

COMMERCIAL & INDUSTRIAL LANDS DEVELOPMENT ANALYSIS

CITY OF PITT MEADOWS

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Executive Summary

G.P. Rollo & Associates (GPRA) has conducted an assessment of commercial development potential, in particular at the Cardiff and North Lougheed Lands, in Pitt Meadows in order to explore how such development might change the nature of property tax revenue distribution between non-residential (industrial, business park, office and retail) and residential taxpayers in the years to come. GPRA examines absorption potential for non-residential lands based first on Metro Vancouver's employment projections and then based on changing nature of market trends and dynamics in the region's northeast sector, arriving at a likely future scenario of growth. From that point, GPRA examines how the total assessed value of non-residential and residential lands – and by extension property tax revenue – will likely evolve (in constant dollars and current tax rates) both *with and without* non-residential development taking place at Cardiff and North Lougheed. GPRA paints the picture of the changing distribution of tax revenues, and the generation of future revenues and funding for the City's municipal services.

GPRA's core conclusions are as follows:

Jobs and Absorption Estimates:

- Based on Metro Vancouver's employment projections for Pitt Meadows from 2011 to 2041, we would expect to see 30 year demand for approximately 335-375,000 square feet of office space in business parks and an additional 809,000 square feet of space of light industrial.
- We believe that Metro's forecasts would need to be revised upward if Cardiff and North Lougheed become commercial hubs, given the shifting patterns of demand and past growth limited primarily by constrained supply.
- Our market research leads us to conclude that absorption of business park/light industrial space in Pitt Meadows could proceed at a pace of 125,000 to 150,000 square feet per year between now and when Cardiff and North Lougheed lands become available, and at up to 300,000 square feet per year thereafter until all sites are built out. We also believe that a 340,000 square foot shopping centre at the North Lougheed lands is feasible.
- At the above noted absorption rates, we believe that Cardiff and North Lougheed business/industrial parks could attract between 6,200 and 6,700 employees, with an additional 550 to 750 at a future North Lougheed shopping centre.

Property Tax Implications

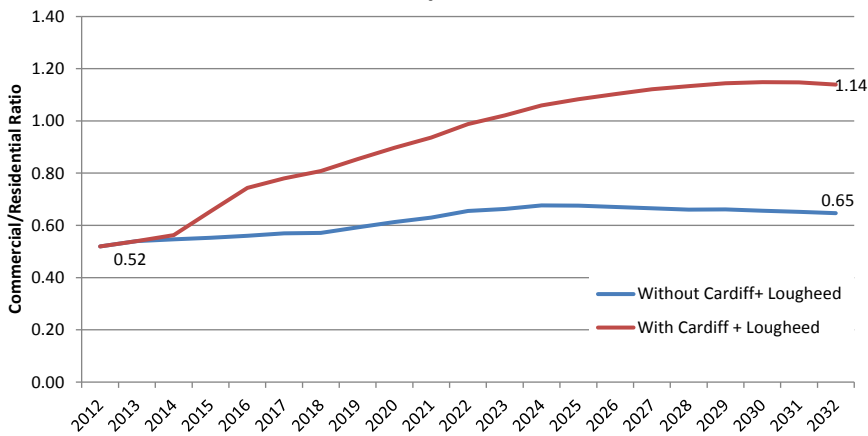
- In 2012, Pitt Meadows' tax revenue breakdown between commercial and residential and its position vis-à-vis its neighbouring municipalities is as follows:

Comparative Tax Revenue Ratios, 2012		
Municipality	Commercial/Total	Commercial/ Residential
City of Langley	0.43	0.76
City of Port Coquitlam	0.36	0.55
City of Coquitlam	0.36	0.55
Pitt Meadows	0.35	0.53
Township of Langley	0.30	0.42
City of Surrey	0.27	0.38
District of Maple Ridge	0.17	0.21

Source: BC Assessment 2012 Net Taxable Values; Municipal mill rates.

- If development proceeds over the next 20 years with Cardiff and North Loughed lands remaining in their current state, the commercial/residential property tax revenue ratio is likely to evolve from 0.52 to 0.65.
- However, if Cardiff and North Loughed become commercial properties and are built-out with a combined 3.11 million square feet of business/industrial and 340,000 square feet of retail space, the commercial/residential property tax revenue ratio will likely reach 1.14 by 2032.
- Essentially, with Cardiff and North Loughed lands being developed for non-residential use (industrial, business park, office and retail), the revenue from non-residential property taxes will surpass residential property tax revenues by 2022 and will account for 53% of the municipal tax base by 2027.

**Commercial/Residential Property Tax Revenue Ratios
with and without Cardiff + North Loughed
Developments**



- By pursuing OCP policies that support commercial development at the Cardiff and North Loughed lands, the proportion of municipal operating costs supported by commercial lands will increase significantly over time vis-à-vis residential lands. Without pursuing such policies, residential property owners will be faced with having to pay for a greater portion of the municipal operating costs, likely necessitating the need for higher residential property tax rates.

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1.0 INTRODUCTION & BACKGROUND

G.P. Rollo & Associates (GPRA) has been contracted by the City of Pitt Meadows to undertake a study examining the implications of commercial development at the Cardiff and North Lougheed Lands for the future property tax revenue structure in the City. To that end, GPRA has undertaken this study to examine the following issues:

1. What has been the recent history of Pitt Meadows' employment structure and growth within a Metro Vancouver context, and what are the implications of Metro Vancouver's job projections for Pitt Meadows on the future of office, industrial and retail development on the Cardiff and North Lougheed lands?
2. Do the Metro Vancouver employment projections sufficiently account for the potential to absorb commercial space at Cardiff and North Lougheed? And if not, what is the revised absorption potential and implications for employment growth?
3. Having adopted a likely absorption scenario for commercial space at Cardiff and North Lougheed, what are the implications for property tax revenues and thus relative burden to fund future municipal services?
 - a. What is the likely property tax revenue distribution between residential and commercial with and without commercial going to Cardiff and North Lougheed?
 - b. How does Pitt Meadows property tax structure stack up against nearby municipalities?

2.0 ASSUMPTIONS & LIMITING CONDITIONS

This analysis is based on the following analytical assumptions and is limited by the following conditions.

1. This analysis is based on the most recent information made available to us, including lease rates, capitalization rates, employment numbers and employment densities. Changes to any of these assumptions will impact the results of the analysis.
2. All statistical information provided in this analysis has been drawn from sources deemed to be reliable, for which we assume no responsibility, but which we believe to be correct.
3. No responsibility is assumed for legal matters, questions of survey and opinions of title. Statements contained within this study which involve matters of opinion, whether or not identified as such, are intended as opinion only and not as representations of fact. This report is intended to be read in its entirety; individual sections should not be extracted or reproduced or in any way utilized independently of the complete report.
4. This study is qualified in its entirety by, and should be considered in light of these limitations, conditions and considerations. If for any reason major changes should arise to influence the basic assumptions stated previously, the findings contained in these analyses should be reviewed with such conditions in mind and revised if necessary.

3.0 Pitt Meadows' Economy, Employment Outlook & Land Use Demand Implications

3.1 REGIONAL TRENDS

From 1996 to 2006 Metro Vancouver's population grew from 1,831,665 to 2,116,581, an average annual rate of 1.5%. Over the same time period, the Metro Vancouver employment base grew from an estimated 915,000 to 1,158,000 or 2.4% per year. Metro Vancouver's employment projections indicate that the region will have 1,448,410 employees by 2021 and 1,752,540 by 2041, while growing in population to over 3.4 million people.

Some of the prominent development and employment trends across the region include:

- Heavy industry and manufacturing accounting for a declining share of regional employment;
- More industrial employment in light manufacturing, warehousing and distribution;
- Growing need to protect the industrial land base;
 - In 2005 there was an estimated 6,650 vacant acres of Industrial land in Metro Vancouver vs. 20,370 developed acres. By 2010, there were 6,634 vacant acres vs. 21,612 developed acres.¹
 - While there was a significant increase in developed industrial acres over that period (average 248 acres per year), there was negligible net change in vacant land because new lands at Tsawwassen First Nation, in Delta and in Maple Ridge were added to the inventory.
 - It should be noted that much of the vacant industrial land base in Maple Ridge is located at the north end of 256th street and is relatively unattractive from a regional market perspective, at least in the near and medium term.
 - Based on past absorption trends, there is an estimated 20-25 years of vacant land capacity across the region.
- Strong demand for residential development has created significant pressures across the region in the last decade for conversion of commercial and industrial lands to residential and residentially-driven mixed-use development. This has resulted in policies to protect commercial and industrial lands.

3.2 POPULATION AND LABOUR FORCE

The City of Pitt Meadows had a population of 17,736 in 2011, up nearly 14% from 15,623 in 2006. Since 1996, the City has added 4,300 residents and has grown at an average annual rate of 1.9% (vs. 1.6% for Metro Vancouver as a whole).

As Pitt Meadows slightly outpaced the Region in terms of annual growth, the City's share of regional population increased slightly over the last 15 years from 0.73% in 1996 to 0.77% in 2011.

¹ Metro Vancouver 2010 Industrial Lands Inventory.

Table 1: Population Growth, Pitt Meadows & Metro Vancouver, 1996 to 2011

Population Growth, Pitt Meadows & Metro Vancouver, 1996 to 2011					
	1996	2001	2006	2011	Avg. Annual Growth '96-'11
Pitt Meadows	13,436	14,670	15,623	17,736	1.9%
Metro Vancouver	1,831,665	1,986,966	2,116,581	2,313,328	1.6%
PM Share of Metro Pop	0.73%	0.74%	0.74%	0.77%	

Source: Statistics Canada

Labour force data from the National Census tells us that 8,585 of Pitt Meadows residents, or 55% of the population, were active in the labour force in 2006. Of these, 1,525 or 18% worked within the municipality. This figure is estimated to have reached 1,670 by 2009 and 1,755 by 2011.

