

**DEVELOPMENT OPPORTUNITY ANALYSIS  
GOLF COURSE LANDS  
PRINCE GEORGE, BRITISH COLUMBIA**

Prepared For:

City Of Prince George

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## **EXECUTIVE SUMMARY**

Development Consulting Group has been retained by the City of Prince George to prepare a development opportunity analysis for the land currently occupied by the Prince George Golf & Country Club and the Pine Valley Golf course. The principal findings and recommendations of this study are summarized under the following headings.

### Subject Site

The subject site consists of four adjoining parcels of land: the Prince George Golf & Country Club, the Pine Valley Golf Club, Recreation Place and the “Rollerdome” property next to the Performing Arts Centre. The total area of these four adjoining parcels of land is approximately 193 acres.

### Auto Mall

A number of auto dealerships in Prince George have expressed a strong interest in relocating to bigger/better premises during the next 12-24 months. At the present time, these auto dealerships are scattered throughout the City. By “co-locating” in an auto mall, all of these independently owned and operated businesses will realize significant economies of scale in terms of their marketing appeal. A total of fourteen potential tenants have been identified for the Prince George auto mall. The total land requirement for these fourteen potential tenants is estimated at between 44-59 acres.

### Retail

Given its modest population growth prospects, only three or four more big box retail chains are expected to move into the City of Prince George during the next decade. These big box stores will want to locate on sites that have direct access and exposure to the Highway 16/97 corridor.

Total shopping centre floor space requirements in the Highway 16/97 corridor during the next decade are projected to range between 430,000-500,000 square feet. Allowing for some further expansion of the Westgate Shopping Centre, commercial land area requirements in the Highway 16/97 corridor during the next decade are forecast to range between 30-36 acres. Of this total, between 8-10 acres should be set aside to accommodate an expansion of the Pine Centre Mall.

### Hotel

Two or three new chain affiliated hotels will probably be developed in Prince George during the next ten years. These new hotels will most likely range in size between 100-150 rooms. One or two of these new hotels is expected to locate in the Highway 16/97 corridor. Assuming a low rise building with surface parking, a 100-150 room hotel will require a land area of between 2-3 acres.

### Residential

The City of Prince George Planning Department has indicated that single detached housing is not an appropriate land use for the subject site because of its “mid town” location. This mid town location

makes the subject site ideally suited to broad range of multi-family housing that will appeal to the semi-retired and retired segments of the market.

With this target market in mind, demand for multi-family housing at the subject site during the next ten years is projected as follows:

- between 60-80 semi-detached units similar to Brendan Court;
- between 80-100 townhouses;
- between 90-110 condominium apartment units similar to Magnolia Gardens;
- between 100-120 independent living units for seniors similar to the Prince George Chateau.

Based on this development potential, total multi-family land area requirements at the subject site during the next ten years are forecast to range between 21-27 acres.

### Golf Course

A land area of between 45-50 acres is recommended for the new Pine Valley Golf Course. With this amount of land to work with, it should be possible to increase the spacing between golf holes (thereby improving safety conditions for players) and increase the course length a bit (thereby enhancing the marketing appeal of the new course).

### Alternative Development Options

Based on the results of the market analysis summarized above, two alternative development options have been prepared for the subject site. Development option #1 is based on a relatively conservative forecast of land use absorption that will result in a relatively low land valuation. Development option #2 is based on a relatively optimistic forecast of land use absorption that will result in a relatively high land valuation. The following chart summarizes the key elements of these two alternative development options.

<u>Land Use</u>	<u>Option #1</u>	<u>Option #2</u>
Total Site Area	193 acres	193 acres
Net Saleable Area	104 acres	110 acres
Less Auto Mall	40 acres	50 acres
Less Highway Commercial	10 acres	15 acres
Less Pine Centre Expansion	8 acres	10 acres
Less Hotel	2 acres	3 acres
Less Multi-Family Housing	21 acres	27 acres
Residual Land Area	23 acres	5 acres

In both options, the residual land area (ie. the land not developed during the next ten years) would most likely be earmarked for additional multi-family residential development after 2017.

## 1.0

## INTRODUCTION

Development Consulting Group has been retained by the City of Prince George to prepare a development opportunity analysis for the land currently occupied by the Prince George Golf & Country Club and the Pine Valley Golf Course. The purpose of this development opportunity analysis is to determine the market potential for a number of land uses that could be developed on these two adjoining golf course properties during the next ten years. The results of this development opportunity analysis will help to formulate a land use master plan for the golf course lands.

With this objective in mind, Sections 3-7 of this study provide a market assessment of the potential for the following land use categories:

- auto mall;
- retail commercial including big box and an expansion of the Pine Centre mall;
- hotel;
- residential, including townhouses, low rise condominium apartments and seniors housing;
- golf course.

Based on the results of this market assessment, Section 8 of this study sets out two alternative development options for the golf course lands. By way of introduction to this market analysis, Section 2 that follows provides a brief description of the golf course lands and nearby land uses.

## 2.0

## SITE ANALYSIS

The geographic characteristics of a property usually play a major role in determining its suitability for development. Accordingly, Sections 2.1 and 2.2 that follow provide a brief description of the golf course lands. Section 2.3 identifies some of the adjacent land uses as well as the opportunities and constraints associated with these land uses.

### 2.1 Site Location

The Prince George Golf & Country Club and the Pine Valley Golf Course are located side by side on the west side of Highway 16 just south of its junction with Highway 97. Because of their “mid town” location, driving from the Prince George Golf & Country Club and the Pine Valley Golf Course to downtown Prince George only takes about five minutes.

### 2.2 Site Description

For the purposes of this analysis, the subject site has been defined to include the following parcels of land:

- the Prince George Golf & Country Club with a land area (including the club house and parking lot) of approximately 141 acres;
- the Pine Valley Golf Club with a land area (including the club house and parking lot) of approximately 38 acres;
- Recreation Place, a City owned strip of land running along the western edge of Highway 16 that includes a tennis club and the Performing Arts Centre building with a land area of approximately 12 acres;
- the “Rollerdome” property next to the Performing Arts Centre with a land area of just over 2 acres.

The base map following this page shows these four adjoining parcels of land outlined in yellow.

The land areas for each one of the parcels identified above has been obtained from PGMap, the on line data base developed by the City of Prince George. Based on this source data, the total area of these four adjoining parcels of land is approximately 193 acres

### 2.3 Nearby Land Uses

The subject site is surrounded by a wide variety of land uses. These nature and scale of these nearby land uses are important to note because of their impact on the development potential of the subject site. With this relationship in mind, nearby land uses include:

- Pine Centre Mall, a 463,000 square foot enclosed shopping centre anchored by a 129,000 square foot Zellers department store and a 112,000 square foot Sears department store. Sportchek, which currently occupies a 20,000 square foot store in the basement of the

shopping centre, will be expanding/relocating to the 31,000 square foot space formerly occupied by an Extra Foods supermarket on the main floor of the mall later this year.

- the Treasure Cove casino and hotel complex. The Treasure Cove casino is the largest gaming facility in northern British Columbia with over 400 slot machines and a 250 seat show lounge. The adjoining four storey hotel has 82 rooms.
- River Point, a brand new 70,000 square foot strip mall located on a 5.9 acre site at the northwest corner of Highway 16 and Ferry Avenue. The major anchor tenant in this project is a 30,000 square foot Brick furniture store that relocated to this site from an old building in downtown Prince George.
- a 140,000 square foot Superstore supermarket located on a 9.8 acre site at the southwest corner of Highway 16 and Ferry Avenue;
- the Wood Wheaton Chevrolet Cadillac car dealership located on a 6.9 acre site on the west side of Highway 16 immediately south of Superstore;
- a 130,000 square foot Costco membership club store located on an 11.7 acre site at the southwest corner of Highway 16 and Range Road;
- Brookwood Plaza, a strip mall located on the west side of Highway 16 immediately south of Costco. Major anchor tenants in this project are a 27,000 square foot Winners family clothing store, a 20,000 square foot Future Shop home electronics store and a 19,000 square foot JYSK home furnishings store.
- a neighbourhood of older single family homes on the west side of Westwood Drive north of Ferry Avenue.
- the Jack McInnis secondary school and the Peden Hill elementary school, located side by side at the northeast corner of Westwood Drive and Range Road.

In addition to these existing land uses, a 174 room Sandman Hotel is currently under construction on a 3.5 acre site located on the west side of Highway 16 north of the River Point shopping plaza listed above. In between the River Point shopping plaza and the Sandman Hotel is an 8.7 acre site that was purchased several years ago by Rona, one of the largest home improvement centre chains in Canada. Rona was planning to develop a 100,000 square foot home improvement centre on this site. For a variety of reasons including rapidly rising construction costs and a slowdown in the US housing market, Rona has decided not to build a store in Prince George and has instead listed the property for sale with an asking price of about \$900,000 per acre.

### 3.0

## AUTO MALL MARKET ANALYSIS

This section of the report examines the potential for developing an auto mall on a portion of the golf course lands during the next 5-10 years. By way of introduction to this market demand analysis, Section 3.1 that follows provides some background information on several auto malls that have been developed in the Metro Vancouver area.

