jurisdictions. We use GIS to reconcile all of the property ownerships to make workflows more efficient and give land owners a clear picture as to how their properties are impacted. This spans everything from:

- a) **Mapping and visualizations:** we create ownership-specific site maps showing the property and easement boundaries overlaid on high-resolution aerial photographs. The property owner can see exactly how close the proposed easement will be to buildings and what impact it will have on the future use of their property. This is a vast improvement over the traditional surveyor's plan in assisting the property owner visualise the impact of the easement and makes negotiations much easier. It also establishes confidence by getting everyone on the same page from the get-go.
- b) **Bulk spatial and Cost Benefit analysis:** The parties acquiring sites

for infrastructure, road widening and development projects need a range of information. How many land owners will be impacted by their proposed acquisition? What are their names and what is the extent of their ownership? If the acquiring authority moves the boundaries of the land to be acquired can they materially reduce the acquisition cost without adversely impacting the intent of their scheme? How much of each property ownership parcel do they need? How much of the land that they intend to acquire is wetland, forested, or developed? We regularly use GIS to assist answer these questions. In one recent example we calculated the cumulative length (across each parcel) of several hundred access path easements for a utility company, and the corresponding compensation that was needed for each land owner based on an acquisition algorithm.

- c) **Dashboards, Visual Updates, & Web-Based Project Tracking:** On larger Land Agency projects we have built customized, secure online web apps that highlight the parcels in question, the infrastructure route, and the Land Agency outreach efforts underway. Users are able to click on parcels, get their specs, and see which ones have signed agreements, where they are likely to go to court, and so on. Where we are undertaking the negotiations for the acquiring authority we keep this web app updated for their easy reference thus reducing the immense amount of effort required to do manual updates of ad-hoc lists and project trackers. We send out regular progress update maps that showcase the entire geographic area to be acquired, highlighting the stage of negotiations for each property ownership... which parcels have been acquired, where conversations are still on-going.

4) Industrial Development Site

Inventory: This project was undertaken for a leading economic development agency. They needed a comprehensive dataset that detailed industrial sites (everything from warehouses to fish plants) in their province, and a whole host of data (utility availability, zoning, proximity to ports, etc.) specific to each property. This dataset was required to support their investment attraction

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efforts, business expansion and development planning, and efforts to promote Foreign Direct Investment.

The kicker? They also needed a run-down of land availability and development potential that was adjacent to each of the identified industrial (Base) sites. Specifically, they wanted attribute information on three tiers of vacant land fanning outwards from the Base site; Tier 1 being contiguous to the Base site, Tier 2 being adjacent to the Tier 1 sites and Tier 3 identified as adjoining the Tier 2 parcels. This was a site selection project on steroids; an easily accessible catalogue of their province's industrial land inventory that would allow them to respond to enquires from investors, developers, and international site selectors.

This project involved a wide-range of spatial and GIS-based research: the identification and vetting of industrial land en masse across the province; the identification of vacant land adjacent to these sites; and the compilation, analysis, and synthesis of 20+ public and private data channels in order to attach the requisite data to each site.

The final deliverable the client received went beyond the typical consulting report; we gave them a customized, interactive spatial dataset that could be loaded into their Google Earth platform. This enabled intra-organizational sharing on their end (and meant that the dataset didn't just get bounced around as a static PDF before sitting on someone's desktop, collecting virtual dust until the end of time). We also provided them with detailed metadata, summaries of our methodology, and an Excel file that listed all 5,400+ sites in the inventory and their attributes. This provided them with a significant advantage and empowered investment-attraction staff to respond quickly to questions about available land and buildings, zoning, servicing, transportation connections, etc.

I have no doubt that if we revisited this in another ten years, a refreshed set of projects would look wildly different than the ones outlined here. At least, that's assuming that AI hasn't entirely supplemented professional geospatial consulting by that point; I sure hope it doesn't."

Summary

The cost-effective application of GIS by the public sector is self-evident because of the large and diverse land holdings involved even when much of the land inventory is owned privately. Municipalities, for example, are the major financial stakeholder in property they own and usually the second largest stakeholder, after the mortgagee, in privately owned real estate since a major part of the latter's revenue is diverted to paying property taxes. For the same reason municipalities also have a major financial stake in any property suitable for development, or reuse, since its value, and hence tax raising potential, is governed by its zoning... and zoning is usually a municipal responsibility. Economics therefore underpins zoning and the financial viability of the municipality but is rarely, if ever, considered as part of the planning process. GIS can play an essential role in cataloguing existing property assets and can guide the planning process to maximise value within the municipality (our approach to the **Economic Analysis** process is described in detail on our corporate web site at <https://www.turnerdrake.com/services/economic-intelligence/economic-analysis/>).

However, property development and value maximisation are roles presently left almost entirely to the private sector; which is an anomaly. The value of an individual property is ultimately governed by its environment, hence the old saw that the three things important for real estate are location, location, location. The disconnect between the private and public sectors, driven by a focus on value maximisation by individual private property owners and a complete disregard for any such consideration by the municipality, despite its stake in private property, results in sub-optimal outcomes for the taxpayer and property owners. This is very evident when the municipality itself decides to engage in property development, not only competing with the private sector, but also against its own interest as a stakeholder in privately owned property. The analogy would be a ship steered without the benefit of a navigation system, relying instead on the individual actions of its crew competing with each other to secure their own self interest... or a country commanded by a President intent on ignoring pretty much everything, other than which side of bed he got out of that morning, and the self interest of those close to him.

