



PROPERTY VALUE IMPACTS

Altus Group is exceptionally positioned to provide guidance and empirical evidence of implications for values of properties in proximity to potential amenities/disamenities. We provide our clients with a combination of professional expertise and experience in land economics, appraisal and quantitative techniques including our proprietary Automated Valuation Model (VALeRI).



Property Value Impacts

Dealing with the nature of property value impacts is an important factor for government in gaining public acceptance for many proposed infrastructure and investments. It is an issue considered in many environment assessments. Expert witness evidence on property value impacts is critical for contamination class action cases.

Property values result from the complex interaction of supply and demand factors including economic, financial, demographic, location and real estate, as well as the perceptions and expectations of buyers and sellers. Thus, concerns about possible adverse consequences of particular public investments or contamination sources, including health, crime and congestion, culminate in potential property value effects through the change in behaviour of buyers and sellers.

The Altus Group team of property value experts includes appraisers and economists together with statistical and GIS tools including VALeRI, Altus Group's proprietary Automated Valuation Model¹.

Property value impact analyses can be done on their own or as one component of a more inclusive economic impact analysis, which considers other economic factors such as construction and ongoing jobs, wages and taxes, businesses losses and opportunities, etc.

Our Experience

Altus Group experts have undertaken property value impact analyses of properties located in the proximity of the following: air and soil contamination, a fire station, landfills, a hazardous waste facility, a women's shelter, a shelter for refugees, apartments including low-rent apartments and condominiums, housing built by a highly-regarded builder, energy efficient houses, parks, expressways, and transit facilities.

The Approaches

Depending upon the requirements of an assignment, Altus Group applies one or more of the following methodologies to its analyses of property value impacts for a range of geographic areas:

- **Literature review** – Examining approaches and findings of existing studies dealing with similar issues and locations;
- **Hedonic modelling** – using econometric techniques to estimate the effect of various property attributes including location on the sales price of the properties under consideration;
- **Real estate trends analysis** – comparing average or median sales price trends in the area of concern to a comparable area without the potential amenity/disamenity; and
- **Paired sales analysis** – comparing sale price changes of properties having more than one sale in a given time period in the area of concern with comparable properties outside the area of concern.

The results of these area-wide analyses can be used to estimate whether property value impacts associated with a given condition exist and the approximate magnitude of any impacts. However, to carry the analysis to the individual property level requires a property-by-property analysis.

¹ In the appraisal literature, models used to estimate property values based on applying statistical techniques to various property attributes are referred to as Automated Valuation Models. In the economics literature, they are called Hedonic Models.

Property values result from the complex interaction of supply and demand factors including economic, financial, demographic, location, and real estate, as well as the perceptions and expectations of buyers and sellers.

Our approach to a property impact analysis

Meet with Client/Team

- Identify purpose for analysis and issues
- Gain understanding of amenity/disamenity
- Discuss scope of work & timing

Conduct Literature Review

- Pinpoint relevant studies and findings
- Examine approach, data sources, geographical areas and findings
- Reach conclusion about relevant studies and their technical soundness

Become Familiar with the Area of Concern

- Land uses
- Demographics
- Socio-economic
- Consult local realtors
- Development history
- Neighbourhood characteristics

Obtain Property Data

- Multiple Listing Service (MLS)
- Property assessment
- Registry office

Select Study Methodology (one or more depending on need and available data)

- Hedonic modelling (Automated Valuation Model)
- Real estate trends (comparison of areas of concern to areas without the amenity/disamenity)
- Paired sales
- Property-by-property appraisal

