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Newsletter

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GLOBAL WARMING, WARNING

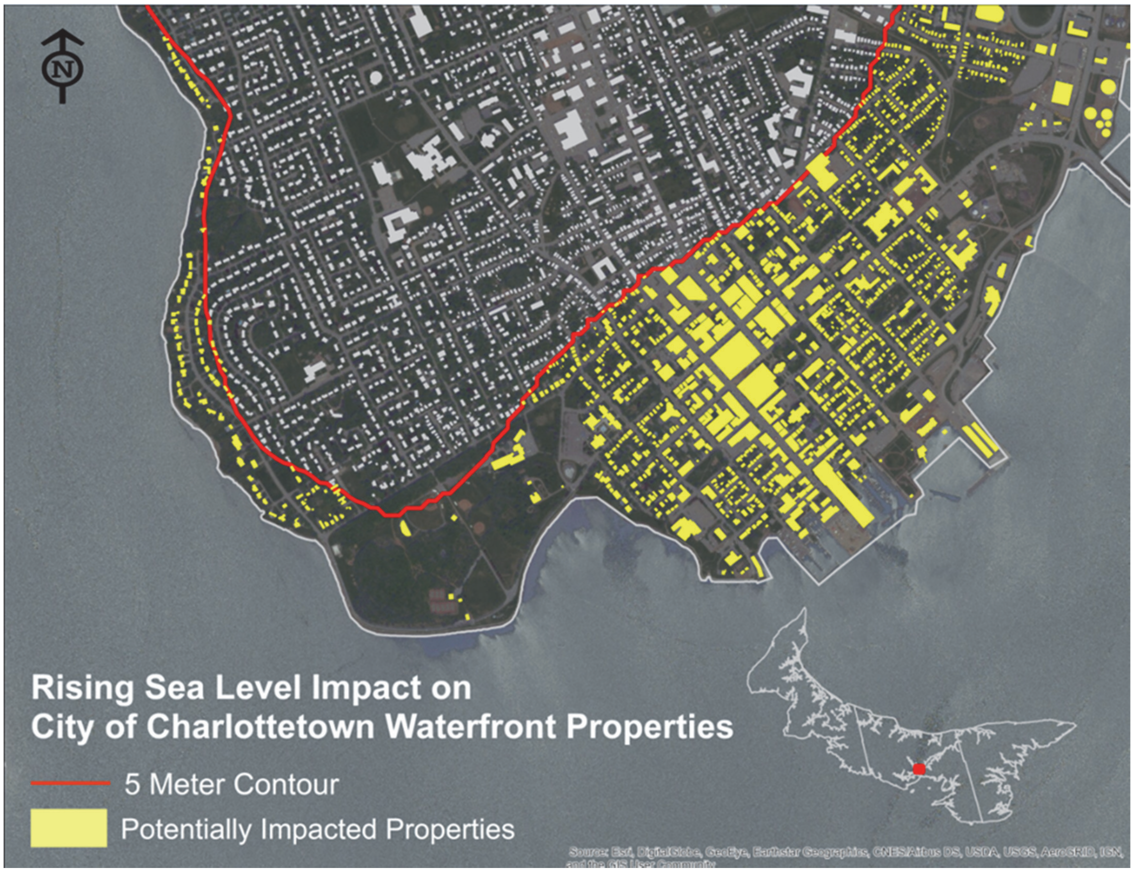

Image Credit: Turner Drake & Partners Ltd.

Every city in Atlantic Canada owes their existence to the sea: many border it; they are now threatened by it. Over the past four decades, Charlottetown has cleverly managed the transformation of its downtown area and the original five hundred lots fronting the harbour, into a vital and funky environment by capitalising on its wealth of heritage buildings. Located in a park like setting, a bequest from its far sighted planners two centuries ago, the area has risen phoenix like from an environment dominated by decaying wharves, abandoned industrial sites and decrepit residential buildings into an area which is an exemplar for urban renewal … anywhere. In summer, the neighbourhood is a visual delight; heritage buildings tastefully and lovingly restored, flower lined streets, vibrant pubs, restaurants, coffee shops and retail stores, the area melds pride in its past with confidence in its future. All of it is now at risk! Global warming is causing the oceans to heat up and expand and the Arctic and Antarctic ice caps to melt. Relative sea levels are now rising. Until recently, this was something most thought they could foist on future generations … a bit like the budget deficits. Not anymore! In January this year, the U.S. National Oceanic and Atmospheric Administration (NOAA) released their Global and Regional Sea Level Rise Scenarios for the United States revealing that sea levels were rising at a much greater rate than hitherto thought. Instead of a 0.75 metre rise by 2100 they calculate the maximum global mean sea level rise at 2.50 metres. They also warn of the risk posed by the melting of the Greenland and Antarctic ice sheets. These ice sheets and ice cliffs are land based so when they collapse the ice will slide into the sea thus increasing water volume. (BBC News reported a major rift in the Larcen C Ice Shelf on May 2nd 2017 suggesting that it may be about to calve off a 5,000 sq-km berg. This event would further weaken the Larcen C Ice Shelf which has an area the size of Wales. On May 31st 2017 they warned that the rift had propagated by another 16 km to lengthen the fissure to 200 km. suggesting that the calving of the iceberg was very close). Under the new projections published by NOAA, the worst case scenarios (such as hurricane initiated storm surges) will quickly exceed the safeguards currently adopted by municipalities in this region for their waterfronts. Charlottetown is not alone of course, every provincial capital bar

