

# **REAL ESTATE MARKET ASSESSMENT KAMLOOPS, BC**

Prepared for:  
Venture Kamloops

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## **EXECUTIVE SUMMARY**

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Venture Kamloops is the organization responsible for providing economic development services to the City of Kamloops, and commissioned this real estate report to provide an objective market overview for Downtown Kamloops as well as Kamloops North Shore.

### **POPULATION GROWTH**

We estimate the current population of Kamloops to be about 90,000 people, growing by about 5% since 2011. As high housing prices in the Lower Mainland drive population surges across the province, we expect the City population to grow another 20% by 2036 to just under 109,000. Overall, we expect Kamloops to grow by about 1,000 residents per year for the next ten years before slowing slightly. Interestingly, the populations of both the North Shore and Downtown study areas actually declined slightly between 2006 and 2011.

### **WORKFORCE AND EMPLOYMENT**

We expect that Kamloops' working age population will shrink from nearly 70% to under 60% of its total population by 2031; at the same time, its over-65 population will jump from under 15% to over 25% of the total population. Such trends can have economic repercussions as a smaller workforce is tasked with providing the tax-base to support an increasing number of seniors, who, in turn, will require higher levels of services from public infrastructure.

Between 2011 and 2041 we expect the Kamloops workforce to grow by 32%. The industries we expect to grow include mining and extraction, construction, and healthcare & social assistance. Industries we expect to comparatively shrink include agriculture, manufacturing, education and FIRE (finance, insurance & real estate).

### **RESIDENTIAL REAL ESTATE MARKET**

We expect that Kamloops will require about 505 additional households per year between 2016 and 2021, with that average declining somewhat over time as the rate of growth slows.

Residential sales activity in Kamloops has been on the rise for the past few years with June sales peaking above the 10-year average in both 2015 and 2016. This June, Kamloops and District home sales posted best month in nine years, as the number of homes sold recorded a fifth consecutive double-digit increase. Home sales totalled 351 units in June 2016, up 13.2% from the previous year. This was the second best June on record after 2007.

June inventories from 2007 through 2016 and the months worth of inventory has dropped to post-recession lows. There were 5.1 months of inventory at the end of June 2016, down from 6.8 months a year earlier and below the long-run average for this time of year.

Inventories of under 7 months are considered to be seller's markets, and it would seem that the Kamloops and District residential market has recently crossed into that territory.

Predictably, the state of the market influences prices. The average price of homes sold in June 2016 was \$339,029, rising 6.6 per cent from a year earlier. The less volatile year-to-date average sale price was \$338,030, up 4.2 per cent from the first half of 2015. The dollar value of all home sales in June 2016 was \$119 million, up 20.7 per cent on a year-over-year basis

### **RETAIL REAL ESTATE MARKET**

Colliers reports that Kamloops has just over 5 million square feet of retail space, with vacant space increasing by about 1.7% between the end of 2015 and the middle of 2016. This translates into a rising vacancy rate of about 7.8%. This increasing vacancy rate is likely a contributing factor to the stable rents across the board for Kamloops retail.

Based on our projections, it would appear that Kamloops retail is overbuilt by several hundred thousand square feet, as the current inventory exceeds our estimation of the square footage supported. We estimate that Kamloops can currently support about 4.65 million square feet of retail, including about 740,000 square feet of restaurant space.

### **OFFICE REAL ESTATE MARKET**

Colliers reports that Kamloops has just over 2.1 million square feet of office space, with vacant space decreasing to about 4.92% between the end of 2015 and the middle of 2016. This decreasing vacancy rate is likely a contributing factor to the slightly increasing rents for Kamloops office space. According to our estimates, Kamloops presently has about as much office space as it can support. We expect that Kamloops will need about 130,000 additional square feet by 2021, and about 180,000 additional square feet by 2026.

### **FINANCIAL ANALYSIS**

Our analysis suggests that lower-density low rise condominium apartment developments are viable in both the Downtown and North Shore study areas, with the North Shore being able to support the higher-density variant as well.

Overall, the Kamloops market is stronger than it has been in several years and indicators point toward continued growth especially as other markets in British Columbia continue to rise. Population growth and the lack of high quality development sites indicate that prices will rise in both these markets and that every form of multifamily development from low-rise to mid-rise is viable, depending only on absorption.



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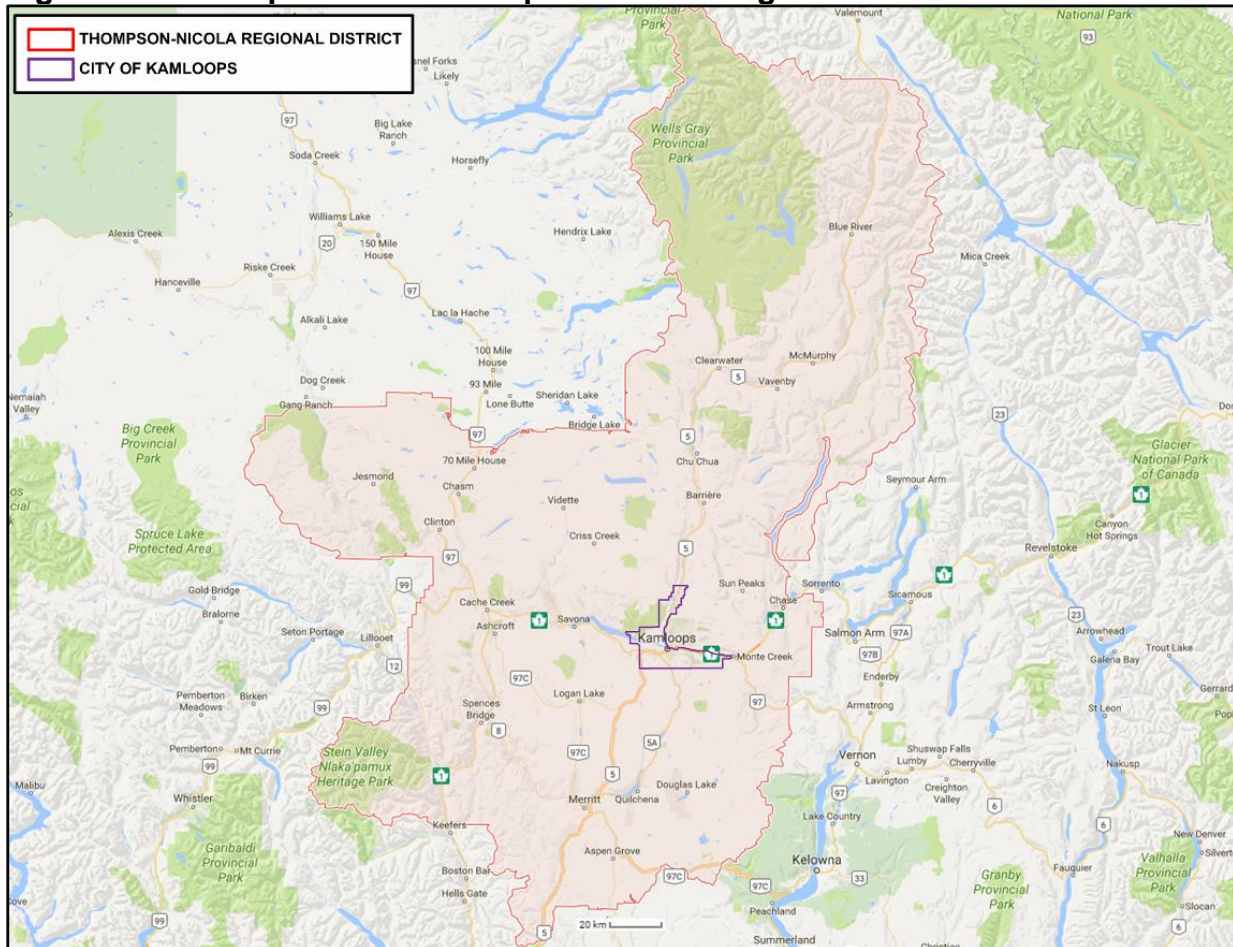
## 1.0 SITE AND LOCATION

Venture Kamloops is the organization responsible for providing economic development services to the City of Kamloops, and commissioned this real estate report to provide an objective market overview for Downtown Kamloops as well as Kamloops North Shore.

### 1.1 LOCATION

Kamloops is the primary population centre in the Thompson-Nicola Regional District and is situated at the intersection of the Trans-Canada Highway (Highway 1) and the Yellowhead Highway (Highway 5), placing it at a crossroads between Vancouver, Calgary and Edmonton. Kamloops is also a rail transportation hub. The Canadian Pacific and Canadian National main line routes connect Vancouver to the west with Kamloops. The two railroads diverge to the north and east where they connect with the rest of Canada.

**Figure 1: Kamloops and the Thompson-Nicola Regional District**

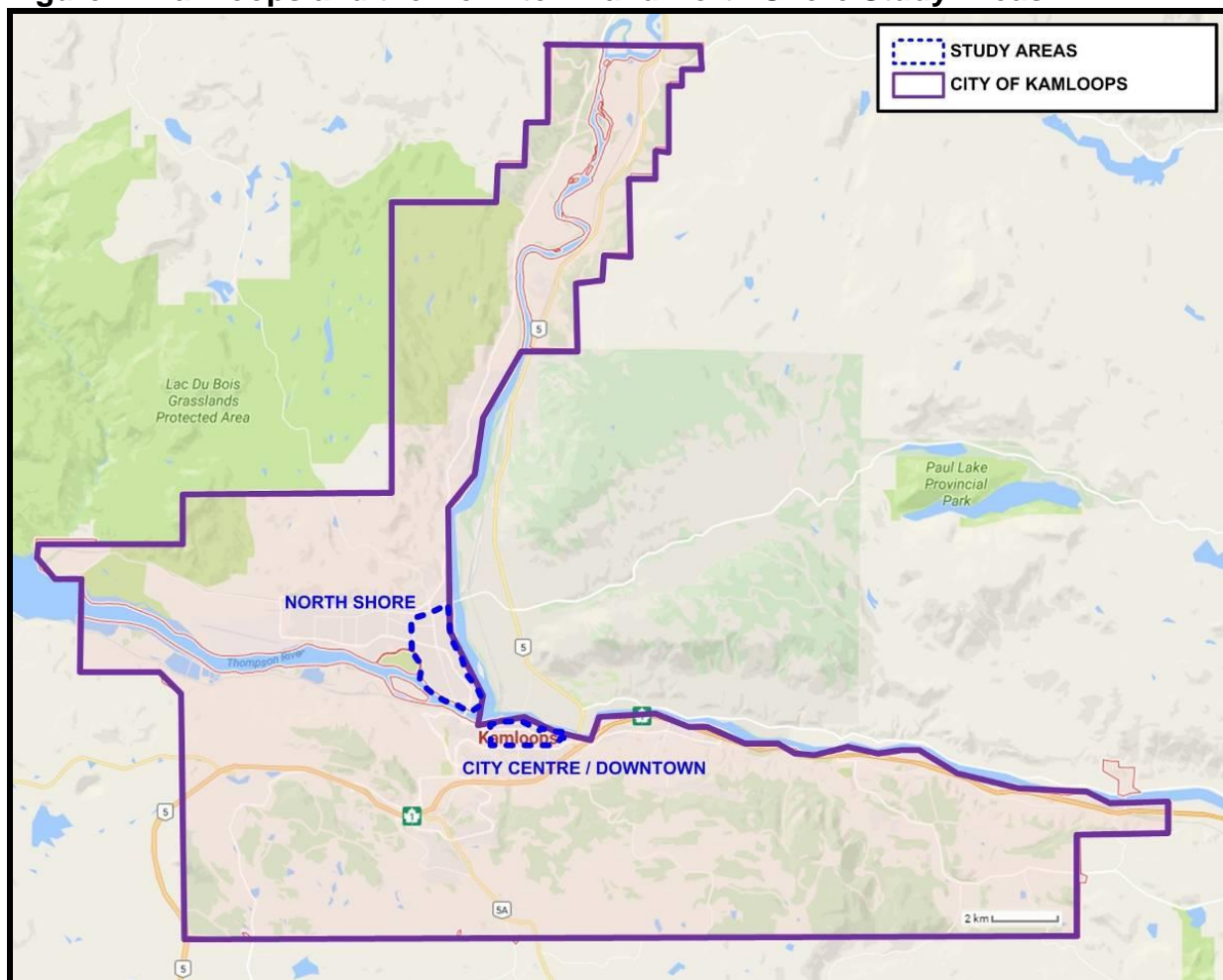


Sources: Google Maps; Site Economics

## 1.2 THE STUDY AREAS

This report focuses on the North Shore and Downtown study areas as shown in context on the map below. These areas represent the earliest parts of Kamloops developed, with urban activity dating back to the 1800s.

**Figure 2: Kamloops and the Downtown and North Shore Study Areas**



Sources: Google Maps; Site Economics

The two study areas are generally flat and ideal for real estate development, and they have already accommodated fairly extensive development over Kamloops' history. Given their central locations within the city, all typical municipal infrastructure and services, including potable water, storm water, sewer and sanitary sewer, hydro, natural gas, telephone, and cable, as well as ambulance, police, and fire protection are available. It is not expected that development would trigger any off-site costs as these are mature urban areas with fully developed infrastructure.

The two study area are shown more closely on the map below.

**Figure 3: Kamloops Study Areas**



Sources: Google Maps; Site Economics

### TRAFFIC VOLUMES

According to assorted traffic counts conducted by the City over the past ten years, traffic counts have been generally increasing steadily on most major roads in direct response to growth.

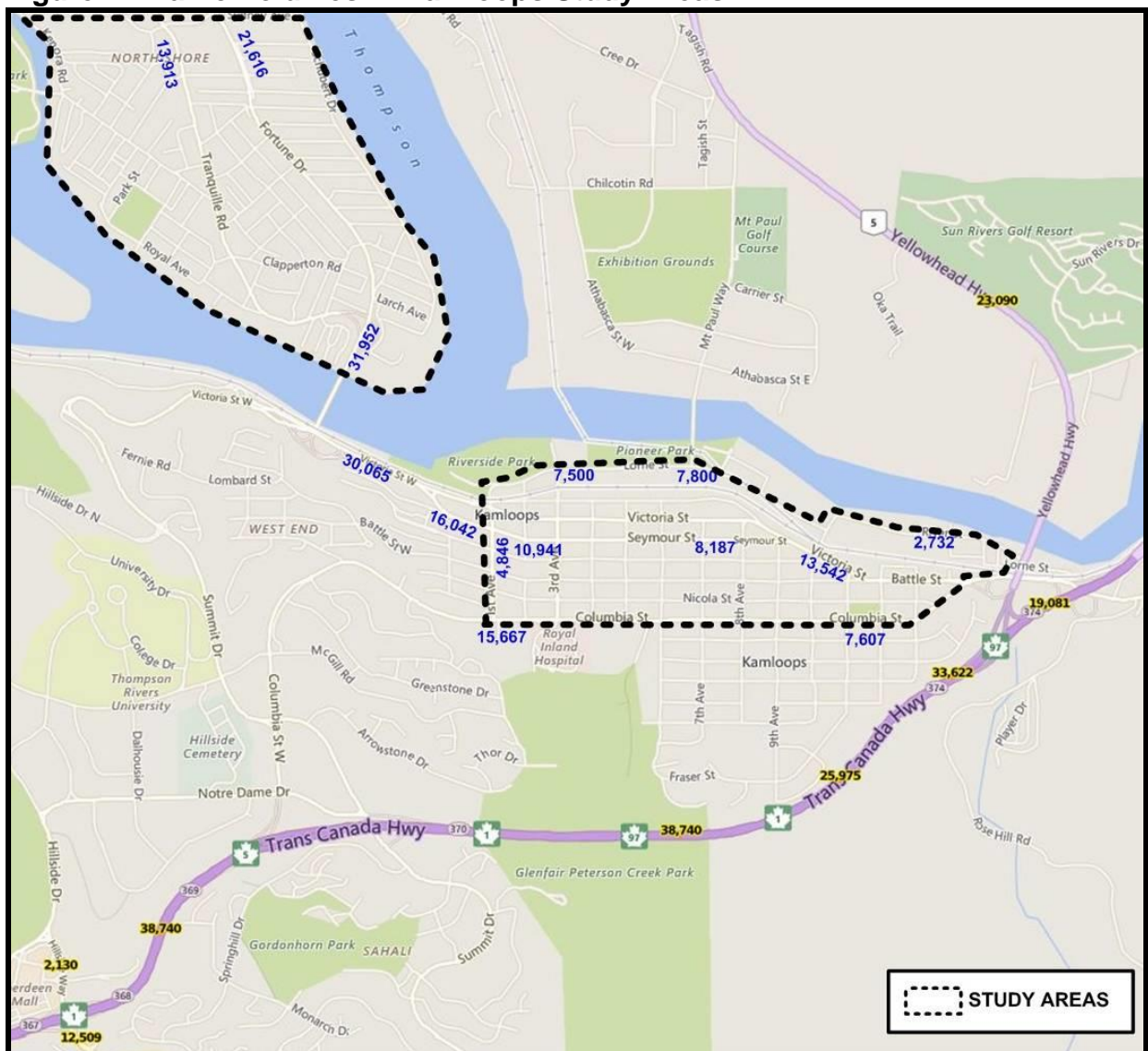
A typical benchmark for commercial developments is that on the order of 15,000 drive-by vehicles per day are required to warrant a successful commercial district. Fortune Drive in the North Shore exceeds this, while Tranquille Road comes close. These traffic volumes are sufficient to support a major commercial strip along Fortune Drive, or Tranquille Road.



Commercial development should be focused on the main street only as it is much less viable on the interstitial streets between the two. In the Downtown area, few streets exceed daily counts above 15,000, and arguably the streets that do are likely traffic heading to the Overlanders Bridge, which connects the northern portion of the city to the southern portion.

Typically, in local neighbourhoods of this scale, most trade area residents will live within a five-minute drive. The conditions of successful commercial streets typically require four lanes for traffic, with two lanes for parking. The downtown area does have traffic and sufficient street parking which creates a street-side buffer for pedestrians on the sidewalk and enhances customer convenience.

**Figure 4: Traffic Volumes in Kamloops Study Areas**



Source: City of Kamloops; Sitewise; Bing Maps

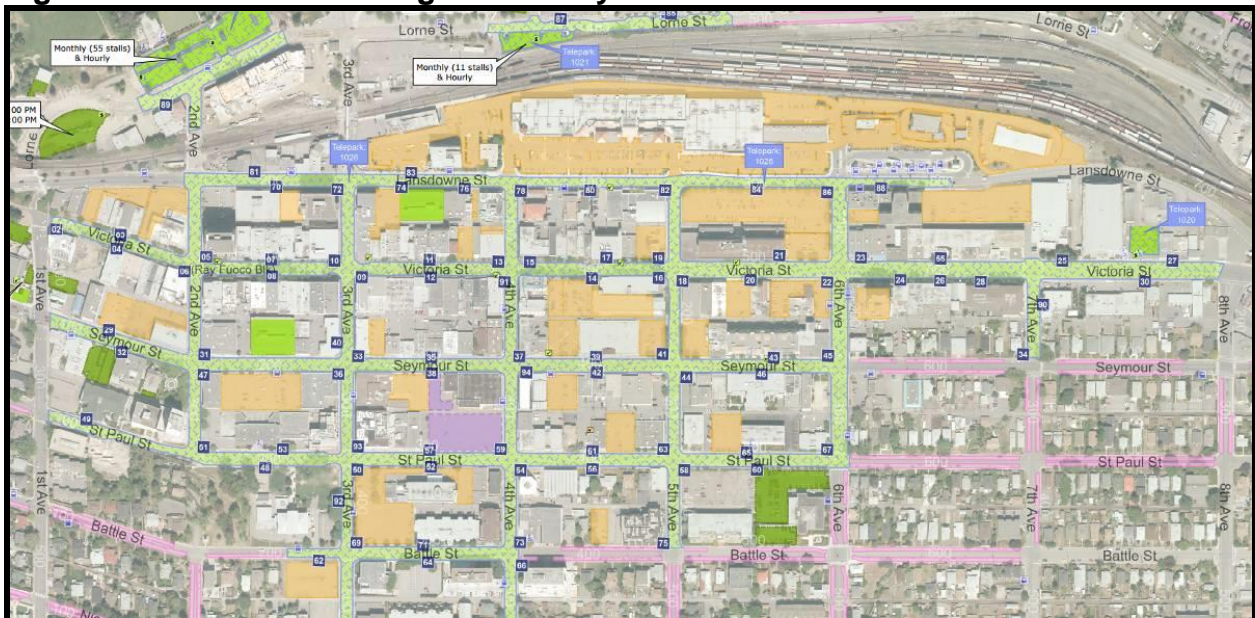
Downtown traffic volumes are not comparable to other commercial areas where the typical 24-hour average on successful commercial streets ranges over 20,000 vehicles. In some instances, too much traffic can be detrimental as it creates congestion and commuters choose not to stop unless they are forced to. Local retail thrives when there is a large nearby population base. Significantly growing the local population through the development of multi-family residential would greatly reduce the dependence of local retail on drive-by traffic.

### DOWNTOWN PARKING

A cursory review of parking facilities reveals that parking is not a major issue, rather there is categorically a surplus of on-street and off street parking. Since many businesses provide some off-street parking, some long-term effort should be made to add more structured on-site parking and improve directional signage to parking lots which are just off the main roads. This is very expensive and adds to the cost of urban versus suburban housing.

The map below shows the parking available Downtown. The scale is too small to discern any details beyond general geographies and colors, but that is to help illustrate the magnitude of the parking available downtown. Areas in beige are surface parking lots, while streets in bright green are paid street parking. Lastly, streets lined in pink offer free street parking for 1-2 hours.

