

REAL ESTATE VALUES.

Inferior Class of Buildings, Erected to Produce Income, Are Undesirable—Car Lines Alter Circumstances—Some Real Estate Signposts.

By Henry Lye.

In this era of expansion, progress and speculation, it is difficult to estimate the value of real estate. Comparatively speaking, it is the safest of all securities, because it cannot lose its value; but may increase in market price without any exertion on the part of the owner.

The opening of new districts or of new townships is generally marked by a speculative struggle, which makes prices far greater than their present values, because, although the situation may have genuine advantages, the facts of the cost of development are not considered, or many of the purchases may be made with the hope of speedy resale, with an immediate profit.

If the purchase is with the view of continuous ownership, then if the purchaser can afford to pay taxes and wait an indefinite period for income, he may not be disappointed, but if he has bought on margin he may be eaten up by interest and taxes until he becomes unable to continue payments, or becomes disgruntled and throws up his contract.

Inferior Class of Buildings Undesirable.

The purchaser may erect an inferior class of buildings so as to produce income to cover interest and taxes; if these buildings stamp the locality as undesirable, subject to objectionable comparison by reason of the better classes in other localities, then he may be permanently disappointed; but, if the locality possesses such advantages of position as to warrant the after-erection of superior buildings, then his profit is discounted only by the cost of the first erections and the non-production of revenue during the new building operations.

If the purchaser puts up expensive buildings prematurely, and borrows money for the purpose, the mortgagee is very likely to become the owner. Every town and city has its own examples of unfortunate enterprises of this kind.

In apparently settled communities there are contingencies which affect values; the committal of a crime, an objectionable building, or some occupation which threatens the health, comfort or safety of the residents, may destroy values for residential purposes; or the opening up of more fashionable areas may cause the migration of the well-to-do inhabitants, leaving the old buildings to produce decreased rentals, or requiring the removal of present buildings to allow for the erection of warehouses or factories, which may greatly increase the values of the land.

Car Lines Change Circumstances.

The opening of new car lines, either through the street or adjacent ones, will change the circumstances favorably or injuriously in ways which cannot be foreseen. In some cities the electric railways carry freight, so extending the wholesale and manufacturing areas as to disturb the values of both the old and the new localities; the distribution of electric power having similar results.

Automobiles have made suburban properties more accessible, and consequently more valuable.

The permanent test of the value of improved real estate is the average of net income it will produce. If prices are such as to make very high rentals necessary to correspond therewith, then the tenancies will always be unsettled, and the income imperilled by vacancies and insolvencies; because, under such circumstances, the tenants will always be looking for other locations. This sometimes changes the whole nature of the occupancies, disturbing real values, as prices must be governed by net incomes in the long run, because desirable tenants will not pay excessive rents.

Some Real Estate Pointers.

The things to study re improved real estate are, then: Special advantages of this and other localities; ordinary repairs, taxes and insurances; margins between insurances and values; special taxes, reconstructions and vacancies; natural growth or unearned increment; distribution of business, as consequent upon burning of Iron Block in Toronto; migration of retail business, as to St. Catherine street, Montreal; substitution of railway for steamboat transportation, as on River St. Lawrence and Lake Ontario ports; opening of new residence areas in every city; migration of manufacturers, induced by bonus or concession in taxation, or failure of supply of local raw material, as in timber, grain, wools, etc.; means of transportation by steamers, railways, street cars, automobiles, etc., etc.

PORCUPINE GOLD CAMP.

Idea of Purchases at Present Regarded as a Lottery Gamble—Promising Camp and the "Paper" Mining Men are Preparing Their Usual Literary Campaign.

The stock gamblers and company promoters are busily engaged preparing attractive literature respecting the Porcupine mining camp. This will be distributed in the shape of bargain-announcing circulars, high falutin prospectuses, and what to the technical man are the amusing reports of so-called mining engineers. Unless the Cobalt stock boom taught wisdom there is every probability that those investors desirous of making money rapidly in this way, will at a later date, add another sheaf of useless scrip to their hoard. Some learned the lesson in the Rossland camp in British Columbia. Others will learn it in the Steamboat gold camp in the same province. Some gained investment wisdom in Cobalt, Gow Ganda and Elk Lake. Others will acquire it in Porcupine. This promising gold camp in Northern Ontario is at present merely a prospect. Yet hundreds are tramping the snow and staking claims. Many of these will be passed from hand to hand until they reach Toronto, Montreal and Ottawa, in the shape of stock offerings. The unscrupulous, parasitical "paper" mining men have determined to exploit the Porcupine camp for their own purposes, to the detriment of real mining and to the undoubted loss of the untrained speculator.

Views of an Expert.

So often have optimistic statements regarding this camp been attributed to South African engineers, that it is interesting to read in the Mining Magazine, the words of Dr. A. L. Simon, an unquestioned authority who was in Johannesburg for four years with the largest Rand miners. He is recognized in every mining country as an authoritative consulting engineer. "Most of the mines that show any development," he says, "are situated in the township of Tisdale. They are the Dome property, owned in New York; the Timmins property, owned by the Timmins brothers; the Vipond and Connell veteran properties, the latter two either owned or under option in New York. The Consolidated Gold Fields of South Africa also has acquired an interest in the Connell veteran claims. The Dome property has been extensively and thoroughly sampled by Captain Anchor.

"It is said that diamond drills have intersected that vein at a depth of 300 feet, vertical, and that the cores at that depth are rich in free gold. Gold in patches can be seen in numerous places along the quartz outcrop. The main outcrops consist of two large quartz 'blows' or 'domes' and seem to indicate an ore-body of lenticular shape. Disseminated through the country-rock of schistose structure and close to the vein, are numerous crystals of iron pyrite, which are to be gold-bearing to the extent of 30 dwts. per ton.

Are Free Gold Showings.

"The Timmins property is south of Gillies Lake. Numerous outcrops of quartz, which may be grouped along five main lines, show free gold extensively. One of the veins has been tested in two places, 600 feet apart, to a depth of 100 feet, at which level the two shafts are being connected by a drift, 300 feet of which was said to be completed at the time of my visit. This vein is a well-defined body five to six feet wide, going down almost vertically, and showing free gold along the dark slicken-sides above-mentioned. The quartz in the main workings has a more banded structure than the veins previously mentioned. One particular feature of the Timmins quartz vein is the presence therein of occasional feldspar crystals.

Returns and Crushing Capacity.

"The only similar occurrence was noted in the quartz on the Connell veteran claim, which appears to lie on the strike of the Timmins, although some two and a half miles distant. The Timmins property is equipped with a power station and two Tremayne stamps, which are said to be used for sampling purposes. The capacity of the two stamps may be taken at from five to six tons per 24 hours. The gold produced amounts to \$12,000 per month; this, for 30 days' work, would indicate that the quartz is worth in recoverable gold from 3 3/4 to 4 ounces per ton.

"It is doubtful whether it would be possible to maintain such high returns with a larger crushing capacity. The ore that may exist between the two shafts down to the 100 foot level is estimated at 23,000 tons, which, at the rate of three ounces per ton, would represent a gross value of about £275,000.

I understand that Timmins brothers have refused a cash offer of £300,000, and are asking over £1,500,000 sterling for their property.