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one in the Atlantic Region faces a similar threat, as does every community and property that fronts the ocean, but the threat is compelling. By 2040 the probability of disruptive/damaging flooding will increase 25-fold under NOAA's "intermediate" scenario (NOAA models six scenarios: Low, Intermediate-Low, Intermediate, Intermediate-High, High and Extreme based on a continuum of global action to combat climate change ranging from "aggressive" to "passive"). Flooding events which now occur every five years will occur five times per year twenty three years hence. The reality now is that most coastal communities in the region, including their downtowns, may suffer catastrophic flooding within the next 25 years due to storm surges and hurricane activity piggy backed on the higher water levels. The cost will be enormous. We have not calculated it yet for Charlottetown but we have looked at Halifax. In our February issue of TDP Trends, we highlighted a list of major developed properties along the waterfront in downtown Halifax that were at risk. They had a total *assessed* value of over $446 million, but a market value and economic impact well in excess of that figure. We noted that the "availability heuristic" appears to cause investors to discount the flood risk because hitherto the timeframes of studies were always in the distant future ("100 years hence") and the severity of impact largely unimaginable. But this risk may now be near-term, with catastrophic results that we might prefer not to imagine, but which horrify when they are actualised. Other cities and countries across the globe have found themselves too close for comfort to the sea and building owners, architects, and governments have put in place practical solutions and policies to mitigate the damage. Not so in this region … yet.

The issue is not unique to Atlantic Canada of course, nor is flooding a new phenomenon. Whether for drinking water, fishing and agriculture in the earliest days of human settlement, or for transport and trade, waterways have played an important role in daily lives and economic development for millennia. Once established (and barring a catastrophic event such as the volcanic eruption which brought the ancient Roman city of Pompeii to an abrupt end), urban areas grow in place rather than migrate to new locales. Many of the attractions of proximity to water still hold today, such as the economic draw of port facilities in Halifax, St. John's and Saint John. Thus, we continue to live in, and move to, flood-prone areas: 90% of the world's largest cities are adjacent to waterbodies. And so we find ourselves in the position of mitigating risk, rather than upping sticks and moving away from it altogether but so far this risk mitigation is barely on the agenda in this region, if at all. New developments are underway, or have been recently completed, in the ocean flood zone. One suspects that nothing will delay development until there is a major disaster.

Assessing the Risk

The National Oceanic and Atmospheric Administration (NOAA) Technical Report suggests that sea level rise will be more severe than previously thought – even as recently as a decade ago. This prediction significantly raises the stakes for our region by reflecting the impact of the newly discovered melting of the Antarctic ice shelf. In late March, the National Snow & Ice Data Center (NSIDC) reported that Arctic sea ice had reached its annual maximum extent on March 7th. The amount of sea ice was at a historic low (in the 38-year satellite record) at 14.42 million square kilometres, 1.22 million square kilometres below the 1981-2010 average maximum. Previously, the lowest maximum was in 2015, followed by 2016, indicating that this is not a short term blip. At the same time, sea ice in the Antarctic reached its minimum summer extent on March 3rd: At 2.11 million square kilometres, it was the lowest on the satellite record, though the NSIDC notes that there is high annual variability in the Antarctic system.

So how should you assess risk if you own and/or are considering developing or purchasing, waterfront property? The NOAA Technical Report suggests a two stage decision tool based on research to date. Stage 1 involves assessing the likelihood of global warming based on one the following three "Representation Concentration Pathways (RCP)". Each RCP projects the impact of greenhouse gas concentration in the atmosphere on global warming.

(1) RCP 2.6 assumes that *strong* mitigation policies will be implemented worldwide which will result in negative emissions in the last decades of this century. This will result in a >66% probability that global mean temperatures will increase by between 1.9 to 2.3 degrees Celsius over the period 2081-2100 relative to 1850-1900 levels. (NOAA's Report was published before the election of President Trump in the United States and his decision on June 1st to leave the Paris agreement which sought to limit average global temperatures well below 2.0 degrees Celsius compared with pre-industrial times).