**Figure 5: Downtown Parking Availability**



Source: City of Kamloops

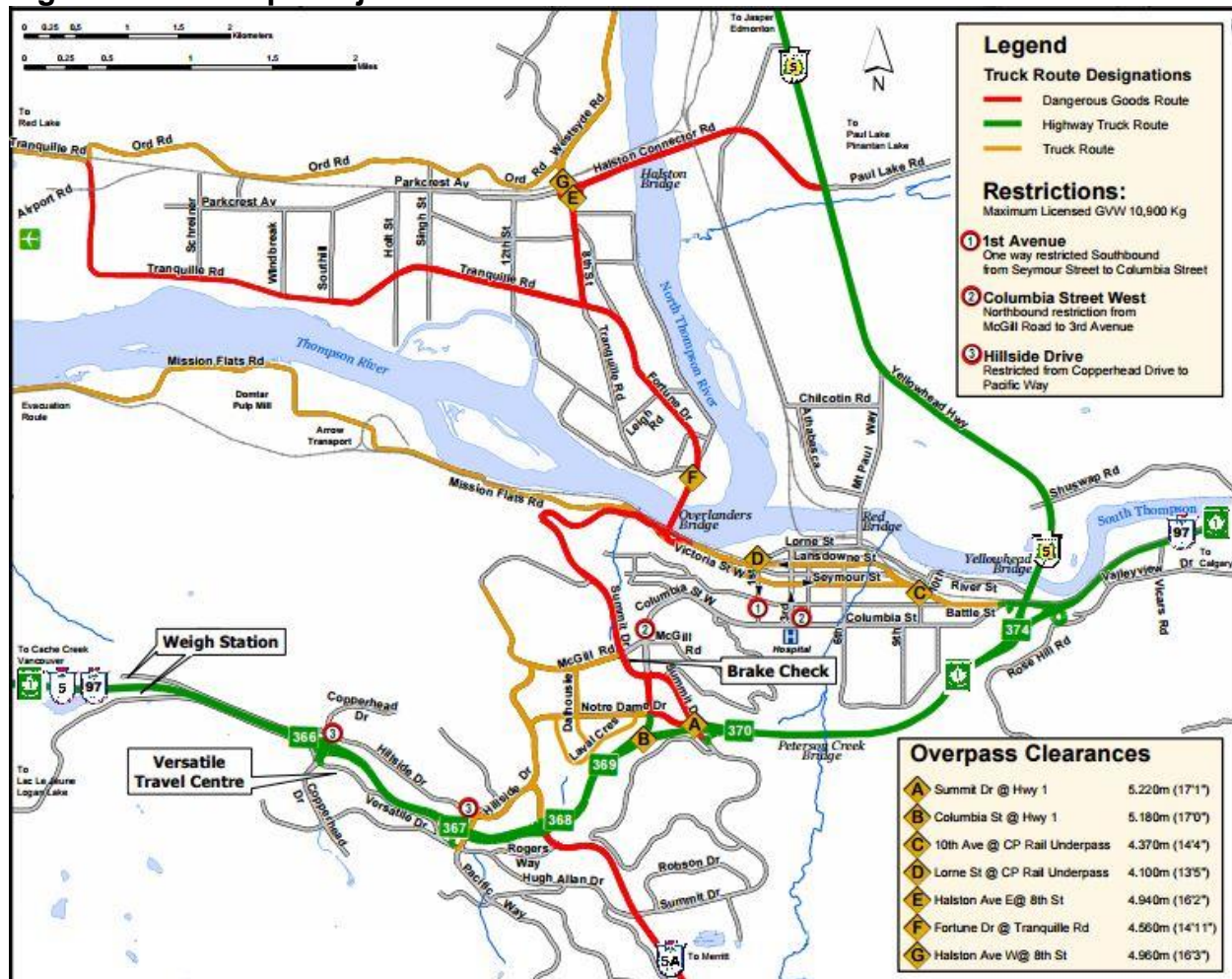
These large lots present redevelopment opportunities provided there is an adequate market.

### 1.3 ACCESS

The Downtown area has excellent local access and visibility, and is fairly convenient to regional traffic. The Trans-Canada Highway has an interchange near the branching of Battle Street and Columbia Street, at the eastern edge of the Downtown study area. The North Shore study area has high-capacity arterials serving it, connecting it to both Downtown as well as to the major highways flowing out of the city.

The map below shows the major routes within the city. Green routes are major inter-provincial highways; gold routes are truck routes with red routes being those designated for the transportation of dangerous goods.

**Figure 6: Kamloops Major Road Network**

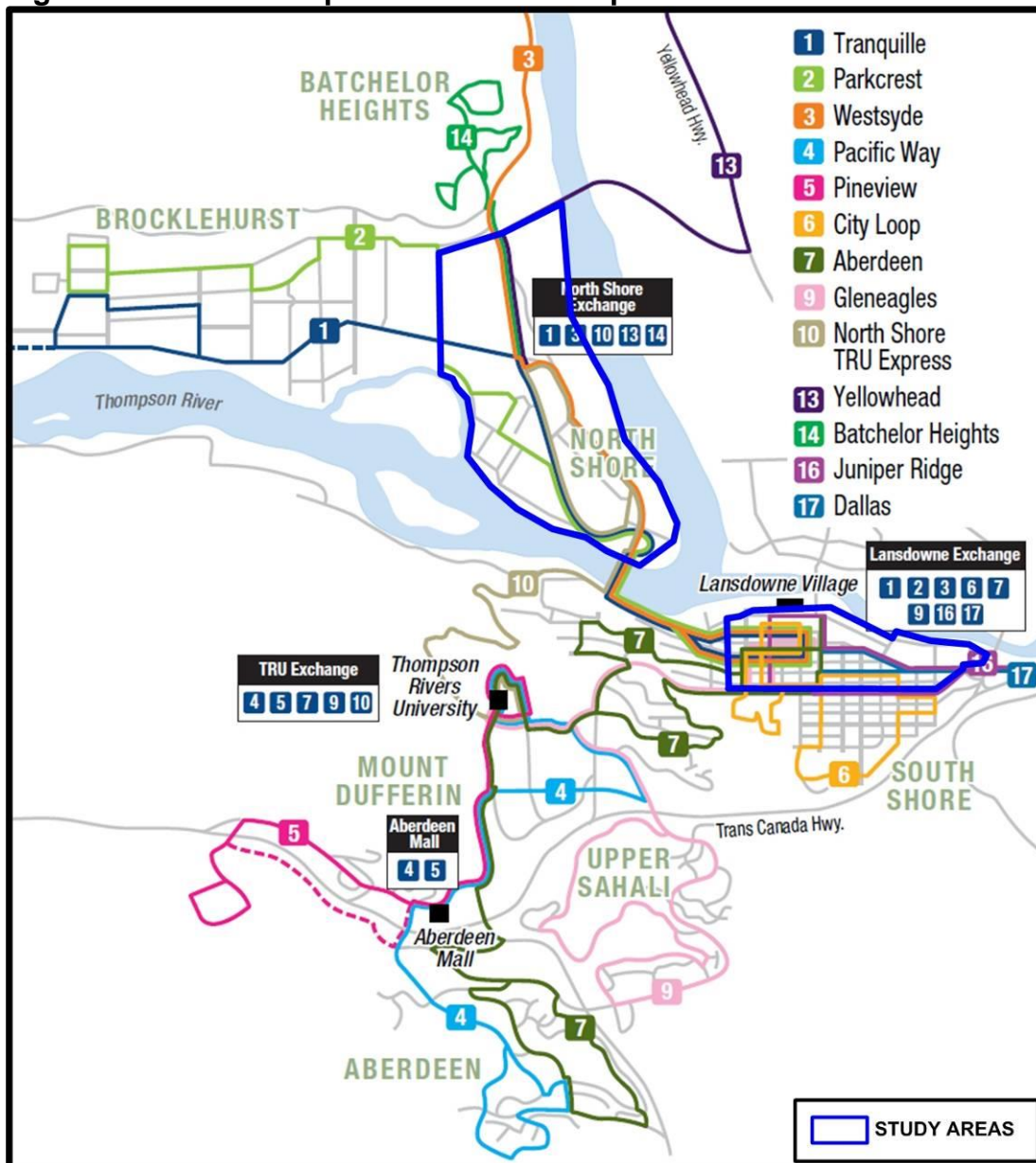


Sources: BC Ministry of Transportation and Infrastructure

## 1.4 PUBLIC TRANSIT

The current bus service connecting Downtown and North Shore with surrounding residential communities and other commercial hubs is adequate. There is regular and increasingly well-used service between downtown and all areas, even those located well to the south and west of the study areas. The map below shows the extent of the public transportation system; both the Downtown and North Shore areas are well-served by the bus system.

**Figure 7: Public Transportation in Kamloops**



Sources: BC Transit; Site Economics

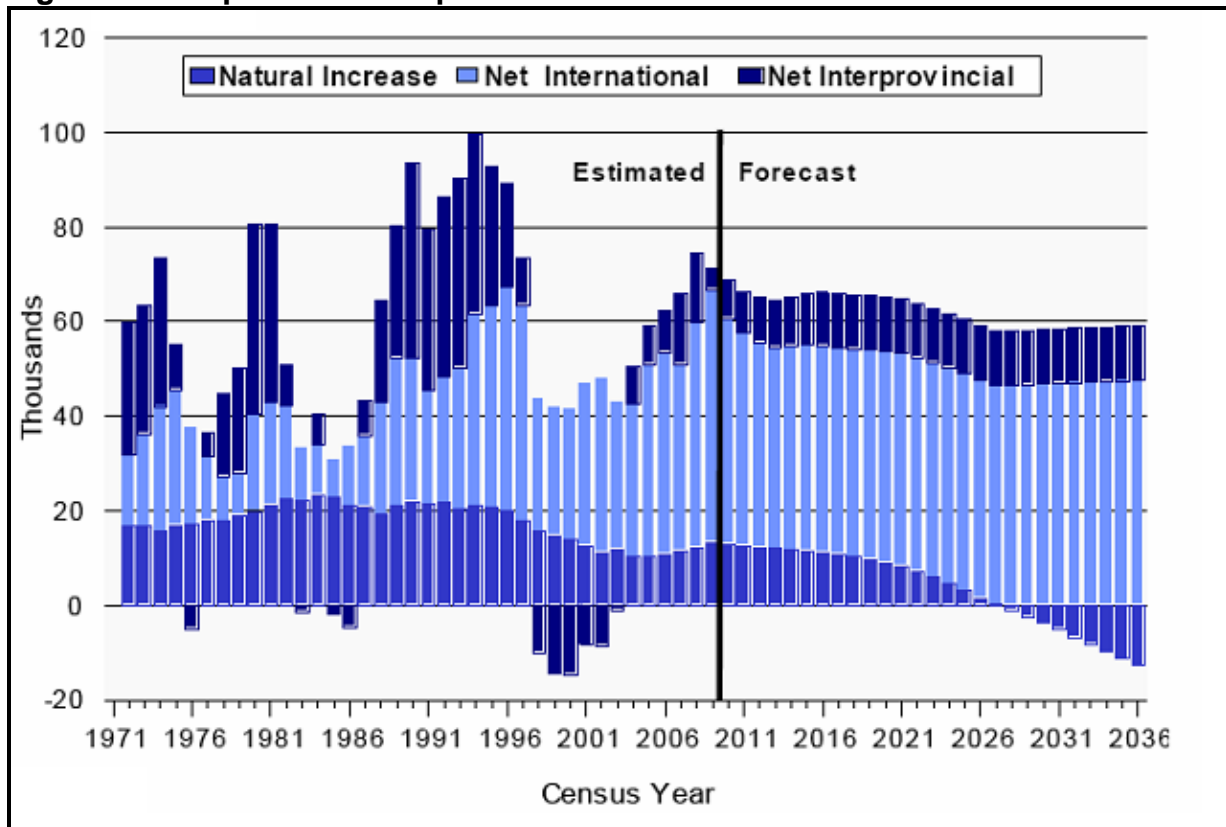
## 2.0 POPULATION & WORKFORCE

This section of the study describes the context for the economic opportunities and population growth levels. This is important in any economic and financial study of a future real estate development, as it supports the demand side of the real estate equation.

### 2.1 PROVINCIAL POPULATION

British Columbia has a population of approximately 4.4 million and it has grown by an average of 1% per year. The population is ageing due to a long-term decline in birth rates. The baby boom generation helped delay the onset of the full effect of this ageing but, as they reach retirement age, the ageing of the population will accelerate, regardless of the level of international immigration.

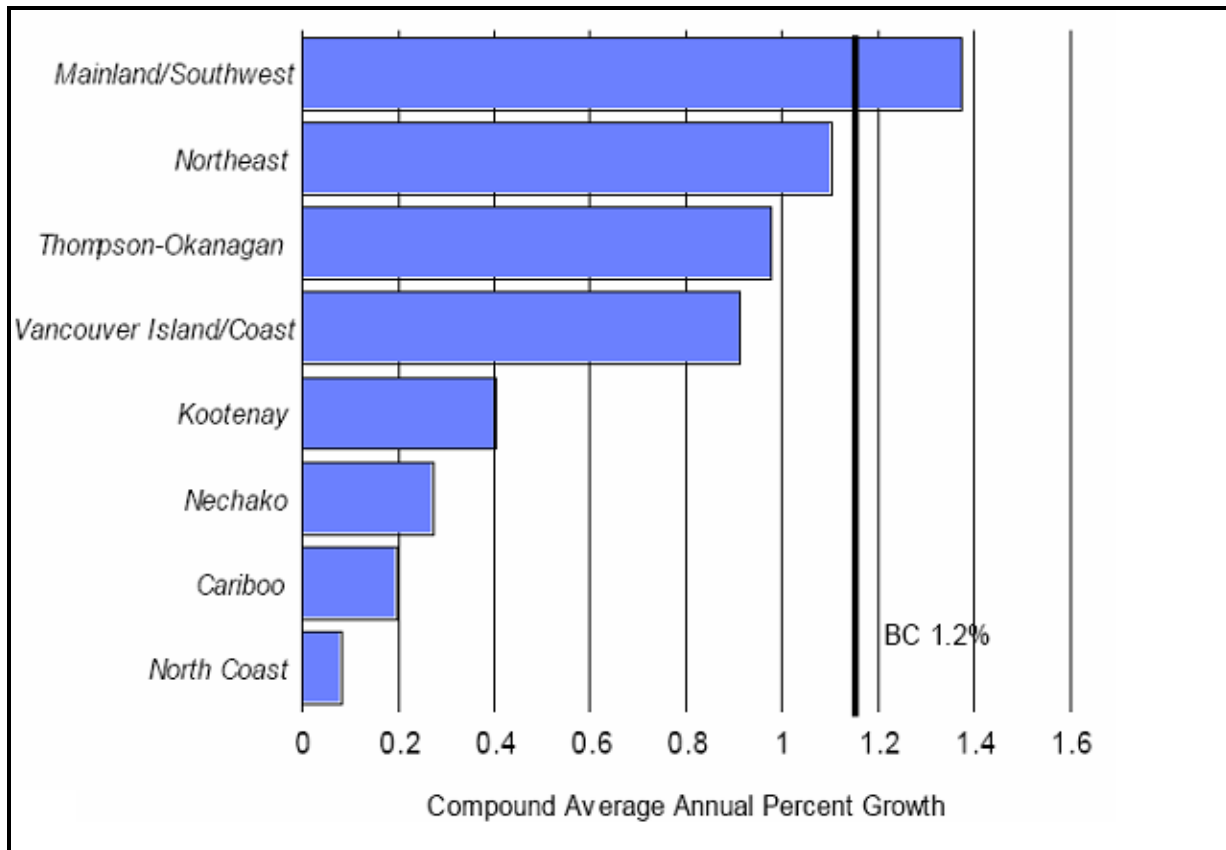
**Figure 8: Components of Population Growth in British Columbia - 1971-2036**



Source: BC Stats

The provincial population is expected to continue to grow at a similar rate as in the past. Most of the growth will occur in the Lower Mainland / Southwest; this is because immigrants tend to be the main source of growth and they tend to prefer large urban centres where the majority of infrastructure and employment opportunities are found.

**Figure 9: Forecasts Population Growth Rates in British Columbia by Region**

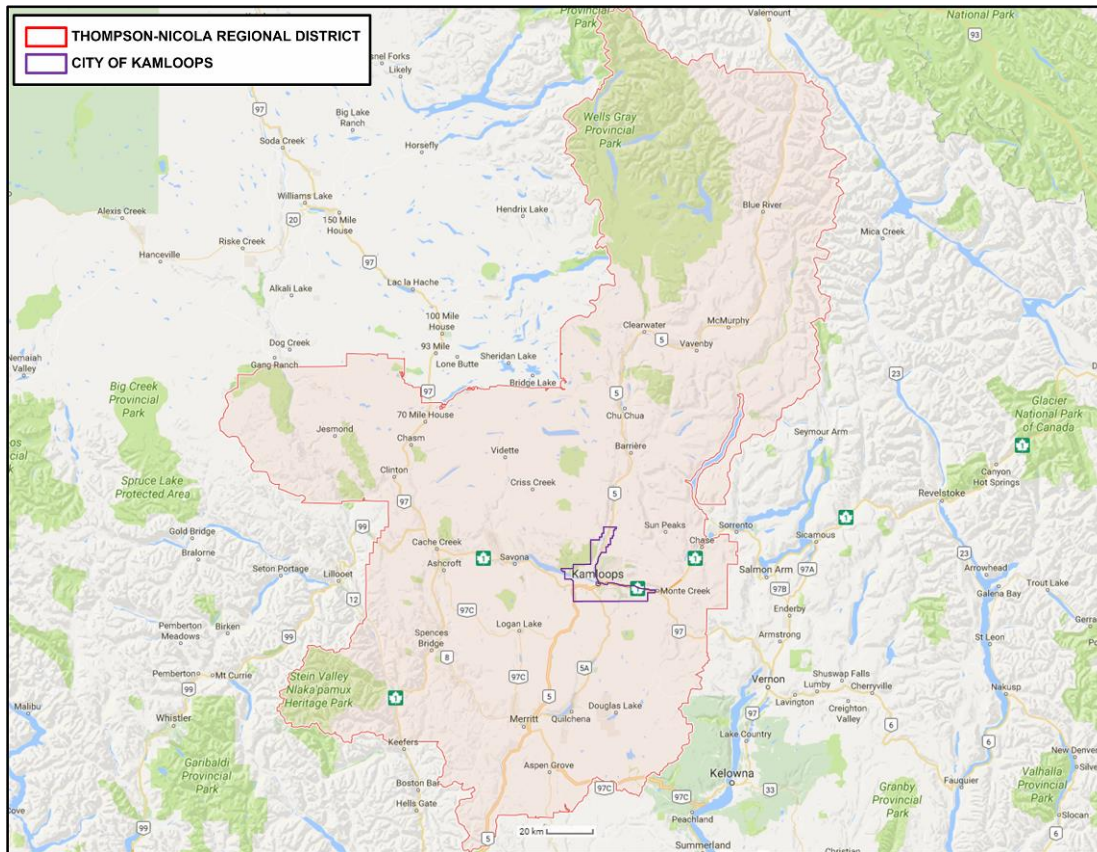


Source: BC Stats

## 2.2 KAMLOOPS AND REGIONAL DISTRICT POPULATION

The City of Kamloops comprises a relatively large geographic area. The municipality is part of the Thompson-Nicola Regional District (TNRD) and is by far its largest municipality. In 2011, Kamloops comprised about two-thirds of TNRD’s total population. The map below shows the TNRD and Kamloops in its context. Other smaller municipalities in the TNRD may be seen in their proximity to Kamloops.

**Figure 10: Map of the Thompson-Nicola Regional District**



Sources: Google Maps; Site Economics

The Thompson-Nicola Regional District is growing quickly, having increased by about 5.1% between 2006 and 2011, or an annual growth rate of just over 1%. The population of the Regional District is broken down in the table below:

**Table 1: Population of Thompson-Nicola Regional District - 2011**

Municipality	Government Type	Population (2011)
Thompson-Nicola	Regional District	128,473
<b>Kamloops</b>	<b>City</b>	<b>85,678</b>
Merritt	City	7,113
Chase	Village	2,495
Clearwater	District Municipality	2,331
Logan Lake	District Municipality	2,037
Barriere	District Municipality	1,773
Ashcroft	Village	1,628
Cache Creek	Village	1,040
Clinton	Village	636
Sun Peaks	Mountain Resort Municipality	371
Lytton	Village	228

Source: Statistics Canada

Using population projections from BC Stats for the Regional District, we derived projections for the City of Kamloops over the next 25 years as summarized in the table below. As the most recent reliable population counts are from the 2011 census the present-day population needed to be estimated. According to our calculations, we estimate the current population of Kamloops to be about 90,000 people, or about a 5% increase from 2011. As high housing prices in the Lower Mainland drive population surges elsewhere in the province, we expect the City population to grow another 20% by 2036 to just under 109,000. Overall, we expect Kamloops to grow by about 1,000 residents per year for the next ten years before slowing slightly. Interestingly, as the populations of both the North Shore and Downtown study areas remain largely unchanged between the 2006 and 2011 Censuses (the populations actually declined slightly, our models do not expect any growth occurring there without interventions.

When future population growth is expected to remain strong, demand for both housing and retail is usually expected to be strong as well. Population growth is transformed into demand for new housing through household formation, which in turn demands more goods and services.