### 3.1 Metro Vancouver Auto Malls

There are three major auto malls in the Metro Vancouver area: one in Abbotsford, one in Richmond and one in North Vancouver. The newest and the best planned of these three existing projects is the North Shore Auto Mall in North Vancouver.

The North Shore Auto Mall is located on the west side of Fell Avenue three blocks south of Marine Drive in the City of North Vancouver. The City of North Vancouver street map following this page identifies the location of the North Shore Auto Mall with a blue outline.

Marine Drive, highlighted in red on this street map, is the major east/west commercial arterial that links the neighbouring North Shore communities of North Vancouver and West Vancouver. Fell Avenue is a local collector road that dead ends at the waterfront two blocks south of the North Shore Auto Mall. As a result, traffic volumes on Fell Avenue are very modest, particularly as compared to Marine Drive.

The North Shore Auto Mall site is rectangular in shape and measures approximately 200 metres wide and 500 metres deep. A single internal loop road, Auto Mall Drive, provides access to all of the individual dealerships in the project. The site plan following this page, downloaded from the City of North Vancouver web site, shows the general layout of the North Shore Auto Mall as well as civic addresses for the individual land parcels.

Design guidelines for the individual car dealership buildings in general and for the public realm component of the North Shore Auto Mall in particular are very strict. For example, signage for each dealership is limited to a simple pylon at the front entrance. The only signage visible off site is the North Shore Auto Mall “mast head”. The only and only entrance into the North Shore Auto Mall off Fell Avenue has a “gateway” feel thanks to the design of an overhead entry feature. Several photos of these public realm features of the North Shore Auto Mall are enclosed in Appendix A at the back of this report.

Auto Mall Drive is a two lane wide road with room for public parking on both sides of the street. The loop portion of the road is one way, allowing drivers to circle easily in front of each dealership. A sidewalk and a narrow landscaped boulevard separate Auto Mall Drive from the paved parking lots of each dealership.

Partly for security reasons, the level of night time lighting throughout the project is extremely high. The street light standards throughout the auto mall are all the same design and at a uniform height.

The North Shore Auto Mall is fully built out and contains 11 dealerships as follows:

<u>Street Address</u>	<u>Dealership Name</u>	<u>Parcel Size</u>
800 Auto Mall Drive	Chevrolet	4.2 acres
809 Auto Mall Drive	Volvo	1.2 acres
813-819 Auto Mall Drive	Nissan	1.8 acres
816 Auto Mall Drive	Honda	2.5 acres
818 Auto Mall Drive	Mazda	1.5 acres
828 Auto Mall Drive	Acura	2.4 acres
833 Auto Mall Drive	Ford	2.8 acres
835 Auto Mall Drive	BMW	1.5 acres
845 Auto Mall Drive	Lexus	1.2 acres
849 Auto Mall Drive	Toyota	1.8 acres
855 Auto Mall Drive	Hyundai	0.7 acres

In total, the eleven dealerships in the North Shore Auto Mall occupy a total area of just under 22 acres. To put this figure into perspective, the total area of the Richmond Auto Mall is approximately 32 acres.

When it was originally conceived, less than ten years ago, the North Shore Auto Mall was expected to attract most of the auto dealerships that were located at that time along Marine Drive in North and West Vancouver. From an urban planning standpoint, the hope was that the somewhat unsightly and not very pedestrian friendly auto dealership properties along Marine Drive would be redeveloped into mixed use projects with ground floor commercial space and residential units above. The end result would be an evolution of Marine Drive from an automobile dominated corridor to a more pedestrian oriented shopping area.

While many of the “old” auto dealerships did in fact move to the North Shore Auto Mall, market demand was such that many of the buildings they occupied were subsequently taken over by “new” auto dealerships that were either new to the Vancouver area or had previously been unable to find a location on the North Shore. As a result, there are almost as many auto dealerships on Marine Drive now as there were prior to the development of the North Shore Auto Mall.

Not counting several leasing and used car businesses, these include:

- a Suzuki dealership at 1695 Marine Drive;
- a Chrysler Jeep Dodge dealership at 1600 Marine Drive;
- a Mercedes Benz dealership at 1375 Marine Drive;
- a Subaru dealership at 1235 Marine Drive;
- a Volkswagen/Audi dealership at 1151 Marine Drive;
- a Mitsubishi dealership at 725 Marine Drive.

Collectively, these six dealerships occupy a total land area of about ten acres.

From a marketing and planning standpoint, the North Shore Auto Mall should have been designed to allow for development in several phases over a 5-10 year period. With the benefit of hindsight, a

land area of between 30-40 acres should have been provided to accommodate the demand for automobile dealerships serving the North Shore market.

### 3.2 Prince George Market Potential

According to a local area realtor, a number of existing auto dealerships in Prince George have expressed a strong interest in relocating to bigger/better premises during the next 12-24 months. At the present time, these auto dealerships are scattered throughout the City. By “co locating” in an auto mall, all of these independently owned and operated businesses will realize significant economies of scale in terms of their marketing appeal to car buyers living not only in the City of Prince George but throughout most of Northern British Columbia.

Prince George currently has ten new auto dealerships. In terms of land area, these existing businesses range in size from less than one acre for the Honda dealership on 1<sup>st</sup> Avenue and the Subaru dealership on 5<sup>th</sup> Avenue to almost seven acres for the Wood Wheaton Chevrolet Cadillac dealership on Highway 16 next to Superstore.

Based on discussions with a local area realtor who in turn has meet with representatives of most existing auto dealerships in Prince George as well as with several companies not currently in the local market, the following chart provides a list of potential tenants for an auto mall as well as their approximate land requirements. This list of potential tenants is based on the assumption that construction of the auto mall will begin within the next twelve months (ie. soon enough that a handful of prospective tenants will not commit to other locations in Prince George).

<u>Auto Make</u>	<u>Required Parcel Size</u>
Chrysler Jeep Dodge	8-10 acres
Toyota	7-8 acres
Pontiac Buick	5-6 acres
Ford	5-6 acres
Honda	4-5 acres
Nissan	3-4 acres
Kia	2-3 acres
Mazda	2-3 acres
Mitsubishi	2-3 acres
Volkswagen/Audi	2-3 acres
Volvo	1-2 acres
Mercedes Benz	1-2 acres
Subaru	1-2 acres
Hyundai	1-2 acres

These fourteen potential tenants for the Prince George auto mall have a combined land area requirement that ranges between 44-59 acres.

It should be noted that the list set out above does not include the Wood Wheaton Chevrolet Cadillac dealership located on Highway 16 next to Superstore. Given that this dealership is fairly new and

occupies a high profile location on the Highway 16 commercial strip, Wood Wheaton is felt to be an unlikely candidate for an auto mall in the short term at least. Longer term, relocation to an auto mall would most likely occur in conjunction with a buy out of the Wood Wheaton site by a big box retailer looking for a location close to the centre of the Highway 16 commercial strip.

### **3.3 Recommended Size & Location**

Based on the market data presented above, the auto mall should have a net land area (ie. not counting any internal access roads) of between 40-50 acres. The project should be developed in two phases with phase one having a net land area of between 30-40 acres.

For financial planning purposes, it would be prudent to assume that phase 1 of the auto mall will take 4-5 years to develop. Although much smaller, phase 2 could take a similar amount of time to sell out simply because all of the pent up demand in the market will be absorbed by phase 1 of the development.

Reflecting the market data presented above, individual parcel sizes should range from a minimum of one acre to a maximum of ten acres. The design of the internal road system should allow for maximum flexibility in terms of adjusting the size of individual sites to the specific requirements of each auto dealership.

Access to the auto mall should be limited to a single entry/exit point from Range Road, Ferry Avenue or Recreation Place Road. None of the individual auto dealerships should be permitted to have their own "private" road access. If phase two of the auto mall cannot be developed as a linear extension of phase one, then consideration should be given to locating each phase on opposite sides of one of the aforementioned arterials so that the two entry/exit points can face one another across the street.

Strong building and public realm design guidelines are important to enhance the marketing appeal of the auto mall. Among other things, these design guidelines must be specific enough to ensure a uniform image and to prevent the rather tacky highway commercial image of many auto dealerships. The North Shore Auto Mall in North Vancouver is a very good example of how to proceed in this regard.

With regards to location, off site exposure is not essential in our opinion because of the large size and high marketing profile of the auto mall. As a result, it is not necessary to allocate all of the Highway 16 frontage lands north of the Sandman Hotel site for an auto mall.

Given the objective of maximizing the land value of the subject site as a whole, a better orientation for the auto mall would be perpendicular to Highway 16 so as to preserve some frontage lands for smaller commercial uses that will have a greater requirement for direct access and exposure to drive by traffic (eg. hotel and big box retail). With this situation in mind, two possible locations for the auto mall have been identified: the Pine Valley golf course site and some combination of the Prince George Golf & Country Club site and the City owned Recreation Place lands.

The Pine Valley Golf Course portion of the subject site has a land area of approximately 38 acres and would therefore be large enough to accommodate phase one of the auto mall. Phase two would be located on the north side of Ferry Avenue immediately west of Recreation Place Road.

One advantage to this location is the possibility of integrating the existing Wood Wheaton dealership into phase one of the auto mall by designing its internal access road to abut the back side of this adjoining property. Another advantage of this option is that the phase two expansion of the auto mall can wait until the Prince George Golf & Country Club has moved to its new location north of the Nechako River, thereby avoiding any disruption to the membership.