The cost effectiveness of GIS is apparent to private property owners if they have multiple or large land holdings. In the latter event GIS can be utilised to **Inventory** every ownership

parcel. By overlaying the provincial "property-on-line" property boundaries we can visually identify each parcel and its relationship to adjacent real estate using high definition three dimensional aerial or satellite photography. We utilise and have access to high-resolution oblique and vertical aerial photography, virtually countrywide, with a definition of 15 cm and are able to remotely measure buildings within an accuracy of 1%. Much of this photography is flown every two years so building and forest cover is current. There are few secrets now! The juxtaposition of our client's property and adjacent parcels that pose a danger, or opportunity for development, are readily apparent and we have used GIS, in conjunction with sales and ownership data on adjacent parcels, to identify which parts of our client's property have immediate, short- or long-term development potential. In suburban areas the pattern and direction of development on property close by is much more apparent than can be appreciated from a site visit. Through our ESRI licenses, we have access to mobile site inspection tools and can create a web-based, spatial platform which would include specifications for each parcel e.g. size, frontage, zoning, photographs of buildings on-site, etc.

Individual Site Selection, undertaken manually, is time consuming, expensive, fraught with risk and rarely fun. Whether it is finding that perfectly sized and located site for an apartment, arena, fast food outlet, service station, hotel/motel, landfill, movie theatre, nursing home, office, radar site, shopping centre... you name it, the process can be automated with GIS in a cost-effective manner that ensures suitable sites are not over-looked. We can also include property acquisition budget constraints in our search parameters. The process is explained on our corporate web site at <https://www.turnerdrake.com/services/economic-intelligence/site-selection/>.

How often have you visited a newly built fast food outlet and wondered why it was so over-built, the restaurant constructed for an eat-in trade that did not exist? Or health care facilities that were reachable only by private vehicle? A neighbourhood shopping centre or strip mall designed for convenience type tenants built a decade before the supporting residential trade area was built out? **Trade Area Analysis** harnesses GIS to assist owners and developers of consumer driven properties such as shopping centres, retail stores and movie theatres measure the quantum and type of trade available within

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their catchment area so that they can (1) reduce the risk of erecting the wrong sized building and, (2) fine tune their tenant or product mix to the demographic and expenditure characteristics of their market. Our corporate web site explains the process at

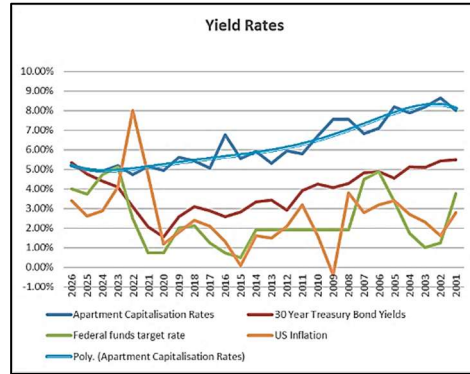
<https://www.turnerdrake.com/services/economic-intelligence/trade-area-analysis/>.

Wind farms, the bug bear of the man in Washington cause concern elsewhere too, as do proposed landfills, quarries, electrical transmission lines, high rise buildings, airports and other things that go bump in the night. People worry about their impact on property prices, rental values and occupancy of properties in the neighbourhood. We have undertaken many of these types of assignments. There are often as many opinions as there are people... many of them contradictory. Tolerance of smell, visual intrusion, noise, electromagnetic field, flies, traffic, crime, etc. varies by individual and these colour their opinion of injurious affection on neighbouring property. NIMBY, though understandable, may be driven more by fear rather than fact. We cut through the rhetoric using our Geographic Information System (GIS) and property sales and rental data bases to establish the facts. You can read about the deployment of GIS for **Impact Analysis** at <https://www.turnerdrake.com/services/economic-intelligence/impact-analysis/>.

🌐 *Our Economic Intelligence Unit (EIU) is staffed by economists and Geographic Information Systems (GIS) specialists. 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 analysis 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.*

Valuation Division

Yields Up! Values Down?



It is now six months since the United States and Israel started their war against Iran. The concomitant closure of the Strait of Hormuz with its reduction in oil supply (about 20% of global petroleum consumption), liquified natural gas (about 20% of global LNG exports), fertilizer and other products has increased prices worldwide and is driving up **inflation** in the U.S. (orange line on graph) and everywhere else. On September 17th the U.S. Federal Reserve responded by increasing their **target funds rate** by 0.25%, to set a new target range of 3.75% to 4.0%. (green line on graph). Further increases are expected in the future. **Long term bond** yields are also under pressure because of the Iran conflict, the United States' tariff war against the world, Russia's latest war against Ukraine (now in its fifth year), President Trump's stated desire to annex or control democracies such as Greenland and Canada, his administration's hostile behaviour towards what were formerly considered allies, his embrace of President Putin of Russia, and inflation concerns. The private sector's appetite for vast amounts of capital to fund Artificial Intelligence Data Centres in the United States and elsewhere has also increased demand and driven up yields. Yields on the U.S. Federal Reserve 30-Year Treasury Bonds, generally regarded as the world's risk-free investment, were trading near 5.34% this month (September), about the same level as mid-2007 just prior to the global subprime collapse during the great recession 2006-2007 (see red line on graph). Recent maneuvers by Scott Bessent, United States Secretary of the Treasury, to reduce bond yields had only temporary effect. Bond rates in other countries have risen in tandem with the U.S. Bonds. Mortgage and other rates are priced against bonds and will increase in lockstep. *As the price of mortgages and bond yields increase so will property capitalization (yield) rates. To put it another way, income producing property (apartments, multi-tenant industrial, offices, shopping centres and other retail) will fall in price unless their net income increases by a commensurate amount. Once set in motion*