**Table 2: Population Projections for the City of Kamloops - 2011-2036**

POPULATION HISTORY AND PROJECTIONS BY AGE COHORT - CITY OF KAMLOOPS - 2006-2036							
	HISTORIC		ESTIMATED / PROJECTED				
	2006	2011	2016e	2021p	2026p	2031p	2036p
<b>TOTAL</b>	<b>80,375</b>	<b>85,678</b>	<b>90,004</b>	<b>95,297</b>	<b>100,383</b>	<b>104,929</b>	<b>108,895</b>
0 to 4 years	3,835	4,305	3,897	4,334	4,493	4,430	4,359
5 to 9 years	4,305	4,325	4,358	4,275	4,846	5,008	4,966
10 to 14 years	5,205	4,717	4,362	4,725	4,729	5,317	5,518
15 to 19 years	5,870	5,650	4,780	4,629	5,013	5,037	5,643
20 to 24 years	6,070	6,413	5,899	4,960	4,805	5,168	5,240
25 to 29 years	4,580	5,773	5,873	6,357	5,342	5,245	5,609
30 to 34 years	4,435	4,910	5,485	6,585	6,973	6,010	5,953
35 to 39 years	5,280	4,963	5,142	6,171	7,280	7,673	6,698
40 to 44 years	6,330	5,759	5,248	5,641	6,722	7,872	8,256
45 to 49 years	6,795	6,644	5,875	5,555	6,002	7,101	8,293
50 to 54 years	6,345	7,074	6,707	6,032	5,729	6,187	7,297
55 to 59 years	5,750	6,243	7,460	6,771	6,116	5,817	6,271
60 to 64 years	4,180	5,560	6,839	7,425	6,764	6,132	5,839
65 to 69 years	3,375	4,008	6,085	6,671	7,280	6,649	6,031
70 to 74 years	2,820	3,141	4,480	5,764	6,345	6,931	6,344
75 to 79 years	2,315	2,586	3,262	4,035	5,220	5,764	6,297
80 to 84 years	1,665	1,882	2,204	2,673	3,349	4,335	4,813
85 years and over	1,225	1,725	2,049	2,695	3,375	4,253	5,467

Sources: Statistics Canada; BC Stats; Site Economics

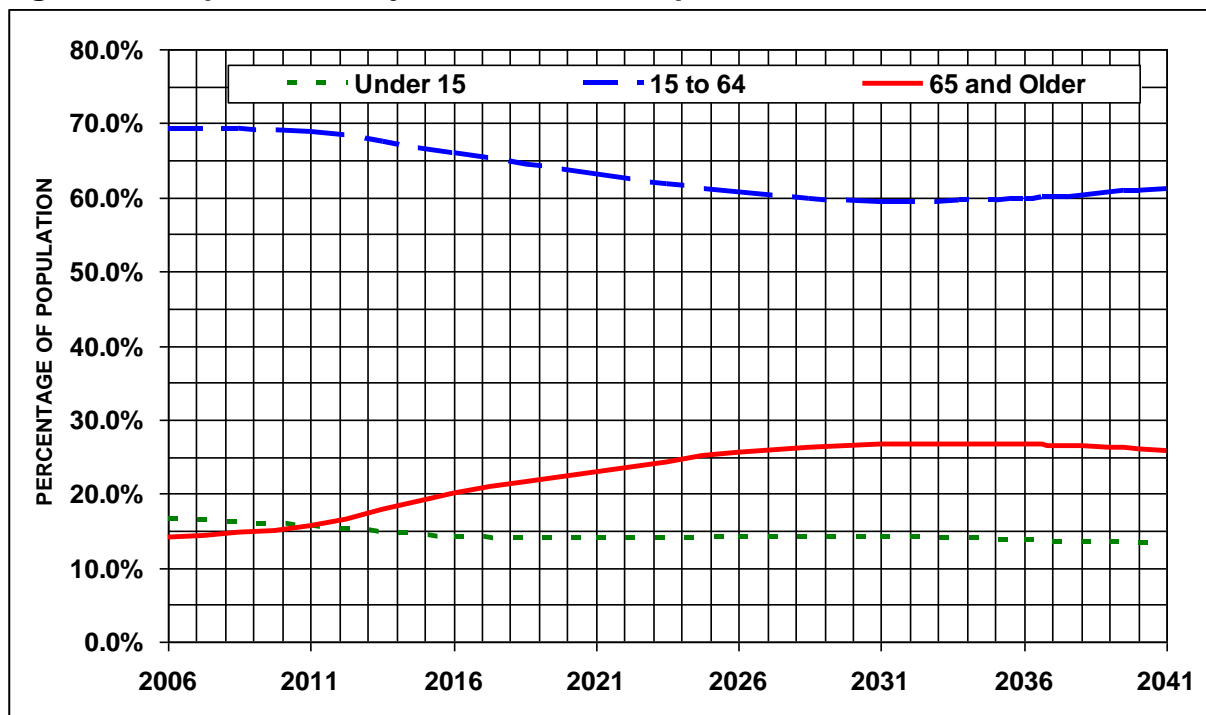
The age cohorts above can be grouped into three major categories of residents of working age as well as those older and those younger. When plotted on a graph as shown below, an important trend becomes evident.



The fact that the Baby Boom generation is getting older and into retirement is well-known and often discussed because of its implications for the workforce. Kamloops, like most North American cities, is not immune to this trend.

According to our estimates Kamloops' working age population will shrink from nearly 70% to under 60% of its total population by 2031; at the same time, its over-65 population will jump from under 15% to over 25% of the total population. Interestingly, the portion of the population under the age of 15 is expected to slowly decrease over this period. These trends are summarized on the chart below.

**Figure 11: Population Projections in Kamloops - 2006-2041**



Sources: Statistics Canada; BC Stats; Site Economics

Such trends can have economic repercussions as a smaller workforce is tasked with providing the tax-base to support an increasing number of seniors, who, in turn, will require higher levels of services from public infrastructure.

## 2.3 KAMLOOPS AND STUDY AREA DEMOGRAPHICS

The map below shows the specific areas of Kamloops that will be the focus of this report: the City Centre and the North Shore. This section will compare key demographic information of the populations of these study areas against the city as a whole as well as the province of British Columbia overall.

**Figure 12: City Centre and North Shore Study Areas in Kamloops**



Sources: Bing Maps; Site Economics

### EMPLOYMENT

The unemployment rate in British Columbia was 5.9 per cent at the end of July 2016, unchanged from the previous month; this was, however, the lowest level since March of 2015. The number of full-time jobs was down from the end of the previous month. There were 1,400 fewer full-time jobs in July 2016 compared to a month earlier. A gain of 8,000 part-time positions led to an increase of 6,600 total jobs in July.

Full-time job gains occurred mainly in transportation & warehousing, the financial sector, professional, scientific and technology services, business & building services and public administration. These gains offset losses occurring mainly in utilities, construction, manufacturing, trade services, education, healthcare, information & culture services, accommodation & food services.

The census data shows how Kamloops compares to the province in terms of labour force participation, and is summarized below.

**Table 3: Labour Force Participation - 2011 Census**

LABOUR FORCE PARTICIPATION - 2011 CENSUS - KAMLOOPS AND COMPARISON AREAS				
	North Shore	Downtown	Kamloops	British Columbia
<b>Total Population 15 years or Over</b>	<b>8,877</b>	<b>2,853</b>	<b>70,402</b>	<b>3,648,290</b>
In the labour force	5,339 60.1%	1,509 52.9%	46,749 66.4%	2,355,193 64.6%
Employed	4,683 52.8%	1,375 48.2%	42,797 60.8%	2,172,199 59.5%
Unemployed	656 7.4%	134 4.7%	3,952 5.6%	182,994 5.0%
Not in the labour force	3,538 39.9%	1,343 47.1%	23,653 33.6%	1,293,097 35.4%
<b>Participation rate</b>	<b>60.1%</b>	<b>52.9%</b>	<b>66.4%</b>	<b>64.6%</b>

Sources: Statistics Canada; Sitewise

In 2011, the data showed that Kamloops had a higher proportion of its working age population engaged in the labour force than did the province overall, yet had a slightly higher unemployment rate.

The Downtown study area had a significantly lower labour participation rate than the city or the province overall. The North Shore also exhibited a lower participation rate as well as a higher unemployment rate when compared to the two larger jurisdictions.

The next two tables on the following pages compare the two study area populations with the city and the province in terms of employment. Unfortunately the most recent data comes from the 2011 Census; while the numbers themselves may be not as accurate in 2016, the figures from 2011 do provide useful comparisons. Some noteworthy observations include:

- North Shore residents are 96% less likely to work in information and cultural services, 54% less likely to work in educational services, and 53% less likely to work in professional, scientific and technical services than their province-wide counterparts. On the other hand, they are 264% more likely to work in mining and extraction industries than those province wide, and 29% more likely to than the city-wide population.
- North Shore residents are also more likely to work in construction, real estate and accommodation and food services than their citywide or provincial counterparts.
- Downtown residents are 192% more likely to work in arts, entertainment and recreation than their provincial counterparts, and 141% more likely than those citywide. Similarly, downtown residents are much more likely to work in accommodation and food services than their citywide or provincial counterparts

- Downtown residents are 25% more likely to work in public administration than the provincial average. They are also more likely to work in retail trade and real estate than those across the province or city.
- Downtown residents are over 44% less likely to work in construction than the provincial or citywide averages, and over 48% less likely to work in transportation and warehousing.

The figures are summarized in the table below:

**Table 4: Employment by Industry - Kamloops and Comparison Areas - 2011**

EMPLOYMENT BY INDUSTRY - 2011 CENSUS - KAMLOOPS AND COMPARISON AREAS								
Labour Force 15 years and over by Industries	North Shore		Downtown		Kamloops		British Columbia	
	5,339		1,509		46,749		2,355,193	
Industry - Not applicable	141	2.6%	37	2.5%	928	2.0%	48,963	2.1%
All industries	5,198	97.4%	1,472	97.5%	45,821	98.0%	2,306,230	97.9%
11 Agriculture, forestry, fishing and hunting	23	0.4%	6	0.4%	731	1.6%	61,250	2.6%
21 Mining, quarrying, and oil and gas extraction	212	4.0%	20	1.3%	1,457	3.1%	25,479	1.1%
22 Utilities	22	0.4%	9	0.6%	209	0.4%	13,242	0.6%
23 Construction	506	9.5%	60	4.0%	3,348	7.2%	181,567	7.7%
31-33 Manufacturing	282	5.3%	41	2.7%	2,306	4.9%	148,867	6.3%
41 Wholesale trade	140	2.6%	21	1.4%	1,660	3.6%	90,601	3.8%
44-45 Retail trade	716	13.4%	233	15.4%	6,221	13.3%	266,338	11.3%
48-49 Transportation and warehousing	322	6.0%	40	2.6%	2,684	5.7%	118,716	5.0%
51 Information and cultural industries	6	0.1%	25	1.6%	718	1.5%	62,271	2.6%
52 Finance and insurance	145	2.7%	38	2.5%	1,250	2.7%	91,831	3.9%
53 Real estate and rental and leasing	193	3.6%	54	3.6%	961	2.1%	54,874	2.3%
54 Professional, scientific and technical services	191	3.6%	86	5.7%	2,605	5.6%	179,412	7.6%
55 Management of companies and enterprises	8	0.1%	2	0.2%	67	0.1%	2,464	0.1%
56 Admin & support, waste mgmt & remed. svcs	372	7.0%	18	1.2%	1,610	3.4%	98,932	4.2%
61 Educational services	176	3.3%	101	6.7%	3,529	7.5%	167,930	7.1%
62 Health care and social assistance	737	13.8%	175	11.6%	6,104	13.1%	249,099	10.6%
71 Arts, entertainment and recreation	109	2.0%	106	7.0%	1,377	2.9%	56,955	2.4%
72 Accommodation and food services	574	10.8%	210	13.9%	4,035	8.6%	179,681	7.6%
81 Other services (except public administration)	272	5.1%	114	7.6%	1,926	4.1%	112,790	4.8%
91 Public administration	193	3.6%	115	7.6%	3,023	6.5%	143,931	6.1%

Sources: Statistics Canada; Sitewise

The table below summarizes employment by occupation type, comparing the results from the two study areas with those from the city of Kamloops and the province of BC.

Some noteworthy observations include:

- North Shore residents are 65% more likely to work in natural resource production than their provincial counterparts and 39% more likely than those citywide. On the other hand, downtown residents are more than 50% less likely to work in these occupations.
- North Shore residents are over 40% less likely to work in management occupations and over 30% less likely to work in education, law, social and government occupations.
- North Shore residents are 72% more likely to work in manufacturing and utilities than their citywide counterparts, while downtown residents are 16% less likely to work in those occupations.
- Downtown residents are 86% more likely to work in occupations involving arts, culture and recreation than the citywide average.

The figures are summarized in the table below:

**Table 5: Employment by Occupation - Kamloops and Comparison Areas - 2011**

EMPLOYMENT BY OCCUPATION - 2011 CENSUS - KAMLOOPS AND COMPARISON AREAS								
Labour Force 15 years and over by Occupation	North Shore		Downtown		Kamloops		British Columbia	
	5,339		1,509		46,749		2,355,193	
Occupation - Not applicable	135	2.5%	37	2.5%	925	2.0%	48,985	2.1%
All industries	5,204	97.5%	1,472	97.5%	45,824	98.0%	2,306,208	97.9%
0 Management occupations	351	6.6%	141	9.4%	4,558	9.7%	263,781	11.2%
1 Business, finance & admin occupations	609	11.4%	241	16.0%	6,567	14.0%	369,097	15.7%
2 Natural and applied sciences & related	91	1.7%	65	4.3%	2,489	5.3%	154,125	6.5%
3 Health occupations	379	7.1%	127	8.4%	3,568	7.6%	147,690	6.3%
4 Occupations in education, law and social, community and government services	399	7.5%	196	13.0%	5,626	12.0%	266,007	11.3%
5 Occupations in art, culture, recreation & sport	140	2.6%	62	4.1%	1,025	2.2%	78,631	3.3%
6 Sales and service occupations	1,714	32.1%	474	31.4%	11,556	24.7%	554,503	23.5%
7 Trades, transport and equipment operators and related occupations	1,063	19.9%	117	7.7%	7,804	16.7%	337,246	14.3%
8 Natural resources, agriculture and related production occupations	230	4.3%	19	1.2%	1,458	3.1%	60,348	2.6%
9 Occupations in manufacturing and utilities	229	4.3%	31	2.1%	1,173	2.5%	74,780	3.2%

Sources: Statistics Canada; Sitewise

A key driver for future land use is the nature of the employment. Some industries will grow to be a larger share of the employment pool over time while others will recede. Using industry growth projections from BC Stats, we developed employment projections by industry for Kamloops through 2041.

These projections are summarized below:

**Table 6: Employment Projections by Industry - City of Kamloops - 2011-2041**

<b>EMPLOYMENT PROJECTIONS BY INDUSTRY - CITY OF KAMLOOPS - 2011-2041</b>							
<b>INDUSTRY BY 2-DIGIT NAICS CODE</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>	<b>2031</b>	<b>2036</b>	<b>2041</b>
11 Agriculture, forestry, fishing and hunting	731	731	731	738	756	791	833
21 Mining, quarrying, and oil and gas extraction	1,457	1,781	2,177	2,287	2,344	2,451	2,583
22 Utilities	209	219	229	233	240	250	265
23 Construction	3,348	3,660	4,001	4,112	4,214	4,408	4,647
31-33 Manufacturing	2,306	2,400	2,498	2,542	2,604	2,724	2,872
41 Wholesale trade	1,660	1,753	1,851	1,889	1,935	2,024	2,135
44-45 Retail trade	6,221	6,570	6,940	7,082	7,256	7,590	8,002
48-49 Transportation and warehousing	2,684	2,821	2,964	3,022	3,096	3,239	3,414
51 Information and cultural industries	718	752	787	802	821	858	905
52 Finance and insurance	1,250	1,300	1,353	1,377	1,411	1,476	1,556
53 Real estate and rental and leasing	961	1,001	1,041	1,059	1,086	1,136	1,198
54 Professional, scientific and technical services	2,605	2,792	2,993	3,063	3,139	3,283	3,462
55 Management of companies and enterprises	67	67	67	67	68	73	78
56 Admin & support, waste mgmt & remed svcs	1,610	1,727	1,852	1,896	1,942	2,031	2,143
61 Educational services	3,529	3,654	3,784	3,846	3,942	4,123	4,347
62 Health care and social assistance	6,104	6,772	7,513	7,743	7,934	8,298	8,747
71 Arts, entertainment and recreation	1,377	1,441	1,506	1,534	1,572	1,645	1,733
72 Accommodation and food services	4,035	4,304	4,591	4,694	4,810	5,030	5,302
81 Other services (except public administration)	1,926	2,014	2,106	2,145	2,198	2,299	2,424
91 Public administration	3,023	3,209	3,406	3,479	3,565	3,728	3,931
<b>TOTAL</b>	<b>45,821</b>	<b>48,968</b>	<b>52,390</b>	<b>53,610</b>	<b>54,933</b>	<b>57,457</b>	<b>60,577</b>
Employment in Primary Industries (1)	2,205	2,529	2,925	3,042	3,117	3,260	3,436
Population-based Employment (2)	21,011	22,437	23,976	24,527	25,132	26,286	27,714
Tourism-based Employment (3)	9,777	10,340	10,937	11,164	11,439	11,965	12,613
Industrial-based Employment (4)	12,829	13,662	14,553	14,878	15,245	15,946	16,815

1. Primary industries: include farms, forestry, fishing, hunting and mining oil and gas extraction  
2. Population-based employment includes jobs in FIRE, business service, institutional and 50% of retail trade.  
3. Tourism-based employment includes jobs in accommodation, food and beverage and other service and 50% of retail trade  
4. Industrial-based employment includes jobs in manufacturing, wholesale trade, construction, transportation and storage and utilities

Sources: Statistics Canada; Site Economics

Between 2011 and 2041 we expect the Kamloops workforce to grow by 32%. The industries we expect to gain share of the workforce relative to today are mining and extraction, construction, and healthcare & social assistance. Industries where we expect decreasing share include agriculture, manufacturing, education and FIRE (finance, insurance & real estate).

## EDUCATION AND INCOME

The table below compares the two study area populations with the city and the province in terms of education attainment. Unfortunately the most recent data comes from the 2011 Census; while the numbers themselves may be not as accurate in 2016, the figures from 2011 do provide useful comparisons.

**Table 7: Educational Attainment - Kamloops and Comparison Areas - 2011**

EDUCATIONAL ATTAINMENT - 2011 CENSUS - KAMLOOPS AND COMPARISON AREAS								
	North Shore		Downtown		Kamloops		British Columbia	
<b>Total Population 15 years and over</b>	<b>8,877</b>		<b>2,853</b>		<b>70,402</b>		<b>3,648,290</b>	
No certificate, diploma or degree	2,014	22.7%	597	20.9%	12,001	17.0%	607,885	16.7%
High school certificate or equivalent	3,041	34.3%	788	27.6%	21,260	30.2%	1,009,735	27.7%
Postsecondary certificate, diploma or degree	3,822	43.1%	1,468	51.5%	37,141	52.8%	2,030,670	55.7%
Apprenticeship or trades certificate or diploma	1,409	15.9%	376	13.2%	9,500	13.5%	387,628	10.6%
College, CEGEP or other non-university certificate or diploma	1,266	14.3%	443	15.5%	11,814	16.8%	628,356	17.2%
University certificate or diploma below bachelor level	473	5.3%	184	6.4%	4,432	6.3%	208,367	5.7%
University certificate, diploma or degree at bachelor level or above	675	7.6%	465	16.3%	11,395	16.2%	806,319	22.1%
Bachelor's degree	500	5.6%	334	11.7%	7,633	10.8%	511,445	14.0%
University certificate, diploma or degree above bachelor level	175	2.0%	131	4.6%	3,762	5.3%	294,874	8.1%

Sources: Statistics Canada; Sitewise

Some interesting observations include:

- Downtown residents are 23% more likely than their citywide counterparts to have less than a high school education; North Shore residents are 34% more likely.
- While North Shore residents are 53% less likely than the citywide average to hold a bachelor-level degree or higher, Downtown residents are slightly more likely to hold this level of educational attainment.
- North Shore and Downtown residents, respectively, are 50% and 25% more likely than the provincial average to hold a trades certificate or diploma.

There is often a strong correlation between educational attainment and income, and so it comes as little surprise that residents of both study areas have significantly lower average and median incomes than their provincial or citywide counterparts. The table below compares household incomes found in the two study areas with those found across Kamloops and BC. Again, the most recent reliable numbers come from the 2011 census, so while the numbers themselves may be somewhat dated, they do reveal interesting relationships.

**Table 8: Household Income - Kamloops and Comparison Areas - 2011**

HOUSEHOLD INCOME - 2011 CENSUS - KAMLOOPS AND COMPARISON AREAS								
	North Shore		Downtown		Kamloops		British Columbia	
Households by Income	4,871	%base	1,960	%base	35,022	%base	1,764,637	%base
Under \$10,000	534	11.0%	269	13.7%	1,496	4.3%	91,434	5.2%
\$ 10,000 - \$19,999	823	16.9%	364	18.6%	2,966	8.5%	154,987	8.8%
\$ 20,000 - \$29,999	735	15.1%	311	15.9%	3,061	8.7%	161,804	9.2%
\$ 30,000 - \$39,999	609	12.5%	253	12.9%	3,152	9.0%	168,414	9.5%
\$ 40,000 - \$49,999	485	10.0%	190	9.7%	3,070	8.8%	161,782	9.2%
\$ 50,000 - \$59,999	379	7.8%	132	6.7%	2,795	8.0%	149,403	8.5%
\$ 60,000 - \$69,999	318	6.5%	102	5.2%	2,721	7.8%	136,676	7.7%
\$ 70,000 - \$79,999	262	5.4%	87	4.4%	2,642	7.5%	122,644	7.0%
\$ 80,000 - \$89,999	177	3.6%	63	3.2%	2,287	6.5%	106,954	6.1%
\$ 90,000 - \$99,999	126	2.6%	45	2.3%	2,010	5.7%	91,310	5.2%
\$ 100,000 - \$ 124,999	236	4.8%	85	4.3%	3,695	10.6%	158,059	9.0%
\$ 125,000 - \$ 149,999	114	2.3%	44	2.3%	2,314	6.6%	103,272	5.9%
\$ 150,000 - \$ 174,999	32	0.7%	10	0.5%	1,206	3.4%	59,958	3.4%
\$ 175,000 - \$ 199,999	24	0.5%	1	0.1%	638	1.8%	34,424	2.0%
\$ 200,000 - \$ 249,999	15	0.3%	0	0.0%	561	1.6%	30,318	1.7%
\$ 250,000 and over	4	0.1%	2	0.1%	408	1.2%	33,198	1.9%
Average income	\$45,586		\$41,579		\$76,285		\$ 78,227	
Median Income	\$35,650		\$31,389		\$63,569		\$ 59,632	

Sources: Statistics Canada; Sitewise

Some interesting observations include:

- Kamloops has average and median incomes are roughly aligned with those across BC, but with a slightly higher median income. Moreover, Kamloops has a slightly higher share of households earning over \$100,000 per year than the province as a whole (25.2% vs. 23.9%). On the other hand, fewer than 9% of study area households have incomes above that threshold.
- The median household income among Downtown residents is less than half that of the city overall, with over three times the rate of households earning under \$10,000 per year. Downtown households are also twice as likely to earn between \$10,000 and \$20,000 than their citywide counterparts.

