Norwood Boulevard Corridor Study
Real Estate Development Market Assessment
Edmonton, Alberta

Prepared for:
City of Edmonton, Sustainable Development Department

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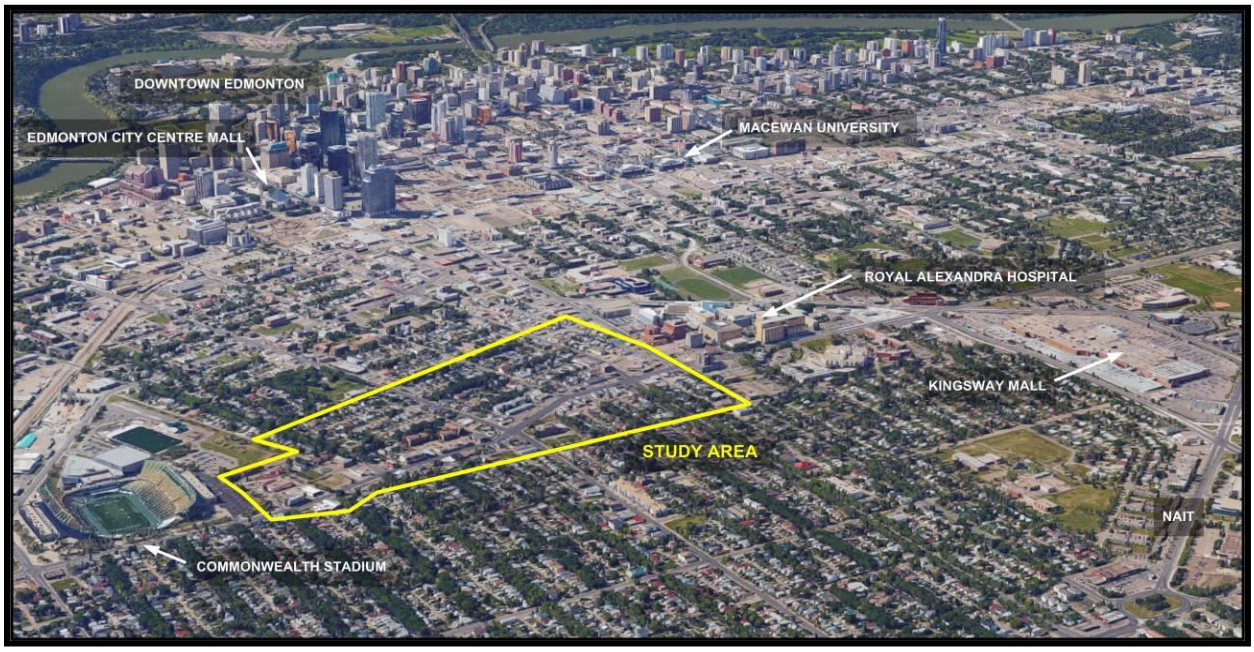
TABLE OF CONTENTS

EXECUTIVE SUMMARY

This study provides development market assessment to assist with defining the appropriate scale and type of development for the Norwood Boulevard Corridor Study Area (centred on Norwood Boulevard / 111 Ave / 112 Avenue and 95 Street) in the northern part of the City of Edmonton. The area, and associated development potential, is impacted by the Kingsway/Royal Alexandra LRT station to the west, and Stadium LRT station to the east, as the locations proximity to the city centre and other historic and urban features.

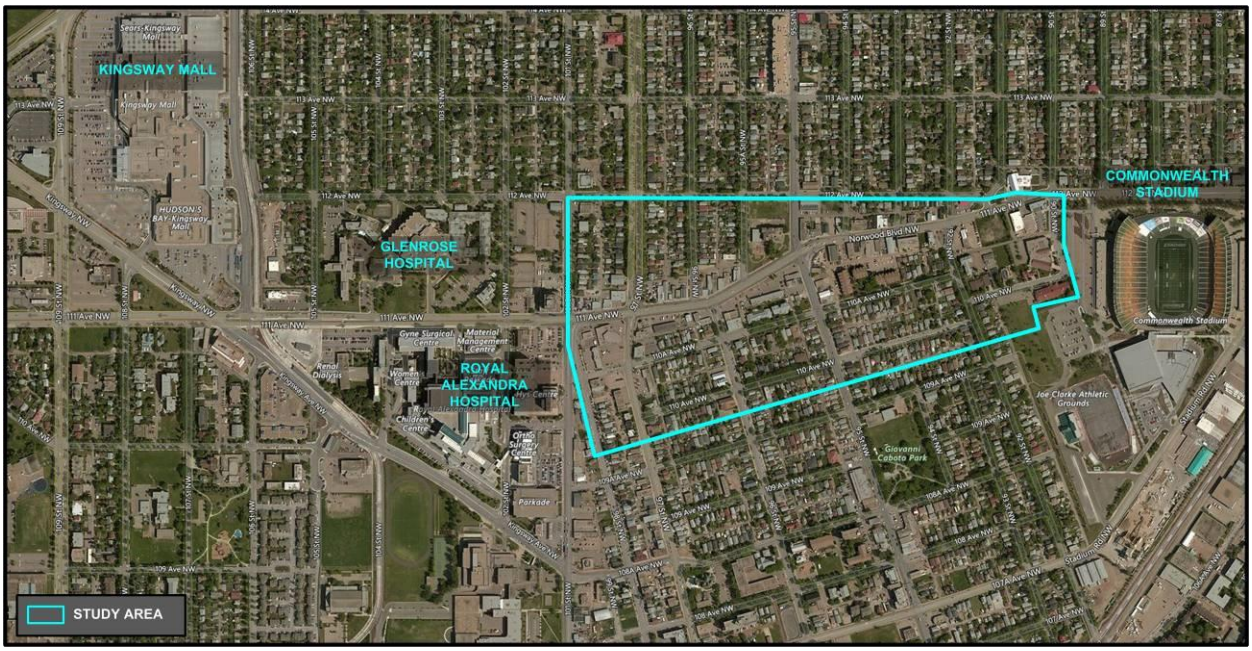


The study provides a market-based development economic framework and context for the City to facilitate accurate and appropriate land use planning for the area to create an optimal forward-looking land use plan. Despite being a mature and well-developed community, with some heritage buildings while also some socio-economy challenges, the study area, and particularly the areas closest to the LRT station have the potential to grow and densify and reflect the benefits of transit in more urban forms of development.

Based on 2016 figures from statistics firm Environics this analysis estimates a potential increase of about 130 new households per year within the study area, totalling approximately 1,300 new households by 2026. Despite the area being mature and largely developed it is expected that older single family homes within 1 or 2 blocks of the arterial roads and up to 4 blocks from LRT stations, will be assembled by developers and turned into typical 4 level strata-titled condominium apartment buildings with an average density

of 20 to 40 units per building. It is not expected that the Norwood study area would warrant concrete buildings as they are considerably more expensive to build than wood frame low-rise. This modest income area is price sensitive and such a high additional cost at this location would not be supported. Rather, concrete high-rise construction would typically be developed in higher value locations.

Moreover, we expect density will be added in much smaller infill projects, such as redevelopment and replacement of older-single family homes within 5 blocks of the station, by duplexes, triplexes, townhouses (rowhouses), and quads adding to the urban renewal of the overall area.



With the expected increase in households around the Norwood area, an increase in household expenditures is estimated. By the year 2026 in the trade area within 800 metres of the stretch of Norwood Boulevard within the study area, it is projected that $47.8 million will be spent at supermarkets, $20.7 million will be spent on department store type merchandise, $42.3 million will be spent on restaurants, $18.3 million will be spent at liquor stores, and $1.6 million will be spent on services. This indicates that the area has a strong consumer base which can support even more retail and warrants a total expansion of approximately 75,000 sq. ft. of additional retail space by 2026. This retail space would be located at the grade level of mixed-use low-rise residential buildings, which face Norwood Boulevard.

Due to the study area's close proximity to Kingsway Mall, the tenant mix would be dominated by small shops and stores designed to serve the local market and it would provide additional food retail and food service. This type of retail tends to grow with additional transit customers. The retail customer base would be drawn from a large trade area, the local neighbourhood, local employees, and drive by traffic. It is not expected that nearby Kingsway Mall would expand its retail space significantly, but rather, would add mixed-use and higher densities wherever possible on the surface parking lots. There are numerous possible configurations. An ideal form of development would be for the south side of the mall to undergo additional density as it is proximate to the station and the major arterial. The north side of the mall would perhaps be more suited to new and redeveloped retail space.

Given the proximity to downtown and the forthcoming Blatchford Town Centre, new office development does not seem to have market support for the study area at this time. Moreover, due to the prolonged economic malaise facing the province, office vacancies are running high, especially among newer Class A buildings. The hospital is immediately adjacent and generates thousands of jobs. Increasingly many of those hospital employees will want to work closer to their place of employment and other amenities such as downtown. Thus they form a major impetus for growth in Norwood in terms of residential and medical office. That Norwood has some of the best rapid transit connections only reinforces how well it is positioned for the future.

It is important to describe some of the basic elements which would help transform Norwood Boulevard into a more vibrant, attractive streetscape. In a fundamental sense, the street has an excellent, central location with ample nearby employment, rapid transit service, excellent vehicular connectivity, and many other important attributes, including proximity to downtown and the river, which make it one of the best potential locations for revitalization in the City of Edmonton outside of downtown itself.

Norwood is clearly missing several essential elements related to creating the catalyst for revitalization. It is particularly lacking in terms of an appealing streetscape and a sense of place with pedestrian traffic and social interaction.

Norwood itself has many great strengths which form the basis of acquiring all of the important elements which are needed and still missing. Transit access, employment, are just some of the major advantages Norwood has over other streets. The primary difficulty in transforming it is the current condition of the street itself. The City of Edmonton would

be well advised to take whatever measures are possible to beautify the streetscape and work with developers to assemble properties into viable parcels.

It is expected that the most valuable blocks with the most potential are those closest to the west with its proximity to transit, the hospital, and the regional mall. These blocks should fill in moving east to the elementary school near the centre of the study area. Conversely, development will likely also commence in the east and move steadily west. The last area to develop in Norwood Boulevard will be the central area. The final stage of development would be on the areas one or two blocks north and south of Norwood Boulevard.

Eventually, the market recognizes the virtues of a location. The City of Edmonton should take steps to make Norwood more visually appealing and give it a sense of place. Often, this is directly related to traffic management and calming with street front parking and more appealing crosswalks. An arterial road can continue being an efficient transportation route, even after it has been “adjusted” to become more appealing. This would encourage developers to move into the area and begin its full-scale and inevitable revitalization.

An excellent illustration of transforming a busy, traffic oriented, low-density arterial into a vibrant street is shown below. It captures the essential elements which are within the power of the city to provide and help with the transformation. These include signage on new lighting standards, bike lanes, design guidelines for new buildings that encourage windows and interaction between the sidewalk and street front retail, planning for denser, higher buildings, a wider sidewalk with planting and street furniture, street parking, street art, and other elements. The before photo inset is directly comparable to Norwood except that Norwood has much higher traffic volumes.

Figure 1.1.2: This photo-montage at Indiana St. looking north depicts Sonor main street, with rehabilitated buildings and new construction. The activity Blvd., incorporates ground floor retail, deocrative paving, seating, public art,

1.0 INTRODUCTION

1.1 STUDY PURPOSE

This study was commissioned by the City of Edmonton in August 2016 and was completed in the Fall of 2016. As noted in the Request for Proposal issued July 8, 2016, on July 2, 2014, Council directed Administration "to conduct a corridor study for Norwood Boulevard so that Council can consider adopting updated land use, transportation and design policy for the area."

This study provides development market assessment to assist with defining the appropriate scale and type of development for the Norwood Boulevard Corridor Study Area (centred on Norwood Boulevard / 111 Ave / 112 Avenue and 95 Street) in the northern part of the City of Edmonton. The area, and associated development potential, is impacted by the Kingsway/Royal Alexandra LRT station to the west, and Stadium LRT station to the east, as the locations proximity to the city centre and other historic and urban features.

The study provides a market-based development economic framework and context for the City to facilitate accurate and appropriate land use planning for the area to create an optimal forward-looking land use plan. The City wants to ensure that the full potential is achieved for the study area through reliable estimates of the scale and type of development that is economically supportable for short- and term-long planning objectives. These objectives reflect the need to address current issues in the area, taking advantage of available opportunities, and accommodating higher densities and high-quality transit service to create Transit Oriented Developments (TOD) to support the City's long-term sustainability goals.

This market assessment includes a competitive analysis of supply and demand to inform a recommended development concept in terms of the mix of uses, densities, and appropriate built form, along with public realm features, amenities, site design and access. Recommendations are based on the forecasted demand for different types of development in the area including: residential, retail, office, and institutional, reflecting current and future supply and demand patterns in the area. Inclusion of affordable and rental housing is also explored. The appropriate scale and type of development is based on the market and specific features related to development potential and the relative strengths of the locations.

The analysis establishes the type of development and its absorption over the study period, confirming market-based evidence of support for planning. Edmonton has a strong economic foundation and employment opportunities. Despite sort-term slowdowns, it is a growing city serving a large regional population base spread out over a low density and large geographic area, with intensification potential.

1.2 STUDY OUTPUT AND APPLICATION

The objective of this study is to optimize the type and scale of the potential development components for the study area. This market assessment study is an input as part of the area planning process and provides guidance for appropriate land uses and densities, and other considerations based on the area's unique history, physical form, development needs and opportunities. This process examines city policy, land uses, built form, community services and facilities, transportation, heritage and urban design in order to develop a vision for the evolution of this important corridor area. An implementation plan will be developed to transition the corridor towards this vision while having regard for community aspirations, market realities, and coordination of development activities.

The method of completing this assessment is to contrast supply and demand, by land use type. The analysis relies on well established, objective, industry standards to determine whether there is sufficient demand to warrant new development, and specifically what forms will be best absorbed by the market. The objective assessment outlines the research and logic of the analysis supporting the conclusions that are well established and reliably arrived at. This step is also informed by the theory and practice of TOD inner urban re-development and best practices in comparable urban areas across North America.

This analysis is supported by completed financial studies using representative samples of land uses in various locations and densities to confirm that the recommendations are practical, feasible and capable of implementation.

The following is a general outline of the contents of this study, based on the RFP:

- Introduction - Executive summary, purpose and objectives of market assessment, context of planning work;
- Economic overview - Development and economic trends in the region and beyond which directly impact the study area (International, National, Provincial, Regional), derived from industry sources;

- Market Assessment:
  - Market overview including residential, retail, and office markets, including an assessment of the unique business role or function of the corridor from a city-wide perspective;
  - Assessment area overview - define the corridor, stations and its context;
  - Corridor site assessment (Location, physical site characteristics; Land use, development pattern and activity; Transportation and LRT; Infrastructure and servicing)
  - Market Segment Analysis - for Office, Retail, Residential (as applicable)
  - Trade area (within 400m, 800m of corridor) as relevant;
  - Analysis of current, near term and future supply / demand;
  - Market support / development potential by segment, taking into account competing areas;
- Recommended land uses and mixes (Scale of development; Densities and yield; Form and design)
- Conclusion - State summary of main findings, conclusions, recommendations, implementation actions, possible areas for further study.

1.3 STUDY METHODOLOGY

The key steps in the study methodology are outlined as follows:

Location, Vision, Area/Site Planning, Development Modeling
This section of the study addresses all physical aspects of the study area: the location, site size, surrounding land uses, proposed and potential site plans, zoning and potential rezoning, phasing, etc., and to what degree the densification areas can serve as major commercial and residential development foci. This study establishes the base information to support the vision.

There are essentially three primary land uses: residential, retail including restaurant, and office. All of these uses require their own market study and integration into coherent mixed-use development programs. There are other land uses but they have smaller markets and require less description and are more site specific. This section of the study outlines the development scenarios, the potential scale and concept, subject to further refinement as determined by the economic and financial analysis.

The planning component of the study focuses on ensuring that the area's history and urban context fully informs the market study and vision for the area. The planning vision

is merged with the economic opportunities carried out in the following steps. This process helps specify the ideal typical site sizes and building forms, such as townhouse, apartments, and project scale, etc., which can then be used in the financial modeling at the end of the study. It is important to subject the economics to financial analysis to ensue realistic development projects. It is also important to understand the relative scale of the future development potential within the study area, focusing on key city blocks.

Residential Development Opportunity and Assessment

The redevelopment areas have the potential to accommodate extensive multi-family and mixed-use residential components consisting of townhouses, low-rise apartments, and mid-rise apartments. It is expected that some of these buildings would be located over retail at grade level and where appropriate residential stacked townhouses could be on grade level on the quieter residential streets. The market study for multi-family outlines supply and demand conditions and all of the economic and financial parameters associated with large scale residential and mixed use forms of development.

Office Development Opportunity and Assessment

The office study includes the financial parameters associated with small and medium scale office development. It is expected the office component would be a part of the mixed-use projects and not a purpose built single-use building. The office component will likely be modest in size.

Retail Supply and Demand Assessment

This step outlines the retail competition (supply) as it influences and relates to the study areas. Retail tenants along the study area are described in a general overview. The assessment provides an early indication of the potential role and function of any proposed commercial facilities. The tenant profiles of the densification areas were contrasted with industry averages to reveal what tenants are missing and what type of retail tenants are needed. This analysis covers all types of retail space, but focused on the varieties of retail best suited to the intended built forms within the densification area.

This step indicates the scale and depth of the trade area's retail potential and how much retail space they could support (demand). The method of forecasting demand is based on industry standards which use Statistics Canada data on average store sales and multiplies it by the number of trade area residents, and then adjusts the expenditure potential, if required, by particular local demographics. This step provides an outline of the potential share of sales the densification area could capture in terms of each major retail store category. This indicates the potential tenant premise size, sales and suitable

net rent based on the economics of the market and lease rates at comparable projects. Additional residential density supports and enhances additional quality retail space, along with the existing commercial space. It is expected that the retail component would likely be part of a high density, mixed use development program.

This section will include the financial parameters associated with food service development, which is a specialized form of commercial. Sources of information will include food service modeling. It is expected the important restaurant category would be a central part of mixed-use projects and not necessarily as a purpose-built single use building, as in the past.

Development Strategy and Financial Analysis

Based on the full market and site assessment, defined are the optimal development strategies and outline summary financial pro formas with tenants, premises, sizes, selling prices and market rents. This is done for the study area for generic industry standard sites and types of new development. The revenues and market information will be compared with all project costs. Project costs from construction to servicing are estimated using local market knowledge and conservative industry standards.

This study is also informed by the theory and practice of Transit Oriented Development (TOD) and best practices in comparable urban areas. The analysis is conducted for various distances from each of the two station areas in 400 metre and 800 metre rings as appropriate.

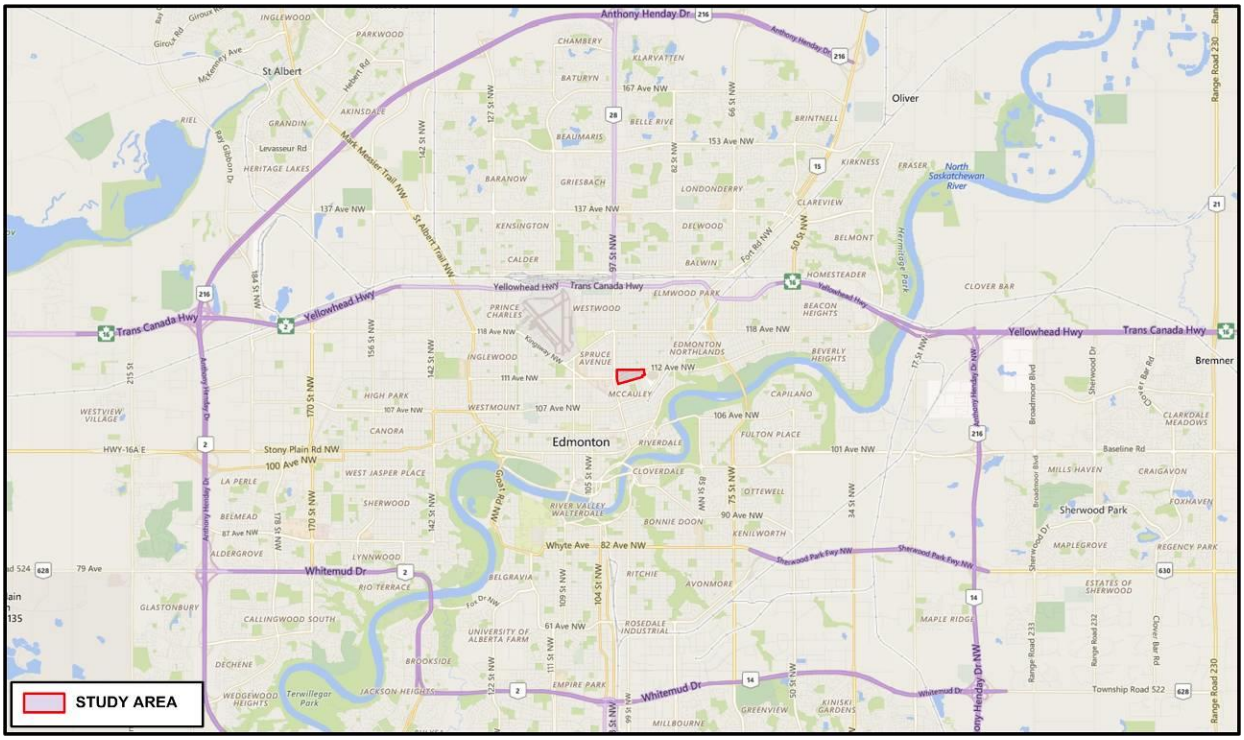
The assessment is supplemented with a model financial analysis for proposed new development. The residential selling prices and retail and office rents were established as they are key factors in the calculations that determine the underlying land value. The model considers and ranks several development options, creating a full outline of high density development opportunity. This indicates when and why the recommendations are feasible and what economic benchmarks have to be reached.

1.4 STUDY AREA

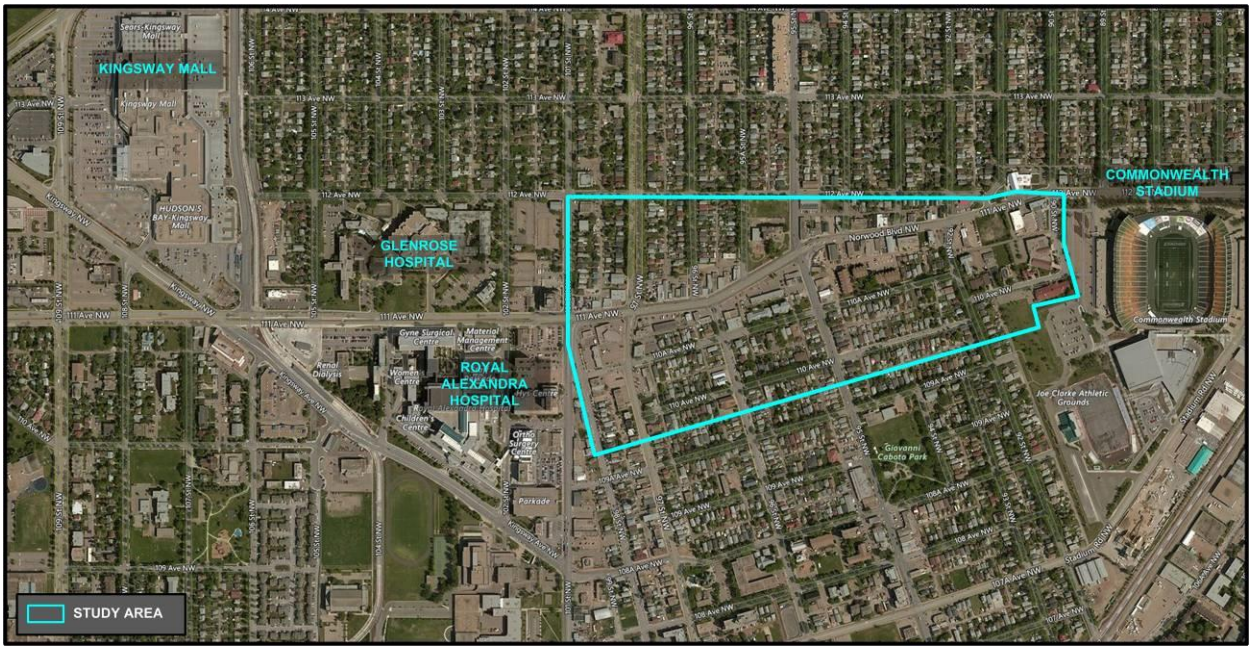
The study area is the Norwood Boulevard Corridor Area (centred on Norwood Boulevard / 111 Avenue / 112 Avenue and 95 Street) in the northern part of the City of Edmonton. The corridor study area falls within Spruce Avenue, Alberta Avenue, Parkdale, Cromdale, McCauley and Central McDougall neighbourhoods.

The boundary of the corridor study generally encompasses the length of 111 Avenue / 112 Avenue from 109 Street in the west to 82 Street in the east. For the purposes of this study, the focus is on the area shown in purple on the following figure. The portion of the corridor identified in red along 111 Ave / 112 Ave forms the scope of a parallel Mobility Assessment to inform transportation policy, recommendations, and potential improvements.

Norwood Boulevard (111/112 Avenue) is a major arterial road in north Edmonton, Alberta. It serves Edmonton's west side industrial district, the old town of Jasper Place, North Downtown Edmonton, and post-World War II Edmonton. It passes a number of landmarks including the Telus World of Science, Westmount Centre, Kingsway Mall, Royal Alexandra Hospital, Glenrose Rehabilitation Hospital, and Commonwealth Stadium.



The study corridor along Norwalk Boulevard is a mature urban neighbourhood and ideal candidate for increased density as warranted by transit infrastructure, planning, and the market. This study considers the unique location and characteristics of the study area, reflecting future demand and intensification potential for the lands closest to the LRT stations. The main land use influenced by nearby rapid and rail transit service is multi-family residential. This is followed by office and convenience retail, which tend to be ground-oriented and located on corridors close to the stations.



1.5 TRANSIT ORIENTED DEVELOPMENT OVERVIEW

Light Rapid Transit (LRT) stations are near but not within the study area. LRT infrastructure provides the economic opportunity and leverage to create higher value and dense forms of urban development. This in turn is reflected in land uses, urban planning and building form in the areas around transit stations. There are market, demographic, location, and emerging planning and development trends that are reflected in the review of the study area.

The main focus of the study is the market analysis of supply and demand for residential, retail, office and other uses and assessment of the degree and location Transit Oriented Development (TOD) is warranted in relation to the Kingsway/Royal Alexandra LRT station (on the Metro Line) to the west and Stadium LRT station (on the Capital Line) to the east. Both these transit lines connect downtown Edmonton with areas to the north, including the study area. (As scale reference, the straight line distance between the two stations is approximately 2 km, indicating that much of the area is within the 800m LRT station radius.)

In most cases of TOD, residential land uses benefit greatly and are the easiest and most logical to fill the additional density above grade level. Retail and office uses in suburban areas tend to be ground-oriented and located within close proximity to the stations. The study primarily considers the short and long-term development pattern within 400 m of

the stations as this area tends to be higher density and mixed use compared to the areas between 400 m and 800 m which are often lower density and residentially focused.

Transit leads to additional development density, but the scale and intensity of development is also related to outside factors such as built form, land prices, access for automobiles, proximity to employment and commercial services. In affordable market areas with minimal congestion, it can be more difficult to add density than in high cost congested areas.

1.6 STUDY ASSUMPTIONS

The broad assumptions contained in the study are typical of a preliminary review and are required to complete a standard real estate assessment and forecast. The assessment has been conservative and consistent, and relies on well established, objective, industry standards to determine the demand to warrant new development, and specifically what forms will be best absorbed by the market and most financially viable. This is also informed by the theory and practice of Transit-Oriented Development and best practices in comparable urban areas. (See Appendix)

2.0 ECONOMIC CONTEXT

This section of the study describes the context for the economic and employment trends and population growth levels expected, and specifically in Edmonton. This is important in any economic and market study of a future real estate development, as it supports the demand side of the real estate equation.

2.1 CITY OF EDMONTON OVERVIEW

Edmonton is positioned as the transportation hub for moving goods into Western Canada and moving products out to North American and Asian markets. Edmonton is well connected – by road, rail and air service and well serviced by professionals in the logistics sector. Edmonton is linked to continental and Asian export markets by two Class-1 rail services provided by Canadian National (CN) and Canadian Pacific (CP) railways, and has a highly developed roadway network connecting the region, the country and the continent. (Source: Edmonton Industrial Assets, City of Edmonton, 2013)

Located at the heart of the Alberta Capital Region, Edmonton is the supply and service hub to Alberta's oil sands and is central to Western Canada's extensive road, rail and pipeline networks. A strong research and development community along with world-class education and training institutions are catalysts for innovation and magnets for attracting the best and brightest from all parts of the globe. Edmonton has ready access to natural resources, established industrial and R&D sectors, a highly skilled labour force, an outstanding transportation network connecting Edmonton to key North American and Asian markets, and a strong local and regional customer base. Additionally, Edmonton has a range of lands available, various incentives in place to facilitate investment, first-rate infrastructure services, low taxes and the transparent regulatory requirements. Edmonton's economic advantages complement the quality of life the city offers. It is ranked as one of the Americas' top 10 major cities for its vibrant arts and culture scene, sports and entertainment options for all tastes, state-of-the-art amenities and attractions and gorgeous river valley. (Source: Edmonton Industrial Assets, City of Edmonton, 2013)

2.1.1 EDMONTON ECONOMY AND WORKFORCE - EDMONTON INDUSTRIAL ASSETS, CITY OF EDMONTON, 2013

Edmonton's economy has demonstrated its resilience and strength even during uncertain global conditions. Edmonton's business fundamentals provide for a hub of economic activity, including:

- a younger, motivated, skilled and experienced workforce

- access to natural resources
- connections to key North American and Asian markets through an outstanding transportation network
- a strong local and regional customer base

Edmonton's economic indicators define it as one of Canada's leading locations, offering a strong and competitive economic environment for business development and employment relocation. The top five occupational fields in Edmonton are:

- business, finance, administration and management
- service and service occupations
- trades, transport, equipment operators, manufacturing, utilities and related occupations
- education, law, government-related services
- natural and applied sciences and related occupations

These skilled occupations support a diverse range of industries that contribute to Edmonton's economic success.

2.2 INTERNATIONAL AND NATIONAL ECONOMY

2.2.1 GLOBAL OUTLOOK - WORLD ECONOMIC OUTLOOK UPDATE PUBLICATION, JULY 19, 2016

Growth in most advanced economies remains lackluster, with low potential growth and a gradual closing of output gaps. Prospects remain diverse across emerging market and developing economies, with some improvement for a few large emerging markets pointing to a modest upward revision to 2017 global growth. As a result of the UK's EU vote, the global outlook for 2016-17 has worsened, despite the better-than-expected performance in early 2016. This deterioration reflects the expected macro-economic consequences of a sizable increase in uncertainty, including on the political front, with a toll on investment confidence.

2.2.2 CANADA OUTLOOK - IMF REPORT ON CANADA REPORT NO. 16/146, JUNE 2016

The persistent oil shock remains a major test of Canada's economic and financial resilience since the 2008 global financial crisis. After several years of solid performance, Canada's growth decelerated in 2015, as energy companies slashed investment spending in response to the decline in oil prices. With rising slack in the economy, the negative output gap widened and financial vulnerabilities have become more apparent, as reflected in rising loan delinquencies, albeit from low levels.

Although growth has slowed significantly, and the external position weakened moderately in response to lower oil prices, the Canadian economy has coped well and is projected to recover gradually, with strong fundamentals and a flexible exchange rate facilitating the adjustment. At the same time, the macro-financial effects of the oil shock have yet to fully play out, and the balance of risks is tilted to the downside, requiring continued vigilance and a supportive policy mix.

2.3 ALBERTA AND EDMONTON ECONOMY AND EMPLOYMENT

2.3.1 ALBERTA OUTLOOK - IMF REPORT ON CANADA REPORT NO. 16/146, JUNE 2016

After two years, the effects of the oil price shock continue to reverberate through the Canadian economy. Oil prices have fallen by 60% since 2014, with the spot WTI touching a low of US$27 in January 2016. With oil and gas accounting for a large share of economic and financial activity, the effects of the oil price decline have spread through the economy, transmitted through macro-financial linkages. The economy slipped into recession in the first half of 2015, as oil companies slashed investment spending, and the stock market fell by 17%.

Alberta's economy has contracted by an estimated 4% in 2015 and is projected to shrink by another 1.6% in 2016. House prices in fallen by from their peak in 2014 and rental vacancies have quadrupled within the span of one year (October 2014–2015). The decline in house prices followed a massive housing market boom in the mid-2000s when house prices soared by 200% (2004–07). With little prospect for a quick recovery in oil prices, house prices are likely to continue to trend downward.

2.3.2 ENERGY SECTOR - ECONOMIC TRENDS, GOVERNMENT OF ALBERTA, TREASURY BOARD AND FINANCE ECONOMICS AND REVENUE FORECASTING, JULY 2016

Alberta's energy sector continues to suffer from the prolonged impact of low oil prices. Alberta's oil drilling activity has consistently posted historic monthly lows in 2016, with the number of rigs drilling in the first half of the year down 50% from the same period last year. As a result of the decline in drilling activity, conventional oil production over the first five months of 2016 was down 16% from 2015 levels. Synthetic crude production was also down, because of maintenance shutdowns. Though crude bitumen production had been growing steadily, wildfire disruptions in May 2016 caused a sharp decline in output.

2.3.3 ALBERTA LABOUR MARKET - ECONOMIC TRENDS, GOVERNMENT OF ALBERTA, TREASURY BOARD AND FINANCE ECONOMICS AND REVENUE FORECASTING, JULY 2016

The Alberta economy is feeling the full impact of lower oil prices. Labour market conditions continued to deteriorate with employment declines intensifying in the second quarter of 2016. Consumers spending remained subdued as households faced falling earnings and economic uncertainty. The energy sector in Alberta continues to face hardship as historically low drilling activity and fire-related disruptions have hurt oil production. Though losses have been most intense in the oil and gas sector, weakness has spread to nearly every sector of the economy.

2.3.4 ALBERTA UNEMPLOYMENT RATE - COLLIERS, EDMONTON OFFICE MARKET, Q2 2016

Job losses in labor-intensive roles directly related to oil production were to be expected, but the extent of the spread to professional service jobs has also occurred. Using Alberta high school graduates as a proxy for blue collar employment and bachelor's degree holders as a proxy for white collar employment, there is a similar magnitude of increases in the unemployment rates when starting from January 2014 through May 2016. With blue collar and white collar unemployment rising approximately 4% and 3% respectively during this time, job losses were not limited to just labor, with the majority of the white collar impact occurring in Calgary. (Source: Colliers, Edmonton Office Market, Q2 2016)

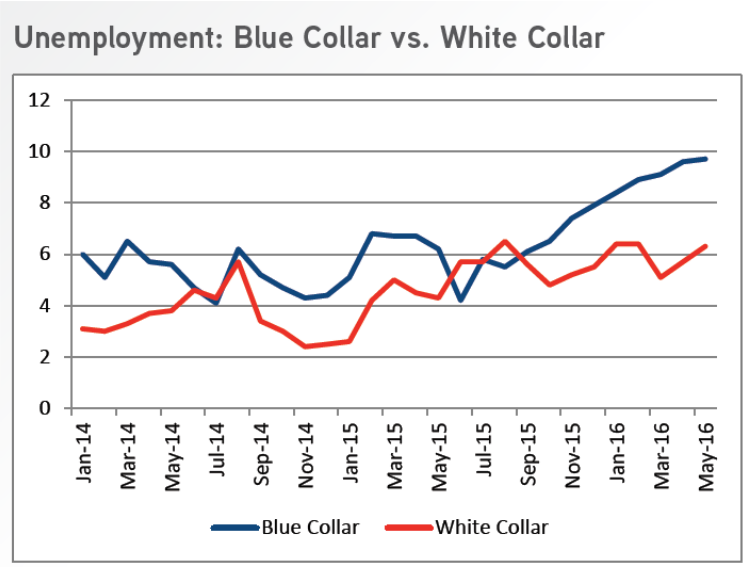


Exhibit 5: Alberta Unemployment: Blue Collar vs. White Collar, Statistics Canada

2.3.5 EDMONTON EMPLOYMENT - CUSHMAN WAKEFIELD, MARKETBEAT, EDMONTON MARKET Q2 2016

While most of Alberta's economy continues to adjust to lower oil prices, Edmonton's economy continued to show resilience – a testament to the cities diverse portfolio. Edmonton has continued to create jobs throughout 2016 adding 2,700 jobs, however the unemployment rate increased slightly to 7% as a result of the labour participation rate continuing to grow at a faster rate. While building permit values saw an overall decline in Alberta (a decline of 14% from December 2015), Edmonton's construction intentions continued to grow, recording $2 billion in construction intentions. This represents an increase of 50% from December 2015, and a year-over-year increase of 18% from last year. Commercial construction intentions were positive in Q1 2016 as firms take advantage of the slowdown in the economy; lower interest rates combined with better labour availability.

2.3.6 EDMONTON OUTLOOK - CONFERENCE BOARD OF CANADA METROPOLITAN OUTLOOK: WINTER 2016, MARCH 2016

With oil prices expected to remain weak in 2016, the outlook for Edmonton's economy is also negative. Further declines are anticipated in several industries. The resources, agriculture and utilities sector, one of the area's biggest industries, is forecast to see output contract by 0.2%. Output in the manufacturing sector, which is closely linked to the energy industry, is projected to fall by 6.3%. Meanwhile, an anticipated one-third decline in housing starts is expected to push construction output down by 4%. On the services side, wholesale and retail trade output is projected to experience the biggest contraction at 4.7%, as retail sales fall for the first time since 2009.

Edmonton's job market will feel the effects of the economic downturn. Employment is expected to edge down by 0.4% in 2016, causing the unemployment rate to rise 7%, its highest point since 1997. In all, Edmonton's real GDP is expected to contract by 1.3% in 2016, following a 1.8% drop in 2015, the first back-to-back declines since 1991-92.

2.3.7 SUMMARY OF CHALLENGES AND OPPORTUNITIES FOR GROWTH - GOVERNMENT OF ALBERTA, ECONOMIC OUTLOOK - FISCAL PLAN 2016 –19, BUDGET 2016

The Alberta economy is adjusting to the historic drop in oil prices. The recession in 2015 was caused by lower energy investment. In 2016, the effects are more broadly felt. The momentum that supported activity in the province has faded, prompting a pullback in construction and spending. Alberta's labour market has been hit hard, and unemployment is expected to remain elevated into 2017. A gradual improvement in oil prices will support

economic growth over the medium term. Exports, led by expanding oil sands production, will continue to be the main growth driver.

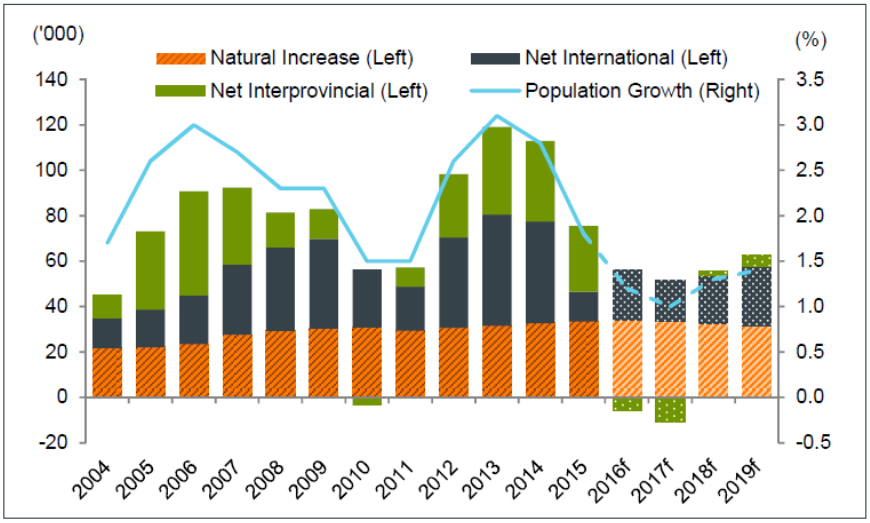
Despite the drag from lower oil prices, there are several factors that remain supportive of growth. Industries will benefit from weaker cost pressures and better labour availability. Alberta's population will continue to grow, albeit at a slower pace. Despite recent declines, average incomes are expected to remain well above the national average. Oil sands production will continue to expand in the near term, supporting exports. A solid US economy and weaker Canadian dollar will lift export-focused industries like agriculture, manufacturing and forestry.

2.4 ALBERTA AND EDMONTON POPULATION

2.4.1 ALBERTA POPULATION GROWTH - GOVERNMENT OF ALBERTA, ECONOMIC OUTLOOK - FISCAL PLAN 2016 –19, BUDGET 2016

The pace of Alberta's population growth will slow as migration weakens over the next two years. Population growth is forecast to moderate to 1.2% in 2016 and 1.0% in 2017. After adding almost 140,000 people from other provinces over the past five years, Alberta is expected to see a net outflow of 17,000 interprovincial migrants over 2016 and 2017 due to weaker labour conditions. Net outflows of non-permanent residents will also weigh on population growth over the next few years, mainly because of changes to the federal Temporary Foreign Worker Program (TFWP). Nevertheless, Alberta's population growth is expected to remain higher than the Canadian average over the forecast period. The arrival of large numbers of immigrants is forecast to keep overall migration positive, while natural increase will continue to provide a solid base for population expansion due to Alberta's young population. As migration picks up, population growth is forecast to increase to 1.4% by 2019.

Chart 12: Natural increase and immigration to drive population gains
Change in the Alberta Population by Component



Sources: Statistics Canada and Alberta Treasury Board and Finance, f-forecast

2.4.2 IMMIGRATION - ECONOMIC TRENDS, TREASURY BOARD AND FINANCE, ECONOMICS AND REVENUE FORECASTING, GOVERNMENT OF ALBERTA, JULY 13, 2016.

Alberta's slowing economy has not deterred new arrivals to Canada from settling in Alberta. Alberta led all, provinces in growth in the first quarter of 2016, as population increased 1.8% year-over-year (y/y) to 4,249,842. The province gained 12,050 net international migrants, as record levels of immigration offset net outflows of non-permanent residents. The weak labour market led to a second quarterly net outflow of interprovincial migrants, with 1,788 people leaving Alberta for other provinces. Because of strong immigration, net migration contributed over half of Alberta's population growth, despite the net inter-provincial outflows.

2.4.3 EDMONTON POPULATION GROWTH - ANNUAL GROWTH MONITORING REPORT, CITY OF EDMONTON

The population of the City of Edmonton is estimated at 900,000, within the Edmonton Capital Region of 1.16 million, according to the 2016 Census. Edmonton's population has grown very rapidly in recent years. Between 2001 and 2015 the Edmonton Census Metropolitan Area (CMA) had a much higher annual growth rate (2.5%) than all the ten largest CMA's, except Calgary (2.8%), approximately double the national average. This very high growth rate was due mainly to high levels of net migration. As a consequence, Edmonton has the youngest age profile of Canada's larger CMAs.

Over the same period, Alberta's population increased by 1.138 million with Edmonton CMA increasing by 401,000 or 35% of Alberta. The majority (56%) of Alberta's growth was through net migration with Edmonton CMA receiving nearly 224,000 or 35% of

Alberta's net migration. Edmonton CMA received a further net 40,000 people who moved from elsewhere in Alberta. Migration to Alberta is strongly influenced by employment opportunities.

Estimates of population change by City of Edmonton's sector in 2015 were prepared. Neighbourhoods in the developing sector had nearly all the population gains with an estimated increase of nearly 25,000. Mature sector neighborhoods gained an estimated 2,200 while the established sector had a population loss of an estimated 400.

2.4.4 EDMONTON POPULATION AND DEMOGRAPHICS - GROWTH COORDINATION STRATEGY, 2012

The long-term demand for housing is supported by continued net migration resulting from strong employment growth and household formation values that reflect Edmonton's relatively young demographic profile. Projected growth from 817,000 to 1,123,500 population in 2039, means an additional 146,000 households over that time (average annual population growth rate of 1.3%).

Table 4: Urban Growth Areas Potential Number of Units and Population

LAND USE		RURAL NORTHEAST*	RURAL WEST*	RURAL SOUTHEAST**	TOTAL
Low Density	Units (25 upnrha)	13,815	14,911	19,286	48,012
	Population (2.8 ppu)	38,682	41,751	54,000	134,433
Row Housing	Units (45 upnrha)	8,325	3,158	4,084	15,567
	Population (2.8 ppu)	23,310	8,841	11,435	43,586
Medium Density	Units (90 upnrha)	9,000	2,526	3,267	14,793
	Population (1.8 ppu)	16,200	4,547	5,880	26,627
High Density	Units (225 upnrha)	1,890	1,579	2,042	5,511
	Population (1.5 ppu)	2,835	2,368	3,063	8,266
	Total Units	33,030	22,173	28,680	83,883
	Total Population	81,027	57,507	74,378	212,912

upnrha – units per net residential hectare
ppu- persons per unit

* *Numbers taken from the December 2011 Draft Northeast ASP and November 2011 Riverview ASP (Rural West)*
** *There is currently no ASP for the Rural Southeast Urban Growth Area, numbers are based on estimated land that would be developed for residential land uses and the average split between low and medium density development*

Given the current rate of land absorption, the Urban Growth Areas will add an estimated 13 years or more of additional low density land supply. This does not include the build out of the medium density units.

Edmonton's share of single-detached dwellings from the Capital Regional was around 58% during 2002-2011 and its share of all dwelling types has been 66%. Edmonton typically has a larger share of multi-family units in the Capital Region, averaging 76% over the 2002-2011 period.

Table 5: Housing Starts in the City of Edmonton and the Capital Region 2002-2011

	CITY OF EDMONTON			CAPITAL REGION (CR)				
YEAR	SINGLE-DETACHED UNITS	MULTI-FAMILY UNITS*	TOTAL UNITS	SINGLE-DETACHED UNITS	MULTI-FAMILY UNITS*	TOTAL UNITS	SINGLE % SHARE OF CR	TOTAL % SHARE OF CR
2002	4,158	4,664	8,822	6,861	5,721	12,582	61	70
2003	3,857	5,099	8,956	6,391	5,971	12,362	60	72
2004	4,030	4,129	8,159	6,614	4,874	11,488	61	71
2005	5,023	4,411	9,434	7,623	5,671	13,294	66	71
2006	5,363	4,453	9,816	9,064	5,906	14,970	59	66
2007	3,763	5,131	8,894	7,682	7,206	14,888	49	60
2008	1,220	2,865	4,085	2,613	4,196	6,809	47	60
2009	2,206	1,705	3,911	3,897	2,420	6,317	57	62
2010	3,417	2,693	6,110	6,062	3,897	9,959	56	61
2011	3,080	3,055	6,135	5,017	4,315	9,332	61	66
Ten Year Average	**3,612**	**3,821**	**7,432**	**6,182**	**5,018**	**11,200**	**58**	**66**

Source: CMHC

* *CMHC classifies semi-detached housing under the multi-family category; City of Edmonton includes Semi's and Single Detached under low density residential.*

Employment is dispersed throughout the Capital Region. Edmonton accounts for 79% of employment in the region, by 2044 this number is expected to decrease nominally to 78%, indicating that the City will remain stable. The city's core areas represent 57% of the employment in the City, with 14% of that in the mature downtown area. Within the forecast period it is expected that the core area will maintain a smaller share of employment within the City with only 47% employment expected in the core area, with 11% of that in the downtown.

Table 6: City of Edmonton (COE) and Capital Region Employment Projections

AREA	2009	2014	2019	2024	2029	2034	2039	2044
Downtown	67,712	70,173	71,608	71,427	72,045	72,559	73,069	73,380
City of Edmonton Core Area (Including Downtown)	279,182	292,499	299,316	303,793	309,229	312,761	315,434	317,022
Edmonton Total	490,431	526,478	552,943	579,910	605,488	626,423	648,797	668,044
Other Municipalities	129,684	150,780	163,544	169,926	174,592	181,788	186,636	193,460
Capital Region Total	620,115	677,258	716,486	749,836	780,080	808,212	835,432	861,504
% COE from Region	79	78	77	77	78	78	78	78
% Core from COE Total	57	56	54	52	51	50	49	48
% Core from Region Total	45	43	42	41	40	39	38	37
% Downtown from COE Total	14	13	13	12	12	12	11	11
% Downtown from Region Total	11	10	10	10	9	9	9	9

Source: Capital Region Board Projections, 2009

2.4.5 EMPLOYMENT LANDS DEMAND ECONOMIC INSIGHTS, DEMAND FORECAST FOR INDUSTRIAL LANDS, CITY OF EDMONTON 2012-2025, 2012

The following table provides the 13-year, 2012 to 2025 per-industry-sector employment forecast for the City of Edmonton. Strong employment growth is forecasted for the City, with over 107,000 new jobs anticipated between 2012 and 2025. The largest gains are forecasted in the retail and wholesale trade, accommodation and food services, and commercial services sectors.

Edmonton Employment Forecast

No.	Industry Sector	2012	% of 2012	2017	% of 2017	2025	% of 2025
1	Primary Industries	11,400	2.4%	11,400	2.2%	12,600	2.2%
2	Manufacturing	38,900	8.2%	42,900	8.4%	50,300	8.7%
3	Construction	46,500	9.8%	49,500	9.7%	58,500	10.1%
4	Utilities	4,300	0.9%	4,700	0.9%	5,500	0.9%
5	Transportation & Warehousing	26,100	5.5%	30,200	5.9%	34,900	6.0%
6	Retail & Wholesale Trade	69,600	14.7%	79,600	15.7%	92,900	16.0%
7	Finance, Insurance, & Real Estate	26,100	5.5%	30,000	5.9%	34,900	6.0%
8	Professional, Technical, Scientific, & Management Services	45,000	9.5%	49,400	9.7%	56,800	9.8%
9	Accommodation & Food Services	35,200	7.5%	40,100	7.9%	50,200	8.7%
10	Educational Services	33,800	7.2%	32,000	6.3%	31,200	5.4%
11	Health & Welfare Services	48,700	10.3%	40,800	8.0%	35,000	6.0%
12	Commercial Services	53,900	11.4%	62,300	12.3%	76,800	13.3%
13	Government Services	32,800	6.9%	35,400	7.0%	40,000	6.9%
	Total Employment	**472,300**	**100.0%**	**508,300**	**100.0%**	**579,600**	**100.0%**

Source: Economic Insights, Demand Forecast for Industrial Lands, City of Edmonton 2012-2025, 2012

The percentage of total employment comprised by educational services is forecasted to decline from 7.2% in 2012, to 5.4% in 2025. Likewise, the percentage of total employment comprised by health and welfare services is forecasted to decline from 10.3% in 2012, to 6.0% in 2025. The commercial service sector is forecasted to undergo the largest percentage gain in total employment share, increasing from 11.4% in 2012, to 13.3% in 2025.

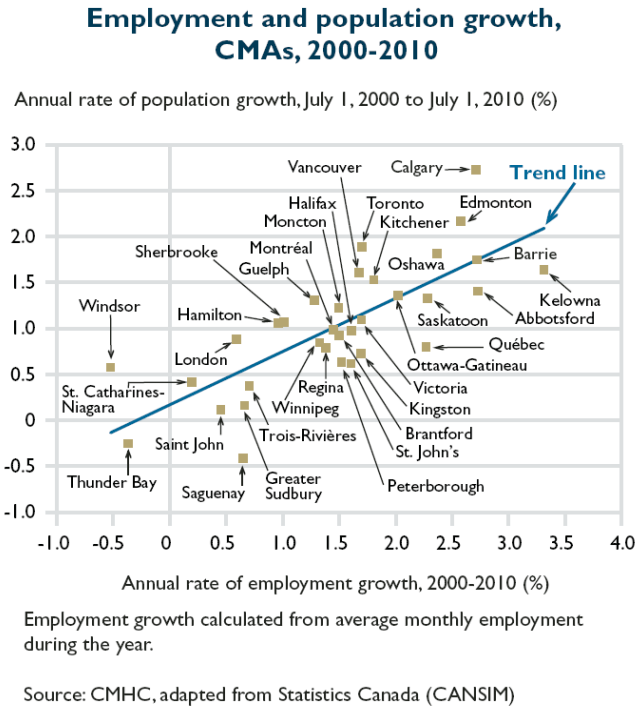
2.5 LINK BETWEEN POPULATION GROWTH AND HOUSING DEMAND

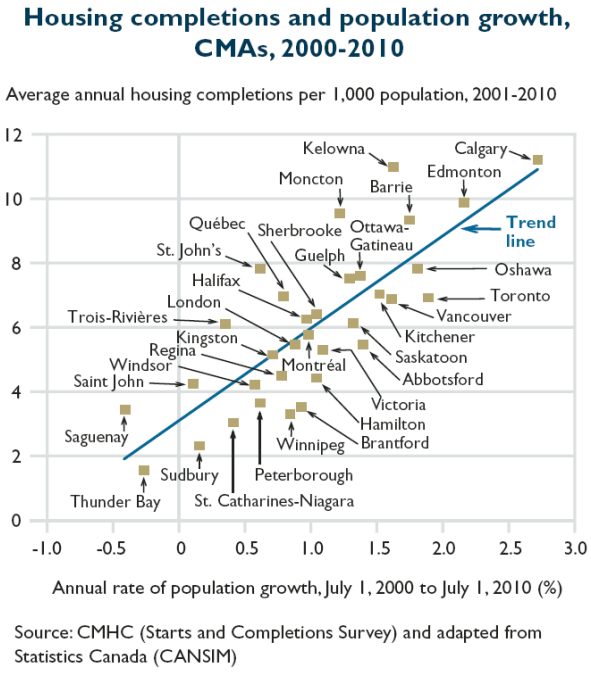
2.5.1 NATIONALLY

The following charts show the relationship between population growth, employment and housing starts for the 2000-2010 period for regions in Canada. Edmonton is noted on the charts as having experienced strong population and economic growth rates and housing completions.