all yields increase, but there is a lag between events. We have plotted HRM **Apartment capitalisation rates** (see blue lines on graph) against their fundamental drivers (Bond, Target, Inflation, rates). Although Capitalisation rates (the yield calculated as Net Operating Income ÷ Sale Price expressed as a percentage) capture risk, market demand & supply, and the availability of non-real estate investment opportunities, commercial property is illiquid and owners are usually disinclined to shed their property assets without a compelling reason to do so. Nevertheless if, as appears likely, the era of cheap and plentiful money is over, capitalisation rates will increase to recover some of the yields they lost during period beginning in 2002, a time wistfully referred to as the "Niagara of Capital", when an unprecedented flow of financial capital into the commercial and housing markets created high demand and increased property prices (thus reducing capitalisation rates until they started to bottom out for most types of property in Atlantic Canada in 2017). Those capitalisation rates also "compressed" i.e. the difference in yields between low risk and higher risk investment such as Apartments, Hotels/Motels, Industrials, Offices, Shopping Centres were reduced. Over recent years they have started to decompress again.

Income Property in Atlantic Canada

Our Valuation Division values income producing property such as Apartments, Hotels/Motels, Industrials, Nursing Homes, Offices, Shopping Centres and free-standing retail stores in all four Atlantic provinces. The process of determining property value is not, as is often suggested, the result of "gut feel". That is more an outcome of digestion than any valid expression of property value. Not to derogate in any way from the value of experience, but accurately measuring property value is more a function of perspiration than inspiration. This is particularly so in Atlantic Canada because sales and rental data have to be obtained from multiple sources, if they can be obtained at all, and properties even of the same type, are heterogeneous. Nova Scotia sales data only became publicly available in May 2012; prior to that, only the provincial assessment authority had access to it. The same situation pertained in New Brunswick and Prince Edward Island. It was available in Newfoundland and Labrador... sort of. This encouraged us, in April 1978, to build CompuVal® a family of intelligent databases that communicate with each other and analyse data "on the fly". It is one of

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Canada's first (possibly the first) computerized real estate appraisal systems and over the intervening years has grown into a multi-million-dollar information technology platform and knowledge base covering all four Atlantic Provinces and Western Ontario (including the GTA). Over the past fifty years we have incorporated proprietary algorithms to squeeze every drop of information out of each sale. The Investment Modules for Apartments, Hotels/Motels, Industrials, Offices and Shopping Centres each compute metrics such as the Overall Capitalisation Rate, Terminal Capitalisation Rate, Internal Rate of Return (Net Operating Income, Cash Flow, After Debt Service Cash Flow) and compound annual growth rates over a ten-year time horizon. They also extract the "risk premium" over Ten-Year Canadian Bonds. In addition, our Economic Intelligence Unit has gathered rental, operating and vacancy data on every office and industrial building (=> 500 m² in size) in all six major metropolitan areas in Atlantic Canada, for every year since 2001, and captured the data in CompuVal®. Other CompuVal® modules use ground breaking valuation techniques to analyse resource property (waterfront and non-waterfront) and isolate the types and value of groundcover, maturity and value of the timber, water and road frontage... and with farms, isolate the contributory value of buildings, cottages, farm machinery, groundcover, orchards, timber and milk quota.

All of our valuations are conducted in accordance with the Royal Institution of Chartered Surveyors' Global Standards aka RICS Red Book, in use worldwide (other than the United States) which incorporates the International Valuation Standards. However, they also meet or exceed the United States' Uniform Standards of Professional Appraisal Practice as well as the Appraisal Institute of Canada's standards. The bottom line: our valuation reports are acceptable everywhere, no-matter the domicile of the user.

It is a common misconception that every property has a single value... and there is frequently an assumption that this should be Market Value, the price the property would bring on the open market. *But property can be so specialized that it has no value outside the business that owns and operates it.* It is a peculiarity of the Atlantic Region that some properties were created because their owners wanted to live here. There are, for example, fish plants that import their raw product from

Asia and sell it in the United States. There is absolutely no reason why the plant is located where it is; and its location and size may preclude it having a value other than as part of the operating business. In fact, the firm operating the plant may purchase and sell its product through different associated companies. In these circumstances Value in Use is the applicable metric rather than Market Value. But what if the value is required for mortgage financing? How does the mortgagee verify that Value in Use is sustainable by the operating enterprise? To address this situation, we have developed methodology to convert the Value in Use to its rental equivalent so the prospective mortgagee can compare the property's carrying costs with the operating profit of the enterprise. The International Valuation Standards list six types of real estate value; the Appraisal Institute (of America) has identified ten distinct and valid property valuation bases in common use in North America. We start every assignment by determining, in consultation with our client, which type of value is relevant.