These differences may prove to be important as household incomes play a significant role in retail demand.

## HOUSEHOLDS

The table below compares the two study area populations with the city and the province in terms of household size and maintainer age. Unfortunately the most recent data comes from the 2011 Census; while the numbers themselves may be not as accurate in 2016, the figures from 2011 do provide useful comparisons.



**Table 9: Household Metrics - Kamloops and Comparison Areas - 2011**

HOUSEHOLD METRICS - 2011 CENSUS - KAMLOOPS AND COMPARISON AREAS								
	North Shore		Downtown		Kamloops		British Columbia	
<b>Total Households by Size of Household</b>	<b>4,871</b>		<b>1,960</b>		<b>35,022</b>		<b>1,764,637</b>	
1 person	1,792	36.8%	1,146	58.5%	9,315	26.6%	498,924	28.3%
2 persons	1,660	34.1%	577	29.4%	13,027	37.2%	613,269	34.8%
3 persons	706	14.5%	142	7.2%	5,537	15.8%	264,134	15.0%
4 persons	446	9.2%	60	3.1%	4,868	13.9%	237,725	13.5%
5 persons	170	3.5%	25	1.3%	1,607	4.6%	91,600	5.2%
6 or more persons	97	2.0%	10	0.5%	668	1.9%	58,985	3.3%
<b>Persons in Households</b>	<b>10,478</b>		<b>3,052</b>		<b>83,731</b>		<b>4,324,505</b>	
Persons per household	2.15		1.56		2.39		2.45	
<b>Total Households by Age of Maintainer</b>	<b>4,871</b>		<b>1,960</b>		<b>35,022</b>		<b>1,764,637</b>	
Under 25 years	311	6.4%	227	11.6%	1,754	5.0%	57,816	3.3%
25 to 34 years	763	15.7%	232	11.8%	4,910	14.0%	235,950	13.4%
35 to 44 years	671	13.8%	187	9.6%	5,823	16.6%	308,825	17.5%
45 to 54 years	1,005	20.6%	277	14.1%	7,545	21.5%	396,785	22.5%
55 to 64 years	777	16.0%	266	13.6%	6,778	19.4%	354,395	20.1%
65 to 74 years	623	12.8%	256	13.1%	4,557	13.0%	220,365	12.5%
75 years or over	721	14.8%	513	26.2%	3,655	10.4%	190,501	10.8%
<b>Median Age</b>	51.9		57.1		51.7		52.0	

Source: Statistics Canada

Some noteworthy observations include:

- The North Shore and Downtown areas have proportionately many more single-person households than the city or the province. This in turn drives down the average household size to 1.56 Downtown and 2.15 on the North Shore as compared to 2.39 citywide. In fact, Downtown has one-third the share of households of three or more persons than does the city or province.
- Downtown has a much higher rate of household maintainers under the age of 25 than does the North Shore, the city or the province, yet has the highest median maintainer age. This indicates a "dumbbell-shaped" age distribution where Downtown has a disproportionately large representation of maintainers under 25 and maintainers older than 65.

## 2.4 BUILDING PERMITS

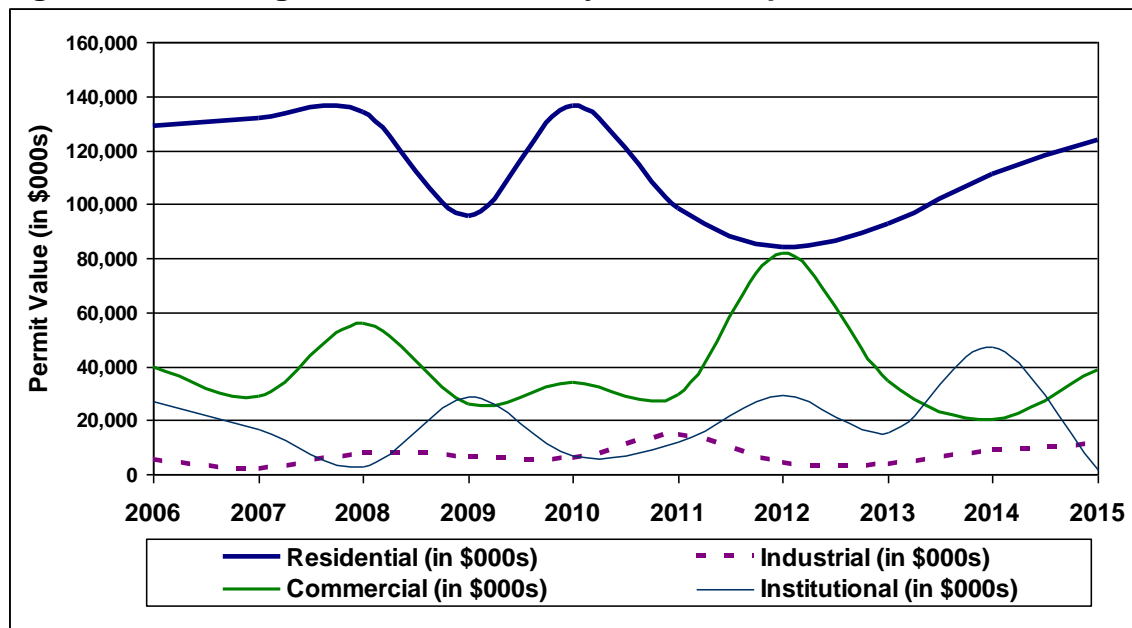
Building permit data from BC Stats for the period between 2006 and 2015 is illustrated in the following figures. The data show a substantial reduction in residential and commercial building permit levels for Kamloops in 2009, most likely as a result of the global economic slowdown. After a brief spike in residential permits in 2010, activity fell in the following years before slowly building back to near pre-recession levels. These results are summarized in the table and figure below

**Table 10: Building Permit Values - City of Kamloops - 2006-2015**

BUILDING PERMIT AMOUNTS - CITY OF KAMLOOPS - 2006-2015										
Building Permit Type	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential (in \$000s)	129,027	131,621	133,846	95,308	136,339	98,424	83,795	92,849	111,077	123,581
Industrial (in \$000s)	4,980	1,623	7,430	6,583	5,628	14,209	4,068	3,497	8,543	11,010
Commercial (in \$000s)	39,473	28,496	55,885	26,023	33,799	29,422	81,991	34,490	20,189	38,630
Institutional (in \$000s)	27,256	16,586	3,029	28,878	6,926	11,971	29,155	15,537	47,285	1,516
Residential Building Permits	697	612	575	423	674	396	346	502	419	466
Single Dwelling Units	383	350	239	157	273	146	176	152	217	223
Row Home Units	136	121	90	12	89	57	36	32	41	38
Apartment Units	44	72	210	228	284	151	97	270	117	142

Source: BC Stats

**Figure 13: Building Permit Values - City of Kamloops - 2006-2015**



Source: BC Stats

### 3.0 RESIDENTIAL REAL ESTATE MARKET

An assessment of the market is a crucial step to determine the most appropriate development strategy and mix of unit types and sizes. The market findings bear directly on the development options for the site, the value of each component, and a reasonable expectation of absorption. To that end, this market study examines building starts, home sales, and prices for all forms of residential development in Kamloops.

### 3.1 EXISTING HOUSING STOCK

This section of the report provides analysis and assessment of the current supply of housing in Kamloops as well as provides a comparison with the two study areas. The table below explores type and tenure of housing in Kamloops. The data is from the 2011 Census and may be somewhat out of date, but nonetheless provides a good baseline for analysis.

**Table 11: Housing Type & Tenure - Kamloops and Comparison Areas - 2011 Census**

DWELLING UNIT METRICS - 2011 CENSUS - KAMLOOPS AND COMPARISON AREAS									
	North Shore		Downtown		Kamloops		British Columbia		
<b>Occupied Private Dwellings by Tenure</b>	<b>4,871</b>		<b>1,909</b>		<b>35,022</b>		<b>1,764,637</b>		
Owned	2,472	50.7%	808	42.3%	25,807	73.7%	1,234,710	70.0%	
Rented	2,399	49.3%	1,100	57.7%	9,215	26.3%	525,001	29.8%	
Band housing	0	0.0%	0	0.0%	0	0.0%	4,926	0.3%	
<b>Occupied Private Dwellings by Structure Type</b>	<b>4,871</b>		<b>1,909</b>		<b>35,022</b>		<b>1,764,637</b>		
Houses	2,682 55.1%		573 29.3%		25,281 72.2%		1,025,312 58.1%		
Single-detached house	2,090 42.9%		459 23.4%		19,718 56.3%		842,120 47.7%		
Semi-detached house	381 7.8%		21 1.1%		2,571 7.3%		52,826 3.0%		
Row house	211 4.3%		94 4.8%		2,992 8.5%		130,366 7.4%		
Apartment, building low and high rise	1,504 30.9%		1,266 64.6%		6,200 17.7%		505,122 28.6%		
Less than five floors	1,495 30.7%		748 38.2%		5,527 15.8%		361,181 20.5%		
Five or more floors	9 0.2%		518 26.4%		673 1.9%		143,941 8.2%		
Detached duplex	648 13.3%		118 6.0%		2,492 7.1%		184,356 10.4%		
Other single-attached house	19 0.4%		3 0.1%		44 0.1%		2,886 0.2%		
Movable dwelling	18 0.4%		0 0.0%		1,005 2.9%		46,961 2.7%		
<b>Occupied Private Dwellings by Construction Era</b>	<b>4,871</b>		<b>1,909</b>		<b>35,022</b>		<b>1,764,637</b>		
Before 1960	1,273 26.1%		611 32.0%		4,374 12.5%		282,676 16.0%		
1961-1980	2,589 53.2%		594 31.1%		15,221 43.5%		551,656 31.3%		
1981-1990	518 10.6%		255 13.4%		4,727 13.5%		308,446 17.5%		
1991-2000	348 7.1%		312 16.4%		6,289 18.0%		329,781 18.7%		
2001-2005	15 0.3%		72 3.8%		1,895 5.4%		133,232 7.6%		
2006-2011	128 2.6%		64 3.4%		2,516 7.2%		158,846 9.0%		

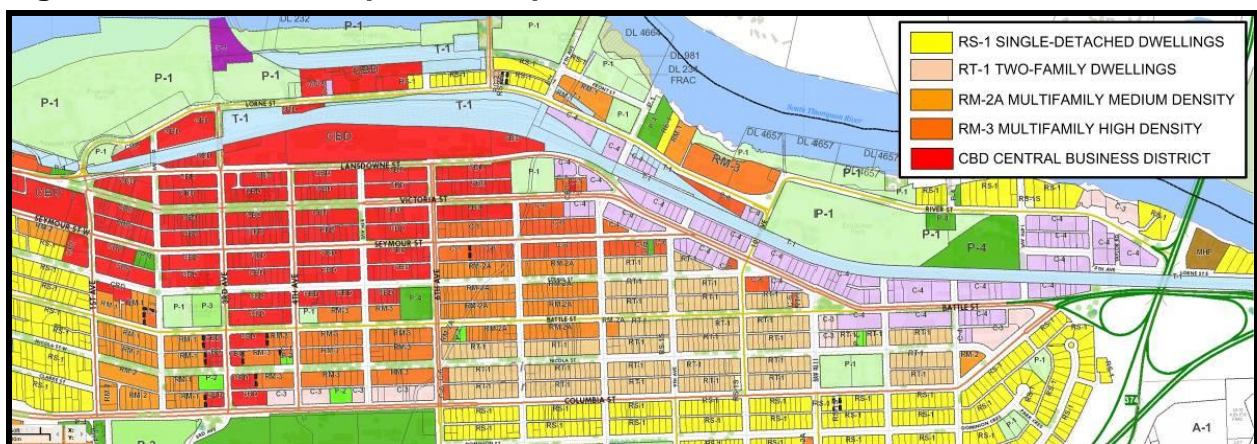
Source: Statistics Canada; Sitewise

Some noteworthy observations include:

- The rate of homeownership in Kamloops is slightly higher than that across BC.
- Downtown and North Shore residents are much more likely to rent their home than those citywide or across the province; Nearly half of North Shore households rent as do over 57% of Downtown households.
- Downtown Kamloops has a significant share (over 26%) of its housing supply in the form of apartments in buildings of five floors or higher. The city and province report this share at 19.% and 8.2% respectively. Interestingly, the nearby North Shore area has a negligible number of units of this type, though its lower density zoning is the likely reason.
- The housing stock in the two study areas is significantly older than that citywide or across the province. Over 63% of units Downtown were built before 1980, and 32% were built before 1960, while nearly 80% of units on the North Shore were built before 1980. Compare these with the 56% found across Kamloops and the 46% observed province-wide. This suggests that both Downtown and North Shore may be ripe for redevelopment.

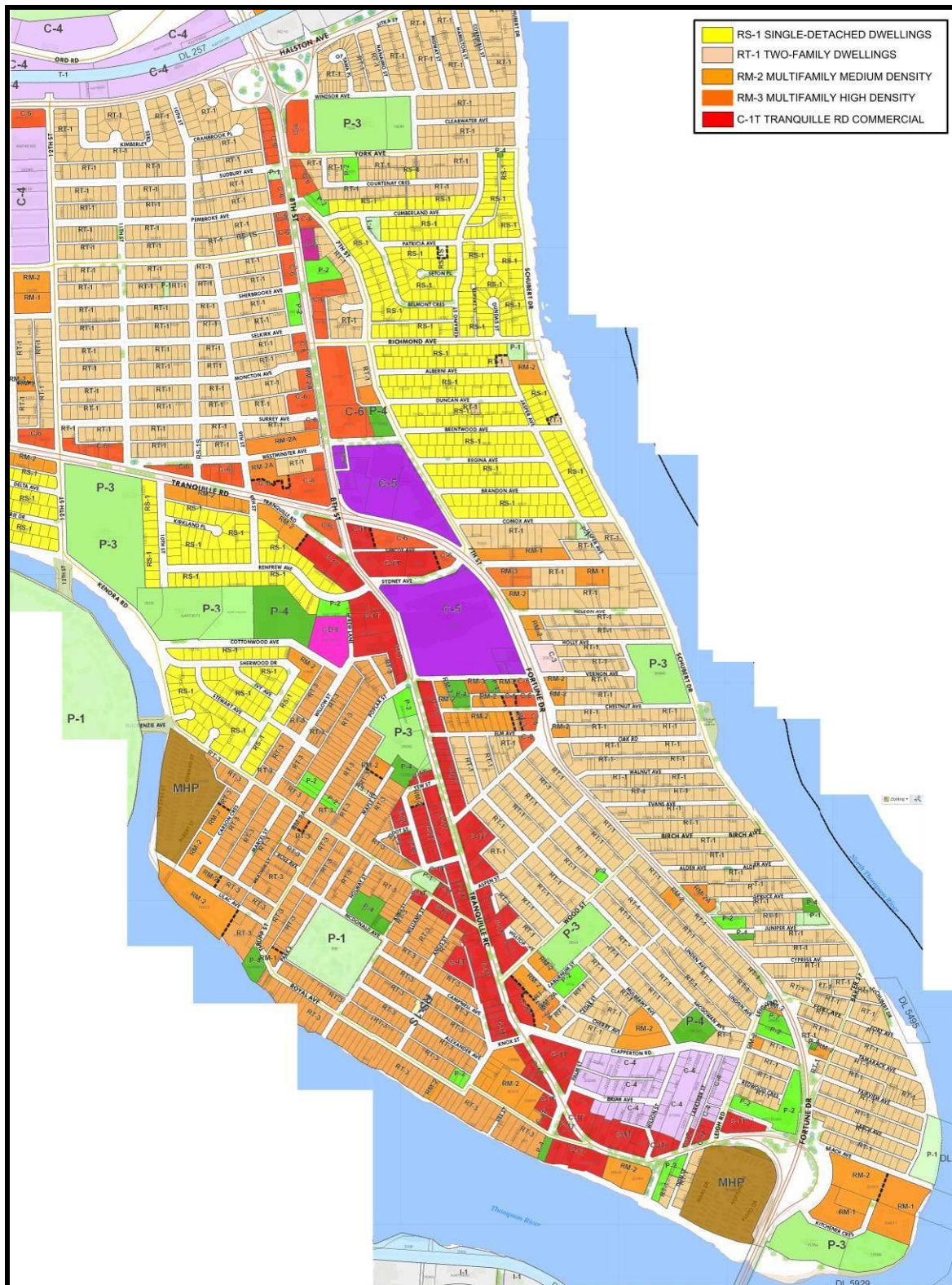
Zoning maps for the two study areas are found below and on the following page. Residential uses are indicated in the legend and one may notice that almost the entirety of each study area allows for residential development in one form or another. At a glance, higher density forms can be recognized with colors closer to red. The land use map for Downtown as shown below reveals that much of the study area is designated for higher density forms than typical single-detached residences, while the North Shore is less densely designated.

**Figure 14: Land Use Map - Kamloops Downtown**



Sources: City of Kamloops; Site Economics

Figure 15: Land Use Map - Kamloops North Shore



Sources: City of Kamloops; Site Economics

## 3.2 HOUSING DEMAND PROJECTIONS

Using the population forecast from the previous chapter, we can apply the commonplace trend of a mildly declining household size to project the total number of households in Kamloops. The results are summarized in the table below.

**Table 12: Population and Household Projection - City of Kamloops - 2006-2036**

POPULATION AND HOUSEHOLD PROJECTION - CITY OF KAMLOOPS - 2006-2036							
	HISTORIC		ESTIMATED / PROJECTED				
	2006	2011	2016e	2021p	2026p	2031p	2036p
POPULATION	80,375	85,678	90,004	95,297	100,383	104,929	108,895
HOUSEHOLD SIZE	2.52	2.40	2.31	2.30	2.29	2.28	2.26
HOUSEHOLDS	31,958	35,709	38,959	41,486	43,845	46,069	48,185
AVERAGE ANNUAL INCREASE		750	650	505	472	445	423

Sources: Statistics Canada; BC Stats; Site Economics

The projection shows that Kamloops can expect to require about 505 additional homes per year between 2016 and 2021, with that average declining somewhat over time as the rate of growth slows. Note that these projections only cover population growth and do not account for housing units being lost to age, fire or other disasters. If Kamloops moved to align its housing mix with that of the province, it would build fewer houses and more apartments over the next twenty years. Those units built could be built in the quantities shown in the table below.

**Table 13: Possible Demand Scenario for New Housing Units - Kamloops - 2016-2036**

NEW HOUSING UNITS POSSIBLE DEMAND SCENARIO - CITY OF KAMLOOPS - 2016-2036				
	2016-2021	2022-2026	2027-2031	2032-2036
<b><u>New Units Total (5-Year Periods)</u></b>	<b><u>2527</u></b>	<b><u>2359</u></b>	<b><u>2224</u></b>	<b><u>2116</u></b>
<b><u>New Houses (5-Year Periods)</u></b>	<b><u>751</u></b>	<b><u>518</u></b>	<b><u>319</u></b>	<b><u>146</u></b>
Single-detached house	457	262	94	44
Semi-detached house	184	172	162	58
Row house	109	84	62	44
<b><u>New Apartments (5-Year Periods)</u></b>	<b><u>1284</u></b>	<b><u>1340</u></b>	<b><u>1396</u></b>	<b><u>1451</u></b>
Less than five floors	813	829	847	867
Five or more floors	453	492	527	561
<b>New Detached Duplexes</b>	<b>470</b>	<b>488</b>	<b>506</b>	<b>524</b>
<b>New other single-attached house</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>13</b>
<b>New Movable Dwellings</b>	<b>56</b>	<b>49</b>	<b>43</b>	<b>39</b>

Source: Site Economics

### 3.3 HOUSING TRENDS AND HIGHLIGHTS

This section of the report provides analysis and assessment of the Kamloops residential market. The data is presented in terms of housing starts, housing construction, housing completions, and housing prices. The data used in this section is derived from various sources including Canadian Mortgage and Housing Corporation (CMHC) and the Multiple Listing Service (MLS).

#### HOUSING STARTS

The table below shows the starts for the different types of housing across Kamloops. What can be readily observed is that starts have not yet reached the pre-recession levels observed in 2006-2007, though they have been steadily increasing.

**Table 14: Housing Starts by Unit Type and Market - Kamloops - 2006-2015**

UNIT STARTS BY TYPE AND MARKET - KAMLOOPS - 2006-2015										
All Markets	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Single	481	455	307	195	360	242	283	219	281	296
Semi-Detached	132	80	92	39	47	48	48	42	52	58
Row	67	123	90	27	41	33	21	31	34	32
Apartment	0	105	89	159	193	187	129	187	151	137
<b>All</b>	<b>680</b>	<b>763</b>	<b>578</b>	<b>420</b>	<b>641</b>	<b>510</b>	<b>481</b>	<b>479</b>	<b>518</b>	<b>523</b>
Homeowner	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Single	385	389	274	182	348	233	272	210	267	253
Semi-Detached	0	0	6	24	43	44	48	42	38	14
Row	0	0	0	0	0	0	0	4	0	0
Apartment	0	0	0	0	0	0	0	0	0	0
<b>All</b>	<b>385</b>	<b>389</b>	<b>280</b>	<b>206</b>	<b>391</b>	<b>277</b>	<b>320</b>	<b>256</b>	<b>305</b>	<b>267</b>
Rental	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Single	61	51	23	4	6	1	11	9	4	3
Semi-Detached	0	0	0	3	0	0	0	0	0	0
Row	0	0	0	0	12	0	0	0	15	0
Apartment	0	48	0	19	0	6	41	10	95	32
<b>All</b>	<b>61</b>	<b>99</b>	<b>23</b>	<b>26</b>	<b>18</b>	<b>7</b>	<b>52</b>	<b>19</b>	<b>114</b>	<b>35</b>
Condo	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Single	35	15	10	9	6	8	0	0	10	40
Semi-Detached	132	80	86	12	4	4	0	0	14	44
Row	67	123	90	27	29	33	21	27	19	32
Apartment	0	57	89	140	193	181	88	177	56	105
<b>All</b>	<b>234</b>	<b>275</b>	<b>275</b>	<b>188</b>	<b>232</b>	<b>226</b>	<b>109</b>	<b>204</b>	<b>99</b>	<b>221</b>

Source: CMHC

It is interesting to place this rate of development in context with other urban centres of comparable size, as shown in the table below. Here we can see that in the category of centres between 50,000 and 100,000 people, Kamloops finds itself in the middle of the pack with a greater number of starts than Vernon or Prince George, but fewer than Chilliwack or centres on Vancouver Island. This placement is to be expected as centres closer to Greater Vancouver are more likely to receive its displaced residents.