(2) RCP 4.5 assumes that *moderate* mitigation policies will be implemented worldwide resulting in stabilizing emissions through 2050 and declining thereafter. This will result in a >66% probability that global mean temperatures will increase by between 2.0 to 3.6 degrees Celsius over the period 2081-2100 relative to 1850-1900 levels.

(3) RCP 8.5 assumes *very limited or no* mitigation policies will be implemented worldwide i.e. a high end fossil-fuel-intensive "business-as-usual" emission scenario. This will result in a >66% probability that global mean temperatures will increase by between 3.2 to 5.4 degrees Celsius over the period 2081-2100 relative to 1850-1900 levels.

Stage 2 involves assessing the Global Mean Sea Level Rise (GMSL) by 2100. The NOAA Report uses five possible scenarios:

(1) Low – 0.3 m rise.
(2) Intermediate Low – 0.5 m rise.
(3) Intermediate – 1.0 m rise.
(4) Intermediate High – 1.5 m rise.
(5) High – 2.0 m rise.
(6) Extreme – 2.5 m rise.

While this looks at first blush like the typical "we've given you the facts but don't ask us for an opinion" government waffling, it is not quite that vague. The jokers in the pack are the Greenland and Antarctic ice shelves and the possibility that they may slide off their land base into the ocean. That in turn is a function of the global action to limit greenhouse gas. The less action taken to limit greenhouse gas emissions i.e. the higher the RCP, the higher the GMSL. There is new evidence that the Antarctic ice sheet is degrading at a

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much higher rate than was previously the case. If this is sustained it will significantly increase the probability of the Intermediate High, High and Extreme scenarios particularly if there is limited or no mitigation of greenhouse gases (RCP 8.5). Given that flooding will probably be catastrophic for the property impacted, the NOAA advocates planning for the worst and hoping for the best. The Extreme scenario rise of 2.5m by 2100 is the safest scenario to adopt … and given the BBC report may also be the most realistic.

Unfortunately Global Mean Sea Level rise does not paint the complete picture. The local sea level rise is geography specific and governed by a host of factors including water flows, proximity to the ice sheets, gravity and weather. Atlantic Canada can expect to see a greater sea level rise than the average GMSL rise due in part, it is thought, to changes in the Gulf Stream. However land elevation also changes (Vertical Land Movement – VLM) due to natural causes such as changes in the land-ice mass (melting glaciers and ice sheets) or human action such as subsurface oil or water extraction. The concomitant Relative Sea Level rise (RSL) will add a further 0.3 to 0.5 m to the Intermediate scenario rise. So we can look forward to an effective rise in sea level of between 1.3 m (Intermediate) and 3.0 m (Extreme) by 2100 with the latter looking increasingly likely. Time to break out the rubber boots … or boats.

Goodbye PEI

Prince Edward Island is an idyllic but fragile sandbar. Residing in the Gulf of St. Lawrence, the raw power of the Atlantic is somewhat mitigated. Nonetheless, climate-change driven sea level rise and increasing storm-surge events pose a significant threat. On November 14th 2015, environmental activist David Suzuki, warned that the rising sea level would "hammer the hell" out of P.E.I. The province is well aware of the threat to an island consisting of soft, easily erodible rock, surrounded by a warming and expanding body of water. The University of Prince Edward Island (UPEI) Climate Lab was established in 2012 to monitor changes on the Island. Under the direction of Dr. Adam Fenech, and in conjunction with Simon Fraser University, the Lab has created a Coastal Impact Visualisation Environment (CLIVE) tool. Described as a "leading-edge climate change impacts visualization tool" it "combines historical erosion data, IPCC (Intergovernmental Panel on Climate Change) model projections of future sea -level rise, aerial imagery, and high-resolution digital elevation data to develop analytical visualizations of coastal erosion and future sea-level-rise scenarios" … to cut to the quick it allows the operator to see how much land is going to be lost due to global warming by "flying" around the Island using a three dimensional videogame controller. Dr. Fenech's team took CLIVE on the road in 2014 touring the Island and making grown men cry as they watched their property disappear below the waves (virtually speaking) … women, he says, were less emotional. CLIVE is not available on line but you can put it to the test by making an appointment to visit the UPEI Climate Lab: email them at climate@upei.ca (take tissues if you are a mere male: female support is advised).