There are some properties, such as Extended Care Homes, that come in a variety of formats: Independent Living, Assisted Living, Retirement Home, Nursing Home, Mixed Living, whose attributes we capture in our CompuVal® IT Platform. Some formats have value by virtue of the various licenses held by the owner operator and are as much a business valuation as real estate. These require a detailed review of the licenses (and whether they are transferable to a new owner), the operating income, its source and stability, and the expenses, compared with the historical operating history and similar properties. Seniors' housing and care facilities' operating standards have been substantially upgraded over recent decades and the potential transfer of ownership may focus attention on the physical real estate and its ability to meet current standards. This type of property usually attracts purchaser interest from operators already active in the province where the property is located, or domiciled in the wider Atlantic Region.

In the case of Hotels/Motels an understanding of the property's target market and/or catchment market is essential. Consideration of any new or proposed, competing facilities, form a critical part of the exercise. The Appraisal Institute (of America) and appraisers specializing in the hospitality industry (titans such as Steve Rushmore, founder of HVS) have published texts outlining valuation methodology which

we have incorporated into our CompuVal® IT platform. CompuVal® also stratifies lodging into the industry recognised "price point" classifications, everything from Bed and Breakfasts to Luxury (5 star) establishments.

Office, shopping centre or multi-tenant industrial buildings may include the owner as a full or partial tenant. This situation may occur with shopping centres if the centre has struggled in the past to attract, or retain, the type of tenant most beneficial for the appropriate tenant mix. However, this is not unusual with apartment buildings as well: coffee shops, convenience stores, gyms and restaurants, established in the first flush of optimism when the building was new, subsequently fail to fulfill that promise but nevertheless add to the rental attractiveness of the building for the residential tenants. In these circumstances it is necessary to ascertain whether the rent is at, above or below, market and whether the business will continue if the real estate is sold. Our reports include various valuation formats to accommodate the most applicable methodology (Overall Capitalisation or Discounted Cash Flow) and property specific apartment, hotel/motel, industrial, office, service station & convenience, shopping centre, key income and expense metrics. As mentioned earlier, our CompuVal® IT Platform has property specific modules to measure the various cash flows and growth indicators.

In Summary

We value the entire spectrum of property, ranging from small apartment buildings to larger investment property, including the analysis of rents, operating expenses, vacancy and overall investment performance. These include apartment buildings, single and multi-tenant retail, commercial and industrial investment properties, seniors' housing and care facilities, and specialist income generating real estate such as gasoline service stations with convenience stores.

Our Valuation Division also completes "as-if-complete" valuations of proposed or under-construction commercial and multi-residential developments, based on the property being completed in accordance with proposed plans and specifications. These are required for construction financing and development planning.

We also conduct rental studies on apartment and other property types, providing

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independent opinions of Market Rent for existing and proposed apartment developments, including assignments required for CMHC financing purposes.

 *If you have a prospective valuation assignment involving an investment property (apartment, extended care home, hotel/motel, multi-tenant industrial, office, shopping centre, service station & convenience store or any other type of income generating real estate) contact Jaret Collins CPA at jcollins@turnerdrake.com tel:902-429-1811 Ext. 347 (HRM) or 1-800-567-3033 Ext. 347 (elsewhere). Acquaint him with the type, size and location of your property, and the purpose of the work, and he will provide a fixed price quote based on our nearest provincial office (St. John's, Halifax, Charlottetown, Saint John). The fee, scope and purpose of the assignment will be detailed in a formal Terms of Engagement, signed by both parties, so you have a clear understanding before we start work. We are a Canadian firm founded in the Atlantic Region fifty years ago. Our head office is located in Halifax, Nova Scotia. For more information, please access our corporate website at www.turnerdrake.com, or our valuation web site at www.turnerdrake.org.*

Property Tax Division

First the Bad News...

Although we undertake property tax appeals countrywide the majority of our assignments are conducted in the jurisdictions shown in the table above. Over the past two decades property assessment has diverged from its founding concept of fairness and equity. Prior to the year 2000 property assessment, broadly speaking, progressed steadily towards a system in which assessments were anchored by Market Value and property taxes in general reflected their owner's ability to shoulder a fair share of the tax burden and hence the operating costs of the municipality in which their property was domiciled. However, some provinces now "cap" assessment increases for long time residential property owners. Nova Scotia introduced such a system, tied to the NS CPI in 2005, Prince Edward Island adopted a similar measure for the 2008 and 2009 taxation years, subject to a maximum of 5% annual increase, and continues it in updated form today. This system penalises renters and young people in favour of better off, less property mobile, residential home owners, since they shoulder the tax shortfall enjoyed

Province	Approximate Date Assessment Notice Published	Referral Period	Appeal Period
New Brunswick	~ January	30 days	30 days from issuance of Review Decision.
Newfoundland (Excl. St. John's)	~ June	60 days	60 days from date on Notice of Assessment.
City of St. John's	~ May	60 days	60 days from date Notice of Assessment was mailed.
Nova Scotia	~ Second week in January	31 days	31 days from date Notice of Assessment was mailed.
Ontario	~ November	~ 120 days	90 days from issuance of Review Decision.
Prince Edward Island	First week in May	90 days	21 days from issuance of Review Decision.

by the generally older and wealthier home owners. It also lacks logic. Residential property price increases are not correlated with the provincial CPI witness the 89% increase in Market Value in areas such as HRM, versus a 28% increase in the CPI, for the period June 2019 to June 2026. New Brunswick too has limited the impact of assessment increases, freezing assessments in 2026 for one year, thus moving some of the tax burden from properties that were increasing in Market Value to those that were not!

