

VALUATION CASE STUDY REGIONAL SHOPPING CENTRE

The Challenge

This Regional Shopping Centre was part of a package of three properties that had been listed, unpriced, with a national broker. There had been several offers to purchase but none of the purchasers had been able to arrange financing. Our client made an offer on two of the properties and needed separate valuations on each property, acceptable to the mortgage underwriters. They turned to Turner Drake for assistance.

Turner Drake's Approach

All of our reports comply with the Royal Institution of Chartered Surveyors' Global Valuation Standards (RICS Red Book), the International Valuation Standards (IVS), the American Uniform Standards of Professional Appraisal Practice (USPAP) and the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP). We are one of the very few real estate valuation and appraisal firms in Canada with a quality system registered to the international ISO 9001 standard. All of our work is carried out in accordance with this system: quality is our cost, not our client's. We also invest heavily in training; a rarity in an industry driven by commission based compensation and high staff mobility. We hire commerce graduates direct from school and then subject them to our gruelling, seven year real estate training program which blends mentored commercial property work experience, 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, and twenty five "in house" commercial real estate Training Modules. We firmly believe that informed advice is the product of trained minds. It is also dependent on the availability of reliable sales and lease transaction information ... without adequate data, an opinion is just a guess. Unfortunately Atlantic Canada is data deprived so we have built our own leading edge information technology (IT) platform, CompuVal[®], which acquires and integrates income, expense, sales and rental data from multiple sources, including assignments completed by our Valuation and Property Tax Divisions, and the structured semi-annual surveys conducted by our Economic Intelligence Unit. CompuVal[®] includes analytical tools to benchmark the sales and rental data, operating expenses (by category) and discount rates, and to run trend line analyses. It includes a purpose designed module to analyse investment property sales (shopping centres, office buildings, industrials, hotels, apartments) and extract six types of discount rate from each transaction for use in our valuation of this type of property. We used the foregoing resources to value the Regional Shopping Centre by the Income and Direct Sales Comparison Approaches.

Winning Results

Turner Drake furnished the client with a comprehensive Valuation Report containing a detailed logic path (anchored by market data) to the Market Value conclusion, which they used to secure financing and acquire the property.