Metro Vancouver’s regional and municipal employment projections work off a 2006 base total by industry sector, derived through custom census tabulations. Metro estimated 5,238 employees across all industry sectors working in Pitt Meadows in 2006, growing to 6,201 by 2011. If every employed resident of Pitt Meadows worked within the municipality, the jobs/housing ratio for 2011 would be 0.35. This ratio is consistent with Maple Ridge, White Rock Port Coquitlam.

Since 2001, Pitt Meadows’ share of regional employment has increased from 0.36% to 0.49%.

Table 2: Employment Growth, Pitt Meadows & Metro Vancouver, 2001 to 2011

Employment Growth, Pitt Meadows & Metro Vancouver, 2001 to 2011			
	2001	2006	2011
Pitt Meadows	3,205	5,238	6,201
Metro Vancouver	901,780	1,158,509	1,260,293
PM Share of Metro Employment	0.36%	0.45%	0.49%

Source: Metro Vancouver Regional Planning (Employment Model), 2012

3.3 EMPLOYMENT BY SECTOR

The table below shows employment by industry sector located in Pitt Meadows and Metro Vancouver as of 2011. This data excludes employment that is not at a fixed workplace.

Table 3: Employment Distribution by Sector, 2011

Employment Distribution by Sector, 2011				
Sector	City of Pitt Meadows		Metro Vancouver	
	Jobs	Sector Share	Jobs	Sector Share
Primary	828	13.3%	18,138	1.4%
Retail	838	13.5%	133,750	10.6%
Transportation / Communication/ Utilities	292	4.7%	80,649	6.4%
Construction	406	6.5%	73,055	5.8%
Manufacturing	458	7.4%	107,452	8.5%
Wholesale	289	4.7%	67,857	5.4%
Finance, Insurance, Real Estate (FIRE)	278	4.5%	95,506	7.6%
Business Commercial Services	744	12.0%	243,673	19.3%
Information and cultural industries	570	9.2%	77,114	6.1%
Accommodation Food	560	9.0%	98,134	7.8%
Education	428	6.9%	93,130	7.4%
Health and Welfare	410	6.6%	121,295	9.6%
Public Admin	101	1.6%	50,541	4.0%
ALL INDUSTRIES	6,201	100.0%	1,260,293	100.0%

Source: Metro Vancouver Regional Planning (Employment Model), 2012

- As of 2011, goods producing industries (primary, manufacturing, construction) accounted for 16% of jobs in Metro Vancouver, but a substantially higher 27% of jobs in Pitt Meadows.
- While the majority of Pitt Meadows' jobs are concentrated in services, with the exception of the accommodation/food sector the Pitt Meadows the sectoral shares in each service category are lower than in Metro Vancouver overall.
- The retail trade sector is the largest employer within Pitt Meadows (13.5% of total jobs), followed closely by primary industries (13.3%). By contrast, Business and Commercial Services are the largest employment sector in Metro as a whole (19.3%), with retail services in second place. Primary industries are the smallest employment sector in Metro Vancouver, at 1.4%.

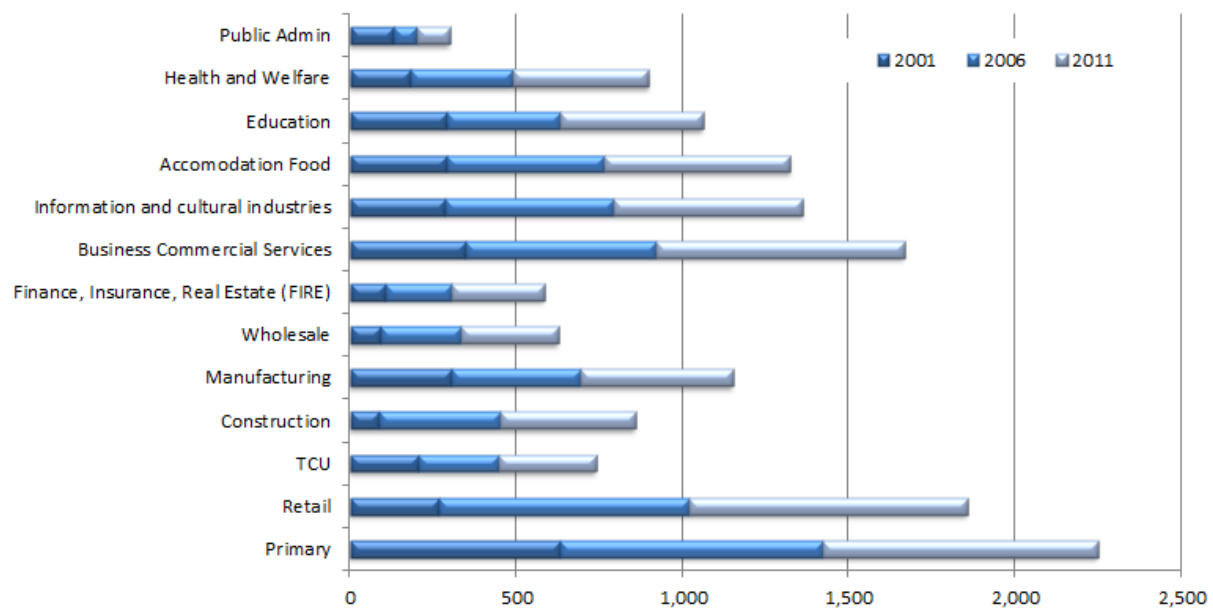
3.4 TRENDS: EMPLOYMENT BY SECTOR

Over the past decade Pitt Meadows has added 3,066 jobs, for an overall growth of 21% or 1.9% per year. The table and chart below present how jobs in Pitt Meadows and Metro Vancouver have grown by industry sector over the decade 2001 to 2011

Table 4: Employment by Sector Trends, 2001 to 2011

Employment by Sector Trends, Pitt Meadows & Metro Vancouver, 2001 to 2011								
Sector	Pitt Meadows				Metro Vancouver			
	2001	2006	2011	Avg. Annual Growth	2001	2006	2011	Avg. Annual Growth
Primary	630	788	828	2.8%	11,910	17,274	18,138	4.3%
Retail	265	752	838	12.2%	106,840	124,577	133,750	2.3%
TCU	205	239	292	3.6%	57,640	75,137	80,649	3.4%
Construction	85	364	406	16.9%	23,640	68,662	73,055	11.9%
Manufacturing	305	387	458	4.1%	91,705	100,556	107,452	1.6%
Wholesale	90	244	289	12.4%	50,480	63,241	67,857	3.0%
Finance, Insurance, Real Estate (FIRE)	105	200	278	10.2%	73,360	86,886	95,506	2.7%
Business Commercial	345	575	744	8.0%	157,815	222,331	243,673	4.4%
Information and cultural industries	285	504	570	7.2%	55,025	70,008	77,114	3.4%
Accommodation Food	290	471	560	6.8%	73,285	88,390	98,134	3.0%
Education	290	340	428	4.0%	66,910	84,419	93,130	3.4%
Health and Welfare	180	306	410	8.6%	92,290	109,936	121,295	2.8%
Public Admin	130	67	101	-2.5%	40,880	47,091	50,541	2.1%
TOTAL	3,205	5,238	6,201	6.8%	901,780	1,158,509	1,260,293	3.4%

Source: Metro Vancouver



The major growth sectors in Pitt Meadows over the past decade have been construction, retail trade, wholesale and FIRE. Public administration experienced a

decline from 2001 to 2006, but by 2011 had rebounded to near 2001 levels. In every other category, Pitt Meadows has experienced job growth at rates higher than Metro Vancouver overall.

3.5 EMPLOYMENT OUTLOOK

3.5.1 Methodology

Job sector employment forecasts for the Metro Vancouver region and each member municipality (including Pitt Meadows) were conducted by Metro Vancouver as part of the Regional Growth Strategy process. We present these forecasts here as a starting point for gauging future demand for employment space in Pitt Meadows overall and at the Cardiff and North Lougheed Lands specifically. This is done to answer the following key question:

IF: Metro’s jobs forecasts for Pitt Meadows remain as indicated in the Regional Growth Strategy...

THEN: What are the implications for absorption of future office, industrial and retail space at the Cardiff and North Lougheed Lands?

At the regional level, the Metro employment growth model – projecting out to 2041 – uses a rigorous and conservative approach to forecasting potential changes in future employment. The model is built around the following central assumptions:

- Marginal decrease in the ratio of employment to population region wide;
- Component employment sectors shifting generally toward increases in service industries;
- Modest changes in the share of employment within the individual sectors.

In conducting municipal employment share forecasts, Metro’s method is based on a “regional share” method which relates employment distribution to:

1. Municipal shares of regional population growth and current employment by industry sector;
2. Municipal shares of regional industrial land capacity. This method uses statistical analysis to assess the strength of relationship between each job sector and population growth vs. locational requirements, and uses an assessment of land availability to allocate accordingly.

3.5.2 Job Forecast by Sector

The Metro employment model projects that Pitt Meadows will add just over 3,200 new jobs by 2041, increasing its share of Metro’s job base from 0.49% (2011) to 0.52% (2041). Across all industries, average annual growth is expected to be 1.4% versus 1.2% for Metro Vancouver overall.

The following table shows anticipated job growth by sector for Pitt Meadows vs. Metro Vancouver.