Population growth is transformed into demand for new housing through household formation. Over the long term, the main reason for expansion of the housing stock is to accommodate the growth in households that accompanies population increases. Thus regions with strong population growth account for a disproportionate share of housing construction in Canada. (Source: CMHC Housing Observer 2011)

Population Growth and Employment Growth by Urban Centre





Source: CMHC, Housing Observer 2011

2.5.2 EDMONTON

Housing starts and household formation are closely linked in the Edmonton Census Metropolitan Area (CMA). Periods where housing starts have exceeded household formation have led to rising inventory. Conversely, when housing starts are below household creation rates, inventory tends to fall. This relationship can help forecast future housing construction. In 2015, housing starts were well above demographic fundamentals

and this has led to a build-up in inventory. Over the next two years, the Edmonton CMA can expect housing starts to fall below the rate of household formation, as excess inventories are absorbed to move the market to a more balanced position. (Source: CMHC Housing Market Insight - Edmonton CMA - Date Released - July 2016)

Household growth is a fundamental driver of housing demand. Additions to the housing stock and household creation, which is fuelled by population growth, generally move in line over the long term. However, changes in economic conditions including employment, wages, and the interest rate also have a large impact on housing demand at any given time. Indeed, housing demand, and by extension housing construction, are swayed by current economic conditions. When economic conditions drive housing demand too far away from the demographic fundamentals, the market will eventually correct. (Source: CMHC Housing Market Insight - Edmonton CMA - Date Released - July 2016)

Most recently, the gap between housing starts and household formation widened in 2015. Housing starts totalled 17,050 units, while population growth and household formation rates slowed. This has led to an elevated number of units under construction, and has pushed inventory up. Indeed, as of May 2016, the number of newly completed homes in ownership inventory was over 67% higher than one year prior, and at 1,901 units was the highest level on record. (Source: CMHC Housing Market Insight - Edmonton CMA - Date Released - July 2016)

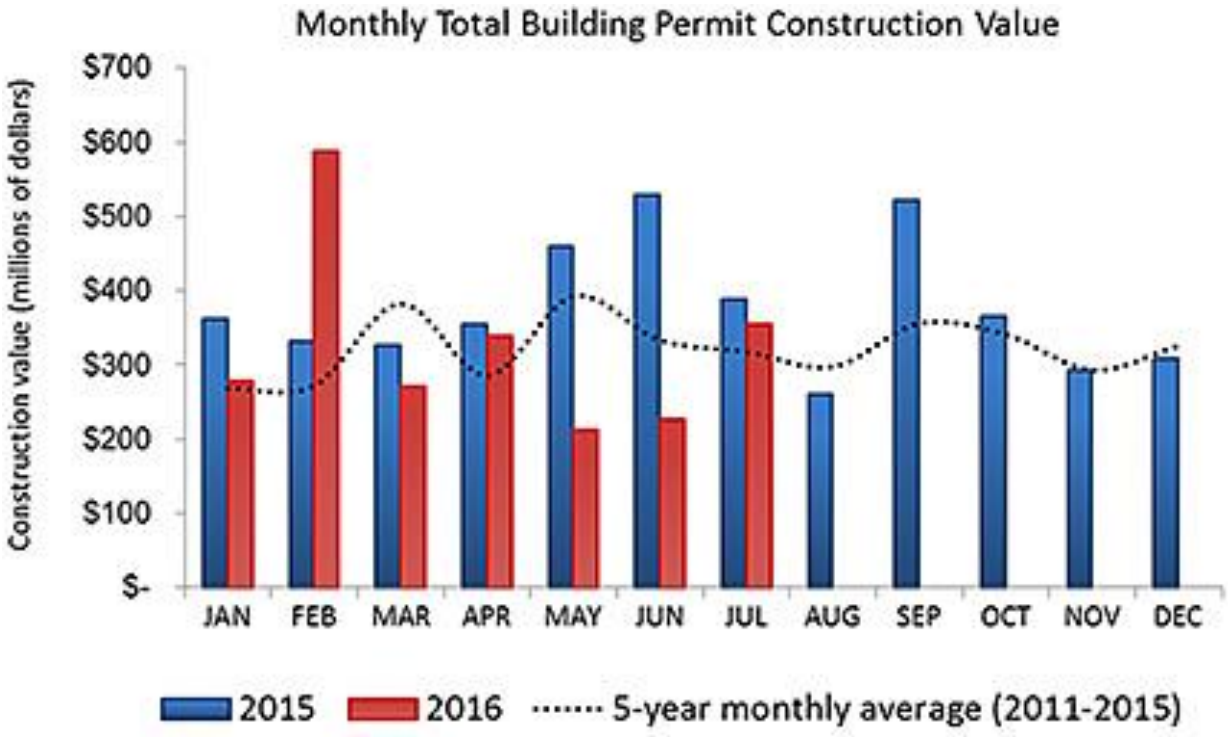
Given that the number of units under construction remains elevated, there is a risk that inventory will move higher as more units move into completion. Due to higher inventory levels and softer economic conditions in the Edmonton market, housing starts are expected to remain below demographic fundamentals in both 2016 and 2017. This period of under-building will be necessary to draw inventory down to a more sustainable level and bring balance back into the new home market. Eventually, housing starts will increase to move back in line with demographic growth. (Source: CMHC Housing Market Insight - Edmonton CMA - Date Released - July 2016)

2.6 EDMONTON BUILDING PERMIT VALUES

2.6.1 MONTHLY BUILDING PERMIT VALUES, CITY OF EDMONTON, JULY 2016

Year-to-date ending July 31, 2016, total building permit construction value is $2,270 million. The values are down 18% compared to 2015 ($2,754 million) and up 1% compared to the five-year average (YTD 2011-2015: $2,253 million). The total year-to-date value for each permit type is as follows:

- Commercial: $708 million
- Industrial: $174 million
- Institutional: $245 million
- Residential: $1,133 million
- Miscellaneous: $11 million



At the end of June 2016, the total annual construction value of building permits for the Edmonton region was $3,040 million. The City of Edmonton represented 63% of the total amount. This is down 9% compared to five-year annual average of 72% (2011-2015).

2.6.2 2013-2015 Building Permit Values, 2015 Annual Building Permit Values, City of Edmonton

The total 2015 building value was: $4.5 billion

- A decrease of 3% from $4.62 billion in 2014
- An increase of 28% from $3.51 billion 5-year average – The total residential value was: $2.87 billion
- A decrease of 3% from $2.97 billion in 2014 – Total non-residential value: $1.64 billion
- A decrease of 1% from $1.66 billion in 2014

These values indicate that although building permit values have slowed, they have generally not been dramatic, and indicate a certain level of resiliency and continued building activity in the region.

2.7 KEY CHALLENGES AND OPPORTUNITIES

Within the national, provincial and regional context, Edmonton, and thus the study area, offers key competitive advantages and challenges:

Economic development opportunities are positively impacted by:

- Large land base, although generally low density development
- Until recently, strong employment growth and population growth
- Long term positive employment and population project prospects
- Good regional transportation access
- LRT transit system investments
- An affluent population, which supports retail land uses and all forms of development
- Opportunities for high quality real estate development

Opportunities for economic development are challenged by:

- Economic challenges associated with depressed oil prices
- Competition with other parts of the region and a temporary over-supply of development in some areas
- Low density development already dominating the city and study areas
- Auto-oriented community requiring a change of transportation habits
- Congestion of private vehicle travel is not yet a major issue
- Single-family house prices are generally affordable which reduces demand for multi-family, which are ideal developments at station nodes

2.8 SUMMARY IMPLICATIONS

The current economic conditions for the province and city, as well as past over-building of residential development, significantly impact the short-term development potential of the study area. However, over the long-term the city, with a relatively diverse economy, can expect strong population and workforce growth as per the City's growth projections, which will support residential and commercial development. In the case of established urban locations, this means infill re-development opportunities, especially by transit. Growth expectations for the city should focus on long term fundamentals, rather than short-term temporary challenges.

3.0 TRANSIT ORIENTED DEVELOPMENT CONCEPT

3.1 TRANSIT ORIENTED DEVELOPMENT

Transit Oriented Development (or Design) (TOD), is the creation of compact, walkable communities centred around high quality transit systems. This development form makes it possible to live and work without dependence on a car for mobility. A transit-oriented development in a mixed-use residential or commercial area is designed to maximize access to public transport, and often incorporates additional features to encourage transit ridership. A TOD neighbourhood typically has a centre with a transit station or stop (train station, metro station, tram stop, or bus stop), surrounded by relatively high-density development with progressively lower-density development spreading outwards from the centre. TODs generally are located within a radius of one-quarter to one-half mile (400 to 800 metres) from a transit station, as this is considered to be an appropriate scale for pedestrians. This development focus contributes to attractive, walkable, sustainable communities that allow residents to have affordable housing and transportation choices with many local amenities.

3.1.1 EDMONTON LIGHT RAIL TRANSIT NETWORK

There are opportunities to incorporate TOD aspects in the intensification of the study area, as the west and east ends are positively impacted by the Kingsway/Royal Alexandra LRT station (on the Metro Line) and Stadium LRT station (on the Capital Line), respectively. In the case of the study area, with the two transit stations fixed, the issue is how to achieve the most benefit from this proximate transit infrastructure.

According to the City, the Kingsway/Royal Alexandra LRT station is identified as an "Institution" station area type with the Royal Alexandra Hospital and other medical services. The Stadium LRT station is identified as an "Enhanced Neighbourhood" station type, with the football stadium and recreational centre, along with a mixture of surrounding residential and other uses.

3.1.2 REPRESENTATIVE TOD STATION TYPES

TOD “typology” recognizes the important differences between places and destinations within regions and then identifies appropriate performance and descriptive benchmarks for these places. The following provides a list of various TODs and includes many American examples.

TOD Typology	Desired Land Use Mix	Desired Housing Types	Commercial/ Employment Types	Proposed Scale	Transit System Function
Downtown 	Office, residential, retail, entertainment, and civic uses	Multi-family and loft	Prime office and shopping location	5 stories and above	**Intermodal facility/transit hub.** Major regional destination with high quality feeder bus / streetcar connections.
Major Urban Centre 	Office, retail, residential and entertainment	Multi-family and townhome	Employment emphasis, with more than 250,000 sf office and 50,000 sf retail	5 stories and above	**Sub-Regional destination.** Some Park-n-ride. Linked with district circulator transit and express feeder bus.
Urban Centre 	Residential, retail and office	Multi-family and townhome	Limited office. Less than 250,000 sf office. More than 50,000 sf retail	3 stories and above	**Sub-Regional destination.** Some Park-n-ride. Linked with district circulator transit and express feeder bus.
Urban Neighborhood 	Residential, neighborhood retail	Multi-family, townhome and small lot single family	Local-serving retail. No more than 50,000 sf	2-7 stories	**Neighborhood walk-up station.** Very small park-and-ride, if any. Local and express bus connections.
Commuter Town Centre	Office, retail, residential	Multi-family, townhome, small lot single-family	Local and commuter-serving. No more than 25,000 sf	2-7 stories	**Capture station for in-bound commuters.** Large park-n-ride.

					
Main Street 	Residential, neighborhood retail	Multi-family	Main street retail infill	2-7 stories	**Bus or streetcar corridors.** District circulator or feeder transit service. Walk-up stops. No transit parking.
Campus/ Special Events Station 	University Campus, Sports Facilities	Limited multi-family	Limited office/retail	varies	**Large Commuter destination.** Large park-n-ride.

Source: City of Denver, TOD - Station Typology

3.1.3 FACTORS DRIVING THE TREND TOWARD TOD

- Rapidly growing, traffic congestion nation-wide
- Growing distaste for suburbia and strip development
- Growing desire for quality urban lifestyle
- Growing desire for more walkable lifestyles away from traffic
- Changes in family structures: more singles, empty-nesters, etc.
- Growing national support for Smart Growth

3.1.4 COMPONENTS OF TRANSIT ORIENTED DESIGN

- Walkable design with pedestrian as the highest priority
- Train station as prominent feature of town centre
- A regional node containing a mixture of uses in close proximity including office, residential, retail, and civic uses
- High density, high-quality development within 10-minute walk circle surrounding train station

- Collector support transit systems including trolleys, streetcars, light rail, and buses, etc.
- Designed to include the easy use of bicycles, scooters, and rollerblades as daily support transportation systems
- Reduced and managed parking inside 10-minute walk circle around town centre / train station

3.1.5 TOD STRATEGIES

- Serve existing and future high density areas
- Higher and better land uses near transit
- Transit and transportation are optimized
- Ideal market positioning to increase density and ridership

3.1.6 GOALS FOR TRANSIT-ORIENTED DEVELOPMENT

- Provide a rich mix of housing, shopping, and transportation choices
- Increase “location efficiency” so people can walk, bike, and take transit
- Boost transit ridership and minimize traffic
- Generate revenue for the public sectors and provide value for both new and existing residents and businesses
- Create a sense of place and community value

3.1.7 PRINCIPLES OF TRANSIT ORIENTED DEVELOPMENT

The ULI book *Ten Principles for Successful Development Around Transit* provides the following important considerations when understanding and developing TODs:

1. Make It Better with a Vision
2. Apply the Power of Partnerships
3. Think Development When Thinking about Transit
4. Get the Parking Right
5. Build a Place, Not a Project
6. Make Retail Development Market Driven, Not Transit Driven
7. Mix Uses, but Not Necessarily in the Same Place
8. Make Buses a Great Idea
9. Encourage Every Price Point to Live around Transit
10. Engage Corporate Attention

Opportunities for creating higher densities, and for mixing product types to market to a broader spectrum of incomes, should be sought out during transit project development.

Higher densities strengthen the demand for transit and, therefore, new transit projects offer opportunities to be aggressive about density. Good design and a high level of amenities are vital, and can make a high-density urban setting seem much less dense.

Most new development near transit will be built on private property by private developers. To help these projects succeed, the public must be attuned to the needs of the private sector. Being sensitive to the needs of the private sector does not mean compromising public goals, however, it simply means recognizing that those goals need to work for the developer as well. Amenities desired by the public, whether identified during the visioning process or as part of entitlement review, should be agreed upon upfront, when there is still time to incorporate them into the project costs.

Two things are critical to the developer's schedule: certainty and timeliness. To ensure both, the agencies responsible for project review should agree with the developer on a timeline for project approvals and build-out. Delays in the approval process (or the addition of requirements prior to, or as a condition of, approval) add cost to the project and damage the bottom line. Facilitating the process with quick turnaround and on-time approvals helps to hold down the cost of borrowing money.

Major public investments like transit can increase property values and create opportunities for community building. Because of the enormous potential to increase real estate value, generate jobs, and increase tax revenues, planning for areas around transit should be linked with economic development. Transit projects with thoughtfully planned routes and station locations can set the stage for significant private development. The careful coordination of transit and development is critical, so that each can optimally enhance the other.

During the early stages of planning for new development around transit, a market-wise transit agency would collaborate with local developers to create a fiscal analysis estimating building costs and investment returns for the private development of nearby properties. This approach will ensure that developers are active participants in the process and that the outcome will be realistic. Even though the planning horizon for transit may be 20 years or more, and the planning horizon for a development project may be only two or three years, design and build-out for the development project should anticipate the eventual transit facility so that, when both are in place, they work together.

3.1.8 DISTANCE FROM TRANSIT STATIONS

The premium, or discount, associated with location / access relative to a transit station varies depending on the distance as well as other variables. Typical reasonable walking distance is considered to be about 10 minutes or 800 metres. This is equal to a total area of approximately 500 acres. A more immediate area is generally defined as within 400 metres of a transit station, which represents a total area of approximately 125 acres.

3.1.9 LAND USE IMPACTS

Good transit development is one of the most important factors affecting residential real estate values. Prospective owners and renters are generally concerned about travel times and transit services for work, shopping and schooling.

Land Use Impacts refers to effects transportation activities and facilities can have on land use patterns - the location, design and use of city features such as buildings and investments. Land use patterns reflect various attributes, including the following:

- *Density* – the number of people, jobs or housing units in an area.
- *Mix* – whether different types of land uses are located in the same area.
- *Clustering* – whether related activities are located close together.
- *Roadway scale and connectivity* – the size of roads and city blocks.
- *Impervious surface coverage* – land that is covered by buildings and pavement.
- *Greenspace* – land devoted to lawns, gardens, parks, farms, woodlands, etc.
- *Accessibility* – the ease with which various types of people can reach goods, services and activities (including motorists, non-drivers, people with physical disabilities, etc.).

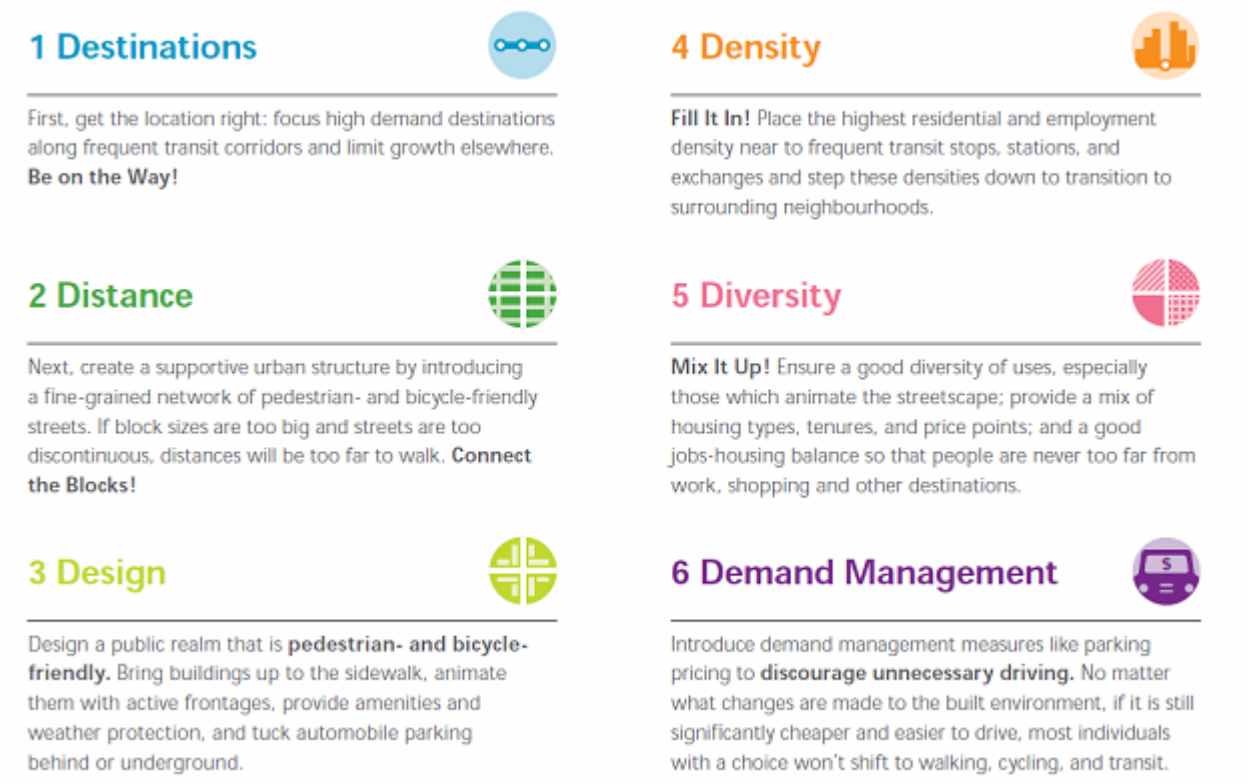
3.2 TRANSIT-ORIENTED COMMUNITIES

TransLink, the transportation planning and delivery authority for the Metro Vancouver region, has prepared this documents relating to TOD, specifically: Transit-Oriented Communities Primer on Key Concepts. TransLink defines and advances Transit-Oriented Communities (TOC) as follows:

> *Places (regions, municipalities, neighbourhoods) that facilitate a decreased reliance on the automobile by:*
>
> - *Focusing higher-density, mixed-use, pedestrian-friendly development within walking distance of frequent transit; and*

- *Implementing mobility management measures to discourage unnecessary driving.*

The primer discusses how to implement the “Six D’s” – those key elements that are required to create more transit-oriented communities. There are several attributes that are common to nearly all places with high levels of transit demand and productive transit service, with varied levels of 'permanence':



3.3 TOD BEST PRACTICES

In terms of example progressive transit oriented development, North American examples are the most valid, as Asia and Europe have very different regulatory environments, which make them not comparable. In North America the relative power of the authorities is moderate and the rights of individuals and local municipalities paramount.

Local initiatives were identified that will lead to more efficient land use that will enhance transit demand. The real estate activities of some of the organizations were also assessed for lessons learned and examples of practices, which work to increase revenue (See Appendix).

3.3.1 TRANSPORTATION INFRASTRUCTURE FUNDING THROUGH EXTRACTION OF INCREASE IN LAND VALUE

Public transportation infrastructure is funded by many different means in different jurisdictions throughout the world. In most cases, fares do not fully cover the capital and operating costs. Sources of non-fare funding include methods to extract some of the increase in land value created by the provision of the new transportation infrastructure. This most often occurs around light rail / rapid transit stations, where improvements in access are most significant and thereby increases in land value are most likely to occur. It is therefore at these locations that higher density developments will occur, which not only takes advantage of this improved transportation access, but also provides for increased transit ridership because of the new concentration of housing and/or businesses.

Some of the ways for the transit authority to extract the benefit of this increase in land values include:

- Re-development of publicly owned lands at and around new transit stations;
- Expropriation of additional lands prior to / during construction and re-sale afterwards at higher values;
- Taxation of increases in value of privately owned lands;
- Encouragement of higher density development around transit stations, thereby increasing property tax revenue and transit rider ship (fare revenue); and
- Partial funding of transportation infrastructure by the private land owner(s), which directly benefit from improved access.

The efforts to extract part of the increase in land value can help finance the provision of this transportation infrastructure; however these actions by the transit authority require it to have the authority and jurisdiction to do so, including the following:

- Own or have effective control of surplus lands around transit stations;
- Expropriate lands beyond those simply required for the infrastructure;
- Have control over the application and amount of property taxation;
- Have control over the re-development potential of privately owned lands around transportation infrastructure; and
- Have the ability to enter into a wide variety of property arrangements, up to and including partnerships with a variety of partners.

In most jurisdictions, these powers often rest with other agencies, or are at least shared (often with local, regional, provincial or state government). If the transit authority lacks

these powers, it must either work in cooperation with the appropriate level of government or be granted these powers in order to apply any such land value extraction strategy.

These land value extraction options require the transit authority to have the appropriate powers and mandate to implement such a strategy or work in conjunction with the other levels of government which do have such powers. In order to generate these additional revenues, it is crucial that the transit authority develop and implement an appropriate strategy early on, and have the necessary powers, mandate, and inter-governmental cooperation to implement this strategy. With the provision of the appropriate powers, and implementation of a practical strategy, the revenue generation capacity of the transit authority could be increased to provide for capital funding to partially cover the costs of the infrastructure construction.

3.3.2 Re-Develop Publicly Owned Lands at and Around Transit Stations

Publicly owned lands along new infrastructure can be re-developed in conjunction with or immediately after the construction of new transit stations. This can include a variety of options, ranging from retail and other uses within the station (on the ground or below grade levels), to retail, commercial, and apartment building development adjacent to and above the station. These lands could be previously owned by the transit authority or the government and following construction of the infrastructure are at least partially surplus to operational needs. The buildings could be leased or sold depending the objective of the transit authority; most likely if the building is part of the station infrastructure it should remain in public ownership.

Such a strategy is dependent on the transit authority already owning these properties (or possibly acquiring them from another public body) prior to the transit project being completed or even launched. The transit agency can then develop or sell the lands at the appropriate time to maximize profit. However if the transit authority does not already own such lands, this strategy will not be an option unless it has the mandate to purchase lands which are not specifically required for the transportation infrastructure at market prices and sell / develop at a later date.

3.3.3 Encourage Higher Density Development Around Transit Stations Thereby Increasing Property Tax Revenue and Transit Ridership

Higher density development by the private sector around new transit stations is usually anticipated given the improvement in area access and increase in land values. Such higher density provides for two main benefits to the transit authority: increase in transit ridership due to the increase in the number of residents and occupants in the immediate

area, and increase in property tax revenue due to higher land values and a more intense use of the lands. However, control over land development is not the jurisdiction of the transit authority, but instead the responsibility of the local government. The local government, through such mechanisms as long range plans and zoning bylaws, and control of development approvals, allows for uses and densities throughout their jurisdiction, including along transit routes. Any higher density development of the lands surrounding a transit station requires the approval of the local government. To a much greater degree the transportation plans created and implemented by the transit authority are consistent with and complement the land use plans created and implemented by the local government.

In order to maximize the benefit of the new transportation infrastructure for all parties, Transit Oriented Development should be planned for and implemented as part of the transportation infrastructure. TOD is the creation of compact, walkable mixed-use communities centred around transit systems, with a lack of dependence on automotive transportation. This allows for the appropriate planning of land uses and densities around transit stations to encourage desired development as well as construction timed to coincide with the new infrastructure. The timely increase in density around transit stations, and the provision of stations that are well designed and provide good service will increase transit ridership and generate increased property tax revenues. Transit planning should be completed in close consultation with long range land use planning.

3.4 SUMMARY IMPLICATIONS

Findings from the analysis indicate the following results:

- The rapid transit station and service has a direct positive impact on the highest and best use and development potential of lands located within an 800 metre radius of each station. The impact is greatest within 400 metres and it is focused on large, vacant, or underdeveloped land parcels as opposed to already existing real estate with substantial buildings and a high improvement value to land value ratio.

- Rapid Transit within an urban centre has a positive impact on residential land uses and the value of real estate assessments.

- The secondary positive impact is on office and retail land uses, which also benefit from proximity to transit services. Rapid Transit does not have as significant of an impact to the value of commercial, industrial, or institutional real estate values. In

the future, as private vehicles become uneconomic or too slow due to congestion, the positive impact on these non-residential land uses will grow.

- The increase is value is due to new, denser development, not an increase in existing property value if there is no expectation of up-zoning. The vast majority of added value is derived from new development and thus density must be encouraged near all stations or the value added by transit is largely wasted. The additional value added is focused on an improved growth and absorption rate, which is far higher than comparable sites that are not served by transit.

- World-class cities with successful public rapid transit systems are those dedicated to the active development of value capture strategies that generate partial or full profit for taxpayers and the city.

- Cities are looking for and finding investment opportunities to generate higher returns on public transit investments instead of simple fare box revenues or subsidizing single private occupant vehicle travel. The value of the investment in infrastructure is being leveraged to create real estate value, increased tax revenues, and higher quality forms of development and employment.

- Transit authorities create the increased land value by locating and operating new rapid transit facilities, and therefore should find creative ways to share in the increased values to help offset a portion of the rapid transit capital costs.

- Edmonton has an established LRT network and associated transit area guidelines, which can be leveraged to encourage appropriate redevelopment in parts of the study area.

- Parts of the study area are proximate to LRT stations, which can be leveraged to support higher density development, although property values in the area are relatively low.

4.0 EDMONTON PLANNING & TRANSPORTATION POLICIES

4.1 GROWTH DISTRIBUTION

In the past decade the population for the City of Edmonton increased by 150,000 people, to 820,000 in 2012 (to 900,000 in 2016), and over 1,000,000 for the Capital Region area (to 1.16 million in 2016). Employment in the City of Edmonton, at over 425,000 jobs, also drives population growth. By 2040, the City of Edmonton's population is expected to have grown by over 50% to approximately 1,150,000 people. The Capital Region population as a whole is expected to grow by about 60% to approximately 1.6 million people.

Over the last 40 years, Edmonton has maintained the majority of residential growth within the region as measured by housing starts. The proportion has varied, from a high of 94% of the regional share in 1982 to a low of 53% in 1996, and an average share of approximately 70%. Within the region, Edmonton tends to account for the most multi-family growth, with an average 82% share. In 2015, Edmonton's housing starts accounted for 78% of all housing starts within the region. (Source: Annual Growth Monitoring Report, City of Edmonton, 2016)

Employment areas in the City are dispersed, with 57% of employment in the core of the city. Key employment areas outside the core area include the South, Southeast, Winterburn, and Northwest Industrial areas. Employment projections for the City of Edmonton indicate that employment growth will occur at the outer edge of the city in areas such as Ellerslie Industrial in the south, and Edmonton Energy and Technology Park in the north-east. In order to accommodate a growing and diverse population, residential growth will occur in mature and established neighbourhoods as well as in new communities.

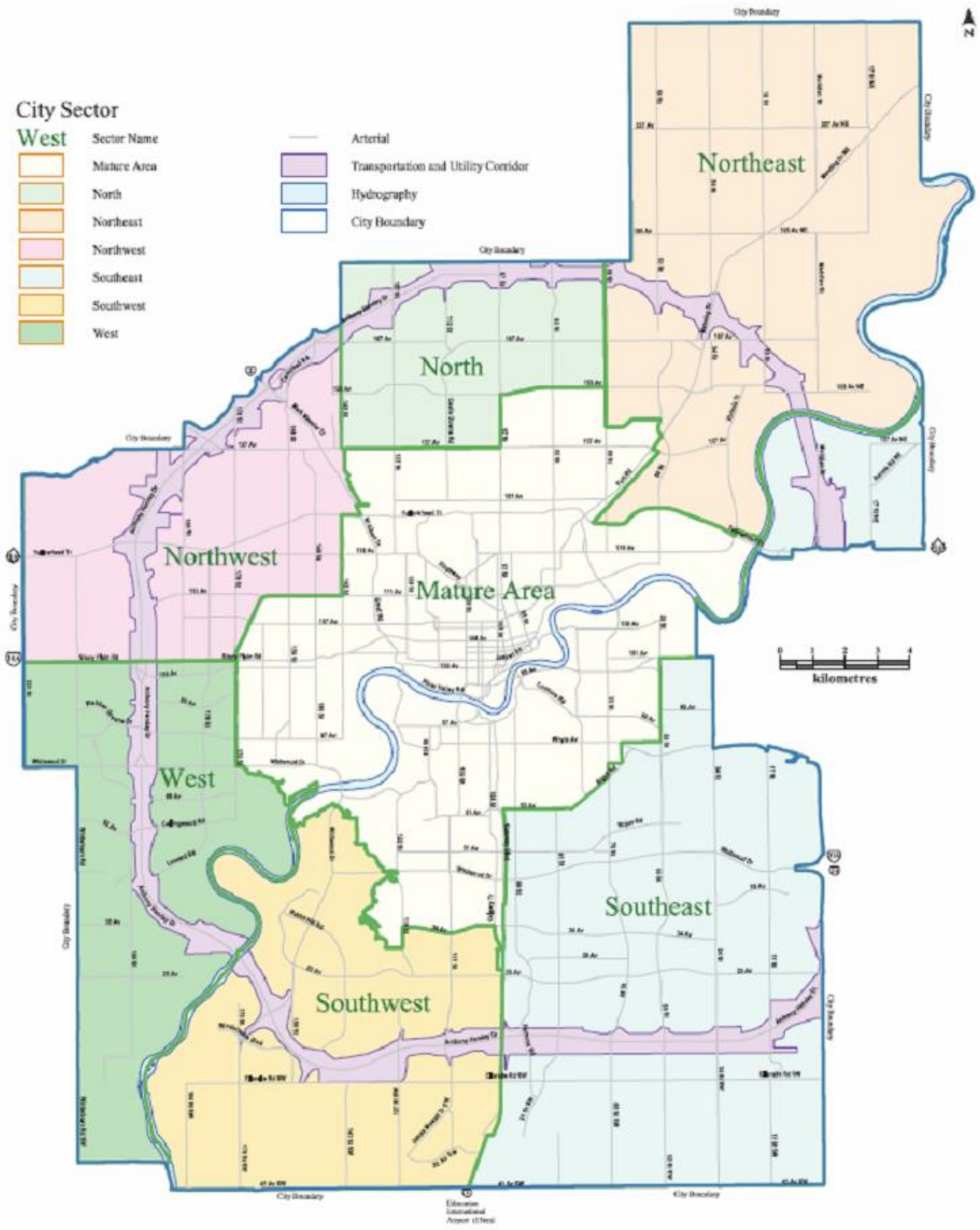
4.2 CITY OF EDMONTON NEIGHBOURHOODS

Within Edmonton, the developing neighbourhoods account for the majority of residential development and in 2015, developing neighbourhoods accounted for 82% of all residential growth. (Source: Annual Growth Monitoring Report, City of Edmonton, 2016). A total of 105 neighbourhoods (planned and developing) are in approved Area Structure Plans. 84 neighbourhoods have approved Neighbourhood Structure Plans (NSP). A total of 62 neighbourhoods are currently available for residential construction.

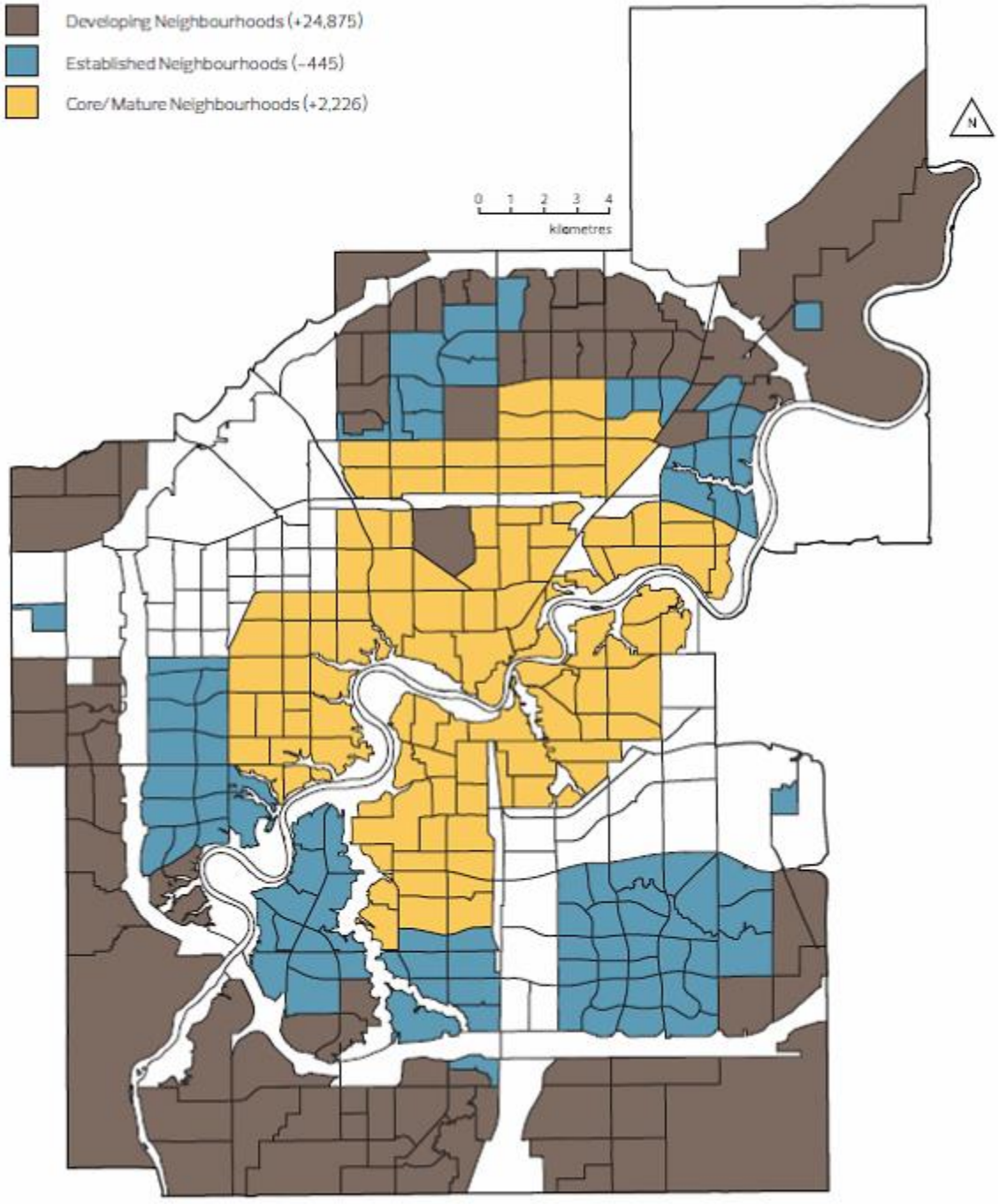
As of December 2015 there were:

- 41 neighbourhoods under development
- 21 neighbourhoods at the planned stage (no approved NSP)
- 43 neighbourhoods with 95-100% of the low density residential completed.

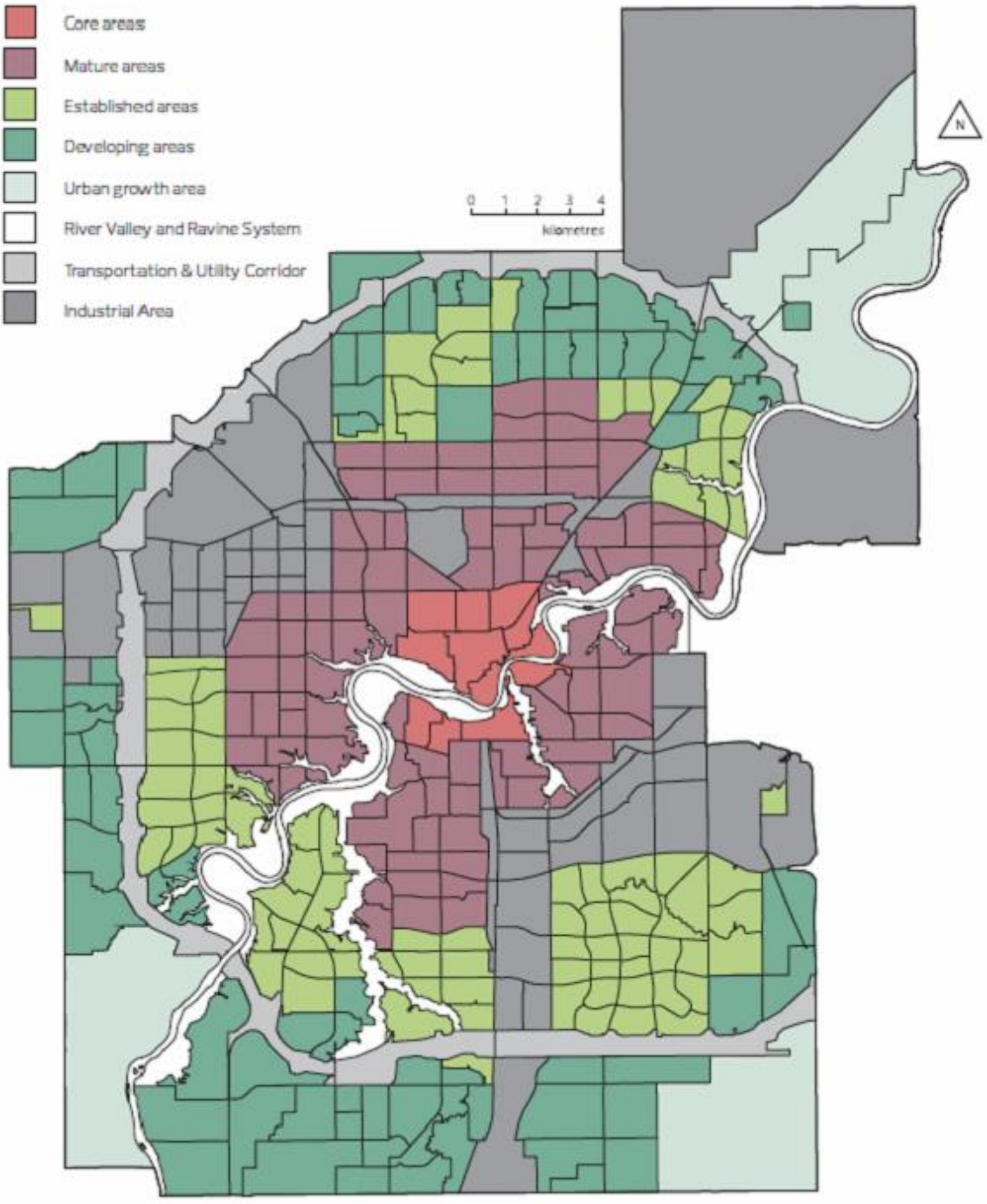
Of the 41 developing neighbourhoods: 6 neighbourhoods had no development started, 6 neighbourhoods were less than 25% complete, 25 neighbourhoods between 25-74% complete, and 4 neighbourhoods were 75-94% complete. Typically, low-density lots are absorbed faster than higher density lots. However, in recent years, medium-density lots have been developed at the same rate as low-density units, so that low-density lot completion has begun to approximate full residential completion of a neighbourhood. In the meantime, estimates of population change by City sector in 2015 were prepared. Neighbourhoods in the developing sector had nearly all the population gains with an estimated increase of nearly 25,000. Mature sector neighborhoods gained an estimated 2,200 while the established sector had a population loss of an estimated 400. The following maps show the distribution of areas in the city by type and density, as well as change over the recent period. This illustrates higher densities in the more urban areas, yet also greater growth in the outer areas.


City Sector
West
Sector Name
Mature Area
North
Northeast
Northwest
Southeast
Southwest
West
Arterial
Transportation and Utility Corridor
Hydrography
City Boundary
Northeast
North
Northwest
Mature Area
West
Southeast
Southwest
kilometres

POPULATION CHANGE BY SECTOR (2015)



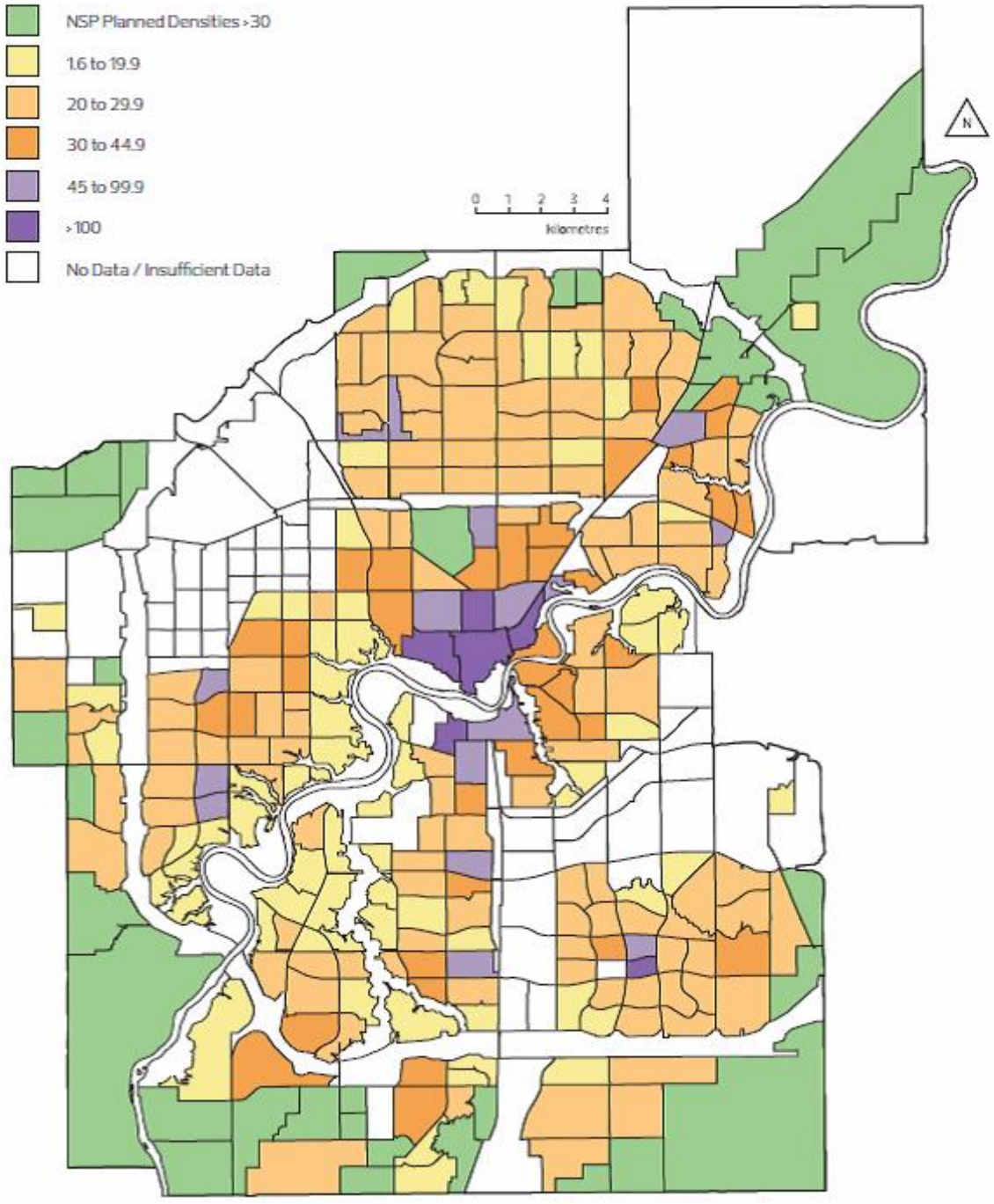
NEIGHBOURHOOD CLASSIFICATION



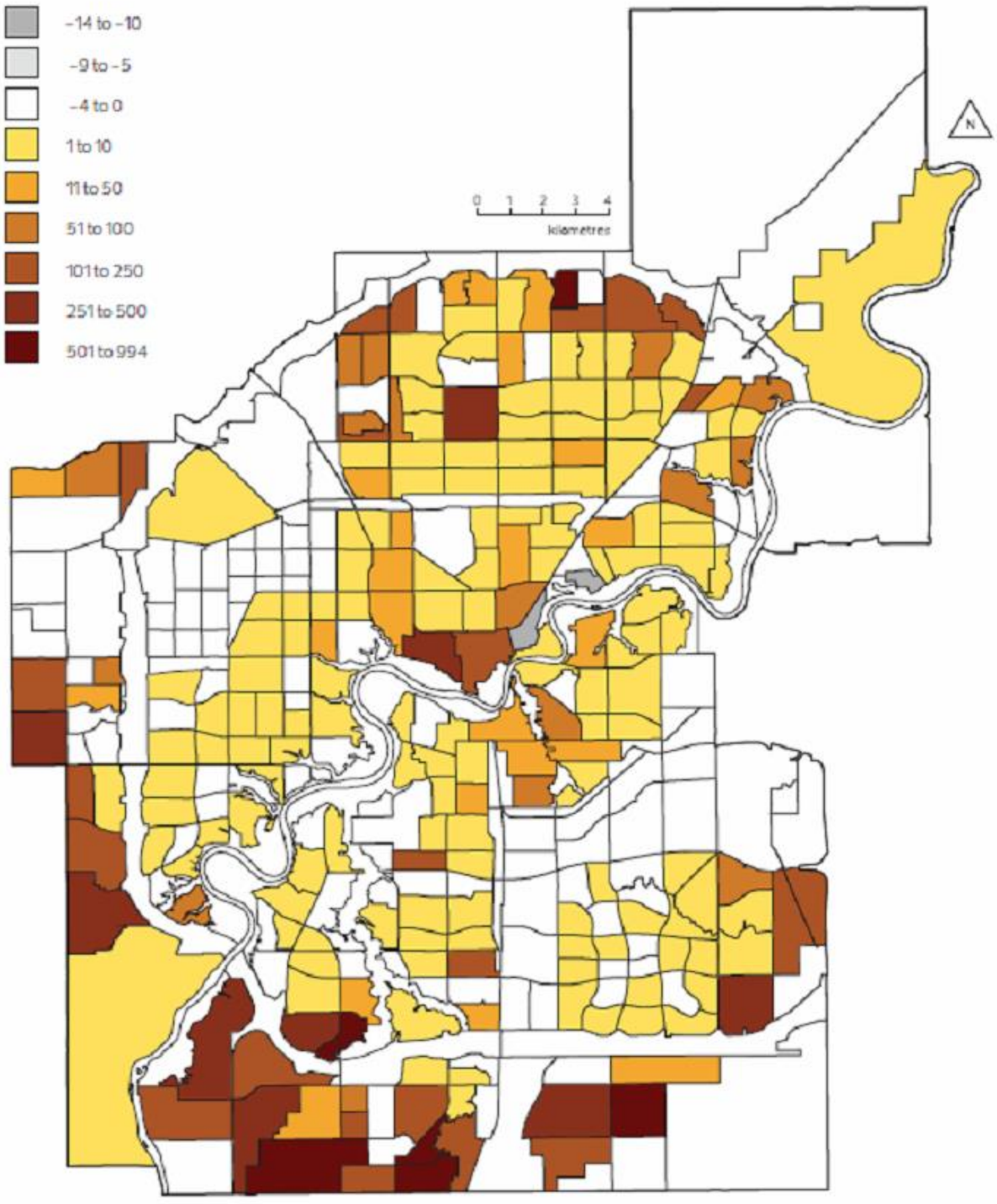
Neighbourhood Classifications in this report are as per "The Way We Grow" Municipal Development Plan (2008) unless otherwise noted.
Minor variances may occur due to land use and existing bylaws

DWELLING UNIT DENSITY

(AS PER 2014 MUNICIPAL CENSUS)



DWELLING UNIT CHANGE 2014-2015



Source: City Of Edmonton, 2015 Building Permit Data www.edmonton.ca/ growthanalysis

4.3 PLANNING POLICY IMPACTING STUDY AREA

The Way Ahead, Edmonton's Strategic Plan, has established a vision for a more dense and sustainable, yet livable, city where more people walk, cycle, and use transit more than they do today. In pursuit of this vision, *The Way We Move*, Edmonton's Transportation Master Plan, calls for the integration of land use and transport in order to create a sustainable, accessible, safe and economically viable city higher density development (townhouses, apartments, and mixed use developments) focused along corridors and at transit stations and centres.

The corridor land use study is in accordance with *The Way We Grow, The Way We Move* and in alignment with Edmonton's Transit Oriented Development (TOD) Guidelines.

The Norwood corridor study area falls within Spruce Avenue, Alberta Avenue, Parkdale, Cromdale, McCauley and Central McDougall neighbourhoods. These are mature neighbourhoods, which include a mix of land uses (residential, commercial, etc.), densities, and housing types. The corridor, which is designated as an arterial roadway, serves as a major 'connector' between these neighbourhoods and provides a major east-west city through-route function. The corridor is well travelled by both vehicles and buses. The boundary of the corridor study generally encompasses the length of 111 Avenue and 112 Avenue from 109 Street in the west to 82 Street in the east.

The Norwood Boulevard Corridor Study is informed by the City of Edmonton's Transit Oriented Development (TOD) Guidelines, which provide the City, businesses and citizens the opportunity to plan ahead for the integration of transit and land use. The corridor study area is influenced by two LRT stations: the Kingsway/Royal Alexandra LRT station to the west, and Stadium LRT station to the east.

The **Kingsway/Royal Alexandra LRT station** is identified as an "Institution" station area type, which are anticipated to develop with the following characteristics:

- Maintain/strengthen existing campus and/or recreation functions;
- Neighbourhood serving retail at stations -- eating and drinking establishments, convenience retail, small grocery and drug stores; and
- Improved pedestrian and bicycle connectivity to surrounding neighbourhoods.