The biggest disadvantage to this location is that it will put the Pine Valley Golf Course out of business for several years. Under the most optimistic scenario, development of the new Prince George Golf & County Club will start in the spring of 2008 and the "replacement" course will open in the summer of 2010. If Pine Valley were to relocate onto a portion of the existing Prince George Golf & Country Club site as discussed in Section 7 of this report, redevelopment of this portion of the subject site would not be able to start until 2010 and a new 18 hole par 3 layout would not be ready for play until 2011 at the earliest.

Even under this optimistic timetable, Pine Valley will be out of business for three golfing seasons (ie. 2008-2010 inclusive). Any delay in getting started on the new Prince George Golf & Country Club project would probably extend this closure for a fourth year until 2011.

The other possible location, namely some combination of the Prince George Golf & Country Club site (most likely the driving range) and the City owned Recreation Place lands, would obviously solve the Pine Valley problem. Whether a net land area of between 30-40 acres for phase one of the auto mall can be provided in this location without encroaching onto one or more of the golf holes and without consuming all of the Highway 16 frontage lands to the north of the Sandman Hotel site remains to be determined.

## 4.0

## RETAIL MARKET ANALYSIS

This section of the report examines the potential for retail development on a portion of the golf course lands during the next ten years. By way of introduction to this market demand analysis, Section 4.1 that follows provides a brief history of retail development in the Highway 16/Highway 97 corridor and Section 4.2 presents an equally brief review of population trends for Prince George and several similar size markets in British Columbia.

### 4.1 Highway 16-Highway 97 Corridor Retail Development

Almost all of the new retail development in the Prince George area during the past decade has been attracted to properties located in the Highway 16-Highway 97 corridor. At the present time, the commercial portion of this corridor extends from the intersection of Highway 97 and 5<sup>th</sup> Avenue in the north to the intersection of Highway 16 and Domano Boulevard in the south.

From north to south, the major retail developments located in this corridor are as follows:

- Spruceland Shopping Centre, an older outdoor plaza with two large primary anchor tenants (Save On Foods and Petcetera) and a number of smaller secondary anchor tenants including Fields, Shoppers Drug Mart, Marks Work Wearhouse and Sportmart;
- A freestanding Home Hardware store;
- Pine Centre Mall, a 463,000 square foot enclosed shopping centre (the only one in Prince George) anchored by Zellers, Sears and Sportchek. Sportchek is moving from a 20,000 square foot store in the basement to the 31,000 square foot space formerly occupied by the Extra Foods supermarket on the main level of the mall. According to the mall manager, a portion of the “old” Sportchek space has been leased to a dollar store.
- Riverpoint, a brand new strip mall anchored by a 30,000 square foot Brick furniture store;
- A freestanding Superstore supermarket;
- A freestanding Costco membership club store;
- Brookwood Plaza, a fairly new strip mall anchored by Winners, Future Shop and a JYSK home furnishings store;
- Westgate, the largest power centre in Prince George with three very large primary anchor tenants (a 141,000 square foot Walmart, a 108,000 square foot Home Depot and a 96,000 square foot Canadian Tire) plus a number of secondary anchor tenants including Reitmans, Addition-Elle, Marks Work Wearhouse and Payless Shoes. Three more secondary anchor tenants, a 17,000 square foot Michaels store, a 12,000 square foot Petland store and an 11,000 square foot Visions store, are currently under construction.

Collectively, all of the above noted projects plus the many smaller complimentary commercial developments located in between make the Highway 16-Highway 97 corridor the preferred location for new retail development in Prince George.

By way of background to the projections set out below, it is interesting to note that a number of the projects and the anchor tenants listed above did not exist less than a decade ago. In 1999, a study undertaken by the consultant for the City of Prince George identified the following big box tenants in the Highway 16-Highway 97 corridor:

- Superstore in its present location at the corner of Ferry Avenue;
- Costco in its present location at the corner of Range Road;
- Overwaitea (since re branded as Save On Foods) in its present location in the Spruceland Shopping Centre and in a smaller store in the College Heights Shopping Centre;
- Zellers, Sears and Extra Foods in the Pine Centre;
- Safeway in a freestanding 32,000 square foot store at the corner of Massey and Westwood;
- Canadian Tire in a freestanding 51,000 square foot store at the corner of 18<sup>th</sup> Avenue.

At that time, The Brick was located in an old two storey store in downtown Prince George. Future Shop, Home Depot, Petcetera, Sportchek, Walmart and Winners did not have a store in Prince George.

These six “new” anchor tenants collectively occupy just over 300,000 square feet of space in the Highway 16-Highway 97 corridor. Adding The Brick and the expansion of Canadian Tire increases this figure to just under 400,000 square feet.

## **4.2 Population Trends**

Population growth in the City of Prince George and its surrounding trade area will be the major factor in attracting new retail development to the Highway 16-Highway 97 corridor during the next ten years. With this linkage in mind, chart #1 that follows tracks annual population trends for the City of Prince George during the past decade (1997-2007). More specifically, the chart shows increases and decreases in population after 1997 using that year as a reference point.

According to BC Stats, the number of persons living in the City of Prince George declined from 78,426 in 1997 to 75,375 in 2007. This downward trend is consistent with the census counts provided by Statistics Canada, which recorded a population of 72,406 in 2001 and 70,981 in 2006.

Prince George has the dubious distinction of being the only mid size city in the Province of British Columbia to experience a declining population during the past decade. As a point of comparison, chart #1 also tracks annual population trends during the past decade for three other mid size cities in the province, namely Kelowna, Kamloops and Nanaimo. Between 1997 and 2007, Kelowna grew by 23%, Nanaimo by 12% and Kamloops by 7%. The number of persons living in the City of Prince George, on the other hand, dropped by about 4%.

Unfortunately, the current economic outlook for the City of Prince George and the surrounding region suggests that population growth during the next decade at least will be very modest.

Although population projections for the City of Prince George itself are not readily available, BC Stats has prepared a long range forecast for the Prince George “health area”. This health area includes the City of Prince George as well as a number of surrounding communities including Valemount and McBride to the east and Mackenzie to the north

The BC Stats forecasts are updated every year to reflect the current economic outlook for the Province of British Columbia and its constituent economic regions. In the most recent BC Stats forecast, prepared in August of 2007, the population of the Prince George health area is projected to drop from 96,400 in 2007 to 96,000 in 2012 and to increase slowly thereafter to reach 97,100 by 2017, 98,300 by 2022 and 99,600 by 2027. Based on these figures, the annual population growth rate in the Prince George health area during the next twenty years will average 0.2% per annum.

Chart #2 that follows provides a graphic comparison of this growth rate with those expected for the Central Okanagan (ie. Kelowna), Kamloops and Nanaimo health areas over the next twenty years. Once again, Prince George trails the pack by a considerable margin with a projected growth of just 3% between 2007 and 2027 as compared to 31% for Kelowna, 28% for Nanaimo and 17% for Kamloops.

### **4.3 Highway Commercial Market Potential**

During the past decade, most of the new commercial development in the Highway 16-Highway 97 corridor was associated with/triggered by the arrival of big box stores (defined for the purposes of this analysis as a retail outlet with a gross leasable area of at least 20,000 square feet). A similar pattern of big box store driven development is expected during the next ten years as well.

Unfortunately, the prospect of very little population growth during the next decade will make it more difficult to attract new big box tenants to the Prince George market in general and to sites in the Highway 16-Highway 97 corridor in particular. Compounding the problem, most of the national and regional big box retail chains now have a store in Prince George.

Between 1999 and 2007, six big box retail chains moved into the Prince George market: namely, Walmart, Home Depot, Future Shop, Petcetera, Sportchek and Winners. As a result of these new additions, the list of big box tenants that are good prospects to locate in Prince George during the next 5-10 years is somewhat shorter than it was back in 1999. Big box retail chains with a number of stores in Western Canada that are not currently represented in Prince George include Best Buy, Home Outfitters, Home Sense, Chapters/Indigo, Safeway and IGA as well as Rona and Lowes. Not included in this short list are several big box retail chains whose minimum market size requirement far exceeds the population of the Prince George area (eg. Ikea and Lazy Boy Furniture) or whose clientele is limited to a small segment of the market (eg. T&T supermarket and Whole Foods).

Given its modest population growth prospects compared to most other markets in British Columbia, only three or four more big box retail chains are expected to move into the City of Prince George during the next decade. Most (and maybe all) of these big box stores will want to locate on sites that have direct access and exposure to the Highway 16-Highway 97 corridor. None are expected to look for a location in downtown Prince George.