Table 5: Pitt Meadows Employment Growth by Industry Sector

Pitt Meadows Employment Growth by Industry Sector										
Sector	Pitt Meadows					Metro Vancouver				
	2011	2021	2031	2041	Avg. Annual	2011	2021	2031	2041	Avg. Annual Growth
Primary	828	906	981	1,042	0.8%	18,138	19,850	21,499	22,842	0.8%
Retail	838	960	1,043	1,100	0.9%	133,750	151,929	169,435	183,700	1.1%
TCU	292	388	477	557	2.2%	80,649	91,572	102,092	110,663	1.1%
Construction	406	464	501	525	0.9%	73,055	81,760	90,143	96,974	0.9%
Manufacturing	458	592	725	848	2.1%	107,452	121,117	134,278	145,001	1.0%
Wholesale	289	356	405	444	1.4%	67,857	77,003	85,813	92,990	1.1%
Finance, Insurance, Real Estate (FIRE)	278	383	448	490	1.9%	95,506	112,588	129,040	142,445	1.3%
Business Commercial Services	744	983	1,139	1,247	1.7%	243,673	285,967	326,700	359,889	1.3%
Information and cultural industries	570	670	743	794	1.1%	77,114	91,196	104,759	115,809	1.4%
Accommodation Food	560	688	773	831	1.3%	98,134	117,444	136,041	151,194	1.5%
Education	428	544	612	657	1.4%	93,130	110,391	127,016	140,561	1.4%
Health and Welfare	410	552	638	696	1.8%	121,295	143,806	165,486	183,151	1.4%
Public Admin	101	145	171	187	2.1%	50,541	57,377	63,960	69,324	1.1%
TOTAL	6,201	7,632	8,656	9,419	1.4%	1,260,293	1,462,001	1,656,261	1,814,542	1.2%
Net New Jobs each 10 Years		1,431	1,024	763			201,709	194,259	158,281	

Source: Metro Vancouver Regional Planning Employment Model (2012)

Between 2011 and 2021, Metro believes that Pitt Meadows will add over 1,400 new jobs while growing its residential base by 4,260 residents for a residential/employment growth ratio of 3.04. Metro Vancouver is projected to add 201,700 new jobs while growing its residential base by 466,870 for a residential/employment growth ratio of 2.31.

Other notable points:

- While Metro Vancouver is projected to undergo a continued shift to more service sector employment, Pitt Meadows’ regional share of ‘goods producing’ jobs is expected to increase.
- It is also notable that Pitt Meadows has 4.6% of Metro’s ‘primary’ sector jobs and is projected to maintain that share, while having a sub-0.8% share of regional population. This ratio is largely a function of relative land availability and ease of access to major transportation routes.

- In most service sector categories, Pitt Meadows is expected to maintain or slightly decrease its share of regional employment.
- Pitt Meadows is expected to outpace Metro Vancouver’s average annual sector-specific growth rates for transportation/communication/utilities, manufacturing, wholesale, FIRE, business commercial services, health/welfare services and public administration.

3.6 LAND USE IMPLICATIONS OF EMPLOYMENT PROJECTIONS

Each employment sector has various propensities to locate in office space, industrial space, institutional space and retail space. Some jobs are located at home, while others typically have no fixed address. Using industry standard land use utilization factors along with employment density figures calculated specifically for the Ridge Meadows region, GPRA has allocated future jobs by land use categories to explore *one potential demand scenario*. These calculations are contrasted with an alternate projection of demand in Section 4.0 (one based on emerging trends and the place of Pitt Meadows’ new employment lands within a regional context) in order to determine the most likely land demand scenarios for Pitt Meadows.

3.6.1 Jobs & Office Space

Of the 3,200+ new jobs forecast to come to Pitt Meadows by 2041, we estimate that 48% or 1,550 jobs will require some form of office space.² Based on typical employment densities, this would translate into demand for 386,000 square feet of office space.

A healthy office market should provide both choice and flexibility. Healthy conditions are therefore typically identified by an overall vacancy rate between 5% and 8%. Prior to the completion of Phase 1 of the Golden Ears Business Park, the Pitt Meadows office vacancy rate stood at near 0%. With the completion of Golden Ears Building 100 (approx. 80,000 square feet) vacancy rates have come up slightly.

With an 8% vacancy factor, overall demand for new office space in Pitt Meadows by 2041 would be 416,000 square feet. Over the next 10 years (to 2021), annual absorption would be nearly 22,000 square feet.

Table 6: Office Requirements by 2041

Summary of New Office Requirements by 2041 (sq.ft.)	
Projected Office Demand to 2041	385,527
Vacancy Factor	30,842
Total New Space Required	416,369
Avg. Annual Demand, 2011-2021	19,187
Avg. Annual Demand 2021-2031	13,068
Avg. Annual Demand, 2031-2041	9,382

² Based on office space utilization ratios presented in the following: J. Kimball & B. Bloomberg. Office Space Demand Analysis, *Appraisal Journal*, Oct. 1987. And M. Howland & D. Wessel. Projecting Suburban Office Space Demand: Alternative Estimates of Employment in Offices. *Journal of Real Estate Research*, 1994.

3.6.1.1 Town Centre vs. Business Park

Pitt Meadows does not have a long history of business park development, so past absorption trends for business parks vs. town centre are not useful predictors for the future allocation of office space. In order to determine how office demand may be allocated to different areas, we look to regional trends both historic and emerging.

Historic Trends

From 1990 to 2006, areas of Metro Vancouver *outside* of the Core (i.e. Downtown Vancouver and downtown fringe) added 11.2 million square feet of office space (700,000 square feet per year). Over **81%** of this growth was directed toward business/industrial parks, with the remainder largely going to regional town centres or strip developments.

Table 7: Metro Vancouver Suburban Office Space Distribution

Metro Vancouver Suburban Office Space Distribution								
	Office Space Inventory (sq.ft.)			% Distribution			16 Yr Growth (sq.ft.)	16 Yr % Growth
	1990	2000	2006	1990	2000	2006		
Regional Town Centres	3,536,328	4,473,528	5,636,328	36%	25%	27%	2,100,000	18.8%
Business/Industrial Parks	6,336,220	13,086,865	15,436,220	64%	75%	73%	9,100,000	81.3%
Totals	9,872,548	17,560,393	21,072,548				11,200,000	

Source: Metro Vancouver

Demand Factors

Demand for office space in business/industrial parks is driven by a number of factors:

- Large site under single ownership, where a master planned phased project can be developed;
- Slab-on-grade construction with surface parking enables faster timelines, thereby decreasing development risk and capital requirements;
- Large floor plates important for many major suburban tenants.
- Large parcels and lower densities allow for flexible building design and 'built to suit' structures.
- Overall lower development costs. Possibilities for multiple floor plates and sizes.
- Ability to offer lower net effective rents.
- Access to regional highway system
- Ability to mix sales, service lab, warehouse, production as well as office space.

More recently, firms are becoming interested in business parks that offer good transit access (ideally rapid transit), green buildings, and a range of amenities such as proximity to cycling routes, parks/open space and nearby services (e.g. gyms, restaurants).

- On a regional level and in Pitt Meadows, many of the sectors which include firms that often locate in business parks (business commercial services, info and cultural services, food services, transportation, manufacturing, wholesale) will grow at a relatively strong rate over the

long term. A significant share of office space demand in all of these categories would be expected to locate in business parks.

Demand Estimates

- Total Demand for office space to 2021: 180,000 to 210,000 square feet;
- Total demand for office space to 2041: est. 415,000 to 430,000 square feet;

In Pitt Meadows, we estimate that between 80% and 90% of office space demand in the next 10 years will go to business park space. This is based on both general regional trends and land availability for job growth in business park areas vs. town centre.

- Total demand for business park office space to 2021 would be between **140,000 and 160,000** square feet.
- By 2041, demand for business park office space will be between **335,000 and 375,000** square feet.

Office space demand in a business park setting would require between **14 and 19 acres of land**, assuming development of between 0.4 and 0.6 FSR.³

3.6.2 Jobs & Industrial Space

To forecast the industrial land demand implications of the Metro employment forecasts, a number of factors were considered:

- Review of which sectors typically seek out industrial land, based on current business license data in the Maple Ridge/Pitt Meadows area;
- Employment densities (sq.ft. per employee) for each job sector;
- Typical built densities (FSR) by sector.

GPRA estimates that between 2011 and 2041, nearly **1,400 jobs** will require industrial space at various densities. This includes jobs in manufacturing, transportation/communication/utilities, construction, wholesale, business /commercial services, and a variety of industrial park spaces for service sector employment. There will also be a portion of primary industry jobs allocated to industrial parks.

Over 30 years, land demand derived from the industrial jobs forecast is as follows:

³ If parking is provided in surface lots, it is difficult for an office structure to achieve a density higher than 0.6 FSR.

Table 8: Built Area and Land Demand Estimates to 2041 (based on Metro jobs)

Built Area and Land Demand Estimates to 2041, based on Metro Jobs Forecast		
	Built Space (Sq.ft.)	Land Area (acres)
Construction-related yard space	38,000	6 to 8
Manufacturing	115,000	17 to 19
Transp. / Comm. / Utilities	11,000	5 to 7
Warehousing	45,000	5 to 7
Light industrial park space*	600,000	8 to 12
Totals	809,000	41 to 53

*housing sectors such as: business commercial, info industries, health/welfare, food services

3.6.3 Jobs & Retail Space

Job growth in the retail sector overall is projected to be about 260 jobs to 2041. After discounting the ‘office’ portion of this workforce (~20%), and allocating an additional 20% to industrial space (warehousing, distribution etc.), we are left with 156 jobs over 30 years.

At typical employment densities and building densities, this translates to about 5.6 acres of space.