The **Stadium LRT station** is identified as an "Enhanced Neighbourhood" station area type, which are anticipated to develop with the following characteristics:

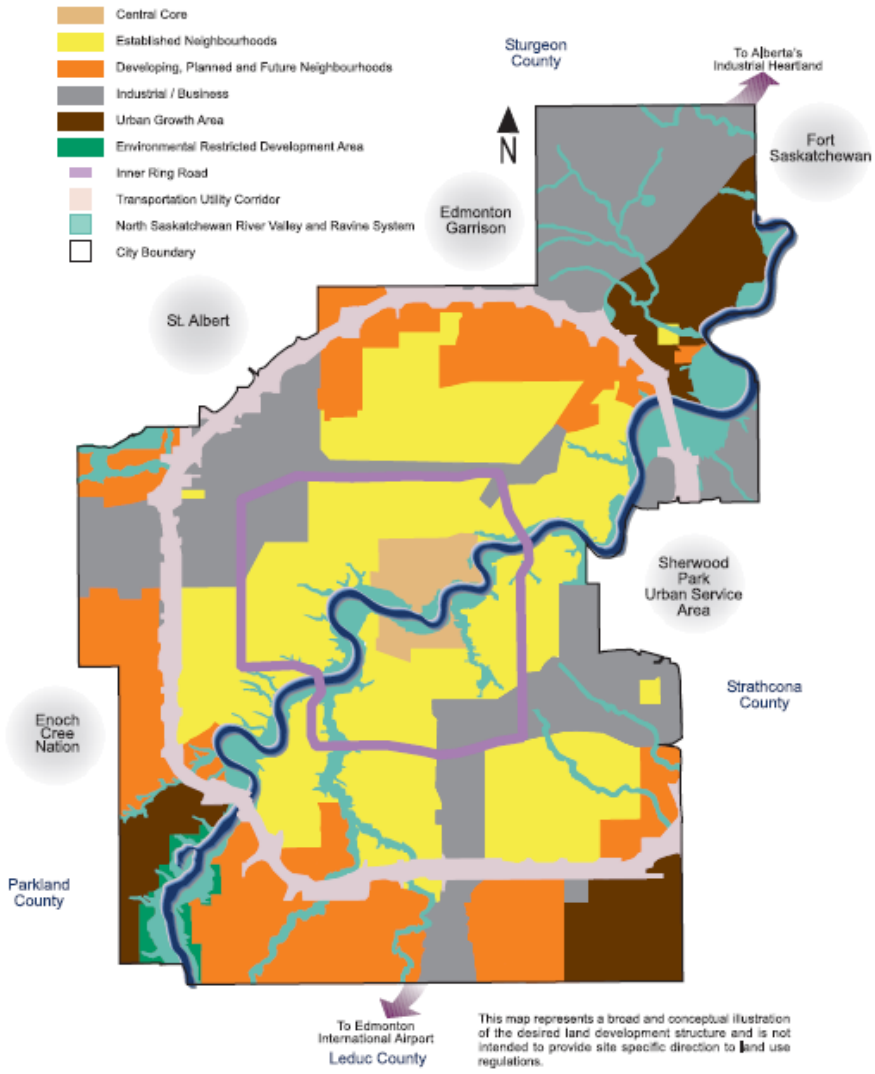
- Higher density residential;
- Neighbourhood serving street-oriented retail shops -- grocery and drug stores and other anchor retail;
- Neighbourhood employment -- professional offices and services;
- Urban parks;
- Street grid throughout

4.4 EDMONTON LAND USE PLANNING

The City of Edmonton's The Way We Grow Municipal Development Plan (2010) provides a city-building framework that acknowledges the City's long term costs for infrastructure and operations that arise from land use decisions and optimizes current and future public investments. The Plan encourages development of vibrant transit oriented development nodes and corridors and over time will offer a wider range of housing and working choices associated with availability of transit.

The Transportation Master Plan -- The Way We Move -- outlines a major expansion of the light rail transit (LRT) system to move toward a sustainable transportation system. Integrating transit and land use provides direction for denser development around LRT stations, transit centres and transit avenues. This integration will allow Edmonton to support a sustainable transit system and concentrate Edmonton’s future urban form. The following land development map for Edmonton shows the established areas within the city, including the central core, surrounded by the established / mature neighbourhoods (including the study area), and surrounded by outer developing neighbourhoods.

Map 2: Land Development Map of Edmonton

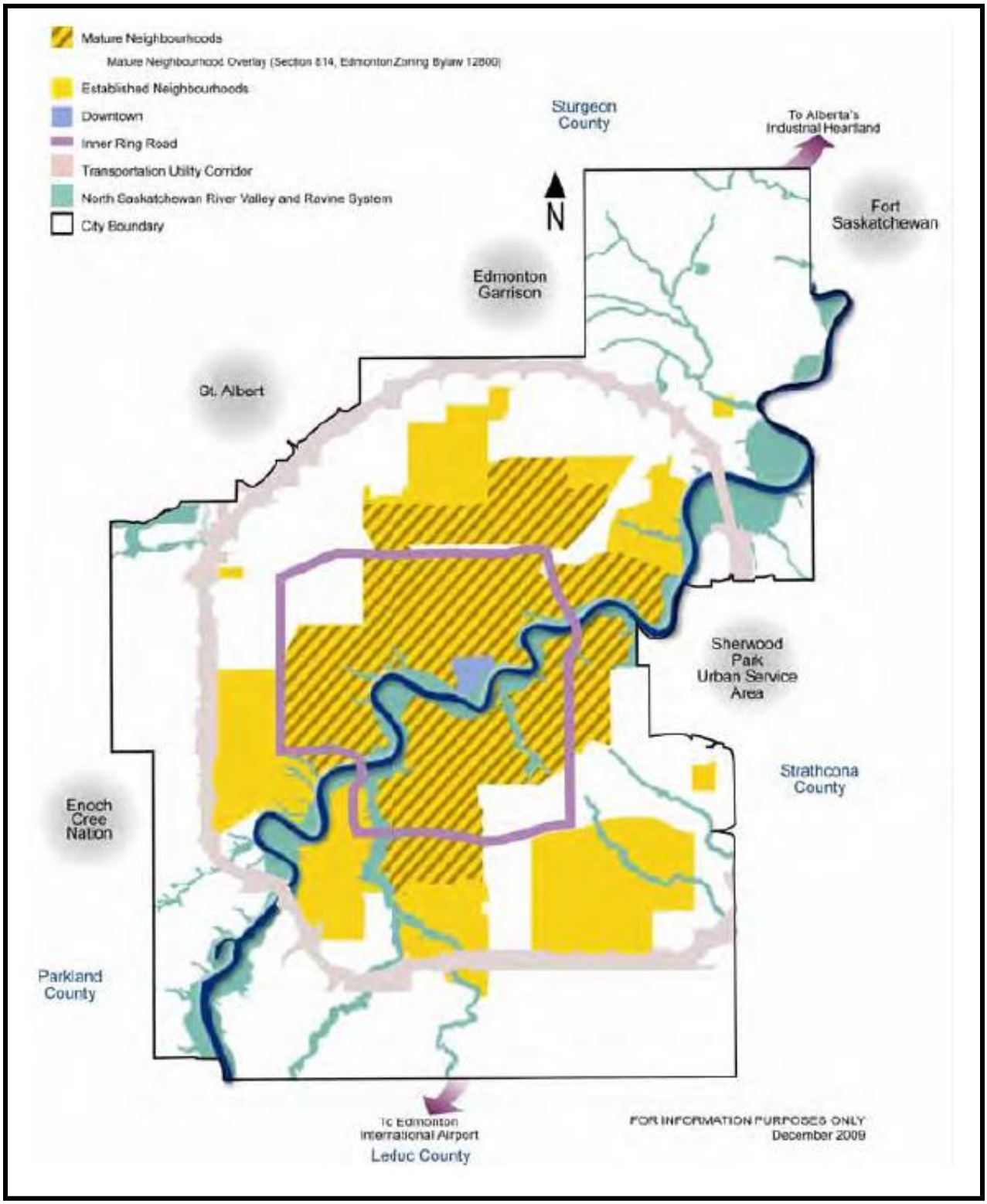


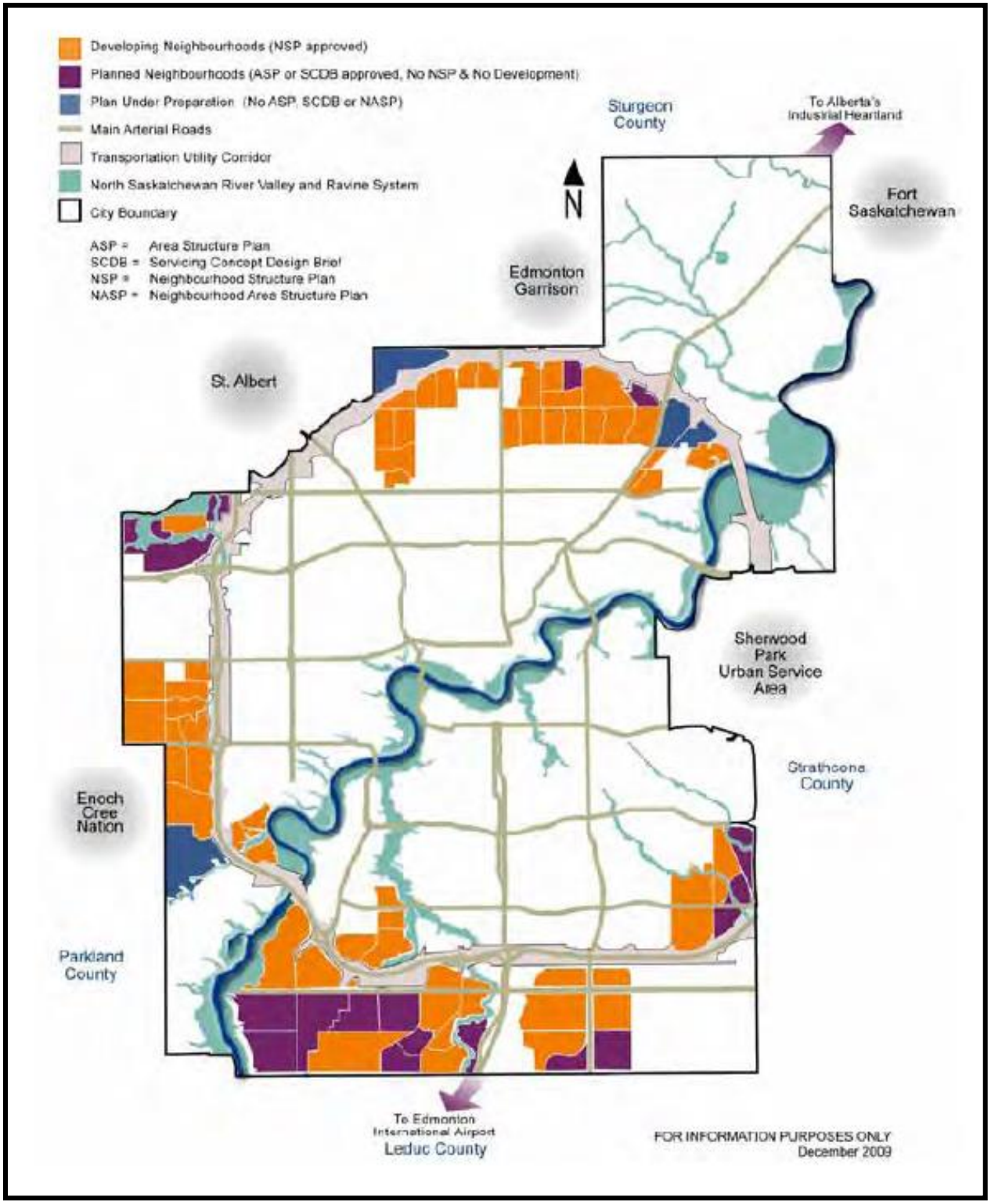
The following text is taken from City of Edmonton's *The Way We Grow: Growth Coordination Strategy* (2012).

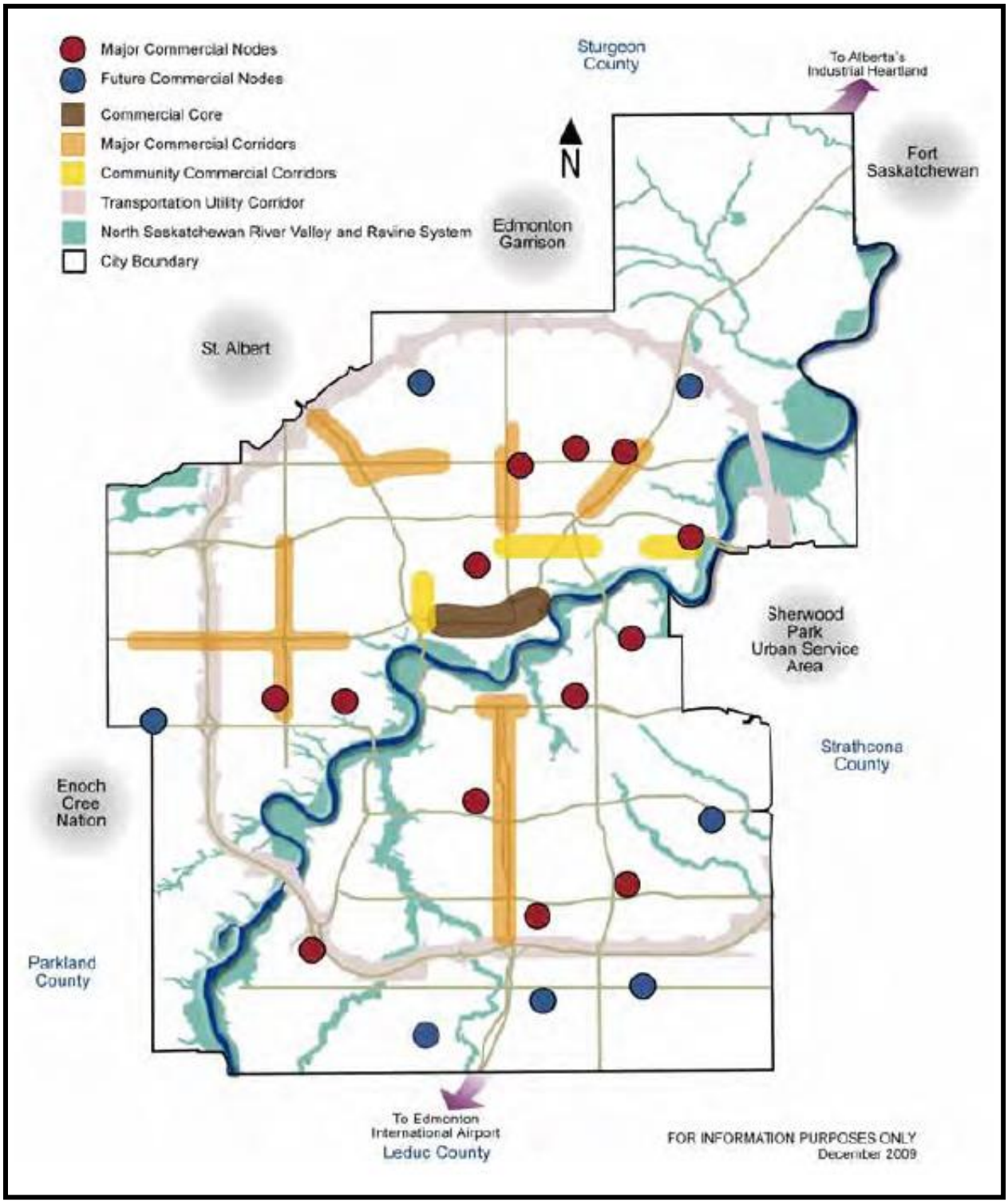
> *"The Growth Coordination Strategy builds on the 2010 The Way We Grow Edmonton Municipal Development Plan (MDP), and assists with implementing the MDP. The MDP includes goals and policies to direct growth to cores, encourage more Transit Oriented Development, and integrate transit and land uses. The Growth Coordination Strategy provides a new way of integrating internal processes and working with partners to accommodate expected growth and by choosing to grow in a way that is financially, environmentally and socially sustainable. The majority of new dwelling units in the city occur in new neighbourhoods.*

"The mature and established neighbourhoods have a relatively fixed amount of low-density housing (single and semi-detached), but they have the ability to increase densities through infill development. New communities provide affordable low-density housing options for people moving to and within the city. Within new neighbourhoods, single and semi detached units account for about 65-85% of all dwelling units. Over the last ten years there are typically 30-35 neighbourhoods actively under development. These neighbourhoods are located in all sectors of the City and are in various stages of development. This number of active neighbourhoods allows developers to respond to different market conditions and provide people with a range of housing options located close to the City's major business/employment areas.

"Edmonton's developing and planned neighbourhoods have evolved to offer a wide range of housing options and higher densities, with improved access to employment and commercial opportunities. Communities are being planned to meet and exceed density targets that have been set out by the Capital Region Plan, and have convenient access to range of easily accessible amenities either within a single neighbourhood or a group of neighbourhoods via a range of transportation modes."


Mature Neighbourhoods
Mature Neighbourhood Overlay (Section 814, Edmonton Zoning Bylaw 12800)
Established Neighbourhoods
Downtown
Inner Ring Road
Transportation Utility Corridor
North Saskatchewan River Valley and Ravine System
City Boundary
N
Sturgeon County
To Alberta's Industrial Heartland
Fort Saskatchewan
Edmonton Garrison
St. Albert
Sherwood Park Urban Service Area
Strathcona County
Enoch Cree Nation
Parkland County
To Edmonton International Airport
Leduc County
FOR INFORMATION PURPOSES ONLY
December 2009


Developing Neighbourhoods (NSP approved)
Planned Neighbourhoods (ASP or SCDB approved, No NSP & No Development)
Plan Under Preparation (No ASP, SCDB or NASP)
Main Arterial Roads
Transportation Utility Corridor
North Saskatchewan River Valley and Ravine System
City Boundary
ASP = Area Structure Plan
SCDB = Servicing Concept Design Brief
NSP = Neighbourhood Structure Plan
NASP = Neighbourhood Area Structure Plan
N
Sturgeon County
To Alberta's Industrial Heartland
Fort Saskatchewan
Edmonton Garrison
St. Albert
Sherwood Park Urban Service Area
Strathcona County
Enoch Cree Nation
Parkland County
To Edmonton International Airport
Leduc County
FOR INFORMATION PURPOSES ONLY
December 2009


Major Commercial Nodes
Future Commercial Nodes
Commercial Core
Major Commercial Corridors
Community Commercial Corridors
Transportation Utility Corridor
North Saskatchewan River Valley and Ravine System
City Boundary
Sturgeon County
To Alberta's Industrial Heartland
N
Fort Saskatchewan
Edmonton Garrison
St. Albert
Sherwood Park Urban Service Area
Strathcona County
Enoch Cree Nation
Parkland County
To Edmonton International Airport
Leduc County
FOR INFORMATION PURPOSES ONLY
December 2009

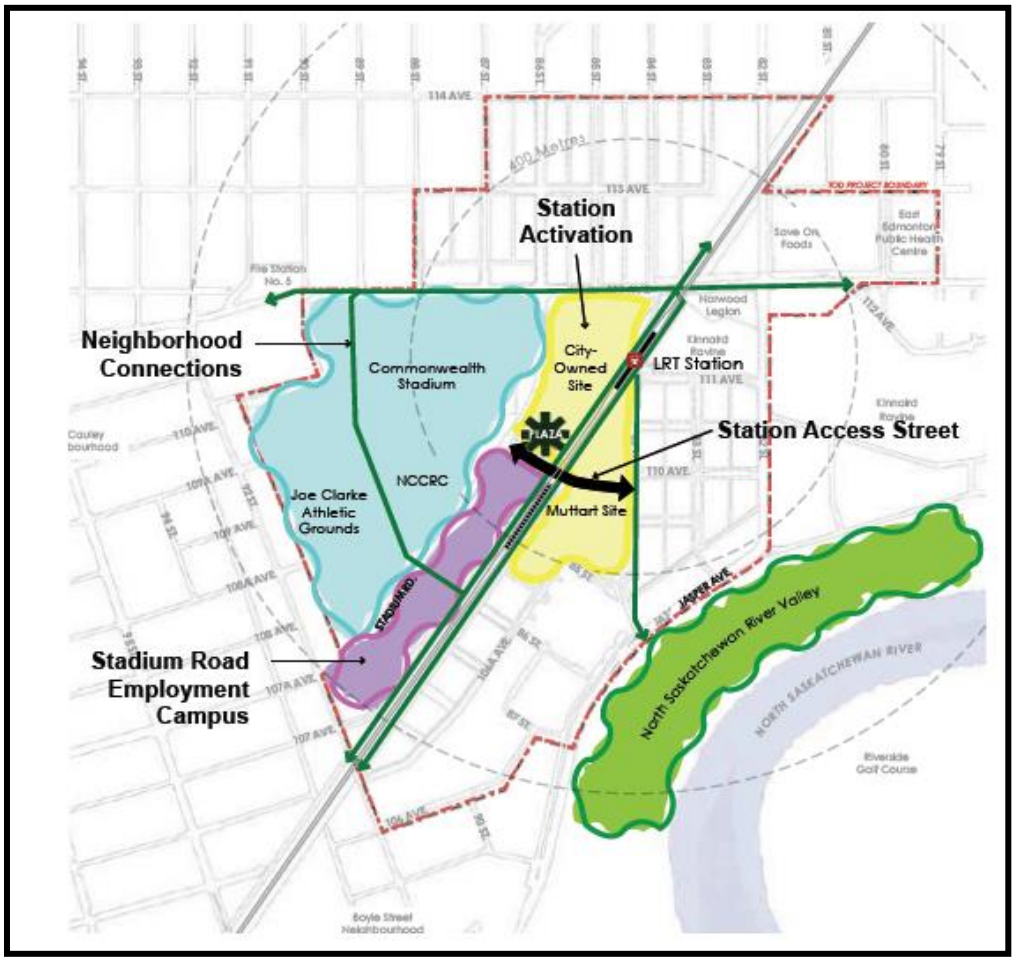
4.5 LOCAL AREA PLANS

4.5.1 STADIUM STATION AREA REDEVELOPMENT PLAN

The following information including concept plan is taken from the Stadium Station Area Redevelopment Plan, Public Open House presentation boards, January 28, 2016. (The main private sector developer is Brookfield Development.)

> *"The Stadium Station Area Redevelopment Plan (ARP) will provide a clear vision and planning framework for future development within the Stadium neighbourhoods over the next 15-20 years. The goal of this ARP is to enhance business and have more residential in the area, capitalizing on the presence of the existing Stadium Station LRT Station through transit-oriented development (TOD). One of the major components of the new plan will be a 'main street' running east-west across the LRT tracks just south of Stadium Station. This 'main street' will create a gateway through to Jasper Avenue, connecting new and existing housing with the LRT, Commonwealth Stadium, Community Recreation Centre, the river valley and Kinnard Ravine. Improve connections to the station and encourage private sector investment in the station area by establishing safe, direct, and convenient connections to neighbourhood amenities."*

The following figure shows the conceptual land use framework for the area; the land use plan will ultimately be prepared with refined planning designations and policies.



4.5.2 NORWOOD NEIGHBOURHOOD IMPROVEMENT PLAN

The Norwood Neighbourhood Improvement Plan (NIP) was adopted in 1976, and consolidated in 2012.

In the 1970s, the area was described as follows:

> *It is a neighbourhood in which large and well-preserved two-storey homes meld into tiny bungalows and semi-bungalows. It is a neighbourhood in which the cultures of early western settlers who have lived in Norwood since its subdivision before World War I blend with those of recent immigrants. And, it is a neighbourhood offering many of the advantages of maturity: proximity to the downtown; large, mature trees; a relatively inexpensive housing stock; and a sense of character and history.*
>
> *Norwood is also a neighbourhood which suffers from the trauma of urban growth and change. It is a neighbourhood in which deteriorated houses and other examples of the components of neighbourhood decline are plentiful, such as increasing absentee*

ownership, external impacts from civic projects, and pressures for redevelopment. At the same time, amenities such as park space and community facilities are scarce.

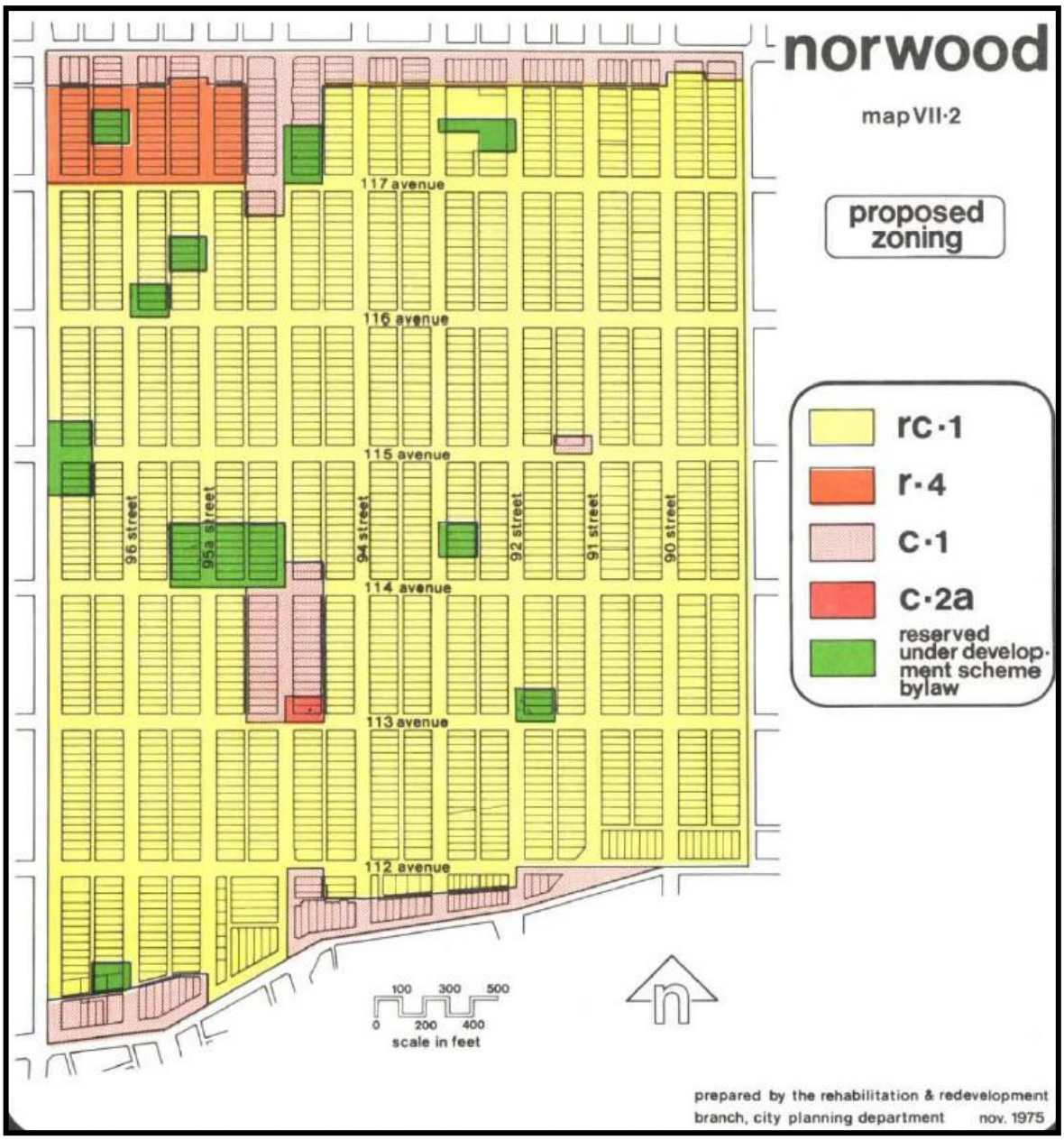
Furthermore, the plan at the time summarized the area as follows:

Norwood's close proximity to the downtown and to major institutional uses such as NAIT and the Royal Alex-Glenrose Hospital make it an attractive neighbourhood for the development of rental accommodation. To date, the majority of rental accommodation in Norwood has been provided through the conversion of existing single family residences to multiple dwelling suites. However, in light of the deteriorated condition of much of the housing stock in Norwood and the availability of R-4 land along the western and northern edges of the neighbourhood, a change in land use to medium density apartments could occur in the future. There is also a possibility that pressures for high density apartment development could occur in the commercial zones, particularly where two arterial roadways intersect, such as at 111 Avenue and 97 Street.

Norwood, although at present a viable family neighbourhood, faces an uncertain future. A high proportion of the houses are in need of rehabilitation, and the low income situation of many homeowners and the number of rental properties in the neighbourhood indicate that unless programs of home repair assistance and enforcement of minimum property standards are undertaken, the quality of the housing stock in Norwood will likely continue to decline. The attractiveness of Norwood as a family neighbourhood is also being adversely affected by arterial traffic, parking congestion from Clarke Stadium, and a lack of park space and community facilities. In spite of the influx of new families into the neighbourhood and the slowing of out-migration, it is doubtful if Norwood will be able to maintain a stable base of homeowners unless improvements to the amenities and to the quality of the residential environment are made.

Without intervention, the combined effect of a deteriorating housing stock and a deteriorating residential environment will cause the more stable elements of the population to move out. Those residents who remain, although desiring to improve their housing and maintain the neighbourhood, will be unable to overcome the external forces which seek to change the residential character of Norwood. It was in recognition of this process of change that Norwood residents sought designation as a Neighbourhood Improvement Program area. It is their hope that the downward trend

of deterioration can be reversed and that resident confidence in Norwood will be re-established through the Neighbourhood Improvement Program.



4.6 HERITAGE PLANS AND SITES

Norwood is a long-established area with associated historic buildings and features. Two heritage studies have been prepared in recent years, which explore these heritage attributes.

4.6.1 McCauley/Alberta Avenue

The City of Edmonton's Historic Resource Management Plan's main focus is to identify, protect, manage, and promote historic structures and landscapes, particularly buildings. A critical activity to support the Plan's goals is to continually maintain the Register and Inventory of Historic Resources in Edmonton. These lists, which includes properties identified as having historic significance (the Inventory) and properties legally protected through Designation Bylaws (the Register), are continually maintained, reviewed, and updated to ensure they are addressing the ever-changing landscape of heritage preservation and conservation in Edmonton. (Source: McCauley / Alberta Avenue Historic Resources Inventory, City of Edmonton, 2011)

4.6.2 Church Street

Additionally, the Church Street area was also studied - 96 Street between 106 Avenue and 111 Avenue (Norwood Boulevard) is often referenced as Church Street. This predominately residential street contains an unusually high density of churches whose spires dominate its streetscape.

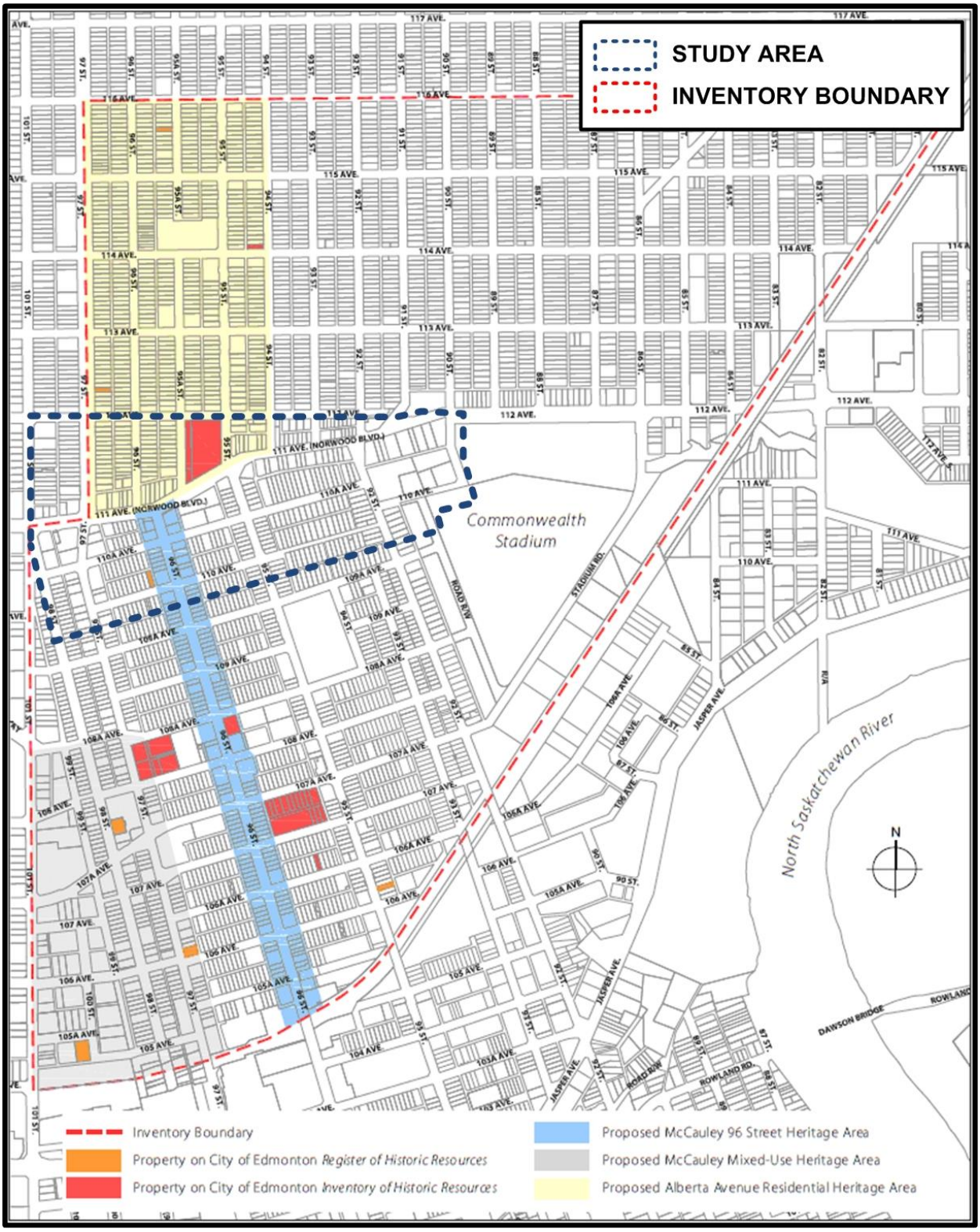
While the street has long been recognized as significant, the gradual decline of the area meant minimal investment went into the area over time. The churches continue to face declining congregations and realistic threats of closure and demolition. The City of Edmonton is currently heavily investing into the surrounding neighbourhood and commercial areas to start a revitalization process to counter the negative perceptions and issues in the area. This City-led revitalization strategy began in 2010. Church Street lies in the heart of the neighbourhood and warrants special attention due to its unique character and proximity to these commercial, recreational and residential populations. It has the potential to be a principal attraction in the area.

Efforts were undertaken to identify what could make Church Street unique and how it may be enhanced. This report speaks to the results of the public consultation process that was held to identify initiatives that could contribute to the areas preservation and long term vitality. (Source: Preserving the Special Nature of Church Street, City of Edmonton, 2014)

There is strong consensus and support for any revitalization plans that build on the strengths and the character of the area. Most of the community agreed that retaining the

existing scale, road layout and character of the street was important, but a better landscaped boulevard streetscape would be a desirable long-term outcome. The churches would remain focal points along the street, and be complemented with a mixture of housing and limited commercial in between, with a central celebration space able to hold festivals and events.

The intent of these studies was to undertake a thorough review of the area, and identify properties possessing historic significance that are not already included on the City's Inventory or Register. Maps of these areas are found on the following pages.


STUDY AREA
INVENTORY BOUNDARY
Commonwealth Stadium
North Saskatchewan River
111 AVE. (NORWOOD BLVD.)
Inventory Boundary
Property on City of Edmonton Register of Historic Resources
Property on City of Edmonton Inventory of Historic Resources
Proposed McCauley 96 Street Heritage Area
Proposed McCauley Mixed-Use Heritage Area
Proposed Alberta Avenue Residential Heritage Area

Religious Buildings of Interest:

1. Family Worship Centre
2. The Mustard Seed
3. St. John's Evangelical Lutheran Church
4. Mary Queen of the Martyrs Vietnamese Catholic Church
5. Sacred Heart of the First Peoples
6. Ansgar Lutheran Church
7. E3 Architecture and Design
8. Holy Trinity Canadian Orthodox Church
9. Cornerstone Church of God
10. First Christian Reformed
11. St. Peter's Lutheran Church Breakfast Club
12. Mui Kwok Bhuddist Temple
13. St. Josaphat's Catholic Cathedral

Other Buildings of Possible Heritage Interest:

14. Former commercial building at 11020 96 Street NW Edmonton
15. Former comemrical building at 10665 96 Street NW Edmonton
16. Former commerical building at 10566 96 Street NW Edmonton
17. Former commercial building at 10631 96 Street NW Edmonton
18. Former commerical building at10863 96 Street NW Edmonton

19. Residence at 10918 96 Street NW Edmonton
20. Residence at 10631 96 Street NW Edmonton
21. Residence at 10840 96 Street NW Edmonton
22. Residence at 10729 96 Street NW Edmonton
23. Residence at 10111 96 Street NW Edmonton
24. Residence at 10948 96 Street NW Edmonton

4.7 EDMONTON TRANSPORTATION PLANNING

Transportation infrastructure provides access to land, thereby affecting its desirability and value, while the mix and intensity of land uses results in activities that generate demands on the transportation system. Building communities around effective transit service will decrease the need for other public infrastructure investment throughout the region, and provide viable alternative transportation modes.

4.7.1 EDMONTON TRANSPORTATION MASTER PLAN

The 2009 Edmonton Transportation Master Plan Transportation Strategic Goals were specifically developed to express the intent for the future of Edmonton's transportation system. These Transportation Strategic Goals express the holistic, city-wide, long term vision for the future of the transportation system:

- Transportation and Land Use Integration
- Access and Mobility
- Transportation Mode Shift
- Sustainability
- Health and Safety
- Well-Maintained Infrastructure
- Economic Vitality

The Transportation Strategic Goals were developed in coordination with *The Way We Grow* Municipal Development Strategic Goals to ensure the goals of the TMP and MDP were mutually supportive toward achievement of the City Vision.

4.7.2 LIGHT RAIL TRANSIT NETWORK

In 2009, Edmonton City Council adopted a long-term LRT Network Plan that defines the future size, scale and operation of Edmonton's LRT system. The LRT Network Plan balances Edmonton's long-term transportation needs to grow sustainably and create a compact, integrated urban environment featuring a high-quality, accessible transportation mode.

The following text is taken from the City of Edmonton's Transit Oriented Development Guidelines (2012):

The Way We Move -- Edmonton's Transportation Plan -- supports public transit as a means to decrease other public infrastructure investment. It provides viable alternative transportation modes to reduce Edmonton's carbon and ecological footprint. The plan states that effective transit services and transit oriented development along an expanded

LRT are essential to successfully achieving the City Vision. The TOD Guidelines align with these plans, aiding Edmonton's 30-year agenda to:

- Improve livability
- Shift transportation modes
- Sustain the environment
- Transform urban form
- Diversify Edmonton's economy

Transit's role as a shaper of urban form can be as important as its transportation function. The type and nature of development around transit greatly influences transit's effectiveness. The success of Edmonton's expanded transit system is dependent on the development of supportive land use and circulation around the City's transit investments. Transit is most successful when supported by land use policies that generate transit ridership.

4.8 EDMONTON TRANSIT ORIENTED DEVELOPMENT GUIDELINES

The following text is taken from the City of Edmonton's Transit Oriented Development Guidelines (2012):

4.8.1 TOD GUIDELINES

The TOD Guidelines are the framework for planning ahead for the integration of transit and land use in station areas. The Guidelines support transit oriented development and promote private development, public policies, regulations, and infrastructure investments by:

- Locating higher density development close to LRT stations and transit centres.
- Locating major trip generators (office buildings, shopping streets, schools, and entertainment facilities) close to transit.
- Encouraging station-specific mix of land uses to let people live and shop near their jobs.
- Encouraging high-quality projects.
- Providing facilities that ensure the efficient, safe and convenient transfer of passengers between transit modes.
- Planning for the creation of an attractive, green city.

The City of Edmonton defines transit oriented development (TOD) as urban development that is planned and integrated with a transit station at its core. In a TOD, housing, shopping and employment are concentrated along a network of walkable and bikeable

streets within 400 metres of the transit station. Creating TOD requires the creation of a complete neighbourhood in which land uses are located according to market fundamentals, integrated with pedestrian, bicycle, auto and transit networks.

Some key concepts include:

- Station Hub - The area within 200 metres of the transit station includes the highest intensity of trip-generating retail, employment and commercial uses.
- Station Neighbourhood - The area within 400 metres of the transit station is critical in the development of successful TOD. The 400 metre area represents a five-minute walk to the station. This area generates 70% to 80% of the station's walk-up ridership.
- Area of Influence - The area within 800 metres of the LRT platform influences the character of the station neighbourhood and provides additional transit ridership.
- The TOD–LRT Connection - The potential for developing TOD is highest around stations served by light rail transit because this mode has: long-term infrastructure permanence, and frequent service.

4.8.2 TRANSIT AND LAND USE PRINCIPLES

The principles for integrating transit and land use in the areas around LRT stations and transit centres support the City of Edmonton's strategic plans.

GUIDING PRINCIPLES

- Establish land uses around LRT stations and transit centres to reflect the characteristics of surrounding areas and each station's role in the LRT network.
- Focus higher density residential, retail and employment growth around LRT stations and transit centres to support City investment in transportation infrastructure.
- Create a safe, direct and convenient circulation system for all modes of transportation, with an emphasis on pedestrians and bicycles, that connects destinations.

SUPPORTING PRINCIPLES

- Create a variety of public open spaces that will animate the station platform and support increased densities within LRT station areas.
- Incorporate universally accessible design in buildings and public spaces within the station neighbourhood.
- Accommodate regional growth in a more sustainable pattern.

  - Create compact neighbourhoods with housing, jobs, shopping and services within convenient walking distance of transit stations.
- Plan for well-designed, environmentally sustainable and livable communities that reduce car use.

4.8.3 LAND USE AND INTENSITY AND PUBLIC REALM GUIDELINES

The TOD Guidelines will be used to evaluate rezoning applications on sites within 400 metres of existing or planned LRT stations or transit centres. In these situations, the Land Use Type and Intensity Guidelines will be used to evaluate whether the proposed location and intensity of the development are appropriate, based on the Station Type. The Guidelines also provide land use expectations. These will be used in preparing and amending Plans for Station Areas both in infill and greenfield situations within 800 metres of the existing or planned stations. When applying the Land Use and Intensity Guidelines, the size of the site takes precedence over the location of the site when determining residential density.

The TOD Guidelines are used as a basis for rezoning large sites greater than or equal to one hectare, or creating new or amending statutory plans within 800 metres of an LRT station or 400 metres of a transit centre. The exact boundaries of the station area plan vary from the 800-metre radius—especially for infill stations—depending on existing uses, development potential and other factors. The TOD Guidelines are used in these situations to direct the location and design of elements in the Public Realm.

4.8.4 RELATIONSHIP BETWEEN THE TOD GUIDELINES, STATION AREA PLANS, AND EXISTING PLANS

Where a Station Area Plan has been approved, the TOD Guidelines would no longer apply to the area outside the plan boundary but within 400 metres of the station. In mature neighbourhoods, the Residential Infill Guidelines will apply. A Station Area Plan may be undertaken within an area governed by an existing approved Area Redevelopment Plan, Neighbourhood Structure Plan, or Neighbourhood Area Structure Plan. Those plans would be expected to be amended to incorporate the TOD principles and applicable guidelines.

The Centre Station Area Guidelines allow a blend of appropriate station and residential supportive uses. They ensure development in these areas is of an appropriate density, scale, and form for all development opportunity sites. The uses allowed in the Centre Station Areas will include retail, office, commercial and higher density residential. Retail uses are expected to be the predominant use, with a minor proportion of commercial and

office uses. New development will focus around a corridor serving street-oriented retail centre. Residential use is desirable around these new centre areas particularly as transitional elements when adjacent or in proximity to mature neighbourhoods.

4.9 EDMONTON LRT NETWORK AND STATION AREAS

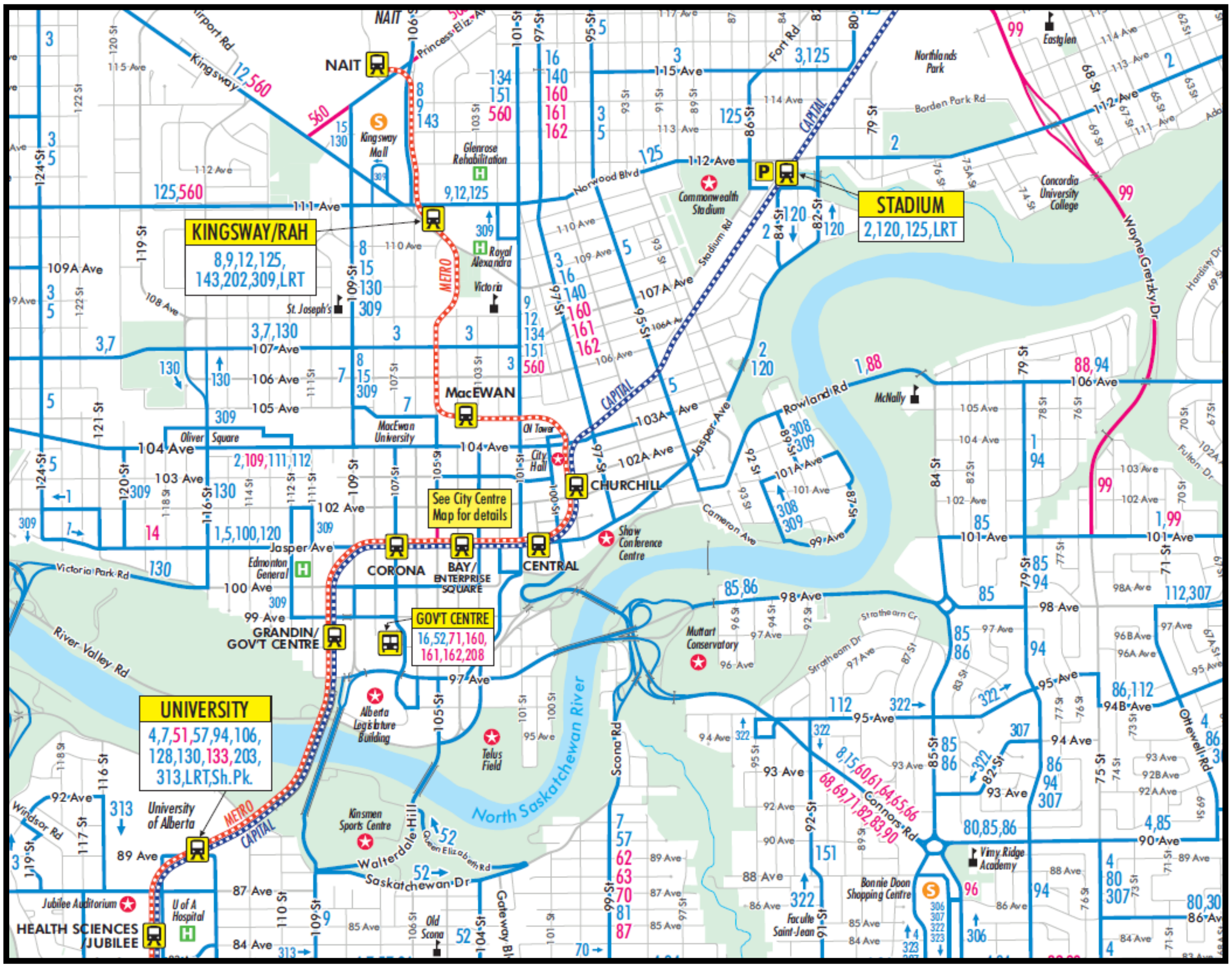
4.9.1 EDMONTON LRT NETWORK

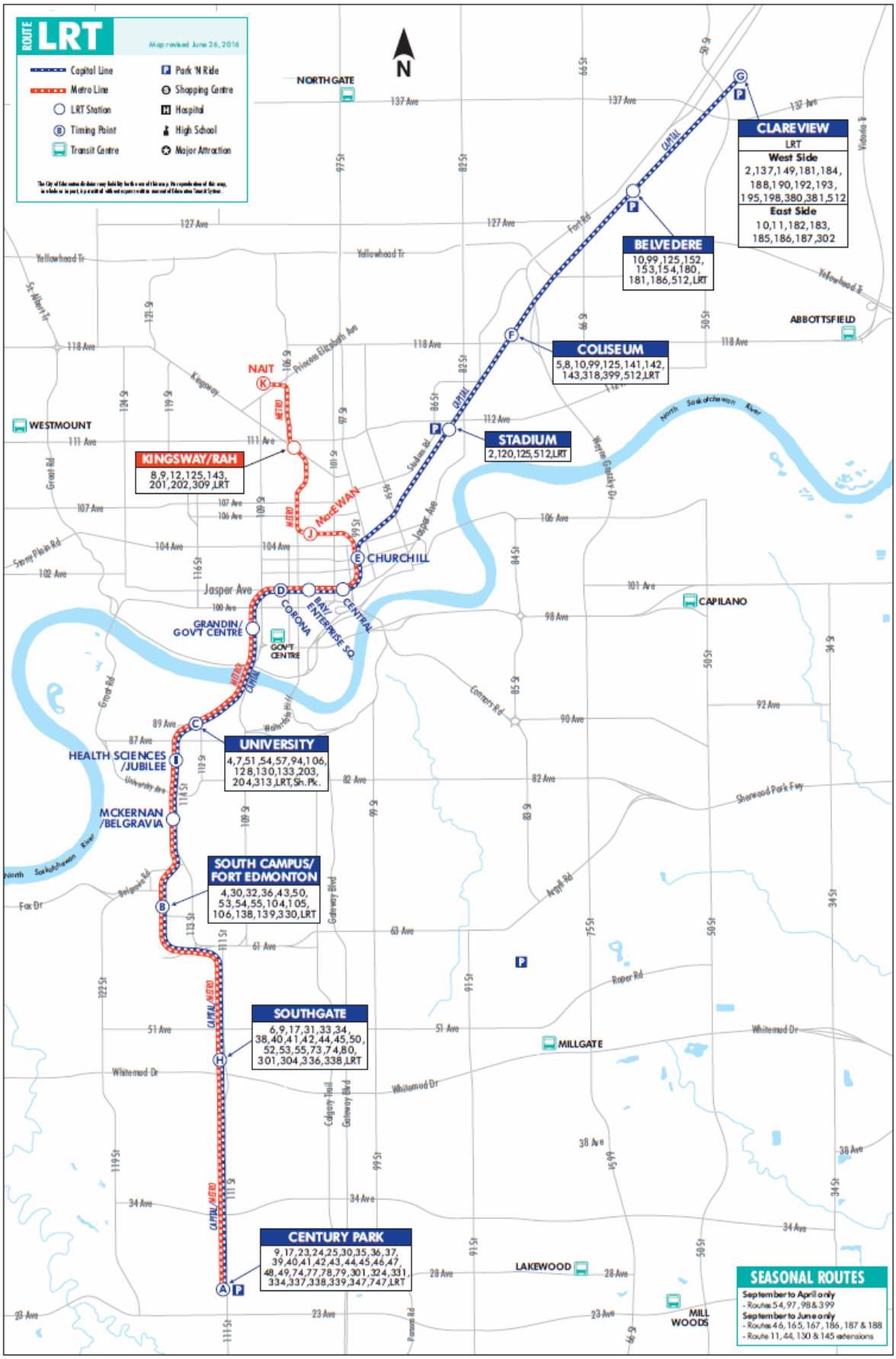
In 2009, City Council adopted a long-term LRT Network Plan that defines the future size, scale, and operation of the regional LRT system. Eventually, the LRT network will have six lines extending to the Northwest, Northeast, East, Southeast, South, and West. The LRT Network Plan supports overarching policy direction by making downtown Edmonton the focal point of the LRT system.

The LRT operates between 5:00 am and 1:00 am daily. Trains run on a five-minute frequency during rush hour, ten-minute frequency midday and Saturdays, and on a fifteen-minute frequency in the evening and on Sundays.

The system comprises a single 21-kilometre line, the Capital Line, running from northeast Edmonton to south Edmonton via Downtown. A second line, the Metro Line, connecting Downtown with northwest Edmonton was completed in 2014. In addition there are further plans to create a new 27-kilometre line that will extend to Mill Woods Town Centre in the southeast part of the city and to Lewis Farms in the west end of the city.

The following map shows the LRT transit station network for the city. Kingsway / RAH station on the Metro Line is located on the western side of the study area, and Stadium station on the Capital Line is located to the east. It is clear that the study area is very well located in the inner urban part of the city.