Building Design

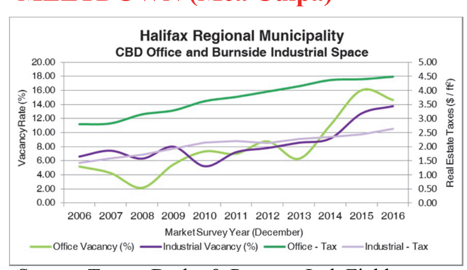
Halifax's 2003 Hurricane Juan was said to be the worst storm to hit the city since 1893. With sustained wind speeds of up to 160 km/hour at landfall, and storm surges of up to 2 metres in the Halifax Harbour, the storm caused significant damage. Bishop's Landing, a mixed-use residential and commercial property development located on Halifax's downtown waterfront, was completed in 2003. It survived Hurricane Juan largely unscathed, due to features incorporated into the design to account for its position on the waterfront. The most important feature from a safety perspective with regard to potential flood events is a question of use, not design: limiting the ground floor space to commercial. In the worst case scenario, a flooded ground floor will not catch people sound asleep in their beds. From a design perspective, the most important consideration is where to pin the ground floor elevation: the safest bet is to build on a podium, but this has the obvious downside of limiting good interaction between ground floor commercial space and the sidewalk. In downtown Halifax, the protected view planes from Citadel Hill impact the allowable height in many locations, including the Bishop's Landing site. Architects must fit the building into the allotted vertical space, so can only raise the ground floor elevation so far before losing allowable storeys from the top. Bishop's Landing also incorporated landscape design to elevate portions of the building above the boardwalk, protecting it from storm surges. Other protective design features include waterproofing of the subgrade areas, dewatering pumps, and careful placement of the entrances to underground parking lots, positioning them away from incoming waves. Under the boardwalk itself, there is a riprap slope: large boulders are placed to form a 2:1 slope. The design allows wind driven water access between the rocks, dissipating the wave energy. In a peak tide storm surge scenario, wave energy may push up on the boardwalk, damaging it rather than the building. This is what happened.

In Summary

In the face of rapidly rising seas and increased instances of extreme weather events, the risks of climate change must be considered and mitigated … especially as our population becomes increasingly urban and increasingly densified.

Neil Lovitt is the Senior Manager of our Planning and Economic Intelligence Unit Divisions. He can be reached through any of our offices or by calling 1-800-567-3033 Ext. 323. If you would like more information on the planning services we provide, visit our corporate web site www.turnerdrake.com > Corporate Site > Planning.

RISING TAXES meet MARKET MELTDOWN (Mea Culpa)



Source: Turner Drake & Partners Ltd. Field Surveys 2006 to 2016

We are mortified! Our Newsletter Vol. 2 No. 108 contained two major errors in our estimate of Halifax CBD Office

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vacancy. Our Economic Intelligence Unit research team surveys every building 5,000 ft.^{2} or greater, available for rent in the Halifax Regional Municipality, a total of 12 million square feet located in 161 buildings. We get a 98% participation rate from landlords and provide copies of the market survey to each participant as a thank you … and as an additional quality control check. Apparently it works! The errors were kindly drawn to our attention by Scott McCrea of The Armour Group. The Maritime Centre was entered twice and a numeral was transposed for Purdy's Wharf. We have corrected the errors and carried out a line by line manual check of the office and industrial data to verify that we had no other skeletons lurking there. (We have also added additional error traps to our data entry program, and bolstered our integrity check software application as well, to raise warning flags if the leasable area or vacancy rates vary by more than a specified amount from the previous survey … and can therefore, in the best bureaucratic tradition, confidently predict that our errors in future will not replicate those of the past … we will have to create new ones).

Our corrected graph is shown above. When all of the office space currently under construction comes on stream later this year the office vacancy in the CBD will be close to 21%, rather than the 25% quoted earlier, a nevertheless staggering figure unprecedented in the post war period anywhere in Atlantic Canada. (The Halifax CBD earlier peak of 16.2% occurred in 1992, following overbuilding in the 1980's and the great recession of 1990-1991). Nor will this space be absorbed by new demand. Over the past 10 years office demand in Halifax CBD has *decreased* by an average of 15,195 ft.^{2} per year (previously miscalculated at 17,676 ft.^{2}) and that during a period in which the working age population was *increasing*. If the decline in office demand does not escalate as the working age population continues to decline, and if space is not taken out of use, rental office vacancy will increase to 23% when The Armour Group's Queen's Marque, currently under construction, opens in 2019. It is a good time to be an office tenant in the Halifax CBD and it is going to get better. If you are an office landlord consider appealing your property assessment next year if you failed to do so before the end of the 2017 appeal period on February 13th. Things could get a lot worse. During the previous market meltdown in the early 1990's, rental rates collapsed. History will repeat itself if one of the signature properties lose their nerve and start the race to the bottom. We live in interesting times.

Chartered Surveyor Alex Baird Allen is the Manager of our Economic Intelligence Unit and can be reached through any of our offices or by calling 1-800-567-3033 Ext. 323. If you would like more information on the (usually blameless) activities of our EIU, visit our corporate web site www.turnerdrake.com > Corporate Site > Economic Intelligence Unit.

