Fraser Highway SkyTrain Corridor Market Supply and Demand Study

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Prepared For:

City of Surrey

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Notice

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1 Area Overview

Study Areas

- This report seeks to provide a comprehensive understanding of the residential and commercial market dynamics resulting from the proposed Surrey Langley SkyTrain project.
- There are expected to be eight new SkyTrain stations, including the following 5 within the study areas examined in this report:

1. 152 Street Station | Fleetwood Study Area
2. 160 Street Station | Fleetwood Study Area
3. 166 Street Station | Fleetwood Study Area
4. 184 Street Station | Clayton Study Area
5. 190 Street Station | Clayton Study Area

Planning Context

- Within Fleetwood, the City should consider numerous policies and guidelines in support of a distinctive, thriving centre for residential, commercial, social, and recreational activities, including:
  - Embedding the City of Surrey OCP Transportation Policies within the updated Fleetwood planning process.
  - Developing a comprehensive public benefits strategy for Fleetwood that clearly links the provision of social serving amenities with transit-oriented development.
  - Developing a placemaking strategy that supports the activation of spaces along the SkyTrain corridor, particularly in-between proposed transit stations.
  - Ensuring that the City of Surrey's existing housing retention and relocation strategies are enforced, including both Rental Housing Redevelopment: Rental Replacement and Tenant Relocation Assistance City Policy No. O-61 and Manufactured Home Park Redevelopment and Strata Conversion Policy City Policy No. O-34A.
  - Developing business retention and relocation strategies, specifically focusing on small, locally-serving and locally-owned businesses.
  - Developing urban design guidelines with considerations including but not limited to building setbacks, transitional building heights, building massing and siting, solar access, architectural style and materiality, commercial store fronts and entryways, parking and lane interfaces, landscape and public realm, pedestrian and cycling connections, view corridors.
  - Developing commercial building design guidelines with considerations including but not limited to floorplate sizes, minimum lot coverages, maximum setbacks, end of trip cycling facilities, retail frontage characteristics, and continuous weather protection.

2 Case Studies

- To better understand the impact that SkyTrain infrastructure has on surrounding communities, a comprehensive review of transit-oriented development projects in Metro Vancouver was conducted.
- This included an assessment of the Brentwood, Gilmore, Burquitlam, Marine Drive, Inlet Centre, and Metrotown stations.
- Burnaby, Port Moody, and Vancouver have adapted plans to encourage an increase in density and promote a variety of uses in areas surrounding SkyTrain stations through land use policies that promote transit-oriented development and leverage improved accessibility.
- The evolution of city plans have focused the tallest and highest density land uses in close proximity to transit, within 400 metres.
- Among the case studies examined, residential rental rates are found to be higher in City Centres and areas accessible by SkyTrain. Residential condo prices are also found to be higher near SkyTrain stations.
- Further, in the case of Marine Gateway and development around Port Moody Inlet Centre, there has been a sizable increase in per square foot prices following the development of rapid transit.
- Development applications suggest that the development community is prioritizing projects around SkyTrain stations. This is partly a result of favourable prescribed land uses on sites surrounding these stations, but also likely a result of household demand for accessibility and alternative transportation modes.
- There is also a trend for offices to locate near transit accessible areas to accommodate employees increasingly wishing to utilize alternative transportation modes.
- An increase in residential demand in areas surrounding SkyTrain stations also results in an increase in demand for commercial uses as stations become nodes of density and activity.

3 Residential Market Analysis

Review of Current Study Area Housing Stock

- The existing housing stock in the Fleetwood-Clayton area is aging, however, the scale and pace of new development is introducing new units.
- Density levels are slightly higher in the Clayton Study Area due to a larger proportion of townhomes and apartments over a smaller land area.
- Approximately 81% more development has occurred within the Clayton Study Area when compared to the Fleetwood Study Area over the past decade.

3 Residential Market Analysis (cont.)

Current Development Activity

- In the study areas, there is a trend toward higher density forms of housing development with recent residential development activity being fully absorbed by the market.
- Within 400m and 800m of the new SkyTrain stations, there is a concentration of new housing in the development pipeline, particularly including townhomes and 4-6 storey projects.

Demand Analysis

- The demand for housing in the City of Surrey and Fleetwood has been increasingly demonstrated by the low standing inventory available since 2016. Rental vacancy rates in Fleetwood and Surrey continue to remain low following sharp decreases in 2011-2012.
- The levels of development that took place in the study areas over the past decades is not reflective of future demand levels, as the area will increase in desirability once the SkyTrain is developed.
- Townhomes and low-rise apartments are expected to be the forms of residential development experiencing the highest overall levels of demand.
- Demand for high-rise apartments is expected to gradually increase within direct proximity of future SkyTrain locations, albeit at relatively slower rates than Surrey City Centre due to the amenities and desirability of living closer to this major regional business district.
- Based on an analysis of potentially developable land, residential market metrics, the proportion of future housing starts expected to occur within station areas, and the expected impact of the SkyTrain development on future demand, it is conservatively estimated that the Fleetwood Study Area could absorb approximately 250-300 new residential units annually over the next 30 years.
- The majority of this demand will be concentrated within transit-oriented areas, approximately 400 metres of future station locations. The land uses adopted by the City will therefore have a significant impact on the actual levels of future absorptions.

Development Threshold Analysis

- Colliers assessed the following three sites to determine density and sales price thresholds required to support their redevelopment into mixed-use projects with residential above ground floor retail.

1. SW corner of 152 Street and Fraser Highway: Low-rise wood frame buildings are viable right now with a minimum FSR of 3.6. When condo prices reach $770/sf and retail strata prices reach $675/sf, a high-rise mixed-use project can be introduced to the market with a minimum FSR of 7.5. With current estimated achievable prices of $660/sf, high-rise development is currently not viable on this site.

3 Residential Market Analysis (cont.)

2. NE corner of 160 Street and Fraser Highway: Low-rise wood frame development is viable currently at a minimum FSR of 1.25. Once condo prices reach $740/sf, a high-rise mixed-use project can be introduced to the market with a minimum overall FSR of 3.07.

3. Rona/JYSK 16659 Fraser Highway: Low-rise wood frame development is viable right now at a minimum FSR of 1.80 in phase 1 of development. When condo prices reach $730-$740/sf, a high-rise mixed-use project can be introduced to the market with a minimum overall FSR of 5.24 in phase 2 of development.

4 Commercial Market Analysis

Commercial Market Trends

- Year-over-year retail sales growth is approaching 0% within Metro Vancouver, with sales performance varying depending on retail category.
- Despite a weakening retail market, specific categories such as luxury and value apparel, specialty foods, and experiential food services have fared well.
- The impact of online shopping varies heavily depending on retail category, with some online retailers beginning to open bricks-and-mortar stores.
- Millennials are expected to significantly impact the retail marketplace as they age into their prime consumption years of 35 to 54, creating demand for experiential retail categories including food services and entertainment.
- Active, transparent storefronts and human scale development are essential principles necessary to facilitate an active and healthy retail environment.
- The introduction of rapid transit lines attracts retail demand from less accessible regions and encourages transit-oriented residential/office development which supports additional at grade retail uses.

Existing Supply

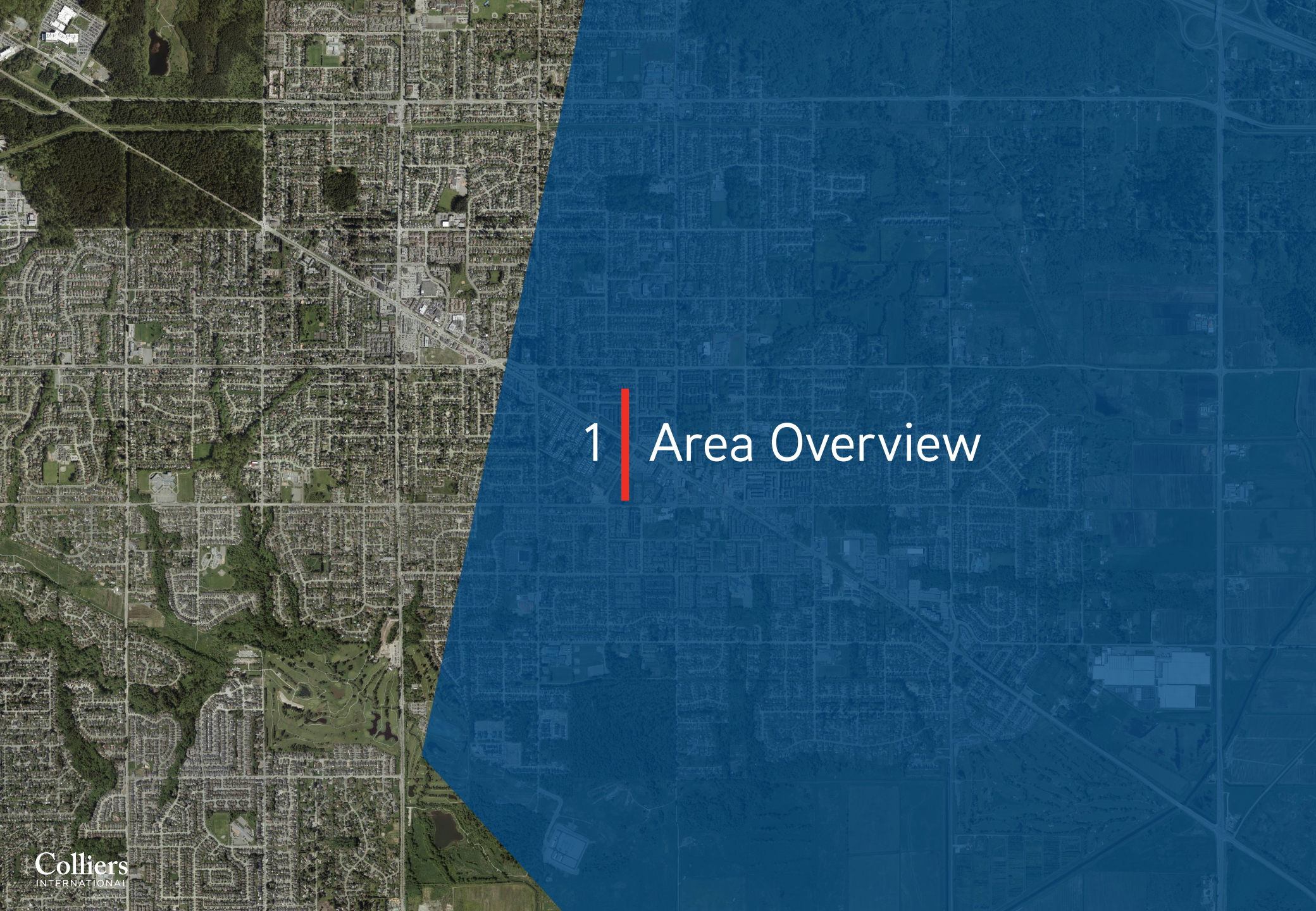
- The Fleetwood Study Area has approximately 676,000 square feet of retail floorspace, 87% of which is located within 400 metres of station locations.
- Grocery stores account for the largest amount of floorspace (21.9%), followed by service commercial establishments (17.4%), and limited service restaurants (15.9%).
- There is a notable lack of full-service restaurants which account for only 3.1% of total retail floorspace. Generally, neighbourhoods with the population levels seen within the Fleetwood Study Area can support a higher percentage of full-service restaurants particularly when located along a rapid transit line.

4 Commercial Market Analysis (cont.)

- The future 152 Street station location has approximately 289,000 square feet of retail floorspace within a 400 metre radius. This is followed by the 160 Street station area with 200,000 square feet, and the 166 Street station area with approximately 113,000 square feet.
- The Clayton Study Area has approximately 300,000 square feet of retail floorspace. Grocery stores account for the largest amount of floorspace (28.7%), followed by service commercial establishments (22.5%), and limited service eating places (21.4%).
- Unlike the Fleetwood Study Area, most of the retail floorspace (96%) is located outside of the future transit-oriented development areas, concentrated along Fraser Highway between 68 Avenue and 188 Street.
- Some of the tenants within this area may experience declining sales performance if the regions surrounding the future 184 Street station and 190 Street station are developed at high-density levels with competing retail offerings.

Demand Analysis

- The calculation of future retail demand near each SkyTrain station is initialized with household expenditure data from defined trade areas and area-specific drivers. Based on CIC's review of the road network, nearby retail supply, and related retail development trends, additional supportable floorspace will be generated primarily from the additional population living and working within approximately 400 metres of each station.
- Population projections within each area will create additional retail expenditures that could support new retail supply within the SkyTrain station areas above and beyond current supply.
- By 2050, the construction of the SkyTrain line and resulting population growth, primarily near station locations, is expected to generate demand for an additional 11,000 square feet of retail floorspace around 152 Street station, 32,000 square feet around 166 Street station, and 40,000 square feet around 160 Street station.
- To facilitate an active and thriving mixed-use environment while also catering to drive-by traffic, retail floorspace should be incorporated into the ground floor of mixed-use developments with strong exposure along Fraser Highway, 152 Street, 160 Street, and 166 Street.
- Retail units within new developments should be required to have the following characteristics to fulfill expected tenant demand:
  - Direct, street level access.
  - Active, transparent frontages.
  - 800 – 1,000 sf rectangular units that can be combined.
  - Minimum 20-foot frontages and 14-16-foot heights.
  - Patio/exterior display areas with impactful signage.
  - Power/venting/HVAC for food and beverage uses.



1 | Area Overview

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The SkyTrain extension to the Fleetwood and Clayton Study Areas is expected to impact surrounding residential and commercial market dynamics.

1.1 Study Areas

- This report seeks to provide a comprehensive understanding of the residential and commercial market dynamics resulting from the proposed Surrey Langley SkyTrain project.
- Three staging scenarios have been developed that will connect Surrey City Centre with the City of Langley. The first two stages will extend to Fleetwood followed by Clayton.
- For the purposes of this analysis, Colliers has delineated the Fleetwood and Clayton Study Areas as identified to the right, based on the location of future SkyTrain Stations, the Agricultural Land Reserve between Fleetwood and Clayton, and the City of Surrey boundary.
- There is approximately $1.6 billion available in immediate funding, which is enough for the project to reach Fleetwood. Despite the preference from TransLink to build the entire line at once, it is expected that development will still be staged, with the entire line being completed by 2035.
- There are expected to be eight new SkyTrain stations, including the following 5 within the study areas examined in this report:

1. 152 Street Station | Fleetwood Study Area
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3. 166 Street Station | Fleetwood Study Area
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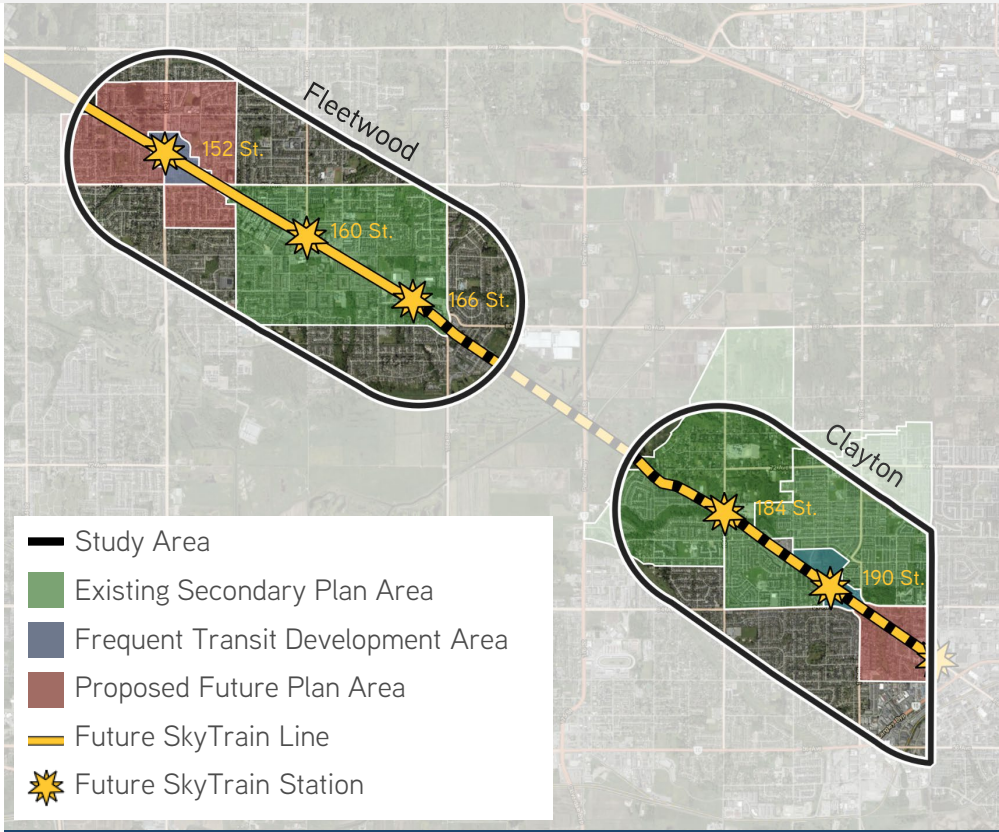


Surrey Langley SkyTrain Details	King George to Fleetwood	King George to Clayton	King George to Langley
Timing	Stage 1	Stage 2	Stage 3
Overview	7 km 4 stations 25 vehicles	11 km 5 stations 35 vehicles	16 km 8 stations 55 vehicles
Ridership	39,900 in 2035 44,200 in 2050	45,800 in 2035 51,500 in 2050	62,000 in 2035 71,200 in 2050

Regional policies including the Metro Vancouver Regional Growth Study and Affordable Housing Strategy guide planning within both Study Areas.

1.2 Current Policy Framework

1.2.1 Regional Policies

a) Metro Vancouver Regional Growth Strategy

- The Local Government Act establishes the authority for the Regional Growth Strategy (RGS). The purpose of the RGS is to promote human settlement that is socially, economically, and environmentally healthy and makes efficient use of public facilities and services, land and other resources.
- The current RGS, Metro Vancouver 2040: Shaping our Future, was developed in 2011 as a collective vision to help shape and guide development for the 21 municipalities, one Electoral Area, and one Treaty First Nation that make up Metro Vancouver. Of the RGS' goals, Goal 1 Create a Compact Urban Area includes growth targets for both dwelling units and employment across the regional district.
- From 2006 to 2041, the RGS established a target of 40% new residential units being constructed in Urban Centres and 50% of the employment being concentrated in these areas; Frequent Transit Development Areas are expected to have a 28% increase in dwelling units and 27% in job growth.

b) Metro Vancouver Regional Affordable Housing Strategy

- The Metro Vancouver Regional Affordable Housing Strategy was approved in 2016 and provides leadership on regional housing needs. The Strategy outlines five overarching goals:

1. Expand the supply and diversity of housing to meet a variety of needs
2. Expand the rental supply and balance preservation of existing stock with redevelopment while supporting existing tenants
3. Meet housing demand estimates for low-income earners
4. Increase rental housing supply along the Frequent Transit Network
5. End homelessness in the region

c) TransLink's Regional Transportation Strategy

- The Regional Transportation Strategy (RTS) Strategic Framework was adopted in 2013 and helps guide the region's transportation decisions to the year 2045. To support the region's evolution as a diverse and livable region, the Mayors' Council on Regional Transportation developed a 10-Year Vision in 2014 that outlines priority transportation improvements for the region. Project development for the Surrey-Langley SkyTrain forms part of the Phase Two Plan of the 10-Year Vision.
- TransLink is currently leading the development of a new Regional Transportation Strategy entitled Transport 2050 that will establish the vision, goals, strategies, and key initiatives for Metro Vancouver's transportation system to the year 2050.

TransLink's Regional Transportation Study and Transit-Oriented Community Design Guidelines may impact station area development.

1.2 Current Policy Framework

1.2.1 Regional Policies (cont.)

d) TransLink's Transit-Oriented Community Design Guidelines

- The purpose of TransLink's Transit-Oriented Communities Design Guidelines is to aid in the development of transit-oriented land use plans, projects, streetscapes, and transportation network designs, with a focus on community design attributes that most strongly influence travel behaviour.
- This document establishes a series of design guidelines through the '6 D's' of transit-oriented communities:
    1. Destinations – coordinate land use and transportation
    2. Distance – create a well-connected street network
    3. Design – create places for people
    4. Density – concentrate and intensify activities near frequent transit
    5. Diversity – encourage a mix of land uses
    6. Demand Management – discourage unnecessary driving

1.2.2 Municipal Policies

a) Surrey Affordable Housing Strategy

- In alignment with Metro Vancouver's regional growth strategy, the Surrey Affordable Housing Strategy focuses on policies that support the retention and delivery of purpose-built market and non-market rental housing.
- The following strategies frame how the City will address housing affordability through municipal policies and actions:
    1. Prevent the loss of purpose-built rental housing
    2. Strengthen protection for tenants
    3. Encourage the development of new purpose-built rental housing
    4. Increase the supply of housing affordable to renter households with low to moderate incomes
- Fleetwood's current housing stock includes a portion of manufactured homes – Manufactured Home Park Redevelopment and Strata Conversion Policy City Policy No. O-34A provides residents with additional protections which supplement the provisions outlined in the Condominium Act and the Residential Tenancy Act.
- Further, the land use concepts underlying the existing Fleetwood's Town Centre Plan includes considerations for protection of existing neighbourhoods with ground-oriented housing, including single family, townhouse and manufactured home designations.

Fleetwood Town Centre is designated as a Municipal Centre in the Metro Vancouver RGS and an Urban Centre within the City of Surrey OCP.

1.2 Current Policy Framework

1.2.2 Municipal Policies (cont.)

b) City of Surrey Transportation Strategic Plan

- The City of Surrey's Transportation Strategic Plan was adopted in 2008, outlining an overreaching framework for how the city will move forward with a balanced transport system that improves the way people travel to, from and within Surrey. This Plan is supported by a series of companion plans for walking, cycling, and safe mobility.
- The Plan outlines a series of principles in support of the overall vision for Surrey's transportation system:

1. Effective and efficient network management
2. More travel choices
3. Safer, healthier communities
4. Successful local economies
5. Protection of our built and natural environment
6. Integration of transportation

1.2.3 Fleetwood Neighbourhood

a) Community Profile

- Fleetwood is a predominantly residential community centered on the Fraser Highway and Fleetwood Town Centre. In 2016, the population was 62,735, of which 22% were renters, and 15% of commuters were transit riders. Of the area's 18,840 dwelling units, 68% were single detached, 21% row/townhouses, and 11% apartments.
- In many ways, Fleetwood parallels the City of Surrey, including similar average household incomes, unemployment rates, and population demographics.

b) Current Station Area Planning Framework

i Fleetwood in the OCP

- Fleetwood Town Centre is designated as a Municipal Centre in the Metro Vancouver Regional Growth Strategy (RGS), and as an Urban Centre within the City of Surrey's Official Community Plan (OCP) Plan Surrey 2013.
- The Town Centre is guided by Policy B2 Distinctive Town Centres, which supports a concentration of growth in compact, walkable urban centres that serve the commercial, recreational, cultural and social needs of residents and visitors.

The Fleetwood Town Centre Plan guides land use and transportation within the town centre of Fleetwood, approved in 2000 and updated in 2016.

1.2 Current Policy Framework

1.2.3 Fleetwood Neighbourhood (cont.)

- The City of Surrey's OCP additionally provides policies in support of transit-oriented development (TOD) through Policy B3 Transit Corridors. These policies are centred around land use, density, and urban design.
- The Fraser Highway has been identified as a Frequent Transit Corridor within the City of Surrey's OCP. To align land uses with development densities, Frequent Transit Corridors are intended to support a higher density of residential and commercial uses.

ii. Fleetwood Town Centre Plan

- The Fleetwood Town Centre Plan (TCP) is a local area policy document that currently guides land use and transportation within the town centre of Fleetwood. Initially approved in 2000 and updated in 2016 in response to changing market conditions and plans for Light Rail Transit (LRT), the Stage 1 (2016) plan and land use plan are currently being reviewed and updated to address the Surrey-Langley SkyTrain project.
- The 2016 update of the Fleetwood TCP focused on the core area centred around the intersection of 160th Avenue and Fraser Highway. policies to encourage renewed growth and redevelopment, planning for an at-grade LRT. The Fleetwood TCP outlines a vision, objectives, and strategies to support the town centre's evolution as a compact, pedestrian-oriented retail and transit-oriented precinct.
- Central to this is the expansion of locally-serving commercial uses within the Fleetwood Town Centre and accommodation of higher residential densities that would benefit from the extension of rapid transit infrastructure.
- A key component of this plan is the requirement for ground floor commercial activity along important streets and corners, as well as the creation of a finer grained street network in areas planned for higher densities.
- The Fleetwood Town Centre's land use plan is predominantly characterized by the Mixed-Use designation, allowing for a maximum gross density of 2.5 FAR and building heights up to 6 storeys.
- The intent of this designation is to support uses that collectively create a lively, pedestrian-friendly centre for commercial and residential activity. Appropriate uses under this designation include mixed-use commercial/residential buildings and standalone commercial and apartment buildings.

iii. Fleetwood West

- Fleetwood West does not currently have a designated land use plan. Within the City of Surrey's OCP general land use plan, this area is predominantly zoned Commercial, with one area of Multiple Residential around Meagan Anne MacGougall Park, and the remainder of peripheral land designated as Urban.

Fleetwood West does not currently have a designated land use plan and is predominantly zoned commercial within the City of Surrey OCP.

1.2 Current Policy Framework

1.2.3 Fleetwood Neighbourhood (cont.)

- Below is a summary of the various land use designations that currently characterize Fleetwood West:
- **Commercial:** allows for major commercial developments, including city-serving retail and office developments. Allows for multi-unit residential in mixed-use development provided that ground-level frontages are exclusively commercial.
- **Multiple Residential:** allows for higher density residential development including local, neighbourhood serving commercial and community uses. May include apartment buildings (generally up to 6 storeys), higher-density townhouses, and supportive housing community care facilities. Up to 2.0 FAR in Frequent Transit Development Areas. Additional bonus densities may be granted in select areas.
- **Urban:** allows for low to medium density residential neighbourhoods, up to 30 units per acre in Frequent Transit Development Areas. Range in forms, from detached and semi-detached houses as well as ground-oriented attached housing including townhouses and rowhouses.
- Fleetwood West is designated as a Frequent Transit Development Area (FTDA). FTDAs expect and permit higher densities across designated land uses in support of coordinated land use planning and transit-oriented development.

c) Implications

i. Future Residential Development

- Retention of existing affordable housing and development of new rental units:
  - Current Fleetwood policies do not address housing affordability or rental housing.
  - The City could consider encouraging affordable and rental housing along the Frequent Transit Network, recognizing that an efficient transit system is essential to providing affordable access to opportunities and services for all regional residents, including those with the least means.
  - One potential policy lever to support the delivery of affordable housing would be an exemption of density bonus payments for buildings providing 100% secured market rental units.
- Provision of social services in response to higher residential densities:
  - The current Fleetwood Town Centre Plan recognizes the potential impact that continuing development in the Fleetwood Community may have on existing schools.
  - The City may want to consider expanding the scope of this work to evaluate the impact on other social services, such as childcare facilities, police and fire services, community centres, and parks.

The City should focus on supporting the retention of locally-serving businesses and supporting an urban fabric that contributes to retail viability.

1.2 Current Policy Framework

1.2.3 Fleetwood Neighbourhood (cont.)

ii. Future Commercial Development

› Retention and support of locally-serving businesses:

- The construction of SkyTrain stations will likely impact the ability and/or perception of residents and visitors to travel to local businesses.
- The City could consider developing a mitigation strategy that limits the disruption of construction on existing businesses, including the scheduling of construction activities, interim parking and road network strategies, and effective communication with affected stakeholders.
- Further, for any businesses outside the immediate proximity of proposed stations, priority may be to improve the pedestrian and cycling connections to and from stations.
- The Canadian Federation of Independent Business recommends including the following five key elements in any policy that intends to limit the impact of construction on existing businesses:

1. A **compensation program** for cases where construction has a moderate to major impact, for an extended period, on the operations of local businesses. It should be easy to understand and access, involve significant and timely monetary compensation, and be financed by factoring in its costs in the budget of each project;
2. A **no surprise rule** mandating the municipality to track its infrastructure's condition and let local businesses know of construction well in advance. A good way for cities to do that is to have a state of the infrastructure report, a 5-year capital investment plan and relevant pre-construction consultation with all impacted businesses;
3. A **comprehensive planning approach** involving the "dig once" principle and the phasing/timing of projects;
4. An **improved contracting process** with integrated mitigation provisions and a bonus/penalty system, especially for early/late completion of the project;
5. A **business liaison officer** with managerial authority designated for each project.

› Urban fabric that contributes to retail viability:

- The Fleetwood Town Centre Plan provides guidelines for placemaking and urban design strategies in support of a high quality, pedestrian friendly, urban district within the Town Centre.
- Although these are helpful in guiding future design decisions, the City may want to consider embedding these principles as prescriptive requirements within zoning by-laws or through the rezoning process.

The City of Surrey should consider numerous policies to support Fleetwood's evolution as a distinctive, thriving mixed-use community.

1.2 Current Policy Framework

1.2.3 Fleetwood Neighbourhood (cont.)

d) Recommendations

i. Policies

› In support of Fleetwood's evolution as a distinctive, thriving centre for residential, commercial, social, and recreational activities, the City of Surrey could consider the following polices:

1. Embed the City of Surrey's OCP's Transportation Policies within the updated Fleetwood planning process.
2. Develop a comprehensive public benefits strategy for Fleetwood that clearly links the provision of social serving amenities with transit-oriented development.
    - This strategy would help identify the needs of the existing and new population for facilities and services, estimate costs, and identify funding sources over a long-term period.
    - Potential amenities include, but are not limited to parks and open space, public art initiatives, childcare facilities, affordable housing, improvements to pedestrian and cycling networks, public realm improvements such as sidewalks, signage, plazas, street furniture.
3. Develop a placemaking strategy that supports the activation of spaces along the SkyTrain corridor, particularly in-between proposed transit stations.
4. Ensure that the City of Surrey's existing housing retention and relocation strategies are enforced, including both Rental Housing Redevelopment: Rental Replacement and Tenant Relocation Assistance City Policy No. O-61 and Manufactured Home Park Redevelopment and Strata Conversion Policy City Policy No. O-34A.
5. Develop business retention and relocation strategies, specifically focusing on small, locally-serving and locally-owned businesses.
    - To help mitigate land value speculation in areas undergoing community planning, the City of Vancouver has introduced Development Contribution Expectations (DCE).
    - These policies are established at the beginning of a planning process, outlining expected financial contributions for amenities and affordable housing.
    - This approach could inform a strategy that would help limit land value speculation within Fleetwood, while potentially generating a revenue stream for local business development.

Clayton Heights is composed of three separate neighbourhood planning areas: West Clayton, East Clayton, and North Clayton.

1.2 Current Policy Framework

1.2.3 Fleetwood Neighbourhood (cont.)

- The City of Vancouver has also introduced a 2% tax shift from non-residential to residential property classes intended to benefit businesses and the B.C. Liberal Government has recently introduced a new bill, that if approved, would create a new property tax class that would separate tax levels based on a structure's current use versus its potential future use.
- This could help reduce the tax burden of existing local businesses in community-serving spaces.

ii. Guidelines

› In support of Fleetwood's evolution as a distinctive, thriving centre for residential, commercial, social, and recreational activities, the City of Surrey could consider the following polices:

1. Develop urban design guidelines with considerations including but not limited to building setbacks, transitional building heights, building massing and siting, solar access, architectural style and materiality, commercial store fronts and entryways, parking and lane interfaces, landscape and public realm, pedestrian and cycling connections, view corridors.
2. Develop commercial building design guidelines with considerations including but not limited to floorplate sizes, minimum lot coverages, maximum setbacks, end of trip cycling facilities, retail frontage characteristics, and continuous weather protection.

1.2.4 Clayton Heights Neighbourhood

a) Community Profile

› The Clayton Heights neighbourhood is located within the broader Cloverdale community, north of Fraser Highway, bordered to the west and north by a section of the Agricultural Land Reserve (ALR), to the south by Cloverdale, and to the east by Langley City and the Township of Langley.

› Clayton is composed of three separate neighbourhood planning areas: West Clayton, East Clayton, and North Clayton. West Clayton and East Clayton currently have Neighbourhood Concept Plans (2015 and 2003, respectively) and North Clayton has yet to develop a Neighbourhood Concept Plan.

Several principles of sustainable development were proposed in the Clayton General Land Use Plan (1999) to be used into the planning processes.