NAIT
KINGSWAY/RAH
8,9,12,125,
143,202,309,LRT
STADIUM
2,120,125,LRT
MacEWAN
See City Centre
Map for details
CHURCHILL
CORONA
BAY/
ENTERPRISE
SQUARE
CENTRAL
GRANDIN/
GOV'T CENTRE
GOV'T CENTRE
16,52,71,160,
161,162,208
UNIVERSITY
4,7,51,57,94,106,
128,130,133,203,
313,LRT,Sh.Pk.
HEALTH SCIENCES
/JUBILEE
Kingsway Mall
Glenrose Rehabilitation
Royal Alexandra
Commonwealth Stadium
Northlands Park
Concordia University College
Eastglen
McNally
Shaw Conference Centre
Alberta Legislature Building
Telus Field
Muttart Conservatory
Kinsmen Sports Centre
Bonnie Doon Shopping Centre
Faculte Saint-Jean
Vimy Ridge Academy
Jubilee Auditorium
U of A Hospital
University of Alberta
Edmonton General
North Saskatchewan River
River Valley Rd
Saskatchewan Dr
Walterdale Hill
Gateway Blvd
Scona Rd
Connors Rd
Rowland Rd
Jasper Ave
Kingsway
Norwood Blvd
Wayne Gretzky Dr
Fort Rd
Stadium Rd
Victoria Park Rd
Cameron Ave
Strathearn Dr
Ottewell Rd
Borden Park Rd
METRO
CAPITAL


ROUTE LRT
Map revised June 26, 2016
Capital Line
Metro Line
LRT Station
Timing Point
Transit Centre
Park 'N Ride
Shopping Centre
Hospital
High School
Major Attraction
N
NORTH GATE
CLAREVIEW
LRT
West Side
2,137,149,181,184,188,190,192,193,195,198,380,381,512
East Side
10,11,182,183,185,186,187,302
BELVEDERE
10,99,125,152,153,154,180,181,186,512,LRT
COLISEUM
5,8,10,99,125,141,142,143,318,399,512,LRT
ABBOTTSFIELD
STADIUM
2,120,125,512,LRT
NAIT
WESTMOUNT
KINGSWAY/RAH
8,9,12,125,143,201,202,309,LRT
MacEWAN
CHURCHILL
Jasper Ave
GRANDIN/ GOVT CENTRE
GOVT CENTRE
CORONA
BAY/ENTERPRISE SQ.
CENTRAL
CAPILANO
UNIVERSITY
4,7,51,54,57,94,106,128,130,133,203,204,313,LRT,Sh.Pk.
HEALTH SCIENCES /JUBILEE
MCKERNAN /BELGRAVIA
SOUTH CAMPUS/ FORT EDMONTON
4,30,32,36,43,50,53,54,55,104,105,106,138,139,330,LRT
SOUTHGATE
6,9,17,31,33,34,38,40,41,42,44,45,50,52,53,55,73,74,80,301,304,336,338,LRT
MILLGATE
CENTURY PARK
9,17,23,24,25,30,35,36,37,39,40,41,42,43,44,45,46,47,48,49,74,77,78,79,301,324,331,334,337,338,339,347,747,LRT
LAKEWOOD
MILL WOODS
SEASONAL ROUTES
September to April only
- Routes 54, 97, 98 & 399
September to June only
- Routes 46, 165, 167, 186, 187 & 188
- Route 11, 44, 130 & 145 extensions

4.9.2 STATION AREA PLANS

As defined in City of Edmonton policies, the City supports Transit Oriented Development that:

1. Establishes land uses around LRT stations and transit centres to reflect the characteristics of surrounding areas and each station or centre's role in the network.
2. Focuses medium and higher density residential, retail and employment growth around LRT stations and transit centres to support City investment in transportation infrastructure.
3. Creates a safe, direct and convenient circulation system for all modes of transportation, with an emphasis on public transit, pedestrians and bicycles that connects people and places.
4. Grows through collaboration, cooperation, partnerships, public information and education programs.
5. Increases transit ridership and reduces the number of automobile kilometers driven.

Encouraging Transit Oriented Development is done through preparing station area plans and other associated actions and investments. Station Area Plans (SAP) guide and regulate development, redevelopment, and public realm improvements within 800 metres of an LRT Station area. Each Station Area Plan establishes a specific vision for transit oriented development. It is specific to the identified land use intentions and sensitive to the character and features of surrounding neighbourhoods. A Station Area Plan guides the transformation of a station area into a vibrant and attractive, higher density, mixed-use, walkable and transit-oriented precinct. The mix of uses identified in the plan will depend on the station area's existing conditions, redevelopment potential, and city-wide context.

Station Area Plans are developed to:

- Increase transit ridership.
- Establish a clear identity.
- Provide transit-supportive land uses and densities, including a mix of employment and retail uses and housing opportunities.
- Ensure safe and convenient pedestrian and bicycle access between uses and stations.
- Establish a comfortable, attractive and vibrant public realm.

The focus of future LRT expansion is to provide an urban-style, city-scale system that will

provide closer stop spacing and improved links to communities. This supports the City's vision for a more compact, sustainable and liveable city. An urban-style / city-scale system is defined in the LRT Network Plan as:

- **Urban-style** – A style of system that offers reduced scale platforms and stops, modern LRT vehicles, frequent stops, transit priority and that serves dense urban corridors.
- **City scale** – A distinctive design that is easily accessible, is supportive of land use plans and walkable communities, and is seamlessly integrated into the urban fabric. The system operates within the city boundaries, reducing urban sprawl, as set out within the LRT network plan.

4.9.3 TOD Station Area Types

There are seven Station Area Types that have been identified (four types for existing transit stations):

- Neighbourhood
- Employment
- New Neighbourhood
- Institution
- Enhanced Neighbourhood Recreation
- Centre
- Downtown

These stations are near large or regional destinations (medical / health in the case of Alexandra, and sports / recreation in the case of Stadium, where some re-development of land may be possible (for example, parking lots, empty retail space).

The Station Area Guidelines ensures that development in these areas is of an appropriate density, scale, and form for all development opportunity sites. The uses allowed in the station areas include retail, office, commercial and higher density residential. Residential uses are expected to be the predominant use, with a minor proportion of commercial and office uses. New development will focus around a corridor serving street-oriented retail centre. Residential use is desirable around these new centre areas particularly as transitional elements when adjacent or in proximity to mature neighbourhoods.

The **Enhanced Neighbourhood Station Areas** allow a blend of appropriate station and residential supportive uses. They ensure development in these areas is of an appropriate scale and form for both large and smaller infill and greenfield opportunities. Planning and zoning will ensure that the proposed developments are of high architectural quality with

a mix that establishes housing as a predominant use with market supportable mixes of retail, commercial and employment.

Each **Institutional/Recreation Station Area** typically has its own unique needs. They often have specific existing applicable zoning regulations and uses and are usually defined by institutional master planning in anticipation of long-term institutional expansion.

4.9.4 STADIUM AND KINGSWAY/ROYAL ALEXANDRA LRT STATIONS

The two applicable types of LRT stations are defined in the City's TOD plans as follows:

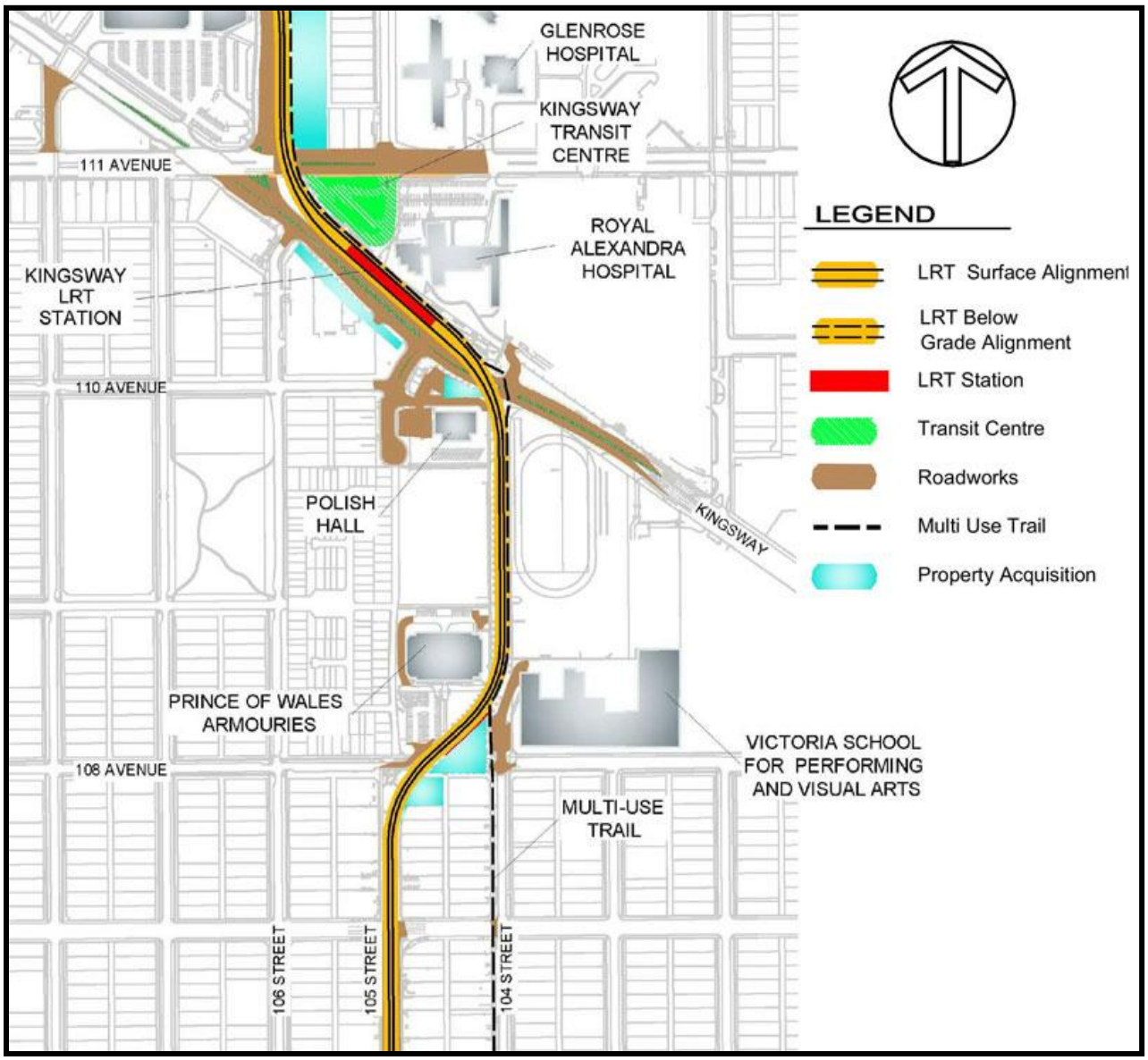
- **The Stadium LRT station** is identified as an "Enhanced Neighbourhood" station type, with the football stadium and recreational centre, along with a mixture of surrounding residential and other uses.
- **The Kingsway/Royal Alexandra LRT station** is identified as an "Institution" station area type with the Royal Alexandra Hospital and other medical services.

The **Stadium** station opened in 1978, and is one of the original five stations on the LRT system. It serves as a major destination for an assortment of sports fans, particularly football and soccer, as well as some major concert tours.

The **Kingsway/Royal** Alex transit centre opened in 2014 next to the station and integrates bus and LRT service. The Kingsway/Royal Alex Station primarily serves:

- Residents of surrounding neighbourhoods
- Hospital patients, staff, and visitors
- Kingsway and Kingsway Mall businesses and patrons
- Businesses and patrons along Kingsway
- Victoria School students and staff
- Centre for Education staff

The following map shows the conceptual design of the RAH LRT station and area, with surrounding institutional facilities.



4.9.5 LRT TRANSIT VOLUMES

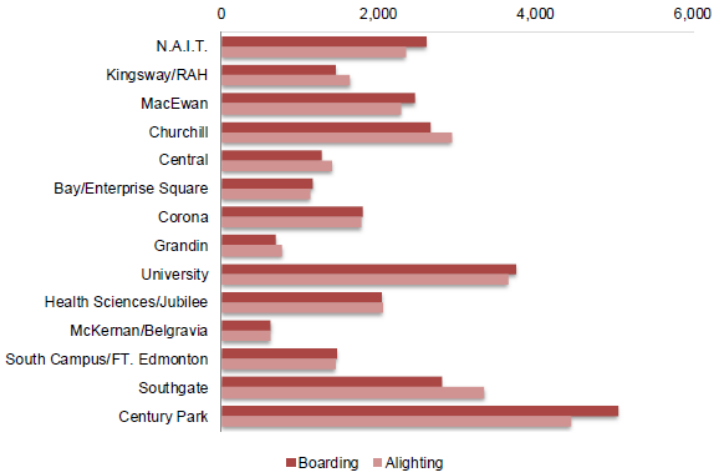
The following statistics about the volumes of passengers on the LRT lines are from the City of Edmonton Report (Source: 2015 LRT Passenger Count Capital and Metro Lines, Transportation Planning Strategic Monitoring and Analysis, April, 2016).

- In 2015, an average of 108,690 weekday passengers used the LRT, 78,914 on the Capital Line and 29,776 on the Metro Line. The LRT passenger flow is now shared between the Capital and Metro Lines between Churchill and Century Park station in both directions.

- The total LRT station activity for the Capital and Metro Lines is 217,380 boarding and alighting with the Capital Line having 157,828 boarding and alighting and the Metro Line having 59,552 boarding and alighting
- For the three new Metro line stations – NAIT, Kingsway/RAH and MacEwan - the total station activity is 12,761 boarding and alighting.
- The Stadium station has approximately 6,200 count, and the Kingsway / RAH station at 3,100.

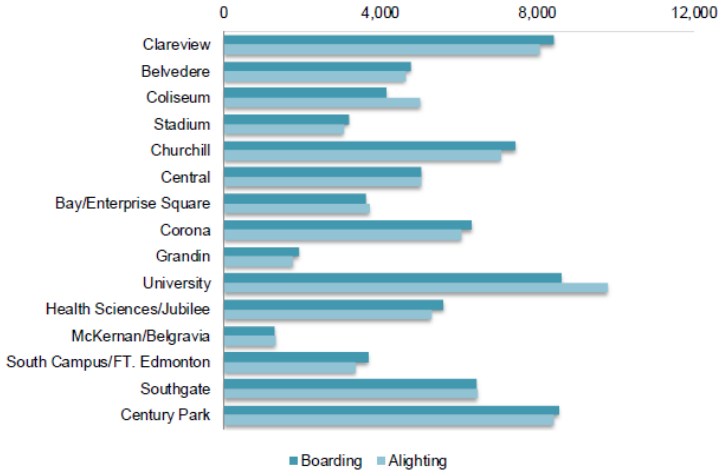
The charts and tables below compare the two transit stations.

2015 Station Activity - Boarding and Alighting by Station - Metro Line Weekday Service



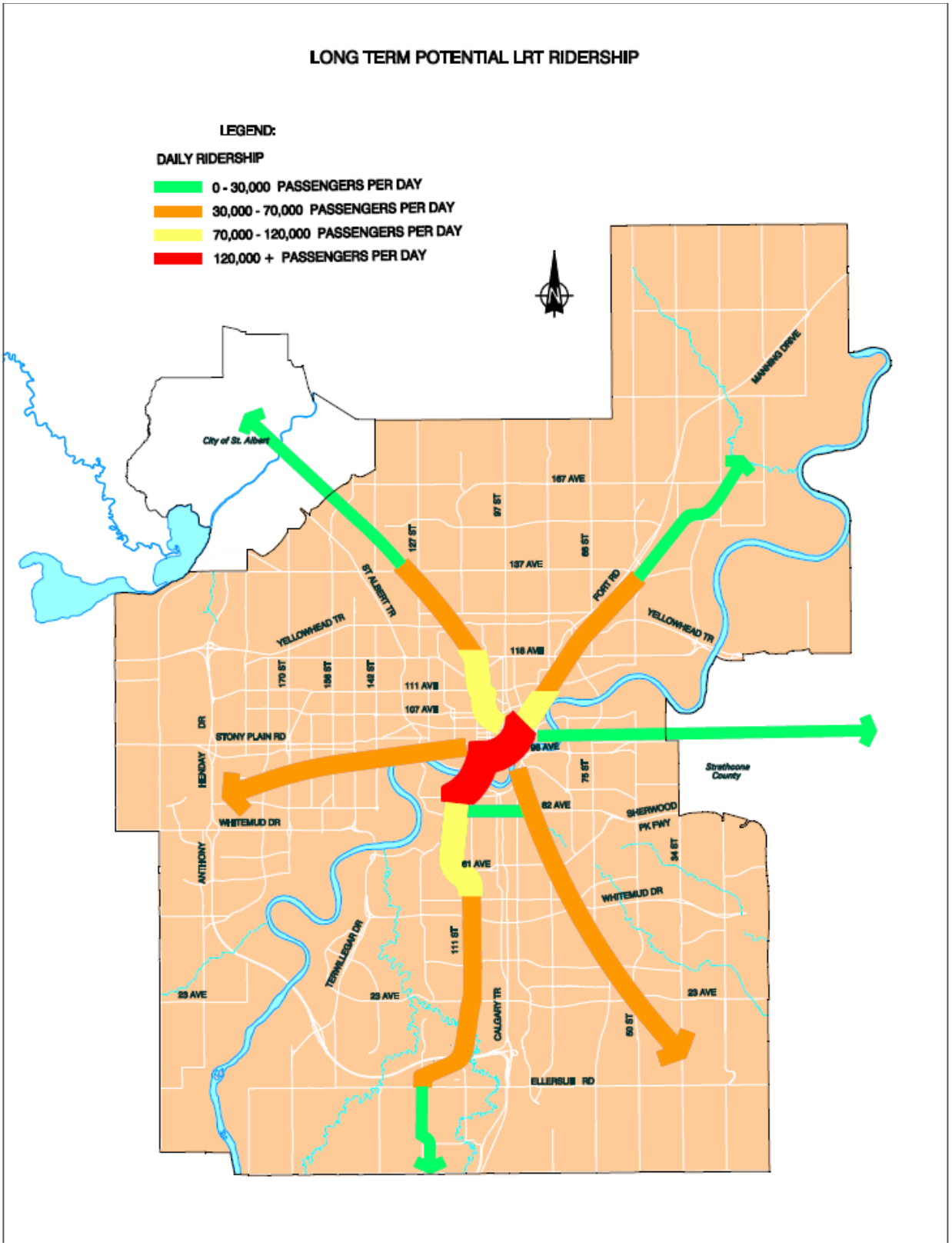
LRT Station	Boarding	Alighting	Station Total	% of Total
N.A.I.T.	2,601	2,336	4,937	8.3%
Kingsway/RAH	1,452	1,635	3,087	5.2%
MacEwan	2,456	2,281	4,737	8.0%
Churchill	2,652	2,922	5,574	9.4%
Central	1,262	1,404	2,666	4.5%
Bay/Enterprise Square	1,161	1,122	2,283	3.8%
Corona	1,784	1,776	3,560	6.0%
Grandin	686	770	1,456	2.4%
University	3,749	3,642	7,391	12.4%
Health Sciences/Jubilee	2,042	2,043	4,085	6.9%
McKernan/Belgravia	626	614	1,240	2.1%
South Campus/FT. Edmonton	1,466	1,442	2,908	4.9%
Southgate	2,796	3,345	6,141	10.3%
Century Park	5,043	4,444	9,487	15.9%
Total ----->	**29,776**	**29,776**	**59,552**	**100%**

2015 Station Activity - Boarding and Alighting by Station - Capital Line Weekday Service



LRT Station	Boarding	Alighting	Station Total	% of Total
Clareview	8,417	8,060	16,477	10.4%
Belvedere	4,752	4,618	9,370	5.9%
Coliseum	4,145	5,007	9,152	5.8%
Stadium	3,171	3,042	6,213	3.9%
Churchill	7,435	7,059	14,494	9.2%
Central	5,037	5,026	10,063	6.4%
Bay/Enterprise Square	3,616	3,703	7,319	4.6%
Corona	6,318	6,057	12,375	7.8%
Grandin	1,898	1,757	3,655	2.3%
University	8,609	9,783	18,392	11.7%
Health Sciences/Jubilee	5,598	5,283	10,881	6.9%
McKernan/Belgravia	1,285	1,304	2,589	1.6%
South Campus/FT. Edmonton	3,674	3,350	7,024	4.5%
Southgate	6,429	6,458	12,887	8.2%
Century Park	8,530	8,407	16,937	10.7%
Total ----->	**78,914**	**78,914**	**157,828**	**100%**

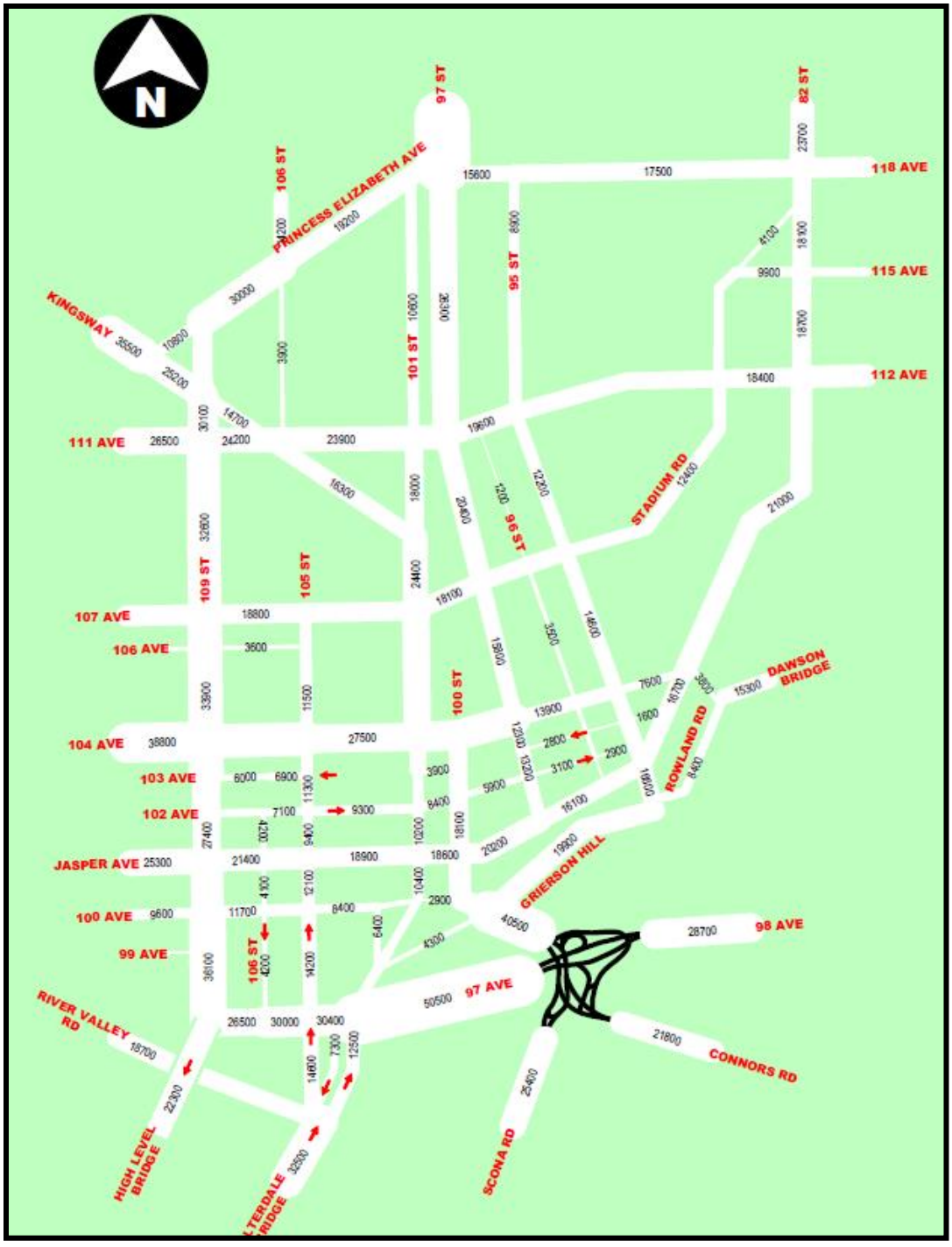
According to the City of Edmonton, potential long-term daily LRT ridership numbers are shown on the below figure. For the NE routes, they could be in the 30,000-70,000 passengers per day range.



4.10 TRANSPORTATION VOLUMES

4.10.1 ROADS AND TRAFFIC COUNTS

The Norwood corridor (111 / 112 Ave) is designated as an arterial roadway, and serves as a major connector between surrounding areas and provides a major east-west road-through function for the city. The map below shows average weekday travel flows for major roads in Edmonton in 2014. As can be seen, in the immediate area, 111 / 112 Ave is a major west-east road with 18,400-26,500 trips, and 97 Street a major connection to the north (with 26,000 trips) and 101 Street to the south (24,400) also a major route. (Source: Average Weekday Traffic Volumes 2014, City of Edmonton)


N
97 ST
82 ST
106 ST
PRINCESS ELIZABETH AVE
118 AVE
KINGSWAY
101 ST
95 ST
115 AVE
112 AVE
111 AVE
STADIUM RD
96 ST
109 ST
105 ST
107 AVE
106 AVE
100 ST
DAWSON BRIDGE
104 AVE
ROWLAND RD
103 AVE
102 AVE
JASPER AVE
GRIERSON HILL
100 AVE
98 AVE
99 AVE
106 ST
97 AVE
RIVER VALLEY RD
CONNORS RD
HIGH LEVEL BRIDGE
SCONA RD

4.11 SUMMARY IMPLICATIONS

The urban area includes a variety of established land uses in an urban environment, and benefits from proximity to two LRT stations as well as bus transit service in the area. The area is also accessible by the city's regional road network. The high volume of cars, which when combined with transit services, can support the addition of retail and office space. However, the area is also very auto-centric, with opportunity to increase transit as well as walking and cycling modes.

The full potential of the transit system, and particularly LRT stations, should be leveraged. This means focusing redevelopment of appropriate sites that are within walkable distance (400 m and 800 m) to the LRT stations for higher density mixed-use development. The development can apply Transit-Oriented Development (TOD) concepts from both best practices in North America as well as outlined in City of Edmonton's guidelines.

This form of TOD sustainable development will accommodate a growing population, offer increasing diversity of housing options and competitive market prices, and support expanded and new commercial and retail opportunities and options in the area.

5.0 STUDY AREA OVERVIEW AND ASSESSMENT

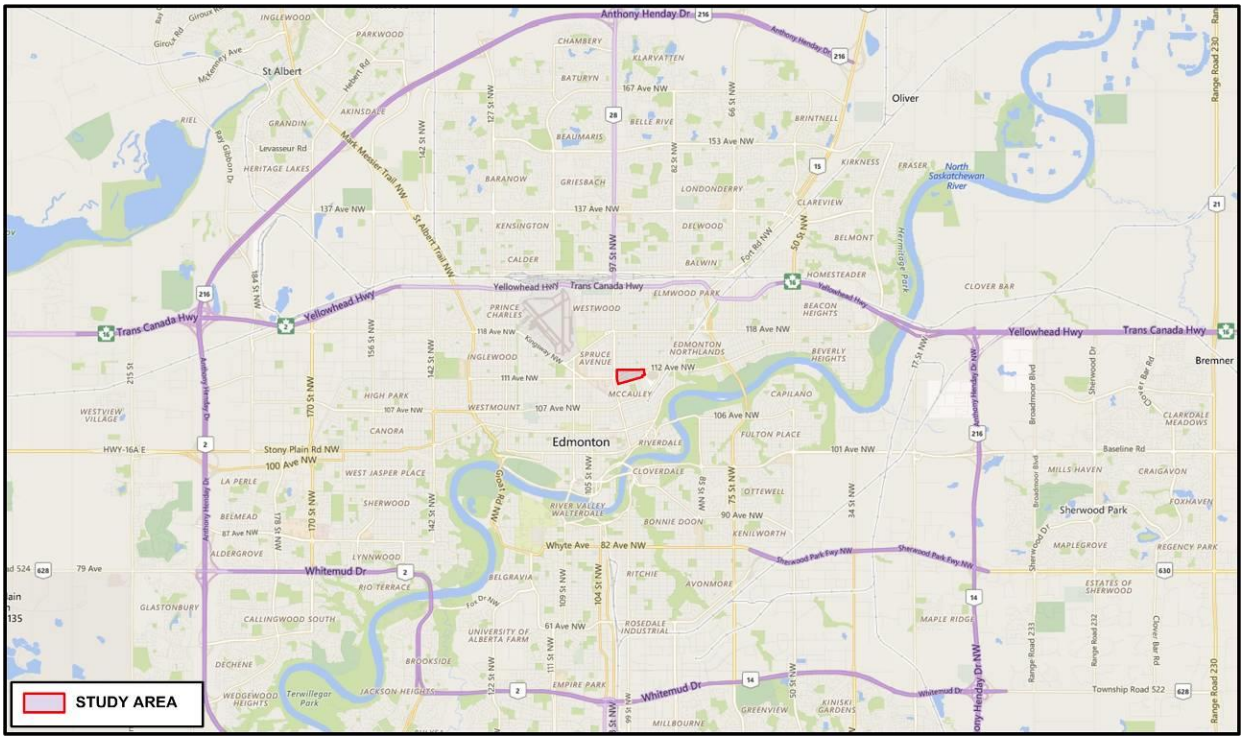
This section of the study describes the study area and context, and summarizes its suitability for appropriate types of land uses based on location, access, surrounding land uses, local government plans, market consideration, and other factors.

5.1 LOCATION

The study area is located in the northern part of the City of Edmonton within an established / mature area, close to the downtown, and accessible by the major roads and two LRT stations. Specifically, the study area is the Norwood Boulevard Corridor Area (centred on Norwood Boulevard / 111 Avenue and 95 Street). The corridor study area falls within Spruce Avenue, Alberta Avenue, Parkdale, Cromdale, McCauley and Central McDougall neighbourhoods.

The boundary of the corridor study generally encompasses the length of 111 Avenue / 112 Avenue from 109 Street in the west to 82 Street in the east. For the purposes of this study, the focus is on the area shown in purple on the following figure. The portion of the corridor identified in red along 111 Ave / 112 Ave will form the scope of a parallel Mobility Assessment to inform transportation policy, recommendations, and potential improvements.

The map below shows how centrally located the study area is within Edmonton, practically adjacent to downtown and a short drive to the Yellowhead Highway, a key part of the regional highway system.



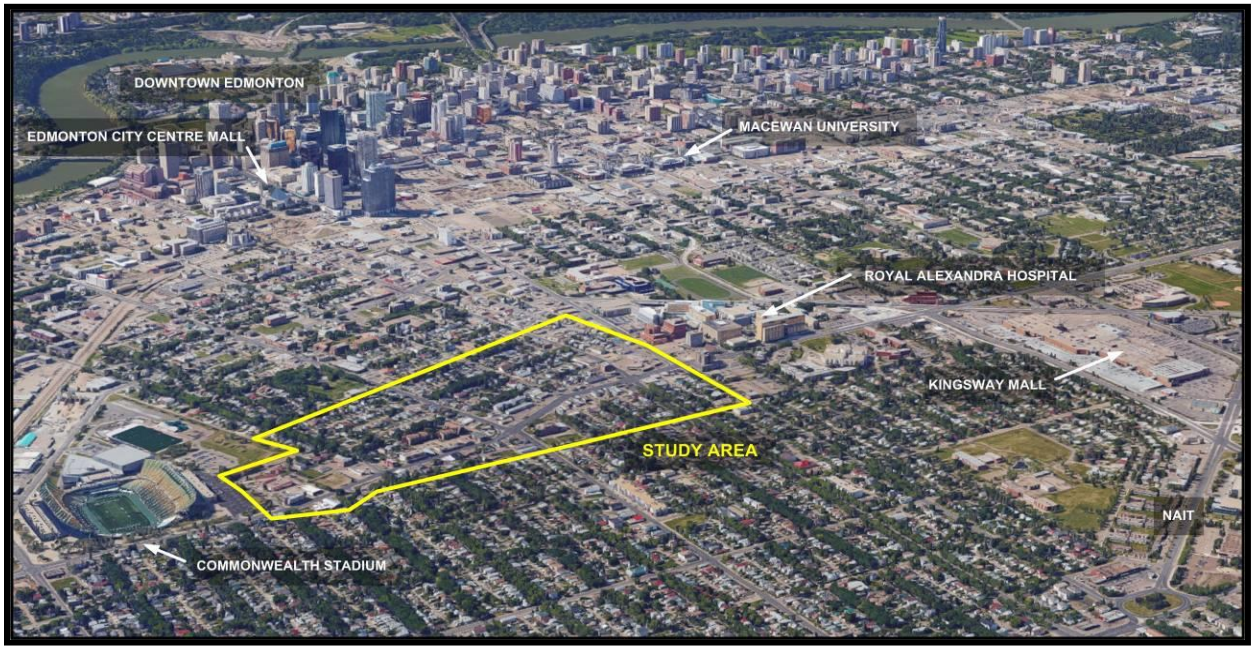
Sources: Google Maps; Site Economics

The study around is on both sides of 111 Ave / 112 Ave and is known as Norwood Boulevard. Alexandra Hospital, other medical facilities, and the LRT station are located to the west. The football stadium, recreational facilities and the second LRT station are located to the east.

As shown in the following figures, the study area is near a major regional highway, arterial roads, and other destinations and facilities. The area is also close to downtown Edmonton to the south and directly accessible through the LRT system, and thus it offers prime

development opportunity. The area has the potential to become complimentary area to downtown, like an uptown or Broadway or like Kensington in Calgary.

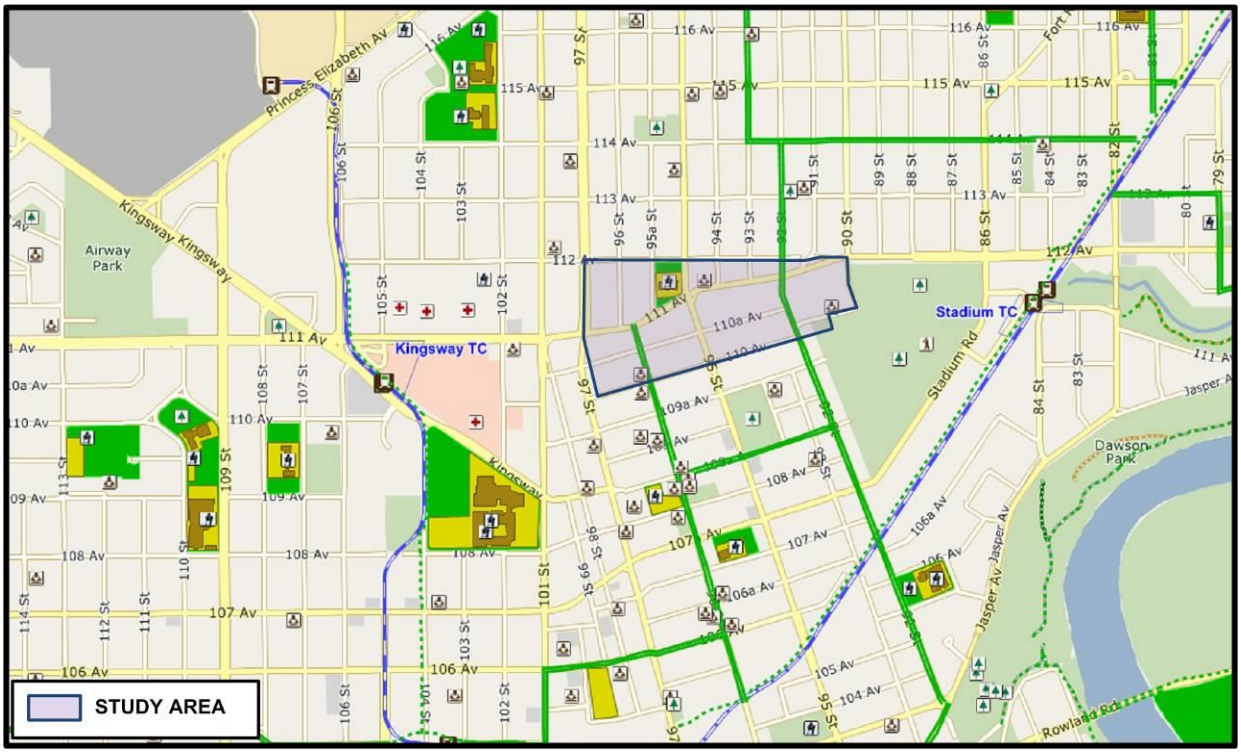
The aerial image below helps to demonstrate the proximity of the study area to downtown. The rendering shows the view from above the study area looking to the southwest.



Sources: Google Maps; Site Economics

5.2 ACCESS

The existing and future capacity, location and alignment of transportation infrastructure within the area are critical factors which will influence land development potential. Accordingly, an understanding of transportation infrastructure is fundamental to financial and market development decisions.



Sources: City of Edmonton; Site Economics

An important feature of the area's access is its extensive frontage along major arterials. The study area surrounding Norwood Boulevard (111 Ave) runs east-west, connecting to the region's major roads / highway network. The area is also close to downtown Edmonton. This strategic location makes the area well suited for a variety of commercial and/or residential land uses.

5.2.1 LOCAL ROAD ACCESS

Norwood Boulevard provides east-west access in the immediate area and to the wider city, while 101 Street NW and 97 Street NW provides north-south access. The study area is approximately 2 km (straight line) to downtown Edmonton.

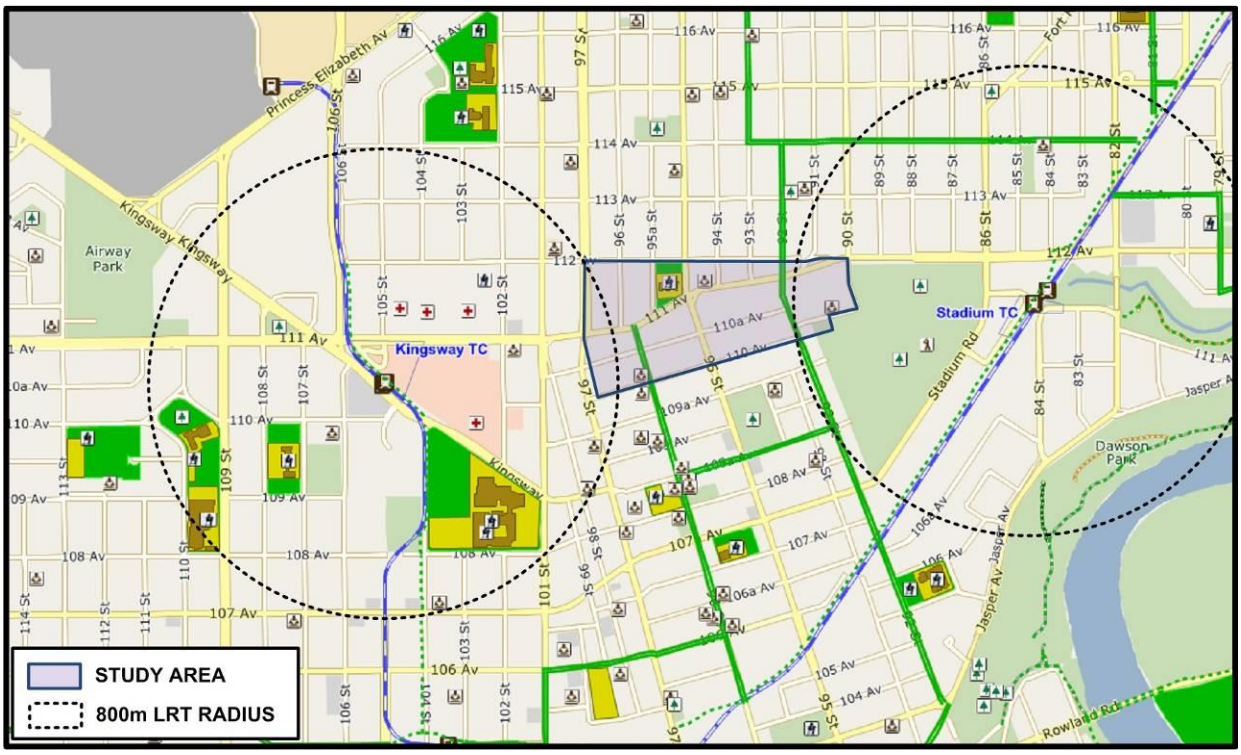
5.2.2 REGIONAL ROAD ACCESS

In general, the City of Edmonton has very good regional transportation infrastructure and links. The study area offers good access to the inner city, and is very close to significant transportation infrastructure and other industrial lands and activities. The local highway provides ready access, which makes the area an ideal location for development.

Edmonton has benefited from enormous transportation improvement projects over the past decade. Other ongoing transportation upgrades in the region will further improve access. Locations close to the highways are of critical importance to both commercial and residential land uses. The study area is ideal for any form of real estate development.

5.2.3 LRT LINE AND STATIONS

The Alexandra station on the Metro Line, to the west of the study area, provides direct access to the downtown Edmonton to the south, as does the Stadium station on the Capital line to the east. Connecting these transit stations are bus service including along Norwood Boulevard.



Sources: City of Edmonton; Site Economics

The distance between the two LRT stations is approximately 2 km. Typically, either 400 m (5-minute walk) or 800 m radius (10-minute walk) are used to identity development impacts around rapid transit stations. Using the upper boundary of 800 m, much of the

study area (with the exception of the most central part) is within reasonable walking distance (15 minutes) of a rail transit station connecting to downtown Edmonton and the rest of the region.

5.3 AREA FEATURES

5.3.1 NEIGHBOURHOODS

Using the City of Edmonton's boundary for neighbourhoods, the study area is substantially overlaid by the McCauley neighbourhood on the south side of Norwood Blvd and the Alberta Avenue neighbourhood on the north side of Norwood Blvd. There are parks and schools in the area as noted on the following map, as well as many churches. The relevant neighbourhoods are described as follows:

McCauley - Named in honour of Edmonton's first mayor (the colourful Matthew McCauley) developed primarily after 1908 when a streetcar line was started. Close to Edmonton's central business district, McCauley has experienced some redevelopment. While predominately residential, each roadway has tended to attract particular ethnic businesses: Italian, Portuguese, Chinese, etc. Other notable features include a great many churches and Commonwealth Stadium. According to the City of Edmonton neighbourhood profile data, the area in 2009 had a population of 4,343, and median household income was less than half that of the rest of the city.

Alberta Avenue - One of the city's older residential neighbourhoods, Alberta Avenue is located in the inner city. A strong commercial element exists along three of its major traffic corridors, while the streets lined with mature trees and the variety of housing styles -- mostly on small residential lots -- reflect the neighbourhood's WWI-era development. According to the City of Edmonton neighbourhood profile data, the area in 2009 had a population of 6,309, and median household income was approximately two-thirds that of the rest of the city.

5.3.2 SURROUNDING LAND USES

In terms of surrounding land uses and ownership, there are a wide range of uses and businesses in the area. There are various low to medium residential built over the last number of decades, as well as the including historic buildings. The single family residential is reaching an age of obsolesce and many owners are facing a decision of whether to incur extensive renovations or to demolish or replace the home entirely. This lifecycle timing indicates that many owners would be receptive to selling to developers and enabling site assembly and larger-scale condominium projects. The map below

shows the current land uses surrounding the study area. Note the surrounding areas of single-detached development.

Surrounding the study area are the following:

- North - lower density residential; Northern Alberta Institute of Technology
- South - mixture of residential areas; further to the south, downtown Edmonton
- East - Commonwealth Stadium; Northlands Convention Centre
- West - Royal Alexandra Hospital and medical precinct; Kingsway Mall

The aerial rendering below shows the immediate surroundings of the study area looking to the northeast. Note the low building heights and low surface coverage ratios along the arterial streets.

It is expected that more density will be added in the area through infill redevelopment, likely in the form of low and mid-rise condominiums and some retail.

5.3.3 TOPOGRAPHY

The study area is generally level and at-grade with the surrounding roadways. Soil conditions are average for the region and highly suitable for any type of development.

5.3.4 UTILITIES / INFRASTRUCTURE

All typical municipal infrastructure and services, including potable water, storm water, sewer and sanitary sewer, hydro, natural gas, telephone, cablevision, and ambulance, police, and fire protection are available at or near the study area. Some utility upgrades will be required in order to service the development and should be identified and costs estimated in an engineering servicing feasibility study. There is the opportunity to share infrastructure upgrade costs between the city and developers.

5.4 LAND USE ZONING AND DESIGNATION

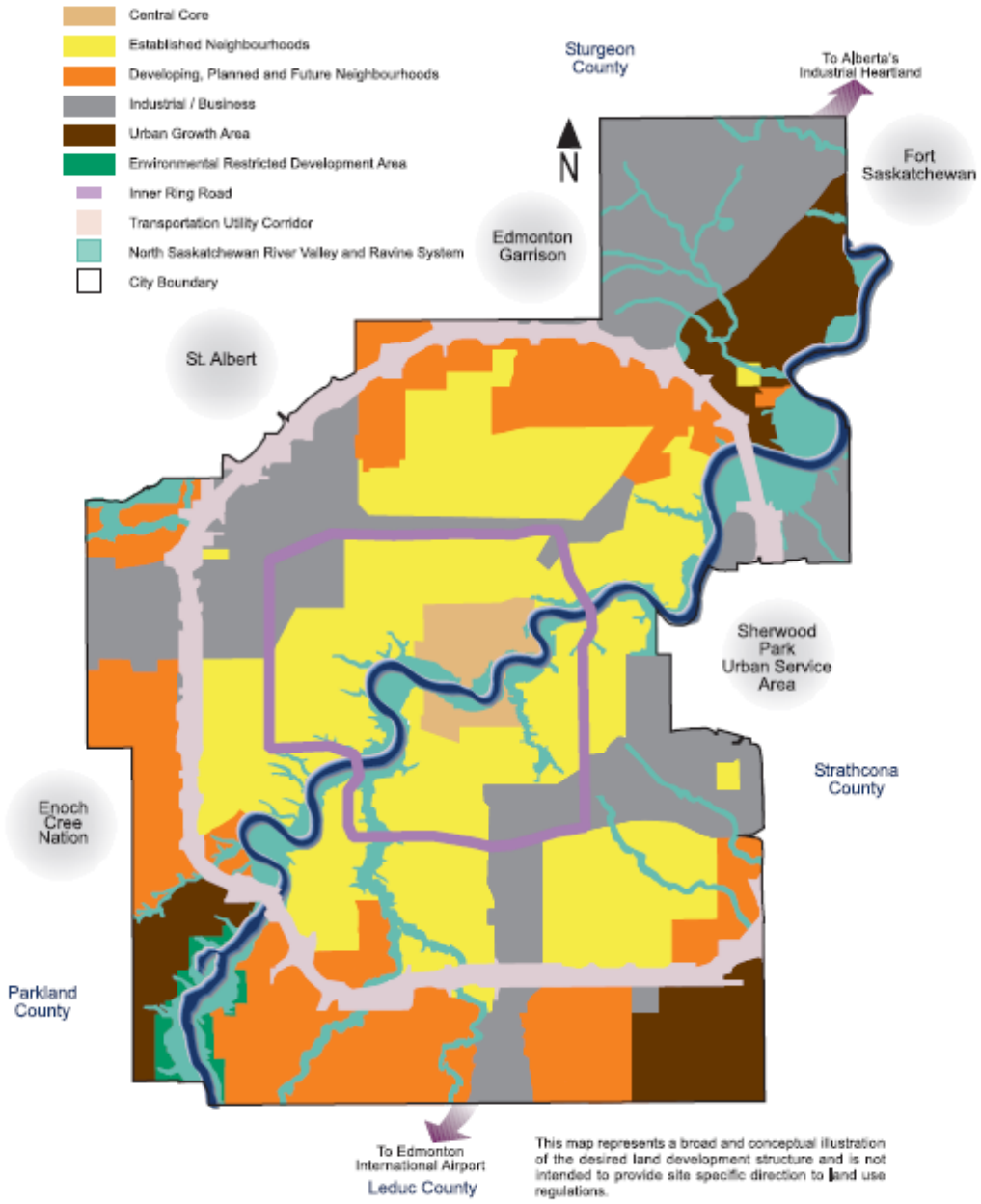
The following planning section provides an overview of applicable planning policies for the area.

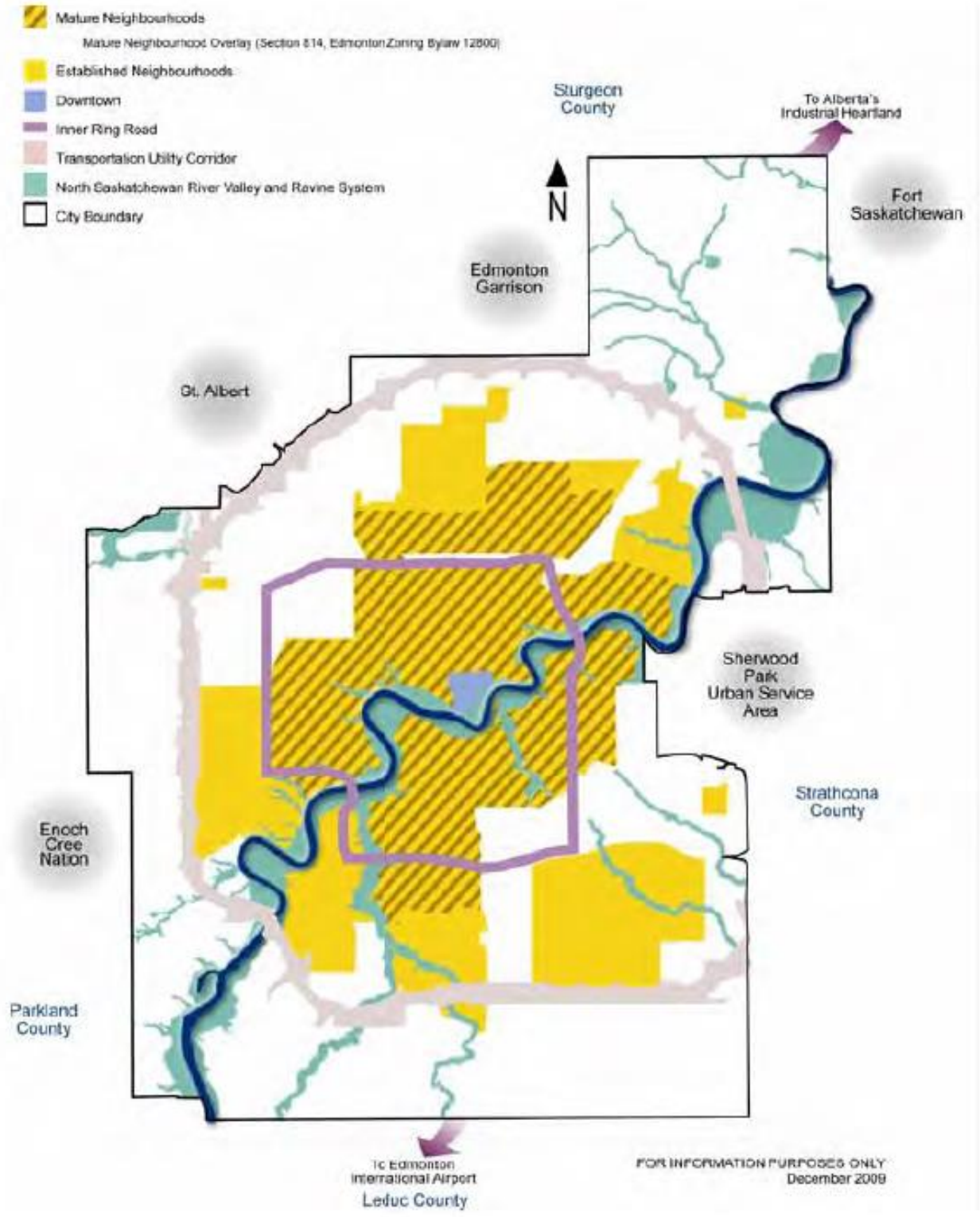
5.4.1 MUNICIPAL DEVELOPMENT PLAN

The study area is located within the City of Edmonton in an established / mature residential area anchored by a regional shopping centre. The City of Edmonton Municipal

Development Plan consists of different area plans providing for land use designations and policies for specific neighbourhoods. From the City of Edmonton's Land Development map, it appears that Norwood Blvd is the divide between 'Central Core' for the lands to the south and 'Established Neighbourhoods' or 'Mature Neighbourhoods' to the north. These two designations reflect the diversity and transitional nature of the area.

Map 2: Land Development Map of Edmonton




Mature Neighbourhoods
Mature Neighbourhood Overlay (Section 814, Edmonton Zoning Bylaw 12800)
Established Neighbourhoods
Downtown
Inner Ring Road
Transportation Utility Corridor
North Saskatchewan River Valley and Ravine System
City Boundary
N
Sturgeon County
To Alberta's Industrial Heartland
Fort Saskatchewan
Edmonton Garrison
St. Albert
Sherwood Park Urban Service Area
Strathcona County
Enoch Cree Nation
Parkland County
To Edmonton International Airport
Leduc County
FOR INFORMATION PURPOSES ONLY
December 2009

5.4.2 ZONING

The following figure shows the municipal zoning in the area. With the proposed change and evolution to the area, rezoning to allow for higher densities at select location would be appropriate.