3.7 SUMMARY: LAND DEMAND IMPLICATIONS OF EMPLOYMENT FORECAST

Using the Metro Vancouver employment model’s Pitt Meadows forecasts as a predictor of future land use demand, we find that between now and 2041 Pitt Meadows will see demand for the following amounts of built space and land area for office, industrial and retail:

Table 9: Land Demand Implications of Metro Employment Projections

Summary - Land Demand Implications of Employment Projections				
	New Built Space Demand to 2041 (Sq.ft.)	New Land Area Demand to 2041 (ac.)	Avg. Annual Land Absorption 2011-41	Avg. Annual Absorption, 2011 to 2021
Office Space	416,000	16 - 24	0.5 - 0.8 ac	~ 1 acre/yr
Office Space in Business Park	335,000 - 375,000	14 - 19	0.5 - 0.6 ac	0.8 - 1 acre/yr
Industrial Space	809,000	41 - 53	1.4 - 1.8 ac	1.7 - 2.3 acres/yr
Retail Space	80,000 - 100,000	6 - 8	0.2 - 0.3 ac	0.3 - 0.4 acres/yr
Totals	1.6 m to 1.7 m	77 - 104	2.6 - 3.5 ac	3.8 - 4.7 acres/yr

In terms of built space over the period between now and 2021, job forecasts translate to **total** demand for:

- 195,000 square feet of office (156 – 178,000 in business park);
- 350,000 - 400,000 square feet of industrial space
- 35,000 – 45,000 square feet of retail space.

But does this jobs-based forecast paint an accurate picture of a likely future scenario for Pitt Meadows?

It is possible that, by bringing to market significant new employment lands at Cardiff to the south and North Lougheed to the north, the jobs forecast would be altered significantly.

The next section explores the level of congruency between Metro job forecast-based demand projections and demand based on other factors such as absorption trends at new office/industrial projects in Pitt Meadows (e.g. at Golden Ears Business Park) and retail spending/capture projections.

4.0 Land Use Demand – Trends Analysis

Employment forecasts in Section 3 provide us with one future absorption scenario for Pitt Meadows. However, concerns have been raised that these forecasts do not sufficiently consider the quality or quantity of potential employment lands in the City, the degree of pent-up market demand in the north-east sector, and the changing nature of market demand distribution in the region created in part by the tolling of the new Port Mann Bridge. In light of these concerns, GPRA has ‘reality tested’ the employment-based absorption forecasts.

4.1 INDUSTRIAL/BUSINESS PARK MARKET ACTIVITY

4.1.1 *Historic Market Absorption*

Between 2001 and Q3 2012, the Maple Ridge/Pitt Meadows market increased its industrial inventory by 520,000 square feet and experienced an average annual absorption of 42,976 square feet.

Table 10: Ridge Meadows Historical Annual Industrial Market Activity (2001 to 2012)

Maple Ridge / Pitt Meadows Historical Annual Industrial Market Activity													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (Q3)*	Period Avg.
Inventory	1,370,950	1,370,950	1,370,950	1,625,968	1,687,540	1,753,112	1,810,984	1,810,984	1,810,984	1,810,984	1,886,666	1,886,666	
Annual New Supply (sq.ft.)	0	0	0	255,018	61,572	65,572	57,872	0	0	0	75,682	0	42,976
Annual Absorption (sq.ft.)	-85,316	80,056	-66,125	339,751	31,717	52,761	58,869	7,142	19,474	15,903	-32,181	63,007	40,422
Vacancy (%)	9.1%	3.3%	8.1%	1.6%	3.3%	3.9%	3.8%	3.4%	2.3%	1.4%	7.1%	3.7%	
Vacant Space (sq.ft.)	124,756	45,241	111,047	26,015	55,689	68,371	68,817	61,573	41,503	25,600	133,463	70,456	

*110,000 sq.ft. under construction

Sources: Colliers Industrial Market Reviews, 2001-2012; Colliers North Lougheed Study Area Land Use Market Review, 2011.

The relatively low rate of absorption historically – in comparison to Port Coquitlam’s 194,000 square feet per year over the same period – is, according to Colliers Consulting, attributable primarily to historically constrained land supply.⁴ As new supply is now being made available, past trends should not be taken as an indication of future development potential.

Pitt Meadows’ industrial/business centre space absorption proceeded at a steady clip in 2012 due to significant interest in ONNI’s Golden Ears Business Park. Building 1 (~80,000 sq.ft.) is complete and about 80% absorbed, while Building 2 (110,340 sq.ft.) is now ready for occupancy and there are indicators of strong interest from users in Port Coquitlam and the Port Kells area of Surrey. There are also two ‘built-to-suit’ projects moving forward, with absorption likely in 2013: (1) 80,000 square feet for a sporting goods company and (2) 120,000 square feet for a high-end cabinetry manufacturer.

4.1.2 *Perspectives on Future Market Absorption in Pitt Meadows*

4.1.2.1 *Colliers Consulting:*

Colliers believes that if industrial land supply constraints in Pitt Meadows continue to be eased, as is occurring today at Golden Ears Business Centre, there is potential to significantly deviate from historic absorption rates and, by extension, grow the employment base significantly more than Metro Vancouver has projected.

⁴ Colliers International: North Lougheed Study Area Land Use Market Review, March 2011.

Colliers estimates that Golden Ears Business Centre could build out at a rate of 106,000 to 160,000 square feet per year. They also note that if supply is brought to market steadily and provides a breadth and depth of choice in product type, ownership/lease tenure and location type, there will be “demand both for higher exposure, higher visibility locations that the Lougheed Highway could offer, and for strata product.”⁵

4.1.2.2 Broker Interviews

GPRA’s discussions with industrial and commercial real estate brokers working in the northeast sector revealed the following perspectives on demand and potential absorption.

Pent-Up Demand

- Brokers point to significant pent-up market demand for modern industrial/business park space in the Pitt Meadows market area, particularly among local businesses looking for warehousing with dock loading.
- There is demand for both ‘lower visibility space’ (i.e. Golden Ears Business Centre) as well as ‘high visibility space’ (Lougheed Highway) for all types of businesses, ranging from high-tech to distribution.
- There is demand for multiple tenures and sizes: leasehold space, strata space, warehouse space, warehouse with mezzanine office space, small units, large built-to-suit projects.
- There is growing demand for high exposure/visibility locations that offer strata product. This is an opportunity for the Lougheed Lands.
- Most of the users that have been attracted to Golden Ears Business Centre to date have come from the Coquitlam/Port Coquitlam market area. This is seen as a long-term trend given price differentials and with the new toll structure on the highway.
- Colliers and Cushman Wakefield identified key product types that could be offered at the north Lougheed lands: industrial projects characterized by higher FSRs, high quality design, higher employment densities and businesses seeking high traffic exposure and accessibility with an option for a strata titled space. GPRA concurs with this market assessment.
- Tolling of the Port Mann will likely have the effect of bringing more users from the Port Kells area of Surrey into Pitt Meadows in order to take advantage of ‘toll free’ distribution networks to the west via the Lougheed Highway and Highway 7B.

Marketing

- The Golden Ears Business Centre has been marketing itself to users in Port Coquitlam/Coquitlam as an area where businesses can still service the ‘inner Vancouver’ marketplace with only a slight increase in transportation time (7-12 minutes) while taking advantage of modern industrial/loading space at “Fraser Valley” prices (\$5.50-\$5.75/sf vs. \$8.00 in Coquitlam).

⁵ Colliers, 2011.

- Marketing also notes the significant amount of space available for any size and configuration of “build-to-suit”, within a very short drive of the highway.
- Pitt Meadows also has the advantage of most potential employment land being within a walk or a short bus ride from the West Coast Express station.

Absorption Estimates

Golden Ears Business Centre

At Golden Ears Business Centre, over 60,000 square feet have been absorbed in 2012 and it is likely that at least 250,000 square feet will be absorbed in 2013.

- 200,000 square feet of ‘built-to-suit’ space in 2 stand-alone buildings will be absorbed in 2013 (leases signed in 2012), plus it is likely that in 2013 we will see absorption of the remainder of Building 100 (est. 13,000 sq.ft.) and at least 37,000 square feet absorbed in the 110,000 square foot Building 200.
- All brokers interviewed concur that a pace of **125,000 to 150,000 square feet per year absorption** to build-out is feasible.

Cardiff Lands

- It is believed that the Cardiff Lands provide ample opportunities for many product types (industrial, office, strata, leasehold, small users, large build to suit etc.).
- Given the quality of the location from a distributors’ standpoint and the changing nature of regional distribution due to bridge tolling, a conservative estimate of employment space absorption potential at Cardiff is **100,000 square feet per year**.

North Lougheed

- The Lougheed ‘mixed employment’ hub (i.e. business centre/industrial) could also achieve absorption of at least **100,000 square feet per year**, catering to both traditional large office users as well as light manufacturing, high tech and all manner of distribution companies.

Overall, based on observation of recent market trends and our discussions with key industry participants, GPRA estimates that Pitt Meadows’ business / industrial park market will see:

- 1. Absorption at 125,000 to 150,000 square feet per year between now and when Cardiff and Lougheed lands come online, and;**
- 2. 300,000+ square feet per year thereafter until build-out.**

4.2 MARKET TRENDS' IMPLICATIONS

4.2.1 Implications for Jobs Forecasts

GPRA believes that the Metro Vancouver jobs forecasts for Pitt Meadows will need to be revised to properly account for the additional employment potential at both the Cardiff and North Lougheed lands.