Chart #1: Historic Population Trends

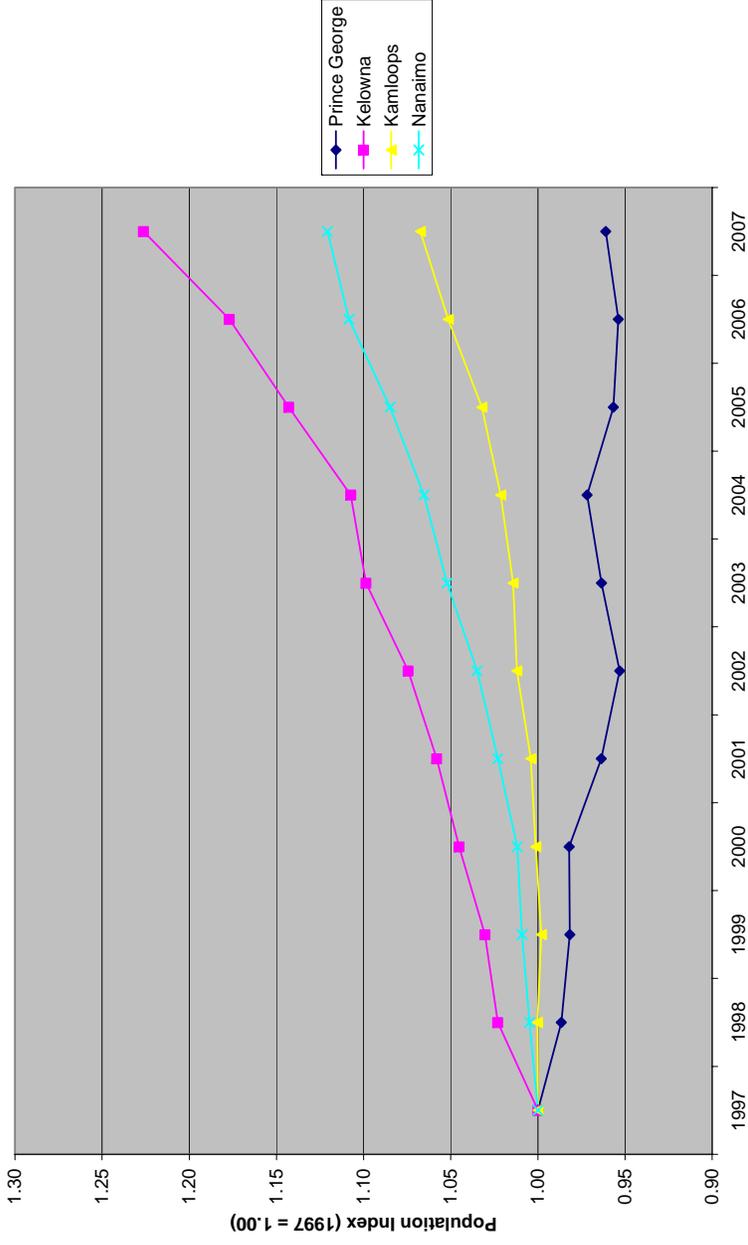
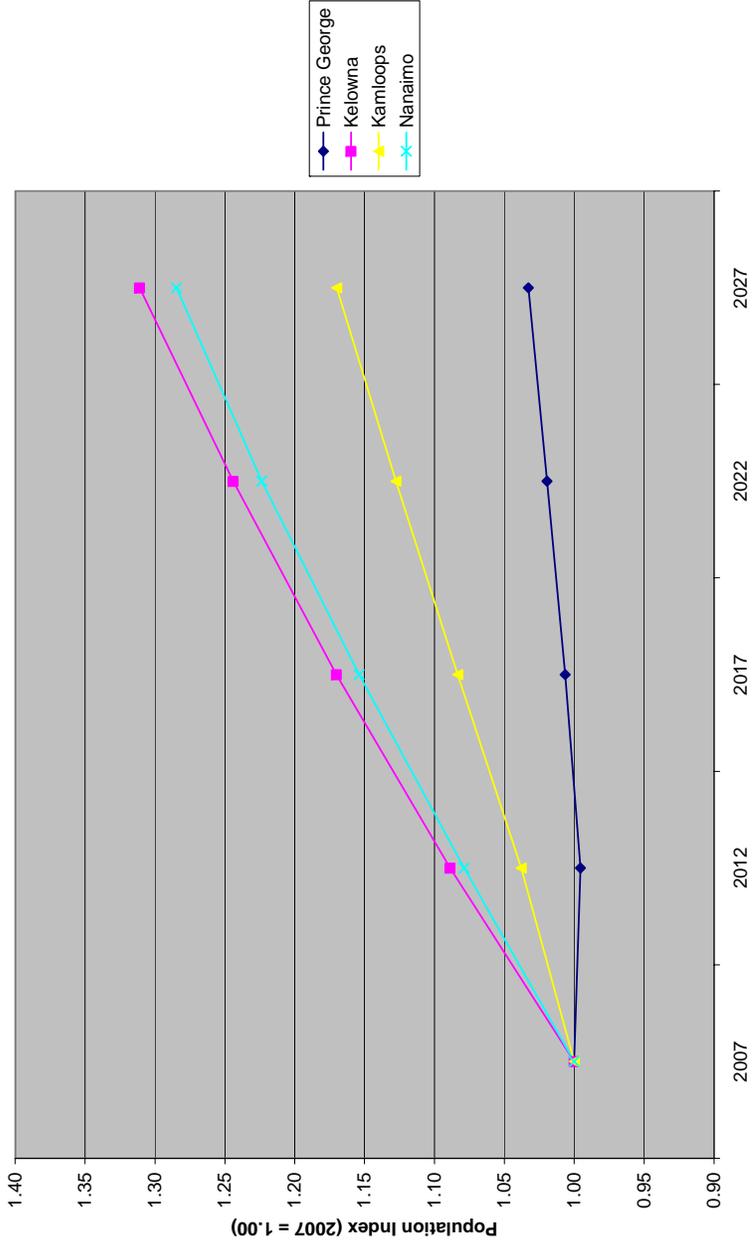


Chart #2: Projected Population Trends



In addition to these large anchor tenants with individual floor area requirements in excess of 20,000 square feet, a greater number of “small box” stores in the 10,000-20,000 square foot range are also expected to move into the City of Prince George during the next decade. Three such small box stores are currently under construction on the Westgate site alone, namely a 17,000 square foot Michaels store, a 12,000 square foot Petland store and an 11,000 square foot Visions store.

Small box retail chains with a number of stores in Western Canada that are not currently represented in Prince George include Golf Town, Pier 1 Imports, Sleep Country, Old Navy and Laura. Given its modest population growth prospects as noted above, only six or seven more small box retail chains are expected to move into the City of Prince George during the next decade.

Some of these small box stores (the ladies fashion retailers in particular) would prefer to locate in a major shopping centre such as Pine Centre Mall. Once again, none are expected to look for a location in downtown Prince George.

For preliminary land use planning purposes, the combined gross leasable area of these big box and small box stores has been estimated as follows:

- 1 store @ 70,000-110,000 square feet
- 1 store @ 40,000-70,000 square feet
- 2-3 stores @ 20,000-40,000 square feet
- 6-7 stores @ 10,000-20,000 square feet

Based on the midpoint of the store sizes listed above, the total gross leasable area of these big box and small box stores is expected to range between 300,000-350,000 square feet.

In addition to this figure, an allowance should be made to accommodate the small retail and service commercial retail tenants (mostly in the 500-5,000 square foot range) that like to locate next to big box and small box stores. This “CRU” component can range from a low of 0% for a freestanding store like Costco to a high of 60% for a shopping centre with only one relatively small anchor tenant. At River Point, for example, CRU tenants account for 57% of the total gross leasable area. At Pine Centre Mall, CRU tenants will account for 38% of the total gross leasable area once Sportchek has moved into its larger store. Note that this figure could drop to less than 35% depending upon the releasing programme for the “old” Sportchek store.

With these examples in mind, an average CRU ratio of 30% has been assumed for preliminary site planning purposes. Note that a somewhat higher percentage would have been used were it not for some restrictions in the current regional shopping centre zoning bylaw (Z8) that regulates new commercial development in the Highway 16-Highway 97 corridor. Of particular note in this regard are the requirements that the combined gross floor area of all office, financial service and health service tenants cannot exceed 500 square metres for each project and that the minimum gross floor area for some retail tenants must be greater than 700 square metres.

Based on this percentage and a gross leasable area of between 300,000-350,000 square feet for big box and small box stores, CRU tenants will require an additional 130,000-150,000 square feet of space. Total shopping centre floor space requirements in the Highway 16-Highway 97 corridor

during the next decade are therefore projected to range between 430,000-500,000 square feet. To put this projection into perspective, a marketing implementation plan prepared for downtown Prince George by Harris Consulting in May of 2006 identified a demand for 1,976,000 square feet of retail space by 2015.

#### **4.4 Recommended Size & Location**

The Westgate shopping centre site is not yet fully built out. Based on discussions with the City of Prince George Planning Department and a leasing agent for the project, the remaining development capacity of this site is estimated at between 60,000-70,000 square feet of commercial space. Subtracting this amount from the total shopping centre floor space requirements as determined above leaves a “residual” development potential that ranges between 370,000-430,000 square feet.

The amount of land area required to accommodate this amount of new commercial space will be determined in large part by two variables: building form and on site parking requirements. With regards to building form, it is reasonable to assume given the size of the market and the availability of undeveloped land that all of this commercial space will be provided on the ground floor level.

With regards to parking, a reasonable ratio from both a market and financial standpoint is 5.0 stalls per 1,000 square feet of gross leasable area. To put this figure into perspective, Pine Centre Mall has 2,300 on site parking spaces for a ratio of 4.97 stalls per 1,000 square feet; Riverpoint Plaza has 370 on site parking spaces for a ratio of 5.24 stalls per 1,000 square feet.