The commercial area along Norwood is zoned as: (CB1) Low Intensity Business Zone, providing for:

> *The purpose of this Zone is to provide for low intensity commercial, office and service uses located along arterial roadways that border residential areas. Development shall be sensitive and in scale with existing development along the commercial street and any surrounding residential neighbourhood.*

The surrounding residential areas are zoned as (RF3) Small Scale Infill Development Zone, providing for:

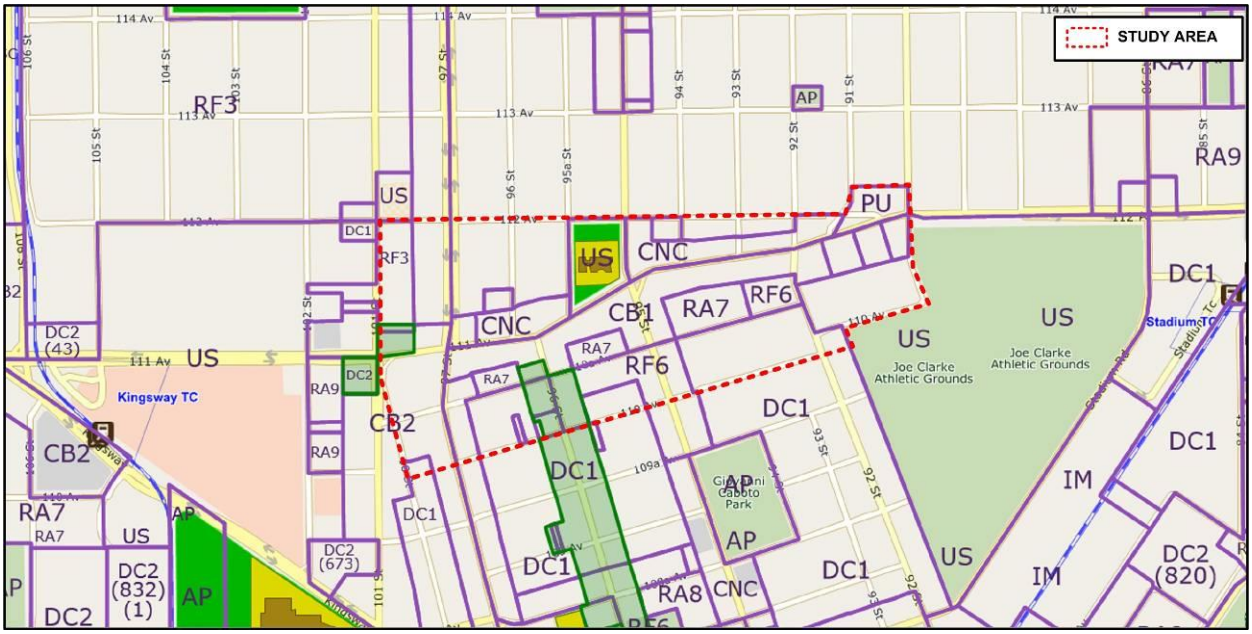
> *The purpose of this Zone is to provide for Single Detached Housing and Semidetached Housing while allowing small-scale conversion and infill redevelopment to buildings containing up to four Dwellings, and including Secondary Suites under certain conditions.*

Additionally, some other surrounding lands, reflecting some heritage and other attributes, are zoned as (DC1) Direct Development Control Provision, providing for:

> *The purpose of this Provision is to provide for detailed, sensitive control of the use, development, siting and design of buildings and disturbance of land where this is necessary to establish, preserve or enhance: a. areas of unique character or special environmental concern, as identified and specified in an Area Structure Plan or Area Redevelopment Plan; or b. areas or Sites of special historical, cultural, paleontological, archaeological, pre-historical, natural, scientific or aesthetic interest, as designated under the Historical Resources Act.*

The medical institutions and sports facilities are zoned as (US) Urban Services Zone, providing for:

> *The purpose of this Zone is to provide for publicly and privately owned facilities of an institutional or community service nature.*



5.5 PROPERTY ASSESSMENTS

The current assessment information for the immediate study area indicates assed values for older small houses on approximately 5,000 sq. ft. lots, generally in the $150,000 - $300,000 range. Larger properties, with commercial uses along Norwood have assessed values in the range of $0.5 million to $2.0 million.

The following show the change in assessed values for the area between the July 2014 and July 2015 periods. The areas are divided by Norwood as a north-south boundary.

For single detached houses, the median assessed value for the area north of 111 Ave decreased by between 1-5%, while the area south of 111 Ave ranged from a 1% decrease to a 3% increase. The city-wide change for this property type is 1.7%.

For single multifamily housing, the median assessed value for the area north of 111 Ave decreased by between 0-5%, while the area south of 111 Ave ranged from a 0-5% increase. The city-wide change for this property type is 4.8%.

5.6 HOUSEHOLD PROFILE AND HOUSING STOCK

The following tables show the household profile and housing stock for the Hudson Bay Reserve area, which substantially covers the study area boundaries. The data shows the population at 15,000, which has a relatively low income, with 25% of households in core housing need. Approximately 25% of housing units are owner-occupied, which is much lower than the city-wide average. Furthermore, 12% of housing units need major repairs.

	2011
Total population	15,095
65 years and over (%)	8.1
All private households	8,090
Median household income before taxes ($)	40,063

	2011
All private households	8,090
Owner households (%)	25.0
Single-detached house (%)	15.3
Needs major repairs (%)	12.2

	2011
Households in core housing need (%)	25.0
Households in core housing need and below affordability standard (%)	22.5
Households in core housing need and below adequacy (repair) standard (%)	5.0
Households in core housing need and below suitability (crowding) standard (%)	4.9

Housing Stock (2011) — Hudson's Bay Reserve

	Total[1]		Owners		Renters		% owner-occupied
	#	%	#	%	#	%	
Condominiums							
Occupied private dwellings	8,090	100.0	2,025	100.0	6,070	100.0	25.0
Part of a condominium	1,750	21.6	920	45.4	820	13.5	52.6
Not part of a condominium	6,345	78.4	1,100	54.3	5,245	86.4	17.3
Housing Suitability[2]							
Occupied private dwellings	8,090	100.0	2,025	100.0	6,070	100.0	25.0
Suitable	7,005	86.6	1,940	95.8	5,060	83.4	27.7
Not suitable (crowded)	1,090	13.5	85	4.2	1,005	16.6	7.8
Structure Type							
Occupied private dwellings	8,090	100.0	2,025	100.0	6,070	100.0	25.0
Single-detached house	1,235	15.3	935	46.2	300	4.9	75.7
Semi-detached or double house	55	0.7	0	0.0	60	1.0	0.0
Row house	185	2.3	20	1.0	160	2.6	10.8
Apartment, duplex	170	2.1	100	4.9	70	1.2	58.8
Apartment in a building that has fewer than five storeys	6,220	76.9	965	47.7	5,260	86.7	15.5
Apartment in a building that has five or more storeys	205	2.5	0	0.0	200	3.3	0.0
Other dwelling type[3]	0	0.0	0	0.0	0	0.0	
Average value of owner-occupied dwellings ($)							
Owner-occupied private dwellings	271,896		271,896				
Single-detached house	335,313		335,313				
Semi-detached or double house	0		0				
Row house	293,986		293,986				
Apartment, duplex	302,470		302,470				
Apartment in a building that has fewer than five storeys	206,714		206,714				
Apartment in a building that has five or more storeys	0		0				
Other dwelling type[3]	0		0				
Median value of owner-occupied dwellings ($)							
Owner-occupied private dwellings	275,935		275,935				
Single-detached house	300,604		300,604				
Semi-detached or double house	0		0				
Row house	299,741		299,741				
Apartment, duplex	348,243		348,243				
Apartment in a building that has fewer than five storeys	200,041		200,041				
Apartment in a building that has five or more storeys	0		0				
Other dwelling type[3]	0		0				
Period of construction							
Occupied private dwellings	8,090	100.0	2,025	100.0	6,070	100.0	25.0
Dwellings built before 1946	450	5.6	180	8.9	270	4.5	40.0
Dwellings built from 1946 to 1960	1,595	19.7	700	34.6	895	14.7	43.9
Dwellings built from 1961 to 1980	3,275	40.5	365	18.0	2,910	47.9	11.2
Dwellings built from 1981 to 2000	2,105	26.0	440	21.7	1,665	27.4	20.9
Dwellings built from 2001 to 2011[4]	670	8.3	340	16.8	335	5.5	50.8
Dwellings built from 2006 to 2011[4]	245	3.0	140	6.9	105	1.7	57.1

5.7 NORWOOD BOULEVARD CORRIDOR STUDY COMMUNITY FEEDBACK

The following are some key comments received in the public feedback through the Norwood Boulevard Corridor Study Community Public Event on June 22, 2016, which was attended by over 100 people, as well as an associated online survey with responses from over 35 people.

Common themes were:

- Maintaining the positive attributes / characteristics of the neighbourhood
- The area has some great social spaces and places
- Enjoy the established, mature neighbourhood
- Heritage value and protection with variety of building styles
- Although concerns about some derelict or neglected properties needing attention
- Noted major institutional facilities in the area
- LRT stations as important destinations in the area and providing access
- Making area less auto-centric, with additional walking opportunities
- More bike and walking infrastructure desired
- Need for infrastructure upgrades in the area, including roads and sidewalks
- Concerns about social and crime problems
- Greater relationship with cultural organizations in the area
- More facilities for families needed
- Support for some higher densities, especially mixed-use buildings with pedestrian-oriented designs
- Support for increasing density along the corridor, particularly with more grade-level commercial
- Desire for more businesses in the area and diversity / mixture of shops and services
- Improve urban design and more landscaping and green space

The community interests and desires should be reflected in the land use plan for the area.

5.8 SUMMARY IMPLICATIONS

The mature, centrally located and accessible area offers many opportunities that can be built upon, however also must recognize and address the noted challenges. Specifically, as example, while the area has important heritage buildings, it also experiences some buildings in distress. Also, the area has relatively low household incomes and low home-ownership rates, which should be reflected in the type of housing development. Retail opportunities are also impacted the income levels of area residents.

Also, the community has indicated a desire some for appropriate and respective change and redevelopment of the area. Area plans and development can support community goals, including additional housing opportunities and retail choices, new buildings with improved ascetics, improve urban design and landscaping, while respective the positive character and heritage of the area. In terms of transportation, plans should maximize transit, walking, and biking opportunities in the area, and support TOD type development which takes advance of the two LRT stations in the area.

Redevelopment and development will be primarily focused on multi-family residential. There will be some additional need for retail and office; however, it will be small scale and integrated with future mix-used development sites.

Based the area's location and access, a limited range of uses would be suitable in this location. The focus should be on multi-family residential which would surround the existing institutional facilities, transit, and retail redevelopment areas.

The study area's strategic location, includes:

- Historic aspects, which could accommodate renovated / updated retail and higher density forms of residential.
- Excellent local and regional access facilitated by the area's frontage and access on major arterials.
- East-west arterial, which connects to the rest of the region.
- North-south arterial, which connects to downtown Edmonton to the south.
- Two LRT stations, which provide rapid and direct access to downtown Edmonton to the south, and other destinations to the north.

It should be cautioned that there are also major challenges at the study area:

- There is competition from other areas / lands in the region.

- The area is economically challenged, with low household incomes.
- There are few vacant, undeveloped sites available in the area. Future development potential would likely have to focus on assembling single-family homes and other uses and converting them to multi-family developments. This is already been done in a number of instances. The same would apply to out-dated, free-standing retail with substantial surface parking.

5.9 TRANSFORMING AUTO-ORIENTED AVENUES INTO VIBRANT STREETS

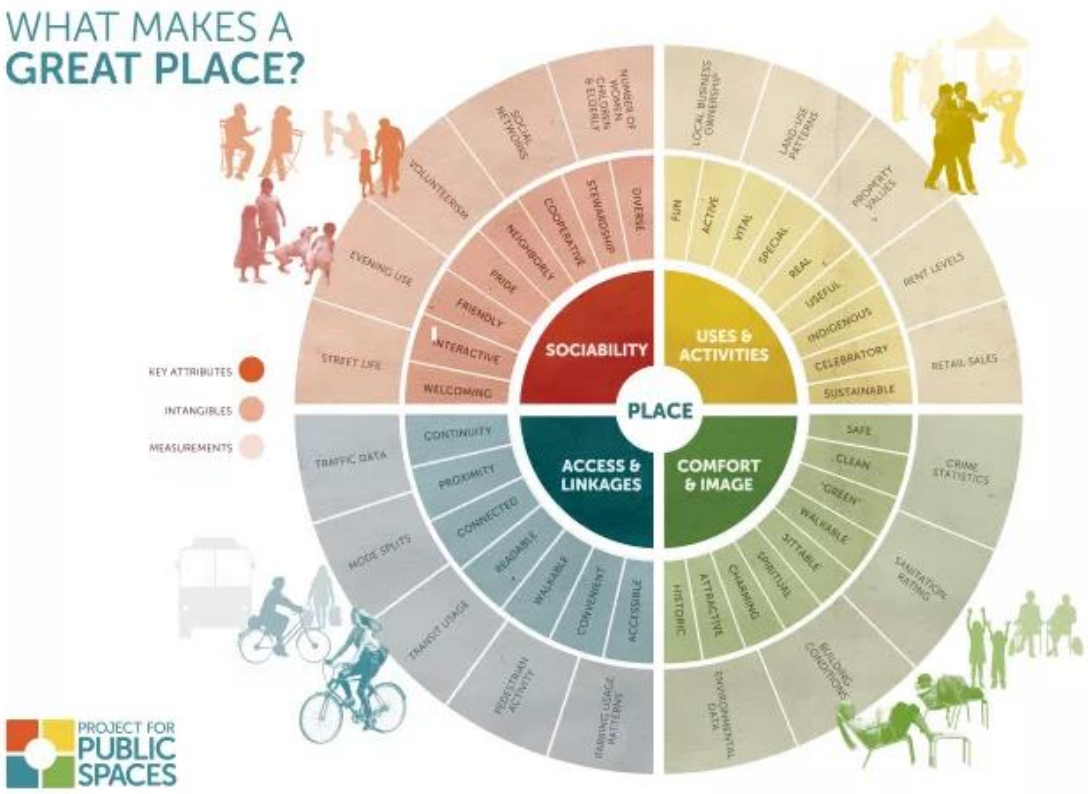
This is a market report and therefore planning issues are beyond the scope of the study. Despite this, it is important to describe some of the basic elements which would help transform Norwood Boulevard into a more vibrant, attractive streetscape. The street has an excellent central location with ample employment, rapid transit service, excellent vehicular connectivity, and many other important attributes which make it one of the best potential locations for revitalization in the City of Edmonton.

The following chart indicates some of the important elements in creating a vibrant streetscape. Norwood is clearly missing several essential elements, particularly an appealing streetscape and a sense of place with pedestrian traffic and social interaction.

Norwood itself has many great strengths which form the basis of acquiring all of the important elements which are needed and still missing. Transit access, employment, are just some of the major advantages Norwood has over other streets. The primary difficulty in transforming it is the current condition of the street itself. The City of Edmonton would be well advised to take whatever measures are possible to beautify the streetscape and work with developers to assemble properties into viable parcels.

It is expected that the most valuable blocks with the most potential are those closest to the west with its proximity to transit, the hospital, and the regional mall. These blocks should fill in moving east to the elementary school near the centre of the study area. Conversely, development will likely also commence in the east and move steadily west. The last area to develop in Norwood Boulevard will be the central area. The final stage of development would be on the areas one or two blocks north and south of Norwood Boulevard.

Eventually, the market recognizes the virtues of a location. The City of Edmonton should take steps to make Norwood more visually appealing and give it a sense of place. Often, this is directly related to traffic management and calming with street front parking and more appealing crosswalks. An arterial road can continue being an efficient transportation route, even after it has been "adjusted" to become more appealing. This would encourage developers to move into the area and begin its full-scale and inevitable revitalization.



An excellent example of transforming a busy, traffic oriented, low-density arterial into a vibrant street is the Sonoma Boulevard Specific Plan done for the City of Vallejo, CA. While it is a small city and not comparable in some ways, the following image captures the essential elements which are within the power of the city to provide and help transform the street. These include signage on new lighting standards, bike lanes, design guidelines for new buildings that encourage windows and interaction between the sidewalk and street front retail, planning for denser, higher buildings, a wider sidewalk with planting and street furniture, street parking, street art, and other elements. The before photo inset is directly comparable to Norwood except that Norwood has much higher traffic volumes.

Figure 1.1.2: This photo-montage at Indiana St. looking north depicts Sonoı main street, with rehabilitated buildings and new construction. The activity Blvd., incorporates ground floor retail, deocrative paving, seating, public art,

5.10 POTENTIAL LAND USES

This following potential land use strategy provides an objective overview of the highest and best use of the study area. The main considerations are summarized as follows:

- Development should take full advantage of the proximate LRT stations.
- In addition to residential, the range of potential other land uses is limited to some forms of retail and office.
- Multi-family higher density residential use is appropriate for the area given the surrounding land uses and excellent mobility.
- Given its proximity to major arterial roads and the regional highway and population, retail development would be an appropriate use at key locations.
- The pattern of regional development indicates that a more localized form of very small-scale office development, such as medical and dental, could be warranted.
- Development plans should phased, to allow supply to match the long term demand for housing units.

Overall, the study area provides a multifamily development opportunity with excellent access to several major thoroughfares and easy access by LRT public transportation.

6.0 RESIDENTIAL MARKET OVERVIEW

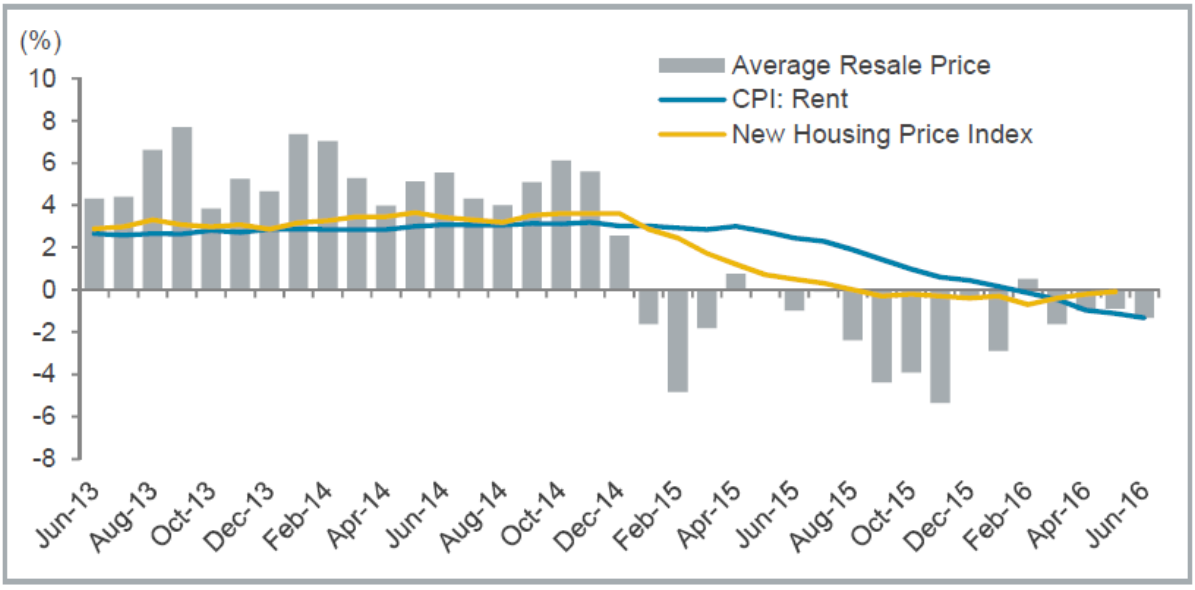
As this is a market study, it is important that it provide an outline of the residential real estate market. This includes building starts, home sales, and prices for all forms of residential development in the region, with specific focus on the northern Edmonton. An assessment of the market represents a crucial step in the determination of the most appropriate development strategy and mix of unit types and sizes. The market findings bear directly on the development options for the area, the value of each component, and a reasonable expectation of absorption timing.

The objective of this section is to establish the historic and projected supply/demand for multi-family residential and the typical unit formats / sizes. It is very important to note that this project unit mix should reflect long-term trends and broader community planning objectives.

6.1 HOUSING MARKET CONTEXT AND TRENDS

Alberta's housing market remains sluggish, with weakness in both resale and new housing activity. Existing home sales have fallen in eight of the past ten months, and were down in May by over one-third from the peak in October 2014. The number of new listings continued to wane, pushing the sales-to-new listings ratio up to 52.3% despite lower sales volume. Year-to-date, existing home sales were down 11%. Housing starts are trending around the lowest level in five years, and are down 40% year-to-date. Despite weaker activity, home prices have fallen only slightly, with the average resale price down 0.7% y/y and the New Housing Price Index down 0.2% y/y in May. (Source: Economic Trends, Treasury Board and Finance, Economics and Revenue Forecasting, Government of Alberta, July 13, 2016.)

Chart 1: Weakness in housing has spread to the rental market
Year-over-year change in Alberta housing indicators



Source: CMHC, CREA, Statistics Canada

Alberta's housing market floundered in the first half of 2016, with both resale and new housing activity hovering near the lowest levels in several years. Despite some improvement in recent months, home resales-to-date remain down 11% from 2015. New listings have receded since spiking to a 7-year high in December 2015. This has resulted in a steady increase in the sales-to-new listings ratio as the market moves closer to balance. Housing starts have been trending around the lowest level in five years and through June 2016 were down 41% from the first half of 2015. Though the price correction has been modest, the average resale home price remains below 2015. This weakness has spread to the rental market with rent in June down 1.3% from a year earlier. (Economic Trends, Government of Alberta, Treasury Board and Finance Economics and Revenue Forecasting, July 2016)

6.1.1 MULTI-FAMILY HOUSING TREND

The trend towards higher density residential projects is well established and will only grow more important as the supply of undeveloped land in the region decreases. The multi-family market is fuelled by the increasing scarcity of prime land suitable for residential development. It is also impacted by the changing age structure of the population and smaller household sizes. Cost pressures have also resulted in apartment / townhouse condominiums becoming the typical starter home for new entrants into the housing market.

Current home buyers are more interested in proximity to work, shopping and recreation than in owning and maintaining both a front and back yard. Public parks and recreational amenities are replacing back yards. A large proportion of home buyers are new immigrants and many come from countries where multi-family housing (apartment condominiums) is the norm. However, within the multi-family sector, it is important to note the distinction between apartments, and townhouse units which offer ground-oriented access and yards which are desired by many households including families with children. Population growth, an ageing population base, the decrease in single-family land supply, are all-important factors that indicate long-term demand for multi-family projects. Multi-family housing is an increasingly important part of the residential market, and increasingly accepted as a form of housing.

It is expected that the demand for townhouses and apartments will increase for the region in the future. Many important trends will support multi-family projects including:

- Major population growth.
- The need to make the best use of land.
- Housing affordability.
- The need for communities to be sustainable by reducing sprawl through encouraging a wider range of higher density housing types.
- A growing seniors demographic who are relocating from their detached homes, and want to stay in their own community.

6.2 NEW HOUSING MARKET CONDITIONS

Though the year is not yet over, it appears that 2016 will be a slower year for housing starts than the previous four, if not since the financial crisis of 2009. This is most likely due to the continuing economic difficulties faced by Alberta as a result of the slump in oil prices that has persisted since late 2014. Interestingly, condominium apartment starts were nearly as prevalent as single detached units in 2015, a major departure from previous trends. The table below summarizes citywide housing starts since 2010.

HOUSING STARTS BY TYPE AND MARKET - CITY OF EDMONTON - 2010-2016

ALL MARKETS	2010	2011	2012	2013	2014	2015	2016	TOTAL
Single	3,417	3,080	3,517	3,981	4,750	3,957	1,847	24,549
Semi-Detached	922	958	1,558	1,550	1,892	1,786	864	9,530
Row	686	560	811	1,070	769	1,587	708	6,191
Apartment	1,085	1,537	3,602	4,033	2,387	5,981	1,007	19,632
All	**6,110**	**6,135**	**9,488**	**10,634**	**9,798**	**13,311**	**4,426**	**59,902**

HOMEOWNER	2010	2011	2012	2013	2014	2015	2016	TOTAL
Single	3,412	3,067	3,514	3,975	4,747	3,947	1,842	24,504
Semi-Detached	782	876	1,462	1,478	1,816	1,672	838	8,924
Row	88	95	73	263	273	539	204	1,535
Apartment	-	-	-	-	-	-	-	-
All	**4,282**	**4,038**	**5,049**	**5,716**	**6,836**	**6,158**	**2,884**	**34,963**

RENTAL	2010	2011	2012	2013	2014	2015	2016	TOTAL
Single	-	-	-	-	1	-	-	1
Semi-Detached	-	4	-	2	-	-	-	6
Row	22	-	4	22	-	109	100	257
Apartment	63	350	1,757	1,077	930	2,254	473	6,904
All	**85**	**354**	**1,761**	**1,101**	**931**	**2,363**	**573**	**7,168**

CONDO	2010	2011	2012	2013	2014	2015	2016	TOTAL
Single	5	13	3	6	2	10	5	44
Semi-Detached	140	78	96	70	76	114	26	600
Row	576	465	734	785	496	939	404	4,399
Apartment	1,022	1,187	1,845	2,956	1,457	3,727	534	12,728
All	**1,743**	**1,743**	**2,678**	**3,817**	**2,031**	**4,790**	**969**	**17,771**

Note - Figures for 2016 are through August only. Source: CMHC Starts and Completions Survey

According to CHMC, median prices for new single-detached units hovered around $530,000 from May through August of 2016, as shown in the table below.

PRICES OF ABSORBED SINGLE-DETACHED UNITS - CITY OF EDMONTON - MAY-AUGUST 2016

	16-May	16-Jun	16-Jul	16-Aug
Median	$535,000	$520,000	$530,000	$530,000
Average	$615,321	$599,158	$637,953	$600,500

Source: CMHC Starts and Completions Survey

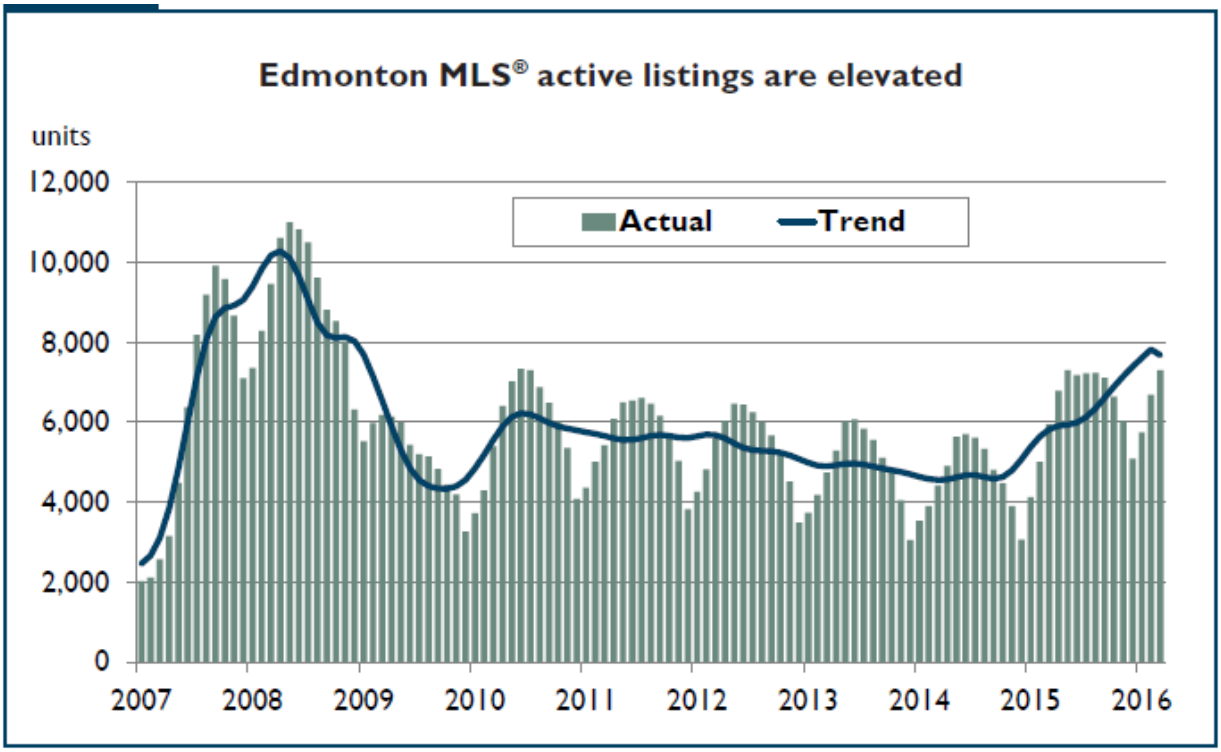
6.3 RE-SALE HOUSING MARKET CONDITIONS – SALE PRICES

According to the Realtors Association of Edmonton for August 2016, all residential average sale prices in the Edmonton Census Metropolitan Area (CMA) remains consistent with August 2015 at $369,956, down 4% from July 2016. The price of single family homes in August 2016 dropped 4% relative to July 2016 from $450,366 to $434,362. Year-over-year prices remained stable decreasing by less than 1%. The average condo sale price for August 2016 of $251,526 is down 2% month-over-month (m/m) and 1% year-over-year (y/y). The average duplex/rowhouse sold for $344,377; down 2% y/y and down 1% (m/m). (Source: Realtors Association of Edmonton, August 2016 Report)

6.3.1 RE-SALE LISTINGS

At 1,433 units reported sold, all residential sales in the Edmonton CMA were down 5% m/m and down 2% y/y. 861 single family homes were reported sold in August 2016, down 3% from the previous year. Reported condo sales at 406 were down 6% over August 2015. Duplex/rowhouse sales at 136 were up 11% over 2016. New residential listings were down 5% m/m and over 6% y/y. (Source: Realtors Association of Edmonton, August 2016 Report)

The number of days the average home in the Edmonton Census Metropolitan Area (CMA) took to sell in the month of August was 55. This is consistent with August 2015 and down one day from July 2016. On average, single family detached homes sold in 49 days in August 2016, while condominiums sold in an average of 62 days and duplex/rowhouses sold in 56 days. (Source: Realtors Association of Edmonton, August 2016 Report)



Source: CMHC Housing Now, Edmonton CMA, Spring 2016

There were 7,908 residential properties available in the Edmonton CMA at the end of August 2016, down 2% from 8,048 in July 2016, but up 9.4% from the 7227 properties available on the MLS System at the end of August 2015. (Source: Realtors Association of Edmonton, August 2016 Report)

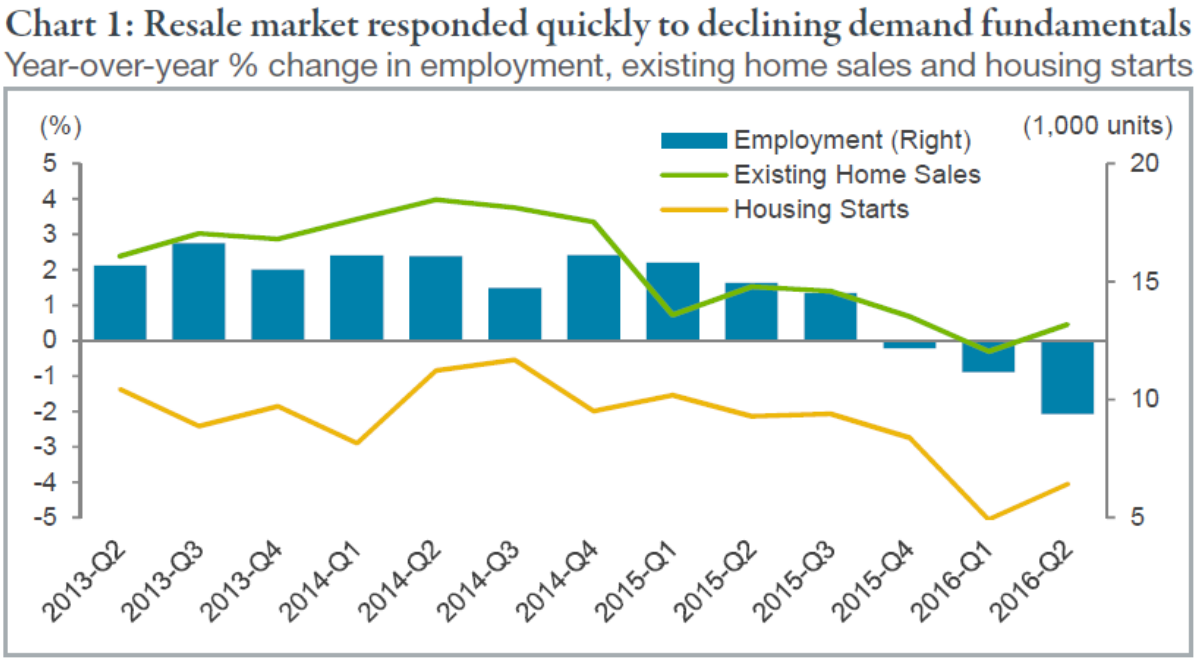
6.4 STUDY AREA COMPARABLE LISTINGS AND VALUES

Current residential property listings in the study area include older smaller houses, some in poor condition, ranging in price from approximately $200,000 - $350,000, and some townhouses at the lower end of this price range. There is also a new condominium apartment project in the area, with smaller units starting at $200,000 price point. Specifically, West Stadium Square, a 14 unit condo project, with retail at grade, located one block from Commonwealth Stadium and the LRT station; the units are being marketed at $200,000 for one bedroom units and $270,000 for two bedroom units. This provides for values at approximately $320 per sq. ft.

6.5 HOUSING AFFORDABILITY

6.5.1 ALBERTA

The slower pace of home price gains, along with declining interest rates and rising income, have made Alberta homes more affordable over the last 9 years. Although affordability has improved, rising unemployment and falling incomes are weighing on household finances. The percentage of mortgages in arrears has also been rising since September 2015, though it is still low by historical standards and compared to most other provinces. (Source: Economic Trends, Government of Alberta, Treasury Board and Finance Economics and Revenue Forecasting, July 2016)

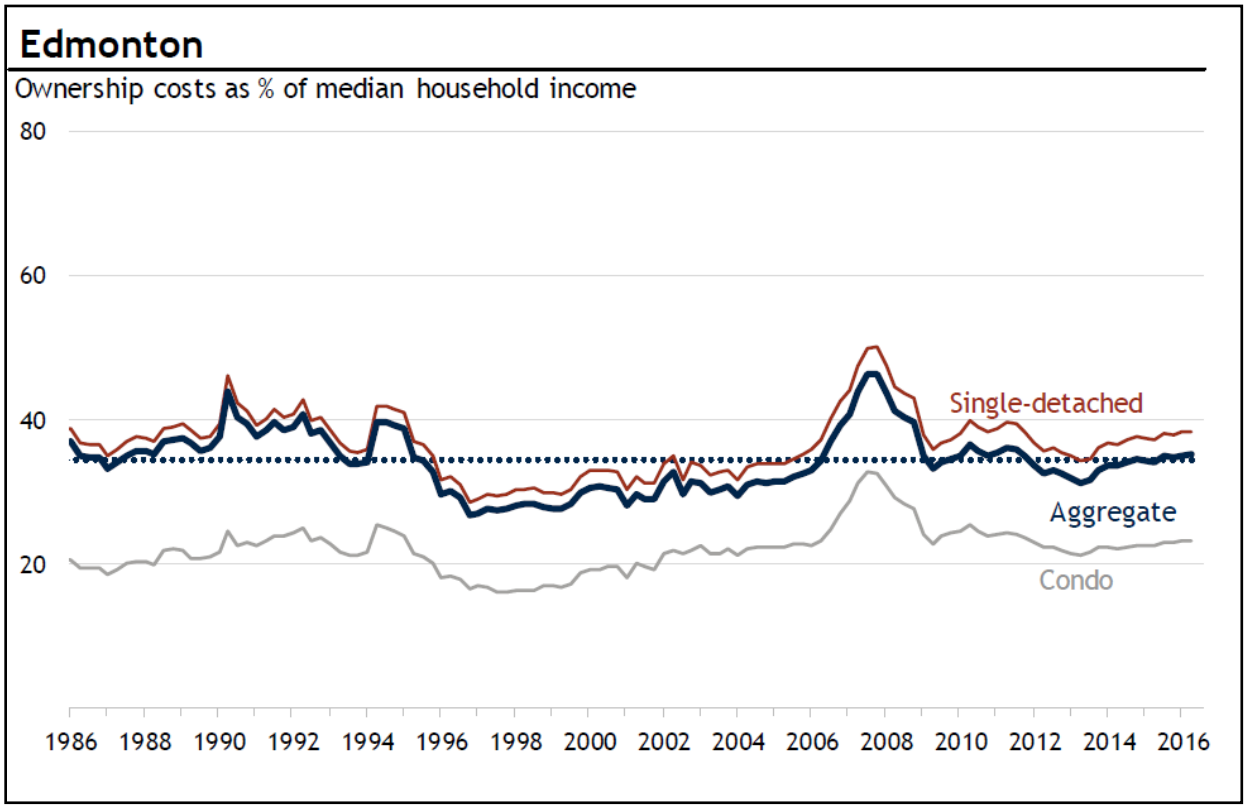


Source: CREA, CMHC, Statistics Canada

6.5.2 EDMONTON

Housing affordability remained at neutral levels in Edmonton in the second quarter, which was unchanged from the first quarter. In fact, not only did RBC's aggregate measure stand still at 35.1% in the latest period, but also it was only slightly higher (up 0.9 percentage points) than its year-ago level—a testament to the stability of affordability conditions in the area in the past year. There were only marginal changes recorded by the single-detached and condo segments in the second quarter. Home resales this spring have recovered some of the ground lost in the previous half-year (rising nearly 14% in the second quarter); however, the recovery appears to have stalled in the summer months.

Weakening labour market trends may be to blame. (Source: RBC Housing Affordability Report, August 2016)



Source: RBC Economics Research, Housing Trends and Affordability, August 2016.

6.6 RENTAL MARKET

From the CMHC Rental Market Report - Edmonton CMA - Date Released - Fall 2015:

- In the primary rental market, the apartment vacancy rate in the Edmonton CMA increased to 4.2% in October 2015 from 1.7% in October 2014.
- The average rent for a two-bedroom apartment in new and existing structures was $1,259 per month in October 2015.
- In rental structures common to both the October 2014 and 2015 surveys, the year-over-year change in the average rent for a two-bedroom apartment was 2.2%.

The vacancy rate in the primary rental market in the Edmonton Census Metropolitan Area (CMA) increased to 4.2% in fall 2015, up from 1.7% in October 2014. This marks the second consecutive year the vacancy rate has increased. An increase in the number of rental apartments in Edmonton drove the vacancy rate higher. There were an additional 2,324 apartments in Edmonton's primary rental market in October 2015 compared to

October 2014. At the same time, lower migration and slower employment growth in Edmonton led the demand for rental units to grow at a slower pace. The smaller uptick in demand for rental units was more than offset by higher supply, leading to a higher vacancy rate. (Source: CMHC Rental Market Report - Edmonton CMA - Date Released - Fall 2015)

With the vacancy rate on the rise, rent growth slowed in the Edmonton CMA. Same-sample rents for two-bedroom apartments increased 2.2% year-over-year, down from 6.1% in 2014. This also represents the slowest pace of rent growth since 2011. Accounting for both new and existing structures, the average rent for a two-bedroom apartment was $1,259 per month in October 2015. (Source: CMHC Rental Market Report - Edmonton CMA - Date Released - Fall 2015)

For the study area (CMHC Hudson Bay Reserve Zone 2), there are 4,441 private apartment units, or about 7% of the City's 62,356 units, as of late 2015. Specifically for the area, rents are as noted below (ranging from $719 for a bachelor suite to $1,127 for a three bedroom apartment), with rents approximately 15% lower than the city-wide average. Furthermore, vacancy rates for the area was at 6%, higher than the region-wide average of 4.2%.

Hudson Bay Reserve Zone 2 Apartment Rental Market

	Oct-15	Oct-14
Vacancy Rate (%) - Apt	6.0	2.4
Availability Rate (%) - Apt	6.7	3.2
Average Rent ($) - 2-Bed Apt	1,097	1,089
Median Rent ($) - 2-Bed Apt	1,072	1,070

Source: CMHC Rental Market Report, Edmonton CMA, Fall 2015

Close

Primary Rental Market Statistics — Hudson's Bay Reserve

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Number of Private Apartment Units

	Oct-12	Oct-13	Oct-14	Oct-15
Bachelor	319	323	321	324
1 Bedroom	2,600	2,591	2,592	2,602
2 Bedroom	1,371	1,398	1,404	1,448
3 Bedroom +	66	65	67	67
Total	4,356	4,377	4,384	4,441

Private Apartment Vacancy Rates (%)

	Oct-12		Oct-13		Oct-14		Oct-15	
Bachelor	3.5	c	3.7	c	2.8	b	**	
1 Bedroom	4.3	b	3.2	c	2.8	c	6.3	c
2 Bedroom	2.3	a	1.7	a	1.7	b	5.3	c
3 Bedroom +	3.4	d	**		1.4	d	**	
Total	3.6	b	2.8	a	2.4	b	6.0	b

Private Apartment Average Rents ($)

	Oct-12		Oct-13		Oct-14		Oct-15	
Bachelor	636	a	676	a	733	a	719	a
1 Bedroom	773	a	814	a	888	a	878	a
2 Bedroom	975	a	1,012	a	1,089	a	1,097	a
3 Bedroom +	1,041	a	1,112	a	1,179	a	1,127	b
Total	827	a	874	a	945	a	945	a

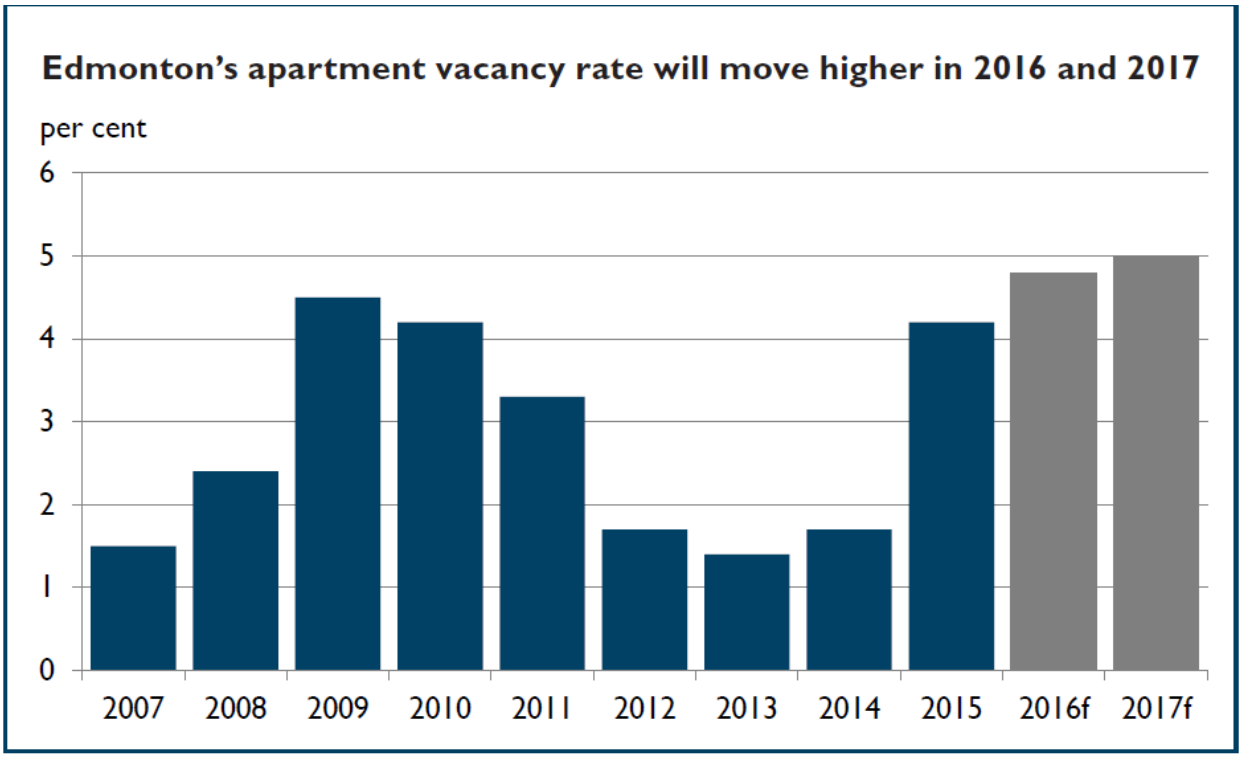
Private Apartment Availability Rates (%)

	Oct-12		Oct-13		Oct-14		Oct-15	
Bachelor	3.5	c	4.5	c	2.8	b	**	
1 Bedroom	4.5	b	4.0	c	3.8	c	6.9	b
2 Bedroom	3.2	b	2.1	a	2.2	b	6.2	b
3 Bedroom +	3.4	d	**		1.4	d	**	
Total	4.1	b	3.4	b	3.2	c	6.7	b

Private Apartment Estimate of Percentage Change (%) of Average Rent

	Oct-12		Oct-13		Oct-14		Oct-15	
Bachelor	++		5.0	c	7.7	b	2.9	c
1 Bedroom	1.7	c	4.8	b	7.5	a	1.6	c
2 Bedroom	1.7	c	4.4	b	6.8	a	2.3	b
3 Bedroom +	11.8	d	++		4.9	c	4.8	c

A growing supply of units, coupled with easing demand for rental accommodation, will lead to a higher vacancy rate in the Edmonton CMA in 2016 and in 2017. The recent increase in the vacancy rate was attributable to an expanding supply of rental units, which more than offset a slight increase in the demand for rental apartments. Moving forward, the universe of rental apartments in the Edmonton CMA is expected to expand further. This higher supply, together with lower demand from a decline in migration and slower employment growth, will put upward pressure on the vacancy rate in both 2016 and 2017. The vacancy rate in the Edmonton CMA will increase to 4.8% in 2016 and 5.0% in 2017. (Source: CMHC Housing Market Outlook - Edmonton CMA - Date Released - Spring 2016)



Source: CMHC, CMHC Forecast (f), October Survey

Average rents are expected to rise at a more modest pace over the next two years. A higher vacancy rate will limit landlords' ability to pass large rent increases to tenants. Countering this, will be the continued flow of new rental units into the market. (Source: CMHC Housing Market Outlook - Edmonton CMA - Date Released - Spring 2016)

6.7 HOUSING MARKET OUTLOOK

The outlook according to the CMHC Housing Market Outlook - Edmonton CMA - Date Released - Spring 2016:

- Single-detached housing starts will decline in 2016.
- Multi-unit housing starts will move lower in 2016 and 2017.
- MLS sales will decrease in 2016 and post a modest increase in 2017.
- Edmonton's apartment vacancy rate will continue to rise.

Slower employment growth, reduced consumer confidence and a well-supplied resale market will lead to a decline in housing starts in the Edmonton Census Metropolitan Area (CMA) in 2016. The slow pace of housing starts observed in the first quarter of 2016 is expected to continue through the remaining months of 2016 leading annual starts to range between 8,600 and 9,600 units. In 2017, elevated inventory levels will hold back the market, particularly in the first half of the year. Overall housing starts are forecast to remain between 8,600 and 9,600 units in 2017. (Source: CMHC Housing Market Outlook - Edmonton CMA - Date Released - Spring 2016)

Rising inventory and weaker economic conditions will hold back single-detached production in 2016. Increased competition from the resale market, lower employment growth, and reduced migration have prompted builders to pull back production levels. By 2017, a slight pick-up in sales and a small contraction in the number of active listings should support modest price growth. Overall the MLS price will average between $360,900 and $365,100 in 2016 and $364,900 and $369,100 in 2017. (Source: CMHC Housing Market Outlook - Edmonton CMA - Date Released - Spring 2016)

A slower pace of sales and more selection on the resale market has started to put some downward pressure on prices which is expected to continue over the short-term. After three months of 2016, the average resale price was $361,850, down 1.4% from the same period of 2015. Although new listings are expected to peak and move slightly lower in the coming months, the elevated number of listings on the resale market, coupled with easing demand, will lead to lower prices in 2016. (Source: CMHC Housing Market Outlook - Edmonton CMA - Date Released - Spring 2016)

By 2017, inventory should be more balanced with demand, and will support a modest increase in single-detached housing starts. The pace of sales is not expected to gain much momentum until mid-2017 when economic conditions begin to improve. This should lead to a modest increase in sales in 2017. Overall, between 16,100 and 16,900 MLS

sales are expected in 2016. In 2017, sales are forecast to range between 16,400 and 17,200 transactions. (Source: CMHC Housing Market Outlook - Edmonton CMA - Date Released - Spring 2016)

Forecast Summary
Edmonton CMA
Spring 2016

	2013	2014	2015	2016(F)		2017(F)	
				(L)	(H)	(L)	(H)
New Home Market							
Starts:							
Single-Detached	5,970	6,832	5,683	3,700	4,500	3,900	4,700
Multiples	8,719	7,040	11,367	4,100	5,900	3,900	5,700
Starts - Total	14,689	13,872	17,050	8,600	9,600	8,600	9,600
Resale Market							
MLS® Sales	19,552	19,857	18,227	16,100	16,900	16,400	17,200
MLS® Average Price($)	344,977	362,657	369,536	360,900	365,100	364,900	369,100
Economic Overview							
Mortgage Rate(5 year)(%)	5.24	4.88	4.67	4.40	5.00	4.70	5.30

	2013	2014	2015	2016(F)	2017(F)
Rental Market					
October Vacancy Rate (%)	1.4	1.7	4.2	4.8	5.0
Two-bedroom Average Rent (October)($)	1,141	1,227	1,259	1,265	1,275
Economic Overview					
Population	1,286,024	1,331,612	1,363,277	1,391,600	1,421,100
Annual Employment Level	728,100	744,800	761,000	769,400	776,300

Multiple Listing Service® (MLS®) is a registered trademark of the Canadian Real Estate Association (CREA).
Rental Market: Privately initiated rental apartment structures of three units and over.
The forecasts (F) included in this document are based on information available as of 29th April 2016. (L)=Low end of Range. (H)=High end of range.
The low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is due to rounding and volatility of the data.
Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2017).

Source: CMHC Housing Market Outlook, Edmonton CMA, Spring 2016

6.8 SUMMARY IMPLICATIONS

After a number of years of very strong economic and population growth with associated rapid increase in the supply of new housing development, there is now a significant slowdown due to the drop in oil prices and associated economic and employment reversal.

For the short term, demand for housing in Edmonton is challenged, with weaker demand and still a significant supply of new housing product. Over the medium and longer terms, it can be expected that population growth of the city will continue and economic and employment growth will resume, allowing for stronger demand for housing types.

Residents of Edmonton still enjoy one of the highest average household incomes in the country, and housing prices are very affordable as a ratio of prices to household incomes. Although, economic and employment uncertainty will delay household decisions to make major purchases such as new housing.

As Edmonton becomes and increasingly urban city, a larger proportion of development will be through infill and redevelopment as well as multi-family development forms. This form of development and associated densities are also appropriate and should be supported for the study area.

6.9 TARGET MARKET

The many factors which will likely lead to economic and population growth of the area in the long-term include:

- Improved transportation access to the region, namely the LRT system, improving access and commute times across the region and particularly to downtown Edmonton. Residents of this area can be in downtown Edmonton in approximately 15 minutes during rush hour.
- Proximity to facilities and amenities in the area, such as the medical and recreation.
- Greater acceptance of multi-family housing forms.
- Population within Edmonton nearing retirement age; many of them own valuable single detached houses and wish to downsize to smaller units, such as multi-family housing forms.

The net effect of these factors is continued population growth for the area and strong demand for new forms of multi-family housing units.

The target market for this new development will include:

- New Inter-Provincial Resident Families: This market segment is made up of young and new families to the area who need affordable housing and want proximity to the city centre and other amenities.
- New Local Resident Families: This buyer group is made up of new families who are starting a household and are moving from the inner urban areas.
- Recent Downsizing Retirees: These households may already live in the area in single-detached houses and want to downsize to smaller easier to manage homes such as apartments.

- New International Immigrants: International demand can be less price sensitive than the local market, and are more accustomed to living in multi-family housing units.
- Young Singles and Couples: This buyer group would be interested in this location because of proximity to downtown, as well as other amenities.

6.10 RESIDENTIAL POTENTIAL IN THE AREA

It is assumed that older single family homes within 1 or 2 blocks of the arterial roads and up to 4 blocks or more (400 m) from the stations will be assembled by developers and turned into typical 4 level buildings with an average of 30-40 units per building. Both affordable condos and rental units should be considered. This is a relatively aggressive gross projection given the moderate supply of future development sites.