Based on current Ridge Meadows employment densities, GPRA forecasts that, at build-out, the jobs located at each of the Cardiff and North Lougheed Lands will be in the following ranges:

- Cardiff Business/Industrial Park: **3,500 to 3,700 employees**
- North Lougheed Business Centre: **2,700 to 3,000 employees**
- North Lougheed Shopping Centre: **550 to 750 employees**

We believe that in total, Pitt Meadows' employment base could grow by more than 130% over the next 20 years, versus 52% as forecast by Metro Vancouver and presented in Section 3 of this report.

4.2.2 Implications for Absorption at Cardiff & Lougheed Lands

Absorption at Golden Ears Business Centre will likely proceed at an average annual rate of 100,000 to 125,000 square feet per year to build-out. Estimating 320,000 square feet absorbed by end of 2013, the remaining 1.4 million square feet of development potential will take between 11 and 14 years to absorb.

Absorption potential for business park-type space at the Cardiff and Lougheed Lands are projected as follows:

Table 11: Absorption of Industrial/Business Park Space, Cardiff & N. Lougheed

Projected Absorption of Industrial/Business Park Space at Cardiff & North Lougheed Lands		
	Cardiff Business/Industrial	North Lougheed Business/Industrial
Gross Acres	96	74
Net Acres	67	52
Density (FSR)	0.6	0.6
Built Space Potential (Sq.ft.)	1,756,339	1,353,845
Est. Absorption Rate (sq.ft./yr)	100,000	100,000
Years to Absorb	17.6	13.5

These absorption figures are adopted in the property tax projections presented in section 7.

6.0 North Loughheed Retail Development

GPRA has reviewed work performed in 2011 by Colliers Consulting regarding potential for retail development on the North Loughheed lands. In this section we provide a summary of that work and discuss potential development implications in terms of tenant mix and site layout options based on case studies.

6.1 RETAIL DEVELOPMENT POTENTIAL

Colliers Consulting conducted a retail demand analysis in 2011 for a hypothetical North Loughheed Shopping Centre. In undertaking this projection they took into account competitive retail facilities (both current and future), likely geographic primary trade area delimitation, trade area population and retail expenditure growth, reasonable retail performance metrics, and industry standard estimates of trade area spending capture and inflow. They assessed that the North Loughheed site would support approximately 337,000 square feet of retail/service commercial floor area by 2020, broken down in the following categories:

Table 12: North Loughheed Shopping Centre Supportable Floor Area

North Loughheed Shopping Centre Supportable Floor Area	
Categories	Sq.Ft. Supportable, 2020
Grocery & Specialty Foods	57,700
Liquor	7,900
Health/Personal Care	12,300
General Merchandise	71,900
Clothing & Shoes	19,500
Jewellery, Luggage, Leather	2,200
Electronics & Appliances	5,100
Furniture & Home Furnishings	14,500
Building Materials/Garden	44,400
Sporting Goods/Hobbies/Music	8,000
Miscellaneous Retail	9,700
Food Service/Restaurants	20,300
Personal/Professional Service	63,300
Total	336,800
Acres @ 0.28 FSR	28

Source: Colliers North Loughheed Land Use Study Market Review, 2011

It is likely that a project of this size would be built out in either one or two phases, with a likely scenario being initial construction of one large anchor (e.g. 130-150,000 square feet) along with a 'junior box' (15-20,000 sq.ft.) and some CRUs, with future space left for pad development. There is also a possibility that the amount of supportable space noted above would all be built in a single phase within a larger multi-phase regionally-oriented project of 400,000+ square feet (subject to further market research). Given that the site area could accommodate significant additional space in the future (beyond 2020) when there is market support to justify construction, this is something that may be considered.

For the purposes of this report, GPRA has assumed a single phase 340,000 square foot development coming online in 2015, structured as follows:

Table 13: North Lougheed Shopping Centre Hypothetical Delimitation

North Lougheed Shopping Centre Hypothetical Delimitation		
Structure Type	Size (sq.ft.)	Tenant Type
Large Anchor	145,000	e.g. Lowe's
Shadow Anchor	45,000	Grocery
Junior Box 1	16,000	Fashion/General Merch.
Junior Box 2	20,000	e.g. Best Buy
Pad 1	4,500	Restaurant
Pad 2	4,500	Restaurant
Pad 3	5,000	Bank
Pad 4	5,000	Bank
CRUs	95,000	Food/Bev, services
Total	340,000	

Source: G.P. Rollo & Associates Ltd.

6.2 NORTH LOUGHEED RETAIL LAYOUT

In regulating future retail development on the North Lougheed lands, Pitt Meadows should take into account both core retail development fundamentals that create successful projects, while also combining those with key urban planning principles that make for quality urban placemaking. We offer a brief summary of each below.

6.2.1 Retail Fundamentals

1. Reason to Visit: Create a reason to visit by differentiating from competitors by way of uniqueness, value, entertainment, experience, character and tenant offerings.
2. Reduce Risk: Reduce long term market risk by focussing on design that appeals to all demographics, and planning for the long-term. Tenants will change with time, but basic road networks, block parcelling and layout will remain.
3. Anchoring: Proper anchoring is critical. Typically 60% or more of the space in a regional retail centre will be for anchor tenants. They typically pay lower lease rates, but serve to draw traffic to smaller inline tenants who pay far higher rents. In the last decade there has been growing recognition of 'non-traditional' anchors that include entertainment, food, and community facilities.
4. Visibility & Access: These are key to the success of any retail project. Even the most pedestrian-friendly retail nodes rely on most customers arriving by private vehicle. Accommodating vehicles in a proactive way does not necessarily need to negatively impact urban design/walkability. Landmark buildings at key gateway locations can help achieve the same visibility impact created by highway signage. Clear entry/exit routes will alleviate barriers to access. Pedestrians should be aware of where key destinations can be found and how they can access

them. From all pedestrian routes there should be clear sightlines to other retailers to entice them to walk further and promote cross-shopping.

5. **Parking:** Leasing of retail space depends on providing parking in sufficient amounts and ratios to meet tenant requirements. On average, retailers require 4-5 stalls per 1,000 square feet, although large retail developers will typically understand the required ratios of each of the tenant types on their roster. The cost of structured parking is often prohibitive, but should be encouraged in the long-term. Finding innovative ways to reduce the impact of surface parking is a critical challenge that must be addressed in the concept plan.
6. **Costs vs. Revenues:** Onerous municipal requirements that generate significant additional costs may have negative implications such as higher rents charged, making projects harder to lease. For instance, a structured parking requirement would have a negative impact in an area like Pitt Meadows as nearby retail centres (Meadowtown, Meadowvale, Fremont Village) with surface parking would be able to offer lower rental rates. But again, with an eye towards future densification, sites can be set up for easy parcelization and densification down the road.

6.2.2 *Guiding Planning Principles*

1. **Walkability:** Any retail development at the North Lougheed lands should support walkability. This can be created through broad sidewalks and overhangs, pathways and linkages.
2. **Complete Node:** The retail centre should offer the surrounding employment areas easy access to retailers and amenities.
3. **Vibrant Public Space:** Create on-site public spaces in the form of plazas, parks, engaging sidewalks, outdoor displays and outdoor seating areas.

6.3.3 *Site Design Examples*

Over the last 10 years the retail industry has rapidly evolved into new development formats that include lifestyle format centres. And while some such centres do not integrate into their surroundings any better than typical power centres or enclosed malls, others have managed to create shopping areas that are engaging and pleasant for pedestrians, consistent with core retail fundamentals, and integrate well into surrounding communities. Here we provide two examples of centres that offer some lessons which may be taken when considering shopping centre development at the North Lougheed.

6.3.3.1 Lansdowne Town Centre, Virginia

One of the better recent examples of a retail project that combines good planning principles with retail fundamentals in a suburban environment is Lansdowne Town Center in Loudoun County, Virginia. This centre is comprised of 150,000 square feet of retail space and 38,000 square feet of office. It is anchored by a 50,000 square foot grocery store and features a 3,000 square foot park and a main street with angled parking.

Some key features of this development include:

- Use of on-street angled parking along a main street, with plenty of surface parking to the rear of the street in front of the large format anchor;
- Frequent mid-block connections between the surface parking and the main street, making it easy for people to park their cars and access the shopping street;
- High quality pedestrian environment created through use of various paving materials, wide sidewalks, covered walkways, and pedestrian crossing bulges;
- Clusters of uses (e.g. restaurant cluster, fashion cluster);
- A park feature which bookends the main street rather than interrupting the flow of pedestrians.
- Tight main street dimensions with double loaded retail frontages (92 feet storefront-to-storefront)
- A walkable main street (752 feet in length in 3, 230 foot blocks).