For major retail projects, the City of Prince George zoning bylaw requires a parking ratio of 5.0 stalls per 100 square metres of gross floor area (4.65 stalls per 1,000 square feet of gross floor area). For restaurants, the zoning bylaw requires a parking ratio of one stall for every four seats.

For preliminary site planning purposes, a parking design standard of 450 square feet per stall has been assumed. This design standard is intended to allow for the property line setback, loading bay and landscaping requirements of a major retail project.

Based on this figure, the land area requirements for new commercial space in the Highway 16-Highway 97 corridor have been estimated as follows:

-- total development potential	430,000 - 500,000 square feet
-- less remaining Westgate potential	60,000 - 70,000 square feet
-- residual development potential	370,000 - 430,000 square feet
-- on site parking @ 5.0 stalls	830,000 - 970,000 square feet
-- total land area required	1,200,000 - 1,400,000 square feet

This total square footage requirement translates into a land area of between 27-32 acres.

In addition to this land area requirement for shopping centre development, some provision should be made for a number of highway commercial land uses that are not included in the demand calculations set out above. Examples of these “freestanding” businesses include gas stations, automotive service shops (glass replacement, tire and oil change etc.) and self storage facilities. A

number of these freestanding businesses are already located in the Highway 16-Highway 97 corridor.

For preliminary planning purposes, a land area of between 3-4 acres should suffice to meet the demand for these freestanding businesses during the next decade. Adding this allowance for non shopping centre development increases the commercial land area requirement in the Highway 16-Highway 97 corridor to a total of between 30-36 acres.

An expansion of the Pine Centre Mall will probably account for a significant component of the development potential identified above. In our opinion, Pine Centre Mall needs to expand its department store type merchandise component in general and its clothing store mix in particular in order to preserve/enhance its position as the number one fashion centre in the Prince George market during the next decade.

Any significant expansion of the mall itself will probably include at least one and possibly two new big box/mini box anchor tenants. To allow for this possibility, a land area of between 8-10 acres should be set aside to accommodate an expansion of the Pine Centre Mall. Given the layout of the existing mall, the logical location for these expansion lands is at the rear of the project.

Subtracting the Pine Centre Mall expansion lands and the former Rona site leaves a remainder of between 13-17 acres for commercial development elsewhere in the Highway 16-Highway 97 corridor. To maximize its appeal for big box/small box stores looking for a location in Prince George, all of this land should have direct access and exposure to Highway 16/Highway 97. To maximize value, most of this land should be located between the Pine Centre Mall and Westgate.

With these criteria in mind, the most suitable location for commercial development on the subject site is the Recreation Place lands that extend north from the Sandman Hotel site to the Pine Centre Mall, the adjoining Performing Arts Centre and "Rollerdome" properties as well as the driving range portion of the Prince George Golf & Country Club property. A less desirable alternative, in our opinion, is the eastern portion of the Pine Valley Golf Course (ie. the land north of Costco and west of Superstore).

A net land area of between 10-15 acres should be set aside on this portion of the subject site for commercial development. If, for whatever reason, this land base proves to be inadequate, surplus demand for highway commercial development could spill over onto the Wood Wheaton auto dealership site south of Costco in which case this existing business could relocate into the auto mall described in Section 3 of this report.

## 5.0

## HOTEL MARKET ANALYSIS

This section of the report examines the potential for a hotel development on a portion of the golf course lands during the next ten years. By way of introduction to this market demand analysis, Section 5.1 that follows provides a brief description of existing hotel competition in Prince George.

### 5.1 Existing Hotel Development

According to the 2007 edition of the British Columbia Accommodation Guide, Prince George has 14 large hotels and motels. For the purposes of this analysis, a large hotel/motel is defined as one with a minimum of 50 rooms. The following chart lists these major hotels and motels in order of decreasing size:

<u>Hotel/Motel Name</u>	<u>Rooms</u>	<u>Location</u>
Ramada	193	downtown
Coast	152	downtown
Sandman	144	Highway 97
Esther Inn	120	Highway 97
Bon Voyage	96	highway 16
Carmel	90	Highway 97
Treasure Cove	82	Highway 97
Sheraton Four Points	75	Highway 97
Days Inn	75	downtown
Travellodge	74	downtown
Camelot Court	69	Highway 97
Anco	62	Highway 97
Gramma's Inn	61	Highway 97
Best Western	52	downtown

These fourteen large hotels and motels have a combined capacity of 1,345 rooms. Of this total capacity, just over 40% is located downtown.

Two of these large hotels, the Treasure Cove (located right next to the casino of the same name) and the Sheraton Four Points were built within the past five years. Together, these two establishments account for 12% of the current large hotel/motel accommodation capacity in the City of Prince George.

As noted in Section 2 of this report, a 174 room Sandman Hotel is currently under construction on a 3.5 acre parcel of land that adjoins the subject site. Based on the information summarized in the chart above, this Sandman will be the second largest hotel in the City of Prince George and increase accommodation capacity by a further 13%.

The Coast in downtown Prince George is the only four star hotel in Prince George as rated by Canada Select. Several others including the Ramada, the Treasure Cove and the existing Sandman hotel have three and a half star ratings.

## 5.2 Development Opportunity Analysis

One way to assess the potential for new hotel development in any city during the next 5-10 years is to compare its existing supply of overnight accommodation capacity with that of other comparable markets. With this approach in mind, the following chart provides a comparison of hotel/motel for Prince George and three comparable mid size cities in British Columbia, namely Kelowna, Kamloops and Nanaimo.

The inventory of existing hotel/motel rooms is based on information from the 2007 British Columbia Accommodation Guide. Once again, this inventory of is limited to hotels and motels with a minimum of 50 rooms All population data are 2007 city estimates prepared by BC Stats.

	<u>Prince George</u>	<u>Kelowna</u>	<u>Kamloops</u>	<u>Nanaimo</u>
# Large Hotels	14	19	21	8
# Rooms	1,345	1,994	1,815	705
City Population	75,400	116,500	85,700	83,500
Rooms Per Capita	17.8	17.1	21.2	8.4
Major Hotel Chains	Best Western Coast Days Inn Ramada Sandman Sheraton Travelodge	Accent Best Western Coast Comfort Inn Days Inn Holiday Inn Prestige Ramada Sandman Super 8	Accent Best Western Coast Comfort Inn Executive Inn Hampton Inn Holiday Inn Howard Johnson Quality Inn Ramada Sheraton Travelodge	Best Western Coast Days Inn Howard Johnson Travelodge

The results of this simple inter city comparison show that Kamloops has the most hotel rooms per 1,000 residents, followed by Prince George, Kelowna and Nanaimo. The relatively low ratio for Nanaimo probably reflects its status as a “drive through” location on the way to Victoria, Vancouver and the West Coast of Vancouver Island. By comparison, Prince George, Kelowna and Kamloops are all “overnight accommodation hubs” not just for the cities themselves but also for their surrounding trade areas.

Compared to both Kelowna and Kamloops, Prince George has fewer major hotel chains. This suggests that there may be an opportunity to attract one or more of these major hotel chains to Prince George during the next decade. Most of these major hotel chains will want to locate on sites that have direct access and exposure to the Highway 16-Highway 97 corridor.

As noted in Section 4 of this report, the population of the Prince George area is forecast to increase by only 3% during the next twenty years. Unlike Kelowna, Kamloops and Nanaimo, Prince George cannot count on population growth to generate any significant amount of demand for new overnight accommodation capacity.

Offsetting this discouraging demographic outlook to some extent is the fact that hotel occupancy rates in Prince George have been reasonably strong in recent years. Survey data collected by Pannell Kerr Forster and published by Tourism British Columbia indicate that the hotel occupancy rate in Prince George averaged 71.2% in 2005, 67.5% in 2006 and 70.8% during the first eleven months of 2007. To put this last figure into perspective, occupancy rates during the first eleven months of 2007 were 70.0% in Nanaimo, 67.6% in Kelowna and only 57.7% in Kamloops. As a rule of thumb, average occupancy rates in excess of 70% indicate strong market demand and a potential to absorb additional supply.

With this reasonably strong current market condition in mind, it seems reasonable to expect that two or three new chain affiliated hotels will be developed in Prince George during the next ten years. These new hotels will probably range in size between 100-150 rooms. One or two of these new hotels is expected to locate in the Highway 16-Highway 97 corridor.

### **5.3 Recommended Size & Location**

Like the Sandman Hotel currently under construction next to the subject site, the most likely design for these future hotel developments is a low rise (three or four storey) building with surface parking. Compared to a mid rise/high rise building with underground parking, this “suburban” style of development has the advantage of significantly lower construction costs which can be passed on to consumers in the form of lower hotel room rates. Keeping hotel room rates affordable is very important in a market like Prince George where the high end business and leisure segments of the market are very small.

The suburban style of development described above can typically achieve a density of about 50 rooms per acre. Based on this design standard, the net land area requirement for a 100-150 room hotel will range between 2-3 acres.