**Table 15: Housing Starts through 2016 Q2 - Centres over 10,000 residents**

Submarket	Single		Semi		Row		Apt. & Other		Total		
	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	% Change
<b>Centres 100,000+</b>											
Abbotsford-Mission	261	137	24	4	134	32	246	97	665	270	146.3
Kelowna	303	273	72	102	115	51	503	125	993	551	80.2
Vancouver	2,645	2,254	218	272	1,671	1,077	10,306	6,335	14,840	9,938	49.3
Victoria	451	303	56	44	46	70	1,035	567	1,588	984	61.4
<b>Centres 50,000 - 99,999</b>											
Chilliwack	177	137	26	24	114	67	36	109	353	337	4.7
Courtenay	100	81	14	32	8	30	6	105	128	248	-48.4
Kamloops	90	129	44	30	25	25	74	23	233	207	12.6
Nanaimo	199	199	22	16	19	34	133	248	373	497	-24.9
Prince George	65	81	2	8	0	10	114	48	181	147	23.1
Vernon	73	105	18	24	8	11	92	3	191	143	33.6
<b>Centres 10,000 - 49,999</b>											
Campbell River	43	43	27	6	0	0	3	1	73	50	46.0
Cranbrook	40	25	0	0	0	3	18	0	58	28	107.1
Dawson Creek	2	16	0	6	0	4	1	11	3	37	-91.9
Duncan	56	73	13	0	12	0	2	12	83	85	-2.4
Fort St. John	16	55	12	28	0	116	40	51	68	250	-72.8
Nelson <sup>1</sup>	11	3	0	0	0	0	6	54	17	57	-70.2
Parksville-Qualicum Beach	92	83	0	10	0	16	0	0	92	109	-15.6
Penticton	71	60	18	22	3	22	2	27	94	131	-28.2
Port Alberni	25	14	0	2	0	0	1	0	26	16	62.5
Powell River	14	4	2	0	0	0	1	0	17	4	**
Prince Rupert	6	6	0	2	0	0	0	0	6	8	-25.0
Quesnel	8	6	0	0	4	0	0	0	12	6	100.0
Salmon Arm	37	30	0	0	3	3	1	1	41	34	20.6
Salt Spring Island <sup>1</sup>	3	14	0	0	0	0	0	0	3	14	-78.6
Squamish	56	35	0	6	47	28	57	10	160	79	102.5
Summerland	11	11	2	4	0	3	1	0	14	18	-22.2
Terrace	7	13	0	2	0	15	2	2	9	32	-71.9
Williams Lake	5	6	0	0	0	0	0	0	5	6	-16.7
<b>Total British Columbia (10,000+)</b>	<b>4,867</b>	<b>4,196</b>	<b>570</b>	<b>644</b>	<b>2,209</b>	<b>1,617</b>	<b>12,680</b>	<b>7,829</b>	<b>20,326</b>	<b>14,286</b>	<b>42.3</b>

Source: CMHC

It is worth noting that Kamloops, along with the other centres not on Vancouver Island are witnessing positive year-to-date growth, while Island centres have seen declines.



## HOUSING COMPLETIONS

Housing completions are registered when a unit receives an occupancy permit. This differs from housing starts which measures when construction starts and does not determine if the project is eventually completed. The following chart outlines housing completions by submarket and dwelling type. A total of 231 completions were recorded in the first half of 2016, which is down nearly 33% from the 344 completions recorded during the same period of 2015. This is well below the 24% provincial increase recorded for the period.

The table below shows the completions for the different types of housing across Kamloops. What can be readily observed is that completions have generally not yet reached the pre-recession levels observed in 2006-2007, though they have been steadily increasing and are approaching those levels.

**Table 16: Housing Completions by Type and Market - Kamloops - 2006-2015**

UNIT COMPLETIONS BY TYPE AND MARKET - KAMLOOPS - 2006-2015										
<b>All Markets</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Single	405	442	403	234	287	322	262	237	251	277
Semi-Detached	130	126	48	79	50	28	67	40	42	54
Row	41	83	111	69	47	31	26	24	28	12
Apartment	43	0	90	45	176	156	283	86	279	55
<b>All</b>	<b>619</b>	<b>651</b>	<b>652</b>	<b>427</b>	<b>560</b>	<b>537</b>	<b>638</b>	<b>387</b>	<b>600</b>	<b>398</b>
<b>Homeowner</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Single	307	369	362	216	273	304	249	225	243	248
Semi-Detached	2	0	2	2	36	22	58	34	38	26
Row	0	0	0	0	0	0	0	0	4	0
Apartment	0	0	0	0	0	0	0	0	0	0
<b>All</b>	<b>309</b>	<b>369</b>	<b>364</b>	<b>218</b>	<b>309</b>	<b>326</b>	<b>307</b>	<b>259</b>	<b>285</b>	<b>274</b>
<b>Rental</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Single	56	55	33	7	3	13	11	12	8	3
Semi-Detached	2	0	0	3	2	0	1	0	0	0
Row	0	0	0	0	0	12	0	0	0	0
Apartment	0	0	48	0	19	1	10	44	148	12
<b>All</b>	<b>58</b>	<b>55</b>	<b>81</b>	<b>10</b>	<b>24</b>	<b>26</b>	<b>22</b>	<b>56</b>	<b>156</b>	<b>15</b>
<b>Condo</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Single	42	18	8	11	11	5	2	0	0	26
Semi-Detached	126	126	46	74	12	6	8	6	4	28
Row	41	83	111	69	47	19	26	24	24	12
Apartment	43	0	42	45	157	155	273	42	131	43
<b>All</b>	<b>252</b>	<b>227</b>	<b>207</b>	<b>199</b>	<b>227</b>	<b>185</b>	<b>309</b>	<b>72</b>	<b>159</b>	<b>109</b>

Source: CMHC

It is worth observing that rental units have historically played a relatively small portion of the total units delivered, with the notable exception of 2014.

As it was with housing starts, it is interesting to place this rate of completion in context with other urban centres of comparable size, as shown in the table below we can see that in the category of centres between 50,000 and 100,000 people, Kamloops again finds itself in the middle of the pack with a greater number of completions than Courtenay, Vernon or Prince George.

**Table 17: Housing Completions through 2016 Q2 - Centres over 10,000 residents**

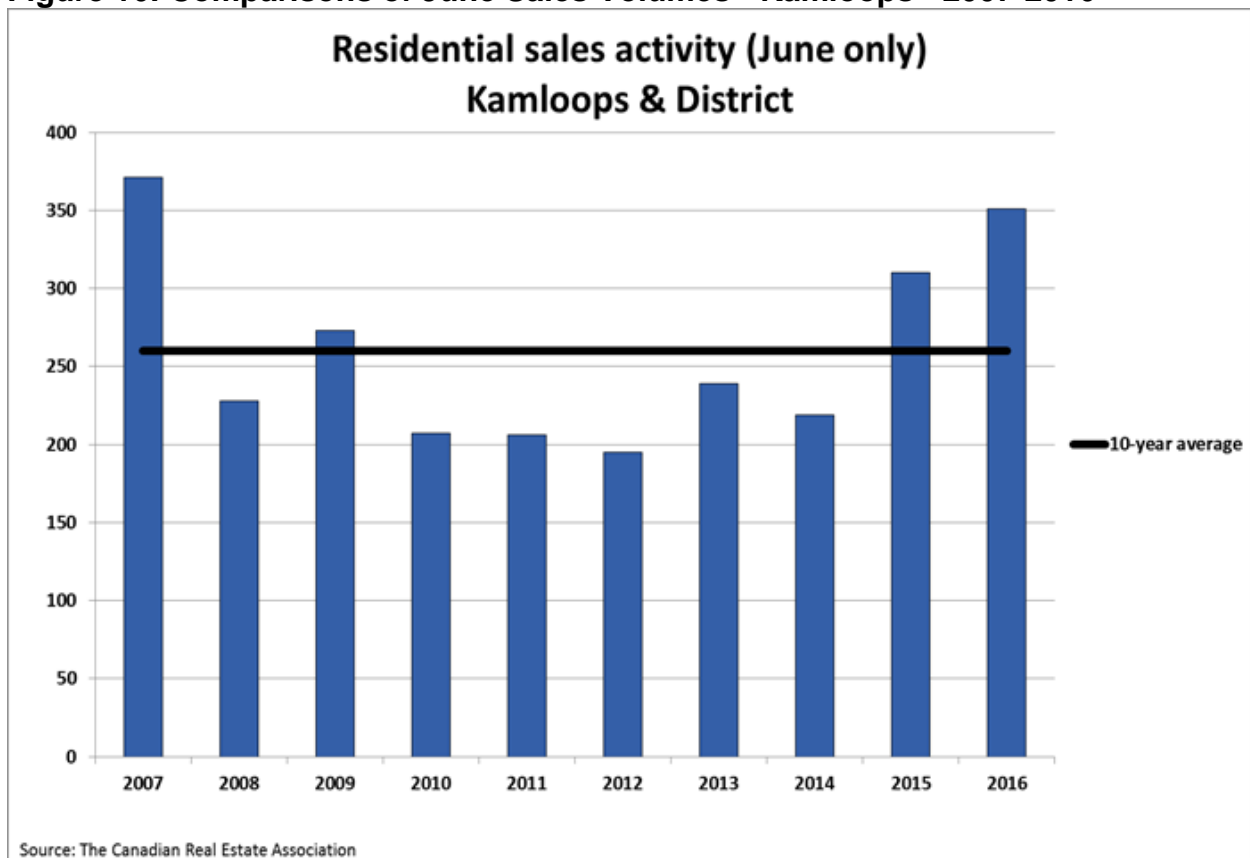
Submarket	Single		Semi		Row		Apt. & Other		Total		
	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	% Change
<b>Centres 100,000+</b>											
Abbotsford-Mission	242	109	2	0	73	44	110	167	427	320	33.4
Kelowna	277	332	82	68	116	82	273	40	748	522	43.3
Vancouver	2,126	1,906	230	274	1,382	1,212	6,500	4,362	10,238	7,754	32.0
Victoria	284	270	35	28	51	40	259	491	629	829	-24.1
<b>Centres 50,000 - 99,999</b>											
Chilliwack	143	138	16	20	119	65	44	40	322	263	22.4
Courtenay	77	83	16	18	11	11	4	11	108	123	-12.2
Kamloops	133	143	36	26	37	4	25	171	231	344	-32.8
Nanaimo	157	130	4	10	13	16	218	126	392	282	39.0
Prince George	73	102	8	6	12	0	12	25	105	133	-21.1
Vernon	69	89	20	10	7	18	12	1	108	118	-8.5
<b>Centres 10,000 - 49,999</b>											
Campbell River	39	52	4	2	0	0	0	0	43	54	-20.4
Cranbrook	26	45	0	0	7	0	0	0	33	45	-26.7
Dawson Creek	16	38	6	32	4	42	9	82	35	194	-82.0
Duncan	48	60	4	0	3	0	12	38	67	98	-31.6
Fort St. John	45	54	44	72	166	29	219	52	474	207	129.0
Nelson <sup>1</sup>	7	5	2	4	0	0	12	0	21	9	133
Parksville-Qualicum Beach	63	59	12	26	0	26	1	1	76	112	-32.1
Penticton	58	63	24	4	14	0	25	7	121	74	63.5
Port Alberni	20	19	0	4	0	4	1	0	21	27	-22.2
Powell River	14	4	4	2	0	0	15	0	33	6	**
Prince Rupert	4	3	0	0	0	0	0	0	4	3	33.3
Quesnel	14	17	0	0	4	0	0	0	18	17	5.9
Salmon Arm	60	32	0	2	18	0	1	3	79	37	113.5
Salt Spring Island <sup>1</sup>	10	18	0	0	0	0	2	0	12	18	-33
Squamish	38	29	2	8	32	0	14	6	86	43	100.0
Summerland	19	9	0	2	3	0	3	0	25	11	127.3
Terrace	16	20	4	2	6	0	10	13	36	35	2.9
Williams Lake	16	17	0	0	0	0	3	3	19	20	-5.0
<b>Total British Columbia (10,000+</b>	<b>4,094</b>	<b>3,846</b>	<b>555</b>	<b>620</b>	<b>2,078</b>	<b>1,593</b>	<b>7,784</b>	<b>5,639</b>	<b>14,511</b>	<b>11,698</b>	<b>24.0</b>

Source: CMHC

### 3.4 HOUSING SALES AND PRICES

Residential sales activity in Kamloops has been on the rise for the past few years with June sales peaking above the 10-year average in both 2015 and 2016 as shown on the chart below. Kamloops and District home sales posted best month in nine years, as the number of homes sold through the Kamloops and District Real Estate Association recorded a fifth consecutive double-digit increase in June 2016. According to the Association's statistics home sales totaled 351 units in June 2016, up 13.2% from the previous year. This was the second best June on record after 2007.

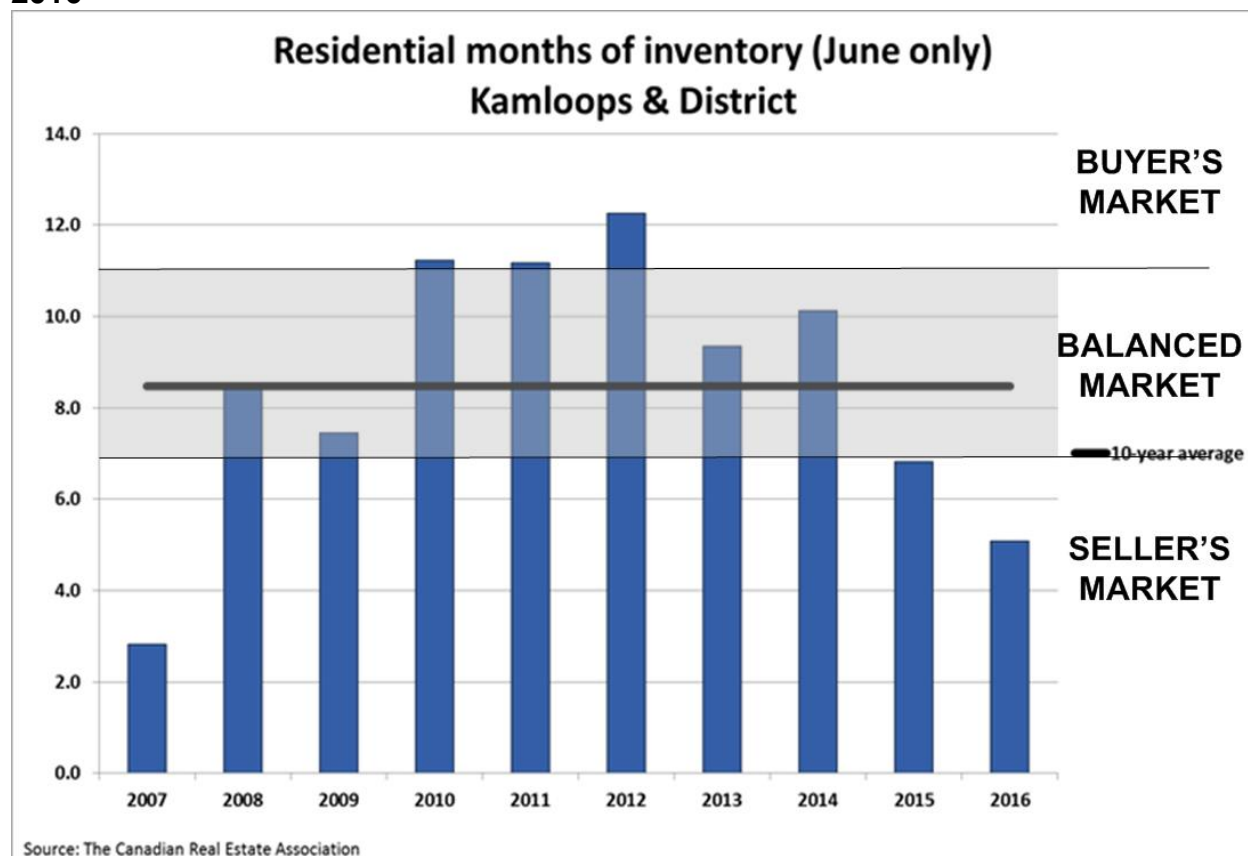
**Figure 16: Comparisons of June Sales Volumes - Kamloops - 2007-2016**



Source: Canadian Real Estate Association

This increased sales activity predictably has had an effect on the available inventory. The chart below shows June inventories from 2007 though 2016 and the months worth of inventory has dropped to post-recession lows. There were 5.1 months of inventory at the end of June 2016, down from 6.8 months a year earlier and below the long-run average for this time of year. This metric is the number of months it would take to sell current inventories at the current rate of sales activity.

**Figure 17: Comparisons of Months of Inventory - Kamloops Residential - 2007-2016**



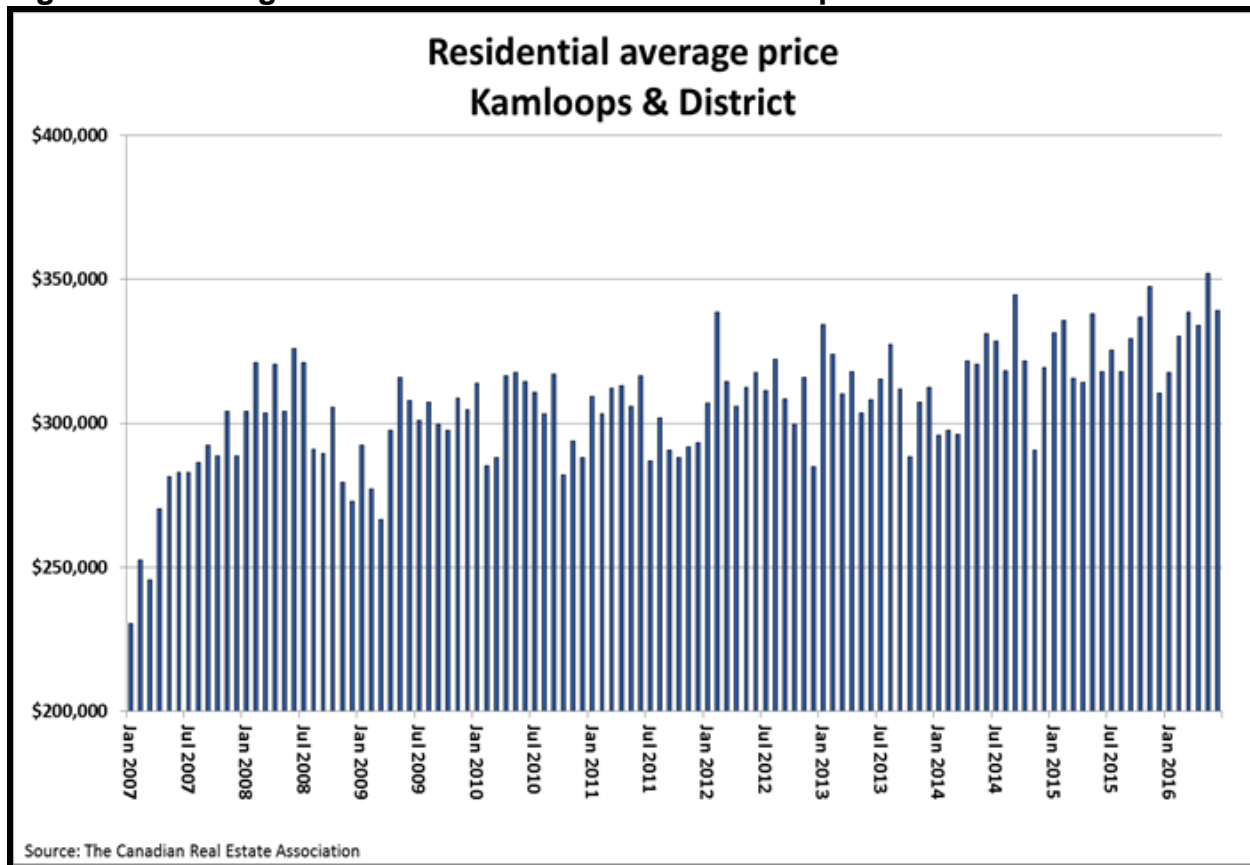
Sources: Canadian Real Estate Association; Site Economics

It should be noted that months of inventory can be used as a proxy for whether the market favors buyers or sellers. The range of 7 to 11 months of inventory is considered to be a "balanced market" while more than 11 months of inventory is indicative of a buyer's market. Likewise, less than 7 months of inventory is considered to be a seller's market, and it would seem that the Kamloops and District residential market has recently crossed into that territory. Indeed it would appear that the Kamloops residential market had been a buyer's market for some time.