To some degree commercial and industrial properties have always been penalised because their tax rates are typically double or more than that of residential property; though the latter are more likely to be assessed at Market Value because of homogeneity and the greater availability of sales data. However, the inequity today is more a function of lax or non-existent reassessment regimes. The last province-wide reassessment in Ontario for example is based on a valuation date of January 1st 2016. The provincial government postponed the reassessment scheduled for 2021 and continues to do so. As a result, 2026 property taxes are still based on "fully phased in" January 1st 2016 values unless there have been property specific changes such as new construction, renovations, demolitions or changes in classification. In this and other jurisdictions there is a tendency to assess commercial property below its mandated Market Value because of lack of staff, expertise, analytical data resources or the desire to discourage appeals. If all property were under-assessed uniformly this would ameliorate this situation of unfair distribution of the tax burden. However, New Brunswick does not include a "uniformity" provision in their Assessment Act so two similar properties can be assessed differently and technically there is no right of appeal if the higher assessment is below Market Value. *It is the only province in Canada to exclude this "uniformity" provision.* In fairness, most Service New Brunswick assessors are sympathetic to this type of situation but the recent reforms refused to address this anomaly.

And the Good News...

It is worthwhile mentioning that the appeal process is a two-step process in New Brunswick, Prince Edward Island and Ontario. The first step involves a request for a review; the appeal only follows if that process does not resolve the situation. Nova Scotia has a three-step process: request for review, appeal to the Nova Scotia Assessment Appeals Tribunal (NSAAT) a relatively informal hearing, then if warranted, a further appeal to the Nova Scotia Regulatory and Appeals Board (NSRAB), a very formal hearing. In St. John's the appeal is to the Assessment Review Court and in the remainder of the Newfoundland a request for review then, where warranted, an appeal to the Assessment Review Commission. In the other provinces the request for a review and appeal are part of the same process. If you are a masochist you probably want to conduct the appeal yourself. To help maintain your sanity we have detailed the time limits for the review and appeal in the above table. You can also get useful information from our Corporate web site at <https://www.turnerdrake.com/services/property-tax-consulting/> and our Property Tax web site <https://www.turnerdrake.net/>. If the process blunts your enthusiasm our Property Tax team are here to help.

In **New Brunswick** the good news is that Bill 49 "An Act Respecting Property Tax Reform" received Royal Assent on June 12th 2026 (it has yet to be proclaimed). It modernises assessment procedures by allowing electronic assessment notices for the first time (hurrah!), adjusts appeal deadlines, creates a new industrial-property grant program and updates related statutes. The adjustment to appeal deadlines is also a win for taxpayers. You have 30 days (no change) from the date the Assessment Notice was mailed to submit a "request for a review" with Service New Brunswick, the assessment authority. If you are not satisfied with the results of the "review" you now have 30 days (formerly 21 days) from the date the review letter was mailed to file an appeal to the Assessment and Planning Appeal

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Tribunal (APAT). However, if the Director of Assessment does not issue a decision on the review request within 90 days, the taxpayer gets a fresh 30-day window to appeal after that 90-day period expires. The objective is two-fold: (1) give the taxpayer more time to gather evidence, hire us (or perish the thought, another consultant) or request an internal review and (2) encourage Service New Brunswick to be less tardy in handling the requests for review by requiring that it be done within 120 days rather than allowing them to "run out the clock". What the proposed Act does not do (sigh!) is introduce the "equity" requirement prevailing in the remaining Atlantic Provinces, Ontario and all other jurisdictions, that similar properties bear similar assessments. The primary measure of assessed value in Canada is Market Value (aka Real and True Value in New Brunswick), but this is qualified in other provinces by the requirement that assessments be "uniform" (or similar wording). This uniformity provision is applied differently depending on the province but broadly speaking is designed to prevent the provincial assessment authority from assessing properties at less than their Market Value to deny taxpayers their right of appeal even when their property assessment is significantly higher than that of similar properties in the municipality. The failure of the New Brunswick government to address this inequity is disappointing since it increases the risk of property ownership for existing or expectant investors in the province. The other changes were addressed in detail in our [Spring Newsletter \(Vol. 2 No. 136\)](#).

In **Nova Scotia** a stitch in time saves nine... it pays to be preventative! The provincial assessment authority, the Property Valuation Services Corporation (PVSC) has for many years pursued an enlightened approach to its mandate by publishing a pre-roll of the next year's proposed assessments in October of the prior year. Most aberrations can be addressed before the official roll, on which the municipalities base their budgets, is published in January of the following year. It affords taxpayers, or their representatives (us) opportunity to review the proposed assessments, and where warranted, negotiate adjustments before the roll is published. This collaborative approach reduces the number of appeals, is more cost effective and provides more certainty for budgeting purposes to both property owners and the municipalities.