VALUATION DIVISION

Succession Planning

Succession planning usually involves the transfer of a business, and frequently real estate, as the older generation gratefully passes the torch and blissfully contemplates a future no longer leavened with IT, HR, CRA, government regulation and "relationship" managers anxiously scrutinising every financial statement. Unfortunately there a few hurdles to jump before settling down to the tranquility of that white sand beach, turquoise lagoon and an endless procession of pina coladas. Perhaps the most financially significant will be establishing the value of the real estate. And that, is where it often goes wrong.

Owners usually turn to their accountants to establish the value of their business. Unfortunately when there are real estate assets involved, accountants are not a source of reliable advice. Useful for counting the bodies after the battle … but would you really want your daughter to marry one? Perish the thought! Real estate is too complicated a matter to leave to bean counters. Take "value" for example; it has many faces. Even "Market Value", commonly misinterpreted as a finite amount, can have radically different values depending on the parameters under which it is to be calculated. Market Value usually refers to the value of the property assuming it will be utilised to its "Highest and Best Use", but if this condition can only be achieved by redeveloping the site and dispossessing the business, it is of little relevance in determining the value of the real estate asset as part of the going concern. Value in Use would be a much more relevant metric. And we have yet to mention Investment Value, Fair Value reflecting conditions of forced sale (not to be confused with the International Financial Reporting Standards definition of "Fair Value" which sadly, was concocted by accountants), Synergistic Value and Special Value to the purchaser. Even more alarming, accountants sometimes confuse "assessment value" with … reality. The assessed value of your property may or may not be legislated as the equivalent of Market Value depending on the jurisdiction in which it is located. In Ontario for example, the assessed value purports to be the property's value under conditions of *Highest and Best Use* (unless the Minister has decided otherwise). In the Atlantic Provinces it is generally legislated to be the Market Value in the property's *existing use*. In most provinces (but not New Brunswick) legislation or case law has established that

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the assessment has not to be higher than that of comparable properties … or in Nova Scotia (but only in that province) the ratio of assessment to Market Value of all of the properties in the municipality. And of course provinces have different base dates for establishing value and the physical state of the property … some are the current year (New Brunswick and Prince Edward Island), one year ago (Nova Scotia), up to three years' ago (Newfoundland), up to four years' ago (Ontario). In practice assessments of anything other than single family homes in subdivisions are often a nonsense given the lack of training, time and resources available to the benighted assessor … good only for amusing discussion over coffee; little else. So if your accountant has based his/her advice on the assessed value, consign him/her to the gulag and call us.

Adding Value

It is part of our corporate DNA, drilled into rosy cheeked recruits from hour one, that every valuation assignment is an opportunity to add value for the client. We have the depth and breadth to provide real estate advice not available elsewhere: space measurement, planning, negotiation, property tax, demographics, market surveys, supply and demand analyses, geographic information systems, counselling, brokerage … our valuation staff has access to all of these "in house" skills and more … and because every one of our professional staff has the benefit of our common seven year training program each can recognise when that additional expertise can add value for you. To us a valuation assignment is not just an appraisal; we verify measurements, identify "missing" space and rental revenue, read leases and ensure that common area and tax recoveries are captured, thoroughly inspect the buildings, identify deferred maintenance, potential problems, environmental concerns, and underutilised space, read the legal description and verify boundaries and easements on site, study demographic and value trends impacting the property and the neighbourhood, draw on the expertise of our in house planner if a down-zoning threatens … or when the opportunity for an up-zoning exists, uncover opportunities to lighten the property tax load… and all of this for the price of a valuation report. For example…

We were asked to value an office property for the purpose of a future share sale. During the course of the valuation assignment we discovered that the leases were outdated and the space allocation implemented years ago, no longer complied with the current BOMA Method of Measurement. Acting on our recommendation the owners engaged our Lasercad® Division to measure and certify the spaces. They discovered a major discrepancy between the actual Usable and Rentable Areas of each tenant space. This exercise also highlighted the inefficiencies (functional obsolescence) in the building and lost revenue caused by incorrect rentable areas. It also provided the owner with a road map, which included future renovations to reduce the surplus non-revenue producing common area, so that they could reposition the building and obtain a higher return on investment.

In another case we were retained to value a property for financing purposes so that the owner could add upper floor offices over the ground floor retail and office space. The property had been appraised a year previously but the mortgage company required a more robust analysis. Upon reading the leases our valuation team discovered that the owner, acting on the advice of his (primarily residential) real estate broker, had actually entered into *gross* leases, under which the landlord assumed all responsibility for expenses and real estate taxes, rather than *net* leases with the tenant picking up the cost. (He had a good relationship with most of his tenants and most, but not all, subsequently agreed to new, net leases. A national tenant however refused to do so and a court case resulted). Our valuation team also discovered that the property had been down-zoned about a year previously, something over looked by the owner (and the appraiser) who therefore missed the opportunity to object. Second floor offices were therefore no longer possible. We aborted the valuation assignment but later were able to advise the owner on repositioning the ground floor offices as higher value retail units.