Predictably, the state of the market influences prices. The average price of homes sold in June 2016 was \$339,029, rising 6.6 per cent from a year earlier. The less volatile year-to-date average sale price was \$338,030, up 4.2 per cent from the first half of 2015. The dollar value of all home sales in June 2016 was \$119 million, up 20.7 per cent on a year-over-year basis. This was the second highest level of any month on record and the highest of any June. Sales of all property types numbered 378 units in June, an increase of 12.5 per cent from June 2015. The total value of all properties sold was \$130.6 million, up 22.5 per cent from June 2015.

The chart below shows the average sales prices for homes (of all types) sold in the Kamloops area since mid-2007. Prices appear to be approaching pre-recession levels these past two years.

**Figure 18: Average Residential Sales Prices - Kamloops and District - 2007-2016**



Source: Canadian Real Estate Association

Average sales prices by type of unit are shown below for 2006 and 2011 to illustrate the differences in price between the types. It is important to know that this time period encompasses the recession of 2009 including the price fluctuations of that time.

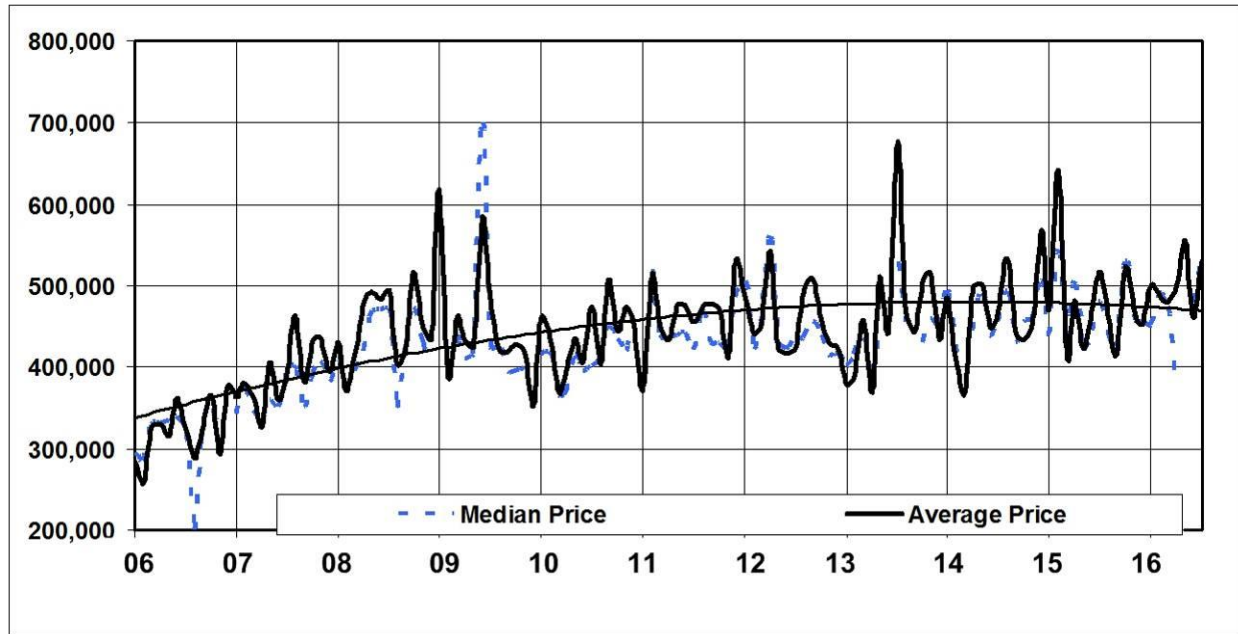
**Table 18: Average Sales Prices by Unit Type - Kamloops - 2006 & 2011**

AVERAGE PRICES BY UNIT TYPE - KAMLOOPS - 2006 & 2011							
	Single-Det.	Semi-Det.	Row	Duplex	Low-Rise Apt.	High-Rise Apt.	Total
2006	\$ 250,497	\$ 200,702	\$ 180,146	\$ 250,085	\$ 155,537	\$ 122,156	\$ 239,776
2011	\$ 375,136	\$ 310,642	\$ 269,298	\$ 359,669	\$ 249,393	\$ 209,938	\$ 348,733
% Chg	49.8%	54.8%	49.5%	43.8%	60.3%	71.9%	45.4%

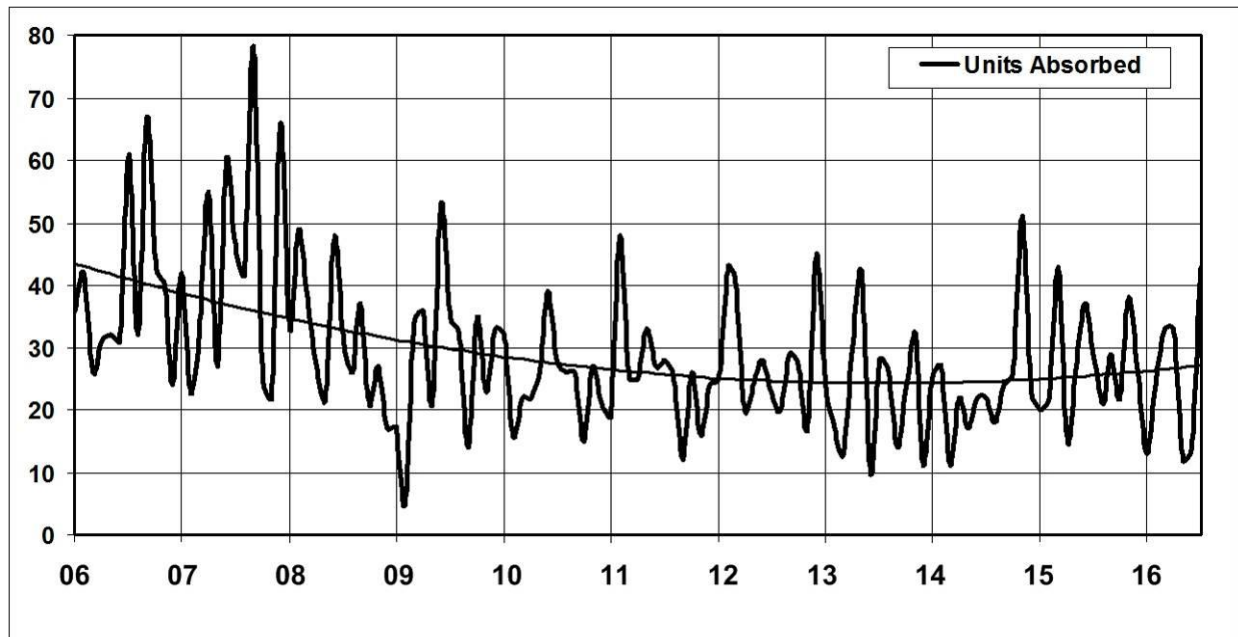
Sources: CMHC; Site Economics

The figure below charts the average and median prices for absorbed new (single detached) units each month between January 2006 and July 2016, while the figure at bottom tracks the number of such units sold each month. Trend lines have been added to better reveal patterns.

**Figure 19: Average & Median Prices of Absorbed Units - Kamloops - 2006-2016**



**Figure 20: Number of Absorbed Units per Month - Kamloops - 2006-2016**



Sources: CMHC; Site Economics

### 3.5 CURRENT RESIDENTIAL SALES LISTINGS

As of early August, 2016 the Kamloops and District MLS had a total of 1,652 residential listings, 984 of which were in the City of Kamloops proper. Single-detached units have the highest average price points by far, ranging from \$364,000 to over \$595,000. In the City of Kamloops, apartments are presently asking the highest average price per square foot at just over \$259 per square foot.

**Table 19: Summary of Residential Listings - Kamloops and District - August 2016**

RESIDENTIAL MLS LISTINGS - KAMLOOPS AND VICINITY - AUGUST 2016					
AREA	TYPE	LISTINGS	AVG PRICE	AVG SQFT	AVG \$/SQFT
Kamloops	Apartment Unit	180	\$ 204,991	791	\$ 259.09
	Full Duplex	5	\$ 421,740	2,963	\$ 142.32
	Half Duplex	34	\$ 331,738	1,843	\$ 180.04
	Single Family	609	\$ 595,546	2,697	\$ 220.81
	Townhouse	156	\$ 346,338	1,584	\$ 218.69
<b>Kamloops Total</b>		<b>984</b>	<b>\$ 474,596</b>	<b>2,144</b>	<b>\$ 221.38</b>
North East	Fourplex	2	\$ 264,900	2,270	\$ 116.70
	Half Duplex	1	\$ 189,900	1,146	\$ 165.71
	Single Family	166	\$ 373,878	2,065	\$ 181.08
	Townhouse	2	\$ 171,500	953	\$ 179.96
<b>North East Total</b>		<b>171</b>	<b>\$ 369,160</b>	<b>2,049</b>	<b>\$ 180.19</b>
North West	Single Family	24	\$ 369,279	1,979	\$ 186.63
<b>North West Total</b>		<b>24</b>	<b>\$ 369,279</b>	<b>1,979</b>	<b>\$ 186.63</b>
South East	Half Duplex	4	\$ 539,725	2,133	\$ 253.09
	Single Family	93	\$ 595,640	2,497	\$ 238.52
	Townhouse	4	\$ 440,725	1,669	\$ 264.07
<b>South East Total</b>		<b>101</b>	<b>\$ 587,290</b>	<b>2,450</b>	<b>\$ 239.71</b>
South West	Apartment Unit	36	\$ 75,025	825	\$ 93.53
	Fourplex	1	\$ 235,000	3,654	\$ 64.31
	Full Duplex	9	\$ 179,078	1,402	\$ 127.72
	Half Duplex	2	\$ 159,900	1,436	\$ 111.39
	Single Family	290	\$ 364,364	2,128	\$ 171.21
	Townhouse	24	\$ 180,813	1,458	\$ 124.00
	Triplex	1	\$ 169,000	2,000	\$ 84.50
<b>South West Total</b>		<b>363</b>	<b>\$ 316,919</b>	<b>1,940</b>	<b>\$ 163.84</b>
<b>Grand Total</b>		<b>1652</b>	<b>\$ 434,614</b>	<b>2,109</b>	<b>\$ 206.22</b>

Sources: Kamloops and District Real Estate Association; Site Economics

Note:

- North West includes: Clinton
- North East includes: Barriere, Clearwater, Little Fort, and Wells Gray
- South West includes: Ashcroft, Cache Creek, Lillooet, Logan Lake, Loon Lake, Lytton, Merritt, and Stump Lake
- South East includes: Adams Lake, Chase, North Shuswap, and South Shuswap

Examining the single family listings more closely in Kamloops reveals a very broad range of price points, from an average of \$226,000 in the Red Lake area up to the average of nearly \$1.4 million in Sun Peaks. The table below is sorted by decreasing average price per square foot and again a significant range of values can be observed. Per square foot values in the North Shore (noted as North Kamloops) are among the lowest in Kamloops, while those in the Downtown area (noted as South Kamloops) are slightly above the citywide average.

**Table 20: Single Family Residential Listings - City of Kamloops - August 2016**

RESIDENTIAL MLS LISTINGS - CITY OF KAMLOOPS - AUGUST 2016					
TYPE	NEIGHBOURHOOD	LISTINGS	AVG PRICE	AVG SQFT	AVG \$/SQFT
Single Family	Sun Peaks	22	\$ 1,371,064	3,105	\$ 441.55
	Pritchard	11	\$ 607,327	2,007	\$ 302.54
	Paul Lake	1	\$ 778,500	2,600	\$ 299.42
	Knutsford-Lac Le Jai	12	\$ 890,450	3,234	\$ 275.38
	South Thompson Va	24	\$ 891,000	3,471	\$ 256.70
	Valleyview	20	\$ 807,015	3,217	\$ 250.88
	Monte Lake/Westwo	6	\$ 567,300	2,363	\$ 240.13
	Heffley	27	\$ 606,837	2,563	\$ 236.73
	Cherry Creek/Savon	26	\$ 601,435	2,552	\$ 235.71
	Barnhartvale	35	\$ 572,306	2,459	\$ 232.70
	<b>South Kamloops</b>	<b>29</b>	<b>\$ 556,611</b>	<b>2,421</b>	<b>\$ 229.95</b>
	McLure/Vinsula	5	\$ 380,080	1,662	\$ 228.63
	Tobiano	1	\$ 750,000	3,366	\$ 222.82
	Dallas	10	\$ 572,710	2,621	\$ 218.48
	Juniper Heights	32	\$ 684,578	3,223	\$ 212.42
	Campbell Creek/Delk	17	\$ 567,318	2,704	\$ 209.81
	Westsyde	50	\$ 552,236	2,715	\$ 203.37
	Rayleigh	11	\$ 539,155	2,656	\$ 202.99
	Sahali	35	\$ 595,420	2,963	\$ 200.97
	Pineview Valley	22	\$ 425,327	2,161	\$ 196.82
	Pinantan	9	\$ 416,022	2,148	\$ 193.70
	Aberdeen	56	\$ 533,250	2,779	\$ 191.90
	Sun Rivers	29	\$ 664,090	3,574	\$ 185.83
	Batchelor Heights	26	\$ 561,192	3,056	\$ 183.63
	Dufferin/Southgate	3	\$ 445,800	2,495	\$ 178.70
	<b>North Kamloops</b>	<b>39</b>	<b>\$ 309,685</b>	<b>1,761</b>	<b>\$ 175.85</b>
	Brocklehurst	44	\$ 422,502	2,409	\$ 175.42
	Westmount	4	\$ 362,400	2,099	\$ 172.63
	Red Lake	3	\$ 226,300	1,775	\$ 127.52
	<b>Single Family Total</b>		<b>609</b>	<b>\$ 595,546</b>	<b>2,697</b>

Sources: Kamloops and District Real Estate Association; Site Economics

When other housing types are examined, as shown on the table on the following page, we see other patterns. Among apartment listings, the two study areas command some of the highest values per square foot, with values considerably above the citywide average. Ironically, Sun Peaks which had the highest single family values have the lowest apartment values, at least among listings active in August 2016. What is also interesting is that apartments had an average value per square foot than single family homes.



**Table 21: Non-Single Family Residential Listings - City of Kamloops - August 2016**

RESIDENTIAL MLS LISTINGS - CITY OF KAMLOOPS - AUGUST 2016					
TYPE	NEIGHBOURHOOD	LISTINGS	AVG PRICE	AVG SQFT	AVG \$/SQFT
Apartment Unit	Sun Rivers	11	\$ 244,336	689	\$ 354.86
	<b>South Kamloops</b>	<b>51</b>	<b>\$ 231,320</b>	<b>728</b>	<b>\$ 317.63</b>
	<b>North Kamloops</b>	<b>6</b>	<b>\$ 313,733</b>	<b>1,068</b>	<b>\$ 293.67</b>
	Aberdeen	7	\$ 251,928	871	\$ 289.10
	Tobiano	1	\$ 299,400	1,060	\$ 282.45
	Dallas	9	\$ 189,311	689	\$ 274.63
	Dufferin/Southgate	5	\$ 318,900	1,198	\$ 266.19
	Sahali	29	\$ 241,021	945	\$ 255.00
	Valleyview	2	\$ 299,300	1,186	\$ 252.36
	Pineview Valley	1	\$ 259,900	1,099	\$ 236.49
	Brocklehurst	11	\$ 149,400	776	\$ 192.62
	Sun Peaks	47	\$ 120,812	692	\$ 174.58
<b>Apartment Unit Total</b>		<b>180</b>	<b>\$ 204,991</b>	<b>791</b>	<b>\$ 259.09</b>
Full Duplex	Westsyde	1	\$ 474,900	1,890	\$ 251.27
	Brocklehurst	1	\$ 450,000	2,000	\$ 225.00
	<b>North Kamloops</b>	<b>2</b>	<b>\$ 354,450</b>	<b>2,038</b>	<b>\$ 173.96</b>
	Heffley	1	\$ 474,900	6,852	\$ 69.31
<b>Full Duplex Total</b>		<b>5</b>	<b>\$ 421,740</b>	<b>2,963</b>	<b>\$ 142.32</b>
Half Duplex	Tobiano	2	\$ 437,400	1,508	\$ 290.15
	Knutsford-Lac Le Je	2	\$ 231,500	821	\$ 281.97
	Sun Peaks	1	\$ 284,900	1,215	\$ 234.49
	Aberdeen	5	\$ 424,140	2,016	\$ 210.35
	Brocklehurst	9	\$ 313,133	1,806	\$ 173.39
	Sahali	2	\$ 261,400	1,515	\$ 172.54
	Westsyde	7	\$ 344,771	2,136	\$ 161.41
	Heffley	3	\$ 372,666	2,587	\$ 144.07
	<b>North Kamloops</b>	<b>3</b>	<b>\$ 221,100</b>	<b>1,565</b>	<b>\$ 141.25</b>
	<b>Half Duplex Total</b>		<b>34</b>	<b>\$ 331,738</b>	<b>1,843</b>
Townhouse	Sun Peaks	7	\$ 543,400	1,718	\$ 316.22
	Dufferin/Southgate	8	\$ 532,725	2,078	\$ 256.43
	Tobiano	4	\$ 377,200	1,513	\$ 249.35
	Westsyde	16	\$ 278,662	1,234	\$ 225.83
	Sahali	41	\$ 316,451	1,432	\$ 220.92
	Aberdeen	35	\$ 344,880	1,617	\$ 213.32
	Juniper Heights	9	\$ 343,789	1,624	\$ 211.69
	Sun Rivers	7	\$ 520,357	2,476	\$ 210.18
	Pineview Valley	6	\$ 326,417	1,702	\$ 191.84
	South Kamloops	6	\$ 365,617	1,917	\$ 190.72
	Batchelor Heights	2	\$ 322,400	1,752	\$ 184.02
	Westmount	1	\$ 172,500	1,010	\$ 170.79
	Valleyview	4	\$ 283,650	1,663	\$ 170.54
	Brocklehurst	10	\$ 210,980	1,247	\$ 169.14
	<b>Townhouse Total</b>		<b>156</b>	<b>\$ 346,338</b>	<b>1,584</b>

Sources: Kamloops and District Real Estate Association; Site Economics

### 3.6 RESIDENTIAL RENTAL MARKET TRENDS

The Canadian Mortgage and Housing Corporation tracks residential rents and vacancy rates in many Canadian municipalities. The residential rental metrics for Kamloops are summarized in the tables below.

**Table 22: Median Residential Rents - Kamloops - 2006-2015**

RENTAL UNIT MEDIAN RENTS BY UNIT SIZE - KAMLOOPS - 2006-2015					
	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom +	Overall
2006	495	550	695	850	625
2007	500	625	745	900	695
2008	575	650	800	950	750
2009	595	700	820	1050	750
2010	600	700	820	1100	750
2011	595	700	825	1150	760
2012	600	700	850	1100	783
2013	690	725	855	1150	800
2014	675	750	875	1150	800
2015	675	758	900	1170	850

Source: CMHC

As can be seen, rents have been rising since 2010 after several years of recession-driven stagnation. The overall increase of 6.25% observed between 2014 and 2015 was the largest seen since the pre-recession era. The table below shows rental vacancy rates which are at their lowest since 2009, but still not below pre-recession rates.

**Table 23: Residential Rental Vacancy Rates (%) - Kamloops - 2006-2015**

RENTAL UNIT VACANCY RATES BY UNIT SIZE - KAMLOOPS - 2006-2015					
	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom +	Overall
2006	0.6	1.2	0.6	0.3	0.8
2007	0.6	0.6	0.4	0.6	0.5
2008	0	0.3	0.6	0.3	0.4
2009	2.1	1.6	1.4	1.3	1.5
2010	11.2	2.4	1.8	3.2	2.6
2011	1.5	3.7	2.4	4.1	3.1
2012	1.8	3.1	4.7	5.5	3.9
2013	12.9	3.3	2.1	1.1	3.2
2014	10.1	3.6	3.7	2.3	3.9
2015	2.1	2.5	2.4	2.9	2.5

Source: CMHC

### 3.7 CURRENT DEVELOPMENTS IN PROGRESS

Several developments are in various stages of progress in the two Kamloops study areas. In the Downtown area, rezoning applications or development permits have been submitted for:

- A 12-storey 73-unit development at Victoria Street and 1st Avenue;
- A 59-unit development on St. Paul Street between 4th and 5th Avenues;
- An 18-unit multifamily development on Battle Street at 8th Avenue.

The map below shows these development areas in the Downtown study area and others in surrounding areas.

**Figure 21: Anticipated Development Activity in the Downtown Study Area**



Source: City of Kamloops

In the North Shore area, rezoning applications or development permits have been submitted for:

- a 400-unit high-density development near Northhills Mall; and,
- a mixed-use commercial and residential development.

The map below shows these development areas in the North Shore study area and others in surrounding areas.

**Figure 22: Anticipated Development Activity in the North Shore Study Area**



Source: City of Kamloops

### 3.8 POTENTIAL TARGET MARKETS

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Given the growth of Kamloops and the relatively recent shift in the residential market, there is the potential for multi-family development projects in the study areas. The many positive factors which will likely lead to continued economic and population growth of the area in both the short-term and long-term future include:

- Proximity to both urban and natural amenities. Kamloops offers residents many attractive natural and recreational amenities and facilities.
- Limited supply of land in other parts of BC is driving ever increasing housing prices and densities in Kamloops.
- Greater acceptance of multi-family housing forms.
- Significant population within the Lower Mainland nearing retirement age; many of them own valuable single detached houses and wish to downsize to smaller units, such as multi-family housing forms.
- Strong international immigration into BC. While Kamloops does not receive the majority of immigrants arriving in British Columbia. People continue to move further east, as the high cost of living deters many residents from settling in Metro Vancouver. As Metro Vancouver grows it has a spin off impact, indirectly increasing growth in the Thompson-Nicola Region

The target market for this new community will include:

- New Inter-Provincial Resident Families: This market segment is made up of young and new families to the area who need affordable housing and want proximity to an urban lifestyle.
- New Local Resident Families: This buyer group is made up of new families who are starting a household and are moving from the inner urban areas to the suburbs. The site is ideal for young families as it offers a location with excellent amenities and value.
- Recent Downsizing Retirees: These households may already live in the area in single detached houses and want to downsize to smaller easier to manage homes such as apartments.
- New International Immigrants: This market segment is already well established in the new housing market areas. International demand can be less price sensitive than the local market. These buyers can also be investors renting their units.
- Young Singles and Couples: This buyer group would be interested in this location because of proximity to employment such as downtown.