Like the Sandman Hotel currently under construction next to the subject site, future hotel developments in this area will have a very strong preference for a location that has direct access and exposure to Highway 16-Highway 97. With this preference in mind, the most suitable location for hotel development on the subject site is the Recreation Place lands that extend north from the Sandman Hotel site to the Pine Centre Mall as well as the adjoining Performing Arts Centre and the “Rollerdome” properties.

## 6.0

## RESIDENTIAL MARKET ANALYSIS

This section of the report examines the potential for residential development on a portion of the golf course lands during the next ten years. Section 6.2 summarizes historic price and sales volume trends in the Prince George housing market. Section 6.3 identifies several population trends that are expected to affect the demand for specific types of housing in Prince George during the next decade. By way of introduction to this market demand analysis, Section 6.1 that follows reviews historic levels of residential construction activity in Prince George

### 6.1 Housing Starts

One good reference point for a forecast of housing demand in any market is historic construction activity. With this relationship in mind, the following chart summarizes historic construction activity in the City of Prince George on an annual basis for the past seven years. Construction activity is measured by the number of housing starts as determined by the Canada Mortgage and Housing Corporation (CHMC).

Total housing starts have been disaggregated into two main market segments: single detached and multi-family. Multi-family includes semi-detached, row and apartment construction (both rental and condominium).

	<u>Prince George Housing Starts</u>	
	<u>Single Detached</u>	<u>Multi Family</u>
2007	288	40
2006	283	37
2005	259	25
2004	181	128
2003	103	0
2002	96	4
2001	45	32
2001-2007	179	38

The level of construction activity in the single detached segment of the housing market in Prince George has been trending consistently upwards since 2001. Over the past seven years, single detached housing starts have averaged 179 units per annum; during the past five years when economic conditions in the Prince George area were somewhat more favourable than at the beginning of the decade, single detached housing starts have averaged 223 units per annum.

The level of construction activity in the multi-family segment of the housing market in Prince George has been much more erratic during the past seven years. Since 2001, multi-family housing starts have ranged from a low of nil in 2003 to a high of 128 units in 2004. Most of the multi-family units started in 2004 were accounted for by the Prince George Chateau seniors housing project.

The Prince George Chateau is the most luxurious rental apartment project for seniors in town. The Prince George Chateau is owned and operated by Holiday Retirement Corporation, a company with over a dozen similar projects in Western Canada.

The three storey building occupies a 4.56 acre site at the corner of Hill Avenue and Tabor Boulevard. There is a surface parking lot for visitors next to the front entrance of the building. Enclosed garages around the back of the building are available for resident parking. Several photos of the Prince George Chateau are enclosed in Appendix A at the back of this report.

According to the building manager, there are three types of units:

- studio apartments ranging in size between 335-518 square feet;
- one bedroom apartments ranging in size between 542-894 square feet;
- two bedroom apartments ranging in size between 877-1,056 square feet.

Residents amenities include three meals a day served in a large dining room located on the main floor of the building, weekly housekeeping service and daily shuttle bus service to local area attractions such as the Pine Centre Mall. Other in house amenities include a billiard room, a craft room, a library and a big screen television lounge.

All of the units have a 24 hour monitored emergency response system. Because it is an independent living facility, Prince George Chateau does not provide any medical care. Most of the residents are between 65-85 years old.

There are a total of 114 units in the building. Based on this figure, the Prince George Chateau has a density of 25 units per acre. To put this figure into perspective, the maximum permitted density under the current zoning (RM5 according to PGMap) is approximately 50 units per acre.

Also according to PGMap, the Prince George Chateau property has a current (2007) assessed land value of \$962,000. Based on this figure, the current land value is just over \$210,000 per acre.

Rental rates in the Prince George Chateau currently range from a low of \$1,475 per month for a studio unit to a high of \$3,225 per month for a two bedroom unit. For a second person (ie. a couple sharing an apartment) there is an additional charge of \$495 per month. The average rental rate is approximately \$3.40 per square foot per month, more than double the comparable figure for a “regular” apartment in Prince George.

Despite this relatively high price, the Prince George Chateau is not only full but has a waiting list of approximately 50 persons. This suggests that there is pent up demand for a well located and well managed independent living project for seniors in Prince George.

Over the past seven years, multi-family housing starts have averaged only 38 units per annum. Excluding the one big seniors project identified above drops the average number of multi-family housing starts in Prince George since 2001 to around 20 units per annum.

According to the CMHC statistics cited above, there were 40 multi-family housing starts in Prince George in 2007. To the best of our knowledge, all of these multi-family units are located in two projects that are currently under construction:

- Asher Place, a row housing project located on the south side of Ferry Avenue just east of Ospika Boulevard. There are a total of 17 units in two single storey buildings. The site will be surrounded by a perimeter fence and vehicle access will be restricted to a gated entry point. All of the units have two bedrooms, two bathrooms and a single car garage (see photos in Appendix A at the back of this report). According to the developer, the typical unit has 1,193 square feet with a few amenities such as air conditioning and laminate wood flooring. None of the units have a fireplace. Selling prices remain to be determined but are expected to range between \$280,000-\$305,000.
- Westgate Place, a cluster of 24 three storey/three bedroom townhouses located on the north side of 5<sup>th</sup> Avenue just west of Tabor Avenue. The “inside” units have approximately 2,000 square feet of finished space and two car garages; the “end” units have approximately 1,500 square feet of finished space and a single car garage (see photos in Appendix A at the back of this report). Most of the units will be ready for occupancy in the spring of 2007. According to a marketing agent for the project, approximately 75% of the units have been sold at prices ranging between \$200,000-\$250,000.

The City of Prince George Planning Department has indicated that single detached housing is not an appropriate land use for the subject site because of its “mid town” location. Accordingly, no market data has been collected for any of the single family housing subdivisions currently marketing in Prince George.

## **6.2 Historic Price & Sales Activity**

One reason for the very limited volume of multi-family housing construction in Prince George as noted above is the low price of existing product. As an example, the most expensive condominium apartment project in town (and probably the nicest) is Magnolia Gardens--a three storey building with underground parking located at 2055 Ingledeew Street in the central area of the city. According to Multiple Listing Service records, this project is ten years old.

There are three units currently listed for sale in this building:

- unit #303, a 835 square foot one bedroom suite listed at \$209,900;
- unit #105, a 1,072 square foot one bedroom suite listed at \$219,900;
- unit #104, a 1,378 square foot two bedroom suite listed at \$249,000.

The average asking price for these three condominium apartment units is only \$206 per square foot. For comparison purposes, a 1,124 square foot two bedroom unit at Magnolia Gardens was listed for \$229,000 and sold for \$226,500 or \$201 per square foot in May of 2007.

One of the nicest townhouse style developments in Prince George is Brendan Court at 4450 Cowart Road, not far from the subject site. Brendan Court is a bare land strata project consisting of four

single family homes and sixteen semi-detached homes that all face onto a central landscaped round about. All of the homes are two storeys with a double car garage in front. Several photos of the project are enclosed in Appendix A at the back of this report.

According to PGMap, the property is zoned RM3 and has a land area of 2.87 acres. Based on this figure, Brendan Court has a density of just under 7 units per acre. To put this figure into perspective, the maximum permitted density under RM3 zoning is approximately 24 units per acre.

There are no units currently listed for sale in this project. According to Multiple Listing Service records, the most recent sale at Brendan Court was in October of 2007 when unit #120 (three bedrooms with 1,793 square feet of finished space on the main and second floors plus an unfinished basement) sold for \$287,500 or \$160 per square foot of finished floor area.

Another well regarded townhouse style development in Prince George is Delhaven Estates, located at 801 Preston Road on the north side of the Nechako River not far from the brewery. Delhaven Estates was built in three phases over a period of four years in the early 1990's. There are a total of 36 units in nine buildings. Most of the units have a basement and a single car garage. Some of the units have river views. Several photos of this project are also enclosed in Appendix A at the back of this report.

According to PGMap, the property is zoned RM1 and has a land area of 5.31 acres. Based on this figure, Delhaven Estates has a density of just under 7 units per acre. To put this figure into perspective, the maximum permitted density under RM1 zoning is approximately 12 units per acre.

Once again, there are no units currently listed for sale in this project. According to Multiple Listing Service records, the most recent sale at Delhaven Estates was in November of 2006 when unit #135 (two bedrooms with 1,400 square feet of finished space on the main floor plus an unfinished basement) sold for \$310,000 or \$221 per square foot of finished floor area.