Chartered Surveyor Nigel Turner heads up our Valuation Division and can be reached through any of our offices or by calling 1-800-567-3033 Ext. 330. If you would like more information on our Valuation Division, visit our corporate web site www.turnerdrake.com > Corporate Site > Valuation & Appraisal.

PROPERTY TAX DIVISION

New Brunswick

If you own property in New Brunswick you will have been gripped by the saga of the incredible expanding houses cannily uncovered by Service New Brunswick (SNB), the provincial assessment agency, in Moncton … and their cunning attempt to thwart the 10% assessment increase cap by conjuring property improvements out of thin air. Property owners failed to be fooled; noticing that their property assessments had expanded though their homes had not. So what happened and how can it be avoided in the future?

Amid all the accusations and counter-accusations between Service New Brunswick (via their employee's union) and the Premier's office lies a tale of technology misapplied in the rush to raise tax revenue. SNB deployed Pictometry, three dimensional aerial photography invented and supplied by an American company of the same name. There is nothing controversial or new about Pictometry: we have been a regular user for about 8 years and were the first firm to deploy it in the Atlantic Region. The Nova Scotia assessment authority, Property Valuation Services Corporation (PVSC) also use it: in fact if you visit their web site you could be forgiven for believing they

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invented it. It allows the user to measure the floor plates and vertical heights of buildings and is extremely accurate (we have tested it against on-site measurements and found it to be accurate to within 1%). It appears that SNB adopted the measurements without realising that the floorplate of a home measured at the roof line overstates the floorplate area by the roof overhangs, car ports, etc. Hence the incredible expanding houses that first emerged in Moncton. SNB then appear to have used this misinformation and Multiple Regression Analysis (MRA), a statistical technique, to value the property. MRA is also used by the Ontario assessment authority, MPAC, to value homes. We first deployed it in 1978 following the author's experience with it in the United Kingdom. After rigorous testing, we determined that it did not work well in the Atlantic Region for a number of reasons but primarily because large tracts of similar homes are noticeable by their absence here … though common in Ontario. Geocoding too was lacking at that time and that, coupled with the fact that MRA relied on linear relationships i.e. one bedroom adds $xx,xxx to the value, two bedrooms 2 × $xx,xxx, to the value, etc. made it so unreliable it was useless. Now that geocoding is widely available we have developed a more sophisticated model that easily out performs the human assessors both in terms of accuracy and speed. If you have nothing more useful to do you can read about our Accelerated Valuation Model on our blog. Tactfully headed "No replacement for experience: The importance of integrating humans with mass appraisal systems" it outlines the two tests we conducted in the Halifax Regional Municipality. It is available at www.turnerdrake.com/blog/2017/04/26/NoReplacementForExperienceTheImportanceOfIntegratingHumansWithMassAppraisalSystems.aspx .

In addition it appears, from the media reports, that SNB was beguiled into believing that differences between their records and the information captured by Pictometry must be the result of improvements of which they were unaware. There is also a suggestion too that they may not have believed the results of the MRA, at least with respect to certain apartment buildings, so they arbitrarily adjusted the figure. Tut tut. If your tool does not work, don't use it. There is also the more sinister suggestion that SNB was rushed into the fiasco without properly testing the system by political pressure because the municipalities had already based their budgets on the new assessments … and in New Brunswick the provincial government guarantees the assessed values to the municipalities. (When the increased assessments were first calculated Moncton rushed to announce that they now had more property tax money available, apparently confusing the fact that spending should be based on need, not availability).

The Fallout

Service New Brunswick has lost all credibility, many assessors have been unjustly maligned, the appeal period has been extended from March 31st to August 1st, retired justice Joseph Robertson was appointed to conduct an enquiry (he has since resigned following the provincial Auditor General's announcement that she too would be investigating), Premier Gallant has announced Crown Corporation Service New Brunswick will be disbanded.

The Real Issue

There is an obvious conflict of interest when the major beneficiary of the tax setting authority is also its major shareholder. There will always be the assumption, perceived or real, that they will influence the assessments. Payment of any type of tax, be it income or property, ultimately depends on the voluntary participation of the tax payer. In countries where citizens lose faith in the equity of the system they withdraw their participation and stop paying their taxes. It is critical therefore that the method of assigning taxes be seen to be fair … and that the taxes themselves be spent in a responsible manner. *Neither the province nor the municipalities should be shareholders of the assessment authority, the temptation to interfere in the process is too great. However if such is viewed as the only solution the assessment authority should be audited every year by an independent, private sector, third party. This is the only way to maintain the integrity of the assessment process.* However there is another solution, that adopted by the Federal Government for assessing income tax liability: self-assessment. Information technology has rendered the present assessment process obsolete. There is no requirement anymore for assessment authorities: property owners can self-assess using services such as SNB's Property Assessment Online. (You can find it at https://paol.snb.ca/?lang=en). Using this online tool they can readily compare their property with similar properties that have sold in their neighbourhood. The assessment function would then be limited to auditing the assessments to ensure that the property owner did not under-assess … in similar vein to Canada Revenue Agency's function with respect to income tax assessments. It would also have the advantage of saving the taxpayers $10 to $20 million per year in provinces such as New Brunswick and Nova Scotia. Nor would the auditing be expensive. Models such as our AVM can carry out the auditing function at a nominal cost per residential unit.