## 4.0 COMMERCIAL MARKET OVERVIEW

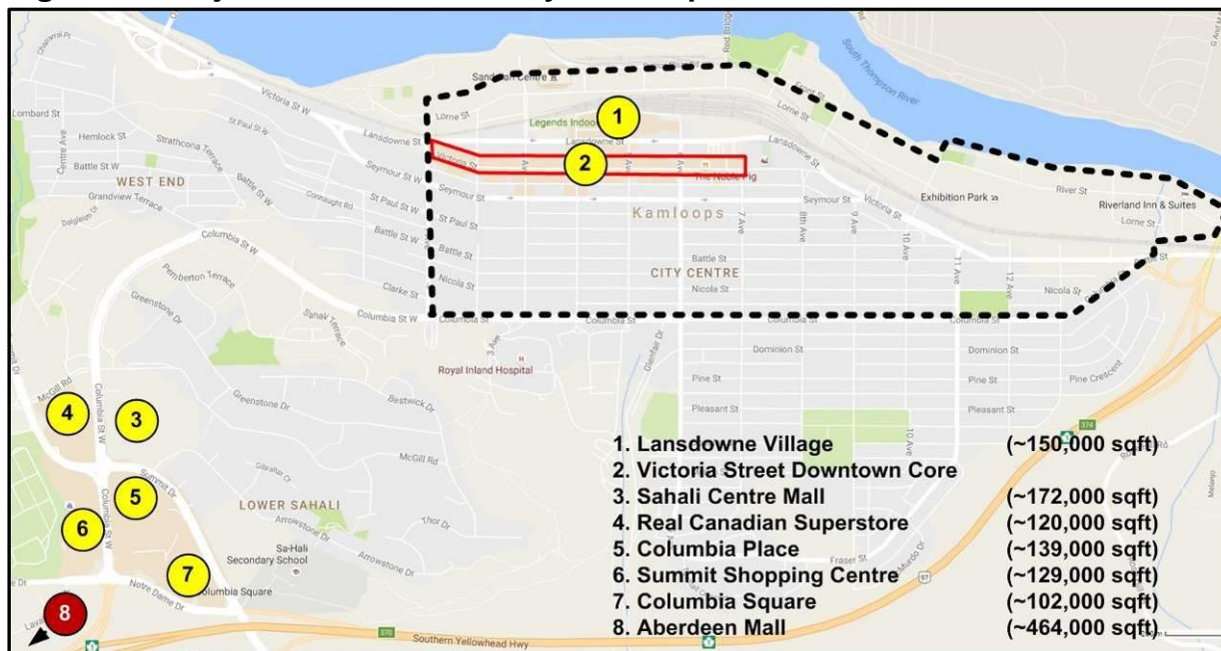
This section outlines the retail market opportunity and potential for retail development in Kamloops and especially within the study areas. It outlines such issues as industry standards, retail trends, market supply, market demand, trade area, and competition. Demand for retail goods is essentially a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

Kamloops has most forms of convenience and destination retail development. The ideal type of retail development at the subject site would be retail serving the local population and to a lesser extent drive by traffic. Due to very significant competition and limited demand, additional commercial within the study areas would be very limited in scale and scope. The only viable industry standard form of retail development would be retail at grade level, either small scale or slightly larger scale.

## 4.1 RETAIL COMPETITION

This section of the report outlines the retail competition. The figure below illustrates some of the more important facilities in and around the Kamloops Downtown study areas followed by a description of each project.

**Figure 23: Major Retail Areas nearby Kamloops Downtown**



Sources: Google Maps; Various Brokerages

Lansdowne Village - The only major standalone shopping centre in the Downtown study area is Lansdowne Village, a 191,000 square foot neighbourhood shopping centre anchored by London Drug, Dollarama, and Save-On-foods.

Victoria Street - While not a shopping centre per se, the span of Victoria Street between 1st and 7th Avenues presents itself as a true "Main Street" with an assortment of locally-run restaurants, pubs, and boutiques. While not possessing an anchor tenant in the typical sense of the word, Victoria Street draws patrons with the diversity of its offering and the authenticity of its experience.

**Figure 24: Typical Retailers along Victoria Street in Downtown Kamloops**



Source: Google Maps

As the map on the previous page suggests, all of the other retail centres described here lie outside of the downtown study area. Because of the way Kamloops is organized spatially coupled with its road infrastructure, the entirety of the city can rightly be considered the trade area for Downtown, and thus the following centres, though not physically in the Downtown area can nonetheless service the residents of Kamloops.

Sahali Centre Mall - To the southwest of the Downtown study area is a cluster of smaller shopping centres, the largest of which is Sahali Centre Mall which measures about 172,000 square feet. It is anchored by a Safeway supermarket and a Dollar Tree discount store.

Columbia Place - Immediately south of Sahali Centre Mall is Columbia Place, a 139,000 square foot shopping centre anchored by a Save-On-Foods supermarket, a BC Signature Liquor Store, and a Shoppers Drug Mart.

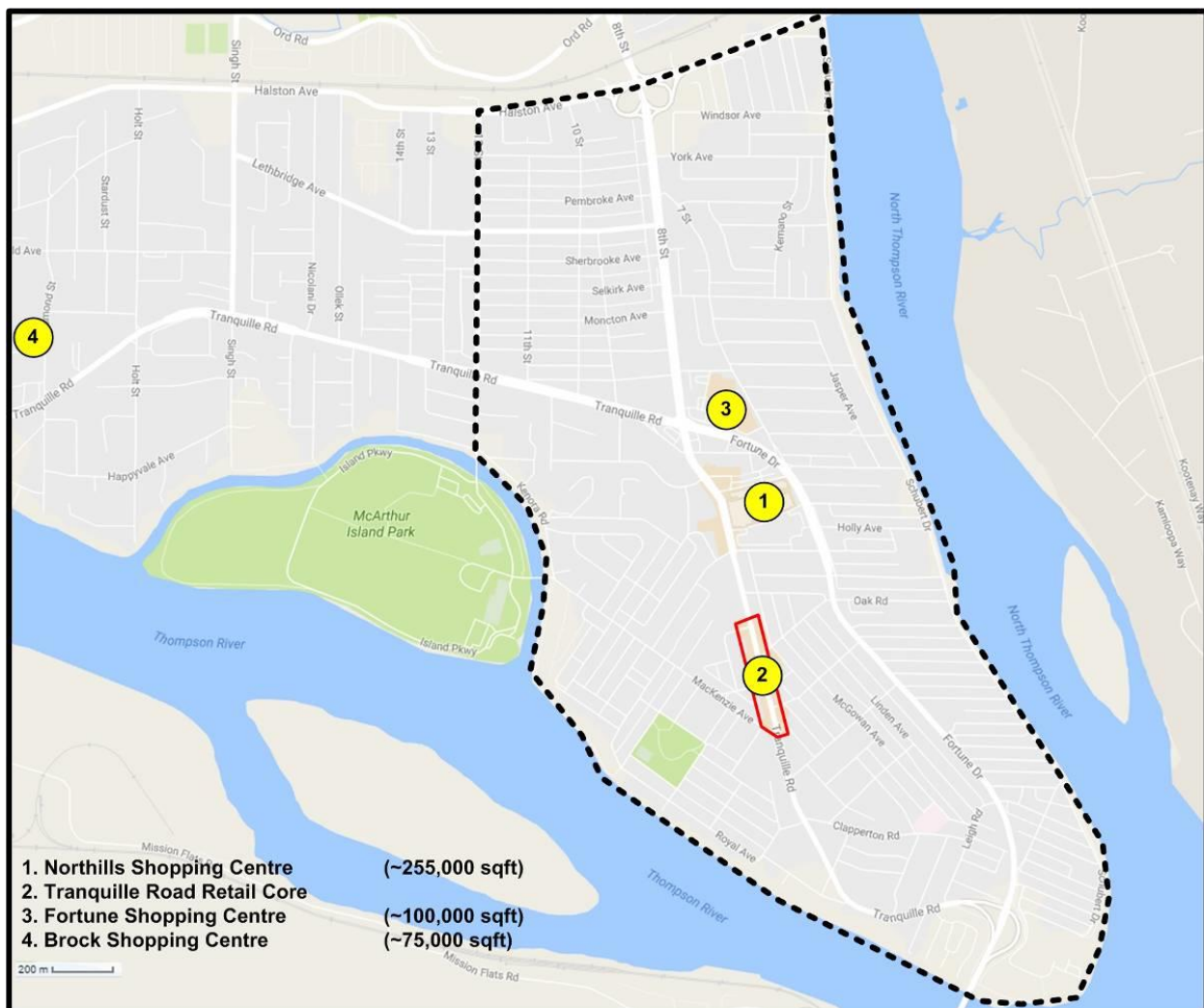
Summit Shopping Centre - To the west of Columbia Place is a 129,000 square foot centre anchored by a Winners/HomeSense and a JYSK.

Columbia Square - Adjacent to Columbia Place is Columbia Square, a 102,000 square foot shopping centre anchored by an Urban Barn and a Toys 'R' Us.

Aberdeen Mall - Just slightly to the southeast of the centres mentioned above, and just off the map shown previously, is Aberdeen Mall, a 464,000 square foot regional mall, anchored by major national retailers including Sears, Best Buy, Hudson's Bay Company and SportChek.

The figure below illustrates some of the more important facilities in and around the Kamloops North Shore study areas followed by a description of each project.

**Figure 25: Major Retail Areas nearby Kamloops North Shore**



Sources: Google Maps; Various Brokerages



Northhills Shopping Centre - The largest shopping centre within the North Shore study area is the 255,000 square foot Northhills Shopping Centre which is anchored by a Shoppers Drug Mart, a Mark's Work Warehouse and an Independent Grocers. Interestingly, this centre spans between Tranquille Road and Fortune Drive.

Fortune Shopping Centre - Just to the north of Northhills Shopping Centre is the 100,000 square foot Fortune Shopping Centre, which is anchored by a Safeway supermarket.

Tranquille Road - While lacking some of the charm of Victoria Street, Tranquille Road has a number of locally-based establishments that deliver an authenticity not found in locations of national chains. While Victoria Street is more pedestrian friendly, Tranquille Road is more oriented around the automobile-friendly strip centre format, with small pockets of "Main Street" style retail. The occasional vacant lots and stretches low-density development make this corridor a viable option for infill or densification.

**Figure 26: Example of Tranquille Road Streetscape**



Source: Google Maps

Brock Shopping Centre - Following Tranquille Road to the west one finds the Brock Shopping Centre, a small centre of about 75,000 square feet anchored by a Save-on-Foods location and is home to an assortment of shops including a Tim Horton's location.

## 4.2 RETAIL AND RESTAURANT MARKET METRICS

This subsection explores whether the Kamloops market has an appropriate level of retail space, including restaurant space. This is done by comparing the amount of space presently in inventory with the amount of space supported by the size of the population and their expenditure potential. Colliers International is a well-respected international commercial brokerage and the information in the table below comes from their recent report on the Kamloops market.

**Table 24: Retail Real Estate Metrics - Kamloops - 2016 Q2**

RETAIL REAL ESTATE METRICS - KAMLOOPS - 2015Q4 - 2016Q2			
RETAIL MARKET METRICS	2015 Q4	2016 Q2	TREND
Retail Inventory (sqft)	5,106,600	5,085,000*	Decreasing
Vacant Space (sqft)	389,800	396,800	Increasing
Vacancy Rate	7.63%	7.80%	Increasing
Under Construction (sqft)	11,000	2,000	Decreasing
Average Asking Net Rent			
Downtown	\$9-\$15	\$9-\$15	Stable
North Shore	\$8-\$14	\$8-\$14	Stable
Power Centres	\$15-\$40	\$15-\$40	Stable

\*inventory has decreased due to the reclassification of several buildings.

Source: Colliers International

Colliers reports that Kamloops has just over 5 million square feet of retail space, with vacant space increasing by about 1.7% between the end of 2015 and the middle of 2016. This translates into a rising vacancy rate of about 7.8%. This increasing vacancy rate is likely a contributing factor to the stable rents across the board for Kamloops retail.

But understanding the supply of retail is only the first part; one must also consider retail demand. Demand is a function of the size of the trade area population, their income level and, to an extent, their demographics. As stated earlier, the relatively short travel times experienced in Kamloops effectively makes the city itself the trade area for retail. Moreover, as Kamloops is the major centre of the surrounding region, it serves as a retail destination for a larger population than just the city itself.

Those factors weigh in to model the total expenditures for the various categories of retail, which are then converted into square feet. This square footage is the amount supported by the trade area population. The supported square footage is then projected forward to grow proportionately with how the population is expected to grow.

These projections are summarized in the table below.

**Table 25: Retail Space Supported - City of Kamloops - 2011-2041**

CITY OF KAMLOOPS - 2011-2041 - RETAIL SPACE SUPPORTED (SQARE FEET) - BASED ON \$300/SQFT PRODUCTIVITY							
Expenditure Category	2011	2016	2021	2026	2031	2036	2041
Supermarkets and other grocery	886,320	930,960	985,800	1,038,360	1,085,400	1,126,440	1,164,120
Convenience stores	56,040	58,800	62,280	65,640	68,640	71,160	73,560
Specialty food stores	72,360	76,080	80,520	84,840	88,680	92,040	95,160
Beer, wine and liquor stores	284,280	298,680	316,200	333,120	348,240	361,320	373,440
Health and personal care stores	356,880	374,880	396,960	418,080	437,040	453,600	468,720
<b>Convenience Retail Total</b>	<b>1,655,880</b>	<b>1,739,400</b>	<b>1,841,760</b>	<b>1,940,040</b>	<b>2,028,000</b>	<b>2,104,560</b>	<b>2,175,000</b>
Clothing stores	245,400	257,760	273,000	287,520	300,480	311,880	322,320
Shoe stores	32,280	33,960	36,000	37,920	39,600	41,040	42,480
Jewellery, luggage, leather goods	43,440	45,600	48,240	50,880	53,160	55,200	57,000
Sporting goods, hobby, book, music	133,680	140,400	148,680	156,600	163,680	169,920	175,560
General merchandise stores	613,440	644,400	682,320	718,680	751,200	779,640	805,680
Miscellaneous store retailers	147,720	155,160	164,280	173,040	180,960	187,800	194,040
<b>General Retail Total</b>	<b>1,215,960</b>	<b>1,277,280</b>	<b>1,352,520</b>	<b>1,424,640</b>	<b>1,489,080</b>	<b>1,545,480</b>	<b>1,597,080</b>
Electronics and appliance stores	178,800	187,800	198,840	209,400	218,880	227,160	234,840
Furniture stores	106,920	112,320	118,920	125,280	131,040	135,960	140,520
Home furnishings stores	74,760	78,480	83,160	87,600	91,560	95,040	98,160
Bldg material, garden equip., supplies	290,880	305,520	323,520	340,800	356,160	369,720	382,080
<b>Building Services Total</b>	<b>651,360</b>	<b>684,120</b>	<b>724,440</b>	<b>763,080</b>	<b>797,640</b>	<b>827,880</b>	<b>855,600</b>
Eating & Drinking Places	703,440	738,960	782,400	824,160	861,480	894,120	924,000
Service Commercial*	81,600	85,680	90,720	95,520	99,840	103,680	107,160
Movie Theatres	11,280	11,880	12,600	13,320	13,920	14,400	14,880
Automotive parts, accessories, tires	106,440	111,840	118,440	124,680	130,440	135,360	139,800
<b>Miscellaneous Total</b>	<b>902,760</b>	<b>948,360</b>	<b>1,004,160</b>	<b>1,057,680</b>	<b>1,105,680</b>	<b>1,147,560</b>	<b>1,185,840</b>
<b>Total, All Stores (non-automotive)</b>	<b>4,425,960</b>	<b>4,649,160</b>	<b>4,922,880</b>	<b>5,185,440</b>	<b>5,420,400</b>	<b>5,625,480</b>	<b>5,813,520</b>

\* Service Commercial generally includes clothing services such as laundry, dry-cleaning, tailoring and alteration services, hair and esthetics salons, and other personal care services.

Sources: Statistics Canada - Retail Trade Journal 63-005; Statistics Canada. Table 080-0023 - Annual retail store survey; Site Economics Ltd

Based on our projections, it would appear that Kamloops retail is overbuilt by several hundred thousand square feet, as the current inventory exceeds our estimation of the square footage supported. We estimate that Kamloops can currently support about 4.65 million square feet of retail, including about 740,000 square feet of restaurant space.

The following table shows common retail tenants in a typical commercial area. While there is little opportunity for anchor tenants, there may be some opportunity for street front "Main Street" style retail in the two study areas.

**Table 26: Typical Kinds of Retail Tenants**

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

Source: Site Economics

### 4.3 OFFICE MARKET METRICS

This subsection explores whether the Kamloops market has an appropriate level of office space. This is done by comparing the amount of space presently in inventory with the amount of space supported by the level of employment in industries and occupations that utilize office space. Colliers International is a well-respected international commercial brokerage and the information in the table below comes from their recent report on the Kamloops market.

**Table 27: Office Real Estate Metrics - Kamloops - 2016Q2**

OFFICE REAL ESTATE METRICS - KAMLOOPS - 2015Q4 - 2016Q2			
OFFICE MARKET METRICS	2015 Q4	2016 Q2	TREND
Office Inventory (sqft)	2,112,600	2,119,000	Increasing
Vacant Space (sqft)	105,600	104,000	Decreasing
Vacancy Rate	5.00%	4.92%	Decreasing
Under Construction (sqft)	17,500	0	Decreasing
Average Asking Net Rent			
Downtown	\$9-\$20	\$10-\$20	Increasing
North Shore	\$8-\$14	\$8-\$14	Stable
Southgate/Aberdeen	\$15-\$18	\$15-\$18	Stable

Source: Colliers International

From our employment projection shown in Section 2 we can estimate the number of Kamloops workers employed in an office environment both now and in the future. Using an average of 180 square feet per office worker, we arrive at the estimates for office space supported as summarized in the table below.

**Table 28: Office Space Supported - City of Kamloops - 2011-2041**

CITY OF KAMLOOPS - 2011-2041 - OFFICE SPACE SUPPORTED BY EMPLOYMENT							
	<u>2011</u>	<u>2016</u>	<u>2021</u>	<u>2026</u>	<u>2031</u>	<u>2036</u>	<u>2041</u>
Office-based Employment (Workers)	11,149	11,287	11,427	11,568	11,713	11,860	12,007
Office Space Supported (000s of SQFT)	2,007	2,135	2,272	2,322	2,379	2,489	2,625

Source: Site Economics

According to our estimates, Kamloops presently has about as much office space as it can support. We expect that Kamloops will need about 130,000 additional square feet by 2021, and about 180,000 additional square feet by 2026.

## 4.4 COMMERCIAL SPACE LISTINGS

The Colliers reports referenced previously show rents as being generally between \$8 and \$40 per square foot and the current listings are consistent with that report. The table below lists the commercial lease listings that were available to give the reader a sense of the rents observed in different parts of Kamloops. One may notice that lower rents are generally found in South Kamloops (i.e. Downtown) and North Kamloops (i.e. North Shore) while Sahali and Dufferin/Southgate tend to enjoy higher rents.