1.2 Current Policy Framework

1.2.4 Clayton Heights Neighbourhood (cont.)

b) Current Station Area Planning Framework

i. Clayton in the OCP

- The only direct reference to Clayton in the City of Surrey's OCP is that East Clayton is designated as a Frequent Transit Development Area (FTDA). The OCP's general land use plan designates the majority of land within Clayton as Urban, with several nodes of Commercial along Fraser Highway at 184th Street, 188nd Street, 192nd Street, and 196th Street. The land use plan also identifies several areas of Multiple Residential, generally located surrounding or adjacent to these commercial nodes.

ii. Clayton General Land Use Plan (1999)

- The Clayton General Land Use Plan (GLUP) outlines overall land uses for Clayton Heights, establishing a vision and principles to guide the development of subsequent, more detailed Neighbourhood Concept Plans (NCPs). The Clayton GLUP positions Clayton as a complete community with a "village centre" at the intersection of 72nd Avenue and 188th Street and includes direction for a comprehensively workplace/employment centre located at Fraser Highway and 192nd Street, and a live/work area near 64th Avenue and 192nd Street.
- Various housing types are proposed for Clayton including multiple residential, single family standard lots, small lots, suburban lots, commercial/residential and live/work housing. It was anticipated that there will be 10,000 - 12,000 dwelling units of varying types.
- The following principles of sustainable development were proposed to be incorporated into neighbourhood concept planning processes:

1. Increase density to conserve energy by the design of compact walkable neighbourhoods to encourage pedestrian activities where basic services are within 5 to 6 minutes walking distance.
2. Different dwelling types in the same neighbourhood and even on the same street.
3. Communities designed for people; therefore all dwellings present a friendly face to the street to promote social interaction.
4. Car storage and services handled in lanes at the rear of dwellings
5. Interconnected street network to provide for a variety of itineraries and to disperse traffic congestion
6. Narrow streets shaded by rows of trees to save costs and to provide a greener and friendlier environment.
7. Preservation of the natural environment and promotion of natural drainage systems where storm water is held on the surface and permitted to seep naturally into the ground.

The West Clayton Community Plan (2015) identifies a series of opportunities in relation to future rapid transit development.

1.2 Current Policy Framework

1.2.4 Clayton Heights Neighbourhood (cont.)

iii. West Clayton Neighbourhood Community Plan (2015)

- The West Clayton Neighbourhood Community Plan provides a more detailed vision, objectives, principles, and strategies in alignment with higher level planning frameworks, including Metro Vancouver's RGS, the City of Surrey's OCP, and Clayton's GLUP.

- The overall vision of the NCP is to develop West Clayton as compact, walkable, transit-supportive urban neighbourhoods based on sustainable planning principles. The West Clayton Neighbourhood Community Plan identifies a series of opportunities in relation to future rapid transit:

  1. To support the future rapid transit along Fraser Highway by providing for medium to high residential density developments within walking distance of the transit service;

  2. To create a vibrant pedestrian-friendly mixed-use neighbourhood centre at the future rapid transit station location on Fraser Highway at 184 St;

  3. Achieving fine-grid road layout in the area near the Fraser Highway given the land configuration and ensuring consideration and provision for appropriate noise and visual buffer from traffic and rapid transit in the future;

  4. Achieving a "Transit Commercial Node" near the future Rapid Transit Stop along Fraser Highway that is pedestrian-friendly and inviting, given the location of 184 Street – a major arterial, and Fraser Highway – a major regional arterial;

  5. Locate higher residential densities in proximity of the village centre at 72 Avenue and 188 Street, the future rapid transit station at 184 Street and Fraser Highway and in areas of lower environmental value;

  6. Promote a sense of place by providing special urban design at entrances to the neighbourhood, at the village centre, in proximity of the rapid transit station and other prominent locations.

  7. Reinforce the village centre as a focus for the Greater Clayton community and create a focus for the West Clayton neighbourhood around the future rapid transit station by providing a mix of commercial spaces, residential land uses, and outdoor spaces.

  8. Provide a street grid and maximize street connectivity within the neighbourhood and provide appropriate densities and mix of uses within 400-800 metres of the village centre and the rapid transit station to support transit and energy efficiency.

- The identified Transit Node at Fraser Highway and 184th Street includes Mixed Use Commercial/Residential Land Use, which allows for a maximum density of 1.8 FAR (including density bonus) and a building height of up to six storeys. This is the land use designation with the highest allowable density in West Clayton.

The East Clayton Neighbourhood Concept Plan (2003) includes a transit-oriented development area north of Fraser Hwy between 188 st. and 192 st.

1.2 Current Policy Framework

1.2.4 Clayton Heights Neighbourhood (cont.)

iv. East Clayton Neighbourhood Concept Plan (2003)

- The original East Clayton Neighbourhood Concept Plan was developed in 2003. The plan has four areas, including the main East Clayton NCP, as well as two subsequent extensions to the west and north, and a transit-oriented development area north of Fraser Highway between 188nd and 192nd Street.
- The development of the East Clayton Transit-Oriented Area (TOA) Land Use Concept is based on the East Clayton NCP, with additional emphasis on the following principles:
  1. Locate the highest density of development along Fraser Highway in close proximity to future rapid transit station;
  2. Maintain the same or greater employment levels for the study area as were projected in the existing East Clayton NCP;
  3. Encourage mixed-use development with an emphasis on employment uses (i.e., office and retail uses);
  4. Develop a finer-grained, grid-based block street pattern to distribute traffic and encourage walking and cycling connections, including convenient pedestrian access to transit;
  5. Require on-site best management practices for stormwater management to reduce runoff volumes;
  6. Require a high level of urban design, with an emphasis on active facades related to commercial, mixed use and residential buildings facing public streets;
  7. Incorporate a central neighbourhood park into the development;
  8. Incorporate opportunities for place-making and public art in key locations; and
  9. Ensure an appropriate and sensitive interface with lower-density residential neighbourhoods adjacent to the area.
- The 2014 concept plan identifies a rapid transit station on Fraser Highway at 192nd Street, whereas the current proposed route from TransLink locates the closest transit station at 190th Street.
- The land use concept includes a series of mixed-use land use designations with densities ranging from 1.5-2.5 FAR, each providing commercial retail at grade with residential or office above.
- The concept also identifies 66th Avenue as a “High Street” featuring a vibrant pedestrian-friendly public realm with commercial activities, local services, a neighbourhood park, and several urban plazas.

The City of Surrey should consider numerous policies to support Clayton's evolution as a distinctive, thriving mixed-use community.

1.2 Current Policy Framework

1.2.4 Clayton Heights Neighbourhood (cont.)

c) Recommendations

i. Policies

- Explore an overall alignment of current planning initiatives within Clayton Heights, as well as alignment opportunities between Clayton Heights and North Cloverdale Planning Areas.
- Explore opportunities to strengthen the relationship between East and West Clayton particularly along Fraser Highway in-between proposed transit stations.
- Explore opportunities to differentiate mixed-use commercial activities between the Transit Node and Village Centre area within West Clayton.
- Revise the East Clayton Transit Oriented Area Land Use Concept to reflect the proposed SkyTrain Station located at 190th Street.
- Embed the City of Surrey's OCP's Transportation Policies within the updated Clayton planning process.
- Develop a comprehensive public benefits strategy for Clayton that clearly links the provision of social serving amenities with transit-oriented development.

ii. Guidelines

- In support of Clayton's future as a compact and sustainable community where amenities and services are within walking distance of all homes, the City of Surrey could consider the following guidelines.
- Develop design guidelines that support 184th Street as a corridor connecting the proposed SkyTrain Station with the rest of West Clayton.
- Develop design guidelines that support 190th Street as a corridor connecting the proposed SkyTrain Station with the rest of the East Clayton Transit-Oriented Area.
- Revise existing Fraser Highway cross sections to reflect the change from at-grade Light Rail Transit to an elevated SkyTrain.
- Develop commercial building design guidelines with considerations including but not limited to: floorplate sizes, minimum lot coverages, maximum setbacks, end of trip cycling facilities, retail frontage characteristics, and continuous weather protection.

The City of Surrey's current density bonusing approach is a mix of both negotiated and fixed rates.

1.3 Land Use Redevelopment Incentives

1.3.1 Overview of Land Use Redevelopment Incentives

a) Density Bonuses

- An optional financial contribution made by a developer when City Council approves additional density at the time of rezoning. Municipalities have the option to either prezone areas to allow for density bonusing or provide bonuses on a site-by-site rezoning basis.
- Base density is established within the zoning by-law and the Official Community Plan provides direction around potential additional density available through rezoning.

b) Community Amenity Contributions

- Community Amenity Contributions (CACs) are voluntary contributions made by a developer during a rezoning process. The purpose of CACs is to both offset the cost of providing amenities to new communities and to capture additional land value created through zoning amendments. CACs fund a wide variety of civic elements, such as affordable housing, childcare, public art, civic facilities, and park space.
- CACs are not defined in the Local Government Act and can either be monetary or in-kind contributions. Additionally, CACs can either be in the form fixed rates, or negotiated through the rezoning process.

1.3.2 Existing Land Use Redevelopment Incentives and Density Bonus Criteria

- The City of Surrey's density bonusing approach is currently a mix of both negotiated and fixed rates. Within Town Centres and plan areas, there is a fixed rate CAC up to the density in the Plan and on occasion there is a negotiated CAC if there is a Plan Amendment. Outside of the Plan Area, there is a negotiated approach for OCP amendments.
- The City of Surrey's current Policy O-54 Interim Bonus Density Policy is being reviewed and updated to provide a clear, consistent, and predictable approach to community amenity contributions.
- For reference, the Fleetwood Town Centre amenity contributions rates are as follows:

Areas in Schedule F of Zoning Bylaw		Uses	Contributions for the amenity categories of:				
			Police Protection	Fire Protection	Library Materials	Park, Pathway & Facility Development	Total
16.	Area XVI	**Residential** ($ per *dwelling unit*)	$68.52	$295.97	$154.14	$888.38	$1,407.01
		Non-Residential ($ per acre)	$274.02	$1,183.95	N/A	N/A	$1,457.97

The Cities of Coquitlam, New Westminster, and Burnaby provide some examples of regional best practices for density bonus criteria.

1.3 Land Use Redevelopment Incentives

1.3.3 Regional Best Practices for Density Bonus Criteria

a) City of Coquitlam

- The City of Coquitlam currently provides both density bonus zoning and CACs. The amount of additional density and financial contributions are established as fixed rates through the Zoning Bylaw. CACs are only payable on new floorspace above 2.5 FAR and only apply to new residential density (additional, building floor area) associated with a rezoning application.
- For example, C-7 Transit Village Commercial is a land use designation intended to promote the optimum use of rapid transit service by encouraging mixed use, high density development in Neighbourhood Centres. This Zoning Bylaw includes five 'Density Steps', with increasing levels of additional gross floor area requiring varying levels of contribution.

b) City of New Westminster

- The City of New Westminster offers both density bonusing and Voluntary Amenity Contributions (VACs). Density bonusing is established through density bonus zones at a fixed rate, while VACs are negotiated on a site by site basis. The City does not have a formal policy regarding these contributions, however staff are required to follow a standardized procedure to determine appropriate amenities for each individual project.
- New Westminster Station is an example of a mixed-use development directly integrated with the SkyTrain platform, supporting access to a variety of retail opportunities, vehicle parking, and other transit options such as bus and shuttle services.

c) City of Burnaby

- The City of Burnaby's approach to community amenity contributions is established through the Community Benefit Bonus Policy. Burnaby provides only negotiated CAC rates through site-specific rezonings. The policy only applies to sites that are zoned for multi-family residential uses and meet the following conditions:

  1. The lot must be located in a Town Centre area and be approved for density bonus within the adopted Community Plan.
  2. The lot must be re-zoned to Comprehensive Development (CD) District.
  3. The comprehensive development plan for the lot must include the conservation or provision of a community benefit(s) equivalent in value to the increase in the value of the site attributed to the increase in density.

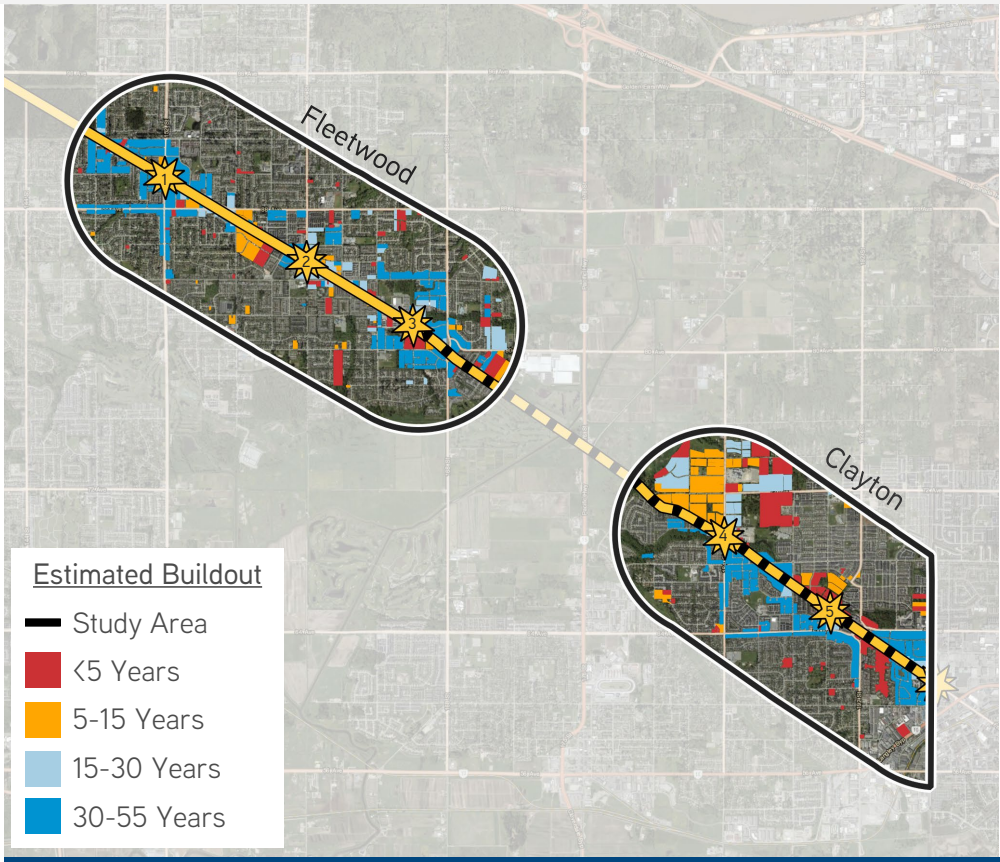
- As this policy only applies within Town Centres, Burnaby provides numerous examples of community amenities within close proximity to SkyTrain stations. For example, Holdom Community Resource Centre, Brentwood Community Resource Centre, and Metrotown Community Resource Centre were all realized through negotiated CACs.

The demographics of the residents living within both Study Areas are important to understand as they may impact future growth patterns.

1.4 Demographics

1.4.1 Population Projections

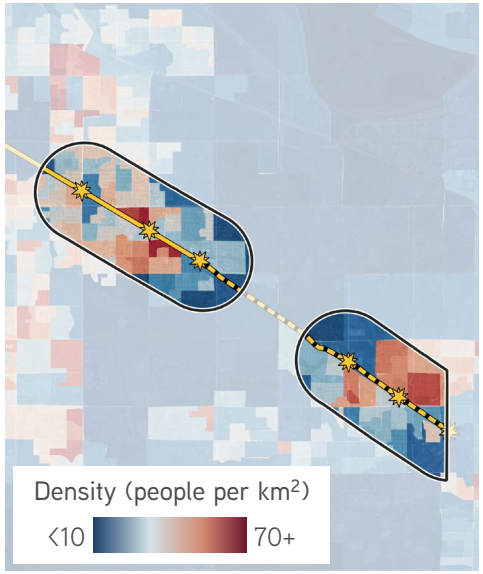
- The estimated buildout timeline and low/high population projections displayed to the right, as provided by the City of Surrey, examine how the study areas may change over the next 55 years.
- Colliers understands that these development timelines and population projections are in draft format and should only be used for high level guidance at this time.
- These projections were calculated using numerous metrics including permitted density levels, land use mix, expected household sizes, existing building ages, and gross assessment values of individual land parcels.
- Using these projections, it is estimated that the Fleetwood Study Area will grow from a current population of 44,538 to between 60,436 and 72,100 by 2035. During this period, the Clayton Study Area is projected to grow from a current population of 37,082 to between 55,219 and 74,038.
- In the following sections of this report, using these projections as a baseline, Colliers will seek to estimate how the extension of the SkyTrain to Fleetwood and Clayton will impact residential and commercial demand near each future station location, along with potential development timelines and absorption rates.

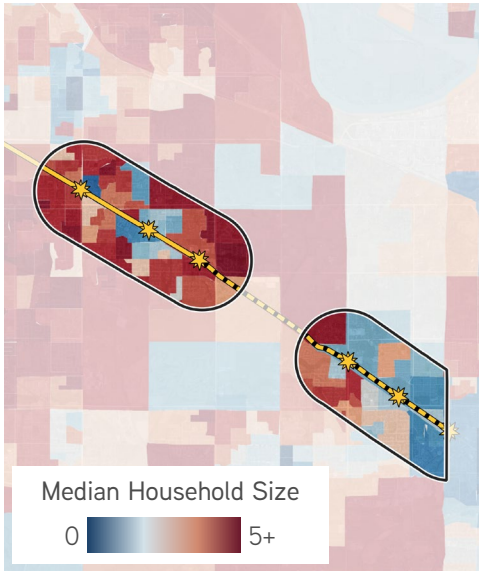


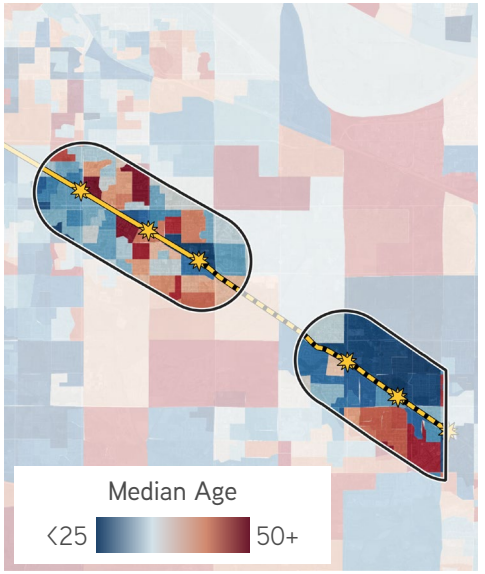
Estimated Population Projections (Draft)	Fleetwood		Clayton	
	Low	High	Low	High
Current Population	44,538		37,082	
2025 Projection	53,830	61,974	48,911	65,855
2035 Projection	60,436	72,100	55,219	74,038
2050 Projection	69,135	84,639	62,504	85,194
2075 Projection	95,482	124,119	72,890	102,043

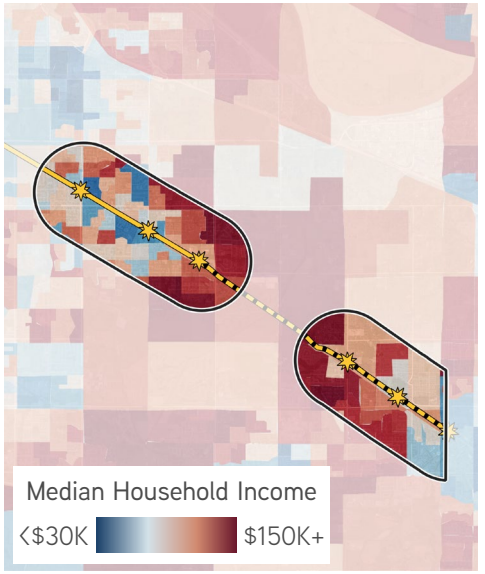
The Fleetwood Study Area has larger household sizes, yet an older and less affluent population when compared to the Clayton Study Area.

1.4 Demographics









1.4.2 Population Density

Population density is relatively similar within both study areas, ranging from 4,605 people per km² in Fleetwood to 4,767 people per km² in Clayton. Both Study Areas are denser than the City of Surrey which has approximately 4,540 people per km².

1.4.3 Median Household Size

Household sizes are higher within Fleetwood (3.2) when compared to Clayton (2.8) and the City of Surrey as a whole (2.9). This suggests relatively different demographics and household formations between both Study Areas.

1.4.4 Median Age

The Fleetwood Study Area also has an older median age (40.6) when compared to the Clayton study area (35.9). The median age within the City of Surrey is currently 40, indicating that Clayton may be more desirable to younger individuals and families.

1.4.5 Median Household Income

The Clayton Study Area has a notably higher median household income ($93,354) than both the Fleetwood study area ($84,283) and the City of Surrey ($79,631). In conjunction with smaller household sizes, this suggests that Clayton is one of the City's more affluent regions.

Traffic counts are currently the highest surrounding 152 Street Station within the Fleetwood Study Area, and lowest surrounding 190 Street Station.

1.5 Traffic Counts

- Utilizing mobile location data and PiinPoint software, Colliers examined the current average daily traffic counts surrounding each station location.

Fleetwood Study Area

152 Street Station
- 52,907 east/day
- 52,938 west/day

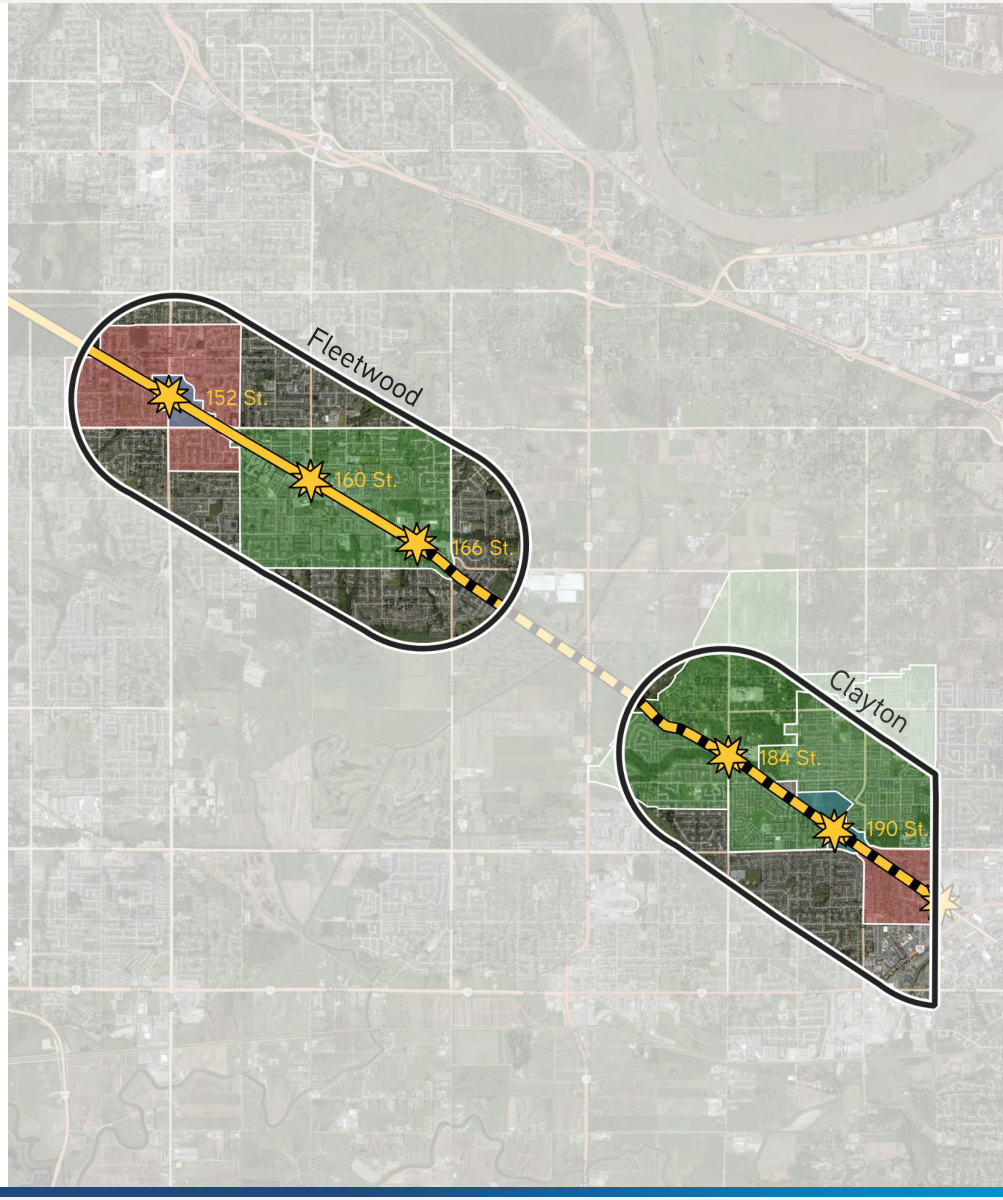
160 Street Station
- 43,362 east/day
- 47,224 west/day

166 Street Station
- 30,419 east/day
- 30,371 west/day

Clayton Study Area

184 Street Station
- 34,092 east/day
- 36,659 west/day

190 Street Station
- 19,178 east/day
- 23,329 west/day



The Fleetwood Business Improvement Association and Community Association both provided feedback regarding their thoughts towards the SkyTrain.

1.6 Stakeholder Workshop Summary

- To provide greater detail regarding the current market context within Fleetwood, DIALOG Design and Colliers International facilitated a stakeholder workshop with members of the Fleetwood Business Improvement Association and Fleetwood Community Association. Below is a collation of the key points mentioned during the discussion.

1.6.1 Background Context

- There are mixed responses to the SkyTrain from the Fleetwood business community.
- Fleetwood Town Centre and Fleetwood West are currently a "barbell" with concentrations of retail uses on both ends with minimal activity in-between
- Fleetwood has all the core services such as banks, grocery stores, lawyers, doctors, and pharmacies.
- Fleetwood Town Centre lacks regional attractions such as a hospital or government services, which is both a positive and a negative.

1.6.2 Fears

- The SkyTrain will exacerbate the lack of retail activity between stations and increase pressure on local traffic and parking.
- Local businesses are concerned that the SkyTrain may cause a loss of base commuter traffic outside a 400 metre radius of planned stations.
- Concern that increased land values resulting from the SkyTrain could reduce the affordability and viability of local businesses.
- Speculation and demolition clauses in lease agreements will limit the attraction and retention of businesses, and the duration of construction will negatively impact local businesses.
- Local businesses are more likely to leave the area than to move into a newer, more expensive space.
- Increased density will increase pressure on social services, such as schools, policing, roads.
- SkyTrain guideways will block views, including Mount Baker and Golden Ears Provincial Park, and could result in potential expropriation of land required for SkyTrain uses.

1.6.3 Hopes

- Unite two distinct areas as a walkable, livable, commercial area while maintaining the neighbourhood village feel.
- The SkyTrain will be an asset that contributes to the existing Fleetwood vision and helps to establish a Fleetwood "identity". Increased density resulting from transit-oriented development will increase the volume of potential customers.
- Safe, separated bike paths, and an active, welcoming environment underneath the guideways.

The Fleetwood Business Improvement Association and Community Association both provided feedback regarding their thoughts towards the SkyTrain.

1.6 Stakeholder Workshop Summary

1.6.3 Hopes (cont.)

- Protect and attract more small businesses (15-20 employees), while establishing a clear plan to mitigate the impacts pre-during-post construction and highlight opportunities for business.

1.6.4 Challenges

- The proximity to Guildford Town Centre makes it hard to attract national retailers, and therefore, only small locally serving businesses currently do well in Fleetwood.
- Office space is generally not doing well, and there currently there are 7 vacancies in Fleetwood (6 retail, 1 office).
- Many businesses are service based, and several have recently gone out of business (due to unknown reasons; potentially speculation).
- Some retail uses such as Panago and Bosley's rely heavily on drive-by traffic and are concerned about the SkyTrain impacting their business.
- Fraser Highway is automotive oriented, and not currently a safe and accessible pedestrian environment with many dangerous intersections and pedestrian crossings.
- The City does not own a lot of land, and therefore most opportunities for space activations will require partnerships with private businesses or landowners.

1.6.5 Opportunities

- Some industrial uses currently in Fleetwood: San Cedar Direct, Kal Tire; increasing demand/reduced supply of industrial land in Metro Vancouver could be opportunity.
- Fleetwood community wants more sit-down restaurants and places to buy clothing. There are currently only two pubs in the area and only one is family friendly.
- Land at intersection of 156th and Fraser Highway is an opportunity for redevelopment and improvement of 88th Avenue.
- Desire for a walkable community with 4-6 storey mixed-use buildings and underground parking.
- East Fleetwood has large footprints providing an opportunity for increased density, road re-alignment, and smaller blocks.
- The now vacant Two EE's Farm provides the opportunity for a heritage site, multi-purpose venue, and community asset.

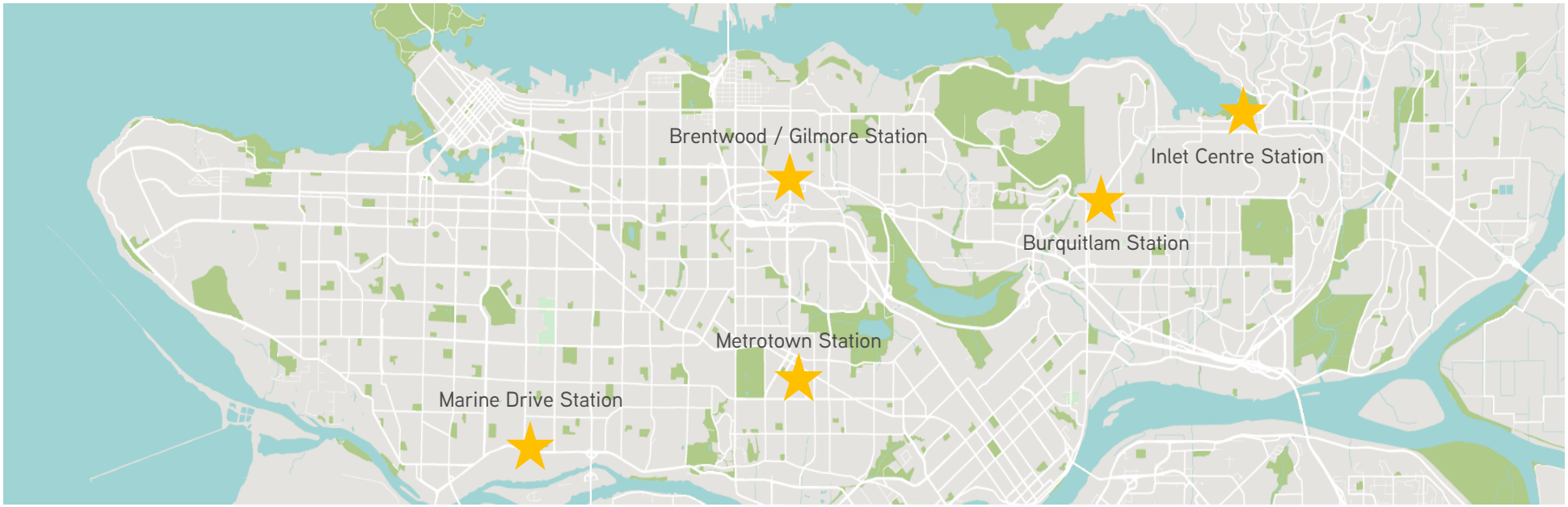
2 | Case Study Analyses

Colliers
INTERNATIONAL

Five SkyTrain Stations and their adjacent neighbourhoods have been analyzed for insights into development, planning, and financial contexts.

2.1 Overview

- A review of transit-oriented development projects in Metro Vancouver has been conducted to better understand the impact SkyTrain infrastructure has on surrounding communities. This review includes an analysis on the impact that improved accessibility has on surrounding rental rates, real estate values and development activity.
- A comprehensive assessment of the following stations has been conducted: Brentwood / Gilmore Station, Burquitlam Station, Marine Drive Station, Inlet Centre Station and the Metrotown Station.
- A review of current, past and future policy has been conducted to understand how plans and land uses have been adapted to better capitalize on improved transportation infrastructure.



Gilmore Place, located adjacent to Gilmore Station will feature 450,000 square feet of transit-oriented retail space and 1 million square feet of office.

2.2 Brentwood / Gilmore Station

2.2.1 Overview

- Located at the intersection of Lougheed Highway and Gilmore Avenue, this vibrant high-traffic retail community will draw in consumers from neighbouring communities
- Gilmore Place, comprised of over 12 acres of land, is anticipated to feature approximately 450,000 square feet of newly constructed transit-oriented retail space, communal plaza, substantial residential development, and over 1 million square feet of office space.
- Due to the developments at Brentwood and Gilmore, North Burnaby is the highest area of growth in comparison to South and Central Burnaby. The neighbourhood is expected to absorb approximately 10,000 higher density homes over the next 5-10 years.

Gilmore Place Statistics Forecast

Distance	Population	Income	Median Age
3km	2014: 103,5000 2019-2024: 287,800 – 107,100 (0.75%)	2014: $84,100 2019-2024: $101,900 - $121,300 (19.04%)	2019 Estimate: 41 Majority @11%: 35-39
5km	2014: 287,800 2019-2024: 304,400 – 321,900 (5.75%)	2014: $75,500 2019-2024: $ 90,800 - $106,000 (17.29%)	2019 Estimate: 40 Majority @10%: 25-29
10km	2014: 969,700 2019-2024: 1,048,200 – 1,118,300 (6.69%)	2014: $80,300 2019-2024: $97,000 - $114,000 (17.53%)	2019 Estimate: 40 Majority @9%: 30-34

The master plan for the redevelopment around Gilmore Station was submitted by Onni and accepted by the city in 2014.