It is also possible that some of the projects would be attractive new townhomes developed on older single-family sites. The projection also includes the assumption that throughout the trade area, older single-family homes would continuously be converted to duplexes, triplexes, and quads as possible adding to urban infill and urban renewal.

7.0 RETAIL MARKET OVERVIEW

This section of the study outlines the market opportunity and potential for retail development in the study area. It outlines such issues as retail industry standards, retail trends, market supply, market demand, trade area, and competition. Demand for retail goods is essentially a function of the trade area population and average consumer spending on retail goods, modified if necessary, by resident age and income characteristics of both the immediate area and the surrounding new community.

7.1 EDMONTON RETAIL MARKET

Canadian retailers are challenged on a variety of new fronts with uncertainty surrounding economic and employment growth, yet with significant opportunities.

Retail sales in Alberta have continued to decline, resulting in the lowest level of spending in the past three years. Retail sales totalled $6.1 billion in March 2016, a decline of 3.8% year-over-year. With the fall in oil prices, it is no surprise that gas station sales drove this decline (-14% year-over-year). However, excluding gas stations, retail sales actually increased 0.3% year-over-year. (Source: Cushman Wakefield, Edmonton Marketbeat, Retail Snapshot, Q2 2016)

Spending per person in Alberta is still well above the average for Canada. The national average for spending in March 2016 was $1,214 per person whereas Albertans spent $1,433. Restaurants and bars remained stable in Q2 2016 despite the current downturn. Alberta will see a shift in the restaurant and bar industry resulting in the demand for different offerings and concepts. The retail industry as a whole has continued to see a shift away from mid-priced retailers. A clear divide in consumer spending has become glaringly obvious where we are seeing strong growth exhibited in polar opposite segments of the retail market – extreme discount retailers and luxury and premium priced retailers. (Source: Cushman Wakefield, Edmonton Marketbeat, Retail Snapshot, Q2 2016)

Edmonton has seen some popular additions to its fashion industry. Londonderry Mall will be home to Edmonton's second Simons department store, with a scheduled opening in Q4 2017, while Saks Fifth Avenue is entering the Edmonton market with two of its "Saks Off Fifth" outlet stores. One will be located in South Edmonton Common (opening Q3 2016) and the other at SkyviewPower Centre (opening Q2 2017). In terms of Edmonton's food and beverage market, the Brewery District in downtown Edmonton has now officially opened, and Loblaw's 40,000-sf "CityMarket" grocery store was the first retailer to open its doors. The store has made an outstanding impression in the Oliver area with a focus

on quality, fresh food. Whole Foods Market's first store in Alberta will be opening in Edmonton in the third quarter of this year, with a 42,000-sf store located in the South Park Centre. (Source: Cushman Wakefield, Edmonton Marketbeat, Retail Snapshot, Q2 2016)

Edmonton's retail market as a whole will continue to evolve for the foreseeable future as four of the major enclosed malls (Edmonton City Centre, Londonderry Mall, West Edmonton Mall, and Kingsway Mall) are scheduled to be undergoing construction in 2017. In addition to these shopping centres, CRU development is pushing forward on retail sites such as Manning Town Centre, Erin Ridge, JagareRidge, Harvest Pointe, the Brewery District and the Ice District. Along with these developments, Canada's largest retail power centre, South Edmonton Common, has shown no slowdown in adding to its already diverse catalogue of retailers. Chipotle, Panda Express and Chachi's will be added to its roster of eateries along with two major retailers – Saks Off Fifth and MEC (Mountain Equipment Co-Op), both opening in 2016. In addition, Ikea has announced that it will be expanding its South Common location. (Source: Cushman Wakefield, Edmonton Marketbeat, Retail Snapshot, Q2 2016)

Key Properties Under Construction

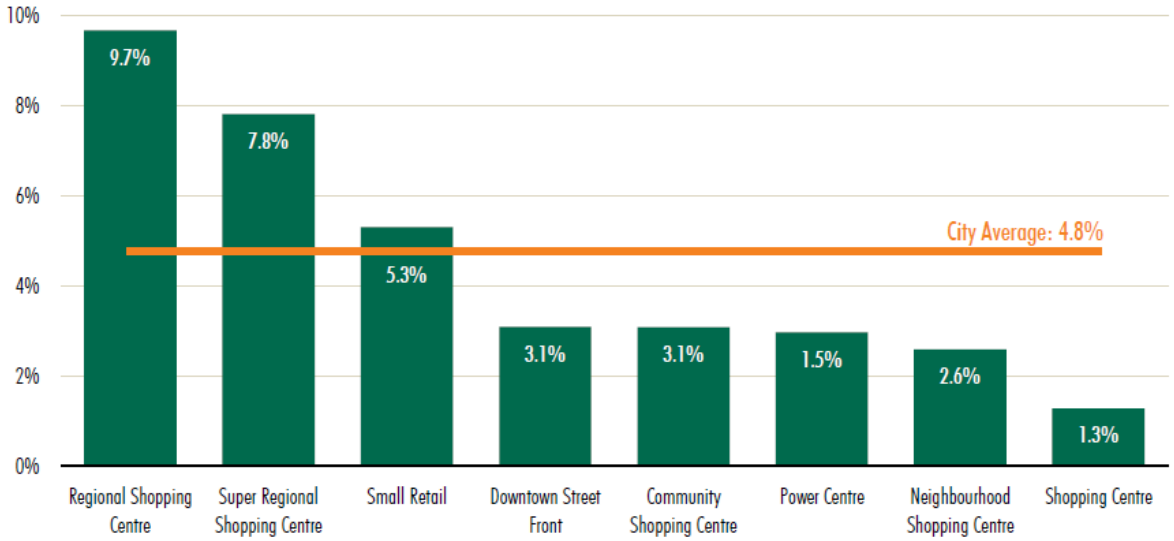
PROPERTY (Developer)	SF*	MAJOR TENANTS	PROPERTY TYPE	SUBMARKET
Currents of Windermere	1,200,000	Walmart, Cabela's, Home Depot	Regional Centre	Southwest
Manning Town Centre & Village	850,000	Canadian Tire, Lowe's, Cabela's	Regional Centre	Northeast
Erin Ridge Shopping Centre	480,971	Costco, Lowe's	Regional Centre	St. Albert
Albany Market Square	407,000	Walmart	Regional Centre	Northeast
Harvest Pointe Shopping Centre	375,000	Walmart, Sobeys	Regional Centre	Southeast
Heritage Valley Shopping Centre	303,472	N/A	Regional Centre	Southwest
Brewery District	310,000	MEC,Shoppers,Goodlife,WInners	Community Centre	Central
Ice District	300,000	N/A	Entertainment District	Central
Tamarack Southeast, North and Northeast (Dream)	185,125	Shoppers, Sportchek, Michaels	Community Centre	Southeast
Windermere Crossing	160,000	Superstore	Community Centre	Southwest
Newcastle Centre	147,390	Sobeys, LA Fitness	Community Centre	Northwest
Tamarack (Qualico)	114,000	Safeway	Community Centre	Southeast
Griesbach Village	110,622	Sobeys	Community Centre	Northwest

*Square footage represents full development build out.

Source: Cushman Wakefield, Edmonton Marketbeat, Retail Snapshot, Q2 2016

The following figure shows key retail properties in Edmonton under construction as of mid-2016. These projects are generally located not near the study area.

Figure 4: H2 2015 Retail Market Snapshot – Vacancy Rate (%)

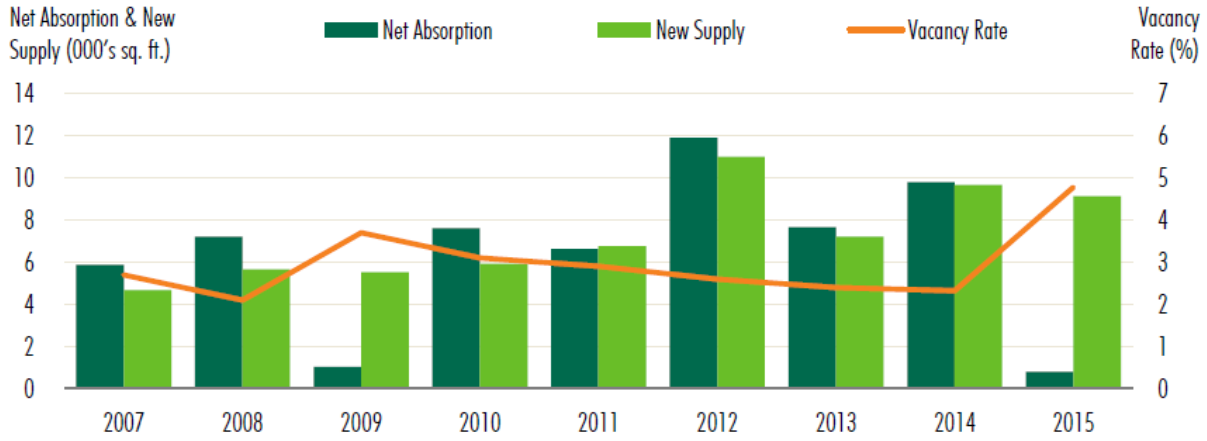


Source: CBRE Research, H2 2015.

The following figure shows the retail vacancy rates in Edmonton by retail type as of mid-2015. As can be seen, Retail Shopping Centres and Super Regional Shopping Centres had the highest vacancy rates, which Neighbourhood Shopping Centres and Shopping Centres had the lowest vacancy rates.

*Arrow indicates change from the previous half-year period.

Figure 1: Historical Retail Leasing Fundamentals – All Building Classes



Source: CBRE Research, H2 2015.

And the following figure shows the historic retail leasing activity for Edmonton from 2007-2015. Of note is that in 2015 there was a significant drop in net absorption (similar to the experience in 2009), and vacancy rates increased from just over 2% to nearly 5% within a year.

7.2 CLASSIFICATION OF SHOPPING CENTRES

It is important to have an understanding of the basic nature of retail areas and shopping centres. Recent retail development trends have focused on open air shopping centres, street-front retail, high-density mixed use centres, and freestanding large scale stores. In general, 50% of each centre's floor space is occupied by the anchor tenant and 50% by small shops and store. The ratio is lower for busy locations such as downtown and higher at remote locations which need the anchors to act as a destination and bring customers to the site.

An anchor tenant is a large scale typically chain store which has an AAA covenant (a solid financial firm where there is little or no risk of default) and generates extra customer traffic for nearby stores (i.e. a supermarket chain).

The standard retail classifications are as follows:

Strip Centre: A strip centre is an attached row of stores or service outlets managed as a coherent retail entity, with on-site parking conveniently located in front of the stores. These vary in size and range from 8,000 sq. ft. to 30,000 sq. ft.

Neighbourhood Centre: This centre is designed to provide convenience shopping for the day-to-day needs of consumers in the immediate neighbourhood and is typically anchored by a supermarket. Neighbourhood centres have an average size of 90,000 sq. ft. across North America and never exceed 150,000 sq. ft. in size including all office space.

Community Centre: A community centre typically offers a wider range of apparel and other soft goods than does the neighbourhood centre. It is anchored by a supermarket and small proportional department store. The problem with this type of project is that it is not focused. It is not convenient yet and it is not large enough to be a destination. Most of these centres have been redeveloped into smaller retail facilities with only a supermarket and the surplus land turned into housing.

Lifestyle Centre: A centre that generally imitates a traditional street front retail district with sidewalks, streets and pedestrian areas. This is typical in new suburbs where consumers want alternatives to standard power centres and large unattractive parking lots. These centres try to offer a more appealing shopping destination with interesting stores, public spaces and thoughtful architecture and design features. They mix food,

personal services and convenience shopping with apparel and accessories. There are few of these in Canada to date, such as Park Royal Village, a component of the Park Royal Shopping Centre in West Vancouver.

Regional Centre: This centre type provides general merchandise (a large percentage of which is made up of apparel retailers) and services in full depth and variety. The anchor tenants are typically full-line department stores, promotional department stores, supermarkets and various big box tenants.

Super-regional Centre: Similar to a regional centre, but because of its larger size, a super-regional centre has more anchors, a deeper selection of merchandise, and draws from a larger population base.

Fashion/Specialty Centre: A centre composed mainly of upscale apparel shops, boutiques and craft shops carrying selected fashion or unique merchandise of high quality and price. These centres do need to be anchored, although sometimes restaurants or entertainment can provide the draw of anchors. The physical design of the centre is very sophisticated, emphasizing a rich decor and high quality landscaping.

Power Centre: A centre dominated by several large anchors, including discount department stores, off-price stores, warehouse clubs, or "category killers".

Theme/Festival Centre: These centres typically employ a unifying theme that is carried out by the individual shops in their architectural design and, to an extent, in their selection of merchandise. The biggest appeal of these centres is for tourists, as restaurants and entertainment facilities can anchor them. These centres, tend to be adapted from older, sometimes historic, buildings, and can be part of mixed-use projects. The locations tend to have some sort of natural feature such as water, or a tourist attraction. Granville Island in Vancouver is an excellent example, as is Ghirardelli Square in San Francisco.

Outlet Centre: Usually located in rural or, occasionally, in tourist locations, outlet centres consist mostly of manufacturers' outlet stores selling their own brands at a discount price. These are not a major factor in Canada, with the only such mall being the newly developed Cross Iron Mills north of Calgary.

In terms of street-front retail districts they tend to be in the following general categories:

- **Historic Heritage District and Retail Area**. These tend to be tourist-oriented such as Strathcona in Edmonton and Gastown in Vancouver.

- **Neighbourhood Commercial Street**. These retail centres are typical of urban areas across North America, and are where local residents obtain most of their food, services and other convenience needs.
- **Fashion District**. These areas have overcome the initial negative competitive impact of enclosed malls and many are now thriving. The strength of these street-front retail areas inspires Lifestyle mall developers who are trying to emulate the best elements of streetscapes in a single master planned project.
- **Entertainment District** or precinct with cinemas, restaurants/cafes, and nightclubs.
- **Business-Serving Retail** such as on many downtown streets. These areas are dominated by restaurants and personal or business services.

The study area offers the medium and long term potential for a busy commercial street with extensive multifamily above grade level. Streets such as Broadway in Vancouver exhibited many of the same characteristics in the 1970's and has transformed into a vibrant uptown commercial and residential corridor.

7.3 NEIGHBOURHOOD SHOPPING CENTRE TRENDS

Neighbourhood shopping centres provide merchandise for daily living needs. They include convenience goods such as food, drugs, financial service (banks) and personal services (beauty salons). A supermarket is the principal tenant in this type of shopping centre and is often complemented by a drugstore. This is often the most important type of retail in the area.

According to the International Council of Shopping Centres and Dollars & Cents of Shopping Centres, the average Canadian neighbourhood centre is 61,452 sq. ft. with the largest one being 86,775 sq. ft. and including some office space. It is neither advised, nor possible for a neighbourhood centre to exceed 100,000 sq. ft. in size unless the supermarket is extraordinarily large as it is in this example.

A typical neighbourhood centre is approximately 60,000 sq. ft. in size and generates sales of over $500 per sq. ft. of gross leasable area. Food stores such as supermarkets comprise almost half (46.5%) of neighbourhood shopping centre floor space. Other categories are food service (9.0%), personal service (8.4%), drugstores (6.5%), other miscellaneous retail (5.9%), and general merchandise stores (4.7%). The ancillary small shops and stores required under this scenario would typically add up to 40,000 square feet of GLA.

7.4 RETAIL DEVELOPMENT TRENDS

As with any retail market study, it is important to address a number of important retail development trends influencing the study area.

- Regional enclosed malls have lost retail market share over the past 15 years. They tend to be costly to operate and inconvenient to shop at for the majority of customers. This is due to such factors as their lack of convenience for many residents within the mall's large regional trade area. Regional enclosed malls are declining form of retail development and very few have been built in North America since 1990. Despite this, they have maintained dominance over some segments of the industry, particularly apparel. Without a large apparel selection, this type of retail development is not effective. Without full line department store anchors, this type of development is inconvenient without the end benefit of shopping there. Regional malls can rely on infrequent but substantial shopping trips by rural residents.

- Malls can be ineffective premises for retailers due to their inconvenient locations and/or inconvenient space within mall area plans. Internal-only locations with weak exposure to major arterials do not offer sufficient visibility for retailers seeking the maximum exposure to potential consumers.

- Stand-alone anchors or anchors with just a few ancillary stores are becoming ever more common due to their simplicity, convenience, and low operating costs.

- Commercial streets are increasingly attractive locations for retailers as they offer maximum customer convenience and independence from mall landlords. They also allow retailers to become an integral part of customers' ever more differentiated lifestyles. Mass marketing is growing less effective than in the past and customers seek more unique and socially diverse experiences.

- Street-front retailing is making a major comeback, in part, because it is convenient and it offers a number of unique and interesting owner-operator tenants. The large chains are all trying to get locations on good, high traffic streets in order to get closer to their customers, both physically and in terms of their lifestyle. This trend is only expected to grow as it gains its strength from the ever more pressing need for convenience with respect to the local population base.

- There is strong demand from supermarkets for in-fill sites in inner-urban areas. The supermarkets tend to thrive with the associated denser population base and higher traffic volumes that such locations provide. This would spin off benefits to the immediate area and make related businesses viable. The major drawback is that there are few large vacant sites in the downtown areas.

- Virtually every major high profile retail development site is being proposed as a mixed use development. Whenever the site is near rapid transit or at a highway interchange, developers are proposing street front retail, anchor tenants, structured parking, and extensive residential around the periphery of the retail facility. A pure retail development is no longer deemed viable or the highest and best use for high quality locations.

- Big-box specialty retail anchors which sell product lines such as: books, crafts, toys, office supplies, computers, electronics, sporting goods, shoes, pet supplies, home furnishings and furniture, and home improvement merchandise, have grown to dominate shopping centre development. The big-box stores are now seeking out street-front retail locations in urban markets and are modifying their floor plans for these locations. These big-box tenants tend to locate on their own stand-alone sites when possible.

- Modern malls have high anchor-to-CRU (commercial retail unit) ratios. This trend is evident in virtually every recent development.

- Street-front commercial districts, with their more numerous, finer grain retail, are being differentiated from malls, and offer a favourable and complementary shopping alternative. Dozens of retail impact studies have been conducted when large new stores enter older communities and in general there has not been any measurable impact.

- Neighbourhood centres anchored by supermarkets and drugstores play a very strong role within the local community. They generate high and consistent rental revenue and have low associated leasing risk. These are a very popular form of retail development.

- Most new retail projects are inner urban, mixed use and high density. Many new urban projects have a substantial multi-family component. In general, retail is ever more specialized and should be focused on specific customer needs. There is less speculative building than in the past.

- The wholesale to retail industry, typified by stores such as Costco, is still doing very well.
- The large discount chains are doing better than full price chains in the recession. Wal-Mart has done relatively well and taken major steps to “improve” and “green” their practices and image.
- Internet shopping is still growing steadily and is serving an ever bigger function in the market.

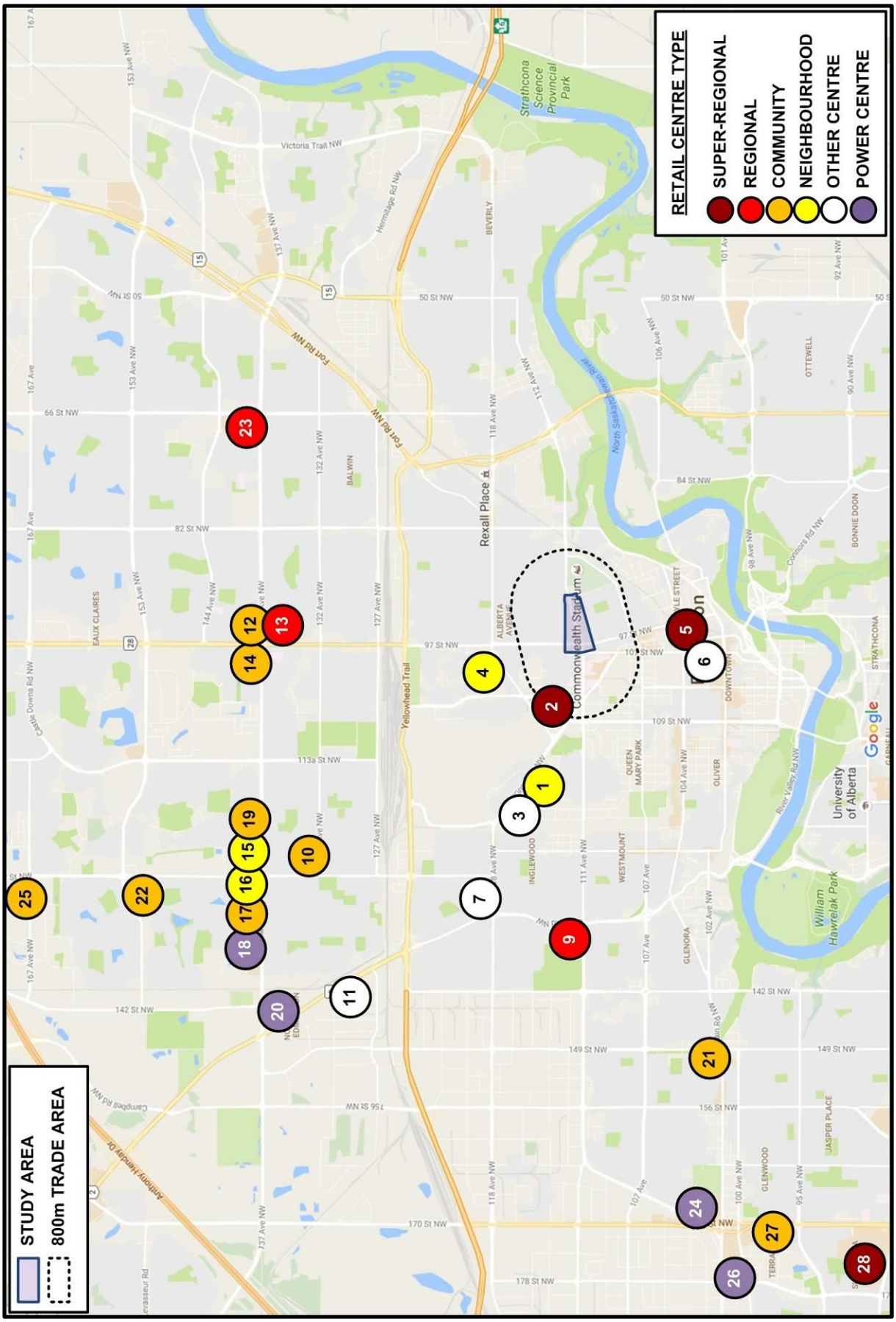
7.5 RETAIL COMPETITION

This section of the study outlines the retail competition and its influence on the study area. The area is characterized by older retail space and there is some opportunity for new retail development. The analysis will focus on the feasibility of retail as a land use in relative proximity to the proposed station. The figure on the following page illustrates some of the more important retail facilities in the area and is followed by a description of each project.

The map on the following page shows existing and planned retail in the area surrounding the subject site, while the tables that follow include the corresponding descriptions. As is shown in the below map and tables, there are numerous, varied retail uses surrounding the study area. One of the most important and most competitive retail centres in the area is Kingsway Mall (identified as #2 on the map), located practically adjacent to the study area. The mall is a super-regional facility with close to 1 million sq. ft. With over 200 stores, it is the second largest mall in Edmonton after West Edmonton Mall. It is competitive not only due to its size, but also a recent $70 million renovation that concluded in 2009. Redevelopment has continued at the mall since then, with Target opening in 2014 but subsequently closing, leaving a large leasable space.

Oxford Properties Group is currently working on a transit-oriented design. Though the details of the master plan are largely unknown at this time, it is expected to focus on transforming the mall into a highly dense, mixed-use facility. Eventually, Oxford plans to get rid of all, or almost all, of the mall’s surface parking in favour of denser parking structures, allowing for mall expansion. Kingsway Mall is anticipated to add additional land uses beyond retail, possibly including office and residential uses. Once finalized, the master plan will be implemented in several phases, the first phase likely to focus on expanding the food and beverage and entertainment offerings on-site.

In addition to the above retail, located adjacent to the subject site, there are a number of other competitive retail centres or retailers located within 5 km of the study area (identified as #1 to #9 on the map). Of note is #5, Edmonton City Centre Mall, another super regional facility of over 800,000 sq. ft.

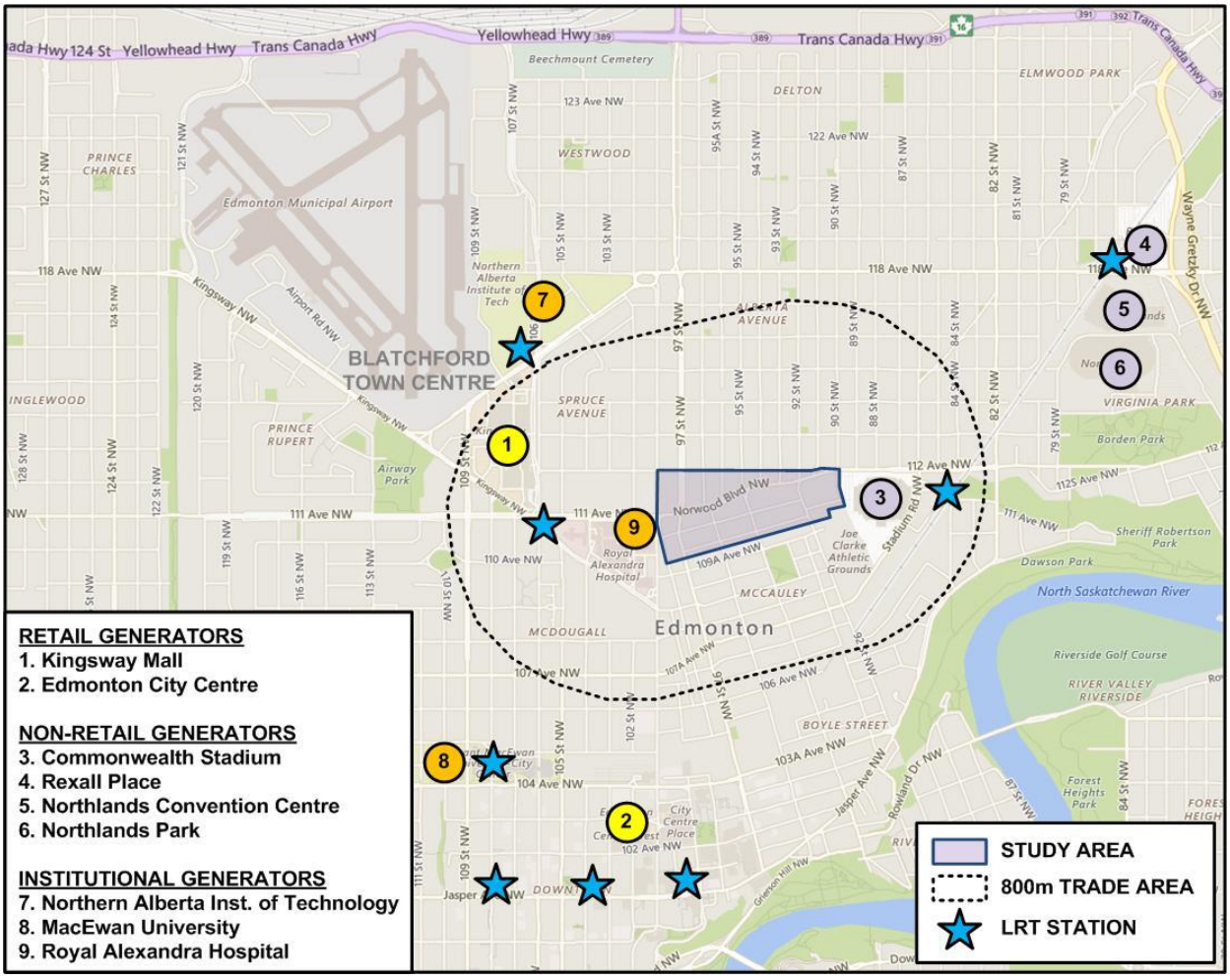

RETAIL CENTRE TYPE
SUPER-REGIONAL
REGIONAL
COMMUNITY
NEIGHBOURHOOD
OTHER CENTRE
POWER CENTRE
STUDY AREA
800m TRADE AREA
1
2
3
4
5
6
7
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
Rexall Place
Commonwealth Stadium
Yellowhead Trail
Fort Rd NW
Strathcona Science Provincial Park
University of Alberta
William Hawrelak Park
Victoria Trail NW
50 St NW
66 St NW
82 St NW
84 St NW
97 St NW
109 St NW
113a St NW
142 St NW
149 St NW
156 St NW
170 St NW
178 St NW
BEVERLY
BALWIN
EAUX CLAIRES
INGLEWOOD
WESTMOUNT
QUEEN MARY PARK
OLIVER
DOWNTOWN
GLENORA
GLENWOOD
JASPER PLACE
OTTEWELL
BONNIE DOON
STRATHCONA
Google

#	CENTRE NAME	LOCATION	TYPE	EST. SQFT	ANCHOR TENANTS	OPENED	NOTES
1	Kingsway Centre	117 St NW & Kingsway	Neighbourhood	121,409	Superstore (95,363)	1976	Superstore opened in 2011.
2	Kingsway Mall	109 St & Kingsway	Super Regional	977,880	H&M (16,275); Sears (241,872); Shoppers Drug Mart (16,695); Sport Chek (21,000); the Bay (162,404); (EMPTY) (98,875)	1976	The second largest mall in Edmonton with over 200 stores. Completed a $70-million redevelopment from 2007 to 2009 with further additions expected in the near future.
3	Canadian Tire	11839 Kingsway NW	Freestanding	75,000	Canadian Tire (75,000)	NA	NA
4	Value Village & The Bargain! Shop Plaza	118 Ave NW & 103 St NW	Neighbourhood	60,000	Value Village (15,000); The Bargain! Store (12,000)	NA	Older development.
5	Edmonton City Centre	North of 101 St NW & 102 Ave NW	Super Regional	812,142	The Bay (167,946); Landmark Cinemas (66,692); Sport Chek (35,825); Winners (28,539)	1974	Redeveloped in 1999. Connected to two major office towers (TD Tower, City Centre Place).
6	Manulife Place	Southwest of 101 St NW & 102 Ave NW	Fashion/ Specialty	117,440	Holt Renfrew	1983	Connects to Edmonton City Centre via a skywalk bridge. Contains 22 stores and 3 restaurants.
7	Sherbrook Plaza	St Albert Trail & 118 Ave NW	Strip Centre	20,386	Sherbrook Liquor Store	NA	Old strip mall format.
8	Oliver Square & Village	North of 116th St & 104th Ave	Community	246,671	Safeway (50,269); London Drugs (34,867); Mark's (10,338); Staples; Dollarama	2003	Oliver Village also includes two residential apartment buildings (5 storeys), with a total of 308 units.
9	Westmount Centre / Village	Groat Rd & 111 Ave NW	Regional	546,000	Safeway; Walmart; Shoppers Drug Mart; Home Depot; Mark's	1955	Walmart opened in 2013, Home Depot in 2008, Shoppers renovated in 2010, Mark's opened in 2014. A four screen Empire Theatres was shut down in 2011.
10	Kensington Shopping Centre	127 St NW & 132 Ave NW	Community	88,820	Giant Tiger (20,000); H&W Produce (10,338); Kensington Bingo (13,913)	1959	NA
11	Overland Place	130 & St Albert Trail	Strip Centre	66,012	Rogers Sleep Shop (19,000)	NA	Older development. Space for lease.
12	North Town Centre	Northeast of 97 St NW & 137 Ave NW	Community	270,000	Bed Bath & Beyond (24,815), Indigo (22,000), London Drugs (36,261), T & T Supermarket (47,515)	NA	Underwent redevelopment that concluded in 2009.
13	Northgate Centre	Southeast of 97 St NW & 137 Ave NW	Regional	512,100	Future Shop (31,477); Safeway (54,993); Walmart Superstore (117,766)	1965	Underwent a major renovation in 1986. Contains more than 70 stores and services. Walmart Supercentre opened in 2012. Significant amount of professional office space.
14	Griesbach Square	Northwest of 97 St NW & 137 Ave NW	Community	NA	Sobeys (83,000), Future Hotel	Proposed	20 acre commercial site for future development. Mixed-use residential component expected.

#	CENTRE NAME	LOCATION	TYPE	EST. SQFT	ANCHOR TENANTS	OPENED	NOTES
15	Kensington Commons	Northeast of 127 St NW & 137 Ave NW	Neighbourhood	34,300	NA	2014	Under construction. Shadow Anchor: Superstore
16	Palisades Shopping Centre	Northwest of 127 St NW & 137 Ave NW	Neighbourhood	54,514	Safeway; CIBC	1989	NA
17	North City Centre	Northeast of 133 St NW & 137 Ave NW	Community	103,201	JYSK (34,000); Old Navy (15,000); Staples (23,158)	1984	NA
18	Skyview Power Centre	Northwest of 133 St NW & 137 Ave NW	Power Centre	324,450	Sears (44,067); Home Outfitters (40,574); Best Buy (30,536); Winners (23,077); Homesense (25,351)	2002	Last renovated in 2003. 33 stores and services. Shadow Anchor: Home Depot
19	White Oaks Square	137 Ave NW & 123a St NW	Community	158,320	The Brick (33,664); Castledowns Bingo; Le Chateau; Mark's	1979	Additional development occurred in 1995.
20	Christy's Corner	St. Albert Trail & 137 Ave NW	Power Centre	111,021	Club Fit (20,000); Golf Town (17,500)	2000	20 retail stores and services. Adjacent to a 16 theatre Cineplex Odeon.
21	Jasper Gates Shopping Centre	Stony Plain Rd & 150 St NW	Community	94,640	London Drugs (30,000), Safeway (55,000)	1991	NA
22	Oxford Park Centre	153 Ave NW & 127 St NW	Community	60,000	Save on Foods (40,000); Shoppers Drug Mart; Origional Joes	2011	NA
23	Londonderry Mall	137 Ave NW & 66 St NW	Regional	735,000	The Bay; Winners; Army & Navy; Save-On Foods; Shoppers Drug Mart	1972	Undergoing a $130 million renovation, which is expected to be complete in 2017.
24	Mayfield Common	170 St & Stony Plain Rd	Power Centre	444,263	Winners/Homes Sense (62,410); Save-On Foods (58,932); JYSK (30,597); Value Village (24,080)	1990	Recently remodeled.
25	Albanny Shopping Centre	127 St NW & 167 Ave NW	Community	407,000	Walmart Supercentre	2014	Second Phase in Development
26	West Point Centre	100 Ave & 178 St	Power Centre	347,500	Canadian Tire (120,000); Best Buy; Home Outfitters; Mark's; Home Depot; Petsmart; Rona; Pier 1	1999	NA
27	Terra Losa Shopping Centre	170 St & 95 Ave	Community	257,033	Future shop (32,878); Michaels (23,668); Safeway (52,472); Staples (26,528); Shoppers Drug Mart (20,347)	1986	Renovated in 2014.
28	West Edmonton Mall	170 st & 87 Ave	Super Regional	5,300,000	Sears; The Bay; T & T Supermarket; Simons (118,000); Galaxyland; World Waterpark	1981	Over 800 stores and services. It attracts betweeen 90,000 and 200,000 shoppers daily. Plans recently announced for a 150,000 sq. ft. expansion, expected to house a luxury deparment store.

7.6 TRADE AREA DELINEATION

When determining the geographic extent of the retail trade area it is important to understand the types of retail that the study area could attract. A part of this assessemnt is informed by the proximity and magnitude of competitive influences. Given that the Norwood Boulevard Study Area presently has largely highway-oriented commercial development as well as being practically adjacent to Edmonton's second-largest shopping centre, Kingswa Mall, we expect that retail along Norwood would be largely neighbourhood-oriented. Put differenty, we see little opportunity for the study area to become a major, regionally-oriented source of retail, especially as additional retail in the Blatchford Town Centre redevelopment comes online. To that end, we have delinieated a trade area for the Norwood Study Area in keeping with a 10-minute walk or 800m from Norwood Boulevard, as shown on the map below.



Sources: Google Maps; Site Economics

The trade area contains two LRT stations within its boundaries as well as the nearly 1-million square foot Kingsway Mall. The former municipal airport lies just outside the trade area and is destined to be redevelope d as the Blatchford Town Centre, which is expected to grow to be a complete community of over 30,000 people over several decades.

7.7 TRADE AREA DEMOGRAPHICS

Often it is useful to compare demographic metrics of the trade area to the wider geography. This helps establish an understanding of the residents and what their priorities might be from a retail standpoint.

Some notable observations include:

- The total population of the trade area as of 2016 is estimated at 11,691. This is a mature residential area with growth potential limited by infill opportunities and the availability of vacant sites or significant redevelopment of already developed sites. That said, the trade area has grown at a rate commensurate with that of the city between 2011 and 2016.

- Household income rated significantly below the citywide average. The average household income in this area in year 2016 is $63,984, which is over 43% less than the Edmonton city average, estimated at $112,975.

- A slightly greater share of trade area families have children as compared to the city, with the trade area having a significantly higher share of families being lone parents. Interestingly, trade area families have the same average number of children as the city.

- The trade area population skews somewhat older than the city as a whole, with a smaller share of residents under the age of 25, and a greater share of residents over the age of 55.

- As there is a strong correlation between educational attainment and household income, it is not surprising to see that the trade area has a significantly smaller fraction of its over-15 population with a bachelor level degree or higher.

- There is also a strong correlation between household income and home ownership and as would be expected, the trade area has a significantly lower rate of homeownership than does the city.

The tables below summarize some important demographic metrics comparing the trade area with the city as a whole.

2016 Demographic Snapshot	Norwood TA	%	City of Edmonton	%
Total Population				
2011 estimated	10,305		845,620	
2016 estimated	11,691		961,016	
2021 Projected	13,100		1,052,224	
% Pop. Change (2011-2016)	13.4%		13.6%	
% Pop. Change (2016-2021)	12.0%		9.5%	
2016 Total Population by Age	**11,691**		**961,016**	
0 to 4 years	671	5.7%	60,269	6.3%
5 to 19 years	1,413	12.1%	150,976	15.7%
20 to 24 years	835	7.1%	75,239	7.8%
25 to 34 years	2,169	18.5%	180,465	18.8%
35 to 44 years	1,705	14.6%	140,225	14.6%
45 to 54 years	1,712	14.6%	123,239	12.8%
55 to 64 years	1,622	13.9%	113,583	11.8%
65 to 74 years	936	8.0%	64,985	6.8%
75 years & over	628	5.0%	52,035	5.0%
Median Age	39.2		35.9	

2016 Demographic Snapshot	Norwood TA		City of Edmonton	
2016 Total Census Families	**2,492**		**244,570**	
Average Persons Per Family	2.9		3.1	
Total Couples	1,813	72.7%	203,369	83.2%
Without children at home	897	36.0%	94,061	38.5%
With children at home	916	36.8%	109,308	44.7%
Lone-parent families	679	27.3%	41,201	16.8%
Children Per Census Family	1.1		1.1	
2016 Educational Attainment (15 years+)	**9,767**		**782,593**	
Less than a bachelor degree	7,990	81.8%	564,089	72.1%
Bachelor degree & higher	1,777	18.2%	218,504	27.9%
2016 Households	**5,181**		**377,322**	
Persons per household	2.18		2.50	
Average household income	$ 63,984		$ 112,975	

2016 Demographic Snapshot	Norwood TA	%	City of Edmonton	%
2016 Households by Size of Household	**5,181**	**%base**	**377,322**	**%base**
1 person	2,340	45.2%	109,533	29.0%
2 persons	1,457	28.1%	122,650	32.5%
3 persons	610	11.8%	60,397	16.0%
4 persons	439	8.5%	51,492	13.6%
5 persons	179	3.4%	20,558	5.4%
6 or more persons	157	3.0%	12,692	3.4%
2016 Persons in Households	11,317		943,261	
Persons per household	2.18		2.50	
2016 Occupied Private Dwellings by Tenure	**5,181**	**%base**	**377,322**	**%base**
Owned	2,481	47.9%	248,666	65.9%
Rented	2,700	52.1%	128,656	34.1%
Band housing	0	0.0%	0	0.0%
2016 Occupied Private Dwellings by Structure Type	**5,181**	**%base**	**377,322**	**%base**
Houses	2,295	44.3%	243,043	64.4%
Single-detached house	2,178	42.0%	185,624	49.2%
Semi-detached house	87	1.7%	21,964	5.8%
Row house	31	0.6%	35,455	9.4%
Apartment, building low and high rise	2,815	54.3%	131,081	34.7%
Less than five	1,864	36.0%	82,821	21.9%
Five or more floors	564	10.9%	38,920	10.3%
Detached duplex	387	7.5%	9,340	2.5%
Other Dwelling Types	71	1.4%	3,198	0.8%
Other single-attached house	0	0.0%	354	0.1%
Movable dwelling	71	1.4%	2,844	0.8%

7.8 RETAIL EXPENDITURES AND SUPPORTED SPACE

In order to best understand what retail categories may be warranted at the subject site, it is important to gauge the level of retail expenditures made by those in the trade area. The table below illustrates the per capita expenditures made by Albertans, in selected categories, over the past year, and adjusts these expenditures in order to make them more indicative of the residents within the trade area.

Per Capita Expenditure Derivation - Adjusted		
	Alberta	Trade Area
Average Household Income	$100,819	$63,984
Average Household Size	2.60	2.18
Per Capita Income	$38,777	$29,350
Provincial Index	100	76

Estimated 2016 Annual Per Capita Expenditure	Alberta	Trade Area	
		Adjustment Index:	Adjusted Expenditure
Total DSTM	**$7,317**	**76**	**$5,561**
Total Non DSTM			
Movie Theatres	$54	70	$38
Service Commercial	$231	76	$176
Eating & Drinking Places			
Drinking Places	$82	85	$70
Full-Service Restaurants	$917	76	$697
Limited-Service Restaurant	$930	80	$744
Food & Beverage Stores			
Supermarkets & Other Grocery Stores	$2,563	90	$2,306
Convenience Stores	$194	95	$185
Specialty Food Stores	$132	76	$100
Beer, Wine & Liquor Stores	$610	85	$519
Total	**$13,030**		**$10,395**

As shown in the above table, the average Albertan spends an estimated $13,000 a year on retail and services. This includes department store type merchandise (DSTM), movie theatres, service commercial, eating and drinking places (drinking places, full-service and limited-service restaurants) and food and beverage stores (supermarkets and other grocery, convenience stores, specialty food stores, and beer, wine and liquor stores).

In order to establish spending habits that more closely estimate those in the trade area, the Alberta level expenditures are adjusted. The trade area has a relatively low per capita income level as compared to the province. As per capita income of the trade area is 76% of that of the province, the trade area gets an "index" of 76. That means that in many retail categories, trade area residents will only spend 76 cents for every dollar spent by the average Albertan. Of course, some categories are less price sensitive than others, thus adjustments have been made on a per-category basis. As a result, we estimate the per capital expenditures among trade area residents to be just under $10,400.

Multiplying the per-capita expenditures by the trade area population projected, we arrive at the total expenditure potential per retail category. Not all of that expenditure will be spent in the trade area, however, and how much the area can capture depends on the product category, the presence of that category within the trade area and competitive influences (such as Kingsway Mall). These factors build the per-category market share for the trade area; the proximity of Kingsway Mall, for example, will greatly diminish the market share for DSTM goods, while convenience stores will enjoy a higher market share.

An “inflow” factor of 10% to 15% has generally been identified for the subject site, with the remaining 85% to 90% of sales driven by the population within the trade area. This is largely due to the quantity of visitors expected at the subject site area on a daily basis. A number of daily visitors are expected as a result of the nearby NAIT campus. Additionally, Kingsway Mall and the Royal Alexandra Hospital and related health facilities are major traffic generators to the area. Plus, the Blatchford Town Centre is expected to one day be a vibrant business hub. Expenditures are then divided by typical sales-per-square-foot productivity values to arrive at supported space per category. The table below summarizes the results of all of these factors, and provides an aggregate amount of square footage supported by expenditures.

	2016	2019	2021	2026
DSTM				
Expenditure Potential ('000's)	$ 14,300	$ 16,060	$ 17,660	$ 20,660
Warranted Floor Area (sq. ft.)	34,450	38,710	42,550	49,790
NON-DSTM				
MOVIE THEATRES				
Expenditure Potential ('000's)	$ 520	$ 580	$ 640	$ 750
Warranted Floor Area (sq. ft.)	5,780	6,480	7,120	8,320
Number of Screens	1	1	1	1
SERVICE COMMERCIAL				
Expenditure Potential ('000's)	$ 1,110	$ 1,250	$ 1,370	$ 1,600
Warranted Floor Area (sq. ft.)	2,770	3,110	3,420	4,010
DRINKING PLACES				
Expenditure Potential ('000's)	$ 1,050	$ 1,180	$ 1,300	$ 1,530
Warranted Floor Area (sq. ft.)	1,170	1,310	1,450	1,700
FULL-SERVICE RESTAURANT				
Expenditure Potential ('000's)	$ 6,440	$ 7,230	$ 7,950	$ 9,300
Warranted Floor Area (sq. ft.)	16,090	18,080	19,870	23,260
LIMITED-SERVICE RESTAURANT				
Expenditure Potential ('000's)	$ 11,190	$ 12,580	$ 13,840	$ 16,210
Warranted Floor Area (sq. ft.)	13,170	14,800	16,280	19,070
SUPERMARKETS & OTHER GROCERY				
Expenditure Potential ('000's)	$ 32,860	$ 36,990	$ 40,690	$ 47,780
Warranted Floor Area (sq. ft.)	59,740	67,250	73,990	86,880
CONVENIENCE STORES				
Expenditure Potential ('000's)	$ 3,430	$ 3,860	$ 4,250	$ 4,990
Warranted Floor Area (sq. ft.)	5,710	6,430	7,080	8,320
SPECIALTY FOOD STORES				
Expenditure Potential ('000's)	$ 1,030	$ 1,160	$ 1,270	$ 1,490
Warranted Floor Area (sq. ft.)	1,720	1,930	2,120	2,480
BEER, WINE & LIQUOR STORES				
Expenditure Potential ('000's)	$ 7,590	$ 8,540	$ 9,390	$ 11,010
Warranted Floor Area (sq. ft.)	12,650	14,230	15,650	18,350
TOTAL RETAIL EXPENDITURES ($000s)	**$ 79,520**	**$ 89,430**	**$ 98,360**	**$ 115,320**
TOTAL SUPPORTED AREA - RETAIL (sqft)	**153,250**	**172,330**	**189,530**	**222,180**
ADDITIONAL SERVICES				
Financial Institutional Space				
Share of Total Retail Space	5%	5%	5%	5%
Warranted Fin. Instit. Space (sq. ft.)	7,663	8,617	9,477	11,109
Professional Arts Space				
Share of Total Retail Space	5%	5%	5%	5%
Warranted Prof. Arts Space (sq. ft.)	7,663	8,617	9,477	11,109
TOTAL SUPPORTED AREA - RETAIL & SERVICES (sqft)	**168,600**	**189,600**	**208,500**	**244,400**
Note: Figures rounded to the nearest 10				

Department Store Type Merchandise (DSTM)

Department store type merchandise (DSTM) consists of any type of merchandise that would commonly be found in department stores. This is the broadest type of retailing and generally includes furniture and home furnishing stores; electronics and appliance stores; building material and garden equipment supplies dealers; health and personal care stores; clothing and clothing accessories stores; sporting goods, hobby, book and music stores; general merchandise stores; and miscellaneous store retailers.

The table shown previously shows the estimated market opportunity for on-site DSTM uses from 2016 to 2026. Market shares for the trade area have been set at 10%, which relies on strong connectivity to Kingsway Mall, and the inclusion of tenants which compliment, not compete with, the mall's offerings. Kingsway Mall is very competitive in the DSTM category and instead of seeking to compete with this expanding retail force, Norwood should seek to complement it by offering a different style of DSTM, such as independent, fine-grained retailers. We estimate that there will be on-site demand for close to 49,700 sq. ft. of DSTM retail space by 2026.

Supermarkets & Other Grocery

This retail category comprises establishments, known as supermarkets and grocery stores, primarily engaged in retailing a general line of food, such as canned, dry and frozen foods; fresh fruits and vegetables; fresh and prepared meats, fish, poultry, dairy products, baked products and snack foods. These establishments also typically retail a range of non-food household products, such as household paper products, toiletries and non-prescription drugs.

Most people do the majority of their food shopping near their place of residence, though some may also shop for groceries near their work or other shopping facilities. Given this condition, trade area supermarket and other grocery market shares for the trade area have been set at 60%. This market share may have been somewhat higher if not for existing competition. Both Safeway and Save-On Foods are located a short drive from the study area, towards downtown Edmonton and likely on the commute home for some trade area residents. A slightly higher "inflow" factor of 12% is utilized, due to the number of daytime employees which work at the various institutions nearby. According to the analysis, by 2026 there will be demand for an estimated 86,880 sq. ft. of supermarket and other grocery.

Convenience Stores

This retail category comprises establishments, known as convenience stores, primarily engaged in retailing a limited line of convenience items that generally includes milk, bread, soft drinks, snacks, tobacco products, newspapers and magazines. This retail category is primarily based on convenience. While people do tend to shop at convenience stores that are either close to their place of residence or work, they tend to also choose stores that are conveniently located on their commute.

It is estimated that 80% of the trade area's expenditures towards convenience stores would be spent at conveniences store in the study area. If conveniently located, with

strong connections to both the LRT and the NAIT campus, an “inflow” factor of 12% can be expected for the convenience store market opportunity. As a result of the above expectations, an estimated 8,320 sq. ft. of convenience store space is anticipated by 2026.

Specialty Food Stores

This retail category comprises establishments primarily engaged in retailing specialized lines of food products such as meat markets, fish and seafood markets, fruit and vegetable markets, and other specialty food stores. Market shares in the specialty food stores category are largely based on those of retail food, as people tend to shop for these products at the same location as their other grocery shopping. As a result, market share for the specialty food store category have been set at 40%. According to the analysis, by 2026 there will be demand for an estimated 2.480 sq. ft. of specialty food stores.

Beer, Wine & Liquor Stores

This retail category includes establishments primarily engaged in retailing packaged alcoholic beverages, such as beer, wine and liquor. The market shares related to the beer, wine and liquor stores category are largely based on those of retail food, largely because people tend to shop for these products at the same location as their other grocery shopping.

As a result, market share for the specialty food store category have been set at 40%. The market shares for this category might be slightly higher if it weren’t for competition in the surrounding area, including a Sobeys Liquor store located in Kingsway Mall as well as several stores located on Kingsway NW and 118 Ave NW, which might be more convenient for some residents of the trade area. An “inflow” of 12% is estimated for this retail category. According to the analysis, by 2026 there will be demand for an estimated 18,350 sq. ft. of beer, wine and liquor store space.

Drinking Places

This retail category includes establishments, known as bars, taverns or drinking places, primarily engaged in preparing and serving alcoholic beverages for immediate consumption. These establishments may also provide limited food services. Consumers most often choose drinking places that are either near their place of work, near their residence, or near an agglomeration of entertainment places (typically the city centre or downtown area). Though access to the LRT is a positive attribute in many instances, it serves to lower the market share expected in the drinking places category. This is

because it allows residents of the trade area to easily travel to downtown Edmonton, where there are an abundance of drinking places, as well as other entertainment facilities.

For this reason, market shares for drinking places located on-site have been determined at 20%. Though market shares for the primary and secondary trade zones are expected to be fairly conservative, due to access to the LRT and downtown Edmonton, a high "inflow" factor of 15% is anticipated. This "inflow" is based upon expected drinking place demand from students and faculty at NAIT, as well as the daytime working population at local institutions as well as visitors to Commonwealth Stadium. Despite this high "inflow" factor, the analysis shows little demand for on-site drinking places, with only 1,170 sq. ft. supported by 2026.

Full-Service Restaurants

This retail category comprises establishments primarily engaged in providing food services to patrons who order and are served while seated and pay after eating. These establishments may sell alcoholic beverages, provide take-out services, operate a bar or present live entertainment, in addition to serving food and beverages. This category includes drinking places that primarily serve food.

Market shares for full-service restaurants in the trade area have been set at 35%. Kingsway Mall is expected to increase its competitiveness in this category. Nevertheless, a high "inflow" factor of 15% is expected for full-service restaurants at the subject site. This is due to the existence of NAIT, Royal Alexandra Hospital, expected on-site office development, as well as Kingsway Mall. Though Kingsway Mall is a competitor in this category, it is also a major traffic generator and mall visitors may choose to visit Norwood. According to the analysis, by 2026 there will be demand for an estimated 23,200 sq. ft. full-service restaurants in the studay area.