**Table 29: Commercial Lease Listings - Kamloops and Vicinity - August 2016**

COMMERCIAL PROPERTY LEASE LISTINGS - KAMLOOPS AREA - AUGUST 2016						
ADDRESS	RENT/SF	DISTRICT	SUB DISTRICT	MLS #	TYPE	
103-1211 SUMMIT DRIVE	\$25.00	Kamloops	Sahali	132824	Building Only	
416-500 NOTRE DAME DR	\$22.00	Kamloops	Sahali	134109	Building Only	
<b>158 VICTORIA STREET</b>	<b>\$19.00</b>	<b>Kamloops</b>	<b>South Kamloops</b>	<b>134564</b>	<b>Building Only</b>	
209-1211 SUMMIT DRIVE	\$18.00	Kamloops	Sahali	127389	Building Only	
106-775 MCGILL ROAD	\$18.00	Kamloops	Sahali	133479	Building Only	
106-1315 SUMMIT DRIVE	\$18.00	Kamloops	Sahali	135917	Building Only	
103-1315 SUMMIT DRIVE	\$17.50	Kamloops	Sahali	135916	Building Only	
<b>2-716 SYDNEY AVE</b>	<b>\$16.75</b>	<b>Kamloops</b>	<b>North Kamloops</b>	<b>131056</b>	<b>Building Only</b>	
201-805 NOTRE DAME DR	\$15.00	Kamloops	Dufferin/Southgate	127385	Building Only	
3B-1315 SUMMIT DRIVE	\$15.00	Kamloops	Sahali	135915	Building Only	
100-1383 MCGILL ROAD	\$14.00	Kamloops	Dufferin/Southgate	133167	Building Only	
<b>703 TRANQUILLE ROAD</b>	<b>\$14.00</b>	<b>Kamloops</b>	<b>North Kamloops</b>	<b>135146</b>	<b>Building Only</b>	
<b>5-177 TRANQUILLE ROAD</b>	<b>\$13.00</b>	<b>Kamloops</b>	<b>North Kamloops</b>	<b>134303</b>	<b>Building Only</b>	
<b>30-789 FORTUNE DRIVE</b>	<b>\$13.00</b>	<b>Kamloops</b>	<b>North Kamloops</b>	<b>136149</b>	<b>Building Only</b>	
<b>300-293 1ST AVE</b>	<b>\$12.50</b>	<b>Kamloops</b>	<b>South Kamloops</b>	<b>134937</b>	<b>Building Only</b>	
503-1315 SUMMIT DRIVE	\$12.00	Kamloops	Sahali	135918	Building Only	
<b>1176 BATTLE STREET</b>	<b>\$12.00</b>	<b>Kamloops</b>	<b>South Kamloops</b>	<b>132664</b>	<b>Building Only</b>	
<b>328 SEYMOUR STREET</b>	<b>\$12.00</b>	<b>Kamloops</b>	<b>South Kamloops</b>	<b>134479</b>	<b>Building Only</b>	
<b>201-150 VICTORIA STREET</b>	<b>\$12.00</b>	<b>Kamloops</b>	<b>South Kamloops</b>	<b>135145</b>	<b>Building Only</b>	
162 ORIOLE ROAD	\$12.00	Kamloops	Valleyview	125811	Building and Land	
168 ORIOLE ROAD	\$12.00	Kamloops	Valleyview	134670	Building and Land	
4-111 ORIOLE ROAD	\$12.00	Kamloops	Valleyview	136412	Building Only	
<b>6-177 TRANQUILLE ROAD</b>	<b>\$11.00</b>	<b>Kamloops</b>	<b>North Kamloops</b>	<b>134301</b>	<b>Building Only</b>	
<b>7-177 TRANQUILLE ROAD</b>	<b>\$11.00</b>	<b>Kamloops</b>	<b>North Kamloops</b>	<b>134304</b>	<b>Building Only</b>	
1301-1315 SUMMIT DRIVE	\$11.00	Kamloops	Sahali	135919	Building Only	
<b>300-153 SEYMOUR STREET</b>	<b>\$11.00</b>	<b>Kamloops</b>	<b>South Kamloops</b>	<b>126578</b>	<b>Building Only</b>	
<b>200-180 SEYMOUR STREET</b>	<b>\$11.00</b>	<b>Kamloops</b>	<b>South Kamloops</b>	<b>130830</b>	<b>Building Only</b>	
<b>100-293 1ST AVE</b>	<b>\$10.50</b>	<b>Kamloops</b>	<b>South Kamloops</b>	<b>134936</b>	<b>Building Only</b>	
<b>224 VICTORIA STREET</b>	<b>\$10.00</b>	<b>Kamloops</b>	<b>South Kamloops</b>	<b>135523</b>	<b>Building and Land</b>	
<b>200-205-535 TRANQUILLE RD</b>	<b>\$8.00</b>	<b>Kamloops</b>	<b>North Kamloops</b>	<b>133150</b>	<b>Building Only</b>	
BLDG 2-365 MURTL CRES	\$24.00	North East	Clearwater	135431	Building Only	
3320 RIVER RANCH ROAD	\$11.00	South West	Merritt	135500	Building Only	
220 OPAL DRIVE	\$4.95	South West	Logan Lake	131505	Building Only	

Sources: Kamloops and District Real Estate Association; Site Economics

## 5.0 FINANCIAL ANALYSIS

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

### 5.1 METHOD OF REVENUE PRO FORMAS

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

Financial evaluation includes a discussion of the financial benefits, costs and sensitivities. A number of reasonable cost and revenue assumptions were made for the preparation of this financial pro forma analysis. Also, no discounting for time is recommended as price appreciation will at least match the time value of money.

#### **Concept Plans**

The first step of the analysis was to explore different scenarios which outline the development concept in terms of functional site layout and estimated unit yield and floor areas as described earlier in this report. Numerous considerations in this step influence the financial analysis, including: floor space ratios (FSR), parking requirements, tenant demands, building setbacks, sloped terrain, right of way's (ROW's), etc.

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

#### **Revenue Pro Formas – Sales Drive Rents**

The second step is to create a revenue pro forma to estimate the overall income which the development will generate based upon the assumed units / land sales and gross leasable area /

unit yield. The revenue pro forma is as accurate as various site plan assumptions are, as shown in the three development scenarios.

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

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

Rental rates in this market are moderate compared to most urban areas. This is a largely due to the limited walk by traffic and the large size of downtown which is spread over so many blocks. If pedestrian traffic (caused by anchor tenants and local employees and residents) were greater, then sales and rents would be higher. Rental rates have not changed significantly since 2014.

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

**Table 30: Estimation of Supportable Rents - Hypothetical Coffee Shop Scenario**

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

Source: Site Economics



### **Construction Cost Estimates**

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

### **Sale Value and Uncertainty**

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

### **Servicing Costs**

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

### **Construction Costs and Revenues**

Hard costs are the costs associated with the direct actual construction of buildings. The hard cost estimates are based upon industry standards for the region and preliminary engineering cost estimates. Soft costs are costs associated with preparing the site for development, such as architectural and planning fees. Soft costs vary considerably and are approximately 25% of hard costs (these include a contingency factor for possible cost overruns).

### **Market Absorption**

The residential absorption rate in Kamloops has been stable. There has been improved market acceptance of multi-family housing. The supply of strata condominiums and townhouses is being readily absorbed and developers are building more multifamily than in the past.

The pro forma used in this analysis assumes selling prices 5% below comparable product to reflect the price difference between more attractive new suburban lands on ideal locations and challenging urban core land with some undesirable adjacent land uses. A lower price makes them competitive and ensures a reasonable absorption rate.

## 5.2 PRO FORMA ASSUMPTIONS

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The development program parameters are modeled on realistic assumptions and provide an insight into the number and nature of the variables that will affect land values. The residual model by necessity makes a series of general assumptions. These estimates must be further refined as a real project advances and additional information is available.

Assumptions factored into the financial model include:

- The site areas are all net developable land parcels. The floor space ratio used to determine the building areas are industry standard. Floor Space Ratios (FSR) for the North Shore are assumed to be between 2.0 and 2.5 while those Downtown are assumed to be between 3.0 and 4.0;
- The residential is assumed to be low-rise, wood frame apartments (up to 4 storeys) which are ideally suited for this market. All new development will have structured parking;
- Downtown lots are assumed to measure 150 feet by 120 feet for analysis purposes while North Shore lots are larger and assumed to measure;
- Unit sizes downtown average about 960 square feet for apartment condominiums and about 725 square feet for rental apartments;
- Unit sizes on the North Shore average about 1100 square feet for apartment condominiums and about 900 square feet for rental apartments;
- Building costs for apartment condominiums are estimated at \$165-170 per square foot while building costs for four storey apartments are estimated at \$200 per square foot, including structured parking. Purpose-built rental apartments are assumed to be built at lower cost;
- Soft costs are all calculated as a standard ratio of hard costs;
- Developers profit plus return on equity is typically 10-20% of construction costs;
- The average sale price for apartment condominiums is expected to be \$310 per square foot in 2018 on the North Shore and \$330-350 per square foot Downtown.

The three hypothetical developments for comparison are:

- lower-density low-rise condominium apartments;
- higher-density low-rise condominium apartments; and
- lower-density low-rise rental apartments.

### 5.3 FINANCIAL ANALYSIS

The tables below summarize our financial analyses for hypothetical development scenarios both Downtown and in the North Shore study area. The left-most columns show the scenario for lower-density low-rise condominium apartments, the middle columns show higher-density low-rise condominium apartments, and the right-most columns show lower-density low-rise rental apartments.

#### Downtown Development Scenarios

The table below shows the three development scenarios for Downtown. We assume that the city would allow FSRs of 3.0 for lower-density and 4.0 for higher-density. Among the three scenarios, the lower-density model appears to be the most viable, commanding up to \$28 per buildable square foot, which is generally within the range of current listings.

**Table 31: Residual Land Analysis for Hypothetical Developments - Downtown Kamloops**

DOWNTOWN KAMLOOPS DEVELOPMENT SPECIFICATIONS	STRATA APARTMENT		STRATA APARTMENT	
		ACTUAL		ACTUAL
SITE AREA ACRES AND SQ. FT. GROSS		18,000		18,000
ALLOWABLE FLOOR SPACE RATIO		3.00		4.00
ALLOWABLE GROSS BUILDING AREA SQ. FT. BASED ON FSR		54,000		72,000
NET SQ. FT. @ EFFICIENCY	87%	46,980	87%	62,640
<b>TOTAL NET BUILDING AREA SQ. FT.</b>		<b>46,980</b>		<b>62,640</b>
AVERAGE UNIT SIZE AND NO. OF UNITS	940	50	895	70
<b>DEVELOPMENT COSTS</b>				
DEMOLITION AND SITE PREPARATION OFF SITE	\$2	\$36,000	\$2	\$36,000
HARD CONSTRUCTION COSTS @ SQ. FT.	\$170	\$9,180,000	\$200	\$14,400,000
<b>TOTAL HARD COSTS</b>		<b>\$9,252,000</b>		<b>\$14,472,000</b>
ARCH / PERMITS @ TOTAL HARD COSTS	7.0%	\$647,640	7.0%	\$1,013,040
FINANCING FEE @ TOTAL HARD COSTS	3.0%	\$277,560	3.0%	\$434,160
PROPERTY TAXES @ GROSS SQ. FT.	\$5.00	\$270,000	\$5.00	\$360,000
FINANCING INTERIM BUILDING @ CONSTRUCTION PERIOD	7.5%	\$346,950	7.5%	\$542,700
CONTINGENCY / MISC / PROVISIONAL % HARD COSTS	5.0%	\$462,600	5.0%	\$723,600
<b>TOTAL SOFT COSTS</b>		<b>\$2,004,750</b>		<b>\$3,073,500</b>
<b>TOTAL DEVELOPMENT COSTS</b>	\$ 208	<b>\$11,256,750</b>	\$ 244	<b>\$17,545,500</b>
<b>DEVELOPMENT REVENUES &amp; LAND VALUES</b>				
AVG. SALE PRICE PER SQ.FT. AND TOTAL PER UNIT	\$325	\$305,370	\$355	\$317,674
<b>GROSS REVENUES</b>		<b>\$15,268,500</b>		<b>\$22,237,200</b>
SELLING COSTS	1.5%	\$229,028	1.5%	\$333,558
<b>NET REVENUE</b>		<b>\$15,039,473</b>		<b>\$21,903,642</b>
DEVELOPER PROFIT/FINANCING COSTS & ADMIN	20.0%	\$2,251,350	20.0%	\$3,509,100
<b>NET SITE LAND VALUE</b>		<b>\$1,531,373</b>		<b>\$849,042</b>
<b>NET LAND VALUE @ BUILDABLE SQ. FT.</b>		<b>\$28</b>		<b>\$12</b>

Source: Site Economics (using data inputs from multiple sources)

This scenario assumes a wood-frame building costing \$170 per square foot to build and selling at \$330 per square foot, not unlike the building shown below.

**Figure 27: New Low-Rise Apartment Building - Downtown Kamloops**



Source: Google Maps

The higher-density scenario assumes concrete construction at \$200 per square foot, and selling at a slightly higher price point of \$355 per square foot. With its higher cost structure, this development scenario drives the viable land price per buildable foot down to only \$12, which is almost certainly below what any seller would accept. Thus, we can conclude that the market for concrete high-rise is not as strong as the market for wood-frame low-rise.

## North Shore Development Scenarios

The table below shows the three development scenarios for the North Shore study area. We assume that the city would allow FSRs of 2.00-2.5 for lower-density. There may even be the potential for a 3.0 higher-density project, however the results would be similar as it is still a low-rise wood frame condominium. Among the two scenarios, both are viable, revealing a land value of approximately \$22 per buildable square foot, which conservatively aligns well with current listings.

**Table 32: Residual Land Analysis for Hypothetical Developments - North Shore**

NORTHSHORE KAMLOOPS DEVELOPMENT SPECIFICATIONS	STRATA APARTMENT		STRATA APARTMENT	
		ACTUAL		ACTUAL
SITE AREA ACRES AND SQ. FT. GROSS		30,000		30,000
ALLOWABLE FLOOR SPACE RATIO		2.00		2.50
ALLOWABLE GROSS BUILDING AREA SQ. FT. BASED ON FSR		60,000		75,000
NET SQ. FT. @ EFFICIENCY	87%	52,200	87%	65,250
<b>TOTAL NET BUILDING AREA SQ. FT.</b>		<b>52,200</b>		<b>65,250</b>
AVERAGE UNIT SIZE AND NO. OF UNITS	1,088	48	1,088	60
<b>DEVELOPMENT COSTS</b>				
DEMOLITION AND SITE PREPARATION OFF SITE	\$2	\$60,000	\$2	\$60,000
HARD CONSTRUCTION COSTS @ SQ. FT.	\$165	\$9,900,000	\$165	\$12,375,000
<b>TOTAL HARD COSTS</b>		<b>\$10,020,000</b>		<b>\$12,495,000</b>
ARCH / PERMITS @ TOTAL HARD COSTS	7.0%	\$701,400	7.0%	\$874,650
FINANCING FEE @ TOTAL HARD COSTS	3.0%	\$300,600	3.0%	\$374,850
PROPERTY TAXES @ GROSS SQ. FT.	\$5.00	\$300,000	\$5.00	\$375,000
FINANCING INTERIM BUILDING @ CONSTRUCTION PERIOD	7.5%	\$375,750	7.5%	\$468,563
CONTINGENCY / MISC / PROVISIONAL % HARD COSTS	5.0%	\$501,000	5.0%	\$624,750
<b>TOTAL SOFT COSTS</b>		<b>\$2,178,750</b>		<b>\$2,717,813</b>
<b>TOTAL DEVELOPMENT COSTS</b>	\$ 218	<b>\$12,198,750</b>	\$ 218	<b>\$15,212,813</b>
<b>DEVELOPMENT REVENUES &amp; LAND VALUES</b>				
AVG. SALE PRICE PER SQ.FT. AND TOTAL PER UNIT	\$310	\$337,125	\$310	\$337,125
<b>GROSS REVENUES</b>		<b>\$16,182,000</b>		<b>\$20,227,500</b>
SELLING COSTS	1.5%	\$242,730	1.5%	\$303,413
<b>NET REVENUE</b>		<b>\$15,939,270</b>		<b>\$19,924,088</b>
DEVELOPER PROFIT/FINANCING COSTS & ADMIN	20.0%	\$2,439,750	20.0%	\$3,042,563
<b>NET SITE LAND VALUE</b>		<b>\$1,300,770</b>		<b>\$1,668,713</b>
<b>NET LAND VALUE @ BUILDABLE SQ. FT.</b>		<b>\$22</b>		<b>\$22</b>

Source: Site Economics (using data inputs from multiple sources)

The two condominium scenarios are both assumed to be wood-frame construction with an average construction cost of \$165 per square foot and selling price of \$310 per square foot. Both scenarios produced viable land prices of about \$22 per buildable foot, which seem to be in line with current listings.

## 5.4 SUMMARY

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Our analysis suggests that lower-density low rise condominium apartment developments are viable in both the Downtown and North Shore study areas, with the North Shore being able to support the higher-density variant as well. Overall, the Kamloops market is stronger than it has been in several years and indicators point toward continued growth especially as other markets in British Columbia continue to rise.

Moreover, the Downtown and North Shore study areas are geographically well-positioned within Kamloops as they occupy lower elevations and are less prone to inclement conditions found more frequently at higher elevations. Overall, we see a bright future in the near term for Kamloops and we feel that developers would be well-advised to start assembling properties in the two study areas for development of multifamily projects of various densities. Ongoing growth and the shortage of well-located land indicate that multifamily prices will be rising.

## APPENDIX - RETAIL CATEGORIES AND TRENDS

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### Classification of Shopping Centres

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

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

The standard retail classifications are as follows.

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

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

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

**Lifestyle Centre:** A centre that generally imitates a traditional street front retail district with sidewalks, streets and pedestrian areas. This is typical in new suburbs where consumers want alternatives to standard power centres and large unattractive parking lots. These centres try to offer a more appealing shopping destination with interesting stores, public spaces and thoughtful architecture and design features. They mix food, personal services and convenience shopping with apparel and accessories. There are few of these in Canada to date, such as Park Royal Village, a component of the Park Royal Shopping Centre in West Vancouver.

**Regional Centre:** This centre type provides general merchandise (a large percentage of which is made up of apparel retailers) and services in full depth and variety. The anchor tenants are

typically full-line department stores, promotional department stores, supermarkets and various big box tenants.

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

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

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

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

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

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

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



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

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

A typical neighbourhood centre is approximately 60,000 sq ft in size and generates sales of just over \$500 per sq ft of gross leasable area.

Food stores such as supermarkets comprise almost half (46.5%) of neighbourhood shopping centre floor space. Other categories are food service (9.0%), personal service (8.4%), drugstores (6.5%), other miscellaneous retail (5.9%), and general merchandise stores (4.7%). The ancillary small shops and stores required under this scenario would typically add up to 40,000 square feet of GLA.

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

- Regional enclosed malls have lost retail market share over the past 15 years. They tend to be costly to operate and inconvenient to shop at for the majority of customers. This is due to such factors as their lack of convenience for many residents within the mall's large regional trade area. Regional enclosed malls are declining form of retail development and very few have been built in North America since 1990. Despite this, they have maintained dominance over some segments of the industry, particularly apparel. Without a large apparel selection, this type of retail development is not effective. Without full line department store anchors, this type of development is inconvenient without the end benefit of shopping there. Regional malls can rely on infrequent but substantial shopping trips by rural residents.
- Malls can be ineffective premises for retailers due to their inconvenient locations and/or inconvenient space within mall area plans. Internal-only locations with weak exposure to major arterials do not offer sufficient visibility for retailers seeking the maximum exposure to potential consumers.
- Stand-alone anchors or anchors with just a few ancillary stores are becoming ever more common due to their simplicity, convenience, and low operating costs.

- Commercial streets are increasingly attractive locations for retailers as they offer maximum customer convenience and independence from mall landlords. They also allow retailers to become an integral part of customers' ever more differentiated lifestyles. Mass marketing is growing less effective than in the past and customers seek more unique and socially diverse experiences.
- Street-front retailing is making a major comeback, in part, because it is convenient and it offers a number of unique and interesting owner-operator tenants. The large chains are all trying to get locations on good, high traffic streets in order to get closer to their customers, both physically and in terms of their lifestyle. This trend is only expected to grow as it gains its strength from the ever more pressing need for convenience with respect to the local population base.
- There is strong demand from supermarkets for in-fill sites in inner-urban areas. The supermarkets tend to thrive with the associated denser population base and higher traffic volumes that such locations provide. This would spin off benefits to the immediate area and make related businesses viable. The major drawback is that there are few large vacant sites in the downtown areas.
- Virtually every major high profile retail development site is being proposed as a mixed use development. Whenever the site is near rapid transit or at a highway interchange, developers are proposing street front retail, anchor tenants, structured parking, and extensive residential around the periphery of the retail facility. A pure retail development is no longer deemed viable or the highest and best use for high quality locations.
- Big-box specialty retail anchors which sell product lines such as: books, crafts, toys, office supplies, computers, electronics, sporting goods, shoes, pet supplies, home furnishings and furniture, and home improvement merchandise, have grown to dominate shopping centre development. The big-box stores are now seeking out street-front retail locations in urban markets and are modifying their floor plans for these locations. These big-box tenants tend to locate on their own stand alone sites when possible.
- Modern malls have high anchor-to-CRU (commercial retail unit) ratios. This trend is evident in virtually every recent development.
- Street-front commercial districts, with their more numerous, finer grain retail, are being differentiated from malls, and offer a favourable and complementary shopping alternative. Dozens of retail impact studies have been conducted when large new stores enter older communities and in general there has not been any measurable impact.
- Neighbourhood centres anchored by supermarkets and drugstores play a very strong role within the local community. They generate high and consistent rental revenue and have low associated leasing risk. These are a very popular form of retail development.

- Most new retail projects are inner urban, mixed use and high density. Many new urban projects have a substantial multi-family component. In general, retail is ever more specialized and should be focused on specific customer needs. There is less speculative building than in the past.
- The wholesale to retail industry, typified by stores such as Costco, is still doing very well.
- The large discount chains are doing better than full price chains in the recession. Wal-Mart has done relatively well and taken major steps to “improve” and “green” their practices and image.
- Internet shopping is still growing steadily and is serving an ever bigger function in the market.

## APPENDIX - ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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

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

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

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

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

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

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

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

The property, if any, has been described on the basis that the real property complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such possible circumstances have not been accounted for in the reporting process.)

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

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

The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible. Any estimated economic or market or financial value does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the shares could be affected by other considerations. Further, the estimated market value if any does not include consideration of any extraordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.

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

In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest or leasehold interest in the real property, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.

Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this report, prior arrangements shall be made therefore, including provisions for additional compensation to permit adequate time for preparation and for any appearances which may be required. However, neither this nor any other of these

contingent, and limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of this report which best serves the administration of justice.

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

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

## APPENDIX - RESUME

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### **SITE ECONOMICS LTD.** ***Richard Wozny, Principal***

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#### **Experience**

Site Economics Ltd. provides real estate development consulting services to developers, land owners, investors and the public sector. We have completed over 1,100 major projects with a total value well over \$105 billion. We have very extensive experience in all forms of large scale commercial, industrial, residential and institutional land development projects.

Richard Wozny, the principal, has conducted hundreds of development and financial studies of shopping centres and commercial districts. He has worked on the development of thousands of acres of industrial buildings, including complex logistics parks, thousands of acres of residential sub divisions and hundreds of high density residential buildings and office towers. Richard has also conducted hundreds of store location and feasibility studies for retailers and financial institutions. Richard combines a creative project vision with pragmatic development analysis.

#### **Past Employment and Education**

Richard's past work experience includes: Vice President and Manager of Advisory Services, Cushman & Wakefield, Manager of Retail Development for Western Canada, Marathon Realty Company Ltd., and Senior Consultant for Shopping Centre Developments, Thomas Consultants Inc. Richard completed a Master's Degree in Regional Science at the University of Pennsylvania, Philadelphia, PA, a Master's Degree in Religion at Temple University, Philadelphia, PA, and a Bachelor's Degree in Philosophy at the University of British Columbia, Vancouver, BC.

#### **Strategic Real Estate Services**

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- Absorption and Price Assessments for Major Developments
- Proforma / Discounted Cash Flows
- Property Acquisition and Disposition Strategies
- Strategic Review of Redevelopment Options
- Shopping Centre / Downtown Revitalization
- Market Impact Studies for Major Developments
- Market Input for Land Use Planning
- Site Selection and Location Assessment for Retailers and Landowners

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