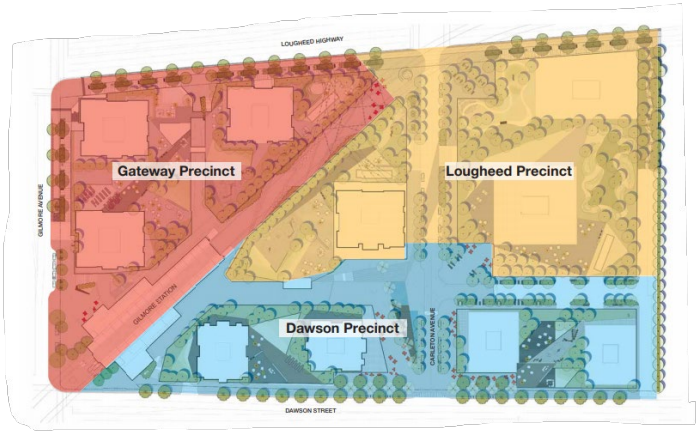
2.2 Brentwood / Gilmore Station

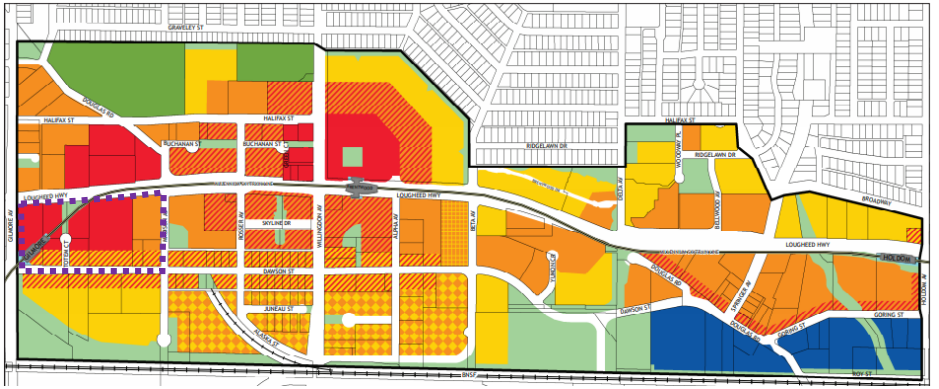
- Gilmore Place is situated as the western gateway to Brentwood Town Centre just south of the intersection at Lougheed Highway and Gilmore Avenue. Significant land use changes began in 2014 as a result of amendments to the Brentwood Town Centre Plan in 2000. A Rezoning was approved in 2016.

2.2.2 Amendments to the BTC (2014)

- Onni proposed a master plan redevelopment for the Gilmore Station sub-area which was accepted by the city in 2014. The redevelopment is imagined to be a transit-integrated development with multi-level connections to Gilmore SkyTrain Station.

- There are three main precincts to the Gilmore Station Area: Gateway Precinct, Lougheed Precinct, and Dawson Precinct.





- **Gateway Precinct:** 1st phase of development which will include highrise residential apartment buildings between 40-65 storeys on a 4-storey podium of retail and flex office space.

- **Dawson Precinct:** 4 highrise residential towers are envisioned here between 25-50 storeys on a 4-storey podium and up to 7-storey podium near the SkyTrain station.

- **Lougheed Precinct:** 3 office buildings are imagined here. 1 mixed-use tower could include a 3-storey retail podium, 10-storey office, and 25-40 storeys of residential apartment.

Gilmore Place is expected to have a total of 10 towers ranging between 25 to 64 stories in height, with a total of 3,500 residential units.

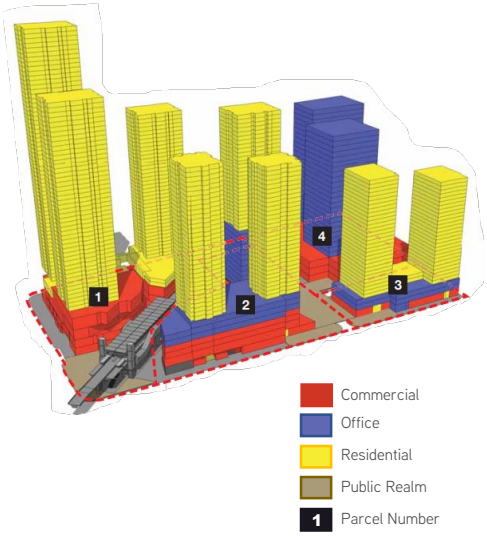
2.2 Brentwood / Gilmore Station

2.2.3 Redevelopment Statistics

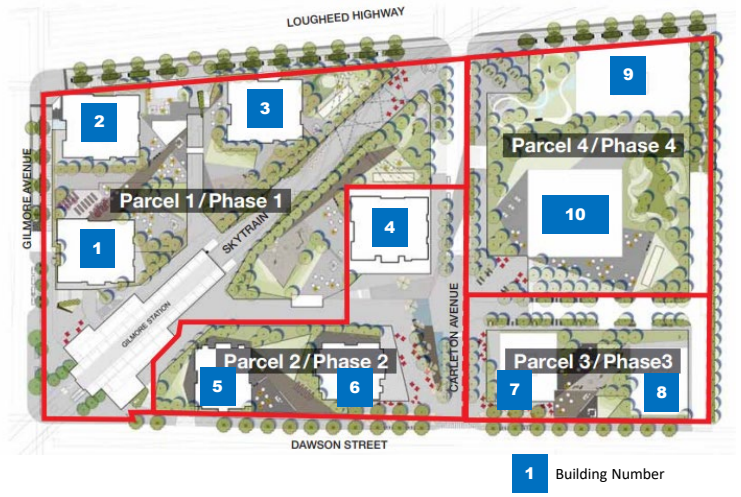
- 10 towers in total ranging from 25 to 64 storeys in height
- 3,500 units of residential across 2.7 million sf of residential floor area in 8 highrise towers
- 185,000 sf of retail floor area will be concentrated within the first 4 storeys of podiums. Large neighbourhood serving retailers will be located along Lougheed Highway while smaller retailers will be located on Dawson Street.
- Over 1 million sf of office floor area is envisioned at complete build out supporting between 4,000 to 5,142 office jobs.

2.2.4 Flexible Heights

- A range of heights was embedded in the Conceptual Plan to allow development to respond to changes in market conditions. The maximum allowable height is 65 storeys and a maximum density of 5.0 FSR.



Number of Floors		
Tower	Minimum	Maximum
1	40	55
2	55	65
3	40	55
4	25	50
5	25	50
6	25	50
7	25	40
8	25	40
9	20	35
10	20	35

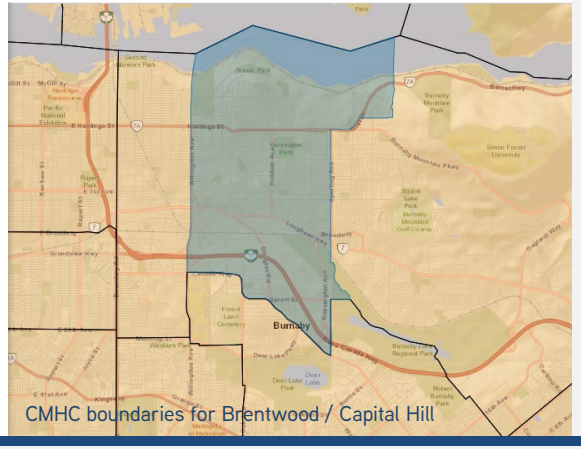


Rental rates are relatively similar within the Brentwood / Gilmore Station area when compared to the average within the City of Burnaby.

2.2 Brentwood / Gilmore Station

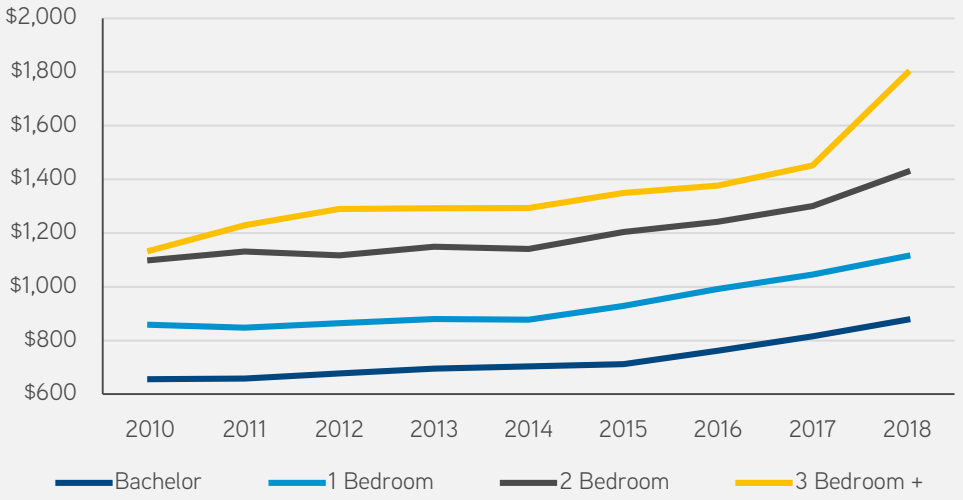
2.2.5 Residential Developments – Rental Universe

- The rental universe for the residential area around Gilmore Station is within the North Burnaby neighbourhood of Brentwood / Capital Hill. Rents in this area as found by the CMHC are similar to average rates found for the City of Burnaby and are rising at similar levels, particularly for 3-bedroom rental units.
- Average rental rates in the City of Burnaby have been consistently rising in all housing typologies since October 2008. Updates to the Brentwood Town Centre Plan and Gilmore Area Plan have greatly increased allowable densities in the area. The area is becoming more desirable for existing rental stock as shown in rising rental rates and depressed vacancy rates which have been below 1% since 2014.

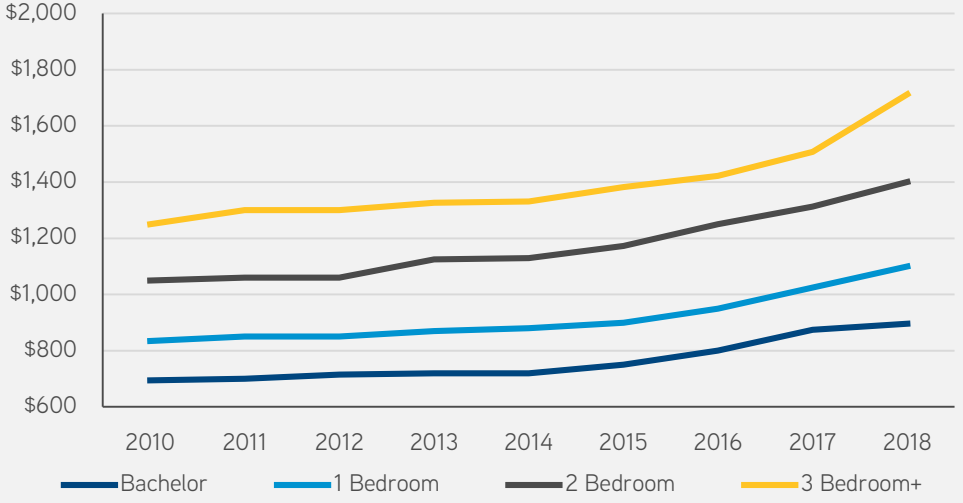


CMHC boundaries for Brentwood / Capital Hill

Capital Hill / Brentwood Rental Universe



Burnaby Rental Universe



Due to the recent slowing of the marketplace, developers have not lowered prices on units but are instead offering incentives to encourage demand.

2.2 Brentwood / Gilmore Station

2.2.6 Residential Demand

- An impressive 946 units (71%) between all 3 towers were sold in Q3 and Q4 2018. However, due to slowing market conditions in 2019, absorption of Tower 2 units slowed in Q1, Q2, Q3 while marketing of Towers 1 and 3 has stopped entirely.
- In the marketplace, developers have not lowered prices on units but are offering incentives such as furniture allowances, discounts, strata fee waiver and relaxed payment terms in order to encourage demand.

Tower		Units	Average Size	Average Price	Comments
Tower 2		643	789 sf	$804,780 $1,020/sf	› The tallest of the 3 towers, Tower 2 is the first development in Phase 1 of the Gilmore Station redevelopment › 64 storey mixed-use tower built to 6.6 FSR › 3-Storey Commercial podium across 3 towers totaling 272,309 sf
Tower 1 & 3		920	789 sf	$773,200 $980/sf	› 51-storey and 43-storey

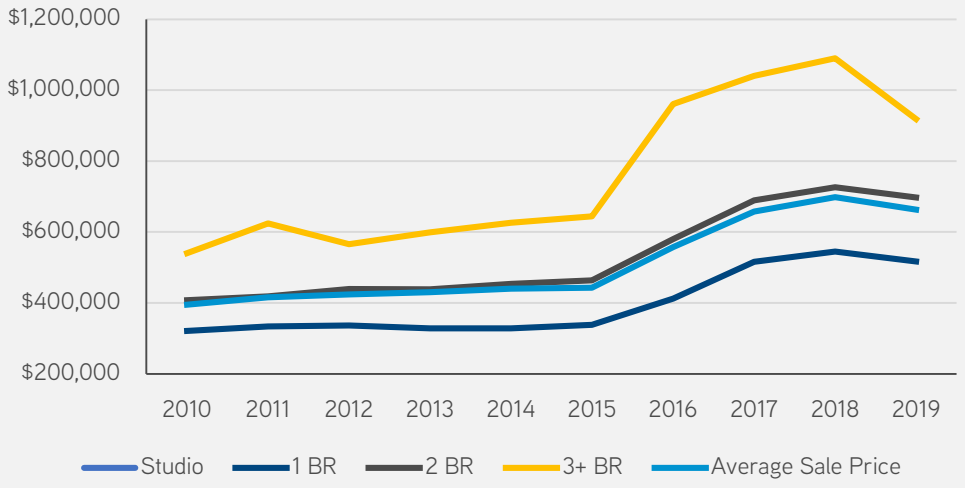
The price per square foot for residential condos in the Brentwood area displays a premium over other regions in the City of Burnaby.

2.2 Brentwood / Gilmore Station

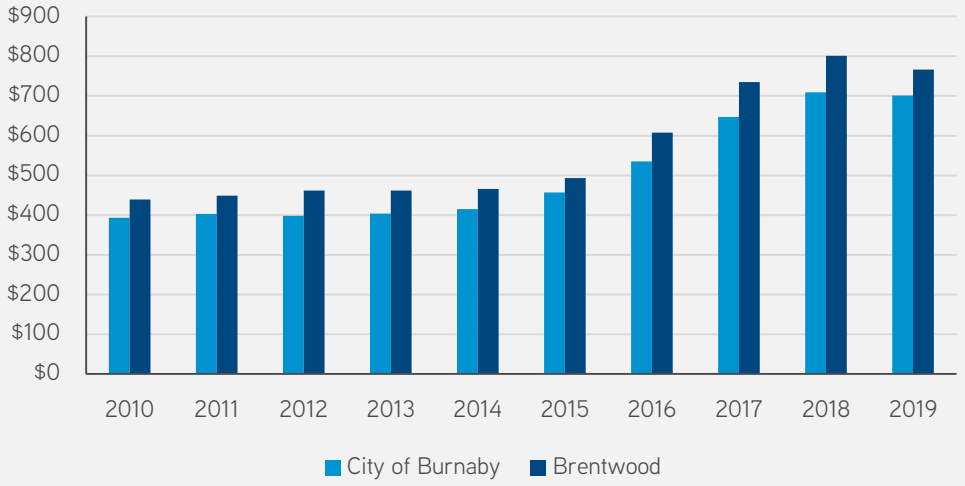
2.2.7 Residential Developments – Unit Prices

- The price per square foot for residential condos in the Brentwood area displays a slight premium over those found in the City of Burnaby. The average sales price for all unit types rose from 2015 to 2018 during a very active Metro Vancouver real estate market. Demand doubled with more expensive new units around Brentwood in developments by Shape Properties, Appia Developments, and Concord Pacific resulting in higher average sale prices.
- A premium was especially evident from 2016 to 2018 for 3+ bedroom condos. Purchasers shifted to family-friendly condo units as they were priced out of ground-oriented housing typologies. These condos are typically sold at a premium within a development, as there are a limited number within a tower or they are sold as Penthouse type units.
- While average sales prices in Brentwood tracked only slightly above Burnaby averages, there is a premium on a per square foot basis for units sold in Brentwood. Purchasers are buying units that are smaller to take advantage of new product and living in the Brentwood area.

Average Condo Prices in Brentwood



Burnaby Average Condo Price per Square Foot



The Burquitlam-Lougheed Neighbourhood Plan covers 560 hectares and envisions accommodating 15,000 new residents over the next 25 years.

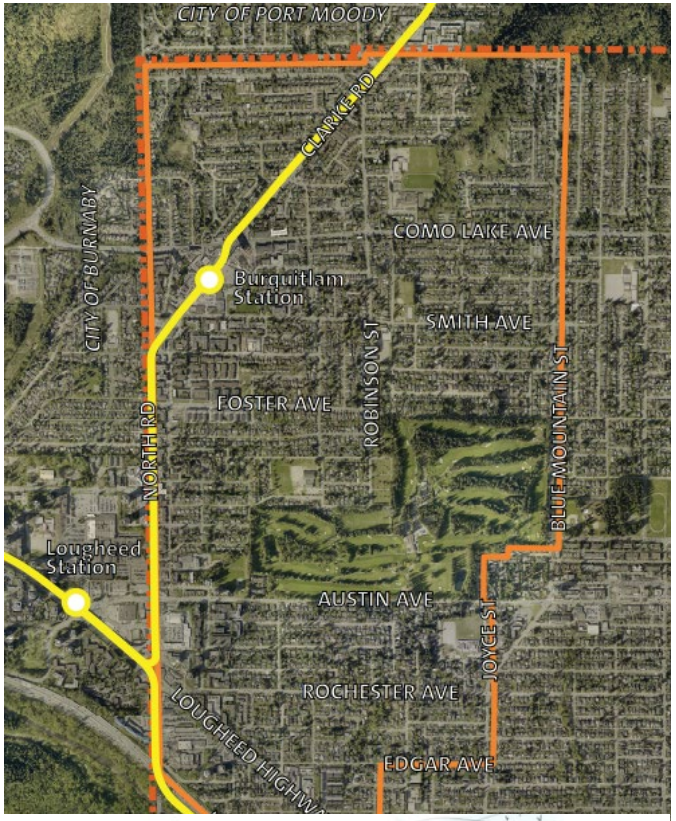
2.3 Burquitlam Station

2.3.1 Overview

- The Burquitlam-Lougheed Neighbourhood Plan (BLNP) was adopted in 2017, shortly after the completion of the Evergreen SkyTrain Line extension north from Lougheed Town Centre. The Neighbourhood Plan covers 560 hectares and includes a population of over 20,000. The Plan envisions accommodating over 15,000 new residents within 10,000 new dwellings and creating an additional 700,000 sf of commercial floorspace over the next 25 years.

2.3.2 Selected Guiding Principles

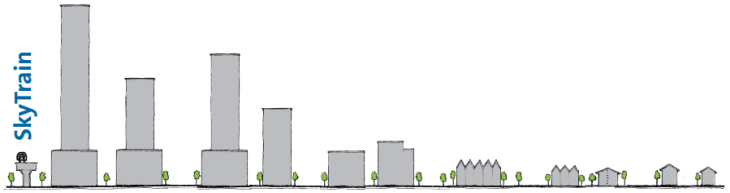
- Revitalize Neighbourhood Centres (around Burquitlam and Lougheed Neighbourhood Centres)
  - Greatest building densities and heights along neighbourhood centres and North Road, transitioning to lower density and height further from centres
- Increase Transportation Choice
  - Provide greater connectivity to manage congestion, maximize transit ridership and encourage active modes of transportation
- Provide Housing Options
  - Range of housing types including highrise and lowrise apartments, townhouses, infill and single family



The land uses surrounding Burquitlam Station are envisioned to accommodate higher densities nearby scaled down to lower densities farther away.

2.3 Burquitlam Station

› With an aim to leverage the significant investment in transit infrastructure, land use designations at Burquitlam Station and the surrounding Neighbourhood Centre have been changed to accommodate residential and commercial uses, higher densities and greater heights.



Burquitlam Neighbourhood Plan Land Use Concept

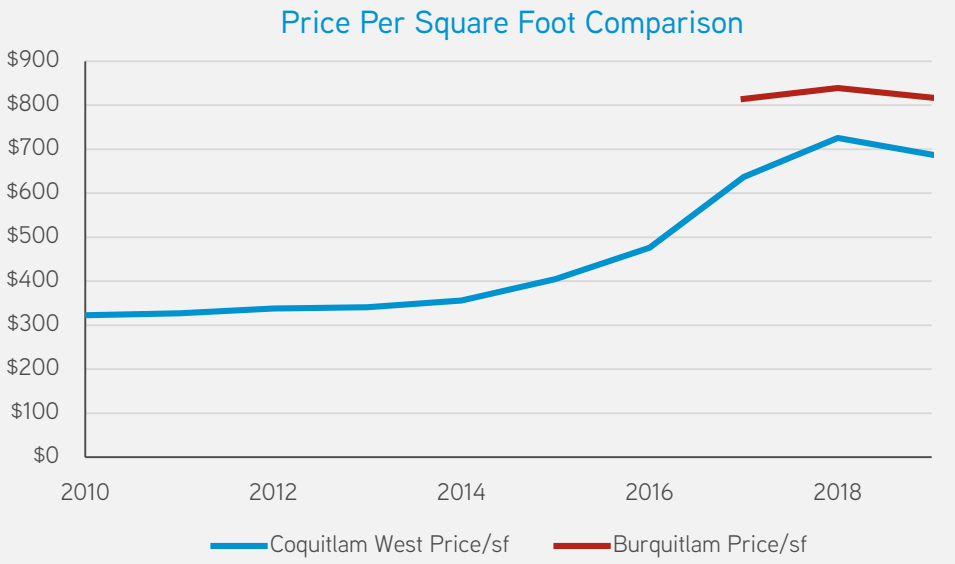
Land Designation	Density and Height	Description
Transit Village Commercial	4.5 FSR	Medium and high-density transit-oriented developments that accommodate residential, retail, and office uses as well as public amenities
High Density Apartment Residential	3.0-4.0 FSR	Apartment developments in tower forms in areas of high activity
Medium Density Apartment Residential	1.85-2.4 FSR 3 to 8 storeys	Townhouse and apartment developments at medium densities
Townhousing	0.9-1.4 FSR 2-3 storeys	Lower rise residential development, encouraging larger dwelling units suitable for families
Neighbourhood Attached Residential	2 storeys	Small scale housing types of up to four dwelling units

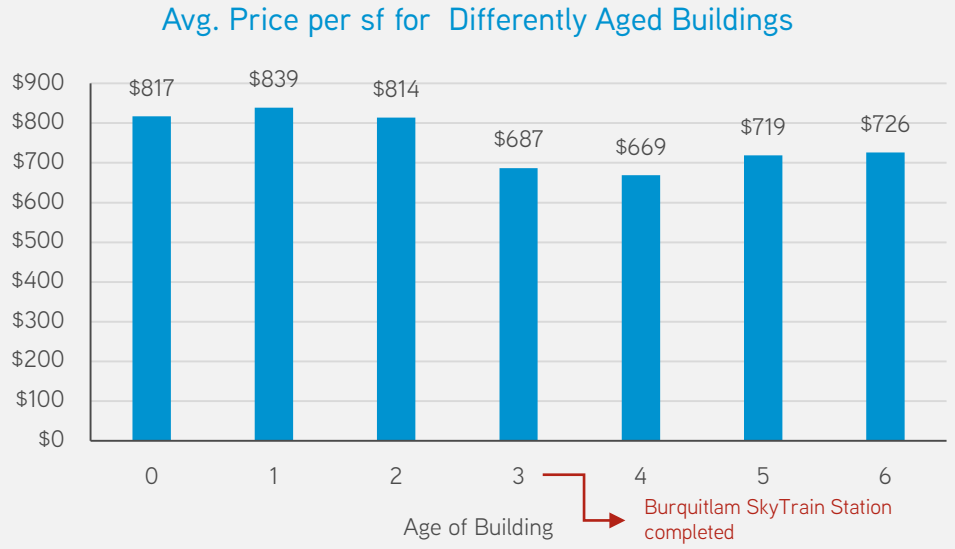
Prices per square foot for residential are higher in the Burquitlam SkyTrain area when compared to other regions of Coquitlam.

2.3 Burquitlam Station

2.3.3 Residential Market Analysis

- The arrival of the Evergreen SkyTrain extension into the Burquitlam-Lougheed area finished the third phase in 2016.
- An average price per square foot comparison of newly built units in a 1km radius of the Burquitlam SkyTrain vs price per square foot in Coquitlam west, shows that prices are higher in Burquitlam near the SkyTrain.
- Looking at the average price per square foot for different ages of buildings (therefore a building which is 0 years was built in 2019, a building 1 year old was built in 2018 and so on), we see a sharp increase (of $127.15) from $687 to $814.15 between 2016 and 2017 (between buildings aged 3 years and 2 years).
- When looking only at the magnitude of the changes in prices, there may be a relationship between the completion of the Skytrain and property price increases closer to the Burquitlam SkyTrain.
- If we assume that the price fluctuations before the SkyTrain and shortly after the SkyTrain completion captured random variation in the market, the absolute values of these fluctuations varied between $7 and $25. Therefore, when looking at a change as large as $127, it is significantly greater than the 'random variation' seen before and after the SkyTrain was built. As a result, part of this increase could be due to a certain shock in the market, which here could be the newly completed SkyTrain station.





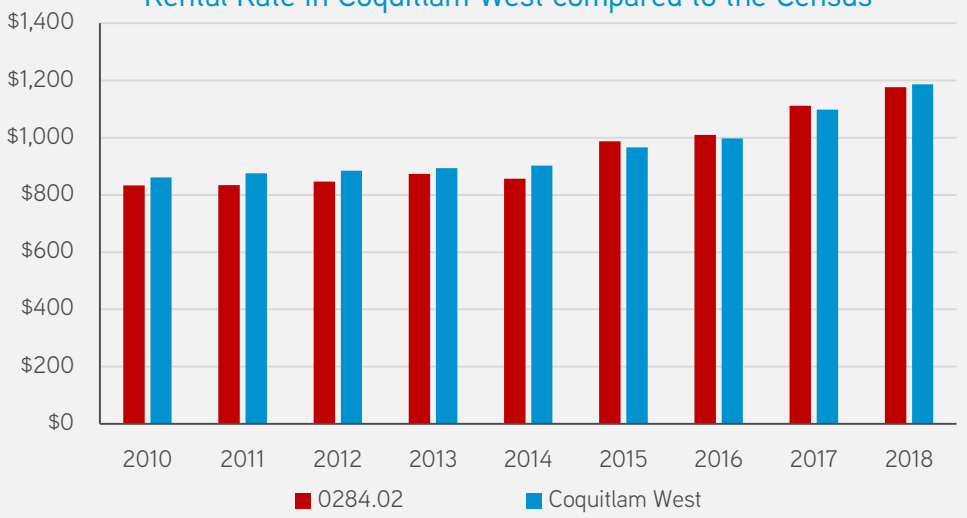
Some evidence suggests that the Burquitlam SkyTrain station may have had a positive impact on rental rates near the SkyTrain and in Coquitlam West.

2.3 Burquitlam Station

2.3.4 Rental Market Analysis

- Looking at the rental market rates, the largest increase in rental rates was in between 2016 and 2017 for the larger Coquitlam West area, as well as the Census Tract 0284.02 (within which the Burquitlam station is located). There was a rental increase of 10.13% and 10.10% respectively.
- 2016 was when the Burquitlam station was completed, therefore the high rental rate increase may be partially attributed to that fact. This may have had spillover effects to the Coquitlam West area, thus also resulting in Coquitlam west experiencing the largest jump in rental rates since 2010.
- The rental rate increases before the SkyTrain for the Census Tract and Coquitlam West between 2017 and 2018 was 8% and 5.8% respectively. Therefore, the larger increase of over 10% may suggest a shock in the market (near 2016) which could be attributed to the Burquitlam SkyTrain station.
- However, the Census Tract has experienced high increases in rental rates in the past (thus, there is high 'random variation' that can be attributed to other factors in the market affecting rental rates). Therefore, the gathered evidence for the increase in rental rates due to the SkyTrain station is existent however, is not at robust as the empirical evidence for unit sales.

Rental Rate in Coquitlam West compared to the Census



Blue is the Coquitlam West boundary, and the red is the census tract used for the comparison

Marine Gateway, a mixed-use, transit-oriented development has boosted ridership at Marine Drive Station by approximately 5,000 passengers a day.

2.4 Marine Gateway

2.4.1 Overview

- Marine-Gateway is a mixed-use, transit oriented development connected to the Canada Line, Marine Drive Station.
- Situated directly adjacent to both the Marine Drive Canada Line station and the South Vancouver Bus Loop, the project combines 820,000 square feet of residential condominiums, rental housing, an office building, retail and public space. The development alone is estimated to have boosted the ridership at Marine Drive Station by 5,000 passengers per day.
- Nine years after the opening of the Canada Line, Marine Gateway, by PCI Developments Corp., is the SkyTrain line's first major transit-oriented development and one of the region's most successful, given the area's near-instant transformation into a vibrant hub.
- Marine Gateway is one of the thirteen developments to win a global award for excellence from the Washington DC-based Urban Land Institute (ULI) for its innovative and forward-looking approach to design and development.

Retail	Office	Residential
Entertainment: 11-screen Cineplex VIP Movie Theatre	1,500 jobs at Marine Gateway's 250,000 SF office building	46 dedicated market rental units
Fitness: Steve Nash Fitness	High-quality premises with panoramic views	415 residential condominium units
Drugstore: Shoppers Drug Mart	Dedicated fitness facility and bike storage	Over 800 residents
Banks: TD, CIBC, and BMO		
Numerous Shops and Services		
Numerous Food and Beverage		

The rezoning application for Marine Gateway was approved by Council at Public Hearing on July 19, 2011.

2.4 Marine Gateway

2.4.2 Rezoning

- Perkins+Will Architects on behalf of PCI Development Corp. applied to rezone the lands adjacent to the Marine Drive Canada Line Station and bus loop (formerly the ICBC Claims Centre) from I-2 (Industrial) District to CD-1 (Comprehensive Development) District.
- In the revised application submitted on My 18, 2011, was a 876,971 sq. ft. mixed-use development comprised of a residential tower and an office tower over a 276,355 sq. ft. podium with retail space. Residential use comprised of 331,775 sq. ft or 464 dwelling units, 46 of which would be rental tenure under the Short Term Incentives for Rental (STIR) program.

