

Doncaster Ballyhoo*

THE LAURENTIAN WATERFRONT & RECREATIONAL PROPERTY SPECIALISTS

Autumn 1992

We are sending you this newsletter to keep you informed about issues of interest and importance to second-home users, past, present and future.

Doncaster Realities Inc. is a small privately-owned brokerage specialising in the sale of lakefront and recreational properties in the Laurentians. It was formed in the mid-1980's in order to maintain a continuity of service to a well-established and growing clientele built up by my mother, Mrs. Pat Paré. She had begun selling Laurentian real estate in 1962. At the time she was a resident of Val Morin and worked for Westmount Realities as their country property expert. As she drew near retirement in 1980 I decided to follow formally in her footsteps after having worked for her intermittently over the preceeding years preparing property evaluations. My wife, Sheila Eskenazi, and I set up Doncaster Realities in 1985 and subsequently have welcomed other agents to work with us. We have a tight-knit team made up of ourselves, Michael Averill, Michel Fuller, Jacques Gariépy and Libby Miller. We are members of the Royal LePage Associate Broker Network as well as the Laurentian Real Estate Board, Quebec, Canadian and international associations.

Our interest in and experience with lakefront and recreational property keeps us in tune with the second home communities and the various lake associations. Over the years we have learned to respect the commitment of the members of these various groups and we help out where we can. We are actively involved in the Heritage Committee in Ste-Agathe, the local environmental group R.A.R.E., the project to turn the abandoned CP Rail line into a linear park and other groups active in the preservation of what is best in the Laurentians.

Because our newsletter address list is for the most part cross-referenced by lake association, we are happy to include any notices to the owners on a specific lake in future mailings. Please contact us for further details.

We hope this short newsletter will prove useful to you and look forward to any comments that you may have.

- Joe Graham

ARE THE FROGS DISAPPEARING?

(and should we care?)



Based on anecdotal information, a number of people living in the Laurentians believe that the frog population is suffering, as a large number of dead frogs and tadpoles are being observed in local lakes.

Michel Renaud of the Conservation de la Faune in St-Faustin has confirmed to us that several people have enquired about the numbers of dead frogs being found this year. For further information he recommended that we contact Roger Bider, Professor of Renewable Resources at McGill University.

David Oxley of the Vanier College Wildlife Management station in Lachute pointed out that the dead animals seemed almost exclusively to be tadpoles undergoing the final stages of change before becoming adult frogs. During this stage, he explained, the creatures depend on stored food, and certainly if there were toxins in the environment they would be concentrated in their systems at this time.

Professor Bider of McGill agreed that frogs are exceptionally vulnerable during this period and during the first stage of adulthood, and tend to be susceptible to and weakened by inclement weather. He added that frogs in a totally natural environment seem to be thriving still, and that we just do not have the statistical basis to evaluate long term trends. While some species, such as the Australian Gastric Frog seem to have vanished, this tragedy is hard to connect with population changes in the Laurentians. He also pointed out that the Western-Canadian Leopard Frog all but disappeared from the Prairies by 1983, but was back in full numbers by 1990. The population, he stated, can fluctuate cyclically by as much as ten-fold. He explained that a lake can suffer from a disease such as red-leg disease while the next lake over shows no symptoms, and that this is a normal part of the frog cycle. The disease can also affect toads and soft-shelled turtles.

Professor Bider has spent years monitoring the frog and toad population in the Lac Carré region and he has seen significant fluctuations in these different

species. When queried about one lake where large numbers of tadpoles have died during the last two summers, he recommended that the pH be checked, mentioning that frogs will die if the pH gets under 3.

On the other hand, with or without statistical evidence, there is a case to be made for some degree of alarm at any significant change in natural patterns. The mention of the Australian Gastric Frog's disappearance is more than a casual reference. We have seen that events in one part of the world can and do have effects upon life in another.

In James George's article "Hell National Park" (The Idler Magazine, October-November, 1991) he recounts his first-hand look at the aftermath of the Gulf war. He quotes Dr. Paul Crutzen, of the Max Planck Institute for Chemistry in Mainz, who said that if only one per cent of the finer soot produced by the oil fires were to reach the stratosphere, and block out the sunlight for a long time, he could not exclude a drop in temperature of one or two degrees centigrade throughout the Northern Hemisphere. We know that the oil fires have generated huge, as yet undetermined quantities of sulphur dioxide, hydrogen sulphide, nitrogen oxides, trace metals and unburned hydrocarbons, and that in such disparate places as Japan, Pakistan and Wyoming, drinking water and upper atmosphere readings are registering significant changes.

Dr. Crutzen's prediction of a fall in average temperature in the Northern Hemisphere was not, apparently, based on massive amounts of scientific data, just his understanding of how things work, yet, in the winter following his prediction, the winter of 1992, a temperature reduction was observed in parts of Canada and the U.S.A..

Could the frogs be acting as an ultra-sensitive bellwether, much as the canaries did for old-time coal miners? At the very least, questions must be asked and answers sought, all the while remaining conscious of the inter-connectedness of all of us on this planet.

- Michael Averill

WHAT'S IT WORTH?

As a real estate broker, one of the questions that I am asked most frequently is "What is my property worth?" The question arises from concerns about over-investing, or from fear of having bought the wrong thing, in the wrong place or at the wrong time. The question sometimes takes the form of an owner's boast of his opinion of the value with his eye on me to gauge my reaction. If you have ever gone through the exercise yourself, you know how difficult it is to pinpoint the value of country property, and how many variables come into play.