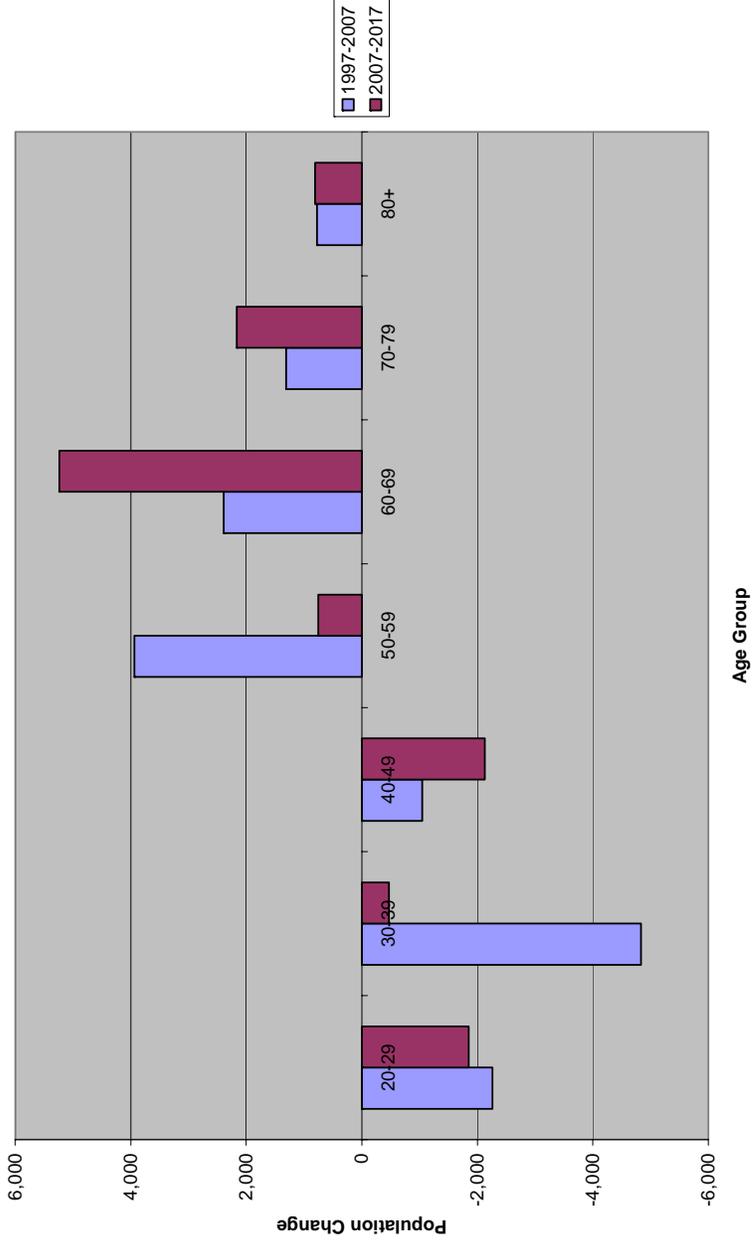
Because of its much larger size, the single family home segment of the market provides the most reliable indication of price changes over time. Unfortunately, the Northern Real Estate Board that covers the Prince George area was not able to provide historic data on the average selling price of single family homes in the city.

### **6.3 Population Trends**

During the next ten years, one of the principal determinants of the demand for new housing in Prince George will be population growth in general and changes in the size of various age cohorts in particular. With this linkage in mind, chart #3 that follows this page age provides a comparison between population trends by age group during the past ten years (1997-2007) and the next ten years (2007-2017). Like the population projections set out in Section 4 of this report, all of this demographic data has been taken from the most recent long range forecast prepared by BC Stats for the Prince George local health area.

As the bar chart shows, growth rates for different age groups varied widely during the past ten years. Between 1997 and 2007, the size of the 20-29 and 30-39 age cohorts shrank significantly. At

Chart #3: Prince George Population Trends By Age Group



the opposite end of the spectrum, the number of persons in the 50-59 and 60-69 age cohorts increased by almost 4,000 and by over 2,000 respectively.

During the next ten years, the number of persons under 50 years of age is forecast to decline, most significantly in the 40-49 age cohort. In contrast, all of the older age cohorts are forecast to experience positive growth population. The fastest growing segment of the population by far will be the 60-69 age cohort (an increase of about 5,200 persons), followed by the 70-79 age group (an increase of about 2,200 persons), the 50-59 age cohort (an increase of about 900 persons) and the 80+ age cohort (an increase of about 800 persons).

#### **6.4 Multi-Family Residential Market Potential**

These demographic trends are expected to have a noticeable impact on the housing market in Prince George over the next ten years. In particular, housing types that appeal to the semi-retired and retired segments of the market (eg. townhouses, condominium apartments and seniors independent living projects) should benefit from stronger demand than housing types that cater primarily to younger buyers (eg. single family “starter homes”).

Because of its “mid town” location next to a number of amenities including the Pine Centre Mall and the Pine Valley Golf Course, the subject site is ideally suited to the entire range of housing types that appeal to the semi-retired and retired segments of the market. Reflecting the population projections set out above and allowing for some competition from projects located elsewhere in the City (eg. downtown or adjacent to the proposed Prince George Golf & Country Club or in the University Heights area), market demand for multi-family housing at the subject site during the next ten years is projected as follows:

- Between 60-80 semi-detached housing units similar to the Brendan Court project described above. Some or all of these units will be clustered in bare land strata projects with a perimeter fence and a front entry gate. Typical unit sizes are expected to range between 2,000-2,500 square feet on two levels. All units are expected to have a two car garage. To provide some sense of exclusivity and to minimize absorption periods, this semi-detached housing should be developed in phases of 15-20 units.
- Between 80-100 townhouses similar to (but hopefully a bit more upscale than) the Asher Place and Westgate Place projects described above. Typical unit sizes are expected to range between 1,500-2,000 square feet on two or three levels with a mix of one and two car garages. Each townhouse building should have between 4-6 units and each phase of development should have between 20-25 units.

- Between 90-110 condominium apartment units similar to the Magnolia Gardens project described above. Typical unit sizes are expected to range between 800-1,200 square feet on one level. Underground parking is desirable from both a site planning and a marketing standpoint; whether it will be financially feasible remains to be determined. The “typical” condominium apartment building will be a low rise (three or four storeys) with 30-35 units.
- Between 100-120 independent living units for seniors similar to the Prince George Chateau project described above. Typical unit sizes are expected to range between 400-900 square foot feet. On site amenities will be extensive, including a dining room and a number of activity areas. Once again, underground parking is desirable from both a site planning and a marketing standpoint. Compared to a non seniors building, the parking ratio for an independent living project can be reduced substantially to reflect the lower car ownership rate of the target market (persons in the 65-85 age group). To achieve the economies of scale needed to support the required range of on site services, all 100-120 independent living units need to be in a single low rise building.

Based on the figures cited above, the total multi-family development potential of the subject site during the next ten years is forecast to range between 330-410 units. To put these figures into context, there were only 266 multi-family housing starts in the entire City of Prince George during the past seven years.

### 6.5 Recommended Size & Location

The amount of land required to accommodate the various types of multi-family housing identified above will depend on several factors including the building design (unit size, number of storeys, amount and location of on site parking etc.) and the various site constraints as set out under the applicable zoning bylaw (eg. maximum site coverage, minimum property line setbacks). For preliminary site planning purposes, residential land area requirements have been estimated based on the following chart:

<u>Unit Type</u>	<u>Number Of Units</u>	<u>Possible Zoning</u>	<u>Maximum Versus Assumed Density</u>	<u>Land Area Requirement</u>
Semi-Detached	60-80	RT3	10 vs 8 units/acre	8-10 acres
Row Housing	80-100	RM1	12 vs 10 units/acre	8-10 acres
Low Rise Condo	90-110	RM4	36 vs 30 units/acre	3-4 acres
Independent Seniors	100-120	RM5	50 vs 40 units/acre	2-3 acres

As an example, RT3 (“residential cluster”) zoning has been identified as being suitable for the semi-detached housing. RT3 zoning permits semi-detached housing in a bare land strata format with a maximum density of 10 units per acre.

For the purposes of this analysis, an average density of only 8 units per acre has been assumed for semi-detached housing. To put these maximum and assumed densities into perspective, the density of the Brendan Court project on Cowart Road is only 7 units per acre.

For townhouses, low rise condominiums and the independent living seniors project, the densities used to determine land area requirements have also been set below the maximum permitted density under the appropriate zoning bylaw in order to accommodate a more attractive form of development. With this important adjustment in mind, total land area requirements during the next ten years are forecast at between 8-10 acres for semi-detached housing, between 8-10 acres for townhouses, between 3-4 acres for low rise condominium apartments and at between 2-3 acres for the independent living seniors project. Total multi-family land area requirements at the subject site during the next ten years are therefore forecast to range between 21-27 acres.

With regards to location, the independent living seniors project should be situated within easy walking distance of the Pine Centre Mall and its public transit terminal. Semi-detached housing, townhouse projects and low rise condominium apartment buildings should be located on sites that abut the proposed new Pine Valley Golf Course (as discussed in Section 7 of this report) and/or on the western portion of the existing Prince George Golf & Country Club property that relates to the established residential neighbourhood on the west side of Westwood Drive. As a general rule, all multi-family residential development sites should be buffered as much as possible from potentially conflicting land uses such as the auto mall and big box retail projects.

## **7.0**

## **GOLF COURSE MARKET ANALYSIS**

This section of the report presents a number of market based recommendations with regards to the relocation of the Pine Valley Golf Course. By way of background, Section 7.1 that follows provides a very brief review of the existing Pine Valley Golf Course operations

### **7.1 Review Of Existing Operations**

As noted in Section 2 of this report, the Pine Valley Golf Course occupies a 38 acre portion of the subject site located on the south side of Ferry Avenue. A decade ago, Pine Valley was a nicely treed 18 hole par 3 golf course that measured 2,663 yards from its single set of artificial turf tees.

Golf course amenities were very modest, consisting of an old club house with a floor area of about 1,900 square feet, a maintenance building with a floor area of about 1,200 square feet and on site parking for less than 40 cars. A 230 yard long driving range on an adjoining parcel of land helped to attract golfers to Pine Valley.