Building Heights

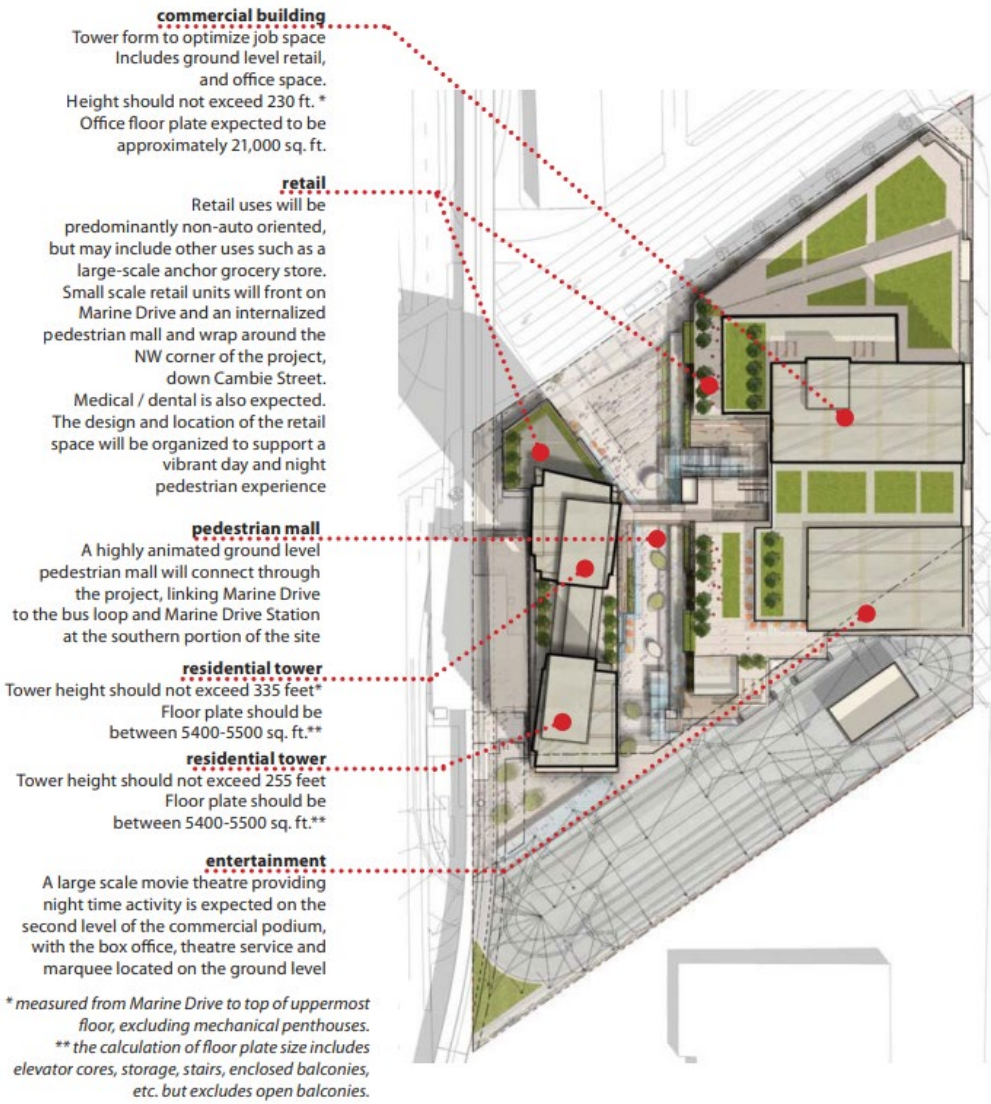
Building	Height (metres)	Height (feet)
Podium	30.2 m	99 ft
Office Tower	79.9 m	262 ft
Market Tower	106.7 m	350 ft

Residential Units

Floor	Number of Units
Market	403
Rental (S.T.I.R.)	37
Total	440

Parking

Floor	Number of Parking Stalls
P1	275
P2	305
P3	315
P4	325
P5	132
Total	1352



Source: City of Vancouver

The Cambie Corridor Plan reflects the importance of Marine Landing as a gateway into the City of Vancouver and guides transit oriented development

2.4 Marine Gateway

2.4.3 Cambie Corridor Official Community Plan – Phase 2

- Marine Landing functions as a key entranceway to the City of Vancouver with proposed lands use of a mixed-use tower of 13+ storeys.
- Buildings are expected to take the form of high-rise towers, with the highest tower located on the station-site. Ground-oriented forms and tower bases will activate a livable and walkable public realm at eye level.
- Goals of Marine Landing according to the OCP:

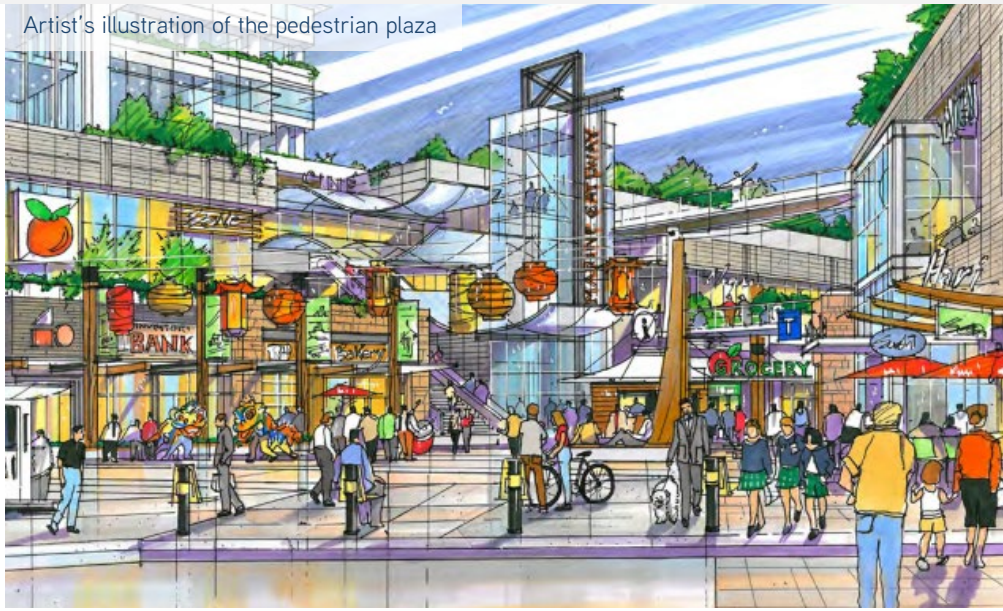
  Create a social heart and focused hub at the southern tip of the Corridor with a mix of uses, spaces, and residents.

  Become a locally authentic area in the city, with buildings that reflect the area's context, character and history.

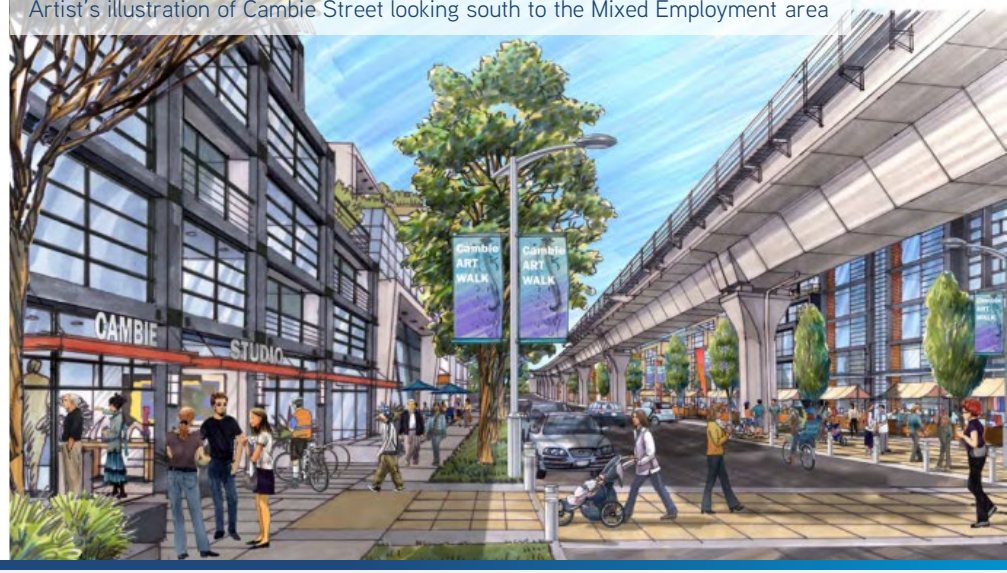
  Function as a place of welcome to the city.

- A focused hub: focus intensity and activity at a vibrant central neighbourhood at the Marine Drive and Cambie Street intersection; as well as creating a social heart that recognizes and enhances the community's history and local identity within a taller building context.
- Enhance pedestrian and cycling connectivity: improve intersection safety for all modes; improve and expand the permeability of the street and sidewalk system; and reduce parking provisions to the lowest responsible level.

Artist's illustration of the pedestrian plaza



Artist's illustration of Cambie Street looking south to the Mixed Employment area



The average price per square foot at Marine Gateway is around 18% higher than the average price per square foot in the Marpole area.

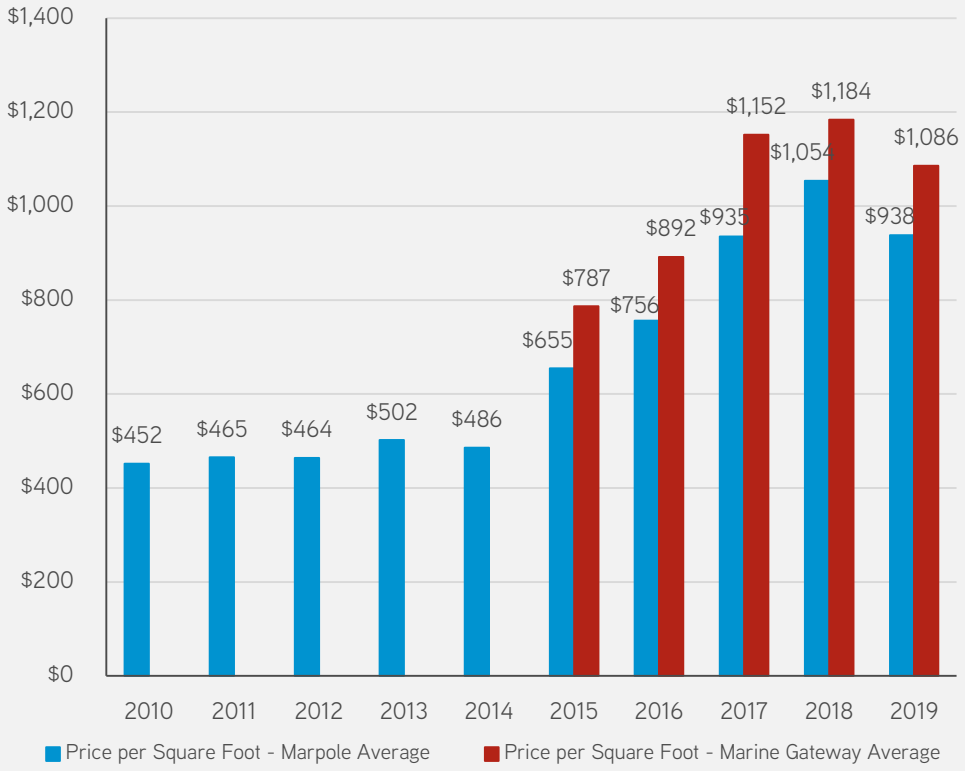
2.4 Marine Gateway

2.4.4 Residential Developments – Unit Prices

- Marine Gateway is a mixed-use, two hectares development that includes 415 condos and 46 rental housing units in twin towers of 27 and 36 storeys.
- 1-Bedroom units have an average selling price of around $576,500, with a range between $553,000 and $600,000. 2-Bedroom units have an average price of $754,000, with a range between $743,000 and $765,000.
- The average price per square foot at Marine Gateway is around 17.9% higher than the average price per square foot in the Marpole area.
- As can be seen from the graph, the average remained relatively constant between the years 2010 to 2014; however from 2015 the Marpole average rose by around 34.77% from the previous year. Between 2015 and 2018, the average annual rate of increase for the Marpole area was around 21.65%.
- The increase in the price per square foot for the Marpole average coincides with the completion of Marine Gateway, therefore, Marine Gateway may have had a spillover effect in increasing surrounding residential prices.

Unit	Average Price (Avg Price/square foot)	Price Range
1 Bed	$576,500 ($1,086/square foot)	$553,000 - $600,000 ($1,051/sqft - $1,122 sqft)
2 Beds	$754,000 ($1,133/square foot)	$743,000 - $765,000 ($1,082/sqft - $1,183/sqft)

Price per sf Marpole vs Marine Gateway Average



Average rents in Marpole have experienced a steady increases every year in rental rates since October 2010.

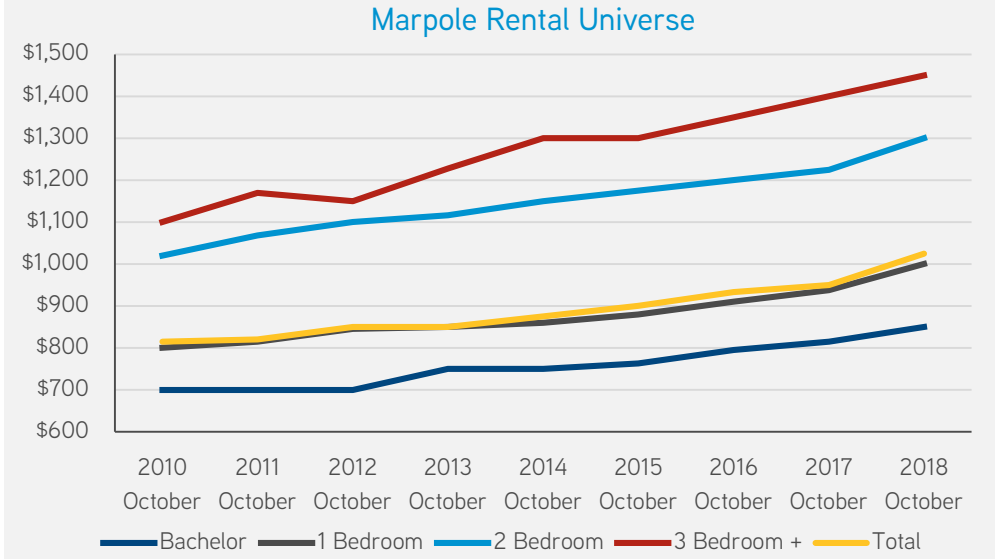
2.4 Marine Gateway

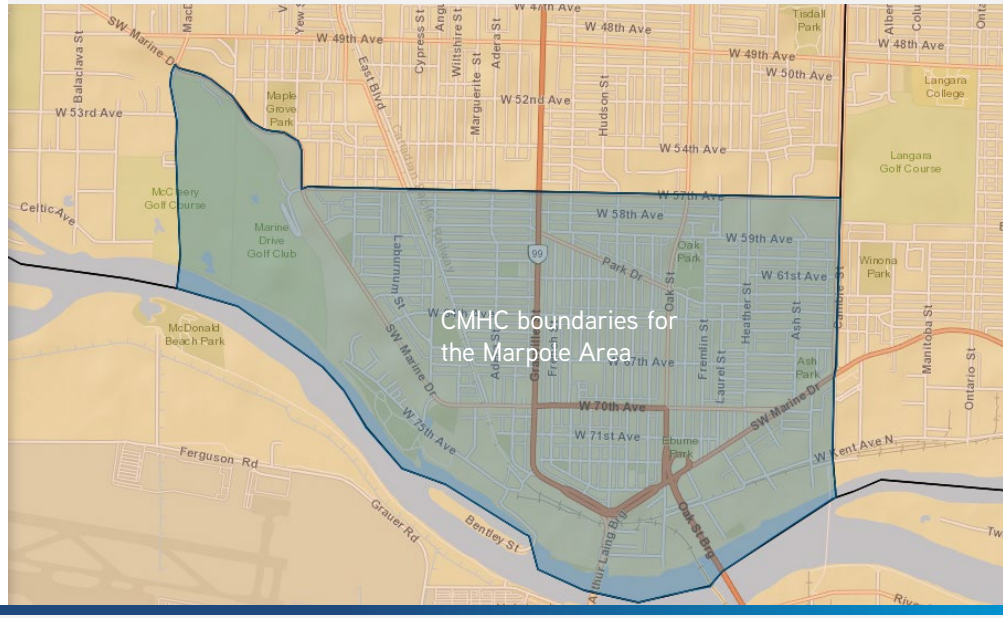
2.4.5 Residential Developments – Rental Universe

- The rental universe for Marine Gateway consists of a very small sample size and is mostly for the secondary rental market (because data for the rates of the rental units are unavailable). A 1-bedroom unit has an average rate of around $1850, whereas a 2-bedroom unit has an average rent of around $2366.
- Average rental rates in Marpole have experienced a relatively steady increase from October 2008 to October 2018. 1-bedroom units are growing at an annual average rate of around $22.15 and 2 bedroom units are growing at an annual average rate of $30.83.
- There does not seem to be the same sharp incline near October 2015 with rental rates as there is with the unit prices. This indicates that Marine Gateway may have partly influenced unit prices, however, it does not seem to have a strong influence on average rental rates in the Marpole area.

Average Rental Rates in Marine Gateway

Unit	Average Rental Rate
1 Bed	$1850
2 Beds	$2366





The City of Port Moody updated their OCP, recognizing the impact the new SkyTrain extension would have on transit accessible neighbourhoods

2.5 Inlet Centre Station

2.5.1 Overview

- Inlet Centre is often referred to as one of the most successful complete and compact urban developments in Metro Vancouver.
- With the 2016 extension of the Evergreen Skytrain Station, the City of Port Moody prescribes further densification, infill and development in alignment with transit-oriented development goals.
- The OCP was updated in 2016 to reflect the presence of the Evergreen SkyTrain and to guide development in alignment with community goals and objectives

2.5.2 Inlet Centre – Old OCP

- The old City of Port Moody OCP designated the Inlet Centre neighborhood for high density retail and commercial development
- Before the Evergreen SkyTrain stations were announced, the OCP suggested the City of Port Moody align rapid transit stations near the Inlet Centre neighbourhood to serve the high-density Newport, Suter Brook, and Klahanie developments
- Development at Sutter Brook is intended to complement the adjacent Inlet Centre neighbourhood.

2.5.3 2016 Official Community Plan

- Recognized as where Port Moody's higher density residential and commercial development has been focused. The Inlet Centre Station is designated for additional development and growth.
- The Inlet Centre links the north and south shores of Port Moody and focused development will intensify the mix of land use near the station reducing automobile usage and reinforcing the pedestrian oriented environment.

2.5.4 Coronation Park Redevelopment

- The Coronation Park Plan Area envisions the neighbourhood as a transit-oriented community made up of a range of housing forms and types, near shops, amenities and transit including the Inlet Centre station.
- High rise, high rise mixed use and low-rise developments will be focused round a new centralized public park

The City of Port Moody recognized the need to carefully plan the area around the new SkyTrain Station and enacted special plans to guide development

2.5 Inlet Centre Station

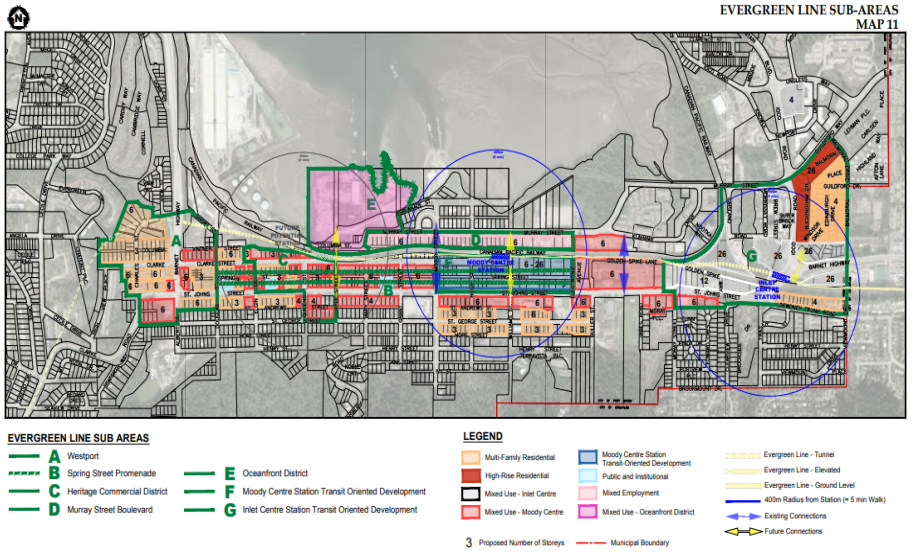
2.5.5 Inlet Centre Transit Oriented Development (TOD)

- The Inlet Centre neighbourhood is designated as a municipal town center for the City of Port Moody.
- The Inlet Centre TOD area encompasses a 400m radius around the proposed Inlet Centre Evergreen station.
- In the TOD area, building heights up to 26 storeys are considered for mixed use – Inlet Centre designated areas.

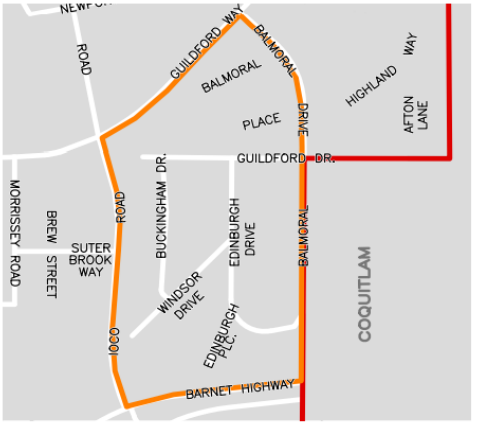
2.5.6 Coronation Park Plan Area

- Four Land uses including: high rise residential towers on 3-storey podia with ground-oriented housing (max 26 stories), high rise residential towers on 3-storey podia, with ground oriented commercial (max 26 stories), low-rise residential with a mix of townhomes and apartments (max 4 stories), and park space.
- For new high-rise buildings (above the podium), a minimum distance separation of 60m between adjacent towers, and floorplates in the range of 700 square meters are encouraged
- TOD parking standard relaxations are recommended to encourage a complete and walkable community

Evergreen Line-Sub Areas, Inlet Centre Station Transit Oriented Development



Coronation Park Plan Area



Policy directions in this section apply to the area outlined in the map above.

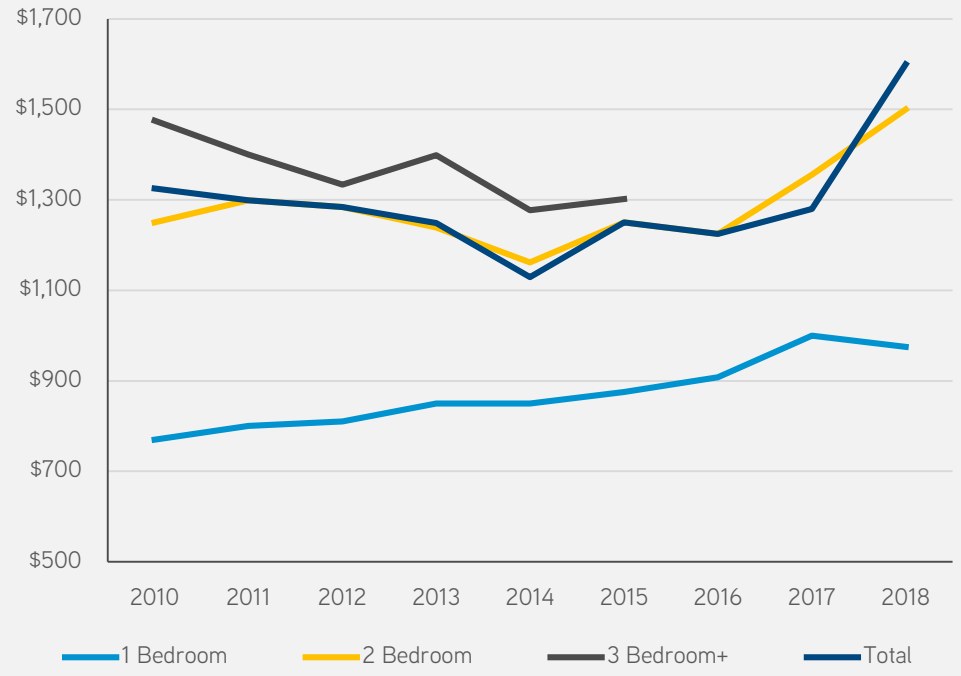
Residential rental rates have remained relatively consistent year over year in Port Moody, however, this may be indicative of little existing rental stock

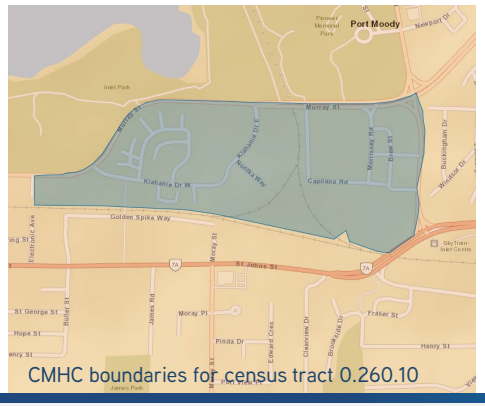
2.5 Inlet Centre Station

2.5.7 Residential Developments – Rental Universe

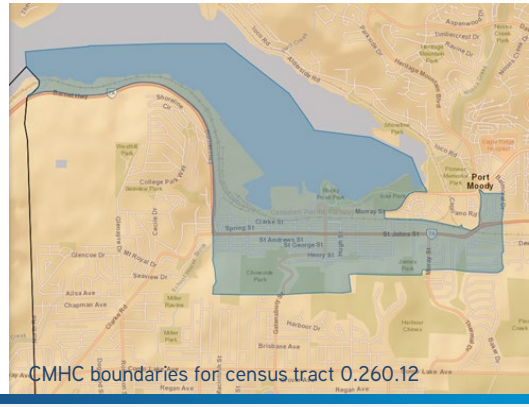
- The rental universe for the residential area around the Inlet Centre is comprised of census tracts 0260.10 and 0260.12. CMHC does not publish any specific rental information for these census tracts but tracks median rental data for the City of Port Moody.
- Average rental rates in Port Moody have remained relatively consistent from October 2008 to October 2018. Rental rates for 1-bedroom units are growing whereas rates for 2 and 3-bedroom units have remained relatively stable.
- The data appears to indicate there is little impact on rental rates following the introduction of the Inlet Centre SkyTrain Station. However, the data represents the entire Port Moody rental universe and it is expected that rental rates, particularly for newly built apartments around the SkyTrain Station, have risen as indicated by the number of new developments underway on adjacent sites.

Port Moody Rental Universe





CMHC boundaries for census tract 0.260.10



CMHC boundaries for census tract 0.260.12

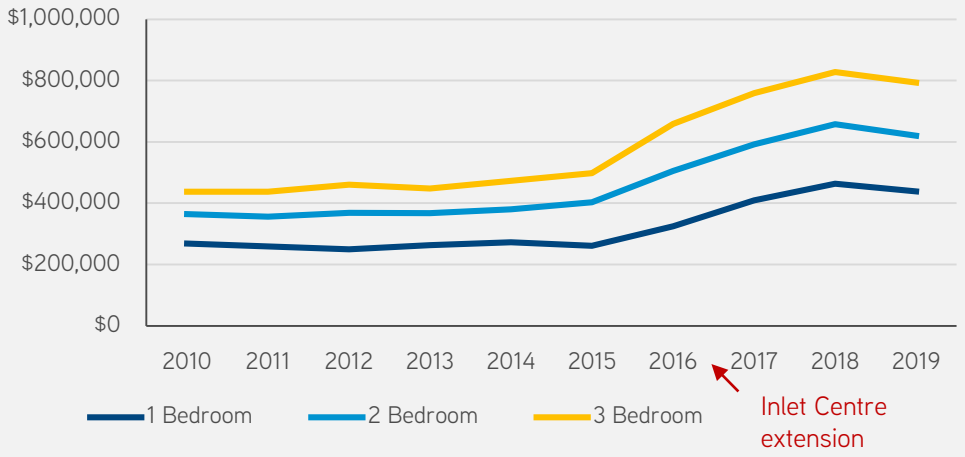
Residential price per square foot has been steadily increasing in the leadup to and following the opening of the Inlet Centre SkyTrain Station

2.5 Inlet Centre Station

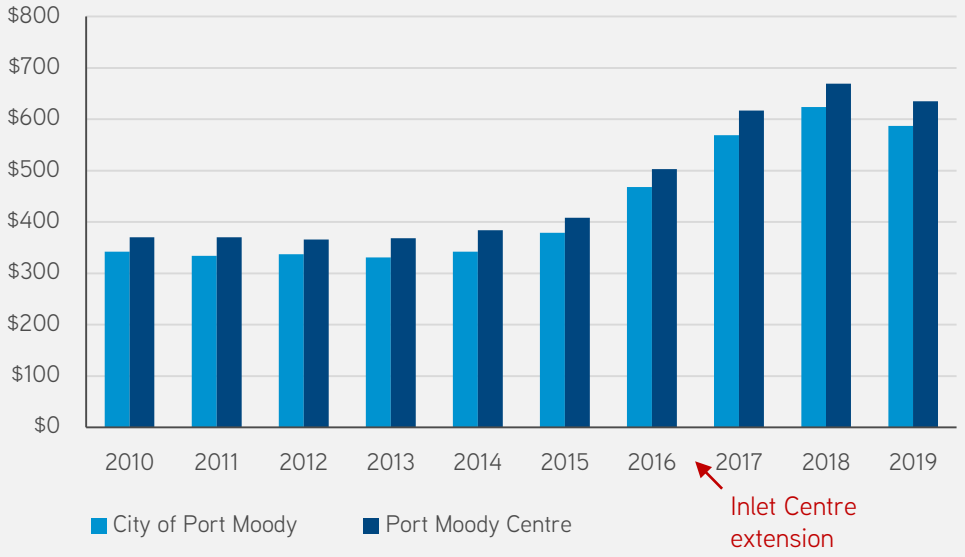
2.5.8 Residential Developments – Unit Prices

- Average condo prices have jumped significantly in Port Moody Centre since the completion of the Inlet Centre SkyTrain Station.
- The average condo price per square foot, while higher in Port Moody Centre than the City of Port Moody, has been rising at a rate higher than seen in the past. This is likely as a result of the improved accessibility following the introduction of the SkyTrain extension.
- The significantly higher than average price per square foot observed on new condo developments around the Inlet Centre This is an indication of the type of new development that is taking place in the Inlet Centre area but also an indication that homebuyers are willing to pay for improved accessibility.

Port Moody Centre Average Condo Price



Port Moody Average Condo Price per Square Foot



The Grande is continuing to densify Sutter Brook Village and increase the number of housing units close to the Inlet Centre Station

2.5 Inlet Centre Station

› Inlet Centre contains approximately 16,800 square meters of retail and office space plus a total of 30,000 square meters with the completion of commercial space at Sutter Brook and Newport Village.

2.5.9 Active Development - Inlet Centre Transit Oriented Development

1. The Grande at Suter Brook Village – Morrisey Road
   - 26 storey, 220-unit condo
   - 595-1350 square feet, $524,900 - $1,069,900. $872/SF
2. Dwell24 – Barnet Highway
   - 24 three to four-bedroom townhouses. $759,900 - $899,900. $563/SF
3. George at 3010 Saint George Street
   - 6 storeys, 252-unit condo and townhouse project
   - Estimated completion Spring 2021
   - 840 – 1307 square feet. $799,900 - $1,089,900. $681 - $940/SF
4. 50 Electronic Avenue
   - 6 storey, 385-unit multiple condo development
   - Preconstruction phase
   - 643 – 1384 square feet. $489,900 - $1,079,900. $747/SF
   - Over 80% sold

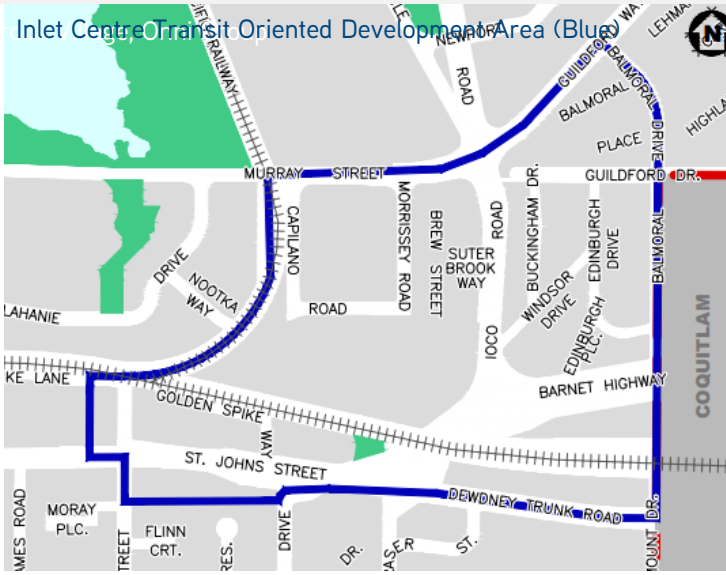

The Grande at Suter Brook Village, Onni Group

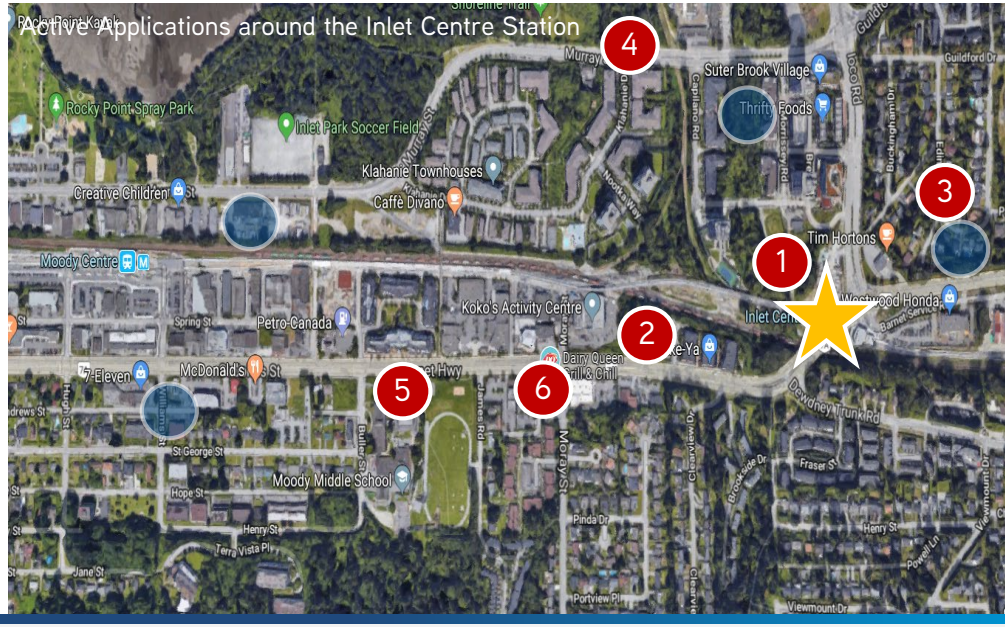
High density residential development is being focused within 600m of the new Inlet Centre SkyTrain Station.