The activities of the municipalities too should be audited. The concept that an increase in assessment is a licence to spend has no foundation in reality. In a tax neutral environment the movement in assessments should not impact the aggregate tax revenue … and it should have absolutely nothing to do with government spending. (Determining whether there is a statistically significant relationship between the municipality's increased spending and the aggregate assessment increase is a simple process). Provincial and municipal governments throughout the Atlantic Region are running out of money and that situation will get worse, rather rapidly, as both the working age and total populations start to decline. Working age population peaked in 2011; total population will peak in 2021: as the baby boom generation retires and dies. This is not a surprise, aging is one of the more predictable events nature has in store for us. Nor are these shrunken populations likely to recover after the baby boomers have shuffled off this mortal coil. Municipal and provincial governments will have to shrink, reduce their tax load, and accept that the private sector can carry out most of their functions more cost effectively than can they (experience elsewhere indicates cost savings of up to 40% … the average is 25%).

For more information on the New Brunswick assessment debacle, Google "New Brunswick property tax scandal".

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Featured Properties:

For Sale: Redevelopment Site Downtown Halifax

ADDRESS	1697 Brunswick St
CITY	Halifax, NS
BUILDING SF	5,473 sf rentable
LOT SIZE	10,904 sf

BID PRICE	Offers in excess of $3,250,000
LOI DUE DATE	On or before July 18, 2017
CONTACT	VERNA TURNER, X331
	MICHAEL MCCURDY, x350
	ASHLEY URQUHART, x340

For Lease: Office Space Downtown Dartmouth

ADDRESS	99 Portland Street
CITY	Dartmouth, NS
AVAILABLE SF	1,270 sf
ANCHOR TENANT	TD Canada Trust

FLOOR	Second Floor
GROSS RENT	$16.00/ft.^{2}
UTILITIES	Included in gross rent
CONTACT	ASHLEY URQUHART, x340
	MICHAEL MCCURDY, x350

We have solutions to your real estate problems:

