

VALUATION CASE STUDY GHOSTS' FOOTSTEPS

The Challenge

Only the ghosts of shipwrecked sailors live here now: the last permanent resident left this lonely place three decades ago. This is Seal Island. Located 48 kilometres south-west of mainland Nova Scotia, amid a clutch a smaller islands and treacherous shoals, it hosts one of the oldest wooden lighthouses in Canada. During the summer months the island mellows, welcoming fisherman, birdwatcher's and occasionally vacationers who make use of the buildings in the former East and West Side villages. The island is an exceptional location for sighting rare bird species: the Nova Scotia Bird Watching Society maintains a hide and its members have visited regularly for the past five decades. Seal Island was offered for sale on the open market: a conservation group sought Turner Drake's assistance in establishing its value.

Turner Drake's Approach

Seal island is quite large; 656.4 acres of which 10 acres are reserved for the deteriorating lighthouse. The buildings in the East Side and West Side villages are also in a state of decay. The East Side has historically been used by descendants of the two original settling families, the West Side by fisherman. Since it is a two hour trip each way by boat from the mainland, we used an aircraft to undertake our inspection.

The northern and southern portions of the subject property were covered with stands of spruce ranging from semi-mature to mature. Significant swaths of trees had blown-over to create deadfall. The central portion of the property was dominated by intertidal pools and a brackish pond bordered by a thin stony beach in the west, and a broader sandy beach in the east. There was evidence of dune formation on the southern portion of the property with short grass and herbaceous vegetation cover. The 26,660 ft. long shoreline ranged from thin and rocky with steep, short cliffs in the northeast, a broad beach in the central portion, and a rocky narrow beachfront with a moderate slope in the southwest. CompuVal® our proprietary information technology platform had captured and analysed information on 170 transactions involving islands in Atlantic Canada but none were comparable in remoteness and size to Seal Island. We therefore expanded our research to include real estate brokers who were active in selling islands. Purchasers are attracted to islands, not just for the use they can make of them, but also because they have visceral appeal; an island is definitive, it stands alone. Purchasers may never visit "their" island relying instead on Google Earth. The more tangible and hence measurable variables influencing value are the island's area and its length of shoreline rather than attributes such as timber.

Winning Results

After much analysis, navel gazing and cups of coffee our valuer, now an older and (possibly) wiser man, furnished our client with a Valuation Report containing comprehensive information on Seal Island, the supporting sales data, a detailed analysis and his valuation conclusion to assist their negotiations.