2.5 Inlet Centre Station

2.5.10 Active Applications around Inlet Centre Station

1. 1300 Morrissey Road - Onni
   - Proposed 26 storey and two low rise buildings, total of 291 units
2. 23227 – 3239 St Johns St – Porte Development
   - To rezone and consolidate 2 commercial lots in the Inlet Centre TOD to CD to accommodate a mixed-use building with ground floor commercial space and 112 residential units
3. 3135 Balmoral Drive – Polygon
   - Pre application to construct three 31 storey apartment buildings, one 6 storey apartment building and 28 townhouses for 797 units
4. 43250 Murray St / 200 Ioco Road
   - To rezone a portion of the land to allow for a high-density mix of us at 34 storeys
5. 53105 – 3113 St Johns St – FL Group GP
   - Proposed mixed use development with ground floor commercial space and 70 residential units
6. 63131 St Johns St – Woodbridge Homes
   - Proposed 6 storey, 142 rental apartment development by Woodbridge Properties





The Official Community Plan has been periodically updated to reflect increasing residential demand and to prioritize the area as Burnaby's City Centre.

2.6 Metrotown Station

2.6.1 Metrotown Downtown Plan

- The Metrotown Downtown Plan builds off the original Burnaby Metrotown: A Development Plan which was completed in 1977. The purpose of the new Downtown Plan is to facilitate the transition of Metrotown from a suburban centre into a Downtown of City-wide and regional significance. In the Metrotown Plan, apartment buildings dominate the built form with population growth rising steadily since the introduction of the SkyTrain and ensuing transit-oriented development.
- The Metrotown SkyTrain Station services the Metrotown Downtown area and Maywood neighbourhood. In the Metrotown Downtown Plan, high density residential and mixed-use developments are designated for concentration around transit exchanges and SkyTrain stations, commercial centres and community amenities. Land uses around the Metrotown station are prescribed for the highest densities of residential and mixed-use development.
- Maximum bonused density (FAR) for RM4 residential: 3.6FAR, RM5 residential: 5.0FAR, RM4/C2: 4.9FAR, RM5/C2: 6.3FAR, RM4/C3: 9.6FAR, RM5/C3: 11FAR

2.6.2 Metrotown Development Plan (1977)

- The 1977 Metrotown Plan was completed before the introduction of the Expo Line. At the time of this plan, the majority of the low-mid rise residential development in the Metrotown area was recently completed and considered inappropriate for redevelopment. At the time, aside from Metrotown Mall and commercial services offered along Kingsway, the area was characterized by a lack of convenience shopping and local services.

2.6.3 Burnaby Official Community Plan (1998)

- The OCP recognizes that Metrotown has been a major recipient of growth since the introduction of the SkyTrain in 1986. In the generalized land use map, Maywood is designated for low-rise apartments and townhouses with high-rise apartment designated for sites nearest Boundary Road and Kingsway.
- Maximum bonused density for RM2: 1.0FAR, RM3: 1.25FAR, RM4: 2.0FAR, RM5: 2.6FAR

The majority of development in the Metrotown area is occurring in the Metrotown Downtown and Maywood areas.

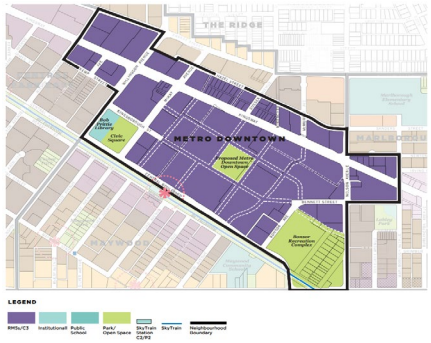
2.6 Metrotown Station

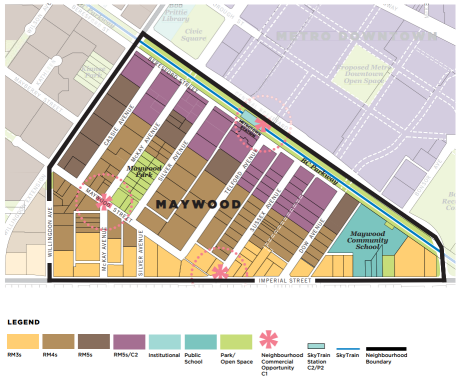
2.6.4 Metrotown Downtown

- The Metrotown neighborhood is the center of business, commerce, employment and has a rapidly growing urban residential population. The City of Burnaby's Downtown Area Plan prescribes the highest intensity land uses and densities to create a hub for both Burnaby and Metro Vancouver.
- Sites in the Metrotown Downtown neighbourhood are primarily designated for high density, mixed-use development and involves infill development and redevelopment of existing large sites to transform the former suburban shopping area to a healthy, vibrant and active urban core.
- The Metrotown Downtown is also linked by an integrated network of transportation options including rapid and express bus and a cohesive road network. The #49 bus which originates at Metrotown Station is the second most heavily utilized bus in British Columbia.

2.6.5 Maywood

- Maywood is the residential heart of Burnaby's Downtown with opportunities for people to live, gather, socialize and celebrate.
- Plans indicate Maywood should maintain a clear relationship to the Metrotown SkyTrain Station.
- Land use in the Maywood area is designated for mid-high density residential and mixed-use development.
- Smaller scale neighbourhood commercial opportunities are encouraged to create a local serving hub and gathering place.





Source: City of Burnaby

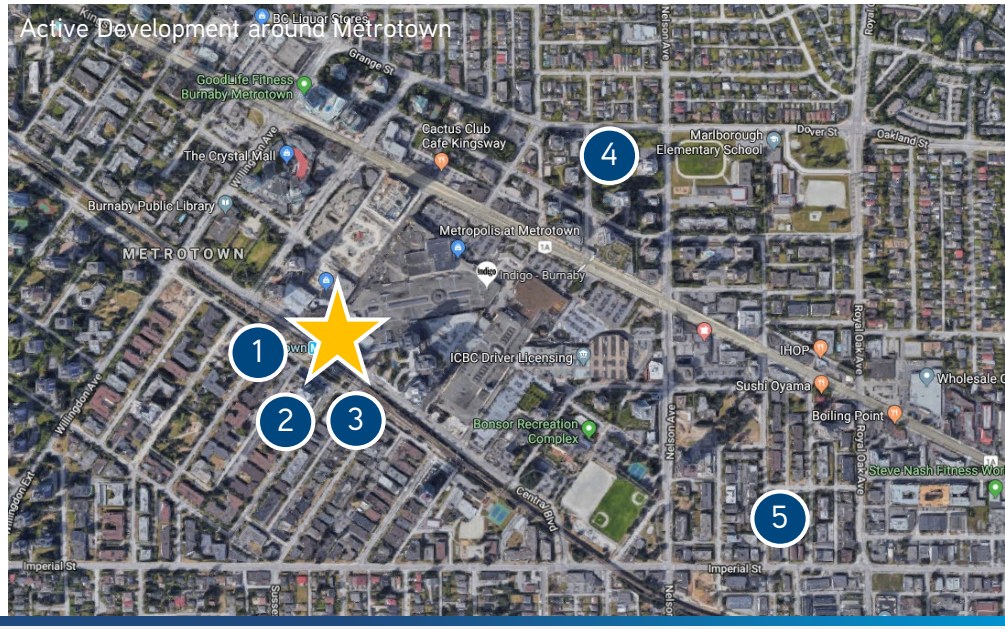
New condo development around the Metrotown SkyTrain is being sold at rates much higher than typically found in the City of Burnaby.

2.6 Metrotown Station

2.6.6 Active Development around Metrotown Downtown

1. Gold House – 6377 McKay Avenue
   - 38 storey, 490-unit condo. Condos sold out.
   - 570 SF+. $599,900+. $935/SF YTD
2. Maywood on the Park – 6463 Silver Avenue
   - 32 storeys, 298-unit condo.
   - 393 to 1,286 SF. $479,900 - $1,059,900. $1,173/SF
3. Sun Tower 2 – 6398 Silver Avenue
   - 26 storeys, 194-units.
   - 580 – 1,099 SF. $668,800 - $1,305,800. $1,153 SF
4. Sussex – 4711 Hazel & 4713 Hazel St
   - 41 storeys, 321 unit-condo.
   - 1,150 – 1,522 SF. $1,568,800 - $1,746,800. $1,256 SF.
5. Polaris at Metrotown – 6699 Dunblane Avenue
   1. 36 storeys, 313 units.
   2. 609 – 1,568 SF. $761,900 - $1,729,900. $1,255 SF.

Proposed Belford Developments

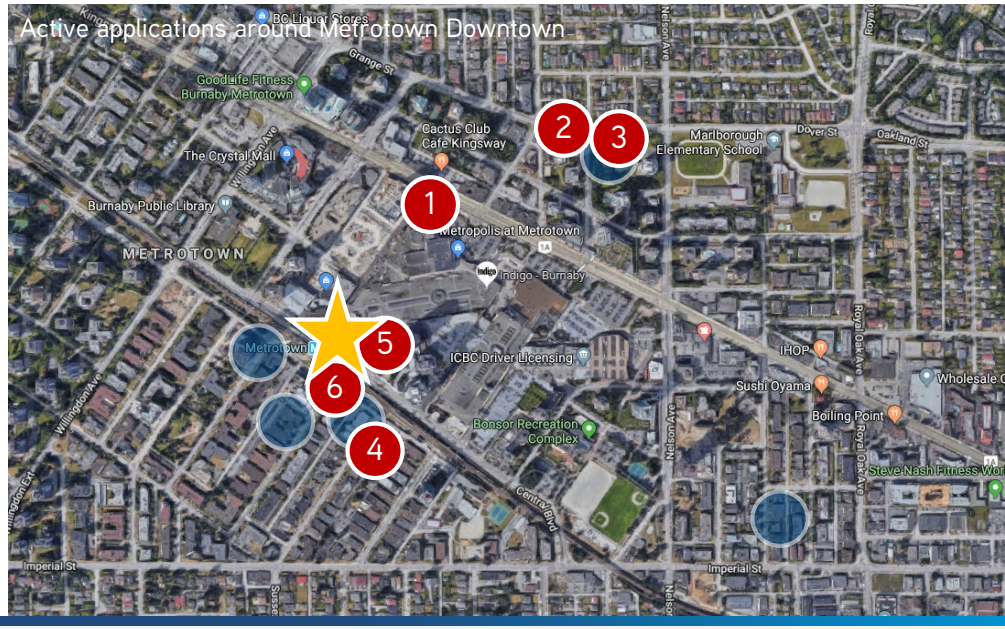


The scale and quantity of development around the Metrotown Station is unprecedented with development leveraging the high densities prescribed.

2.6 Metrotown Station

2.6.7 Active Applications around Metrotown Downtown

1. 4630 Kingsway & 6080 McKay Ave – Anthem Properties
    - Permit construction of two high-rise residential towers (52 and 48 storeys) on 3 storey podiums
2. 6050 Sussex Ave - Townline
    - Construction of high-rise residential building, church facility and infill market rental project composed of a high-rise tower and townhomes
3. 4769 Hazel St – Bentall Kennedy
    - Infill market rental apartment building in an existing multiple-family residential development
4. 6525-6585 Sussex Ave – New Vista Society
    - Permit construction of high-rise residential apartment building with low-rise residential, office and commercial podium
5. 6380 – 6420 Silver Ave – Belford Properties
    - Permit development of 2 residential towers with low-rise commercial & residential component
6. 6366 Cassie Avenue – Belford Properties
    - Permit construction of single high-rise apartment building with street-oriented townhomes

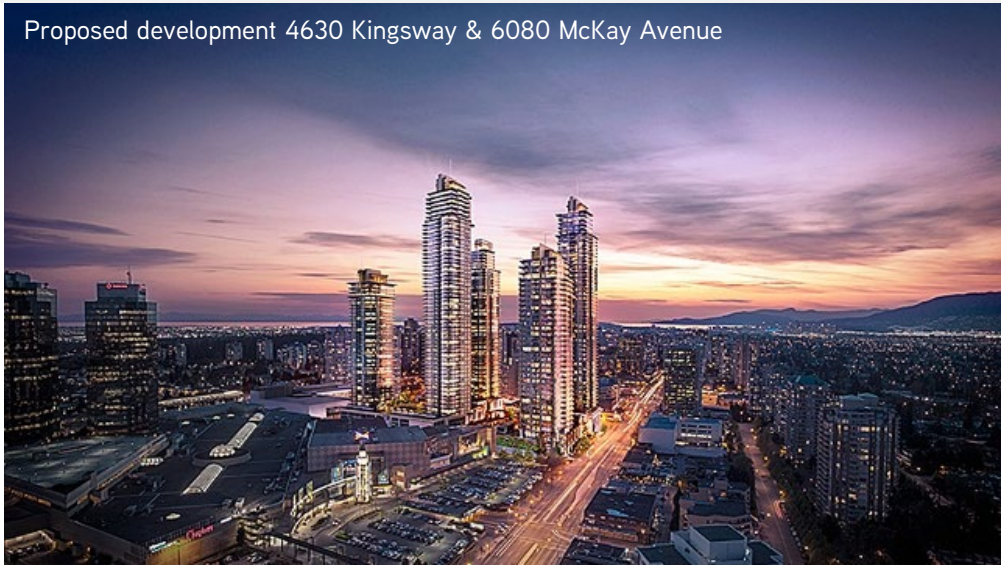


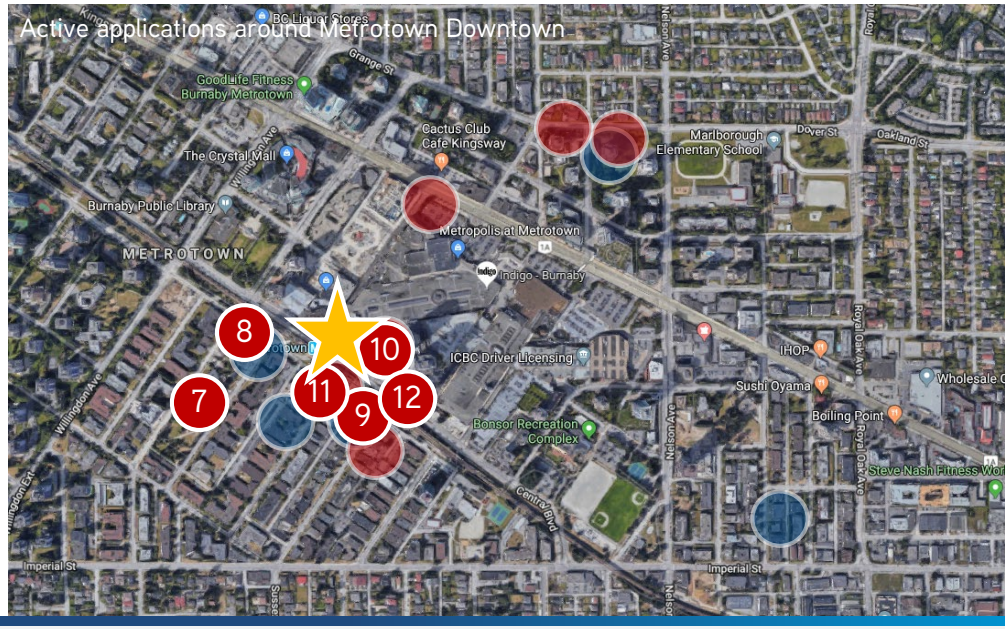
The scale and quantity of development around the Metrotown Station is unprecedented with development leveraging the high densities prescribed.

2.6 Metrotown Station

2.6.7 Active Applications around Metrotown Downtown (cont.)

7. 6444 Willingdon Avenue and 4241 Maywood Street – Anthem Properties
   - Permit the construction of a single high-rise apartment building with street-oriented town housing
8. 6438-6468 McKay Avenue and 6443-6467 Silver Avenue - Intracorp
   - Rezoning amendment to permit construction of single high-rise apartment
9. 6525 Telford Avenue – Intracorp
   - Rezoning amendment to permit development of single, high-rise apartment with townhouses
10. 6444 Silver Avenue – Belford Properties
    - Rezoning bylaw amendment to permit construction of a single high-rise apartment building
11. 6615 Telford Avenue – Submitted by Hoston Architecture
    - Permit construction of a low/mid-rise apartment building and high-rise apartment
12. 6450, 6486, 6488, 6508 Telford Avenue – Westland Development
    - Rezoning bylaw amendment to permit construction of high-rise market residential atop podium and a high-rise rental residential building





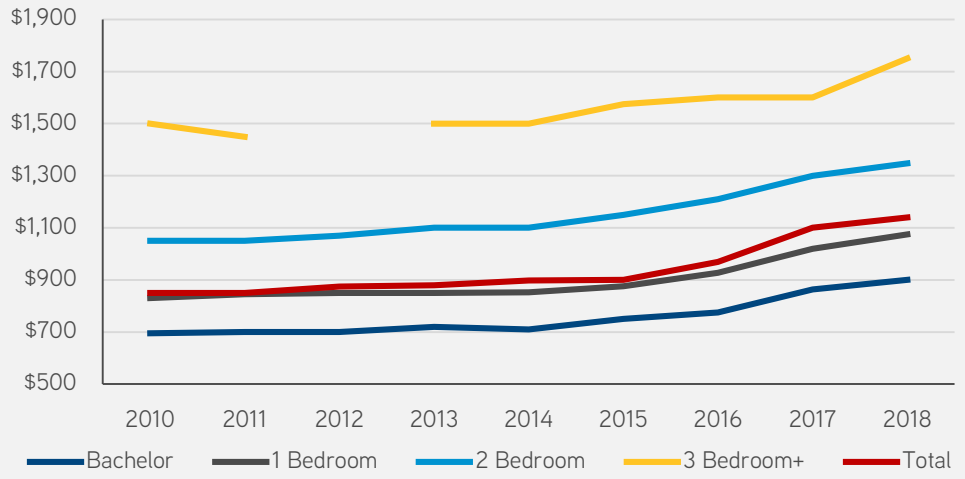
Rents are higher in the Metrotown area than in the City of Burnaby. This is indicative of the premium transit and service accessible homes have on rent.

2.6 Metrotown Station

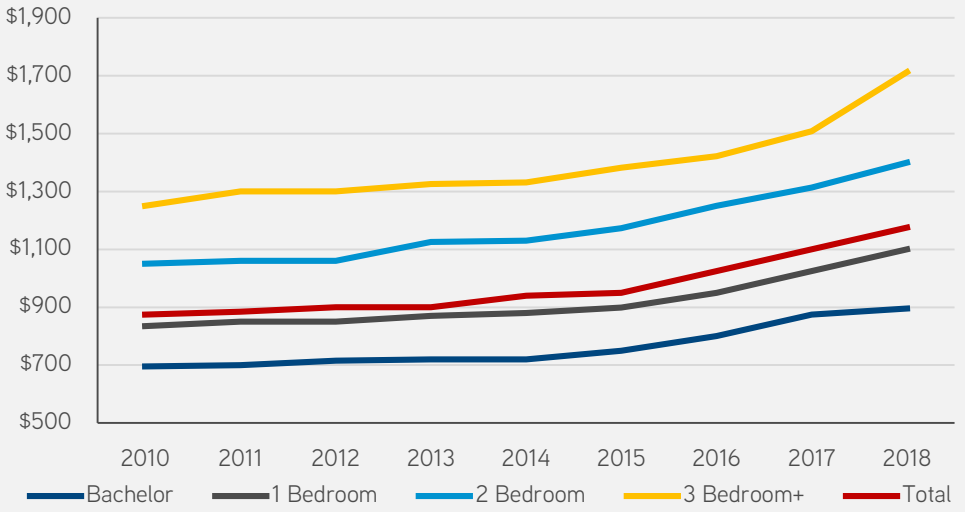
2.6.8 Residential Developments – Rental Universe

- The rental universe for the residential area around the Metrotown SkyTrain consists of the Census Metropolitan Area Metrotown. Rents in the Metrotown area as found by the CMHC are higher than found in the City of Burnaby but have been rising concurrently at similar levels.
- Average rental rates in the City of Burnaby have been consistently rising in all housing typologies since October 2008. With the prioritization of Metrotown as a Regional Town Centre and the increase in allowable densities in the area, there has been a heightened pace and scale of development.
- Concurrently, Metrotown is becoming a much more desirable neighbourhood with improvements to the transit network and greater access to services, amenities and facilities. It is expected that rental rates in the Metrotown area are higher than those found in the City of Burnaby due to the higher price per square foot found in condo sales.

Metrotown Rental Universe



Burnaby Rental Universe



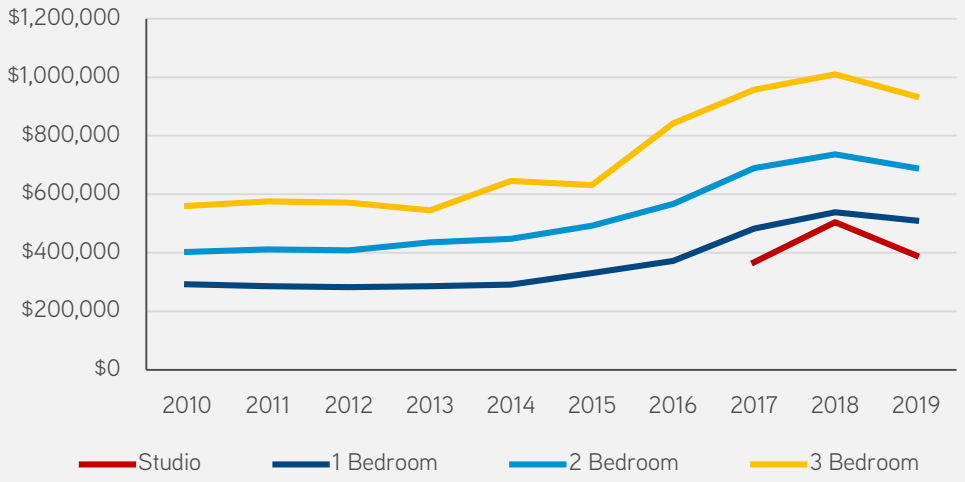
The average price per square foot in the Metrotown neighbourhood is 10% higher than found in the City of Burnaby.

2.6 Metrotown Station

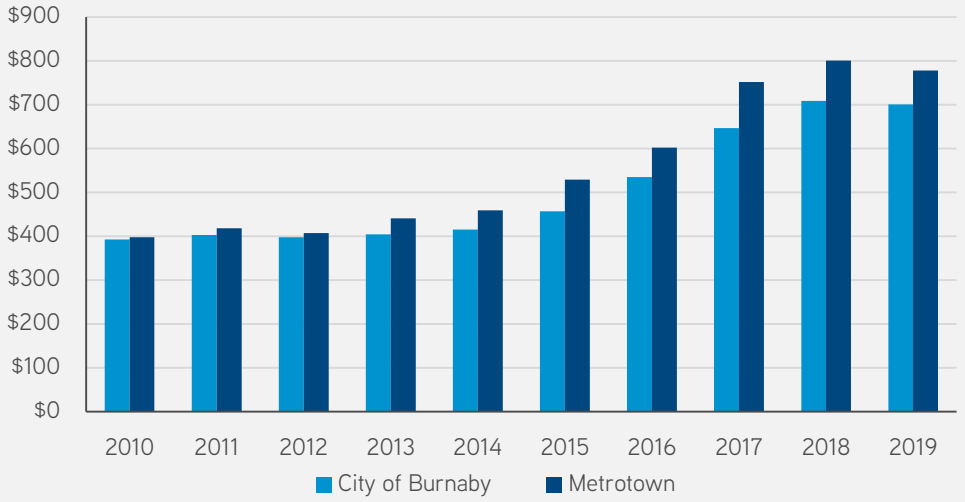
2.6.9 Residential Developments – Unit Prices

- The price per square foot for residential condos in the Metrotown area are on average 10% greater than those found in the City of Burnaby.
- New developments coming onto the residential condo market are selling at significantly higher per square foot prices than elsewhere in the City of Burnaby and the Metrotown area. This is an indication that homebuyers are willing to pay for improved accessibility.
- This trend is consistent across the City of Burnaby with new development occurring around SkyTrain stations that are offered at much higher square foot prices than found in the rest of the city.

Historic Condo Prices in Metrotown



Burnaby Average Condo Price per Square Foot



Several lessons can be learned from an analyses of TODs throughout the Lower Mainland that could inform the planning process within Fleetwood.

2.7 Summary

- Burnaby, Port Moody and Vancouver have adapted plans to encourage an increase in density and promote a variety of uses in areas surrounding SkyTrain stations through land use policies that promote transit-oriented development and leverage improved accessibility.
- The evolution of city plans have focused the tallest and highest density land uses in close proximity to transit, within 400 metres.
- Among the case studies examined, residential rental rates are found to be higher in City Centres and areas accessible by SkyTrain. Residential condo prices are also found to be higher near SkyTrain Stations.
- Further, in the case of Marine Gateway and development around the Port Moody Inlet Centre, there has been a sizable increase in per square foot prices following the development of rapid transit.
- Development applications suggest that the development community is prioritizing projects around SkyTrain Stations. This is partly a result of favorable prescribed land uses on sites surrounding these stations, but also likely a result of household demand for accessibility and alternative transportation modes.
- There is a trend for offices to locate near transit accessible areas to accommodate employees increasingly wishing to utilize alternative transportation modes.
- An increase in residential demand in areas surrounding SkyTrain Stations also results in an increase in demand for commercial uses as stations become nodes of density and activity.

3 | Residential Market Analysis

Colliers
INTERNATIONAL

The existing housing stock in the Fleetwood-Clayton area is aging, however, the scale and pace of new development is rapidly introducing new units.

3.1 Review of Current Study Area Housing Stock

3.1.1 Quality

- In general, the existing one-family and two-family housing in this market is older and in fair to average condition.
- Townhomes and apartments tend to be slightly newer and in average to good condition. The average age of housing in this market is almost 40 years old with an average year of construction of 1978.
- One family and two-family dwellings are the oldest housing types with townhouses and high-rise apartments being the newest. Statistics Canada tracks the condition of housing, but their defined geographic areas are different from the boundaries of the study area. In 2011, the Cloverdale/Fleetwood neighbourhood had the highest quality of housing stock in the City of Surrey.
- At a high level, it was determined that as of 2011:
  - 72-81% of housing needs regular maintenance only
  - 15-21% of housing needs minor repairs
  - 3-7% of housing needs major repairs

3.1.2 Rental Housing Costs

- CMHC Median Rent statistics indicate that Cloverdale/Fleetwood rental rates are higher than the overall median rents for the City as a whole. Newer rental condominiums in the Cloverdale/Fleetwood area can achieve rents of over $1,150 per month for one bedrooms and up to $1,900 per month for two bedrooms. Median rents in Cloverdale/Fleetwood increased approximately 64% from 2011 to 2018.
- The CMHC finds median rents to be highest in Cloverdale/Fleetwood despite the scale and pace of new development occurring in Surrey City Centre. This is likely an indication that the existing rental housing stock is aging in Surrey City Centre and that new development is newer condo development. Further, there is a relatively limited supply of low-mid rise apartment units in Cloverdale/Fleetwood which reduces the sample size of rental units in which conclusions can be drawn.

October 2018 Apartment Median Rents					
	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom +	Total
Cloverdale/Fleetwood	**	$1,150	$1,500	**	$1,233
Guildford	**	$880	$1,042	$1,244	$1,000
Newton	**	$860	$1,150	$1,170	$1,100
South Surrey	**	**	**	**	**
Surrey City Centre	**	$1,050	$1,250	$1,600	$1,100
Whalley	$800	$1,002	$1,040	$1,274	$1,040
Surrey	$738	$960	$1,087	$1,250	$1,052

Density levels are slightly higher in the Clayton Study Area due to a larger proportion of townhomes and apartments over a smaller land area.

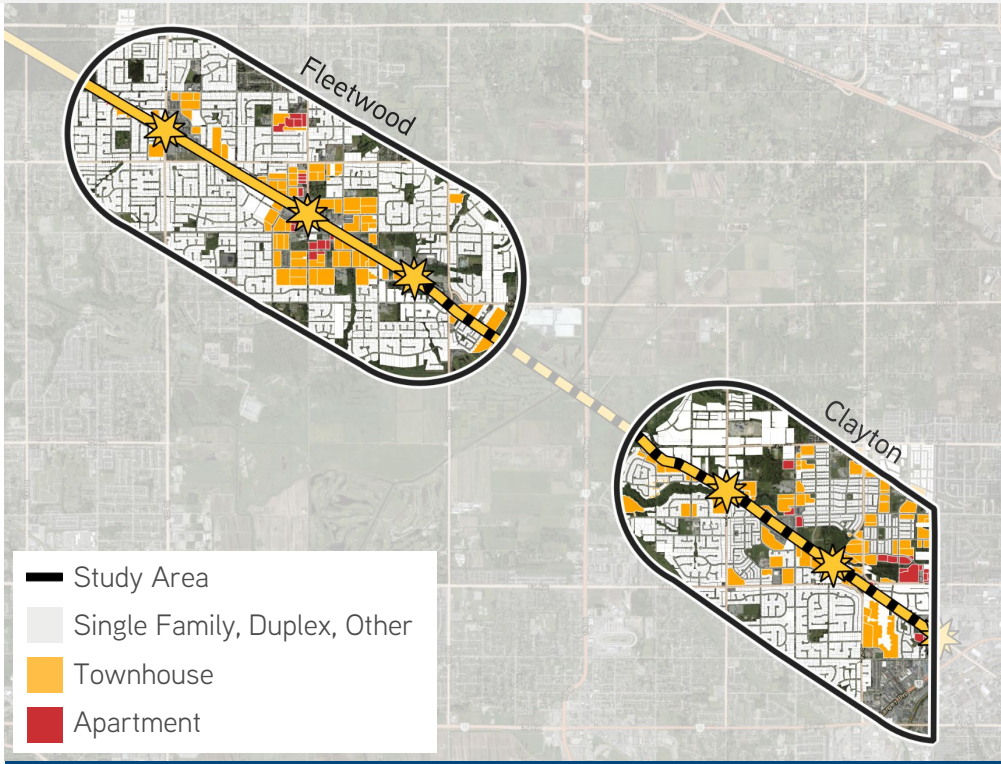
3.1 Review of Current Study Area Housing Stock

3.1.3 Types of Housing

- The City provided Colliers with a breakdown of housing units located within both study areas. There are a total of 14,411 housing units located within Fleetwood, and 12,848 located within Clayton.
- Despite a larger number of total units, the Clayton Study Area is slightly denser than Fleetwood due to a higher proportion of townhomes and apartments in a smaller overall area. Conversely, the Fleetwood Study Area has a larger proportion of single-family homes.
- Throughout all the future SkyTrain station locations, the largest concentration of density (townhomes and apartments) is currently found surrounding the future 160 Street station (2) within Fleetwood Town Centre.

3.1.4 Housing by Tenure (Ownership vs. Rental)

- The Fleetwood Study Area consists of approximately 20% rental units and 80% owned units. Within the rental market, there are only 40 non-market rental units.
- There is a lower proportion of market rental units within the Clayton Study Area, which only account for 11% of the total number of dwelling units. There aren't any non-market rental units within Clayton.



Housing Format	Fleetwood		Clayton	
	Units	%	Units	%
Single Family	7,290	51%	5,314	41%
Secondary Suite	2,105	15%	1,632	13%
Duplex	119	1%	37	0%
Townhouse	4,042	28%	4,396	34%
Apartment	620	4%	1,468	11%
Mobile Home	235	2%	0	0%
Total	14,411		12,848	

Townhouses made up the majority of real estate transactions in the past year. Homes in Fleetwood are on average smaller than in Clayton.

3.1 Review of Current Study Area Housing Stock

3.1.5 Prices for Home Ownership – Fleetwood

Housing sale prices in the Fleetwood study area over the past year were analyzed to understand current pricing levels in the market. The table below has been edited to include only the most common housing types and unit types. Pricing for homes varied depending on the location, quality and type of housing.

Summary						
Format	YTD Sales	Minimum Size SF	Maximum Size SF	Minimum Price	Maximum Price	Average Price
Detached	147	1,250	6,385	$765,000	$1,740,000	$998,157
Townhouse	206	1,202	3,040	$393,000	$839,900	$593,533
Apartment	43	400	1,239S	$208,000	$492,500	$390,832
Detached Home Pricing						
Bedrooms	YTD Sales	Minimum Size	Maximum Size	Minimum Price	Maximum Price	Average Price
3	33	1,180	3,852	$740,000	$1,380,000	$887,424
4	39	1,591	3,384	$765,000	$1,398,000	$923,321
5	31	1,746	4,493	$810,000	$1,360,000	$974,106
Townhouse Pricing						
Bedrooms	YTD Sales	Minimum Size	Maximum Size	Minimum Price	Maximum Price	Average Price
2	50	956	1,712	319,000	$627,500	$487,878
3	120	1,226	2,716	499,000	$859,900	$611,096
4	36	1,372	2,421	530,000	$765,000	$632,975
Apartment Pricing						
Bedrooms	YTD Sales	Minimum Size	Maximum Size	Minimum Price	Maximum Price	Average Price
1	9	580	744	$244,000	$356,000	$318,500
2	33	747	1,003	$339,000	$450,000	$405,155

Townhouses made up the majority of home sales in the Clayton study area. This is also reflective of the pace of new townhome development in the area.