Naturally, just as for urban property, the first three rules of real estate are Location, Location, Location. But, in the country, those three locations are defined very differently. An oversimplification of that already over-simplified rule might be Waterfront, Waterfront, Waterfront. While waterfront is indeed the primary reason that people buy in the Laurentians, it does not follow that waterfrontage guarantees the value, nor that a property without waterfrontage has no value.

A simple guide to help you assess the value of any country property is based on the value of the raw land. The total cost of purchase including land, construction, landscaping, and all subsystems should not exceed five times the cost of the land alone, and, ideally, will be around four times the cost of the raw, unimproved lot.

Following these guidelines, you can see right away that if a piece of land has a real market value of \$10,000, it does not pay to build a house on it. You would have to build the house and do all landscaping and subsystems for \$30,000. Also, it is easy to conclude from this that the base value of an attractive piece of land will be 25% of the replacement cost of the finished product (house, land and subsystems).

For example, if someone is asking you for \$200,000 for a house that is pleasing to you, divide by 4 and ask yourself if the land could be worth \$50,000, and, if so, if the house could be replaced inside the difference.

By the same token, if a piece of land is in an area where neighbouring parcels are selling or have sold for \$300,000, you can seriously consider building a very elaborate house with confidence that you will recover your investment in the future if you decide to sell. In such a case, however, an insignificant or inappropriate house can actually lower the value of the land.

A decade ago a client asked me to sell his house. It was a classic Canadian style house with three bedrooms, a fireplace in the livingroom, two bathrooms and so on. His costs at that time were \$65,000 and he wanted \$72,000 in order to recover them. The site was an unlikely one, tucked into the woods beside a gravel pit. I asked him why he had chosen to build on that particular spot and he told me that he had really been lucky: he had managed to buy the lot for \$1,000. After two-and-a-half years on the market the property sold for \$45,000. Another client who consistently refused the advances of a developer finally came to us and asked how she could sell a large parcel of land next to her house and at the same time be assured that the developer

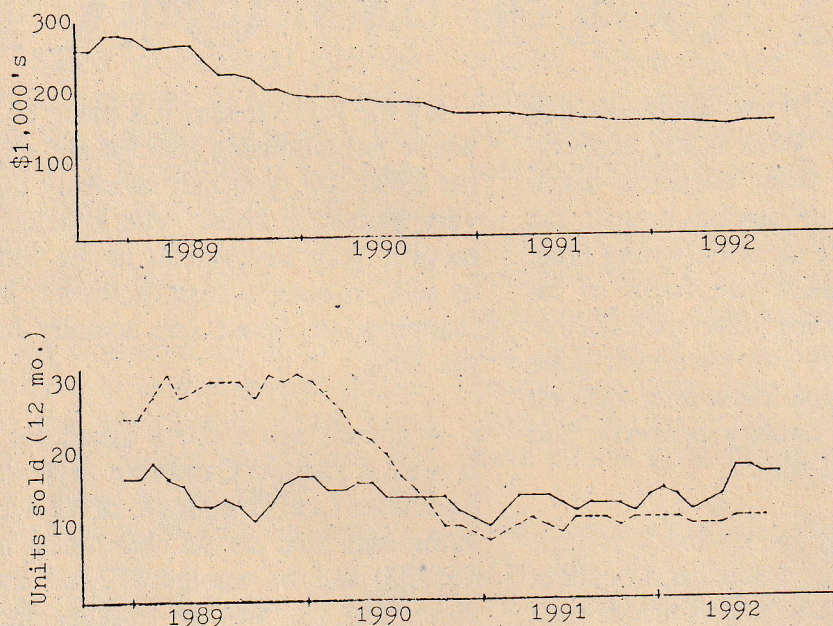
would not change the character of the neighbourhood. We established a minimum lot size that the developer would have to respect of 10 acres and 500 feet on the lake. The developer accepted and the houses built there were also proportionately more substantial.

The ratio of land value to total investment is valid even in the worst market, providing that the house and landscaping are more or less conventional. The ratio of 4:1 is reliable now, and will continue to be reliable in a good market without regard to the scale. Your investment security is governed, therefore, by the base value of an equivalent piece of land in the worst market conditions, and by how close to conventional in style, quality and finishing your house and landscaping are.

- Joe Graham



MARKET TRENDS



The first graph reflects waterfront sales (land and houses) handled through our office over the past three years. The higher prices in the fall of 1988 were caused by a limited number of high-priced sales. This was when the market movers* bought, and to a large degree the increased volume in late 1989 reflects a greater number of lower priced waterfront sales, and does not reflect a decrease in market values.

The second graph contrasts the total number of waterfronts sold by Doncaster Realties (solid line) with those sold in a sample neighbourhood of mixed recreational and primary residence, lake- access properties (dotted line). It is based on a 12 month rolling average in both cases. This graph underscores the sellability of a waterfront in any market.

**Movers are people who were not afraid to pay the price for what they liked, but were not willing to compromise on location. These few high-priced sales generally took place in areas where properties rarely come up for sale and where buyers have often waited for years to be just there.*

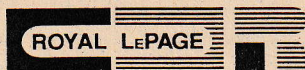
- Sheila Eskenazi

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