In **Prince Edward Island** the time to appeal your 2026 assessment has also expired. If you filed an appeal and would like advice please call our Charlottetown office (tel. 902 368 1811) as soon as possible. Although the basis for your 2026 assessment was its Market Value on January 1st 2026 do not be discouraged from proceeding with an appeal even if, as is very likely, your property assessment is below Market Value. There are grounds for appeal if your property's assessment is not uniform with other assessments in the municipality and we will advise you whether to proceed. CompuVal®, our proprietary IT platform contains assessment details on every commercial, industrial and apartment property in the province.

Newfoundland and Labrador march to a different drummer than the rest of Atlantic Canada.

The City of St. John's undertakes its own assessments and published its 2027 assessment roll on May 11th 2026. Their appeal period expired on August 10th 2026. If you filed an appeal and would like advice please call our St. John's office (tel. 709 722 1811) as soon as possible. The basis for your 2027 assessment was its Market Value on January 1st 2024 but your property assessment has also to be uniform with other assessments so do not be discouraged from proceeding with your appeal if your property assessment is below Market Value.

Assessment notices for the remainder of the province were mailed on June 1st 2026. Their appeal period expired on July 31st 2026. The basis for your 2027 assessment was its Market Value on January 1st 2025 but, as with the City of St. John's, your property assessment has also to be uniform with other assessments in the municipality so do not be discouraged from proceeding with your appeal if your property assessment is below its Market Value.

The **Ontario** 2027 Assessment Notices should be issued in November and you will have until March 31st 2027 to file a Request for Reconsideration. Your 2027 property assessment will continue to be based on your property's Market Value as at January 1st, 2016. **The Municipal Property Assessment Corporation will not mail out your Property Assessment Notice if the assessment remains unchanged from the previous year so you should be proactive and review your assessment within the Referral Period or request that, Chris cjobe@turnerdrake.com,**

the Manager of our Toronto office does it for you. If, as is likely, your Request for Reconsideration falls on deaf ears you have 90 days from its issuance to file a formal appeal to the Assessment Review Board.

🕒 *Our Property Tax Division conducts property tax appeals in every province apart from Nunavut (nobody there has asked us yet). When Nova Scotia publishes the 2027 pre-roll in October our Tax Team will start negotiations with PVSC. If your property is enrolled in PAMS®, our innovative Property Tax Manager program, relax, we have matters well in hand. We monitor your property assessments, file appeals within the legislated deadlines, negotiate reductions and where necessary take them to the Appeal Court. If your property is not yet protected by PAMS® feel free to call any member of our Nova Scotia Tax Team: Chris, Nathan, Mark, Palmer, Jonah or Giselle at 902-429-1811 (HRM) or 1-800-567-3033 (elsewhere) or email us at tdp@turnerdrake.com. There is no cost or obligation unless you formally retain our services by signing a Terms of Engagement.*

If you have outstanding property tax issues in New Brunswick, please contact our Vice President Property Tax, Andre Pouliot apouliot@turnerdrake.com tel: 506-634-1811 Ext. 321 or Graeme Watt Manager Saint John office gwatt@turnerdrake.com tel: 506-634-1811 Ext. 338.

LaserCAD® Division



Photo credit: Bigstock Photo

When our eager young spacemen, or women, present themselves on your office, industrial, retail or apartment building doorstep; be kind! They could be your son or daughter! Freshly minted with a business degree from one of the Atlantic Region's universities, they are selected from the cream of the crop. Since joining us they have embarked on our unique **Training Program**, the most gruelling in the real estate industry. Seven years of mentored training with some of the industry's leading experts, twenty-five "in

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house" commercial real estate Training Modules, the University of British Columbia's Diploma in Urban Land Economics (DULE) and Bachelor of Business in Real Estate (BBRE) degree, negotiation courses through Dalhousie and Saint Mary's universities. No wonder they look glassy eyed! They start in our Lasercad® Space Measurement Division, but worry not! When they arrive at your door, they are neophytes no longer. They have already completed at least three Training Modules and every jot and tittle of the Building Owners and Managers Association (BOMA) Standard Methods of Measurement on office, industrial, retail and mixed-use space, and the Canadian Real Estate Association's recommendation for measuring residential space, is firmly imprinted in their memory. Furthermore, they measure in metric, think in imperial and are accomplished users of our Computer Aided Design (CAD) system. Before we let them loose on your space they will have accompanied an experienced Supervisor on other assignments and demonstrated their expertise by accurately completing projects on their own. And of course, everything they do is controlled and monitored by our ISO 9001 Quality Control System. We are the only space measurement company in the Region subject to such rigour. It requires that each individual *room* (rather than the entire space) be measured to a closing error of 2% or less. Nothing is left to chance: all dimensions on third party building plans are checked by on-site measurement. In addition, our spacemen/women also work on valuation or property tax assignments in one of our other Divisions, so have a holistic understanding of rental and capital values, and the significance of accurate measurement.