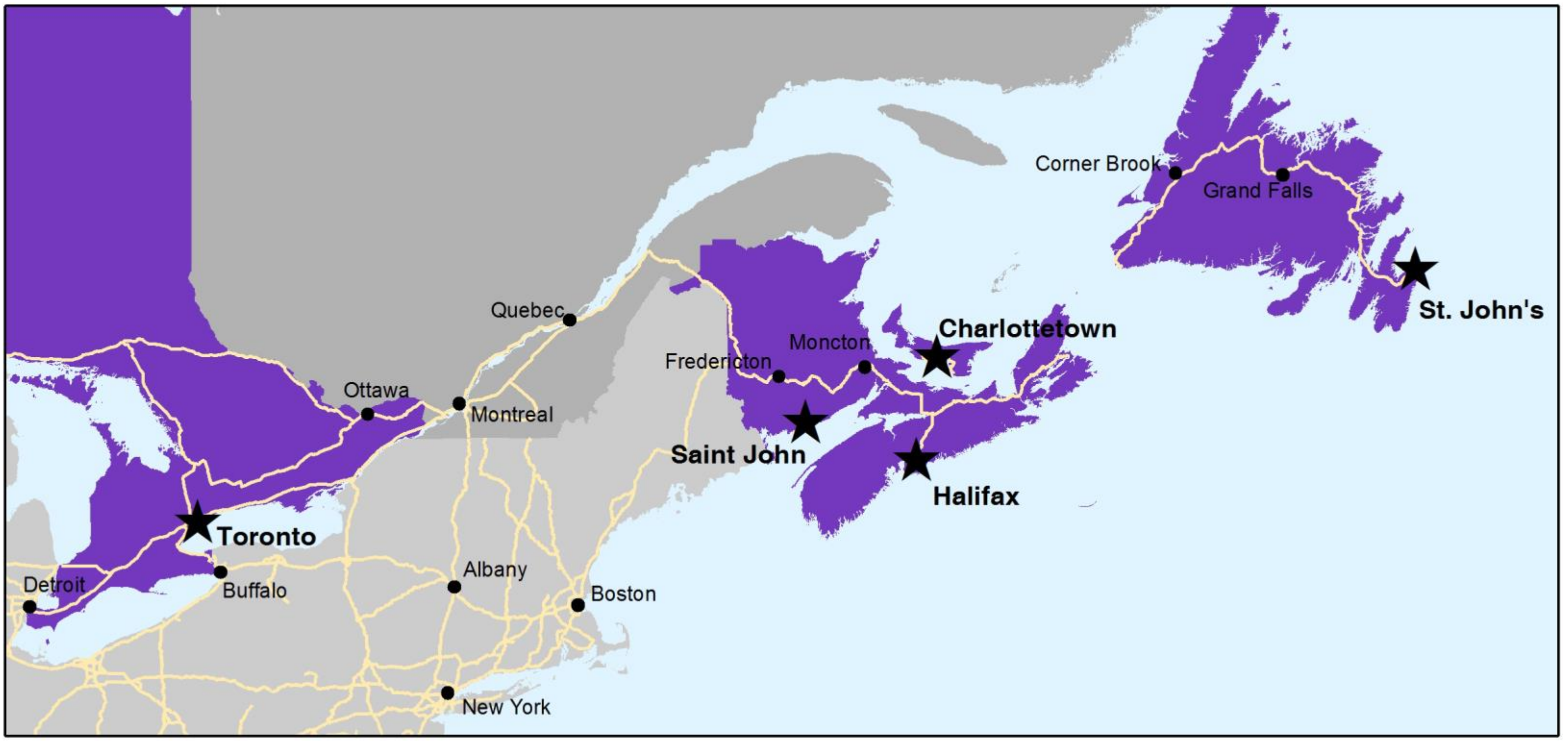
Challenge: Seoul Investments Limited wanted to sell. Their venerable Wedgewood Motel had been a fixture on the Bedford Highway for fifty two years and required significant upgrades if it was to continue to function as a hospitality establishment. The site had significant redevelopment potential despite the fact that it occupied a hollow about fifteen feet below road grade. Opposition to development was also likely since an apartment or condominium building on the site would block views of the Bedford Basin. So what were the owners selling … an aged hospitality property … or a site which would engender neighbourhood opposition to its redevelopment? They turned to Turner Drake for assistance.

Turner Drake's Approach: The property could appeal to an eclectic market ... hospitality owner operators interested in capitalising on the property's location on a busy collector highway entering the city … or developers with deep pockets willing to take the long view necessary to patiently guide the property through the planning process. As always, our Brokerage Division started by painstakingly gathering the physical, fiscal and legal facts about the property, using a structured approached honed over four decades of valuing and marketing real estate. Buyers discount for risk … in order to appeal to the widest pool of purchasers and remove as much uncertainty about the property as humanly possible, it was necessary to carefully capture and document all of the facts. Our Lasercad® space measurement team went to work inspecting, measuring and documenting everything that did not move. They then produced plans of the building using our Computer Aided Design system. Our Brokerage Division researched the legal description, transferred the site dimensions to a site plan and calculated the area, created the building description from their on-site inspection, studied the operating statements, and compiled a Master Sales Prospectus detailing it all. Since the vendor was concerned that a "For Sale" sign would adversely impact their motel trade, marketing had to proceed without the benefit of on-site signage. Our brokerage team created a co-broker network to provide maximum marketing exposure in addition to their own database of potential purchasers. Company policy prohibits us holding listings "close to our chest" and our sales commission structure is designed to be "broker neutral" i.e. we get the same fee whether we sell the property on an exclusive basis or with the aid of another broker. In industry parlance we do not "double end" commissions. Our brokerage team is salaried so their prime focus is getting the best result for our client. As soon as our Master Sales Prospectus was complete we circulated a flyer containing the most pertinent details to our pool of prospective purchasers and to our co-broker network of commercial agents.

Winning results: There was immediate interest as soon as the property was exposed to the market; the first offer was received on day one from an experienced developer looking to continue operating the motel until they had all of their ducks in a row to redevelop it.

TURNER DRAKE & PARTNERS LTD.

Local Presence: A Regional Outlook



Your Brokerage Solutions Team

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Sales & Leasing

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List of Services

Brokerage
Vendor Representation
Purchaser Representation
Landlord Representation
Tenant Representation

Counselling
Feasibility Studies
Expropriation
Mediation & Arbitration
Infrastructure Acquisition

Lasercad® Space Measurement
Space Certification
“As built” Plans

Economic Intelligence
Market Surveys
Site Selection
Trade Area Analysis
Supply & Demand Analysis
Demographic Studies

Development Planning
Regulatory Review
Development Analysis
Development Approval

Property Tax
Assessment Audits
Negotiation
Appeal Board
PAMS ® Property Tax Manager

Valuation
Commercial
Industrial
Investment
Development
Rural
PAMS® Property Portfolio Manager

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