3.1 Review of Current Study Area Housing Stock

3.1.6 Prices for Home Ownership – Clayton Study Area

Housing sale prices in the Clayton study area over the past year were analyzed to understand current pricing levels in the market. The table below has been edited to include only the most common housing types and unit types. Pricing for homes varied depending on the location, quality and type of housing

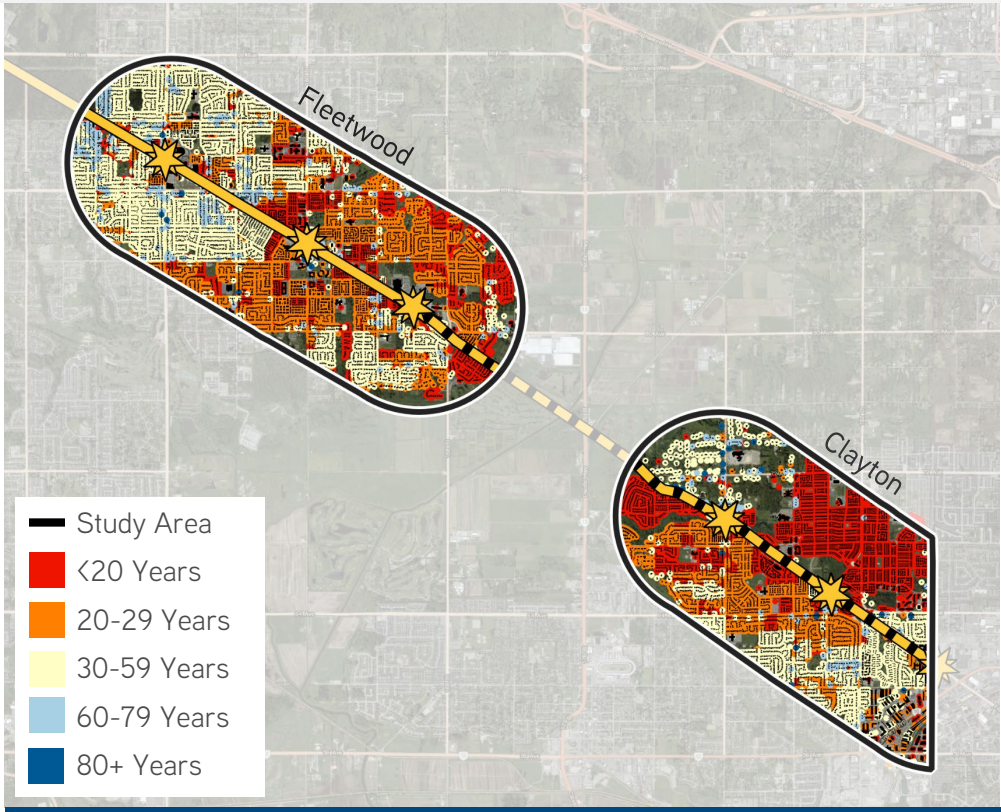
Summary						
Format	YTD Sales	Minimum Size SF	Maximum Size SF	Minimum Price	Maximum Price	Average Price
Detached	195	1,598	4,095	$722,000	$1,260,000	$943,454
Townhouse	301	1,131	1,987	$475,000	$668,000	$550,306
Apartment	159	512	1,277	$292,000	$575,000	$403,948
Detached Home Pricing						
Bedrooms	YTD Sales	Minimum Size	Maximum Size	Minimum Price	Maximum Price	Average Price
3	42	1,361	2,774	$720,000	$1,155,000	$836,246
4	61	1,620	3,424	$722,000	$1,310,000	$905,978
5	54	1,705	3,787	$795,000	$1,230,000	$958,163
Townhouse Pricing						
Bedrooms	YTD Sales	Minimum Size	Maximum Size	Minimum Price	Maximum Price	Average Price
2	67	937	1,567	$432,500	$543,000	$490,578
3	197	1,140	1,987	$510,000	$675,500	$572,693
4	37	1,340	2,049	$499,000	$739,250	$618,692
Apartment Pricing						
Bedrooms	YTD Sales	Minimum Size	Maximum Size	Minimum Price	Maximum Price	Average Price
1	67	512	861	$292,000	$385,000	$347,171
2	89	678	1,240	$345,000	$530,000	$432,812

Approximately 81% more development has occurred within the Clayton Study Area when compared to the Fleetwood Study Area over the past decade.

3.1 Review of Current Study Area Housing Stock

3.1.7 Review of Historical Development Activity (2009-2019)

- Over the past decade, approximately 81% more development has occurred within the Clayton Study Area, consisting of more apartments and less single-family homes than the Fleetwood Study Area. Townhomes are the most predominant form of development within both study areas.
- Within the Fleetwood Study Area, there has been a total of 2,122 housing units introduced over the past decade, including:
  - 597 single-family homes (28%) with 316 secondary suites (15%)
  - 966 townhomes (46%)
  - 235 apartment units (11%)
- Within the Clayton Study Area, there has been a total of 3,835 housing units introduced over the past decade, including:
  - 695 single-family homes (18%) with 418 secondary suites (11%)
  - 1,593 townhomes (42%)
  - 1,095 apartment units (29%)
- Moving forward, there could be more potential redevelopment opportunities within Fleetwood rather than Clayton due to the larger supply of housing units over 30 years in age. This is particularly evident in West Fleetwood near the 152 Street station (1).



New Housing Units between 2009-2019	Fleetwood		Clayton	
	Units	%	Units	%
Single Family	597	28%	695	18%
Secondary Suite	316	15%	418	11%
Duplex	8	0%	34	1%
Townhouse	966	46%	1,593	42%
Apartment	235	11%	1,095	29%
Total	2,122		3,835	

Land values indicate that the market understands the value of transit accessible sites with development potential.

3.1 Review of Current Study Area Housing Stock

3.1.8 Land Values

› The table below documents and compares the year to date transactions and illustrates land values in the Clayton and Fleetwood study areas. The recent transaction at 9059 192nd Street near the planned SkyTrain Extension on 152nd Street and Fraser Highway sold for over twice its assessed value.

Address	Sale Date	Sale Price	Property Size (sf)	Price per SF-Land	Zoning	OCP	Density	Buildable (sf)	Price Per Buildable	Existing
15284-15296 Dr	2018-11-09	$4,300,000	36,590	$117	CHI	Commercial	1.0 FAR	36,590	$117	Car dealership
8425 & 8435 162nd Street	2019-08-06	$1,761,300	17,424	$101	CHI	Town Centre	2.5 FAR	43,560	$42	2 sf lots
15455 82nd Avenue	2019-07-30	$2,900,000	35,719	$81	RF	Urban	72 UPH	**	**	Low density
16042 84th Avenue	2018-11-06	$2,700,000	16,988	$159	RA	Town Centre	2.5 FAR	42,470	$63	Single family lot
16384 82nd Avenue	2019-05-06	$1,200,000	15,246	$79	RA	Urban	1.5 FAR	22,869	$52	Single family lot
16698 Fraser Highway	2019-03-26	$2,482,000	42,688	$58	RA	Urban	1.5 FAR	64,032	$39	Single family lot
8380 & 8390 160th Street	2018-10-01	$5,600,000	33,541	$166	RA	Town Centre	2.5 FAR	83,852	$67	Vacant land
8483 & 8495 164th Street	2019-08-28	$2,500,000	20,473	$122	RF	Urban	1.5 FAR	30,709	$81	Single family lot
18455 72nd Avenue	2019-04-15	$14,342,000	142,876	$100	RA	Urban	72 UPH	**	**	Single family lot
18523 Fraser Highway	2019-02-28	$1,900,000	41,382	$45	RA	Multiple Residential	1.5 FAR	62,073	$30	Single family lot
18737 72nd Avenue	2019-03-25	$12,400,000	355,449	$34	RA	Multiple Residential	1.5 FAR	533,173	$23	Single family lot
9059 152nd Street	2019-09-20	$1,650,000	11,724	$141	RF	Urban	2.5 FAR	29,310	$56	Single family lot

In the study area, there is a trend toward higher density forms of housing development.

3.2 Current Development Activity

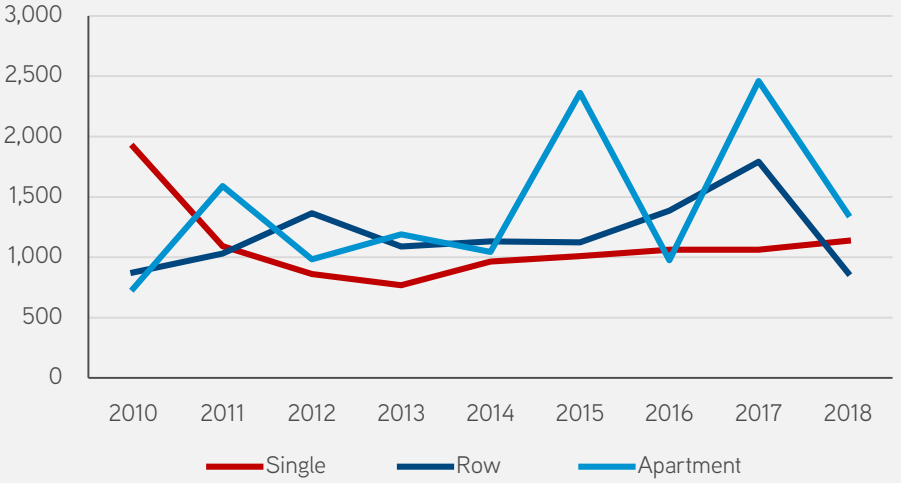
3.2.1 City of Surrey

- Annual housing starts in Surrey have been approximately 3,700 units per year since 2010. Between the years 2010 and 2015, there has been a relatively even mix of housing types, making it somewhat an outlier in the Greater Metro Vancouver market.
- Row houses and single-family starts have been relatively consistent, whereas the number of apartment starts have fluctuated. In 2015 and 2017 we see a large rise in apartment starts with over 2,300 and just under 2,500 starts respectively.
- YTD starts (until September 2019) have totaled 2,998 which is higher than 2,662 – the total number of starts during the same time period in 2018. This is indicative of developers trying to meet higher demand in the Surrey market.
- YTD apartment starts (until September 2019) is already 1,555 units, which has surpassed last years total number of starts by 198 units, therefore indicating an upward trend for this year compared to last year.

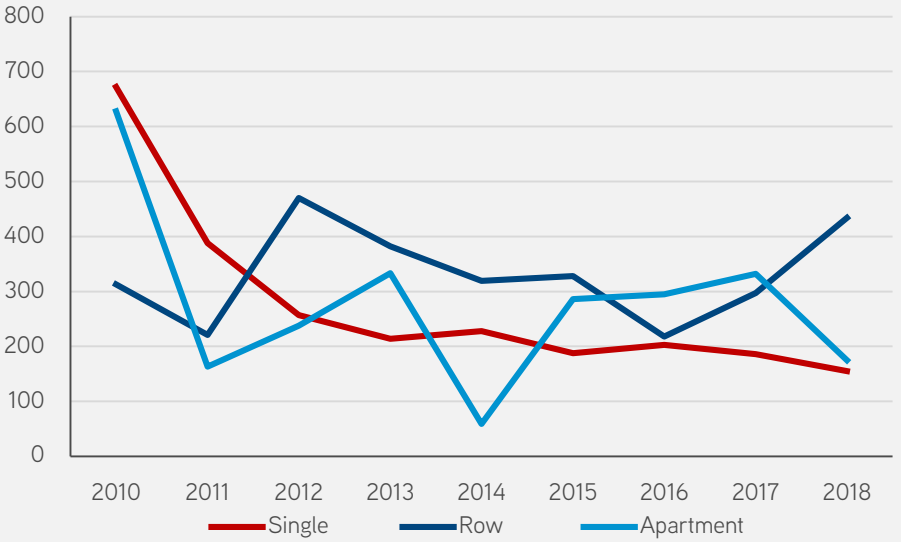
3.2.2 Fleetwood

- In Fleetwood, housing starts have approximated 901 units annually from 2010 to 2018. Apartment starts saw a dip in 2014 and have experienced another dip between 2017 and 2018; indicating fluctuating demand for higher density housing. Row and single-family starts have seemed to remain relatively stable.

City of Surrey Annual Development Activity (units)



Fleetwood Annual Development Activity (units)



In the study area, recent higher density residential development activity has been fully absorbed by the market.

3.2 Current Development Activity

Townhomes

	Units	Average Size	Average Price	Comments
Fleetwood Peak 	19	1300 sf	$525,200 $404/sf	› 3-storey townhomes, located near Fraser Highway. › Sales start date was 6th May 2017. Fleetwood Peak was on the market for 2 months, and completely sold out by the 20th of July 2017, with a monthly average absorption rate of 9.5 units. › Largest number of sales was during the second quarter of 2017, with 18 units being sold. One additional unit was sold in the third quarter of 2017.
Fleetwood Rise 	131	1451 sf	$615,224 $424/sf	› 3-storey townhomes, also located adjacent Fraser Highway, therefore desirable for accessibility purposes. › Sales started on the 12th of August 2017. Fleetwood Rise was on the market for 22 months with all units being sold out by the 14th of June 2019. › The largest number of units were absorbed during the third quarter of 2017. There was a recorded monthly average absorption rate of 6 units.

Low Rise

	Units	Average Size	Average Price	Comments
Ascend 	116	723 sf	$231,360 $320/sf	› Low-rise apartments with 4 storeys. Consisted of 1-2.5 bedrooms. › Completed winter/spring 2013. › Sales started on 1st April 2011, and it sold out on 30th June 2015. Ascend was on the market for 50 months. › Largest number of sales during time on the market was Quarter 4 of 2014 with 9 units being sold.
Manarola 	51	838 sf	$272,350 $325/sf	› Low-rise wood-frame apartments with 3-storeys. › Sales started on the 23rd of March 2013 and Manarola was sold out on the 31st of March 2013, with an average monthly absorption rate of 1.4 units. › The largest number of absorbed units was the first quarter of 2016 with a record high of 19 units.

Within 400m and 800m of the new SkyTrain Stations, there is a concentration of new higher density housing in the development pipeline.

3.3 Upcoming Supply

3.3.1 Overview

- An analysis of current planning applications for new residential supply within each study area was also completed. The majority of future supply in the Fleetwood study area is in the form of townhomes and low-mid rise apartments. Most future supply in Clayton is townhome development.

3.3.2 Major Projects

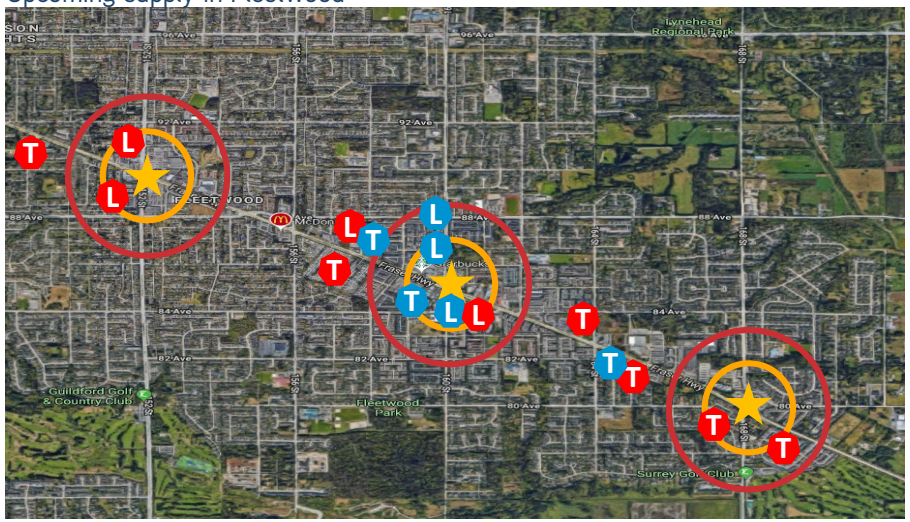
Fleetwood Study Area

- "Fleetwood Village" - Approved rezoning for five 6-storey residential buildings with 426 apartment units. The new project by Dawson+Sawyer is within a 5-minute walk to the future station at Fraser Highway and 160th Street.
- Within 400m of the stations, 426 apartment units and 46 townhouse units will be coming onto the market.

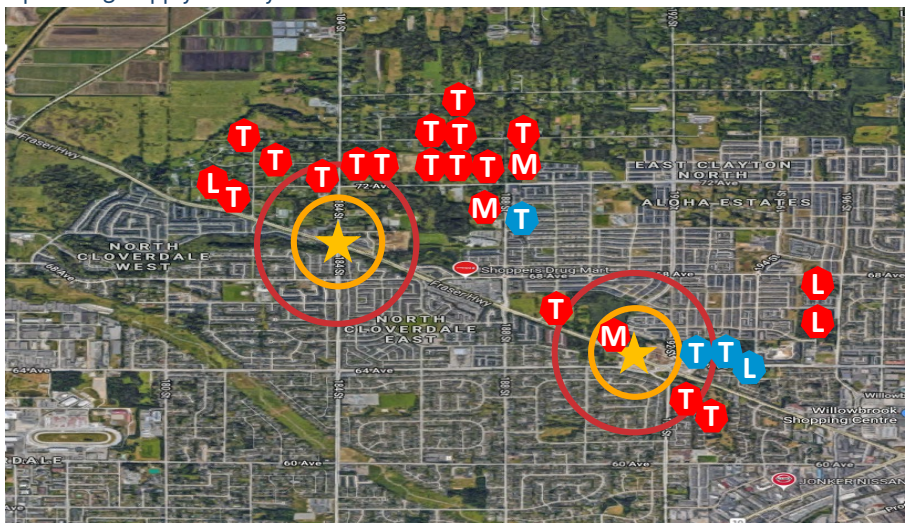
Clayton Study Area

- Around the new Ecole Salish Secondary School, over 1170 townhouses are proposed for development along with numerous low-mid rise apartments ranging from 4-5 storeys
- Within 400m of the stations, 280 apartment units and 4700m^2 of commercial space will be coming onto the market

Upcoming supply in Fleetwood



Upcoming supply in Clayton



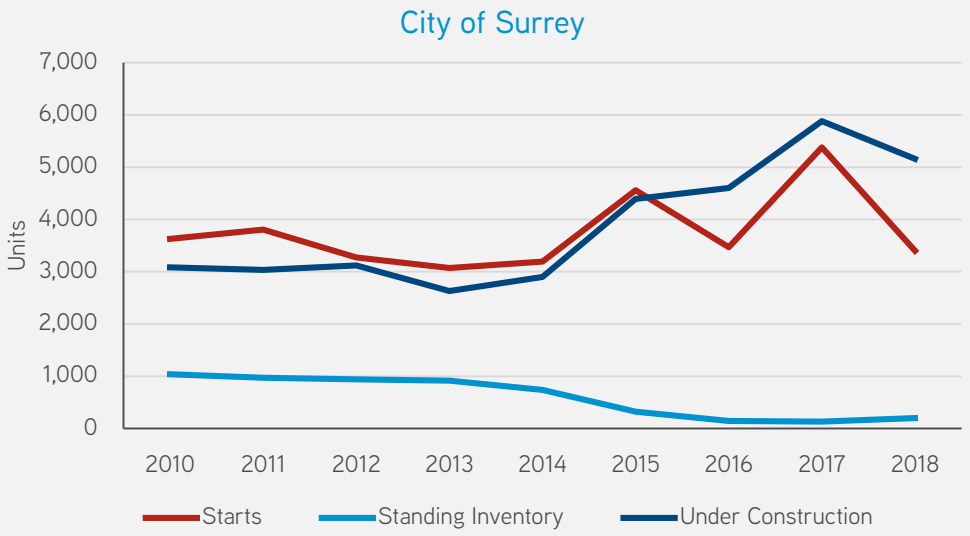
400m radius from station
800m radius from station
Townhouse
Low Rise
Mixed-Use
Recently Completed

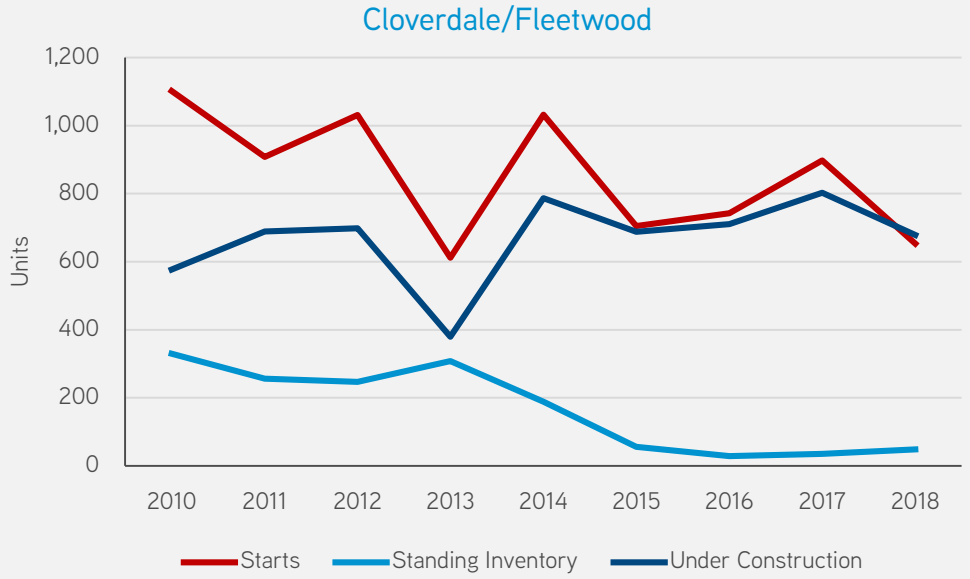
The demand for housing in the City of Surrey and Fleetwood has been increasing demonstrated by the low standing inventory available since 2016

3.4 Demand Analysis

3.4.1 Standing Inventory

- Developers have not been able to keep up with the current levels of demand in Metro Vancouver, resulting in price increases and a drastic fall in standing inventory in recent years. Subsequently, we see a spike in housing starts and housing under construction to meet higher demand.
- As of September 2019, CMHC indicates that there are 358 unsold units in Surrey, 68 of which were in the Cloverdale/Fleetwood area (19%).
- Standing Inventory has been relatively high before 2014, when this first dip is experienced – indicating a rise in housing demand in the Fleetwood area.
- Starts and units under construction fell in Fleetwood between 2012 and 2013, not only in raw numbers but also as a percentage of starts and units under construction in Surrey.
- From 2015 onwards, we see a similar trend in Fleetwood as we do in Surrey with a fall in standing inventory and a rise in starts and construction, indicating the rise in demand for housing in Metro Vancouver.
- Attributes that make Fleetwood appealing to buyers include: commercial nodes, affordable housing, proximity to a highway and a planned LRT line, a community centre and a sports and leisure centre.



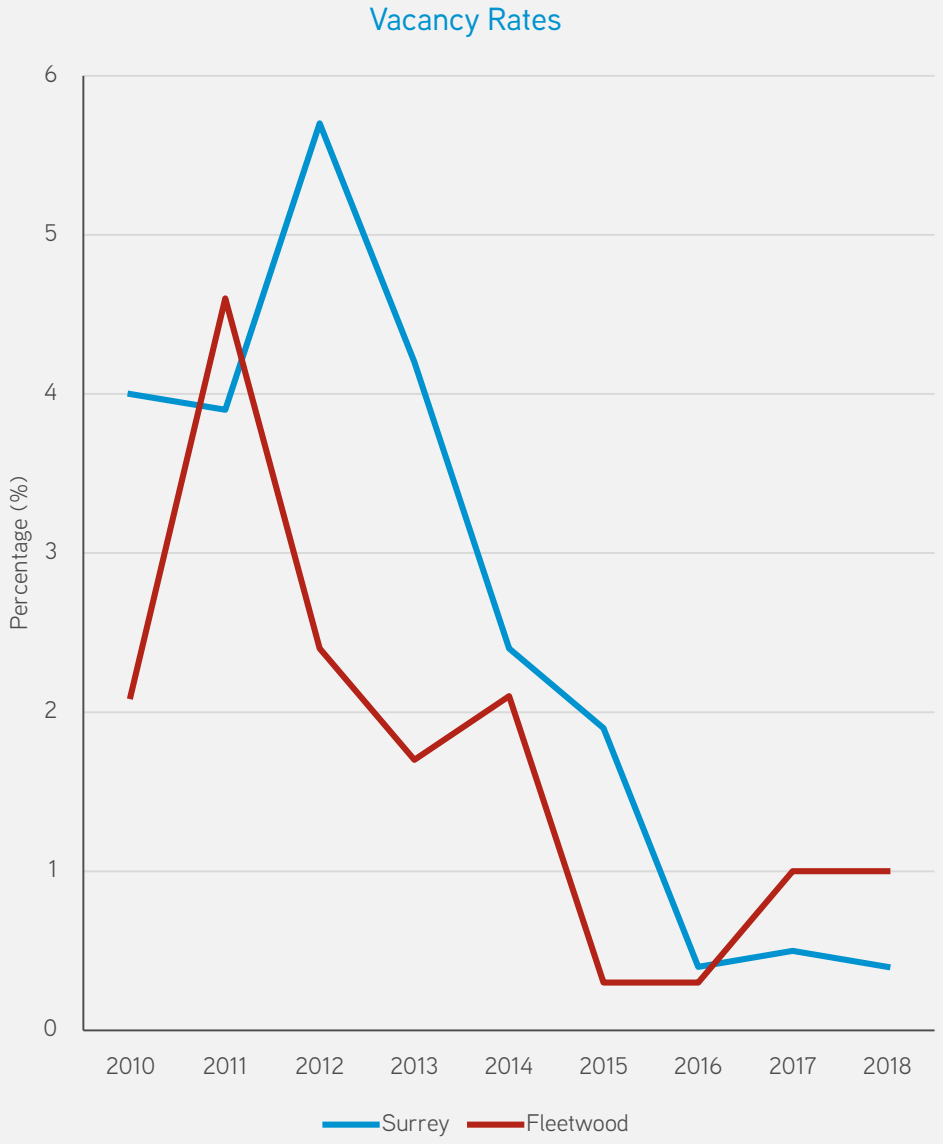


Rental vacancy rates in Fleetwood and Surrey continue to remain low following sharp decreases in 2011-2012.

3.4 Demand Analysis

3.4.2 Vacancy Rates

- Vacancy rates are another indicator of demand in the rental market in Surry and the Fleetwood area. The same increase in demand shown by standing inventory can be seen here with the vacancy rates. This increase in demand can also be seen with the fall in vacancy rates from 1.9% in 2015 to 0.4% in 2016.
- Between 2016 and 2017, there was an increase in starts (55%) and completions (26%) in Surrey, with a large rise in units that are under construction (28%).
- In 2017 and 2018 vacancy rates were 0.5% and 0.4% respectively. Therefore, indicating a similar high demand to 2016, however there was a fall in starts by around 37%, and units under construction by around 12%.
- Vacancy rates in Fleetwood have been higher than in the City of Surrey, with an increase from 0.7% in 2017 to around 1.0% in 2018. This may be indicative of a slight dampening in demand between these two years.
- Vacancy rates drastically dropped from 2.1% in 2014 to 0.3% in 2015. Therefore, showcasing the large rise in residential housing demand in Fleetwood over the past few years.



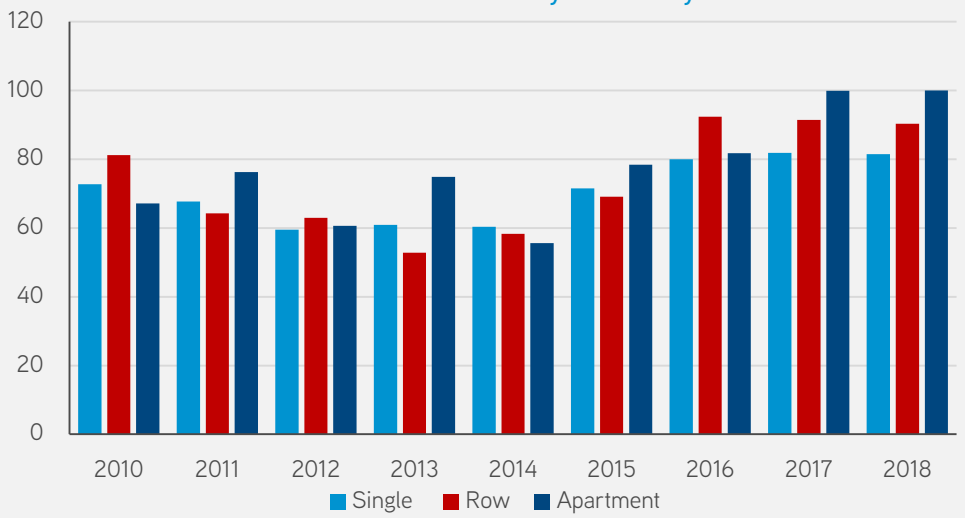
The Cloverdale/Fleetwood area has experienced absorption of approximately 650 units per year at a relatively stable rate since 2012.

3.4 Demand Analysis

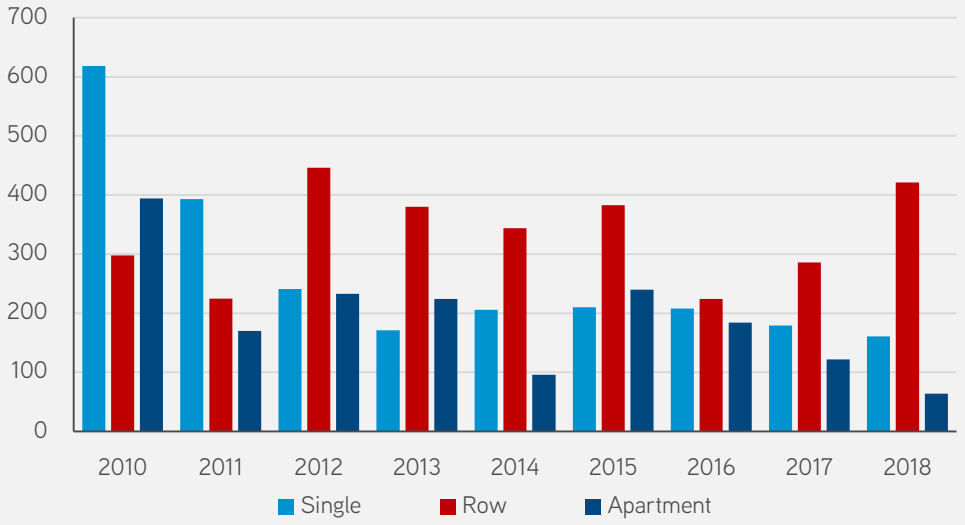
3.4.3 Absorption Rates

- In 2018, within the Cloverdale/Fleetwood area there were approximately 650 units absorbed, the majority of which were row and town houses. This absorption rate has remained relatively stable since 2012.
- During this period, absorption rates have been increasing throughout the entire City of Surrey, which is likely due to the substantial amount of supply brought on in other regions such as Surrey City Centre.
- Moving forward, it can reasonably be expected that the completion of the SkyTrain line will result in slightly higher absorption rates around station locations than in previous years.

Units Absorbed - City of Surrey



Units Absorbed - Cloverdale/Fleetwood



Townhomes and low-rise apartments are expected to be the forms of residential development experiencing the highest overall levels of demand.

3.4 Demand Analysis

3.4.4 Analysis of Suitability for Different Types of Development

Townhomes

- Townhomes will remain in high demand over the foreseeable future due to significant interest generated from young families and downsizers. This type of development is most suitable in the existing single family neighbourhoods and not in direct proximity to SkyTrain station locations.
- The challenge in providing this type of housing is the lack of suitable parcels of development land. It is believed that potential demand for this product type is the strongest of all housing types.

Low-Rise and Mid-Rise Apartments

- Low rise apartments have been the predominant development type in this market over the past decade. This is expected to continue to remain true with an increasing number of four to six storey wood frame developments being built.
- The prevalence of six storey wood frame apartment construction is increasing in the Lower Mainland, and this trend is expected to continue to emerge around high growth corridors accessible by public transit.

High-Rise Apartments

- Demand for high-rise apartments is expected to gradually increase within direct proximity of future SkyTrain locations, albeit at relatively slower rates than Surrey City Centre due to the amenities and desirability of living closer to this major regional business district.

3.4.5 Identification of Potential Annual Demand

- Quantifying the annual demand for new housing in any specific market in the Lower Mainland is challenging as of late due to historic levels of demand followed by uncertainty due to a variety of factors such as the stress test, empty homes tax, and international considerations that may impact local demand such as the ongoing protests in Hong Kong.
- The levels of development that took place in the study areas over the past decades is also not reflective of future demand levels, as the area will increase in desirability once the SkyTrain is developed.
- It is expected that potential absorption over the next 30 years, particularly once the SkyTrain is completed, will be limited more by the availability of land than by the scale of demand. This is especially true for townhomes as well as low-rise and mid-rise buildings.

It can reasonably be expected that the Fleetwood Study area would absorb approximately 250-300 new residential units annually over the next 30 years.

3.4 Demand Analysis

3.4.5 Identification of Potential Annual Demand (cont.)

- High-rise apartment demand is expected to be slightly less deep at this time when compared to townhomes and low-rise apartments, however high-density mixed-use developments have been proven to be popular in similar suburban TODs throughout the Lower Mainland such as Newport Village in Port Moody.
- Based on an analysis of potentially developable land, residential market metrics, the proportion of future housing starts expected to occur within station areas, and the expected impact of the SkyTrain development on future demand, it is estimated that Fleetwood could absorb approximately 250-300 new residential units annually over the next 30 years.
- The majority of this demand will be concentrated within transit-oriented areas, approximately 400 metres of future station locations. The land uses adopted by the City will therefore have a significant impact on the actual levels of future absorptions.
- Absorption rates are also likely to gradually increase over time, as the ongoing development around SkyTrain stations within Fleetwood creates more attractive living environments, which will likely have a positive spinoff impact on residential demand.