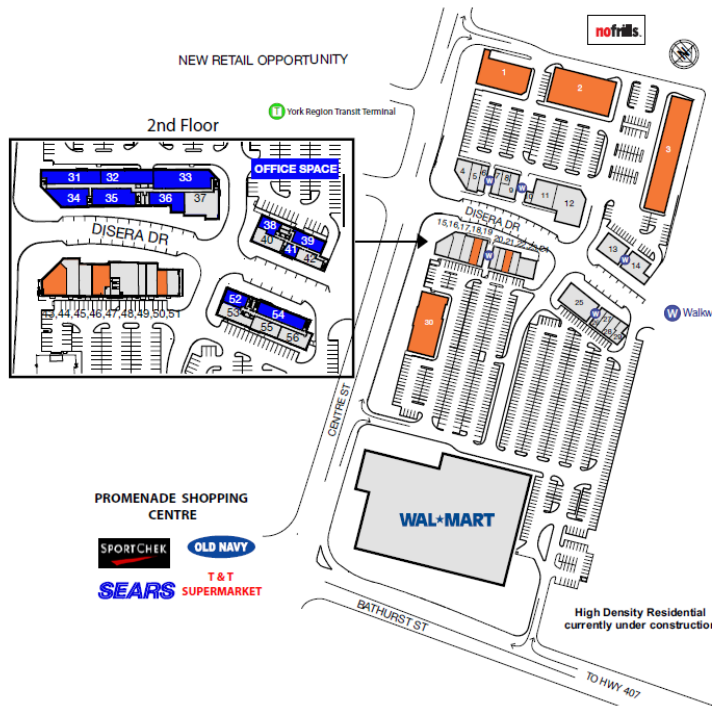
188,271 SF

Lansdowne, Loudoun County, VA 20176



6.3.3.2 SmartCentres, Thornhill Town Centre, Vaughan Ontario

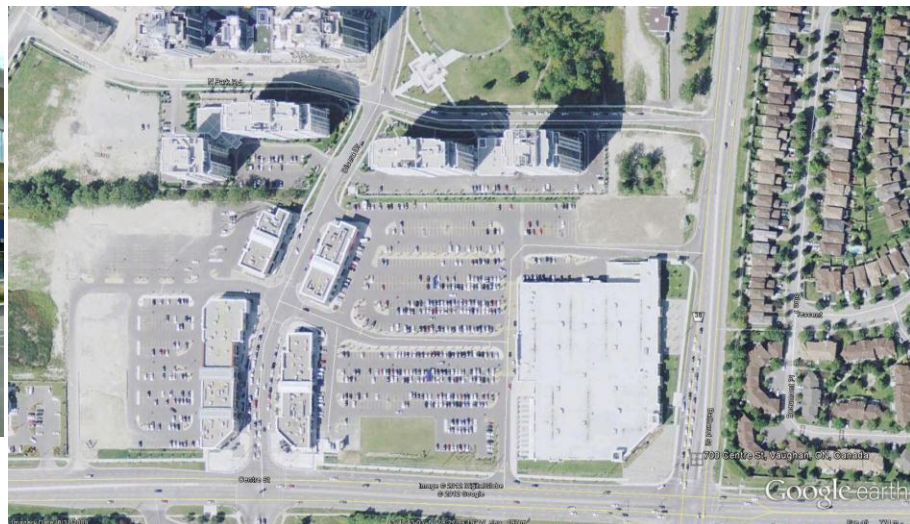
Another example of a suburban greenfield retail project that can provide important lessons relevant for the North Lougheed site is the new SmartCentres development at Centre & Bathurst Streets in the Thornhill Town Centre of Vaughan, Ontario. This project is a phased development on a 27 acre site across from a suburban enclosed shopping mall. At build-out the project will be approximately 305,000 square feet including the already built 136,000 square foot Wal-Mart anchor. The project will be constructed at a gross density of 0.26 FSR. 60,000 square feet of pad development is slated for a future phase (orange buildings in figure below).



Orange buildings are not constructed yet.

Density at build-out will be 0.26 FSR.

Aerial image below shows current state of construction. The large condominium development to the north of the site will contain 1,800 units at build-out.



From SmartCentres' perspective, this has been a somewhat difficult project and one that they may be reluctant to replicate elsewhere (although it does create a precedent). One of the most problematic aspects has been the initial expense, and subsequent problem with leasing, of the retail and office main street which was built 'on spec' (i.e. not leased in advance). The problem of expenses has been exacerbated by lack of appropriate HVAC systems in the retail units at initial build to accommodate restaurants, who have proven to be the main type of tenant interested in this space. The result has been expensive post-build retrofits.

SmartCentres was required by the City of Vaughan to build the main street if they wanted to develop a Wal-Mart on this location. Vaughan also mandated that the Wal-Mart be 'scaled down' and have high-quality exterior cladding. The entire development – Wal-Mart and main street – were subject to a single development permit which included strict design regulations.

Other notable elements:

- SmartCentres indicated that one reason the high street has been relatively difficult to lease is that it is not long enough (470 feet) and cannot be properly anchored. This may be in part due to unit size limitations set by the City of Vaughan. The site's overall length and issues of slope have created a challenging environment for this type of layout;
- Others have noted that there is insufficient connectivity between the parking surfaces and the high street, and that the overall street width is too wide to create a comfortable pedestrian environment;
- The municipality mandated that interior roadways through the parking fields be designed to municipal standards. In the future if additional density is requested for the site beyond what is currently permitted, these internal private roadways will come under municipal control.

Some have criticized this project for not developing with an eye to future site intensification, despite the provision for reversion to municipal ownership of internal roadways. Site development decisions that may complicate the possibility of future site densification into a more urban-type, grid layout include:

- Underground storm water containers buried beneath the surface parking lot rather than a storm water pond on-site;
- Sewers and servicing lines reportedly do not run along the building lines but rather cross the site, a possible problem for future site partitioning.

But, in terms of overall design and layout, the site does offer positive elements:

- ➔ Walkability, sidewalks and on-street parking.
- ➔ Connectivity for all travel modes to surrounding land uses (residential to the north, retail to the south)
- ➔ Higher quality exterior cladding for main street and big box anchor

There are also lessons that Pitt Meadows can take from this project from a process and regulatory standpoint:

- Regulate or incent the developer to lay out the site with future intensification in mind. This includes considerations of how sewers and power lines are run, and how storm water is managed. If early site layout

is thought through in this way, future parcelization and intensification is much more likely.

- If a high-street environment is mandated⁶, acknowledge the potential difficulties involved in creating a successful high street environment and be open to compromises to help mitigate those difficulties.
- We do not recommend the municipality set detailed prescriptions for how high street space should be internally partitioned (e.g. minimum or maximum store sizes). This type of regulation can create difficulties from a leasing perspective.
- Development permit guidelines can be effectively used to improve the look and feel of the buildings. Vaughan used these to some success in creating both a relatively high quality of building presentation along the high street, and also higher quality exterior cladding, awnings and windows for the Wal-Mart anchor.

6.3.4 *Initial North Lougheed Retail Layout Considerations*

Future site layout options for retail on the North Lougheed lands will be driven by issues of site access, retail demand and the type of competitive retail centres emerging nearby. With regards to access, possibilities include:

- Entrance off Lougheed Highway
- Entrance from Harris Road
- Entrance off Meadow Gardens Way
- Access off future Lougheed connector, possibly with north-south street between the Connector and the Lougheed.

If retail is developed only toward the southern portion of the site – a possibility given the overall size of the area and Colliers’ retail demand projections – the shopping centre could be accessed off the proposed interior roadway emerging off the North Lougheed connector.

If the shopping centre is accessed from the north, a possible site layout could include:

- Anchor and junior boxes backing onto Lougheed Highway at the south end of the site, fronting on to parking fields to the north. CRU strips and other pads placed on the east and the west.
- Possibly a ‘main street’ in the north-centre park of the site, with parking behind (in front of the pads/anchors), with main street terminating at a public amenity in front of big box parking fields.

⁶ Further market research should be conducted to determine the market opportunity for this type of retail environment at this site.

7.0 Implications for Property Taxes & Municipal Services

In this section we examine the property tax implications of future business park/light industrial and retail development at the Cardiff and North Lougheed Lands between 2012 and 2032. Specifically, we explore the following questions:

- What is the current ratio of commercial to residential (and commercial to total) property tax revenue in Pitt Meadows, and how does it compare to neighbouring municipalities?
- Under a scenario of 'no Cardiff + no North Lougheed' development, how would the property tax ratio likely evolve over the next 20 years?
- What property tax revenues would the Cardiff and North Lougheed developments likely generate? How would this change the residential/commercial property tax ratios?

7.1 PROPERTY TAX MILL RATES

Pitt Meadows currently has a commercial property tax mill rate of 11.85 and a residential mill rate of 3.73 for a ratio of 3.18. While this ratio of relative burden is well below nearby municipalities such as Langley City and Langley Township (ratios of 2.31 and 2.96 respectively), it ranks well ahead of Richmond (3.77), Vancouver (4.35) and Coquitlam (4.67).

The table below shows a comparison of mill rates across municipalities.

Table 14: Property Tax Mill Rate Comparisons

Mill Rate Comparisons				
2012 Rank	Municipality	Commercial Mill Rate	Residential Mill Rate	Commercial to Residential Tax Ratio
1	Chilliwack	9.45	4.46	2.12
2	Langley (City)	8.61	3.73	2.31
3	White Rock	8.71	3.56	2.45
4	Abbotsford	12.43	4.91	2.53
5	West Vancouver	4.75	1.81	2.62
6	Maple Ridge	11.75	4.09	2.87
7	Langley (Township)	9.48	3.20	2.96
8	Port Moody	9.84	3.31	2.97
9	Surrey	7.07	2.35	3.01
10	Mission	14.62	4.62	3.16
11	Pitt Meadows	11.85	3.73	3.18
12	Delta	10.71	3.33	3.22
13	Port Coquitlam	13.07	3.71	3.52
14	North Vancouver (D)	8.54	2.36	3.62
15	Richmond	7.54	2.00	3.77
16	New Westminster	13.55	3.54	3.83
17	North Van (City)	9.14	2.38	3.84
18	Vancouver	8.78	2.02	4.35
19	Burnaby	10.1	2.23	4.53
20	Coquitlam	14.52	3.11	4.67

7.2 CURRENT COMPARATIVE TAX REVENUE RATIOS

In 2012 BC Assessment recorded net taxable property values of \$3.042 billion in Pitt Meadows, of which \$2.565 billion (84%) is residential and \$376.1 million (12%) is business.⁷⁸

Using 2012 property tax mill rates⁹, Pitt Meadows will accrue \$9.24 million from residential property tax and \$4.89 million from commercial property tax in 2012 for a commercial/residential revenue ratio of 0.53 and a ‘commercial/commercial + residential’ revenue ratio of 0.35. These ratios place Pitt Meadows mid-pack vis-à-vis neighbouring and nearby municipalities, as shown in the table below.