Since that time, the driving range has been closed and redeveloped for an auto dealership. More recently, the pine beetle has killed most of the trees on the Pine Valley Golf Course site. These trees provided a natural safety net between some of the adjoining golf holes, a major issue for a par 3 golf course with a very “tight” layout like Pine Valley.

To reduce the hazard resulting from this loss of natural tree protection, additional netting was installed around some of the tees and greens and the golf course was reduced in length to create more “spacing” between some of the holes. The end result of this redesign was that the length of the Pine Valley golf course dropped from 2,663 yards to 2,485 yards.

All of the changes described above have resulted in a slow but steady decline in the marketing appeal of the Pine Valley Golf Course. As a result, both the volume of play and gross operating revenue have declined significantly.

During the 2000 season, over 43,000 rounds of golf were played at Pine Valley. Not counting the driving range, which generated over \$100,000, total operating revenues for the Pine Valley Golf Course at that time were just under \$700,000. By 2007, according to the City of Prince George Parks & Recreation Department, total operating revenues had dropped to just over \$300,000.

### **7.2 Recommended Size & Location**

City Council has indicated that it wishes to relocate the Pine Valley Golf Course onto a portion of the property currently occupied by the Prince George Golf & Country Club; it has not indicated whether or not a driving range should be part of this relocation project.

On the one hand, it is hard to justify setting aside the 7-8 acres of land needed for a full length driving range given that this land could be sold for commercial and/or multi-family residential development. On the other hand, there is no doubt that a full length driving range would boost the volume of play and the total operating revenue of the relocated Pine Valley Golf Course.

Irrespective of whether a driving range is included or not, the land area for the par 3 golf course itself should be increased in order to provide a recreational experience at least comparable to (and hopefully better than) that of the existing Pine Valley Golf Course in its “pre beetle” state. With this objective in mind, a land area of between 45-50 acres is recommended for the new Pine Valley Golf Course. With this amount of land to work with, the spacing between golf holes can be increased; it may also be possible to increase the course length to between 2,700-2,900 yards.

Increasing the spacing between golf holes would improve safety conditions for players, a key consideration for the City as the owner of the project. Increasing the course length even a bit beyond the original layout would enhance the marketing appeal of the golf course.

For the purposes of this analysis, it has been assumed that some portion of the existing Prince George Golf & Country Club clubhouse will be retained for use by the new Pine Valley Golf Club. This being the case, the new Pine Valley golf course will have to start and end next to the existing clubhouse at the north end of the subject site. In between these starting and finishing holes, the layout of the new Pine Valley Golf Club should help to provide a noise/visual buffer between residential and commercial development on the subject site.

Whether the existing clubhouse parking lot remains “as is/where is” or moves somewhere in behind the Pine Centre Mall in order to free up some valuable highway frontage land for commercial development remains to be determined. In either event, the internal road network on the subject site needs to be designed in such a way that the clubhouse and the golf course are on the same side of the street.

## 8.0

## ALTERNATIVE DEVELOPMENT OPTIONS

This section of the report presents two alternative development options for the subject site. Both development options are based on the results of the market analysis set out in the previous sections of this report.

### 8.1 Development Option #1: Low Absorption Scenario

Development option #1 is based on a relatively conservative forecast of land use absorption at the subject site over the next ten years. This conservative forecast of land use absorption will result in a relatively low land valuation.

Development option #1 starts with the assumption that the subject site is comprised of 141 acres for the Prince George Golf & Country Club, 38 acres for the Pine Valley Golf Course, 12 acres for the City owned Recreation Place property and 2 acres for the “Rollerdome” property for a total land area of 193 acres. From this total land base, the following deductions have been made:

- 10 acres for the golf course club house and parking lot as well as for the relocated Recreation Place tennis courts complex;
- 50 acres for the relocated Pine Valley Golf Course (the high end of the land area recommended in Section 7 of this report);
- 10 acres for parks and open space (approximately 5% of the total land base as determined above).

The first column of Table 1 following this page shows that subtracting these amounts leaves a gross land area of 123 acres available for commercial and residential development.

Based on discussions with Site 360 Consulting, a 15% allowance (19 acres) has been made for internal subdivision roads. As the first column of Table 1 shows, subtracting this road allowance leaves a net saleable area under development option #1 of 104 acres.

Reflecting the low end of the land use demand forecasts outlined in Sections 3-6 of this report (ie. a relatively conservative absorption rate), this net saleable area is forecast to be developed as follows during the next ten years:

- 40 acres for the auto mall;
- 10 acres for highway commercial (mostly big box) development;

- 8 acres for the Pine Centre Mall expansion;
- 2 acres for a hotel;
- 8 acres for semi-detached housing;
- 8 acres for townhouses;
- 3 acres for low rise condominiums;
- 2 acres for an independent living seniors project.

As the bottom line of the first column of Table 1 shows, subtracting this amount of commercial and residential development leaves a “residual” net saleable area of 23 acres. This residual net saleable area is the amount of land that will remain undeveloped and unsold at the end of the ten year forecast period under the low absorption scenario. For preliminary planning purposes, most of this remaining land should be earmarked for multi-family residential development after 2017.

## **8.2 Development Option #2: High Absorption Scenario**

Development option #2 is based on a relatively optimistic forecast of land use absorption at the subject site over the next ten years. This optimistic forecast of land use absorption will result in a relatively high land valuation.

Development option #2 is based once again on the assumption that the subject site has a total land area of 193 acres. From this total, the following deductions have been deducted:

- 8 acres for the golf course club house and parking lot as well as the relocated Recreation Place tennis courts complex (a somewhat less generous allocation of land as compared to development option #1);
- 45 acres for the relocated Pine Valley Golf Course (the low end of the land area recommended in Section 7 of this report);
- 8 acres for a driving range;
- 2 acres for parks and open space.

Note that the parks and open space allocation in development option #2 has been reduced by the amount of land allocated to the driving range. As a result, the total area allocated to these two land uses is the same under both development options (10 acres).

The second column of Table 1 shows that subtracting these amounts leaves a gross land area of 130 acres available for commercial and residential development (ie. 7 acres more than option #1). A 15% allowance (20 acres) has once again been made for internal subdivision roads. As the second column of Table 1 shows, subtracting this road allowance leaves a net saleable area under development option #2 of 110 acres (ie. 6 acres more than option #1).

Reflecting the high end of the land use demand forecasts outlined in Sections 3-6 of this report (ie. a relatively optimistic absorption rate), this net saleable area is forecast to be developed as follows during the next ten years:

- 50 acres for the auto mall;
- 15 acres for highway commercial (mostly big box) development;

- 10 acres for the Pine Centre Mall expansion;
- 3 acres for a hotel;
- 10 acres for semi-detached housing;
- 10 acres for townhouses;
- 4 acres for low rise condominiums
- 3 acres for an independent living seniors project.

As the bottom line of the second column of Table 1 shows, subtracting this amount of commercial and residential development leaves a “residual” net saleable area of 5 acres. This residual net saleable area is the amount of land that will remain undeveloped and unsold at the end of the ten year forecast period under the high absorption scenario. For preliminary planning purposes, most of this remaining land should once again be earmarked for multi-family residential development after 2017.

Compared to development option #1, development option #2 has very little land remaining undeveloped and unsold at the end of the ten year forecast period. As a result, development option #2 will sell out a lot sooner than development option #1.

Based on the relatively conservative absorption rates assumed for development option #1, it will probably take another five years at least to market 23 acres of residual land. Based on the relatively optimistic absorption rates assumed for development option #2, it will probably take only a year or two to market 5 acres of residual land. This difference in the length of time required to absorb the residual land area will have an impact on the overall value of the subject site.

**TABLE 1**

15-Feb-08

**ALTERNATIVE DEVELOPMENT OPTIONS(1)**

<u>Land Use</u>	Option #1 <u>Low Absorption</u> (acres)	Option #2 <u>High Absorption</u> (acres)
Prince George Golf & Country Club(2)	141	141
Pine Valley Golf Course(2)	38	38
Recreation Place(2)	12	12
Rollerdome(2)	2	2
Total Site Area	193	193
Less Club House/Tennis Complex	10	8
Less New Pine Valley Golf Course	50	45
Less New Pine Valley Driving Range	0	8
Less Parks/Open Space(3)	10	2
Subtotal	123	130
Less Roads @ 15%	19	20
Net Saleable Area	104	110
Less Auto Mall	40	50
Less Highway Commercial	10	15
Less Pine Centre Expansion	8	10
Less Hotel	2	3
Less Semi-Detached	8	10
Less Townhouses	8	10
Less Low Rise Condominium	3	4
Less Independent Seniors	2	3
Residual Net Saleable Area(4)	23	5

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- 1) Development Consulting Group estimates.
  - 2) Land areas from PGMap.
  - 3) In the high absorption option, the amount of parks/open space land is reduced to accommodate a driving range for the Pine Valley golf course.
  - 4) Residual net saleable area would most likely be earmarked for multi-family residential development after 2017.

## **APPENDIX A**

A number of project related photos are enclosed following this page. These include photos of the North Shore Auto Mall in North Vancouver and photos of several multi-family residential projects in Prince George.