A three-step analysis was used to assess the redevelopment thresholds of three selected sites along Fraser Highway within Fleetwood.

3.5 Development Threshold Analysis

3.5.1 Methodology

- Colliers used the methodology outlined below to assess the following three sites to determine density and sales price thresholds required to support their redevelopment into mixed-use projects with residential above ground floor retail:

1. SW Corner of 152 Street and Fraser Highway (Single level retail centre)
2. NE Corner of 160 Street and Fraser Highway (Mobile home park)
3. NE Corner of 166 Street and Fraser Highway (Rona/JYSK site)

1. Planner's Review

- Highest and Best Use
- Layout Design
- Buildable Area Suggestions

2. Data Collection

- Current Market Data
  - Retail Strata Price
  - Condo Price
- Comparable Market Data
  - Retail Strata Price
  - Condo Price

3.Financial Analysis

- Scenario Analysis
  - Value Created
  - Total Project Cost
  - Development Profit
  - Land Residual Value
- Minimum Profitable Density with Market Requirement

Conclusion

- Current Market Scenario
  - Market Conditions
  - Density Thresholds

With current construction and sales prices, low-rise mixed-use redevelopment is currently viable at a minimum FSR of 3.56.

3.5 Development Threshold Analysis

3.5.2 SW corner of 152 Street and Fraser Highway – Current Market Scenario

Current Market Conditions

Low-rise Condo Price	$600/sf
Low-rise Street Retail Strata Price	$370/sf
Price inflation rate	2%
Acceptable Land Residual Value– Low-rise development	$50/sf

Major Assumptions

Construction Cost	$275/sf
Cost Inflation	2%
Development Profit	10%
Construction Loan Interest	4.5%

Summary of Financial Analysis

Site Information	
Site Area	71,706
Total Gross Buildable Area	255,492
Retail Buildable Area	42,582
Retail Salable Area	38,324
Efficiency Rate	90%
Residential Gross Buildable Area	212,910
Net Residential Leasable Area	180,974
Residential Efficiency	85%
FSR	3.56

Total Project Costs	$ Value	$/SF
Total Project Costs	117,273,458	459
Total Project Costs (Before Land)	104,602,932	409
Soft Costs	17,061,011	67
Hard Costs	74,355,206	291
Contingency Costs	9,278,648	36
Financing Costs	3,908,067	15
Soft Costs as a % of Hard Costs (Less Contingency)	22.95%	

Sources of Development Capital	$
Total Sources of Capital	104,602,932
Equity Investment (Construction)	33,547,177
Construction Loan	71,055,756
Land Loan	0
Mortgage Loan	0
Construction Loan LTV	65.00%

Land Residual	$
Created Value	129,000,803
Total Project Costs (Excl. Land)	(104,602,932)
Developer Profit (10%)	(11,727,346)
Residual Land Value	12,670,525
Price Per Buildable	50

Conclusion

- Due to the current on-site retail operations, construction costs, and the required land residual value to incentivize redevelopment, a 6-storey wood-frame redevelopment would be viable at a minimum FSR of 3.56.

* None of this assumptions include any relocation compensation

High-rise mixed-use development is currently not feasible due to a disconnect of current construction costs and achievable sales prices.

3.5 Development Threshold Analysis

3.5.3 SW corner of 152 Street and Fraser Highway – High-rise Scenario

Current Market Conditions

Estimated High-rise Condo Price**	$660/sf
Estimated Podium Retail Strata Price**	$637/sf
Price inflation rate	2%
Acceptable Land Residual Value– High-rise development	$69/sf

Major Assumptions

Construction Cost	$375/sf
Cost Inflation	2%
Development Profit	10%
Construction Loan Interest	4.5%

Summary of Financial Analysis

Site Information	
Site Area	71,706
Total Gross Buildable Area	537,640
Retail Buildable Area	42,582
Retail Salable Area	38,324
Efficiency Rate	90%
Residential Gross Buildable Area	495,059
Net Residential Leasable Area	420,800
Residential Efficiency	85%
FSR	7.50

Sources of Development Capital	$
Total Sources of Capital	298,211,090
Equity Investment (Construction)	95,384,692
Construction Loan	202,826,398
Land Loan	0
Mortgage Loan	0
Construction Loan LTV	65.00%

Total Project Costs	$ Value	$/SF
Total Project Costs	291,727,965	543
Total Project Costs (Before Land)	298,211,090	555
Soft Costs	41,921,452	78
Hard Costs	214,514,291	399
Contingency Costs	26,056,301	48
Financing Costs	15,719,046	29
Soft Costs as a % of Hard Costs (Less Contingency)	19.54%	

Land Residual	$
Created Value	320,900,762
Total Project Costs (Excl. Land)	(298,211,090)
Developer Profit (10%)	(29,172,797)
Residual Land Value	(6,483,125)
Price Per Buildable	(12)

Conclusion

- High rise development on this site is not feasible under current market conditions as it cannot achieve the market acceptable land residual value even with an FSR of 7.5 (the maximum density in Surrey City Centre).

- None of this assumptions include any relocation compensation
- **Estimated High-rise Condo/Retail Price = 85% of those of Surrey Center

When high-rise condo prices within Fleetwood reach 770/sf, high-rise development can be introduced to the market with a minimum FSR of 7.5

3.5 Development Threshold Analysis

3.5.4 SW corner of 152 Street and Fraser Highway – High-rise Scenario

Current Market Conditions

Price inflation rate	2%
Acceptable Land Residual Value– High-rise development	$69/sf

Major Assumptions

FSR	7.5
Construction Cost	$375/sf
Cost Inflation	2%
Development Profit	10%
Construction Loan Interest	4.5%

Sensitivity Analysis

Condo Price/sf	Land Residual Value/sf
$660	$(12)
$670	$(5)
$680	$3
$690	$10
$700	$18
$710	$25
$720	$33
$730	$40
$740	$48
$750	$55
$760	$62
$770	**$70**
$780	$77
$790	$85
$800	$92
$810	$100
$820	$107
$830	$115
$840	$122
$850	$130
$860	$137
$870	$144
$880	$152
$890	$159
$900	$167

Conclusion

- The sensitivity analysis to the left illustrates that the growth in achievable high-rise condo prices has a significant impact on the land residual value.
- Once achievable condo prices grow from $660/sf up to $770/sf, the land residual would exceed the minimum accepted by the market to encourage redevelopment.
- Over the next decade, once the SkyTrain line is built and the livability of the station areas is enhanced, it can realistically be assumed that condo prices will gradually increase to meet this threshold.

- None of this assumptions include any relocation compensation

With current construction and sales prices, low-rise mixed-use redevelopment is currently viable at a minimum FSR of 1.25

3.5 Development Threshold Analysis

3.5.5 NE corner of 160 Street and Fraser Highway – Current Market Scenario

Current Market Conditions

Low-rise Condo Price	$550/sf
Low-rise Street Retail Strata Price	$300/sf
Price inflation rate	2%
Acceptable Land Residual Value– Low-rise development	$50/sf

Major Assumptions

Construction Cost	$275/sf
Cost Inflation	2%
Development Profit	10%
Construction Loan Interest	4.5%

Summary of Financial Analysis

Site Information	
Site Area	130,219
Total Gross Buildable Area	163,014
Retail Buildable Area	11,879
Retail Salable Area	10,691
Efficiency Rate	90%
Residential Gross Buildable Area	151,136
Net Residential Leasable Area	128,465
Residential Efficiency	85%
FSR	1.25

Total Project Costs	$ Value	$/SF
Total Project Costs	71,267,718	437
Total Project Costs (Before Land)	63,115,765	387
Soft Costs	10,202,480	63
Hard Costs	48,109,801	295
Contingency Costs	1,480,322	9
Financing Costs	3,323,163	20
Soft Costs as a % of Hard Costs (Less Contingency)	21.21%	

Sources of Development Capital	$
Total Sources of Capital	63,115,765
Equity Investment (Construction)	20,236,245
Construction Loan	42,879,521
Land Loan	0
Mortgage Loan	0
Construction Loan LTV	65.00%

Land Residual	$
Created Value	78,394,489
Total Project Costs (Excl. Land)	(63,115,765)
Developer Profit (10%)	(7,126,772)
Residual Land Value	8,151,952
Price Per Buildable	50

Conclusion

- Due to the relatively underutilized nature of the site in its existing condition, along with current construction costs and the required land residual value, wood frame redevelopment is viable with a minimum FSR of 1.25.

* None of this assumptions include any relocation compensation

With current construction and sales prices, a high-rise mixed-use project is not feasible, even with an FSR of 7.5 on the Tower Site (highlighted in red).

3.5 Development Threshold Analysis

3.5.6 NE corner of 160 Street and Fraser Highway – High-rise Scenario

Current Market Conditions

Estimated High-rise Condo Price**	$660/sf
Estimated Podium Retail Strata Price**	$637/sf
Price inflation rate	2%
Acceptable Land Residual Value– High-rise development	$69/sf

Major Assumptions

Construction Cost	$375/sf
Cost Inflation	2%
Development Profit	10%
Construction Loan Interest	4.5%

Summary of Financial Analysis

Site Information	
Site Area	130,219
Total Gross Buildable Area	400,047
Retail Buildable Area	35,976
Retail Salable Area	32,378
Efficiency Rate	90%
Residential Gross Buildable Area	364,071
Net Residential Leasable Area	309,460
Residential Efficiency	85%
Overall FSR	3.07

Total Project Costs	$ Value	$/SF
Total Project Costs	207,160,938	518
Total Project Costs (Before Land)	194,758,229	487
Soft Costs	29,536,055	74
Hard Costs	147,253,350	368
Contingency Costs	4,728,060	12
Financing Costs	13,240,764	33
Soft Costs as a % of Hard Costs (Less Contingency)	20.06%	

Sources of Development Capital	$
Total Sources of Capital	194,758,229
Equity Investment (Construction)	62,350,584
Construction Loan	132,407,645
Land Loan	0
Mortgage Loan	0
Construction Loan LTV	65.00%

Land Residual	$
Created Value	227,877,031
Total Project Costs (Excl. Land)	(194,758,229)
Developer Profit (10%)	(20,716,094)
Residual Land Value	12,402,708
Price Per Buildable	31

Conclusion

› High-rise development is not currently feasible on this site, even with an FSR of 7.5 on the tower site (highlighted in red) and a total FSR of 3.07 over the entire site.

- None of this assumptions include any relocation compensation
- **Estimated High-rise Condo/Retail Price = 85% of those of Surrey Center

When the high-rise condo price achieve 740/sf, high-rise development can be introduced to the market with a minimum FSR of 3.07

3.5 Development Threshold Analysis

3.5.7 NE corner of 160 Street and Fraser Highway – High-rise Scenario

Current Market Conditions

Price inflation rate	2%
Acceptable Land Residual Value– High-rise development	$69/sf

Major Assumptions

FSR	3.07
Construction Cost	$375/sf
Cost Inflation	2%
Development Profit	10%
Construction Loan Interest	4.5%

Sensitivity Analysis

Condo Price/sf	Land Residual Value/sf
$660	$31
$670	$36
$680	$40
$690	$45
$700	$50
$710	$55
$720	$59
$730	$64
$740	**$69**
$750	$74
$760	$78
$770	$83
$780	$88
$790	$92
$800	$97
$810	$102
$820	$107
$830	$111
$840	$116
$850	$121
$860	$126
$870	$130
$880	$135
$890	$140
$900	$144

Conclusion

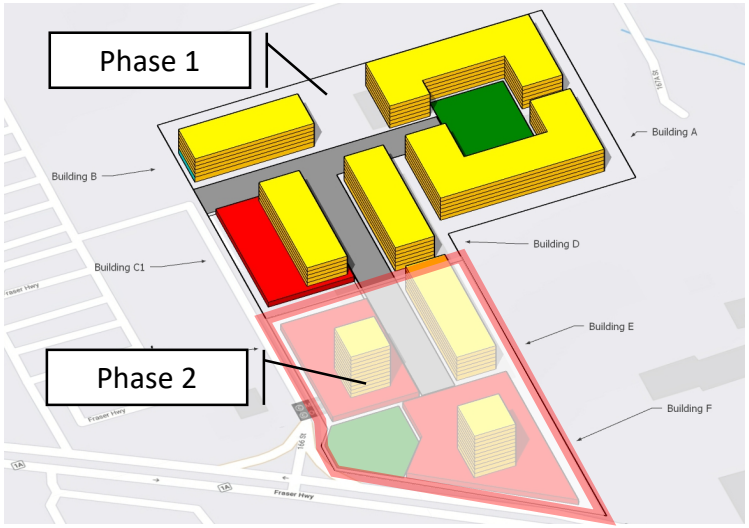
› Once high-rise condo prices are able to achieve $740/sf, the land residual value would support redevelopment under the scenario where the entire site is developed with an overall FSR of 3.07, including a tower site with an FSR of 7.5.

- None of this assumptions include any relocation compensation
- **Estimated High-rise Condo/Retail Price = 85% of those of Surrey Center

With current construction and sales prices, low-rise mixed-use redevelopment is currently viable at a minimum FSR of 1.8

3.5 Development Threshold Analysis

3.5.8 Rona/JYSK 16659 Fraser Highway – Current Market Scenario



Current Market Conditions

Low-rise Condo Price	$550/sf
Low-rise Street Retail Strata Price	$300/sf
Price inflation rate	2%
Acceptable Land Residual Value– Low-rise development	$50/sf

Major Assumptions

Construction Cost	$275/sf
Cost Inflation	2%
Development Profit	10%
Construction Loan Interest	4.5%

Summary of Financial Analysis

Site Information	
Phase 1 Site Area	298,163
Total Gross Buildable Area	536,813
Retail Buildable Area	43,385
Retail Salable Area	36,877
Efficiency Rate	85%
Residential Gross Buildable Area	493,429
Net Residential Leasable Area	419,414
Residential Efficiency	85%
Phase 1 FSR	1.80

Sources of Development Capital	$
Total Sources of Capital	206,492,640
Equity Investment (Construction)	66,168,856
Construction Loan	140,323,784
Land Loan	0
Mortgage Loan	0
Construction Loan LTV	65.00%

Total Project Costs	$ Value	$/SF
Total Project Costs	233,246,378	435
Total Project Costs (Before Land)	206,492,640	385
Soft Costs	33,426,586	62
Hard Costs	157,210,616	293
Contingency Costs	4,980,345	9
Financing Costs	10,875,093	20
Soft Costs as a % of Hard Costs (Less Contingency)	21.26%	

Land Residual	$
Created Value	256,571,016
Total Project Costs (Excl. Land)	(206,492,640)
Developer Profit (10%)	(23,324,638)
Residual Land Value	26,753,738
Price Per Buildable	50

Conclusion

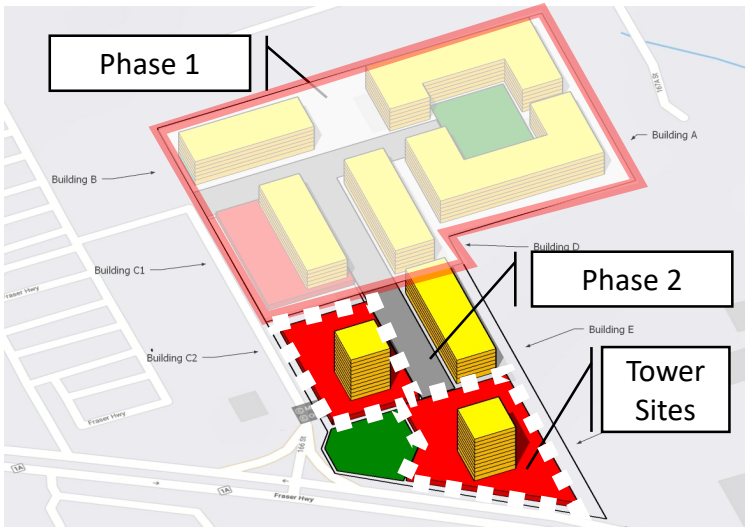
› Due to the large size of the site, Colliers has assessed a scenario where it is developed in two phases, with phase 1 being lower density wood frame. Under current market conditions and construction costs, low rise wood-frame redevelopment is viable at a minimum FSR of 1.8.

- None of this assumptions include any relocation compensation.
- Site area does not include dedications, such as city road and city park.

With current construction and sales prices, a high-rise mixed-use project is not feasible, even with an FSR of 7.5 on Tower Sites.

3.5 Development Threshold Analysis

3.5.9 Rona/JYSK 16659 Fraser Highway – High-rise Scenario



Current Market Conditions

Estimated High-rise Condo Price**	$660/sf
Estimated Podium Retail Strata Price**	$637/sf
Price inflation rate	2%
Acceptable Land Residual Value– High-rise development	$69/sf

Major Assumptions

Construction Cost	$375/sf
Cost Inflation	2%
Development Profit	10%
Construction Loan Interest	4.5%

Summary of Financial Analysis

Site Information	
Phase 2 Site Area	181,914
Total Gross Buildable Area	953,047
Retail Buildable Area	111,628
Retail Salable Area	100,465
Efficiency Rate	90%
Residential Gross Buildable Area	841,419
Net Residential Leasable Area	715,206
Residential Efficiency	85%
Phase 2 FSR	5.24

Total Project Costs	$ Value	$/SF
Total Project Costs	511,810,215	537
Total Project Costs (Before Land)	490,345,472	515
Soft Costs	73,174,303	77
Hard Costs	371,210,009	389
Contingency Costs	12,618,050	13
Financing Costs	33,343,110	35
Soft Costs as a % of Hard Costs (Less Contingency)	19.71%	

Sources of Development Capital	$
Total Sources of Capital	490,345,472
Equity Investment (Construction)	156,914,370
Construction Loan	333,431,101
Land Loan	0
Mortgage Loan	0
Construction Loan LTV	65.00%

Land Residual	$
Created Value	562,991,236
Total Project Costs (Excl. Land)	(490,345,472)
Developer Profit (10%)	(51,181,021)
Residual Land Value	21,464,743
Price Per Buildable	23

Conclusion

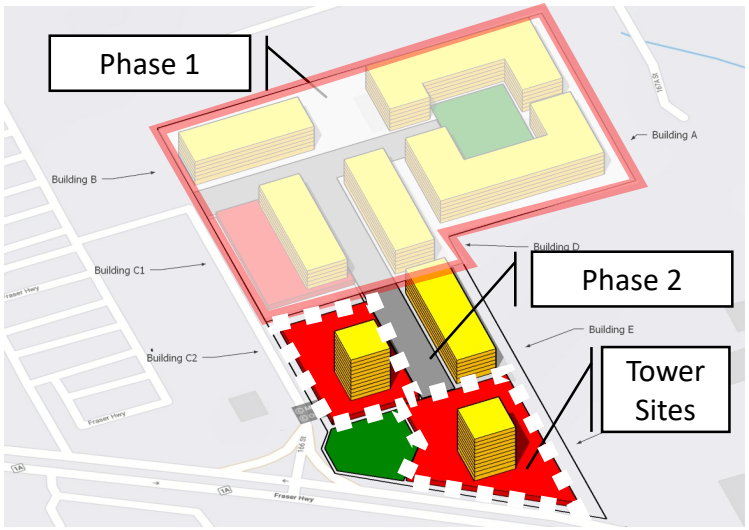
› With current market conditions and construction costs, high-rise development cannot be introduced to the market as it cannot achieve the market acceptable land residual value, even with an FSR of 7.5 on two tower sites.

- None of this assumptions include any relocation compensation. Site area does not include dedications, such as city road and city park
- **Estimated High-rise Condo/Retail Price = 85% of those of Surrey Center

When the high-rise condo price achieve $720/sf, high-rise development can be introduced to the market with a minimum FSR of 5.24 in phase 2.

3.5 Development Threshold Analysis

3.5.10 Rona/JYSK 16659 Fraser Highway – High-rise Scenario



Current Market Conditions

Price inflation rate	2%
Acceptable Land Residual Value– High-rise development	$69/sf

Major Assumptions

FSR	5.24
Construction Cost	$375/sf
Cost Inflation	2%
Development Profit	10%
Construction Loan Interest	4.5%

Sensitivities Analysis

Condo Price/sf	Land Residual Value/sf
$660	$23
$670	$29
$680	$35
$690	$41
$700	$47
$710	$53
$720	$60
$730	$66
$740	$72
$750	$78
$760	$84
$770	$91
$780	$97
$790	$103
$800	$109
$810	$115
$820	$121
$830	$128
$840	$134
$850	$140
$860	$146
$870	$152
$880	$159
$890	$165
$900	$171

Conclusion

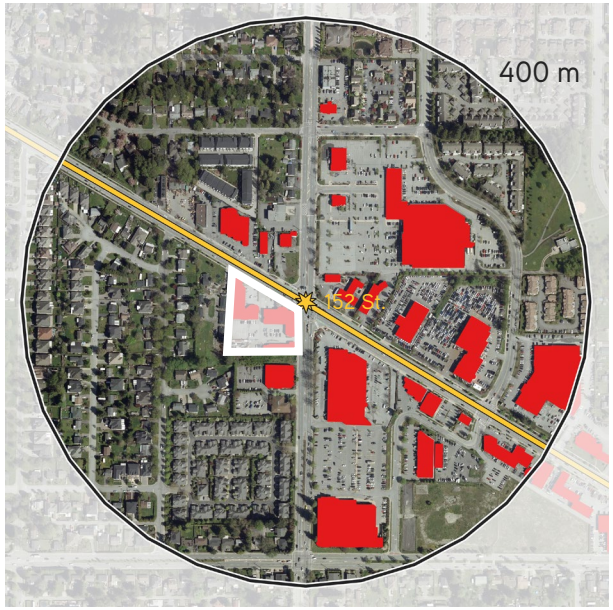
- Once high-rise condo prices reach between $730-$740/sf, the land residual would increase to $66-$72/sf which would warrant redevelopment at a total FSR of 5.24.
- This assumes the two tower sites are developed with an FSR of 7.5, and the remainder of the site is developed with as low-rise woodframe.

- None of this assumptions include any relocation compensation. Site area does not include dedications, such as city road and city park
- **Estimated High-rise Condo/Retail Price = 85% of those of Surrey Center

The summary below outlines the respective redevelopment thresholds for each of the three selected sites.

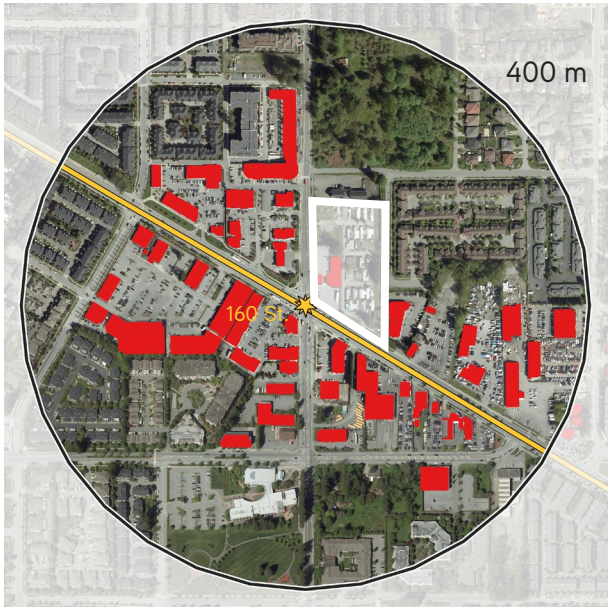
3.5 Development Threshold Analysis

3.5.11 Summary



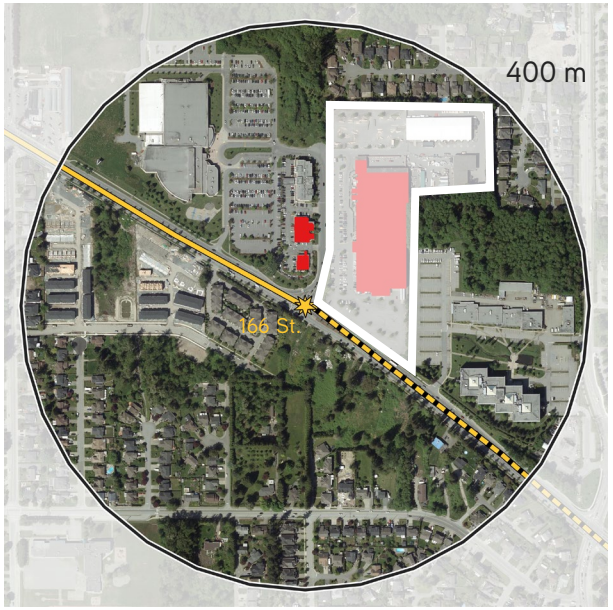
SW corner of 152 Street and Fraser Highway

Low-rise buildings are viable right now, with a minimum FSR of 3.56. When condo prices reach $770/sf, and retail strata prices reach $675/sf, a high-rise mixed-use project can be introduced to the market, with a minimum FSR of 7.5.



NE corner of 160 Street and Fraser Highway

Low-rise buildings are viable right now, with a minimum FSR of 1.25. When condo prices reach $740/sf, and retail strata prices reach $637/sf, a high-rise mixed-use project can be introduced to the market, with a minimum overall FSR of 3.07.



Rona/JYSK 16659 Fraser Highway

Low-rise buildings are viable right now, with a minimum FSR of 1.80 in phase 1. When condo prices reach $730-740/sf, and podium retail strata price reach $637/sf, a high-rise mixed-use project can be introduced to the market, with a minimum overall FSR of 5.24 in phase 2.

4 | Commercial Market Analysis

Colliers
INTERNATIONAL

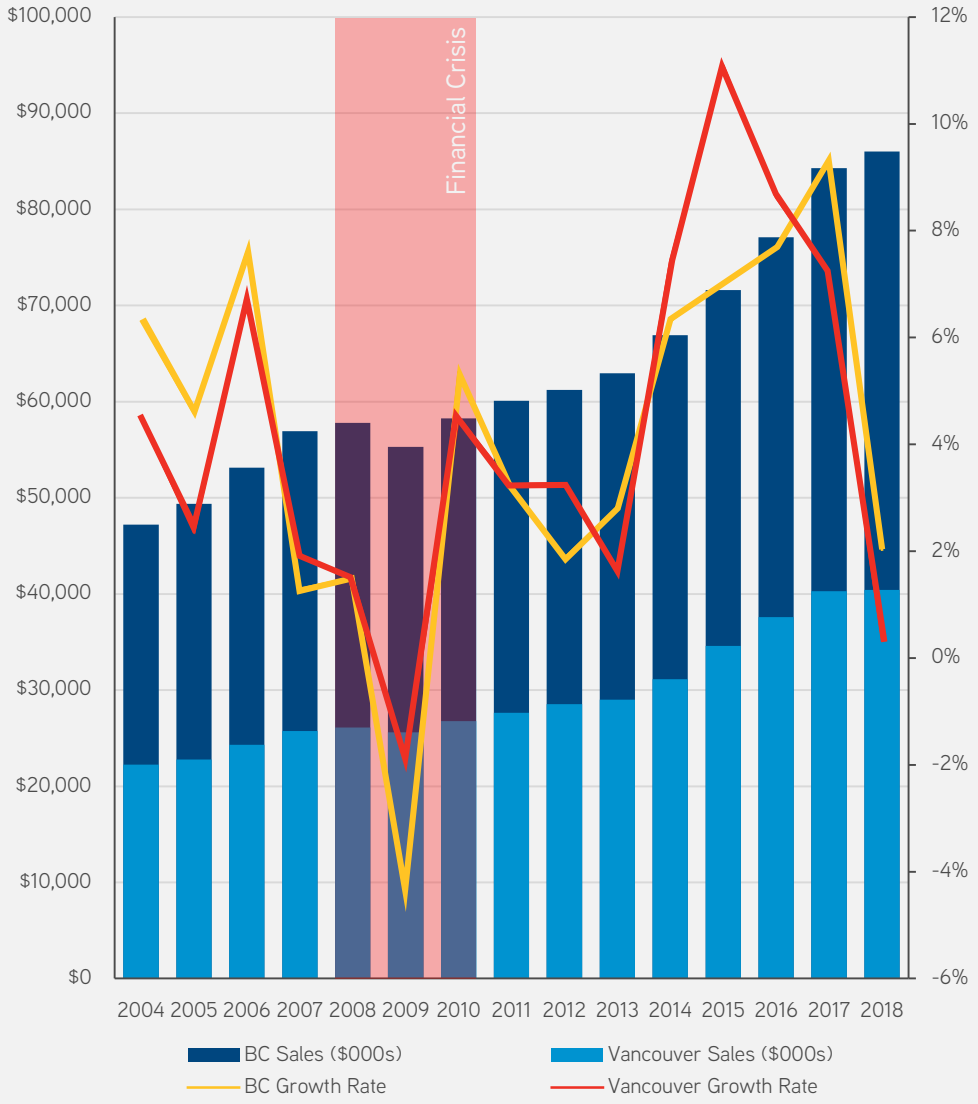
Year-over-year retail sales growth is approaching 0% within Metro Vancouver, with sales performance varying depending on retail category.

4.1 Commercial Market Trends

4.1.1 Retail Sales Performance

- Retail sales now top $40 billion per year within Metro Vancouver, which is approximately half of the Provincial retail market. Year-over-year retail sales growth has been slowing at a notable rate, dropping from 7.2% to 0.3% over the past year in Metro Vancouver.
- Within BC, retailers are anticipating a ramp-up in hiring and spending spin-offs throughout the province which will have varying impact on the retail market, due to major infrastructure projects such as the SkyTrain extensions.
- Despite future spending potential, the economy has slowed down which is reflected by minimal recent sales growth. Factoring in inflation, retail sales growth was effectively negative between 2017-2018.
- This could be caused by a variety of factors, including shifting demographics, the rise of e-commerce, and broader economic conditions such as the impact of a slowing housing market on consumers' perceived wealth which can reduce retail spending.
- Despite slowing retail sales as a whole, overall sales performance varies widely when broken by individual retail category, as examined on the following page.

British Columbia and Metro Vancouver Retail Sales



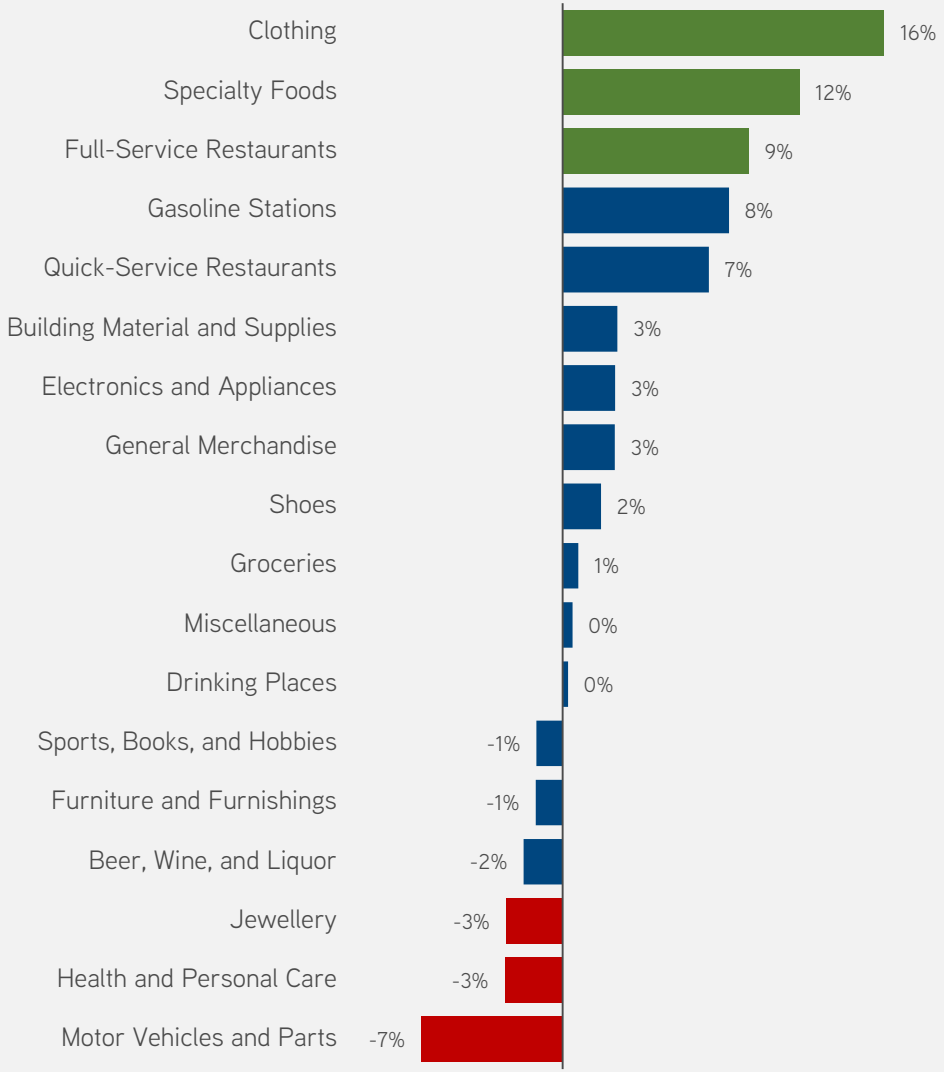
Despite a weakening retail market, specific categories such as luxury and value apparel, specialty foods, and experiential food services have fared well.