In our pre-laser era, running a tape measure across a space, especially if it was occupied by a government department, frequently triggered "territorial imperative" hostility... fear that their space was being threatened. The use of lasers has ameliorated that issue, but tact is still the sine-quo-non of our Lasercad® team. Measuring space may engender concern: does it portend a rental increase?! This is particularly the case with retail stores if the manager is also the business owner. In point of fact accurate measurement and calculation of the rentable area by an independent third party, such as ourselves, is in everybody's interest. Most tenants, and some landlords, do not realise that there are industry standards for space measurement. Each may assume that a square foot of rentable office space is equal

to the same amount of rentable industrial space, when in fact they are calculated differently. Or that rentable retail space in an office building is calculated using the same methodology as retail space in a shopping centre. Office tenants frequently measure their *occupied* space and do not realise that the *rentable* area also includes part of the Common Area. All of the foregoing can cause friction and build of lack of trust between landlord and tenant: at best this is counter-productive, at worst it can give rise to expensive lawsuits and bad publicity. In our experience mis-measurement is usually due to legacy factors such as counting ceiling tiles, moving partitions without remeasuring, using non-standard or outdated methods of measurement, or incompetence, rather than malintent, but it typically results in 50% of the space in an office building being improperly measured and/or miscalculated. We also come across situations where the landlord confuses "*occupied*" with "*rental*" space even though the rent per square foot is based on competing buildings whose rental space included part of the Common Area. This results in a substantial under valuation of the property, each square foot "lost" potentially reducing the building's capital value by \$260.

Every wall has a story! We get on site and everything looks like an ordinary commercial or office unit but then we discover a wall that is not straight, an old doorway that's been boarded up, a makeshift mechanical room, or a washroom that seems to have been built in the middle of nowhere. Every building looks simple until you have to draw it on-site. This is the reason why we use our on-site measurements to manually check areas against those computed by our CAD system, rather than just relying on the latter. It is also the reason we use hand held lasers, rather than a more integrated system less cognisant of the nuances of the relevant BOMA standard method of measurement. This does have a downside! In the early days, laser guns were bulky objects requiring two handed operation generating some drama. Today, laser measurement is no longer cool. Whip out a tiny laser gun from your inside pocket and risk disappointing a property manager expecting futuristic type technology, albeit BOMA agnostic, that scans the room or is military grade.

Fire Safety

October is fire safety month. There are some misconceptions about a property owner's

legal obligations with regard to fire plans. We are happy to correct them.

Fire Exit Plans – these are "Perimeter" plans of the Common Area and show the evacuation route and firefighting equipment. The National Fire Code requires Fire Exit (Evacuation) Plans be posted in every hotel and motel bedroom. They indicate the exits, evacuation route, muster point and the type and location of firefighting equipment (pull stations, fire extinguishers, hose cabinets). They are ***not required in other types of property*** but may be posted as a convenience, part of the wayfinding signage posted throughout the building Common Area.

Fire Emergency Plans – show the location of the building fire emergency systems (detection and fighting equipment) such as emergency lights, exit signs, pull stations, fire extinguishers, hose cabinets, bells, sirens, smoke and heat detectors, gas and sprinkler shut off valves, electrical shut off switch, pull pins for kitchen fire suppression systems, standpipes, fire panel, fire pump, fire department connections, and sprinkler risers.

They are "As Built" plans showing the location of all fire sensing and fighting equipment in each tenant suite and Common Area. They form part of the "Fire Safety Plan", a *booklet* required by the National Fire Code for all buildings that are required to have an *alarm system* under the National Building Code. This includes virtually all buildings with sprinkler systems; and non-sprinklered buildings over three storeys (basements count as storeys) or which meet minimum occupant loads. In the case of a non-sprinklered apartment building, an alarm system is required if it is designed with sleeping accommodation for more than 10 persons...unless every apartment has direct access to an exterior exit leading to the ground floor and (1) no more than four apartments share a common means of egress or (2) it is not more than three storeys (including basement) in height. A non-sprinklered motel or hotel has to have an alarm system if it is over three storeys in height; or if it is less than three storeys in height and each suite does not have direct access to an *exterior* exit facility leading to the ground floor. In the case of other non-sprinklered buildings the requirement for an alarm system is governed by the occupant load. A school, college, or child care facility, including a daycare, with an occupant load of more than 40, requires an alarm system, as does a licensed beverage establishment, or a

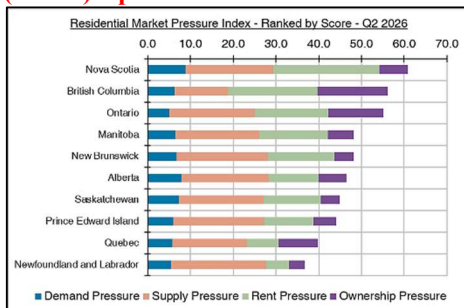
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licensed restaurant, with an occupant load in excess of 50. Non-sprinklered office or other buildings with an occupant load exceeding 150 above the first (ground) storey are required to have an alarm system. High hazard industrial buildings with an occupant load of more than 25, and low/medium hazard industrial buildings with an occupant load of more than 75 people, also require a fire alarm system. Fire Safety Plans are also required for every building containing an assembly, care, treatment or detention occupancy, certain demolition, construction sites and storage areas, flammable or combustible liquid storage areas, and areas where hazardous processes or operations occur.