Table 15: Comparative Tax Revenue Ratios, 2012

Comparative Tax Revenue Ratios, 2012		
Municipality	Commercial/Total	Commercial/Residential
City of Langley	0.43	0.76
City of Port Coquitlam	0.36	0.55
City of Coquitlam	0.36	0.55
Pitt Meadows	0.35	0.53
Township of Langley	0.30	0.42
City of Surrey	0.27	0.38
District of Maple Ridge	0.17	0.21

Source: BC Assessment 2012 Net Taxable Values; Municipal mill rates.

The question now is:

- **can this ratio be improved to lessen the burden on residential property tax payers over time?**
- **And if so, what is the contribution that Cardiff and Lougheed Lands will make towards that end given commercial’s potential to generate higher tax revenues?**

7.3 PROPERTY TAX REVENUE PROJECTIONS

To forecast future property tax implications of development at Cardiff and North Lougheed Lands, GPRA first projected what future property taxes may accrue through ‘standard course’ development (i.e. without future development at the subject lands). This is followed by an assessment of the changes likely brought by development at the subject sites.

7.3.1 Dwelling Unit Projection & Residential Taxes Accrued

Pitt Meadows recorded a 2011 population of 17,700 residents, and a dwelling unit count of 3,122 single family dwellings (SFD) and 3,415 multi-family dwellings

⁷ The remaining 4% is comprised of utilities, major and light industry, recreational/non-profit, and farm.

⁸ We assume that recent built space at Golden Ears Business Centre has been accounted for in BC Assessment’s net taxable value calculations for 2012.

⁹ 2012 Residential Mill Rate: 3.60266; 2012 Business Mill Rate: 11.445997

(MFD).¹⁰ Using a forecast methodology that takes into account the 10 year trend of SFD vs. MFD construction and absorption (2001 to 2011), the remaining land capacity for residential development, types of residential development most likely to locate on those remaining sites, the prospects of infill development, and Metro Vancouver population projections for Pitt Meadows, GPRA forecasts 2012 to 2032 residential unit demand at 229 SFD and 2,447 MFD. This translates to average annual demand of 11 SFD and 123 MFD over the next 20 years.

Holding constant both average unit prices (2012 values¹¹) and tax rates, we forecast an increase in residential assessed values and property taxes accrued as follows:

Table 16: Residential Property Tax Projections, Constant Dollars

Residential Property Tax Projections, Constant Dollars (2012)		
Year	Assessed Values	Total Tax (@2012 rate)
2012	\$2,565,229,502	\$9,241,650
2017	\$2,837,203,465	\$10,221,480
2022	\$3,104,068,301	\$11,182,903
2027	\$3,222,578,007	\$11,609,854
2032	\$3,345,622,428	\$12,053,141
20-year Change	\$780,392,926	\$2,811,491

Note: Holding average SFD value at \$455,477 and MFD at \$276,391

7.3.2 Commercial Development & Taxes Accrued

Aside from the Cardiff Lands, North Lougheed lands and the Golden Ears Business Centre, Pitt Meadows has identified 13 sites throughout the City where we would expect commercial development in the next 5 to 20 years (see map on page 31). With the exception of one highway-oriented site of 5.8 acres (D1), the remainder are all designated Town Centre Commercial and are likely to house developments mixing residential, retail and possibly office space. Site details and proposed development details (if known) are presented in the following table.

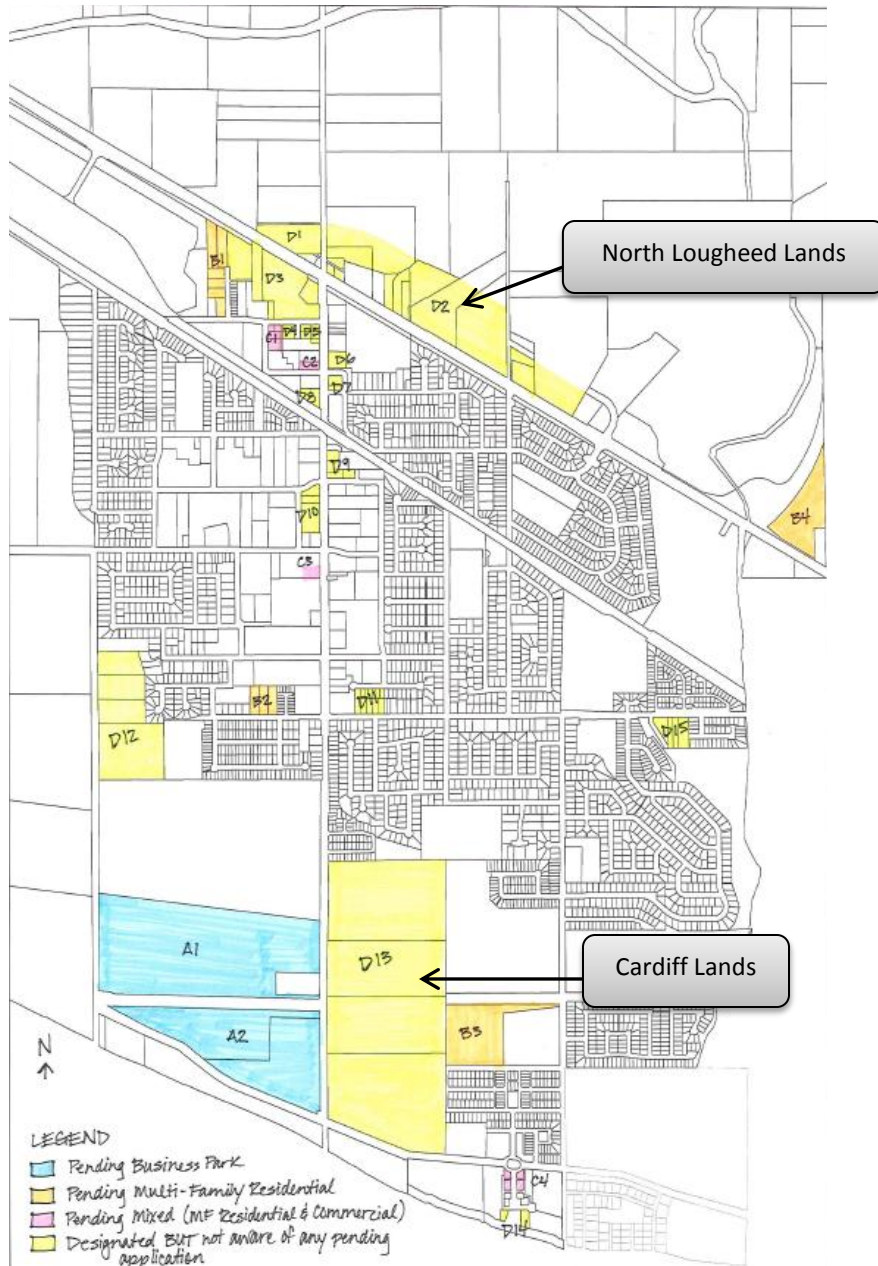
¹⁰ Includes semi-detached/row houses and apartments.

¹¹ Net Assessment / number of occurrences

Table 17: Pending Development Opportunities

Pending Development Opportunities				
Site	OCP Designation	Parcel Size (acres)	Units/GFA	Notes
C1	Town Centre Commercial	1.09	97 res units + 7500 sq.ft. com	
C2	Town Centre Commercial	0.54	42 res units + 1881 sq.ft. com	Rezoning + DP approved
C3	Town Centre Commercial	0.55	108 res units + 7320 sq.ft. com	
C4	Village Commercial	0.81	24 res units + 5,350 sq.ft. com	DP Approved
D1	Highway Commercial	5.76		
D3	Town Centre Commercial	13.77		Future Mixed use
D4	Town Centre Commercial	0.52		
D5	Town Centre Commercial	0.99		Underdeveloped; potential for higher density mixed-use
D6	Town Centre Commercial	0.94		Underdeveloped; potential for higher density mixed-use
D7	Town Centre Commercial	0.61		Underdeveloped; potential for higher density mixed-use
D8	Town Centre Commercial	0.81		Existing co-op. Potential higher density mixed-use
D9	Town Centre Commercial	1.43		Underdeveloped; potential for higher density mixed-use
D10	Town Centre Commercial	2.57		Underdeveloped; potential for higher density mixed-use
D14	Village Commercial	0.64		Larger parcel zoned for pub; smaller parcel planned chapel
Total		31.03		

Source: City of Pitt Meadows



At four of the thirteen properties, proposed projects are in various stages of the planning/development pipeline and we can therefore estimate likely dates of completion. For the remaining nine properties where no development process has begun, GPRA has made assumptions around timing of development (all within the next 20 years) and commercial FSR (averaged at 0.33 for mixed-use sites, 0.25 for single use).

At Golden Ears Business Centre (GEBC), GPRA has forecast a build-out schedule based on absorption estimates discussed previously.

Properties were valued using blended market retail lease data and current market capitalization rates:

- Blended lease rate @ GEBC: \$5.65/sq.ft.
- Blended lease rate @ future town centre sites: \$17.21/sq.ft.
- Market Capitalization Rate, GEBC: 6.25%
- Market Capitalization Rate, future sites: 6.0%

The following table details the property tax implications of Golden Ears Business Centre and commercial development at the other 13 sites.