4.1 Commercial Market Trends

4.1.1 Retail Sales Performance (cont.)

- Despite numerous store closures, it is interesting to notice that clothing retailers, altogether, experienced 16% year-over-year sales growth between 2017-2018. This is largely caused by the strong high-end fashion market within Vancouver, which has the best performing Nordstrom and second-best performing Tiffany in North America.
- Value-oriented fashion retailers such as Uniqlo, Winners, and H&M have also performed relatively well recently, with the majority of store closures among mid-market retailers.
- There has also been strong growth among experiential food services, including restaurants and specialty foods, with consistent demand for healthy, quick-service restaurants in the 1,000-2,000-sf range, upper-tier casual restaurants, and food halls.
- Conversely, grocery sales have slowed recently resulting in numerous closures and growing trend of smaller, more refined grocery store footprints with a larger amount of prepared foods.
- Furniture, electronics, and similar retailers have also been impacted by the growth of more affordable online sources such as Amazon, Article, and Wayfair, with slowing amounts of foreign based expenditures potentially negatively impacting automotive and jewelry sales.

Metro Vancouver Retail Sales Growth (2017-2018)



The impact of online shopping varies heavily depending on retail category, with some online retailers beginning to open bricks-and-mortar stores.

4.1 Commercial Market Trends

4.1.2 Impact of Online Shopping

- The impact of ecommerce varies based on retail category, with convenience, price, and selection being major factors determining whether a consumer decides to purchase goods in-store or online.
- Resilient retail categories include food services, personal care, service commercial, fitness, value and athleisure apparel, entertainment, and other similar uses that are difficult to replicate online.
- Struggling retail categories include electronics, books, media, toys, homeware, furniture, department stores, and mid-market apparel.
- An interesting emerging trend is the "halo effect", where traditional online only retailers often experience increased revenue when they open bricks-and-mortar stores in regions where online sales are already strong.
- On average, these stores experience a 37% increase in web traffic after opening a store in an area that already has a strong online customer base. This effect is even stronger for emerging or new-to-market brands.
- Within Metro Vancouver, numerous online retailers are beginning to open bricks-and-mortar stores including Warby Parker, Casper Mattresses, Indochino, KOTN, and Herschel.

Strong

- Food and Beverage
- Personal Care
- Service Commercial
- Fitness
- Value and Athleisure Apparel

Weak

- Electronics
- Books, Media, and Toys
- Mid Market Apparel
- Homeware and Furniture
- Department Stores

Warby Parker

Indochino


KOTN


Herschel

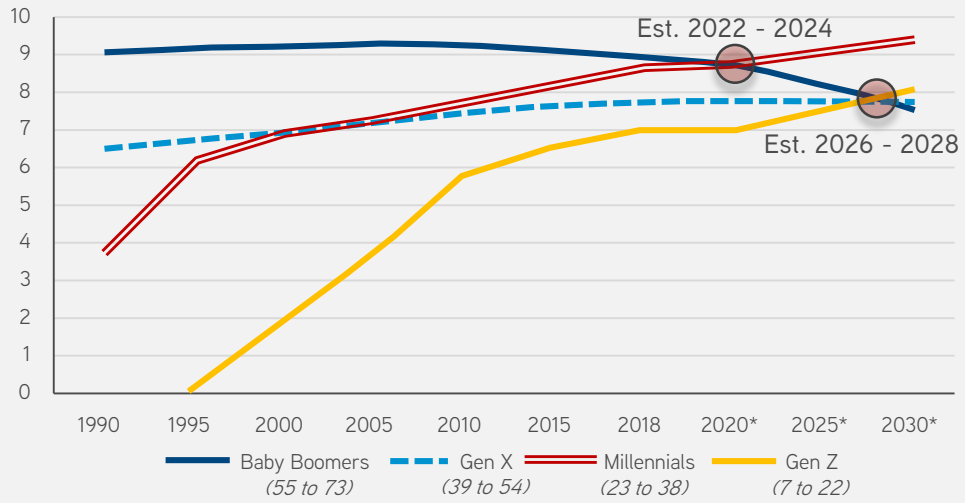
Millennials are expected to significantly impact the retail marketplace as they age into their prime consumption years of 35 to 54.

4.1 Commercial Market Trends

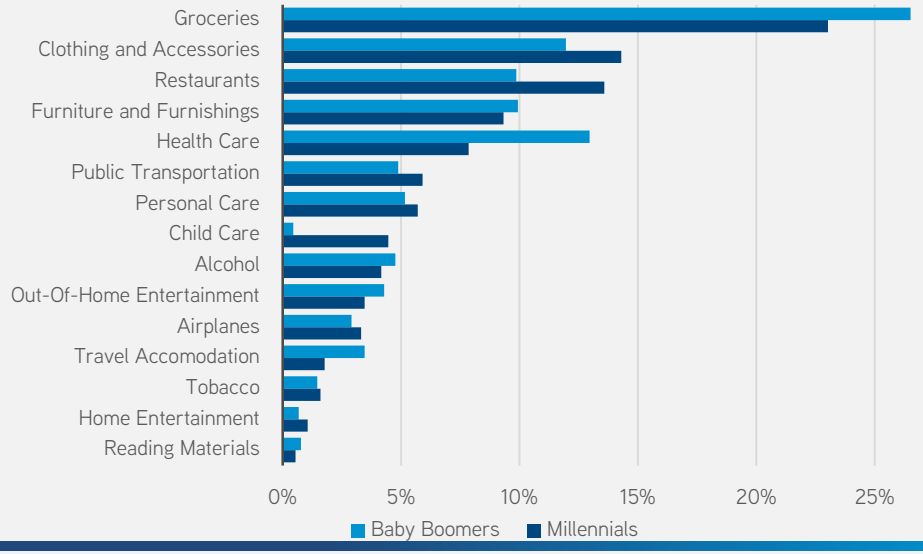
4.1.3 Demographics

- Demographics are also an essential component to retail performance. Millennials are set to become the largest population cohort within the Country over the next 5 years, followed by Generation Z.
- Defined as anyone born between 1981 and 1996, millennials are expected to increasingly impact retail as they age into their prime consumption years often defined as ages 35 to 54.
- Recent research indicates that this age group spends relatively more on specific retail categories and less on others when compared to older generations at the same age.
- The graph to the bottom right outlines the proportion of average household expenditures broken down by retail category and age cohort. Millennials spend proportionately more on clothing, restaurants, public transportation, personal care, childcare, airplanes, tobacco, and home entertainment.
- Conversely, baby boomers spend more on groceries, furniture, furnishings, health care, alcohol, out-of-home entertainment, travel accommodation, and reading materials.

Canadian Population by Generation 1990 - 2030 (millions)



Comparison of Spending Habits



Active, transparent storefronts and human scale development are essential principles necessary to facilitate an active and health retail environment.

4.1 Commercial Market Trends

4.1.4 Design and Planning Principles

- Retail performance is also highly dependent on some common retail design and planning principles, particularly the inclusion of active and transparent storefronts, and human scale development.
- Active storefronts that spill out onto the sidewalk help to attract customers and create a more diverse streetscape. Elements such as patios, exterior store displays, and dog-friendly areas help to enhance storefront activity.
- It is also essential to ensure that people can see or perceive human activity beyond the edge of a storefront, resulting in enhanced retail sales, street activity, and overall safety.
- Human scale development refers to the size, texture, and articulation of physical elements that match the size and proportion of the human rather than the vehicle, and equally as important, to the speed at which humans walk. Building details, weather protection, wide sidewalks, street furniture, and protection from traffic are some key human design features.
- Finally, retailer preferences are also important to consider. Generally, there is strong tenant demand for retail units with:
  - Direct, street level access
  - 800 – 1,000 sf units
  - Min 20 foot frontages
  - Min 14-16 foot heights
  - Rectangular units
  - Patio/exterior display areas
  - Power/venting/HVAC for F&B uses
  - Impactful signage

The introduction of rapid transit lines attracts retail demand from less accessible regions and encourages transit-oriented residential/office development.

4.1 Commercial Market Trends

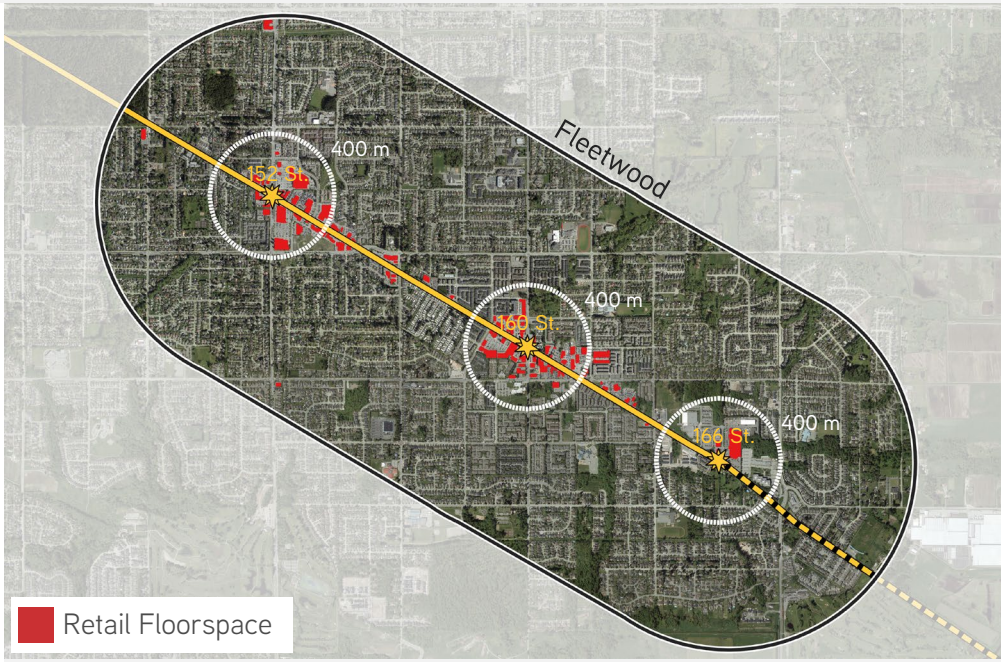
4.1.5 Transit Oriented Development

- The retail mix at transit-oriented developments is generally concentrated within a 200-400 metre radius and is heavily dependent on the on-site population living within dense, mixed-use developments.
- Rather than directly creating substantial new demand for retail floorspace, the introduction of rapid transit lines shifts demand from less accessible areas towards station areas and encourages residential/office development which results in growing retail demand.
- Successful transit-oriented developments draw upon the synergy of both the transit population and the local live-work-play environment. These developments therefore generally have a strong experiential focus, with high proportions of food services and entertainment-oriented uses that enhance the overall human energy.
- Additionally, retailers that include smaller takeaway or impulse items catered towards transit riders, such as prepared foods and drinks, beauty products, eyewear, cards, small gifts, and pharmaceuticals typically flourish in a TOD setting.
- Within Fleetwood and Clayton, it is expected that the introduction of the SkyTrain line will enhance the overall health of existing retailers located near future stations, while also facilitating increased demand from an expanded trade area and growing on-site population.

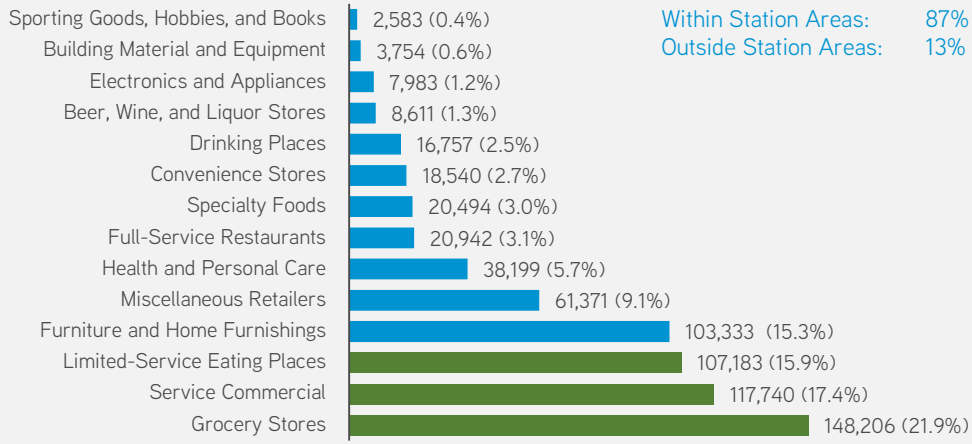
The Fleetwood Study area has approximately 676,000 square feet of retail floorspace, 87% of which is located within 400 metres of station locations.

4.2 Existing Supply in Fleetwood Study Area

- The entire Fleetwood Study Area currently has approximately 676,000 square feet of retail floorspace net automotive dealers and supplies. Grocery stores account for the largest amount of floorspace (21.9%), followed by service commercial establishments (17.4%), limited-service eating places (15.9%), and furniture home furnishings stores (15.3%).
- Limited-service eating places, as defined by the North American Industry Classification System (NAICS) includes fast food restaurants, coffee shops, and similar retailers. Service commercial retailers include personal and professional services such as barbers, salons, and fitness studios.
- There is a notable lack of full-service restaurants which only account for 3.1% of total retail floorspace within Fleetwood. Generally, neighbourhoods with the population levels seen within the Fleetwood Study Area can support a higher percentage of full-service restaurants particularly when located along a rapid transit line.
- Approximately 87% of current retail floorspace is located within 400 metres of future SkyTrain stations. This suggests that the positive impact of the SkyTrain line on retail tenants within the station areas is likely to outweigh the negative impact of the 13% of retailers located in between station areas that may experience a slight decline in passing vehicular and pedestrian traffic.

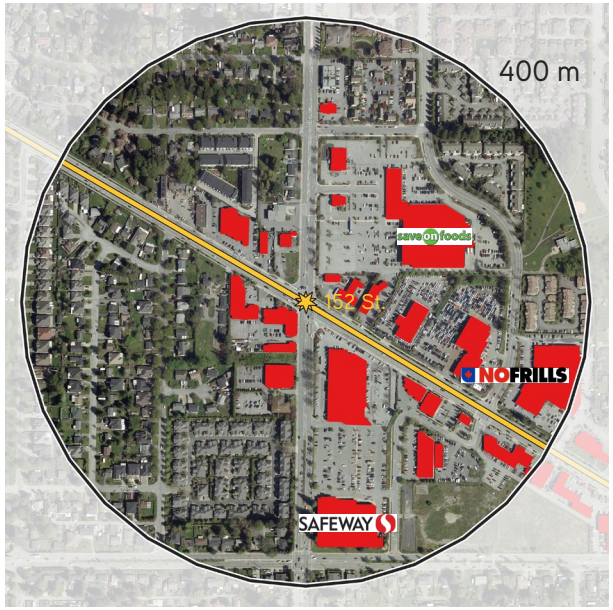


Fleetwood Retail Supply | Total GLA: 676,000 sf



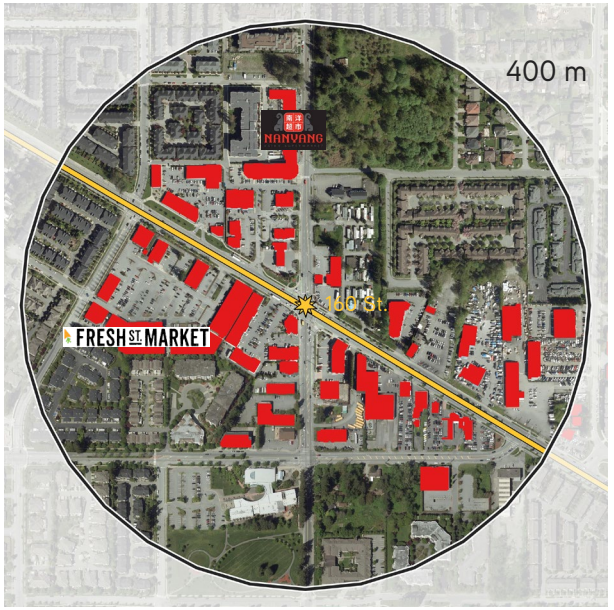
Grocery stores and limited-service eating places dominate the retail landscape surrounding both the 152 Street and 160 Street future SkyTrain Stations.

4.3 Existing Supply in Fleetwood Station Areas



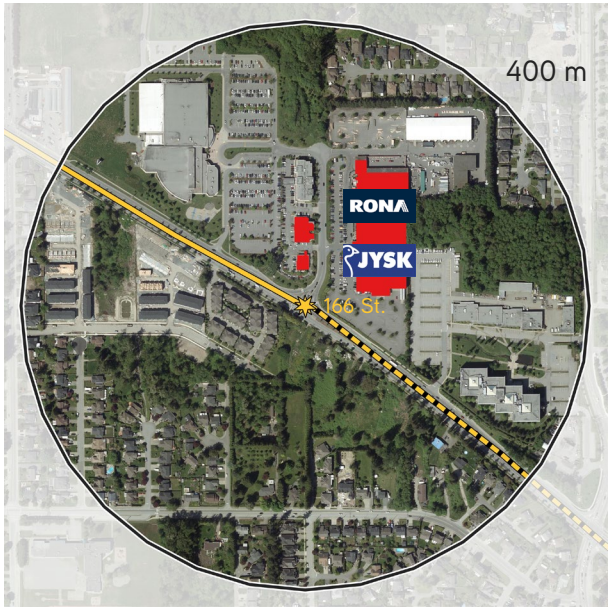
152 Street Station | Total GLA: 289,000 sf

The region within 400 metres of the future 152 Street Station currently has the most retail floorspace among all future station areas. The top three retail categories in terms of total floorspace are grocery stores (40.8%), service commercial establishments (22.3%), and limited-service eating places (13.2%).



160 Street Station | Total GLA: 200,000 sf

The 160 Street Station area is also relatively well served with approximately 200,000 square feet of retail floorspace. Service commercial (21.7%), limited-service eating places (20.6%), and grocery stores (15.1%) account for the top three retail categories within this area.



166 Street Station | Total GLA: 113,000 sf

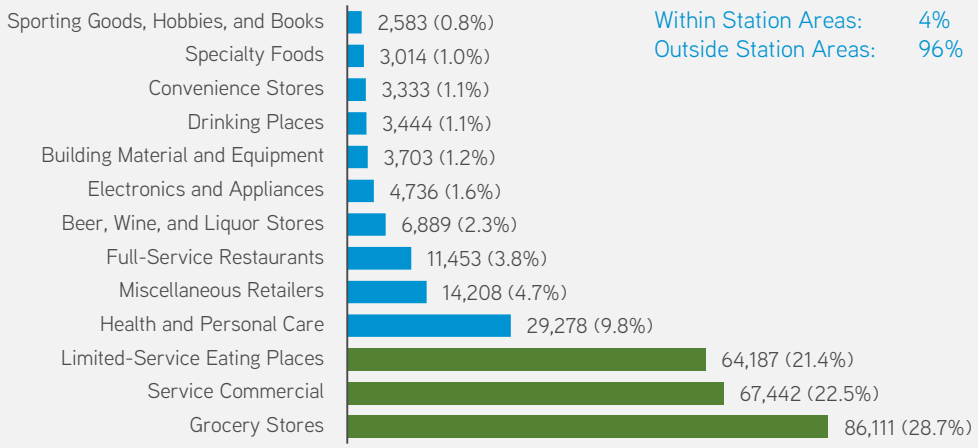
Big box formats dominate the retail environment surrounding the 166 Street Station due to the presence of RONA and JSYK. Aside from these popular, destinational tenants, this area is relatively underserved.

The Clayton Study area has approximately 300,000 square feet of retail floorspace, only 4% of which is located within 400 metres of station locations.

4.4 Existing Supply in Clayton Study Area

- The entire Clayton Study Area currently has approximately 300,000 square feet of retail floorspace net automotive dealers and supplies. Grocery stores account for the largest amount of floorspace (28.7%), followed by service commercial establishment (22.5%), limited-service eating places (21.4%), and health and personal care stores (9.8%).
- Similar to the Fleetwood Study Area, there is a relatively low percentage of floorspace allocated to full-service restaurants (3.8%). Demand for more restaurants is expected to grow over time as the area densifies and the SkyTrain enhances accessibility to the surrounding trade area.
- Unlike the Fleetwood Study Area, most of the retail floorspace (96%) is located outside of the future transit-oriented development areas, concentrated along Fraser Highway between 68 Avenue and 188 Street.
- Some of the tenants within this area may experience declining sales performance if the regions surrounding the future 184 Street Station and 190 Street Station are developed at a high-density level with competing retail offerings.
- On the following pages, Colliers will assess the impact of the SkyTrain on the gap between current supply and future projected demand within 400 metres of each future station location, with a focus on the Fleetwood Study Area due to the imminent timing of Phase 1 of SkyTrain development.

Clayton Study Area Retail Supply | Total 300,000 sf



Future demand within each trade area is initialized with household expenditure data from defined trade areas and area-specific demographic drivers.

4.5 Demand Analysis

4.5.1 Overview

- Colliers International Consulting (CIC) uses a proprietary retail model, along with an understanding of competitive retail supply and relevant benchmark projects, to assess an area's potential to support additional retail floorspace.
- The model is initialized with household expenditure data from defined retail trade areas, based on area-specific demographic drivers. Market capture rates are then applied based on the competitive environment and physical/psychological barriers such that affect accessibility.
- The resulting on-site expenditures are then converted into warranted square feet using industry-average and market-appropriate productivity rates.
- The demand analysis on the following pages of this report focuses on the Fleetwood Study Area, examining the additional long term (2019-2050) potential supportable retail floorspace surrounding the 152 Street, 160 Street, and 166 Street stations warranted by the introduction of the SkyTrain and the densification of surrounding land uses.

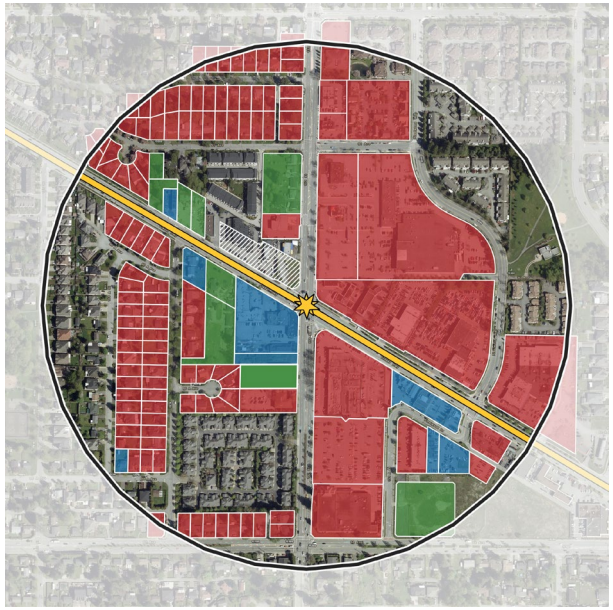
4.5.2 Trade Area Delineation

- The first step in gauging potential market support for retail uses is to delineate appropriate trade areas. These are the geographic areas within which most annual retail sales originate.
- Based on CIC's review of the road network, nearby retail supply, and related retail development trends, additional supportable floorspace will be generated primarily from the population living and working within approximately 400 metres of each station.
- The retail trade areas shown on the map on the following page have therefore been examined for the purposes of this study. These areas are intended to accommodate higher density forms of development supported by increased demand for residential units generated by the implementation of the SkyTrain.
- In order to estimate the potential increase in population within each trade area, Colliers undertook an assessment of current operations, building age, land values, and feasible density levels and absorption rates to identify which lots will be likely to redevelop over the short, medium, and long term on top of development activity currently occurring.
- Additionally, a small amount of inflow retail demand may be generated by residents living outside of the trade areas whom walk to and from the SkyTrain for their daily commute.

The 160 and 166 Street Station Trade Areas are expected to have more short-term redevelopment than the 152 Street Station Trade Area.

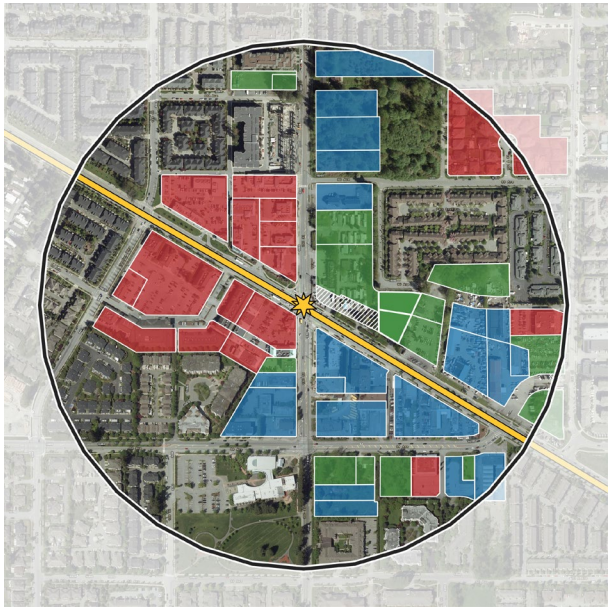
4.5 Demand Analysis

Short Term Redevelopment (est. 2019-2030)
Medium Term Redevelopment (est. 2030-2050)
Long Term Redevelopment (est. 2050+)



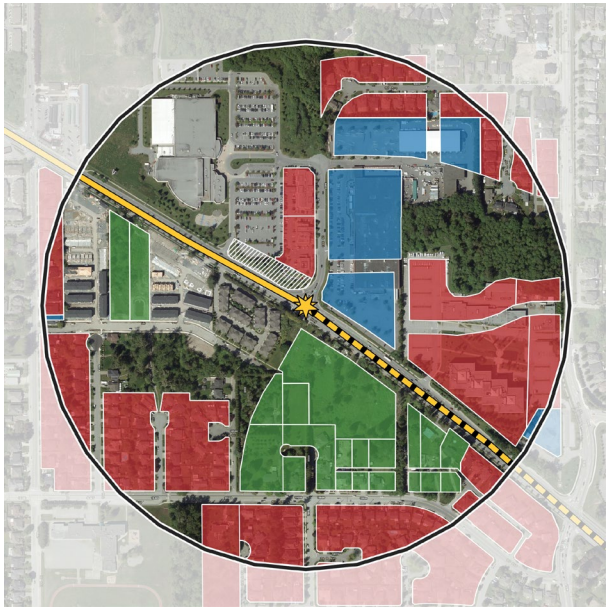
152 Street Station Trade Area

This trade area currently has a large amount of relatively well-performing single storey retail floorspace which will likely take longer to redevelop when compared to more underutilized, low density sites.



160 Street Station Trade Area

The 160 Street station represents the most potential for short term redevelopment within a central Fleetwood location due to a number of underutilized sites such as the mobile home park adjacent to the future SkyTrain station.



166 Street Station Trade Area

There is a notable amount of development expected to occur in the short term surrounding 166 Street Station, particularly on the south side of Fraser Highway. There is also a considerable amount of development currently occurring.

Population projections result in additional retail expenditures that could support new retail supply within the SkyTrain Station Areas.

4.5 Demand Analysis

4.5.3 Trade Area Population Projections

- The current population within each of the trade areas was generated using population data from the City of Surrey and Statistics Canada. Current populations were then projected to 2050 based on an analysis of long-term residential demand generated within each trade area, along with an analysis of potentially feasible redevelopment sites.
- It is estimated that by 2050, each of the short-term and medium-term sites will be developed and absorbed. It is important to note that these projections may vary depending on fluctuating economic conditions and planning policies.
- The Long-term projections (2050+) have a higher degree of uncertainty and are therefore not examined as part of the retail demand modelling process.
- The table to the right displays the estimated current population and projected populations within each trade area by 2030, 2050, and along with the 2050+ expected build-out population.
- The 152 Street Station Trade Area is expected to grow from a current population of 1,681 to a 2050 population of approximately 3,838 (2,157 additional residents).

Trade Area Population Projections	Existing Population	Short Term	Medium Term	Long Term
	2019	2019-2030	2030-2050	2050+
152 Street Station	1,681	2,926	3,838	11,517
160 Street Station	2,659	4,656	7,371	10,319
166 Street Station	1,639	3,362	5,468	12,871

- The 160 Street Station Trade Area is expected to grow from a current population of 2,659 to a 2050 population of approximately 7,371 (4,712 additional residents).
- The 166 Street Station Trade Area is expected to grow from a current population of 1,639 to a 2050 population of approximately 5,468 (3,829 additional residents). This trade area therefore has the largest population growth potential.
- These population projection figures result in additional retail expenditures that could potentially warrant additional retail floorspace within each trade area, as examined in further detail on the following pages.

The 160 Street Station Trade Area is expected to experience the highest net sales capture potential among each Fleetwood Station Area.

4.5 Demand Analysis

4.5.4 Trade Area Expenditure Potential

- As outlined below and in more detail in the appendix, Colliers calculates the additional retail expenditures that could realistically be generated by the population within each trade area by 2050, along with additional inflow demand generated from the SkyTrain. This is a key step in determining the potential to support new retail uses around each station in addition to existing retail supply.
- Colliers has included the annual expenditure potential for each of the major three-digit NAICS retail trade categories. More detailed subcategories have been included for the Retail Food category as this category is an instrumental component of neighbourhood related retail.
- 152 Street Station Trade Area Expenditure Potential: The additional population located within the 152 Street Station trade area is expected to generate an additional $33.3 million in total retail expenditures by 2050.
- 160 Street Station Trade Area Expenditure Potential: The additional population located within the 160 Street Station trade area is expected to generate an additional $72.7 million in total retail expenditures by 2050.
- 166 Street Station Trade Area Expenditure Potential: The additional population located within the 166 Street Station trade area is expected to generate an additional $59.1 million in total retail expenditures by 2050.

4.5.5 Trade Area Net Sales Capture

- The trade area expenditure figures estimate total spending by residents living within the trade areas of each trade area, regardless of where they make their purchases. This estimate must be converted into the expected spending on retail at each of the trade areas.
- As such, category-specific market capture rates are applied, which are based on anticipated shopping patterns given the relative location of existing and future retail establishments and development trends. Capture rates will therefore be highest for retailers such as cafes, small grocery stores, personal services, and other convenience-oriented uses, and lowest for comparison retailers such as clothing and home furnishings.
- 152 Street Station Trade Area Net Sales Capture: The additional population located within the 152 Street Station trade area by 2050 is expected to generate an additional $3.5 million in retail expenditures that could realistically be captured by new station area retailers.
- 160 Street Station Trade Area Net Sales Capture: The additional population located within the 160 Street Station trade area by 2050 is expected to generate an additional $13.9 million in retail expenditures that could realistically be captured by new station area retailers.
- 166 Street Station Trade Area Net Sales Capture: The additional population located within the 166 Street Station trade area by 2050 is expected to generate an additional $12.2 million in retail expenditures that could realistically be captured by new station area retailers.

Additional estimated supportable floor area by 2050 ranges from 11,000 sf around 152 Street Station up to 40,000 sf around 160 Street Station.

4.5 Demand Analysis

4.5.6 Additional Warranted Floor Area Demand by 2050

- The projected station area sales volumes can be converted into warranted floor area (leasable or saleable area) by dividing the net expenditures by sector-specific sales per square foot productivity targets – a metric used in the retail industry to evaluate development potential opportunities.
- Utilizing the previously estimated market capture rates and industry-average floor space productivity, the table to the right totals the retail floor area support from trade area residents among each of the station areas. It is recommended that any new retail floorspace in the area be concentrated within 200 metres of a SkyTrain station.
- **152 Street Station Trade – Additional Floor Area Demand:** The 152 Street Station area could potentially support up to approximately 11,000 sf of additional retail floorspace by 2050.
- **160 Street Station Trade – Additional Floor Area Demand:** The 160 Street Station area could support up to approximately 40,000 sf of additional retail floorspace by 2050.
- **166 Street Station Trade Area Net Sales Capture:** The 166 Street Station may only be able to support up to approximately 32,000 sf of additional retail floorspace by 2050.

Additional Supportable Floorspace by 2050 (sf)	152 Street Station	160 Street Station	166 Street Station
Grocery	0	8,442	10,290
Convenience	608	1,328	1,199
Specialty Food	424	927	753
Beer, Wine, Liquor	382	2,086	2,373
Health and Personal Care	471	2,059	2,509
Gasoline Stations	0	0	0
Clothing and Accessories	315	1,375	559
Sporting Goods, Hobbies, Books	155	339	275
General Merchandise	2,154	4,706	0
Miscellaneous Retailers	305	667	0
Total Retail	**4,815**	**21,930**	**17,959**
Full Service Restaurants	2,163	4,725	3,839
Quick Service Restaurants	1,049	2,292	1,862
Total Food & Beverage	**3,399**	**7,425**	**6,033**
Service Commercial	2,875	10,274	8,397
Total Additional Floor Area	**11,000**	**40,000**	**32,000**

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