🌐 *If you wish to discuss a prospective space measurement or Fire Plan assignment, feel free to contact Brendan Keeler, Manager Lasercad® Division, at bkeeler@turnerdrake.com or tel: 902-429-1811 Ext. 355 (HRM) and 1-800-567-3033 Ext. 355 (elsewhere). He will be pleased to help you. We undertake Lasercad® assignments throughout Atlantic Canada and will provide a fixed price fee based on our nearest office (St. John's, Halifax, Charlottetown, Saint John).*

Residential Market Pressure Index (RMPI) Update



Source: TDP Economic Intelligence Unit and Statistics Canada.

The most recent update to the RMPI shows that residential market pressure remains elevated across Canada, but continues to be concentrated in a small number of provinces. In Quarter 2, 2026, Nova Scotia records the highest RMPI score in the country at **60.8**, followed by British Columbia at **56.1** and Ontario at **55.1**. These three provinces are the only jurisdictions in the high-pressure range. Canada overall, along with every other province, remains within the moderate-pressure range.

Nova Scotia continues to sit at the top of the national ranking, with its RMPI increasing to

60.8. The province's pressure profile is particularly notable for rental-market conditions. Nova Scotia records a rent pressure score of **24.9**, the highest in the country and very close to the maximum possible contribution of 25 points. Supply pressure also remains elevated at **20.4**. By comparison, ownership pressure is considerably lower at **6.6**, reinforcing the conclusion that housing stress in Nova Scotia is being driven primarily by rental and supply conditions rather than ownership pressure.

British Columbia remains firmly within the high-pressure range with an RMPI score of **56.1**. Its pressure profile differs considerably from Nova Scotia. British Columbia records the highest ownership pressure in the country at **16.4**, alongside rent pressure of **20.9**. This combination continues to indicate substantial pressure across both the rental and ownership sides of the housing market, even as demand and supply pressures are more moderate than in several other provinces.

Ontario follows with an RMPI score of **55.1**. Pressure in Ontario is more broadly distributed across the index, with supply pressure of **19.9**, rent pressure of **17.2**, and ownership pressure of **12.9**. This relatively balanced profile distinguishes Ontario from Nova Scotia, where rental pressure dominates, and British Columbia, where both rental and ownership pressures are particularly pronounced.

Nationally, Canada records an RMPI score of **49.4**, placing it near the upper end of the moderate-pressure range. Supply remains the largest contributor to the national index at **19.1**, followed by rent pressure at **12.6** and ownership pressure at **11.3**. The national result suggests that housing-market stress remains widespread, even though conditions outside the three highest-pressure provinces remain below the high-pressure threshold.

Among the remaining provinces, Manitoba and New Brunswick record the highest RMPI scores at **48.2** and **48.1**, respectively. Both are characterized by substantial supply pressure, with New Brunswick recording **21.3** and Manitoba **19.6**. Alberta follows at **46.5**, while Saskatchewan records **45.0**. Across the Prairie provinces, supply pressure remains comparatively high, while rent and ownership pressures remain below those observed in British Columbia and Ontario.

Elsewhere in Atlantic Canada, conditions remain less acute than in Nova Scotia,

although pressure has increased in some jurisdictions. Prince Edward Island records an RMPI score of **44.1**, while New Brunswick sits considerably higher at **48.1**. Newfoundland and Labrador continue to record the lowest RMPI score in the country at **36.7**. Despite having the highest supply pressure of any province at **22.2**, Newfoundland and Labrador benefits from particularly low rent pressure of **5.4** and ownership pressure of **3.6**, which keep its overall index comparatively low.

Quebec records an RMPI score of **39.9**, the second-lowest among the provinces. Its relatively modest overall result continues to reflect comparatively low rent pressure, at **7.4**, despite more pronounced supply pressure of **17.5** and ownership pressure of **9.2**.

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

WORLD CUP



Photo Credit: BigStock Photo

Just how smart are those eggheads in our Economic Intelligence Unit (EIU) really? Jigme Choerab, EIU'S Manager, is a soccer fan. We put him to the test: predict the outcome of the 2026 World Cup (before it took place). Naturally he built a model. It incorporated the following independent variables:

- Elo ratings (a skill scoring method created by physician Arpad Elo).
- FIFA World Rankings.
- National team market values (aggregate of each player's \$ value).
- Recent competitive form.
- Expected goals (xG) and other team performance metrics.
- Home advantage and tournament context.
- Weather and climatic familiarity.

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- Team chemistry.

These variables were combined to estimate the probability of each match outcome. Jigme then simulated the group stage and knockout rounds to produce expected group standings and tournament progression. His model was built in a way that a team's strength would increase or decrease based on their performances.

So, how well did his model perform? Remarkably well! It correctly predicted:

- All four semi-finalists (100%).
- The elimination of all three host nations at the Round of 16 stage (100%).
- 5 groups with the exact final standings (40%).
- 30 out of the 48 teams' exact finishing positions in the group stage (63%).

It only fell at the final fence, projecting France as tournament champions, with Spain identified as the second-most likely winner (Spain won 1-0 after extra time to defeat Argentina). Close then but no cigar!

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