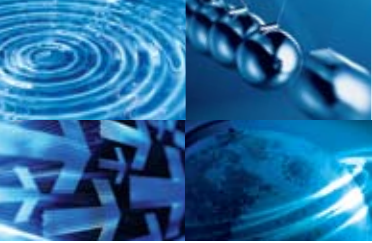
Conduct Analysis and Reach Conclusions

- Analyze data
- Formulate findings and conclusions
- Prepare report

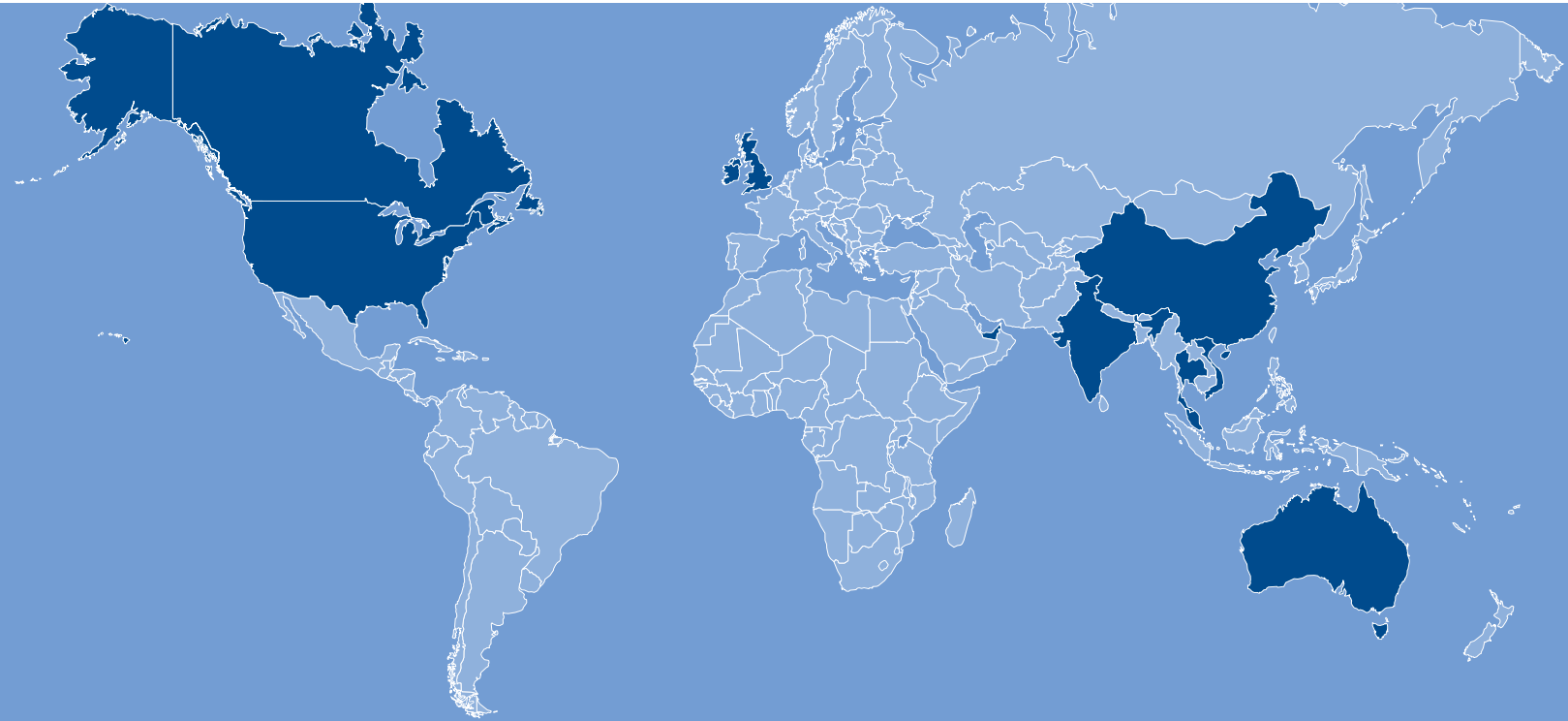
Post Report Activity

- Presentations
- Negotiation/mediation
- Expert testimony





Our Network



Altus offers diversified services and unparalleled expertise to a broad range of clients, in various industries across Canada and internationally.

About Altus Group

Altus Group is the leading multidisciplinary provider of independent real estate consulting and professional advisory services worldwide. With a staff of over 1,500, Altus Group has a network of over 50 offices in 11 countries worldwide, including Canada, UK, Australia, Asia, USA and the Middle East. We operate four interrelated Business Units, bringing years of expertise together into one comprehensive platform: Research, Valuation and Advisory; Cost Consulting and Project Management; Realty Tax Consulting and Geomatics services. Our business units work independently or in cooperation to provide clients with the benefit of combined expertise. Our distinctive approach allows for decisions based on independent, carefully reviewed conclusions.

Altus Group provides services to some of the most prominent businesses, including banking institutions, pension funds, insurance companies, accounting firms, law firms, public real estate organizations (including REITs), industrial companies, private investors, asset and fund managers, real estate developers, governmental institutions, and oil and gas companies.



altusgroup.com info@altusgroup.com