Table 18: Commercial Property Tax Projections at New Commercial Developments

Commercial Property Tax Projections @ New Commercial Developments, Constant Dollars (2012)		
Year	Golden Ears Business Centre	Other 13 Commercial Sites
2012	\$92,146	\$0
2017	\$943,341	\$207,500
2022	\$1,663,228	\$1,044,098
2027	\$1,842,912	\$1,276,304
2032	\$1,842,912	\$1,346,183
20-Year Change	\$1,750,766	\$1,346,183

These figures are added to the **\$4,712,000** in commercial tax revenues accrued through existing commercial space in the City.

Without commercial development at the Cardiff and North Lougheed Lands, total commercial property tax revenues are expected to evolve as follows:

Table 19: Commercial Property Tax Projections, Constant Dollars

Commercial Property Tax Projections, Constant Dollars (2012)		
Year	Assessed Values	Total Tax (@2012 rate)
2012	\$419,440,800	\$4,800,918
2017	\$508,782,191	\$5,823,520
2022	\$640,131,146	\$7,326,939
2027	\$674,889,755	\$7,724,786
2032	\$680,786,747	\$7,792,283
20-year Change	\$261,345,947	\$2,991,365

7.3.3 Cardiff & North Lougheed Property Tax Projections

As detailed previously, the Cardiff and North Lougheed lands are expected to evolve into a combination of retail, light industrial and business park. We have assumed that a Cardiff Lands business centre will come to market around 2014 and build out at 100,000 square feet per year. The North Lougheed employment node (excluding retail) is assumed to come to market around 2015 and also build out at 100,000 square feet per year. The North Lougheed Shopping Centre is expected to

be 340,000 square feet – as per Colliers’ assessment – and constructed over the 2015-2016 time period.

The business/industrial park projects have been valued based on market lease rates, strata unit prices (per sq.ft.) and market capitalization rates. The North Loughheed shopping centre has been valued based on a combination of unit leases and land leases, and reflects the space parcelization assumptions for a 340,000 square foot centre as outlined in section 6.1 above.

GPRA projects the North Loughheed lands’ combined business centre and shopping centre value (constant 2012 dollars) at \$133 million in 2017 and \$147.7 million by 2032. The Cardiff Lands’ business centre is projected to have a value of \$54.8 million in 2017 and \$240.8 million by 2032. Property tax revenues accruing from these properties are expected to be as follows.

Table 20: Commercial Property Tax from North Loughheed and Cardiff Lands

Commercial Property Tax from North Loughheed & Cardiff Lands		
Year	Assessed Values	Total Tax (@2012 rate)
2017	\$188,004,189	\$2,151,895
2022	\$325,087,522	\$3,720,951
2027	\$462,170,855	\$5,290,006
2032	\$518,400,245	\$5,933,608

7.3.4 Property Tax Revenue Synopsis

Residential property tax revenue is expected to grow from \$9.24 million in 2012 to \$12.05 million by 2032 for 30% growth over 20 years.

Commercial property tax revenue *without* development at Cardiff and North Loughheed is expected to grow from \$4.8 million today to \$7.8 million by 2032 for 62% growth over 20 years.

The additional commercial property tax revenues accrued from Cardiff and North Loughheed are expected to be \$2.15 million in 2017, growing to \$5.93 million by 2032. The combined commercial property tax revenues of all properties including Cardiff and North Loughheed is expected to reach \$13.7 million by 2032, for 186% growth over 20 years.

Table 21: Property Tax Revenue Synopsis

Property Tax Revenue Synopsis			
Year	Residential	Commercial <i>without</i> Cardiff or Loughheed Development	Commercial <i>with</i> Cardiff & Loughheed Development
2012	\$9,241,650	\$4,800,918	\$4,800,918
2017	\$10,221,480	\$5,823,520	\$7,975,415
2022	\$11,182,903	\$7,326,939	\$11,047,890
2027	\$11,609,854	\$7,724,786	\$13,014,793
2032	\$12,053,141	\$7,792,283	\$13,725,891
20 yr growth	30%	62%	186%

7.4 TAX RATIO PROJECTIONS & IMPLICATIONS

The charts below show how the commercial/residential and commercial/total property tax ratios will change over the next 20 years both with and without the proposed Cardiff and North Loughheed commercial developments.

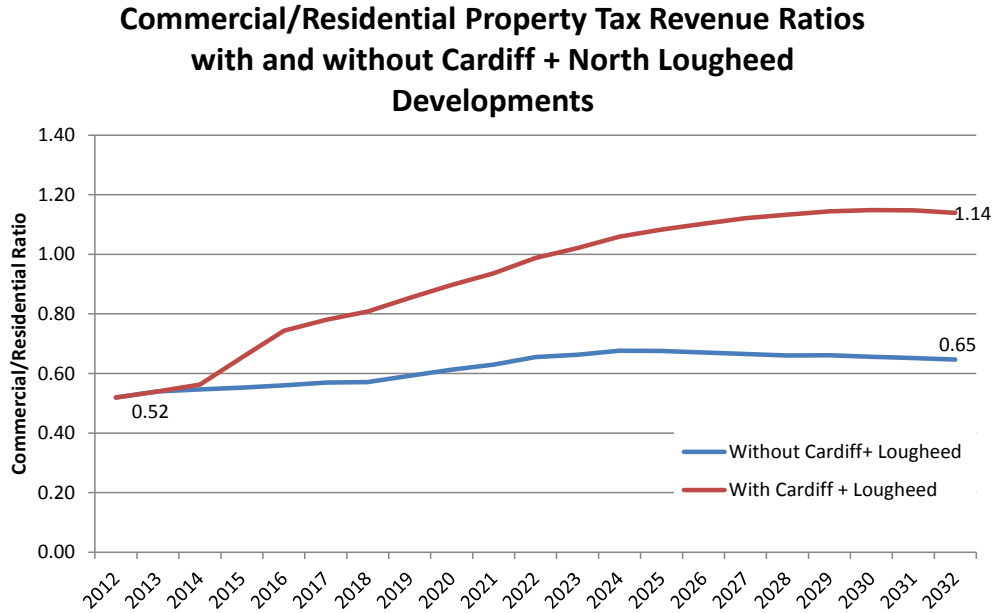


Figure 1:

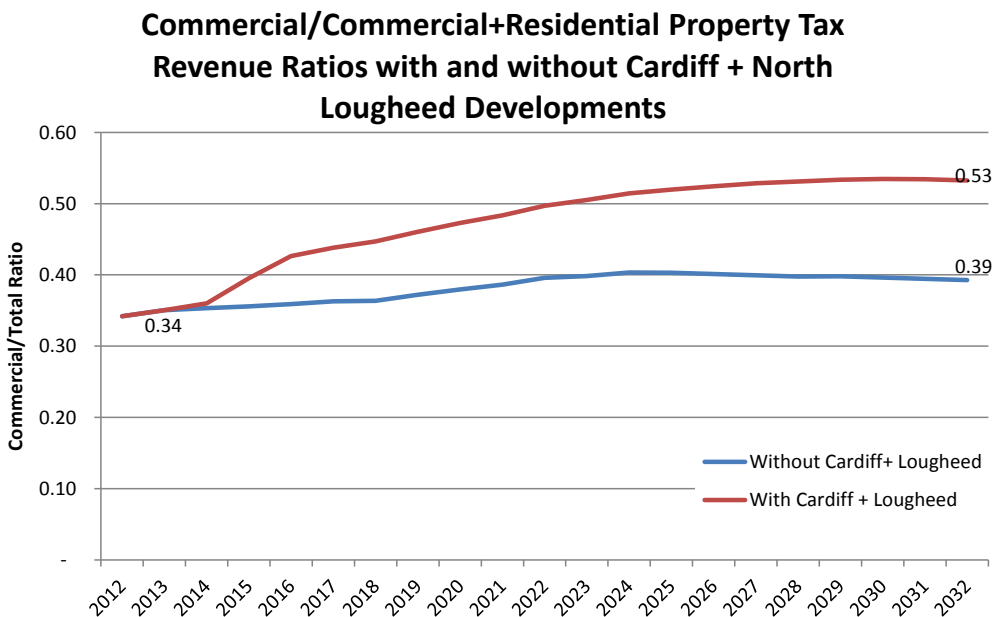


Figure 2

- ❖ Without Cardiff & North Loughheed commercial development, commercial property tax revenue will reach a peak of 40% of the total tax take within 10 years and then decline to 39% by 2032.
- ❖ However, if the Cardiff & North Loughheed Lands develop as mixed employment hubs, commercial revenues will surpass residential revenues by 2022 and will account for 53% of tax revenues by 2027.
- ❖ By pursuing OCP policies that support commercial development at the Cardiff and North Loughheed lands, the proportion of municipal operating costs supported by non-residential lands will increase significantly over time vis-à-vis residential lands. Without pursuing such policies, residential property owners will be faced with having to pay for a greater proportion of municipal operating costs, likely necessitating the need for higher residential property tax rates.

7.5 OTHER IMPLICATIONS OF CARDIFF & NORTH LOUGHEED DEVELOPMENT

7.5.1 *Land Use Policy*

Development of commercial uses at Cardiff and North Loughheed lands would help the City meet the following series of goals set out in the OCP:

- Supporting higher income earning jobs in the community;
- Diversifying the City's tax base;
- Creating local business opportunities;
- Contributing to the regional economy with opportunities for industrial businesses to locate and expand in Metro Vancouver;
- Supporting clean industry.

Additional policies that such development is supportive of include:

4.8.1b: The city supports expansion of its industrial land base as long as this can generally be accomplished with no net loss to the City's current inventory of agricultural lands or productivity;

4.8.1c: Industrial and business park uses that will achieve higher employment and land use densities are encouraged.

North Loughheed and Cardiff commercial development will also help meet the regional level goal of developing complete communities.