Limited-Service Restaurants

This retail category comprises establishments primarily engage in providing food services to patrons who order or select items at a counter, food bar or cafeteria line (or order by telephone) and pay before eating. Food and drink are picked up for consumption on the premises or for take-out, or delivered to the customer's location. These establishments may offer a variety of food items or specialty snacks or non-alcoholic beverages.

Market shares and competition for limited-service restaurants generally mirror those of the above discussed full-service restaurants. As a result, market shares for this category have been set at 35%. "Inflow" sales in this category are set at 15%, for the same reasons

as discussed in the full-service restaurants section above. Considering the above inputs, in 2026 demand for on-site limited-service restaurants is forecasted at about 19.000 sq. ft.

Service Commercial

The service commercial category generally includes clothing services such as laundry, dry-cleaning, tailoring and alteration services, hair and esthetics salons, prescription eye wear, and other personal care services. It excludes professional and financial services, such as dentists' and doctors' offices, mortgage brokers, or insurance agents which may be found in retail facilities. In the service commercial category, consumers tend to shop based on convenience, thus market shares generally reflect those of the supermarket and food category. Accordingly, in 2026 there is forecasted to be on-site demand for approximately 4,010 sq. ft. of service commercial space.

Additional Space Opportunities

A well merchandised retail district, particularly one that also functions as a neighbourhood convenience centre, will also incorporate financial institutional and professional arts space. Financial institutional space includes banks, mortgage brokers, investment bankers, financial advisers and other financial related uses. Professional arts space includes space being used by a person with an occupation that involves any professional or technical service such as doctors, dentists, veterinarians, real estate agencies etc. These uses may or may not utilize a retail storefront or locate in an office space. Generally, these components are included as a share of between 6–8% of total floor space in typical neighbourhood retail centres throughout North America. A conservative 5% share has been utilized in the analysis here, reflecting a total of about 22,000 sq. ft. of supported space.

7.9 RETAIL TENANTS AND RENTS

Rents are typically a ratio of sales. This ranges from a low of 4% for an anchor tenant to the typical 10% for small stores to a high of 16% for fast food. It is clear that the area will enjoy above average sales and thus at least average rents. Based on an analysis of rent retail projects are expected to achieve:

- Large Anchor Tenants: $16 - $18 psf
- Mid-Size Anchor Tenants: $26 psf
- High Quality CRU: $45 psf
- Medium Quality CRU: $35 psf
- Office and Other CRU: $30

- Banks: 2,500 - 4,000 sq. ft. @ $40 - $45 psf
- Inline CRU's (anchored project): 1,000 - 2,500 sq. ft. @ $35 - $40 psf
- Food Service Pads: @ $40 - $50 psf
- Office: Ground and/or 2nd Floor @ $18 - $24 psf

7.10 SUMMARY IMPLICATIONS

Despite the province-wide economic downturn, consumer spending is still relatively strong and higher than in many other parts of the country. Edmonton is less impacted by the downtown in oil prices than other parts of Alberta, such as Calgary or Fort McMurray. As is the case in the rest of Canada, a number of new retailers are entering the market, providing new retail products and experiences.

For the study area, average household incomes are notable lower than the rest of the city. This reality must be reflected in the type and quantity of the retail offerings in the area. Also the study area is located relatively close to other major shopping designations and downtown Edmonton, suggesting potential leakage to other parts of the city. Local plans for the area should type to support retaining as much retail spending in the community as possible; local retail near transit service; growing the population of the local community through residential infill redevelopment so as to support a larger retail base; and try to attract more drive-by shoppers along the major routes / corridors to entice them to stop and shop in the area.

7.11 RETAIL POTENTIAL IN THE AREA

The area has some forms of convenience and retail, although most of it is older and in poor condition. The ideal type of retail development around the LRT stations would be retail serving the local population and drive-by traffic. It is also possible that a neighbourhood shopping centre format with mixed-use components and low-rise residential above-grade could be developed and include some modest office and business space.

8.0 OFFICE MARKET OVERVIEW

This section provides an overview of the office market for Edmonton. To understand the situation in Edmonton south area, it is important to examine the larger context. The Edmonton's office inventory is geographically segmented into two major markets - Central District, and the Suburban Districts, totaling 28 million sq. ft. Of the 18 million sq. ft. of office in downtown, 6 million is government and 12 million is financial. Of the 10 million sq. ft. in the suburban districts, the largest is the Southside area with 3 million sq. ft. The other suburban districts are much smaller.

The Royal Alexandra Hospital is in close proximity and it generates demand for medical office space. This demand is typically very close to the hospital and would be oriented to be as close to the LRT station as possible, likely just outside the study area.

8.1 REGIONAL MARKET CONDITIONS

Virtually all districts and industries experienced negative net absorption in 2015 and 2016. The most obvious reason for the extent of the market weakness are low oil prices.

Despite the continued challenges facing the Alberta economy and office market in the short run, Edmonton has so far proven much more diversified and resilient than Calgary, and the long term outlook remains positive as tenants eventually adapt and thrive along with the culture and infrastructure of the city. (Source: Colliers, Edmonton Office Market, Q2 2016)

The Edmonton office market will not return to balance without organic tenant growth, and this growth ultimately relies on improving economic and business fundamentals. In its absence, likely to see further subleases and downsizes as have characterized this quarter with uncertainty as to when we will experience a return to historical levels of net absorption. (Source: Colliers, Edmonton Office Market, Q2 2016)

On the bright side, as enrolments in technology related disciplines at the University of Alberta continue to rise, a well-established IT community is poised to grow with young talented professionals graduating in larger numbers. A number of these graduates will find work in one of Edmonton’s many information technology start-ups. Many of which have grown into medium sized technology companies fueled in part by an increasing number of successful incubators located throughout the city. Growth in innovative young Edmonton based IT firms suggests that the technology industry is better equipped to weather energy sector uncertainty, political changes, and currency fluctuations than other

sectors. Slight compression in lease rates and a growing inventory of available space is enabling firms to seek premises for less. Thus, a number of IT firms have expanded their office space or are currently exploring their expansion options to accommodate growth. (Source: Avison Young, Edmonton Office Market Report, Q1 2016)

The below table shows the full set of office market statistics, which are further explained in the following sections.

Edmonton Region Office Market Statistics, Q2 2016

Office Concentration	Class	Buildings	Total Inventory (SF)	Occupied Space (SF)	Total Vacant (SF)	Direct Vacant (SF)	Sub-Lease Vacant (SF)	Current Vacancy Rate Q2-2016	Avg. Asking Rental Rates	Top Rates & New Product
Downtown Financial	Class AA	5	2,941,708	2,035,991	905,717	853,721	51,996	30.79%	$25 - $42	$42
	Class A	24	6,786,973	6,081,401	705,572	467,114	238,458	10.40%	$18 - $25	$25
	Class B	16	2,056,401	1,900,644	155,757	155,757	-	7.57%	$12 - $18	$25
	Class C	7	275,518	196,969	78,549	78,549	-	28.51%	$10 - $16	$16
	Total	52	12,060,600	10,215,005	1,845,595	1,555,141	290,454	15.30%		
Downtown Government	Class A	9	1,743,466	1,664,350	79,116	61,543	17,573	4.54%	$17 - $25	$25
	Class B	26	3,749,336	3,239,123	510,213	503,015	7,198	13.61%	$12 - $20	$19
	Class C	7	303,184	253,759	49,425	49,425	-	16.30%	$10 - $16	$16
	Total	42	5,795,986	5,157,232	638,754	613,983	24,771	11.02%		
Total Downtown	Class AA	5	2,941,708	2,035,991	905,717	853,721	51,996	30.79%		
	Class A	33	8,530,439	7,745,751	784,688	528,657	256,031	9.20%		
	Class B	42	5,805,737	5,139,767	665,970	658,772	7,198	11.47%		
	Class C	14	578,702	450,728	127,974	127,974	-	22.11%		
	Total	94	17,856,586	15,372,237	2,484,349	2,169,124	315,225	13.91%		
Suburban	118th Avenue	14	778,072	718,322	59,750	48,462	11,288	7.68%	$12 - $20	$25
	124th Street	16	861,831	665,259	196,572	177,386	19,186	22.81%	$14 - $26	$26
	149th Street	25	1,145,241	1,024,155	121,086	90,971	30,115	10.57%	$10 - $17	$20
	Eastgate	12	1,150,377	903,730	246,647	189,890	56,757	21.44%	$12 - $19	$27
	Southside	55	3,125,753	2,497,947	627,806	497,481	130,325	20.08%	$15 - $23	$32
	South Henday	23	1,119,707	972,426	147,281	128,734	18,547	13.15%	$19 - $28	$31
	Whyte Avenue	9	568,761	497,050	71,711	71,711	-	12.61%	$16 - $21	$34
	West End	34	1,726,910	1,443,246	283,664	250,943	32,721	16.43%	$12 - $18	$32
	Total	188	10,476,652	8,722,135	1,754,517	1,455,578	298,939	16.75%		
Downtown & Suburban	Total	282	28,333,238	24,094,372	4,238,866	3,624,702	614,164	14.96%		
Sherwood Park	Total	34	1,403,410	1,087,676	315,734	232,676	83,058	22.50%	$13 - $22	$30

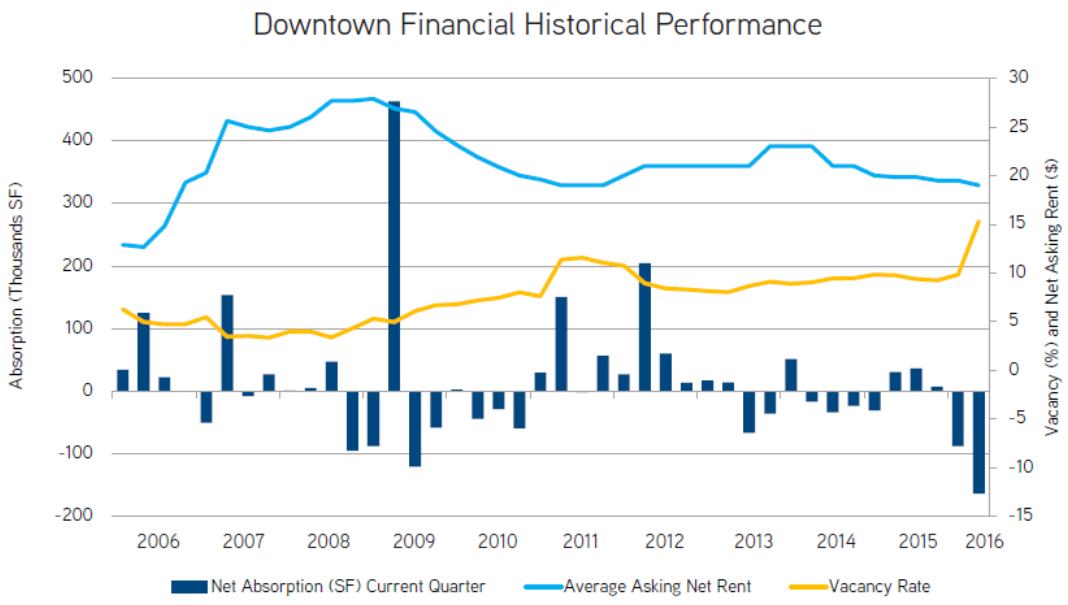
Source: Colliers, Edmonton Office Market, Q2 2016

8.2 SUB-REGIONAL MARKETS

8.2.1 DOWNTOWN FINANCIAL DISTRICT

The Financial District reported an overall negative net absorption of -163,734 square feet in Q2 2016, and with the addition of the Kelly Ramsey development into inventory, overall vacancy rates rose to 15.30%, up from 9.83% in the first quarter. The District's overall negative absorption was primarily due to Class A, but Class B and Class C also reported negative net absorption. (Source: Colliers, Edmonton Office Market, Q2 2016)

FINANCIAL	AA	A	B	C	OVERALL
Inventory (SF)	2,941,708	6,786,973	2,056,401	275,518	12,060,600
Occupied Space (SF)	2,035,991	6,081,401	1,900,644	196,969	10,215,005
Direct Available (SF)	853,721	467,114	155,757	78,549	1,555,141
Sublease Available (SF)	51,996	238,458	-	-	290,454
Vacancy Rate	30.79%	10.40%	7.57%	28.51%	15.30%
Average Rental Rate	$25.00 - $40.00	$18.00 - $26.00	$16.00 - $20.00	$10.00 - $16.00	-
Average Operating Costs	$17.00 - $21.00	$17.00 - $21.00	$15.00 - $18.00	$11.00 - $15.00	-
Top Rental Rate	$40.00	$26.00	$20.00	$16.00	-

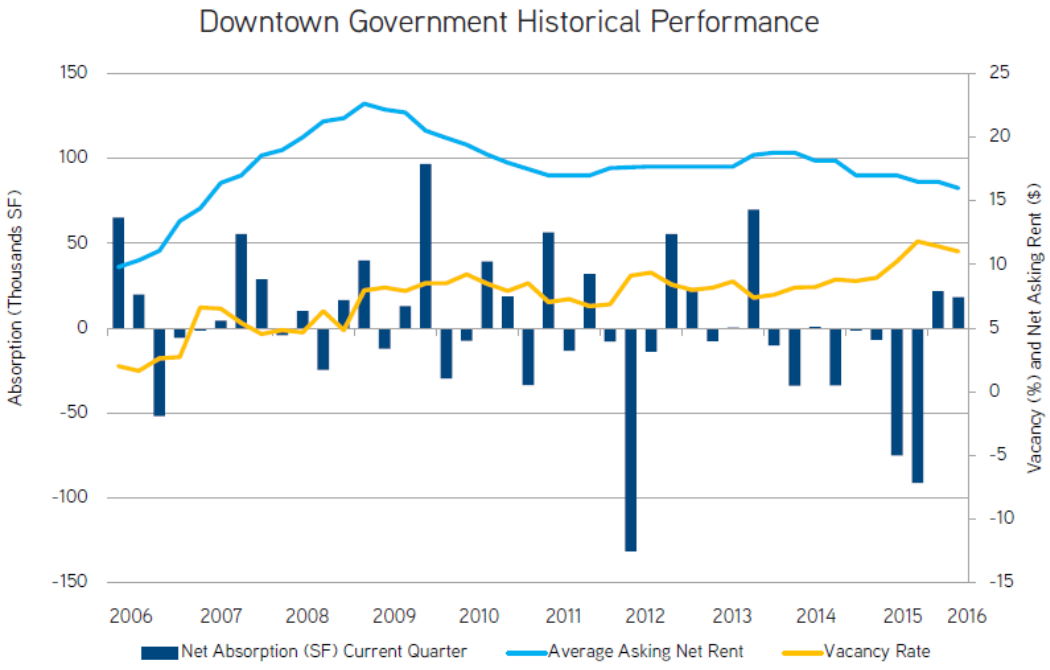


Source: Colliers, Edmonton Office Market, Q2 2016

8.2.2 DOWNTOWN GOVERNMENT DISTRICT

The Government District reported an overall positive net absorption for the second quarter in a row in Q2 2016. While Government Class A reported negative net absorption, Government Class B and Class C both reported positive net absorption, lowering the district's vacancy rate to 11.02%. (Source: Colliers, Edmonton Office Market, Q2 2016)

GOVERNMENT	A	B	C	OVERALL
Inventory (SF)	1,743,466	3,749,336	303,184	5,795,986
Occupied Space (SF)	1,664,350	3,239,123	253,759	5,157,232
Direct Available (SF)	61,543	503,015	49,425	613,983
Sublease Available (SF)	17,573	7,198	-	24,771
Vacancy Rate	4.54%	13.61%	16.30%	11.02%
Average Rental Rate	$17.00 - $25.00	$13.00 - $20.00	$12.00 - $16.00	-
Average Operating Costs	$14.00 - $17.00	$13.00 - $17.00	$11.00 - $15.00	-
Top Rental Rate	$25.00	$20.00	$16.00	-

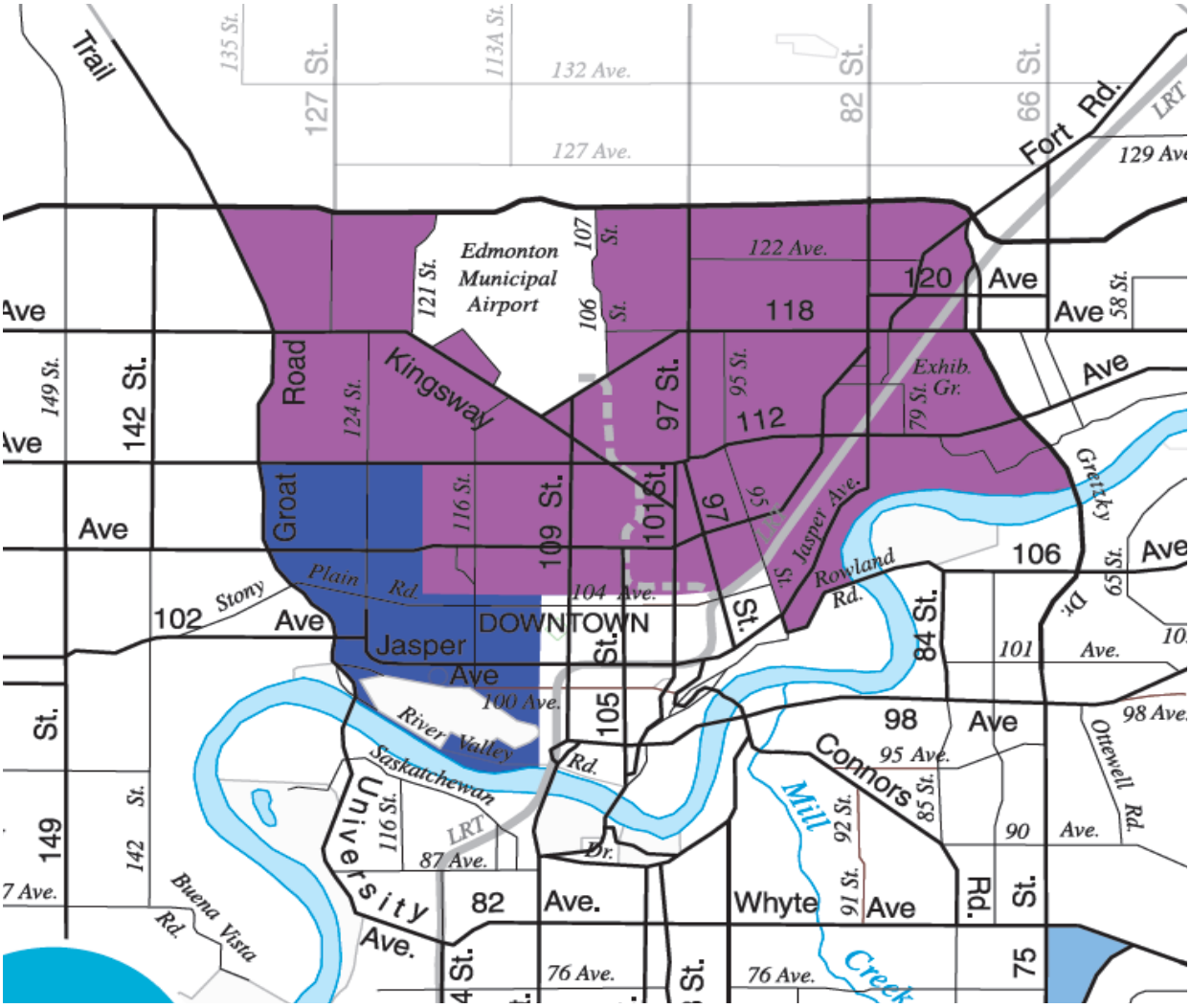


Source: Colliers, Edmonton Office Market, Q2 2016

8.2.3 124TH STREET AND 118TH AVENUE & KINGSWAY AREAS

For the fourth consecutive quarter by Q2 2016, the 118th Avenue and Kingsway district has experienced negative absorption, due in large part to 14,000 sq. ft. coming to market in Royal Alex Place. The building was purchased by Hungerford Properties who are redeveloping the first three floors of commercial space. (Source: Avison Young, Edmonton Office Market Report, Mid Year 2016)

Although vacancy in the 118th Avenue and Kingsway district remains lower that the other suburban districts, an increase to 5.5% follows an upward trend in vacancy rate over the previous six months. 124th Street district vacancy continues to climb in 2016, yet the current vacancy rate of 11.5% remains three percentage points lower than its three year average. (Source: Avison Young, Edmonton Office Market Report, Mid Year 2016)

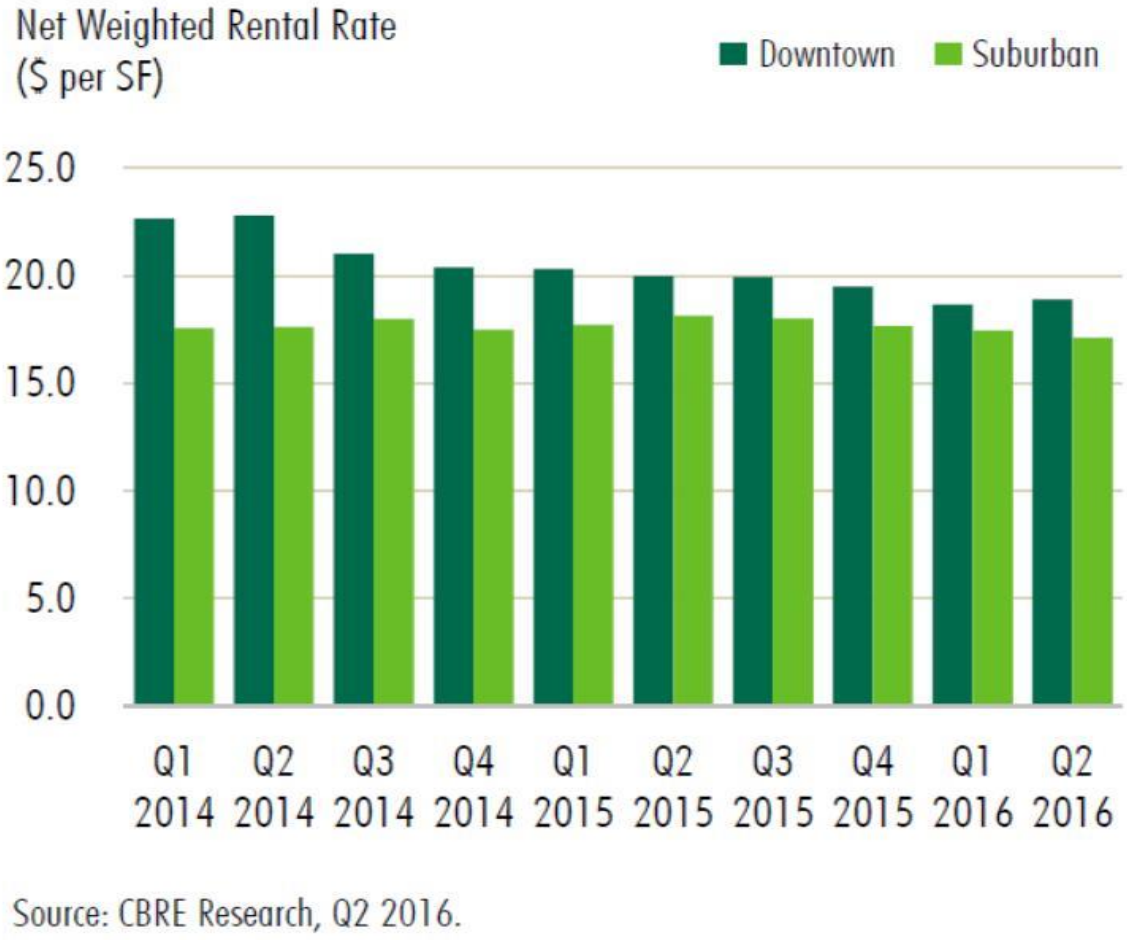


Note: 124 Street area in blue; 118th Avenue & Kingsway area in purple.

8.3 RENTAL RATES

The net weighted rental rate for A Class downtown space was $18.89 in Q2 2016, representing a $1.07 decrease year-over-year. The suburban net weighted rental rate for A Class space was $20.97 in Q2 2016, representing a $0.60 decrease year-over-year. (Source: CBRE, Edmonton Office Market Report, Q2 2016)

Figure 3: Net Weighted Rental Rate - Downtown



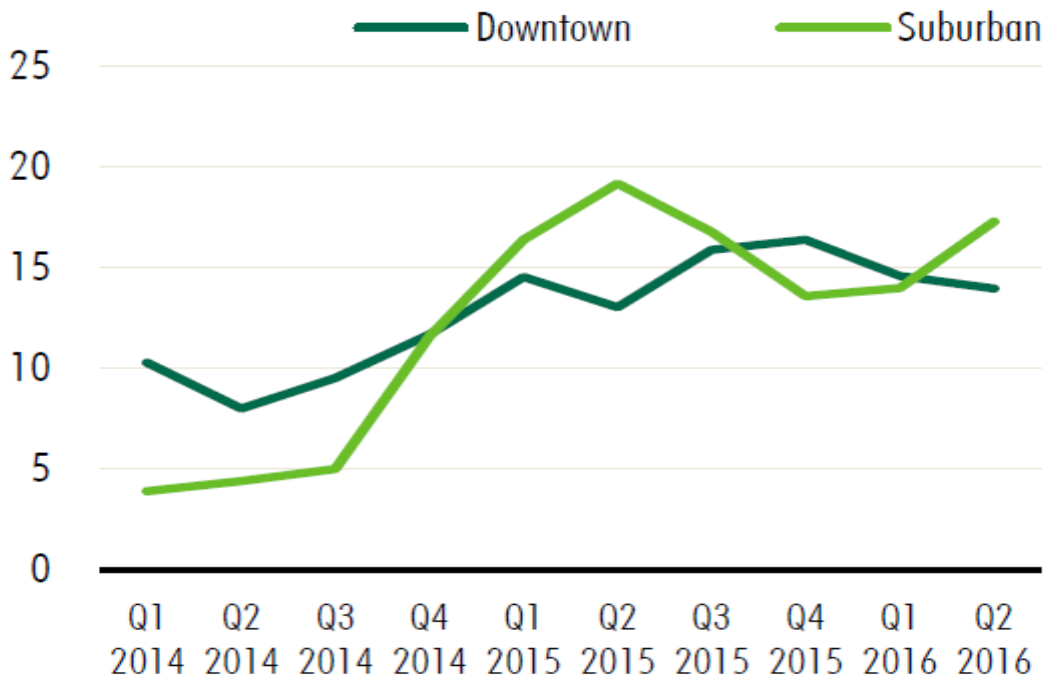
Source: CBRE, Edmonton Office Market Report, Q2 2016

8.4 VACANCY RATES AND ABSORPTION

The entire Edmonton office market recorded 231,025 sq. ft. of negative absorption in Q2 2016, for a total of negative 285,375 sq. ft. for the first half of 2016. Sublease space has increased significantly in the core, rising to 242,719 sq. ft. This represents a 27.6% increase year-over-year. (Source: CBRE, Edmonton Office Market Report, Q2 2016)

The total vacancy rate is estimated at 15%, and the vacancy rate, along with rental rates, varies considerably by location and class of building.

Figure 4: Sublease Vacancy Rate (%)



Source: CBRE, Edmonton Office Market Report, Q2 2016

8.5 MAJOR PROJECTS

There is approximately 1 - 2 million sq. ft. of new office space under construction. The Edmonton downtown office market is experiencing its most significant transformation in nearly 30 years. Within the next two years, Enbridge Centre (formely Kelly Ramsey Tower), Edmonton Tower, and Stantec tower, will deliver a total of 1.8 million sq. ft. of Class AA office space to the downtown financial district.

Construction						
BUILDING NAME	ADDRESS	CLASS	FLOORS	OFFICE AREA (SF)	DEVELOPER	STATUS
A. Allendale Office Building	61 Avenue & 104 Street	A	5	67,680	Qualico Commercial	Complete
B. Edmonton Business Campus	QE II & Anthony Henday Drive	A	3	60,000	Cameron Development Corporation	Construction
C. Windermere Gate Plaza	6251 Andrew's Loop	A	2	22,130	N Developments Corp	Construction
D. Windermere Plaza Building 3	Corner of Windermere Blvd & Rd.	A	2	17,303	Local Developer	Construction
E. 91 South Professional Centre	1504 - 91 Street SW	A	3	45,000	Saroukhian Group	Complete

Construction						
BUILDING NAME	ADDRESS	CLASS	FLOORS	OFFICE AREA (SF)	DEVELOPER	STATUS / DATE
A. Kelly Ramsey	101 Street & Rice Howard Way	AA	25	550,000	Pangman Development Corporation	Complete - Q3 2016
B. City of Edmonton Tower	104 Avenue & 101 Street	AA	27	595,000	EAD Joint Venture	Construction - 2017
C. Stantec Tower	103 Avenue & 102 Street	AA	62	600,000	EAD Joint Venture	Construction - 2018

Source: Colliers, Edmonton Office Market, Q2 2016

8.6 OFFICE SPACE DEVELOPMENT TRENDS

Downtown Edmonton and business/office parks dominate office market across the region. Approximately 40% of all office space in the region is located in suburban areas outside of the downtown core, namely business parks. For these areas, the financial parameters for office development strongly favour low-rise, low cost, and flexible business park office space over high-rise, high cost, inflexible, multi-tenant concrete tower office space.

Some of the factors which impact office development and location are:

- Businesses do not need town centre density or proximity in order to conduct their businesses.
- Town centre office lands are expensive to develop or rent as they have other uses
- Residential competes with office for sites in town centres and is more valuable.
- Office in town centres needs strong demand, large anchors, and high rents.
- Office towers add large volumes of space all at once and entail high risk.
- Large sites require master planning and often phasing.

- Office employees do not use transit enough – yet.
- Increasing desire to be located near LRT transit stations.
- Town centres do not have ample free parking and tend to have more traffic congestion.
- Town centres cannot do build to suit / single tenant / user-owner.
- Town centres have higher property taxes.
- Regional businesses do not need to be close to customers or suppliers.

In general, centres attract a selection of businesses and business parks attract a different, more regional type of business. They are complementary and different. The study area is the merger of both districts and it has the potential to attract a wide variety of office tenants.

8.7 MARKET OUTLOOK

With vacancy effectively guaranteed to rise with the added inventory, it seems logical to assume that rental rates will fall in response. With this perspective, it would seem foolish to lock in a long term lease when more favourable financial terms can be achieved simply by waiting a few years and negotiating in a more favourable environment. However, Colliers does not agree with this perspective that more favourable financial terms will be achieved by waiting. In fact, in most cases the best terms would be achieved in advance of the vacancy rate peak when expectations are at their lowest and landlords at their most aggressive. As the market bottoms and expectations begin to rise, landlords may be motivated to increase rents as negotiating leverage shifts back in their favour. The fact that vacancy rates are likely to be higher does not mean rents will necessarily be lower because by the time the new supply actually hits the market the upcoming vacancies may already be committed to lease, providing landlords the negotiating leverage to raise rents despite the vacancy rate in the market being technically higher. (Source: Colliers, Edmonton Office Market, Q2 2016)

Contrary to widespread speculations that building conversions and tenant migrations might counteract the upcoming vacancy and support net rental rates, it's unlikely to occur on a wide enough scale to meaningfully impact downtown vacancy rates because most office buildings would not compete well (due to location factors as well as physical factors such as floor plate design and lack of balconies), and the economics of such a program are very difficult to justify (the finished product is unlikely to generate the premium pricing required to offset the costs, and the shell value of any particular office building to a developer is unlikely to exceed its value as an office building), leaving few viable

candidates for a successful conversion project and minimizing the impact this has on the market. (Source: Colliers, Edmonton Office Market, Q2 2016)

Tenant migration is also highly unlikely to be a material factor that will counteract the upcoming vacancy. Even if suburban tenants migrated on a large scale to the Downtown districts (which we believe will not occur due to parking and employee commute related preferences, among others), this would just leave substantial vacancies in suburban districts and “shift” the problem rather than help solve it. (Source: Colliers, Edmonton Office Market, Q2 2016)

Also unlikely to see a material amount of intercity migration (tenants moving from other cities or provinces) to Edmonton as few tenants in Alberta appear to be currently expanding, and there are few alternative reasons for intercity relocation other than price (i.e. low rental rates), which is no longer in Edmonton’s favor when compared to cities most likely for intercity relocation like Calgary. (Source: Colliers, Edmonton Office Market, Q2 2016)

8.8 SUMMARY IMPLICATIONS

The Edmonton office market is experiencing significant change, two-fold. Firstly, major new office buildings are coming to market, greatly increasingly the supply of AAA and AA class office space. At the same time, because of the drop in oil prices and associated economic and employment slowdown, demand for office space is weak. Nevertheless, some of the new office buildings will attract tenants, however such movement of tenant activity will have negative implications for the buildings from which they are moving from, such as older B class buildings.

Also, the study area is relatively close to downtown Edmonton, which has the bulk of office space in the region. The office market within the study area is relatively small and modest and cannot expect to compete with downtown Edmonton.

The most likely forms of office tenants in the area can be expected to be local serving businesses such as medical, banking, etc., which provide services and employment opportunities to the immediate population. These businesses will likely only grow as fast as the area population, which can be accelerated through residential redevelopment and infill in the area.

Office space would likely best be accommodated in small-scale, stand-alone office buildings at key locations, as well as office components within larger residential / commercial mixed use redevelopments.

8.9 OFFICE POTENTIAL IN THE AREA

Planning for future office should focus on areas in corridor / LRT locations. Corridors and LRT stations have all the planning benefits of centres but have the added advantage of being viable and accessible. Clearly, the ideal for the future would be to encourage higher density, mixed use, development on the main transportation corridors. With the amount of transportation infrastructure investment close to the study area, it is reasonable to suggest that it is time for the area to become a growth node for employment within sub-area.

It is expected that most of the office development potential in the area would be small scale, and incorporated into larger mixed-use projects. This type of office would provide local services and jobs.

9.0 DEVELOPMENT STRATEGY & CONCEPT

9.1 PROPOSED LAND USES

This section of the study details the recommended land uses / densities and potential development concepts for the area based on reasonable market assumptions. The corridor benefits from LRT transit stations at both ends, which could be complimented by a number of different uses and forms.

9.1.1 RESIDENTIAL

A number of different forms and densities of residential development are possible within 400 metres of the LRT stations. These include some apartment units, primarily low rise, as well as a townhouse component. The area is well suited for these two types of multi-family units offering an excellent high profile and convenient location with nearby retail

The projection is based on an average increase of about 130 new households per year totalling 1,300 new households by 2026. Older single family homes within 1 or 2 blocks of the arterial roads and up to 4 to 5 blocks from the stations could be assembled by developers and turned into typical 4 level strata-tied condominium apartment buildings with an average of 30-40 units per building. It is not expected that the area would warrant concrete mid-rise or high-rise buildings as they are up to 25% more expensive to build than wood frame low-rise. This modest income market is price sensitive and such a high additional cost at this location is not warranted due to expected customer sensitivities to price. Concrete high-rise is typically developed in higher value locations, such as downtown, near major institutions, or in areas with prominent natural features, such as sites near the water; though Norwood will likely densify over time, we do not expect it to become a particularly high-value area.

The projection also includes the assumption that throughout the trade area, older single-family homes would be converted into or replaced with duplexes, triplexes, townhouses, and quads adding to urban infill and renewal.

9.1.2 RETAIL

The retail component of a new development would entail a total of perhaps 25,000 to 35,000 sq. ft. of neighbourhood oriented retail space on the grade-level in mixed-use low-rise residential buildings. The tenant mix would be dominated by small shops and stores designed to serve the local market including food retail and food service. The customer base would be drawn from a large trade area, the local neighbourhood, local employees and drive-by traffic.

9.1.3 OFFICE

While we expect that there would be demand for some local population-serving office space, a major business park would probably not be appropriate for the study area. This is largely due to the close proximity to both downtown as well as the forthcoming Blatchford Town Centre development. Furthermore, Edmonton is observing high office vacancy rates as a result of the economic slump, so the market would not be expected to welcome additional office space.

9.1.4 INDUSTRIAL

The study area is too valuable for industrial development and there are ample industrial lands elsewhere.

9.2 MARKET FACTORS

The area is mature with very few vacant development sites. There are numerous older single-family homes on relatively small lots. The homes are moderately priced at the $300,000 range and could be assembled into larger development sites. The major opportunities for infill development and TOD-related projects include but are not limited to:

- The southeast corner of 111 Avenue and 91 Street NW
- The southwest corner of 111 Avenue and 101 Street NW
- The southwest corner of 110a Avenue and 97 Street NW

There are also opportunities for row housing, quad-plexes, and triplexes as well as single family with garage suites, all throughout the area within 800 meters of the stations. These will become more prevalent if large site assemblies for low rise condominium apartments are not possible.

9.2.1 MARKET ABSORPTION

Multi-family residential development is a significant and growing part of the Edmonton housing market. There continues to be ongoing demand particularly in attractive locations. A convenient rapid transit service, coupled with the amenities and design features of a master planned community ensures ample demand. The retail component would be in significant demand from several consumer groups: the new area residents; from local area businesses; and from transit users. The completion of the LRT Network gives this area one of the most well connected locations in the entire metropolitan area. The LRT dramatically reduces travel time to downtown Edmonton.

9.3 FINANCIAL VIABILITY

The current assessment information for the immediate study area indicates assed values for older small houses on approximately 5,000 sq. ft. lots, generally in the $150,000 - $300,000 range. Larger properties, with commercial uses along Norwood have assessed values in the range of $0.5 million to $2.0 million.

Current residential property listings in the study area include older smaller houses, some in poor condition, ranging in price from approximately $200,000 - $350,000, and some townhouses at the lower end of this price range. There is also a new condominium apartment project in the area, with smaller units starting at $200,000 price point. Specifically, West Stadium Square, a 14 unit condo project, with retail at grade, located one block from Commonwealth Stadium and the LRT station; the units are being marketed at $200,000 for one bedroom units and $270,000 for two bedroom units. This provides for values at approximately $320 per sq. ft.

9.4 DEVELOPMENT STRATEGY

Based on a thorough analysis of the area's features, current and anticipated market conditions, financial consideration, and other salient factors, the study analysis indicates that there is ample opportunity in the study area. There are different practical development scenarios, which are dominated by medium to high density residential with retail at-grade along the arterial roads.

10.0 FINANCIAL ANALYSIS

In order to define the opportunity in the Norwood area, it is important to understand the financial background required for development to proceed. This section provides an overview of the area in terms of the financial aspects of the development potential.

10.1 STUDY AREA

Real estate activity has slowed due to low oil prices, however this is not expected to persist and the market will recover in the short to medium term. One of the most important features is that it is only 2.5 km north of downtown, a short 25-minute walk or 9-minute drive.

The Norwood area has many very attractive features on both the east and west sides, just outside the community boundaries. These include:

West:

- Kingsway Light Rapid Transit Station;
- Proximity to Royal Alexandria Hospital, which is being dramatically expanded;
- Proximity to Northern Alberta Institute of Technology;
- Kingsgate Regional Shopping Centre, which is being densified; and
- Victoria School of the Arts.

East:

- Stadium Light Rapid Transit Station;
- Commonwealth Sports Stadium;
- North Saskatchewan River, parks, and bike and walking paths; and
- Major multifamily condominium developments, both high-rise and low-rise.

In addition to these amenities which are just outside the study area, in the centre of the study area is Norwood Elementary School.

It is clear that this is an extremely attractive location and it would be the subject of intense developer interest if there were large-scale development sites available. The area is relatively old with outdated buildings on small lots and as such, it resists revitalization, redevelopment, and gentrification. Inner urban areas which can be master planned and have large optimal development sites include Bridgeland and Blatchford.

Given the stronger attractions on the west side, it is expected that new major developments will concentrate in that area and then steadily move east to the centre of

Norwood. Development will focus on 111 Avenue NW. These would be mixed-use and residential low-rise projects. Thus, the first phase of development would be along the entire length of 111 Avenue NW. Development would occur with the availability of suitable larger scale development sites and the pattern would tend to be west to east.

The second area to develop would be the second block north and west off 111 Avenue. These would be pure low-rise residential projects on side streets.

There is not expected to be demand for high cost high-rise concrete construction. This type of density is expected to locate in areas with more amenities such as along the river or downtown.

10.2 PRO FORMA FINANCIAL ANALYSIS

This subsection of the report outlines the financial implications of real estate development within the study area.

Proposed Land Uses and Development Scenarios

In any scenario the vast majority of the properties within the study area should be residential, as there is only modest demand for grade level retail and office space. The main variation is in the residential component, which could be either four or six-storey condo, rental, or mixed-use building. The following lists the forms of development most suitable to the Norwood study area. It should be noted that rental is allowed for on Norwood Boulevard itself, whereas condominiums would be more prevalent on the side streets. The densest forms of development and those with mixed use would be located on or within a block of Norwood Boulevard. The townhouse forms of development would be more than one block from Norwood Boulevard.

a) 4 level condo wood frame

b) 4 level rental wood frame

c) 4 level mixed use wood frame rental with concrete ground level

d) 4 level mixed use wood frame condo with concrete ground level

e) 6 level wood frame condo with concrete ground level

f) Townhouse wood frame strata title for the outlying portions of the study area.

The ideal reflects the highest and best use to reduce developmental risk and to cater to the widest possible market. It is expected that development sites will be assembled through purchase and consolidation of adjacent parcels. Properties with approximately 200 ft. of street frontage are typically ideal for low rise forms of building. Smaller properties tend to be less efficient. Site assembly should be encouraged as possible by the City.

It is assumed that appropriate design guidelines will be instituted to encourage a reasonable and visually appealing standard of development. The streetscape should be enhanced to reflect Norwood's new role as a high street. This may entail adding new streetlights, street furniture, wayfinding, public art, and other features all designed to create a more vibrant streetscape. We understand that this work is being through a separate study entitled Norwood Boulevard Mobility Assessment.

Financial Analysis

Some of the main features and assumptions of the financial analysis must be described prior to assessing and recommending mixes of land uses and densities. The first step of the analysis is to define the concept plan and then estimate costs and revenues associated with that plan. The plan and analysis is not based on an aggressive and unlikely planning program, but rather a practical and achievable one reflecting all aspects of the market, and the constraints and opportunities of the site.

Method of Revenue Pro Formas

The pro formas comprise the various elements which make up the financial analysis for the proposed concept plans. Every attempt has been made to ensure consistency for the land uses, in terms of the costs and revenues, such that the findings can be consistently reviewed, even if some assumptions and yields / floor areas are changed after further refinement. This means the ranking of the development scenarios should remain constant regardless of major changes and refinements. The ranking shows the relative difference as opposed to absolute amounts.

Development Scenarios

The first step of the analysis was to explore different potential development scenarios which estimate unit yields and floor areas as described earlier in this report. Numerous considerations in this step influence the financial analysis, including: floor area ratios (FAR), parking requirements, tenant demands, building setbacks, sloped terrain, right of way's (ROW's), etc.

The unit yield used in this analysis is a vital factor in revenue and cost projections. This form of analysis is designed to remain relatively constant between land uses. Any measurement, which may be amended, applies to all options and therefore it should not alter the findings or rankings. The financial analysis is based on an assumed development plan, which would be achievable both technically and financially. It should be noted that structured parking is extremely costly and difficult to justify unless the project is very dense or very valuable.

The potential development scenarios outlined below are based on the actual street and block structure of Norwood area, and therefore deemed to be realistic. Below is an overview of various aspects of the development scenarios that provide clarification:

- It is assumed that the development sites will need to be assembled through consolidation of enough number adjacent parcels such that it will allow for construction of an efficient-sized building.
- For the purposes of the scenarios, it is assumed that the apartment buildings will have a 50:50 mix of one-bedroom (approx. 700 sq. ft.) and two-bedroom units (approx. 850 sq. ft.). These assumptions are in line with the North America-wide trend of shrinking unit sizes in mixed-use, urban districts.
- It is noted that the residential density achieved in the developments scenarios is higher than what is permitted in the City of Edmonton's equivalent zones i.e. RA7 for four-storey buildings and RA8 for six storey buildings. The underlying idea for greater density is to realize the highest potential that is feasible for this area. The factors contributing to higher density include: assumption of smaller setbacks, underground parking, smaller unit sizes, and higher site coverage – all characteristic features of buildings within urban areas. Accordingly, a direct control zoning, or establishment of a Special Area Zone could be utilized to achieve the desired density.
- As noted above, the development scenarios for the apartment buildings assume that parking will be provided underground. During actual development, we suggest that the City of Edmonton provide incentives to the developers such that underground parking can become viable.
- It is noted that all data within these scenarios is high-level and is only intended to establish the order of magnitude. Actual development scenarios may vary, depending on the size of the site, use of zoning, and site/building design.

Scenario 1: Four-storey Apartment Building Site Area: 1,800 m2 Bldg. Footprint: 990 m2 Site Coverage: 55% FAR: 2.2 Approx. Bldg. Dimensions: 50m (l) x 20m (w) Gross Built Area: 3,960 m2 Net Built Area: 3,360 m2 Total Units: 46 Density: 250 units per ha (approx.)	**Scenario 2: Four-storey Mixed Use Building** Site Area: 1,800 m2 Bldg. Footprint: 990 m2 Site Coverage: 55% FAR: 2.2 Density: 190 units per ha
Scenario 3: Six-storey Apartment Building Site Area: 1,580 m2 Bldg. Footprint: 870 m2 Site Coverage: 55% FAR: 3.3 Approx. Bldg. Dimensions: 44m (l) x 20m (w) Gross Built Area: 5,210 m2 Net Built Area: 4,430 m2 Total Units: 60 Density: 380 units per ha (approx.)	**Scenario 4: Six-storey Mixed Use Building** Site Area: 1,580 m2 Bldg. Footprint: 870 m2 Site Coverage: 55% FAR: 3.3 Approx. Bldg. Dimensions: 44m (l) x 20m (w) Gross Built Area: 5,210 m2 Net Built Area: 4,430 m2 Ground Floor Retail: 660 m2 Total Units: 50 Density: 300 units per ha
Scenario 5: Townhomes (three-plex on two Lots) This scenario outlines development of two-storey condominium townhouses through consolidation of two single-family parcels. It is assumed that this development will feature detached garages. Site Area: 750 m2 No. of Dwellings: 3	**Scenario 6: Townhomes (four-plex on two Lots)** This scenario outlines development of two-storey condominium townhouses through consolidation of two single-family parcels. It is assumed that this development will feature rear-attached and drive-under garages. Site Area: 750 m2 No. of Dwellings: 4

Density 40 units per ha Site Coverage: 35% Approx. unit size: 1,200 sq. ft. Approx. width of a townhouse: 18 ft.	Density 50 units per ha Site Coverage: 28% Approx. unit size: 1,100 sq. ft.
Note: All dimensions and numbers are approximate and subject to change.	

Revenue Pro Formas – Sales Drive Rents

The second step is to create a revenue pro forma to estimate the overall income which the development will generate based upon the assumed units / land sales and gross leasable area / unit yield. The revenue pro forma is as accurate as various site plan assumptions are, as shown in the four development scenarios.

The estimated total net rental revenue generated is used to determine the total land value. The added net revenue created by a development plan minus the construction costs provides the financial results for the development strategy and indicates the residual land values. The annual revenue is capitalized to indicate current value.

The primary determinant of retail rent is sales. There are typical industry standard rent to sales ratios which range from just 5% for a supermarket to the industry standard of 10% for most retailers to 15% and higher for food service businesses.

Rental rates in this market are moderate compared to most urban areas. This is a largely due to the limited walk by traffic and the large size of the commercial area which is spread over so many blocks. If pedestrian traffic (caused by anchor tenants and local employees and residents) were greater, then sales and rents would be higher. Rental rates have not changed significantly over the years.

A summary business pro forma has been provided for illustrative purposes below. In this example, if a coffee shop has 250 transactions per day, then they can typically afford a total rent of $24 per sq. ft. If sales were twice as high they could afford rents over $50 per sq. ft. Rent is a function of sales and can rise or fall very quickly. It is expected that commercial rents will rise in the area of the subject site but only over the longer term, once customer traffic has increased.

SUMMARY STATEMENT OF PROJECTED INCOME

	GOURMET COFFEE		
Number of Transactions per Day	250		
Value of Average Daily Transaction	$4.50		
REVENUE	$1,125	$405,000	100.00%
DIRECT EXPENSES:	Per Day	Year round	
Cost of Sales and operations	$422	$151,875	37.50%
Payroll	$309	$111,375	27.50%
Other Operating Costs	$169	$60,750	15.00%
TOTAL DIRECT EXPENSES	$900	$324,000	80.00%
OCCUPANCY COSTS - GROSS RENT	**$68**	**$24,300**	**6.00%**
NET BUSINESS INCOME	$158	$56,700	14.00%
OCCUPANCY COSTS PER SQ.FT. FOR A 1,000 SQ.FT. PREMISE			**$24**

Performance at this sales level means the property is barely viable, yet it is doubtful that Norwood as it is could support more than one or two coffee shops. If pedestrian traffic were to increase, and the quality of stores improved to the point where vehicular traffic would stop, sales could easily double or even triple. This area does have great potential due to the proximity of so many amenities such as Royal Alexandra Hospital, Commonwealth Stadium, Kingsway Mall regional shopping centre, and the two nearby rapid transit stations.

Construction Cost Estimates

The third step is to prepare a project cost estimate. This step is difficult to determine because there are numerous different cost items, many of which can vary widely on numerous factors, even after construction has started. The construction costs used in the analysis are based upon all available salient information and according to development industry standards. Further cost estimates should be completed as the project advances and the concept plan is refined. Detailed and final costs are not possible until development is pending as this study is early in the development process.

Sale Value and Uncertainty

In order to establish the development costs and revenues a summary financial analysis has been prepared. Further, the project provides for a contingency allowance. This budget is of a preliminary nature and it must be refined with more detailed information as the project and development planning progresses. Using basic industry standards and a

set of reasonable assumptions, the model outlines the potential development and establishes the range of land values.

Servicing Costs

A newly serviced area could expect the costs of servicing to be paid at the time of development and spread across the absorption period. The typical development method for estimating on and off site costs is to assign average costs per residential unit or per square foot of space developed. This will eventually be supplemented by more detailed estimates, however the study area is already fully serviced and costs are expected to be moderate.

Construction Costs and Revenues

Hard costs are the costs associated with the direct actual construction of buildings. The hard cost estimates are based upon industry standards for the region and preliminary engineering cost estimates. Soft costs are costs associated with preparing the site for development, such as architectural and planning fees. Soft costs vary considerably and are approximately 20-30% of hard costs (these include a contingency factor for possible cost overruns).

Financial evaluation includes a discussion of the financial benefits, costs and sensitivities. A number of reasonable cost and revenue assumptions were made for the preparation of this financial pro forma analysis.

Market Absorption

The residential absorption rate in Edmonton was very strong until the recent economic slowdown. The market is expected to improve over the medium to long term and there is growing acceptance of multi-family housing. The supply of strata condominiums and townhouses in Edmonton was being absorbed and developers are building far more multifamily than in the past. The current slowdown may last for several years, however it is an anomaly. The market will improve and the focus of new development will be in high quality infill locations, close to Downtown with various amenities, precisely like Norwood.

The pro forma used in this analysis assumes selling prices 5% below comparable product to reflect the price difference between more attractive new suburban lands on ideal locations and challenging urban core land with some undesirable adjacent land uses. A lower price makes them competitive and ensures a reasonable absorption rate. It would be expected the market could absorb the site within 25 years with build out in 2041.

Assumptions

Sale and lease values are estimated, and adjusted, based on comparable projects with the greatest relevance (and proximity) to the subject properties. Specifically, the estimated gross revenue for the project by unit type is as follows:

- **Residential**: Units would have an average selling price on the order of $375 per sq. ft. Residential rents would be on the order of $16 per sq. ft. net.

- **Retail**: For a new retail premise commercial rents are on the order of $28 per sq. ft., though current on-site commercial rents (in older buildings) are much lower.

- **Office:** Rents remain extremely low and demand would not warrant the construction of a purpose built office building. These types of tenants could locate in grade level retail space. Once the hospital expands there may be demand for a small medical dental themed office building on the western edge of the study area.

Residual Land Value

- The development program parameters are modelled on realistic assumptions and provide an insight into the number and nature of the variables that will affect land values. The residual model by necessity makes a series of general assumptions. These estimates must be further refined as the project advances and additional information is available. Considerations factored into the financial model include: The site areas are all net developable land parcels. The floor space ratio used to determine the building areas are industry standard.

- The residential is assumed to be either four-storey condo, rental, or mixed-use or six-storey condominium. All new development will have structured parking below grade. There is the potential for townhouse development in portions of the study area which are not on Norwood.

- Development in the study area is recommended to be built in two phases. Development of Phase 1 would be focused along Norwood Boulevard west to east. High quality development along Norwood Boulevard supported by urban design and investment in the public streetscape would act as a catalyst for new investment and development in the study area. This would drive the necessary demand to proceed with Phase 2 of development, on side streets off of Norwood Boulevard.

- Commercial space in large mixed use buildings is typically only 40 to 50 feet deep and comprises only a small portion of each project.

- Residential unit sizes were estimated based on market information and what developers are currently buildings.

- Building costs for four-storey apartments are estimated at $175 per sq. ft. while building costs for six-storey storey apartments are estimated at $183 per sq. ft., including structured parking.

- Soft costs are all calculated as a standard ratio of hard costs.

- Developers profit plus return on equity is an industry standard 15 to 20% of construction costs. This size of return is required for developers to incur the risk associated with development.

- The average sale price for four-storey apartments is estimated to be on the order of $340 to $350 per sq. ft.

Financial Analysis

The financial analysis indicates that the properties would have an affordable land value. It is expected that all the financial requirements could be reached except the most important, the required absorption.

In development terms, the area and each development site should have a clear and defined market strategy and project vision. It is expected that the most significant projects will locate on the west side. These will give the area a sense of identity and proof of revitalization, which in turn will give more developers confidence to succeed.

The values established herein are approximate only and are based on wide industry standards and assumptions. As the project moves towards development more detailed information will become available and the financial analysis should be refined.

The financial analysis was prepared contentiously and based on market information and reasonable assumptions. However, market conditions change and we cannot represent or warrant our estimates will be reached.

The analysis also revealed approximate land values. These values are not current but rather projected forward several years to when there is increased demand for multi-family residential product in the area. Demand is a function of the appeal of a neighbourhood. If Norwood were to undergo a significant revitalization, absorption would be near term and strong.

The industry standard pro forma, which follows, is composed of four sections: 1) the site and development; 2) hard and soft costs; 3) revenues, and; 4) land value. The most important elements are hard costs and selling values per sq. ft. These two variables are far more important than the others. As such, land values would change if costs could be reduced or selling prices increased. Sensitivity to changes is readily apparent and it reveals the land price could vary by 5 – 15%.

SITE DEVELOPMENT PRO FORMA

NORWOOD - DEVELOPMENT MODELS	4 LEVEL APARTMENT		4 LEVEL MIXED USE APARTMENT		6 LEVEL APARTMENT		6 LEVEL MIXED USE APARTMENT		TOWNHOUSE 3 PLEX		TOWNHOUSE 4 PLEX	
DEVELOPMENT SPECIFICATIONS	**FACTOR**	**ACTUAL**	**FACTOR**	**ACTUAL**	**FACTOR**	**ACTUAL**	**FACTOR**	**ACTUAL**	**FACTOR**	**ACTUAL**	**FACTOR**	**ACTUAL**
SITE AREA ACRES AND SQ. FT. GROSS		19,373		19,373		17,006		17,006		8,072		8,072
ALLOWABLE FLOOR SPACE RATIO		2.20		2.20		3.30		3.30		0.45		0.55
ALLOWABLE GROSS BUILDING AREA SQ. FT. BASED ON FSR		42,621		42,621		56,118		56,118		3,633		4,440
NET SQ. FT. @ EFFICIENCY	87%	37,081	86%	36,654	88%	49,384	87%	48,823	100%	3,633	100%	4,440
TOTAL NET BUILDING AREA SQ. FT.		**37,081**		**36,654**		**49,384**		**48,823**		**3,633**		**4,440**
RESIDENTIAL AREA ONLY		**37,081**		**26,654**		**49,384**		**38,823**		**3,633**		**4,440**
AVERAGE UNIT SIZE AND NO. OF UNITS	824	45	808	33	760	65	776	50	1,211	3	1,110	4
COMMERCIAL AREA				10,000				10,000				
DEVELOPMENT COSTS												
DEMOLITION AND SITE PREPARATION	$2	$38,747	$2	$38,747	$2	$34,011	$2	$34,011	$1	$8,072	$1	$8,072
OFF SITE	$2	$38,747	$2	$38,747	$2	$34,011	$2	$34,011	$1	$8,072	$1	$8,072
HARD CONSTRUCTION COSTS @ SQ. FT.	$175.0	$7,458,759	$182.0	$7,757,109	$182.0	$10,213,527	$186.0	$10,438,000	$111.0	$403,209	$115.0	$510,570
TOTAL HARD COSTS		**$7,536,253**		**$7,834,603**		**$10,281,549**		**$10,506,023**		**$419,353**		**$526,714**
ARCH / PERMITS @ TOTAL HARD COSTS	7.0%	$527,538	7.0%	$548,422	7.0%	$719,708	7.0%	$735,422	6.0%	$25,161	6.0%	$31,603
FINANCING FEE @ TOTAL HARD COSTS	3.0%	$226,088	3.0%	$235,038	3.0%	$308,446	3.0%	$315,181	3.0%	$12,581	3.0%	$15,801
PROPERTY TAXES @ GROSS SQ. FT.	$4.00	$170,486	$4.00	$170,486	$4.00	$224,473	$4.00	$224,473	$3.00	$10,898	$3.00	$13,319
FINANCING INTERIM BUILDING @ CONSTRUCTION PERIOD	5.0%	$188,406	5.0%	$195,865	5.0%	$257,039	5.0%	$262,651	2.5%	$5,242	2.5%	$6,584
CONTINGENCY / MISC / PROVISIONAL % HARD COSTS	5.0%	$376,813	5.0%	$391,730	5.0%	$514,077	5.0%	$525,301	2.5%	$10,484	2.5%	$13,168
TOTAL SOFT COSTS		**$1,489,330**		**$1,541,541**		**$2,023,744**		**$2,063,027**		**$64,365**		**$80,475**
TOTAL DEVELOPMENT COSTS	$ 218	**$9,025,583**	$ 218	**$9,376,144**	$ 218	**$12,305,294**	$ 218	**$12,569,050**	$ 218	**$483,718**	$ 218	**$607,190**
DEVELOPMENT REVENUES & LAND VALUES												
NET RENT PER SQ.FT. AND ANNUAL RENT			$ 28	$280,000	$ -	$0	$ 28	$280,000				
CAP RATE AND VALUE OF COMMERCIAL			6.5%	$ 4,307,692	6.5%	$ -	6.5%	$ 4,307,692				
AVG. SALE PRICE PER SQ.FT. AND TOTAL PER UNIT	$345	$284,285	$340	$274,622	$335	$254,518	$330	$256,231	$313	$378,992	$314	$348,519
RESIDENTIAL REVENUES				$9,062,521		$16,543,670		$12,811,559		$1,136,976		$1,394,078
GROSS REVENUES		**$12,792,837**		**$13,370,213**		**$16,543,670**		**$17,119,251**		**$1,136,976**		**$1,394,078**
SELLING COSTS	1.5%	$191,893	2.0%	$267,404	1.5%	$248,155	1.5%	$256,789	1.5%	$17,055	1.5%	$20,911
NET REVENUE		**$12,600,945**		**$13,102,809**		**$16,295,514**		**$16,862,462**		**$1,119,922**		**$1,373,166**
DEVELOPER PROFIT/FINANCING COSTS & ADMIN	20.0%	$1,805,117	20.0%	$1,875,229	20.0%	$2,461,059	20.0%	$2,513,810	15.0%	$72,558	15.0%	$91,078
NET SITE LAND VALUE		**$1,770,245**		**$1,851,436**		**$1,529,162**		**$1,779,603**		**$563,646**		**$674,898**
NET LAND VALUE @ BUILDABLE SQ. FT.		**$42**		**$43**		**$27**		**$32**		**$155**		**$152**

11.0 SUMMARY AND CONCLUSIONS

This study examines and describes the transit-oriented development (TOD) potential within the Norwood Boulevard study area in north Edmonton, nestled between two LRT stations. Despite being mature and well-developed communities, both of these station areas have the potential to grow and densify and reflect the benefits of rapid transit in new and more urban forms of development. The following summarizes the projected development potential within 800 metres at both LRT stations.

Based on 2016 figures from statistics firm Environics this analysis estimates a potential increase of about 130 new households per year within the study area, totalling approximately 1,300 new households by 2026. Despite the area being mature and largely developed it is expected that older single family homes within 1 or 2 blocks of the arterial roads and up to 4 blocks from LRT stations, will be assembled by developers and turned into typical 4 level strata-titled condominium apartment buildings with an average density of 30 to 40 units per building. It is not expected that the Norwood study area would warrant concrete buildings as they are considerably more expensive to build than wood frame low-rise. This modest income area is price sensitive and such a high additional cost at this location would not be supported. Rather, concrete high-rise construction would typically be developed in higher value locations.

Moreover, we expect density will be added in much smaller infill projects, such as redevelopment and replacement of older-single family homes within 5 blocks of the station, by duplexes, triplexes, townhouses (rowhouses), and quads adding to the urban renewal of the overall area.

With the expected increase in households around the Norwood area, an increase in household expenditures is estimated. By the year 2026 in the trade area within 800 metres of the stretch of Norwood Boulevard within the study area, it is projected that $47.8 million will be spent at supermarkets, $20.7 million will be spent on department store type merchandise, $42.3 million will be spent on restaurants, $18.3 million will be spent at liquor stores, and $1.6 million will be spent on services. This indicates that the area has a strong consumer base which can support even more retail and warrants a total expansion of approximately 75,000 sq. ft. of additional retail space by 2026. This retail space would be located at the grade level of mixed-use low-rise residential buildings, which face Norwood Boulevard. Due to the close proximity to Kingsway Mall, the tenant mix would be dominated by small shops and stores designed to serve the local market and it would provide additional food retail and food service. This type of retail tends to grow with additional transit customers. The retail customer base would be drawn from a

large trade area, the local neighbourhood, local employees, and drive by traffic. It is not expected that nearby Kingsway Mall would expand its retail space significantly, but rather, would add mixed-use and higher densities wherever possible on the surface parking lots. There are numerous possible configurations. An ideal form of development would be for the south side of the mall to undergo additional density as it is proximate to the station and the major arterial. The north side of the mall would perhaps be more suited to new and redeveloped retail space.

Given the proximity to downtown and the forthcoming Blatchford Town Centre, office space does not seem to have market support for the study area at this time. Moreover, due to the prolonged economic malaise facing the province, office vacancies are running high, especially among newer Class A buildings. The adjacent hospital generates thousands of jobs and will undergo a major expansion. Many of these existing and new employees will prefer to live in close proximity to their place of employment and other urban amenities such as downtown and the river. Norwood is ideally positioned to take advantage of the trend towards living in a central inner urban location connected by rapid transit.

12.0 APPENDIX 1 – RETAIL MARKET INFORMATION

RETAIL TENANTS

FOOD AND DRUG RETAIL	**APPAREL AND ACCESSORIES**
SUPERMARKET	MEN'S APPAREL
GROCER/PRODUCE	MEN'S APPAREL HIGH END
GROCER SPECIALTY/ETHNIC	MEN'S APPAREL ETHNIC
CONVENIENCE STORE	LADY'S APPAREL
FISH MARKET	LADY'S APPAREL HIGH END
MEAT MARKET	LADY'S APPAREL ETHNIC
BAKERY	UNISEX
PHARMACY	UNISEX ETHNIC
DRUGSTORE	CHILDRENS" APPAREL
FOOD SERVICE	CHILDREN'S APPAREL ETHNIC
LICENSED RESTAURANT	FABRIC
FAST FOOD	BRIDAL
RESTAURANT / CAFÉ	MATERNITY
RESTAURANT ETHNIC	THRIFT/SECOND-HAND MERCHANDISE
SPECIALTY COFFEE/TEA	UNIFORMS
OTHER FOOD RETAIL	OTHER APPAREL
SERVICE	JEWELLERY
BARBER + BEAUTY SALON	SHOES
TRAVEL AGENCY	**HOUSEHOLD / FURNISHINGS**
VIDEO RENTAL	HOUSEWARES
SHOE REPAIR	SMALL APPLIANCES
DRY CLEANER/LAUNDRAMAT	LARGE APPLIANCES
PRINTING / COPY	HARDWARE STORES
ENTERTAINMENT	GARDEN SUPPLIES
FITNESS CENTRE	ELECTRONICS / HOME ENTERTAINMENT
VETERINARIAN/PET GROOMING	FURNITURE / HOME FURNISHINGS
OTHER	DURABLE GOODS/PAINT & WALLPAPER
OFFICE/FINANCIAL	**SPECIALTY RETAIL**
STREETFRONT MEDICAL/DENTAL	SPORTING GOODS
INSURANCE/REALTOR/INVEST. BROKER	BICYCLE SHOPS
FINANCIAL/BANK/CREDIT UNION	BOOKSTORES
ACCOUNTING/LEGAL/NOTARY	TOYS/HOBBIES
BUSINESS SERVICES	OFFICE SUPPLIES
OPTOMETRIST	HEALTH & BEAUTY ITEMS
OTHER	CARDS & STATIONARY
GENERAL MERCHANDISE	BEDDING & LINEN
JUNIOR DEPARTMENT STORE	ART GALLERY/FRAMING
GENERAL STORE	CAMERAS / FILM / PHOTO
GENERAL STORE ETHNIC	ANTIQUES
VARIETY/DOLLAR STORE	GIFTS
OTHER	OPTICAL
AUTOMOTIVE	PETS & PET SUPPLIES
GAS STATION	LIQUOR STORE / BEER AND WINE
TIRES/PARTS/ACCESSORIES	FLORIST
SERVICE	RECORD & TAPE STORES
AUTO / MOTORCYCLE SALES	MUSICAL INSTRUMENTS
	CELLULAR TELEPHONES

13.0 APPENDIX 2 – PLANNING & DEVELOPMENT PRINCIPLES

By incorporating a number of features early into the design and development of the project, a more complete community can be created. These features can include a mixture of land uses and densities, a variety of transportation options, high quality urban design, and energy efficient buildings. The provision of these features will encourage living and working in closer proximity, more walking and reduced driving, higher qualities of life for residents and workers, higher land values, and ultimately a better community.

Smart Growth

Smart growth is a collection of land use and development principles that aim to enhance the quality of life, preserve the natural environment, and ultimately save money. Smart growth principles ensure that growth is fiscally, environmentally and socially responsible and recognizes the connections between complete development and quality of life.

Smart Growth Principles:

1. Mix land uses. Each neighbourhood has a mixture of homes, retail, business, and recreational opportunities.
2. Build well-designed compact neighbourhoods. Residents can choose to live, work, shop and play in close proximity. People can easily access daily activities, transit is viable, and local businesses are supported.
3. Provide a variety of transportation choices. Neighbourhoods are attractive and have safe infrastructure for walking, cycling and transit, in addition to driving.
4. Create diverse housing opportunities. People in different family types, life stages and income levels can afford a home in the neighbourhood of their choice.
5. Encourage growth in existing communities. Investments in infrastructure (such as roads and schools) are used efficiently, and developments do not take up new land.
6. Preserve open spaces, natural beauty, and environmentally sensitive areas. Development respects natural landscape features and has higher aesthetic, environmental, and financial value.
7. Protect and enhance agricultural lands. A secure and productive agricultural land base, provides food security, employment, and habitat, and is maintained as an urban containment boundary.
8. Utilize smarter, and cheaper infrastructure and green buildings. Green buildings and other systems can save both money and the environment in the long run.
9. Foster a unique neighbourhood identity. Each community is unique, vibrant, diverse, and inclusive.
10. Nurture engaged citizens. Places belong to those who live, work, and play there. Engaged citizens participate in community life and decision-making.

Source: Smart Growth BC www.smartgrowth.bc.ca

Urban Design and New Urbanism

Urban design involves the arrangement and design of buildings, public spaces, transport systems, services, and amenities; it blends architecture, landscape architecture, and city planning together to make urban areas functional and attractive. Urban design is about making connections between people and places, movement and urban form, nature and the built fabric.

Urban design involves place-making - the creation of a setting that imparts a sense of place to an area. This process is achieved by establishing identifiable neighbourhoods, unique architecture, aesthetically pleasing public places and vistas, identifiable landmarks and focal points, and a human element established by compatible scales of development and ongoing public stewardship. Other key elements of place-making include: lively commercial centres, mixed-use development with ground-floor retail uses; human-scale and context-sensitive design; safe and attractive public areas; image-making; and decorative elements in the public realm.

Urban Design 10 Key Principles:

1. Context Determines Site Forms
2. Save and Celebrate the Place
3. Recognize the Natural Features as Critical Form-Makers
4. Fit the Design to the Scale and Location
5. Movement Systems Should Move People Not Cars
6. Multiple, Flex, and Mixed Uses are Keystones to Sustainability
7. Plan for Diversity
8. Incorporate Public Realms as a Central Component
9. Develop a Company and Save Urban Form
10. Integrate Community-Building as Part of Process

Source: Dynamic Urban Design, Michael von Hausen

New Urbanism is an urban design movement which promotes walkable neighbourhoods that contain a range of housing and job types. New Urbanism is strongly influenced by urban design standards prominent before the rise of the automobile and encompasses principles such as traditional neighbourhood design and transit-oriented development. New Urbanism support regional planning for open space, context-appropriate architecture and planning, and the balanced development of jobs and housing. These

strategies can reduce traffic congestion, increase the supply of affordable housing, and reduce urban sprawl.

New Urbanism Elements:

1. Walkability - pedestrian friendly
2. Connectivity - interconnected street grid
3. Mixed-Use & Diversity - different land uses and people
4. Mixed Housing - range of types, sizes and prices
5. Quality Architecture & Urban Design - beauty, aesthetics, human comfort, and creating a sense of place
6. Traditional Neighbourhood Structure - highest densities at town centre / progressively less dense towards the edge
7. Increased Density - efficient use of services and resources
8. Smart Transportation - alternatives to automobile
9. Sustainability - energy efficiency
10. Quality of Life - high quality of life well worth living

New Urbanism Features:

- The neighbourhood has a discernible centre - often a square or memorable street corner.
- Most of the dwellings are within a five-minute walk of the centre - roughly 600 metres.
- There are a variety of dwelling types - usually houses, rowhouses, and apartments - so that younger / older people, singles / families, poor / wealthy may find places to live.
- At the edge of the neighbourhood, there are shops and offices of sufficiently varied types to supply the weekly needs of a household.
- A small ancillary building or garage apartment is permitted within the backyard of each house. It may be used as a rental unit or place to work.
- An elementary school is close enough so that most children can walk from their home.
- There are small playgrounds accessible to every dwelling - not more than 150 metres.
- Streets within the neighbourhood form a connected network, which disperses traffic by providing a variety of pedestrian and vehicular routes to any destination.
- The streets are relatively narrow and shaded by rows of trees. This slows traffic, creating an environment suitable for pedestrians and bicycles.

- Buildings in the neighbourhood centre are placed close to the street, creating a well-defined outdoor room.
- Parking lots and garage doors rarely front the street. Parking is relegated to the rear of buildings, usually accessed by alleys.
- Certain prominent sites at the termination of street vistas or in the neighbourhood centre are reserved for civic buildings.
- The neighbourhood is organized to be self-governing.

Source: New Urbanism www.newurbanism.org

Leadership in Energy and Environmental Design (LEED) - Neighbourhood Development

LEED is an internationally recognized green building certification system, providing verification that a building or community was designed and built using strategies aimed at improving environmental performance. LEED for Neighbourhood Development (LEED-ND) extends the benefits of LEED beyond the building footprint into the neighbourhood it serves.

LEED for Neighbourhood Development integrates the principles of smart growth, New Urbanism and green building into a rating system for neighbourhood design. Unlike other LEED rating systems which focus primarily on green building practices, LEED for Neighbourhood Development places emphasis on the site selection, design, and construction elements that bring buildings and infrastructure together into a neighbourhood and relate the neighbourhood to its landscape as well as its local and regional context. LEED projects, often mixed-use, may constitute whole neighbourhoods, portions of neighbourhoods, or multiple neighbourhoods.

LEED for Neighbourhood Development emphasizes the creation of compact, walkable, vibrant, mixed-use neighbourhoods with good connections to nearby communities. In addition to neighbourhood morphology, pedestrian scale, and mix of uses, the LEED rating system also emphasizes the location of the neighbourhood and the performance of the infrastructure and buildings within it.

By placing residences and jobs near each other, thoughtful neighbourhood planning and mixed-use development with good public transit, residents and workers can safely travel by foot, bicycle, or transit to jobs, amenities, and services. This limits automobile trips and the associated greenhouse gas emissions. Likewise, green buildings can reduce energy and water use, and green infrastructure, such as landscaping and best practices to reduce stormwater runoff, can protect natural resources. Together, well-located and well-designed green neighbourhood developments play an integral role in reducing energy use and improving quality of life. Source: US Green Building Council www.usgbc.org

14.0 APPENDIX 3 - EDMONTON TOD REFERENCES

Figure 13: Enhanced Neighbourhood

ENHANCED NEIGHBOURHOOD

Location
- Infill and Greenfield development settings.

Current Characteristics
- No predominant use; existing uses vary from large redevelopment sites, such as the Edmonton City Centre Redevelopment, to existing shopping centres.
- Typically in close proximity to regional. employment, shopping or recreational uses
- Large development or redevelopment sites.
- Street grids may be present; however, large redevelopment sites may lack auto, pedestrian and bicycle infrastructure.

Appropriate TOD Characteristics
- Higher density residential.
- Neighbourhood-serving street-oriented retail shops—grocery and drug stores and other anchor retail.
- Neighbourhood employment—professional offices and services.
- Neighbourhood urban parks.
- Street grid throughout.
- Improved pedestrian and bicycle connectivity through existing and surrounding neighbourhoods.

Figure 16: Institution/Recreation

INSTITUTION/RECREATION

Location
- Infill and greenfield settings.

Current Characteristics
- Predominantly educational or medical campuses or regional-serving recreation facilities.
- Land use and circulation frameworks are dictated by campus master plans.
- Medical and educational campuses have high transit ridership throughout the day.
- Recreational uses have high peak ridership during events.
- Street grid may be absent throughout campus sites.
- Pedestrian and bicycle access within campus boundaries.

Appropriate TOD Characteristics
- Maintain/strengthen existing campus and/or recreation functions.
- Neighbourhood serving retail at stations—eating and drinking establishments, convenience retail, small grocery and drug stores.
- Improved pedestrian and bicycle connectivity to surrounding neighbourhoods.

FIGURE 1 – LAND USE AND INTENSITY GUIDELINES

Figure 20: Enhanced Neighbourhood–Land Use and Intensity Guidelines

ENHANCED NEIGHBOURHOOD
LAND USE AND INTENSITY GUIDELINES

EXPECTATIONS FOR LRT STATION AREAS WITHOUT STATION AREA PLANS

	RESIDENTIAL (NET)	EMPLOYMENT	GROUND FLOOR RETAIL
Sites within 200 metres of the platform	For sites fronting or flanking an arterial or collector road, or on sites 0.25 ha or larger: ▪ 225 du/ha min; or For all other sites: ▪ 125 du/ha min Secondary or Garage or Garden suites are appropriate on selected sites.	Appropriate on sites with direct access to an arterial or collector road. 1.0 FAR min	Appropriate on sites with direct access to an arterial or collector road, supported by curbside parking. Auto oriented site design is not appropriate. Residential, retail or office uses can be accommodated on upper floors.
Sites within 200-400 metres of the platform	For sites 0.25 ha or larger: ▪ 225 du/ha min; or For sites fronting or flanking an arterial or collector road: ▪ 63 du/ha min to 125 du/ha max; or For all other sites: ▪ 63 du/ha max Secondary or Garage or Garden suites are appropriate on selected sites.	Guidelines are the same as for sites within 200 metres of the LRT platform.	Guidelines are the same as for sites within 200 metres of the LRT platform.

EXPECTATIONS FOR ALL PLANS THAT CONTAIN AN LRT STATION AREA

	RESIDENTIAL	EMPLOYMENT	GROUND FLOOR RETAIL
Area of application varies depending on the neighbourhood context and can extend up to 800 metres from the LRT platform	Densities are the same as expectations for stations without a Station Area Plan, but these may be increased to accommodate the unique context of the specific neighbourhood.	Appropriate on sites with direct access to an arterial or collector road. Should occupy no more than 20% of all net developable area within 400 metres of the LRT platform. 2.0 FAR min	Recommended 5000 to 20000 m^2 cumulative building area within 400 metres of the LRT platform. Appropriate on sites with direct access to an arterial or collector road, supported by curbside parking or on existing shopping centre sites of 2 or more ha. Auto oriented site design is not appropriate. Residential, retail or office uses can be accommodated on upper floors.

15.0 APPENDIX 4 - BENEFITS OF TRANSIT ORIENTED DEVELOPMENT

Source: www.TransitOrientedDevelopment.org

General TOD Benefits

The principal benefits of Transit Oriented Design are summarized as follows:

- Higher quality of life
- Better places to live, work, and play
- Greater mobility with ease of moving around
- Increased transit ridership
- Reduced traffic congestion and driving
- Reduced car accidents and injuries
- Reduced household spending on transportation, resulting in more affordable housing
- Healthier lifestyle with more walking, and less stress
- Higher, more stable property values
- Increased foot traffic and customers for area businesses
- Greatly reduced dependence on oil
- Greatly reduced pollution and environmental destruction
- Reduced incentive to sprawl, increased incentive for compact development
- Less expensive than building roads and sprawl
- Enhanced ability to maintain economic competitiveness

Other important benefits of Transit Oriented Design include the following:

- Reduced transportation costs for households (households living near transit spend an average of 10% less of their incomes on transportation)
- Public health improvements through increased walking and bicycling and reduced vehicle emissions (households living within 1/2-mile of transit use transit, walk, and bike three to five times as often as other residents in the same region)
- Increased private investment
- Increased access to the regional job market
- Economic benefits from increased concentration of activity in commercial and transit nodes
- Increased affordability and supply
- Increased land values and municipal revenue
- Reduced transportation costs
- Increased transit ridership and reduced congestion

- Transit Oriented Development benefits both host municipalities and individual households
- Proximity to transit corridors creates affordable housing opportunities
- Development on transit corridors creates greater economic and employment activity

TOD provides opportunities to leverage existing public resources, including land and funding, to support equitable development. Each station in the region has the potential to create a hub of community activity and services that meet residents' daily needs, but each of these station opportunities will be slightly different, and should receive tailored transportation and land use planning attention from the municipality.

Importantly, to make these community hubs function for the neighbourhoods they serve, a community planning process should be initiated early, and an open effort should be made to involve those who are not usually involved in the decision-making process who will be most impacted by new transit.

Social / Community Benefits

Communities targeted for rapid transit development often express concern of the potential negative impact that such development can bring. In short, poor quality transit development in low income areas can result in increased crime, decreased social cohesion and eventual neighbourhood marginalization. Quality of design is critical to reaping positive impacts of transit development and furthermore new research points to important social, health and environmental impacts of well designed development.

With high quality design, including density, pedestrian friendly design, and diversity of uses, there are many benefit derived from transit, including increased rates of walking, reduced traffic and car usage, enhanced neighbourhood quality and improved health status.

Housing Options / Affordability

High density housing is usually (although not always) associated with greater housing affordability. Higher densities make more efficient use of land and infrastructure, and reduce the per unit average construction costs. Thus this allows for lower total development costs per unit.

Furthermore, by providing significant additional units for sale on the market (all else being equal) the increase in housing prices should be slowed. These additional units will provide for greater housing options and supply for both existing and new residents to the region. An increased supply in apartment units would also be expected to generally reduce or lessen the increase in average apartment rents.

These combined support housing affordability through lower housing prices. Additionally such housing forms with good transit service encourage residents / works to use more

transit and reduce their reliance on private vehicle, which reduce their necessary household expenditures on transportation costs.

Urban Amenities

Development around transit promotes compact developments and communities, multiple rather than single uses, a pedestrian orientation, and attention to civic uses. Successful development around transit also demands a new form of community building that not only supports and encourages transit use but also transforms the surrounding area into a place that is so special and irresistible that people will invest there, live there, and visit. The tremendous increase in land values associated with higher densities allow for the provision of greater urban amenities.

Greater Transit Ridership / Reduced Environmental Impacts

Transit Oriented Development and higher densities (both residential and commercial) around new transit stations provide for convenient possible use of transit by both local residents and workers. Current area residents will also benefit from the improved transit access. This reduces the amount of automobile transportation associated with such residents / workers, thereby reducing the amount of transportation related energy consumption, air pollution, and greenhouse gas emissions.

Furthermore, high density development uses infrastructure / utilities as well as construction investments more efficiently per unit, with a lower per unit environmental impact both during building construction and ongoing building operations.

Infill Development / Reduced Sprawl

While there is the potential for gentrification and displacement, there are also a great potential for redevelopment, housing diversity, and affordable housing development. These households who have already invested in the neighbourhoods will be able to benefit from improved transit access with new stations, spurring further revitalization and redevelopment in some neighbourhoods.

Economic / Employment / Taxation Impacts

Increased development activity leads to more economic activity and direct and indirect economic and taxation impacts and benefits. This will have a great positive impact on the local economy, increasing the amount of economic, employment, and taxable activity in the area. Immediate benefits will include increased construction activity, which will create jobs, as well as commercial development with ongoing activities leading to more long term jobs. Additionally, increased land values will provide for significantly greater property tax generation.

16.0 APPENDIX 5 – TRANSIT IMPACTS ON DEVELOPMENT AND REAL ESTATE VALUES

Real-estate prices reveal the degree to which rail-transit investments confer benefits. As long as there are finite supplies of land near rail stations, theory holds, those wanting to live, work, or do business near transit will bid up land prices. The benefits of having good connectivity to the rest of the region – i.e., being accessible – get capitalized into the market value of land.

Summary findings from a wide variety of research sources:

- Generally, land prices increase around transit stations.
- Most residential values are enhanced near transit nodes, and more so in larger urban centres.
- Some commercial properties near transit stations experience higher demand and values
- Gains are greatest in high-income districts populated by professional-class workers, because of accessibility benefits (i.e. relatively fast connectivity to downtown districts during peak hours).
- These settings have been the beneficiaries of proactive TOD planning, including targeted public infrastructure and streetscape improvements and the introduction of overlay zones that encourage mixed uses.
- Office rents were more strongly influenced by transit ridership than by nearby freeway traffic volumes.
- For areas similar to the control parcel, the higher values, in turn, should give rise to higher commercial rents, densification, and a fairly rapid absorption of building space.
- When other complementary forces, such as a healthy regional economy, available and attractive sites for development, and pro-development zoning regulations are in place, finds that office projects located at or near transit stations enjoyed a slight office rent premium over their freeway-oriented competitors.
- In addition, office projects near rail stations tended to be slightly larger, and lease up more rapidly than office projects at the non-rail control sites.
- Total effects vary a great deal with neighborhood income level, distance to downtown, and distance from the station.
- Large, positive direct effects are found in high-income neighborhoods between one-quarter and three miles of a station, with the largest effect occurring in the one-half to one mile ring at 12 miles from the CBD.
- Beyond one-quarter mile of a station, negative direct effects are generally restricted to low-income neighborhoods.

- Negative crime effects are found mainly close to downtown, especially where the station has parking. This result suggests that people who might use public transit to get access to a neighbourhood to commit crimes will not travel much beyond the already high-crime areas.
- An analysis of the actual walking distance to stations (along the street network) versus the perceived proximity to stations (measured by straight-line distance) reveals that the results are statistically more significant in the network distance than the straight-line distance model, but the effects are greater in the straight-line distance model, which suggests that apparent proximity to rail stations is an added locational advantage compared with physical walking distance to the station.
- Among the instruments introduced to leverage TOD have been tax-exempt financing, public assistance with land assembly, and overlay zones that permit higher than the norm densities.
- In some regions more density may be needed around, whereas in other regions more transit may be required to better serve existing high densities.
- Higher-density transit-oriented development projects that are walkable and that contain a good mix of mutually supportive uses will have benefits beyond increasing transit ridership.
- From a public sector standpoint, the chief benefit of TOD is the prospect of luring people out of cars and into trains and buses so that traffic congestion can be relieved and air quality improved.
- Although ridership is the main aim of TOD from a public perspective, the prospect of higher land values and profits is what appeals to private interests. The theory is that parcels near transit stops have better connectivity, or access—residents can more easily reach jobs and shops; more potential shoppers pass by retail outlets; and for employers, the labor-shed of potential workers is enlarged. Since the number of benefiting parcels is finite, in a competitive marketplace, households and firms bid for the choice locations, driving up the price of sites.
- Evidence of transit's added value also opens up opportunities for joint development and new forms of creative financing. Transit boards are likely to become more entrepreneurial, acquiring vacant parcels near planned rail stations early in the development process, if they believe they not only can reap profits but also can leverage transit-supportive projects.
- Factors other than proximity to light rail—such as quality of neighborhood—have a bearing on land values.
- Being near rail transit added appreciable value to commercial properties. However, the benefits only accrued to parcels that were within a quarter mile of a station, which is widely considered an acceptable walking distance to transit in low-density settings.

- The surrounding neighbors also have an effect. Real estate markets reveal the added value from the joint presence of land uses that benefit each other.

Summary of Research and Case Studies

The case studies suggest many avenues for further inquiry, and support the following major conclusions:

- First, any assessment of the importance of transit-oriented development nationally should also consider regional context. In some regions more density may be needed around transit, whereas in other regions more transit may be required to better serve existing high densities.
- In still other regions both density and transit may be sufficient but there may not be the pedestrian connectivity that makes riding transit an easy and appealing alternative, or the transit system may not provide the regional connectivity that makes it a viable transportation option for residents.
- Second, not every region will experience the same magnitude of demand for higher-density housing near transit, but where the conditions are right transit-oriented development could accommodate a significant share of regional growth, even in those regions that only have small transit systems.
- Third, building higher-density transit-oriented development projects that are walkable and that contain a good mix of mutually supportive uses will have benefits beyond increasing transit ridership. This is demonstrated in regions such as Washington D.C. and Denver, where a high percentage of transit zone residents also walk to work and real estate values have risen substantially.
- Finally and most importantly, specific policies will have to be put in place to ensure that the market can deliver a product that will help realize the potential demand.

In general the results of the analysis of each city clearly show increased value except in some low income areas. All impacts can be enhanced through the 3 D's – Density, Design, and Diversity. The 3D's are most important in any area where income levels are moderate or the quality of the neighbourhood is at risk. In these areas there are tremendous potential benefits from well designed, density focused developments that bring together quality pedestrian access and venue, quality services and diversity of use. North America is clearly the most comparable international market as the cities are of similar age and layout and the people have similar social expectations. European examples are less germane as the cities are far older with much less development potential, very strict approval processes and the citizens have very different and more limited expectations.

Case Studies of Transit Oriented Development

Recent studies of the impact of rail projects (including both heavy rail and light rail) throughout North America were compared. In general, proximity to rail is shown to have positive impacts on property values. The relative increase in accessibility provided by the new transit investment is the primary factor in increasing property values. Selected summaries of this research are provided below.

Dallas

This involved an assessment of the DART LRT on taxable property valuations and transit oriented development. The study revealed that proximity to a DART station exerts a positive influence on property valuations. Median values of residential properties increased 32.1% near the DART rail stations compared to 19.5% in the control group areas. For office buildings, the increase was 24.7% for the DART properties versus 11.5% for the non-DART properties.

Santa Clara County

The research uncovered significant capitalization benefits on commercial properties in proximity to rail transit. Being within walking distance of an LRT station in Santa Clara County (CA) increased land values on average by over $4.00 per square foot, or by around 23%. And, for properties in commercial business districts and within a quarter mile of a CalTrain commuter rail stop, the capitalization premium was even larger (over $25 per square foot, or more than 120% above the mean property value).

Chicago

The regional benefits, or comparative advantages, transit provides to neighbourhoods by improving accessibility, lessening congestion and reducing transportation costs make residential locations served by transit more valuable than comparable locations without transit service. Whether located in lower- or higher-income neighbourhoods, proximity to CTA and Metra stations positively affects the value of single family homes. Furthermore, apartment properties located closer to train stations tend to realize higher rents and occupancy levels than comparable apartments less conveniently-located to train stations.

Boston

Single-family residential properties in metropolitan Boston, Mass, were examined. Results indicated that there is an increase in single-family residential property values of approximately 6.7% by virtue of being located within a community having a commuter rail station. At the regional level there appears to be a significant impact on single-family residential property values resulting from the accessibility provided by commuter rail service.

San Francisco

The Sedway Group's review of studies on the benefits associated with BART service in the Bay Area identified positive residential and office property impacts. Single-family homes were reported worth from $3,200 to $3,700 less for each mile distant from a BART

station in Alameda and Contra Costa counties. Apartments near BART stations were found typically to rent for 15 to 26% more than apartments more distant from BART stations. The average land price per square foot for office properties also decreased as distance from a BART station increased, from $74.00 per square foot within one-quarter mile of a station to $30.00 per square foot for more than a half-mile distant.

Washington DC & Atlanta

Data were examined for five rail stations in the Washington, DC and Atlanta areas. Average office rents near stations rose with system-wide ridership and joint development projects added more than three dollars per gross square foot to annual office rents. Office vacancy rates were lower, average building densities higher, and shares of regional growth larger in station areas with joint development projects. Where regional market conditions are favourable, rail transit appears capable of positive impacts on station area office markets.

San Diego

In San Diego, studies found appreciable land-value premiums for different land uses in different rail-transit corridors in San Diego County. The most appreciable benefits were: 46% premiums for condominiums and 17% for single-family housing near Coaster commuter rail stations in the north county; 17% and 10% premiums, respectively, for multifamily housing near East Line and South Line Trolley stations; and for commercial properties, 91% premiums for parcels near downtown Coaster stations and 72% for parcels near Trolley stations in the Mission Valley.

Denver

According to studies from the Regional Transit District (RTD) in Denver, this once sprawling low-density city, has added over 20,000 apartment units, 5.6 million square feet of office space, and 5.2 million square feet of retail space within a 1.5 mile vicinity of its many light rail stations. The redevelopment of Union Station in Downtown Denver has an estimated value of $500 million and has a scheduled completion date in 2014. The RTD has an active Transit Oriented Development plan and is committed to joint ventures between the transportation authority, city government, and private developers in order to promote better urban development practices and support its transportation initiatives. Alameda, Denver International Airport / 61st Avenue, and Lakewood Federal Centre are just a few of the many station expansion sites that have ongoing transit oriented development plans in progress. Denver had a complete transit plan and all of the transit stations had pre-zoned fully detailed zoning, which enabled developers to invest with virtually no approval risk.

Research Summary of Impacts of Transit on Property Values

The theory of real estate value based upon a series of studies and examples is outlined below. Dozens of studies were reviewed in the preparation of this section and the findings are summarized.

Some research indicates that closer proximity to stations increased housing values in lower income areas but decreased prices in higher income areas. In lower income areas, the benefits of improved access from transit stations outweigh the nuisance created by noise and other activities associated with a transit station, whereas in higher income areas, such is not the case. The proximity to a transit station also impacts values – within convenient walking distance is desired, but not too close such that negative features associated with transit stations are a nuisance.

Additionally, light rail has considerable urban development potential in certain areas / cities, but that also pro-development forces are necessary. These include strong and growing economies and populations, supportive local planning policies, and suitable stations designs.

The following text is adapted from: Diaz, Roderick B., “Impacts of rail transit on property values,” Commuter Rail/Rapid Transit Conference, Toronto, Ontario, American Public Transit Association, 1999.

- In general, proximity to light rail / rapid transit stations is shown to have positive impacts on property values. The relative impact of rapid transit is affected by two main factors: the relative increase in accessibility provided by the new transit investment and the increased land re-development potential.
- In the San Francisco Bay Area Rapid Transit (BART) system, rental housing units near BART were found to enjoy higher rents over those away from the BART system. For example, one-bedroom apartment units within a quarter-mile of a BART station in a suburban area rented for approximately 10% more per square foot than one-bedroom units away from BART, and two-bedroom units near the station rented at approximately 16% more per square foot than comparable units in the same general area but farther from BART.
- In suburban New Jersey, for example, the median home price for census tracts immediately served by the rail line operated by the Port Authority Transit Corporation (PATCO) was generally 10% higher than the median home price in census tracts located away from the rail line.
- According to some research, areas within 500 meters of transit were, on average, 10.6% greater in value than homes outside of 500 meters. Properties within the 500 meter walking distance generally experienced higher property values the closer a property is to the station. However, nuisance factors such as noise, traffic, safety, or

aesthetics can negatively affect property values. Within the immediate station area, nuisance effects reduce the potential property value increase for these lands.

- Generally, higher growth and higher priced neighbourhoods experience a greater positive effect than stagnant, lower priced neighbourhoods when new transit infrastructure is introduced.
- Furthermore, the proximity to rapid transit shows a positive effect on property values in lower income areas which have a greater reliance on public transit and a lesser or negative impact on property values in higher income areas which are not frequent users of public transit and have concerns about perceived increases in crime associated with public transit.
- This helps to highlight that different communities experience property value benefits differently. Rapid transit shows positive correlation to property values in areas where the access provided by the transit service is valued.
- Commute-time savings contributed most to these land value premiums. Effectively, individuals are capitalizing on the time savings they receive by a lower priced commute into a higher priced home purchase. The added convenience of accessibility manifests itself to different types of properties. Residential properties become more attractive because residents near transit stations have more convenient access to regional employment, retail, and cultural opportunities. Properties holding employment uses, such as offices and industrial sites, experience higher property values because such properties have increased access to a larger labour market. Retail properties often benefit from the fact that rapid transit contributes to the concentration of activity and increases in pedestrian traffic in transit-accessible, pedestrian-oriented districts.
- Given that the number of residential property owners and residential renters is greater that the number of consumers of other types of real estate, the effects of rapid transit on real estate values is most acutely felt in the residential sector.
- Most of the tests of the impact of transit infrastructure on property values show that the positive effects of rapid transit on property values were most prominently felt within a very limited distance from transit stations. This distance is determined by the distance of a reasonable walk from the station, generally one quarter-mile to one-half mile. The greater the pedestrian network and pedestrian friendly amenities in the area the further this benefit can be extended.
- Rapid transit may make locations near transit more valuable as sites for potential development, thus increasing the value of properties at those locations. Furthermore, rapid transit can make a property a more attractive site for a higher level of development. Such change, however, depends on the willingness of local jurisdictions to accommodate such development growth.

- Rapid transit investments have proven positive effects on property values. In fact, the effect of a new fixed guideway transit investment is two-fold. First, transit investments improve the convenience of accessing other parts of a region from station locations. Second, rapid transit accessibility enhances the attractiveness of property, increasing the likelihood that the property can be developed or redeveloped to a more valuable and more intense use. Documentation of the impact of rapid transit on property values primarily focuses on the first effect. Property value premiums due to increases in accessibility range between 3% and 40%. Property value premiums due to increases in the ability to develop or redevelop property depend on the land use and amount of development allowed on the property. Slight negative impacts of rapid transit / light rail on property values are generally attributed to noise, visual intrusion, and the association of the rail right-of-way with industrial uses.

The following text is adapted from: Light-Rail Transit in America, Policy Issues and Prospects for Economic Development, Thomas A. Garrett, Senior Economist, Federal Reserve Bank of St. Louis, 2004.

- Any improvement in an area's transportation structure that increases accessibility and reduces transportation cost should be capitalized into property values. Property value improvements to existing homes and businesses simply come from greater accessibility afforded by light rail / rapid transit, not necessarily by any new construction that stems from the existence of light rail. Based on this theoretical construct then, the typical spoke-like design of light rail tracks to and from the city centre and the strategic placement of stations in residential and commercial areas should have a positive impact on property values.
- Although the argument for a link between accessibility and property values seems logical, empirical research on the issue suggests a more ambiguous relationship. The various studies on this topic provide for mixed conclusions.
- Some research discusses several alternative reasons for the weak and inconsistent relationship between light rail and property values. First, light rail may not impact accessibility because of a fixed route, a limited number of stations and a relatively small percentage of total travelers (compared with auto) in a given area. Similarly, highway systems in most American cities provide easier access to more locations and have been well-developed prior to light rail. Thus, the marginal contribution of light rail to overall accessibility, compared with highway systems, is quite low.
- Other studies suggest that accessibility and distance to a light rail station may not matter, but rather just the presence of light rail in the community has a positive impact on property values in general.
- One study analyzed numerous light rail studies in order to provide policy-makers and local officials some general information regarding the relationship between light rail

and property values. The study suggests that rail transit in relatively dense areas that significantly improves accessibility to city centres (such as Washington, D.C., and New York City) will result in higher property values the closer a home or business is to a light rail station. This result may be less clear in less densely populated cities or in those cities without a vibrant city core.

- One study concluded that: urban rail transit will significantly benefit land use and site rents only if a region's economy is growing and a number of supportive programs are in place, for example, permissive zoning to allow higher densities, and infrastructure such as pedestrian plazas and street improvement. Transit guides rather than creates growth, and by itself rarely affects significant land use changes.

Possible Increases in Land Values

A review of applicable studies relating to transit infrastructure induced land value impacts has led to a number of conclusions. Significant increases in land values around rapid transit stations can be expected. This is particularly the case at rapid transit stations which are located in largely residential areas and have the opportunity for re-development and increased density.

On the basis that benefits accrue only from improved transit access (i.e. without considering re-development potential), land values can be expected to increase possibly 15% in areas within approximately a half kilometre from rapid transit stations.

If lands near stations are permitted to re-develop at higher densities, which would require the approval of the municipalities served, land value increases would be substantially higher (estimated at 50% to over 100%). This magnitude of land value increase would be along the lines of a single detached house lot value compared to a mid or high rise apartment building land value. The change in allowable density would have a great impact on this change in value.

Such increases in land values would apply to the areas immediately benefits from the transit infrastructure investments. Conservatively assuming a 400 metre radius from the station this provides for a gross area of 125 acres; and assuming that on average 30% of the gross area is dedicated to roads and parks, this provides for a net area of approximately 85 acres. This is of tremendous and direct benefit to the community.

Transit Agency Potential Authority and Role

With the appropriate mandate, the transit authority could purchase properties that are located along future transit lines through the open market without expropriation. These lands would be sold by the willing private landowner at the prevailing market price. The transit authority would be able to hold these lands until the transportation infrastructure is completed and sell or re-develop as part of a Transit Oriented Development (TOD) strategy. This would allow for the transit authority to profit as a land investor and

developer, however the authority would also be taking on associated land speculation risk.

However, given the fact that the land will be initially purchased at prevailing market rates in competition with other possible investors, the market price will reflect the anticipated future development potential of the site and associated profit. As such, the transit authority acting as a land investor and developer will not likely be able to achieve a rate of return which exceeds the general investment rate for land investment / development in the region.

Of note, the local transit authority as a public land owner may be exempt from paying property taxes on its holdings. If this is the case, the transit authority as the land manager may face lower operating costs than private sector competitors. However, such an arrangement would also reduce the tax revenue collected by the local government and by extension possibly also the transit authority. Depending on the applicable legislation, such a tax exemption may only apply for publicly owned lands that are used for public purposes or occupied by an exempt user. If the lands are publicly owned but leased to another party or otherwise used for commercial purposes, the tax exemption may not apply or a cash-in-lieu payment to the local government may be required.

Furthermore, as the owner of the land the transit authority would be responsible for any carrying and maintenance costs, as well as liability.

17.0 APPENDIX 6 - ASSUMPTIONS & CONDITIONS

This market, economic, land use or development report / study has been prepared at the request of the client for the purpose of providing an estimate of economic feasibility or impact, development strategy or range of possible market values. It is not reasonable for any person other than the person or those to whom this report is addressed to rely upon this without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other person will rely on it for any other purpose and all liability to all such persons is denied.

This report has been prepared at the request of the client, and for the exclusive (and confidential) use of the recipient as named herein and for the specific purpose and function as stated herein. The client has provided much of the site information and has represented that such material, such as ownership, rents, size, etc. is reliable. All copyright is reserved to the author and this report is considered confidential by the author and the client. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference.

Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.

If an estimate of economic, market or financial value of the real property / subject site which is assessed in this report is provided then it pertains to the approximate and general range of possible values of the freehold or fee simple, or leasehold or leased fee estate in the real property, based on vacant possession or subject to terms and conditions of the existing tenancy as described in this report. The property rights exclude mineral rights, if any.

An estimate of economic, market or financial value, if any, contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretive analysis pursuant to the objective of this report. Certain inquiries were outside the scope of this mandate. In addition, any economic or financial estimates in this report are approximations only and may vary from final and actual market values.

For these reasons, the analyses, opinions, and conclusions contained in this report are subject to the following contingent and limiting conditions.

The property has been assessed on the basis that title to the real property is good and marketable.

The author of this report cannot accept responsibility for legal matters, questions of survey, opinions of title, hidden or unapparent conditions of the property, toxic wastes or contaminated materials, soil or sub-soil conditions, environmental, engineering or other technical matters which might render this property more or less valuable than as stated herein. If it came to our attention as the result of our investigation and analysis that certain problems may exist, a cautionary note has been entered in the body of the report.

The legal description of the property and the area of the site was obtained from sources which are deemed to be reliable. Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration, and boundaries of the site and the relative position of the improvements on the said lands.

The property, if any, has been described on the basis that the real property is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as any be noted in this report and that there are no pledges, charges, lien or social assessments outstanding against the property other than as stated and described herein.

The property if any, has been described on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the subject property or any portion thereof.

The interpretation of any leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed herein, is solely the opinion of the author, and should not be construed as a legal interpretation. Further, any summaries of these contractual agreements, which may appear in the Addenda, are presented for the sole purpose of giving the reader an overview of the salient facts thereof.

The property, if any, has been described on the basis that the real property complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing

occupancy of the real estate as described in this report. However, such possible circumstances have not been accounted for in the reporting process.)

Investigations have been undertaken in respect of matters that regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department, or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.

The property, if any, has been assessed and possibly valued in a general analysis on the basis that all rents referred to in this report are being paid in full and when due and payable under the terms and conditions of the attendant leases, agreements to lease or other contractual agreements. Further, it is assumed that all rents referred to in this report represent the rental arrangements stipulated in the leases, agreements to lease or other contractual agreements pertaining to the tenants' occupancy, to the extent that such rents have not been prepaid, abated, or inflated to reflect extraordinary circumstances, and are fully enforceable notwithstanding that such documentation may not be fully executed by the parties thereto as at the date of this reporting, unless such conditions have been identified and noted in this report.

The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.

Any estimated economic or market or financial value does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the shares could be affected by other considerations. Further, the estimated market value if any does not include consideration of any extraordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.

Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership.

In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest or leasehold interest in the real property, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special

investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.

Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this report, prior arrangements shall be made therefore, including provisions for additional compensation to permit adequate time for preparation and for any appearances that may be required. However, neither this nor any other of these contingent and limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of this report which best serves the administration of justice.

Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this report, cannot necessarily be relied upon as any other date without the subsequent advice of the author of this report. All macro economic data has been obtained from reliable sources however major changes in the economy are possible which could move entire markets and a reported value, if any, would move up or down with that market. The report typically assumes stable background economic conditions.

If any economic, market or financial value or measure has been expressed herein it is in Canadian dollars.

18.0 APPENDIX 7 – PROFESSIONAL RESUME

SITE ECONOMICS LTD.

Richard Wozny, Principal

Richard Wozny Resume

Richard Wozny, principal of Site Economics Ltd. provides real estate development consulting services to developers, land owners, investors and the public sector. Richard Wozny has completed approximately 1,200 major studies of projects with a value of well over $120 billion. He has very extensive experience in all forms of large scale commercial, industrial, residential and institutional land development projects.

Richard Wozny Strategic Real Estate Services

- Market Analysis and Feasibility
- Impact Analysis
- Financial Analysis and Site Valuation
- Highest and Best Use Studies
- Absorption and Demand Assessment
- Development Strategies
- Project Optimization
- Market Input for Land Use Planning
- Transit Oriented Development (TOD)
- Property Acquisition and Disposition Strategies
- Strategic Review of Redevelopment Options
- Shopping Centre / Downtown Revitalization
- Employment Land Strategies
- Site Selection and Location Assessment

Richard Wozny has completed hundreds of development and financial studies of shopping centres and commercial districts. He has worked on the development of thousands of acres of industrial buildings, including complex logistics parks. He has also worked on many thousands of acres of residential sub divisions and hundreds of high density residential buildings and office towers in the urban core. Richard has also conducted hundreds of store location and feasibility studies for retailers and financial institutions. Richard combines a creative project vision with pragmatic development analysis. Richard has hundreds of loyal and ongoing clients comprised of the majority of developers and all levels of government in Western Canada.

Richard Wozny Past Employment

Richard's past work experience includes: Vice President and Manager of Advisory Services, Cushman & Wakefield Inc.; Manager of Retail Development for Western Canada, Marathon Realty Company Ltd.; and Senior Consultant for Shopping Centre Development, Thomas Consultants Inc.

Richard Wozny Education

Richard received a Master's Degree in Regional Science from the University of Pennsylvania, Philadelphia, PA, a Master's Degree in Religion from Temple University, Philadelphia, PA, and a Bachelor's Degree in Philosophy from the University of British Columbia, Vancouver, BC.

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